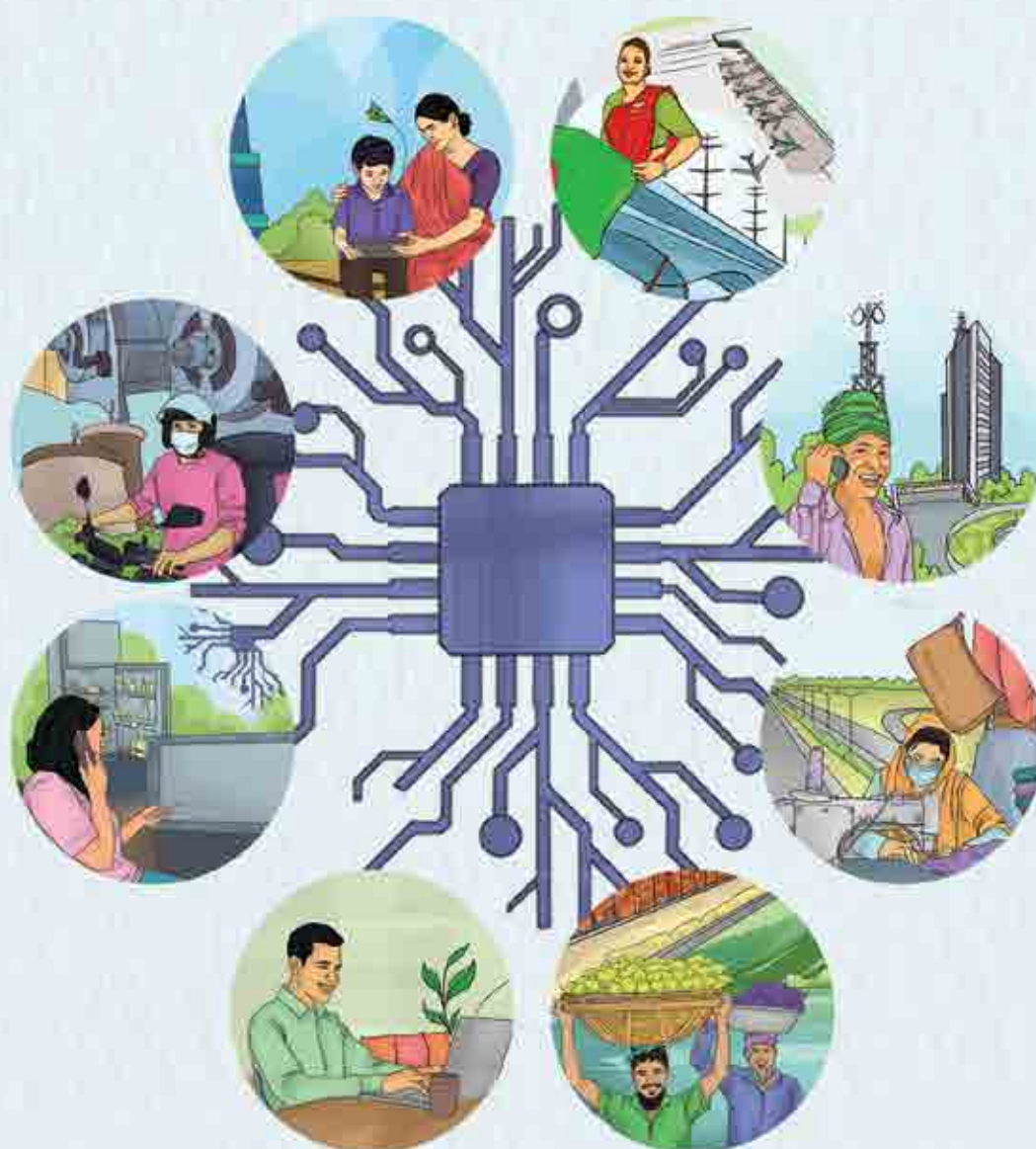
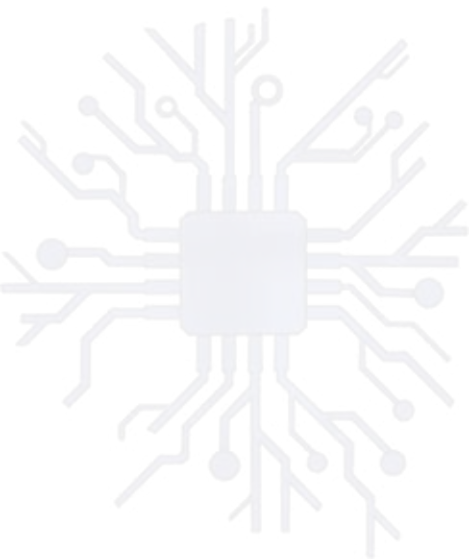


CONNECTING POSSIBILITIES





CONNECTING POSSIBILITIES ●

Bangladesh has experienced a surge in its economy, with exports of garments, pharmaceuticals, and technology services. The people of Bangladesh worked hard to build their country's economy, and with a growing population, there is still much to be done. However, with increased connectivity through technology and global partnerships, the possibilities for Bangladesh's economy are endless. By connecting with the world, the people of Bangladesh can harness their potential and create a brighter future for all.

In our Annual Report for the year 2022, we have endeavored to establish the interconnectivity between various industries and their respective contributions toward advancing the nation's economy.

LETTER OF TRANSMITTAL

To

The Shareholders of Bangladesh Finance Limited,
Bangladesh Bank,
The Registrar of Joint Stock Companies & Firms,
Bangladesh Securities and Exchange Commission,
Dhaka Stock Exchange Limited,
Chittagong Stock Exchange Limited, and
All other Stakeholders

Subject: Annual Report for the year ended December 31, 2022.

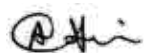
Dear Sir(s):

We are pleased to present before you the Annual Report-2022 together with the Audited Financial Statements (consolidated and solo) as at December 31, 2022 which comprises- Balance Sheet, Profit & Loss Accounts, Cash Flow Statement, Statement of Changes in Shareholders' Equity, and notes to the financial statements for the year ended December 31, 2022 of Bangladesh Finance Limited for your kind information and record.

We, in our endeavor have tried our best to make fair disclosures on our financial and non-financial matter as part of our integrated reporting for your kind perusal and record.

Thanking you,

Yours sincerely,



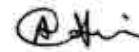
Munshi Abu Naim ACS
Company Secretary

Notice of the 24th Annual General Meeting

Notice is hereby given that the 24th Annual General Meeting (AGM) of Bangladesh Finance Limited will be held on Sunday, **30 April 2023, at 11.00 AM** using **Digital Platform** to transact the following businesses:

1. To receive and adopt the Audited Financial Statements for the year ended on December 31, 2022 together with the Report of the Directors' and the Auditors' thereon;
2. To declare Dividend for the year ended on December 31, 2022;
3. To appoint/re-elect Directors according to the provisions of the Articles of Association of the Company;
4. To approved the appointment of Independent Directors of the Company as per Corporate Governance Code;
5. To appoint Statutory Auditors for the year 2023 and to fix their remuneration;
6. To appoint Compliance Auditor as per Corporate Governance Code for the year 2023 and to fix their remuneration.

By the order of the Board



Munshi Abu Naim ACS
Company Secretary

Dated, Dhaka
April 06, 2023

NOTES:

- a) The Record Date: **April 04, 2023**.
- b) The shareholders' names appearing in the Members'/Depository Register on Record Date will be eligible to attend and vote in the AGM through Digital Platform and to receive dividend.
- c) A Member entitled to attend and vote in the AGM, may appoint a proxy in his stead. Scanned copy of the proxy form, duly stamped shall be mailed to the email at **secy@bd.finance** at least 48 hours before the meeting.
- d) As per BSEC Notification No. BSEC/CMRRCD/2006 158/208/Admin/81 dated 20 June 2018, soft copies of the Annual Report 2022 along with the Proxy Form will be sent to the Members' respective email address available with us through CDBL record. The Annual Report will be available in the Company's website at: www.bd.finance.
- e) Members are requested to update their particulars including e-mail addresses and bank account information (if require) through their respective Depository Participants.
- f) Please follow bangladeshfinance.bdvirtualagm.com for joining in the Digital Platform of the 24th Annual General Meeting of Bangladesh Finance Limited.



শ্রদ্ধার সাথে স্মরণ করছি
বাংলাদেশের শিল্পায়নের রূপকার ও স্বপ্নজয়ী উদ্যোক্তা
আমাদের বড় সাহেব বাংলাদেশ ফাইন্যান্স এর
প্রতিষ্ঠাতা চেয়ারম্যান **আলহাজ্ব**
আনোয়ার হোসেন-স্যারকে
আপনার দেখানো পথে চলেই বাংলাদেশের
অর্থনীতিকে আরো সমৃদ্ধ করার প্রেরণা পাই আমরা

ABOUT BANGLADESH FINANCE



102-1, 2, 6,

The Most Trusted Financial Partner of Bangladeshi People

Bangladesh Finance Limited is one of the widely acclaimed Financial Institutions. As we carry the name of Bangladesh, we are looking forward to greater participation in the economic development of Bangladesh introducing all financial products under one roof to meet the customer's economic needs as a competitive market player.



Vision

To be the most innovative and popular financial services provider in the country with special focus on creating value for all stakeholders.



Our Key Differentiators

Mission

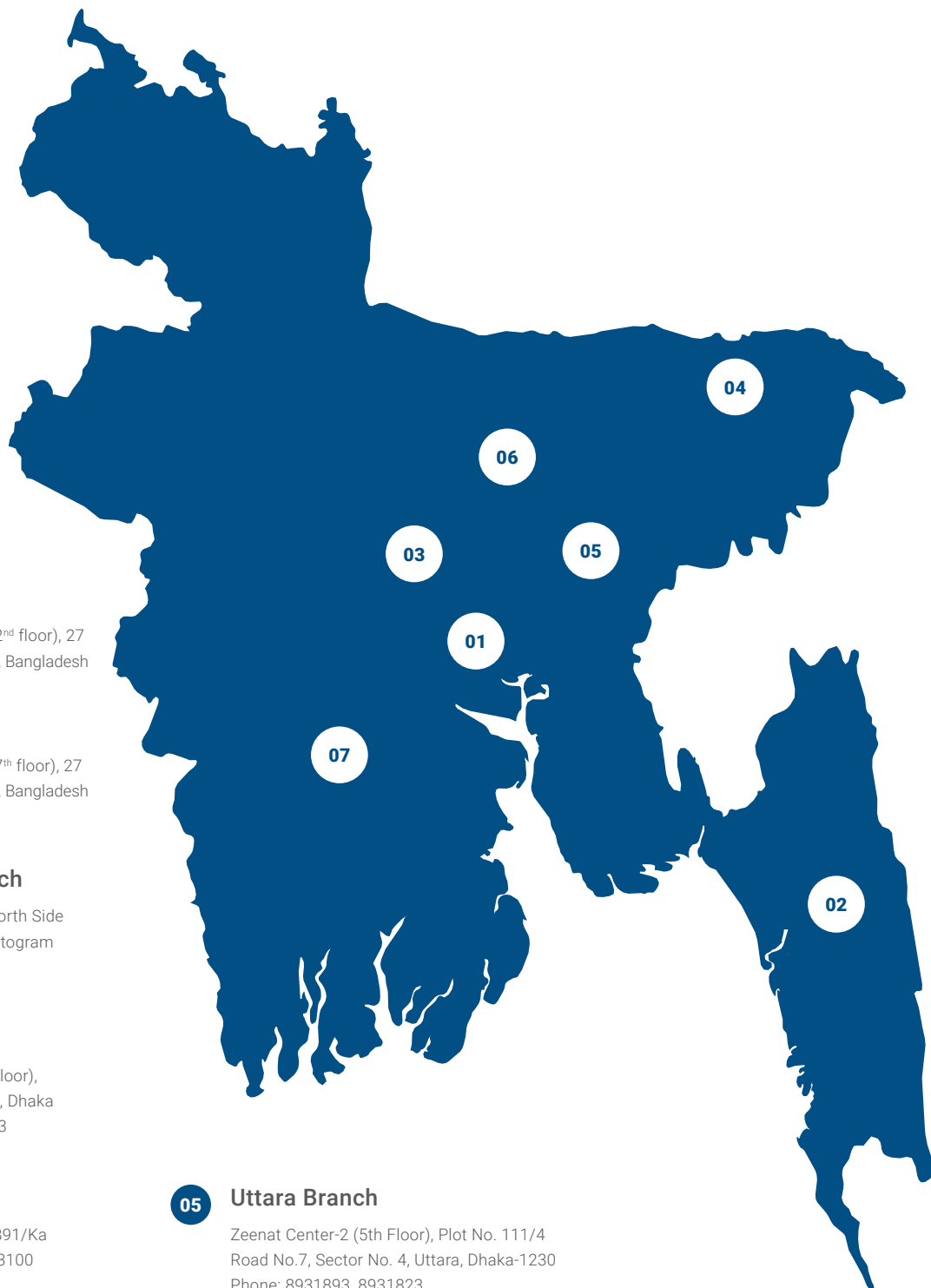
To reach out our financial services to the wider sections of populace as part of our contribution towards inclusive, sustainable and quality growth with trust and confidence.

- Skilled and loyal workforce
- Diversified portfolio
- Agility in responding to industry trends
- One-stop financial solution provider
- Being a responsible corporate citizen

NATIONAL FOOTPRINT



102-3,4



01

Head Office

Baitul Hossain Building (2nd floor), 27
Dilkusha C/A, Dhaka-1000, Bangladesh
Phone: 02223389146

Principal Branch

Baitul Hossain Building (7th floor), 27
Dilkusha C/A, Dhaka-1000, Bangladesh
Phone: 02223389146

02

Chattogram Branch

Aziz Court (19th floor), North Side
88-90, Agrabad C/A, Chattogram
Phone: 02333310234

03

Bangshal Branch

Mahmud Tower 19 (7th Floor),
Siddique Bazar, Bangshal, Dhaka
Phone: 9950506, 9513973

04

Sylhet Branch

Firoz Center (5th Floor), 891/Ka
Chouhatta, Sylhet Sadar-3100
Phone: 0821713896

05

Uttara Branch

Zeenat Center-2 (5th Floor), Plot No. 111/4
Road No.7, Sector No. 4, Uttara, Dhaka-1230
Phone: 8931893, 8931823

06

Gazipur Branch

Riaz Tower (4th Floor),
Chandana Chowrasta, Gazipur
Phone: 01674238506

07

Jashore Branch

Rashid Center (3rd Floor),
7/A RN Road, Jashore
Phone: 042166913, 042166914

CORPORATE PHILOSOPHY

Our customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through financial inclusion. With a firm commitment to provide better customer services, we are constantly developing innovative and technologically advanced products and services that satisfy our customers needs. We offer cutting-edge compensation package and good-work environment to our employees. We never forget our shareholders to make them pleased with financial well-being and increase the value their shares. This has given us a path to the growth and progress.

STRATEGIC OBJECTIVES



OUR CORPORATE PRIORITIES

- Managing adverse credit impacts
- Redesign/ enhance the digital experience
- Increase investment in innovation
- Enhance data analytics capabilities to identify customer needs
- Update/ replace components of a legacy operating system
- Invest in and/ or partner with alternative fintech providers
- Cost discipline through end-to-end process streamlining and organizational simplification
- Enhance data analytics capabilities to identify customer needs

FINANCIAL HIGHLIGHTS (SOLO)



TOTAL DEPOSITS



102-7

2021 - BDT 9,569 mn	2022 - BDT 9,862 mn	+3.07%
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LOAN, LEASE & ADVANCES



2021 - BDT 13,369 mn	2022 - BDT 13,700 mn	+2.47%
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NET INTEREST INCOME



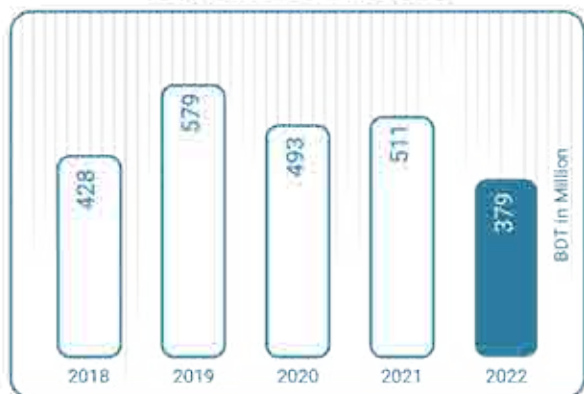
2021 - BDT 511 mn	2022 - BDT 379 mn	-25.93%
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OPERATING INCOME



2021 - BDT 890 mn	2022 - BDT 634 mn	-28.75%
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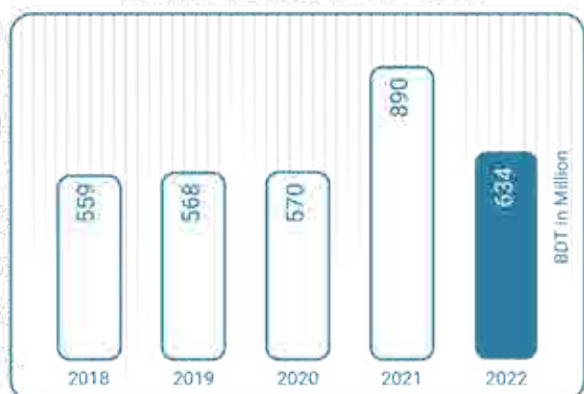
NET INTEREST INCOME



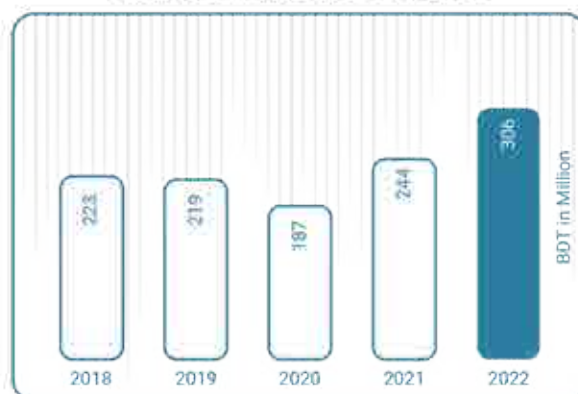
NIM (GROSS MARGIN RATIO) (%)



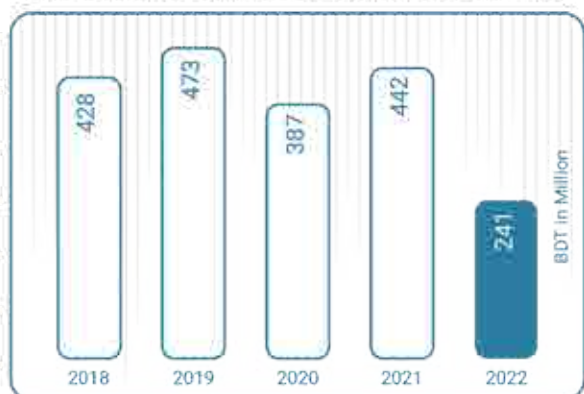
TOTAL OPERATING INCOME



TOTAL OPERATING EXPENSE



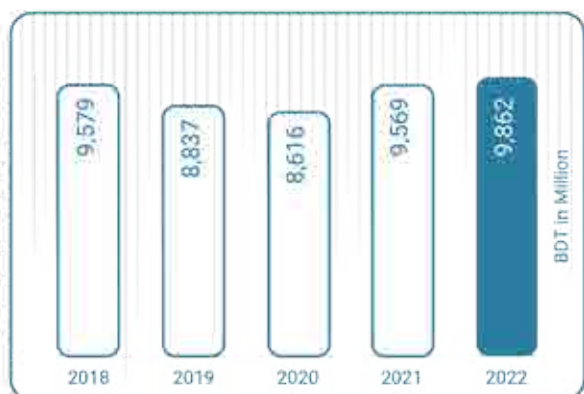
PROFIT BEFORE DEPRECIATION AND TAX



PROFIT AFTER TAX

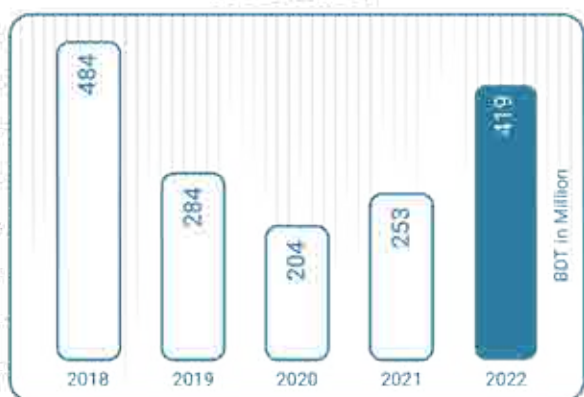
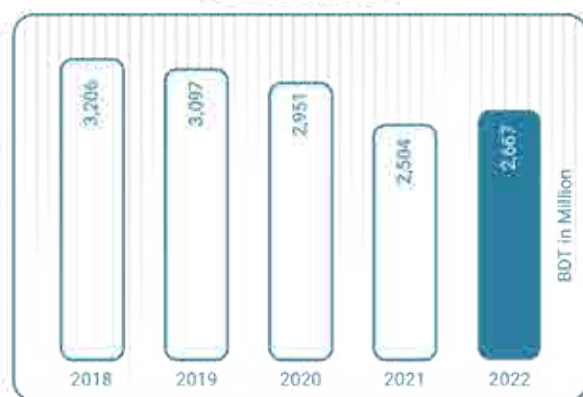
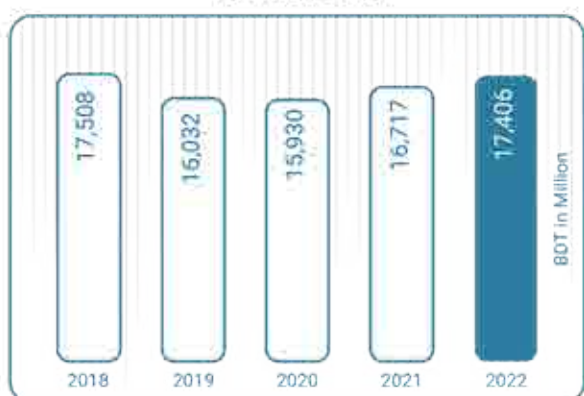
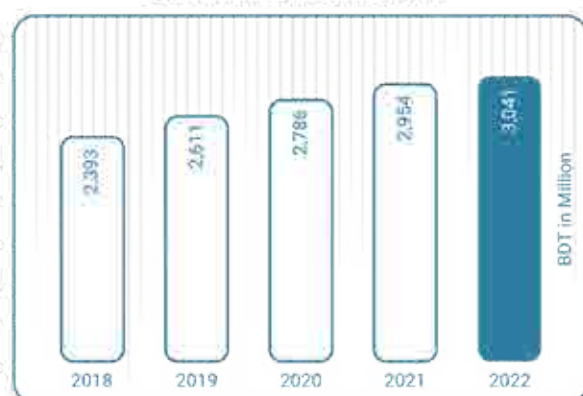
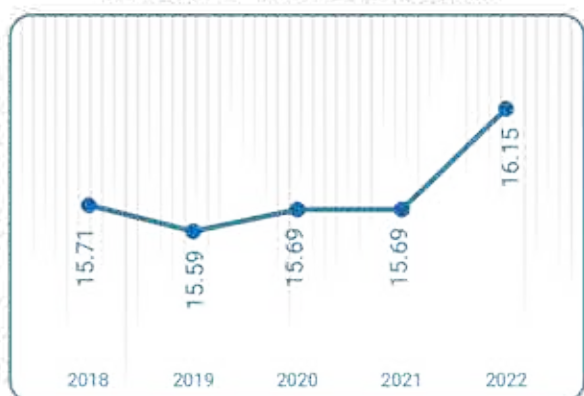
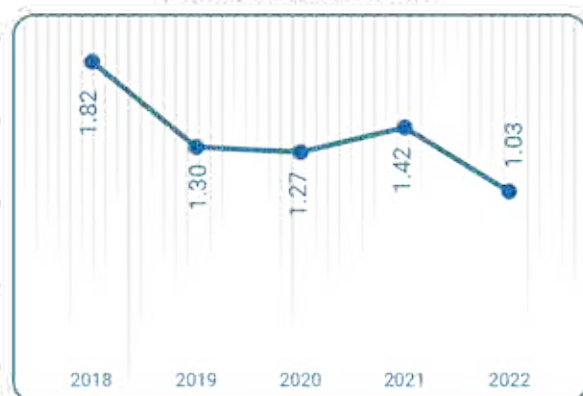
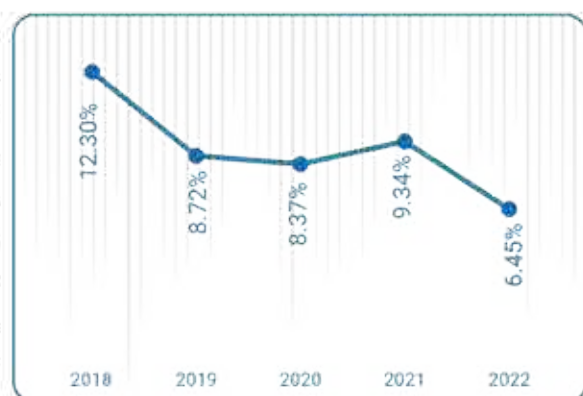


TOTAL DEPOSIT

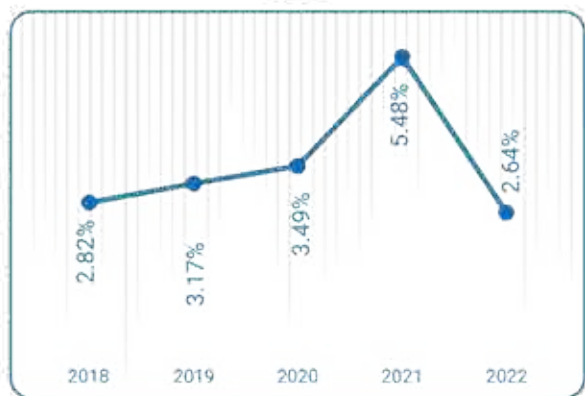


LOAN, LEASE & ADVANCES



INVESTMENT**BORROWINGS****TOTAL ASSET****SHAREHOLDER EQUITY****NET ASSET VALUE PER SHARE****EARNINGS PER SHARE****RETURN ON ASSETS****RETURN ON EQUITY**

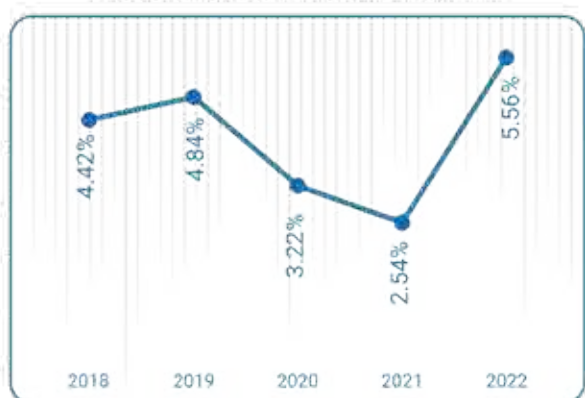
ROCE



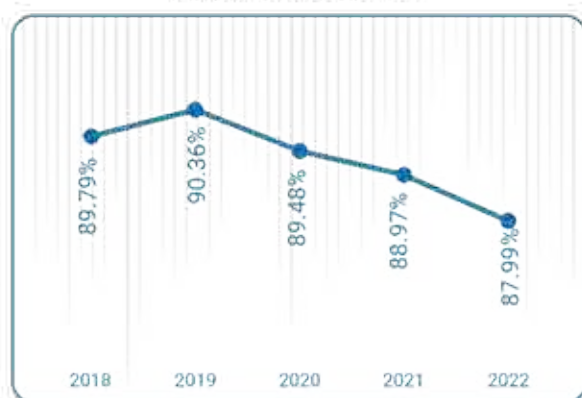
NOCFPS



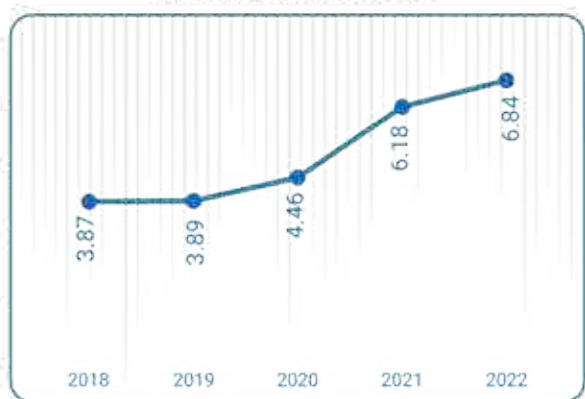
NON-PERFORMING LOAN RATIO



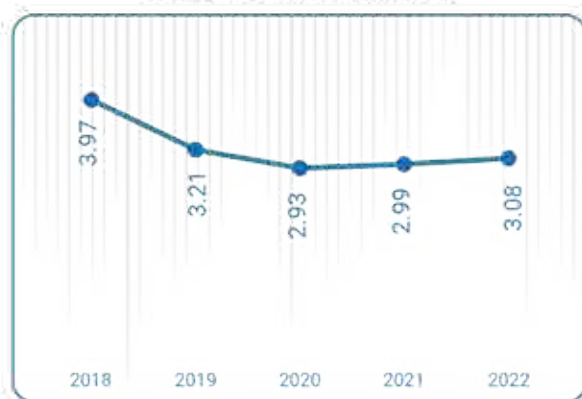
LOAN FUND RATIO



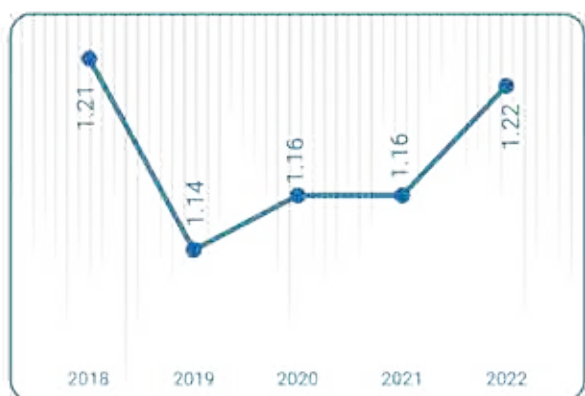
LIQUID ASSETS RATIO



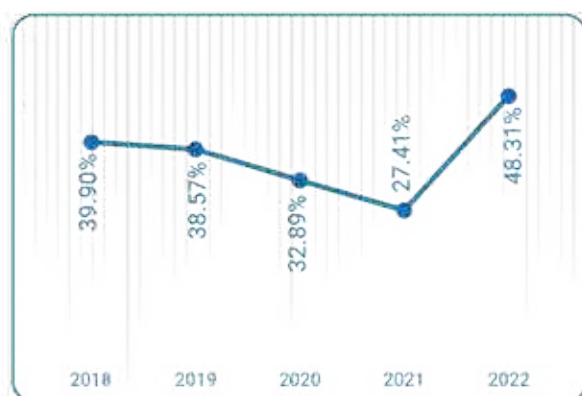
DEBT TO EQUITY RATIO



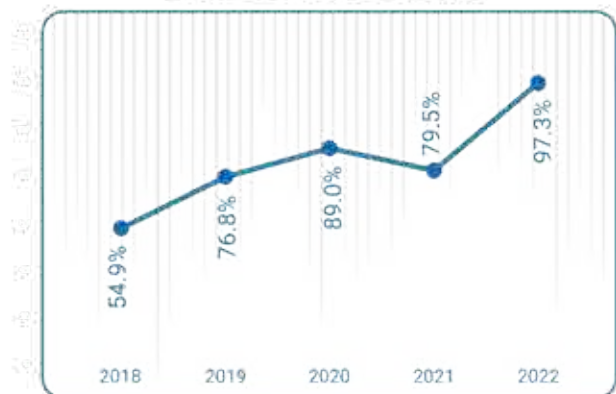
CURRENT RATIO



COST TO INCOME RATIO



DIVIDEND PAYOUT RATIO



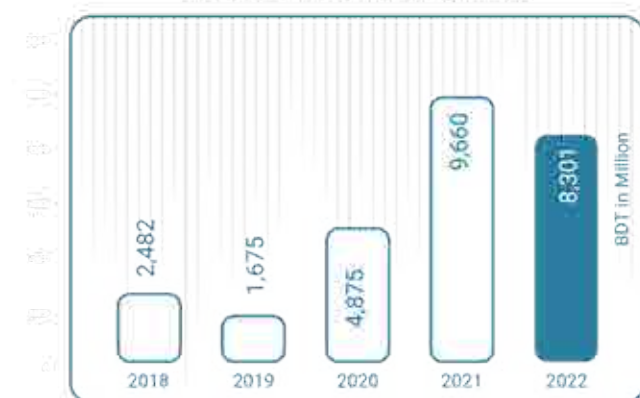
PRICE EARNING RATIO (TIMES)



YEAR END MARKET PRICE PER SHARE



MARKET CAPITALIZATION



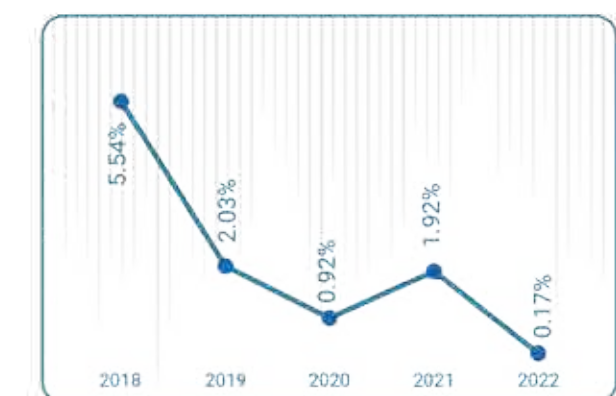
CAPITAL ADEQUACY RATIO



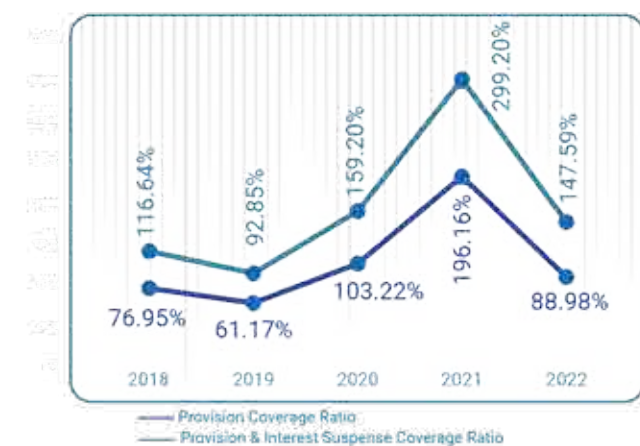
CET1 RATIO



ICGR



PROVISION COVERAGE RATIO



Bangladesh Finance Limited (Solo)

BDT in Million

	2018	2019	2020	2021	2022
PROFITABILITY					
Net Interest Income	428	579	493	511	379
NIM (Gross Profit Ratio)	2.83%	4.02%	3.55%	3.60%	2.53%
Total Operating Income	559	568	570	890	634
Total Operating Expense	223	219	187	244	306
Cost/Income Ratio (%)	39.90%	38.57%	32.89%	27.41%	48.31%
Profit Before Provision & Taxes	336	349	382	646	328
Profit Before Depreciation And Taxes	428	473	387	442	241
Profit Before Income Tax	396	423	345	403	196
Income Tax Expense (Net)	119	204	119	135	3
Net Profit After Tax	277	218	226	268	193
Net Profit Margin	14.99%	11.23%	13.61%	17.92%	14.06%
ASSET, LIABILITY & EQUITY					
Borrowings	3,206	3,097	2,951	2,504	2,667
Deposits	9,579	8,837	8,616	9,569	9,862
Loan, Lease & Advances	13,629	13,144	12,844	13,369	13,700
Investment	484	284	204	253	419
Total Assets	17,508	16,032	15,930	16,717	17,406
Loan Fund Ratio	89.79%	90.36%	89.48%	88.97%	87.99%
Loan To Deposit Ratio	142.28%	148.73%	149.06%	139.71%	138.91%
Investment To Asset Ratio	2.77%	1.77%	1.28%	1.51%	2.41%
Advance To Asset Ratio	77.84%	81.98%	80.63%	79.97%	78.71%
Large Loan Ratio	38.20%	43.02%	31.99%	30.77%	36.40%
Total Equity	2,393	2,611	2,786	2,954	3,041
INVESTOR INFORMATION					
Net Asset Value Per Share	15.71	15.59	15.69	15.69	16.15
Market Value Per Share	16.30	10.00	29.10	54.40	44.10
Earnings Per Share	1.82	1.30	1.27	1.42	1.03
Dividend Coverage (Times)	1.82	1.30	1.12	1.26	1.03
Dividend Payout Ratio (%)	54.9%	76.8%	89.0%	79.5%	97.3%
Dividend Per Share	1.00	1.00	1.20	1.20	1.00
Dividend Yield	6.1%	10.0%	4.1%	2.2%	2.27%
Market Capitalization	2,482	1,675	4,875	9,660	8,301
OTHER RATIOS					
Price Earnings Ratio	8.95	7.68	22.91	38.18	42.91
NOCFPS	1.56	0.69	1.40	5.74	1.12
Non-Performing Loan Ratio	4.42%	4.84%	3.22%	2.54%	5.56%
Liquid Assets Ratio	3.87%	3.89%	4.46%	6.18%	6.84%
Current Ratios	1.21	1.14	1.16	1.16	1.20
Debt To Equity Ratio (Leverage Ratio)	3.97	3.21	2.93	2.99	3.08
CREDIT RATING					
Long Term	A+	A+	AA-	AA-	AA
Short Term	ST-2	ST-2	ST-2	ST-2	ST-1
KEY PERFORMANCE INDICATOR					
ROA	1.56%	1.30%	1.41%	1.64%	1.13%
RRWA (Return on Average Risk Weighted Assets)	1.68%	1.31%	1.38%	1.66%	1.13%
ROE	12.30%	8.72%	8.37%	9.34%	6.45%
ROCE	2.82%	3.17%	3.49%	5.48%	2.64%
Capital Adequacy Ratio	15.46%	15.53%	16.57%	18.26%	17.75%
ICGR	5.54%	2.03%	0.92%	1.92%	0.17%
Provision Coverage Ratio	76.95%	61.17%	103.22%	196.16%	88.98%
Provision & Interest Suspense Coverage Ratio	116.34%	92.85%	159.20%	299.62%	147.59%

FINANCIAL HIGHLIGHTS (CONSO)



102-7

TOTAL DEPOSITS



2021 - BDT 9,569 mn	2022 - BDT 9,797 mn	+2.39%
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LOAN, LEASE & ADVANCES



2021 - BDT 13,692 mn	2022 - BDT 14,006 mn	+2.29%
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NET INTEREST INCOME



2021 - BDT 550 mn	2022 - BDT 419 mn	-23.75%
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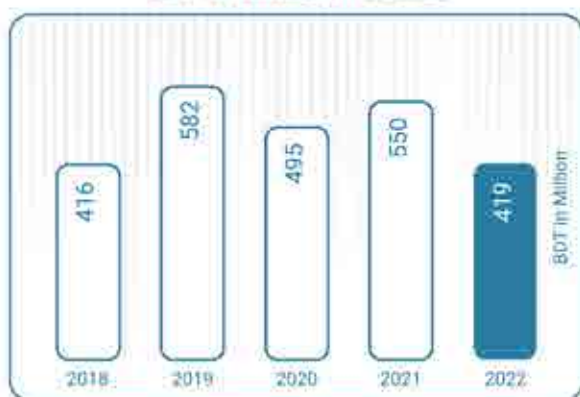
OPERATING INCOME



2021 - BDT 1,136 mn	2022 - BDT 898 mn	-21.00%
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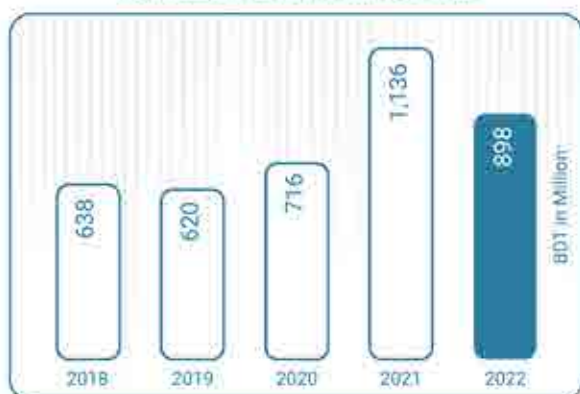
NET INTEREST INCOME



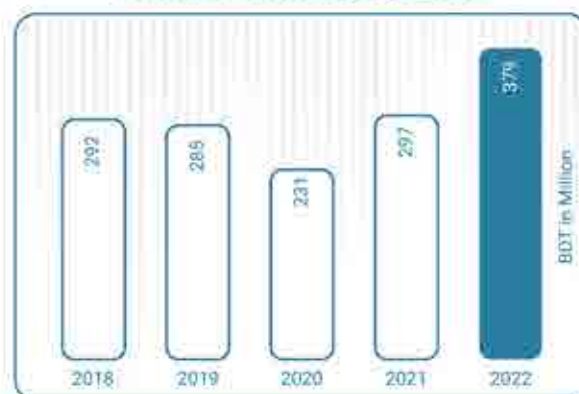
NIM (GROSS MARGIN RATIO) (%)



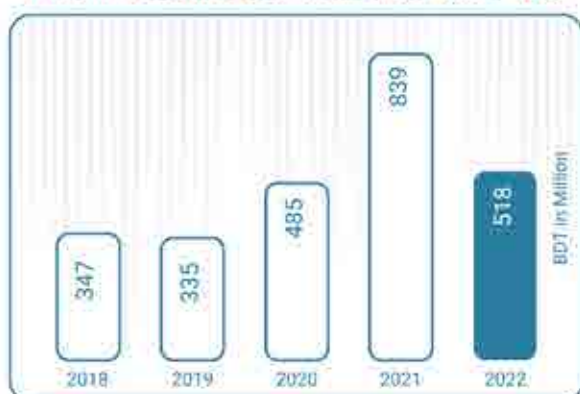
TOTAL OPERATING INCOME



TOTAL OPERATING EXPENSE



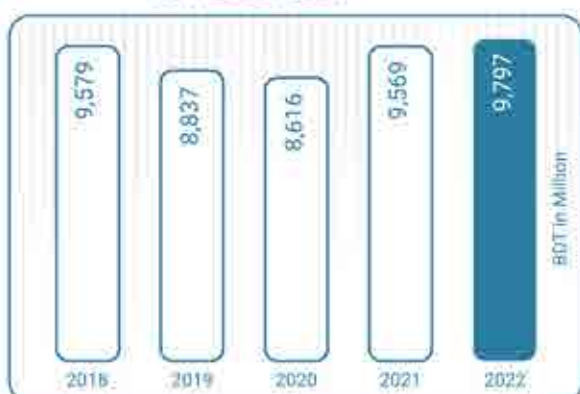
PROFIT BEFORE DEPRECIATION AND TAX



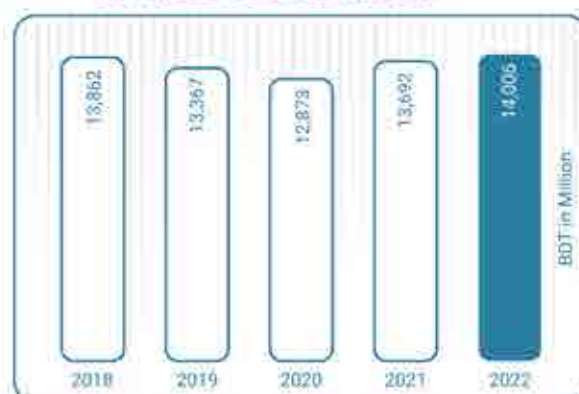
PROFIT AFTER TAX



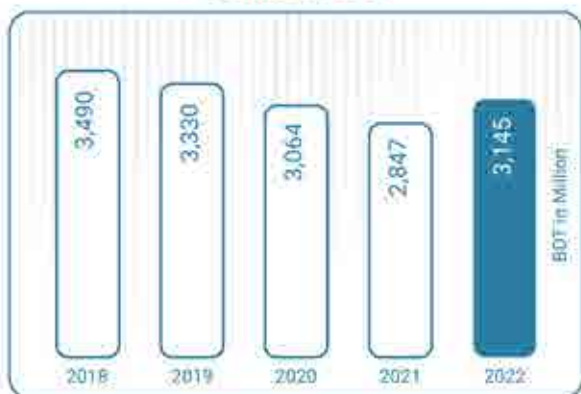
TOTAL DEPOSIT



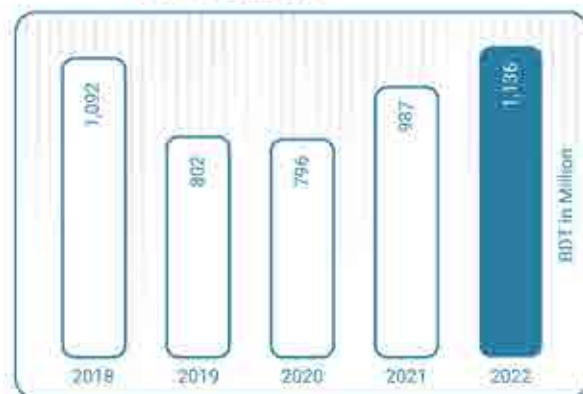
LOAN, LEASE & ADVANCES



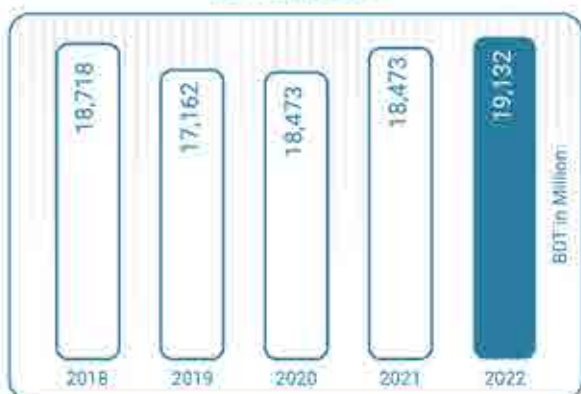
BORROWINGS



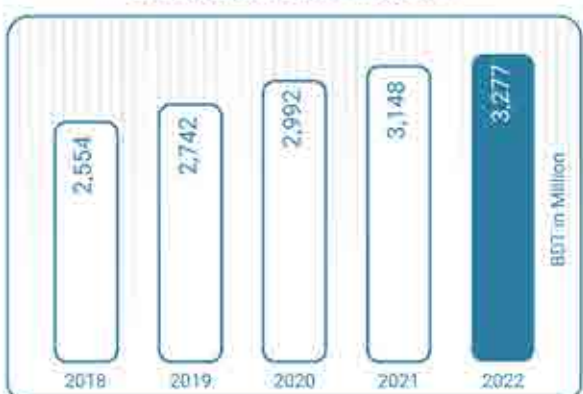
INVESTMENT



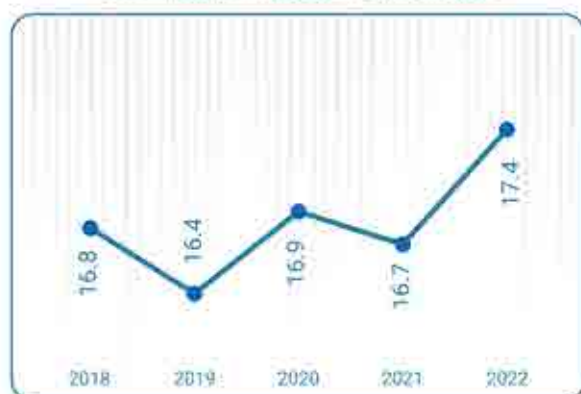
TOTAL ASSET



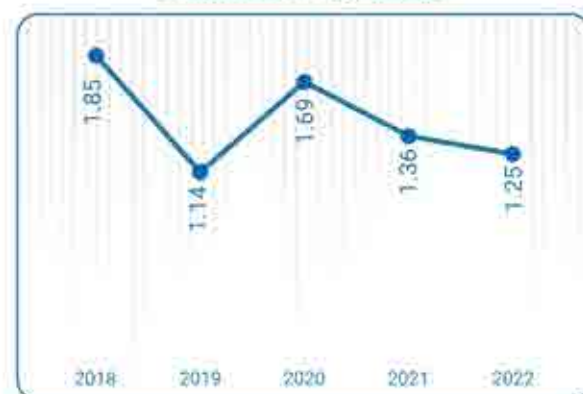
SHAREHOLDERS' EQUITY



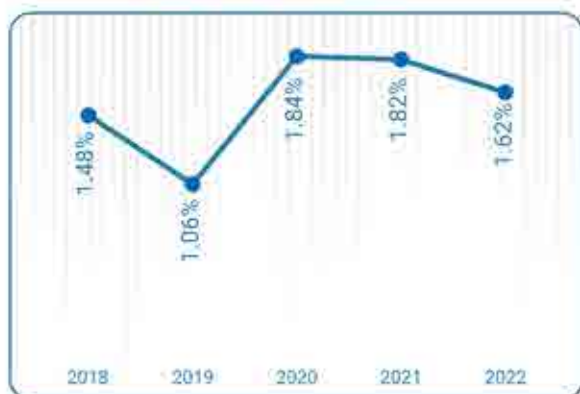
NET ASSET VALUE PER SHARE



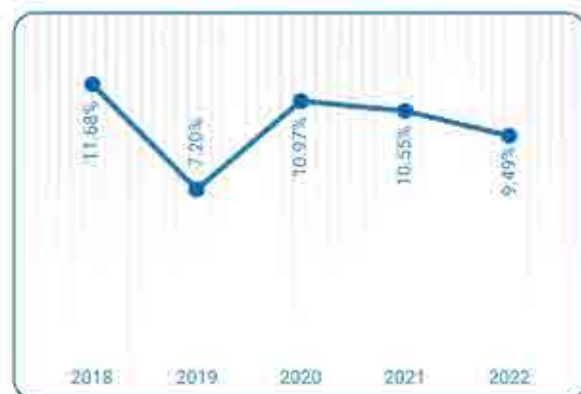
EARNINGS PER SHARE



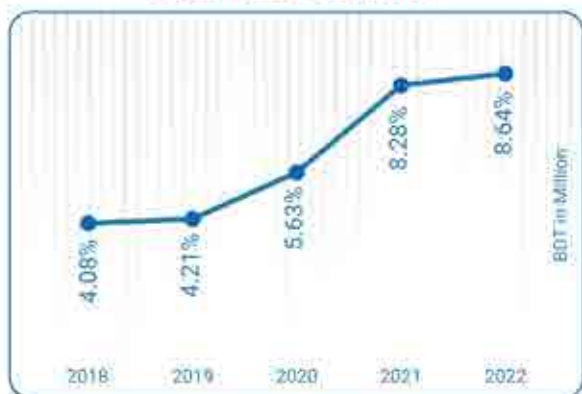
RETURN ON ASSETS



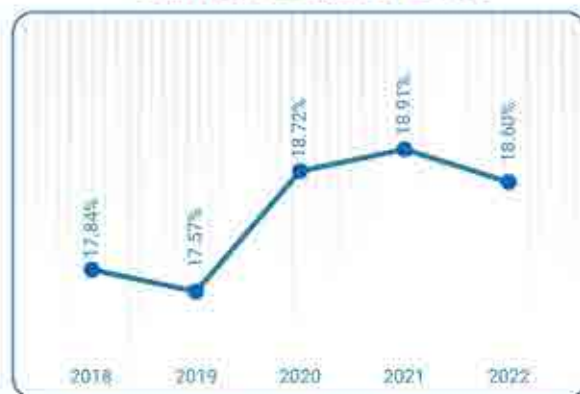
RETURN ON EQUITY



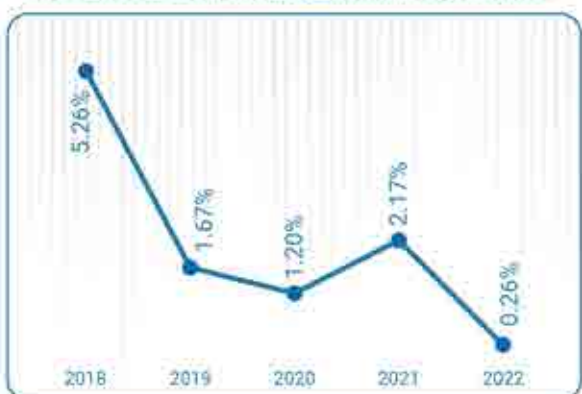
LIQUID ASSETS RATIO



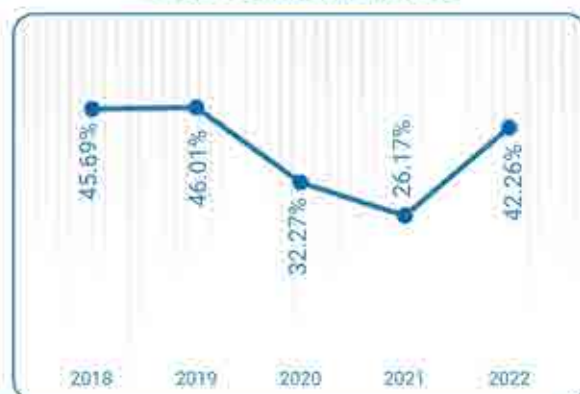
CAPITAL ADEQUACY RATIO



INTERNAL CAPITAL GENERATION RATIO



COST TO INCOME RATIO



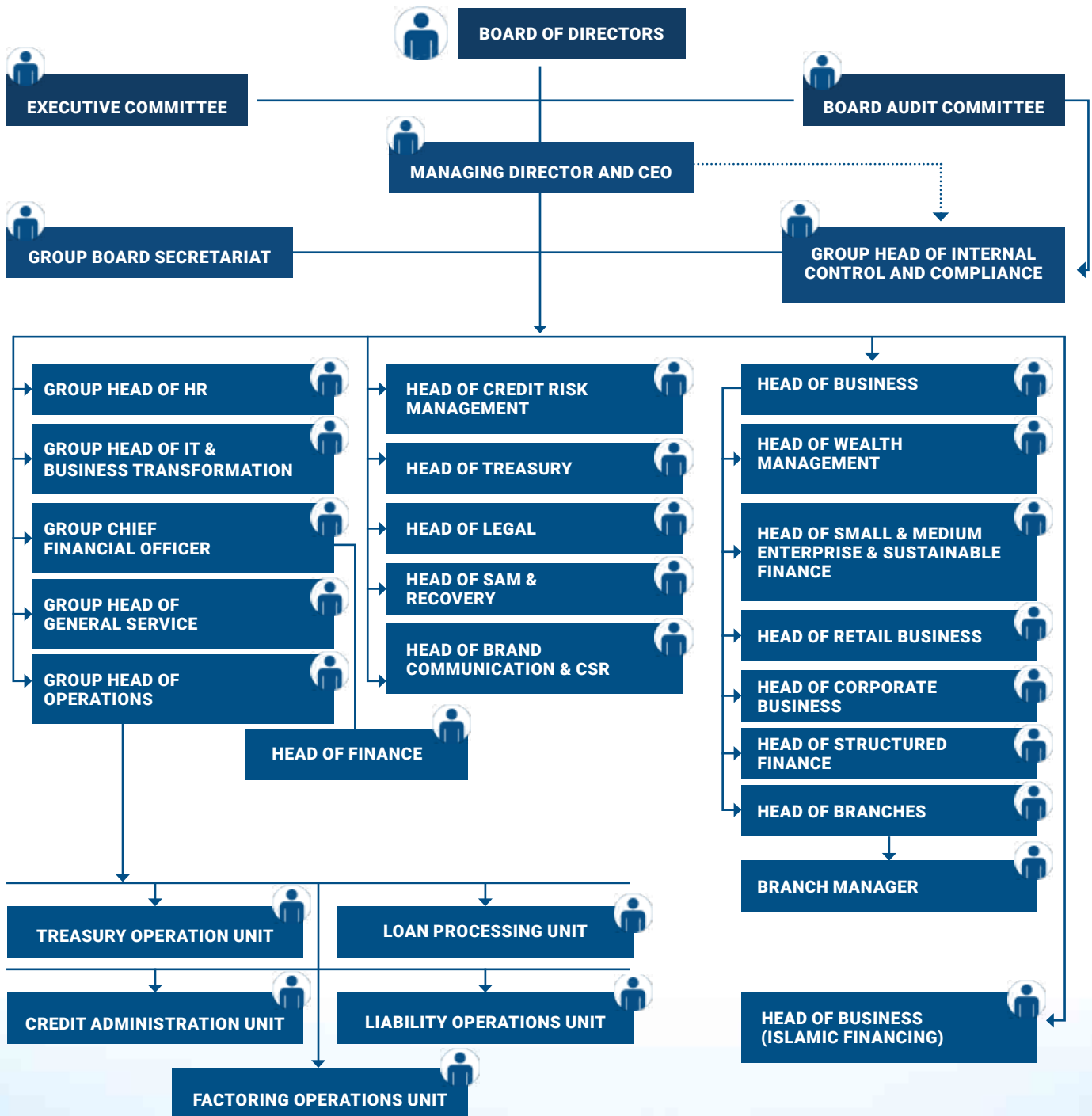
এখনই সময়

Bangladesh Finance Limited (Consolidated)

BDT in Million

	2018	2019	2020	2021	2022
PROFITABILITY					
Net Interest Income	416	582	495	550	419
NIM (%)	2.6%	3.8%	3.4%	3.6%	2.6%
Total Operating Income	638	620	716	1136	898
Total Operating Expense	292	285	231	297	379
Cost/Income Ratio (%)	45.69%	46.01%	32.27%	26.17%	42.26%
Profit Before Provision & Taxes	347	335	485	839	518
Profit Before Income Tax	417	407	451	523	313
Income Tax Expense (Net)	135	216	137	200	9
Net Profit After Tax	282	191	315	324	305
Net Profit Margin	14.96%	9.61%	18.63%	20.88%	21.04%
ASSET, LIABILITY & EQUITY					
Borrowings	3,490	3,330	3,064	2,847	3,145
Deposits	9,579	8,837	8,616	9,569	9,797
Total Liabilities	15,675	13,928	13,518	14,821	15,350
Loan Lease & Advances	13,862	13,367	12,873	13,692	14,006
Investment	1,092	806	796	987	1,136
Total Assets	18,718	17,162	17,016	18,473	19,132
Total Equity	2,554	2,742	2,992	3,148	3,277
INVESTOR INFORMATION					
Net Asset Value Per Share	16.77	16.37	16.85	16.72	17.41
Earnings Per Share	1.85	1.14	1.69	1.36	1.25
CREDIT RATING					
Long Term	A+	A+	AA-	AA-	AA
Short Term	ST-2	ST-2	ST-2	ST-2	ST-1
KEY PERFORMANCE INDICATOR					
ROA	1.48%	1.06%	1.84%	1.82%	1.62%
RRWA (Return on Average Risk Weighted Assets)	1.57%	1.04%	1.72%	1.66%	1.48%
ROE	11.68%	7.20%	10.97%	10.55%	9.49%
Capital Adequacy Ratio	17.8%	17.6%	18.7%	18.9%	18.6%
ICGR	5.3%	1.7%	1.2%	2.2%	0.26%
Liquid Assets Ratio	4.08%	4.21%	5.63%	8.28%	8.64%

CORPORATE ORGANOGRAM



DIRECTORS' PROFILE



MR. MANWAR HOSSAIN CHAIRMAN

As Group Chairman, Mr. Manwar Hossain leads Anwar Group of Industries, a conglomerate with a 180 years' legacy. Largely shaped by his father, the legendary business philanthropist, Al-Hajj Anwar Hossain. Anwar Group is now recognized and the 'Dun and Bradstreet' awarded the most diversified business conglomerate in Bangladesh.

