

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

REPORT: RR/57910/22

*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*

Address:
CRISL
Nakshi Homes
(4th & 5th Floor)
6/1A, Segunbagicha,
Dhaka-1000
Tel: 9515807-8
9514767-8
Fax: 88-02-9565783
Email:
crisltdhk@crislbd.com

Analysts:
Dil Khadija Banu
belli@crislbd.com

Md Shahdat
shahdat@crislbd.com

Entity Rating
Long Term: AA-
Short Term: ST-2

Outlook: Stable

**PEOPLE'S ORIENTED
PROGRAM
IMPLEMENTATION
(POPI)**

ACTIVITY
Micro Finance & Social
Development
Programs

**YEAR OF
INCORPORATION**
1986

CHAIRMAN
Abdul Hamid Bhuiyan

**MEMBER
SECRETARY**
Murshed Alam
Sarker

FUND
Tk. 1,811.63 million

TOTAL ASSETS
Tk. 13,771.04 million

Date of Rating: November 07, 2022		Valid up to: November 06, 2023	
		Long Term	Short Term
Entity Rating		AA-	ST-2
Outlook		Stable	
Bank Facilities Rating			
Bank/FI	Mode of Exposures (Figures in million)	Bank Loan Ratings	
Eastern Bank Ltd.	Term Loan Outstanding of Tk. 240.08	dir AA-	
	Working Capital Loan Limit of Tk. 250.00		
BRAC Bank Ltd.	Term Loan Outstanding of Tk. 200.00		
	Working Capital Loan Limit of Tk. 400.00		
Dutch Bangla Bank Ltd.	Term Loan Outstanding of Tk. 26.38		
	Working Capital Loan Limit of Tk. 100.00		
The City Bank Ltd.	Working Capital Loan Limit of Tk. 100.00		
Mutual Trust Bank Ltd.	Term Loan Outstanding of Tk. 199.61		
	Working Capital Loan Limit of Tk. 100.00		
Pubali Bank Ltd.	Term Loan Outstanding of Tk. 46.00		
Mercantile Bank Ltd.	Working Capital Loan Limit of Tk. 700.00		
	Term Loan Outstanding of Tk. 109.32		
Southeast Bank Ltd.	Working Capital Loan Limit of Tk. 120.00		
	Term Loan Outstanding of Tk. 400.00		
Trust Bank Ltd.	Working Capital Loan Limit of Tk. 400.00		
United Commercial Bank Ltd.	Working Capital Loan Limit of Tk. 500.00		
	Term Loan Outstanding of Tk. 76.23		
Premier Bank Ltd.	Working Capital Loan Limit of Tk. 100.00		
	Term Loan Outstanding of Tk. 90.94		
Midland Bank Ltd.	Working Capital Loan Limit of Tk. 25.00		
	Working Capital Loan Limit of Tk. 300.00		
Standard Bank Ltd.	Working Capital Loan Limit of Tk. 75.51		
NCC Bank Ltd.	Term Loan Outstanding of Tk. 200.00		
	Working Capital Loan Limit of Tk. 100.00		
Bank Asia Ltd.	Term Loan Outstanding of Tk. 34.20		
Jamuna Bank Ltd.	Working Capital Loan Limit of Tk. 350.00		
NRB Bank Ltd.	Working Capital Loan Limit of Tk. 150.00		
One Bank Ltd.	Term Loan Outstanding of Tk. 90.35		
Dhaka Bank	Term Loan Outstanding of Tk. 164.20		
Lanka Bangla Finance Ltd.	Term Loan Outstanding of Tk. 44.71		
IIDFC	Working Capital Loan Limit of Tk. 150.00		
IDLC	Term Loan Outstanding of Tk. 46.83		
Meridian Finance	Term Loan Outstanding of Tk. 34.56		
Strategic Finance	Term Loan Outstanding of Tk. 38.50		
IPDC	Term Loan Outstanding of Tk. 100.00		
Lankan Alliance Finance Ltd	Term Loan Outstanding of Tk. 61.73		
BD Finance	Term Loan Outstanding of Tk. 1404.17		
PKSF			

* Palli Karma Shahayak Foundation

1.0 RATIONALE

CRISL has assigned the Long Term Rating of 'AA-' (pronounced as double A minus) and the Short Term Rating of 'ST-2' to People's Oriented Program Implementation (POPI) based on its financials and other relevant quantitative and qualitative information up to the date of rating. The above ratings has been assigned after due consideration of some fundamentals such as average capital adequacy, average operational performance, average liquidity, operational activities extended to large geographical areas etc. However, the above ratings are constrained to some extent by factors such as decrease in grant income, high outside liability to equity and high finance cost to revenue ratio etc.

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

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

to time because of economic conditions. 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 entity situation within the rating validity period.

2.0 ORGANIZATIONAL PROFILE

2.1 The Genesis

People's Oriented Program Implementation (POPI) is a Non-Profit, Non-Political and a Non-Government Organization. It started its philanthropic and humanitarian journey in December 1986 having a core vision of envisaging a prudent nation free from hunger and poverty where every citizen leads a life with dignity and equity. POPI started development work through raising awareness, sensitizing and organizing the women living in poverty and extreme poverty on development issues and building their leadership and management skills. The initial aim of the organization was to work to alleviate poverty through empowering women. From that humble beginning, POPI has grown in strength, and today it is one of the leading NGOs in Bangladesh. As a development organization, POPI's services have been deeply appreciated by the people it works for, and it has expanded its geographic footprint across 26 districts of the country. In its long journey of 30 years, the organization remains committed to making a difference in the lives of people by promoting sustainable development, gender justice and social harmony. To achieve its ultimate vision the organization currently holds various programs but the main ones are, Micro Finance Program; Education program, Adolescent development program, Cultural and sports program, School feeding program, Basic literacy program, Health, Nutrition and WASH (HNWASH), Awareness raising program, Safe water and sanitation service, livelihood development program, Agricultural support service Human, Institutional and Leadership training and Practical skills development training etc. The major development partners of the organization are PKSF, the United States Agency for International Development (USAID), The World Food Programme (WFP), Water Organization. The Head Office of the organization is located at 5/11-A, Block-E, Lalmatia, Dhaka-1207, Bangladesh.

2.2 Chronicle of Registration

POPI currently has registered under many social and governmental bodies. The core five (05) registering bodies and their details of it are shown in the following table:

Registering bodies	Registration number	Date of Registration
Social Welfare Organization	Kishore-0056	15.11.1986
NGO Affairs Bureau	507	30.07.1991
Micro Credit Regulatory Authority	02150-01563-00159	16.03.2008
The Registrar of Joint Stock Companies and Firms (RJSC)	Khulna- 179	28.08. 2006
Family Planning	56/96	-

Registered by 5 bodies

2.3 Operational Network

Now, the organization has total 230 branch offices which are being operated in 174 Upazilas and 26 districts. The branch offices are located in Kishoreganj, Gazipur, Dhaka, Munshiganj, Narshingdi, Narayanganj, Brahmanbaria, Cumilla, Chandpur, Cox's Bazar, Chattragram, Feni, Noakhali, Lakshmipur, Rangpur, Dinajpur, Nilphamari, Lalmonirhat, Panchagarh, Mymensingh, Sherpur, Sunamganj, Netrakuna, Kurigram, Manikganj, Tangail Districts. POPI has a training center located at Chittagong, Khagrachari & Dhaka. At present, the organization has 247,985 members where 14,378 are groups as on June 30, 2022.

