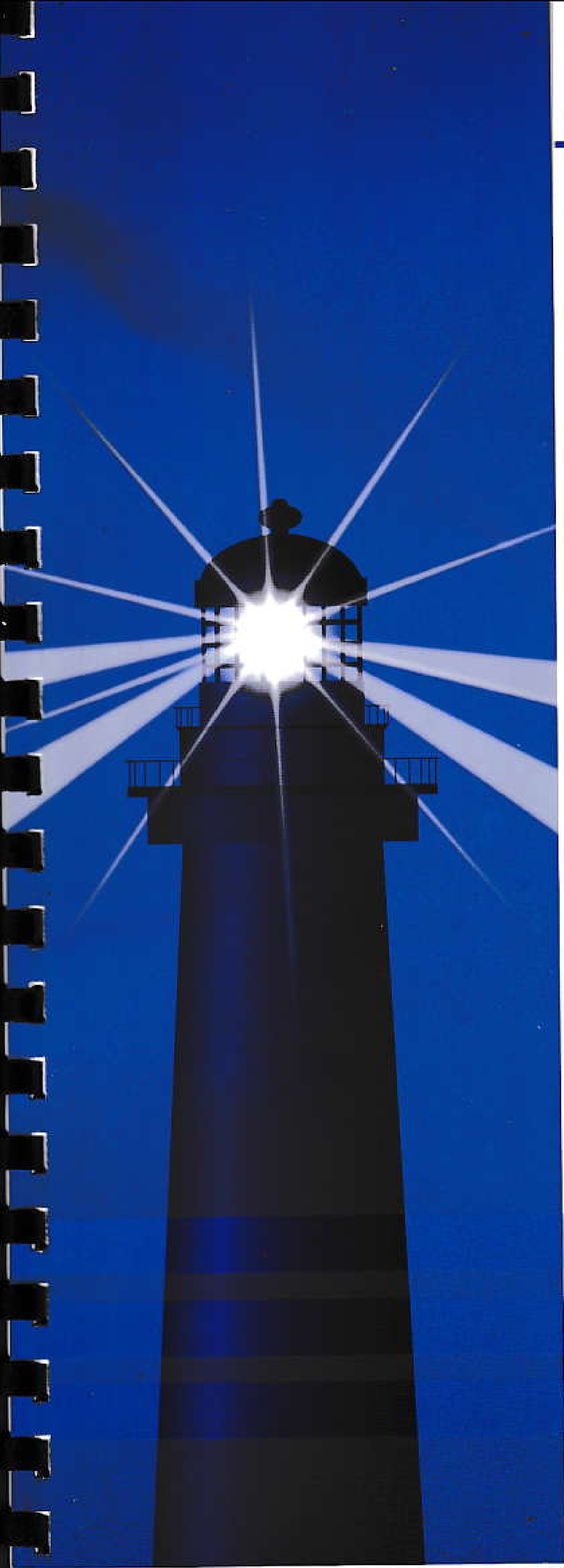

ARGUS

CREDIT RATING

CREDIT RATING REPORT OF

Socio Economic Backing
Association (SEBA)

UNWAVERING INDEPENDENCE

UNCOMPROMISING QUALITY

UNMATCHED INNOVATION

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Date:

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6th Floor, SkyView Henolux Centre,
3/1 Purana Paltan,
Dhaka-1000, Bangladesh

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Ref No	: ACRSL40762/25
Company Name	: Socio Economic Backing Association (SEBA)
Assigned Ticker	: SEBA
Activity	: Execution of credit disbursement and skill development programs for the underprivileged men, women, youth and children.
Incorporated On	: 01 July 1997
Head Office	: SEBA Tower, Biswas Betka, Tangail, Bangladesh.

