

ANNUAL REPORT 2013



bd **finance**
Inspiring Wealth

ANNUAL
REPORT
2013





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PROFIT

INCOME

BANKING

BUSINESS

LETTER OF TRANSMITTAL

Shareholders,
Bangladesh Bank,
Registrar of Joint Stock Companies & Firms,
Securities and Exchange Commission,
Dhaka Stock Exchange Limited, and
Chittagong Stock Exchange Limited.

Annual Report For The Year Ended December 31, 2013.

Dear Sir/Madam:

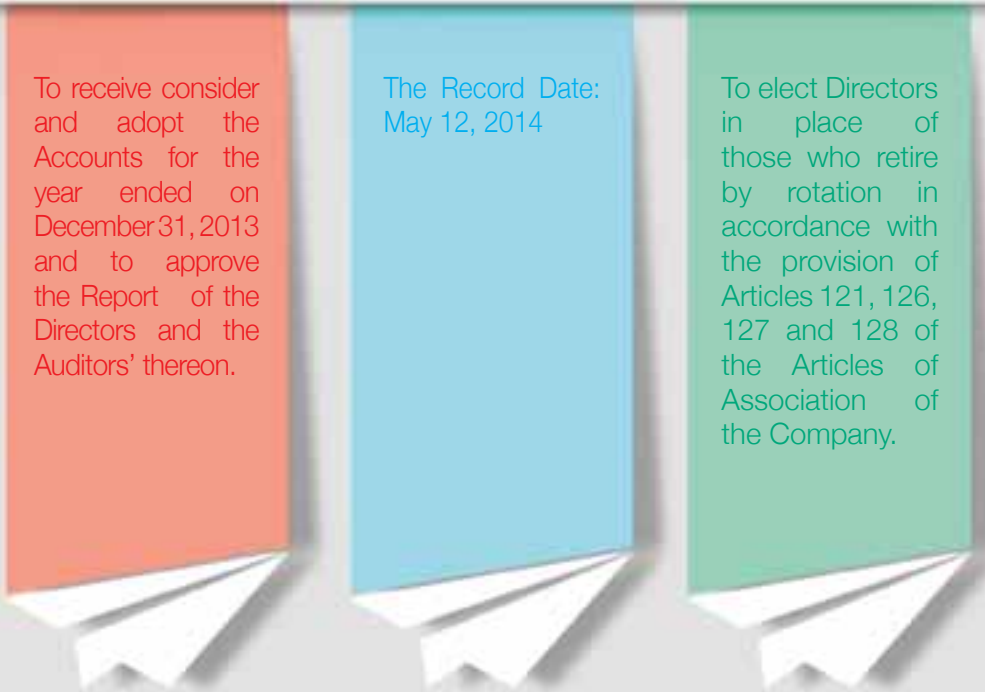
Enclosed herewith, please find, a copy of the Annual Report together with the audited financial statements including consolidated and separate balance sheet as at December 31, 2013 and income statements, cash flow statements and changes in equity statements for the year ended December 31, 2013 along with notes thereon of Bangladesh Finance And Investment Company Ltd. (BD Finance) and its subsidiaries (BD Finance Securities Limited & BD Capital Holdings Limited) for your kind information and record.

Thanking you,

Yours sincerely,



Anindya Sarkar ACS
Company Secretary



To receive consider and adopt the Accounts for the year ended on December 31, 2013 and to approve the Report of the Directors and the Auditors' thereon.

The Record Date:
May 12, 2014

To elect Directors in place of those who retire by rotation in accordance with the provision of Articles 121, 126, 127 and 128 of the Articles of Association of the Company.

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Bangladesh Finance And Investment Company Limited that the 15th Annual General Meeting (AGM) will be held on Wednesday, June 18, 2014, at 10.30 AM at Institution of Diploma Engineers, 160/A VIP Road, Kakrail, Dhaka to transact the following businesses:

1. To receive consider and adopt the Accounts for the year ended on December 31, 2013 and to approve the Report of the Directors and the Auditors' thereon.
2. To declare Dividend out of the profits for the year ended on December 31, 2013 as recommended by the Board of Directors.
3. To elect Directors in place of those who retire by rotation in accordance with the provision of Articles 121, 126, 127 and 128 of the Articles of Association of the Company.
4. To appoint Auditors for the year 2014 and to fix-up their remuneration.
5. To approve the appointment of Independent Director.

By order of the Board



Anindya Sarkar ACS
Company Secretary

Dated, Dhaka
June 02, 2014

NOTES:

- a) The Record Date: May 12, 2014
- b) The shareholders' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to attend the AGM and receive the dividend.
- c) Any member of the Company eligible to attend and vote at the general meeting may appoint a proxy to attend and vote on his/her behalf.
- d) The proxy form duly filled in and signed by the Member and stamped must be submitted at the Registered Office of the Company at least 48 hours before the meeting.
- e) Members are requested to notify the changes of address, if any, well in time. For BO A/c holders, the same to be rectified through their respective Depository Participants.



VISION

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



MISSION

Quality growth through a committed team of professionals towards excellence of knowledge, process, system & structure.



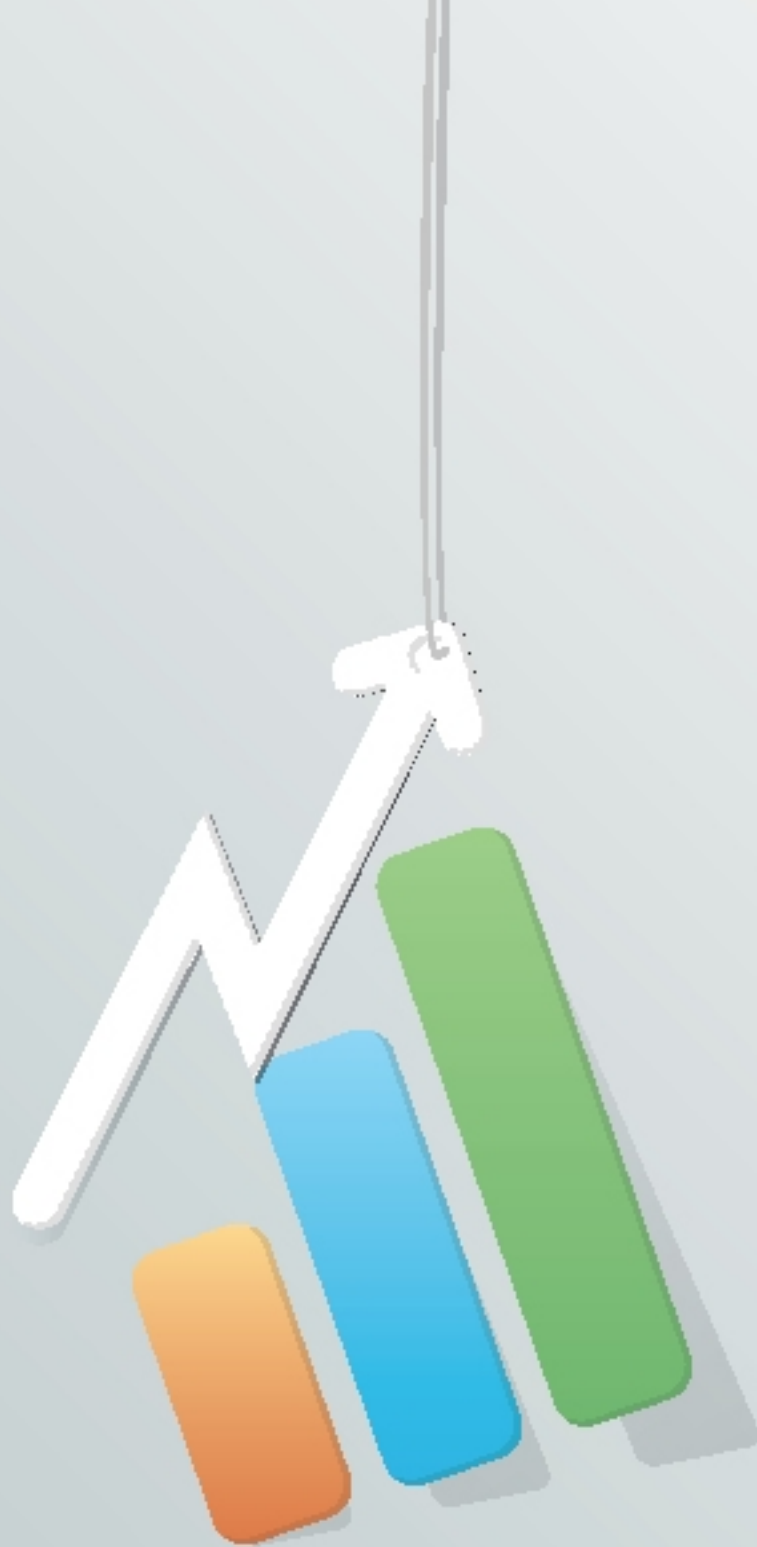
STRATEGIC OBJECTIVE

- Grow & diversify products range
- Optimize stakeholders' value
- Diversify funding sources
- Consolidate investment banking
- Optimize distribution point
- Developing & maintaining long term relationship with clients
- Responding quickly to utilize opportunities



CORE VALUES

- Integrity
- Customer focus
- Trust & respect
- Equal opportunity
- Transparency
- Teamwork
- Diversity
- Relationship forever
- Professional excellence



CODE OF CONDUCT AND ETHICS

Our Code of Conduct is guided by our Ethical Principle which is also the reflection of our Corporate Values. In principle BD Finance follows the following key themes:

- ┌ We honor our Code;
- ┌ We act with integrity, dignity & ethical manner;
- ┌ We encourage others to perform professional obligations;
- ┌ We are fair and honest to our communications;
- ┌ We deliver services according to BD Finance policies & professional standards;
- ┌ We disclose all relevant information;
- ┌ We respect laws and regulations;
- ┌ We value our communities;
- ┌ We emphasis to optimize Stakeholder's value;

BD FINANCE AT A GLANCE

Bangladesh Finance And Investment Company Limited (BD Finance) started its journey in 1999 with the prime objective of developing productive enterprises of the country through the provision of lease financing and subsequently diversified in other allied financial services. The Company obtained permission from Bangladesh Bank to operate as financial institution under the Financial institutions Act 1993 on December 22, 1999 and listed in Dhaka Stock Exchange on September 06, 2007 and Chittagong Stock Exchange on August 28, 2007. The shareholding structure of BD Finance consists of reputed corporate houses, leading industrialists & general public. Over a decade, BD Finance emerged as a leading financial Institution of the country with a wide range of financial products to offer to its clients. BD Finance continues to evolve as an innovative financial solution provider & now able to offer financial products tailored to the needs of its customers.

BD Finance looks forward to greater participation for economic development of Bangladesh introducing all financial products under one roof to meet the customer's economic needs.

Subsidiaries:

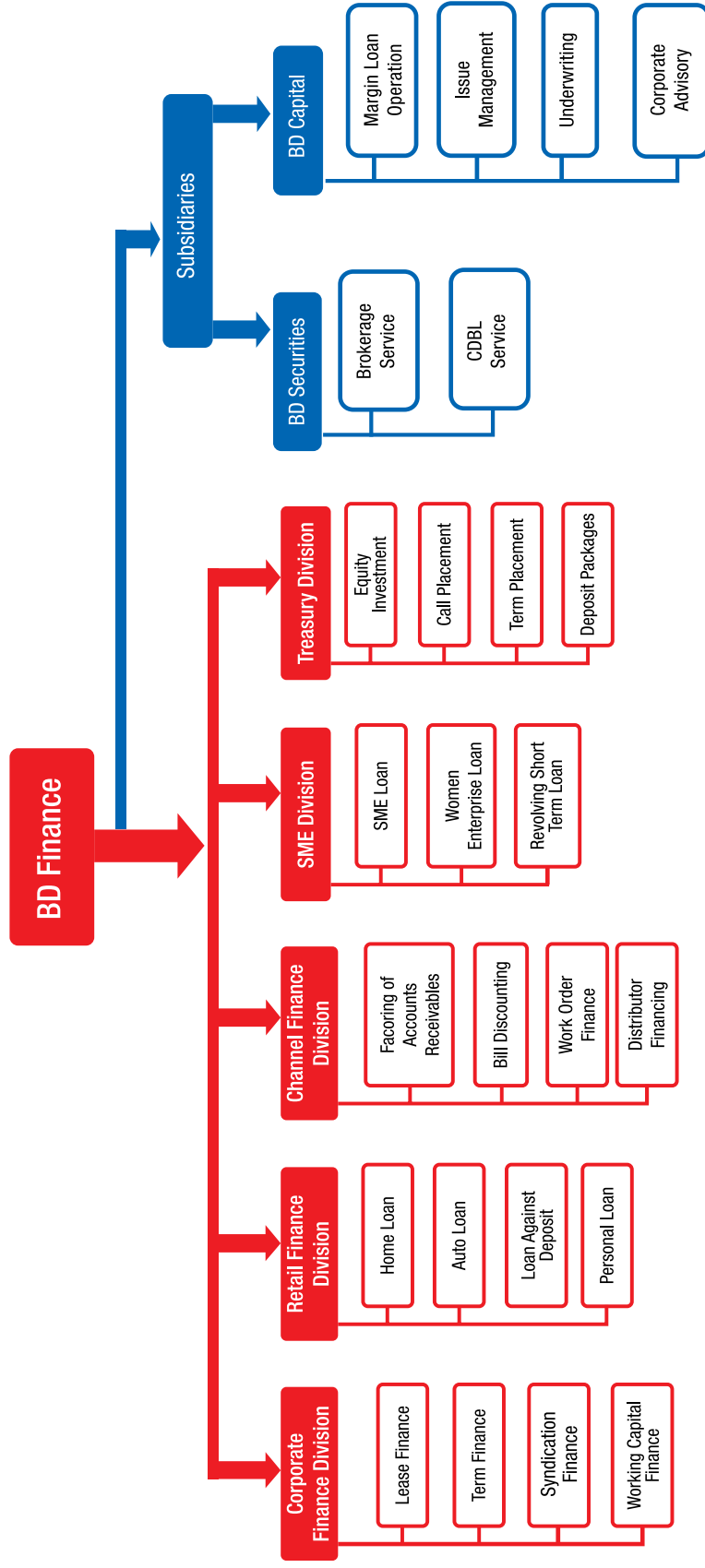
First Subsidiary: BD Finance Securities Limited (BD Securities)

BD Securities, first subsidiary of BD Finance, offers full-fledged international standard brokerage service for retail and institutional clients. It has seats on Dhaka Stock Exchange Limited. It commenced operation in November, 2011. Within a short span of time, BD Securities has emerged as a strong market player in the sector.

Second Subsidiary: BD Finance Capital Holdings Limited (BD Capital)

BD Capital, a 100% subsidiary of BD Finance obtained license from SEC on February 26, 2012 as full-fledged Merchant Banker. The main businesses of the Company are portfolio management, issue management, underwriting of securities and advisory services. The Company is on the verge of commencing operation.

BD FINANCE'S PRODUCTS AND SERVICES





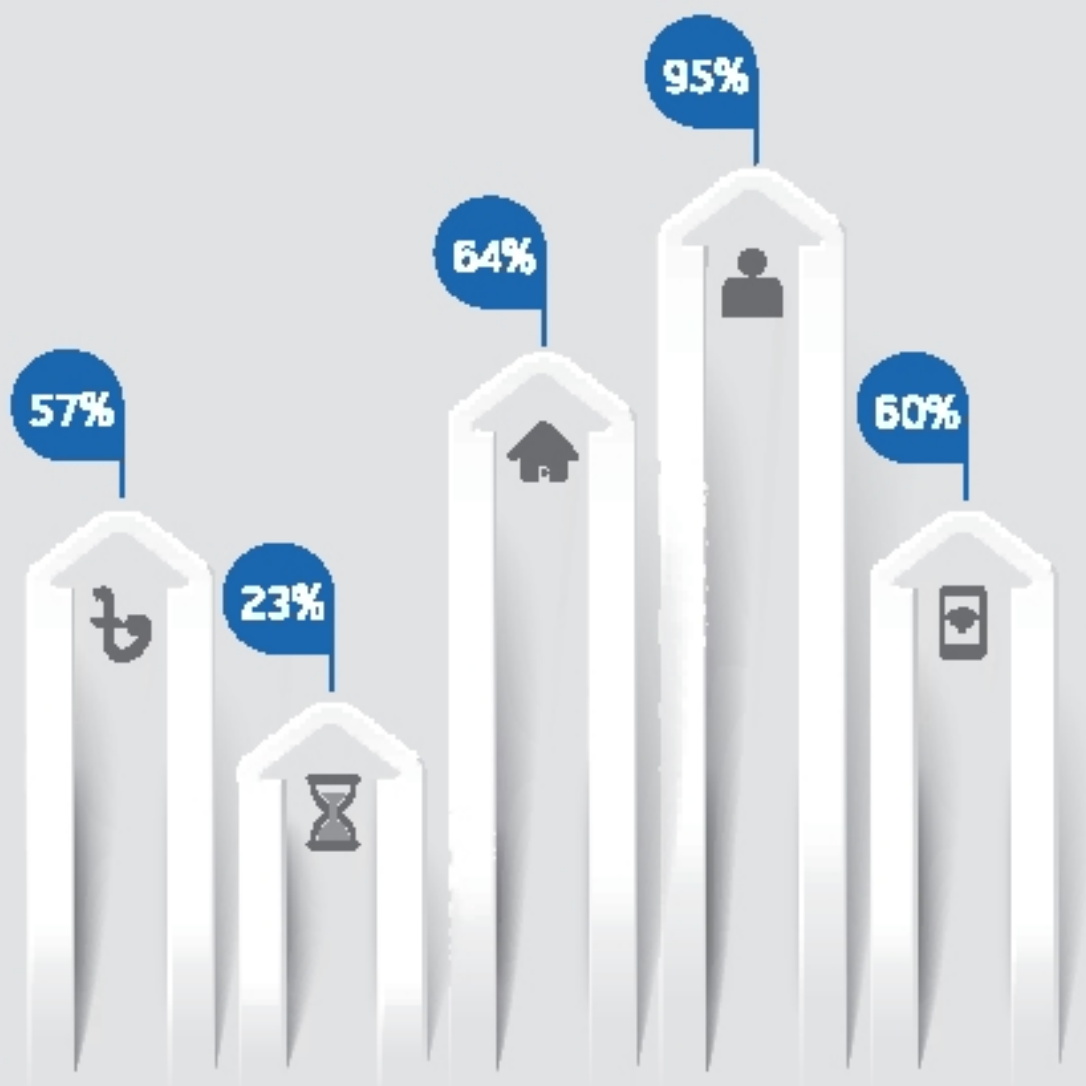
KEY MILESTONES

Incorporation of the Company	:	May 10,1999
License from Bangladesh Bank as financial Institution	:	December 22, 1999
Commencement of Business	:	May 10,1999
Date of Commercial Operation	:	February 15,2000
Date of First Branch opening in Chittagong	:	July 12, 2005
Date of Second Branch opening at Bangshal	:	June 08, 2010
Date of Initial Public Offering	:	June 10, 2007
Listing on Dhaka Stock Exchange	:	September 06, 2007
Listing on Chittagong Stock Exchange	:	August 28, 2007
Trading on DSE &CSE	:	September 11, 2007
Trading Code	:	BDFINANCE
Equity Participation in BD Finance Securities Ltd.	:	December 28,2010
Equity Participation in BD Finance Capital Holdings Ltd.	:	August 10,2011
Sponsor of BD Finance Mutual Fund one	:	April 21, 2013 (Proposed)

CORPORATE INFORMATION

Registered Name of the Company	:	Bangladesh Finance And Investment Company Limited
Legal Form	:	A public limited company listed both in Dhaka and Chittagong Stock Exchange
Company Registration Number	:	C- 37695. (1995)/99
Bangladesh Bank License Number	:	FID(L)/23
Corporate Head Office	:	Baitul Hossain Building (2nd floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-7114493, 7114489, 9559146 Fax: +88-02-9566493. E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Chittagong Branch	:	Osman Court (2nd floor) 70, Agrabad C/A, Chittagong Phone: +88-031-2510234 Fax: +88-031-2526564 Hot Line: +88-01618-448922 E-mail: info.ctg@bdfinance.net
Bangshal Branch	:	5, Bangshal Lane, North South Road (Old), 57 Syed Nazrul Islam Sharani (new), Dhaka Phone: +88-02-9513973 Hot Line: +88-01618-448923 E-mail: info@bdfinance.net
Sylhet Branch (Proposed)	:	Firoz Center, (5th Floor), 891/Ka, Chouhatta, Sylhet Sadar-3100 Hot Line: +88-01618-448942 e-mail: info.sylhet@bdfinance.net
Uttara Branch (Proposed)	:	Zeenat Center-2, 5th Floor, Plot No. 111/4, Road No 7, Sector No. 4, Uttara, Dhaka-1230 Hot Line: +88-01618-448941 e-mail: info.uttara@bdfinance.net
Head Office of First Subsidiary	:	BD Finance Securities Limited 64, Motijheel C/A (2nd Floor), Dhaka-1000. Tel: +88-02-9511 094,9554592 E-mail: info@bdsecurities.net
Head Office of Second Subsidiary	:	BD Finance Capital Holdings Limited 64, Motijheel C/A (2nd Floor), Dhaka-1000. Tel: +88-02-7122165,9553967 Hot Line: +88-01618-448925

Auditors	:	M/s. Hoda Vasi Chowdhury & Co. BTMC Bhaban (8th Level) 7-9 Kazi Najrul Islam Avenue Karwan Bazar C/A, Dhaka-1217
Compliance Auditors	:	M/S Nurul Faruk Hasan & Co. JHK Windcel, Level 4 KA-90, Progoti Sarani Dhaka- 1229
Tax Consultant	:	Khandaker & Associates Room No. 4/3, (4th floor) 73, Kakrail, Dhaka.
Legal Advisor	:	Mr. Md. Nuruzzaman Barrister-at-law Capital Law Chamber Unit # 22B, City Centre (22nd Floor) 103 Motijheel C/A, Dhaka-1000
	:	Mr. Syed Sanaul Haque Advocate Haque & Associates Green Heaven (8th Floor) 3/48, Purana Paltan Dhaka-1000.
Membership	:	Associations: Bangladesh Leasing and Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) Dhaka Chamber of Commerce & Industry (DCCI)
Principal Bankers	:	Bank Alfalah Limited BRAC Bank Limited Mercantile Bank Limited Mutual Trust Bank Ltd. ONE Bank Limited Prime Bank Limited Rupali Bank Limited Shahjalal Islami Bank Ltd. Sonali Bank Limited Southeast Bank Limited Standard Bank Limited Uttara Bank Limited



BOARD OF DIRECTORS

Chairman

Mr. Manwar Hossain
Nominated by Anwar Steel Mills Limited

Vice Chairman

Mr. Hossain Khaled
Nominated by Anwar Jute Spinning Mills Limited

Directors

Mr. Geasuddin Ahmed

Mr. S.M. Didarul Alam

Mr. Md. Imtiaz

Mr. Syed Tareq Akbar Ally
Nominated by Khaled Iron & Steel Mills Limited

Mr. Yousuf Aman
Nominated by Anwar Silk Mills Limited

Mr. Mohammad Shahin Alam
Nominated by Hossain Dyeing & Printing Mills Limited

Mrs. Shahnaz Rashid
Nominated by Anwar Steel Mills Limited

Mrs. Rashida Youshuf
Nominated by Mehmud Industries (Pvt.) Limited

Mr. Haider Ahmed Khan, FCA
Independent Director

Mr. A.K.M. Shamsuddin
Independent Director

Mr. Ansar Uddin Ahmed
Independent Director

Mr. Mafizuddin Sarker
Managing Director & CEO

BRIEF PROFILE OF THE DIRECTORS

Mr. Manwar Hossain

Chairman

Nominated by Anwar Steel Mills Ltd.

Mr. Manwar is the Group Managing Director of Anwar Group. After having completed BBA & MBA from University of New Hampshire, USA in 1993, he joined the family conglomerate - Anwar Group of Industries (AGI) – during 1994. His business skills & entrepreneurial spirit has fetched him greater responsibilities to lead the conglomerate as its Managing Director under the umbrella of his dynamic father Al-haj Anwar Hossain. With over 200 years of family business heritage, Anwar Group comprises of several manufacturing industries namely Anwar Cement Ltd., Anwar Ispat Ltd., A-One Polymer Ltd., Anwar Landmark Ltd., AG Automobiles Ltd., Anwar Silk Mills Ltd., Anwar Jute Spinning Mills Ltd., Hossain Dyeing & Printing Mills Ltd., Anwar Cement Sheet Ltd. and Mehmud Industries (Pvt.) Ltd. His contribution in banking and Financial Institution is also noteworthy. As former Director of the City Bank Ltd., he has made substantial contribution to the growth of the Bank. He was elected as the youngest Vice Chairman in Banking Sector in the Board of the City Bank Ltd. in 1999 - 2000. He is also a Director of Bangladesh Commerce Bank Ltd.



Mr. Hossain Khaled

Vice Chairman

Nominated by Anwar Jute Spinning Mills Ltd.

Mr. Hossain Khaled is a versatile new generation business personality who requires no introduction. Educated with a BBA in Accounting from the University of Toledo, Ohio and MBA degree in International Banking from Texas A & M University (TAMU), Texas, USA, Mr. Khaled joined the family conglomerate during the year 2000. Since then he has held and led very successfully many portfolios, among which mentionable are his success as the youngest President of Dhaka Chamber of Commerce & Industry, Co Chairman of Bangladesh Better Business Forum, one of the Managing Directors of Anwar Group. He is an icon among young businessmen and his

success is a source of inspiration to other budding entrepreneurs.

Mr. Geasuddin Ahmed

Director

Mr. Geasuddin Ahmed, a science graduate, is Chairman of British American International School, Managing Director of Dhaka Complex (Pvt.) Ltd., Buy & Sale Trading Company Ltd., proprietor of Mamata Enterprise and also associated with number of socio-cultural organizations. He is the past Director of The Dhaka Chamber of Commerce & Industry and former Secretary General of Dhaka Metropolitan Film Exhibitors. Mr. Ahmed is a third generation businessman from a traditional business family. His father Late Mohammad Hossain started his business at Adamjee Nagar, Narayanganj in 1953 and was engaged in trading of yarn, coal and in wholesale business. His grand father Late Sheikh Mohiuddin was involved in agro product trading business at Bikrampur in early 1900s.



Mr. S.M. Didarul Alam M.P.

Director

Mr. S. M. Didarul Alam is one of the Directors of Golden Oxygen Ltd., Al-Haj Mostafa-Hakim Cement Industries Ltd., Al-Haj Mostafa Hakim Housing and Real Estate Ltd., Mutual Jute Spinners Ltd., Modhumoti Bank Ltd., Taher & Co. Ltd., Chittagong Chamber of Commerce & Industries Ltd., Mr. Alam is also a social worker.



Mr. Md Imtiaz

Director

Md. Imtiaz is a capable business entrepreneur. He is also the proprietor of Imtiyaj Steel and Precious Steel Corporation.

Mr. Syed Tareq Akbar Ally

Director

Nominated by Khaled Iron & Steels Ltd.

Mr. Syed Tareq Akbar Ally is a commerce graduate and a businessman having interests in several enterprises in the ready made garments and trading sectors. He has traveled many counties of the world and is associated with various social welfare activities.



Mr. Yousuf Aman

Director

Nominated by Anwar Silk Mills Ltd.

Mr. Yousuf Aman holds a B.A. (Hon's) degree in Business with major in Marketing. He is new generation businessman and is associated with the business activities of Anwar Group of Industries.



Mr. Mohammad Shahin Alam

Director

Nominated by Hossain Dyeing & Printing Mills Ltd.

Mr. Mohammad Shahin Alam, a young businessman, is son of Haji Md. Abu Taher, a renowned businessman and Chairman of Taher Group of Companies of Chittagong. Mr. Alam has obtained his MBA degree from South Eastern University, UK and is one of the Directors of Al-Haj Mostafa-Hakim Cement Industries Ltd., Golden Oxygen Ltd., Al-Haj Mostafa-Hakim Housing & Real Estate Ltd., Eagle Star Rextile Mills Ltd. and Mutual Jute Spinners Ltd. He was also a Director of Chittagong Chamber of Commerce & Industries.

Mrs. Shahnaz Rashid

Director

Nominated by Anwar Steel Mills Ltd.

Mrs. Shahnaz Rashid is a graduate and is associated with the business activities of Anwar Group of Industries.



Mrs. Rashida Youshuf

Director

Nominated by Mehmud Industries (Pvt.) Ltd.

Mrs. Rashida Youshuf is the wife of Haji Md. Yousuf, a reputed businessman of Nazirabazar in old Dhaka city. As a philanthropist she participates in many social welfare activities of the locality.

Mr. Haider Ahmed Khan, FCA

Independent Director

Mr. Haider Ahmed Khan, B.Com (Hon's) and M. Com, Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB), Partner of Ahmed Khan & Co., Chartered Accountants. He is the Chairman of MM Agro Enterprises Ltd., Director of Mifkif Apparel Ltd., Flower Fashions Ltd., and Seasons Dresses Ltd. and also Independent Director of Metro Spinning Ltd.





Mr. A. K. M. Shamsuddin

Independent Director

Mr. Shamsuddin is a former Secretary and High Commissioner and Permanent Representative of Bangladesh to the United Nation's Environment Program (UNEP) and UN Habitat. He held different important positions in the government including Secretary, Ministry of Primary and Mass Education. During his diplomatic tenure Mr. Shamsuddin was elected as Vice Chairman of the Asian Group in UNEP for two consecutive terms.

Mr. Ansar Uddin Ahmed

Independent Director

He is a son of a very renowned Teacher of the country. He has graduated and post graduated from Dhaka University. He joined Bangladesh Bank as Assistant Director through Public Service Commission. He served Bangladesh Bank for about 25 years and lastly he held the post of General Manager in different departments. During his tenure at Bangladesh Bank, Mr. Ahmed passed Master degree in Financial Economics from the University of Wales, UK. After voluntary retirement from Bangladesh Bank, he joined as Deputy Managing Director of Pubali Bank. Subsequently, he served as Managing Director of National Housing Finance and Investment Ltd. & Bangladesh Industrial Finance Co. Ltd. Mr. Ahmed is a Freedom Fighter.

