

annual
report
2012-2013



BURO *Bangladesh*

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Executive Director's Statement

The forward motion of BURO Bangladesh through its horizontal and vertical expansion to its direct clients in the rural, peri-urban and urban areas is of noteworthy. The continuous forward movement is largely credited to the synergies between the clients and BURO. Both BURO and the clients work as the consumer and producer of goods and/or services to each other thus strengthening each other's institutional capacity. The irresistibly required necessity in the unabated growing economical crises is the shared sense of ownership feeling by BURO and the clients. The shared sense of ownership feeling is intended to developing synergy and reciprocity between them bringing the changes in the lives and living conditions of the clients.

The shared sense of ownership feeling between BURO and the clients is also the development of new infrastructure in the level of thoughts of both the institutions. The development of infrastructure as perception of BURO is manifested in demonstrating commitment, motivation and dedication from its human resources towards its clients. The perception of the clients about the changes in their lives and living conditions is manifested in demonstrating moral obligation, loyalty and bindings towards the organization. The reciprocity between the organization and clients during their long journey has developed unbreakable relation between them in the free market society. The clients of BURO enjoy every freedom in utilizing microfinance services given from the organization.

The given statistics inside the report are the glowing and glittering exemplifies the uniqueness of supply chain delivering microfinance services rendered by the organization. In this regard, I would like to stress on the vivacity in microfinance management by both the central and branch offices. The supreme professionalism being demonstrated by the clients in loan utilization and loan recovery without virtually any countable number going beyond the aging schedule contributes to developing efficiency of the organization. The clients' supreme professionalism is the impetus in the lives and living conditions of the organization itself. The smooth flow of liquid and technology from the organization without any hindrances in consonance with the required and requisite demands of the clients enhances the capability functioning of human resources of BURO and the clients.

The enhancement of capability functioning of BURO human resources is obviously subjected to their exposures to knowledge management organized from the organization at different times. The emergence of BURO as the specialized NGO-MFI in the market is the product of its exposure to knowledge management increasing the knowledge and wisdom of its human resources. The rewarding for future generation is to enjoy, produce and supply new financial services in consonance with the needs in the market of economical relations. The capability functioning of its clients is enhanced with the continuous utilization of their skill in microfinance bringing them in the mainstream of economical relations.

The internal and external environments of BURO are largely credited for the consistent development of relations of fraternity. I am deeply happy expressing my heartfelt gratitude to those organizations/agencies: developmental partners, central bank, banks and non-banks, MRA, NGO Affairs Bureau, different ministries of the government and others who remain with us for all the time. My sincere and honest happiest thanks and warmest regards!



Zakir Hossain

Executive Director

Dated: September, 2013

Microfinance Market



The introduction of technology in institutional form...

Economical and Financial Market

The growing crises in economy all over the world underscore the new dimensional approach in the relation between the economical and financial market. The integration between the economical and financial market has become of omnipotent importance to remove the growing crises in economy. The synergy and reciprocity between economical and financial market is of supreme importance to bring positive changes in the lives and living conditions of the two markets. This is urgently needed to enhance increased national economical growth of a given nation-state. The two markets work as independent institutions as both backward and forward linkages to each other by virtue of their role relations with different characteristics. The economical and financial markets are needed to work as both consumer and producers to each other goods and/or services. This will irresistibly lead to integration between these two undeniable institutions in development. It is arguable that financial market is the sub-economy market within the overall realm of economical market. The given importance of financial market is the niche of controlled money circulation as well as in the growth of the markets of entrepreneurs with diverse dimensions. The controlled money circulation by the financial market is anticipated to contribute to the organized development and growth of businesses in economy. The financial market can be considered as the nexus between the economical market and national economic growth of any nation-state. Needless to mention that the social capital and social business are and shall be inbuilt in the economical policies to enhance both social and economical investment simultaneously working hand in hand in development.

The nation-state Bangladesh is unique in resurrecting its economical market from the unprecedented devastation during liberation war. The fast movement of economical market gradually begins from crawling to opening new spaces for new market itinerants in the market of economical relations through financial market. In a nation-state with unprecedented condensed

population the market of economical relations had to depend on formal financial institutions. It could not spread to larger horizon for certain period all throughout the nation-state because of the very low profile of basic utilities available in the urban and rural market. The space is created in both economical market and financial market to fill in by the usurious capital primarily in the rural and urban areas followed. The use of usurious capital also infiltrates in the lives and living conditions due to the continuously increased inhabitants. The absolute responsibility to rejuvenate the lives and living conditions of the economical market with its organized behavior will attract the consumers and producers increasingly at a constant pace. The nation-state in the beginning of 1980s makes certain aggressive behavior with the development of infrastructures facilitating the growth of the financial market. The measure of resurrecting businesses in the economical market enhancing the capability functioning of the people as social capitals invites new market itinerant into financial market. The new market itinerant enters into financial market as a prelude to financial interventions that goes far beyond the urban markets. The new entrant within the overall realm of the financial market popularly known as Microfinance Institution (MFI) is the nexus between the financial market and poor as well as between the economical market and poor. The resultant effect is the improved capability functioning of the financial markets because of increasing outreach. The capability functioning of the economical market is also improved due to the active participation of the new entrepreneurs with diverse quality in the economical market. But yet much headway is to cross to develop the integration between the financial and economical markets through bringing increasing number of entrepreneurs as both consumers and producers of goods and/or services in the two markets.

Trend in the Microfinance Industry

With a population of about 160 million and its growth rate of 1.57% Bangladesh presently has 77% rural population with those of urban at 23%. The nation-state is predominantly dominated by agriculture as the backbone of economy. Yet 31% of the total population lives below poverty line but with a declining trend.

The CDF statistics 2012 shows that 540 NGO-MFIs have about 17,890 branches employing 230,522 credit staff. All the 64 districts of the country are covered with microfinance. The reporting NGO-MFIs account for 33 million active clients. The net savings stood at BDT 164 billion. The loan portfolio was BDT 325 billion. Total revolving fund was BDT 343 billion. The major sources of financing include customers' savings: 48.8%, own/equity: 33%, PKSF: 8.2% and banks: 10%. Microcredit contributed 33.46% to agriculture of GDP in 2012.

Grameen Bank is the specialized microcredit bank as well as the biggest actor in microfinance industry in Bangladesh. The clients of Grameen Bank presently stand at 8 million, portfolio is BDT 83 billion and savings is BDT 134 billion.

The above statistics indicate two dimensional implications. First: more rigorous interventions are needed from the NGO-MFIs. Second: the integration between the commercial sources of capital and the microfinance service providing NGO-MFIs to benefit both the financial and economical markets. The integration necessitates taking the intensive services of capital and technology, infrastructures and human resources existing in both the financial and economical markets.

MFIs Increased Access to Formal Financial Sector

The commercial banks are now increasingly wholesaling funds to the NGO-MFIs. In addition to both private and public sector commercial banks, some foreign banks and non-banks are financing microfinance programs. PKSF as the largest wholesaling of microfinance has meanwhile funded 271 NGO-MFIs. Anukul Foundation and Stromme Foundation are also providing loans to the NGO-MFIs. The banks are following a number of conduits to supply capital that includes syndication, securitization, guarantee and direct lending. The contribution from banking sector to the capital base of NGO-MFIs during last five years is growing at a constant pace bringing back the vivacity in the lives and living conditions

of the NGO-MFIs to embed the use of commercial capital.

Bangladesh Bank through adopting Agriculture and SME policies and programs opens the space for more intense and diverse participation of NGO-MFIs within the realm of financial market. The policies adopted by Bangladesh Bank further paves the increased access of NGO-MFIs to economical market through bringing participation of both skilled and non-skilled human capital.

The government vis-a-vis Bangladesh Bank as the tip of the financial market are needed to give due attention to develop positive corporate culture among the new market entries. BURO understands positive corporate culture as the professional behavior that brightens the internal environment and its linkage with the external environment. The positive corporate culture will bring the growth of the increased space in length, breadth and width within the realm of the financial markets which will have a push effect of the economical market to also expand its space in length, breadth and width.

More NGO-MFIs Being Used as Remittance Channels

The increased capital flow within the nation-state will contribute to business development at different regions of the nation-state. The introduction of new technology in the financial and economical market through NGO-MFIs is bringing alterations in the lives and living conditions of the people, markets, and nation-state. The pragmatic policies adopted quite few years ago by the government indicate its aggressive behavior to rejuvenate the participation of the people in the markets and the markets in the lives of the people. The remittance supply as the new technological innovation in microfinance has been in operation for a long time. To make the money transfer faster to the recipients, the branches of a few NGO-MFIs provide services to both the recipients of remittances and the banks with the approval of the central bank. The constant flow of remittances reaching its recipients through the NGO-MFIs is anticipated to develop integration the people and the markets.

Islamic Microfinance on Horizon

The Islamic Development Bank (IDB), Jeddah, Saudi Arabia carries out feasibility study in Bangladesh to promote Islamic microfinance based on Sharia. There are some small NGO-MFIs in the country that are implementing programs based on Sharia. Rural Development Scheme (RDS) of Islamic Bank Bangladesh Limited is implementing Islamic microfinance which underscores the high potential market of Islamic microfinance in Bangladesh. It is anticipated that the productive collaboration between the lender and NGO-MFIs will contribute to the integration between the financial and economical market.

Update on Microfinance Regulation

The Microcredit Regulatory Authority Act, 2006 was passed in July 2006 with an effect from 27 August 2006. In accordance with the mandatory conditions for micro-credit operations around 673 licenses are meanwhile issued by MRA. The rules for the compliance of the NGO-MFIs are finalized by MRA and are put into operation since July 2011. The banks and government departments carrying out microfinance programs are outside the purview of the Microcredit Act. License is

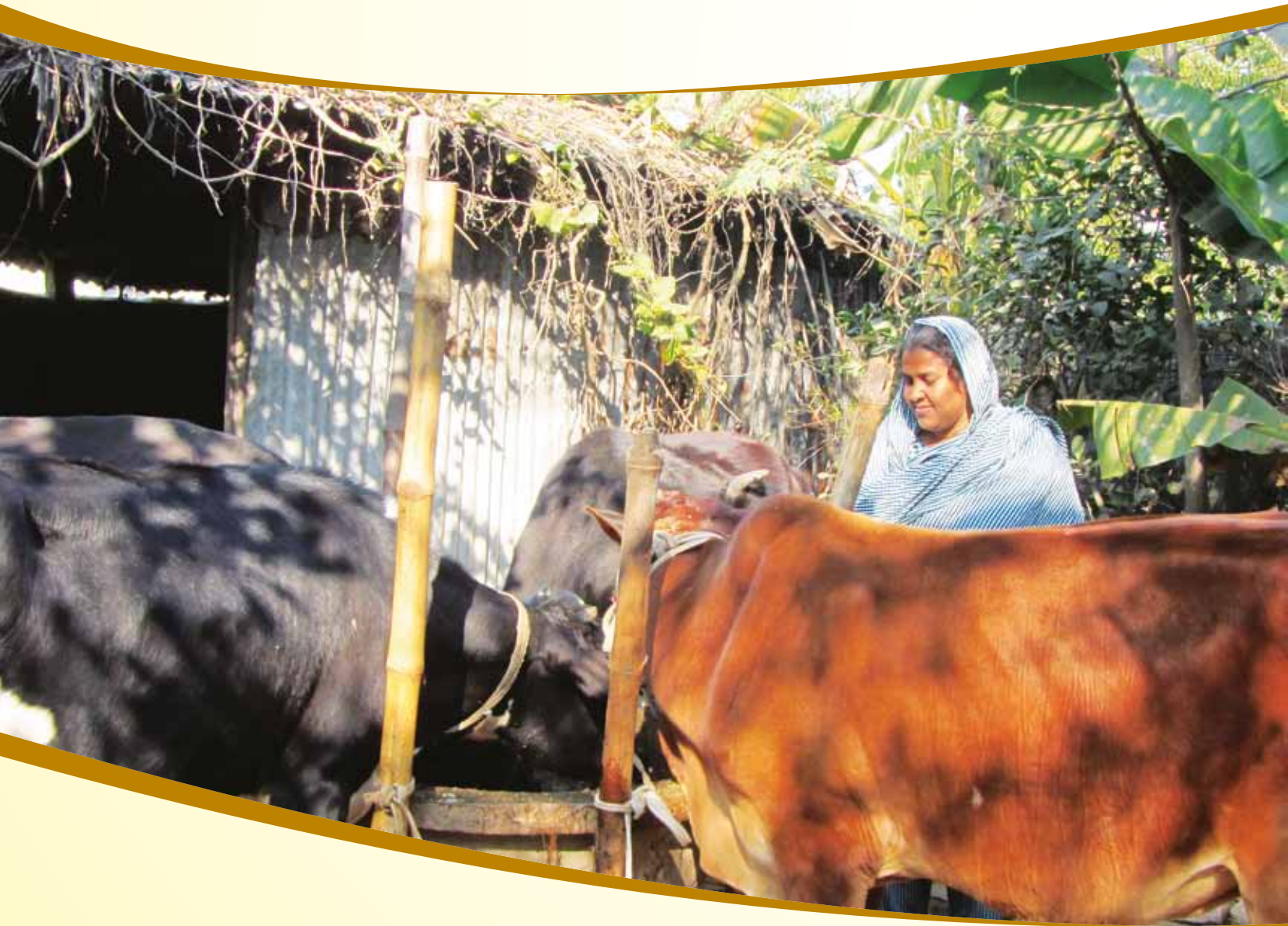
granted with a fee that varies according to the size of the NGO-MFIs.

The introduction of new technology in institutional form within the realm of financial market has started developing the organized behavior of NGO-MFIs since the formation and functioning of MRA. The close collaboration between MRA and NGO-MFIs is anticipated to contribute to the development of positive corporate culture among the NGO-MFIs.

The experience sharing meeting between MRA and the NGO-MFI sector is being held at regular intervals in order to learn both advantages and disadvantages arising out of MRA interventions within the realm of NGO-MFI. The instantaneous feedback from the MRA clears the causes of such situation and helps NGO-MFIs to solve the issue themselves. In fact, these types of experiences sharing help both MRA and NGO-MFI to enrich respective treasure of interventions at the same time developing reciprocity and synergy between these two undeniable institutions in microfinance industry.



Glimpses of **BURO**



Responding to growing needs of the consumers of microfinance services....

Institution

BURO Bangladesh is a national 'not-for-profit' organization set up in 1990 is irreversibly established as specialized micro-finance institution within the overall realm of the financial market facilitating the poverty reduction of the poor on sustainable basis. BURO provides high quality flexible financial services to low-income people, particularly the women, who are regarded as its prime customers. To meet their ever-growing financial needs, BURO introduces new technologies in its microfinance operation which are six loan products, two savings products and one insurance scheme. In order to address the dire needs of the economical markets BURO brings another technology: remittance services to the people through a high profile network of its branches. Considering the agriculture as the backbone of the nation-state the organization provides agriculture loans to small and marginal farmers and stepped up its loans to the graduated clients called SME loan. In accordance with the basic principle that social policies to be built in economical policies BURO further implements disaster mitigation program for microfinance clients affected due to man-made and natural causes. BURO Bangladesh also provides a modicum of non-financial services that includes business development services (BDS), food security, human resource development, disaster management, operation research, providing technical assistance to NGO-MFIs, and rural water supply, among others.

In its journey towards its growth and development BURO itself emerges as Social Capital for the nation-state Bangladesh, its economical and financial markets, own very wide spectrum of clients, and its unprecedented human capital base providing the financial and non-financial services of BURO. In consonance with its mission BURO attains its financial sustainability that creates space

to diversify its participation in the activities of the economical and financial markets and nation-state retaining its original identity. Notwithstanding the limitations that it has in the internal environment and faces in the external environment BURO is in forward motion constantly centering on its mission as the nucleus in its interventions which develops high cohesion and high integration among its own human resources and client base.

Customers

There are four categories of customers who are selected based on certain specific criteria.

Very Poor/Extreme Poor

- owning less than 10 decimals of land
- annual income equal to or less than BDT 20,000 and having assets less than BDT 30,000
- age limit between 18-55 years

Moderate Poor

- owning less than 0.50 acres of land
- annual income equal to or less than BDT 60,000 and having assets less than BDT 200,000
- age limit between 18-55 years

Micro Entrepreneurs and Small & Marginal Farmers

- owning more than 0.50 acres of land
- annual income equal to or less than BDT 200,000 and having assets less than BDT 1,000,000
- age limit between 18-55 years

Professionals of Insufficient Income

- The teachers and staffs of the school who have taken initiative working as business entrepreneurs in the own localities
- The officers and staff of different institutions who have also become entrepreneurs with their own initiatives in their own localities
- Those who have previous experiences to be benefitted through borrowing and investing capital in businesses, and created employment opportunities for others

Legal Status

BURO Bangladesh is registered with:

- 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 (TIN): 142-400-2581.

Linkages

BURO Bangladesh has established linkages with:

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

Access to Information

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

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

Information dissemination is the most fundamental to reduce information asymmetry in development. In order to enhance information dissemination on BURO endeavors as Social Capital in microfinance the organization maintains separate desk manned by one skilled officers of the organization. This step is taken in accordance with Right to Information Act, 2009.

Future Direction

More Expansion of Micro Finance

BURO was originally conceived as a demonstration model, with the intention of achieving sustainability through providing a range of high quality financial services. Based on the very strong demand base BURO has initiated an expansion program and plans to raise the customers from current level of 1.2 million to 1.5 million in 2013-14. Because of BURO's comparative advantage in the provision of diverse micro-finance services plus the demand creation in business in the demand side BURO will strengthen its microfinance program designed in its future road map through horizontal scaling of its client and portfolio base within the realm of existing 629 Branches.

Agriculture Financing

Agriculture as the spinal column of national economic growth is also the spine in the economical and financial markets where in the reciprocity between these two markets agriculture works as the catalyst. It is the demand side that has the pull effect on BURO since its inception to launch intensive application of microfinance in agriculture program. BURO initiatives of microfinance in agriculture enrich its treasure of experiences that brings new technology remittance in microfinance to strengthen its application in agriculture. More important is the consideration of BURO that microfinance in agriculture will strengthen Food Security of its clients through increased production to work as both consumers of, and suppliers to rural or urban markets.

SME Financing

BURO Bangladesh is currently financing SME clients in a limited way but perceives that more investment should be forthcoming because the sector has wide vista with very abundant potentials for employment and income generation which shall be capitalized to push forward the integration between the financial and economical markets. The organization also prefers to prioritize the sectors creating employment opportunities in the rural and urban areas in non-conventional businesses but emphasis is also given on the development of comparative advantage among the client base. The organization has decided to launch a massive micro-enterprise program in 2013-14 through bank financing that facilitates BURO working as the front ranking conduit for professional capital growth matching increased rural and urban employment and income generation.

Going Extensive Automation

The organization is contemplating full automation of its 634 branches by December 2014 and accordingly steps are taken. Presently, 320 branches are totally automated.