Rating Type	: Entity / Corporate
Publishing Date	: 07 Aug 2025
Rating Validity	: 06 Aug 2026
Analyst(s)	: ACRSL Analyst Team
Committee(s)	: ACRSL Rating Committees

RATING SUMMARY

Nature of Rating	Long-Term	Short-Term	Outlook
Initial	A+	ST-2	Stable

RATING DESCRIPTION

A+	**Long Term:** Investment grade. High credit quality and low expectation of credit risk. When assigned this rating indicates the obligor has strong capacity to meet its financial obligations but may be vulnerable to adverse economic conditions compared to obligors with higher credit ratings.
ST-2	**Short Term:** High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Rating Validity: This validity assumes no additional loan over that disclosed in FY25 [ending June 30] audited/management certified balance sheet and that management has disclosed all material & adverse to financials since FY23.

Junaid Alam
CRO & Head of Operations
ARGUS Credit Rating Services Ltd.

RATING RATIONALE

We, ARGUS Credit Rating Services Limited (hereafter "ACRSL"), are assigning a Long-Term rating of "**A+**" and Short-Term rating of "**ST-2**" in favor of **Socio Economic Backing Association (SEBA)** (hereafter "**the company**" or "**SEBA**"). The outlook for the rating is **Stable**.

- **Socio Economic Backing Association (SEBA) has maintained a healthy net income over the last year.** Between FY23 to FY24, net income has demonstrated an increasing trend, which is positive in our view. During the FY23-FY25 period, total income of the organization has increased to BDT 1,562.76 MN from BDT 1,888.08 MN. In FY23, net income was BDT 1,374.94 MN.
- **SEBA has maintained a well-managed loan portfolio with low risk** over the last 3-years. Between FY23 to FY25, SEBA's Portfolio at Risk (PAR) ratio demonstrates a fluctuating trend, but it has maintained its standard, which is positive in our view. During the FY23-FY24 period, PAR of the company raised 2.65 percentage points YoY, increasing from 4.92% to 7.57%. In FY24, the ratio has decline by 0.67 percentage points, decreased to 6.90% YoY. Net-net, SEBA PAR ratio declined 1.98 percentage points.
    - **Non-Performing Loan (NPL):** Non-Performing Loan to total loan ratio of SEBA demonstrates a fluctuating trend during last three years. In FY23, the NPL as % of Total Loan of SEBA stood at 4.70% which increased to 7.51% in FY24. Subsequently in FY25, NPL decreased to 6.74%, which bit of high but maintain its standard.
- **SEBA's management has extensive professional expertise in micro-credit programs, contributing to efficiency in operations, collections**, fund utilization, and access to funding. SEBA has a team of highly experienced and academically qualified personnel. The management team of SEBA has strong insight into the poverty situation in 175 branches all over Bangladesh. This enables SEBA effectively target its micro-credit programs in those regions. The management has also developed a strong system of monitoring and evaluation of the credit-disbursed projects, enabling better collection from the loans through ensuring the profitability of SEBA.
- **Limited financial flexibility owing to dependence on PKSF/FIs.** SEBA has funding relationships with different lenders with around 27.79% of the borrowings as on June 30, 2025 being from banks. However, over the last few years the company has secured funding lines from lenders like Premier Bank PLC, Mutual Trust Bank PLC, NCC Bank PLC, NRBC Bank PLC, Standard Bank PLC, Bank Asia PLC, etc. Although, SEBA cost of fund ratio has showed bit of increasing trend over the recent year. Higher incremental capital requirements putting pressure on SEBA's cost of borrowing ratio. Therefore, cost of fund has showed an increasing trend over the last year. Going forward, the company's ability to diversify its funding base and reduce its cost of funds would be important from the rating perspective.