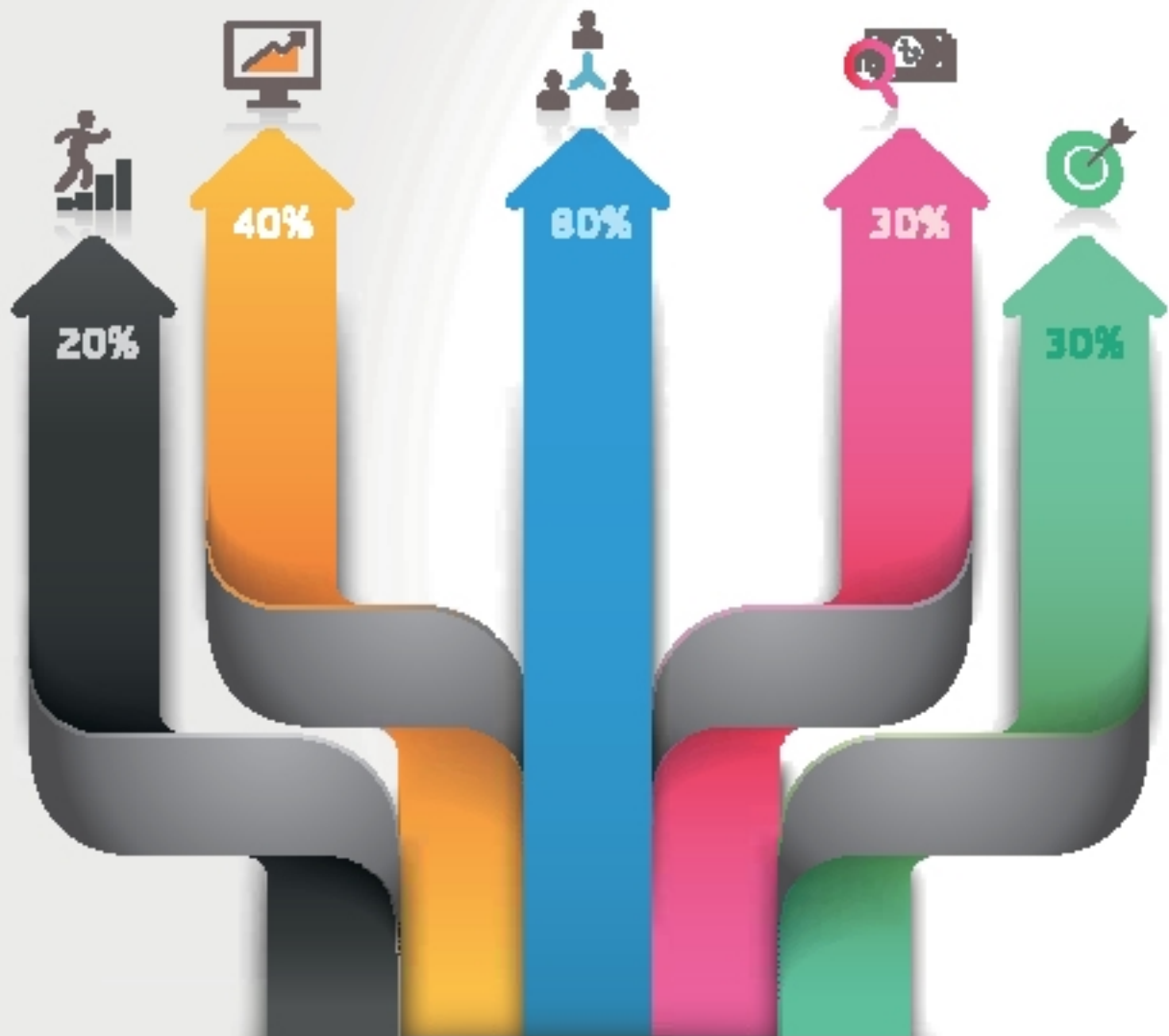


Mr. Mafizuddin Sarker

Managing Director & CEO

Mr. Mafizuddin Sarker, Managing Director & CEO, has over 35 years of experience in Financial Market. He started his career in 1976 with Bangladesh Shilpa Rin Shangstha and thereafter he joined IDLC Finance Limited and served there for 13 years in various key positions including General Manger till he joined International Leasing and Financial Services Limited as Managing Director in 1998. He also served Lanka Bangla Finance Limited as Managing Director. He joined Bangladesh Finance And Investment Company Limited as Managing Director & CEO on October 11, 2011. He is the former Chairman of Bangladesh Leasing & Finance Companies Association (BLFCA) and former

Vice President of Asian Financial Services Association (AFSA). Mr. Sarker is an MBA from the Institute of Business Administration (IBA), University of Dhaka.



COMMITTEES OF THE BOARD AND MANAGEMENT

BOARD COMMITTEE

EXECUTIVE COMMITTEE

Mr. Hossain Khaled	Chairman
Mr. Geasuddin Ahmed	Member
Mr. Syed Tareq Akber Ally	Member
Mr. Haider Ahmed Khan, FCA	Member
Mr. A.K.M. Samsuddin	Member
Mr. Mafizuddin Sarker	Member
Mr. Anindya Sarkar ACS	Member Secretary

AUDIT COMMITTEE

Mr. Haider Ahmed Khan, FCA	Chairman
Mr. Hossain Khaled	Member
Mr. Geasuddin Ahmed	Member
Mrs. Shahnaz Rashid	Member
Mr. Md Imtiaz	Member
Mr. Yousuf Aman	Member
Mr. Anindya Sarkar ACS	Member Secretary

MANAGEMENT COMMITTEE

MANAGEMENT COMMITTEE (MANCOM)

Mafizuddin Sarker Managing Director & CEO	Chairman
Chowdhury Khaled Saifullah Deputy Managing Director	Member Secretary
Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Member
Shah M. Badar Uddin Senior Vice President & Head of Treasury Department	Member
Mohammad Liton Miah FCA Vice President & CFO	Member
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member
S.M. Shafique Assistant Vice President & Head of Recovery Department.	Member
Md. Sajjadur Rahman Bhuiyan Assistant Vice President & Head of ICC	Member

Anindya Sarkar ACS FAVP & Company Secretary	Member
Buddha Dev Sarker Chief Technology Officer (CTO)	Member
Mohammed Ahsan Ullah Managing Director & CEO, BD Finance Capital Holdings Ltd.	Member
Barun Prasad Paul Chief Operating Officer, BD Finance Securities Limited	Member

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

Mafizuddin Sarker Managing Director & CEO	Chairman
Shah M. Badar Uddin Senior Vice President & Head of Treasury Department	Member Secretary
Chowdhury Khaled Saifullah Deputy Managing Director	Member
Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Member
Mohammad Liton Miah FCA Vice President & CFO	Member
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member
S.M. Shafique Assistant Vice President & Head of Recovery Department	Member
Md. Rafiqul Amin First Assistant Vice President & Head of Accounts Department	Member

CREDIT EVALUATION COMMITTEE (CEC)

Chowdhury Khaled Saifullah Deputy Managing Director	Chairman
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member Secretary
S.M. Shafique Assistant Vice President & Head of Recovery Department	Member
Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Member
Pulak Chaudhuri First Assistant Vice President & Head of Corporate Finance Department	Member
Md. Abdus Samad Senior Executive Office & Head of Retail Finance Department	Member
Bishwajit Saha Senior Executive Officer & Head of Channel Financing Department	Member
Md. Salauddin Officer & Head of SME Department	Member

BASEL IMPLEMENTATION COMMITTEE

Mafizuddin Sarker Managing Director & CEO	Chairman
Mohammad Liton Miah FCA Vice President & CFO	Member Secretary
Chowdhury Khaled Saifullah Deputy Managing Director	Member
Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Member
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member
S.M. Shafique Assistant Vice President & Head of Recovery Department	Member
Md. Sajjadur Rahman Bhuiyan Assistant Vice President & Head of ICC	Member
Md. Rafiqul Amin First Assistant Vice President & Head of Accounts Department.	Member

RISK MANAGEMENT FORUM

Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Chairman
S.M. Shafique Assistant Vice President & Head of Recovery Department	Member Secretary
Shah M. Badar Uddin Senior Vice President & Head of Treasury Department	Member
Mohammad Liton Miah FCA Vice President & CFO	Member
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member

RISK ANALYSIS UNIT

Md. Rafiqul Amin First Assistant Vice President & Head of Accounts Department	Chairman
Md. Ali Hossain Senior Executive Officer & Head of Legal Department	Member
Mohammad Abu Bakar Siddique Executive & Head of MIS	Member
Buddha Dev Sarker Chief Technology Officer (CTO)	Member

HR COMMITTEE

Mafizuddin Sarker Managing Director & CEO	Chairman
Anindya Sarkar ACS FAVP & Company Secretary	Member Secretary
Chowdhury Khaled Saifullah Deputy Managing Director	Member
Md. Emran Hossain Executive Officer & Head of Admin	Member
Mohammad Liton Miah FCA Vice President & CFO	Member

INTERNAL CONTROL & COMPLIANCE COMMITTEE

Mafizuddin Sarker Managing Director & CEO	Chairman
Md. Sajjadur Rahman Bhuiyan Assistant Vice President & Head of ICC	Member Secretary
Chowdhury Khaled Saifullah Deputy Managing Director	Member
Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Member
Shah M. Badar Uddin Senior Vice President & Head of Treasury Department	Member
Mohammad Liton Miah FCA Vice President & CFO	Member
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member
S.M. Shafique Assistant Vice President & Head of Recovery Department	Member

CORPORATE GOVERNANCE COMMITTEE

Mafizuddin Sarker Managing Director & CEO	Chairman
Anindya Sarkar ACS FAVP & Company Secretary	Member Secretary
Chowdhury Khaled Saifullah Deputy Managing Director	Member
Mohammad Liton Miah FCA Vice President & CFO	Member
Md. Sajjadur Rahman Bhuiyan Assistant Vice President & Head of ICC	Member
Md. Emran Hossain Executive Officer & Head of Admin	Member

IT COMMITTEE

Md. Abdul Wadud Khan Head of Credit Risk Management (CRM)	Chairman
Buddha Dev Sarker Chief Technology Officer (CTO)	Member Secretary
Mohammad Liton Miah FCA Vice President & CFO	Member
Md. Sajjadur Rahman Bhuiyan Assistant Vice President & Head of ICC	Member
Md. Saiful Arefin (Jitu) Assistant Officer (IT)	Member

NATIONAL INTEGRITY COMMITTEE

Chowdhury Khaled Saifullah Deputy Managing Director	Focal Point
Md. Sajjadur Rahman Bhuiyan Assistant Vice President & Head of ICC	Member Secretary
Shah M. Badar Uddin Senior Vice President & Head of Treasury Department	Member
Mohammad Liton Miah, FCA Vice President & CFO	Member
Sumon C. Karmokar Senior Assistant Vice President & Head of Investment Department	Member

GREEN BANKING & CSR UNIT

1. Mr. Syed Tareq Akbar Ally, Director of Board – Chairman
2. Mr. Chowdhury Khaled Saifullah, DMD – Head Of Unit
3. Mr. Md. Abdul Wadud Khan, SVP- Member
4. Mr. Mohammad Liton Miah FCA, CFO- Member
5. Mr. Sumon C. Karmokar, SAVP- Member
6. Mr. Md. Sajjadur Rahman, AVP- Member

ANTI MONEY LAUNDERING/COMBAT TERRORIST FINANCING :

CENTRAL COMPLIANCE UNIT (CCU)

CAMLCO

1. Mr. Chowdhury Khaled Saifullah, DMD – CAMLCO
2. Mr. Md. Abdul Wadud Khan, SVP- DCAMLCO
3. Mr. Shah M. Badar Uddin, SVP- Member
4. Mr. Sumon C. Karmokar, SAVP- Member
5. Mr. Md. Sajjadur Rahman, AVP- Member

BRANCH COMPLIANCE UNIT (BCU)

BAMLCO

1. **Mr. Hossain Al Masud, FAVP- BAMLCO**
BD-Finance, Chittagong
2. **Mr. Shiva Shakher Mondal, SEO- BAMLCO**
BD-Finance, Bangshal

MANAGEMENT TEAM

Mr. Mafizuddin Sarker

Managing Director & CEO

Mr. Chowdhury Khaled Saifullah

Deputy Managing Director

Mr. Md. Abdul Wadud Khan

Head of Risk Management Forum

Mr. M Badar Uddin

Senior Vice President & Head of Treasury

Mr. Mohammad Liton Miah FCA

Vice President & CFO

Mr. Sumon C. Karmokar

SAVP & Head of Investment Division

Mr. S.M. Shafique

Assistant Vice President & Head of Recovery

Mr. Md. Sajjadur Rahman Bhuiyan

Assistant Vice President & Head of ICC

Mr. Anindya Sarkar ACS

FAVP & Company Secretary

Mr. Md. Hossain Al Masud

First Assistant Vice President & Branch-In-Charge, Chittagong

Mr. Md. Rafiqul Amin

First Assistant Vice President & Head of Accounts

Mr. Pulak Chaudhuri

First Assistant Vice President & Head of Corporate Finance

Mr. Ahammad Ali

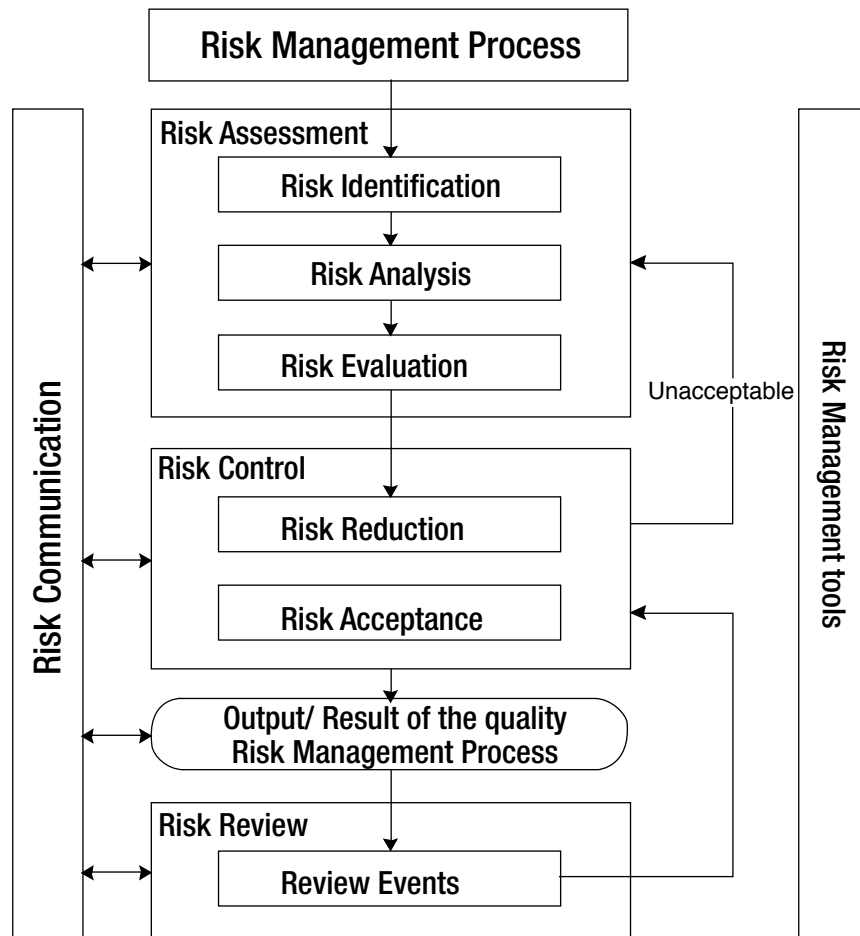
First Assistant Vice President (Treasury)

Mr. Buddha Dev Sarker

Chief Technology Officer (CTO)

STATEMENT OF RISK MANAGEMENT

Risks are usually defined by the adverse impact on profitability of several distinct sources of uncertainty. While the types and degree of risks an organization may be exposed to depend upon a number of factors such as its size, complexity of business activities, volume etc. Risk is measured in terms of consequences and likelihood combined to arrive at a risk rating from Low to Very High. Risk management is the process of identification, analysis, quantification and mitigation of uncertainty in investment decision-making. As the outcomes of business activities are uncertain, some element of risk is inherent in every business. Inadequate risk management can result in severe consequences for companies as well as individuals. While it is impossible that companies remove all risk from the organization, it is important that they properly understand and manage the risks that they are willing to accept in the context of the overall corporate strategy. The management of the company is primarily responsible for risk management, but the board of directors, internal auditor, external auditor, and general counsel also play critical and vital roles. Generally the Non-Banking Financial Institutions are mainly exposed to Credit Risk, Market Risk, Liquidity Risk and Operational risks.



Risk Management Process:

This comprises of several well established attempts ,exercises, calculations and considerations to assess various risk, their assessment, identification and extent of severity. Inherited risks once pin pointed, are analyzed ,finally evaluated with due diligence. Subsequently risk reductions/ hedging are considered for acceptability or otherwise to mitigate risk at an acceptable level to make the exposure safe, secure for acceptable performance and regular return with least infection.

Managing Credit Risk:

Credit risk is the probability that a counter party fails to meet obligation in accordance with agreed terms. Credit risk does not arise only when a borrower defaults on payment of a loan but also when its repayment capability declines. The goal of credit risk management is to maximize the risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. We manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any financial institution. The Company has segregated duties for the officers involved in Credit Risk Management (CRM) basically to assess inherited risk, its coverage by adequate collateral and fulfilment of regulatory compliance before the final sanctions are made. Credit evaluation, credit administration and credit monitoring and recovery functions are segregated for effective Credit Administration and Recovery purposes respectively. Special recovery team has also been formed to handle the delinquent borrowers in timely manner.

Managing Liquidity Risk:

Liquidity is essential for the viability of every financial institution. The risk arises when the company fails to mitigate its financial obligation when they fall due. Poor liquidity risk management can result in high financing costs and difficulty in liquidating assets at fair value. The risk can increase if a financial institution's reputation is affected. Considering the impact of liquidity risk BD Finance integrated liquidity risk to its risk management framework and adopt a liquidity risk management strategy tailored to its overall risk profile, as well as a reliable policy and procedures for identifying, assessing, quantifying, controlling, mitigating and monitoring liquidity risk. BD Finance also has a contingency plan in the event of liquidity problems.

Managing Market Risk:

Market Risk may be defined as the possibility of loss to the Financial Institutions caused by the changes in the market variables. It is the risk that the value of on or off-balance sheet positions will be adversely affected by movements in equity and interest rates in markets, currency exchange rates and commodity prices. Market risk is the risk to FIs earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities of those prices. BD Finance established a comprehensive and dynamic frame work for measuring, monitoring and Managing liquidity, interest rate and equity that is closely integrated with the business strategy. Scenario analysis and stress testing is yet another tool used by BD Finance to assess areas of potential problems in a given portfolio.

Managing Operational Risk:

Operational risk is the risk of direct or indirect loss or damage resulting from inadequate or failed internal Control systems, processes and people. Strategic risk, reputation risk, legal risk and compliance risk are also considered under operational risk. Operational risk is therefore inherent in all activities within the Company. The objective in managing operational risk is to establish sound control practices to increase the efficiency and effectiveness of the company's resources, minimize losses and utilize opportunities. BD Finance is developing appropriate risk mitigation and internal controls procedures in accordance with regulatory guidelines such a way that residual risk is mitigated to the acceptable level.

STATEMENT ON CORPORATE GOVERNANCE

As part of good corporate governance BD Finance follows policies and practices for ensuring accountability and transparency in its operations and reporting systems through a set of the relationships amongst the Board, senior management and shareholders as well as to protect the interests of all stakeholders. These policies and practices have been developed in line with the best governance practices complying requirement in relevant notification of Bangladesh Securities & Exchange Commission (BSEC) and Bangladesh Bank Guidelines in this respect. Corporate governance provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring the performances are determined as a continuing process.

Constitution of the Board of Directors

The Board of BD Finance is constituted with twelve members including one Independent Director. The members of the Board of Directors have appropriate educational background, knowledge, experience and personal attributes that enable the directors, individually and the Board, collectively, to discharge their responsibilities and duties effectively, performs their role, understand the business of the Company, apply their judgments and assess the performance of the Management. The Board of Directors ensures that the activities of the Company are always conducted with adherence to strict ethical standards, regulatory compliances and in the best interests of the stakeholders.

The Directors are appointed by the shareholders in the Annual General Meeting (AGM) and casual vacancies, if any, are filled up by the Board in accordance with the stipulations of the Companies Act, 1994, Articles of the Company and the SEC rules. One-third members of the Board (those directors being the longest period in office) retire from office every year at the annual general meeting as per provision in Articles of Association but they remain eligible for re-election. The independent director is appointed as per requirement of the SEC vide notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 by the Board of Directors.

Role of the Board

The Board's main roles are to determine Company's objectives and strategies, provide entrepreneurial leadership for the Company to create value for shareholders and to ensure that the necessary financial and other resources are available to enable the Company to meet these objectives. The specific responsibilities of the Board include the approval of all information supplied to shareholders in the annual and interim accounts, the setting of Company strategies, approve annual budgets, review operational and financial performance, approve capital expenditures, set the borrowing limits, treasury policy, review the Company's systems of financial control and risk management, ensure that appropriate management development and succession plans are in place, approve appointments to the Board and ensure that a satisfactory dialogue takes place with shareholders over the Company's results and its aspirations for the future. The Board duly complies with the guidelines issued by Bangladesh Bank with regard to their responsibility and accountability.

Chairman of the Board

The members of the Board elect one of their number as Chairman of the Board.

Role of the Chairman

The Chairman leads the Board in determination of its strategy and achievement of its objectives. The Chairman serves as the primary link between the Board and management and works with the Managing Director and Company Secretary to set the agenda for Board meetings. He chairs all the Board meetings and leads the Board in its oversight of the management. The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information but he has no engagement in the day-to-day business of the Company.

Chairman of the Board and Managing Director of the Company to be different persons

The responsibilities of the Chairman and the Managing Director of the Company are separate. The Chairman is a Non-executive Director while the Managing Director is an Executive Director.

Role of the Managing Director

The Managing Director is responsible for running the business and for formulating and implementing Board's strategy and policy. He also has direct charge and overall control of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Company.

Role of the Company Secretary

The Company Secretary is responsible for ensuring proper information flow within the Board and its Committees and between the senior management and Board Directors on governance matters and for all regulatory compliances of the company.

Board Committees

The Board has established two permanent Board Committees i.e. Executive Committee and Audit Committee to assist advice and make recommendations to the Board on matters falling within their respective responsibilities as per BSEC and Bangladesh Bank guideline.

Executive Committee & its role

Executive Committee comprises of five members and is headed by a Director. The Rules of the Executive Committee is framed by the Board. The matters related to ordinary business operations of the Company and the matters that the Board of Directors from time to time authorizes are vested in this Committee. This Committee assists the Board, and thereby the Company, in taking prompt decisions to any changes in the market place as they occur.

Audit Committee & its role

Audit Committee is constituted by the Board as an independent body with the independent director as its Chairman. The present Committee has four other directors as its members. The terms of reference

of the Audit Committee clearly lays down its authority, responsibility and specific duties. Its scope of work encompasses overseeing and monitoring the accounting and financial statements, evaluate the adequacy and efficacy of the control systems of the company and is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection programs, control systems and procedures, accounting policies and adherence to compliance requirements, etc. It is required to follow the ICC guidelines of BB.

Management Committees

The Managing Director & CEO is assisted by different Committees constituted with members from the Management Team. Each committee performs within its delegated authorities and scope of works.

These Committees are as under:

Management Committee (MANCOM)
Credit Evaluation Committee (CEC)
Asset Liability Management Committee (ALCO)
BASEL Implementation Committee
Anti-Money Laundering Compliance Committee
Internal Control & Compliance Committee
Corporate Governance Committee
HR Committee
Risk Management Forum (RMF) & Risk Assessment Unit (RAU)
IT Committee
National Integrity Committee
Green Banking & CSR Unit
Anti Money Laundering/Combat Terrorist Financing
Central Compliance Unit (CCU)
CAMLCO
Branch Compliance Unit (BCU)
BAMLCO

The CEO heads the Management Committee (MANCOM), the highest committee of the management of the Company.

Related Party Transactions

Due care is taken in conducting necessary checks/verifications prior to Company's entering into credit and non-credit transactions to determine whether the counter party is a related party as per applicable regulations for related party transactions for FIs and listed Companies to ensure required compliances

and all credit facilities to related parties are monitored regularly. Notes related party transactions as at December 31, 2013 are given in Note: 42 of Notes to the Financial Statements on page no. 135

Internal Control & Compliance

Company's internal audit is an independent function reporting to the Audit Committee but it administratively reports to the Managing Director who actually facilitates the day-to-day functioning of the internal audit as it is required to have access to any and all of Company's documents, records, properties and personnel including Board members. The internal audit activity of the Company conforms to Standards on Auditing and ICC guidelines of the regulatory authorities.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal controls, risk management procedures, governance processes of the Company. It also assesses the quality of performance in carrying out assigned responsibilities. All Internal Audit, Risk Management and Legal & Compliance functions are meant to provide an oversight on controls and risks within the Company through a system of internal controls based on an organizational and policy framework that defines the responsibilities and reporting lines of all the units.

Appointment of external auditors

The Board of Directors recommends for appointment of Auditors for financial year based on the proposal of the Board Audit Committee to the AGM. The Auditors are appointed by the shareholders in the AGM including fixation of their remuneration. Such appointment requires prior consent of Bangladesh Bank but the some Auditors cannot be appointed for more than three consecutive years due to regulatory restriction.

Information Technology

Company's Management Information System together with IT infrastructure forms an integral part of the corporate governance of the Company. It facilitates business processes, applications, timely generation of reports and information for all stakeholders of the Company.

Communication with shareholders

Company strongly believes that all stakeholders should have access to complete information on the activities, performance and product initiatives. The Company reports to its shareholders, four times a year, through quarterly, half year and annual financial reports. Its website displays, the annual report, half yearly and quarterly report, offerings, recent announcements which are also published in the newspapers as per regulatory requirements. The shareholders are always encouraged to attend the AGM or, if unable to attend, may appoint proxies. All disclosures required by BSEC, Listing Regulations of Stock Exchanges, and Bangladesh Bank are made adequately and promptly. In addition to ensuring timely compliance, this also enables dissemination of information to all stakeholders and the public.



REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Management of BD Finance gives due importance to the fact that the business activities of the Company has a social dimension and an impact on the community. It realizes that the society, its clients, shareholders, all other stakeholders expect high standard in ethics, transparency, commitment and trustworthiness from a corporate entity as well as an honest concern for minimizing any form of impact of its activities on the environment.

BD Finance recognizes its social responsibilities towards the community in which it operates its business as a non-banking financial institution (FI) and focuses on helping the distressed and poverty ridden people. It always remains committed to enhance its role in the area of Corporate Social Responsibility (CSR) and has institutionalized its CSR activities by way of founding a non-profitable, voluntary, social welfare-oriented Trust organization by the name of BD Finance Foundation. In pursuance of the CSR guideline of Bangladesh Bank for FIs the Trust receives contribution from BD Finance to the tune of 2.5% of its profit after tax each year as per approval accorded by the shareholders in 12th AGM of the Company. The fund is spent for humanitarian relief to people affected by natural calamities and those living in distress due to impact of climate change, for promotion of education and health care in poor communities, etc.

The participation of BD Finance in the environment protection efforts is ensured through the Environmental Risk Management (ERM) guideline of Bangladesh Bank .The Company is required to follow the guideline as an FI carefully in order to avoid any of its business practices that may have negative impact on the environment or on others. The guideline incorporates steps to be followed in credit appraisal process for assessing risks and controlling direct and indirect environmental impacts of projects financed by a FI. It also aims at encouraging use of solar energy, creating paperless office and greener IT infrastructure for an organization.

REPORTS OF THE CEO AND CFO IN RESPECT OF FINANCIAL REPORTING

We have reviewed accompanying consolidated financial statements of Bangladesh Finance And Investment Company Limited (BD Finance) and its subsidiaries as well as the financial statements of BD Finance which comprise the consolidated and the separate balance sheet as at 31 December 2013, profit and loss account, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

These financial statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

The Company has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Control and Compliance Department of the Company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Based on the internal control system of the Company and our review of these financial statements, we certify that to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. 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. no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct;
4. proper books of account as required by law have been kept by the Company;
5. the expenditure incurred was for the purpose of the Company's business;
6. adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery.

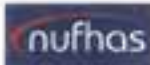
We further certify that to the best of our knowledge and belief there were no transactions entered into by the Company during the year, which are fraudulent, illegal, or violation of the Company's code of conduct.



