

# Annual Report

2018-19

BURO Bangladesh





# Annual Report

## 2018-2019



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# Statement from the Chairperson

The immense amount of joy & humbling happiness that I feel being a part of this incredible journey that is BURU Bangladesh today, fills me with pride. Pride of our massive member network, pride of the widespread network of branches, pride of having such dedicated colleagues, their exceptional services & never-ending dedication in echoing with BURU's mission. And this pride has only grown exponentially for me, seeing BURU takes leaps over the last 3 decades, since the 1990s.

Over 3 decades, BURU has proven to be resilient & unwithering to all hurdles & challenges, paving its way to one height to the next, not only in terms of growth, prosperity and scale - but also in terms of spearheading the forward momentum in changing the lives of its members for the better, sustainably. I must give accolades to the extremely capable management & overall framework that BURU has developed and fine-tuned over the years to minimize all forms of bumps on the road in their journey towards the soaring rise.

The markets have evolved, so has the competition, the culture, the demand & supply of microfinance. BURU has always managed to remain ahead with its products, services & vision in this constantly developing arena with the uncontrollable extraneous influences from conditions of economy, currency valuation,

inflation, recession & cost of operations. This once again evidences the extremely capable management body & their acumen in devising a balanced positive propagation.

The organizational ethos has always remained strongly rooted around people & thus the interactions; policies & culture imbibe the same. While organizational hierarchy helps to structure the organization; the open-door policy & unwavering access that the staff enjoy to voice their opinions & predicaments without any hesitation, have only cemented BURU's human resource as its biggest & strongest asset.

With the bold, visionary & resolute leadership from the Executive Director & his capable management team, BURU has carved a niche in terms of infusing corporate culture with structural social capital to deliver holistic progress to make sustainable changes in the lives of the largest socio-economic base of the demography - the lowest common denominators of the population.

I congratulate all of BURU family on all their successes achieved through the year & wish them all the best for all their future endeavours. I seek utmost support from all our well-wishers, supporters, internal & external stakeholders and look forward to going miles ahead into the sunset - together, for an even more prosperous & emancipated tomorrow.

Sincerely Yours,

Sukhendra Kumar Sarkar  
Chairperson, Governing Body

September 2019





# Statement from the Executive Director

Not only lending and deposits, but BUR0 is also committed towards building a strong network of touchpoints to facilitate the dissemination of foreign remittance across the country – seamlessly. A 53% growth of loan portfolio and 38% growth of savings portfolio in the last fiscal year alone with a 99.38% cumulative recovery rate is testament of relevance of our products & the trust that the customers put on us

It has been a very fulfilling journey over the past 29 years for me, as the Executive Director for BUR0 Bangladesh. Almost 3 decades of my tenure with BUR0, hand holding its journey since the formative days, looking back - my feeling of overwhelming pride and exuberance is hardly misplaced if compared to a parent. On the flipside, often times I also feel that BUR0 has given back to me much more than I have with the plethora of memories, accolades, achievements, successes & learnings - that we all have achieved together, making me feel as if BUR0 is an extension of me, my vision & ethos.

The aim from the very beginning was to create an organization that would have a countrywide sustainable contribution, to create a progressively self-sufficient society, through innovative & quality financial products at a competitive price point to create maximum value for the customers, ranging from very poor to SMEs. Our priority was to be self-aware as an organization with an inward-looking approach to ensure a highly motivated, committed, professional, well equipped & culturally diverse workforce who could prove to be our biggest strength. Today BUR0's footprint of 1,027 Branches spread across 64 districts & a family of more than 10,000 staff - evidences our unwavering resolve to stay true to our aim & goals over the past 3 decades. For this, I thank all of BUR0's staff, especially my compatriots who have walked with me shoulder to shoulder since the inception of BUR0.

Staying relevant, in an ever dynamic financial, socio-economic & regulatory landscape, has been a key focus & guiding principle for us throughout our growth & journey. Recognizing the changing needs, taste & expectation, we have continuously designed our products, keeping our customers at the center. BUR0 has displayed commendable growth year on year for the last 10 years. Not only lending and deposits, but BUR0 is also committed towards building a strong network of touchpoints to



## Statement from the Executive Director



facilitate the dissemination of foreign remittance across the country – seamlessly. A 53% growth of loan portfolio and 38% growth of savings portfolio in the last fiscal year alone with a 99.38% cumulative recovery rate is testament of relevance of our products & the trust that the customers put on us. Our commitments towards society extends beyond our contributions in the micro-finance landscape, such as healthcare services.

I take this opportunity to wholeheartedly thank the Microcredit Regulatory Authority (MRA), Bangladesh Bank, Development Partners, Bank & Financial Institutions & Remittance Service Partners and all our friends & well-wishers. I hope & pray that our partnerships grow exponentially stronger in the days to come.

Looking ahead into the vast horizon of opportunities that lie hereon with the onset of Regtech, Fintech, mobile wallets, digital platforms, social networks, technological advancements, a rapid transformation of Digital Bangladesh, unparalleled speed of connectivity & ever-changing arena of payments – I must confess that I am more excited now, probably more than ever before in our 3 decades of journey. The possibilities are truly – limitless.

BURO has provided the field staff with tablets, powered by state-of-the-art encryption technology and portfolio traction solutions through which we can track all our staff, their daily performances & tasks in real time as well as through end of day reports. Not only is this solution helping us to get a clearer & more detailed

analysis of our day to day performance – but we are also taking major leaps towards going green, cutting down the requirement of paper traction & reporting. Our environmentally aware ethos has also driven us to venture into BURO Crafts, where we engage & train rural women to create varied range of items from environment friendly & natural materials such as pineapple & banana fibre.

We are working towards Business & Financial Literacy through training to our customers for pragmatic changes in Financial inclusion & technological acquaintance. With our national outreach & customer base increasing rapidly by the day, we are focused on providing our customers easy, convenient, fast & reliable financial solutions – as such we are working with a leading Digital Financial Services (DFS) provider to conduct a pilot program for our loan disbursement & repayment through DFS. This is not only in line with our aim for Financial inclusion & Literacy but also helps customers to receive loans at the fastest possible time. This would also enable us to have far greater transparency & monitoring capabilities almost on a real time basis along with a significant decrease in our instalment collection costs. To promote & encourage acceptability of DFS, we are also working towards decreased or subsidized transactional charges.

I look forward with optimism to having the support & commitment from all our internal & external stakeholders to help us continue this momentum of growth and service that we are providing to our customers while we venture into these exciting times of endless possibilities & opportunities.

Stronger together.

With kind regards

Zakir Hossain  
Executive Director  
September 2019











# Glimpse of Microfinance Industry in Bangladesh

Particulars	2017-18	2016-17	2015-16
Reported Institution: NGO-MFIs and Grameen Bank (GB)	474	510	530
<b>All reported MFIs and GB</b>			
Total Employees	309,346	239,689	230,637
Total Customers	31,479,974	32,446,130	30,608,042
Loan disbursed (BDT in Million)	1,405,858	1,207,538	955,772
Loan Outstanding (BDT in Million)	814,398	770,465	611,618
Net Savings (BDT in Million)	399,967	349,064	294,111
<b>Top 20 Institutions (MFIs and GB) Contribution</b>			
Total Employees	213,144	147,155	135,048
Total Customers	25,002,701	25,602,983	24,002,427
Loan disbursed (BDT in Million)	1,164,922	997,132	788,258
Loan Outstanding (BDT in Million)	676,237	628,623	498,356
Net Savings (BDT in Million)	347,974	304,707	257,948
<b>BURO Bangladesh Contribution</b>			
Total Employees	7,464	6,726	6,179
Total Customers	1,512,489	1,449,085	1,356,572
Loan disbursed (BDT in Million)	63,346	54,394	39,515
Loan Outstanding (BDT in Million)	39,041	32,779	24,433
Net Savings (BDT in Million)	12,650	10,331	7,692





# Historical Overview



It could be safely assumed that in Bangladesh, it would be challenging to have continued effective grass-root development or improvement in health & education standards, especially among the poor, without a significant increase in village based economic activities. A key hinderance to the development of these economic activities can be ascertained as the chronic capital shortage which is further compounded by the lack of organization among the villagers. BUR0 Bangladesh is able to address these issues to provide necessary support to these demographics. A quick glance at BUR0's 3-decade story of growth and prosperity can be discussed in brief five phases.

## PHASE-I : 1990-1992

BURO continued to offer savings & withdrawal facilities to its customers & charged 25% interest on the principal of their lending products – thus enabling the members to propagate the organization through 'profit' at branch level. Strengthening the existing "model" branches, increasing the level of lending and dynamic management, training, audit and implementation systems of the organization were also pertinent considerations during Phase-I. The first external evaluation conducted in 1991 had read the future of the model that was under implementation.

*".... The BURU staff at the village level appeared to be highly motivated ... spared a lot of hardship... work with the rural poor gives them a sense of fulfillment..."*

(Maniruzzaman, PACT/PRIP, First Evaluation, February 1991)

An internal evaluation conducted by an external consultant reads that:

*".... Significant progress has been made, and the profitability of the branches has already shown a marked improvement over the period to the implementation of the model..."*

(Ref.: Wright A N Graham, Second Internal Evaluation, July 10-12, 1991)

## PHASE-II : 1992-1993

5 more branches were opened at the end of 1992. Despite relatively low level of external capitalization (\$10,000 per branch), three of the Phase-I branches started to turn profitable. During this phase, the branches were consolidated in 1993 and BURU commenced preparatory work in the additional three branches. An external evaluation team appointed in May 1993 to review BURU's operations, concluded that:

*"... the team is of the view that, overall, BURU, Tangail is an organization deserving donor support. Its program is well-conceived, its organization suited to carrying out the overall mandate, and most importantly, its staff are dedicated, motivated and prepared to take on the responsibilities and challenges presented by the proposed extension project..."*

*".... all costs associated with program administration (including loan loss and savings account interest) will be financed from the interest charges and other fees..."*

(Ref.: External Evaluation Mission, Final Report, Hubbard Joan Meyer, Hossain Iftekar, June 1993, Dhaka)

## PHASE-III : 1993-1995

14 branches had been opened additionally & the revolving loan fund was raised for each branch to \$15,000 accompanied by \$156,790 for training and implementation costs. By the end of December 1995, 20 branches were operating. The external Mid Term Review Team appointed by the Donors' Support Group recommended in July 1995 that:

*".... BURU, Tangail represents an interesting and important experiment in savings and credit programs. It has made significant progress and is worthy of continued attention and support. .... There are many NGO quasi-banks in Tangail...,which makes BURU, Tangail anxious about a potential decline in demand for loans. BT is proposing to lower its interest rate on loans as a pricing strategy designed to increase demand.... BURU, Tangail should offer at least two savings schemes: an open-withdrawal system and a fixed deposit with higher return...."*

(Ref.: Abdullah Taherunnesa, Rutherford E. Stuart, and Hossain Iftekar, Mid-Term Review, July 1995).

Notably, the year 1996 was a period for foundation or in other words a preparatory stage for BURU to move into Phase-IV. BURU took stock of its past experience and assessed its performance potentials and concentrated further towards consolidation to carry out strategic planning, financial modeling and the project design in the implementation plan.



Phase-iv was the "Response to the Mid-Term Review" where a good number of recommendations were suggested for its future navigation. As such, 'response to mid-term review' is treated by the organization as the turning point in its life. In 1997, a business plan for the year 1997-2001 was formulated based on previous projections and the suggestions put forward by the review team. At the end of this phase, the number of branches stood at 56 with a client outreach of 96,537.

The external final review team appointed by donors' support group, conducted that:

*... have greatly strengthened BURU, Tangail's position in the context of the growing intensity of competition in Tangail and neighbouring districts of central Bangladesh.*

*... at the time of writing BURU, Tangail appears to have achieved virtually all the targets established at the planning stage of the project in 1996.*

*... increasing loan sizes, higher than expected average savings and moderate dropout rates are all indicators that BURU, Tangail is doing reasonably well in achieving its goal.*

*... sustainability has been variable, but fully achieved in financial and operational terms.*

*... BURU, Tangail has the capacity and managerial vision to overcome the problem of competition faced by it.*

*... BURU, Tangail has the potential to become a genuine banker to the poor.*

(Ref.: Micro-Credit Ratings and Guarantees India Ltd., End Term Review, 8th November 2001)

BURU was able to prove that with proper guidance on effective capital management among the disadvantageous and poor, could unfurl their latent institutional capacity. This, in the long run, could better be utilized to enhance the rural economy based on rural & urban micro and small-scale enterprises (MSEs) financing - that is essential to the national development process.

A recent study depicts that:

*"... BT's experience shows that it is possible to serve the poor in a sustainable way by offering a variety of credit and savings products ..."*

(Ref.: Nagarajan Geetha, Financial Performance Report, A Report of the Micro-Banking Standards Project, CALMEADOW, Washington DC, September 2000)

A recent study on product development depicts some features of BURU:

*"... Above all, BURU is seen as a reliable institution - one of the very few reliable institutions with which poor people come into contact...."*

*.... BT should become a pioneer in innovating new ways of managing the delivery environment that will earn it the reputation .... by sticking to kendra system. BURU may be making it hard for the full potential of its flexible services to be enjoyed by the widest range of potential clients - above all the poorer ones ... but also better-off business people who may demand a more individualized service .... it is urgent that BURU starts now to experiment with modifications to the kendra system for which there are many opportunities ...."*

*... BURU has developed a high-quality set of financial service products well-adapted to the needs of the poor.*

*... BURU... have successfully pioneered innovations in product design.*

(Ref. Rutheford Stuart, BURU, Tangail's Product Development Review, Department for International Development (DFID), May 2001)

Prior to Phase-V (2003-2007), BURU had drawn up a brief planning period for 2002 in order to review, consolidate and prepare for the upcoming Phase-V. This year was regarding the future calling of BURU by reflecting upon the achievements & analyzing the learning, consolidating the achievements and building on the performance. It was during this time that BT had drawn up a business plan to lay the foundations of a five-year plan (2003-2007). To support the business plan, a new strategic planning exercise was also conducted to cope with the evolving customer needs. The key focus was rapid expansion of programs.







## PHASE-V : 2003-2007

Phase-v in essence, BUR0 envisaged opening of 34 new branches during 2003-2007 (leading to a total of 100 branches) & raising the total customers to 200,000 from the then 100,000.

