

# Annual Report 2020-21

BURO Bangladesh



# Annual Report

2020-21



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Statement  
from the  
**CHAIRPERSON**

As the BURO Bangladesh story continues with more than thirty years of hard work and dedication aimed at the betterment of the people of this country, it is my honor to be a part of this journey, during my tenure, as the Chairperson of the Governing Body.

The wide body of work that BURO Bangladesh has done over the past three decades & continues to do, on a daily basis speaks volumes of the ethos, mission & vision of the organization. Another year of COVID-19 through 2021 has only given more opportunities for us to serve & support the poor & underprivileged of the society.

I would like to take this opportunity to thank the management team, all office & field staff for their trust in the organization and continued hard work during these trying times while dealing with various challenges at home and at work. It is due to your cooperation and dedication that we have been able to perform commendably through yet another year of pandemic with exemplary numbers across all avenues aided by our digital transformation.

The wide body of work that BUR0 Bangladesh has done over the past three decades & continues to do, on a daily basis speaks volumes of the ethos, mission & vision of the organization. Another year of COVID-19 through 2021 has only given more opportunities for us to serve & support the poor & underprivileged of the society

I am also grateful to all our stakeholders, supporters and well-wishers who have continued to support BUR0 Bangladesh in all its endeavors through the years and I strongly believe they shall continue to do the same, throughout.

Drawing the year to a close and looking forward to a new year, I am rejuvenated with hope and optimism to witness yet another chapter in the BUR0 Bangladesh success story, full of real change and meaningful work dedicated to the betterment of the poor and underprivileged people of this country.

May the year ahead bring us all fulfillment, good health & well-being.

Sincerely Yours,



**Altaf Hossain**

Chairperson, Governing Body

September 2021



Statement  
from the  
**EXECUTIVE  
DIRECTOR**

Drawing close to the end of yet another year through the continued pandemic, I cannot help but look back filled with a great sense of hope, gratitude, aspiration & camaraderie with my peers, colleagues & staff for having achieved so much during such trying times. In alignment to the last 32 years of history, it makes me immensely proud to see how all of you have come together in these difficult and challenging times, to set forth the needs of our customers above yours and have ensured that the wheels of positive growth continue revolving to make sustainable changes in all the lives we touch.

Having founded and led the organization for more than three decades, I still draw inspiration and renewed energy every day from my family of 10,500 staff, working towards our common goal of countrywide sustainable contribution in creating a progressive self-sufficient society through innovative and quality financial products at a competitive price point for maximum customer value across the demographic, from individuals to SME's.

Historically, human survival has always been attributed to our ability to adapt in adversities and COVID-19 has not been any different. As people kept returning back to work, the economy kept moving and we kept serving our customers following the highest standards of health and safety protocols. Our resilience has helped to

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continue dedicating our efforts towards helping the ones in need and we have been met halfway by our customers, who have wholeheartedly supported us by keeping their savings and repayment streams alive and flowing.

Of course it has not been shy of challenges in regards to the health and safety of our staff, our customers, arrangement of finances, stringent customer repayment capabilities and higher credit risks - but nonetheless, it has yet once again given us the opportunity to stand next to the people of this country in their times of need through our various products, programs, relief efforts, contributing in safe water and health care access as well as facilitating governments led stimulus disbursements. Equipped with our digital transformation and financial inclusion efforts, I truly believe we are in a unique position to be able to serve our customers at far ends of the country on a real time basis, bringing down our cost of doing business, thus enabling us to provide greater value and quality of service.

It is imperative to applaud the Government of Bangladesh for the exemplary role that they have been playing since the very beginning of the pandemic, which has enabled us to keep our businesses running while many of the largest economies and markets of the world have struggled to keep their shops open. I must also commend the government for an extremely

impressive planning & execution of mass vaccination across the country which has not only saved lives but has also kept the economy going. I wholeheartedly thank the Bangladesh Bank, Microcredit Regulatory Authority (MRA), Development Partners, Bank & Financial Institutions & Remittance Services Partners and all our friends & well-wishers for their unwavering support towards BURU Bangladesh. I look forward to your continued guidance, support and patronage.

The resilience and commitment towards sustainable transformation of lives I see everyday among all of you is infectious and makes me ever so hopeful about the BURU Bangladesh journey. What we achieved together is barely the tip of the iceberg in contrast to the immense growth opportunity and potential that lies ahead of us.

Onwards & forwards.

Kind Regards,



**Zakir Hossain**  
Executive Director  
September 2021

# commemorating

# MUJIB BORSHO

Just as how legends cannot be confined in books, stories and documentaries, neither can the celebration of their life and work be marked by just a day & thus in line with the guidance laid down from the Government of Bangladesh, the celebration of “Mujib Borsho”, the centennial birth anniversary for our Father of the Nation, Bangabandhu Sheikh Mujibur Rahman continued from his birthday on March 17, 2020 to Golden Jubilee of Independence of Bangladesh till March 26, 2021.

Operating within various challenges of COVID-19, following WHO prescribed health and safety protocols & yet remaining resolute to celebrate and commemorate the centennial birth anniversary, BUR0 Bangladesh undertook the following initiatives throughout “Mujib Borsho”

- On March 17, 2020, to mark the initiation of the centennial birth anniversary & in celebration of National Children’s Day, National Flag was raised at the break of dawn at the BUR0 Bangladesh Head Office, Divisional Offices, Regional Offices and all Training & Human Resource Development Centers.
- On March 17, 2020, in association with other MFIs, BUR0 Bangladesh visited Father of Nation’s memorabilia at Dhanmondi 32 and laid down floral wreaths along with banners.
- On March 17, 2020, floral wreaths were laid down at the Father of the Nation’s resting place at Tungipara, Gopalganj by our staff from Khulna Division & Regional offices.
- On March 17, 2020, BUR0 Bangladesh staff from Divisional & Regional offices joined at “Doa Mahfil” held at various mosques across the country.
- On March 18, 2020, Special Discussion Sessions to celebrate “Mujib Borsho” were held at BUR0 Bangladesh Head Office and all Divisional & Regional Offices.
- BUR0 Bangladesh senior staff from respective division & region along with other staff attended all meetings & seminars arranged at a divisional level by the MRA to commemorate “Mujib Borsho”.
- In celebration of “Mujib Borsho”, a billboard with the portrait of the Father of the Nation was set up for year-long display at the BUR0 Bangladesh Head Office & all Training & Resource Development Centers.
- In celebration of “Mujib Borsho”, placard was set up for year-long display at the BUR0 Bangladesh Head Office.



মুজিব MUJIB  
শতবর্ষ 100

- Awarded “Bangabandhu Uchchoshikkha Britti” (Bangabandhu higher education scholarship) to 3 deserving under privileged meritorious students in line with decision taken at MRA meeting.
- To make ‘Mujib Borsho’ even more impactful, to facilitate creation of employment and support bright and potential entrepreneurs BUR0 Bangladesh consciously disbursed SME loans at a far wider reach and scale.
- To facilitate creation of the “Sonar Bangla” (Golden Bengal) and to create a safety perimeter in regard to becoming a self-sustaining agricultural nation, BUR0 Bangladesh has increased its disbursements in Agri sector.
- To create awareness, throughout the “Mujib Borsho” at all trainings held at BUR0 Bangladesh, a segment titled “Dukhi Manusher Mukhe Hashi” was included where Bangabandhu’s economic thoughts and philosophies were discussed.
- We have nominated the July-September 2020 issue of BUR0 Bangladesh quarterly magazine – Prottoy, as the “Mujib Borsho edition” along with publishing write ups on Bangabandhu in various circulations and editions.
- We have produced & distributed coat pins with “Mujib Borsho” logo to our staff at various levels, guests and dignitaries.
- We have collected various books written by national & international writers on Bangabandhu & displayed the same at the libraries of our Training & Human Resource Development Centers.
- For our ongoing Water Credit Program, under the Basic Health Education Project we have increased our previously allocated budget to accommodate an additional 7 lakh members from 1 lakh 62 thousand families on top of pre-planned 13 lakh members of 2 lakh 75 thousand families in line with our efforts to make the project even more impactful on the occasion of “Mujib Borsho”.
- In addition to the above, BUR0 Bangladesh from its sense of social responsibility to counter the on-going COVID-19 pandemic, has distributed large amounts of food and necessities among the needy, health & safety awareness materials for developing awareness & medical supplies at various hospitals and is continuing to do so.



# A Glimpse of Microfinance Industry in Bangladesh

(Grameen Bank and NGO-MFIs)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
NGO-MFIs reported	490	496	474	510	530

## All reported MFIs and Grameen Bank (GB)

Total Employees	275,552	274,448	309,346	239,689	230,637
Total Customers	32,341,408	32,413,689	31,479,974	32,446,130	30,608,042
Loan Disbursed (BDT in Million)	1,426,440	1,591,040	1,405,858	1,207,538	955,772
Loan Outstanding (BDT in Million)	1,041,020	942,827	814,398	770,465	611,618
Net Savings (BDT in Million)	542,071	461,696	399,967	349,064	294,111

## Top 20 Institutions (MFIs and GB) Contribution

Total Employees	189,073	169,437	213,144	147,155	135,048
Total Customers	25,073,978	25,425,583	25,002,701	25,602,983	24,002,427
Loan Disbursed (BDT in Million)	1,148,401	1,305,724	1,164,922	997,132	788,258
Loan Outstanding (BDT in Million)	606,169	775,927	676,237	628,623	498,356
Net Savings (BDT in Million)	459,322	391,963	347,974	304,707	257,948

## BURO Bangladesh Contribution

Total Employees	10,010	9,782	7,464	6,726	6,179
Total Customers	1,237,569	1,172,833	1,512,489	1,449,085	1,356,572
Loan Disbursed (BDT in Million)	82,205	91,485	63,346	54,394	39,515
Loan Outstanding (BDT in Million)	70,030	59,572	39,041	32,779	24,433
Net Savings (BDT in Million)	23,996	17,400	12,650	10,331	7,692

Ref: Bangladesh Microfinance Statistics, Published by CDF

# COMBATING COVID-19





The COVID-19 pandemic, now in its second year, has been raging across the world, impacting lives and livelihood in an unprecedented manner. With different countries being affected at different levels and managing these impacts in varied range of measures, Bangladesh has been indomitable in the face of this adversity ever since COVID-19 has reached its shores back in March 2020.

Under the exemplary resolve & leadership of the Government of Bangladesh, we have thrived and prospered in handling this unrivalled crisis that escalated into a global pandemic in a record time. To

combat the pandemic at all levels and with highest efficacy, the Government had encouraged all private organizations to come forward and participate at their own capacity at this time of national crisis. Out of the sense of social responsibility coupled with the Government's appeal and Circular Letter-55 issued by MRA, BURO Bangladesh stepped up to stand by the people of this country in this time of need.

Abiding by the Government's directives and WHO mandated health & safety protocols, majority of our employees were advised to stay home during the lockdown





periods. In order to ensure the safety of these employees, we have taken all possible measures including transportation to & from work, masks, sanitizers and emergency health care. At the same time, we took the similar measures for customers and their family members.

BURO's food assistance program which was launched in 2020, is still being continued throughout the country supporting tens of thousands of poor and pandemic stricken low-income families whereby face masks and liquid soaps were included along with the food distributed. BURO Bangladesh has also donated medical

equipment like PPE, ICU Cardiac Monitor, Oxygen Cylinder, Oximeters, N-95 masks & hand gloves for doctors and nurses in different medical colleges and hospitals across the country at varied frequencies.

BURO has also provided its own staff with surgical mask, hand gloves and hand sanitizer free of cost for at all branch offices. In addition, BURO Bangladesh has also successfully implemented a free online vaccine registration for the masses across the country.

BURO Bangladesh is committed to keep all these efforts ongoing to ensure a COVID-19 free Bangladesh for its customers and employees.

# HISTORICAL OVERVIEW





As one can imagine, this journey of thirty-one years for BURU Bangladesh has been full of highs, lows, exhilarations, achievements & anticipations with innumerable memories made

and lives changed. A brief glimpse of the forming, storming, norming & performing stages of this journey, split into five phases, is shared below for the readers consumption.

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

These were early days of portfolio formation with only two key products on the shelf - savings & withdrawals. Branch level profitability was driven by lending interest rates of approximately 25% per annum turning them into "model branches" & lending books kept growing through dynamic management, training, audit and implementation of systems.

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

With the opening of 5 more branches, 1992 came to an end & despite a relatively low level of external capitalization (\$10,000 per branch), 3 of the Phase-I branches turned profitable. During this phase, the branches were consolidated in 1993 and BURU commenced preparatory work in three additional branches.

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

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

1996 was the year for solidifying foundations and preparing the next level through rigorous preparation & meticulous implementation of the model in a focused manner. Lessons learnt, past experiences and assessment of BURU's potential helped to carry out strategic planning, financial modelling, project design and implementation.

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

Receiving a good number of recommendations & suggestions in the "Response to the Mid-Term Review" is deemed upon as the turning point for BUR0's path & growth. In 1997, a business plan for 1997-2001 was formulated based on previous performance, learning and suggestions put forward by the review team. At the end of this phase, the number of branches stood at 56 with customer outreach of 96,537.

It was proven that with proper guidance & effective capital management, BUR0 could develop to a far greater extent tapping into its latent capabilities. This also opened the route for a whole new abundance of opportunities that could be utilized for building the rural economy with the help of rural and urban based micro and small-scale enterprises (MSEs) which play an instrumental role in a nation's development.

A brief planning period for 2002 was drawn up to review, consolidate and prepare for the next phase of scaling up to a larger extent over the next five years were planned (2003 - 2007) along with new strategic planning sharpened to accomplish goals & to cope with the evolving needs of the customers in the microfinance industry. Exploring & redesigning the existing product suite and planning of new product were key features to this phase of rapid expansion of programs.

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

Opening of 34 new branches during 2003-2007 took the total to 100 branches & this catapulted BUR0 into a new level of height & growth, with total customer reaching 200,000.

A slow rate of poverty alleviation was affirmed from various workshops and seminars held through this course & to accelerate this BUR0 decided to multiply its efforts for greater outreach and financial deepening - reflected in the next 5-year business plan. The objectives of the plan included:

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

## KEY TAKEAWAYS

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

- Flexible financial services are preferred by the poor and they are ready to pay high interest rate for the same. If the financial services are well designed, it increases the income and productivity of the customers.
- BUR0 had introduced partial savings withdrawal system since its inception in 1990. However, in 1998, it made the savings system entirely open regardless of any loan outstanding. The results were positive & the deposits and net savings increased substantially leading to higher proliferation of fund for RLF.
- BUR0 had demonstrated that voluntary open access savings schemes can mobilize more net savings per member per year than compulsory locked-in savings scheme. The free movement of the customers concerning their capital with the institution created a 'push effect' in increasing customer growth.
- The poor want BUR0 to provide services like a rural micro banking institution, which regulations do not allow for BUR0 to provide yet however, BUR0 strongly believes in the potential of carrying out rural micro banking.
- Many customers want larger loans and thus BUR0 had to diversify loan products suite. Introduction of BDS was considered extensively to cater to the emerging needs of technology, marketing assistance, production and managerial skill development.
- BUR0's flexible financial services with savings withdrawal system are unique in Bangladesh where the savings of the poor do not remain blocked. As a result, they can use the savings when they like and whenever any emergency arises. In addition, it is also not made mandatory for customers to avail credit. Flexibility of financial service was a unique selling proposition for BUR0. These indicate that customers enjoy full financial independence which aligned with BUR0's objective of effective poverty alleviation in Bangladesh.
- To attain the goals & vision, BUR0 has to always revisit & rekindle policies, plans & products to keep an edge amid fierce competition in the market.
- BUR0's long experience indicates that microcredit, which involves a very small amount of money, cannot effectively eradicate poverty but it can just contain the poverty. In contrast, microfinance, which is a relatively larger provision of financial services can meet the varied financial needs of the poor and help alleviate poverty. Microfinance can contribute greatly to their financial independence & to a large extent can play a better role in poverty eradication. Compared to microcredit, microfinance is a graduated financial service, capable of serving the poor in various ways.

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



# Historical

Year	Number of Branches	Number of Districts	Number of Customers	Number of Personnel	Savings Portfolio (BDT in Million)
1991	5	1	1,800	79	1.06
1992	10	1	7,055	113	1.57
1993	10	1	7,055	95	2.23
1994	16	1	8,511	140	3.54
1995	20	1	20,924	198	6.51
1996	30	2	32,744	312	12.76
1997	40	5	45,003	424	26.68
1998	41	5	71,479	448	27.01
1999	41	5	67,357	513	45.16
2000	51	8	73,265	613	58.39
2001	56	9	96,537	660	89.32
2002	67	11	124,446	778	138.29
2003	83	18	184,609	1,020	223.62
2004	90	20	221,366	1,071	308.30
2005	110	21	273,286	1,265	464.55
2006	173	32	331,329	2,069	679.02
2007	230	38	376,710	2,537	821.96
2007-08	294	43	472,984	2,923	917.53
2008-09	395	50	672,467	3,718	1,309.75
2009-10	506	56	873,715	5,634	1,726.78
2010-11	628	57	1,029,343	5,379	2,321.50
2011-12	629	57	1,082,789	5,447	2,804.01
2012-13	634	61	1,104,717	5,417	3,715.68
2013-14	634	61	1,053,035	5,569	4,487.01
2014-15	640	61	1,269,411	5,736	5,695.60
2015-16	648	64	1,356,572	6,179	7,691.28
2016-17	712	64	1,449,085	6,726	10,330.51
2017-18	802	64	1,512,489	7,464	12,649.24
2018-19	1,027	64	1,662,689	9,782	17,400.78
2019-20	1,059	64	1,963,060	10,010	23,955.87
2020-21	1,062	64	1,862,461	9,866	27,703.10

# Information Series

Year	Loan Portfolio (BDT in Million)	On Time Recovery Rate (OTR)	Social Development-Expenditure (BDT in Million)
1991	0.55	90%	6.07
1992	1.29	100%	1.22
1993	4.50	100%	7.96
1994	7.78	100%	8.73
1995	20.42	100%	8.78
1996	30.87	100%	6.69
1997	65.96	99.87%	35.23
1998	173.70	99.50%	35.24
1999	170.29	99.13%	65.35
2000	213.15	98.05%	35.25
2001	289.79	98.17%	36.93
2002	402.93	98.72%	3.76
2003	547.79	98.03%	3.78
2004	750.60	98.19%	6.91
2005	1,159.03	98.07%	33.00
2006	1,564.85	98.17%	6.60
2007	1,943.84	98.07%	33.54
2007-08	2,279.90	98.01%	64.78
2008-09	3,251.33	97.77%	21.10
2009-10	4,594.29	96.44%	11.68
2010-11	5,600.07	96.38%	22.08
2011-12	6,884.43	97.27%	20.92
2012-13	12,999.58	98.22%	10.05
2013-14	13,724.51	98.05%	14.05
2014-15	16,465.94	96.81%	15.75
2015-16	24,433.18	97.25%	16.35
2016-17	32,778.74	98.63%	61.54
2017-18	39,040.66	98.16%	22.61
2018-19	59,572.22	97.93%	13.80
2019-20	70,029.58	95.83%	167.15
2020-21	65,703.57	97.94%	58.52

1991-2021





## 1990-1994

Inception	Central Bank Support	Development Partners' take Notice
Five "Model Branches of Sustainable Rural Financial Services"	Friendly financial norms for financial services	BURO Sustainable model as international evaluation

## 1995-1999

Continued Attention from Development Partners	Developing Social Capital	International Accolade
Evaluation with new innovations; Strategic planning exercise; operational research for new financial products	Interventions at pre, during and post disaster; entry into commercial capital	UN General Assembly recognizes BURO Bangladesh; first microfinance international rating

## 2000-2004

Formation of Formal Financial Market	Elevated Social Capital	New Strides & Innovation
Relations with banks begin; Product development review; corporate governance continuing	MIS and FIS internal control system review; Development Partners' end term review; second and third microfinance international rating	First comprehensive business plan; strategic planning exercise; review of product costing; microfinance model for the very poor

## 2005-2009

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

# BURO in Forward Motion ...

## 2010-2014

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

## 2015-2019

Continued Reinforcement in Access to Formal Financial Market	Bolstered Elevation in Social Capital	New Strides & Innovation
<p>Inclusion of low-income professionals into mainstream microfinance</p> <p>Continuation of Mobile banking and Agent banking</p>	<p>Revision of the existing Human Resource Management in a friendly manner</p> <p>Development of Training and capacity building service manual</p> <p>Socio-environmental impact evaluation of Water credit program</p> <p>Impact assessment on business and financial literacy program</p>	<p>Introduction of scholarships for the students from poor households</p> <p>Promotion of Natural Fiber based products from Agricultural waste</p> <p>Small and marginal farmers assistance program with financial support from the Bangladeshi and Japanese Government</p>





# BURO in Forward Motion ...

## 2020-

### Continued Reinforcement in Access to Formal Financial Market

Inclusion of low-income professionals into mainstream microfinance

Continuation of Mobile banking and Agent banking

1,058 branches connected through digitization along with servers deployed at Head Office.

