

# Annual Report

## 2019-20



BURO Bangladesh





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2019-20





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## Statement from the **CHAIRPERSON**


I strongly believe BURO shall continue to rediscover itself and its product suite to remain ahead of the curve and deliver true value to the customers and be a partner in their growth and prosperity

It is indeed humbling and a privilege to find myself being a part of the BURO Bangladesh family, as they complete three decades of their journey. I have been long acquainted with the great work that BURO has been doing over the years and now I feel honoured to be the chair for the governing body, contributing & helping them soar higher, reach wider & continue building this sustainable story of positive change.

COVID-19 has rendered it implausible to not acknowledge the wide spread effects of the pandemic across the globe, in homes, lives, economies and businesses. The virus is very much here & it continues to rummage through all aspects of our lives but it has also given us the opportunity to prove to both ourselves & the nation that we are deeply committed to serving & supporting the poor underprivileged individuals and the suffering small and micro business efforts.

The resilience & unwithering efforts displayed by our colleagues and staff, coupled with the trust and partnership





from our customers, lenders & stakeholders is strongly reflected in our quarter ending performance for the year, although falling short in context of YoY (year on year) numbers, but are highly commendable in comparison to the global, local and industry realities of 2020. The entire committee and management have my whole hearted appreciation, adulation and gratitude for leading this winning team through an extremely difficult and unprecedented year.

The rate of market evolution & infusion of technology has only been accelerated by the onslaught of COVID-19. Remaining true to its history, I strongly believe BURO shall continue to rediscover itself and its product suite to remain ahead of the curve and deliver true value to the customers and be a partner in their growth and prosperity. The apt & farsighted investments made in digital financial system, digitization of network and infrastructure along

with wide spread efforts of financial inclusion are further testament of the capable & visionary management team.

As BURO continues to grow in size, reach and capabilities, it is also evident that the human capital and their value proposition is also enriching by every passing year. I am highly assured that we shall remain to be resolute and focused on our path of building a stronger and better tomorrow. I look forward to our continued collaborations with all well wishers, supporters, internal & external stakeholders & partners.

May the year ahead bring us all happiness, success, prosperity and most importantly health & well-being.

Sincerely Yours,



**Altaf Hossain**  
Chairperson, Governing Body  
September 2020



Statement from the

## EXECUTIVE DIRECTOR

Standing at the porch of the next year, looking back at how momentous the year 2020 has been in context of the three decades, of BURO Bangladesh and of my privilege of serving as the Executive Director, it is a mixed bag of emotions, realizations, dreams and aspirations. I am awed by what we have achieved together over the past thirty years, the sustainable changes we have brought about, the lives we have improved and the efforts we are yet continuously putting in, to ensure this wave of positive growth and sustainability continue to evolve.

Having grown into this family of about 10,500 staff, all working towards the common goal, mission and vision reassures me that we have not strayed from our initial intentions of creating an organization that would have a countrywide sustainable contribution, to create a progressively self-sufficient society, through innovative & quality financial products at a competitive price point to create maximum value for the customers, ranging from the very poor to the SMEs. Our work should truly contribute to as the building blocks of the story of the nation's progress & success.

2020, though synonymous to COVID-19 and the many adverse impacts of the pandemic

across the globe, has proven how it is imperative to invest time, efforts and resources into building a strong foundation for any financial entity, specially ones that have direct impact on human lives such as BURO Bangladesh. I take immense pride at the degree of resilience and commitment that we have been able to display both in terms of our balance sheet, our payables, our forward and backward linkage relationships and above all towards our customers. While our numbers have been undeniably affected by the onslaught of COVID-19, I am deeply thankful to all our staff for their ownership and dedication to go the extra mile in order to ensure that our customers have access to their savings and financing needs through the thick and thin of the pandemic.

Irrespective of the hurdles, I find we have remained focused on staying relevant in an ever dynamic financial, socio-economic & regulatory landscape effected by both internal and external factors. Recognizing the changing needs & expectations of our customers along with technological break throughs and infusion into daily lives has proved to be our north star to continuously evolve our products. The BURO Bangladesh growth story is nothing shy of commendable hard work and perseverance from all of our staff for which I thank them deeply. Along with lending and deposits, BURO remains committed towards ensuring a strong network of touchpoints to facilitate the dissemination of local currency as payments and foreign currency as remittance across the country – seamlessly, even at the rural most areas.



# Irrespective of the hurdles, I find we have remained focused on staying relevant in an ever dynamic financial, socio-economic & regulatory landscape effected by both internal and external factors

Through this year of un-precedence we have also experienced unprecedented business environment with credit relief programs, stringent customer earning & repayment capabilities, increased cost of funds and enhanced credit risk - our commitments towards the society extends beyond our contributions in the micro-finance landscape such as healthcare services & safe drinking water.

We have redirected our funds and attention towards supporting our customers in combating the economic effects of the pandemic and rebuilding their businesses. Our farsighted investments over the past years in digitization of our head office and all our branches, deployment of new ERP, creating a digital financial system framework tailored to MFI requirements & providing tablets to our field staff have given us benefits not only in regards to cost & productivity efficiency but also a resilient network of practices which allowed us to continue supporting our clients while following all health and safety protocols advised by WHO.

I must take this opportunity to commend the able & timely guardianship of the Government of Bangladesh whereby despite COVID-19 taking its toll, we have ended the year with resilient performance in comparison to many other countries & economies across the world. In continuation, I wholeheartedly thank the Bangladesh Bank, Microcredit Regulatory Authority (MRA), Development Partners, Bank & Financial Institutions & Remittance Services Partners and all our friends & well-wishers for their unwavering support towards BURO Bangladesh, not only through 2020 but through our entire journey. I look forward to your continued guidance, support and patronage towards BURO Bangladesh so that we may continue creating smiles and changing lives.

Together, we have remained indomitable in the face of a global pandemic and the future holds endless possibilities and unbound potential for growth.

We shall remain committed. We shall remain resolute. We shall keep marching forward.

Stay safe. Stay healthy.

Kind Regards



**Zakir Hossain**  
Executive Director  
September 2020

# Commemorating MUJIB BORSHO

A year to be etched in all of the world's memories, 2020, also marks the commencement of the centennial birth anniversary for our Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. Born on March 17, 1920 in Tungipara, Gopalganj, his magnanimous persona, infectious courage, visionary leadership and determined stance to do right by his people has not only catapulted him as the greatest leader in the history of Bangladesh, but also as one of the greatest in the world; deeply revered by the then & present heads of various countries & states even till this day.

The Government of Bangladesh announced 2020-2021 as "Mujib Borsho" for the commemoration of this historical feat and moment of great pride for the nation. The year had been marked for celebrations throughout the months at various levels and capacities, many of which had to be curbed given the

onslaught of the pandemic and to avoid further proliferation of the virus. While the celebrations continue at heart and limited scales, we traverse through 2020 to reach March 26, 2021 which would mark 50 years of the independence of Bangladesh since March 26, 1971.

The acknowledgement & celebration of Mujib Borsho has reached far and wide. The UN General Assembly, UNESCO, in presence of all UNESCO members on November 25, 2019 in Paris, decided to jointly celebrate the centennial birth anniversary of Bangabandhu, with Bangladesh at the 40th General Assembly of UNESCO. Washington DC Mayor Muriel Bowser has issued a proclamation about Mujib year. In the proclamation he has declared Mujib Year from March 17, 2020 to September 30, 2020, marking the birth centenary celebration of Bangabandhu Sheikh Mujibur Rahman. In 2020, Province of Alberta and Edmonton issued a





ministerial letter stating Alberta Province of Canada welcomes 'Mujib Borsho' on February 18, 2020, by Leela Sharon Aheer, Minister of Culture, Multiculturalism and Status of Women.

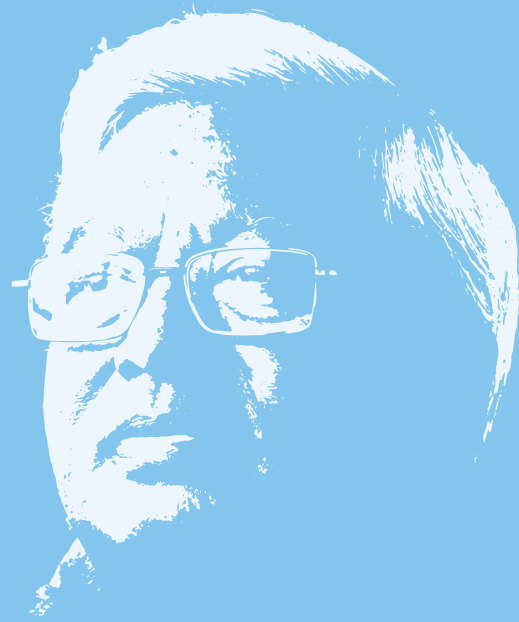
In line with the decisions taken at the discussion facilitated by the MRA, we have handed out "Bangabandhu Uchchoshikha Britti" scholarship to three deserving under privileged students. To mark the "Mujib Borsho" in a positive connotation and to help increase employment opportunities we have taken steps to disburse loans to SMEs at a far wider geographic scope. We have also enhanced our fund mobilization to cater to Agro loans in the spirit of Bangabandhu's dream of creating a self sustaining & secure agricultural nation.

In all our training programs spanning from March 17, 2020 to March 26, 2021, we have incorporated a section titled "Dukhi Manusher Mukhe Hashi" under which our

workforce is educated on Bangabandhu's economic vision and thoughts. The January 2020 edition of our quarterly newsletter Prottoy was published in commemoration of 100 years of Bangabandhu along with which all following publications through the year would have write ups dedicated to Bangabandhu. We have also enriched the libraries across all our training centres with books written on Bangabandhu, both locally & internationally. For our ongoing Water Credit Program, under the Basic Health Education Project we have increased our previously allocated budget to accommodate an additional 7 lakh members from 1 lakh 62 thousand families on top of pre-planned 13 lakh members of 2 lakh 75 thousand families in line with our efforts to make the project even more impactful on the occasion of "Mujib Borsho".

We at BURO Bangladesh, unanimously, with all Bangladeshis, whole heartedly welcome, commemorate & celebrate the centennial birth anniversary of our Father of the Nation, Bangabandhu Sheikh Mujibur Rahman.

May Bangabandhu Sheikh Mujibur Rahman live on through his teachings, guidance and conscientiousness amongst all of us, in mind & in spirit.



## Remembering Sir Fazle Hasan Abed

Sir Fazle Hasan Abed KCMG, founder of BRAC, a figure of guidance and patronage for social development & Microfinance in Bangladesh passed away on December 20, 2019, leaving a great void in our hearts and minds, unlikely to be ever filled.

Sir Abed, affectionately known as Abed Bhai to his near, dear & compatriots, was born in 1936 in Baniachong village, then in Bengal province. He was one of eight children of Siddiq Hasan and Syeda Sufia Khatun, prominent landowners in the Sylhet region of British India. He had studied Accountancy in London, qualifying as a Cost Management Accountant in 1962 after which he returned in 1972 to establish BRAC to address the needs of the refugees returning to Bangladesh from India post the liberation war. The journey, from addressing refugee needs, eventually

grew over the years and under his supervision, BRAC became one of the largest Non Government Organization in the world.

He has always been a strong proponent of women empowerment & women's active contribution into society's propagation. His fundamental belief that poor people were poor because they were powerless but that, given the right conditions, they would work hard to become agents of change has been a driving force in alleviating poverty through microfinance.

BURO Bangladesh has always shared a great camaraderie with BRAC and Sir Abed has always been generous with his guidance and counsel for us. His collaborative demeanour, strong belief in people and their abilities resonate strongly in the ethos shared by BURO Bangladesh.

Sir Fazle Hasan Abed shall always remain in our hearts as an avid supporter, well wisher and guide for BURO Bangladesh. We are honoured to have had the privilege of working by his side with the collective aim of building the nation and empowering the poor.











# A Glimpse of Microfinance Industry in Bangladesh

(Grameen Bank and NGO-MFIs)

Particulars	2018-19	2017-18	2016-17	2015-16
NGO-MFIs reported	496	474	510	530

## All reported MFIs and Grameen Bank (GB)

Total Employees	274,448	309,346	239,689	230,637
Total Customers	32,413,689	31,479,974	32,446,130	30,608,042
Loan Disbursed (BDT in Million)	1,591,040	1,405,858	1,207,538	955,772
Loan Outstanding (BDT in Million)	942,827	814,398	770,465	611,618
Net Savings (BDT in Million)	461,696	399,967	349,064	294,111

## Top 20 Institutions (MFIs and GB) Contribution

Total Employees	169,437	213,144	147,155	135,048
Total Customers	25,425,583	25,002,701	25,602,983	24,002,427
Loan Disbursed (BDT in Million)	1,305,724	1,164,922	997,132	788,258
Loan Outstanding (BDT in Million)	775,927	676,237	628,623	498,356
Net Savings (BDT in Million)	391,963	347,974	304,707	257,948

## BURO Bangladesh Contribution

Total Employees	9,782	7,464	6,726	6,179
Total Customers	1,172,873	1,512,489	1,449,085	1,356,572
Loan Disbursed (BDT in Million)	91,485	63,346	54,394	39,515
Loan Outstanding (BDT in Million)	59,572	39,041	32,779	24,433
Net Savings (BDT in Million)	17,400	12,650	10,331	7,692

Ref: Bangladesh Microfinance Statistics, Published by CDF





# COVID-19 & 2020

# COVID-19 & 2020

## in HINDSIGHT

The world has delved into chaos since late 2019 with the onslaught of the novel COVID-19 virus taking over our lives & livelihoods. While infections remain unrestrained and the count keeps increasing by the millions globally, we move forward with a strong gleam of hope of the anti-virus making the leap from the laboratories to medicine counters within the foreseeable future. The crisis has been unprecedented & the resulting stagnation unheard of, over the last century.

While the virus indomitably cruised its way across the world from all directions, Bangladesh took the hit starting early March 2020 with the government announcing official lockdowns with effect from March 27, 2020. The country came to a halt, weary with uncertainties of lives, livelihoods, businesses, rations & even supply chain of basic necessities. It is imperative to mention that the Government of Bangladesh (GoB) had shown exemplary resolve & commitment in handling this unrivalled crisis that escalated into a global pandemic in a record time.

In compliance with GoB's directives the country & BURO Bangladesh went on a lockdown from late March 2020 till June 2020. While our branches & offices remained closed, our commitment to our employees & our customers remained unwavered. Aligned with government & regulatory directives our customers were informed of the "Payment Holiday" (PH).

From the employee front, a majority of our employees were advised to stay home since the beginning of the GoB stipulated lockdown till June 2020 while we carefully observed the developing situation across the country. Considering, we are the custodians of hard earned savings of our customers, select employees of our Branches had gone above and beyond to ensure that customers have access to their funds to cater to their needs during this exceptional crisis. In order to ensure the safety of these employees, we have taken all possible measures including but not limited to socially distanced transportation to & from work to ensuring all employees & their families have adequate access to masks, sanitisers & emergency health care should it be required. While our offices and branches have opened across the country since July 2020, the stress regarding WHO advised health & safety measures remains a priority.

While our best intent and effort remains to support our employees and customers through these unprecedented times, the reality of the numbers also dawn upon our financial performance through 2020 with signs of spillover well into 2021. With the influx of instalments & credit drawdowns being tight through Q2 and a greater part of Q3,

# COVID-19 & 2020



# COVID-19 & 2020

# COVID-19 & 2020

we pride on the fact that we have not had to defer payments to the banks who have remained a strong partner in our growth and journey over the past 3 decades, while we were able to provide PH to our customers on an opt out basis till Q2 and opt in basis there on. We are thankful to our long time partners for their resolute trust and commitment towards BURO and the relentless support to help us navigate through these difficult times with cash cycle posing to be a challenge.

From a bird's eye view of the portfolio & strict accounting principles, a third of our lending book is deemed overdue however, as a testament of the meaningful & valuable relationships fostered by our employees with the customers, the instalments have started coming in regularly from the capable customers, majority of whom are also repaying instalments of the previous months. A compliant asset/ liability ratio & strong understanding of the customer's businesses & payment behaviours have enabled us to make a gradual but recovery through Q3 with a promising outlook into Q4.

While our top line revenue & bottom line profit numbers are not reflecting positive jaws when considered into a year on year (YoY) growth picture, the takeaway from the balance sheet is our strong resilience & indomitable position in the Microfinance Industry of Bangladesh.

**Stimulus Package for Corona Situation:** BURO Bangladesh has received a fund of BDT 600 million under the stimulus package announced by the Bangladesh Bank due to the outbreak of COVID-19 pandemic. This fund was disbursed among 9,500 customers with active bKash accounts. This initiative was a farsighted move expecting sudden lockdown in certain areas of the country, if not as a whole, which would render loan repayments impossible for the customers, even if they were willing to repay as per schedule.

**Digital Salary Disbursement:** During the COVID-19 lockdown period, BURO Bangladesh has disbursed Salary among the field staff through digital salary disbursement platform of bKash. Around 20,000 disbursements worth approx BDT 500 million was disbursed during this period.

**Donation:** We have used the digital platform during the COVID-19 crisis to facilitate different donations & assistance to the poor and needy.



# HISTORICAL OVERVIEW









This journey of three decades for BURO has been nothing short of an enriching, exhilarating & fulfilling experience. When we look back at our journey with innumerable memories, highs, lows & turning points, it is fair to look at it as phases

of growth, 5 phases to be exact, up until late into the 2nd decade of BURO. A quick glance at the forming, storming, norming & performing stages in the growth curve is as below.

## Phase-I (1990-1992), Formative Days

The portfolio was coming together & growing in a sturdy fashion while savings & withdrawal remained to be the core offerings. Interest rates hovered at 25% p.a effected upon principal which acted as the driving force for branch level profitability. This had an equivocal positive effect in strengthening the then "model" branches, with an upward effect on the lending book and positive effect intrinsically through dynamic management, training, audit and implementation of systems. The first external evaluation conducted in 1991 echoed the strong foundation & infinite potential that the future held with the propagation of the model that was being implemented, excerpts from sections of the report read as below:

"... The BURO staff at the village level appeared to be highly motivated ... spared a lot of hardship... work with the rural poor gives them a sense of fulfillment..."

(Ref: Maniruzzaman, PACT/PRIP, First Evaluation, February 1991).

Excerpts of an internal evaluation conducted by an external consultant, read:

"... Significant progress has been made, and the profitability of the branches has already shown a marked improvement over the period to the implementation of the model..."

(Ref.: Wright A N Graham, Second Internal Evaluation, July 10-12, 1991).

## Phase-II (1992-1993), Balancing Stance

We bid adieu to 1992 with the opening of 5 more branches. Despite a relatively low level of external capitalization (\$10,000 per branch), 3 of the Phase-I branches started to turn profitable. During this phase, the branches were consolidated in 1993 and BURO commenced preparatory work in three additional branches.

Excerpts from an external evaluation team appointed in May 1993 to review BURO's operations, read:

"... the team is of the view that, overall, BURO, Tangail is an organization deserving donor support. Its program is well-conceived, its organization suited to carrying out the overall mandate, and most importantly, its staff are dedicated, motivated and prepared to take on the responsibilities and challenges presented by the proposed extension project..."

'... all costs associated with program administration (including loan loss and savings account interest) will be financed from the interest charges and other fees...'

(Ref.: External Evaluation Mission, Final Report, Hubbard Joan Meyer, Hossain Iftekar, June 1993, Dhaka).

## Phase-III (1993-1995), Steady Hold

14 new branches were added to the cavalry and the revolving loan fund was raised to \$15,000 per branch along with \$156,790 provided for training and implementation costs. By the end of December 1995, 20 branches were operational.

Excerpts from the external Mid Term Review Team appointed by the Donors' Support Group recommended in July 1995 that:

"... BURO, Tangail represents an interesting and important experiment in savings and credit programs. It has made significant progress and is worthy of continued attention and support. .... There are many NGO quasi-banks in Tangail...,which makes BURO, Tangail anxious about a potential decline in demand for loans. BT is proposing to lower its interest rate on loans as a pricing strategy designed to increase demand... BURO, Tangail should offer at least two savings schemes: an open-withdrawal system and a fixed deposit with higher return..."

(Ref: Abdullah Taherunnesa, Rutherford E. Stuart, and Hossain Iftekhar, Mid-Term Review, July 1995).

1996 acted as the year for solidifying foundations and preparing for taking things to the next level for BURO through rigorous preparation & meticulous implementation of the model in an objective focused manner. Lessons learnt from past experiences and assessment of BURO's potential in coming years helped to consolidate the efforts to carry out strategic planning, financial modelling, project design and implementation.

## Phase IV (1997-2001), Beginning of the Sprint

The "Response to the Mid-Term Review" contained a good number of recommendations, suggested for BURO's future propagation. This onslaught of the 'response to mid-term review' is deemed upon as the turning point for BURO's path & growth. In 1997, a business plan for 1997-2001 was formulated based on previous performance, learning and suggestions put forward by the review team. At the end of this phase, the number of branches stood at 56 with customer outreach of 96,537.

Excerpts from the external final review team appointed by donors' support group, read:

... have greatly strengthened BURO, Tangail's position in the context of the growing intensity of competition in Tangail and neighbouring districts of central Bangladesh.

... at the time of writing BURO, Tangail appears to have achieved virtually all the targets established at the planning stage of the project in 1996.

... increasing loan sizes, higher than expected average savings and moderate dropout rates are all indicators that BURO, Tangail is doing reasonably well in achieving its goal.

... sustainability has been variable, but fully achieved in financial and operational terms.

...BURO, Tangail has the capacity and managerial vision to overcome the problem of competition faced by it.

... BURO, Tangail has the potential to become a genuine banker to the poor.

(Ref: Micro-Credit Ratings and Guarantees India Ltd., End Term Review, 8th November 2001).



## Phase IV (1997-2001), Beginning of the Sprint

The organization had proved that with proper guidance & effective capital management of the disadvantaged and poor could tap into the latent capabilities & possibilities for BURO. This also opened the route for a whole new abundance of opportunities that could be utilized for building the rural economy with the help of rural and urban based micro and small-scale enterprises (MSEs) which play an instrumental role in a nation's development.

Excerpts from a concurrent study, when BURO was known as BURO Tangail or BT in short, depicted that:

“ ... BT's experience shows that it is possible to serve the poor in a sustainable way by offering a variety of credit and savings products ...”

(Ref: Nagarajan Geetha, Financial Performance Report, A Report of the Micro-Banking Standards Project, CALMEADOW, Washington DC, September 2000).

Excerpts from the then study on product development depicts some features of BURO:

“... Above all, BURO is seen as a reliable institution – one of the very few reliable institutions with which poor people come into contact...”

... BT should become a pioneer in innovating new ways of managing the delivery environment that will earn it the reputation ... by sticking to kendra system. BURO may be making it hard for the full potential of its flexible services to be enjoyed by the widest range of potential customers – above all the poorer ones ... but also better-off business people who may demand a more individualized service ... it is urgent that BURO starts now to experiment with modifications to the kendra system for which there are many opportunities ...

... BURO has developed a high-quality set of financial service products well-adapted to the needs of the poor.

... BURO... have successfully pioneered innovations in product design.”

(Ref: Rutheford Stuart, BURO, Tangail's Product Development Review, Department for International Development (DFID), May 2001).

BURO drew up a brief planning period for 2002 in order to review, consolidate and prepare for the next phase which would position BURO to achieve the future that was dreamt of & all achievements, learning, & future implementations were used to remain focused on the goal. It is during this time that a business plan to lay the foundations for next five years were planned (2003-2007) along with new strategic planning sharpened to accomplish goals & to cope with the evolving needs of the customers in the microfinance industry. Exploring & redesigning the existing product suite and planning of new product were key features to this phase of rapid expansion of programs.

## Phase V (2003-2007), Onward & Forward

Opening of 34 new branches during 2003-2007 taking the total to 100 branches, this phase catapulted BURO into new levels of highs & growth with total customer doubling to 200,000 from a 100,000 at the end of 2003.

Various workshops and seminars held through this course suggested that the poverty reduction in the country was still quite slow. To accelerate this BURO decided to multiply its efforts for greater outreach and financial deepening and as such it had drawn up an elaborate business plan for the next 5 years. The objectives of the plan included:

- Addressing the needs of poor, very poor, and vulnerable non-poor.
- Product modification, diversification and designing new products.
- Serving the growing unmet demand of microfinancial services.
- Bringing in more professionalism in product planning and service delivery.
- Capturing market share in terms of customers' outreach, savings and loan.
- Increasing operational self-sustainability (OSS) and financial self-sustainability ( FSS)
- More income and employment generation.
- Enhancing the sustainability of the borrowers.
- Enhancing the material security of the customers.
- Horizontal and vertical expansion. Expansion to help with utilization of full capacity of the planned professional staff and thereby reduce operational cost.