Various workshops and seminars held from time to time suggested that the poverty reduction rate was quite slow. To bolster the process of poverty reduction, BUR0 had decided to multiply its efforts for greater outreach and financial deepening. And as such it had drawn up an elaborate business plan for the Phase-V (2003-2007). The objectives of the plan included:

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



# Historical Information Series

## 1991 - 2018-19

Year	Number of Branches	Number of Districts	Number of Customers	Number of Personnel	Savings Portfolio (BDT in Million)	Loan Portfolio (BDT in Million)
1991	5	1	1,800	79	1.06	0.55
1992	10	1	7,055	113	1.57	1.29
1993	10	1	7,055	95	2.23	4.50
1994	16	1	8,511	140	3.54	7.78
1995	20	1	20,924	198	6.51	20.42
1996	30	2	32,744	312	12.76	30.87
1997	40	5	45,003	424	26.68	65.96
1998	41	5	71,479	448	27.01	173.70
1999	41	5	67,357	513	45.16	170.29
2000	51	8	73,265	613	58.39	213.15
2001	56	9	96,537	660	89.32	289.79
2002	67	11	124,446	778	138.29	402.93
2003	83	18	184,609	1,020	223.62	547.79
2004	90	20	221,366	1,071	308.30	750.60
2005	110	21	273,286	1,265	464.55	1,159.03
2006	173	32	331,329	2,069	679.02	1,564.85
2007	230	38	376,710	2,537	821.96	1,943.84
2007-08	294	43	472,984	2,923	917.53	2,279.90
2008-09	395	50	672,467	3,718	1,309.75	3,251.33
2009-10	506	56	873,715	5,634	1,726.78	4,594.29
2010-11	628	57	1,029,343	5,379	2,321.50	5,600.07
2011-12	629	57	1,082,789	5,447	2,804.01	6,884.43
2012-13	634	61	1,104,717	5,417	3,715.68	12,999.58
2013-14	634	61	1,053,035	5,569	4,487.01	13,724.51
2014-15	640	61	1,269,411	5,736	5,695.60	16,465.94
2015-16	648	64	1,356,572	6,179	7,691.28	24,433.18
2016-17	712	64	1,449,085	6,726	10,330.51	32,778.74
2017-18	802	64	1,512,489	7,464	12,649.24	39,040.66
2018-19	1,027	64	1,662,689	9,782	17,400.78	59,572.22



Over 3 decades, BURO has proven to be resilient & unwithering to all hurdles & challenges, paving its way to one height to the next, not only in terms of growth, prosperity and scale - but also in terms of spearheading the forward momentum in changing the lives of its members for the better, sustainably

Year	On Time Recovery Rate (OTR)	Social Development-Expenditure (BDT in Million)
1991	90%	6.07
1992	100%	1.22
1993	100%	7.96
1994	100%	8.73
1995	100%	8.78
1996	100%	6.69
1997	99.87%	35.23
1998	99.50%	35.24
1999	99.13%	65.35
2000	98.05%	35.25
2001	98.17%	36.93
2002	98.72%	3.76
2003	98.03%	3.78
2004	98.19%	6.91
2005	98.07%	33.00
2006	98.17%	6.60
2007	98.07%	33.54
2007-08	98.01%	64.78
2008-09	97.77%	21.10
2009-10	96.44%	11.68
2010-11	96.38%	22.08
2011-12	97.27%	20.92
2012-13	98.22%	10.05
2013-14	98.05%	14.05
2014-15	96.81%	15.75
2015-16	97.25%	16.35
2016-17	98.63%	61.54
2017-18	98.16%	22.61
2018-19	97.93%	13.80

## 1990-1994

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

## 1995-1999

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

## 2000-2004

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

## 2005-2009

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



# BURO in Forward Motion ...

## 2010-2015

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

## 2016 ...

Strengthened Access to Formal Financial Market	Strengthened Social Capital	New Innovation
<p>Inclusion of low income professional group into mainstream microfinance</p> <p>Continuation of Mobile banking and Agent banking</p>	<p>Revision of the existing Human Resource Management in a friendly manner</p> <p>Development of Training and capacity building service manual</p> <p>Socio-environmental impact evaluation of WaterCredit program</p> <p>Impact assessment on Business and financial literacy program</p>	<p>Introduce scholarship for the students from poor households</p> <p>Promotion of Natural Fiber-based Products from Agriculture Wastages</p> <p>Small and marginal farmers assistance program with financial support by the Bangladesh and Japan Government</p> <p>BURO handicrafts strengthening the institutional capacity of BURO itself and social business</p> <p>BURO Health Care is unique through setting up a modern state of the art diagnostic cum medical consultation center.</p> <p>BURO Digital Primary Health Care Center in collaboration with Canada based Global Health Technology Venture ADVIN.</p>







# BURO Bangladesh

## Microfinance Institution



The transformation is the outcome of BURO Bangladesh (Basic Unit for Resources and Opportunities of Bangladesh) as a new entrant with different taste, usefulness and importance within the realm of microfinance industry, back in 1990. This is in accordance with the customers' changing taste, utilization and importance of microfinance industry.

BURO is blessed with the mixture of strong perception simultaneously providing vibrant internal environment which touches across the organization and direct/ indirect stakeholders of the organization. Instead of going with the tide for organizational interest, BURO moves opposite to the traditional stream. Keeping in mind BURO is clearly conscious of that to address its transformations into a highly potential corporate entity.

So forth, the MFIs in the industry have had two resultant effects. **First**, as the organization begins its journey it observes the swelling of maturity of some key staff; regularly holding formal and informal discussions with the promoters known as high cohesion and high integration. **Second**, another group of incumbents get them coagulated creating a group with high cohesion and low integration which is adverse in the growth of organization. The transformation of microfinance industry into corporate entity with new spirit, flavor and fervor demands the presence of former house instead of the later – which BURU was able to achieve.

Two key services on technological advancements recognizing their needs across the target segment spectrum are: (1) the needs of the economy to bring remittance to the people across in a cheap, efficient & easily accessible manner through well distributed footprint set up with its network of branches. (2) The need for agricultural loan at the rural areas to supplement the vertical movement of the customers to graduate to higher socio-economic strata.

The demand for financial inclusion and financial integration has made way for promoting horizontal and vertical financial inclusion since BURU's inception – the logical propagation to this being the shift of focus on new financial technology to maintain the balance between growth and inclusiveness – aligned with the strategic formulation of social policies infused into economic policies. The service delivery provision of the organization continues to maintain a certain degree of non-financial services scope as well.

The sustainability of the organization is not its propagation vertically and horizontally rather are the outputs and outcomes and the retention of the same that the organization will produce during its short or long tenure. The retention or preserving as much as possible after consumption by the present generation to capitalize by the future generation is known as the sustainability.

## Our Identity



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

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

## Customers



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

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

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

The transformation of the organization towards its desired destination as enunciated in its Mission Statement continues at a constant pace. Diverse targeted customers are inducted from diverse disciplines. They are also categorized into single bracket as **Professionals**. This is the beginning of real transformation of the organization through the participation of the cross-sections in the working localities.





## Legal Status



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

## Networking



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

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

## Sharing of Information



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











## Professional Attainment



- Best Published Reports and Accounts by the Institute of Chartered Accountants of Bangladesh (ICAB)
- CERISE SPI underlines BUR0 social performance as unique score compared to international benchmarks set for Asian MFIs. The SPI score of BUR0 is 70 out of 100
- SPI is a social audit tool underlines the performance of BUR0
- The poor and excluded targeted
- Services adaptation
- Clients' benefits
- Social responsibility
- Credit rating grade AA2 (double A) in the long run and ST-2 in the short run
- Bangladesh Bank recognizes BUR0 as 'The Entrepreneurship Development Organization' under "The Refinance Scheme for New Entrepreneurs, Refinance Scheme for Cottage, Micro and Small Enterprise Sector".

Considering the quantitative assessments BUR0 ranks among the first three NGO-MFIs. But taking its operational age into account those quantitative assessments are insufficient to measure the overall growth of the customers and that of the organization.

The above recognition coming from the national and international organization is the glaring manifestation of the qualitative growth of BUR0. While BUR0 depends on its internal staff but also recognizes the importance of looking outwards for microfinance solutions and other program's interventions.

While moving in the process of economic and social development, BUR0 emphasizes on the realities of the next evidenced by the practice of using present findings as the new baseline & improving on the same. The above qualitative assessments are also in line with demands from direct and indirect stakeholders which BUR0 has to facilitate in its efforts to organize the necessary supply chain & external environment.

145%  
operational  
self-sufficiency

143%  
financial  
self-sufficiency

## Legal and Compliance



- The Income Tax assessment of BUR0 completed for the assessment year 2018-2019.
- Paid off BDT 151.96 million as overall taxes in the National Exchequer.
- Microfinance transforms rules of MRA operational.
- Maintain 15% of customers' total savings fund constituting fixed deposit (10%) and liquid (5%) in accordance with the rules of MRA.
- Maintain accumulated surplus reserve fund (10%) in conformity with the rules of MRA.
- BUR0 follows guidelines of Bangladesh Bank on Agriculture and SME loan.

The qualitative assessment of the organization is largely measured by the tax paid on the income. The organization all along its way to the present status remains supreme sincere and honest in the repayment of its taxes by the staff following the rules of MRA to regulate the organization.



## Policy Implementation



- New Comprehensive Operational 'Rules of Business for Micro Financial Services' banking previous experiences of BURU and guidelines given by MRA.
- Service rules for the staff afresh.
- Rigorous internal control system placed.
- Supply chain of foreign remittance strengthened to rural areas.
- Agent banking expected to cover other banks also.

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

## Operational Performance



- 180,923 entrepreneurial clients trained on business and financial literacy.
- 145% operational self-sufficiency and 143% financial self-sufficiency respectively.
- BDT 3,715 million Net Surplus (Operational Profit).
- 26.77% Capital Adequacy Ratio.
- BDT 33.48 billion borrowed from banks.
- 28% total revolving loan fund (customers' savings).

- 97.93% on-time recovery rate (OTR).
- 3.24% portfolio at risk (>30 days) and 96.44% without any payments in arrears.
- 7.55% operational expenses ratio.
- 6.38% capital/financial expenses ratio.
- BDT 0.04 as cost per unit of money lent.
- Per Loan Officer dealing with BDT 16.43 million.
- 135,252 transactions in remittance services disbursing BDT 4,194 million (USD 52 million).
- BDT 38,645 million SME loan has been disbursed among 216,498 borrowers which is 49.24% higher than the last year.
- BDT 31,354 million agricultural loan has been disbursed to 507,169 farmers which is 71.88% higher than the last year. BURU has disbursed 14.38% of the national agricultural loan budget in this year.
- BURU is implementing SMAP jointly financed by Bangladesh and Japan through JICA. Bangladesh Bank is the fund manager of this project. SMAP was initiated from 2015-16 and will continue up to 2021.
- BURU disbursed under SMAP BDT 1,080 million among 12,726 farmers during 2018-19. BURU has disbursed BDT 3,242.60 million to 41,822 farmers between 2015-16 to 2018-19.
- 5,999 staff are given training on different issues in this year.









# Principle of Customers' Savings Mobilization



Savings as the most vital instrument in promoting a country's national economic growth. The model of BURO Bangladesh is contrary to the belief that savings are mandatory to access loan from any source. BURO as an entrepreneurial NGO-MFI takes risk as one of its investment strategies.

## Recognition to the savings of the poor

BURO do not train the clients to save. Instead BUR0 trains its staff first to learn what the clients' demands are, and then to provide for them.

## Trust and Confidence

For credit, BUR0 must trust the clients. But for savings, it is the clients who must trust BUR0.

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

- security
- location choice (convenient without many obstructions/ obstacles to reach)
- liquidity (protection against collapse due to large scale withdrawal)
- diversification of products (wide choices addressing specific needs)
- pleasant service (friendly & easy to understand)
- returns and potential access to loans

## Open Withdrawal' Savings

The "Payable on Demand" ideology - practiced by BUR0 Bangladesh is the outcome of applying high standards of operation, while conducting microfinancing activities.

Savings as the most vital instrument in promoting a country's national economic growth. The model of BUR0 Bangladesh is contrary to the belief that savings are mandatory to access loan from any source. BUR0 as an entrepreneurial NGO-MFI takes risk as one of its investment strategies.

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

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

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







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

The same following factors will be the key factors in addressing demand and supply for different types of institutions, barring a few exceptions:

- location choice (infrastructural facilities)
- liquidity (protection against collapse due to large scale withdrawal; management shall have safe & secure in quantity)
- product diversification (wide choices versus specific needs)
- friendly & easy environment
- returns and potential access to loans
- monitoring and supervision
- security (both the customers and the organization) is secured by each other

BURO also experiences three big money management problems.

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



# Corporate Governance

The positive bureaucratic behavior will transform the total organizational climate into an open climate with the cascade effect on the branches as well as its customers making the conflict resolution into a solvable among them. The successful transformation process will save time and energy for both the organization and its customers.









## Vision

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

## Mission

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

## Sustainable Approach

**Develop an appropriate quality financial service delivery methodology:** Virtually all programs that come close to breaking even use special savings and credit techniques adopted from the informal sector.

**Streamlining administration to control cost:** For very small loans, administrative techniques must be extremely simple, so that paper work is minimised, and volume of workload per staff is optimum.

**Full cost pricing:** From the outset, institutions should charge a rate that will support a viable lending operation. Loans to the informal sector require interest rates at least 7-10% higher than standard commercial rates. The informal sector can afford such rates.

**Adopt transparent and consistent financial reporting:** A frequent criticism of MFIs is the question of accuracy or the completeness of their financial statements and reporting. Generally accepted accounting principles and transparent recording of





transactions must be adopted that will enhance the credibility of MFIs to investors and funding agencies.

**Accountability:** Managers and staff must be made accountable for the results and should be rewarded for good performance. Good management is essential, but the survival of a business depends on good performance.

## Strategic Priorities

- Product diversification.
- Use of commercial capital.
- Foreign remittance flow to rural and urban areas.
- Favorable investment climate.
- Market segments in consonance with the growth of capitalism.
- New innovations in the financial and social services at regular intervals as the mainstream programs.

- Increasing presence with concerned authorities of government agencies and microfinance sector.
- Strategies for sustainable supply chain of BUR0 with the emerging demands.

The continuous strategic thinking with the participation of the organizational leadership to ensure the smooth functioning of the organization is absolutely needed.

## Market Positioning

- In the mind of majority of customers as the highest value providing financial products offering.
- Offering different attributes in terms of product quality & prices.
- BUR0 Bangladesh consistently challenging the market position of its competitors through growth.
- NGO-MFIs linking across the boundaries for effective collaborations in the future, within the greater arena of microfinance industry.
- Commendable presence in domestic and international financial and social forums.
- Adaptations in consonance with market demand effected by time, place and condition.
- Reciprocity and synergy between strategic priorities and market positioning.

## Values

- Listening to Customers
- Pinning on client's base
- Service recipients as valued clients
- Program pivots on clients' choice
- Demand creation by clients themselves
- Clients' voice about BUR0 financial services
- Changing rules and regulations based on advantages and disadvantages













## Customers Empowerment

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

## Right to Access Information

- Information symmetries for clients on business and liquid through knowledge management.
- Every right of the clients to verify the passbooks with branch level transactions.
- Regular information dissemination to the clients about the use of their savings by BUR0.
- Clients' voice in the use of their savings by the organization.
- Clients' participation in the activities of the organization.
- Maintain privacy of the clients of the organization.

## Financial and Social Services as Universal Right

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

## Features of Quality Financial Services

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

## Financial Prudence

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

## Corporate prerequisites

- **Strategic vision/mission:** Long and short-term perspective about the demand and supply of all the stakeholders.
- **Responsiveness:** Serving the interests of all stakeholders.
- **Transparency:** A free flow of information.
- **Accountability:** Decision-makers answerable.
- **Compliance:** Strictly implementing the directives of Microcredit Regulatory Authority (MRA).
- **Bureaucracy:** BUR0 consuming less time for overall loan supply to the clients.
- **Conflict Resolution:** Digital technology for regular monitoring to provide timely services.



The transition from good governance to corporate governance shall inevitably cross fertilize the strength of Bureaucracy and Conflict Resolution.

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

BURO is intended towards establishing a strong corporate governance structure and framework within

the organization. It is highly needed for a competent transparency and accountability; maintaining a broad-based corporate governance culture within the organization.