Model developed with MFS to leverage digital financial system to facilitate deposit & withdrawal of savings and disbursement of loans with positive cost-benefit analysis

Two major MFS services providers on boarded to facilitate client payments & disbursements

Wealth Management efforts have been made by venturing into Capital Market.

### Bolstered Elevation in Social Capital

Revision of the existing Human Resource Management in a friendly manner

Development of Training and capacity building service manual

Socio-environmental impact evaluation of Water credit program

Impact assessment on business and financial literacy program

Credit Relief Measures taken for COVID-19 impacted customers. Fund set aside to finance struggling customers to revive their businesses

Widespread donation, charity and welfare initiatives taken for COVID-19 impacted population

### New Strides & Innovation

Introduction of scholarships for the students from poor households

Promotion of Natural Fiber based products from Agricultural waste

Small and marginal farmers assistance program with financial support from the Bangladeshi and Japanese Government

BURO Handicrafts strengthening the institutional capacity of BURO itself and social business

BURO Health Care is unique through setting up a modern state-of-the-art diagnostic-cum-medical consultation center

BURO Digital Primary Health Care Center in collaboration with Canada based Global Health Technology Venture ADVIN

One-Shot Payment of cumulative amount for all savings & loans accounts through MFS whereby system automatically segregates amounts & deposits into respective accounts

CIB tool for Microfinance industry developed in association with MRA

First ever commercial bank syndicated financing in SME



# CORPORATE GOVERNANCE







## Vision

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



## Mission

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

## Sustainable Approach

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

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

**Holistic cost pricing:** Product pricing is cumulative quantification of components such as cost of fund, inflation, cost of operation and

credit risk factoring. Due to the risk quotient being higher compared to FIs and NBFIs, the product pricing is 7-10% higher. This however does not have an adverse effect on the affordability of the target market, evidenced by the YOY (Year on Year) growth of our lending book.

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

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

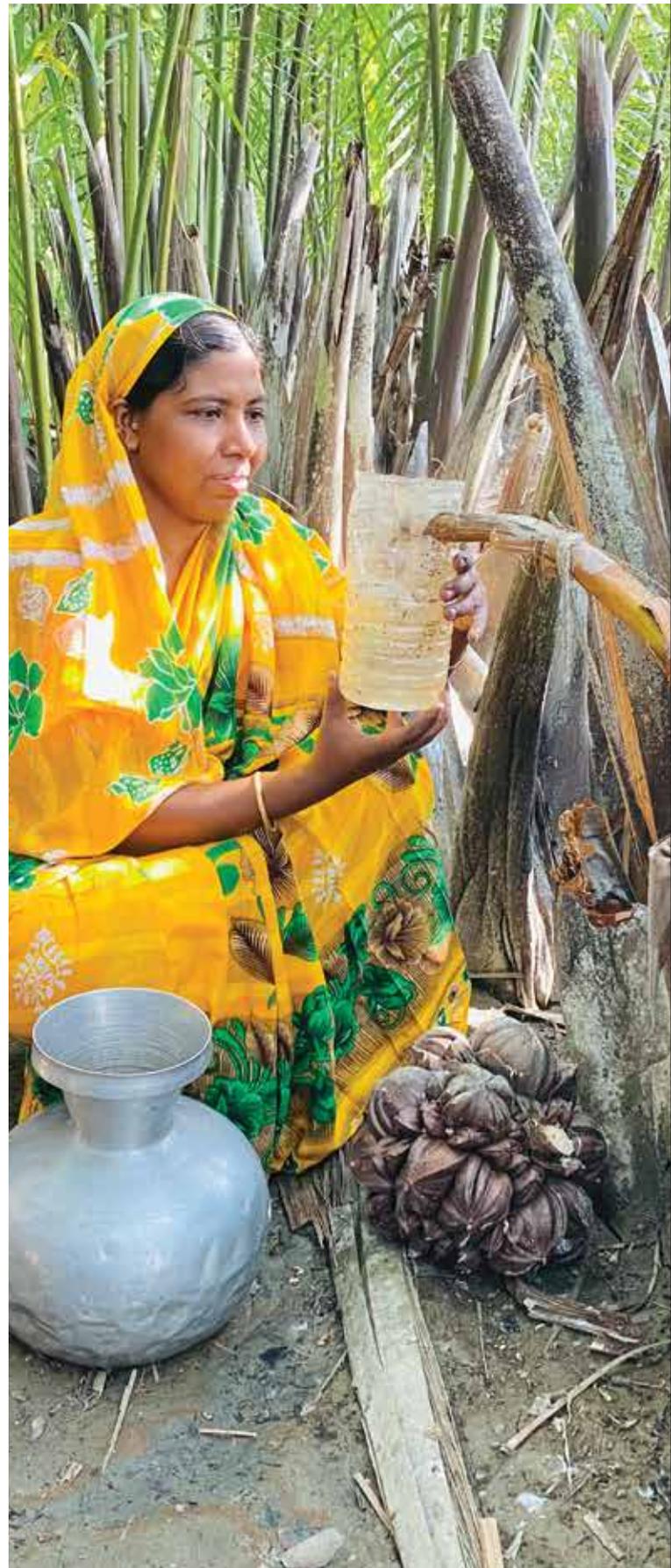
## Strategic Priorities

- Product diversification
- Optimum utilization of commercial capital
- Propagate foreign remittance influx to rural and urban areas.
- Facilitate a favourable investment climate
- Growth in regards to market penetration & segments to enlarge asset & liability book sizes
- New innovations in the financial and social services at regular intervals & infuse the same into mainstream programs
- Foster strong presence & liaison with relevant government authorities, agencies and bodies associated with the microfinance sector & business landscape
- A constant focus on strategies for sustainable supply chain for BUR0 to meet the emerging demands of the market

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

## Market Positioning

- As a high value proposition of financial product & service offerer
- Multi-feature offering product quality & price proposition
- A competitive player in the industry, constantly challenging its own market position to foster growth
- An NGO-MFI creating sustainable link across the landscape between opportunities & necessities



- Commendable presence in domestic and international financial and social forums
- Timely adaptations in balance with market demand effected by time, place and condition
- Collaboration and synergy between strategic priorities and market positioning.

## Values

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

## Customers Empowerment

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

## Right of Access to Information

- Information symmetries for customers on business and dissemination through knowledge management.
- Recognize the right of the customer to verify the passbook with branch level transactions
- Regular information dissemination to the customers about the use of their savings by BUR0

- Recognition of customers' voices in the use of their savings by the organization
- Facilitate customers' participation in the activities of the organization
- Maintain privacy of the customers of the organization

## Financial and Social Services as Universal Right

- View BUR0 as safe and secure place for customers to keep savings
- Customers right to withdraw savings whenever is necessary
- Intertwined relationship between the financial and social services
- Space for introduction of new technology in the financial and social services

## Features of Quality Financial Services

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

## Financial Prudence

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



## Corporate prerequisites

- **Strategic vision/mission:** Long and short-term perspective about the demand and supply of all the stakeholders
- **Responsiveness:** Serving the interests of all stakeholders
- **Transparency:** A free flow of information
- **Accountability:** Decision-makers remain answerable
- **Compliance:** Strictly implementing the directives of Microcredit Regulatory Authority (MRA)
- **Bureaucracy:** BURO consuming less time for overall loan supply to the customers
- **Conflict Resolution:** Digital technology for regular monitoring to provide timely services

Good governance remains at the core of our Corporate Governance with an acute understanding of factors like bureaucracy management and conflict resolution.

The aforementioned five fundamentals act as the control mechanism to filter any adverse effects of factors like bureaucracy and conflict.

A little more than three decades into our journey, with the number of staff, branches, customers increasing at a steady pace we have solidified our corporate governance as in an optimum manner which is evident in the transparency and accountability across the organization.

## Social Commitment

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



# Constitutional Structure

The corporate governance of BUR0 is established with a “three-tier” systems. The three-tier system of corporate governance is designated as: 1. General Body, 2. Governing Body, and 3. Operational Board of Directors (OBD).

## General Body

The General Body constitutes 18 members from different professional domains. The General Body is the supreme authority of electing the Governing Body after every three-year. The members of the Governing Body remain responsible and accountable to the General Body of the organization.

## Governing Body

### Chairperson

#### Altaf Hossain

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

### Vice Chairperson

#### Dr. Sayeeda Khan

Gynecologist and Breast Cancer Specialist

### Finance Secretary

#### Dr. M A Yousuf Khan

Former banker, served different commercial banks and NBF1

### Member

#### Dr. Rowshan Ara Firoz

Former Professor, University of Dhaka

#### Mahbuba Hasanat

Retired Additional Secretary, Government of Bangladesh

#### Khandaker Mahfuzur Rahman

Expert of Microfinance Risk Management

#### Md. Anowar Hossain

Corporate and Company Lawyer

### Ex-Officio Secretary

#### Zakir Hossain

Executive Director

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

## Advisor

### Graham A.N. Wright

Group Managing Director, MicroSave Consulting (MSC): Graham A.N. Wright is the founder and Group Managing Director of MSC with around 30 years of experience in emerging markets, management consultancy, training and audit. Along with working with various regulators across different countries, Graham oversees Digital Financial Services, Strategic Initiatives, Knowledge Management, and Global Insights within MSC. He has headed several teams working on digital financial services solutions for banks, mobile network operators, and MFIs in Asia, Africa, and Latin America.

## Operational Board of Directors (OBD)

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

**M. Mosharrof Hossain**, Finance Director

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

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

**Farmina Hossain**, Director- Operations Financial Services, HRD & ICT

## Audit Committee

### Chairperson

**Dr. M A Yousuf Khan**, Finance Secretary- Governing Body

### Member

**Dr. Rowshan Ara Firoj**, Member- Governing Body

**Khandaker Mahfuzur Rahman**, Member- Governing Body

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

## Role and Purpose

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

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

## BURU Craft

**Rahela Zakir**, Director-BURU Craft & BURU Health Care Foundation

## Infrastructure Development

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

## Senior and Mid-Level Professionals

### Program

**Kh. Moklasur Rahman**, Coordinator

### Administration

**Md. Arshed Alam**, Coordinator

**Zafar Ahmed Jewel**, Assistant Coordinator

**Md. Shamim Kabir**, Officer

**Rokeya Akter**, Officer

### Finance and Accounts

**Md. Abdul Halim**, Coordinator

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

**Farid Uddin Ahmed**, Officer

**Shah Jalal**, Officer

**Mahbubur Rahman**, Officer

**Shofiqul Islam**, Officer

### Human Resource Management

**Md. Ashraful Alam Khan**, Coordinator

**Nilufun Nahar Chowdhury**, Officer

### Monitoring & Reporting

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

**Md. Abdus Sabur**, Officer

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

### Internal Audit

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

**Tapas Kumar Shikder**, Assistant Coordinator

### Training & Capacity Building

**Kamal Hossain**, Officer (In charge)

## Special Program

S M A Rakib, Assistant Coordinator

## Information and Communication Technology (ICT)

Shahinur Islam, Officer

## Media & Publication

Ferdous Salam, Coordinator

## Disaster Management

S. Z. M Shahriar, Manager

## Divisional Managers

Md. Shahinoor Islam Khan, Dhaka Metropolitan

Md. Saidur Rahman, Pabna

Md. Mohsin Hossain Khan, Chattogram

Md. Abdus Salam, Rangpur

Mir Mukul Hossain, Cumilla

Haroun-Or-Rashid, Tangail

Istak Ahammed, Khulna

## Zonal Managers

Md. Rafiqul Islam, Gazipur

Reaz Uddin, Pabna

ABM Alauddin Ahmed, Noakhali

Al Amin Khan, Jashore

Md. Awlad Hossain, Thakurgaon

Uttam Kumar Basak, Chattogram

Md. Mustafijur Rahman, Dhaka Metropolitan

Mohammad Zahirul Islam, Modhupur

Tutul Chandra Paul, Narayanganj

Md. Shamsul Alam, Tangail

Md. Arich Hossain, Mymensingh

Md. Mizanur Rahman, Rajshahi

Md. Shahadat Hossen, Chandpur

Md. Mohsin Miah, Cumilla

Md. Motaharul Islam, Bogura

Md. Rezaul Islam Khan, Savar

Abul Bashar Miah, Madaripur

Anowerul Islam, Brahmanbaria

Abul Hossain Miah, Kushtia

Babul Kumar Saha, Cox's Bazar

Kh. Mahbubur Rahman, Sirajganj

Alamgir Kobir, Faridpur

Rafiqul Islam, Naogaon

Md, Mosarrof Hossain, Sakhipur

Md Rafiqul Islam, Barishal

Khandaker Mizanur Rahaman, Sylhet

Iqbal Hydar, Khulna

Mohammad Bahadur Alam, (In charge) Rangpur

## Policy and Procedures

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

## Working Committees

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

## Program Management Structure

BURO operates through its branches across the country. A branch is managed by one Branch Manager, one Accountant, and 6-8 Program Organizers (POs)/Assistant Program Organizer (APOs). There are 1,062 branches supervised by 220 Area Managers spread over 28 Zones equally distributed among 7 working Divisions.

## Staff Benefit Funds

The services of all staff are regulated by well-defined Service Rules of the organization:

1. provident fund, 2. gratuity fund, 3. health fund, 4. housing fund, 5. staff family security fund, 6. advance for motorbike and bicycle purchase, 7. income tax payment for the staff, 8. leave encashment, 9. advance salary payment on simple terms to buy life insurance policy.

## Income Tax Return Submission

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

## Internal Control System

The organization has developed a very rigorous and transparent internal control system over the decades by relentlessly pursuing a model to ensure transparency, efficiency and overall effectiveness. International standards, norms and practices are incorporated in the design of the Internal Control System. The components of internal control system are:

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

## Financial Control

Fund management is done prudently keeping in view the demand of funds and its availability at the branches and head office. Financial control is generally exercised at three levels: the Governing Body, the Head Office and the respective Branches. Governing Body monitors

all financial matters quarterly through Governing Body meeting. The Executive Director and the Finance Director exercise financial control based on monthly financial statements and the findings of internal auditors. At branch level, the managers exercise financial control on the basis of budget and financial projections. Financial transactions in the head office and branch offices are regulated with regard to the following four areas: i. field level transaction control, ii. treasury management, iii. budgetary control, and iv. accurate financial reporting.

## Internal Audit

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

The auditors also report on the compliance of BUR0 and MRA rules for branch and head office, program-wise reports, and reports on fund management concerning cash and bank.

## Risk Management

The risk management of the organization covers core risks that include industry risk, credit risk, liquidity risk, interest rate risk and operational risks. The aim of risk management is that BUR0 keeps pushing the envelope while continuing to take well calculated business risks and in the process safeguarding the organization's capital, its financial resources and profitability.



## Clients Passbook Checking

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

## Monitoring

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

1. customers' passbook verification with the loan collection sheet,
2. loan disbursement procedure of the organization,
3. supervision of the functions of branch managers and existing

4. application of members' savings deposit and withdrawal procedure,
5. admission of SME members and SME loan disbursement procedures,
6. verification with loan collection sheet, savings withdrawal, and status of balance.

## External Audit

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

## Standard Practices

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





## Capital Adequacy

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

## Asset Management

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

## Management

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

## Earnings

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

## Liquidity Management

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

## Loan Loss Provisioning and Write-off

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

# BURO BANGLADESH

## MICROFINANCE INSTITUTION





The inception of BUR0 Bangladesh (Basic Unit for Resources and Opportunities of Bangladesh) was the result of a steadfast drive & will to make sustainable change & propagate poverty alleviation through relentless hard work & perseverance in the microfinance industry, back in 1990.

Three decades on, the commitment remains to the same towards our customers, country & the economy. Having grown many folds since our beginning, we remain ever curious and focused to leverage our strong market positioning, brand image & customer perception to act as a driving force for financial inclusion and financial integration. The service delivery provision of the organization continues to maintain a certain degree of non-financial service scope as well. Sustainability remains our core mantra to consistently deliver for our customers and help them prosper through our products and services.

## Our Identity

With financial inclusion being a key agenda and promoting a savings and financial product relationship across target segments, BUR0's identity is highly attuned to its mission statement of being an independent, sustainable,

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

## Customers

Broadly BUR0 caters to four categories of customers (1) Very Poor (2) Moderate Poor (3) Micro Entrepreneurs, Small and Marginal Farmers (4) Professionals. The progression of financial technology & products enables to improve the quality of services provided by BUR0 which work towards improvement of customers, who contribute towards the economy.

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





## Legal Status

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

## Networking

- The Federation of NGOs in Bangladesh (FNB), Bangladesh.
- Credit and Development Forum (CDF), Bangladesh.
- Network for Information, Response and Preparedness Activities on Disaster (NIRAPAD), Bangladesh.

- International Network of Alternative Financial Institutions (INAFI), Bangladesh.
- Microfinance Network, Mexico.
- Campaign for Popular Education (CAMPE), Bangladesh.
- Banking with the Poor (BWTP).

## Sharing of Information

- Bangladesh Bank-Central Bank of Bangladesh
- Microcredit Regulatory Authority (MRA), Government of Bangladesh.
- Credit and Development Forum (CDF) for publication of Microfinance Statistics.
- Microfinance Information eXchange (MIX), Washington D.C.
- Bangladesh Economic Review, Ministry of Finance and Planning, Government of Bangladesh.
- National and international organizations for disseminating Annual Report.
- Citizen Charter detailing BUR0 services

## Recognition

### Tax Card

BURO was awarded the First Highest Tax Payer in 'Other Sectors' by National Board of Revenue for the year 2016-2017 & 2020-21 and secured second position for the year 2018-19 & 2019-20 in accordance with the "National Tax Card Policies, 2010".

### CGAP/The World Bank Financial Transparency Award

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

### SAFA Award for Best Published Reports and Accounts

The South Asian Federation of Accountants-SAFA awarded BUR0 the first position for the Best Presented Accounts in the category of NGO-MFI for the year 2005 as well as 2007. In 2008, BUR0 was awarded joint winner along with BRAC, in 2009 was awarded first

runner-up and in 2010, 2012 and 2013 was awarded with certificate of merit.

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

The Institute of Chartered Accountants of Bangladesh (ICAB) awarded BUR0 for thirteen years consecutively for the best published Reports & Accounts for 2005 (second), 2006 (first), 2007 (third), 2008 (second), 2009 (second), 2010 (third), 2011 (third), 2012 (third), 2013 (third), 2014, 2015, 2016 (Certificate of Merit) and 2018 (third), 2019 & 2020 (Certificate of Merit).

### Credit Rating

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

### Social Performance

The social performance of BUR0 based on CERISE SPI tool underlines a unique score for BUR0 as 70 out of 100. The social audit tool SPI is based on 4 dimensions: (1) targeting the poor & excluded, (2) adaptation of services, (3) benefits to customers, (4) social responsibility.



