

Report On
Fund Management for BRAC Microfinance Programme
BRAC Centre 75 Mohakhali, Dhaka - 1212

By
Mayeesha Samiha Sattar
Student ID: 16304045

An internship report submitted to the BRAC Business School (BBS) in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

Bachelor of Business Administration
BRAC University
January, 2021

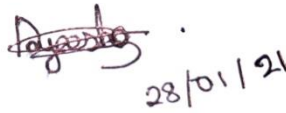
© 2020. BRAC University
All rights reserved.

Declaration

It is hereby declared that:

1. I/We solemnly declare that this report has been prepared by own hard work as a partial fulfillment of the undergraduate degree.
2. The report does not contain any work that has been published previously, any use of secondary data has been appropriately cited with full and proper references.
3. I/We have acknowledged all main sources of help for completing the report.

Student's Full Name & Signature:



Mayeesha Samiha Sattar

16304045

Supervisor's Full Name & Signature:

Dr. M. Mujibul Haque

Professor & Associate Dean, BRAC Business School

BRAC University

Letter of Transmittal

Dr. M. Mujibul Haque

Professor & Associate Dean

BRAC Business School

BRAC University

66 Mohakhali, Dhaka – 1212

Subject: Submission of Internship Report on “Fund Management for BRAC Microfinance Programme”

Dear Sir,

It gives me immense pleasure to present my internship report on “Fund Management for BRAC Microfinance Programme”, which was appointed to me under your guidance.

I have prepared this report as per the instructions of my on-site supervisor while following your guidelines at the same time. I have also tried to apply all the relevant concepts which I have learned throughout my undergrad years. I will be glad to clarify if there are any mistakes that I may have made without my knowledge.

Thank you for your time and cooperation.

Best Regards,

Mayeesha Samiha Sattar

Student ID: 16304045


BRAC Business School

BRAC University

Date: January, 2021

Non – Disclosure Agreement

The Contract or Agreement is being made and entered into by and between BRAC and undersigned student from BRAC University, Business School.


28/01/21

Mayeesha Samiha Sattar

Acknowledgement

Firstly, I am grateful to BRAC NGO for recruiting me as an intern and providing me with valuable learning experience in my chosen field.

I consider myself fortunate that, I have received the opportunity of working on my internship report under the supervision of our honorable faculty Dr. M. Mujibul Haque, Professor & Associate Dean of BRAC Business School at BRAC University. He has continuously provided crucial advices and support whenever required, taking time out of his busy schedule.

Last but not the least, I would like to show my profound gratitude towards my work supervisor Ms. Moonia Farlina Islam, Senior Manager, Finance at BRAC for her constant encouragement, mentorship and creating an environment where I could work with ease. She has helped me diversify my knowledge regarding Finance and directed me immensely toward completing my tasks as well as the internship report. In contrast, I would also like thank my senior colleagues who helped me understand the day to day operations of the programme and demonstrated me the use of different software for record keeping.

Executive Summary

This internship report was prepared with reference to the three months long internship period that I had the opportunity of doing in the main headquarters of BRAC, from 08 October, 2020 to 07 January, 2021. It was prepared in an attempt to give a clear picture to the readers of how funds are managed for the smooth running of the Microfinance Programme. Additionally, the study also outlines the corporate structure of BRAC and will assist in understanding the diversified subsidiaries operated by the company. However, I have specifically focused on the Microfinance programme which falls under the social development criteria of the business. As, I have been given the opportunity to work in the Finance and Accounts department of BRAC NGO, where my supervisor was in charge of managing funds for the programme.

The first part of the report scrutinizes an overview of my entire affiliation period with the company. I have begun with providing information regarding my internship followed by highlighting the job tasks and responsibilities. After that, this part will help understand the potential benefits and difficulties that the future interns might have to face, learning from my experience.

The second part of the report contains a brief introduction of the company followed by a comprehensive summary of its different ventures and investments. Subsequently, the cultural practices and the financial condition of the company have been briefly discussed. A SWOT analysis has been conducted here in order to assess BRAC's industry competitiveness.

The last part of the report is entirely focused on the process of arranging, collecting and disbursing of the funds required for the Microfinance programme which has been precisely termed as "Fund Management". For a clear understanding, the project part begins with explaining the operations of MF and puts forward other crucial data regarding the programme. This part also involves a SWOT analysis which is developed based upon the efficiency and shortcomings of the programme.

I would like to conclude by saying that it was a great honor for me to get the opportunity to be able to join the finance team as an intern. I have been given the privilege to work with amazing individuals who made sure I was comfortable learning in this environment. Last but not least, I consider it to be a big milestone in my career development. It was three great months which I will cherish forever.

Contents

Chapter 1: Overview of Internship	9
1.1 STUDENT INFORMATION	9
1.2 INTERNSHIP INFORMATION	9
1.2.1 Period, Company, Department & Address	9
1.2.2 Internship Company Supervisor’s Information: Name and Position.....	9
1.2.3 Job Scope.....	9
1.3 INTERNSHIP OUTCOMES.....	10
1.3.1 My contribution to the Company	10
1.3.2 Benefits to the Students	10
1.3.3 Difficulties Faced during the internship	10
1.3.4 Recommendations to the company on future internships	10
Chapter 02: Organization Overview, Operation and Strategic Audit	11
2.1 INTRODUCTION	11
2.1.1 Objective.....	11
2.1.2 Scope	11
2.1.3 Methodology.....	11
2.1.4 Significance of the Study.....	11
2.2 OVERVIEW OF THE COMPANY	12
2.2.1 Vision of BRAC.....	14
2.2.2 Mission of BRAC.....	14
2.2.3 Values.....	14
2.2.4 Organogram of BRAC.....	15
2.3 MANAGEMENT PRACTICES	16
2.4 MARKETING PRACTICES.....	17
2.5 FINANCIAL PERFORMANCE AND ACCOUNTING PRACTICES	20
2.5.1 Financial Statements and Performance.....	20
2.5.2 Ratio Analysis.....	23
2.5.3 Accounting Practices	24
2.6 OPERATIONS MANAGEMENT AND INFORMATION SYSTEM PRACTICES	25
2.7 INDUSTRY AND COMPETITIVE ANALYSIS	27
2.8 SUMMARY AND CONCLUSIONS	29

2.9 RECOMMENDATIONS	29
Chapter 03: Project Part.....	30
3.1 INTRODUCTION	30
3.1.2 Objective.....	30
3.1.3 Significance	30
3.2 METHODOLOGY	31
3.3 OPERATIONAL MODEL OF MICROFINANCE PROGRAMME	31
3.3.2 Portfolio Quality	33
3.3.3 Capitalization and Funding Strategy	34
3.3.4 Fund Transfer.....	34
3.4 SWOT ANALYSIS FOR MICROCREDIT PROGRAMME	35
Strengths:	36
Weakness:	36
Opportunities:	36
Threats:	37
3.5 FINDINGS AND ANALYSIS	38
3.6 RATIO ANALYSIS.....	45
3.7 SUMMARY AND CONCLUSIONS	50
3.8 FINDINGS AND RECOMMENDATION	50
Appendix.....	52
Acronyms	55
Bibliography.....	56

Chapter 1: Overview of Internship

1.1 STUDENT INFORMATION

I, Mayeesha Samiha Sattar (ID: 16304045), a student of BRAC Business School, BRAC University. I started my journey as an undergrad from summer 2016. Finally, I will be graduating with a major degree in Finance and minor in Economics.

1.2 INTERNSHIP INFORMATION

1.2.1 Period, Company, Department & Address

I have had the privilege of doing my internship in the Finance and Accounts Department of BRAC NGO, which is widely known to be the largest non-governmental organization in the world. I have begun my internship from 8th October 2020 and successfully completed three months, ending it on 7th January 2021. I was assigned in the main headquarters, “BRAC Centre”, situated in 75 Mohakhali, Dhaka-1212, Bangladesh.

1.2.2 Internship Company Supervisor’s Information: Name and Position

I have worked under the supervision of Mrs. Moonia Farlina Islam, mainly focusing on the fund management process of Microfinance programme. She is the Senior Manager of BRAC Finance and Accounts Department. She has always guided and coached me with great spontaneity, making my entire internship journey vastly enjoyable.

1.2.3 Job Scope

I have joined as an Intern in Finance and Account department. In the first few weeks of internship I have learned about all the documents required to obtain a loan facility. Meanwhile, I have prepared resolutions upon receiving sanction letters from Banks and NBFIs. Furthermore, I have inputted data into board resolutions for newly opened bank accounts of Microfinance and BDFP projects. I have religiously updated credit rating data that assists the seniors in taking investment decisions. Moreover, I have also updated FDR related information of Banks and FIs. Subsequently in the following months I have been given the opportunity to sit with my seniors and observe their work to understand their roles. Even though, I was not allowed to use the different data entry software, my senior colleagues still demonstrated how to work with them regardless. I have assisted my supervisor with some of her tasks which included doing a data check of the credit rating report of BRAC as a whole. Lastly, I have had the opportunity to sit with the financial analysis team to gain knowledge on how financial statements are analyzed.

1.3 INTERNSHIP OUTCOMES

1.3.1 My contribution to the Company

I have always focused on completing all the tasks that I was provided with, as being an intern I had limited role to play in order to be able to contribute largely in the company. While performing my tasks, my supervisor has noticed my excellent writing skills, for which later on I reviewed various documents and suggested word/structural changes where it was appropriate. Moreover, I assisted my supervisor with checking the data of the credit rating report for the previous year 2020 that is to be published in the current year. Moreover, I have done an analysis on the similarities and differences of the policies of BRAC NGO and BRAC Bank Ltd to help my on-site supervisor find out if BRAC's HR policies required a change. As foreign lenders require BRAC to ensure their policies always remain updated and of best practice.

1.3.2 Benefits to the Students

Internship is a credit requirement of BRAC Business School in order for students to graduate. Hence, this internship has enabled me to fulfill the 4 credits required for the undergrad programme. Additionally, I have gotten the chance to acquire firsthand knowledge regarding my chosen field by observing my colleagues perform their day-to-day job duties. In this entire 3 months internship period, I have obtained computer proficiency in excel and acquired marketable experiences. Moreover, it has helped me to recognize my strengths & weaknesses and learn from my mistakes under the guidance of my on-site supervisor. I have been able to learn the corporate culture and prepare myself to enter the job market. I believe BRAC provided me with a huge platform to jump start my career, allowing me to have the chance to meet professionals from this field.

1.3.3 Difficulties Faced during the internship

Due to this pandemic I felt it was not safe for me to attend office physically. However, BRAC understands the safety concerns of its employees and showed leniency in physical attendance as much as is feasible. I mostly worked from home but I felt that the lack of physical presence in the office was an immense barrier for me to learn work with my utmost potential. For good measure, BRAC offers subsidized lunch packages. However, I could only avail it by asking a permanent employee to purchase the token from their account every time I had lunch in the office.

1.3.4 Recommendations to the company on future internships

I have observed that the finance and accounts department rarely hires interns. I would recommend the company to provide opportunities to more graduates to work in this department. Moreover, I have felt that BRAC should take an initiative to build a rapport between the different departments in the head office building. Since, due to the lack of permission I was not able to gather and include information about the work practices of the other departments in my report.

Chapter 02: Organization Overview, Operation, and Strategic Audit

2.1 INTRODUCTION

2.1.1 Objective

This report is an insight into the internal operations, management practices, and financial performances of BRAC. The objective here is for readers to understand and comprehensively dissect how the organization has created a symbiosis of functions between its various departments. The marketing and HRM processes have been analyzed to evaluate an understanding of how BRAC uses its services and practices, respectively, to create such a successful cycle of social enterprises, linked to social development. Of course, an organization of such size and stature not only has its advantages, there are draw backs, too. Accordingly, a SWOT analysis, along with a comprehensive ratio analysis of BRAC's accounts has been done to better understand its performances and situation. Lastly, the paper will be followed by recommendations for the company in case of room for improvements.

2.1.2 Scope

This report will give a clear idea to the readers about the different enterprises owned by the company. In simpler words, readers will understand the reason behind BRAC claiming itself a social enterprise. They will understand how the organization maintains self-sustainability through certain operations whilst generating excess amount which is then projected towards social welfare. Lastly, this part also contains information about the company values, practices and policies, followed by a general analysis of the company's financial performance.

2.1.3 Methodology

In this research, I will be including data by using qualitative research tools such as direct work experience & observations and individual interviews. Moreover, for quantitative data involving numerical and statistical explanations, I will be relying on the annual report, credit report, past internship reports and the official website for specific information about the programme. Finally, I will reach conclusions and provide recommendations based on the different financial indicators derived from the audited financial statements.

2.1.4 Significance of the Study

This study is significant for the students who are looking forward to do an internship from BRAC. Furthermore, this report will guide students who choose to conduct their internship research on BRAC in the future. This specific chapter outlines the operations of BRAC accompanied by a holistic analysis of the company's strengths, weaknesses and marketing approaches. This will also guide in apprehending the organization better through performance assessment. Moreover, the research will assist the company to identify their weaknesses and work through their strengths by making the best possible use of their opportunities.

On contrary, this internship has helped me understand corporate etiquettes which will help me behave accordingly in my potential work place. It will even be more helpful if I further pursue my career in finance. Lastly, this report will fulfill the programme requirement and help me complete my under graduation successfully.