Mr. Manwar Hossain began his business career in the Group in 1994 after completing his BBA and MBA from the University of New Hampshire, USA. Apart from the Anwar Group of Industries, Mr. Hossain is also a Director of Modhumoti Bank Limited. He was also a former Director of Bangladesh Commerce Bank Limited and Vice-chairman of City Bank Limited.

Mr. Manwar Hossain has played a vital role as a Director of the Dhaka Chamber of Commerce & Industry (DCCI). He leads the steel and cement sectors of Bangladesh as the President of the 'Steel Manufacturers of Association of Bangladesh' and

Senior Vice President of 'Bangladesh Cement Manufacturers Association (BCMA)'. He is a member of Dhaka Club Limited, North Gulshan Club, Army Golf Club Limited, Kurmitola Golf Club Limited, and American Alumni Association (AAA).



MR. IQBAL UDDIN AHMED INDEPENDENT DIRECTOR, VICE-CHAIRMAN

Mr. Iqbal Uddin Ahmed, a veteran banker with 36 years of experience, served as the Managing Director and advisor of renowned institutions including Trust Bank Limited and NRB Bank Limited.

Mr. Ahmed joined Trust Bank Limited on August 03, 2003 and assumed responsibility as the Managing Director from August 07, 2003 and served up to November 02, 2009. In his tenure, he made significant modifications to the bank's financial system and reorganized its corporate structure.

He received his B.COM (Hons) from the University of Dhaka in 1970 and his M.COM (Management) from the same institution in 1971 (examination held in 1973). He completed his HSC from Government Dhaka College in 1967 and his SSC from Tejgaon Polytechnic High School in 1965.

He attended several training programs and seminars in Banking law and practice at home and abroad. He participated in the USAID-sponsored FSRP program and seminar on Credit Analysis in 1994 held at the Citibank School of Banking, New York. In addition, he also took part in Retail Banking seminar in 2002 jointly organized by "Lafartee" UK and the Bank Administration Institute (BAI) USA, held in Singapore focusing on future banking.

He is a widely traveled person and visited many countries like the USA, Canada, China, India, KSA, Italy, Greece, Oman, Malaysia, Thailand, Singapore, the United Arab Emirates and the United Kingdom.

Mr. Ahmed received appreciation for "Managing Core Risk in Banking" Project from Bangladesh Bank in 2003. He also received Gold Medal-2007 from Dhaka Post (an exclusive international weekly). Best Banker Award-2008 from International Islamic University Chittagong. "শুণিজন সন্মাননা" from Dhaka Commerce College in 2014 and Mother Teresa Golden Award Tribute-2015 from Bangladesh Foundation Global Human Rights Organization.



MR. MD. ASADUZZAMAN KHAN

**DIRECTOR, CHAIRMAN OF EC AND
MEMBER OF AUDIT COMMITTEE**

Mr. Md. Asaduzzaman Khan is a professional with more than 46 years of experience with Central Bank, Commercial Bank, Financial Institutions as well as with credit rating agency of the country. As Executive Director of Bangladesh Bank he was in charge of important departments like Banking Regulation and Policy Department (BRPD), Foreign Exchange Inspection Department, Vigilance Department, Department of Banking Inspection, Money Laundering Prevention Department etc. While in central bank, he also served the problem-ridden The Oriental Bank Limited (now ICB Islamic Bank) as Administrator/ Managing Director from July 2006 to March 2008. Retiring from the Central Bank in 2008 he served the Industrial and Infrastructure Development Finance Company (IIDFC), a leading non-bank financial institution, as Managing Director for about 10 years. Currently, Mr. Khan is working as the Chief Executive Officer of CRISL, a leading Credit Rating Agency in the country. He attended many seminars and training programs at home and abroad during his long career in the central bank and financial institutions.



MR. MD. ROKONUZZAMAN FCA

**INDEPENDENT DIRECTOR,
CHAIRMAN OF AUDIT COMMITTEE**

Mr. Rokonuzzaman FCA is serving as Country Managing Director in a German-based multinational company, AMANN Bangladesh Limited. He graduated with a Bachelor of Business Administration (major in Accounting & Information Systems) from the University of Dhaka and qualified as a Chartered Accountant from the Institute of Chartered Accountants of Bangladesh (ICAB). He also qualified as a Chartered Accountant from the world's prestigious Institute - Institute of Chartered Accountants in England & Wales (ICAEW). One of the youngest CEOs working in an MNC in Bangladesh, Mr. Rokonuzzaman is leading AMANN Bangladesh since October 2016. Before his elevation, he held the position of Finance Director & Company Secretary since the inception of the Company in Bangladesh. His dynamic leadership has helped AMANN to position a strong foothold in the Sewing Threads Industry in Bangladesh in a very short period. Mr. Rokonuzzaman has wider experience in working in reputed multinationals and local companies in different capacities. He previously worked for Coats, Robi Axiata, and Pran-RFL Group. He is the Chairman of the Audit Committee of Bangladesh Finance.



MR. MAHTAB UDDIN AHMED

DIRECTOR

Mr. Mahtab Uddin Ahmed is an accomplished executive with 30yr + proven track records in Large MNCs across different industries - Financial, Consumer goods, and Telecommunication. He has 02 decades of the C-suite leadership role in managing operations, budgeting, oversight, P&L, leading multi-million-dollar merger implementation and managing successful dual brands. He is a result-oriented, decisive leader with proven success in new market identification, and strategic positioning for a multi-billion-dollar worth of leading telecommunication firm. Mr. Mahtab passed both Honors and Masters in Accounting from the University of Dhaka with distinction. He is an FCMA (completed CMA from ICMAB in 1992) and CGMA (Certified Global Management Accountant) and got his fellow membership from the Chartered Institute of Management Accountants in 2014.

He is a distinct corporate leader with a stellar reputation built over three decades. After almost two decades of successfully working with Unilever, he joined the telecom sector. He became Robi's CEO, the first in the history of Bangladesh for a local citizen to take the top job of a multinational telecom company.

Currently, he serves the consultancy services- as the Chairman and Advisor of Welink Ventures Ltd. (an HR consultancy firm capable of providing Managed HR services and Payroll management digital solutions) and Founder & MD of BuildCon Consultancies Ltd. (a consultancy company).



MR. FURKAAN MUHAMMAD N HOSSAIN

DIRECTOR, MEMBER OF EXECUTIVE COMMITTEE AND AUDIT COMMITTEE

Mr. Furkaan is playing the role as the Deputy Managing Director of Anwar Cement Ltd. in addition, he is the Director of Anwar Enterprise System Ltd. Anwar Galvanizing Ltd. and associated with other different concerns of Anwar Group of Industries. Mr. Furkaan completed his BBA from the University of British Columbia and completed his Masters in Computer Science from Colorado State University USA. Along with this marvelous identity, Mr. Furkaan is the first grandson of legendary business icon of Bangladesh Late Al-hajj Anwar Hossain.

Mr. Furkaan Muhammad N Hossain is a young entrepreneur having expertise in different fields especially in information and Communication Technology. Besides, he is involved with so many social and community development related voluntary and philanthropic activities.



MR. IMTIYAJ YOUSUF
DIRECTOR

Mr. Imtiyaj Yousuf is a new generation business entrepreneur. As a member of a reputed business-oriented family, Mr. Imtiyaj had the opportunity to observe and understand the business process at an early age. He is the proprietor of Amaya Trading. He is also involved in the automobile business for the last few years.



MR. IHTIAZ YOUSUF
DIRECTOR

Mr. Ihtiaz Yousuf is a young business entrepreneur in the Steel Industry. Mr. Ihtiaz comes from a reputed family with having a business heritage. He has completed his Bachelor of Business Administration (BBA) from the London School of Commerce (UWTSD). He has a passion for gathering knowledge and learning new skills.



MR. YOUSUF AMAN
DIRECTOR, MEMBER OF AUDIT COMMITTEE

Mr. Yousuf Aman holds a B.A. (Hon's) degree in Business with a major in Marketing under the University of West London. He has worked for A S Watson Group, in the United Kingdom. After returning to Bangladesh, Mr. Aman started his career in the renowned textile sector. From the year 2012, he has been a restaurateur. He is now involved with the business activities under various concerns of Anwar Group of Industries.



MS. SHAHNAZ RASHID

DIRECTOR

Ms. Shahnaz Rashid is a graduate and is associated with the business activities of Anwar Group of Industries for a long time. During this time, she has gathered much knowledge about different aspects of successful business operations. She is also involved with various educational and social activities.

*Recently the nomination of Ms. Shahnaz Rashid has been replaced.



MR. MD. KYSER HAMID

MANAGING DIRECTOR & CEO

Md. Kyser Hamid is leading Bangladesh Finance as Managing Director and CEO with 18 years of experience working in Bangladesh's financial services industry. He is widely recognized and highly acclaimed across the financial sector for being the architect of Bangladesh Finance's meteoric rise over the past three years. Under his able leadership Bangladesh Finance already became an AA credit rated organization from just a single A band organization, in the last three years Bangladesh Finance has achieved ICAB Award, ICSB Award, SAFA Award, Most Sustainable Financial Institution Award & many other recognitions. He took the flagship initiative of rebranding the company as Bangladesh Finance in 2021 after twenty two years since its inception and started the Shariah Based Islamic Wing. Collaborating with multiple businesses and serving the rural segment focusing on Fin-tech, Agri-tech & SME was the most successful decision that helped to lift up the face of Bangladesh Finance. He is well-known for transforming BRAC Bank's retail business while serving as the bank's Head of Retail Sales and Regional Distribution. He was instrumental in building a robust customer base and a reliable business model at IDLC

Finance & DBH. For both the organization he was the change agent. His strong understanding of business and viable implementation of strategic business initiatives helped the organizations to on board a faster growth.

He played a key role in developing IPDC into a AAA-rated and greatest financial institution in the country while serving as Deputy Managing Director. He has a North South University MBA in Marketing and a University of Dhaka BBA majoring in Accounting and Information Systems degree.



BANGLADESH FINANCE

THE CHAMPION

IN OVERALL CATEGORIES OF SAFA AWARD 2021
FOR THE BEST PRESENTED ANNUAL REPORT

MANAGEMENT PROFILE



202-2



MD. KYSER HAMID MANAGING DIRECTOR & CEO

Md. Kyser Hamid is leading Bangladesh Finance as Managing Director and CEO with 18 years of experience working in Bangladesh's financial services industry. He is widely recognized and highly acclaimed across the financial sector for being the architect of Bangladesh Finance's meteoric rise over the past three years. Under his able leadership Bangladesh Finance already became an AA credit rated organization from just a single A band organization, in the last three years Bangladesh Finance has achieved ICAB Award, ICSB Award, SAFA Award, Most Sustainable Financial Institution Award & many other recognitions. He took the flagship initiative of rebranding the company as Bangladesh Finance in 2021 after twenty two years since its inception and started the Shariah Based Islamic Wing. Along with all these he played a crucial role in inventing new business opportunities and ensuring sustainable growth. Collaborating with multiple businesses and serving the rural segment focusing on Fin-tech, Agri-tech & SME was the

most successful decision that helped to lift up the face of Bangladesh Finance. He is well-known for transforming BRAC Bank's retail business while serving as the bank's Head of Retail Sales and Regional Distribution. During his tenure, Brac Bank enjoyed the massive growth of retail business which contributed a significant portion in the balance sheet. He was instrumental in building a robust customer base and a reliable business model at IDLC Finance & DBH. For both the organization he was the change agent. His strong understanding of business and viable implementation of strategic business initiatives helped the organizations to on board a faster growth.

He played a key role in developing IPDC into a AAA-rated and greatest financial institution in the country while serving as Deputy Managing Director. He has a North South University MBA in Marketing and a University of Dhaka BBA majoring in Accounting and Information Systems degree. In India, Malaysia, and Singapore, he received a wide range of training. He also took part in a number of knowledge-sharing forums and business visits in South Asia, the Middle East, Asia Pacific, UK & USA.

Along with this glorious corporate career Mr. Kyser also contributed to many financial and social welfare entities. Currently he's an Executive Committee Member of Bangladesh Association of Publicly Listed Companies (BAPLC) and key contributor for the interest of publicly listed companies, Standing Committee Member of FBCCI on NBFIs, Vice Chairman of BLFCA (Bangladesh Leasing & Finance Companies Association), a veteran rotary member (PHF) and contributing significantly for the social well-being of the country. He also was a visiting professor and adjunct faculty member for ASA university & BGMEA university for 5 years.



MD. SAJJADUR RAHMAN BHUIYAN GROUP CHIEF FINANCIAL OFFICER

Mr. Sajjadur Rahman Bhuiyan has about 16 years of experience in Finance and Accounts, Internal Control & Compliance, Planning & Budgeting, and Risk Management in financial institutions. He joined Bangladesh Finance in 2007 and worked in various roles before taking the responsibility of Chief Financial Officer in 2015. He is also the Chief Anti Money Laundering Compliance Officer (CAMLCO) of Bangladesh Finance. Before joining Bangladesh Finance, Mr. Bhuiyan worked with Hoda Vasi Chowdhury & Company (Chartered Accountants) as an Audit supervisor.

His essential expertise includes Financial Reporting and Financial Management, Strategic Planning and Forecasting, Financial & Business Analysis, Control & Compliance, Policy Development, etc. Mr. Bhuiyan obtained his post-graduation degree in Accounting from Dhaka College. He has vast experience in Financial Analysis, Internal Control & Compliance, Tax & VAT, Credit Risk Management, Asset Liability Management, AML/CFT, etc.



MD. RAFIQL AMIN

GROUP HEAD OF OPERATIONS

Mr. Md. Rafiqul Amin has over 19 years of experience in NBFIs. He began his journey with Bangladesh Finance in 2004 in the Accounts & Finance department, played a pivotal role there, and subsequently became Head of FAD.

The homegrown talent of Bangladesh Finance took over the charge of the Operations team in 2019. He has vast expertise in Process Development, Project Implementation (i.e., CBS), Strategic Planning, Credit Administration, Loan Processing, Liability Operation, Channel Financing, Regulatory Compliance. Mr. Amin completed his BBA & MBA in Accounting & Information Systems from the University of Dhaka.



MUNSHI ABU NAIM

GROUP COMPANY SECRETARY

Mr. Munshi Abu Naim has more than 16 years of working experience at home and abroad in different fields like customer service, accounts, auditing, taxation, and secretarial activities. He worked for J Sainsbury's Plc, a reputed public limited company in the United Kingdom, before joining Bangladesh Finance.

Mr. Naim completed his PGD from Anglia Ruskin University, UK and MBA in Accounting and Information System from the University of Dhaka. He is an associate member of the Institute of Chartered Secretaries of Bangladesh (ICSB).



AHASHANUZZAMAN SHUJAN

GROUP HEAD OF HUMAN RESOURCES

Mr. Ahashanuzzaman Shujan has over 13 years of experience in Human Resource Management in different industries. He joined Bangladesh Finance in 2019; before this, he has accomplished multiple positions at renowned companies such as IPDC Finance Limited, JITA Bangladesh, Double-A International Network Co. Ltd, Kenpark Bangladesh Ltd, and Global Strategy Exchange.

Mr. Shujan completed his BBA and MBA in Finance & Banking from the University of Chittagong, completed his PGD in HRM from the Bangladesh Institute of Management. Mr. Shujan has remarkable experience in Performance Management Systems, Employer Branding, Talent Acquisition, HRIS, HRBP, Training & Development, and Policy Process development. He has attended and conducted many training programs, workshops, seminars, and conferences on Human Resource Management in his career.



SUMAN KUMAR KUNDU

CHIEF RISK OFFICER

Mr. Suman Kumar Kundu has over 14 years of experience in Credit Risk Management and Business analysis in financial service-providing industries. He joined Bangladesh Finance in 2016. Before taking over the charge of the Credit Risk Management Division in Bangladesh Finance, he has accomplished his different roles in Alliance Financial Services Limited (AFSL) and Credit Rating Information and Services Limited (CRISL).

Having a sound academic track record, Mr. Kundu completed his BBA and MBA in Finance from the University of Dhaka. He has also completed his LLB, Chartered Financial Analyst (Level – I) and Chartered Secretary (Executive Level – II). He attended many training programs, workshops, seminars, and conferences on Financial Analysis and Credit Risk Management.



MD. JUBRAJ HOSSAIN

HEAD OF TREASURY

Md. Jubraj Hossain joined as Head of Treasury of Bangladesh Finance Ltd in November, 2021. He worked at Delta Brac Housing Finance Corporation Ltd from September, 2010 to November 11, 2021 and also worked at VIPB Asset Management Company Ltd from July, 2009 to August, 2010. Mr. Jubraj has more than 13 years of experience in treasury and investment segment. He worked extensively with Bangladesh Bank, other reputed local and international organizations for ensuring good practice in treasury, fund management and investment. In his new role Mr. Jubraj is leading Bangladesh Finance Ltd's next phase of growth in treasury and fund management segment as the company solidified its position as a compiled and transparent financial institution and achieved tremendous growth.

Mr. Jubraj completed his BBA and MBA with a major in Finance from University of Dhaka. He managed lots of important functional areas

covering Treasury function, Portfolio Management, Investment and Risk Management during his long association with DBH. Mr. Jubraj attended various trainings and workshops on Treasury, Bond Market Development, Risk Management, BASEL II and Stress Testing etc. He is a sports lover and his other interest area is traveling.



MD. ANWAR HOSSAIN

HEAD OF SAM & MONITORING

Mr. Md. Anwar Hossain has over 25 years of banking experience with 14 years in the area of Special Asset Management in the financial industry. He joined Bangladesh Finance in 2020. Before taking over the charge of Special Asset Management and Recovery, he has successfully accomplished his roles as head of Special Asset Management in NRB Bank and Head of Recovery Division in Prime Bank Limited.

Having a sound academic track record, Mr. Anwar completed his MA from National University and MBA from Newcastle University. Mr. Anwar is also enrolled as an Advocate and member of Dhaka Bar Association. He attended and conducted many training programs, workshops, seminars, and conferences on Special Asset Management.



MUNSHI MD. ASHFAQUL ALAM

HEAD OF ISLAMIC WING

Mr. Munshi Md. Ashfaquul Alam has more than 16 years of experience in Banking and Financial Institutions. Currently, he is working as a member of the Shari'ah Supervisory Committee of Bangladesh Finance Islamic wing and Head of the Islamic Finance Division.

He has an outstanding record of professional excellence in several Banks and Financial Institutions both at home and abroad. His areas of expertise are in Islamic finance, Branch Banking, inward foreign remittance business, correspondent banking, channel development, sales force management, and investment risk management. Mr. Munshi's previous employers include with others Social Islami Bank Ltd., Jamuna Bank Ltd., BRAC Bank Ltd., Asia Exchange Centre LLC.UAE, UAE Exchange Centre LLC. UAE, Atish Dipankar University of Science and Technology and University of Information Technology & Sciences. He has obtained his MBA and BBA both from

Department of Accounting & Information Systems- University of Dhaka. Mr. Munshi is a Certified Shari'ah Advisor & Auditor (CSAA) from AAOIFI (Accounting & Auditing Organization for Islamic Financial Institutions, Bahrain). He is also a Certified Islamic Banking & Finance Professional (CIBFP) from BIBM (Bangladesh Institute of Bank Management).



AHM NAZMUL HASAN

MANAGING DIRECTOR & CEO

BANGLADESH FINANCE SECURITIES LIMITED

Mr. Hasan is a veteran with an experience of 22 years in the financial industry, during this glorious career he has served the capital market industry for almost 16 years. Before joining Bangladesh Finance Securities Limited as the Managing Director and CEO, Mr. Hasan worked at IDLC Securities Limited as the Head of Operations. He is well-known in Bangladesh's capital market industry for his dynamic leadership. He is highly renowned for his ability to transform organizations through design and implementation, policies and procedures, business process re-engineering, fin-tech, risk management, margin management, product and process development, and so on. Mr. Hasan graduated from Delhi University and earned his MBA from the University of Dhaka.



SUMIT PODDER

MANAGING DIRECTOR & CEO

BANGLADESH FINANCE CAPITAL LIMITED

Mr. Sumit Podder, Managing Director & CEO of Bangladesh Finance Capital Limited, has over 13 years specializes in advising clients on transactions involving Portfolio Management, M&A, capital raising initial public offerings (IPOs), restructuring transactions and debt and equity financings. He has extensive experience advising on a variety of transactions across technology, telecom, Banks & NBFIs, power, industrials, real estate, manufacturing and consumer sectors.

Prior to joining Bangladesh Finance Capital Limited, Mr. Sumit worked in the Head of Structured Finance at Bangladesh Finance Limited. He previously held Head of Corporate Advisory roles at City Bank Capital Limited. He worked at River Stone Capital Limited, Alliance Financial Services Limited, and Alliance Securities and Management Limited.



We Mourn

Mr. Geasuddin Ahmed

Director & Member of Executive Committee
Bangladesh Finance Limited



**WE PRAY FOR HIS
DEPARTED SOUL**



**বরকতময় সঞ্চয় দিয়ে
সত্যি হোক হজ পালনের স্বপ্ন**



অনেকক্ষণের ফলস্বরূপ
কচন অনুপাত



১-১০ বছর মেয়াদি
সঞ্চয় হিসাব



হজ পালনের জন্য One Stop
Agency Service প্রদান





মুদারাবাহ্
টিডিআর

বরকতময় আয় আসবে ঘরে
শরিয়াহ্ভিত্তিক সঞ্চয়ে

LEADERSHIP TEAM



FRONT ROW (LEFT)

1. MD. SAJJADUR RAHMAN BHUIYAN 2. ANWAR HOSSAIN 3. MD. RAFIQL AMIN

MIDDLE ROW (LEFT)

1. AHASHANUZZAMAN SHUJAN 2. SUMAN KUMAR KUNDU 3. MUNSHI ABU NAIM 4. MOHAMMAD MASUD RANA

STANDING (LEFT)

1. MD. ASHIKUR RAHMAN 2. MUNSHI MD ASHFAQUL ALAM 3. MD. JUBRAJ HOSSAIN



FRONT ROW (LEFT)

1. SUMIT PODDER 2. MD. KYSER HAMID 3. AHM NAZMUL HASAN

STANDING (LEFT)

1. MOHAMMAD ABU OBAYED 2. MD. EMRAN HOSSAIN 3. AMITAV DEB NATH 4. M. KOHINOOR HOSSAIN 5. FIROZ HASAN SIDDIQUEE

MANWAR HOSSAIN

CHAIRMAN, BANGLADESH FINANCE LIMITED



CHAIRMAN'S MESSAGE

Dear Valued Stakeholders

Assalamualaikum,

I am delighted to welcome you all to the 24th Annual General Meeting of Bangladesh Finance Limited. I am honored to share with you the annual report of Bangladesh Finance Limited and the Audited Financial Statements for the year that concluded on December 31, 2022.

Economic Context

A more significant than anticipated decline in global economic activity is currently taking place, and inflation is at its highest level in many years. The prognosis is adversely impacted by the rising cost of living, tightening financial conditions across the board, Russia's invasion of Ukraine, and the persisting COVID-19 pandemic. From 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023, global growth is anticipated to decline. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. The goal of fiscal policy should be to reduce cost-of-living pressures while keeping a sufficiently restrictive posture in line with monetary policy. Monetary policy should continue its current trajectory to restore price stability. By increasing productivity and relieving supply limitations, structural reforms can help the battle against inflation even more, while multilateral collaboration is essential for advancing the transition to green energy quickly and avoiding fragmentation.

Over a ten-year period, Bangladesh's economy grew strongly, reaching milestones of 7.0 percent in FY 2015–16 and 8.0 percent in FY 2018–19. The COVID-19 pandemic, however, caused the growth rate drop to 3.45% in FY 2019–20. In FY 2020–21, the GDP expanded by 6.94 percent. According to preliminary estimates, the GDP grew by 7.25 percent in FY 2021–22, which is 0.31 percentage more than the prior fiscal year and 0.05 percentage greater than the goal rate.

Prices are rising as a result of increased demand, high energy prices, fuel shortages, and bottlenecks in the production chains that have been brought on by the surge in demand for commodities. Particularly hard-hit are low-income households due to rising food and energy costs. Despite the uncertainties brought on by COVID-19, Bangladesh's economy is expected to grow. A resurgence in manufacturing as export demand picks up, a pickup in construction as public investment picks up speed, and strong service sector growth as the immunization campaign moves on will all contribute to growth in FY22. Rate of Inflation has reached to 8.71% in December 2022 as per the Bangladesh Bank's point to point analysis.

In order to battle the long-term impacts, the government is committed to ensuring the fundamental requirements of the populace as well as the development of human resources through economic reform concentrating on life and livelihoods. The government invested about 24.93 percent of its budget in human resource development in FY 2021–2022 across a variety of sectors, including education and technology, health and family welfare, women and children, social welfare, youth and sports development, culture, labor and employment, and so forth.

“ *Bangladesh Finance maintained the strength of its capital base despite challenging operating conditions during 2022. We continued to implement our strategy to sustain growth, and we reinforced our governance, regulatory compliance, and risk management.* ”

Bangladesh Finance's Performance

Last year, Bangladesh Finance did quite well, which enabled us to maintain our dominant position in the financial industry. We adhered to our corporate objective to improving customer service and diversifying our product offering. We haven't lost sight of the fact that one of the emphases is on our human capital, which is our greatest asset. We have hired a sizable number of staff members, trained them, and helped keep them on board while making sure they were safe. Bangladesh Finance has seen growth in several categories and launched new financial services to the market, despite the fact that the whole financial and non-bank financial industry is beset by difficulties.

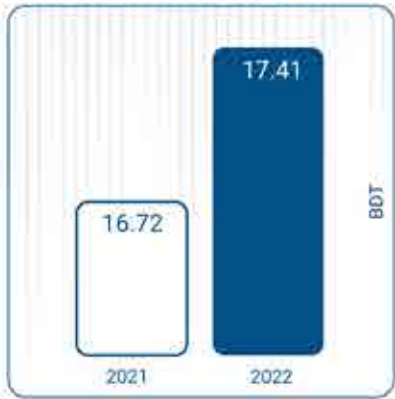
Bangladesh Finance has been maintaining a good ratio of capital adequacy and the rising curve showed the financial strength. As regulators to determine capital adequacy for Financial Institutions to run stress tests and the solvency of the company use CAR, it shows the strong foundation of our company that generates confidence over the industry.

Bangladesh Finance has been able to raise around BDT 100 crore deposit every month from the general customers, especially small retailers, which helped the institution to continue the lending operation and support the economy.

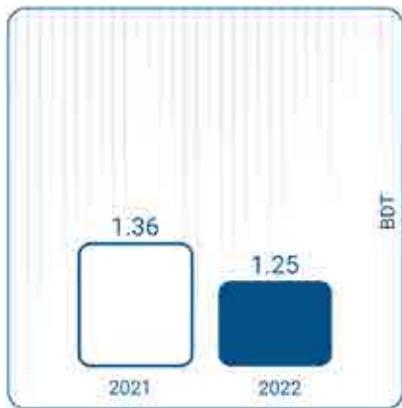
Despite so many odds, Bangladesh Finance attained a decent profit in the industry, as its consolidated operating profit was 518 million BDT in 2022. To address the unforeseen credit risk, Bangladesh Finance has provided incremental provision to mitigate unforeseen loss in the future, resulting which

consolidated net profit after tax reached to BDT 305 million in 2022 compared to BDT 324 million in 2021 and subsequently consolidated EPS has dropped to BDT 1.25 in 2022 from BDT 1.36 in 2021. However, Net asset value per share (NAV) has increased to BDT 17.41 in 2022 from BDT 16.72 in 2021.

NET ASSET VALUE PER SHARE

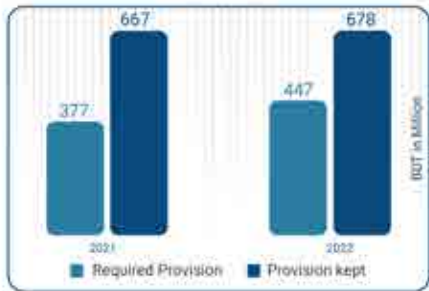


EARNINGS PER SHARE



2022 was a tough year for all the lenders as loan repayment was not up to the expectation due to the stress on clients' businesses. Following the global recession, the borrowers of Bangladesh as well as Bangladesh Finance, faced a difficult year. For reducing future risks to profitability, Bangladesh Finance is constantly building its provision base. In 2022, we have maintained BDT 678 million provisions where the required provision was BDT 447 million. Moreover, the Capital Adequacy Ratio of Bangladesh Finance group also stands at 18.60% well above the regulatory requirement of 10%.

PROVISION



We are more concerned with digitization, and Bangladesh Finance will keep developing its digital and customer-focused strategies to maximize customer growth while retaining the support of its clientele and delivering services. Together, these will solidify the groundwork for more environmentally friendly company practices in the years to come.

The Board of Directors recommended 10% cash dividend for the year as the Board feels that the cash dividend will enhance the shareholder's confidence towards the company.

Bangladesh Finance Securities Limited, the first subsidiary, started its operation in November 2011 and it has emerged as a premier brokerage house of the country. The second subsidiary, Bangladesh Finance Capital Limited started its operation in October 2013 and by the time established itself as a reputed merchant bank of the country.

Awards and Achievements

2022 is a successful year for us as we have received numerous prestigious awards and recognitions from both local and international bodies. I am delighted to announce that for the first time in the history, Bangladesh Finance has been awarded 'Overall Winner' among the SAARC countries by South Asian Federation of Accountants (SAFA). In addition to this, Bangladesh Finance has been awarded 1st prize (Winner) for Best Presented Annual Report (Financial Service Sector). Alongside these, ICAB (Institute of Chartered Accountants of Bangladesh) awarded Bangladesh Finance for Best Presented Annual Report category and ICSB (Institute of Chartered Secretaries of Bangladesh) has also awarded Bangladesh Finance for Corporate Governance Excellence.

With the overall improvement, Bangladesh Finance's credit ratings have improved, moving up to 'AA' from 'AA-' in the long term and 'ST-1' from 'ST-2' in the short term. The launching of the "Islamic Financing" wing has also unlocked new business opportunities for us.

I, on behalf of the Board, would like to send my warmest gratitude and wholehearted thanks to the shareholders for believing in us and for their continuous trust and support.

I also want to express my gratitude to Bangladesh Finance's management and employees for their earnest efforts and professional approach, both of which have been crucial to the efficient running of the company's overall operations. For their ongoing support and direction, I would like to publicly express my sincere gratitude to Bangladesh Bank, the Bangladesh Securities and Exchange Commission, and the stock exchanges.

Wishing you all the best,

Manwar Hossain
Chairman
Bangladesh Finance Limited

One of the
TOP 5

Sustainable Financial Institutions of 2021

According to Bangladesh Bank Sustainability Rating 2021

SUSTAINABLE
INDICATOR

GREEN
REFINANCE

CORPORATE
SOCIAL
RESPONSIBILITY

CORE BANKING
SUSTAINABILITY



INTERVIEW WITH OUR MD & CEO



Bangladesh Finance demonstrated resilience in a challenging operating environment, delivering its unique client service, restoring profitable growth and maintaining a strong financial base. Our performance was underpinned by optimal management of our core operations and further progress in implementing the growth strategy.

It's been an extraordinarily difficult year for you as MD & CEO-how do you look back on 2022 through global and country's economic aspects?

The United Nations has said that global economic growth will fall significantly to 1.9% this year due to the food and energy crisis sparked by the war in Ukraine, Covid-19, high inflation and climate change. As per World Economic Situation and Prospects 2023 issued by UN, Average GDP growth is projected to moderate from 5.6% in 2022 to 4.8% in 2023 for South Asia region.

International organizations revised their forecasts for economic growth prospects and inflations. As per the United Nations (UN) publication 'World Economic Situation and Prospect 2022', the global economy grew by 5.5 percent in 2021, the highest growth rate since 1976, after contracting 3.4 percent in 2020. Global economy is expected to grow by 4.0 percent in 2022 and 3.5 percent in 2023.

Bangladesh is now the 35th largest economy in the world, according to a report titled 'The Top Heavy Global Economy', published by 'Visual Capitalist'. Bangladesh and India were the only two South Asian countries considered to be part of the 50 largest economies in this list based on International Monetary Fund (IMF) statistics. Citing IMF statistics, Canadian online publication 'Visual Capitalist' reported this information on December 29. Countries are listed in terms of Gross Domestic Product (GDP). As per the report, Bangladesh is the 35th largest economies in 2022 with a GDP size of US\$460.8 billion. Earlier, the rank of Bangladesh was 41st.

Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22, 0.05 percentage point higher than the target rate and 0.31 percentage point higher than the previous fiscal year.

Make comment on the performance and financial aspects of the NBF Sector-2022?

As of 2022, total 35 licensed non-bank financial institutions (NBFIs) are functioning with network of 308 branches spreading over 37 districts. Among those branches, 174 are set up in Dhaka and the rest 134 are located in 36 districts. As per Bangladesh Bank Report based on December 2022, Total deposits of the NBFIs increased by Tk. 21,672 million or 5.21 percent to Tk. 437,526 million during the Oct-Dec, 2022 as compared to Jul-Sep, 2022. At the same time, NBFIs' total advances increased by Tk.10154 million or 1.47 percent to Tk.703,217 Million during Oct-Dec, 2022 as compared to Jul-Sep, 2022. As of September 2022, Total assets of financial institutions decreased by 1.65 percent and reached to BDT 933.12 billion at end-September 2022 from BDT 948.81 billion at end-June 2022. Total earning assets (i.e., loans, leases, and investment) of FIs constituted 77.47 percent of total assets at end-September 2022. The rest of total assets composed of cash and liquid assets, fixed assets, and other

assets. The liabilities to assets ratio stood at 91.96 percent at end-September 2022 which is 0.72 percentage point lower compared to 92.68 percent at end-June 2022.

Aggregate classified loans and leases stood at BDT 173.27 billion at end-September 2022 from BDT 159.36 billion at end-June 2022. The ratio of classified loans and leases increased to 24.61 percent at end-September 2022 which was 1.62 percentage points higher than that of the previous quarter and 6.99 percentage points higher than that of end-September 2021.

Profitability indicators as measured by Return on Assets (ROA) and Return on Equity (ROE) were negative since March 2021. Return on Assets (ROA) increased to -0.40 percent from -0.54 percent while Return on Equity (ROE) increased to -5.95 percent from -7.41 percent compared to the preceding period. It is noteworthy that ROA and ROE were -0.62 percent and -6.56 percent respectively in September 2021.

The Capital Adequacy Ratio (CAR) and the Tier-1 capital (core capital) ratio of the FIs stood at 10.16 percent and 8.35 percent, respectively. Total Risk-Weighted Assets (RWA) increased from BDT 698.33 billion at end-June 2022 to BDT 708.24 billion at end-September 2022. During the review quarter, the RWA for credit, market, and operational risks were 87.60 percent, 5.76 percent and 6.65 percent of overall RWA of the FIs, respectively.

What about the results for the year-2022? To what extent do they reflect these difficult market conditions?

Clearly, the impact of post-Covid 19 and Russia Ukraine War affected our 2022 financial results. We ended the year with a modest profit. There were definite positives – we made progress on our priorities. Unfortunately, we did not override net profit of 2022 compare to net profit of 2021. We had an increase in written off of some loans and advances. Considering the economic turmoil, we have maintained excess provision and transfer interest to interest suspense account. However, we have maintained a fair EPS and NAV for the year ended 31 December 2022.

As an MD & CEO, it would have been a challenging year, with the need to make tough decisions about staffing, financial management, and strategy in an uncertain and rapidly changing environment. However, it was also an opportunity to demonstrate leadership, resilience, and adaptability, as well as to identify new opportunities for growth and innovation. Overall, the year 2022 was a reminder of the importance of strong leadership, effective risk management, and resilience in the face of uncertainty and adversity.

As per our strategy, our focus is to increase the SME and retail book and make less concentration to corporate book. According to that we have minimized the corporate portfolio and shifted it to retail and SME base. For this, we have developed a partnership model where we will finance the retail and SMEs related with the big corporate house that will help to build a sustainable lending opportunity as well as a chance to contribute the national balance of economy.

As such comparing with the previous year, the large corporate dependency is declining by increasing the retail and SME portfolios. In 2022, corporate portfolio was reduced by 2.5% subsequently SME and Retail portfolio was increased by 1.5% and 1% respectively.



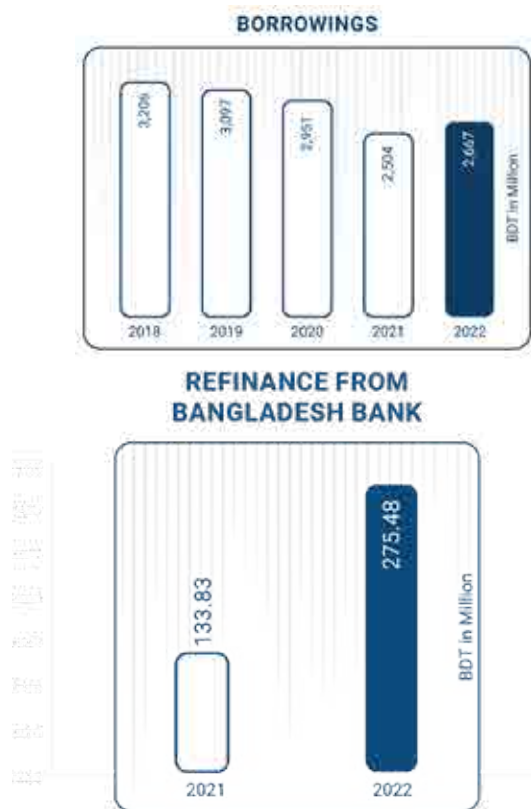
Our loans and leases portfolio increased by 2.4% in 2022 because of the changing concentration in corporate base to SME and retail base.



The liquidity crunch in the financial market affects largely in deposit mobilization of FIs. De-Growth of deposit base thoroughly impact negatively in earnings also. The economic turmoil and reduction of deposit rate affects the financial market in such a way that most of the banks and NBFIs face a tough situation for collecting deposits from customers. However, we have closed our 2022 Balance sheet with 3.07% positive growth of Deposit.



As a part of our strategy, our target is to reduce commercial bank borrowing and increase Bangladesh Bank refinance scheme in our funding mix. Our bank borrowings have increased by 6.5% in 2022 compared to the previous year whereas our refinance from central bank increased by 106% in the year 2022 compared to previous year.



One of those choices, you mention was to refocus SME & Sustainable Finance.

Yes, that's correct! Refocusing SME and sustainable finance can have a significant impact on economic growth and sustainability. Refocusing on SME finance involves providing better access to finance, creating financial instruments that meet their specific needs, and supporting them with technical assistance and capacity building. Sustainable finance refers to financial services and products that support sustainable development goals. This could include investments in renewable energy, green infrastructure, and sustainable agriculture, among others.

For refocusing on SME and sustainable finance, we have taken a special strategy- collaboration model. This model usually lends to large companies. Large companies buy the product and sell it to others. But under the collaboration model, loans are being given directly to entrepreneurs. In this model, we do not need a branch or a separate staff. In this case, we are working with big companies like Akiz Group, which have networks across the country and some NGOs through revenue sharing. It is possible to invest at the marginal level with less manpower. These loans are usually short term i.e. between six to two years. On the other hand, the recovery rate of these loans is 100%. The picture of the last two years says so.

On the other hand, we provide small and medium loans to farmers and consumers at the very marginal level by tying up with various producers and distribution companies. As a result, through our loans, farmers are able to buy tractors and other agricultural machinery in the village. Apart from this, we are providing unsecured loans of Tk 50 lakh to women entrepreneurs very easily at only 4% interest.

With the strategy review, where do you expect future growth to come from?

The sources of future growth will depend on the specific strategy that is adopted. However, there are several areas

where we can expect to see significant growth in the coming years, such as:

Our financial institution is characterized by its own business model, risk management framework and governance with transparency and accountability. If you look at the business model, we are providing small and medium credit to the marginal farmers and consumers through integration with various producers and distribution companies. Bangladesh Finance and Supply Line Limited will provide capital to grocery shopkeepers in just one day with the aim of including small entrepreneurs in the progress of sustainable development. Bangladesh Finance has undertaken the target of giving loans of 50 thousand taka to 5 thousand customers. Not only that, through our loans, by establishing liaison with Akij Group, Bangla Mark and Bangla Trucks, construction and agricultural entrepreneurs can do business through tractors and other agricultural machinery and construction parts even in remote areas. Financial capital can be taken through animal services for cow fattening and dairying. We provide unsecured loans of up to Tk 50 lakh in four days at only 4 percent interest to women entrepreneurs very easily. The name of this popular product of Bangladesh Finance is 'Vijay'. As a result, we have focused heavily on SME and re-tail businesses in our business model for future sustainable growth.

In addition, Bangladesh Finance is the only financial institution currently listed in the capital market, which has achieved the distinction of being the first financial institution approved by the Central Bank for conducting Islamic Shariah-based business. Through the Islamic financial wing we will explore business potentiality in the market.

What about Bangladesh Finance's approach to sustainability? Has it been affected by the recent recession took place globally?

During times of economic uncertainty and financial stress, companies may be tempted to prioritize short-term financial goals over longer-term sustainability objectives. This could lead to reduced investment in sustainability initiatives, such as renewable energy, Women Entrepreneurship loans, and social impact programs. However, it's also possible that the pandemic has highlighted the importance of sustainability and resilience, both in terms of environmental sustainability and social equity. As a result, some companies may have doubled down on their sustainability efforts, recognizing the long-term benefits of sustainable practices and products.

It's worth noting that sustainability is becoming an increasingly important factor for investors and consumers, who are looking for companies that prioritize environmental and social responsibility. As a result, companies that are able to demonstrate a strong commitment to sustainability may be better positioned to attract investment and maintain customer loyalty, even during challenging economic conditions.

Overall, it's difficult to say how the recent recession may have specifically impacted Bangladesh Finance's approach to sustainability. However, it's clear that sustainability is becoming an increasingly important consideration for companies in all sectors, and those that prioritize sustainability may be better positioned for long-term success.

What do you expect for the upcoming year 2023? Do you think we can put the current crisis behind us?

It's difficult to predict with certainty what the year 2023 will bring, given the ongoing uncertainty and complexity of the global state. In my opinion, the following challenges we will face in upcoming year:

Interest rate caps pose a difficult situation for financial institutions for the upcoming year. I think Bangladesh Bank should reconsider this and realistically remove this cap. Because now the country's inflation is over 9 percent. Banks are generally instructed to collect deposits from their customers at a rate higher than inflation. Meanwhile, it is now seen that the banks are giving more than seven percent to the customers. So, it can be said that if at the same time banks and financial institutions collect deposits at seven percent, then it is really a challenge for financial institutions. It appears that many depositors are withdrawing deposits. They're putting it in the bank, or putting it somewhere outside the channel. This has created problems for financial institutions to collect deposits.

To maintain the Non-Performing Loans (NPL) at an expected level will be a challenge for the year 2023. Due to global recession and the higher inflation, the corporates are facing problem.

Diversification of loans and deposit portfolio will help us to overcome the challenges we will face in the year 2023. We are targeting SME sectors with the support of Bangladesh Bank refinance schemes which help us to grow our loan portfolio without focusing much on deposits.

In addition, to increase the amount of customer deposits in the funding mix, create a sales model and relationship base business model for taking regular and small deposits, where we want to come up with a new concept of wealth management. This wealth management concept will work to provide customers with insurance services, capital market trading opportunities and other benefits of the financial sector. In short, we want to bring all the benefits of the money market under one umbrella. I believe we can take Bangladesh Finance to a unique height in the next three-four years with the help of our current Board of Directors.

Financial Sector is expected to fulfil an important role in society. What are your thoughts on this?

I believe that the financial sector does indeed play an important role in society. At its core, the financial sector is responsible for managing the flow of capital within the economy, channeling savings into productive investments and facilitating transactions between individuals, businesses, and governments. In addition, the financial sector has a critical role to play in promoting economic growth and development, by providing access to credit, investment capital, and other financial services that can help individuals and businesses to achieve their goals.

However, with this important role comes a significant responsibility to ensure that financial services are provided in a responsible, ethical, and sustainable manner. This means ensuring that financial services are accessible to all members of society, regardless of their background or circumstances, and that financial products and services are designed to meet the needs of customers rather than maximizing profits at all costs.

Furthermore, the financial sector must also ensure that it operates within the bounds of legal and regulatory frameworks, which are designed to promote stability, fairness, and transparency within the financial system.

Overall, I believe that the financial sector can play a crucial role in advancing social and economic progress, but it must do so in a responsible and sustainable way, which balances the needs of various stakeholders, including customers, shareholders, employees, and society as a whole.

Accelerating the sustainability shift is the strategic theme of the organization. How is Bangladesh Finance contributing to this goal?

As part of our strategic focus on accelerating the sustainability shift, Bangladesh Finance is taking a range of actions to promote sustainability and responsible business practices. Some of the ways that a financial institution like Bangladesh Finance might contribute to the sustainability shift including:

Promoting sustainable investment: Bangladesh Finance is working to promote investment in sustainable projects and businesses, such as renewable energy, sustainable agriculture, and eco-friendly technologies. This could involve developing new financial products and services that support sustainable investment, as well as providing guidance and advice to customers on sustainable investment opportunities.

Engaging with stakeholders: Bangladesh Finance is engaging with a range of stakeholders, including customers, investors, regulators, and civil society organizations, to promote sustainable business practices and ensure that its operations align with stakeholder expectations.

Supporting sustainable communities: We are supporting sustainable development within the communities in which it operates, through initiatives such as providing financial support to local businesses and community projects, supporting education and training programs, and promoting sustainable development practices.

Overall, there are many ways in which a financial institution like Bangladesh Finance can contribute to the sustainability shift, and it's likely that the company is taking a multifaceted approach to promoting sustainability and responsible business practices.

The financial industry is becoming ever more digitalized. What do clients think of this development?

I can't speak for all clients in the financial industry, as opinions on the digitalization of finance may vary depending on a number of factors, such as age, digital literacy, personal preferences, and cultural background.

However, in general, it seems that many clients are increasingly comfortable with digital financial services and expect them to be available from their financial institutions. The rise of digital banking platforms and fintech startups has introduced new levels of convenience, speed, and flexibility to financial services, which can be especially appealing to younger and more tech-savvy clients.

Moreover, the COVID-19 pandemic has accelerated the trend towards digital financial services, as many clients have had to adapt to remote working and social distancing measures.

“We are building a strong and consistent track record of delivery against our strategy, and we are well positioned for growth, notwithstanding the more challenging operating environment.”

As a result, we have seen a rapid adoption of digital payment systems, mobile banking apps, and other digital financial tools.

However, it's also important to note that some clients may still prefer more traditional, in-person banking services, especially for more complex transactions or for personalized financial advice. In addition, there are also concerns about the security and privacy of digital financial services, as well as potential issues related to data privacy and cybersecurity.

Overall, the digitalization of the financial industry is a complex and multifaceted trend, and clients' opinions on this development are likely to vary depending on a range of factors. Nevertheless, it's clear that digital financial services are becoming increasingly important and prevalent in today's financial landscape, and financial institutions will need to continue to innovate and adapt to meet the changing needs and preferences of their clients.

It's been 2+ years since you joined in Bangladesh Finance. How is Bangladesh Finance doing in terms of Corporate Governance?

Bangladesh Finance is doing its business with maintaining highest level of integrity, financial transparency and with the support and guidance of the most knowledgeable and experienced Board. The country's top audit firm is working as our external auditor. Qualified Chartered Accountants are working under the Independent Team for Internal Audit. Apart from this, two rating agencies are working on ratings in Bangladesh Finance. On the other hand, we have already contacted a foreign rating agency. Hopefully, Bangladesh Finance will be rated by any foreign rating agency as the first financial institution in the country. For these reasons we have already achieved SAFA, ICB, ICSB and Sustainable Finance Award.

With digitalization, what's the effect on employees?

The digitalization of the financial industry can have both positive and negative effects on employees, depending on the specific circumstances.

On the positive side, digitalization can create new opportunities for employees to learn new skills, work more efficiently, and improve their job satisfaction. For example, digital tools can help automate repetitive tasks, freeing up employees' time to focus on more strategic and creative work. Digital platforms can also enable remote work and collaboration, providing employees with greater flexibility and work-life balance.

Furthermore, digitalization can create new job roles and opportunities for employees with expertise in areas such as data analytics, artificial intelligence, and cybersecurity. As financial institutions adopt new digital technologies and business models, they may need to hire additional staff with specialized skills in these areas.

However, there are also potential negative effects of digitalization on employees. For example, digital tools may lead to job displacement, as some tasks become automated and fewer employees are needed to perform them. This can create job insecurity and reduce employee morale.

In addition, there may be concerns about the impact of digitalization on employees' work-life balance, as the always-on nature of digital technologies can create pressure to work longer hours or be available outside of regular working hours. Moreover, employees may need to invest time and resources to acquire new digital skills and adapt to new digital tools, which can be stressful or challenging for some.

Overall, the effects of digitalization on employees are complex and multifaceted, and depend on a range of factors, such as the specific digital technologies being adopted, the culture and values of the organization, and the skills and preferences of individual employees. Financial institutions will need to carefully consider the potential impacts of digitalization on their employees and take steps to mitigate any negative effects while maximizing the positive benefits.

Can you expand on the Bangladesh Finance's innovation?

Bangladesh Finance can stay ahead of the curve and differentiate itself in a highly competitive marketplace. By developing new products and services that are tailored to the needs of its customers and the broader financial landscape, Bangladesh Finance can position itself for long-term success in the evolving financial landscape. Some of our innovations are highlighted below:

Digital platforms: Bangladesh Finance is investing in digital platforms and technologies to improve the customer experience and streamline internal processes. This includes mobile banking

apps, account management tools, onboarding customers through digitally.

Sustainable finance solutions: Bangladesh Finance will develop innovative sustainable finance solutions such as green bonds, sustainability-linked loans, and social impact investment funds to meet the growing demand for socially responsible investing.

Collaborations with fintech companies: Bangladesh Finance continuously collaborating with fintech companies, NGOs, Local group of companies to develop innovative financial products and services.

Industry partnerships: Bangladesh Finance is in a process to initiate strategic partnerships with other financial institutions or industry players to develop new products and services that are mutually beneficial.

Customer-centric innovation: Bangladesh Finance is always focused on developing new products and services that are tailored to the specific needs of its customers, such as customized investment portfolios, personalized financial planning advice, or new digital tools for managing finances.



What dose Bangladesh Finance wants to achieve in the years ahead?

Bangladesh Finance is working with three major goals in mind. This includes moving away from the existing Dhaka-Chittagong-centric investment system to marginalization. Second is green or sustainable financing which could help our position as a leader in sustainable finance and attract customers who are increasingly focused on environmental, social, and governance (ESG) factors. Third is the financing of women entrepreneurs. Highlighting the special role in financing women entrepreneurs, Mr. Hamid said, “We are the first to provide loans up to 50 lakh taka in four days without collateral at only four percent interest” and it has already received a huge response. In addition to these three major goals, we would like to achieve in future:

Business growth: Bangladesh Finance always focused on expanding its customer base, developing new products and services, and increasing its market share in key sectors.

Digital transformation: As digital transformation continues to reshape the financial industry, Bangladesh Finance is investing in new digital platforms, technologies, and processes to improve the customer experience, reduce costs, and increase operational efficiency.

Financial inclusion: We always focused on expanding financial inclusion in underserved communities by developing innovative financial products and services that cater to the needs of low-income customers, women, and other marginalized groups.

Talent development: In order to stay competitive in a rapidly changing industry, Bangladesh Finance may be investing in the development of its employees by providing training, mentorship, and other professional development opportunities.

Overall, financial institutions like Bangladesh Finance aim to achieve a range of objectives that are aligned with their strategic priorities, customer needs, and broader societal goals. By staying focused on these objectives and continually adapting to the changing financial landscape, Bangladesh Finance can position itself for long-term success and achieve its mission of providing value to its customers and stakeholders.

Confidence has remained low since the financial crisis has faced by the world. What is Bangladesh Finance doing to reinforce confidence?

I think by taking the following steps to reinforce confidence, Bangladesh Finance can help to build a stronger and more resilient financial industry that is better able to meet the needs of its customers and stakeholders:

Enhancing transparency: Bangladesh Finance is working to increase transparency by providing clear and comprehensive information about its financial products and services, as well as its business practices and performance. This can help to build trust among customers and stakeholders, and reduce the likelihood of misunderstandings or misconceptions about the institution.

Improving risk management: Bangladesh Finance is continuously focused on strengthening its risk management capabilities, including by identifying and mitigating potential risks and vulnerabilities in its operations and financial products. This can help to ensure the safety and stability of the institution, and reassure customers and stakeholders that their investments and assets are secure.

Emphasizing ethical practices: We are committed to promoting ethical practices and behaviors across its operations and business activities. This could involve implementing rigorous standards and guidelines for employee conduct, developing strong codes of ethics and professional conduct, and establishing clear channels for reporting and addressing ethical concerns.

Investing in customer service: Bangladesh Finance is always investing in customer service and support, including by offering personalized financial advice, providing prompt and responsive service, and implementing effective complaint-handling mechanisms. This can help to build stronger relationships with customers and enhance their confidence in the institution.

Engaging with stakeholders: We actively engaging with stakeholders, including customers, regulators, investors, and the broader community, to ensure that their concerns and perspectives are heard and addressed. This can help to build trust and confidence among these stakeholders, and promote a positive image of the institution.

“We anticipated many of the challenges that presented themselves in 2022 and we were well prepared. We have to accept that the environment in which we operate is constantly evolving. To be both a successful and sustainable financial services provider we need to keep pace with economic, social, environmental, regulatory, technological and industry changes.”

এখনই
সময়

CFO'S STATEMENT ON PERFORMANCE

As a result of the global economic downturn and the war between Russia and Ukraine, 2022 was one of the most difficult years for finance sector. Even though the COVID-19 pandemic had caused a substantial worldwide economic rebound, the conflict in Ukraine delayed that process. We are seeing an increase in global commodity prices and a slowdown in economic activity due to supply chain disruption brought on by war. The financial sector experienced many stressful situations throughout the year.

The government has announced many bail-out packages for different industries/sectors for recovery also. The Central Bank instructed banks and financial institutions to permit restricted classification downgrading with a certain requirement in 2022 also. Bangladesh Bank's decision to cap interest rates for the banking and financial sectors in order to regulate the financial market has had a significant influence on the financial institution's ability to manage its liquidity and maintain growth for the business. The financial sector faced liquidity pressure as deposit growth and loan recovery also declined.

Despite the challenges and adverse situation, Bangladesh Finance secured a 3.07% deposit and 2.47% loan portfolio growth

in 2022. Our consolidated profit after tax decreased by 6% due to a decline in interest income for imposing an interest rate capping by the central bank from 1st July 2022. As a part of our strategic planning, we are building provisions against stressed loan/lease accounts to address unforeseen credit risk and our provisions surplus stood at BDT 204 million as of 31 December 2022. We have a provision coverage ratio of 148% which depict the strong financial base of the company. Our consolidated balance sheet size has also increased by 4% compared to last year. Through the process of business expansion to meet the strategic goal, our consolidated operating expenses also increased by 28% mostly for human capital investment. Our cost of funds decreased by 88 bps compared to last year through efficient fund management. We maintained a sound capital adequacy ratio of 17.75% which is way above the regulatory requirement of 10%.



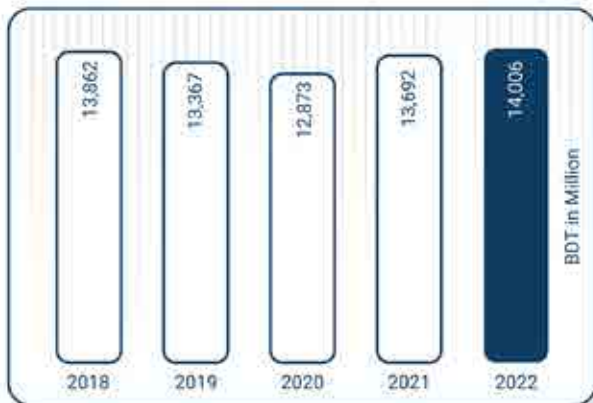
Md. Sajjadur Rahman Bhuiyan
Group Chief Financial Officer
Bangladesh Finance Limited

PERFORMANCE ANALYSIS (CONSO)



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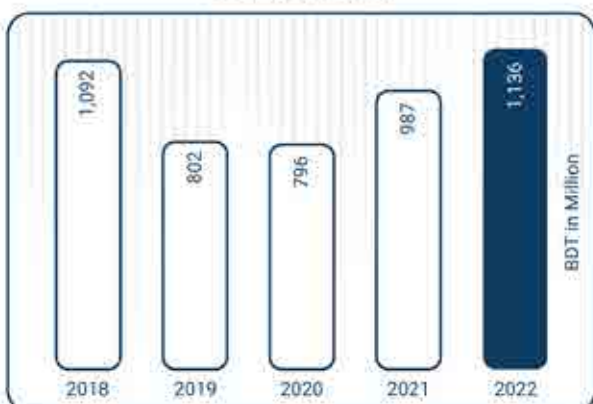
LOAN, LEASE & ADVANCES



↑ 2%

LOAN
LEASE &
ADVANCE

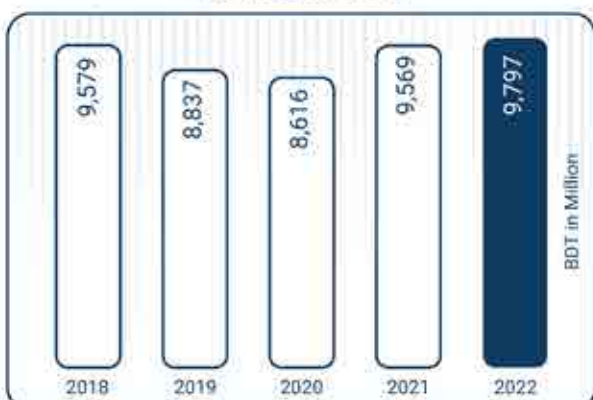
INVESTMENT



↑ 15%

INVESTMENT

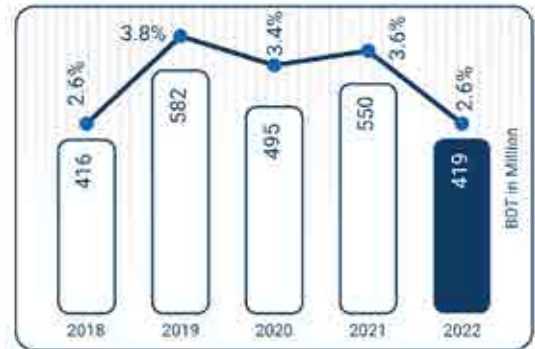
TOTAL DEPOSIT



↑ 2%

DEPOSIT

NET INTEREST INCOME



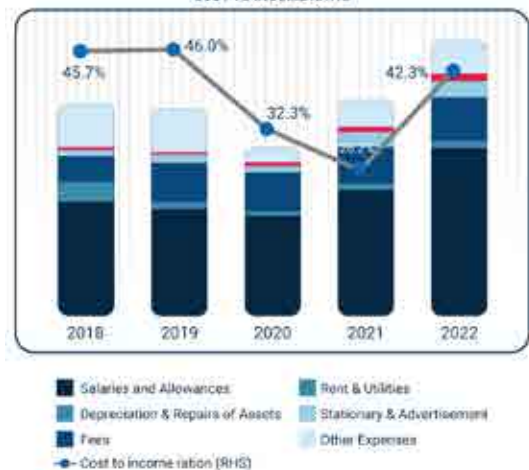
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NON INTEREST REVENUE

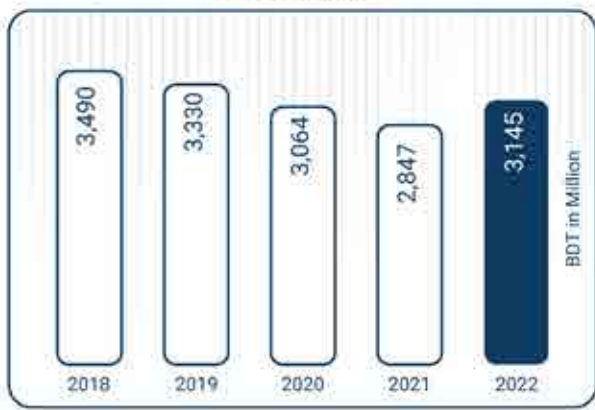


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COMPOSITION OF OPERATING EXPENSES VS COST TO INCOME RATIO

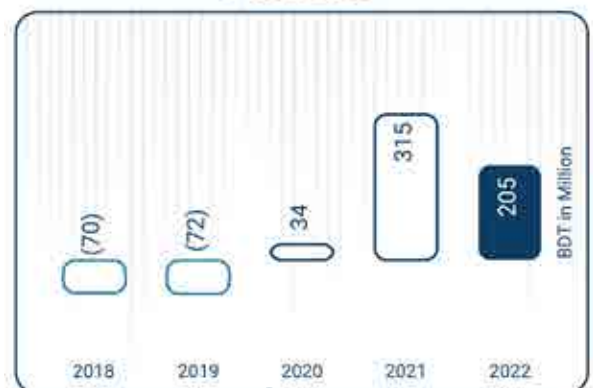


BORROWINGS



↑ 10%
BORROWINGS

PROVISION



Net Interest Income

Net interest income decreased by 23.75% from 2021 although Leases, Loans and Advances increased by 2.29% despite negative market conditions, associated with the significant interest rate cuts across the market. Net interest margin (NIM) decreased year-on-year from 3.6% to 2.6% as a result of imposing an interest rate cap by the Central Bank from 1st July 2022.

