

Credit Rating Report (2nd Surveillance)

Uttara Development Program Society

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Rating

Long Term	: A ₂
Short Term	: ST-3
Outlook	: Stable
Date of Rating	: 30 September, 2026
Valid Till	: 30 September, 2027

RATING BASED ON : Audited financial statement up to 30 June 2026 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

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

■ PROFILE:

Name	: UTTARA DEVELOPMENT PROGRAM SOCIETY
Legal Status	: Non-Government, Non-Profit Voluntary Organization
Year of Incorporation	: 1986
Registered with	: NGO Affairs Bureau, Registrar of Joint Stock Companies and Firms and the Micro Credit Regulatory Authority (MRA)
Nature of Business	: Microfinance Institution
Branches	: 108
Manpower	: 624
Number of Members	: 77,516
Number of Borrowers	: 64,136
Others/Development Programs	: Development program including Uttara Training Institute (UTI), Uttara Public School, Uttara Agriculture Institute and Abdar Rashid Nurul Huda Technical Education Centre.

■ Financial Highlights:

BDT Million	30/06/2026	30/06/2025	30/06/2024	30/06/2023	30/06/2022
Loan Outstanding	3,659.8	3,337.1	3,010.6	2,185.0	1,786.2
Members Savings	1,621.9	1,192.8	781.0	630.1	521.0
PAR	608.4	551.7	431.7	162.0	234.4
Yield on Loan Portfolio (%)	19.8	18.8	17.2	19.1	16.7
Operating Expense Ratio (%)	8.6	7.7	7.4	9.2	9.6
Total PAR %	16.6	16.5	14.3	7.4	13.1
Risk Coverage Ratio (%)	85.4	68.3	68.5	75.2	43.1
Return on Asset (%)	0.6	1.3	0.4	2.1	4.4
Capital Adequacy Ratio (%)	23.4	25.0	26.1	34.7	39.3
Borrowed Fund to Equity (X)	0.9	1.2	1.3	1.0	0.7

■ RATING STRENGTHS & CHALLENGES
Credit Comforts

- ✓ Strong portfolio growth, with loan outstanding increasing 9.7% and members' savings rising 36.0% in FY2026.
- ✓ Improved funding structure, with Borrowed Fund declining 26.3% to BDT 764.5 million and borrowed fund-to-Equity improving from 1.2x to 0.9x.
- ✓ Strong savings mobilization, with Savings-to-Loans improving from 35.7% to 44.3% and Savings-to-Assets increasing from 31.0% to 38.8%.
- ✓ Enhanced risk coverage, with Risk Coverage Ratio improving from 68.3% to 85.4%, supported by a BDT 519.3 million loan-loss reserve.

Credit Challenges

- Elevated portfolio risk, with PAR increasing from 16.5% to 16.6%, while bad loans increased from 7.3% to 10.2% of total loans.
- Profitability remained weak, with net surplus declining 46.2% to BDT 26.7 million, while provision expense increased 31.8% to BDT 200.2 million.
- Liquidity buffer weakened, with Liquid Assets-to-Member Savings declining from 31.5% to 22.0%, while the Loan Portfolio-to-Assets ratio remained high at 87.5%.

■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned 'A₂' (Single A Two) rating in the long term and 'ST-3' rating in the short term of Uttara Development Program Society (UDPS). CRAB performed the rating based on audited financial statements up to 30 June 2026 and other relevant quantitative and qualitative information. The rating reaffirmation of Uttara Development Program Society (UDPS) reflects its established operating track record, continued expansion of its microfinance portfolio, stronger internal fund mobilization, reduced reliance on external borrowings and adequate capitalization.

During FY2026, UDPS maintained portfolio growth, with loan outstanding increasing by 9.7% to BDT 3,659.8 million, supported primarily by its Agrosor micro-enterprise portfolio, which grew by 11.9% to BDT 2,229.9 million and accounted for 60.9% of total loans. At the same time, member savings increased by 36.0% to BDT 1,621.9 million, raising the Savings-to-Loans ratio to 44.3% from 35.7%. The stronger savings base enabled the institution to reduce its reliance on external borrowing, with borrowed funds declining by 26.3% to BDT 764.5 million and Borrowed fund-to-Equity improving to 0.9x from 1.2x. This indicates a gradual strengthening of the funding structure and lower balance-sheet dependence on borrowed funds.

The improvement in internal fund mobilization, however, was accompanied by higher savings-related costs. The cost of savings increased to 7.7% from 4.9%, while interest paid on member deposits rose by 124.9% to BDT 107.7 million. As a result, the benefit from reduced reliance on external borrowing was partly offset by the higher cost of member savings, with total interest expense increasing by 8.7% to BDT 204.3 million. Nevertheless, the institution continued to maintain an adequate capital position, supported by a Capital Adequacy Ratio of 23.4% and capital fund of BDT 894.8 million, although the capital adequacy ratio moderated from 25.0% in the previous year. UDPS also strengthened its loss-absorption capacity, with loan-loss reserves increasing to BDT 519.3 million and risk coverage improving materially to 85.4% from 68.3%.

