

ANNUAL REPORT

2017-18

BURO Bangladesh

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Statement from the CHAIRPERSON



In 1990, BURO Bangladesh started its journey with a vision, to work for the poor on a sustainable basis and reduce poverty. As the chairperson of the organization, I feel extremely proud to reflect on all the stellar feats that BURO have achieved over the past three decades in both urban and rural development. What began with a small promise to be a partner in development has now become a flamboyant Non-Government Organization in the development industry itself.

BURO's amazing accomplishments over the years at such an unrelenting pace is largely attributable to the expertise of our leadership team. They have ensured that the organization is always on-track with its mission to not only serve its customers but benefit the society as a whole. BURO has set an example regarding professional leadership in this highly competitive market. Notwithstanding the intertwined relationship

between the two markets, the leadership of the organization has succeeded in balancing the changing dimension of the developmental paradigm. I must say, from previous professional experiences, that here lies the magical role played by the leadership very frequently.

BURO stands on the threshold of merging the corporate culture with its emerging trend of working as a structural social capital. Through this pleasant amalgamation, BURO has



achieved sustainability and ensued that it can continue to serve the underserved community.

I, as the Chairperson, heartily wish that BURO continue to lead the change towards social, political and economic freedom of the powerless community of the country. I would like to encourage all our internal and external stakeholders to work together to the best of your abilities. I believe that the hard work will certainly not go in vain and the underserved

community will soon stand as a self-sufficient asset to the country as a whole.

Sincerely Yours

Sukhendra Kumar Sarkar

Chairperson, Governing Body

September 2018



Statement from the EXECUTIVE DIRECTOR



It is often astounding to me that BURO is almost three decades old; it feels like I just started my work here a day back. With BURO, I have always dreamt of creating a model of NGO that is replicable both home and abroad. I feel exhilarated that the dream has now turned to reality through collective hard work.

During our initial days, one of the biggest challenges was developing the infrastructures for the organizational Head Office and creating a foundation for the branches while staying outside Dhaka. The infrastructures that are constructed either at the capital or the union level, which is the most important tier of the local government, indicate the pragmatic wisdom of the organization.

Ever since its inception, BURO strongly believes in knowledge-sharing across the organization. This creates an amicable organizational and programmatic space where the management can take better, more well-informed decisions to propel the organization further forward. Furthermore, in order to be successful, we believe it is imperative to first identify the projects to be implemented and the proper location to launch

the project. Additionally, we need to decide whether we should replicate old projects or start a completely new project from scratch.

BURO is striving to build a rewarding corporate entity which also serves as a structural social capital to empower the powerless community, to ensure that the living conditions of this community improve drastically.

Microfinance is the backbone of BURO. Through its microfinance program, BURO Bangladesh stresses on supporting economic activities to generate employment and income to reduce income inequality among the disadvantaged and the poor. Presently BURO provides its flexible financial services to almost one million poor



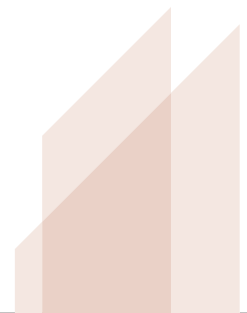
people through its 854 branch offices countrywide. The microfinance program has been readily followed by the Human Resource Development through training about the organization and the given diversified services. This promotes sense of ownership within the staff of the organization. This is in consonance with the basic understanding about Democracy that the organization believes in.

In order to ensure the sustainability of BURO's programs, a great degree of connectivity between these programs are maintained utilizing all our available resources. This is vividly manifested in bringing the disaster preparedness, disaster response and disaster mitigation programs to life. The intervention at pre-, during

and post-disaster is undoubtedly an additional impetus to protect the earnings from small income generating activities.

At BURO, we realize that the community we serve is an essential part of our organization. We have always maintain an honest and sincere relationships with our customers. Through these relationships, we have a loyal consumer base who are assets to the organization. We believe that this integration between the customers, BURO as a structural social capital and its well tested human resources with respect to the humane connection will certainly bear a far-reaching impact.

Alongside the microfinance program and social development activities, BURO has worked



Statement from the EXECUTIVE DIRECTOR

substantially to launch “safe and secure health” initiatives for its customers. The safe drinking-water and safe sanitation facilities established with financial assistance from Water.org is the strongest network in reducing the rapid erosion of earnings of our customers. This Water and Sanitation program is the culmination of customers’ environmental needs, BURO’s response to customers’ demand, and increasing vacuum in the lives and living conditions of the people. The partnership of BURO Bangladesh with WaterCredit.org is intended to innovate its existing water and sanitation loan product. This will leave tremendous impact on other health issues virtually protecting earnings by the customers of the organization.

BURO has been working extensively for financial inclusion. Financial Literacy is the first step towards achieving Financial Inclusion. The effect of higher financial literacy strengthens the effect of further financial depth. Through training provisions, MasterCard Worldwide has emerged as the partner for “Business and Financial Literacy”. It is projected that these business development services will adapt with customer quality, business nature, and marketing facilities. Furthermore, digital financial inclusion is another

key area that BURO is focusing on in tandem. Digital financial inclusion can be defined as digital access and consequent usage of formal financial services by underserved populations. BURO has introduced new technology in its microfinance services popularly known as “Digital Financial Services” (DFS). The ICT in loan disbursement and loan recovery using mobile phone will initially use the existing platform on a pilot basis.

Subsequently, BURO has recently taken numerous initiatives to establishing infrastructure that can be dedicated and devoted to the welfare of customers without imposing any financial burden on their shoulders. Keeping consumer demand in mind, a well-facilitated Health Care Center has been built. This Health Care Center will work as the backward and forward linkages to another Health initiative, BURO Digital Primary Health Care Center. This has developed in collaboration with ADVIN, a Canada-based Global Health Technology Venture.

BURO has a rather unique initiative where the customers craft products from natural fiber. Furthermore, this fiber is produced within their homestead boundary or surrounding locality. The products are of the finest quality and we are

proud to have such an interactive program to help engage our community.

I am delighted to inform you that BURO has achieved 154% operational self-sufficiency and 149% financial self-sufficiency. These two indicators alongside the organizational success have ensured that BURO can continually make massive contributions in poverty alleviation of the underserved community.

At BURO, we emphasize on celebrating and capitalizing all our prior achievements, as these shape the future dimension of the organization. Notably, the horizontal and vertical expansion of microfinance achieving financial inclusion both in the old and new location is such a triumphant accomplishment that the organization wants to focus on. The microfinance expansion also includes SME and Agricultural expansion. We are also putting significant emphasis on expanding Health Care Center, and at the same time identifying innovative products like production and continuation of crafts from natural fiber.

The published report further elucidates our vision for the future and how we want to reach our goals. The report has been prepared and published with

to provide detailed insights into the demand and supply relations indicating our democratic behavior inside and outside BURO.

To conclude, I would like to express my heartfelt gratitude for everyone who has been affiliated with BURO Bangladesh and supported the organization in all its endeavors. I would also like to thank our tireless management team, without whom it would not have been possible for BURO to reach the present status.

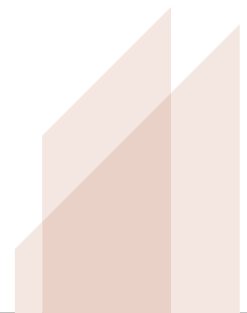
With kind regards



Zakir Hossain

Executive Director

September 2018



BURO IN FORWARD MOTION ...

1990-1994

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

1995-1999

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

2000-2004

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

2005-2009

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

2010-2015

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

2016-

Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
Inclusion of low income professional group into mainstream microfinance Continuation of Mobile banking and Agent banking	Revision of the existing Human Resource Management in a friendly manner Development of Training and capacity building service manual	Introduce scholarship for the students from poor households Promotion of Natural Fiber-based Products from Agriculture Wastages Small and marginal farmers assistance program with financial support by the Bangladesh and Japan 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.





MICROFINANCE INSTITUTION **BURO Bangladesh**

The financial inclusion of the organization that promotes organizational inclusions is practically dependent on the charisma, uniqueness and magnetism

The transformation is the outcome of BURO as a new entrant with different taste, usefulness and importance within the realm of microfinance industry, back in 1990. This is in accordance with the customers' changing taste, usefulness and importance of microfinance industry.

BURO is blessed with the mixed strong perception simultaneously providing vibrant internal environment which touches at every moment each entity of the organization. The direct and indirect stakeholders from the internal and external environment of the organization are directly or indirectly influenced. Instead of preferring of welcoming the stakeholders shunning away the organizational interest BURO moves opposite to the traditional stream. Keeping in mind BURO is clearly conscious of that to address its transformations into a highly potential corporate entity.

So forth, the MFIs in the industry together following the same pattern of journey with two resultant effects in the internal environment that will facilitate the transformation of MFIs into different approaches that begins with two line of thoughts. First, as the organization begins its journey it observes the swelling of maturity of some key staff; regularly holding formal and informal discussions with the promoters of BURO which enlightens both constituents of BURO in respect of

The transformation of the organization towards its desired destination as enunciated in its Mission Statement continues in professional way instead of embracing 'great leap forward'

commitment that the organization begins with. This is popularly known as high cohesion and high integration. Second, another group of incumbents get them coagulated creating another house with high cohesion and low integration which is the most dangerous stage in the growth of organization within the realm of market. The transformation of microfinance industry into corporate entity with new spirit, flavor and fervor demands the presence of former house instead of the later.

Two key services on technological advancements recognizing their needs across the target segment spectrum are:

1. the needs of the economy to bring remittance to the people across in a cheap, efficient & easily accessible manner through well distributed footprint set up with its network of branches.

2. the need for agricultural loan at the rural areas to supplement the vertical movement of the customers to graduate to higher socio-economic strata.

The demand for financial inclusion and financial integration promoting horizontal and vertical financial inclusion since its inception has started to sow the seeds of new financial technology maintaining balance of power between growth and inclusiveness – aligned with the strategic maneuver of the social policies built into the economic policies. The service delivery provision of the organization continues to maintain a certain degree of non-financial service scope as well.

The sustainability of the organization is not its propagation vertically and horizontally rather are the outputs and outcomes and the retention of the same that the organization will produce during

its short or long tenure. The retention or preserving as much as possible after consumption by the present generation to capitalize by the future generation is known as the sustainability.

IDENTITY

The financial inclusion of the organization that promotes organizational inclusions is practically dependent on the charisma, uniqueness and magnetism. The three fundamental elements find their niche into an organization with new taste, usefulness and importance. The customers and the organization find their trust and confidence leading to principle vis-a-vis the customers.

BURO has also strengthened demand-supply relation by adding another technology. The same demand and supply may also be the demand and supply of both the customers and organization.

CUSTOMERS

BURO begins its journey with four categories of customers. These are: 1. Extreme Poor 2. Moderate Poor 3. Micro Entrepreneurs, Small and Marginal Farmers 4. Professionals. Each of these four categories are based on independent criteria. The increase in quality of the technology that BURO initiates the transformation from the baseline sharpens. Though other factors simultaneously

working from the private and public sectors of the working localities are also responsible.

The same four parameters except the age have increased value as both the demand and supply from the organization. The transformation has been reflected here though in all first three parameters, more important is the changes in categorization of the customers.

On the other hand, the third category Micro Entrepreneurs, Small & Marginal Farmers keeping the range in the age criteria unchanged the categorization of the customers are subject to elevation in all criteria. The transformation of the targeted customers is also reflected in all the four criteria at

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.

The transformation of BURO towards creating an institution proceeds with the same pace attaining its legal status at the same time creating its space for increasing investment. The increased strength in respect of legal status signifies also that BURO is provided with the opportunities the more demands and supplies from the organization to participate in developmental intervention. The demand here is exclusively of the organization and supplies are exclusively of the government. BURO has acquired five different types of registration which indicates the pragmatic understanding of its leadership.





the same time nomenclature of the customers are retained.

The transformation of the organization towards its desired destination as enunciated in its Mission Statement continues in professional way instead of embracing 'great leap forward'. Diverse targeted customers are inducted from diverse disciplines. They are also categorized into single bracket as Professionals. This is the beginning of real transformation of the organization through the participation of the cross-sections in the working localities.

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).

BURO continues to demonstrate its excellence in transformation that gradually begins to crop up since its

inception in 1990. The flavor and spirit that it flushes over the organization are also the protective measures for both the organization and its customers staying in the rural remote areas. The linkages with different domestic networking open the forward linkages to hold the dignity, honor and self-esteem of BURO by demonstrating something new or innovative from its action. All the seven networking bodies are the demands of the organization and its customers and linking as the supplies are from networking institution.

SHARING OF INFORMATION

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

Information dissemination and information sharing constitutes both sides of the coin and are reciprocal to each other. All the six institutions have adequate

linkages at international level. The linkages with these institutions are among the important opportunities for BURO to place itself as one of the core organizations for lessons to learn in the NGO-MFI sector. The linkages with all institutions are the demands of BURO and the supplies are from the respective institutions.

Considering the quantitative assessments BURO ranks among the first three NGO-MFIs. But taking its operational age into account those quantitative assessments are insufficient to measure the overall growth of the customers and that of the organization.

The above recognition coming from the national and international organization is the glaring manifestation of the qualitative growth of BURO. BURO depends on its internal staff always but also considers this is not the end of microfinance and other program's intervention.

Rather while moving in the process of economic and social development, BURO emphasizes on the realities of the next. It underlines the crucial fact is that the present findings shall be considered as the new baseline. The above qualitative assessments are also the demands of the direct and indirect stakeholders to BURO. BURO facilitates its external environment to organize the supplies from the external environment.

LEGAL AND COMPLIANCE

- The Income Tax assessment of BURO completed for the assessment year 2018-2019.
- Paid off BDT 89 million as overall taxes in the National Exchequer.
- Microfinance transforms rules of MRA operational.
- Maintain 15% of customers' total savings fund constituting fixed deposit (10%) and liquid (5%) in accordance with the rules of MRA.
- Maintain accumulated surplus reserve fund (10%) in conformity with the rules of MRA.
- BURO follows guidelines of Bangladesh Bank on Agriculture and SME loan.

