

**Independent Auditor's Report
&
Audited Consolidated and
Separate Financial Statements
of
Bangladesh Finance Limited
and its subsidiaries
As at & for the year ended 31 December 2021**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report To the Shareholders of Bangladesh Finance Limited Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Bangladesh Finance Limited and its subsidiaries (the "Group") as well as the separate financial statements of Bangladesh Finance Limited (the "Company") which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and separate financial statements of the Company as at 31 December 2021 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans, advances and leases	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex. For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>As at 31 December 2021, the Group and the Company reported total gross loans, advances and leases of BDT 13,692,260,576 and BDT 13,369,102,273 respectively (31 December 2020: BDT 12,873,219,119 and BDT 12,843,738,585) and provision for loans and advances of BDT 622,009,045 (31 December 2020: BDT 378,676,985).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in FID Circular no 08, dated 03 August 2002, FID Circular no 03, dated 03 May 2006, FID Circular no 03 dated 29 April 2013 and DFIM Circular no-04, dated 26 July 2021; and • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flow; provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; and • Reviewed quarterly Classification of Loans (CL). <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and • Finally compared the amount of loan provision and loan classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank. <p>We have selected samples to check compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future.</p>
See note no 6 & 6(a) and 12.1 to the financial statements	

Impairment assessment of unquoted investments	
<p>The Company reported investment in unquoted shares of BDT 10,000,000 for the year ended 31 December 2021.</p> <p>In the absence of a quoted price in an active market, the fair value of unquoted shares, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.</p>	<p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process.</p> <p>We tested a sample of investments valuation as at 31 December 2021 and compared our results to the recorded value.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note no 5.2 to the financial statements	
Revenue recognition	
<p>At year end the Company reported total revenue of BDT 1,496,584,215 and the Group, as a whole, reported total revenue of BDT 1,550,793,897 from lease finance, term finance, loans & advances, fees and related activities for the year ended 31 December 2021.</p> <p>Revenue is recognized when the performance obligation is satisfied by transferring goods or services to a customer, either at a point in time or over time. Goods or services are “transferred” when the customer obtains control of it.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, including those applied on revenue arrangements with multiple elements and those contracts where there is existence of principal and agent relationship. Due to the estimates and judgment involved in the application of the revenue recognition accounting standards and the degree of complexity of IT systems and processes used, we have considered this matter as a key audit matter.</p>	<p>Our audit approach included a combination of controls testing, data analytics and substantive procedures covering the following:</p> <ul style="list-style-type: none"> • We understood the significant revenue processes including performance of an end to end walkthrough of the revenue assurance process and identifying the relevant controls (including IT systems, interfaces and reports); • We tested the design and operating effectiveness of the relevant controls; • We involved our internal IT specialists to test IT general controls, system interfaces, data/information reporting and application specific controls surrounding relevant revenue systems; • We reviewed significant new contracts and regulatory determinations, the accounting treatments opted and testing the related revenues recognized during the period; • We performed data analysis and analytical reviews of significant revenue streams; • We reviewed key reconciliations performed by the revenue assurance team; • We performed specific procedures to test the accuracy and completeness of adjustments relating to multiple element arrangements and grossing up certain revenue and costs; and • We performed procedures to ensure that the revenue recognition criteria adopted by each group entity for all major revenue streams is appropriate and in line with the Group’s accounting policies.

	We assessed the appropriateness and presentation of disclosure against relevant accounting statements and Bangladesh Bank guidelines.
See note no 19 & 19 (a) to the financial statements	
IT Systems and Controls	
Our audit procedures were focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting statements and Bangladesh Bank guidelines.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

Other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and other regulatory authorities.

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

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

In preparing these Consolidated and separate financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the consolidated and separate balance sheet and consolidated and separate profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Group's and the Company's business for the period;
- (v) the financial statements of the Group and the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1020 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense; and
- (xvii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.



Sk Md Tarikul Islam, FCA

Partner

Membership no: 1238

Hodavasi Chowshury & Co

Chartered Accountants

DVC: 2202271238AS953438

Dhaka, 15 FEB 2022

Bangladesh Finance Limited
Consolidated Balance Sheet
As at 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
PROPERTY AND ASSETS			
Cash			
Cash in hand	3.a	65,671	124,993
Balance with Bangladesh Bank		99,339,362	74,987,229
		99,405,032	75,112,222
Balance with other Banks and Financial Institutions			
Inside Bangladesh	4.a	1,461,962,742	929,109,375
Outside Bangladesh		-	-
		1,461,962,742	929,109,375
Money at call and short notice			
		-	-
Investment in Securities			
Government	5.a	-	-
Others		986,924,968	795,696,082
		986,924,968	795,696,082
Lease, Loans and Advances			
In Bangladesh	6.a	13,692,260,576	12,873,219,119
Outside Bangladesh		-	-
		13,692,260,576	12,873,219,119
Fixed Assets including Premises, Furniture and Fixtures			
Other Assets	7.a	544,164,726	539,676,931
	8.a	1,476,309,585	1,591,169,400
Non Banking Assets			
	9	212,121,062	212,121,062
Total Assets		18,473,148,693	17,016,104,190
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks, Financial Institutions and Agents	10.a	2,847,469,634	3,064,052,937
Deposits and other Accounts	11.a	9,568,977,690	8,616,442,442
Other Liabilities	12.a	2,404,165,328	1,837,719,125
Total Liabilities		14,820,612,652	13,518,214,505
Capital/ Shareholders' Equity			
Share Capital	13.2	1,775,813,840	1,675,296,080
Statutory Reserve	14	462,463,192	408,824,581
General Reserve	15	-	-
Capital Reserve	16.1	33,744,750	33,744,750
Revaluation Surplus on Land & Building	7.b	410,500,364	411,904,748
Retained Earnings	16.a	465,217,517	462,642,825
Total Shareholders' Equity		3,147,739,663	2,992,412,984
Non Controlling Interest	16.b	504,796,379	505,476,702
Total Liabilities & Shareholders' Equity		18,473,148,693	17,016,104,190

Bangladesh Finance Limited
Consolidated Balance Sheet
As at 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	350,000,000	200,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		350,000,000	200,000,000
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		350,000,000	200,000,000
Net Asset Value per share (NAV)	45.a	17.73	16.85

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



Munshi Abu Naim ACS
Company Secretary



Md. Kyser Hamid
Managing Director & CEO



Md. Rokonzaman, FCA
Director



Manwar Hussain
Chairman



Sk Md Tarikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 15 FEB 2022

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Bangladesh Finance Limited
Consolidated Profit and Loss Account
For the year ended 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
Interest Income	19.a	1,550,793,897	1,688,932,839
Less: Interest paid on Deposits & Borrowings etc.	20.a	1,001,290,841	1,193,632,169
Net Interest Income		549,503,057	495,300,670
Income from Investment	21.a	429,775,392	131,984,473
Commission, Exchange and Brokerage	21.b	123,715,554	50,026,930
Other Operating Income	22.a	33,175,872	38,490,686
		586,666,818	220,502,090
Total Operating Income		1,136,169,874	715,802,760
Salaries and Allowances	23.a	165,613,203	133,258,133
Rent, Taxes, Insurances, Electricity etc.	24.a	8,320,917	6,344,503
Legal & Professional Fees	25.a	5,170,224	3,125,757
Postage, Stamps, Telecommunication etc.	26.a	4,227,197	3,767,944
Stationery, Printings, Advertisements etc.	27.a	16,158,268	5,133,433
Managing Director's Salary and Allowances	28	7,700,000	4,231,667
Directors' Fees	29.a	1,701,600	1,152,800
Audit Fees	29.b	827,250	1,062,000
Depreciation & Repairs of Assets	30.a	50,591,653	53,543,149
Other Expenses	31.a	37,072,652	19,354,452
Total Operating Expenses		297,382,964	230,973,837
Profit before Provision		838,786,910	484,828,923
Specific Provisions for Classified Investment	32	(61,521,325)	45,000,000
General Provisions for Unclassified Investment	32	190,000,000	5,000,000
Special Provisions for Unclassified Investment		84,101,885	-
Provisions for Other Receivables	32	30,000,000	20,000,000
Provisions for Off-Balance Sheet exposures		3,500,000	-
Provisions for Investment in Securities and Margin Loan	32.a	69,274,817	(36,300,000)
Total Provision		315,355,377	33,700,000
Total Profit before Provisions for Taxation		523,431,533	451,128,923
Deferred Tax Expenses/(benefit)-BD Finance		(34,693,930)	(7,887,782)
Current Tax Expenses-BD Finance		169,570,348	127,305,584
Current Tax Expenses-BD Securities Ltd.		46,885,677	13,341,116
Deferred Tax Expenses/(benefit)-BD Securities		(2,163,020)	(602,897)
Deferred Tax Expenses/(benefit)-BD Capital		(3,673,850)	-
Current Tax Expenses-BD Capital Holdings Ltd.		23,711,039	4,386,487
		199,636,265	136,542,509
Net Profit after Taxation		323,795,268	314,586,414
Attributable to		323,795,268	314,586,414
Shareholder of the Company		255,844,440	300,913,820
Non-controlling Interest		67,950,828	13,672,594
Net Profit available for distribution		255,844,440	300,913,820

Bangladesh Finance Limited
Consolidated Profit and Loss Account
For the year ended 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
Appropriations			
Statutory Reserve	14	53,638,611	45,164,788
General Reserve	15	-	-
Retained Earnings		202,205,829	255,749,032
		255,844,440	300,913,820
Basic Earnings Per Share	33a	1.44	1.69

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



Munshi Abu Naim ACS
Company Secretary



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Dhaka, 15 FEB 2022

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**Bangladesh Finance Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2021**