UDPS's established operating platform also supports its credit profile, with 108 branches serving 81,114 members and 65,397 borrowers. The loan portfolio remains primarily concentrated in the Agrosor and Jagoron products, providing an established operating base for continued microfinance activities. However, portfolio quality remains a key credit consideration. Portfolio at Risk (PAR) increased marginally to 16.6% from 16.5%, while loans overdue by more than 365 days increased to BDT 374.4 million, equivalent to 10.2% of total loans. Although improved provisioning coverage provides some mitigation, the elevated level of delinquency continues to place pressure on asset quality and requires sustained recovery efforts. Accordingly, provision expense increased by 31.8% to BDT 200.2 million during FY2026, reflecting the higher credit-risk burden.

Profitability remained constrained despite continued growth in the core lending business. Interest income increased by 15.6% to BDT 745.7 million, while net interest income grew by 18.5% to BDT 541.3 million. However, the benefit from higher interest income was moderated by increased funding costs, a 23.1% rise in operating expenses to BDT 314.7 million and higher provisioning requirements. Consequently, net surplus declined by 46.2% to BDT 26.7 million, while Return on Assets declined to around 0.6% from 1.3%. The lower earnings level indicates limited headroom to absorb further increases in credit costs, operating expenses or funding costs. Liquidity also warrants continued monitoring, as Liquid Assets-to-Member Savings declined to 22.0% from 31.5%, indicating a reduced immediate liquidity cushion against member savings. In addition, the reported liquidity-to-savings ratio of 5.70% remained below the stated minimum benchmark of 10%, while DSCR of 1.09x was below the stated benchmark of 1.25x, indicating comparatively limited debt-servicing headroom.

Overall, the reaffirmation of UDPS's existing rating reflects a balance between its continued portfolio and member-savings growth, stronger internal funding base, lower reliance on external borrowings, improved risk coverage and adequate capitalization, against elevated portfolio risk, higher funding and provisioning costs, subdued profitability and relatively weaker liquidity and debt-servicing indicators. Going forward, the institution's ability to improve portfolio quality and recovery performance, contain operating and funding costs, restore profitability and maintain adequate liquidity and capital will remain important considerations for its credit profile. Sustained improvement in these areas would strengthen financial resilience, while further deterioration in asset quality, earnings or liquidity could place pressure on the existing credit profile.

■ ORGANIZATION PROFILE

Uttara Development Program Society in short UDPS is an Institution for Social and Financial Services. It started as a National NGO from 1986. It has been engaged in implementing different types of humanitarian social development projects along with microcredit programs in 22 Districts with 108 branch offices including project office across the country for the last 39 years for socioeconomic development of the rural and urban poor specially women and children having its head office in Dhaka. UDPS was established by Mr. AFM Akhter Uddin, founder and Chief Executive of UDPS in Salandar under Sadar Upazila of Thakurgaon district on September 1, 1986. A total of 624 skilled and dedicated employees are present with UDPS to implement Microcredit programs and all kinds of projects including imparting training, formal and non-formal education, humanitarian socioeconomic development project, water supply and sanitation, community mobilization, disaster management, women and child development, raising awareness for adaptation of climate change, food security and livelihood.

Legal status: Uttara Development Program Society (UDPS) is registered with the following registration authorities of the Government of the People's Republic of Bangladesh ensuring its legal status:

01. NGO Affairs Bureau- (Reg. No: 436, Date: 28-01-1996),
02. Microcredit Regulatory Authority (MRA)- (Reg. No: 03747-00981-00085, Date: 01-01-2008),
03. Joint Stock Companies & Firms- (Reg. No: S-2751(164)/2002),
04. TIN Registration, Commissioner of Taxes, 119699734103/ Circle-101 (Companies), Dhaka, Taxes Zone-5, Dhaka.

Programs

Programs of UDPS can be segregated in two broad categories: Financial Program and Social Program. Under Financial programs, it has Micro-credit Program and Savings Program each of which has different products as per the need of the beneficiaries. Under UDPS social program, it has Education Program & Training Program. Besides, the following projects are being implemented by UDPS in collaboration with PKSF, IDCOL etc.

- a) Production and distribution of Improved Cook Stoves in four upazila of Sirajganj district.
- b) ENRICH at Chandaikona upazila under Sirajganj.
- c) Dairy Value Chain Project at Shahjadpur of Sirajganj district supported by PKSF.
- d) Medicinal Plant production and marketing project at Natore sadar upazila supported by PKSF.

Operation Area of the Organization

UDPS has continued its program activities in implementing different humanitarian Social Development Programs and operating diversified Microcredit activities in 22 Districts of Bangladesh. The branches are in Dhaka, Chittagong, Cumilla, Rangpur, Rajshahi division 108 offices all over the country. The districts are Panchagarh, Thakurgaon, Dinajpur, Rangpur, Nilphamari, Lalmonirhat, Kurigram, Gaibandha, Naogaon, Joypurhat, Bogra, Natore, Rajshahi, Chapai Nawabgonj, Sirajgonj, Pabna, Gazipur, Dhaka, Narayanganj, Noakhali, Feni and Chittagong.