The qualitative assessment of the organization is largely measured by the tax paid on the income. The organization all along its way to the present status remains supreme sincere and honest in the repayment of its taxes by the staff following the rules of MRA to regulate the organization. BURO encourages the other voices to be heard to know the real demand and supplies in the environment of the organization. The supplies are capital, technology and technical assistance to provide from time to time by the organization.

POLICY IMPLEMENTATION

- New Comprehensive Operational 'Rules of Business for Micro Financial Services' banking previous

- experiences of BURO and guidelines given by MRA.
- Service rules for the staff afresh.
- Rigorous internal control system placed.
- Supply chain of foreign remittance strengthened to rural areas.
- Agent banking expected to cover other banks also.

The policies of the organization must be in consonance with its Mission. In fact, the mission of the organization is the chain that binds its customers with the organization so long they desire to stay with the organization.

OPERATIONAL PERFORMANCE

- 165,923 entrepreneurial clients trained on business and financial literacy.
- 154% operational self-sufficiency and 149% financial self-sufficiency.
- BDT 3,272 million Net Surplus (Operational Profit).
- 29.38% Capital Adequacy Ratio
- BDT 20.52 billion borrowed from banks.
- 30% total revolving loan fund (customers' savings)
- 98.16% on-time recovery rate (OTR).
- 3.37% portfolio at risk (>30 days) and 96.30% without any payments in arrears.
- 8.34% operational expense ratio.
- 5.90% capital/financial expenses ratio.
- BDT 0.05 as cost per unit of money lent.
- Per Loan Officer dealing with BDT 11.05 million.

- 105,086 transactions in remittance services disbursing BDT 3,197 million.
- BDT 25,890 million SME loan has been disbursed among 179,082 borrowers which is 2 percent higher than the last year.
- BDT 18,240 million agricultural loan has been disbursed to 408,570 farmers which is 26% higher than the last year. BURO has disbursed 8.94% of the national agricultural loan budget in this year.
- BURO is implementing SMAP jointly financed by Bangladesh and Japan through JICA. Bangladesh Bank is the fund manager of this project. SMAP was initiated from 2015-16 and will continue up to 2021.
- BURO disbursed under SMAP BDT 940 million among 11,482 farmers during 2017-18. BURO has disbursed BDT 2,162.60 million to 30,168 farmers between 2015-16 to 2017-18.
- 1,953 staff are given training on different issues in this year.

All the products are the supplies from the organization through capitalizing the previously produced goods and/or services. Conversely all of these are also the demands of the organization. The organization made an attempt to strengthen its status as the structural social capital with a minimum cost involved.



PROFESSIONAL ATTAINMENT



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

PRINCIPLE OF CUSTOMERS' SAVINGS MOBILIZATION

RECOGNITION TO THE SAVINGS OF THE POOR

BURO does not train the clients to save. Instead BURO trains its staff first to learn what the clients' demands are, and then to provide for them.

TRUST AND CONFIDENCE

For credit, BURO must trust the clients. But for savings, it is the clients who must trust BURO.

The customers must develop & feel a sense of trust. The trust and confidence are imbibed in several undeniable factors:

- security
- location choice (convenient without many obstructions/obstacles to reach)
- liquidity (protection against collapse due to large scale withdrawal)

- diversification of products (wide choices addressing specific needs)
- pleasant service (friendly & easy to understand)
- returns and potential accesses to loans

OPEN WITHDRAWAL SAVINGS

The "Payable on Demand" ideology - practiced by BURO Bangladesh is the outcome of applying high standards of operation, while conducting microfinancing activities.

Savings as the most vital instrument in promoting a country's national economic growth. The model of BURO Bangladesh is diagonally opposed to the thoughts of the people. BURO model stands on its miracle practices that savings should not be mandatory to access loan from any source. BURO as an

entrepreneurial NGO-MFI takes risk as one of its investment strategies.

The unhindered freedom for free movement in knowledge management is the most integral aspect of a vibrant organization. The given recognition to the freedom of the powerless of any community will obviously shake dormant or sleeping entities respect of their self-esteem about their organization.

The freedom to savings mobilization is the transformation of microfinance institutions towards commercialization based on certain basic principles. They are:

- Organized behavior (specialization)
- Regulate financial institutions, and
- Access to commercial financial markets

The transformation, because of comparative advantages, is applicable from a few NGO-MFIs in the highly competitive market intended for most nongovernmental organizations. Of the three stated basic principles the first one is the demand of the NGO-MFIs and supplies from the external stakeholders. The other two: second and third are the consecutive demands and supplies from the concerned external stakeholders.

The 'recognition' to the poor's capability functioning is the direct demand and supplies and of those with the donor identities in the external environment. The demand and supply provision (NGO-MFIs) as well as those with the donor identities need to design, produce and supply the (financial) products based on the demands of the poor.

But BURO also experiences three big money management problems.

- Managing money day-to-day: making sure that basic needs are met every day and not just when income is earned.
- Dealing with emergencies: finding enough cash quickly to overcome setbacks.
- Building large lump sums: getting enough money at one time to deal with big expenditures on birth, marriage, homemaking, education, festivals...



STRATEGIC PRIORITIES

- Product diversification.
- Use of commercial capital.
- Foreign remittance flow to rural and urban areas.
- Favorable investment climate.
- Market segments in consonance with the growth of capitalism.
- New innovations in the financial and social services at regular intervals as the mainstream programs.
- Increasing presence with concerned authorities of government agencies and microfinance sector.
- Strategies for sustainable supply chain of BURO with the emerging demands

The continuous strategic thinking with the participation of the organizational leadership to ensure the smooth functioning of the organization is absolutely needed. All these following factors against the strategic priorities are classified as demands of both customers and BURO and the supplies against the demand will come from BURO and primarily the Banking sector.

MARKET POSITIONING

- The majority customers value financial products.
- Different attributes in terms of product quality, prices.
- BURO Bangladesh and its competitors' challenging the market positioning.
- NGO-MFIs linking across the boundaries for future effective collaboration within the greater realm of microfinance industry.
- Commendable presence in the domestic and international financial and social forums.
- Adaptations in consonance with market demand depending on time, place and condition.
- Reciprocity and synergy between strategic priorities and market positioning.

The qualitative information on Market Positioning has identified both demands and supplies of BURO and its customers at the same time supplies from the organization and the market to strengthen the market positioning of BURO and its customers. Market priorities and market strategies will run parallel to each other which will intersect each other after a long journey challenging many obstacles by each other.





CORPORATE GOVERNANCE

VISION

A happy, prosperous and pluralistic democratic society meeting basic needs of the people in Bangladesh.

MISSION

An independent, sustainable, cost-effective microfinance institution providing diverse, appropriate and market responsive, quality financial and business development services along with social services at competitive prices.



VALUES

LISTENING TO CUSTOMERS

- Spinning on client's base.
- Service recipients as valued clients.
- Program pivots on clients' choice.
- Demand creation by clients themselves.
- Clients' voice about BURO financial services.
- Changing rules and regulations based on advantages and disadvantages

The values of BURO will contribute bigger and bigger amount to match the Strategic Priorities and Market Positioning of BURO, customers and market supplementing each other.

Listening to the Customers as the first value has also identified its own demand and supplies for both the Customers and the Organization with 'Listening to Customers' by the organization. 'Listening to Customers' is the highly valued skill of the human resources inside an organization.

CUSTOMERS EMPOWERMENT

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

The 'delegation of authority' and 'types of services' delivered are the keys to bring

'Customer's Empowerment'. The working entities at two different levels of the 'Delegation of Authority' and 'Types of Services' to deliver the efficient utilization of three factors of production. The services will be produced by the organization and delivered by the entities in accordance with the demands of the ultimate consumers. The informal and formal interaction between the entities of producers and consumers at the same time will reveal better information.

RIGHT TO ACCESS INFORMATION

- Information symmetries for clients on business and liquid through knowledge management.
- Every right of the clients to verify the passbooks with branch level transactions.
- Regular information dissemination to the clients about the use of their savings by BURO.
- Clients' voice in the use of their savings by the organization.
- Clients' participation in the activities of the organization.
- Maintain privacy of the clients of the organization.

The products to produce by the producers and the consumers to consume shall be reciprocal to each other. The taste of the consumers will vary with the use of any goods and/or services. As such the producer is forced to prepare new

product, that is, goods and/or services. The variances at the producer level will be proportional to those of the consumer.

FINANCIAL AND SOCIAL SERVICES AS UNIVERSAL RIGHT

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

Very little amount of money sometimes become very difficult to hold on with them due to unbelievable needs arise with the poor customers. Both the financial and social services are tipped by BURO as the universal rights of the three institutions: customers, BURO and market. The unhindered freedom for free movement with their savings at any time left over in the secure place by the customers is the recognition to the dignity, honor and self esteem that the poor should have and enjoy.

FEATURES OF QUALITY FINANCIAL SERVICES

- Providing services timely.
- Prompt and quick services.
- Services and timely services are the clients' aspirations and happiness.
- Services those the clients afford.
- Financial and social counseling for clients.

BURO from its experiences identifies the features of quality financial services that the organization provides with its customers. The features of quality financial services have also been divided into demand and supply by organization, customers and market. More or similar status have been considered by the organization in respect of identifying features to do by either of the three institutions.

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.

The organization has genuinely identified five factors to enhance its financial prudence with an emphasis on the institutional capacity. The first three fundamentals are both demand and supply for both the organization and customers and the last two fundamentals are truly applicable for the organization and the market (the banking sector).

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 answerable.
- **Compliance:** Strictly implementing the directives of Microcredit Regulatory Authority (MRA).
- **Bureaucracy:** BURO consuming less time for overall loan supply to the clients.
- **Conflict Resolution:** Digital technology for regular monitoring to provide timely services.

The organization has added a new dimension 'good governance' as a part of Corporate Governance but remaining within the values of the organization. It has identified seven fundamentals in respect of good governance

though many of those fundamentals are also truly applicable for corporate governance. Furthermore, each fundamental is mandated to remain tied with the forwarding or succeeding fundamentals mentioned in good governance.

The organization has identified seven fundamentals in a synchronized manner together with segregating into demand and supply among the customers, organization and the market. Two important fundamentals are also identified which differentiate good governance and corporate governance of the organization. In fact, the transition from good governance to corporate governance shall inevitably cross fertilize the strength of Bureaucracy and Conflict Resolution.

The preceding five fundamentals will exercise its total strength to erode the negative effect of these two fundamentals. At the same time transforming initially the uneasiness into facile for any new incumbent. This will be followed by transforming the facile environment into positive bureaucratic environment by the continuous fertilization. The positive bureaucratic behavior will transform the total organizational climate into an open climate with the cascade effect on the Branches as well as its customers making the conflict resolution into a solvable among them. The successful transformation process will save time and energy for both the organization and its customers.

SOCIAL COMMITMENT

- In-built Social policies in financial policies.
- Endeavors incorporating social investment integrated with its mission.
- Pursue commercial objective to provide sustainable microfinance services.
- Potential entity in financial and economical markets to developing reciprocity between the two markets.
- Outreach in both social and financial services encompassing vertical and horizontal movement from low to high.

The organization provides equal importance on social issues. The organization considers that the potential NGO – MFIs have adequate span of period to intervene among the social issues. The organization has identified five social issues to address. The five social issues are segregated into both demand and supply.

The last two fundamental social issues have also similar importance, in that, both are the demands and supplies of potential entities in the financial and economic market. The first fundamental issue once addressed will be demonstrative as the demand as soon as the policies are formulated. These will become the supplies as soon as supplied from the government. Again, when the formulated policies will be implemented the outcome will be the supplies from the NGO-MFIs as well as demand from the market and government.



RECOGNITIONS

TAX CARD

Awarded the First Highest Tax Payer in '**other sectors**' by National Board of Revenue for the Assessment Year 2016-2017 in accordance with the "National Tax Card Policies, 2010".

CGAP/THE WORLD BANK FINANCIAL TRANSPARENCY AWARD

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

SAFA AWARD FOR BEST PUBLISHED REPORTS AND ACCOUNTS

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

ICAB NATIONAL AWARD FOR BEST PUBLISHED REPORTS AND ACCOUNTS

The Institute of Chartered Accountants of Bangladesh (ICAB) awarded BURO for eleven years consecutively for the best published Reports & Accounts for 2005 (second), 2006 (first), 2007 (third), 2008 (second), 2009 (second), 2010 (third), 2011 (third), 2012 (Certificate of Merit), 2013 (third), 2014, 2015 & 2016 (Certificate of Merit), and 2018 (third). This is a notable national recognition for financial transparency.

CREDIT RATING

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

SOCIAL PERFORMANCE

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

TRAINING PROVISION AND ENTREPRENEURSHIP DEVELOPMENT

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

The recognitions read qualitative climate in the internal environment of the organizations. It furthers the unhindered freedom for free movement by the nation-state, NGO-MFIs and the powerless community at the peri-urban, urban and city areas to further the growth of capitalism. BURO consciously believes that without the growth of capitalism the full-blown status of the political, social and economic change will never occur.