## Legal and Compliance

- The Income Tax assessment of BUR0 completed for the assessment year 2021-2022.
- Paid off BDT 149.30 million as overall taxes in the National Exchequer.
- Microfinance is transformed by the rules issued by the MRA.
- Maintain 15% of customers' total savings fund constituting fixed deposit (10%) and liquid (5%) in accordance with the rules of MRA.
- Maintain accumulated surplus reserve fund (10%) in conformity with the rules of MRA.
- BUR0 follows guidelines of Bangladesh Bank on Agriculture and SME loan.

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

## Policy Implementation

- new comprehensive operational 'Rules of Business for Micro Financial Services' banking previous experiences of BUR0 and guidelines given by MRA.
- service rules for the staff afresh.
- rigorous internal control system placed.
- supply chain of foreign remittance strengthened to rural areas.
- agent banking expected to cover other banks also.

## Operational Performance

- 16,800 entrepreneurial clients trained on business and financial literacy.
- 124% operational self-sufficiency and 122% financial self-sufficiency respectively.
- BDT 2,793 million Net Surplus (Operational Profit).
- 30.79% Capital Adequacy Ratio
- BDT 34.14 billion borrowed from banks.
- 36% total revolving loan fund (customers' savings)
- 97.94% on-time recovery rate (OTR).
- 2.33% portfolio at risk (>30 days) and 97.41% without any payments in arrears.
- 9.80% operational expense ratio.
- 5.39% capital/financial expenses ratio.
- BDT 0.09 as cost per unit of money lent.
- Per Loan Officer dealing with BDT 15.28 million.
- 122,485 transactions in remittance services disbursing BDT 4,511 million (USD 54 Million).
- BDT 22,360 million SME loan has been disbursed among 132,674 borrowers which is 32% lower than the last year.
- BDT 30,927 million agricultural loan has been disbursed to 432,114 farmers which is 0.39% lower than the last year. BUR0 has disbursed 11.77% of the national agricultural loan budget in this year.
- BUR0 is implementing SMAP jointly financed by Bangladesh and Japan through JICA. Bangladesh Bank is the fund manager of this project. SMAP was initiated from 2015-16.
- BUR0 disbursed under SMAP BDT 1,270 million among 16,382 farmers during 2020-21. BUR0 has disbursed BDT 5,782.60 million to 73,816 farmers between 2015-16 to 2020-21.
- 12,349 staff are given training on different issues in this year.

# PRINCIPLE OF FINANCIAL SERVICES





## Principle of Savings Services

### Recognition for the savings of the poor

Customers are kept at the center of all efforts at BURU with a focus on customer needs, cash cycles, business opportunities, potentials & repayment capabilities. These key factors help our staff to establish a deep level of connect, trust and cooperation with our customers.

### Trust and Confidence

In the process of establishing relationships, trust plays a key role. BURU must be able to trust the customers for offering credit, vis-a-vis for savings, customers must find the same trust on BURU. While trust builds with time, it deepens as the relationship proceeds and there are several factors contributing to this process:

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

### Open Access to Savings

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

Savings is at the core of a country's national economic growth & its propagation. While BURU offers competitive & highly versatile suite of deposit products, it however does not limit customers from accessing loan products even if they are not availing any deposit products. The

fulcrum of trust on customers is not based on the leverage that deposits can provide to BURU, rather BURU has an entrepreneurial outlook on associated risks of conducting business as an NGO-MFI.

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

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

Of the three, the first is directly in control of BURU and has been developed with utmost efficacy over time, while the other two are results of market equilibrium forces, tied to demand and supply associated with external stakeholders"

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

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



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

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

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

## Principle of Loan Services

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

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

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

# MICROFINANCE FOR THE POOR





## Geographical Coverage

As of June 30, 2021 BUR0, expanded its geographical coverage to a considerably large extent. Through 1,062 branches, BUR0 provides its flexible financial services to 41,803 villages in 4,361 unions of all 64 districts.

### District and Branch Outreach



## Customer Outreach

The number of active customers stands at 1.86 million as of June 30, 2021. The women constitute around 99% of the total customers. Dropout rate was 5%.

### Village and Customer Outreach



## Savings Services

The small depositors usually value convenient, easy access and relatively secure delivery services for their savings. The customers also value privacy preferring systems that do not

reveal to other customers about how much they save and withdraw in their General Savings accounts.

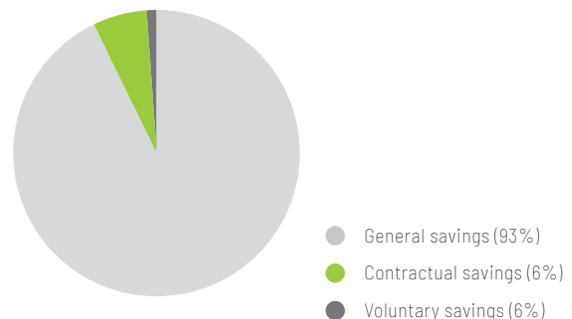
Contractual savings can be invested or used for social obligations such as marriages, funeral or children's education. BUR0 pays a significantly higher rate of interest on these regular voluntary savings than on the general savings account. The contractual savings allows savers to determine the amount, term of deposits and withdrawals. Customers with contractual savings account are entitled to the entire principal amount they deposited along with the interest earned as per agreed schedule.

Apart from committed savings which are done at fixed intervals and frequencies, customers may also choose to maintain savings at their will and their own voluntary efforts. The amount held in the account are treated as customer deposits and are subject to interest as per declared rates.

### Yearly Savings and Net Balance



### Composition of Savings Products





# Savings Performance

Savings deposits, withdrawals and net balance as on June 30

FY	Yearly		Net Balance	Increased	Average Savings per Client BDT
	Deposit	Withdrawals			
	Million BDT				
2016-17	8,211	5,572	10,331	34%	7,129
2017-18	9,537	7,218	12,650	22%	8,363
2018-19	13,538	8,787	17,401	38%	10,465
2019-20	19,214	12,619	23,996	38%	12,224
2020-21	36,661	32,954	27,703	15%	14,874

Savings balance by product as on June 30

Amount in Million BDT

	2014-15	2016-17	2017-18	2018-19	2019-20	2020-21
General Savings		5,724	6,141	7,243	8,898	25,748
Contractual Savings		4,607	6,509	10,158	15,098	1,779
Voluntary Savings		0	0	0	0	15,098
<b>Total</b>		<b>10,331</b>	<b>12,650</b>	<b>17,401</b>	<b>23,996</b>	<b>27,703</b>

## Loan Services

### General Loan

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

### SME Loan

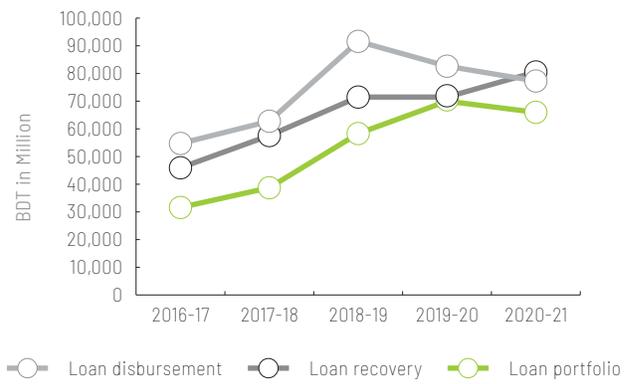
The inclusion of Missing Middle borrowers can be facilitated by SME loan. The modalities to consider that Small and Medium Enterprise loan necessitate two fundamental conditions:

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

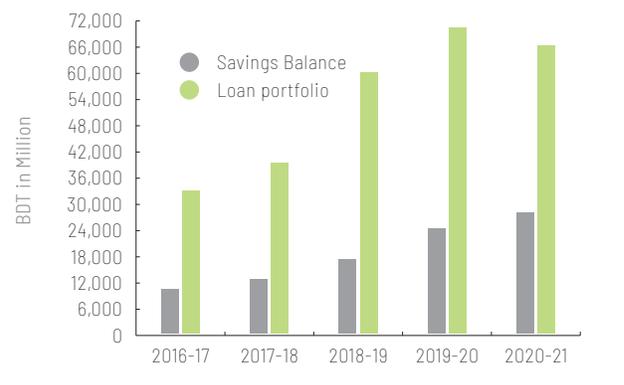
### Agriculture Loan

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

### Disbursement, Recovery and Portfolio



### Comparative View of Savings vs Loan Portfolio



## Hand Loan

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

## Disaster Loan

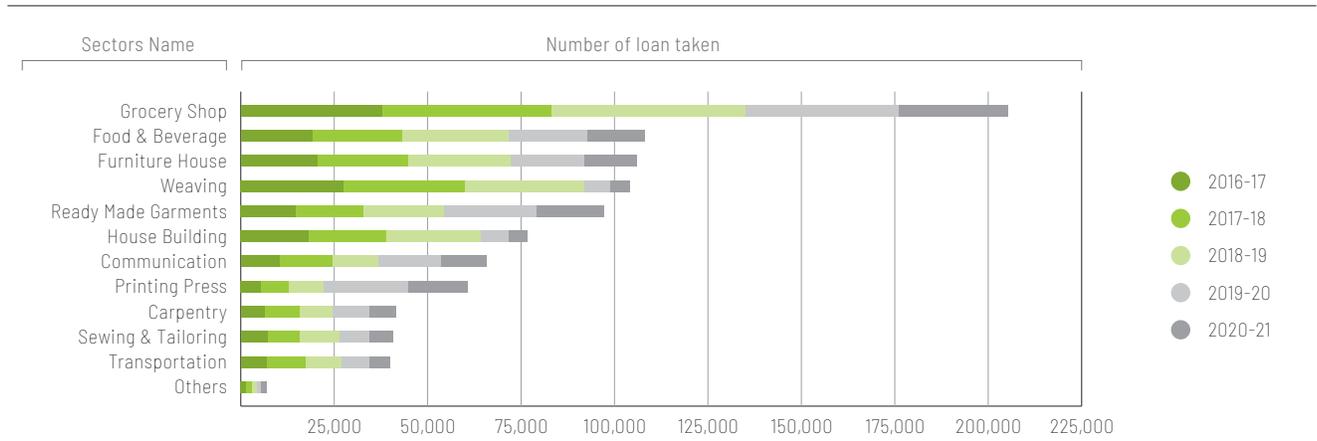
BURO places significant emphasis on the promotion of self-help and self-reliance of disaster-affected rural communities, encouraging and helping households to stand on their own feet. The disaster loan is intended to

reduce the effect of shocks for cash from the loss of financial and physical assets of the households immediately after natural disasters.

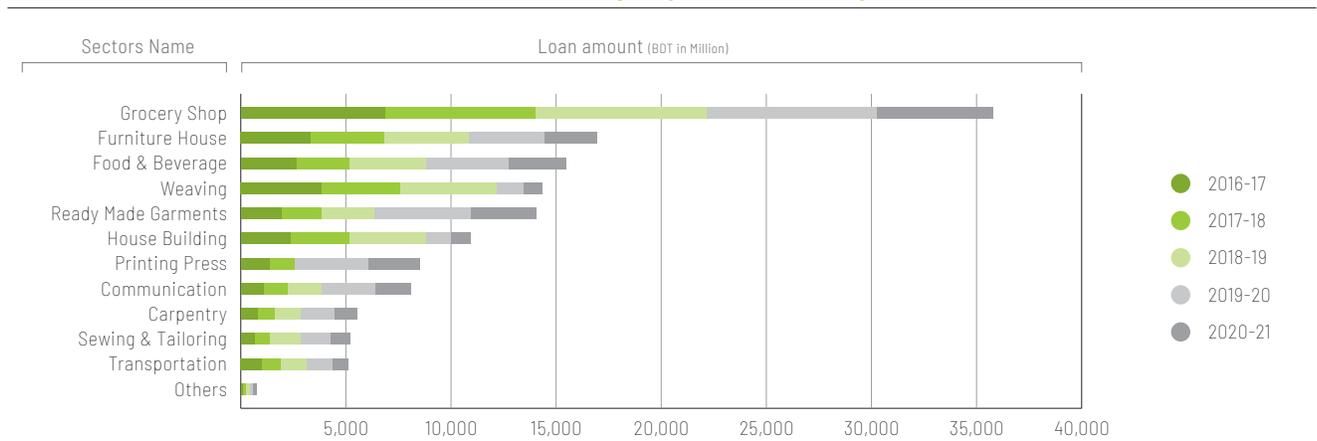
## Water & Sanitation Loan

Access to safe drinking water which is free from arsenic contamination. Access to hygienic sanitation will reduce sickness. Both these two fundamentals will increase the labor productivity. The loan facilitates accessing pipe-water and tube-well for safe water. The sanitary loan is offered to customers seeking to install sanitary latrines in their homesteads.

**Sector-wise SME loan disbursed (Number of loan taken) during July'16 to June'21 (5 years)**



**Sector-wise SME loan disbursed (Loan amount) during July'16 to June'21 (5 years)**

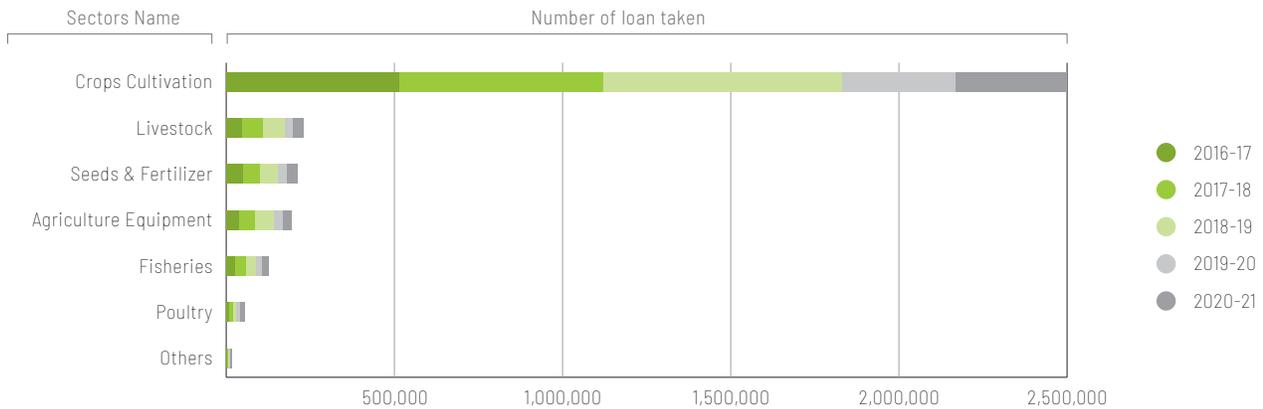




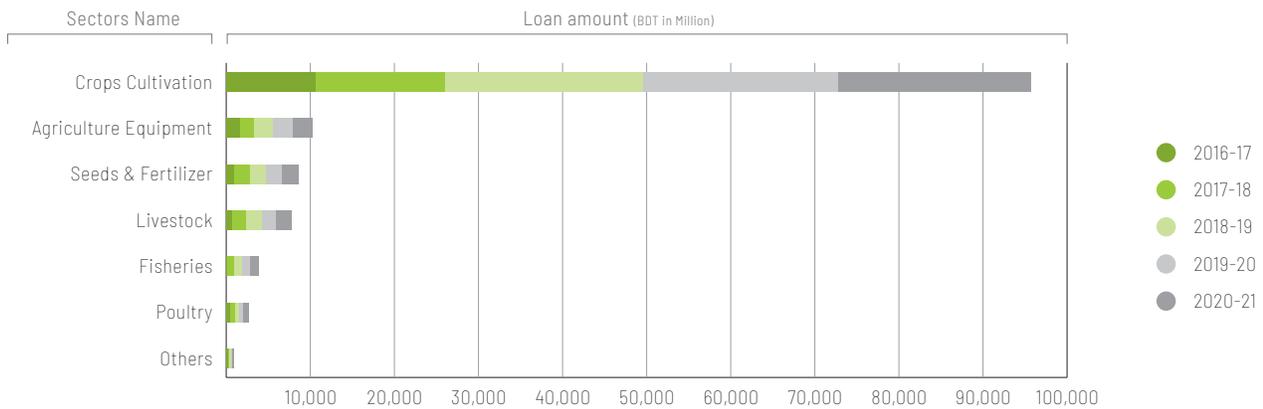




**Sector-wise Agriculture loan disbursed (Number of loan taken) during July'16 to June'21 (5 years)**



**Sector-wise Agriculture loan disbursed (Loan amount) during July'16 to June'21 (5 years)**



## Loan Performance

Yearly loan disbursement and balance as on June 30

FY	Disbursement (BDT in million)		Loan Portfolio	Average Loan Size	
	Yearly	Cumulative		Disbursement	Balance
2016-17	54,394	224,085	32,779	52,870	32,795
2017-18	63,346	287,431	39,041	61,269	38,320
2018-19	91,485	378,916	59,572	78,021	50,763
2019-20	82,205	461,121	70,030	81,433	54,406
2020-21	76,085	537,205	65,703	70,615	48,714

## Customers' Security Services

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

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



# AGRICULTURE FINANCE



Agriculture remains to be historically the backbone of the rural economy & employment owing to numerous rivers and heavy sedimentation. However, since the rate of increase in irrigable land is no match to the rate of increase in population, there lies considerable scope of implementation of agricultural technology among the poor & middle-class farmers, creating the need for capital assistance & training.

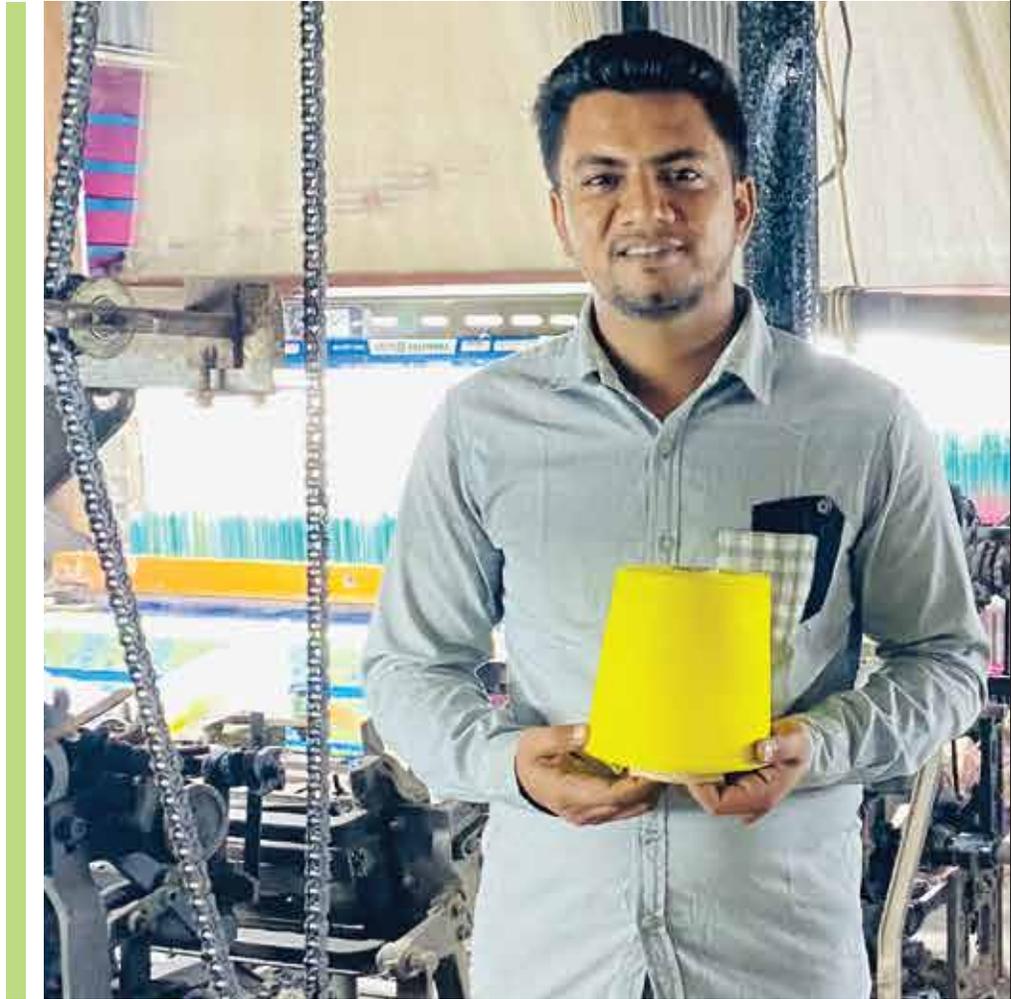
BURO facilitates the access to farming equipment, knowledge & skills among poor & youth at-risk by disbursing loans in a non-concentric manner i.e., not only limited to urban, but also



reaching rural and remote areas. The new window to finance poor & youth at-risk constitute of approx. 90% farmers which is key in developing & sustaining self-confidence among them as well as seasonal employment. BUR0 also provides various trainings on capacity building for crop production, land practices, crop diversification, pest control, irrigation and modern technology in agriculture.