# Key Takeaways

BURO had accumulated a wide array of experiences with immense learning regarding customers, their economic behaviour, product suitability, real changes brought about in their lives as well as other introspective lessons which would be key in the journey ahead to achieve a greater pace of poverty eradication:

1. Flexible financial services are liked by the poor and they are indeed ready to pay high interest rates. If the financial service is well designed, it increases the income and productivity of the customers.
2. BURO had introduced partial savings withdrawal system since its inception in 1990. However, in 1998, it made the savings system entirely open regardless of any loan outstanding. The results were positive & the deposits and net savings increased substantially leading to higher proliferation of fund for RLF.
3. BURO had demonstrated that voluntary open access savings schemes can mobilise more net savings per member per year than compulsory locked-in savings scheme. The free movement of the customers concerning their capital with the institution has created a 'push effect' in increasing customer growth.
4. The poor want BURO to provide services like a rural micro banking institution, which regulations do not allow for BURO to provide yet however, BURO strongly believes in the potential of carrying out rural micro banking.
5. Many customers want larger loans and thus BURO had to diversify loan products suite. Introduction of BDS was to be considered extensively to cater to the emerging needs of technology, marketing assistance, production and managerial skill development.
6. BURO's flexible financial services with savings withdrawal system are unique in Bangladesh where the savings of the poor do not remain blocked. As a result, they can use the savings when they like and whenever any emergency arises. In addition, it is also not made mandatory for customers to avail credit. Flexibility of financial service was a unique selling proposition for BURO. These indicate that customers enjoy full financial independence which aligned with BURO's objective of effective poverty alleviation in Bangladesh.
7. To attain the goals & vision, BURO has to always revisit & rekindle policies, plans & products to keep an edge amid fierce competition in the market.
8. BURO's long experience indicates that microcredit, which involves a very small amount of money, cannot effectively eradicate poverty but it can just contain the poverty. In contrast, microfinance, which is a relatively larger provision of financial services can meet the varied financial needs of the poor and help alleviate poverty. Microfinance can contribute greatly to their financial independence & to a large extent can play a better role in poverty eradication. Compared to microcredit, microfinance is a graduated financial service, capable of serving the poor in various ways.

However, it was also apparent that even microfinance cannot help the graduated customers to meet their scaled up investment needs. It is presumably due to the very design of the financial technology, thus, the imperative need is to move to micro-enterprise (bigger investment) for larger income and employment generation, although the specifics of the product life cycle are further complex to design & manage.







# Historical Information Series

## 1991 - 2020

Year	Number of Branches	Number of Districts	Number of Customers	Number of Personnel	Savings Portfolio (BDT in Million)	Loan Portfolio (BDT in Million)
1991	5	1	1,800	79	1.06	0.55
1992	10	1	7,055	113	1.57	1.29
1993	10	1	7,055	95	2.23	4.50
1994	16	1	8,511	140	3.54	7.78
1995	20	1	20,924	198	6.51	20.42
1996	30	2	32,744	312	12.76	30.87
1997	40	5	45,003	424	26.68	65.96
1998	41	5	71,479	448	27.01	173.70
1999	41	5	67,357	513	45.16	170.29
2000	51	8	73,265	613	58.39	213.15
2001	56	9	96,537	660	89.32	289.79
2002	67	11	124,446	778	138.29	402.93
2003	83	18	184,609	1,020	223.62	547.79
2004	90	20	221,366	1,071	308.30	750.60
2005	110	21	273,286	1,265	464.55	1,159.03
2006	173	32	331,329	2,069	679.02	1,564.85
2007	230	38	376,710	2,537	821.96	1,943.84
2007-08	294	43	472,984	2,923	917.53	2,279.90
2008-09	395	50	672,467	3,718	1,309.75	3,251.33
2009-10	506	56	873,715	5,634	1,726.78	4,594.29
2010-11	628	57	1,029,343	5,379	2,321.50	5,600.07
2011-12	629	57	1,082,789	5,447	2,804.01	6,884.43
2012-13	634	61	1,104,717	5,417	3,715.68	12,999.58
2013-14	634	61	1,053,035	5,569	4,487.01	13,724.51
2014-15	640	61	1,269,411	5,736	5,695.60	16,465.94
2015-16	648	64	1,356,572	6,179	7,691.28	24,433.18
2016-17	712	64	1,449,085	6,726	10,330.51	32,778.74
2017-18	802	64	1,512,489	7,464	12,649.24	39,040.66
2018-19	1,027	64	1,662,689	9,782	17,400.78	59,572.22
2019-20	1,059	64	1,963,060	10,010	23,955.87	70,029.58

Over 3 decades, BURO has proven to be resilient & unwithering to all hurdles & challenges, paving its way to one height to the next, not only in terms of growth, prosperity and scale - but also in terms of spearheading the forward momentum in changing the lives of its members for the better, sustainably

Year	On Time Recovery Rate (OTR)	Social Development-Expenditure (BDT in Million)
1991	90%	6.07
1992	100%	1.22
1993	100%	7.96
1994	100%	8.73
1995	100%	8.78
1996	100%	6.69
1997	99.87%	35.23
1998	99.50%	35.24
1999	99.13%	65.35
2000	98.05%	35.25
2001	98.17%	36.93
2002	98.72%	3.76
2003	98.03%	3.78
2004	98.19%	6.91
2005	98.07%	33.00
2006	98.17%	6.60
2007	98.07%	33.54
2007-08	98.01%	64.78
2008-09	97.77%	21.10
2009-10	96.44%	11.68
2010-11	96.38%	22.08
2011-12	97.27%	20.92
2012-13	98.22%	10.05
2013-14	98.05%	14.05
2014-15	96.81%	15.75
2015-16	97.25%	16.35
2016-17	98.63%	61.54
2017-18	98.16%	22.61
2018-19	97.93%	13.80
2019-20	95.83%	167.15

# BURO in Forward Motion ...

## 1990-1994

Genesis	Central Bank Approach	Development Partners' Attention
Five "Model Branches of Sustainable Rural Financial Services"	Friendly financial norms for financial services	BURO Sustainable model as international evaluation

## 1995-1999

Continued Development Partners' Attention	Emerging Social Capital	International Recognition
Evaluation with new innovations; Strategic planning exercise; Operational research for new financial products	Interventions at pre, during and post disaster; Entry into commercial capital	UN General Assembly recognizes BURO; First microfinance international rating

## 2000-2004

Formal Financial Market	Strengthened Social Capital	New Innovation
Relations with banks begin; Product development review; Corporate governance continuing	MIS and FIS internal control system review; Development Partners' end term review; Second and third microfinance international rating	First comprehensive business plan; Strategic planning exercise; Review of product costing; Microfinance model for the very poor

## 2005-2009

Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
Intense entry into commercial banks; non-banks and international agencies; Massive expansion of microfinance program	Char Livelihood Program for disaster preparedness and mitigation; Rural water supply program	Automation of branches; Microfinance in agriculture for small and marginal farmers; partnership with 'bank syndicated financing; Foreign remittance service for the rural people; First ever commercial bank syndicated financing in agriculture



## 2010-2015

Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
<p>Massive expansion of SME program; Graduation of hardcore poor to mainstream microfinance</p> <p>Individual lending methodology</p> <p>Mobile banking</p> <p>Agent banking</p>	<p>Institutional capacity and participation within the overall realm of regulation</p> <p>Amending the existing rules complying with MRA</p> <p>First ever social performance rating of microfinance</p> <p>Fourth and fifth microfinance rating</p>	<p>Automation of branches</p> <p>Training and capacity building services</p> <p>Business and financial literacy program</p> <p>Enhancing institutional capacity of the clients through WaterCredit services</p> <p>Financial Inclusion linking commercial banks</p>

## 2016-2020

Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
<p>Inclusion of low income professional group into mainstream microfinance</p> <p>Continuation of Mobile banking and Agent banking</p> <p>1058 branches connected through digitization along with servers deployed at Head Office.</p> <p>Model developed with MFS to leverage digital financial system to facilitate deposit &amp; withdrawal of savings and disbursement of loans with positive cost-benefit analysis</p>	<p>Revision of the existing Human Resource Management in a friendly manner</p> <p>Development of Training and capacity building service manual</p> <p>Socio-environmental impact evaluation of Water credit program</p> <p>Impact assessment on Business and financial literacy program</p> <p>Credit Relief Measures taken for COVID-19 impacted customers. Fund set aside to finance struggling customers to revive their businesses.</p> <p>Widespread donation, charity and welfare initiatives taken for COVID-19 impacted population</p>	<p>Introduce scholarship for the students from poor households</p> <p>Promotion of Natural Fiber-based Products from Agriculture Wastages</p> <p>Small and marginal farmers assistance program with financial support by the Bangladesh and Japan Government</p> <p>BURO handicrafts strengthening the institutional capacity of BURO itself and social business.</p> <p>BURO Health Care is unique through setting up a modern state of the art diagnostic cum medical consultation center.</p> <p>BURO Digital Primary Health Care Center in collaboration with Canada based Global Health Technology Venture ADVIN.</p>



# CORPORATE GOVERNANCE









## Vision

A happy and prosperous self-reliant society through the overall development of the people of Bangladesh.



## Mission

An independent, sustainable, cost-effective microfinance institution that provides diverse, appropriate and market responsive quality financial and business development services at competitive prices along with other social development programs to very poor, poor and vulnerable non-poor customers.

## Sustainable Approach

**Developing an appropriate & quality financial service delivery methodology:** Product suite sustainability & profitability is dependant on product design, credit techniques, pricing, cost of fund, risk factoring, cash cycle, lenders' rates, spread & operating cost. A robust, well managed & efficient delivery method along with branch positioning & leveraging digital financial services are key in designing targeted, efficient & optimum delivery.

**Streamlining the end-to-end process flow for better cost discipline:** Considering that majority of lending portfolio is constituent of small & micro ticket sizes, the associated fixed and variable costs incurred on account of paperwork, staff capacity involvement has to be kept at an optimum to attain economies of scale.

**Holistic cost pricing:** Product pricing is cumulative quantification of components such as cost of fund, inflation, cost of operation and credit risk factoring. Absence of tools and repositories such as CIB for the customer base we cater, the product pricing is 7-10% higher, compared to FIs and NBFIs. This however does not have an adverse effect on the affordability of the target market, evidenced by the YoY (Year on Year) growth of our lending book.

**Adopting a transparent and consistent financial reporting practice:** Following appropriate international accounting standards & transparent financial reporting practices are key in gaining confidence and elevating the credibility amongst regulators, investors & funding agencies.

**Responsiveness & Accountability:** The organizational performance is a collective of the individual performances set forth by the staff. Good management, accountability establishment & reward mechanism are essential in designing a sound, profitable and sustainable business.

## Strategic Priorities

- Product diversification
- Optimum utilization of commercial capital
- Propagate foreign remittance influx to rural and urban areas.
- Facilitate a favourable investment climate
- Growth in regards to market penetration & segments to enlarge asset & liability book sizes
- New innovations in the financial and social services at regular intervals & infuse the same into mainstream programs

- Foster strong presence & liaison with relevant government authorities, agencies and bodies associated with micro-finance sector & the business landscape
- A constant focus on strategies for sustainable supply chain for BURO to meet the emerging demands of the market

The amalgamation of relentless strategic, thought & organizational leadership is of utmost importance to ensure the smooth functioning and goal achieving onward leaps in the days to come.

## Market Positioning

- As high value proposition financial product & service offerer
- Multi-feature offering product quality & price proposition
- A competitive player in the industry, constantly challenging own market position to foster growth
- A NGO-MFI creating sustainable link across the landscape between opportunities & necessities
- Commendable presence in domestic and international financial and social forums
- Timely adaptations in balance with market demand effected by time, place and condition
- Collaboration and synergy between strategic priorities and market positioning.

## Values

- Listening to Customers
- Customer Empowerment
- Right to Access Information
- Financial and Social Services as Universal Right
- Ensuring Quality Financial Service
- Practicing Financial Prudence
- Practicing Good Governance
- Commitment towards Society and Development

## Customers Empowerment

- Flexible and quality financial services for the customers
- Money management capacity through savings, loan and business expansion services
- Increase in financial and social assets of the customers
- Dignity, honour and self-esteem of the customers

## Right of Access to Information

- Information symmetries for customers on business and dissemination through knowledge management.
- Recognize the right of the customer to verify the passbook with branch level transactions
- Regular information dissemination to the customers about the use of their savings by BURO
- Recognition of customers' voice in the use of their savings by the organization
- Facilitate customers' participation in the activities of the organization
- Maintain privacy of the customers of the organization

## Financial and Social Services as Universal Right

- View BURO as safe and secure place for customers to keep savings
- Customers right to withdraw savings whenever is necessary
- Intertwined relationship between the financial and social services
- Space for introduction of new technology in the financial and social services



## Features of Quality Financial Services

- Providing timely & prompt services
- Customer's aspire & are happy to associate with the organization
- Services are priced keeping customer's affordability in mind
- Financial and social counselling for customers

## Financial Prudence

- Cost recovery principle
- Genuine institutional capacity to mobilize funds
- Institutional Capacity for financial management, audit and financial control
- Friendly investment climate
- Financial Inclusiveness applying financial and social innovations

## Corporate prerequisites

- Strategic vision/mission: Long and short-term perspective about the demand and supply of all the stakeholders
- Responsiveness: Serving the interests of all stakeholders
- Transparency: A free flow of information
- Accountability: Decision-makers remain answerable
- Compliance: Strictly implementing the directives of Microcredit Regulatory Authority (MRA)

- Bureaucracy: BURO consuming less time for overall loan supply to the customers
- Conflict Resolution: Digital technology for regular monitoring to provide timely services

Good governance remains at the core of Corporate Governance with an acute understanding and better control on factors like bureaucracy and conflict resolution which are a natural component in any organization.

The aforementioned five fundamentals act as the control mechanism to filter any adverse effects of factors like bureaucracy and conflict. With the growth of the organization, came a larger number of staff, branches, customers & their intricate details built into the day to day activities at customer relationship level all the way up to strategy & business goal setting top view. A streamlined transition into corporate governance has had its own journey and now is solidified and stable at operating with utmost efficacy and efficiency. The success of this transformation is evident in components like transparency and accountability across the organization.

## Social Commitment

- In-built social policies in financial policies
- Efforts incorporating social investment integrated with its mission
- Pursue commercial objective to provide sustainable micro-finance services
- Potential entity in financial and economical markets to developing reciprocity between the two markets
- Outreach in both social and financial services encompassing vertical and horizontal movement in an ascending manner









# Constitutional Structure

The corporate governance of BURO is established with a three tier systems. The three-tier system of corporate governance is designated as: 1. General Body, 2. Governing Body, and 3. Operational Board of Directors (OBD).

## General Body

The General Body constitutes 19 members from different professional domains. The General Body is the supreme authority of electing the Governing Body after every three-year. The members of the Governing Body remain responsible and accountable to the General Body of the organization.

## Governing Body

### Chairperson

#### **Altaf Hossain**

An experienced senior management professional with many quantifiable track records in brand and consumer marketing who served many years as Executive Director and Chief Operating Officer in different national and multinational companies at home and abroad.

### Vice Chairperson

#### **Dr. Sayeeda Khan**

Gynecologist and Breast Cancer Specialist

### Finance Secretary

#### **Dr. M A Yousuf Khan**

Former banker, served different commercial banks and NBFIs

### Member

#### **Dr. Rowshan Ara Firoz**

Former Professor, University of Dhaka

#### **Mahbuba Hasanat**

Retired Additional Secretary, Government of Bangladesh

#### **Khandaker Mahfuzur Rahman**

Expert of Microfinance Risk Management

#### **Md. Anowar Hossain**

Corporate and Company Lawyer

### Ex-Officio Secretary

#### **Zakir Hossain**

Executive Director

The Executive Director is not a member of the Governing Body but works as an ex-officio secretary. Executive Director is the Chief Executive Officer (CEO) of the organization as well.

## Advisor

**Graham A.N. Wright**

Group Managing Director, MicroSave Consulting

## Operational Board of Directors (OBD)

The OBD is directly facilitating the Executive Director to exercise all executive and financial matters of BURO. Each member of the OBD has respective role relations in consonance with the corporate governance of the organization.

**M. Mosharrof Hossain**, Finance Director

**Md. Sirajul Islam**, Director- Special Programs

**Pranesh Chandra Banik**, Director- Risk Management

**Farmina Hossain**, Additional Director- Operations

## Audit Committee

### Chairperson

**Dr. M A Yousuf Khan**

Finance Secretary- Governing Body

### Member

**Dr. Rowshan Ara Firoj**

Member- Governing Body

**Khandaker Mahfuzur Rahman**

Member- Governing Body

Audit Committee is free of any relationship to avoid conflict of interest during respective independent judgment.

## Role and Purpose

The primary roles of the Audit Committee are to assist the governing body in performing its oversight responsibilities for:

- The budgeting and financial reporting
- Internal control and risk control
- Legal and regulatory requirements implementation
- Assessing qualifications and performance of the external and internal auditors

## BURO Craft

**Rahela Zakir**

Director – BURO Craft

## Infrastructure Development

**Md. Mukitul Islam**, Chief Infrastructure Development

## Senior and Mid-Level Professionals

### Program

**Kh. Moklasur Rahman**, Coordinator

### Administration

**Md. Arshed Alam**, Coordinator

**Md. Shamim Kabir**, Officer

### Logistics and Procurement

**Zafar Ahmed Jewel**, Assistant Coordinator

**Rokeya Akter**, Officer

### Finance and Accounts

**Md. Abdul Halim**, Coordinator

**K.B.M Kamrul Islam**, Officer

**Farid Uddin Ahmed**, Officer

**Shah Jalal**, Officer

**Mahbubur Rahman**, Officer

**Shofiqul Islam**, Officer

### Human Resource Management

**Md. Ashraful Alam Khan**, Coordinator

**Nilufun Nahar Chowdhury**, Officer

### Monitoring & Reporting

**Md. Ashraful Alam Khan**, Coordinator (in charge)

**Md. Abdus Sabur**, Officer

**Md. Harun-Or-Rashid**, Officer

### Internal Audit

**A.B.M Aminul Karim Majumder**, Coordinator

**Tapas Kumar Shikder**, Assistant Coordinator



## Training & Capacity Building

Kamal Hossain, Officer, Training (In charge)

## Special Program

S M A Rakib, Assistant Coordinator

## Information and Communication Technology (ICT)

Shahinur Islam, Officer

## Disaster Management and Watercredit Program

S. Z. M Shahriar, Manager

## Divisional Managers

Md. Shahinoor Islam Khan, Dhaka

Md. Saidur Rahman, Pabna

Md. Mohsin Hossain Khan, Chattogram

Istak Ahammed, Cumilla

Md. Abdus Salam, Rangpur

Mir Mukul Hossain, Khulna

Harun -Or-Rashid, Tangail

## Zonal Managers

Md. Rafiqul Islam, Gazipur

Reaz Uddin, Pabna

ABM Alauddin Ahmed, Noakhali

Al Amin Khan, Jashore

Md. Awlad Hossain, Thakurgaon

Uttam Kumar Basak, Chattogram

Md. Mustafijur Rahman, Dhaka Metropolitan

Md. Abu Sayeed Shikdar, Khulna

Mohammad Zahirul Islam, Modhupur

Tutul Chandra Paul, Narayanganj

Md. Shamsul Alam, Tangail

Md. Arich Hossain, Mymensingh

Md. Mizanur Rahman, Rajshahi

Md. Shahadat Hossen, Chandpur

Md. Mohsin Miah, Cumilla

Md. Rezaul Islam Khan, Savar

Md. Motaharul Islam, Bogura

Abul Bashar Miah, Madaripur

Anowerul Islam, Brahmanbaria

Abul Hossain Miah, Kushtia

Babul Kumar Saha, Cox's Bazar

Md. Ahsan Habib, Rangpur

Kh. Mahbubur Rahman, Sirajganj

Md. Alamgir Kobir, Faridpur

Rafiqul Islam, Naogaon

Mosarrof Hossain, Sakhipur

Md. Ziaul Siddiquee, Sylhet

Rafiqul Islam, Barishal

## Policy and Procedures

BURO strongly facilitates and practices day to day operations in light of the guided principles & rules of Corporate Governance, such as: 1. Rules of Business for Micro Financial Services, 2. Staff Service Rules, 3. Accounting and Financial Procedures and Rules, 4. Internal Audit Manual, 5. Administrative Manual, 6. Program Implementation Manual, 7. Gender Policy, 8. New Branch Opening Policy.

## Working Committees

Seven different committees are functioning with cross-functional management. The Committees are: 1. Recruitment and Promotion Committee, 2. Gender Committee, 3. Sales & Purchase Committee, 4. Land Purchase Committee, 5. Disaster Management Committee, 6. Building Construction Committee, 7. Committee for Old Papers Disposal. All committees are approved by the Governing Body.

## Program Management Structure

BURO operates through its branches across the country. A branch is managed by one Branch Manager, one Accountant, and 6-8 Program Organizers (POs)/Assistant Program Organizer (APOs). There are 1,064 branches supervised by 224 Area Managers spread over 28 Zones equally distributed among 7 working Divisions.







## Staff Benefit Funds

The services of all staff are regulated by well-defined Service Rules of the organisation: 1. provident fund, 2. gratuity fund, 3. health fund, 4. housing fund, 5. staff family security fund, 6. advance for motorbike and bicycle purchase, 7. income tax payment for the staff, 8. leave encashment, 9. advance salary payment on simple terms to buy life insurance policy.

## Income Tax Return Submission

Submission of income tax return is mandatory under government rules. The government has exempted the non-profit organizations dealing with microfinance from paying income tax from the surplus earned. If there is any income from other than microfinance, it is subjected to the relevant rules of taxation.

## Internal Control System

The organization has developed a very rigorous and transparent internal control system over the decades by relentlessly pursuing a model to ensure transparency, efficiency and overall effectiveness. International standards, norms and practices are

incorporated in the design of the Internal Control System. The components of internal control system are:

- Fair Staff Recruitment Process
- Procurement and Other Policies
- Travel Policy
- Customers' Passbook Checking
- Financial Control

## Financial Control

Fund management is done prudently keeping in view the demand of funds and its availability at the branch and head office. Financial control is generally exercised at three levels: the Governing Body, the Head Office and the respective Branch. Governing Body monitors all financial matters quarterly through Governing Body meeting. The Executive Director and the Finance Director exercise financial control based on monthly financial statements and the findings of internal auditors. At branch level, the managers exercise financial control on the basis of budget and financial projections. Financial transactions in the head office and branch offices are regulated with regard to the following four areas: i. field level transaction control, ii. treasury management, iii. budgetary control, and iv. accurate financial reporting.







## Internal Audit

The audit and risk management department is headed by a director managing a total of 71 audit staff working in the department. The internal auditor reports basically on the three fundamentals of prudential finance management: 1. loan portfolio management 2. loan and savings balancing (reconcile the balance with collection sheet) 3. loan and savings passbook verification.

The auditors also report on the compliance of BURO and MRA rules for branch and head office, program-wise reports, and reports on fund management concerning cash and bank.

## Risk Management

The risk management of the organization covers core risks that include industry risk, credit risk, liquidity risk, interest rate risk and operational risks. The aim of risk management is that BURO keeps pushing the envelop while continuing to take well calculated business risks and in the process safeguarding the organization's capital, its financial resources and profitability.

## Clients Passbook Checking

The most critical risk in an MFI lies with collection of savings and loan repayments by the program organizer (PO) or the loan officer. Savings deposited and loan repaid by a client are recorded in the client's passbook and in the collection sheet (which is the primary record of the office). But there is always an inherent risk. To ensure that the transactions have been duly recorded, the branch manager along with accountant and branch organizer conducts 100% checking of all clients' passbooks every quarter.

## Monitoring

BURO monitoring unit regularly follows up on the following indicators which are closely associated with the progress of a branch's performance:

1. customers' passbook verification with the loan collection sheet
2. loan disbursement procedure of the organization,
3. supervision of the functions of branch managers and existing status of remittance services,
4. application of members' savings deposit and withdrawal procedure,
5. admission of SME members and SME loan disbursement procedures,
6. verification with loan collection sheet, savings withdrawal, and status of balance.