## Social Commitment

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

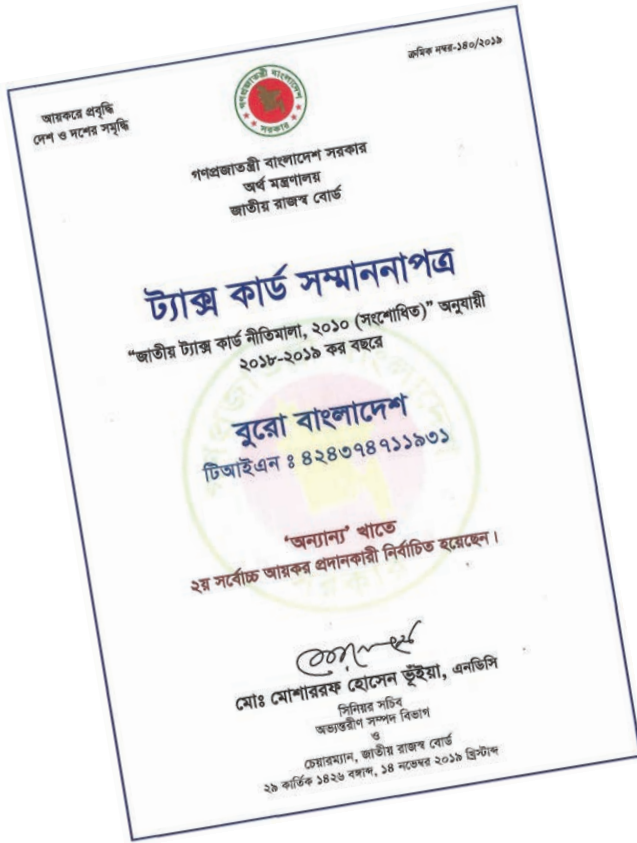






Recognition





## Tax Card

Awarded the First Highest Tax Payer in 'other sectors' by National Board of Revenue for the Assessment Year 2016-2017 and 2018-19 in accordance with the "National Tax Card Policies, 2010".

## CGAP/The World Bank Financial Transparency Award

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

## SAFA Award for Best Published Reports and Accounts

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

## ICAB National Award for Best Published Reports and Accounts

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

## Credit Rating

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

## Social Performance

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

## Training Provision and Entrepreneurship Development

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







# Constitutional Aspects



The corporate governance of BURO begins with three tier systems. The three-tier system of corporate governance are designated as: (1) General Body, (2) Governing Body, and (3) Operational Board of Directors (OBD).



## General Body

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



## Governing Body

### Chairperson

**S K Sarkar**

Former Director of BRAC and Former Treasurer of BRAC University

### Vice Chairperson

**Dr. Md. Nurul Amin Khan**

Former Principal-Government College and Eminent Poet & Educationist

### Finance Secretary

**Dr. M A Yousuf Khan**

Former banker, served different commercial banks and NBF

### Member

**Anwar Ul Alam**

Former Secretary and Ambassador, Government of Bangladesh

**Dr. Rowshan Ara Firoz**

Former Professor, University of Dhaka

**Syed Shahadat Hossain**

Deputy Managing Director, Phoenix Insurance Limited

**Mirza Quamrun Naher**

Development Activist

### Ex-Officio Secretary

**Zakir Hossain**

Executive Director

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



## Advisor

**Graham A.N. Wright**  
Group Managing Director, MicroSave

## Operational Board of Directors (OBD)

The OBD is directly facilitating the Executive Director to exercise all executive and financial matters of BUR0. Each member of the OBD has respective role relations in consonance with the corporate governance of the organization.

**M. Mosharrof Hossain**, Finance Director  
**Md. Sirajul Islam**, Director- Special Programs  
**Pranesh Chandra Banik**, Director- Risk Management  
**Farmina Hossain**, Additional Director- Operations

## Audit Committee

### Chairperson

**Dr. Md. Nurul Amin Khan**  
Vice Chairperson- Governing Body

### Member

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

**Syed Shahadat Hossain**  
Member- Governing Body

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

## Role and Purpose

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

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

## BUR0 Craft

**Rahela Zakir**  
Director - BUR0 Craft

## Consultant

**Md. Mukitul Islam**, Chief Infrastructure Development  
**Dr. Mahmudul Hasan**, Director, BUR0 Health Care

## Senior and Mid-Level Professionals

### Program

**Kh. Moklasur Rahman**, Coordinator

### Administration

**Md. Shahinoor Islam Khan**, Coordinator  
**Abdur Razzak Chowdhury**, Assistant Coordinator  
**Md. Enamul Kabir**, Senior Officer  
**Md. Shamim Kabir**, Officer  
**Rokeya Akter**, Officer

### Finance and Accounts

**Md. Abdul Halim**, Coordinator  
**K.B.M Kamrul Islam**, Officer  
**Farid Uddin Ahmed**, Officer  
**Shah Jalal**, Officer  
**Mahbubur Rahman**, Officer  
**Shofiqul Islam**, Officer

### Human Resource Management

**Md. Ashraful Alam Khan**, Coordinator  
**Nilufun Nahar Chowdhury**, Officer

### Monitoring & Reporting

**Sayed Ahamed Khan**, Coordinator  
**Md. Abdus Sabur**, Officer  
**Md. Harun-Or-Rashid**, Officer

### Internal Audit

**A.B.M Aminul Karim Majumder**, Coordinator  
**Tapas Kumar Shikder**, Assistant Coordinator



## Training & Capacity Building

**Md. Nazrul Islam**, Coordinator

## Special Program

**S M A Rakib**, Assistant Coordinator

## Information and Communication Technology (ICT)

**Shahinur Islam**, Assistant Officer

## Disaster Management

**S. Z. M Shahriar**, Manager

## Divisional Managers

**Md. Arshed Alam**, Rangpur

**Saidur Rahman**, Khulna

**Mohsin Hossain Khan**, Mymensingh

**Istak Ahammed**, Pabna

**Abdus Salam**, Cumilla & Chattogram

## Zonal Managers

**Haroun-Or-Rashid**, Rangpur

**Mir Mukul Hossain**, Faridpur

**Rafiqul Islam**, Gazipur

**Reaz Uddin**, Tangail

**ABM Alauddin Ahmed**, Noakhali

**Samar Ali Fakir**, Sylhet

**Al Amin Khan**, Jashore

**Awlad Hossain**, Thakurgaon

**Uttam Kumar Basak**, Chattogram

**Md. Mustafijur Rahman**, Dhaka Metropolitan

**Abu Syeed Shikdar**, Khulna

**Mohammad Zahirul Islam**, Modhupur

**Tutul Chandra Paul**, Narayanganj

**Md. Shamsul Alam**, Pabna

**Md. Arich Hossain**, Mymensingh

**Md. Mizanur Rahman**, Rajshahi

**Shahadat Hossen**, Chandpur

**Mohsin Miah**, Cumilla

**Md. Rezaul Islam Khan**, Savar

**Md. Motaharul Islam**, Bogura

**Abul Bashar Sarder**, Barishal

**Abul Bashar Miah**, Madaripur

**Anowerul Islam**, Brahmanbaria

**K. M. Rashed Faruk**, Sakhipur

**Abul Hossain Miah**, Kustia

**Babul Kumar Shaha**, Cox's Bazar





## Policy and Procedures

The organization identifies and practices various rules to regulate the practices of Corporate Governance by the organization: (1) Rules of Business for Micro Financial Services, (2) Staff Service Rules, (3) Accounting and Financial Procedures and Rules, (4) Internal Audit Manual, (5) Administrative Manual, (6) Program Implementation Manual, (7) Gender Policy, (8) New Branch Opening Policy.

## Working Committees

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





## Program Management Structure

BURO operates through its branches at different places. A branch is managed by one Branch Manager, one Accountant, and 6-8 Program Organizers (POs)/Assistant Program Organizers (APOs). There are 1,027 branches supervised by 258 Area Managers spread over 26 Zones equally distributed among 7 working Divisions.

## Staff Benefit Funds

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

## Income Tax Return Submission

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

## Internal Control System

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

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





## Internal Audit

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

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

## Risk Management

The risk management of the organization covers core risks that include industry risk, credit risk, liquidity risk, interest rate risk and operational risks. The aim of risk management is that BUR0 evaluates and takes well calculative business risks and thereby safeguards the organization's capital, its financial resources and profitability.

## Monitoring

BUR0 unit monitors intensively the following indicator in the progress of the branch functioning: (1) clients' passbooks verifying with the loan collection sheet (2) loan disbursement procedure of the organization, (3) supervises the functioning of branch managers and existing status of remittance services, (4) application of members' savings deposit and withdrawal procedure, (5) admission of SME members and SME loan disbursement procedures, (6) verification with loan collection sheet, savings withdrawal, and status of balance.

## External Audit

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









# Standard Practices



BURO follows some of the internationally accepted reporting and prudential requirements. This is also intended to prepare for any future prudential requirements in the country. These practices and the relevant indicators portray a transparent picture of the organization's financial and managerial soundness.



# standard



## Capital Adequacy

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



## Asset Management

Loans given to the customers make up the portfolio of the total assets and forms the biggest current asset. Monthly aging analysis is performed to determine the quality of loan portfolio.



## Management

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



# practices



## Earnings

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



## Liquidity Management

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



## Loan Loss Provisioning and Write-off

Management makes provisions for loan losses every quarter to maintain the loan loss reserve at adequate levels for bad loans. The adequacy of the provision is determined by applying appropriate percentages to the outstanding balances in various aging categories. Loans are written off in full after one year of the loan term.



# Financial Inclusion

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









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

## Remittance Services

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

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

The recipients have total controlling authority over their own capital. The organization extends its services to provide technical assistance to its users. BUR0 works as the safe and convenient conduit for the supply of remittances even in the remotest areas.

BUR0 adopts several steps those totally interdict the intruders as the claimants of remittances coming from foreign or domestic sources. The issuance of remittance client cards and providing remittance services through two terminals are highly noteworthy.

During the year, 135,252 transactions in remittance services disbursing BDT 4,194 million (USD 52 million).

## Agent Banking

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

BUR0 adopts several steps those totally interdict the intruders as the claimants of remittances coming from foreign or domestic sources. The issuance of remittance client cards and providing remittance services through two terminals are highly noteworthy

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

Around 4,000 accounts opened in these four outlets and savings balance stood BDT 51.60 million. Also, Rural Electrification Board (REB) subscribers can avail the bill payment service through agent outlets.

## Digital Financial Service- Mobile Banking

BUR0 is bringing new technology in its microfinance services popularly known as Digital Financial Services (DFS). The financial assistance is projected from MertLife Foundation. MicroSave is giving technical support. The ICT technology in loan disbursement to and loan recovery from using mobile phone as the device will initially use the existing available platform on pilot basis.

Under the pilot phase, with bKash, BUR0 customers can avail the opportunity to deposit their savings as well as loan instalments and staff are also trained to execute the pilot.











# Microfinance for the Poor



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.

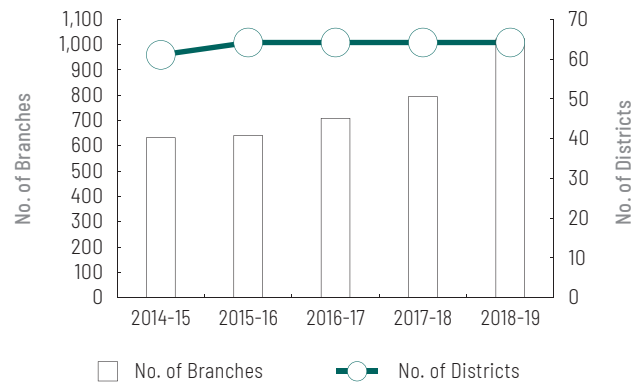




## Geographical Coverage

As of June 30, 2019 BUR0 expanded its geographical coverage to a considerably large extent. Through 1,027 branches, BUR0 provides its flexible financial services to 40,770 villages in 4,309 unions of all 64 districts.

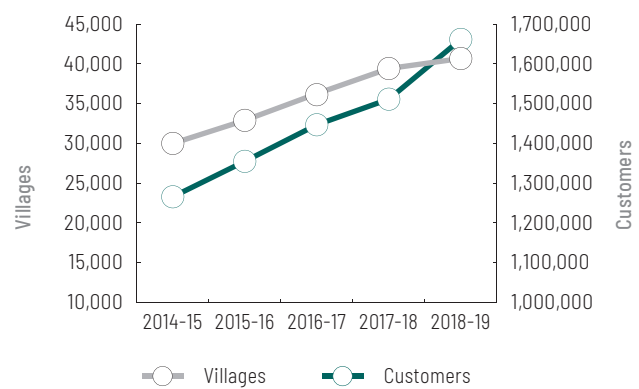
### District and Branch Outreach



## Customer Outreach

The number of active customers stands at 1.66 million as of June 30, 2019. The women constitute around 99% of the total customers. Dropout rate was 4%.

### Village and Customer Outreach



## Savings Services

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



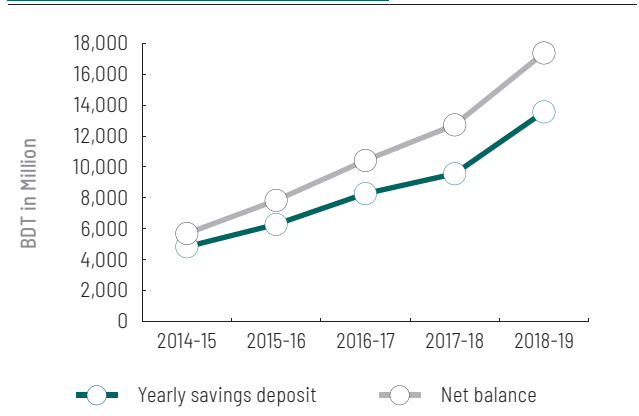
BURO's experience shows that voluntary and open access savings can mobilize more net savings than the compulsory savings.

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

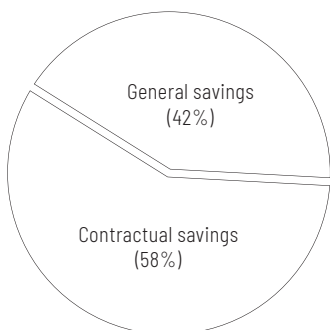
**Contractual Savings:** This contractual savings can be invested or used for social obligations such as marriages, funeral or children's education. BURU pays a significantly higher rate of interest on these regular voluntary savings than on the general savings account.

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

### Yearly Savings and Net Balance



### Composition of Savings Products













# Savings Performance

Savings deposits, withdrawals and net balance as on June 30

FY	Yearly		Net Balance	Increased	Average Savings per Client BDT
	Deposit	Withdrawals			
	Million BDT				
2014-15	4,818	3,609	5,696	27%	4,487
2015-16	6,252	4,256	7,692	35%	5,670
2016-17	8,211	5,572	10,331	34%	7,129
2017-18	9,537	7,218	12,650	22%	8,363
2018-19	13,538	8,787	17,401	38%	10,465

Savings deposits, withdrawals and net balance as on June 30

Amount in Million BDT

2014-15	2013-14	2014-15	2015-16	2016-17	2017-18
General Savings	4,200	4,784	5,724	6,141	7,243
Contractual Savings	1,496	2,908	4,607	6,509	10,158
<b>Total</b>	<b>5,696</b>	<b>7,692</b>	<b>10,331</b>	<b>12,650</b>	<b>17,401</b>







## Loan Services

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

The loan products are produced in response to the demands of its customers to assist their economic activities. The comparative advantage gained by BURU is that the customers of BURU can have short-term loan for meeting any emergency needs in addition to existing loan(s).