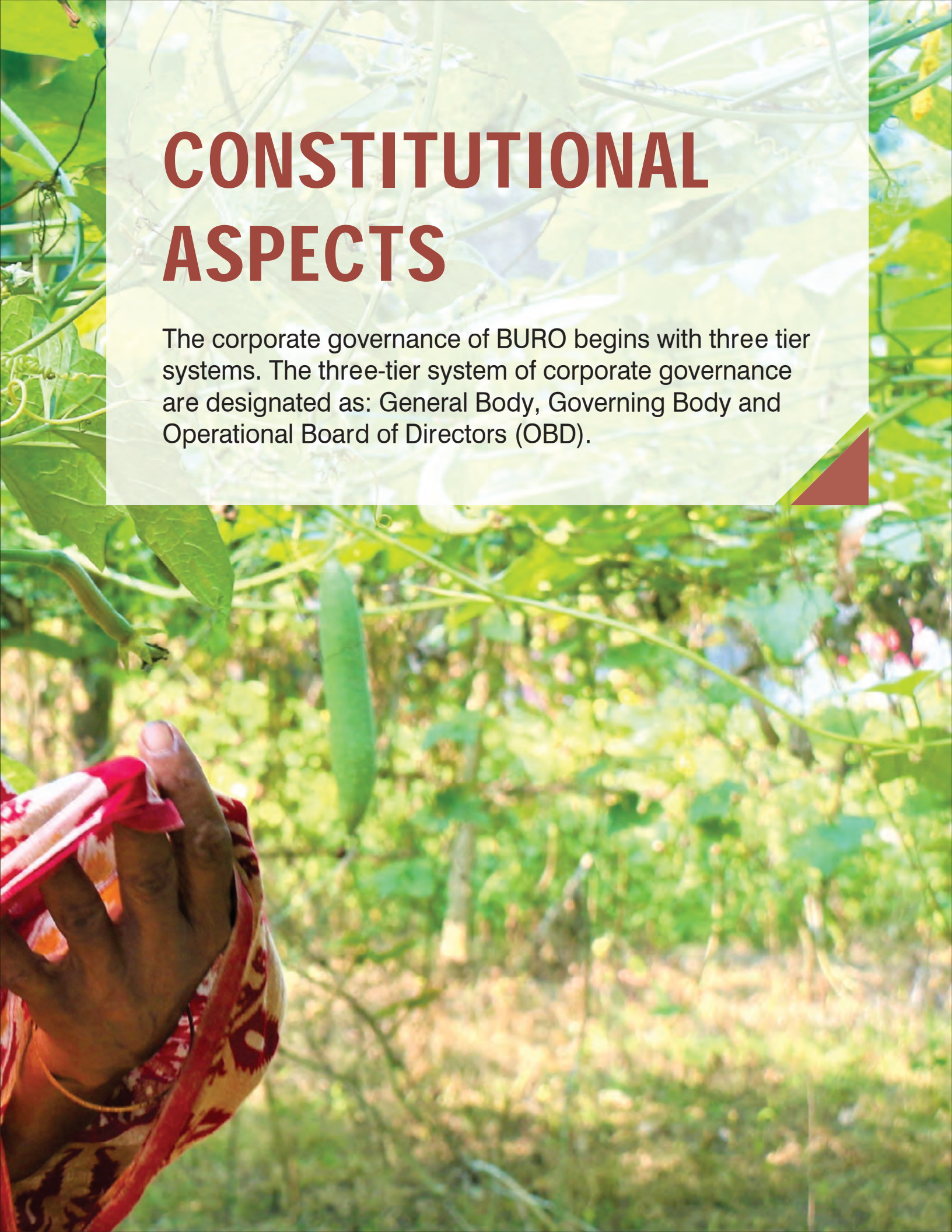
All the major qualitative indicators are identified by the international institutions. The last indicator is a great honor for BURO to be selected as the NGO-MFIs: 'The Refinance Scheme for New Entrepreneurs'. The information base of demand-supply classifies the recognition with the former creating pressure for the release of information and the later also creating pressure to know status quo of BURO

BURO is intended towards establishing a strong corporate governance structure and framework within the organization. It is highly needed for a competent transparency and accountability; maintaining a broad-based corporate governance culture within the organization.



CONSTITUTIONAL ASPECTS

The corporate governance of BURO begins with three tier systems. The three-tier system of corporate governance are designated as: General Body, Governing Body and 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

The Governing Body of the organization consists of 7 members with different professional background. They work as the conduit between the Governance and Management of the organization.

Chairperson

S K Sarkar
Former Director of BRAC and Former Treasurer of BRAC University

Vice Chairperson

Dr. Md. Nurul Amin Khan
Former Principal-Government College and Eminent Poet & Educationist

Finance Secretary

Dr. M A Yousuf Khan
Former Managing Director & CEO of People's Leasing and Financial Services Limited

Member

Anwar UI Alam
Former Secretary and Ambassador, Government of Bangladesh

Dr. Rowshan Ara Firoz

Former Professor, University of Dhaka

Syed Shahadat Hossain

Deputy Managing Director, Phoenix Insurance Limited

Mirza Quamrun Naher

Development Activist

Ex-Officio Secretary

Zakir Hossain

Executive Director

Advisory Support

Graham A.N. Wright has been BURO's international honorary advisor for a long time.

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.

OPERATIONAL BOARD OF DIRECTORS (OBD)

The OBD is directly facilitating the Executive Director to exercise all executive and financial matters of BURO. The OBD also attends the meeting to help the Executive Director at the meeting of General and Governing Body. Each member of the Operational Board of Directors (OBD) has respective role relations in consonance with the corporate governance of the organization. The OBD consists of the following Directors of the organization:

M. Mosharrof Hossain
Finance Director

Md. Sirajul Islam
Director- Special Programs

Pranesh Chandra Banik
Director- Risk Management

Farmina Hossain
Deputy Director- Programs

CONSULTANT

Md. Mukitul Islam
Chief Coordinator - Construction

Ratish Chandra Ray
Consultant-Training

Farzana Rahman Khan
Chief Coordinator-BURO Craft

SENIOR AND MID-LEVEL PROFESSIONALS

Program

Kh. Moklasur Rahman
Coordinator and Senior Divisional Manager

Monitoring & Reporting

Sayed Ahamed Khan, Coordinator

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

Md. Nazrul Islam
Coordinator – Training Management

Indranil Indu
Coordinator- Training

Administration

Md. Shahinoor Islam Khan
Assistant Coordinator

Abdur Razzak Chowdhury
Assistant Coordinator

Md. Enamul Kabir, Senior Officer

Md. Shamim Kabir, Officer

Rokeya Akter, Officer

Human Resource Management

Md. Ashraful Alam Khan
Assistant Coordinator

Nilufun Nahar Chowdhury, Officer

Finance and Accounts

Md. Abdul Halim
Assistant Coordinator

K.B.M Kamrul Islam, Officer

Farid Uddin Ahmed, Officer

Shah Jalal, Officer

Mahbubur Rahman, Officer

Shofiqul Islam, Officer

Special Program

S M A Rakib, Assistant Coordinator

Information and Communication Technology (ICT)

Shahinur Islam, Assistant Officer

Disaster Management

S. Z. M Shahriar, Manager

DIVISIONAL MANAGERS

Md. Arshed Alam, Rangpur

Zafar Ahmed Jewel, Chattogram

Saidur Rahman, Khulna

Mohsin Hossain Khan, Mymensingh

Istak Ahammed, Pabna

Abdus Salam, Cumilla

ZONAL MANAGERS

Rafiqul Islam, Gazipur

Haroun-Or-Rashid, Modhupur

Mir Mukul Hossain, Faridpur

Reaz Uddin, Tangail

ABM Alauddin Ahmed, Chandpur

Samar Ali Fakir, Chattogram

Al Amin Khan, Jashore

Awlad Hossain, Sylhet

Uttam Kumar Basak, Rangpur

Md. Mustafijur Rahman,
Dhaka Metropolitan

Abu Syeed Shikdar, Khulna

Mohammad Zahirul Islam, Cumilla

Tutul Chandra Paul, Narayanganj

Sirajul Islam, Cox's Bazar

Md. Shamsul Alam, Thakurgaon

Md. Arich Hossain, Mymensingh

Shahadat Hossen, Noakhali

Abul Bashar Sarder, Barishal

Mohsin Miah, Pabna

Md. Rezaul Islam Khan, Savar

Md. Motaharul Islam, Bogura

Md. Mizanur Rahman, Rajshahi

Abul Bashar Miah, Madaripur

Anowerul Islam, Brahmanbaria

K. M. Rashed Faruk, Kushtia

AUDIT COMMITTEE

Chairperson

Dr. Md. Nurul Amin Khan
Vice Chairperson, Governing Body

Member

Dr. M A Yousuf Khan
Finance Secretary, Governing Body

Syed Shahadat Hossain
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

Policy and Procedures

The organization identifies and practices various rules to regulate the practices of Corporate Governance by the organization: **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.

Income Tax Return Submission

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

Internal Control System

The organization develops and pursues a very rigorous and transparent internal control system to ensure transparency, efficiency and overall effectiveness. International standard norms and practices meticulously incorporated. The components of internal control system are:

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

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 at different places. A branch is managed by one Branch Manager, one Accountant, and 6-8 Program Organizers (POs)/Assistant Program Organizer (APOs). There are **802** branches supervised by **190** Area Managers spread over **25** Zones equally distributed among **7** working Divisions.

Staff Benefit Funds

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

The organization develops and pursues a very rigorous and transparent internal control system to ensure transparency, efficiency and overall effectiveness. International standard norms and practices meticulously incorporated



Internal Audit

The audit and risk management department are headed by a director managing a total of 71 audit staff working in this 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 pass book verification.

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

Risk Management

The risk management of the organization covers core risks that include industry risk, credit risk, liquidity risk, interest rate risk and operational risks. The aim of risk management is that BURO evaluates and takes well calculative business risks and thereby safeguards the organization's capital, its financial resources and profitability.

Monitoring

BURO unit monitors intensively the following indicator in the progress of the branch functioning: 1. clients' passbooks verifying with the loan collection sheet 2. loan disbursement procedure of the organization, 3. supervises the

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

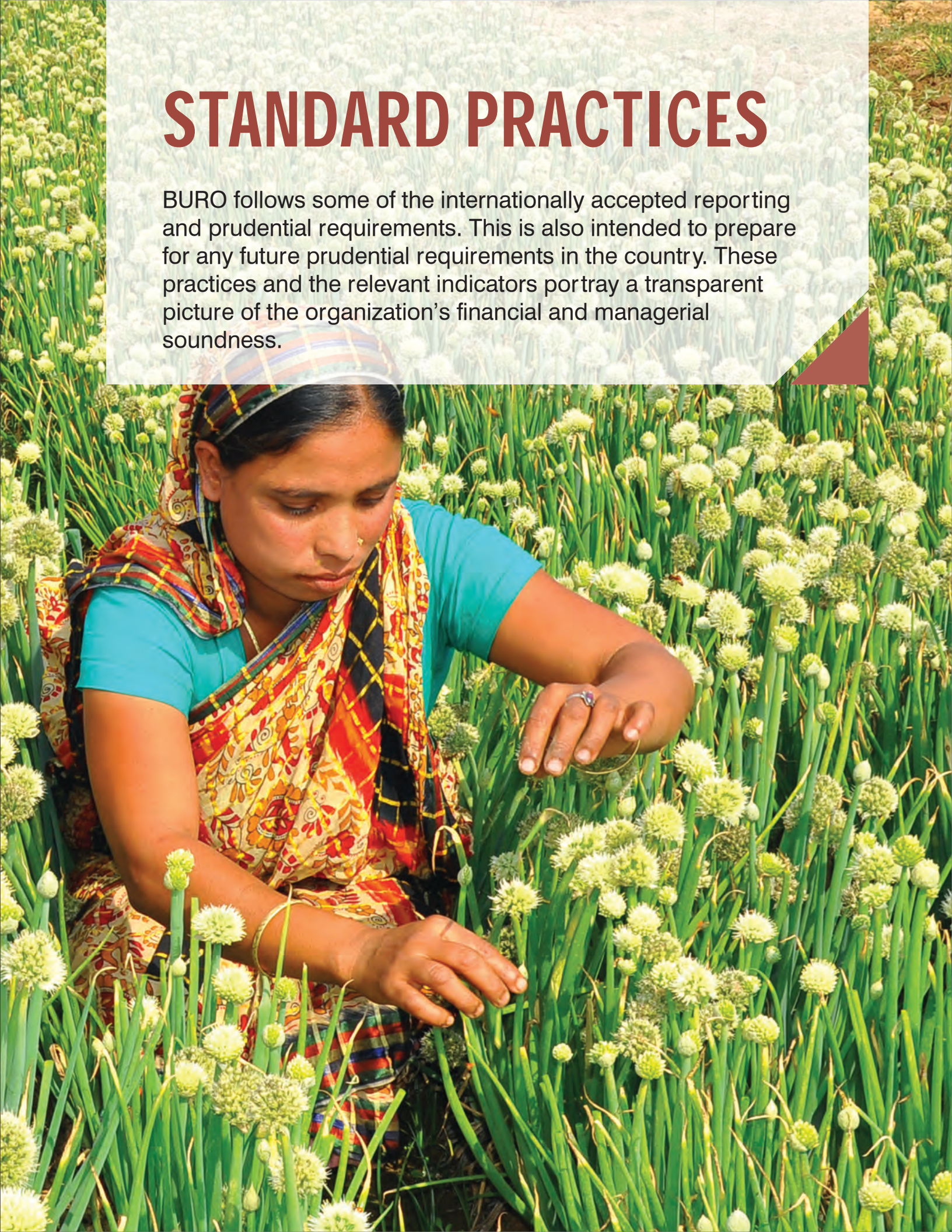
External Audit

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



STANDARD PRACTICES

BURO follows some of the internationally accepted reporting and prudential requirements. This is also intended 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 determines whether the risks that it has incurred can be adequately offset 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. Monthly aging analysis is performed to determine the quality of loan portfolio.



Management

The well-organized of Human Resource Development (HRD) is well organized in a manner that provides clear guidance and support to operational staff - including recruitment and training of new personnel. The organization undertakes short-term and long-term financial projections and uses these to ensure fiscal and budgetary control.





Earnings

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



Liquidity Management

10-15% of savings balance of all branches is 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

Management makes provisions for loan losses every quarter to maintain the loan loss reserve at adequate levels for 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 one year of the loan term.

FINANCIAL INCLUSION

The anticipated deepening of financial inclusion programmatically and organizationally is projected to create supreme integration among the active entrepreneur stakeholders in the financial and economical market



Financial Inclusion is both social horizontal and vertical dimensional outreach to the customers exploring different conduits encompassing the MFIs. The balance between financial inclusiveness and financial stability is an essential requirement. The dimension of technological application is logically cross fertilizing the created space by diverse financial services. It needs application of financial inclusion by the banks.

The relationship being facilitated between the Bangladesh Bank and NGO-MFIs, between the Banking sector and NGO-MFIs and between the Banking sector and members of NGO-MFIs is also the Financial Inclusion. But it needs the creation of congenial working environment among Bangladesh Bank, Banks, NGO-MFIs and people.

The uniqueness of Financial Inclusion is also the programmatic and organizational restructuring. The anticipated deepening of financial inclusion programmatically and organizationally is projected to create supreme integration among the active entrepreneur stakeholders in the financial and economical market.

