CREDIT RATING REPORT
On
SOCIO ECONOMIC BACKING ASSOCIATION (SEBA)

REPORT: RR/110401/26

This is a credit rating report as per the provisions of the Credit Rating Companies Rules, 2022. CRISL's entity rating is valid one year for long-term rating and 6 months for short term rating. CRISL's Bank Loan rating (blr) is valid one year for long-term facilities and up-to 365 days (according to tenure of short term facilities) for short term facilities. After the above periods, the rating will not carry any validity unless the enterprise goes for rating surveillance.
CRISL followed MFI Rating Methodology published in CRISL website www.crislbd.com

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Entity Rating
Long Term: A+
Short Term: ST-2

Status of the Rating:
Initial

SOCIO ECONOMIC BACKING ASSOCIATION (SEBA)

ACTIVITY
Non-government organization and micro finance activity

YEAR OF COMMENCEMENT
1997

CHAIRMAN
Tanvir Ahamed

CAPITAL FUND
Tk. 1,612.03 million

TOTAL ASSETS
Tk. 12,986.60 million

Date of Rating: August 06, 2026	**Valid up to: August 05, 2027**	
	Long Term	**Short Term**
Entity Rating	A+	ST-2
Outlook	Stable	
Bank Facilities Rating		
Bank/FI	Mode of Exposures (Figures in million)	Bank Loan Ratings
Midland Bank PLC	Term Loan Outstanding of Tk. 34.78	blr A+
	Working Capital Loan Limit of Tk. 100.00	blr A+
Dhaka Bank PLC	Working Capital Loan Limit of Tk. 100.00	blr A+
NCC Bank PLC	Term Loan Outstanding of Tk. 349.73	blr A+
Southeast Bank PLC	Term Loan Outstanding of Tk. 11.85	blr A+
	Working Capital Loan Limit of Tk. 370.00	blr A+
Premier Bank PLC	Term Loan Outstanding of Tk. 81.23	blr A+
Premier Bank PLC	Term Loan Outstanding of Tk. 109.51	blr A+
Community Bank Bangladesh PLC	Term Loan Outstanding of Tk. 90.41	blr A+
	Working Capital Loan Limit of Tk. 200.00	blr A+
Lanka Bangla Finance PLC	Term Loan Outstanding of Tk. 233.70	blr A+
Pubali Bank PLC	Working Capital Loan Limit of Tk. 100.00	blr A+
Agrani Bank PLC	Term Loan Outstanding of Tk. 74.30	blr A+
BRAC Bank PLC	Working Capital Loan Limit of Tk. 150.00	blr A+
	Term Loan Outstanding of Tk. 100.00	blr A+
Standard Bank PLC	Term Loan Outstanding of Tk. 67.02	blr A+
Shimanto Bank PLC	Working Capital Loan Limit of Tk. 120.00	blr A+
IDLC Finance PLC	Term Loan Limit of Tk. 169.00	blr A+
United Finance PLC	Term Loan Outstanding of Tk. 53.50	blr A+
Bank Asia PLC	Working Capital Loan Limit of Tk. 100.00	blr A+
IPDC Finance PLC	Term Loan Outstanding of Tk. 60.18	blr A+
NRBC Bank PLC	Term Loan Outstanding of Tk. 99.77	blr A+
Bangladesh Development Bank	Term Loan Outstanding of Tk. 53.68	blr A+
Mutual Trust Bank PLC	Term Loan Outstanding of Tk. 198.33	blr A+
SBAC Bank PLC	Term Loan Outstanding of Tk. 44.81	blr A+
	Working Capital Loan Limit of Tk. 50.00	blr A+
Bangladesh NGO Foundation	Term Loan Outstanding of Tk. 12.86	blr A+
Grihayan Tahobil	Term Loan Outstanding of Tk. 42.35	blr A+

1.0 RATIONALE

CRISL has assigned the Long-Term Rating 'A+' (pronounced as single A plus) and the Short Term Rating 'ST-2' to Socio Economic Backing Association (SEBA) on the basis of its relevant quantitative and qualitative information up to the date of rating. The above ratings have been assigned after due consideration to its fundamentals such as average business performance, average liquidity, regular loan repayment status, experienced management team, Automated MIS, good branch network, etc. However, The above factors are constrained to some extent by moderate capital adequacy, moderate NPL ratio and fail to meet on debt service coverage ratio, current ratio etc.

The Long-Term rating implies that entities rated in this category are adjudged to offer adequate safety for timely repayment. This level of rating indicates a corporate entity with adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The Short-Term rating indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

CRISL also placed the entity with 'Stable' Outlook with an expectation of no extreme changes in economic or company situation within the rating validity period.

For Chief Executive Officer
Tanzirul Islam
Vice President
Credit Rating Information and Services PLC.

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2.0 ORGANIZATIONAL PROFILE

2.1 The Genesis

Socio Economic Backing Association (SEBA) is a non-governmental, non-profitable, and non-political voluntary development organization established on July 1, 1997. Its primary objective is to enhance the socio-economic status of rural, disadvantaged, unskilled, and economically backward populations in Bangladesh. SEBA began direct field interventions in 1997 after achieving legal status from the Government of Bangladesh, offering various forms of support and services to the destitute. SEBA's main areas of focus include combating illiteracy, addressing food shortages, improving health, reducing malnutrition, and tackling short life expectancy. The organization places special emphasis on women's empowerment, community development, agriculture, education and training, health and nutrition, food security, human rights, and microcredit programs. SEBA operates with the support of multiple government, non-government, and international donors, who provide both financial and technical assistance. The registered office is located at Biswas Betka, Mymensingh Road, Tangail-1900.

