

# Annual Report 2009

**BURO** *Bangladesh*



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**BURO *Bangladesh***  
An Emerging Commercial  
MFI in Bangladesh

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## Message from CEO

With immense pleasure we are presenting our Annual Report 2009. As in the recent past, we are continuing our efforts of expansion both horizontal and vertical to serve the unmet poor households. We are currently operating in 54 districts of Bangladesh providing services to about 750,000 customers through 506 branches. Though microfinance is our flagship program, we have undertaken some other development activities too that are deemed essential for the people's welfare. These include channeling foreign remittances, rural piped water supply, disaster support, insurance coverage, etc. Our financing activities include general microfinance for the low-income people, agriculture financing for the small & marginal farmers and micro-enterprise for the graduated customers.

We are carrying on our main program on market-based financial transactions and without any subsidized or concessionary assistance. Meanwhile, we have emerged as a true commercial MFI in the country. We relentlessly pursue commercial objective to provide sustainable financial service to the customers of today and tomorrow. Despite this fact, we cherish social mission in contributing to poverty reduction. Reduction of poverty is at the core of our policy. As days are going by, we are strengthening our financial governance, accountability and transparency. Every year we are getting rewards from the national and international level organizations in recognition to our practice. In 2008, BURO Bangladesh has been awarded the joint winner with BRAC for the best Published Reports and Accounts by the South Asian Federation of Accountants (SAFA). In the MIX Market Report 2009, we have occupied 6<sup>th</sup> top position in view of only growth factor consideration in the year, among 100 MFIs in the world.

Our clients are at the uppermost in our mind, we carefully listen to them, provide them access to information they ask for and design products as per their growing needs. All our activities are intended to empower our customers for their increased welfare.

In terms of performance, we have maintained our position with more than 100% financial sustainability. The on-time loan recovery rate was 98.15%, portfolio at risk (>60 days) was 3.34%. The cost per unit of money lent has been stable at BDT 0.07.

We are indeed grateful to all of our important stakeholders that include banks, non-banks and other financial institutions for their support. We are much indebted to many donors who supported us in the past and still take pride in our progress.

I would finally like to thank my colleagues and professional staffs who had worked hard to sustain the trend of our achievements.

Zakir Hossain  
Executive Director

Dated: March, 2010

## **Microfinance Scenario**

### **Trend in the Microfinance Industry**

The country has about 150 million population. The population growth rate is 1.47%. About 77% population live in the rural areas; while 23% live in the urban areas. The economy of the country is dependent on traditional agriculture. About 45% of the total population are living below poverty line. Poverty is falling gradually. As per CDF statistics 2008, 612 NGO-MFIs have accounted for 28 million active clients. The net savings stood at BDT 40,044 million. The loan portfolio was BDT 126,676 million.

### **Formal Financial Sector has increased Access to MFIs**

Commercial banks are now increasingly wholesaling funds to the NGOs. Currently banks and non-banks are financing microfinance programs. These banks include both private and public sector commercial banks including some foreign banks. PKSF is the largest wholesaling of microfinance in the industry that has so far funded about 228 NGOs. Stromme Foundation and Anukul Foundation of CARE Bangladesh are also providing loans to the NGO-MFIs. The banks are following a number of vehicles to provide finance that includes syndication, securitization, guarantee and direct lending. In financing the MFIs, the banks consider the equity position of the MFIs. Most MFIs have very little equity to qualify for required bank loan.

### **More MFIs Being Used as Remittance Channels**

There has been a formidable innovation in the industry in channeling foreign remittances to the remote areas of the country. To make the money transfer faster to the recipients, the branches of a few MFIs are being used by a number of banks with approval of the central bank.

### **Update on Microfinance Regulation**

The Microcredit Regulatory Authority Act, 2006 was passed in July 2006, which has come into effect from 27 August 2006. All NGOs must obtain license for micro-credit operations. The Authority has so far issued more than 500 licenses. The Authority is in the process of finalizing rules for the compliance of the microcredit NGOs. Banks and government departments carrying on microfinance programs are outside the purview of the Microcredit Act. License is granted for a fee that varies according to the size of the MFI.

### **Status of Commercialization of MFIs**

Despite the fact that Bangladeshi microfinance sector is subsidized due to PKSF's lending, yet the necessary elements of commercialization are growing and coming into play. As for instance, a good number of MFIs have accessed to commercial bank funding at market prices. International donors' money for the mainstream MFI is no longer available. Of late, Syndicate loans and securitization have added new momentum in the microfinance industry. Taking loans from the banks, the MFIs have demonstrated that they can go without PKSF concessionary loans. All these development point to the fact that some development has already taken place to spur commercialization in Bangladesh. If the lending rates of PKSF come to two digit figure, the MFIs will no longer be interested in PKSF funding thus paving the way for increased commercialization.

# Glimpsing the Institution

## Institution

BURO Bangladesh is a national ‘not-for-profit’ organization that was set up in 1990 with a view to working for the poor on sustainable basis to reduce poverty. It is a specialized micro-finance institution that provides high quality flexible financial services to low-income people, particularly the women, who are regarded as its prime customers. To meet their ever-growing financial needs, it has launched six loan products, two savings products and one insurance scheme. The organization provides remittance services to the people through its branch network. It provides agriculture loans to small and marginal farmers and stepped up loans to the graduated clients called enterprise loan. The organization has also a disaster mitigation program for the affected microfinance clients. It has been achieving milestones of success and eventually attained financial sustainability.

What is more, BURO Bangladesh provides a modicum of non-financial services that includes business development services (BDS), food security, human resource development, disaster management, technical assistance to MFIs, and rural water supply, among others.

## Customers

There are three categories of customers who are selected based on some specific criteria.

### Very Poor/Extreme Poor

- owning less than 10 decimals of land
- annual income equal to or less than BDT 6,000 and having assets less than BDT 12,000
- age limit between 18-60 years

### Moderate Poor

- owning less than 0.50 acres of land
- annual income equal to or less than BDT 18,000 and having assets less than BDT 100,000
- age limit between 18-60 years

## Micro Entrepreneurs and Small & Marginal Farmers

- owning more than 0.50 acres of land
- annual income in the range of BDT 18,000 – BDT 60,000 and having assets in the range of BDT 100,000 – BDT 300,000
- age limit between 18-60 years

## Legal Status

BURO Bangladesh is registered with:

- The Department of Social Welfare, No. TA. 0489 dated 9<sup>th</sup> April 1991.
- NGO Affairs Bureau No. 610 dated 19<sup>th</sup> March 1992.
- The Registrar of Joint Stock Companies & Firms, Bangladesh No. S-7026(214)/07 dated 6<sup>th</sup> September 2007.
- Licensed from Micro Credit Regulatory Authority (MRA) No.00004-00394-00288 dated 25 June 2008.
- Tax Identification Number (TIN): 142-400-2581.

## Linkages

BURO Bangladesh has established linkages with:

- 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 Association of Investors in the Social Economy (INAISE), France.
- International Network of Alternative Financial Institutions (INAFI), Bangladesh.
- MicroFinance Network, Mexico
- Campaign for Popular Education (CAMPE), Bangladesh.
- Self-help Promotion Network, Bangladesh.
- South Asian Microfinance Network (SAMN)
- Banking with the Poor (BWTP)

## Stakeholder Information

BURO Bangladesh regularly furnishes information to a number of important national and international agencies. These are:

- 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 Annual Report distribution.

#### **Advisory Support**

Mr. Graham A.N. Wright has been BURO Bangladesh's international honorary advisor for a long time. He is providing valuable inputs in the continued development of the organization and assisting the management in quality decision-making, future development and program planning. Mr. Wright is now working as Program Director of Microsave.

#### **Future Direction**

##### **More Expansion of Micro Finance**

BURO Bangladesh was originally conceived as a demonstration model, with the aim of achieving sustainability providing a range of high quality financial services.

It has initiated an expansion program and plans to raise the customers from current level of 747,000 to 1,300,000 in 2010.

##### **Going Extensive Automation**

The organization is contemplating full automation of its branches by 2013. In this context, steps have already been taken. Currently 50 branches have full automation. In 2010, a total of 250 branches will be under automation.

##### **Strengthening Micro-enterprise (ME) Support**

BURO Bangladesh is currently financing ME clients in a limited way. It believes that ME is an area where more investment should be forthcoming as this has good potential for employment and income generation. The organization will prioritise creating employment opportunities in the rural areas in non-conventional businesses. The organization has decided to launch a massive micro-enterprise program in 2010 through bank financing for increased rural employment generation.

## Highlights

### Professional Attainment

- Awarded second position in the NGO-MFI sector in 2008 by the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Published Reports and Accounts.
- Awarded joint winner by the South Asian Federation of Accountants-SAFA in 2008 for Best Published Reports and Accounts.

### Legal and Compliance

- Paid off BDT 7.94 million as taxes in the National Exchequer.

### Product and Services

- Some financial products redesigned.
- Working with hard-core poor in two branches with flexible approach.
- Introduced agriculture loan for small and marginal farmers.

### Policy and Implementation

- A rigorous internal control system is in place.
- Strengthened channeling foreign remittance to the rural areas.

- Customers can withdraw all savings from the general account leaving BDT 10 to keep the account just active.

### Major Expansion in 2009

- Commercial borrowing increased by 153%.
- Loan portfolio increased by 27%.
- Savings portfolio increased by 31%.
- Customers outreach increased by 24%.

### Operational Performance

- Operational self-sufficiency and financial self-sufficiency is 107% and 102% respectively.
- Portfolio at risk (>60 days) is 3.34%. 95.84% portfolio has no payments in arrears.
- On-time recovery (OTR) rate is 98.15%.
- Customers' savings constitutes 26% of total revolving loan fund.
- Operational expense ratio is falling and is now 16%.
- Cost per unit of money lent is BDT 0.07 revealing a low cost.

## What We Stand For

### Vision

A happy, prosperous and pluralistic democratic society that meets the basic needs of the people in 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.

### Strategic Priorities

- Promote product diversification.
- Pursue commercialization principle.

- Facilitate foreign remittance flow to the rural areas.
- Support emerging market segments like hard-core poor; small & micro enterprises; and small & marginal farmers.

### Market Positioning

- Identify the major attributes that the customers value most in the financial products.
- Review different attributes in terms of product quality, prices, availability & service delivery.
- Continuously assess the organization and its competitors' offer to stay competitive in the market.

## **Our Values**

### **Listening to Customers**

- Respect the customers as valued clients.
- The program pivots on customers' choice.
- Change rules and regulations based on customers' likes and dislikes.

### **Customers Empowerment**

- Access to flexible and quality financial services for the poor.
- Money management capacity is enhanced through savings and loan activities.
- Stress on the financial asset increase of customers

### **Right to Access Information**

- Customers have every right to tally the passbooks with branch level transactions.
- Customers have right to know what the organization is doing with their savings.

### **Financial Service is a Right of the Customers**

- Customers need a safe place to keep savings.
- Customers have every right to withdraw savings whenever necessary.
- Customers have a right for credit for their development and raising income.

### **Features of Quality Financial Service**

- Service is provided timely.
- Service is prompt and quick.

- Service meets the customers' needs.
- Service is affordable by customers.

### **Financial Prudence**

- Follows cost recovery principle.
- Mobilizes funds from markets at commercial rates.
- Conducts financial analysis, audit and financial control.

### **Good Governance**

- Strategic vision/mission: A long-term perspective about what is needed by the customers, and BURO Bangladesh.
- Responsiveness: Serving the interests of all stakeholders.
- Transparency: A free flow of information between the organization and concerned stakeholders.
- Accountability: Decision-makers are answerable to the stakeholders and the organization.
- Compliance: Strictly follows the directives of Microcredit Regulatory Authority (MRA)

### **Social and Development Commitment**

- Work with a social mission to contribute in poverty reduction.
- Pursue commercial objective to provide sustainable microfinance service.

## Timeline

Year	Chronicle of Major Events
1990	The genesis of the organization is ingrained in the study conducted by USAID/PACT Inc. Initiated five “Model Branches of Sustainable Rural Financial Service” funded by USAID/ PACT Inc.
1991	Strengthened five “model branches” followed by two external evaluations.
1992	Research Department, Bangladesh Bank (Central Bank) conducted evaluation that found financial norms maintained to operate its financial services.
1993	An external evaluation by Donors looked into overall mandate of the organization, to accept the challenge for future replication of the model.
1994	Along with minimalist approach gave increased emphasis on social aspects and business skill development of the customers.
1995	An external Mid- term Review by Donors geared up further innovations. Made interventions in the flood prone areas, with the landless destitute.
1996	Intervened in social program with donor support for post disaster activities. Carried out strategic planning for complete withdrawal from donor’s support for its micro-finance program between 1997 and 2001.
1997	An operational research on “New Products” was commissioned. UN General Assembly recognized the role of BURO, Bangladesh in 1997.
1998	A system was developed through “Group and Kendra Reformation” for sustaining microfinance program during and at post disaster period. Policy shift from donors grant to borrowed fund for microfinance operation.
1999	First microfinance capacity assessment was made by an overseas rating agency.
2000	Entered formal financial market for funding for micro-finance program. Reviewed Internal Control to strengthen MIS and FIS, among others.
2001	Product Development Review recognized the high quality set of financial services well adapted to the needs of the poor customer. Donors’ end-term review found the achievements of all targets set for 1997-01. Second Micro-Finance Rating Risk Assessment was conducted.
2002	Prepared first business plan (2003-07) for expansion microfinance. A strategic planning exercise was done for 2003-07 by a consortium of donors. A review of “Costing of Products” was conducted by external agency.
2003	Third Microfinance Rating - Risk Assessment was conducted by an agency. Microfinance model for the very poor in the rural areas was put into action.
2004	Microfinance model for the very poor the in urban areas was put into action. All-out efforts were taken to strengthen the Code of Corporate Governance.
2005	Geared up access to commercial banks, non-banks and international agencies.
2006	Chars Livelihood Program with an integrated approach began. Massive expansion of program adopted during the year. Automation of branches started.
2007	Introduced agriculture loans for small & marginal farmers. Reviewed current loan and savings products and brought about some changes. Entered the process of borrowing through ‘bank syndicate financing’.
2008	Foreign remittance service introduced for the rural people.
2009	First ever commercial bank syndicated financing in agriculture sector in the country.

## Recognition

### **CGAP/The World Bank Financial Transparency Award**

BURO Bangladesh has been awarded Merit Recognition for its performance 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, established in 1984 to coordinate the accounting profession from the SAARC member countries, has awarded BURO Bangladesh 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, Bangladesh has been awarded joint winner along with BRAC for the best Published Reports and Accounts by the South Asian Federation of Accountants (SAFA).

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

The Institute of Chartered Accountants of Bangladesh (ICAB) has awarded BURO

Bangladesh for last four years consecutively for its best published Reports and Accounts for the financial year 2004 (2<sup>nd</sup>), 2005 (1<sup>st</sup>), 2006 (3<sup>rd</sup>), 2007 (2<sup>nd</sup>) and 2008 (2<sup>nd</sup>). This is a notable national recognition to an NGO-MFI especially for its financial transparency.

### **Microfinance Information eXchange (MIX)**

MIX is a non-profit private organization in Washington DC dedicated to reducing one of the key constraints of the microfinance industry. Improving financial transparency is critical to the development of the market for microfinance services. The MIX accomplishes this task through two primary services: the Mix Market and the MicroBanking Bulletin. In 2009, it carried out performance evaluation of 100 MFIs in the world where BURO Bangladesh secured top 6<sup>th</sup> position and second among MFIs from Bangladesh. The performance mainly considered the growth factor in 2009.

# Corporate Governance

## Constitutional Aspects

### Governing Body and General Body

BURO Bangladesh strictly follows the 'Code of Corporate Governance for Bangladesh' prepared by the taskforce on corporate governance to develop corporate culture. A seven-member Governing Body (Chairperson, Vice Chairperson, Finance Secretary and four Members) and a four-member Operational Board of Directors (Executive Director, Finance Director, Program Director and capacity building Deputy Director) are vested with the governance and the management of the organization. The Executive Director is not a member of the Governing Body but works as an ex-officio secretary. The Governing Body is elected bi-annually from a body of 15 general members, who come from different professions and arena viz. business, banking, law, academics, journalism, and social development.

In 2009, four Governing Body meetings were held i.e. on 29<sup>th</sup> April, 15<sup>th</sup> June, 17<sup>th</sup> September and 24<sup>th</sup> December. The meetings provided guidelines and policy directions to the management for streamlining operations.

The 15<sup>th</sup> Annual General Meeting (AGM) was held on February 06, 2009 to approve budget and operational plan for 2009. The meeting elected the Governing Body for 2009 and 2010.

The 16<sup>th</sup> Annual General Meeting (AGM) was held on September 05, 2009. The meeting approved audit reports, annual report and appointment of auditor.

## Policy and Functional Aspects

### Policy and Procedures

In order to establish good governance in the organization, the organization gives significant importance on the implementation of various rules and procedures that include (i) Rules of Business for Micro-finance and Micro-enterprise, (ii) Staff Service Rules, (iii) Accounting and Financial Procedures and Rules, (iv) Internal Audit Manual, (v) Human Resource and Administrative Manual, (vi) Program

Implementation Manual, (vii) Gender Policy, and (viii) New Branch Opening Policy.

### Working Committees

Seven different committees are functioning with cross-functional departments to develop greater cohesion and integration towards achieving the goals of the organization. The committees are: (i) Recruitment and Promotion Committee, (ii) Gender Committee, (iii) Sales & Purchase Committee, (iv) Land Purchase Committee, (v) Disaster Management Committee, (vi) Committee for Building Construction, and (vii) Committee for Old Papers Disposal. All committees are approved by the governing body.

### Program Management Structure

BURO Bangladesh operates through its branches in different places. A branch is managed by one Branch Manager, one Accountant, and 6-8 Program Organizers (POs)/ Assistant Program Organizer (APOs). There are 506 branches which are supervised by 85 Area Officers. Overall, there are 18 Zonal Officers that administer all the branches and area offices.

### Staff Benefit Funds

The services of all staff are regulated by well-defined Service Rules of the organisation. These include: (i) provident fund, (ii) gratuity fund, (iii) health fund, (iv) housing fund, (v) staff family welfare fund, (vi) advance for motorbike and bicycle purchase, (vii) income tax payment for the staff, (viii) leave encashment, and (ix) advance salary payment on simple terms to facilitate buying life insurance policy.

The Provident Fund is managed by a separate Trustee Board comprising staff at different levels. The management manages four other financial benefits. The accounts of these financial benefits are maintained separately. The total amount of staff benefit fund as on December 31, 2009 stood at BDT 126.75 million, which includes BDT 85.77 million as provident fund, BDT 15.02 million as gratuity, BDT 2.93 million as health fund, BDT 8.57 million as housing fund and BDT 14.46 million as staff family welfare fund.



### **Income Tax Return Submission**

Submission of income tax return is mandatory under government rules. The organization has been regularly submitting the returns to the government. The government has exempted the non-profit organizations dealing with microfinance from paying income tax from the surplus earned. However, if there is any income from other than microfinance, it will be subject to the relevant rules of taxation. The income tax assessment of the organization has been duly completed for the year. During the year, an amount of BDT 6.69 million has been paid to the national exchequer for income other than from microfinance. In addition, the organization paid BDT 1.25 million as VAT/taxes against non-financial development expenditure.

### **Internal Control System**

To ensure transparency, efficiency and overall effectiveness, the organization pursues a rigorous internal control system. Most international standard norms and practices are also meticulously followed. These practices reflect the organization's institutional and managerial soundness. It has, of course, taken time to develop these systems. The components of internal control system are laid down below.

### **Budget Formulation and Variance Analysis**

The initial budget planning starts at the branch level. A yearly budget is split into monthly figures spelling out financial and program targets. All branch budgets are consolidated in the head office to formulate the organization's aggregate budget. Financial monitoring is carried out monthly based on budget variance, MIS and FIS reports.

### **Fair Staff Recruitment Process**

Recruitments are made through fair competition and public announcements. The criteria are well defined in the service rules. Advertisements are made in the leading newspapers in the country. Generally written and viva tests are held. For senior level recruitments assistance of external experts are taken. Executive Director approves all recruitments recommended by the committee for recruitment.

### **Procurement and Other Policies**

The organization maintains an enlisted group of suppliers and signs a MoU for one year with them to supply printed materials and stationary items as per general agreement. They continue to supply unless there is any unusual price hike. In case of other printing and materials, spot quotations are asked for.

### **Per Diem and Travel Policy**

There is a well-defined policy for domestic and international travel including food and lodging for all grades. A policy for per diem also exists continent-wise for all grades.

### **Payments/Advances**

All payments are made through crossed cheques. Advances to the staff are made with prior approval of the management.

### **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.

### **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 following four areas: (i) field level transaction control, (ii)

treasury management, (iii) budgetary control, and (iv) accurate financial reporting.

### **Internal Audit**

The audit department is staffed with an Audit Officer. A total of 34 audit staff work in the internal audit department who are based in the zonal offices. The internal auditor reports on 100% checking of loan portfolio. He also reports on 100% checking on loan and savings balancing (reconcile the balance with collection sheet) and program-wise reporting and reports on passbook verification of at least 100 passbooks of 10 *kendras* done by the concerned PO/ APO, etc. He reports on fund management concerning cash and bank.