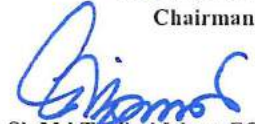
	31-Dec-21 BDT	31-Dec-20 BDT
Cash Flow from Operating Activities		
Interest received	1,680,837,261	1,588,318,216
Interest paid	(1,010,158,377)	(1,286,680,320)
Dividend received	22,522,821	12,535,076
Fees & Commission received	193,885,390	69,694,504
Cash Payments to Employees	(173,313,203)	(134,289,584)
Cash Payments to Suppliers	(16,980,464)	(8,492,727)
Income Tax Paid	(188,385,685)	(217,174,609)
Received from other Operating activities	367,026,342	159,723,119
Payments for other Operating activities	(69,339,536)	(67,613,008)
Cash generated from operating activities before changes in Operating Assets & Liabilities	806,094,549	116,020,667
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(191,228,887)	10,573,892
Loans and Lease Finance to Customers	(819,041,457)	493,666,180
Other Assets	147,709,043	(17,523,094)
Deposits	952,535,248	(220,625,919)
Other Liabilities	273,134,039	253,361,875
Sub Total	363,107,986	519,452,933
A) Net Cash flows from Operating Activities	1,169,202,535	635,473,600
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	-
Proceeds from Sale of fixed assets	3,239,520	-
(Purchase)/disposal of fixed assets including right-of-use assets	(33,964,351)	(157,014,900)
B) Net Cash flows from Investing Activities	(30,724,831)	(157,014,900)
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	(216,583,303)	(265,577,870)
Payment for lease liabilities	(28,069,701)	(27,018,284)
Dividend Paid	(336,678,522)	-
C) Net Cash flows from Financing Activities	(581,331,527)	(292,596,154)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	557,146,177	185,862,546
E) Cash & Cash Equivalents at the beginning of the period	1,004,221,597	818,359,052
F) Cash & Cash Equivalents at the end of the period(D+E)	1,561,367,775	1,004,221,597
Net Operating Cash Flows per share (NOCFPS)	46.a	6.58
		3.58


Munshi Abu Naim ACS
Company Secretary


Md. Rokonzaman, FCA
Director


Md. Kyser Hamid
Managing Director & CEO


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Sk Md Tarikul Islam, FCA
Partner
Membership no: 1238
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Dhaka, 15 FEB 2022


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Bangladesh Finance Limited
Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2021

Particulars	Share capital BDT	Statutory reserve BDT	General reserve BDT	Capital reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT	Non Controlling Interest BDT	Total Equity BDT
Balance as at 01 January 2021	1,675,296,080	408,824,581	-	33,744,750	411,904,748	462,642,825	2,992,412,984	505,476,702	3,497,889,686
Changes during the period 2021									
6% Stock Dividend - 2020	100,517,760	-	-	-	-	(100,517,760)	-	-	(100,517,760)
6% Cash Dividend - 2020	-	-	-	-	-	(100,517,760)	-	-	(68,631,152)
Interim Cash Dividend - 2021	-	-	-	-	-	255,844,440	-	67,950,828	323,795,268
Profit/(Loss) for the period	-	-	-	-	(1,404,384)	1,404,384	-	-	-
Revaluation Surplus	-	53,638,611	-	-	-	(53,638,611)	-	-	-
Transfer to statutory reserve	-	53,638,611	-	-	(1,404,384)	2,574,693	155,326,680	(680,323)	154,646,357
Balance as at 31 December 2021	1,775,813,840	462,463,192	-	33,744,750	410,500,364	465,217,517	3,147,739,664	504,796,379	3,652,536,042
Balance as at 01 January 2020	1,675,296,080	363,659,793	-	33,744,750	295,243,020	374,423,401	2,742,367,044	491,804,108	3,234,171,152
Changes during the period 2020									
Issue of Bonus Share	-	-	-	-	-	-	-	-	-
Dividend Payable	-	-	-	-	-	(167,529,608)	(167,529,608)	-	(167,529,608)
Profit/(Loss) for the period	-	-	-	-	-	300,913,820	300,913,820	13,672,594	314,586,414
Revaluation Surplus	-	-	-	-	116,661,728	-	116,661,728	-	116,661,728
Transfer to statutory reserve	-	45,164,788	-	-	-	(45,164,788)	-	-	-
Balance as at 31 December 2020	1,675,296,080	408,824,581	-	33,744,750	411,904,748	462,642,824	2,992,412,984	505,476,702	3,497,889,686


Munshi Abu Naim ACS
Company Secretary


Md. Kyser Hamid
Managing Director & CEO


Md. Rokunuzzaman, FCA
Director

**Hoda Vasi
Chowdhury & Co**


Md. Wanyar Hossain
Chairman

Sk Md Tarikul Islam, FCA
Partner
Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 15 FEB 2022

DVC: 2202271238AS953438

Bangladesh Finance Limited

Balance Sheet
As at 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
PROPERTY AND ASSETS			
Cash	3		
Cash in hand		12,728	54,898
Balance with Bangladesh Bank		99,339,362	74,987,229
		99,352,089	75,042,127
Balance with other Banks and Financial Institutions	4		
Inside Bangladesh		991,348,494	691,439,615
Outside Bangladesh		-	-
		991,348,494	691,439,615
Money at call and short notice		-	-
Investment in Securities	5		
Government		-	-
Others		252,783,007	204,155,965
		252,783,007	204,155,965
Lease, Loans and Advances	6		
In Bangladesh		13,369,102,273	12,843,738,585
Outside Bangladesh		-	-
		13,369,102,273	12,843,738,585
Fixed Assets including Premises, Furniture and Fixtures	7	522,840,980	524,374,980
Other Assets	8	1,269,245,300	1,379,227,577
Non Banking Assets	9	212,121,062	212,121,062
Total Assets		16,716,793,205	15,930,099,910
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks financial Institutions and Agents	10	2,503,520,111	2,950,579,075
Deposits and other Accounts	11	9,568,977,690	8,616,442,442
Term Deposits		9,384,771,903	8,025,492,483
Other Deposits		166,954,836	481,592,434
Advance Rent & Installments		17,250,951	109,357,524
Bills Payable		-	-
Other Liabilities	12	1,690,237,869	1,576,696,148
Total Liabilities		13,762,735,671	13,143,717,665
Capital/Shareholders' Equity			
Share Capital	13.2	1,775,813,840	1,675,296,080
Statutory Reserve	14	462,463,192	408,824,581
General Reserve	15	-	-
Revaluation Surplus on Land & Building	7.1	410,500,364	411,904,748
Retained earnings	16	305,280,139	290,356,834
Total Shareholders' Equity		2,954,057,535	2,786,382,243
Total Liabilities & Shareholders' Equity		16,716,793,205	15,930,099,910

Bangladesh Finance Limited
Balance Sheet
As at 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	350,000,000	200,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		350,000,000	200,000,000
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		350,000,000	200,000,000
Net Asset Value per share (NAV)	45	16.63	15.69

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



Munshi Abu Naim ACS
Company Secretary



Md. Kyser Hamid
Managing Director & CEO



Md. Rokonzaman, FCA
Director



Manwar Hossain
Chairman



Sk Md Tarikul Islam, FCA

Partner

Membership no: 1238

Hoda Vasi Chowdhury & Co

Chartered Accountants

Dhaka, 15 FEB 2022

DVC: 2202271238AS953438

Bangladesh Finance Limited
Profit and Loss Account
For the year ended 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
Interest Income	19	1,496,584,215	1,659,542,072
Less: Interest paid on Deposits & Borrowings etc.	20	985,563,791	1,166,184,163
Net Interest Income		511,020,425	493,357,909
Income from Investment in securities	21	344,794,929	38,060,717
Commission, Exchange and Brokerage		5,009,666	1,000,000
Other Operating Income	22	29,525,396	37,180,018
		379,329,991	76,240,735
Total Operating Income		890,350,415	569,598,644
Salaries and Allowances	23	133,450,828	108,505,192
Rent, Taxes, Insurances, Electricity etc.	24	6,762,975	5,605,253
Legal & Professional Fees	25	4,369,598	2,361,271
Postage, Stamps, Telecommunication etc.	26	3,405,001	2,596,699
Stationery, Printings, Advertisements etc.	27	15,518,334	4,853,709
Managing Director's Salary and Allowances	28	7,700,000	4,231,667
Directors' Fees	29	1,135,200	904,800
Audit Fees		424,750	659,500
Depreciation & Repairs of NBFI's Assets	30	38,666,174	41,598,960
Other Expenses	31	32,593,488	16,039,849
Total Operating Expenses		244,026,348	187,356,900
Profit before Provision		646,324,067	382,241,744
Specific provisions for Classified Investment		(61,521,325)	45,000,000
General provisions for Unclassified Investment		190,000,000	5,000,000
Special provisions for Unclassified Investment		84,101,885	-
Provisions for other Receivables		30,000,000	20,000,000
Provisions for Off-Balance Sheet exposures		3,500,000	-
Provisions for Investment in Securities		(2,825,968)	(33,000,000)
Total Provision	32	243,254,592	37,000,000
Total Profit before Provisions for Taxation		403,069,475	345,241,744
Deferred Tax Expenses/(benefit)	12.5a	(34,693,930)	(7,887,782)
Current Tax Expenses	12.4	169,570,348	127,305,584
		134,876,418	119,417,802
Net Profit after Taxation		268,193,057	225,823,942
Appropriations			
Statutory Reserve	14	53,638,611	45,164,788
General Reserve	15	-	-
Retained Earnings	16	214,554,445	180,659,153
		268,193,057	225,823,942
Basic Earnings Per Share	33	1.51	1.27

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



Munshi Abu Naim ACS
Company Secretary



Md. Rokonzaman, FCA
Director

Dhaka, 15 FEB 2022



Md. Kyser Hamid
Managing Director & CEO



Manwar Hossain
Chairman
Sk Md. Farikul Islam, FCA
Partner

Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC: 2202271238AS953438

Bangladesh Finance Limited
Cash Flow Statement
For the year ended 31 December 2021

	Note	31-Dec-21 BDT	31-Dec-20 BDT
Cash Flow from Operating Activities			
Interest received	34	1,626,627,579	1,694,790,902
Interest paid	35	(994,431,327)	(1,259,319,166)
Dividend received		298,417,989	4,349,743
Fees & Commission received		5,009,666	1,000,000
Cash Payments to Employees		(141,150,828)	(109,536,643)
Cash Payments to Suppliers		(15,518,334)	(4,853,709)
Income Tax Paid		(146,168,233)	(205,346,120)
Received from other Operating activities	36	74,077,615	70,890,992
Payments for other Operating activities	37	(61,532,908)	(43,008,850)
Cash generated from operating activities before changes in Operating Assets & Liabilities		645,331,219	148,967,148
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		(48,627,042)	79,455,653
Loans and Lease Finance to Customers		(525,363,688)	299,970,368
Other Assets	38	135,081,164	(122,529,992)
Deposits		952,535,248	(220,625,919)
Other Liabilities	39	(78,202,363)	49,865,499
Sub Total		435,423,318	86,135,609
A) Net Cash from Operating Activities		1,080,754,537	235,102,757
Cash flows from Investing Activities			
Purchase/sale of non trading securities		-	-
Proceeds from Sale of fixed assets		1,824,721	-
(Purchase)/disposal of fixed assets including right-of-use assets		(24,290,278)	(28,138,613)
B) Net Cash from Investing Activities		(22,465,557)	(28,138,613)
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		(447,058,964)	(146,676,458)
Payment for lease liabilities		(18,963,802)	(18,680,509)
Dividend Paid		(268,047,373)	-
C) Net Cash from Financing Activities		(734,070,139)	(165,356,967)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		324,218,841	41,607,177
E) Cash and cash equivalents at the beginning of the period		766,481,742	724,874,566
F) Cash and cash equivalents at the end of the period (D+E)	40	1,090,700,584	766,481,742
Net Operating Cash Flow per share	46	6.09	1.32