2.2 Chronicle of Registration

Registered by 3 bodies

SEBA currently is registered under three (3) registering bodies and the details of it is shown in the following table:

Status of Registration

Sl. No	Registering bodies	Registration Number	Date of Registration/ Renewal
1	Microcredit Regulatory Authority (MRA)	01151-00141-00287	June 15, 2008
2	NGO Affairs Bureau (NGOAB)	1931	May 11, 2029
3	Department of Social Welfare	TA-1033/98	June 16, 1998

2.3 Operational Network

Operating by 201 branches

Under the rating period the organization has newly opened 26 branches and now operating with 201 microcredit branch offices which are being operated in 7,346 villages under 113 upazilas, 1,140 unions in 19 districts. At present, the organization has total 327,736 members in June 30, 2026.

3.0 MICRO FINANCE PROGRAM

The Micro Finance Program of the organization, which began in 1998 has now been scaled up and winged with other projects to realize the availability of financial services for the poor households to reduce vulnerability and help the poor people to increase their income. The project has been focusing on increasing the income of rural poor through providing required financial support to the rural poor and vulnerable people. The micro credit loan disbursement is mainly made through 04 components. A summary of Micro Finance Program since inception has been given below:

(Amount Tk. in million)

SL NO	Name of Loan Product	Number of Beneficiary Since Inception (As on June 30, 2026)	Total Fund Disbursement Since Inception (As on June 30, 2026)	Total Deposit Collect Since Inception (As on June 30, 2026)	Total Fund Collection Since Inception (As on June 30, 2026)	Current Loan Receivable Position (As on June 30, 2026)
1	Loan-MC	253,554	10,292.18	4,025.21	8,026.98	5,734.07
2	Loan-ME	73,737	9,922.13	666.96	9,686.41	5,511.74
3	HL Loan	303	15.50	1,493.04	11.96	38.11
4	Loan-Ujjibon	142	10.00	9.58	5.37	8.41
		327,736	**20,239.81**	**6,194.79**	**17,730.72**	**11,292.33**

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Out of four microcredit programs, the major portion of loan disbursement consists of MC program of Tk. 10,292.18 million, thereafter ME of Tk. 9,922.13 million respectively. Therefore, deposit and fund collection is also high in MC program.

4.0 OPERATIONAL PROCESS

4.1 Credit Policy

SEBA follows a structured credit manual for loan disbursement. The process begins with a comprehensive area survey to assess potential membership, women's business opportunities, willingness to participate, and the socio-economic conditions of residents. If the area meets requirements, the Branch Manager organizes a projection meeting with local leaders, interested women and their husbands, and other community members. An area map is then developed to determine the number of households, centers, and distances between centers. The Branch Manager explains SEBA's objectives and invites membership applications in a prescribed format. Membership is granted after a verification process, and approved participants are organized into groups of 20 to 30 members. Each group selects a leader, who is responsible for submitting and recommending loan applications to the branch office. The group leader also acts as the nominee for all loan disbursements, whether for new or existing members. Once approved by the relevant authority, loans are disbursed from the branch offices, where both loan repayments and deposit collections are managed.

4.2 Savings Scheme

3 types of saving schemes

SEBA offers three types of savings schemes to its group members: Compulsory Savings, Voluntary Savings, and Term Savings Schemes. The Compulsory and Voluntary Savings schemes offer an annual interest rate of 6%, while the Term Savings Scheme provides a higher annual interest rate ranging from 8% to 10%, with durations of 5 or 10 years. As of June 30, 2026, total member savings accumulated to Tk. 6,194.79 million.

5.0 MICRO FINANCE INDUSTRY IN BANGLADESH

Microfinance in Bangladesh continues to be a powerful engine for poverty reduction, women's empowerment, and rural development. As one of the pioneering countries in the global microfinance movement, Bangladesh's success story is built on decades of grassroots initiatives, innovations, and policy support. Today, millions of underserved families across the country rely on microloans to start small businesses, improve household incomes, and achieve financial independence.

The MFIs sector in Bangladesh is an inseparable part of our society. Gradually, MFIs started to work in the field of group formation, credit, formal and non-formal education, health and nutrition, family planning and MCH (Mother and child Health) gender development, poultry and livestock, agriculture, sanitation, environment, human rights, advocacy, legal aids and many other fields. Untiring efforts and intrinsic zeal have led MFIs towards assisting the poor in poverty alleviation and to empower them in every aspect of social life.

Specially, a range of statutory and administrative regulations exists in Bangladesh for registration, prior review, project approval and utilization of foreign funds by MFIs, that is the real sources of MFIs functioning. The legal framework has two major dimensions: one is laws for incorporation and providing legal entity to MFIs; and another is laws governing the relationship of MFIs with the Government. MFIs in Bangladesh are registered under different Acts. These are (1) The Societies Registration Act, 1860; (2) The Trust Act, 1882; (3) Voluntary Social Welfare Agencies (Regulation and Control) Ordinance 1961; (4) Co-operative Societies Act, 1925 and (5) The Companies Act, 1913 (amended in 1914). MFIs registered under these above-mentioned acts are controlled in accordance with (1) The Voluntary Social Welfare Agencies (Regulation and Control) Ordinance 1961; (2) The Foreign Donation (voluntary activities) Regulation Ordinance, 1978 (amended in 1982) and (3) The Foreign Contribution (Regulation) Ordinance, 1982. The highest number of MFIs is registered under The Societies Registration Act, 1980. The MFIs Affairs Bureau (NGOAB) was established in 1990 with the authority to register and regulate all MFIs operating with foreign funds in Bangladesh. With a large number of laws, ordinances, rules and regulations applying to MFIs

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operations, difficulties and inconsistencies have emerged. The whole legal framework needs to be revamped to facilitate the promotion of a healthy MFIs sector and strengthen the national context for increased Government- MFIs collaboration and partnership in functioning for the betterment of the people.