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Dhaka, Bangladesh

- **ACRSL has neutral outlook over the near-to-intermediate term about SEBA's exposure to the NGO-Micro Financial Institution (MFI) sector.** We have a long-term positive outlook on Bangladesh's NGO-MFI sector, with near-to-intermediate term neutral bias, based on following analysis:
    - The expanding outreach of the NGO-MFIs through wide variety of services besides credit operations such as the savings mobilization, micro insurance facilities, human resource development through different training and awareness program, health and hygiene program etc. are also becoming part of MFI operations. In the financial services, savings mobilization through some organized institutional SEBA is ensuring safety and convenience to rural people, who due to remote location of banks, and hesitations due to poor academic background cannot approach the formal banking channel to open accounts or deposit their scanty savings. In this regard, the NGO-MFIs, are playing a key role in collecting the savings of the rural people and are gradually covering the poor population of Bangladesh.
    - Some of the large MFIs are becoming self-sustainable and are reducing dependency on external financial sources such as donor funding and commercial banking sources. These large NGO-MFIs have grown from strength to strength to provide credit from their own retained earnings, paid up capital and client deposits. The large NGOs such as BRAC and ASA have already become financially sustainable through becoming wholesale lenders to the MFIs through their own internal funding sources. The MRA is also working towards setting global standards for the NGOs.
    - Deterioration of the economic condition is faltering the repayment capacity of the MFI clients, most of the MFI clients live close to the edge and has perilously exposed to the worsening economic condition. The economic crisis had aggravated the problems of the MFIs at a time when credit quality had already been deteriorating for reasons linked to the intense competitive nature. It is worth mentioning that the micro credit industry is dominated by four large NGO-MFIs that serve around 90% of the clients and the rest 10% of the clients are served by a total of 759 licensed MFIs. Such crowding in the micro credit industry causes, the small and medium MFIs to heavily compete to disburse loan to small segment of clients. The competition has led to an erosion of lending standards as lenders fight for market share and borrowers accept easy credit. This is evident from the shift from group lending to riskier individual lending. There is no clear data source to identify the exact level of multiple borrowing or the portfolio at risk.
    - Overlapping and pushing loans to over indebted borrowers have created an unfavorable view over the NGO-MFI. Overlapping occurs when an individual or household has multiple memberships with different MFIs. Overlapping can lead to over indebtedness undermining the primary incentive to repay and therefore create an accumulation of portfolio risk from inter-party credit risks. The excess liquidity from donor funding of some large-medium NGO-MFIs has caused pushing of loans to the over indebted borrowers which has severely hindered the repayment capacity of the borrowers.

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- The depth of management in the MFI sector irrespective of the size of MFI, are mostly operated like a family run business with decision making concentrated in the hands of key persons. The succession planning of the MFIs has largely remained underdeveloped over the years. However, with establishment of the MRA is going to set reporting standards, ensure wider coverage with timely recovery, and set global standard for others to follow.
- Net-net, we anticipate the 2024 stable trend in the NGO-MFIs to continue through 2025.

Special note: At the time of publication of this credit rating report by ARGUS Credit Rating Service Limited (ACRSL), management financial statements from FY23-FY25 (ending June 30) were available and projections for FY26 and FY27 were arrived after taking in to consideration subsequent events up to the date of reporting, management feedback, and industry insights.

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Dhaka, Bangladesh

OBSERVATION SUMMARY

Rating Comforts:	Rating Concerns:
• Maintained well managed loan portfolio • Funding support from Commercial Banks • Maintained enough loan loss provision • Experienced management team	• High cost of fund • Short fall in current ratio • High percentage of NPL
Business Prospects:	**Business Challenges:**
• Enough untapped market • Enter into the formal financial market	• Competitive industry • Government policy changes getting fund form donor

ELIGIBILITY CRITERIA FOR COMPLIANCE

#	Ratio	Standard	2024	2025
1	Capital Adequacy (%)	10	14.58	16.11
2	Debt Service Coverage Ratio (Times)	1.25	1.12	1.10
3	Current Ratio (Times)	2.00	2.69	1.82
4	Debt to Capital (Times)	9	3.28	5.09
5	Liquidity to Saving Ratio (%)	10	36.86	10.81
6	Return Of Capital (%)	15	9.73	14.05
7	Return On Total Assets (%)	3	1.43	1.92
8	Portfolio At Risk Ratio (%)	10	7.57	6.90

When analyzing the Microcredit Regularity Authority (MRA) eligibility criteria compliance certifications, SEBA has maintain certain criteria like Capital Adequacy, Debt to Capital Ratio, and PAR. Other minimum eligibility criteria of MRA has maintained adequately in FY23-FY25.