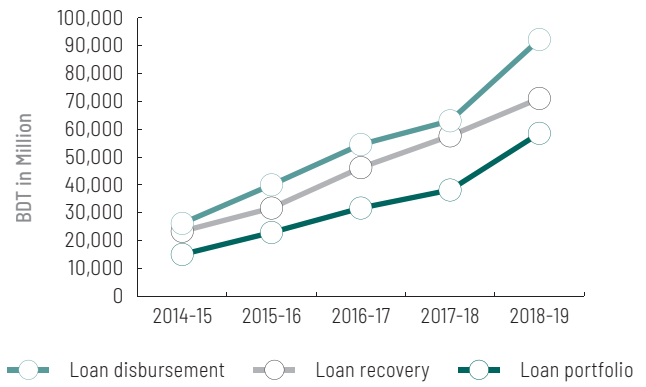
### General Loan

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

### SME Loan

BURO developed its SME loan for 15-20% entrepreneurs. SME loans as individual loans contribute significantly to creating self-employment at post-independence of the nation-state. The present-day demand is to create diversification of SME loan. The use of microcredit presently is contributing to business expansion and employment generation.

### Disbursement, Recovery and Portfolio



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



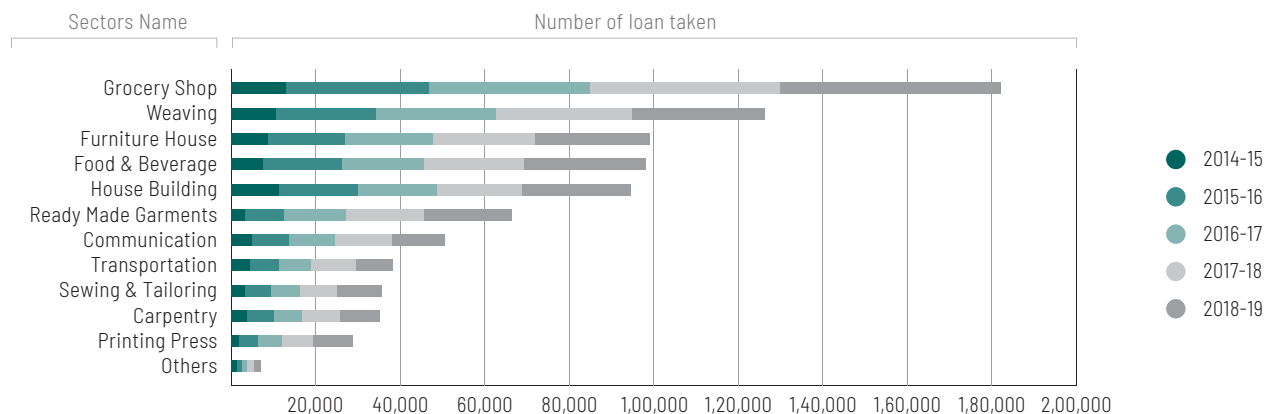
# SECTOR-WISE SME LOAN DISBURSED

DURING JULY'14 TO JUNE'19 (5 YEARS)

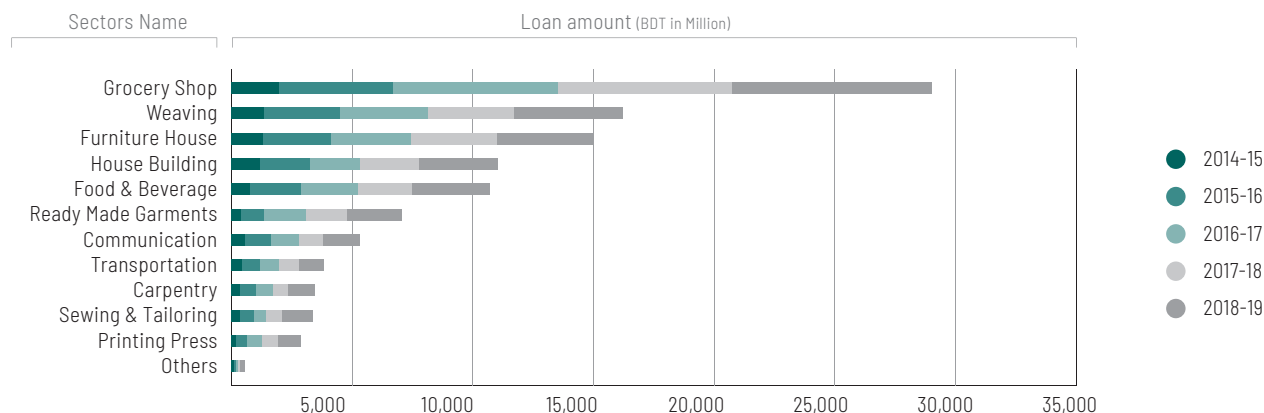
BDT in Million

SME Loan Sector	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT
Grocery Shop	13,206	1,865	33,981	4,799	37,701	6,874	45,395	7,134	52,120	8,184	182,403	28,856
Weaving	10,775	1,459	23,989	3,240	27,645	3,807	32,527	3,772	31,744	4,613	126,680	16,892
Furniture House	9,005	1,362	18,218	2,754	20,390	3,282	24,490	3,517	27,166	4,012	99,269	14,926
House Building	11,254	1,353	19,055	2,291	18,256	2,395	20,637	2,756	25,264	3,679	94,466	12,474
Food & Beverage	7,638	926	18,969	2,299	19,300	2,648	23,691	2,518	28,530	3,605	98,128	11,996
Ready Made Garments	3,580	434	9,213	1,116	14,587	1,978	18,240	1,855	21,426	2,544	67,046	7,927
Communication	5,326	646	8,947	1,085	10,358	1,178	13,919	1,050	12,384	1,620	50,934	5,579
Transportation	4,589	557	7,220	876	7,410	987	10,450	918	8,981	1,274	38,650	4,612
Carpentry	3,852	467	6,471	784	6,587	798	9,040	810	9,165	1,252	35,115	4,111
Sewing & Tailoring	3,569	433	6,007	728	7,058	625	8,627	764	10,582	1,425	35,843	3,975
Printing Press	2,210	270	4,611	563	5,480	721	7,480	688	9,569	1,160	29,350	3,402
Others	1,254	129	1,357	139	1,254	102	1,554	110	1,594	185	7,013	665
<b>Total</b>	<b>76,258</b>	<b>9,901</b>	<b>158,038</b>	<b>20,674</b>	<b>176,026</b>	<b>25,395</b>	<b>216,050</b>	<b>25,892</b>	<b>238,525</b>	<b>33,553</b>	<b>864,897</b>	<b>115,415</b>

## Sector-wise SME loan disbursed (Number of loan taken) during July'14 to June'19 (5 years)



## Sector-wise SME loan disbursed (Loan amount) during July'14 to June'19 (5 years)





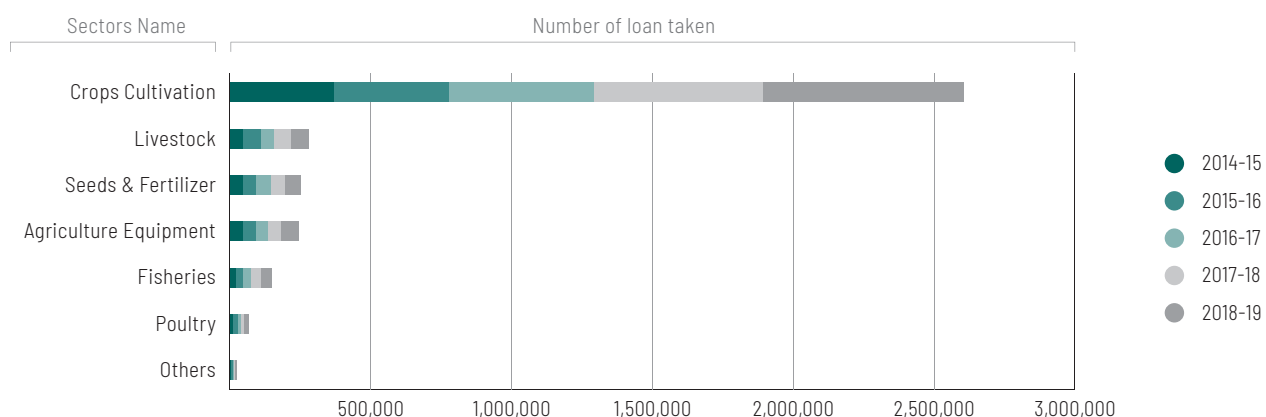
# SECTOR-WISE AGRICULTURE LOAN DISBURSED

DURING JULY'14 TO JUNE'19 (5 YEARS)

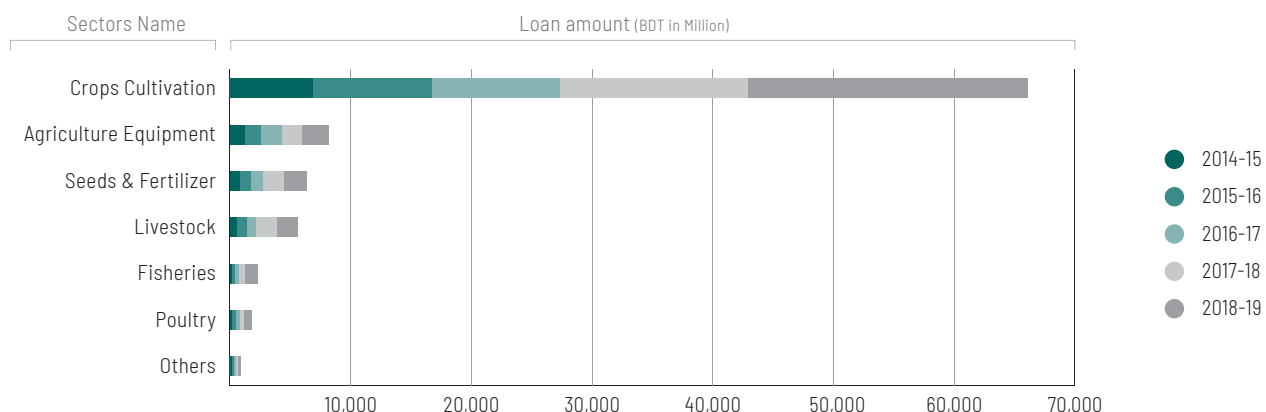
BDT in Million

Agriculture Loan Sector	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT	No	BDT
Crops Cultivation	374,120	6,856	402,179	9,897	515,175	10,648	604,918	15,490	712,702	23,429	2,609,094	66,320
Agriculture Equipment	46,062	1,254	49,747	1,369	41,258	1,584	48,272	1,798	55,513	2,251	240,852	8,256
Seeds & Fertilizer	46,321	859	50,489	943	48,369	935	51,755	1,775	56,413	1,945	253,347	6,457
Livestock	52,142	693	56,313	741	51,325	741	57,484	1,674	63,232	1,799	280,496	5,648
Fisheries	25,658	215	27,454	227	28,147	229	30,962	645	34,677	1,011	146,898	2,327
Poultry	14,587	235	15,316	246	11,310	236	13,346	386	15,214	683	69,773	1,786
Others	5,468	114	5,807	119	2,807	102	2,807	164	2,807	234	19,696	733
<b>Total</b>	<b>564,358</b>	<b>10,226</b>	<b>607,305</b>	<b>13,542</b>	<b>698,391</b>	<b>14,475</b>	<b>809,544</b>	<b>21,932</b>	<b>940,558</b>	<b>31,352</b>	<b>3,620,156</b>	<b>91,527</b>

## Sector-wise Agriculture loan disbursed (Number of loan taken) during July'14 to June'19 (5 years)



## Sector-wise Agriculture loan disbursed (Loan amount) during July'14 to June'19 (5 years)





## Agriculture Loan

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

## Hand Loan

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

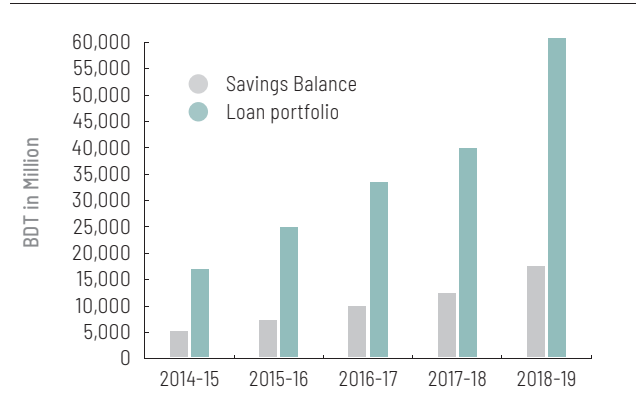
## Disaster Loan

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

## Water & Sanitation Loan

Access to safe drinking water shall also free from arsenic contamination. Access to hygienic sanitation will reduce sickness. Both these two fundamentals will increase the labor productivity.

Comparative View of Savings vs Loan Portfolio



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.







## Loan Performance

Savings deposits, withdrawals and net balance as on June 30

FY	Disbursement (BDT in million)		Loan Portfolio	Average Loan Size	
	Yearly	Cumulative		Disbursement	Balance
2014-15	26,300	130,176	16,466	29,347	19,621
2015-16	39,515	169,691	24,433	40,753	26,502
2016-17	54,394	224,085	32,779	52,870	32,795
2017-18	63,346	287,431	39,041	61,269	38,320
2018-19	91,485	378,916	59,572	78,021	50,763

## Customers' Security Services

Customers' Security Services has been promoted with two objectives. **First:** the social objective. **Second:** economical objective. The social objective recognizes that social protection of the customers is necessary to reduce the vulnerability of the households to

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







# Performance Analysis



Loan portfolio is the greatest asset of an MFI. Quality is characterized by low portfolio risk and high loan recovery rate. BURO maintains a high-quality portfolio of loans due to on-time loan recovery rate is registered at 97.93%



# Regulatory Compliance

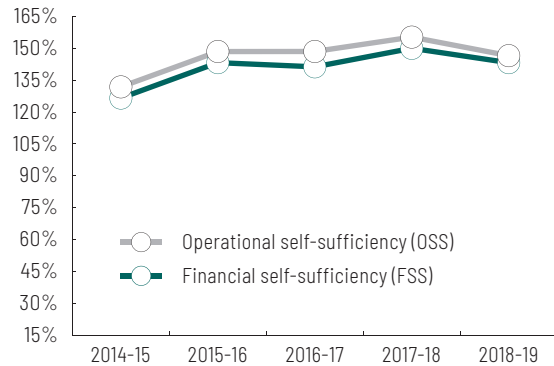
Eligibility Criteria	MRA Compliance	2014-15	2015-16	2016-17	2017-18	2018-19
Cumulative Recovery Rate (CRR)	95%	99.17%	99.22%	99.38%	99.39%	99.38%
On Time Recovery Rate (OTR)	92-100%	96.81%	97.25%	98.63%	98.16%	97.93%
Liquidity to Savings Ratio	10%	20.40%	15.18%	17.47%	25.08%	24.29%
Current Ratio	2 : 1	4.07 : 1	5.14 : 1	5.75 : 1	6.45 : 1	8.05 : 1
Capital Adequacy Ratio	15%	21.05%	21.36%	23.34%	29.38%	26.77%
Debt Service Coverage Ratio	1.25 : 1	1.15 : 1	1.37 : 1	1.36 : 1	1.63 : 1	1.43 : 1
Debt to Capital Ratio	9 : 1	2.80 : 1	2.66 : 1	2.34 : 1	1.75 : 1	2.07 : 1
Rate of Return of Capital	1%	30.43%	36.48%	34.93%	33.38%	26.63%

# Sustainability and Profitability

BURO has achieved a staggering 145% operational self-sufficiency (OSS) and 143% financial self-sufficiency (FSS) in the year 2018-2019.