2.2 OVERVIEW OF THE COMPANY

Bangladesh Rural Advancement Committee (BRAC), first commenced as a limited relief operation in a rural area in Bangladesh in the year 1972. The operations have then been spread over to 10 more countries, and later it transformed into the largest non-governmental organization in the world. The founder of the organization was Sir Fazle Hasan Abed, KCMG who received numerous internationally recognized accolades for his contributions to the societal development. BRAC aimed to bring together the poorest of people, taught them to read and write and made them capable enough to pool resources in order to become self-sufficient & earn a living from it. The organization contains one of the largest pools of employees in Bangladesh, creating nationwide employment opportunities including remote areas which have been one of its major achievements.

After recording the opinions of several development professionals, the “Global Journal” named BRAC the number one NGO in the world in terms of impact, innovation and sustainability in 2013. Moreover, in 2016, it was the first ever organization to have received the Smart Certification for its commitment towards client protection.

Mr. Asif Saleh is the Executive Director of BRAC with effect from 1 August, 2019. He made a substantial effort to expand low-cost broadband connectivity across Bangladesh in accordance to government’s m-government strategy, an initiative take to digitalize the country. BRAC currently has its operations in more than 69000 villages all throughout Bangladesh, assisting with their development through its interventions which includes primary education, essential healthcare, agricultural support and human rights and legal services to enterprise development and microfinance. It reaches 120.00 million people with its healthcare programs, provides 1.80 million children with various education programmes and assists 8.00 million members with its microfinance programmes. In addition, it ensures that its curative and reproductive health services reaches to more than 92 million people.

In FY 2019, the organization received 16.02% income from donor funds while the remaining income was generated internally from its service charges on microfinance loans, investment income, interest income, program support enterprise, social enterprise, income from housing properties and other

incomes. It launched a 5 year strategic plan, to bring out the maximum potential of the people living in Bangladesh, which focuses on 8 different areas i.e., eliminating extreme poverty, expanding financial choices, building employable skills for decent work, pro poor urban development, climate change and emergencies, gender equality, providing universal access to healthcare and lastly, investing in the next generation. BRAC also extends gratuitous grants or provides donor liaison assistance to certain organizations that, in some cases bear its name that resembles BRAC, viz BRAC University, Stitching

BRAC International, BRAC International Holdings B.V, BRAC Afghanistan, BRAC Uganda, BRAC Sierra Leone, BRAC Rwanda, BRAC Myanmar, BRAC Tanzania, BRAC South Sudan, BRAC Pakistan, BRAC Philippines, BRAC Liberia and BRAC Nepal.



BRAC University

BRAC University was established to fill the dearth of creating capable youth leaders. It was an elite response for meeting the needs of the society by molding its tools required in health, education, governance and business to create equity that helps alleviating poverty and discrimination. The university was initiated in 2001, and within very less time it ranked as one of the top most universities in Bangladesh, with 7000 students graduating every year approximately.

Stitching BRAC International

This foundation has been set up in Netherlands with the responsibility of managing and governing BRAC entities operating outside Bangladesh except for its affiliates, BRAC USA and BRAC UK.

Social Development

BRAC creates impactful transformation in the societies through eight programmes:

- a) Eliminating Extreme Poverty (via ultra-poor graduation and integrated development)
- b) Expanding financial choices (via microfinance)
- c) Employable skills for decent work (skills development and migration)
- d) Climate change and emergencies (climate change, agriculture and food security and humanitarian programme)
- e) Gender equality (via gender justice and diversity, community empowerment and human rights & legal aids services)
- f) Universal access to healthcare (via health, nutrition & population and water, sanitation and hygiene)
- g) Pro-poor urban development (via urban development)
- h) Investing in the next generation (via education)

Social Enterprises

Social enterprises are self-sustaining entities that lie between business and traditional non-profit. They are cause driven with their excess amount being reinvested and utilized in bringing solutions to social problems. The ventures include Aarong, BRAC Dairy, BRAC Seed and Agro, BRAC Artificial and Insemination, BRAC Nursery, BRAC Sericulture, BRAC Fisheries, BRAC Recycled Handmade Paper, BRAC Cold Storage.

Humanitarian Response

It works to provide aid during natural disasters such as floods, earthquakes and droughts. Also, provides extensive services to the Rohingya and host communities in Cox's Bazar.

Investments

BRAC invests in seven socially responsible companies who help achieve its goal of self-sustainability. Investments – BRAC Bank, Delta BRAC Housing, BRACNet, Guardian Life Insurance, IPDC Finance Limited, BRAC IT Services and BRAC Tea Estates.

2.2.1 Vision of BRAC

A world free from all forms of exploitation and discrimination, where everyone has the opportunity to realize their potential (brac.net, 2020).

2.2.2 Mission of BRAC

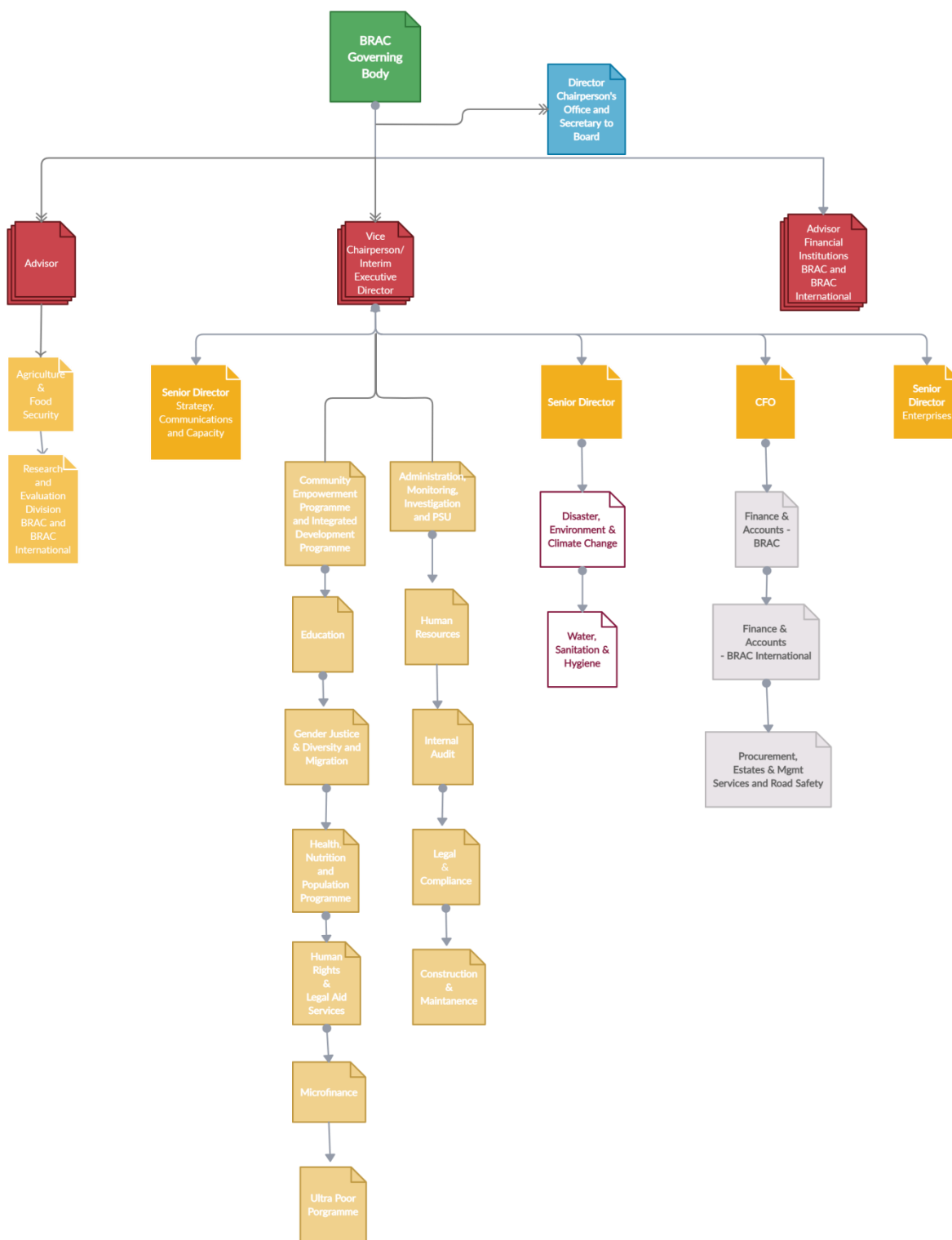
BRAC aims to empower people and communities in situations of poverty, illiteracy, disease and social injustice. BRAC intervenes with the aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential (brac.net, 2020).

2.2.3 Values

- Integrity
- Innovation
- Inclusiveness
- Effectiveness

2.2.4 Organogram of BRAC

Figure 01: BRAC's Organizational Structure



2.3 MANAGEMENT PRACTICES

BRAC views its employees as the most valuable asset of the organization. The HR division screens through and recruits the employees with the highest caliber via competitive processes according to the requirements of the organization and job position. The organization actively pursues what is “best fit” based on its need and respective organizational values through proper planning and implementation, efficient assessment process and upholding & maintaining strong employer brand. BRAC offers equal employment opportunities for career development to all the employees and provides compensation benefits.

Employee Classification

- 1) Regular Staff - These employees will be on one year probation before they are made permanent. Once they are permanent, they are bought under the shelter of provident fund.
- 2) Part time Staff – They are appointed on the basis of hours or a day. These types of employment contract are not subjected to extra employment benefits, with their tenure not being more than 11 months.
- 3) Contractual Staff – The duration of employment depends on the contracted time limit. However, which can be modified later, if needed. These employees will not receive the benefits of provident fund, gratuity service and festival allowance.
- 4) Service staff – Service staffs will not have to remain in probation and also can access provident fund once they join the job as regular employee.

Other Employment Benefits

- a) Festival Allowance
- b) Transport Facility
- c) Special allowance for Specific Purposes
- d) Special leave for working on weekends or annual holidays
- e) Special allowance for working in hard to reach areas and branches
- f) Incentive for profit oriented business
- g) Residence Facility
- h) Daycare Facility
- i) Internal travel allowance
- j) Accommodation & Fund allowance
- k) Night Halt allowance
- l) Distance allowance

- m) Transfer allowance
- n) Overtime allowance
- o) Training and higher study facilities
- p) Gratuity Fund
- q) Provident Fund
- r) Loan Facilities to Staff
- s) Staff Loan
- t) Special Loan
- u) Housing Loan
- v) Motorcycle Loan
- w) Higher study Loan for children and staff
- x) Car loan
- y) Life Insurance Benefit
- z) Health insurance Benefit
- aa) Telephone Facilities
- bb) Mobile phone bill

Maternity leave with pay

Female employees are granted 6 months maternity leave with pay. Moreover, they can also avail additional 6 months maternity leave (without pay) and join after a year from the day of birth of the child.

Paternity leave with pay

Male employees can avail a maximum of 1 month paid-leave. However, after the 2nd child, the benefit no longer applies for the 3rd-born, and onwards.

2.4 MARKETING PRACTICES

BRAC has wide range of operations all over the country. However, in this part, more emphasis is being put on the “social development” programmes that provide services to alleviate poverty and promote self – sustainability.

- Ultra Poor Graduation – Impoverished people are provided with grants and soft loans together with technical skills, so that can start a small business of their own and devise market feasible products. Other services include, financial inclusion, social empowerment and social protection (brac.net, BRAC:Ultra-poor graduation programme, 2020).
- Integrated development – Services are extended to hard-to-reach areas for socio – economic development. Such as empowering women through their participation in local power structures

(Palli Shomaj). Other services include diversified and sustainable livelihoods, enhance access to basic services etc (brac.net, Integrated development, 2020).

- Microfinance – Provides loans to women, small enterprises, migrant households, agriculture and jobholders. Other pilot initiatives are tailor-made for specific purposes which include; loans for sanitation, medical treatment, RMG workers and season- based (brac.net, Microfinance, 2020).
- Skills Development – Provides skills training for decent jobs and market development through improving value chains for micro, small and medium enterprises (brac.net, Skills Development, 2020).
- Migration – Provides services to create awareness for safe pre – migration in order to avoid human trafficking. Additionally, assistances are also given during migration by creating a linkage with the embassies, offers emergency support to vulnerable migrants and reintegration services (brac.net, Migration, 2020).
- Education – This programme emphasizes on preparing children for the 21st century. Some of the initiatives include establishing early childhood development centers, pre-primary schools, primary schools, secondary schools and adolescent clubs. Also, support the government in educating the children in Rohingya camp (brac.net, Education, 2020).

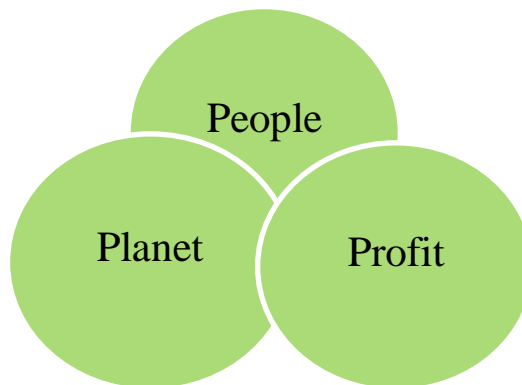
Other support programmes include Climate Change, Agriculture & Food security, Humanitarian, Gender Justice & Diversity, Community Empowerment, Human rights & Legal Aids services, Health, Nutrition & Population, Water, Sanitation & hygiene and Urban Development.