## External Audit

Reputed audit firms are appointed for a period of one year by the General Body in the annual general meeting.

## Standard Practices

BURO has adapted some of the highest standards of internationally accepted reporting and prudential standards across its operations. This was also adapted with the farsighted intent to prepare for any future prudential requirements in the country. These practices and the relevant indicators portray a transparent picture of the organization's financial and managerial soundness.

## Capital Adequacy

Capital adequacy analysis is being used to measure the financial solvency of the organization and determine whether the risks incurred are well calculated & adequately safeguarded with capital and reserves.

## Asset Management

Loans given to the customers make up the portfolio of the total assets and forms the biggest current asset. A rigorous business analytics and management information systems are managed to feature key indicators of the asset portfolio health, ageing, projections and business opportunities.

## Management

The Human Resource Development (HRD) is well attuned to provide clear guidance and support to operational staff - including recruitment and training of new personnel. BURO undertakes short-term and long-term financial projections and uses these to ensure fiscal and budgetary control.

## Earnings

The management effectively utilizes and mobilizes the available resources to ensure sustainable benefits to its customers while aiming at modest returns on investment.

## Liquidity Management

10-15% of savings balance of all branches are deemed adequate to meet the liquidity reserve ratio. For the liquidity requirement, 40% has been earmarked for general savings, 30% for contractual savings and 30% for operating and financial expenses.

## Loan Loss Provisioning and Write-off

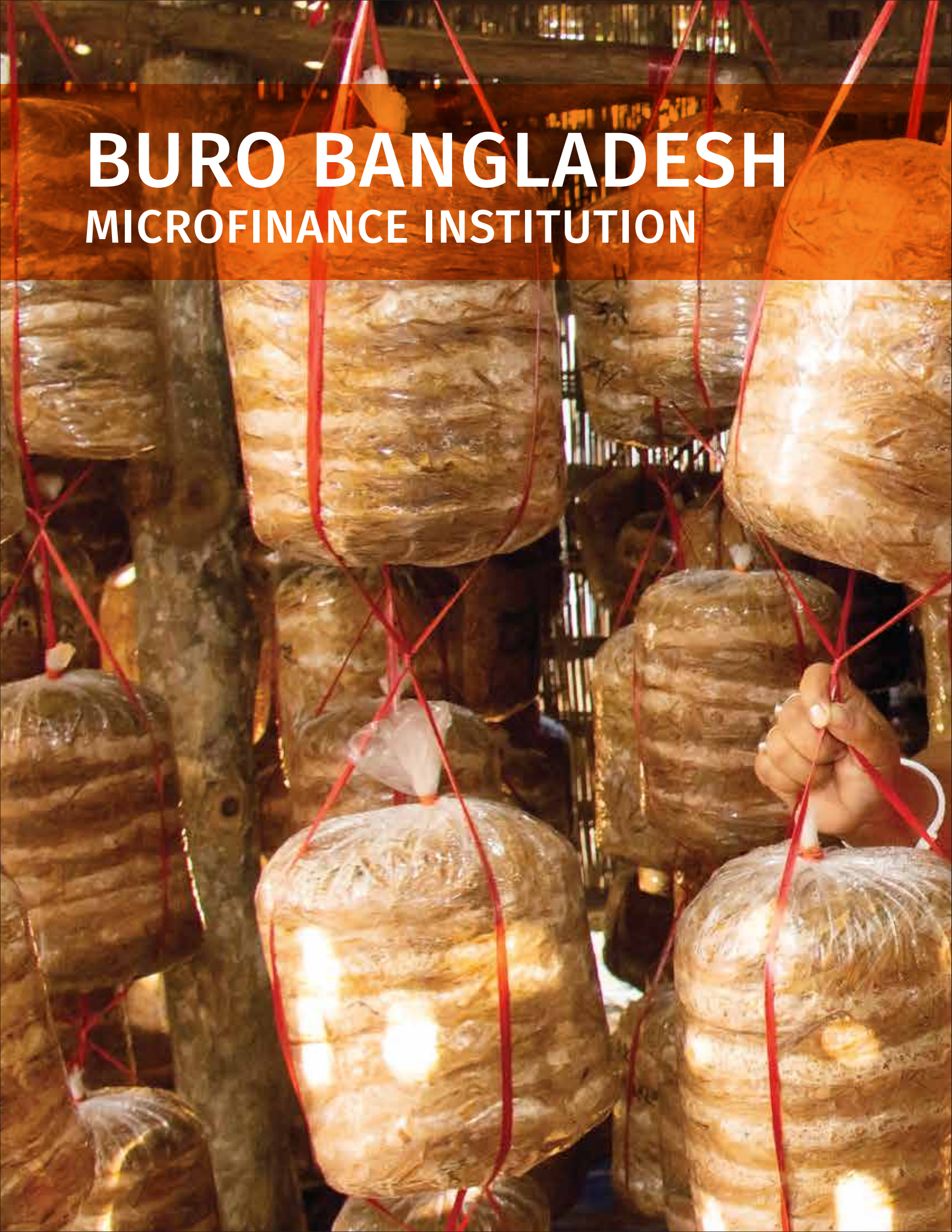
Provisions are made for loan losses every month to maintain the loan loss reserves at an adequate level to accommodate bad loans. The adequacy of the provision is determined by applying appropriate percentages to the outstanding balances in various aging categories. Loans are written off in full after two years of the loan term.





# BURO BANGLADESH

## MICROFINANCE INSTITUTION







The inception of BURO Bangladesh (Basic Unit for Resources and Opportunities) of Bangladesh was the result of an steadfast drive to make sustainable change & propagate poverty alleviation through relentless hard work & perseverance in the microfinance industry, back in 1990.

Three decades on, the commitment remains to the same towards our customers, country & the economy with pertinacious efforts towards sustainable growth and prosperity. While we have grown in depth & breadth in our operations and portfolio, we remain ever curious and focused to widen the abundance of offering in our financial products & services suite.

The strong market positioning, brand image & customer perception that has been developed over 3 decades along with a culturally diverse and rich organizational environment acts as a driving force in establishing BURO as a market player who addresses customer needs at the centre of all its efforts.

The demand for financial inclusion and financial integration has made way for promoting both horizontal and vertical financial inclusion since BURO's inception – the logical propagation to this being the shift of focus on new financial technology to maintain the balance between growth and inclusiveness – aligned with the strategic formulation of social policies infused into economic policies. The service delivery provision of the organization continues to maintain a certain degree of non-financial service scope as well.

The sustainability of any organization lies in its ability to consistently deliver outputs and outcomes for its customers and help the customer grow and prosper through its services and products. All practices, processes and over all propagation of the organization should imbibe this at the core and retain this through decades of journey encompassing new customers and staff in this growth story.

## Our Identity



With financial inclusion being a key agenda and promoting a savings and financial product relationship across target segments, BURO's identity is highly attuned to its mission statement of being an independent, sustainable, cost-effective microfinance institution that provides diverse, appropriate and market responsive quality financial and business development services at competitive prices along with other social development programs to very poor, poor and vulnerable non-poor customers.

## Customers



Broadly BURO caters to four categories of customers 1. Very Poor 2. Moderate Poor 3. Micro Entrepreneurs, Small and Marginal Farmers 4. Professionals. The progression of financial technology & products enables to improve the quality of services provided by BURO which work towards improvement of customers, who contribute towards the economy.

Customer segmentation ranges from individual to small and micro entrepreneurs with categorization considering economic and demographic factors including age of the customer and/or age of the business venture. These data points prove to be crucial while assessing the impacts and credit behaviour of the customer - both on an individual or entrepreneurial level.

## Legal Status



- The Department of Social Welfare, No. TA. 0489 dated 9 April 1991
- NGO Affairs Bureau No. 610 dated 19 March 1992.
- The Registrar of Joint Stock Companies & Firms, Bangladesh No. S-7026(214)/07 dated 6 September 2007.
- Licensed from Micro Credit Regulatory Authority (MRA) No.00004-00394-00288 dated 25 June 2008.
- Tax Identification Number (e-TIN): 424374711931.



## Networking



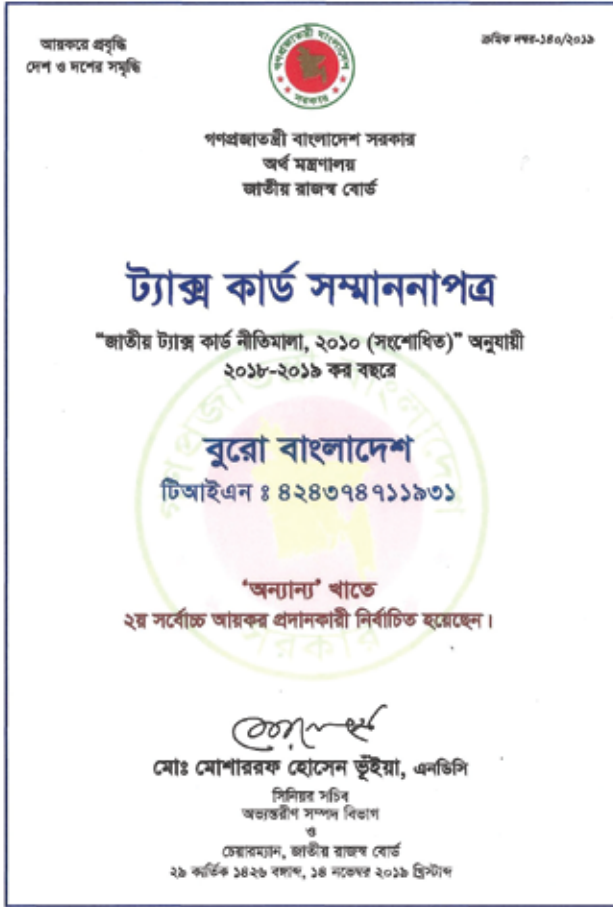
- The Federation of NGOs in Bangladesh (FNB), Bangladesh.
- Credit and Development Forum (CDF), Bangladesh.
- Network for Information, Response and Preparedness Activities on Disaster (NIRAPAD), Bangladesh.
- International Network of Alternative Financial Institutions (INAFI), Bangladesh.
- Microfinance Network, Mexico.
- Campaign for Popular Education (CAMPE), Bangladesh.
- Banking with the Poor (BWTP).

## Sharing of Information



- Bangladesh Bank-Central Bank of Bangladesh
- Microcredit Regulatory Authority (MRA), Government of Bangladesh.
- Credit and Development Forum (CDF) for publication of Microfinance Statistics.
- Microfinance Information eXchange (MIX), Washington D.C.
- Bangladesh Economic Review, Ministry of Finance and Planning, Government of Bangladesh.
- National and international organizations for disseminating Annual Report.
- Citizen Charter detailing BURO services





## Recognition

### Tax Card

BURO was awarded the First Highest Tax Payer in ‘Other Sectors’ by National Board of Revenue for the Assessment Year 2016-2017 and secured Second Position in the Assessment Year 2018-19 respectively in accordance with the “National Tax Card Policies, 2010”.

### CGAP/The World Bank Financial Transparency Award

BURO has been awarded Merit Recognition in Financial Transparency Award 2005 and 2006 by the Consultative Group to Assist the Poor (CGAP)/ The World Bank.

### SAFA Award for Best Published Reports and Accounts

The South Asian Federation of Accountants-SAFA awarded BURO the first position for the Best Presented Accounts in the category of NGO-MFI for the year 2005 as well as 2007. In 2008, BURO was awarded joint winner along with BRAC, in 2009 was awarded first runner-up and in 2010, 2012 and 2013 was awarded with certificate of merit.

### ICAB National Award for Best Published Reports and Accounts

The Institute of Chartered Accountants of Bangladesh (ICAB) awarded BURO for thirteen years consecutively for the best published Reports & Accounts for 2005 (second), 2006 (first), 2007 (third), 2008 (second), 2009 (second), 2010 (third), 2011 (third), 2012 (third), 2013 (third), 2014, 2015, 2016 (Certificate of Merit) and 2018 (third) and 2019 (Certificate of Merit)

### Credit Rating

BURO is awarded with credit rating grade AA2 (double A) in the long term and ST-2 in the short term.

### Social Performance

The social performance of BURO based on CERISE SPI tool underlines a unique score for BURO as 70 out of 100. The social audit tool SPI is based on 4 dimensions: (1) targeting the poor & excluded, (2) adaptation of services, (3) benefits to customers, (4) social responsibility.

### Training Provision and Entrepreneurship Development

Bangladesh Bank has selected BURO as ‘The Training Providing/Entrepreneurship Development Organization’ under “The Refinance Scheme for New Entrepreneurs’ Refinance Scheme for Cottage, Micro and Small Enterprise Sector”.







## Professional Attainment

- Best Published Reports and Accounts by the Institute of Chartered Accountants of Bangladesh (ICAB).
- CERISE SPI underlines BURO social performance as unique score compared to international benchmarks set for Asian MFIs. The SPI score of BURO is 70 out of 100.
- SPI is a social audit tool that underlines the performance of BURO
- the poor and excluded targeted
- services adaptation
- clients' benefits
- social responsibility.
- Credit rating grade AA2 (double A) in the long run and ST-2 in the short run
- Bangladesh Bank recognizes BURO as 'The Entrepreneurship Development Organization' under "The Refinance Scheme for New Entrepreneurs' Refinance Scheme for Cottage, Micro and Small Enterprise Sector".

Considering the quantitative assessments, BURO ranks among the first three NGO-MFIs of the country, however taking its operational age into account, the quantitative assessments do not do justice as a metric of overall growth for customers and the organization.

The above recognitions coming from both national and international levels is testament of the qualitative growth of BURO, which is obviously a result of the hard work and dedication of the staff but it is also due to recognizing the importance of looking outwards for microfinance solutions and program developments.

In the constant propagation of contribution to economy and social development, BURO emphasizes on being future fit by understanding data driven and digital infrastructures to ensure that products and services are curated to fit and serve the customer needs of the future.

## Legal and Compliance

- The Income Tax assessment of BURO completed for the assessment year 2019-2020.
- Paid off BDT 161.48 million as overall taxes in the National Exchequer.
- Microfinance is transformed by the rules issued by the MRA.
- Maintain 15% of customers' total savings fund constituting fixed deposit (10%) and liquid (5%) in accordance with the rules of MRA.
- Maintain accumulated surplus reserve fund (10%) in conformity with the rules of MRA.
- BURO follows guidelines of Bangladesh Bank on Agriculture and SME loan.

The qualitative assessment of the organization is largely measured by the tax paid on the income. The organization, since its inception has remained sincere and honest in regards to tax repayment of staff & in following the rules of MRA to regulate the organization.

## Policy Implementation

- new comprehensive operational 'Rules of Business for Micro Financial Services' banking previous experiences of BURO and guidelines given by MRA.
- service rules for the staff afresh.
- rigorous internal control system placed.
- supply chain of foreign remittance strengthened to rural areas.
- agent banking expected to cover other banks also.

The policies of the organization are in consonance to its Mission statement. The mission remains to be the compass that directs all actions & binds the customers with the organization to foster long lasting relationships.



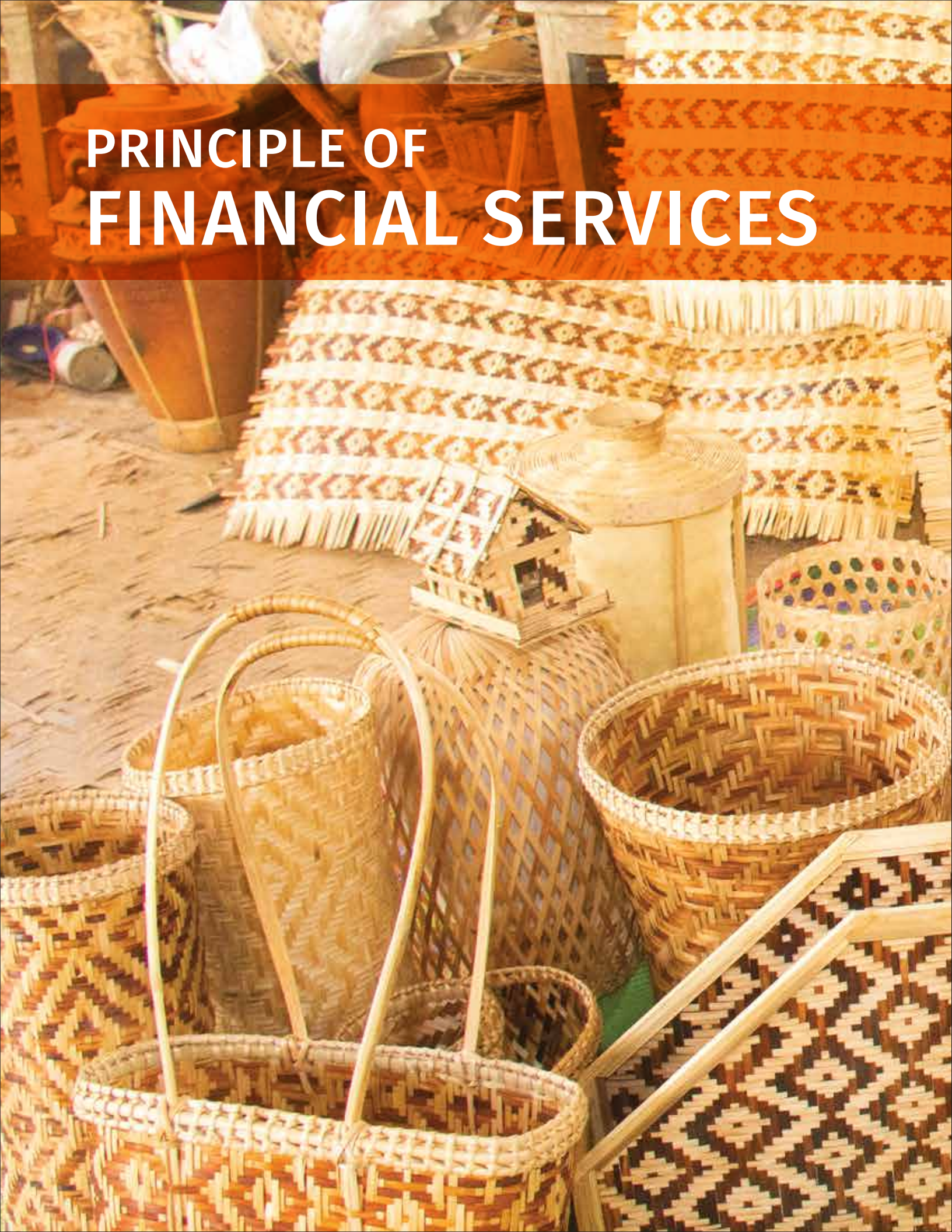


## Operational Performance

- 196,247 entrepreneurial clients trained on business and financial literacy.
- 111% operational self-sufficiency and 110% financial self-sufficiency respectively.
- BDT 1,348 million Net Surplus (Operational Profit).
- 24.51% Capital Adequacy Ratio
- BDT 37.92 billion borrowed from banks.
- 34% total revolving loan fund (customers' savings)
- 95.83% on-time recovery rate (OTR).
- 3.09% portfolio at risk (>30 days) and 96.61% without any payments in arrears.
- 9.72% operational expense ratio.
- 7.30% capital/financial expenses ratio.
- BDT 0.08 as cost per unit of money lent.
- Per Loan Officer dealing with BDT 15.53 million.
- 120,042 transactions in remittance services disbursing BDT 3,865.40 million (USD 48 Million).
- BDT 33,147 million SME loan has been disbursed among 188,014 borrowers which is 1.20% lower than the last year.
- BDT 31,050 million agricultural loan has been disbursed to 442,648 farmers which is 0.96% lower than the last year. BURO has disbursed 12.87% of the national agricultural loan budget in this year.
- BURO is implementing SMAP jointly financed by Bangladesh and Japan through JICA. Bangladesh Bank is the fund manager of this project. SMAP was initiated from 2015-16 and will continue up to 2021.
- BURO disbursed under SMAP BDT 1,270 million among 15,575 farmers during 2019-20. BURO has disbursed BDT 4,512.60 million to 57,434 farmers between 2015-16 to 2019-20.
- 11,400 staff are given training on different issues in this year.



# PRINCIPLE OF FINANCIAL SERVICES









## Principle of Savings Services

### Recognition for the savings of the poor

Staff at BURO are taught to keep customers at the centre of all their efforts. The efficacy of market penetration & gaining wallet share is a natural progression when staff are focused to understand customers' requirements, needs, cash cycles, business opportunities, potentials & repayment capabilities. These key factors help our staff to connect with the customers deeply & as a result foster a relationship of deep trust and cooperation leading to customers believing in our brand & commitment towards helping them achieve their goals & aspirations. Needs analysis is at the core of customer relationship & product offering from our exhaustive suite.

### Trust and Confidence

In the process of establishing relationships, trust plays a kernel role to build and grow confidence between BURO & the customers. While for offering credit, BURO must be able to trust the customers vis-a-vis for savings, it is the customers who must trust BURO.

Trust is a process and it has to be developed over time and it deepens as the relationship proceeds. However, there are several factors contributing to this process:

- security of deposit
- choice of location (convenient & without too many obstructions/ obstacles to reach)
- liquidity (resilience & capability to handle large scale withdrawals)
- diversification of products (wide array of products suited to customer needs)
- service excellence (friendly, easy & approachable)
- returns and potential accesses to loans

### Open Access to Savings

**Payable on Demand** is an ideology - practiced & imbibed across the network by BURO Bangladesh and this has been possible due to the highly efficient & well tuned standards of operation.

Savings is at the core of a country's national economic growth & it's propagation. While BURO offers competitive & highly versatile suite of deposit products, it however does not limit customers from accessing loan products even if they are not availing any deposit products. The fulcrum of trust on customers is not based on the leverage that deposits can provide to BURO, rather BURO has an entrepreneurial outlook on associated risks of conducting business as a NGO-MFI.

Empowering the poor through an extensive suite of products and solutions acts as a key aggregator for the growth of both the liability & asset book sizes. The free access to mobilize customer's savings at their will has been the USP (unique selling proposition) for BURO since inception & remains to be a key differentiator in comparison to competitors in the industry. The key factors that contribute to implement the savings mobilization are:

- Organized & specialized approach/ structure
- Regulation of financial institutions, and
- Access to commercial financial markets

Of the three, the first is directly in control of BURO and has been developed with utmost efficacy over time and the other two are results of market equilibrium forces tied to demands and supplies associated to external stakeholders.

The factors that contribute to a customer's decision making process while choosing to create a deposit or lending relationship with BURO are in essence the same for BURO while establishing a dominant position in the industry leveraging the deposit mobilization tool:

- security of deposit
- choice of location (convenient & without too many obstructions/ obstacles to reach)
- liquidity (resilience & capability to handle large scale withdrawals)
- diversification of products (wide array of products suited to customer needs)
- service excellence (friendly, easy & approachable)
- returns and potential accesses to loans
- monitoring and supervision





- mutually effective & binding security ( for & from the customer and the organization)

However, there remains certain challenges that BURO has to manage in order to ensure that we can continue having this competitive advantage with deposit mobilization options open for customers:

- Managing day-to-day cash movement: making sure that customers can withdraw their savings at will to attend to their basic needs irrespective of the collection influx at branch level.
- Dealing with emergencies: ensuring customer has access to their savings to find enough cash quickly to overcome any setback in their personal or professional lives.
- Building large lump sums: ensuring that customers have access to their savings to get enough money at one go to deal with big expenditures such as birth, marriage, homemaking, education, festivals.

## Principle of Loan Services

BURO emphasizes significantly on supporting economic activities to generate employment and income to reduce income inequality between its targeted audiences and other sections of the community.

The loan products are produced in response to the demands of its customers to assist their economic activities – they are market-led and customer responsive. BURO gains many comparative advantages.

- The clients do not have to take loans from BURO like many NGO-MFIs. BURO only gives loans as and when the clients want them to support their economic activities.
- BURO loans are not linked to savings balances like the practices of most of the NGO-MFIs. The institutional behaviour of loans and savings services are completely de-linked and made entirely voluntary.
- Customers can prepay their loans in order to qualify for new and larger loans.
- The customers of BURO can have short-term loans for meeting any emergency needs in addition to existing loan(s).