BUR0 Bangladesh has also developed business development services for different categories of entrepreneurs in agriculture with the help of MasterCard Worldwide. The necessity of business and financial literacy for the SME development is further consolidated with Bangladesh Bank's financial inclusion program. With such multifaceted efforts, BUR0 Bangladesh plays an active role amongst the poor, remote and rural youth-at risk farmers giving them a fresh look at economic prosperity and better livelihood.

# SME FINANCE



The undeniable presence of unemployment and income inequality amongst the lower sect of the society has always been a key area of concern that BUR0 Bangladesh has tried to address through its operations and product suite. The target segment of clients for BUR0 Bangladesh are not privy to such adverse effects of the society and economy, thus making it an even more relevant area for BUR0 to focus its resources and efforts.

In line with this, BUR0 Bangladesh's product suites are developed keeping the clients and their needs at the center. This not only enables clients to leverage these products for their betterment, but also provides comparative & competitive advantages, like:

- Clients are not required to mandatorily take loan products from BUR0 Bangladesh, unlike other NGO-MFIs. Clients



are provided with loan products only when they opt to use it to assist in their economic activities.

- The loans provided by BUR0 Bangladesh are not linked to client's savings account balances, again unlike the practices from majority of the NGO-MFIs. The life cycle and product servicing for loans and savings are kept completely unrelated.
- Clients are at full liberty to make early settlements to their existing loans in order to qualify for newer & larger loans.
- Clients can avail short-term loans at any given point in time to meet

emergencies in their day-to-day lives in addition to their existing or on-going loans.

BUR0 Bangladesh carefully screens existing knowledge level of the micro & small entrepreneurs and to ensure their growth to the next level they are provided with necessary training on Business Development Services (BDS), including business literacy & financial literacy. The areas covered under these training range from basics of money-management, bookkeeping and basic accounting through forward linkages to act as a catalyst to the growth. The positive effects of these are visible in the clients' financial management, financial analysis ability, development of self-confidence in business affairs, conflict resolution & entrepreneurial capabilities.

# PERFORMANCE ANALYSIS





## Regulatory Compliance

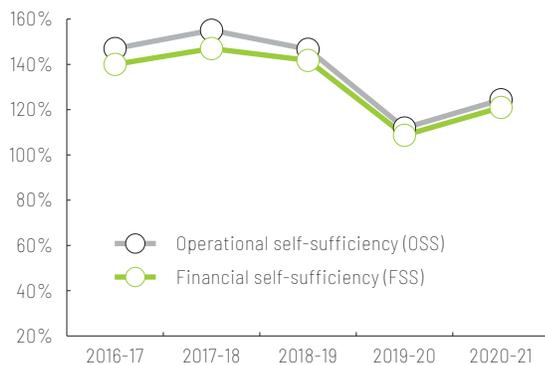
Eligibility Criteria	MRA Compliance	2016-17	2017-18	2018-19	2019-20	2020-21
Cumulative Recovery Rate (CRR)	95%	99.38%	99.39%	99.38%	99.31%	99.40%
On Time Recovery Rate (OTR)	92-100%	98.63%	98.16%	97.93%	95.83%	97.94%
Liquidity to Savings Ratio	10%	17.47%	25.08%	24.29%	18.54%	28.17%
Current Ratio	2 : 1	5.75 : 1	6.45 : 1	8.05 : 1	7.67 : 1	2.70 : 1
Capital Adequacy Ratio	15%	23.34%	29.38%	26.77%	24.51%	30.79%
Debt Service Coverage Ratio	1.25 : 1	1.36 : 1	1.63 : 1	1.43 : 1	1.19 : 1	1.19 : 1
Debt to Capital Ratio	9 : 1	2.34 : 1	1.75 : 1	2.07 : 1	2.12 : 1	1.52 : 1
Rate of Return of Capital	1%	34.93%	33.38%	26.63%	7.91%	14.29%

## Sustainability and Profitability

BURO has achieved a staggering 124% operational self-sufficiency (OSS) and 122% financial self-sufficiency (FSS) in the year 2020-21. With a net profit of BDT 2,793 million in

the same year which is 107% higher than the previous year. The return on equity (ROE) stands at 14% and net financial spread is 5.08%.

### Operational and Financial Self-Sufficiency



### Net Profit



## Portfolio Quality

Loan portfolio is the key asset for an MFI. Quality is characterized by a low portfolio risk and high loan recovery rate. BURO maintains a high-quality portfolio of loans due to on-time loan recovery registering the recovery rate at 97.94%.

### Portfolio Quality Analysis



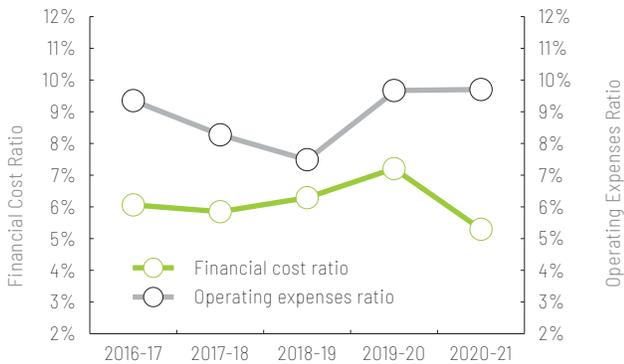


## Leverage Ratio

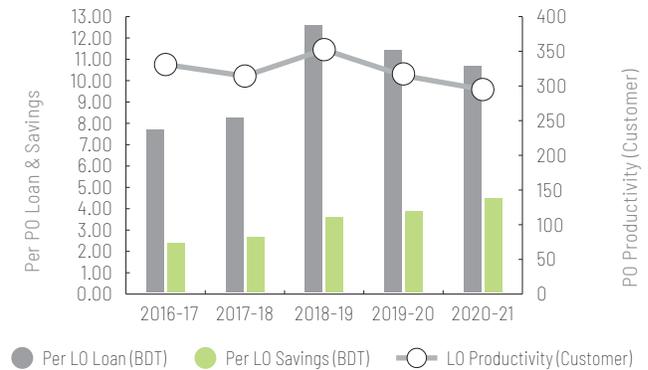
MFIs can borrow commercially and as such it is imperative that the organization remains financially viable as a borrower and that it continues to remain viable in the long term due to aptness of application. Key indicators to

evidence this are debt-equity ratio, equity to asset ratio and debt service coverage ratio. Debt to equity ratio figures at 1.52 and Debt Service Coverage Ratio is 1.19 times.

### Operating and Financial Expenses



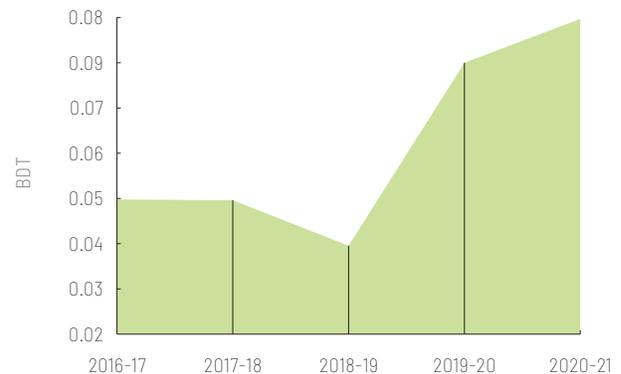
### Productivity Performance (BDT in Million)



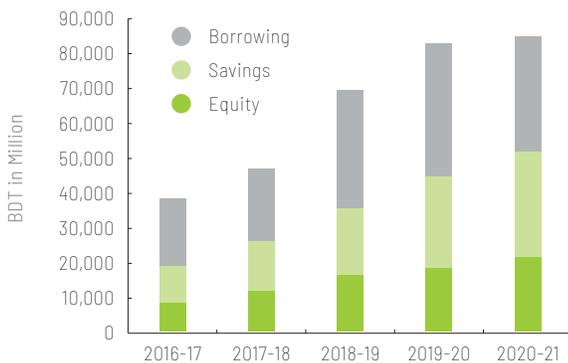
## Efficiency and Productivity

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

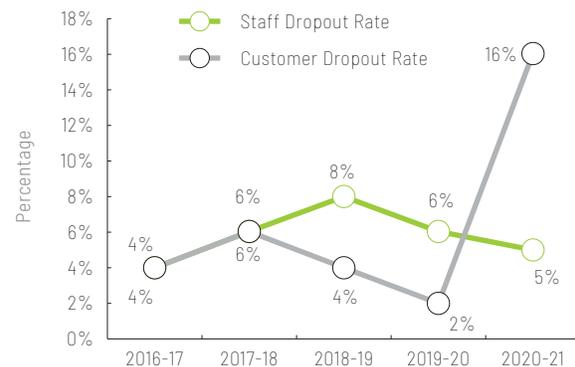
### Cost per BDT Lent



### Capital & Liabilities Structure



### Staff and Customer Dropout



## Financing Mix

Financing Mix as on June 30

Amount in Million Taka

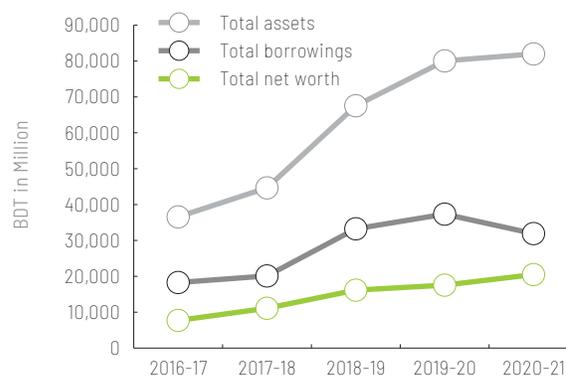
Financial Resources	2016-17		2017-18		2018-19		2019-20		2020-21	
	Taka	%								
Equity/Net Worth	7,901	21	11,701	26	16,197	24	17,883	22	21,206	25
Client Savings and others fund	10,989	29	13,659	30	19,009	29	26,064	32	30,001	36
Commercial Borrowing	18,516	50	20,518	44	33,478	47	37,924	46	32,255	39
<b>Total</b>	<b>37,406</b>	<b>100</b>	<b>45,879</b>	<b>100</b>	<b>68,685</b>	<b>100</b>	<b>81,871</b>	<b>100</b>	<b>83,462</b>	<b>100</b>
<b>Growth</b>	<b>34%</b>		<b>23%</b>		<b>50%</b>		<b>19%</b>		<b>2%</b>	

## Asset Composition

Structure of Debt and Equity



Assets and Net worth Structure



Asset composition as of June 30

Amount in Million Taka

Assets Composition	2016-17		2017-18		2018-19		2019-20		2020-21	
	Taka	%								
Net fixed assets	1,209	3	1,377	3	2,192	3	2,551	3	3,057	4
Net loan portfolio	31,901	87	37,746	84	57,609	86	67,758	84	63,306	77
Investment	2,087	6	3,118	7	4,234	6	5,339	7	8,290	10
Other current assets	746	2	704	2	714	1	2,643	3	2,499	3
Cash and bank balance	781	2	1,911	4	2,442	4	2,059	3	5,024	6
<b>Total</b>	<b>36,723</b>	<b>100</b>	<b>44,856</b>	<b>100</b>	<b>67,191</b>	<b>100</b>	<b>80,352</b>	<b>100</b>	<b>82,175</b>	<b>100</b>
<b>Growth</b>	<b>35%</b>		<b>22%</b>		<b>50%</b>		<b>20%</b>		<b>2%</b>	

# FINANCIAL INCLUSION





Financial inclusion defines the equivocal availability & accessibility to access financial services. In line with the spirit of GoB, BUR0 has constantly focused its efforts towards the unbanked and underbanked through sustainable financial products & services. Financial inclusion goes beyond merely opening a bank account and is linked to developing a stronger and sustainable economic growth.

The relationship facilitated across parties between Bangladesh Bank, NGO-MFIs and the Banking sector ensures a congenial working force to foster growth & prosperity.

## Remittance Services

The remittance program has an unmatched impact amongst our customers and is a key financial technology to ensure a streamlined end-to-end flow of foreign or domestic remittances without any bureaucratic hindrances or hassles across the country at a competitive price point. The recipients have total control over their money while BUR0 works as a safe and convenient conduit for the flow of the remittances even to the remotest locations of Bangladesh.

BUR0 has a secure network & uses high end technology along with its partners to ensure that remittances are delivered safely & securely. The issuance of remittance client cards and providing remittance services through two terminals are noteworthy initiatives aimed at the convenience & suitability of customers.

During the year, 122,485 transactions were carried out in remittance services disbursing a total of BDT 4,501 million (USD 54 Million).

## Agent Banking

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

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

Partnering with Bank Asia, BUR0 Bangladesh has opened around 4,100 accounts through four agent outlets and savings balance stood at BDT 33 million. Also, Rural Electrification Board (REB) subscribers and passport applicants can avail the bill and fee payment service through these agent outlets.

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\*শর্ত প্রযোজ্য

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# DIGITAL JOURNEY





The inevitable but steady digitization across the world went into hyper-acceleration at the onslaught of the pandemic, however, BURO Bangladesh has remained ahead of the curve with its digitization efforts completed by 2020, right on time to leverage this transformation through the pandemic enabling us to be in a unique position to offer highest quality financial products to our customers.

## Innovation of Payment through MFS Apps

Upon having developed a USSD driven model over the past few years, in association with the mobile financial services providers, to facilitate our customers in their disbursements, payments and deposits, it came to light that our customers were facing technical challenges due to the numerous steps that they had to go

**BURO**  
Bangladesh

**bKash**

পে বিল

**বুরো বাংলাদেশের**  
সঞ্চয় ও ঋণের কিস্তির টাকা

**বিকাশ করুন**

পে বিল → অন্যান্য → **BURO**  
Bangladesh

বিকাশ, একটি প্রাক-স্বাক্ষরিত প্রতিষ্ঠান

through within a span of 90 seconds for completing a successful payment.

Pushing the envelope further, through API integration with MFS providers, payment is now possible through their apps on Android and iOS platforms. This has also provided with additional controls to safeguard erroneous payments to wrong accounts thus strengthening customer protection. Customers can now pay in four to five steps using the app on the smartphones & with around 8,000 BURU Bangladesh staff trained and available to help them, payments through app have risen to 17% from 4% previously.

## **Innovation of one-shot payment method**

By the virtue of the verified digital payment process developed by BURU, each Customer's account is uniquely identified and verified. Thus, it is required to make individual payments for each of their loan, general and contractual savings accounts, which proved to be a time-consuming process and one prone to errors.

To address this issue a groundbreaking solution by the name of One-Shot payment was developed by BURU whereby customers could pay cumulative amount in one transaction through their MFS wallet for all their loans, general and contractual savings accounts and BURU would segregate and deposit the payment to the respective accounts at the back end without any additional hassle to the customer. This has not only made their lives easier but has also saved up to 62% of their time when paying digitally.

## **Integration with MFS capabilities of Nagad**

With the view of providing our customers with an array of digital options to conduct their daily

transactions BURU Bangladesh has onboarded Nagad Ltd, country's second largest mobile financial service provider.

Technical developments, such as API integration & merchant registration have been completed and our field staff training is progressing at a steady pace. Our customers may now choose to transact with BURU Bangladesh via the Nagad USSD and Apps.

## **Conducting Refresher Training**

In order to bolster and refresh the existing technical knowledge of our staff, approximately 3,500 branch-level employees were provided online "Refresher Training" on digital payments, abiding by all WHO advised health and safety protocols, to help them guide our customers on a day-to-day basis.

## **Online Annual Performance Appraisal (APA) system development**

Conducting APA for more than 9800 employees is a mammoth task, as it involves continuous physical participation of both the employees and their supervisors to extrapolate and finalize the paper-based process. A simplified, as well as time and cost efficient method has been implemented in the form of 'Online APA System', to eliminate the need for paper and physical presence.

## **Credit Information Bureau (CIB) tool for the microfinance sector**

Having uniform data on borrowers is an essential first step towards mitigating credit risk and ensuring appropriate lending and repayment. Through collaboration of MRA and Bangladesh Bank, CIB for Microfinance industry as a whole has been developed in an attempt manage & mitigate credit risk. Though still in its initial

stage, online CIB system will play a vital role to enhance risk-free lending procedure in the microfinance industry once it goes live.

## Mobile internet for all employees

7,000 mobile SIM cards with internet connectivity has been distributed to all the program organizers of BURO Bangladesh, to help strengthen monitoring on a close to real time basis. Program organizers are now be able to perform their real-time collection process and communicate with their respective branch offices seamlessly while being in the field.

## Virtual meetings

Aligned with WHO advised health & safety protocols, BURO Bangladesh has been conducting more than 80% of its meetings virtually across various platforms such as Zoom, Teams and others. A milestone was reached on October 30, 2021, when almost 10,000 employees from all over Bangladesh attended the annual staff meeting with over 900 devices connected into 1 platform to carry this out.

## Software Development

To address the ever-growing technological need of the organization, this year, BURO Bangladesh has formed an in-house software development team to develop required software aimed at improving the business experience and bring feature-rich, innovative products to the market along with ensuring safe setups, productive workflow, and efficient outputs.

## Cloud Storage Implementation

BURO Bangladesh has moved to cloud storage of non-transactional data which in essence acts as a backup solution for on-premises local storage.

In the event of a system failure or other hardware malfunction, files can be accessed from the cloud to restore and continue daily business operations, unhindered.

## Online HRM and Payroll System

Integrating a payroll system with the HRM eliminates a large portion of the paperwork used within the organization & hence we have implemented the integrated system which has reduced the time required for processing documentation manually, as well as addressed the margin of error for the same. In addition, it is also helping to minimize compliance risk and enabled to have a comprehensive reporting system.

## CHRD Operation Automation

Center for Human Resource Development (CHRD) operations has been automated with the use of advanced software and a website has been developed with all relevant information related to CHRD for public viewing & knowledge.

## Branch Location Mapping

BURO Bangladesh has successfully integrated Google Maps to its system and has made it easier for members to locate any of the BURO Bangladesh branches across the country.

## Technical Skill development initiative

For adapting to the meteoric development in technology and the increased use of robust systems, it is imperative to provide technical training to the program organizers. Hence, BURO has taken an initiative to focus continuously on developing the technical skills of its employees through training and development efforts.



# SAFE WATER AND SANITATION

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## WaterCredit

The Water and Sanitation program was formed recognizing the plethora of environmental factors that impede the access to safe sanitation & drinking water causing health & wellness concerns. The program promotes behavioral change communication (BCC) amongst the relevant customers coupled with BUR0's resources and human capital successfully implements the program and oversees customer's behavioral propensity with Water and Sanitation loan product.