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Dhaka, Bangladesh

1. CORPORATE PROFILE

1.1. COMPANY DESCRIPTION

Socio Economic Backing Association (SEBA) is a non-government, non-profitable and non-political voluntary development organization established on 1st July 1997 with a view to assist the improvement of the Socio-Economic status of the rural disadvantaged, unskilled and economically backward people.

SEBA stands for Socio-Economic Backing Association, In the year 1997 SEBA directly started its intervention at the field level, after having the legal status from the govt. of Bangladesh by providing various support and services to the destitute people of Bangladesh.

The majority of the populations live at or below subsistence level where illiteracy, food shortage, poor health, malnutrition and short life expectancy are quite common. The major focus of SEBA on the area mentions above in order to address by these numerous GOB/Non-Govt. and international donors provided their financial and technical support.

The major programming priority of the organization is women empowerment, community development, agriculture, education & training, health & nutrition, food security, human rights and micro credit program.

Financial Base: At the end of FY25, SEBA's total asset stood at BDT 10,145.41 MN, total capital fund at BDT 1,372.26 MN, total income at BDT 1,888.08 MN and net profit at BDT 180.20 MN.

1.2. PROGRAMS OF SEBA

SEBA has provide micro finance program among the poor people for reducing poverty through giving technical and financial support like:

- Micro Credit
- Health Care
- Agricultural Development
- Awareness Program
- Vulnerable Group Development (VGD)
- Housing Project.

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1.3. GOVERNING BODY OF SEBA

SEBA has two board- i) General Board and ii) Executive Board

1.3.1. Executive Board

The executive committee is the supreme decision-making organ, which is elected by General Body members. The Executive Committee is comprised of seven members. The list of Executive Committee members is as follows:

Executive Board Members details given below:

SL.	Name	Designation	Education
1	Mr. Tanvir Ahmed	Chairperson	BA
2	Mr. Kazi Bahalul Hoque	Vice Chairperson	MA
3	Mr. Md. Riyz Ahmed Liton	Member Secretary	B. Com
4	Ms. Haseena Akter	Treasurer	MA
5	Mr. Mohammad Kamruzzaman	Executive Member	BA
6	Ms. Farida Khan	Executive Member	MA
7	Ms. Rahena Akter	Executive Member	MA

1.3.2. Core Staff of SEBA

SEBA holds an experienced and efficient management team and the ED of the organization controls it. The top-tier management team members are qualified and have long experience in the NGO sector. They are committed to the organization's mission and vision. The management enjoys enough delegation for the smooth running of its activities. The list of core staff of the organization is given below:

SL.	Name	Designation
1	Mr. Md. Riyz Ahmed Liton	Executive Director
2	Mr. Md. Saidur Rahman Mollik	Director Admin
3	Mr. Md. Shahinur Islam	Director Finance
4	Mr. Md. Monirul Haque	Director Operation
5	Mr. Tapos Sarker	Deputy Director (Accounts)
6	Mr. Mohammad Abdur Rashid	Deputy Director (HR & Program)
7	Mr. Md. Abdul Hamid Fakir	Audit Chief

ARGUS CREDIT RATING SERVICES LTD
Dhaka, Bangladesh

1.4. OPERATIONAL STRUCTURE

Corporate Office: The head Office of SEBA is Situated at SEBA Tower, Biswas Betka, Mymensingh Road, Tangail, Bangladesh.

Geographical Coverage: Presently SEBA has been running its operation 17 districts of Bangladesh through 175 branch offices, under 103 upazila, 1,057 union and 6,606 village. SEBA follows a structure reporting organogram for their operation purpose. The field officer report to branch manager, branch manager report to area manager, area manager report to the zonal office and zonal office report to the coordinator, coordinator report to director and director report to the Chief Executive. The branch accountant and report to the head office through the area and zonal officer maintain all branch account.

Target Groups: SEBA's target group is always the most disadvantaged segments of the society especially women, children and calamity-stricken people.