Bangladesh is the breeding ground of some world-renowned Non-Profit Organizations (NPO). MFIs refer to a suite of financial services including microloans, savings, insurance, and financial education and designed specifically for low-income individuals who lack access to traditional banking. It bridges the gap between financial exclusion and economic opportunity. The Microcredit Regulatory Authority (MRA), established by the Government in August, 2006 and all microfinance operation is regulated under MRA. Currently, 724 institutions (as of June 30, 2024) have been licensed by MRA to operate Micro Credit Programs. Microfinance Institutions (MFIs) like Grameen Bank, BRAC, ASA, and PKSF have transformed rural and semi-urban economies by enabling the poor to borrow small amounts with minimal collateral requirements. Compared to other countries, Bangladeshi MFIs are doing exceptionally well in accountability. The MRA do an audit of MFI on quarterly basis, the PKSF does audit to their partners in every two months. This is not only a financial audit; it is a management audit too. These NGOs have to report to the DCs and UNOs. They also have to report to the NGO Affairs Bureau (NGOAB) of Prime Minister's Office of Bangladesh. The NGOAB also do an annual audit for each of their approved projects with regular field level monitoring.

In Bangladesh, 90% members are female in microcredit sector. Bangladesh is one of the poorest and densely populated countries of the world. Nearly half of the population lives under the poverty line, out of which 30 million are ultra poor. Total microfinance organization stood at 731 where total branches are 26,071 in FY2023-24. A details picture of micro credit situation under Microcredit Regulatory Authority (MRA) certified organization is as below:

Particulars	FY2023-24	FY2022-23	FY2021-22	FY2020-21	FY2019-20
Branch	26,071	25,336	23,543	20,955	20,898
Staff	223,459	206,000	206,713	175,741	171,110
Members (in millions)	41.55	40.86	38.26	35.19	33.31
Borrowers (in millions)	32.17	31.53	29.74	27.80	26.15
Loan Disbursement (in billions)	2615.24	2493.02	1918.80	1512.09	1362.75
Loan Outstanding (in Billion BDT)	1594.10	1504.18	1241.50	949.85	888.64
Savings (in Billion BDT)	685.91	620.55	496.24	422.39	373.90

(Source: MRA-MIS database-2024)

A detail of Overall microcredit scenario of Bangladesh in FY2023-24 is as below:

Details	Member (In Millions)	Borrowers (In Million)	Loan Disbursement (Billion BDT)	Loan Outstanding (Billion BDT)	Savings (Billion BDT)
MRA	41.55	32.17	2615.24	1594.10	685.91
Grameen Bank	10.61	7.25	246.87	165.93	226.03
Various Government Departments/ Institutions/ Special Programs	11.67	6.24	85.18	129.29	42.19
Govt. and Non-govt. Bank	0.56	0.40	58.02	86.85	18.68
Total	**64.39**	**46.06**	**3005.31**	**1976.17**	**972.81**

In FY 2023-24, MRA institutions distributed total loan among SME beneficiaries of Tk. 2,615.24 billion. The total loan outstanding is Tk. 1,594.10 billion in June 30, 2024 where the NPL is (Consisting of substandard, doubtful and bad loan) is 8.09%.

In Bangladesh, several MFIs have made significant strides in reaching out to micro entrepreneurs and supporting their financial needs. As of June 2024, the total disbursement of microenterprise (ME) loans stood at BDT 990.75 billion, which represents approximately 37.9%

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of the overall microcredit loan disbursement of BDT 2,615.24 billion. Within this landscape, the Top 20 MFIs dominate the ME loan sector, accounting for 78.7% of the total number of ME borrowers, with 3.79 million borrowers out of 4.82 million across all MFIs. In terms of loan disbursement, these Top 20 MFIs have disbursed 76.1% of the total ME loans—amounting to BDT 753.55 billion. They also hold 78.7% of the outstanding ME loans, totaling BDT 533.84 billion out of BDT 675.94 billion.

Though MFIs play a vital role in Bangladesh to serve the poor people who are needy of financial support, they work under many constraints and challenges. One of the problems of the MFIs industry is lack of transparency in NGOs along with very small number present information about their employees, processes of work and sources of grants, international donation, human resources management and HR development, democracy and good governance, lack of indigenous funding, competition among the MFIs, strategic management etc. In addition, some of challenges that MFIs are facing are: (a) lack of financial sustainability; (b) shortage of efficient employees and high employee attrition; (c) inadequate infrastructure; (d) undue interference and control by the government; (e) lengthy fund release process; (f) low level of inter-sect oral cooperation; (g) inadequate training and low level of true professionalism among employees often aggravated by lack of job security; (h) lack of information and relevant research; (i) religious conservatism and militancy, and threat of terrorism; (j) political pressure and political instability; k) Unfavorable tax regime; and (l) natural calamities.