With a net profit of BDT 3,715 million in the same year which is 14% higher than the previous year. The return on equity (ROE) stands at 27% and net financial spread is 9.65%.

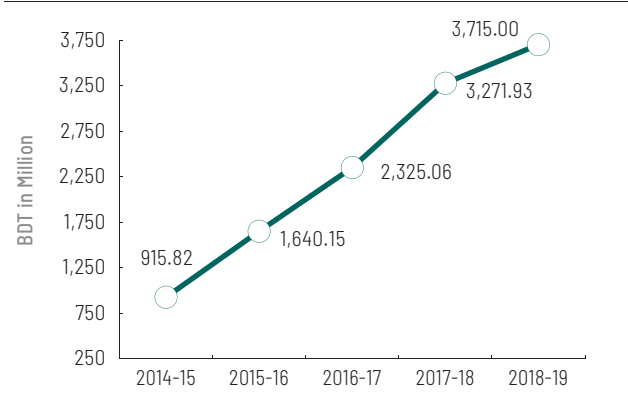
## Operational and Financial Self-Sufficiency







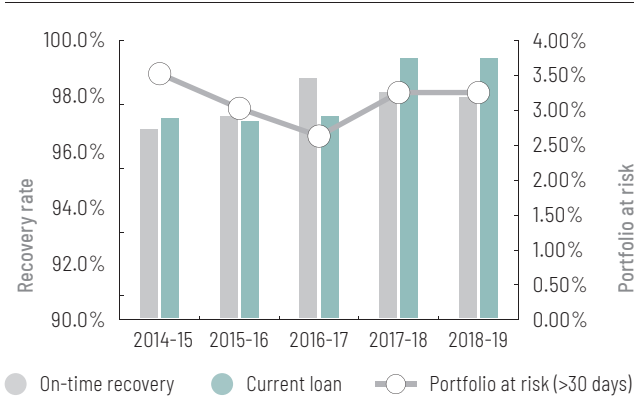
### Net Profit



## Portfolio Quality

Loan portfolio is the greatest asset of an MFI. Quality is characterized by low portfolio risk and high loan recovery rate. BURQ maintains a high-quality portfolio of loans due to on-time loan recovery rate is registered at 97.93%.

### Portfolio Quality Analysis

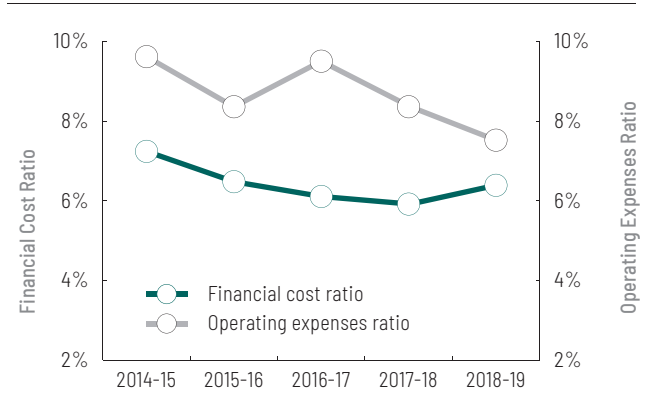


## Leverage Ratio

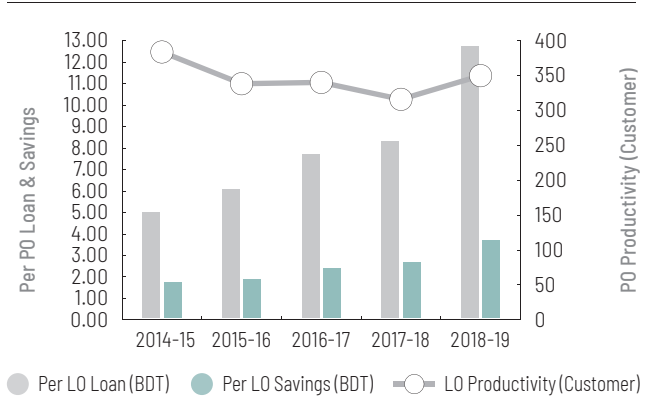
MFI can borrow commercially. It is imperative that the organization is financially viable and that it will continue to be viable in the long term. This is understood by debt-equity ratio, equity to asset ratio and debt service coverage ratio.

Debt to equity ratio figures at 2.07 and Debt Service Coverage Ratio is 1.43 times.

### Operating and Financial Expenses



### Productivity Performance (BDT in Million)

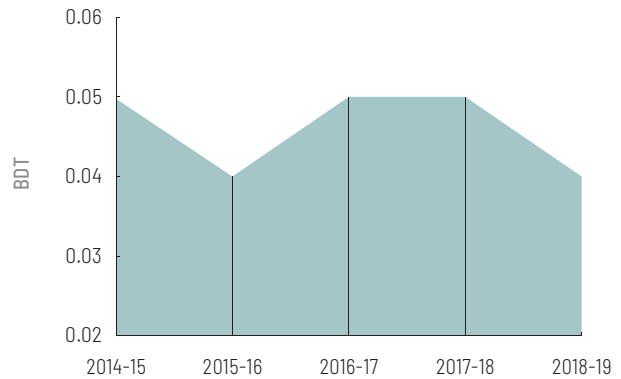




## Efficiency and Productivity

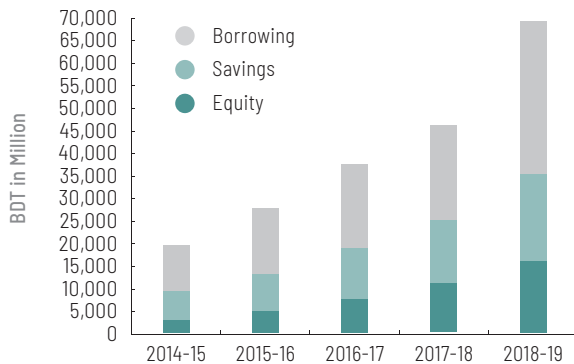
Efficiency and productivity ratios refer to the ability of the MFIs to minimize costs of operations and enhance profitability. These ratios indicate whether the MFIs are maximizing the use of resources. Productivity refers to the volume of business that is generated (output) for a given resource or asset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

### Cost per BDT Lent

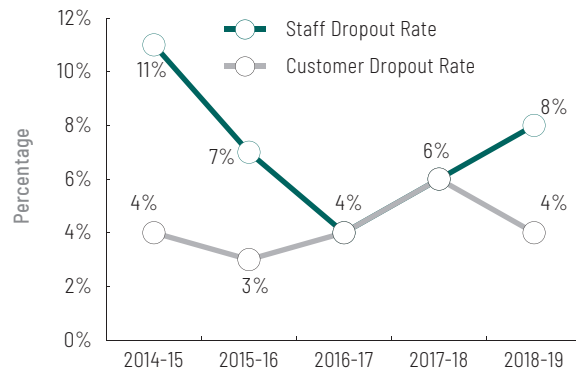


## Financing Mix

### Capital & Liabilities Structure



### Staff and Customer Dropout



### Financing Mix as on June 30

Amount in Million Taka

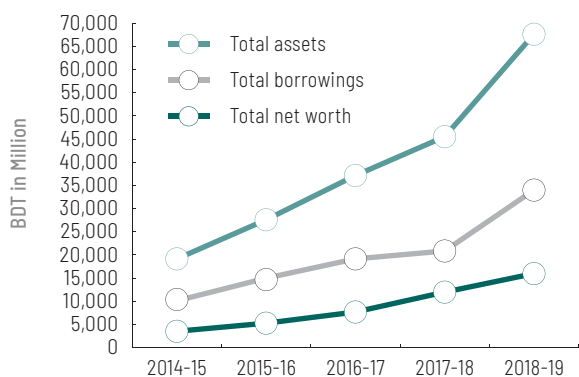
Financial Resources	2014-15		2015-16		2016-17		2017-18		2018-19	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Equity/Net Worth	3,579	19	5,414	19	7,901	21	11,701	26	16,197	24
Client Savings and others fund	5,880	30	8,061	29	10,989	29	13,659	30	19,009	29
Commercial Borrowing	10,035	51	14,373	52	18,516	50	20,518	44	33,478	47
<b>Total</b>	<b>19,494</b>	<b>100</b>	<b>27,848</b>	<b>100</b>	<b>37,406</b>	<b>100</b>	<b>45,879</b>	<b>100</b>	<b>68,685</b>	<b>100</b>
<b>Growth</b>	<b>18%</b>		<b>43%</b>		<b>34%</b>		<b>23%</b>		<b>50%</b>	



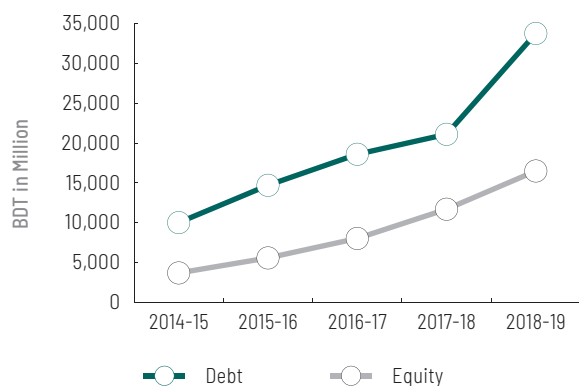


# Asset Composition

## Assets and Net worth Structure



## Structure of Debt and Equity



## Asset composition as of June 30

Amount in Million Taka

Assets Composition	2014-15		2015-16		2016-17		2017-18		2018-19	
	Taka	%	Taka	%	Taka	%	Taka	%	Taka	%
Net fixed assets	671	4	930	3	1,209	3	1,377	3	2,192	3
Net loan portfolio	15,872	84	23,660	87	31,901	87	37,746	84	57,609	86
Investment	1,433	8	1,434	5	2,087	6	3,118	7	4,234	6
Other current assets	459	2	760	3	746	2	704	2	714	1
Cash and bank balance	552	2	411	2	781	2	1,911	4	2,442	4
<b>Total</b>	<b>18,987</b>	<b>100</b>	<b>27,195</b>	<b>100</b>	<b>36,723</b>	<b>100</b>	<b>44,856</b>	<b>100</b>	<b>67,191</b>	<b>100</b>
<b>Growth</b>	<b>17%</b>		<b>43%</b>		<b>35%</b>		<b>22%</b>		<b>50%</b>	



# Disaster Management



The program addresses preventive measures, as such, the composition of disaster management - which is basically the delivery of hardware and software services by BUR0. The technology which stands as the singular most determinant factor to graft the given software and hardware in application is virtually the continuous presence of the organization by the disaster affected people.



## Capability Functioning

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

## Transformation into Human Capital

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

## Paradigm Shift

The paradigm shift of BUR0 is from traditional interventions to the combined approach of hardware and software. The reliance on people's own capability functioning is the supreme controlling authority in disaster management by the organization.

## Shared Sense of Ownership Feeling

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

## Cooperation and Coordination

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

## Managing the Disaster Fund

During any natural calamity BUR0 comes forward to the aid of its affected customers. BUR0 has set up a disaster fund. Affected customers can take loans at a cheaper rate to recuperate their damaged business activities. The proper utilization of disaster fund by the customers is guided by the Program and Training Units of the organization.

## Output of Disaster Management Program

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

- Quick relief distribution among the affected households
- Fast disbursement of loans to affected customers of BUR0
- Rehabilitation support e.g. new house building/repair, road construction/repair, raising ground of flood shelter, water & sanitation facilities etc.
- Other economic activities e.g. seed distribution, fertilizer distribution etc.
- Participate actively in Strengthening the Network of Information, Response and Preparedness Activities in Disaster

## Competencies Related to Disaster Management

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

The well instrumental training unit is the nexus between the community people and organization to deliver its technical assistance and follow-up services at pre, during and post disaster situation. BUR0 has emerged as an entity with the abilities to work with disaster management at the time of national crises.



# Human Resource Development (HRD)



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



## Customer Development Training

BURO organizes different need-based training courses for its customers to strengthen their capacities and skill to boost their income and raise social awareness:

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

## Staff Development Training

The staff development training produces discernible impact in improving professional capacity of operational staff:

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

## Training performance

Particulars	Number
<b>Staff Training</b>	
Foundation Training	2,899
On the Job Training	1,997
SME and Microfinance Management	846
Development Management	257
<b>Total</b>	<b>5,999</b>
<b>Customers Training</b>	
Safe Water, Sanitation and Hygiene	43,884
Financial Literacy	12,937
Livestock Management and Crops Production	8,958
Digital Financial Services	80
<b>Total</b>	<b>65,859</b>

## HRD Impacted Positively

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

## Competencies Related to Human Qualities

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

## Physical & Infra-structural Facilities

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

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



# Safe Water and Sanitation



Rural Water Supply of BURO is a great contribution to safe and secure water in the rural areas. The banking support for infrastructure in certain instances are found without adequate provision for liquid support.



## WaterCredit

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

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

The very slow process to move its journey from the wealthy community to the grassroots is due to three reasons. (1) Very limited exposure to knowledge management by the targeted audiences leading to, (2) Highly limited affordability of the households in respect of available resources: time, money and material leading to, (3) Depressed frame of mind, approach and attitude of the households.

Two very important and interesting behaviors from the users and non-users deserve attention: (1) the perception about the utility of safe water and safe sanitation facilities influencing behavioral change communication of the households and (2) properly maintaining the infrastructure of safe water drinking and safe sanitation facilities.

The projects constituting safe drinking water and safe sanitation facilities are being implemented in the areas of 510 branches of 61 districts funded by donor agency Water.org. 1,830 staff within the jurisdiction of the project were given training on the concerned issues. 43,884 borrowers within the same area of this project are also provided with training. Trained 43,329 borrowers are given water and sanitation loan amounting BDT 1,022.50 million.

## Socio-environmental impact evaluation of Water credit program

This impact evaluation process took place by the external evaluators and the report was published in December 2018. This evaluation report focuses on the socio-environmental impact of the Water Credit Program at rural and urban area in Bangladesh. In its first phase BUR0 has operated the project covering 226 Branch Offices within the period of July 2014 - September 2017 by the financial support from Water.org.

### Availability of safe drinking water

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

### Contamination in drinking water

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

### Safe water availability all the year round

It is found that 93% rural households and 67% urban households opined safe water availability has increased after the water credit project.

### Water-borne diseases

100% households from intervention-urban area opined that after getting in water-credit project water borne diseases have decreased. On the other hand, the intervention-rural area 96% households opined that water borne diseases have decreased, 2.5% increased and 1.5% has no changed.



## Water-borne diseases induced mortality rate

As a positive impact of water credit program 98.7% households of urban-intervention area opined that mortality rate has decreased and 93.6% households of rural-intervention area opined that mortality rate has decreased.

## Washing and cleaning behavior

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

## Safe sanitation facilities

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

## Latrine using by children

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

## Convenience at household activities

After using the water credit, the beneficiaries make convenience their daily lifestyle in water and sanitation sector. In rural-intervention area 82% respondent and urban-intervention 67% respondent has opined that their convenience in household activities has increased.

## Personal hygienic habits

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

## Rate of morbidity at family level

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

## Rural Water Supply

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

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

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

During the year subscribers' tariff was collected BDT 809,251 and expenditure incurred BDT 692,114.



# Business and Financial Literacy



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





The financial management has binary implications. First: financial analysis, developing self-confidence in business, conflict resolution and entrepreneurial qualities. Second: link with other business and business expansion needed to adapt at the same time. The women youth at-risk with or without any business are the central attention to emerge as the potential entrepreneurs in the markets.