Youth At-Risk

BURO innovation is coming in the near future. The microfinance industry is yet to begin their intervention with youth at-risk. BURO is going to work with women youth at-risk with an intention of unfurling the potentialities of productivity to contribute to national economic growth. BURO clients constitute more than 99 percent of women, as such, will become facile for BURO to work with women youth at-risk. Those commercial sources of capital and the corporate donors will be encouraged whose mission matches with the mission of BURO.

Policies and Rules

For the better functioning of BURO as well as to improve more and more vibrant relation with MRA, BURO is working with amendment of its policy rules to regulate the organization in its daily activities. Greater attention will be given to bring BURO and MRA increasingly closer to each other through congruent regulation of BURO activities. The amendment of BURO policy rules will also benefit the organization to enter into corporate world in the long run.



Highlights

Professional Attainment

- Awarded third position in the NGO-MFI sector by the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Published Reports and Accounts 2010.
- Awarded certificate of merit in NGO/MFI category by the South Asian Federation of Accountants- SAFA for Best Published Reports and Accounts 2010.
- The social performance of BURO based on CERISE SPI tool underlines a unique score compared to international benchmarks set for Asian MFIs. The SPI score of BURO is 70 out of 100. SPI is a social audit tool that gives scores based on the performance of an organisation on 4 dimensions: (1) targeting the poor and excluded (2) adaptation of services (3) benefits to clients and (4) social responsibility.
- BURO is awarded with credit rating grade AA₃ (double A) in the long term and ST-2 in the short term. BURO is indeed among a few MFIs in the country that achieved this excellence.

Legal and Compliance

- Paid off BDT 18.30 million as overall taxes in the National Exchequer.
- Microfinance in compliance with the rules of MRA operational.
- Maintain 15% of customers' total savings fund constituting fixed deposit form (10%) and liquid form (5%) in accordance with the rules of MRA.
- Maintain accumulated surplus reserve fund (10%) in conformity with the rules of MRA.
- BURO follows the guidelines of Bangladesh Bank on Agriculture and SME loan

Product and Services

- Some financial products redesigned.
- Five branches in Kurigram district for Hardcore poor with flexible approach in microfinance being launched.

- Agriculture loan for small and marginal farmers being introduced.
- Microfinance in SME in operational.

Graduation of Hardcore Poor Microfinance

The commendable successes in graduating projects to mainstream microfinance program are:

- Improved Living Standard of the Poorest of the Poor (ILSPP) implemented in Tangail peri-urban area with the financial support from UNESCO/Stichting Gilles Foundation since July 2002.
- Economic and Social Empowerment of the Hardcore Poor (ESEHP), Uttara, Dhaka implemented in the urban area with financial assistance from Stromme Foundation since January 2004.

Policy Implementation

- A rigorous internal control system in place.
- Supply chain of foreign remittance to rural areas strengthened.
- Customers' controlling authority for withdrawal all of their savings from the general account leaving BDT 10.

Major Expansion in 2012-13

- Revolving loan fund increased by 74%.
- Loan portfolio increased by 89%.
- Savings portfolio increased by 33%.
- Customers outreach increased by 2%.

Operational Performance

- 118% and 110% operational self-sufficiency and financial self-sufficiency respectively.
- 1.77% for portfolio at risk (>30 days) and 98.11% without any payments in arrears.
- 98.22% on-time recovery (OTR) rate.
- 26% of total revolving loan fund constituting customers' savings.
- 10% operational expense ratio.
- BDT 0.05 as cost per unit of money lent.

What We Stand For

Vision

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

Mission

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

Strategic Priorities

- Promote product diversification.
- Pursue use of commercial capital.
- Facilitate foreign remittance flow to the rural and urban areas.
- Facilitate the nation-state and market to create favorable investment climate for the microfinance clients

- Support emerging market segments like hardcore poor; small & micro enterprises; and small & marginal farmers.
- Adapt strategies with the emerging demands in the demand side for vibrant supply chain of BURO

Market Positioning

- Identify the major attributes that the customers value most in the financial products.
- Review different attributes in terms of product quality, prices, availability & service delivery.
- Continuously assess BURO Bangladesh and its competitors' offer for positioning in the market.
- Improve the vivacity in BURO comparative advantage as constant phenomenon within the nation-state.
- Develop linkage with NGO-MFIs across the boundaries of the nation-state for future effective collaboration within the greater realm of microfinance industry.



Our Values

Listening to Customers

- BURO spinning on its clients
- Respect the service recipients as valued clients.
- The program pivots on clients' choice.
- Demand creation by the clients themselves
- Clients' voice about the quality and adaptations of BURO financial services
- Change rules and regulations based on customers' likings and disliking.

Customers Empowerment

- Access to flexible and quality financial services for the clients.
- Enhancing money management capacity through savings, loan and business expansion services.
- Emphasizes on the increase in financial assets of the clients.

Right to Access Information

- Reduce information asymmetries for the clients on business and liquid through knowledge management
- Ensure every right of the clients to tally the passbooks with branch level transactions.
- Regular information dissemination to the clients about the use of their savings by BURO.
- Ensure clients' voice in the use of their savings by the organization.

Financial Service as Right of the Customers

- BURO as the safe and secure place for the clients to keep savings.
- Clients mandated to withdraw savings whenever is necessary.
- Organization mandated to maintain smooth supply provision of liquid as credit for the clients for investment.

Features of Quality Financial Service

- Services those are provided timely.
- Services those are prompt and quick.

- Services those meet the clients' aspirations and happiness.
- Services those the clients can afford.

Financial Prudence

- Cost recovery principle for services delivery to the clients.
- Capacity to mobilize funds from commercial sources or market.
- Capacity for financial management, audit and financial control.
- Friendly investment climate with the help of the stakeholders.

Good Governance

- Strategic vision/mission: Long and short-term perspective about the demand of the clients, and BURO Bangladesh.
- Responsiveness: Serving the interests of all stakeholders.
- Transparency: A free flow of information between the organization and concerned stakeholders.
- Accountability: Decision-makers answerable to the stakeholders and the organization.
- Compliance: Strictly following the directives of Microcredit Regulatory Authority (MRA).
- Bureaucracy: BURO taking extremely less time for overall loan supply provision to the clients.

Social and Development Commitment

- BURO social policies in-built in financial policies
- BUROs' endeavors incorporating social investment integrated with its mission.
- Pursue commercial objective to provide sustainable microfinance services.
- BURO as potential entity in financial and economical markets to developing reciprocity between the two markets.

BURO in Forward Motion

1990-1994		
Genesis	Central Bank Approach	Development Partner's Attention
Piloting phase of Five "Model Branches of Sustainable Rural Financial Service" started	Financial norms congruent to operate financial services identified	International evaluation suggested viable and sustainable model
1995-1999		
Continued Development Partner's Attention	Emerging Social Capital	International Relations
Evaluation with new innovations conducted; Strategic planning exercise done; Operational research for new financial products carried out	Interventions in social program at post disaster situation made; Policies from donor grant to entry into commercial capital shifted	Recognition from UN General Assembly achieved; First microfinance international rating assessment conducted
2000-2004		
Formal Financial Market	Strengthened Social Capital	New Innovation
Entry into formal financial market begins; Product development review recognized; Corporate governance strengthened	Internal control system of both MIS and FIS reviewed; Satisfactory Development Partner's end term review done; Second and third microfinance international rating assessment conducted	First comprehensive business plan prepared; Strategic planning exercise conducted; Review of costing of products done; Microfinance model for the very poor in the rural and urban areas launched
2005-2009		
Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
Intense entry into commercial banks; non-banks and international agencies began; Massive expansion of microfinance program launched	Char Livelihood Program for disaster preparedness and mitigation commenced; Rural water supply program launched	Automation of branches launched; Microfinance in agriculture for small and marginal farmers promoted; partnership with 'bank syndicated financing' began; Foreign remittance service for the rural people launched; First ever commercial bank syndicated financing in agriculture initiated
2010-2013		
Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
Massive expansion of SME program begins; Graduation of hardcore poor to mainstream microfinance initiated	Institutional capacity and participation within the overall realm of regulation begins and continues Amending the existing rules matching the rules of MRA First ever social performance rating of microfinance is conducted Fourth microfinance rating is conducted	Automation of branches continued; Training and capacity building services further strengthened

Recognition

CGAP/The World Bank Financial Transparency Award

BURO Bangladesh is 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 established in 1984 to coordinate the accounting profession from the SAARC member nation-states awards 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 is awarded joint winner along with BRAC, and in 2009 is awarded first runner-up and in 2010 is awarded certificate of merit.

ICAB National Award for Best Published Reports and Accounts

The Institute of Chartered Accountants of Bangladesh (ICAB) awards BURO for last eight years consecutively for its best published Reports

and Accounts for the financial year 2005 (second), 2006 (first), 2007 (third), 2008 (second), 2009 (second), 2010 (third), 2011 (third) and 2012 (certificate of merit). This is a notable national recognition to a NGO-MFIs especially for its financial transparency.

Social Performance

The social performance of BURO based on CERISE SPI tool underlines a unique score compared to international benchmarks set for Asian MFIs. The SPI score of BURO is 70 out of 100. SPI is a social audit tool that gives scores based on the performance of an organisation on 4 dimensions: (1) targeting the poor and excluded (2) adaptation of services (3) benefits to clients and (4) social responsibility.

Credit Rating

BURO is awarded with credit rating grade AA₃ (double A) in the long term and ST-2 in the short term. BURO is indeed among a few MFIs in the country that achieved this excellence.



Governance



BURO underscores corporate governance in microfinance....

Constitutional Aspects

Governing Body and General Body

BURO Bangladesh is one of the leading NGO-MFIs that resolutely claims to strictly follow the 'Code of Corporate Governance for Bangladesh' prepared by the taskforce on corporate governance with a view to creating corporate culture within the realm of microfinance sector in Bangladesh. The corporate governance of BURO constitutes three tier systems: (1) General Body, (2) Governing Body, and (3) Operational Board of Directors (OBD). The General Body constituting 18 members who come from different professional domain viz. business, banking, law, diplomat, academics, journalism, and social development the supreme authority of electing the Governing Body after every three-year.

Governing Body

Chairperson

S K Sarkar, Director-Administration and Risk Management of BRAC and Treasurer of BRAC University

Vice Chairperson

Altaf Hossain, Executive Director, Akij Food & Beverage Limited, Akij Group

Finance Secretary

Kazi Mohammad Shoab Rana, Social Activist and Businessman

Members:

Anwar Ul Alam

Former Secretary and Ambassador, Government of Bangladesh

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

Mohammad Rafiqul Islam, Managing Director, Uttaran Trading Company Limited and Marketing Consultant for Pharmaceuticals

Mirza Quamrun Naher, Development Activist

Ex-Officio Secretary

Zakir Hossain, Executive Director

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

In 2012-2013 six Governing Body meetings were held each on 07 August 2012, 20 October 2012, 19 November 2012, 29 March 2013, 8 June 2013 and 15 June 2013. The 19th AGM was held on 30 November 2012. At the AGM the annual report, audit report, budget, appointment of auditors etc. were discussed and approved by the members.

Operational Board of Directors (OBD)

The OBD is directly facilitating the Executive Director to exercise all executive and financial matters of BURO.

M. Mosharrof Hossain, Finance Director

Md. Sirajul Islam, Special Program Director

Md. Mukitul Islam, Operation Director

Khandaker Mahfuzur Rahman, Risk Management and Internal Audit Director

Pranesh Chandra Banik, Special Program Deputy Director

Senior and Mid Level Professionals

Program

Coordinators

Sayed Ahamed Khan, Assistant Coordinator-Program

Khondoker Moklasur Rahman, Assistant Coordinator-Program

Abdur Razzak Chowdhury, Assistant Coordinator-Program

Zonal Managers

Mohsin Hossain Khan, Tangail
Motaleb Hossain Miah, Chittagong
Zafar Ahmed Jewel, Gazipur
Md. Ashraful Alam Khan, Noakhali
Saidur Rahman, Dhaka Metropolitan
Aminul Islam, Barisal
Istak Ahammed, Rajshahi
Rafiqul Islam, Rangpur
Shamim Kabir, Pabna
Abdus Salam, Comilla
Haroun Or Rashid, Jessore
Mir Mukul Hossain, Mymensingh
Reaz Uddin, Khulna
Al Amin Khan, Narayanganj
ABM Alauddin Ahmed, Faridpur
Samar Ali Fakir, Bogra
Awlad Hossain, Modhupur
Kamruzzaman, Sylhet

Finance and Accounts

Abdul Halim, Officer- Finance and Accounts

Administration and Human Resource Management

Md. Shahinoor Islam Khan, Officer, Head of Administration and Human Resource Management
Md. Enamul Kabir, Officer-Administration and Human Resource Management

Internal Audit

A.B.M. Aminul Karim Majumder, Assistant Coordinator-Internal Audit
Tapas Kumar Shikder, Officer-Internal Audit

Training and Capacity Building

Md. Nazrul Islam, Assistant Coordinator-Training

Monitoring and Reporting

Md. Arshad Alam, Officer-Monitoring & Reporting

Remittance

S M A Rakib, Officer- Remittance

Information Technology (IT)

Abdus Sabur, Assistant Officer-IT

Disaster Management

S Z M Shahriar, Manager-Disaster Management

Audit Committee

The following three members constitute the Audit Committee belonging to governing body of BURO:

- 1) Altaf Hossain, Vice Chairperson of Governing Body – Chairperson
- 2) Kazi Mohammad Shoab Rana, Finance Secretary of Governing Body - Member
- 3) Mohammad Rafiqul Islam, Member of Governing Body - Member

The Risk Management and Internal Audit Director perform his responsibilities as the secretary of the committee. Audit Committee is free of any relationship that forbids interference during exercising respective independent judgment as a member of the committee.

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

Advisory Support

Graham A.N. Wright has been BURO's International Honorary Advisor for a long time. He is providing valuable inputs in the continued development of the organization and assisting the management in quality decision-making, future development and program planning. Mr. Wright is now working as Group Managing Director of MicroSave.

Policy and Functional Aspects

Policy and Procedures

The organization stresses on significant importance on the growing professionalism within the realm of BURO that constantly enhances good governance being practiced by the organization. Accordingly the organization acts through implementing various rules and procedures that include (i) Rules of Business for microfinance services, (ii) Staff Service Rules, (iii) Accounting and Financial Procedures and Rules, (iv) Internal Audit Manual, (v) Human Resource and Administrative Manual, (vi) Program Implementation Manual, (vii) Gender Policy, and (viii) New Branch Opening Policy.

Working Committees

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

Program Management Structure

BURO Bangladesh operates through its branches in different places. A branch is managed by one Branch Manager, one Accountant, and 6-8 Program Organizers (POs)/Assistant Program Organizer (APOs). There are 634 branches which are supervised by 72 Area Managers. Overall, there are 18 Zonal Managers that administer all the branches and area offices.

Staff Benefit Funds

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

Provident Fund

BURO operates a contributory provident fund for its employees from which benefits are given to its employees in accordance with its policies. National Board of Revenue (NBR) approved and recognized this fund for the purpose of taxation. The fund is operated by a separate board of trustees consisting seven members selected from the employees of the Institution. All permanent employees of the Institution are contributing monthly to the fund which is equal to 10% to 20% of the basic salary of each employee. The Institution also contributes 10% of employees'

basic salary to the fund each month. Income earned from investment of this fund is credited to the employees' accounts on a yearly basis and this fund is audited every year by a firm of chartered accountants.

Gratuity Fund

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

Health Fund

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

Housing Fund

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

Staff Family Security Fund

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

The total amount of staff benefit fund as on June 30, 2013 stood at BDT 361.8 million which includes BDT 266 million as provident fund, BDT 20 million as gratuity, BDT 3.8 million as health fund, BDT 11 million as housing fund and BDT 61 million as staff family security fund.

Income Tax Return Submission

Submission of income tax return is mandatory under the government rules. The organization has been regularly submitting the returns to the government. The government has exempted the non-profit organizations dealing with microfinance from paying income tax from the surplus earned. However, if there is any income from other than microfinance, it will be subjected to the relevant rules of taxation. The income tax assessment of the organization has been duly completed for the assessment year 2012-13.

Internal Control System

To ensure transparency, efficiency and overall effectiveness the organization develops and pursues a very rigorous and transparent internal control system. Most international standard norms and practices are also meticulously incorporated. These practices reflect the high profile and very sound institutional and managerial competencies. The components of internal control system are laid down below.

Budget Formulation and Variance Analysis

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

Fair Staff Recruitment Process

Recruitments are made through fair competition and public announcements. The criteria are well defined in the service rules. Advertisements are made in the leading newspapers in the country. Generally written and viva tests are held. For senior level recruitments assistance of external

experts are taken. Executive Director approves all recruitments recommended by the Committee for Recruitment.

Procurement and Other Policies

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

Travel Policy

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

Payments/Advances

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

Clients Passbook Checking

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

Financial Control

Fund management is done prudently keeping in view the demand of funds and its availability at the branch and head office. Financial control is generally exercised at three levels: the Governing Body, the Head Office and the respective Branch. The Governing Body monitors all financial matters quarterly through its meeting. The Executive Director and Finance Director exercise financial control based on monthly financial statements and the findings of internal auditors.

At branch level, the managers exercise financial control on the basis of budget and financial projections. Financial transactions in the head office and branch offices are regulated with regard to following four areas: (i) field level transaction control, (ii) treasury management, (iii) budgetary control, and (iv) accurate financial reporting.

Internal Audit

The audit and risk management department is staffed with a Director. A total of 76 audit staffs work in this department with most of them are based in the zonal offices. The internal auditor reports on the checking of hundred percent of: (1) loan portfolio management (2) loan and savings balancing (reconcile the balance with collection sheet) and (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.

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

Risk Management

Risk is defined as the possibility of financial losses or otherwise. The risk management of the organization covers core risks that include industry risk, credit risk, liquidity risk, interest rate risk and operational risks. The aim of risk management is that BURO evaluates and takes well calculative business risks and thereby safeguards the organization's capital, its financial resources and profitability. Risk management is done through internal control system and standard practices followed globally.

Monitoring

Monitoring is the systematic and continuous process of the organizational activities. BURO monitoring unit monitors intensively the

indicators in the progress of the branch functioning this financial year: (1) passbooks of the clients verifying with the loan collection sheet; (2) the application of 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; and (6) verification with loan collection sheet, savings withdrawal, and status of balance. Any discrepancies in the functioning of the branches are identified by monitoring unit, recorded at the branches and follow-up services provided during the next visit by the monitoring unit. Monitoring reports back to the decision making of the organization.

External Audit

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

Standard Practices

BURO Bangladesh follows some of the internationally accepted reporting and prudential requirements. This is being done to conform to the standard norms and practices pursued world-wide and to prepare for any future prudential requirements in the country. These practices and the relevant indicators portray a clear picture of the organization's financial and managerial soundness.

Capital Adequacy

Capital adequacy analysis is being used to measure the financial solvency of the organization and determine whether the risks that it has incurred can be adequately offset with capital and reserves. The current capital adequacy ratio is 12.37%.

Asset Management

Loans advanced to the customers make up the portfolio of the total assets and forms the biggest

current asset. To determine the quality of loan portfolio, monthly aging analysis is performed. The financial accounts of 2012-13 at the year-end shows the organization achieves a first-rate portfolio indicating 98.11% of the portfolio with no arrear payments.