The audited reports are submitted to the Executive Director. These are discussed in meetings at higher level and asked for clarifications, if there is any anomaly. Punitive and corrective measures are taken where necessary. The findings of the auditing guide the management in taking right decisions for modifying policies, systems and procedures.

### **External Audit**

The organization conducts annual audit regularly every year. Reputed audit firms in the country are hired for external auditing. Audit firms are appointed by the General Body in the annual general meeting for a period of one year.

### **Standard Practices**

BURO Bangladesh follows some of the internationally accepted reporting and prudential requirements – even though microfinance NGOs are not required to comply these. This is being done to conform to the standard norms and practices pursued world-wide and to prepare for any future prudential requirements in the country. These practices and the relevant indicators portray a clear 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 that it has incurred can be adequately offset with capital and reserves. The current capital adequacy ratio is 13%.

### **Asset Management**

Loans advanced to the customers make up the portfolio of the total assets and forms the biggest current asset. To determine the quality of loan portfolio, aging analysis is performed monthly. The year-end financial accounts of 2009 shows that the organization has achieved a first-rate portfolio indicating 96.69% of the portfolio with no payments in arrears.

The organization pursues clear policies in acquiring land and building to optimize the operation of its business. It follows clear-cut policies to acquire necessary equipments and vehicles for building an effective infrastructure for the institution to meet the needs of both staff and the customers.

### **Management**

Human Resource Development (HRD) is well organized in a manner that provides clear guidance and support to operations staff - including recruitment and training of new personnel. All key processes have been formalized. With much effectiveness it controls risk throughout the organization. The organization undertakes short-term and long-term financial projections and uses these to ensure fiscal and budgetary control.

### **Earnings**

The management has been effectively using and mobilizing the available resources to ensure sustainable benefit to its customers while aiming at a modest return on the investment.

### **Liquidity Management**

Based on experience, 10-15% of savings balance of all branches is deemed adequate to meet the liquidity reserve ratio. For the liquidity requirement, 50% has been earmarked for general savings, 40% for regular voluntary savings and 10% for operating and financial expenses.

**Loan Loss Provisioning and Write off**

Management makes provisions for loan losses every quarter in order to maintain the loan loss reserve at adequate levels for bad loans. The loan loss reserve ratio is 1.82%. The adequacy of the provision is determined by applying appropriate percentages to the outstanding balances in various aging categories. The write-offs of any loans, if necessary, are charged against reserve. Loans are written off in full after one year of the loan term.

**Risk Management**

Risk is defined as the possibility of losses, financial or otherwise. 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 Bangladesh evaluates and takes well calculative business risks and thereby safeguards the organization's capital, its financial resources and profitability. Risk management is done through internal control system and standard practices followed globally.

## Features of Financial Products

## Loan Products

BURO Bangladesh stresses on supporting economic activities to generate employment and income to reduce income inequality among the disadvantaged and the poor.

The loan products have been developed in response to the demand of its customers and specifically designed to assist their economic activities – they are market-led and customer responsive. As a result, BURO Bangladesh has many comparative advantages.

- Unlike many NGO-MFIs, customers do not have to take loans from BURO Bangladesh just to remain in the program. Instead, BURO Bangladesh only gives loans as and when customers want them to support their economic activities.
- Unlike most of the NGO-MFIs customers, BURO Bangladesh's loans are not linked to savings balances – loans and savings services have been completely de-linked and made entirely voluntary.
- Customers can prepay their loans in order to qualify for new and larger loans.
- In addition to existing loan(s), BURO Bangladesh customers can have short-term loan for meeting any emergency needs.

**General Loan:** The loan is intended to allow rural and urban poor households to finance their economic activities and build a strong capital base. General Loans are working capital loans given to poor and disadvantaged households. General Loans range from BDT 5,000 to BDT 45,000, depending on the economic activity, the borrower's management capacity, and demand for the product and/or services in the market. The loans are repayable within a year in 46 installments at an annual interest rate of 15 percent.

**Micro-Enterprise Loan:** BURO Bangladesh has developed its micro-enterprise loan for the 15-20% of entrepreneurs capable of graduating from groups, as well as entrepreneurs in the community. Micro-enterprise loans are individual loans that are assessed on the basis of household cash flow, business projections and

the reputation of the borrower amongst her/his business peers/in the community. The size of the loan depends on the size of the businesses and the comparative advantages that the entrepreneurs have. With the Micro-enterprise loan borrowers are expected both to provide equity and generate wage labor employment (other than family labor).

Micro-enterprise loans range between BDT 50,000-BDT 500,000, repayable within one-three years in 46-138 installments at an annual interest rate of 15 percent.

**Agriculture Loan:** The loan is exclusively for agricultural activities and is designed to increase the farm activities enhancing the livelihood of the poor rural and peri-urban households. The agricultural loan also enhances food security of the households. The loans are disbursed to landless and marginal farmers in organized groups. Agricultural loans of BDT 10,000 – BDT 50,000 are given for one year, depending on the activity, land-holding etc., repayable in 46 installments with an annual interest rate of 15 percent.

**Hand Loan:** The loan is intended to serve as a “social security net” and was designed implemented after the Customer Consultative Group Discussions and Client Satisfaction Surveys conducted by BURO Bangladesh. The hand loan is designed to protect customers from shocks to their household economies and the erosion of their financial, physical and social assets. Hand loans are used to finance important festivals (Eid, Puja, Christmas, marriages, etc.), health care and child education. The hand loan is a small loan of BDT 3,000, repayable within 3 months at an annual interest rate of 15 percent.

**Disaster Loan:** In extreme emergencies, such as cyclone and floods, BURO Bangladesh provides disaster relief with support from leading donor agencies. However, instead of offering large-scale or long-term charitable activities, the organization places 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 ranges from BDT 3,000 – BDT

5,000 with an interest rate of 10 percent to be repaid over one year.

The disaster loan is intended to reduce the effect of shocks to the households' financial and physical assets immediately after natural disasters. The disaster loans meet affected households' immediate needs for cash and thus to respond to their situation.

**Water & Sanitation Loan:** Environmental health concerns continue to be an ominous factor contributing to diseases and poverty. Access to safe drinking water which is also free from arsenic contamination and to hygienic sanitation will reduce sickness and thus increase the labor productivity. The tube-well loan facilitates access to safe water for drinking and other purposes. The sanitary loan is offered to customers seeking to install sanitary latrines in their homesteads. Both the sanitary and tube-well loans range from BDT 3,000 – BDT 10,000 repayable within a year with an interest rate of 15 percent.

### Savings Products

All savings are payable to the customers on demand. Savings is not held as security for loan. Strong, accountable governance, sound asset management and an enabling legal and regulatory environment are three cornerstones for large scale savings mobilization. The organization offers savings services to all its clients (whether they choose to borrow or not), with the basic objectives of:

- i. The poor people have a formidable capacity to save and BURO Bangladesh duly recognizes this fact. It provides a secured place for keeping savings, increasing financial strength and capital growth of the customers with a view to reducing their dependency on external resources; and
- ii. Improving the sustainability of the institution by developing a relatively stable means to finance its loan portfolio.

In accepting savings from poor people, BURO Bangladesh discharges a fiduciary responsibility. It has worked hard to:

- i. Strengthen the governance and management functions to optimize the security of the savings products offered by the institution;
- ii. Assess, understand and respond to the demand for a variety of differentiated savings products and offer a range of liquid and illiquid products; and
- iii. Develop and implement policies, procedures and processes that optimize systems of internal control and risk management.

**General Savings:** Small depositors usually value convenient, easy access and relatively secure delivery savings services above all else. In some environments, to be useful to women, the delivery systems must respond to their restricted mobility and availability of time. Customers also value privacy, preferring systems that do not reveal to other customer how much they save and withdraw. The general savings account is like a current account, where customers can save or withdraw on demand. The general savings account requires a nominal minimum balance of BDT 10. The general savings account customers have the following advantages:

- i. Savings of any amount from BDT 10 – BDT 2,000 at the *Kendra* (group) meeting in the village; and deposit any amount above BDT 2,000 at the branch;
- ii. Withdraw savings at any time on demand, and
- iii. Receive compounded interest at the rate of 4.5 percent per annum of their general savings account balance.

**Regular Voluntary Savings:** Poor people often value regular, disciplined savings systems as a way of building up useful lump sums that can be invested or used for social obligations such as marriages, funeral or children's education. These products respond to the poor's demand for illiquid savings systems that protect their money from frivolous spending and allow the slow, but steady accumulation of a lump sum. BURO Bangladesh pays a significantly higher rate of interest on these regular voluntary savings than on the general savings account.

The regular voluntary savings account allows savers to determine the amount and time of deposits and withdrawals. In the regular voluntary savings account, clients agree to regularly deposit a set amount for a set period of time, after which they can withdraw the entire amount plus the interest. The savings account offers the following advantages to the customers:

- i. Customers can choose to deposit on a weekly or monthly basis according to their income/ cash flows.
- ii. Customers can choose to deposit weekly savings in the range of BDT 10 – BDT 250; and monthly savings in the range of BDT 40 – BDT 1,000.
- iii. At the end of the period, customers receive more than the total deposited amount.
- iv. Customers can (and often choose to) open more than one account in the same name simultaneously.
- v. Interest is paid on a compound basis in the range of 6 to 8 percent.

### **Micro-Insurance Product**

Customers' security fund has been promoted with two objectives viz. the social objective, and the economical objective. The social objective recognizes social protection of the customers is necessary to reduce the vulnerability of households to income and consumption shocks. The economical objective is to increase the stability and profitability of poor households through reducing the impact of customer risk on loan and savings portfolios, generating additional revenue, supporting risk management, and reducing customers' vulnerability to economic stresses.

### **Remittances Services**

BURO, Bangladesh provides foreign remittances to the people through its widespread network in the country. The money is sent to the families by the migrants abroad.

In this context, BURO, Bangladesh has been working as an official channel of some commercial banks.

## Moderate Poor Microfinance

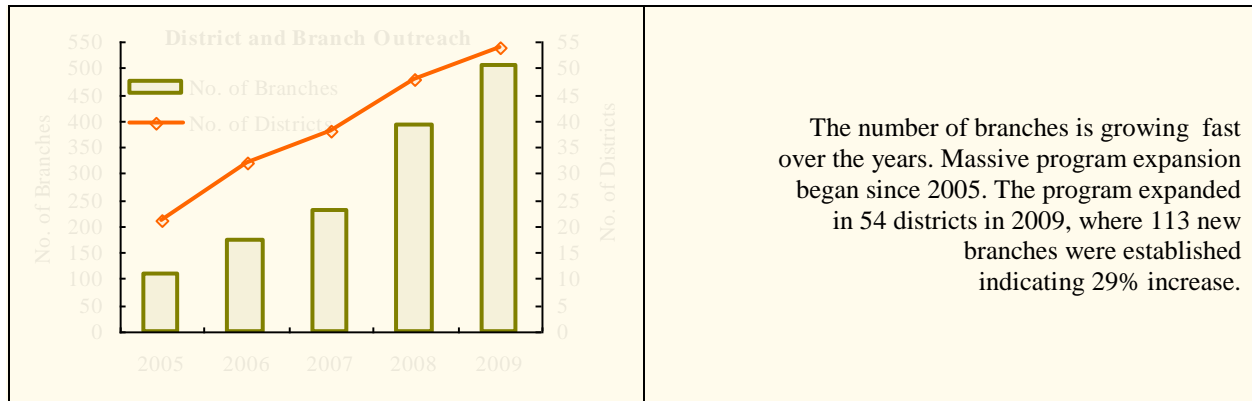


## Geographical Coverage

As of December 31, 2009, BURO Bangladesh provided flexible financial services to 18,195 villages in 1,318 unions in 54 districts of all seven divisions viz. Dhaka, Rajshahi, Chittagong, Barisal, Khulna, Sylhet and Rangpur. The year witnessed rapid expansion of branches to 506 from 393 in 2008 resulting in creation of 113 new branches.

## Savings Services

The objective of savings services is to provide a safe place for the rural and urban customers to enable them to be self-reliant through increasing savings to build up their financial assets. BURO Bangladesh has two savings products for its customers that include general savings and regular voluntary savings. It maintains open



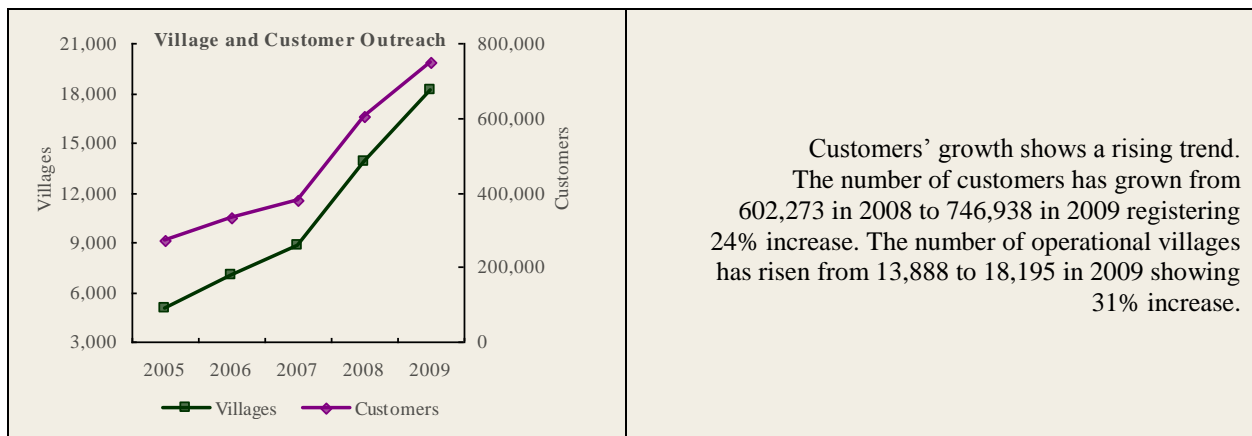
## Customer Outreach

The number of active customers stood at 746,938 as on December 31, 2009 as against 602,273 in 2008. The net increase of customers during the year was 144,665, which is 24% higher than the preceding year. The women constitute more than 99% of the total customers. Customer dropout is common in the microfinance industry. They drop out for a variety of reasons that includes migration, business failure, and switching to other MFIs due to location convenience, etc. Dropout rate increased to 6% from 5% in 2008.

access savings where there is no restriction in withdrawal. BURO's experience shows that voluntary and open access savings can generate more net savings than the compulsory savings.

## Savings Performance

As of December 31, 2009, the net savings balance was BDT 1,485 million as against BDT 1,137 million in the preceding year. Up to December 31, 2009, the customers had deposited a total of BDT 1,481 million and withdrawn BDT 1,133 million. The savings registered an increase of 31% during the year as opposed to 38% in 2008 indicating enormous growth in savings.



Yearly savings deposit and withdrawal for the last five years is shown in table-1.

Table-1: Savings deposits, withdrawals and net balance as on December 31

Year	Yearly		Net Balance	In-crease %	Average Savings per Customer
	Deposits	With-drawals			
Million BDT					
2005	394.70	238.45	464.55	51	1,700
2006	574.35	359.88	679.02	46	2,049
2007	746.45	603.51	821.96	21	2,182
2008	1,063.38	748.02	1,137.32	38	1,888
2009	1,480.70	1,133.18	1,484.84	31	1,988

The total savings breakdown is mapped out in table-2.

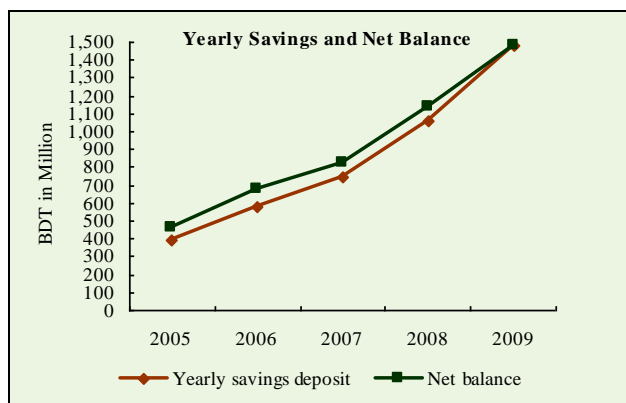
Table-2: Savings balance by product as on December 31

“Amount in Million BDT”

Products	2005	2006	2007	2008	2009
General Savings	153.69	234.80	281.38	434.92	597.90
Regular Voluntary Savings	306.52	439.75	539.58	702.39	886.94
Time Savings	4.34	4.47	1.00	-	-
<b>Total</b>	<b>464.55</b>	<b>679.02</b>	<b>821.96</b>	<b>1,137.32</b>	<b>1,484.84</b>

### Loan Services

BURO’s experience indicates that the customers prefer flexible quality financial service. They want larger loans and business development



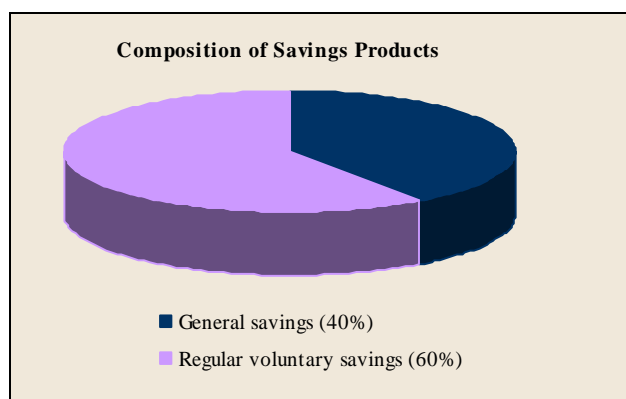
Net savings balance is rising due to the provision of open access services and increased membership. It is showing a steep rise since 2005 as number of customers increased significantly. The total savings increased from BDT 1,137 million in 2008 to BDT 1,485 million in 2009 showcasing 31% rise.

### Savings by Products

In 2009, the regular voluntary savings contributed to 60% of the total savings followed by 40% in general savings versus the corresponding savings of 62% and 38% respectively in 2008. Regular voluntary savings has emerged as a popular product since it carries high interest.

support services (BDS). The organization continues to revamp its policies and plans to stay competitive in the market.

It has six loan products with interest rates within the band 10-15% that include general loan, micro-enterprise loan, agriculture loan, hand loan, disaster loan, and water & sanitation loan.



The regular voluntary savings has contributed 60% in 2009, while the general savings has made 40%. Regular voluntary savings is attracting more customers as this product offers higher interest rates convenient to the customers.

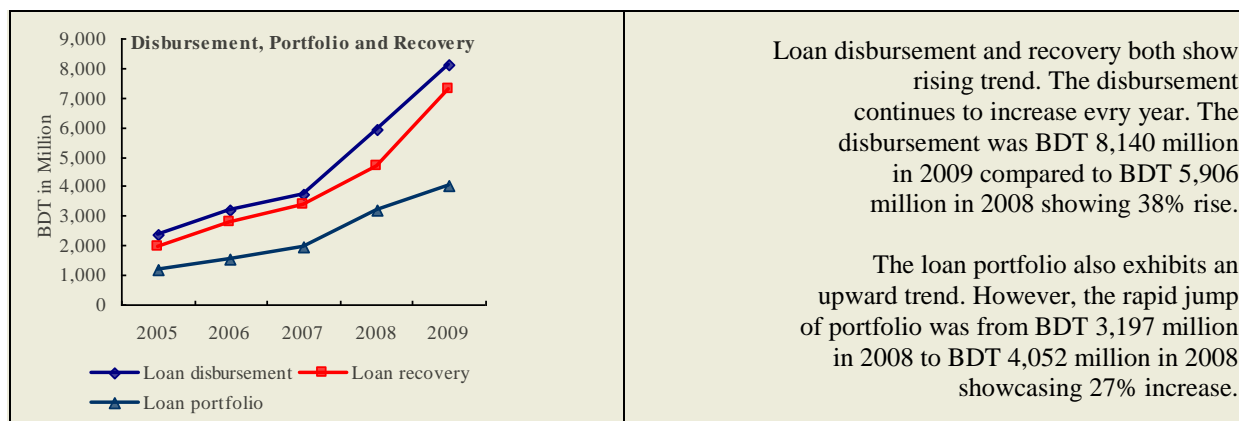
In addition to existing loan(s), the customers can have short-term loan for meeting any emergency needs. BURO Bangladesh also provides micro-enterprise and agriculture loan coupled with modicum business development support.

### Loan Performance

The average loan size based on disbursement was BDT 9,999 as against BDT 9,035 in 2008. The size is showing a rising trend, which effectively

Up to December 31, 2009, all branches have disbursed a total amount of BDT 28,202 million as against BDT 20,062 million in 2008 resulting in 41% increase. Of this, BDT 24,149 million has been recovered leaving the net outstanding loan balance at BDT 4,052 million.

The yearly and cumulative loan disbursement and loan outstanding positions are shown in table-3.