Rural Water Supply of BUR0 has a great contribution in ensuring safe and secure water in the rural areas. In many instances, banking support for infrastructure are found present without adequate provision for implementation. Notwithstanding the limitations associated with the slow process of behavioral change, in regards to communication in the use of the water and sanitation services, BUR0 promotes WaterCredit with great emphasis.

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

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

The projects constituting safe drinking water and safe sanitation facilities are being implemented in the areas of 1,012 branches of 61

districts funded by Water.org. 6,511 staffs within the jurisdiction of the project were given training on the concerned issues. 407,526 borrowers within the same area of this project are also provided with training. Trained 406,543 borrowers are given water and sanitation loan amounting BDT 10,120 million.

## Socio-environmental impact evaluation of Water credit program

An impact evaluation process led by the external evaluators reported in December 2018, focusing on the socio-environmental impact of the Water Credit Program at rural and urban areas of Bangladesh. In the first phase of the program, BUR0 has operated the project covering 226 Branch Offices during the period of July 2014 to September 2017 with the financial support from Water.org.

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

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

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

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

**Water-borne diseases induced mortality rate:** As a positive impact of water credit program 98.7% households of urban-intervention area

opined that mortality rate has decreased and 93.6% households of rural-intervention area opined that mortality rate has decreased.

**Washing and cleaning behavior:** In the intervention both urban and rural areas, the household's respondent opined that their washing and cleaning behavior has increased dramatically (urban 96.2% and rural 88.3% respectively).

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

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

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

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

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

## Rural Water Supply

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

Arsenic contamination of ground water meanwhile emerges as a grave concern. BUR0 has assisted to ensure 1,795 people of a village of Munshigonj district to have access to safe water supply delivered through water pipes. The World Bank and Social Development Foundation (SDF) have made this initiative a reality.

BUR0 has also assisted in reducing Health Hazards due to Arsenic Contamination in Pura Baushia village under Gazaria Upazila of Munshigonj District with the financial assistance from The World Bank. The numbers of households that are connected at present stand at 595, including 5% households from hardcore poor community.

During the year subscribers' tariff collected was BDT 745,755 and expenditure incurred stood at BDT 839,867.

In partnering with Footsteps and implementing their project "Trishna", BUR0 Bangladesh is providing free safe drinking water to schools and the population in the vicinity.

# DISASTER MANAGEMENT





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

Sl	Initiative	Detail	Contribution (BDT)
1	WHO Health & Safety Advisory Guideline Leaflet	2,117,797 leaflets printed & distributed	1,708,107
2	Sanitizers & Masks	Distributed among 55,484 people	6,178,085
3	Food & Necessities	Distributed among 56,289 people	46,752,995
<b>Total</b>		<b>22,29,570 people</b>	<b>54,639,187</b>

### Bank Corporate Social Responsibility (CSR):

Bangladesh Bank instructed 5 Scheduled Commercial Banks to contribute an amount of BDT 12.55 million under their Corporate Social Responsibility (CSR) spending. Of this, food & daily necessities worth BDT 11.32 million has been disbursed through BURU Bangladesh to a total of 6,381 individual who had lost their employment due to COVID-19. Along with this, health and safety equipment worth a total of BDT 1.23 million have been distributed through Government Health Complexes across Sub-Districts.

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

**Stimulus Package for Corona Situation:** BURU Bangladesh, from Bangladesh Bank's Stimulus Package budget, has lent a total of BDT 1,950 million to 30,254 COVID-19 stricken individuals across 64 Districts through its 912 Branches. Various Government Officials working in different capacities at field level have graced almost all the loan distribution events across the country.

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

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

Aside from COVID-19, BURU Bangladesh has a standalone Disaster Management project aimed at supporting disaster affected ultra-poor, poor & emerging solvent to tackle impacts of disaster prospectively & retrospectively. Bangladesh is prone to various disasters and natural calamities round the year ranging from floods to storms, pest attack at agricultural farms to the newest addition of pandemics and epidemics. Both existing to BURU and new to BURU customers are within the purview of such disaster and this program is aimed to help them combat such setbacks.

## Capability Functioning

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



## Transformation in to Human Capital

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

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

## Paradigm Shift

The paradigm shift in the disaster management products when compared to other competitive offerings is BUR0's capabilities and facilitation of the customers to provide them with necessary financing & support the disaster affected people believing in their capability to utilize the provided resources & overcome the hurdles of the disaster.

## Shared Sense of Ownership

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

## Cooperation and Coordination

While BUR0 works with its customers to help & facilitate cooperation & coordination at state, community & even family level to ensure the success of the financial product, it is also at large dependent on how the government, authorities & legislative bodies design their policies and strategies that would be supportive & foster such cooperation and coordination at all levels. Disaster Management is a team sport & the more coordinated and cooperative the team is, the higher the chances of handling the disaster better.







## Managing the Disaster Fund

During any natural calamity BUR0 comes forward in the aid of its affected customers. BUR0 has set up a disaster fund which is used to finance the loan products for the affected customers at a lower rate to recover their damaged business activities. The proper utilization of the disaster fund is ensured by the Program and Training Units at BUR0.

## Output of Disaster Management Program

The disaster management program is shelved as an integral proposition amongst the product suite offered by BUR0. This product in particular not only is targeted towards disaster management but also focuses on poverty alleviation among the ultra-poor, poor & vulnerable non-poor customers through:

- Quick relief distribution among the affected households
- Fast disbursement of loans to existing customers who've been affected
- Rehabilitation support e.g., new house building/repair, road construction/repair,

raising the ground for flood shelter, water & sanitation facilities etc.

- Other economic activities e.g., seed distribution, fertilizer distribution etc.
- Participate actively in strengthening the network of information, response and preparedness activities in Disaster Management

## Competencies Related to Disaster Management

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

The training & program team play an instrumental role to create the nexus between the customers from the affected community and BUR0 to actively participate & propagate pre, intra & post disaster situation and hurdles. BUR0 clearly has emerged as an entity with very essential capabilities in spearheading situations in disaster management & national crises.



# HUMAN RESOURCE DEVELOPMENT (HRD)

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The strength & performance of an organization stems from its people & BURD Bangladesh invests heavily to bolster its human resource development through constant training to attain common goals, vision & mission statements. This makes improvement of staff knowledge and capabilities a constant process upholding the organization's image & quality of work.

## Customer Development Training

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

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

## Staff Development Training

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

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





## Training performance

Particulars	Number
<b>Staff Training</b>	
Foundation Training	427
On the Job Training	846
Digital Financial Services	11,076
<b>Total</b>	<b>12,349</b>
<b>Customers Training</b>	
Safe Water, Sanitation and Hygiene	140,534
Financial Literacy	16,800
<b>Total</b>	<b>157,334</b>

## HRD Impacted Positively

The aim to develop capabilities across all levels of staff is evident by the practice of earmarking adequate funds for staff training & development. This is looked upon as investment which has always returned many folds positively creating future leads & scaling up efficiency in operations.

## Competencies Related to Human Qualities

Not only limited to classroom training, staff also develop & learn real world emotional intelligence and strong ethos to be demonstrated on field while interacting with customers & conducting their day-to-day activities.

## Physical & Infrastructural Facilities

BURO has always recognized the importance of an independent training unit & the requirement of constantly developing the horizons of its employees through training to create skilled human resource dedicated to attaining the organization's goals. This has been instrumental in BUR0's journey to become a noteworthy contributor to the economy & the MFI industry.

BURO has its own training complexes, with all the infrastructures and physical amenities required, at its eight training centers located at Tangail, Modhupur, Khulna, Cumilla, Sylhet, Chattogram, Faridpur and Braidhara (Dhaka) respectively. The training complexes have fully furnished Rest Houses at Modhupur, Cumilla, Sylhet, Faridpur, Khulna and Baridhara (Dhaka).

# BUSINESS AND FINANCIAL LITERACY





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

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

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

MasterCard Worldwide has carved a place out for itself to participate in the Micro and Small Enterprise (MSE) space, addressed through Financial Inclusiveness taken forward by collaborative efforts of BUR0 and Banks. There is immense potential to be tapped onto amongst customers who are accustomed to using micro financial services & have the growth potential to emerge as successful entrepreneurs in the MSE space.

183,191 entrepreneurial clients have been trained on business and financial literacy.

## Impact assessment on Business and financial literacy

60 Decibels, an end-to impact measurement Company, conducted an impact assessment on Business and Financial Literacy Project which has been implemented by BUR0 over the last couple of years. This impact assessment report presents the results of the Lean Data study carried out by the 60 Decibels team to measure BUR0's impact on customers and hear about customers' experience with the BUR0 loan services and training process. They spoke with a number of customers, of which 99% were women.

## Top actionable insights from the assessment

- The training quality and extent of knowledge application in day-to-day life were found to be positive.
- BUR0 is successfully enabling customers to invest in income generating activities.
- Customers reported improved quality of life, increased income & empowerment in their respective households. Cumulatively 92% of customers were found to be opining that their quality of life has "very much improved" or "slightly improved".
- 72% of BUR0 customers live in poverty which is slightly shy of the national statistics of 88% of the entire population of Bangladesh living in poverty.
- BUR0 has a net promoter score of 82 which is excellent, and higher than the lean data average globally, suggesting a very high rate of satisfaction among customers.
- BUR0's performance is impressive: this demonstrates BUR0's impact & customer-centricity.
- The fact that 69% of the customers did not have historical access to any other source of loans suggests that BUR0 is indeed tapping



into unbanked & underbanked segment of the population.

- 93% of respondents said they could not readily find an alternative to BURU as their service provider. This suggests high level of stickiness.
- 87% of customers believe BURU delivers 'very good' or 'good' value for money. This aligns with the Lean Data average of 73%.
- Close to 50% of customers recalled attending a BURU training, with 92% agreeing that the objectives of the training were clear from the beginning.
- 80% of customers apply knowledge gained from the trainings in their daily life.
- Study reveals BURU has had a positive impact on customer incomes; out of 56% of

customers who use loan for business, 99% among them saw an increase in business-related income.

- Study tells customers' way of doing business has changed for the better with BURU's involvement.
- Women's quality of life and influence has changed because of BURU and a majority of women, around 89%, have experienced improved confidence and respect.
- 75% of the customers are likely to take another loan in the next 24 months.
- 98% of customers reported facing no challenges with BURU. Given their experience with other organizations, their experience with BURU is easily rated excellent.

# EDUCATION SUPPORT PROGRAM



BURO has always recognized & invested in the intertwined relationship between education, health & environment contributing to the quality of human capital in this country. This also reflects in BURO's strong advocacy against dropout rates at school level through the support provided poverty-stricken students with foreseeable latent talent with the fund mobilized to create a pool for scholarships distributed among these students for continuing their education.

The education support program has been designed to attain two key objectives, first being the ability to provide direct



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

The guideline mandates that 102 meritorious students from poor

households would be eligible for the scholarship per year. Each selected student gets financial support (scholarship) for 2 years. The financial support includes: tuition fee, admission fee, books & periodicals, dress (2 sets per year), hostel fee (if needed), travel expenses etc.

BDT 5.20 million has been spent during the year 2020-21 on this initiative.

# HEALTH PROGRAMS





## BURO HealthCare

A significant addition to BUR0's program suite is the opening of Health Care window among the many of the other service delivery windows. BUR0 intends to spread health care across the country for the absolute poor and needy, taking the services to their vicinity for easy access.

BURO HealthCare center in Tangail is now fully functional with specialist doctors in medicine, gynecology, cardiology, dermatology (skin diseases) and in pediatric (child diseases) providing necessary services through their chambers at the HealthCare Centre. More specialist doctors will be included with BUR0 Healthcare in the coming years to extend the services. Besides, a full-time consultant has been appointed to ensure the quality of all medical tests to build and enhance customers' confidence in us. The cost of medical tests in BUR0 Healthcare is much lower than other functioning clinics in Tangail. BDT 11 million has been invested for the development of this humanitarian project in the FY 2020-21.

## BURO Digital HealthCare

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

## Health Services to Indigenous People

Indigenous poor Garo inhabitants of Modhupur had approached BUR0 Bangladesh to support by providing them with health services from a health service center established earlier. On making field visits and conducting informal interaction with the local population, BUR0 Management decided in principle that BUR0 will provide assistance through this health center and BUR0 has taken approval from MRA for the same.

## Basic Health Education Program

BURO Bangladesh has worked in partnership with Opportunity International Australia since 2019 to the provision of health education to complement its microfinance operations which targets the people living in poverty. Through this initiative, BUR0 has demonstrated their capacity to manage and expand their in-house health programs. Till December 2021 Opportunity International Australia has funded BUR0 to train 1,650 female health educators to equip them to provide health education to 312,400 women and their communities. Traversing this journey Opportunity International Germany stepped into partnership with BUR0 in Jan 2022 in collaboration with Opportunity International Switzerland to train 200 female health educators to equip them to provide health education to 40,000 women.



# BURO CRAFT



Handicrafts with varying degree of composition is a notable cultural heritage of the Bengal. BUR0 aims at empowering trained women and making them financially self-reliant. BUR0 believes that this endeavor of the organization will enhance linkage between microfinance and handicrafts. In essence this will strengthen the institutional capabilities for BUR0 and also foster the reach of handicrafts in a social business model with quality production for contributing in the economy.

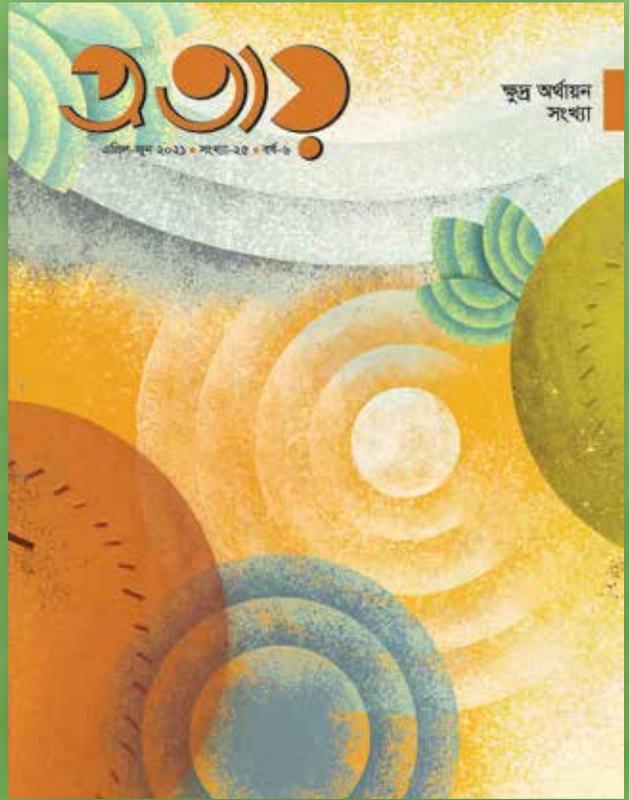


The success is not only limited to Bangladesh but also a breakthrough for BUR0 Craft to have successfully manufactured handicrafts from natural fiber extracted from pineapple leaves and banana trunks. BUR0 Craft Management have been organizing workshops and training courses at a regular basis for the up-skilling & development of its female

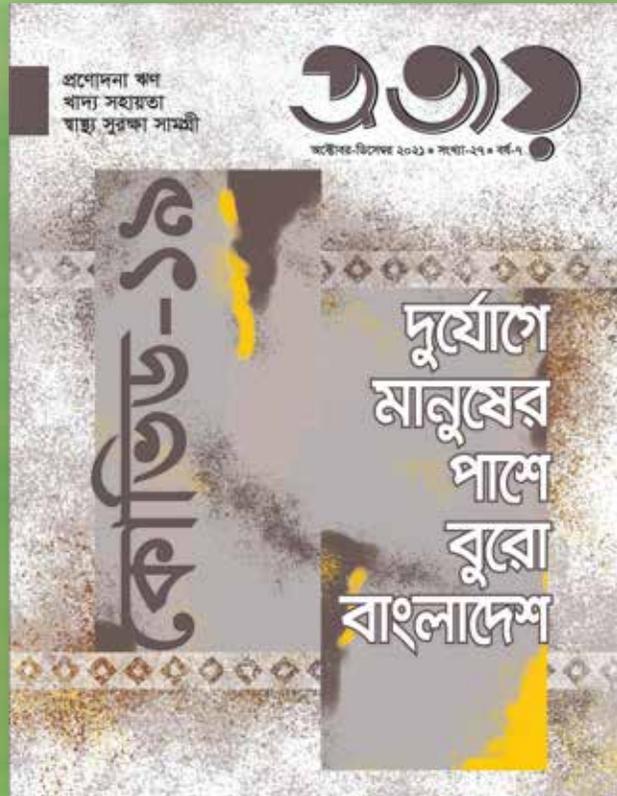
artisans. A two-storey factory building and a large warehouse have been constructed in Modhupur upazila under Tangail district.

BDT 8.70 million has been spent in this project during 2020-21.

# PROTTOY



"Prottoy", our quarterly publication since 2015, provides a platform to facilitate the exchange of thoughts, ideas, experiences & information as well as showcase the stories and achievements of all the numerous development workers from various levels working exemplary discipline and whole heartedness.



This publication helps to bring forward the success stories of the common people, the innovative capabilities of the people at the grassroots and empowerment of the poverty-stricken men and women to a wider audience. It also plays an active role in increasing awareness and dispersing

development related information at different levels of the Organization.

It has been decided to gradually scale the publication for "Pratotoy" as the newsletter of the country's non-government development sector.



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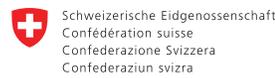
...have a sweet dream...

Hello



# DEVELOPMENT PARTNERS

## Development Institutions



# National Financial Institutions



সোনালী ব্যাংক লিমিটেড  
Sonali Bank Limited



**Rupali Bank Limited**  
Assures Better Services



**BASIC Bank Limited**  
MOVING PROGRESS FOR PROGRESS  
A STATE OWNED SCHEDULED BANK



**Southeast Bank Limited**  
a bank with vision



**Jamuna Bank limited**  
your partner for growth



*A Bank for Financial Inclusion*



*a bank with a difference*



Mercantile Bank Ltd.



Trust • Security • Progress



The Premier Bank Limited  
service first



With You Always



Eastern Bank Ltd.



Uttara Bank Ltd.