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

Management

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. All key processes have been formalized. With much effectiveness it controls risk throughout the organization. The organization undertakes short-term and long-term financial projections and uses these to ensure fiscal and budgetary control.

Earnings

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

Liquidity Management

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

Loan Loss Provisioning and Write off

Management makes provisions for loan losses every quarter in order to maintain the loan loss reserve at adequate levels for bad loans. The loan loss reserve ratio is 2.46%. The adequacy of the provision is determined by applying appropriate percentages to the outstanding balances in various aging categories. The write-offs of any loans, if necessary, are charged against reserve. Loans are written off in full after one year of the loan term.



Features of Financial Products and Services



Income inequality is increasing unabatedly...

Loan Products

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

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

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

General Loan: The loan is intended to allow the rural and urban poor households to finance their economic activities and build a strong capital base. General Loans are working capital given to the poor and disadvantaged households to start a business and even to fill in the gap in the businesses. General Loans range from BDT 20,000 to BDT 75,000 depending on the economic activity, the borrower's management capacity, and demand for the product and/or services in the market. The loans are repayable within a year in 46 installments at an annual interest rate of 27 percent.

SME Loan: BURO develops its SME loan for the 15-20% of entrepreneurs capable of graduating from groups as well as entrepreneurs in the community. SME loans as individual loans contribute significantly to create 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. Furthermore, the inclusion of Missing Middle borrowers into financial relation has become of utmost importance which can be facilitated by SME loan. The modalities to consider Small and Medium Enterprise loan necessitate two fundamental conditions. First: creation of wage labor employment of at least one person while using SME loan. Second: the borrower of SME has his/her own equity in the use of the loan.

The SME loan is assessed on the basis of household cash flow, business projections and the reputation of the borrower amongst her/his business peers in the community. The size of the loan depends on the size of the businesses and the comparative advantages that the entrepreneurs have. Micro-enterprise loans range between BDT 50,000 - BDT 500,000 which are repayable within one to three years in 46-138 installments at an annual interest rate of 27 percent.

Agriculture Loan: The loan is exclusively for agricultural activities and is designed to increase the farm activities enhancing the livelihood of the poor rural and peri-urban households. The agricultural loan also enhances food security of the households. The creation of self-employment through developing agriculture sector is given significant emphasis. The great opportunities exist for employment creation through proper investment in agriculture. It is necessary to organize availability of quality seeds, fertilizers, irrigation, pesticides and other implements of agricultural production. The loans are disbursed to landless and marginal farmers in organized groups. Agricultural loans of BDT 20,000 – BDT 100,000 are given for one year depending on the activity, land-holding etc., repayable in 46 installments with an annual interest rate of 27 percent.

Hand Loan: The loan is intended to serve as a “social security net” and is designed to implement after the Customer Consultative Group Discussions and Client Satisfaction Surveys. The hand loan is designed to protect customers from shocks to their household economies and the erosion of their financial, physical and social assets. Hand loans are used to finance any purpose such as important festivals and ceremonies (Eid, Puja, Christmas, marriages, etc.), health care and child education. The hand loan is a small loan of BDT 5,000 which is repayable within 3 months at an annual interest rate of 27 percent.

Disaster Loan: In extreme emergencies, such as cyclone, floods, tidal surge etc. BURO provides disaster relief with support from leading commercial and non-commercial sources of capital. However, the organization places emphasis on the promotion of self-help and self-reliance of disaster-affected rural communities, encouraging and helping households to stand on their own feet. The disaster loan is intended to reduce the effect of shocks to the households’ financial and physical assets immediately after natural disasters. The disaster loans meet affected households’ immediate needs for cash and thus to respond to their situation. The disaster loan ranges from BDT 5,000 – BDT 15,000 with an interest rate of 20 percent to be repaid over one year.

Water & Sanitation Loan: Environmental health concerns continue to be an ominous factor contributing to diseases and poverty. Access to safe drinking water which is also free from arsenic contamination and to hygienic sanitation will reduce sickness and thus increase the labor productivity. The 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. Both the water and sanitary loans range from BDT 5,000 – BDT 25,000 which is repayable within a year with an interest rate of 27 percent.

Savings Products

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

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

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

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

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

demand. The general savings account requires a nominal minimum balance of BDT 10. The customers of the general savings account have the following advantages:

- i. Savings of any amount from BDT 10 – BDT 5,000 at the Kendra (group) meeting in the village; and deposit any amount above BDT 5,000 at the branch;
- ii. Withdraw savings at any time on demand, and
- iii. Receive compounded interest at the rate of 6 percent per annum of their general savings account balance.

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

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

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

- v. Interest is paid on a compound basis in the range of 7.5 percent.

Micro-Insurance Product

Customers' security fund has been promoted with two objectives viz. the social objective, and 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 through reducing the impact of customer risk on loan and savings portfolios, generating additional revenue, supporting risk management, and reducing customers' vulnerability to economic stresses. The social and economical objectives are intended to bring both demand (customers) and supply (organization) as the consumers of and producers to each other's goods and/or services.

The variations in one time insurance premium for the clients which is very tiny depend on the size of the loans but permitted for any loan size that BURO offers. The benefit of opening insurance is that the entire outstanding loan amount in case of death of either the borrower or guarantor within the loan cycle will be totally waived.

Remittance Services

BURO provides foreign remittances to the people through its widespread network in the country. The money is sent to the families by the migrants staying at abroad. BURO works as the legal conduit of some of the commercial banks. Other than working as the conduit for safe delivery to the recipients of remittances, BURO also performs some additional responsibilities. BURO endeavors are projected towards the use of remittances in income generation activities benefiting them. BURO also provides technical assistance to the recipients of remittances in the utilization of earned money from abroad.

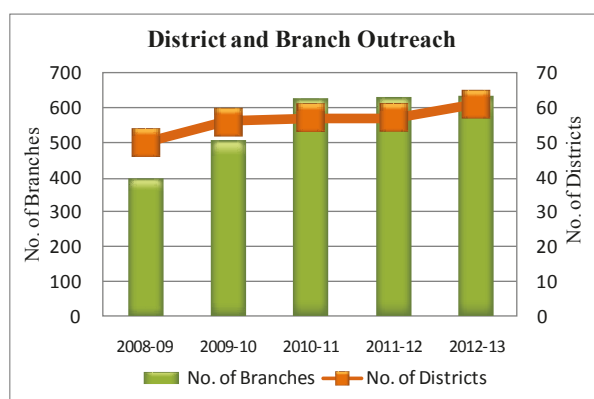
Microfinance for Moderate Poor



Savings are the safe places; customers preferring flexibility....

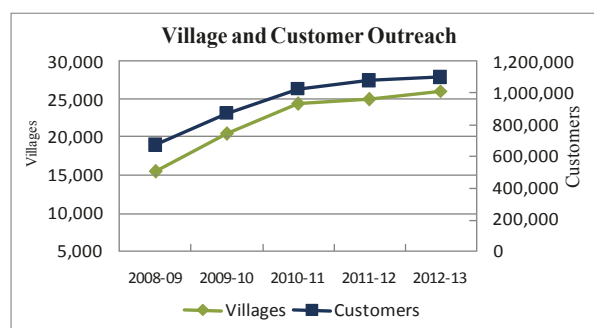
Geographical Coverage

As of June 30, 2013 BURO expands its geographical coverage to a considerably large extent. Through 634 branches BURO provides its flexible financial services to 26,173 villages in 1,411 unions of 61 districts in all seven divisions.



Customer Outreach

The number of active customers stands at 1.2 million as of June 30, 2013 as against 1 million in last financial year. The women constitute around 99% of the total customers. Customer dropout is common in the microfinance industry for a variety of reasons that includes migration, business failure, and switching to other MFIs due to convenient location etc. Dropout rate decreases to 8% from 9% in 2012-13.



Savings Services

The objective of savings services is to provide a safe place for the rural and urban customers to enable them to be self-reliant through increasing

savings to build their financial base. BURO has two savings products for its customers that include general savings and regular voluntary savings. It maintains open access savings where there is no restriction in withdrawal. BURO's experience shows that voluntary and open access savings can mobilize more net savings than the compulsory savings.

Savings Performance

As of June 30, 2013, the net savings balance is BDT 3,716 million as against BDT 2,804 million in the preceding year. During the year, the customers' deposit is total of BDT 5,066 million and withdrawal is BDT 4,155 million. The savings registers an increase of 33% during the year as opposed to 21% in the preceding year. Yearly savings deposit and withdrawal for the last five years is shown in table-1.

Table-1: Savings deposits, withdrawals and net balance as on June 30

FY	Yearly		Net Balance	In-creased	Average Savings per clients BDT
	Deposit	With-drawals			
Million BDT					
2008-09	1,291.62	899.40	1,309.75	43%	1,948
2009-10	1,682.96	1,265.93	1,726.78	32%	1,976
2010-11	2,206.64	1,611.92	2,321.50	34%	2,255
2011-12	2,526.28	2,043.77	2,804.01	21%	2,590
2012-13	5,066.19	4,154.52	3,715.68	33%	3,363

Savings by Products

In 2012-13, the net savings stands at BDT 3,716 million. The net savings include general savings amounting BDT 3,437 or 92% and contractual savings BDT 279 million or 8%. The total savings breakdown is mapped in table-2.

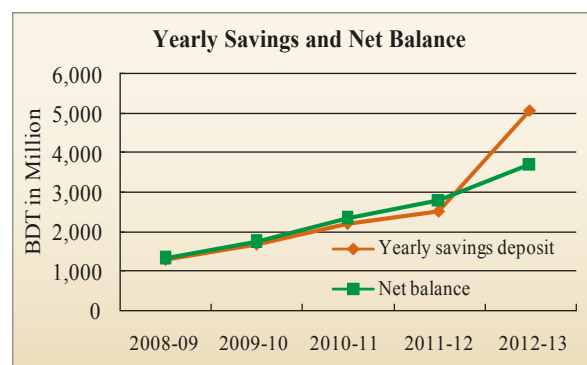
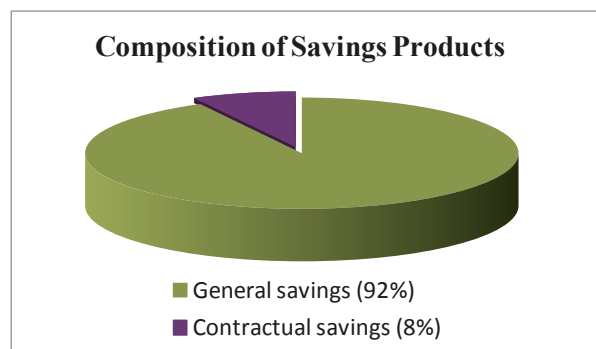


Table-2: Savings balance by product as on June 3

Products	2008-09	2009-10	2010-11	2011-12	2012-13
General Savings	677.10	1,138.67	1,772.14	2,319.73	3,436.56
Contractual Savings	632.64	588.10	549.35	484.27	279.11
Total	1,309.74	1,726.77	2,321.49	2,804.00	3,715.67



Loan Services

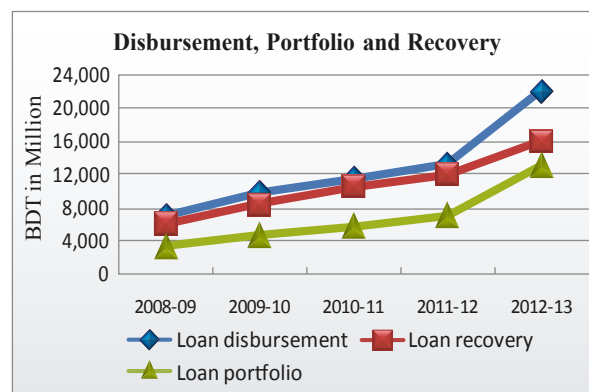
BURO's experience indicates that the customers prefer flexible quality financial service. They want larger loans and business development support services (BDS). The organization continues to revamp its policies and plans to stay competitive in the industry.

It has six loan products with interest rates within the band of 20-27% that includes general loan, SME loan, agriculture loan, hand loan, disaster loan, and water & sanitation loan. BURO provides SME and agriculture loan coupled with modicum business development support.

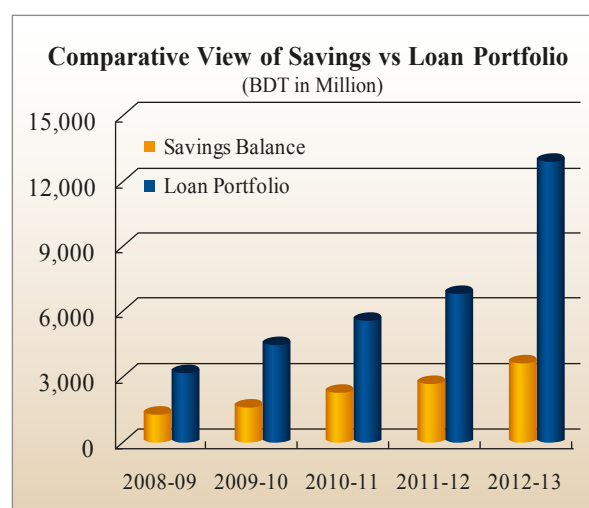
Loan Performance

In 2012-13, the average loan size based on disbursement is BDT 21,018 as against BDT 12,757 in 2011-12. The loan portfolio increases by 89% during the year. The flexible loan and customer friendly services had the push effect on the customers' increasing demand for loan from BURO particularly which has become a constant phenomenon. The rising trend effectively demonstrates the demand for increased loans. The on-time loan recovery rate is 98.22% compared to 97.27% in 2011-12.

During the financial year, all branches disburse a total amount of BDT 22,111 million as against BDT 13,265 million in the preceding year resulting 67% increase in disbursement. This year, BDT 15,996 million is recovered leaving the net outstanding loan balance at BDT 12,999 million. The yearly and cumulative loan disbursement and loan outstanding positions are shown in table-3.



FY	Disbursement		Loan Portfolio	Average Loan Size	
	Yearly	Cumulative		Disbursement	Balance
2008-09	6,959.58	23,601.68	3,251.33	9,441	5,503
2009-10	9,778.91	33,380.59	4,594.29	10,361	6,113
2010-11	11,491.22	44,871.81	5,600.07	11,051	6,325
2011-12	13,264.53	58,136.34	6,884.43	12,757	7,537
2012-13	22,110.89	80,247.23	12,999.58	21,018	13,680



Microfinance for Hardcore Poor



The loan officers face the alarming situation while coming out....

The NGO-MFIs since beginning their microfinance operation remain usually limited to the poor and marginal households in the rural and peri-urban areas due to the absence of communication facilities beyond the rural areas. The alarming situation was that the loan officers in a number of instances face problem to come from the rural remote areas due to threat, intimidation and rough communication with the urban areas. The left out poor from the NGO-MFIs are mostly virtually the hardcore poor whose capability functioning remain unexplored at the same time from contributing to national economic growth. Due to their absence not only from the mainstream interventions but also from developmental interventions from the NGO-MFIs the social and economical status of hardcore poor reaches to extreme grim by the end of 1980s. With one of the major causes of addressing the status of hardcore poor through microfinance BURO emerges within the realm of NGO-MFI industry.

The given situation BURO is the cause of Economic and Social Empowerment of the Hardcore Poor (ESEHP) in the urban areas of Uttara, Dhaka with the financial assistance from Stromme Foundation. The successes of the project have two implications.

First: the ESEHP project implemented at Uttara in Dhaka has been graduated to mainstream microfinance. Second: the replication of ESEHP begins in district Kurigram since early 2009 financed by Stromme Foundation. The replication of the project is being implemented through five new branches set in five remote upazillas viz. Chilmari, Razarhat, Ulipur, Nageshwari and Kurigram Sadar. The Kurigram project is also the replication of urban experiences in the rural and rural remote areas.

All the five hardcore poor branches in Kurigram district covered 10,985 customers and 10,223 borrowers as of June 2013. The current experience suggests that the sustainability is pretty difficult in working with the hardcore poor. The difficulties arise because of the small loan size borrowed at commercial rates which increases the cost of capital. This has one very fundamental implication that it is needed to offer different low interest rate or increase the loan size for the hardcore poor. This will facilitate them to match the income and expenditures. Nonetheless the On Time Loan Recovery rate is 99.14% and the portfolio at risk >30 days stands at 0.55%

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

Table-4: Summarized balance sheet and Income Statement as on 30 June 2013

'Amount in BDT'

Balance Sheet of Hard Core Poor-Kurigram District	
Particulars	Taka
Property & Assets	
Fixed Assets	5,920,965
Loan Portfolio net of LLR	86,550,159
Advance	1,857,215
Current Assets	-
Cash at Bank Balance	1,086,868
Total Assets	95,415,207
Fund and Liabilities	
Customers' Saving	15,598,904
BURO Bangladesh Fund	57,316,893
Stromme Foundation	36,983,170
Accumulated Profit/(Loss)	(14,483,760)
Total Fund and Liabilities	95,415,207

Income Statement of Hard Core Poor-Kurigram District	
Particulars	Taka
Income	
Interest on Loan	11,532,777
Other Income	463,951
Total Income	11,996,728
Expenditures	
Interest on Savings	393,473
Interest on Borrowing	3,925,226
Loan Loss Provision	835,809
Other Expenses	10,145,200
Total Expenditure	15,299,708
Net Profit/(Loss)	(3,302,980)

The non-financial services provided in the hardcore five branches in Kurigram include non-formal child education, adolescent awareness program, and basic life management training that includes nutrition, water & sanitation awareness

support etc during the period 2012-13. The performance of providing non-financial services with the support of Stromme Foundation in 2012-13 is exhibited in table-5:

Table-5: Performance of hardcore poor branches

'Figures in Quantity'

Name of activities accomplished	30 June 2013
Pre School established for poor children	20
Children enrollment	500
Formation of School Management Committee	20
Shonglap Center established	40
Adolescent Girls enrollment	1,000
Skill base training for adolescent girls	1,500
Formation of Shonglap support team-SST	40
Prottoy Center established	10
Adolescent Boys enrollment	200
Formation of Prottoy support team-PST	10
Formation of Peoples' Organization	7
Leadership Development training for Peoples Organization leaders and members	621
Business Development training for Microfinance program beneficiaries	100
Awareness build up training for beneficiaries	4,500



Microfinance in Agriculture



Agriculture is the biggest space for the customers to put in....

Agriculture is the backbone of national economic growth of the nation-state Bangladesh. The inward and outward looking market of the national economic growth is totally dependent on agriculture. The biggest space for employment generation is agriculture. It is also the biggest space for the constructive uses of technology. Agriculture is also projected as the largest technology to rejuvenate the rural economy. The out migration of the people from the rural and urban areas has negative impact on the lives of the rural market. Though Bangladesh has developed considerable infrastructures paving the easy access to rural and rural remote areas has changed cropping pattern in the surrounding areas of roads and high ways. Yet a long distance is needed to go in respect of three fundamental areas: (1) introduction of new technology with the poor and middle class farmers, (2) provision of leverages for capital assistance, and (3) developing them as organized force in agriculture. Notwithstanding the fact that the Government agencies are engaged with their own style of intervention, the vacuum created due to manmade and natural disasters shall be filled in by the professional NGO-MFIs who have the command in working with the poor and middle class youth at-risk.