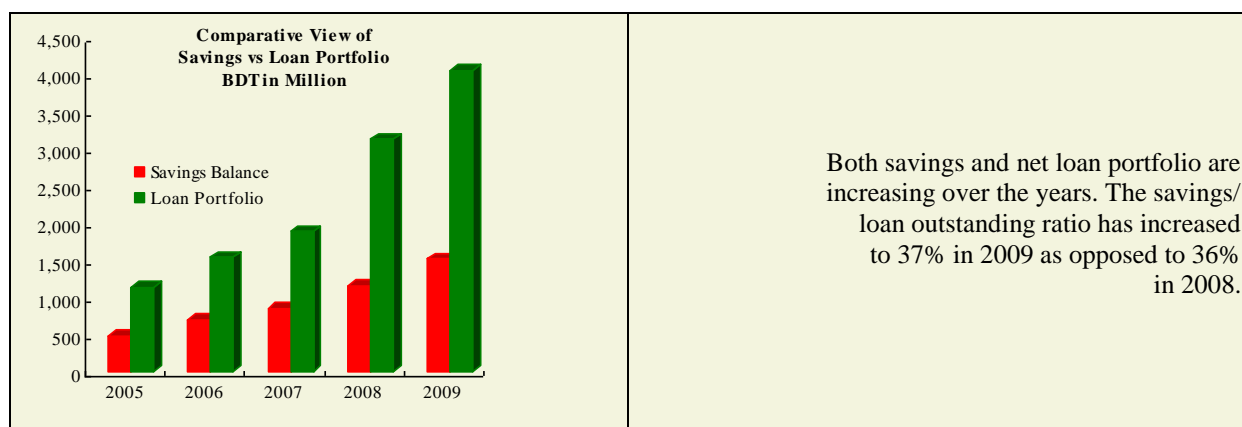
Loan disbursement and recovery both show rising trend. The disbursement continues to increase every year. The disbursement was BDT 8,140 million in 2009 compared to BDT 5,906 million in 2008 showing 38% rise.

The loan portfolio also exhibits an upward trend. However, the rapid jump of portfolio was from BDT 3,197 million in 2008 to BDT 4,052 million in 2009 showcasing 27% increase.

indicates the demand for stepped up loans. The on-time loan recovery rate was 98.15% compared to 98.05% in 2008.

Table-3: Yearly loan disbursement and balance as on December 31

Year	Yearly Disbursement		Cumulative Disbursement		Outstanding Balance		Average Loan Size	
	Number of loans	Million BDT	Number of loans	Million BDT	Number of loans	Million BDT	On Yearly Disbursement	Outstanding Loan Balance
2005	371,498	2,368	1,251,839	7,224	250,083	1,159	6,375	4,635
2006	428,566	3,180	1,680,405	10,404	306,313	1,565	7,421	5,109
2007	445,761	3,752	2,126,166	14,156	341,738	1,944	8,416	5,688
2008	653,672	5,906	2,779,838	20,062	530,102	3,197	9,035	6,031
2009	814,026	8,140	3,593,864	28,202	621,391	4,052	9,999	6,520



Both savings and net loan portfolio are increasing over the years. The savings/loan outstanding ratio has increased to 37% in 2009 as opposed to 36% in 2008.

## Hardcore Poor Microfinance

Hardcore poor have a variety of needs along with seed money. These include housing, health and nutrition, education for children, safe water and sanitation etc. With a view to improving the livelihood of the hardcore poor people, BURO Bangladesh has been operating two projects for last couple of years. These include: (i) Improved Living Standard of the Poorest of the Poor in Tangail peri-urban area with the financial support from UNESCO/Stichting Gilles Foundation and (ii) Economic and Social Empowerment of the Hardcore Poor (ESEHP) project in Uttara, Dhaka, urban area assisted by Stromme Foundation. In early 2009 BURO has replicated the ESEHP project in the Kurigram

covered 4081 customers and 2486 borrowers. The current experience suggests that sustainability is pretty difficult in dealing with hardcore poor following traditional microcredit approach and borrowing fund at commercial rates. Financing the hardcore poor should be looked at more from societal point of view and with long term perspective. BURO thinks the hardcore issue very challenging. The operation is very costly in view of small loan of absorption capacity and dispersed populace.

The financial results of the pilot programs in terms of balance sheet and income statement of seven branches are shown in table-4 and table-5.

Table-4: Summarized balance sheet as on 31 December 2009

Particulars	<i>“Amount in BDT”</i>			
	Hard Core Poor-Rural (Kurigram) (Opened on March 2009)	Hard Core Poor-Urban (Dhaka) (Opened on January 2004)	Hard Core Poor-Peri-urban (Tangail) (Opened on July 2002)	Total
<b>Property &amp; Assets</b>				
Fixed Assets	357,630	18,510	38	376,178
Loan Portfolio net of LLR	10,155,752	12,420,721	6,416,715	28,993,189
Advance	652,450	93,279	18,500	764,229
Current Assets	14,479	14,957	6,619	36,055
Cash at Bank Balance	2,827,390	139,446	176,515	3,143,351
<b>Total Assets</b>	<b>14,007,701</b>	<b>12,686,913</b>	<b>6,618,387</b>	<b>33,313,002</b>
<b>Fund and Liabilities</b>				
Customers' Saving	769,239	6,297,907	4,247,794	11,314,940
BURO Bangladesh Fund	12,749,644	1,324,921	4,630,790	18,705,355
Stromme Foundation	4,000,000	6,375,000	-	10,375,000
Accumulated Profit	(3,511,182)	(1,310,915)	(2,260,197)	(7,082,293)
<b>Total Fund and Liabilities</b>	<b>14,007,701</b>	<b>12,686,913</b>	<b>6,618,387</b>	<b>33,313,002</b>

district by setting up five new branch offices in five remote upazillas viz. Chilmari, Razarhat, Ulipur, Nageshwari and Kurigram Sadar.

In 2009, all the seven branches covered 7,533 customers and 5,502 borrowers. The urban branch included 3,452 customers and 3,016 borrowers. On the other hand, Tangail peri-urban branch covered 1868 customers and 1468 borrowers and the Kurigram rural branches

In 2009, non-financial services provided in the Dhaka urban branch and five Kurigram branches includes non-formal child education and adolescent awareness program, health services, basic life management training for the customers, nutrition training, water & sanitation awareness support etc. as per plan. The performance of non-financial services with the support of Stromme Foundation in the last five years is exhibited in table-6:

Table-5: Summarized Income & Expenditure Statement for the year ended on 31 December 2009

“Amount in BDT”

Particulars	Hard Core Poor-Rural (Kurigram) (Opened on March 2009)	Hard Core Poor-Urban (Dhaka) (Opened on January 2004)	Hard Core Poor-Peri-urban (Tangail) (Opened on July 2002)	Total
<b>Income</b>				
Interest on Loan	162,027	3,144,779	1,548,670	4,855,476
Other Income	200,596	220,498	75,315	496,409
<b>Total Income</b>	<b>362,623</b>	<b>3,365,277</b>	<b>1,623,985</b>	<b>5,351,885</b>
<b>Expenditures</b>				
Interest on Savings	-	169,870	235,836	405,706
Interest on Borrowing	1,762,415	1,766,609	-	4,119,685
Salary & Allowances	1,432,996	1,581,121	804,175	3,818,292
Loan Loss Provision	-	145,000	17,000	162,000
Other Expenses	678,394	405,092	133,439	1,216,925
<b>Total Expenditure</b>	<b>3,873,805</b>	<b>4,067,692</b>	<b>1,781,111</b>	<b>9,722,608</b>
<b>Net Profit/(Loss)</b>	<b>(3,511,182)</b>	<b>(702,415)</b>	<b>(157,126)</b>	<b>(4,370,723)</b>

Table-6: Performance of hardcore poor branches

“Figures in Quantity”

Non-financial services	2005	2006	2007	2008	2009
School		1,25			
- Children	750	0	1,2	1,2	1,25
- Adult	500	100	50	50	0
		0	500	-	-
- Adolescent girls	1,00	500	-	-	750
	0				
Health Service					
- Counseling	1,15	734	685	1,4	230
	1			50	
- Referral services	86	31	31	35	25
Nutrition Awareness	1,48	817	1,2	3,2	314
	1		51	80	
Water & Sanitation					
- Posters produced	4,50	3,00	358	459	-
	0	0			
- Awareness	1,10	1,65	624	985	286
	0	0			
- Free distribution of tube-well	5	-	-	-	-

### Food Security Program (SHOUHARDO)

The main aim to design SHOUHARDO program (Strengthening Household Abilities to Respond to Development Opportunities) was to ensure food security, infrastructure and

institution building. It was intended to implement a rights-based program focusing on challenging structural imbalances that perpetuate poverty in Bangladesh. This was a partnership based large program, with the hardcore poor households, initiated in early 2006.

BURO Bangladesh was an active partner of SHOUHARDO program of CARE Bangladesh funded by USAID since its inception. The major objectives of the program include:

- Improved availability and economic access to food for targeted vulnerable households through strengthening livelihoods, securing entitlements and enhancing accountability of service providers.
- Sustainable improvement in the health and nutrition of project participants.
- Enhanced empowerment of women and girls from targeted vulnerable households.
- Targeted communities and institutions are better able to prepare for, mitigate and respond to natural disasters.
- Encouraged the participation of community stakeholders and community target groups in different disciplines that affect food security issue of the target groups.

The final implementing year of this phase was 2009. An evaluation was conducted in December 2009, which revealed some significant impact of this program.

In fine, the impact of the SHOUHARDO project demonstrates that most of the major improvements in households, women and child-level outcomes that have taken place can be attributed to the project activities themselves. The changes were brought about by a host of interventions, ranging from promotion of breastfeeding, to support for savings groups, to empowering women through the formation of groups. There is evidence of complementarities of interventions: the quantitative analysis shows that, in general, the more involved a household has been in multiple SHOUHARDO interventions, the better of it is in terms of food security, equality of power between female and male household members, and the nutritional status of young children.

Significant improvements in women's empowerment have occurred over the life of the project, and many of these improvements can be attributed to project interventions. Women's participation in household decision, freedom of movement, and reported changes of patriarchal attitudes all exhibit improvement in association with the degree of women's' participation in Empowerment, Knowledge and Transformative Action (EKATA) groups, as well as participation in other SHOUHARDO groups.

SHOUHARDO program is being carried out by BURO Bangladesh in Tangail district. The area of operations covers 68 villages in 17 unions in four upazilas (sub-districts). The total beneficiaries include 19,097 very poor households. The program is being implemented with 46 staff and 182 volunteers. The program has five components that include capacity building of village development center (VDC), income generation activities, agriculture technology development, health & nutrition activities and humanitarian assistance. The performance of BURO Bangladesh in the program is shown in table-7.

*Table-7: Performance of the SHOUHARDO Project*

<b>SHOUHARDO Project: Basic Information</b>	<b>Coverage</b>
District	Tangail
Number of Upazilla	4
Number of Union	17
Number of Villages	68
Beneficiary Households	12,995
Staffs	46
Volunteers	182

SHOUHARDO Project Components	2007		2008		2009	
	Client Coverage	BDT Million	Client Coverage	BDT Million	Client Coverage	BDT Million
Capacity Building of Village Development Centre (VDC)	7,765	0.35	2,336	0.37	5,766	4.85
Income Generation Activities	4,062	13.60	2,959	5.67	1487	1.59
Agriculture Technology Development	15,748	3.77	3,503	3.08	4856	6.40
Health & Nutrition Activities	3,402	18.65	3,202	16.14	1867	3.88
Humanitarian Assistance	7,408	3.07	19,934	2.56	6320	1.64
<b>Total</b>		<b>39.44</b>		<b>27.81</b>		<b>18.36</b>



## Agriculture Financing

BURO Bangladesh has been financing farming activities in a massive way. The objective is to boost agriculture production for fostering food security. The organization has opened a new window for financing the small and marginal farmers. Small and marginal farmers constitute more than 90% of the total farmers. This segment, who finds it still difficult to access either MFI or bank financing. The lenders consider it as highly risk-prone area. Increased financing in this sector will help augment agriculture production and generate more seasonal employment.

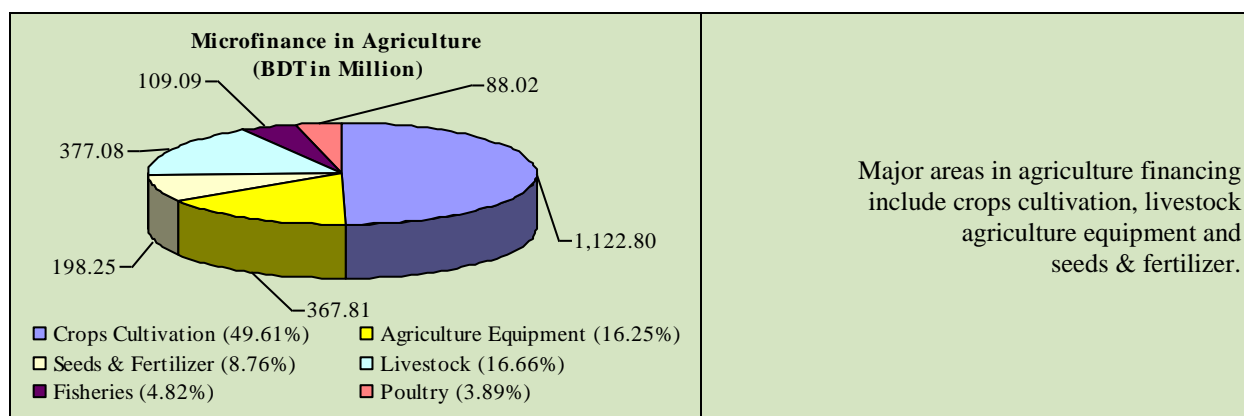
The organization has provided the farmers with various training to build their capacity to raise crop production. The training were given on a number of fields that will enhance the livelihoods of the clients. These include basic training for the customers on land practices, training on crop diversification, pest control, irrigation and modern technology dissemination for land cultivation.

Over the period, BURO Bangladesh has built its training capacity, gradually developed into specialized training service providing organization at home and abroad. The training to the customers are now given by the organization on a number of areas that influence the lives of the beneficiaries.

In 2009, an amount of BDT 2,263.05 million was disbursed to small and marginal farmers compared to BDT 408.08 million resulting in 455% increase. The amount was disbursed to 219,515 clients in 2009 as against 31,603 clients in 2008. The client growth was 7 times. The sub-sectors include crops cultivation, agriculture equipment, seeds & fertilizer, livestock, fisheries and poultry. The rate of loan recovery was 100%. BURO Bangladesh has received BDT 1,500 million for agriculture through syndicate financing from 13 commercial banks led by Citibank N.A., Dhaka. The details of loan disbursement are given in table-8.

Table-8: Sub-sectors in agriculture financing as on December 31

Agriculture Loan	2008		2009	
	No. of Clients	BDT in Million	No. of Clients	BDT in Million
Crops Cultivation	8,472	87.28	112,176	1,122.80
Agriculture Equipment	4,617	67.99	32,499	367.81
Seeds & Fertilizer	714	12.62	20,265	198.25
Livestock	6,757	85.21	35,405	377.08
Fisheries	5,189	72.72	10,364	109.09
Poultry	5,854	82.26	8,806	88.02
<b>Total</b>	<b>31,603</b>	<b>408.08</b>	<b>219,515</b>	<b>2,263.05</b>



## Micro Enterprise Financing

The micro-enterprise (ME) development is recognized by BURO as an important means of economic empowerment of the people. Micro-enterprise financing is taking off as an important financial activity of many MFIs in the country. A growing demand is spotted for micro enterprise loans among microcredit borrowers. Several reasons may be factored in that include:

- MFIs generally provide small initial loan amounts; this indeed limits opportunities to generate income and employment;
- As borrowers gradually learn how to manage larger loans they wish to initiate new or multiple IGAs that require additional funding;
- The down to earth experience is that a certain percentage of enterprising and high-performing microcredit borrowers (popularly called “graduates”) engage in ventures that require relatively larger loans than normally disbursed by MFIs;
- Small businesses in microcredit or microenterprise programs form another group of potential customers who seek larger loans to support the growing needs of capital.

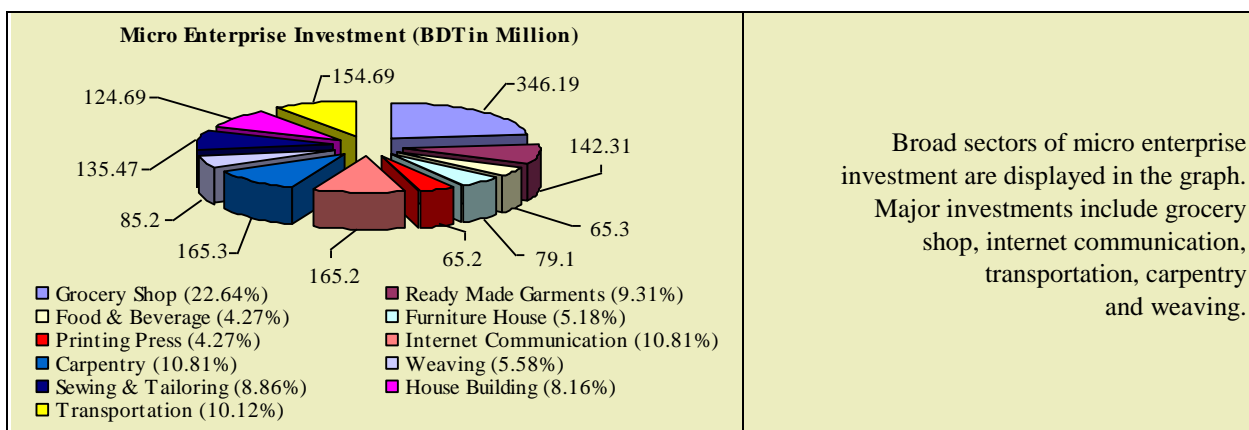
Apart from financing, the organization also provides limited Business Development Services (BDS) support to the entrepreneurs. It includes areas ranging from the basics of money-management, book-keeping and basic accounting, through the development of market

linkages to spur the growth of micro-enterprises.

In 2009, an amount of BDT 1,528.78 million was disbursed as against BDT 610.00 million resulting in 150% increase. The amount was disbursed to 11,480 borrowers as opposed to 5,444 in 2008. The client growth was 2.11 times. The sub-sector includes grocery, readymade garments, food & beverage, furniture house, printing press, communication, carpentry, weaving, etc. The rate of loan recovery was 100%. The details of loan disbursement are shown in table-9.

Table-9: Sub-sectors in micro-enterprise financing as on December 31

Micro Enterprise	2008		2009	
	No. of Clients	BDT in Million	No. of Clients	BDT in Million
Grocery Shop	1,505	95	4,488	346.19
Ready Made Garments	825	65	254	142.31
Food & Beverage	198	25	385	65.31
Furniture House	194	78	225	79.12
Printing Press	28	36	25	65.21
Communication	158	58	265	165.24
Carpentry	552	58	658	165.32
Weaving	789	87	1,258	85.23
Sewing & Tailoring	685	58	895	135.47
House Building	158	15	369	124.69
Transportation	352	35	2,658	154.69
<b>Total</b>	<b>5,444</b>	<b>610</b>	<b>11,480</b>	<b>1,528.78</b>



# Micro-Insurance

Micro-insurance has been introduced as a mechanism for reducing the vulnerability of the customers. Three types of customers, viz. the very poor, poor and micro-entrepreneurs/small & marginal farmers are covered. It secures them against those risks which they are unable to protect themselves by savings or credit.

The poor and the micro-entrepreneurs and the small & marginal farmers have to pay premium of BDT 50 to BDT 300, while the very poor customers are required to pay BDT 30. The premiums are one-time payment in a year. The insurance yields three benefits after the death of the customer. First, cash benefit is 100 times of the premium mode chosen. Secondly, the entire outstanding loan of the clients is waived and thirdly, after the death of the principal loan guarantor, the family of the guarantor also receives half of the cash benefit.

A total of 691,748 insurance holders was registered in the year against 537,850 in 2008 resulting in 29% increase. Premiums were collected to the tune of BDT 46 million compared to BDT 34 million in 2008 showing 36% rise. During the year, 3,482 claims were settled amounting BDT 14.15 million compared to 2,367 claims in the preceding year involving BDT 9.71 million. The portion of this insurance fund is used in the development of Kendra/Centre. The details are exhibited in table-10.