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



Munshi Abu Naim ACS
Company Secretary



Md. Rokonzaman, FCA
Director

Dhaka, 15 FEB 2022



Md. Kyser Hamid
Managing Director & CEO



Manwar Hussain
Chairman





Sk Md Tarikul Islam, FCA
Partner
Membership no: 1238
Hoda Vasi Chowdhury & Co
Chartered Accountants


DVC: 2202271238AS953438

Bangladesh Finance Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2021

Particular	Share capital BDT	Statutory reserve BDT	General reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT
Balance as at 01 January 2021	1,675,296,080	408,824,581	-	411,904,748	290,356,834	2,786,382,243
Changes during the period 2021						
Issue of Bonus Share	100,517,760	-	-	-	(100,517,760)	-
Cash Dividend	-	-	-	-	(100,517,765)	(100,517,765)
Profit/(Loss) for the period	-	-	-	-	268,193,057	268,193,057
Transfer to retained earnings	-	-	-	(1,404,384)	1,404,384	-
Transfer to statutory reserve	-	53,638,611	-	-	(53,638,611)	-
Balance as at 31 December 2021	1,775,813,840	462,463,192	-	410,500,364	305,280,139	2,954,057,535
Balance as at 01 January 2020	1,675,296,080	363,659,793	-	295,243,020	277,227,289	2,611,426,182
Changes during the period 2020						
Dividend Payable	-	-	-	-	(167,529,608)	(167,529,608)
Profit/(Loss) for the period	-	-	-	-	225,823,942	225,823,942
Transfer to statutory reserve	-	45,164,788	-	-	(45,164,788)	-
Revaluation of Land & Building	-	-	-	116,661,728	-	116,661,728
Balance as at 31 December 2020	1,675,296,080	408,824,581	-	411,904,748	290,356,834	2,786,382,243


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**Hoda Vasi
Chowdhury & Co**

Dhaka, 15 FEB 2022


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Bangladesh Finance Limited
Liquidity Statement
Assets and Liabilities Maturities Analysis
As at 31 December 2021

Particulars	Up to 01 Month BDT	01-03 Months BDT	03-12 Months BDT	01-05 Years BDT	Above 05 years BDT	Total BDT
Assets						
Cash in hand	12,728	-	-	-	-	12,728
Balance with Bangladesh Bank	99,339,362	-	-	-	-	99,339,362
Balance with other banks and financial institutions	156,174,049	-	835,174,445	-	-	991,348,494
Money at Call and Short Notice	-	-	-	-	-	-
Investment in securities	242,783,007	-	-	10,000,000	-	252,783,007
Investment (Loans and Advances)	504,977,991	1,606,748,154	1,938,447,453	7,069,691,876	2,249,236,799	13,369,102,273
Fixed Assets including premises, furniture and fixtures etc.	-	-	-	224,021,349	298,819,631	522,840,980
Other Assets	3,471,320	51,259,120	278,280,215	65,568,690	870,665,955	1,269,245,300
Non-banking Assets	-	-	-	212,121,062	-	212,121,062
Total Assets (i)	1,006,758,457	1,658,007,274	3,051,902,113	7,581,402,977	3,418,722,385	16,716,793,205
Liabilities						
Borrowing from other banks, financial institutions and agents	170,728,477	170,731,789	1,240,108,182	921,951,662	-	2,503,520,111
Deposits and other accounts	478,448,884	1,243,967,100	1,435,346,653	4,975,868,399	1,435,346,653	9,568,977,690
Provision and other liabilities	13,565,236	17,509,413	154,024,430	602,055,516	903,083,274	1,690,237,869
Total Liabilities (ii)	662,742,598	1,432,208,302	2,829,479,266	6,499,875,578	2,338,429,928	13,762,735,671
Net Liquidity Gap (i-ii)	344,015,859	225,798,972	222,422,848	1,081,527,399	1,080,292,457	2,954,057,535


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Dhaka, 15 FEB 2022

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**Bangladesh Finance Limited
Notes to the consolidated and separate financial statements
As at and for the period ended 31 December 2021**

1. Legal status and nature of the company

1.1 Domicile, legal form and country of incorporation

Bangladesh Finance Limited ("Bangladesh Finance" or "the Company") 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. Presently the Company is operating through seven branch offices at Dhaka, Chattogram, Sylhet, Gazipur and Jashore. The Company went for Initial Public Offering on 14 June 2007 and its shares were listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 06 September 2007 & 28 August 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, short term finance, syndication finance, working capital finance, SME loan, women entrepreneur loan, factoring of accounts receivables, bill discounting, distributor finance, work order finance, assignment based finance, home loan, loan against deposit and personal loan to the enterprises, professionals and others.

1.3 Subsidiary companies

1.3.1 BD Finance Securities Limited

BD Finance Securities Limited ("BD Securities"), a 57.36% owned subsidiary company of Bangladesh Finance Limited was incorporated on 28 December 2010 as a public limited company under the Companies Act 1994 with authorized share capital of Tk. 500 crore. The main objective of the BD Securities 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 ("BD Capital"), a fully owned (99.972% Share) subsidiary company of Bangladesh Finance Limited was incorporated on 10 August 2011 as a public limited company under The Companies Act 1994 with authorized share capital of Tk. 200 crore. The main objective of the BD Capital is to carry on the business of Merchant Banking, fund management, managing portfolio investments, financial consultancy services etc.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation of the financial statements

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

All figures 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 subsidiaries, as mentioned in note No. 1.3.1 & 1.3.2 have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements". The consolidation of the financial statements have 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 subsidiaries are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as 'Non-controlling Interest'.

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

2.2 Components of the financial statements

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

- a) Consolidated and Separate Balance Sheet as at December 31, 2021;
- b) Consolidated and Separate Profit and Loss Account for the year ended December 31, 2021;
- c) Consolidated and Separate Statement of Cash Flows for the year ended December 31, 2021;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended December 31, 2021;
- e) Liquidity Statement as at December 31, 2021; and
- f) Notes to the Consolidated and Separate Financial Statements as at and for the year ended December 31, 2021.

2.3 Basis of measurement

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

2.4 Going concern basis of accounting

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

2.5 Use of estimates and judgments

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

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

- Revaluation of land and Building
- Deferred tax assets/liabilities
- Gratuity fund
- Useful life of depreciable assets

2.6 Basis of consolidation

Subsidiaries (investees) are entities controlled by the parent (the Financial Institution). Control exists when the FI has the power over the subsidiaries that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the subsidiaries, and the ability to use its power over the subsidiaries to affect the amount of the FI's returns.

The consolidated financial statements incorporate the financial statements of the FI and its subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the parent (the Financial Institution) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.7 Cash flow statement

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

2.8 Reporting period

These financial statements of the Parent (Bangladesh Finance), and its subsidiaries cover 1 (One) calendar year from 01 January to 31 December.

2.9 Functional and presentation currency

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

2.10 Liquidity statement

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

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

2.11 Statement of compliance

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

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

i) Presentation of financial statements:

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

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

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

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

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

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

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

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

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

iv) Other comprehensive income and appropriation of profit

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

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

v) Financial instruments - presentation and disclosure

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

vi) Recognition of interest in suspense

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

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

vii) Non-banking assets

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

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

viii) Cash flow statement

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

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

ix) Balance with Bangladesh Bank (cash reserve requirement)

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

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

x) Presentation of loans and advance net of provision

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

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

xi) Recognition of interest in suspense

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

Bangladesh Bank: As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is classified, interest income from such investments is not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

xii) Presentation of intangible asset

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

Bangladesh Bank: There is no regulation for intangible assets.

xiii) Off-balance sheet items

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

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

xiv) Measurement of deferred tax assets

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

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

2.12 Significant accounting policies

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

2.12.1 Changes in significant accounting policies - IFRS 16: Leases

2.12.1.1 Nature and impact of changes

Definition of a lease

Previously, Bangladesh Finance determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 (if any). Under IFRS 16, Bangladesh Finance assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2.11. On transition to IFRS 16, Bangladesh Finance evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application.

As a Lessee

As a lessee, Bangladesh Finance previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Bangladesh Finance. Under IFRS 16, Bangladesh Finance recognizes right-of-use assets and lease liabilities for all leases.

(i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Bangladesh Finance's incremental borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (if any).

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17 (if any), the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17.

As a lessor

Bangladesh Finance is not required to make any adjustments on transitions to IFRS 16 for leases in which it acts as a lessor.

Impacts on financial statements

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

Particulars	Amount
Depreciation charge for right-of-use assets	13,926,881
Interest expense on lease liabilities	4,892,115
Total cash out flow for lease	18,963,802
Addition to right-of-use assets	10,029,408
Carrying amount of right-of-use assets at the end of the year	22,896,098

2.12.2 Comparative Information

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

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

2.12.3 Accounting policy for IFRS 16: Leases

Bangladesh Finance has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 as Operating Lease. The details impact of changes in the financial statements has been disclosed in Note 2.12.1.1.

Policy applicable from 1 January 2019

At inception of a contract, Bangladesh Finance assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Bangladesh Finance assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

- Bangladesh Finance has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- Bangladesh Finance has the right to direct the use of the asset. Bangladesh Finance has the right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, Bangladesh Finance has the right to direct the use of the asset if either:

- (i) Bangladesh Finance has the right to operate the asset; or
- (ii) Bangladesh Finance designed the asset in a way that predetermines how and for what purpose it will be

The policy is applied to contracts entered into, or change, on or after 1 January 2019.