Operational Model

Major program of UDPS is micro-credit program. UDPS forms group which is the key and bottommost unit of UDPS institutional structure. To form a new group, 2-3 field officers of UDPS visits the target area to gather possible member. Then they talk with the probable members and try to motivate them. After getting sufficient feedback, they form an initial Samity consisting of 10 to 40 members from the same village or similar economic status for enrollment.

Then manager from the adjacent branch visits the area and arranges a meeting with the members and cross checks the information about member with field workers.

In case of a new branch/area, area manager also remains present in the meeting. Area manager decides the final group members and forms a Group/Samity. In each group there are members in a committee including one selected Leader and Secretary. At the first day of creating a group, members fill-up their information in the member enrollment form and deposit BDT 50 (BDT 30 for general savings). UDPS provides the pass-book on that date. After one or two weeks of enrollment, a member can get a specific amount of credit in accordance with his or her need and capability. Weekly or monthly installment system at zero to 24% per annum calculating on declining method is followed. Samity holds meetings once a week or fortnight where new member enlistment, savings and installment recovery, credit proposal, proposal for insurance claim, policies of microfinance of the organization are discussed. A member must have savings amounting 10% of loans at the time of taking loan. After submission, the loan proposal goes to Branch accountant for checking and after his approval it is sent to branch manager. A manager visits the individual member and if satisfied, then approves the loan. Presently, approval limits are as follows:

Branch Manager: from BDT 20,000 to BDT 80,000

Area Managers: BDT 80,001 to BDT 300,000

Zonal managers: BDT 300,001 to BDT 500,000

Credit committee in Head office: BDT 500,001 to BDT any amount

A branch is managed by a Branch Manager, one ABM/ Accountant and 3-6 field officer. The monitoring cell of head office and Zonal managers monitor and guide the activities of branch and area. The Head Office also provides all logistic supports to these offices. The branch offices send weekly and monthly reports to head office on regular basis. The head office organizes auditing of accounts etc. for the smooth implementation of project activities.

■ MICRO CREDIT PROGRAM

UDPS started its micro credit activities with rural micro credit program in 1987 with a vision to alleviate poverty of the rural poor as well as to empower women by providing funds for income generating activities and thereby reduce the dependency on money lenders with high usury. For the last 39 years, UDPS gradually extended various micro credit programs with the support of PKSF, member savings and commercial bank loans as well as own funds. UDPS branches is 108 in 2026. Therefore, microcredit outreach was contained within 22 districts across the country through its 5,110 groups/Samiti. Loan outstanding grew 9.7% in FY26.

Table 1:

Summary of Microfinance Program	30/06/26	30/06/25	30/06/24	30/06/23	30/06/22
No. of Districts	22	22	22	22	22
No. of Branches	108	108	108	107	92
No. of Samity	5,110	4,988	4,955	4,663	4,763
No. of Members	81,114	77,516	76,183	68,259	71,951
No. of Borrowers	65,397	64,136	62,310	55,638	59,525
Loan Outstanding (BDT Mil)	3,659.8	3,337.10	3,010.64	2,185.00	1,786.22
Member Savings (BDT Mil)	1,621.9	1,192.78	780.97	630.10	521.00

However, the program recorded moderate expansion in outreach, with the number of Samity increasing by 2.4% to 5,110, members by 4.6% to 81,114, and borrowers by 2.0% to 65,397 as of June 2026. Loan outstanding increased by 9.7% to BDT 3,659.8 million, while member savings grew more strongly by 36.0% to BDT 1,621.9 million, indicating improved savings mobilization. The average loan size per member also increased by 7.6% to BDT 55,963. The staff strength increased moderately from 605 to 624, broadly supporting the expansion in the member and loan portfolio.

Loan Portfolio Analysis

UDPS has eight kinds of microcredit programs for its borrower. The loan portfolio remained concentrated in Agrosor and Jagoron, which together accounted for 93.3% of total outstanding loans as of June 2026. Agrosor was the largest product, contributing 60.9% of the portfolio, with outstanding loans increasing by 11.9% to BDT 2,229.9 million, although its growth moderated from 16.1% in the previous year. Jagoron accounted for 32.4% but declined by 4.3%,

compared with 3.5% growth in FY2025. Meanwhile, Other products recorded strong growth of 136.5%, increasing their portfolio share from 3.0% to 6.5%, while Sufolon remained marginal at 0.2%. Overall, total loan outstanding grew by 9.7% to BDT 3,659.8 million, with growth increasingly driven by Agrosor and the Other product segment.

Table 2:

Product-Wise Loan Outstanding	30/06/2026			30/06/2025		
	Amount	Total (%)	Growth	Amount	Total (%)	Growth
BDT Mill						
Jagoron	1,184.3	32.4	(4.3)	1,237.9	37.1	3.5
Agrosor	2,229.9	60.9	11.9	1,993.6	59.7	16.1
Sufolon	6.1	0.2	42.2	4.3	0.1	(66.2)
Other	239.5	6.5	136.5	101.3	3.0	19.1
Total	3,659.8	100.0	9.7	3,337.1	100.0	10.8

Loan Portfolio Quality

Loan portfolio quality of the micro finance program is very crucial as these are not backed by bankable collateral. The most widely used measure of portfolio quality is portfolio at risk (PAR) which measures the portion of the loan portfolio contaminated by arrears as a percentage of the loan portfolio. As of June 2026, the loan portfolio remained predominantly standard, with standard loans increasing by 9.5% to BDT 3,051.5 million and accounting for 83.4% of total outstanding loans, broadly in line with 83.5% in June 2025. However, the overall Portfolio at Risk (PAR) increased slightly to 16.6% from 16.5%, with the amount rising from BDT 551.7 million to BDT 608.4 million. PAR as % of loan outstanding soared to 16.6% in FY26 from 16.5% in FY25. PAR >180 days became 13.5% during FY26. Loan writes off BDT 57.5 million was completed in the same duration along with the recovery of BDT 3.6 mill written off loan.