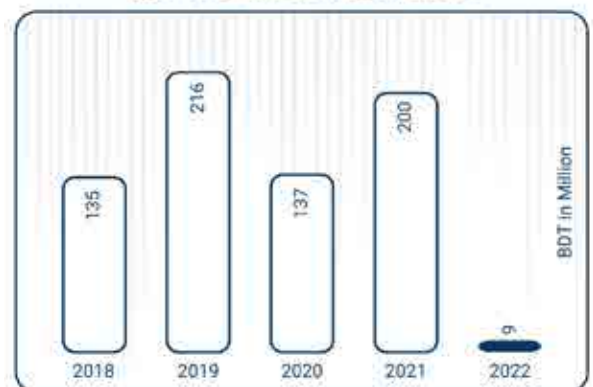
Non-Interest Income

Non-interest income decreased by 18.43% from 2021 as income from investment & securities has decreased substantially since the capital market had a tough ride due to economic challenges resulting from global adversities such as the escalating Russia-Ukraine war and worldwide recessionary forecasts.

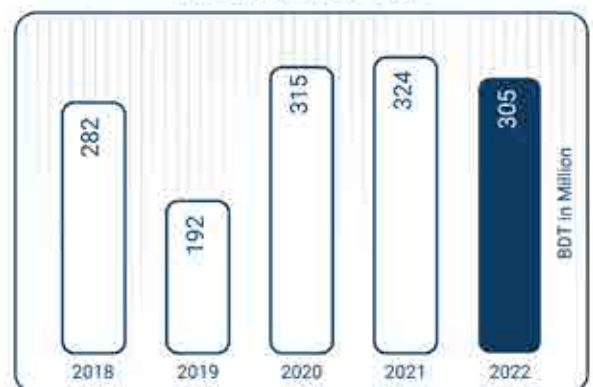
Operating Expense

Operating expense increased by 27.56% from 2021 as the major weight, salary & allowance increased by 34.89%. Besides, rent & utilities also increased significantly by 11.65%. The group purposefully continued developing and rolling out innovative digital solutions to improve service efficiency and client experience. Consequently, Cost to Income ratio has increased from 26.17% in 2021 to 42.26% in 2022 as a result of lower net interest and investment income and higher operating expenses.

NET INCOME TAX EXPENSE

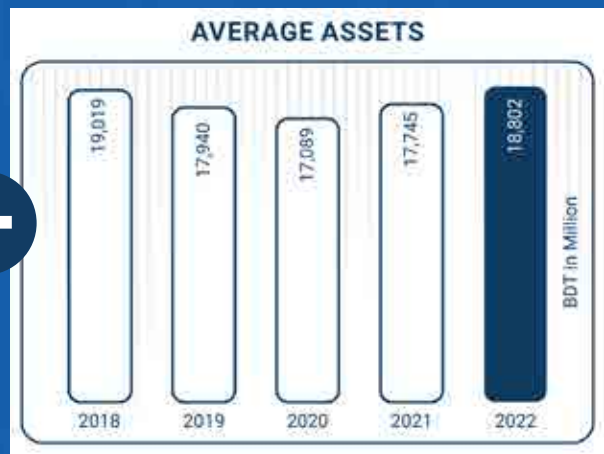


PROFIT AFTER TAX



Return on Equity

Our ROE is the most appropriate measure of our financial performance over time as it combines all of our critical drivers, including earnings growth and capital utilization, into a single metric. Internally we measure our return on equity by return on asset (ROA) & financial leverage as a more direct measure of earnings.



Average Asset

Group average asset increased by 5.96% in 2022 to BDT 18,802 million, from BDT 17,745 million in 2021, mainly due to increase in loan, lease & advances & investment in securities.



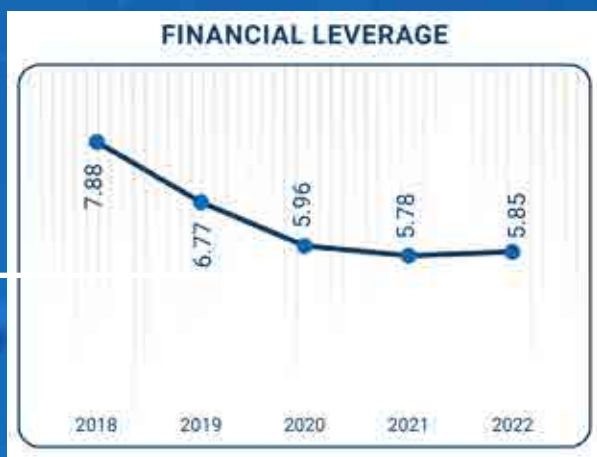
Average Shareholder's Equity

Group average shareholder's equity increased by 4.63% in 2022 to BDT 3,212 million, from BDT 3,070 million in 2021, mainly supported by increase in Paid up Capital through bonus share issue. Besides increased statutory reserve was also a crucial contributor.



Return on Assets

The group's ROA decreased to 1.62% in 2022 from 1.82% in 2021, driven by the decreased net profit after tax (year-on-year basis).



Financial Leverage

The group's financial leverage is the ratio of average asset to average shareholders' equity. Financial leverage measures the value of assets funded with each taka of equity capital. For 2022, financial leverage was 5.85 times, higher than 2021, supported by higher average shareholder's equity.



Return on Equity

Our Return on Equity decreased to 9.49% in 2022 from 10.55% in 2021. The main impact of increased provision from previous year has decreased Net Profit, which impacted significantly. Besides the lower financial leverage also reflects the lower solvency risk of Bangladesh Finance Limited group.

Net Interest Income

What it is: The interest received on lending products that we offer to our clients and investment in debt instruments, less the interest paid on the deposits that our clients place with us and debt funding sourced from other lenders.

Drivers: Number of clients, product offerings and pricing, level of economic and client activity, pricing in commodities and equity capital markets, competition, and market volatility.

Non-Interest Revenue

What it is: Comprises income from investment in securities, fees from commission exchange & brokerage & other operating income.

Drivers: Number of clients, transactional banking volumes and pricing, capital markets activity, trading volumes and market volatility, property-related revenue, and income from unquoted investments.

Operating Expense

What it is: Costs that are incurred to generate future and current revenues.

Drivers: Salaries and Allowances, Rent, Taxes, Insurances, Electricity, Legal & Professional Fees, Postage, Stamps, Telecommunication, Stationery, Printings, Advertisements, Managing Director's Salary and Allowances, Directors' Fees and Conveyance, Auditors' Fees, Depreciation & Repairs of Assets, Other Expenses.

Provision

What it is: Provisions are created by recording an expense in the Income Statement and then establishing a corresponding liability in the Balance Sheet.

Drivers: Classified Investment, Unclassified Investment, Other Receivables & Investment in Securities.

Taxation

What it is: Includes current tax expense & adjustment with deferred tax expense / benefit.

Drivers: corporate tax rates in the countries in which the group operates, level of profitability of our operations, interest income from certain bonds and treasury bills, dividends on investments that are exempted, and costs that are not tax deductible.

OUR PERFORMANCE

The Income Statement below reflects the revenue generated and costs incurred by our business activities, with material income statement line items explained. A detailed analysis on the group's financial performance and the principal headline earnings drivers for growth in our ROE, is on Dupont Analysis part.

Group Income Statement

For the year ended December 31, 2022

BDT in Million

	YOY(%)	2022	2021
Net Interest Income	-23.7%	419	550
Interest Income	-6.6%	1,448	1,551
Interest Paid	2.8%	1,029	1,001
Non Interest Revenue	-18.4%	479	587
Income from Investment in securities	-27.7%	311	430
Commission, Exchange and Brokerage	-11.3%	110	124
Other Operating Income	75.7%	58	33
Total Income	-21.0%	898	1,136
Operating expenses	32.3%	240	182
Salary & Allowance	33.3%	231	173
Other operating expenses	11.7%	9	8
Profit Before Provision & Taxation	-31.2%	657	955
Provision	-35.0%	205	315
Profit Before Taxation	-29.2%	452	639
Tax	-95.7%	9	200
Net Profit After Tax	0.9%	444	440
Attributable to	-5.9%	305	324
Shareholder of the Company	-7.8%	236	256
Non-controlling Interest	1.1%	69	68
Net Profit available for distribution	-7.8%	236	256

OUR RESILIENT BALANCE SHEET

The balance sheet or statement of financial position shows the position of the group's assets, liabilities and equity, and reflects what the group owns, owes and the equity attributable to shareholders. Material line items have been discussed below.

Group Balance Sheet

As at December 31, 2022

BDT in Million

	YOY (%)	2022	2021
PROPERTY AND ASSETS			
Cash	18.5%	118	99
Balance with other Banks and Financial Institutions	7.7%	1,575	1,462
Investment in Securities	15.1%	1,136	987
Lease, Loans and Advances	2.3%	14,006	13,692
Fixed Assets including Premises, Furniture	14.8%	625	544
Other Assets	-1.2%	1,459	1,476
Non-Banking Assets	0.5%	213	212
Total Interest Earning Asset	2.8%	15,581	15,154
Total Non-interest Earning Asset	7.0%	3,550	3,319
Total Assets	3.56%	19,132	18,473
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings	10.5%	3,145	2,847
Deposits	2.4%	9,797	9,569
Other Liabilities	0.1%	2,407	2,404
Total Liabilities	3.6%	15,350	14,821
Shareholders' Equity			
Total Shareholder's Equity	4.1%	3,277	3,148
Non-Controlling Interest	0.0%	505	505
Total Liabilities & Shareholders' Equity	3.6%	19,132	18,473

Investment in Securities

What it is: Includes investing in quoted & unquoted securities.

Drivers: Stock market volatility, expected level of economic activity, GDP growth etc.

Lease, Loan & Advances

What it is: Includes our lending to our clients, corporations & banks.

Drivers: Number of clients, product offerings, competition, level of economic and client activity, repayments, inflation, real income of households & volatility in interest rate.

Non-Interest Earning Asset

What it is: Includes cash, investment in securities, fixed assets, other assets & non-banking assets.

Drivers: Depreciation of asset, investing in new assets to generate revenue, expected level of economic activity, capital market volatility.

Borrowings

What it is: Includes taking term loan & short term loan from other banks & FI's.

Drivers: Volatility in interest rate, volatility in demand for credit, shortage of capital & increasing business activity.

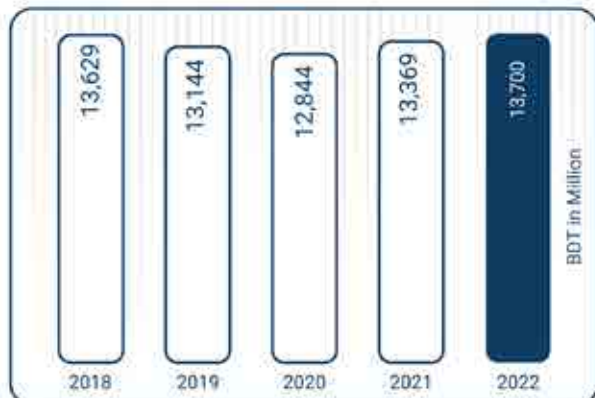
Deposits

What it is: It reflects our interest paying liabilities like term deposit, scheme deposit & other deposit. Increasing amount of deposit is also preferable as it allows us to give more lease, loan & advances & earn more as a form of spread & contribute to the broader financial system.

Drivers: Shortage of fund, volatility in interest rate, inflation, public spending, economic activity, client demands, transactions etc.

PERFORMANCE ANALYSIS (SOLO)

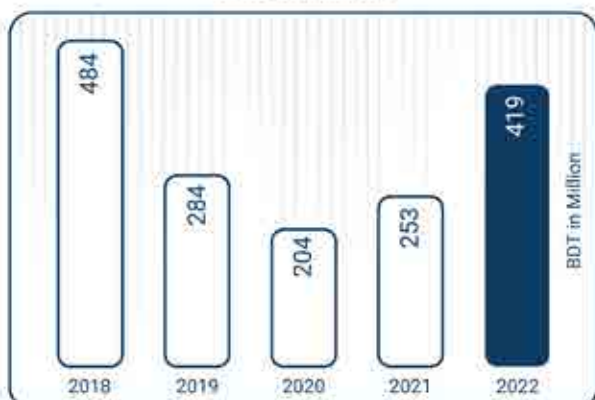
LOAN, LEASE & ADVANCES



↑ 2%

LOAN
LEASE &
ADVANCE

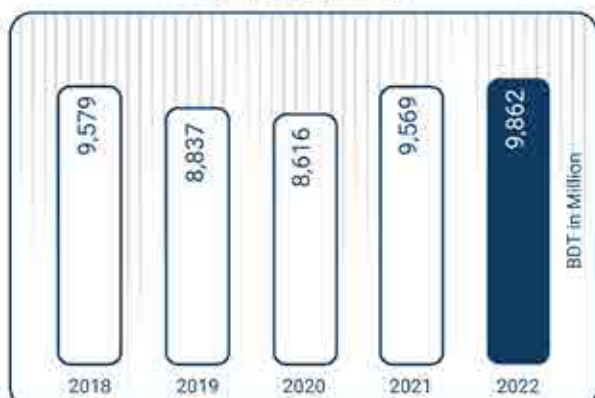
INVESTMENT



↑ 66%

INVESTMENT

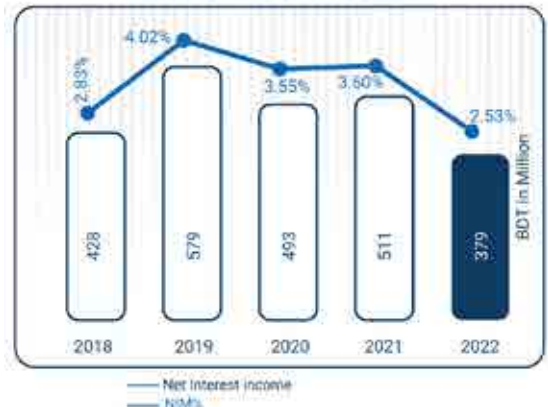
TOTAL DEPOSIT



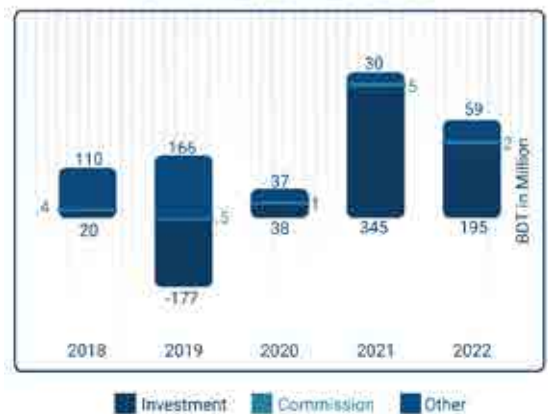
↑ 3%

DEPOSIT

NET INTEREST INCOME



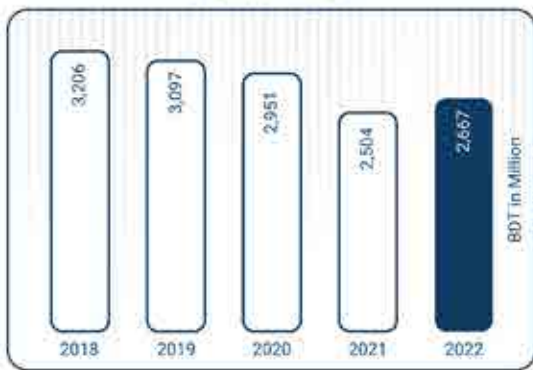
NON INTEREST REVENUE



COMPOSITION OF OPERATING EXPENSES VS COST TO INCOME RATIO



BORROWINGS



↑ 7%

BORROWINGS

Net Interest Income

Net interest income decreased to 25.93% from 2021 though loan, lease & advances increased by 2.47% despite negative market condition, associated with the significant interest rate cuts across our markets. Net interest margin (NIM) decreased year-on-year from 3.6% to 2.5%

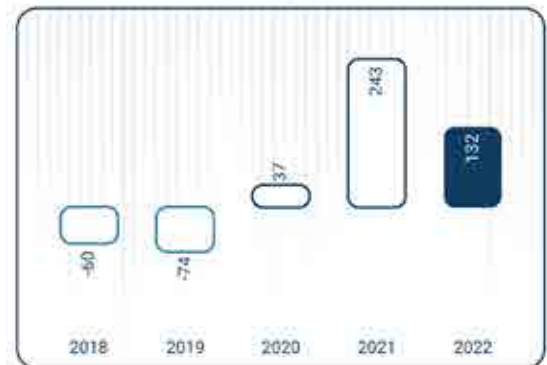
Non-Interest Income

Non-interest income decreased by 32.55% from 2021 as income from investment & securities has decreased substantially since the capital market had a tough ride due to economic challenges resulting from global adversities such as the escalating Russia-Ukraine war and worldwide recessionary forecasts.

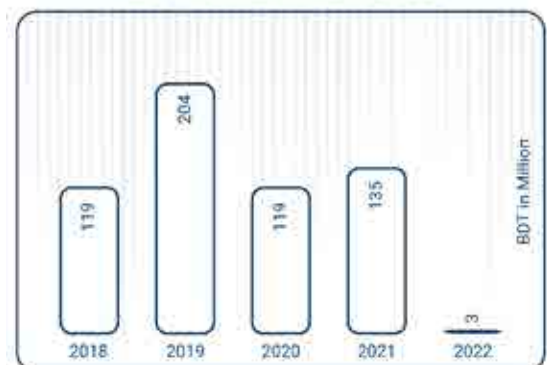
Operating Expense

Operating expense increased by 25.59% from 2021 as the major weight, salary & allowance increased by 37.16%. Besides, repair and depreciation of assets also increased significantly by 15.65%. Bangladesh Finance purposefully continued developing and rolling out innovative digital solutions to improve service efficiency and client experience. Consequently, cost to income ratio has increased from 27.41% to 48.31%

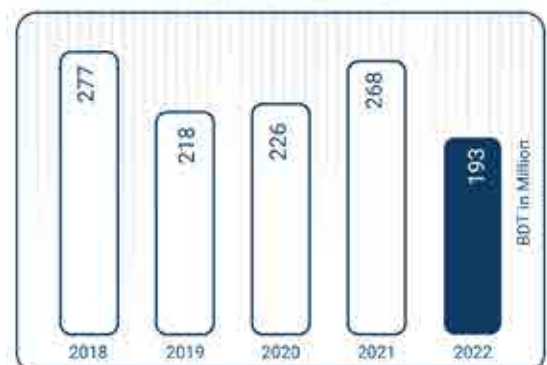
PROVISION



NET INCOME TAX EXPENSE

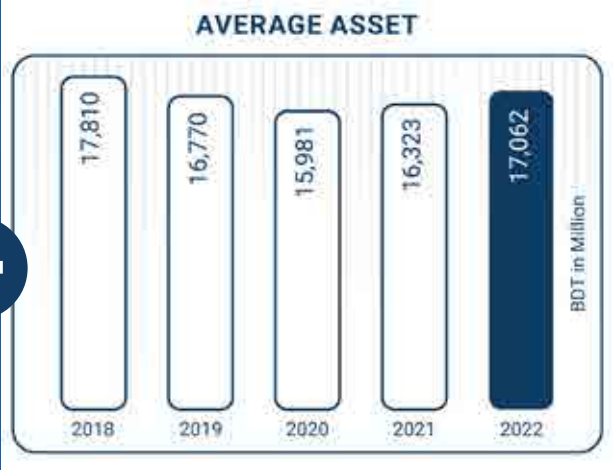


PROFIT AFTER TAX



Return on Equity

Our ROE is the most appropriate measure of our financial performance over time as it combines all of our critical drivers, including earnings growth and capital utilization, into a single metric. Internally we measure our return on equity by Return on Asset (ROA) & financial leverage as a more direct measure of earnings.



Average Asset
Bangladesh Finance's average asset increased by 4.53% in 2022 to BDT 17,062 million, from BDT 16,323 million in 2021, mainly due to increase in loan, lease & advances & investment in securities.

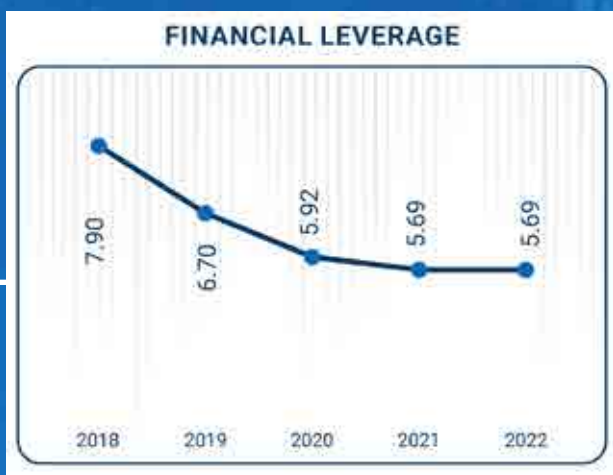


Average Shareholder's Equity
Average shareholder's equity increased by 2.95% in 2022 to BDT 3,041 million, from BDT 2,954 million in 2021, mainly supported by increase in paid up capital through bonus share issue. Besides increased statutory reserve was also a crucial contributor.



Return on Assets

The company's ROA decreased to 1.13% in 2022 from 1.64% in 2021, driven by the decreased net profit after tax (year-on-year basis)



Financial Leverage

The group's financial leverage is the ratio of average asset to average shareholders' equity. Financial leverage measures the value of assets funded with each taka of equity capital. For 2022, financial leverage was 5.69 times, equal to 2021.



Return on Equity

Our Return on Equity decreased to 6.45% in 2022 from 9.34% in 2021. The main impact of increased provision from previous year has decreased Net Profit, which impacted significantly. Besides the lower financial leverage also reflects the lower solvency risk of Bangladesh Finance Limited.

Net Interest Income

What it is: The interest received on lending products that we offer to our clients and investment in debt instruments, less the interest paid on the deposits that our clients place with us and debt funding sourced from other lenders.

Drivers: Number of clients, product offerings and pricing, level of economic and client activity, pricing in commodities and equity capital markets, competition, and market volatility.

Non-Interest Revenue

What it is: Comprises income from investment in securities, fees from commission exchange & brokerage & other operating income.

Drivers: Number of clients, transactional banking volumes and pricing, capital markets activity, trading volumes and market volatility, property-related revenue, and income from unquoted investments.

Operating Expense

What it is: Costs that are incurred to generate future and current revenues.

Drivers: Salaries and Allowances, Rent, Taxes, Insurances, Electricity, Legal & Professional Fees, Postage, Stamps, Telecommunication, Stationery, Printings, Advertisements, Managing Director's Salary and Allowances, Directors' Fees and Conveyance, Auditors' Fees, Depreciation & Repairs of Assets, Other Expenses.

Provision

What it is: Provisions are created by recording an expense in the income statement and then establishing a corresponding liability in the balance sheet.

Drivers: Classified Investment, Unclassified Investment, Other Receivables & Investment in Securities.

Taxation

What it is: Includes current tax expense & adjustment with deferred tax expense / benefit.

Drivers: Corporate tax rates in the countries in which the group operates, level of profitability of our operations, interest income from certain bonds and treasury bills, dividends on investments that are exempt, and costs that are not tax deductible.

OUR PERFORMANCE

The income statement below reflects the revenue generated and costs incurred by our business activities, with material income statement line items explained. A detailed analysis on the financial performance, and the principal headline earnings drivers for growth in our ROE, is on Dupont analysis part.

Income Statement of Bangladesh Finance Ltd.

For the year ended December 31, 2022

BDT in Million

	YOY(%)	2022	2021
Net Interest Income	-25.9%	379	511
Interest Income	-8.1%	1,376	1,497
Interest Paid	1.2%	997	986
Non Interest Revenue	-32.5%	256	379
Income from Investment in Securities	-43.5%	195	345
Commission, Exchange and Brokerage	-59.4%	2	5
Other Operating Income	100.2%	59	30
Total Income	-28.7%	634	890
Operating Expenses	33.2%	197	148
Salary & Allowance	35.1%	191	141
Other Operating Expenses	-6.9%	6	7
Profit Before Provision & Taxation	-41.1%	437	742
Provision	-45.8%	132	243
Profit Before Taxation	-38.8%	306	499
Tax	-98.0%	3	135
Net Profit after Tax	-16.9%	303	364
Appropriations	-27.9%	193	268
Statutory Reserve	-27.9%	39	54
Retained Earnings	-27.9%	155	215

OUR RESILIENT BALANCE SHEET

The balance sheet or statement of financial position shows the position of the group's assets, liabilities and equity, and reflects what the group owns, owes and the equity attributable to shareholders. Material line items have been discussed below.

Balance Sheet of Bangladesh Finance Ltd.

As at December 31, 2022

BDT in Million

	YOY (%)	2022	2021
PROPERTY AND ASSETS			
Cash	18.5%	118	99
Balance with other Banks and Financial Institutions	15.3%	1,143	991
Investment in Securities	65.8%	419	253
Lease, Loans and Advances	2.5%	13,700	13,369
Fixed Assets including Premises, Furniture	8.7%	568	523
Other Assets	-1.9%	1,245	1,269
Non-Banking Assets	0.5%	213	212
Total Interest Earning Asset	3.4%	14,843	14,360
Total Non-interest Earning Asset	8.8%	2,563	2,356
Total Assets	4.1%	17,406	16,717
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings	6.5%	2,667	2,504
Deposits	3.1%	9,862	9,569
Other Liabilities	8.6%	1,836	1,690
Total Liabilities	4.4%	14,365	13,763
Shareholders' Equity			
Total Shareholder's Equity	2.9%	3,041	2,954
Total Liabilities & Shareholders' Equity	4.1%	17,406	16,717

Investment in Securities

What it is: Includes investing in quoted & unquoted securities.

Drivers: Stock market volatility, expected level of economic activity, GDP growth etc.

Lease, Loan & Advances

What it is: Includes our lending to our clients, corporations & banks.

Drivers: Number of clients, product offerings, competition, level of economic and client activity, repayments, inflation, real income of households & volatility in interest rate.

Non-Interest Earning Asset

What it is: Includes cash, investment in securities, fixed assets, other assets & non-banking assets.

Drivers: Depreciation of asset, investing in new assets to generate revenue, expected level of economic activity, capital market volatility.

Borrowings

What it is: Includes taking term loan & short term loan from other banks & FI's.

Drivers: Volatility in interest rate, volatility in demand for credit, shortage of capital & increasing business activity.

Deposits

What it is: It reflects our interest paying liabilities like term deposit, scheme deposit & other deposit. Increasing amount of deposit is also preferable as it allows us to give more lease, loan & advances & earn more as a form of spread & contribute to the broader financial system.

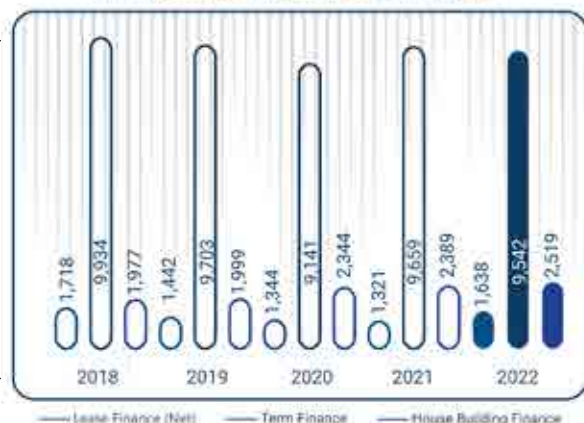
Drivers: Shortage of fund, volatility in interest rate, inflation, public spending, economic activity, client demands, transactions etc.

Industry-wise Market Shares

BDT in Million

Particulars	Industry	Bangladesh Finance	% of Industry
Deposit	437,526	9,862	2.25%
Loans & Advances	703,217	13,700	1.95%

LOAN, LEASE & ADVANCE PORTFOLIO



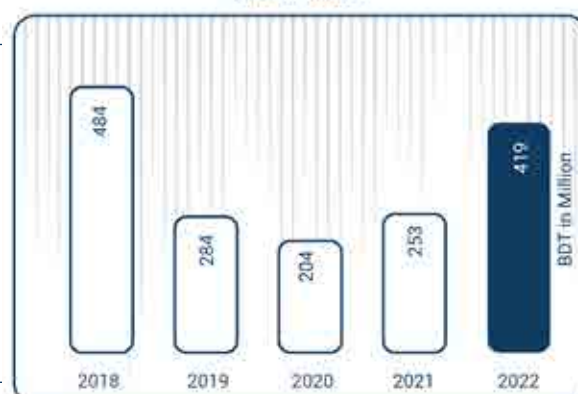
LOAN, LEASE & ADVANCE PORTFOLIO



Typically, the prime contributor for total asset of Bangladesh Finance is loan-lease & advances. However due to conservative disbursement, Leases, Loans and Advances portfolio increased by 2.47% to BDT 13,700 million from BDT 13,369 in 2022.

Term loan concentrates 69.65% in the loan portfolio and stood at BDT 9,542 million in 2022 accounted for the majority portion. Subsequently housing finance was 18.39%, lease finance was 11.96%. In 2022 housing finance stood at BDT 2,519 million and lease finance stood at BDT 1,638 million.

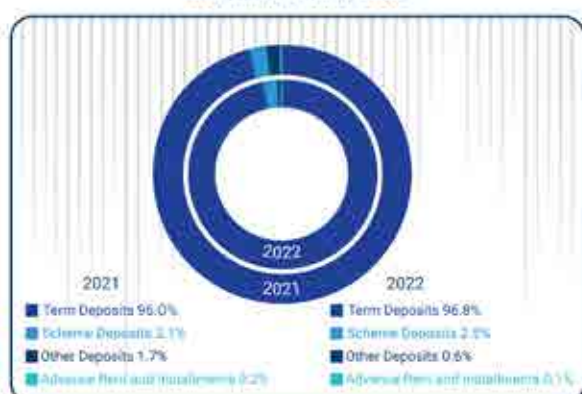
INVESTMENT



Investment in Securities

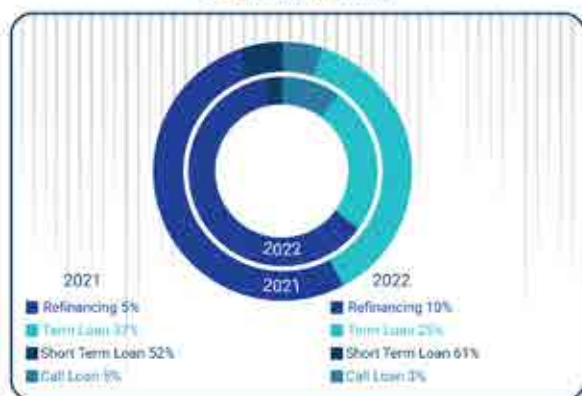
The investment portfolio of the Bangladesh Finance stood to BDT 419 million from 253 million in 2022, which is 65.76% percent higher than that of preceding year. This rise in investment is due to new investment in preference share and capital market exposure was mainly due to realize maximum return in the context of present market situation.

DEPOSIT PORTFOLIO



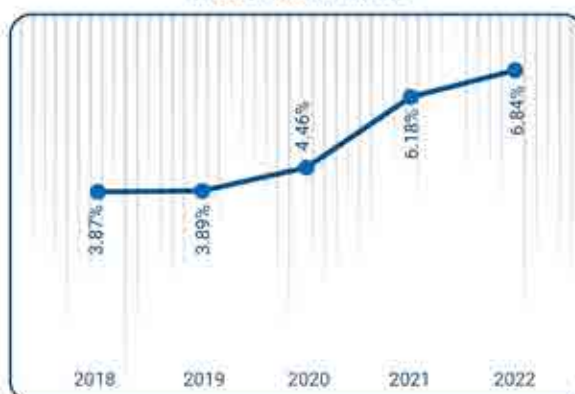
Total depository portfolio of Bangladesh Finance increased by 3.07% from 2021 to 2022 & stood at BDT 9,862 million. This growth is facilitated by extended branch network, newly launched depository scheme & expected service provided to customers as well as special initiatives carried out for mobilization of cost free and low-cost deposits during the year. The biggest contribution in the depository portfolio came from term deposit which constitutes 96.8% of total deposit besides scheme deposit, advance rent & installments & other deposits are comprised of 2.5%, 0.1%, 0.6% respectively.

BORROWING MIX



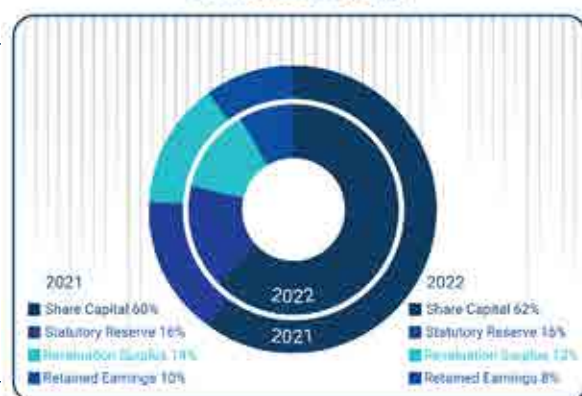
With the aim of minimizing our weighted average cost of funding and reducing our maturity gaps, we maintained the right funding blend between deposits and borrowings. At the end of 2022, bank borrowing stood at BDT 2,667 million and that depicts 6.52% increase. Short term loan represents 61% of the total borrowing mix of Bangladesh Finance Limited. Term loan, call loan & refinancing represents 25%, 3% & 10% of total borrowing mix respectively.

LIQUID ASSET RATIO



In general, Bangladesh Bank has determined liquid asset requirement in various form. The eligible range of asset varies, but in general it includes cash in hand, balance with Bangladesh Bank, balance with other bank & FIs. Liquid asset ratio provides an indication of liquidity available to meet the expected & unexpected demand for cash. At the end of 2022, liquid asset ratio of Bangladesh Finance stood at 6.83% which portrays an increase of 0.65% growth from previous year

SOURCES OF EQUITY



Total equity capital of Bangladesh Finance Limited increased by 2.94% & stood at 3,041 million at the end of 2022. Increase of total equity capital was mainly impacted by statutory reserve, revaluation surplus & retained earnings. As of 2022, share capital constitutes 62% of total equity capital accompanied by statutory reserve 16%, revaluation surplus 13% and retained earnings 8%.

CAPITAL ADEQUACY



The minimum capital adequacy ratio (CAR) for the FIs is 10% as per the Basel II standard. Capital adequacy ratio (CAR) of the year 2022 was 17.75%. From last five years, Bangladesh Finance Limited is meeting the industry threshold & that represents our ability to absorb reasonable amount of loss. On top of that common equity tier 1 ratio of Bangladesh Finance is also facing an consistent trend which represents our ability to soak up loss without discontinuing trade.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

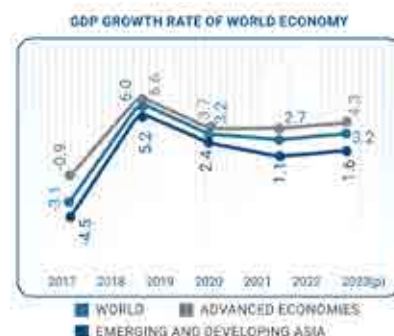
The Board of Directors of Bangladesh Finance Limited is pleased to welcome you to the 24th Annual General Meeting (AGM) of the company and present before you the Annual Report along with the Audited Standalone and Consolidated Financial Statements for the year ended December 31, 2022. The report includes a brief elaboration on the review of the business and its financial performance, as well as the underlying forces that have had an influence on them. This report has been prepared in compliance with section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

Global Economy

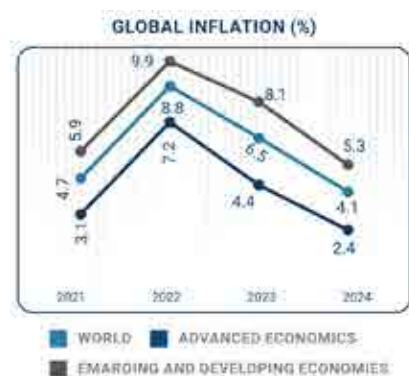
The global economy is experiencing a number of turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. By introducing a flexible monetary policy that delivered unprecedented support during the pandemic is cooling demand as policy makers aim to lower inflation back to target. But a growing share of economies is in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions.

Global GDP Growth

Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. About a third of the world economy faces two consecutive quarters of negative growth.



Global Inflation

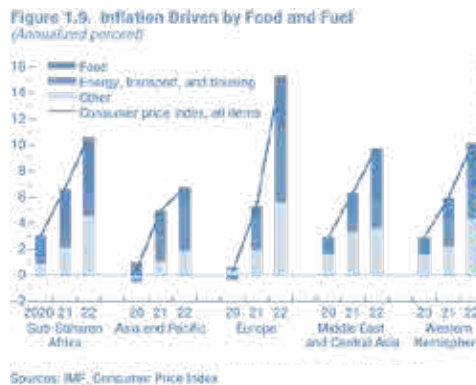


Globaleconomicactivityisexperiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. In early 2022, the Russian invasion of Ukraine's effect on global oil prices, natural gas, fertilizer, and food prices further exacerbated the situation. The effect of sanctions on the Russian economy caused annual inflation in Russia to rise to 17.89%, its highest since 2002. Higher gasoline prices were a major contributor to inflation as oil producers saw record profits. Debate arose over whether inflationary pressures were transitory or persistent. Central banks responded by aggressively increasing interest rates. U.S. inflation surge to product shortages resulting from the global supply-chain problems, itself largely caused by the COVID-19 pandemic. In November 2021 inflation in the United States was 14.9% for durable goods, compared to 10.7% for consumable goods and 3.8% for services. Similar situations occurred in several other major economies. The supply chain stresses increased prices for commodities and transportation, which are cost inputs for finished goods. Eurozone inflation hit 9.1% and 10% in August and September, respectively.

According to IMF's World Economic Outlook OCT 2022, Global inflation is forecasted to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.

Global Commodity Market

Throughout 2022, the market was observed as a devastating situation. Russia's attack on Ukraine caused most commodities to peak in the first three months of 2022. However, for much of the rest of the year, synchronized interest rate hikes by central banks to deal with inflation and a slowing Chinese economy caused by the Covid-19 zero policy to combat new cases put downward pressure on commodity prices. Some notable price movement following the war in Ukraine was international benchmark Brent crude oil surge to \$139 per barrel in early March on talks of the US plans to ban imports of Russian oil. Natural gas in Europe rose to a record high of €345 megawatts/hour in high of \$13.6 per bushel as the Russia from the main Black Sea ports. On the in Ukraine briefly elevated gold's status as reached \$2,000 an ounce in March 2022, \$2,075 per ounce set in August 2020. Most continue their tightening cycle in the first before easing the pace of their rate hike or half. On 8 December, Fitch Solutions product (GDP) to slow to 2% in 2023, from will be hit hard, with a painful recession in and short recession in the US. Amid such a as well as speculative demand for World Bank suggested Brent could drop to \$92 in 2023 and \$80 in 2024, from \$100 in 2022. Fitch Solutions' commodity price forecast expected Brent to average \$95/barrel in 2023 and \$88 in 2024, easing from an average of \$101.7 in 2022. It suggested WTI could average \$93/bbl in 2023 and \$87 in 2024, dropping from \$94.33 in 2022. JP Morgan Chase & Co. forecast Brent crude oil to average around the \$90/barrel level in 2023.

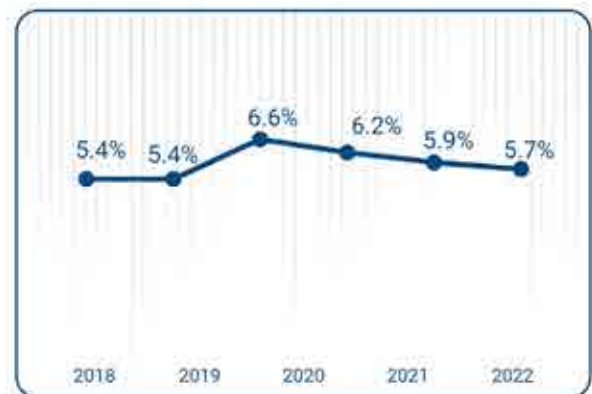


March. Wheat reached an all-time Ukraine war disrupted deliveries precious metals front, the conflict a safe haven. The price of gold but fell short of the all-time high of analysts expect central banks to half of 2023 to combat inflation, reducing the rate in the second estimated global gross domestic 3.1% in 2023. Developed markets the eurozone as well as a light clouded global backdrop, physical commodities will be capped. The

Global Unemployment

The unemployment rate in the was stable in September 2022, at 4.9%, slightly above its lowest point since the start of the 2001 (4.8%) recorded in July 2022. This rate was 0.4 percentage point below its pre-pandemic level. The number of unemployed workers in the OECD decreased slightly, to 33 million. The OECD unemployment rate was broadly stable in September for both women and men, at 5.1% and 4.6% respectively, as well as for workers aged 25 and above. However, the unemployment rate for younger workers slightly increased over the last two months, reaching 10.8% in September. In the euro area, the unemployment rate decreased slightly, by 0.1 percentage point, to 6.6% in September reaching its lowest level since the start of the series in 1990. The unemployment rate was stable or decreased in 80% of euro area countries, with the largest declines observed in Austria, France, Greece and Lithuania. Outside Europe, the unemployment rate fell in Canada, Mexico and the United States and was broadly stable in Japan. By contrast, it increased in Israel and Korea. In October 2022, the unemployment rate was stable at 5.2% in Canada while it increased to 3.7% in the United States from 3.5% in September. The total global number of unemployed youths should fall to 73 million in 2022, according to the UN Survey. The reasons behind were many dropped out of the labor force, or failed to enter it altogether, due to the difficulty of finding a job during Covid-19 lockdowns and while businesses were closing due to the pandemic. The global unemployment rate is projected to remain above its 2019 level until at least 2023. Labor market recovery will remain weak through 2023. Employment losses and a drop in labor income characterized 2021 as they had the year before. Low- and lower-middle-income countries have fared the worst. Moreover, people who already faced a disadvantage in the labor market, such as women, youth, the elderly, and migrant workers – have experienced higher employment losses than other groups.

GLOBAL UNEMPLOYMENT
SOURCE: INTERNATIONAL LABOUR ORGANIZATION
(2022 GLOBAL ESTIMATES)



World Economic Outlook 2023

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000–19) average of 3.8 percent. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017–19) levels of about 3.5 percent.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation is plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing costs could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macroprudential tools and strengthen debt restructuring frameworks. Accelerating COVID-19 vaccinations in China would safeguard the recovery, with positive cross-border spillovers. Fiscal support should be better targeted at those most affected by elevated food and energy prices, and broad-based fiscal relief measures should be withdrawn. Stronger multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

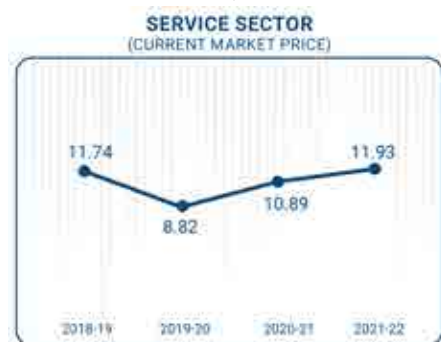
Economy of Bangladesh

While the global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. Sluggish growth rates between advanced economies and emerging and developing economies will be divergent. Growth in advanced economies is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023.

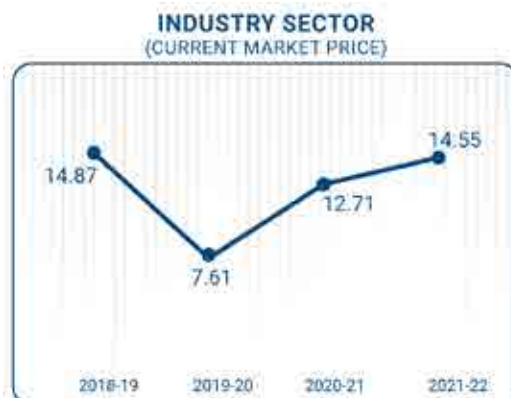
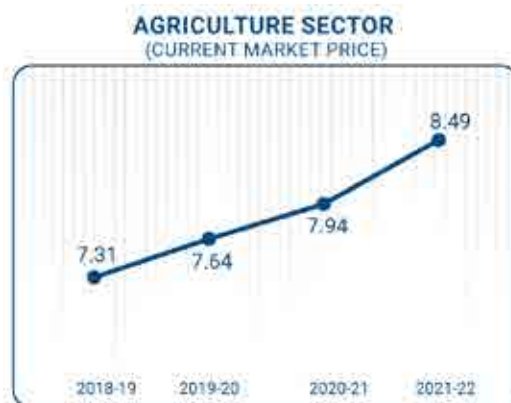
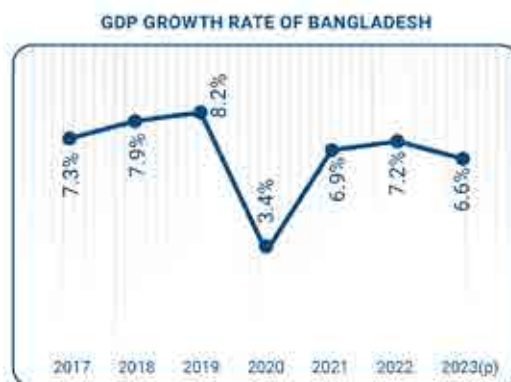
However, Bangladesh's economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.4 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the BBS, the GDP growth stood at 7.2 percent in FY 2021-22, and it is estimated that the GDP will grow at a rate of 6.6 percent in FY 2022-23.

Sector Wise Economic Progress

In FY 2021-22, the growth of the agricultural sector has been 8.49 percent. whereas the industry and service sector appreciated with a growth rate of 14.55 and 11.93 percent correspondingly. The contribution of the broad service sector, such as; wholesale and retail trade; hotels and restaurants; transport, storage, and communication; financial intermediations; real estate,



renting, business activities, etc., to the GDP stood at 53.07% in FY 2021-22. Among service sector utmost contribution came from wholesale & retail trade sector in FY 2021-22.



Budget at a Glance for FY 2022-23

Bangladesh has presented the largest budget of its history in its 51th year of sustaining as a sovereign nation. The size of the proposed budget for the FY 2022-23 is TK. 6,78,064 crore which is a 12.03% higher from the previous FY. In this period, we are going to have a deficit of Tk. 2,45,064 crore which is 5.50% of the total GDP and the highest deficit budget in the history of Bangladesh.



Remittance

The flow of inward remittances is observed to be dropped by 16.20 percent in September 2022. However, according to the monthly economic trend published by Bangladesh Bank, inward remittance of Bangladesh experienced an upsurge of 10.40 percent in Dec-22, accounting for 1,700 million USD. Although, higher gap between formal banking channel exchange rate of the US dollar against the local currency and kerb market has encouraged illegal hundi activities in recent past, the remittance data evident an eradicated effect of such activities.



Foreign Direct Investment

Despite economic growth in Bangladesh over the past decades, Foreign Direct Investment (FDI) has been facing a declining trend in Bangladesh. According to the Bangladesh Bank's statistics, the inflow of FDI stood at USD 3,889 million in the FY-19, recording the highest amidst the previous 4 years. However, it started to decline in FY-2020 and accounted for 2,179 million USD in the recent FY-22. The government is taking promotional activities like investment summits & roadshows to attract foreign investors however foreign investors are expecting to have more ease of doing business & a stable economic climate.



Foreign Exchange Reserve

A foreign exchange reserve displays a nation's backup fund which, can be used during a turmoil economic situation. Foreign exchange reserve stood at USD 36,476 million in the Sep-22 quarter which, was USD 41,827 million in Jun-22. Hence, a decline of 12.79 percent can be observed over the mentioned quarters. The underlying causes behind such decline are pressure from various dimensions like unabated dollar price appreciation & costlier imports.



Inflation

Inflation in Bangladesh has been facing a swelling growth in the first two quarter of FY-22 as price of food & non-food items are showing upward movement. In the June-22 quarter, point to point inflation was 7.56% & in quarter Dec-22 inflation increased to 8.71%. Both the point to point & 12-month average inflation depicted a significant increase in FY-22 compared to the previous years. In Dec-22 point to point inflation stood at 7.70%, increase 2.16% from the previous quarter.



Export

After dealing with the negative effects of the COVID-19 epidemic, Bangladesh's foreign trade has begun to improve. Total export earnings fell 17.1% to USD 32,832 million in FY 20 compared to the previous fiscal year. However, export earnings started to show an increasing trend from FY 21. In FY 22, export earnings totaled USD 49,245 million, representing a 30% increase over the previous fiscal year. During this time period, commodity-wise growth in export earnings demonstrates that export earnings



from practically all items have increased in comparison to the previous fiscal year. The government has taken several steps including providing cash incentives to encourage exporters.

Import

Total import payments for FY-21 were USD 60,681 million, which upsurged to 82,495 million USD in FY-22 with a growth rate of 35.95%. Such an increase in import payment resulted in a negative balance of payments situation for FY-22. In accordance with FY-22, 25.60 percent of the total imported commodities arrived from China, while India was the second largest source of import, grabbing 18.10 percent of our total import.

Capital Market Overview

Turnover of the Dhaka Stock Exchange (DSE) increased almost two-fold in September-2022 compared to the previous quarter. This massive increase of in turnover is caused by enthusiastic investors after a slight decline trend in the market. The principal index (DSEX) of DSE stood at 6,513 points which is an increase of 2.13% from previous Jun-22 quarter. The higher DSE index also indices the growing confidence of investors. DSE30 index also portrayed a positive trend point over the quarters of march, June and September-22.

Market capitalization of the Dhaka Stock Exchange is observed to be increasing gradually since FY2020. As of FY-22, market capitalization of Dhaka Stock Exchange (DSE) stood at BDT 5,177 billion which illustrates a 0.68% increase in comparison with FY 2021.

Economic Outlook of Bangladesh 2023

Bangladesh has a strong track record of economic growth and poverty alleviation. Over the last decade, it has been one of the world's fastest-growing economies, owing to a demographic dividend, robust ready-made garment (RMG) exports, and stable macroeconomic conditions.

Looking ahead, solid economic growth momentum is expected to continue with growing internal and external demand, improving the COVID-19 situation, and rising business confidence. However, headwinds to this growth and inflation outlook could emerge from a number of factors, such as the unfavorable outcomes of the Russia-Ukraine war, the continuation of soaring global commodity and energy prices, and sustained widening current account deficits with the depreciation pressure on exchange rate.

Since Russia and Ukraine are critical suppliers of several commodities, such as wheat, maize, sunflower oil, corn, fertilizers, and rare earth minerals, including oil, gas, and metals, supply disruptions in these commodities may escalate their prices in the global markets. Given the escalated global commodity prices, the government's fuel and fertilizer subsidies will increase substantially, creating pressure on fiscal management. The pass-through of soaring global commodity prices and the exchange rate depreciation could impair domestic price stability through import channels. Apart from containing inflation at tolerable levels, keeping import payments manageable and maintaining stability in the foreign exchange markets would be a critical challenge for the economy.

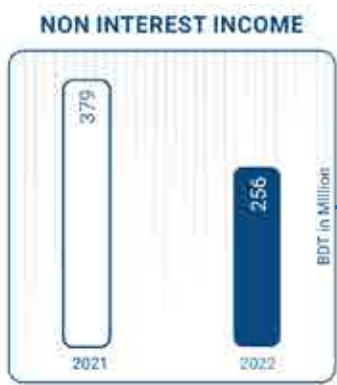
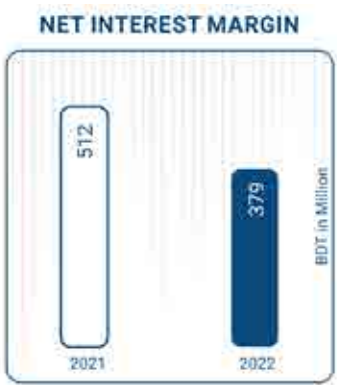
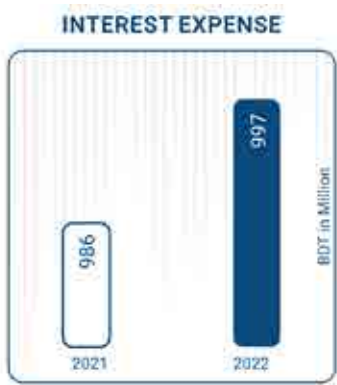
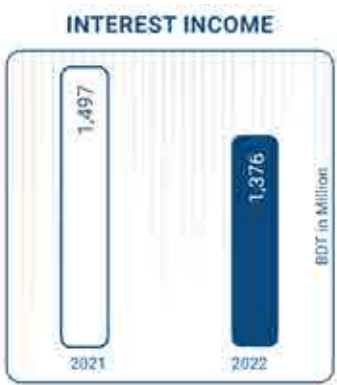
Given the shallow trade linkage of Bangladesh with Russia and Ukraine, the direct adverse impact of the war is expected to be limited. However, if the war lingers and propagates in neighboring European countries, which happen to be the major destinations of Bangladesh's exports and sources of remittance, the effects of the war could be non-trivial. In addition, the climate and environment-related vulnerabilities, like the recent sudden floods in the North and Northeastern part of the country, could have some headwinds on the country's overall price stability and growth prospect.

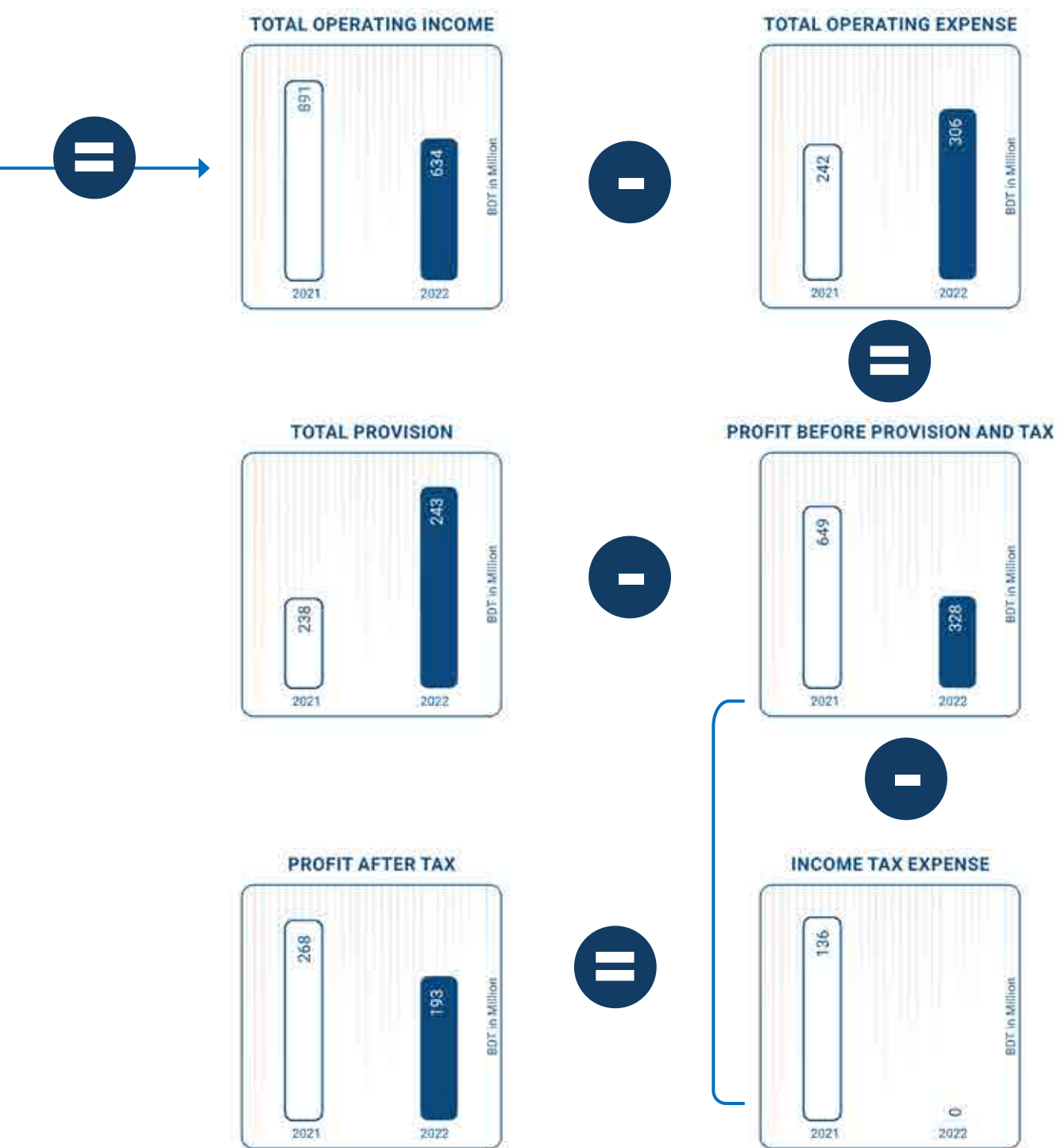


Performance of Bangladesh Finance in 2022

Bangladesh Finance has a strategy to improve its business portfolio by scouting good quality assets and to maintain a sustainable growth. The financial industry has been facing massive challenges since 2018. Severe liquidity crisis, reputational issue and growing non-performing loans still remains as the big concern for the industry. Keeping that in mind, Bangladesh Finance concentrated more on refinance schemes of Bangladesh Bank to grow its loan portfolio. The investment portfolio in lease and loan finance slightly increased to TK. 13,700 million in 2022 from TK. 12,369 million in 2021.