# MICROFINANCE FOR THE POOR





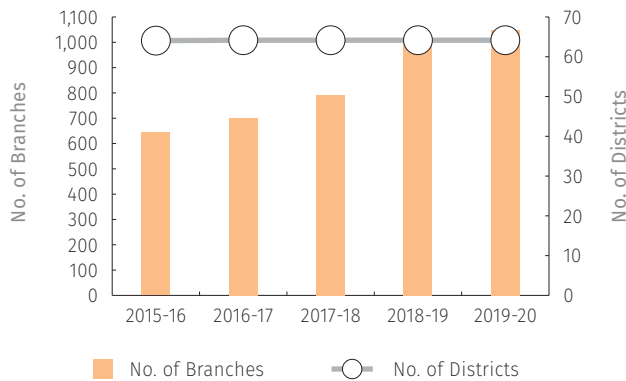




## Geographical Coverage

As of June 30, 2020 BURO, expanded its geographical coverage to a considerably large extent. Through 1,059 branches, BURO provides its flexible financial services to 41,249 villages in 4,358 unions of all 64 districts.

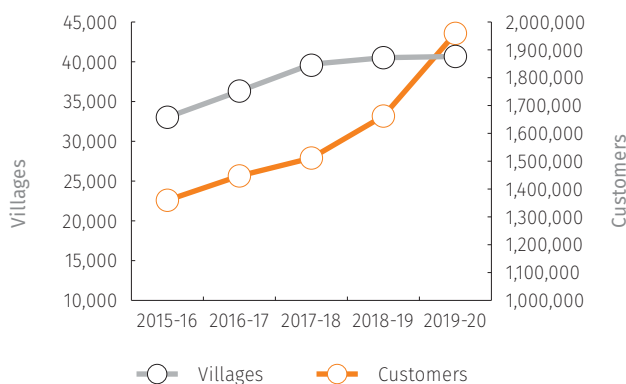
### District and Branch Outreach



## Customer Outreach

The number of active customers stands at 1.96 million as of June 30, 2020. The women constitute around 99% of the total customers. Dropout rate was 2%.

### Village and Customer Outreach



## Savings Services

Instead of keeping Savings as security for loans, all savings products are payable to the customers on demands & this acts as strong market positioning tool and gains rapid trust amongst the customers. Strong and accountable governance, sound asset management and an

enabling legal and regulatory environment are three cornerstones for large scale savings mobilization.

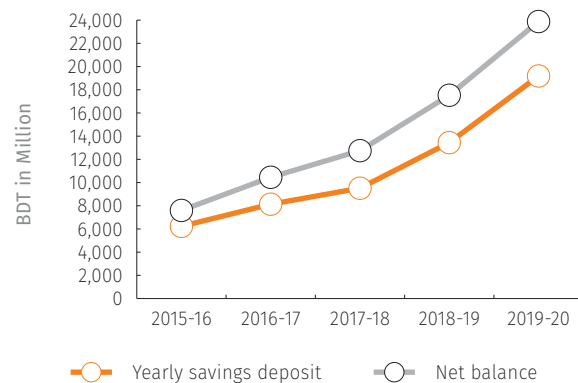
BURO's experience shows that voluntary and open access savings can mobilize more net savings than compulsory savings.

**General Savings:** The small depositors usually value convenient, easy access and relatively secure delivery services for their savings. The customers also value privacy preferring systems that do not reveal to other customers about how much they save and withdraw.

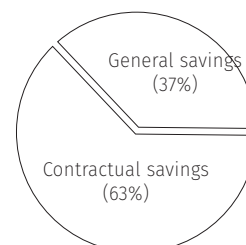
**Contractual Savings:** These contractual savings can be invested or used for social obligations such as marriages, funeral or children's education. BURO pays a significantly higher rate of interest on these regular voluntary savings than on the general savings account.

The contractual savings allows savers to determine the amount, tenor of deposits and withdrawals. Customers with contractual savings account are entitled to the entire principal amount they deposited along with the interest earned as per agreed schedule.

### Yearly Savings and Net Balance



### Composition of Savings Products









## Savings Performance

Savings deposits, withdrawals and net balance as on June 30

FY	Yearly		Net Balance	Increased	Average Savings per Client BDT
	Deposit	Withdrawals			
	Million BDT				
2015-16	6,252	4,256	7,692	35%	5,670
2016-17	8,211	5,572	10,331	34%	7,129
2017-18	9,537	7,218	12,650	22%	8,363
2018-19	13,538	8,787	17,401	38%	10,465
2019-20	19,214	12,619	23,996	38%	12,224

Savings balance by product as on June 30

Amount in Million BDT

2014-15	2014-15	2015-16	2016-17	2017-18	2019-20
General Savings	4,784	5,724	6,141	7,243	8,898
Contractual Savings	2,908	4,607	6,509	10,158	15,098
<b>Total</b>	<b>7,692</b>	<b>10,331</b>	<b>12,650</b>	<b>17,401</b>	<b>23,996</b>

## Loan Services

BURO emphasizes significantly on supporting economic activities to generate employment and income to reduce income inequality between its targeted audiences and other sections of the community.

The loan products are produced in response to the demands of its customers to assist their economic activities. The comparative advantage gained by BURO is that the customers of BURO can have short-term loan for meeting any emergency needs in addition to existing loan(s).

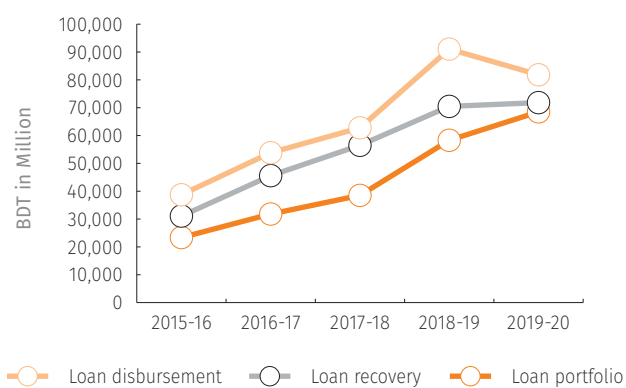
### General Loan

The loan is intended to allow the rural and urban poor households to finance their economic activities. This is intended to build a strong capital base. It is anticipated that the given loans will fill in the gap in the businesses.

### SME Loan

BURO developed its SME loan for 15-20% entrepreneurs. SME loans as individual loans contribute significantly to creating self-employment at post-independence of the nation-state. The present-day demand is to create diversification of SME loan. The use of

### Disbursement, Recovery and Portfolio



microcredit presently is contributing to business expansion and employment generation.

The inclusion of Missing Middle borrowers can be facilitated by SME loan. The modalities to consider that Small and Medium Enterprise loan necessitate two fundamental conditions:

1. creation of wage labor employment of at least one person while using SME loan.
2. borrower of SME has her/his own equity in the use of the loan.



## Agriculture Loan

The loan is exclusively for agricultural activities. The loan is designed to increase the farm activities enhancing better livelihood of the poor rural and peri-urban households. The agricultural loan also enhances food security of the households.

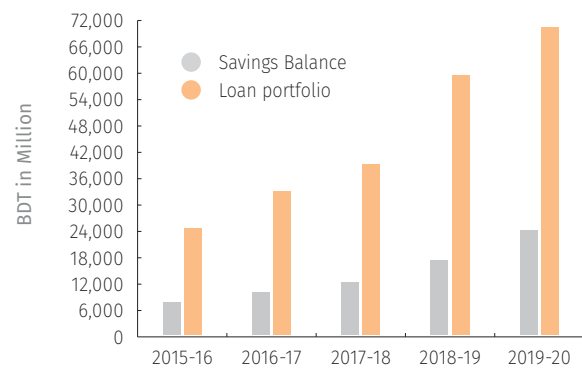
## Hand Loan

The loan is intended to serve as a “social security net”. The hand loan is designed to protect customers from shocks to their household economies. The loan is also intended to protect the erosion of their financial, physical and social assets.

## Disaster Loan

BURO places significant emphasis on the promotion of self-help and self-reliance of disaster-affected rural communities, encouraging and helping households to stand on their own feet. The disaster loan is intended to reduce the effect of shocks for cash from the loss of financial and physical assets of the households immediately after natural disasters.

## Comparative View of Savings vs Loan Portfolio



## Water & Sanitation Loan

Access to safe drinking water which is free from arsenic contamination. Access to hygienic sanitation will reduce sickness. Both these two fundamentals will increase the labor productivity.

The loan facilitates accessing pipe-water and tube-well for safe water. The sanitary loan is offered to customers seeking to install sanitary latrines in their homesteads.





## SECTOR-WISE SME LOAN DISBURSED

DURING JULY'15 TO JUNE'20 (5 YEARS)

BDT in Million

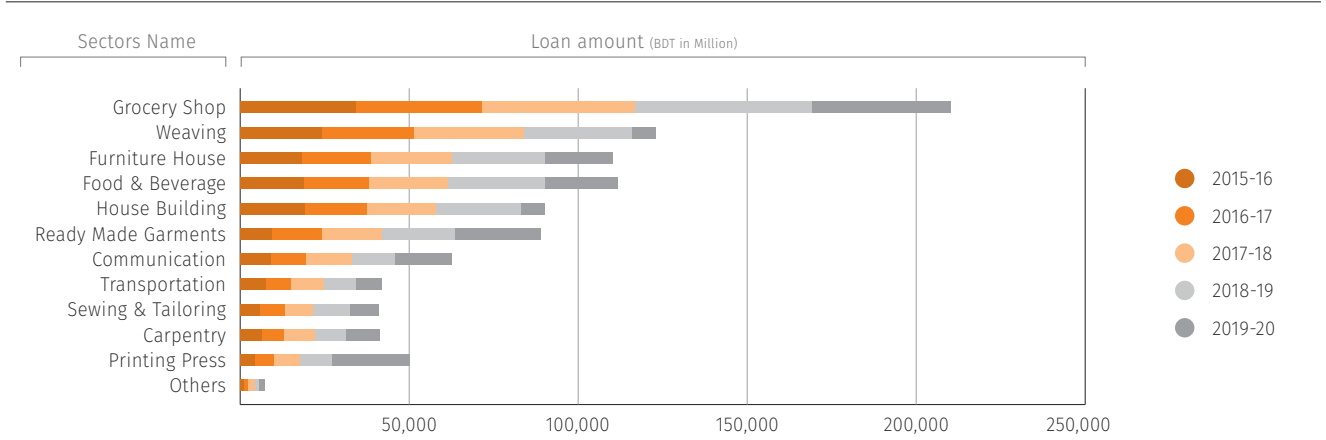
SME Loan Sector	2015-16		2016-17		2017-18		2018-19		2019-20		Total	
	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT
Grocery Shop	33,981	4,799	37,701	6,874	45,395	7,134	52,120	8,184	41,083	8,085	210,280	35,076
Weaving	23,989	3,240	27,645	3,807	32,527	3,772	31,744	4,613	7,079	1,259	122,984	16,691
Furniture House	18,218	2,754	20,390	3,282	24,490	3,517	27,166	4,012	19,914	3,634	110,178	17,199
House Building	19,055	2,291	18,256	2,395	20,637	2,756	25,264	3,679	7,224	1,237	90,436	12,358
Food & Beverage	18,969	2,299	19,300	2,648	23,691	2,518	28,530	3,605	21,413	3,963	111,903	15,033
Ready Made Garments	9,213	1,116	14,587	1,978	18,240	1,855	21,426	2,544	25,022	4,557	88,488	12,050
Communication	8,947	1,085	10,358	1,178	13,919	1,050	12,384	1,620	16,889	2,513	62,497	7,446
Transportation	7,220	876	7,410	987	10,450	918	8,981	1,274	7,543	1,146	41,604	5,201
Carpentry	6,471	784	6,587	798	9,040	810	9,165	1,252	9,762	1,600	41,025	5,244
Sewing & Tailoring	6,007	728	7,058	625	8,627	764	10,582	1,425	8,341	1,409	40,615	4,951
Printing Press	4,611	563	5,480	721	7,480	688	9,569	1,160	22,488	3,561	49,628	6,693
Others	1,357	139	1,254	102	1,554	110	1,594	185	1,256	183	7,015	719
<b>Total</b>	<b>158,038</b>	<b>20,674</b>	<b>176,026</b>	<b>25,395</b>	<b>216,050</b>	<b>25,892</b>	<b>238,525</b>	<b>33,553</b>	<b>188,014</b>	<b>33,147</b>	<b>976,653</b>	<b>138,661</b>



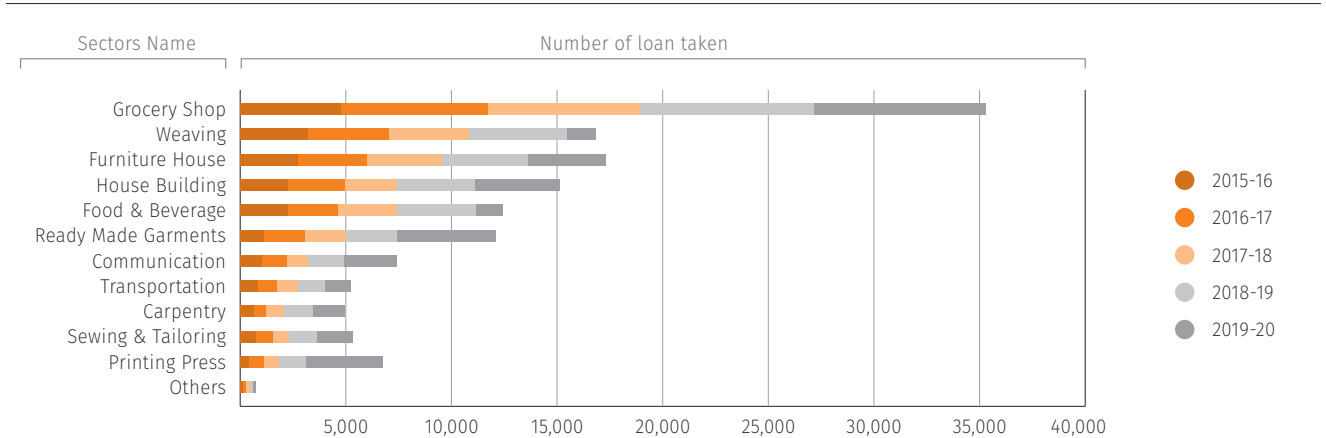




**Sector-wise SME loan disbursed (Loan amount) during July'15 to June'20 (5 years)**



**Sector-wise SME loan disbursed (Number of loan taken) during July'15 to June'20 (5 years)**







## SECTOR-WISE AGRICULTURE LOAN DISBURSED

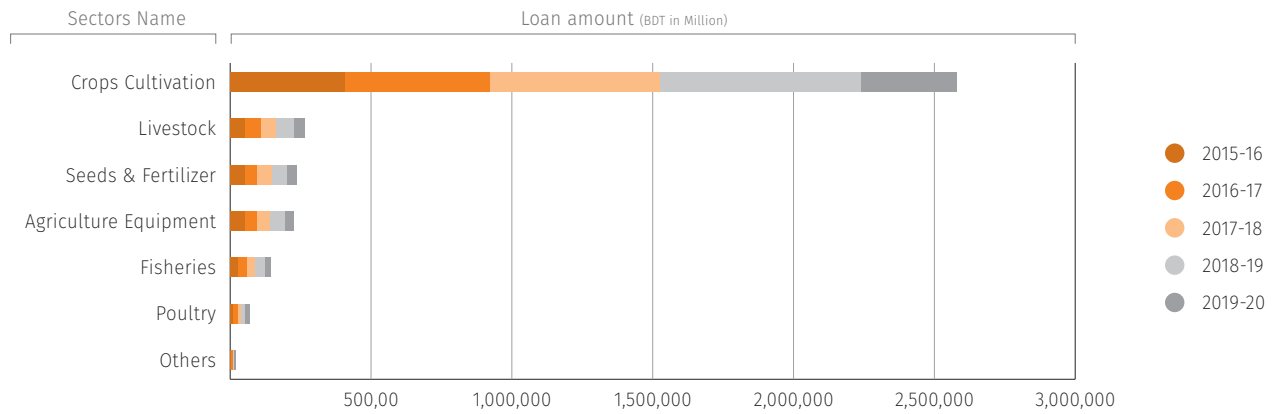
DURING JULY'15 TO JUNE'20 (5 YEARS)

BDT in Million

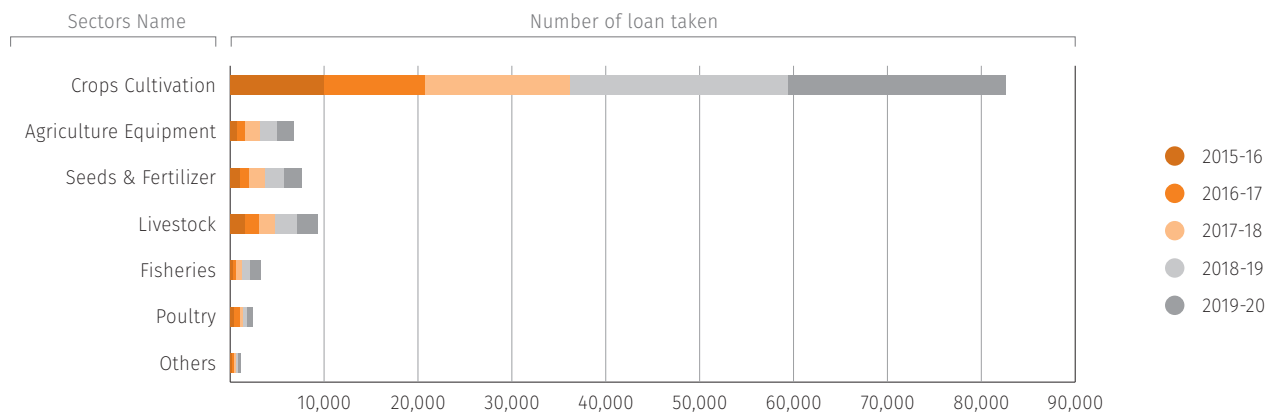
Agriculture Loan Sector	2015-16		2016-17		2017-18		2018-19		2019-20		Total	
	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT
Crops Cultivation	402,179	9,897	515,175	10,648	604,918	15,490	712,702	23,429	335,414	23,203	2,570,388	82,667
Agriculture Equipment	49,747	1,369	41,258	1,584	48,272	1,798	55,513	2,251	26,126	2,229	220,916	9,231
Seeds & Fertilizer	50,489	943	48,369	935	51,755	1,775	56,413	1,945	26,549	1,926	233,575	7,524
Livestock	56,313	741	51,325	741	57,484	1,674	63,232	1,799	29,758	1,782	258,112	6,737
Fisheries	27,454	227	28,147	229	30,962	645	34,677	1,011	16,320	1,002	137,560	3,114
Poultry	15,316	246	11,310	236	13,346	386	15,214	683	7,160	676	62,346	2,227
Others	5,807	119	2,807	102	2,807	164	2,807	234	1,321	232	15,549	851
<b>Total</b>	<b>607,305</b>	<b>13,542</b>	<b>698,391</b>	<b>14,475</b>	<b>809,544</b>	<b>21,932</b>	<b>940,558</b>	<b>31,352</b>	<b>442,648</b>	<b>31,050</b>	<b>3,498,446</b>	<b>112,351</b>



### Sector-wise Agriculture loan disbursed (Loan amount) during July'15 to June'20 (5 years)



### Sector-wise Agriculture loan disbursed (Number of loan taken) during July'15 to June'20 (5 years)







## Loan Performance

Yearly loan disbursement and balance as on June 30

FY	Disbursement (BDT in million)		Loan Portfolio	Average Loan Size	
	Yearly	Cumulative		Disbursement	Balance
2015-16	39,515	169,691	24,433	40,753	26,502
2016-17	54,394	224,085	32,779	52,870	32,795
2017-18	63,346	287,431	39,041	61,269	38,320
2018-19	91,485	378,916	59,572	78,021	50,763
2018-19	82,205	461,121	70,030	81,433	54,406

## Customers' Security Services

Customers' Security Services has been promoted with two objectives. **First:** the social objective. **Second:** economical objective. The social objective recognizes that social protection of the customer is essential to reduce the vulnerability of the household's income and consumption shocks. The economical objective is to increase

the stability and profitability of the poor households. The value addition will stem from reducing the impact of customer risk on loan and savings portfolios, generating additional revenue, supporting risk management and reducing customers' vulnerability to economic stresses.









Being the land of rivers & heavy sedimentary advantage, agriculture has been the backbone of rural economy & employment. With a growing population and per square foot density, access to irrigable land has to be multiplied, that too in innovative ways such as incorporating lands in the vicinity of roads and highways. However, there is considerable work to be done in regards to introduction of new agricultural technology among the poor and middle class farmers,

provision for capital assistance & developing the farmer population as an organized labour force.

BURO Bangladesh, leveraging its long standing experience as a leading NGO-MFI, aims to address impediments of accessing farming equipments, knowledge & skills among poor & youth at-risk by disbursing loanable funds in a non-concentric manner - not limited to urban, but also reaching rural and remote areas. The new window to finance poor & youth at-risk





# AGRICULTURE FINANCE

constitute of approx 90% farmers which is kernel in developing & sustaining self-confidence among them as well as seasonal employment. BURO Bangladesh also provides various trainings on capacity building for crop production, land practices, crop diversification, pest control, irrigation and modern technology in agriculture.

BURO Bangladesh has also developed business development services for different categories of entrepreneurs in agriculture with the help of

MasterCard Worldwide. The necessity of business and financial literacy for the SME development is further consolidated with Bangladesh Bank's financial inclusion program. With such multifaceted efforts, BURO Bangladesh plays an active role amongst the poor, remote and rural youth-at risk farmers giving them a fresh look at economic prosperity and better livelihood.





The undeniable presence of unemployment and income inequality amongst the lower sect of the society has always been a key area of concern that BURO Bangladesh has tried to address through its operations and product suite. The target segment of clients for BURO Bangladesh are not privy to such adverse effects of the society and economy, thus making it an even more relevant area for BURO to focus its resources and efforts.

In line with this, BURO Bangladesh's product suites are developed keeping the clients and their needs at the centre. This not only enables

clients to leverage these products for their betterment but also provides comparative & competitive advantages, like:

- Clients are not required to mandatorily take loan products from BURO Bangladesh, unlike other NGO-MFIs. Clients are provided with loan products only when they seek for it to assist in their economic activities.
- The loans provided by BURO Bangladesh are not linked to client's savings account balances, again unlike the practices from majority of the NGO-MFIs. The life cycle and



# SME FINANCE



product servicing for loans and savings are kept completely unrelated.

- Clients are at full liberty to make early settlements to their existing loans in order to qualify for newer & larger loans.
- Clients can avail short-term loans at any given point in time to meet emergencies in their day to day lives in addition to their existing or ongoing loans.

The micro & small entrepreneurs form a large majority of the target segment and to ensure their growth to the next level, BURO Bangladesh

carefully screens their existing knowledge level and helps further with necessary training on Business Development Services (BDS), including business literacy & financial literacy. The areas covered under these training range from basics of money-management, bookkeeping and basic accounting through forward linkages to act as a catalyst to the growth. The positive effect of these are visible in the clients financial management, financial analysis ability, development of self-confidence in business affairs, conflict resolution & entrepreneurial capabilities.