The microfinance in Bangladesh stands as a powerful force for financial inclusion, entrepreneurship, and women's empowerment. Its architectural strengths, vast outreach, institutional depth, and digital momentum underscore its vital role in the national development agenda. Yet, sustainability hinges on navigating rising overdues, over-indebtedness, and competitive pressures, while ensuring equitable, client-centered practices are not compromised in the digital transformation. Strategic government support, robust regulation, and sector sensitivity will be pivotal to sustaining microfinance's transformative impact.

6.0 INSTITUTIONAL GOVERNANCE

6.1 General Committee

General Committee consists of 25 members

SEBA operates under a two-tier governance structure comprising a General Council and an Executive Committee. The General Council, consisting of 25 members, serves as the organization's supreme authority and is tasked with electing the 7-member Executive Committee. The General Council convenes annually at the Annual General Meeting (AGM), with provisions for emergency meetings as needed. Its responsibilities include addressing policy matters, approving the annual budget, reports, funding strategies, management fees, and the appointment of external auditors, as well as electing Executive Committee members. Routine operational matters are not handled by the General Council but are left to the Executive Committee and management.

6.2 Executive Committee

7 members in Executive Committee

The Executive Committee (EC) of SEBA is composed of 7 members, elected by the General Council for a three-year term. The EC is responsible for providing policy guidance to SEBA and its institutions. The General Secretary manages constitutional affairs and convenes both General Council and EC meetings. The EC meets quarterly or as necessary. Currently, Tanvir Ahamed serves as Chairman and Md. Riyz Ahmed Liton as Member Secretary. The General Council elects EC members, who supervise all organizational activities, assist the Chairman, approve the organization's and projects' budgets, and decide on changes to operations—subject to General Council approval. The EC also reviews project progress reports, examines accounts, and approves staff recruitment policies.

The Executive Committee of SEBA

No.	Name of Members	Designation	Age (In Years)	Educational Qualification
01	Tanvir Ahmed	Chairman	55	B.A
02	Md. Kamal Hossain	Vice-Chairman	55	B.A

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03	Md. Riyz Ahmed Liton	General Secretary/ Executive Director	56	B.Com
04	Hasina Akhter	Treasurer	48	M.A
05	Rehana Akter	Executive Member	48	BA (Hons.)
06	Sobi Rani Das	Executive Member	40	B.Com
07	Mir Nurul Amin	Executive Member	59	B.A

6.3 Management Team

SEBA holds an experienced and efficient management team and it is controlled by the Executive Director, Md. Riyz Ahmed Liton. The top-tier management team members are qualified and have long experience in Microfinance sector. They are committed to the organization's mission and vision. The management enjoys enough delegation for the smooth running of its activities. A list of top management is given below:

Experienced management team

Management Team of SEBA

No.	Name	Designation	Name of Department
1.	Md. Riyz Ahmed Liton	Executive Director	Overall SEBA
2.	Md. Saidur Rahman Mollik	Director Admin	Overall SEBA
3.	Md.Shahinur Islam	Director Program	Overall SEBA
4.	Md. Monirul Haque	Director Finance	Overall SEBA
5.	Tapos Sarker	Deputy Director	Accounts & Finance
6.	Md. Abdur Rashid	Deputy Director	Program & HRD
7.	Nobin Hasan	Coordinator	Program
8.	Md. Abdul Hamid Fakir	Audit Chief	Audit
9.	Md. Mofizul Islam	Divisional Manager	Program
10.	Md. Ekramul Haque	Divisional Manager	Program
11.	Mokammel Haque Khan	Publication Chief	Publication
12.	Md. Mozaharul Islam	IT Chief	It Department

6.4 Human Resources Management

SEBA has established comprehensive Service Rules governing its human resource practices, offering a supportive working environment for its staff. New employees undergo a probationary period and require Management Committee approval to attain permanent status. Once confirmed, employees receive a competitive salary along with benefits such as two festival bonuses, annual increments, provident fund, gratuity, overtime, and daily allowances. As of June 30, 2026, SEBA employed 1,672 staff members. The organization also enforces a gender policy aimed at empowering women both within SEBA and in the broader community.

6.5 Management Information System (MIS)

SEBA has established automated system all branches. The organization embarked on "Microfin360" and successively connected between all 201 branch offices. The MIS function managed by one IT Manager and One Hardware Officer to look after computer automation. SEBA simultaneously adopted policies to facilitate management of computerized data entry and reporting system. Computer automation greatly enhanced the capacity of the organization to readily access field data and put a check on errors and data manipulation. At present, SEBA has used various types of modules like saving module; loan module; due classification, staff and work module; integrated income and expenditure account module; integrated balance sheet account module; integrated collection and payable account module; cash in hand & bank module; trial balance module and branch based loan information module.

6.6 Internal Control System

SEBA has 15 members internal audit department which is chaired by Md. Shahinur Islam, Director (Program). According to their pre-defined auditing schedule, they have performed an audit of all branches. The frequent and constructive audit gives the organization a better view of their branches. The established internal audit department performs a regular audit of the branches according to their audit schedule. The main activities of audit department are prepared monthly/yearly audit plan, an audit of branch/ project, prepare an enclose audit report, follow-up of previous audit observation and prepare of the compliance report. After proper assessment of a branch, the audit team reports their finding to the executive committee

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and the committee is expected to take proper initiatives. A detail of internal audit team has given below:-