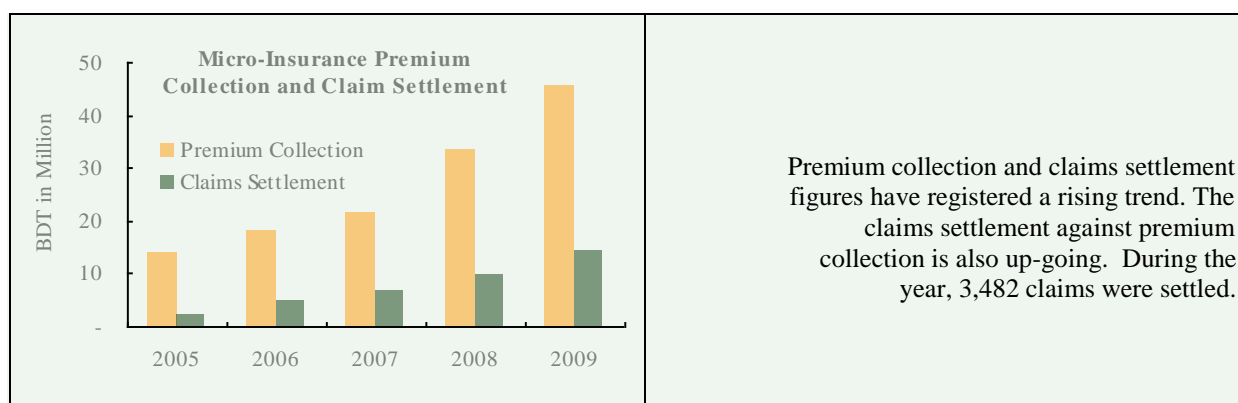
Table-10: Yearly premium collection and claims settlement

“Amount in Million BDT”

Year	Premium Collection		Claims Settlement		Kendra Expenditure BDT
	Nos.	BDT	Nos.	BDT	
2005	233,492	13.83	547	2.44	6.55
2006	290,374	18.20	1,267	4.93	7.31
2007	331,458	21.55	1,593	6.67	10.05
2008	537,850	33.48	2,367	9.71	36.92
2009	691,748	45.53	3,482	14.15	12.07

### MIME Insurance Pilot Project

INAFI Bangladesh has taken an initiative for establishing a social security project named Micro Insurance of Mutual Entity (MIME). An appraisal was carried out in November 26, 2006 to understand the opportunity and risk of micro insurance in Bangladesh, which gave an insight about the needs of the poor and ultra poor people (including and excluding microfinance clients). The project has been financed by Oxfam Novib and Rabobank Foundation in 2006. MIME started its operation as a pilot project in 2007 and will continue as a pilot project until 2010. The main objective of MIME is to provide microinsurance services to the poor and very people reducing the vulnerability on a mutuality basis. A total of 11 MFIs is now the partners of the project that includes BURO Bangladesh. All these MFIs have covered about 47,983 insurance clients in 2009.



Two products are offered to the clients. These include (i) simple term life insurance which has two products. (a) In this product, benefits will be given to the nominee of the client, (b) In this product, benefits will be given to the husband or the guardian of the client. The client deposits BDT 10 per month until the age of 60 years. In the second case, the clients deposit BDT 50 or its multiple every month for a period of 5, 7, 10 or 12 years. The age of the clients is from 18-47 years.

BURO is piloting this project in three of its branches. A total of 2,547 clients has been

enrolled up to 2009. Of them, 2,038 (80%) have chosen life term policy while 509 (20%) have bought simple term policy. There is no compulsion to the members. However, education and awareness on formal life insurance is given to them. A total of BDT 1,491,165 has been collected as premiums. So far, four claim settlements have been made that include three for term life and one simple term life.

The performance of MIME project in respect of BURO Bangladesh branches is shown in table- 11.

*Table-11: Performance of MIME piloting up to 2009*

#	Branch	Term Life Insurance		Simple Term Life Insurance		Claim Settlement (TLI)		Claim Settlement (STLI)	
		Policy holders	Premium (BDT)	Policy holders	Premium (BDT)	Policy holders	Taka	Policy holders	Taka
1	Azampur	539	449,750	-	-	1	2,750	-	-
2	Savar	848	568,880	142	9,275	2	5,480	-	-
3	Gazipur	651	439,150	367	24,110	-	-	1	1,935
	<b>Total</b>	<b>2,038</b>	<b>1,457,780</b>	<b>509</b>	<b>33,385</b>	<b>3</b>	<b>8,230</b>	<b>1</b>	<b>1,935</b>

## Remittance Services

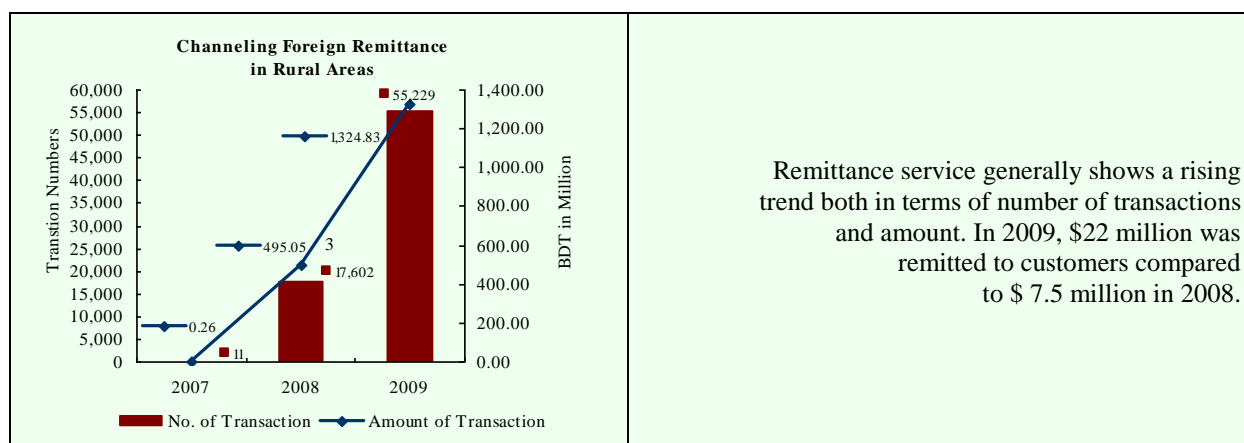


Remittance program is aimed at channeling foreign earnings of Bangladeshi expatriates who have been working abroad and sending their earnings to their relatives at home. The traditional process that is being followed is the informal *hundi* system which causes huge mental tensions, even sometimes causing financial losses to the remitters. The formal financial institutions have entered NGO-MFI sector to reach their commitment toward reducing poverty in the remote areas. The remittance services contribute toward national economic growth and in the long run are expected to reduce pressure on the foreign exchange reserve of the government.

BURO has meanwhile issued remittance client cards and provides remittance services through two terminals: (1) computer with GPRS internet connectivity and (2) Electronic Funds Transfer Point-of-Sale (EFTPOS). The number of clients is increasing day in, day out. Because of issuing card to its remittance customers KYC of the customers is completed. The organization has developed partnership relations with Bank Asia Limited, Prime Bank Limited, AB Bank Limited, Citibank, N.A., United Commercial

Bank Limited and Mercantile Bank Limited. All implementing partners collect remittances through the Exchange House and BURO delivers remittances to beneficiaries at the respective locations on behalf of each of the respective banks. It has started remittance operations since December 2007. In 2009, a total of 55,229 customers was served. The transacted volume of transfer amounted to US \$22 million. The organization has set up a remittance service department for furthering its operations.

BURO, DFID/RPCF and Bangladesh Bank have jointly contributed in setting up terminal facilities in 125 remote branches to channel remittance. Recently, BURO has executed an agreement with IFAD for providing technical assistance to augment remittance services through another 100 terminals across the country totaling 250 terminals. This initiative includes significant contribution from BURO Bangladesh.



Remittance service generally shows a rising trend both in terms of number of transactions and amount. In 2009, \$22 million was remitted to customers compared to \$ 7.5 million in 2008.

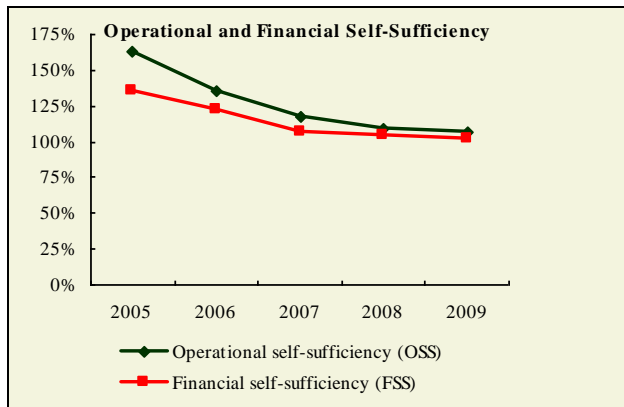
# Financial Ratio Analysis

### Sustainability and Profitability

BURO Bangladesh has been operating as a profitable and sustainable organization since 1998. During the year, the organization has achieved 107% operational self-sufficiency (OSS) as opposed to 109% in the last year. The financial self-sufficiency (FSS) attained in the year was 102% as compared to 104% in 2008. The fall has occurred due to significant increase of financial cost for commercial borrowing and increased quantum of savings.

high loan recovery rate. The organization has been maintaining a high quality portfolio of loans. The on-time loan recovery rate in 2009 was registered at 98.15% versus 98.05% in 2008.

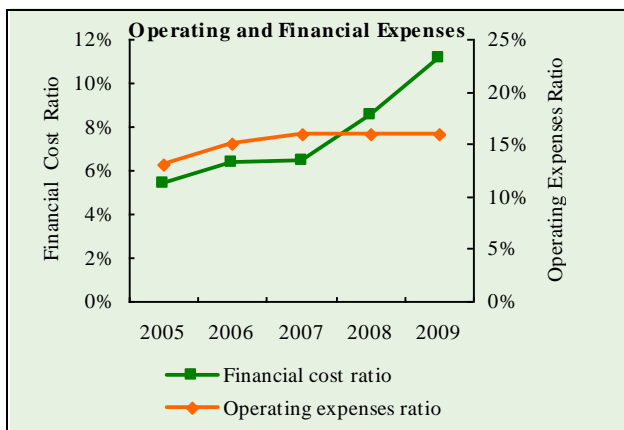
As on December 31, 2009, 95.84% of the portfolio had no payments in arrears at all, 2.16% is in arrears by 1-25 weeks and 2.01% by more than 26 weeks. Portfolio at risk (>60 days) was at 3.34% at the end of 2009, compared to



For operational self-sufficiency (OSS) and financial self-sufficiency (FSS) 100% is ideal. Higher the ratio, the better is its performance. Due to rapid expansion and increased operational and financial costs since 2006, the OSS has decreased to 107% from 109% in 2009, while FSS has decreased to 102% from 104%. Financial self-sufficiency is maintained over the years.

Net profit of BDT 66 million has been posted in 2009 compared to BDT 47 million in 2008. The net profit has increased by 41% over the preceding year. The return on equity (ROE) has stood at 9% compared to 7% in 2008. The return on performing assets has shot up to 30% compared to 28% in 2008.

2.47% in 2008. Loan loss reserve ratio was figured out at 1.82% compared to 2.02% in the preceding year. The reserve contains adequate fund to absorb potential risks or capital losses. Loan write-off was made by 1.32% compared to 0.60% in 2008. Efforts to collect bad loans continued during the year. As per policy, the



Financial cost ratio shows a rising trend due to increased commercial borrowing and customers' increased savings. The overall ratio was 11.15% in 2009 compared to 8.48% in 2008.

The operating cost is currently 16%, which has remained stable for the last three years.

### Portfolio Quality

Loan portfolio is the greatest asset of an MFI. Quality is characterized by low portfolio risk and

loan loss reserve requirement has been worked out at BDT 73.53 million while provision has been made at BDT 73.84 million. The ageing of portfolio is shown in table-12.

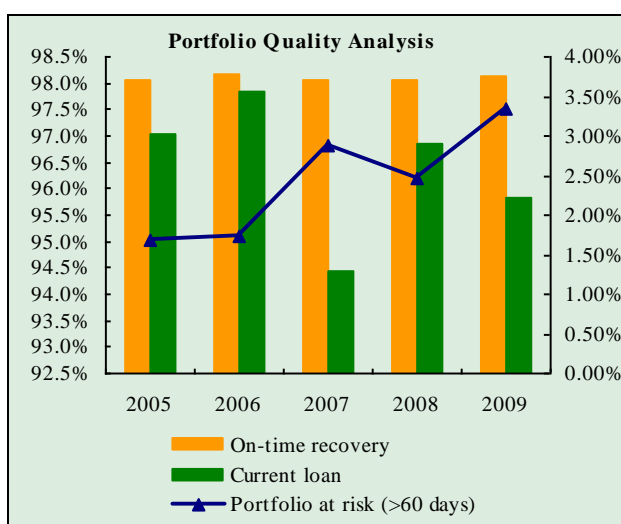
Table-12: Ageing of Portfolio as on December 31, 2009

#	Number of payments in arrears by weeks	Ageing of portfolio		
		%	No. of Loans	BDT in Million
1	Current loan	95.84	577,368	3,882.89
2	1-4 payment past due	0.44	3,860	17.81
3	5-8 payment past due	0.38	3,406	15.48
4	9-16 payment past due	0.69	5,098	27.96
5	17-25 payment past due	0.64	3,965	26.09
6	26-50 payment past due	0.58	3,271	23.34
7	>50 payment past due	1.43	24,423	58.04
<b>Total</b>		<b>100</b>	<b>530,102</b>	<b>4,051.61</b>

continue to be viable in the long term. This is understood by debt-equity ratio, equity to asset ratio and debt service coverage ratio (DSCR). In 2009, the debt-equity ratio has been figured out at 82:18. Besides, the equity to total assets (capital adequacy) was at 13% and Debt Service Coverage Ratio was 1.13 times. The ratios are favorable enough to encourage the lenders and the savers to have ample confidence in the BURO Bangladesh.

### Efficiency and Productivity

Efficiency and productivity ratios refer to the ability of the MFIs to minimize costs of



On-time loan recovery rate is still splendid. The rate has gone up in 2009. It was 98.15% in 2009 compared to 98.05% in 2008.

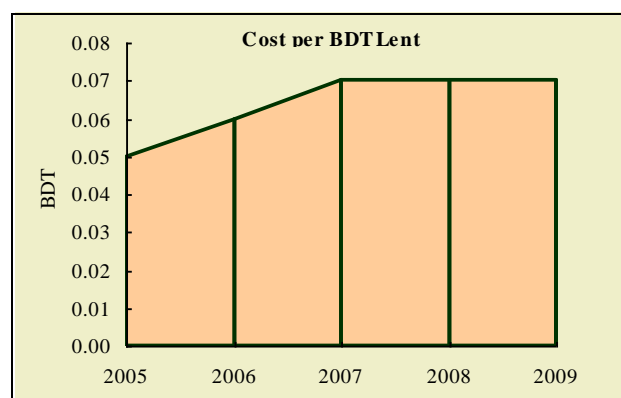
95.84% of the current loans in 2009 had no arrears compared to 96.87% in 2008, showing further improvement. During the last five years, on average 96.40% current loans had no arrears.

Portfolio at risk (PAR > 60 days) is gradually rising over the years but is not to cause any concern. PAR should be less than 5% as per standard practice. In 2009, PAR stood at 3.34% compared to 2.47% in 2008.

### Leverage Ratio

In the financial market, equity is considered as a base for commercial borrowing. Before an MFI can borrow commercially it is imperative that the organization is financially viable and that it will

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.



Lower cost is a positive indicator. Lending cost ratio was low initially but has begun rising from 2005-2007.

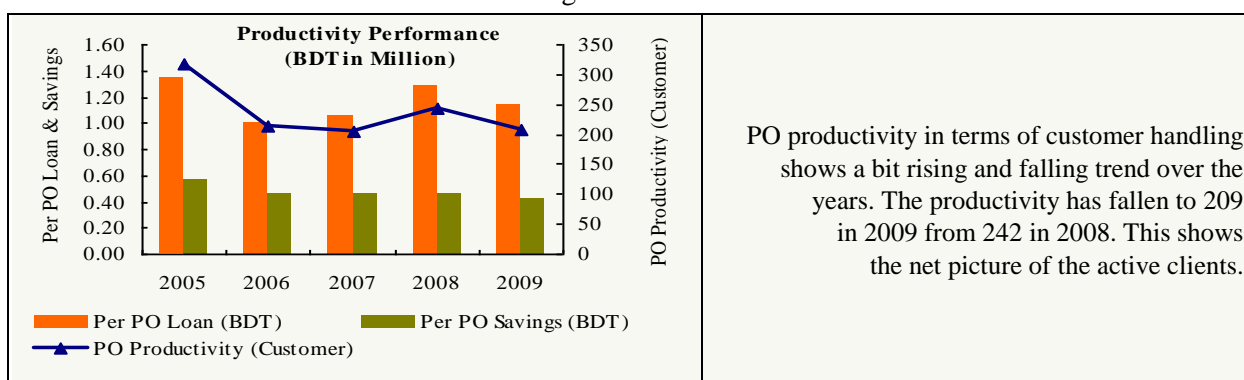
The ratio has remained stable during 2007-2009 resulting in BDT 0.07.

The operating cost ratio, a measure of efficiency has not increased in 2009. It has remained stable at 16% as in 2008. Like-wise, the cost per unit of money lent has also remained stable at BDT 0.07 as in 2008. The financial cost ratio increased to 11.15% in 2009, compared to 8.58% in the preceding year. The increase has been largely due to payment of more interest on the increased volume of savings

per PO has slightly fallen to BDT 1,133,317 in 2009 from BDT 1,282,886 in 2008. The savings balance per PO has fallen slightly to BDT 425,497 from BDT 463,605 in 2008.

### Financing Mix

The overall capital has been growing steadily in the last couple of years with the infusion of



PO productivity in terms of customer handling shows a bit rising and falling trend over the years. The productivity has fallen to 209 in 2009 from 242 in 2008. This shows the net picture of the active clients.

and commercial borrowing capital.

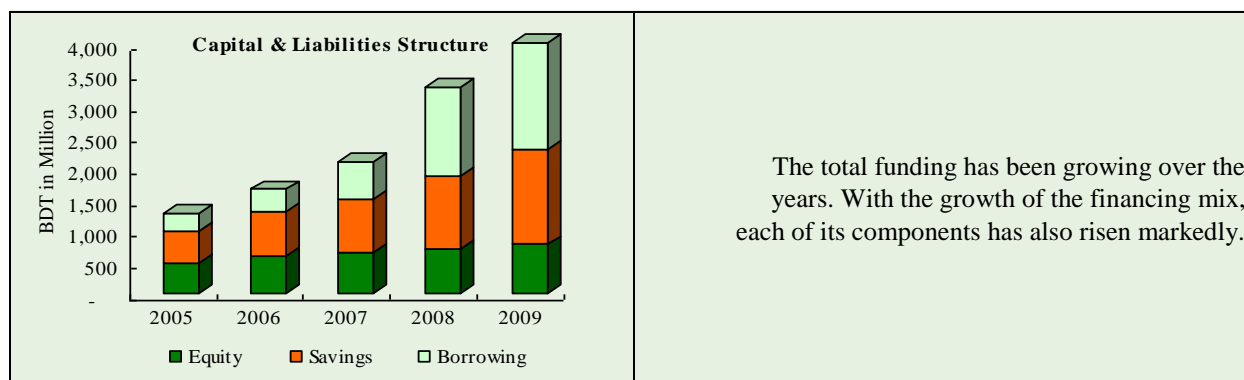
The customer/Program Organizer (Loan Officer) ratio has decreased to 209 in 2009 from 242 in 2008. It is due to the fact that more customers could not be completely enrolled as the expansion phased was going on. Unlike most MF-NGOs, a Program Organizer (PO) of the organization performs more than three types of financial transactions with a single customer. Thus this performance clearly outstripped the average performance of a typical Loan Officer in the industry. The loan outstanding

borrowed funds, client savings and retained earnings. The financial resources deployed stood at BDT 5,913.78 million as opposed to BDT 3,286.48 million in 2008 showing a significant increase of 80%. Of the total resources employed, 13% is contributed by equity/own fund, 61% by commercial borrowing and 26% by customers' savings. The commercial borrowing has increased to 153% as against 145% in 2008. The average revolving loan fund (RLF) was used 1.77 times in 2009. The details of financing mix are shown in table-13.

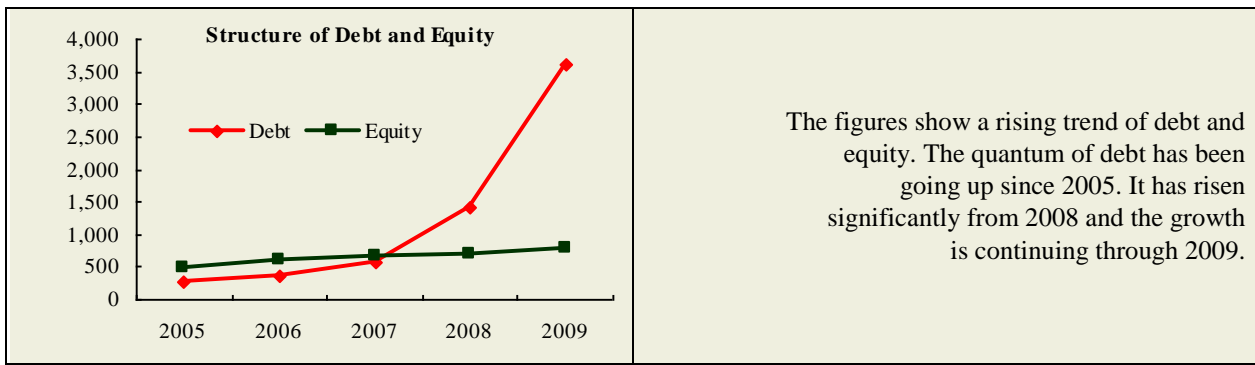
Table-13: Yearly RLF as on December 31

*“Amount in Million BDT”*

Financial Resources Employed in RLF	2007		2008		2009	
	Taka	%	Taka	%	Taka	%
Equity/Net Worth	652.44	31%	705.46	21%	779.75	13%
Client Savings	855.43	41%	1,155.30	35%	1,521.15	26%
Commercial Borrowing	581.34	28%	1,425.71	43%	3,612.87	61%
<b>Total</b>	<b>2,089.20</b>	<b>100%</b>	<b>3,286.48</b>	<b>100%</b>	<b>5,913.78</b>	<b>100%</b>
<b>Growth rate</b>	<b>26%</b>		<b>57%</b>		<b>80%</b>	



The total funding has been growing over the years. With the growth of the financing mix, each of its components has also risen markedly.