Wide operational network

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

3.0 MAJOR PROGRAMS

3.1 Micro Finance Program

The Microfinance Program (MFP) of the organization, which began in 1992, 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. POPI's microfinance program is working as a Walking on Two Feet development strategy. With support from (Palli Karma-Sahayak Foundation) PKSF, the project has been focusing on increasing the income of rural poor through providing the required financial support to the rural poor and vulnerable people. The micro credit loan disbursement is mainly made through twenty-two components. The organization has disbursed total loan of Tk. 17,228.70 million as on June 30, 2022 and Tk. 10,002.21 million as on June 30, 2021. A summary of product details is given below:

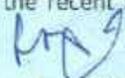
Products	Purpose	Description
JAGORON	Income generating activities for marginal & extreme poor	Jagoron is given to the clients for their income generating activities. The size of the loan is from Tk. 10,000 to Tk. 150,000 @ 24% interest in decline method and to be repaid in 12, 18, 46 & 69 Monthly/Weekly installments within 1 or 1.5 years
AGROSOR	To cater for the middle-income group, business persons and small and medium entrepreneurs	AGROSOR is given to the clients for their income generating activities. The size of the loan is from Tk. 151,000 to Tk. 3000000 @ 24% interest in decline method and to be repaid in 12, 18 & 46 Monthly/weekly installments within 1 or 1.5 years
AGRO-SEP	To cater for the middle-income group, business persons and small and medium entrepreneurs	AGRO-SEP is given to the clients for their income generating activities. The size of the loan is from Tk. 40000 to Tk. 2000000 @ 24% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.50 years
AGRO-MDP	To cater for the middle-income group, business persons and small and medium entrepreneurs	AGRO-MDP is given to the clients for their income generating activities. The size of the loan is from Tk. 100000 to Tk. 2000000 @ 24% interest in decline method and to be repaid in 12,18, 46 & 69 weekly installments within 1 or 1.50 years
AGRO-MDP-AF	To cater for the middle-income group, business persons and small and medium entrepreneurs	AGRO-MDP-AF is given to the clients for their income generating activities. The size of the loan is from Tk. 100000 to Tk. 2000000 @ 18% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.5 years
BUNIAD	Product with special features to serve the extreme poor	BUNIAD is given to the clients for their income generating activities. The size of the loan is from Tk. 5000 to Tk. 30000 @ 20% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.5 years
ENRICH-IGA	To serve the seasonal needs of marginal and middle farmers	ENRICH-IGA is given to the clients for their income generating activities. The size of the loan is from Tk.50000 to Tk. 1000000 @ 24% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.5 years
LIFT	To serve the seasonal needs of marginal and middle farmers	LIFT is given to the clients for their income generating activities. The size of the loan is from Tk. 1000 to Tk. 1000000 @ 24% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.50 years
SL-ME	To cater for the middle-income group, business persons and small and medium entrepreneurs	SL-ME is given to the clients for their income generating activities. The size of the loan is from Tk. 50000 to Tk. 1000000 @ 18% interest in decline method and to be repaid in 12, 46 weekly installments within 1 year
LEPIG	Income generating activities for senior citizen	LEPIG is given to the clients for their income generating activities. The size of the loan is from Tk. 1000 to Tk. 60000 @ 16% interest in decline method and to be repaid in 12 & 46 weekly installments within 1 year
ABASON	To improve the living conditions of the target disadvantaged people	ABASON is given to the clients for their income generating activities. The size of the loan is from Tk. 50000 to Tk. 1200000 @ 12% interest in decline method and to be repaid

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

		in 1,12, 24, 36, 48, 60 Monthly installments within Maximum 5 years
ECCCP-FLOOD	Rehabilitation for flood affected people	ECCCP-FLOOD is given to the clients for their income generating activities. The size of the loan is from Tk. 1000 to Tk. 30000 @ 20% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.50 years
CSL-SEP	To cater for the middle-income group, business persons and small and medium entrepreneurs	CSL-SEP is given to the clients for their income generating activities. The size of the loan is from Tk.1000 to Tk. 4000000 @ 8% interest in decline method and to be repaid in 12 & 46 weekly installments within 1 year
SAHOS	To cater to the emergency credit needs of natural disaster victims	SAHOS is given to the clients for their income generating activities. The size of the loan is from Tk. 1000 to Tk.15000 @ 8% interest in decline method whereas average effective annual interest is about 8% and to be repaid in 46 weekly installments within 1 year
SDL	To create hygienic society	SDL is given to the clients for their income generating activities. The size of the loan is only Tk. 15000 @ 18% interest in decline method and to be repaid in 12 & 46 weekly installments within 1 year
SUFOLON	To promote Agriculture sector	SUFOLON is given to the clients for their income generating activities. The size of the loan is from Tk. 10000 to Tk.500000 @ 24% interest in decline method and to be repaid in 12, 18, 46 & 69 weekly installments within 1 or 1.5 years.
ENRICH-AC	A concept of whole family development. Along with covering education and health. It also facilitates for the best utilization of the existing capabilities and resources of the poor households	ENRICH-AC is given to the clients for their income generating activities. The size of the loan is from Tk.1000 to Tk.30000 @ 8.50% interest in decline method and to be repaid in 11, 22 weekly installments within 1 or 2 years.
ENRICH-LI	To serve the seasonal needs of marginal and middle farmers	ENRICH-LI is given to the clients for their income generating activities. The size of the loan is from Tk.1000 to Tk.10000 @ 4.50% interest in decline method and to be repaid in 11 weekly installments within 1 year
LRLP	Rehabilitation for natural calamities affected people	LRLP is given to the clients for their income generating activities. The size of the loan is from Tk.1000 to Tk. 100000 @ 18% interest in decline method and to be repaid in 46 weekly installments within 1 year
LRL 2ND PHASE	Aims to revive the economic activities of the poor affected by Covid-19 by creating self-employment opportunities	LRL 2ND PHASE is given to the clients for their income generating activities. The size of the loan is from Tk. 1000 to Tk. 50000 @ 4% interest in decline method whereas average effective annual interest is about 4% and to be repaid in 18 weekly installments within 1 year
HH-WATER	To promote safe and arsenic free water	HH-WATER is given to the clients for their income generating activities. The size of the loan is from Tk. 15000 to Tk. 50000 @ 18% interest in decline method and to be repaid in 15 weekly installments within 1.5 years

3.2 Social Development Programs

Besides microcredit POPI has taken several philanthropic programs with a view to developing the social position of the distressed people of Bangladesh by improving their living standard. At present, there are some social development programs of the organization like health, education, child labor and non-formal education, agriculture and livestock, skill development, disaster management, environment, gender promotion etc. A summary of the recent Social Development Programs are shown in the following table:


For President & CEO
Md. Asaduzzaman Khan
 Executive Director
 Credit Rating Information and Services Ltd.