The technology in agriculture is basically the farm equipments used in agriculture practices which the poor and middle class youth at-risk are unable to access due to insufficient or lack of required capital. Technology plays the vital role in the regard of skill development and crop production where the organization lays significant emphasis in knowledge management. New innovations in the seeds and seedlings of agricultural crops are available but reaching these innovations to poor and middle class youth at-risk through professional agencies remaining within the closest proximity is the biggest question. In certain instances the rural economy is attempted to become vibrant through taking the services of

developed rural markets as service cum trading centers linking them with the high ways through feeder road. Significant spaces are created in respect of space (area) and quality for the poor and middle class youth at-risk in many of these developed rural markets popularly known as growth centers. The motivation to these groups of rural people is anticipated to become successful provided the technology can be arranged for them in a rewarding manner. BURO Bangladesh at this crucial juncture to bring back vivacity in agriculture and the rural markets with their participation stands as the linkage between the formal financial institutions and the poor and youth farmers at-risk.

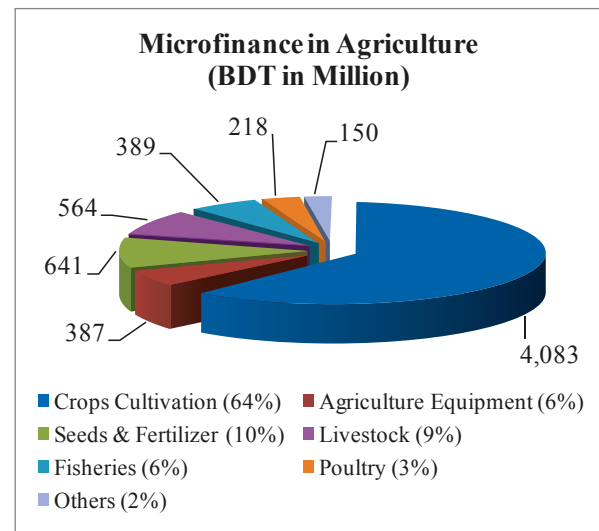
The provision of leverages of capital assistance as both public and private formal commercial sources of capital is abundant with reasonably good number of financial institutions are working in Bangladesh. The two problems in respect of liquidity disbursement by the formal financial institutions are: (1) most of the financial institutions are centralized (capital oriented) which keeps their liquid base depressed in disbursement with the fear that they might lose their investment in urban and rural areas. This particular fear leads these financial institutions select the big entrepreneurs who are within their reach facilitating the recovery of big loan disbursed by these financial institutions. The vacuum is thus being created continuously in respect of leverages for capital provision directly reaching poor and middle class youth at-risk. (2) Those financial institutions which are decentralized up to urban cities with some of them reaching rural areas in certain instances. But these financial institutions pose two threats to the poor and middle class youth at-risk: (i) bureaucratic hurdles to cross by the poor and youth at-risk and (ii) less reluctance of the financial institutions with micro loan provision for the poor and youth at-risk with the same fear of losing the investment of micro and small loan by these financial institutions.

Moreover, the investment of micro and small loan will increase the management costs of these financial institutions. BURO among the front ranking NGO-MFIs in Bangladesh stands again as among the most prominent NGO-MFIs by virtue of its diverse professional experiences to work as the outlet of liquid from these decentralized financial institutions to the poor and youth at-risk in the rural and urban areas.

The people are needed to develop as organized force in agriculture to increase their reliance on their abilities to apply as small entrepreneurs in the market of economical relation. It shall be their understanding that these poor and youth at-risk shall neither survive at the mercy of the elite class nor shall be pulled into the process of social degeneration. The development of the poor and youth at-risk as the organized forces are their exposure to knowledge management about the technology to use in agriculture, provision of capital, and marketing facilities that they can avail themselves of. The engagement of these groups of rural and urban people into constant knowledge management that constitutes even technical assistance and follow-up services by the NGO-MFIs will continuously improve their treasure of knowledge. Not only but also the proper knowledge management from the professional agencies will have push effect on the targeted audience towards the market intermediary organizations between the financial institutions and the poor and youth at-risk.

The value chain in agriculture is how better the reciprocity and synergy can be developed among the three fundamental areas: (1) introduction of new technology with the poor and middle class youth at-risk, (2) provision of leverages for capital assistance, and (3) developing them as organized force in agriculture. The success of the massive funding of farming activities is the growth and development of rejuvenated rural economy. The overall reciprocity and synergy among the three fundamentals is the food security projected as the food production, preservation and consumption embedded in the agricultural financing. BURO

Bangladesh has opened a new window for financing the poor and youth at-risk constituting more than 90% of the total farmers who find it yet difficult to access either MFI or bank financing because the lenders consider it highly risk-prone areas. This necessitates the increased financing agricultural sector to augment agriculture production and generate more seasonal employment.



The reciprocity among the stated three fundamental areas enhancing value chain is the increasing agricultural production imbibed in knowledge management for the farmers in respect of skill development and selection of crop that will transform into a profitable sector. The organization provides the farmers with various training to build their capacity to raise crop production. Trainings are given on a number of fields enhancing the livelihoods of the clients. These include basic training for the customers on land practices, training on crop diversification, pest control, irrigation and modern technology dissemination for land cultivation. In consonance with the envy of the Government the initiative of BURO microfinance in agriculture is one of the most rewarding opportunities for the farmers to explore whenever they will wish for farming practices.

The clear instruction to BURO Branches is to give supreme importance on agriculture simultaneously with SME development in rural and urban areas by the poor and youth at-risk that brings harmonious growth in rural economy. During the last five years the number of borrowers and amount of loan disbursed for different sub-sectors in agriculture

increase at a very highly significant rate which indicates that the rural and urban people are more or less totally dependent on agriculture. The rate of loan recovery was 100%. The details of loan disbursement are shown in table-6.

Table-6: Sub-sectors in agriculture financing as on June 30

'Amount in Million BDT'

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13	
	No. of Clients	Million BDT	No. of Clients	Million BDT	No. of Clients	Million BDT	No. of Clients	Million BDT	No. of Clients	Million BDT
Crops Cultivation	55,397	637	225,463	2,327	303,326	3,238	301,693	3,608	348,654	4,083
Agriculture Equipment	7,035	81	28,630	296	38,518	411	39,566	473	34,215	387
Seeds & Fertilizer	7,914	91	32,209	332	43,332	463	44,512	532	54,265	641
Livestock	6,155	71	25,051	259	33,703	360	34,620	414	47,214	564
Fisheries	4,397	51	17,894	185	24,074	257	29,675	355	32,452	389
Poultry	5,276	61	21,473	222	28,888	308	24,729	296	18,214	218
Others	1,758	20	7,158	74	9,629	103	19,783	237	12,547	150
Total	87,932	1,010	357,878	3,694	481,470	5,139	494,578	5,915	547,561	6,432



Microfinance in SME



Both social and economic aspects of SME lead to....

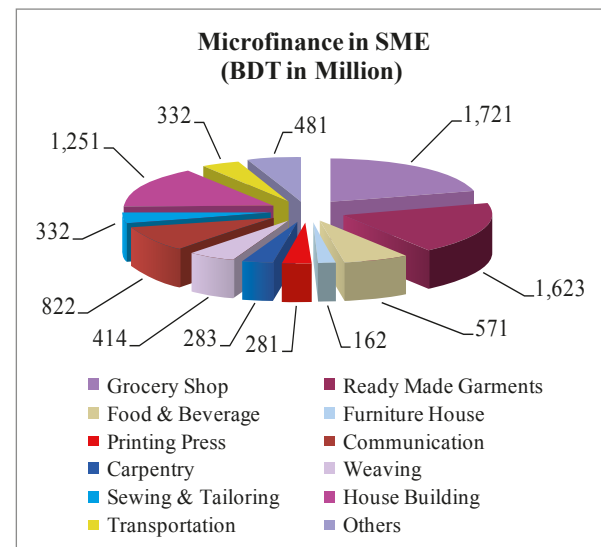
The Small and Micro Enterprise (SME) development is recognized by BURO as an important means of economic empowerment of the people. The sole reason of micro-enterprise financing taking off as an important financial activity of many MFIs is projected as both economical and social aspects of SME. An increasing demand creation at a constant pace for micro enterprise loans among microcredit borrowers rests on the following undeniable reasons:

- MFIs generally provide small initial loans which indeed limit the opportunities for the consumers of loan opportunities to generate income and employment;
- The consumers of SME loan gradually gain the skill to manage larger loans that they envy to initiate new or multiple IGAs requiring additional funding;
- The abundant experiences are that certain percentages of enterprising and high-performing microcredit borrowers (popularly called “graduates”) engage in ventures that require relatively larger loans than normally disbursed by MFIs;
- Small businesses in microcredit or microenterprise programs create another group of potential customers as consumers of larger loans to support the growing needs of capital.

BURO views the consumers of SME loan have investment areas comparatively with larger space further necessitating knowledge management for the entrepreneurs. The importance of knowledge management lies in reducing the business risks at the same time

opening new investment opportunities to create from using SME loan. The exposure to knowledge management by the consumers of SME loan is

also intended to facilitate them in the selection of their investment areas. The knowledge management is further anticipated to provide better understanding about market integration needed to sustain the investment by the consumers of SME loan. The knowledge management for the consumers of SME loan is also intended to facilitate the selection of convenient location for both the producers and consumers of goods and/or services to gather together and share their business experiences. The knowledge management that the consumers of SME loan are exposed constitutes limited Business Development Services (BDS) including business literacy and financial literacy support to the entrepreneurs. It includes areas ranging from the basics of money-management, book-keeping and basic accounting through the development of market linkages to spur the growth of micro-enterprises.



SME loan program is outstanding with very high profile increase in number of borrowers and amount of loan disbursed over the years. The rate of loan recovery was 100%. The details of loan disbursement are shown in table-7.

Table-7: Sub-sectors in micro-enterprise financing as of June 30

'Amount in Million BDT'

SME Sub-Sector	2008-09		2009-10		2010-11		2011-12		2012-13	
	No. of Clients	Million BDT	No. of Clients	Million BDT	No. of Clients	Million BDT	No. of Clients	Million BDT	No. of Clients	Million BDT
Grocery Shop	1,505	95	4,488	346	5,386	429	5,369	303	14,784	1,721
Ready Made Garments	825	65	254	142	305	176	400	404	1,408	1,623
Food & Beverage	198	25	385	65	462	81	541	352	4,080	571
Furniture House	194	78	225	79	270	98	320	287	14,098	162
Printing Press	28	36	25	65	30	81	35	104	1,408	281
Communication	158	58	265	165	318	205	354	325	2,812	283
Carpentry	552	58	658	165	789	205	745	42	3,520	414
Weaving	789	87	1,258	85	1,509	106	455	29	2,302	822
Sewing & Tailoring	685	58	895	135	1,075	168	1,514	87	2,816	332
House Building	158	15	369	125	443	155	2,077	144	16,192	1,251
Transportation	352	35	2,658	155	3,189	192	1,096	62	2,816	332
Others	2	1	2	1	2	2	6,327	346	4,225	481
Total	5,446	611	11,482	1,530	13,778	1,898	19,233	2,484	70,461	8,273



Micro-Insurance Services



Social and economic protection as the corner stone's....

The two aspects in the lives and living conditions of the customers are the life lines of bringing Micro insurance. Social Protection: the social protection of the customers is intended to reduce the vulnerability of the households to income and consumption shocks. Economic Protection: the economic protection is to increase the stability and profitability of the poor households. The impacts of customer risk on loan and savings portfolios, generating additional revenue, supporting risk management, and reducing customers' vulnerability to economic stresses are projected to reduce constantly.

Micro-insurance is introduced as a mechanism for reducing the vulnerability of the customers. The very poor, poor and micro-entrepreneurs (small & marginal) are emphasized as the targeted customers. It secures them from those risks beyond the protection by savings or credit.

A total of 1,050,800 insurance holders are registered in the year against 961,839 in 2011-12. The premiums are collected to the tune of BDT 137 million compared to BDT 72 million in 2011-12. The claims numbering 3,595 are settled amounting BDT 98 million during the period

2012-13 compared to 4,715 claims in the preceding year involving BDT 42 million. The portion of this insurance fund is used in the development of Kendra/Centre. The details are exhibited in table-8.

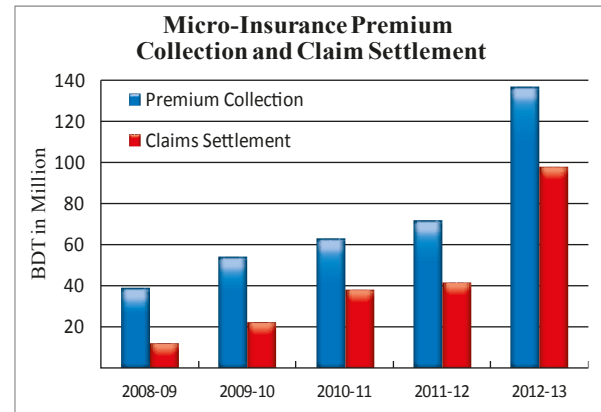


Table-8: Yearly premium collection and claims settlement

'Amount in Million BDT'

Year	Premium Collection		Claims Settlement		Kendra Expenditure BDT
	Nos.	BDT	Nos.	BDT	
2008-09	619,293	39.11	3,051	12.39	4.97
2009-10	823,811	54.59	3,624	22.79	5.71
2010-11	936,911	63.35	3,707	37.70	6.51
2011-12	961,839	72.42	4,715	41.65	5.53
2012-13	1,050,800	137.33	3,595	97.87	3.32



Remittance Services



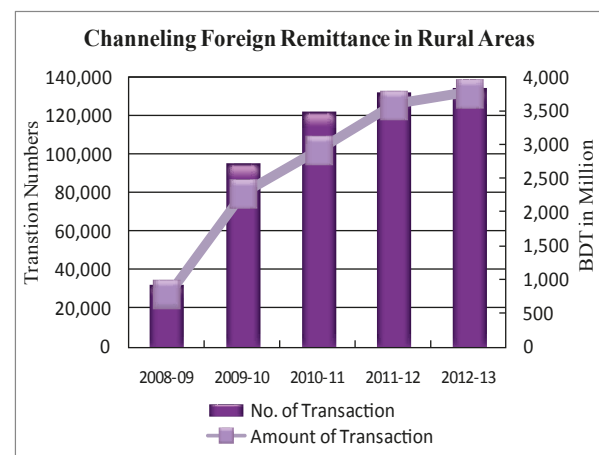
Remittance services as the stimulant within the realm of...

Remittance program is a landmark in enhancing the overall economy of the nation-state which earlier remains neglected particularly in respect of its uses while reaches its recipients. The inclusion of remittance program in BURO initiative is not only an encouraging endeavor for the clients but has also proved to be stimulant for microfinance industry in Bangladesh. The program aims at channeling foreign earnings of Bangladeshi expatriates who are working abroad and sending their earnings to their relatives at home. The program also facilitates the recipients to use the remittances productively bringing considerably significant income effect for the households. The recipients of remittances have total controlling authority over their own capital. The organization extends its services to providing technical assistance to its uses in addition to working as the safe and convenient conduit for the supply of remittances to its recipients even in the remotest areas. The new technology introduced brings the inclusion of NGO-MFIs in remittances supply chain. The involvement of NGO-MFIs reduces the application of the traditional process being followed causing huge mental tensions, causing financial losses to the remitters particularly in the rural and remote rural areas. The formal financial institutions have entered into NGO-MFI sector to reach their commitment toward reducing poverty in the remote areas. The remittance services contribute towards national economic growth. The program is anticipated to reduce pressure on the foreign exchange reserve of the government in the long run.

BURO has meanwhile issued remittance client cards and provides remittance services through two terminals: (1) computer with GPRS internet connectivity and (2) Electronic Funds Transfer Point-of-Sale (EFTPOS). The number of clients is increasing day in, day out. Because of issuing card to its remittance customers, KYC of the

customers is completed. The organization has developed partnership relations with Bank Asia Limited, Prime Bank Limited, AB Bank Limited, Citibank, N.A., United Commercial Bank Limited, Social Islami Bank Limited and Mercantile Bank Limited. All implementing partners collect remittances through the Exchange House and BURO delivers remittances to beneficiaries at the respective locations on behalf of each of the respective banks. It has started remittance operations since December 2007. Up to June 2013, a total of 393,161 customers are served. The transacted volume of transfer amounted to US \$137 million. The organization has set up a remittance service department for furthering its operations.

BURO, DFID/RPCF and Bangladesh Bank have jointly contributed in setting up terminal facilities in 125 remote branches to channel remittance. BURO is implementing another project titled “Expanding Remittances in Rural Bangladesh” with the support of UN Specialized Agency “International Fund for Agricultural Development” (IFAD) for providing technical assistance to augment remittance services through another 100 terminals across the country totaling 225 terminals. This initiative includes significant contribution from BURO. A new window will also be opened in the utilization of remittances through the youth at-risk of either gender.



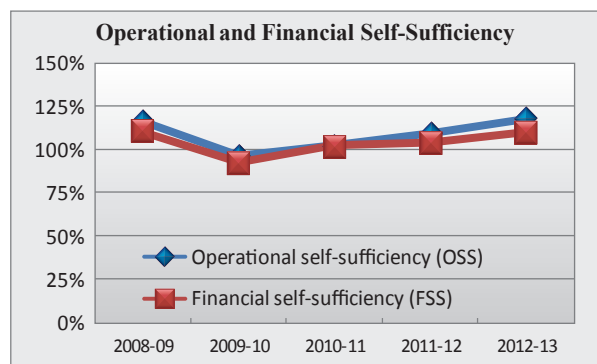
Financial Ratio Analysis



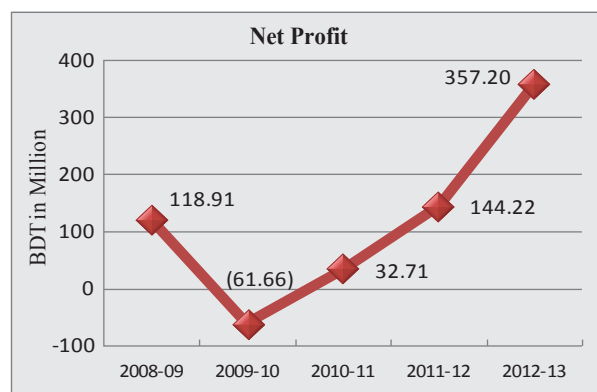
The financial viability cropping up to demonstrate in the long run....

Sustainability and Profitability

BURO operates as a profitable and sustainable organization since 1998. During the year 2012-2013, the organization achieves 118% operational self-sufficiency (OSS) as opposed to 109% in the last year. The financial self-sufficiency (FSS) in the year is 110% compared to 104% in 2011-12.



Net profit of BDT 357 million is posted in 2012-13 compared to BDT 144 million in 2011-12. The net profit increases by 148% over the preceding year. The return on equity (ROE) stands at 31% compared to 16% in 2011-12. The net financial margin rises to 5% compared to 4% in 2011-12.