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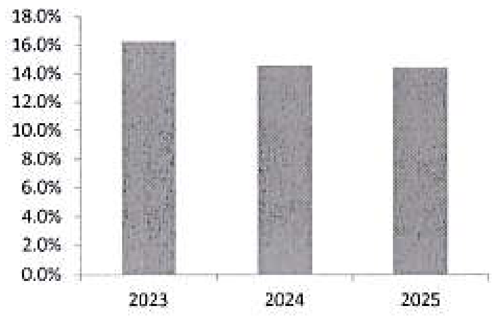
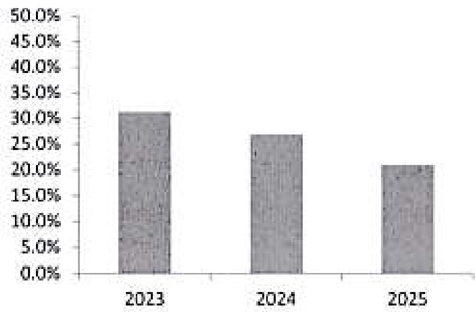
2. CHARTS AND GRAPHS

2.1. INCOME STATEMENT CHARTS

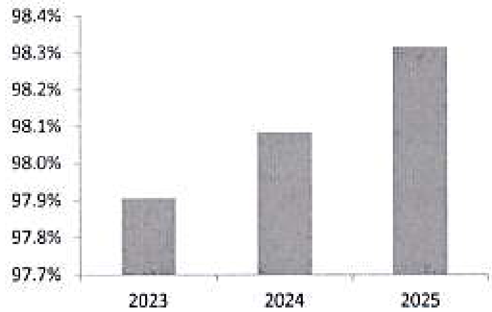
NIM



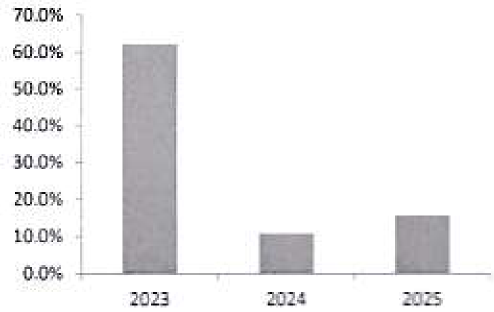
Operating margin



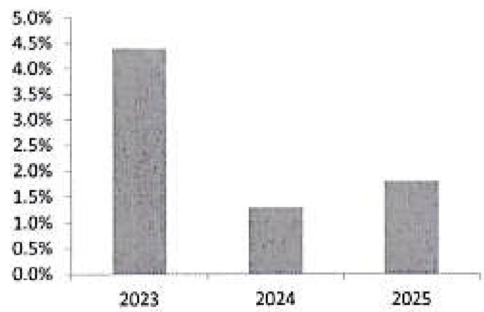
Earning assets as % of total assets



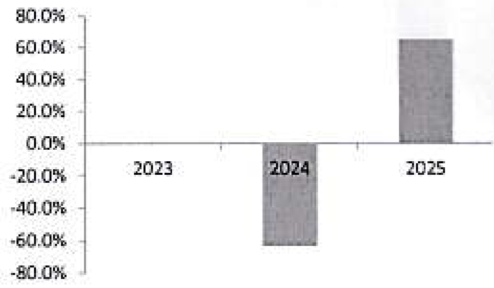
Return on Capital (ROC)



Return on Total Assets (ROTA)