Internal Audit Team of SEBA

Sl. No	Name	Designation	Education
1.	Md. Zahidul Islam	AM Audit	BA
2.	Md. Shawkat Ali Ansari	AM Audit	M. Com
3.	Md. Sahin Pramanik	AM Audit	M. Com
4.	Md. Saidur Rahman	Audit Officer	MBS
5.	Md. Shahinur Tahman	Audit Officer	M. Com
6.	Md. Masum Parves	Audit Officer	MBS
7.	Md. Iman Ali	Audit Officer	M. Com
8.	Md. Alhaz Hossain	Audit Officer	B. Com
9.	Subrata Karmakar	Audit Officer	MBS
10.	Md. Ruhal Amin	Audit Officer	MBS
11.	Sadiqul Islam	Audit Officer	BBA
12.	Md. Nasiruddin	Audit Officer	M. Com
13.	Md. Sohel Rana	Audit Officer	B. Com
14.	Md. Osman Ghani	Asst Audit Officer	BSS
15.	Md. Shahin Talukder	Asst Audit Officer	MBA

7.0 ANALYTICAL FRAMEWORK

The disclosures of accounts of the organization have been found moderate. The micro finance audited financial statement for the year ended June 30, 2026 has been considered for financial performance. Financial statement has been audited by the Zoha Zaman Kabir Rashid & Co. Chartered Accountants.

8.0 BUSINESS PERFORMANCE

Average business performance

Indicators	FY2025-26	FY2024-25	FY2023-24
Loan Disbursement (In million Tk. micro credit)	20239.81	15682.92	12946.42
Total Borrower (No of Person) (Micro credit)	239,360	206,321	187,646
Loan Outstanding (In million Tk.)	11292.33	8858.22	7339.31
Total Savings portfolio (In million Tk.)	6194.79	4123.74	2934.59
Total Income (In million Tk.)	2381.89	1888.08	1562.76
Total Expense (In million Tk.)	2142.13	1707.88	1452.11
Net Surplus (In million Tk.)	239.77	180.20	110.65
Growth of Loan Disbursement (%)	29.06	21.14	11.88
Growth of Savings Portfolio (%)	50.22	40.52	20.32

**FY-information has taken from audited account*

The operational performance of the SEBA in microfinance activities has been found to be average. The loan disbursement of the organization increased (from Tk. 15,682.92 million in FY 2024-25 to Tk. 20,239.81 million in FY 2025-26) other hand the number of borrower also increased (from 206,321 in FY 2024-25 to 239,360 in FY 2025-26). Due to the increase of loan disbursement the loan outstanding also increased to Tk. 11,292.33 million in FY2025-26 from Tk. 8,858.22 million in FY2024-25 with a 27.48% growth in FY2025-26. When analyzing the savings portfolio, it has been found that total savings portfolio stood at Tk. 6,194.79 million in FY2025-26 from Tk. 4,123.74 million in FY2024-25 with a 50.22% growth.

Revenue dominated by the MF program

Particulars	FY2025-26		FY2024-25	
	Million Tk.	% of Total	Million Tk.	% of Total
Service Charge of MF program	2288.97	96.10	1813.87	96.07
Bank Interest	15.20	0.64	9.02	0.48
Bank interest on FDR	60.96	2.56	50.77	2.69
Members Admission Fee	1.84	0.08	1.55	0.08
Sale proceeds from Pass Book and Forms	4.91	0.21	3.86	0.20
Other Operating Income	10.03	0.42	9.01	0.48
Total Income	**2381.89**	**100.00**	**1888.08**	**100.00**

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SEBA's total operating income reached Tk. 2,381.89 million in FY2025-26, up from Tk. 1,888.08 million in FY2024-25. The organization's operating income is largely derived from service charges on loans, which accounted for Tk. 2,288.97 million (96.10% of total operating income) in FY2025-26, compared to Tk. 1,813.87 million in the previous year. After covering all operational and financial expenses, SEBA's net surplus stood at Tk. 239.77 million in FY2025-26, rising from Tk. 180.20 million in FY2024-25. The increase in net surplus was driven by higher operating income.

9.0 OPERATIONAL EFFICIENCY

Indicators	FY2025-26	FY2024-25	FY2023-24
Operational self sufficiency (%)	111.19	110.55	107.62
Return on Average Assets (%)	2.08	1.93	1.43
Return on Average Capital fund (%)	16.07	14.05	9.73
Net Margin (%)	10.07	9.54	7.08
Return on average outstanding portfolio (%)	22.72	22.40	21.93
Cost on average outstanding portfolio (%)	21.26	21.09	21.55
Finance cost to total Operating income (%)	29.50	28.82	17.03
Average cost of fund (%)	7.23	7.12	3.46

SEBA's profitability indicators have been assessed as average over the past year. The net surplus margin improved to 10.07% in FY2025-26 from 9.54% in FY2024-25, driven by higher operating income. However, the cost of funds slightly increased to 7.23% in FY2025-26 from 7.12% in the previous year. This rise was mainly due to an increase in high-cost borrowings from external sources, such as loans from private banks, compared to lower-cost member savings.

10.0 ASSETS SIZE

SEBA's total assets reached Tk. 12,986.60 million in FY2025-26, with the majority financed by external liabilities. Specifically, 69.68% of assets were funded by current liabilities, 17.90% by non-current liabilities, and only 12.42% by the capital fund. The organization's assets are primarily concentrated in loans to beneficiaries, which amounted to Tk. 11,292.33 million.