In addition to increasing the portfolio in the year 2022, Bangladesh finance improved its investment mix by reducing corporate investment and concentrating more on retail and CMSME segment. Operational performance of Bangladesh Finance compared to last year is summarized below:





The interest income decreased to BDT 1,376 million in 2022 from BDT 1,497 million in 2021 representing a negative growth of 8.1%. However, interest expenses increased to the tune of 1.2% due to liquidity crisis, inflationary adjustment and unstable money market. Overall net interest income showed a negative growth of 26%. The operating income stood at BDT 634 million in 2022 from BDT 891 million in 2021. The net profit after tax decreased to BDT 193 million in 2022 from BDT 268 million in 2021 registering a negative growth of 27.9% due to decreased other income and investment income.

Net Asset Value Per Share

There is an increase in Net Asset Value Per Share, in 2021 the Net Asset Value Per Share was BDT 15.69, which has increased to 16.15 in 2022. There is a 2.9% increase in Net Asset Value Per Share in 2022. The term Net Asset Value Per Share refers to the total value of a fund's investments divided by the number of shares outstanding. It indicates the price at which shares in that fund can be bought and sold.



Return on Equity

There is a decrease in Return on Equity (ROE) in the year 2022. The ROE has decreased to 6.45% in 2022 from 9.34% in 2021. Return on Equity is measured by dividing net income by shareholder's equity. We consider ROE as a measure of the profitability of a company in relation to stockholder's equity.



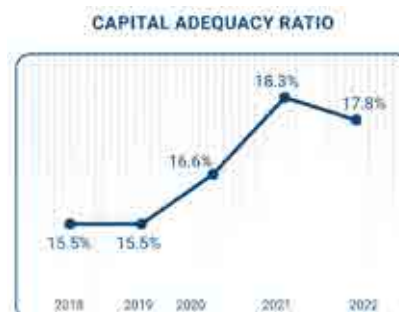
Earnings Per Share (EPS)

Earnings Per Share, or EPS gauges how much profit a company has generated. It is the portion of a company's profit that is allocated to each outstanding share of its common stock. EPS is calculated by dividing a company's total earnings by its outstanding shares. The Earnings Per Share has decreased to 1.03 in 2022 from 1.42 in 2021. The earnings decreased sharply due to lower of investment income from capital market operation, decreased interest income.



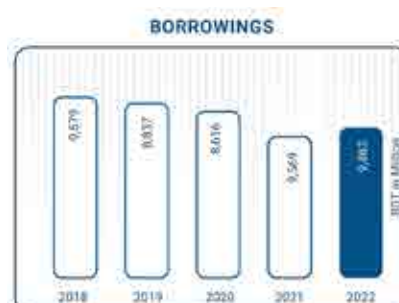
Capital Adequacy Ratio

The minimum paid-up capital of the Financial Institution (FI) shall be Taka 100 crore; provided that the sum of paid-up capital and reserves shall not be less than the minimum capital requirement (10% at present) under the Risk-Based Assets of the company, criteria determined by the Bangladesh Bank. Bangladesh Finance has maintained capital at 17.8% rate in 2022 which was 18.3% in the year 2021.

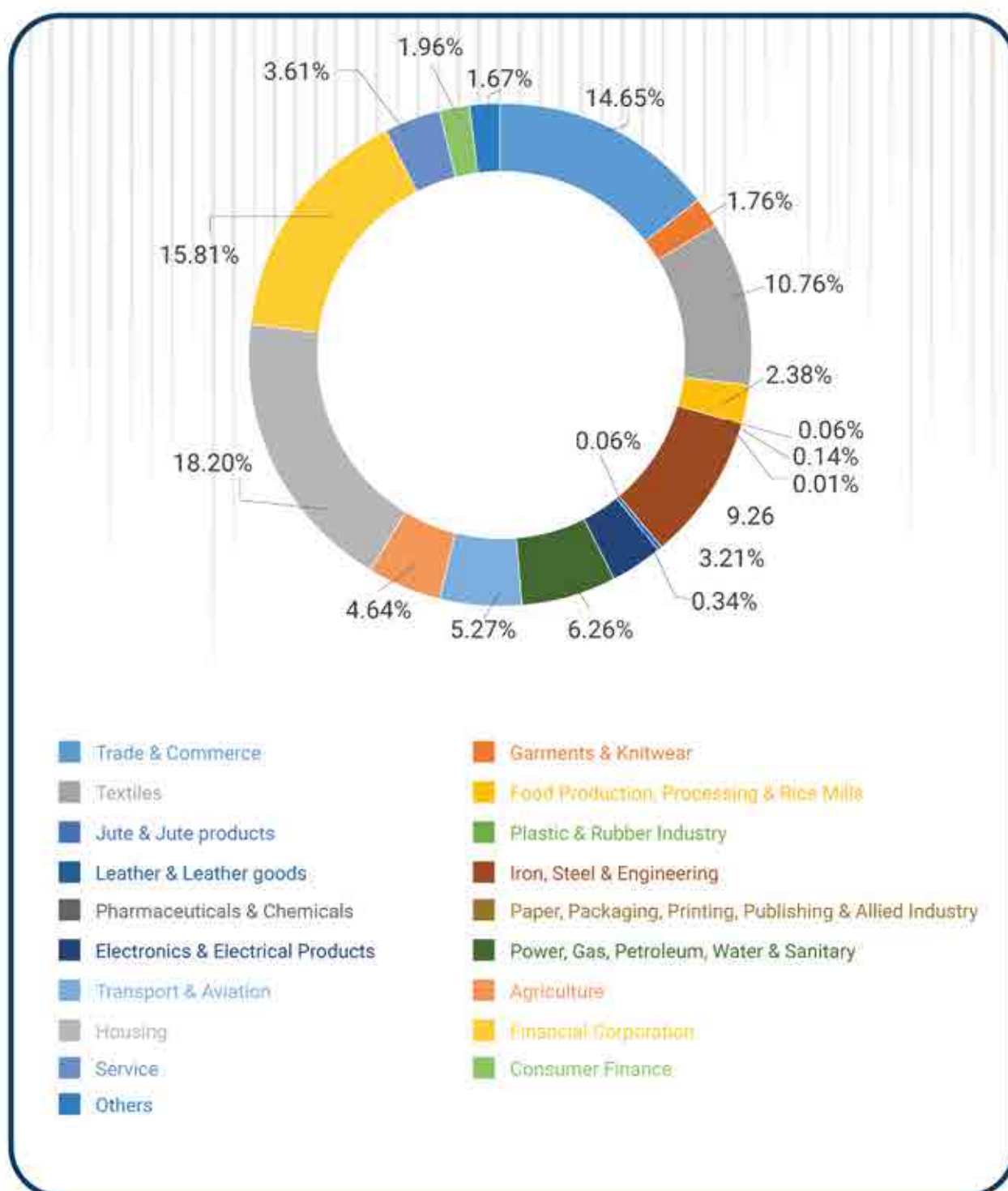


Deposit and Bank Borrowing

Total deposits increased by 3.1% in the year 2022 compared to previous year. Again, the dependency on bank borrowing increased by 6.5% in the year 2022. At the end of the year 2022 total deposit base of Bangladesh Finance stood at TK. 9,862 million from TK. 9,569 million in 2021.



SECTOR WISE CLASSIFICATION OF INVESTMENT 2022



Internal Control

The system of internal control is sound in design and has been effectively implemented and monitored within the organization. To further improve the internal control and monitoring system Bangladesh Finance has enriched its management information system.

Internal Control Over Financial Reporting

As well as complying with the Code, the Group has adopted the best practice recommendations for risk management, internal control and related financial and business reporting and the Company's internal control framework operates in line with the recommendations set out by the regulatory bodies.

Risk Management

Taking on credit exposure is a defining element of our business, and risk management of lending activities is a major challenge. Our risk management practices are currently undergoing a significant transformation, entailing a greater emphasis on the systematic analysis and assessment of the quality of the lease/loans and the development of qualitative and quantitative parameters to reduce internal and external risks.

Bangladesh Finance follows a standard credit policy which has been designed considering all kinds of related risks. The company has formed several committees (e.g. Credit Committee, Risk Management Forum, Internal Control and Compliance, Anti-Money Laundering/Central Compliance Unit) to deal with the various risk issues in the best possible way. The members of the mentioned committees meet on a regular basis to minimize and manage the risk. The Board continuously assess the risks faced by the organization and updates policies to maintain the balance between risk and growth. While the Board sets the policies, management is responsible for implementing those policies throughout the organization. The risk management issue has been discussed in detail in the chapter named "Risk Analysis and Management" of this report.

Directors' Rotation and Re-appointment

As per Articles 121, 126 and 127 of the Articles of Association of the Company which comply with the pertinent company law of the country, one-third of the Board of Directors (Excluding Managing Director and Independent Directors) shall retire by rotation. The following Directors shall retire from the office by rotation at the 24th Annual General Meeting:

Mr. Md. Asaduzzaman Khan

(Nominated by Khaled Iron
and Steels Ltd.)

Mr. Imtiyaz Yousuf

(Shareholding Director)

As per Article 128 of the Articles of Association of Bangladesh Finance, the Directors who retire by rotation, are eligible for reelection. Furthermore, Anwar Ispat Ltd. has recently changed their nomination to the Board of Bangladesh Finance Ltd. The Brief Resume and other information of the Directors as per clause 1.5 (xxiv) of the Corporate Governance Code of BSEC as on June 03 2018 are depicted in the directors' profile. The names of the companies in which the person also holds the directorship are shown on note no: 43.1 of the Financial Statements. It is noteworthy that, all the reappointment and new appointment of Directors are duly approved by the Bangladesh Bank which will be placed in the 24th AGM for final approval from the shareholders.

Appointment of Independent Director

The Independent Directors were duly appointed according to the Corporate Governance Code as prescribed by Bangladesh Securities and Exchange Commission (BSEC). The Board of Directors reappointed Mr. Md. Rokonzaman FCA as the independent director of Bangladesh Finance on its 256th Board meeting held on 21 June 2022. Again, Mr. Iqbal Uddin Ahmed also reappointed as another independent director in the 263rd Board meeting held on 29 November 2022. Both the appointment of the directors is duly approved by the Bangladesh Securities and Exchange Commission and Bangladesh Bank.



Long Term

Credit Rating

Bangladesh Finance has been awarded credit rating AA" in Long Term and ST-1 in Short Term by Alpha Credit Rating Ltd. based on the audited Financial Statements. The validity of the rating is up to April 13, 2023.

BY ALPHA CREDIT RATING LTD



Short Term

Quarterly Operating Results

Bangladesh Finance registered a slight decreasing growth in loans and advances in 4th Quarter over 1st, 2nd and 3rd Quarters (QoQ) respectively and an increasing the trend on Year over Year (YoY) basis. Deposit was grown over 4th Quarter over 2nd and 3rd Quarters (QoQ) in spite of the unhealthy competition to the tight money market and liquidity crisis and global economic slowdown. Revenue increase in QoQ basis in Q3'22 and Q4'22 with huddle recovery from outstanding loans, reduction of deposit rate, dividend income from subsidiaries and cost reduction strategy. Operating profit and net profit also increased in Q4'22 compared to quarters of 2022. However, overall net profit after tax decreased due to interest rate capping and depression in liquidity market.

Quarterly Operating Results		
Particulars	Q2'22	Q1'22
Loan & Advances	13,956	13,724
Growth (%) -QoQ	1.69%	2.65%
Growth (%) -YoY	4.39%	2.65%
Deposit & Other Accounts	10,275	10,458
Growth (%) -QoQ	-1.75%	9.29%
Growth (%) -YoY	7.37%	9.29%
Revenue	296	133
Growth (%) -QoQ	121.62%	-85.02%
Growth (%) -YoY	-66.80%	-85.02%
Operating Profit	166	76
Growth (%) -QoQ	117.92%	-88.22%
Growth (%) -YoY	-74.33%	-88.22%
Profit After Tax	71	34
Growth (%) -QoQ	108.09%	-87.36%
Growth (%) -YoY	-73.70%	-87.36%
Cost to Income Ratio	43.88%	42.92%
Growth (%) -QoQ	2.22%	56.61%
Growth (%) -YoY	60.09%	56.61%
Classified Loan Ratio (%)	3.24%	3.23%
Growth (%) -QoQ	0.31%	27.17%
Growth (%) -YoY	27.56%	27.17%

Quarterly Operating Results		
Particulars	Q4'22	Q3'22
Loan & Advances	13,700	14,043
Growth (%) -QoQ	-2.45%	0.62%
Growth (%) -YoY	2.47%	5.04%
Deposit & Other Accounts	9,862	9,185
Growth (%) -QoQ	7.38%	-10.61%
Growth (%) -YoY	3.07%	-4.02%
Revenue	634	395
Growth (%) -QoQ	60.56%	33.69%
Growth (%) -YoY	-28.75%	-55.62%
Operating Profit	328	190
Growth (%) -QoQ	72.30%	14.74%
Growth (%) -YoY	-49.26%	-70.55%
Profit After Tax	192	75
Growth (%) -QoQ	154.94%	6.63%
Growth (%) -YoY	-28.51%	-71.96%
Cost to Income Ratio	48.31%	51.83%
Growth (%) -QoQ	-6.80%	18.13%
Growth (%) -YoY	76.26%	89.11%
Classified Loan Ratio (%)	5.56%	3.08%
Growth (%) -QoQ	80.52%	-4.94%
Growth (%) -YoY	118.90%	21.26%

- Loans and advances balance decrease due to collections of loans in Q4.
- Deposit and other accounts increase due to Deposit collection from customers in Q4.
- Revenue growth in Q4 due to dividend income from subsidiaries which increases operating income and profit after tax as well.
- Cost to income decreases in Q4 due to revenue growth and lower growth of expenses but increases compared to last year due to incremental new hiring, slight increase in operating cost due to inflation adjustment.

Credit Rating

Bangladesh Finance has achieved the credit rating 'AA' (double A) in long term and ST-1 in short term. This credit rating reflects the company's strong capacity to meet its financial obligations ensuring high safety for depositors and investors.

Extra-Ordinary Gain or Loss

During the year 2022, Bangladesh Finance realized gain/loss of 97.26 million (solo) and 297.36 million (consolidated) respectively from the investment in shares from the capital market.

Statement of Directors on Financial Reporting Framework

The directors are responsible for the governance of the company and as part of preparation and presentation of the financial statements. We, the directors confirm compliance with the financial reporting framework in line with the Corporate Governance Code issued by Bangladesh Securities & Exchange Commission in the following matters:

- The financial statements prepared by the management present fairly its state of affairs, the result of its operation, cash flow and statement of changes in shareholders' equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable & prudent judgment;
- The International Accounting Standards (IAS) or applicable International Financial Reporting Standards (IFRS), as applied in Bangladesh, have been followed in preparation of the financial statements any departure there from has been adequately disclosed;
- Internal Control System is sound in design and has been effectively implemented & monitored;
- There is no significant doubt upon the ability of the company to continue as a going concern.
- Although there are some quarterly deviations due to the change in funding cost, at the year-end there are no significant deviations from the last year's operating results.

We (Board of Directors) also hereby confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, profit or loss of the company;
- Adequate disclosures have been provided for the users of financial statements to understand the impact of financial information, other events and conditions on the entity's financial position and financial performance.
- Reasonable effort has been made to safeguard company's assets and to detect/prevent any fraud or irregularities.
- The minority shareholders have been protected from abusive actions by, or in the interest of, controlling
- Shareholders acting either directly or indirectly and have effective means of redress.

Related Party Transactions

In the normal course of business, Bangladesh Finance has entered into very few transactions with related parties during the year 2022. Disclosure of all related party transactions including nature and basis of such transactions have been furnished in Financial Statements, note no. 43.

Key Operating and Financial Data

Key operating & financial data over the last five years as per requirement of BSEC Notification No. BSEC/ CMRRCD/2006-158/207/ Admin/80 dated June 03, 2018 are presented in Annexure-III to this report. Highlights of overall operations of the company as per DFIM Circular No. 11 dated December 23, 2009 are also been presented on Annexure-C of Financial Statements.

Dividend

The Board of Directors proposed 10% cash dividend for the year 2022. Considering the overall situation of the financial sector of the country, the Board believe that the cash dividend will give a confidence to the investors about the strength of the company. The Board also states that in line with the corporate governance code prescribed by BSEC, no bonus shares or stock dividend was declared as interim dividend during the year 2022.

Shareholding Pattern

According to the CDBL report, there were 8496 registered ordinary shareholders as on December 31, 2022. The shareholding pattern of the company as on December 31, 2022 is disclosed as per new Corporate Governance Code of BSEC in Annexure-I of this Directors' Report.

Meetings Attendance & Remuneration

During the year 2022 a total of 13 (Thirteen) Board Meetings, 1 (One) Executive Committee Meeting & 5 (Five) Audit Committee meetings were held. The detail of meeting attendance by the Directors along with remuneration paid to them are disclosed in Annexure- II of this Directors' Report.

Going Concern

Going Concern is one of the fundamental accounting concepts that determine the basis of preparation of the financial statement. According to going concern concept, an entity deems to have perpetual succession; i.e. to be continued in operation for foreseeable future. The management of an entity is responsible to assess the entity's ability to continue as a going concern company before preparing the financial statement. The assessment is pertinent as it is required/guided by the International Accounting Standard, Companies Act, Listing Rules of concern issue and Corporate Governance Code of BSEC.

The management of Bangladesh Finance has made an annual assessment of the company on the ability as going concern based on the accounting period ended on 31 December 2022 by making appropriate inquiries including review of budget as well as future outcomes of external and internal risks associated with the business. Considering the following major indicators, the management of Bangladesh Finance has come to the decision that preparation of financial statement of Bangladesh Finance for the year 2022 on going concern assumption is appropriate:

Indicating Factors	Response/Status of the Company
Dependency on Bank Borrowing	As on 31 December 2022, the bank borrowing of Bangladesh Finance is Taka 2,666.63 million against Term and Scheme deposit of Taka 9,862.35 million. Again, the bank borrowing is 18.56% of total liabilities which indicates that the company has no significant dependency on bank borrowings.
Equity Base	Bangladesh Finance has a good equity base which stands at Taka 3,040.95 million as of December 31, 2022 compared to Taka 2,954.06 million in the same period of previous year.
Interest Coverage Ratio	As of December 31, 2022, interest coverage ratio of Bangladesh Finance stands at 2.56 times (EBIT/Interest Expense-Borrowing) which indicates a good capacity of serving debt.
Credibility in payment of loan obligations and encashment of deposit	Bangladesh Finance has strong credibility in terms of payment of its obligations to lenders. The payment history of the company is smooth towards both the lenders and depositors.
Renew of borrowing facility	At the end of year 2022, total borrowing from other banks and financial institutions becomes Taka 2,666.63 million. Based on our relationship, reputation and past experience, it can be said that a major part of the debt would be renewed further.
Faith and confidence of depositors towards the company	Bangladesh Finance has good relationship with the depositors and good track record in settling its obligation towards its depositors. The confidence and continues support from the depositors helped the company to maintain a good amount of deposit consistently.
Financial Ratios	Most of the key financial ratios of the company are favorable. The key operating and financial ratios have given in Financial Highlight.

Non-Performing Loan (NPL)	The company has an excellent track record for improvement of non-performing loan. As of 31 December 2022, the NPL stands at 5.56% whereas the industry average is two-digit figure.
Payment of Dividend	Bangladesh Finance has been paying dividend consistently to its shareholders over the years. The balance sheet as on 31 December 2022 is also supportive to continue the trend of its dividend payment.
Working Environment and Employee Satisfaction	The employees of Bangladesh Finance enjoy a good working environment. They dedicatedly work for the company and the company care for them by providing benefits and recognition.
Ability to Meet Operational Expenses	Bangladesh Finance has not faced difficulties in paying its day-to day operational expenses. It has a culture to pay the vendors on time.
Off-balance Sheet Liability	Bangladesh Finance has limited amount of off-balance sheet liability which is not material compared to the financial strength of the company.
Maintenance of Capital Adequacy Ratio (CAR)	Bangladesh Finance has been maintaining the required CAR consistently as per the instruction of Bangladesh Bank (DFIM Circular Number 14, dated December 28, 2011). As of December 31, 2022, the CAR stands at 17.80% against the required rate of 10.00%.
Change in Government Policy	The management of Bangladesh Finance does not anticipate any significant changes in legislation or government policy, which may materially affect the business of the Company.

Review of Subsidiaries Performance

Bangladesh Finance has mainly two subsidiaries:

1. Bangladesh Finance Securities Limited (BD Securities)
2. Bangladesh Finance Capital Limited (BD Capital)

Bangladesh Finance Securities Limited (BD Securities)

The First subsidiary (56.34%) of Bangladesh Finance is BD Securities that offers full-fledged international standard brokerage service for retail and institutional clients. It started its operation in November 2011. It also has seats on Dhaka Stock Exchange Limited. BD securities has managed to come out as a strong market player in the sector within a short period of time. The total investment portfolio size of Bangladesh Finance securities stood at Tk. 360.98 million at the end of the year 2022. While the total asset is Tk. 2,550.26 million. Earnings Per Share (EPS) is Tk.1.50, which is 0.77% higher than that of 2021.

Bangladesh Finance Capital Limited (BD Capital)

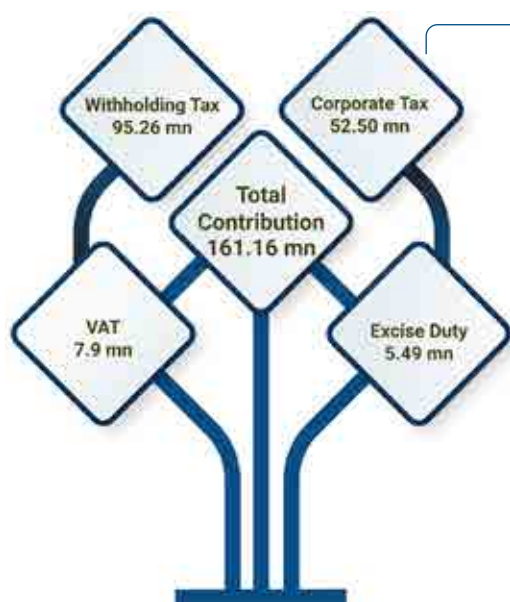
Bangladesh Finance Capital Limited, known as BD Capital is a 99.972% subsidiary of Bangladesh Finance. It started its operation from February 26, 2012 as a full-fledged Merchant Bank. Portfolio management, issue management, underwriting of securities and advisory services are the main activities of the company. BD Capital has achieved a sustainable growth in the Merchant Banking Industry within a short time period. It indicates a further potential growth of the company in the near future. The total Asset of BD Capital stood at Tk. 693.39 million at the end of the year 2022. As per Articles 121, 126 and 127 of the Articles of Association of the Company which complying with the pertinent company law of the country, one-third of the Board of Directors (Excluding Managing Director and Independent Directors) shall retire by rotation. The following Directors shall retire from the office by rotation at the 24th Annual General Meeting.

Contribution to the Society & Environment

As a corporate citizen, Bangladesh Finance always considers to contribute towards the society and environment. Bangladesh finance is focusing in CMSME sector with a view to support the small entrepreneurs who play an important role in the economy of the country. Bangladesh Finance is engaged with various social and environmental initiatives as part of its CSR activities.

Insider Trading

The members of the Board of Bangladesh Finance as well as its sub-committees, or its senior management and their family members did not involve in any insider trading and did not violate the provision with regard to insider trading.



Contribution to National Economy

Bangladesh Finance contributes to the national economy mainly through contribution to the national exchequer, as well as through financing in productive enterprises and creating employment thereby. Bangladesh Finance has been playing a good role over the last two decades by financing various successful projects in the private sector of the country. As a direct contribution to the national economy, Bangladesh Finance deposited a total amount of BDT 161.16 million during the year 2022 in the form of corporate tax, withholding tax, excise duty and VAT to the national exchequer.

Management's Discussion and Analysis

A detailed discussion and analysis of financials, as delivered by the MD & CEO in line with the Corporate Governance Code, is appended in this annual report.

Declaration by the CEO and CFO

A declaration by the Managing Director & CEO and the Chief Financial Officer, as prescribed in the Corporate Governance Code has been appended as Annexure-A to the corporate governance report.

Statutory Auditor

Hoda Vasi Chowdhury & Co., Chartered Accountants are the current statutory Auditors of Bangladesh Finance who (the audit firm) were appointed in the 23rd Annual General Meeting held on March 31, 2022 for the year 2022 until 24th Annual General Meeting. On the basis of the proposal of the Board Audit Committee, the Board recommends A. Qasem & Co., Chartered Accountants to be appointed as the statutory auditor of the company for the year 2023 at a remuneration of BDT 300,000.00 only (excluding VAT) up-to the 25th Annual General Meeting.

Compliance Auditor

Itrat Husain & Associates, Chartered Secretaries in practice are the current compliance auditor of Bangladesh Finance who (the audit firm) were appointed in the 23rd Annual General Meeting held on March 31, 2022 for the year 2022 until 24th Annual General Meeting. On the basis of the proposal, the Board recommends Itrat Husain & Associates, Chartered Secretaries in practice to be reappointed as the compliance auditor of the company for the year 2023 at a remuneration of BDT 75,000.00 only (excluding VAT) up-to the 25th Annual General Meeting.

Status of Compliance on Corporate Governance

Status of the compliance of conditions of Corporate Governance Code imposed by Bangladesh Securities and Exchange Commission under Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03 2018 along with a certificate from a compliance auditor in practice has been enclosed as page no. ... to the Corporate Governance Section. We also appended a statement of compliance with the good governance guidelines issued by Bangladesh Bank as additional Disclosure in the Corporate Governance Section.

Outlook 2023

The year 2023 will be the year of 'recovery from economic recession' for Bangladesh Finance Limited. The high level of non-performing loans in the banking and financial institutions sector in Bangladesh has been an area of concern. With the economic recession, the risk profile of the borrower has deteriorated across the world – and Bangladesh is no exception. With lending cap policy that take away the ability to cover the risk to the full extent created an ill-timed double whammy. At the same time, high inflation and liquidity crisis will give extra challenges for the business community and the savers people.

Our top most challenges in 2023 shall be to maintain quality asset portfolio, to reduce the amount of classified loans, to increase retail and SME business both in Deposit and Loans & Advances segment, and to avail low-cost refinance scheme so that the cost of fund could be reduced and the desired reduction in lending rate can be achieved. Our strategies next year will include: exploiting the growing rural deposit basket by strengthening the Sales team, cross Selling of different products and services including retail to corporate customers will get the top most focus next year. In our loan portfolio, we will remodel the concentration of segment wise loans & focus on good rated business, SME and retail businesses, and increase fee-based income through our 'Structured Finance' department. New emerging sectors like ICT Sector, Energy & Power Sector, Health care sector, Light Engineering, Tourism Industry, Ceramic Sector, to be more emphasized. Special attention will be given to expand SME credit portfolio to achieve relatively higher yields and also to reduce adverse effects of large volume defaults. Existing thrust sectors like agro based industries, leather, frozen food, textile industry to be more focused. Agri-business sectors like sugar, edible oil, wheat, rice, maze, pulses, peas, Food & Beverage to be more focused. In addition, we are going to explore new business avenues for ensuring wide range of customer services through establishing a new wing in the name of 'Islamic Financing Wing'.

Acknowledgement

The Board of Directors expresses heartfelt appreciation and gratitude to the valued clients, lenders, depositors, bankers & business associates for their support and cooperation. The Board also expresses its gratitude to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, National Board of Revenue, Registrar Joint Stock Companies & Firms and other regulatory bodies for their assistance and guidance. Our sincere appreciation goes to the employees of the company for their loyalty, efforts and dedication. Finally, the Board of Directors thank the respected shareholders for their confidence on the Board and Management and assures them that the process of strengthening and developing of the company will continue in coming days to optimize the wealth of the stakeholders.

For and on behalf of the Board of Directors,



Manwar Hossain
Chairman
Bangladesh Finance Limited

ANNEXURE-I

PATTERN OF SHAREHOLDINGS AS ON DECEMBER 31, 2022 AS REQUIRED BY THE CORPORATE GOVERNANCE CODE ISSUED BY BSEC:

	Status (Sponsor/ Promoter/Director/ Nominated Director/ Independent Director/ Depositor Director etc.)	No. of Securities Held as on End of the Month	% of Total No. of Paid-up Securities as on End of the Month
		31.12.2022	31.12.2022
A. Parent/ Subsidiary/ Associated Companies		Nil	
B. Directors, Sponsors, CEO, Company Secretary, CFO, Head of Internal Control and Compliance and their spouse and minor children			
ANWAR STEEL MILLS LTD.		9,004,232	4.78%
MR. FURKAAN MUHAMMAD N HOSSAIN (Nominated by Anwar Steel Mills Ltd)	Director	Nil	-
ANWAR ISPAT LTD		14,223,130	7.56%
MRS. SHAHNAZ RASHID (Nominated by Anwar Ispat Ltd)	Director	Nil	-
HOSSAIN DYEING & PRINTING MILLS LTD.		7,857,468	4.17%
MR. MANWAR HOSSAIN (Nominated by Hossain Dyeing & Printing Mills Ltd)	Director	1,219,240	0.64%
KHALED IRON & STEELS MILLS LTD.	Director	3,797,998	2.02%
MR. MD. ASADUZZAMAN KHAN (Nominated by Khaled Iron & Steel Mills Ltd)	Director	Nil	0.00%
ANWAR SILK MILLS LTD.		3,805,265	2.02%
MR. YOUSUF AMAN (Nominated By Anwar Silk Mills Ltd)	Director	Nil	-
MEHMUD INDUSTRIES (PVT.) LTD.	Director	7,125,828	3.79%
MR. IHTIAZ YOUSUF (Nominated by Mehmud Industries (PVT.) Ltd)	Director	Nil	-
Mr. Imtiyaj Yousuf	Director	8,189,251	4.35%
Mr. Abdur Rashid Salam	Sponsor	1,363,052	0.72%

	Status (Sponsor/ Promoter/Director/ Nominated Director/ Independent Director/ Depositor Director etc.)	No. of Securities Held as on End of the Month	% of Total No. of Paid-up Securities as on End of the Month
		31.12.2022	31.12.2022
Mr. Chowdhury Monwar Ahmed Siddiqui	Sponsor	1,729,356	0.92%
Mr. Ihteshamur Rahman	Sponsor	402,260	0.21%
Mr. Chowdhury Erteza Ahmed Siddiqui	Sponsor	10,321	0.01%
Mr. Md. Rokonzaman, FCA	Independent Director (Non-shareholding)	Nil	-
Mr. Iqbal U. Ahmed	Independent Director (Non-shareholding)	Nil	-
Mr. Md. Kyser Hamid	Managing Director & CEO	Nil	-
Mr. Md. Sajjadur Rahman Bhuiyan, his spouse and minor child	CFO	Nil	-
Mr. Munshi Abu Naim, his spouse and minor child	Company Secretary	Nil	-
Mr. Firoz Hasan Siddiquee, his spouse and minor child	Head of Internal Control & Compliance	Nil	-
Sub-Total		58,727,401	31.19%
C. Executive (Top five person other than CEO, CFO, CS, HICC)			
Mr. Md. Anwar Hossain	Executive Vice President	Nil	-
Mr. Mohammed Jahir Uddin	Senior Vice President	Nil	-
Mr. Mohammad Abu Obayed	Vice President	Nil	-
Mr. Amitav Debnath	Vice President	Nil	-
Mr. Munshi Md. Ashfaul Alam	Vice President	Nil	-
D. Shareholders holding 10% of more voting right	-	Nil	-

ANNEXURE-II

Name of Directors	Designation	Board of Directors Meeting			EC Meeting			AC Meeting			Total Remuneration paid for the year 2022
		Attend Ratio	Attendance as percent of total meeting held	Remuneration Paid for attending the meeting	Attend Ratio	Attendance as percent of total meeting held	Remuneration Paid for attending the meeting	Attend Ratio	Attendance as percent of total meeting held	Remuneration Paid for attending the meeting	
Mr. Manwar Hossain (Nominated by Hossain Dyeing & Printing Mills Ltd)	Chairman	11/13	85	88,000							96,000
Mr. Iqbal U. Ahmed	Vice-chairman, Independent Director	13/13	100	104,000	1/1	100	8,000	5/5	100	40,000	144,000
Mr. Md. Rokonzazzaman FCA	Independent Director	10/13	77	80,000				5/5	100	40,000	128,000
Mr. Furkaan Muhammad N Hossain (Nominated by Anwar Steel Mills Ltd.)	Director	6/13	38	48,000	1/1	100	8,000	2/5	40	16,000	136,000
Mr. Geasuddin Ahmed	Director	5/5	100	40,000	1/1	100	8,000				96,000
Mr. Md. Asaduzzaman Khan (Nominated by Khaled Iron & Steel Mills Ltd)	Director	13/13	100	104,000	1/1	100	8,000	5/5	100	40,000	144,000
Mrs. Shahnaz Rashid (Nominated by Anwar Ispat Ltd.)	Director	13/13	100	104,000							80,000
Mr. Yousuf Aman (Nominated by Anwar Silk Mills Ltd)	Director	12/13	92	96,000				5/5	100	40,000	112,000

ANNEXURE III

Five Year's Financial Performance Highlights

	2018	2019	2020	2021	2022
BALANCE SHEET MATRIX					
Authorized Capital	2,000.00	2,000.00	2,000.00	6,000.00	6,000.00
Paid-up Capital	1,523.00	1,675.30	1,675.30	1,775.81	1,882.36
Shareholders' Equity/Net Worth	2,554.24	2,742.37	2,992.41	3,147.74	3,277.21
Deposits	9,579.21	8,837.06	8,616.44	9568.98	9,797.35
Loans, Leases and Advances	13,861.56	13,366.89	12,873.22	13,692.26	14,006.18
Investments	1092.26	806.27	796.00	986.92	1,135.63
Fixed Assets	398.44	415.77	540.00	544.16	624.79
Total Assets	18,718.29	17,162.39	17,016.10	18,473.15	19,131.66
Interest Earning Assets	13,861.56	13,366.89	14,671.54	16,231.70	16,717.06
Non-Interest Earnings Assets	4,856.73	3,795.50	2,344.57	2,241.45	2,414.60
INCOME STATEMENT MATRIX					
Interest Income	1884.64	1982.94	1688.93	1550.79	1,448.39
Interest Expenses	1468.67	1400.95	1193.63	1001.29	1,029.37
Net Interest Income	415.96	581.98	495.30	549.50	419.02
Non-Interest Income	222.28	37.78	220.50	586.57	478.54
Profit before Provision and Tax	346.66	334.59	484.83	838.79	518.22
Provision for Loans and Advances & Other Provision	(70.32)	(71.99)	33.70	315.36	204.83
Profit Before Taxation	416.98	406.58	451.13	523.43	313.38
Net Profit After Tax	281.95	190.63	314.59	323.80	304.73
CAPITAL MEASURES					
Total Risk Weighted Assets (RWA)	17,923.98	18,261.86	18,261.86	19,519.08	20,625.84
Tier-1 Capital	2,748.30	2,938.93	3,085.98	3,242.04	3,373.04
Tier-2 Capital	449.37	269.20	332.53	449.24	462.37
Total Capital/Regulatory Capital	3,197.67	3,208.13	3,418.51	3,691.27	3,835.41
Capital Surplus/ (Deficit)	899.90	920.70	1,592.33	1,739.37	1,772.83
Tier-1 Capital to RWA	15.33%	16.09%	16.90%	16.61%	16.35%
Tier-2 Capital to RWA	2.51%	1.47%	1.82%	2.30%	2.24%
Capital Adequacy Ratio (CAR)	17.84%	17.57%	18.72%	18.91%	18.60%
CREDIT QUALITY					
Non-performing Loans (NPLs)	602.03	636.73	413.20	340.03	762
Provision for Unclassified Loan	113.68	121.58	123.35	234.75	315.10

	2018	2019	2020	2021	2022
Provision for classified Loan	155.67	161.57	113.64	142.36	132.12
NPLs to total Loans and Advances	4.42%	4.84%	3.22%	2.54%	5.56%
INVESTORS INFORMATION					
Market price Per Share	16.30	10.00	29.10	54.40	44.10
No. of Shares Outstanding (Million)	152.30	167.53	167.53	177.58	188.24
Earnings per Share (BDT)	1.85	1.12	1.69	1.44	1.25
Dividend					
Cash	0%	10%	6%	6%	10%
Stock	10%	0%	6%	6%	0%
Dividend Payout Ratio	54.02%	87.88%	63.90%	78.58%	116.8%
Market Capitalization	2,482.48	1,675.30	4,875.11	9,660.4	8,301.2
Net Asset Value per Share	16.77	16.37	16.85	16.72	17.41
OPERATING PROFIT RATIO					
Net Interest Margin (NIM)	2.83%	4.02%	3.57%	3.60%	2.53%
Cost of Deposit	10.44%	11.52%	10.87%	8.65%	7.99%
Spread	3.53%	3.24%	2.78%	3.09%	2.72%
Return on Average Assets	148.50%	1.06%	1.41%	1.64%	1.13%
Return on Average Equity	11.68%	7.20%	10.97%	10.55%	1.13%
PERFORMANCE RATIO					
Profit per Employee	1.29	0.86	1.56	1.64	1.28
Salary Exp. to total Operating Exp.	51.61%	49.22%	59.53%	58.28%	58.89%
Cost to Income /Efficiency Ratio	45.69%	46.01%	32.27%	26.17%	42.26%
OTHER INFORMATION					
No. of Branches	7	7	7	7	7
No. of Employees	218	221	202	197	202
Credit Rating					
Long Term	A+	A+	AA-	AA-	AA
Short Term	ST-2	ST-2	ST-2	ST-2	ST-1
Capital Adequacy Ratio	17.84%	17.57%	18.72%	18.91%	18.60%

REPORT OF THE AUDIT COMMITTEE



The Audit Committee and its Chair are appointed by the Board. The Committee includes 05 (Five) members of the Board of Directors including two Independent Directors that has been formed in line with the guideline given by Bangladesh Bank and as per Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) dated June 03, 2018. The Audit Committee Members' positional status along with attendance at Committee meetings are set out in the following table:

Board Member Name	Directorship Status	Membership Status
Mr. Md. Rokonzaman FCA	Independent	Chairman
Mr. Iqbal Uddin Ahmed	Independent	Member
Mr. Asaduzzaman Khan	Nominated	Member
Mr. Yousuf Aman	Nominated	Member
Mr. Furkaan Muhammad N Hossain	Nominated	Member

Audit Committee (the 'Committee') is the prime sub-committee of the Board of Directors (the 'Board') of Bangladesh Finance Limited (the 'FI'). The purpose of the committee is to assist the Board in fulfilling its oversight responsibilities relating to (i) the integrity of the FI's financial statements and internal control systems (including the implementation and effectiveness of internal control over financial reporting); (ii) the performance of the internal audit function; (iii) the annual independent audit of the FI's financial statements, engagement of independent auditors and evaluation of the independent auditors' qualifications, independence and performance; (iv) the compliance by the FI with regards to legal and regulatory requirements; (v) the implementation and effectiveness of the FI's disclosure controls and procedures; (vi) the evaluation of enterprise risk issues and (vii) the fulfillment of the other responsibilities set out by the regulators and the Board.

ACCESS TO THE COMMITTEE

On any matter within the Committee's Charter, the Head of Internal Control & Compliance has direct access to the Audit Committee.

TERMS OF REFERENCE

- The Audit Committee shall conduct at least four meetings in a financial year
- The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.

- The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director.
- The Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).

ROLES & RESPONSIBILITIES OF BOARD AUDIT COMMITTEE

The roles and responsibilities of Audit Committee have been defined in line with the relevant provisions of Corporate Governance Guidelines/Notification issued by Bangladesh Bank and BSEC, two regulators for the Financial Institution, and other best practices of governance. The Audit Committee established to assist the Board in its oversight responsibilities with respect to audit, compliance/operational risk, and financial reporting, disclosure, regulatory compliance and disciplined operation complying with the applicable rules and regulations:

a) Internal Control

- Evaluate whether the management is establishing an appropriate compliance culture by communicating the importance of internal control and the prudent management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;
- Consider whether the internal control strategies recommended by internal and external auditors have been prudently and comprehensively implemented by the management;
- Consider reports relating to fraud, forgery and deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective and remedial measures have been embraced by the management;
- With governance and supervisory oversight from the Board of Directors, the Audit Committee will put in place policies and procedures to identify, measure, monitor and control risk;
- Review Management Letters issued by the Statutory Auditors.

b) Financial Reporting

- The Audit Committee reviews whether the financial statements reflect complete and accurate information and are prepared according to the existing rules and regulations and standards enforced in the country and as per the relevant financial reporting standards prescribed by Bangladesh Bank;
- Discuss with the management and external auditors to review the financial statements before finalization.
- Review the quarterly and half-yearly financial statements with the management before submission to the Board for approval.
- Review statements of significant related party transactions submitted by the management.
- Review the management's discussion and analysis before disclosing in the annual report.

c) Internal Audit

- Monitor/evaluate whether internal audit functions are truly independent.
- Review the activities and the organizational structure of the internal audit and ensure that no unjustified restriction or limitation hinders the internal audit process.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of internal audit function.
- Advise the management for taking appropriate measures regarding the findings and recommendations made by the internal auditors.

d) External Audit

- Make recommendations to the Board, to be put to shareholders for approval in the AGM, in relation to appointment, re-appointment and removal of the FI's external auditors. Oversee the relationship with the external auditors including:
 - Approval of their remuneration, i.e. fees for audit or non-audit services.
 - Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements.
 - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the financial institution (other than in the ordinary course of business).
 - Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present; to discuss their views and any issues arising from the audit.
 - Review the findings and recommendations made by the external auditors for removal of irregularities, if any, detected are duly acted upon by the management.

e) Compliance with existing laws and regulations

- Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal regulations approved by the Board have been duly complied with.

f) Other responsibilities

- To review and forward comprehensive compliance report to the Board on regularization of the omission, fraud and forgeries, and other irregularities, if any detected by the internal and external auditors and inspectors of regulatory authorities;
- External and internal auditors shall submit their related assessment report, if the committee solicits;
- Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

REPORTING TO THE BOARD

The Audit Committee regularly reports its activities to the Board of Directors following each meeting. The Audit Committee report immediately to the Board of Directors in case of any of the following findings are observed:

- Report on conflict of interests;
- Suspected or presumed fraud or irregularity or material defect in the FI's internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter the committee finds material which is to be disclosed to Board immediately.

THE ATTENDANCE OF AUDIT COMMITTEE

The Audit Committee Members' positional status along with attendance at Committee meetings are set out in the following table:

Name of the Member	Status in the Committee	Status in the Board	Status in the Subsidiary Company	Meetings Held	Meetings Attended
Mr. Md. Rokonzaman, FCA	Chairman	Independent Director	-----	5	5
Mr. Iqbal Uddin Ahmed	Member	Independent Director	Director in Bangladesh Finance Securities Ltd. Director in Bangladesh Finance Capital Ltd.	5	5
Mr. Md. Asaduzzaman Khan	Member	Director	-----	5	5
Mr. Furkan Muhammad N Hossain	Member	Director	-----	5	2
Mr. Yousuf Aman	Member	Director	Director in Bangladesh Finance Capital Ltd.	5	5

All of the Committee Members are "Financially Literate" and convincingly experienced that they are capable of analyzing and interpretation of financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The Chairman of the Committee is the Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) and having more than 16 years of experience in Financial Accounting, Financial management, Taxation and Corporate Governance area.

- The Company Secretary acts as the secretary of the Audit Committee.

AUTHORITY OF THE AUDIT COMMITTEE

The Committee has the explicit authority to investigate into any matter, including call any Member of Management or to be questioned at a meeting of the Committee, full access to information; and authority to obtain external professional advice from company's legal advisor, tax consultant and statutory auditor.

AUDIT COMMITTEE MEETING DURING THE YEAR- 2022

The Committee held 05 (Five) meetings during the financial year under review. Meeting dates are as follows:

SL No.	Meetings	Date of Meeting
1.	60 th Audit Committee Meeting	15 February 2022
2.	61 st Audit Committee Meeting	14 March 2022
3.	62 nd Audit Committee Meeting	09 May 2022
4.	63 rd Audit Committee Meeting	27 July 2022
5.	64 th Audit Committee Meeting	24 October 2022

Major Issues reviewed by the Audit Committee during the year 2022

In the year 2022, the Audit Committee reviewed and discussed the following major issues, amongst others.

- Recommended for appointment of external auditors for the year 2022.
- Approved Audit Plan for the year 2022.

- Reviewed the quarterly, half yearly and annual financial statements before their submission to the Board for final review and approval.
- The Committee thoroughly reviewed the findings of the Bangladesh Bank Inspection reports and instructed management to take appropriate actions to prevent repetition of lapses.
- Reviewed the Summary Report on Audit Findings throughout the year and advised for strong monitoring.
- Reviewed the External Auditor's Management Letter and management responses thereto.
- Reviewed reports of related party transactions submitted by the management to find out any conflict of interest.
- Oversight NPL position including write off loans, recovery status and suggested action plan.
- Reviewed branch self-assessment, score of independent testing procedure with regard to AML and CFT issues.
- Monitored the status of regulatory compliance issues regarding CRR, SLR, Capital Adequacy Ratio of the company, Stress Testing result for the 2022.
- Ensured the status of the minutes of meetings of the Audit Committee to be sent to Bangladesh Bank for their information.
- Ensured highest standards of corporate governance and adherence to the Company's Code of Ethics at both Management and Board.

The Audit Committee further affirmed that:

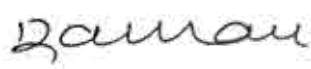
The rules and regulations of Bangladesh Bank and all other regulatory authorities and FI's own policy guidelines approved by the Board are duly complied with.

- The system of internal control and business processes have been strengthened including development of human resources towards creation of a compliance culture in the Financial Institution.
- Efforts have been made to keep assets of the Financial Institution safe along with liabilities and commitments being transparent.
- The Financial Statements of the Financial Institution have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.
- The good governance is in place in the Financial Institution.

ACKNOWLEDGEMENT

Based on the above-mentioned discussions, The Audit Committee is of the view that the internal control and compliance system of the company is adequate for purposes of presenting a true and fair view of the activities and financial status of the company as well as to safeguard the assets of the organization. The Audit Committee expresses its sincere thanks to the members of the Board, Management and Auditors for their excellent support extended to the Committee.

On behalf of the Audit Committee,



Md. Rokonzaman FCA
Chairman, Audit Committee

Evaluation of the Quarterly Financials by the Audit Committee:

Bangladesh Finance has prepared and presented Quarter Ended Consolidated Financial Statements as per the regulatory requirement of Bangladesh Securities and Exchange Commission (BSEC). These statements are prepared in accordance with International Accounting Standard (IAS), International Financial Reporting Standards (IFRSs), and comply with the applicable sections of The Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh bank, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable Laws and Regulations. The statements were sent to Audit committee for review. After recommending by the Audit Committee, the consolidated financial statements were adopted in the Board of Directors Meeting. The statements are finally submitted to Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). Afterwards, the Quarter Ended Consolidated Financial Statements are published in several daily newspapers. The statement is also published in the website of the company.

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Particulars	2022	2021	2022	2021	2022	2021	2022	2021
	4th Quarter	4th Quarter	3rd Quarter	3rd Quarter	2nd Quarter	2nd Quarter	1st Quarter	1st Quarter
Balance Sheet								
Cash in hand and at Bangladesh Bank	117.82	99.41	115.00	77.50	112.45	76.24	113.36	81.16
Balance with other Banks and Financial Institutions	1,575.25	1,461.96	1,266.66	1240.27	1,456.58	904.83	1,637.37	809.30
Investment in Securities	1,135.63	986.92	1,168.46	1009.09	1,167.27	736.54	1,055.84	865.94
Lease, Loans and Advances	14,006.18	13,692.26	14,186.32	13369.90	14,109.81	12946.65	13,833.27	12907.97
Fixed Assets including Premises, Furniture and Fixtures	624.79	544.16	609.08	514.24	560.93	522.15	555.90	529.74
Other Assets	1,458.87	1,476.31	1,401.85	1629.97	1,447.32	1694.03	1,751.40	1625.42
Non-Banking Assets	213.12	212.12	212.12	212.12	212.12	212.12	212.12	212.12
Total Assets	19,131.66	18,473.15	18,959.49	18053.09	19,066.49	17092.56	19,159.25	17031.64
Liabilities and Capital								
Financing (Borrowings) from other Banks, Financial Institutions and Agents	3,145.40	2,847.47	3,834.43	2544.53	2,791.06	3053.04	2,637.17	2981.80
Deposits and other Accounts	9,797.35	9,568.98	9,184.75	9324.65	10,274.60	8243.81	10,457.54	8777.78
Other Liabilities	2,406.77	2,404.17	2,193.95	2347.23	2,272.77	2162.85	2,318.38	1681.72
Total Liabilities	15,349.52	14,820.61	15,213.13	14216.40	15,338.42	13459.70	15,413.09	13441.31
Capital/Shareholders' Equity	3,277.21	3,147.74	3,199.83	3259.16	3,187.79	3100.04	3,222.81	3076.49
Non-Controlling Interest	504.93	504.80	546.53	577.53	540.27	532.82	523.35	513.84
Total Liabilities & Shareholders' Equity	19,131.66	18,473.15	18,959.49	18053.09	19,066.49	17092.56	19,159.25	17031.64
OFF BALANCE SHEET EXPOSURES	200.00	350.00	200.00	450.00	150.00	200.00	150.00	200.00
Net Asset Value per share (NAV)	17.41	16.72	17.00	18.35	16.94	17.46	18.15	18.36
Profit and Loss Account								
Net Interest Income	419.02	549.50	382.26	377.07	280.68	280.10	145.38	142.08
Total Operating Income	897.56	1,136.17	605.26	845.93	472.21	475.10	234.29	203.62
Total Operating Expenses	379.34	297.38	254.44	193.22	160.50	128.01	72.25	60.81
Operating Profit	518.22	838.79	350.82	652.71	311.71	347.09	162.04	142.81
Net Profit after Taxation	304.73	323.80	200.38	439.32	182.08	235.49	93.63	92.44
Earnings Per Share	1.25	1.36	0.84	1.95	0.78	1.11	0.42	0.47

ANNEXURE-A

[As per condition No. 1(5)(xxvi)]

**Bangladesh Finance Limited
Declaration by CEO and CFO**

Date: 01 March 2023

The Board of Directors
Bangladesh Finance Limited
Baitul Hossain Building (2nd floor)
27 Dilkusha C/A, Dhaka-1000.

Subject: Declaration on Financial Statements for the year ended on 31 December 2022

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Bangladesh Finance Limited for the year ended on 31 December 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 31 December 2022 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Kyser Hamid
Managing Director & CEO

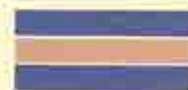


Md. Sajjadur Rahman Bhuiyan
Chief Financial Officer (CFO)

ANNEXURE-B



ITRAT HUSAIN & ASSOCIATES CHARTERED SECRETARIES IN PRACTICE



Report to the Shareholders of Bangladesh Finance Limited on Compliance of Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Bangladesh Finance Limited (the Company) for the year ended 31 December 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as Stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the Company is highly satisfactory.

Dhaka, 13 March, 2023

For: Itrat Husain & Associates



Itrat Husain FCMA, FCS
Chief Executive

ANNEXURE-C

[As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Report under Condition No. 9.00

Condition No	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors. -			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		The Board is comprised of 10 (Ten) members
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		2 (Two) Independents Directors (ID) out of total 10 (Ten) Directors. (Including MD who is an Ex-officio)
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		The IDs provided declarations about their compliances
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		Do
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		Do
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		Do
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		Do
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		Do
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		Do
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓		Do
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank	✓		Do



	Financial Institution (NBFI);			
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude?	√		Do
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		Do
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		Do
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	√		Do
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		The qualification and educational background of IDs justify their skills
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	√		Do
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	√		Do
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	Not Applicable		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	Not Applicable		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		Do
1(3)(c)	The independent director(s) shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	√		Do
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	None		No such event occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer. -			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		The Chairman and MD & CEO are different individuals



1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The Segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	Not applicable		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc.;	Not applicable		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly	✓		

	or indirectly and have effective means of redress;			
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Not Applicable		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: -			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	Not Applicable		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -			
(5)(xxiv)(a)	A brief resume of the director	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(i)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the	√		

	globe;			
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	√		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	<i>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</i>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Not applicable		Complied as per the prudential guidelines given by Bangladesh Bank
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Not applicable		Do
2	Governance of Board of Directors of Subsidiary Company: -			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): -			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer	√		The CEO, CFO, CS

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	(CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;			& HIAC are different individuals.
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	None		No such event occurred
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;	√		The CEO, CFO, CS & HIAC attended in the Board Meetings
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4.	Board of Directors' Committee: - For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	√		
4(ii)	Nomination and Remuneration Committee	Not applicable		Complied as per the prudential guidelines given by Bangladesh Bank
5.	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management	√		

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	background and 10(ten)years of such experience;			
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	None		No such event occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	√		
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	None		No such event occurred
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√		
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year. Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	The Audit Committee shall: -			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors.	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the	√		



	performance of external auditors;			
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering (RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission;	Not applicable		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -			
5(6)(a)(ii)(a)	Report on conflicts of interests;	None		No such event in the reporting year
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;	None		Do
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	None		Do
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	None		Do
5(6)(b)	Reporting to the Authorities: -			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	None		Do
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6) (a) (ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6.	Nomination and remuneration Committee (NRC).			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	Not applicable		Complied as per the prudential guidelines given by Bangladesh Bank
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Not applicable		Do
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	Not applicable		Do
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Not applicable		Do
6(2)(b)	All member of the Committee shall be non-executive directors;	Not applicable		Do

6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Not applicable	Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not applicable	Do
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not applicable	Do
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	Not applicable	Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Not applicable	Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not applicable	Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Not applicable	Do
6(3)	Chairperson of the NRC		
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Not applicable	Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Not applicable	Do
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	Not applicable	Do
6(4)	Meeting of the NRC		
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Not applicable	Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Not applicable	Do
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Not applicable	Do
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	Not applicable	Do
6(5)	Role of the NRC		
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Not applicable	Do
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	Not applicable	Do
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not applicable	Do



6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Not applicable	Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Not applicable	Do
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not applicable	Do
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	Not applicable	Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Not applicable	Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not applicable	Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Not applicable	Do
6(3)	Chairperson of the NRC		
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Not applicable	Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Not applicable	Do
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	Not applicable	Do
6(4)	Meeting of the NRC		
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Not applicable	Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Not applicable	Do
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Not applicable	Do
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	Not applicable	Do
6(5)	Role of the NRC		
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Not applicable	Do
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	Not applicable	Do
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not applicable	Do



6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Not applicable		Do
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Not applicable		Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not applicable		Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Not applicable		Do
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Not applicable		Do
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	Not applicable		Do
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Not applicable		Do
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Not applicable		Do
7.	External or Statutory Auditors			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
7(1) (i)	Appraisal or valuation services or fairness opinions;	√		
7 (1) (ii)	Financial information system design and implementation;	√		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	√		
7 (1) (iv)	Broker-dealer services;	√		
7 (1) (v)	Actuarial services;	√		
7 (1) (vi)	Internal audit services or special audit services;	√		
7 (1) (vii)	Any services that the Audit Committee determines.	√		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	√		
7 (1) (ix)	Any other service that creates conflict of interest	√		
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8.	Maintaining a website by the Company. -			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	√		

9.	Reporting and Compliance of Corporate Governance. -			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		Bangladesh Finance Limited obtained the certificate from Itrat Husain & Associates.
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		Annexure-C is presented in this report.

[Signature]



ANNEXURE-D

Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank

Bangladesh Bank issued a policy on the role and responsibility of the Board of Directors and Chief Executive Officer of financial institution vide DFIM Circular No. 07, dated: September 25, 2017. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines.

A Status report on compliance with those guidelines is given below:

Sl. No.	Particulars	Compliance Status
01.	Responsibilities and authorities of Board of Directors	
A.	Work Planning and Strategic Management	
	(i) The Board shall determine the vision/mission of the institute in order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work plans on annual basis. The board shall review such strategies Quarterly interval and modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall inform the shareholders on future plans and strategies in the Annual general meeting.	Complied
	(iii) The Board will set the key Performance indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly/yearly basis.	Complied
B.	Formation of sub-committee	
	To expedite the process of decision making on important regular business activities (e.g. approval of loan/lease write off. rescheduling etc.) Board may form Executive Committee with the Director (excluding any alternate director).	Complied
C.	Financial Management	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statements of income expenses. Statement of loan/lease, statement of liquidity adequacy of capital maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
	(iii) Board Shall approve the procurement policy and shall accordingly the delegation of power for making such expenditure. The Board shall delegate the authority to the Managing Director and among other top executives for approval of expenditure within budget. However, decision relating to purchase of land building and vehicles shall remain with the Board.	Complied
	(iv) The Board shall adopt the operation of bank accounts. Groups maybe formed among the management to operate bank accounts under joint signatures.	Complied
D.	Management of loan/lease/investments	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied

	(iii) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
E.	Risk Management	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
F.	Internal Control and Compliance	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank inspection team.	Complied
G.	Human Resource Management	
	Board shall approve the policy on Human Resource Management and Service Rule. Chairman and director of the Board shall not interview on the administrative job in line with the approved Service Rule. Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule No. director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
H.	Appointment of CEO	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
I.	Benefits offer to the Chairman	
	Chairman may be offered on office room, a personal secretary, a telephone at the office, a vehicle for the business interest of the Company subject to the approval of the Board.	Complied
2.	Responsibilities and Duties of the Chairman	
	(a) Chairman shall not participate in or not interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power.	Complied
	(b) The minutes of the Board meeting shall be signed by the chairman	Complied
	(c) Chairman shall sign-off the proposal for appointment of Managing Director and any other benefit in favor of him (CEO)	Complied
3.	Responsibilities of Managing Director & CEO	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	Complied
	(b) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circular of Bangladesh Bank and other regulatory authorities.	Complied
	(c) All recruitment/promotion/training except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company.	Complied
	(d) Managing Director may re-schedule job responsibilities of employees:	Complied
	(e) Managing Director may take disciplinary actions against the employees except DMD, GM and equivalent positions.	Complied
	(f) Managing Director shall sign all the letter/statements to be sent to Bangladesh Bank. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated: 06 January 2009 if so authorized by the Managing Director.	Complied

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR INTERNAL CONTROL AND CORPORATE GOVERNANCE

Board of Directors are the overseer of an organization. The Board of Directors bear immense responsibility to the organization for providing proper instruction and guidance to secure organizational goals. The Director's Responsibility in terms of Internal Control & Financial Reporting is defined by laws. Rules that comply with Director's Responsibility are Company Act 1994, Financial Institution Act 1993, and Code of Corporate Governance by (BSEC).