Portfolio Quality

Loan portfolio is the greatest asset of an MFI. Quality is characterized by low portfolio risk and high loan recovery rate. The organization maintains a high quality portfolio of loans. The on-time loan recovery rate in 2012-13 is registered at 98.22% versus 97.27% in 2011-12.

As of June 30, 2013, 98.11% of the portfolio is without any payments in arrears at all. Portfolio at risk greater than 30 days is at 1.77% at the end of 2012-13, compared to 3.44% in 2011-12. Loan loss reserve ratio is figured out at 2.48% compared to 4.37% in the preceding year. The reserve contains adequate fund to absorb potential risks or capital losses. Loan write-off is made by 0.64% compared to 1.61% in 2011-12. Efforts to collect bad loans continue during the year. As per policy, the loan loss reserve requirement works out at BDT 317 million while provision is made at BDT 320 million. The ageing of portfolio is shown in table-9.

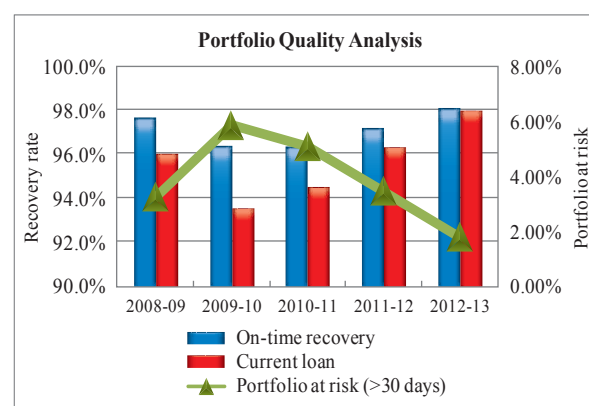


Table-9: Portfolio Ageing as of June 30, 2013

Portfolio Status	Numbers	BDT in Million	%
Current Loan	911,900	12,753.55	98.11%
Loans Overdue by:			
1 - 30 days	1,593	16.40	0.13%
31 - 180 days	5,039	47.19	0.36%
181 - 365 days	2,258	21.39	0.16%
Over 365 days	29,444	161.05	1.24%
Total	950,234	12,999.58	100%

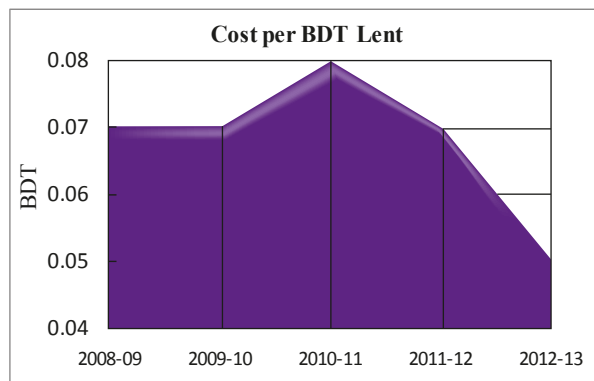
Leverage Ratio

In the financial market, equity is considered as a base for commercial borrowing. Before an MFI can borrow commercially it is imperative that the organization is financially viable and that it will continue to be viable in the long term. This is understood by debt-equity ratio, equity to asset ratio and debt service coverage ratio (DSCR). In 2012-13, the debt to equity ratio figures at 6.93.

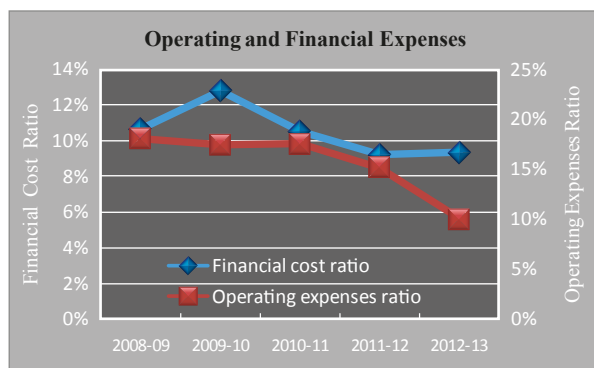
Besides, the equity to total assets ratio (capital adequacy) is 12.37% and Debt Service Coverage Ratio is 1.13 times. The given ratios are favorable enough to encourage the lenders and the savers to have ample confidence in the institutional capacity of BURO.

Efficiency and Productivity

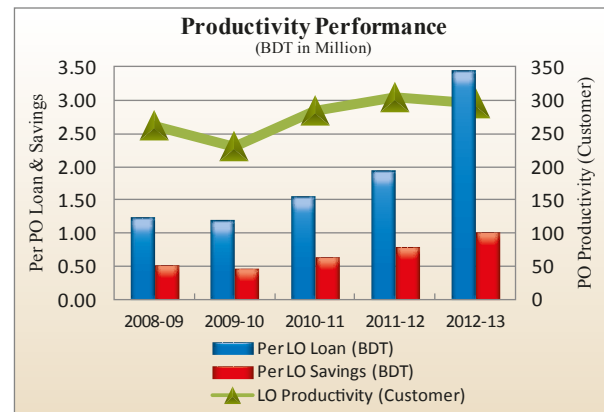
Efficiency and productivity ratios refer to the ability of the MFIs to minimize costs of operations and enhance profitability. These ratios indicate whether the MFIs are maximizing the use of resources. Productivity refers to the volume of business that is generated (output) for a given resource or asset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



The operating cost ratio, a measure of efficiency decreases to 10% in 2012-13 compared to 15% in 2011-12. The cost per unit of money lent decreases to BDT 0.05 during the year compared to BDT 0.07 in the preceding year. The financial cost ratio also slightly increases to 9.30% in 2012-13 compared to 9.18% in the preceding year. The reason is the portfolio growth (89%) which results into increasing borrowing from commercial sources of capital.



The customer/loan officer ratio remarkably goes up to 295 in 2012-13. Unlike most of the NGO-MFIs' loan officer (LO) of the organization performs more than three types of financial transactions with a single customer. Thus this performance clearly outstrips the average performance of a typical loan officer in the industry. The loan outstanding per LO increases to BDT 3.50 million in 2012-13 from BDT 1.94 million in 2011-12. The savings balance per LO increases to BDT 1 million from BDT 0.79 million in 2011-12.



Financing Mix

The overall capital grows steadily in the last couple of years with the infusion of borrowed funds, client savings and retained earnings. The financial resources deployed stand at BDT 14,480 million as opposed to BDT 8,331 million in 2011-12 with an increase of 74%. Of the total resources employed 9% is contributed by equity/own fund, 65% by commercial borrowing and 26% by customers' savings. The average revolving loan fund (RLF) is used 1.94 times in 2012-13 as compared to 1.78 times in 2011-12. The details of financing mix are shown in table-10.

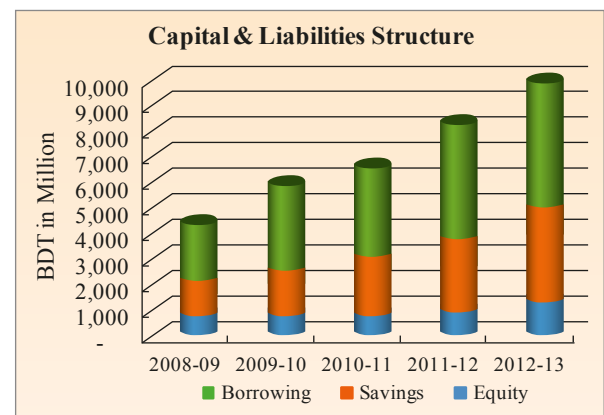
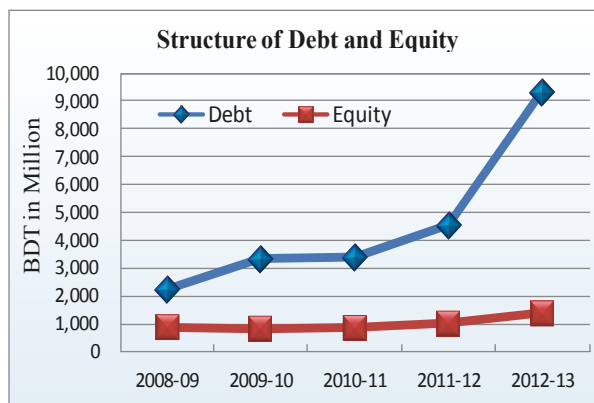


Table-10: Yearly RLF as on June 30

'Amount in Million Taka'

Financial Resources	2008-09		2009-10		2010-11		2011-12		2012-13	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Equity/Net Worth	840	20	787	14	826	13	982	12	1,350	9
Client Savings and others fund	1,333	30	1,775	30	2,361	36	2,836	34	3,782	26
Commercial Borrowing	2,205	50	3,316	56	3,389	51	4,513	54	9,348	65
Total	4,378	100	5,878	100	6,576	100	8,331	100	14,480	100
Growth	64%		34%		12%		27%		74%	



Asset Composition

The asset structure shows that during the year 87% of the total assets are held in terms of loan portfolio compared to 80% in the preceding year. The net fixed assets are 4% of the total assets compared to 7% in 2011-12. This is due to increase in loan management efficiency of the organization. The international benchmark of the fixed assets stands around 10-15%. The nature of fixed assets mostly includes purchased plots of lands for office premises some of which are under

construction. The long-term investment stands at 6% which is the same as that of last year. The investment constitutes major two items: (1) 10% of customers' total savings and (2) 10% of accumulated surplus reserve fund in accordance with the rules of MRA. The cash and bank balance is 2% as against 5% in 2011-12. The other current assets remain at 1% compared to 2% in 2010-11. The details are shown in table-11.

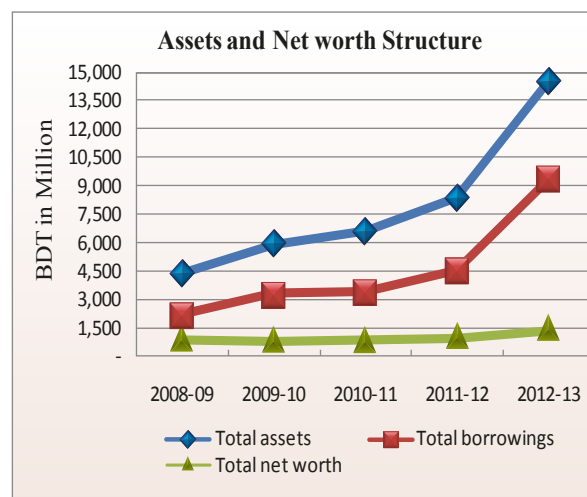


Table-11: Asset Composition as of June 30

'Amount in Million Taka'

Assets Composition	2008-09		2009-10		2010-11		2011-12		2012-13	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Net fixed assets	158.84	4	220.80	4	490.46	7	611.59	7	644.39	4
Net loan portfolio	3,231.50	73	4,410.46	75	5,309.55	81	6,583.54	80	12,679.16	87
Investment	189.36	4	443.44	7	223.32	3	575.01	6	802.56	6
Other current assets	78.89	2	118.33	2	144.01	2	141.40	2	172.96	1
Cash and bank balance	752.73	17	741.29	12	470.43	7	473.12	5	244.59	2
Total	4,411.32	100	5,934.32	100	6,637.77	100	8,384.67	100	14,543.66	100
Growth	59%		35%		12%		26%		73%	

Disaster Management



Software services as the major intervention....

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

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

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

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

the magnitude of devastations caused by disaster, reliance on people's own capability functioning is the supreme authority in disaster management by the organization.

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

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

Cascade Effect: All the existing services delivery environment at the nation-state, community and family level shall be symbiotic between and among each other with sensitizing the issue of disaster management and is the nucleus that will work instantaneously with all its instruments operating while disaster will be imminent. The sensitization of the issue is imbibed in raising public awareness significantly with education as the media that will be provided not only through training but taking cascade effect of the given services to the concerned institutions and/or individuals.

Managing the Disaster Fund

There is no scope of charitable work in microfinance. However, during any natural calamity BURO comes forward to the aid of its affected customers. In this context, BURO has set up a disaster fund. Affected customers can take loans at a cheaper rate to recuperate their damaged business activities. The fund is placed with a bank that earns interest. Four donors viz. SIDA, SDC, DFID and AusAID provide grants of BDT 30.27 million which now stands at BDT 96.04 million resulting in an increase of 3.17 times.

Output of Disaster Management Program

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

- Distribution of emergency relief in kinds
- Quick disbursement of loans to affected customers of BURO
- 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. seeds distribution, fertilizer distribution etc.

- Participate actively in Strengthening the Network of Information, Response and Preparedness Activities in Disaster

Competencies Related to Disaster Management

The total organization is the strength of BURO in disaster management which evolves over the period based on its working experiences. The customers of the organization are well equipped with knowledge management to demonstrate their abilities. Adopting necessary measures by the customers at pre-disaster situation and challenging the onslaughts of natural disaster during and post disaster situation spring up spontaneously. The well instrumental training unit is the nexus between the community people and the organization to deliver its technical assistance and follow-up services at pre, during and post disaster situation. In its treasure the organization has its experiences of working with the rehabilitation program. The construction of road, ground raising, homestead raising etc. are the expertise of the organization. The uniqueness of BURO disaster management is the involvement of its women leadership to negotiate with central government concerned agencies and local government. All in all BURO has emerged as an entity in disaster management with the abilities to work with disaster management at the time of national crises.



Human Resource Development (HRD)



The transformation of human resources into human capital....

BURO adopts major initiatives since 1995 in respect of Human Resource Development (HRD). The strategic consideration is to increase the productive efficiency of the organization through creating human capital at both organization and customers' level. The knowledge management by BURO through training is the fundamental tool both for its customers and staff. 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 as well as 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. Last year the organization built 28,700 customers on different need-based courses.

- Basic life management skill development
- Entrepreneurship development and business planning
- Leadership development
- Easy accounts keeping
- Disaster management

Basic Life Management (BLM)

The BLM training is imparted when the customers meet regularly to carry on financial transactions and discuss the basic issues of their lives. The training addresses a variety of social and human issues that encompasses group mobilisation, literacy, afforestation, family planning, health and sanitation, income generation, saving, and human rights.

Enterprise Development Training

The enterprise development training provides financial and technical assistance services with its entrepreneurial clients that include a series of training courses e.g. new business creation, quality

product development, simple book-keeping and accounting, business planning and management, trade based skill development, etc.

Staff Development Training

The staff development training produces discernible impact in improving the professional capacity of the operational staff. A total of 5,417 staff is working with almost 100% staffs are trained. A twelve days long Foundation course and a Refresher Course followed by need based training courses are mandatory for each staff to attend from time to time. Last year BURO training division delivered different need-based training courses to 2,254 staff. The following categories of training courses for the managers and staffs at different level are offered by the organization.

- Microfinance and microenterprise programming
- Organizational core competency development
- Management development
- Delinquency management
- Finance and accounts management
- Software orientation
- Disaster management

The staff training has four components, which include the following:

Foundation

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

On-the-Job

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

Development Management Training Program

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

With the assistance of BRAC training division and BRAC University, BURO has initiated this program. All senior and mid-level supervisors and managers are participating in this program. Meanwhile BURO develops its own trainers' pool to conduct this package for the branch managers.

Quality Management Training

The Citigroup in collaboration with the Asian Institute of Management-AIM, the Philippines takes an initiative for the trainers of MFIs. The participation in the three initiatives of Philippines Citigroup was of worthy enough to boost the institutional capacity of NGO-MFIs and of their customers. BURO meanwhile participated in the three training courses in 2006-2007: (1) Microfinance management development program, (2) Quality training for the MFIs, and (3) Credit and Risk Management for MFIs.

The institutional capacity of BURO in providing microfinance services as well as transform itself into a more specialized institution is further strengthened. The comparative advantaged of BURO helps the organization to develop corporate culture at home and abroad.

HRD Impacted Positively

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

Training Performance

A total of 1,596 staffs receive different training courses based on their needs during 2012-13. Customers numbering 27,600 are trained mainly on social awareness and leadership development

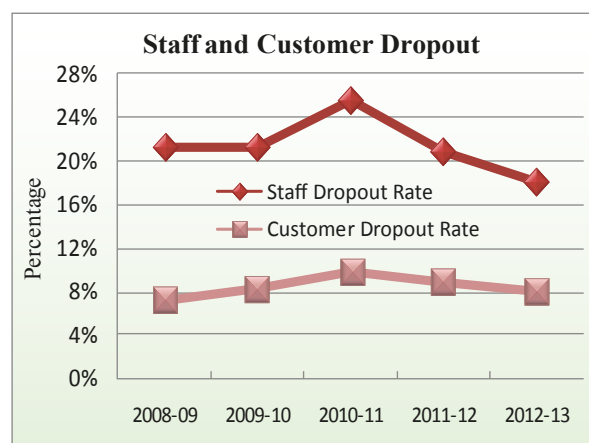
issues. These trainings are also organized as per needs of the customers. The detailed statistics of training during the year appear in table-12.

Table-12: Training recipients: 2012-13

Portfolio Status	Participants
Staff Training	
Foundation course	1,075
Development Management course	65
MIS Software and Computer training	98
Portfolio Management	81
Training on Small and Medium Enterprise	65
Technical Training for ESEHP Staff	212
Total	1,596
Customer Training (ESEHP only)	
Awareness raising	10,500
Leadership development	8,600
Business development training	8,500
Total	27,600

Staff Position and Recruitment

The organization has a total of 5,417 staff that includes 4,323 males (80%) and 1,094 (20%) females as of June 2013. The head office maintains a staff fleet of 119. During the year, 1,156 staff is recruited mostly at the entry level. The staff dropout rate goes down to 18% in 2012-13 compared to 21% in 2011-12. This is due to the development of highly professionalized skill of staff with due rewarding.



Competencies Related to Human Qualities

The abilities of the organization cropping up over the period are clearly manifested in the growing institutional capacity of BURO vis-a-vis transforming BURO into social capital. The Training Unit emphasizes on demand creation primarily focusing on capacity building and institutional strengthening services eventually lowering the cost of the services of the organization. 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 constituting infra-structures and physical facilities composing

three training centers located at Tangail, Comilla and Khulna respectively. The number of trainers is 38. The trainers are long time experienced, skilled and subject matter specialist.

The training centers have the facilities like class and hall room (air-conditioned), sound system, multimedia, modern computer lab, guest room, waiting room, dining room, indoor game facilities, dormitory for the participants, uninterrupted power supply, and other basic amenities.

The training complex of BURO has Rest House with full facilities at Tangail.

The training centers and the training unit are not just limited to developing its professional trainers instead also develop program, accounts, finance and audit staff. This helps reduce the pressure on the external environment for trainers or resource persons facilitating to depute any program, accounts and finance staff (trainers) to provide services the organization.



Rural Water Supply



The scarcity of the sources of fresh water supply...

Potable fresh water right from the supply tap is still a dream for millions of urban and rural populace in Bangladesh. Arsenic contamination of ground water meanwhile emerges as grave concern. Amidst the scarcity of safe drinking water in urban and rural areas 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 the Social Development Foundation (SDF) to make the dream into reality.

With assistance from the World Bank, The SDF is implementing the government's Social Investment Program Project (SIPP) that launches 'Private Financing of Public Utilities' scheme. This has become an innovative model of public, private and people's partnership program.