Mafizuddin Sarker
Managing Director & CEO



Mohammad Liton Miah FCA
VP & Chief Financial Officer



Nurul Faruk Hasan & Co.
Chartered Accountants

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Correspondent Firm of RSM International network

**Certificate of Compliance to the Shareholders of
Bangladesh Finance and Investment Company Limited**

We have examined compliance to the BSEC guidelines on Corporate Governance by Bangladesh Finance and Investment Company Limited for the year ended 31 December 2013. These guidelines relate to the Notification no. SEC/CMRRCD/ 2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance 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 Corporate Governance. This is a scrutiny and verification only, and not an expression of opinion or audit on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Dhaka, 20 April 2014


Nurul Faruk Hasan & Co.
Chartered Accountants

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors (BoD)			
1.1	Board's Size (number of Board members – minimum 5 and Maximum 20)	✓		
1.2	Independent Directors	✓		
1.2 (i)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	✓		
1.2 (ii)	Independent Director means a director	✓		
1.2 (ii) (a)	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	✓		
1.2 (ii) (b)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	✓		
1.2 (ii) (c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) (d)	who is not a member, director or officer of any stock exchange	✓		
1.2 (ii) (e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) (f)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm	✓		
1.2 (ii) (g)	who shall not be an independent director in more than 3 (three) listed companies	✓		
1.2 (ii) (h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	✓		
1.2 (ii) (i)	who has not been convicted for a criminal offence involving moral turpitude	✓		

1.2 (iii)	Independent Director(s) shall be appointed by BoD approved by the shareholders in the Annual General Meeting (AGM)	✓		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	---	---	No vacancy occurred
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	✓		
1.3 (i)	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	✓		
1.3 (ii)	Independent Director should be a Business Leader/Corporate leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission	---	---	N/A
1.4	The Chairman of the Board and the Chief Executive Officer (CEO) shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	✓		
1.5	The Director's Report shall include the following additional statements	✓		
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	---	---	N/A
1.5 (vi)	Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	✓	---	
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO)	---	---	N/A

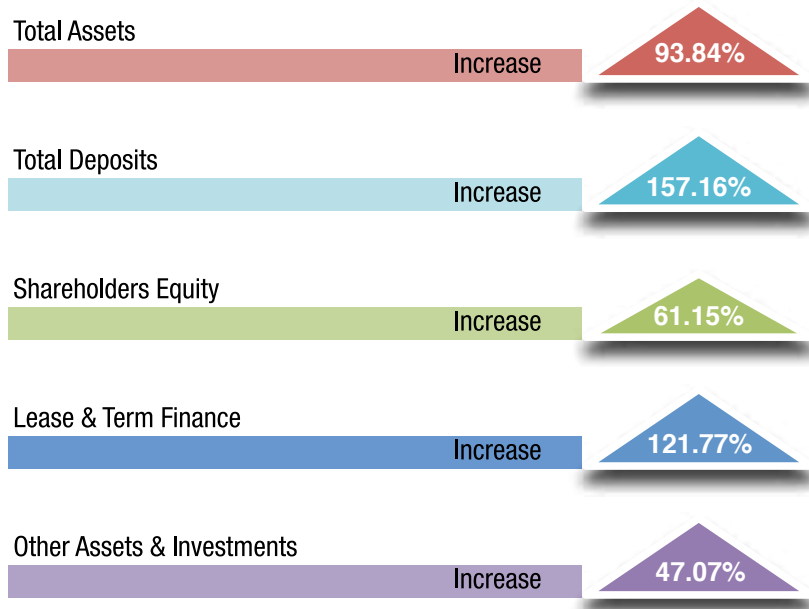
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance	✓		
1.5 (x)	Remuneration to directors including independent directors	✓		
1.5 (xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Proper books of account have been maintained	✓		
1.5 (xiii)	Adaptation of appropriate accounting policies & estimates	✓		
1.5 (xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	Going Concern (ability to continue as a going concern)	✓		
1.5 (xvii)	Highlight and explain significant deviations from the last year's operating results	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1.5 (xix)	Reason for non declaration of Dividend	---	---	N/A
1.5 (xx)	The number of Board meetings held during the year and attendance by each director	✓		
1.5 (xxi)	Pattern of share holding and name wise details (disclosing aggregate number of shares)	✓		
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies and other related parties	✓		
1.5 (xxi) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	✓		
1.5 (xxi) (c)	Top five executives other than mentioned above	✓		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director, disclose	✓		
1.5 (xxii) (a)	a brief resume of the director	✓		
1.5 (xxii) (b)	nature of his/her expertise in specific functional areas	✓		
1.5 (xxii) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board	✓		

2.1	Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	✓		
2.2	The CFO and the CS shall attend the meetings of the Board of Directors	✓		
3	Audit Committee	✓		
3 (i)	The company shall have an Audit Committee as a sub-committee of the BoD	✓		
3 (ii)	The Audit Committee shall assist the BoD 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	✓		
3 (iii)	The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing	✓		
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	✓		
3.1 (ii)	The BoD shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director	✓		
3.1 (iii)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience	✓		
3.1 (iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies)	---	---	No vacancy occurred
3.1 (v)	The Company Secretary shall act as the secretary of the Audit Committee	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
3.2 (i)	The BoD shall select the Chairman of the Audit Committee, who shall be an Independent Director	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM	✓	---	
3.3	Role of Audit Committee	✓		
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review the annual financial statements before submission to the board for approval	✓		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		

3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	Disclosure to the Audit Committee about the uses/ applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus	---	---	N/A
3.4.1 (i)	Reporting to BoD on the activities of the Audit Committee	✓		
3.4.1 (ii) (a)	Reporting to BoD on conflicts of interests	✓		
3.4.1 (ii) (b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system	✓		
3.4.1 (ii) (c)	Reporting to BoD on suspected infringement of laws None	✓		
3.4.1 (ii) (d)	Reporting to BoD on any other matter	✓		
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	✓		
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	✓		
4.00	External / Statutory Auditors	✓		
4.00 (i)	Non- engagement in appraisal or valuation services or fairness opinions	✓		
4.00 (ii)	Non-engagement in designing and implementation of Financial Information System	✓		
4.00 (iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	✓		
4.00 (iv)	Non- engagement in Broker-Dealer services	✓		
4.00 (v)	Non- engagement in Actuarial services	✓		
4.00 (vi)	Non- engagement in Internal Audit services	✓		
4.00 (vii)	Non- engagement in any other services that the Audit Committee determines	✓		
4.00 (viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	✓		
5	Subsidiary Company	✓		
5 (i)	Provisions relating to the composition of the BoD of the holding company shall be made applicable to the composition of the BoD of the subsidiary company	✓		

5 (ii)	At least 1 (one) Independent Director on the BoD of the holding company shall be a director on the BoD of the subsidiary company.	✓		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
6	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	✓		
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i) (b)	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	✓		
6 (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 violation of the company's code of conduct	✓		
7 (i)	Obtaining certificate from a practicing Professional Accountant /Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	✓		
7 (ii)	Directors statement in the directors' report whether the company has complied with these conditions	✓		

PERFORMANCE AT A GLANCE



Credit Rating

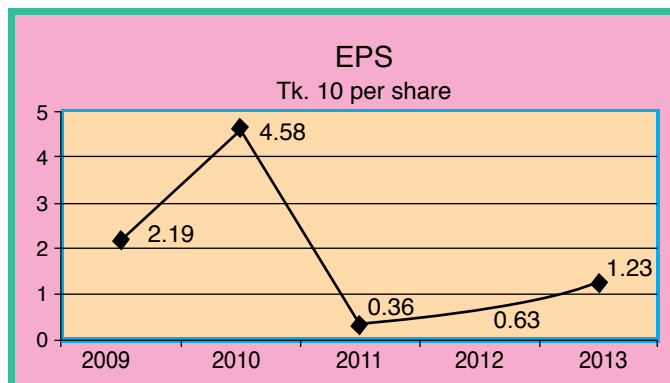
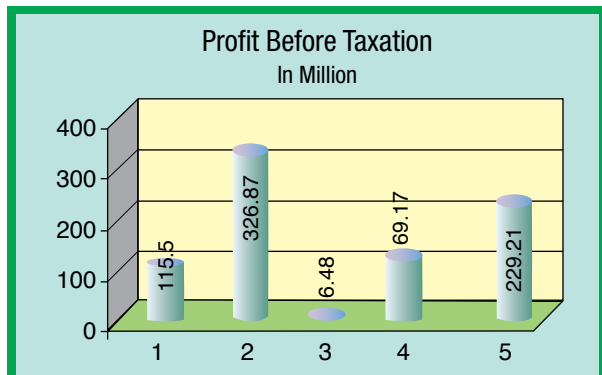
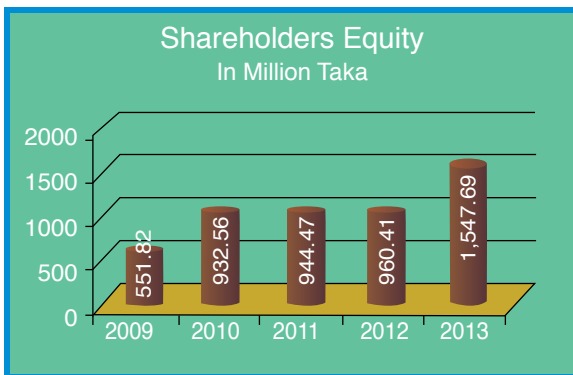
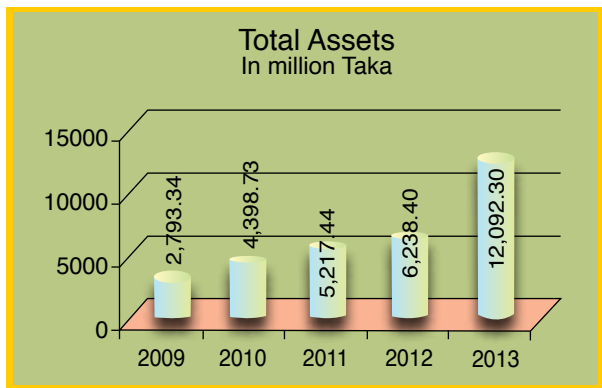
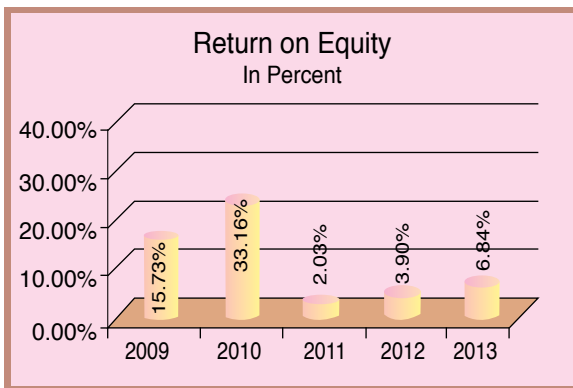
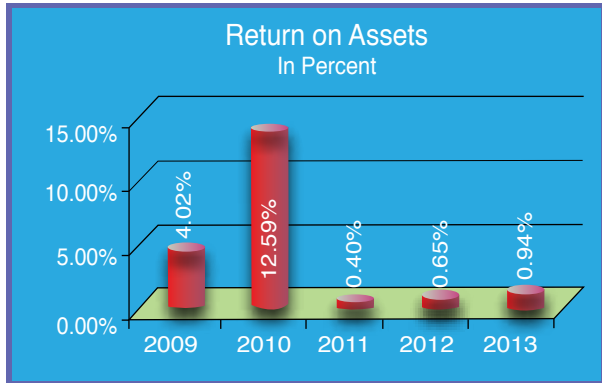
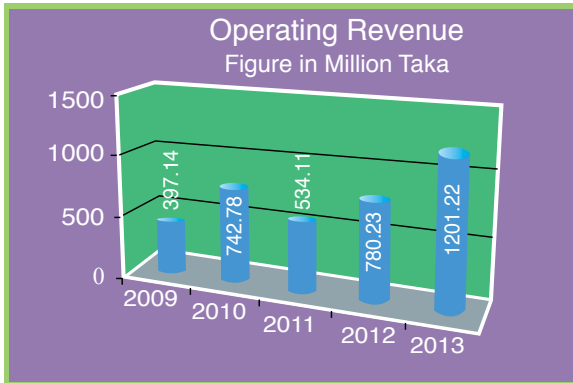
Rating	2013	2012
Long Term	A-	A-
Short Term	ST-3	ST-3

FINANCIAL HIGHLIGHTS

Figure in million Taka

	2009	2010	2011	2012	2013
Operational Performance					
Operating Revenue	397.14	742.78	534.11	780.23	1201.22
Financial Expense	242.14	298.64	438.36	629.87	791.29
Operating Expense	281.64	415.91	527.63	711.05	972.02
Profit Before Taxation	115.5	326.87	6.48	69.17	229.21
Net Profit After Tax	80.47	246.14	19.03	37.11	85.74
Financial Performance					
Lease & Term Finance	2144.06	2956.52	3290.84	3754.79	8327.09
Provision Against Investment	56.72	123.63	161.01	183.42	270.82
Investment in Subsidiary	-	2.32	699.93	699.93	849.93
Total Assets	2793.34	4398.73	5217.44	6238.4	12092.30
Term Deposits	985.31	1162.77	1692.82	2824.1	7262.38
Financial Ratios					
Return on Equity	15.73%	33.16%	2.03%	3.90%	6.84%
Return on Assets	4.02%	12.59%	0.40%	0.65%	0.94%
Rate of Dividend					
Cash	-	-	-	-	-
Bonus	20%	22%	10%	10%	10%
EPS (Tk.)	2.19	4.58	0.36	0.63	1.23
Equity Statistics					
Authorized Capital	500	2000	2,000	2,000	2,000
Number of Shares	36.7	44.04	53.73	59.1	104.02
Shareholders Equity	551.82	932.56	944.47	960.41	1,547.69
Net Assent Value Per Share	15.04	21.17	17.57	16.25	14.88

PERFORMANCE INDICATOR



STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are responsible for preparing the annual report and financial statement in accordance with the Companies Act, 1994, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Securities and Exchange Rules 1987 and the Listing Regulations of the DSE & CSE.

The Companies Act requires the Directors to present the report along with the financial statements for each financial year in accordance with BFRS and BAS as adopted by the institute of Chartered Accountants of Bangladesh and applicable laws and regulations.

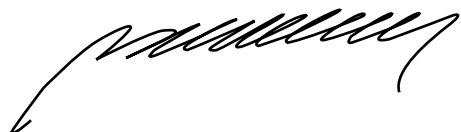
The financial statements are required by law and Bangladesh Accounting Standards to present fairly the financial position and the performance of the company for the period and to comply with rules and regulations issued by the Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. In preparing financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- ensure that the financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- prepare the financial statements on going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act, 1994 and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. To ensure this the Directors have taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis.

Under applicable laws and regulations, the Directors are also responsible for preparing a directors' report that comply with the laws and regulations.

The Directors confirm that the annual report together with the directors' report and the financial statements have been prepared in compliance with the law, rules and regulatory guidelines.



Manwar Hossain
Chairman, Board of Directors

REPORT OF THE AUDIT COMMITTEE

The Role of Audit Committee

The Audit Committee on behalf of the Board ensures that standards of corporate reporting, control and compliance are achieved through effective implementation of the procedures and policies with the aim to enhance the effectiveness of the operations and reduce the risks of the business. The Audit Committee periodically reviews the state of affairs of the business and makes recommendation on the reporting, control and compliance aspects as well as provides independent monitoring and guidance to the management in the areas of responsibilities of the Board and the Company towards the stakeholders and regulatory authorities. The roles and functions of the Committee are regulated by the rules as specified in the conditions/guidelines on corporate governance issued by the BSEC and Bangladesh Bank.

The Composition of the Audit Committee

The Board of Directors has appointed the Audit Committee comprising of the following members of the Board having adequate knowledge about corporate finance and accounts:

Name of Member	Position in the Committee
Mr. Haider Ahmed Khan, FCA Independent Director	Chairman
Mr. Hossain Khaled Vice Chairman	Member
Mr. Geasuddin Ahmed Director	Member
Mrs. Shahnaz Rashid Director	Member
Mr. Md. Imtiaz Director	Member
Mr. Yousuf Aman Director	Member
Mr. Anindya Sarkar ACS Company Secretary	Member Secretary

Meetings of the Audit Committee

The Committee held 4 meetings during the year under review.

Activities of the Audit Committee

The audit committee discussed about the following issues during the year:

- a) 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.
- b) Minimize expenditure in all operational activities where possible.
- c) Reviewing the Accounting procedure with a view to ascertain that the International Financial Reporting Standard (IFRS) has been applied in maintaining books and records.

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

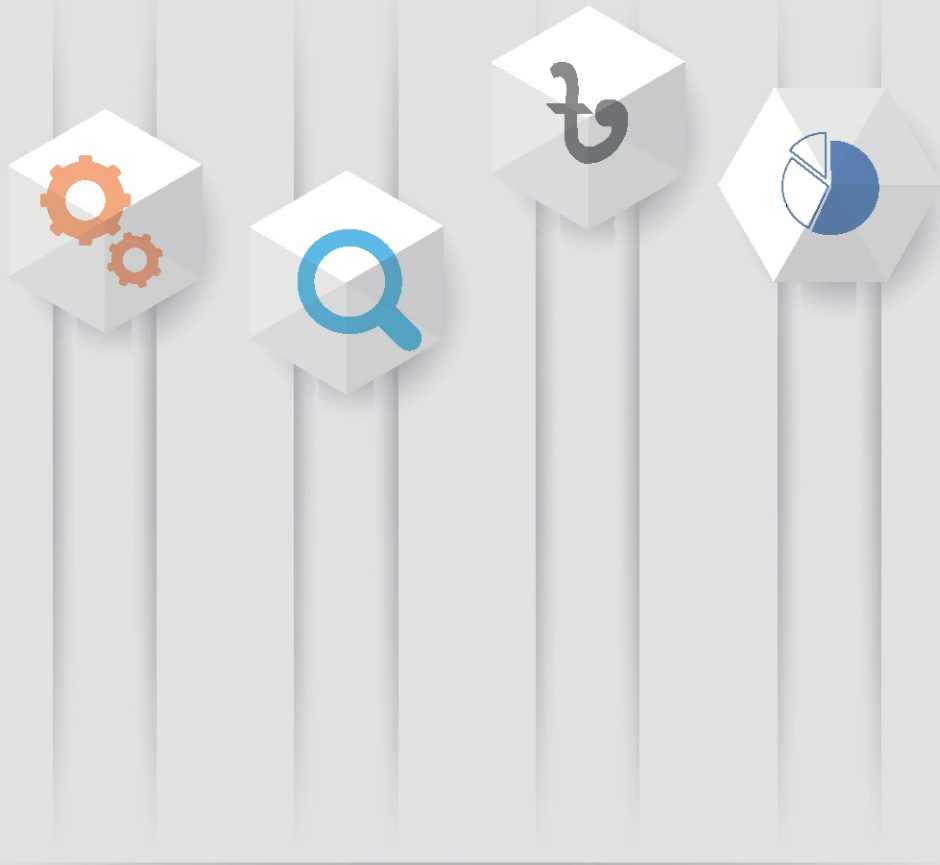
- a) Audit & Inspection division of the company carried out Internal Audit with a view to enrich the compliance culture and full control on the exertion of the BD Finance's operations. The division directly report simultaneously to the Board Audit Committee, and
- b) Regular monitoring has been done 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.
- c) 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.

Acknowledgement

The Audit Committee expressed their sincere thanks to the members of the Board and the management of the Company for their support in carrying out its duties and responsibilities effectively.



Haider Ahmed Khan, FCA
Chairman, Audit Committee





Message of the Chairman

Distinguished Shareholders

Assalamualikum Wa Rahmatullah

I am delighted to welcome you to the 15th Annual General Meeting of Bangladesh Finance And Investment Company Limited. You are aware that in year 2013 Bangladesh Economy faced a number of challenges like political instability, higher government borrowing especially from Banking sector, slower credit growth, capital market crisis; consequently the investment climate was cloudy.

Strategic approach was adopted by BD Finance to consolidate the position in one hand & on the other hand to put momentum towards the growth. Proper execution of the strategy has paid us the results. During the year 2013 we attained respectable financial growth of business with 35.4% increase in disbursement of loans & advances, 123.0% increase portfolio of loan & lease, 234.1% increase in operating profit, 231.4% increase in profit before tax & 131.1% increase in profit after tax over the figure of year 2012.

In 2013 we have strengthen our internal procedure to emerge as a customer oriented NBFi. During the year we have intensified of our recovery drives & effectiveness of risk management capabilities,

consequently the overdue & infection ratio of our portfolio dropped significantly. During the year we not only improved our operational parameters but also created a strong foundation in terms of system processes, services, technology & resources.

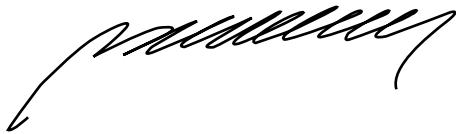
Our stock brokerage arm, BD Finance Securities Limited (BD Securities), the first subsidiary, starting operation in November 2011, within one year has emerged itself as a premier brokerage house of the country. The second subsidiary, BD Finance Capital Holdings Limited (BD Capital), commenced operation in February 2013. A silver lining has to be taped to generate synergic benefit between BD Finance & its subsidiaries. In 2013 we have launched a number of product & revitalized the operation of our existing branches at Chittagong & Bangshal; two more branches one in Uttara & another one in Sylhet are in the process of inauguration.

In 2014 we like to build our corporate image as a respected NBFi of the country, introduce a number of new products & expand our horizon to cover wide range of territory.

Finally I want to assure you that the Board is always pursuing pragmatic strategies to optimize the value of all stakeholders

I express my sincere thanks to my fellow members of the Board of Directors, Management of BD Finance & its subsidiaries and all employees, respected shareholders, regulatory bodies for their continuous trust, support and cooperation extended to the Company.

May the Almighty Allah bless us all.



Manwar Hossain
Chairman

Wealth Doctor

We constantly endeavor to ensure that all your financial matters are in good health. Besides deposit and loan products we also provide full-fledged merchant banking and capital market services. So you need a wealth doctor. Hence you need us.



HOTLINE : 01877 44 22 55

bd finance
Inspiring Wealth





MANAGING DIRECTOR & CEO'S REVIEW AND BUSINESS PERFORMANCE

The global economy had to absorb a number of shocks in the year 2013, with recession in many developed countries, social & political unrest prevailed in many oil rich middle-east countries, some parts of Europe encountered financial turbulence, consequently growth of global economy decreased from year 2012. In the backdrop Bangladesh witnessed 6 percent GDP growth in FY 2013 despite prolong political unrest, inadequate improvement to provide infrastructure in the country. This has been attributed mainly by growth generated in Construction & Manufacturing Sectors although Agricultural & Service Sectors growth declined from 2012. The annual average inflation decreased to 6% in FY 2013 from that of 8.7% in FY 2012.

Export was recorded at USD 23.76 billion in FY 2013 against that of USD 22.84 billion of FY 2012. On the other hand there was strict control on the import of non-essential items even than total import in FY 2013 was USD 34.08 billion registering a decline of 4.02% over 2012 of USD 33.51 billion.

The capital market is yet to recover from the crash of 2010, although the global capital market observed moderate gain during 2013. The performance of Secondary market was very poor although primary market got some momentum after listing of 10 IPOs. Bangladesh Securities & Exchange Commission

undertook few measures like Master Plan for capital market development, demutualization of stock exchange, installation of surveillance software, revision of margin loan policy, mutual fund regulation etc to have a sustainable capital market. These measures could not upturn the market but certainly could bring discipline & expected to have long term impact on capital market.

FINANCIAL SECTOR

The Banking & Financial Sector passed a crucial year in 2013 due to few scandals followed by loan default in the banking industry particularly in the state owned commercial banks. Bangladesh Bank took certain initiatives to stimulate private sector growth; namely limiting Government borrowing from Banking Sector, reducing credit flow to unproductive sectors, raising interest on Savings Certificate, reducing import of non-essential items, maintaining repo & reverse repo.

Overall money market scenario was volatile mainly due to challenging political & economic environment. During 2013, nine commercial banks which obtained license in 2012 came into operation. In the operation of FIs cut throat competition prevailed during the year 2013 not only among the FIs but also from the commercial banks. The intensity of competition is expected to grow further in the coming days.

PERFORMANCE OF BD FINANCE - 2013

BD Finance reinforced its presence in the Financial Sector as a respectable Financial Solution provider rebranding its position under the following initiatives:

- To bring synergy in activities among parent company, BD Finance and its subsidiary companies, BD Finance Securities & BD Finance Capital Holdings; to pave the way to emerge as a full-fledged investment bank.
- To diversify our product range to serve our customers with all financial products under one roof with balanced focus on corporate, SME, Auto, Home, Factoring of Accounts Receivables, Distributor Finance.
- To put more focus on individual product, functional Departments have been introduced & internal process flow has been streamlined & automation of IT platform has been undertaken.
- To reduce our dependency on commercial bank as funding source we concentrated more on deposit mobilization from corporate & individual. This strategy not only open up an effective source of fund mobilization but also reduce our average cost of fund.
- We believe that human resources are the greatest asset of the company; we aim to recruit right people, develop their capacities, recognize and reward their performance, retain them with competitive packages.

The following table summarizes the financial performance of the Company:

Amount: Taka in million

Particulars	Actual-2012	Actual-2013	Growth- %
Operating Income	780.23	1,201.22	53.96
Operating Expenses	658.47	884.62	29.05
Operating Profit	94.76	316.60	234.11
Profit before Income Tax	69.17	229.20	231.36
Profit after Income Tax	37.10	85.74	131.11
Investment Portfolio	4,157.39	9,271.71	123.02
Bank Borrowing	1,656.96	1,858.19	12.14
Deposit	2,824.10	7,262.37	157.16
Equity	960.41	1,547.69	61.15
Earning Per Share	0.65	1.23	89.23

FUTURE OUTLOOK

Growth with quality & Profitability with partnership is the clearly defined strategy of BD Finance for the year 2014. All our operational activities would be in line with our vision & our primary strategy. In addition to business growth for the year our objective would be to establish BD Finance as a brand in the financial market of the country. We have chalked out elaborate plan to further consolidate & grow our business. We are optimistic that despite all odds Management of your company is prepared to face the challenges and Team BD Finance will put strenuous efforts to realize our corporate objective. We believe company's innovative diversified business strategies, commitment of its staff, relentless marketing drive will generate result to attain quality asset growth and improving existing portfolio quality, thereby yielding accepted results for our stakeholders in the years to come.

ACKNOWLEDGEMENT

Achievement so far made by BD Finance is the reflection of the dedication, commitment & efforts put by all staff members for which I sincerely thank them. My note of gratitude goes to our distinguished Chairman and honorable Members of the Board of Directors for their guidance, encouragement and empowerment of the Management as well as for their continuing commitment to corporate governance & ethical standards. I also thank all stakeholders, valued customers, lenders, depositors and regulators for their support and cooperation.

May Allah bless us all.



Mafizuddin Sarker
Managing Director & CEO

Director's Report

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assaalmu Alaikum Wa Rahmatullah

The Board of Directors of Bangladesh Finance and Investment Company Limited (BD Finance) feels pleasure to welcome you to the 15th Annual General Meeting of the Company and is pleased to place before you the Audited Financial Statements of the Company for the year ended December 31, 2013, auditors' report thereon along with Company's performance and other relevant information in terms of Companies Act, 1994, Guidelines issued by Bangladesh Securities & Exchange Commission, Bangladesh Bank and Bangladesh Financial Reporting Standards.

Global Economy

The global economy continues to grow at a modest pace. Europe remains in recession, US economy expanded with 3.2% growth in GDP, and the major emerging markets face slower growth. Meanwhile, global financial markets have experienced considerable volatility. European financial markets are showing signs of improvement, in large part, but the economy remains mired in recession. Europe's economy, which is deeply dependent on exports, especially to emerging markets, will need to find other sources of demand in order to generate sustainable growth.

The prospects for a recovery in Europe hinge on consumer behavior, which represents the largest part of GDP in the Euro zone. But European consumers have confronted tough economic conditions for more than half a decade due to three crises: the financial crisis, the euro zone crisis, and the recession.

The United Kingdom shows modest growth in 2013. India's economic growth is slowing down more than expected, but the government's hands are tied, and there is not much room for maneuvering fiscal and monetary policies given the country's current economic challenges. Brazil, one of the world's most promising emerging economies, is struggling to grow. Decelerating private consumption and demand for exports, as well as structural bottlenecks, are limiting Brazil's performance. Public protests that erupted in June have only added to the country's list of challenges.

Bangladesh Economy

The economy of Bangladesh has been able to achieve 6.03 per cent growth of GDP in FY 2013 despite a prolonged political unrest during the last quarter. Although the GDP growth rate dropped for two consecutive years from 6.23 % in FY 2012, growth of over 6.0% is quite appreciable where the projected growth of developing countries was around 5.0% in 2013. The drop in GDP growth rate mainly attributed to slowdowns in agriculture and service sector. Growth of the agriculture slipped to 2.2% in FY 2013 from 3.1% in FY2012 as crop output was held down by higher input costs, lower output prices, and unfavorable weather. Industry growth rose slightly to 9.0% in FY 2013 from 8.9% in FY 2012, with contributions from construction and small-scale manufacturing. On the other hand, investment climate

suffered during the second half of FY 2013 due to series of strikes and consequent disruptions to the supply chain. As such growth of service sector slowed down to 5.73% in FY 2013 from 5.96% in FY 2012 as the retail and wholesale trade sectors were particularly affected.

The country's trade deficit in FY 2013 reduced to the lowest level in three years mainly due to increase in export earnings against declining imports during the period. According to statistics released by Bangladesh bank, export receipts increased to USD 23.76 billion in FY 2013 from USD 22.84 billion in FY 2012 registering a growth of 4.02 % while import payment reduced to USD 34.08 billion in FY 2013 from USD 35.51 billion in FY 2012 marking 4.02% decline from the previous year. The deficit stood at USD 10.32 billion, marking 18.55% drop from the last fiscal year.

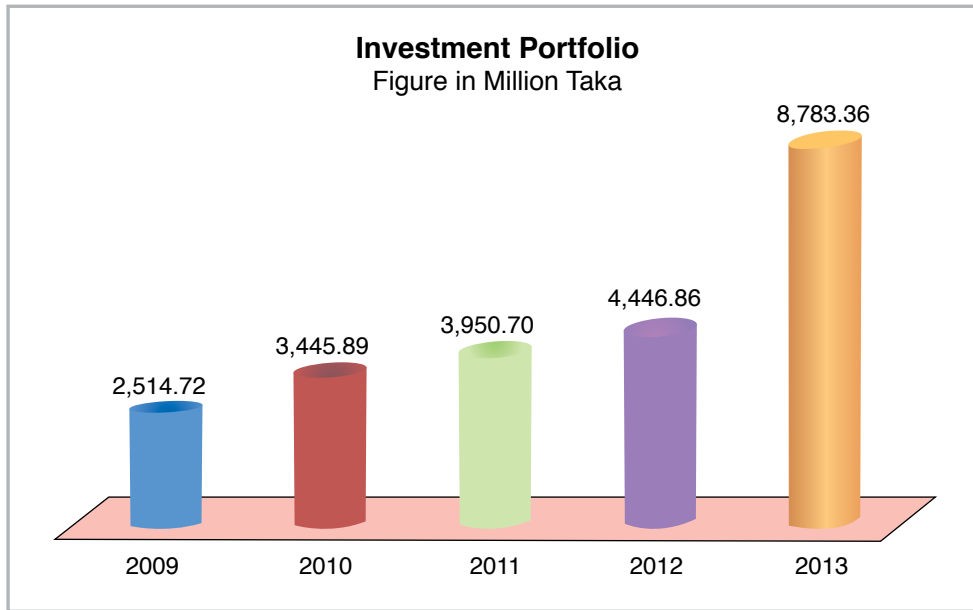
Inward remittances grew by 12.6% to USD 14.45 billion in FY 2013 compared to USD 12.84 billion in the previous year. The higher remittance growth during FY 2013 was associated with larger number of workers going abroad. However, remittance receipts during Jul-Nov' FY 2013 was down by 9.20% to USD 5.55 billion against a growth of 24.25% during the same period of the previous year. Total remittance in 2013 until November stood at USD 12,611.57 million, marking a 2.16% decline over that in 2012. Traditionally, remittances rise during festivals such as Eid, but this year such a trend was not observed during the August and October Eid festivals. The drop in remittance inflows was mainly due to the large decline in the out-of-country employment. According to a Bangladesh Bank publication, the number of migrant workers dropped by 34% between Jul-Apr FY 2013 relative to the same period in FY 2012.

Performance in 2013:

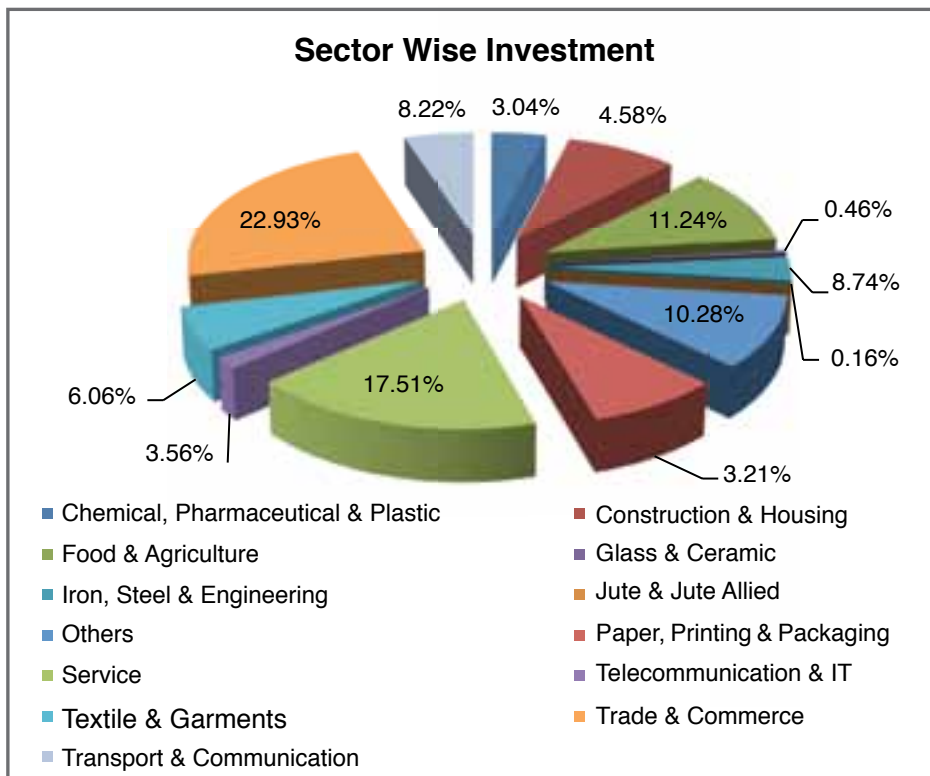
The company continued to place importance on core business with special emphasis on corporate finance during the year 2013. In spite of the political unrest affecting the Bangladesh economy, BD Finance performed well during the year 2013. The investment portfolio in lease and loan finance increased to TK 8327.09 million in 2013 from TK 3754.79 million in 2012 registering a robust growth of 121.77%.