Bangladesh Finance as a lessee

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

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

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

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

Bangladesh Finance as a lessor

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

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

2.12.4 Accounting for term finance and other finances

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

2.12.5 Loans, Advances and Provision

Loans and advances (initial recognition):

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

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

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

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

Particulars	Rate
General provision on:	
Unclassified loans and advances-Non-SME	1%
Unclassified loans and advances-SME	0.25%
Unclassified loans and advances-Brokerage	2.00%
Special mention account	5%
Off-Balance sheet exposure	1%

Specific provision on:

Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

Loans and advances (written-off):

Loans and advance are written off to the extent that there is no realistic prospect of recovery in the proximate future, classified as bad/ loss and adequate provision are maintained as per DFIM circular no. 03 dated 8 April 2015 and FID Circular 03, 15 March 2007. No loans and advances are written off without prior approval of the Board of Directors in compliance with the said circulars. At each reporting period end, the NBF1 assesses loans and advances to be written off as per organization's own process in compliance with BB guideline. Details of loans and advances written off are given in the note 6.8 (xi) in the financial statements.

Loans and advances (recovery from written off):

The Company puts continuous effort for recovery from written off loans and advances in compliance with DFIM circular no. 03 dated 8 April 2015 and FID Circular 03 dated 15 March 2007. The Company takes necessary legal measures against default borrowers for recovery against written off loans and advances as per relevant BB guidelines and Artha Rin Adalat Act-2003. Legal cost incurred against those borrowers are initially charged to the profit and loss account of Bangladesh Finance.

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

2.12.6 Recognition of fixed asset and Depreciation

i) Recognition and measurement

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

ii) Subsequent expenditure on fixed assets

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

iii) Depreciation

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

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

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

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

2.12.7 Intangible Assets

i) Components

The main item included in intangible asset is software.

ii) Basis of recognition

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

iii) Subsequent expenditure

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

iv) Amortization

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

2.12.8 Impairment of assets

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

2.12.9 Cash & Cash Equivalents

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

2.12.10 Investments in Securities

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

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

a. Investment in quoted securities:

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

b. Investment in un-quoted securities:

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

2.12.11 Statutory reserve

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

2.12.12 General Reserve

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

2.12.13 Retirement Benefit

(a) Provident Fund

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

(b) Gratuity

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

(c) Other employees benefit obligation

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

2.12.14 Income Tax

i) Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2021 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with IAS-12.

ii) Deferred tax

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

2.12.15 Accrued expenses and other payables

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

2.12.16 Revenue recognition

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

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

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

2.12.17 Lease income

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

2.12.18 Income from Term Finance

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

2.12.19 Fees base income, etc.

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

2.12.20 Dividend income

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

2.12.21 Gain/Loss on Sale of Securities

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

2.13 Borrowing Costs

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

2.14 Interest Suspense Account

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

2.15 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.

2.16 Proposed dividend

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

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

2.17 Earnings Per Share (EPS)

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

Basic Earnings

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

Weighted average number of Ordinary Shares outstanding during the period

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

Basic earnings per share

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

Diluted Earnings Per Share

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

2.18 Contingent liabilities and contingent assets

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

2.19 Risk and uncertainty for use of estimates (Provisions)

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

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

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

2.20 BASEL II & its implementation

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

2.21 Status of compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

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

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

Name of the IFRS	IFRS No.	Status
Share Base payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resource	6	N/A
Financial Instruments: Disclosures	7	Applied *
Operating Segments	8	Applied
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	Applied*
Revenue from Contracts with customers	15	Applied
Leases	16	Applied

N/A= Not Applicable

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.11).

	31-Dec-21 BDT	31-Dec-20 BDT
3 Cash		
Cash in hand (Notes - 3.1)	12,728	54,898
Balance with Bangladesh Bank (Notes - 3.2)	99,339,362	74,987,229
	99,352,089	75,042,127
3.a Cash in hand (Consolidated)		
Bangladesh Finance	12,728	54,898
BD Finance Securities Limited	46,181	46,160
BD Finance Capital Holdings Limited	6,762	23,935
	65,671	124,993
3.1 Cash in hand (including foreign currencies)		
In local currency	12,728	54,898
In foreign currency	-	-
	12,728	54,898
3.2 Balance with Bangladesh Bank (including foreign currencies)		
In local currency	99,339,362	74,987,229
In foreign currency	-	-
	99,339,362	74,987,229
3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the 5th schedule of the Financial Institutions Act, 1993 and subsequent FID Circular # 06, dated November 06, 2003, FID Circular # 02 dated November 10, 2004 and DFIM Circular # 03 dated June 21, 2020 respectively.		
3.4 Cash Reserve Ratio (CRR): 1.5% of Average Demand and Time Liabilities		
Required Reserve	92,481,961	66,600,598
Actual Reserve held with Bangladesh Bank (local currency)	99,304,152	76,630,429
Surplus	6,822,192	10,029,831
3.5 Statutory Liquidity Requirement (SLR): 5% (including 1.5% CRR) of Average Demand and Time Liabilities		
Required Reserve	498,393,067	607,486,146
Actual Reserve held (Note - 3.6)	602,988,415	766,481,742
Surplus	104,595,347	158,995,596
3.6 Held for Statutory Liquidity Requirement		
Cash in hand	12,728	54,898
Balance with Bangladesh Bank	99,339,362	74,987,229
Balance with other bank and Financial Institutions (Note - 4)*	991,348,494	691,439,615
	1,090,700,584	766,481,742
*Balance with other bank and Financial Institutions	991,348,494	691,439,615
Unencumbered	503,636,325	323,382,407
Encumbered	487,712,169	368,057,208
Unencumbered balance*	503,636,325	323,382,407
Encumbered balance	-	368,057,208
Balance with Bangladesh Bank	99,339,362	74,987,229
Cash in hand	12,728	54,898
Total eligible balance for SLR	602,988,415	766,481,742
*As per Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank Circular Letter No. 27 dated 23 August 2021, unencumbered balance with other Bank/Financial Institute would qualify for SLR.		
4 Balance with other Banks and Financial Institutions		
Inside Bangladesh (Note - 4.1)	991,348,494	691,439,615
Outside Bangladesh (Note - 4.2)	-	-
	991,348,494	691,439,615
4.a Balance with other Banks and Financial Institutions (Consolidated)		
Bangladesh Finance	991,348,494	691,439,615
BD Finance Securities Limited	405,698,996	168,576,526
BD Finance Capital Holdings Limited.	64,915,252	69,093,234
	1,461,962,742	929,109,375

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	31-Dec-21 BDT	31-Dec-20 BDT
4.1 Inside Bangladesh		
Current Account		
Dhaka Bank Limited	-	1,411
Midland Bank Limited	1,648	1,841
NCC Bank Ltd	2,393,138	415,747
NRB Bank Ltd.	-	4,055
Prime Bank Limited	7,043	201,276
Shahjalal Bank Limited	47,500	725
Social Islami Bank Limited	2,023,731	50,857
Standard Chartered Bank	4,381,795	922,696
	8,854,855	1,598,607
STD Account		
Bank Asia Limited	16,705	248,671
BRAC Bank Limited	375,051	2,301,771
Dutch Bangla Bank Limited	21,486,541	4,969,381
Islami Bank BD Ltd.	3,800,608	24,217
Jamuna Bank Limited	26,024	2,855
Modhumoti Bank Limited	-	2,281
Mutual Trust Bank Limited	62,765,831	43,595,493
NRB Commercial Bank Limited	-	234,647
Southeast Bank Limited	15,519,254	30,454,456
Standard Bank Limited	8,474	-
Standard Chartered Bank	2,562,510	2,526,373
The City Bank Limited	40,032,300	7,308,326
United Commercial Bank Limited	725,896	18,807
	147,319,195	91,687,280
FDR with Banks	387,712,169	368,057,208
FDR with NBFIs	447,462,276	230,096,520
Total Balance with other Banks and Financial Institutions	991,348,494	691,439,615
FDR with Banks		
BASIC Bank Ltd.	139,153,015	131,628,871
NRB Commercial Bank	119,081,262	113,453,569
South Bangla Agriculture And Commerce Bank Ltd	129,477,892	122,974,768
	387,712,169	368,057,208
FDR with NBFIs		
CVC Finance Limited	100,000,000	-
Industrial and Infrastructure Development Finance Company Ltd.	100,000,000	-
International Leasing & Financial Service Ltd*	247,462,276	230,096,520
	447,462,276	230,096,520

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

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

ILFSL continued to pay interest fully up to December 2018. Although irregular, they continued to pay and paid 50% of the interest for the year 2019. We have also received some payment in 2020 and 2021 which indicates positive approach and intention of ILFSL towards investors' funds. ILFSL explained their situation to us that they could continue to pay interest had there not been ongoing Pandemic situation which appears to us as convincing.

We are in constant communication /correspondence with ILFSL management and they have made firm commitment to us to repay the amount. The management of Bangladesh Finance Limited reasonably believes that there is still no significant risk in realization of the investment made with ILFSL following intervention of High Court and restructuring of their board. However, as accounting prudent measure, accrued interest was transferred to interest suspense account and provision has been made on the Principal amount of the investment commencing from 2019 and the cumulative provision as of 31 December 2021 stood at Tk. 70,000,000.