CREDIT RATING REPORT

On

PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

Name of Development Program	Target Area	Number of Beneficiary	Donor Name	Grant Amount	Objective of Program
Floating Education and Health Care Project	Nikli, Kishoregonj	1,000	Own funded	5.50	To provide education for desperately poor, marginalized communities, living in the river basin areas of Bangladesh
Floating School	Nikli, Kishoregonj	1,504	Learning for Life	3.49	To provide education for desperately poor, marginalized communities, living in the river basin areas of Bangladesh
Rural People's Access to congenial and Environment,viable water and sanitation Facilities (RACE) Project	POPI's working areas	84,500	Water.org USA	7.47	poor and semi-poor households have access to safe water and sanitary latrine facilities
Resilience through Economic Empowerment, Climate Adaptation, Leadership and Learning (REE-CALL-2021)	Nikli and Mithamoin (Kishoregonj)	20,260	Oxfam -GB	6.30	To strengthen community resilience to climate change by fostering economic empowerment and inclusive leadership
School Feeding Program in Poverty Prone Areas (SFP-PPA)	Fulberia, Gouripur and Haluaghat (Mymensingh) Kalmakanda (Netrokona)	161,191	Directorate of Primary Education (DPE) & WFP	7.00	The overall objective of this project is to contribute in achieving Universal Primary Education
ENRICH /Shamiddhi Program	Bhairab, Karimganj (Kishoregonj)	9544 HHs	PKSF	5.75	To work with the poor to create an enabling environment for them to achieve a humanly dignified living standard and enjoy universal human rights
Strengthening Household Ability to Respond to Development Opportunities (SHOUHARDO-III)	Kalmakanda, Madon, Khalazuri (Netrokona) and (Mithamoin, Ibsa, Nikli, Austogram) Kishoregonj	27,860	USAID & Gov and CARE Bangladesh	44.68	Improved gender equitable food and nutrition security and resilience of the vulnerable people living in the Char and Haor in Bangladesh by 2020
Vulnerable Group development (VGD) Programme	Sylhet Sader	7,474	Department of Women Affairs (DWA)	0.59	To bring sustainable improvement to the lives of ultra-poor households
Basic Literacy Project	Karimganj, Nikli, Mithamoin, Tarail under Kishoregonj	56,400	MoPME	1.49	To offer life skill based basic literacy to 4.5 million adolescence and adult women and men of 15-45 age groups
Gender and Social Justice Program (GSJP)	Kishoregonj	10,250	Ain-O-Salish Kendra (ASK)	0.46	To strengthen democracy by promoting human rights culture in Bangladesh. POPI as a partner of ASK, implements this project in Kishoregonj district by focusing on mobilizing and developing community activism to protect lawful rights of community people and raising awareness on gender and social justice issues
Promoting Footwear Producing Micro-Enterprise to Environmentally Sustainable in Kishoregonj District (Sustainable Enterprise Project-SEP)	Bhairab, Kishoregonj	1,518	PKSF	1.48	Targeted leather and shoe entrepreneurs in 3 upazilas of Kishoregonj district adopt environmental practices at their factories and cluster to be able to achieve business growth in a sustainable manner.
Sustainable Enterprise Project (SEP)-Buffalo rearing	Nikli, Bajitpur, Austogram (Kishoregonj)	400	PKSF	0.96	-Promote environment friendly buffalo rearing by the targeted MES -Improved adoption of buffalo waste management practices by the MES -Promote animal welfare by improved animal housing and awareness raising -Strengthening safe buffalo product processing, preservation and marketing by the MES
Extended Community Climate Change Project-Flood (ECCCP-Flood)	Lalmonirhata Sader	1,000	PKSF & Green Climate Fund	11.08	To increase the resilience of the poor, marginalized and climate-vulnerable communities to the adverse effects of climate change in the flood-prone areas of Bangladesh
Promote Quality Education in the Mainstream Government Primary Schools (BD2058)	Bhaluka, Mymensingh	68 GPS and 13 Community schools	Educo	5.05	Enhance education cycle completion with targeted learning competencies of the children in a child centered, safe, inclusive and protective environment

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

Promoting Accelerated Learning-opportunities for Young-children in the Remote Areas of Bangladesh- PLAY (BD2061)	Bhaluka, Mymensingh	3600 children (4-5 years old)	Educo	1.47	To provide joyful and quality early learning opportunities for children and ensure their transition to primary education
Adolescent and Youth as an Agent of Change to promote a Progressive Society (A & Y Development)- BD2065	Bhaluka, Mymensingh	20 targeted communities in Mymensingh district	Educo	2.43	-To promote human rights in the community -Adolescent and youth accelerate their acquired skills in the smooth transition to adulthood and contribute to the positive changes of society
Prevention and Elimination of Hazardous Form of Child Labour in Coastal Areas of Bangladesh (BD2063)	Cox's Bazar	500 child labourers	Educo Bangladesh	2.29	Children and adolescents in the hard to reach areas of Bangladesh are protected from violence and exploitation
COVID 19 Response- LFL	Nikli under Kishoregonj district	240 HHs	Learning for Life	0.34	To extend humanitarian assistance to the HHs affected by the impact of Covid-19
Out of School Children Education Program- 2nd Chance Education	Kishoregonj	14,520	BNFE	9.12	To provide primary education as second chance opportunity for the out-of-school children of 6-14 years age group through non-formal education
Engaging Communities and Authorities to Tackle Oppression (ECATTO)	Hossainpur, Pkundia and Kishoregonj Sadar	8,725	FCDO & Manusher Jonno Foundation	9.42	Women and girls in 5 Upazilas under Kishoregonj district of Bangladesh are free from violence, participate fully in society and enjoy equal rights and opportunities
Pathways to Prosperity for Extreme Poor People (PPEPP)	Nikli, Austogram under Kishoregonj district	-	PKSF & FCDO	24.13	To enable targeted people to exit from extreme poverty for good
Emergency Relief Program	Netrokona	10,240	CARE Bangladesh	1.45	To provide survival support to the flood affected people of the target area.
Mosque Project	Bhairab	-	Own funded	3.05	To accommodate and provide opportunity to community people to here regular prayer
Recovering enrollment, retention and attainment in the classrooms of Nikli, Bangladesh, following the COVID-19 lockdown	Nikli, Kishoregonj	5,415 children	LFL	2.19	Reenrollment of children, maintaining learning outcomes and minimize impact on women/girls
Probin Janoghostir Jibonman Udayan	Bhairab, Kishoregonj	5030	PKSF	1.97	To ensure wellbeing of the elderly people of selected Unions of above Upazilas so that they can live in the society with safety, security and dignity and enjoy their rights and entitlements
B-SkillFUL Programme Phase II	Bhairab, Kishoregonj	260 workers and 20 SMEs	Swiss Contact	3.81	-Engage SMEs as potential clients; -Implement WBT (vocational training at workplace) along with mentoring and coaching support to SMEs under B-SkillFUL programme team supervision