REMITTANCE SERVICES

The remittance program is unequivocally an undeniable financial technology in the financial market. This opens and widens the passage for the use of remittances in the market of economic relations.

It is necessary to ensure that the smooth flow of the foreign or domestic remittance without any bureaucratic hindrances or hassles reach the recipients in the urban, rural and rural remote areas.

The congruent application of remittance flow resolutely needs tapping the unutilized resources, unfurling the latent entrepreneurial qualities and containing the wastage of remittances by its recipients.

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

BURO adopts several steps those totally interdict the intruders as the claimants of remittances coming from foreign or domestic sources. The issuance of remittance client cards and providing remittance services through two terminals are highly noteworthy.

AGENT BANKING

Agent banking means providing partial scale banking and financial services to the underserved population through engaging agents under a valid agency agreement. Globally these retailers are being increasingly utilized as important distribution channels for financial inclusion.

The attention of Bangladesh Bank is also drawn to promote this complimentary channel to reach the poor segment with a range of financial services especially to geographically dispersed locations.

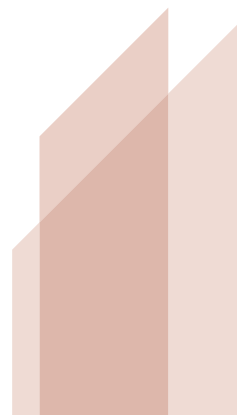
DIGITAL FINANCIAL SERVICE (MOBILE BANKING)

BURO is bringing new technology in its microfinance services popularly known as Digital Financial Services (DFS). The financial assistance is projected from Rockefeller Philanthropy Advisors. The ICT technology in loan disbursement to and loan recovery from using mobile phone as the device will initially use the existing available platform on pilot basis.



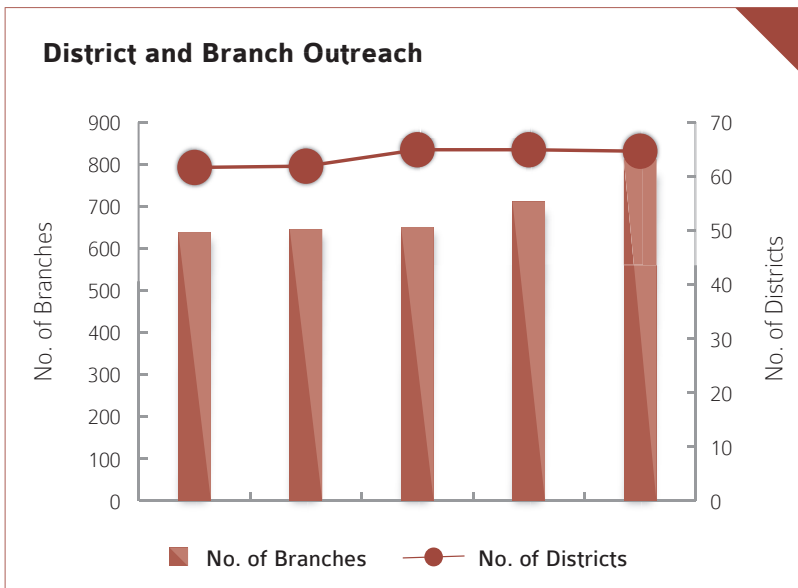
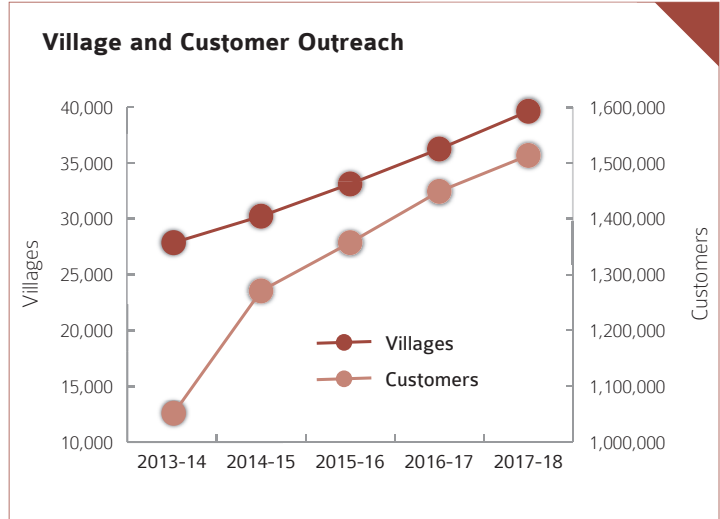
MICROFINANCE FOR THE POOR

*The women constitute
around 99% of the total
customers*



CUSTOMER OUTREACH

The number of active customers stands at 1.5 million. The women constitute around 99% of the total customers. Dropout rate was 6%.



GEOGRAPHICAL COVERAGE

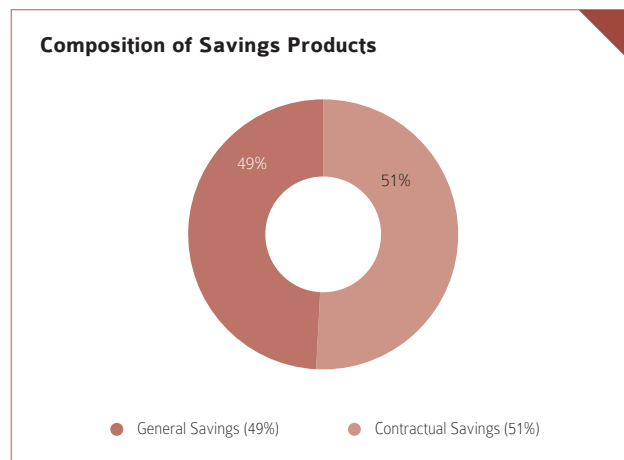
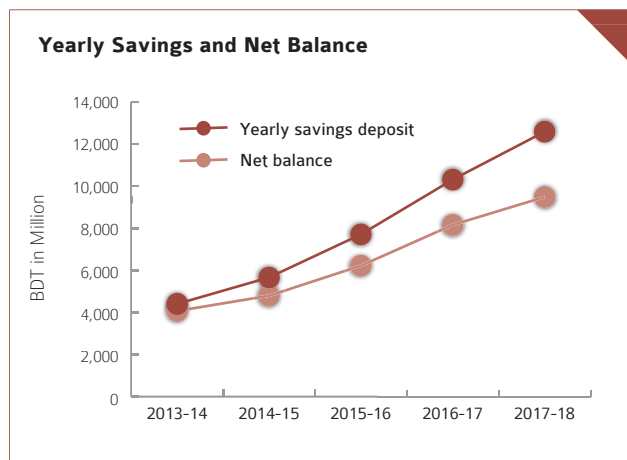
BURO expanded its geographical coverage to a considerably large extent. Through 802 branches, BURO provides its flexible financial services to 39,639 villages in 3,911 unions of all 64 districts.



SAVINGS SERVICES

Instead of keeping Savings as security for loan, all savings products with the following basic objectives are payable to the customers on demands. Strong and accountable governance, sound asset management and an enabling legal and regulatory environment are three cornerstones for large scale savings mobilization.

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



GENERAL SAVINGS

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

CONTRACTUAL SAVINGS

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

The contractual savings allows savers to determine the amount, time of deposits and withdrawals. The clients in the contractual savings account the entire amount plus the interest agree to regularly deposit a set amount for a scheduled period. Then they can withdraw as permissible.

SAVINGS PERFORMANCE

Table-3: Savings deposits, withdrawals and net balance as on June 30

FY	Yearly		Net Balance	Increased	Average Savings per Client BDT
	Deposit	Withdrawals			
	Million BDT				
2013-14	4,113	3,342	4,487	21%	4,261
2014-15	4,818	3,609	5,696	27%	4,487
2015-16	6,252	4,256	7,692	35%	5,670
2016-17	8,211	5,572	10,331	34%	7,129
2017-18	9,537	7,218	12,650	22%	8,363

Table-3: Savings balance by product as on June 30

Amount in Million BDT

Products	2013-14	2014-15	2015-16	2016-17	2017-18
General Savings	4,003	4,200	4,784	5,724	6,141
Contractual Savings	484	1,496	2,908	4,607	6,509
Total	4,487	5,696	7,692	10,331	12,650



LOAN SERVICES

BURO emphasizes significantly on supporting economic activities to generate employment and income to reduce income inequality between its targeted audiences and other

sections of the community. The loan products are produced in response to the demands of its customers to assist their economic activities. The comparative advantage gained by BURO

is that the customers of BURO can have short-term loan for meeting any emergency needs in addition to existing loan(s).



significantly to creating self-employment at post-independence of the nation-state. The present-day demand is to create diversification of SME loan. The use of microcredit presently is contributing to business expansion and employment generation.

The inclusion of Missing Middle borrowers can be facilitated by SME loan. The modalities to consider that Small and Medium Enterprise loan necessitate two fundamental conditions: (1) creation of wage labor employment of at least one person while using SME loan. (2) borrower of SME has her/his own equity in the use of the loan.

AGRICULTURE LOAN

The loan is exclusively for agricultural activities. The loan is designed to increase the farm activities enhancing better livelihood of the poor

rural and peri-urban households. The agricultural loan also enhances food security of the households.

HAND LOAN

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

DISASTER LOAN

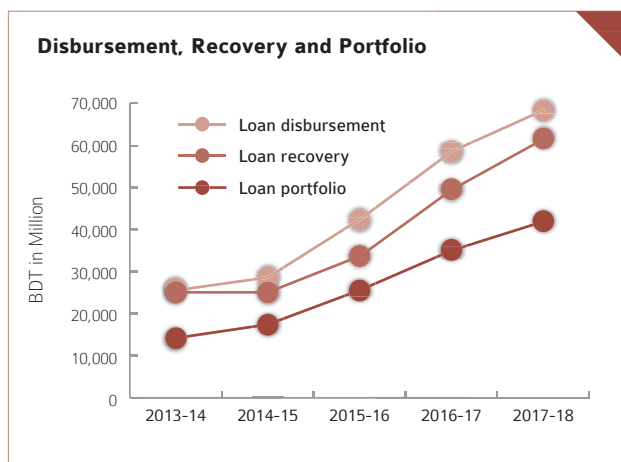
BURO places significant emphasis on the promotion of self-help and self-reliance of disaster-affected rural communities, encouraging and helping households to stand on their own feet. The disaster loan is intended to reduce the effect of shocks for cash from the loss of financial and physical assets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

GENERAL LOAN

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

SME LOAN

BURO developed its SME loan for 15-20% entrepreneurs. SME loans as individual loans contribute



WATER & SANITATION LOAN

Access to safe drinking water shall also 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.

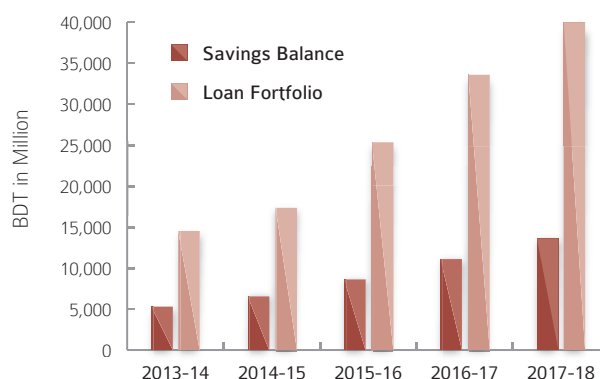
CUSTOMERS' SECURITY SERVICES

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 customers is necessary to reduce the vulnerability of the households to 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.

Comparative View of Savings vs Loan Portfolio



LOAN PERFORMANCE

Table-5: Yearly loan disbursement and balance as on June 30

FY	Disbursement (BDT in million)		Loan Portfolio	Average Loan Size	
	Yearly	Cumulative		Disbursement	Balance
2013-14	23,629	103,876	13,725	24,422	15,309
2014-15	26,300	130,176	16,466	29,347	19,621
2015-16	39,515	169,691	24,433	40,753	26,502
2016-17	54,394	224,085	32,779	52,870	32,795
2017-18	63,346	287,431	39,041	61,269	38,320



PERFORMANCE ANALYSIS

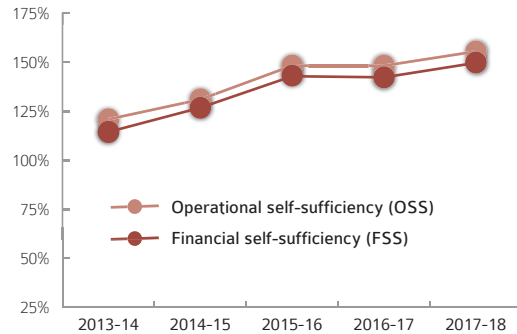
*BURO maintains a high-quality portfolio of loans due to on-time loan recovery rate is registered at **98.16%***

SUSTAINABILITY AND PROFITABILITY

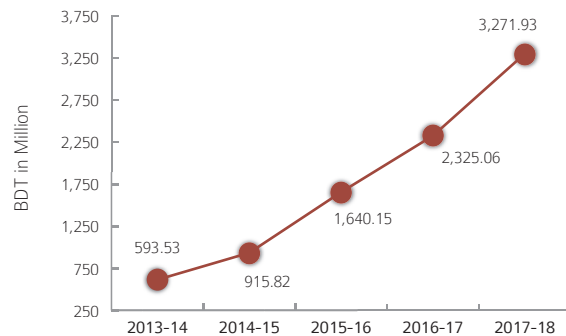
BURO has achieved a staggering **154%** operational self-sufficiency (OSS) and **149%** financial self-sufficiency (FSS) in the year 2017-2018.

With a net profit of BDT 3,272 million in the same year which is **41%** higher than the previous year. The return on equity (ROE) stands at **33%** and net financial spread is **11.04%**.