	2009	2010	2011	2012	2013
Lease and Loan portfolio	2144.06	2956.52	3290.84	3754.79	8327.09

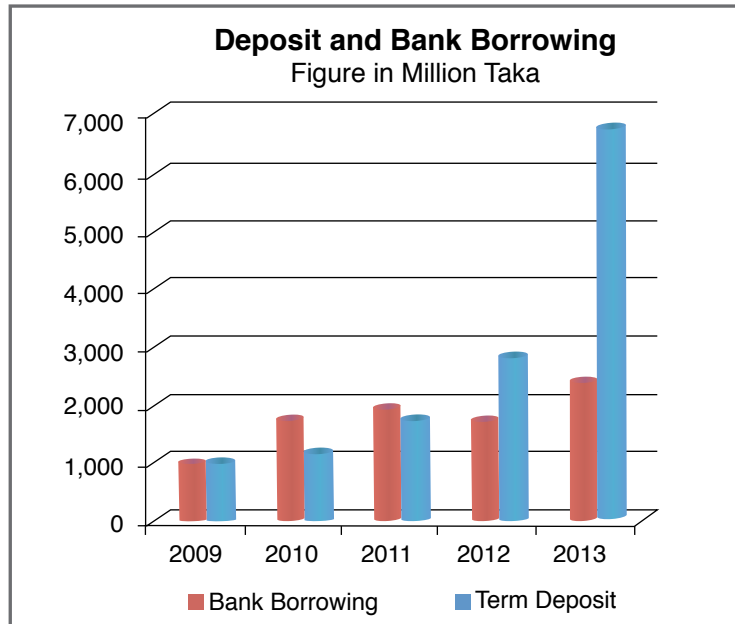
BD finance maintained a well diversified investment portfolio to minimize the exposure to credit risk. The sector wise investment portfolio as on 31/12/2013 is furnished below:



We have financed various business units under the SME program and participated the refinancing program of Bangladesh Bank, JAICA and Women Entrepreneur loan. The total amount of loan under SME during 2013 increased to TK 4378.49 lac against TK 331.00 lac in 2012. We received refinance of TK 111.89 lac during the year 2013.



2013 was a successful year for the company in terms of mobilization of core deposits. Our dependence on term loan from banks has been significantly reduced. Total deposit of BD finance increased to TK 7599.31 million in 2013 from TK 2887.71 million in 2012 registering a growth of 163.16%.



The Treasury Division had a remarkable contribution in providing liquidity support to the company required for the expansion of the investment portfolio. The average cost of fund has been reduced to 11.11% in December 2013 from 14.31% in December 2012. Customer deposit base of BD finance stood at TK 7262.37 million in 2013 from 2824.10 million in 2012 to contribute 60.06% of the funding requirement. Operational performance of BD Finance is summarized below:

	(Taka in Million)		
	2013	2012	Growth
Interest Income	1127.09	703.75	60.15%
Interest Expenses	791.29	629.86	25.63%
Net Interest Income	335.80	73.88	354.52%
Total Operating income	409.93	150.35	172.65%
Profit Before Provision	316.60	94.75	234.14%
Provision for Loan/Investment	87.39	25.58	241.63%
Profit before Tax	229.20	69.17	231.35%
Provision for Taxation	143.46	32.07	347.33%
Net Profit After Tax	85.74	37.10	131.10%

The Net Interest Income increased to TK 335.80 million in 2013 from TK 73.88 million in 2012 registering a growth of 354.52% over the previous year. The operating income stood at TK 409.93 million in 2013 from TK 150.35 million in 2012. The net profit after tax increased to TK 85.74 million in 2013 from TK 37.10 million in 2012 registering a growth of 131.10% over the previous year. Provision for lease,

loan and securities increased to TK 87.39 million in 2013 from TK 25.58 million in 2012 mainly due to increase in general provision for expansion of the lease/loan portfolio.

Human Capital

BD Finance maintains a fair and transparent process for recruitment of human resources. We pay attractive compensation packages and incentives to our employees to put their best for the company. The employee strength of the company is presented below:

	2012	2013
Beginning of the year	48	53
New recruitment	13	29
Released	(8)	(12)
Closing of the year	53	70

Financial Results & Appropriation

The company earned TK 85.74 million as net profit after tax in 2013 which is 131.10% above the figure of TK 37.10 million in 2012. Considering the overall situation of the financial sector of the country, current financial strength of the company and the future potential, the Board is recommending 10% stock dividend to the shareholders for the year 2013 and proposes the following appropriation:

(Figure in Taka)		
1.	Net Profit After Tax	85,744,843
2.	Retained Earnings Brought Forward Profit Available for Distribution	10,611,232
3.	Transfer to Statutory Reserve	17,148,969
4.	Amount Available for Distribution of Dividend	109,207,107
5.	Proposed Dividend – 10% Stock	104,022,708
6.	Retained Earnings Carried Forward	5,184,399

Subsidiary Operation

BD Finance Securities Limited (BD Securities)

BD Securities is a subsidiary of BD Finance providing brokerage services to its clients with a membership of the Dhaka Stock Exchange Ltd. BD Securities commenced its operation in November 2011 and within a short span of time the company has emerged as one of the leading brokerage houses of the country holding an average of 2.25% market share of DSE trade volume.

BD Finance Capital Holdings Limited (BD Capital)

BD Capital is a 100% subsidiary of BD Finance and is a full fledged Merchant Banker started its operation in October 2013 with a license from the Bangladesh Securities and Exchange Commission (BSEC).

Future Outlook

The lack of confidence of the consumers and the investors are reflected in lower private credit growth, a decline in imports of consumer goods and capital machinery, and modest growth in imports of raw materials. It is expected that political stability will continue for at least two years, improving consumer and investor confidence. The central bank will be watchful, in line with the monetary policy statement, to keep inflation in check while helping direct steady credit flows to the private sector. Electricity and fuel prices will be raised to lower subsidy costs. It will be possible to mobilize more foreign financing, thus limiting government borrowing from the banking system. Food grain and oil prices will remain stable on the international market. A likely rise in consumer and investor confidence as the political situation stabilizes is also expected to stimulate demand and strengthen growth momentum. The money market is expected to remain stable with enough liquidity pushing down the interest rate. It will be challenging for us to serve the corporate clients at competitive rate of interest mobilizing cheaper funds.

Contribution to the national economy

BD finance contributes to the national economy mainly through contribution to the National Exchequer, as well as investment in productive enterprises and creating employment thereby. During the year 2013 BD finance deposited TK. 53,0022,752.84 to the Government Exchequer. Moreover we have recruited people in various positions during the year 2013.

Risk Management

Risk management practice is a continuous process that is evaluated by the senior management and the Board of Directors time to time. Our goals, roles and expectations are clearly defined through governance and policies. We have an active Board of Directors comprising enlightened member with experience in banking and financial institutions to guide the management. The governance structure also comprises three lines of defenses; Operation & Marketing, CRM, Internal Control & Compliance in which each level plays some role in the assessment and oversight of credit risk.

Corporate & Financial Reporting Framework

The Directors in accordance with BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 confirms compliance with the financial reporting framework for the following:

- 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 statement and that the accounting estimates are based on reasonable & prudent judgment.
- The International Accounting Standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- 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.

Key Operating & Financial Data

Key operating & financial information for the last five years as per requirement of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 are presented in page No. 55

Highlights of overall operation of the Company as per DFIM Circular No. 11 dated December 23, 2009 are also shown in page No. 139

Shareholding Pattern

Shareholding pattern of the Company as of December 31, 2013 is shown on page No. 76 in Annexure-I of this report.

Meetings

During the year 2013 a total 14 (Fourteen) numbers of Board meetings & 4 (four) number of Audit Committee meetings were held and attendance of the Directors are shown on page-77 in Annexure- II of this report.

Dividend

The Board of Directors proposed 10% stock dividend i.e, 10(Ten) bonus shares for every 100 (One Hundred) shares for total 10,402,270 Ordinary Shares of Tk. 10/- each for the year ended December 31, 2013.

Directors

As per Articles 126,127 and 128 of the Articles of Association of the Company, following Directors retire from the office by rotation at the Annual General Meeting and being eligible are seeking re-election:

Mr. Manwar Hossain

Mrs. Shahnaz Rashid

Mr. Syed Tareq Akbar Ally

Mr. Yousuf Aman

Mr. Mohammad Shahin Alam

Mr. Rashida Yousuf

Brief Resume and other information of the Directors as per clause 1.5 (xxii) of BSEC notification dated August 07, 2012 are depicted in the page 26, 27 and 28

Appointment of Independent Director

The Board of Directors has appointed Mr. Ansar Uddin Ahmed of the company for 3 (three) years as an Independent Director in its 165th Meeting of the Board of Directors dated July 10, 2013. Brief Resume and other information of the above mentioned Directors as per clause 1.5 (xxii) of BSEC notification dated August 07, 2012 are depicted in page no. 29.

Auditors

In the 14th Annual General Meeting, the Shareholders appointed M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, as auditors of the Company for the year 2013. The Auditors are due to retire on completion of consecutive three years. They are not eligible for reappointed as BSEC notification and Bangladesh Bank guidelines. As proposed by the Audit Committee, the Board recommends M/s. A. Qasem & Co. Chartered Accountants, appointment for the year 2014 as Auditors of the Company and to fix their remuneration by the AGM subject to approval of Bangladesh Bank.

Status of Compliance on Corporate Governance

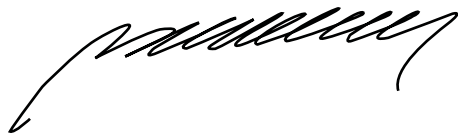
Certificate and Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 is given on page No. 47 and 48

Acknowledgement

The Board of Directors expresses heart-felt appreciation & gratitude to the valued clients, lenders, depositors, bankers & business associates for their support & cooperation. Board also expresses its gratitude to Bangladesh Bank, Bangladesh Securities & 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. The Board also thanks M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, the Auditors of the Company for their efforts for timely completion of audits. Our sincere appreciation goes to the employees of the Company for their loyalty, efforts and dedication. I would take the opportunity to thank all my colleagues of the Board who have extended all sorts of cooperation to make the year 2013 another year of success for the Company.

Finally, the Board of Directors thanks the respected shareholders for their confidence on the Board & Management and assures them that the process of strengthening and development 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

Annexure : I

Pattern of Shareholdings as on December 31, 2013

Shareholders	No. of Shares	% of holding
i) Parent/subsidiary/Associated Companies		
Anwar Steel Mills Ltd. Represented by Mr. Manwar Hossain Represented by Mrs. Shahnaz Rashid	4,975,900	4.7835
Anwar Jute Spinning Mills Ltd. Represented by: Mr. Hossain Khaled	2,554,177	2.4554
Anwar Silk Mills Ltd. Represented by : Mr. Yousuf Aman	2,102,862	2.0215
Khaled Iron & Steel Mills Ltd. Represented by : Mr. Syed Tareq Akber Ali	2,098,846	2.0177
Hossain Dyeing & Printing Mills Ltd. Represented by : Mr. Mohammad Shahin Alam	2,102,862	2.0215
Mehmud Industries (Pvt.) Ltd. Represented by: Mrs. Rashida Yousuf	2,100,094	2.0189
ii) Directors & their spouses and children		
Haji M.A. Taher	3,716,816	3.5731
Mr. S.M. Didarul Alam	2,090,196	2.0094
Mr. Geasuddin Ahmed	2,085,243	2.0046
Haji Md. Yousuf	2,413,649	2.3203
Mr. Md. Imtiaz	2,111,880	2.0302
Mrs. Bibi Amena	1,421,684	1.3667
ii.a) Chief Executive Officer, his spouse & minor children	Nil	Nil
ii.b) Company Secretary, his spouse & minor children	Nil	Nil
ii.c) Chief Financial Officer, his spouse & minor children	Nil	Nil
iii) Executives	Nil	Nil
iv) Shareholders holding 10% or more voting interest	Nil	Nil
v) Others
Total	100.00

Annexure: II

Meetings attended by the Directors during 2013

Name of Directors	Board of Director's Meeting			Audit Committee Meeting		
	The BoD Meeting held during director's tenure	Meeting attended	Attendance as % of total meeting held	The AC Meeting held during director's tenure	Meeting attended	Attendance as % of total meeting held
Mr. Manwar Hossain	14	14	100	-	-	-
Mr. Hossain Khaled	14	07	50	4	3	75
Mr. Geasuddin Ahmed	14	14	100	4	4	100
Mr. S. M. Didarul Alam	14	06	42	2	2	0
Mr. Md. Imtiaz	14	13	92	2	1	-
Mr. Haider Ahmed Khan, FCA	14	13	92	4	4	100
Mrs. Shahnaz Rashid	14	11	78	2	1	-
Mrs. Rahida Yousuf	14	13	92	-	-	-
Mr. Shahin Alam	14	06	42	-	-	-
Mr. Yousuf Aman	14	14	100	2	1	100
Mr. Sayed Tareq Akber Ali	14	12	85	2	2	50
Mr. A.K.M. Shamsuddin	09	05	55	-	-	-
Mr. Iqbal U. Ahmed	07	03	42	-	-	-
Mr. Ansar Uddin Ahmed	05	05	100	-	-	-

Management Committee (ManCom)



Standing from left:

Anindya Sarkar ACS
Company Secretary

S.M. Shafique
Head of Recovery

Mohammad Liton Miah FCA
Chief Financial Officer

Sitting from left:

Shah M. Badar Uddin
Head of Treasury

Chowdhury Khaled Saifullah
Deputy Managing Director



Barun Prasad Paul
Chief Operating Officer, BD Securities

Sumon C. Karmokar
Head of Investment

Md. Sajjadur Rahman Bhuiyan
Head of Internal Control & Compliance

Buddha Dev Sarkar
Chief Technology Officer

Mafizuddin Sarker
Managing Director & CEO

Md. Abdul Wadud Khan
Head of Credit Risk management

Mohammed Ahsan Ullah
Managing Director & CEO (BD Capital)

Senior Executives:



Mohammad Nazrul Islam
Chief Operating Officer, BD Capital



Md. Rafiqul Amin
FAVP & Head of Accounts



Pulak Chaudhuri
FAVP & Head of Corporate Finance



Md. Hossain Al Masud
FAVP & Branch-in-Charge, Chittagong



Md. Ali Hossain
Senior Executive Officer & Head of Legal



Md. Abdus Samad
Senior Executive Officer & Head of SME Finance



Shiva Shakher Mondal
Senior Executive Officer & Branch In-Charge
Bangshal Branch, Dhaka



Md. Emran Hossain
Executive Officer & Head of Admin, HR & PR



Md. Ruhul Kuddus
Executive Officer & Head of Auto Finance



Mohammed Safiullah Moni
Executive Officer & Head of Channel Financing

Gallery of Events



14th Annual General Meeting of BD Finance held on Monday, June 24, 2013 at the Institution of Diploma Engineers, Kakrail, Dhaka.



Mr. Mohd. Ahsan Ullah, Managing Director & CEO of BD Capital, a 100% subsidiary of BD Finance and Mr. Md. Saifuddin, Managing Director of IDLC Securities Ltd. signed a brokerage service agreement on behalf of their respective organizations on February 18, 2014 at our Head Office. Mr. Manwar Hossain, Chairman, Mr. Mafizuddin Sarker, Managing Director & CEO, BD Finance, Mr. Mohammad Faiz, Adviser of BD Securities and other officials of BD Capital and IDLC Securities were also present in this occasion.



Mr. Mafizuddin Sarker, Managing Director & CEO, BD Finance and Waqar Choudhury, MD & CEO, Vanguard AML signed an Investment Management Agreement of TK. 200 crore Vanguard AML BD Finance Mutual Fund One on behalf of the respective organizations on July 22, 2013 at DCCI Auditorium, Dhaka. Mr. Anwar Hossain, Chairman, Anwar Group of Industries and Mr. Manwar Hossain, Chairman, BD Finance were also present on the occasion.



BD Finance Capital Holdings Limited, a full fledged merchant bank and a 100 % subsidiary of BD Finance started its operation on Monday, August 19, 2013. Mr. Anwar Hossain, Chairman of the Company inaugurated the operation at its Corporate Office at 64, Motijheel C/A, Dhaka. Among others Mr. Manwar Hossain, Chairman, BD Finance and Mr. Mafizuddin Sarker, Managing Director, BD Finance were also present.



BD Finance celebrated new year-2014 in a festive mode with pride and enthusiasm.



BD Finance extended Term Loan Facility of TK. 150 Million to Esack Brothers Industries Limited on September 12, 2013 .



Mr. Mafizuddin Sarker, Managing Director & CEO, BD Finance and Mayeen Chowdhury, Managing Director of Khan Bahadur Group signing a TK. 250 million Term Loan agreement on behalf of their respective organizations. Mr. Anwar Hossain, Chairman, Anwar Group of Companies, Mr. Manwar Hossain, Chairman, BD Finance, Mr. Mahmudul Islam Chowdhury, former Mayor, Chittagong City Corporation & Managing Director, Shah Makhдум Modern Rice Mills Limited were also present in the signing ceremony.



Mr. Mafizuddin Sarker, Managing Director & CEO, BD Finance and Tarafder Md. Ruhul Amin, Managing Director of SAIF Powertec Limited signing a TK. 300 million loan agreement on behalf of their respective organizations.



Shareholders of BD Finance attending at 14th AGM held on June 24, 2013 at the Institution of Diploma Engineers, Kakrail, Dhaka.



Bangladesh Finance and Investment Company Limited (BD Finance) participated the Women Entrepreneurs and Product Display-2014 on March 13, 2014 organized by Bangladesh Bank at Winter Garden , Ruposhi Bangla Hotel in Dhaka.



Bangladesh Bank Governor Dr. Atiur Rahman visited the SME stall of BD Finance at a fair organized by Bangladesh Bank at the Winter Garden , Ruposhi Bangla Hotel on March 13, 2014 .



Mr Mafizuddin Sarker, Managing Director & CEO, Bangladesh Finance and Investment Company Limited distributed blankets among the winter-hit poor people under its corporate social responsibility. Mr. Chowdhury Khaled Saifullah, Deputy Managing Director, Mr. Abdul Wadud Khan SVP, Mr. M. Badar Uddin, SVP were also present.



Auditors' Report to the shareholders of Bangladesh Finance And Investment Company Limited and its subsidiaries

We have audited the accompanying consolidated financial statements of Bangladesh Finance And Investment Company Limited and its subsidiaries (the "Group") as well as the separate financial statements of Bangladesh Finance And Investment Company Limited ("the Company") which comprise the consolidated and the separate balance sheet as at 31 December 2013, profit and loss account, statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also the separate financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchange rules 1987, 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the financial statements of the Company. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the financial statements of the Company, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Group and the financial statements of the Company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the financial statements of the Company.

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2013, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 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.

Report on Other Legal and Regulatory Requirements

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 purposes 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 Group and the Company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) the consolidated balance sheet and consolidated profit and loss account of the Group and those of the Company together with annexed note 1 to 43 dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Group and the Company's business;
- v) the consolidated financial position of the Group and those of the Company as at 31 December 2013 and their profit for the year then ended have been properly reflected in the consolidated financial statements of the Group and those of the Company, and these financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the consolidated financial statements of the Group and those of the Company have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;
- vii) adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery;
- viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- ix) the information and explanations required by us have been received and found satisfactory;
- x) the Company has complied with relevant laws pertaining to capital and reserves and found satisfactory;
- xi) the consolidated financial statements of the Group and those of the Company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- xii) we have reviewed over 80% of the risk weighted assets of the Group and the Company during the course of our audit and we have spent over 1,835 person hours;



Dhaka, 17 April, 2014

**Hoda Vasi Chowdhury & Co
Chartered Accountants**

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
PROPERTY AND ASSETS			
Cash			
Cash in hand	3.a	77,832	59,611
Balance with Bangladesh Bank		99,911,439	73,358,455
		99,989,272	73,418,066
Balance with other Banks and Financial Institutions			
Inside Bangladesh	4.a	684,751,795	217,400,745
Outside Bangladesh		-	-
		684,751,795	217,400,745
Money at call and short notice			
	4.4	944,616,892	402,602,083
Investment in Securities			
Government	5.a	-	-
Others		582,401,228	818,208,573
		582,401,228	818,208,573
Lease, Loans and Advances			
In Bangladesh	6.a	8,379,874,724	3,653,430,844
Outside Bangladesh		-	-
		8,379,874,724	3,653,430,844
Fixed Assets including Premises, Furniture and Fixtures			
	7.a	338,324,362	222,515,788
Other Assets			
	8.a	1,500,324,387	1,207,449,392
Non Banking Assets			
		-	-
Total Assets		12,530,282,661	6,595,025,490
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks, Financial Institutions and Agents			
	9.a	1,858,198,017	1,656,962,855
Deposits and other Accounts			
	10.a	7,486,066,738	2,773,802,633
Other Liabilities			
	11.a	1,182,746,503	764,550,643
		10,527,011,258	5,195,316,132
Capital/ Shareholders' Equity			
Share Capital	12	1,040,227,080	591,038,120
Statutory Reserve	13	148,584,375	131,435,406
General Reserve	14	30,000,000	50,000,000
Revaluation Surplus on Land & Building	7.b	249,673,602	138,223,602
Retained earnings	15.a	82,010,256	44,874,501
Total Shareholders' Equity		1,550,495,312	955,571,629
Total Liabilities & Shareholders' Equity		12,077,506,570	6,150,887,761
Non Controlling Interest			
	15.b	452,776,091	444,137,729
Total Liabilities		12,530,282,661	6,595,025,490

Consolidated Balance Sheet

As at 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	16	104,801,330	124,801,330
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		104,801,330	124,801,330
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		104,801,330	124,801,330

These financial statements should be read in conjunction with the annexed notes 1 to 43


Company Secretary


Managing Director


Director


Director

Auditors' Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Profit and Loss Account

For the year ended 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
Interest Income	18.a	1,130,659,640	697,265,162
Less: Interest paid on Deposits & Borrowings etc.	19.a	773,783,720	615,331,052
Net Interest Income		356,875,919	81,934,111
Income from Investment in securities	20.a	(13,748,537)	(13,645,990)
Commission, Exchange and Brokerage	20.b	71,229,130	42,955,928
Other Operating Income	21.a	85,260,565	87,668,666
		142,741,158	116,978,604
Total Operating Income		499,617,077	198,912,715
Salaries and Allowances	22.a	40,608,255	27,307,606
Rent, Taxes, Insurances, Electricity etc.	23.a	13,515,238	10,965,265
Legal Expenses	24	2,189,624	434,077
Postage, Stamps, Telecommunication etc.	25.a	1,479,706	946,385
Stationery, Printings, Advertisements etc.	26.a	11,940,918	3,692,225
Managing Director's Salary and Allowances	27	7,100,000	7,100,000
Directors' Fees and Conveyance	28.a	1,031,250	703,500
Auditors' Fees	28.b	288,334	248,000
Depreciation & Repairs of Assets	29.a	15,143,541	9,441,638
Other Expenses	30.a	51,234,479	27,087,648
Total Operating Expenses		144,531,345	87,926,344
Profit before Provision		355,085,733	110,986,370
Specific provisions for Classified Investment	31	35,215,265	17,536,788
General Provisions for Unclassified Investment	31	43,373,188	6,876,206
Provisions for Investment in Securities	31.a	18,744,997	8,135,166
Total Provision		97,333,451	32,548,160
Total Profit before Provisions for Taxation		257,752,282	78,438,210
Deferred Tax Expenses/(benefit)		193,307	172,368
Current Tax Expenses-BD Finance		143,267,918	31,901,152
Current Tax Expenses-BD Securities Ltd.		11,404,604	5,462,410
Current Tax Expenses-BD Capital Holding Ltd.		859,559	1,018,360
		155,725,388	38,554,290
Net Profit after Taxation		102,026,894	39,883,920
Attributable to		102,026,894	39,883,920
Shareholder of the Company		93,388,533	37,558,519
Non-controlling Interest		8,638,361	2,325,401
Net Profit available for distribution		93,388,533	37,558,519

Consolidated Profit and Loss Account

For the year ended 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
Appropriations			
Statutory Reserve	13	17,148,969	7,420,263
General Reserve	14	-	-
Retained Earnings	15	76,239,564	30,138,256
		<u>93,388,533</u>	<u>37,558,519</u>
Earning Per Share (Re-stated)	32a	1.34	0.65

These financial statements should be read in conjunction with the annexed notes 1 to 43


Company Secretary


Managing Director


Director


Director

Auditors' Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	31-Dec-13 BDT	31-Dec-12 BDT
Cash Flow from Operating Activities		
Interest received	1,169,472,341	651,146,136
Interest paid	(703,349,766)	(535,364,153)
Dividend received	9,278,844	5,724,279
Fees & Commission received	71,243,504	43,160,928
Cash Payments to Employees	(47,708,255)	(34,407,606)
Cash Payments to Suppliers	(27,599,717)	(19,918,819)
Income Tax Paid	(47,246,112)	(16,831,413)
Received from other Operating activities	104,850,185	70,064,197
Payments for other Operating activities	(45,275,441)	(44,516,474)
Operating Profit before changes in Operating Assets & Liabilities	483,665,583	119,057,076
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	228,646,742	(143,872,145)
Loans and Lease Finance to Customers	(5,302,880,436)	(400,840,897)
Other Assets	(221,282,168)	(310,071,212)
Deposits	4,711,601,087	986,399,312
Other Liabilities	19,403,216	20,140,040
Sub Total	(564,511,559)	151,755,098
A) Net Cash from Operating Activities	(80,845,976)	270,812,174
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	-
Adjustment of Depreciation for 2010	-	-
Proceeds from Sale of fixed assets	-	-
Purchases/sale of Property, Plant & Equipment	(16,552,079)	(13,349,673)
B) Net Cash from Investing Activities	(16,552,079)	(13,349,673)
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	201,235,161	(228,619,976)
Share Capital - Right Issue	390,085,150	-
C) Net Cash from Financing Activities	591,320,311	(228,619,976)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	493,922,256	28,842,525
E) Cash & Cash Equivalents at the beginning of the period	290,818,811	261,976,286
F) Cash & Cash Equivalents at the end of the period(D+E)	784,741,067	290,818,811


Company Secretary


Managing Director


Director


Director

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2013

Particulars	Share capital BDT	Statutory reserve BDT	General reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT	Non Controlling Interest BDT	Total Equity BDT
Balance as at 1 January 2013	591,038,120	131,435,406	50,000,000	138,223,602	44,874,501	955,571,629	444,137,729	1,399,709,359
Changes during the period 2013								
Issue of Bonus Share	59,103,810	-	(20,000,000)	-	(39,103,810)	-	-	-
Right Share Issue	390,085,150	-	-	-	-	390,085,150	-	390,085,150
Profit/(Loss) for the period	-	-	-	-	93,388,533	93,388,533	8,638,361	102,026,894
Revaluation Surplus	-	-	-	111,450,000	-	111,450,000	-	111,450,000
Transfer to statutory reserve	-	17,148,969	-	-	(17,148,969)	-	-	-
	449,188,960	17,148,969	(20,000,000)	111,450,000	37,135,754	594,923,683	8,638,361	603,562,044
Balance as at 31 December 2013	1,040,227,080	148,584,375	30,000,000	249,673,602	82,010,256	1,550,495,313	452,776,090	2,003,271,403
Balance as at 1 January 2012	537,307,390	124,015,143	50,000,000	138,223,602	89,628,055	939,174,190	441,812,328	1,380,986,518
Changes during the period 2012								
Issue of Bonus Share	53,730,730	-	-	-	(53,730,730)	-	-	-
Prior year adjustment	-	-	-	-	(20,931,832)	(20,931,832)	-	(20,931,832)
VAT paid for FY 2006	-	-	-	-	(229,247)	(229,247)	-	(229,247)
Profit/(Loss) for the period	-	-	-	-	37,558,519	37,558,519	2,325,401	39,883,920
Transfer to statutory reserve	-	7,420,263	-	-	(7,420,263)	-	-	-
	53,730,730	7,420,263	-	-	(44,753,554)	16,397,440	2,325,401	18,722,841
Balance as at 31 December 2012	591,038,120	131,435,406	50,000,000	138,223,602	44,874,501	955,571,629	444,137,729	1,399,709,359




Company Secretary



Managing Director



Director



Director

Balance Sheet

As at 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
PROPERTY AND ASSETS			
Cash	3	99,964,183	73,413,469
Cash in hand		52,743	55,014
Balance with Bangladesh Bank		99,911,439	73,358,455
Balance with other Banks and Financial Institutions	4	613,811,364	211,155,270
Inside Bangladesh		613,811,364	211,155,270
Outside Bangladesh		-	-
Money at call and short notice	4.4	944,616,892	402,602,083
Investment in Securities	5	456,264,709	692,072,054
Government		-	-
Others		456,264,709	692,072,054
Lease, Loans and Advances	6	8,327,091,053	3,754,792,183
In Bangladesh		8,327,091,053	3,754,792,183
Outside Bangladesh		-	-
Fixed Assets including Premises, Furniture and Fixtures	7	312,324,955	194,443,974
Other Assets	8	1,338,227,259	909,917,108
Non Banking Assets		-	-
Total Assets		12,092,300,415	6,238,396,141
LIABILITIES AND CAPITAL			
Financing (Borrowings) from Other Banks, Financial Institutions and Agents	9	1,858,198,017	1,656,962,855
Deposits and other Accounts	10	7,599,310,341	2,887,709,254
Term Deposits		7,155,131,157	2,739,881,351
Scheme Deposit		107,246,490	84,223,000
Other Deposits		56,287,439	38,939,005
Advance Rent & Installments		280,645,256	24,665,898
Bills Payable		-	-
Other Liabilities	11	1,087,099,894	733,311,862
Total Liabilities		10,544,608,251	5,277,983,971
Capital/ Shareholders' Equity			
Share Capital	12	1,040,227,080	591,038,120
Statutory Reserve	13	148,584,375	131,435,406
General Reserve	14	30,000,000	50,000,000
Revaluation Surplus on Land & Building	7.1	249,673,602	138,223,602
Retained earnings	15	79,207,107	49,715,042
Total Shareholders' Equity		1,547,692,163	960,412,170
Total Liabilities & Shareholders' Equity		12,092,300,415	6,238,396,141

Balance Sheet

As on 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	16	104,801,330	124,801,330
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		104,801,330	124,801,330
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		104,801,330	124,801,330

These financial statements should be read in conjunction with the annexed notes 1 to 43