Table 3:

Aging of Loan Portfolio	30/06/2026		30/06/2025		30/06/2024	
	Amount	% of Total Loan	Amount	% of Total Loan	Amount	% of Total Loan
BDT Mill						
Standard loan	3,051.46	83.4	2,785.44	83.5	2,578.93	85.7
Watchful (1-30) days	21.9	0.6	20.5	0.6	36.9	1.2
Sub-Standard (31-180) days	91.7	2.5	107.1	3.2	123.5	4.1
Doubtful (181-365) days	120.5	3.3	179.4	5.4	136.6	4.5
Bad (365 +) days	374.4	10.2	244.8	7.3	134.8	4.5
Total Loan Outstanding	3659.8	100.0	3,337.1	100.0	3010.6	100.0
Total Portfolio at risk	608.4	16.6	551.7	16.5	431.7	14.3

As per MRA circular no 75 and 82, UDPS maintained required provision for loans loss was BDT 519.3 million as risk coverage.

Table 4:

Loan Loss Provision of the Bank				
Mil. BDT	FY-26		FY-25	
	Amount	% of Total Loans	Amount	% of Total Loans
Particulars				
Total Provision Held	519.3	15.6	376.5	12.5
Required Provision	519.3	15.6	376.5	12.5
Provision surplus/(shortfall)	0.0	-	0.0	-

Risk coverage ratio was 85.4% in FY26 which indicates that 85.4% of portfolio at risk (PAR) was covered by its actual loan loss reserve at the end of FY26. However, loan loss provision of UDPS was 14.2% of loan portfolio at the end of FY26. Provision expenses ratio of UDPS was 5.5% in FY26 which indicates that 5.5% of outstanding loan of UDPS can be written off without charging anything in the equity.

Table 5:

Provision & Risk coverage					
Period	30/06/2026	30/06/2025	30/06/2024	30/06/2023	30/06/2022
Provision Expense Ratio (%)	5.5	4.6	5.8	4.4	0.5
Provision Reserve Ratio (%)	14.2	11.3	9.8	5.6	5.7
Risk Coverage Ratio (%)	85.4	68.3	68.5	75.2	43.1

Capitalization, Funding and Liquidity

Since inception, UDPS funding source of capital fund and members savings is growing trend. The funding structure showed a clear shift toward members' savings and away from borrowed funds in FY2026. Members' savings increased strongly by 36.0% to BDT 1,621.9 million, raising their contribution to total funding from 33.4% to 41.8%, while capital fund remained relatively stable at BDT 894.8 million. In contrast, borrowed funds declined by 26.3% to BDT 764.5 million, mainly due to a sharp 59.0% reduction in bank and FI borrowings, while PKSF funding declined only moderately by 4.3%. This indicates lower reliance on external borrowing and a greater contribution from internally generated/member-based funds. Also as interest rate from Bank & Fis are higher than PKSF, significantly reducing the loan amount from Bank & Fis will reduce the financial expenses thus improving the profitability.

Table 6:

Funding Mix (BDT Mil)	30/06/2026			30/06/2025		
	Amount	Total (%)	Growth (%)	Amount	Total (%)	Growth (%)
Members' Savings	1,621.9	41.8	36.0	1,192.8	33.4	52.7
Capital Fund	894.8	23.0	3.1	868.0	24.3	6.0
<i>Borrowed Fund</i>	764.5	19.7	(26.3)	1,037.1	29.0	(3.3)
<i>PKSF</i>	594.1	15.3	(4.3)	621.1	17.4	29.0
<i>Banks & Fis</i>	170.4	4.4	(59.0)	416.0	11.6	-29.6
Fund Liabilities	603.5	15.5	26.8	475.9	13.3	(14.0)
Total	3,571.08	100.00	10.71	3,225.65	100.00	32.04

The funding position also needs to be viewed alongside the 9.7% growth in loan outstanding to BDT 3,659.8 million and the strong 36.0% growth in member savings. The higher savings base provides a stronger source of funding for the growing loan portfolio and partly offsets the reduction in external borrowings.

Overall, the funding mix became less dependent on borrowed funds, although the 16.6% PAR and sharp rise in Bad loans to 10.2% of the portfolio remain important concerns, particularly as a significant portion of the loan portfolio continues to require recovery and collection efforts.