The organization believes in the conventional way of reaching to clients and depends on word of mouth recommendations for the social development programmes. However, it does rely on strategic promotion for the social ventures especially Aarong. BRAC does not abide by the traditional 4ps for marketing its products rather follows an enterprise rule of triple bottom line (3ps).

BRAC has designed its business model in a way that generates financial surpluses which also fulfill social/development goals. Aarong is a flagship social enterprise of BRAC which was initially established to support the sericulture initiative programme. The initiative was taken to equip rural women with resources in order to assist them with earning their own livelihoods. However, this did not provide a continuous sustainability to their daily lives, unless the hand spun silk was marketed at a larger scale. Aarong created a market platform which brought the suppliers to the potential buyers who were ready to buy at a price that benefited both the parties. BRAC now operates 18 different social enterprises which were formed to support individual programmes. They include fisheries, health, livestock, agriculture, green energy, education, printing and retail sectors.

The organization operates as a surplus generating mechanism by eradicating poverty through its business operations, while being profitable and sustaining its vision at the same time. Even though BRAC focuses on social, financial and environmental gains, it puts heavy significance on three ethos “The 3ps”; **people**, **profit** and the **planet**. The organization only considers itself successful by meeting the following criterion:

- i) It focuses on meeting the necessities of poverty stricken people.
- ii) It has to generate profits for the smooth running of the development programmes
- iii) It should always pursue green approach.



BRAC Enterprises' Triple bottom line

2.5 FINANCIAL PERFORMANCE AND ACCOUNTING PRACTICES

2.5.1 Financial Statements and Performance

BRAC

Statement of Income and Expenditure Converted to USD

For the year ended 31st December 2019

	2019		2018	
	BDT	USD	BDT	USD
Income:				
Donor grants	13855431903	165043858	13052555411	155480112
Social enterprises	16,727,388,949	199254186	15963431001	190154032
Mivrofinance programme	56866222004	677382037	45970181074	547590007
Self-financing social development programme	1111125520	13235563	1238629026	14754366
Investment income	200683637	2390514	217875460	2595300
Community contribution	1000167362	11913846	1512406328	18015561
House property	92593668	1102962	92593668	1102962
Total Income	89853613043	1,070,322,966	78047671968	929692340
Expenditure:				
Social enterprises	14751216995	175714318	14292037535	170244640
Micro Finance programme	39909043349	475390630	29598743796	352575864
House property	4669419	549963	58900848	701618
Agriculture and Food security	16385453	195181	73539035	875986
Community empowerment programme	279518943	3329588	296447514	3531239
Education programme	2126223583	25327261	3763213655	44826845
Gender, Justice and Diversity	118242230	1408484	145618483	1734586
Health programme	4225917877	50338510	4134008246	49243696
Human rights and legal aids services	341577024	4068815	330841546	3940936
Policy advocacy	53531885	637664	59461048	708291
Water, sanitation and hygiene programme	341772203	4071140	652072685	7767394
Ultra poor programme	2008360909	23923298	2302436776	27426287
Forcibly-displaced Myanmar nationals	4568977441	54424984	2914613506	34718446
Disaster management and climate change	217965788	2596376	245997996	2930292
Skills development programme	754954897	8992911	499228766	5946739
Migration programme	265545874	3163143	98429834	1172482
Other development programme	227182085	2706159	373520223	4449318
Other development projects'	1280816247	15256894	451095441	5373382
Grants	236338397	2815228	12614227	150259
Total Expenditure	56977023604	679196229	60302821160	718318300
Surplus (deficit) of income over expenditure	18083872444	215412417	17744850808	211374042
BRAC contribution to support donor funded programme	-	-	-	-
Surplus of income over expenditure before taxation	18083872444	215412417	17744850808	211374042
Taxation	-729000000	-8683740	-1753000000	-20881477
Net surplus for the year	17354872444	206728677	15991850808	190492565

Table 01: Income Statement

BRAC

(Registered in Bangladesh under the societies Registration Act, 1860)

Statement of Financial Position

As at 31 December 2019

	Reported Balance	Restated Balance	Restated Balance
	31-Dec-19 Taka	31-Dec-18 Taka	01-Jan-18 Taka
Assets			
Cash and bank balance	25492553348	21561781316	21024279120
Advance, deposits and prepayments	10720793501	13395077904	10012346517
Inventories	6099099677	5567755743	4963482830
Grants and accounts receivable	3334745791	3860680137	3432380353
Microfinance loans	2.43988E+11	202494959364	163229190720
Motor cycle loans	85192350	207030285	692968379
Investments in securities and others	747400000	1057400000	1925728676
Investment in related undertakings	31297956474	27710751304	17361028752
Property, plant and equipment	19386654376	19018501326	17350511791
Total assets	341152346073	294873937379	239991917138
Liabilities and net assets			
Liabilities			
Liabilities for expenses and materials	13897568153	11208183484	9664233920
Bank overdrafts	27893463383	36115730851	23688516176
Term loans	44532426404	38136805679	28969558656
Members' savings deposits	97006031994	69587804893	59880530227
Grants received in advance	2112020638	3011803509	3149635367
Deferred grant income	694027199	750483192	692029289
Other long term liabilities	17070707618	14498696826	13140029256
Provision for taxation	4560746075	8693564948	6940564947
Total Liabilities	207766991464	182003073382	146125097838
Net assets:			
Unrestricted	132,903,772,867	111711995654	92711216682
Temporarily restricted	481581742	1158868343	1155602618
	133,385,354,609	112870863997	93866819300
Total Liabilities and net assets	341152346073	294873937379	239991917138

Table 02: Balance Sheet

Source: Annual Report 2019

Income and Expenditure Composition

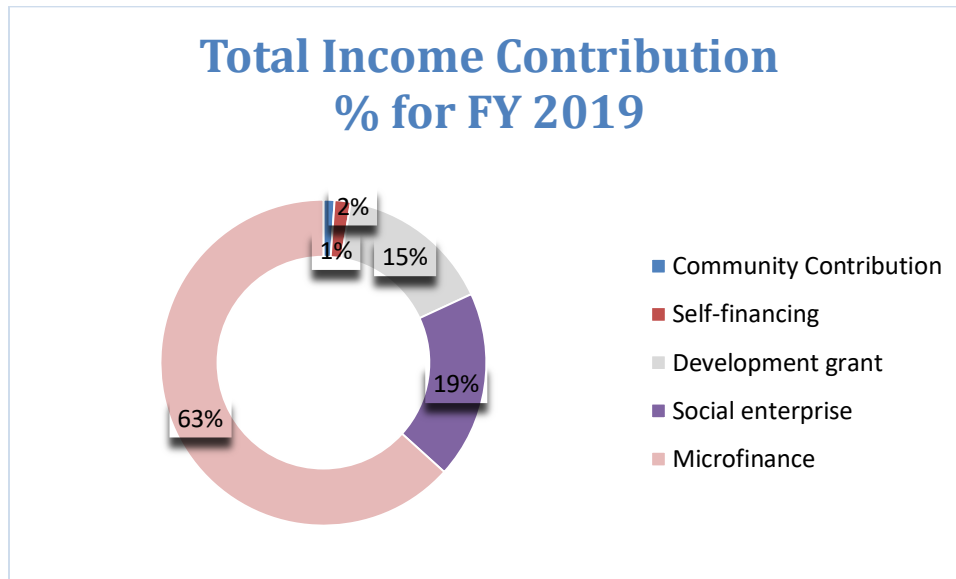


Figure 02: Percentage Allocation of Total Income

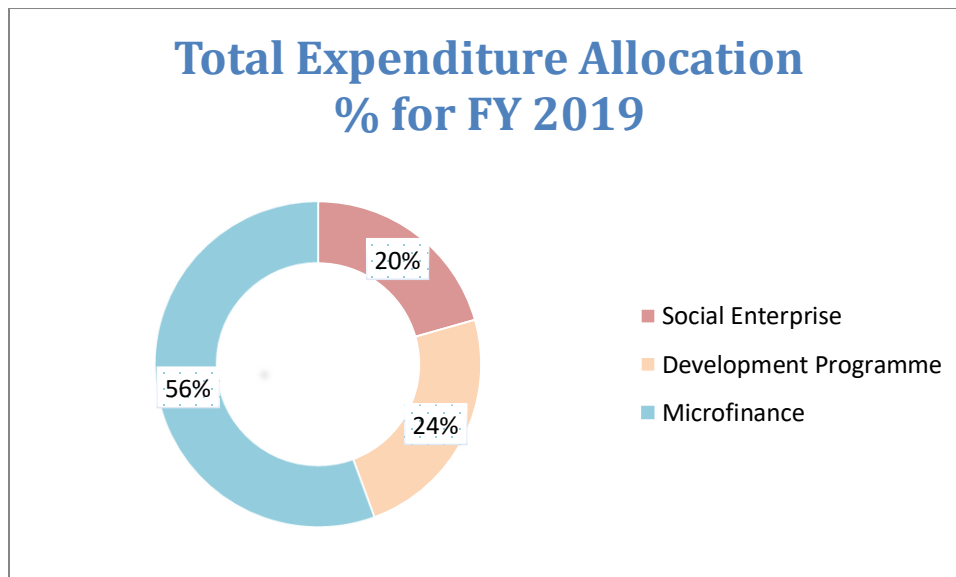
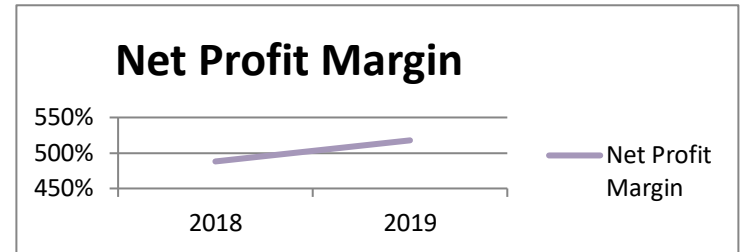


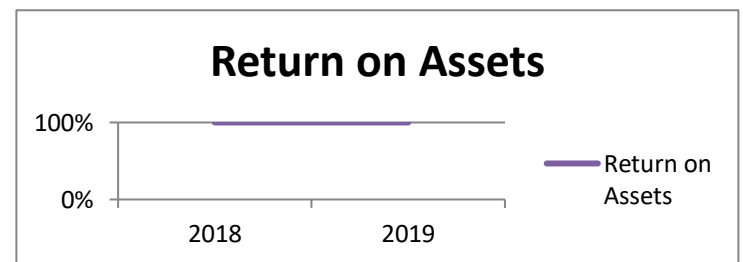
Figure 03: Percentage Allocation of Total Expenditure

2.5.2 Ratio Analysis

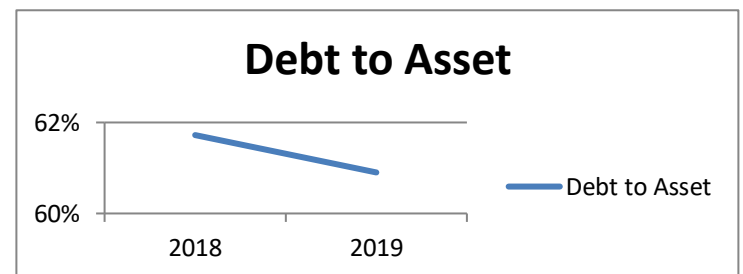
Year	2018	2019
Net Profit Margin	488%	518%



Year	2018	2019
Return on Assets	5%	5%



Year	2018	2019
Debt to Asset	62%	61%



Findings

- ✚ The above calculation shows that the Net Profit margin is exceedingly high and way above industry average. Furthermore, it has only increased from the year 2018 to 2019.
- ✚ From the analysis, it can be seen that Return on Assets was constant in the previous two years.
- ✚ The company's Debt to Asset ratio is comparatively high as per my calculation. However, this would mean lower probability which is not so in the real case as per my on-site supervisor. In conclusion, BRAC has a really good grasp over the utilization of its assets and manages its debts very well without defaulting.

2.5.3 Accounting Practices

BRAC prepares its books of accounts and records on the basis of its different programmes or projects. The head office keeps account of all treasury, investment and management functions. The organization's accounting records and financial statements are prepared and presented according to fund accounting principles, which classifies the internal reporting according to the nature and purpose of the funds in existence or absence of donor imposed restrictions.

Reporting period

The annual reports are prepared for January to December period.

Going Concern

Due to the lockdown situation, BRAC's fiscal performance and growth was temporarily disrupted in the year 2020. But however, it had no such impact on the 'going concern' principal.

Donor Grants

All donor grants are initially recorded as liabilities in advance account of all the grants received. Donor grants which are used to purchase fixed assets and motor vehicles are transferred to deferred income accounts; on the other hand grants related to programme related expenditure are recognized as income.

Revenue Recognition

Service charge on microcredit loans – This is recognized as income on an accrual basis.

Other forms of revenue recognized:

- a) Social Enterprise Projects
- b) Revenue from sale of goods
- c) Interest on fixed deposits, bank accounts and bonds (recognized on accrual basis)
- d) House property income (accrual basis whether cash received or not)

Property Plant and Equipment

All of them are initially recorded at cost. The cost is recognized as an asset, only if the below mentioned conditions are met:

- a) Available asset for operations
- b) The assets will result in potential economic benefits for BRAC
- c) The cost exceeds tk. 2000
- d) It is expected to have a useful life for more than 3 years.

Microfinance loans

BRAC provides collateral-free microcredit loans to members on the basis of a certain service charge specified for different programmes.

Provision for Loan Losses

Management measures the adequacy of the loan loss provision on the basis of the age of the loan portfolio and calculating the required provision for loan losses.