Company Secretary


Managing Director


Director


Director

Auditors' Report to the shareholders see annexed report to date



Dhaka, 17 April, 2014

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Profit and Loss Account

For the year ended 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
Interest Income	18	1,127,096,314	703,752,596
Less: Interest paid on Deposits & Borrowings etc.	19	791,289,778	629,867,899
Net Interest Income		335,806,535	73,884,698
Income from Investment in securities	20	(13,803,037)	(13,661,814)
Commission, Exchange and Brokerage		1,000,000	700,000
Other Operating Income	21	86,928,625	89,434,466
		74,125,588	76,472,652
Total Operating Income		409,932,123	150,357,350
Salaries and Allowances	22	29,258,742	18,815,461
Rent, Taxes, Insurances, Electricity etc.	23	11,532,643	8,627,926
Legal Expenses	24	2,189,624	434,077
Postage, Stamps, Telecommunication etc.	25	794,248	431,576
Stationery, Printings, Advertisements etc.	26	10,753,332	2,092,004
Managing Director's Salary and Allowances	27	7,100,000	7,100,000
Directors' Fees	28	891,250	621,000
Auditors' Fees		130,834	138,000
Depreciation & Repairs of NBFIs' Assets	29	6,894,182	5,125,790
Other Expenses	30	23,782,698	12,214,374
		93,327,553	55,600,208
Total Operating Expenses		93,327,553	55,600,208
Profit before Provision		316,604,571	94,757,142
Specific provisions for Classified Investment		35,215,265	17,536,788
General Provisions for Unclassified Investment		43,373,188	6,876,206
Provisions for diminution in value of Investment		8,810,049	1,169,313
Total Provision	31	87,398,503	25,582,307
Total Profit before Provisions for Taxation		229,206,068	69,174,835
Deferred Tax Expenses/(benefit)		193,307	172,368
Current Tax Expenses		143,267,918	31,901,152
		143,461,225	32,073,520
Net Profit after Taxation		85,744,843	37,101,315
Appropriations			
Statutory Reserve	13	17,148,969	7,420,263
General Reserve	14	-	-
Retained Earnings	15	68,595,875	29,681,051
		85,744,843	37,101,315
Earning Per Share (Re-stated)	32	1.23	0.65

These financial statements should be read in conjunction with the annexed notes 1 to 43


Company Secretary



Managing Director


Director


Director

Auditors' Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Cash Flow Statement

For the year ended 31 December 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
Cash Flow from Operating Activities			
Interest received	33	1,125,254,670	657,674,276
Interest paid	34	(703,349,766)	(549,737,281)
Dividend received		9,224,344	5,715,529
Fees & Commission received		1,000,000	700,000
Cash Payments to Employees		(36,358,742)	(25,915,461)
Cash Payments to Suppliers		(10,753,332)	(2,092,004)
Income Tax Paid		(38,462,728)	(10,687,932)
Received from other Operating activities	35	63,901,244	70,057,123
Payments for other Operating activities	36	(40,004,068)	(44,501,858)
Operating Profit before changes in Operating Assets & Liabilities		370,451,622	101,212,392
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		235,807,345	(32,211,830)
Loans and Lease Finance to Customers		(5,114,313,680)	(786,545,717)
Other Assets	37	(360,141,180)	(38,828,468)
Deposits		4,711,601,087	1,100,305,933
Other Liabilities	38	7,123,695	13,016,831
Sub Total		(519,922,733)	255,736,749
A) Net Cash from Operating Activities		(149,471,111)	356,949,141
Cash flows from Investing Activities			
Purchase/sale of non trading securities		-	-
Proceeds from Sale of fixed assets		111,450,000	-
Purchases/sale of Property, Plant & Equipment		(124,092,392)	(1,184,470)
B) Net Cash from Investing Activities		(12,642,392)	(1,184,470)
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		201,235,161	(228,619,976)
Share Capital - Right Issue		390,085,150	-
Dividend Paid		-	-
C) Net Cash from Financing Activities		591,320,311	(228,619,976)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		429,206,808	127,144,695
E) Cash and cash equivalents at the beginning of the period		284,568,739	157,424,043
F) Cash and cash equivalents at the end of the period (D+E)	39	713,775,547	284,568,738



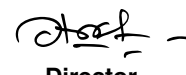
Company Secretary



Managing Director



Director



Director

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2013

Particulars	Share capital Taka	Statutory reserve Taka	General reserve aka	Revaluation Surplus Taka	Retained earnings Taka	Total Taka
Balance as at 1 January 2013	591,038,120	131,435,406	50,000,000	138,223,602	49,715,042	960,412,170
Changes during the period 2013						
Issue of Bonus Share	59,103,810	-	(20,000,000)	-	(39,103,810)	-
Right share issue	390,085,150	-	-	-	-	390,085,150
Profit/(Loss) for the period	-	-	-	-	85,744,843	85,744,843
Transfer to statutory reserve	-	17,148,969	-	-	(17,148,969)	-
Revaluation on Land	-	-	-	111,450,000	-	111,450,000
	449,188,960	17,148,969	(20,000,000)	111,450,000	29,492,065	587,279,993
Balance as at 31 December 2013	1,040,227,080	148,584,375	30,000,000	249,673,602	79,207,107	1,547,692,163
Balance as at 1 January 2012	537,307,390	124,015,143	50,000,000	138,223,602	94,925,800	944,471,935
Changes during the period 2012						
Issue of Bonus Share	53,730,730	-	-	-	(53,730,730)	-
Prior year adjustment	-	-	-	-	(20,931,832)	(20,931,832)
VAT Paid for FY 2006	-	-	-	-	(229,247)	(229,247)
Profit for the period	-	-	-	-	37,101,314	37,101,314
Transfer to general reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	7,420,263	-	-	(7,420,263)	-
	53,730,730	7,420,263	-	-	(45,210,758)	15,940,235
Balance as at 31 December 2012	591,038,120	131,435,406	50,000,000	138,223,602	49,715,042	960,412,170



Company Secretary



Managing Director



Director



Director

Liquidity Statement Assets And Liabilities Maturity Analysis

As at 31 December 2013

Particulars	Up to 01 Month Taka	01-03 Months Taka	03-12 Months Taka	01-05 Years Taka	More than 05 years Taka	Total Taka
Assets						
Cash in hand	52,743	-	-	-	-	52,743
Balance with Bangladesh Bank	99,911,439	-	-	-	-	99,911,439
Balance with other banks and financial institutions	825,801	492,985,563	120,000,000	-	-	613,811,364
Money at Call and Short Notice	594,616,892	350,000,000	-	-	-	944,616,892
Investment in securities	14,528,738	304,617,929	98,860,712	38,257,330	-	456,264,709
Investment (Loans and Advances)	235,297,696	591,577,733	1,099,244,904	5,246,067,363	1,154,903,357	8,327,091,053
Fixed Assets including premises, furniture and fixtures etc.	-	-	-	11,345,804	189,529,151	200,874,955
Other Assets	125,953,272	-	13,272,180	149,071,808	1,049,930,000	1,338,227,259
Non-banking Assets						-
Total Assets (i)	1,071,186,581	1,739,181,225	1,331,377,796	5,444,742,304	2,394,362,508	11,980,850,415
Liabilities						
Financing (Borrowing) from other banks, financial institutions and agents	669,485,527	228,497,585	284,357,930	374,027,698	301,829,277	1,858,198,017
Deposits and other accounts	408,082,965	683,937,931	835,164,207	4,304,249,377	1,367,875,861	7,599,310,341
Provision and other liabilities	71,224,691	348,794,358	115,735,827	176,438,616	374,906,402	1,087,099,894
Total Liabilities (ii)	1,148,793,182	1,261,229,873	1,235,257,963	4,854,715,692	2,044,611,541	10,544,608,251
Net Liquidity Gap (i-ii)	(77,606,601)	477,951,352	96,119,833	590,026,612	349,750,967	1,436,242,163

Accompanying notes from 1 to 43 form an integral part of these financial statements



Company Secretary



Managing Director



Director



Director

Notes to the consolidated and separate financial statements

For the year ended 31 December 2013

1. Legal status and nature of the company

1.1 Domicile, legal form and country of incorporation

Bangladesh Finance and Investment Company Limited (BD Finance) is a Non-Banking Financial Institution engaged in lease, loan and investment financing operation. 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 from Bangladesh Bank on 22 December 1999 under the Financial Institutions Act 1993. The operational activities was started on 15 February 2000 through signing the first lease agreement on that day. In the year 2005 the company opened a branch at Agrabad C/A, Chittagong. The Company went for Initial Public Offering on 14.06.2007 and its shares were listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 06.09.2007 & 28.08.2007 respectively.

1.2 Principal activities and nature of operation

The Company provides 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 and working capital finance to the enterprises as well as professionals.

1.3 Subsidiary companies

1.3.1 BD Finance Securities Limited

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

1.3.2 BD Finance Capital Holdings Limited

BD Finance Capital Holdings Limited, a fully owned (99.93% Share) subsidiary company of Bangladesh Finance And Investment Company Limited was incorporated on 10 August 2011 as a public limited company under Companies Act 1994 with authorized share capital of Tk. 200 crore. The main objective of the Company is to carry on the business of Merchant Banking, fund management, managing portfolio investments, financial consultancy services etc.

2. Significant accounting policies

2.1 Basis of preparation of the financial statements and significant accounting policies

a) Statement of compliance.

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance with the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), except the circumstances where local regulations differ, and other applicable laws and regulations. The presentation of the financial statements has been made as per the requirements

of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements.

b) Basis of measurement.

This financial statements have been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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.

c) Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements.

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the Company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank.

d) 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. As such the Company measures and recognises investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. In order to comply with the requirement specified in DFIM Circular No. 11, the company has charged the entire amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per BAS 39.

Bangladesh Bank has issued templates for financial statements which shall strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to be included in the Single Comprehensive Income (SCI) Statement. As such the company does not prepare the other comprehensive income statement. However the company does not have any elements of OCI to be presented.

As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

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

2.1.1 Basis of consolidation of operations of subsidiary

The financial statements of the Company and its subsidiary, as mentioned in note no. 1.3, have been consolidated in accordance with Bangladesh Accounting Standard 27 "Consolidated and Separate Financial Statements". The consolidation of the financial statement has been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

The total profits of the Company and its subsidiary 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'.

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

2.2 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.

2.3 Comparative Information

As guided in paragraph 36 and 38 of BAS 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.

2.4 Reporting period

These financial statements cover from 1 January 2013 to 31 December 2013

2.5 Functional and presentation currency

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

2.6 Cash flow statements

Paragraph 102 of BAS 1 presentation of financial statements requires that a cash flow statements are to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with a basis to asses the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows;

Cash flow statements has been prepared under the Direct method, classified by Operating, Investing and Financing activities as prescribed in paragraph 10 and 18 (a) of BAS 7 Cash Flow Statements.

2.7 Statement of Changes in Equity

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

2.8 Accounting for leases

Lease transactions are accounted for under finance method as per BAS 17 since assets leased to customer under agreements transfer substantially all the risk and rewards associated with ownership, other than legal title, to the customer.

As per BAS 17, in case of finance lease, the aggregate lease rental receivables including unguaranteed residual value throughout the lease term are recorded as gross rental receivables while the excess of gross rental receivables over the total acquisition cost including interest during the period of acquiring the lease equipment constitutes the unearned interest income. The unearned interest income is amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period.

Unrealized income is suspended where necessary in accordance with the requirements of relevant circular issued by the Department of Financial Institutions & Market (DFIM) of Bangladesh Bank.

2.9 Recognition of Property, Plant and Equipment and Depreciation

2.9.1 Property, plant and equipment are stated at cost 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 Bangladesh Accounting Standard (BAS) 16: Property, Plant and Equipment.

2.9.2 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. BD Finance followed the Straight-line method of depreciation and annual rates are as under:

Building	10%
Office equipment	25%
Furniture and fixtures	20%
Motor vehicles	20%
Other assets	20%

2.9.3 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.

2.10 Intangible Assets

a. Components

The main item included in intangible asset is software.

b. 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 BAS 38: Intangible Assets. Accordingly, this asset is stated in the Balance Sheet at cost less accumulated amortization.

c. 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.

d. Amortization

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

2.11 Cash & Cash Equivalents

Cash & cash Equivalent comprise cash at bank & in hand and short-term deposit with maximum maturity of 12 months or less.

2.12 Investments in Securities

Investments are valued in compliance with FID Circular no .08, dated 03 august, 2002 in lieu of BAS-39. 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 non-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.

2.13 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 And Investment Company Limited (BD Finance) transfers 20% on post tax profit in compliance with the regulation.

2.14 General Reserve

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

2.15 Retirement Benefit

(a) Provident Fund

The company has introduced recognized contributory provident fund scheme effective from March 2008 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 a predetermined rate.

(b) Gratuity

Gratuity fund benefit are given to the staff of BD Finance in accordance with the company's service rules. The gratuity is calculated on the basis of sum equal to 15 (fifteen) days basic pay for every confirmed employee who completed his continuous service for Seven (7) years and 30 (thirty) days basic for employees whose service is completed for 10 (ten) years or more and as per BAS-19 "Employee Benefits" and payable as per the modalities of the rules. Gratuity so calculated are transfer to the Gratuity fund and charged to expenses of the Company.

2.16 Provision for investments and advances

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) Bangladesh Accounting Standards (BAS) 37; Provisions, contingent liabilities and contingent assets, and (2) Bangladesh Bank guidelines.

BD 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 FID Circular no. 06 dated 20 August 2006. The classification rates are given below:

Particulars	Rate
General provision on:	
Unclassified loans and advances	1%
Special mention account	5%
Specific provision on:	
Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

2.17 Income Tax

2.17.1 Current tax

Provision for current income tax has been made @ 42.50% as prescribed in the Finance Act 2012 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with BAS-12.

2.17.2 Deferred tax

Pursuant to Bangladesh Accounting Standard (BAS) 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.

2.18 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.

2.19 Revenue recognition

Moment of recognition, amount to be recognized and disclosure requirements of revenue has been made as per BAS-18.

2.19.1 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.

2.19.2 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.

2.19.3 Fees base income, etc.

Fees base income, etc. are taken to income on Cash Basis.

2.19.4 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.

2.19.5 Gain on Sale of Securities

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

2.20 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they incurred in accordance with BAS 23 "Borrowing Cost".

2.21 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 cash basis.

2.22 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.

2.23 Proposed dividend

Proposed dividend has been shown separately under the shareholders' equity in accordance with Bangladesh Accounting Standards (BAS)-10 " Events After the Balance Sheet Date".

BAS 1: Presentation of Financial Statements, also requires the dividend proposed after the balance sheet date 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 .

2.24 Earnings Per Share (EPS)

The Company calculates Earnings Per Share (EPS) in accordance with BAS 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 32.

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.

2.25 Risk and uncertainty for use of estimates (Provisions)

The preparation of Financial Statements in conformity with Bangladesh 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 Bangladesh Accounting Standards (BAS) 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.

		31-Dec-13 BDT	31-Dec-12 BDT
3	Cash		
	Cash in hand (Notes :3.1)	52,743	55,014
	Balance with Bangladesh Bank (Notes : 3.2)	99,911,439	73,358,455
		99,964,183	73,413,469
3.a	Cash in Hand (Consolidated)		
	BD Finance	52,743	55,014
	BD Finance Securities Limited	19,846	4,597
	BD Finance Capital Holdings Limited	5,243	-
		77,832	59,611
3.1	Cash In hand (including foreign currencies)		
	In local currency	52,743	55,014
	In foreign currency	-	-
		52,743	55,014
3.2	Balance with Bangladesh Bank (including foreign currencies)		
	In local currency	99,911,439	73,358,455
	In foreign currency	-	-
		99,911,439	73,358,455
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 respectively.		
3.4	Cash Reserve Ratio (CRR): 2.5% of Average Demand and Time Liabilities		
	Required Reserve	96,850,010	62,054,000
	Actual Reserve held with Bangladesh Bank(local currency)	99,911,439	73,358,455
	Surplus	3,061,429	11,304,455
3.5	Statutory Liquidity Ratio (SLR): 5% (including 2.5% CRR) of Average Demand and Time Liabilities		
	Required Reserve	224,578,238	143,164,000
	Actual Reserve held (Note- 3.6)	713,775,547	284,568,738
	Surplus	489,197,309	141,404,738
3.6	Held for Statutory Liquidity Ratio		
	Cash in hand	52,743	55,014
	Balance with Bangladesh Bank	99,911,439	73,358,455
	Balance with other bank and Financial Institutions (Note-4)	613,811,364	211,155,270
		713,775,547	284,568,738
4	Balance with other Banks and Financial Institutions		
	Inside Bangladesh (Note - 4.1)	613,811,364	211,155,270
	Outside Bangladesh (Note - 4.2)	-	-
		613,811,364	211,155,270
4.a	Balance with other Banks and Financial Institutions (Consolidated)		
	BD Finance	613,811,364	211,155,270
	BD Finance Securities Limited	59,198,753	5,550,625
	BD Finance Capital Holdings Limited.	11,741,678	694,851
		684,751,795	217,400,745

	31-Dec-13 BDT	31-Dec-12 BDT
4.1 Inside Bangladesh		
Current Account		
Al Arafa Islami Bank, Pragati Sarani Branch	1,000	-
Bank Alfalah Limited, Main Branch	681	681
BRAC Bank Limited, Gulshan Branch	1,072	1,072
Dhaka Bank Limited, Foreign Exchange Branch.	477,911	3,988,671
Dutch Bangla Bank Limited,	30,347	30,347
EXIM Bank Limited, Motijheel Branch.	35	35
IFIC Bank Limited, Motijheel Branch	870	870
Islami Bank Bangladesh Limited, Gulshan Branch.	615	615
One Bank Limited, Principal Branch.	-	181
Prime Bank Limited, Islami Banking Branch, Dilkusha.	78,674	22,291
Rupali Bank Limited, Local Office.	215	1,055
Shahjalal Bank Limited, Foreign Exchange Branch.	6,501	7,857
Social Investment Bank Limited, Principal Branch.	218,881	24,589
The City Bank Limited, Shamoly Branch.	5,755	5,755
UCBL, Principal Branch	3,247	3,247
	825,801	4,087,265
STD Account		
Bank Asia Limited, Principal Branch.	302,706	31,688
BRAC Bank Limited, Gulshan Branch.	92,366	624,693
Dutch Bangla Bank Limited, Foreign Exchange Branch	3,448,251	1,008,716
Dutch Bangla Bank Limited, Nayabazar Branch	159,287	263,352
Jamuna Bank Ltd., Lalmatia Branch	1,000	-
Midland Bank Ltd., Motijheel Branch	4,650	-
Modhumoti Bank Ltd., Motijheel Branch	10,000	-
Mutual Trust Bank Limited, Principal Branch.	7,598	69,427
Mutual Trust Bank Ltd., Principal Branch- Right Share	391,009,502	-
NRB Commercial Bank Ltd., Motijheel Branch.	6,057	-
Southeast Bank Limited, Principal Branch. (FF)	705,878	-
Southeast Bank Limited, Principal Branch.	87,128,313	18,797,680
Southeast Bank Limited, Agrabad Branch.	1,388,517	3,445,021
Southeast Bank Limited, Corporate Branch, Motijheel.	83,037	68,853
Southeast Bank Limited, Corporate Branch, Motijheel. (Dividend)	917,985	900,209
Southeast Bank Limited, Bangshal Branch	571,621	464,509
The City Bank Limited, Foreign Exchange Branch	7,146,550	11,391,613
The City Bank Limited, Pricipal Branch	2,243	2,243
	492,985,563	37,068,005
FDR with Bangladesh Industrial Finance Co. Limited.	-	100,000,000
FDR with Basic Bank Limited.	70,000,000	70,000,000
FDR with NRB Commercial Bank Ltd.	50,000,000	-
Cash at Bank	613,811,364	211,155,270
4.2 Outside Bangladesh		
Cash at Foreign Bank	-	-
Total Cash at Bank (Bangladesh & Foreign)	613,811,364	211,155,270

	31-Dec-13 BDT	31-Dec-12 BDT
4.3 Maturity-wise groupings of balance with other banks and FI's		
On Demand	825,801	4,087,265
Not more than 3 months	492,985,563	37,068,005
More than 3 months but less than 1 year	120,000,000	170,000,000
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	613,811,364	211,155,270

4.4 Money at Call and Short Notice Tk. 944,616,892 represents the amount of investment as Short Notice for the year 2013 and Tk. 402,602,083 represents amount of investment as Money at Call for the year 2012.

5 Investment in Securities

i) Government	-	-
ii) Others	456,264,709	692,072,054
	456,264,709	692,072,054
5.a Investment in Securities (Consolidated)		
BD Finance	456,264,709	692,072,054
BD Finance Securities Limited	17,280,877	17,280,877
BD Finance Capital Holdings Limited	108,855,642	108,855,642
	582,401,228	818,208,573
5.ii. Investment in Securities-Others		
Investment in shares (in quoted companies) (Note 5.1)	418,007,379	653,814,724
Investment in shares (in un-quoted companies) (Note 5.2)	38,257,330	38,257,330
	456,264,709	692,072,054
Maturity-wise Grouping of Investment in Securities:		
On demand	14,528,738	22,037,500
Not more than 3 months	304,617,929	462,050,980
More than 3 months but less than 1 year	98,860,712	169,726,244
More than 1 year but less than 5 years	38,257,330	38,257,330
More than 5 years	-	-
	456,264,709	692,072,054

5.1

Name of the Institution	Cost Price 2013	Market Price 2013	Cost Price 2012
Asia Pacific Insurance	476,839	405,000	-
Beximco Ltd.	6,063,092	2,676,625	46,475,592
Beximco Pharma	77,042,546	68,975,484	98,025,986
BSRM Steel	2,083,897	1,442,700	2,083,897
City General Insurance Co. Ltd.	9,298,629	9,270,250	-
Eastland Insurance	5,139,223	5,540,360	5,065,908
Exim Bank	3,198,893	2,204,546	5,880,396
Federal Insurance	535,077	509,215	-

		31-Dec-13 BDT	31-Dec-12 BDT
Grammen Phone Ltd.	-	-	141,643,151
IDLC	-	-	3,036,091
International Leasing & Fin. Ser. Ltd.	1,051,145	663,600	856,660
Lafarge Surma Cement	33,598,711	32,595,500	28,743,604
Meghna Life Insurance	7,278,364	7,943,290	1,591,656
MJL Bangladesh Ltd.	839,438	751,000	1,191,986
Mutual Trust Bank	447,115	358,600	-
National Bank Ltd.	16,455,827	10,029,587	24,271,602
NCC Bank	625,629	555,244	1,079,192
One Bank Limited	27,012,990	20,186,870	27,012,990
Padma Life Insurance Co. Ltd.	12,998,365	8,250,300	12,998,365
Peoples Leasing & Financial Services Ltd.	20,621,408	15,851,285	20,621,408
Phoenix Finance Ltd.	378,911	366,180	-
Phoenix Insurance Co.Ltd.	505,497	426,300	470,072
Premier Cement Ltd	36,987,675	35,318,160	-
Prime Islami Life	4,438,391	3,648,151	3,869,472
Rangpur Dairy & Food Products Ltd.	2,013,244	1,586,024	2,013,244
Rupali Bank	519,958	284,011	519,958
Rupali General Insurance	8,773,509	10,197,163	-
Singer BD	-	-	3,370,708
Social Investment Bank Ltd.	1,990,400	1,437,398	1,078,475
Southeast Bank Ltd.	61,250,950	53,330,186	71,103,250
Square Pharma	-	-	3,081,465
Standard Insurance	10,285	10,918	228,570
Summit Power	39,177,125	38,693,530	46,569,100
The City Bank Ltd.	1,055	263	10,226,719
Titas Gas	-	-	54,740,360
Trust Bank Ltd.	1,531,820	1,320,000	-
UCBL	318,133	256,020	620,773
United Air	-	-	836
United Leasing	35,343,238	31,468,720	35,343,238
	418,007,379	366,552,477	653,814,724

5.2 Unquoted

Name of the Institution	Cost Price 2013	Market Price 2013	Cost Price 2012
Bangladesh Commerce Bank Limited.	28,257,330	28,257,330	28,257,330
GMG Airlines Limited.	10,000,000	-	10,000,000
	38,257,330	28,257,330	38,257,330
	456,264,709	394,809,807	692,072,054

	31-Dec-13 BDT	31-Dec-12 BDT
6 Lease, Loans and Advances		
a) Inside Bangladesh		
i) Net Investment in lease Finance		
Gross lease rental receivable	2,184,353,978	1,272,550,625
Less: Unearned interest income	525,757,017	306,253,156
Net Investment in lease Finance	1,658,596,961	966,297,469
ii) Term Finance	6,523,556,184	2,786,736,998
iii) Housing Finance	144,937,908	1,757,717
Lease Financial	8,327,091,053	3,754,792,183
b) Outside Bangladesh	-	-
Total Loans and Lease Finance (a+b)	8,327,091,053	3,754,792,183
6.a Lease, Loans and Advances (Consolidated)		
BD Finance	8,327,091,053	3,754,792,183
BD Finance Securities Limited	682,011,495	278,186,126
BD Finance Capital Holdings Limited.	172,522,062	-
Loan to BD Finance Securities Limited	(633,155,000)	(260,000,000)
Loan to BD Finance Capital Holdings Limited.	(168,594,886)	(119,547,465)
	8,379,874,724	3,653,430,844
6.1 Maturity wise Classification of Investments: With a residual maturity of		
Receivable on Demand	235,297,696	106,098,750
Not more than 3 months	591,577,733	266,749,989
Over 3 months but not more than 1 year	1,099,244,904	495,663,629
Over 1 year but not more than 5 years	5,246,067,363	2,403,066,997
Over 5 years	1,154,903,357	483,212,818
	8,327,091,053	3,754,792,183
6.2 Investments on the basis of significant concentration:		
Investments to allied concern of Directors (Note: 42.5)	803,267,213	532,140,259
Investments to Executives/Officers	202,283	7,948,431
Investments to Customer Groups	1,058,465,328	618,498,864
Industrial Investment	4,986,751,605	1,266,337,910
Others	1,478,404,624	1,329,866,719
	8,327,091,053	3,754,792,183
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	Nil	Nil
Number of such types of customers	Nil	Nil
Amount of Classified Investments thereon	Nil	Nil
Measures taken for recovery	N/A	N/A

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BDT**6.4 Sector-wise Classification of Investment:**

Sector	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
Agriculture	-	0.00%	829,923	0.02%
Cement/Clinker & Allied Industries	6,998,009	0.08%	18,451,490	0.49%
Chemical & Pharmaceuticals	241,405,953	2.90%	5,869,720	0.16%
Electronics and Electrical Products	140,688,732	1.69%	-	0.00%
Financial Institutions	-	0.00%	-	0.00%
Food Processing Ind.	935,922,654	11.24%	400,579,130	10.67%
Garments	303,198,645	3.64%	177,185,017	4.72%
Glass & Ceramic Industries	38,105,393	0.46%	15,725,023	0.42%
Iron, Steel & Engineering	610,444,472	7.33%	98,933,541	2.63%
Jute & Jute Allied Industries	13,116,630	0.16%	1,173,489	0.03%
Merchant Banking	168,594,886	2.02%	152,421,875	4.06%
Others	1,586,295,536	19.05%	1,634,444,218	43.53%
Paper, Printing&Packaging	267,344,769	3.21%	170,563,588	4.54%
Plastic Industries	12,100,376	0.15%	126,806,594	3.38%
Power, Gas, Water and Sanitary	560,212,555	6.73%	-	0.00%
Real Estate & Housing	381,441,240	4.58%	160,022,677	4.26%
Ship & Ship Mfg. Industries	117,007,942	1.41%	152,973,026	4.07%
Telecom& Information Technology	296,689,136	3.56%	59,125,018	1.57%
Textile	201,521,817	2.42%	53,187,818	1.42%
Trading	1,761,500,551	21.15%	333,355,864	8.88%
Transport & Communication	684,501,757	8.22%	193,144,172	5.14%
	8,327,091,053	100.00%	3,754,792,183	100.00%

6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
Dhaka	8,032,372,306	96.46%	3,206,789,912	85.41%
Chittagong	294,718,747	3.54%	548,002,271	14.59%
	8,327,091,053	100.00%	3,754,792,183	100.00%

	31-Dec-13 BDT	31-Dec-12 BDT
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6.6 Grouping of Investment as per Classification Rules of Bangladesh Bank:

	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
Unclassified				
Standard	7,691,714,243	92.37%	3,361,729,276	89.53%
Special Mention Account (SMA)	195,666,239	2.35%	100,985,628	2.69%
	7,887,380,482		3,462,714,904	
Classified				
Substandard	66,782,150	0.80%	86,351,669	2.30%
Doubtful	87,865,294	1.06%	-	0.00%
Bad or loss	285,063,127	3.42%	205,725,610	5.48%
	439,710,571		292,077,279	
	8,327,091,053	100.00%	3,754,792,183	100.00%

6.7 Particulars of provision for Loans and lease Finance

Status	Rate	Basis for Provision	Amount	Amount
			2013	2012
General Provision (for Unclassified portion)				
Unclassified	1%	7,691,714,243	76,917,142	33,617,227
Special Mention Account	5%	179,821,272	8,991,064	4,767,406
			85,908,206	38,384,633
Specific Provision (for Classified Portion)				
Substandard	20%	29,521,217	5,904,243	12,439,021
Doubtful	50%	73,751,077	36,875,539	-
Bad or loss	100%	79,167,154	79,167,154	78,571,394
			121,946,936	91,010,415
Required provision for Loans & Lease Finance			207,855,142	129,395,047
Total provision maintained {note # 11.1(a) & (b)}			208,747,543	130,159,092
Surplus Provision			892,402	764,045

BD Finance has maintained provision on unclassified investment amounting to Tk. 76,942,417 (note # 11.1.b) and for classified Loan & Lease Finance Tk. 131,805,126 (note # 11.1.a) totaling Tk. 208,747,543. Surplus provision against unclassified loan/lease is Tk. 892,402.

	31-Dec-13 BDT	31-Dec-12 BDT
6.8 Particulars of Investments:		
(i) Debts considered good in respect of which the NBFi is fully secured	3,162,219,272	1,439,466,959
(ii) Debts considered good for which the NBFi holds no other security other than the debtor's personal guarantee	4,529,494,971	1,922,252,917
(iii) Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors		
(iv) Amount of classified loan in which no provision has been maintained	142,902,430	76,896,471
(v) Debts due by directors or officers of the NBFi or any of them either severally or jointly with any other person	1,719,610	12,107,374
(vi) Debts due by companies or firms in which the directors of the NBFi are interested as directors, partners or managing agents or, in the case of private companies as members (Note 42.5).	803,267,213	532,140,259
(vii) Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the NBFi's or any of them either severally or jointly with any other persons.	104,472	7,948,431
(viii) Maximum total amount of advances including temporary advances granted during the period to the companies or Firms in which the directors of the NBFi are interested as directors, partners or managing agents or in the case of private companies as members	633,155,000	271,520,000
(ix) Receivable from other NBFi's	-	60,930,000
(x) Total amount of advance on which Profit is not credited:	635,376,810	393,062,907
(xi) Cumulative amount of written off Investments	-	-
7 Fixed Assets including Premises, Furniture & Fixtures		
A. Cost:		
Opening balance	224,427,614	223,243,145
Addition during the year	12,642,393	1,184,469
Add: Revaluation During the year	-	-
Closing balance at cost	348,520,006	224,427,614
B. Depreciation:		
Opening balance	29,983,640	25,731,675
Addition during the year	6,211,411	4,251,965
Less: Adjustment on disposal during the year	-	-
Accumulated Depreciation	36,195,051	29,983,640
Carrying value	312,324,955	194,443,974

*Details are given in Annexure-A

	31-Dec-13 BDT	31-Dec-12 BDT
7.a Fixed Assets including Premises, Furniture and Fixtures (Consolidated)		
BD Finance	312,324,955	194,443,974
BD Finance Securities Limited - PPE	17,907,569	18,279,937
BD Finance Securities Limited - Intangible Assets	115,208	2,291,877
BD Finance Capital Holdings Limited.	7,976,630	7,500,000
	338,324,362	222,515,788
7.1 Revaluation Surplus on Land And Building		
Revalued Amount	302,598,790	191,148,790
Less: Acquisition Value	52,925,188	52,925,188
Revaluation Surplus	249,673,602	138,223,602

Note: The Land and building situated at 64 Motijheel, Dhaka valued Tk. 52,925,188 was acquired in the end of the year 2009. This Land and Building of BD Finance was revalued on December 31, 2013 by a prominent independent valuer, Axis Resources Limited, Property Heights (1st Floor) 12, R.K. Mission Road, Dhaka - 1203 and the valuation also counter certified by Malek Siddiqui Wali, Chartered Accounts, 9-G, Motijheel C/A, Dhaka - 1000. The acquisition value of the asset was Tk. 52,925,188, the Revalued (Carrying) Amount is Tk. 302,598,790 and the Revaluation Surplus is Tk. 249,673,602. The present market value of land is Tk. 80,000,000 per Katha. BD Finance is 50% owner of the said building.