Standard Bank Limited



UCB



NRB Global Bank  
great sequence



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



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



**SHIMANTO BANK**  
বিস্বদীন বেঙ্গল



## International Financial Institutions



## Strategic Partners



## Remittance Partners

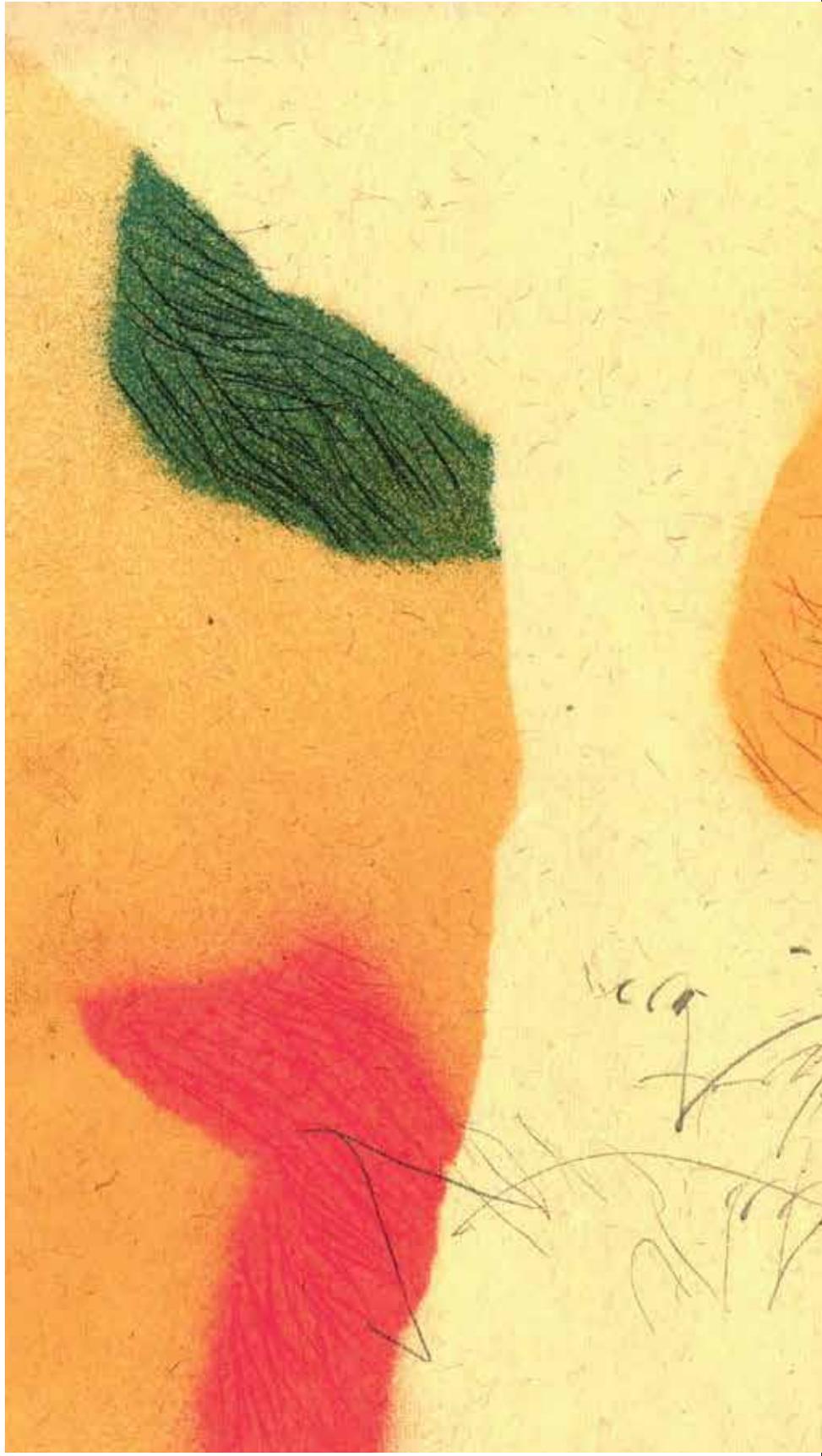


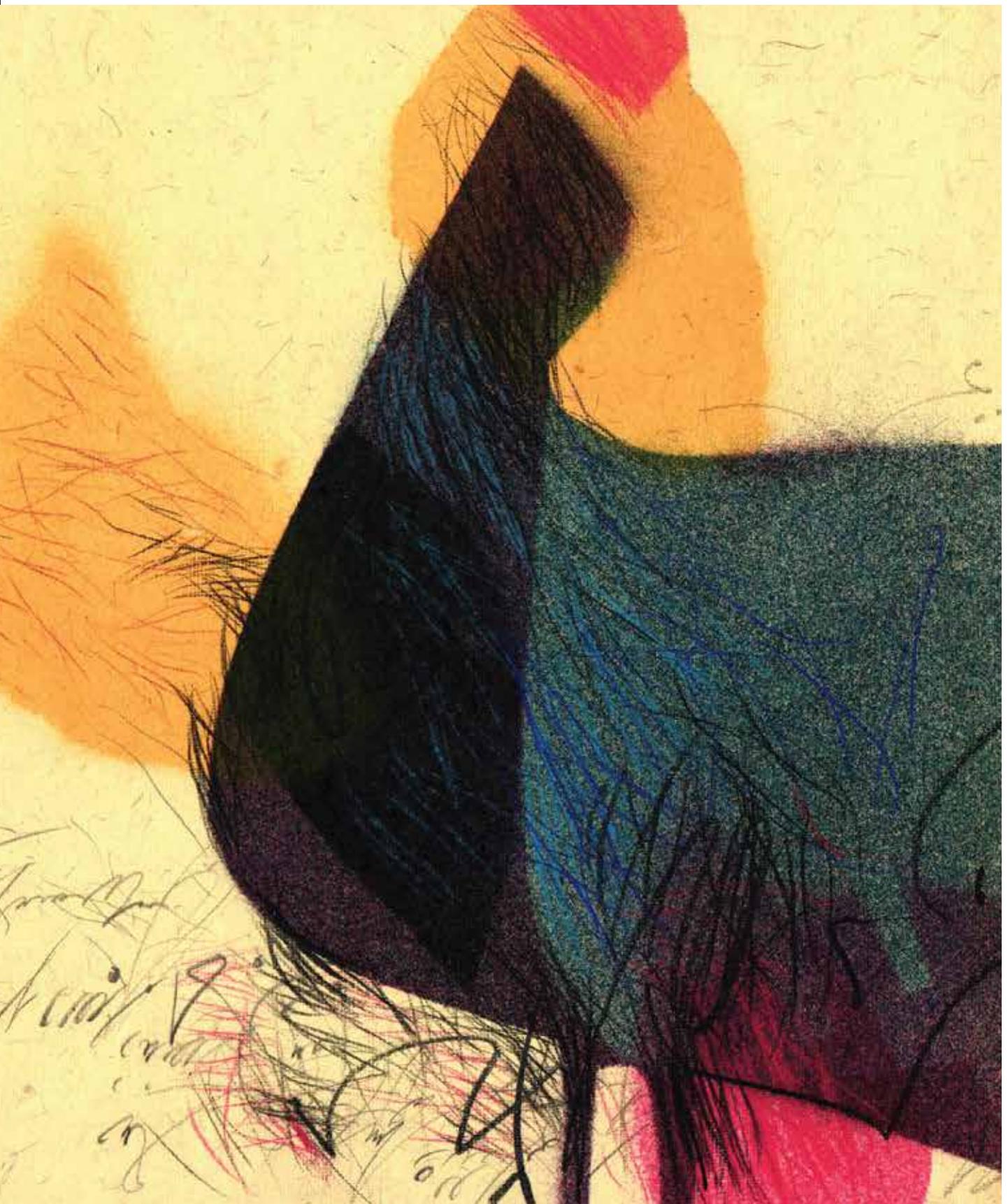


# AUDIT REPORT

## FOR THE FY 2020-21

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## **Independent Auditor's Report to the Members of the General Body of Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**

**For the year ended 30 June 2021**

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### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh), which comprise the statement of financial position (balance sheet) as at 30 June 2021, statement of comprehensive income, statement of changes in equity, receipts and payments statement and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRSs), Microcredit Regulatory Authority (MRA) guidelines and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing BURO Bangladesh's financial reporting process.

#### **Auditor's responsibilities for the audit of financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BURO Bangladesh's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BURO Bangladesh's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BURO Bangladesh to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives true and fair view.

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

### Report on these matters

In accordance with Micro Credit Regulatory Act 2006 and Rules 2010, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by BURO Bangladesh so far as it appeared from our examination of these books; and
- c) the statement of financial position (balance sheet) and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Auditor's Signature :   
Name of Engagement Partner : Md. Moktar Hossain, FCA, Senior Partner  
Enrollment No. : 728  
Firm's Name : S. F. AHMED & CO., Chartered Accountants  
Firm's Reg. No. : 10898 E.P. under Partnership Act 1932

**Document Verification Code (DVC) : 2110190728AS933020**

Dated, 19 October 2021

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

**Statement of Financial Position (Balance Sheet)**

**As at 30 June 2021**

	Notes	2021 BDT	2020 BDT
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	3,050,450,632	2,551,445,742
Intangible assets	10	6,105,040	-
Loan to staff	11	60,246,379	62,097,172
<b>Total non-current assets</b>		<b>3,116,802,051</b>	<b>2,613,542,914</b>
<b>Current assets</b>			
Short-term investment	12	6,492,488,844	3,805,674,397
Accumulated surplus reserve fund investment	13	1,737,338,687	1,471,616,220
Loan to customers	14	65,703,568,899	70,029,581,534
Other current assets	15	2,498,676,726	2,643,146,404
Cash and bank balances	16	5,024,259,885	2,059,125,226
<b>Total current assets</b>		<b>81,456,333,040</b>	<b>80,009,143,781</b>
<b>Total assets</b>		<b>84,573,135,091</b>	<b>82,622,686,695</b>
<b>Funds and liabilities</b>			
<b>Funds</b>			
Revolving loan fund (donors' fund)	17	138,815,884	138,815,884
Emergency disaster fund (donors' fund)	18	198,347,602	171,655,345
Loan loss provision	19	2,397,764,620	2,271,153,242
Accumulated surplus	20	15,741,096,141	13,250,354,732
Accumulated surplus reserve fund	21	1,737,338,687	1,464,247,464
Other fund	22	992,237,116	586,459,170
<b>Total funds</b>		<b>21,205,600,051</b>	<b>17,882,685,836</b>
<b>Non-current liabilities</b>			
Customers' contractual savings	23	1,778,673,752	15,098,242,633
Regular voluntary savings	24	176,452,371	-
Customers' emergency fund	25	-	838,162
Customers' micro-insurance fund	26	2,297,760,742	2,067,396,981
Borrowing from different sources	27	32,254,821,690	37,923,890,825
<b>Total non-current liabilities</b>		<b>36,507,708,555</b>	<b>55,090,368,601</b>
<b>Current liabilities</b>			
Employees' security deposit	28	171,830,980	168,811,758
Customers' general savings	29	25,747,964,361	8,897,629,675
Other liabilities	30	940,031,144	583,190,824
<b>Total current liabilities</b>		<b>26,859,826,485</b>	<b>9,649,632,257</b>
<b>Total funds and liabilities</b>		<b>84,573,135,091</b>	<b>82,622,686,695</b>

These financial statements should be read in conjunction with annexed notes

For and on behalf of the Members of the General body of BURO Bangladesh



Vice Chairperson



Executive Director



Finance Director

See annexed report of the date

Dhaka, Bangladesh  
Dated, 19 October 2021



S. F. AHMED & CO.  
Chartered Accountants  
DVC : 2110190728AS933020

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

**Statement of Comprehensive Income**  
**For the year ended 30 June 2021**

	Notes	2021 BDT	2020 BDT
<b>Income</b>			
Service charges on loan to borrowers	31	13,961,100,119	13,447,690,032
Interest on bank deposits		422,048,251	366,815,206
Sale of loan application forms		27,714,564	32,075,840
Service charges on remittance fund transfer		9,861,707	9,815,431
Contribution from other sources		5,742,296	3,780,017
Micro credit borrowers admission fees		5,526,540	7,110,640
Contribution from CHRD & rest house		2,858,992	11,282,499
Interest on staff loan		2,810,722	3,489,926
<b>Total income</b>		<b>14,437,663,191</b>	<b>13,882,059,591</b>
<b>Expenditure</b>			
<b>Financial cost</b>			
Interest on borrowing from banks and others	32	3,026,074,029	3,959,546,977
Interest on customers' savings	33	1,430,939,088	1,539,097,985
<b>Total financial cost</b>		<b>4,457,013,117</b>	<b>5,498,644,962</b>
<b>Gross financial margin</b>		<b>9,980,650,074</b>	<b>8,383,414,629</b>
Loan loss provision	19	537,327,448	717,014,404
<b>Net financial margin</b>		<b>9,443,322,626</b>	<b>7,666,400,225</b>
<b>Operating expenses</b>			
Salary and allowances		5,680,606,814	5,280,029,218
Rent expenses	34	188,714,197	191,580,691
Payment to national exchequer	35	149,294,340	161,474,221
Transportation	36	120,346,888	149,379,163
Training and workshop	37	1,347,192	22,170,247
Office supplies		31,404,563	45,803,877
Depreciation and amortisation		246,757,803	207,607,423
Audit fee		517,500	360,000
Other professional fee		2,892,921	2,619,873
Other expenses	38	228,538,044	257,863,123
<b>Total operating expenses</b>		<b>6,650,420,262</b>	<b>6,318,887,836</b>
<b>Excess of income over expenditure</b>		<b>2,792,902,364</b>	<b>1,347,512,389</b>

These financial statements should be read in conjunction with annexed notes

For and on behalf of the Members of the General body of BURO Bangladesh



Vice Chairperson



Executive Director



Finance Director

See annexed report of the date

Dhaka, Bangladesh  
Dated, 19 October 2021

  
S. F. AHMED & CO.  
Chartered Accountants  
DVC : 2110190728AS933020

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

**Statement of Cash Flows**  
**For the year ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>A. Cash flows from operating activities</b>		
Net income from operations	2,792,902,364	1,347,512,389
Adjustments for non-cash items:		
Depreciation and amortisation	246,757,803	207,607,423
Adjustment against property, plant and equipment	11,843,446	-
Adjustment for prior year's accumulated depreciation	(167,777)	-
Loan loss provision	537,327,448	717,014,404
Changes in working capital:		
Loan to customers	3,915,296,565	(10,866,500,219)
Other current assets	144,469,678	(1,929,364,665)
Employees' security deposit	3,019,222	11,866,251
Customers' general savings	16,850,334,686	1,654,121,087
Other liabilities	356,840,320	270,052,444
Donation	(28,901,955)	(167,143,799)
<b>Net cash from/ (used in) operating activities</b>	<b><u>24,829,721,800</u></b>	<b><u>(8,754,834,686)</u></b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(756,079,877)	(567,278,685)
Acquisition of intangible asset	(7,631,300)	-
Loan to staff	1,850,793	4,849,480
Short-term investment	(2,686,814,447)	(958,997,979)
Accumulated surplus reserve fund investment	(265,722,467)	(150,795,134)
<b>Net cash from/ (used in) investing activities</b>	<b><u>(3,714,397,297)</u></b>	<b><u>(1,672,222,318)</u></b>
<b>C. Cash flows from financing activities</b>		
Emergency disaster fund	26,692,257	12,732,853
Other funds	405,777,946	184,806,577
Customers' emergency fund	(838,162)	-
Customers' contractual savings	(13,319,568,881)	4,940,972,427
Regular voluntary savings	176,452,371	-
Customers' micro-insurance fund	230,363,761	459,595,251
Borrowing from different sources	(5,669,069,135)	4,445,696,502
<b>Net cash from/ (used in) financing activities</b>	<b><u>(18,150,189,843)</u></b>	<b><u>10,043,803,610</u></b>
<b>D. Net changes in cash and cash equivalents (A+B+C)</b>	<b><u>2,965,134,659</u></b>	<b><u>(383,253,394)</u></b>
E. Opening cash and bank balances	2,059,125,226	2,442,378,620
F. Closing cash and bank balances	<b><u>5,024,259,885</u></b>	<b><u>2,059,125,226</u></b>

For and on behalf of the Members of the General body of BURO Bangladesh



Vice Chairperson



Executive Director



Finance Director

Dhaka, Bangladesh  
Dated, 19 October 2021



S. F. AHMED & CO.  
Chartered Accountants  
DVC : 2110190728AS933020

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

**Notes to the financial statements  
For the year ended 30 June 2021**

**1. Background of the organisation**

Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh) "the organisation" is a non profit organisation that was set up in 1990 with a view of working for the poor on sustainable basis to reduce poverty. It is a specialised micro-finance institution that provides high quality flexible financial services to low-incomed people. The organisation is responsive to diverse financial needs of members. Its financial services constitute multiple loans, savings, micro-insurance and remittance services. The recipients of micro-finance services are poor, particularly women. Remittance services are provided to the relatives of overseas Bangladesh.

**2. Corporate information of the MFI**

Name of the MFI: Basic Unit for Resources and Opportunities of Bangladesh  
(BURO Bangladesh)  
Year of establishment: 1990  
Legal entity:

Registration Authority	Registration No.	Date
Department of Social Welfare	TA-0489	09 April 1991
Registrar of Joints Stock Companies and Firms	S-7026(214)/07	06 September 2007
Microcredit Regulatory Authority	00004-00394-00288	25 June 2008
NGO Affairs Bureau	610	19 March 1992

Nature of operations (programs): Microcredit Program  
Statutory audit conducted up to: 2020-21  
Name of statutory auditor for last year: Toha Khan Zaman & Co., Chartered Accountants  
Name of statutory auditor for current year: S. F. Ahmed & Co., Chartered Accountants  
No. of executive committee meeting held in FY 2020-2021: 4  
Date of last AGM held: 13 February 2021

**3. Basis of accounting**

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

The enclosed financial statements are prepared in the formats suggested by MRA vide its above referred circular with a slight modification to suit with the requirements of the organisation. This however, does not call for any material changes in terms of assets and liabilities and profitability of the organisation for the use of different formats.

**3.1 Components of these financial statements**

- Statement of financial position (balance sheet); as at 30 June 2021;
- Statement of comprehensive income; for the year ended 30 June 2021;
- Statement of changes in equity; for the year ended 30 June 2021;
- Receipts and Payments Statement; for the year ended 30 June 2021;
- Statement of cash flows; for the year ended 30 June 2021; and
- Summary of significant accounting policies and other explanatory information.

#### **4. Significant accounting policies**

##### **4.1 Reporting currency**

These financial statements are presented in BDT, which is also the functional and presentational currency of the organisation.

##### **4.2 Reporting period**

These financial statements of the organisation have been prepared for the period from 01 July 2020 to 30 June 2021.

##### **4.3 Revenue recognition:**

###### **4.3.1 Service charge income on loan to members:**

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

###### **4.3.2 Investment income:**

Income from investment on FDR is recognised on cash basis.

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

**Notes to the financial statements**

**For the year ended 30 June 2021**

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**4.3.3 Fees and commission income:**

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

**4.4 Property, plant and equipment**

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

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

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

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

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

	<b>2021</b>
Land and land development	0%
Building construction	10%
Furniture and fixture	10%
Office equipment	20%
Electrical equipment	30%
Motor vehicle	10%

**4.5 Intangible assets (software)**

Intangible asset is accounting for according to IAS 38: Intangible assets acquired separately are measured on initial recognition at cost. Following recognition intangible asset is amortised at 10% per year.

**4.6 Investment in fixed deposit**

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

**4.7 Lease**

IFRS 16: Leases, defines lease as a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. At the lease commencement date, the lessee recognises a right-of-use (ROU) asset and a lease liability at the present value of the future lease payment on the statement of financial portion. The lease liability is subsequently amortised over the lease term and the right-of-use asset is depreciated at an appropriate method. The right of use assets are depreciated using a straight line method from the lease recognition date to the end of the lease term.

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

BURO Bangladesh has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases, i.e. for which the lease term ends within 12 months of the date of initial application. It recognises lease payments associated with these leases as an expense.

**5. Significant organisational policies**

**5.1 Loan loss provision**

**5.1.1 Loan classification**

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

<b>No. of days outstanding</b>	
No overdue	Regular
Overdue from 1-30 days	Watchful loan
Overdue from 31-180 days	Sub - standard loan
Overdue from 181-365 days	Doubtful loan
Overdue from above 365 days	Bad loan

**5.1.2 Loan loss provisioning**

Provision for loan loss is made in accordance with the guidelines of Micro Credit Regulatory Authority as noted below:

<b>Particulars</b>	<b>rate</b>
Regular	1%
Watchful loan	5%
Sub - standard loan	25%
Doubtful loan	75%
Bad loan	100%

**5.1.3 Write off policy**

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

**5.2 Policy on loan to borrowers**

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

**6. Compliance of Microcredit Regulatory Authority regulations over IAS/ IFRS**

Microcredit Regulatory Authority (MRA) is the supreme regulatory body for micro finance in Bangladesh. Some requirements of MRA rules and regulations contradict with the requirements of IAS and IFRS. As such the organisation has departed from those contradictory requirements of IAS and IFRS in order to comply with the rules and regulations of MRA, these are disclosed below along with financial impact where applicable:

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

**Notes to the financial statements  
For the year ended 30 June 2021**

SL.	Title of IAS/IFRS	Requirements of IAS/IFRS	Requirements of Microcredit Regulatory Authority
1.	Measurement of provision for loans (financial assets measured at amortised cost)	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to: a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).	As per MRA circular no. 14, dated 07 May 2012 a general provision at 1% under regular categorie of loan has to be maintained irrespective of objective evidence of impairment on loans, Also provision for Watchful loan, Sub - standard loan, Doubtful loan, and Bad loan investmentshas to be provided at 5%, 25%, 75% and 100% respectively for investments depending on the duration of overdue. As per MRA circular no. 59 dated 23 December 2020 and MRA circular no. 62 dated 22 June 2021 additional 1% provision have to maintain based on loan portfolio.