	31-Dec-21 BDT	31-Dec-20 BDT	
Management will continue making provision to cover the full amount of investment over the years in phases and with that end in view to make provision @10% in next year, @15% during 2nd year and @ 20% during 3rd and 4th year if the present situation of recoverability still exists.			
4.2 Outside Bangladesh			
Cash at Foreign Bank	-	-	
Total Cash at Bank (Bangladesh & Foreign)	991,348,494	691,439,615	
4.3 Maturity-wise groupings of balance with other banks and FI's			
On Demand	8,854,855	4,124,981	
Not more than 3 months	147,319,195	89,160,907	
More than 3 months but less than 1 year	835,174,445	598,153,728	
More than 1 year but less than 5 years	-	-	
More than 5 years	-	-	
	991,348,494	691,439,615	
5 Investment in Securities			
i) Government	-	-	
ii) Others	252,783,007	204,155,965	
	252,783,007	204,155,965	
5.a Investment in Securities (Consolidated)			
Bangladesh Finance	252,783,007	204,155,965	
BD Finance Securities Limited	353,801,526	255,666,917	
BD Finance Capital Holdings Limited	380,340,436	335,873,200	
	986,924,968	795,696,082	
5.i Investment in Securities-Government	-	-	
5.ii Investment in Securities-Others			
Investment in shares (quoted) (Note - 5.1)	242,783,007	194,155,965	
Investment in shares (un-quoted) (Note - 5.2)	10,000,000	10,000,000	
	252,783,007	204,155,965	
Maturity-wise Grouping of Investment in Securities:			
On demand	242,783,007	194,155,965	
Not more than 3 months	-	-	
More than 3 months but less than 1 year	-	-	
More than 1 year but less than 5 years	10,000,000	10,000,000	
More than 5 years	-	-	
	252,783,007	204,155,965	
5.1 Quoted Shares			
Sector	Cost Price 2021	Market Price 2021	Cost Price 2020
Bank	212,857	187,500	17,288,100
Cement	66,764,888	49,509,419	-
Engineering	76,235,299	77,229,461	-
Financial Institutions	-	-	35,343,229
Food & Allied	5,900,595	3,433,193	5,900,595
Fuel & Power	-	-	23,496,919
Insurance	21,142,061	13,808,947	32,367,488
Miscellaneous	15,485,379	13,405,060	77,029,339
Pharmaceuticals & Chemicals	57,041,928	50,726,355	-
Telecommunication	-	-	2,712,530
Travel & Leisure	-	-	17,764
	242,783,007	208,299,936	194,155,965

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		31-Dec-21 BDT	31-Dec-20 BDT
5.2	Unquoted Shares		
	Sector	Cost Price 2021	Market Price 2021
		Cost Price 2020	
	Miscellaneous	10,000,000	-
		<u>10,000,000</u>	<u>-</u>
		<u>252,783,007</u>	<u>208,299,936</u>
			<u>204,155,965</u>

Bangladesh Finance has provided provision for investment in securities Tk. 45,000,000 (note # 12.2) as against requirement of Tk. 44,483,072 (difference between cost and market price netting of unrealized loss/gain) and surplus provision stands at Tk. 516,928.

6 Lease, Loans and Advances

a) Inside Bangladesh

Investment in Lease Finance

Gross lease rental receivable

Less: Unearned interest income

i) Net Investment in Lease Finance

ii) Term Finance

iii) Housing Finance

Total Loans and Lease inside Bangladesh (i+ii+iii)

	1,720,555,019	1,665,954,548
	399,417,470	306,709,943
	1,321,137,549	1,359,244,606
	9,659,016,241	9,140,653,048
	2,388,948,484	2,343,840,932
	<u>13,369,102,273</u>	<u>12,843,738,585</u>

b) Outside Bangladesh

Total Loans and Lease Finance (a+b)

	-	-
	<u>13,369,102,273</u>	<u>12,843,738,585</u>

6.a Lease, Loans and Advances (Consolidated)

Bangladesh Finance

BD Finance Securities Limited

BD Finance Capital Holdings Limited.

Loan to BD Finance Securities Limited

Loan to BD Finance Securities Limited (interest receivable)

Loan to BD Finance Capital Holdings Limited.

	13,369,102,273	12,843,738,585
	785,991,507	635,667,567
	174,160,117	24,452,864
	(500,367,419)	(523,075,006)
	(27,242,227)	(58,611)
	(109,383,676)	(107,506,280)
	<u>13,692,260,576</u>	<u>12,873,219,119</u>

6.1 Maturity wise Classification of Investments:

With a residual maturity of

Receivable on Demand

Not more than 3 months

Over 3 months but not more than 1 year

Over 1 year but not more than 5 years

Over 5 years

	504,977,991	436,671,880
	1,606,748,154	1,389,410,528
	1,938,447,453	2,678,488,079
	7,069,691,876	6,113,406,324
	2,249,236,799	2,225,761,774
	<u>13,369,102,273</u>	<u>12,843,738,585</u>

6.2 Investments on the basis of significant concentration:

Investments to allied concern of Directors (Note - 43.5)

Investments to Executives/Officers

Investments to Customer Groups

Industrial Investment

Others

	636,993,321	630,581,286
	47,014,219	15,813,770
	7,115,383,844	7,028,546,923
	5,383,391,361	4,339,874,945
	186,319,528	828,921,660
	<u>13,369,102,273</u>	<u>12,843,738,585</u>

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

Number of such types of customers

Amount of Classified Investments thereon

Measures taken for recovery

	4,113,732,629	4,108,287,139
	6	7

31-Dec-21
BDT

31-Dec-20
BDT

6.4 Sector-wise Classification of Investment:

Sector	As at 31 December 2021		As at 31 December 2020	
	Amount	Composition	Amount	Composition
1. Trade & Commerce	1,857,532,718	13.89%	1,760,021,805	13.70%
2. Industry	5,383,391,361	40.27%	5,247,499,017	40.86%
A. Garments & Knitwear	253,309,750	1.89%	502,347,952	3.91%
B. Textiles	1,342,655,742	10.04%	1,073,724,994	8.36%
C. Food Production, Processing & Rice Mills	319,256,605	2.39%	228,004,613	1.78%
D. Jute & Jute products	1,507,000	0.01%	-	0.00%
E. Plastic & Rubber Industry	55,789,939	0.42%	92,334,396	0.72%
F. Leather & Leather goods	12,591,342	0.09%	9,290,492	0.07%
G. Iron, Steel & Engineering	1,235,387,698	9.24%	1,463,520,138	11.39%
H. Pharmaceuticals & Chemicals	150	0.00%	4,206,828	0.03%
I. Cement & Allied Industry	-	0.00%	-	0.00%
J. Paper, Packaging, Printing, Publishing & Allied Industry	136,776,027	1.02%	148,225,654	1.15%
K. Wood, Furniture & Fixture	-	0.00%	-	0.00%
L. Glass, Glassware & Ceramic Industry	-	0.00%	-	0.00%
M. Ship Manufacturing & Breaking	-	0.00%	-	0.00%
N. Electronics & Electrical Products	391,231,398	2.93%	361,757,699	2.82%
O. Power, Gas, Petroleum, Water & Sanitary	939,582,245	7.03%	885,885,162	6.90%
P. Transport & Aviation	695,303,465	5.20%	478,201,091	3.72%
Q. Others	-	0.00%	-	0.00%
3. Agriculture	644,040,008	4.82%	544,114,710	4.24%
4. Mining & Quarrying	-	0.00%	-	0.00%
5. Housing	2,425,985,303	18.15%	2,488,399,021	19.37%
6. Financial Corporation	2,288,375,265	17.12%	1,975,799,668	15.38%
7. Service	388,254,433	2.90%	391,484,768	3.05%
8. Consumer Finance	195,203,657	1.46%	261,715,119	2.04%
9. Others	186,319,528	1.39%	174,704,475	1.36%
	13,369,102,273	100.00%	12,843,738,585	100.00%

6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2021		As at 31 December 2020	
	Amount	Composition	Amount	Composition
Dhaka Division	10,577,445,454	79.12%	9,962,121,789	77.56%
Chattogram Division	2,707,060,691	20.25%	2,820,307,817	21.96%
Khulna Division	30,535,761	0.23%	17,797,738	0.14%
Sylhet Division	54,060,367	0.40%	43,511,241	0.34%
	13,369,102,273	100.00%	12,843,738,585	100.00%

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

Particulars	As at 31 December 2021		As at 31 December 2020	
	Amount	Composition	Amount	Composition
Unclassified				
Standard	12,181,935,889	91.12%	11,848,360,118	92.25%
Special Mention Account (SMA)	847,135,829	6.34%	582,181,152	4.53%
	13,029,071,718		12,430,541,269	
Classified				
Substandard	3,436,164	0.03%	378,192	0.00%
Doubtful	521,379	0.00%	17,354,438	0.14%
Bad and Loss	336,073,012	2.51%	395,464,686	3.08%
	340,030,555		413,197,316	
	13,369,102,273	100.00%	12,843,738,585	100.00%

6.7 Particulars of provision for loans and lease Finance			31-Dec-21	31-Dec-20
			BDT	BDT
Status	Rate	Basis for Provision	Amount	Amount
			2021	2020
General Provision (for Unclassified portion)				
Standard Non-SME	1%	7,069,709,553	70,697,096	94,541,491
Standard-SME	0.25%	3,312,962,391	8,282,406	5,985,528
Standard-Brokerage	2.00%	1,799,263,945	35,985,279	-
Standard-Special*	2.00%	4,205,094,274	84,101,885	-
Special Mention Account	5%	713,703,924	35,685,196	22,822,466
			234,751,862	123,349,484

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

Specific Provision				
Substandard	20%	2,852,764	570,553	17,829
Doubtful	50%	424,282	212,141	2,050,174
Bad or loss	100%	141,573,911	141,573,911	111,566,857
			142,356,604	113,634,860
Required provision for Loans & Lease Finance			377,108,466	236,984,344
Provision for other assets			5,530,000	5,530,000
Total provision required			382,638,466	242,514,344
Total provision maintained {note # 12.1(a), (b), (c) & (d)}			622,009,045	378,676,985
Surplus Provision			239,370,578	136,162,640

Bangladesh Finance has maintained general provision on unclassified investment Tk. 316,577,514 (note # 12.1.b), special provision for unclassified investment Tk. 84,101,885 (note # 12.1.c), specific provision for classified investment Tk. 145,799,646 (note # 12.1.a), provision for other assets Tk. 5,530,000 (note # 12.1.d) respectively where total provision stood at Tk. 622,009,045. However, as per instruction of Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank, Bangladesh Finance is developing general provision against unclassified stressed accounts. Part of that general provision of Tk. 190,000,000 is provided this year (note # 12.1.b) to address unforeseen credit risk, post pandemic scenario and strengthening capital base.