4.0 OPERATIONAL PROCESS

4.1 Credit Policy

POPI implements programs through its branch offices and beneficiaries' organizations such as groups and centers. The head office provides guidance, supervision and also monitors the activities of the branch offices. The operation of the program of the organization runs under a center. The groups are federated into centers and one or more groups are formed in one area. A center is the centre of all activities at the area level. Each center has a Center Chief for smooth operation. 08 to 30 like-minded people from the same village with similar economic status but not related to each other can form a group. The group members are required to undergo an intensive training program of 1-2 weeks on group management, group responsibility and credit discipline, role and procedures. The group members also need to pass a test on their integrity, seriousness, and understanding of principles and procedures of the credit program and must have the ability to write their names before the group is recognized for credit. If any client needs loan he/she has to discuss the matter with the group members and thereafter in the weekly meeting as well. When it is found that the use of loan will be beneficial to the applicant and the borrower will follow the rules and regulations of the organization, the decision is taken for granting loan. Afterwards

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

respective officers give recommendation on the loan application and the loan is granted as per. The delegation of power of the management (in terms of credit, administrative and financial) is fairly distributed. According to POPI policy all loan proposal appraisal and approval procedures are segregated between the Board and management to provide the loan for the smooth business operations. Branch manager gives approval taka 5,000 to 1,00,000; Assistant Program manager gives approval taka 10,000 to 3,00,000; Program manager gives approval taka 3,01,000 to 6,00,000; Assistant Director (EES) gives approval taka 6,01,000 to 10,00,000; Director (EES) gives approval taka 10,01,000 to 20,00,000 and Executive Director gives approval taka above 20,00,000.

4.2 Savings Scheme

POPI offers four types of saving scheme such as 'General Savings', 'Special Savings', 'Member SFF' and 'Member SFF Fixed'. The Organization collects at least Tk. 20 as a General Saving per week and collects at least Tk. 50 as a volunteer savings scheme from group members. The General Savings is a compulsory saving nature for the members for which the annual interest rate is 6%. Savings fund can be withdrawn if the member leaves the organization. On the other hand, special savings can be withdrawn at any time for any purpose. The 'Member SFF and Member SFF Fixed' scheme is a long-term deposit where members can earn up to 11.10% profit, but if the member withdraw money before maturity then they will be entitled to lower profit. A comparative summary of savings scheme has been given below:

Savings Name	FY 2021-22	FY 2020-21	FY 2019-20
General Savings	2347.69	1737.54	1516.63
Special Savings	593.42	453.31	396.07
Member SFF	474.96	334.04	279.40
Member SFF Fixed	256.71	66.59	34.36
Total Savings	3672.78	2591.57	2226.49

(Tk. in million)

5.0 MICRO FINANCE INDUSTRY IN BANGLADESH

Any agency that is not controlled by Government can be regarded as NGO. The public perception of Non-Governmental Organizations (NGOs) is that, they are working for the common good of individuals or groups. The history of NGOs in Bangladesh could be traced way back to the British colonial period. Since the British era, NGOs in its traditional form have been working in Bangladesh as different religious trust-based schools, hospitals and orphanages. However, NGOs in Bangladesh got a radical transformation and turned into agents of development in the post-independence era. Since 1970s, NGOs therefore has become the part of the institutional framework of poverty alleviation in Bangladesh. The NGO sector in Bangladesh is an inseparable part of our society. Gradually, NGOs 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 NGOs 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 NGOs, that is the real sources of NGO functioning. The legal framework has two major dimensions: one is laws for incorporation and providing legal entity to NGOs; and another is laws governing the relationship of NGOs with the Government. NGOs 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). NGOs 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 NGOs is registered under The Societies Registration Act, 1980. The NGO Affairs Bureau (NGOAB) was established in 1990 with the authority to register and regulate all NGOs operating with foreign funds in Bangladesh. With a large number of laws, ordinances, rules and regulations

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

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

Bangladesh is the breeding ground of some world-renowned Non-Profit Organizations (NPO). NGOs mainly focus on Microfinance, Development Program and Solar Home System etc. The Microcredit Regulatory Authority (MRA), established by the Government in August, 2006 and all microfinance operation is regulated under MRA. Currently, 746 institutions (as of December 2020) have been licensed by MRA to operate Micro Credit Programs. But, Grameen Bank is out of the jurisdiction of MRA as it is operated under a distinct legislation- Grameen Bank Ordinance, 1983. 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.

In Bangladesh total microfinance organization stood at 747 where total branches is 20,955 in FY2020-21. A details picture of micro credit situation under Microcredit Regulatory Authority (MRA) certified organization is as below:

Particulars	FY2020-21	FY2019-20	FY 2018-19	FY2017-18	FY2016-17	FY2015-16
Branch	20,955	20,898	18,977	18,196	17,126	16,204
Staff	175,741	171,110	162,175	1,53,919	1,39,526	1,22,335
Members (in millions)	35.19	33.31	32.37	31.22	29.90	27.58
Borrowers (in millions)	27.80	26.15	25.76	25.40	25.98	23.11
Loan Disbursement (in billions)	1512.09	1362.75	1403.17	1,201.91	1,045.78	782.67
Loan Receivable position (in billions)	949.85	888.64	787.58	673.90	583.62	454.01
Total Deposit collection (in billions)	422.39	373.90	306.19	262.95	216.71	170.67
Total Loan collection (in billions)	1397.13	1329.88	1,333.05	1,112.21	876.85	773.00

(Source: MRA-MIS database-2021)

A detail of Overall microcredit scenario of Bangladesh in FY2020-21 is as below:

Details	Member (in millions)	Borrower (in millions)	Receivables (in millions)	Savings (in millions)	Disbursement (in millions)
MRA	35.19	27.80	949,850	422,390	1,512,090
Grameen Bank	9.38	6.54	142,599	158,836	195,479
Govt's Org./office/special program	1.61	1.16	28,582.23	5450.25	26,575.73
Govt. and Non-govt. Bank	0.54	0.41	31,579	62,309	12,549
Total	46.72	35.91	1,152,610.23	647,985.25	1,746,694.73

In FY 2020-21, MRA institutions distributed total loan among SME beneficiaries of Tk. 1 lack 51 thousand 2 hundred 9 crore. Out of which top 10 MRA organizations distributed loan of Tk.99 thousand 6 hundred 78 crore, which contributed 65.92% of total disbursement loan. On the other hand, top ten MRA institutions held 69.26% of total loan outstanding and 71.76% of total savings

CREDIT RATING REPORT

On

PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

portfolio. The top ten MFIs are: BRAC, ASA, Bureau Bangladesh, TMSS, SSS, Jagoroni Chokro Foundation, Podakhep, UDDIPAN, Sajida Foundation, and Polli Mongol Kormoshuchi (PMK).