The directors' responsibility report has been prepared to provide a compact preview of the contributions of directors. In accordance with the 2CC of the Securities and Exchange Ordinance 1969, the following disclosures are to be ensured by the Board of Directors, additional statements, or disclosures under section 184 of the Companies Act, 1994 (Act No. XVII of 1994).

A. The state of the company's affairs: The review of the company's performance has been presented in the financial report, directors report, and CEO & CFO's review section in the annual report.

B. Any recommended reserve in the balance sheet: No such reserve has been recommended.

C. Dividend recommended by the Board: The Board has recommended 10% cash for the year 2022.

D. Material changes and commitments and operations: In 2022, Bangladesh Finance started its Islamic Financing operation. Other than no major changes in strategy and actions in the company and its subsidiaries.

In accordance with the Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated: 3rd June 2018. The Directors' Report to Shareholders shall include the following.

1. Industry outlook and possible future developments in the industry: a compact review of the post-COVID industry development has been presented in the Directors' Report section.

2. Segment-wise or product-wise performance: Business-wise performance have been presented on the industry of the segment reporting section.

3. Risks and concerns, including internal and external risk factors: A detailed discussion regarding the issues have been presented in the World economy and Bangladesh's economic overview.

4. Financial Performance Review: The detailed review of the financial performance of Bangladesh Finance and subsidiaries is presented s in the Financial highlights section and in detail in the Financial Statements chapter of this report.

5. Discussion on Operating performance: A brief description has been presented in the 'Financial Highlights' portion of this report.

6. Continuity of Any Extraordinary Activities: During the year 2022, Bangladesh Finance realized gain of 97.26 million (solo) and 297.36 (Consolidated) respectively from investment in shares from capital market.

7. Basis for related party transactions and a statement of all related party transactions: The basis for related party transactions has been stated in the Management Discussion and Analysis segment of the annual report. Further Disclosure has been furnished in the Financial Statements note no.: 43.

10. Explanation on any significant variance financial performances: Explanation on any significant variance financial performances has been disclosed in the notes to the financial statements.

11. A statement of remuneration paid to the directors, including independent directors: This are mentioned in the Compliance of the Meeting and Remuneration section of this report.

12. A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows, and changes in equity: The financial statement prepared by the management for the year-end of 31 December 2022 is presented fairly, and it complements the result of its operations, cash flows and changes in equity. And the external auditor, Hoda Vasi Chowdhury & Co., Chartered Accountants have provided a financial reports stated unqualified.

13. Proper maintenance of books of account: Books of account is maintained appropriately by Bangladesh Finance. This matter is also stated in the external auditor's report, Hoda Vasi Chowdhury & Co., Chartered Accountants.

14. Ensuring consistent application of appropriate accounting policies: Appropriate accounting policies have been applied consistently with reasonable and prudent judgment in preparing the financial statement.

15. Compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS): The financial statements of the company and its subsidiaries have been consolidated in accordance with International Financial Reporting Standard (IFRS). Details are provided in note 2.1.1 Basis of consolidation of operations of the subsidiary of the financial statement.

16. Efficiency and soundness of internal control: Related discussions are presented in the Internal Control Section under corporate governance chapter.

17. Protection of the interest of minority shareholders: The corporate governance practices of Bangladesh finance ensure the rights of minority and public shareholders in which disclosures are presented in the investor's relations section of the annual report, and any claim or complaint by shareholders have been lawfully resolved.

18. Statement of clearance no significant doubt upon the continuation as a going concern: No such concern regarding the continuation of the corporation exists.

19. Explanation of significant deviations of operating results: Significant variations of operating results from the previous year have been discussed in the Financial Capital section of this report.

20. Key operating and financial data of at least 5 (five) years: Key operating & financial data over the last five years as per the requirement of BSEC are mentioned: Details in which discussed under the section of Key Operating and Financial Highlights under Director's Report.

21. The reasons for the inability to declare dividends (cash or stock) for the year: 10% cash dividend have been declared for the year 2022.

22. Declaration of bonus share or stock dividend has been or shall be declared as interim dividend: No interim dividend has been declared.

23. The total number of Board meetings held during the year and attendance by each director: Discloser of Board meetings held during the year and attendance by each director have presented in the Compliance of Meeting and Remuneration section under corporate governance chapter.

24. The pattern of shareholding: The pattern of shareholding is disclosed under Shareholders' Information in the investor relations section and provided with analysis from multiple angles.

25. Disclosure information about the appointment or reappointment of a director: The directors' brief profile is presented in the Director's Profile under Stewardship chapter of this report.

26. Management's discussion and analysis signed by CEO or MD: Discussions and analysis by CEO are presented in the Managing Director and CEO's Review.

27. The CEO and the CFO's declaration or certification: this declaration by the CEO & CEO is disclosed as Annexure-A in the corporate governance report.

28. Certificate regarding compliance of corporate governance: Certificate is issued by ITRAT HUSAIN & ASSOCIATES and presented in the annual report under corporate governance report.

Bangladesh Finance complies with all the regulatory body that requires the compliance of corporate governance to ensure that the administration can support the organization in reaching its goal to maintain a transparent and robust culture of growth and enrichment.

The Board of Directors hereby assures that all the parts of the annual report of 2022, including the Director's Report and Financial Statements, have been appropriately prepared, best to our knowledge. The rules implied by the Bangladesh Bank and Bangladesh Securities Exchange Commission have been thoroughly followed in preparing the annual report, including the laws, rules, regulations implemented by other regulatory bodies.

On behalf of the Board of Directors,



Mr. Manwar Hossain
Chairman
Bangladesh Finance Limited

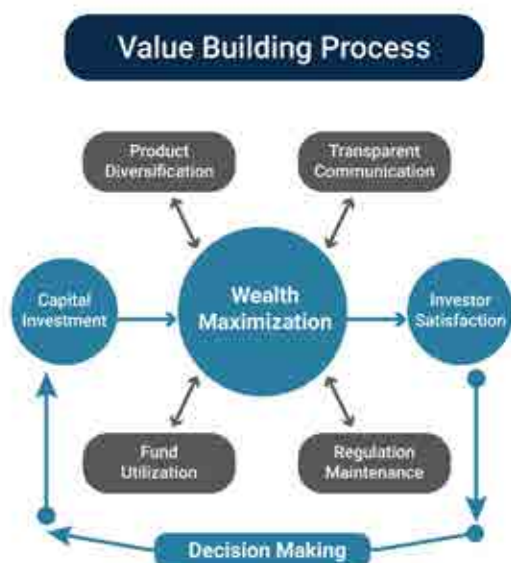
BANGLADESH FINANCE - এ
ডিজিটাল আস্থা
ও নিশ্চয়তা মিলে



INVESTOR RELATIONS

Investor Relations Review

Investors are the key stakeholders of our business. Their efforts, trust, and investment keep the company growing and moving forward. In our journey of the last 23 years, we maintained a transparent and vibrant relationship with our stakeholders. We disclose information through different media and through stock exchanges on a regular basis. We are working to increase engagement with stakeholders throughout the year. In this part, we will explain and disclose the value creation mechanism and our active communication contents that allow us to be transparent to our shareholders and maintain clear communication.



Investor Relations Department, Website and Contact

At Bangladesh Finance, the Board and Share Department is serving as the Investor Relations Department. Communications are made with investors/stakeholders on different occasions through email and SMS and are served with high priority. As per Listing Regulations 2015 of stock exchanges under section: 44, all the information is available in the company's website under the 'Investor Relations' tab which is up to date. Anyone can easily communicate with us in person or through telephone/ email.



Investor Relations Contact

Share Department
27, Dilkusha C/A, Motijheel, Dhaka 1000
Phone: +88-02-223385097, Ex. - 210, 299
E-mail: info@bd.finance
Hotline: 16727

Disclosure for Present and Prospective Investors

Value creation of Shareholders

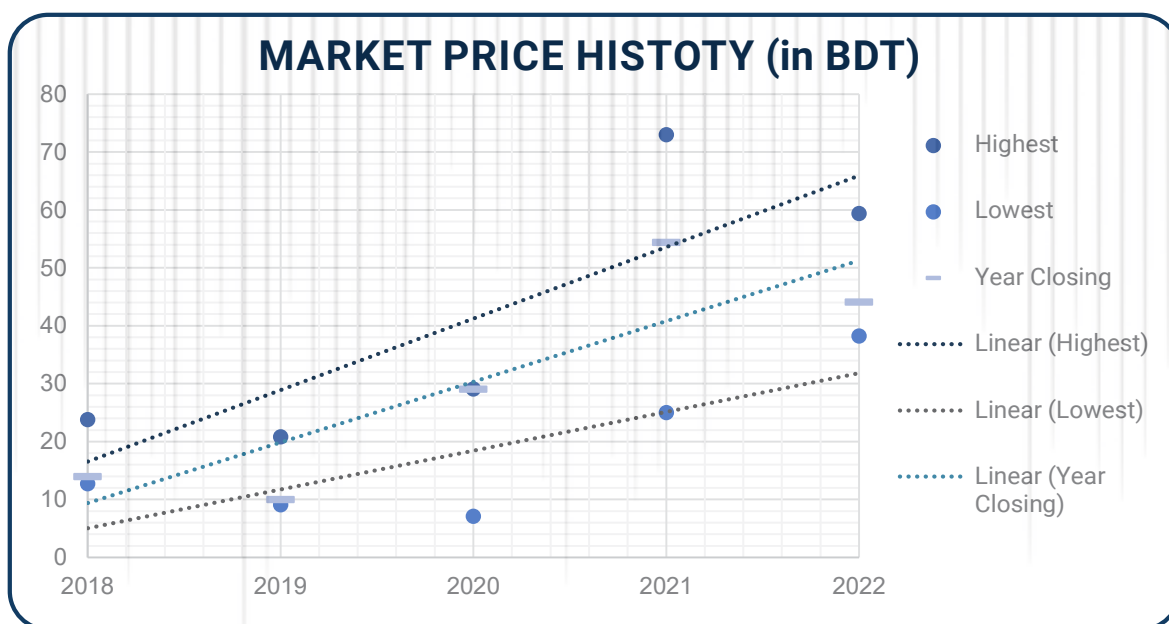
Shareholders Value Addition					
	2018	2019	2020	2021	2022
EPS (Consolidated)	1.68	1.12	1.69	1.42	1.25
P/E	8.33	8.93	17.22	38.31	35.28
NAV Per Share	15.25	16.37	16.85	16.72	17.41
Dividend Payout Ratio	54.9%	76.8%	89.0%	79.5%	97.31%
Dividend Yield Ratio	6.1%	10.0%	4.1%	2.2%	2.27%

Credit Rating

Particulars	2018	2019	2020	2021	2022
Credit Rating (Long-Term)	A+	A+	AA-	AA-	AA
Credit Rating (Short-Term)	ST-2	ST-2	ST-2	ST-2	ST-1

Market Value

Market Price History (in BDT)					
Price \ Year	2018	2019	2020	2021	2022
Highest	23.8	20.8	29.1	73	59.4
Lowest	12.7	9.1	7.1	25	38.2
Year Closing	14	10	29.1	54.4	44.1



Market Performance (Price – Index: BDFINANCE - DSEX Movement)

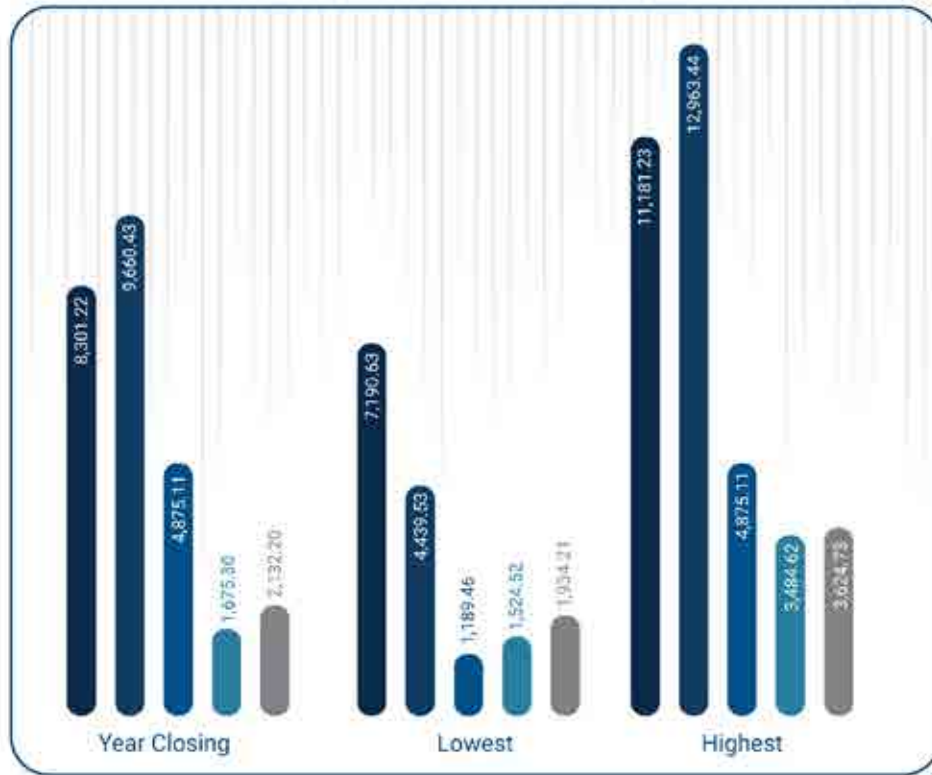


Market Capital History

Market Capital History (BDT in Million)					
	2018	2019	2020	2021	2022
Highest	3,624.73	3,484.62	4,875.11	12,963.44	11,181.23
Lowest	1,934.21	1,524.52	1,189.46	4,439.53	7,190.63
Year Closing	2,132.20	1,675.30	4,875.11	9,660.43	8,301.22

MARKET CAPITAL HISTORY (BDT. in Mn.)

■ 2022 ■ 2021 ■ 2020 ■ 2019 ■ 2018



SHAREHOLDERS' WEALTH ACCELERATION

(INTERMS OF MARKET CAPITAL) (BDT. in Mn.)



Shareholders' Information

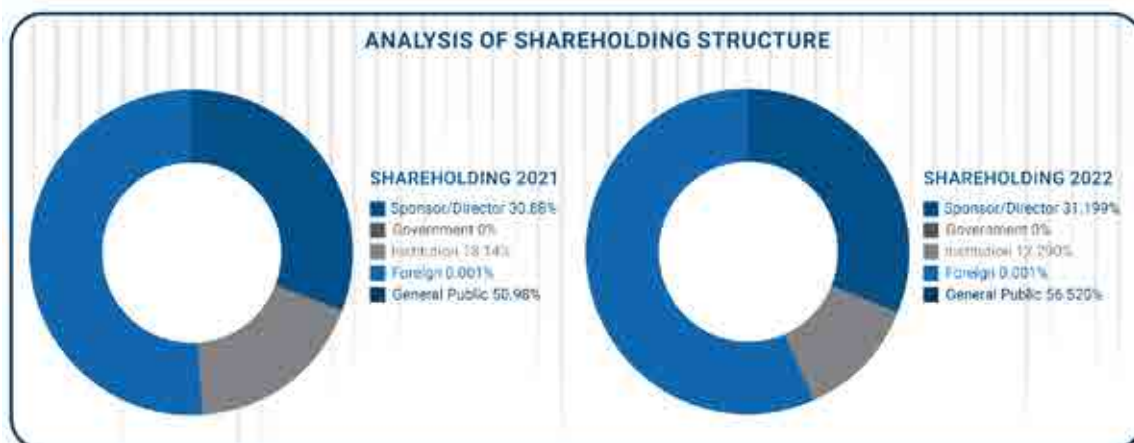
Distribution of Shareholders in terms of number

Share Holding Range	Distribution of Shareholders: 31.12.2022			Distribution of Shareholders: 31.12.2021		
	No of Shareholder	No of Share	%	No of Shareholder	No of Share	%
01 - 499	4,285	675,167	0.359%	4,576	745,661	0.420%
500 - 5000	3,109	5,282,714	2.806%	2,801	5,049,350	2.843%
5001- 10000	417	2,964,008	1.575%	412	3,087,521	1.739%
10001- 20000	270	3,775,984	2.006%	250	3,649,828	2.055%
20001 - 30000	110	2,687,116	1.428%	92	2,265,019	1.276%
30001 - 40000	43	1,510,889	0.803%	55	1,940,197	1.093%
40001 - 50000	36	1,642,219	0.872%	40	1,882,568	1.060%
50001 - 100000	72	5,253,344	2.791%	76	5,931,690	3.340%
100001 - 1000000	116	33,692,239	17.899%	115	36,637,019	20.631%
1000001-1000000000	38	130,752,587	69.462%	39	116,392,531	65.543%
Total	8,496	188,236,267	100.00%	8,456	177,581,384	100.00%



Shareholding Composition

Analysis of Shareholding Structure						
	2021			2022		
	Number of Shareholders	No. of Shares	%	Number of Shareholders	No. of Shares	%
Sponsor / Director	18	54,842,582	30.883%	17	58,727,401	31.199%
Government	-	-	-	-	-	-
Institution	191	32,212,531	18.140%	139	23,125,662	12.29%
Foreign	1	1,394	0.001%	1	1,477	0.001%
General Public	8,246	90,524,877	50.976%	8,339	106,381,727	56.52%
Total	8,456	177,581,384	100.000%	8496	188,236,267	100.00%



Top 20 Shareholders (as on 31 Dec 2022)				
SN	BOID	NAME	SHARES	(%)
1	1203980069237758	SAMEER SEKANDER	14,654,539	7.7852
2	1203980021289581	ANWAR ISPAT LTD	14,223,130	7.5560
3	1203980015091747	ANWAR STEEL MILLS LTD.	9,004,232	4.7835
4	1205150015091522	IMTIYAJ YOUSUF	8,189,251	4.3505
5	1202310011989262	HAJI M.A. TAHER	6,725,830	3.5731
6	1205150015091672	MEHMUD INDUSTRIES (PVT.) LTD.	6,723,442	3.5718
7	1203980015091613	HOSSAIN DYNG& PRNTNG MILLS LTD	5,573,761	2.9610
8	1203980008033522	HOSSAIN KHALED	4,625,811	2.4574
9	1202830015091648	ANWAR JUTE SPINNING MILLS LTD.	3,788,491	2.0126
10	1202310007589019	S.M. DIDARUL ALAM	3,782,349	2.0094
11	1205000013381910	GEASUDDIN AHMED	3,773,388	2.0046
12	1202550049560219	ASIF MOHAMMED	3,394,091	1.8031
13	1202590015212831	HASINA PARVEEN	3,140,801	1.6685
14	1203980015212823	ANIKA FARHEEN	2,673,225	1.4201
15	1205590000025901	ANIRBAN DAS GUPTA	2,369,478	1.2588
16	1202830015091557	ANWAR SILK MILLS LTD.	2,283,707	1.2132
17	1202830015091613	HOSSAIN DYNG & PRNTNG MILLS LTD	2,283,707	1.2132
18	1605580015091581	KHALED IRON &STEELS MILLS LTD.	2,107,459	1.1196
19	1604580051623248	VANGUARD AML RUPALI BANK BF	2,100,000	1.1156
20	1203980017123916	HOSSAIN MEHMOOD	2,049,216	1.0886

Public (Individual) Holding (as on 31 Dec 2022)	
Public (Individual) Holding Percentage	56.52%
No. of Shareholders in Public Holding	8,339
No. of Share Outstanding	106,381,727
Market Capitalization (BDT)	4,691,434,161

Dividend & AGM History

Year	AGM	Cash Dividend	Stock Dividend
2007	20-Apr-08	5%	10%
2008	28-May-09	-	10%
2009	30-May-10	-	20%
2010	21-Jun-11	-	22%
2011	3-Jun-12	-	10%
2012	24-Jun-13	-	10%
2013	18-Jun-14	-	10%
2014	29-Jun-15	5%	-
2015	9-Jun-16	-	10%

Year	AGM	Cash Dividend	Stock Dividend
2016	24-May-17	-	10%
2017	18-Jun-18	-	10%
2018	27-May-19	-	10%
2019	10-Dec-20	10%	-
2020	31-Mar-21	6%	6%
2021	31-Mar-22	6%	6%
2022*	30-Apr-23	10%*	-

*Subject to approval by the shareholders in the 24th AGM.

Shareholding of the Directors

Details of shareholding/unit holding of sponsors/directors as on 31.12.2022

SN	Name of the Directors	Status	No. of securities	
			No.	(%)
1	Hossain Dying & Printing Mills Ltd.	-	7,857,468	4.17%
	Mr. Manwar Hossain (Nominated from Hossain Dying & Printing Mills Ltd)	Chairman	1,219,240	0.64%
2	Khaled Iron & Steels Mills Ltd.	-	3,797,998	2.02%
	Mr. Md. Asaduzzaman Khan (Nominated from Khaled Iron & Steels Mills Ltd)	Director	-	-
3	Anwar Steel Mills Ltd.	-	9,004,232	4.78%
	Mr. Furkaan Muhammad N Hossain (Nominated from Anwar Steel Mills Ltd)	Director	-	-
4	Anwar Ispat Ltd.	-	14,223,130	7.56%
	Mrs. Shahnaz Rashid (Nominated from Anwar Ispat Ltd)	Director	-	-
5	Anwar Silk Mills Ltd.	-	3,805,265	2.02%
	Mr. Yousuf Aman (Nominated from Anwar Silk Mills Ltd)	Director	-	-
6	Mehmud Industries (Pvt.) Ltd.	-	7,125,828	3.79%
	Mr. Ihtiaz Yousuf (Nominated from Mehmud Industries (Pvt.) Ltd)	Director	-	-
7	Mr. Imtiyaj Yousuf	Director	8,189,251	4.35%
8	Iqbal Uddin Ahmed	Independent Director	-	-
9	Md. Rokonuzzaman FCA	Independent Director	-	-
10	Mr. Abdur Rashid Salam	Sponsor	1,363,052	0.72%
11	Mr. Chowdhury Monwar Ahmed Siddiqui	Sponsor	1,729,356	0.92%
12	Mr. Chowdhury Erteza Ahmed Siddiqui	Sponsor	10,321	0.01%
13	Mr. Ihteshamur Rahman	Sponsor	402,260	0.21%
Total			58,727,401	31.19%

History of Capital Formation

Year	No. of Share Issued/ Allotted	Cumulative Share	Face Value	Share Capital	Cumulative Share Capital (BDT)	Mode of Allotment	Dividend
1999	50,000	50,000	100	5,000,000	5,000,000	Memorandum Subscription	-
1999	450,000	500,000	100	45,000,000	50,000,000	Cash	
2003	100,000	600,000	100	10,000,000	60,000,000	Cash	
2003	50,000	650,000	100	5,000,000	65,000,000	Bonus	
2004	750,600	1,400,600	100	75,060,000	140,060,000	Cash	
2004	78,000	1,478,600	100	7,800,000	147,860,000	Bonus	
2005	420,180	1,898,780	100	42,018,000	189,878,000	Cash	
2005	147,860	2,046,640	100	14,786,000	204,664,000	Bonus	
2006	286,529	2,333,169	100	28,652,900	233,316,900	Bonus	
2007	700,000	3,033,169	100	70,000,000	303,316,900	IPO (Listed)	5% C 10% B
2008	303,316	3,336,485	100	30,331,600	333,648,500	Bonus	10% B
2009	333,648	3,670,133	100	33,364,800	367,013,300	Bonus	20% B
2010	734,026	4,404,159	100	73,402,600	440,415,900	Bonus	22% B
2010	-	44,041,590	10	-	440,415,900	Share split	
2011	9,689,149	53,730,739	10	96,891,490	537,307,390	Bonus	10% B
2012	5,373,073	59,103,812	10	53,730,730	591,038,120	Bonus	10% B
2013	5,910,381	65,014,193	10	59,103,810	650,141,930	Bonus	10% B
2014	39,008,515	104,022,708	10	390,085,150	1,040,227,080	Right (3R:5)	-
2014	10,402,270	114,424,978	10	104,022,700	1,144,249,780		5% C
2015	-	114,424,978	10	-	1,144,249,780		10% B
2016	11,442,497	125,867,475	10	114,424,970	1,258,674,750	Bonus	10% B
2017	12,586,747	138,454,222	10	125,867,470	1,384,542,220	Bonus	10% B
2018	13,845,422	152,299,644	10	138,454,220	1,522,996,440	Bonus	10% B
2019	15,229,964	167,529,608	10	152,299,640	1,675,296,080	Cash	10% C
2020	-	167,529,608	10	-	1,675,296,080	Cash & Bonus	6% C 6% B
2021	10,051,776	177,581,384	10	100,517,760	1,775,813,840	Cash & Bonus	6% C 6% B
2022	10,654,883	188,236,267	10	10,654,8830	1,882,362,670	Cash	10% C

Stakeholders Relationship/ Grievance Redressal

Bangladesh Finance is a believer of maintaining even and cooperative relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

We strongly believe in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by Bangladesh Finance.

REDRESSAL PROCESS OF BANGLADESH FINANCE LIMITED

- » Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- » Complaints are treated and solved efficiently and treated fairly
- » Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier
- » Revalidate the dividend warrants upon demand
- » Correction of bank account information while sending dividend through BEFTN system
- » Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- » Issue shareholding certificate, dividend certificate as and when required
- » E-mail or letter must be sent to all the investor who have submitted written complaints
- » Request for e-TIN number in case of cash dividend

Redressal Statistics 2022

Requests received from shareholders	Ways of addressing mentioned requests
» Re-issue of 34 dividend warrants (which were date expired)	» 34 dividend warrants issued
» 48 Unclaimed Dividend claim	» Settle 48 unclaimed Dividend claim
» Issuance of 181 shareholdings certificate for income tax purpose	» 181 shareholdings certificate were issued

We continued to have even communication with the shareholders through periodic updates of performance and at any time when it believes it to be in the best interest of shareholders generally.

Queries/ complaints/
grievances lodged by shareholder

01

Review all logs objectively and
fairly and give solution within a
short time frame

02

Send intimation to concerned
shareholder after redressal
by share department

03

Checklists	Yes	No
Shareholders are properly communicated for collection warrants which have been refunded for non-delivery by the courier	✓	
Dividend warrants revalidate the upon demand	✓	
Bank account information are corrected while sending dividend through BEFTN system	✓	
Dividend warrants are reissued in case of failure to send dividend through BEFTN system	✓	
Issue shareholding certificate, dividend certificate as and when required	✓	
BO Acknowledgement Setup, updated Bank A/c details and NID are collected in case of settlement of unclaimed cash dividend	✓	

FINANCIAL CALENDAR 2022/2023

Annual General Meeting (AGM)	Date
24 th Annual General Meeting	30 April 2023
23 rd Annual General Meeting	31 March 2022

Dividend(s)	Dividend Announced	Declared Dividend	Dividend Amount	Record Date	Dividend Paid Date	Paid-up Capital before entitlement
Dividend for 2022	13 Mar 2023	10% Cash	BDT 188,236,267	04 April 2023	Within 30 May 2023	1,882,362,670
Dividend for 2021	15 Feb 2022	6% Cash 6% Bonus	BDT 10,654,8830 10,654,883 shares	Cash: 09 Mar 2022, Stock: 23 May 2022	Cash: 20 April 2022, Stock: 31 May 2022	1,775,813,840

FINANCIAL STATEMENTS

Q-1/2/3/4 Financial Statements	Dated PSI released to DSE & CSE	Date published in newspapers
		English, Bangla & Online
Q4/ For the twelve months ended 31.12.2022	13 March 2023	14 March 2023
Q3/ For the nine months ended 30.09.2022	27 October 2022	30 October 2022
Q2/ For the six months ended 30.06.2022	28 July 2022	31 July 2022
Q1/ For the three months ended 31.03.2022	11 May 2022	11 May 2022
Q4/ For the twelve months ended 31.12.2021	15 February 2022	16 February 2022

Annual Financial Statements	Dated PSI released to DSE & CSE	Date published in newspapers
		English & Bangla
Annual Financial Statements for 2022	13 March 2023	6 April 2023
Annual Financial Statements for 2021	16 February 2022	6 April 2022

PROPOSED FINANCIAL CALENDAR 2023 (TENTATIVE)

Annual Financial Statements (Audited)

Annual audited financial statements for the year ended on 31 Dec 2023 will be released to stock exchanges in February/March 2024.

Annual General Meeting (AGM)

The management has the plan to hold the 25th Annual General Meeting (AGM) within March 2024.

As per Listing Regulations - 2015 of Dhaka Stock Exchange, quarterly Financial Statements (un-audited) for the 1st quarter and respectively 2nd and 3rd quarters should be released to the stock exchanges as soon as the said statements are approved by the Board of Directors and in any event not later than in 45 days and in 30 days (in 2nd and 3rd quarters) in the respective year while the annual audited Financial Statements shall be sent to the exchanges and commission within 134 days from the year end.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANGLADESH FINANCE LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Bangladesh Finance Limited and its subsidiaries (the "Group") as well as the separate financial statements of Bangladesh Finance Limited (the "Company") which comprise the consolidated and separate balance sheets as at 31 December 2022 and the consolidated and separate profit and loss accounts, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2022 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters	Our Response to Key Audit Matters
Measurement of Provision for Leases, Loans and Advances	
<p>The process for estimating the provision for leases, loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>As at 31 December 2022, the Group and the Company reported total gross loans, advances and leases of BDT 14,006,177,275 and BDT 13,699,677,770 respectively (31 December 2021: BDT 13,692,260,576 and BDT 13,369,102,273) and provision for loans and advances of BDT 652,965,739 (31 December 2021: BDT 622,009,045).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;• Identification of loss events, including early warning and default warning indicators; and• Reviewed quarterly Classification of Loans (CL).

<p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in FID Circular no 08, dated 03 August 2002, FID Circular no 03, dated 03 May 2006, FID Circular no 03 dated 29 April 2013 and DFIM Circular no-04, dated 26 July 2021; and • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flow; provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. • Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. 	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and • Finally compared the amount of loan provision and loan classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank. <p>We have selected samples to check compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future.</p>
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See note no 6 & 6(a) and 12.1 to the Financial Statements.

Revenue Recognition

<p>The Company reported total revenue of BDT 1,375,748,865 and the Group, as a whole, reported total revenue of BDT 1,448,388,080 from lease finance, term finance, loans & advances, fees and related activities for the year ended 31 December 2022.</p> <p>Revenue is recognized when the performance obligation is satisfied by transferring goods or services to a customer, either at a point in time or over time. Goods or services are “transferred” when the customer obtains control of it.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, including those applied on revenue arrangements with multiple elements and those contracts where there is existence of principal and agent relationship. Due to the estimates and judgment involved in the application of the revenue recognition accounting standards and the degree of complexity of IT systems and processes used, we have considered this matter as a key audit matter.</p>	<p>Our audit approach included a combination of controls testing, data analytics and substantive procedures covering the following:</p> <ul style="list-style-type: none"> • We understood the significant revenue processes including performance of an end to end walkthrough of the revenue assurance process and identifying the relevant controls (including IT systems, interfaces and reports); • We tested the design and operating effectiveness of the relevant controls; • We involved our internal IT specialists to test IT general controls, system interfaces, data/information reporting and application specific controls surrounding relevant revenue systems; • We reviewed significant new contracts and regulatory determinations, the accounting treatments opted and testing the related revenues recognized during the period; • We performed data analysis and analytical reviews of significant revenue streams; • We reviewed key reconciliations performed by the revenue assurance team; • We performed specific procedures to test the accuracy and completeness of adjustments relating to multiple element arrangements and grossing up certain revenue and costs; and • We performed procedures to ensure that the revenue recognition criteria adopted by each group entity for all major revenue streams is appropriate and in line with the Group's accounting policies. <p>We assessed the appropriateness and presentation of disclosure against relevant accounting statements and Bangladesh Bank guideline.</p>
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See note no 19 & 19 (a) to the Financial Statements.

IT Systems and Controls

We focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.

We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.

We assessed the appropriateness and presentation of disclosure against relevant accounting statements and Bangladesh Bank guidelines.

We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.

We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and other regulatory authorities.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of Consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii. the consolidated and separate balance sheet and consolidated and separate profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred were for the purpose of the group's and the company's business for the period;
- v. the financial statements of the group and the company have been drawn up in conformity with the financial institutions act, 1993 and in accordance with the accounting rules and regulations which were issued by bangladesh bank to the extent applicable to the company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and bangladesh bank's instructions in this regard have been followed properly;
- vii. the financial statements of the company conform to the prescribed standards set in the accounting regulations which were issued by bangladesh bank after consultation with the professional accounting bodies of bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. taxes and other duties were collected to be and deposited in the government treasury by the company as per govern-

ment instructions found satisfactory based on test checking;

- xi. nothing has come to our attention that the company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of bangladesh bank and the instructions which were issued by bangladesh bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiv. the company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk weighted assets of the company and we have spent around 980 person hours for the audit of the books and accounts of the company;
- xvi. the company has complied with relevant instructions which were issued by bangladesh bank relevant to classification, provisioning and calculation of interest suspense; and
- xvii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, 13 March 2023



Sk Md Tarikul Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants

DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
PROPERTY AND ASSETS			
Cash			
Cash in Hand	3.a	86,910	65,671
Balance with Bangladesh Bank		117,732,419	99,339,362
		117,819,328	99,405,032
Balance with Other Banks and Financial Institutions	4.a		
Inside Bangladesh		1,575,248,414	1,461,962,742
Outside Bangladesh		-	-
		1,575,248,414	1,461,962,742
Money at Call and Short Notice		-	-
Investment in Securities	5.a		
Government		-	-
Others		1,135,630,606	986,924,968
		1,135,630,606	986,924,968
Lease, Loans and Advances	6.a		
In Bangladesh		14,006,177,275	13,692,260,576
Outside Bangladesh		-	-
		14,006,177,275	13,692,260,576
Fixed Assets Including Premises, Furniture and Fixtures	7.a	624,786,962	544,164,726
Other Assets	8.a	1,458,874,259	1,476,309,585
Non Banking Assets	9	213,121,062	212,121,062
Total Assets		19,131,657,906	18,473,148,693
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from Other Banks, Financial Institutions and Agents	10.a	3,145,399,810	2,847,469,634
Deposits and Other Accounts	11.a	9,797,346,225	9,568,977,690
Other Liabilities	12.a	2,406,773,783	2,404,165,328
Total Liabilities		15,349,519,818	14,820,612,652
Capital/ Shareholders' Equity			
Share Capital	13.2	1,882,362,670	1,775,813,840
Statutory Reserve	14	501,151,365	462,463,192
General Reserve	15	-	-
Capital Reserve	16.1	33,744,750	33,744,750
Revaluation Surplus on Land and Building	7.b	409,095,980	410,500,364
Retained Earnings	16.a	450,851,610	465,217,517
Total Shareholders' Equity		3,277,206,374	3,147,739,663
Non Controlling Interest	16.b	504,931,713	504,796,379
Total Liabilities and Shareholders' Equity		19,131,657,906	18,473,148,693

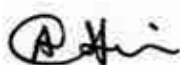
BANGLADESH FINANCE LIMITED

CONSOLIDATED BALANCE SHEET

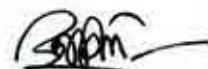
As at 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements	17	-	-
Letters of Guarantee		200,000,000	350,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		200,000,000	350,000,000
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet Items Including Contingent Liabilities		200,000,000	350,000,000
Net Asset Value (NAV) per Share	45.a	17.41	16.72

The annexed notes from 1 to 46 and Annexure A, B and C are an integral part of these financial statements



Munshi Abu Naim ACS
Company Secretary



Md. Kyser Hamid
Managing Director & CEO



Md. Rokonzaman, FCA
Director



Manwar Hossain
Chairman

Dhaka, 13 March 2023



Sk Md Tarikul Islam, FCA
Partner

Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants

DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
Interest Income	19.a	1,448,388,080	1,550,793,897
Less: Interest Paid on Deposits and Borrowings etc.	20.a	1,029,369,151	1,001,290,841
Net Interest Income		419,018,929	549,503,057
Income from Investment	21.a	310,537,666	429,775,392
Commission, Exchange and Brokerage	21.b	109,703,195	123,715,554
Other Operating Income	22.a	58,296,612	33,175,872
		478,537,473	586,666,818
Total Operating Income		897,556,402	1,136,169,874
Salaries and Allowances	23.a	223,390,003	165,613,203
Rent, Taxes, Insurances, Electricity etc.	24.a	9,290,476	8,320,917
Legal and Professional Fees	25.a	7,594,486	5,170,224
Postage, Stamps, Telecommunication etc.	26.a	5,143,351	4,227,197
Stationery, Printings, Advertisements etc.	27.a	17,059,841	16,158,268
Managing Director's Salary and Allowances	28	7,700,000	7,700,000
Directors' Fees	29.a	1,892,000	1,701,600
Audit Fees	29.b	662,528	827,250
Depreciation and Repairs of Assets	30.a	60,233,662	50,591,653
Other Expenses	31.a	46,371,849	37,072,652
Total Operating Expenses		379,338,195	297,382,964
Profit Before Provision		518,218,207	838,786,910
Specific Provisions for Classified Investment	32	94,478,810	(61,521,325)
General Provisions for Unclassified Investment	32	40,500,000	190,000,000
Special Provisions for Unclassified Investment		(1,677,503)	84,101,885
Provisions for Other Receivables	32	20,000,000	30,000,000
Provisions for Off-Balance Sheet exposures		(1,500,000)	3,500,000
Provisions for Investment in Securities and Margin Loan	32.a	53,032,641	69,274,817
Total Provision		204,833,948	315,355,377
Total Profit Before Provisions for Taxation		313,384,259	523,431,533
Current Tax Expenses	12.4.a	70,014,521	240,167,064
Deferred Tax Expenses/(benefit)	12.5.b	(61,355,852)	(40,530,800)
		8,658,669	199,636,265
Net Profit After Taxation		304,725,590	323,795,268
Attributable to		304,725,590	323,795,268
Shareholder of the Company		236,015,541	255,844,440
Non-controlling Interest		68,710,048	67,950,828
Net Profit Available for Distribution		236,015,541	255,844,440

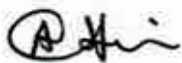
BANGLADESH FINANCE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

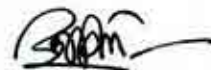
For the year ended 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
Appropriations			
Statutory Reserve	14	38,688,172	53,638,611
General Reserve	15	-	-
Retained Earnings		197,327,369	202,205,829
		236,015,541	255,844,440
Basic Earnings Per Share	33a	1.25	1.36

The annexed notes from 1 to 46 and Annexure A, B and C are an integral part of these financial statements



Munshi Abu Naim ACS
Company Secretary



Md. Kyser Hamid
Managing Director & CEO



Md. Rokonzaman, FCA
Director



Manwar Hossain
Chairman

Dhaka, 13 March 2023



Sk Md Tarikul Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants

DVC: 2303211238AS460130

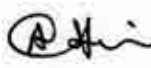
BANGLADESH FINANCE LIMITED

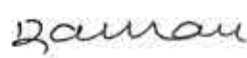
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	31-Dec-22 BDT	31-Dec-21 BDT
Cash Flows from Operating Activities		
Interest received	1,537,134,517	1,680,837,261
Interest paid	(1,042,380,171)	(1,010,158,377)
Dividend received	103,852,403	22,522,821
Fees and Commission received	158,864,557	193,885,390
Cash Payments to Employees	(231,090,003)	(173,313,203)
Cash Payments to Suppliers	(17,843,398)	(16,980,464)
Income Tax Paid	(105,717,358)	(188,385,685)
Received from other Operating activities	239,620,915	367,026,342
Payments for other Operating activities	(131,932,508)	(69,339,536)
Cash generated from operating activities before changes in Operating Assets and Liabilities	510,508,955	806,094,549
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(148,705,638)	(191,228,887)
Loans and Lease Finance to Customers	(313,916,699)	(819,041,457)
Other Assets	109,033,327	147,709,043
Deposits	228,368,535	952,535,248
Other Liabilities	(261,563,920)	273,134,039
Sub Total	(386,784,394)	363,107,986
A) Net Cash Flows from Operating Activities	123,724,561	1,169,202,535
Cash Flows from Investing Activities		
Purchase/sale of non trading securities	-	-
Proceeds from Sale of fixed assets	781,694	3,239,520
(Purchase)/disposal of fixed assets including right-of-use assets	(86,812,843)	(33,964,351)
B) Net Cash Flows from Investing Activities	(86,031,149)	(30,724,831)
Cash Flows from Financing Activities		
Increase/(decrease) of borrowings	297,930,176	(216,583,303)
Payment for lease liabilities	(28,800,077)	(28,069,701)
Dividend Paid	(175,123,544)	(336,678,522)
C) Net Cash Flows from Financing Activities	94,006,555	(581,331,527)
D) Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	131,699,967	557,146,177
E) Cash and Cash Equivalents at the Beginning of the Period	1,561,367,775	1,004,221,597
F) Cash and Cash Equivalents at the End of the Period (D+E)	1,693,067,742	1,561,367,775
Net Operating Cash Flows Per Share (NOCFPS)	0.66	6.21

The annexed notes from 1 to 46 and Annexure A, B and C are an integral part of these financial statements



Munshi Abu Naim ACS
Company Secretary


Md. Rokonzaman, FCA
Director

Dhaka, 13 March 2023


Sk Md Tarikul Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants


Md. Kyser Hamid
Managing Director & CEO


Manwar Hossain
Chairman


DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY


For the year ended 31 December 2022


Particulars	Share capital BDT	Statutory reserve BDT	General reserve BDT	Capital reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT	Non Controlling Interest BDT	Total Equity BDT
Balance as at 01 January 2022	1,775,813,840	462,463,192	-	33,744,750	410,500,364	465,217,517	3,147,739,664	504,796,379	3,652,536,042
Changes during the year 2022									
6% Stock Dividend - 2021	106,548,830	-	-	-	-	(106,548,830)	(106,548,830)	-	(106,548,830)
6% Cash Dividend - 2021	-	-	-	-	-	-	-	-	(68,574,714)
Interim Cash Dividend - 2022	-	-	-	-	-	236,015,541	236,015,541	68,710,048	304,725,590
Profit/(Loss) for the year	-	-	-	-	(1,404,384)	1,404,384	-	-	-
Revaluation Surplus	-	-	-	-	-	(38,688,172)	-	-	-
Transfer to Statutory Reserve	-	38,688,172	-	-	-	-	-	-	-
Balance as at 31 December 2022	1,882,362,670	501,151,365	-	33,744,750	409,095,980	450,851,610	3,277,206,374	504,931,713	3,782,138,088
Balance as at 01 January 2021	1,675,296,080	408,824,581	-	33,744,750	411,904,748	462,642,825	2,992,412,984	505,476,702	3,497,889,686
Changes during the year 2021									
6% Stock Dividend - 2020	100,517,760	-	-	-	-	(100,517,760)	(100,517,760)	-	(100,517,760)
6% Cash Dividend - 2020	-	-	-	-	-	-	-	-	(68,631,152)
Interim Cash Dividend - 2021	-	-	-	-	-	255,844,440	255,844,440	67,950,828	323,795,268
Profit/(Loss) for the year	-	-	-	-	(1,404,384)	1,404,384	-	-	-
Revaluation Surplus	-	-	-	-	-	(53,638,611)	-	-	-
Transfer to Statutory Reserve	-	53,638,611	-	-	-	-	-	-	-
Balance as at 31 December 2021	1,775,813,840	462,463,192	-	33,744,750	410,500,364	465,217,517	3,147,739,664	504,796,379	3,652,536,042

The annexed notes from 1 to 46 and Annexure A, B and C are an integral part of these financial statements



Munshi Abu Naim ACS
Company Secretary


Md. Kyser Hamid
Managing Director & CEO


Md. Rokunuzzaman, FCA
Director


Manwar Hossain
Chairman

Dhaka, 13 March 2023


SK Md Tarikul Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants
DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

BALANCE SHEET

As at 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
PROPERTY AND ASSETS			
Cash	3		
Cash in hand		39,605	12,728
Balance with Bangladesh Bank		117,732,419	99,339,362
		117,772,023	99,352,089
Balance with Other Banks and Financial Institutions	4		
Inside Bangladesh		1,143,319,843	991,348,494
Outside Bangladesh		-	-
		1,143,319,843	991,348,494
Money at Call and Short Notice		-	-
Investment in Securities	5		
Government		-	-
Others		419,002,129	252,783,007
		419,002,129	252,783,007
Lease, Loans and Advances	6		
In Bangladesh		13,699,677,770	13,369,102,273
Outside Bangladesh		-	-
		13,699,677,770	13,369,102,273
Fixed Assets Including Premises, Furniture and Fixtures	7	568,330,764	522,840,980
Other Assets	8	1,245,030,892	1,269,245,300
Non Banking Assets	9	213,121,062	212,121,062
Total Assets		17,406,254,484	16,716,793,205
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from Other Banks financial Institutions and Agents	10	2,666,627,723	2,503,520,111
Deposits and Other Accounts	11	9,862,346,225	9,568,977,690
Term Deposits		9,792,981,240	9,384,771,903
Other Deposits		58,342,957	166,954,836
Advance Rent and Installments		11,022,028	17,250,951
Bills Payable		-	-
Other Liabilities	12	1,836,330,969	1,690,237,869
Total Liabilities		14,365,304,918	13,762,735,671
Capital/Shareholders' Equity			
Share Capital	13.2	1,882,362,670	1,775,813,840
Statutory Reserve	14	501,151,365	462,463,192
General Reserve	15	-	-
Revaluation Surplus on Land and Building	7.1	409,095,980	410,500,364
Retained Earnings	16	248,339,553	305,280,139
Total Shareholders' Equity		3,040,949,568	2,954,057,535
Total Liabilities and Shareholders' Equity		17,406,254,484	16,716,793,205

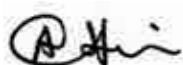
BANGLADESH FINANCE LIMITED

BALANCE SHEET

As at 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements	17	-	-
Letters of Guarantee		200,000,000	350,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		200,000,000	350,000,000
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet Items Including Contingent Liabilities		200,000,000	350,000,000
Net Asset Value (NAV) per Share	45	16.15	15.69

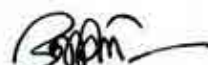
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Munshi Abu Naim ACS
Company Secretary



Md. Rokonzaman, FCA
Director



Md. Kyser Hamid
Managing Director & CEO



Manwar Hossain
Chairman



Sk Md Tarikul Islam, FCA
Partner

Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants

Dhaka, 13 March 2023

DVC: 2303211238AS460130

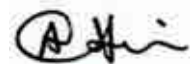
BANGLADESH FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
Interest Income	19	1,375,748,865	1,496,584,215
Less: Interest paid on Deposits and Borrowings etc.	20	997,213,975	985,563,791
Net Interest Income		378,534,890	511,020,425
Income from Investment in securities	21	194,704,906	344,794,929
Commission, Exchange and Brokerage		2,035,833	5,009,666
Other Operating Income	22	59,118,807	29,525,396
		255,859,546	379,329,991
Total Operating Income		634,394,436	890,350,415
Salaries and Allowances	23	183,038,412	133,450,828
Rent, Taxes, Insurances, Electricity etc.	24	6,296,795	6,762,975
Legal and Professional Fees	25	3,744,813	4,369,598
Postage, Stamps, Telecommunication etc.	26	4,001,465	3,405,001
Stationery, Printings, Advertisements etc.	27	15,333,850	15,518,334
Managing Director's Salary and Allowances	28	7,700,000	7,700,000
Directors' Fees	29	1,443,200	1,135,200
Audit Fees		461,278	424,750
Depreciation and Repairs of NBFI's Assets	30	44,716,896	38,666,174
Other Expenses	31	39,726,395	32,593,488
Total Operating Expenses		306,463,104	244,026,348
Profit before Provision		327,931,332	646,324,067
Specific provisions for Classified Investment		94,478,810	(61,521,325)
General provisions for Unclassified Investment		40,500,000	190,000,000
Special provisions for Unclassified Investment		(1,677,503)	84,101,885
Provisions for other Receivables		20,000,000	30,000,000
Provisions for Off-Balance Sheet exposures		(1,500,000)	3,500,000
Provisions for Investment in Securities		(20,000,000)	(2,825,968)
Total Provision	32	131,801,307	243,254,592
Total Profit before Provisions for Taxation		196,130,025	403,069,475
Deferred Tax Expenses/(benefit)	12.5.1	(19,552,012)	(34,693,930)
Current Tax Expenses	12.4	22,241,174	169,570,348
		2,689,162	134,876,418
Net Profit after Taxation		193,440,862	268,193,057
Appropriations			
Statutory Reserve	14	38,688,172	53,638,611
General Reserve	15	-	-
Retained Earnings		154,752,690	214,554,445
		193,440,862	268,193,057
Basic Earnings Per Share	33	1.03	1.42

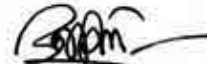
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Managing Director & CEO



Manwar Hossain
Chairman



Sk Md Tarikul Islam, FCA
Partner

Membership No. 1238
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Dhaka, 13 March 2023
Chartered Accountants

Dhaka, 13 March 2023

DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	31-Dec-22 BDT	31-Dec-21 BDT
Cash Flows from Operating Activities			
Interest received	34	1,464,979,237	1,626,627,579
Interest paid	35	(1,010,224,994)	(994,431,327)
Dividend received		95,872,934	298,417,989
Fees and Commission received		2,035,833	5,009,666
Cash Payments to Employees		(190,738,412)	(141,150,828)
Cash Payments to Suppliers		(15,333,850)	(15,518,334)
Income Tax Paid		(78,331,318)	(146,168,233)
Received from other Operating activities	36	132,125,884	74,077,615
Payments for other Operating activities	37	(68,408,959)	(61,532,908)
Cash generated from Operating Activities Before Changes in Operating Assets and Liabilities		331,976,354	645,331,219
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		(166,219,122)	(48,627,042)
Loans and Lease Finance to Customers		(330,575,497)	(525,363,688)
Other Assets	38	73,080,076	135,081,164
Deposits		293,368,535	952,535,248
Other Liabilities	39	9,925,889	(78,202,363)
Sub Total		(120,420,119)	435,423,318
A) Net Cash from Operating Activities		211,556,235	1,080,754,537
Cash flows from Investing Activities			
Purchase/sale of non trading securities		-	-
Proceeds from Sale of fixed assets		781,694	1,824,721
(Purchase)/disposal of fixed assets including right-of-use assets		(79,858,319)	(24,290,278)
B) Net Cash from Investing Activities		(79,076,625)	(22,465,557)
Cash Flows from Financing Activities			
Increase/(decrease) of borrowings		163,107,611	(447,058,964)
Payment for lease liabilities		(18,647,109)	(18,963,802)
Dividend Paid		(106,548,830)	(268,047,373)
C) Net Cash from Financing Activities		37,911,673	(734,070,139)
D) Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		170,391,283	324,218,841
E) Cash and cash equivalents at the beginning of the period		1,090,700,584	766,481,742
F) Cash and Cash Equivalents at the End of the Period (D+E)	40	1,261,091,867	1,090,700,584
Net Operating Cash Flow per Share	46	1.12	5.74

The annexed notes from 1 to 46 and Annexure A, B and C are an integral part of these financial statements

Munshi Abu Naim ACS
Company Secretary

Md. Rokonzaman, FCA
Director

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Managing Director & CEO

Manwar Hossain
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Membership No. 1238
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Dhaka, 13 March 2023
Chartered Accountants

Dhaka, 13 March 2023

DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY


For the year ended 31 December 2022

Particular	Share capital BDT	Statutory reserve BDT	General reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT
Balance as at 01 January 2022	1,775,813,840	462,463,192	-	410,500,364	305,280,139	2,954,057,535
Changes during the year 2022						
6% Stock Dividend - 2021	106,548,830	-	-	-	(106,548,830)	-
6% Cash Dividend - 2021	-	-	-	-	(106,548,830)	(106,548,830)
Profit/(Loss) for the year	-	-	-	-	193,440,862	193,440,862
Transfer to Retained Earnings	-	-	-	(1,404,384)	1,404,384	-
Transfer to Statutory Reserve	-	38,688,172	-	-	(38,688,172)	-
Balance as at 31 December 2022	1,882,362,670	501,151,365	-	409,095,980	248,339,552	3,040,949,568
Balance as at 01 January 2021	1,675,296,080	408,824,581	-	411,904,748	290,356,834	2,786,382,243
Changes during the year 2021						
6% Stock Dividend - 2020	100,517,760	-	-	-	(100,517,760)	-
6% Cash Dividend - 2020	-	-	-	-	(100,517,765)	(100,517,765)
Profit/(Loss) for the year	-	-	-	-	268,193,057	268,193,057
Transfer to Retained Earnings	-	-	-	(1,404,384)	1,404,384	-
Transfer to Statutory Reserve	-	53,638,611	-	-	(53,638,611)	-
Balance as at 31 December 2021	1,775,813,840	462,463,192	-	410,500,364	305,280,139	2,954,057,535

The annexed notes from 1 to 46 and Annexure A, B and C are an integral part of these financial statements



Munshi Abu Naim ACS
Company Secretary


Md. Kyser Hamid
Managing Director & CEO


Md. Rokunuzzaman, FCA
Director


Manwar Hossain
Chairman

Dhaka, 13 March 2023


Sk Md Tarikul Islam, FCA
Partner
Membership No. 1238
Hoda Vasi Chowdhury & Co
Dhaka, 13 March 2023
Chartered Accountants
DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

LIQUIDITY STATEMENT

ASSETS AND LIABILITIES MATURITIES ANALYSIS

As at 31 December 2022

Particulars	Up to 01 Month BDT	01-03 Months BDT	03-12 Months BDT	01-05 Years BDT	Above 05 years BDT	Total BDT
Assets						
Cash in hand	39,605	-	-	-	-	39,605
Balance with Bangladesh Bank	117,732,419	-	-	-	-	117,732,419
Balance with other banks and financial institutions	61,130,026	-	1,082,189,818	-	-	1,143,319,843
Money at Call and Short Notice	-	-	-	-	-	-
Investment in securities	289,002,129	-	-	130,000,000	-	419,002,129
Investment (Loans and Advances)	523,159,643	1,664,598,866	1,938,447,453	7,324,235,009	2,249,236,799	13,699,677,770
Fixed Assets including premises, furniture and fixtures etc.	-	-	-	269,511,133	298,819,631	568,330,764
Other Assets	4,971,301	69,519,867	243,360,971	56,502,798	870,675,955	1,245,030,892
Non-banking Assets	-	-	-	213,121,062	-	213,121,062
Total Assets (i)	996,035,123	1,734,118,733	3,263,998,242	7,993,370,001	3,418,732,385	17,406,254,484
Liabilities						
Borrowing from other banks, financial institutions and agents	146,685,927	208,822,228	1,183,479,538	1,127,640,030	-	2,666,627,723
Deposits and other accounts	493,117,311	1,282,105,009	1,479,351,934	5,128,420,037	1,479,351,934	9,862,346,225
Provision and other liabilities	39,365,585	19,349,894	141,013,410	654,640,832	981,961,249	1,836,330,969
Total Liabilities (ii)	679,168,823	1,510,277,131	2,803,844,882	6,910,700,899	2,461,313,182	14,365,304,918
Net Liquidity Gap (i-ii)	316,866,300	223,841,602	460,153,360	1,082,669,102	957,419,202	3,040,949,567

Munshi Abu Naim ACS
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Partner
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Dhaka, 13 March 2023
Chartered Accountants

DVC: 2303211238AS460130

BANGLADESH FINANCE LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

1 Legal Status and Nature of the Company

1.1 Domicile, Legal form and Country of Incorporation

Bangladesh Finance Limited ("Bangladesh Finance" or "the Company" or "FI") formerly known as "Bangladesh Finance and Investment Company Limited" is a Non-Banking Financial Institution engaged in lease, loan and investment financing operations. The Company having its registered office at Baitul Hossain Building, 27 Dilkusha C/A, Dhaka-1000, Bangladesh, was incorporated in Bangladesh on 10 May 1999 as a Public Limited Company under the Companies Act 1994. The license was issued by Bangladesh Bank on 22 December 1999 under the Financial Institutions Act 1993. The operational activities were started on 15 February 2000 by signing the first lease agreement on that day. Presently the Company is operating through seven branch offices in Dhaka, Chattogram, Sylhet, Gazipur and Jashore including Islamic Wing in six branches. The Company went for Initial Public Offering on 14 June 2007 and its shares were listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 06 September 2007 and 28 August 2007 respectively.

1.2 Principal Activities and Nature of Operation

The Company provides both Conventional and Islamic financial services to customers which includes lease finance for capital machinery to various industries including construction equipment, energy generating equipment, office equipment, medical equipment, transport etc. The Company also provides term finance, short-term finance, syndication finance, working capital finance, SME loan, women entrepreneur loan, factoring of accounts receivables, bill discounting, distributor finance, work order finance, assignment-based finance, home loan, loan against deposit and personal loan to the enterprises, professionals and others.

1.3 Islamic Wing

The Company obtained permission from Bangladesh Bank (the country's central bank) to operate the Islamic Wing vide Bangladesh Bank's letter no. DFIM(L)1053/56/2022-60 dated 04 January 2022. The company commenced operation of this wing on 04 January 2022. The Islamic Wing is governed under the rules and regulations of Bangladesh Bank.

1.4 Subsidiary Companies

1.4.1 Bangladesh Finance Securities Limited

Bangladesh Finance Securities Limited, a 57.36% owned subsidiary company of Bangladesh Finance Limited was incorporated on 28 December 2010 as a public limited company under the Companies Act 1994 with an authorized share capital of Tk. 500 crore. The main objective of the Bangladesh Finance Securities is to act as a member of stock exchanges, operate the Central Depository System (CDS) and carry on the business of brokers, jobbers or dealers in stocks, shares, securities, commodities, commercial papers, bonds, obligations, debentures etc.

1.4.2 Bangladesh Finance Capital Limited

Bangladesh Finance Capital Limited, a fully owned (99.972% Share) subsidiary company of Bangladesh Finance Limited was incorporated on 10 August 2011 as a public limited company under The Companies Act 1994 with an authorized share capital of Tk. 200 crore. The main objective of Bangladesh Finance Capital Limited is to carry on the business of Merchant Banking, fund management, managing portfolio investments, financial consultancy services etc.

2 Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation of the Financial Statements

The financial statements of the Company are prepared up to 31 December each year and are prepared under the historical cost convention and in accordance with the Financial Institutions Act, 1993 and Bangladesh Bank DFIM circular No. 11 dated 23 December, 2009. International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Securities and Exchange Rules 1987 and other laws and regulations applicable in Bangladesh.

All figures that appeared in the Financial Statements are rounded off to the nearest Taka.

2.1.1 Basis of Consolidation of Operations of Subsidiaries

The financial statements of the Company and its subsidiaries, as mentioned in notes No. 1.4.1 and 1.4.2 have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements". The consolidation of the financial statements has been prepared after eliminating all material inter company balances, income and expenses arising from inter-company transactions.

The total profits of the Company and its subsidiaries are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as 'Non-controlling Interest'. NCI is measured at subsidiaries' proportionate share of identifiable net assets.