Operational and Financial Self-Sufficiency



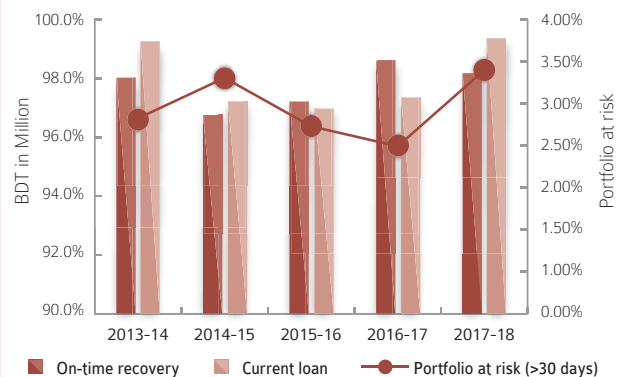
Net Profit

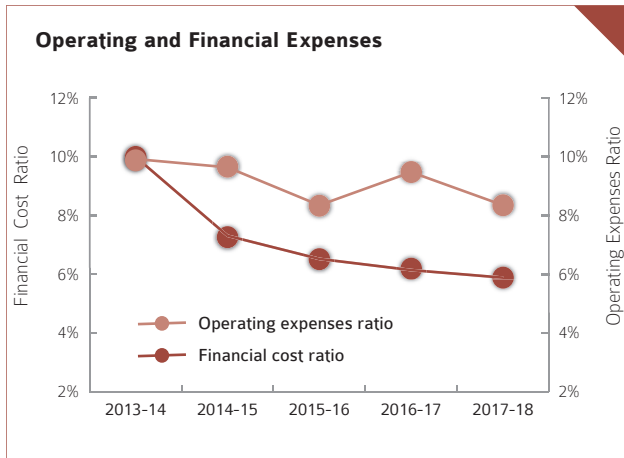


PORTFOLIO QUALITY

Loan portfolio is the greatest asset of an MFI. Quality is characterized by low portfolio risk and high loan recovery rate. BURO maintains a high-quality portfolio of loans due to on-time loan recovery rate is registered at **98.16%**.

Portfolio Quality Analysis

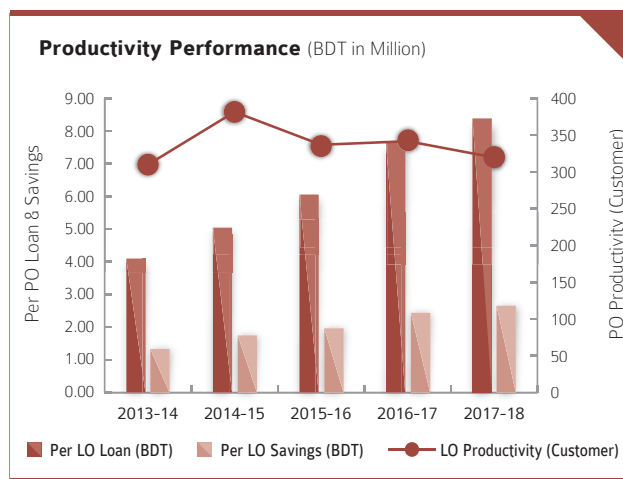




LEVERAGE RATIO

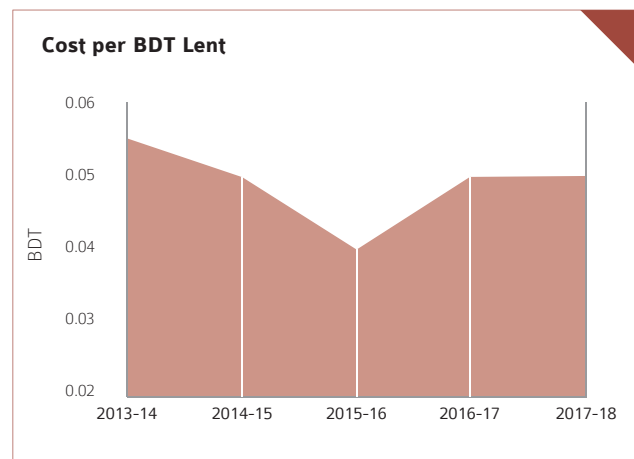
The equity is considered in the financial market as a base for commercial borrowing. Before an MFI can borrow commercially it is imperative that the organization is financially viable and that it will continue to be viable in the long term. This is understood by debt-equity ratio, equity to asset ratio and debt service coverage ratio (DSCR).

Debt to equity ratio figures at **1.75** and Debt Service Coverage Ratio is **1.63** times.



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.







FINANCING MIX

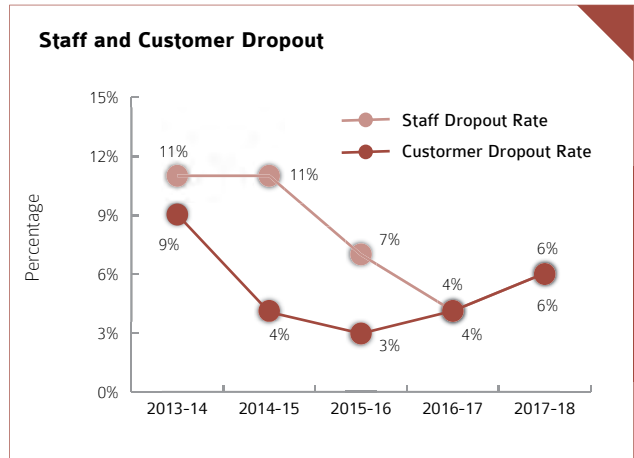
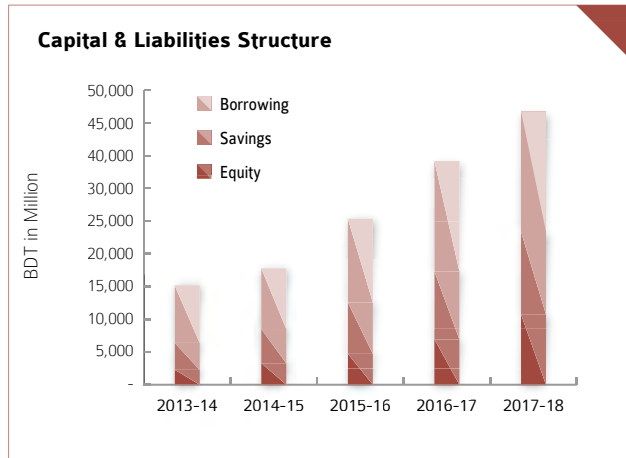
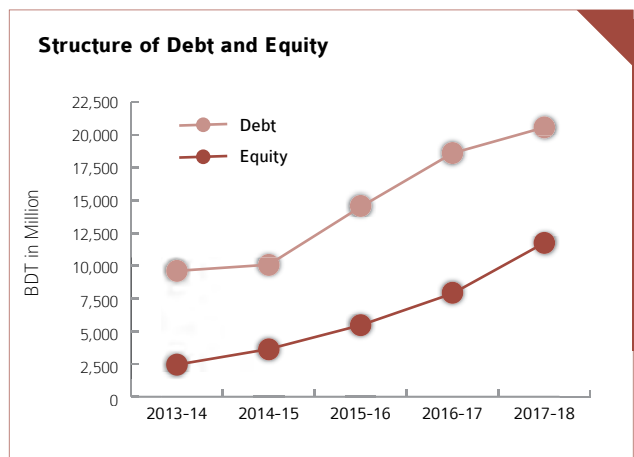
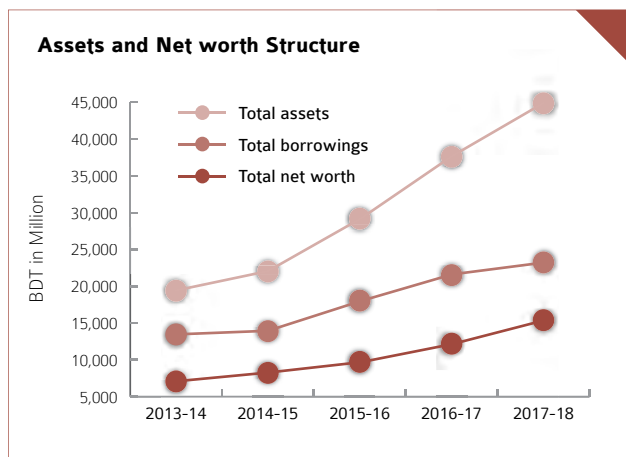


Table-10: Financing Mix as on June 30

Amount in Million Taka

Financial Resources	2013-14		2014-15		2015-16		2016-17		2017-18	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Equity/Net Worth	2,439	15%	3,579	19%	5,414	19%	7,901	21%	11,701	26%
Client Savings and others fund	4,571	28%	5,880	30%	8,061	29%	10,989	29%	13,659	30%
Commercial Borrowing	9,573	57%	10,035	51%	14,373	52%	18,516	50%	20,518	44%
Total	2,439	15%	3,579	19%	5,414	19%	7,901	21%	37,406	100%
Growth	12%		18%		43%		34%		23%	



REGULATORY COMPLIANCE

Eligibility Criteria	MRA Compliance	2015-2016	2016-2017	2017-2018
Cumulative Recovery Rate (CRR)	95%	99.22%	99.38%	99.39%
On Time Recovery Rate (OTR)	92-100%	97.25%	98.63%	98.16%
Liquidity to Savings Ratio	10%	15.18%	17.47%	25.08%
Current Ratio	2 : 1	5.14 : 1	5.75 : 1	6.45 : 1
Capital Adequacy Ratio	15%	21.36%	23.34%	29.38%
Debt Service Coverage Ratio	1.25 : 1	1.37 : 1	1.36 : 1	1.63 : 1
Debt to Capital Ratio	9 : 1	2.66 : 1	2.34 : 1	1.75 : 1
Rate of Return of Capital	1%	36.48%	34.93%	33.38%

ASSET COMPOSITION

Table-11: Asset composition as of June 30

Amount in Million Taka

Assets Composition	2013-14		2014-15		2015-16		2016-17		2017-18	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Net fixed assets	660	4	671	4	930	3	1,209	3%	1,377	3%
Net loan portfolio	13,308	82	15,872	84	23,660	87	31,901	87%	37,746	84%
Investment	1,087	7	1,433	8	1,434	5	2,087	6%	3,118	7%
Other current assets	282	2	459	2	760	3	746	2%	704	2%
Cash and bank balance	906	5	552	2	411	2	781	2%	1,911	4%
Total	16,243	100	18,987	100	27,195	100	36,723	100	44,856	100
Growth	12%		17%		43%		35%		22%	





DISASTER MANAGEMENT

The paradigm shift of BURO is from traditional interventions to the combined approach of hardware and software

The program addresses preventive measures, as such, the composition of disaster management - which is basically the delivery of hardware and software services by BURO. The technology which stands as the singular most determinant factor to graft the given software and hardware in application is virtually the continuous presence of the organization by the disaster affected people.

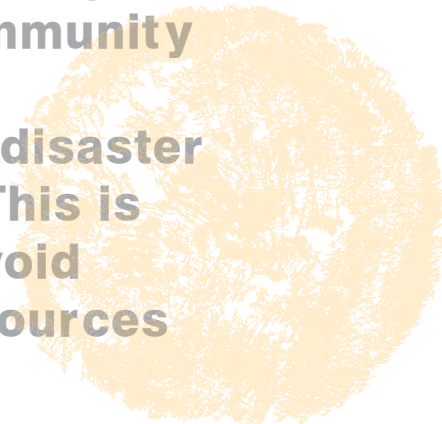
CAPABILITY FUNCTIONING

The effective disaster management is imbibed in the continuously cropping up of the institutional capacities of both the organization and disaster affected people. The capability functioning is the sum of the institutional capacities of organization, disaster affected people, and innovation in technology mixed with the existing indigenous traditional practices.

TRANSFORMATION INTO HUMAN CAPITAL

The transformation of human resources into human capital is the application of continuously cropped up institutional capacities of both the organization and disaster affected people. Disaster management constitutes two intertwined services: (a) disaster preparedness service, (b) disaster response. The sources of both services are the organization and disaster affected people.

The maximum utility can be achieved through integrating community people & local government in disaster management. This is projected to avoid wastage of resources



PARADIGM SHIFT

The paradigm shift of BURO is from traditional interventions to the combined approach of hardware and software. The reliance on people's own capability functioning is the supreme controlling authority in disaster management by the organization.

SHARED SENSE OF OWNERSHIP FEELING

The maximum utility can be achieved through integrating community people & local government in disaster management. This is projected to avoid wastage of resources. The Union Council and community people in reciprocity will become more interactive, accountable and responsible to disseminating, sensitizing and raising the public awareness at any given locality.

COOPERATION AND COORDINATION

The life of sensitizing the issue at the nation-state, community and family level shall be integrated with the existing stakeholders and new entities. Integration is projected to materialize their growing awareness of interrelationships among disaster, environment and development.

CASCADE EFFECT

The existing services delivery environment at the nation-state, community and family level shall be symbiotic between and among each other. The sustainable symbiosis of integration is clearly dependent on how to better the interaction among the Union Council, people and service providing agencies occurs with high frequency sensitization of the issue.

Disaster Management

MANAGING THE DISASTER FUND

During any natural calamity BURO comes forward to the aid of its affected customers. BURO has set up a disaster fund. Affected customers can take loans at a cheaper rate to recuperate their damaged business activities. The proper utilization of disaster fund by the customers is guided by the Program and Training Units of the organization.

COMPETENCIES RELATED TO DISASTER MANAGEMENT

Teamwork leads to integration of quick decision making, working experience and technical assistance in disaster management. The capability functioning of the customers is their abilities to prepare at pre, during and post situation to normal lives.

The well instrumental training unit is the nexus between the community people and organization to deliver its technical assistance and follow-up services at pre, during and post disaster situation. BURO has emerged as an entity with the abilities to work with disaster management at the time of national crises.

Output of Disaster Management Program

The disaster program emerges as an integral entity of the organization in its poverty reduction for the hardcore poor, poor and vulnerable non-poor responding to the following:

- Fast disbursement of loans to the affected customers of BURO
- Rehabilitation support e.g. new house building/repair, road construction/repair, raising ground of 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

Finally, the reduced bureaucracy followed as much as possible is the niche of implementing the above stated four basic principles of the organization.



HUMAN RESOURCE DEVELOPMENT

BURO has its own training complexes with all the infra-structures and physical facilities composing six training centers located at Tangail, Cumilla, Modhupur, Chattogram, Sylhet and Khulna

The professional capacity of the staff enhances the ability of the institution to move forward with its mission. The increasing knowledge-based capacity of the staff, formalizing systems & procedures and strengthening the existing systems in the organization are the central nerve of the professional capacity of the staff.