# PERFORMANCE ANALYSIS





## Regulatory Compliance

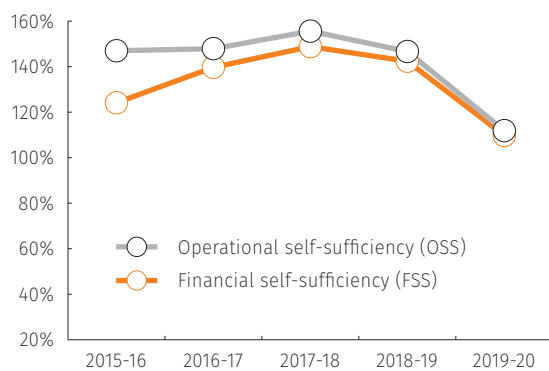
Eligibility Criteria	MRA Compliance	2015-16	2016-17	2017-18	2018-19	2019-20
Cumulative Recovery Rate (CRR)	95%	99.22%	99.38%	99.39%	99.38%	99.31%
On Time Recovery Rate (OTR)	92-100%	97.25%	98.63%	98.16%	97.93%	95.83%
Liquidity to Savings Ratio	10%	15.18%	17.47%	25.08%	24.29%	18.54%
Current Ratio	2 : 1	5.14 : 1	5.75 : 1	6.45 : 1	8.05 : 1	7.67 : 1
Capital Adequacy Ratio	15%	21.36%	23.34%	29.38%	26.77%	24.51%
Debt Service Coverage Ratio	1.25 : 1	1.37 : 1	1.36 : 1	1.63 : 1	1.43 : 1	1.19 : 1
Debt to Capital Ratio	9 : 1	2.66 : 1	2.34 : 1	1.75 : 1	2.07 : 1	2.12 : 1
Rate of Return of Capital	1%	36.48%	34.93%	33.38%	26.63%	7.91%

## Sustainability and Profitability

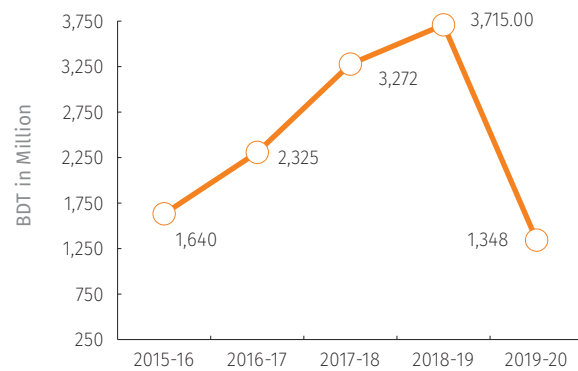
BURO has achieved a staggering 111% operational self-sufficiency (OSS) and 110% financial self-sufficiency (FSS) in the year 2019-20.

With a net profit of BDT 1,348 million in the same year which is 64% lower than the previous year. The return on equity (ROE) stands at 8% and net financial spread is 3.29%.

Operational and Financial Self-Sufficiency



Net Profit



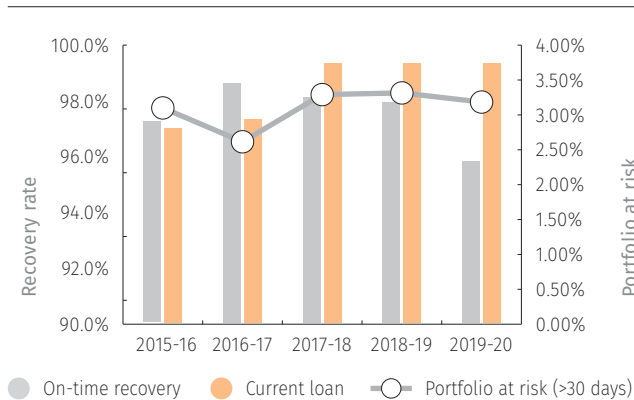




## Portfolio Quality

Loan portfolio is the key asset for an MFI. Quality is characterized by a low portfolio risk and high loan recovery rate. BURO maintains a high-quality portfolio of loans due to on-time loan recovery rate is registered at 95.83%.

### Portfolio Quality Analysis

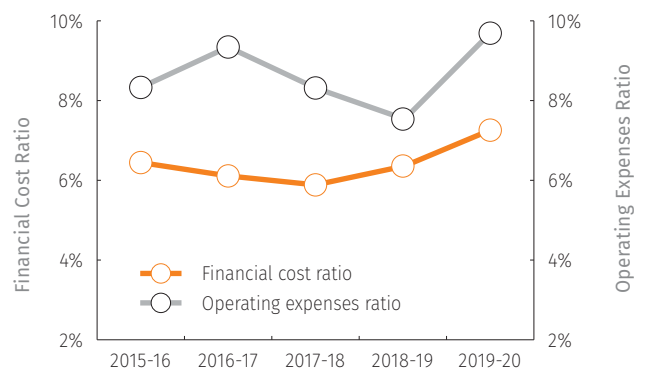


## Leverage Ratio

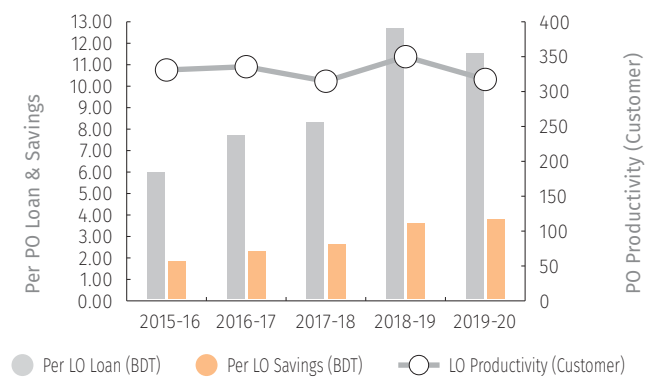
MFI's can borrow commercially and as such it is imperative that the organization remains financially viable as a borrower and that it continues to remain viable in the long term. Key indicators to evidence this are debt-equity ratio, equity to asset ratio and debt service coverage ratio.

Debt to equity ratio figures at 2.12 and Debt Service Coverage Ratio is 1.19 times.

### Operating and Financial Expenses



### Productivity Performance (BDT in Million)

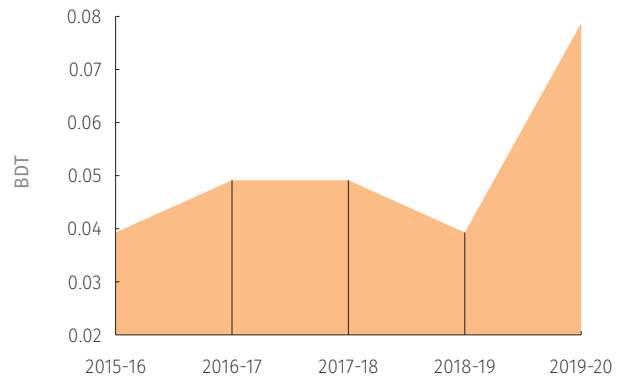




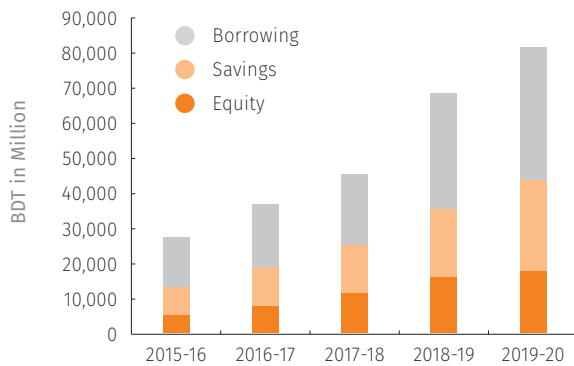
## Efficiency and Productivity

Efficiency and productivity ratios refer to the ability of the MFIs to minimize costs of operations and enhance profitability. These ratios indicate whether the MFIs are maximizing the use of resources. Productivity refers to the volume of business that is generated (output) for a given resource or asset (input) while efficiency refers to the cost per unit of output.

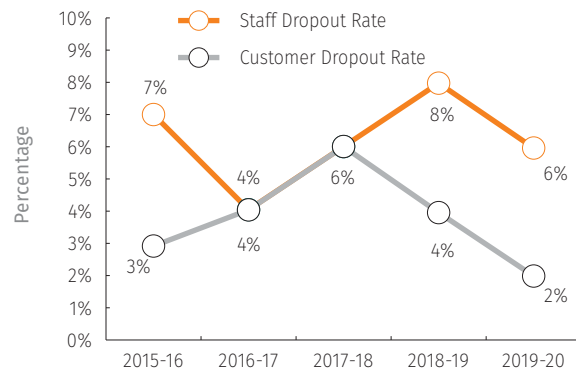
### Cost per BDT Lent



### Capital & Liabilities Structure



### Staff and Customer Dropout



### Financing Mix as on June 30

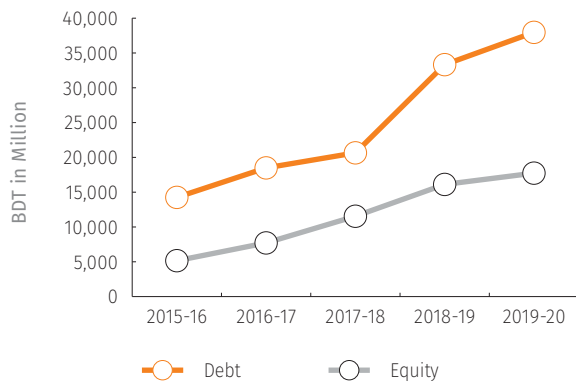
Amount in Million Taka

Financial Resources	2015-16		2016-17		2017-18		2018-19		2019-20	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Equity/Net Worth	5,414	19	7,901	21	11,701	26	16,197	24	17,883	22
Client Savings and others fund	8,061	29	10,989	29	13,659	30	19,009	29	26,064	32
Commercial Borrowing	14,373	52	18,516	50	20,518	44	33,478	47	37,924	46
<b>Total</b>	<b>27,848</b>	<b>100</b>	<b>37,406</b>	<b>100</b>	<b>45,879</b>	<b>100</b>	<b>68,685</b>	<b>100</b>	<b>81,871</b>	<b>100</b>
<b>Growth</b>	<b>43%</b>		<b>34%</b>		<b>23%</b>		<b>50%</b>		<b>19%</b>	

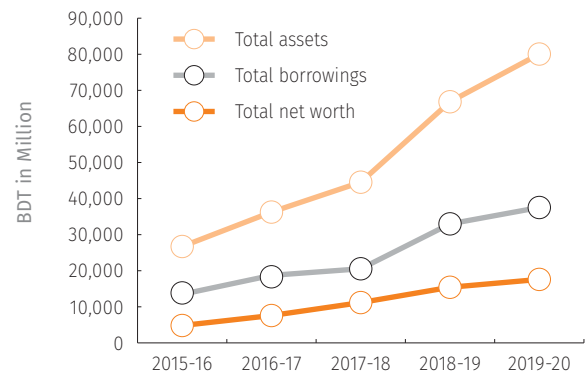


# Asset Composition

### Structure of Debt and Equity



### Assets and Net worth Structure



### Asset composition as of June 30

Amount in Million Taka

Assets Composition	2015-16		2016-17		2017-18		2018-19		2019-20	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Net fixed assets	930	3	1,209	3	1,377	3	2,192	3	2,551	3
Net loan portfolio	23,660	87	31,901	87	37,746	84	57,609	86	67,758	84
Investment	1,434	5	2,087	6	3,118	7	4,234	6	5,339	7
Other current assets	760	3	746	2	704	2	714	1	2,643	3
Cash and bank balance	411	2	781	2	1,911	4	2,442	4	2,059	3
<b>Total</b>	<b>27,195</b>	<b>100</b>	<b>36,723</b>	<b>100</b>	<b>44,856</b>	<b>100</b>	<b>67,191</b>	<b>100</b>	<b>80,352</b>	<b>100</b>
<b>Growth</b>	<b>43%</b>		<b>35%</b>		<b>22%</b>		<b>50%</b>		<b>20%</b>	





# FINANCIAL INCLUSION









Financial inclusion as a concept is defined as the availability and equality of opportunities to access financial services which is closely related to the process by which individuals and businesses can access appropriate, affordable, and timely financial products and services. In line with the spirit of GoB, BURO focuses its financial inclusion efforts targeting the unbanked and underbanked by directing sustainable financial products & services. Financial inclusion is understood to go beyond merely opening a bank account and is linked to developing a stronger and sustainable economic growth.

The relationship being facilitated between the Bangladesh Bank and NGO-MFIs, between the Banking sector and NGO-MFIs and between the Banking sector and members of NGO-MFIs is also a key part of the Financial Inclusion which is in a constant state of development and progress to ensure a congenial working environment to foster growth & prosperity.

## Remittance Services

The remittance program has an unequivocal impact amongst our customers and is a kernel financial technology in the financial market as it opens and widens the passage for the use of remittances in the market of economic relations.

It is imperative to ensure a streamlined end-to-end flow of foreign or domestic remittances for our customers without any bureaucratic hindrances or hassles across urban, rural and rural remote areas at a competitive pricing point.

The recipients have total controlling authority over their own capital while the organization extends its services to provide technical assistance to the users. BURO works as a safe and convenient conduit for the flow of remittances even to the remotest locations of Bangladesh.

BURO has a secure network & uses high end technology along with its partners to ensure that remittances are delivered safely & securely. The issuance of remittance client cards and providing remittance services through two terminals are noteworthy initiatives aimed at the convenience & suitability of customers.

During the year, 120,042 transactions in remittance services disbursing BDT 3,865.40 million (USD 48 Million).

## Agent Banking

An agent, in legal terminology, is a person or entity who is legally empowered to act on behalf of another person or an entity. Implemented to financial services industry, an agent bank is a bank that provides financial services to a certain capacity on behalf of an entity. Leveraging this concept, it proves to be a tremendous financial technology when applied to bank the underbanked or unbanked population across the country where the agent network is being increasingly utilized as a dominant & low cost distribution channels for financial inclusion.

Bangladesh Bank has played a guardian role in far-sighting the efficacy of the model and actively promoted this channel to reach the poor, unbanked & underbanked segment with a range of financial services especially across the country with as much as 52 out of every 100 in the adult population still unbanked. In line with the government of Bangladesh's mission to bring its unbanked population to formal banking, agent banking is playing an essential role in providing partial scale banking and financial services to the poor.

Partnering with Bank Asia, BURO Bangladesh has opened around 4,100 accounts through four agent outlets and savings balance stood at BDT 33 Million. Also, Rural Electrification Board (REB) subscribers and passport applicants can avail the bill and fee payment service through these agent outlets.





মেশিন নং-০২  
Machine No-02

মেশিন নং-০১  
Machine No-01



# DIGITAL JOURNEY









BURO Bangladesh has come a long way since its inception in transforming the ways of working across the organization for a paradigm shift in implementing automated and technology driven accounting, distribution, product & services platform. It all boils down to the culture, education & training of the staff and the organization to be able to foresee the future, the advantages of the changes and being able to keep up to imbibe these in the day to day ways of working.

Branch Automation: 100% of the branch network have been covered under the automation project in 2017.

New System Migration & Development of ERP: Since 2019 all of our automated branches are run in an online mode and since June 2020, we have migrated our whole system to a better platform with more integrated & organization specific customization features available. We have already integrated our inventory management system & fixed asset management system along with the regular branch operation in this new platform. Also, we expect to include HRM solution, Audit Solution & Procurement along with this platform which will serve as the ERP for the organization.

KNOX Security enabled Tablet distribution: We have distributed tablets among all of our program organizers for Loan & Savings collection with the KNOX security features enabled.

- Disbursed Tab: 9,200
- Apps using privilege: Google Chrome, Adobe Reader, gBanker, Gmail, Gallery, Camera, Knox Manage Remote, IMFAS, Phone, Office
- Key security features of KNOX:
  - o Location tracking using Google Map.
  - o Instant blocking in case of reported lost.
  - o Domain Blocking like Facebook, Youtube during working hours.
  - o Restrict factory reset from user.

## Digital Financial Services

Starting with 2 branches on April 7, 2019, BURO is now providing Digital Financial Services across all of its 1,059 branches pan country on a pilot basis. Using these services, customers are being able to very easily provide their deposit & loan EMIs through their bKash accounts. In order to make this a reality, BURO's Program department, ICT team, Technical Services Team and Digital Financial Services provider have collaborated to create a platform that any other MFI can also use in a plug and play manner. As of November 22, 2020, the number of transactions using Digital Financial Services stand at 4.436 million amounting more than BDT 2,660 million. Owing to widespread availability, at present BURO is availing the service from bKash, however we are also working with other service providers to bring in more dynamic options.

- Total Transaction Count : 24 Lacs
- Total Transacted Amount : 140 Crores
- Branch Coverage : 1059 Branches.
- Zone coverage : 28 Zones.
- Training Summary : Around 9,500+ staff.

Some key attributes experienced during this short journey of Digital Financial Services, both positives and negatives are highlighted below.

## Using Digital Financial Services

### Ensuring correctness of customer information:

It would be possible to disburse loans and manage savings along with withdrawal through digital financial services provider of the customer's choice. However it is also important to ensure that the correct recipient is receiving the money, which is rather easily verified now with physical presence of customer at branches. Should a stipulation be in place where customer would have to visit in person to enlist and update all relevant information with the branch, would help to ensure transparency for digital financial services.





**The cost of disbursing and managing loans through digital financial services:** If a certain amount is disbursed to a customer and sent through digital financial service, the customer would be subjected to a charge for withdrawing that amount, which is shared by both the service provider and the organization, to favour the customer - however a consensus may not always be reached. To address this, MRA in association with Bangladesh Bank and digital financial services providers may create a framework where amount collected through digital financial services may be utilized to cater to customers for disbursement instead of depositing into bank account.

## Advantages for the Customer

- It is an optional payment system & not a mandatory one.
- Customers can send money to their accounts round the clock from anywhere in the country.
- Customers can view general account balance, time deposit account balance, loan EMI and loan outstanding amount from anywhere at anytime - all free of cost.
- Customers enjoy discounted cost for digital transactions with BURO which stands at BDT 10 for every BDT 1000 transaction, compared to conventional cost of BDT 18.50 for every BDT 1000 transaction.
- Customers save time and money by not having to travel to BURO branch for conducting transactions, which they can now dedicate to their family.
- Customers can enjoy contactless transactions during COVID-19 period decreasing possibility of being infected.
- Customers can enjoy ancillary services such as mobile recharge, sending money, online purchases, etc - once they are accustomed to using digital financial services which is going to have a significant impact in progressing Bangladesh's Financial Inclusion efforts.







## Disadvantages for the Customer

- Since majority of the customers are consisted of poor and digitally unsavvy/ unaware women, it takes a significant time to develop the overall understanding of digital financial services as well as for getting into the hang of it. However, once they have conducted 4-5 transactions, it is observed that their fear of digital financial services wither away & they find it easy and convenient.
- After several rounds of heavy negotiations, there is now a 1% transaction charge that the digital financial services provider charges directly from the customer's account during the transaction. The customers are often demotivated to use digital financial system due to this transaction charge. However, regulatory authorities and service providers may come together to work at decreasing this cost for customers.

## Advantages for the Organization

- Transactions have a higher rate of transparency and speed when conducted digitally. In an independent research conducted by "IID" it was highlighted that an organization can decrease it's transaction time by 79% and transaction cost by 78% when it conducts its transactions digitally, which can have a positive impact on all other cost lines of the organization.
- Digital transactions are posted into the accounting software on a real time basis, which does away with the necessity of manual interventions at branch level. Not only does this save time for manual activities but also acts as a control mechanism for financial irregularities.
- Digital transaction nullifies the security risk of carrying cash from customer and to bank branches. With increasing number of customers opting to transact digitally, money would be directly deposited into bank account without any manual intervention.

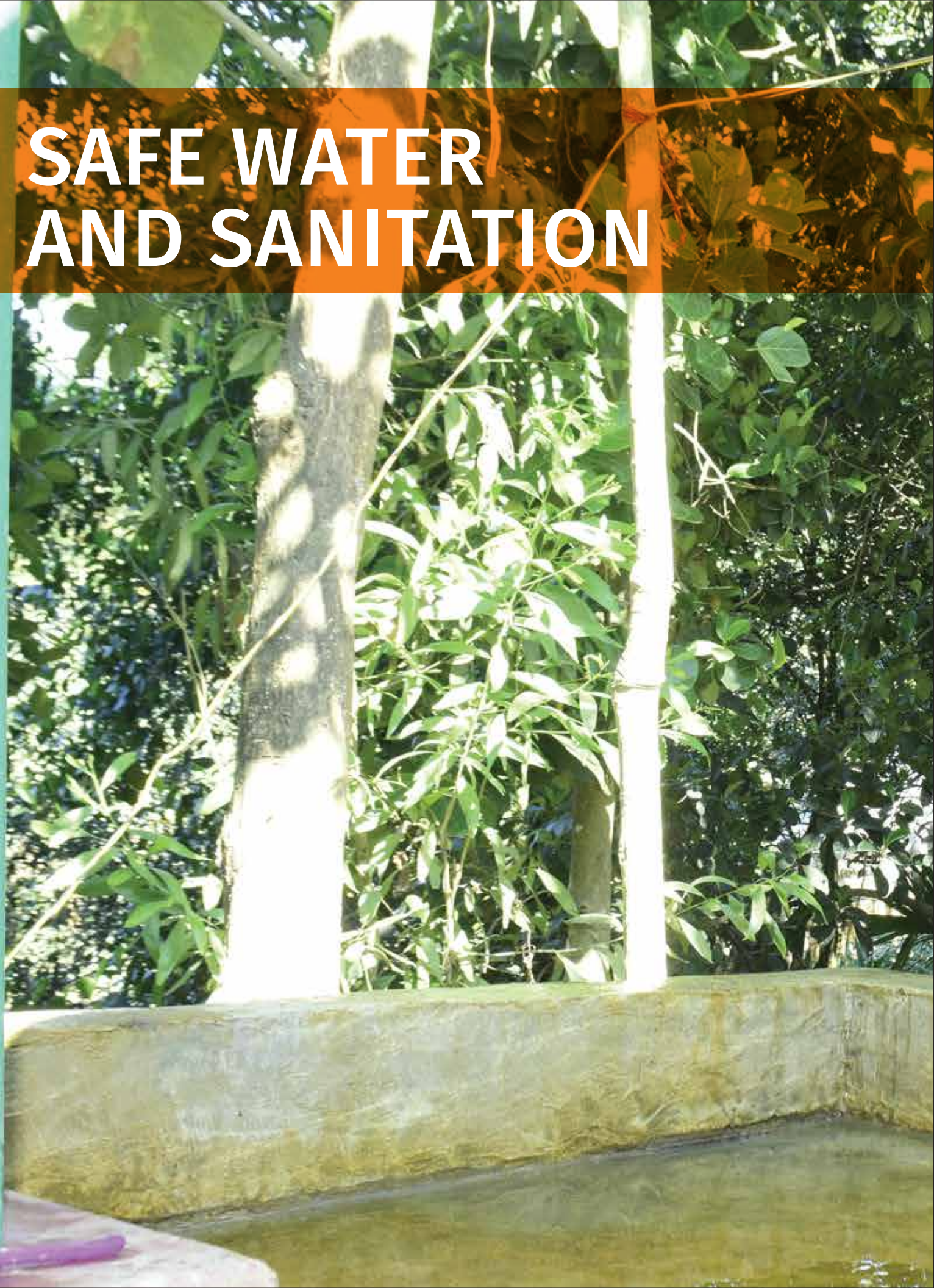
- Digital transaction makes it easy to follow health guidelines of social distancing during the COVID-19 pandemic while providing financial services. Not only does this assist to decrease the footfall at branches for EMI deposits, but also decreases the risk of spreading infections.
- Digital transaction enables staff to utilize their time at booking new customers or new products for the organization while efficiently managing collections for their existing customers which has a significant impact on the financial inclusion of the financially disadvantaged customers.

## Disadvantages for the Organization

- Under the current model, collected amounts through digital transactions are deposited into the bank account through BEFTN on the next day, which causes the collected amount remaining unutilized for one day, which decreases the possibility of same day financing using the collected funds.
- Digital Financial Service providers charge customers directly for the transactions which increases the cost for the customers. However, if the organization wants to bear the cost, that would also have a significant incremental impact on the cost line.
- All branches across BURO's network are operating online thus connecting to services providers directly through API is very easy and an automated module can update account status for each customer in real time based on their transactions viewable through reports. However if an MFI does not have such online operating infrastructure, it might be costly to implement one to take advantage of the API and real time reporting.



# SAFE WATER AND SANITATION









## WaterCredit

The inception of the Water and Sanitation program was stemmed from recognizing the environmental factors that lead to the widespread hardship in accessing safe sanitation & drinking water. The program was designed for behavioral change communication (BCC) amongst the customers who were suffering from lack of safe drinking water & sanitation. BURO's resources and human capital deployment act as key factors in successful implementation of the program and overseeing customer's behavioural propensity with Water and Sanitation loan product.

Rural Water Supply of BURO has a great contribution in ensuring safe and secure water in the rural areas. In many instances, banking support for infrastructure are found present without adequate provision for implementation. Notwithstanding the limitations associated with the slow process of behavioral change, in regards to communication in the use of the water and sanitation services, BURO promotes WaterCredit with great emphasis.

The process of ensuring safe drinking water & sanitation is a cumbersome & slow yielding due to three key reasons: first, being the very limited exposure to knowledge of safe drinking water & sanitation amongst the target audiences leading to, second, the strained financial ability & affordability of the households in regards to time, money and material leading to, third, the depressed frame of mind, approach and attitude of the households.