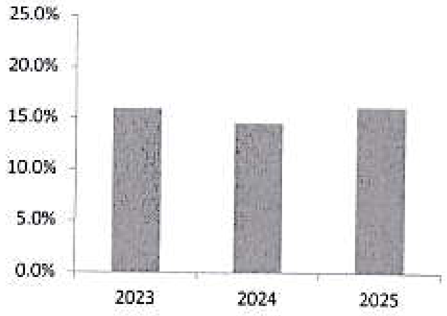


Net income growth

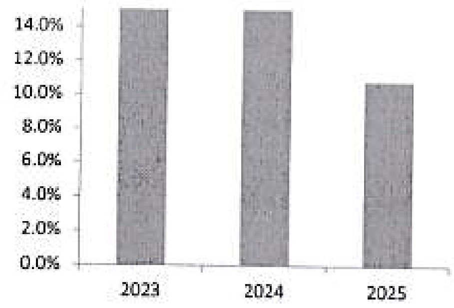


2.2. BALANCE SHEET CHARTS

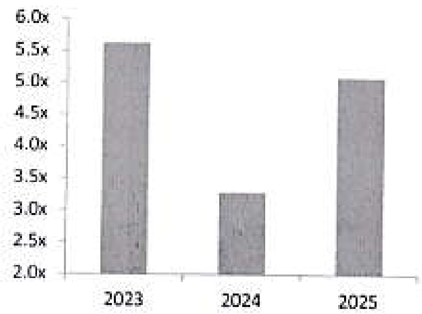
Capital Adequacy Ratio (CAR)