The Following factors considered for revaluation of Land & Building

Factors considered for Land

Location of the Land
Commercial Importance of the area
Means of communication
Long-term possession right on the leasehold land
Demand / scarcity of land in the area
Size of the Land
Recent sale prices of land adjacent to the relevant areas
Rate procured from the respective /concerned authorities
Land actually in possession of the Company

Factors considered for Building

Whether the land has planning permission
Location, Accessibility and availability of resources such as gas & electricity
Size of land and future potential development & information from local residents.

7.b Revaluation Reserve (Consolidated)		
BD Finance	249,673,602	138,223,602
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	249,673,602	138,223,602
8 Other Assets		
Investment in Subsidiaries (Note: 8.1)	849,930,000	699,930,000
Investment in BD Finance Vanguard Mutual Fund One	200,000,000	-
Receivables, Advances & Deposits (Note 8.2)	288,297,259	209,987,108
	1,338,227,259	909,917,108

	31-Dec-13 BDT	31-Dec-12 BDT
8.a Other Assets (Consolidated)		
BD Finance	488,297,259	209,987,108
BD Finance Securities Limited	1,009,738,943	1,005,377,581
Receivable from BD Finance Capital Holdings Limited	-	(8,671,860)
BD Finance Capital Holdings Limited	2,288,185	756,563
	1,500,324,387	1,207,449,392
8.1 Investment In Subsidiaries		
Investment In paid up capital (BD Finance Capital Holdings Limited.)	249,930,000	99,930,000
Investment In paid up capital (BD Finance Securities Limited.)	600,000,000	600,000,000
	849,930,000	699,930,000

As per the provision of the exchange demutualization Act-2013 and in accordance with the Bangladesh security exchange commission (BSEC) approved Demutualization Scheme. Dhaka Stock Exchange Ltd. (DSE) allotted total 72,15,106 ordinary shares at face value of tk. 10 each against the Membership of DSE. Out of the above DSE transferred 40% equivalent to 28,86,042 shares directly to the credit of the Beneficiary owners account of the company. The remaining 60% shares were credited to blocked accounts as per provision of the Exchange Demutualization Act. 2013. As there is no active market for shares DSE and CSE, the Company shown the value at original cost as investment.

8.2 Receivables, Advances & Deposits

a) Other receivables

Interest on investment in FDR	19,266,438	12,023,283
Re-imbursable expenses	5,895,777	4,536,896
Receivable Grace Period Interest	2,196,202	15,262,671
Receivable Delinquent Charge	58,548,728	36,085,639
Receivable on sale of Shares	9	3
Receivable Excise Duty	1,728,633	1,228,083
Receivable from BD Capital Holdings Limited	-	8,671,860
Receivable-Others	38,285,190	3,522,567
Stock of Stamp	32,295	44,435
	125,953,272	81,375,437

b) Advance Income Tax

Opening Balance	109,132,966	98,445,034
Add: Addition during the year	38,462,728	10,687,932
	147,595,694	109,132,966
Less: Adjustment during the year		-
Closing balance	147,595,694	109,132,966

Break-up of Advance Tax

Advance Tax u/s 64 and 74 of ITO 1984

Assessment Year 2002-2003	353,000	353,000
Assessment Year 2007-2008	500,000	500,000
Assessment Year 2010-2011	4,000,000	4,000,000
Assessment Year 2011-2012	48,800,405	48,800,405
Assessment Year 2012-2013	8,500,000	8,500,000
Assessment Year 2013-2014	-	-
	62,153,405	62,153,405

	31-Dec-13 BDT	31-Dec-12 BDT
Advance Tax Deduction at Source		
Assessment Year 2003-2004	417,281	417,281
Assessment Year 2004-2005	6,320	6,320
Assessment Year 2005-2006	31,460	31,460
Assessment Year 2006-2007	192,148	192,148
Assessment Year 2007-2008	4,100,406	4,100,406
Assessment Year 2008-2009	14,773,446	14,773,446
Assessment Year 2009-2010	10,730,354	10,730,354
Assessment Year 2010-2011	10,535,623	10,535,623
Assessment Year 2011-2012	4,004,590	4,004,590
Assessment Year 2012-2013	2,187,932	2,187,932
Assessment Year 2013-2014	38,462,728	-
	85,442,289	46,979,561
	147,595,694	109,132,966
c) Advance, deposits and prepayments		
Advances		
Advance office rent	77,349	180,513
Advance Office rent-Uttara	728,000	960,000
Advance Office rent-Sylhet	1,925,280	2,406,600
Advance interest on TDR	1,250,000	-
Accounts with Bangshal Branch	(0)	(3,150)
Accounts with Uttara Booth	62,333	-
Advance others	9,229,218	14,430,454
Advance against 64 Motijheel	-	32,873
	13,272,180	18,007,290
d) Deposits with others		
Deposits with BTTB & Mobile	60,600	60,600
Deposits with Baitul Hossain Building	203,814	203,814
Deposit with Land Lord Bangshal Branch	804,700	800,000
Deposit with CDBL	400,000	400,000
Deposit with Sadharan Bima	7,000	7,000
	1,476,114	1,471,414
Other Assets (a+b+c+d)	288,297,259	209,987,108
8.3 Maturity wise classification of other assets		
Receivable on Demand	125,953,272	81,625,337
Not more than 3 months	-	-
Over 3 months but not more than 1 year	13,272,180	17,757,390
Over 1 year but not more than 5 years	149,071,808	110,604,380
Over 5 years	1,049,930,000	699,930,000
	1,338,227,259	909,917,108

	31-Dec-13 BDT	31-Dec-12 BDT
9. Borrowing from other banks, Financial Institutions and agents		
Secured	73,034,556	63,195,071
Un secured	1,785,163,461	1,593,767,784
	1,858,198,017	1,656,962,855
In Bangladesh	1,858,198,017	1,656,962,855
Outside Bangladesh	-	-
	1,858,198,017	1,656,962,855
9.a Borrowing from other banks, Financial Institutions and agents		
BD Finance	1,858,198,017	1,656,962,855
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	1,858,198,017	1,656,962,855
9.1. In Bangladesh		
Refinance against SME loan from Bangladesh Bank	10,382,082	30,058,384
Refinance against Housing loan from Bangladesh Bank	2,178,567	2,421,426
Refinance against SME loan from JICA	20,632,278	15,300,000
Term Loan from other Banks (Note - 9.2)	1,010,664,599	1,335,898,571
Short term loan from other banks (Note - 9.3)	164,340,490	273,284,474
Call Loan	650,000,000	-
	1,858,198,017	1,656,962,855
9.2 Term loan from Other Banks		
Bank Alfalah Ltd.	-	10,950,665
Bank Asia Ltd.	-	22,667,386
Basic Bank Ltd.	-	87,764,444
BRAC Bank Ltd.	36,042,257	56,382,776
Jamuna Bank Ltd	46,112,882	-
Mercantile Bank Ltd.	-	63,876,504
Midland Bank Ltd.	190,407,468	-
Mutual Trust Bank Ltd.	111,781,984	137,166,950
National Bank Ltd.	-	25,158,325
NRB Commercial Bank Ltd.	167,526,016	-
One Bank Limited	-	69,533,258
Premier Bank Ltd.	20,005,575	-
Prime Bank Ltd.	-	75,123,296
Rupali Bank Ltd.	107,614,613	150,175,093
Shahjalal Islami Bank Ltd.	92,084,008	181,093,479
Sonali Bank Ltd.	-	23,672,000
Southeast Bank Ltd.	-	56,615,642
Standard Bank Ltd.	-	42,332,796
Uttara Bank Ltd.	239,089,796	333,385,958
	1,010,664,599	1,335,898,571

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9.3 Short Term Loan from Other Banks		
Basic Bank Limited.	73,034,556	63,195,071
Mercantile Bank Limited.	32,673	28,703,355
Mutual Trust Bank Limited.	13,828,853	35,105,491
Rupali Bank Limited.	27,701,738	97,913,564
Uttara Bank Limited.	49,742,670	48,366,994
	164,340,490	273,284,474
9.4 Maturity wise classification of loan		
Repayable on demand	650,000,000	-
Within 1 month	19,485,527	17,375,325
Over 1 months but not more than 3 months	228,497,585	203,752,241
Over 3 months but not more than 1 year	284,357,930	253,563,142
Over 1 year but not more than 5 years	374,027,698	913,129,733
Over 5 years	301,829,277	269,142,415
	1,858,198,017	1,656,962,855

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 three to five years.

10. Deposits and Other Accounts:

Term Deposits (Note - 10.1)	7,155,131,157	2,739,881,351
Scheme Deposits (Double Benefit Scheme) (Note - 10.2)	107,246,490	84,223,000
Other Deposits (Note - 10.3)	56,287,439	38,939,005
Advance Rent and Installments (Note - 10.6)	280,645,256	24,665,898
	7,599,310,341	2,887,709,254
10.a Deposits and Other Accounts (Consolidated)		
BD Finance	7,599,310,341	2,887,709,254
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	(113,243,603)	(113,906,621)
	7,486,066,738	2,773,802,633
10.1 Term Deposits		
General Deposits	4,655,131,157	2,509,881,351
Deposit from Other Banks and FI's (Note - 10.4)	2,500,000,000	230,000,000
	7,155,131,157	2,739,881,351
10.2 Scheme Deposits		
General Deposits	107,246,490	84,223,000
Deposit from Other Banks and FI's	-	-
	107,246,490	84,223,000
10.3 Other Deposits		
Lease deposits	34,612,741	32,138,126
Security deposits	244,170	1,994,170
Sundry Creditors	21,430,528	4,806,709
	56,287,439	38,939,005

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10.4 Term Deposits from other bank and FI's		
Agrani Bank Limited	200,000,000	-
Bangladesh Commerce Bank Ltd.	250,000,000	-
Bangladesh Development Bank Limited	100,000,000	-
Bank Asia Limited	50,000,000	-
BRAC Bank Limited	200,000,000	-
Janata Bank Limited.	-	30,000,000
Meghna Bank Limited	300,000,000	-
Modhumoti Bank Limited	300,000,000	-
NRB Bank Limited	50,000,000	-
NRB Commercial Bank Limited	100,000,000	-
Rupali Bank Limited.	550,000,000	100,000,000
Sonali Bank Limited.	100,000,000	100,000,000
Standard Bank Limited	100,000,000	-
The Farmers Bank Limited	200,000,000	-
	2,500,000,000	230,000,000
10.5 Term and Other Deposits		
General Deposits	4,818,665,086	2,633,043,356
Deposit from Other Banks and Financial Institutions	2,500,000,000	230,000,000
	7,318,665,086	2,863,043,356
10.6 Advance Rent and Installments		
Advance Lease Rent	25,752,935	2,963,700
Advance Term Installments	254,892,321	21,702,198
	280,645,256	24,665,898
10.7 Maturity wise classification of Deposits		
Repayable on demand	-	-
Within 1 month	408,082,965	155,069,987
Over 1 months but not more than 3 months	683,937,931	403,990,525
Over 3 months but not more than 1 year	835,164,207	173,262,555
Over 1 year but not more than 5 years	4,304,249,377	1,346,827,596
Over 5 year to 10 years	1,367,875,861	808,558,591
Over 10 years	-	-
	7,599,310,341	2,887,709,254
11. Other Liabilities		
Provision for Loans and Lease Finance (Note 11.1)	208,747,543	130,159,092
Provisions for Investment in Securities (Note 11.2)	62,067,968	53,257,919
Interest Suspense (Note 11.3)	82,821,062	54,956,462
Provision for Taxation (Note 11.4)	309,811,620	166,543,702
Deferred Tax (Note 11.5)	3,436,301	3,242,994
Interest payable on Borrowing and Deposits (Note 11.6)	372,089,616	284,149,604
Payable & Provision against expenditure (Note 11.7)	23,713,644	12,691,992
Advance Rent Received	17,026,620	23,236,620
Advance Excise Duty Received	2,423,900	548,900
Gratuity Fund	4,030,479	3,593,466
Dividend payable	931,140	931,110
	1,087,099,894	733,311,862

	31-Dec-13 BDT	31-Dec-12 BDT
11.a Other Liabilities (Consolidated)		
BD Finance	1,087,099,894	733,311,862
BD Finance Securities Limited	91,380,239	25,499,526
BD Finance Capital Holdings Limited	21,699,358	5,739,256
BD Finance Capital Holdings Limited - Adjusted	(17,432,988)	-
	1,182,746,503	764,550,643
11.1 Provision for Investment:		
(a) Provision on Classified Investment:		
Provision held at the beginning of the period	96,589,863	82,229,765
Net charge to Profit & Loss Account (Note - 31)	35,215,263	14,360,098
Provision held at the end of the period	131,805,126	96,589,863
(b) General Provision on Unclassified Investment:		
Provision held at the beginning of the period	33,569,229	26,693,023
Net charge to Profit & Loss Account (Note - 31)	43,373,188	6,876,206
Balance at the end of the period	76,942,417	33,569,229
Total Provision for Investments	208,747,543	130,159,092
11.2 Provision for Investment in Securities:		
Provision held at the beginning of the period	53,257,919	52,088,606
Addition/(Adjustment) during the year (note-31)	8,810,049	1,169,313
Balance at the end of the period	62,067,968	53,257,919
The provisions including provisions maintained for Investment in shares in GMG Airlines which was kept for the observation on Bangladesh Bank Inspection on 30.06.2013 amount of Tk. 10,000,000.		
11.3 Interest Suspense Account:		
Balance at the beginning of the period	54,956,462	69,254,814
Amount transferred to suspense account during the period	27,864,600	-
Amount recovered from suspense account during the period	-	(14,298,352)
Balance at the end of the period	82,821,062	54,956,462
11.4 Provision for Taxation		
Balance at the beginning of the period	166,543,702	134,642,550
Provision made during the period	143,267,918	31,901,152
Balance at the end of the period	309,811,620	166,543,702
11.5 Deferred Tax		
Balance at the beginning of the period	3,242,994	3,070,626
Adjustment during the period	193,307	172,368
Balance at the end of the period	3,436,301	3,242,994

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11.6 Interest payable on Borrowing and Deposits		
Interest payable on TDR and other deposits	345,950,711	250,428,331
Interest payable on term loan	25,202,422	33,029,121
Interest payable on Refinancing loan from BB (SME)	220,904	477,312
Interest payable on Refinancing loan from BB (Housing)	8,472	16,150
Interest payable on Refinancing loan from JICA	83,362	130,500
Interest Payable on Call loan	555,556	-
Interest payable on Security Deposit	68,190	68,190
Balance at the end of the period	372,089,616	284,149,604
11.7 Payable & Provision against expenditure		
Advance transfer price	9,001	8,001
Payable others	6,262,499	4,415,472
Payable to BD Finance Foundation	5,877,079	1,773,714
Withholding Excise Duty	5,215,569	3,482,690
Withholding tax	5,087,490	2,929,871
Withholding VAT	1,262,006	82,244
Balance at the end of the period	23,713,644	12,691,992
11.8 Maturity wise classification of other liabilities		
Repayable on demand	21,084,175	14,331,741
Within 1 month	50,140,516	33,817,545
Over 1 months but not more than 3 months	348,794,358	235,246,259
Over 3 months but not more than 1 year	115,735,827	78,058,661
Over 1 year but not more than 5 years	176,438,616	118,999,988
Over 5 years	374,906,402	252,857,669
Balance at the end of the period	1,087,099,894	733,311,862
12. Capital		
12.1 Authorized Capital:		
200,000,000 ordinary shares of Tk. 10 each	2,000,000,000	2,000,000,000
12.2 Issued, Subscribed and Paid up Capital:		
10,40,22,708 fully paid ordinary shares of Tk. 10 each subscribed and paid up.	1,040,227,080	591,038,120
Sponsor Shareholders Group	505,048,490	320,708,150
General Shareholders Group	535,178,590	270,329,970
	1,040,227,080	591,038,120
General Shareholders Group:		
General Public	374,882,580	203,342,860
Financial Institutes	125,758,210	42,615,700
Investors Account	34,537,800	24,371,410
	535,178,590	270,329,970

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Classification of Shareholders by holding:	No. of Shareholders	No. of Shares	Percentage of Share Holding
Less than 500 shares	15,188	2,026,003	1.95%
501 to 5,000 shares	7,880	12,766,610	12.27%
5,001 to 10,000 shares	708	5,040,536	4.85%
10,001 to 20,000 shares	314	4,403,608	4.23%
20,001 to 30,000 shares	91	2,206,607	2.12%
30,001 to 40,000 shares	39	1,361,654	1.31%
40,001 to 50,000 shares	29	1,305,297	1.25%
50,001 to 1,00,000 shares	43	3,136,230	3.01%
1,00,001 to 10,00,000 shares	50	16,723,716	16.08%
10,00,001 to 99,99,999 shares	24	55,052,447	52.92%
Total	24,366	104,022,708	100.00%

Year	Declaration	No of Shares	Value of Shares	Cumulative no. 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

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12.3 Capital under Capital Adequacy and Market Discipline (CAMD)		
a) Core Capital (Tier -I):		
i) Paid-up Capital	1,040,227,080	591,038,120
ii) Statutory Reserve (Note # 13)	148,584,375	131,435,406
iii) General Reserve (Note # 14)	30,000,000	50,000,000
iv) Retained Earnings (Note # 15)	79,207,107	49,715,042
v) Minority interest (Note # 15.b)	452,776,091	444,137,729
	1,750,794,652	1,266,326,297
b) Supplementary Capital (Tier-II):		
i) Revaluation Surplus on Land & Building	69,111,801	69,111,801
ii) General Provision {Note 11.1(b)}	76,942,417	33,569,229
	146,054,218	102,681,030
c) Total (a +b)	1,896,848,870	1,369,007,327
12.4 Capital Surplus/(Deficit)		
Paid up Capital	1,040,227,080	591,038,120
Requires minimum capital	1,000,000,000	1,000,000,000
Excess (Shortfall) of Paid up Capital over minimum capital	40,227,080	(408,961,880)
13. Statutory Reserve		
Opening balance	131,435,406	124,015,143
Add: Addition during the period	17,148,969	7,420,263
	148,584,375	131,435,406
14. General Reserve		
Opening balance	50,000,000	50,000,000
Less: Distribution During the period (Bonus Dividend)	(20,000,000)	-
	30,000,000	50,000,000
15. Retained Earnings		
Opening balance	49,715,042	94,925,800
Less: Prior year adjustment	-	(20,931,832)
Less: VAT paid for FY 2006	-	(229,247)
Add: Profit After Tax during the period	85,744,843	37,101,314
Less: Transfer to Statutory Reserve	(17,148,969)	(7,420,263)
Less: Issue of Bonus shares	(39,103,810)	(53,730,730)
	79,207,107	49,715,042
15.a Retained Earnings (Consolidated)		
Bangladesh Finance And Investment Co. Limited. (BD Finance)	79,207,107	49,715,042
BD Finance Securities Limited	15,737,454	(4,527,906)
BD Finance Capital Holdings Limited.-Retained Loss	(6,228,213)	(2,244,904)
Adjustment for Minority Interest	(6,706,091)	1,932,271
	82,010,256	44,874,501

	31-Dec-13 BDT	31-Dec-12 BDT
15.b Non Controlling Interest (Consolidated)		
BD Finance Securities Limited		
Paid up Capital	446,000,000	446,000,000
Retained Profit/(Loss)	6,710,450	(1,930,699)
	452,710,450	444,069,301
BD Finance Capital Holdings Limited.		
Paid up Capital	70,000	70,000
Retained Profit/(Loss)	(4,360)	(1,571)
	65,640	68,429
	452,776,091	444,137,729
16. Letters of Guarantees		
Letters of guarantee	104,801,330	124,801,330
Less: Margin	-	-
	104,801,330	124,801,330
17. Profit and Loss Account		
Income		
Interest, discount and similar income (Note-18)	1,127,096,314	703,752,596
Dividend income {Note-20}	9,224,344	5,715,529
Commission, Exchange and Brokerage	1,000,000	700,000
Gains less losses arising from investment securities {Note-20}	(23,027,381)	(19,377,344)
Other operating income (Note-21)	86,928,625	89,434,466
	1,201,221,902	780,225,248
Expenses:		
Interest paid on Deposits & Borrowing (Note-19)	791,289,778	629,867,899
Administrative expenses	63,202,610	39,316,347
Other operating expenses (Note-30)	23,782,698	11,893,897
Depreciation on Fixed assets {Note-29(a)+29(b)}	6,211,410	4,251,964
	884,486,497	685,330,107
Income over expenditure	316,735,405	94,895,141
18. Interest income		
Interest income on Loans & Lease Finance (Note-18.1)	1,108,213,435	683,382,536
Interest on placement with other Banks & FIS (Note-18.2)	18,882,879	20,370,060
	1,127,096,314	703,752,596
18.a Interest Income (Consolidated)		
BD Finance	1,127,096,314	703,752,596
BD Finance Securities Limited	84,237,507	29,115,016
BD Finance Capital Holdings Limited	3,618,967	40,706
BD Finance Securities Limited-Adjustment	(71,778,542)	(25,457,333)
BD Finance Capital Holdings Limited.-Adjustment	(12,514,606)	(10,185,823)
	1,130,659,640	697,265,162

	31-Dec-13 BDT	31-Dec-12 BDT
18.1 Interest on Loans & Lease Finance		
Interest income on lease finance	229,484,144	150,065,009
Interest income on term finance	870,666,970	533,158,167
Interest on housing finance	8,062,321	159,360
	1,108,213,435	683,382,536
18.2 Interest on placement with other banks & FIS		
Interest on TDR	16,243,155	12,984,864
Interest on STD accounts	2,635,279	1,572,558
Interest on fund placements	4,444	5,812,639
	18,882,879	20,370,060
19. Interest paid on deposits & borrowing		
Interest paid on deposits	522,658,504	334,613,646
Interest paid on borrowings (Note-19.1)	268,631,274	295,254,252
	791,289,778	629,867,899
19.a Interest Expenses (Consolidated)		
BD Finance	791,289,778	629,867,899
BD Finance Securities Limited	35,035	56,774
BD Finance Capital Holdings Limited	-	-
BD Finance Securities Limited-Adjustment	-	-
BD Finance Capital Holdings Limited.-Adjustment	(17,541,093)	(14,593,621)
	773,783,720	615,331,052
19.1 Interest paid on borrowing		
Interest Expenses on Term Loan	211,763,667	261,518,949
Interest Expenses on SOD Loan	15,117,415	26,732,415
Interest Expenses on Call Loan	39,946,458	4,565,417
Interest Expenses on Re financing loan	1,803,734	2,437,472
	268,631,274	295,254,252
20. Income from Investment in Securities		
Income from Investment in Shares	(23,027,381)	(19,377,344)
Dividend Income	9,224,344	5,715,529
	(13,803,037)	(13,661,814)
20.a Income from Investment in Securities (Consolidated)		
BD Finance	(13,803,037)	(13,661,814)
BD Finance Securities Limited	54,500	8,750
BD Finance Capital Holdings Limited	-	7,074
BD Finance Securities Limited-Adjustment	-	-
BD Finance Capital Holdings Limited.-Adjustment	-	-
	(13,748,537)	(13,645,990)

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20.b Commission, Exchange and Brokerage (Consolidated)		
BD Finance	1,000,000	700,000
BD Finance Securities Limited	70,243,504	42,460,928
BD Finance Capital Holdings Limited	985,626	-
BD Finance Securities Limited-Adjustment	(1,000,000)	(205,000)
BD Finance Capital Holdings Limited.-Adjustment	-	-
	71,229,130	42,955,928
21. Other Operating Income:		
Penal Interest	54,305,029	67,299,269
Prepayment Interest	1,427,165	2,108,768
Contact point verification (CPV)	510,073	-
Ledger management (LM)	29,000	-
Transfer Price	497,049	613,898
Processing fees	12,420,683	1,073,560
Legal & Documentation charge	2,750,305	4,034,929
Transfer of leased assets	3,000	-
Office Rent (64 Motijheel)	14,790,240	13,781,231
Other Income (Note-21.1)	196,081	522,811
	86,928,625	89,434,466
21.a Other Operating Income (Consolidated)		
BD Finance	86,928,625	89,434,466
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	58,500	-
BD Finance Securities Limited-Adjustment	(1,608,840)	(1,765,800)
BD Finance Capital Holdings Limited.-Adjustment	(117,720)	-
	85,260,565	87,668,666
21.1 Other Income		
Gain/(loss) on sale of fixed assets	-	-
Miscellaneous income	196,081	522,811
	196,081	522,811
22. Salary & Allowances		
Basic Salary	14,626,227	10,134,329
Allowances	10,001,663	6,312,652
Bonus	2,121,707	1,409,560
BD Finance's Contribution to Provident fund	490,278	285,088
Wages	2,018,867	673,832
	29,258,742	18,815,461
22.a Salary & Allowances (Consolidated)		
BD Finance	29,258,742	18,815,461
BD Finance Securities Limited	7,740,917	8,103,979
BD Finance Capital Holdings Limited	3,608,596	388,166
	40,608,255	27,307,606

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23. Rent, Taxes, Insurance, Electricity etc.		
Rent, Rates & Taxes	10,622,954	7,762,362
Insurance	87,300	134,713
Electricity & Lighting, WASA, Gas etc.	822,389	730,851
	11,532,643	8,627,926
23.a Rent, Taxes, Insurance, Electricity etc.(Consolidated)		
Bangladesh Finance And Investment Co. Limited. (BD Finance)	11,532,643	8,627,926
BD Finance Securities Limited	3,473,715	4,103,139
BD Finance Capital Holdings Limited	235,440	-
BD Finance Securities Limited-Adjustment	(1,608,840)	(1,765,800)
BD Finance Capital Holdings Limited-Adjusted	(117,720)	-
	13,515,238	10,965,265
24. Legal Expenses		
Legal Fees & Charge	2,189,624	434,077
Other Legal Expenses	-	-
	2,189,624	434,077
25. Postage, Stamps, Telecommunication etc.		
Stamp & Court Fees	319,863	66,677
Commission on purchase of stamps	8,525	1,600
Internet expenses	93,637	93,631
Postage & Courier Expenses	58,639	25,952
Telephone & Fax Expenses	138,055	69,098
Mobile Expenses	175,529	174,618
	794,248	431,576
25.a Postage, Stamps, Telecommunication (Consolidated)		
BD Finance	794,248	431,576
BD Finance Securities Limited	585,751	512,044
BD Finance Capital Holdings Limited	99,707	2,765
	1,479,706	946,385
26. Stationery, Printing, Advertisements etc.		
Stationary-Toner & Cartridge	156,065	140,700
Stationary Expenses	296,332	223,000
Printing Expenses	2,515,016	1,125,481
Advertisement and Publicity	7,785,919	602,823
	10,753,332	2,092,004
26.a Stationery, Printing, Advertisements etc.(Consolidated)		
BD Finance	10,753,332	2,092,004
BD Finance Securities Limited	920,871	1,522,037
BD Finance Capital Holdings Limited	266,715	78,184
	11,940,918	3,692,225

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27. Managing Director's Salary and Allowances		
Basic Salary	3,600,000	3,600,000
Allowances	2,900,000	2,900,000
Bonus	600,000	600,000
	7,100,000	7,100,000
28. Directors' Fees & Conveyance		
Director Fees	891,250	621,000
	891,250	621,000

Total 14 nos of Board Meeting and 4 nos of Audit Committee Meeting were held during the period ended on 31 December 2013. Each Director was paid Tk. 5,000 for attending in the meeting as per Bangladesh Bank Circular.