### Asset Composition

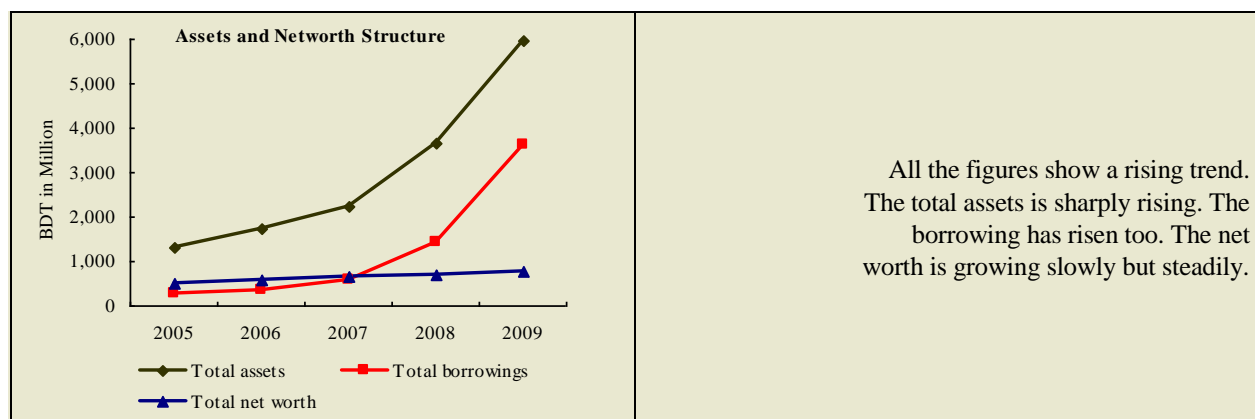
The asset structure shows that in 2009, 67% of the total assets was held in terms of loan portfolio compared to 86% in 2008. The portfolio assets ratio was low due to the fact that the earmarked borrowed fund for the purpose was posted in the bank account at the end of the year for which the cash position has significantly gone up. The fixed assets amounted

to 3% as against 3% in the preceding year. The nature of fixed assets mostly included purchased plots of lands for office premises for head office and some branch offices. The long-term investments stood at 5% as against 5% in 2008. The cash and bank balance was 24% as against 4% in 2008, while other current assets remained at 2% like that of 2008. The details are shown in table-14.

Table-14: Asset composition as on December 31

*“Amount in Million BDT”*

Assets Composition	2007		2008		2009	
	Taka	1%	Taka	%	Taka	%
Fixed assets net of depreciation	88.20	4%	124.58	3%	181.08	3%
Loan portfolio-net of loan loss reserve	1,894.43	85%	3,132.51	86%	3,977.78	67%
Investment	69.46	3%	169.36	5%	293.44	5%
Other current assets	50.14	2%	68.26	2%	97.97	2%
Cash and bank balance	123.35	6%	158.83	4%	1,408.92	24%
<b>Total</b>	<b>2,225.57</b>	<b>100%</b>	<b>3,653.55</b>	<b>100%</b>	<b>5,959.19</b>	<b>100%</b>
<b>Growth rate</b>	<b>32%</b>		<b>64%</b>		<b>63%</b>	



## **Disaster Management**

Bangladesh is a disaster prone country. People become victims of cyclone, tornadoes and flood almost every year, which worsen their poverty. Disaster management is therefore one of the vital programs of BURO Bangladesh. The program is primarily intended to deliver software services stressing on preventive measures that improves the knowledge of the community on comprehensive risk reduction culture. The disaster management from the organization is the use of continuously increased institutional capacity of the customers with the technical assistance from the organization.

**Capability Functioning:** The genesis of effective disaster management lies in exploring maximum utilization of capability functioning of disaster-affected victims. The infusion of knowledge from the external environment blended with the existing indigenous practices that the disaster-affected people had been practicing traditionally.

**Transformation into Human Capital:** The capability functioning of the disaster affected people is enhanced through transformation into human capital. Disaster management is intended to reduce economic erosion of the customers through providing two services. First, the disaster preparedness service by, and second, disaster response from the disaster affected people. Human capital at the state, community and family level are the most essential entities to transform the technological and capital assistance into building blocks for a permanent framework for mitigation and disaster reduction. Sensitization of the issue at every level is of paramount importance that will bring the use of preventive measures at the door of the community and family level.

**Paradigm Shift:** Disaster management is based on the paradigm shift of BURO Bangladesh from traditional interventions through relief toward more pragmatic, realistic and developmental approach for disaster management. Except under special circumstances for relief operations that depends on the magnitude of devastations caused by

disaster reliance on people's own capability functioning is the supreme maxim in disaster management by the organization.

**Shared Sense of Ownership Feeling:** Maximum utility in disaster management can be achieved through intermingling community people and local government, which will also avoid wastage of resources. Union Parishad, one of the local government tiers is the centripetal force for the community elite who represent different institutions followed by the community people in general, as such to proliferate the public awareness at a given locality. The non-government organizations have emerged among the strongest means to proliferate the public awareness. There are many examples that the community people, particularly the poor, have greater understanding due to constant efforts from NGOs about the means to abate the miseries themselves during disaster. Strive for greater reliance within the limited resources is encouraging and just requires to fuel constantly to reduce their disaster losses.

**Cooperation and Coordination:** Sensitizing the issue at the state, community and family level will not be adequately enough rather cooperation and coordination between and among the different entities will materialize their growing awareness of interrelationships among disaster, environment and development. The potentialities of different concerned institutions as well as individuals and taking its application in combination will reduce the vulnerability of the community people, thus reducing human and economic losses due to disaster.

**Cascade Effect:** All the existing services delivery environment at the state, community and family level shall be symbiotic between and among each other with sensitizing the issue of disaster management and is the nucleus that will work instantaneously with all its instruments operating while disaster will be imminent. The sensitization of the issue is imbibed in significant public awareness raising through education that will be provided not only through



training but taking cascade effect of the given services to the concerned institutions and/or individuals.

#### **Working with UN Country Team**

BURO Bangladesh has been selected as a pre-qualified NGO to work with the UN Country Team in responding to disaster emergency in Bangladesh.

#### **Managing the Disaster Fund**

There is no scope of charitable work in microfinance. However, during any natural calamity BURO Bangladesh comes forward to the aid of its affected customers. In this context, BURO Bangladesh has set up a disaster fund. Affected customers can take loans at a cheaper rate to recuperate their damaged business activities. The fund is placed with a bank that earns interest. Four donors viz. SIDA, SDC, DFID and AusAID provided grants of BDT 30.27 million, so far, which now stands at BDT 67.74 million resulting in an increase of 2.24 times.

#### **Output of Disaster Management Program**

Over the period, the disaster program has emerged as an integral entity of the organization in its poverty reduction for the hardcore poor, poor and vulnerable non-poor. BURO Bangladesh responds to the disaster affected people in terms of the following:

- Distribution of emergency relief in kinds
- Quick disbursement of loans to affected customers of BURO Bangladesh
- Rehabilitation support e.g. new house building/repair, road construction/repair, ground raising of flood shelter, water & sanitation facilities etc.
- Other economic activities e.g. seeds distribution, fertilizer distribution etc.
- Participate actively in Strengthening the Network of Information, Response and Preparedness Activities in Disaster

## Human Resource Development (HRD)

BURO Bangladesh has taken major initiatives since 1995 in regard to HRD with the strategy to increase the productive efficiency of the organization through creating human capital at organization and grassroots level. The development of human capital eventually lowers the cost of the services to the organization.

For this purpose, the organization organizes training both for its customers and staff. Staff training is very rigorous that is used to build their professional capacity. Capacity building has been enhancing the ability of the institution to materialize its action plans and achieve the stated mission. It is being accomplished in three ways viz. increasing the knowledge based capacity of the staff, formalizing systems & procedures as well as strengthening the existing systems in the organization and learning from trial and errors over time. The core areas considered for capacity building include: microfinance program management and accounting, delinquency management, product diversification, quality service delivery, branch office management, monitoring and supervision, strengthening MIS and FIS , etc.

### **Customer Development Training**

The customers are carrying on income generation activities in the field of microfinance and enterprise. BURO Bangladesh thinks that the customers should be provided with some training to enhance their capacity and skill to boost their income. The following training are provided to customers:

#### **Basic Life Management (BLM)**

The BLM training is imparted when the customers meet regularly to carry on financial transactions and discuss the basic issues of their lives.

#### **Awareness Raising**

The training addresses a variety of social and human issues that encompasses group mobilisation, literacy, afforestation, family

planning, health and sanitation, income generation, saving, and human rights.

### **Enterprise Development Training**

The micro-enterprise development initiatives are considered as an important means of economic empowerment. It provides financial and technical assistance services to its entrepreneurial clients that include a series of training courses for them e.g. new business creation, quality product development, simple book-keeping and accounting, business planning and management, trade based skill development, etc.

### **Staff Development Training**

The staff training program has improved the professional capacity of staff, particularly the operational staff. BURO Bangladesh has decentralized its functions, authority and responsibility down to the branch offices. The managerial and operational skills of the branch managers are now at satisfactory level, which outperform the usual norms in the industry. The staff training has four components, which include the following:

#### **Foundation**

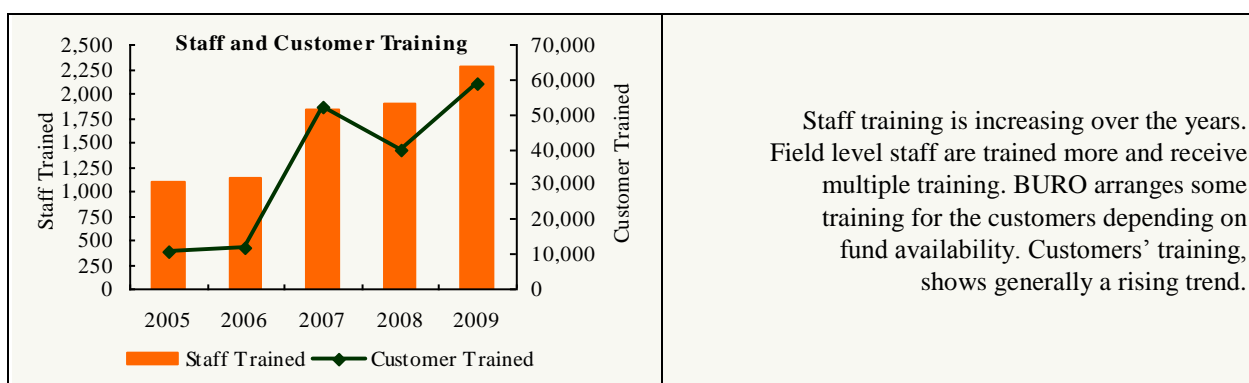
Once recruitment of new staff is finalized for head office and branch offices, the staff are provided with a 12-day foundation training that gives an overview of BURO Bangladesh and its overall operations.

#### **On-the-Job**

The training is intended to enhance the skill and set the attitude of staff by filling in the gaps in their professional understanding, and updating them with appropriate knowledge.

#### **Development Management Program**

The program is a priority for the organization to support the objective to create and develop awareness, capacity and skills in order to enable the managers to think, analyze and act positively.



Staff training is increasing over the years. Field level staff are trained more and receive multiple training. BURO arranges some training for the customers depending on fund availability. Customers' training, shows generally a rising trend.

### HRD Impacted Positively

The organization gives stress on the development of efficiency of staff at all levels. It always earmarks adequate fund for staff development. The investment in human resource development has impacted positively. Effective

hand, 58,748 customers were trained as against 39,794 in 2008 resulting in 48% increase. These training were, however, organized as per target and needs of the customers. The detail statistics of training and the incurred costs during the last two years appear in table-15.

Table-15: HRD recipients: participants and costs as on December 31

Particulars	Participants			Cost (BDT Million)		
	2007	2008	2009	2007	2008	2009
<b>Internal Staff Training</b>						
Foundation	609	1,421	1,998	3.08	4.02	5.54
On-the-Job	25	260	87	0.02	0.46	0.28
Refresher	832	180	0	2.65	0.46	0
Skills Development	352	48	181	0.90	9.24	0.40
<b>External Staff Training</b>						
DMP	18	-	8	1.35	-	1.09
<b>Sub-Total</b>	<b>1,836</b>	<b>1,909</b>	<b>2,274</b>	<b>8.00</b>	<b>14.18</b>	<b>7.31</b>
<b>Customers Training</b>						
Annual Workshop	12,200	15,250	32,005	4.00	4.25	4.31
Awareness	38,845	24,499	26,743	7.20	6.58	3.91
Disaster	842	-	-	1.80	-	-
<b>Sub-Total</b>	<b>51,887</b>	<b>39,749</b>	<b>58,748</b>	<b>13.00</b>	<b>10.83</b>	<b>8.22</b>
<b>Total</b>	<b>53,723</b>	<b>41,658</b>	<b>61,022</b>	<b>21.00</b>	<b>25.01</b>	<b>15.53</b>

leadership has been created at different levels. Productivity of staff has risen substantially and this has resulted in scaling up efficiency of operations.

### HRD Performance

In 2009, a total of 2,274 staff received training (both internal and external) as against 1,909 in 2008 indicating a 19% increase. On the other

### Training Cost

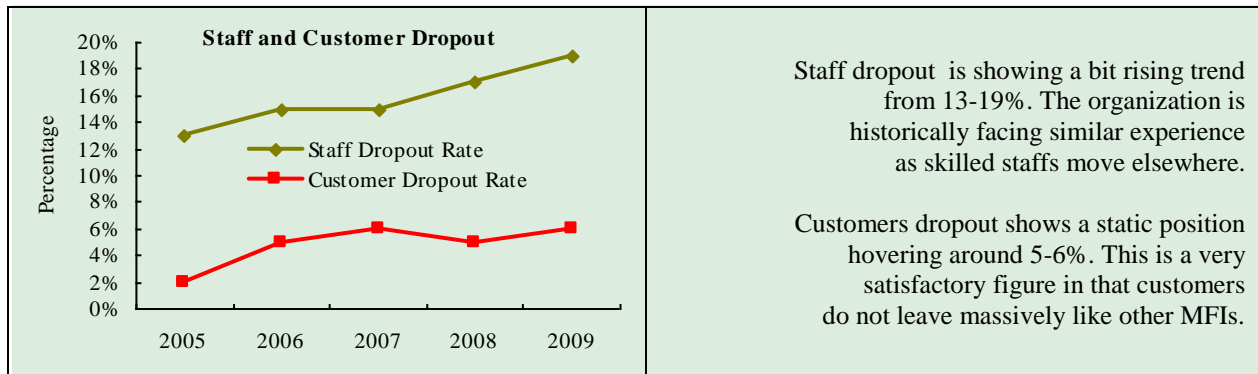
All training programs were financed from the organizations' own fund. In 2009, a total of BDT 15.53 million was incurred.

### Staff Position and Recruitment

Up to December 2009, the organization has a total of 5,322 staff that includes 4,258 male (80%) and 1,064 (20%) female. The head office

maintains a staff fleet of 85. In 2009, 3,000 staff were recruited mostly at the entry level to fill up the opening positions at branch level. The staff dropout rate has gone slightly higher to 19% in

2009 compared to 17% in 2008. This is due to the development of highly professionalized skill of staff. They usually get positions elsewhere two to three rungs above in the career ladder.



## **Rural Water Supply**

Fresh potable water right from the supply tap is still a dream for millions of villagers in Bangladesh. Arsenic contamination of ground water meanwhile has emerged as grave concern. However, it is a different story in a village of Munshigonj district where some 1,680 people have had access to piped water supply, thanks to the World Bank and the Social Development Foundation (SDF) support.

The SDF, is implementing the government's Social Investment Program Project (SIPP) with assistance from the World Bank, launched the water pilot under 'Private Financing of Public Utilities' scheme. This has become an innovative model of public, private and people's participation.

As a part of SIPP and for reducing the health hazards due to arsenic contamination, the World Bank has planned to provide financial grants support of 40-50% for piloting village piped water supply project. BURO Bangladesh has been selected to work in this field. Notably, the

village benefiting from this water pilot is Puran Baushia which is situated in Gazaria Upazila of Munshigonj District.

The project aims at supplying water free from arsenic, iron and other harmful elements to 570 target households through a piped network at a price that is affordable to the population and making the project commercially viable. BURO Bangladesh has constructed a water tank of 75,000 liter capacity. The number of households that were connected has stood so far at 336 including 5% households from hardcore poor community. The number of pipe line connections is gradually increasing.

The total cost of the project stands at BDT 7.10 million. The community contribution is BDT 0.71 million (10%). BURO Bangladesh will put in BDT 2.84 million (40%) while SDF/The World Bank will provide BDT 3.55 million (50%).

## **Audit Report 2009**



**S. F. AHMED & CO**  
**Chartered Accountants**  
— **Established: 1958**

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**Auditors' report on the financial statements of  
BURO Bangladesh for the year ended 31 December 2009**

We have audited the accompanying financial statements of BURO Bangladesh, namely, Balance Sheet as of 31 December 2009 and related Income and Expenditures Statement, Receipts and Payments Statement, Cash Flow Statement and notes thereto for the year ended on that date. The preparation of these financial statements is the responsibility of BURO Bangladesh's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the financial values of transactions and their disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

We accordingly report that:

- (a) we have obtained all the documents, 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 account and other requisite records as required by law were maintained by BURO Bangladesh so far as it appeared from our examination of those books and records; and
- (c) the said financial statements dealt with by this report are in agreement with the books of account maintained by BURO Bangladesh.

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 08 March 2010

S. F. AHMED & CO  
Chartered Accountants

**BURO Bangladesh****Balance Sheet at 31 December 2009**

		Amounts in Taka	
		At	At
	Notes	31 Dec 2009	31 Dec 2008
<b>PROPERTY AND ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	4	1,408,921,463	158,832,567
Investments	5	293,436,643	169,364,899
Other current assets	6	97,969,879	68,261,121
Loan portfolio - net of loan loss reserve	7	3,977,776,056	3,132,512,597
<b>Total Current Assets</b>		<u>5,778,104,041</u>	<u>3,528,971,184</u>
<b>Long - Term Assets</b>			
Fixed assets - net of accumulated depreciation	8	181,082,562	124,581,907
<b>Total Long - Term Assets</b>		<u>181,082,562</u>	<u>124,581,907</u>
<b>Total Assets</b>		<u>5,959,186,603</u>	<u>3,653,553,091</u>
<b>LIABILITIES AND FUNDS</b>			
<b>Current Liabilities</b>			
Employees' security deposits	9	42,069,571	28,440,188
Customers' general savings	10	597,927,464	434,923,458
Bank overdraft	11	230,732	338,486,051
Other liabilities	12	3,105,922	151,198
<b>Total Current Liabilities</b>		<u>643,333,689</u>	<u>802,000,895</u>
<b>Long - Term Liabilities</b>			
Customers' regular voluntary savings	13	886,970,222	702,393,893
Customers' emergency fund	14	957,071	2,003,373
Customers' micro insurance fund	15	35,297,701	15,982,612
Borrowing from specialised institutions	16	103,475,748	116,000,000
Borrowing from commercial banks	17	3,412,069,176	1,219,968,253
Borrowing from non-banking financial institutions	18	97,328,356	89,740,418
<b>Total Long - Term Liabilities</b>		<u>4,536,098,274</u>	<u>2,146,088,549</u>
<b>Funds and Surplus</b>			
Revolving loan fund (donors' grant)	19	138,815,884	138,815,884
Emergency disaster fund (donors' grant)	20	67,735,066	59,037,742
Accumulated surplus	21	573,203,690	507,610,021
<b>Total Net Worth</b>		<u>779,754,640</u>	<u>705,463,647</u>
<b>Total Liabilities and Net Worth</b>		<u>5,959,186,603</u>	<u>3,653,553,091</u>

for BURO Bangladesh

**(S K Sarkar)**  
**President****(Zakir Hossain)**  
**Executive Director****(M. Mosharrof Hossain)**  
**Finance Director**

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 08 March 2010S. F. AHMED & CO  
Chartered Accountants