All assets and liabilities of the Company and its subsidiaries are shown in the consolidated balance sheet. The interest of non-controlling shareholders of the subsidiaries is shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

When Bangladesh Finance loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related NCI and other components of the equity. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.2 Components of the Financial Statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated 23 December 2009):

- a) Consolidated and Separate Balance Sheet as of December 31, 2022;
- b) Consolidated and Separate Profit and Loss Account for the year ended December 31, 2022;
- c) Consolidated and Separate Statement of Cash Flows for the year ended December 31, 2022;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended December 31, 2022;
- e) Liquidity Statement as of December 31, 2022; and
- f) Notes to the Consolidated and Separate Financial Statements as at and for the year ended December 31, 2022.

2.3 Basis of Measurement

These financial statements have been prepared based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.4 Going Concern Basis of Accounting

These financial statements have been prepared on the basis an assessment of the Companies ability to continue as a going concern. Bangladesh Finance has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Company continued to exhibit a healthy trend for a couple of years. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the organization's ability to continue as a going concern.

2.5 Use of Estimates and Judgments

The preparation of the consolidated financial statements of the Company and its subsidiaries (together ref. to as Group) and the separate financial statements of the Company in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Key estimates include the following:

- Revaluation of land and building
- Deferred tax assets/liabilities
- Gratuity fund
- Useful life of depreciable assets
- Provision for income tax
- Leases

2.6 Cash Flow Statement

Cash flow statement has been prepared in accordance with IAS 7: Statement of cash flows and under the guideline of Department of Financial Institution and Management (DFIM) of Bangladesh Bank circular no. 11 dated 23 December 2009. The statement shows the structure of changes in cash and cash equivalents during the financial year.

2.7 Reporting Period

These consolidated financial statements of the Group cover 1 (One) calendar year from 01 January to 31 December.

2.8 Functional and Presentation Currency

These consolidated financial statements are presented in Company's functional currency i.e. in Bangladeshi Taka.

2.9 Liquidity Statement

The liquidity statement has been prepared mainly on the basis of remaining maturity grouping of assets and liabilities as at the close of the year as per following bases:

Particulars	Basis of Use
Cash, balance with other banks and financial institutions, money at call and short notice, etc.	Stated maturity/observed behavioral trend
Investments	Residual maturity term
Loans and advances	Repayment/maturity schedule and behavioral trend (non-maturity products)
Fixed Assets	Useful Life
Other Assets	Realization/amortization basis
Borrowings from other banks and financial institutions	Maturity/repayment term
Deposits and other accounts	Maturity and behavioral trend (non-maturity products)
Other long term liability	Maturity term
Provision and other liability	Settlement/adjustment schedule basis

2.10 Statement of Compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as Financial Institutions (FIs). The Financial Institutions Act, 1993 was amended to require Non-Banking Financial Institutions to prepare their financial statements under such FRS.

As the FRS is yet to be issued as per the provisions of the FRA, the consolidated and separate financial statements of the Group and the Financial Institution have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and the requirements of the Financial Institutions Act, 1993 (as amended up to date), the rules and regulations issued by Bangladesh Bank (BB) time to time, the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Financial Institutions Act, 1993 (as amended up to date), and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Financial Institutions Act, 1993 (as amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRSs are as follows:

i) Presentation of Financial Statements:

IFRSs: As per IAS 1 Presentation of financial statements, financial statements shall comprise a statement of financial position as at the end of the period, a statement of profit or loss and other comprehensive income for the period, a statement of changes in equity for the period, a statement of cash flows for the period, notes - comprising significant accounting policies and other explanatory information. As per IAS 1, the entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by DFIM Circular No. 11, dated 23 December 2009 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications. However, there is no financial impact for this departure in the financial statements.

ii) Investments in Equity Instruments (Shares, Mutual funds, etc.)

IFRSs: As per requirements of IFRS 9 Financial instruments, all equity investments (shares and mutual funds) are to be measured at fair value with value changes recognized in statement of profit or loss and other comprehensive income for the period, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income (OCI)'. If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it through OCI with only dividend income recognized in profit or loss account.

Bangladesh Bank: As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.

iii) Measurement of provision for Leases, loans and advances (financial assets measured at amortized cost)

IFRSs: As per IFRS 9 Financial instruments, Leases, loans and advances shall be recognized and measured at amortized cost (net of any write down for impairment). When any objective evidence of impairment (a loss allowance for expected credit losses) exists for such financial assets, impairment assessment should be undertaken individually or portfolio basis (when assets are not individually significant).

Bangladesh Bank: As per DFIM Circular no. 04 dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans and Special Mentioned Accounts (SMA)) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.

Also, provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

iv) Other Comprehensive Income and appropriation of profit

IFRSs: As per IAS 1 Presentation of financial statements, other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income (OCI) statement. IFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

Bangladesh Bank: The templates of financial statements issued by Bangladesh Bank do not include other comprehensive income or are the elements of other comprehensive income allowed to be included in a single other comprehensive income (OCI) statement. As such the Financial Institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.

v) Financial instruments - presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorized, recognized, measured and presented differently from those prescribed in IFRS 7 Financial instruments - disclosure and IFRS 9: Financial instruments. As such some disclosures and presentation requirements of IFRS 7 and IFRS 9 cannot be fully made in these financial statements.

vi) Recognition of interest in suspense

IFRSs: Leases, Loans and advances to customers are generally classified as non-derivative financial assets measured at amortized cost as per IFRS 9 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is to be recognized in profit and loss account on the same basis on revised carrying amount.

Bangladesh Bank: As per DFIM Circular no. 04 dated 26 July 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments is not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.

vii) Non-banking Assets

IFRSs: No indication of non-banking assets is found in any IASs/IFRSs.

Bangladesh Bank: As per Department of Financial Institution and Market (DFIM) of Bangladesh Bank circular no. 11 dated 23 December 2009, there exists a face item named non-banking assets.

viii) Cash Flow Statement

IFRSs: Cash flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

Bangladesh Bank: As per Department of Financial Institution and Market (DFIM) of Bangladesh Bank circular no. 11 dated 23 December 2009, cash flow statement is to be prepared following a mixture of direct and indirect method.

ix) Balance with Bangladesh Bank (cash reserve requirement)

IFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day-to-day operations as per IAS 7: Statement of cash flows.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

x) Presentation of loans and advance net of provision

IFRSs: Loans and advances shall be presented at amortized cost net of any write down for impairment (expected credit losses that result from all possible default events over the life of the financial instrument).

Bangladesh Bank: As per DFIM circular no. 11 dated 23 December 2009, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.

xi) Presentation of intangible asset

IFRSs: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no regulation for intangible assets.

xii) Off-balance sheet items

IFRSs: No concept of off-balance sheet items in any IFRS/IAS/IFRIC; so, nothing to disclose as off-balance sheet items.

Bangladesh Bank: As per DFIM circular no. 11 dated 23 December 2009, off-balance sheet items i.e. letter of credit (LC), letter of guarantee (LG), acceptance should be disclosed separately on the face of the balance sheet.

xiii) Measurement of deferred tax assets

IFRSs: A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Bangladesh Bank: As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against the provision for lease, loans and advances.

2.11 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by Bangladesh Bank as the primary regulator.

2.11.1 Comparative Information

As guided in paragraph 36 and 38 of IAS 1 Presentation of Financial Statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.

Previous year/period figures has been rearranged to conform with the current year/period presentation.

2.11.2 Bangladesh Finance as a lessee

Bangladesh Finance recognizes a right of use asset and a lease liability from the beginning of 2019. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The-right-of use asset is depreciated using the straight line methods from the commencement date (from the beginning of 2019) to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date (from the beginning of 2019), discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Bangladesh Finance's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Bangladesh Finance's estimate of the amount expected to be payable under a residual value guarantee, or if Bangladesh Finance changes its assessment of whether it will exercise purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Bangladesh Finance presents right of use assets in Annexure A and lease liabilities in note-12.7 separately.

Bangladesh Finance as a lessor

When Bangladesh Finance acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Bangladesh Finance makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Bangladesh Finance considers certain indicators such as whether the lease is for the major part of the economic life of the asset. If an arrangement contains lease and non-lease components, Bangladesh Finance applies IFRS 15 to allocate the consideration in the contract. Bangladesh Finance recognizes lease payments received under operating leases as income over the lease term.

2.11.3 Accounting for term finance and other finances

Books of accounts for term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealized principal for long-term finance, real estate finance, car loans and other finances are accounted for as term finance assets of the Company. Interest earnings are recognized as operational revenue periodically.

2.11.4 Loans, Advances and Provision

Loans and advances (initial recognition):

Loans and advances comprise of non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. These are recognized at gross amount on the date on which they are originated. The group has not designated any loans and advances upon initial recognition as at fair value through profit and loss account or other comprehensive income.

After initial recognition, loans, advances and interest receivables are subsequently measured at amortized cost using effective interest rate (EIR) over the relevant periods. The amortized cost of a financial asset is the amount at which the asset is measured at initial recognition less principal repayments, using EIR method. The EIR is the rate that exactly discounts estimated future cash receipts (estimates cash flows considering all contractual terms of the instrument but not future credit losses) during the expected life of the financial instrument.

Provision for investments and advances is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) International Accounting Standards (IAS) 37; Provisions, contingent liabilities and contingent assets, and (2) Bangladesh Bank guidelines.

Bangladesh Finance's methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank Guidelines. Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank DFIM Circular no. 04 dated 26 July 2021. The classification rates are given below:

Particulars	Rate
General provision on:	
Unclassified loans and advances-Non-SME	1%
Unclassified loans and advances-SME	0.25%
Unclassified loans and advances-Brokerage	2%
Spacial Mention Account	5%
Off-Balance sheet exposure	1%
Specific provision on:	
Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

Loans and advances (written-off):

Loans and advances are written off to the extent that there is no realistic prospect of recovery in the proximate future, classified as bad/ loss and adequate provision are maintained as per DFIM circular no.02 dated 01 April 2019 and DFIM circular no. 08 dated 07 June 2022. No loans and advances are written off without prior approval of the Board of Directors in compliance with the said circulars. At each reporting period end, the NBFi assesses loans and advances to be written off as per organization's own process in compliance with BB guideline. Details of loans and advances written off are given in the note 6.8 (xi) in the financial statements.

Loans and advances (recovery from written off):

The Company puts continuous effort for recovery from written off loans and advances in compliance with DFIM circular no. 02 dated 01 April 2019. The Company takes necessary legal measures against default borrowers for recovery against written off loans and advances as per relevant BB guidelines and Artha Rin Adalat Act-2003. Legal cost incurred against those borrowers are initially charged to the profit and loss account of Bangladesh Finance.

However, recovery including any legal cost against written off loans and advances are recognized in profit and loss account as earned and on settlement basis. Details of recovery are given in note 6.8 (x) in the Financial Statements.

2.11.5 Recognition of Fixed Asset and Depreciation

i) Recognition and measurement

Items of fixed assets are stated at cost or revaluation less accumulated depreciation. The cost of the assets is the cost of acquisition or construction together with purchase price and other directly attributable costs for bringing the assets to working conditions for their intended use inclusive of inward freight, duties and non refundable taxes as per International Accounting Standard (IAS) 16: Property, Plant and Equipment.

ii) Subsequent expenditure on fixed assets

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

Depreciation is provided on a new asset for the period in use in the year of purchase. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use. Depreciation is calculated on the cost of the assets in order to write-off such amounts over the estimated useful life of such assets. Bangladesh Finance followed the Straight-line method of depreciation and annual rates are as under:

Building	10%
Office equipment	25%
Office Renovation	20%
Furniture and fixtures	20%
Motor vehicles	20%
Other assets	20%
Right-of-use Asset	Lease term

The-right-of use asset is depreciated using the straight line methods from the commencement date (from the beginning of 2019) to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Income Statement, which is determined with reference to the net book value of the assets and net sales proceeds.

2.11.6 Intangible Assets

i) Components

The main item included in intangible asset is software.

ii) Basis of recognition

An Intangible Asset shall only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, this asset is stated in the Balance Sheet at cost less accumulated amortization and accumulated impairment losses, if any.

iii) Subsequent expenditure

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

iv) Amortization

Intangible asset is amortized on straight line basis at 25% to write off the cost of intangible assets.

2.11.7 Impairment of assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36: Impairment of assets. At the end of each reporting period, Bangladesh Finance and its subsidiaries review the carrying value of financial and non-financial assets (other than investment in subsidiaries) and assess whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, Bangladesh Finance and the subsidiaries make an estimate of the recoverable amount of the asset. The carrying value of the asset is reduced to its recoverable amount if the recoverable amount is less than its carrying amount with associated impairment losses recognized in the profit and loss account. However, impairment of any financial assets is guided by relevant Bangladesh Bank circulars/instructions and IFRS 9.

2.11.8 Significant accounting policies - IFRS 16: Leases

2.11.8.1 Impacts on financial statements

Bangladesh Finance has 9 contracts for renting premises which were classified as operating lease under IAS 17. As per para C5(b) of IFRS 16 Lease, the company has taken the decision to apply IFRS 16 retrospectively with modified approach with the cumulative effect of initially applying the standards recognized at the date of initial application from 01 January 2019.

Particulars	Amount
Depreciation charge for right-of-use assets	18,088,382
Interest expense on lease liabilities	2,681,824
Total cash out flow for lease	18,647,109
Addition to right-of-use assets	39,251,468
Carrying amount of right-of-use assets at the end of the year	43,522,598

2.11.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, term deposits and investment in call loan that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

2.11.10 Investments in Securities

Investments are valued in compliance with FID Circular no .08, dated 03 august, 2002 in lieu of IFRS-9. All investment securities are initially recognized at cost.

Investment in securities are classified broadly in two categories and accounted for as under:

a. Investment in quoted securities:

These securities are bought and held primarily for the purpose of selling them in near term. These are reported at cost. Adequate provision is made for excess of cost over market value.

b. Investment in un-quoted securities:

Investment in un-quoted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

2.11.11 Statutory reserve

NBFIs are required to transfer 20% of the profit to statutory reserve before declaration of dividend as per Financial Institutions Regulations, 1994. Bangladesh Finance Limited transfers 20% on post tax profit in compliance with the regulation.

2.11.12 General Reserve

Generally fund from Retained Earnings is transferred to General Reserve once in a year with the consent of the Board of Directors.

2.11.13 Retirement Benefit

(a) Provident Fund

The company operates a contributory provident fund scheme for its permanent employees. The Provident fund is administered by a Board of Trustees and is funded by contribution partly from the employees and partly from the company at 10% of basic salaries of the employees. The contributions are invested separately from the Company's asset.

(b) Gratuity

The Company operates non-funded gratuity scheme, provision in respect of which is made annually covering all permanent eligible employees. Gratuity fund benefits are given to the staff of Bangladesh Finance in accordance with the Company's service rules. The gratuity is calculated on the basis of eligibility and as per IAS-19 "Employee Benefits" and payable as per the modalities of the rules. Gratuity so calculated are transferred to the Gratuity fund and charged to expenses of the Company.

(c) Other employees benefit obligation

The Company operates group life insurance and hospitalization scheme for its permanent employees.

2.11.14 Income Tax

i) Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2022 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with IAS-12.

ii) Deferred tax

Pursuant to International Accounting Standard (IAS) 12: Income Taxes, deferred tax is provided for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Adequate provision has been made in calculating temporary timing differences.

2.11.15 Accrued expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.11.16 Revenue recognition

Revenue is only recognized when it meets the following five steps model framework as per IFRS- 15:

- a) identify the contract(s) with a customer;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract; and
- e) recognize revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognized on an accrual basis of accounting.

2.11.17 Lease income

The excess of aggregate rental receivable over the cost of lease constitutes the total unearned interest income at the commencement of the contract. This income is allocated over the period of lease that reflect a constant periodic return on net investment.

2.11.18 Income from Term Finance

Interest income on Term Finance is recognized on Accrual Basis. Interest portion of the installments that become receivable is credited to the Profit and Loss Account.

2.11.19 Fees base income, etc.

Fees on services rendered by the company are recognized as and when services are rendered.

2.11.20 Dividend income

Dividend income from shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

2.11.21 Gain/Loss on Sale of Securities

Capital gain/loss on sale of securities listed in the stock exchanges is recognized only when the securities are sold in the market.

2.12 Borrowing Costs

Borrowing costs are recognized as expense in the year in which they are incurred unless capitalization is permitted under International Accounting Standard (IAS) 23: "Borrowing Costs".

2.13 Interest Suspense Account

Accrued interest on lease, term finance, real estate finance, hire purchase agreement classified as Special Mentioned Account, Sub-Standard, Doubtful and Bad loan are not recognized as income rather transferred to interest suspense accounts as complied with Bangladesh Bank guidelines. Recovery of overdue credited to interest suspense account is recognized as income on realization basis.

2.14 Litigation

The company has no party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loan/lease repayment. The company, however, provides adequate provision against such doubtful finance.

2.15 Proposed dividend

Proposed dividend has been shown separately under the shareholders' equity in accordance with International Accounting Standards (IAS)-10 "Events After the Reporting Period".

IAS 1: Presentation of Financial Statements, also requires the dividend proposed after the reporting period but before the financial statements are authorized for issue, be disclosed in the notes to the financial statement. Accordingly, the Company has disclosed the amount of proposed dividend in notes.

2.16 Earnings Per Share (EPS)

The company calculates Earnings Per Share (EPS) in accordance with IAS 33: Earnings Per Share, which has been shown on the face of Profit and Loss Account, and the computation of EPS is stated in Note 33.

Basic Earnings

This represents earnings for the period attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of Ordinary Shares outstanding during the period

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the period.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the period.

Diluted Earnings Per Share

No diluted EPS is required to be calculated for the period, as there was no scope for dilution during the period under review.

2.17 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.18 Risk and uncertainty for use of estimates (Provisions)

The preparation of Financial Statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during the reporting period and on the dates of the financial statements. Due to inherent uncertainty involved in making estimates, actual results reported could differ from those estimates.

In accordance with the guidelines as prescribed by International Accounting Standards (IAS) 37: Provisions, contingent liabilities and contingent assets, provisions are recognized in the following situations:

- a. When the company has an obligation as a result of past events;
- b. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. Reliable estimate can be made of the amount of the obligation.

2.19 BASEL II & its Implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" have come fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, Bangladesh Finance has already formed BASEL Implementation Committee to ensure timely implementation of BASEL II accord.

2.20 Status of compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

In addition to compliance with local regulatory requirements, in preparing the Consolidated Financial Statements and Separate Financial Statements, Bangladesh Finance applied following IASs and IFRSs:

Name of the IASs	IAS No.	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyper-inflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied *
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS No.	Status
Share Base payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resource	6	N/A
Financial Instruments: Disclosures	7	Applied *
Operating Segments	8	Applied
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	Applied*
Revenue from Contracts with customers	15	Applied
Leases	16	Applied
N/A= Not Applicable		

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.10).

		31-Dec-22 BDT	31-Dec-21 BDT
3	Cash		
	Cash in hand (Notes - 3.1)	39,605	12,728
	Balance with Bangladesh Bank (Notes - 3.2)	117,732,419	99,339,362
		117,772,023	99,352,089
3.a	Cash in hand (Consolidated)		
	Bangladesh Finance	39,605	12,728
	Bangladesh Finance Securities Limited	33,980	46,181
	Bangladesh Finance Capital Limited	13,325	6,762
		86,910	65,671
3.1	Cash in hand (including foreign currencies)		
	In local currency	39,605	12,728
	In foreign currency	-	-
		39,605	12,728
3.2	Balance with Bangladesh Bank (including foreign currencies)		
	In local currency	117,732,419	99,339,362
	In foreign currency	-	-
		117,732,419	99,339,362
3.3	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the 5th schedule of the Financial Institutions Act, 1993 and subsequent FID Circular # 06, dated November 06, 2003, FID Circular # 02 dated November 10, 2004 and DFIM Circular # 03 dated June 21, 2020 respectively.		
3.4	Cash Reserve Ratio (CRR): 1.5% of Average Demand and Time Liabilities		
	Required Reserve	100,394,413	92,481,961
	Actual Reserve held with Bangladesh Bank (local currency)	118,355,500	99,304,152
	Surplus	17,961,087	6,822,192
3.5	Statutory Liquidity Requirement (SLR): 5% (including 1.5% CRR) of Average Demand and Time Liabilities		
	Required Reserve	430,596,579	498,393,067
	Actual Reserve held (Note - 3.6)	539,136,369	602,988,415
	Surplus	108,539,791	104,595,347
3.6	Held for Statutory Liquidity Requirement		
	Cash in hand	39,605	12,728
	Balance with Bangladesh Bank	117,732,419	99,339,362
	Balance with other bank and Financial Institutions (Note - 4)*	1,143,319,843	991,348,494
		1,261,091,867	1,090,700,584
	*Balance with other bank and Financial Institutions	1,143,319,843	991,348,494
	Unencumbered	421,364,346	503,636,325
	Encumbered	721,955,498	487,712,169
	Unencumbered balance*	421,364,346	503,636,325
	Encumbered balance	-	-
	Balance with Bangladesh Bank	117,732,419	99,339,362
	Cash in hand	39,605	12,728
	Total eligible balance for SLR	539,136,369	602,988,415
	*As per Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank Circular Letter No. 27 dated 23 August 2021, unencumbered balance with other Bank/Financial Institute would qualify for SLR.		
4	Balance with other Banks and Financial Institutions		
	Inside Bangladesh (Note - 4.1)	1,143,319,843	991,348,494
	Outside Bangladesh (Note - 4.2)	-	-
		1,143,319,843	991,348,494
4.a	Balance with other Banks and Financial Institutions (Consolidated)		
	Bangladesh Finance	1,143,319,843	991,348,494
	Bangladesh Finance Securities Limited	410,157,223	405,698,996
	Bangladesh Finance Capital Limited	86,771,347	64,915,252
		1,640,248,414	1,461,962,742
	Less: Inter-company transactions	65,000,000	-
		1,575,248,414	1,461,962,742

	31-Dec-22 BDT	31-Dec-21 BDT
4.1 Inside Bangladesh		
Current Account		
Commercial Bank of Ceylon	2,670,622	-
Midland Bank Limited	78,932	1,648
NCC Bank Ltd	456,096	2,393,138
Prime Bank Limited	856,086	7,043
Shahjalal Bank Limited	10,031,113	47,500
Social Islami Bank Limited	41,926	2,023,731
Standard Chartered Bank	155,335	4,381,795
The City Bank Limited	1,041,180	-
	15,331,289	8,854,855
STD Account		
Bank Asia Limited	1,519,650	16,705
BRAC Bank Limited	609,177	375,051
Dutch Bangla Bank Limited	611,447	21,486,541
EXIM Bank Limited (Islamic)	5,641,128	-
Islami Bank BD Ltd.	1,318,765	3,800,608
Jamuna Bank Limited	56,231	26,024
Mutual Trust Bank Limited	2,063,416	62,765,831
Mutual Trust Bank Limited (Islamic)	1,377,351	-
Rupali Bank Limited	735	-
Southeast Bank Limited	7,404,190	15,519,254
Southeast Bank Limited (Islamic)	5,512,413	-
Standard Bank Limited	-	8,474
Standard Chartered Bank	356,084	2,562,510
The City Bank Limited	1,742,288	40,032,300
The City Bank Limited (Islamic)	17,070,092	-
United Commercial Bank Limited	515,772	725,896
	45,798,736	147,319,195
FDR with Banks	621,955,498	387,712,169
FDR with NBFIs	460,234,320	447,462,276
Total Balance with other Banks and Financial Institutions	1,143,319,843	991,348,494
FDR with Banks		
BASIC Bank Ltd.	151,673,709	139,153,015
Exim Bank Ltd. (Islamic)	10,000,000	-
NRB Commercial Bank	124,673,646	119,081,262
Rupali Bank Ltd.	200,000,000	-
South Bangla Agriculture And Commerce Bank Ltd	135,608,144	129,477,892
	621,955,498	387,712,169
FDR with NBFIs		
CVC Finance Limited	100,000,000	100,000,000
Industrial and Infrastructure Development Finance Company Ltd.	100,000,000	100,000,000
International Leasing & Financial Service Ltd*	260,234,320	247,462,276
	460,234,320	447,462,276

*Bangladesh Finance Limited made investment in Term Deposits with International Leasing & Financial Services Ltd. (ILFSL) of Tk. 200,000,000 on 3 and 6 months auto renewable terms which were placed in the year of 2017 and 2018 with the objectives of ensuring continuous flow of earnings.

Due to financial troubles, the honourable High Court (HC) has reconstructed the board of directors of the International Leasing and Financial Services Limited (ILFSL) to run its usual businesses and to protect the interest of the common shareholders and depositors. The newly appointed directors will work towards collecting the defaulted Loan for the ILFSL. They will also make an effort to improve the overall health of the non-banking financial institution.

We are in constant communication /correspondence with ILFSL management and they have made firm commitment to us to repay the amount. The management of Bangladesh Finance Limited reasonably believes that there is still no significant risk in realization of the investment made with ILFSL following intervention of High Court and restructuring of their board. However, as accounting prudent measure, accrued interest was transferred to interest suspense account and provision has been made on the Principal amount of the investment commencing from 2019 and the cumulative provision as of 31 December 2022 stood at Tk. 90,000,000.

Management will continue making provision to cover the full amount of investment over the years in phases and with that end in view to make provision @15% in next year and @ 20% during 2nd and 3rd year if the present situation of recoverability still exists.

		31-Dec-22 BDT	31-Dec-21 BDT																																				
4.2	Outside Bangladesh																																						
	Cash at Foreign Bank	-	-																																				
	Total Cash at Bank (Bangladesh & Foreign)	1,143,319,843	991,348,494																																				
4.3	Maturity-wise groupings of balance with other banks and FI's																																						
	On Demand	15,331,289	8,854,855																																				
	Not more than 3 months	45,798,736	147,319,195																																				
	More than 3 months but less than 1 year	1,082,189,818	835,174,445																																				
	More than 1 year but less than 5 years	-	-																																				
	More than 5 years	-	-																																				
		1,143,319,843	991,348,494																																				
5	Investment in Securities																																						
	i) Government	-	-																																				
	ii) Others	419,002,129	252,783,007																																				
		419,002,129	252,783,007																																				
5.a	Investment in Securities (Consolidated)																																						
	Bangladesh Finance	419,002,129	252,783,007																																				
	Bangladesh Finance Securities Limited	360,979,349	353,801,526																																				
	Bangladesh Finance Capital Limited	475,649,127	380,340,436																																				
		1,255,630,606	986,924,968																																				
	Less: Inter-company transactions	120,000,000	-																																				
		1,135,630,606	986,924,968																																				
5.i.	Investment in Securities-Government	-	-																																				
5.ii.	Investment in Securities-Others																																						
	Investment in shares (quoted) (Note - 5.1)	289,002,129	242,783,007																																				
	Investment in shares (un-quoted) (Note - 5.2)	10,000,000	10,000,000																																				
	Investment in preference shares (Note - 5.3)	120,000,000	-																																				
		419,002,129	252,783,007																																				
	Maturity-wise Grouping of Investment in Securities:																																						
	On demand	289,002,129	242,783,007																																				
	Not more than 3 months	-	-																																				
	More than 3 months but less than 1 year	-	-																																				
	More than 1 year but less than 5 years	130,000,000	10,000,000																																				
	More than 5 years	-	-																																				
		419,002,129	252,783,007																																				
5.1	Quoted Shares																																						
	<table><tr><th>Segments</th><th>Cost Price 2022</th><th>Market Price 2022</th><th>Cost Price 2021</th></tr><tr><td>Bank</td><td>-</td><td>-</td><td>212,857</td></tr><tr><td>Cement</td><td>16,967,958</td><td>13,413,600</td><td>66,764,888</td></tr><tr><td>Engineering</td><td>231,881,871</td><td>235,940,180</td><td>76,235,299</td></tr><tr><td>Food & Allied</td><td>-</td><td>-</td><td>5,900,595</td></tr><tr><td>Insurance</td><td>154,035</td><td>434,556</td><td>21,142,061</td></tr><tr><td>Miscellaneous</td><td>16,975,130</td><td>11,560,000</td><td>15,485,379</td></tr><tr><td>Pharmaceuticals & Chemicals</td><td>23,023,135</td><td>14,327,600</td><td>57,041,928</td></tr><tr><td></td><td>289,002,129</td><td>275,675,936</td><td>242,783,007</td></tr></table>	Segments	Cost Price 2022	Market Price 2022	Cost Price 2021	Bank	-	-	212,857	Cement	16,967,958	13,413,600	66,764,888	Engineering	231,881,871	235,940,180	76,235,299	Food & Allied	-	-	5,900,595	Insurance	154,035	434,556	21,142,061	Miscellaneous	16,975,130	11,560,000	15,485,379	Pharmaceuticals & Chemicals	23,023,135	14,327,600	57,041,928		289,002,129	275,675,936	242,783,007		
Segments	Cost Price 2022	Market Price 2022	Cost Price 2021																																				
Bank	-	-	212,857																																				
Cement	16,967,958	13,413,600	66,764,888																																				
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Pharmaceuticals & Chemicals	23,023,135	14,327,600	57,041,928																																				
	289,002,129	275,675,936	242,783,007																																				
5.2	Unquoted Shares																																						
	<table><tr><th>Segments</th><th>Cost Price 2022</th><th>Market Price 2022</th><th>Cost Price 2021</th></tr><tr><td>Miscellaneous</td><td>10,000,000</td><td>-</td><td>10,000,000</td></tr><tr><td></td><td>10,000,000</td><td>-</td><td>10,000,000</td></tr><tr><td></td><td>299,002,129</td><td>275,675,936</td><td>252,783,007</td></tr></table>	Segments	Cost Price 2022	Market Price 2022	Cost Price 2021	Miscellaneous	10,000,000	-	10,000,000		10,000,000	-	10,000,000		299,002,129	275,675,936	252,783,007																						
Segments	Cost Price 2022	Market Price 2022	Cost Price 2021																																				
Miscellaneous	10,000,000	-	10,000,000																																				
	10,000,000	-	10,000,000																																				
	299,002,129	275,675,936	252,783,007																																				

Bangladesh Finance has provided provision for investment in securities Tk. 25,000,000 (note # 12.2) as against requirement of Tk. 23,326,193 (difference between cost and market price netting of unrealized loss/gain) and surplus provision stands at Tk. 1,673,807.

		31-Dec-22 BDT	31-Dec-21 BDT
5.3	Investment in preference shares		
	Bangladesh Finance Securities Limited	120,000,000	-
		120,000,000	-
6	Lease, Loans and Advances		
a)	Inside Bangladesh		
	i) Investment in Lease Finance	1,638,495,861	1,321,137,549
	ii) Term Finance	9,541,875,098	9,659,016,241
	iii) Housing Finance	2,519,306,811	2,388,948,484
	Total Loans and Lease inside Bangladesh (i+ii+iii)	13,699,677,770	13,369,102,273
b)	Outside Bangladesh	-	-
	Total Loans and Lease Finance (a+b)	13,699,677,770	13,369,102,273
6.a	Lease, Loans and Advances (Consolidated)		
	Bangladesh Finance	13,699,677,770	13,369,102,273
	Bangladesh Finance Securities Limited	734,617,644	785,991,507
	Bangladesh Finance Capital Limited	57,519,391	174,160,117
		14,491,814,805	14,329,253,897
	Less: Inter-company transactions	485,637,530	636,993,321
		14,006,177,275	13,692,260,576
6.1	Maturity wise Classification of Investments:		
	With a residual maturity of		
	Receivable on Demand	523,159,643	504,977,991
	Not more than 3 months	1,664,598,866	1,606,748,154
	Over 3 months but not more than 1 year	1,938,447,453	1,938,447,453
	Over 1 year but not more than 5 years	7,324,235,009	7,069,691,876
	Over 5 years	2,249,236,799	2,249,236,799
		13,699,677,770	13,369,102,273
6.2	Investments on the basis of significant concentration:		
	Investments to allied concern of Directors (Note - 43.5)	485,637,530	636,993,321
	Investments to Executives/Officers	65,105,917	47,014,219
	Investments to Customer Groups	7,513,803,901	7,115,383,844
	Industrial Investment	5,405,969,374	5,383,391,361
	Others	229,161,047	186,319,528
		13,699,677,770	13,369,102,273
6.3	Number of client's with amount of outstanding and classified loans, to whom loans and advances sanctioned more than 15% of total capital:		
	Total outstanding amount to such customers at end of the year	4,986,147,004	4,113,732,629
	Number of such types of customers	8	6
	Amount of Classified Investments thereon	219,869,440	-
	Measures taken for recovery		

6.4 Sector-wise Classification of Investment:

Sector	As at 31 December 2022		As at 31 December 2021	
	Amount	Composition	Amount	Composition
1. Trade & Commerce	2,007,262,561	14.65%	1,857,532,718	13.89%
2. Industry	5,405,969,374	39.46%	5,383,391,361	40.27%
A. Garments & Knitwear	241,536,450	1.76%	253,309,750	1.89%
B. Textiles	1,466,460,993	10.70%	1,342,655,742	10.04%
C. Food Production, Processing & Rice Mills	326,079,401	2.38%	319,256,605	2.39%
D. Jute & Jute products	1,966,551	0.01%	1,507,000	0.01%
E. Plastic & Rubber Industry	18,982,367	0.14%	55,789,939	0.42%
F. Leather & Leather goods	7,867,319	0.06%	12,591,342	0.09%
G. Iron, Steel & Engineering	1,268,225,986	9.26%	1,235,387,698	9.24%
H. Pharmaceuticals & Chemicals	8,222,511	0.06%	150	0.00%
I. Cement & Allied Industry	-	0.00%	-	0.00%
J. Paper, Packaging, Printing, Publishing & Allied Industry	46,622,600	0.34%	136,776,027	1.02%
K. Wood, Furniture & Fixture	-	0.00%	-	0.00%
L. Glass, Glassware & Ceramic Industry	-	0.00%	-	0.00%
M. Ship Manufacturing & Breaking	-	0.00%	-	0.00%
N. Electronics & Electrical Products	440,127,646	3.21%	391,231,398	2.93%
O. Power, Gas, Petroleum, Water & Sanitary	857,294,632	6.26%	939,582,245	7.03%
P. Transport & Aviation	722,582,919	5.27%	695,303,465	5.20%
Q. Others	-	0.00%	-	0.00%
3. Agriculture	635,714,164	4.64%	644,040,008	4.82%
4. Mining & Quarrying	-	0.00%	-	0.00%
5. Housing	2,493,245,395	18.20%	2,425,985,303	18.15%
6. Financial Corporation	2,166,046,421	15.81%	2,288,375,265	17.12%
7. Service	494,390,376	3.61%	388,254,433	2.90%
8. Consumer Finance	267,888,432	1.96%	195,203,657	1.46%
9. Others	229,161,047	1.67%	186,319,528	1.39%
	13,699,677,770	100.00%	13,369,102,273	100.00%

6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2022		As at 31 December 2021	
	Amount	Composition	Amount	Composition
Dhaka Division	10,759,653,499	78.54%	10,577,445,454	79.12%
Chattogram Division	2,825,813,428	20.63%	2,707,060,691	20.25%
Khulna Division	55,555,573	0.41%	30,535,761	0.23%
Sylhet Division	58,655,270	0.43%	54,060,367	0.40%
	13,699,677,770	100.00%	13,369,102,273	100.00%

6.6 Grouping of Investment as per Classification Rules of Bangladesh Bank:

Particulars	As at 31 December 2022		As at 31 December 2021	
	Amount	Composition	Amount	Composition
Unclassified				
Standard	9,993,419,604	72.95%	12,181,935,889	91.12%
Special Mention Account (SMA)	2,944,310,977	21.49%	847,135,829	6.34%
	12,937,730,581		13,029,071,718	
Classified				
Substandard	333,847,671	2.44%	3,436,164	0.03%
Doubtful	302,329,253	2.21%	521,379	0.00%
Bad and Loss	125,770,266	0.92%	336,073,012	2.51%
	761,947,190		340,030,555	
	13,699,677,770	100.00%	13,369,102,273	100.00%

6.7	Particulars of provision for loans and lease Finance			31-Dec-22	31-Dec-21
				BDT	BDT
				Amount	Amount
Status	Rate	Basis for Provision	2022	2021	
General Provision (for Unclassified portion)					
Standard Non-SME	1%	5,187,800,189	51,878,002	70,697,096	
Standard-SME	0.25%	3,242,629,147	8,106,573	8,282,406	
Standard-Brokerage	2.00%	1,562,990,268	31,259,805	35,985,279	
Standard-Special*	2.00%	4,121,219,098	82,424,382	84,101,885	
Special Mention Account	5%	2,828,701,661	141,435,083	35,685,196	
			315,103,845	234,751,862	

*The amount represents provision against unclassified loan, lease and advances who are enjoying deferral benefits as per Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank circular letter no.33 dated 19 December 2021 and letter no. DFIM(P)1052/27/2022-08 dated 02 January 2022 respectively in addition to regular general provision.

Specific Provision					
Substandard	20%	200,709,855	40,141,971	570,553	
Doubtful	50%	121,742,366	60,871,183	212,141	
Bad or loss	100%	31,105,293	31,105,293	141,573,911	
			132,118,447	142,356,604	
Required provision for Loans & Lease Finance			447,222,292	377,108,466	
Provision for other assets			2,192,352	5,530,000	
Total provision required			449,414,644	382,638,466	
Total provision maintained {note # 12.1(a), (b), (c) & (d)}			652,965,739	622,009,045	
Surplus Provision			203,551,095	239,370,578	

Bangladesh Finance has maintained general provision on unclassified investment Tk. 357,077,514 (note # 12.1.b), special provision for unclassified investment Tk. 82,424,382 (note # 12.1.c), specific provision for classified investment Tk. 117,933,843 (note # 12.1.a), provision for other assets Tk. 2,192,352 (note # 12.1.d) respectively where total provision stood at Tk. 652,965,739. However, as per instruction of Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank, Bangladesh Finance is developing provision against stressed accounts. Part of that total new provision of Tk. 154,978,810 is provided this year (note # 12.1.a,b and d) to address unforeseen credit risk, post-pandemic scenario and strengthening capital base.

6.8	Particulars of Investments:			
(i)	Loans, advances and leases considered good in respect of which the financial institution is fully secured	2,755,491,596	2,470,549,081	
(ii)	Loans, advances and leases considered good against which the financial institution holds no security other than the debtors' personal guarantee	3,588,635,980	1,003,572,006	
(iii)	Loans, advances and leases considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	7,355,550,194	9,894,981,186	
		13,699,677,770	13,369,102,273	
(iv)	Loans, advances and leases adversely classified; provision not maintained there against	-	-	
(v)	Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other persons	65,105,917	47,014,219	
(vi)	Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members (Note 43.5).	485,637,530	636,993,321	
(vii)	Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the financial institution or any of them either separately or jointly with any other person	32,601,810	38,970,737	
(viii)	Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies, as member	-	-	
(ix)	Due from other Non-Banking Financial Institutions (NBFIs)	-	-	

		31-Dec-22 BDT	31-Dec-21 BDT
(x)	Amount of classified loans, advances and leases on which interest has not been charged to the P&L	761,947,190	340,030,555
	a) Increase/(decrease) in specific provision	94,478,810	(61,521,325)
	Amount of written off loans, advances and leases	-	-
	Total amount realized against loans and leases previously written off	3,255,500	2,145,500
	b) Amount of provision kept against loans, advances and leases classified as bad/loss at the date of balance sheet	31,105,293	141,573,911
	c) Interest credited to Interest Suspense Account	446,576,273	351,784,181
(xi)	Cumulative amount of written off loans, advances and leases		
	Balance at the beginning of the year	272,527,307	272,527,307
	Amount written off during the year	341,669,212	-
		614,196,519	272,527,307
	The amount of written off loans, advances and leases for which law suits have been filed	474,831,364	268,641,835
7	Fixed Assets including Premises, Furniture & Fixtures		
	A. Cost:		
	Opening balance	677,662,264	677,950,481
	Addition during the year	79,858,319	24,290,278
	Add: Revaluation During the year	-	-
	Less: Disposal during the year	35,299,019	24,578,495
	Closing balance at cost	722,221,565	677,662,264
	B. Depreciation:		
	Opening balance	154,821,284	153,575,501
	Addition during the year	31,981,883	25,824,278
	Less: Adjustment on disposal during the year	32,912,367	24,578,495
	Accumulated Depreciation	153,890,800	154,821,284
	Carrying value	568,330,764	522,840,980
	*Details are given in Annexure-A		
7.a	Fixed Assets including Premises, Furniture and Fixtures (Consolidated)		
	Bangladesh Finance	568,330,764	522,840,980
	Bangladesh Finance Securities Limited- PPE	9,667,318	7,184,450
	Bangladesh Finance Securities Limited-ROU	37,816,341	9,171,877
	Bangladesh Finance Capital Limited	4,578,858	4,967,419
	Bangladesh Finance Capital Limited-ROU	4,393,681	-
		624,786,962	544,164,726
7.1	Revaluation Surplus on Land And Building		
	Revalued Amount	481,992,633	481,992,633
	Less: Acquisition Value	52,925,188	52,925,188
	Less: Deferred Tax Adjustment	17,162,697	17,162,697
	Less: Transferred to Retained Earnings	2,808,768	1,404,384
	Revaluation Surplus	409,095,980	410,500,364
<p>Note: Bangladesh Finance has got ownership stake to the extent of 50% of a four-storied commercial building situated at prime location of 64 Motijheel, Dhaka on the land area measuring 12.76 Decimals. It was acquired way back in the year 2009 at cost price of Tk. 52,925,188 and for the first time it was revalued on 2010 for Tk. 191,148,790, 2nd time in 2013 for Tk. 302,598,790, 3rd time on 2016 for Tk. 360,470,000 and 4th time on 2020 for Tk. 481,992,633. The last revaluation was conducted by M/s. M I Chowdhury & Co. (Chartered Accountants) having their registered office at House No-21, Tejkunipara, Farmgate, Tejgaon, Dhaka-1215. As a result of revaluation, the Revaluation Surplus stood at Tk. 411,904,748 up from Tk. 295,243,020 appreciating by Tk. 116,661,728 after adjustment of Deferred Tax liability. The present balance of revaluation reserve stands at Tk. 409,095,980 after adjustment of depreciation which was transferred to retained earnings.</p>			
7.b	Revaluation Reserve (Consolidated)		
	Bangladesh Finance	409,095,980	410,500,364
	Bangladesh Finance Securities Limited	-	-
	Bangladesh Finance Capital Limited	-	-
		409,095,980	410,500,364

		31-Dec-22 BDT	31-Dec-21 BDT
8	Other Assets		
	Investment in Subsidiaries (Note: 8.1)	849,930,000	849,930,000
	Investment in BD Finance Vanguard Mutual Fund One	20,000,000	20,000,000
	Receivables, Advances & Deposits (Note 8.2)*	375,100,892	399,315,300
		1,245,030,892	1,269,245,300
8.a	Other Assets (Consolidated)		
	Bangladesh Finance	395,100,892	419,315,300
	Bangladesh Finance Securities Ltd.	999,420,518	962,348,414
	Bangladesh Finance Capital Ltd.	64,463,659	94,645,872
		1,458,985,069	1,476,309,585
	Less: Inter-company transactions	110,810	-
		1,458,874,259	1,476,309,585
8.1	Investment In Subsidiaries		
	Investment In paid up capital (Bangladesh Finance Capital Limited)	249,930,000	249,930,000
	Investment In paid up capital (Bangladesh Finance Securities Limited)	600,000,000	600,000,000
		849,930,000	849,930,000
8.2	Receivables, Advances & Deposits		
	a) Other receivables		
	Interest on investment in FDR	31,951,017	20,318,919
	Receivable Interest on BB Stimulus Package	2,143,650	7,166,303
	Receivable Advisory Fees	23,473,000	-
	Re-imbursable expenses	4,384,704	5,668,362
	Receivable Grace Period Interest	-	1,047,726
	Receivable Delinquent Charge	63,830,124	54,014,689
	Receivable Penal Interest	82,918,257	49,894,783
	Receivable Excise Duty	-	767,370
	Receivable against sale of shares	30,255,015	139,402,064
	Receivable House Rent	2,835,003	3,335,019
	Dividend Receivable	1,570,201	-
	Receivable-Others*	4,909,841	68,659
	Stock of Stamp	61,460	67,642
		248,332,272	281,751,535
	*Prior year figure has been rearranged with Receivable House Rent		
	b) Advance, deposits and prepayments		
	Advance against Fixed Assets	70,000	-
	Advance interest on TDR	8,505,212	-
	Prepaid expenses for rebranding	4,599,246	9,198,492
	Pre-IPO Placement	38,100,000	38,783,920
	Advance others	5,228,340	17,586,278
		56,502,798	65,568,690
	c) Deposits with others		
	Deposits with BTTB & Mobile	89,200	89,200
	Deposits with Baitul Hossain Building	203,814	203,814
	Deposit with Land Lord Bangshal Branch	24,700	14,700
	Deposit with CDBL	413,241	413,241
	Deposit with Sadharan Bima	15,000	15,000
		745,955	735,955
	d) Deferred Tax Asset		
	Deferred tax assets were recognized in accordance with IAS 12: Income Taxes on the basis of temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax base.		
	The calculation of deferred tax assets are given as under:		
	Deductible temporary difference		
	Building	1,524,778	1,694,197
	Furniture & Fixture	11,032,250	11,306,809
	Motor Vehicles	11,482,222	-
	Machinery & Equipment	3,977,221	4,605,628
	Office Renovation	7,327,828	9,755,168
	Software	-	519,986
	Gratuity provision	27,686,408	22,113,362
	Provisions for other Receivables & Off-Balance Sheet exposures	97,530,000	33,500,000
		160,560,707	83,495,151
	Tax	37.50%	37.50%
		60,210,265	31,310,682

	31-Dec-22 BDT	31-Dec-21 BDT
Unabsorbed Loss on Sale of Shares	68,096,028	199,484,383
Provisions for investment in securities	25,000,000	-
	93,096,028	199,484,383
Tax	10.00%	10.00%
	9,309,603	19,948,438
Total Deferred tax assets	69,519,868	51,259,119

Movement of deferred tax assets is as follows:

Balance at the beginning of the year	51,259,119	16,574,527
Credited/(debited) to profit and loss account during the year	18,260,748	34,684,592
Balance at the end of the year	69,519,867	51,259,119
Total Receivables, Advances & Deposits (a+b+c+d)	375,100,892	399,315,299

8.2.a Consolidated Deferred Tax Assets

Balance at the beginning of the year	57,698,887	17,177,424
Add: Recognized during the year		
Bangladesh Finance	18,260,748	34,684,592
Bangladesh Finance Securities Limited	38,572,655	2,163,020
Bangladesh Finance Capital Limited	3,231,185	3,674,421
	60,064,588	40,522,033
Less: Adjustment during the year	-	571
	117,763,475	57,698,887

8.3 Maturity wise classification of other assets

Receivable on Demand	4,971,301	3,471,320
Not more than 3 months	69,519,867	51,259,120
Over 3 months but not more than 1 year	243,360,971	278,280,215
Over 1 year but not more than 5 years	56,502,798	65,568,690
Over 5 years	870,675,955	870,665,955
	1,245,030,892	1,269,245,300

9. Non-Financial Assets

Income Generating	-	-
Non-Income Generating	213,121,062	212,121,062
	213,121,062	212,121,062

Bangladesh Finance was awarded absolute ownership on seven mortgaged property (Land) in the year of 2015 through verdict of honourable court under section 33 (7) of Artha Rin Adalat Ain, 2003. These have been recorded as non-financial assets.

10. Borrowing from other banks, Financial Institutions and agents

Secured	353,560,035	324,404,372
Un secured	2,313,067,688	2,179,115,740
	2,666,627,723	2,503,520,111
In Bangladesh	2,666,627,723	2,503,520,111
Outside Bangladesh	-	-
	2,666,627,723	2,503,520,111

10.a Borrowing from other banks, Financial Institutions and agents

Bangladesh Finance	2,666,627,723	2,503,520,111
Bangladesh Finance Securities Limited	796,157,859	731,056,172
Bangladesh Finance Securities Limited- Preference Shares	120,000,000	-
Bangladesh Finance Capital Limited	165,567,332	156,883,676
Bangladesh Finance Capital Limited- Margin Loan	-	65,760,769
	3,748,352,914	3,457,220,728
Less: Inter-company transactions	602,953,104	609,751,094
	3,145,399,810	2,847,469,634

		31-Dec-22 BDT	31-Dec-21 BDT
10.1	In Bangladesh		
	Refinance against SME loan from Bangladesh Bank	159,618,220	66,077,500
	Refinance against Housing loan from Bangladesh Bank	285,714	410,714
	Refinance against SME loan from JICA	62,524,525	14,430,897
	Refinance against BB Stimulus Package	53,051,667	52,911,710
	Term Loan from other Banks (Note-10.2)	664,268,059	930,881,107
	Short Term Loan from other banks (Note-10.3)	1,183,479,538	1,240,108,182
	Short Term Borrowing	452,400,000	73,500,000
	Call Loan	91,000,000	125,200,000
		2,666,627,723	2,503,520,111
10.2	Term loan from Other Banks		
	Bank Asia Ltd.	-	21,807,161
	Basic Bank Ltd.	158,690,160	188,426,907
	Jamuna Bank Ltd	91,151,899	130,391,101
	Midland Bank Ltd.	103,803,597	120,389,221
	Mutual Trust Bank Ltd.	18,516,139	28,554,900
	NCC Bank Ltd.	121,224,721	156,961,264
	Prime Bank Ltd.	13,898,714	18,840,580
	Shahjalal Islami Bank Ltd.	89,872,304	128,813,211
	Southeast Bank Ltd.	38,287,924	66,462,973
	United Commercial Bank Ltd.	28,822,602	70,233,789
		664,268,059	930,881,107
10.3	Short Term Loan from Other Banks		
	Basic Bank Ltd.	127,657,609	119,163,084
	Jamuna Bank Ltd.	152,512,407	153,714,795
	Mercantile Bank Ltd.	202,805,567	245,486,616
	Midland Bank limited	102,229,571	101,979,351
	Mutual Trust Bank Ltd.	170,213,397	214,994,070
	NRB Commercial Bank Ltd.	93,331,890	93,346,934
	Southeast Bank Ltd.	100,000,000	100,000,000
	South Bangla Agriculture & Commerce Bank Ltd.	132,570,536	111,894,354
	Uttara Bank Ltd.	102,158,561	99,528,980
		1,183,479,538	1,240,108,182
10.4	Maturity wise classification of loan		
	Repayable on demand	91,000,000	125,200,000
	Within 1 month	55,685,927	45,528,477
	Over 1 months but not more than 3 months	208,822,228	170,731,789
	Over 3 months but not more than 1 year	1,183,479,538	1,240,108,182
	Over 1 year but not more than 5 years	1,127,640,030	921,951,662
	Over 5 years	-	-
		2,666,627,723	2,503,520,111
Notes: Loans are secured by way of first charge on all fixed and floating assets of the company, ranking pari passu among all the lenders. The period of the loans are ranging from three to five years term.			
11.	Deposits and Other Accounts:		
	Term Deposits (Note - 11.1)	9,548,647,901	9,183,929,859
	Scheme Deposits (Note - 11.2)	244,333,339	200,842,044
	Other Deposits (Note - 11.3)	58,342,957	166,954,836
	Advance Rent and Instalments (Note - 11.4)	11,022,028	17,250,951
		9,862,346,225	9,568,977,690
11.a	Deposits and Other Accounts (Consolidated)		
	Bangladesh Finance	9,862,346,225	9,568,977,690
	Bangladesh Finance Securities Limited	-	-
	Bangladesh Finance Capital Limited	-	-
		9,862,346,225	9,568,977,690
	Less: Inter-company transactions	65,000,000	-
		9,797,346,225	9,568,977,690
11.1	Term Deposits		
	General Deposits	6,452,647,901	5,967,929,859
	Deposit from Other Banks and FI's (Note - 11.5)	3,096,000,000	3,216,000,000
		9,548,647,901	9,183,929,859
11.2	Scheme Deposits		
	General Deposits	244,333,339	200,842,044
	Deposit from Other Banks and FI's	-	-
		244,333,339	200,842,044

		31-Dec-22 BDT	31-Dec-21 BDT
11.3	Other Deposits		
	Loan and Lease deposits	14,365,024	19,238,945
	Security deposits	272,670	272,670
	Loan deposits	-	-
	Sundry Creditors	43,705,263	147,443,221
		58,342,957	166,954,836
11.4	Advance Rent and Instalments		
	Advance Lease Rent	2,602,716	5,802,996
	Advance Term Instalments	8,419,312	11,447,955
		11,022,028	17,250,951
11.5	Term Deposits from other bank and FI's		
	Term Deposits from Banks	2,852,000,000	2,952,000,000
	Term Deposits from NBFIs	244,000,000	264,000,000
		3,096,000,000	3,216,000,000
	Term Deposits from Banks		
	Agrani Bank Ltd.	900,000,000	900,000,000
	Janata Bank Ltd.	550,000,000	550,000,000
	Midland Bank Ltd	-	89,000,000
	Modhumoti Bank Ltd	327,000,000	328,000,000
	National Credit And Commerce Bank Ltd.	-	40,000,000
	NRB Bank Ltd.	-	30,000,000
	Sonali Bank Ltd.	185,000,000	195,000,000
	South Bangla Agriculture And Commerce Bank Ltd	200,000,000	200,000,000
	The City Bank Ltd.	690,000,000	620,000,000
		2,852,000,000	2,952,000,000
	Term Deposits from NBFIs		
	Industrial and Infrastructure Development Finance Company Ltd. (IIDFC)	100,000,000	-
	Infrastructure Development Company Limited (IDCOL)	144,000,000	214,000,000
	IPDC Finance Limited	-	50,000,000
		244,000,000	264,000,000
11.6	Maturity wise classification of Deposits		
	Repayable on demand	-	-
	Within 1 month	493,117,311	478,448,884
	Over 1 months but not more than 3 months	1,282,105,009	1,243,967,100
	Over 3 months but not more than 1 year	1,479,351,934	1,435,346,653
	Over 1 year but not more than 5 years	5,128,420,037	4,975,868,399
	Over 5 year to 10 years	1,479,351,934	1,435,346,653
	Over 10 years	-	-
		9,862,346,225	9,568,977,690
12.	Other Liabilities		
	Provision for Loans and Lease Finance (Note - 12.1)	652,965,739	622,009,045
	Provisions for Investment in Securities (Note - 12.2)	25,000,000	45,000,000
	Provisions for Off-Balance Sheet Exposures	2,000,000	3,500,000
	Interest Suspense (Note - 12.3)	446,576,273	351,784,181
	Penal Income in Suspense (Note - 12.9)	146,731,018	103,909,472
	Provision for Taxation (Note - 12.4)	175,496,889	231,587,033
	Deferred Tax (Note - 12.5)	17,398,671	18,689,935
	Interest payable on Borrowing and Deposits (Note - 12.6)	141,013,410	154,024,430
	Payable & Provision against expenditure (Note - 12.7)	175,872,682	123,840,844
	Advance Rent Received	7,762,500	-
	Profit Equalization Reserve (Islamic)	5,078,149	-
	Advance Excise Duty Received	8,651,935	7,642,690
	Gratuity Fund (Note - 12.8)	27,686,408	22,113,362
	Unclaimed/undistributed Dividend	4,097,295	6,136,878
		1,836,330,969	1,690,237,869
12.a	Other Liabilities (Consolidated)		
	Bangladesh Finance	1,836,330,969	1,690,237,869
	Bangladesh Finance Securities Limited	452,593,464	603,695,930
	Bangladesh Finance Capital Limited	120,644,585	137,473,755
		2,409,569,019	2,431,407,554
	Less: Inter-company transactions	2,795,236	27,242,227
		2,406,773,783	2,404,165,328

	31-Dec-22 BDT	31-Dec-21 BDT
12.1 Provision for Investment:		
(a) Provision on Classified Investment:		
Provision held at the beginning of the year	145,799,645	206,569,471
Provision adjustment for Loan/Lease written off during the year	(123,454,612)	-
Recovery against Loan/Lease previously written off	1,110,000	751,500
Net charge to Profit & Loss Account (Note - 32)	94,478,810	(61,521,325)
Provision held at the end of the year	117,933,843	145,799,646
(b) General Provision on Unclassified Investment:		
Provision held at the beginning of the year	316,577,514	126,577,514
Net charge to Profit & Loss Account (Note - 32)	40,500,000	190,000,000
Balance at the end of the year	357,077,514	316,577,514
(c) Special General Provision on Unclassified Investment:		
Provision held at the beginning of the year	84,101,885	-
*Net charge to Profit & Loss Account (Note - 32)	(1,677,503)	84,101,885
Balance at the end of the year	82,424,382	84,101,885
*Provision no longer required for settlement of loan/lease account during the period		
(d) Provision on Other Receivables:		
Provision held at the beginning of the year	75,530,000	45,530,000
Net charge to Profit & Loss Account (Note - 32)	20,000,000	30,000,000
Balance at the end of the year	95,530,000	75,530,000
Total Provision for Investments	652,965,739	622,009,045
12.2 Provision for Investment in Securities:		
Provision held at the beginning of the year	45,000,000	47,825,968
Addition/(Adjustment) during the year (note - 32)	(20,000,000)	(2,825,968)
Balance at the end of the year	25,000,000	45,000,000
12.3 Interest Suspense Account:		
Balance at the beginning of the year	351,784,181	231,326,523
Amount transferred to suspense account during the year	128,057,312	120,457,658
Interest Suspense adjustment for loan/lease written-off during the year	(33,265,220)	-
Amount recovered from suspense account during the year	-	-
Balance at the end of the year	446,576,273	351,784,181
As per instruction of Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank, Bangladesh Finance is developing interest suspense against stressed accounts. Part of that Tk. 128,057,312 was transferred to interest suspense account this year to address unforeseen credit risk and post pandemic scenario.		
12.4 Provision for Taxation :		
Provision		
Balance at the beginning of the year	1,379,029,891	1,209,459,543
Less: Adjustment during the year	-	-
	1,379,029,891	1,209,459,543
Add: Provision made during the year	22,241,174	169,570,348
	1,401,271,065	1,379,029,891
Settlement of previous year's tax liability	-	-
Balance at the end of the year	1,401,271,065	1,379,029,891
Advance tax		
Balance at the beginning of the year	1,147,442,858	1,001,274,625
Add: Payment made during the year		
Under sections 64 and 74 of ITO, 1984	53,104,000	85,279,186
Deduction at source	25,227,318	60,889,047
	1,225,774,176	1,147,442,858
Less: Adjustment during the year	-	-
Balance at the end of the year	1,225,774,176	1,147,442,858
Net balance at the end of the year	175,496,889	231,587,033

	31-Dec-22 BDT	31-Dec-21 BDT
Average effective tax rate		
The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".		
Tax expenses (A)	2,689,162	134,876,418
Accounting profit before tax (B)	196,130,025	403,069,475
Average effective tax rate (A÷B)	1.37%	33.46%

Reason for changes in Average effective tax rate:

The average effective tax rate decreased significantly compared to the previous year owing to loan/lease written-off during the year and realized capital gain against investment in shares having reduced tax rate.