28.a Directors' Fees & Conveyance (Consolidated)

BD Finance	891,250	621,000
BD Finance Securities Limited	140,000	82,500
BD Finance Capital Holdings Limited	-	-
	1,031,250	703,500

28.b Audit Fees (Consolidated)

BD Finance	130,834	138,000
BD Finance Securities Limited	62,500	90,000
BD Finance Capital Holdings Limited	95,000	20,000
	288,334	248,000

29. Depreciation and Repair of Assets

a) Depreciation of Assets

Building	539,880	539,880
Furniture & Fixtures	1,853,017	385,731
Office Equipment	1,466,282	556,240
Motor Vehicles	1,271,927	1,898,897
	5,131,105	3,380,748

b) Amortization Expenses

System & Software	36,663	-
Office Renovation	1,043,642	871,216
	1,080,305	871,216

c) Repair of Assets

Office Equipment	128,418	239,158
Office Furniture & Fixtures	-	-
Motor Vehicles	554,353	634,668
	682,771	873,826
	6,894,182	5,125,790

29.a Depreciation and Repair of Assets (Consolidated)

BD Finance	6,894,182	5,125,790
BD Finance Securities Limited	5,982,093	3,351,343
BD Finance Capital Holdings Limited	2,267,266	964,505
	15,143,541	9,441,638

	31-Dec-13 BDT	31-Dec-12 BDT
30. Other Expenses		
Petrol, Oil, Lubricants, CNG & others	3,891,319	3,661,153
Entertainment	1,808,842	672,127
Donation and Subscription	4,916,946	448,050
Donation to BD Finance Foundation	5,877,079	1,773,714
Document & Processing Fees	448,357	718,657
Traveling and Conveyance	437,586	242,623
Training Expenses	30,000	88,400
Retirement benefits and gratuity	687,825	548,760
Registration & Renewal Expenses	57,683	152,771
Papers & Periodicals	30,142	27,464
Office Maintenance	362,370	59,799
Office Supplies	97,461	91,677
Uniform & Liveries	84,100	-
Bank Charges & Excise Duty	1,188,514	402,057
Business development & Promotion	156,500	216,492
Security Service-Outsourcing	230,009	177,447
AGM & Meeting expenses	3,456,535	2,917,268
Miscellaneous Expenses	21,430	15,915
	23,782,698	12,214,374
30.a Other Expenses (Consolidated)		
BD Finance	23,782,698	12,214,374
BD Finance Securities Limited-DSE charges	4,258,816	2,646,825
BD Finance Securities Limited	22,368,266	11,940,118
BD Finance Capital Holdings Limited	824,699	286,331
	51,234,479	27,087,648
31. Provision against loans, lease finance & Others		
Provision on classified investment {Note-11.1(a)}	35,215,265	17,536,788
Provision on unclassified Loans & Advances {Note-11.1(b)}	43,373,188	6,876,206
Provisions on Investment in Securities (Note - 11.2)	8,810,049	1,169,313
	87,398,503	25,582,307
31.a Provision on Investment in Securities (Consolidated)		
BD Finance	8,810,049	1,169,313
BD Finance Securities Limited	4,519,040	2,593,233
BD Finance Capital Holdings Limited	5,415,908	4,372,620
	18,744,997	8,135,166
32. Earning Per Share (EPS)		
Calculation of Earning Per Share (Note - 2.24):		
Net Profit after Tax	85,744,843	37,101,314
Number of Ordinary Shares outstanding (Denominator)	69,454,265	57,396,205
Earning Per Share (Re-stated)	1.23	0.65

	31-Dec-13 BDT	31-Dec-12 BDT
32.a . Earning Per Share (EPS) (Consolidated)		
Calculation of Earning Per Share (Note - 2.24):		
Net Profit after Tax	93,388,533	37,558,519
Number of Ordinary Shares outstanding (Denominator)	69,454,265	57,396,205
Earning Per Share (Re-stated)	1.34	0.65
Weighted Average No. of Shares		
Using the weighted average number of ordinary shares outstanding during the period reflects the possibility that the amount of shareholders' capital varied during the period as a result of bonus dividend and issuing of right share at various point of time. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances.		
Share outstanding on 01-01-2013	59,103,812	53,730,739
10% Stock Dividend Declared at 26-04-2012 (5,373,073 Shares for 249 days)	-	3,665,466
10% Stock Dividend Declared at 15-05-2013 (5,910,380 Shares for 230 days)	3,724,349	-
Right Share offered at 30-10-2013 (39,008,515 Shares for 62 days)	6,626,104	-
Total share outstanding on 31-12-2013	69,454,265	57,396,205
33. Interest received		
Interest received (Note-18)	1,127,096,314	703,752,596
Add: Opening interest Receivable on TDR	12,023,283	6,837,819
Less: Closing interest receivable on TDR	(19,266,438)	(12,023,283)
Add: Opening Receivable Delinquent & Call	36,085,639	12,667,825
Less: Closing Receivable Delinquent & Call	(58,548,728)	(36,085,639)
Add: Closing interest suspense account	82,821,062	54,956,462
Less: Opening Interest Suspense Account	(54,956,462)	(69,254,814)
Less: Delinquent adjustment of 2011	-	(3,176,690)
	1,125,254,670	657,674,276
34. Interest Paid on Deposits & Borrowings		
Interest Paid on Deposits & Borrowings (Note-19)	791,289,778	629,867,899
Add: Opening interest payable on deposit & borrowings	284,149,604	204,018,987
Less: Closing interest payable on deposit & borrowings	(372,089,616)	(284,149,604)
	703,349,766	549,737,281
35. Cash Received from other Operating activities		
Income from investment in shares (Note 20)	(23,027,381)	(19,377,344)
Other operating income (except gain/(loss) on sales of fixed assets)	86,928,625	89,434,466
	63,901,244	70,057,123

	31-Dec-13 BDT	31-Dec-12 BDT
36. Cash Payments for other Operating activities		
Rent, Taxes, Insurance, Lighting etc.	11,532,643	8,627,926
Legal Expenses	2,189,624	434,077
Postage, Stamp, Telegram & Telephone	794,248	431,576
Directors' Fee & Expenses	891,250	941,477
Auditors' Fee	130,834	138,000
Repair, Maintenance of NBFi's Assets	682,771	873,826
Other Expenses	23,782,698	11,893,897
Prior year adjustments	-	20,931,832
VAT paid (FY 2006)	-	229,247
	40,004,068	44,501,858
37. Cash Increase/ Decrease in Other Assets		
Re-imbursable Expenses	5,895,777	4,536,896
Receivable Grace Period Interest	2,196,202	15,262,671
Receivable against Call Loan & Others (Rent from 64)	38,285,190	3,452,567
Receivable Excise Duty	1,728,633	1,228,083
Receivable from BD Capital Holdings	-	8,741,860
Receivable on sale of shares	9	3
Investment In Subsidiaries	849,930,000	699,930,000
	200,000,000	-
Advance against expenditure {Note-8.2(c)}	13,272,180	18,007,290
Deposits {with other organization Note-8.2(d)}	1,476,114	1,471,414
Stock of Stamp	32,295	44,435
	1,112,816,399	752,675,219
Cash (Increase)/ Decrease in Other Assets	(360,141,180)	(38,828,468)
38. Cash Increase/ (Decrease) in Other Liabilities		
Payable others	23,713,644	12,691,992
Advance Rent (against 64 Motijheel)	17,026,620	23,236,620
Advance Excise Duty	2,423,900	548,900
Gratuity Fund	4,030,479	3,593,466
Dividend payable	931,140	931,110
	48,125,783	41,002,088
Cash Increase/ (Decrease) in Other Liabilities	7,123,695	13,016,831
39. Cash and Cash Equivalents		
Cash in Hand	52,743	55,014
Balance with Bangladesh Bank & Sonali Bank Limited	99,911,439	73,358,455
Balance with Other Banks & Financial Institutions	613,811,364	211,155,270
	713,775,547	284,568,738
40. 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 74 (In the year 2012 it was 53).

41. 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 BD Finance formed a Five members Audit Committee called "Board Audit Committee".

Name	Status with BD Finance	Status with the Committee	Educational Qualification
Mr. Haider Ahmed Khan FCA	Independent Director	Chairman	M.Com
Mr. Hossain Khaled	Director	Member	MBA
Mr. Geasuddin Ahmed	Director	Member	B.Sc
Ms. Shanaz Rashid	Director	Member	B.A
Mr. Md. Imtiaz	Director	Member	I. Com
Mr. Yousuf Aman	Director	Member	B.A (Hons.)

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

b) Meeting of Audit Committee

During 1 January to 31 December 2013, the Audit Committee of the Board conducted 4 (Four) 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 BD Finance's operations. The division directly report simultaneously to the Board Audit Committee, and
- 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.
- 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.

42. Related Party Disclosures:

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

Name	Status with BD Finance	"Name of Firms/Companies in which interested as"
Mr. Manwar Hossain	Chairman	Anwar Silk Mills Limited. Anwar Integrated Steel Plant Limited. Anwar Landmark Limited. Anwar Galvanizing Limited. Anwar Jute Spinning Mills Limited. Anwar Cement Limited. Anwar Ispat Limited. AG Automobiles Limited. A One Polymer Limited. BD Finance Capital Holdings Limited. BD Finance Securities Limited. Bangladesh Commerce Bank Hossain Dyeing & Printing Mills Limited. Kaba Trading Co. Mehmud Industries (Pvt.) Limited.
Mr. Hossain Khaled	Vice Chairman	Anwar Silk Mills Limited. Anwar Integrated Steel Plant Limited. Anwar Landmark Limited. Anwar Galvanizing Limited. Anwar Jute Spinning Mills Limited. Anwar Cement Limited. Anwar Ispat Limited. AG Automobiles Limited. A One Polymer Limited. BD Finance Capital Holdings Limited. BD Finance Securities Limited. Hossain Dyeing & Printing Mills Limited. Mehmud Industries (Pvt.) Limited. The City Bank Limited.
Mr. Geasuddin Ahmed	Director	BD Finance Securities Limited. Dhaka Complex (Pvt) Limited. Momota Enterprise
Mr. S.M. Didarul Alam	Director	Al-Haj Mostafa Hakim Housing & Real Estate Limited. Al-Haj Mostafa Hakim Cement Industries Limited. Golden Oxygen Limited. Eagle Star Textile Mills Limited. Mutual Jute Spinner Limited.

Mr. Syed Tareq Akbar Ally	Director	Nil
Mr. Yousuf Aman	Director	Nil
Mr. Mohammad Shahin Alam	Director	Al-Haj Mostafa Hakim Housing & Real Estate Limited. Al-Haj Mostafa Hakim Cement Industries Limited. Golden Oxygen Limited.
Mrs. Shahnaz Rashid	Director	Anwar Cement Limited. Anwar Jute Spinning Mills Limited. Anwar Landmark Limited. Anwar Galvanizing Limited. BD Finance Securities Limited.
Mr. Md. Imtiyaj	Director	Imtiyaj Steel Precious Steel Corporation
Mr. Haider Ahmed Khan, FCA	Independent Director	Ahmed Khan & Co. Flower Faisons Limited. MM Agro Enterprises Limited. Mifkif Apparel Limited. Seasons Aid Limited. Seasons Dresses Limited.

42.2 Significant Contracts where BD Finance is a party and wherein Directors have interest: Nil

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

42.4 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

42.5 Investment (Lease, Loan and Advances) to Directors and their related Concern (Note-6.2):

	Related By	Nature of transaction	Amount in Tk.	Status	
i)	Geasuddin Ahmed	Director	Short Term Finance	1,517,327	Standard
ii)	BD Finance Securities Limited.	Common Director	Short Term Finance	633,155,000	Standard
iii)	BD Finance Capital Holdings Limited.	Common Director	Short Term Finance	168,594,886	Standard
				<u>803,267,213</u>	

43 Events after Balance Sheet Date

The Board of Directors of BD Finance has recommended 10% Stock Dividend for the year 2013.


Company Secretary


Managing Director


Director


Director

Annexure-A

Fixed Asset Schedule

For the year ended 31 December 2013

Particulars	C O S T					Rate of Depreciation	D E P R E C I A T I O N				
	Balance as on 1 January 2013	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period	Balance at 31 December 2013		Balance as on 1 January 2013	Transfer/ Adjustment during the year	Charge for the year	Balance at 31 December 2013	Written Down Value at 31 December 2013
Land	185,750,000	111,450,000	-	-	297,200,000	-	-	-	-	297,200,000	
Building	5,398,790	-	-	-	5,398,790	10%	-	539,880	2,159,519	3,239,271	
Furniture & Fixture	6,706,461	-	7,264,199	-	13,970,660	20%	-	1,853,017	7,457,596	6,513,064	
Office Equipment	5,806,634	-	4,143,589	-	9,950,223	25%	-	1,466,282	6,082,825	3,867,398	
Office Renovation	4,356,089	-	1,034,604	-	5,390,693	20%	-	1,043,642	5,185,165	205,528	
Motor Vehicle	14,806,973	-	-	-	14,806,973	20%	-	1,271,927	13,670,616	1,136,358	
Other Assets	182,667	-	-	-	182,667	20%	-	-	182,667	-	
System and Software	1,420,000	-	200,000	-	1,620,000	25%	-	36,663	1,456,663	163,337	
31 December 2013	224,427,614	111,450,000	12,642,392	-	348,520,006		-	6,211,411	36,195,051	312,324,955	
31 December 2012	222,915,718	138,223,602	412,347	84,920	223,243,145		60,420	5,168,111	25,731,676	197,511,469	

Statement of Trading Shares

As on 31 December 2013

Annexure-B

Name of The Company	No. Of share	Cost Price Per Share	Market Price Per Share	Cost Value	Market Value	Gain/ (Loss)
Beximco Ltd.	670,000	69.37	64.40	46,475,592	43,148,000	(3,327,592)
Beximco Pharma	1,627,996	60.21	55.90	98,025,986	91,004,976	(7,021,010)
BSRM Steel	20,000	104.19	67.90	2,083,897	1,358,000	(725,897)
Eastland Insurance	65,000	77.94	56.60	5,065,908	3,679,000	(1,386,908)
Exim Bank	318,623	18.46	20.80	5,880,396	6,627,358	746,962
Grammen Phone Ltd.	795,000	178.17	175.00	141,643,151	139,125,000	(2,518,151)
IDLC	36,000	84.34	106.90	3,036,091	3,848,400	812,309
International Leasing & Financial Services Ltd.	12,000	71.39	20.10	856,660	241,200	(615,460)
Lafarge Surma Cement	833,000	34.51	32.90	28,743,604	27,405,700	(1,337,904)
Meghna Life Insurance	6,400	248.70	112.80	1,591,656	721,920	(869,736)
MJL Bangladesh Ltd.	7,100	167.89	79.70	1,191,986	565,870	(626,116)
National Bank Ltd.	1,026,153	23.65	22.10	24,271,602	22,677,981	(1,593,621)
NCC Bank	35,100	30.75	18.20	1,079,192	638,820	(440,372)
One Bank Limited	1,111,000	24.31	22.80	27,012,990	25,330,800	(1,682,190)
Padma Life Insurance Co. Ltd.	133,500	97.37	65.50	12,998,365	8,744,250	(4,254,115)
Peoples Leasing & Financial Services Ltd.	552,551	37.32	32.40	20,621,408	17,902,652	(2,718,756)
Phoenix Insurance Co.Ltd.	7,000	67.15	58.00	470,072	406,000	(64,072)
Prime Islami Life	20,180	191.75	116.00	3,869,472	2,340,880	(1,528,592)
Rangpur Dairy & Food Products Ltd.	53,600	37.56	25.30	2,013,244	1,356,080	(657,164)
Rupali Bank	3,960	131.30	79.40	519,958	314,424	(205,534)
Singer BD	7,700	437.75	164.10	3,370,708	1,263,570	(2,107,138)
Social Islami Bank Ltd.	48,250	22.35	19.40	1,078,475	936,050	(142,425)
Southeast Bank Ltd.	3,425,340	20.76	20.00	71,103,250	68,506,800	(2,596,450)
Square Pharma	8,644	356.49	168.60	3,081,465	1,457,378	(1,624,086)
Standard Insurance	5,000	45.71	42.90	228,570	214,500	(14,070)
Summit Power	829,738	56.13	53.30	46,569,100	44,225,035	(2,344,065)
The City Bank Ltd.	324,812	31.49	28.90	10,226,719	9,387,067	(839,652)
Titas Gas	710,000	77.10	65.30	54,740,360	46,363,000	(8,377,360)
UCBL	16,000	38.80	27.10	620,773	433,600	(187,173)
United Air	40	20.91	29.90	836	1,196	360
United Leasing	824,220	42.88	36.80	35,343,238	30,331,296	(5,011,942)
				<u>653,814,724</u>	<u>600,556,805</u>	<u>(53,257,919)</u>

Highlights of Performance

(Amount in BDT)

SL #	PARTICULARS	December 2013	December 2012
1	Paid up Capital	1,040,227,080	591,038,120
2	Total Capital	1,547,692,163	960,412,170
3	Capital Surplus / (Deficit)	40,227,080	(408,961,880)
4	Total Assets	12,092,300,415	6,238,396,140
5	Total Deposit	7,599,310,341	2,887,709,254
6	Total Loans/Lease Finance	8,327,091,053	3,754,792,183
7	Total Contingent Liabilities and Commitment	104,801,330	124,801,330
8	Investment Deposit Ratio (%)	109.58%	130.03%
9	Percentage of Classified Investment against total Investments	5.28%	8.89%
10	Profit after Tax and Provision	85,744,843	37,101,314
11	Amount of Classified Investment	439,710,571	333,985,836
12	Provisions kept against Classified Investment	131,805,126	96,589,863
13	Provisions surplus	892,402	231,391
14	Cost of Fund	13.69%	14.31%
15	Interest Earning Assets	10,341,784,018	5,060,621,590
16	Non-Profit Earning Assets	1,750,516,397	1,177,774,551
17	Return on Investment in Securities (ROI)	-0.60%	-0.51%
18	Return on Assets (ROA)	0.94%	0.65%
19	Income from Investment in Securities	(13,803,037)	(13,661,814)
20	Earning Per Share (Re-stated)	1.23	0.65
21	Price Earning Ratio (Times)	15.39	47.65
22	Book value per share (Per 10 Tk.)	14.88	16.25

BD Finance Securities Limited

Directors Report

December 31, 2013

Bismillahir Rahmanir Rahim.

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah.

BD Finance Securities Limited feels pleasure to welcome you to the 3rd Annual General Meeting of the Company and pleased to place before you the Audited Financial Statements of the Company for the year ended December 31, 2013, auditors' report there on along with Company's performance and other related information in terms of Companies Act 1994, Guidelines issued by Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited and Bangladesh Financial Reporting Standards.

Capital Market of Bangladesh

You all know that Capital market witnessed on upward trend in 2013 compared to 2012. The confidence level of the general investors also improved.

DSE Index increased by 1.12% to 4267 in December, 2013 from 4219 in 2012. Market Capitalization increased by 10.16%. The daily average trade volume of DSE has decreased by 4.83% to Tk. 400.31 crore in December, 2013 from Tk. 420.62 crore in 2012. The market P/E ratio increased to 15.07 times in 2013 from 12.07 times in 2012.

Capital market is the engine of growth for an economy and plays a pivotal role as an intermediary for transfer of resources from the investors to the existing requiring funds for expansion. Volatility in the share market has become a matter of concern for the investors in recent times. High volatility may lead to a general erosion of investors' confidence and flow of funds away from the capital market. The recent political turmoil added extra pressure on the stock market. Access to high quality and credible information remains a problem in the market.

Business Performance

The Company started its operation on November 21, 2011 and holding a significant market share of DSE trade volume since inception.

The operational performance can be summarized as under:

Sl. No.	Particulars	2013	2012	
01.	Portfolio Size	583.58	270.49	Crore
02.	Number of BO	2,808	1,319	Nos
03.	Total Trade Volume	1,750.69	1,089.23	Crore
04.	Margin Loan	68.20	27.82	Crore
05.	Operational Profit	6.60	3.98	Crore
06.	Net Profit / (Loss)	2.03	0.55	Crore

Board of Directors

During the year 4 (Four) meetings of the Board of Directors took place during the year 2013.

Dividend for the year ended December 31, 2013

The Board of Directors did not propose any dividend for the year ended December 31, 2013.

Prospect of the Company

Although the capital market is expected to remain volatile in the year 2014 as well we are preparing ground to take advantage of the market situation utilizing the cooperation and support from our parent company **BD Finance** and our associate Company **BD Capital**. We anticipate a better performance in the year 2014.

Acknowledgement

We express our thanks to the DSE, BSEC & our patrons, valued clients and the dedicated employees for the co-operation and support.

For and on behalf of the Board of Directors



Anwar Hossain
Chairman

Auditors' Report

To the Shareholders

of

BD Finance Securities Limited

We have audited the accompanying financial statements of BD Finance Securities Limited (the "Company"), which comprise the Statement of Financial Position (Balance Sheet) as at 31 December 2013 and the related Statement of Comprehensive Income (Profit and Loss Account), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

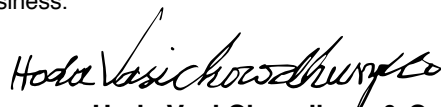
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Financial Reporting Standards ("BFRS") and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

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 Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account; and
- (iv) the expenditure incurred were for the purposes of the Company's business.

Dhaka, 17 April, 2014


Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Financial Position

As on 31 December, 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
SOURCES OF FUNDS			
Shareholders' equity			
Share capital	3	1,046,000,000	1,046,000,000
Retained Earnings		15,737,454	(4,527,906)
		1,061,737,454	1,041,472,094
APPLICATION OF FUNDS			
Property, plant and equipment	4	17,907,569	18,279,937
Intangible assets	5	115,208	247,500
Preliminary Expenses	6	-	2,044,377
Investment	7	1,006,570,877	1,006,570,877
Total non-current asset		1,024,593,655	1,027,142,691
Current assets			
Receivable from DSE	8	1,654,550	133,649
Receivable from clients	9	682,012,495	278,186,126
Advances, deposits and prepayments	10	6,050,024	10,473,044
Advance income tax	11	14,397,919	5,614,535
Cash and cash equivalent	12	59,218,598	5,555,222
		763,333,586	299,962,576
Current liabilities			
Payable to DSE	13	6,766,699	1,040,952
Payable to clients	14	51,313,269	9,149,208
Short term loan	15	610,000,000	260,000,000
Provision for diminution in value of investments	16	12,691,179	8,172,139
Provision for tax	17	17,019,139	5,614,536
Liabilities for expenses	18	28,399,502	1,656,340
		726,189,787	285,633,174
Net current assets		37,143,799	14,329,402
Net asset employed		1,061,737,454	1,041,472,094



Company Secretary



Director



Managing Director & CEO

Auditor's Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Comprehensive Income

For the year ended 31 December, 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
Operating revenue		70,243,504	42,460,928
Brokerage commission	19	69,305,853	41,925,856
BO account maintenance	20	937,651	535,072
Less : Operating expenses	21	4,258,816	2,646,825
Net operating revenue		65,984,688	39,814,103
Non-operating revenue		11,423,930	3,395,909
Interest income	22	84,237,507	29,115,016
Financial expenses	23	(72,813,577)	(25,719,107)
Total revenue		77,408,618	43,210,012
General & administrative expenses		41,274,114	29,705,161
Salaries & allowances	25	7,740,917	8,103,979
Rent, taxes, insurance, electricity, etc	26	3,473,715	4,136,279
Legal expenses	27	42,710	361,076
Postage, stamp, telecommunication, etc	28	585,751	512,044
Stationery, printing, advertisements, etc	29	920,871	1,522,037
Directors' Fees	30	140,000	82,500
Auditors' Fees	31	62,500	90,000
Depreciation and repair of company's assets	32	5,982,093	3,351,343
Other expenses	33	22,325,556	11,545,903
Profit/ (loss) before provision		36,134,504	13,504,852
Investment in shares		(4,464,540)	(2,584,483)
Provision for diminution in value of investments	34	(4,519,040)	(2,593,233)
Dividend income	24	54,500	8,750
Profit/ (loss) before provision for income tax		31,669,964	10,920,369
Provision for income tax	17.1	11,404,604	5,462,411
Net profit/(loss) after tax		20,265,360	5,457,958



Company Secretary



Director



Managing Director & CEO

Auditor's Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Cash Flows

For the year ended 31 December, 2013

	31-Dec-13 BDT	31-Dec-12 BDT
A. Cash flow from operating activities		
Net profit for the year	20,265,360	5,457,958
Add: Amount considered as non cash items:		
Depreciation & amortization charged	5,982,093	3,351,343
Provision for diminution in value of investments	4,519,040	2,593,233
Sub total of non cash items	10,501,133	5,944,576
Changes in workings capital components		
(Increase)/decrease Receivable from DSE	(1,520,901)	(133,649)
(Increase)/decrease Receivable from clients	(403,826,369)	(271,492,643)
(Increase)/decrease Advanced, deposit & prepayments	4,423,020	-
(Increase)/decrease Advanced income tax	(8,783,384)	(5,462,410)
Increase/(decrease) Payable to DSE	5,725,747	356,765
Increase/(decrease) Payable to clients	42,164,062	9,149,208
Increase/(decrease) Short term loan	350,000,000	258,500,000
Increase/(decrease) Provision for tax	11,404,604	5,462,410
Increase/(decrease) Liability for expenses	26,743,162	1,413,753
	26,329,940	(2,206,566)
Net cash flows from operating activities	57,096,434	9,195,968
B. Cash flow from investing activities		
Fixed assets acquisition	(3,433,057)	(4,665,203)
Investment in share	(0)	(2,804,673)
Net cash flows from investing activities	(3,433,057)	(7,469,876)
C. Cash flows from financing activities		
Dividend paid	-	-
Net cash used in financing activities	-	-
D. Net cash increase/ (decrease) (A+B+C)	53,663,376	1,726,092
E. Cash and cash equivalents at the beginning	5,555,222	3,829,130
F. Cash and cash equivalents at the year end (D+E)	59,218,598	5,555,222
Closing balance represents		
Cash in hand	19,845	4,597
Cash at bank	59,198,753	5,550,625
	59,218,598	5,555,222


Company Secretary


Director


Managing Director & CEO

Statement of Changes in Equity

For the year ended 31 December, 2013

	Share Capital BDT	Share Money Deposit BDT	Retained Earnings BDT	Total BDT
Balance at January 01, 2013	1,046,000,000	-	(4,527,906)	1,041,472,094
Changes during the year 2013				
Transferred from Share money deposit	-	-	-	-
Net profit/(loss) for the year	-	-	20,265,360	20,265,360
Balance at December 31, 2013	1,046,000,000	-	15,737,454	1,061,737,454



Company Secretary



Director



Managing Director & CEO

BD Finance Securities Limited

Notes to the Financial Statements

For the year ended 31 December 2013

1 Company and its activities

1.1 Legal form of the Company

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

1.2 Nature of business

The main object of BD 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 BD Finance Securities Limited includes the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements. These Financial Statements have been prepared under the historical cost convention on a going concern basis on Generally Accepted Accounting Principles (GAAP) and in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), and the Companies Act, 1994, Bangladesh Securities and Exchange Rules, 1987.

2.2 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with Bangladesh Accounting Standard (BAS) No.7: Statement of Cash Flows and the cash flows from operating activities have been presented under the indirect method as prescribed by the Bangladesh Securities and Exchange Rules, 1987.

2.3 Fixed assets and depreciation

Fixed Assets are stated at cost less accumulated depreciation.

Depreciation is charged on the acquisition cost of fixed assets and such cost write off over the estimated useful lives of assets, using the straight-line method in accordance with BAS 16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. The rates of depreciation used to write off the amount of assets are as follows:

Category of Assets	Rate of Depreciation
Office Equipment	10.00%
Electronic Equipment	15.00%
Electronic Equipment-Generator	15.00%
Furniture & Fixture	10.00%
Computer Peripheral	25.00%
Vehicles	20.00%
Office Renovation & Furnishing	10.00%

2.4 Intangible assets and amortization

a. Components

The main item included in intangible assets are Software, TWS Installation and Preliminary Expenses.

b. Basis of recognition

An intangible Assets 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 BAS 38; Intangible Assets. Accordingly, this asset is started in the Statement of Financial Position (Balance Sheet) at cost less accumulated amortization.

c. 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.

d. Amortization

Intangible asset is amortized on straight line basis for software and TWS installation @ 50% and preliminary expenses (remaining full balance).

2.5 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;
- 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.

2.6 Revenue recognition

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition".

a. Brokerage commission

Brokerage commission is recognized as income when selling or buying order is signed and trade is executed.

b. 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.

c. 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.

2.7 Provision for 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 37.5% on company's income from other sources. Under section 82C, income tax deducted under certain sections of the ITO is treated as final discharge of tax payer's tax liabilities from that source.

2.8 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.

2.9 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.

2.10 Related party disclosure

As per Bangladesh Accounting Standard (BAS) 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 basis at commercial rates with its related parties.

2.11 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 Statement of Financial Position (Balance Sheet) date that are material but not adjusting event are discussed in the notes.

2.12 Reporting period

Financial statements of the company consistently cover from January 01, 2013 to December 31, 2013.

2.13 Functional and presentation currency

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

2.14 General

Figures of previous year have been rearranged wherever considered necessary to confirm presentation of the current year and the amounts have been rounded off to the nearest integer.

	31-Dec-13 BDT	31-Dec-12 BDT
3 Share capital		
3.1 Authorised Capital		
50,00,00,000 ordinary shares of taka 10 each	5,000,000,000	5,000,000,000

3.2 Issued, subscribed and paid up capital

10,46,00,000 fully paid ordinary shares of Tk.10/- each subscribed and paid by the sponsor Shareholders.

Shareholders	Number of Share	Shareholding %		
Bangladesh Finance & Investment Co Ltd.	60,000,000	57.36%	600,000,000	600,000,000
Anwar Landmark Ltd.	18,500,000	17.69%	185,000,000	185,000,000
City General Insurance Co. Ltd.	9,100,000	8.70%	91,000,000	91,000,000
Mr. Manwar Hossain	3,000,000	2.87%	30,000,000	30,000,000
Mr. Hossain Mehmud	3,000,000	2.87%	30,000,000	30,000,000
Mr. Hossain Khaled	3,000,000	2.87%	30,000,000	30,000,000
Mr. M. Abu Taher	3,000,000	2.87%	30,000,000	30,000,000
Mr. Md. Yousuf	3,000,000	2.87%	30,000,000	30,000,000
Mr. Geasuddin Ahmed	2,000,000	1.91%	20,000,000	20,000,000
	104,600,000	100.00%	1,046,000,000	1,046,000,000

Note : According to the decision, we have transferred our Share Money Deposit of Tk.103,60,00,000.00 to paid up capital.

4 Property, plant and equipment

Depreciation of Office Equipment, Furniture Fixture & Office Renovation 10%, Electronic Equipment & Electronic Equipment - Generator 15%, Vehicles @ 20% and Computers @ 25% p.a.