Though NGOs 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 NGO 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 NGOs, strategic management etc. In addition, some of challenges that NGOs 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 institutions (MFIs) in Bangladesh are facing a cash flow crisis amid the deadly Covid-19 pandemic. The MFIs did not collect loan installments from their clients for the last one and half months as the government halted nationwide operations. On the other hand, the rural people who make up majority of the clientele of these institutions did not get loans during that period despite a huge demand. Most of the mid and small levels MFIs are already facing hardships and difficulties in paying full salaries to their staff last month.

Under the situation, the MRA issued a circular for MFIs to operate on a limited scale until further notice. During the limited operation, microfinance institutions can distribute relief, pay back deposits, and provide loans from the stimulus package of Tk.3,000 crore for proper health safety measures.

The Asian Development Bank (ADB) tripled the size of its response to the novel coronavirus disease (COVID-19) pandemic to \$20 billion and approved measures to streamline its operations for quicker and more flexible delivery of assistance. The package expands ADB's \$6.5 billion initial adding \$13.5 billion in resources to help ADB's developing member countries counter the severe macroeconomic and health impacts caused by COVID-19. This fund will be provided to help governments of developing member countries implement effective countercyclical expenditure programs to mitigate impacts of the COVID-19 pandemic, with a particular focus on the poor and the vulnerable. Grant resources will continue to be deployed quickly for providing medical and personal protective equipment and supplies from expanded procurement sources. Refinance scheme for micro finance loan should be operated with ultimate interest rate in a range of 5-7 per cent. NGOs and MFIs (microfinance institutions) should be entitled to any central bank refinance scheme directly rather than through scheduled commercial banks.

6.0 ORGANIZATIONAL GOVERNANCE

6.1 General Body

POPI follows a two-tier governing structure which is composed of General Body and Executive Committee to efficiently carry out operational and strategic decision-making activities of the organization. The general body consists of 21 members and they hold the supreme authority of POPI. They are also responsible to elect the 7 member Executive Committee for POPI. The General Body regularly meets once in a year in the Annual General Meeting as per by-laws. There is also provision to meet on emergency special meeting as and when required. The General Council deals with policy issues and do not interfere in routine matters. The policy issues and specific issues are dealt in the annual general meeting. It also approves annual budget, annual report and annual financial reports of the organization, appoints external auditor, and elects the members of the Executive Committee.

21 members General
Body

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

7 members Executive Committee

6.2 Executive Committee

Executive Committee (EC) of POPI consists of 7 members, elected by the General Body for three years term which provides policy guidelines to the organization and its institutions. The Chairman of the EC takes care of constitutional affairs of POPI and convenes the meeting of GB and EC. Executive Committee meets on quarterly basis or bi-monthly if so required. Abdul Hamid Bhuiyan acts as the Chairman and Murshed Alam Sarker acts as the Member Secretary of the organization. The General Committee is entitled to elect the members of the Executive Committee with the responsibilities of supervising all the activities of the organization, assisting the President in case of need, approving the budget of the organization as well as different projects under operation, deciding on any changes in the activities of the organization subject to the approval of the General Committee. It also evaluates the progress report on the activities of organization's projects and examines accounts, approves the policy of recruitment of the staff.

Executive Committee

Sl. No	Name	Age (in years)	Designation	Experience (In Years)	Educational Qualification
1.	Abdul Hamid Bhuiyan	74	Chairman	33	M. Sc.
2.	Md. Sharif Uddin Ahmed	60	Vice-Chairman.	25	M.S.S.
3.	Ms. Rafiqia Akhter	69	Treasurer	22	MSS (Eco)
4.	Ms. Shamsunnahar Chowdhury	60	Executive Member	32	MSS
5.	Mr. Rasel Ahmed Liton	49	Executive Member	34	MBA
6.	Syed Mosaddeque Hossain	70	Executive Member	47	MSS (GP)
7.	Murshed Alam Sarker	62	Member Secretary	38	MBA

6.3 Management Team

POPI holds an experienced and efficient management team and it is controlled by the Secretary, Murshed Alam Sarker. Each and every department is headed by different individual Director/Deputy Director's. The Secretary is actively assisted by four experienced Directors and one Deputy Director who managing the operational activities of all the programs including Micro Finance Program. The top-tier management team members are qualified and have long experience in NGO sector. They are committed to achieve the organization's mission and vision. The management enjoys enough delegation for the smooth running of its activities. The details of the Management Committee are shown below:

Management Committee of POPI

Sl. No	Name	Designation	Name of Department	Educational Experienced	Experience (in years)
1	Md. Majibur Rahman	Director	Social Empowerment Sector	B. Com	35
2	Ferdousi Begum	Director	Economic Empowerment Sector	M.A	24
3	Md. Moshihur Rahman	Director	Economic Empowerment Sector	MSC	35
4	Samimah Tasnim	Director	Finance & Accounts	M.Com	19
5	Kalilur Rahman	Deputy Director	Social Empowerment Sector	MSC	27

Experienced management team

6.4 Human Resources Management

POPI follows a structured human resource policy. The organization pursues a set of Service Rules covering major aspects of HR practices and offers a congenial working environment to its human resources. The service terms as set forth, demonstrate a detail guideline and covers major aspects of HR practices. Initially to become permanent (regular) employee, a person has to sustain a probationary period of usually 6 month and have to wait for the approval of the management committee. After the approval, the individual is entitled to receive competitive salary followed by two festival bonuses, annual increments, provident fund, gratuity, overtime allowance and daily allowance etc. POPI has a separate training division and each year the Training Division offers a variety of training courses related to different aspects of micro credit, rural development etc. All the training programs are managed internally. Currently, the total number of employees in organization stood at 1,592 as on July 31, 2022.

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

6.5 Management Information System (MIS) and Internal Control System

The organization is operating with an adequate technological infrastructure. POPI simultaneously adopted policies to facilitate the management of computerized data entry and reporting system. All the branches are operating with fully automated MIS and AIS reporting system. The organization maintained online automation system of 'Microfin360'. Using this software, the organization has capably maintained all donor funded project financial activities including inventory, HR, fixed assets & procurement etc. However, the organization holds a separate internal audit department, which ensures effective internal control for the organization. For internal audit, the organization has 19 auditors where headed by Najmul Hassan Buiyan. The details of the internal audit team are shown below.