It is also observed that two key difference between users & non-users of safe drinking & sanitation facilities are first, being the perception of the utility of safe water and sanitation facilities influencing behavioural change communication of the households and second, being the proper maintenance of the infrastructure of safe water drinking and safe sanitation facilities.

The projects constituting safe drinking water and safe sanitation facilities are being implemented in the areas of 510 branches of 61 districts funded by donor agency Water.org. 1,830 staffs

within the jurisdiction of the project were given training on the concerned issues. 43,884 borrowers within the same area of this project are also provided with training. Trained 43,329 borrowers are given water and sanitation loan amounting BDT 1,022.50 million.

### Socio-environmental impact evaluation of Water credit program

An impact evaluation process led by the external evaluators reported in December 2018, focusing on the socio-environmental impact of the WaterCredit Program at rural and urban areas of Bangladesh. In the first phase of the program, BURO has operated the project covering 226 Branch Offices during the period of July 2014 to September 2017 with the financial support from Water.org.

**Availability of safe drinking water:** The rural households opined that their safe drinking water availability has increased 91% and in the case of urban respondents it has increased 66% which is very impressive.

**Contamination in drinking water:** As per data analyses 62% households opined that Arsenic and other contamination has been decreased after receiving the water credit services.

**Safe water availability all the year round:** It is found that 93% rural households and 67% urban households opined safe water availability has increased after the water credit project.

**Water-borne diseases:** 100% households from intervention-urban area opined that after they got in the water-credit project, water borne diseases have decreased. On the other hand, in the intervention-rural area, 96% households opined that water borne diseases have decreased, 2.5% opined that it has increased and 1.5% has reported no change.

**Water-borne diseases induced mortality rate:** As a positive impact of water credit program 98.7% households of urban-intervention area opined that mortality rate has decreased and 93.6% households of rural-intervention area opined that mortality rate has decreased.

**Washing and cleaning behavior:** In the intervention, both urban and rural areas, the



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household's respondent opined that their washing and cleaning behavior has increased dramatically (urban 96.2% and rural 88.3% respectively).

**Safe sanitation facilities:** The study shows that 92% households of rural-intervention area and 96.2% households from urban-intervention area opined that their safe sanitation facilities have increased.

**Latrine using by children:** The impact of water credit program is very positive on behavioral change especially by children. 90.5% households of rural area and 68.4% households of urban area opined that latrine is used by children.

**Convenience at household activities:** After using the water credit, beneficiaries reported convenience in their daily lifestyle in regards to water and sanitation. In rural-intervention area 82% respondent and urban-intervention 67% respondent has responded that their convenience in household activities has increased.

**Personal hygienic habits:** Based on data analyses 96.2% respondents of rural area and 92.9% respondents of urban area opined that their personal hygienic habits have changed a lot.

**Rate of morbidity at family level:** Rate of morbidity at family level is a very important issue to ensure healthy environment. 81.3% households of rural area and 65.8% households of urban area have expressed that the rate of morbidity has decreased after getting services of water credit project.

## Rural Water Supply

Portable fresh safe and secure water right from the supply tap is of paramount importance. The accessibility and affordability of safe and secure water by the rural, urban and city people is a matter of central attention for Bangladesh.

Arsenic contamination of ground water meanwhile emerges as a grave concern. BURO has assisted to ensure 1,795 people of a village of Munshigonj district to have access to safe water supply delivered through water pipes. The World Bank and Social Development Foundation (SDF) have made this initiative a reality.

BURO has also assisted in reducing Health Hazards due to Arsenic Contamination in Pura Baushia village under Gazaria Upazila of Munshigonj District with the financial assistance from the World Bank. The numbers of households that are connected at present stand at 570, including 5% households from hardcore poor community.

During the year subscribers' tariff collected was BDT 711,500 and expenditure incurred stood at BDT 690,234.

In partnering with Footsteps and implementing their project "Trishna", BURO Bangladesh is providing free safe drinking water to schools and the population in the vicinity.



# DISASTER MANAGEMENT

In order to control the spread of COVID-19 virus and combat the pandemic, the Government of Bangladesh announced nation wide general holidays from March 26, 2020 till May 30, 2020 during which financial propagation of the economy had come to a standstill and to avoid any food crisis, government storages were mobilized. The Government had also encouraged all private organizations to come forward and participate in their own capacities in this initiative. In response to the Government's appeal and Circular Letter - 55 issued by the Microcredit Regulatory Authority (MRA) dated April 20, 2020 BURO Bangladesh came forward to stand by the population who make up the lowest common denominator of this country.

Sl	Initiative	Detail	Contribution (BDT)
1	WHO Health & Safety Advisory Guideline Leaflet	2,117,797 leaflets printed & distributed	17,08,107
2	Sanitizers & Masks	Distributed among 55,484 people	61,78,085
3	Food & Necessities	Distributed among 56,289 people	4,67,52,995
<b>Total</b>		<b>22,29,570 people</b>	<b>5,46,39,187</b>

In addition to the above, BURO Bangladesh also curated its product suite & mobilized loanable funds to stand by its staff as well as to the aid of the people who were hit hardest by the pandemic.

**Stimulus Package for Corona Situation:** BURO Bangladesh has received a fund of BDT 600 million under the stimulus package announced by the Bangladesh Bank due to the outbreak of COVID-19 pandemic. This fund was disbursed among 9,500 customers with active bKash account. This initiative was a farsighted move expecting sudden lockdown in certain areas of the country, if not as a whole, which would render loan repayments impossible for the customers, even if they were willing to repay as per schedule.

**Digital Salary Disbursement:** During the COVID-19 lockdown period, BURO Bangladesh has disbursed Salary among the field staff through digital salary disbursement platform of bKash. Around 20,000 disbursements worth approx BDT 500 million was disbursed during this period.

**Donation:** We have used the digital platform during the COVID-19 crisis to facilitate different donations & assistance to the poor and needy.

Aside from COVID-19, BURO Bangladesh has a stand alone Disaster Management project aimed at supporting disaster affected ultra poor, poor & emerging solvent to tackle impacts of disaster prospectively & retrospectively. Bangladesh is prone to various disasters and natural calamities round the year ranging from floods to storms, pest attack at agricultural farms to the newest addition of pandemics and epidemics.

## Capability Functioning

The effectiveness of the disaster management program is dependant on the organization's capability to deliver the products to the ones in need & the customer's ability to access such products when in need. BURO's operations spanning across the country puts the organization in a unique position to be able to mobilize loanable funds to disaster stricken areas in order to support, guide & foster growth & prosperity negating all effects of the disaster.

## Transformation into Human Capital

The aim is to facilitate all customers in their growth of becoming human capital from mere human resources - meaning helping customers to equip themselves to actively participate & contribute in the economy while also improving their own standing in the face of disasters and thereon.



Disaster management constitutes of two intertwined services: a. disaster preparedness service & b. disaster response - both of which stem from a bilateral cooperation & collaboration among the organization and the disaster affected people.

## Paradigm Shift

The paradigm shift in the disaster management products when compared to other competitive offerings is BURO's capabilities and facilitation of the customers to provide them with necessary financing & support the disaster affected people believing in their capability to utilize the provided resources & overcome the hurdles of the disaster.

## Shared Sense of Ownership

In order for maximum utilization of the financial product it is of utmost importance that the customers who are also part of a larger community are working hand in hand with the local government & legislative bodies to practice disaster management. This would ensure the most effective use of resources and as such at a micro-level, we also try to facilitate an amiable environment amongst Union Council and it's community of people to foster a culture of reciprocity, accountability & interactive responsibility.

## Cooperation and Coordination

While BURO works with its customers to help & facilitate cooperation & coordination at state, community & even family level to ensure the success of the financial product, it is also at large dependant on how the government, authorities & legislative bodies design their policies and strategies that would be supportive & foster such cooperations and coordinations at all levels. Disaster Management is a team effort & the more coordinated and cooperative the team is, the higher the chances of handling the disaster better.

## Managing the Disaster Fund

During any natural calamity BURO comes forward in the aid of its affected customers. BURO has set up a disaster fund which is used to finance the loan products for the affected customers at a lower rate

to recover their damaged business activities. The proper utilization of the disaster fund is ensured by the Program and Training Units at BURO.

## Output of Disaster Management Program

The disaster management program is shelved as an integral proposition amongst the product suite offered by BURO. This product in particular not only is targeted towards disaster management but also focuses on poverty alleviation among the ultra poor, poor & vulnerable non-poor customers through:

- Quick relief distribution among the affected households
- Fast disbursement of loans to existing customers who've been affected
- Rehabilitation support e.g. new house building/repair, road construction/repair, raising the ground for flood shelter, water & sanitation facilities etc
- Other economic activities e.g. seed distribution, fertilizer distribution etc
- Participate actively in Strengthening the Network of Information, Response and Preparedness Activities in Disaster Management

## Competencies Related to Disaster Management

In disaster management, teamwork is key to manifest quick decision making based on working experience & technical expertise. There is a steep but attainable learning curve for customers to prepare themselves for pre, intra & post disaster situations and coping mechanisms.

The training & program team play an instrumental role to create the nexus between the customers from the affected community and BURO to actively participate & propagate pre, intra & post disaster situation and hurdles. BURO clearly has emerged as an entity with very essential capabilities in spearheading situations in disaster management & national crises.



# HUMAN RESOURCE DEVELOPMENT (HRD)









Any organization is only as good as its employees & it is ever more true in an organization like BURU where everyone is trained and constantly supported to attain the common goal of achieving our vision & mission statements. With constant and regular training, staff knowledge and capabilities are in a constant process of improvement which in turn has a positive effect on upholding the organisation's image and giving meaning to the work that is being done here.

## Customer Development Training

Training is not only limited to staff and employees but is also extended to need-based training for customers to strengthen their capabilities and skill for a positive impact on their income as well as to raise social awareness:

- Basic life management skill development
- Entrepreneurship development and business planning
- Business and financial literacy
- Awareness and leadership development
- Easy accounts keeping

## Staff Development Training

The impact of training on staff development is discernible when measured through the incremental professional capacity & operational output. Some key trainings are:

- Foundation Training
- On-the-Job Training
- Development and Quality Management Training:
  - Microfinance and microenterprise programming
  - Organizational core competency development
  - Business and financial literacy
  - Credit and Risk management
  - Finance and accounts management etc.







Particulars	Number
<b>Staff Training</b>	17,08,107
Foundation Training	852
On the Job Training	2,183
SME and Microfinance Management	293
Development Management	131
Digital Financial Services	7,941
<b>Total</b>	<b>852</b>
<b>Customers Training</b>	
Safe Water, Sanitation and Hygiene	72,750
Financial Literacy	15,324
Livestock Management and Crops Production	15,575
<b>Total</b>	<b>103,649</b>

## HRD Impacted Positively

The organization stresses on the development of efficiency of staff at all levels. It always earmarks an adequate funding for staff development. The investment in human resource development has almost always impacted positively across the organization with further effective leadership created at different levels. Productivity of staff have increased substantially and has resulted in scaling up of the efficiency in operations.

## Competencies Related to Human Qualities

The abilities of the organization cropping up over the period based on demand creation are clearly manifested in growing institutional capacity of BURO vis-a-vis transforming BURO into social capital. The range of consumers for its services, stretch across other development organizations, beyond traditional NGOs; for example: business development organizations.

## Physical & Infrastructural Facilities

BURO has always recognized the importance of an independent training unit & the requirement of constantly developing the horizons of its employees through training to create skilled human resource dedicated to attaining the organization's goals. This has been instrumental in BURO's journey to become a noteworthy contributor to the economy & the MFI industry.

BURO has its own training complexes with all the infrastructures and physical amenities required at its six training centers located at Tangail, Comilla, Modhupur, Chattogram, Bogra, Sylhet and Khulna respectively. The training complexes have fully furnished Rest Houses at Tangail, Modhupur, Khulna, and Sylhet.







A photograph of a papaya plantation. The trees are arranged in rows, with their characteristic fan-shaped leaves and long, slender trunks. The ground is covered in dense green undergrowth. At the top of the image, there is a semi-transparent orange banner with the text "BUSINESS AND FINANCIAL LITERACY" in white, bold, sans-serif capital letters.

# **BUSINESS AND FINANCIAL LITERACY**



BURO has partnered with MasterCard Worldwide for its Business and Financial Literacy efforts, substantiated through training. It is aimed at the business development services in order to adapt with customer's nature of business and marketing facilities.

Financial management has a twofold impact, first being the facilitation of financial analysis which in turn develops self-confidence in business, conflict resolution and entrepreneurial qualities. The second being the link established with other businesses and the positive impacts of networking that translate into timely aid and guidance for business expansion. The female, in their youth and at-risk, with or without any business, are the target audience for the Business & Financial Literacy efforts as it is highly evident that they often emerge, with appropriate guidance, as potential successful entrepreneurs.

The training unit prioritizes equivocally on two fundamentals: (1) flexible financial and (2) business development to create potential entrepreneurs who would be able to exercise at a customer level their knowledge gained in business development and financial management services.

MasterCard Worldwide has carved a place out for itself to participate in the Micro and Small Enterprise (MSE) space, addressed through Financial Inclusiveness taken forward by collaborative efforts of BURO and Banks. There is immense potential to be tapped onto amongst customers who are accustomed to using micro financial services & have the growth potential to emerge as successful entrepreneurs in the MSE space.

196,247 entrepreneurial clients have been trained on business and financial literacy.

## Impact assessment on Business and financial literacy

60 Decibels, an end-to impact measurement Company, conducted an impact assessment on Business and Financial Literacy Project which has been implemented by BURO over the last couple of years. This impact assessment report presents the results of the Lean Data study carried out by the 60 Decibels team to measure BURO's impact on customers and hear about customers' experience with the BURO loan services and training process. They spoke with a number of customers, of which 99% were women.

## Top actionable insights from the assessment

- The training quality and extent of knowledge application in day-to-day life were found to be positive
- BURO is successfully enabling customers to invest in income generating activities
- Customers reported improved quality of life, increased income & empowerment in their respective households. Cumulatively 92% of customers were found to be opining that their quality of life has "very much improved" or "slightly improved".
- 72% of BURO customers live in poverty which is slightly shy of the national statistics of 88% of the entire population of Bangladesh living in poverty.
- BURO has a net promoter score of 82 which is excellent, and higher than the lean data average globally, suggesting a very high rate of satisfaction among customers.
- BURO's performance is impressive: this demonstrates BURO's impact & customer-centricity.
- The fact that 69% of the customers did not have historical access to any other source of loans suggests that BURO is indeed tapping into unbanked & underbanked segment of the population.



- 93% of respondents said they could not readily find an alternative to BURO as their service provider. This suggests high level of stickiness.
- 87% of customers believe BURO delivers 'very good' or 'good' value for money. This aligns with the Lean Data average of 73%.
- Close to 50% of customers recalled attending a BURO training, with 92% agreeing that the objectives of the training were clear from the beginning.
- 80% of customers apply knowledge gained from the trainings in their daily life.
- Study reveals BURO has had a positive impact on customer incomes; out of 56% of customers who use loan for business, 99% among them saw an increase in business-related income
- Study tells customers' way of doing business has changed for the better with BURO's involvement.
- Women's quality of life and influence has changed because of BURO and a majority of women, around 89%, have experienced improved confidence and respect.
- 75% of the customers are likely to take another loan in the next 24 months.
- 98% of customers reported facing no challenges with BURO. Given their experience with other organizations, their experience with BURO is easily rated excellent.







# EDUCATION SUPPORT PROGRAM

Recognizing the importance, BURO has for long emphasized to support economic activities along with human capital development through its various initiatives. BURO imbibes an intertwined relationship between education, health & environment which directly contributes to the quality of human capital of the country.

As part of lessons learnt, BURO strongly advocates against dropout rates at school level. Students stricken by poverty however with foreseeable latent talent are selected & supported to prevent from dropping out of school. A fund is mobilized to create a pool for scholarships which is distributed among these students for continuing their education.

The education support program has been designed to attain two key objectives, first being the ability to provide direct support to meritorious students from poor households & second being the facilitation of involvement of

the parents or guardians of the said students to create a control mechanism where they all understand the impact of this scholarship & the goals that can be achieved and how it will translate into real change in their lives.

The guideline mandates that a 100 meritorious students from poor households would be eligible for the scholarship per year. Each selected student gets financial support (scholarship) for 2 years. The financial support includes: Tuition fee, Admission fee, Books & Periodicals, Dress (2 sets per year), Hostel fee (if needed), Travel expenses etc.

BDT 7.44 million has been spent during the year 2019-20 on this initiative.





# HEALTH PROGRAMS

## BURO HealthCare

A significant addition to BURO's program suite is the opening of Health Care window among the many of the other service delivery windows. BURO intends to spread health care across the country for the absolute poor and needy, taking the services to their vicinity for easy access.

BURO HealthCare centre in Tangail is now fully functional with specialist doctors in medicine, gynaecology, cardiology, dermatology (skin diseases) and in paediatric (child diseases) providing necessary services through their chambers at the HealthCare Centre. More specialist doctors will be included with BURO Healthcare in the coming years to extend the services. Besides, a full-time consultant has been appointed to ensure the quality of all medical tests to build and enhance customers' confidence in us. The cost of medical tests in BURO Healthcare is much lower than other functioning clinics in Tangail. BDT 77.7 million has been invested for the development of this humanitarian project in the FY 2019-20.

## BURO Digital HealthCare

BURO Bangladesh has also diverted its attention to creating Digital Primary Health Care in collaboration with Canada based Global Health Technology Venture namely ADVIN. The designs for Digital solutions of ADVIN are the intuitive to use, easy to implement, and ready to embrace by the whole community of the low earning people. This Digital Health Care is the modern 'state-of-art' in 'Diagnostic-cum-Medical Consultation Center'.

## Health Services to Indigenous People

Indigenous poor Garo inhabitants of Modhupur had approached BURO Bangladesh to support by providing them with health services from a health service center established earlier. On making field visits and conducting informal interaction with the local population, BURO Management decided in principle that BURO will provide assistance through this health center and BURO has taken approval from MRA for the same. BDT 1.32 million has been spent for this initiative during the year of 2019-20.



# BURO CRAFT







Handicrafts with varying degree of composition is a notable cultural heritage of the Bengal. BURO aims at empowering trained women and making them financially self-reliant. BURO believes that this endeavour of the organization will enhance linkage between microfinance and handicrafts. In essence this will strengthen the institutional capabilities for BURO and also foster the reach of handicrafts in a social business model with quality production for contributing in the economy.

The success is not only limited to Bangladesh but also a breakthrough for BURO Craft to have successfully manufactured handicrafts from natural fibre extracted from pineapple leaves and banana trunks. BURO Craft Management have been organizing workshops and training courses at a regular basis for the up-skilling & development of its female artisans. A two-storey factory building and a large warehouse have been constructed in Modhupur upazila under Tangail district.

BDT 18.7 million has been spent in this project during 2019-20.





# PROTTOY

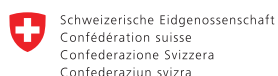
In all of the development activities undertaken by BURO Bangladesh, there's a profound level of involvement found from people - ranging from the grassroots to different levels of the society, accompanied by the disciplined and wholehearted effort of the numerous development workers from various levels. This workforce, that is silently working towards the development of the country, collectively - are a very well trained and highly creative group. Recognising the need for an internal platform to facilitate the exchange of thoughts, ideas, experiences & information among themselves, BURO Bangladesh initiated a quarterly publication by the name of "Prottoy" since 2015.

This publication also helps to bring forward the success stories of the common people, the innovative capabilities of the people at the grassroots and empowerment of the poverty-stricken men and women to a wider audience. It also plays an active role in increasing awareness and dispersing development related information at different levels of the Organization. "Prottoy" is BURO Bangladesh's response to its organisational obligation and social commitment. It has been decided to gradually scale the publication for "Prottoy" as the newsletter of the country's non-government development sector.



# DEVELOPMENT PARTNERS

## Development Institutions





# National Financial Institutions



সোনালী ব্যাংক লিমিটেড  
Sonali Bank Limited



Rupali Bank Limited  
Assures Better Services



BASIC Bank Limited  
SERVING PEOPLE FOR PROGRESS  
A STATE OWNED SCHEDULED BANK

BRAC BANK  
আমু অফিসে L I M I T E D



Shahjalal Islami Bank  
L I M I T E D



Southeast Bank Limited  
a bank with vision

Bank Asia

DHAKA BANK  
L I M I T E D

Jamuna Bank limited  
your partner for growth

EXIM  
BANK

Trust Bank  
A Bank for Financial Inclusion

ONE Bank  
LIMITED

Prime Bank Limited  
a bank with a difference

Mercantile Bank Ltd.

Community Bank  
Trust • Security • Progress

AB Bank

The Premier Bank Limited  
Premier Bank  
service first

NCC Bank  
With You Always

Eastern Bank Ltd.



Uttara Bank Ltd.

Standard Bank Limited

IFIC BANK



NRB GlobalBank  
great experience

NRB Bank



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
Mutual Trust Bank Ltd.  
you can bank on us

midlandbank<sup>hd</sup>  
bank for inclusive growth

SHIMANTO BANK  
শিমন্তো ব্যাংক





## International Financial Institutions



## Strategic Partners



## Remittance Partners









A photograph of an orange tree with several green, unripe oranges hanging from the branches. The leaves are lush green and the background is slightly blurred. A semi-transparent orange banner is overlaid at the top of the image.

# AUDIT REPORT

FOR THE FY 2019-20





**Toha Khan Zaman & Co.**  
Chartered Accounts

INDEPENDENT AUDITORS' REPORT  
ON THE AUDIT OF THE FINANCIAL STATEMENTS

**Basic Unit for Resources and Opportunities  
of Bangladesh (BURO Bangladesh)**

House No. 12/A, Block No. CEN (F)  
Road No. 104, Gulshan-II  
Dhaka-1212, Bangladesh

**Opinion:**

We have audited the accompanying financial statements of **Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**, which comprises the Statement of Financial Position (Balance Sheet) as at 30 June 2020, and the Statement of Profit or Loss and Other Comprehensive Income (Income & Expenditure Accounts), Statement of Receipts and Payments, Statement of Cash Flow and Statement of Changes in Capital Fund for the year ended 30 June 2020, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the organization as at 30 June 2020, and financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

**Basis for Opinion:**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code and the Institution of Chartered Accountants of Bangladesh (ICAB) By Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and those Charged with Governance for the Financial Statements and Internal Controls:**

Management of the project is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the project or to cease operations, or has no realistic alternative but to do so.

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Email: mail@tkzcabd.com / mwzaman@hotmail.com; Web: www.tkzcabd.com





Those charged with governance are responsible for overseeing the organization financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- e. Obtain sufficient appropriate audit evidence regarding the financial information of the Project to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the project audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.






**Toha Khan Zaman & Co.**  
Chartered Accounts

**Report on other Legal and Regulatory Requirements:**

In accordance with the Micro Credit Regulatory Act 2006 & 2010 and other Applicable Laws and Regulation, we also report the following:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made, due verification thereof;
- b. In our opinion, proper books of accounts as required by law have been kept by the organization so far as it appeared from our examination of these books; and
- c. The statements of Financial Position and Statement of Comprehensive Income and Statement of Receipts and Payments for the year then ended dealt with by the report are in agreement with the books of account.