Quality of Credit Portfolio

Particulars	FY2025-26		FY2024-25	
	Million Tk.	% of Total	Million Tk.	% of Total
Regular	10618.24	94.03	8246.81	93.10
Watchful	8.18	0.07	14.45	0.16
Sub-standard	160.06	1.42	129.57	1.46
Doubtful	124.31	1.10	160.07	1.81
Bad Loan	381.54	3.38	307.33	3.47
Total	**11292.33**	**100.00**	**8858.22**	**100.00**
Non Performing Loan (NPL) (%)	665.91	5.90	596.97	6.74
Loan Recovery Rate (%) (OTR)		98.57		98.55

As of June 30, 2026, SEBA's total microcredit portfolio stood at Tk. 11,292.33 million. The breakdown is as follows: regular loans at Tk. 10,618.24 million, watchful loans (1-30 days) at Tk. 8.18 million, sub-standard loans (31-180 days) at Tk. 160.06 million, doubtful loans (181-365 days) at Tk. 124.31 million, and bad loans (over 365 days) at Tk. 381.54 million. The non-performing loan (NPL) ratio improved, decreasing from 6.74% in FY2024-25 to 5.90% in FY2025-26, mainly due to reduced doubtful loan losses. The on-time loan recovery rate also slightly improved, reaching 98.57% in FY2025-26 compared to 98.55% in the previous year.

11.0 FUNDING AND LIQUIDITY

Average liquidity

Particulars	FY2025-26	FY2024-25	FY2023-24
Portfolio to Assets (%)	86.95	87.77	85.48
Current Ratio (Times)	1.42	1.30	2.08
Cash Ratio (%)	6.57	5.80	10.07
Liquidity ratio (%)	99.21	99.04	98.37

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Being a non-profit development organization, SEBA has low equity stake. The main sources of funding of the organization are client's savings, capital fund and loan from private bank. The liquidity of the organization has been found to be average. The current ratio of the organization stood at stable and stood at 1.42 times in FY2025-26 which is representing a moderate back up capacity to meet the current liabilities besides showing a stable trend due to negative operating cash flow. Maximum portion of the current asset is loan to beneficiaries which comprised around 87.64% of total current assets in FY2025-26. Liquidity ratio of the organization stood at 99.21% in FY2025-26 against 99.04% in FY2024-25.

12.0 LEVERAGE AND SOLVENCY

Debt based capital structure

Leverage and solvency	FY2025-26	FY2024-25	FY2023-24
Equity to total assets(X)	12.41	13.60	13.88
Total outside liability to total asset (%)	87.59	86.40	86.12
Debt service coverage ratio(X)	0.47	0.61	0.64
Total outside liability to equity(X)	7.06	6.35	6.20
Interest coverage ratio (X)	1.34	1.33	1.42
Capital adequacy ratio (%)	14.52	15.84	16.54
Debt to capital ratio (X)	5.91	4.83	5.25

Based on audited consolidated accounts for the year ended June 30

SEBA operates as a leveraged microfinance institution, with its debt-to-equity ratio rising over the years. All loans are financed through private banks and member savings. Total liabilities increased to Tk. 11,374.57 million in FY2025-26 from Tk. 8,719.99 million in FY2024-25. The debt service coverage ratio declined to 0.47 times in FY2025-26 from 0.61 times in the previous year, mainly due to the higher liabilities. The Capital Adequacy Ratio (CAR) was 14.52% in FY2025-26, which falls short of the MRA minimum requirement of 15%.

13.0 ELIGIBILITY CRITERIA COMPLIANCE

SL	Particulars of Ratio	Standard	FY2025-26	FY2024-25
1	Capital Adequacy (%)	15% (Min)	14.94	16.11
2	Debt Service Cover Ratio (Times)	1.25:1 (Min)	1.18	1.10
3	Current Ratio (Times)	2.00:1 (Min)	1.42	1.44
4	Liquidity to Saving Ratio (%)	10% (Min)	11.31	10.81
5	Return on Capital (%)	1% (Min)	16.07	14.05
6	Cumulative Recovery Ratio (%)	95.00 (Min)	99.35	99.21
7	On Time Realization (%)	92-100 (Min)	98.57	98.55

As per audited Eligibility Criteria Compliance Certification

When analyzing the MRA eligibility criteria compliance certifications, it has been observed that SEBA has been maintaining all criteria adequately except capital adequacy ratio, debt service coverage ratio and current ratio in FY2025-26.

14.0 BANKING AND NON BANK FINANCIAL INSTITUTION RELATIONSHIP

14.1 Liability Position & Repayment Status

The total loan outstanding liabilities of SEBA stood at Tk. 3,020.06 million. Details are shown in the following table:

(Tk. in mil.)

Name of the Bank /FIs	Details of Exposures				Classification Status
	Mode	Sanctioned / Disbursement	Outstanding	Outstanding Date as on	
Midland Bank PLC	STL	100.00	100.00	04-08-26	UC
	Term loan	100.00	34.78		
Dhaka Bank PLC	STL	100.00	100.00	29-07-26	UC
NCC Bank PLC	Term loan	441.00	349.73	30-07-26	UC
Southeast Bank PLC	Term loan	50.00	11.85	30-07-26	UC
	STL	370.00	370.00		
Premier Bank PLC	Term loan	100.0	81.23	31-07-26	UC
Premier Bank PLC	Term loan	200.00	109.51	30-07-26	UC
Community Bank	Term loan	250.00	90.41	09-09-26	UC