6.8 Particulars of Investments:

(i) Loans, advances and leases considered good in respect of which the financial institution is fully secured	2,470,549,081	1,378,076,477
(ii) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors' personal guarantee	1,003,572,006	1,083,271,464
(iii) Loans, advances and leases considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	9,894,981,186	10,382,390,644
	13,369,102,273	12,843,738,585
(iv) Loans, advances and leases adversely classified; provision not maintained there against	-	-
(v) Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other persons	47,014,219	15,813,770
(vi) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members (Note 43.5).	636,993,321	630,581,286
(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the financial institution or any of them either separately or jointly with any other person	38,970,737	4,795,806
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies, as member	-	-
(ix) Due from other Non-Banking Financial Institutions (NBFIs)	-	-

	31-Dec-21 BDT	31-Dec-20 BDT
(x) Amount of classified loans, advances and leases on which interest has not been charged to the P&L	340,030,555	413,197,316
a) Increase/(decrease) in specific provision	(61,521,325)	45,000,000
Amount of written off loans, advances and leases	-	-
Total amount realized against loans and leases previously written off	2,145,500	1,394,000
b) Amount of provision kept against loans, advances and leases classified as bad/loss at the date of balance sheet	141,573,911	111,566,857
c) Interest credited to Interest Suspense Account	351,784,181	231,326,523
(xi) Cumulative amount of written off loans, advances and leases		
Balance at the beginning of the year	272,527,307	272,527,307
Amount written off during the year	-	-
	272,527,307	272,527,307
The amount of written off loans, advances and leases for which law suits have been filed	268,641,835	268,641,835

7 Fixed Assets including Premises, Furniture & Fixtures

A. Cost:

Opening balance	677,950,481	536,278,698
Addition during the year	24,290,278	21,654,583
Add: Revaluation During the year	-	121,522,633
Less: Disposal during the year	24,578,495	1,505,433
Closing balance at cost	677,662,264	677,950,481

B. Depreciation:

Opening balance	153,575,501	131,607,266
Addition during the year	25,824,278	29,957,398
Less: Adjustment on disposal during the year	24,578,495	7,989,163
Accumulated Depreciation	154,821,284	153,575,501
Carrying value	522,840,980	524,374,980

*Details are given in Annexure-A

7.a Fixed Assets including Premises, Furniture and Fixtures (Consolidated)

Bangladesh Finance	522,840,980	524,374,980
BD Finance Securities Limited - PPE	7,184,450	5,942,589
BD Finance Securities Limited -ROU	9,171,877	4,781,669
BD Finance Capital Holdings Limited.	4,967,419	4,577,693
	544,164,726	539,676,931

7.1 Revaluation Surplus on Land And Building

Revalued Amount	481,992,633	481,992,633
Less: Acquisition Value	52,925,188	52,925,188
Less: Deferred Tax Adjustment	17,162,697	17,162,697
Less: Transferred to Retained Earnings	1,404,384	-
Revaluation Surplus	410,500,364	411,904,748

Note: Bangladesh Finance has got ownership stake to the extent of 50% of a four-storied commercial building situated at prime location of 64 Motijheel, Dhaka on the land area measuring 12.76 Decimals. It was acquired way back in the year 2009 at cost price of Tk. 52,925,188 and for the first time it was revalued on 2010 for Tk. 191,148,790, 2nd time in 2013 for Tk. 302,598,790, 3rd time on 2016 for Tk. 360,470,000 and 4th time on 2020 for Tk. 481,992,633. The last revaluation was conducted by M/s. M I Chowdhury & Co. (Chartered Accountants) having their registered office at House No-21, Tejkunipara, Farmgate, Tejgaon, Dhaka-1215. As a result of revaluation, the Revaluation Surplus stands at Tk. 411,904,748 up from Tk. 295,243,020 appreciating by Tk. 116,661,728 after adjustment of Deferred Tax liability.

7.b Revaluation Reserve (Consolidated)

Bangladesh Finance	410,500,364	411,904,748
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	410,500,364	411,904,748

	31-Dec-21 BDT	31-Dec-20 BDT
8 Other Assets		
Investment in Subsidiaries (Note: 8.1)	849,930,000	849,930,000
Investment in BD Finance Vanguard Mutual Fund One	20,000,000	85,000,000
Receivables, Advances & Deposits (Note 8.2)*	399,315,300	444,297,577
	1,269,245,300	1,379,227,577
*Deferred Tax Assets have been rearranged which were previously reported in Note 12.5 of the Financial Statements.		
8.a Other Assets (Consolidated)		
Bangladesh Finance	419,315,300	529,297,577
BD Finance Securities Limited	962,348,414	959,474,022
BD Finance Capital Holdings Limited	94,645,872	102,397,800
	1,476,309,585	1,591,169,400
8.1 Investment In Subsidiaries		
Investment In paid up capital (BD Finance Capital Holdings Limited)	249,930,000	249,930,000
Investment In paid up capital (BD Finance Securities Limited)	600,000,000	600,000,000
	849,930,000	849,930,000
8.2 Receivables, Advances & Deposits		
a) Other receivables		
Interest on investment in FDR	20,318,919	10,642,614
Receivable Interest on BB Stimulus Package	7,166,303	-
Re-imbursable expenses	5,668,362	5,694,375
Receivable Grace Period Interest	1,047,726	27,476,039
Receivable Delinquent Charge	54,014,689	72,950,652
Receivable Penal Interest	49,894,783	175,012,919
Receivable Excise Duty	767,370	770,370
Receivable against sale of shares	139,402,064	19,965
Receivable-Others	3,403,678	8,048,659
Stock of Stamp	67,642	68,360
	281,751,535	300,683,953
b) Advance, deposits and prepayments		
Advance against salary	-	23,580
Advance interest on TDR	-	54
Prepaid expenses for rebranding	9,198,492	-
Pre-IPO Placement	38,783,920	38,100,000
Advance others	17,586,278	88,192,749
	65,568,690	126,316,383
c) Deposits with others		
Deposits with BTTB & Mobile	89,200	89,200
Deposits with Baitul Hossain Building	203,814	203,814
Deposit with Land Lord Bangshal Branch	14,700	14,700
Deposit with CDBL	413,241	400,000
Deposit with Sadharan Bima	15,000	15,000
	735,955	722,714
d) Deferred Tax Asset*		
Deferred tax assets have been recognized in accordance with the provision of IAS 12: Income Taxes based on temporary differences arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:		
Deductible temporary difference		
Fixed assets excluding land & ROU	27,881,789	23,179,077
Gratuity provision	22,113,362	21,019,661
Provisions for other Receivables & Off-Balance Sheet exposures	33,500,000	-
	83,495,151	44,198,738
Tax	37.50%	37.50%
	31,310,682	16,574,527
Realized Loss on Sale of Shares	199,484,383	-
Tax	10.00%	10.00%
	19,948,438	-
Total Deferred tax assets	51,259,119	16,574,527

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Movement of deferred tax assets is as follows:

Balance at the beginning of the year	
Credited/(debited) to profit and loss account during the year	
Balance at the end of the year	
Total Receivables, Advances & Deposits (a+b+c+d)	

31-Dec-21 BDT	31-Dec-20 BDT
16,574,527	17,205,274
34,684,592	(630,747)
51,259,120	16,574,527
399,315,300	444,297,577

* Deferred Tax Assets have been rearranged which were previously reported in Note 12.5 of the Financial Statements.

8.3 Maturity wise classification of other assets

Receivable on Demand	
Not more than 3 months	
Over 3 months but not more than 1 year	
Over 1 year but not more than 5 years	
Over 5 years	

3,471,320	8,136,984
51,259,120	-
278,280,215	292,546,969
65,568,690	126,316,383
870,665,955	935,652,714
1,269,245,300	1,362,653,050

9. Non-Banking Assets

Income Generating	
Non-Income Generating	

-	-
212,121,062	212,121,062
212,121,062	212,121,062

Bangladesh Finance has been awarded absolute ownership on seven mortgaged property (Land) in the year of 2015 through verdict of honourable court under section 33 (7) of Artha Rin Adalat Ain, 2003. These have been recorded at Taka 212,121,062 as non-banking assets.

10. Borrowing from other banks, Financial Institutions and agents

Secured	
Un secured	

324,404,372	291,959,139
2,179,115,740	2,658,619,936
2,503,520,111	2,950,579,075

In Bangladesh	
Outside Bangladesh	

2,503,520,111	2,950,579,075
-	-
2,503,520,111	2,950,579,075

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

Bangladesh Finance	
BD Finance Securities Limited	
BD Finance Securities Limited adjustment	
BD Finance Capital Holdings Limited adjustment	
BD Finance Capital Holdings Limited - Margin Loan	
BD Finance Capital Holdings Limited	

2,503,520,111	2,950,579,075
731,056,172	636,548,868
(500,367,419)	(523,075,006)
(109,383,676)	(107,506,280)
65,760,769	-
156,883,676	107,506,280
2,847,469,634	3,064,052,937

10.1 In Bangladesh

Refinance against SME loan from Bangladesh Bank	
Refinance against Housing loan from Bangladesh Bank	
Refinance against SME loan from JICA	
Refinance against BB Stimulus Package	
Term Loan from other Banks (Note-10.2)	
Short Term Loan from other banks (Note-10.3)	
Short Term Borrowing	
Call Loan	

66,077,500	18,024,255
410,714	446,479
14,430,897	37,535,320
52,911,710	25,000,000
930,881,107	1,285,243,453
1,240,108,182	1,278,629,569
73,500,000	193,000,000
125,200,000	112,700,000
2,503,520,111	2,950,579,075

10.2 Term loan from Other Banks

Bank Asia Ltd.	
Basic Bank Ltd.	
Jamuna Bank Ltd	
Midland Bank Ltd.	
Mutual Trust Bank Ltd.	
NCC Bank Ltd.	
Prime Bank Ltd.	
Shahjalal Islami Bank Ltd.	
Social Islami Bank Ltd.	
Southeast Bank Ltd.	
United Commercial Bank Ltd.	