**BURO Bangladesh****Income and Expenditures Statement for the year ended 31 December 2009**

		Amounts in Taka	
		Year ended	Year ended
		31 Dec 2009	31 Dec 2008
	Notes		
<b>A</b>	<b>Financial and Micro-Credit Income</b>		
	Service charge on loan to borrowers	1,056,900,857	690,559,966
	Service charge on remittance - fund transfer	7,079,958	2,058,226
	Sales of loan application forms	27,921,107	22,954,352
	Micro credit borrowers admission fees	8,978,989	8,472,694
	Interest on bank deposits	14,953,899	5,483,552
	Interest staff loan	121,502	142,474
	Others	2,359,035	3,670,129
	<b>Total Financial and Micro-Credit Income (A)</b>	<b>1,118,315,347</b>	<b>733,341,393</b>
<b>B</b>	<b>Financial Costs</b>		
	Interest on borrowings from banks, etc	337,106,337	166,069,171
	Interest on customers' savings	66,846,638	54,551,591
	<b>Total Financial Costs (B)</b>	<b>403,952,975</b>	<b>220,620,762</b>
<b>C</b>	<b>Gross Financial Margin (A-B)</b>	<b>714,362,372</b>	<b>512,720,631</b>
<b>D</b>	Provision for loan losses	57,369,333	30,442,221
<b>E</b>	<b>Net Financial Margin (C-D)</b>	<b>656,993,039</b>	<b>482,278,410</b>
<b>F</b>	<b>Operating Expenses</b>		
	Salary and allowances	409,782,541	298,267,420
	Rental-office	37,101,173	27,899,477
	Payment to national exchequer	6,682,965	3,321,150
	Transportation	37,182,972	26,717,832
	Training and research	11,794,803	15,817,093
	Office supplies	24,451,610	17,402,422
	Depreciation	16,705,078	9,703,734
	Audit fees	346,500	195,000
	Other professional fees	3,137,208	2,586,750
	Disaster expenses	-	169,500
	Other direct cost	44,214,520	33,613,398
	<b>Total Operating Expenses (F)</b>	<b>591,399,370</b>	<b>435,693,776</b>
<b>G</b>	<b>Net Income from Operations (E-F)</b>	<b>65,593,669</b>	<b>46,584,634</b>

for BURO Bangladesh

**(S K Sarkar)**  
President**(Zakir Hossain)**  
Executive Director**(M. Mosharrof Hossain)**  
Finance Director

Signed in terms of our report of even date annexed

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Dated, 08 March 2010S. F. AHMED & CO  
Chartered Accountants

## BURO Bangladesh

### Cash Flow Statement for the year ended 31 December 2009

	Amounts in Taka	
	Year ended 31 Dec 2009	Year ended 31 Dec 2008
<b>Cash Flows from Operating Activities</b>		
Net income from operations	65,593,669	46,584,634
Adjustments to determine net cash from operating activities:		
Depreciation on fixed assets	16,705,078	9,703,734
Loan loss provision	57,369,333	30,442,221
Increase in other current assets	(29,708,758)	(18,043,113)
Increase/(Decrease) in current liabilities	(321,671,212)	384,131,317
<b>Net cash from operating activities</b>	<b>(211,711,890)</b>	<b>452,818,793</b>
<b>Cash Flows from Investing Activities</b>		
Net increase in loan portfolio	(902,632,793)	(1,268,528,418)
Increase in investment	(124,071,744)	(99,908,476)
Purchase of fixed assets	(73,205,732)	(46,087,414)
<b>Net cash used in investment activities</b>	<b>(1,099,910,269)</b>	<b>(1,414,524,308)</b>
<b>Cash Flows from Financing Activities</b>		
Increase in clients' savings	346,534,033	159,520,433
Increase in borrowing	2,187,164,609	844,373,570
Decrease in customers' micro insurance fund	19,315,089	(13,148,277)
Increase in emergency disaster fund	8,697,324	6,442,941
<b>Net cash from financing activities</b>	<b>2,561,711,055</b>	<b>997,188,667</b>
<b>Net Increase in Cash</b>	<b>1,250,088,896</b>	<b>35,483,152</b>
Opening Cash and Bank Balances	158,832,567	123,349,415
Closing Cash and Bank Balances	<b>1,408,921,463</b>	<b>158,832,567</b>

for BURO Bangladesh

**(S K Sarkar)**  
**President**

**(Zakir Hossain)**  
**Executive Director**

**(M. Mosharrof Hossain)**  
**Finance Director**

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House 25, Road 13A, Block D  
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Dated, 08 March 2010

S. F. AHMED & CO  
Chartered Accountants

**BURO Bangladesh****Statement of Changes in Equity for the year ended 31 December 2009**

Amounts in Taka

Particulars	Donors' Grant		Accumulated Surplus	Total
	Revolving loan fund	Emergency disaster fund		

For the year 2009

Balance at 01 January 2009	138,815,884	59,037,742	507,610,021	705,463,647
Addition during the year	-	8,697,324	65,593,669	74,290,993
Balance at 31 December 2009	<u>138,815,884</u>	<u>67,735,066</u>	<u>573,203,690</u>	<u>779,754,640</u>

For the year 2008

Balance at 01 January 2008	138,815,884	52,594,801	461,025,387	652,436,072
Addition during the year	-	6,442,941	46,584,634	53,027,575
Balance at 31 December 2008	<u>138,815,884</u>	<u>59,037,742</u>	<u>507,610,021</u>	<u>705,463,647</u>

for BURO Bangladesh

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Chartered Accountants

**BURO Bangladesh****Statement of Liquidity Analysis (Maturity of Assets and Liabilities) at 31 December 2009**

Amounts in Taka

Particulars	Up to 1 month's maturity	1-3 months' maturity	3 -12 months' maturity	1 -5 years' maturity	More than 5 years' maturity	Total
<b>Assets</b>						
Cash	6,505,260	-	-	-	-	6,505,260
Bank Balances	1,402,416,203	-	-	-	-	1,402,416,203
Investments	-	-	293,436,643	-	-	293,436,643
Other Current Assets	9,796,988	15,675,181	39,187,951	33,309,759	-	97,969,879
Loan Portfolio	397,777,606	795,555,211	2,784,443,239	-	-	3,977,776,056
Fixed Assets	-	-	-	43,194,840	137,887,722	181,082,562
<b>Total Assets</b>	<b>1,816,496,057</b>	<b>811,230,392</b>	<b>3,117,067,833</b>	<b>76,504,599</b>	<b>137,887,722</b>	<b>5,959,186,603</b>
<b>Liabilities</b>						
Borrowings	5,000,000	70,000,000	396,451,938	3,141,421,342	-	3,612,873,280
Savings	103,942,838	178,187,722	668,203,958	534,563,168	-	1,484,897,686
Other Liabilities	4,083,047	5,716,270	22,048,470	32,664,400	17,148,810	81,660,997
<b>Total Liabilities</b>	<b>113,025,885</b>	<b>253,903,992</b>	<b>1,086,704,366</b>	<b>3,708,648,910</b>	<b>17,148,810</b>	<b>5,179,431,963</b>
<b>Net Liquidity</b>						
<b>Excess /(Shortage)</b>	<b>1,703,470,172</b>	<b>557,326,400</b>	<b>2,030,363,467</b>	<b>(3,632,144,311)</b>	<b>120,738,912</b>	<b>779,754,640</b>
<b>Percentage of Net Liquidity Difference</b>						
	93.78	68.70	65.14	(4,747.62)	87.56	13.08

**Assumptions applied in the preparation of maturity analysis are as under:**

- i) Investments are on the basis of their respective maturities.
- ii) Other current assets are on the basis of their realisation.
- iii) Loan portfolio is on the basis of realisation/recovery.
- iv) Fixed assets are on the basis of their useful lives.
- v) Borrowings are on the basis of their repayments.
- vi) Savings and other liabilities are on the basis of their maturities for repayments.

for BURO Bangladesh

**(S K Sarkar)**  
**President****(Zakir Hossain)**  
**Executive Director****(M. Mosharrof Hossain)**  
**Finance Director**

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
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Dated, 08 March 2010S. F. AHMED & CO  
Chartered Accountants

## **BURO Bangladesh**

### **Notes to financial statements for the year ended 31 December 2009**

#### **General**

##### **1. Organization**

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

BURO Bangladesh is governed by a seven-member governing body and its management is vested in a four-member operational board of directors. The governing body is elected by the general body of 15 members in annual general meeting.

The organization is registered under the Societies Registration Act 1860, the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 and the Foreign Donations (Voluntary Activities) Regulation Ordinance 1978. Micro Credit Regulatory Authority (MRA) has issued license to the organisation to perform micro credit operations.

##### **2. Significant Accounting Policies**

###### **2.1 Basis of accounting**

The accounts are prepared on accrual basis, except for interest on loan and FDR which is accounted on cash basis, under historical cost convention in conformance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

###### **2.2 Going concern assumption**

The financial statements are prepared under the going concern concept where it is assumed by the management of BURO Bangladesh that the entity will continue with its operations in the near future with no foreseeable intention of bringing about any structural changes. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in normal course of business.

###### **2.3 Accounting for grants and donations**

Grants and donations related to operations (revenue) are recognised as income for the relevant period and shown in Income and Expenditures Statement below the heading 'net income from operations'. Grants and donations for periods beyond the current operating year are recorded under liabilities as deferred grant revenue.

BURO Bangladesh reports grants and donations for loan funds and fixed assets in the Balance Sheet under funds and surplus. An amount equal to current year's depreciation is charged to fixed assets fund (donor's grant) over the useful lives of the assets that were acquired from donors' grant.

Donations that are received in-kind are disclosed at their estimated costs. However, no grants and donations in kind were received by BURO Bangladesh during the year under reporting.

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

#### 2.4 Depreciation on fixed assets

Fixed assets are recorded in the books at actual cost. Depreciation on these assets, except land and land development, is charged on straight-line method at the following rates based on the nature and estimated useful life of each asset:

<u>Asset category</u>	<u>Rate of depreciation (%)</u>
Building construction	25
Electrical equipment	25
Office equipment	20
Furniture and fixtures	20
Motor vehicles	30

Full year's depreciation is charged on fixed assets during the year of acquisition and no depreciation is charged during the year of disposal.

A portion of depreciation is charged to fixed assets fund (donors' grant), for the assets acquired from this fund, and the balance to revenue account (Income and Expenditures Statement).

#### 2.5 Provision for loan losses and writing off policy

The adequacy of the provision for loan losses is evaluated regularly by management. Factors considered in evaluating the adequacy of the provision include size of portfolio, previous experience in loan recovery, current economic conditions and their effect on customers, financial condition of individual customers, and performance of individual loans in relation to contract terms. The provision for loan losses charged to expense is based on management's judgment of the amount necessary to maintain the provision at an adequate level to absorb possible losses.

Management makes such provisions for loan losses every quarter in order to maintain the loan loss reserve for bad loans at adequate levels. The adequacy of the provision for loan losses is determined by applying defined percentages to the outstanding balances in various aging categories, as under:

<u>Loan overdue status (weeks)</u>	<u>Provision (%)</u>
1-4	0
5-8	10
9-25	15
26-50	25
above 50	100

The organisation's loan loss provision policy is based on management's analysis of historical performance of the overdue portfolio, aged by the overdue categories as mentioned above. The write-offs of loans, if necessary, are charged against the provision for loan losses when management believes that the loan amount is unlikely to be collected. Such doubtful loans are written off in full after one year of the loan term.



## **BURO Bangladesh**

### **Notes to financial statements for the year ended 31 December 2009**

#### **2.6 Interest on loan (service charge)**

The rate of interest for all types of loan is 14.80% per annum except disaster loan which is 10.70% per annum as per policy of BURO Bangladesh. The interest rate for all types of loan for hardcore poor is 12.50%.

#### **2.7 Asset/liability management**

Asset/liability management has become an almost universally accepted approach to risk management. BURO Bangladesh is managing its assets/liabilities in order to provide efficient and effective services at competitive prices. It manages the sources and uses of funds, identifying balance sheet issues like balance sheet gaps, interest rate gaps, etc and also reviews liquidity contingency plan and implements liability pricing strategy.

#### **2.8 Preparation of Balance Sheet**

Balance Sheet of BURO Bangladesh has been prepared by consolidating all the Balance Sheets of its 506 Branch Offices and Head Office.

#### **2.9 Comparative information**

Comparative information is disclosed in respect of every year including all the numerical information in the financial statements, and also descriptive information is given when it is relevant to an understanding of the current year's financial statements.

#### **2.10 Transactions in foreign currencies**

There were no foreign currency transactions during the year but the policy of BURO Bangladesh is to translate the transactions in foreign currencies into local currency at exchange rates prevalent on the respective dates of transactions.

#### **2.11 Employee benefit schemes**

##### **Provident Fund**

BURO Bangladesh, or the Institution, operates a contributory provident fund, from which benefits are given to its employees in accordance with its policies. National Board of Revenue (NBR) approved and recognised this fund for the purpose of taxation. The fund is operated by a separate board of trustees consisting seven members selected from the employees of the Institution. All permanent employees of the Institution are contributing monthly to the fund which is equal to 5% to 20% of the basic salary of each employee. The Institution also contributes 10% of employees' basic salary to the fund each month. Income earned from investment of this fund is credited to the employees' accounts on a yearly basis and this fund is audited every year by a firm of chartered accountants.

##### **Gratuity Fund**

The Institution operates a gratuity scheme for its permanent employees and maintains a separate account for this. Gratuity is payable to staff leaving the Institution at the rate of one month's last drawn basic salary for each completed year of service after completion of five years' uninterrupted service.

## **BURO Bangladesh**

### **Notes to financial statements for the year ended 31 December 2009**

#### **Health Fund**

The Institution makes a provision and contributes to health fund every year and maintains a separate account for this. Every permanent employee, who completed two years of service, is entitled to receive the grant from health fund in accordance with the rules of BURO Bangladesh.

#### **Housing Fund**

The Institution operates a housing fund and maintains a separate account for this from which loan is given to the employees. Employees are entitled to receive this benefit once they have completed at least seven years' service. The benefit from housing fund is accessible in the form of a loan bearing 5% simple interest per annum.

#### **Staff Family Security Fund**

The Institution operates a mandatory staff family security fund for its regular staff in order to reduce future uncertainties that could affect their families. The fund is managed by a separate board as per the Institution's policy. All employees of the Institution are eligible to become members of the fund by contributing Taka 200 each per month as subscription. If a regular staff dies during his/her tenure of service, the nominee/nominees of the said staff will be entitled to receive a one-time grant of Taka 100,000. If someone leaves the Institution after two years of service, he/she is entitled to get back the money deposited so far. In case the staff leaves before completing two years of service, he/she is not entitled to get back any amount.

### **3. Significant Policy on Financial Services**

#### **3.1 Savings services**

All savings are payable to the customers on demand. The organization offers savings services to all its clients keeping in view of the following:

- i. The poor people have a formidable capacity of savings. The organization provides a secured place to keep savings, increasing financial strength and capital growth of the customers with a view to reduce their dependency on external resources; and
- ii. Improving the sustainability of the institution by developing a relatively stable means to finance its loan portfolio.

#### **3.2 Loan services**

The organization stresses on supporting economic activities to generate employment and income to reduce income inequality among the disadvantaged and the poor. The loan products have been developed in response to demand of its customers. Policy on loan services is under:

- i. The organization gives loans as and when customers want them to support their economic activities.
- ii. Loans are not linked to savings balances – loans and savings services have been completely de-linked and made entirely voluntary.
- iii. In addition to existing loan(s), the customers can take short-term loan for meeting any emergency needs.

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

#### 3.3 Micro insurance services

Micro insurance has been introduced considering two aspects, namely social protection and economic protection as narrated below.

- i. The social protection of the customers is necessary to reduce the vulnerability of households to income and consumption shocks.
- ii. The economic protection is to increase the stability and profitability of poor households through reducing the impact of customer risk on loan and savings portfolios, generating additional revenue, supporting risk management, and reducing customers' vulnerability to economic stresses.

#### 3.4 Remittance services

The primary purpose is to integrate the organization with formal financial system and their mainstream clientele for increased linkage.

### **Balance Sheet**

	Amounts in Taka	
	At 31 Dec 2009	At 31 Dec 2008
<b>4. Cash and Bank Balances</b>		
Cash in hand	6,505,260	6,496,605
Bank balances in		
Current accounts	1,377,216,310	151,868,883
Savings accounts	558,000	55,877
Term-deposit accounts	24,641,893	411,202
	<u>1,402,416,203</u>	<u>152,335,962</u>
	<u>1,408,921,463</u>	<u>158,832,567</u>
<b>5. Investments</b>		
Shops (five) in Tangail town	750,200	750,200
Fixed deposit with banks against		
Staff security deposit		
BRAC Bank Limited	17,622,674	15,732,950
Emergency disaster fund		
Jamuna Bank Limited	2,204,683	1,982,581
Bank Asia Limited	18,555,521	16,547,500
BRAC Bank Limited	53,675,353	48,081,385
	<u>74,435,557</u>	<u>66,611,466</u>
Fixed deposits with banks		
Bangladesh Krishi Bank	32,287,500	30,000,000
Standard Chartered Bank	-	26,270,283
BRAC Bank Limited	27,851,562	25,000,000
Rupali Bank Limited	17,835,950	5,000,000
United Commercial Bank Limited	1,500,000	-
Bank Asia Limited	121,153,200	-
	<u>200,628,212</u>	<u>86,270,283</u>
	<u>293,436,643</u>	<u>169,364,899</u>

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	At 31 Dec 2009	At 31 Dec 2008
<b>6. Other Current Assets</b>		
<b>Security deposits</b>		
Bangladesh Telecommunication Company Limited	66,520	66,520
Grameen Phone	239,751	239,751
GSP Finance Company (Bangladesh) Limited	124,919	124,919
Rajdhani Unnayan Kartipakkha	600,000	600,000
	1,031,190	1,031,190
<b>Staff loans and advances</b>		
Motorcycle loan	21,417,200	16,954,890
Bicycle loan	12,937,613	7,540,896
Car loan	2,222,074	2,603,612
Mobile phone loan	82,000	64,500
	36,658,887	27,163,898
<b>Other advances</b>		
Zonal Office rental advance	1,415,500	1,415,500
Branch Office rental advance	9,622,276	8,534,183
BSIC plot	1,500,000	-
Training advance	189,001	87,259
Others including advance against salary, TA, DA, etc	47,553,025	30,029,091
	60,279,802	40,066,033
	97,969,879	68,261,121

Loans and advances except for car loan given to staff are interest-free. The period of loan for bicycle and mobile phone is one year each, and that for motorcycle is three years. The period of car loan is eight years bearing interest @ 5%.

#### 7. Loan Portfolio - net of loan loss reserve

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

##### General loan

This loan is allowed to 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 Taka 5,000 to Taka 45,000. The loan is repayable within one year.

##### Micro-enterprise loan

Micro-enterprise loan is given to the loanee 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 wage labour employment. Micro-enterprise loan ranges from Taka 50,000 to Taka 300,000, repayable within one to three years.

##### Agriculture loan

This loan is given exclusively for the purpose of agricultural activities for increase of farm's activities. The agriculture loan also enhances food security of households. Agriculture loan ranges from Taka 10,000 to Taka 50,000 is given for one year.

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

#### 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 Taka 3,000, 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 Taka 3,000 to Taka 5,000 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 Taka 3,000 to Taka 10,000 and is repayable within one year.

	Amounts in Taka	
	At 31 Dec 2009	At 31 Dec 2008
Breakdown of loans, by products, is given below:		
General loan	2,492,812,583	2,789,637,621
Micro-enterprise loan	168,704,710	101,101,347
Agriculture loan	1,309,447,219	221,193,003
Hand/emergency loan	67,950,969	67,206,800
Water and sanitation loan	12,691,730	17,812,707
	<u>4,051,607,211</u>	<u>3,196,951,478</u>
Less: Loan loss reserve	73,831,155	64,438,881
	<u><u>3,977,776,056</u></u>	<u><u>3,132,512,597</u></u>

BURO Bangladesh had 621,391 loan accounts outstanding at the end of year 2009 compared to 530,102 at the end of year 2008.

The loan loss reserve (LLR) has been worked out at Taka 73,531,155 at 31 December 2009 as per existing policy of BURO Bangladesh as explained in note 2.5. During the year under reporting, provision for loan loss has been made for an amount of Taka 57,369,333 and an amount of Taka 47,977,059 involving 11,774 loan accounts has been written off as per existing policy. The method of calculation of LLR is shown below:

	Number of payments in arrear	Number of loan accounts	Aging of portfolio		Loan loss reserve	
			%	Taka	%	Taka
Current loan		577,057	95.84	3,882,887,560	-	-
Payment past due by weeks						
1-4		3,860	0.44	17,814,185	-	-
5-8		3,406	0.38	15,475,147	10	1,547,515
9-25		9,063	1.33	54,053,095	15	8,107,964
26-50		3,271	0.58	23,335,397	25	5,833,849
Over 50		24,734	1.43	58,041,827	100	58,041,827
Total		<u>621,391</u>	<u>100</u>	<u>4,051,607,211</u>		<u>73,531,155</u>

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

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

The members of governing body and those of operation board of directors are not eligible for loans and, hence, it does not require to disclose any related-party (insider) loans.