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	STL	200.00	200.00		
Lanka Bangla Finance PLC	Term loan	450.00	233.70	04-08-26	UC
Pubali Bank PLC	STL	100.00	100.00	30-07-26	UC
Agrani Bank PLC	TL	250.00	74.30	29-07-26	UC
BRAC Bank PLC	STL	150.00	150.00	28-07-26	UC
	Term Loan	100.00	100.00		
Bank Asia PLC	STL	100.00	-	30-07-26	UC
NRBC Bank PLC	Term Loan	175.00	99.77	31-07-26	UC
Standard Bank PLC	Term loan	200.00	67.02	30-07-26	UC
United Finance PLC	Term loan	150.00	53.50	31-07-26	UC
IDLC Finance PLC	STL	169.00	112.06	04-08-26	UC
Shimanto Bank PLC	STL	120.00	120.00	31-07-26	UC
IPDC Finance PLC	Term loan	90.00	60.18	31-07-26	UC
Bangladesh Development Bank	Term loan	100.00	53.68	30-06-26	UC
Mutual Trust Bank	Term loan	250.00	198.33	29-07-26	UC
SBAC Bank PLC	STL	50.00	49.99	29-07-26	UC
	Term Loan	50.00	44.81		
Bangladesh NGO Foundation	Term Loan	20.00	12.86	09-07-26	UC
Grihayan Tahobil	Term loan	81.45	42.35	09-07-26	UC
Total		**4516.45**	**3020.06**		

14.2 Security Arrangement against Exposures

The mode of the security offered under each financing facilities are summarized below:

Name of the Bank/FIs	Security Arrangement
Midland Bank PLC	• Hypothecation of book debts • Sequrity on FDR • Personal Guarantee of ED • Usual charge document • One cheque covering the entire loan amount
Dhaka Bank PLC	• Hypothecation of book debts • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document
NCC Bank PLC	• Hypothecation of book debts • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Southeast Bank PLC	• Hypothecation of book debts • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Premier Bank PLC (Kapasia Bfranch)	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Premier Bank PLC (Nagarpur Btanch)	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Community Bank Bangladesh PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Lanka Bangla Finance PLC	• Hypothecation of floating asset • Sequrity on FDR

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	• Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Pubali Bank PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Agrani Bank PLC	• Sequrity on FDR • Corporate Guarantee of SEBA • Usual charge document • Post dated cheques covering the entire loan amount
BRAC Bank PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • Post dated cheques covering the entire loan amount
Bank Asia PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Post dated cheques covering the entire loan amount
NRBC Bank PLC	• Hypothecation of fixed and floating asset • Usual charge document • Sequrity on FDR • Personal Guarantee of all members of EC • Post dated cheques covering the entire loan amount
Standard Bank PLC	• Hypothecation of fixed and floating asset • Sequrity on FDR • Usual charge document • One cheque covering the entire loan amount
United Finance PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
IDLC Finance PLC	• Letter of hypothecation on receivables • Sequrity on FDR • Usual charge document • 12 post dated cheques
Shimanto Bank PLC	• Hypothecation of fixed and floating asset • Sequrity on FDR • Usual charge document • Post dated cheques covering the entire loan amount
SBAC Bank PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • Post dated cheques covering the entire loan amount
Bangladesh Development Bank	• Hypothecation of floating asset • Personal Guarantee of all members of EC • Usual charge document • One cheque covering the entire loan amount
Mutual Trust Bank PLC	• Hypothecation of fixed and floating asset • Usual charge document • Sequrity on FDR • Personal Guarantee of all members of EC • Post dated cheques covering the entire loan amount
IPDC Finance PLC	• Hypothecation of floating asset • Sequrity on FDR • Personal Guarantee of all members of EC • Usual charge document • 60 cheques covering the entire loan amount

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15.0 RISK MANAGEMENT

15.1 Operational Risk

SEBA is operating microfinance activities with its 201 branch offices in 19 districts, where those offices need regular monitoring and controlling for their activities. Most of the fraudulent activities of the MFI occur from these branch office levels. Basically, these branch offices make many small, short-term loans to the clients, which need careful monitoring and controlling. But there are many errors and frauds that occur while handling these activities. So, the respective officers of these branches need to be active and responsible to handle work otherwise it might not be cost effective for the organization to handle the microfinance activity efficiently. The organization is thus exposed to operational risk.

15.2 Credit Risk

Credit risk encompasses both the loss of income resulting from the MFI's inability to collect anticipated interest earnings as well as the loss of principle resulting from loan defaults. The organization operates micro finance business in an organized manner as per organization's Credit and Savings Management Manual. It follows the set criteria for selection of borrowers. The organization follows the terms and conditions as laid down in the manual before approval and disbursement of loan. Attendance records in weekly meetings, past loan records, experience, results of investigation by Field Officer (FO) etc. are followed for selection of borrowers. On fulfilling the conditions as stated in loan approval manual, credit proposals are discussed and approved at the weekly meeting of clients. After getting recommendation from the Chairman of the Centre, Field Officer (FO) and Branch manager, then the loan is given to client. IDF maintains proper provisioning policy against non-performing loan. The organization always tries to avoid legal process for overdue collection rather persuasion and social pressure is their instrument to manage delinquency. If the borrowers default in installment payment, the clients become responsible for refund of loans.

15.3 Loan Recovery Risk

One of the major risks of Microfinance program is collection of installments with high frequency ranging from week to months. The above risk is further fuelled by the loan default culture prevailing in the banking sector although the banking institutions are stronger entities to collect installments due from clients through legal measures and selling collaterals. Under the above background, the MF programs being operated by the NGOs without collateral and with high frequency of loan repayments are yielding a recovery rate of above 95%. The MF organizers are offering micro finance through group guarantee with the incentive of further loan if there is no default in repaying the installments. The above system works favorably for the MFI institutions and assist them to maintain high recovery ratio.