Dated, Dhaka  
28 September, 2020

  
(Toha Khan Zaman & Co.)  
Chartered Accountants





**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**  
**Statement of Financial Position (Balance Sheet)**  
**As at 30 June, 2020**

Particular	Notes	30-06-2020 BDT	30-06-2019 BDT
<b>Assets:</b>			
<b>Non-current Assets:</b>			
Property, Plant and Equipment	7	2,551,445,742	2,191,774,480
Loan to Staff	8	62,097,172	66,946,652
<b>Total Non-Current assets:</b>		<b>2,613,542,914</b>	<b>2,258,721,132</b>
<b>Current Assets:</b>			
Short-term Investment	9	3,805,674,397	2,846,676,418
Accumulated Surplus Reserve Fund Investment	10	1,471,616,220	1,320,821,086
Loan to Customers	11	70,029,581,534	59,572,220,745
Other Current Assets	12	2,643,146,404	713,781,739
Cash and Bank Balances	13	2,059,125,226	2,442,378,619
<b>Total Current Assets:</b>		<b>80,009,143,781</b>	<b>66,895,878,607</b>
<b>Total Assets:</b>		<b>82,622,686,695</b>	<b>69,154,599,739</b>
<b>Fund and Liabilities:</b>			
<b>Fund:</b>			
Revolving Loan Fund (Donors' Fund)	14	138,815,884	138,815,884
Emergency Disaster Funds (Donors' Fund)	15	171,655,345	158,922,492
Loan Loss Reserve	16	2,271,153,242	1,963,278,268
Accumulated Surplus	17	13,250,354,732	12,243,396,528
Accumulated Surplus Reserve Fund	18	1,464,247,464	1,290,837,078
Other Funds	19	586,459,170	401,652,593
<b>Total Fund:</b>		<b>17,882,685,836</b>	<b>16,196,902,843</b>
<b>Non-current Liabilities:</b>			
Customers' Contractual Savings	20	15,098,242,633	10,157,270,206
Customers' Emergency Fund	21	838,162	838,162
Customers' Micro-insurance Fund	22	2,067,396,981	1,607,801,730
Borrowing from Different Sources	23	37,923,890,825	33,478,194,323
<b>Total Non-current Liabilities:</b>		<b>55,090,368,601</b>	<b>45,244,104,421</b>
<b>Current Liabilities:</b>			
Employees' Security Deposit	24	168,811,758	156,945,507
Customers' General Savings	25	8,897,629,675	7,243,508,588
Other Liabilities	26	583,190,824	313,138,380
<b>Total Current Liabilities:</b>		<b>9,649,632,257</b>	<b>7,713,592,475</b>
<b>Total Fund and Liabilities:</b>		<b>82,622,686,695</b>	<b>69,154,599,739</b>

These financial statements should be read in conjunction with annexed notes  
For and on behalf of the Members of the General body of BURO Bangladesh

**Chairperson**

**Executive Director**

**Finance Director**

See annexed report of the date

**Toha Khan Zaman & Co.**  
Chartered Accountants

Dhaka, Bangladesh  
28 September, 2020



**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Statement of Profit or Loss and Other Comprehensive Income (Income and Expenditure Statement)  
For the year ended 30 June, 2020**

Particular	Notes	30-06-2020 BDT	30-06-2019 BDT
<b>Income:</b>			
Service Charge on Loan to Borrowers	27	13,447,690,032	11,679,856,471
Service Charge on Remittance Fund Transfer		9,815,431	10,958,169
Sale of Loan Application Forms		32,075,840	29,277,233
Micro Credit Borrower Admission Fees		7,110,640	5,874,665
Interest on Bank Deposits		366,815,206	265,139,672
Interest on Staff Loan		3,489,926	3,014,790
Training Room Rent		11,282,499	4,398,750
Others		3,780,017	3,347,140
<b>Total Income Taka:</b>		<b>13,882,059,591</b>	<b>12,001,866,890</b>
<b>Expenditure:</b>			
<b>Financial Cost:</b>			
Interest on Borrowing from Banks	28	3,959,546,977	2,650,072,020
Interest on Customer's Savings	29	1,539,097,985	1,006,457,764
<b>Sub Total:</b>		<b>5,498,644,962</b>	<b>3,656,529,784</b>
<b>Gross Financial Margin:</b>		<b>8,383,414,629</b>	<b>8,345,337,106</b>
Provision for Loan Losses	16	717,014,404	887,443,188
<b>Net Financial Margin:</b>		<b>7,666,400,225</b>	<b>7,457,893,918</b>
<b>Operating Expenses:</b>			
Salary and Allowances		5,280,029,218	2,834,158,677
House Rent	30	191,580,691	148,765,954
Payment to National Exchequer	31	161,474,221	151,958,557
Transportation	32	149,379,163	161,925,075
Training and Workshop	33	22,170,247	21,527,901
Office Supplies		45,803,877	52,088,813
Depreciation		207,607,423	150,794,773
Audit Fee		360,000	316,250
Other Professional Fee		2,619,873	3,833,875
Other Direct Cost	34	257,863,123	217,595,153
<b>Sub Total:</b>		<b>6,318,887,836</b>	<b>3,742,965,028</b>
<b>Net Income from Operations:</b>		<b>1,347,512,389</b>	<b>3,714,928,890</b>

These financial statements should be read in conjunction with annexed notes  
For and on behalf of the Members of the General body of BURO Bangladesh

**Chairperson**

**Executive Director**

**Finance Director**

See annexed report of the date

Dhaka, Bangladesh  
28 September, 2020

**Toha Khan Zaman & Co.**  
Chartered Accountants





**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Notes to financial statements**  
**For the year ended 30 June, 2020**

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**1.00 Background of the organization:**

BURO Bangladesh is a national 'not-for-profit' organisation that was set up in 1990 with a view to work for the poor on sustainable basis to reduce poverty. It is a specialised micro-finance institution that provides high quality flexible financial services to low-income people. The organisation is responsive to diverse financial needs of customers. Its financial services constitute multiple loans, savings, micro-insurance and remittance services. The recipients of micro-finance services are poor, particularly women. Remittance services are provided to the relatives of overseas Bangladesh. BURO Bangladesh has 1,059 branches through which it operates microcredit program.

**3.00 Basis of Accounting:**

As per terms of reference issued for conducting the external audit of micro finance institutions by MRA vide its circular letter no. 18 dated 16 July 2013, financial statements are required to be prepared in accordance with International Financial Reporting Standards (IFRSs), which require that an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

The financial statements are prepared following cash basis of accounting meaning that the transactions are recorded as and when received or paid except depreciation and provision for loan losses which is accounted for following accrual basis which is a departure from the above MRA requirements.

The formats of the financial statements are slightly different from the formats that were suggested in the terms of reference issued for conducting the external audit of micro finance institutions by MRA vide its circular letter no. 18 dated 16 July 2013.

However, there are no material changes in terms of assets and liabilities and profitability of the organisation for the use of different formats.

**4.00 Significant Accounting Policies:**

**4.01 Reporting Currency:**

All figures as appearing in the financial statements are denominated in Bangladesh Taka (BDT).

**4.02 Reporting Period:**

These financial statements of the organisation have been prepared for the year from 01 July, 2019 to 30 June, 2020.

**4.03 Revenue Recognition:**

**4.03.01 Service Charge Income on loan to Members:**

In terms of the provisioning policy of BURO Bangladesh, service charge (interest) is recognised as an income on cash basis. Interest on loans is being charged at the time of loan taken by the members. On realisation the amount is transferred to income.

**4.03.02 Investment Income:**

Income from investment on FDR is recognised on cash basis.



**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Notes to financial statements  
For the year ended 30 June, 2020**

**4.03.03 Fees and Commission Income:**

Fees and commission income arise on services provided by the BURO Bangladesh are recognised on receipt basis.

**4.04 Property, Plant and Equipment:**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- a) it is probable that future economic benefits will flow to the entity; and
- b) the cost of the item can be measured reliably.

An item of property, plant and equipment qualifying for recognition is initially measured at its cost. Cost comprises expenditure that is directly attributable to the acquisition of the assets. Property, plant and equipment are stated in attached statement of financial position at cost less accumulated depreciation.

Depreciation is commenced when the asset is in the location and condition necessary for it to be capable of operating in the manner intended. Property plant and equipment of BURO Bangladesh are depreciated using straight line method. Full year's depreciation is charged on property, plant and equipment during the year of acquisition and no depreciation is charged during the year of disposal.

The annual depreciation rates applicable to different categories of assets are:

<b>Name of Assets Item</b>	<b>Depreciation Rate</b>
Building construction	10%
Electrical equipment	30%
Office equipment	20%
Furniture and fixtures	10%
Motor vehicle	10%

**4.05 Investment in Fixed Deposit:**

Investments in fixed deposit are shown in the financial statements at their costs plus interest earned to date. Interest from investments in fixed deposit is reinvested automatically at their maturity and is recognised as an income when the fixed deposit is matured.

**5.00 Significant Organisational Policies:**

**5.01 Loan Loss Provision:**

**5.01.01 Loan Classification:**

Loans are classified in accordance with the guidelines of Microcredit Regulatory Authority as noted below:

<b>No. of Days Outstanding</b>	<b>Percentage of Principal</b>
Good loan	1%
1-30 days watchful loan	5%
31-180 days sub-standard loan	25%
181-365 days doubtful loan	75%
Above 365 days bad loan	100%





**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Notes to financial statements  
For the year ended 30 June, 2020**

**5.01.02 Loan Loss Provisioning:**

Provision for loan loss is made in accordance with the guidelines of Microcredit Regulatory Authority as noted above.

**5.01.03 Write Off Policy:**

Loan loss is written off in the financial statements having approval from competent authority if it becomes established that the loan will never be recovered.

**5.02 Policy on Loan to Borrowers:**

The rate of interest for all types of loans is 24% per annum except disaster loan & Agriculture SMAP loan which is 18% & 19% per annum as per policy of BURO Bangladesh.

**6.00 Compliance Requirements under the Guidelines on Prevention of Money Laundering and Terrorist Financing:**

We report that, all the possible steps have been taken and the guidelines on prevention of money laundering and terrorist financing for NGO/NPO.

We also report that, as provided in section 25 (1) of Money Laundering Prevention Act, 2012, we act according to our responsibilities which are to :

- maintain complete and correct information with regard to the identity of our customers during the operation of their accounts;
- preserve previous records of transactions of such accounts for at least 5 (five) years from the date of such closure, if any account of a customer is closed;
- provide with the information maintained to Bangladesh Bank from time to time, on its demand; and
- report the matter as 'suspicious transaction report' to the Bangladesh Bank immediately on our own accord, if any doubtful transaction or attempt of such transaction is observed.

**7.00 Property, Plant and Equipment: Tk. 2,551,445,742**

The above balance has been arrived at as under:

Particular	30-06-2020 BDT	30-06-2019 BDT
<b>Cost:</b>		
Opening balance	2,781,263,324	1,823,504,182
Add: Addition during the year	573,615,980	972,088,969
Less: Adjustment	7,026,721	14,329,827
<b>Closing Balance (A)</b>	<b>3,347,852,583</b>	<b>2,781,263,324</b>
<b>Depreciation:</b>		
Opening balance	589,488,844	446,375,625
Add: Charge for the year	207,607,423	150,794,773
Less: Adjustment during the year	689,426	7,681,554
<b>Closing Balance (B)</b>	<b>796,406,841</b>	<b>589,488,844</b>
<b>Written Down Value (A-B)</b>	<b>2,551,445,742</b>	<b>2,191,774,480</b>



**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Notes to financial statements  
For the year ended 30 June, 2020**

**8.00 Loan to Staff: Tk. 62,097,172**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Staff Housing Loan	62,097,172	66,946,652
<b>Total Taka:</b>	<b>62,097,172</b>	<b>66,946,652</b>

The period of housing loan is twenty years bearing interest rate @ 5% including 3 months grace period.

**9.00 Short-term Investment: Tk. 3,805,674,397**

Break-up of the above amount is given below:

<b>Particular</b>	<b>Note</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Fixed Deposit with Banks		16,225,730	8,517,184
Staff Security Deposit		42,415,369	39,762,434
Emergency Disaster Fund	9.01	174,450,547	162,990,979
Fixed Deposit with Banks	9.02	538,324,423	387,915,817
Other Funds	9.03	575,952,386	401,462,808
Customers' Savings Reserve Fund	9.04	2,391,150,703	1,784,840,172
Dormant Account Fund	9.05	67,155,239	61,187,025
<b>Total Taka:</b>		<b>3,805,674,397</b>	<b>2,846,676,418</b>

**9.01 Emergency Disaster Fund: Tk. 174,450,547**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
NRB Global Bank Limited	125,748,087	115,603,849
The City Bank Limited	5,444,264	5,034,227
The Farmers Bank Limited	43,258,196	42,352,903
<b>Total Taka:</b>	<b>174,450,547</b>	<b>162,990,979</b>

**9.02 Fixed Deposit with Banks: Tk. 538,324,423**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Mutual Trust Bank Limited	78,756,650	81,940,621
Jamuna Bank Limited	112,156,689	110,975,196
Rupali Bank Limited	94,835,000	90,000,000
Eastern Bank Limited	108,029,912	100,000,000
Basic Bank Limited	5,259,598	5,000,000
Trust Bank Ltd. (RWGH Branch)	110,000,000	-
Prime Bank Ltd (Ring Road Branch)	29,286,574	-
<b>Total Taka:</b>	<b>538,324,423</b>	<b>387,915,817</b>





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**9.03 Other Funds: Tk. 575,952,386**

Break-up of the above amount is given below:

Particular	30-06-2020	30-06-2019
	BDT	BDT
Gratuity Fund	400,638,194	267,109,219
Housing Fund	30,049,538	27,606,235
Health Fund	123,228,059	90,145,411
Vehicle Insurance Fund	18,043,970	16,601,943
Earned Leave Fund	3,992,625	-
<b>Total Taka:</b>	<b>575,952,386</b>	<b>401,462,808</b>

**9.04 Customers' Savings Reserve Fund: Tk. 2,391,150,703**

Break-up of the above amount is given below:

Particular	30-06-2020	30-06-2019
	BDT	BDT
MIDAS Financing Limited	127,795,427	116,544,725
Lanka Bangla Finance Limited	401,417,984	365,428,589
AB Bank Limited	246,475,425	227,084,685
National Finance Limited	60,927,886	55,462,135
NRB Global Bank Limited	191,668,840	175,120,000
National Bank of Pakistan	-	25,659,266
The Farmers Bank Limited	52,516,581	49,963,558
Midland Bank Limited	122,305,864	112,230,151
Dhaka Bank Limited	300,030,731	274,000,713
International Leasing & Financial Service Limited.	14,834,465	13,346,350
Lanka Alliance Finance Limited	22,133,000	20,000,000
IIDFC	32,811,000	30,000,000
Jamuna Bank Limited	159,200,000	100,000,000
NCC Bank Limited	104,837,500	50,000,000
UCBL	32,700,000	30,000,000
Bank Asia Limited	108,076,000	100,000,000
NRB Bank	43,420,000	40,000,000
The City Bank Ltd.	50,000,000	-
Sonali Bank Ltd.	90,000,000	-
HSBC	100,000,000	-
Rupali Bank Ltd (Gulshan Br.)	50,000,000	-
Agrani Bank Ltd. (Banani)	80,000,000	-
<b>Total Taka:</b>	<b>2,391,150,703</b>	<b>1,784,840,172</b>

The above balance represents investment made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 34 (1) and 34 (2). As per said clauses every microcredit organisation should maintain a liquidity fund which is 15% of its total deposits, in any scheduled bank; liquidity fund may be maintained in the form of minimum 5% in cash and the remaining portion in fixed deposit.



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**9.05 Dormant Account Fund: Tk. 67,155,239**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020</b>	<b>30-06-2019</b>
	<b>BDT</b>	<b>BDT</b>
Lanka Bangla Finance Limited	9,997,801	9,155,689
IPDC Finance Limited	57,157,439	52,031,336
<b>Total Taka:</b>	<b>67,155,239</b>	<b>61,187,025</b>

**10.00 Accumulated Surplus Reserve Fund Investment: Tk. 1,471,616,220**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020</b>	<b>30-06-2019</b>
	<b>BDT</b>	<b>BDT</b>
BRAC Bank Limited	50,000,000	50,000,000
Eastern Bank Limited	54,050,000	50,000,000
IPDC Finance Limited	183,751,472	167,221,540
MIDAS Finance Limited	121,693,638	110,300,000
National Finance Limited	123,352,951	112,274,751
NRB Global Bank Limited	1,455,573	1,346,506
IDLC Finance Limited	120,532,825	109,675,000
The City Bank Limited	488,749,306	323,657,382
AB Bank Limited	101,025,063	219,340,515
People Leasing & Financial Services Limited	177,005,392	177,005,392
Bangladesh Krishi Bank -BKB	50,000,000	-
<b>Total Taka:</b>	<b>1,471,616,220</b>	<b>1,320,821,086</b>

The above balance represents investment made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 20 (1) and 20 (3). As per said clauses every microcredit organisation should create a reserve fund @ 10% of its total surplus which should be kept in any scheduled bank under the supervision of the head office of the relevant microcredit organisation.

**11.00 Loan to Customers: Tk. 70,029,581,534**

This include various loans outstanding with the clients in the following categories:

**General Loan:**

This loan is allowed for rural and urban poor households to finance their economic activities. General loan is working capital loan given to poor and disadvantaged households. General loan ranges from BDT 5,000 to BDT 100,000. The loan is repayable within one year.

**Micro-enterprise Loan:**

Micro-enterprise loan is given to the borrower on the basis of household cash flow, business projections and reputation of the borrower. The micro-enterprise loan borrowers are expected to generate equity and self-employment. Micro-enterprise loan ranges from BDT 50,000 to BDT 5,000,000 repayable within one to three years.





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**Agriculture Loan:**

This loan is given exclusively for the purpose of agricultural activities for increasing farms activities. The agriculture loan also enhances food security of households. Agriculture loan ranges from BDT 5,000 to BDT 500,000 and is given for one year.

**Hand/Emergency Loan:**

This loan is intended to serve as a social security net. Hand loan is given to meet festivals, health care and child education expenses. This loan is a small loan of BDT 10,000 repayable within 3 months.

**Disaster Loan:**

The purpose of this loan is to reduce the effect of shocks to households' financial and physical assets immediately after natural disasters. Disaster loan ranges from BDT 1,000 to BDT 20,000 and is repayable within one year.

**Water and Sanitation Loan:**

Environmental health concerns continue to be an ominous factor contributing to diseases and poverty. Access to safe drinking water and sanitation will reduce sickness and thus increase the labour productivity. The loan ranges from BDT 5,000 to BDT 100,000 and is repayable within one year.

Breakup of loan (product-wise) is given below:

Particular	30-06-2020	30-06-2019
	BDT	BDT
General Loan	10,872,021,559	10,897,985,222
Micro-Enterprise Loan	33,802,162,015	29,064,912,438
Agriculture Loan	23,312,860,326	18,246,710,919
Hand/Emergency Loan	2,350,000	3,965,717
Water and Sanitation	1,251,967,449	735,430,041
Agriculture SMAP	788,220,186	623,216,410
<b>Total Taka:</b>	<b>70,029,581,534</b>	<b>59,572,220,746</b>

BURO Bangladesh has 1,237,569 loan accounts on outstanding as on 30 June, 2020 as compared to 1,172,873 loan accounts on outstanding as on 30 June, 2019.

**12.00 Other Current Assets: Tk. 2,643,146,404**

Break-up of the above amount is given below:

Particular	Note	30-06-2020	30-06-2019
		BDT	BDT
Security Deposits	12.01	1,272,914	1,267,914
Staff Loans and Advances	12.02	1,079,156,516	712,513,825
Service Charge Provision		1,562,716,974	-
<b>Total Taka:</b>		<b>2,643,146,404</b>	<b>713,781,739</b>



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**12.01 Security Deposits: Tk. 1,272,914**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Rajdhani Unnayan Kortipakkha	600,000	600,000
Bangladesh Telecommunication Company Ltd.	298,796	298,796
GPS Finance Company (Bangladesh) Ltd.	124,918	124,918
Others	249,200	244,200
<b>Total Taka:</b>	<b>1,272,914</b>	<b>1,267,914</b>

**12.02 Staff Loans and Advances: Tk. 1,079,156,516**

Break-up of the above amount is given below:

<b>Particular</b>	<b>Note</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Head Office	12.02.01	700,800,524	432,336,851
Branch Offices	12.02.02	368,002,928	265,174,829
Divisional Offices	12.02.03	4,738,730	4,547,530
Zonal Offices	12.02.04	3,678,158	7,980,861
CHRD (Training Centre)		1,890,547	2,422,797
Rest House		45,629	50,957
<b>Total Taka:</b>		<b>1,079,156,516</b>	<b>712,513,825</b>

**12.02.01 Head Office: Tk. 700,800,524**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Advance against Salary	3,995,032	4,072,646
Mobile Loan	-	60,000
Car Loan	129,765	314,528
Motorcycle Loan	329,500	389,000
Advance for Training	344,611	344,611
Advance against Construction	469,007,883	249,158,681
Advance Transportation	913,417	633,642
Advance Consultancy	-	100,000
Pro. Advance	1,541,807	3,665,436
Others	224,538,509	173,598,307
<b>Total Taka:</b>	<b>700,800,524</b>	<b>432,336,851</b>

**12.02.02 Branch Offices: Tk. 368,002,928**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Advance against House Rent	125,613,132	58,247,347
Advance against Salary	1,484,086	2,105,962
Motorcycle Loan	55,551,159	47,873,033
Bicycle Loan	10,450,328	15,037,148
Mobile Loan	89,893,724	6,741,995
Advance against Purchase of Fans	160,088	59,175
Others	84,850,411	135,110,169
<b>Total Taka:</b>	<b>368,002,928</b>	<b>265,174,829</b>





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**12.02.03 Divisional Offices: Tk. 4,738,730**

Break-up of the above amount is given below:

Particular	30-06-2020	30-06-2019
	BDT	BDT
Advance against House Rent	65,908	41,908
Advance against Salary	144,500	1,372,000
Motorcycle Loan	1,744,385	2,556,888
Bicycle Loan	-	7,600
Mobile Loan	212,766	-
Advance against Purchase of Fans	-	-
Others	2,571,171	569,134
<b>Total Taka:</b>	<b>4,738,730</b>	<b>4,547,530</b>

**12.02.04 Zonal Offices: Tk. 3,678,158**

Break-up of the above amount is given below:

Particular	30-06-2020	30-06-2019
	BDT	BDT
Advance against House Rent	1,188,000	6,269,972
Advance against Salary	-	-
Motorcycle Loan	-	-
Bicycle Loan	20,000	46,413
Mobile Loan	-	-
Advance against Purchase of Fans	-	-
Fuel & Conveyance	-	-
Others	2,470,158	1,664,476
<b>Total Taka:</b>	<b>3,678,158</b>	<b>7,980,861</b>

**13.00 Cash and Bank Balances: Tk. 2,059,125,226**

Breakup of the above amount is given below:

Particular	Note	30-06-2020	30-06-2019
		BDT	BDT
Cash in Hand		71,728,918	133,975,772
Bank Balances	13.01	1,987,396,308	2,308,402,847
<b>Total Taka:</b>		<b>2,059,125,226</b>	<b>2,442,378,619</b>

**13.01 Bank Balances: Tk. 1,987,396,308**

Break-up of the above amount is given below:

Particular	Note	30-06-2020	30-06-2019
		BDT	BDT
Current Accounts	13.01.01	1,976,061,554	1,442,832,476
Savings Accounts		3,057	4,747
Short-term Deposit Accounts		11,331,697	865,565,624
<b>Total Taka:</b>		<b>1,987,396,308</b>	<b>2,308,402,847</b>



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**13.01.01 Current Accounts: Tk. 1,976,061,554**

Breakup of the above amount is given below:

Particular	30-06-2020 BDT
Head Office	1,251,566,533
Branch Offices	686,146,835
Divisional Offices	23,908,626
Zonal Offices	9,860,648
CHRD/Rest House	4,578,913
<b>Total Taka:</b>	<b>1,976,061,554</b>

**14.00 Revolving Loan Fund (Donors' Fund): Tk. 138,815,884**

Break-up of the above amount is given below:

Particular	30-06-2020 BDT	30-06-2019 BDT
Department for International Development (DFID), UK	93,022,179	93,022,179
Swiss Agency for Development and Cooperation (SDC)	23,378,560	23,378,560
Swedish International Development Agency (SIDA)	14,545,494	14,545,494
Australian Agency for International Development (AusAID)	4,274,300	4,274,300
UNESCO/ Stitching Gilles – Foundation, Belgium	2,147,712	2,147,712
Canada Fund	1,163,139	1,163,139
PACT Inc./USAID	284,500	284,500
<b>Total Taka:</b>	<b>138,815,884</b>	<b>138,815,884</b>

**15.00 Emergency Disaster Funds (Donors' Fund): Tk. 171,655,345**

BURO Bangladesh focuses its efforts on the promotion of self-help and self-reliance of disadvantaged rural communities, with particular attention to women. Normally, it is not involved in any relief or charitable activities for its customers but it does not remain non-chalant when the customers become extremely vulnerable and their existence is threatened. In such situations, disaster assistance is provided.

In order to respond to emergency relief and rehabilitation needs of BURO Bangladesh's customers, emergency disaster funds have been created with financial grants from the following donors.