Sl. No	Name	Designation	Educational Qualification
1	Najmul Hassan Buiyan	Manager (Audit)	MBA (FINANCE)
2	Md. Helal Uddin	Assistant Manager (Audit)	M.Com (Acc)
3	Anwar Hossain	Assistant Manager (Audit)	M.Com (Mgt)
4	Sukumer Bose	Assistant Manager (Audit)	M.Com (Management)
5	Bishawjit Dev	Assistant Manager (Audit)	M.Com (Mgt)
6	Shohel Manoar	Assistant Manager (Audit)	M.Com (Acc)
7	Nittyananda Sinha	Senior Audit Officer	M.Com (Man)
8	Rashel Uddin	Senior Audit Officer	M.Com (Acc)
9	Harun-Or-Rashid	Senior Audit Officer	MA
10	Rafikul Islam	Senior Audit Officer	M.Com (Accounting)
11	Easin Asraf	Senior Audit Officer	MBS(Marketing)
12	Nasir Uddin	Senior Audit Officer	MBS(Marketing)
13	Md. Shriful Islam	Senior Audit Officer	MBS(Accounting)
14	Rayhan Sarkar	Senior Audit Officer	MBS(Accounting)
15	Rakib Hasan	Senior Audit Officer	MBS(Management)
16	Sairul Islam	Senior Audit Officer	MBS(Accounting)
17	Bappy Kormokar	Audit Officer	MBA
18	Kawsar Mia	Audit Officer	MBA
19	Shaddam Hossain	Audit Officer	BBA(Hon's)

7.0 ANALYTICAL FRAMEWORK

The disclosures of accounts of the organization have been found moderate. The consolidated audited financial statement for the year ended June 30, 2022 has been considered for financial performance and also the micro finance financial statement has been considered. Financial statement has been audited by the Akhtar Amir & Co. chartered Accountants.

8.0 OPERATIONAL PERFORMANCE

Indicators	FY2021-22	FY2020-21	FY2019-20
Loan Disbursement (In million Tk. micro credit)	17,228.70	10,002.21	7,877.93
Total borrower (No of Person) (Micro credit)	207,166	167,033	141,727
Loan Outstanding (In million Tk.)	11,319.44	7,036.60	5,550.23
Total Savings portfolio (In million Tk.)	3672.78	2591.57	2226.49
Total Income (In million Tk.)	2013.17	1401.06	1315.19
Total Expense (In million Tk.)	1601.13	1240.89	1207.58
Net Surplus (In million Tk.)	412.04	160.17	107.60
Growth of Loan Disbursement (%)	72.25%	26.96%	(12.09)%
Growth of Savings Portfolio (%)	41.72%	16.40%	14.71%

The operational performance of the organization has been found average. During the year, both the loan disbursement and total number of borrowers has increased. In FY2021-22, POPI disbursed loan amount of Tk. 17,228.70 million compare to Tk. 10,002.21 million in FY2020-21 with a 72.25% growth. When analyzing the savings portfolio, it has been found that total savings portfolio stood at Tk. 3,672.78 million in FY2021-22 from Tk. 2,591.57 million with a growth of 41.72%. Increasing number of borrowers helped the organization to increase the savings and loan portfolio.

Average operational performance

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

Particulars	FY2021-22		FY2020-21		FY2019-20	
	Million Tk.	% of Total	Million Tk.	% of Total	Million Tk.	% of Total
Service Charge	1785.02	88.67	1151.43	82.18	1089.92	82.87
Bank Interest	37.94	1.88	54.49	3.89	62.30	4.74
Grant Income	185.07	9.19	194.69	13.90	162.74	12.37
Other Income	5.14	0.26	0.44	0.03	0.23	0.02
Total Income	2013.17	100.00	1401.06	100.00	1315.19	100.00

When analyzing the total operating income of the organization, it has been found that total income stood at Tk. 2,013.17 million in FY2021-22 compared to Tk. 1,401.06 million in FY2020-21. Operating income is continuously dominated by service charge. Due to increase in loan disbursement, service charge also increased in FY2021-22. Service charge on loan stood at Tk. 1,785.02 million which is nearly 88.67% of total operating income in FY2021-22 compared to Tk. 1,151.43 million in FY2020-21. On the other hand, the grant income was decreased in FY2021-22 due to decrease of budget from donor organization and stood at Tk. 185.07 million in FY2021-22 against Tk. 194.69 million in FY2020-21. After deducting all operating and financial expenses, the net surplus of the organization stood at Tk. 412.04 million in FY2021-22 from Tk. 160.17 million in FY2020-21. The net surplus of the organization increased in FY2020-21 due to increase in operating income.

9.0 PROFITABILITY AND EFFICIENCY

Indicators	FY2021-22	FY2020-21	FY2019-20
Operational self sufficiency (%)	125.73	112.91	108.91
Return on Average Assets (%)	3.63	1.92	1.47
Return on Average Capital fund (%)	25.96	12.55	9.55
Net Margin (%)	20.47	11.43	8.18
Return on average outstanding portfolio (%)	21.47	21.39	23.05
Cost on average outstanding portfolio (%)	17.45	19.72	22.22
Finance cost to total revenue (%)	30.07	30.67	33.04
Average Cost of Fund (%)	5.36	5.85	6.76

The profitability indicators of POPI have found to be average. Currently, the organization is operating with net surplus margin of 20.47% in FY2021-22 compare to 11.43% in FY2020-21. Due to increase in operating income which led to increase in surplus margin. The finance cost to revenue ratio was stable in FY2021-22 but it was high compare to industry. On the other hand, the average cost of fund of the organization slightly decreased and stood at 5.36% in FY2021-22 compare to 5.85% in FY2020-21. The member savings and loan from PKSF is low cost borrowing compare to loan from private bank and POPI has a significant portion of funding from these two sources which led to lower cost of fund.

10.0 ASSETS SIZE

Total assets of POPI are mostly financed by the external liability. Total assets size of the organization stood at Tk. 13,771.04 million in FY2021-22, which was financed by 86.84% from liabilities (Current liability 46.47% and Non-Current Liability by 40.38%) and 13.16% from the capital fund. Most of the assets are concentrated in the current assets which stood at Tk. 13,319.11 million. On the other hand, most of the current assets have been concentrated in loan to beneficiary which was 84.99% of total current assets in FY2021-22.

When analyzing the compliance criteria of asset creation as per MRA guidelines, fixed assets (other than FDR) in Micro Finance Program stood at Tk. 334.45 million which was 25.84% of cumulative surplus as on June 30, 2022 compare to 34.51% in FY 2020-2021. Maximum ceiling for fixed assets creation is 35% of cumulative surplus.

CREDIT RATING REPORT

On

PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

Quality of Credit Portfolio

Particulars	FY2021-22		FY2020-21		FY2019-20	
	Million Tk.	% of Total	Million Tk.	% of Total	Million Tk.	% of Total
Regular	10848.91	95.84	6735.66	95.72	5332.44	96.08
Watchful	200.66	1.77	7.86	0.11	10.11	0.18
Sub-standard	45.48	0.40	142.40	2.02	20.61	0.37
Doubtful	71.40	0.63	15.74	0.22	57.44	1.03
Bad Loan	152.99	1.35	134.94	1.92	129.64	2.34
Total	11319.44	100.00	7036.60	100.00	5550.23	100.00
Non-Performing Loan	269.87	2.38	293.09	4.17	207.69	3.74
PAR	470.53	4.16	300.94	4.28	217.80	3.92
Loan recovery rate (%) (OTR)		98.67		95.66		100.00

Based on audited accounts for the year ended June 30

While analyzing it has been found that the total micro credit portfolio of POPI stood at Tk. 11,319.44 million as on June 30, 2022. It is observed that regular loan stood at Tk. 10,848.91 million, watchful loan (1-30 days) stood at Tk. 200.66 million, sub-standard loan (31-180 days) stood at Tk. 45.48 million, doubtful (181 to 365 days) loan stood at Tk. 71.40 million and bad loan (above 365 days) stood at Tk. 152.99 million as on June 30, 2022. Non-performing loan to outstanding loan stood at Tk.269.87 million which was 2.38% in FY2021-22 compared to 4.17% in FY2020-21. NPL ratio improved in FY2021-22 due to increase of loan portfolio. On the other hand, the loan recovery performance of POPI has been found good. The On Time Recovery (OTR) rate of the organization stood at 98.67% in FY2021-22 and 95.66% in FY2020-21.