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

The space created for MasterCard Worldwide to participate in Micro and Small Enterprise (MSE) is addressed through Financial Inclusiveness where BUR0 and Banks are jointly participating. The gap basically lies in tapping the hidden potential of those who have used micro financial services to emerge as the entrepreneurs in MSE.

180,923 entrepreneurial clients trained on business and financial literacy.

## Impact assessment on Business and financial literacy project

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

## Top actionable insights from the assessment

- Training quality and application of learning in day-to-day life were positive
- BUR0 is successfully enabling customers to invest in income generating activities





- Customer, reported improved quality of life and increased income, empowerment in the household. 92% of customers' quality of life has "very much improved" or "slightly improved"
- 72% of BUR0 customers lives in poverty; this is a slightly lower proportion than the Bangladesh average of 88% of the population of Bangladesh
- BUR0 has a net promoter score of 82 which is excellent, and higher than the lean data average globally thus satisfaction with BUR0 was very high overall
- BUR0's performance is impressive: this demonstrates BUR0's impact & customer-centricity
- The fact that 69% did not have access to other loans suggests BUR0 providing resources to an untapped market
- 93% of respondents said they could not easily find a good alternative to BUR0
- 87% of customers believe BUR0 is 'very good' or 'good' value for money. This compares to Lean Data average of 73%
- Close to 50% of customers recalled attending a BUR0 training, with 92% agreeing that the objectives of the training were clear from the beginning
- 80% of customers apply at least some of the training in daily life
- Study reveals BUR0 impacted customer incomes, 56% customers who use loan for business, 99% saw an increase in business-related income
- Study tells customers' way of doing business changed because of BUR0
- Women's quality of life and influence has changed because of BUR0. A majority of women around 89% experienced improved confidence and respect
- 75% of customers are likely to take another loan in the next 24 months
- 98% of customers reported facing no challenges with BUR0. Given our experience with other organizations, this is excellent performance





# Education support program

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

The capitalization of previous multidimensional experiences of BURU is to forbid the dropout of schooling. The poor students with latent qualities are selected to prevent their drop out of schooling. A fund is mobilized for these students which have been distributed as scholarship among the selected poor students by the organization.

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

According to the guideline, 100 meritorious students of poor households per year will be eligible for this support. Each selected student will get financial support (scholarship) for 2 years. The financial support includes: Tuition fee, Admission fee, Books & Periodicals, Dress (2 sets per year), Hostel fee (if needed), Travel expenses etc.

BDT 27 million has spent during the year.





# Health Programs

## Health Services to Indigenous People

Of late, in order to continue and provide health services from a health service center established earlier the indigenous poor Garo inhabitants of Modhupur have approached BURU Bangladesh. After making field visits and conducting informal sharing between BURU Management and local people it was decided in principle that BURU will provide assistances with this health center. BURU has taken approval from MRA and has given BDT 1.32 million in the year 2018-19.

## BURU HealthCare

The very important and useful addition for program intervention is the opening of HealthCare window among the service delivery windows of BURU Bangladesh. BURU intends to spread Healthcare all throughout the country absolutely for the poor through bringing Health Services at their doorsteps. BURU HealthCare centre in Tangail has already been

functional on the test basis from the first quarter of 2018. Specialist doctors in medicine, gynaecology, cardiology, dermatology (skin diseases) and in paediatric (child diseases) already have started meeting patients in the chambers allocated for them in the Healthcare centre. A few more specialist doctors will be included with BURU Healthcare this year to extend the services. Besides, a full-time consultant has been appointed to ensure the quality of all medical tests to build and enhance customers' confidence in us. The cost of medical tests in BURU Healthcare is 40% lower than other functioning clinics in Tangail.

## BURU Digital Healthcare

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









## BURO Craft

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





# Prottoy: A Quarterly News Magazine

In all of the development activities undertaken by BURO Bangladesh, there's a profound level of involvement found from people - ranging from the grassroots to different levels of the society, accompanied by the disciplined and whole hearted effort of the numerous development workers from various levels. This workforce, that is silently working towards the development of the country, collectively - are a very well trained and highly creative group. Recognising the need for an internal platform to facilitate the exchange of thoughts, ideas, experiences & information among themselves, BURO Bangladesh initiated a quarterly publication by the

name of "Prottoy" since 2015. This publication also helps to bring forward the success stories of the common people, the innovative capabilities of the people at the grassroots and empowerment of the poverty stricken men and women to a wider audience. It also plays an active role in increasing awareness and dispersing development related information at different levels of the Organization. "Prottoy" is BURO Bangladesh's response to its organisational obligation and social commitment. It has been decided to gradually scale the publication for "Prottoy" as the news magazine of the country's non government development sector.



# Development Partners

## Development Institutions



Empowered lives.  
Resilient nations.



THE WORLD BANK



World Food Programme



IFAD  
INTERNATIONAL  
FUND FOR  
AGRICULTURAL  
DEVELOPMENT



EUROPEAN UNION



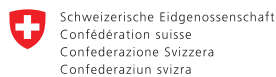
USAID  
FROM THE AMERICAN PEOPLE

DFID  
Department for  
International  
Development

Canada



giz  
Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



Australian  
AID

Sida  
SWEDISH INTERNATIONAL  
DEVELOPMENT COOPERATION AGENCY





# National Financial Institutions



সোনালী ব্যাংক লিমিটেড  
Sonali Bank Limited



**Rupali Bank Limited**  
Assures Better Services



**BASIC Bank Limited**  
Serving people for progress  
A STATE OWNED SCHEDULED BANK



বাংলাদেশ বাণিজ্যিক ব্যাংক লিমিটেড  
Bangladesh Commerce Bank Limited





## International Financial Institutions



## Strategic Partners



## Remittance Partners







# AUDIT REPORT FOR THE FY 2018-19

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**Toha Khan Zaman & Co.**  
Chartered Accounts

INDEPENDENT AUDITORS' REPORT  
ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Road No. 104, Gulshan-II

Dhaka-1212, Bangladesh

**Opinion:**

We have audited the accompanying financial statements of **Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**, which comprises the Statement of Financial Position (Balance Sheet) as at 30 June 2019, and the Statement of Comprehensive Income (Income & Expenditure Accounts) and the Statement of Receipts and Payments for the year ended 30 June 2019, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the organization as at 30 June 2019, and financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

**Basis for Opinion:**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code and the Institution of chartered Accountants of Bangladesh (ICAB) By-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and those Charged with Governance for the Financial Statements and Internal Controls:**

Management of the project is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the organization financial reporting process.





**Auditor’s Responsibilities for the Audit of the Financial Statements:**

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

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

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- e. Obtain sufficient appropriate audit evidence regarding the financial information of the Project to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the project audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**Toha Khan Zaman & Co.**  
Chartered Accounts

**Report on other Legal and Regulatory Requirements:**

In accordance with the MicroCredit Regulatory Act 2006 & 2010 and other Applicable Laws and Regulation, we also report the following:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. In our opinion, proper books of accounts as required by law have been kept by the organization so far as it appeared from our examination of these books;
- c. The statements of Financial Position and Statement of Comprehensive Income and Statement of Receipts and Payments for the year then ended dealt with by the report are in agreement with the books of account; and
- d. The expenditure incurred was for the purposes of the organization.

Dated, Dhaka  
22 September, 2019

**(Toha Khan Zaman & Co.)**  
Chartered Accountants






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

**Statement of Financial Position (Balance Sheet)**  
**As at 30 June, 2019**

	Notes	30-06-2019 BDT	30-06-2018 BDT
<b>Assets:</b>			
<b>Non-current Assets:</b>			
Property, Plant and Equipment	7	2,191,774,479	1,377,128,557
Loan to Staff	8	66,946,652	54,481,164
<b>Total Non Current assets:</b>		<b>2,258,721,131</b>	<b>1,431,609,721</b>
<b>Current Assets:</b>			
Short-term Investment	9	2,846,676,418	2,136,575,480
Accumulated Surplus Reserve Fund Investment	10	1,320,821,086	926,837,077
Loan to Customers	11	59,572,220,746	39,040,656,741
Other Current Assets	12	713,781,739	703,962,913
Cash and Bank Balances	13	2,442,378,619	1,910,668,514
<b>Total Current Assets:</b>		<b>66,895,878,608</b>	<b>44,718,700,725</b>
<b>Total Assets:</b>		<b>69,154,599,739</b>	<b>46,150,310,446</b>
<b>Fund and Liabilities:</b>			
<b>Fund:</b>			
Revolving Loan Fund (Donors' Fund)	14	138,815,884	138,815,884
Emergency Disaster Funds (Donors' Fund)	15	158,922,492	148,941,113
Loan Loss Reserve	16	1,963,278,268	1,294,209,777
Accumulated Surplus	17	12,243,396,528	8,904,447,951
Accumulated Surplus Reserve Fund	18	1,290,837,078	926,837,078
Other Funds	19	401,652,593	287,987,757
<b>Total Fund:</b>		<b>16,196,902,843</b>	<b>11,701,239,560</b>
<b>Non-current Liabilities:</b>			
Customers' Contractual Savings	20	10,157,270,206	6,508,037,721
Customers' Emergency Fund	21	838,162	838,162
Customers' Micro-insurance Fund	22	1,607,801,730	1,009,357,597
Borrowing from Different Sources	23	33,478,194,323	20,518,476,141
<b>Total Non-current Liabilities:</b>		<b>45,244,104,421</b>	<b>28,036,709,621</b>
<b>Current Liabilities:</b>			
Employees' Security Deposit	24	156,945,507	94,499,546
Customers' General Savings	25	7,243,508,588	6,141,200,785
Other Liabilities	26	313,138,380	176,660,934
<b>Total Current Liabilities:</b>		<b>7,713,592,475</b>	<b>6,412,361,265</b>
<b>Total Fund and Liabilities:</b>		<b>69,154,599,739</b>	<b>46,150,310,446</b>

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

  
Chairperson

  
Executive Director

  
Finance Director

See annexed report of the date

Dhaka, Bangladesh  
22 September, 2019

  
**Toha Khan Zaman & Co.**  
Chartered Accountants



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

Statement of Profit or Loss and Other Comprehensive Income (Income and Expenditure Statement)  
For the year ended 30 June, 2019

	Notes	2018-2019 BDT	2017-2018 BDT
<b>Income:</b>			
Service Charge on Loan to Borrowers	27	11,679,856,471	9,042,127,984
Service Charge on Remittance Fund Transfer		10,958,169	8,890,585
Sale of Loan Application Forms		29,277,233	24,449,556
Micro Credit Borrower Admission Fees		5,874,665	4,676,245
Interest on Bank Deposits		265,139,672	186,739,241
Interest on Staff Loan		3,014,790	2,336,268
Training Room Rent		4,398,750	30,687,389
Others		3,347,140	3,848,999
<b>Total Income:</b>		<b>12,001,866,890</b>	<b>9,303,756,267</b>
<b>Expenditure:</b>			
<b>Financial Cost:</b>			
Interest on Borrowing from Banks	28	2,650,072,020	1,704,698,411
Interest on Customer's Savings	29	1,006,457,764	750,530,302
		<b>3,656,529,784</b>	<b>2,455,228,713</b>
<b>Gross Financial Margin:</b>		<b>8,345,337,106</b>	<b>6,848,527,554</b>
Provision for Loan Losses	16	887,443,188	574,156,260
<b>Net Financial Margin</b>		<b>7,457,893,918</b>	<b>6,274,371,294</b>
<b>Operating Expenses</b>			
Salary and Allowances		2,834,158,677	2,303,655,926
House Rent	30	148,765,954	113,321,216
Payment to National Exchequer	31	151,958,557	84,769,756
Transportation	32	161,925,075	127,490,556
Training and Workshop	33	21,527,901	9,061,231
Office Supplies		52,088,813	30,673,578
Depreciation		150,794,773	128,575,057
Audit Fee		316,250	352,750
Other Professional Fee		3,833,875	3,519,719
Other Direct Cost	34	217,595,153	201,025,272
		<b>3,742,965,028</b>	<b>3,002,445,061</b>
<b>Net Income from Operations</b>		<b>3,714,928,890</b>	<b>3,271,926,233</b>

These financial statements should be read in conjunction with annexed notes

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

Chairperson

Executive Director

Finance Director

See annexed report of the date

Dhaka, Bangladesh  
22 September, 2019

Toha Khan Zaman & Co.  
Chartered Accountants





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

### Notes to financial statements For the year ended 30 June, 2019

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#### 1. Background of the organization:

BURO Bangladesh is a national 'not-for-profit' organisation that was set up in 1990 with a view to work for the poor on sustainable basis to reduce poverty. It is a specialised micro-finance institution that provides high quality flexible financial services to low-income people. The organisation is responsive to diverse financial needs of customers. Its financial services constitute multiple loans, savings, micro-insurance and remittance services. The recipients of micro-finance services are poor, particularly women. Remittance services are provided to the relatives of overseas Bangladesh. BURO Bangladesh has 1,027 branches through which it operates microcredit program under the supervision of 25 zonal offices.

#### Basis of Accounting:

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

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

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

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

#### 4. Significant Accounting Policies:

##### 4.1 Reporting Currency:

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

##### 4.2 Reporting Period:

These financial statements of the organisation have been prepared for the year from 01 July 2018 to 30 June 2019.

##### 4.3 Revenue Recognition:

###### 4.3.1 Service Charge Income on loan to Members:

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



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

**Notes to financial statements**

**For the year ended 30 June, 2019**

**4.3.2 Investment Income:**

Income from investment on FDR is recognised on cash basis.