Table 03: Provisioning Methodology

Loan Classification	Days in Arrears	Provision required
Standard	Current (no arrears)	1%
Watchlist	1 – 30	5%
Substandard	31 – 180	25%
Doubtful	181 – 350	75%
Loss	Over 350	100%

Source: Annual Report 2019

Loans written off

Loans which remain unpaid for a period of more than a year are recognized as late loans and classified under non – interest bearing loans (NIBL). These are loans which are considered to be unrecoverable and are referred to BRAC Governing Body to be written off, usually within one year from the date when the loan is recorded as NIBL.

Accounts Receivable

Generated through BRAC’s programme support enterprises and income generating activities, and are recorded as net of provision for doubtful debts.

Taxation

Income Tax liabilities are paid in regard to the Income Tax Ordinance. 1984 (Amended), for activities which generates taxable income for BRAC (brac.net, Annual Report and Publications, 2020).

2.6 OPERATIONS MANAGEMENT AND INFORMATION SYSTEM PRACTICES

Overall operations of BRAC are centrally regulated by the secretariat. The IT team containing in the secretariat oversees any support required for Enterprise Resource Planning Development and offers assistance regarding software updates and troubleshooting. IT team of a country is accountable to report

to their corresponding country's management. The departments provide data to the information system of the management and also finance team, by initially storing programme related data and other financial statistics. These data are used by the head office employees to prepare financial and managerial reports, as well as monitor progress at the same time.

The Technology for Development (T4D) team focuses on product development, business operations and insights. They build products which decentralize decision making process and assists in the delegation of work to the field staffs so that they are able to identify market gaps themselves and provide actionable insights. Data models per project is built based upon the day to day labor work in progress, which also ensures that field operations team of the individual projects own and runs the operation management platform. TaroWorks and Salesforce are used in every project for their respective field operations management. TaroWorks is an app which helps in collecting data whereas, Salesforce is a sophisticated user interface which is used to analyze those data.

2.7 INDUSTRY AND COMPETITIVE ANALYSIS



Figure 04: SWOT Analysis of the Organization

Strengths

- ✚ **Powerful Brand Image** – BRAC offers numerous programs to build confidence and self-reliance among individuals and communities to overcome poverty. Working at grass root levels, both nationally and internationally, has given the organization adequate amount of exposure to public. BRAC has obtained goodwill for its work over the years and also, due to positive word of mouth.
- ✚ **Operations at a Large Scale** – The organization do not only operate in Bangladesh but also in other countries such as Uganda, Sierra Leone, Rwanda, Myanmar, Tanzania, South Sudan, Pakistan, Philippines, Liberia and Nepal. BRAC has already reached 138 million with its aids and assistance, and further aims to scale up to 250 million people all over the world by 2030, in order to meet the Sustainable Development Goals within the next 10 years.
- ✚ **Exempted from paying taxes** – BRAC benefits from tax exemption as the Bangladeshi government has exempted the NGOs from paying taxes. Likewise, BRAC does not have to pay taxes on its donor restricted assets.
- ✚ **Strong Finance and Account Department** – BRAC owns the largest treasury account in the country, liaised with 37 commercial banks. Employees working in this department are comparatively older, more experienced and extremely loyal towards the company. During the

initial outbreak of corona virus, employees from this department worked relentlessly day and night to save the company from plunging. Even in that situation the financial health of the company was praiseworthy which only attributed to the hard work of these employees.

Weaknesses

- ✚ **Dependency on Donor Funds** – BRAC is heavily dependent on the donations and grants it receives from the individuals and funding organizations. This makes them accountable to those donor agencies especially foreign lenders, who sometimes demand significant changes in the policies or any such thing in order for the organization to avail the loan.
- ✚ **Low Salary Bands** – BRAC employees receive low remuneration compared to professionals from other MNCs or corporate giants. Although the organization does offer numerous employee benefits to boost job satisfaction, but this might still not motivate money driven employees.
- ✚ **Government Restrictions** – The organization has to seek approval from the NGO Affairs Bureau of Bangladesh before implementing any donations on a project. It obliges BRAC to mention the sources and uses of funds in order to ensure accountability and transparency. The government allows registration to last for 10 years however, it still holds the authority to cancel the registration anytime upon violation of laws.

Opportunities

- ✚ **Donor Support** – BRAC has its popularity known worldwide, for which it receives huge amount of support from foreign donor agencies already. This will continue to assist them in obtaining potential lenders and grants in the future.
- ✚ **Introducing ERP** – The organization has successfully implemented ERP to manage its field operations during the pandemic in 2020. It will be introducing the software to all the departments in the following year to increase efficiency and effectiveness.
- ✚ **Responsiveness to future calamities** – BRAC has always responded to unforeseen calamities immediately whether it was during the Rohingya crisis or outbreak of corona virus. The organization remains updated and sends voluntary team upon emergencies.

Threats

- ✚ **Need for Coordination** – BRAC is a large corporate umbrella with subsidiary pockets. It has to tie together several business units in order for the smooth running of the organizational operations. Therefore, managing this many employees and maintaining synchronization amongst them can be a real time challenge for the organization
- ✚ **Other Existing or New NGOs** – There are numerous NGOs established in the country, hence threats from competitors is pretty high. This also means that the donations will be distributed

among the different NGOs. However, BRAC being the largest NGO in the world, still possesses a competitive edge in the market.

2.8 SUMMARY AND CONCLUSIONS

During the Covid 19 outbreak, BRAC created awareness through various campaigns and offered food support to the community, especially those who suffered the most financially. Alongside the government they also responded to medical emergencies by setting up testing booths and providing BRAC doctors and managing volunteers. There were temporary disruptions in the business operation caused by the national lockdown which had a negative impact on the financial performance and growth of the business in 2020 which is expected to persist in the current year 2021. However, the management believes that the aftermath of the pandemic will have no such materialistic impact on the organizations future stability. Given the current liquidity position and excellent reputation of BRAC in the local market, I believe the organization possesses sufficient strength to recover from the economic turmoil and be on track for growth within 6-12 months. Lastly, BRAC has sufficient resources to tackle any unforeseeable challenges in the future and continue its operations for an indefinite period.

2.9 RECOMMENDATIONS

BRAC is performing tremendously in terms of capital adequacy, asset management and liquidity management, hence they should try continuing the good work even in the future. However, from what I have seen, BRAC does not get the programmes enough exposure. Many individuals are still unaware of the different programmes offered by BRAC. This arises the need for the programmes to be advertised both so that the right people can reap the benefits and socially responsible people can help the organization project their assistance atowards the ones who need them the most.

Chapter 03: Project Part

3.1 INTRODUCTION

About 1.7 billion adults in the world are denied access to the formal banking system, among which approximately half of these population live in developing countries such as Bangladesh, Mexico, China, India, Nigeria, Indonesia and Pakistan.

With 82% of people in Bangladesh living under the poverty line, providing them with collateral-free financial services is likely help them solve some of their persistent problems such as poverty and inequality. BRAC, Grameen Bank, ASA, RAKUB, TMSS and BRDB provide these mirco credit (mircro loans) services to the impoverished borrowers.

BRAC has founded the microfinance programme in 1974, which allowed the unprivileged people, restricted to obtaining finance, access credit, savings and micro-insurance products ever since. Over the last four decades, BRAC has been one of the largest providers of these financial services to the economically vulnerable people.

The organization has a unique credit plus approach which is designed to assist the borrowers in multiple aspects of their lives that includes enhancing their skill set, provide them with greater quality inputs, providing them with technical support and train them to better market their finished goods. The programme is designed in a way that caters to the different needs of various demographics in Bangladesh.

Microfinance (micro - credit) operates through a Revolving Loan Fund (RLF). The sources of these funds are retained earnings, donor funds, member savings and loan from other commercial banks. BRAC pays an interest rate ranging from 5.00% - 10.00% to these commercial banks and other financial institutions upon loans taken from them.

3.1.2 Objective

The main intention of the study is to understand the how BRAC NGO manages fund for the microfinance programme. This report will cover details about the process of raising, disbursing and collecting these funds for the operational efficiency of the programme. The main focus will be given on the performance indicators that determine the return, risk and financial condition of BRAC. Therefore, the study will specifically be based on the Finance and Accounts department as I have gotten the opportunity to work in this department.

3.1.3 Significance

Microfinance has gained paramount importance for alleviating poverty in many developing or under developed countries. Therefore, this chapter includes performance related concepts which are vital for the programme to attract and ensure donors or investors and also for, effective monitoring of funds invested into the microfinance programme. This chapter was intended to assess BRAC's performance in

respect to the programme. This part has also helped me to have a clear insight of its strengths and weaknesses, assisting me to recommend further improvements to overcome the laggings of MF. Lastly, this study will help target groups to suggest solutions to improve the effectiveness and efficiency of the entire operations of the department and programme altogether.

3.2 METHODOLOGY

In this research, I will be including data by using qualitative research tools such as direct work experience & observations and individual interviews. Moreover, for quantitative data involving numerical and statistical explanations, I will be relying on the annual report, credit report and the official website for specific information about the programme. Lastly, I will reach and provide recommendations based on the different financial indicators derived from the audited financial statements.

3.3 OPERATIONAL MODEL OF MICROFINANCE PROGRAMME

BRAC micro finance are serviced through different village organizations (VO) consisting of 20-40 members, who act as informal guarantors of micro credit loans. They work through by creating peer pressure on the borrowers to make timely repayments. Borrowers pay their weekly or monthly payments and deposit savings during each VO meetings. BRAC utilizes a SMART collection module, where the field staff can record client payment information instantly and view their transaction history via android devices. This enables the clients to request for general information from their credit officer, without having to visit bank branches to collect statements relating to loan transactions and savings balance. Moreover, recent provisions has been provided to the clients to make their deposits online using BRAC Bank's mobile money platform (bkash). In FY2020, BRAC microfinance program provided financial services to 7.44 million clients, among which 84.40% were women.

Table 04: Summary of Microfinance Programme

Particulars	2020	2019	2018	2017
Number of members	7,440,539	7,275,408	6,841,622	6,120,107
Number of Groups	285,256	285,167	285,005	284,781
Number of Borrowers	6,289,236	5,925,639	6,005,174	5,535,452
Number of districts covered	64	64	64	64
Number of Branches	2,276	2,272	2,172	2,144
Loan Outstanding (Mill BDT)	274,651.07	233,503.26	186,611.85	157,166.30
Deposit Outstanding (Mill BDT)	107,035.80	71,021.17	62,347.24	53,384.82
Number of Staff	24,124	24,605	20,217	16,679

Source: Credit Rating Report 2020

Member Savings

BRAC offers 3 types of member savings; they are a) Compulsory savings b) Voluntary savings and c) Term deposits. Members pay interest rates between 6.00% - 10.00% per annum on average upon their saving deposits. Once the outstanding balance on loan, as well as the service charge, has been fully paid the member can withdraw their entire amount prior to 07 days written notice. BRAC adjusts the bad balance with the savings balance in case of loan defaults. Savings has grown by 25.00% in the last 5 years, with member savings growing to BDT. 107,035.80 million in FY2020.

Classification of Loans

BRAC provides loan to its members to assist them engage in different income generating activities. The loan to members bore an annual service charge of 24.00% on reducing balance method at the end of June 2020. The different types of loans provided are as follows;

- i) **Dabi:** These loans range between \$ 100 – 1,000 and are specifically provided to women who are members of VO. Women mostly, use the loan to operate small businesses such as livestock, poultry, cultivation, handicrafts and rural trade.
- ii) **Progoti:** Progoti loans range between \$ 1,000 - 10,000 and are given to both male and female who own small businesses but are not qualified to apply loans from regular banks.
- iii) **Borga Chashi:** This credit scheme was launched for sharecroppers under the project name “Borga Chashi Unnayan Project”. This enabled the tenant farmers to take at a very low interest rate.