As a part of SIPP at the same time for reducing the health hazards due to arsenic contamination the

World Bank provides financial grants support of 40-50% for piloting village piped water supply project. BURO implements the project in Puran Baushia village under Gazaria Upazila of Munshigonj District.

The project aims at supplying water free from arsenic, iron and other harmful elements to 570 target households through a piped network at a price that is affordable by the population and making the project commercially viable. BURO has constructed a water tank of 75,000 liter capacity along with a treatment plant of 30,000 liter capacity. The numbers of households that are connected presently stands at 464 including 5% households from hardcore poor community. The number of pipe line connections is gradually increasing. BURO is getting bills from the users regularly.

The total cost of the project stands at BDT 7.58 million. The community contribution is BDT 0.71 million (10%). BURO will put in BDT 3.08 million (40%) while SDF/The World Bank will provide BDT 3.79 million (50%).



Audit Report for the FY 2012-13



INDEPENDENT AUDITORS' REPORT**BURO Bangladesh**

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

We have audited the accompanying Financial Statements of **BURO Bangladesh**, which comprises the Statement of Financial Position as at 30 June 2013 and the Statement of Comprehensive Income, Statement of Receipts and Payments, Statement of Cash Flows and Statement of Changes in Equity for the year ended 30 June 2013, 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.


Opinion:

In our opinion, the financial statements present fairly, in all material respects the financial position of **BURO Bangladesh** as at 30 June 2013 and its financial performance for the year ended in accordance with the Bangladesh Financial Reporting Standards (BFRS) and complies with applicable laws and regulations.

We also report that:

- 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.
- 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.
- The financial statements dealt with by the report are in agreement with the books of accounts.


Dated, Dhaka
30 September 2013

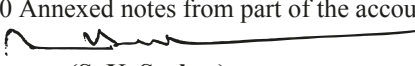
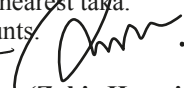
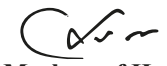


(Toha Khan Zaman & Co.)
Chartered Accountants

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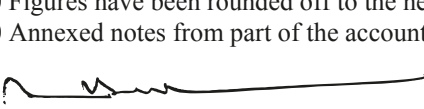
Email: hlbtkz@yahoo.com / mwzaman@hotmail.com / mwzaman@neksus.com

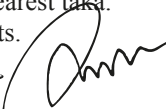
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BURO Bangladesh			
STATEMENT OF FINANCIAL POSITION			
(BALANCE SHEET) AS AT 30 JUNE 2013			
PARTICULARS	NOTE	As at 30-06-2013	As at 30-06-2012
PROPERTY AND ASSETS:			
A. Non-Current Assets:			
Property, Plant and Equipment	6.00	765,842,684	710,365,393
Less: Accumulated Depreciation	6.00	121,454,505	98,773,319
Total Non-Current Assets:		644,388,179	611,592,074
B. Current Assets:			
Cash and Bank Balance	7.00	244,592,485	473,119,815
Investments – Various Funds	8.00	298,704,926	275,013,736
Investments – Customers’ Savings Reserve Fund	9.00	403,857,500	300,000,000
Reserve Fund of Accumulated Surplus	10.00	100,000,000	0
Other Current Assets	11.00	172,955,304	141,401,924
Loan Portfolio- Net of Loan Loss Reserve	12.00	12,679,157,106	6,583,539,169
Total Current Assets:		13,899,267,321	7,773,074,644
Total Properties and Assets:		14,543,655,500	8,384,666,718
CAPITAL FUND AND LIABILITIES:			
C. Capital Fund:			
Revolving Loan Fund (Donors’ Grant)	13.00	138,815,884	138,815,884
Emergency Disaster Fund (Donors’ Grant)	14.00	96,044,574	86,019,848
Accumulated Surplus	15.00	1,114,624,751	757,424,927
Total Capital Fund:		1,349,485,209	982,260,659
D. Non-Current Liabilities:			
Customers’ Regular Voluntary Savings		0	1,581,152,347
Customers’ Contractual Savings	16.00	279,118,857	0
Customers’ Emergency Fund	17.00	838,162	868,004
Customers’ Micro Insurance Fund	18.00	65,764,703	30,841,953
Borrowing from Specialized Institutions	19.00	87,213,656	93,283,158
Borrowing from Commercial Banks	20.00	8,541,816,918	4,419,386,368
Borrowings from Non- Banking Financial Institution	21.00	719,657,045	0
Total Non-Current Liabilities:		9,694,409,341	6,125,531,830
E. Current Liabilities:			
Employees’ Security Deposits	22.00	56,415,290	53,763,194
Customers’ General Savings	23.00	3,436,561,031	1,222,859,030
Bank Overdraft	24.00	1,636,613	0
Others Liabilities	25.00	5,148,016	252,005
Total Current Liabilities:		3,499,760,950	1,276,874,229
Total Capital Fund and Liabilities:		14,543,655,500	8,384,666,718
1.00 Figures have been rounded off to the nearest taka.			
2.00 Annexed notes from part of the accounts.			
 (S. K. Sarkar) Chairperson	 (Zakir Hossain) Executive Director	 (M. Mosharrof Hossain) Finance Director	
Signed in terms of our separate report of even date annexed.			
Dated, Dhaka			
		 (Toha Khan Zaman & Co.)	

BURO Bangladesh			
STATEMENT OF COMPREHENSIVE INCOME (INCOME AND EXPENDITURE STATEMENT) FOR THE YEAR ENDED 30 JUNE 2013			
PARTICULARS	NOTE	2012-2013	2011-2012
A. Income from Micro Credit Operation:			
Service Charge on Loan to Borrowers	26.00	2,287,938,874	1,706,752,453
Service Charges on Remittance Fund Transfer		4,011,633	7,375,262
Sales of Loan Application Forms		29,168,399	29,174,087
Micro Credit Borrower Admission Fees		10,602,196	10,684,026
Interest on Bank Deposits		60,163,274	20,967,281
Interest on Staff Loan		1,511,715	1,515,782
Others		3,933,244	4,806,897
Total Income from Micro Credit Operation:		2,397,329,335	1,781,275,788
B. Financial Cost for Micro Credit Operation:			
Interest on Borrowings from Banks etc.	27.00	778,673,553	462,634,831
Interest on Customers' Savings	28.00	145,763,284	110,283,557
Total Financial Cost:		924,436,837	572,918,388
C. Gross Financial Margin (A-B):		1,472,892,498	1,208,357,400
D. Provision for Loan Losses			
E.Net Financial Margin (C-D):		1,389,941,337	1,097,699,762
F. Operating Expenses for Micro Credit Operation:			
Salary and Allowances	29.00	758,370,495	698,239,248
Rental Office		67,714,458	63,333,450
Payment to National Exchequer	30.00	18,302,074	10,191,943
Transportation	31.00	62,564,926	54,165,897
Training & Research Expenses	32.00	5,223,569	9,492,669
Office Supplies		24,473,724	25,048,452
Depreciation	6.00	23,560,786	27,212,028
Audit & Professional Fees		4,114,402	1,604,908
Contribution to WSP		0	4,030,686
Other Direct Costs	33.00	68,417,079	60,155,828
Total Operating Expenses for Micro Credit Operation:		1,032,741,513	953,475,109
G. Net Income/(Loss) from Operations (E-F):	15.00	357,199,824	144,224,653

1.00 Figures have been rounded off to the nearest taka.
2.00 Annexed notes from part of the accounts.



(S K Sarkar)
 Chairperson

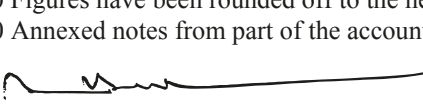
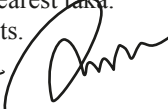



(Zakir Hossain)
 Executive Director


(M. Mosharrof Hossain)
 Finance Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka


(Toha Khan Zaman & Co.)


BURO Bangladesh		
STATEMENT OF CASH FLOW		
FOR THE YEAR ENDED 30 JUNE 2013		
PARTICULARS	2012-2013	2011-2012
Cash Flows from Operating Activities:		
Net operational income	357,199,824	144,224,653
Adjustments to determine net cash from operating activities:		
Depreciation on fixed assets	23,560,786	27,212,028
Loan Loss Provision	82,951,161	110,657,638
(Increase)/Decrease in Other Current Assets	(31,553,380)	2,607,670
Increase/(Decrease) in Current Liabilities	9,184,720	(7,736,932)
Net cash from operating activities:	441,343,111	276,965,057
Cash Flows from Investing Activities:		
Net increase in Loan Portfolio	(6,178,569,099)	(1,384,647,122)
Increase in Investment	(23,691,190)	(51,698,168)
Increase in Customers' Savings Reserve Fund	(103,857,500)	(300,000,000)
Increase in Reserve Fund	(100,000,000)	0
Purchase of Fixed Assets	(56,356,891)	(148,339,194)
Net cash used in investment activities:	(6,462,474,680)	(1,884,684,484)
Cash Flows from Financing Activities:		
Increase in Clients' Savings	911,638,669	482,472,465
Increase in Borrowing	4,836,018,094	1,123,239,987
Increase in Customers' Micro Insurance Fund	34,922,750	(7,523,244)
Increase in Emergency Disaster Fund	10,024,726	12,215,058
Net cash from financing activities:	5,792,604,239	1,610,404,266
Net Increase/(Decrease) in Cash:	(228,527,330)	2,684,839
Opening Cash and Bank Balances	473,119,815	470,434,976
Closing Cash and Bank Balances	244,592,485	473,119,815
<p>1.00 Figures have been rounded off to the nearest taka. 2.00 Annexed notes from part of the accounts.</p>		
 (S K Sarkar) Chairperson	 (Zakir Hossain) Executive Director	 (M. Mosharrof Hossain) Finance Director
Signed in terms of our separate report of even date annexed.		
Dated, Dhaka 30 September 2013		
 (Toha Khan Zaman & Co.) Chartered Accountants		

BURO Bangladesh

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

Particulars	Donors' Grant		Accumulated Surplus	Total
	Revolving Loan Fund	Emergency Disaster Fund		
For the year 2012-2013:				
Balance as at 01 July 2012	138,815,884	86,019,848	757,424,927	982,260,659
Add: Addition during the year	0	10,024,726	357,199,824	367,224,550
Balance as at 30 June 2013	138,815,884	96,044,574	1,114,624,751	1,349,485,209
For the year 2011-2012:				
Balance as at 01 July 2011	138,815,884	73,804,790	613,200,274	825,820,948
Add: Addition during the year	0	12,215,058	144,224,653	156,439,711
Balance as at 30 June 2012	138,815,884	86,019,848	757,424,927	982,260,659

1.00 Figures have been rounded off to the nearest taka.
2.00 Annexed notes from part of the accounts.



(S K Sarkar)
Chairperson


(Zakir Hossain)
Executive Director


(M. Mosharrof Hossain)
Finance Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka
30 September 2013


(Toha Khan Zaman & Co.)
Chartered Accountants

BURO Bangladesh

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1.00 BACKGROUND OF THE ORGANIZATION:

BURO Bangladesh is a national ‘not -for-profit’ organization that was set up in 1990 with a view to work for the poor on sustainable basis to reduce poverty. It is a specialized micro-finance institution that provides high quality flexible financial services to low-income people. The organization is responsive to diverse financial needs of customers. Its financial services constitute multiple loans, savings, and 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.

The organization is registered with the Registrar of Joint Stock Companies and Firms under the Societies Registration Act XXI of 1860 vide registration No.S-7026(214)/07 dated 06 September 2007; with Department of Social Welfare(Registration and Control) vide registration No.TA-0489 dated 31 July 2007 (Duplicate); with NGO Affairs Bureau under Foreign Donations (Voluntary Activities) Regulation Ordinance1978 vide registration No.610 dated 19 March 1992 and last renewal on 26 April 2012 effective from 19 April 2012; and with Micro Credit Regulatory Authority (MRA) has issued license to perform Micro Credit Operations vide registration No.00004-00394-00288 dated 25 July 2008.

3.00 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

3.01 Basis of Accounting:

The financial statements are prepared in accordance with Bangladesh Accounting Standards (BAS) on accrual basis of accounting, except for interest on loan to borrowers and FDR which is accounted for on cash basis, under historical cost convention in conformance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

3.02 Going Concern Assumption:

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

4.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

4.01 Currencies:

The financial statements have been prepared and presented in Bangladeshi Taka.

4.02 Revenue Recognition:

Revenues have been recognized on cash basis.

4.03 a. Interest Income and Expenses:

- **Service Charges on Loan:**
Service Charges on Loan have been recognized on cash basis.
- **Interest Expenses:**
Interest Expenses have been recognized on cash basis.
- **Other Expenses:**
Other Expenses have been recognized on cash basis.

b. Interest Paid on Savings:

Interest paid on savings has been accounted for on accrual basis.

4.04 Fixed Assets and Depreciation:

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

Asset Category	Rate of Depreciation
Building Construction	5%
Electrical Equipment	30%
Office Equipment	20%
Furniture and Fixture	10%
Motor Vehicle	10%

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

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

5.00 SIGNIFICANT ORGANIZATIONAL POLICIES:

5.01 Loan Loss Provision:

- **Loan Classification:**
Loans are classified in accordance with the guideline of **Microcredit Regulatory Authority** as noted below:

Particulars	Loan Loss Provision Ratio
Good Loan Outstanding	01%
1-30 days Doubtful Loan Outstanding	05%
31-180 days Doubtful Loan Outstanding	25%
181-365 days Doubtful Loan Outstanding	75%
Above 365 days Bad Loan Outstanding	100%

- **Loan Loss Provisioning:**
Provision for loan loss is made in accordance with the guideline of **Microcredit Regulatory Authority** as noted above.
- **Write Off Policy:**
Loan loss is written off in the financial statements having approval of competent authority if it becomes established that the loan will never be recovered.

5.02 Policy on Loan to Customers:

The rate of interest for all types of loan is 27% per annum except disaster loan which is 20% per annum as per policy of BURO Bangladesh. The interest rate for all types of loan for hardcore poor is 25%. Loan from customers realized in 46 (Weekly) installments.

5.03 Policy on Savings Collection:

Savings are collected from customers@ Tk.10 to Tk. 2,000 from each (Weekly) installment along with collection of loan.

5.04 Grant/Donation Accounting:

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

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

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

5.05 Grant/Subsidies/Donation (nonrefundable) received:

No foreign donation/local donation received from donor for other project for the year ended 30 June 2013.

6.00 PROPERTY, PLANT AND EQUIPMENT: Tk. 644,388,179

6.01 The above amount has been arrived at under:

Particulars	Head Office	Branch Offices	Total 30-06-2013	Total 30-06-2012
Value at Cost:				
Opening Balance	376,818,368	333,547,025	710,365,393	565,871,462
Add: Additions during the year	22,347,115	34,600,092	56,947,207	150,048,986
	399,165,483	368,147,117	767,312,600	715,920,448
Less: Disposal during the year	1,469,916	0	1,469,916	5,555,055
Closing Balance Taka:	397,695,567	368,147,117	765,842,684	710,365,393
Accumulated Depreciation:				
Opening Balance	44,685,574	54,087,745	98,773,319	75,406,599
Add: Depreciation Charge for the year	13,057,897	10,502,889	23,560,786	27,212,028
	57,743,471	64,590,634	122,334,105	102,618,627
Less: Adjustment or disposal	879,600	0	879,600	3,845,308
Closing Balance Taka:	56,863,871	64,590,634	121,454,505	98,773,319
Written Down Value:	340,831,696	303,556,483	644,388,179	611,592,074

7.00 CASH AND BANK BALANCES: Tk. 244,592,485

7.01 Breakup of the above amount is given below:

Particulars	Notes	30-06-2013	30-06-2012
Cash in Hand	7.02	14,173,560	10,381,445
Cash at Bank	7.03	230,418,925	462,738,370
Total Taka:		244,592,485	473,119,815

7.02 Cash in Hand: Tk. 14,173,560

The management through balance confirmation certificate has confirmed the above balance as on 30 June 2013.

7.03 Cash at Bank: Tk. 230,418,925

Breakup of the above amount is given below:

Particulars	30-06-2013	30-06-2012
Current Accounts	155,390,819	252,974,346
Saving Accounts	67,555	101,401,205
Short-term-Deposit Accounts	74,960,551	108,362,819
Total Taka:	230,418,925	462,738,370

8.00 INVESTMENTS– VARIOUS FUNDS: Tk. 298,704,926

8.01 Breakup of the above amount is given below:

Particulars	Notes	30-06-2013	30-06-2012
Shops (Five) in Tangail Town		650,200	650,200
Staff Security Deposit	8.02	21,658,638	21,658,638
Emergency Disaster Fund	8.03	102,745,065	92,720,339
Fixed Deposits with Banks	8.04	173,651,023	159,984,559
Total Taka:		298,704,926	275,013,736

8.02 Staff Security Deposit: Tk. 21,658,638

Breakup of the above amount is given below:

Name of the Bank	30-06-2013	30-06-2012
BRAC Bank Limited	21,658,638	21,658,638
Total Taka:	21,658,638	21,658,638

8.03 Emergency Disaster Fund: Tk. 102,745,065

Breakup of the above amount is given below:

Name of the Bank	30-06-2013	30-06-2012
Jamuna Bank Limited	2,965,896	2,671,575
Bank Asia Limited	24,008,080	21,672,454
BRAC Bank Limited	75,771,089	68,376,310
Total Taka:	102,745,065	92,720,339

8.04 Fixed Deposits with Banks: Tk. 173,651,023

Breakup of the above amount is given below:

Name of the Bank	30-06-2013	30-06-2012
Bangladesh Krishi Bank	43,436,817	40,025,099
HSBC	11,112,358	10,631,755
BRAC Bank Limited	68,059,226	61,440,505
Rupali Bank Limited	18,562,475	18,568,475
Bank Asia Limited	32,480,147	29,318,725
Total Taka:	173,651,023	159,984,559

9.00 INVESTMENTS - CUSTOMERS' SAVING RESERVE FUND: Tk. 403,857,500

9.01 Breakup of the above amount is given below:

Name of the Bank	30-06-2013
Southeast Bank Limited	143,812,500
ONE Bank Limited	145,795,000
The City Bank Limited	22,250,000
Mercantile Bank Limited	22,000,000
Lanka Bangla Finance Limited	70,000,000
Total Taka:	403,857,500

9.02 The above balance represents investment of Customers' Savings Reserve Fund made in accordance with the provisions of Micro Credit Regulatory Authority Rules 2010 under clause 34 (1) and 34 (2).

10.00 RESERVE FUND OF ACCUMULATED SURPLUS: Tk. 100,000,000

10.01 Breakup of the above amount is given below:

Name of the Bank	30-06-2013	30-06-2012
Lanka Bangla Finance Limited	100,000,000	0
Total Taka:	100,000,000	0

10.02 The above balance represents investment of Reserve Fund made in accordance with the provisions of Micro Credit Regulatory Authority Rules 2010 under clause 20 (1).