CUSTOMER DEVELOPMENT TRAINING

BURO organizes different need-based training courses for its customers to strengthen their capacities and skill to boost their income and 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 staff development training produces discernible impact in improving professional capacity of operational staff:

- 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.

HRD IMPACTED POSITIVELY

The organization stresses on the development of efficiency of staff at all levels. It always earmarks an adequate funding for staff development. The investment in human resource development has impacted positively. Effective leadership has been created at different levels. Productivity of staff has increased substantially, and this has resulted in scaling up the efficiency of operations.

COMPETENCIES RELATED TO HUMAN QUALITIES

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

PHYSICAL & INFRA-STRUCTURAL FACILITIES

The glimpse of BURO evolution with an independent training with its own skilled human and material resources enabling the organization to emerge as a successful training service providing organization is noteworthy.

BURO has its own training complexes with all the infra-structures and physical facilities composing six training centers located at Tangail, Cumilla, Modhupur, Chattogram, Sylhet and Khulna. The training complex of BURO has Rest House with full facilities at Tangail, Modhupur, Khulna, and Sylhet.



SAFE WATER AND SANITATION

The projects constituting safe drinking water and safe sanitation facilities are being implemented in the areas of 416 branches of 54 districts funded by Water.org

WATERCREDIT

The Water and Sanitation program is the outcome of customers' environmental needs as the cause of behavioral change communication (BCC). The organizational potential human technology is mandated to oversee the customer's behavior including Water and Sanitation loan product.

Rural Water Supply of BURO is a great contribution to safe and secure water in the rural areas. The banking support for infrastructure in certain instances are found without adequate provision for liquid support. Notwithstanding the limitations associated with the slow process of behavioral change communication in the use of the water and sanitation services, BURO provides supreme thrust on WaterCredit.

The very slow process to move its journey from the wealthy community to the grassroots is due to three reasons. 1. very limited exposure to knowledge management by the targeted audiences leading to, 2. highly limited affordability of the

households in respect of available resources: time, money and material leading to, 3. depressed frame of mind, approach and attitude of the households.

Two very important and interesting behaviors from the users and non-users deserve attention: 1. the perception about the utility of safe water and safe sanitation facilities influencing behavioral change communication of the households and 2. properly maintaining 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 **416** branches of **54** districts funded by donor agency Water.org. **2,906** staff within the jurisdiction of the project were given training on the concerned issues. **72,409** borrowers within the same area of this project are also provided with training. Trained **72,396** borrowers are given water and sanitation loan amounting BDT **1,416.63** million.

RURAL WATER SUPPLY

Portable fresh safe and secure water right from the supply tap is of paramount importance. The accessibility and affordability of safe and secure water by the rural, urban and city people are the central attention of the nation-state.

Arsenic contamination of ground water meanwhile emerges as grave concern. Around **1,795** people of a village of Munshigonj district have had access to piped water supply with all-out assistances from BURO. The World Bank and Social Development Foundation (SDF) made this initiative a reality.

Reducing Health Hazards due to Arsenic Contamination in Pura Baushia village under Gazaria Upazila of Munshigonj District with the financial assistance from World Bank. The numbers of households that are connected presently stands at **570**, including **5%** households from hardcore poor community.

BUSINESS AND FINANCIAL LITERACY

The financial management has binary implications. First: financial analysis, developing self-confidence in business, conflict resolution and entrepreneurial qualities. Second: link with other business and business expansion needed to adapt at the same time

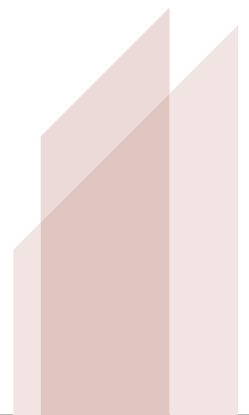
MasterCard Worldwide is the Partner for Business and Financial Literacy through the provision of training. It is projected at business development services to adapt with customers quality, business type and marketing facilities.

The financial management has binary implications. First: financial analysis, developing self-confidence in business, conflict resolution and entrepreneurial qualities. Second: link with other business and business

expansion needed to adapt at the same time. The women youth at-risk with or without any business are the central attention to emerge as the potential entrepreneurs in the markets.

The training unit of the organization has given equal importance on the two fundamentals: 1. flexible financial and 2. business development to create potential entrepreneurs for business development and financial management services at the customer's level.

The space created for MasterCard Worldwide to participate in MSE is addressed through Financial Inclusiveness where BURO and Banks are jointly participating. The gap basically lies in tapping the hidden potential of those who have used micro financial services to emerge as the entrepreneurs in MSE.





EDUCATION SUPPORT PROGRAM

BURO realizes for a long time and emphasis was significantly laid on supporting not only economic activities but also on human capital development through different initiatives. The internalization of BURO is the intertwined relationship among education, health and environment that will contribute significantly to produce human capital for the nation.

The capitalization of previous multidimensional experiences of BURO is to forbid the dropout of schooling. The poor students with latent qualities are

selected to prevent their drop out of schooling. A fund is mobilized for these students which have been distributed as scholarship among the selected poor students by the organization.

BURO has developed a guideline for its education support program with two major objectives behind. First: providing direct support to the meritorious students of poor households. Second: involving the poor guardians of the said students in economic activities.

According to the guideline **35-45** meritorious students of poor households per year will be eligible for this support. Each selected student will get 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. A total of **46** students have received the scholarship from this fund so far.



HEALTH SERVICES TO INDIGENOUS PEOPLE

Of late, in order to continue and provide health services from a health service center established earlier the indigenous poor Garo inhabitants of Modhupur have approached BURO Bangladesh. After making field visits and conducting informal sharing between BURO Management and local people it was decided in principle that BURO will provide assistance to this health center. BURO has taken approval from MRA and has given BDT 0.33 million in the year 2017-18.

BURO CRAFT



Handicrafts with varying degree of composition is one of the cultural heritages of Bengal. BURO aims at empowering previously trained women and make them financially self-reliant. BURO believes that this endeavour of the organization will enhance linkage between microfinance and handicrafts thus strengthening the institutional capacity of BURO itself and Handicrafts, so to say, the social business with quality production for outward economy. It's a breakthrough for Bangladesh that BURO Craft has succeeded to manufacture handicrafts from natural fibre extracted from pineapple leaves and banana trunks.





BURO HEALTHCARE

The very important and useful addition for program intervention is the opening of HealthCare window among the service delivery windows of BURO Bangladesh. BURO intends to spread Healthcare all throughout the country absolutely for the poor through bringing Health Services at their doorsteps. BURO HealthCare centre in Tangail has already been functional on the test basis from the first quarter of 2018. Specialist doctors in medicine, gynaecology, cardiology, dermatology (skin diseases) and in paediatric (child diseases) already have started meeting patients in the chambers allocated for them in the Healthcare centre. A few more specialist doctors will be included with BURO Healthcare this year 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 BURO. The cost of medical tests in BURO Healthcare is 40% lower than other functioning clinics in Tangail.



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 readily to embrace by the whole community of the low earning people. This Digital Health Care is the modern 'state-of-the-art' in 'Diagnostic-cum-Medical Consultation Center'.





AUDIT REPORT FOR THE FY 2017-18



Toha Khan Zaman & Co.
Chartered Accounts

INDEPENDENT AUDITORS' REPORT

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

House No. 12/A, Block No. CEN (F)

Road No. 104, Gulshan-II

Dhaka-1212, Bangladesh

Report on the Financial Statements:

We have audited the accompanying Financial Statements of **Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**, which comprises the Statement of Financial Position as at 30 June 2018 and the Statement of Profit or Loss and Other Comprehensive Income (Income and Expenditure Statement), Statement of Receipts and Payments, Statement of Cash Flows and Statement of Changes in Equity for the year ended 30 June 2018, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Toha Khan Zaman & Co.
Chartered Accountants

Opinion:

In our opinion, the financial statements present fairly, in all material respects the financial position of **Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)** as at 30 June 2018 and its financial performance for the year then ended in accordance with the Bangladesh Financial Reporting Standards (BFRS) and complies with applicable laws and regulations.

We also report that:

- 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, the organization as required by law has kept proper books of accounts, so far as it appeared from our examination of those books.
- c. The financial statements dealt with by the report are in agreement with the books of accounts.

Dated, Dhaka
30 September 2018

(Toha Khan Zaman & Co.)
Chartered Accountants



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

Statement of Financial Position (Balance Sheet)
As at 30 June 2018

	Notes	30-06-2018 BDT	30-06-2017 BDT
Assets:			
Non-current Assets:			
Property, Plant and Equipment	7	1,377,128,557	1,208,532,112
Loan to Staff	8	54,481,164	40,714,273
Total Non Current assets:		1,431,609,721	1,249,246,385
Current assets:			
Short-term Investment	9	2,136,575,480	1,437,222,336
Accumulated Surplus Reserve Fund Investment	10	926,837,077	649,649,265
Loan to Customers	11	39,040,656,741	32,778,734,018
Other Current Assets	12	703,962,913	704,877,696
Cash and Bank Balances	13	1,910,668,514	780,636,648
Total Current Assets:		44,718,700,725	36,351,119,963
Total Assets:		46,150,310,446	37,600,366,348
Fund and Liabilities:			
Fund:			
Revolving Loan Fund (Donors' Fund)	14	138,815,884	138,815,884
Emergency Disaster Funds (Donors' Fund)	15	148,941,113	132,930,609
Loan Loss Reserve	16	1,294,209,777	877,749,874
Accumulated Surplus	17	8,904,447,951	5,964,716,063
Accumulated Surplus Reserve Fund	18	926,837,078	617,248,173
Other Funds	19	287,987,757	169,449,417
Total Fund:		11,701,239,560	7,900,910,020
Non-current Liabilities:			
Customers' Contractual Savings	20	6,508,037,721	4,606,522,858
Customers' Emergency Fund	21	838,162	838,162
Customers' Micro-insurance Fund	22	1,009,357,597	657,375,367
Borrowing from Different Sources	23	20,518,476,141	18,516,173,703
Total Non-current Liabilities:		28,036,709,621	23,780,910,089
Current Liabilities:			
Employees' Security Deposit	24	94,499,546	80,325,951
Customers' General Savings	25	6,141,200,785	5,723,990,444
Other Liabilities	26	176,660,934	114,229,844
Total Current Liabilities:		6,412,361,265	5,918,546,239
Total Fund and Liabilities:		46,150,310,446	37,600,366,348

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

Chairperson

Executive Director

Finance Director

See annexed report of the date

Dhaka, Bangladesh
30 September, 2018

Toha Khan Zaman & Co.
Chartered Accountants



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

**Statement of Profit or Loss and Other Comprehensive Income (Income and Expenditure Statement)
For the year ended 30 June 2018**

	Notes	2017-2018 BDT	2016-2017 BDT
Income			
Service Charge on Loan to Borrowers	27	9,042,127,984	7,124,718,133
Service Charge on Remittance Fund Transfer		8,890,585	6,845,648
Sale of Loan Application Forms		24,449,556	27,483,289
Micro Credit Borrower Admission Fees		4,676,245	5,118,084
Interest on Bank Deposits		186,739,241	125,696,869
Interest on Staff Loan		2,336,268	1,475,568
Training Room Rent		30,687,389	28,373,134
Others		3,848,999	5,294,152
Total Income:		9,303,756,267	7,325,004,877
Expenditure:			
Financial Cost:			
Interest on Borrowing from Banks	28	1,704,698,411	1,429,629,830
Interest on Customers' Savings	29	750,530,302	572,207,025
		2,455,228,713	2,001,836,855
Gross Financial Margin:		6,848,527,554	5,323,168,022
Provision for Loan Losses	16	574,156,260	304,415,738
Net Financial Margin		6,274,371,294	5,018,752,284
Operating Expenses			
Salary and Allowances		2,303,655,926	2,155,080,337
House Rent	30	113,321,216	92,645,878
Payment to National Exchequer	31	84,769,756	54,193,920
Transportation	32	127,490,556	116,233,068
Training and Workshop	33	9,061,231	7,228,057
Office Supplies		30,673,578	29,843,633
Depreciation		128,575,057	95,654,469
Audit Fee		352,750	353,676
Other Professional Fee		3,519,719	3,451,965
Other Direct Cost	34	201,025,272	139,016,302
		3,002,445,061	2,693,701,306
Net Income from Operations		3,271,926,233	2,325,050,978

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



Chairperson


Executive Director


Finance Director

See annexed report of the date

Dhaka, Bangladesh
30 September, 2018


Toha Khan Zaman & Co.
Chartered Accountants



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

Notes to financial statements
For the year ended 30 June 2018

1. Background of the organization:

BURO Bangladesh is a national ‘not-for-profit’ organisation that was set up in 1990 with a view to work for the poor on sustainable basis to reduce poverty. It is a specialised micro-finance institution that provides high quality flexible financial services to low-income people. The organisation is responsive to diverse financial needs of customers. Its financial services constitute multiple loans, savings, micro-insurance and remittance services. The recipients of micro-finance services are poor, particularly women. Remittance services are provided to the relatives of overseas Bangladesh. BURO Bangladesh has 802 branches through which it operates microcredit program under the supervision of 22 zonal offices.

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	09-04-1991
Registrar of Joints Stock Companies and Firms	S-7026(214)/07	06-09-2007
Microcredit Regulatory Authority	00004-00394-00288	25-06-2008
NGO Affairs Bureau	610	19-03-1992

Basis of Accounting:

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

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

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

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



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

Notes to financial statements For the year ended 30 June 2018

4. Significant Accounting Policies:

4.1 Reporting Currency:

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

4.2 Reporting Period:

These financial statements of the organisation have been prepared for the period from 01 July 2017 to 30 June 2018.

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.