Reconciliation of effective tax rate

	2022	
	%	Taka
Profit before income tax as per profit or loss account		196,130,025
Income tax as per applicable tax rate	37.50%	73,548,759
Net inadmissible expenses	-17.68%	(34,671,287)
Tax exempted income	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-8.69%	(17,052,549)
Tax savings from reduced tax rates (for gain on sale of securities)	0.00%	-
Effect of deferred tax	-9.97%	(19,552,012)
Total income tax expenses	1.37%	2,689,162

Reconciliation of effective tax rate

	2021	
	%	Taka
Profit before income tax as per profit or loss account		403,069,475
Income tax as per applicable tax rate	37.50%	151,151,053
Net inadmissible expenses	17.53%	70,642,443
Tax exempted income	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-12.96%	(52,223,148)
Tax savings from reduced tax rates (for gain on sale of securities)	0.00%	-
Effect of deferred tax	-8.61%	(34,693,930)
Total income tax expenses	33.46%	134,876,418

12.4.a Consolidated Provision for Current Tax

Balance at the beginning of the year	1,594,232,110	1,357,647,617
Add: Provision made during the year		
Bangladesh Finance	22,241,174	169,570,348
Bangladesh Finance Securities Limited	39,543,812	46,885,677
Bangladesh Finance Capital Limited	8,229,535	23,711,039
	70,014,521	240,167,064
Less: Adjustment during the year	-	3,582,572
	1,664,246,631	1,594,232,110

12.5 Deferred Tax Liabilities

Deferred tax liabilities were recognized in accordance with IAS 12: Income Taxes on the basis of temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax base.
The calculation of deferred tax liabilities are given as under:

Taxable temporary difference

Revaluation surplus	420,859,886	427,663,061
Tax	4%	4%
	16,834,395	17,106,522
Right-of-use Assets	3,068,435	4,023,120
System & Software	(1,563,698)	-
Motor vehicles	-	199,316
	1,504,737	4,222,436
Tax	37.50%	37.50%
	564,276	1,583,413
Total deferred tax liabilities	17,398,671	18,689,935

Movement of deferred tax liabilities is as follows

Balance at the beginning of the year	18,689,935	18,699,273
Adjustment for Revaluation Reserve	-	-
Credited/(debited) to profit and loss account during the year	(1,291,264)	(9,337)
Balance at the end of the year	17,398,671	18,689,935

	31-Dec-22 BDT	31-Dec-21 BDT
12.5.1 Adjustment of Deferred Tax		
Deferred Tax Assets (Note 8.2d)	(18,260,748)	(34,684,592)
Deferred Tax Liabilities (Note 12.5)	(1,291,264)	(9,337)
Net Charged to profit and loss account	(19,552,012)	(34,693,930)
12.5.a Consolidated Deferred Tax Liabilities		
Balance at the beginning of the year	18,689,935	18,699,273
Add: Recognized during the year		
Bangladesh Finance	(1,291,264)	(9,337)
Bangladesh Finance Securities Limited	-	-
Bangladesh Finance Capital Limited	-	-
	(1,291,264)	(9,337)
Less: Adjustment during the year	-	-
	17,398,671	18,689,935
12.5.b Adjustment of Consolidated Deferred Tax		
Deferred Tax Assets (Note 8.2.a)	(60,064,588)	(40,521,462)
Deferred Tax Liabilities (Note 12.5.a)	(1,291,264)	(9,337)
Net Charged to profit and loss account	(61,355,852)	(40,530,800)
12.6 Interest payable on Borrowing and Deposits		
Interest payable on TDR and other deposits	108,668,093	120,147,828
Interest payable on Term and Short Term Loan	19,598,258	23,040,435
Interest Payable on Bank Overdraft	8,775,000	9,165,000
Interest payable on Refinancing loan from BB (SME)	1,275,465	419,550
Interest payable on Refinancing loan from BB (Housing)	21,810	12,751
Interest payable on Refinancing loan from JICA	1,874,928	1,058,799
Interest payable on BB Stimulus Package	752,392	75,360
Interest Payable on Call loan	47,464	36,517
Interest payable on Security Deposit	-	68,190
Balance at the end of the year	141,013,410	154,024,430
12.7 Payable & Provision against expenditure		
Advance transfer price	3,001	3,001
Payable others	43,991,717	29,717,106
Payable to BD Finance Foundation	36,805,618	50,309,988
Liability for Lease Rent	40,454,163	18,872,978
Withholding Excise Duty	19,349,894	17,509,413
Withholding Tax	31,722,240	6,110,481
Withholding VAT	3,546,049	1,317,877
Balance at the end of the year	175,872,682	123,840,844
12.8 Gratuity Fund		
Opening balance	22,113,362	21,019,661
Add: Provision during the year	6,726,537	2,705,620
Less: Payment during the year	(1,153,491)	(1,611,919)
Closing balance	27,686,408	22,113,362
12.9 Penal Income in Suspense		
Delinquent Interest Suspense	63,784,362	54,014,689
Penal Interest Suspense	82,946,657	49,894,783
	146,731,018	103,909,472
The amount represents accrued delinquent/penal interest for late rental/instalment payments that were transferred to a suspense account due to the uncertainty of recovery and will be added to income when recovered.		
12.10 Maturity wise classification of other liabilities		
Repayable on demand	4,097,295	6,136,878
Within 1 month	35,268,289	7,428,358
Over 1 months but not more than 3 months	19,349,894	17,509,413
Over 3 months but not more than 1 year	141,013,410	154,024,430
Over 1 year but not more than 5 years	654,640,832	602,055,516
Over 5 years	981,961,249	903,083,274
Balance at the end of the year	1,836,330,969	1,690,237,869

		31-Dec-22 BDT	31-Dec-21 BDT
13.	Capital		
13.1	Authorized Capital:		
	600,000,000 ordinary shares of Tk. 10 each	6,000,000,000	6,000,000,000
13.2	Issued, Subscribed and Paid up Capital:		
	188,236,267 fully paid ordinary shares of Tk. 10 each subscribed and paid up by the sponsor Shareholders & General Shareholders	1,882,362,670	1,775,813,840
	Sponsor Shareholders Group	587,274,010	548,425,820
	General Shareholders Group	1,295,088,660	1,227,388,020
		1,882,362,670	1,775,813,840
	General Shareholders Group:		
	General Public (Individuals)	1,063,817,270	905,248,770
	Institutions	230,968,870	321,851,720
	Unit fund	-	-
	Investors Account	302,520	287,530
	Mutual Fund	-	-
		1,295,088,660	1,227,388,020

Classification of Shareholders by holding:	No. of Shareholders	No. of Shares	Percentage of Share Holding
Less than 500 shares	4,285	675,167	0.36%
501 to 5,000 shares	3,109	5,282,714	2.81%
5,001 to 10,000 shares	417	2,964,008	1.57%
10,001 to 20,000 shares	270	3,775,984	2.01%
20,001 to 30,000 shares	110	2,687,116	1.43%
30,001 to 40,000 shares	43	1,510,889	0.80%
40,001 to 50,000 shares	36	1,642,219	0.87%
50,001 to 1,00,000 shares	72	5,253,344	2.79%
1,00,001 to 10,00,000 shares	116	33,692,239	17.90%
10,00,001 to 99,99,999 shares	38	130,752,587	69.46%
Total	8,496	188,236,267	100.00%

Year	Declaration	No of Shares	Value of Shares	Cumulative value of shares
1999	Sponsored Share	500,000	5,000,000	5,000,000
1999	Allotment Share	4,500,000	45,000,000	50,000,000
2003	Bonus Share	500,000	5,000,000	55,000,000
2003	Right Share	1,000,000	10,000,000	65,000,000
2004	Right Share	7,506,000	75,060,000	140,060,000
2004	Bonus Share	780,000	7,800,000	147,860,000
2005	Right Share	4,201,800	42,018,000	189,878,000
2005	Bonus Share	1,478,600	14,786,000	204,664,000
2006	Bonus Share	2,865,290	28,652,900	233,316,900
2007	IPO	7,000,000	70,000,000	303,316,900
2008	Bonus Share	3,033,160	30,331,600	333,648,500
2009	Bonus Share	3,336,480	33,364,800	367,013,300
2010	Bonus Share	7,340,260	73,402,600	440,415,900
2011	Bonus Share	9,689,149	96,891,490	537,307,390
2012	Bonus Share	5,373,073	53,730,730	591,038,120
2013	Bonus Share	5,910,380	59,103,810	650,141,930
2013	Right Share	39,008,515	390,085,150	1,040,227,080
2014	Bonus Share	10,402,270	104,022,700	1,144,249,780
2015	Bonus Share	11,442,497	114,424,970	1,258,674,750
2016	Bonus Share	12,586,747	125,867,470	1,384,542,220
2017	Bonus Share	13,845,422	138,454,220	1,522,996,440
2018	Bonus Share	15,229,964	152,299,640	1,675,296,080
2019	-	-	-	1,675,296,080
2020	Bonus Share	10,051,776	100,517,760	1,775,813,840
2021	Bonus Share	10,654,883	106,548,830	1,882,362,670

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BDT

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13.3 Capital under Capital Adequacy and Market Discipline (CAMD)

As per the section 4 (GHA) of the Financial Institutions Rule, 1994 and subsequent DFIM circular no. 05, dated July 24, 2011, the minimum paid-up capital of the Financial Institution (FI) shall be Taka 100 crore; provided that the sum of paid-up capital and reserves shall not be less than the minimum capital required under the Risk-Based Assets of the company, criteria determined by the Bangladesh Bank.

The Surplus eligible capital of the company on solo and consolidated basis at the close of business on 31 December 2022 were Taka 1,332,567,693 and Taka 1,772,828,772 respectively.

Details are as follows:

	Bangladesh Finance		Bangladesh Finance Group	
	31-Dec-2022 Taka	31-Dec-2021 Taka	31-Dec-2022 Taka	31-Dec-2021 Taka
a) Core Capital (Tier -I):				
i) Paid-up Capital	1,882,362,670	1,775,813,840	1,882,362,670	1,775,813,840
ii) Statutory Reserve (Note # 14)	501,151,365	462,463,192	501,151,365	462,463,192
iii) General Reserve (Note # 15)	-	-	-	-
iv) Retained Earnings (Note # 16)	248,339,553	305,280,139	450,851,610	465,217,517
v) Minority interest (Note # 16.b)	-	-	504,931,713	504,796,379
vi) Others (If any approved by Bangladesh Bank)	-	-	33,744,750	33,744,750
	2,631,853,588	2,543,557,171	3,373,042,108	3,242,035,678
b) Supplementary Capital (Tier-II):	419,381,402	407,207,109	462,371,037	449,238,714
i) General Provision (Unclassified loans up to specified limit+SMA+Off Balance sheet exposures) {Note 12.1(b)}*	214,833,412	201,956,927	257,823,047	243,988,532
ii) Assets Revaluation Reserves up to 50%	204,547,990	205,250,182	204,547,990	205,250,182
iii) Revaluation Reserves for Securities up to 45%	-	-	-	-
iv) Revaluation reserve for Equity Instruments up to 10%	-	-	-	-
v) All others preference Shares	-	-	-	-
vi) Others (If any approved by Bangladesh Bank)	-	-	-	-
c) Total eligible capital (a +b)	3,051,234,990	2,950,764,280	3,835,413,144	3,691,274,392
Total Assets Including off-balance sheet exposer	17,606,254,484	17,066,793,205	19,131,657,906	18,473,148,693
D) Total risk weighted Assets	17,186,672,971	16,156,554,189	20,625,843,726	19,519,082,585
E) Required Capital Based on risk weighted Assets (10% of D)	1,718,667,297	1,615,655,419	2,062,584,373	1,951,908,259
F) Surplus (C-E)	1,332,567,693	1,335,108,862	1,772,828,772	1,739,366,134
Capital adequacy Ratio (%)	17.75%	18.26%	18.60%	18.91%

* Limited to 1.25% of RWA as per CAMD guideline.

14. Statutory Reserve

Opening balance	462,463,192	408,824,581
Add: Addition during the period	38,688,172	53,638,611
	501,151,365	462,463,192

		31-Dec-22 BDT	31-Dec-21 BDT
15.	General Reserve		
	Opening balance	-	-
	Add: Transfer from Retained Earning	-	-
	Less: Distribution During the period	-	-
		-	-
16.	Retained Earnings		
	Opening balance	305,280,139	290,356,834
	Add: Profit After Tax during the period	193,440,862	268,193,057
	Add: Adjustment of Revaluation of Building	1,404,385	1,404,384
	Less: Transfer to Statutory Reserve	(38,688,172)	(53,638,611)
	Less: Cash Dividend	(106,548,830)	(100,517,765)
	Less: Issue of Bonus Shares	(106,548,830)	(100,517,760)
		248,339,553	305,280,139
16.a	Retained Earnings (Consolidated)		
	Bangladesh Finance	248,339,553	305,280,139
	Bangladesh Finance Securities Limited	111,791,050	111,501,517
	Bangladesh Finance Capital Limited	138,427,471	96,006,990
	Adjustment for Non-controlling Interest	(47,706,463)	(47,571,129)
		450,851,610	465,217,517
16.b	Non Controlling Interest (Consolidated)		
	Bangladesh Finance Securities		
	Paid up Capital	457,150,000	457,150,000
	Retained Profit/(Loss)	47,667,704	47,544,247
		504,817,704	504,694,247
	Bangladesh Finance Capital.		
	Paid up Capital	75,250	75,250
	Retained Profit/(Loss)	38,760	26,882
		114,010	102,132
		504,931,713	504,796,379
16.1	Capital Reserve		
	Stock Dividend from Bangladesh Finance Securities Limited	15,000,000	15,000,000
	Stock Dividend from Bangladesh Finance Capital Holdings Limited	18,744,750	18,744,750
		33,744,750	33,744,750
In the year 2014, a capital reserve was established to offset interim Stock Dividends received from subsidiaries.			
17.	Letters of Guarantees		
	Letters of guarantee	200,000,000	350,000,000
	Less: Margin	-	-
		200,000,000	350,000,000

	31-Dec-22 BDT	31-Dec-21 BDT
18. Profit and Loss Account		
Income		
Interest, discount and similar income (Note - 19)	1,375,748,865	1,496,584,215
Dividend income (Note - 21)	97,443,135	298,417,989
Commission, Exchange and Brokerage	2,035,833	5,009,666
Gains/(loss) arising from investment in securities (Note - 21)	97,261,771	46,376,941
Other operating income (Note - 22)	59,118,807	29,525,396
	1,631,608,410	1,875,914,206
Expenses:		
Interest paid on Deposits & Borrowing (Note - 20)	997,213,975	985,563,791
Administrative expenses	222,019,813	172,766,687
Other operating expenses (Note - 31)	39,726,395	32,593,488
Depreciation on Fixed assets {Note-30(a)+30(b)+Note-30(c)}	44,716,896	38,666,174
	1,303,677,078	1,229,590,139
Income over expenditure	327,931,332	646,324,067
19. Interest income		
Interest income on Loans & Lease Finance (Note - 19.1)	1,319,600,002	1,466,677,353
Interest on placement with other Banks & FIs (Note - 19.2)	56,148,863	29,906,862
	1,375,748,865	1,496,584,215
19.a Interest Income (Consolidated)		
Bangladesh Finance	1,375,748,865	1,496,584,215
Bangladesh Finance Securities Limited	102,585,021	97,370,646
Bangladesh Finance Capital Limited	16,228,153	10,834,017
	1,494,562,039	1,604,788,878
Less: Inter-company transactions	46,173,959	53,994,981
	1,448,388,080	1,550,793,897
19.1 Interest on Loans & Lease Finance		
Interest income on lease finance	195,181,978	157,526,831
Interest income on term finance	955,038,103	1,029,421,185
Interest on housing finance	169,379,921	279,729,337
	1,319,600,002	1,466,677,353
19.1.1 Interest on Loans & Lease Finance		
Gross Interest Income on Loans & Lease Finance	1,447,657,314	1,587,135,011
Less: Interest Income transferred to Interest Suspense Account	(128,057,312)	(120,457,658)
Add: Interest Income transferred from Interest Suspense Account	-	-
	1,319,600,002	1,466,677,353
As per instruction of Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank, Bangladesh Finance is developing interest suspense against stressed accounts. Part of that Tk. 128,057,312 was transferred to interest suspense account this year to address unforeseen credit risk and post pandemic scenario.		
19.2 Interest on placement with other banks & FIS		
Interest on FDR	54,915,211	28,986,988
Interest on STD accounts	1,233,652	919,875
Interest on fund placements	-	-
	56,148,863	29,906,862
20. Interest paid on deposits & borrowing		
Interest paid on deposits	784,737,832	738,546,895
Interest paid on borrowings (Note - 20.1)	209,794,319	242,124,781
Interest on lease liabilities	2,681,824	4,892,115
	997,213,975	985,563,791
20.a Interest Expenses (Consolidated)		
Bangladesh Finance	997,213,975	985,563,791
Bangladesh Finance Securities Limited	66,540,258	68,602,675
Bangladesh Finance Capital Limited	11,788,877	1,119,356
	1,075,543,110	1,055,285,822
Less: Inter-company transactions	46,173,959	53,994,981
	1,029,369,151	1,001,290,841

		31-Dec-22 BDT	31-Dec-21 BDT
20.1	Interest paid on borrowing		
	Interest Expenses on Term and Short Term Loan	110,017,961	131,529,692
	Interest Expenses on SOD Loan	87,375,153	97,256,603
	Interest Expenses on Call Loan	6,111,545	6,807,939
	Interest Expenses on Margin Loan	-	744,440
	Interest Expenses on Re-financing loan	6,289,660	5,786,107
		209,794,319	242,124,781
21.	Income from Investment in Securities		
	Gain/(Loss) from Investment in Shares	97,261,771	46,376,941
	Dividend Income	97,443,135	298,417,989
		194,704,906	344,794,929
21.a	Income from Investment (Consolidated)		
	Bangladesh Finance	194,704,906	344,794,929
	Bangladesh Finance Securities Limited	130,886,296	155,051,579
	Bangladesh Finance Capital Limited	77,194,250	223,682,732
		402,785,452	723,529,240
	Less: Inter-company transactions	92,247,786	293,753,849
		310,537,666	429,775,392
21.b	Commission, Exchange and Brokerage (Consolidated)		
	Bangladesh Finance	2,035,833	5,009,666
	Bangladesh Finance Securities Limited	106,227,503	115,191,242
	Bangladesh Finance Capital Limited	3,693,772	6,898,534
		111,957,108	127,099,443
	Less: Inter-company transactions	2,253,913	3,383,889
		109,703,195	123,715,554
22.	Other Operating Income:		
	Penal Interest	17,798,316	8,088,280
	Loan Settlement & Others	427,978	157,468
	Contact point verification (CPV)	84,903	269,150
	Ledger management (LM)	39,500	104,000
	Transfer Price	34,000	189,000
	Processing fees	4,299,655	2,064,782
	Legal & Documentation charge	1,022,261	488,245
	Advisory fees	20,770,000	2,000,000
	Office Rent (64 Motijheel)	13,860,500	14,339,750
	Other Income (Note-22.1)	781,694	1,824,721
		59,118,807	29,525,396
22.a	Other Operating Income (Consolidated)		
	Bangladesh Finance	59,118,807	29,525,396
	Bangladesh Finance Securities Limited	-	1,282,784
	Bangladesh Finance Capital Limited	192,805	2,367,692
		59,311,612	33,175,872
	Less: Inter-company transactions	1,015,000	-
		58,296,612	33,175,872
22.1	Other Income		
	Gain/(loss) on sale of fixed assets	781,694	1,824,721
	Miscellaneous income	-	-
		781,694	1,824,721
23.	Salary & Allowances		
	Basic Salary	76,594,997	57,562,541
	Allowances	62,447,631	46,721,912
	Bonus	25,136,917	19,180,254
	Retirement benefits and gratuity	6,726,537	2,705,620
	Earned Leave Encashment	690,367	1,111,691
	Employer's Contribution to Provident fund	6,536,128	4,168,386
	Wages	4,905,835	2,000,424
		183,038,412	133,450,828
23.a	Salary & Allowances (Consolidated)		
	Bangladesh Finance	183,038,412	133,450,828
	Bangladesh Finance Securities Limited	28,110,986	22,047,243
	Bangladesh Finance Capital Limited	12,240,605	10,115,132
		223,390,003	165,613,203

		31-Dec-22 BDT	31-Dec-21 BDT
24.	Rent, Taxes, Insurance, Electricity etc.		
	Rent, Rates & Taxes*	2,789,610	2,824,854
	Insurance	304,065	734,201
	Electricity & Lighting, WASA, Gas etc.	3,203,119	3,203,920
		6,296,795	6,762,975
*The figure represents VAT paid to the Government Exchequer on Office Rent, which was treated separately under IFRS 16.			
24.a	Rent, Taxes, Insurance, Electricity etc.(Consolidated)		
	Bangladesh Finance	6,296,795	6,762,975
	Bangladesh Finance Securities Limited	2,267,205	1,006,812
	Bangladesh Finance Capital Limited	726,476	551,130
		9,290,476	8,320,917
25.	Legal & Professional Fees		
	Legal Fees & Charge	3,744,813	4,369,598
	Other Legal Expenses	-	-
		3,744,813	4,369,598
25.a	Legal & Professional Fees (Consolidated)		
	Bangladesh Finance	3,744,813	4,369,598
	Bangladesh Finance Securities Limited	4,475,753	800,626
	Bangladesh Finance Capital Limited	388,920	-
		8,609,486	5,170,224
	Less: Inter-company transactions	1,015,000	-
		7,594,486	5,170,224
26.	Postage, Stamps, Telecommunication etc.		
	Stamp & Court Fees	933,470	316,350
	Internet expenses	1,607,428	1,525,078
	Postage & Courier Expenses	90,002	120,028
	Telephone & Fax Expenses	82,853	117,942
	Mobile Expenses	1,287,713	1,325,603
		4,001,465	3,405,001
26.a	Postage, Stamps, Telecommunication (Consolidated)		
	Bangladesh Finance	4,001,465	3,405,001
	Bangladesh Finance Securities Limited	1,139,184	822,196
	Bangladesh Finance Capital Limited	2,702	-
		5,143,351	4,227,197
27.	Stationery, Printing, Advertisements etc.		
	Stationary-Toner & Cartridge	40,537	96,790
	Stationary Expenses	632,618	377,557
	Printing Expenses	2,153,537	1,833,587
	Advertisement and Publicity	12,507,157	13,210,400
		15,333,850	15,518,334
27.a	Stationery, Printing, Advertisements etc.(Consolidated)		
	Bangladesh Finance	15,333,850	15,518,334
	Bangladesh Finance Securities Limited	1,370,365	543,735
	Bangladesh Finance Capital Limited	355,627	96,200
		17,059,841	16,158,268
28.	Managing Director's Salary and Allowances		
	Basic Salary	3,300,000	3,300,000
	Allowances	3,300,000	3,300,000
	Bonus	1,100,000	1,100,000
		7,700,000	7,700,000
29.	Directors' Fees		
	Honorarium for attending meeting	1,443,200	1,135,200
	Incidental expenses for attending meeting	-	-
		1,443,200	1,135,200

Total 13 Board meetings, 1 Executive Committee meeting and 5 Audit Committee meetings were held during the period from 1st January 2022 to 31 December 2022. Each Director was paid Tk. 8,000 for attending in the meeting as per Bangladesh Bank DFIM Circular No. 13 Dated 30 November, 2015.

		31-Dec-22 BDT	31-Dec-21 BDT
29.a	Directors' Fees (Consolidated)		
	Bangladesh Finance	1,443,200	1,135,200
	Bangladesh Finance Securities Limited	272,800	416,800
	Bangladesh Finance Capital Limited	176,000	149,600
		1,892,000	1,701,600
29.b	Audit Fees (Consolidated)		
	Bangladesh Finance	461,278	424,750
	Bangladesh Finance Securities Limited	115,000	230,000
	Bangladesh Finance Capital Limited	86,250	172,500
		662,528	827,250
30.	Depreciation and Repair of Assets		
	a) Depreciation of Assets		
	Building	1,404,385	1,404,384
	Furniture & Fixtures	1,107,487	954,600
	Office Equipment	3,680,441	3,016,177
	Motor Vehicles	5,419,734	2,258,572
	System & Software	856,251	3,401,171
	Office Renovation	1,425,205	862,493
	Right-of-use Asset	18,088,382	13,926,881
		31,981,883	25,824,278
	b) Amortization Expenses		
		-	-
	c) Repair of Assets		
	Office Equipment	613,999	478,882
	Office Furniture & Fixtures	2,670	45,777
	Motor Vehicles	12,118,344	12,317,237
		12,735,013	12,841,896
		44,716,896	38,666,174
30.a	Depreciation and Repair of Assets (Consolidated)		
	Bangladesh Finance	44,716,896	38,666,174
	Bangladesh Finance Securities Limited	3,234,531	2,669,196
	Bangladesh Finance Securities Limited - Right-of-use Asset	8,364,201	5,939,967
	Bangladesh Finance Capital Limited - Right-of-use Asset	2,292,348	2,333,234
	Bangladesh Finance Capital Limited	1,625,686	983,082
		60,233,662	50,591,653
31.	Other Expenses		
	Petrol, Oil, Lubricants, CNG & others	5,765,762	3,085,149
	Entertainment	5,690,562	5,653,028
	Donation, Fees and Subscription	3,425,358	6,421,726
	Traveling and Conveyance	3,390,032	2,617,312
	Training Expenses	66,889	112,564
	Registration & Renewal Expenses	540,665	1,074,071
	Papers & Periodicals	51,152	28,761
	Office Maintenance	2,605,815	1,691,972
	Office Supplies	2,917,230	4,582,962
	Software Maintenance & other IT enabled services	4,655,480	2,837,692
	Uniform & Liveries	130,206	93,122
	Bank Charges & Excise Duty	2,661,772	1,947,209
	Business development & Promotion	4,430	16,237
	Security Service-Outsourcing	1,619,626	1,607,252
	AGM & Meeting expenses	640,000	366,377
	Profit equalization Fund (Islamic Wing)	5,078,149	-
	Miscellaneous Expenses	483,265	458,054
		39,726,395	32,593,488
31.a	Other Expenses (Consolidated)		
	Bangladesh Finance	39,726,395	32,593,488
	Bangladesh Finance Securities Limited	6,692,708	6,300,657
	Bangladesh Finance Capital Limited	2,206,659	1,562,396
		48,625,762	40,456,540
	Less: Inter-company transactions	2,253,913	3,383,889
		46,371,849	37,072,652

	31-Dec-22 BDT	31-Dec-21 BDT
32. Provision against loans, lease finance & Others		
Provision on classified loans {Note-12.1(a)}	94,478,810	(61,521,325)
General provision on unclassified Loans & Advances {Note-12.1(b)}	40,500,000	190,000,000
Special provision on unclassified Loans & Advances {Note-12.1(c)}	(1,677,503)	84,101,885
Provision for Off-Balance Sheet Exposures	(1,500,000)	3,500,000
Provision on other receivables {Note-12.1(d)}	20,000,000	30,000,000
Provisions on Investment in Securities (Note - 12.2)	(20,000,000)	(2,825,968)
	131,801,307	243,254,592
32.a Provision on Investment in Securities and Margin Loan (Consolidated)		
Bangladesh Finance - Investment in Securities	(20,000,000)	(2,825,968)
Bangladesh Finance Securities Limited- Investment in Securities	50,155,609	-
Bangladesh Finance Securities Limited - Margin Loan	4,877,032	55,559,184
Bangladesh Finance Capital Limited - Margin Loan	-	1,741,601
Bangladesh Finance Capital Limited - Investment in Securities	18,000,000	14,800,000
	53,032,641	69,274,817
33. Earnings Per Share (EPS)		
The calculation of basic earnings per share based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:		
Calculation of Earnings Per Share (Note - 2.16)		
Net Profit after Tax	193,440,862	268,193,057
Weighted average number of Ordinary Shares outstanding (Denominator)		
Opening ordinary shares outstanding	177,581,384	167,529,608
Impact of bonus share issue (2020)	-	10,051,776
Impact of bonus share issue (2021)	10,654,883	10,654,883
Weighted average number of Ordinary Shares outstanding (Denominator)	188,236,267	188,236,267
Basic Earnings Per Share (Taka)	1.03	1.42
Reason for changes in Basic Earnings Per Share (EPS):		
To address the unforeseen credit risk following the impact of Covid-19, the Company's financial performance declined compared to the same period of the previous year for providing additional interest suspense and provisions against stressed loans, leases and advances as a conservative strategy and decrease in income from investment in securities and dividend income from subsidiaries.		
Diluted Earnings Per Share		
As there was no indication for dilution of shares, no diluted EPS was required to be calculated for the year ended 31 December 2022.		
33.a Earnings Per Share (EPS) (Consolidated)		
The calculation of basic earnings per share based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:		
Calculation of Earnings Per Share (Note - 2.16)		
Net Profit after Tax	236,015,541	255,844,440
Weighted average number of Ordinary Shares outstanding (Denominator) Note-33	188,236,267	188,236,267
Basic Earnings Per Share	1.25	1.36
Reason for changes in Earnings Per Share (EPS) (Consolidated)		
To address the unforeseen credit risk following the impact of Covid-19, the Group's financial performance declined compared to the previous year for providing additional interest suspense and provisions against stressed loans, leases and advances as a conservative strategy and decrease in income from investment in securities.		
34. Interest received		
Interest received (Note-19)	1,375,748,865	1,496,584,215
Add: Opening interest Receivable on FDR	20,318,919	10,642,614
Less: Closing interest receivable on FDR	(31,951,017)	(20,318,919)
Add: Closing interest suspense account	446,576,273	351,784,181
Less: Opening Interest Suspense Account	(351,784,181)	(231,326,523)
Add: Opening Receivable Interest on BB Stimulus Package	7,166,303	-
Less: Closing Receivable Interest on BB Stimulus Package	(2,143,650)	(7,166,303)
Add: Opening Receivable of Grace Period Interest	1,047,726	27,476,039
Less: Closing Receivable Grace Period Interest	-	(1,047,726)
	1,464,979,237	1,626,627,579

		31-Dec-22 BDT	31-Dec-21 BDT
35.	Interest Paid on Deposits & Borrowings		
	Interest Paid on Deposits & Borrowings (Note-20)	997,213,975	985,563,791
	Add: Opening interest payable on deposit & borrowings	154,024,430	162,891,966
	Less: Closing interest payable on deposit & borrowings	(141,013,410)	(154,024,430)
		1,010,224,994	994,431,327
36.	Cash Received from other Operating Activities		
	Income from investment in shares (Note 21)	97,261,771	46,376,941
	Other operating income (except gain/(loss) on sales of fixed assets)	34,864,113	27,700,675
		132,125,884	74,077,615
37.	Cash Payments for other Operating Activities		
	Rent, Taxes, Insurance, Lighting etc.	6,296,795	6,762,975
	Legal & Professional Fees	3,744,813	4,369,598
	Postage, Stamp, Telegram & Telephone	4,001,465	3,405,001
	Directors' Fee & Expenses	1,443,200	1,135,200
	Auditors' Fee	461,278	424,750
	Repair, Maintenance of NBFIs Assets	12,735,013	12,841,896
	Other Expenses	39,726,395	32,593,488
		68,408,959	61,532,908
38.	Cash Increase/ Decrease in Other Assets		
	Re-imbursable Expenses	4,384,704	5,668,362
	Receivable Others	4,909,841	68,659
	Receivable Excise Duty	-	767,370
	Receivable penal and delinquent charges	146,748,380	103,909,472
	Receivable against sale of shares	30,255,015	139,402,064
	Investment In Subsidiaries	849,930,000	849,930,000
	Investment in BD Finance Vanguard Mutual Fund One	20,000,000	20,000,000
	Receivable House Rent	2,835,003	3,335,019
	Advance against expenditure (Note-8.2(c))	56,502,798	65,568,690
	Deposits (with other organization Note-8.2(d))	745,955	735,955
	Stock of Stamp	61,460	67,642
		1,116,373,157	1,189,453,232
	Cash (Increase)/ Decrease in Other Assets	73,080,076	135,081,164
39.	Cash Increase/ (Decrease) in Other Liabilities		
	Payable & Provision against expenditure	73,561,829	123,840,844
	Penal income in suspense	146,731,018	103,909,472
	Advance Rent (against 64 Motijheel)	7,762,500	-
	Advance Excise Duty	8,651,935	7,642,690
	Profit Equalization Fund	5,078,149	-
	Gratuity Fund	27,686,408	22,113,362
	Dividend payable	4,097,295	6,136,878
		273,569,134	263,643,246
	Cash Increase/ (Decrease) in Other Liabilities	9,925,889	(78,202,363)
40.	Cash and Cash Equivalents		
	Cash in Hand	39,605	12,728
	Balance with Bangladesh Bank	117,732,419	99,339,362
	Balance with Other Banks & Financial Institutions	1,143,319,843	991,348,494
		1,261,091,867	1,090,700,584
41.	Number of Employees		
	The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 or above were 154 (In the year 2021 it was 123).		

42. **Audit Committee**a) **Particulars of Audit Committee**

Pursuant to the Condition no 3 of the notifications no SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006 of Securities Exchange Commission the Board of Director's of Bangladesh Finance formed a Five members Audit Committee named "Board Audit Committee".

Name	Status with Bangladesh Finance	Status with the Committee	Educational Qualification
Mr. Md. Rokonzaman, FCA	Independent Director	Chairman	BBA (DU), FCA
Mr. Iqbal U. Ahmed	Independent Director	Member	B. Com (Hons), M. Com (Mgmt.) DU
Mr. Md. Asaduzzaman Khan	Director	Member	MA (Eco.) DU, MA (Banking & Finance), UK
Mr. Yousuf Aman	Director	Member	B.A. (Hon's), UK
Mr. Furkaan Muhammad N Hossain	Director	Member	B. Sc. (Robotics Engineering) Colorado State University, USA

The members of the Board Audit Committee are all having good exposure in the NBF's business. They are all playing active role in the Committee Meeting.

b) **Meeting of Audit Committee**

During 1 January to 31 December 2022, the Audit Committee of the Board conducted 05 meetings in which among others, the following issues were discussed:-

i) Regular review of the Internal and External (including Bangladesh Bank) Inspection & Audit Report with a view to implementing the suggestion of Internal and External Auditors in respect of Internal Control structure and techniques.

ii) Minimize expenditure in all operational activities where possible.

iii) Reviewing the Accounting procedure with a view to ascertain that the International Financial Reporting Standard (IFRS) has been applied in maintaining books and records of the company.

c) **Internal Control:**

The following steps have been taken for implementation of Internal Control Procedure of the company :

i) Audit & Inspection division of the company carried out Internal Audit with a view to enrich the compliance culture and full control on the exertion of the Bangladesh Finance's operations. The division directly report simultaneously to the Board Audit Committee;

ii) Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of internal Control System and Internal Audit Policy, Policy for financial risk, existing rules and regulation; and

iii) To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and different divisions of Head Office and surprise inspection of the Branches.

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43. Related Party Disclosures:

43.1 Name of the Directors and their interest in different entities:

Name of the Directors of Bangladesh Finance	Firms/Companies related to the Director	Nature and Value of interest in the firm/companies
Mr. Manwar Hossain Chairman	Anwar Landmark Limited. Anwar Galvanizing Limited. Anwar Jute Spinning Mills Limited. Anwar Cement Limited. Anwar Ispat Limited. AG Automobiles Limited. A One Polymer Limited. Hossain Dyeing & Printing Mills Limited. Mehmud Industries (Pvt.) Limited. Anwar Cement Sheet Limited. Modhumoti Bank Limited. Anwar Silk Mills Limited AG Motors Limited	Director Director Director Director Director Director Director Director Director Director Director Director
Mr. Iqbal U. Ahmed Vice Chairman & Independent Director	Bangladesh Finance Securities Ltd.	Director
Mr. Md. Asaduzzaman Khan Director	ICB Capital Management	Director
Mr. Geasuddin Ahmed Director	Dhaka Complex (Pvt) Limited.	Director
Mrs. Shahnaz Rashid Director	Mehmud Industries Pvt. Ltd. Anwar Cement Limited. AG Automobiles Limited. Anwar Galvanizing Limited. Hossain Dyeing & Printing Mills Limited.	Director Director Director Director Director
Mr. Imtiyaj Yousuf Director	OMEGA MOTORS IMTIYAJ STEEL Precious Steel Corporation	Proprietor Proprietor Proprietor
Mr. Yousuf Aman Director	Bangladesh Finance Capital Ltd. AG Motors Limited AG Automobiles Limited.	Director Director Director
Mr. Ihtiaz Yousuf Director	Nil	Nil
Mr. Md. Rokonzaman, FCA Independent Director	Amann Bangladesh Limited Bangladesh Finance Capital Ltd.	Managing Director Director
Mr. Furkaan Muhammad N Hossain Director	Nil	Nil
Mr. Md. Kyser Hamid Managing Director & CEO	Bangladesh Finance Securities Ltd. Bangladesh Finance Capital Ltd.	Director Director

43.2 Significant Contracts where Bangladesh Finance is a party and wherein Directors have interest: Nil

43.3 Shares issued to Directors & Executives without consideration or exercise at discount: Nil

43.4 Lending Policies to related parties:

Lending to related parties is effected as per requirements of 4th Schedule, Section 14 of the Financial Institutions Act, 1993

43.5 Investment (Lease, Loan and Advances) to Directors and Their Related Concern (Note-6.2):

Name of the parties	Related By	Nature of transaction	Amount in Tk.	Status
i) Bangladesh Finance Securities Limited	Common Director	Short Term Finance		
ii) Bangladesh Finance Capital Limited	Common Director	Short Term Finance	485,637,530	Standard
			-	Standard
			485,637,530	

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Name of the parties	Related By	Nature of transaction	Amount in Tk.	Status
i) Bangladesh Finance Securities Limited	Common Director	Investment	120,000,000	
ii) Bangladesh Finance Capital Limited	Common Director	Investment	-	
			120,000,000	

Deposit from Directors and their related concern

Name of the parties	Related By	Nature of transaction	Amount in Taka	No. of accounts
Bangladesh Finance Capital Limited	Common Director	Term Deposit	65,000,000	1
Manwar Hossain	Chairman	Term Deposit	4,820,864	7
Manwar Hossain, Hossain Mehmud & Hossain Khaled	Chairman	Term Deposit	87,177,378	9
Anwar Ispat Limited	Common Director	Term Deposit	67,040,868	13
Anwar Jute Spinning Mills Ltd.	Common Director	Term Deposit	39,138,502	7
Anwar Landmark	Common Director	Term Deposit	96,793,073	12
Mehmud Industries (Pvt) Ltd.	Common Director	Term Deposit	10,361,985	6
AG Automobiles Ltd.	Common Director	Term Deposit	6,352,053	5
Anwar Cement Ltd.	Common Director	Term Deposit	11,661,184	10
Anwar Cement Sheet Ltd.	Common Director	Term Deposit	22,780,958	5
Anwar Galvanizing Ltd.	Common Director	Term Deposit	4,585,370	4
Hossain Dyeing & Printing Mills Ltd.	Common Director	Term Deposit	11,282,229	5
Anwar Silk Mills Ltd.	Common Director	Term Deposit	6,961,682	4
A- One Polymer Ltd.	Common Director	Term Deposit	1,690,832	2
Mrs. Shahnaz Rashid	Director	Term Deposit	10,000,000	3
Mr. Md. Rokonzaman, FCA	Independent Director	Mudaraba Term Deposit	317,850	2
Ihtiaz Yousuf	Director	Term Deposit	119,085,415	15
Imtiyaj Yousuf	Director	Term Deposit	34,989,297	6
Mr. Md. Kyser Hamid	Managing Director & CEO	Mudaraba Term Deposit	130,228	2
Total			600,169,768	118

44. Events after the Reporting Period

The Board of Directors of Bangladesh Finance in their 265th meeting held on 13 March, 2023 has recommended 10% Cash Dividend for the year ended 31 December 2022.

		31-Dec-22 BDT	31-Dec-21 BDT
45.	Net asset value (NAV) per share		
	Net asset	3,040,949,568	2,954,057,535
	Number of outstanding shares	188,236,267	188,236,267
	Net asset value (NAV) per share	16.15	15.69
45.a	Net asset value (NAV) per share (Consolidated)		
	Net asset	3,277,206,374	3,147,739,663
	Number of outstanding shares	188,236,267	188,236,267
	Net asset value (NAV) per share	17.41	16.72
46.	Net operating cash flows per share (NOCPS)		
	Net operating cash flows	211,556,235	1,080,754,537
	Number of outstanding shares	188,236,267	188,236,267
	Net operating cash flows per share (NOCPS)	1.12	5.74

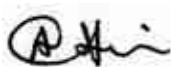
Reason for changes in Net Operating Cash Flows Per Share (NOCFPS):

Net Operating Cash Flows Per Share decreased due to a decrease in interest income, dividend income and increase in borrowing compared to the same period of the previous year.

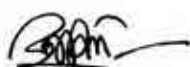
46.a	Net operating cash flows per share (NOCPS) (Consolidated)		
	Net operating cash flows	123,724,561	1,169,202,535
	Number of outstanding shares	188,236,267	188,236,267
	Net operating cash flows per share (NOCPS)	0.66	6.21

Reason for changes in Net Operating Cash Flows Per Share (NOCFPS) (Consolidated):

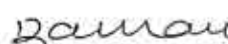
The consolidated Net Operating Cash Flows Per Share decreased due to a decrease in interest income, income from investment in securities and increase in borrowing compared to the same period of the previous year.



Munshi Abu Naim ACS
Company Secretary



Md. Kyser Hamid
Managing Director & CEO



Md. Rokonzaman, FCA
Director



Manwar Hossain
Chairman

As at 31 December 2022

ANNEXURE-A

Figures in BDT

Particulars	C O S T					Rate of Depreciation	D E P R E C I A T I O N				Written down value at 31 December 2022
	Balance as on 1 January 2022	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period	Balance at 31 December 2022		Balance as on 1 January 2022	Transfer/ Adjustment during the year	Charged for the year	Balance as at 31 December 2022	
Land	462,550,000	-	-	-	462,550,000	-	-	-	-	462,550,000	
Building	19,442,633	-	-	-	19,442,633	10%	6,803,174	1,404,385	8,207,559	11,235,074	
Furniture & Fixture	22,629,031	-	1,573,208	253,800	23,948,439	20%	19,992,300	253,800	20,845,987	3,102,452	
Office Equipment	36,496,287	-	6,892,741	2,023,477	41,365,551	25%	28,767,465	2,023,477	30,424,429	10,941,122	
Office Renovation	24,635,201	-	3,411,840	1,284,669	26,762,372	20%	21,037,491	1,222,312	21,240,384	5,521,988	
Motor Vehicle	45,735,811	-	25,279,062	2,902,014	68,112,859	20%	34,995,735	1,114,306	39,301,163	28,811,696	
Other Assets	182,667	-	-	-	182,667	20%	182,667	-	182,667	-	
System and Software	19,876,250	-	3,450,000	-	23,326,250	25%	19,824,166	-	20,680,417	2,645,833	
ROU-Asset for Lease Rent	46,114,384	-	39,251,468	28,836,059	56,530,794	25%	23,218,286	28,298,472	13,008,195	43,522,598	
	677,662,264	-	79,858,319	35,299,019	722,221,565		154,821,284	32,912,367	153,890,800	568,330,764	

As at 31 December 2021

Figures in BDT

Particulars	C O S T				Rate of Depreciation	D E P R E C I A T I O N				Written down value at 31 December 2021
	Balance as on 1 January 2021	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period		Balance at 31 December 2021	Charged for the year	Transfer/ Adjustment during the year	Balance as at 31 December 2021	
Land	462,550,000		-	-	-	-	-	-	462,550,000	
Building	19,442,633		-	-	10%	5,398,790	-	1,404,384	12,639,459	
Furniture & Fixture	30,433,102		1,665,484	-	20%	28,197,386	-	954,600	2,945,600	
Office Equipment	33,211,814		4,360,195	991,722	25%	26,922,787	991,722	3,016,177	7,633,045	
Office Renovation	12,488,955		2,592,691	-	20%	10,835,535	-	862,493	3,383,618	
Motor Vehicle	44,067,198		5,642,500	3,973,887	20%	36,711,050	3,973,887	2,258,572	10,740,076	
Other Assets	182,667		-	-	20%	182,667	-	-	182,667	
System and Software	19,876,250		-	-	25%	16,422,995	-	3,401,171	52,084	
ROU-Asset for Lease Rent	55,697,862		10,029,408	19,612,886		28,904,291	19,612,886	13,926,881	22,896,098	
	677,950,482	-	24,290,278	24,578,495		153,575,501	24,578,495	25,824,278	522,840,980	

BANGLADESH FINANCE LIMITED

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

ANNEXURE-B1

	Bangladesh Finance	
	31-Dec-22	31-Dec-21
	Taka	Taka
Net profit after tax	193,440,862	268,193,057
Items not involved in cash movement:		
Add: Depreciation/amortization	31,981,883	25,824,278
Add: Provision for loans and investments	131,801,307	243,254,592
Add: Provision for taxation	2,689,162	134,876,418
Add/(Less): Accrued expenses	52,031,838	26,492,330
Add/(Less): Accrued income	(72,943,814)	153,639,805
Increase/(Decrease) in Employee gratuity	5,573,046	1,093,701
Increase/(Decrease) in Deferred tax (Liability)	(1,291,264)	(9,337)
Adjustments to reconcile net profit after tax to net cash provided by operating activities	343,283,021	853,364,844
Increase/(decrease) in operating assets and liabilities		
(Increase)/Decrease in Trading Securities	(166,219,122)	(48,627,042)
(Increase)/Decrease in Loans & advances	(330,575,497)	(525,363,688)
(Increase)/Decrease in Other assets	97,158,221	(91,590,785)
Increase/(Decrease) in Other Liabilities	(28,908,677)	(24,985,928)
Increase/(Decrease) in Term & other deposits	293,368,535	952,535,248
Increase/(Decrease) in Payable and accrued expenses	(13,011,020)	(8,867,536)
(Increase)/Decrease in Income tax	(78,331,318)	(146,168,233)
Increase/(Decrease) in Interest suspense	94,792,092	120,457,658
	(131,726,786)	227,389,693
Net cash flows from/(used in) operating activities	211,556,235	1,080,754,537

BANGLADESH FINANCE LIMITED

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

ANNEXURE-B2

	Bangladesh Finance Group	
	31-Dec-22	31-Dec-21
	Taka	Taka
Net profit after tax	304,725,590	323,795,268
Items not involved in cash movement:		
Add: Depreciation/amortization	47,498,649	29,476,556
Add: Provision for loans and investments	204,833,948	315,355,377
Add: Provision for taxation	8,658,669	199,636,265
Add/(Less): Accrued expenses	58,314,478	99,699,263
Add/(Less): Accrued income	(73,335,619)	160,806,108
Increase/(Decrease) in Employee gratuity	7,367,101	3,396,450
Increase/(Decrease) in Deferred tax (Liability)	(1,291,264)	(9,337)
Adjustments to reconcile net profit after tax to net cash provided by operating activities	556,771,551	1,132,155,950
Increase/(decrease) in operating assets and liabilities		
(Increase)/Decrease in Trading Securities	(148,705,638)	(191,228,887)
(Increase)/Decrease in Loans & advances	(313,916,699)	(819,041,457)
(Increase)/Decrease in Other assets	32,748,026	(2,239,098)
Increase/(Decrease) in Other Liabilities	(201,011,777)	165,412,136
Increase/(Decrease) in Term & other deposits	228,368,535	952,535,248
Increase/(Decrease) in Payable and accrued expenses	(18,478,661)	(4,045,902)
(Increase)/Decrease in Income tax	(106,842,869)	(184,803,113)
Increase/(Decrease) in Interest suspense	94,792,092	120,457,658
	(433,046,990)	37,046,585
Net cash flows from/(used in) operating activities	123,724,561	1,169,202,535

HIGHLIGHTS ON THE OVERALL ACTIVITIES OF THE COMPANY

As at and for the periods 2022 and 2021

ANNEXURE-C

Sl. No.	Particulars	2022	2021
1	Paid up Capital	1,882,362,670	1,775,813,840
2	Total Shareholders' Equity	3,040,949,568	2,954,057,535
3	Capital Surplus/(Deficit)	1,332,567,693	1,335,108,862
4	Total Assets	17,406,254,484	16,716,793,205
5	Total Deposit	9,862,346,225	9,568,977,690
6	Total Loans/Lease Finance	13,699,677,770	13,369,102,273
7	Total Contingent Liabilities and Commitment	200,000,000	350,000,000
8	Investment Deposit Ratio (%)	138.91%	139.71%
9	Percentage of Classified Loan against total Loans and Advances	5.56%	2.54%
10	Profit after Tax and Provision	193,440,862	268,193,057
11	Amount of Classified Investment	761,947,190	340,030,555
12	Provisions kept against Classified Investment	213,463,843	221,329,646
13	Provisions surplus	203,551,095	239,370,578
14	Cost of Fund	8.01%	8.89%
15	Interest Earning Assets	15,246,668,453	14,604,378,920
16	Non-Profit Earning Assets	2,159,586,031	2,112,414,285
17	Return on Investment in Securities (ROI)	57.97%	150.92%
18	Return on Assets (ROA)	1.13%	1.64%
19	Income from Investment in Securities	194,704,906	344,794,929
20	Earnings Per Share (Re-stated 2021)	1.03	1.42
21	Price Earning Ratio (Times)	42.91	36.02
22	Book value per share (Per 10 Tk.)	16.15	15.69

শরি'য়াহভিত্তিক আর্থিক সমাধান নিয়ে
সবসময় আছি আপনার পাশে



BANGLADESH FINANCE LIMITED

BALANCE SHEET (ISLAMIC WING)

As at 31 December 2022

ANNEXURE-C1

	31-Dec-22	31-Dec-21
	Taka	Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand	-	-
Balance with Bangladesh Bank	9,234,500	-
	9,234,500	-
Balance with other Banks and Financial Institutions		
Inside Bangladesh	39,600,983	-
Outside Bangladesh	-	-
	39,600,983	-
Placement with banks & other financial institutions	-	-
Investments in Shares & Securities		
Government	-	-
Others	-	-
	-	-
Investments		
General Investments etc.	178,613,936	-
Bills Purchased & Discounted	-	-
	178,613,936	-
Fixed Assets including Premises, Furniture and Fixtures	4,083,250	-
Other Assets	616,024	-
Non Banking Assets	-	-
Total Assets	232,148,693	-
LIABILITIES AND CAPITAL		
Liabilities		
Placement from banks & other financial institutions	-	-
Deposits and other Accounts	219,362,750	-
Mudaraba Term Deposits	186,457,692	-
Mudarabah Scheme Deposits	32,905,059	-
Other Mudaraba Deposits	-	-
Al-Wadeeah Current and Other Deposit Accounts	-	-
Bills payable	-	-
Other Liabilities	12,358,094	-
Total Liabilities	231,720,844	-
Capital/ Shareholders' Equity		
Paid-up Capital	-	-
Statutory Reserve	-	-
Other Reserve	-	-
Retained Earnings	427,849	-
Total Shareholders' Equity	427,849	-
Total Liabilities & Shareholders' Equity	232,148,693	-

BANGLADESH FINANCE LIMITED

PROFIT AND LOSS ACCOUNT (ISLAMIC WING)

For the year ended 31 December 2022

ANNEXURE-C2

	31-Dec-22 <u>Taka</u>	31-Dec-21 <u>Taka</u>
Investment Income	15,372,731	-
Profit Paid on Deposits	13,430,574	-
Net Investment Income	1,942,157	-
Income from Investment in Shares & Securities	10,402,339	-
Commission, Exchange and Brokerage	-	-
Other Operating Income	566,468	-
	10,968,807	-
Total Operating Income	12,910,964	-
Salaries and Allowances	4,205,738	-
Rent, Taxes, Insurances, Electricity etc.	-	-
Legal Expenses	-	-
Postage, Stamps and Telecommunication etc.	744,339	-
Stationery, Printings and Advertisements etc.	455,395	-
Chief Executive's Salary & Fees	-	-
Shari'ah Supervisory Committee's Fees & Expenses	193,600	-
Auditors' Fees	-	-
Charges on Investment Losses	-	-
Depreciation and Repairs to Bank's Assets	661,750	-
Zakat Expenses	-	-
Other Expenses	6,222,293	-
Total Operating Expenses	12,483,115	-
Profit/(Loss) before Provision	427,849	-

BANGLADESH FINANCE SECURITIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BANGLADESH FINANCE SECURITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bangladesh Finance Securities Limited (the "Company") which comprise the Statement of Financial Position as at 31 December 2022 and the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the period ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 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.

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

Those charged with governance are responsible for overseeing the Company's 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, and the rules and regulations issued by Bangladesh Securities and Exchange Commission, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the statement of financial position and the statement of profit or loss and other comprehensive income together with the annexed notes from 1 to 45 dealt with by the report are in agreement with the books of account and returns; and
- iv. the expenditures incurred were for the purpose of the Company's business for the period.

Dhaka, 19 February 2023



SK Md Tarikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC: 2303071238AS488182

BANGLADESH FINANCE SECURITIES LIMITED

STATEMENT OF FINANCIAL POSITION

As on 31 December 2022

	Notes	31-Dec-22 BDT	31-Dec-21 BDT
Assets			
Non- Current Assets		1,040,232,914	969,044,670
Property and equipment	3	9,667,318	7,184,450
Right-of-use assets	5	37,816,341	7,683,620
Investment in stock exchange	6	951,410,683	951,410,683
Deferred tax assets	7	41,338,572	2,765,917
Current Assets		1,512,459,460	1,553,710,024
Investment in shares	8	360,979,349	353,801,526
Accounts receivable	9	160,885	174,749
Margin loan to clients	10	734,617,644	785,991,507
Advances, deposits and prepayments	11	6,510,378	7,997,065
Cash and cash equivalent	12	410,191,203	405,745,177
Total Assets		2,552,692,374	2,522,754,695
Shareholder's Equity and Liabilities			
Shareholders' Equity		1,183,941,050	1,183,651,517
Share capital	13	1,072,150,000	1,072,150,000
Retained earnings	14	111,791,050	111,501,517
Non Current Liabilities		140,576,808	4,182,711
Preference share	15	120,000,000	-
Lease liabilities-net of current portion	16	20,576,808	4,182,711
Current Liabilities		1,228,174,522	1,334,920,468
Accounts payable	17	30,986,287	226,046,094
Payable to clients	18	128,318,755	151,577,049
Short term loan	19	796,157,859	731,056,172
Lease liabilities-current portion	16	12,502,109	3,127,303
Provision for diminution in value of investments	20	181,942,253	126,909,612
Provision for income tax	21	29,545,691	17,387,919
Provision for expenses	22	48,721,568	78,816,318
Total Liabilities		1,368,751,330	1,339,103,179
Total Shareholder's Equity and Liabilities		2,552,692,374	2,522,754,695

These financial statements should be read in conjunction with the annexed notes 1 to 45.



Khondoker Mahamudul Hasan
Company Secretary



A H M Nazmul Hasan
Managing Director & CEO



Md. Kyser Hamid
Director



SK Md Tarikul Islam, FCA
Partner

Dhaka, 19 February 2023

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC: 2303071238AS488182

BANGLADESH FINANCE SECURITIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	31-Dec-22 BDT	31-Dec-21 BDT
Operating Income			
Net Brokerage Commission (a)		106,047,091	115,191,242
Brokerage commission income	23	152,934,540	184,186,079
Brokerage commission expenses	24	(46,887,449)	(68,994,836)
Net Interest Income (b)		36,044,763	28,767,971
Interest income	25	102,585,021	97,370,646
Interest expenses	26	(66,540,258)	(68,602,675)
Income from Investment in Securities		131,066,708	155,246,364
Net investment income (c)	27	130,886,296	155,051,579
Other brokerage income (d)	28	180,412	194,785
Total Operating Income (A=a+b+c+d)		273,158,562	299,205,578
Salaries and allowances	29	28,110,986	22,047,243
Rent, taxes, insurance and electricity	30	2,267,205	1,006,812
Legal & Professional fees	31	4,475,753	743,126
Postage, stamp and telecommunication	32	1,139,184	822,196
Stationery, printing and advertisements	33	1,370,365	543,735
Directors' fees	34	272,800	416,800
Professional/Auditors' fees	35	115,000	287,500
Depreciation	36	11,598,732	8,609,163
Other expenses	37	6,692,708	6,300,653
Operating Expenses (B)		56,042,732	40,777,228
Operating Profit (A-B)		217,115,830	258,428,350
Other non- operating revenue	38	-	1,087,999
Profit before provisions and tax		217,115,830	259,516,349
Provision for diminution in value of investments & margin loans	39	(55,032,641)	(55,559,184)
Profit before Provision for Income Tax		162,083,190	203,957,165
Income Tax Expense	40	971,157	44,722,657
Current tax expense		39,543,812	46,885,677
Deferred tax (income)		(38,572,655)	(2,163,020)
Net Profit		161,112,033	159,234,508
Other comprehensive income		-	-
Total Comprehensive Income		161,112,033	159,234,508
Earning Per Share	41	1.50	1.49

These financial statements should be read in conjunction with the annexed notes 1 to 45.



Khondoker Mahamudul Hasan
Company Secretary



A H M Nazmul Hasan
Managing Director & CEO



Md. Kyser Hamid
Director



SK Md Tarikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
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BANGLADESH FINANCE SECURITIES LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Particulars	31-Dec-22 BDT	31-Dec-21 BDT
Cash Flows from Operating Activities		
Interest received	102,585,021	97,370,646
Interest paid	(66,540,258)	(68,602,675)
Other brokerage received	180,412	194,785
Fees and commission received	152,934,540	184,186,079
Cash payments to employees	(28,110,986)	(22,047,243)
Cash payments to suppliers	(2,509,548)	(1,365,931)
Directors fees paid	(272,800)	(416,800)
Income tax paid	(27,386,040)	(34,504,123)
Received from investment activities	130,886,296	86,056,743
Payments for other operating activities	(60,323,115)	(8,338,091)
Operating Profit Before Changes in Operating Assets and Liabilities	201,443,522	232,533,390
Changes in Operating Assets and Liabilities		
Purchases/Sale of trading securities	(7,177,823)	(98,134,609)
Loans and lease finance to customers	51,373,863	(150,323,940)
Deposits	(3,299,481)	(671,895)
Other liabilities	(248,527,851)	325,361,233
Sub Total	(207,631,292)	76,230,789
A) Net Cash from Operating Activities	(6,187,770)	308,764,179
Cash Flows from Investing Activities		
Proceeds from sale of fixed assets	-	1,087,999
Purchases/sale of property & equipment	(5,717,399)	(3,911,058)
B) Net Cash from Investing Activities	(5,717,399)	(2,823,059)
Cash Flows from Financing Activities		
Increase/(decrease) of borrowings	65,101,687	98,690,015
Issuing preference shares	120,000,000	-
Payment for lease liabilities	(7,927,988)	(6,686,144)
Dividend paid	(160,822,500)	(160,822,500)
C) Net Cash from Financing Activities	16,351,199	(68,818,629)
D) Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	4,446,030	237,122,492
E) Cash and Cash Equivalents at the Beginning of the Period	405,745,177	168,622,686
F) Cash and Cash Equivalents at the end of the Period(D+E)	410,191,203	405,745,177
Net Operating Cash Flow Per Share (NOCFPS)	(0.06)	2.88

Khondoker Mahamudul Hasan
Company Secretary

A H M Nazmul Hasan
Managing Director & CEO

Md. Kyser Hamid
Director

SK Md Tarikul Islam, FCA
Partner
Membership no: 1238
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DVC: 2303071238AS488182

Dhaka, 19 February 2023

BANGLADESH FINANCE SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Particulars	Amount in BDT		
	Share Capital BDT	Retained Earnings BDT	Total Equity
Balance at January 01, 2022	1,072,150,000	111,501,517	1,183,651,517
Interim cash dividend	-	(160,822,500)	(160,822,500)
Profit during the year	-	161,112,033	161,112,033
Balance as on December 31, 2022	1,072,150,000	111,791,050	1,183,941,050
Balance at January 01, 2021	1,072,150,000	113,089,509	1,185,239,509
Interim cash dividend	-	(160,822,500)	(160,822,500)
Profit during the year	-	159,234,508	159,234,508
Balance as on December 31, 2021	1,072,150,000	111,501,517	1,183,651,517

The annexed notes form an integral part of these financial statements



Khondoker Mahamudul Hasan
Company Secretary



A H M Nazmul Hasan
Managing Director & CEO



Md. Kyser Hamid
Director



SK Md Tarikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC: 2303071238AS488182

Dhaka, 19 February 2023

BANGLADESH FINANCE SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 Company and Its Activities

1.1 Legal form of the Company

Bangladesh Finance Securities Limited ("Bangladesh Securities" or "the Company") was incorporated in Bangladesh as a public limited Company (formally known as BD Finance Securities Limited) on 28 December, 2010 vide Registration No. C-89204/10 under The Companies Act 1994. The Company has acquired Dhaka Stock Exchange Membership, whose Registration Number is 30.