Particular	30-06-2020 BDT	30-06-2019 BDT
Swedish International Development Agency (SIDA)	11,374,757	11,374,757
Department for International Development (DFID), UK	9,247,243	9,247,243
Swiss Agency for Development and Cooperation (SDC)	9,000,000	9,000,000
Australian Agency for International Development (AusAID)	651,000	651,000
	<b>30,273,000</b>	<b>30,273,000</b>
<u>Add:</u> Interest on investment of the above funds	141,382,345	128,649,492
<b>Total Taka:</b>	<b>171,655,345</b>	<b>158,922,492</b>





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**16.00 Provision for Loan Loss: Tk. 2,271,153,242**

The above balance has been arrived at as under:

Particular	30-06-2020 BDT	30-06-2019 BDT
Opening Balance	1,963,278,268	1,294,209,777
<u>Add: Provision made during the year</u>	717,014,404	887,443,188
	<b>2,680,292,672</b>	<b>2,181,652,965</b>
<u>Less: Amount written off during the year ( Principal)</u>	409,139,430	218,374,697
<b>Closing Balance Taka:</b>	<b>2,271,153,242</b>	<b>1,963,278,268</b>

The Loan Loss Provision (LLP) has been worked out at BDT 2,271,089,579 as on 30 June 2020, following MRA circular letter no. 14 dated 07 May 2012, but the actual Loan Loss Provision has been made to BDT 2,271,153,242 resulting an excess provision of BDT 63,663 during the year under reporting . The method of calculation of LLP is shown below:

No. of days outstanding	Outstanding Loan	Rate (%)	Required Provision BDT
Current Loan Outstanding	67,657,138,315	1%	676,571,383
Loan overdue status (days):			
1-30 days	209,712,873	5%	10,485,644
31-180 days	603,310,371	25%	150,827,593
181-365 days	504,860,061	75%	378,645,046
Over 365 days	1,054,559,914	100%	1,054,559,914
<b>Total Taka:</b>	<b>70,029,581,534</b>		<b>2,271,089,579</b>

BURO Bangladesh does not renegotiate loans under normal circumstances as well as in any other circumstances, such as, catastrophic events.

**17.00 Accumulated Surplus: Tk. 13,250,354,732**

The above balance has been arrived at as under:

Particular	30-06-2020 BDT	30-06-2019 BDT
Opening Balance	12,243,396,528	8,904,447,951
<u>Add: Surplus /(Deficit) during this year</u>	1,347,512,389	3,714,928,890
<u>Add: Adjustment surplus (2019-2020)</u>	0	137
	<b>13,590,908,917</b>	<b>12,619,376,978</b>
<u>Less: Transferred to Accumulated Surplus Reserve Fund (N-18)</u>	173,410,386	364,000,000
<u>Less: Adjustment Donation from Surplus Fund</u>	167,143,799	11,980,450
<b>Closing Balance Taka:</b>	<b>13,250,354,732</b>	<b>12,243,396,528</b>

The above adjustment (Donation from Surplus Fund) has been given as per instruction of MRA.



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**18.00 Surplus Reserve Fund: Tk. 1,464,247,464**

The above balance has been arrived at as under:

Particular	30-06-2020	30-06-2019
	BDT	BDT
Opening Balance	1,290,837,078	926,837,078
Add: Transferred from accumulated surplus reserve fund (Note-17)	173,410,386	364,000,000
	<b>1,464,247,464</b>	<b>1,290,837,078</b>
Less: Paid during this year	-	-
<b>Closing Balance Taka:</b>	<b>1,464,247,464</b>	<b>1,290,837,078</b>

The above balance represents reserve fund made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 20 (1) and 20 (3). As per said clauses every microcredit organisation should create a reserve fund @ 10% of its total surplus which should be kept in any scheduled bank under the supervision of the head office of the relevant microcredit organisation. BURO Bangladesh maintain the reserve fund following said clause.

**19.00 Other Funds: Tk. 586,459,170**

Break-up of the above amount is given below:

Particular	30-06-2020	30-06-2019
	BDT	BDT
Gratuity Fund	401,169,575	267,220,243
Housing Fund	30,055,491	27,612,781
Health Fund	133,184,770	90,217,626
Vehicle Insurance Fund	18,052,634	16,601,943
Earned Leave Fund	3,996,700	-
<b>Total Taka:</b>	<b>586,459,170</b>	<b>401,652,593</b>

**20.00 Customers' Contractual Savings: Tk. 15,098,242,633**

The above balance has been arrived at as under:

Particular	30-06-2020	30-06-2019
	BDT	BDT
Opening Balance	10,157,270,206	6,508,037,721
Add: Deposits during the year	8,485,054,003	6,247,277,349
	<b>18,642,324,209</b>	<b>12,755,315,070</b>
Less: Withdrawals during the year	3,544,081,576	2,598,044,864
<b>Closing Balance Taka:</b>	<b>15,098,242,633</b>	<b>10,157,270,206</b>

In contractual savings account, clients agree to deposit regularly an amount as fixed by them. Customers can withdraw the entire amount including interest thereon and can choose to deposit on a weekly or monthly basis. Interest is paid on a compound basis in the range of 8% to 10%.

The number of contractual savings accounts was 2,063,427 as on 30 June 2020 as compared to 1,558,017 as on 30 June 2019.





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**21.00 Customers' Emergency Fund: Tk. 838,162**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Customer's Emergency Fund	838,162	838,162
<b>Total Taka:</b>	<b>838,162</b>	<b>838,162</b>

**22.00 Customers' Micro Insurance Fund: Tk. 2,067,396,981**

The premiums are one-time payment in a year. After the death of customers, the entire outstanding loan to clients will be waived. This has been arrived at as under:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Opening Balance	1,607,801,730	1,009,357,597
Add: Deposits during the year	771,669,448	840,098,067
	<b>2,379,471,178</b>	<b>1,849,455,664</b>
Less: Withdrawals during the year	312,074,197	241,653,934
<b>Closing Balance Taka:</b>	<b>2,067,396,981</b>	<b>1,607,801,730</b>

**23.00 Borrowing from Different Sources: Tk. 37,923,890,825**

Break-up of the above amount is given below:

<b>Particular</b>	<b>Note</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Borrowing from Specialised Institutions	23.01	29,033,528	26,619,445
Borrowing from Banks	23.02	34,587,452,634	29,959,691,658
Borrowing from Non-banking Financial Institutions	23.03	3,307,404,663	3,491,883,220
<b>Total Taka:</b>		<b>37,923,890,825</b>	<b>33,478,194,323</b>

**23.01 Borrowing from Sspecialised Institutions: Tk. 29,033,528**

Break-up of the above amount is given below:

<b>Particular</b>	<b>Note</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Anukul Foundation (Note 23.01.01)	23.01.01	29,033,528	26,619,445
<b>Total Taka:</b>		<b>29,033,528</b>	<b>26,619,445</b>

**23.01.01 Anukul Foundation : Tk. 29,033,528**

The above balance has been arrived at as under:

<b>Particular</b>	<b>30-06-2020 BDT</b>	<b>30-06-2019 BDT</b>
Opening Balance	26,619,445	7,506,714
Add: Received during the year	10,000,000	24,000,000
	<b>36,619,445</b>	<b>31,506,714</b>
Less: Refund during the year	7,585,917	4,887,269
<b>Closing Balance Taka:</b>	<b>29,033,528</b>	<b>26,619,445</b>



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There is no overdue or default in respect of repayment (Principal and Interest) of above borrowings by BURO Bangladesh from their respective due dates.

**23.02 Borrowing from Banks: Tk. 34,587,452,634**

Break-up of the above amount is given below:

Particular	30-06-2020 BDT	30-06-2019 BDT
Eastern Bank Limited	4,000,000,000	3,000,000,000
Dhaka Bank Limited	1,250,000,000	1,250,000,000
United Commercial Bank Limited	2,065,341,452	1,704,719,448
Standard Chartered Bank	2,122,000,000	1,165,000,000
Jamuna Bank Limited	2,533,946,988	1,927,744,675
Prime bank Limited	1,500,000,000	1,500,000,000
Dutch Bangla Bank Limited	864,033,407	1,112,086,260
Shah Jalal Islami Bank Limited	-	103,552,637
Bank Asia Limited	740,772,842	699,969,996
The City Bank Limited	2,383,750,000	2,980,000,000
BRAC Bank Limited	2,616,666,667	2,225,000,000
NRB Global Bank Limited	400,000,000	-
Mercantile Bank Limited	419,911,899	1,000,000,000
Pubali Bank Limited	1,489,305,719	1,287,594,555
NCC Bank Limited	1,984,541,082	2,046,690,780
Bangladesh Bank (SMAP)	1,270,000,000	1,080,000,000
Southeast Bank Limited	104,044,520	263,105,086
Mutual Trust Bank Limited	872,902,505	1,000,000,000
Habib Bank Limited	300,000,000	300,000,000
HSBC	1,680,000,000	800,000,000
Basic Bank Limited	12,398,455	49,999,684
Bank Al-Falah Limited	200,000,000	200,000,000
AB Bank Limited	650,000,000	-
The Premier Bank Limited	182,697,681	197,727,882
NRB Bank Limited	450,000,000	450,000,000
Citibank, N.A	100,000,000	334,000,000
Trust Bank Limited	1,279,919,012	699,917,823
Rupali Bank Limited	344,675,355	1,129,931,247
Commercial Bank of Ceylon PLC	580,000,000	125,000,000
Midland Bank Limited	391,939,188	277,654,142
Standard Bank Limited	1,498,605,862	1,000,000,000
Shimanto Bank Limited	-	49,997,443
The Exim Bank Limited	100,000,000	-
Community Bank Limited	200,000,000	-
<b>Total Taka:</b>	<b>34,587,452,634</b>	<b>29,959,691,658</b>

There is no overdue or default in respect of repayment (Principal and Interest) of above borrowings by BURO Bangladesh from their respective due dates.





**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Notes to financial statements  
For the year ended 30 June, 2020**

**23.03 Borrowing from Non-banking Financial Institutions: Tk. 3,307,404,663**

Break-up of the above amount is given below:

Particular	30-06-2020 BDT	30-06-2019 BDT
IDLC Financing Limited	346,751,830	485,908,507
IPDC of Bangladesh Limited	930,000,000	930,000,000
Uttara Finance Limited	429,421,829	396,223,356
Lanka Alliance Finance Limited	206,166,784	244,165,370
National Finance Limited	28,148,727	106,626,385
United Finance Limited	365,000,000	95,000,000
Lanka Bangla Finance	732,808,172	1,000,000,000
The UAE-Bangladesh Investment Company Limited	18,768,840	41,922,378
IIDFC	157,724,541	192,037,224
Meridian Finance & Investment Limited	92,613,940	-
<b>Total Taka:</b>	<b><u>3,307,404,663</u></b>	<b><u>3,491,883,220</u></b>

There is no overdue or default in respect of repayment (Principal and Interest) of above borrowings by BURO Bangladesh from their respective due dates.

**24.00 Employees' Security Deposit: Tk. 168,811,758**

The above balance has been arrived at as under:

Particular	30-06-2020 BDT	30-06-2019 BDT
Opening Balance	156,945,507	94,499,546
Add: Received during the year	19,306,556	72,920,769
	<b><u>176,252,063</u></b>	<b><u>167,420,315</u></b>
Less: Refund during the year	7,440,305	10,474,808
<b>Closing Balance Taka:</b>	<b><u>168,811,758</u></b>	<b><u>156,945,507</u></b>

This represents amount received as security deposit from Branch Managers, Accountants, Assistant Accountants, Program Organisers and Assistant Program Organisers as per policy of BURO Bangladesh.

**25.00 Customers' General Savings: Tk. 8,897,629,675**

The above balance has been arrived at as under:

Particular	30-06-2020 BDT	30-06-2019 BDT
Opening Balance	7,243,508,588	6,141,200,785
Add: Deposits during the year	10,728,731,131	7,291,172,946
	<b><u>17,972,239,719</u></b>	<b><u>13,432,373,731</u></b>
Less: Withdrawals during the year	9,074,610,044	6,188,865,143
<b>Closing Balance Taka:</b>	<b><u>8,897,629,675</u></b>	<b><u>7,243,508,588</u></b>

The general savings account is like a current account, where customers can save or withdraw the amount on demand. The rate of interest is 6% compounded per annum of their general savings account balance.



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The number of general savings accounts was 1,963,060 at the end of year 30 June 2020 compared to 1,662,689 at the end of year 30 June 2019.

**26.00 Other Liabilities: Tk. 583,190,824**

Break-up of the above amount is given below:

<b>Particular</b>	<b>30-06-2020</b>	<b>30-06-2019</b>
	<b>BDT</b>	<b>BDT</b>
Dormant Accounts	316,236,285	201,004,442
Security Deposit from Shops	18,739,297	12,272,197
BURO Bangladesh Gratuity Fund	(23,590)	29,305,072
BURO Bangladesh Health Fund	(9,715,300)	8,879,980
Employee Provident Fund	825,090	50,414,888
BURO Bangladesh Earned Leave Fund	9,695,961	-
SMAP	6,901	6,901
Staff Security Fund	(780,501)	12,322,150
Others	248,206,681	(1,067,250)
<b>Total Taka:</b>	<b>583,190,824</b>	<b>313,138,380</b>

**27.00 Service Charges on Loan to Borrowers: Tk. 13,447,690,032**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>BDT</b>	<b>BDT</b>
Service Charge	11,853,014,081	11,644,916,753
Service Charge Provision	1,562,716,974	-
Recovery from amount Written Off	31,958,977	34,939,718
<b>Total Taka:</b>	<b>13,447,690,032</b>	<b>11,679,856,471</b>

**28.00 Interest on Borrowing from Banks: Tk. 3,959,546,977**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>BDT</b>	<b>BDT</b>
Commercial Banks	3,488,003,083	2,375,148,815
Non-banking Financial Institutions	468,664,939	273,535,538
Specialised Institutions	2,878,955	1,387,667
<b>Total Taka:</b>	<b>3,959,546,977</b>	<b>2,650,072,020</b>

**29.00 Interest on Customers Savings: Tk. 1,539,097,985**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>BDT</b>	<b>BDT</b>
Interest on General Savings	438,405,443	330,026,019
Interest on Contractual Savings	1,100,692,542	676,431,745
<b>Total Taka:</b>	<b>1,539,097,985</b>	<b>1,006,457,764</b>





**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

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**30.00 House Rent: Tk. 191,580,691**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020 BDT</b>	<b>2018-2019 BDT</b>
Office Rent	75,928,247	54,807,130
Residence	115,652,444	93,958,824
<b>Total Taka:</b>	<b>191,580,691</b>	<b>148,765,954</b>

**31.00 Payment to National Exchequer: Tk. 161,474,221**

Break-up of the above amount is given below:

<b>Particular</b>	<b>Note</b>	<b>2019-2020 BDT</b>	<b>2018-2019 BDT</b>
Direct Tax	31.01	153,066,009	148,063,810
Government Fees		8,408,212	3,894,747
<b>Total Taka:</b>		<b>161,474,221</b>	<b>151,958,557</b>

**31.01 Direct Tax: Tk. 161,474,221**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020 BDT</b>	<b>2018-2019 BDT</b>
Income Tax on Staff Salary and Allowances	38,632,448	13,450,410
Corporate Tax	54,763,139	45,193,366
Tax deduction from Interest on Bank Deposit	37,863,496	27,351,512
Value Added Tax	21,806,926	62,056,334
Other Taxes	-	12,188
<b>Total Taka:</b>	<b>153,066,009</b>	<b>148,063,810</b>

Income tax assessment position of BURO Bangladesh is given below:

<b>Income year ended 31 December</b>	<b>Assessment year</b>	<b>Income as per return filed</b>	<b>Taxable Income</b>	<b>Tax Paid</b>
2003	2004-2005	9,477,932	760,101	99,520
2004	2005-2006	1,816,585	1,861,585	406,679
2005	2006-2007	98,378	983,878	120,393
2006	2007-2008	860,599	860,599	98,370
2007	2008-2009	1,139,140	1,139,140	151,078
2008	2009-2010	5,626,026	5,626,026	1,272,757
2009	2010-2011	14,953,899	14,953,899	3,604,726
2010	2011-2012	30,339,290	30,339,290	7,439,823
2011	2012-2013	20,967,281	20,967,281	5,091,820
2012	2013-2014	60,163,274	60,163,274	14,885,819
2013	2014-2015	757,916,652	757,916,652	22,010,338
2014	2015-2016	121,413,491	121,413,491	22,496,989
2015	2016-2017	121,397,366	121,397,366	23,658,266
2016	2017-2018	160,839,723	160,839,723	33,094,427
2017	2018-2019	223,611,897	223,611,897	45,193,366
2018	2019-2020	275,900,352	275,900,352	54,763,139



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**Notes to financial statements**  
**For the year ended 30 June, 2020**

**32.00 Transportation: Tk. 149,379,163**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>BDT</b>	<b>BDT</b>
Fuel and Lubricants	50,408,860	64,651,251
Travelling Allowance	16,280,333	24,974,358
Car Maintenance	15,288,252	3,463,196
Daily Allowance	67,401,718	68,836,270
<b>Total Taka:</b>	<b>149,379,163</b>	<b>161,925,075</b>

**33.00 Training and Workshop: 22,170,247**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>BDT</b>	<b>BDT</b>
Staff Training	18,441,469	16,217,849
Meeting and Workshop	1,612,970	5,310,052
Operation Research Cost	2,115,808	-
<b>Total Taka:</b>	<b>22,170,247</b>	<b>21,527,901</b>

**34.00 Other Direct Cost: Tk. 257,863,123**

Break-up of the above amount is given below:

<b>Particular</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>BDT</b>	<b>BDT</b>
E-Mail, Telephone and Fax	46,824,887	36,034,140
Electricity, Gas and Water	38,183,496	31,411,944
Entertainment	18,335,157	19,561,998
Bank Charges	5,717,479	5,786,920
Grant	1,494,078	6,394,247
Postage and Telegram	618,722	980,190
Printing Materials	3,326,367	2,780,051
Repair & Maintenance	13,010,705	6,863,694
Advertisement	894,936	971,454
Newspaper & Periodicals	2,913,056	3,370,983
Computer Accessories	15,229,812	13,858,423
Registration (Membership Fee)	19,368,020	1,785,446
Miscellaneous Expense	91,946,408	87,795,663
<b>Total Taka:</b>	<b>257,863,123</b>	<b>217,595,153</b>

**35.00 Others:**

**35.01** Figures in these notes and in the annexed financial statements have been rounded to the nearest BDT.








**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**Notes to financial statements**  
**For the year ended 30 June, 2020**

**35.02** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

**35.03** Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year, however, bearing any impact on the profit and value of assets and liabilities.

<b>Eligibility Criteria Compliance Certification</b> <b>For the year ended 30 June 2020</b>			
<b>Sl. No.</b>	<b>Eligibility Criteria</b>	<b>Audited figures 2019-2020 or compliance</b>	<b>Audited figures 2018-2019 or compliance</b>
1	Minimum loan recovery rates, computed quarterly, based on the following: i) 95% minimum cumulative loan collection ratio on total dues: CRR $\frac{\text{Actual cumulative collections} \times 100}{\text{Cumulative collectibles}}$ ii) 92-100% minimum loan collection ratio on current dues (on running 12 months basis): OTR $\frac{\text{Actual collections during the past 12 months on current dues} \times 100}{\text{Collectibles on current dues}}$	99.31%	99.38%
		95.83%	97.93%
2	Minimum liquidity ratio of 10%	18.54%	24.29%
3	Minimum current ratio of 2:1	7.67:1	8.05:1
4	Minimum capital adequacy ratio of 15%	24.51%	26.77%
5	Minimum debt service cover ratio of 1.25:1	1.19:1	1.43:1
6	Debt to capital ratio 9:1	2.12:1	2.07:1
7	Minimum rate of return on capital of 1%	7.91%	26.63%
 <b>Chairperson</b>		 <b>Executive Director</b>	 <b>Finance Director</b>

Dated, Dhaka, Bangladesh  
28 September, 2020



**Toha Khan Zaman & Co.**  
Chartered Accountants

## Five years at a Glance (as on June 30)

	Particulars	2015 -16	2016 -17	2017 -18	2018-19	2019-20
<b>A</b>	<b>Institutional Profile</b>					
	Number of Districts	64	64	64	64	64
	Number of Upazillas	406	432	456	482	482
	Number of Unions	3,524	3,710	3,911	4,309	4,358
	Number of Villages	33,099	36,248	39,639	40,770	41,249
	Number of Branches	648	712	802	1,027	1,059
	Total Personnel	6,179	6,726	7,464	9,782	10,010
	Staff Dropout Rate	7%	4%	6%	8%	6%
	Number of Customers	1,356,572	1,449,085	1,512,489	1,662,689	1,963,060
	Customer Dropout Rate	3%	4%	6%	4%	2%
<b>B</b>	<b>Savings Portfolio (million BDT)</b>					
	Yearly Savings Deposit	6,251	8,211	9,537	13,539	19,214
	Cumulative Savings Deposit	31,170	39,381	48,918	62,457	81,671
	Yearly Savings Withdrawals	4,255	5,571	7,217	8,788	8,788
	Cumulative Savings Withdrawals	23,478	29,051	36,268	45,056	57,675
	Savings Portfolio	7,692	10,331	12,650	17,401	23,996
	Savings Portfolio Growth	35%	34%	22%	38%	38%
	Per Client Average Savings (BDT)	5,670	7,129	8,363	10,465	12,224
	Savings to Loan Portfolio	31%	32%	32%	29%	34%
<b>C</b>	<b>Loan Portfolio (million BDT)</b>					
	Yearly Loan Disbursed	39,515	54,394	63,346	91,485	82,205
	Cumulative Loan Disbursed	169,691	224,085	287,431	378,916	461,121
	Yearly Loan Recovered	31,548	46,048	57,085	70,953	71,747
	Cumulative Loan Recovered	145,258	191,306	248,391	319,344	391,091
	Loan Portfolio	24,433	32,779	39,040	59,572	70,030
	Loan Portfolio Growth	48%	34%	19%	53%	18%
	Number of Borrowers	921,924	953,964	1,017,136	1,172,873	1,237,569
	Borrower/Customers Ratio	68%	69%	67%	71%	66%
<b>D</b>	<b>Sustainability/Profitability</b>					
	Return on Equity (ROE)	36%	35%	33%	27%	8%
	Return on Performing Assets	24%	25%	25%	23%	21%
	Operating Self-Sufficiency	147%	147%	154%	145%	111%
	Financial Self-Sufficiency	142%	141%	149%	143%	110%
	Financial Spread (Net Financial Margin)	9.61%	9.47%	11.04%	9.65%	3.29%
<b>E</b>	<b>Portfolio Quality</b>					
	On Time Recovery Rate (OTR)	97.25%	98.63%	98.16%	97.93%	95.83%
	Cumulative Recovery Rate (CRR)	99.22%	99.38%	99.39%	99.38%	99.31%
	Portfolio at Risk-PAR (>30days)	2.62%	2.38%	3.37%	3.24%	3.09%
	Risk Coverage Ratio	100%	100%	100%	100%	100%
	Loan Loss Reserve Ratio	3.16%	2.68%	3.32%	3.30%	3.24%
	Write-Off Ratio	0.39%	0.70%	0.44%	0.44%	0.63%
<b>F</b>	<b>Assets/Liability Management</b>					
	Yield on Gross Portfolio	24%	25%	25%	24%	21%
	Current Ratio	514%	575%	645%	805%	767%
	Financial Cost Ratio	6.48%	6.14%	5.90%	6.38%	7.30%
	Annual Growth to Total Assets	43%	35%	22%	50%	20%
<b>G</b>	<b>Leverage</b>					
	Debt to Equity	2.66	2.34	1.75	2.07	2.12
	Debt Service Coverage Ratio	1.37	1.36	1.63	1.43	1.19
	Capital Adequacy Ratio	21.36%	23.34%	29.38%	26.77%	24.51%
<b>H</b>	<b>Efficiency/Productivity</b>					
	Loan Officer (LO) Productivity	337	342	323	355	324
	LO Productivity (Loan-BDT)	6,065,834	7,729,011	8,342,021	12,715,522	11,587,490
	LO Productivity (Savings-BDT)	1,909,454	2,435,867	2,702,829	3,714,147	3,963,639
	Average Disbursed Loan Size (BDT)	40,753	52,870	61,269	78,021	81,433
	Average Outstanding Loan Size (BDT)	26,502	32,795	38,320	50,763	54,406
	Cost of per Unit Money Lent (BDT)	0.04	0.05	0.05	0.04	0.08
	Operating Expenses Ratio	8.34%	9.39%	8.34%	7.55%	9.72%







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