The financial structure remained relatively sound in FY2026, supported by lower leverage and stronger savings-based funding. The Borrowed fund-to-Equity ratio improved to 0.9x from 1.2x, mainly reflecting the reduction in borrowed funds, while the Savings-to-Loans ratio increased significantly to 44.3% from 35.7%, indicating that a larger portion of the loan portfolio was funded through members' savings. Similarly, Savings-to-Assets improved to 38.8% from 31.0%, consistent with the 36.0% growth in members' savings noted earlier. However, the Capital/Asset ratio declined moderately to 21.4% from 22.6%, and the Capital Adequacy Ratio fell to 23.4% from 25.0%, mainly as the loan portfolio and total assets expanded.

Table 7:

Financial Structure	30/06/2026	30/06/2025	30/06/2024	30/06/2023	30/06/2022
Liquid Assets to Member savings (%)	22.0	31.5	42.9	53.3	31.4
Capital/Asset Ratio (%)	21.4	22.6	23.6	30.3	36.2
Borrowed Fund to Equity Ratio (X)	0.9	1.2	1.3	1.0	0.7
Savings to Loans (%)	44.3	35.7	25.9	28.8	29.2
Capital Adequacy Ratio (%)	23.4	25.0	26.1	34.7	39.3
Savings to Assets (%)	38.8	31.0	22.5	23.7	25.3

Loan Portfolio to Assets (%)	87.5	86.7	86.6	82.2	86.8
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The Loan Portfolio-to-Assets ratio remained high at 87.5%, compared with 86.7% in the previous year, reflecting the institution's continued concentration of assets in microcredit operations. Meanwhile, Liquid Assets-to-Member Savings declined substantially to 22.0% from 31.5%, suggesting a lower liquidity buffer against members' savings. Given the simultaneous increase in PAR to 16.6% and Bad loans to 10.2%, the reduced liquidity cushion and high concentration of assets in loans warrant monitoring, although the lower leverage and stronger savings base provide some support to the overall financial structure.

The funding cost profile improved overall in FY2026, mainly due to the significant reduction in higher-cost bank and FI borrowings.

Although the cost of savings increased to 7.7% from 4.9%, the cost of borrowings declined to 10.7% from 13.3%, reflecting the lower reliance on bank and FI funding. This is consistent with the earlier funding mix, where bank and FI borrowings declined sharply by 59.0% to BDT 170.4 million, while PKSF borrowings remained the major source of external funding. As a result, the average cost of deposits and borrowings declined slightly to 8.9% from 9.2%.

Table 8:

Funding Expense Ratio	30/06/2026	30/06/2025	30/06/2024	30/06/2023	30/06/2022
Cost of Savings (%)	7.7	4.9	4.2	4.4	4.5
Cost of Borrowings (%)	10.7	13.3	10.7	9.2	6.8
Avg. cost of deposit & borrowing (%)	8.9	9.2	7.9	6.9	5.5

The reduction in higher-cost bank and FI borrowings should help contain finance costs and support profitability going forward. However, the higher cost of members' savings indicates that the benefit from cheaper external funding is partly offset by the rising cost of mobilizing savings. Overall, the funding mix has become more cost-efficient, while the stronger savings base and lower leverage provide some support to the institution's financial position.

Earnings and Profitability

Net interest income constantly had been the major contributing income source of UDPS since its inception. On an average, 98.18% of total operating income came from net interest income for the last 4 years. Interest income from its different micro-credit scheme especially of Agrosor loan grew substantially in FY25 and earned BDT 382.7 million on the back of growth of loan portfolio. UDPS also earned BDT 18.50 million interest income during FY25 from investment in FDR and other deposit. On the other hand, interest expense on member savings as well as borrowed fund grew 46.01% in FY25 mainly resulted from increased member savings. UDPS's interest payment of PKSF is regular in FY25. As an overall effect, net interest income grew by 11.74% and reached BDT 453.60 million in FY25. Besides net interest income, UDPS earned BDT 3.62 million in FY25 which includes training income, miscellaneous income, passbook selling income etc. Total operating income reached BDT 457.22 million at the end of FY25.

Table 9:

Segregation of Revenue				
For the year Ended June 30				
Year	30/06/2026		30/06/2025	
(BDT in Mil)	Amount	Growth	Amount	Growth
Interest Income	745.7	15.6	645.0	20.6
Interest income on loan	724.4	15.6	626.4	21.0
Interest income on bank deposit	21.3	15.1	18.5	8.3
Interest & Finance Charges	204.3	8.7	187.9	46.0
On Borrowings	96.6	(31.0)	140.1	41.2
On Deposits	107.7	124.9	47.9	62.1
Net Interest Income	541.3	18.5	457.0	12.6
Other Operating Income	0.3	30.4	0.2	(96.9)

Total Income	541.6	18.5	457.2	10.9
Operating Expenses	314.7	23.1	255.7	14.4
Profit Before provision	226.9	12.6	201.5	6.7
Provision expense for loan losses	200.2	31.8	151.9	(12.7)
Net surplus	26.7	(46.2)	49.6	232.0

On the expense side, operating expenses increased by 23.1%, exceeding income growth, which limited the improvement in profit before provision to 12.6%. More importantly, provision expense for loan losses increased by 31.8% to BDT 200.2 million, reflecting the higher credit risk in the portfolio, particularly the sharp rise in Bad loans to BDT 374.4 million or 10.2% of total loans. As a result, despite 18.5% growth in total income, net surplus declined by 46.2% to BDT 26.7 million. Overall, stronger loan growth and lower borrowing costs supported core income generation, but higher operating costs and, particularly, increased provisioning arising from portfolio-quality concerns significantly compressed the final surplus.