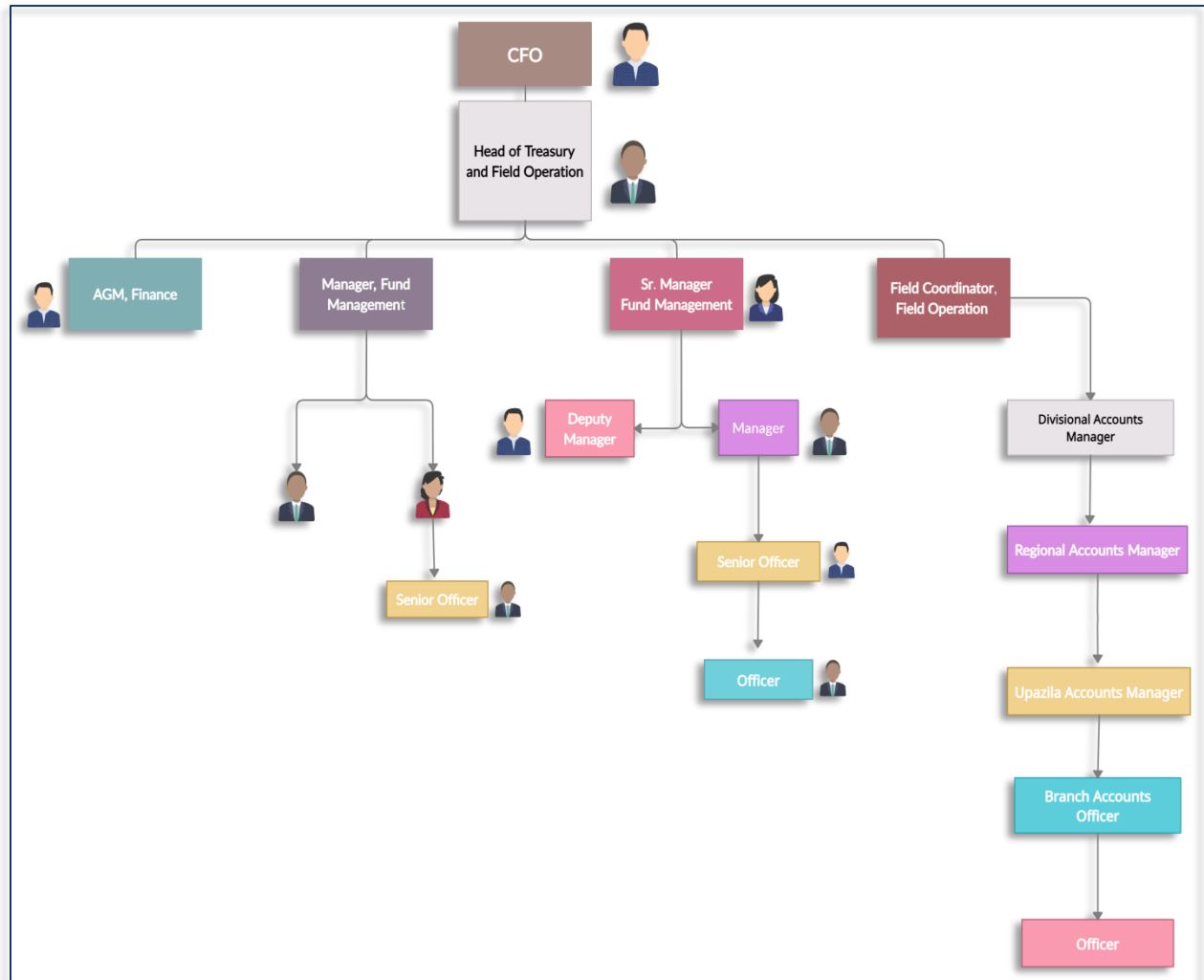
Table 05: Loan Size

Sector-Wise Loan Outstanding	2020	% in total	2019	% in total	2018	% in total
Amount in BDT Mill						
Dabi	133,808.01	48.72	114,793.26	49.16	93,860.91	50.30
Progoti	128,578.90	46.82	107,935.05	46.22	83,923.28	44.97
Borga Chashi	12,264.16	4.47	10,774.95	4.61	8,827.66	4.73
Total	274,651.07	100.00	233,503.26	100.00	186,611.85	100.00

Source: Credit Rating Report 2020

3.3.1 Fund Management Organogram

Figure 05: Organizational Structure of the Fund Management Team



3.3.2 Portfolio Quality

Portfolio quality of the micro finance program is very crucial as these are not backed by bankable collateral. The most widely used measure of portfolio quality is portfolio at risk (PaR) which measures the portion of the loan portfolio contaminated by arrears as a percentage of the total loan portfolio. PaR (in absolute amount) increased by 140.68% in FY2020 to BDT 24,632.58 million, whereas loan portfolio of BRAC micro finance program grew by 17.62%. actual loan recovery became slow down or static due to impact of Covid-19 pandemic. According to MRA circular no 54, date 25 March 2020 - members are allowed the flexibility to refrain from repaying their due installment till 30 June 2020.

Table 06: Portfolio Efficiency and Growth

Particulars	FY 2020	FY 2019	FY 2018	FY 2017
Loan Portfolio (BDT Mill)	274651.07	233503.26	186611.85	157166.3
Loan Portfolio Growth (%)	17.62	25.13	18.74	22.02
Portfolio at Risk (BDT Mill)	24.632.58	10,234.78	8523.27	8027.51
PaR Growth (%)	17.62	25.13	6.18	49.49

Source: Credit Rating Report 2020

Portfolio at Risk (PaR): Loss category loan which are arrear more than 350 days stood at BDT 6,362.67 million shared 2.39% of total loan outstanding and 25.83% of total PaR in FY2020.

3.3.3 Capitalization and Funding Strategy

During FY2020 BRAC Microfinance programme was funded by both members' savings and retained surplus. Due to campaigns member were encouraged to save as high as 38.36% of the total funding mix, whereas retained surplus shared 31.01% of the total. By the end of FY2020, internal capital generation led to a growth in capital fund by 012%. BRAC microfinance program availed loans from different commercial bank, FI's and Bangladesh Bank was in static position up to 30 June 2020 (external borrowed fund position given in Annexure 2). The organization has three types of members' savings plan (details given in Annexure1), through which it has collected BDT 107,035.80 million members' savings where 61.92% belongs to compulsory savings.

Table 06: Funding Mix (Micro Finance)

	Year Ended June 30					
	FY2020			FY2019		
	Amount	Total (%)	Growth	Amount	Total (%)	Growth
Capital Fund	89,328.92	32.01	0.12	89,223.95	36.38	18.99
Retained Surplus	89,328.92	32.01	0.12	89,223.95	36.38	22.25
Loan from Commercial Banks/ FIs	51,513.20	18.46	4.1	49,483.89	20.18	41.01
Short Term Loan from Commercial Banks	31,171.19	11.17	-12.29	35,539.04	14.49	30.59
Members' Savings	107,035.80	38.36	50.71	71,021.17	28.96	13.91
Total	279,049.11	100	13.77	245,268.06	100	22.86

Source: Credit Rating Report 2020

3.3.4 Fund Transfer

Branch officers initially collect the fund requirements from the field and report to Upazila accounts officer which is then passed onto Regional Accounts Manager (RM). Subsequently, RM sends requisitions to the head office every Thursday. All cash balances, including those held for programmes, are held by the head office and transferred to programmes as required.

Therefore, upon receiving the requisitions two senior managers are accountable to assess the requirements and inform the Associate Director of Finance and Accounts. With his approval, funds are

transferred from allied bank to different banks every Sunday to make the money available for smooth operations of the MF programme.

In this process, a vital role is to attain the fund needed for the programme. As stated above there are mainly three sources for financing Microfinance. The fund transferring is a continuous process and relies entirely on loans taken from the banks. Therefore, bank financing has been one of the most crucial one, considering the availability and cost of funds. Two employees are in charge of negotiating with the banks for attaining overdraft and short-term loan facilities at the lowest cost possible. Then low cost loans are used to pay off the loans with higher interest rates. In such way the cost of fund is mitigated. Cost of funds may vary with changing market needs. However, banks try to offer a preferential rate with their utmost ability as BRAC has a praiseworthy credit history and also holds the largest treasury account in the country.

Sometimes, single borrower limit of local banks are a constraint for the unprecedented growth of Microfinance. In such scenario, low cost foreign financing are availed by the department in order to raise funds.

3.4 SWOT ANALYSIS FOR MICROCREDIT PROGRAMME

A SWOT analysis has been conducted to comprehend the strengths and shortcomings of the fund management process. This will also help us to understanding the steps needed to be taken to minimize risks by making the best possible use of success.



Figure 07: SWOT Analysis of Microfinance

Strengths:

- ✦ **Strong Acceptance Rate within the Community** - BRAC has been transforming lives through its social development programmes, humanitarian response and dedicated social investments since 1972. Needless to say, the way it has impacted people's lives it has captured a strong position within the communities. The strong acceptance rate of BRAC due to its brand image has enabled BRAC to win trust and build several VOs, and also run its micro credit programme smoothly.
- ✦ **Dedicated Employees** - Dedicated field staffs and head office employees working for microfinance, has enabled BRAC to achieve goals and objectives set for the programme efficiently.
- ✦ **No Loan Defaults**- According to the recent most CRAB report as of June 2020, BRAC has been given a "AAA" rating for its strong capacity to meet financial commitments. The debt instruments of the organization have been remarked as being of the highest quality, offering minimal credit risk.
- ✦ **Alternative Sources of Funds** - BRAC has a strong capacity to meet its repayment obligations backed by alternative sources of funds, in the form of member savings, capital fund (retained earnings) and bank borrowing (both local and foreign).

Weakness:

- ✦ **Need for Digitization and Digitalization** - Some of the works are still done manually by the employees. The entire input system needs to be digitized. Moreover, microfinance transactions are not entirely carried through bKash. In a situation like this where the world is amidst a pandemic, the need for digitization is vital.
- ✦ **Less promotion** - BRAC traditionally believes in a practice where it ought to be known to people through its work and not via any unnecessary promotion. However, in this era, thorough promotion and advertisements are required for every business's good will.
- ✦ **Fast Growth rate** - Microfinance operations have been growing rapidly overtime. BRAC has already used their single borrower exposure limit with all the banks for which they sometimes require to opt for foreign lenders.

Opportunities:

- ✦ **Sell Bonds** - BRAC has taken the initiative of introducing zero coupon bonds to the market in order to raise capital for microfinance as an alternative source of finance.

- ✦ **Enterprise Resource Planning** - The organization plans to introduce ERP completely to integrate all its core processes into a single system. The use of these latest technologies is believed to enhance efficiency and provide intelligence & visibility across every aspect of the business.

Threats:

- ✦ **Subsidized Funds** - Some of the project funds are government-subsidized. A sudden policy change requires the organization to repay immediately, creating further liquidity pressures.
- ✦ **Interest Rate Risk** - If BRAC issues bonds with fixed rates, any change in market rate would mean BRAC will have to make continuous payments to its bondholders.
- ✦ **Downsides to Foreign Borrowing** - Foreign borrowing can be expensive since it requires substantial supervision and also, imposes more restrictions on the operations carried out by the staffs. Moreover, in an event of an exchange rate fluctuation, repayments can rise dramatically adding to the costs of the business significantly.
- ✦ **Risks from other Financial Institutions** - The clients of the Microfinance programme belong from impoverished villages. They come in direct contact with field staffs, who are BRAC representatives in their eyes. Sometimes, these field workers are employed by other money lending institutions at a higher remuneration. Since, clients build personal relationships with these credit officers; they would still go to them even when they change company. In such way, BRAC sometimes loses out on regular customers because of their loyalty towards the credit officers.

3.5 FINDINGS AND ANALYSIS

BRAC Microfinance

Statement of Comprehensive Income

For the year ended June 30, 2020

	FY 2020	FY 2019	FY 2018
Entries:	Tk.	Tk.	Tk.
Income:			
Service Charge on Loans	51,875,245,832	49782557876	40444109829
Bank Interest	1704397	411975	635987
Bank Interest on FDR	1536567065	1197502005	781404597
Membership Fee	15507826	17956720	14783800
Grants	0	0	0
Investment Income	0	0	0
Income from Social Enterprises	0	0	0
Other Income	233673007	459843137	207537925
Total Income	53,662,698,127	51,458,271,713	41448472138
Expenditure:			
Interest on Member's savings	6914914664	4511228234	4008726952
Other Loan Interest	7568315714	6721178360	4324619250
Salaries and allowances	17973592069	15621678615	12166660717
Office rent	416060870	317805734	245558169
Printing and Stationary	400444125	456692495	350913802
Travelling	1585935741	1433177057	896054575
Telephone and postage	354692322	293150856	228432455
Repair and Maintenance	375736902	503111739	450070515
Entertainment	268650424	250574739	49459820
Advertisement	0	0	
Training Expenses	207387618	316286741	292052096
Other operating expenses	331118180	270463743	250634818
Audit Fees	2012500	1150000	1000000
Taxes	135582704	96960793	0
Loan Loss Provision (LLP)	3145332509	4141641866	3202522887
Depreciation	284613684	294753371	258741015
Provision for Bad and Doubtful Debts	0	0	0
Cost of Goods Sold of Social Enterprise	0	0	0
Total Expenditure	39964390026	35229854343	26725447071
Excess of Income over Expenditure	13,698,308,101	16,228,417,370	14,723,025,067
Total	53662698127	51458271713	41448472138

Table 07: Microfinance Income Statement

Source: Independent Auditor's Report 2020

BRAC Microfinance

Statement of Financial Position

As at 30 June, 2020

Table 08: Microfinance Balance Sheet

Entries	2020	2019	2018
	Tk.	Tk.	Tk.
PROPERTIES AND ASSETS			
Non-Current Assets			
Property, plant and equipment	4583564238	4425219114	4130209783
Long term investments	0	0	0
Total NonCurrent Assets	4583564238	4425219114	4130209783
Current assets			
Loan to members	274651069982	233503255911	186611845482
Accounts receivables	863452230	620687911	614894459
Other loan0short term	15257227	38447246	332329848
Short term Investment	16168821893	14712317234	12728734977
Advance, deposits, prepayments	4442242678	3774060609	2476906547
Stock and stores	206328898	132094416	131675146
Cash in hand	242077041	526744222	1093297292
Cash at Bank	10970805049	4793702707	4266548780
Total current assets	307560054998	258101310256	208256232531
Total properties and assests	312143619236	262526529370	212386442314
CAPITAL FUNDS AND LIABILITIES			
Capital fund			
Donor fund	0	0	2000086111
Cumulative Surplus	89328922888	79921549597	65303591853
Statutory Reserve	10672233310	9302402500	7679560763
Total capital fund	100001156198	89223952097	74983238727
NON CURRENT LIABILITIES			
Loans from commercial banks - non current portion	162340910	1672685122	2062990504
Members' savings deposits - non current portion	40763646818	11968664014	0
Loan loss provision - non - current portion	6362665132	6137712307	0
Total non-current liabilities	47288652860	19779061443	2062990504
CURRENT LABILITIES			
Loan from commercial banks - current portion	51350860149	47811205574	33030628735
other loans - short term	31171194721	35539041693	27213543452
Members' savings deposits - current portion	66272149337	59052509530	62347242418
Accounts payable	11343160322	8120115236	5830733608
Loan loss provision - current portion	4716445649	3000643797	0
Gratuity and other funds	0	0	0
Total current liabilities	164853810178	153523515830	128422148213
Total capital fund and liabilities	312143619236	262526529370	262526529370