**7. Status of compliance of International Accounting Standards and International Financial Reporting Standards:**

Name of the IAS	IAS no.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	N/A
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	N/A

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

<b>Name of the IAS</b>	<b>IAS no.</b>	<b>Status</b>
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economies	29	N/A
Interests in Joint Ventures	31	N/A
Earnings per share	33	N/A
Interim Financial Reporting	34	N/A
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

<b>Name of the IFRS</b>	<b>IFRS no.</b>	<b>Status</b>
Share Based payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	*
Operating Segments	8	N/A
Financial Instruments	9	*
Consolidated Financial Statements	10	N/A
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	N/A
Revenue from Contracts with customers	15	Applied
Leases	16	Applied

N/A= Not Applicable

\* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Microcredit Regulatory Authority requirements (please see note 6).

**8. Compliance requirements under the guidelines on prevention of money laundering and terrorist financing**

We report that, all the possible steps have been taken and the guidelines on prevention of money laundering and terrorist financing for NGO/NPO sector dated November, 2013 by Bangladesh Bank, in pursuant to MRA circular no. regu.24, dated 06 May 2014 are being followed to prevent money laundering.

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

- a) maintain complete and correct information with regard to the identity of our customers during the operation of their accounts;

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

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

	2021 BDT	2020 BDT
<b>9. Property, plant and equipment</b>		
<b>Cost:</b>		
Opening balance	3,347,852,584	2,781,263,324
<u>Add:</u> Addition during the year	756,079,877	573,615,980
	4,103,932,461	3,354,879,304
<u>Less:</u> Adjustment/ Disposal during the year	25,935,590	7,026,721
Closing balance (A)	4,077,996,872	3,347,852,583
<b>Accumulated depreciation:</b>		
Opening balance	796,406,841	589,488,844
<u>Add:</u> Charge for the year	245,231,543	207,607,423
	1,041,638,384	797,096,267
<u>Less:</u> Adjustment/ Disposal during the year	14,092,144	689,426
Closing balance (B)	1,027,546,240	796,406,841
<b>Written down value (A-B)</b>	<b>3,050,450,632</b>	<b>2,551,445,742</b>
<b>10. Intangible assets (software)</b>		
<b>Cost:</b>		
Opening balance	-	-
<u>Add:</u> Addition during the year	7,631,300	-
	7,631,300	-
<u>Less:</u> Adjustment/ Disposal during the year	-	-
Closing balance (A)	7,631,300	-
<b>Accumulated amortisation:</b>		
Opening balance	-	-
<u>Add:</u> Charge for the year	1,526,260	-
	1,526,260	-
<u>Less:</u> Adjustment/ Disposal during the year	-	-
Closing balance (B)	1,526,260	-
<b>Written down value (A-B)</b>	<b>6,105,040</b>	<b>-</b>
<b>11. Loan to staff</b>		
Opening balance	62,097,172	66,946,652
<u>Add:</u> Addition during the year	10,750,000	11,615,333
	72,847,172	78,561,985
<u>Less:</u> Refund/Adjustment during the year	12,600,721	16,464,813
Prior year's adjustment	72	-
	<b>60,246,379</b>	<b>62,097,172</b>

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

The period of housing loan is twenty years and bearing interest rate is 5% per annum including 3 months grace period. The period of education loan is ten years and bearing interest rate is 2.5% per annum.

**12. Short-term investment**

	2021 BDT	2020 BDT
Fixed deposit with banks & financial institutions (note 12.1)	2,385,242,329	538,324,423
Customers' savings deposit fund investment (note 12.2)	2,780,933,083	2,391,150,703
Emergency disaster fund investment (note 12.3)	198,347,602	174,450,547
Staff security deposit investment (note 12.4)	46,728,310	42,415,369
Dormant account fund investment (note 12.5)	72,548,046	67,155,239
Shops in Tangail town	18,166,652	16,225,730
Other funds investment (note 12.6)	990,522,822	575,952,386
	<b>6,492,488,844</b>	<b>3,805,674,397</b>

**12.1 Fixed deposit with banks & financial institutions**

LankaBangla Finance Limited	442,756,267	-
MIDAS Financing Limited	275,013,576	-
National Finance Limited	202,404,640	-
IPDC Finance Limited	198,181,901	-
Jamuna Bank Limited	185,641,292	112,156,689
People's Leasing & Financial Service Limited (*)	177,005,392	-
Midland Bank Limited	159,613,233	-
Mutual Trust Bank Limited	135,245,455	78,756,650
IDLC Finance Limited	129,171,188	-
Eastern Bank Limited	113,193,391	108,029,912
Rupali Bank Limited	99,887,580	94,835,000
Industrial and Infrastructure Development Finance Company Limited	85,601,341	-
Trust Bank Limited	64,795,000	110,000,000
NRB Bank Limited	46,155,460	-
Prime Bank Limited	30,275,447	29,286,574
Lanka Alliance Finance Limited	23,811,174	-
International Leasing & Financial Services Limited	16,489,992	-
Basic Bank Limited	-	5,259,598
	<b>2,385,242,329</b>	<b>538,324,423</b>

(\*) Though the amounts are not easily encashable due to financial insolvency of the investee-companies, but no provision is required to be made as the matter has been taken over by the Hon'ble High Court.

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>12.2 Customers' savings deposit fund investment</b>		
Sonali Bank Limited	757,400,513	90,000,000
Agrani Bank Limited	584,280,000	80,000,000
Dhaka Bank Limited	317,697,549	300,030,731
AB Bank Limited	268,618,213	246,475,425
Global Islamic Bank Limited	205,468,996	191,668,840
Jamuna Bank Limited	168,233,200	159,200,000
Bank Asia Limited	113,827,784	108,076,000
NCC Bank Limited	111,101,225	104,837,500
The Hongkong and Shanghai Banking Corporation Limited	103,969,375	100,000,000
The City Bank Limited	52,700,000	50,000,000
Rupali Bank Limited	52,685,000	50,000,000
Padma Bank Limited	44,526,180	52,516,581
United Commercial Bank Limited	425,048	32,700,000
LankaBangla Finance Limited	-	401,417,984
MIDAS Financing Limited	-	127,795,427
Midland Bank Limited	-	122,305,864
National Finance Limited	-	60,927,886
Industrial and Infrastructure Development Finance Company Limited	-	32,811,000
Lanka Alliance Finance Limited	-	22,133,000
International Leasing & Financial Service Limited	-	14,834,465
NRB Bank Limited	-	43,420,000
	<b><u>2,780,933,083</u></b>	<b><u>2,391,150,703</u></b>
<p>The above balance represents investment made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 34 (1) and 34 (2). As per said clauses every microcredit organisation should maintain a liquidity fund which is 15% of its total deposits, in any scheduled bank; liquidity fund may be maintained in the form of minimum 5% in cash and the remaining portion in fixed deposit.</p>		
<b>12.3 Emergency disaster fund investment</b>		
Global Islamic Bank Limited	142,879,126	125,748,087
Padma Bank Limited	49,728,589	43,258,196
The City Bank Limited	5,739,887	5,444,264
	<b><u>198,347,602</u></b>	<b><u>174,450,547</u></b>
<b>12.4 Staff security deposit investment</b>		
Global Islamic Bank Limited	27,796,691	24,463,900
Eastern Bank Limited	18,931,619	17,951,469
	<b><u>46,728,310</u></b>	<b><u>42,415,369</u></b>

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>12.5 Dormant account fund investment</b>		
IPDC Finance Limited	61,618,587	57,157,439
LankaBangla Finance Limited	10,929,459	9,997,801
	<u>72,548,046</u>	<u>67,155,239</u>
<b>12.6 Other funds investment</b>		
Gratuity fund (note 12.6.1)	681,492,103	400,638,194
Health fund (note 12.6.2)	225,087,220	123,228,059
Earned leave fund (note 12.6.3)	32,418,502	3,992,625
Housing fund (note 12.6.4)	32,166,343	30,049,538
Vehicle insurance fund (note 12.6.5)	19,358,654	18,043,970
	<u>990,522,822</u>	<u>575,952,386</u>
<b>12.6.1 Gratuity fund</b>		
Sonali Bank Limited	251,588,211	42,859,519
Pubali Bank Limited	155,141,265	146,874,756
Commercial Bank of Ceylon	71,522,717	65,841,433
Dhaka Bank Limited	71,318,187	23,610,183
Rupali Bank Limited	60,000,000	-
IPDC Finance Limited	47,896,240	44,439,559
United Commercial Bank Limited	24,025,483	22,792,466
Global Islamic Bank Limited	-	54,220,278
	<u>681,492,103</u>	<u>400,638,194</u>
<b>12.6.2 Health fund</b>		
Sonali Bank Limited	62,460,142	-
IDLC Finance Limited	34,000,000	-
Lanka Alliance Finance Limited	24,000,000	-
NRB Bank Limited	19,062,193	17,858,133
Dhaka Bank Limited	18,948,640	7,279,953
Pubali Bank Limited	18,803,041	17,764,390
IPDC Finance Limited	15,365,750	14,257,937
Commercial Bank of Ceylon	14,007,158	12,955,275
LankaBangla Finance Limited	11,032,500	10,000,000
Global Islamic Bank Limited	7,407,795	29,112,370
Bank Asia Limited	-	14,000,000
	<u>225,087,220</u>	<u>123,228,059</u>
<b>12.6.3 Earned leave fund</b>		
Sonali Bank Limited	21,660,000	-
CVC Finance Limited	6,500,000	-
Global Islamic Bank Limited	4,258,502	3,992,625
	<u>32,418,502</u>	<u>3,992,625</u>

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>12.6.4 Housing fund</b>		
Dhaka Bank Limited	17,926,588	10,906,228
IPDC Finance Limited	8,814,447	8,186,722
Pubali Bank Limited	3,994,688	3,773,852
Farmers Bank Limited	1,430,620	1,340,159
Global Islamic Bank Limited	-	5,842,577
	<u>32,166,343</u>	<u>30,049,538</u>
<b>12.6.5 Vehicle insurance fund</b>		
AB Bank Limited	8,099,678	7,622,462
Dhaka Bank Limited	6,397,347	-
The City Bank Limited	3,980,470	3,773,852
Global Islamic Bank Limited	881,159	6,647,656
	<u>19,358,654</u>	<u>18,043,970</u>
<b>13. Accumulated surplus reserve fund investment</b>		
Sonali Bank Limited	700,000,000	-
The City Bank Limited	510,483,816	488,749,306
United Commercial Bank Limited	233,893,603	-
AB Bank Limited	107,374,642	101,025,063
Eastern Bank Limited	56,482,250	54,050,000
BRAC Bank Limited	54,826,250	50,000,000
Bangladesh Krishi Bank	52,685,000	50,000,000
Global Islamic Bank Limited	21,593,125	1,455,573
IPDC Finance Limited	-	183,751,472
MIDAS Finance Limited	-	121,693,638
National Finance Limited	-	123,352,951
People's Leasing & Financial Service Limited	-	177,005,392
IDLC Finance Limited	-	120,532,825
	<u><b>1,737,338,687</b></u>	<u><b>1,471,616,220</b></u>

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

**14. Loan to customers**

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

**General loan:**

This loan is allowed for rural and urban poor households to finance their economic activities. General loan is working capital loan given to poor and disadvantaged households. General loan ranges from BDT 5,000 to BDT 200,000. The loan is repayable within one year.

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	2021	2020
	BDT	BDT

**Micro-enterprise loan:**

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

**Agriculture loan:**

This loan is given exclusively for the purpose of agricultural activities for increasing farms activities. The agriculture loan also enhances food security of households. Agriculture loan ranges from BDT 1,000 to BDT 500,000 and is given for one year.

**Hand/Emergency loan:**

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

**Disaster loan:**

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

**Water and sanitation loan:**

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

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

Micro-enterprise loan	26,404,313,629	33,802,162,015
Agriculture loan	23,843,087,766	23,312,860,326
General loan	11,096,484,811	10,872,021,559
Water and sanitation loan	3,666,813,115	1,251,967,449
Agriculture SMAP	692,571,578	788,220,186
Hand/Emergency loan	298,000	2,350,000
	<b><u>65,703,568,899</u></b>	<b><u>70,029,581,534</u></b>

BURO Bangladesh had 1,348,752 loan accounts outstanding as on 30 June 2021 as compared to 1,237,569 as on 30 June 2020.

**15. Other current assets**

Service charges provision	1,562,716,974	1,562,716,974
Staff loans and advances (note 15.1)	934,668,819	1,079,156,516
Security deposits (note 15.2)	1,272,914	1,272,914
SOD Account	18,019	-
	<b><u>2,498,676,726</u></b>	<b><u>2,643,146,404</u></b>

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	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>15.1 Staff loans and advances</b>		
Head office (note 15.1.1)	668,646,679	700,800,524
Branch offices (note 15.1.2)	253,106,758	368,002,928
Zonal offices (note 15.1.3)	5,590,021	3,678,158
Divisional offices (note 15.1.4)	5,379,350	4,738,730
Training center	1,906,382	1,890,547
Rest house	39,629	45,629
	<u>934,668,819</u>	<u>1,079,156,516</u>
<b>15.1.1 Head office</b>		
Advance against construction	264,058,446	469,007,883
Advance against salary	4,368,262	3,995,032
Mobile loan	975,899	-
Advance transportation cost	529,952	913,417
Motorcycle loan	183,000	329,500
Program advance	60,607	1,541,807
Advance for training	12,500	344,611
Car loan	-	129,765
Others	398,458,013	224,538,509
	<u>668,646,679</u>	<u>700,800,524</u>
<b>15.1.2 Branch offices</b>		
Motorcycle loan	44,486,059	55,551,159
Advance against house rent	15,581,217	125,613,132
Bicycle loan	7,389,984	10,450,328
Mobile loan	5,786,104	89,893,724
Advance against salary	1,307,703	1,484,086
Advance against purchase of fans	37,376	160,088
Others	178,518,315	84,850,411
	<u>253,106,758</u>	<u>368,002,928</u>
<b>15.1.3 Zonal offices</b>		
Others	5,068,021	2,470,158
Advance against house rent	518,000	1,188,000
Advance against salary	4,000	-
Bicycle loan	-	20,000
	<u>5,590,021</u>	<u>3,678,158</u>
<b>15.1.4 Divisional offices</b>		
Mobile loan	2,420,113	212,766
Bicycle loan	1,682,613	-
Others	929,716	2,571,171
Advance against salary	345,000	144,500
Advance against house rent	1,908	65,908
Motorcycle loan	-	1,744,385
	<u>5,379,350</u>	<u>4,738,730</u>

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	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>15.2 Security deposits</b>		
Rajdhani Unnayan Katripakkha (RAJUK)	600,000	600,000
Bangladesh Telecommunication Company Limited	303,796	298,796
GSP Finance Company (Bangladesh) Limited	124,918	124,918
Others	244,200	249,200
	<u>1,272,914</u>	<u>1,272,914</u>
<b>16. Cash and bank balances</b>		
Cash in hand	119,661,167	71,728,918
Bank balances (note 16.1)	4,904,598,718	1,987,396,308
	<u>5,024,259,885</u>	<u>2,059,125,226</u>
<b>16.1 Bank balances</b>		
Short-term deposit accounts	3,298,952,198	11,331,697
Current accounts	1,605,182,480	1,976,061,554
Savings accounts	464,040	3,057
	<u>4,904,598,718</u>	<u>1,987,396,308</u>
<b>17. Revolving loan fund (donors' fund)</b>		
Department for International Development (DFID), UK	93,022,179	93,022,179
Swiss Agency for Development and Cooperation (SDC)	23,378,560	23,378,560
Swedish International Development Agency (SIDA)	14,545,494	14,545,494
Australian Agency for International Development (AusAID)	4,274,300	4,274,300
UNESCO/Stitching Gilles – Foundation, Belgium	2,147,712	2,147,712
Canada Fund	1,163,139	1,163,139
PACT Inc./USAID	284,500	284,500
	<u>138,815,884</u>	<u>138,815,884</u>
<b>18. Emergency disaster funds (donors' fund)</b>		
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>168,074,602</u>	<u>141,382,345</u>
	<u>198,347,602</u>	<u>171,655,345</u>

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

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	<b>2021</b>	<b>2020</b>
	BDT	BDT

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.

**19. Loan loss provision**

Opening balance	2,271,153,242	1,963,278,268
<u>Add: Provision made during the year</u>	<u>537,327,448</u>	<u>717,014,404</u>
	2,808,480,690	2,680,292,672
<u>Less: Amount written off during the year (Principal)</u>	<u>410,716,070</u>	<u>409,139,430</u>
Closing balance	<u><b>2,397,764,620</b></u>	<u><b>2,271,153,242</b></u>

Loan loss provision requirement is BDT 1,740,093,712 as on 30 June 2021, following MRA circular letter no. 14 dated 07 May 2012, but the actual LLP has been made of BDT 2,397,764,620 resulting an excess provision of BDT 657,670,908 during the year under reporting in compliance of requirement as per MRA circular no. 59 dated 23 December 2020 and MRA circular no. 62 dated 22 June 2021 additional 1% provision have to maintain based on loan portfolio. The method of calculation of LLP is shown below:

No. of days outstanding	Outstanding loan	Rate (%)	Required provision
Regular loan outstanding	64,000,393,496	1%	640,003,935
Loan overdue status (days):			
1-30 days	172,134,679	5%	8,606,734
31-180 days	511,459,577	25%	127,864,894
181-365 days	223,851,997	75%	167,888,998
Over 365 days	<u>795,729,151</u>	100%	<u>795,729,151</u>
<b>Total:</b>	<u><b>65,703,568,899</b></u>		<u><b>1,740,093,712</b></u>

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

**20. Accumulated surplus**

Opening balance	13,250,354,732	12,243,396,528
<u>Add: Excess of income over expenditure</u>	<u>2,792,902,364</u>	<u>1,347,512,389</u>
	16,043,257,096	13,590,908,917
<u>Less: Transfer to accumulated surplus reserve fund (note 21)</u>	<u>273,091,223</u>	<u>173,410,386</u>
Less: Adjustment for prior year's accumulated depreciation	167,777	-
<u>Less: Adjustment against donation from surplus fund (note 20.1)</u>	<u>28,901,955</u>	<u>167,143,799</u>
Closing balance	<u><b>15,741,096,141</b></u>	<u><b>13,250,354,732</b></u>