Table 9:

Profitability & Efficiency	30/06/2026	30/06/2025	30/06/2024	30/06/2023	30/06/2022
Yield on Loan Portfolio (%)	19.8	18.8	17.2	19.1	16.7
Return on Assets (ROA) (%)	0.6	1.3	0.4	2.1	4.4
Operating Expense Ratio (%)	8.6	7.7	7.4	9.2	9.6

On the back of net interest income growth, pre-provision profit of UDPS grew 6.68% reached BDT 201.50 million in FY25. Provision expense was major at BDT 151.92 million in FY25 which was kept as regulatory requirement of MRA. There was loan write off BDT 70.63 million in FY25. As an overall effect, net surplus after provision of UDPS became BDT 49.58 million in FY25. Net surplus to loan outstanding ratio was 1.49 in FY25 (FY24: 0.50%). ROA improved 0.86 percentage points at 1.29% in FY25. Yield on loan portfolio was 18.66% mainly resulted from loan growth. Operating self-sufficiency of the micro-finance program of UDPS stood 107.72% at the end of FY24 (FY'24: 101.61%).

■ SAVINGS PROGRAM

General savings are mandatory for all members of UDPS, whereas voluntary and UMSP are up to the members optional and designed mainly to provide investment facilities for the members of UDPS. Member savings increased by 36.0% to BDT 1,621.9 million, mainly driven by a 90.9% rise in One Time Savings, which became the largest component at 47.6% of total savings. The sharp 90.9% growth in One Time Savings strengthened the savings base; however, the increased reliance on this relatively less recurring source of savings warrants monitoring from a liquidity and funding stability perspective. Mandatory savings grew modestly by 6.3%, while Voluntary and Monthly Savings increased by 8.5% and 13.3%, respectively. The strong savings growth supported the shift toward savings-based funding and reduced reliance on bank and FI borrowings. However, with liquid assets-to-member savings declining to 22.0% from 31.5%, the lower liquidity buffer warrants monitoring.

Table 10:

Segregation of Member Saving	30/06/2026			30/06/2025		
BDT Mill	Amount	Total (%)	Growth (%)	Amount	Total (%)	Growth (%)
Mandatory savings	550.4	33.9	6.3	517.7	43.4	(6.0)
Voluntary Savings	160.8	9.9	8.5	148.2	12.4	47.2
Monthly Savings	138.9	8.6	13.3	122.6	10.3	22.3
One Time Savings	771.8	47.6	90.9	404.3	33.9	1,271.6
Total	1,621.9	100.0	36.0	1,192.8	100.0	52.7

■ MEMBER WELFARE FUND

UDPS has member welfare fund for group members to reduce death related credit risk for the debtors. All the members of credit program of UDPS automatically become beneficiaries of this fund of UDPS. Under this, each borrower has a nominee (his/her spouse/father) and if the borrower or his/her nominee dies; the outstanding amount of the current loan is waived. Welfare fund reached BDT 267.2 million at the end of FY26.

■ NON-CREDIT PROGRAM OF UDPS

Non-credit programs of UDPS can be segregated in few categories: Education, training and Miscellaneous.

Uttara Training Institute: UDPS has 2 full-fledged training institutes one in Bogura and other one in Thakurgaon. Uttara Training Institute (UTI) is situated in the heart of the Bogura Town. UDPS conducts staff development training, orientation and workshop regularly. This venue is also used for other NGOs, INGOs, donors and other multinational organizations in conducting their training, workshop, seminars and meeting.

Uttara Agriculture Institute (UAI): UDPS has established the "Uttara Agriculture Institute, Bogura" at Ranirhat, PS. Shajahanpur, Bogura on 1.72 acres of land with a view to contribute diploma degree holders on agriculture and fishery sector with its own fund. Presently, the Institute has been conducting four years Diploma Course in Agriculture.

Uttara Public School: Uttara Public School was established in the year 2004 in Bogra city for the development of education. All cost of the school is borne by UDPS own fund. Students are taught from Play to Class-IV in the school.

Abdur Rashid Nurul Huda Technical Education Center: UDPS has established Abdur Rashid Nurul Huda Technical Education Centre at Rupshi, Enayetpur under Sirazgonj district. This technical education center has got approval from Bangladesh Technical Education Board, Dhaka. This Centre has been conducting one trades namely Dress making and tailoring on three/six months duration

■ MANAGEMENT

Senior Management

The organization is headed by the Chief Executive Mr. AFM Akhter Uddin. Mr. Akhter is responsible for the smooth implementation of all programs of the organization. He has more than 36 years experiences in management and program operation and capacity building, Implement savings, micro-credit, micro-insurance program. Mr. Akhter is responsible for contributing and conducting strategic planning, effective communication liaison and lobbying with credible creditors, donors and civil society representatives, ensuring and executing organizational HR & administrative, financial policies in operations etc. Mr. Akhter is supported by a group of professionals consisting of Deputy Executive Director and Departmental heads of Finance Dept., Micro finance Dept. and Administration Dept. and other support staff of the Organization.