11.00 OTHER CURRENT ASSETS: Tk. 172,955,304

11.01 Breakup of the above amount is given below:

Particulars	Note	30-06-2013	30-06-2012
Security Deposits	11.02	1,038,752	1,038,746
Staff Loans and Advances	11.03	171,916,552	140,363,178
Total Taka:		172,955,304	141,401,924

11.02 Security Deposits: Tk. 1,038,752

Breakup of the above amount is given below:

Name of the Office	30-06-2013	30-06-2012
Bangladesh Telecommunication Company Limited	310,334	310,328
GSP Finance Company (Bangladesh) Limited	124,918	124,918
Rajdhani Unnayan Kartipakha	600,000	600,000
Others	3,500	3,500
Total Taka:	1,038,752	1,038,746

11.03 Staff Loans and Advances: Tk. 171,916,552

a. Breakup of the above amount is given below:

Name of the Office	Note	30-06-2013	30-06-2012
Head Office	b	76,897,146	62,323,848
Branch Offices	c	95,019,406	78,039,330
Total Taka:		171,916,552	140,363,178

b. Head Office: Tk. 76,897,146

Breakup of the above amount is given below:

Particulars	30-06-2013
Salary	1,463,679
Mobile	22,000
Car Loan	386,577
Motorcycle	2,266,550
Training	363,933
Bicycle	6,100
House Rent	2,550,000
Head Office Building Construction	33,826,091
Consultant	153,000
Transport	369,471
Advance for Exposure Visit	5,880
Fan	23,500
Staff Housing Loan	28,199,857
Others	7,260,508
Total Taka:	76,897,146

c. Branch Offices: Tk. 95,019,406

Breakup of the above amount is given below:

Particulars	2012-2013
Salary	477,999
Mobile	712,508
Motorcycle	43,504,925
Bicycle	10,364,906
House Rent	9,092,512
Fan	227,265
Others	30,639,291
Total Taka:	95,019,406

d. Loans and advances except for car and house given to staff are interest-free. The period of loan for bicycle and mobile phone is one year each, and that for motorcycle is three years. The period of car loan is eight years bearing interest rate @ 5%. The period of Housing loans is twenty years bearing interest rate @ 5% including 3 months grace period.

12.00 LOAN PORTFOLIO-NET OF LOAN LOSS RESERVE: Tk. 12,679,157,106

This represents 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 Tk.1,000 to Tk.50,000. The loan is repayable within one year.

Micro-enterprise Loan:

Micro-enterprise loan is given to the loanee on the basis of household cash flow, business projections and reputation of the borrower. The micro-enterprise loan borrowers are expected to generate equity and wage labor employment. Micro-enterprise loan ranges from Tk. 50,000 to Tk. 500,000 repayable within one to three years.

Agriculture Loan:

This loan is given exclusively for the purpose of agricultural activities for increase of farm's activities. The agriculture loan also enhances food security of households. Agriculture loan ranges from Tk. 1,000 to Tk.50,000 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 Tk. 5,000 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 Tk.1,000 to Tk.15,000 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 labor productivity. The loan ranges from Tk.1,000 to Tk.20,000 and is repayable within one year.

Breakup of Loan, by Products, is given below:

Particulars	30-06-2013	30-06-2012
General Loan	3,797,417,609	3,178,448,032
Micro-Enterprise Loan	5,844,940,176	613,652,074
Agriculture Loan	3,301,169,485	3,044,511,118
Hand/Emergency Loan	48,359,468	42,104,465
Water and Sanitation Loan	7,694,095	5,710,468
	12,999,580,833	6,884,426,157
Less: Loan Loss Reserve	320,423,727	300,886,988
Total Taka:	12,679,157,106	6,583,539,169

BURO Bangladesh had 950,234 loan accounts outstanding at the end of year 30 June 2013 compared to 913,362 at the end of 30 June 2012.

The Loan Loss Reserve (LLR) has been worked out at Tk. 317,250,014 on 30 June 2013 as per existing policy of BURO Bangladesh. But the actual Loan Loss Reserve has been made to Tk. 320,423,727. During the year under reporting, provision for loan loss has been made for an amount of Tk. 82,951,161. The method of calculation of LLR is shown below:

Number of Payments in Arrear	Number of Loan Accounts	Aging of Portfolio		Loan Loss Reserve	
		%	Taka	%	Taka
Current Loan Outstanding	911,900	98.11%	12,753,546,849	1%	127,535,469
Loan Overdue Status (Days):					
1-30 Days	1,593	0.13%	16,396,027	5%	819,801
31-180 Days	5,039	0.36%	47,193,730	25%	11,798,433
181-365 Days	2,258	0.16%	21,391,663	75%	16,043,747
Over 365 Days	29,444	1.24%	161,052,564	100%	161,052,564
Total:	950,234	100%	12,999,580,833		317,250,014

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

Breakup of loan loss reserve is given below:

Particulars	30-06-2013	30-06-2012
Opening Balance	300,886,988	290,516,469
Add: Provision made during the year	82,951,161	110,657,638
	383,838,149	401,174,107
Less: Amount Written Off during the year	63,414,422	100,287,119
Closing Balance Taka:	320,423,727	300,886,988

13.00 REVOLVING LOAN FUNDS (DONOR'S GRANT): Tk. 138,815,884

Breakup of the above amount is given below:

Particulars	30-06-2013	30-06-2012
Department for International Development (DFID), UK	93,022,179	93,022,179
Swiss Agency for Development and Cooperation	23,378,560	23,378,560
Swedish International Development Agency	14,545,494	14,545,494
Australian Agency for International Development	4,274,300	4,274,300
UNESCO/ 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
Total Taka:	138,815,884	138,815,884

14.00 EMERGENCY DISASTER FUNDS (DONORS' GRANT): Tk.96,044,574

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

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

Particulars	30-06-2013	30-06-2012
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	651,000	651,000
Sub Total:	30,273,000	30,273,000
Add: Interest on investment of the above funds	65,771,574	55,746,848
Total Taka:	96,044,574	86,019,848

15.00 ACCUMULATED SURPLUS: Tk. 1,114,624,751

The above amount has been arrived at as under:

Particulars	30-06-2013	30-06-2012
Opening balance	757,424,927	613,200,228
Add: Prior year Adjustment	0	46
	757,424,927	613,200,274
Add: Surplus /(Deficit)during this year	357,199,824	144,224,653
Closing Balance Taka:	1,114,624,751	757,424,927

16.00 CUSTOMERS' CONTRACTUL SAVINGS: Tk. 279,118,857

Customers can choose to deposit weekly savings in the range of Tk. 20 to Tk.250; and monthly savings in the range of Tk. 40 to Tk.1,000. They can open more than one account simultaneously. Interest is paid on a compound basis in the range of 7% to10%. The under noted figures represent regular voluntary savings transactions:

Particulars	30-06-2013	30-06-2012
Opening Balance	1,581,152,347	1,316,948,328
Add: Deposits during the year	1,205,829,907	970,181,363
	2,786,982,254	2,287,129,691
Less: Withdrawals during the year	2,507,863,397	705,977,344
Closing Balance Taka:	279,118,857	1,581,152,347

The number of regular voluntary savings accounts was 32,235 at the end of year 30 June 2013 compared to 936,022 at the end of year 30 June 2012.

17.00 CUSTOMERS' EMERGENCY FUND: Tk. 838,162

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

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

This has been arrived at as under:

Particulars	30-06-2013	30-06-2012
Opening Balance	868,004	904,131
Less: Withdrawals during the year	29,842	36,127
Closing Balance Taka:	838,162	868,004

18.00 CUSTOMERS' MICRO INSURANCE FUND: Tk. 65,764,703

The moderate poor and micro-entrepreneurial customers have to pay premium of Tk.50 to Tk.300, while the very poor customers are required to pay Tk. 30. The premiums are one-time payment in a year. Insurance yields three benefits after death of customer. First, cash benefits will be 100 times of premium chosen. Secondly, the entire outstanding loan of clients will be waived and thirdly, the family of the grantor will also receive half of the cash benefits after the death of principal loan grantor. This has been arrived at as under:

Particulars	30-06-2013	30-06-2012
Opening Balance	30,841,953	38,365,197
Add: Deposits during the year	137,332,840	72,435,608
	168,174,793	110,800,805
Less: Withdrawals during the year	102,410,090	79,958,852
Closing Balance Taka:	65,764,703	30,841,953

19.00 BORROWINGS FROM SPECIALISED INSTITUTIONS: Tk. 87,213,656

19.01 Breakup of the above amount is given below:

Particulars	Note	30-06-2013	30-06-2012
Stromme Foundation	19.02	65,625,000	74,687,500
Anukul Foundation	19.03	21,588,656	18,595,658
Total Taka:		87,213,656	93,283,158

19.02 Borrowings from Stromme Foundation: Tk. 65,625,000

A number of loans were borrowed from Stromme Foundation for on-lending to BURO Bangladesh's customers. Interest rates ranges from 7% to 10% per annum. These loans have three months' moratorium. During the moratorium period, interest is being paid quarterly. Repayment of each loan along with accrued interest is being made in quarterly equal installments. Institutional guarantee from BURO Bangladesh is the security for loans. Movement of the amount of said loan is given below:

Particulars	30-06-2013	30-06-2012
Opening Balance	74,687,500	83,937,500
Add: Received during the year	50,000,000	62,500,000
	124,687,500	146,437,500
Less: Refund during the year	59,062,500	71,750,000
Closing Balance Taka:	65,625,000	74,687,500

19.03 Borrowings from Anukul Foundation: Tk. 21,588,656

A number of loans were borrowed from Anukul Foundation for on-lending to BURO Bangladesh's customers. Interest rate is 8% to 10% per annum. These loans have three months' moratorium. During the moratorium period, interest is being paid quarterly. Repayment of loan along with accrued interest is being made in quarterly equal installments. Security includes personal guarantees of the members of Executive Committee, Chief Executive and Senior Managers.

Movement of the amount of said loan is given below:

Particulars	30-06-2013	30-06-2012
Opening Balance	18,595,658	31,069,850
Add: Received during the year	10,000,000	0
	28,595,658	31,069,850
Less : Refund during the year	7,007,002	12,474,192
Closing Balance Taka:	21,588,656	18,595,658

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

20.00 BORROWINGS FROM COMMERCIAL BANK: Tk. 8,541,816,918

20.01 Breakup of the above amount is given below:

Name of the Bank	Note	30-06-2013	30-06-2012
Bank Asia Limited	20.02	413,111,619	150,037,090
BRAC Bank Limited	20.03	306,224,915	156,328,180
NCC Bank Limited	20.04	299,787,017	199,472,851
Standard Chartered Bank	20.05	400,000,000	400,000,000
Rupali Bank Limited		0	50,000,000
Southeast Bank Limited	20.06	307,551,633	300,000,000
Jamuna Bank Limited	20.07	856,972,640	10,255,021
Mercantile Bank Limited	20.08	339,702,547	250,000,000
ONE Bank Limited	20.09	255,991,725	93,750,000
Bangladesh Krishi Bank	20.10	192,077,915	0
Eastern Bank Limited	20.11	462,500,000	350,000,000
The City Bank Limited	20.12	897,816,743	500,000,000
Dutch Bangla Bank Limited	20.13	563,133,208	305,793,271
HSBC	20.14	150,000,000	150,000,000
Citibank NA Syndicate Finance	20.15	375,000,000	750,000,000
BRAC Bank Limited Syndicate Finance		0	93,749,997
Habib Bank Limited	20.16	100,000,000	59,999,958
United Commercial Bank Limited	20.17	499,708,217	500,000,000
EXIM Bank Limited	20.18	472,331,905	100,000,000
Pubali Bank Limited	20.19	300,000,000	0
Commercial Bank of Ceylon PLC	20.20	100,000,000	0
Prime Bank Limited	20.21	499,907,538	0
Standard Bank Limited	20.22	200,000,000	0
National Bank Limited	20.23	250,000,000	0
Trust Bank Limited	20.24	299,999,296	0
Total Taka:		8,541,816,918	4,419,386,368

20.02 Bank Asia Limited: Tk. 413,111,619

This loan was taken from Bank Asia Limited for on-lending to BURO Bangladesh's customers. The loans have a three-year and three months' term with interest rate reduced from the range of 13% with three months' moratorium. Repayment of loan is due to be made in quarterly installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.03 BRAC Bank Limited: Tk. 306,224,915

Two loans were taken from BRAC Bank Limited for on lending to BURO Bangladesh's customers with a three years term with interest rates reduce from range of 13%. During the moratorium period, interest is being paid quarterly. Repayment of loans along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.04 NCC Bank Limited: Tk. 299,787,017

This loan was taken from NCC Bank Limited for on-lending to BURO Bangladesh's customers. The loans carry a three-year term with interest rates reduced from the range of 13% per annum with six months' moratorium. During the moratorium period, interest is being paid quarterly. Repayment of loan is being made in quarterly installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

- 20.05 Standard Chartered Bank: Tk. 400,000,000**
This loan was taken from Standard Chartered Bank for on-lending to BURO Bangladesh's customers who have a one year term with interest rate reduced from 13%. Repayment of this loan along with accrued interest is being made annually. The loan is secured by charge over unencumbered microfinance receivables for an aggregated value of Tk. 520,000,000.
- 20.06 Southeast Bank Limited: Tk. 307,551,633**
This loan was taken from Southeast Bank Limited for on-lending to BURO Bangladesh's customers. This has a five-year term with interest rate reduced from 13% and twelve months' moratorium. The loan is secured by the institutional guarantee given by BURO Bangladesh.
- 20.07 Jamuna Bank Limited: Tk. 856,972,640**
This loan was taken from Jamuna Bank Limited for on lending to BURO Bangladesh's customers. This has a five years term with interest rate reduced from 13% and twelve months' moratorium. Security for this loan is by the institutional guarantee given by BURO Bangladesh.
- 20.08 Mercantile Bank Limited: Tk. 339,702,547**
The loan was borrowed from Mercantile Bank Limited for on lending to BURO Bangladesh's customers. The loan has a three years term with interest rate reduced from 13% and six months moratorium. The loan is secured by the institutional guarantee given by BURO Bangladesh.
- 20.09 ONE Bank Limited: Tk. 255,991,725**
The loan was borrowed from One Bank Limited for on-lending to BURO Bangladesh's customers. The loan has a five years term with interest rate reduced from 13% and twelve months' moratorium. The loan is secured by the institutional guarantee given by BURO Bangladesh.
- 20.10 Bangladesh Krishi Bank: Tk. 192,077,915**
This loan was taken from Bangladesh Krishi Bank for on lending to BURO Bangladesh's customers. This loan 15 month credit facilities with interest of 15% per annum with a rebate of 10% on interest if the loan along with interest thereon is repaid within the stipulated period. Repayment of interest is to be made on quarterly basis whereas the principal amount is to be repaid within fifteen (15) months from the date of receipt of first installment.
- 20.11 Eastern Bank Limited: Tk. 462,500,000**
This loan was taken from Eastern Bank Limited for on lending to BURO Bangladesh's customers. The loan has a three years term with interest at 13% and six months moratorium. During the moratorium period, interest is being paid on a quarterly basis. The loan is secured by the institutional guarantee given by BURO Bangladesh.
- 20.12 The City Bank Limited: Tk. 897,816,743**
This loan was taken from The City Bank Limited for on lending to BURO Bangladesh's customers. The loan has a five years term with interest at 13% and one year moratorium. During the moratorium period, interest is being paid on a quarterly basis. The loan is secured by the institutional guarantee given by BURO Bangladesh.
- 20.13 Dutch Bangla Bank Limited: Tk. 563,133,208**
This loan was taken from Dutch Bangla Bank Limited for on lending to BURO Bangladesh's customers. The loan has a five-year term with interest at 13% and one year moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.14 HSBC: Tk. 150,000,000

This loan was taken from HSBC for on lending to BURO Bangladesh's customers. The loan has a short term of six month with interest at 13%. Interest is being paid on at the end of each calendar quarter. Repayment of the principal amount will be paid on the date after maturity. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.15 Citibank NA Syndicate Finance: Tk. 375,000,000

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

20.16 Habib Bank Limited: Tk. 100,000,000

This loan was taken from Habib Bank Limited for on lending to BURO Bangladesh's customers. This has a one year short term loan with interest rate reduced from 12.5%. Repayment of this loan along with accrued interest is being made annually. Security for this loan includes by the institutional guarantee given by BURO Bangladesh.

20.17 United Commercial Bank Limited: Tk. 499,708,217

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

20.18 EXIM Bank Limited: Tk. 472,331,905

This loan was taken from EXIM Bank Limited for on lending to BURO Bangladesh's customers. This has a three years term with interest rate reduced from 13% and three months' moratorium. Repayment of loan is being made in quarterly installments. Security for this loan includes by the institutional guarantee given by BURO Bangladesh.

20.19 Pubali Bank Limited: Tk. 300,000,000

This loan was taken from Pubali Bank Limited for on lending to BURO Bangladesh's customers. This has a five years term with interest rate reduced from 13% and twelve months' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.20 Commercial Bank of Ceylon PLC: Tk. 100,000,000

This loan was taken from Commercial Bank of Ceylon PLC for on lending to BURO Bangladesh's customers. This has a three years term with interest rate reduced from 13% and nine months' moratorium. Repayment of loan is being made in quarterly installments. Security for this loan includes by the institutional guarantee given by BURO Bangladesh.

20.21 Prime Bank Limited: Tk. 499,907,538

This loan was taken from Prime Bank Limited for on lending to BURO Bangladesh's customers. This has a five year term with interest rate reduced from 13% and twelve months' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.22 Standard Bank Limited: Tk. 200,000,000

This loan was taken from Standard Bank Limited for on lending to BURO Bangladesh's customers. The loan has a SOD(Gen) of one year with interest at 13%. Interest is being paid on at the end of each calendar quarter. Repayment of the principal amount will be paid on the date after maturity. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.23 National Bank Limited: Tk. 250,000,000

This loan was taken from National Bank Limited for on lending to BURO Bangladesh's customers. This has a five years term with interest rate reduced from 13% and twelve months' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

20.24 Trust Bank Limited: Tk. 299,999,296

This loan was taken from Trust Bank Limited for on lending to BURO Bangladesh's customers. This has a five years term with interest rate reduced from 13% and 12 months' moratorium. Repayment of loan is being made in quarterly installments. Security for this loan includes by the institutional guarantee given by BURO Bangladesh.

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

21.00 BORROWINGS FROM NON- BANKING FINANCIAL INSTITUTION: Tk. 719,657,045

21.01 Breakup of the above amount is given below:

Name of the non- Banking Financial Institution	Note	30-06-2013	30-06-2012
Lanka Bangla Finance Limited	21.02	494,657,045	0
Industrial Promotion and Development Company of Bangladesh Limited (IPDC)	21.03	100,000,000	0
Premier Leasing and Finance Limited	21.04	125,000,000	0
Total Taka:		719,657,045	0

21.02 Lanka Bangla Finance Limited: Tk. 494,657,045

This loan was taken from Lanka Bangla Finance Limited for on-lending to BURO Bangladesh's customers. The loan has five year term with interest at 18% and six month s' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

21.03 Industrial Promotion and Development Company of Bangladesh Limited (IPDC): Tk. 100,000,000

This loan was taken from IPDC of Bangladesh Limited for on-lending to BURO Bangladesh's customers. The loan has one year term with interest at 17.25%. Interest is being paid on at the end of each calendar monthly. Repayment of the principal amount will be paid on the date after maturity. The loan is secured by the institutional guarantee given by BURO Bangladesh.