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:

- it is probable that future economic benefits will flow to the entity; and
- 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:

Building construction	10%
Electrical equipment	30%
Office equipment	20%
Furniture and fixtures	10%
Motor vehicle	10%



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

Notes to financial statements
For the year ended 30 June 2018

4.5 Investment in Fixed Deposit:

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

5. Significant Organisational Policies:

5.1 Loan Loss Provision:

5.1.1 Loan Classification:

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

No. of Days Outstanding	Percentage of Principal
Good loan	1%
1-30 days doubtful loan	5%
31-180 days doubtful loan	25%
181-365 days doubtful loan	75%
Above 365 days bad loan	100%

5.1.2 Loan Loss Provisioning:

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

5.1.3 Write Off Policy:

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

5.2 Policy on Loan to Borrowers:

The rate of interest for all types of loans is 25% per annum except disaster loan & General loan which is 18% & 27% per annum as per policy of BURO Bangladesh.

6. 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:

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



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

Notes to Financial Statements
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	30-06-2018 BDT	30-06-2017 BDT
7. Property, Plant and Equipment:		
Cost:		
Opening balance	1,528,016,908	1,153,608,604
<u>Add: Addition during the year</u>	297,185,909	374,463,004
<u>Less: Adjustment</u>	1,698,635	54,700
Closing Balance (A)	<u>1,823,504,182</u>	<u>1,528,016,908</u>
Depreciation:		
Opening balance	319,484,796	223,864,777
<u>Add: Charge for the year</u>	128,575,057	95,654,469
<u>Less: Adjustment during the year</u>	1,684,228	34,450
Closing Balance (B)	<u>446,375,625</u>	<u>319,484,796</u>
Written Down Value (A-B)	<u>1,377,128,557</u>	<u>1,208,532,112</u>
8. Loan to Staff:		
Staff Housing Loan	54,481,164	40,386,273
Education Loan	-	328,000
Total Taka:	<u>54,481,164</u>	<u>40,714,273</u>
<p>The period of housing loan is twenty years bearing interest rate @ 5% including 3 months grace period. The period of education loan is ten years bearing interest rate @ 2.5%.</p>		
9. Short-term Investment:		
Shops in Tangail Town	6,693,254	5,262,434
Staff Security Deposit	37,197,698	34,052,524
Emergency Disaster Fund (Note 9.1)	154,012,738	139,631,100
Fixed Deposit with Banks (Note 9.2)	333,157,853	56,482,106
Other Funds (Note 9.3)	287,981,489	169,440,991
Customers' Savings Deposit Fund (Note 9.4)	1,261,593,347	1,024,313,044
Dormant Account Fund (Note 9.5)	55,939,101	8,040,137
	<u>2,136,575,480</u>	<u>1,437,222,336</u>
9.1 Emergency Disaster Fund:		
NRB Global Bank Limited.	110,329,215	105,226,555
Lanka Bangla Finance Limited	-	34,404,545
The City Bank Limited	4,637,237	-
The Farmers Bank Limited	39,046,286	-
	<u>154,012,738</u>	<u>139,631,100</u>
9.2 Fixed Deposit with Banks:		
Mutual Trust Bank Limited	30,106,889	28,675,416
Jamuna Bank Limited	74,125,923	27,806,690
Rupali Bank Limited	90,000,000	-
People Leasing & Financing Services Limited	138,925,041	-
	<u>333,157,853</u>	<u>56,482,106</u>



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

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	30-06-2018	30-06-2017
	BDT	BDT
9.3 Other Funds:		
Gratuity Fund	183,277,704	103,469,852
Housing Fund	63,876,394	19,004,546
Health Fund	25,524,694	37,364,713
Vehicle Insurance Fund	15,302,697	9,601,880
	<u>287,981,489</u>	<u>169,440,991</u>
9.4 Customers' Savings Deposit Fund:		
MIDAS Financing Limited	108,060,000	396,235,614
Lanka Bangla Finance Limited	235,501,646	226,225,259
AB Bank Limited	212,569,903	199,166,185
Union Bank Limited	-	98,329,790
National Finance Limited	50,488,749	46,990,554
NRB Global Bank Limited	264,927,051	25,000,000
National Bank of Pakistan	24,501,567	22,582,743
The Farmers Bank Limited	46,049,266	9,782,899
Midland Bank Limited	102,352,543	-
Dhaka Bank Limited	204,912,500	-
International Leasing & Financial Service Limited.	12,230,122	-
	<u>1,261,593,347</u>	<u>1,024,313,044</u>
<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>		
9.5 Dormant Account Fund:		
NRB Global Bank Limited	8,582,846	8,040,137
IPDC Finance Limited	47,356,255	-
	<u>55,939,101</u>	<u>8,040,137</u>
10. Accumulated Surplus Reserve Fund Investment:		
Lanka Bangla Finance Limited	-	304,267,134
IPDC Finance Limited	152,182,907	142,300,254
MIDAS Finance Limited	100,000,000	106,774,659
National Finance Limited	102,194,495	95,125,612
NRB Global Bank Limited	1,261,364	1,181,606
IDLC Finance Limited	100,000,000	-
The City Bank Limited	241,656,250	-
AB Bank Limited	200,082,530	-
People Leasing & Financial Services Limited	29,459,531	-
	<u>926,837,077</u>	<u>649,649,265</u>



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

11. 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 100,000. The loan is repayable within one year.

Micro-enterprise Loan:

Micro-enterprise loan is given to the borrower on the basis of household cash flow, business projections and reputation of the borrower. The micro-enterprise loan borrowers are expected to generate equity and self-employment. Micro-enterprise loan ranges from BDT 50,000 to BDT 3,000,000 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 5,000 to BDT 500,000 and is given for one year.

Hand/Emergency Loan:

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

Disaster Loan:

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

Water and Sanitation Loan:

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

	30-06-2018	30-06-2017
	BDT	BDT
Breakup of loan (product-wise) is given below:		
General Loan	9,895,140,118	7,984,333,533
Micro-Enterprise Loan	18,078,628,861	16,357,833,583
Agriculture Loan	10,514,956,706	8,142,130,472
Hand/Emergency Loan	9,692,114	17,397,114
Water and Sanitation	215,301,694	277,039,316
Agriculture SMAP	326,937,248	-
	39,040,656,741	32,778,734,018

BURO Bangladesh had 1,018,814 loan accounts outstanding as on 30 June 2018 as compared to 999,496 as on 30 June 2017.



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

Notes to Financial Statements
For the year ended 30 June 2018

	30-06-2018	30-06-2017
	BDT	BDT
12. Other Current Assets:		
Security Deposits (Note 12.1)	1,258,914	1,258,914
Staff Loans and Advances (Note 12.2)	702,703,999	694,921,337
Provident Fund	-	5,144,806
Staff Security Fund	-	3,552,639
	<u>703,962,913</u>	<u>704,877,696</u>
12.1 Security Deposits:		
Rajdhani Unnayan Kortipakkha	298,796	298,796
Bangladesh Telecommunication Company Ltd.	124,918	124,918
GPS Finance Company (Bangladesh) Ltd.	600,000	600,000
Others	235,200	235,200
	<u>1,258,914</u>	<u>1,258,914</u>
12.2 Staff Loans and Advances:		
Head Office (Note 11.2.1)	442,976,862	383,632,956
Branch Offices (Note 11.2.2)	242,819,955	291,690,569
Divisional Offices (Note 11.2.3)	4,639,783	15,685,576
Zonal Offices (Note 11.2.4)	10,157,546	1,555,064
CHRD (Training Centre)	2,025,896	2,309,215
Rest House	83,957	47,957
	<u>702,703,999</u>	<u>694,921,337</u>
12.2.1 Head Office:		
Advance against Salary	3,781,498	5,769,480
Mobile Loan	85,000	-
Car Loan	491,009	658,898
Motorcycle Loan	442,940	366,500
Advance for Training	314,611	314,611
Advance against Construction	328,259,695	327,334,586
Advance Transportation	460,525	406,932
Advance Consultancy	100,000	587,500
Pro. Advance	1,701,860	-
Others	107,339,724	48,194,449
	<u>442,976,862</u>	<u>383,632,956</u>
12.2.2 Branch Offices:		
Advance against House Rent	55,607,291	106,464,481
Advance against Salary	1,910,790	70,031,998
Motorcycle Loan	36,362,333	34,775,437
Bicycle Loan	10,368,010	9,999,410
Mobile Loan	1,963,130	3,957,336
Advance against Purchase of Fans	40,228	219,472
Others	136,568,173	66,242,435
	<u>242,819,955</u>	<u>291,690,569</u>



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Notes to Financial Statements
For the year ended 30 June 2018

	30-06-2018	30-06-2017
	BDT	BDT
12.2.3 Divisional Offices:		
Advance against House Rent	-	154,908
Advance against Salary	1,113,400	11,404,526
Motorcycle Loan	3,177,308	3,970,755
Bicycle Loan	5,600	4,000
Mobile Loan	21,700	13,400
Advance against Purchase of Fans	-	-
Others	321,775	137,987
	<u>4,639,783</u>	<u>15,685,576</u>
12.2.3 Zonal Offices:		
Advance against House Rent	1,050,500	325,500
Advance against Salary	7,500	-
Motorcycle Loan	-	130,000
Bicycle Loan	-	32,100
Mobile Loan	-	-
Advance against Purchase of Fans	-	-
Fuel & Conveyance	275,093	-
Others	8,824,453	1,067,464
	<u>10,157,546</u>	<u>1,555,064</u>
13. Cash and Bank Balances:		
Cash in Hand	112,851,957	27,548,337
Bank Balances (Note 13.1)	1,797,816,557	753,088,311
	<u>1,910,668,514</u>	<u>780,636,648</u>
13.1 Bank Balances:		
Current Accounts	1,605,595,881	648,156,475
Savings Accounts	5,048	5,686
Short-term Deposit Accounts	192,215,628	104,926,150
	<u>1,797,816,557</u>	<u>753,088,311</u>
14. Revolving Loan Fund (Donors' Fund):		
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>



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

**Notes to Financial Statements
For the year ended 30 June 2018**

	30-06-2018 BDT	30-06-2017 BDT
15. Emergency Disaster Funds (Donors' Fund):		
BURO Bangladesh focuses its efforts on the promotion of self-help and self-reliance of disadvantaged rural communities, with particular attention to women. Normally, it is not involved in any relief or charitable activities for its customers but it does not remain non-chalant when the customers become extremely vulnerable and their existence is threatened. In such situations, disaster assistance is provided.		
In order to respond to emergency relief and rehabilitation needs of BURO Bangladesh's customers, emergency disaster funds have been created with financial grants from the following donors.		
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
	30,273,000	30,273,000
<u>Add: Interest on investment of the above funds</u>	118,668,113	102,657,609
	148,941,113	132,930,609

16. Provision for Loan Loss:

Opening Balance	877,749,874	772,914,193
<u>Add: Provision made during the year</u>	574,156,260	304,415,738
	1,451,906,134	1,077,329,931
<u>Less: Amount written off during the year (Principal)</u>	157,696,357	199,580,057
Closing Balance	1,294,209,777	877,749,874

The Loan Loss Provision (LLP) has been worked out at BDT 1,294,208,750 as on 30 June 2018, following MRA circular letter no. 14 dated 07 May 2012, but the actual Loan Loss Provision has been made to BDT 1,294,209,777 resulting an excess provision of BDT 1,027 during the year under reporting. The method of calculation of LLP is shown below:

No. of days outstanding	Outstanding Loan	Rate (%)	Required Provision BDT
Current Loan Outstanding	37,596,321,576	1%	375,963,216
Loan overdue status (days):			
1-30 days	129,193,118	5%	6,459,656
31-180 days	401,982,249	25%	100,495,562
181-365 days	407,477,925	75%	305,608,444
Over 365 days	505,681,872	100%	505,681,872
Total:	39,040,656,740		1,294,208,750

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



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

Notes to Financial Statements
For the year ended 30 June 2018

	30-06-2018 BDT	30-06-2017 BDT
17. Accumulated Surplus:		
Opening Balance	5,964,716,063	3,872,170,904
Add: Surplus /(Deficit) during this year	3,271,926,233	2,325,050,978
	9,236,642,296	6,197,221,882
Less: Transferred to Accumulated Surplus Reserve fund(N-18)	309,588,905	232,505,819
Less: Adjustment Donation from Surplus Fund	22,605,440	-
Closing Balance	8,904,447,951	5,964,716,063

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

18. Surplus Reserve Fund:

Opening Balance	617,248,173	391,955,100
Add: Transferred from accumulated surplus reserve fund (Note-17)	309,588,905	232,505,818
	926,837,078	624,460,918
Less: Paid during this year	-	7,212,745
Closing Balance	926,837,078	617,248,173

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. Details are in note no. 10.

19. Other Funds:

Gratuity Fund	183,280,839	103,474,066
Housing Fund	63,876,394	19,004,546
Health Fund	25,527,827	37,368,925
Vehicle Insurance Fund	15,302,697	9,601,880
	287,987,757	169,449,417

20. Customers' Contractual Savings:

Opening Balance	4,606,522,858	2,908,036,879
Add: Deposits during the year	3,776,836,451	2,989,781,378
	8,383,359,309	5,897,818,257
Less: Withdrawals during the year	1,875,321,588	1,291,295,399
Closing Balance	6,508,037,721	4,606,522,858

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

The number of contractual savings accounts was 1,243,206 as on 30 June 2018 as compared to 1,195,834 as on 30 June 2017.



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**Notes to Financial Statements
For the year ended 30 June 2018**

	30-06-2018	30-06-2017
	BDT	BDT
21. Customers' Emergency Fund:		
Customer's Emergency Fund	838,162	838,162
	<u>838,162</u>	<u>838,162</u>
22. Customers' Micro Insurance Fund:		
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:		
Opening Balance	657,375,367	368,494,853
<u>Add: Deposits during the year</u>	<u>520,747,943</u>	<u>424,900,365</u>
	<u>1,178,123,310</u>	<u>793,395,218</u>
<u>Less: Withdrawals during the year</u>	<u>168,765,713</u>	<u>136,019,851</u>
Closing Balance	<u>1,009,357,597</u>	<u>657,375,367</u>
23. Borrowing from Different Sources:		
Borrowing from Specialised Institutions (Note 23.1)	7,506,714	15,119,718
Borrowing from Banks (Note 23.2)	19,384,107,478	15,971,019,657
Borrowing from Non-banking Financial Institutions (Note 23.3)	<u>1,126,861,949</u>	<u>2,530,034,328</u>
	<u>20,518,476,141</u>	<u>18,516,173,703</u>
23.1 Borrowing from Specialised Institutions:		
Anukul Foundation (Note 23.1.1)	<u>7,506,714</u>	<u>15,119,718</u>
	<u>7,506,714</u>	<u>15,119,718</u>
23.1.1 Anukul Foundation:		
Opening Balance	15,119,718	23,241,484
<u>Add: Received during the year</u>	<u>-</u>	<u>-</u>
	<u>15,119,718</u>	<u>23,241,484</u>
<u>Less: Refund during the year</u>	<u>7,613,004</u>	<u>8,121,766</u>
Closing Balance	<u>7,506,714</u>	<u>15,119,718</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.