21,807,161	58,532,921
188,426,907	206,560,770
130,391,101	168,334,052
120,389,221	135,755,326
28,554,900	37,547,349
156,961,264	193,584,499
18,840,580	22,818,976
128,813,211	157,076,586
-	117,163,857
66,462,973	79,371,400
70,233,789	108,497,717
930,881,107	1,285,243,453

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	31-Dec-21 BDT	31-Dec-20 BDT
10.3 Short Term Loan from Other Banks		
Basic Bank Ltd.	119,163,084	119,175,343
Jamuna Bank Ltd.	153,714,795	153,502,865
Mercantile Bank Ltd.	245,486,616	176,602,940
Midland Bank limited	101,979,351	100,432,926
Mutual Trust Bank Ltd.	214,994,070	214,594,469
NRB Commercial Bank Ltd.	93,346,934	60,491,558
Southeast Bank Ltd.	100,000,000	111,039,444
South Bangla Agriculture & Commerce Bank Ltd.	111,894,354	112,292,239
Standard Bank Limited	-	140,996,180
Uttara Bank Ltd.	99,528,980	89,501,606
	1,240,108,182	1,278,629,569
10.4 Maturity wise classification of loan		
Repayable on demand	125,200,000	112,700,000
Within 1 month	45,528,477	62,369,980
Over 1 months but not more than 3 months	170,731,789	233,887,426
Over 3 months but not more than 1 year	1,240,108,182	1,278,629,569
Over 1 year but not more than 5 years	921,951,662	1,262,992,100
Over 5 years	-	-
	2,503,520,111	2,950,579,075
Notes: Loans are secured by way of first charge on all fixed and floating assets of the company, ranking pari passu among all the lenders. The period of the loans are ranging from three to five years term.		
11. Deposits and Other Accounts:		
Term Deposits (Note - 11.1)	9,183,929,859	7,082,758,521
Scheme Deposits (Note - 11.2)	200,842,044	942,733,962
Other Deposits (Note - 11.3)	166,954,836	481,592,434
Advance Rent and Installments (Note - 11.4)	17,250,951	109,357,524
	9,568,977,690	8,616,442,442
11.a Deposits and Other Accounts (Consolidated)		
Bangladesh Finance	9,568,977,690	8,616,442,442
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	9,568,977,690	8,616,442,442
11.1 Term Deposits		
General Deposits	5,967,929,859	3,667,852,102
Deposit from Other Banks and FI's (Note - 11.5)	3,216,000,000	3,414,906,419
	9,183,929,859	7,082,758,521
11.2 Scheme Deposits		
General Deposits	200,842,044	942,733,962
Deposit from Other Banks and FI's	-	-
	200,842,044	942,733,962
11.3 Other Deposits		
Loan and Lease deposits	19,238,945	25,884,729
Security deposits	272,670	272,670
Sundry Creditors	147,443,221	455,435,035
	166,954,836	481,592,434
11.4 Advance Rent and Installments		
Advance Lease Rent	5,802,996	9,733,976
Advance Term Installments	11,447,955	99,623,548
	17,250,951	109,357,524
11.5 Term Deposits from other bank and FI's		
Term Deposits from Banks	2,952,000,000	3,002,000,000
Term Deposits from NBFIs	264,000,000	412,906,419
	3,216,000,000	3,414,906,419

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	31-Dec-21 BDT	31-Dec-20 BDT
Term Deposits from Banks		
Agrani Bank Ltd.	900,000,000	900,000,000
Janata Bank Ltd.	550,000,000	550,000,000
Midland Bank Ltd	89,000,000	115,000,000
Modhumoti Bank Ltd	328,000,000	360,000,000
National Credit And Commerce Bank Ltd.	40,000,000	47,000,000
NRB Bank Ltd.	30,000,000	50,000,000
NRB Commercial Bank	-	80,000,000
Sonali Bank Ltd.	195,000,000	200,000,000
South Bangla Agriculture And Commerce Bank Ltd	200,000,000	200,000,000
The City Bank Ltd.	620,000,000	500,000,000
	2,952,000,000	3,002,000,000

Term Deposits from NBFIs		
Bangladesh Infrastructure Finance Fund Limited (BIFFL)	-	48,400,000
Infrastructure Development Company Limited (IDCOL)	214,000,000	314,506,419
IPDC Finance Limited	50,000,000	50,000,000
	264,000,000	412,906,419

11.6 Maturity wise classification of Deposits

Repayable on demand	-	-
Within 1 month	478,448,884	430,822,122
Over 1 months but not more than 3 months	1,243,967,100	1,033,973,093
Over 3 months but not more than 1 year	1,435,346,653	1,464,795,215
Over 1 year but not more than 5 years	4,975,868,399	4,394,385,645
Over 5 year to 10 years	1,435,346,653	1,292,466,366
Over 10 years	-	-
	9,568,977,690	8,616,442,442

12. Other Liabilities

Provision for Loans and Lease Finance (Note - 12.1)	622,009,045	378,676,985
Provisions for Investment in Securities (Note - 12.2)	45,000,000	47,825,968
Provisions for Off-Balance Sheet Exposures	3,500,000	-
Interest Suspense (Note - 12.3)	351,784,181	231,326,523
Penal Income in Suspense (Note - 12.9)	103,909,472	226,755,137
Provision for Taxation (Note - 12.4)	231,587,033	208,184,918
Deferred Tax (Note - 12.5)*	18,689,935	18,699,273
Interest payable on Borrowing and Deposits (Note - 12.6)	154,024,430	162,891,966
Payable & Provision against expenditure (Note - 12.7)	123,840,844	97,348,514
Advance Rent Received	-	2,831,250
Advance Excise Duty Received	7,642,690	8,630,650
Gratuity Fund (Note - 12.8)	22,113,362	21,019,661
Unclaimed/undistributed Dividend	6,136,878	172,505,304
	1,690,237,869	1,576,696,148

*Deferred Tax Assets have been rearranged and separately presented in Note 8.2 (d) of the Financial Statements to confirm with current year's presentation.

12.a Other Liabilities (Consolidated)

Bangladesh Finance	1,690,237,869	1,576,696,148
BD Finance Securities Limited*	603,695,930	208,406,552
BD Finance Securities Limited adjustment (interest payable)*	(27,242,227)	(58,611)
BD Finance Capital Holdings Limited	137,473,755	52,714,513
BD Finance Capital Holdings Limited adjustment	-	(39,477)
	2,404,165,328	1,837,719,125

* Previous year figure has been rearranged to confirm with current year presentation

12.1 Provision for Investment:

(a) Provision on Classified Investment:

Provision held at the beginning of the year	206,569,471	161,569,471
Provision adjustment for Loan/Lease written off during the year	-	-
Recovery against Loan/Lease previously written off	751,500	-
Net charge to Profit & Loss Account (Note - 32)	(61,521,325)	45,000,000
Provision held at the end of the year	145,799,646	206,569,471

	31-Dec-21 BDT	31-Dec-20 BDT
(b) General Provision on Unclassified Investment:		
Provision held at the beginning of the year	126,577,514	121,577,514
Net charge to Profit & Loss Account (Note - 32)	190,000,000	5,000,000
Balance at the end of the year	316,577,514	126,577,514
(c) Special General Provision on Unclassified Investment:		
Provision held at the beginning of the year	-	-
Net charge to Profit & Loss Account (Note - 32)	84,101,885	-
Balance at the end of the year	84,101,885	-
(d) Provision on Other Receivables:		
Provision held at the beginning of the year	45,530,000	25,530,000
Net charge to Profit & Loss Account (Note - 32)	30,000,000	20,000,000
Balance at the end of the year	75,530,000	45,530,000
Total Provision for Investments	622,009,045	378,676,985
12.2 Provision for Investment in Securities:		
Provision held at the beginning of the year	47,825,968	80,825,968
Addition/(Adjustment) during the year (note - 32)	(2,825,968)	(33,000,000)
Balance at the end of the year	45,000,000	47,825,968
12.3 Interest Suspense Account:		
Balance at the beginning of the year	231,326,523	201,707,276
Amount transferred to suspense account during the year	120,457,658	29,619,247
Amount recovered from suspense account during the year	-	-
Balance at the end of the year	351,784,181	231,326,523
As per instruction of Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank, Bangladesh Finance is developing interest suspense against unclassified stressed accounts. Part of that Tk. 120,457,658 was transferred to interest suspense account this year to address unforeseen credit risk and post pandemic scenario.		
12.4 Provision for Taxation		
Provision		
Balance at the beginning of the year	1,209,459,543	1,082,153,959
Less: Adjustment during the year	-	-
	1,209,459,543	1,082,153,959
Add: Provision made during the year	169,570,348	127,305,584
	1,379,029,891	1,209,459,543
Settlement of previous year's tax liability	-	-
Balance at the end of the year	1,379,029,891	1,209,459,543
Advance tax		
Balance at the beginning of the year	1,001,274,625	795,928,505
Add: Payment made during the year	85,279,186	197,067,774
Under sections 64 and 74 of ITO, 1984	60,889,047	8,278,346
Deduction at source	1,147,442,858	1,001,274,625
Less: Adjustment during the year	-	-
Balance at the end of the year	1,147,442,858	1,001,274,625
Net balance at the end of the year	231,587,033	208,184,918
The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".		
Tax expenses (A)	134,876,418	119,417,802
Accounting profit before tax (B)	403,069,475	345,241,744
Average effective tax rate (A÷B)	33.46%	34.59%
Reason for changes in Average effective tax rate:		
Average effective tax rate decreased compared to previous year due to realized gain against investment in shares as against loss in previous year which was considered separately from business profit having reduced tax rate.		

	31-Dec-21 BDT	31-Dec-20 BDT
2021		
	%	Taka
Profit before income tax as per profit or loss account		403,069,475
Income tax as per applicable tax rate	37.50%	151,151,053
Net inadmissible expenses	17.53%	70,642,443
Tax exempted income	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-12.96%	(52,223,148)
Tax savings from reduced tax rates (for gain on sale of securities)	0.00%	-
Effect of deferred tax	-8.61%	(34,693,930)
Total income tax expenses	33.46%	134,876,418

	%	Taka
Profit before income tax as per profit or loss account		345,241,744
Income tax as per applicable tax rate	37.50%	129,465,654
Net inadmissible expenses	-0.39%	(1,348,865)
Tax exempted income	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-0.23%	(811,205)
Tax savings from reduced tax rates (for gain on sale of securities)	0.00%	-
Effect of deferred tax	-2.28%	(7,887,782)
Total income tax expenses	34.59%	119,417,802

12.5 Deferred Tax Liabilities

Deferred tax liabilities have been recognized in accordance with the provision of IAS 12: Income Taxes based on temporary differences arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax liability is as follows:

Taxable temporary difference		
Revaluation surplus	427,663,061	429,067,445
Tax	4%	4%
	17,106,522	17,162,698
Right-of-use Assets	4,023,120	4,097,534
Motor vehicles	199,316	-
	4,222,436	4,097,534
Tax	37.50%	37.50%
	1,583,413	1,536,575
Total deferred tax liabilities	18,689,935	18,699,273
Movement of deferred tax liabilities is as follows		
Balance at the beginning of the year	18,699,273	22,356,897
Adjustment for Revaluation Reserve	-	4,860,905
Credited/(debited) to profit and loss account during the year	(9,337)	(8,518,529)
Balance at the end of the year	18,689,935	18,699,273

12.5a Adjustment of Deferred Tax

Deferred Tax Assets (Note 8.2d)	(34,684,592)	630,747
Deferred Tax Liabilities (Note 12.5)	(9,337)	(8,518,529)
Net Charged to profit and loss account	(34,693,930)	(7,887,782)

* Deferred Tax Assets have been rearranged and separately presented in Note 8.2(d) of the Financial Statements to confirm with current year's presentation.