Human Resource Management

UDPS is a unique non-government organization with its strong HR and Admin Department to provide better support services and guidance to all departments, zones, areas and branch offices including projects. The HR and Admin team have built an excellent rapport with the departmental management and their excellence in work, sincerity and hard work with good team spirit over the year. The departmental activities are divided into three wings namely a) Human Resources, b) Administration and c) Estate and legal support. Total human strength of the organization reached 624 at the end of FY26.

Research and Publications:

UDPS has a Research and Publication Cell responsible for research, printing and publication of books and periodicals on its program activities. It has been carrying out participatory action research on relevant socio-economic and environmental issues and incorporates those research results in advocacy, publishing relevant materials which can be used for enhancement of program activities.

Management Information System

UDPS has developed its management information system to collect, consolidate and monitor the microcredit activities of the organization. Datasoft – a software company is providing technical support through its Microfin 360 Software. MIS Officer in Head Office is responsible for overall data compilation and reporting system. Data input is done by the ABM/ Accountant of the branch office.

■ CORPORATE GOVERNANCE**General Council**

Total Members	:	Fifteen (15)
Chairman	:	Md. Mojibar Rahman Talukder
Function	:	The Committee approves policies and plans of the Organization. The Executive Committee employs the Executive Director to implement the programs and properly managing activities of the organization.

Executive Council

Total Members	:	Seven (7)
Function	:	Executive Council is responsible for maintaining the activities of the organization as well as providing services for social welfare programs and controls the staff of the organization.
Meeting held in FY2026	:	4 meetings were held.

Internal Audit

The audit department is headed by a Deputy Director. Presently, the department consist of 15 experienced staff directly involved in audit activities. UDPS has been operating its audit activities with this human resource in 108 branches. Each year this department conducts comprehensive as well as special/emergency audit. The audit report is submitted to the Chief Executive.

Management of Accounts and Audits

UDPS has been maintaining and managing fully computerized accounting system with skilled and experienced Accounts Officers strictly following the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) for accountability and transparency of financial resources. UDPS conducts yearly both Internal Audit and External Audits as it believes in transparency and accountability. External audit is carried out once a year hiring well-reputed Chartered Accountants & Firms' approved and enlisted with PKSF and MRA. Besides, PKSF also conducts external audit of UDPS accounts by a 'Chartered Accountants & Firms' hired by them at the end of every financial year

Financial Reporting and Disclosures

The financial statement 2026 of the Organization was audited by chartered accountants firm Shiraz Khan Basak & Co. According to them the financial statements of UDPS were prepared and presented in accordance with International Financial Reporting Standards (IFRSs). According to the auditor, the financial statements gave a true and fair view of the state of the Organization as at 30 June 2026.

APPENDIX 1: DEFINITIONS OF SOME RATIOS AS PER CRAB METHODOLOGY

1. Provision Expenses Ratio = Provision expenses for loan loss / Total Loans
2. Provision Reserve Ratio = Loan Loss Reserve / Total Loans
3. Risk Coverage Ratio = Loan Loss Reserve / Portfolio at Risk
4. Borrowed Fund to Equity (times) = Borrowed Fund / Capital Fund excluding LLR
5. Capital Adequacy Ratio = Capital Fund excluding LLR / (Total Assets – Cash in hand & Bank – Investment)
6. Cost of Savings = Interest Paid on Savings/ Avg. Member Savings
7. Cost of Borrowings = Interest Paid on Borrowings/ Avg. Borrowings
8. Avg. cost of deposit and borrowings = Total Interest Expense/ Avg. Savings & Borrowings
9. Portfolio Yield= Interest income on Loans/ Avg. Gross Outstanding Portfolio
10. Return on Assets (ROA) = Net surplus/ Total Asset
11. Operating Expense Ratio = Operating Expense/ Outstanding Loan Portfolio

APPENDIX 2: FINANCIAL RATIOS IN COMPLIANCE WITH PKSF & MRA CRITERIA

Particulars	MRA	PKSF Standard	Uttara Development Program Society	
			30/06/2026	30/06/2025
On Time Realization (OTR)	Min 92.00%	Min 92.00%	95.57%	95.19%
Liquidity to savings ratio	Min 10.00%	Min 10.00%	5.70%	15.84%
Current ratio	Min 2:1	Min 2:1	2.23:1	2.42:1
Capital adequacy ratio	Min 15.00%	Min 10.00%	24.71%	25.11%
Debt service cover ratio	Min 1.25:1	Min 1.25:1	1.09:1	1.17:1
Return on Assets (ROA)	Min 3.00%	Min 3.00%	0.66%	1.34%
Return on Equity (ROE)	Min 15.00%	Min 15.00%	2.98%	5.78%
Debt to Capital Ratio	Max 9:1	Max 9:1	2.75:1	2.67:1

