



Provisioning and Write-Off Policy Turkish Grameen Microfinance Program (TGMP)

The provisioning policy facilitates Turkish Grameen Microfinance Program (TGMP) to ensure that the TGMP's financial statements fairly reflect the losses that can be reasonably expected from its loan portfolio. This policy is part of an integrated framework of prudent credit management policies that helps to support the TGMP's strong credit rating.

As a key financial policy, the TGMP's provisioning policy is subjected to regular reviews by the Board. In 2016, TGMP's general provisioning rate is 0.75%. Repayment rate of TGMP is currently 99%. Repayments of loans are made by weekly or bi-weekly installments. Due to our regular business control and training mechanism, there is no problem on the repayment of installments. However some members have experienced difficulties in repayment of loans for which they are kept under control but with continued close cooperation. Delinquent members are tried to convince by our staff to make timely payments in order to avoid default.

TGMP has a precise fund to compensate for the defaulted microcredit loans. At the end of every year, the fund is utilized to close the accounts of defaulted loans. This fund is not used for any other purpose. The fund is financed by donations by other institutions. The amount reserved in the fund is decided by the board.

The current level of general provisions has been evaluated against the expected loss estimates of the credit portfolio and has been found to be adequate. The Board decides for annual adjustment of general provisions based on an analysis of the portfolio expected losses.

For members who do not have economic power to pay the debt, TGMP uses the fund for closing the debt account of delinquent members. Generally, there is no problem on the repayment of the loans.

**TURKISH FOUNDATION FOR WASTE REDUCTION
MICROCREDIT CENTER**

(Turkish Grameen Microfinance Program)

Bademlidere Mahallesi 265 Sokak Ulusoy Apartmanı No:4/9 06670 Kırkkonaklar/Çankaya/ANKARA

Website: www.tgmp.net, www.israf.org E-mail: bilgisistemleri@tgmp.net

Tel: +90 (312) 436 90 90 • Fax : +90 (312) 436 90 24