	Amounts in Taka	
	At	At
	31 Dec 2009	31 Dec 2008
Movement of loan loss reserve:		
Balance at 01 January	64,438,881	49,414,679
<u>Add</u> : Provision made during the year	57,369,333	30,442,221
<u>Less</u> : Amount written off during the year	47,977,059	15,418,019
Balance at 31 December	<u>73,831,155</u>	<u>64,438,881</u>

8. Fixed Assets	Amounts in Taka		
	Head Office	Branch Offices	Total
<b>Cost</b>			
Balance at 01 January 2009	121,111,489	48,249,716	169,361,205
<u>Add</u> : Additions during the year	25,015,746	48,190,026	73,205,772
<u>Less</u> : Disposal during the year	383,451	-	383,451
Balance at 31 December 2009 (A)	<u>145,743,784</u>	<u>96,439,742</u>	<u>242,183,526</u>
<b>Depreciation</b>			
Balance to 01 January 2009	28,188,098	16,591,200	44,779,298
<u>Add</u> : Charge for the year	7,717,920	8,987,158	16,705,078
<u>Less</u> : Adjustment on disposal	383,412	-	383,412
Accumulated depreciation to 31 Dec 2009 (B)	<u>35,522,606</u>	<u>25,578,358</u>	<u>61,100,964</u>
Written Down Value at 31 Dec 2009 (A-B)	<u>110,221,178</u>	<u>70,861,384</u>	<u>181,082,562</u>

### 9. Employees' Security Deposits

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

Balance at 01 January	28,440,188	19,083,809
<u>Add</u> : Received during the year	19,534,813	12,731,669
<u>Less</u> : Refund during the year	5,905,430	3,375,290
Balance at 31 December	<u>42,069,571</u>	<u>28,440,188</u>

### 10. Customers' General Savings

Small depositors usually value convenient, easy access and relatively secure delivery savings services above all else. The general savings account is like a current account, where customers can save or withdraw the amount on demand. The general savings account requires a nominal minimum balance of Taka 10. Savings of any amount from Taka 10 to Taka 2,000 can be deposited at the kendra (centre) meeting and any amount above Taka 2,000 is to be deposited to the branch. The rate of interest is 4.5% compounded per annum of their general savings account balance.

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	At	At
	31 Dec 2009	31 Dec 2008
The under noted figures represent general savings amount:		
Balance at 01 January	434,923,458	281,425,513
<u>Add</u> : Deposits during the year	889,219,517	620,658,546
<u>Less</u> : Withdrawals during the year	726,215,511	467,160,601
Balance at 31 December	<u>597,927,464</u>	<u>434,923,458</u>

The number of general savings accounts was 861,073 at the end of year 2009 compared to 603,273 at the end of year 2008.

#### 11. Bank Overdraft

The figures below represent overdraft amount:

Balance at 01 January	338,486,051	117,176,758
<u>Add</u> : Addition during the year	25,322,049	441,195,715
<u>Less</u> : Repayment during the year	363,577,368	219,886,422
Balance at 31 December	<u>230,732</u>	<u>338,486,051</u>

Break-up of closing balance is given below:

Secured overdraft		
Bank Asia Limited	230,731	10,504,033
Jamuna Bank Limited	-	3,998,719
BRAC Bank Limited	-	34,069,192
Overdraft for agriculture loan		
Bank Asia Limited	1	289,914,107
Balance at 31 December	<u>230,732</u>	<u>338,486,051</u>

The overdraft facilities are secured by fixed deposits with respective banks. Rate of interest is 1.5% higher than interest rate of fixed deposits given to the organization by the respective banks. Overdraft for agriculture loan carries 13% interest and is backed by institutional guarantee. The overdrafts were taken to invest in microfinance program.

#### 12. Other Liabilities

Break-up is given below:

BURO Bangladesh Staff Family Security Fund	429,878	500
BURO Bangladesh Provident Fund	2,575,544	-
Security deposit from shops	100,000	100,000
Loan from staff funds	-	50,698
Others	500	-
	<u>3,105,922</u>	<u>151,198</u>

Loan from staff funds bears 10% interest per annum and is repayable on demand.

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	At 31 Dec 2009	At 31 Dec 2008
<b>13. Customers' Regular Voluntary Savings</b>		
In regular voluntary 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. Customers can choose to deposit weekly savings in the range of Taka 10 to Taka 250; and monthly savings in the range of Taka 40 to Taka 1,000. They can open more than one account simultaneously. Interest is paid on a compound basis in the range of 6% to 8%. The under noted figures represent regular voluntary savings transactions:		
Balance at 01 January	702,393,893	539,539,250
<u>Add</u> : Deposits during the year	591,479,521	442,461,769
<u>Less</u> : Withdrawals during the year	406,903,192	279,607,126
Balance at 31 December	<u>886,970,222</u>	<u>702,393,893</u>

The number of regular voluntary savings accounts was 632,880 at the end of year 2009 compared to 534,136 at the end of year 2008.

#### 14. Customers' Emergency Fund

This represents fund generated by the loanees up to 31 December 2002. BURO Bangladesh, however, ceased maintaining the system of collecting emergency fund after 2002. The customers' group (as opposed to any individual customer) is the owner of customers' emergency fund. This fund is to be used for the following purposes :

- to pay off loans in the event of loanees' death or permanent disability;
- to issue supplemental loans in the event of loss of the loanees' income earnings capability through loss or damage to the assets purchased with the original loan; and
- to meet small expenses/emergencies agreed upon by the kendra (centre).

Balance at 01 January	2,003,373	4,341,495
<u>Less</u> : Withdrawals during the year	1,046,302	2,338,122
Balance at 31 December	<u>957,071</u>	<u>2,003,373</u>

#### 15. Customers' Micro Insurance Fund

The moderate poor and micro-entrepreneurial customers have to pay premium of Taka 50 to Taka 300, while the very poor customers are required to pay Taka 30. The premiums are one-time payment in a year. Insurance yields three benefits after death of customer. First, cash benefits will be 100 times of premium chosen. Secondly, the entire outstanding loan of clients will be waived and thirdly, the family of the guarantor will also receive half of the cash benefits after the death of principal loan guarantor. Break-up of the fund is given below:

Balance at 01 January	15,982,612	29,130,889
<u>Add</u> : Deposits during the year	45,517,801	33,472,010
<u>Less</u> : Withdrawals during the year	26,202,712	46,620,287
Balance at 31 December	<u>35,297,701</u>	<u>15,982,612</u>



## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	At 31 Dec 2009	At 31 Dec 2008
<b>16. Borrowing from Specialised Institutions</b>		
Borrowing from Stromme Foundation (note 16.1)	86,812,500	106,000,000
Borrowing from Anukul Foundation (note 16.2)	16,663,248	10,000,000
	<u>103,475,748</u>	<u>116,000,000</u>

#### 16.1 Borrowing from Stromme Foundation

A number of loans were borrowed from Stromme Foundation for on-lending to BURO Bangladesh's customers. Interest rates ranges from 7% to 9% per annum. These loans have three months' moratorium. During the moratorium period, interest is being paid quarterly. Repayment of each loan along with accrued interest is being made in quarterly equal instalments. Institutional guarantee from BURO Bangladesh is the security for loans. Movement of the amount of said loan is given below:

Balance at 01 January	106,000,000	108,187,500
<u>Add</u> : Received during the year	61,500,000	82,500,000
<u>Less</u> : Refunded during the year	80,687,500	84,687,500
Balance at 31 December	<u>86,812,500</u>	<u>106,000,000</u>

The break up of closing balance is given below:

Mainstream Microfinance Program	60,625,000	81,250,000
Talent Financing/Micro Enterprise	15,812,500	17,750,000
Hardcore Poor Microfinance Program	10,375,000	7,000,000
	<u>86,812,500</u>	<u>106,000,000</u>

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

#### 16.2 Borrowing from Anukul Foundation

A number of loans were borrowed from Anukul Foundation for on-lending to BURO Bangladesh's customers. Interest rate is 8% per annum. These loans have three months' moratorium. During the moratorium period, interest is being paid quarterly. Repayment of loan along with accrued interest is being made in quarterly equal instalments. Security includes personal guarantees of the members of Governing Body, Chief Executive and Senior Managers.

Balance at 01 January	10,000,000	-
<u>Add</u> : Received during the year	10,000,000	10,000,000
<u>Less</u> : Refunded during the year	3,336,752	-
Balance at 31 December	<u>16,663,248</u>	<u>10,000,000</u>

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

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

		Amounts in Taka	
		At	At
		31 Dec 2009	31 Dec 2008
<b>17. Borrowing from Commercial Banks</b>	<u>Notes</u>		
Bank Asia Limited	17.1	266,260,697	13,855,160
BRAC Bank Limited	17.2	320,050,801	79,999,998
Pubali Bank Limited	17.3	14,815,990	37,315,990
NCC Bank Limited	17.4	62,869,435	29,597,108
Mutual Trust Bank Limited-through CDF	17.5	1,400,000	4,200,000
Citibank NA		-	90,000,000
Mutual Trust Bank Limited	17.6	47,222,220	25,000,000
Standard Chartered Bank	17.7	250,000,000	250,000,000
Rupali Bank Limited	17.8	70,000,000	100,000,000
Southeast Bank Limited	17.9	50,000,000	50,000,000
Jamuna Bank Limited	17.10	39,937,006	40,000,000
Mercantile Bank Limited	17.11	81,468,867	-
ONE Bank Limited	17.12	100,000,000	-
Bangladesh Krishi Bank	17.13	201,794,163	-
Citibank NA- syndicate agriculture finance	17.14	1,500,000,000	-
BRAC Bank Limited- syndicate finance	17.15	406,249,997	499,999,997
		<u>3,412,069,176</u>	<u>1,219,968,253</u>

#### 17.1 Bank Asia Limited

Three loans were taken from Bank Asia Limited for on-lending to BURO Bangladesh's customers. The loans have a three-year and three months' term with interest rate reduced from the range of 14.5% to 13% with three months' moratorium. Repayment of loan is due to be made in quarterly instalments. Security includes personal guarantees of the members of governing body and the operational board of directors.

#### 17.2 BRAC Bank Limited

Two loans were taken from BRAC Bank Limited for on-lending to BURO Bangladesh's customers with a three-year term interest rate reduced from the range of 14% to 13%. During the moratorium period, interest is being paid quarterly. Repayment of loans along with accrued interest falls due in quarterly equal instalments.

#### 17.3 Pubali Bank Limited

Five loans were taken from Pubali Bank Limited for on-lending to BURO Bangladesh's customers. Each loan has a three-year term with interest rates varying between 10%-12% per annum and one year moratorium. During the moratorium period, interest is being paid quarterly. Repayment of each loan, along with accrued interest, is being made in quarterly equal instalments. Security includes personal guarantees of the members of governing body and the operational board of directors.

## **BURO Bangladesh**

### **Notes to financial statements for the year ended 31 December 2009**

#### **17.4 NCC Bank Limited**

Three loans were taken from NCC Bank Limited for on-lending to BURO Bangladesh's customers. The loans carry a three-year term with interest rates reduced from the range of 14.50% to 13% per annum with six months' moratorium. During the moratorium period, interest is being paid quarterly. Repayment of loan is being made in quarterly instalments. Security includes personal guarantees of the members of governing body and the operational board of directors.

#### **17.5 Mutual Trust Bank Limited-through CDF**

This loan was borrowed from Mutual Trust Bank Limited through CDF for on-lending to BURO Bangladesh's customers. The loan has a three-year term with interest rate reduced from 14% to 13%. Repayment of the loan along with accrued interest falls due in ten equal installments. The loan from Mutual Trust Bank Limited through CDF, is secured by the institutional guarantee given by BURO Bangladesh.

#### **17.6 Mutual Trust Bank Limited**

This loan was taken from Mutual Trust Bank Limited for the expansion of agricultural micro credit program of BURO Bangladesh. The loan has a three-year term with interest rate reduced from 13.5% to 13%. Repayment of loan along with accrued interest falls due in nine equal instalments. It is secured by the institutional guarantee given by BURO Bangladesh.

#### **17.7 Standard Chartered Bank**

This loan was taken from Standard Chartered Bank for on-lending to BURO Bangladesh's customers which has a one-year term with interest rate reduced from 15.5% to 11.75%. Repayment of this loan along with accrued interest is being made annually. The loan is secured by charge over unencumbered microfinance receivables for an aggregated value of Taka 250,000,000.

#### **17.8 Rupali Bank Limited**

This loan was taken from Rupali Bank Limited for on-lending to BURO Bangladesh's customers. The loan has a three-year term with interest at 10%-11% and six months' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal instalments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

#### **17.9 Southeast Bank Limited**

This loan was taken from Southeast Bank Limited for on-lending to BURO Bangladesh's customers. This has a five-year term with interest rate reduced from 14.5% to 13% and twelve months' moratorium. Repayment of this loan along with accrued interest is being made regularly and is secured by the institutional guarantee given by BURO Bangladesh.

## **BURO Bangladesh**

### **Notes to financial statements for the year ended 31 December 2009**

#### **17.10 Jamuna Bank Limited**

This loan was taken from Jamuna Bank Limited for on-lending to BURO Bangladesh's customers. This has a five-year term with interest rate reduced from 14.5% to 13% and twelve months' moratorium. Repayment of this loan along with accrued interest is being made regularly. Security for this loan includes personal guarantees of the members of board of directors.

#### **17.11 Mercantile Bank Limited**

The loan was borrowed from Mercantile Bank Limited for on-lending to BURO Bangladesh's customers. The loan has a three-year term with interest rate reduced from 14.5% to 13% and six months' moratorium. Repayment of the loan along with accrued interest falls due in quarterly equal instalments. Security includes personal guarantees of the members of governing body and operational board of directors.

#### **17.12 ONE Bank Limited**

The loan was borrowed from ONE Bank Limited for on-lending to BURO Bangladesh's customers. The loan has a five-year term with interest rate reduced from 15% to 13% and twelve months' moratorium. Repayment of the loan along with accrued interest falls due in quarterly equal instalments. Security includes personal guarantees of the members of governing body and operational board of directors.

#### **17.13 Bangladesh Krishi Bank**

This loan was taken from Bangladesh Krishi Bank for on-lending to BURO Bangladesh's customers. This is a fifteen (15) month credit facilities with interest of 12% per annum with a rebate of 10% on interest if the loan along with interest thereon is repaid within the stipulated period. Repayment of interest is to be made on quarterly basis whereas the principal amount is to be repaid within fifteen (15) months from the date of receipt of first installment. Security includes personal guarantees of the members of governing body and operational board of directors.

#### **17.14 Citibank NA - syndicate agriculture finance**

This was arranged from a group of commercial banks including Citibank NA, Dhaka as a lead arranger and agent for on-lending to BURO Bangladesh's customers for agricultural financing. The facility has a five-years tenor with interest at the rate of 13% per annum (to be reviewed every six month) including twelve months' moratorium. During the moratorium period, quarterly interest will be paid by the organisation. After the moratorium period, both principal and interest will be repaid into 16 equal quarterly instalments. Security includes hypothecation loan receivable, debt service reserve account and demand promissory note. The syndication is formed consisting thirteen banks including Agrani Bank Limited, Citibank NA, Dhaka, Dutch-Bangla Bank Limited, Eastern Bank Limited, Janata Bank Limited, Mutual Trust Bank Limited, Prime Bank Limited, Pubali Bank Limited, Sonali Bank Limited, Southeast Bank Limited and Standard Bank Limited, The City Bank Limited and United Commercial Bank Limited.

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

#### 17.15 BRAC Bank Limited - syndicate finance

This is also a syndicate financing by a group of financial institutions including BRAC Bank Limited as a lead arranger for on-lending to BURO Bangladesh's customers for a period of five-years term with interest rate ranging from 14.5% to 13% per annum including twelve months' moratorium. During the moratorium period, quarterly interest will be paid by the organisation. After the moratorium period, both principal and interest will be repaid into 16 equal quarterly instalments. Security includes land and building of BURO Bangladesh located at Gulshan, Dhaka. The syndication is formed consisting nine banks namely AB Bank Limited, Bank Alfalah, Mercantile Bank Limited, One Bank Limited, Prime Bank Limited, Pubali Bank Limited, Trust Bank Limited and United Commercial Bank Limited with BRAC Bank Limited.

There is no overdue or default in respect of repayment (loan and interest) of commercial borrowings by BURO Bangladesh from their respective due dates.

	Notes	Amounts in Taka	
		At 31 Dec 2009	At 31 Dec 2008
<b>18. Borrowing from Non-Banking Financial Institutions</b>			
GSP Finance Company (Bangladesh) Limited	18.1	66,078,356	45,990,418
MIDAS Financing Limited	18.2	31,250,000	43,750,000
		<u>97,328,356</u>	<u>89,740,418</u>

#### 18.1 GSP Finance Company (Bangladesh) Limited

Three loans were taken from GSP Finance Company (Bangladesh) Limited by BURO Bangladesh for on-lending to its customers. All loans have a three-year term with interest rate in the range of 13%-15% and six months' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of loan along with accrued interest falls due in quarterly equal instalments. Security includes land in Tangail District. Break-up of the loan is given below:

Balance at 01 January	45,990,418	76,355,096
<u>Add: Received during the year</u>	50,000,000	-
<u>Less : Refund during the year</u>	29,912,062	30,364,678
Balance at 31 December	<u>66,078,356</u>	<u>45,990,418</u>

#### 18.2 MIDAS Financing Limited

This loan was taken from MIDAS Financing Limited for on-lending to BURO Bangladesh's customers. This loan has a five-year term with interest @ 16.5% per annum and twelve months' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of loan along with accrued interest falls due in quarterly equal instalments. Security includes personal guarantees of the members of governing body and operational board of directors. Break-up of loan is given below:

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	At 31 Dec 2009	At 31 Dec 2008
Balance at 01 January	43,750,000	50,000,000
<u>Add: Received during the year</u>	-	-
<u>Less: Refund during the year</u>	12,500,000	6,250,000
Balance at 31 December	<u>31,250,000</u>	<u>43,750,000</u>

There is no overdue in respect of repayment of principal and interest of commercial borrowings by BURO Bangladesh from their respective due dates.

#### 19. Revolving Loan Funds (Donors' Grant)

Department for International Development (DFID), UK	93,022,179	93,022,179
Swiss Agency for Development and Cooperation	23,378,560	23,378,560
Swedish International Development Agency	14,545,494	14,545,494
Australian Agency for International Development	4,274,300	4,274,300
UNESCO/ Stichting Gillès – Foundation, Belgium	2,147,712	2,147,712
Canada Fund	1,163,139	1,163,139
PACT Inc/USAID	284,500	284,500
	<u>138,815,884</u>	<u>138,815,884</u>

#### 20. Emergency Disaster Fund (Donors' Grant)

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 nonchalant 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:

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
	<u>30,273,000</u>	<u>30,273,000</u>
<u>Add: Interest on investment of the above funds</u>	<u>37,462,066</u>	<u>28,764,742</u>
	<u>67,735,066</u>	<u>59,037,742</u>

#### 21. Accumulated Surplus

Balance at 01 January	507,610,021	461,025,387
<u>Add: Surplus/ (deficit) for the year</u>		
Head Office	(92,206,124)	3,247,184
Branch Offices	157,799,793	43,337,450
	<u>65,593,669</u>	<u>46,584,634</u>
Balance at 31 December	<u>573,203,690</u>	<u>507,610,021</u>

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

#### Income and Expenditure Statement

	Amounts in Taka	
	Year ended 31 Dec 2009	Year ended 31 Dec 2008
<b>22. Interest on Borrowings from Banks, etc</b>		
BRAC Bank Limited-Syndicate Finance	66,165,365	59,574,828
Standard Chartered Bank	35,099,671	3,659,722
Citibank NA -syndicate agriculture finance	34,955,555	-
BRAC Bank Limited	29,732,550	13,220,091
Mercantile Bank Limited	13,545,257	-
Bank Asia Limited	12,997,476	5,297,036
Rupali Bank Limited	10,309,445	1,512,082
ONE Bank Limited	8,119,200	-
Jamuna Bank Limited	5,803,467	-
Southeast Bank Limited	5,551,185	-
Mutual Trust Bank Limited	5,528,559	-
Citibank NA, Dhaka	3,900,000	12,180,288
Pubali Bank Limited	2,925,000	4,517,450
NCC Bank Limited	2,746,748	4,772,077
Bangladesh Krishi Bank	2,144,163	-
Mutual Trust Bank Limited- through CDF	928,320	928,320
Dhaka Bank Limited- through CDF	15,809	298,491
NCC Bank Limited- through CDF	-	195,464
Loan processing fee	44,539,391	2,612,969
	285,007,161	108,768,818
GSP Finance Company (Bangladesh) Limited	16,644,261	13,183,698
MIDAS Financing Limited	6,532,682	8,255,728
Stromme Foundation	9,283,414	9,815,927
Anukul Foundation	954,364	200,000
Employees' security money	708,190	635,430
Employees' Provident Fund	77,500	204,021
Bank overdraft, from		
BRAC Bank Limited	1,122,262	3,021,165
Jamuna Bank Limited	90,743	1,235,162
Bank Asia Limited	16,685,760	20,749,222
	17,898,765	25,005,549
	<u>337,106,337</u>	<u>166,069,171</u>
<b>23. Interest on Customers' Savings</b>		
General savings	13,490,041	9,263,335
Regular voluntary savings	4,067,468	45,049,401
Time savings	49,289,129	238,855
	<u>66,846,638</u>	<u>54,551,591</u>

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	Year ended 31 Dec 2009	Year ended 31 Dec 2008
<b>24. Salary and Allowances</b>		
Field Offices (Branch/ Area/Zonal Offices)	388,793,153	281,961,225
Head Office	20,989,388	16,306,195
	<u>409,782,541</u>	<u>298,267,420</u>

### 25. Payment to National Exchequer

It is mandatory for all NGOs and Micro-Finance Institutions (MFIs) to submit their annual income tax returns as per income tax laws. Income earned by a non-government organisation registered with NGO Affairs Bureau from operation of micro-credit is exempt from income tax as per clause 1A of Sixth Schedule, Part A of Income Tax Ordinance 1984. However, if there is any income other than from micro-finance, it will be subject to tax as per income tax laws.