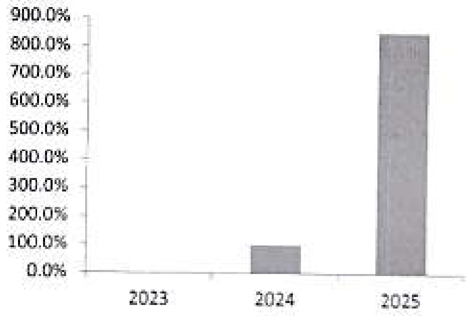
Liquidity to Savings Ratio



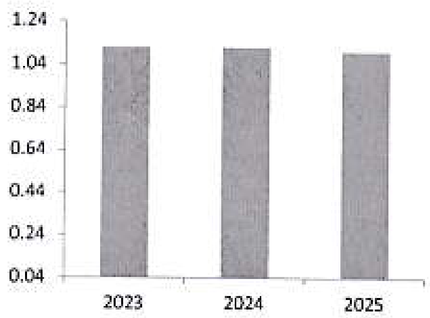
Debt to Capital Ratio



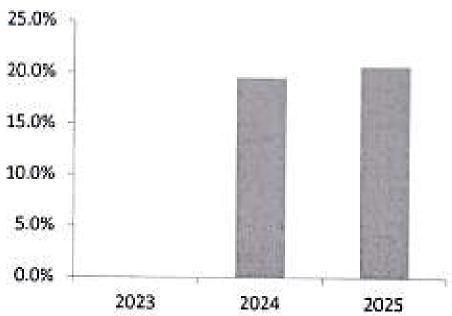
Deposit growth



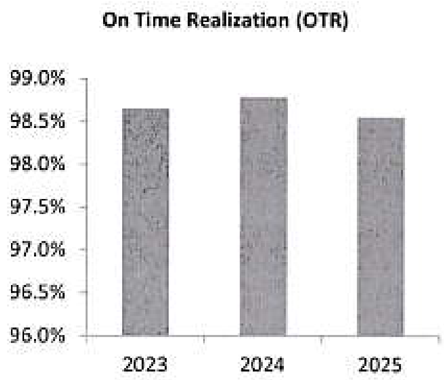
Debt Service Coverage Ratio

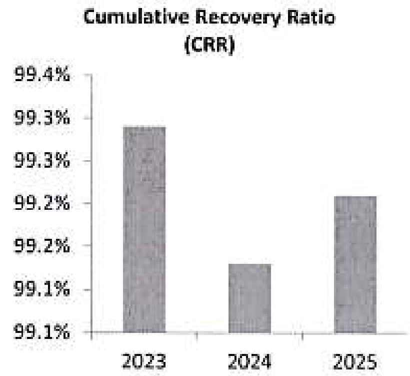


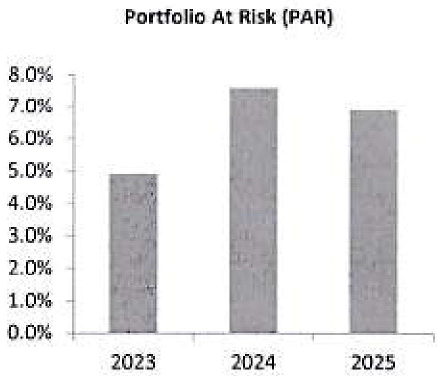
Loan growth

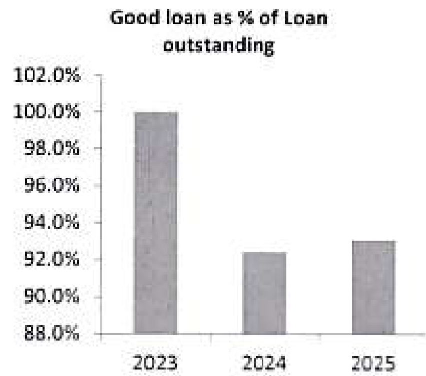


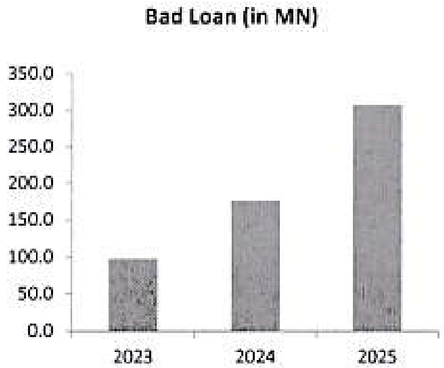
2.3. PORTFOLIO QUALITY CHARTS











APPENDIX A: SUMMARY OF FINANCIAL METRICS

*Figures in BDT MN

Balance Sheet Metrics (BDT MN)	2023	2024	2025
Property, plant and equipment	132.26	139.76	149.81
Long term investment	0.00	0.00	0.00
Cash & Cash Equivalents	129.37	409.31	445.78
Loan to members (RMC/UMC)	6,139.75	7,339.31	8,858.22
Advance, deposits & prepayments	4.55	4.89	7.06
Total Assets	**6,896.72**	**8,585.56**	**10,145.41**
Cumulative surplus	973.27	1,072.86	1,235.03
Statutory reserve fund	108.14	119.21	137.23
Re-Valuation reserve fund	0.00	0.00	0.00
Capital Fund	**1,081.41**	**1,192.06**	**1,372.26**
Loan from PKSF (Long Term)	0.00	0.00	0.00
Loan from Bank & NBFI	1,737.75	2,357.44	2,498.08
Non-current Liabilities	**2,615.39**	**3,326.90**	**3,278.28**
Loan from PKSF (Short Term)	0.00	0.00	0.00
Members savings deposits	2,439.05	2,934.59	4,123.74
Loan loss provision	215.01	433.64	477.49
Current liabilities	**3,199.92**	**4,066.60**	**5,492.32**
Total Liabilities	**5,815.31**	**7,393.49**	**8,770.60**
Capital Fund & Liabilities	**6,896.72**	**8,585.56**	**10,145.41**

Income Statement Metrics	2023	2024	2025
Service charge Income	1,315.41	1,478.14	1,813.87
Bank interest income	4.14	14.11	9.02
Grant income	0.00	0.00	0.00
Investment income	30.46	41.39	50.77
Other income	24.93	29.12	14.42
Operating income	**1,374.94**	**1,562.76**	**1,888.08**
Financial expenses	221.81	266.09	384.41
Service charge on PKSF loan	0.00	0.00	0.00
Service charge on bank loan	148.22	182.98	283.10
Interest paid on savings	95.67	123.69	159.76
Personnel expenses	422.02	518.10	651.63
Depreciation	10.64	8.45	8.86
Other non-interest expenses	269.18	311.17	425.68
Operating expenses	**945.72**	**1,144.40**	**1,528.76**
Profit before tax	**429.22**	**418.36**	**359.32**
Provision for loans	118.99	295.44	176.58
Net Profit	**302.97**	**110.65**	**180.20**