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	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>20.1. Donation from surplus fund</b>		
Health Care Foundation	9,368,011	-
BURO Craft	8,704,294	-
Shikha Sahayata Prokolpo	5,200,069	-
Nakrid Nimno Maddhomik Biddyaloy	2,600,000	-
Relief	2,234,205	-
Covid 19	442,018	-
Enhanced Institution Capacity on Water Credit Program	353,358	-
	<u>28,901,955</u>	<u>-</u>
<b>21. Accumulated surplus reserve fund</b>		
Opening balance	1,464,247,464	1,290,837,078
<u>Add:</u> Transferred from accumulated surplus (note 20)	<u>273,091,223</u>	<u>173,410,386</u>
	1,737,338,687	1,464,247,464
<u>Less:</u> Adjustment made during the year	<u>-</u>	<u>-</u>
<b>Closing balance</b>	<u><b>1,737,338,687</b></u>	<u><b>1,464,247,464</b></u>
<p>The above balance represents reserve fund made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 20 (1) and 20 (3). As per said clauses every microcredit organisation should create a reserve fund @10% of its total surplus which should be kept in any scheduled bank under the supervision of the head office of the relevant microcredit organisation. BURO Bangladesh maintains the reserve fund following said clause.</p>		
<b>22. Other funds</b>		
Gratuity fund	682,822,990	401,169,575
Health fund	225,392,803	133,184,770
Earned leave fund	32,483,420	3,996,700
Housing fund	32,171,428	30,055,491
Vehicle insurance fund	19,366,475	18,052,634
	<u><b>992,237,116</b></u>	<u><b>586,459,170</b></u>
<b>23. Customers' contractual savings</b>		
Opening balance	15,098,242,633	10,157,270,206
<u>Add:</u> Received during the year	<u>5,946,999,037</u>	<u>8,485,054,003</u>
	21,045,241,670	18,642,324,209
<u>Less:</u> Transfer to General & Regular Voluntary Saving	<u>14,925,759,019</u>	<u>-</u>
Payment made during the year	4,340,808,899	3,544,081,576
<b>Closing balance</b>	<u><b>1,778,673,752</b></u>	<u><b>15,098,242,633</b></u>

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	<b>2021</b>	<b>2020</b>
	BDT	BDT
<p>In contractual savings account, clients agree to deposit regularly an amount as fixed by them. Customers can withdraw the entire amount including interest thereon and can choose to deposit on a weekly or monthly basis. Interest is paid on a compound basis in the range of 8% per annum.</p> <p>The number of contractual savings accounts is 195,411 as on 30 June 2021 as compared to 2,063,427 as on 30 June 2020.</p>		
<b>24. Regular Voluntary Savings</b>		
Opening balance	-	-
<u>Add:</u> Received during the year	43,694,223	-
Transferred from Contractual Saving	177,127,354	-
	220,821,577	-
<u>Less:</u> Payment made during the year	44,369,206	-
<b>Closing balance</b>	<b>176,452,371</b>	<b>-</b>
<p>The general savings account is like a current account, where customers can save or withdraw the amount on the demand. The rate of interest is 7% compounded per annum of their general savings account balance.</p> <p>The number of Regular Voluntary savings accounts is 19,154 as at 30 June 2021.</p>		
<b>25. Customers' emergency fund</b>	<b>-</b>	<b>838,162</b>
<p>This fund is to be used for the following purposes:</p> <ul style="list-style-type: none"> <li>- to pay-off loans in the event of borrowers death or permanent disability;</li> <li>- to issue supplemental loans in the event of loss of the borrowers' income earnings capability through loss or damage to the assets purchased with the original loan and</li> <li>- to meet small expenses/emergencies agreed upon by the Kendra (Centre).</li> </ul>		
<b>26. Customers' micro insurance fund</b>		
<p>The premiums are one-time payment in a year. After the death of customers the entire outstanding loan to clients will be waived. This has been arrived at as under:</p>		
Opening balance	2,067,396,981	1,607,801,730
<u>Add:</u> Received during the year	669,127,018	771,669,448
	2,736,523,999	2,379,471,178
<u>Less:</u> Payment made during the year	438,763,257	312,074,197
<b>Closing balance</b>	<b>2,297,760,742</b>	<b>2,067,396,981</b>
<b>27. Borrowing from different sources</b>		
Borrowing from banks (note 27.1)	29,934,202,927	34,787,452,634
Borrowing from non-banking financial institutions (note 27.2)	2,288,996,810	3,107,404,663
Borrowing from specialised institution (note 27.3)	31,621,953	29,033,528
	<b>32,254,821,690</b>	<b>37,923,890,825</b>

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	<b>2021</b>	<b>2020</b>
	BDT	BDT
<b>27.1 Borrowing from banks</b>		
Syndicated Finance Lead by Citi Bank N.A	4,750,000,000	-
Standard Chartered Bank Limited	2,801,160,000	2,122,000,000
Eastern Bank Limited	2,700,000,000	4,000,000,000
The Hongkong and Shanghai Banking Corporation Limited	2,420,000,000	1,680,000,000
NCC Bank Limited	1,798,380,701	1,984,541,082
BRAC Bank Limited	1,727,580,227	2,616,666,667
Mutual Trust Bank Limited	1,711,498,025	872,902,505
Jamuna Bank Limited	1,674,606,465	2,533,946,988
Dutch Bangla Bank Limited	1,655,193,785	864,033,407
United Commercial Bank Limited	1,501,737,386	2,265,341,452
Bangladesh Bank (SMAP)	1,270,000,000	1,270,000,000
The City Bank Limited	1,000,000,000	2,383,750,000
Pubali Bank Limited	727,760,176	1,489,305,719
Trust Bank Limited	699,999,620	1,279,919,012
Commercial Bank of Ceylon PLC	567,500,000	580,000,000
Prime Bank Limited	499,888,791	1,500,000,000
NRB Bank Limited	350,000,000	450,000,000
Midland Bank Limited	259,885,950	391,939,188
Mercantile Bank Limited	253,201,321	419,911,899
Citi Bank N.A	250,000,000	100,000,000
Standard Bank Limited	250,000,000	1,498,605,862
Dhaka Bank Limited	249,961,806	1,250,000,000
Bank Asia Limited	200,000,000	740,772,842
State Bank of India	165,000,000	-
Bank Al-Falah Limited	150,000,000	200,000,000
Community Bank Limited	139,228,518	200,000,000
Uttara Bank Limited	106,272,206	-
Southeast Bank Limited	55,347,950	104,044,520
Global Islamic Bank Limited	-	400,000,000
Habib Bank Limited	-	300,000,000
Basic Bank Limited	-	12,398,455
AB Bank Limited	-	650,000,000
The Premier Bank Limited	-	182,697,681
Rupali Bank Limited	-	344,675,355
The Exim Bank Limited	-	100,000,000
	<b>29,934,202,927</b>	<b>34,787,452,634</b>

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

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	2021	2020
	BDT	BDT
<b>27.2 Borrowing from non-banking financial institutions</b>		
IPDC Finance Limited	830,000,000	930,000,000
IDLC Finance Limited	502,950,499	346,751,830
LankaBangla Finance	334,236,284	732,808,172
National Finance Limited	235,577,407	28,148,727
Lanka Alliance Finance Limited	190,375,341	206,166,784
United Finance Limited	125,342,136	165,000,000
Meridian Finance & Investment Limited	70,515,143	92,613,940
Uttara Finance Limited	-	429,421,829
The UAE-Bangladesh Investment Company Limited	-	18,768,840
Industrial and Infrastructure Development Finance Company Limited	-	157,724,541
	<u>2,288,996,810</u>	<u>3,107,404,663</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.

<b>27.3 Borrowing from specialised institutions</b>		
Anukul Foundation (note 27.3.1)	<u>31,621,953</u>	<u>29,033,528</u>
	<u>31,621,953</u>	<u>29,033,528</u>
<b>27.3.1 Anukul Foundation</b>		
Opening Balance	29,033,528	26,619,445
<u>Add: Received during the year</u>	<u>9,000,000</u>	<u>10,000,000</u>
	38,033,528	36,619,445
<u>Less: Refund during the year</u>	<u>6,411,575</u>	<u>7,585,917</u>
Closing balance	<u>31,621,953</u>	<u>29,033,528</u>

A number of loans were borrowed from Anukul Foundation for on-lending to BURO Bangladesh's customers. Interest rate is 9% per annum. These loans have three months' moratorium.

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

<b>28. Employees' security deposit</b>		
Opening balance	168,811,758	156,945,507
<u>Add: Received during the year</u>	<u>10,702,646</u>	<u>19,306,556</u>
	179,514,404	176,252,063
<u>Less: Refund during the year</u>	<u>7,683,424</u>	<u>7,440,305</u>
<b>Closing balance</b>	<u><b>171,830,980</b></u>	<u><b>168,811,758</b></u>

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	<b>2021</b>	<b>2020</b>
	BDT	BDT
<p>This represents amount received as security deposit from Branch Managers, Accountants, Assistant Accountants, Program Organisers and Assistant Program Organisers as per policy of BURO Bangladesh.</p>		
<b>29. Customers' general savings</b>		
Opening balance	8,897,629,675	7,243,508,588
<u>Add:</u> Received during the year	15,743,961,497	10,728,731,131
Transferred from Contractual Saving	14,748,631,665	-
	<u>39,390,222,837</u>	<u>17,972,239,719</u>
<u>Less:</u> Payment made during the year	13,642,258,476	9,074,610,044
<b>Closing balance</b>	<b><u>25,747,964,361</u></b>	<b><u>8,897,629,675</u></b>
<p>The general savings account is like a current account, where customers can save or withdraw the amount on the demand. The rate of interest is 6% to 10% compounded per annum of their general savings account balance.</p>		
<p>The number of general savings accounts is 1,862,461 as at 30 June 2021 compared to 1,963,060 at the end of year 30 June 2020.</p>		
<b>30. Other liabilities</b>		
Dormant accounts	498,715,505	316,236,285
SMAP	320,066,901	6,901
BURO Bangladesh provident fund	41,591,123	825,090
Staff security fund	18,490,013	(780,501)
Security deposit from shops	17,817,552	18,739,297
BURO Bangladesh gratuity fund	16,064,777	(23,590)
BURO Bangladesh health fund	4,701,960	(9,715,300)
BURO Bangladesh earned leave fund	1,611,515	9,695,961
Others	20,971,798	248,206,681
	<u>940,031,144</u>	<u>583,190,824</u>
<b>31. Service charges on loan to borrowers</b>		
Service charges on loan	13,924,426,002	11,853,014,081
Recovery from loan written-off	36,674,117	31,958,977
Service charges provision	-	1,562,716,974
	<u>13,961,100,119</u>	<u>13,447,690,032</u>
<b>32. Interest on borrowing from banks and others</b>		
Commercial banks	2,678,067,177	3,488,003,083
Non-banking financial institutions	345,136,483	468,664,939
Specialised institutions	2,870,369	2,878,955
	<u>3,026,074,029</u>	<u>3,959,546,977</u>

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	2021 BDT	2020 BDT
<b>33. Interest on customers savings</b>		
Interest on general savings	1,294,568,235	438,405,443
Interest on contractual savings	131,071,054	1,100,692,542
Regular voluntary savings	5,299,799	-
	<b>1,430,939,088</b>	<b>1,539,097,985</b>
<b>34. Rent expenses</b>		
Residence rent	124,405,146	115,652,444
Office rent	64,309,051	75,928,247
	<b>188,714,197</b>	<b>191,580,691</b>
<b>35. Payment to national exchequer</b>		
Direct tax (note 35.1)	138,851,940	153,066,009
Government fees	10,442,400	8,408,212
	<b>149,294,340</b>	<b>161,474,221</b>
<b>35.1 Direct tax</b>		
Value added tax	28,256,701	21,806,926
Corporate tax	58,232,402	54,763,139
Tax deduction from interest on bank deposit	42,964,454	37,863,496
Income tax on staff salary and allowances	9,398,383	38,632,448
	<b>138,851,940</b>	<b>153,066,009</b>

Income tax assessment position of BURO Bangladesh is given below:

Income year ended 30 June	Assessment year	Income as per return filed BDT	Taxable income BDT	Tax paid BDT
2003	2004-2005	9,477,932	760,101	99,520
2004	2005-2006	1,816,585	1,861,585	406,679
2005	2006-2007	98,378	983,878	120,393
2006	2007-2008	860,599	860,599	98,370
2007	2008-2009	1,139,140	1,139,140	151,078
2008	2009-2010	5,626,026	5,626,026	1,272,757
2009	2010-2011	14,953,899	14,953,899	3,604,726
2010	2011-2012	30,339,290	30,339,290	7,439,823
2011	2012-2013	20,967,281	20,967,281	5,091,820
2012	2013-2014	60,163,274	60,163,274	14,885,819
2013	2014-2015	757,916,652	757,916,652	22,010,338

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

			<b>2021</b>	<b>2020</b>
			BDT	BDT
<b>Income year</b>	<b>Assessment</b>	<b>Income as per</b>	<b>Taxable</b>	<b>Tax</b>
<b>ended 30 June</b>	<b>year</b>	<b>return filed</b>	<b>income</b>	<b>paid</b>
		BDT	BDT	BDT
2014	2015-2016	121,413,491	121,413,491	22,496,989
2015	2016-2017	121,397,366	121,397,366	23,658,266
2016	2017-2018	160,839,723	160,839,723	33,094,427
2017	2018-2019	223,611,897	223,611,897	45,193,366
2018	2019-2020	275,900,352	275,900,352	54,763,139
2019	2020-2021	385,367,648	385,367,648	58,232,402
<b>36. Transportation</b>				
	Fuel and lubricants		46,451,028	50,408,860
	Daily allowance		41,492,705	67,401,718
	Travelling allowance		27,887,581	16,280,333
	Car maintenance		4,515,574	15,288,252
			<u><b>120,346,888</b></u>	<u><b>149,379,163</b></u>
<b>37. Training and workshop</b>				
	Staff training		1,276,031	18,441,469
	Meeting and workshop		71,161	1,612,970
	Operation research cost		-	2,115,808
			<u><b>1,347,192</b></u>	<u><b>22,170,247</b></u>
<b>38. Other expenses</b>				
	Email, telephone and fax		51,136,301	46,824,887
	Electricity, gas and water		41,708,817	38,183,496
	Miscellaneous expenses		36,890,429	91,946,408
	Repair and maintenance		27,222,203	13,010,705
	Printing materials		21,014,998	3,326,367
	Registration (membership fee)		18,545,521	19,368,020
	Computer accessories		10,701,118	15,229,812
	Entertainment		8,986,846	18,335,157
	Bank charges		8,865,028	5,717,479
	Grant expenses		2,294,611	1,494,078
	Postage and telegram		787,825	618,722
	Advertisement		298,891	894,936
	Newspaper and periodicals		80,056	2,913,056
	Office maintenance		5,400	-
			<u><b>228,538,044</b></u>	<u><b>257,863,123</b></u>

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

**Notes to the financial statements**  
**For the year ended 30 June 2021**

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**39. Others**

- 39.1** Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.
- 39.2** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 39.3** Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year, however, bearing any impact on the profit and value of assets and liabilities.

For and on behalf of the Members of the General body of BURO Bangladesh



Vice Chairperson



Executive Director



Finance Director

Dhaka, Bangladesh  
Dated, 19 October 2021



S. F. AHMED & CO.  
Chartered Accountants  
DVC : 2110190728AS933020

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

**Annex A/2**

**Eligibility Criteria Compliance Certification**

**For the year ended 30 June 2021**

Sl. No.	Eligibility criteria	Audited figures or compliance 2021	Audited figures or compliance 2020
1	Minimum loan recovery rates, computed quarterly, based on the following:		
	i) 95% minimum cumulative loan collection ratio on total dues: CRR		
	$\frac{\text{Actual cumulative collections} \times 100}{\text{Cumulative collectibles}}$	99.40%	99.31%
	ii) 92-100% minimum loan collection ratio on current dues (on running 12 months basis): OTR		
	$\frac{\text{Actual collections during the past 12 months on current dues} \times 100}{\text{Collectibles on current dues}}$	97.94%	95.83%
2	Minimum liquidity ratio of 10%	28.17%	18.54%
3	Minimum current ratio of 2:1	2.70:1	7.67:1
4	Minimum capital adequacy ratio of 15%	30.79%	24.51%
5	Minimum debt service cover ratio of 1.25:1	1.19	1.19
6	Debt to capital ratio 9:1	1.52:1	2.12:1
7	Minimum rate of return on capital of 1%	14.31%	7.91%

Dhaka, Bangladesh  
 Dated, 19 October 2021

S. F. AHMED & CO.  
 Chartered Accountants  
 DVC : 2110190728AS933020



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

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
<b>A Institutional Profile</b>					
Number of Districts	64	64	64	64	64
Number of Upazilla	432	456	482	482	482
Number of Union	3,710	3,911	4,309	4,358	4,361
Number of Villages	36,248	39,639	40,770	41,249	41,803
Number of Branches	712	802	1,027	1,059	1,062
Total Personnel	6,726	7,464	9,782	10,010	9,866
Staff Dropout Rate	4%	6%	8%	6%	5%
Number of Customers	1,449,085	1,512,489	1,662,689	1,963,060	1,862,461
Customer Dropout Rate	4%	6%	4%	2%	16%
<b>B Savings Portfolio (million BD Taka)</b>					
Yearly Savings Deposit	8,211	9,537	13,539	19,214	36,661
Cumulative Savings Deposit	39,381	48,918	62,457	81,671	118,331
Yearly Savings Withdrawals	5,571	7,217	8,788	8,788	32,954
Cumulative Savings Withdrawals	29,051	36,268	45,056	57,675	90,628
Savings Portfolio	10,331	12,650	17,401	23,996	27,703
Savings Portfolio Growth	34%	22%	38%	38%	15%
Per Client Average Savings (BDT)	7,129	8,363	10,465	12,224	14,874
Savings to Loan Portfolio	32%	32%	29%	34%	42%
<b>C Loan Portfolio (million BD Taka)</b>					
Yearly Loan Disbursed	54,394	63,346	91,485	82,205	76,085
Cumulative Loan Disbursed	224,085	287,431	378,916	461,121	537,205
Yearly Loan Recovered	46,048	57,085	70,953	71,747	80,411
Cumulative Loan Recovered	191,306	248,391	319,344	391,091	471,502
Loan Portfolio	32,779	39,040	59,572	70,030	65,704
Loan Portfolio Growth	34%	19%	53%	18%	6%
Number of Borrowers	953,964	1,017,136	1,172,873	1,237,569	1,275,187
Borrower/Customers Ratio	69%	67%	71%	66%	72%
<b>D Sustainability/Profitability</b>					
Return on Equity (ROE)	35%	33%	27%	8%	14%
Return on Performing Assets	25%	25%	23%	21%	20%
Operating Self-Sufficiency	147%	154%	145%	111%	124%
Financial Self-Sufficiency	141%	149%	143%	110%	122%
Financial Spread (Net Financial Margin)	9.47%	11.04%	9.65%	3.29%	5.08%
<b>E Portfolio Quality</b>					
On Time Recovery Rate (OTR)	98.63%	98.16%	97.93%	95.83%	97.94%
Cumulative Recovery Rate (CRR)	99.38%	99.39%	99.38%	99.31%	99.40%
Portfolio at Risk-PAR (>30days)	2.38%	3.37%	3.24%	3.09%	2.33%
Risk Coverage Ratio	100%	100%	100%	100%	138%
Loan Loss Reserve Ratio	2.68%	3.32%	3.30%	3.24%	3.65%
Write-Off Ratio	0.70%	0.44%	0.44%	0.63%	0.61%
<b>F Assets/Liability Management</b>					
Yield on Gross Portfolio	25%	25%	24%	21%	21%
Current Ratio	575%	645%	805%	767%	270%
Financial Cost Ratio	6.14%	5.90%	6.38%	7.30%	5.39%
Annual Growth to Total Assets	35%	22%	50%	20%	2%
<b>G Leverage</b>					
Debt to Equity	2.34	1.75	2.07	2.12	1.52
Debt Service Coverage Ratio	1.36	1.63	1.43	1.19	1.19
Capital Adequacy Ratio	23.34%	29.38%	26.77%	24.51%	30.79%
<b>H Efficiency/Productivity</b>					
Loan Officer (LO) Productivity	342	323	355	324	305
LO Productivity (Loan-BDT)	7,729,011	8,342,021	12,715,522	11,587,490	10,749,929
LO Productivity (Savings-BDT)	2,435,867	2,702,829	3,714,147	3,963,639	4,532,574
Average Disbursed Loan Size (BDT)	52,870	61,269	78,021	81,433	70,615
Average Outstanding Loan Size (BDT)	32,795	38,320	50,763	54,406	48,714
Cost of per Unit Money Lent (BDT)	0.05	0.05	0.04	0.08	0.09
Operating Expenses Ratio	9.39%	8.34%	7.55%	9.72%	9.80%





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