APPENDIX-3: LOAN PRODUCTS

Segment	Buniad	Jagoron	Agrosor	Sufolon (Agriculture)
Loan term	12–24 month	12 month	12–36 month	Maximum 12 Month
Loan size in BDT	1,000–99,000	1,000–99,000	100,000–10,00,000	1,000–50,000
Interest rate	20% (Decline)	24% (Decline)	24% (Decline)/Monthly–2%	Monthly 2% (Decline)
Repayment Policy	Weekly/Monthly	Weekly/Monthly	Weekly/Monthly	Monthly/One time
Loan processing fees	Tk.5 per loan Disburse	Tk.5 per loan Disburse	Tk.5 per loan Disburse	Tk.5 per loan Disburse
Member Welfare Fund (Microcredit)	0.5% of Disburse	0.5% of Disburse	0.5% of Disburse	0.5% of Disburse
Penalty any	N/A	N/A	N/A	N/A

Segment	ENRICH IGA	ENRICH AC	ENRICH LI
Loan term	12–24 month	36 month	24 month
Loan size	1,000–100,000	1,000–30,000	1,000–10,000
Interest rate	25% (Decline)/Monthly–2%	8% (Decline)	8% (Decline)
Repayment Policy	weekly/Monthly	Monthly	Monthly
Loan processing fees	Tk.5 per loan Disburse	Tk.5 per loan Disburse	Tk.5 per loan Disburse
Member Welfare Fund (Microcredit)	0.5%of Disburse	0.5%of Disburse	0.5%of Disburse
penalty any	N/A	N/A	N/A

APPENDIX 4: FEATURE OF SAVING PRODUCTS

Name of Savings Scheme	Minimum Weekly/Monthly Savings	Interest Rate
General Savings (GS)	BDT 100 weekly	6.0%
Voluntary Savings (VS)	BDT 200–BDT 10,000 weekly/monthly	6.0%
UMPS	BDT 30 weekly	12.0%

ANNEXURE-1: PREVIOUS RATING HISTORY

Previous Rating History			
Date of Rating	Long Term	Short Term	Outlook
17 September 2025	A ₂	ST-3	Stable
14 September 2024	A ₂	ST-3	Stable
20 September 2023	A ₂	ST-3	Stable

ANNEXURE 2: BANK LIABILITY POSITION

Bank	Nature of Facility	Outstanding
EXIM Bank PLC	Term Loan	61.3
South East Bank PLC	Term Loan	10.0
SBAC Bank PLC	Term Loan	23.4
Total Long Term Funded		94.7

Note:

- Bank Liabilities are based on 31/08/2026.

ANNEXURE-3: COMPOSITION OF THE EXECUTIVE COMMITTEE

Name	Occupation	Qualification
Md. Abdul Mannan Chowdhury	Vice Chancellor	MSC
Rubiya Khatun	Retired Teacher	MA
Soheli Momotaj	Singer/Social Worker	MA
Nazmin Banu	Retired Professor	MSS
Bobita Rani Barman	Advisor Women Market/Social Worker	MSS
Md. Raquebul Islam	Private Service	MSS
AFM Akhter Uddin	Private Service	MA

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

RATING	BSEC's equivalent Rating Notches	DEFINITION
AAA Triple A	AAA Triple A	Extremely Strong Capacity & Highest Quality. MFIs rated 'AAA' have extremely strong capacity to meet their financial commitments. 'AAA' is the highest issuer credit rating assigned by CRAB. AAA is judged to be of the highest quality, with minimal credit risk.
AA₁, AA₂, AA₃* Double A	AA+, AA, AA- Double A	Very Strong Capacity & Very High Quality. MFIs rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated MFIs only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
A₁, A₂, A₃ Single A	A+, A, A- Single A	Strong Capacity & High Quality. MFIs rated 'A' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than MFIs in higher-rated categories. A is judged to be of high quality and are subject to low credit risk.
BBB₁, BBB₂, BBB₃ Triple B	BBB+, BBB, BBB- Triple B	Adequate Capacity & Medium Quality. MFIs rated 'BBB' have adequate capacity to meet their financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the MFIs to meet their financial commitments. BBB rated MFIs are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
BB₁, BB₂, BB₃ Double B	BB+, BB, BB- Double B	Inadequate Capacity & Substantial Credit Risk. MFIs rated 'BB' are less vulnerable in the near term than other lower-rated MFIs. However, they face major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which might lead to inadequate capacity to meet their financial commitments. BB is judged to have speculative elements and is subject to substantial credit risk.
B₁, B₂, B₃ Single B	B+, B, B- Single B	Weak Capacity & High Credit Risk. MFIs rated 'B' are more vulnerable than the MFIs rated 'BB', but the MFIs currently have the capacity to meet their financial commitments. Adverse business, financial, or economic conditions are likely to impair the capacity or willingness to meet their financial commitments. B is considered speculative and weak capacity and is subject to high credit risk.
CCC₁, CCC₂, CCC₃ Triple C	-	Very Weak Capacity & Very High Credit Risk. MFIs rated 'CCC' are currently vulnerable, and are dependent upon favorable business, financial, and economic conditions to meet their financial commitments. CCC is judged to be of very weak standing and is subject to very high credit risk.
CC Double C	-	Extremely Weak Capacity & Extremely High Credit Risk. MFIs rated 'CC' are currently highly vulnerable. CC is highly speculative and is likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	C Single C	Near to Default. A 'C' rating is assigned to MFIs that are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest.
D	D (Default)	Default. MFIs rated 'D' are in default. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

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

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

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

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