Source: SEBA's audited Financials of FY23-FY25

ARGUS CREDIT RATING SERVICES LTD
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APPENDIX B: SUMMARY ANALYTICS

Indicators	2023	2024	2025
Debt to Capital Ratio	5.62x	3.28x	5.09x
Capital Adequacy Ratio (CAR)	15.98%	14.58%	16.11%
Debt Service Coverage Ratio	1.12x	1.12x	1.10x
Current Ratio	2.11x	2.69x	1.82x
Liquidity to Savings Ratio	25.11%	36.86%	10.81%
NIM	15.93%	14.08%	13.84%
Earning assets as % of total assets	97.91%	98.08%	98.32%
Operating margin	31.22%	26.77%	19.03%
Return on Capital (ROC)	56.03%	9.73%	14.05%
Return on Total Assets (ROTA)	4.65%	1.43%	1.92%
Member / Branch	2,100	1,539	1,603
Borrower Coverage	74.49%	78.64%	73.56%
Avg. loan size	30,906	39,113	42,934
On Time Realization (OTR)	98.65%	98.78%	98.55%
Portfolio At Risk (PAR)	4.92%	7.57%	6.90%
Good loan as % of Loan outstanding	95.08%	92.43%	93.10%
Total asset growth	-	24.49%	18.17%
Operating income growth	-	13.66%	20.82%
Net income growth	-	-63.48%	62.65%

Source: ACRSL Research

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APPENDIX C: LONG TERM RATING DETAILS

Rating	Definition
AAA Triple A (Highest Safety)	Investment grade. Highest credit quality with lowest expectation of credit risk. When assigned this rating indicates the obligor has exceptionally strong capacity to meet its financial obligations and it is highly unlikely that this capacity will be impacted adversely by foreseeable events.
AA+, AA, AA- Double A (High Safety)	Investment grade. Very high credit quality and minimal expectation of credit risk. When assigned this rating indicates the obligor has very strong capacity to meet its financial obligations and is unlikely to be impacted adversely by foreseeable events.
A+, A, A- Single A (Adequate Safety)	Investment grade. High credit quality and low expectation of credit risk. When assigned this rating indicates the obligor has strong capacity to meet its financial obligations but may be vulnerable to adverse economic conditions compared to obligors with higher credit ratings.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Investment grade. Good credit quality and moderate expectation of credit risk. When assigned this rating indicates the obligor has adequate capacity to meet its financial obligations but this capacity remains more vulnerable to adverse economic conditions.
BB+, BB, BB- Double B (Inadequate Safety)	Speculative grade. Substantial credit risk. When assigned this rating indicates the obligor has business or other alternatives to meet current financial obligations but is substantially vulnerable to adverse economic conditions that may impair ability to meet such obligations in the future.
B+, B, B- Single B (Risky)	Highly Speculative grade. High credit risk. When assigned this rating indicates the obligor has business or other alternatives to currently meet its financial obligations but the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances improve and remain favorable.
CC+, CC, CC- Double C (Vulnerable)	Highly Vulnerable grade. Very High credit risk. When assigned this rating indicates the obligor is near to default and the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances improve. This rating may indicate that an insolvency petition has been filed or similar action has been taken, but payments on the obligation are being continued with high degree of external support.
C+, C, C- Single C (Near to Default)	Default Imminent. This category for an institution is considered to be either currently in default or expected to be in default with high probability. The obligor with this rating is unlikely to meet maturing financial obligations.
D Single D (Default)	In Default. This category for an institution is of the lowest credit quality. The rating indicates the obligor has already failed to meet its financial obligations and may have entered bankruptcy proceedings.

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APPENDIX D: SHORT TERM RATING DETAILS

Rating	Definition
ST-1	**Highest Grade** Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	**High Grade** High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	**Good Grade** Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	**Satisfactory Grade** Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject to more variation.
ST-5	**Non-Investment Grade** Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	**Default** Issuer failed to meet scheduled principal and/or interest payments.

ARGUS CREDIT RATING SERVICES LTD. Dhaka, Bangladesh