**4.3.3 Fees and Commission Income:**

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

**4.3 Property, Plant and Equipment:**

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

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

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

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

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

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

**4.4 Investment in Fixed Deposit:**

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

**5. Significant Organisational Policies:**

**5.1 Loan Loss Provision:**

**5.1.1 Loan Classification:**

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

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





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

**Notes to financial statements**

**For the year ended 30 June, 2019**

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**5.1.2 Loan Loss Provisioning:**

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

**5.1.3 Write Off Policy:**

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

**5.2 Policy on Loan to Borrowers:**

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

**6. Compliance Requirements under the Guidelines on Prevention of Money Laundering and Terrorist Financing:**

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

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

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



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

**Notes to Financial Statements**  
**For the year ended 30 June, 2019**

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>7. Property, Plant and Equipment:</b>		
<b>Cost:</b>		
Opening balance	1,823,504,182	1,528,016,908
<u>Add: Addition during the year</u>	972,088,969	297,185,909
<u>Less: Adjustment</u>	14,329,827	1,698,635
<b>Closing Balance (A)</b>	<b>2,781,263,324</b>	<b>1,823,504,182</b>
<b>Depreciation:</b>		
Opening balance	446,375,625	319,484,796
<u>Add: Charge for the year</u>	150,794,773	128,575,057
<u>Less: Adjustment during the year</u>	7,681,553	1,684,228
<b>Closing Balance (B)</b>	<b>589,488,845</b>	<b>446,375,625</b>
<b>Written Down Value (A-B)</b>	<b>2,191,774,479</b>	<b>1,377,128,557</b>
Details are in <b>Annex A.</b>		
<b>Loan to Staff:</b>		
Staff Housing Loan	66,946,652	54,481,164
Education Loan	-	-
<b>Total Taka:</b>	<b>66,946,652</b>	<b>54,481,164</b>
The period of housing loan is twenty years bearing interest rate @ 5% including 3 months grace period.		
<b>9. Short-term Investment:</b>		
Shops in Tangail Town	8,517,184	6,693,254
Staff Security Deposit	39,762,434	37,197,698
Emergency Disaster Fund (Note 9.1)	162,990,979	154,012,738
Fixed Deposit with Banks (Note 9.2)	387,915,817	333,157,853
Other Funds (Note 9.3)	401,462,808	287,981,489
Customers' Savings Deposit Fund (Note 9.4)	1,784,840,172	1,261,593,347
Dormant Account Fund (Note 9.5)	61,187,025	55,939,101
	<b>2,846,676,418</b>	<b>2,136,575,480</b>
<b>9.1 Emergency Disaster Fund:</b>		
NRB Global Bank Limited.	115,603,849	110,329,215
Lanka Bangla Finance Limited	-	-
The City Bank Limited	5,034,227	4,637,237
The Farmers Bank Limited	42,352,903	39,046,286
	<b>162,990,979</b>	<b>154,012,738</b>
<b>9.2</b>		
Mutual Trust Bank Limited	81,940,621	30,106,889
Jamuna Bank Limited	110,975,196	74,125,923
Rupali Bank Limited	90,000,000	90,000,000
Eastern Bank Limited	100,000,000	
Basic Bank Limited	5,000,000	
People Leasing & Financing Services Limited	-	138,925,041
	<b>387,915,817</b>	<b>333,157,853</b>





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

**Notes to Financial Statements  
For the year ended 30 June, 2019**

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>9.3 Other Funds:</b>		
Gratuity Fund	267,109,219	183,277,704
Housing Fund	27,606,235	63,876,394
Health Fund	90,145,411	25,524,694
Vehicle Insurance Fund	16,601,943	15,302,697
	<b>401,462,808</b>	<b>287,981,489</b>
<b>9.4 Customers' Savings Deposit Fund:</b>		
MIDAS Financing Limited	116,544,725	108,060,000
Lanka Bangla Finance Limited	365,428,589	235,501,646
AB Bank Limited	227,084,685	212,569,903
National Finance Limited	55,462,135	50,488,749
NRB Global Bank Limited	175,120,000	264,927,051
National Bank of Pakistan	25,659,266	24,501,567
The Farmers Bank Limited	49,963,558	46,049,266
Midland Bank Limited	112,230,151	102,352,543
Dhaka Bank Limited	274,000,713	204,912,500
International Leasing & Financial Service Limited.	13,346,350	12,230,122
Lanka Alliance Finance Limited	20,000,000	-
IIDFC	30,000,000	-
Jamuna Bank Limited	100,000,000	-
NCC Bank Limited	50,000,000	-
UCBL	30,000,000	-
Bank Asia Limited	100,000,000	-
NRB Bank	40,000,000	-
	<b>1,784,840,172</b>	<b>1,261,593,347</b>

The above balance represents investment made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 34 (1) and 34 (2). As per said clauses every microcredit organisation should maintain a liquidity fund which is 15% of its total deposits, in any scheduled bank; liquidity fund may be maintained in the form of minimum 5% in cash and the remaining portion in fixed deposit.

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>9.5 Dormant Account Fund:</b>		
NRB Global Bank Limited	-	8,582,846
Lanka Bangla Finance Limited	9,155,689	-
IPDC Finance Limited	52,031,336	47,356,255
	<b>61,187,025</b>	<b>55,939,101</b>



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

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For the year ended 30 June, 2019**

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>10. Accumulated Surplus Reserve Fund Investment:</b>		
BRAC Bank Limited	50,000,000	-
Eastern Bank Limited	50,000,000	
IPDC Finance Limited	167,221,540	152,182,907
MIDAS Finance Limited	110,300,000	100,000,000
National Finance Limited	112,274,751	102,194,495
NRB Global Bank Limited	1,346,506	1,261,364
IDLC Finance Limited	109,675,000	100,000,000
The City Bank Limited	323,657,382	241,656,250
AB Bank Limited	219,340,515	200,082,530
People Leasing & Financial Services Limited	177,005,392	29,459,531
	<b><u>1,320,821,086</u></b>	<b><u>926,837,077</u></b>

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

**11. Loan to Customers:**

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

**General Loan:**

This loan is allowed for rural and urban poor households to finance their economic activities. General loan is working capital loan given to poor and disadvantaged households. General loan ranges from BDT 5,000 to BDT 100,000. The loan is repayable within one year.

**Micro-enterprise Loan:**

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

**Agriculture Loan:**

This loan is given exclusively for the purpose of agricultural activities for increasing farms activities. The agriculture loan also enhances food security of households. Agriculture loan ranges from BDT 5,000 to BDT 500,000 and is given for one year.

**Hand/Emergency Loan:**

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

**Disaster Loan:**

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





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

**Notes to Financial Statements**

**For the year ended 30 June, 2019**

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>Water and Sanitation Loan:</b>		
Environmental health concerns continue to be an ominous factor contributing to diseases and poverty. Access to safe drinking water and sanitation will reduce sickness and thus increase the labour productivity. The loan ranges from BDT 5,000 to BDT 100,000 and is repayable within one year.		
Breakup of loan (product-wise) is given below:		
General Loan	10,897,985,222	9,895,140,118
Micro-Enterprise Loan	29,064,912,438	18,078,628,861
Agriculture Loan	18,246,710,919	10,514,956,706
Hand/Emergency Loan	3,965,717	9,692,114
Water and Sanitation	735,430,041	215,301,694
Agriculture SMAP	623,216,410	326,937,248
	<b>59,572,220,746</b>	<b>39,040,656,740</b>

BURO Bangladesh had 1,172,873 loan accounts outstanding as on 30 June, 2019 as compared to 1,018,814 as on 30 June, 2018.

**12. Other Current Assets:**

Security Deposits (Note 12.1)	1,267,914	1,258,914
Staff Loans and Advances (Note 12.2)	712,513,825	702,703,999
Provident Fund	-	-
Staff Security Fund	-	-
	<b>713,781,739</b>	<b>703,962,913</b>

**12.1 Security Deposits:**

Rajdhani Unnayan Kortipakkha	600,000	600,000
Bangladesh Telecommunication Company Ltd.	298,796	298,796
GPS Finance Company (Bangladesh) Ltd.	124,918	124,918
Others	244,200	235,200
	<b>1,267,914</b>	<b>1,258,914</b>

**12.2 Staff Loans and Advances:**

Head Office (Note 12.2.1)	432,336,851	442,976,862
Branch Offices (Note 12.2.2)	265,174,829	242,819,955
Divisional Offices (Note 12.2.3)	4,547,530	4,639,783
Zonal Offices (Note 12.2.4)	7,980,861	10,157,546
CHRD (Training Centre)	2,422,797	2,025,896
Rest House	50,957	83,957
	<b>712,513,825</b>	<b>702,703,999</b>



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

Notes to Financial Statements  
For the year ended 30 June, 2019

	30-06-2019	30-06-2018
	BDT	BDT
<b>12.2.1 Head Office:</b>		
Advance against Salary	4,072,646	3,781,498
Mobile Loan	60,000	85,000
Car Loan	314,528	491,009
Motorcycle Loan	389,000	442,940
Advance for Training	344,611	314,611
Advance against Construction	249,158,681	328,259,695
Advance Transportation	633,642	460,525
Advance Consultancy	100,000	100,000
Pro. Advance	3,665,436	1,701,860
Others	173,598,307	107,339,724
	<b>432,336,851</b>	<b>442,976,862</b>
<b>12.2.2 Branch Offices:</b>		
Advance against House Rent	58,247,347	55,607,291
Advance against Salary	2,105,962	1,910,790
Motorcycle Loan	47,873,033	36,362,333
Bicycle Loan	15,037,148	10,368,010
Mobile Loan	6,741,995	1,963,130
Advance against Purchase of Fans	59,175	40,228
Others	135,110,169	136,568,173
	<b>265,174,829</b>	<b>242,819,955</b>
<b>12.2.3 Divisional Offices:</b>		
Advance against House Rent	41,908	-
Advance against Salary	1,372,000	1,113,400
Motorcycle Loan	2,556,888	3,177,308
Bicycle Loan	7,600	5,600
Mobile Loan	-	21,700
Advance against Purchase of Fans	-	-
Others	569,134	321,775
	<b>4,547,530</b>	<b>4,639,783</b>
<b>12.2.4 Zonal Offices:</b>		
Advance against House Rent	6,269,972	1,050,500
Advance against Salary	-	7,500
Motorcycle Loan	-	-
Bicycle Loan	46,413	-
Mobile Loan	-	-
Advance against Purchase of Fans	-	-
Fuel & Conveyance	-	275,093
Others	1,664,476	8,824,453
	<b>7,980,861</b>	<b>10,157,546</b>



**Basic Unit for Resources and Opportunities of Bangladesh (BURO Bangladesh)**
**Notes to Financial Statements**
**For the year ended 30 June, 2019**

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>13. Cash and Bank Balances:</b>		
Cash in Hand	133,975,772	112,851,957
Bank Balances (Note 13.1)	2,308,402,847	1,797,816,557
	<b>2,442,378,619</b>	<b>1,910,668,514</b>
<b>13.1 Bank Balances:</b>		
Current Accounts	1,442,832,476	1,605,595,881
Savings Accounts	4,747	5,048
Short-term Deposit Accounts	865,565,624	192,215,628
	<b>2,308,402,847</b>	<b>1,797,816,557</b>
<b>14. Revolving Loan Fund (Donors' Fund):</b>		
Department for International Development (DFID), UK	93,022,179	93,022,179
Swiss Agency for Development and Cooperation (SDC)	23,378,560	23,378,560
Swedish International Development Agency (SIDA)	14,545,494	14,545,494
Australian Agency for International Development (AusAID)	4,274,300	4,274,300
UNESCO/Stitching Gilles – Foundation, Belgium	2,147,712	2,147,712
Canada Fund	1,163,139	1,163,139
PACT Inc./USAID	284,500	284,500
	<b>138,815,884</b>	<b>138,815,884</b>
<b>15. Emergency Disaster Funds (Donors' Fund):</b>		
<p>BURO Bangladesh focuses its efforts on the promotion of self-help and self-reliance of disadvantaged rural communities, with particular attention to women. Normally, it is not involved in any relief or charitable activities for its customers but it does not remain non-chalant when the customers become extremely vulnerable and their existence is threatened. In such situations, disaster assistance is provided.</p> <p>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.</p>		
Swedish International Development Agency (SIDA)	11,374,757	11,374,757
Department for International Development (DFID), UK	9,247,243	9,247,243
Swiss Agency for Development and Cooperation (SDC)	9,000,000	9,000,000
Australian Agency for International Development (AusAID)	651,000	651,000
	<b>30,273,000</b>	<b>30,273,000</b>
<u>Add:</u> Interest on investment of the above funds	128,649,492	118,668,113
	<b>158,922,492</b>	<b>148,941,113</b>



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	30-06-2019 BDT	30-06-2018 BDT
<b>16. Provision for Loan Loss:</b>		
Opening Balance	1,294,209,777	877,749,874
<u>Add: Provision made during the year</u>	887,443,188	574,156,260
	<b>2,181,652,965</b>	<b>1,451,906,134</b>
<u>Less: Amount written off during the year (Principal)</u>	218,374,697	157,696,357
<b>Closing Balance</b>	<b>1,963,278,268</b>	<b>1,294,209,777</b>

The Loan Loss Provision (LLP) has been worked out at BDT 1,963,278,268 as on 30 June 2019, following MRA circular letter no. 14 dated 07 May 2012, but the actual Loan Loss Provision has been made to BDT 1,963,282,215 resulting an excess provision of BDT 3,947 during the year under reporting. The method of calculation of LLP is shown below:

No. of days outstanding	Outstanding Loan	Rate (%)	Required Provision BDT
Current Loan Outstanding	57,452,854,645	1%	574,528,546
Loan overdue status (days):			0
1-30 days	188,163,109	5%	9,408,155
31-180 days	523,379,160	25%	130,844,790
181-365 days	637,292,436	75%	477,969,327
Over 365 days	770,531,396	100%	770,531,396
<b>Total:</b>	<b>59,572,220,746</b>		<b>1,963,282,215</b>

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

	30-06-2019 BDT	30-06-2018 BDT
<b>17. Accumulated Surplus:</b>		
Opening Balance	8,904,447,951	5,964,716,063
<u>Add: Surplus/(Deficit) during this year</u>	3,714,928,890	3,271,926,233
<u>Add: Adjustment surplus (2018-19)</u>	137	-
	<b>12,619,376,978</b>	<b>9,236,642,296</b>
<u>Less: Transferred to Accumulated Surplus Reserve fund(N-18)</u>	364,000,000	309,588,905
<u>Less: Adjustment Donation from Surplus Fund</u>	11,980,450	22,605,440
<b>Closing Balance</b>	<b>12,243,396,528</b>	<b>8,904,447,951</b>

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

<b>18. Surplus Reserve Fund:</b>		
Opening Balance	926,837,078	617,248,173
<u>Add: Transferred from accumulated surplus reserve fund (Note-17)</u>	364,000,000	309,588,905
	<b>1,290,837,078</b>	<b>926,837,078</b>
<u>Less: Paid during this year</u>	-	-
<b>Closing Balance</b>	<b>1,290,837,078</b>	<b>926,837,078</b>





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

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**For the year ended 30 June, 2019**

	30-06-2019 BDT	30-06-2018 BDT
<p>The above balance represents reserve fund made in accordance with the provisions of Microcredit Regulatory Authority Rules 2010 under clauses 20 (1) and 20 (3). As per said clauses every microcredit organisation should create a reserve fund @ 10% of its total surplus which should be kept in any scheduled bank under the supervision of the head office of the relevant microcredit organisation. BURO Bangladesh maintains the reserve fund following said clause.</p>		
<b>19. Other Funds:</b>		
Gratuity Fund	267,220,243	183,280,839
Housing Fund	27,612,781	63,876,394
Health Fund	90,217,626	25,527,827
Vehicle Insurance Fund	16,601,943	15,302,697
	<b>401,652,593</b>	<b>287,987,757</b>
<b>20. Customers' Contractual Savings:</b>		
Opening Balance	6,508,037,721	4,606,522,858
Add: Deposits during the year	6,247,277,349	3,776,836,451
	<b>12,755,315,070</b>	<b>8,383,359,309</b>
Less: Withdrawals during the year	2,598,044,864	1,875,321,588
<b>Closing Balance</b>	<b>10,157,270,206</b>	<b>6,508,037,721</b>
<p>In contractual savings account, clients agree to deposit regularly an amount as fixed by them. Customers can withdraw the entire amount including interest thereon and can choose to deposit on a weekly or monthly basis. Interest is paid on a compound basis in the range of 8% to 10%.</p> <p>The number of contractual savings accounts was 1,558,017 as on 30 June 2019 as compared to 1,243,206 as on 30 June 2018.</p>		
<b>21. Customers' Emergency Fund:</b>		
Customer's Emergency Fund	838,162	838,162
	<b>838,162</b>	<b>838,162</b>
<b>22. Customers' Micro Insurance Fund:</b>		
<p>The premiums are one-time payment in a year. After the death of customers the entire outstanding loan to clients will be waived. This has been arrived at as under:</p>		
Opening Balance	1,009,357,597	657,375,367
Add: Deposits during the year	840,098,067	520,747,943
	<b>1,849,455,664</b>	<b>1,178,123,310</b>
Less: Withdrawals during the year	241,653,934	168,765,713
<b>Closing Balance</b>	<b>1,607,801,730</b>	<b>1,009,357,597</b>
<b>23. Borrowing from Different Sources:</b>		
Borrowing from Specialised Institutions (Note 23.1)	26,619,445	7,506,714
Borrowing from Banks (Note 23.2)	29,959,691,658	19,384,107,478
Borrowing from Non-banking Financial Institutions (Note 23.3)	3,491,883,220	1,126,861,949
	<b>33,478,194,323</b>	<b>20,518,476,141</b>
<b>23.1 Borrowing from Specialised Institutions:</b>		
Anukul Foundation (Note 23.1.1)	26,619,445	7,506,714
	<b>26,619,445</b>	<b>7,506,714</b>