11.0 FUNDING AND LIQUIDITY

Indicators	FY2021-22	FY2020-21	FY2019-20
Current Ratio (Times)	2.08	2.06	2.09
Cash Ratio (%)	7.67	7.63	20.04
Liquidity Ratio (%)	96.72	95.15	94.43

Being a non-profit development organization, POPI has low equity stake. The main sources of funding of the organization are client's savings, capital fund, loans from PKSF and commercial banks. The saving amount is low cost funding and is increasing every year. The liquidity of the organization has been found average. The current ratio stood at 2.08 times in FY2021-22 against 2.06 times in FY2020-21, which are representing an average back up capacity to meet the current liabilities. Liquidity ratio of the organization stood at 96.72% in FY2021-22 against 95.15% in FY2020-21.

12.0 LEVERAGE AND SOLVENCY

Leverage and solvency	FY2021-22	FY2020-21	FY2019-20
Equity to total assets (%)	13.16	15.23	15.35
Total outside liability to total asset (%)	86.84	84.77	84.65
Debt service coverage ratio (X)	0.38	0.23	0.25
Total outside liability to equity (X)	6.60	5.57	5.51
Interest coverage ratio (X)	1.68	1.37	1.25
Capital adequacy ratio (%)	15.19	17.87	19.45

As a microfinance institute, the organization is a levered concern. All loans are financed by the PKSF, member savings and loan from commercial banks. The total liabilities of the organization stood at Tk. 11,959.41 million in FY2021-22 against Tk. 7,585.22 million in FY2020-21. The total liabilities increased due to increase of short term and long-term loan. The debt service coverage ratio of the organization increased in FY2021-22 due to increase in net surplus. On the other hand, when analyzing the capital strength of the organization, it has been found that Capital Adequacy Ratio (CAR) stood at 15.19% in FY2021-22 against 17.87% in FY2020-21 which is higher than the minimum requirement of PKSF at 10%.

Average liquidity

High outside liability to equity

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

13.0 ELIGIBILITY CRITERIA COMPLIANCE

SL	Particulars of Ratio	Standard	FY2021-22	FY2020-21
1	Capital Adequacy (%)	10 (Min)	15.19	15.65
2	Debt Service Cover Ratio (Times)	1.25:1 (Min)	1.26	1.05
3	Current Ratio (Times)	2.00:1 (Min)	2.05	2.02
4	Debt to Capital (Times)	9:1 (Max)	5.97	5.59
5	Liquidity to Savings Ratio (%)	10% (Min)	10.50	10.50
6	Rate of Return of Capital (%)	1% (Min)	25.96	12.55
7	Cumulative Recovery Ratio (%)	95.00 (Min)	98.55	99.69
8	On Time Realization (%)	92-100 (Min)	98.67	95.66

As per audited Eligibility Criteria Compliance Certification

When analyzing the PKSF eligibility criteria compliance certifications, it has been observed that the organization have been maintaining all criteria in FY2021-22.

14.0 BANKING AND NON-BANK FINANCIAL INSTITUTION RELATIONSHIP

14.1 Liability Position

The organization is now enjoying loan facility from Palli Karma Shahayak Foundation (PKSF) and commercial banks. Details are shown in the following table:

Name of the Bank/FIs	Details of Exposures				Classification Status
	Mode	Sanctioned & Disbursement	Outstanding as on date		
Eastern Bank Ltd.	Time Loan	250.00	109.61	25/09/22	UC
	Term Loan	250.00	240.08		UC
BRAC Bank Ltd.	Revolving	400.00	400.00	31/08/22	UC
	Term Loan	200.00	200.00		UC
Dutch Bangla Bank Ltd.	RSTL	100.00	100.61	31/08/22	UC
	Term Loan	66.00	26.38		UC
The City Bank Ltd.	Revolving	100.00	100.00	31/08/22	UC
Mutual Trust Bank Ltd.	Term Loan	300.00	199.61	31/08/22	UC
	Time Loan	100.00	100.00		UC
Pubali Bank Ltd.	Term Loan	50.00	46.00	31/08/22	UC
Mercantile Bank Ltd.	Revolving	700.00	700.00	31/08/22	UC
Southeast Bank Ltd.	Time Loan	120.00	119.86	31/08/22	UC
	Term Loan	130.00	109.32		
Trust Bank Ltd.	Revolving Time Loan	400.00	400.00	31/08/22	UC
United Commercial Bank Ltd.	Revolving Time Loan	500.00	503.84	31/08/22	UC
Premier Bank Ltd.	OD General	100.00	98.00	31/08/22	UC
	Term Loan	100.00	76.23		UC
Midland Bank Ltd.	Term Loan	125.00	90.94	31/08/22	UC
	Time Loan	25.00	25.00		
Standard Bank Ltd.	Revolving	300.00	301.15	31/08/22	UC
NCC Bank Ltd.	Time Loan	200.00	183.85	31/08/22	UC
	Term Loan	100.00	75.51		UC
Bank Asia Ltd	Revolving	100.00	100.00	31/08/22	UC
Jamuna Bank Ltd.	Term Loan	50.00	34.20	31/08/22	UC
NRB Bank Ltd.	Revolving	350.00	350.00	31/08/22	UC
One Bank Ltd.	Revolving	150.00	154.34	31/08/22	UC
Dhaka Bank	Term Loan	100.00	90.35	07/09/22	UC
Lanka Bangla Finance Ltd.	Term Loan	350.00	164.20	31/08/22	UC
IIDFC	Term Loan	50.00	44.71	30/08/22	UC
IDLC	Short Term Loan	150.00	38.63	31/08/22	UC
Meridian Finance	Term Loan	60.00	46.83	31/08/22	UC
Strategic Finance	Term Loan	50.00	34.56	31/08/22	UC
IPDC	Term Loan	50.00	38.50	31/08/22	UC

(Tk. in mil.)