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

Notes to Financial Statements
For the year ended 30 June 2018

	30-06-2018	30-06-2017
	BDT	BDT
23.2 Borrowing from Banks:		
Eastern Bank Limited	1,500,000,000	1,500,000,000
Dhaka Bank Limited	750,000,000	1,250,000,000
United Commercial Bank Limited	969,012,742	1,167,278,197
Standard Chartered Bank	1,165,000,000	1,165,000,000
Jamuna Bank Limited	953,184,092	1,148,820,731
Prime Bank Limited	1,000,000,000	1,000,000,000
Dutch Bangla Bank Limited	571,056,891	857,743,688
Shah Jalal Islami Bank Limited	512,845,664	847,538,474
Bank Asia Limited	643,153,343	753,821,016
The City Bank Limited	2,000,000,000	740,000,000
BRAC Bank Limited	600,000,000	700,000,000
NRB Global Bank Limited	450,000,000	500,005,001
ONE Bank Limited	-	500,000,000
Pubali Bank Limited	398,167,523	500,000,000
NCC Bank Limited	504,136,060	488,581,150
Bangladesh Bank (SMAP)	940,000,000	470,000,000
Southeast Bank Limited	242,663,257	418,419,147
Mutual Trust Bank Limited	167,941,395	311,392,242
Habib Bank Limited	300,000,000	300,000,000
HSBC	-	300,000,000
Basic Bank Limited	63,947,901	249,984,354
Bank Al-Falah Limited	200,000,000	200,000,000
AB Bank Limited	1,500,000,000	200,000,000
Premier Bank Limited	-	103,538,844
NRB Bank Limited	350,000,000	100,000,000
Citibank, N.A	60,000,000	100,000,000
Trust Bank Limited	751,100,374	98,896,813
Rupali Bank Limited	1,800,000,000	-
Commercial Bank of Ceylon PLC	250,000,000	-
Midland Bank Limited	341,938,947	-
National Bank of Pakistan	99,987,889	-
Standard Bank Limited	299,971,400	-
	19,384,107,478	15,971,019,657

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



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

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For the year ended 30 June 2018

	30-06-2018	30-06-2017
	BDT	BDT
23.3 Borrowing from Non-banking Financial Institutions:		
IDLC Financing Limited	363,757,711	800,000,000
IPDC of Bangladesh Limited	-	580,000,000
Uttara Finance Limited	500,000,000	500,000,000
MIDAS Finance Limited	-	340,000,000
National Finance Limited	200,000,000	227,552,006
The UAE-Bangladesh Investment Company Limited	63,104,238	82,482,322
	<u>1,126,861,949</u>	<u>2,530,034,328</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.

24. Employees' Security Deposit:

Opening Balance	80,325,951	71,030,331
<u>Add: Received during the year</u>	<u>20,839,685</u>	<u>13,256,506</u>
	101,165,636	84,286,837
<u>Less: Refund during the year</u>	<u>6,666,090</u>	<u>3,960,886</u>
Closing Balance	<u>94,499,546</u>	<u>80,325,951</u>

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

25. Customers' General Savings:

Opening Balance	5,723,990,444	4,783,243,451
<u>Add: Deposits during the year</u>	<u>5,760,098,938</u>	<u>5,220,763,562</u>
	11,484,089,382	10,004,007,013
<u>Less: Withdrawals during the year</u>	<u>5,342,888,597</u>	<u>4,280,016,569</u>
Closing Balance	<u>6,141,200,785</u>	<u>5,723,990,444</u>

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

The number of general savings accounts was 1,512,489 at the end of year 30 June 2018 compared to 1,449,085 at the end of year 30 June 2017.

26. Other Liabilities:

Dormant Accounts	112,446,992	54,289,550
Security Deposit from Shops	10,689,197	9,588,746
BURO Bangladesh Gratuity Fund	14,965,731	7,735,989
BURO Bangladesh Health Fund	6,146,870	1,889,500
Employee Provident Fund	17,542,874	-
SMAP	3,006,901	-
Staff Security Fund	6,173,397	-
Others	5,688,972	40,726,059
	<u>176,660,934</u>	<u>114,229,844</u>



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	2017-2018 BDT	2016-2017 BDT
27. Service Charges on Loan to Borrowers:		
Service Charge	9,016,552,573	7,105,639,874
Recovery from amount Written Off	25,575,411	19,078,259
	<u>9,042,127,984</u>	<u>7,124,718,133</u>
28. Interest on Borrowing from Banks:		
Commercial Banks	1,537,212,909	1,213,100,432
Non-banking Financial Institutions	166,402,963	215,107,186
Specialised Institutions	1,082,539	1,422,212
	<u>1,704,698,411</u>	<u>1,429,629,830</u>
29. Interest on Customers Savings:		
Interest on General Savings	294,865,029	254,863,015
Interest on Contractual Savings	455,665,273	317,344,010
	<u>750,530,302</u>	<u>572,207,025</u>
30. House Rent:		
Office Rent	42,574,117	92,645,878
Residence	70,747,099	-
	<u>113,321,216</u>	<u>92,645,878</u>
31. Payment to National Exchequer:		
Direct Tax (Note 31.1)	80,974,806	51,347,522
Government Fees	3,794,950	2,846,398
	<u>84,769,756</u>	<u>54,193,920</u>
31.1 Direct Tax:		
Income Tax on Staff Salary and Allowances	14,334,505	23,658,266
Corporate Tax	33,094,427	12,405,350
Tax deduction from Interest on Bank Deposit	20,589,009	8,420,813
Value Added Tax	11,619,205	6594454
Others Taxes	1,337,660	268,639
	<u>80,974,806</u>	<u>51,347,522</u>

Income tax assessment position of BURO Bangladesh is given below:

Income year ended 31 December	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



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

Notes to Financial Statements
For the year ended 30 June 2018

Income year ended 31 December	Assessment year	Income as per return filed BDT	Taxable income BDT	Tax paid BDT
2008	2009-2010	5,626,026	5,626,026	1,272,757
2009	2010-2011	14,953,899	14,953,899	3,604,726
2010	2011-2012	30,339,290	30,339,290	7,439,823
2011	2012-2013	20,967,281	20,967,281	5,091,820
2012	2013-2014	60,163,274	60,163,274	14,885,819
2013	2014-2015	757,916,652	757,916,652	22,010,338
2014	2015-2016	121,413,491	121,413,491	22,496,989
2015	2016-2017	121,397,366	121,397,366	23,658,266
2016	2017-2018	160,839,723	160,839,723	33,094,427
			2017-2018	2016-2017
			BDT	BDT
32. Transportation:				
Fuel and Lubricants			47,390,050	45,322,401
Travelling Allowance			56,482,895	12,416,251
Car Maintenance			9,493,922	1,961,556
Daily Allowance			14,123,689	56,532,860
			127,490,556	116,233,068
33. Training and Workshop:				
Staff Training			5,069,232	5,982,668
Meeting and Workshop			3,991,999	1,245,389
			9,061,231	7,228,057
34. Other Direct Cost:				
Office Maintenance etc.			24,000	8,071
E-Mail, Telephone and Fax			27,119,024	22,867,113
Electricity, Gas and Water			25,398,268	17,326,498
Entertainment			16,693,002	14,882,663
Bank Charges			5,517,652	3,561,048
Grant			2,522,722	2,777,149
Postage and Telegram			860,991	1,619,563
Printing Materials			5,288,073	7,237,499
Repair & Maintenance			4,337,729	1,947,186
Advertisement			770,725	722,464
Newspaper & Periodicals			126,441	101,749
Computer Accessories			5,864,314	257,209
Registration (Membership Fee)			1,374,963	1,578,647
Miscellaneous Expense			105,127,368	64,129,443
			201,025,272	139,016,302



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

Notes to Financial Statements
For the year ended 30 June 2018

35. Others:

- 35.1** Figures in these notes and in the annexed financial statements have been rounded to the nearest BDT.
- 35.2** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 35.3** 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.

Eligibility Criteria Compliance Certification
For the year ended 30 June 2018

Sl no.	Eligibility Criteria	Audited figures or compliance 2017-2018	Audited figures or compliance 2016-2017
1	Minimum loan recovery rates, computed quarterly, based on the following:		
	i) 95% minimum cumulative loan collection ratio on total dues: CRR		
	$\frac{\text{Actual cumulative collections} \times 100}{\text{Cumulative collectibles}}$	99.39%	99.38%
	ii) 92-100% minimum loan collection ratio on current dues (on running 12 months basis): OTR		
	$\frac{\text{Actual collections during the past 12 months on current dues} \times 100}{\text{Collectibles on current dues}}$	98.16%	98.63%
2	Minimum liquidity ratio of 10%	25.08%	17.47%
3	Minimum current ratio of 2:1	6.45:1	5.75:1
4	Minimum capital adequacy ratio of 15%	29.38%	23.34%
5	Minimum debt service cover ratio of 1.25:1	1.63:1	1.36:1
6	Debt to capital ratio 9:1	1.75:1	2.34:1
7	Minimum rate of return on capital of 1%	33.38%	34.93%

Chairperson

Executive Director

Finance Director

Dhaka, Bangladesh
30 September, 2018

Toha Khan Zaman & Co.
Chartered Accountants

Five Years at a Glance (as of June 30)

Particulars		2013-14	2014-15	2015-16	2016-17	2017-18
A	Institutional Profile					
	Number of Districts	61	61	64	64	64
	Number of Upazilla	403	403	406	432	456
	Number of Union	3,229	3,489	3,524	3,710	3,911
	Number of Villages	27,878	30,201	33,099	36,248	39,639
	Number of Branches	634	640	648	712	802
	Total Personnel	5,569	5,736	6,179	6,726	7,464
	Staff Dropout Rate	11%	11%	7%	4%	6%
	Number of Customers	1,053,035	1,269,411	1,356,572	1,449,085	1,512,489
	Customer Dropout Rate	9%	4%	3%	4%	6%
B	Savings Portfolio (million BD Taka)					
	Yearly Savings Deposit	4,113	4,818	6,251	8,211	9,537
	Cumulative Savings Deposit	20,101	24,919	31,170	39,381	48,918
	Yearly Savings Withdrawals	3,341	3,609	4,255	5,571	7,217
	Cumulative Savings Withdrawals	15,614	19,223	23,478	29,051	36,268
	Savings Portfolio	4,487	5,696	7,692	10,331	12,650
	Savings Portfolio Growth	21%	27%	35%	34%	22%
	Per Client Average Savings (BDT)	4,261	4,487	5,670	7,129	8,363
	Savings to Loan Portfolio	33%	35%	31%	32%	32%
C	Loan Portfolio (million BD Taka)					
	Yearly Loan Disbursed	23,629	26,301	39,515	54,394	63,346
	Cumulative Loan Disbursed	103,875	130,176	169,691	224,085	287,431
	Yearly Loan Recovered	22,904	23,559	31,548	46,048	57,085
	Cumulative Loan Recovered	90,151	113,710	145,258	191,306	248,391
	Loan Portfolio	13,724	16,466	24,433	32,779	39,040
	Loan Portfolio Growth	6%	20%	48%	34%	19%
	Number of Borrowers	896,475	839,183	921,924	953,964	1,017,136
	Borrower/Customers Ratio	85%	66%	68%	69%	67%
D	Sustainability/Profitability					
	Return on Equity (ROE)	29%	30%	36%	35%	33%
	Return on Performing Assets	26%	25%	24%	25%	25%
	Operating Self-Sufficiency	120%	130%	147%	147%	154%
	Financial Self-Sufficiency	114%	126%	142%	141%	149%
	Financial Spread (Net Financial Margin)	5.75%	8.19%	9.61%	9.47%	11.04%
E	Portfolio Quality					
	On Time Recovery Rate (OTR)	98.05%	96.81%	97.25%	98.63%	98.16%
	Cumulative Recovery Rate (CRR)	99.24%	99.17%	99.22%	99.38%	99.39%
	Portfolio at Risk-PAR (>30days)	2.76%	3.31%	2.62%	2.38%	3.37%
	Risk Coverage Ratio	101%	100%	100%	100%	100%
	Loan Loss Reserve Ratio	3.03%	3.61%	3.16%	2.68%	3.32%
	Write-Off Ratio	0.43%	0.68%	0.39%	0.70%	0.44%
F	Assets/Liability Management					
	Yield on Gross Portfolio	26%	25%	24%	25%	25%
	Current Ratio	365%	407%	514%	575%	645%
	Financial Cost Ratio	9.98%	7.25%	6.48%	6.14%	5.90%
	Annual Growth to Total Assets	12%	17%	43%	35%	22%
G	Leverage					
	Debt to Equity	3.92	2.80	2.66	2.34	1.75
	Debt Service Coverage Ratio	1.15	1.15	1.37	1.36	1.63
	Capital Adequacy Ratio	17.12%	21.05%	21.36%	23.34%	29.38%
H	Efficiency/Productivity					
	Loan Officer (LO) Productivity	315	385	337	342	323
	LO Productivity (Loan-BDT)	4,110,365	4,995,734	6,065,834	7,729,011	8,342,021
	LO Productivity (Savings-BDT)	1,343,820	1,728,034	1,909,454	2,435,867	2,702,829
	Average Disbursed Loan Size (BDT)	24,422	29,347	40,753	52,870	61,269
	Average Outstanding Loan Size (BDT)	15,309	19,621	26,502	32,795	38,320
	Cost of per Unit Money Lent (BDT)	0.06	0.05	0.04	0.05	0.05
	Operating Expenses Ratio	9.88%	9.56%	8.34%	9.39%	8.34%



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