A. Cost :

Opening balance	22,182,578	18,120,419
Addition during the year	3,253,057	4,062,159
Closing balance	25,435,635	22,182,578

B. Depreciation:

Opening balance	3,902,641	1,034,688
Charge during the year	3,625,425	2,867,953
Closing balance	7,528,066	3,902,641

Carrying amount/ Written down value (See Annexure - I)

17,907,569	18,279,937
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	31-Dec-13 BDT	31-Dec-12 BDT
5 Intangible assets		
Amortization of Software and TWS installation @ 50% p.a.		
A. Cost :		
Opening balance	495,000	165,000
Addition during the year	180,000	330,000
Closing balance	675,000	495,000
B. Amortization:		
Opening balance	247,500	-
Charge during the year	312,292	247,500
Closing balance	559,792	247,500
Carrying amount/ Written down value (See Annexure- II)	115,208	247,500
6 Preliminary expenses		
Amortization of Preliminary expenses		
A. Cost :		
Opening balance	2,358,897	2,358,897
Addition during the year	-	-
Closing balance	2,358,897	2,358,897
B. Amortization:		
Opening balance	314,520	78,630
Charge during the year	2,044,377	235,890
Closing balance	2,358,897	314,520
Carrying amount/ Written down value	-	2,044,377
7 Investments		
Investment In Membership of DSE (30)	989,290,000	989,290,000
Investment In Shares (7.1)	17,280,877	17,280,877
	1,006,570,877	1,006,570,877

7.1 Investment in shares

The investments in shares are categories as financial assets held for trading as per BAS 39. The details of the investments are as follows:

Name of Company	No. of Shares	Cost price (Taka)	Market Price at the end of the year (Taka)	Unrealized gain/ (loss)
Confidence Cement	8,500	1,193,570	1,053,150	(140,420)
IDLC Finance	59,800	8,910,473	3,762,889	(5,147,584)
LankaBangla Finance	30,360	2,723,899	2,018,940	(704,959)
Meghna Cement	10,100	1,491,063	1,442,280	(48,783)
PLFSL	16,551	2,107,273	422,051	(1,685,223)
Square Pharma	6,370	854,599	1,211,574	356,975
		17,280,877	9,910,884	(7,369,994)

	31-Dec-13 BDT	31-Dec-12 BDT
8 Receivable from DSE		
This balance has been resulted from sale of shares through Dhaka Stock Exchange Ltd.		
Total Sales	1,654,550	133,649
	1,654,550	133,649
9 Receivable from clients		
This balance represents the clients' purchase of shares on December 31, 2013 and CDBL charge incurred against trading as on December 31, 2013.		
Margin loan to clients	682,011,495	278,186,126
Receivable from Vanguard AML BD Finance MF1	1,000	-
	682,012,495	278,186,126
10 Advances, deposits and prepayments		
Security deposit with CDBL	200,000	200,000
Security deposit with DSE	5,000,000	10,000,000
Advance for DSE Nikunja room	850,024	-
Advance for generator installation work	-	273,044
	6,050,024	10,473,044
11 Advance income tax		
Opening balance	5,614,535	152,124
Add: Addition during the year		
AIT on cash dividend	10,900	1,750
AIT on bank interest	19,010	14,488
AIT on turnover of BD Securities	8,753,474	5,446,173
	14,397,919	5,614,535
11.1 Cash dividend	54,500	8,750
Tax rate	20%	20%
Tax payable	10,900	1,750
11.2 Interest income on bank deposit	190,098	144,877
Tax rate	10%	10%
Tax payable	19,010	14,488
12 Cash and cash equivalent		
Cash in hand		
Cash in hand (Petty Cash)	19,845	4,597
Cash at bank		
Mutual Trust Bank Ltd. (General A/c)	10,386,233	702,080
The City Bank Ltd. (General A/c)	489	489
The City Bank Ltd. (General A/c, Fx Br.)	310,529	304,601
One Bank Ltd. (Customer A/c)	48,487,226	4,526,110
One Bank Ltd. (General A/c)	411	-
Jamuna Bank Ltd. (Salary A/c)	410	2,345
Rupali Bank (Customer A/c)	13,455	15,000
	59,198,753	5,550,625
Total cash & cash equivalent	59,218,598	5,555,222

	31-Dec-13 BDT	31-Dec-12 BDT
13 Payable to DSE		
This balance has been resulted from purchase of shares through Dhaka Stock Exchange Ltd.		
Total Purchase	6,766,699	1,040,952
	6,766,699	1,040,952
14 Payable to clients		
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.		
	51,313,269	9,149,208
	51,313,269	9,149,208
15 Short term loans		
The amount represents payable to BD Finance as inter-company lending.		
Loan from BD Finance	610,000,000	260,000,000
	610,000,000	260,000,000
16 Provision for diminution in value of investments		
Provision on unrealized loss of dealer investments:		
Opening balance	8,172,139	5,578,906
Add: Addition during the year	(802,145)	2,593,233
Closing balance	7,369,993	8,172,139
Provision on margin loan:		
Opening balance	-	-
Add: Addition during the year	5,321,185	-
Closing balance	5,321,185	-
	12,691,179	8,172,139
17 Provision for tax		
Opening Balance	5,614,536	152,125
Income tax expenses during the year	11,404,604	5,462,411
Net provision for tax	17,019,139	5,614,536
17.1 Income tax expenses		
Net profit before tax	31,669,964	10,920,369
Add:		
Inadmissible expenses	3,937,716	3,115,453
Unrealised loss on investment in share	(802,145)	2,593,233
	34,805,535	16,629,055
Less: Allowable expenses	(4,393,259)	(3,610,756)
Taxable income	30,412,276	13,018,299
Tax @ 37.5%	11,404,604	4,881,862
AIT under section 82C	8,783,384	5,462,411
Income tax expenses	11,404,604	5,462,411

	31-Dec-13 BDT	31-Dec-12 BDT
18 Liabilities for expenses		
Provision for interest on BFIC loan	23,155,000	-
Liability to ANF Mng.	-	10,586
Office rent payable	627,840	-
Utility payable	75,080	42,444
Business development expenses payable	2,088,652	682,368
Reserve on BDE	1,972,238	283,146
Network connectivity charges payable	-	7,000
Mobile bill payable	8,453	7,209
Fuel bill payable	-	18,000
Audit fees payable	152,500	90,000
Liability for CDBL expenses (Share Maintenance)	344,739	515,588
Other payable	(25,000)	-
	28,399,502	1,656,340
19 Brokerage Commission		
Brokerage commission	69,305,853	41,928,757
Less: Discount on brokerage commission	-	(2,901)
	69,305,853	41,925,856
20 BO Account Maintenance		
BO account maintenance fee/opening fee	841,500	783,000
BO account renewal fees	1,045,500	282,500
BO account closing fees	34,500	31,500
CDBL settlement transfer income	2,868,049	1,896,273
CDBL bulk A/C transfer income	667,227	424,868
CDBL transfer/transmission income	83,789	203,631
CDBL pledge income	43,066	54,716
CDBL unpledge income	2,562	3,395
CDBL corporate action income	97,069	134,277
CDBL demate of new securities (IPO) income	33,048	59
CDBL demate of existing securities income	-	8,805
	5,716,309	3,823,024
Less:		
Discount on BO A/C opening fee	14,000	79,500
CDBL settlement transfer charge	2,941,093	1,895,799
CDBL bulk A/C transfer income	335,308	335,382
CDBL transfer/transmission charge	41,895	109,038
CDBL corporate action charge	50,474	67,365
CDBL demate of new securities (IPO) charge	21,574	30
CDBL demate of existing securities charge	-	4,402
CDBL pledge charge	21,533	32,538
CDBL unpledge charge	1,281	1,698
CDBL BO A/C opening charge	510,000	530,400
CDBL BO A/C renewal charge	836,000	224,800
CDBL other charges	5,500	7,000
	4,778,658	3,287,952
Net Income	937,651	535,072

	31-Dec-13 BDT	31-Dec-12 BDT
21 Operating expenses		
21.1 DSE charges		
Howla charge	745,494	454,632
Laga charge	3,501,390	2,178,469
DSE Other charges	9,379	8,632
DSE authorization fee	2,554	5,092
	4,258,816	2,646,825
22 Interest income		
Interest on margin loan	84,024,014	28,952,639
Interest income on bank deposit	190,098	144,877
Cheque dishonoured charge	34,500	17,500
Cheque clearance fees	7,249	-
Less: expenses on interest income	(18,353)	-
	84,237,507	29,115,016
23 Financial expenses		
Interest expenses on BD Finance loan	71,778,542	25,457,333
Bank charges	35,035	29,340
Bank guarantee fees	1,000,000	205,000
Interest refund	-	27,434
	72,813,577	25,719,107
24 Other non-operating revenue		
Cash dividend	54,500	8,750
	54,500	8,750
25 Salaries & allowances		
Salaries & allowances	7,740,917	8,103,979
	7,740,917	8,103,979
26 Rent, taxes, insurance, electricity, etc.		
Rent, rates & taxes	3,217,680	3,531,600
Insurance	46,340	33,140
Utilities	209,695	571,539
	3,473,715	4,136,279
27 Legal expenses		
RJSC expenses	13,000	65,666
SEC DP registration renewal fee	-	20,000
SEC other expenses	-	247,200
Fees & renewals	29,710	28,210
	42,710	361,076

	31-Dec-13 BDT	31-Dec-12 BDT
28 Postage, stamp, telecommunication, etc.		
Telephone, postage & telegram	50,895	26,296
Mobile bill	92,706	75,604
Govt. taxes, stamps duty & licence fees	7,050	11,220
Network connectivity charge	435,100	398,924
	585,751	512,044
29 Stationary, printing, advertisements, etc.		
Printing & stationary	460,874	807,722
Advertisement	459,997	714,315
	920,871	1,522,037
30 Directors' fees		
Directors' fees	140,000	82,500
	140,000	82,500
31 Auditors' fees		
Statutory annual audit fees (including VAT)	62,500	90,000
	62,500	90,000
32 Depreciation and repair of company's assets		
Depreciation of tangible assets	3,625,425	2,867,953
Amortization of intangible assets	312,292	247,500
Amortization of preliminary expenses	2,044,377	235,890
	5,982,093	3,351,343
33 Other expenses		
Travelling and conveyance	18,280	7,920
Entertainment	248,594	154,457
Fuel, oil and lubricants	217,070	259,866
Repair & maintenance-Vehicle	105,296	-
Diesel for generator	84,320	-
Newspaper & periodicals	7,800	7,376
Office cleaning expenses	20,288	11,749
Office maintenance expenses	54,364	45,631
Business development expenses	21,426,417	11,028,609
Repair & maintenance	117,200	16,145
Training expenses	-	7,000
Miscellaneous expenses	25,927	7,150
	22,325,556	11,545,903
34 Provision for diminution in value of investments		
Provision on unrealized loss of dealer investments	(802,145)	2,593,233
Provision on margin loan	5,321,185	-
	4,519,040	2,593,233



Company Secretary



Director



Managing Director & CEO

Annexure- I

Schedule of Fixed Assets

For the year ended 31 December, 2013

Figures in BDT

Particulars	Cost			Rate	Depreciation				Written down value as at 31/Dec/2013
	Balance as on 1/Jan/2013	Addition during the Year	Disposal/Adj during the year		Balance as at 31/Dec/2013	Disposal/Adj. during the year	Charge during the year	Balance as at 31/Dec/2013	
Office Equipment	663,656	-	-	663,656	10%	-	66,366	98,384	565,272
Electrical Equipment	6,094	-	-	6,094	15%	-	914	2,031	4,063
Electrical Equipment-Generator	-	2,221,982	-	2,221,982	15%	-	333,297	333,297	1,888,685
Furniture and Fixture	761,788	-	-	761,788	10%	-	76,179	177,751	584,037
Computer & Pheriperal	4,335,040	7,072	-	4,342,112	25%	-	1,084,202	1,885,136	2,456,976
Vehicles	3,546,000	-	-	3,546,000	20%	-	709,200	1,745,700	1,800,300
Office Renovation/Furnishing	12,870,000	1,024,003	-	13,894,003	10%	-	1,355,267	3,285,767	10,608,236
Total	22,182,578	3,253,057	-	25,435,635		-	3,625,425	7,528,066	17,907,569

Annexure- II

Schedule of Intangible Assets

For the year ended 31 December 2013

Figures in BDT

Particulars	Cost			Rate	Amortization			Written down value as at 31/Dec/2013
	Balance as on 1/Jan/2013	Addition during the year	Disposal/ Adj. during the year		Balance as at 31/Dec/2013	Disposal/ Adj. during the year	Charge during the year	
Software	450,000	150,000	-	50%	600,000	-	287,500	87,500
TWS Installation	45,000	30,000	-	50%	75,000	-	24,792	27,708
Total	495,000	180,000	-		675,000		312,292	115,208

BD Finance Capital Holdings Limited

Directors' Report for the financial year 2013

Dear Shareholders,

The Directors have the pleasure to present their Report with the audited financial statements of the Company for the year ended on 31 December 2013 together with the Auditors' Report thereon for consideration and approval of our valued Shareholders. These were approved by the Board of Directors of the Company in its 10th meeting held on April 17, 2013. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act 1994.

WORLD ECONOMY

The world economy reached only subdued growth of 2.1 percent in 2013. While most developed economies continued to grapple with the challenge of taking appropriate fiscal and monetary policy actions in the aftermath of the financial crisis, a number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new domestic and international headwinds during 2013.

Some signs of improvement have emerged more recently. The euro area has finally come out of a protracted recession, with gross domestic products (GDP) for the region as a whole starting to grow again; the economy of the United States of America continues to recover; and a few large emerging economies, including China, seem to have at least stopped a further slowdown or will see accelerating growth. The UN report states, world gross product (WGP) is forecast to grow at a pace of 3.0 and 3.3 percent in 2014 and 2015, respectively.

BANGLADESH ECONOMY

In Bangladesh, the gross domestic product (GDP) in Fiscal Year 2013 (ended 30 June 2013) grew by 6.0%, higher than projected in the Asian Development Outlook (ADO) 2013 in April. Export growth accelerated briskly, but imports were flat, such that net exports markedly contributed to growth. Agriculture growth slowed to 2.2% because weather was unfavorable and rice prices fell. Industry grew by 9.0%, with strong expansion in construction and small-scale manufacturing. Services growth slowed slightly to 5.7%, reflecting stagnant imports and politically inspired strikes that disrupted trade.

Imports rose by only 0.8% in FY 2013. Exports grew by 10.7%, accelerating from 6.2% growth in FY2012, on higher garment exports. The balance of payments showed a large surplus of \$5.1 billion in FY 2013, boosting gross international reserves to \$15.1 billion. Following the tragic garment factory collapse in April 2013, comprehensive protocols were signed to foster worker safety and welfare.

Money supply growth was below the central bank's program target, even as banks' net foreign assets rose sharply. The reason was growth in credit to the private sector languishing far below target as political uncertainty deterred investment. The Bangladesh taka has strengthened against the US dollar since early 2013, reflecting the large balance of payments surplus.

GDP growth in FY2014 is projected at 5.8%, lower than the ADO 2013 forecast, as exports and consumer and investment demand fall short of expectations. The current account will show a small deficit. The central bank is expected to adopt measures to contain inflation but also ensure adequate credit flows to maintain steady economic growth.

CAPITAL MARKET SCENARIO

Bangladesh has had its share of stock market booms and busts. Following a bull run during most of 2010, the Dhaka Stock Exchange (DSE) crashed in early December 2010 and by March 2011 the index had fallen by half

from its all-time high. The market correction wiped out \$27 billion in market capitalization and with it bankruptcies, savings, and jobs, triggering a wave of social discontent. The ensuing liquidity crunch led to heightened solvency risks. Indeed, given the interconnectedness between banks and equity markets, there was a grave concern that a perfect storm could result in a negative feedback loop from the financial sector to the real economy and potentially bringing the economy to a grinding halt.

A high-level probe was established to examine the deficiencies that led to the crash. As part of the probe's findings, important lessons were identified, which have placed financial markets in a much stronger position. To begin with, policy-makers recognized that capital markets have played a limited role in supporting the development of the economy and that this had to change.

The government therefore embarked on a programme of meaningful reforms and partnered by the Asian Development Bank (ADB) under the Second Capital Markets Development Programme (CMDP2) in November 2012.

With regard to valuation, the average Dhaka Stock Exchange (DSE) Price-Earning (P/E) ratio was at 11.85 in October 2013, which is certainly more attractive from an investor's perspective than the average P/E ratio of 30.6 at its recent peak in February 2010.

Net foreign portfolio investment has witnessed consistent gains since early 2012, indicative of market recovery and attracted by the prevailing stock price valuations. The turnover ratios in 2013 are comparable with the levels recorded during 2004-6 at a time when the market was functioning in a stable environment. The DSE average daily turnover as a percentage of market capitalization from January 2013 to October 2013 was 0.16% as compared to a high of 0.73% on December 06, 2010.

Board of Directors

During the year 5 (Five) meetings of the Board of Directors took place during the year 2013.

Dividend for the year ended December 31, 2013

The Board of Directors did not propose any dividend for the year ended December 31, 2013.

Acknowledgement

We express our thanks to the BSEC & our patrons, valued clients and the dedicated employees for the co-operation and support.

For and on behalf of the Board of Directors



Anwar Hossain
Chairman

Auditors' Report

TO THE SHAREHOLDERS OF BD FINANCE CAPITAL HOLDINGS LTD.

We have audited the accompanying financial statements of BD Finance Capital Holdings Limited (the "Company"), which comprise the Statement of Financial Position (Balance Sheet) as at 31 December 2013 and the related Statement of Comprehensive Income (Profit and Loss Account), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Financial Reporting Standards ("BFRS") and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

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 Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account; and
- (iv) the expenditure incurred were for the purposes of the Company's business.

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Financial Position

As at 31 December, 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
ASSETS			
Non Current Assets		7,976,630	7,500,000
Fixed Asset	3	7,976,630	7,500,000
Current Assets		426,089,401	224,213,677
Margin Loan	4	172,522,062	-
Investment	5	222,099,245	214,938,642
Other Assets	6	19,721,173	8,580,184
Cash & Cash Equivalent	7	11,746,921	694,851
Total Assets		434,066,031	231,713,677
EQUITY AND LIABILITIES			
Shareholders' Equity		243,771,786	97,755,096
Share Capital	8	250,000,000	100,000,000
Retained Earnings		(6,228,214)	(2,244,904)
Current Liabilities:		190,294,245	133,958,581
Inter Company Balance	9	-	8,671,860
Loan from BD Finance	10	166,000,000	119,547,465
Other Liabilities	11	12,309,640	30,119
Provision for Loss of Value of Share	5.1	9,788,528	4,372,620
Provision for Tax	12	2,196,076	1,336,517
Total Equity & Liabilities		434,066,031	231,713,677



Company Secretary



Director



Managing Director & CEO

Auditors' Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Comprehensive Income

For the year ended 31 December, 2013

	Note	31-Dec-13 BDT	31-Dec-12 BDT
Interest Income	13	21,160,060	14,634,327
Less : Interest paid on Borrowings	14	12,514,606	10,185,823
Net Interest Income		8,645,454	4,448,504
Settlement & Transaction Fees	15	691,404	-
Management Fees		294,222	-
Income from Investment in securities	16	-	7,074
Other Operating Income	17	58,500	-
		1,044,126	7,074
Total Operating Income		9,689,580	4,455,578
Salaries and Allowances		3,608,596	388,166
Rent, Taxes, Insurances, Utilities etc.	18	235,440	-
Postage, Stamps, Telecommunication etc.	19	99,707	2,765
Stationary, Printings, Advertisements etc.	20	266,715	78,184
Auditors' Fees		95,000	20,000
Depreciation	21	2,267,266	-
Other Expenses	22	824,699	1,250,836
Total Operating Expenses		7,397,422	1,739,951
Profit before provision & tax		2,292,158	2,715,627
Provision for Loss of Value of Share	5.1	5,415,908	4,372,620
Profit before tax		(3,123,750)	(1,656,993)
Provision for Tax	12	859,559	1,018,360
Profit/(Loss) after tax		(3,983,309)	(2,675,354)

These Financial Statements should be read in conjunction with the annexed notes 1 to 25



Company Secretary



Director



Managing Director & CEO

Auditors' Report to the shareholders see annexed report to date

Dhaka, 17 April, 2014



Hoda Vasi Chowdhury & Co
Chartered Accountants

Statement of Cash Flows

For the year ended 31 December, 2013

	31-Dec-13 BDT	31-Dec-12 BDT
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Interest Received	21,160,060	14,634,327
Other Operating Income	1,044,126	-
Salary Payment	(3,608,596)	(388,166)
Administrative Expenses	(3,788,826)	(387,280)
Interest Paid	(12,514,606)	(10,185,823)
Withhold Tax Paid	-	(681,071)
Increase in Other Liabilities	12,279,521	30,119
	14,571,679	3,022,106
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Gain on Sale of Share	-	7,074
Advance for Fixed Assets	(476,630)	(7,500,000)
Investment on Margin Loan	(172,522,062)	-
Investment in FDR & Securities	(7,160,603)	(214,938,642)
Investment in Other Asset	(11,140,988)	(7,823,621)
	(191,300,283)	(230,255,189)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Loan received from BD Finance	37,780,675	127,204,820
Share Capital Received	150,000,000	-
	187,780,675	127,204,820
D. Net Cash Inflow / (Outflow) for the period (A+B+C)	11,052,071	(100,028,263)
E. Opening Cash & Bank Balances	694,850	100,723,113
F. Closing Cash & Bank Balances (D+E)	11,746,921	694,850



Company Secretary



Director



Managing Director & CEO

Statement of Changes in Equity

For the year ended 31 December, 2013

Particulars	Share Capital	Retained Earnings	Total
Balance as on 01-01-2013	100,000,000	(2,244,904)	97,755,096
Share issue during the period	150,000,000	-	150,000,000
Net Profit/(Loss) for the period	-	(3,983,309)	(3,983,309)
Balance as on 31-12-2013	250,000,000	(6,228,214)	243,771,786
Balance as on 31-12-2012	100,000,000	(2,244,904)	97,755,096



Company Secretary

A. Arslan

Director



Managing Director & CEO

Notes to the Financial Statements

For the year ended 31 December 2013

1. Company & Its Activities

1.1 Company profile

BD Finance Capital Holdings Limited was incorporated in Bangladesh with the Register of Joint Stock Companies and Firms(RJSC) vides Registration No. C-89204/10 under The Companies Act 1994, as a public limited company on 10 August 2011. The Company has obtained Merchant Banking license from Bangladesh Securities and Exchange Commission registration certificate no-MB-76/2012 on 26 February, 2012. The address of the company's registered office is 64, Motijheel C/A, Dhaka-1000. This Company is a fully owned subsidiary of Bangladesh Finance and Investment Company Limited.

1.2 Nature of business

The main object of BD Finance Capital Holdings Limited is to carry on the business activities of Merchant Banking in all respect, including fund management, underwriting of securities, issue management, managing portfolio investments whether discretionary or non discretionary, financial consultancy services etc. The company is also to carry out the business of sale or purchase of Securities or transfer thereof by any other means.

2. Significant accounting policies

2.1 Basis of preparation of Financial Statement

The Financial Statements of BD Capital Holdings Limited includes the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Equity and Notes to the accounts. These Financial Statements have been prepared under the historical cost convention on a going concern basis on Generally Accepted Accounting Principles (GAAP) and in accordance with the International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). So far, the Companies Act, 1994.

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

2.2 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.

2.3 Comparative Information

As guided in paragraph 36 and 38 of BAS 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 figures has been rearranged to conform with the current year presentation.

2.4 Reporting period

These financial statements cover half year from 1 January to 31 December 2013

2.5 Functional and presentation currency

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

2.6 Recognition of property, plant and equipment and depreciation

2.6.1 Property, plant and equipments are stated at cost 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 Bangladesh Accounting Standard (BAS) 16: Property, Plant and Equipment.

2.6.2 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:

Office equipment	25%
Furniture and fixtures	20%

2.7 Cash & Cash equivalents

Cash and cash equivalent includes cash at bank which are held and are available for use by the Company without any restriction.

2.8 Income Tax

2.8.1 Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2013 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with BAS-12.

2.8.2 Deferred tax

Pursuant to Bangladesh Accounting Standard (BAS) 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.

2.9 Revenue Recognition

Revenue which comprises of brokerage commission service rendered and capital gain is recognized in accordance with Bangladesh Accounting Standard (BAS) 18: Revenue Recognition.

2.10 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 embedding economic benefits will be required to settle the present obligations and reliable estimate of the amount can be measured.

	31-Dec-13 BDT	31-Dec-12 BDT
3 Fixed Assets including property, plant & equipment		
A. Cost:		
Opening balance	7,500,000	-
Addition during the year	2,743,896	7,500,000
Add: Revaluation During the year	-	-
Less: Disposal during the year	-	-
Closing balance at cost	10,243,896	7,500,000
B. Depreciation:		
Opening balance	-	-
Less: Adjustment in 2013	-	-
Addition during the year	2,267,265	-
Less: Adjustment on disposal during the year	-	-
Accumulated Depreciation	2,267,265	-
Written down value	7,976,630	7,500,000
Details are given in Annexure-A		
4 Margin Loan		
Opening Balance	-	-
Add: Disbursement during the year	272,198,841	-
	272,198,841	-
Less: Realize during the year	99,676,779	-
	172,522,062	-
5 Investment		
Investment in TDR with BD Finance	113,243,603	106,083,000
Investment in Share (at Cost) (Note 5.1)	108,855,642	108,855,642
	222,099,245	214,938,642

5.1 Investment in Share

Name of Company	No. of Shares	Cost price Per Share	Market Price Per Share	Cost price (Taka)	Market Price at the end of the period (Taka)	Unrealized gain/ (loss)
IDLC	1,230,580	88	62.9	108,855,642	77,403,482	(31,452,160)
Unrealized Loss on Investment in Share @20%						9,788,528

Provision for Unrealized Loss on Investment in Share @20%

Opening Balance	4,372,620	-
Add: Provision during the year	5,415,908	4,372,620
	9,788,528	4,372,620

Note: All investments in marketable securities are valued of cost value. Provision maintained @ 20% Unrealized Loss on Investment in Share (As per Directive of BSEC Ref: SEC/CMRRCD/2009-193/155 dated on 09/12/2013). Total Provision for diminution in value of investments BDT 6,290,432 on reporting date.

	31-Dec-13 BDT	31-Dec-12 BDT
6 Other Assets		
6.1 Receivables		
a) Receivable from Brokers		
Receivable from BD Finance Securities Limited	24,500	-
b) Interest Receivable		
Interest Receivable agt. FDR	17,408,488	7,823,621
Interest Receivable agt. Margin Loan	-	-
Total Receivables (a+b)	17,408,488	7,823,621
	17,432,988	7,823,621
6.2 Advance, Deposit and Prepayment		
a) Advances		
Advance income tax	1,585,185	756,563
Advance to M/s. LEADS Corporation Limited	500,000	-
	2,085,185	756,563
b) Deposits		
Security deposit - CDBL	200,000	-
Security deposit - BTCL	3,000	-
	203,000	-
Total Advance, Deposit and Prepayment (a+b)	2,288,185	756,563
Total Other Assets	19,721,173	8,580,184
7 Cash and Cash Equivalent		
Cash in hand	5,243	-
Cash at banks (Notes 7.1)	11,741,678	694,851
Total as on 31 December	11,746,921	694,851
7.1 Cash at banks		
The City Bank Ltd.	36,254	694,851
Jamuna Bank# CD 018-0210011324	152,781	-
One Bank# SND 0013000000693	11,552,643	-
	11,741,678	694,851
8 Share Capital		
8.1 Authorized Capital	2,000,000,000	2,000,000,000

200,000,000 ordinary shares of Taka 10 each

	31-Dec-13 BDT	31-Dec-12 BDT
8.2 Issued, Subscribed and Paid up capital		
25,000,000 ordinary shares of Taka 10 each fully paid	250,000,000	100,000,000
	250,000,000	100,000,000

Shareholders	December 31, 2013			December 31, 2012
	% of Total Shareholding	Number of Share	Amount	
Bangladesh Finance And Investment Co. Ltd.	99.93%	24,993,000	249,930,000	99,930,000
Mr. Manwar Hossain	0.01%	1,000	10,000	10,000
Mr. Hossain Khaled	0.01%	1,000	10,000	10,000
Mr. Hossain Mehmud	0.01%	1,000	10,000	10,000
Mr. Md. Rafiqul Islam Khan	0.01%	1,000	10,000	10,000
Mrs. Rokeya Anowara Begum	0.01%	1,000	10,000	10,000
Mrs. Rashida Youshuf	0.01%	1,000	10,000	10,000
Mr. M. Maniruzzaman Khandaker	0.01%	1,000	10,000	10,000
Total	100.00%	25,000,000	250,000,000	100,000,000

9 Inter Company Balance

Bangladesh Finance And Investment Co. Ltd. (BD Finance)

-	8,671,860
-	8,671,860
166,000,000	119,547,465

10 Loan From BD Finance

Note: The above Short Term Loan was sanctioned by BD Finance for one year and is issued date 23.07.2013 maturity 22.07.2014 . The interest rate is 16.5%.

11 Other Liabilities

Payable to Client's	9,616,496	-
Payable to Broker	23,819	-
Payable to CDBL	36,106	-
Interest payable	2,594,886	-
Payable to Withholding VAT	-	10,036
Payable to Withholding Tax	-	83
Payable for Audit Fees	38,333	20,000
	12,309,640	30,119

12 Provision for Tax

Opening Balance	1,336,517	318,157
Add: Provision during the year	859,559	1,018,360
	2,196,076	1,336,517

13 Interest Income

Interest received from Margin Loan	3,321,555	-
Interest received from TDR with BD Finance	17,541,093	14,593,621
Interest received from Bank	297,412	40,706
	21,160,060	14,634,327

	31-Dec-13 BDT	31-Dec-12 BDT
14 Interest paid on Borrowings		
Interest paid to BD Finance on Borrowings	12,514,606	10,185,823
	12,514,606	10,185,823
15 Income from Settlement & Transaction Fees		
Settlement & Transaction Fees	2,428,302.31	-
CDBL on demand fees	28,835.60	-
	2,457,138	-
Less:		
Brokerage Commission	1,596,303	-
CDBL Charges	169,431	-
	1,765,734	-
	691,404	-
16 Income from Investment in securities		
Realize Gain	-	7,074
Dividend Income	-	-
	-	7,074
17 Other Operating Income		
A/C Opening Fees	58,000	-
A/C Closing Fees	500	-
	58,500	-
18 Rent, Taxes, Insurances, Utilities etc.		
Office Rent	235,440	-
19 Postage, Stamps, Telecommunication etc.		
Postage, Stamp and Courier	-	155
Telephone and mobile	7,707	2,610
Internet and connectivity expenses	92,000	-
	99,707	2,765
20 Stationary, Printings, Advertisements etc.		
Printing and Stationary	223,715	1,090
Advertisement and Publicity	43,000	77,094
	266,715	78,184
21 Depreciation		
Furniture & Fixture	1,174,834	-
Office Equipment	1,092,432	-
	2,267,266	-

	31-Dec-13 BDT	31-Dec-12 BDT
22 Other Expenses		
Entertainment	60,845	10,700
Car Maintenance	187,233	8,016
Newspaper and Periodicals	4,332	
Travelling and conveyance	1,820	
Registration, License and renewal	522,600	13,510
Annual Fees, SEC		150,000
Repair & Maintenance	9,000	
Office Maintenance	3,865	
Bank Charges & Excise Duty	33,504	20,805
Business Promotional expenses		83,300
Meeting Expenses	1,500	
Written off preliminary expenses		964,505
	824,699	1,250,836

23 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 9.

24 Related Party Disclosures:

Name of the Party	Related By	Nature of transaction	Amount in Tk.	Status
BD Finance	Parent Company	Loan	166,000,000	Regularly paid
BD Finance	Parent Company	TDR	108,855,642	6 months renewable

25 Director Remuneration

No remuneration paid during the period.



Company Secretary



Director



Managing Director & CEO

Fixed Assets Schedule

For the year ended 31 December 2013

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
	Balance as on 1 January	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period	Balance at 31 December		Balance as on 1 January	Transfer/ Adjustment during the year	Charge for the year	Balance at 31 December	
Furniture & Fixture	5,530,000	-	344,169	-	5,874,169	20%	-	1,174,834	1,174,834	4,699,335	
Office Equipment	1,970,000	-	2,399,727	-	4,369,727	25%	-	1,092,432	1,092,432	3,277,295	
Year 2013	7,500,000	-	2,743,896	-	10,243,896		-	2,267,265	2,267,266	7,976,630	
Year 2012	-	-	7,500,000	-	7,500,000		-	-	-	7,500,000	

PROXY FORM

I/We.....

of..... being a member of Bangladesh

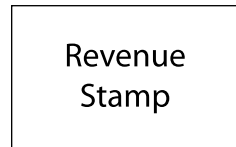
Finance and Investment Company Ltd. and entitled to vote, hereby appoint Mr. / Mrs./ Miss

..... of

..... as my/our to attend and vote form/us and on my/ our behalf at the 15th Annual General Metting of the Company to be held on Wednesday, June 18, 2014 at 10.30 A.M. at Institution of Diploma Engineers, 160/A VIP Road, Kakrail, Dhaka or at any adjournment thereof or at any ballot to be taken in consequence hereof.

Signed this Signature of proxy.....

day of 2013



Signature of Shareholder

BO ID:

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No. of Shares

Note:

1.This form of proxy, duly completed and signed must be deposited at lest 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.

ATTENDANCE SLIP

I hereby record attendance at the 15th Annual General Meeting of the Company being held on Wednesday, June 18, 2014 at 10.30 A.M. at institution of Diploma Engineers, 160/A VIP Road, Kakrail, Dhaka.

Name of the Member / Proxy

BO ID:

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Signature _____

Date _____

N.B. Shareholder attendance Meeting in person or by Proxy are requested to complete the attendance Slip and deposit same at the entrance of the meeting.



Bangladesh Finance and Investment Company Limited

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