Table 09: Vertical Balance Sheet Analysis

<i>Vertical Balance sheet</i>					
	Year Ended December 30			Average	Standard Deviation
	2020	2019	2018		
Entries					
ASSETS					
Non-Current Assets					
Property, plant and equipment	1.47%	1.69%	1.94%	1.70%	0.002
Long term Investments	0.000%	0.00%	0.00%	0.00%	0.000
Total Non-Current Assets	1.47%	1.69%	1.94%	1.70%	0.002
Current assets					
Loan to members	87.99%	88.94%	87.86%	88.27%	0.006
Accounts receivables	0.28%	0.24%	0.29%	0.27%	0.000
Other loan-short term	0.00%	0.01%	0.16%	0.06%	0.001
Short term Investment	5.18%	5.60%	5.99%	5.59%	0.004
Advance, deposit and prepayments	1.42%	1.44%	1.17%	1.34%	0.002
Stocks and stores	0.07%	0.05%	0.06%	0.06%	0.000
Cash in hand	0.08%	0.20%	0.06%	0.11%	0.001
Cash at bank	3.51%	1.83%	0.51%	1.95%	0.015
Total current assets	98.53%	98.31%	98.06%	98.30%	0.002
Total properties and assests	100.00%	100.00%	100.00%	100.00%	0.000
CAPITAL FUND AND LIABILITIES					
<i>Capital fund</i>					
Donor fund	0.00%	0.00%	0.94%	0.31%	0.005
Cumulative Surplus	28.62%	30.44%	30.75%	29.94%	0.012
Statutory Reserve	3.42%	3.54%	3.62%	3.53%	0.001
Total capital fund	32.04%	33.99%	35.31%	33.78%	0.016
NON CURRENT LIABILITIES					
Loans from commercial banks - non current portion	0.05%	0.64%	0.97%	0.55%	0.005
Members' savings deposits - non current portion	13.06%	4.56%	0.00%	5.87%	0.066
Loan loss provision - non - current portio	2.04%	2.34%	0.00%	1.46%	0.013
Total non-current liabilities	15.15%	7.53%	0.97%	7.89%	0.071
CURRENT LABILITIES					
Loand from commercial banks - current portion	16.45%	18.21%	15.55%	16.74%	0.014
other loans - short term	9.99%	13.54%	12.81%	12.11%	0.019
Members' savings deposits - current port	21.23%	13.54%	12.81%	15.86%	0.047
Accounts payable	3.63%	22.49%	29.36%	18.49%	0.133
Loan loss provision - current portion	1.51%	3.09%	2.75%	2.45%	0.008
Gratuity and other funds	0.00%	1.14%	0.00%	0.38%	0.007
Total current liabilities	52.81%	58.48%	60.47%	57.25%	0.040
Total capital fund and liabilities	100.00%	100.00%	123.61%	107.87%	0.136

Table 10: Vertical Income Statement Analysis

<i>Vertical Income Statement</i>					
	As at December 30			Average	Standard Deviation
	2020	2019	2018		
Entries					
Income:					
Service Charge on Loans	96.67%	96.74%	97.58%	97.00%	0.005
Bank Interest	0.00%	0.00%	0.00%	0.00%	0.000
Bank Interest on FDR	2.86%	2.33%	1.89%	2.36%	0.005
Membership Fee	0.03%	0.03%	0.04%	0.03%	0.000
Grants	0.00%	0.00%	0.00%	0.00%	0.000
Investment Income	0.00%	0.00%	0.00%	0.00%	0.000
Income from Social Enterprises	0.00%	0.00%	0.00%	0.00%	0.000
Other Income	0.44%	0.89%	0.50%	0.61%	0.002
Total Income	100.00%	100.00%	100.00%	100.00%	0.000
Expenditure:	0.00%	0.00%	0.00%	0.00%	0.000
Interest on Member's savings	0.00%	0.00%	0.00%	0.00%	0.000
Other Loan Interest	12.89%	8.77%	9.67%	10.44%	0.022
Salaries and allowances	14.10%	13.06%	10.43%	12.53%	0.019
Office rent	33.49%	30.36%	29.35%	31.07%	0.022
Printing and Stationary	0.78%	0.62%	0.59%	0.66%	0.001
Travelling	0.75%	0.89%	0.85%	0.83%	0.001
Telephone and postage	2.96%	2.79%	2.16%	2.63%	0.004
Repair and Maintenance	0.66%	0.57%	0.55%	0.59%	0.001
Entertainment	0.70%	0.98%	1.09%	0.92%	0.002
Advertisement	0.50%	0.49%	0.12%	0.37%	0.002
Training Expenses	0.00%	0.00%	0.00%	0.00%	0.000
Other operating expenses	0.39%	0.61%	0.70%	0.57%	0.002
Audit Fees	0.62%	0.53%	0.60%	0.58%	0.000
Taxes	0.00%	0.00%	0.00%	0.00%	0.000
Loan Loss Provision (LLP)	0.25%	0.19%	0.00%	0.15%	0.001
Depreciation	5.86%	8.05%	7.73%	7.21%	0.012
Provision for Bad and Doubtful Debts	0.53%	0.57%	0.62%	0.58%	0.000
Cost of Goods Sold of Social Enterprise	0.00%	0.00%	0.00%	0.00%	0.000
Total Expenditure	0.00%	0.00%	0.00%	0.00%	0.000
Excess of Income over Expenditure	74.47%	68.46%	64.48%	69.14%	0.050
Total	25.53%	31.54%	35.52%	30.86%	0.050

Table 11: Horizontal Balance Sheet Analysis

<i>Horizontal Balance sheet</i>					
	As at December 30			Average	Standard Deviation
	2020	2019	2018		
Entries					
PROPERTIES AND ASSETS				Average	Standard Deviation
Non-Current Assets					
Property, plant and equipment	110.98%	107.14%	100.00%	106.04%	0.06
Long term investments	0.00%	0.00%	0.00%	0.00%	0.00
Total Non-Current Assets	110.98%	107.14%	100.00%	106.04%	0.06
Current assets					
Loan to members	147.18%	125.13%	100.00%	124.10%	0.24
Accounts receivables	140.42%	100.94%	100.00%	113.79%	0.23
Other loan-short term	4.59%	11.57%	100.00%	38.72%	0.53
Short term Investment	127.03%	115.58%	100.00%	114.20%	0.14
Advance, deposits, prepayments	179.35%	152.37%	100.00%	0.00%	0.00
Stock and stores	156.70%	100.32%	100.00%	119.00%	0.33
Cash in hand	22.14%	48.18%	100.00%	56.77%	0.40
Cash at Bank	257.14%	112.36%	100.00%	156.50%	0.87
Total current assets	147.68%	123.93%	100.00%	123.87%	0.24
Total properties and assests	146.97%	123.61%	100.00%	123.53%	0.23
CAPITAL FUNDS AND LIABILITIES					
Capital fund					
Donor fund	0.00%	0.00%	100.00%	33.33%	0.58
Cumulative Surplus	136.79%	122.38%	100.00%	119.72%	0.19
Statutory Reserve	136.79%	122.38%	100.00%	119.72%	0.19
Total capital fund	138.97%	121.13%	100.00%	120.03%	0.20
NON CURRENT LIABILITIES	133.36%	118.99%	100.00%	0.00%	0.00
Loans from commercial banks 0.00% non current portion	7.87%	81.08%	100.00%	62.98%	0.49
Members' savings deposits 0.00% non current portion	0.00%	0.00%	0.00%	0.00%	0.00
Loan loss provision 0.00% non 0.00% current	0.00%	0.00%	0.00%	0.00%	0.00
Total non-current liabilities	2292.24%	958.76%	100.00%	1117.00%	11.05
CURRENT LABILITIES					
Loan from commercial banks 0.00% current portion	155.46%	144.75%	100.00%	133.40%	0.29
other loans 0.00% short term	114.54%	130.59%	100.00%	115.05%	1.00
Members' savings deposits 0.00% current portion	106.30%	94.72%	100.00%	100.34%	0.06
Accounts payable	194.54%	139.26%	100.00%	144.60%	0.47
Loan loss provision 0.00% current portion	0.00%	0.00%	0.00%	0.00%	0.00
Gratuity and other funds	0.00%	0.00%	0.00%	0.00%	0.00
Total current liabilities	128.37%	119.55%	100.00%	115.97%	0.15
Total capital fund and liabilities	118.90%	100.00%	100.00%	106.30%	0.11

Table 12: Horizontal Income Statement Analysis

<i>Horizontal Income Statement</i>					
	As at December 30			Average	Standard Deviation
	2020	2019	2018		
Entries					
Income:					
Service Charge on Loans	128.26%	123.09%	100.00%	117.12%	0.15
Bank Interest	267.99%	64.78%	100.00%	144.26%	1.09
Bank Interest on FDR	196.64%	153.25%	100.00%	149.96%	0.48
Membership Fee	104.90%	121.46%	100.00%	108.79%	0.11
Grants	0.00%	0.00%	0.00%	0.00%	0.00
Investment Income	0.00%	0.00%	0.00%	0.00%	0.00
Income from Social Enterprises	0.00%	0.00%	0.00%	0.00%	0.00
Other Income	112.59%	221.57%	100.00%	144.72%	0.67
Total Income	129.47%	124.15%	100.00%	117.87%	0.16
Expenditure:					
Interest on Member's savings	172.50%	112.54%	100.00%	128.34%	0.39
Other Loan Interest	175.01%	155.42%	100.00%	143.47%	0.39
Salaries and allowances	147.73%	128.40%	100.00%	125.38%	0.24
Office rent	169.43%	129.42%	100.00%	132.95%	0.35
Printing and Stationary	114.11%	130.14%	100.00%	114.75%	0.15
Travelling	176.99%	159.94%	100.00%	145.64%	0.40
Telephone and postage	155.27%	128.33%	100.00%	127.87%	0.28
Repair and Maintenance	83.48%	111.79%	100.00%	98.42%	0.14
Entertainment	543.17%	506.62%	100.00%	383.26%	2.46
Advertisement	0.00%	0.00%	0.00%	0.00%	0.00
Training Expenses	71.01%	108.30%	100.00%	93.10%	0.20
Other operating expenses	132.11%	107.91%	100.00%	113.34%	0.17
Audit Fees	201.25%	115.00%	100.00%	138.75%	0.55
Taxes	0.00%	0.00%	0.00%	0.00%	0.00
Loan Loss Provision (LLP)	98.21%	129.32%	100.00%	109.18%	0.17
Depreciation	110.00%	113.92%	100.00%	107.97%	0.07
Provision for Bad and Doubtful Debts	0.00%	0.00%	0.00%	0.00%	0.00
Cost of Goods Sold of Social Enterprise	0.00%	0.00%	0.00%	0.00%	0.00
Total Expenditure	149.54%	131.82%	100.00%	127.12%	0.25
Excess of Income over Expenditure	93.04%	110.22%	100.00%	101%	0.09
Total	129.47%	124.15%	100.00%	117.87%	0.16

Findings from Vertical and Horizontal Analysis

Here, a **Vertical Analysis of the Balance Sheet** has been constructed to determine the financial direction in which the company is heading towards, by taking all the accounts including both assets and liabilities as a percentage of total assets (total properties and assets) of the company in the respective years. It is visible from the table that;

- The total non-current assets of the company have declined sharply over the years.
- Total current assets have somewhat remained constant.
- The total non-current liabilities have increases significantly over the past 3 years.
- Total current liabilities have dropped to 52.81% in the year 2020 which are signs of efficient credit control.

Similarly, **Vertical Income Statement** has been constructed by listing all the items present in the income statement as a percentage of total income, which assists in determining the performance by identifying the upward or downward trend.

- From the table, we can see that there has been an increasing trend in the net income (Excess of Income over Expenditure) of the company.

On the contrary, both **Horizontal Balance Sheet** and **Income Statement Analysis** are comparisons of trend and growth situations. It takes every item on the statements of later periods as a percentage of the same line item from the base period (which is usually the earliest period in the analysis). The analysis of the tables show;

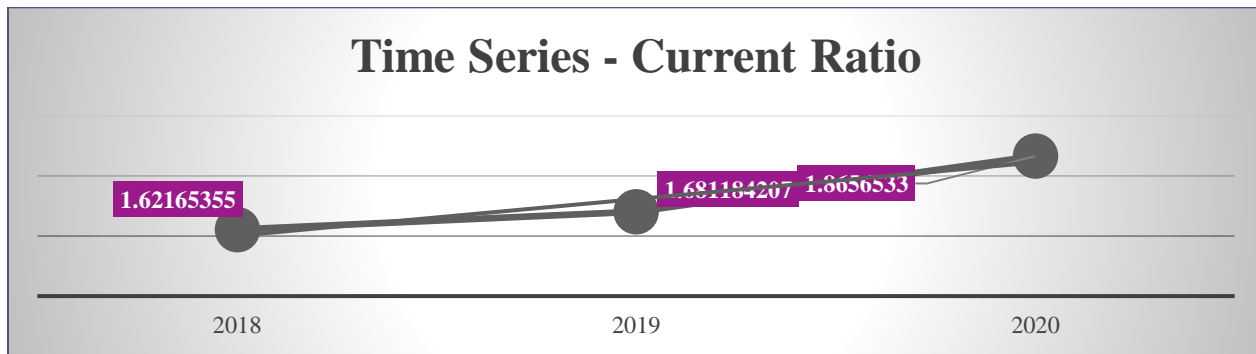
- The total non-current assets have improved over time.
- Likewise, total current assets have increased significantly to 147.68%.
- Total non-current liabilities have been exceedingly high.
- Total current liabilities have also risen from previous year.
- On the other hand, net income (Excess of Income over Expenditure) of the company exhibits a downward trend.