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16.0 OBSERVATION SUMMARY

Rating Comforts:	Rating Concerns:
• Average business performance • Average liquidity • Experienced management team • Automated MIS • Regular loan repayment status • Good branch network	• Moderate capital adequacy • Moderate NPL Ratio • Fail to meet on current ratio • Fail to meet on debt service coverage ratio
Business Prospects:	**Business Challenges:**
• Enough untapped market • More deposit collection from client	• Competitive industry • Inadequate fund • Lack of low cost fund • Getting fund from donor

END OF THE REPORT

(Information used herein was obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. The rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities or to finance in a project. All rights of this report are observed by CRISL. The contents may be used by the news media and researchers with due acknowledgement)

[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy and procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]

For Chief Executive Officer
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Vice President
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CREDIT RATING REPORT
On
SOCIO ECONOMIC BACKING ASSOCIATION (SEBA)

SCALES AND DEFINITIONS
LONGTERM – MICRO FINANCE INSTITUTIONS

RATING	DEFINITION
AAA Triple A (Highest Safety)	**INVESTMENT GRADE** Micro Finance Institutions rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of MFIs.
AA+, AA, AA- (Double A) (High Safety)	Micro Finance Institutions rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Micro Finance Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Micro Finance Institutions rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a MFI is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Double B (Inadequate Safety)	**SPECULATIVE GRADE** Micro Finance Institutions rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a MFI as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (High Risk)	Micro Finance Institutions rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems, which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
C (Very High Risk)	Micro Finance Institutions rated in this category are adjudged to be with very high risk of timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet obligations in a timely fashion.
D (Default)	Micro Finance Institutions rated in this category are adjudged to be either currently in default or expected to be in default. This level of rating indicates that the entities are unlikely to meet maturing financial obligations and calls for immediate external support of a high order.
	SHORT TERM – MICRO FINANCE INSTITUTIONS
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 invest 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** Institution failed to meet financial obligations

For Chief Executive Officer
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CRISL RATING SCALES AND DEFINITIONS
BANK LOAN/ FACILITY RATING SCALES AND DEFINITIONS- LONG-TERM

RATING	DEFINITION
*blr***AAA** (*blr*Triple A) (Highest Safety)	**Investment Grade** Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have highest credit quality, offer highest safety and carry almost no risk. Risk factors are negligible and almost nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of loans/ facilities.
*blr***AA+**, *blr***AA**, *blr* **AA-** (Double A) (High Safety)	Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have high credit quality, offer higher safety and have high credit quality. This level of rating indicates that the loan / facilities enjoyed by an entity has sound credit profile and without any significant problem. Risks are modest and may vary slightly from time to time because of economic conditions.
*blr***A+**, *blr***A**, *blr***A-** Single A (Adequate Safety)	Bank Loan/ Facilities rated in this category are adjudged to carry adequate safety for timely repayment/ settlement. This level of rating indicates that the loan / facilities enjoyed by an entity have adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
*blr***BBB+**,*blr***BBB**, *blr***BBB-** Triple B (Moderate Safety)	Bank Loan/ Facilities rated in this category are adjudged to offer moderate degree of safety for timely repayment /fulfilling commitments. This level of rating indicates that the client enjoying loans/ facilities under-performing in some areas. However, these clients are considered to have the capability to overcome the above-mentioned limitations. Cash flows are irregular but the same is sufficient to service the loan/ fulfill commitments. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
*blr***BB+**, *blr***BB**, *blr***BB-** Duble B (Inadequate Safety)	**Speculative/ Non investment Grade** Bank Loan/ Facilities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates loans/ facilities enjoyed by a client are below investment grade. However, clients may discharge the obligation irregularly within reasonable time although they are in financial/ cash problem. These loans / facilities need strong monitoring from bankers side. There is possibility of overcoming the business situation with the support from group concerns/ owners. Overall quality may move up or down frequently within this category.
*blr***B+**, *blr***B**, *blr***B-** Single B (Somewhat Risk)	Bank Loan/ Facilities rated in this category are adjudged to have weak protection factors. Timely repayment of financial obligations may be impaired by problems. Whilst a Bank loan rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support. Special monitoring is needed from the financial institutions to recover the installments.
*blr***CCC+**,*blr***CCC**, *blr***CCC**-Triple C (Risky)	**Risky Grade** Bank Loan/ Facilities rated in this category are adjudged to be in vulnerable status and the clients enjoying these loans/ facilities might fail to meet its repayments frequently or it may currently meeting obligations through creating external support/liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. These loans / facilities need strong monitoring from bankers side for recovery.
*blr***CC+**, *blr***CC**, *blr***CC-** Double C (High Risky)	Bank Loan/ Facilities rated in this category are adjudged to carry high risk. Client enjoying the loan/ facility might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. These loans / facilities need strong monitoring from bankers side for recovery.
*blr***C+**, *blr***C**, *blr***C-** (Extremely Speculative)	Bank Loan/ Facilities rated in this category are adjudged to be extremely risky in timely repayment/ fulfilling commitments. This level of rating indicates that the clients enjoying these loan/ facilities are with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
*blr***D** (Default)	**Default Grade** Entities rated in this category are adjudged to be either already in default or expected to be in default.

SHORT-TERM RATINGS

*blr*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.
*blr*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.
*blr*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.
*blr*ST-4	**Satisfactory Grade** Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
*blr*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.
*blr*ST-6	**Default** Institution failed to meet financial obligations

For Chief Executive Officer
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Vice President
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