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	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>23.1.1 Anukul Foundation:</b>		
Opening Balance	7,506,714	15,119,718
<u>Add:</u> Received during the year	24,000,000	-
	<b>31,506,714</b>	<b>15,119,718</b>
<u>Less:</u> Refund during the year	4,887,269	7,613,004
Closing Balance	<b>26,619,445</b>	<b>7,506,714</b>

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

**23.2 Borrowing from Banks:**

Eastern Bank Limited	3,000,000,000	1,500,000,000
Dhaka Bank Limited	1,250,000,000	750,000,000
United Commercial Bank Limited	1,704,719,448	969,012,742
Standard Chartered Bank	1,165,000,000	1,165,000,000
Jamuna Bank Limited	1,927,744,675	953,184,092
Prime bank Limited	1,500,000,000	1,000,000,000
Dutch Bangla Bank Limited	1,112,086,260	571,056,891
Shah Jalal Islami Bank Limited	103,552,637	512,845,664
Bank Asia Limited	699,969,996	643,153,343
The City Bank Limited	2,980,000,000	2,000,000,000
BRAC Bank Limited	2,225,000,000	600,000,000
NRB Global Bank Limited	-	450,000,000
Mercantile Bank Limited	1,000,000,000	-
Pubali Bank Limited	1,287,594,555	398,167,523
NCC Bank Limited	2,046,690,780	504,136,060
Bangladesh Bank (SMAP)	1,080,000,000	940,000,000
Southeast Bank Limited	263,105,086	242,663,257
Mutual Trust Bank Limited	1,000,000,000	167,941,395
Habib Bank Limited	300,000,000	300,000,000
HSBC	800,000,000	-
Basic Bank Limited	49,999,684	63,947,901
Bank Al-Falah Limited	200,000,000	200,000,000
AB Bank Limited	-	1,500,000,000
The Premier Bank Limited	197,727,882	-
NRB Bank Limited	450,000,000	350,000,000
Citibank, N.A	334,000,000	60,000,000
Trust Bank Limited	699,917,823	751,100,374
Rupali Bank Limited	1,129,931,247	1,800,000,000
Commercial Bank of Ceylon PLC	125,000,000	250,000,000
Midland Bank Limited	277,654,142	341,938,947
National Bank of Pakistan	-	99,987,889
Standard Bank Limited	1,000,000,000	299,971,400
Shimanto Bank Limited	49,997,443	-
	<b>29,959,691,658</b>	<b>19,384,107,478</b>





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**For the year ended 30 June, 2019**

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

**23.3 Borrowing from Non-banking Financial Institutions:**

IDLC Financing Limited	485,908,507	363,757,711
IPDC of Bangladesh Limited	930,000,000	-
Uttara Finance Limited	396,223,356	500,000,000
Lanka Alliance Finance Limited	244,165,370	-
National Finance Limited	106,626,385	200,000,000
United Finance Limited	95,000,000	-
Lanka Bangla Finance	1,000,000,000	-
The UAE-Bangladesh Investment Company Limited	41,922,378	63,104,238
IIDFC	192,037,224	-
	<b>3,491,883,220</b>	<b>1,126,861,949</b>

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

**24. Employees' Security Deposit:**

Opening Balance	94,499,546	80,325,951
<u>Add: Received during the year</u>	72,920,769	20,839,685
	<b>167,420,315</b>	<b>101,165,636</b>
<u>Less: Refund during the year</u>	10,474,808	6,666,090
<b>Closing Balance</b>	<b>156,945,507</b>	<b>94,499,546</b>

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

**25. Customers' General Savings:**

Opening Balance	6,141,200,785	5,723,990,444
<u>Add: Deposits during the year</u>	7,291,172,946	5,760,098,938
	<b>13,432,373,731</b>	<b>11,484,089,382</b>
<u>Less: Withdrawals during the year</u>	6,188,865,143	5,342,888,597
<b>Closing Balance</b>	<b>7,243,508,588</b>	<b>6,141,200,785</b>

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

The number of general savings accounts was 1,662,689 at the end of year 30 June 2019 compared to 1,512,489 at the end of year 30 June 2018.



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For the year ended 30 June, 2019**

	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
<b>26. Other Liabilities:</b>		
Dormant Accounts	201,004,442	112,446,992
Security Deposit from Shops	12,272,197	10,689,197
BURO Bangladesh Gratuity Fund	29,305,072	14,965,731
BURO Bangladesh Health Fund	8,879,980	6,146,870
Employee Provident Fund	50,414,888	17,542,874
SMAP	6,901	3,006,901
Staff Security Fund	12,322,150	6,173,397
Others	(1,067,250)	5,688,972
	<b>313,138,380</b>	<b>176,660,934</b>
<b>27. Service Charges on Loan to Borrowers:</b>		
Service Charge	11,644,916,753	9,016,552,573
Recovery from amount Written Off	34,939,718	25,575,411
	<b>11,679,856,471</b>	<b>9,042,127,984</b>
<b>28. Interest on Borrowing from Banks:</b>		
Commercial Banks	2,375,148,815	1,537,212,909
Non-banking Financial Institutions	273,535,538	166,402,963
Specialised Institutions	1,387,667	1,082,539
	<b>2,650,072,020</b>	<b>1,704,698,411</b>
<b>29. Interest on Customers Savings:</b>		
Interest on General Savings	330,026,019	294,865,029
Interest on Contractual Savings	676,431,745	455,665,273
	<b>1,006,457,764</b>	<b>750,530,302</b>
<b>30. House Rent:</b>		
Office Rent	54,807,130	42,574,117
Residence	93,958,824	70,747,099
	<b>148,765,954</b>	<b>113,321,216</b>
<b>31. Payment to National Exchequer:</b>		
Direct Tax (Note 31.1)	148,063,810	80,974,806
Government Fees	3,894,747	3,794,950
	<b>151,958,557</b>	<b>84,769,756</b>
<b>31.1 Direct Tax:</b>		
Income Tax on Staff Salary and Allowances	13,450,410	14,334,505
Corporate Tax	45,193,366	33,094,427
Tax deduction from Interest on Bank Deposit	27,351,512	20,589,009
Value Added Tax	62,056,334	11,619,205
Others Taxes	12,188	1,337,660
	<b>148,063,810</b>	<b>80,974,806</b>





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**Notes to Financial Statements**

**For the year ended 30 June, 2019**

Income tax assessment position of BURO Bangladesh is given below:

<b>Income year ended 31 December</b>	<b>Assessment year</b>	<b>Income as per return filed BDT</b>	<b>Taxable income BDT</b>	<b>Tax paid BDT</b>
2003	2004-2005	9,477,932	760,101	99,520
2004	2005-2006	1,816,585	1,861,585	406,679
2005	2006-2007	98,378	983,878	120,393
2006	2007-2008	860,599	860,599	98,370
2007	2008-2009	1,139,140	1,139,140	151,078
2008	2009-2010	5,626,026	5,626,026	1,272,757
2009	2010-2011	14,953,899	14,953,899	3,604,726
2010	2011-2012	30,339,290	30,339,290	7,439,823
2011	2012-2013	20,967,281	20,967,281	5,091,820
2012	2013-2014	60,163,274	60,163,274	14,885,819
2013	2014-2015	757,916,652	757,916,652	22,010,338
2014	2015-2016	121,413,491	121,413,491	22,496,989
2015	2016-2017	121,397,366	121,397,366	23,658,266
2016	2017-2018	160,839,723	160,839,723	33,094,427
2017	2018-2019	223,611,897	223,611,897	45,193,366
			<b>30-06-2019</b>	<b>30-06-2018</b>
			<b>BDT</b>	<b>BDT</b>
<b>32. Transportation:</b>				
Fuel and Lubricants			64,651,251	47,390,050
Travelling Allowance			24,974,358	56,482,895
Car Maintenance			3,463,196	9,493,922
Daily Allowance			68,836,270	14,123,689
			<b>161,925,075</b>	<b>127,490,556</b>
<b>33. Training and Workshop:</b>				
Staff Training			16,217,849	5,069,232
Meeting and Workshop			5,310,052	3,991,999
			<b>21,527,901</b>	<b>9,061,231</b>
<b>Other Direct Cost:</b>				
Office Maintenance etc.			-	24,000
E-Mail, Telephone and Fax			36,034,140	27,119,024
Electricity, Gas and Water			31,411,944	25,398,268
Entertainment			19,561,998	16,693,002
Bank Charges			5,786,920	5,517,652
Grant			6,394,247	2,522,722
Postage and Telegram			980,190	860,991
Printing Materials			2,780,051	5,288,073
Repair & Maintenance			6,863,694	4,337,729



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

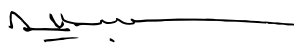


**Notes to Financial Statements**

**For the year ended 30 June, 2019**


	<b>30-06-2019</b>	<b>30-06-2018</b>
	BDT	BDT
Advertisement	971,454	770,725
Newspaper & Periodicals	3,370,983	126,441
Computer Accessories	13,858,423	5,864,314
Registration (Membership Fee)	1,785,446	1,374,963
Miscellaneous Expense	87,795,663	105,127,368
	<b>217,595,153</b>	<b>201,025,272</b>

**35. Others:**

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

<b>Eligibility Criteria Compliance Certification</b>			
<b>For the year ended 30 June, 2019</b>			
Sl no.	Eligibility Criteria	Audited figures or compliance 2018-2019	Audited figures or compliance 2017-2018
1.	Minimum loan recovery rates, computed quarterly, based on the following:		
	i) 95% minimum cumulative loan collection ratio on total dues: CRR		
	$\frac{\text{Actual cumulative collections} \times 100}{\text{Cumulative collectibles}}$	99.38%	99.39%
	ii) 92-100% minimum loan collection ratio on current dues (on running 12 months basis): OTR		
	$\frac{\text{Actual collections during the past 12 months on current dues} \times 100}{\text{Collectibles on current dues}}$	97.93%	98.16%
2.	Minimum liquidity ratio of 10%	24.29%	25.08%
3.	Minimum current ratio of 2:1	8.05:1	6.45:1
4.	Minimum capital adequacy ratio of 15%	26.77%	29.38%
5.	Minimum debt service coverage ratio of 1.25:1	1.43:1	1.63:1
6.	Debt to capital ratio 9:1	2.07:1	1.75:1
7.	Minimum rate of return on capital of 1%	26.63%	33.38%
			
	<b>Chairperson</b>	<b>Executive Director</b>	<b>Finance Director</b>

Dated, Dhaka, Bangladesh

  
**Toha Khan Zaman & Co.**



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

Particulars		2014 -15	2015 -16	2016 -17	2017 -18	2018 -19
<b>A</b>	<b>Institutional Profile</b>					
	Number of Districts	61	64	64	64	64
	Number of Upazilla	403	406	432	456	482
	Number of Union	3,489	3,524	3,710	3,911	4,309
	Number of Villages	30,201	33,099	36,248	39,639	40,770
	Number of Branches	640	648	712	802	1,027
	Total Personnel	5,736	6,179	6,726	7,464	9,782
	Staff Dropout Rate	11%	7%	4%	6%	8%
	Number of Customers	1,269,411	1,356,572	1,449,085	1,512,489	1,662,689
	Customer Dropout Rate	4%	3%	4%	6%	4%
<b>B</b>	<b>Savings Portfolio (million BDT)</b>					
	Yearly Savings Deposit	4,818	6,251	8,211	9,537	13,539
	Cumulative Savings Deposit	24,919	31,170	39,381	48,918	62,457
	Yearly Savings Withdrawals	3,609	4,255	5,571	7,217	8,788
	Cumulative Savings Withdrawals	19,223	23,478	29,051	36,268	45,056
	Savings Portfolio	5,696	7,692	10,331	12,650	17,401
	Savings Portfolio Growth	27%	35%	34%	22%	38%
	Per Client Average Savings (BDT)	4,487	5,670	7,129	8,363	10,465
	Savings to Loan Portfolio	35%	31%	32%	32%	29%
<b>C</b>	<b>Loan Portfolio (million BDT)</b>					
	Yearly Loan Disbursed	26,301	39,515	54,394	63,346	91,485
	Cumulative Loan Disbursed	130,176	169,691	224,085	287,431	378,916
	Yearly Loan Recovered	23,559	31,548	46,048	57,085	70,953
	Cumulative Loan Recovered	113,710	145,258	191,306	248,391	319,344
	Loan Portfolio	16,466	24,433	32,779	39,040	59,572
	Loan Portfolio Growth	20%	48%	34%	19%	53%
	Number of Borrowers	839,183	921,924	953,964	1,017,136	1,172,873
	Borrower/Customers Ratio	66%	68%	69%	67%	71%
<b>D</b>	<b>Sustainability/Profitability</b>					
	Return on Equity (ROE)	30%	36%	35%	33%	27%
	Return on Performing Assets	25%	24%	25%	25%	23%
	Operating Self-Sufficiency	130%	147%	147%	154%	145%
	Financial Self-Sufficiency	126%	142%	141%	149%	143%
	Financial Spread (Net Financial Margin)	8.19%	9.61%	9.47%	11.04%	9.65%
<b>E</b>	<b>Portfolio Quality</b>					
	On Time Recovery Rate (OTR)	96.81%	97.25%	98.63%	98.16%	97.93%
	Cumulative Recovery Rate (CRR)	99.17%	99.22%	99.38%	99.39%	99.38%
	Portfolio at Risk-PAR (>30days)	3.31%	2.62%	2.38%	3.37%	3.24%
	Risk Coverage Ratio	100%	100%	100%	100%	100%
	Loan Loss Reserve Ratio	3.61%	3.16%	2.68%	3.32%	3.30%
	Write-Off Ratio	0.68%	0.39%	0.70%	0.44%	0.44%
<b>F</b>	<b>Assets/Liability Management</b>					
	Yield on Gross Portfolio	25%	24%	25%	25%	24%
	Current Ratio	407%	514%	575%	645%	805%
	Financial Cost Ratio	7.25%	6.48%	6.14%	5.90%	6.38%
	Annual Growth to Total Assets	17%	43%	35%	22%	50%
<b>G</b>	<b>Leverage</b>					
	Debt to Equity	2.80	2.66	2.34	1.75	2.07
	Debt Service Coverage Ratio	1.15	1.37	1.36	1.63	1.43
	Capital Adequacy Ratio	21.05%	21.36%	23.34%	29.38%	26.77%
<b>H</b>	<b>Efficiency/Productivity</b>					
	Loan Officer (LO) Productivity	385	337	342	323	355
	LO Productivity (Loan-BDT)	4,995,734	6,065,834	7,729,011	8,342,021	12,715,522
	LO Productivity (Savings-BDT)	1,728,034	1,909,454	2,435,867	2,702,829	3,714,147
	Average Disbursed Loan Size (BDT)	29,347	40,753	52,870	61,269	78,021
	Average Outstanding Loan Size (BDT)	19,621	26,502	32,795	38,320	50,763
	Cost of per Unit Money Lent (BDT)	0.05	0.04	0.05	0.05	0.04
	Operating Expenses Ratio	9.56%	8.34%	9.39%	8.34%	7.55%







**BURO**  
*Bangladesh*

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