3.6 RATIO ANALYSIS

LIQUIDITY RATIO

Current Ratio = Current Assets/Current Liabilities

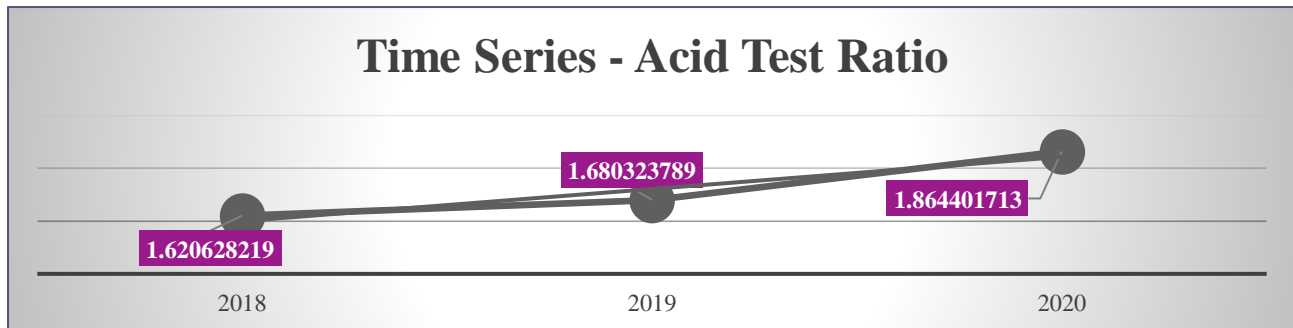
Year	2018	2019	2020
Current Ratio	1.621654	1.68118	1.86565



In 2020, BRAC Microfinance Programme possessed current assets which were 1.87 times of the current liabilities. The current ratio has increased compared to the previous two years. So, Current Ratio is favorable here.

Acid test Ratio =

Year	2018	2019	2020
Acid test ratio	1.62062822	1.680323789	1.864401713

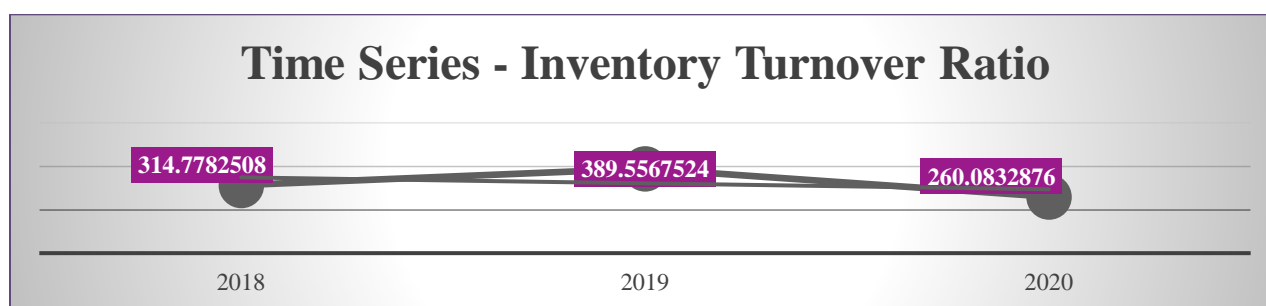


In 2020, company's current assets excluding inventory were 1.86 times of the current liabilities. Over the last 3 years the quick ratio has increased. In terms of quick ratio the performance has been very good.

ASSET MANAGEMENT RATIO

Inventory Turnover =

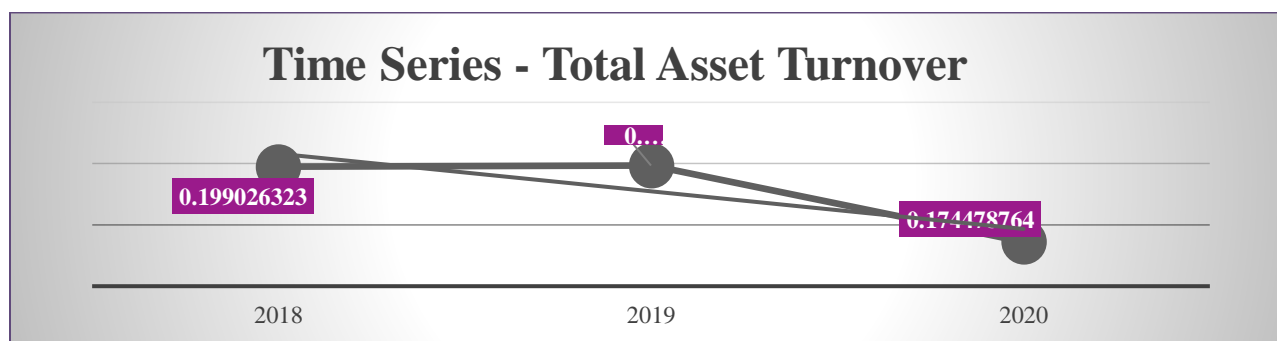
Year	2018	2019	2020
Inventory Turnover	314.7783	389.557	260.083



In 2020, MF had collected and disbursed its inventory 260.08 times. From 2018 to 2020, it is fluctuating but increased and then decreased in last year.

Asset Turnover =

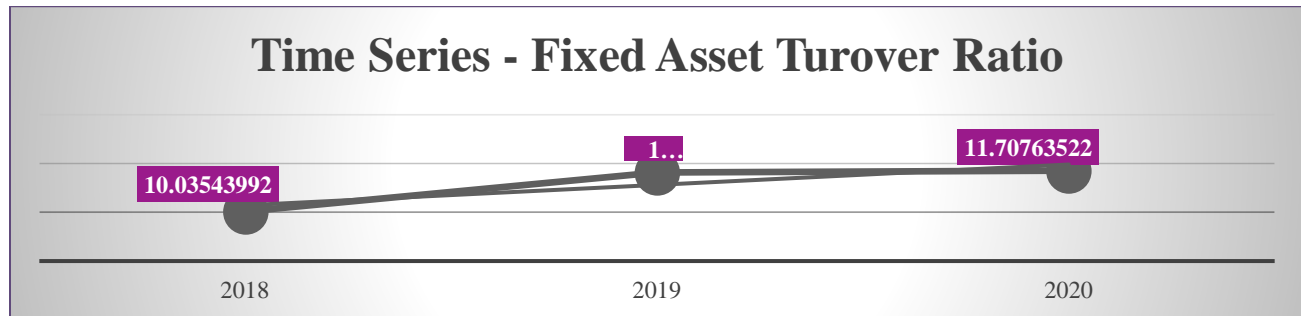
Year	2018	2019	2020
Asset Turnover	0.19902632	0.199372377	0.174478764



In 2018, from every 1tk worth of total assets MF had generated 0.17 Tk. of sales. From 2018 to 2020 it was fluctuating slightly but decreased in last year. In conclusion, the asset turnover ratio was dissatisfactory.

Fixed Asset Turnover Ratio =

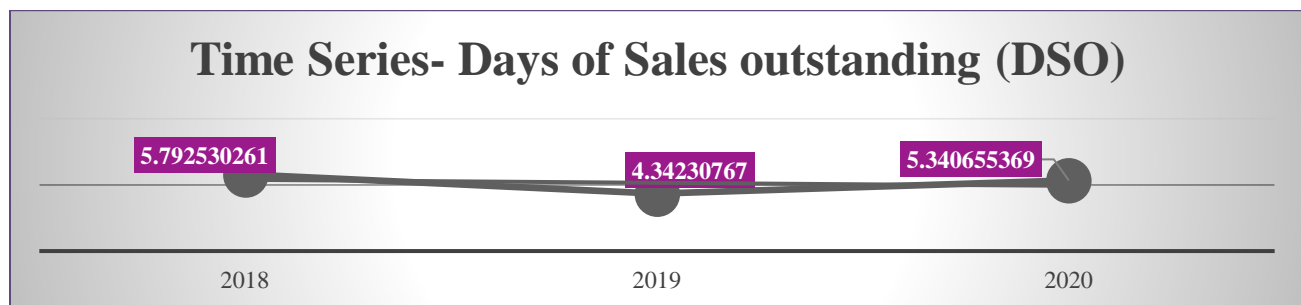
Year	2018	2019	2020
Fixed Asset Turnover Ratio	10.0354399	11.6284	11.7076



In 2020, from every 1tk worth of fixed assets, MF had generated 11.71 Tk. of sales. It was consistent over last 3 years and has only increased over time. So, fixed asset ratio is very good.

Days of Sales Outstanding (DSO) =

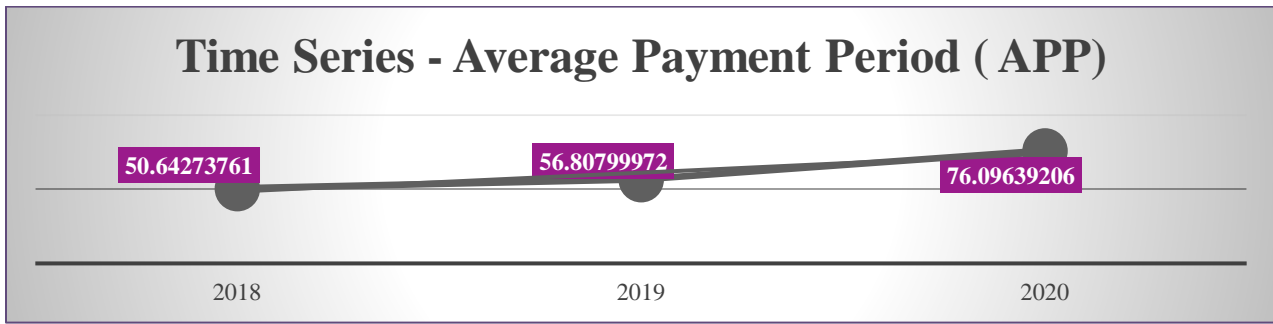
Year	2018	2019	2020
Days of Sales Outstanding (DSO)	5.792530261	4.34231	5.34066



In 2020, on an average, MF took 5 days to collect the receivables from the customers. It has been consistent over last 3 years. Therefore, average collection period was very satisfactory.

Average Payment Period =

Year	2018	2019	2020
Average Payment Period (APP)	50.6427	56.808	76.0964

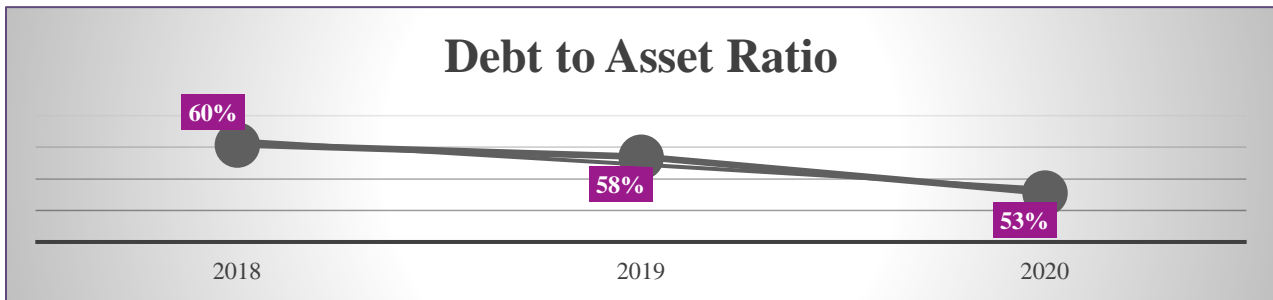


In 2020 MF took on an average 76 days to make the payment. If we compare Average Payment Period with Days Sales Outstanding, we observe a favorable scenario where Days Sales Outstanding is lower than Average Payment Period. This means it took less time for the company to collect its receivables compared to time taken to pay its payables. So this is a favorable scenario of BRAC Microfinance Programme.

DEBT MANAGEMENT RATIO

Debt to Asset Ratio =

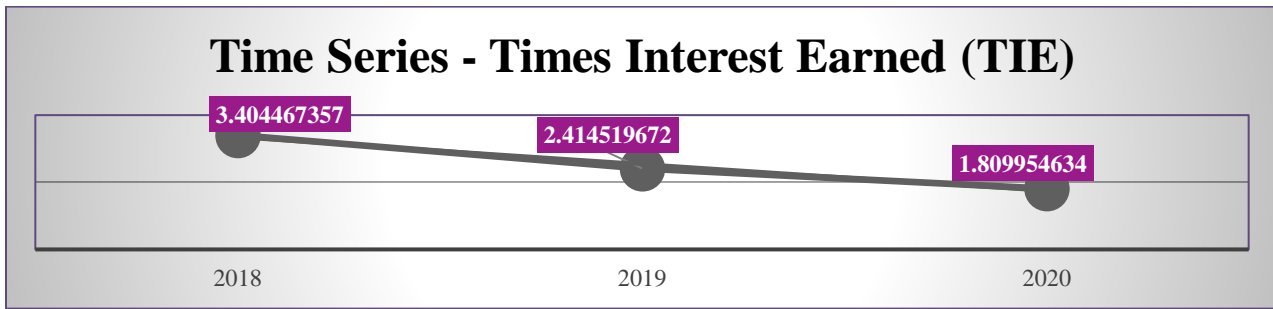
Year	2018	2019	2020
Debt Ratio	60%	58%	53%



In 2020, 53% of MF's total assets were financed by debts. Between 2018-2020, percentage of Debt to total Assets has decreased which means the ratio was satisfactory.