Details of payment made to government exchequer for the year 2009 are as under:

#### Indirect Tax

Value-added tax on supply of goods, etc	2,411,759	2,136,258
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#### Direct Tax

Corporate income tax on income other than from micro-finance	851,482	52,908
Income tax on staff salary	1,027,640	487,786
Tax deducted at source from interest on bank deposits	2,390,566	627,728
	<u>4,269,688</u>	<u>1,168,422</u>

#### Other Tax/Fees

Land tax	1,518	16,470
	<u>1,518</u>	<u>16,470</u>
	<u>6,682,965</u>	<u>3,321,150</u>

Income tax assessment position of BURO Bangladesh up to the income year ended 31 December 2007 is given below:

Income year ended 31 December	Assessment year	Income as per return filed	Taxable income	Tax paid
2003	2004-2005	9,477,932	760,101	99,520
2004	2005-2006	1,861,585	1,861,585	406,679
2005	2006-2007	983,878	983,878	120,393
2006	2007-2008	860,599	860,599	98,370
2007	2008-2009	1,139,140	1,139,140	151,078

Corporate tax assessment up to the income year 2007 has been duly completed.



**BURO Bangladesh****Notes to financial statements for the year ended 31 December 2009**

	Amounts in Taka	
	Year ended 31 Dec 2009	Year ended 31 Dec 2008
<b>26. Transportation</b>		
Fuel and lubricants	18,602,712	13,727,385
Travelling allowances	13,561,929	10,307,699
Office transport maintenance	3,553,185	1,791,305
Daily allowances	1,465,146	891,443
	<u>37,182,972</u>	<u>26,717,832</u>
<b>27. Training and Research</b>		
Staff training	8,777,340	9,527,349
Customers' training	-	5,039,936
Operation research	3,017,463	1,249,808
	<u>11,794,803</u>	<u>15,817,093</u>
<b>28. Audit Fees</b>		
Annual external audit	321,500	175,000
Provident Fund audit	25,000	20,000
	<u>346,500</u>	<u>195,000</u>
<b>29. Other Professional Fees</b>		
Consultancy fees	2,478,250	2,422,250
Legal advisor's fees	658,958	164,500
	<u>3,137,208</u>	<u>2,586,750</u>
<b>30. Other Direct Cost</b>		
Office maintenance, etc	16,905,543	13,212,491
E-mail, telephone and fax	6,254,588	5,070,048
Contribution to remittances and payments challenge fund	4,435,447	5,001,000
Electricity, gas and water	4,989,283	3,873,186
Entertainment	7,354,710	3,602,551
Bank charges	4,030,207	2,634,892
Postage and telegram	244,742	219,230
	<u>44,214,520</u>	<u>33,613,398</u>
<b>31. Key Micro-Finance Ratios</b>		
<b>31.1 Sustainability/Profitability</b>		
Return on Equity (ROE)	9%	7%
Return on Total Assets	1%	2%
Operating Self-Sufficiency (OSS)	107%	109%
Financial Self-Sufficiency (FSS)	102%	104%
Net Financial Spread	3%	3%

## BURO Bangladesh

### Notes to financial statements for the year ended 31 December 2009

	Amounts in Taka	
	Year ended 31 Dec 2009	Year ended 31 Dec 2008
<b>31.2 Portfolio Quality</b>		
On Time Recovery Rate (OTR)	98.15%	98.05%
Portfolio at Risk-PAR (>60days)	3.34%	2.47%
Risk Coverage Ratio	100%	110%
Loan Loss Reserve Ratio	1.82%	2.02%
Write-Off Ratio	1.32%	0.60%
<b>31.3 Assets/Liability Management</b>		
Yield on Gross Portfolio	31%	29%
Current Ratio	898%	440%
Financial Cost Ratio	11.15%	8.48%
Annual Growth to Total Assets	63%	64%
<b>31.4 Leverage</b>		
Debt to Equity	4.63	2.02
Debt Service Coverage Ratio by Times	1.13	1.18
Equity as Percent of Total Assets	13%	19%
<b>31.5 Efficiency/Productivity</b>		
Loan Officer (LO) Productivity	209	242
LO Productivity (Loan-BDT)	1,133,317	1,282,886
LO Productivity (Savings-BDT)	425,497	463,605
Average Disbursed Loan Size (BDT)	9,999	9,035
Average Outstanding Loan Size (BDT)	6,520	6,031
Cost of per Unit Money Lent (BDT)	0.07	0.07
Operating Expenses Ratio	16%	16%

#### Others

- Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.
- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 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 without, however, causing any impact on the net surplus as well as on the values of assets and liabilities.

for BURO Bangladesh

**(S K Sarkar)**  
**President**

**(Zakir Hossain)**  
**Executive Director**

**(M. Mosharrof Hossain)**  
**Finance Director**

Dhaka, Bangladesh  
Dated, 08 March 2010

**Five Years At a Glance**  
*as on December 31*

	Particulars	2005	2006	2007	2008	2009
<b>A</b>	<b>Institutional Profile</b>					
	Number of Districts	21	32	38	48	54
	Number of Upazilas	91	148	221	296	335
	Number of Unions	521	707	1,123	1,261	1,318
	Number of Villages	5,047	7,029	8,833	13,888	18,195
	Number of Branches	110	173	230	393	506
	Total Personnel/Staff Strength	1,265	2,069	2,537	3,558	5,322
	Staff Dropout Rate	13%	15%	15%	17%	19%
	Number of Active Customers	273,286	331,329	376,710	602,273	746,938
	Number of Active Borrowers	250,085	306,313	341,738	530,102	621,391
	Borrower/Customers Ratio	92%	92%	91%	88%	83%
<b>B</b>	<b>Savings Portfolio (million BD Taka)</b>					
	Yearly Savings Deposit	394.70	574.35	746.45	1,063.38	1,480.70
	Cumulative Savings Deposit	1,437.18	2,011.53	2,757.98	3,821.36	5,302.06
	Yearly Savings Withdrawals	238.44	359.88	603.51	748.02	1,133.12
	Cumulative Savings Withdrawals	972.63	1,332.51	1,936.02	2,684.04	3,817.16
	Savings Portfolio	464.55	679.02	821.96	1,137.32	1,484.90
	Savings Portfolio Growth	51%	46%	21%	38%	31%
	Savings Portfolio to Total Assets	37%	41%	38%	32%	26%
<b>C</b>	<b>Loan Portfolio (million BD Taka)</b>					
	Yearly Loan Disbursed	2,368.40	3,180.27	3,751.65	5,905.77	8,139.64
	Cumulative Loan Disbursed	7,223.75	10,404.02	14,155.67	20,061.44	28,201.08
	Yearly Loan Recovered	1,959.97	2,774.45	3,372.66	4,652.66	7,284.99
	Cumulative Loan Recovered	6,064.71	8,839.17	12,211.83	16,864.49	24,149.48
	Loan Portfolio	1,159.03	1,564.85	1,943.84	3,196.95	4,051.60
	Loan Portfolio Growth	54%	35%	24%	64%	27%
<b>D</b>	<b>Sustainability/Profitability</b>					
	Return on Equity (ROE)	25%	18%	9%	7%	9%
	Return on Performing Assets	31%	29%	28%	28%	30%
	Operating Self-Sufficiency	163%	136%	118%	109%	107%
	Financial Self-Sufficiency	136%	122%	107%	104%	102%
	Financial Spread (Net Financial Margin)	12%	8%	5%	3%	3%
<b>E</b>	<b>Portfolio Quality</b>					
	On Time Recovery Rate (OTR)	98.07%	98.17%	98.07%	98.05%	98.15%
	Portfolio at Risk-PAR (>60days)	1.69%	1.73%	2.89%	2.47%	3.34%
	Risk Coverage Ratio	103%	118%	127%	110%	100%
	Loan Loss Reserve Ratio	1.32%	1.48%	2.54%	2.02%	1.82%
	Write-Off Ratio	0.14%	0.24%	0.33%	0.60%	1.32%
<b>F</b>	<b>Assets/Liability Management</b>					
	Yield on Gross Portfolio	31%	28%	29%	29%	31%
	Current Ratio	627%	529%	512%	440%	898%
	Financial Cost Ratio	5.40%	6.33%	6.46%	8.48%	11.15%
	Annual Growth to Total Assets	46%	32%	28%	64%	63%
<b>G</b>	<b>Leverage</b>					
	Debt to Equity	x0.58	x0.61	x0.89	x2.02	x4.63
	Debt Service Coverage Ratio by times	2.38	1.62	1.37	1.18	1.13
	Equity as Percent of Total Assets	37%	34%	29%	19%	13%
<b>H</b>	<b>Efficiency/Productivity</b>					
	Loan Officer (LO) Productivity	318	213	206	242	209
	LO Productivity (Loan-BDT)	1,347,714	1,006,335	1,062,208	1,282,886	1,133,317
	LO Productivity (Savings-BDT)	572,599	456,317	467,450	463,605	425,497
	Average Disbursed Loan Size (BDT)	6,375	7,421	8,416	9,035	9,999
	Average Outstanding Loan Size (BDT)	4,635	5,109	5,688	6,031	6,520
	Cost of per Unit Money Lent (BDT)	0.05	0.06	0.07	0.07	0.07
	Operating Expenses Ratio	13%	15%	16%	16%	16%
	Cumulative Average Exchange Rate: US\$1=BDT	58	60	65	66	66

**Five Years Balance Sheet**  
(as on 31 December)

PARTICULARS	2005	2006	2007	2008	2009
<b>PROPERTY AND ASSETS</b>					
<b>Current Assets</b>					
Cash and bank balance	37,854,041	27,319,709	123,349,415	124,763,375	1,408,921,463
Investment	55,178,855	60,007,222	69,456,423	169,364,899	293,436,643
Other current assets	18,477,802	32,671,913	50,140,408	68,261,119	97,969,879
<i>Loan portfolio</i>	<i>1,159,033,962</i>	<i>1,564,851,670</i>	<i>1,943,841,079</i>	<i>3,196,951,477</i>	<i>4,051,607,211</i>
<i>Loan loss reserve (LLR)</i>	<i>15,312,436</i>	<i>23,148,875</i>	<i>49,414,679</i>	<i>64,438,880</i>	<i>73,831,155</i>
Loan portfolio-net of LLR	1,143,721,526	1,541,702,795	1,894,426,400	3,132,512,597	3,977,776,056
<b>Total Current Assets</b>	<b>1,255,232,224</b>	<b>1,661,701,639</b>	<b>2,137,372,646</b>	<b>3,494,901,990</b>	<b>5,778,104,041</b>
<b>Long - Term Assets</b>					
<i>Fixed assets at cost</i>	<i>88,785,654</i>	<i>108,536,900</i>	<i>126,552,645</i>	<i>169,361,206</i>	<i>242,183,526</i>
<i>Accumulated depreciation</i>	<i>26,174,919</i>	<i>32,454,230</i>	<i>38,354,416</i>	<i>44,779,298</i>	<i>61,100,964</i>
Fixed assets -net of accumulated depreciation	62,610,735	76,082,670	88,198,229	124,581,908	181,082,562
<b>Total Long - Term Assets</b>	<b>62,610,735</b>	<b>76,082,670</b>	<b>88,198,229</b>	<b>124,581,908</b>	<b>181,082,562</b>
<b>Total Assets</b>	<b>1,317,842,959</b>	<b>1,737,784,309</b>	<b>2,225,570,875</b>	<b>3,619,483,898</b>	<b>5,959,186,603</b>
<b>LIABILITIES AND FUNDS</b>					
<b>Current Liabilities</b>					
Employees' security deposits	8,369,513	16,232,053	19,083,809	28,440,188	42,069,571
Members' general savings	153,692,988	234,798,242	281,425,513	434,923,458	597,927,464
Bank overdraft	37,684,335	62,860,010	18,831,189	14,502,752	230,732
Other liabilities	507,885	302,991	105,900	151,198	3,105,922
<b>Total Current Liabilities</b>	<b>200,254,721</b>	<b>314,193,296</b>	<b>319,446,411</b>	<b>478,017,596</b>	<b>643,333,689</b>
<b>Long-Term Liabilities</b>					
Members' time savings	4,330,969	4,470,426	996,088	-	-
Members' regular voluntary savings	306,523,299	439,751,124	539,539,250	702,393,892	886,970,222
Members' emergency funds	9,555,184	6,255,419	4,341,495	2,003,373	957,071
Members' security funds	18,332,939	24,297,577	29,130,889	15,982,612	35,297,701
Borrowing from Specialized Institution	100,678,374	99,437,500	108,187,500	116,000,000	103,475,748
Borrowing from Commercial Banks	173,875,000	220,085,357	445,138,074	1,509,882,360	3,412,069,176
Borrowing from Non-Bank Financial Institution	10,000,000	37,782,762	126,355,096	89,740,418	97,328,356
Other borrowing	3,490,830	1,010,830	-	-	-
<b>Total Long-Term Liabilities</b>	<b>626,786,595</b>	<b>833,090,995</b>	<b>1,253,688,392</b>	<b>2,436,002,655</b>	<b>4,536,098,274</b>
<b>Funds and Surplus</b>					
Revolving loan fund (donors' grant)	138,815,884	138,815,884	138,815,884	138,815,884	138,815,884
Emergency disaster fund (donors' grant)	43,198,689	47,372,888	52,594,801	59,037,742	67,735,066
Fixed assets fund (donors' grant)	375,814	-	-	-	-
Accumulated surplus	308,411,256	404,311,246	461,025,387	507,610,021	573,203,690
<b>Total Net Worth</b>	<b>490,801,643</b>	<b>590,500,018</b>	<b>652,436,072</b>	<b>705,463,647</b>	<b>779,754,640</b>
<b>Total Liabilities and Net Worth</b>	<b>1,317,842,959</b>	<b>1,737,784,309</b>	<b>2,225,570,875</b>	<b>3,619,483,898</b>	<b>5,959,186,603</b>

Source: Audit Report

**Five Years Income and Expenditure Account  
(as on 31 December)**

Particulars	2005	2006	2007	2008	2009
<b>A Financial &amp; Micro Credit Income</b>					
Service charges/Interest on Loans	287,577,369	381,546,399	475,173,170	691,062,971	1,056,900,857
Service Charge on Remittance	-	-	1,066	1,555,221	7,079,958
Interest on bank deposit	587,299	860,599	1,139,140	5,483,552	14,953,899
Sale of forms	11,971,870	14,289,612	15,143,544	22,954,352	27,921,107
Admission fee	2,329,065	3,169,980	3,829,260	8,472,694	8,978,989
Others	448,779	2,526,537	1,801,214	3,812,600	2,480,537
<b>Total Financial &amp; Micro Credit Income (A)</b>	<b>302,914,382</b>	<b>402,393,127</b>	<b>497,087,394</b>	<b>733,341,390</b>	<b>1,118,315,347</b>
<b>B Financial Cost</b>					
Interest on borrowings	23,768,856	47,852,804	64,776,247	166,069,171	337,106,337
Interest on members' savings	27,778,013	38,318,547	48,462,801	54,551,591	66,846,638
<b>Total Financial Cost (B)</b>	<b>51,546,869</b>	<b>86,171,351</b>	<b>113,239,048</b>	<b>220,620,762</b>	<b>403,952,975</b>
<b>C Gross Financial Margin (A-B)</b>	<b>251,367,513</b>	<b>316,221,776</b>	<b>383,848,346</b>	<b>512,720,628</b>	<b>714,362,372</b>
<b>D Provision for loan losses</b>	<b>5,835,000</b>	<b>11,044,000</b>	<b>32,056,500</b>	<b>30,442,221</b>	<b>57,369,333</b>
<b>E Net Financial Margin (C-D)</b>	<b>245,532,513</b>	<b>305,177,776</b>	<b>351,791,846</b>	<b>482,278,407</b>	<b>656,993,039</b>
<b>F Operating Expenses</b>					
Salary and allowances	91,712,698	142,289,760	205,500,913	298,267,420	409,782,541
Rental office	6,291,100	9,950,013	17,025,766	27,899,477	37,101,173
Payment to national exchequer	1,241,581	1,688,648	1,163,171	3,321,150	6,682,965
Transportation	6,250,045	10,741,835	17,427,628	26,717,832	37,182,972
Training & research expenses	5,988,894	11,060,849	20,226,899	15,817,093	11,794,803
Office supplies	4,570,490	7,298,253	8,185,784	17,402,422	24,451,610
Depreciation	5,867,239	7,134,026	5,936,185	9,703,734	16,705,078
Audit & professional fees	857,300	1,801,000	1,519,212	2,781,750	3,483,708
Other expenses	11,274,650	17,313,402	18,092,147	33,782,898	44,214,520
<b>Total Operating Expenses (F)</b>	<b>134,053,997</b>	<b>209,277,786</b>	<b>295,077,705</b>	<b>435,693,776</b>	<b>591,399,370</b>
<b>G Net Income/(Loss) from Operations (E-F)</b>	<b>111,478,516</b>	<b>95,899,990</b>	<b>56,714,141</b>	<b>46,584,631</b>	<b>65,593,669</b>
<b>H Foreign Donations</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>I Net Surplus/(Deficit)</b>	<b>111,658,516</b>	<b>95,899,990</b>	<b>56,714,141</b>	<b>46,584,631</b>	<b>65,593,669</b>

Source: Audit Report

## **Governing Body and Operational Board of Directors**

### **Governing Body**

#### **Chairperson**

**S K Sarkar**

Director (Administration and Risk  
Management), BRAC and  
Treasurer of BRAC University

#### **Vice Chairperson**

**Altaf Hossain**

Director-Marketing  
Danish Condensed Milk Limited, Dhaka

#### **Finance Secretary**

**M. Mukitul Islam**

Development Trainer

#### **Members:**

**Shamima Abbasy Shelly**

Architect and Development Planner

**Khondoker Mahfuzur Rahman,**

Assistant General Manager, Grameen Bank,  
Dhaka

**Major (Rtd) Mir Hashmat Ullah, PSC.**

Retired DIG of Police and Managing Director of Watch and Watch Pvt. Limited

**Kazi Mohammad Shoab Rana**

Social Activist and Businessman

#### **Ex-Officio Secretary**

Zakir Hossain

Executive Director

### **Operational Board of Directors**

Zakir Hossain

Executive Director

M. Mosharrof Hossain

Finance Director

Md. Sirajul Islam

Program Director

Pranesh Chandra Banik

Microfinance Immersion and Capacity Building Deputy Director

#### **Adviser**

Graham A.N. Wright

Program Director, *MicroSave*.

## Senior and Mid Level Professionals

<b>Program</b>	
Md. Anower Hossain, Program Coordinator	
Sayed Ahmad Khan, Assistant Program Coordinator Khondoker Moklasur Rahman, Assistant Program Coordinator	
<b>Zonal Managers</b>	
Abdur Razzak Chowdhury, Narayanganj Abdul Aziz, Sylhet Abu Saleh Md. Jarzis, Pabna Shaheenoor Islam Khan, Gazipur Mohsin Hossain Khan, Modhupur Arshad Alam, Comilla Motaleb Hossain Miah, Chittagong Abdur Rahman Miah, Jessore Ashraful Alam Khan, Tangail Jafar Ahmed Jewel, Noakhali Saidur Rahman, Dhaka Metropolitan	Md. Shajahan, Mymensingh Abdus Salam, Faridpur A. N. M. Mostaqul Hasan, Barisal Hossain Islam Ripon, Khulna Liton Chandra Mohanta, Rajshahi Rafiqul Islam, Rangpur Istak Ahamed, Bogra Hafizur Rahman, Chittagong (Additional) Biplob Kumar Tarafdar, Noakhali (Additional) Shamim Kabir, Narayanganj (Additional)
<b>Finance and Accounts</b>	
A.B.M. Aminul Karim Mazumder, Assistant Finance Coordinator Sajedul Haque, Accounts Officer Abdul Halim, Accounts Officer Tapas Kumar Sikder, Accounts Officer	
<b>Administration</b>	
Sarker Hirendra Chandra, Assistant Admin Coordinator Umme Kulsum, Senior Admin Associate	
<b>Human Resource Management (HRM)</b>	
M Shah Imran, Personnel Associate	
<b>Internal Audit</b>	
Anil Saha, Assistant Audit Coordinator Md. Montashir Mamun Chowdhury, Audit Officer Suria Tul Mowla, Assistant Audit Officer	
<b>Microfinance Immersion and Capacity Building</b>	
Nazrul Islam, Assistant Training Coordinator Sk. Naeem Ferdous, Assistant Training Officer	
<b>Research and Publication</b>	
S M A Rakib, Remittance, Research & Publications Officer	
<b>Information Technology (IT)</b>	
Md. Ziaus Shams, Senior Systems Support Manager Abdus Sabur, Senior Computer Manager Md. Kamrul Ahasan, Systems Support Manager	Nur Mohammad, Systems Support Manager A S M Tarequr Rahman, Systems Support Manager Md. Shaheenur Islam, Systems Support Manager
<b>Foreign Remittance</b>	
S M A Rakib, Remittance, Research & Publications Officer Md. Ariful Islam, Manager	Md. Rashadul Kabir, Manager Mahasin Uddin, Manager
<b>Monitoring and Reporting</b>	
Sarojit Kumar Mandal, Assistant Monitoring Officer Taslima Bari, Data Processor	
<b>Public Relation</b>	
Md. Enamul Kabir, Office Manager	
<b>Disaster Management</b>	
Waliul Islam Chowdhury, Disaster Manager	



**Head Office**

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