21.04 Premier Leasing and Finance Limited: Tk. 125,000,000

This loan was taken from Premier Leasing & Finance Limited for on-lending to BURO Bangladesh's customers. The loan has five year term with interest at 18% and six month s' moratorium. During the moratorium period, interest is being paid on a quarterly basis. Repayment of the loan along with accrued interest falls due in quarterly equal installments. The loan is secured by the institutional guarantee given by BURO Bangladesh.

22.00 EMPLOYEES' SECURITY DEPOSITS: Tk. 56,415,290

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

Particulars	30-06-2013	30-06-2012
Opening Balance	53,763,194	53,740,774
Add: Received during the year	11,663,101	10,819,893
	65,426,295	64,560,667
Less: Refund during the year	9,011,005	10,797,473
Closing Balance Taka:	56,415,290	53,763,194

23.00 CUSTOMERS' GENERAL SAVINGS: Tk. 3,436,561,031

Small depositors usually value convenient, easy access and relatively secure delivery savings services above all else. The general savings account is like a current account, where customers can save or withdraw the amount on demand. The general savings account requires a nominal minimum balance of Tk. 20. Savings of any amount from Tk. 20 to Tk. 2,000 can be deposited at the Kendra (Centre) meeting and any amount above Tk. 2,000 is to be deposited to the branch. The rate of interest is 6% compounded per annum of their general savings account balance.

The under noted figures represent general savings amount:

Particulars	30-06-2013	30-06-2012
Opening Balance	1,222,859,030	1,004,554,457
Add: Deposits during the year	3,860,358,188	1,556,101,734
	5,083,217,218	2,560,656,191
Less: Withdrawals during the year	1,646,656,187	1,337,797,161
Closing Balance Taka:	3,436,561,031	1,222,859,030

The number of General Savings Accounts was 1,359,813 at the end of year 30 June 2013 compared to 1,078,183 at the end of year 30 June 2012.

24.00 BANK OVERDRAFT: Tk. 1,636,613

24.01 The figures below represent overdraft amount:

Particulars	30-06-2013	30-06-2012
Opening Balance	0	695,033
Add: Addition during the year	1,636,613	0
	1,636,613	695,033
Less: Repayment during the year	0	695,033
Closing Balance Taka:	1,636,613	0

24.02 The overdraft facilities are secured by fixed deposits with respective banks. Rate of interest is 1.5% higher than interest rate of fixed deposits given to the organization by the respective banks.

25.00 OTHER LIABILITIES: Tk. 5,148,016

Breakup of the above amount is given below:

Particulars	30-06-2013	30-06-2012
BURO Bangladesh Staff Security Fund	923,673	0
BURO Bangladesh Provident Fund	3,793,243	0
Security Deposit from Shops	200,000	200,000
Others	231,100	52,005
Total Taka:	5,148,016	252,005

26.00 SERVICE CHARGE ON LOAN TO BORROWERS: Tk. 2,287,938,874

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Service Charge	2,282,911,518	1,701,949,878
Written Off Recovered	5,027,356	4,802,575
Total Taka:	2,287,938,874	1,706,752,453

27.00 INTEREST ON BORROWING FROM BANK ETC.: Tk. 778,673,553

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Bank Asia Limited	31,137,484	10,697,236
BRAC Bank Limited	32,938,570	34,724,166
EXIM Bank Limited	16,590,723	0
NCC Bank Limited	34,159,487	8,096,442
United Commercial Bank Limited	67,301,789	0
Standard Chartered Bank	51,537,448	33,014,747
Rupali Bank Limited	2,557,443	15,899,445
Southeast Bank Limited	39,844,280	1,298,850
Jamuna Bank Limited	43,403,337	2,380,727
Mercantile Bank Limited	36,339,368	10,256,185
ONE Bank Limited	26,262,810	9,328,697
Bangladesh Krishi Bank	12,951,335	24,262,712
Eastern Bank Limited	54,260,482	28,831,571
The City Bank Limited	63,589,298	33,994,975
Dutch Bangla Bank Limited	38,519,149	36,707,199
HSBC	28,985,022	25,602,777
Habib Bank Limited	9,703,887	1,561,958
Citibank NA Syndicate Agriculture Finance	40,218,750	129,390,622
BRAC Bank Limited Syndicate Finance	2,866,319	21,666,666
Interest on SOD from Commercial Bank	29,503,608	20,371,447
Bank Overdraft	214,571	0
Commercial Bank of Ceylon PLC	7,005,555	0
Prime Bank Limited	31,417,638	0
National Bank Limited	3,250,000	0
Citibank,NA	39,846,355	0
Trust Bank Limited	1,949,296	0
Lanka Bangla Finance Limited	7,083,333	0
Stromme Foundation	6,606,850	7,641,048
Anukul Foundation	2,049,751	2,441,561
Loan Processing Fee	14,294,750	3,045,875
Staff Fund	115,292	227,443
Employees Security Money	2,169,573	1,192,482
Total Taka:	778,673,553	462,634,831

28.00 INTEREST ON CUSTOMERS SAVINGS: Tk. 145,763,284

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Interest on General Saving	49,347,303	32,154,851
Interest on Contractual Saving	96,415,981	78,128,706
Total Taka:	145,763,284	110,283,557

29.00 SALARY AND ALLOWANCE: Tk. 758,370,495

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Field Office (Branch/Area/Zonal Offices)	715,153,249	655,532,630
Head Office	43,217,246	42,706,618
Total Taka:	758,370,495	698,239,248

30.00 PAYMENT TO NATIONAL EXCHEQUER: Tk. 18,302,074

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

Breakup of the above amount is given below:

Particulars	Note	2012-2013	2011-2012
Value Added Tax on Supply of Goods etc.		3,465,965	2,507,405
Government Fees:			
Direct Tax	29.02	13,788,694	7,305,978
Other Tax	29.03	1,047,415	378,560
Total Taka:		18,302,074	10,191,943

30.02 Direct Tax: Tk. 13,788,694

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Income Tax on Staffs Salary	2,446,152	813,788
Corporate Tax	2,995,398	4,395,768
Tax Deduction from Interest on Bank Deposit	8,347,144	2,096,422
Total Taka:	13,788,694	7,305,978

30.03 Other Tax: Tk. 1,047,415

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Government Fees	1,037,059	369,784
Land Tax	7,776	7,776
Others	2,580	1,000
Total Taka:	1,047,415	378,560

Income tax assessment position of BURO Bangladesh is given below:

Assessment year	Income as per return field	Taxable income	Tax paid
2004-2005	9,477,932	760,101	99,520
2005-2006	1,816,585	1,861,585	406,679
2006-2007	98,378	983,878	120,393
2007-2008	860,599	860,599	98,370
2008-2009	1,139,140	1,139,140	151,078
2009-2010	5,626,026	5,626,026	1,272,757
2010-2011	14,953,899	14,953,899	3,604,726
2011-2012	30,339,290	30,339,290	7,439,823
2012-2013	20,967,281	20,967,281	5,091,820

The Income Tax assessment of the organization has been duly completed for the assessment year 2012-2013.

31.00 TRANSPORTATION: Tk. 62,564,926

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Fuel and Lubricants	36,228,024	29,468,959
Travelling Allowance	21,268,220	19,145,836
Car Maintenance	2,817,393	3,244,771
Daily Allowance	2,251,289	2,306,331
Total Taka:	62,564,926	54,165,897

32.00 TRAINING AND RESEARCH: Tk. 5,223,569

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Staff Training	4,781,574	9,010,731
Operation Research	441,995	481,938
Total Taka:	5,223,569	9,492,669

33.00 OTHER DIRECT COSTS: Tk. 68,417,079

Breakup of the above amount is given below:

Particulars	2012-2013	2011-2012
Office Maintenance etc.	35,511,908	31,509,776
E-Mail, Telephone and Fax	9,106,265	9,039,897
Electricity, Gas and Water	11,376,985	8,759,333
Entertainment	7,574,188	5,824,540
Bank Charges	3,652,990	4,698,357
Postage and Telegram	1,194,743	323,925
Total Taka:	68,417,079	60,155,828

34.00 KEY MICRO-FINANCE RATIOS:

Details are given below:

Particulars	30-06-2013	30-06-2012
Sustainability/Profitability:		
Return on Equity(ROE)	31%	16%
Operating Self- Sufficiency (OSS)	118%	109%
Financial Self-Sufficiency (FSS)	110%	104%
Net Financial Spread	5%	4%
Portfolio Quality:		
On Time Recovery Rate (OTR)	98.22%	97.27%
Cumulative Recovery Rate (CRR)	99.18%	99.01%
Portfolio at Risk-PAR(>30 days)	1.77%	3.44%
Risk Coverage Ratio	101%	111%
Loan Loss Reserve Ratio	2.46%	4.37%
Write-Off Ratio	0.64%	1.61%
Assets/Liability Management:		
Yield on Gross Portfolio	23%	27%
Current Ratio	397%	609%
Financial Cost Ratio	9.30%	9.18%
Annual Growth to Total Assets	73%	26%
Leverage:		
Debt to Equity(Times)	6.93	4.59
Debt Service Coverage Ratio by Times	1.13	1.12
Equity as Percent of Total Assets	12.37%	17.49%
Efficiency/Productivity:		
Loan Officer (LO) Productivity	295	306
LO Productivity (Loan-BDT)	3,476,753	1,942,558
LO Productivity (Savings-BDT)	993,763	791,200
Average Disbursed Loan Size (BDT)	21,018	12,757
Average Outstanding Loan Size (BDT)	13,680	7,537
Cost of per Unit Money Lent (BDT)	0.05	0.07
Operating Expenses Ratio	10%	15%

Five Years at a Glance



Five Years at a Glance (as on June 30)

	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
A	Institutional Profile					
	Number of Districts	50	56	57	57	61
	Number of Upazilla	305	369	394	394	399
	Number of Union	1,283	1,359	1,411	1,411	1,411
	Number of Villages	15,501	20,492	24,451	25,012	26,173
	Number of Branches	395	506	628	629	634
	Total Personnel	3,718	5,634	5,379	5,447	5,417
	Staff Dropout Rate	21%	21%	26%	21%	18%
	Number of Customers	672,467	873,715	1,029,343	1,082,789	1,104,717
	Customer Dropout Rate	7%	8%	10%	9%	8%
B	Savings Portfolio (million BD Taka)					
	Yearly Savings Deposit	1,292	1,683	2,207	2,526	5,066
	Cumulative Savings Deposit	4,506	6,189	8,396	10,922	15,988
	Yearly Savings Withdrawals	899	1,266	1,612	2,044	4,155
	Cumulative Savings Withdrawals	3,196	4,462	6,074	8,118	12,273
	Savings Portfolio	1,310	1,727	2,322	2,804	3,715
	Savings Portfolio Growth	43%	32%	34%	21%	33%
	Per Client Average Savings (BDT)	1,948	1,976	2,255	2,590	3,363
	Savings to Loan Portfolio	40%	38%	41%	41%	29%
C	Loan Portfolio (million BD Taka)					
	Yearly Loan Disbursed	6,960	9,779	11,491	13,265	22,110
	Cumulative Loan Disbursed	23,602	33,381	44,872	58,136	80,246
	Yearly Loan Recovered	5,981	8,436	10,485	11,980	15,995
	Cumulative Loan Recovered	20,350	28,786	39,272	51,252	67,247
	Loan Portfolio	3,251	4,594	5,600	6,884	12,999
	Loan Portfolio Growth	43%	41%	22%	23%	89%
	Number of Borrowers	590,826	751,548	885,435	913,362	950,234
	Borrower/Customers Ratio	88%	86%	86%	84%	86%
D	Sustainability/Profitability					
	Return on Equity (ROE)	15%	-8%	4%	16%	31%
	Return on Performing Assets	32%	31%	32%	28%	23%
	Operating Self-Sufficiency	116%	96%	103%	109%	118%
	Financial Self-Sufficiency	110%	92%	102%	104%	110%
	Financial Spread (Net Financial Margin)	5%	3%	4%	4%	5%
E	Portfolio Quality					
	On Time Recovery Rate (OTR)	97.77%	96.44%	96.38%	97.27%	98.22%
	Portfolio at Risk-PAR (>30days)	3.22%	5.85%	5.08%	3.44%	1.77%
	Risk Coverage Ratio	45%	103%	100%	111%	101%
	Loan Loss Reserve Ratio	0.61%	4.00%	5.19%	4.37%	2.46%
	Write-Off Ratio	1.74%	0.00%	1.31%	1.61%	0.64%
F	Assets/Liability Management					
	Yield on Gross Portfolio	32%	31%	30%	27%	23%
	Current Ratio	758%	728%	577%	609%	397%
	Financial Cost Ratio	10.61%	12.79%	10.50%	9.18%	9.30%
	Annual Growth to Total Assets	59%	35%	12%	26%	73%
G	Leverage					
	Debt to Equity	2.63	4.21	4.10	4.59	6.93
	Debt Service Coverage Ratio	1.21	1.08	1.11	1.09	1.13
	Equity as Percent of Total Assets	24.78%	20.44%	18.78%	17.49%	12.37%
H	Efficiency/Productivity					
	Loan Officer (LO) Productivity	261	231	285	306	295
	LO Productivity (Loan-BDT)	1,261,674	1,213,494	1,549,548	1,942,558	3,476,753
	LO Productivity (Savings-BDT)	508,246	456,096	642,364	791,200	993,763
	Average Disbursed Loan Size (BDT)	9,441	10,361	11,051	12,757	21,018
	Average Outstanding Loan Size (BDT)	5,503	6,113	6,325	7,537	13,680
	Cost of per Unit Money Lent (BDT)	0.07	0.07	0.08	0.07	0.05
	Operating Expenses Ratio	18%	17%	17%	15%	10%

Five Years Balance Sheet (as on 30 June)

Figure in Million Taka

PARTICULARS	2008-09	2009-10	2010-11	2011-12	2012-13
PROPERTY AND ASSETS					
Current Assets					
Cash and bank balance	752.73	741.29	470.43	473.12	244.59
Investment	189.36	443.44	223.32	575.01	802.56
Other current assets	78.89	118.33	144.01	141.40	172.96
<i>Loan portfolio</i>	<i>3,251.33</i>	<i>4,594.29</i>	<i>5,600.07</i>	<i>6,884.43</i>	<i>12,999.58</i>
<i>Loan loss reserve (LLR)</i>	<i>19.83</i>	<i>183.83</i>	<i>290.52</i>	<i>300.89</i>	<i>320.42</i>
Loan portfolio-net of LLR	3,231.50	4,410.46	5,309.55	6,583.54	12,679.16
Total Current Assets	4,252.48	5,713.51	6,147.31	7,773.07	13,899.27
Long - Term Assets					
<i>Fixed assets at cost</i>	<i>203.47</i>	<i>281.91</i>	<i>565.87</i>	<i>710.37</i>	<i>765.84</i>
<i>Accumulated depreciation</i>	<i>44.63</i>	<i>61.10</i>	<i>75.41</i>	<i>98.77</i>	<i>121.45</i>
Fixed assets -net of accumulated depreciation	158.84	220.80	490.46	611.59	644.39
Total Long - Term Assets	158.84	220.80	490.46	611.59	644.39
Total Assets	4,411.32	5,934.32	6,637.77	8,384.67	14,543.66
LIABILITIES AND FUNDS					
Current Liabilities					
Employees' security deposits	30.80	47.67	53.74	53.76	56.42
Clients' general savings	527.63	727.82	1,004.55	1,222.86	3,436.56
Bank overdraft	0.00	(0.62)	0.70	0	1.64
Other liabilities	2.40	9.49	7.32	0.25	5.15
Total Current Liabilities	560.83	784.35	1,066.31	1,276.87	3,499.76
Long-Term Liabilities					
Clients' regular voluntary savings	782.12	998.96	1,316.95	1,581.15	0
Clients' contractual savings	0	0	0	0	279.12
Emergency funds	0.96	0.96	0.90	0.87	0.84
Security funds	22.14	47.18	38.37	30.84	65.76
Borrowing from Specialized Institution	118.93	101.52	115.01	93.28	87.21
Borrowing from Commercial Banks	1,968.45	3,214.31	3,274.42	4,419.39	8,541.82
Borrowing from Non-Bank Financial Institution	117.89	0	0	0	719.66
Total Long-Term Liabilities	3,010.49	4,362.93	4,745.65	6,125.53	9,694.41
Funds and Surplus					
Revolving loan fund (donors' grant)	138.82	138.82	138.82	138.82	138.82
Emergency disaster fund (donors' grant)	59.04	67.74	73.80	86.02	96.04
Accumulated surplus	642.15	580.49	613.20	757.42	1,114.62
Total Net Worth	840.00	787.04	825.82	982.26	1,349.49
Total Liabilities and Net Worth	4,411.32	5,934.32	6,637.77	8,384.67	14,543.66

Source: Audit Report

Five Years Income and Expenditure Account (as on 30 June)

Figure in Million Taka

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
A Financial & Micro Credit Income					
Service charges/Interest on loans	885.47	1,223.54	1,545.31	1,706.75	2,287.94
Service charges from remittance services	3.67	11.25	11.89	7.38	4.01
Sales of loan application forms	24.17	32.15	35.78	29.17	29.17
Borrowers admission fees	10.53	11.21	12.02	10.68	10.60
Interest on bank deposits	6.70	20.30	28.73	20.97	60.16
Interest on staff loan	0.13	0	0.15	1.52	1.51
Others	4.09	1.95	9.76	4.81	3.93
Total Financial & Micro Credit Income (A)	934.76	1,300.41	1,643.64	1,781.28	2,397.33
B Financial Cost					
Interest on borrowings	238.17	435.05	451.81	462.63	778.67
Interest on customers' savings	54.98	66.50	83.34	110.28	145.76
Total Financial Cost (B)	293.14	501.56	535.15	572.92	924.44
C Gross Financial Margin (A-B)	641.61	798.85	1,108.49	1,208.36	1,472.89
D Provision for loan losses	13.38	164.00	173.64	110.66	82.95
E Net Financial Margin (C-D)	628.23	634.85	934.86	1,097.70	1,389.94
F Operating Expenses					
Salary and allowances	358.41	491.00	671.77	698.24	758.37
Rental office	33.10	42.49	54.92	63.33	67.71
Payment to national exchequer	4.02	6.90	8.80	10.19	18.30
Transportation	31.93	44.56	47.64	54.17	62.56
Training & research expenses	11.12	13.64	11.73	9.49	5.22
Office supplies	20.81	26.17	22.02	25.05	24.47
Depreciation	9.70	16.71	22.50	27.21	23.56
Audit & professional fees	3.25	2.77	2.04	1.60	4.11
Project contribution	0	0	6.19	4.03	0
Other expenses	36.98	52.28	54.53	60.16	68.42
Total Operating Expenses (F)	509.32	696.52	902.14	953.48	1,032.74
G Net Surplus/(Deficit) (E-F)	118.91	(61.66)	32.71	144.22	357.20

Source: Audit Report