Time Interest Earned =

Year	2018	2019	2020
Times Interest Earned	3.404467357	2.414519672	1.809955

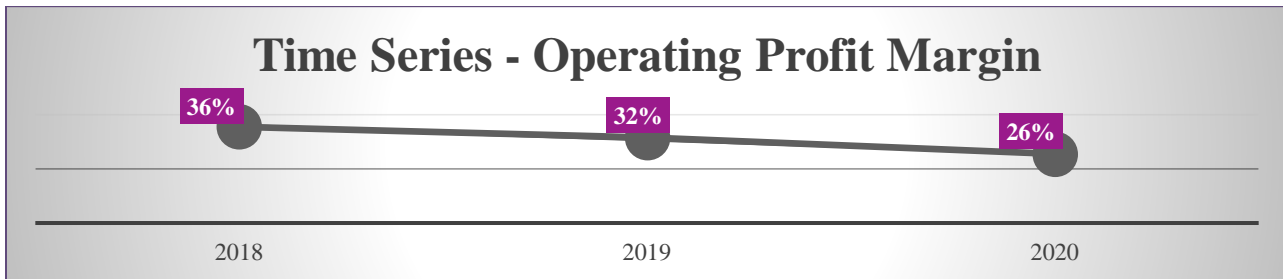


In 2020, MF's EBIT was 1.81 times higher than their interest expense. Between 2018 – 2020 times interest expense has decreased. Hence, it was unsatisfactory.

PROFITABILITY RATIO

Net Profit Margin =

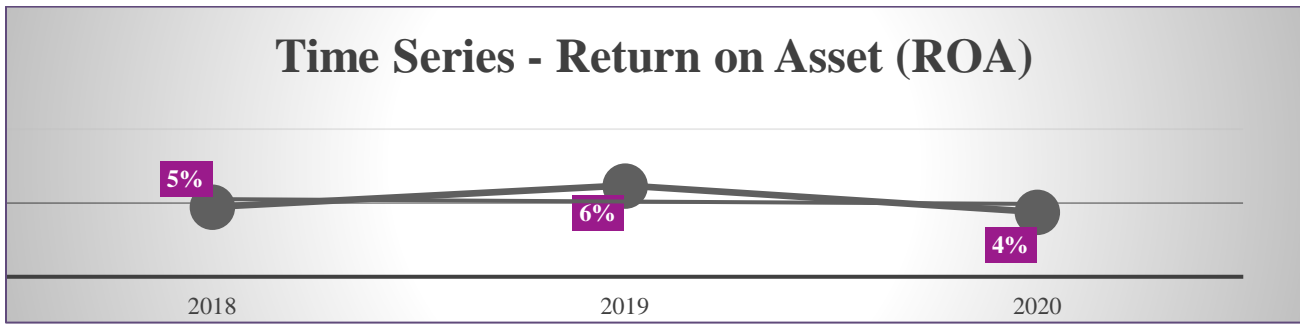
Year	2018	2019	2020
Net Profit Margin	36%	32%	26%



In 2020, every 100 taka of sales by MF generated taka 26 taka of net profit. From 2018 to 2020, net profit has decreased gradually. Therefore, the performance of net profit margin of BRAC micro credit programme is unsatisfactory

Return on Asset =

Year	2018	2019	2020
Return on Asset (ROA)	5%	6%	4%



In 2020, on every 100 taka worth of total assets, BRAC micro credit programme generated taka 4.00 of net profit. From 2018 to 2020, MF's return on asset has increased and then decreased. Therefore, the performance of return on asset is unsatisfactory.

3.7 SUMMARY AND CONCLUSIONS

BRAC Micro credit operations ratio analysis shows approximately good performance, given the worst hit caused by global pandemic covid-19. Even though MF is overly financed by debt, it generates more than sufficient sales revenue from its assets to finance those debts. The overall liquidity of the firm seems to exhibit an increasing trend over the last three years. Short term financing are increasing every year. The company's inventory turnover is better than other competitors and above the industry average. The efficiency of converting assets into sales is very up to the mark. However, average collection period has increased gradually in the year 2020 and it's really not a favorable situation. Its average payment period of payables to its suppliers is very much frequent and higher than its average collection period. Therefore, this keeps both the average payment and collection periods in a suitable position. MF has been financed by debt of 53% of the total assets in the previous year. This increased debt is triggered by the increasing short-term borrowings of this company. Besides, they are good enough in covering interest expenses. They should reduce their debts to reduce interest expense. In terms of profitability, the company is worse off as we discussed above. This can be mainly attributed to the fact that covid-19 disrupted the programme operations in 2020. This further led to falling return on asset.

3.8 FINDINGS AND RECOMMENDATION

With the outbreak of global pandemic covid-19, businesses all around the world were brought on the verge of shutting down. Initially, there was no collection from the Microfinance programme even though it was the main source of income for the entire business. BRAC waived the customers from paying their dues for two months (April – May), when the households did not have food on their tables due to the sudden loss of income, hence subsequently there were no disbursements either. However, BRAC still continued to pay its fixed expenses such as salary, rent etc. which put a humungous pressure on the business finances. Even in that difficult situation, the organization continued to make repayments on their loans religiously, whereas the government of Bangladesh Bank announced moratorium on loan payments until 30 September 2020. Nevertheless, combatting the difficult times the organization had an efficient fund management and achieved a “AAA” and “ST-1” credit rating in the year 2020.

Nevertheless, I believe that BRAC has a praiseworthy capacity of meeting its financial obligations. This can be attributed to the credible workforce of the department. However, based on my observation, I believe the finance and accounts department lacks employment of youth. Even though, most of the employees have been working for many years and are highly trustable, they lag behind when it comes to using latest technologies. Hence, if the finance division allows more youth to work with them, lesser amount might need to be spent on staff training in order to receive better and more efficient quality of work.

Appendix

Financial year: 2019 – 2020

Name of Organization: BRAC

Licence No: 00488-00186-00065

Budget Variance Report

Description	2019-2020		Variance
	Projected	Actual	%
1.New Area Coverage			
District		-	
Upazilla		-	
Union		-	
Village		-	
2. Branch opening	110	4	96
3.Group/Samity Formation	200	89	56
4.Add new member	2,200,000	1,647,335	25
5. Add new borrower	2,150,000	363,597	83
6. Staff Recruitment	2,500	1,937	23
7. Deposits collection	9,940,423,000	68,648,175,400	(591)
8. Refund deposit	36,692,000,000	32,633,552,789	11
9. Loan recovery (Principal)	405,125,000,000	325,621,628,332	20
10. Loan disbursement	441,825,000,000	360,988,461,863	18
11. Loan borrowing (Term loan)	64,439,890,000	63,048,535,130	2
12. Loan returns (Term loan)	48,811,200,000	61,019,224,767	(25)
13. Total income	61,447,000,000	53,662,698,127	13
14. Total expenditure	41,481,572,988	39,964,390,026	4

Sl. No.	Description	2019-2020			Note
		Projected	Actual	Variance	
1	Microfinance loan recovery			(%)	1
	RMC	59,215,908,013	47,595,138,266	20	
	UMC	19,055,421,787	15,315,908,598	20	
	ME	142,081,098,155	120,489,261,896	15	
	Seasonal	4,328,568,400	4,005,023,558	7	
	Livestock	37,862,342,656	29,488,574,768	22	
	Agriculture	117,203,417,836	87,077,382,978	26	
	Others	25,378,243,153	21,650,338,268	15	
	Total:	405,125,000,000	325,621,628,332	20	
2	Fund collection				2
	1. Savings collection				
	Force savings	8,971,472,996	33,549,153,070	(274)	
	Voluntary savings	643,843,535	7,050,921,601	(995)	
	Fixed deposit	325,107,018	28,048,100,729	(8,527)	
	Total:	9,940,423,549	68,648,175,400	(591)	
	Loan receive				
3. Bank loan	64,439,890,000	63,048,535,130	2		
3	Utilization of fund				3
	Loan disbursement				
	RMC disbursement	65,811,047,718	53,770,223,000	18	
	UMC disbursement	20,441,074,983	16,701,164,000	18	
	ME disbursement	157,220,449,291	134,497,696,000	14	
	Seasonal disbursement	4,601,633,061	2,168,716,000	53	
	Livestock disbursement	40,182,680,326	31,989,648,000	20	
	Agriculture disbursement	125,363,380,363	95,351,107,000	24	
	Others disbursement	28,204,734,258	26,509,907,863	6	
	Total:	441,825,000,000	360,988,461,863	18	
	Savings returns				
	Force savings	31,585,173,167	26,329,513,263	17	
	Voluntary savings	3,866,831,266	3,589,963,851	7	
	Fixed deposit	1,239,995,567	2,714,075,675	(119)	
	Total:	36,692,000,000	32,633,552,789	11	
Loan repayment					
Bank loan	48,811,200,000	61,019,224,767	(25)		
Total:	48,811,200,000	61,019,224,767	(25)		
4	Fixed assets addition				6
	Land development	292,000,000	3,421,192	99	
	Building construction	365,000,000	126,179,840	65	
	Furniture and fixtures	657,000,000	106,843,970	84	
	Office equipment	73,000,000	51,920,742	29	
	Computer and accessories	73,000,000	47,819,105	34	
	Vehicles	-	106,788,000	100	
Total:	1,460,000,000	442,972,849	70		

5	Income			
	1. Service charge	59,038,345,288	51,875,245,832	12
	2. Interest on investment	1,960,885,506	1,536,567,065	22
	3. Entry fees	18,607,926	15,507,826	17
	4. Recovery of write off Loan	195,668,317	145,291,904	26
	5. Other income	233,492,964	90,085,500	61
	Total:	61,447,000,000	53,662,698,127	13
6	Expenditure :			
	Financial expenditure:			
	5. Savings interest	5,834,867,392	6,914,914,664	(19)
	6. Interest on bank loan	6,707,591,027	7,568,315,714	(13)
	Total financial expenditure	12,542,458,419	14,483,230,378	(15)
	General and administrative expenses:			
	7. Salary and allowances			
	Basic pay	10,107,619,250	8,986,796,000	11
	House rent allowance	6,551,234,699	5,392,077,000	18
	Medical allowance	935,890,672	1,797,359,535	(92)
	Conveyance allowance	1,123,068,806	1,797,359,534	(60)
	Total:	18,717,813,426	17,973,592,069	4
	8. Office rent	381,809,908	416,060,870	(9)
	9. Printing and stationeries	492,510,718	400,444,125	19
	10. Travel expenses			
	Domestic	1,605,951,892	1,585,935,741	1
	11. Repairs and maintenance			
	Office building	700,383,127	375,736,902	46
	12. Fuel expenses			
	Gas, Electric and water bill	351,781,027	354,692,322	(1)
	13. Entertainment and general expense	300,689,687	493,717,926	(64)
	14. Training expense			
	Local training	412,082,803	207,387,618	50
	Total:	4,245,209,162	3,833,975,504	10
	15. Others operational expense			
	Member death benefits	1,785,000	1,430,000	20
	Data processing expenses	478,612,875	240,203,382	50
	16. Audit fees	1,380,000	2,012,500	(46)
	17. Depreciation	386,788,297	284,613,684	26
	Total operational expenses	36,374,047,180	36,819,057,517	(1)
	18. Loan loss provision	5,107,525,809	3,145,332,509	38
	19. Net surplus	19,965,427,012	13,698,308,101	31
	20. Transfer to various fund	2,695,332,647	2,921,104,000	(8)
	Reserve fund	1,996,542,701	1,369,830,810	31
	Total:	4,691,875,348	4,290,934,810	9

Acronyms

NBFI – Non Banking Financial Institution

FI – Financial Institution

FDR – Fixed Deposit Receipt

VO – Village Organizations

HR – Human Resources

FY – Fiscal Year

CRAB – Credit Rating Agency of Bangladesh Ltd.

ERP – Enterprise Resource Planning

MF – Micro Finance

PaR – Portfolio at Risk

Bibliography

1. brac.net. (2020, December 30). *BRAC:Ultra-poor graduation programme*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/program/ultra-poor-graduation/>
2. brac.net. (2020, December 30). *Education*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/program/education/>
3. brac.net. (2020, December 30). *Integrated development*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/program/integrated-development/>
4. brac.net. (2020, December 30). *Microfinance*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/program/microfinance/>
5. brac.net. (2020, December 30). *Migration*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/program/migration/>
6. brac.net. (2020, December 30). *Skills Development*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/program/skills-development/>
7. brac.net. (2020, December 30). *Vision, Mission and Values*. Retrieved January 13, 2021, from www.brac.net: <http://www.brac.net/vision-mission-values>
8. brac.net. (2020, December 30). *Annual Report and Publications*. Retrieved January 18, 2021, from brac.net: <http://www.brac.net/downloads/BRAC-AR-2019e.pdf>