1.2 Nature of Business

The main objective of Bangladesh Finance Securities Limited is to act as a member of stock exchanges, the central depository system (CDS) companies and to carry on the business of broker, jobbers or dealers in stocks, shares, securities, bonds, debentures etc. The Company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of the Company in shares, stocks and fixed income securities.

2 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1 Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchanges Rules 1987 and other laws & regulations applicable in Bangladesh.

2.2 Basis of Measurement

These financial statements have been prepared based on historical cost basis and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.3 Use of Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2.4 Comparative Information

As guided in paragraph 36 and 38 of IAS 1 Presentation of Financial Statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.

Previous year/period figures have been rearranged to confirm with the current year/period presentation.

2.5 Reporting Period

The reporting period of these financial statements covers from 01 January 2022 to 31 December 2022.

2.6 Functional and Presentation Currency

These financial statements are presented in company's functional currency i.e. in Bangladeshi Taka.

2.7 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with International Accounting Standard IAS-7: Statement of Cash Flows and the cash flows from operating activities have been presented under the direct method as prescribed by the Bangladesh Securities and Exchange Rules, 1987.

2.8 Statement of Changes in Equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.9 Property and Equipment

(i) Recognition of Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation. The cost of the assets is the cost of acquisition and other directly attributable costs for bringing the assets to working conditions for their intended use inclusive of inward freight, duties and non refundable taxes as per International Accounting Standard (IAS) 16: Property, Plant and Equipment.

ii) Subsequent Expenditure

Subsequent to initial recognition, cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged in statement of profit or loss as they are incurred.

(iii) Depreciation

Depreciation is provided on a new asset for the period in use in the year of purchase. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use. Depreciation is calculated on the cost of the assets in order to write-off such amounts over the estimated useful life of such assets. The Company followed the Straight-line method of depreciation and annual rates are as under:

Category of Assets	Rate of Depreciation
Office Equipment	10%
Electronic Equipment	15%
Electronic Equipment-Generator	15%
Furniture & Fixture	10%
Computer Peripheral	25%
Vehicles	20%
Office Renovation & Furnishing	10%
Right of use assets	Lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No significant adjustment in respect of items of property and equipment was done in the reporting period.

(iv) Retirement and Disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposals. Gains and losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as gain or loss from disposal of asset in profit or loss.

2.10 Intangible Assets

(i) Components

The main item included in intangible assets are Software, TWS Installation and Preliminary Expenses.

(ii) Basis of Recognition

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the intangible asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, intangible asset is reported in the statement of financial position at cost less accumulated amortization.

(iii) Subsequent Expenditure

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

(iv) Amortization

Amortization is charged in profit or loss on a straight line basis over the estimated useful lives of intangible assets. Amortization on additions are charged from the month of acquisition. Amortization is charged on the cost of intangible assets and no amortization is charged in the year of disposal.

(v) Retirement and Disposals

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognized in profit or loss.

2.11 Leases

Leases are recognized as right-of-use assets and corresponding liabilities at the inception of a contract and measured in accordance with IFRS 16. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost.

Payments associated with all short-term leases (with a lease term of 12 months or less) and certain leases of all low-value assets are recognized on a straight-line basis as an expense in profit or loss.

2.12 Recognition and Measurement of Financial Assets

A financial asset or financial liability is classified as held for trading if:

- i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; and
- ii) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

2.13 Revenue Recognition

Revenue comprises Interest income, Settlement charges, Dividend income, Brokerage commission service rendered and capital gain on sales of shares. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer. Information is provided regarding the nature and timing of the satisfaction of performance obligations in contracts with customers.

(i) Revenue Recognition Under IFRS 15

Revenue is recognized when or as a performance obligation is satisfied by transferring a good or service to a customer, either at a point in time or over time. A good or service is 'transferred' when or as the customer obtains control of it. Customers obtain control of goods at point of delivery or over time.

The entity assesses whether it transfers control over time by following prescribed criteria for satisfying performance obligation. If none of the criteria is met then the entity recognizes revenue at point of time at which it transfers control of the goods to the customer.

(ii) Brokerage Commission

Brokerage commission is recognized as income when selling or buying order is signed and trade is executed.

(iii) Interest Income from Margin Loan

Interest income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective clients. Income is recognized on quarterly basis.

(iv) Dividend Income and Gain/(loss) on Sale of Marketable Securities

Dividend income is recognized when right to receive payment is established whereas gain or loss arising from the sale of securities is accounted for only when shares are sold in the market and gain or loss is realized.

2.14 Provision for Income Tax

i) Current Tax

Provision for tax is assessed under section 82C of the Income Tax Ordinance (ITO) 1984 on income from company's normal course of business and at 27.50% on company's income from other sources. Under section 82C, income tax deducted under certain sections of the ITO is treated as minimum tax of tax payer's tax liabilities from that source.

ii) Deferred Tax

Pursuant to International Accounting Standard (IAS) 12: Income Taxes, deferred tax is provided for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Adequate provision has been made in calculating temporary timing differences.

2.15 Retirement Benefit

Gratuity

The Company operates non-funded gratuity scheme, provision in respect of which is made annually covering all permanent eligible employees. Gratuity fund benefits are given to the staff of Bangladesh Finance Securities Limited in accordance with the Company's service rules. The gratuity is calculated on the basis of eligibility and as per IAS-19 "Employee Benefits" and payable as per the modalities of the rules. Gratuity so calculated are transferred to the Gratuity fund and charged to expenses of the Company.

2.16 Provision for Expenses

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate of the amount can be made.

2.17 Cash and Cash Equivalent

Cash and cash equivalent includes cash in hand, cash at bank and fixed deposits which are held and are available for use by the company without any restriction. There is insignificant risk of change in the value of the above items.

2.18 Related Party Disclosure

As per International Accounting Standard (IAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length IAS is at commercial rates with its related parties. Related party disclosures have been given in Note 42.

2.19 Events After the Balance Sheet Date

Events after the balance sheet date that provides additional information about company's financial position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are material but not adjusting event are discussed in the notes.

2.20 General

- i) Figures of previous year have been rearranged wherever considered necessary to confirm presentation of the current year; and
- ii) Amounts appearing in these financial statements have been rounded off to the nearest Taka.

		31-Dec-22	31-Dec-21
		BDT	BDT
3	Property and equipment		
	A. Cost :		
	Opening balance	34,434,969	34,069,911
	Addition during the period	5,717,399	3,911,058
	Total	40,152,368	37,980,969
	Less disposal during the period	-	(3,546,000)
	Closing balance	40,152,368	34,434,969
	B. Depreciation:		
	Opening balance	27,250,519	28,127,322
	Charge during the period	3,234,531	2,669,196
	Total	30,485,050	30,796,518
	Less disposal during the period	-	(3,545,999)
	Closing balance	30,485,050	27,250,519
		9,667,318	7,184,450
	<i>Details of property and equipment are given in Annexure-A</i>		
4	Intangible assets		
	A. Cost :		
	Opening balance	675,000	675,000
	Addition during the period	-	-
	Closing Balance	675,000	675,000
	B. Depreciation:		
	Opening balance	675,000	675,000
	Charge during the period	-	-
	Closing Balance	675,000	675,000
		-	-
	<i>Details of intangible assets are given in Annexure- B</i>		
5	Right-of-use-assets		
	A. Cost:		
	Opening balance	19,875,109	11,033,191
	Addition during the year	38,496,922	8,841,918
		58,372,031	19,875,109
	B. Accumulated depreciation:		
	Opening balance	12,191,489	6,251,522
	Charged for the year	8,364,201	5,939,967
		20,555,690	12,191,489
	C. Written down value (A-B)	37,816,341	7,683,620
6	Investment in stock exchange		
	Dhaka stock exchange	951,410,683	951,410,683
		951,410,683	951,410,683
7	Deferred tax assets		
	Opening balance	2,765,917	602,897
	Deferred tax (expense)/income charged in P&L	38,572,655	2,163,020
		41,338,572	2,765,917

7.1 Item wise deferred tax liabilities as on 31-Dec-2022

Particulars of assets and liabilities	As per Carrying value	As per Tax base	Temporary Difference (deductible)/ taxable	Tax Rate	Deferred tax (assets)/liabilities
Office equipment	479,369	713,013	(233,644)	27.5%	(64,252)
Electrical equipment	1,170,636	1,404,010	(233,374)	27.5%	(64,178)
Electrical equipment-Generator	1	692,676	(692,675)	27.5%	(190,486)
Furniture and fixture	588,702	895,362	(306,660)	27.5%	(84,332)
Computer and peripherals	977,470	1,556,526	(579,056)	27.5%	(159,240)
Office renovation/furnishing	3,924,758	10,391,097	(6,466,339)	27.5%	(1,778,243)
Motor vehicles	1,958,333	1,600,000	358,333	27.5%	98,542
ROU assets, net	4,737,424	-	4,737,424	27.5%	1,302,792
Provision for margin loan	(123,521,222)	-	(123,521,222)	27.5%	(33,968,336)
Provision for investment	(58,421,031)	-	(58,421,031)	10.0%	(5,842,103)
Provision for gratuity	(2,140,855)	-	(2,140,855)	27.5%	(588,735)
Total	(170,246,416)	17,252,684	(187,499,100)		(41,338,572)

31-Dec-22	31-Dec-21
BDT	BDT

8 Investments in shares

Investment in marketable securities (Note: 8.1)

Investment in non traded shares (Note: 8.2)

343,179,349	327,001,526
17,800,000	26,800,000
360,979,349	353,801,526

8.1 Investment in marketable securities

Name of Industry	No. of Shares	Cost price (Taka)	Market price at the year end (Taka)	Unrealized gain/ (loss) (Taka)
Engineering	1,103,954	320,903,693	249,457,261	(71,446,432)
Insurance	12,800	128,000	418,510	290,510
Miscellaneous	572,160	17,525,919	26,558,356	9,032,438
Food	330,325	4,621,737	8,324,190	3,702,453
		343,179,349	284,758,317	(58,421,031)

8.2 Investment in non traded shares

Achia Sea Food Ltd.

Beka Garment And Textiles Limited.

BD Paints Ltd.

B. Brothers Garments Limited

Classic Foils Limited

Al Faruque Bags Ltd.

-	3,000,000
2,600,000	2,600,000
-	6,000,000
10,000,000	10,000,000
200,000	200,000
5,000,000	5,000,000
17,800,000	26,800,000

9 Accounts receivable

This balance has been resulted from sale of shares through Dhaka Stock Exchange Ltd.

Receivable from DSE (Note: 9.1)

Receivable from BD Finance Capital Holdings Limited

Receivable from employees

Receivable from vanguard AML BD Finance MF1 One

-	139,973
140,741	17,695
19,139	16,076
1,005	1,005
160,885	174,749

9.01 Receivable from DSE

Total sales for broker

Total sales for dealer

-	139,973
-	-
-	139,973

10 Margin loan to clients

Margin loan to clients

734,617,644	785,991,507
734,617,644	785,991,507

Bangladesh Finance Securities Limited has carrying of Tk. 12,35,21,222/- as negative equity which is included in margin loan to clients. As per decision of the management BFSL has made full provision on negative equity which is shown in Note-20

		31-Dec-22	31-Dec-21
		BDT	BDT
11	Advances, deposits and prepayments		
	Security deposit with CDBL	200,000	200,000
	Advance for expenses	6,310,378	2,153,565
	IPO Application	-	5,643,500
		6,510,378	7,997,065
12	Cash and cash equivalent		
	Cash in hand		
	Cash in hand (Petty Cash)	33,980	46,181
	Cash at bank		
	Mutual Trust Bank Ltd. (General A/c)	-	2,018,649
	City Bank Ltd. (General A/c, Fx Br.)	-	347,805
	One Bank CD Account	3,363	-
	One Bank Ltd. (Consolidated Customer SND A/c)	2,472,720	849,707
	One Bank Ltd. (Dealer SND A/c)	1,244	2,356
	Dutch Bangla Bank Salary A/C	-	173,110
	One Bank Ltd. (Public Issue Application A/c)	40,221	40,632
	Jamuna Bank Ltd. (Salary A/c)	-	149,754
	Rupali Bank Ltd.	-	8,280
	Social Islami Bank Ltd. (Consolidated Customer A/C)	175,585,186	393,952,398
	Al-Arafah Islami Bank Ltd. (Consolidated Customer A/C)	31,280	31,791
	Social Islami Bank Limited (Dealer A/C)	4,633,735	5,619,917
	Social Islami Bank Limited (MSD A/C)	218,802,238	2,494,080
	Social Islami Bank Limited (Special Fund)	8,585,902	10,518
	Rupali Bank CD	1,334	-
		410,157,223	405,698,997
	Total Cash and cash equivalent	410,191,203	405,745,177
13	Share capital		
13.1	Authorised capital		
	50,00,00,000 ordinary shares of Taka 10 each	5,000,000,000	5,000,000,000
		5,000,000,000	5,000,000,000
13.2	Issued, subscribed and paid up capital		
	10,72,15,000 fully paid ordinary shares of Tk.10/- each subscribed and paid by the sponsor Shareholders.		

The Company has issued fully redeemable, non-convertible and cumulative preference share valuing to BDT 750 million of which BDT 120 million) to Bangladesh Finance Limited in the year of 2022.


	31-Dec-22	31-Dec-21
	BDT	BDT
16 Lease liabilities		
Opening balance of lease liabilities	7,310,014	5,154,240
Add: Addition during the year	33,696,891	8,841,918
	41,006,905	13,996,158
Less: Lease payment made during the year	7,927,988	6,686,144
	33,078,917	7,310,014
Less: Current portion of lease liabilities	12,502,109	3,127,303
Non current portion of lease liabilities	20,576,808	4,182,711
17 Accounts payable		
Total purchase for broker	30,956,356	41,255,260
Payable to BD Finance Capital Holdings Limited	29,931	5,839,334
IDLC Investment Ltd	-	178,951,500
	30,986,287	226,046,094
18 Payable to clients		
<i>This balance represents the clients' sale proceeds of shares and deposits against share purchase which is currently lying with the company's bank A/C.</i>		
Payable to Clients	128,318,755	151,577,049
	128,318,755	151,577,049
19 Short term loan		
<i>The amount represents payable to the following banks and financial institutions:</i>		
Bangladesh Finance Limited	482,953,104	500,367,419
Social Islami Bank Limited	96,560,000	48,000,000
Hajj Finance Company Limited (Phase 3)	-	21,000,000
ICB Special Fund	80,000,000	14,188,754
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	-	100,000,000
CVC Finance Limited	47,500,000	47,500,000
Rupali Bank	89,144,755	-
	796,157,859	731,056,172
20 Provision for diminution in value of investments		
A. Provision on unrealized loss of dealer investments:		
Opening balance	8,265,422	8,265,422
Add: Addition during the period	50,155,609	-
Closing balance	58,421,031	8,265,422
B. Provision on margin loan:		
Opening balance	118,644,190	63,085,006
Add: Addition during the period	4,877,032	55,559,184
Total Provision	123,521,222	118,644,190
Less: Written off of provision on margin loan	-	-
	123,521,222	118,644,190
Closing balance (A+B)	181,942,253	126,909,612
As per circular of Bangladesh Securities and Exchange Commission (BSEC) every stock broker and Merchant banker to take the opportunity to maintain the provision for unrealized loss on Stock Dealer Account and negative equity of margin account in phase manner up to 2023. But as per management decision BDFSL has fully adjusted dealer account capital erosion and negative equity on margin account in December 2022 instead of enjoying the phase manner of BSEC.		
21 Provision for income tax		
Opening balance	159,707,188	116,404,083
Add: Provision made during the year	39,543,812	46,885,677
	199,251,000	163,289,760
Settlement of previous year's tax liabilities	-	3,582,572
Closing balance at the year end	199,251,000	159,707,188
Advance income tax		
Opening balance	142,319,269	111,397,718
Add: AIT paid during the period	-	-
AIT on Cash Dividend	575,673	874,754
AIT on Bank Interest	734,560	568,971
AIT on turnover of BD Securities	26,075,807	29,477,825
AIT on Capital gain	-	-
Closing balance at the year end	169,705,309	142,319,269
Net provision for income tax	29,545,691	17,387,919


	31-Dec-22	31-Dec-21
	BDT	BDT
22 Provision for expenses		
Interest payable on loan from Banks & NBFIs (Note: 22.1)	3,638,372	35,004,577
Utility payable	157,761	55,596
Network connectivity charges payable	112,468	14,441
Mobile bill payable	20,954	25,506
Fuel bill payable	280,584	200,584
Postage, telephone, fax & telex bill payable	-	12,141
Provision for ratuity	2,140,855	1,158,829
Provision for PF	1,341,194	-
Audit fees payable	118,750	287,500
Office maintenance payable	80,000	-
Liability for CDBL expenses (share maintenance)	325,890	250,020
Incentive & other payable	5,448,067	2,860,329
AIT payable	29,165,060	28,964,681
Bank Interest payable to clients	5,186,613	3,452,115
IPO control A/C	-	6,530,000
Dividend payable for preference shares	705,000	-
	48,721,568	78,816,318
22.1 Interest payable on loan from banks and NBFIs		
Bangladesh Finance Limited	2,684,426	27,242,227
Hajj Finance Company Limited (Phase-03)	-	5,998,512
Social Islami Bank Limited	748,946	1,104,000
Investment Corporation of Bangladesh	45,000	110,046
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	-	361,111
CVC Finance Limited	160,000	188,681
	3,638,372	35,004,577
23 Brokerage commission Income		
Brokerage commission	153,255,002	183,547,941
BO account maintenance (Note: 23.1)	(320,463)	638,137
	152,934,540	184,186,079
23.1 BO account maintenance		
BO account maintenance fee/opening fee	314,950	247,550
BO account renewal fees	1,414,520	2,006,500
BO account closing fees	37,370	45,500
CDBL settlement transfer income	4,911,873	4,868,719
CDBL bulk A/C Transfer income	191,469	390,282
CDBL transfer/transmission income	202,314	1,179,444
CDBL pledge income	20,620	22,834
CDBL unpledged income	61,250	155,617
	7,154,366	8,916,447
Less:		
CDBL settlement transfer charge	5,927,252	6,430,552
CDBL bulk A/C transfer charge	109,171	198,198
CDBL transfer/transmission charge	101,157	632,960
CDBL demate of existing securities charge	11,342	3,043
CDBL pledge charge	21,352	15,968
CDBL unpledged charge	48,151	81,188
CDBL BO A/C opening charge	252,350	133,350
CDBL BO A/C renewal charge	1,000,800	782,050
CDBL other charges	3,254	1,000
	7,474,829	8,278,309
	(320,463)	638,137
24 Brokerage commission expense		
Laga charges (Note: 24.1)	12,020,519	14,426,685
Direct trading expenses (Note: 24.2)	34,866,930	54,568,152
	46,887,449	68,994,836
24.1 Laga charges		
Broker	11,550,977	14,154,530
Dealer	469,542	272,155
	12,020,519	14,426,685
24.2 Trading expenses		
DSE other charges	16,333	34,922
Direct trading expenses	34,850,597	54,533,230
	34,866,930	54,568,152

	31-Dec-22	31-Dec-21
	BDT	BDT
25 Interest income		
Interest on margin loan	98,802,150	93,763,807
Interest income on bank deposit	3,782,871	3,606,840
	102,585,021	97,370,646
26 Interest expenses		
Bangladesh Finance Limited	43,831,165	53,145,523
Premier Leasing & Finance Limited (Phase-2)	-	2,358,062
Social Islami Bank Limited	5,480,882	4,093,599
Hajj Finance Company Limited (Phase-3)	1,204,960	3,527,485
Hajj Finance Company Limited (Phase-4)	-	2,183,697
Hajj Finance Company Limited (Phase-5)	-	1,087,625
Investment Corporation of Bangladesh (Special purpose)	219,670	1,028,452
Interest expenses (Lease)	2,339,015	628,439
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	2,441,945	361,111
CVC Finance Limited	5,196,319	188,681
Rupali Bank	5,121,303	-
Dividend for preference Share(Bangladesh Finance)	705,000	-
	66,540,258	68,602,675
27 Net investment income		
Income from investment in marketable securities	128,007,930	150,677,807
Cash dividend	2,878,366	4,373,772
	130,886,296	155,051,579
28 Other brokerage income		
IPO service income	10,455	23,360
Cheque dishonored charge	114,000	112,500
Cheque clearance fees	40,785	52,840
CDBL demate of existing securities income	15,172	6,085
	180,412	194,785
29 Salaries and allowances		
Salaries and allowances	27,409,281	22,047,243
Provident fund	701,705	-
	28,110,986	22,047,243
30 Rent, taxes, insurance and electricity		
Rent, rates and taxes	1,471,920	183,656
Insurance	-	170,367
Utilities	795,285	652,789
	2,267,205	1,006,812
31 Legal expenses		
Legal and professional fee	-	80,000
Fees and renewals	4,475,753	663,126
	4,475,753	743,126
32 Postage, stamp, telecommunication		
Telephone, postage & telegram	24,897	39,524
Mobile bill	198,869	205,113
Network connectivity charge	915,418	577,559
	1,139,184	822,196
33 Stationary, printing, advertisements		
Printing and stationary	1,357,715	529,777
Advertisement expense	12,650	13,958
	1,370,365	543,735
34 Directors' fees		
Directors' fees	272,800	416,800
	272,800	416,800
35 Professional/Auditors' fees		
Audit fees	115,000	287,500
	115,000	287,500
36 Depreciation		
Depreciation of tangible assets	11,598,732	8,609,163
	11,598,732	8,609,163

	31-Dec-22	31-Dec-21
	BDT	BDT
37 Other expenses		
Travelling and conveyance	304,165	127,598
Entertainment	983,014	584,904
Fuel, oil and lubricants	661,834	267,222
Repair and maintenance	663,689	348,419
Diesel for enerator	55,331	67,457
Newspaper and periodicals	-	863
Office cleaning expenses	166,752	15,420
Office maintenance	702,645	449,638
Repair and maintenance-Vehicle	113,250	214,336
Bank guarantee fees	2,592,000	3,891,472
Bank charges	450,029	333,324
	6,692,708	6,300,653
38 Other non-operating revenue		
Miscellaneous income	-	1,087,999
	-	1,087,999
39 Provision for diminution in value of investments and margin loan		
Provision on unrealized loss of dealer investments	50,155,609	-
Provision on margin loan	4,877,032	55,559,184
	55,032,641	55,559,184
40 Income tax expense		
Current tax expenses		
Provision made during the year	39,543,812	46,885,677
Transfer from deferred tax expenses	-	-
	39,543,812	46,885,677
Deferred tax expense/ (income)		
Taxable /(deductible) temporary differences	(38,572,655)	(2,163,020)
Transfer to current income tax	-	-
	(38,572,655)	(2,163,020)
	971,157	44,722,657
41 Earnings Per Share (EPS)		
Net profit after tax	161,112,033	159,234,508
Weight average number of ordinary shares outstanding	107,215,000	107,215,000
	1.50	1.49
42 Related party disclosure		


Khondoker Mahamudul Hasan
Company Secretary


A H M Nazmul Hasan
Managing Director & CEO


Md. Kyser Hamid
Director

BANGLADESH FINANCE SECURITIES LIMITED

SCHEDULE OF PROPERTY AND EQUIPMENT

For the year ended 31 December 2022

Annexure- B

Figures in BDT

Particulars	Cost				Rate	Amortization				Written down value as at 31-Dec-2022
	Balance as on 1-Jan-2022	Addition during the year	Disposal/ adjustment during the year	Balance as on 31-Dec-2022		Balance as on 1-Jan-2022	Disposal/ adjustment during the year	Charged during the year	Balance as on 31-Dec-2022	
Software	600,000	-	-	600,000	50%	600,000	-	-	600,000	-
TWS installation	75,000	-	-	75,000	50%	75,000	-	-	75,000	-
Total	675,000	-	-	675,000			-	-	675,000	-

BANGLADESH FINANCE CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BANGLADESH FINANCE CAPITAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bangladesh Finance Capital Limited (the "Company") which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, the Companies Act 1994 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.

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

Those charged with governance are responsible for overseeing the Company's 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 financial statements.

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

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

quate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and other rules and regulations, we also report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. The statement of financial position and the statement of profit or loss and other comprehensive income together with the annexed notes from 1 to 39 dealt with by the report are in agreement with the books of account and returns; and
- iv. The expenditures incurred were for the purpose of the Company's business for the year.

Dhaka, 19 February 2023



SK Md Tarikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC: 2303071238AS559439

BANGLADESH FINANCE CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	31 December 2022 BDT	31 December 2021 BDT
Assets			
Non-Current Assets			
Property and Equipment-Net	5	4,578,857	4,967,418
Intangible Asset	6	1	1
Right-of-use Assets	7	4,393,681	-
Deferred tax assets	8	6,905,035	3,673,850
		15,877,574	8,641,269
Current Assets			
Investment in Marketable Securities	9	475,649,127	380,340,436
Short term investments		65,000,000	-
Margin Loans to Portfolio Clients	10	57,519,391	174,160,117
Accounts Receivable	11	865,960	40,854,639
Advances, Deposits and Prepayments	12	20,663,000	21,052,564
Advance Income Tax	13	36,029,664	34,904,153
Cash and Cash Equivalents	14	21,784,672	64,922,014
		677,511,814	716,233,922
Total Assets		693,389,388	724,875,190
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share Capital	15	268,750,000	268,750,000
Retained Earnings	16	138,427,470	96,006,990
		407,177,470	364,756,990
Non-Current Liabilities			
Lease liabilities - net of current portion	17	2,166,432	-
		2,166,432	-
Current Liabilities			
Short Term Loan	18	165,567,332	222,644,445
Accounts Payable	19	7,865,561	21,158,541
Liabilities for Expenses	20	6,851,808	41,078,583
Lease liabilities - current portion	17	2,294,617	-
Provision for Diminution in Value of Investments	21	36,000,000	18,000,000
Provision for Margin Loan	22	1,741,601	1,741,601
Provision for Income Tax	23	63,724,566	55,495,031
		284,045,486	360,118,200
Total Shareholders' Equity and Liabilities		693,389,388	724,875,190

These Financial Statements should be read in conjunction with the annexed notes 1 to 39.



Milton Kumar Roy
Company Secretary



Barun Prasad Paul
Managing Director & CEO



Md. Kyser Hamid
Director



SK Md Tarikul Islam, FCA
Partner

Dhaka, 19 February 2023

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC: 2303071238AS559439

BANGLADESH FINANCE CAPITAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	31 December 2022 BDT	31 December 2021 BDT
Operating Income			
Net interest income	24	3,955,341	9,714,661
Income from portfolio management services	25	811,864	571,948
Settlement and transaction fees	26	2,881,908	6,326,586
Documentation charges	27	143,000	90,500
Income from investment banking	28	20,000	1,175,000
Investment income	29	77,194,250	223,682,732
Other income	30	513,740	1,102,192
		85,520,103	242,663,620
Operating Expense			
Salary and allowances	31	12,240,605	10,147,441
Office rent, utilities, maintenance and services	32	1,089,870	1,264,526
Stationeries, printings, advertisements	33	355,627	96,200
Directors' fees and conveyance		176,000	149,600
Auditors' fees		86,250	172,500
Depreciation on property and equipment		3,918,034	2,986,316
Other expenses	34	2,234,887	1,146,691
		20,101,273	15,963,273
Profit Before Provision for Diminution in Value of Investments and Margin Loan		65,418,830	226,700,347
Provision for Diminution in Value of Investments		18,000,000	14,800,000
Provision for Margin Loan		-	1,741,601
Total Provision		18,000,000	16,541,601
Profit Before Income Tax		47,418,830	210,158,746
Provision for Income Tax			
Current tax expense		8,229,535	23,711,039
Deferred tax (income)/expense		(3,231,185)	(3,673,850)
		4,998,350	20,037,189
Profit After Tax		42,420,480	190,121,556
Other comprehensive income		-	-
Total Comprehensive Income		42,420,480	190,121,556
Earning Per Share (EPS)		1.58	7.07

These Financial Statements should be read in conjunction with the annexed notes 1 to 39.



Milton Kumar Roy
Company Secretary



Barun Prasad Paul
Managing Director & CEO



Md. Kyser Hamid
Director



SK Md Tarikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants
DVC: 2303071238AS559439

Dhaka, 19 February 2023

BANGLADESH FINANCE CAPITAL LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	31 December 2022 BDT	31 December 2021 BDT
A. Cash Flows from Operating Activities		
Net interest income	3,955,341	9,714,661
Income from investment in securities	77,194,250	223,682,732
Fees and commission received	3,713,772	8,073,534
Cash payments to employees	(12,240,605)	(10,147,441)
Received from other operating activities	656,740	865,893
Payments for other operating activities	(3,942,634)	(2,829,516)
Cash Generated from Operating Activities Before Changes in Operating Assets and Liabilities	69,336,864	229,359,864
Changes in Operating Assets and Liabilities		
Increase of marketable securities	(95,308,692)	(44,467,235)
Margin loans paid/(received) to/from customers	116,640,726	(149,707,252)
Decrease in other assets	39,252,732	5,586,444
(Increase) in short term investments	(65,000,000)	-
Increase/(decrease) in other liabilities	(47,519,754)	47,249,101
	(51,934,988)	(141,338,942)
Net Cash Flows from Operating Activities	17,401,876	88,020,921
B. Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	-	326,800
Purchase of property and equipment	(1,237,125)	(3,706,043)
Net Cash (used in)/Flows From Investing Activities	(1,237,125)	(3,379,243)
C. Cash Flows from Financing Activities		
Short term loan (paid)/received	(57,077,113)	115,138,165
Payment for lease liabilities	(2,224,980)	(2,419,755)
Dividend paid	-	(201,555,244)
Net Cash Flows from/(used in) Financing Activities	(59,302,093)	(88,836,834)
D. Net Cash Inflow/(Outflow) for the Period (A+B+C)	(43,137,342)	(4,195,156)
E. Cash and Cash Equivalents at the Beginning of the Period	64,922,014	69,117,169
F. Cash and Cash Equivalents at the End of the Period (D+E)	21,784,672	64,922,014

These Financial Statements should be read in conjunction with the annexed notes 1 to 39.



Milton Kumar Roy
Company Secretary



Barun Prasad Paul
Managing Director & CEO



Md. Kyser Hamid
Director

BANGLADESH FINANCE CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(Amount in BDT)

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as on 01 January 2022	268,750,000	96,006,990	364,756,990
Net profit for the year	-	42,420,480	42,420,480
Balance as on 31 December 2022	268,750,000	138,427,470	407,177,470

Balance as on 01 January 2021	268,750,000	107,447,934	376,197,934
Interim cash dividend	-	(201,562,500)	(201,562,500)
Net profit for the year	-	190,121,556	190,121,556
Balance as on 31 December 2021	268,750,000	96,006,990	364,756,990

These Financial Statements should be read in conjunction with the annexed notes 1 to 39.



Milton Kumar Roy
Company Secretary



Barun Prasad Paul
Managing Director & CEO



Md. Kyser Hamid
Director

BANGLADESH FINANCE CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

1 Company and Its Activities

1.1 Domicile, Legal form and Country of Incorporation

Bangladesh Finance Capital Limited (the "Company") is a public limited company which was formally known as BD Finance Capital Holding Limited incorporated on 10 August 2011 vide Registration No. C-94802/11 under the Companies Act, 1994 having its registered office at 64, Motijheel C/A, Dhaka-1000, Bangladesh. It is a wholly owned subsidiary of Bangladesh Finance Limited since inception. The Company received Merchant Banking License (license no. MB-76/2012) from Bangladesh Securities and Exchange Commission (BSEC) on 26 February, 2012 and commenced its operation on August 2013.

1.2 Principal Activities and Nature of Operation

Bangladesh Finance Capital Limited provides high standard of professional and personalized services to its local and Non Resident Bangladeshi (NRB) clients. The Company's principal activity includes the following:

- i. Investment banking (issue management, underwriting of shares, and corporate advisory);
- ii. Discretionary portfolio management;
- iii. Non-discretionary portfolio management; and
- iv. Own portfolio management, etc.

2 Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements of the Company includes the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other laws and regulations applicable in Bangladesh.

2.2 Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed ongoing basis. Revision of accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

Note: 5	Property and equipment;
Note: 11	Accounts receivable;
Note: 19	Accounts payable;
Note: 20	Liabilities for expenses; and
Note: 23	Provision for income tax.

2.3 Comparative Information

As guided in paragraph 36 and 38 of International Accounting Standard (IAS)-1, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year financial statements.

2.4 Other Regulatory Compliance

As required, the Company also complies with the applicable provisions of the following major laws/ statutes:

- The Income Tax Ordinance, 1984;
- The Income Tax Rules, 1984;
- Negotiable Instrument Act, 1881;
- Securities and Exchange Rules, 1987;
- Securities and Exchange Commission Act, 1993;
- Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996; and Other applicable laws and regulations.

2.5 Basis of Measurement

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standard (IFRSs).

2.6 Components of Financial Statements

- Statement of Financial Position;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Notes to the Financial Statements.

2.7 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.8 Reporting Period

The reporting period of these financial statements covers from 1 January 2022 to 31 December 2022.

2.9 Functional and Presentation Currency

The financial statements are presented in Bangladeshi Taka (BDT) currency, which is the functional currency of the Company. All financial information presented in Taka has been rounded off to nearest BDT except as stated otherwise.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and Equipment (PE)

(i) Recognition and Measurement of PE

Property and equipment are stated at cost less accumulated depreciation. The cost of the property, and equipment includes purchase price/construction cost and other directly attributable costs of bringing the property and equipment to working conditions for their intended use.

(ii) Subsequent Expenditure

Subsequent to initial recognition, cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged in statement of profit or loss as they are incurred.

(iii) Depreciation

Depreciation on property and equipment is charged using straight-line method over their estimated useful lives. Depreciation rates are as follows:

<u>Nature of Assets</u>	<u>Rate of Depreciation</u>
Furniture and fixture	20%
Office equipment	25%
Motors vehicles	20%
Right of use assets	Lease term

Depreciation on all items of property and equipment is calculated and charged from the date of available for use and continues until the asset is derecognized. Depreciations methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Retirement and Disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposals. Gains and losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as gain or loss from disposal of asset in profit or loss.

3.2 Intangible Assets

(i) Recognition and Measurement

An intangible asset will only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the intangible asset can be measured reliably in accordance with IAS 38: *Intangible Assets*. Intangible asset comprises computer software which has been acquired by the Company having finite useful lives and is measured at cost less accumulated amortization and impairment loss, if any.

(ii) Subsequent Expenditure

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

(iii) Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management's best estimates; i.e., 4 years (25%).

(iv) Retirement and Disposals

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognized in profit or loss.

3.3 Impairment

The carrying value of the Company's assets other than inventories, are reviewed at closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

3.4 Leases

Leases are recognized as right-of-use assets and corresponding liabilities at the inception of a contract and measured in accordance with IFRS 16. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost.

Payments associated with all short-term leases (with a lease term of 12 months or less) and certain leases of all low-value assets are recognized on a straight-line basis as an expense in profit or loss.

3.5 Investment in Shares

Investments in marketable securities are reported at cost. Adequate provision is made for excess of cost over market value.

3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash at bank which are held as well as available for use for the Company without any restriction.

3.7 Accrued Expenses and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

3.8 Income Tax

3.8.1 Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, in accordance with provisions of Income Tax Ordinance, 1984. It is measured using tax rates enacted or substantively enacted at the reporting date. Applicable tax rate for the Company for the year 2022 will be declared by Finance Act 2022. For the purpose of these financial statements, management has assumed that the existing tax rates will be applicable for Income year 2022 as well, which are mentioned below:

<u>Regular Business Tax Rate</u>	<u>Rates</u>
Merchant Bank	37.50%
<u>Other Business Tax Rate:</u>	<u>Rates</u>
Dividend income	20.00%
Capital gain on sale of fixed assets	15.00%
Capital gain on sale of marketable securities	10.00%

The Company's existing accounting policy for uncertain income tax treatments is consistent with the requirements of IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. We already accounted for uncertainty of taxes and further disclosure is not required.

3.8.2 Deferred Tax

Pursuant to International Accounting Standard (IAS) 12: Income Taxes, deferred tax is provided for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Adequate provision has been made in calculating temporary timing differences.

The Company's existing accounting policy for uncertain income tax treatments is consistent with the requirements of IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. We already accounted for uncertainty of taxes and further disclosure is not required.

3.9 Retirement Benefits (Gratuity)

The Company operates non-funded gratuity scheme, provision in respect of which is made annually covering all permanent eligible employees. Gratuity fund benefit is given to the staff of Bangladesh Finance Capital Limited in accordance with the Company's service rules. The gratuity provision is calculated on the basis of eligibility and as per IAS-19 "Employee Benefits" and payable as per the modalities of the rules. Gratuity so calculated is transferred to the Gratuity fund and charged to expenses of the Company.

3.10 Revenue from Contracts with Customers

Revenue is only recognized when it meets the following five steps model framework as per IFRS 15: "Revenue from Contracts with Customers"

- identify the contract (s) with a customers;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) the entity satisfies a performance obligation.

(i) Interest Income

Interest income is recognized on the loan balance of portfolio clients on monthly accrual basis and charged to clients' balance on quarterly basis.

(ii) Portfolio Management Fees

Portfolio management fees are recognized on the market value of the clients' portfolio on monthly accrual basis and charged to clients' balance on quarterly basis.

(iii) Issue Management and Corporate Advisory

Issue management and corporate advisory fees are recognized according to the stages of completion of services as agreed and defined in Issue management and corporate advisory agreement between company and client.

(iv) Dividend Income and Profit or Loss on Sale of Securities

Dividend is accounted for as income when right to receive is established whereas profit or loss arising from the sale of securities is accounted for only when the securities are sold/offloaded.

3.11 Provision

A provision is recognized in the accounts when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

3.12 Events after the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting event are disclosed in the notes when material.

3.13 Contingent Liabilities and Assets

The Company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

3.14 General

- (i) Figures appearing in these financial statements have been rounded off to the nearest Taka; and
- (ii) Previous years figures have been rearranged, where necessary, to conform to current year's presentation.

3.15 Application of International Financial Reporting Standards (IFRSs):

The Financial Statements have been prepared in compliance with requirement of IFRSs as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. Bangladesh Finance Capital Limited applied following IASs and IFRSs:

Name of the IAS	No.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property and Equipment	16	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied

Name of the IFRS	No	Status
Leases	16	Applied
Revenue from Contracts with Customers	15	Applied

4 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Market risk
- (iii) Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework.

4.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers and investment securities. These loans and advances are fully backed by the securities held by the customer.

With respect to credit risk arising from the other financial assets of the Company, the maximum exposure is equal to the carrying amounts of the financial assets.

4.2 Market Risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. Market risk is the risk of losses due to failure of entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For such transactions the Company only allows the purchase of tradable securities if the customer has adequate cash/purchase power beforehand.

4.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they falls due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

	31 December 2022 BDT	31 December 2021 BDT
5 Property and Equipment-Net		
A. Cost		
Opening Balance	20,567,528	19,406,655
Add: Addition during the year	1,237,125	3,706,043
	21,804,653	23,112,698
Less: Disposal during the year	-	2,545,170
	21,804,653	20,567,528
B. Accumulated Depreciation		
Opening balance	15,600,110	17,162,197
Add: Charged during the year	1,625,686	983,082
	17,225,796	18,145,279
Less: Disposal during the year	-	2,545,169
	17,225,796	15,600,110
Written Down Value (A-B)	4,578,857	4,967,418
<i>A schedule of property, plant and equipment is given in Annexure-A.</i>		
6 Intangible Asset		
A. Cost		
Opening balance	2,280,000	2,280,000
Add: Addition during the year	-	-
	2,280,000	2,280,000
B. Accumulated Amortization		
Opening balance	2,279,999	2,279,999
Add: Charged during the year	-	-
	2,279,999	2,279,999
Written Down Value (A-B)	1	1
<i>A schedule of intangible assets are given in Annexure-A.</i>		
7 Right-of-use Assets		
A. Cost		
Opening balance	4,878,579	4,878,579
Add: Addition during the year	6,686,029	-
	11,564,608	4,878,579
Less: Disposal during the year	4,878,579	-
	6,686,029	4,878,579
B. Accumulated Depreciation		
Opening balance	4,878,579	2,545,345
Add: Charged during the year	2,292,348	2,333,234
	7,170,927	4,878,579
Less: Disposal during the year	4,878,579	-
	2,292,348	4,878,579
Written Down Value (A-B)	4,393,681	-

A schedule of right-of-use assets is given in Annexure-A.

8 Deferred Tax Assets / (Liabilities)

Item wise deferred tax assets as on 31.12.2022

Particulars of assets and liabilities	As per carrying value	As per tax base	Temporary taxable/(deductible) Difference	Tax rate	Deferred tax (assets) / liabilities
Furniture and fixture	1,769,061	4,983,344	(3,214,283)	37.5%	(1,205,356)
Office equipment	337,161	2,001,072	(1,663,911)	37.5%	(623,966)
Motor vehicle	1,747,463	1,912,779	(165,316)	37.5%	(61,993)
System and software	1	5,000	(4,999)	37.5%	(1,875)
Lease liabilities	(67,368)	-	(67,368)	37.5%	(25,263)
Provision for diminution in value of investments	(36,000,000)	-	(36,000,000)	10.0%	(3,600,000)
Provision for Margin Loan	(1,741,601)	-	(1,741,601)	37.5%	(653,100)
Provision for gratuity	(1,955,949)	-	(1,955,949)	37.5%	(733,481)
Total	(35,911,232)	8,902,194	(44,813,426)		(6,905,035)

	31 December 2022 BDT	31 December 2021 BDT
Deferred tax assets / (liabilities)		
Opening balance	3,673,850	-
Add: Addition during the year	3,231,185	3,674,421
	6,905,035	3,674,421
Less: Adjustment made during the year	-	(571)
Closing balance	6,905,035	3,673,850
9 Investment in Marketable Securities		
Investment in marketable securities (Note: 9.1)	405,323,896	310,015,204
Mutual Fund (Note: 9.2)	70,325,231	70,325,231
	475,649,127	380,340,436

9.1 Investment in Marketable Securities

Sector-wise details of marketable securities holding position as of 31 December 2022 is given below:

Name of industry	Cost price	Market price as on 31.12.2022	Unrealized Gain/ (Loss) as on 31.12.2022
Bank	10,125,666	6,037,500	(4,088,166)
Engineering	308,815,454	267,581,296	(41,234,159)
Insurance	87,980	247,224	159,244
Pharmaceuticals and chemicals	36,081,830	28,423,500	(7,658,330)
Textile	4,852	4,263	(589)
Miscellaneous	50,208,114	40,448,440	(9,759,674)
	405,323,896	342,742,223	(62,581,673)

Phased manner provision has been maintained for Unrealized Loss of Tk.62,581,673 and disclosed in note number 21.

9.2 Investment in Marketable Mutual Fund

Marketable mutual fund holding position as of 31 December 2022 is given below:

Name of industry	Cost price	Market price as on 31.12.2022	NAV based on Market price as on 31.12.2022	85% NAV based on Market price as on 31.12.2022
Mutual funds	70,325,231	47,593,248	73,280,563	62,288,478

As per the Directive of BSEC Ref: BSEC/CMRRCD/2009-193/212 dated on 10/12/2018, If the cost price of mutual fund is reduced by 85% of the Net Assets Value (NAV-market price), then the provision shall be kept as much as the value has decreased. The shortfall of 85% of NAV based on market price against cost price is TK. 8,036,753. Phased manner provision has been maintained against this and disclosed in note no. 21.

		31 December 2022 BDT	31 December 2021 BDT			
10	Margin Loans to Portfolio Clients					
	Opening balance	174,160,117	24,452,864			
	Add: Loan disbursed during the year	523,075,499	687,415,392			
		697,235,616	711,868,257			
	Less: Loan reimbursed during the year	639,716,225	537,708,140			
		57,519,391	174,160,117			
11	Accounts Receivable					
	Receivable from brokers	474,155	40,854,639			
	Receivable on TDR Interest	391,805	-			
		865,960	40,854,639			
12	Advances, Deposits and Prepayments					
	(a) Advances					
	Advance for expense	460,000	68,000			
	Advance to Pre IPO Placement Shares	20,000,000	20,000,000			
	Advance to IPO Application in Own Portfolio	-	683,920			
		20,460,000	20,751,920			
	(b) Deposits					
	Security deposit - CDBL	200,000	200,000			
	Security deposit - BTCL	3,000	3,000			
		203,000	203,000			
	(c) Prepayments					
	Prepaid Insurance	-	97,644			
		-	97,644			
	Total advances, deposits and prepayments	20,663,000	21,052,564			
13	Advance Income Tax					
	Opening balance	34,904,153	27,190,824			
	Add: Addition during the year	1,125,511	7,713,329			
			34,904,153			
	Less: Adjustment made during the year	-	-			
		36,029,664	34,904,153			
14	Cash and Cash Equivalents					
	Cash in hand	13,325	6,762			
	Cash at bank (Note: 14.1)	21,771,347	64,915,252			
		21,784,672	64,922,014			
14.1	Cash at Bank					
	Name of the bank	Branch	A/C No	Type		
	The City Bank Ltd.	Foreign Ex.	3101317295001	SND	-	180
	Jamuna Bank Ltd.	Foreign Ex.	018-0210011324	CD	129,029	191,471
	One Bank Limited	Principal	0013000000693	SND	10,479,503	22,839,146
	One Bank Limited	Principal	0013000000823	SND	7,929,760	41,865,685
	One Bank Limited	Principal	0013000001043	SND	17,958	18,770
	Rupali Bank Limited	Motijheel Corp.	0034020008558	CD	2,685	-
	The City Bank Ltd.	Gulshan Ave.	3101317295002	SND	3,187,403	-
	One Bank Limited	Principal	0013000002443	SND	25,009	-
					21,771,347	64,915,252

	31 December 2022 BDT	31 December 2021 BDT
15 Share Capital		
Authorized Capital		
200,000,000 ordinary shares of BDT 10 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital	268,750,000	268,750,000

The issued, subscribed and paid-up capital of BDT 268,750,000 is divided into 26,875,000 ordinary shares of BDT 10 each. Details are as follows:

Name of Shareholders	31 December 2022			31 December 2021
	% of total shareholding	Number of Share	Amount	
Bangladesh Finance Limited	99.972	26,867,475	268,674,750	268,674,750
Mr. Manwar Hossain	0.004	1,075	10,750	10,750
Mr. Hossain Khaled	0.004	1,075	10,750	10,750
Mr. Hossain Mehmud	0.004	1,075	10,750	10,750
Mr. Md. Rafiqul Islam Khan	0.004	1,075	10,750	10,750
Mrs. Rokeya Anowara Begum	0.004	1,075	10,750	10,750
Mrs. Rashida Youshuf	0.004	1,075	10,750	10,750
Mr. M. Maniruzzaman Khandaker	0.004	1,075	10,750	10,750
Total	100.00	26,875,000	268,750,000	268,750,000

16 Retained Earnings		
Opening balance	96,006,990	107,447,934
Dividend paid	-	(201,562,500)
Net profit for the year	42,420,480	190,121,556
	138,427,470	96,006,990

17 Lease Liabilities		
Opening balance	-	2,419,755
Add: Addition during the year	6,686,029	-
	6,686,029	2,419,755
Less: Adjustment during the year	2,224,980	2,419,755
	4,461,049	-
Long term of lease liabilities	(2,166,432)	-
Current portion of lease liabilities	2,294,617	-

18 Short Term Loan		
Bangladesh Finance Limited (Note: 18.1)	-	109,383,676
CVC Finance Limited	47,500,000	47,500,000
Rupali Bank Limited	88,067,332	-
Investment Corporation of Bangladesh	30,000,000	-
Margin Loan (Note: 18.2)	-	65,760,769
	165,567,332	222,644,445

18.1 Borrowing from Bangladesh Finance Limited		
Opening balance	109,383,676	107,506,280
Add: Loan received during the year	605,089,018	1,065,198,385
	714,472,693	1,172,704,666
Less: Loan paid during the year	714,472,693	1,063,320,990
	-	109,383,676

18.2 Margin Loan		
Shanta Securities Limited	-	36,315,355
IDLC Investments Limited	-	29,445,414
	-	65,760,769

	31 December 2022 BDT	31 December 2021 BDT
19 Accounts Payable		
Clients' payable	6,738,860	20,233,949
Broker payables	1,126,701	924,592
	7,865,561	21,158,541
20 Liabilities for Expenses		
CDBL charges	6,535	35,583
Interest payable agt. short term loan	1,500,416	159,653
Audit fees payable	86,250	172,500
Gratuity payable	1,955,949	1,143,920
PF payable	701,357	-
Others payable	2,601,301	1,421,921
Withholding tax payable	-	38,145,006
	6,851,808	41,078,583
21 Provision for Diminution in Value of Investments		
Opening balance	18,000,000	3,200,000
Add: Charged during the year	18,000,000	14,800,000
	36,000,000	18,000,000
Less: Released during the year	-	-
	36,000,000	18,000,000

As per Directive of BSEC Ref: BSEC/CMRRCD/2009-193/196 dated on 28/12/2016 & Ref: BSEC/CMRRCD/2009-193/203 dated on 28/12/2017 and subsequently BSEC press release Ref: BSEC/Surveillance/Mukopatro (5th Part)/2019/196 dated on 16/07/2020, Merchant Bank may provide required provision against unrealized loss on portfolio investment in phased manner up to December 31, 2023.

In line with the above Directive, Management has decided to keep provision on phased manner basis. As of 31 December 2022, total provision has been made of Tk.36,000,000.

22 Provision for Margin Loan		
Opening balance	1,741,601	-
Add: Charged during the year	-	1,741,601
	1,741,601	1,741,601
Less: Released during the year	-	-
	1,741,601	1,741,601

Provision for margin loan is being kept at 1% as per Rules 36 of Merchant Banker and Portfolio Manager Rules, 1996 of Bangladesh Securities and Exchange Commission. As of 31 December 2022, total Provision made Tk.17,41,601 as against requirement of Tk.5,75,194 and provision surplus stands at Tk.11,66,407.

23 Provision for Income Tax		
Opening balance	55,495,031	31,783,991
Add: Charged during the year	8,229,535	23,711,039
	63,724,566	55,495,031

		31 December 2022 BDT	31 December 2021 BDT
24	Net interest income		
	Income from margin loan	15,744,218	10,834,017
		15,744,218	10,834,017
	Less: Interest expenses on borrowing (Note: 24.1)	11,788,877	1,119,356
		3,955,341	9,714,661
24.1	Interest expenses on borrowing		
	Bangladesh Finance Limited	2,342,794	849,458
	CVC Finance Limited	5,239,513	159,653
	Rupali Bank Limited	4,011,550	-
	Investment Corporation of Bangladesh	20,000	-
	Interest expenses on lease liability	175,020	110,245
		11,788,877	1,119,356
25	Income from portfolio management services		
	Management fees	811,864	571,948
		811,864	571,948
26	Settlement and transaction fees		
	Settlement and transaction fees	3,442,699	7,355,467
		3,442,699	7,355,467
	Less: CDBL expenses	560,791	1,028,881
		2,881,908	6,326,586
27	Documentation charges		
	Account opening fees	143,000	90,500
		143,000	90,500
28	Income from investment banking		
	Issue management	-	1,175,000
	Underwriting	20,000	-
		20,000	1,175,000
29	Investment income		
	Capital gain on investments (Note: 29.1)	72,093,147	210,205,078
	Dividend income from marketable securities	5,101,104	13,477,654
		77,194,250	223,682,732
29.1	Capital gain on investments		
	Sale price	1,505,514,897	1,921,037,318
	Less: Cost of investment	1,433,421,750	1,710,832,240
		72,093,147	210,205,078
30	Other income		
	Interest income on SND accounts	92,130	664,878
	Interest income on TDR account	391,805	-
	Gain on disposal of fixed asset	-	326,799
	Annual BO maintenance fee	25,850	105,650
	Other charges	3,955	4,865
		513,740	1,102,192

		31 December 2022 BDT	31 December 2021 BDT
31	Salary and allowances		
	Salary and allowances	12,240,605	10,147,441
		12,240,605	10,147,441
32	Office rent, utilities, maintenance and services		
	Office maintenance	98,875	163,903
	Office rent and utilities	726,476	881,130
	Telephone and telex	75,689	91,645
	IT maintenance	188,830	127,848
		1,089,870	1,264,526
33	Stationeries, printings, advertisements		
	Printing and stationery	302,727	88,437
	Advertisement and publicity	52,900	7,763
		355,627	96,200
34	Other expenses		
	Motor vehicle expenses	496,129	213,167
	Travel and conveyance	89,300	45,855
	Entertainment	313,863	162,570
	Software maintenance fees	240,000	240,000
	Repair and maintenance	30,100	15,450
	Postage and courier	2,702	-
	Renewal and registration	457,161	255,746
	Legal and professional fees	388,920	97,000
	Bank charges and excise duty	216,712	116,903
		2,234,887	1,146,691

35 Related party transaction

Name of the related party	Relationship	Nature of transaction	Balance as on 01 January 2022	Addition	Adjustment	Balance as on 31 December 2022
Bangladesh Finance Limited	Parent company	Loan	109,383,676	605,089,018	714,472,693	-
Bangladesh Finance Limited	Parent company	TDR	-	65,000,000	-	65,000,000
Bangladesh Finance Securities Limited	Subsidiary to Parent company	Receivable for Share Sell	40,853,026	2,294,376,746	2,334,778,500	451,272
		Payable for Share purchase	17,697	1,253,667,761	1,253,544,714	140,744

36 Number of employees

The number of employees for the period 2022 who received a total remuneration of Tk 36,000 or above is 11 whereas it was also 11 for in the same period of 2021.

37 Subsequent events

There is no material event after the balance sheet date, till the date of authorizing this financial statements, which require adjustment or discloser in this financial statements.

38 Commitments and contingencies

i) Outstanding letter of credits	-	-
ii) Capital expenditure commitments	-	-
iii) Claims against the Company not acknowledged as debts	-	-
iv) Claims by the Company not acknowledged as receivable	-	-

39 The Board of Directors has authorized these financial statements for issue on 19 February 2023.



Milton Kumar Roy
Company Secretary



Barun Prasad Paul
Managing Director & CEO



Md. Kyser Hamid
Director

BANGLADESH FINANCE CAPITAL LIMITED

SCHEDULE OF PROPERTY AND EQUIPMENT

As at 31 December 20212

Annexure-A

Tangible asset

Particulars	Cost				Rate %	Depreciation			Written Down Value as at 31 December 2022
	Balance as at 01 January 2022	Addition during the year	Disposal / adjustment during the year	Balance as at 31 December 2022		Balance as at 01 January 2022	Charged during the year	Transfer/ adjustment during the year	Balance as at 31 December 2022
Furniture and fixture	8,655,925	1,237,125	-	9,893,050	20%	7,550,815	573,174	-	8,123,989
Office equipment	6,356,046	-	-	6,356,046	25%	5,611,407	407,478	-	6,018,885
Motor vehicle	5,555,557	-	-	5,555,557	20%	2,437,888	645,034	-	3,082,922
Balance as at 31 December 2022	20,567,528	1,237,125	-	21,804,653		15,600,110	1,625,686	-	17,225,796
Balance as at 31 December 2021	19,406,655	3,706,043	2,545,170	20,567,528		17,162,197	983,082	2,545,169	15,600,110

Intangible asset

Particulars	Cost				Rate %	Depreciation			Written Down Value as at 31 December 2022
	Balance as at 01 January 2022	Addition during the year	Disposal / adjustment during the year	Balance as at 31 December 2022		Balance as at 01 January 2022	Charged during the year	Transfer/ adjustment during the year	Balance as at 31 December 2022
System and software	2,280,000	-	-	2,280,000	25%	2,279,999	-	-	2,279,999
Balance as at 31 December 2022	2,280,000	-	-	2,280,000		2,279,999	-	-	2,279,999
Balance as at 31 December 2021	2,280,000	-	-	2,280,000		2,279,999	-	-	2,279,999

Right-of-use assets

Particulars	Cost				Rate %	Depreciation			Written Down Value as at 31 December 2022
	Balance as at 01 January 2022	Addition during the year	Disposal / adjustment during the year	Balance as at 31 December 2022		Balance as at 01 January 2022	Charged during the year	Transfer/ adjustment during the year	Balance as at 31 December 2022
Office space	4,878,579	6,686,029	4,878,579	6,686,029		4,878,579	2,292,348	4,878,579	2,292,348
Balance as at 31 December 2022	4,878,579	6,686,029	4,878,579	6,686,029		4,878,579	2,292,348	4,878,579	2,292,348
Balance as at 31 December 2021	4,878,579	-	-	4,878,579		2,545,345	2,333,234	-	4,878,579

আত্মনির্ভরশীল অবসর জীবন আনন্দে পরিপূর্ণ প্রতিটি ক্ষণ

-  মেয়াদান্তে এনক্যাশমেন্টের সুযোগ
-  সঞ্চয়ে আজীবন পেনশন সুবিধা
-  সহজ শর্তে লোনের সুবিধা
-  ইনস্যুরেন্স সুবিধা



24th Annual General Meeting

PROXY FORM

Revenue
Stamp of
Tk.20/-

I/We
Of being a member of
Bangladesh Finance Limited, hereby appoint Mr./Ms.
.....of.....
..... as my/our proxy to attend and vote for me/us and
on my/our behalf at the 24th Annual General Meeting of the Company to be held on **Sunday, 30 April 2023 at 11.00 A.M.**
through digital platform or at any adjournment thereof.

Signed this Day of 2023.

Signature of proxy

.....
Signature of Shareholder

BO ID:

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No. of Shares

Note:

- 1) This form of proxy, duly completed and signed shall be sent at least 48 hours before the meeting at the Company's registered office. Proxy is invalid if not signed and stamped as explained above.
- 2) Signature of the Shareholder must be in accordance with Specimen Signature recorded with the Company.

এখনই সময়



Bangladesh Finance Limited

Baitul Hossain Building (2nd Floor)

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