Regular loan repayment status

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

Lankan Alliance Finance Ltd	Term Loan	100.00	100.00	31/08/22	UC
BD Finance	Term Loan	100.00	61.73	25/08/22	UC
PKSF	Term Loan	7040.00	1404.17	31/07/22	UC
Total		13,316.00	6,868.21		

14.2 Security Arrangement against Exposures

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

Name of the Bank/FIs	Security Arrangement
Eastern Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR for Tk. 71.93 million Hypothecation of overall assets of POPI including receivables 01 undated cheque covering the 110% of total loan limit. Personal guarantee of ED
BRAC Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of total disbursement amount Hypothecation of receivables of POPI Personal guarantee of Member Secretary of the organization. 01 undated cheque covering the 110% of total loan limit.
Dutch Bangla Bank Ltd.	<ul style="list-style-type: none"> Hypothecation of receivables of POPI Lien of FDR for Tk. 15.00 million Corporate guarantee of POPI Registered mortgage of 6.44 decimal land along with 03 storied building
The City Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 15% of approved limit Hypothecation of receivables of POPI Personal guarantee of Member Secretary of the organization. Corporate guarantee of POPI Security cheque along with letter of authority against loan limit
Mutual Trust Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 15% of approved limit Hypothecation of receivables of POPI Personal guarantee of Executive director of the organization. Security cheque against loan limit
Pubali Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Personal guarantee of Member Secretary of the organization Corporate guarantee of POPI
Mercantile Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of receivables of POPI Personal guarantee of Member Secretary of the organization. Corporate guarantee of POPI Security cheque along with letter of authority against loan limit
Southeast Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of receivables of POPI Personal guarantee of Member Secretary of the organization. Security cheque along with letter of authority against loan limit
Trust Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 15% of approved limit Personal guarantee of all member of the Executive Committee Post dated cheque covering the loan limit.
United Commercial Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 15% of approved limit Hypothecation of receivables and all fixed asset of POPI Personal guarantee of Member Secretary of the organization. Corporate guarantee of POPI post dated cheque covering the total loan limit
Premier Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 20% of approved limit Hypothecation of receivables and all fixed asset of POPI Personal guarantee of all members of the Executive Committee post dated cheque covering the total loan limit
Midland Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of Tk. 16.50 million Hypothecation of receivables Personal guarantee of all members of the Executive Committee A post-dated cheque covering the total loan limit
Standard Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of receivables of POPI Personal guarantee of Member Secretary of the organization. Corporate guarantee of POPI

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

NCC Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Personal guarantee of all member of the Executive Committee. Corporate guarantee of POPI Security cheques covering the loan limit
Bank Asia Ltd	<ul style="list-style-type: none"> Lien of FDR of 25% of approved limit Hypothecation of Microcredit receivables Personal guarantee of ED of the organization A post dated cheque covering the total loan limit
Jamuna Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables Personal guarantee of ED of the organization A post dated cheque covering the total loan limit and three cheques for loan adjustment purpose
NRB Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables Personal guarantee of ED of the organization Prepared cheques covering the total loan limit
One Bank Ltd.	<ul style="list-style-type: none"> Lien of FDR of Tk. 15.00 million Hypothecation of Microcredit receivables Personal guarantee of ED of the organization A cheque covering the total loan limit
Dhaka Bank	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables Personal guarantee of ED of the organization A post dated cheque covering the total loan limit
Lanka Bangla Finance Ltd.	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables Personal guarantee of all members of the Executive Committee 18 cheque covering the total loan installment and three cheques for total receivable amount
IIDFC	<ul style="list-style-type: none"> Lien of FDR of Tk. 50.00 million Hypothecation of Microcredit receivables Personal guarantee of all Member Secretary of POPI 3 cheques covering the monthly interest and thirty three cheques for total monthly installment
IDLC	<ul style="list-style-type: none"> Hypothecation of Microcredit receivables Personal guarantee of all Member Secretary of POPI 04 post dated cheques and 01 undated cheque for total monthly installment
Meridian Finance	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit 01 cheques covering the total loan limit and 12 post dated cheques for total monthly installments
Strategic Finance and Investment Ltd.	<ul style="list-style-type: none"> Lien of FDR of 15% of approved limit Hypothecation of Microcredit receivables Personal guarantee of all members of the Executive Committee 01 cheque covering the total loan limit and 24 cheques for total installments
IPDC	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables Personal guarantee of all members of the Executive Committee 01 cheque covering the total loan limit and 24 cheques for total installments
Lankan Alliance Finance Ltd	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables 02 cheques covering the total loan limit and 12 post dated cheques for total monthly installments
BD Finance	<ul style="list-style-type: none"> Lien of FDR of 10% of approved limit Hypothecation of Microcredit receivables Personal guarantee of all members of the Executive Committee
Palli Karma Shahayak Foundation (PKSF)	<p>To avail the loan from PKSF, POPI have to fulfill some condition such as:</p> <ul style="list-style-type: none"> POPI have to maintain the recovery rate at least 95% Highest limit of debt : Capital will be 9:1 Minimum current ratio will be 2:1 Lowest limit of rate of return will be 1%

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

15.0 RISK MANAGEMENT

15.1 Operational Risk

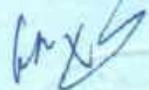
POPI is operating microfinance activities with its 230 branch offices in 26 districts, where those offices need regular monitoring and controlling for their activities. Most of the fraudulent activities of the MFI occur from these branch office levels. Basically, these branch offices make many small, 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. POPI 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 borrower's 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.



For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

CREDIT RATING REPORT
On
PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

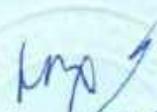
16.0 OBSERVATION SUMMARY

<p>Rating Comforts:</p> <ul style="list-style-type: none"> • Average capital adequacy • Average operational performance • Average liquidity • Operational activities extended to large geographical areas • Fully automated branch • Regular loan repayment status 	<p>Rating Concerns:</p> <ul style="list-style-type: none"> • Decrease in grant income • High outside liability to equity • High finance cost to revenue ratio
<p>Business Prospects:</p> <ul style="list-style-type: none"> • Enough untapped market • More deposit collection from client 	<p>Business Challenges:</p> <ul style="list-style-type: none"> • Competitive industry • Lack of low-cost fund • Operational transparency • Reputational risk

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 President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

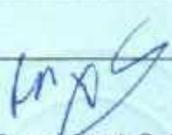
CREDIT RATING REPORT

On

PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

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 President & CEO
Md. Asaduzzaman Khan
Executive Director
 Credit Rating Information and Services Ltd.

CREDIT RATING REPORT On PEOPLE'S ORIENTED PROGRAM IMPLEMENTATION (POPI)

CRISL RATING SCALES AND DEFINITIONS BANK LOAN/ FACILITY RATING SCALES AND DEFINITIONS- LONG-TERM

RATING	DEFINITION
<i>birAAA</i> (<i>birTriple A</i>) (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.
<i>birAA+, birAA, birAA-</i> (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.
<i>birA+, birA, birA-</i> 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.
<i>birBB+, birBBB, birBBB-</i> 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.
<i>birBB+, birBB, birBB-</i> Double 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.
<i>birB+, birB, birB-</i> 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 instalments.
<i>birCCC+, birCCC, birCCC-</i> 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.
<i>birCC+, birCC, birCC-</i> 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.
<i>birC+, birC, birC-</i> (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.
<i>birD</i> (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

<i>birST-1</i>	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.
<i>birST-2</i>	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
<i>birST-3</i>	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.
<i>birST-4</i>	Satisfactory Grade Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
<i>birST-5</i>	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.
<i>birST-6</i>	Default Institution failed to meet financial obligations