12.6 Interest payable on Borrowing and Deposits

Interest payable on TDR and other deposits	120,147,828	111,798,789
Interest payable on Term and Short Term Loan	23,040,435	38,962,468
Interest Payable on Bank Overdraft	9,165,000	11,039,444
Interest payable on Refinancing loan from BB (SME)	419,550	58,379
Interest payable on Refinancing loan from BB (Housing)	12,751	11,246
Interest payable on Refinancing loan from JICA	1,058,799	815,973
Interest payable on BB Stimulus Package	75,360	75,000
Interest Payable on Call loan	36,517	62,476
Interest payable on Security Deposit	68,190	68,190
Balance at the end of the year	154,024,430	162,891,966

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	31-Dec-21 BDT	31-Dec-20 BDT
12.7 Payable & Provision against expenditure		
Advance transfer price	3,001	3,001
Payable others*	29,717,106	7,440,226
Payable to BD Finance Foundation	50,309,988	50,309,988
Liability for Lease Rent	18,872,978	22,696,037
Withholding Excise Duty	17,509,413	13,479,718
Withholding Tax	6,110,481	3,021,590
Withholding VAT	1,317,877	397,954
Balance at the end of the year	123,840,844	97,348,514

*Previous year figure has been rearranged with note no. 12.9

12.8 Gratuity Fund		
Opening balance	21,019,661	21,890,854
Add: Provision during the year	2,705,620	3,200,216
Less: Payment during the year	(1,611,919)	(4,071,409)
Closing balance	22,113,362	21,019,661

12.9 Penal Income in Suspense		
Delinquent Interest Suspense	54,014,689	76,764,394
Penal Interest Suspense	49,894,783	149,990,743
	103,909,472	226,755,137

The amount represents accrued delinquent/penal charges for delay payment in rental/installment which was transferred to suspense account due to uncertainty of recoverability and would be credited to income when realized.

12.10 Maturity wise classification of other liabilities		
Repayable on demand	6,136,878	172,505,304
Within 1 month	7,428,358	3,419,543
Over 1 months but not more than 3 months	17,509,413	13,479,718
Over 3 months but not more than 1 year	154,024,430	162,891,966
Over 1 year but not more than 5 years	602,055,516	483,130,036
Over 5 years	903,083,274	724,695,054
Balance at the end of the year	1,690,237,869	1,576,696,148

13. Capital

13.1 Authorized Capital:		
600,000,000 ordinary shares of Tk. 10 each	6,000,000,000	2,000,000,000

Authorized capital has been increased to 6,000 million from 2,000 million upon approval from Bangladesh Bank and general shareholders in 10th Extra Ordinary General (EGM) meeting dated 23 November, 2021 respectively.

13.2 Issued, Subscribed and Paid up Capital:		
177,581,384 fully paid ordinary shares of Tk. 10 each subscribed and paid up by the sponsor Shareholders & General Shareholders	1,775,813,840	1,675,296,080
Sponsor Shareholders Group	548,425,820	507,948,960
General Shareholders Group	1,227,388,020	1,167,347,120
	1,775,813,840	1,675,296,080

General Shareholders Group:

General Public (Individuals)	905,248,770	761,319,560
Institutions	321,851,720	405,464,090
Unit fund	-	-
Investors Account	287,530	563,470
Mutual Fund	-	-
	1,227,388,020	1,167,347,120

Classification of Shareholders by holding:	No. of Shareholders	31-Dec-21	31-Dec-20
		BDT	BDT
		No. of Shares	Percentage of Share Holding
Less than 500 shares	4,576	745,661	0.42%
501 to 5,000 shares	2,801	5,049,350	2.84%
5,001 to 10,000 shares	412	3,087,521	1.74%
10,001 to 20,000 shares	250	3,649,828	2.06%
20,001 to 30,000 shares	92	2,265,019	1.28%
30,001 to 40,000 shares	55	1,940,197	1.09%
40,001 to 50,000 shares	40	1,882,568	1.06%
50,001 to 1,00,000 shares	76	5,931,690	3.34%
1,00,001 to 10,00,000 shares	115	36,637,019	20.63%
10,00,001 to 99,99,999 shares	39	116,392,531	65.54%
Total	8,456	177,581,384	100.00%

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

13.3 Capital under Capital Adequacy and Market Discipline (CAMD)

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

The Surplus eligible capital of the company on solo and consolidated basis at the close of business on 31 December 2021 were Taka 1,335,108,862 and Taka 1,739,366,134 respectively.

Details are as follows:

	Bangladesh Finance		Bangladesh Finance Group	
	31-Dec-2021 Taka	31-Dec-2020 Taka	31-Dec-2021 Taka	31-Dec-2020 Taka
a) Core Capital (Tier -I):				
i) Paid-up Capital	1,775,813,840	1,675,296,080	1,775,813,840	1,675,296,080
ii) Statutory Reserve (Note # 14)	462,463,192	408,824,581	462,463,192	408,824,581
iii) General Reserve (Note # 15)	-	-	-	-
iv) Retained Earnings (Note # 16)	305,280,139	290,356,834	465,217,517	462,642,825
v) Minority interest (Note # 16.b)	-	-	504,796,379	505,476,702
vi) Others (If any approved by Bangladesh Bank)	-	-	33,744,750	33,744,750
	2,543,557,171	2,374,477,495	3,242,035,678	3,085,984,938

			31-Dec-21 BDT	31-Dec-20 BDT
b) Supplementary Capital (Tier-II):	407,207,109	332,529,888	449,238,714	332,529,888
i) General Provision (Unclassified loans up to specified limit+SMA+Off Balance sheet exposures) {Note 12.1(b)}*	201,956,927	126,577,514	243,988,532	126,577,514
ii) Assets Revaluation Reserves up to 50%	205,250,182	205,952,374	205,250,182	205,952,374
iii) Revaluation Reserves for Securities up to 45%	-	-	-	-
iv) Revaluation reserve for Equity Instruments up to 10%	-	-	-	-
v) All others preference Shares	-	-	-	-
vi) Others (If any approved by Bangladesh Bank)	-	-	-	-
c) Total eligible capital (a +b)	2,950,764,280	2,707,007,383	3,691,274,392	3,418,514,826
Total Assets Including off-balance sheet exposer	17,066,793,205	16,113,525,383	18,473,148,693	16,999,529,663
D) Total risk weighted Assets	16,156,554,189	16,340,185,496	19,519,082,585	18,261,857,192
E) Required Capital Based on risk weighted Assets (10% of D)	1,615,655,419	1,634,018,550	1,951,908,259	1,826,185,719
F) Surplus (C-E)	1,335,108,862	1,072,988,834	1,739,366,134	1,592,329,107
Capital adequacy Ratio (%)	18.26%	16.57%	18.91%	18.72%

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

14. Statutory Reserve				
Opening balance			408,824,581	363,659,793
Add: Addition during the period			53,638,611	45,164,788
			462,463,192	408,824,581
15. General Reserve				
Opening balance			-	-
Add: Transfer from Retained Earning			-	-
Less: Distribution During the period			-	-
			-	-
16. Retained Earnings				
Opening balance			290,356,834	277,227,289
Add: Profit After Tax during the period			268,193,057	225,823,942
Add: Adjustment of Revaluation of Building			1,404,384	-
Less: Transfer to Statutory Reserve			(53,638,611)	(45,164,788)
Less: Cash Dividend			(100,517,765)	(167,529,608)
Less: Issue of Bonus Shares			(100,517,760)	-
			305,280,139	290,356,834
16.a Retained Earnings (Consolidated)				
Bangladesh Finance			305,280,139	290,356,834
BD Finance Securities Limited			111,501,517	113,089,509
BD Finance Capital Holdings Limited			96,006,990	107,447,934
Adjustment for Minority Interest			(47,571,129)	(48,251,452)
			465,217,517	462,642,825
16.b Non Controlling Interest (Consolidated)				
BD Finance Securities Limited				
Paid up Capital			457,150,000	457,150,000
Retained Profit/(Loss)			47,544,247	48,221,367
			504,694,247	505,371,367
BD Finance Capital Holdings Limited.				
Paid up Capital			75,250	75,250
Retained Profit/(Loss)			26,882	30,085
			102,132	105,335
			504,796,379	505,476,702

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	31-Dec-21 BDT	31-Dec-20 BDT
16.1 Capital Reserve		
Stock Dividend from BD Finance Securities Ltd.	15,000,000	15,000,000
Stock Dividend from BD Finance Capital Holdings Ltd.	18,744,750	18,744,750
	33,744,750	33,744,750
Capital reserve created for interim Stock Dividend received from the Subsidiary companies in the year 2014.		
17. Letters of Guarantees		
Letters of guarantee	350,000,000	200,000,000
Less: Margin	-	-
	350,000,000	200,000,000
18. Profit and Loss Account		
Income		
Interest, discount and similar income (Note - 19)	1,496,584,215	1,659,542,072
Dividend income (Note - 21)	298,417,989	4,349,743
Commission, Exchange and Brokerage	5,009,666	1,000,000
Gains/(loss) arising from investment in securities (Note - 21)	46,376,941	33,710,974
Other operating income (Note - 22)	29,525,396	37,180,018
	1,875,914,206	1,735,782,807
Expenses:		
Interest paid on Deposits & Borrowing (Note - 20)	985,563,791	1,166,184,163
Administrative expenses	172,766,687	129,718,091
Other operating expenses (Note - 31)	32,593,488	16,039,849
Depreciation on Fixed assets {Note-30(a)+30(b)+Note-30(c)}	38,666,174	41,598,960
	1,229,590,139	1,353,541,063
Income over expenditure	646,324,067	382,241,744
19. Interest income		
Interest income on Loans & Lease Finance (Note - 19.1)	1,466,677,353	1,630,441,321
Interest on placement with other Banks & FIs (Note - 19.2)	29,906,862	29,100,751
	1,496,584,215	1,659,542,072
19.a Interest Income (Consolidated)		
Bangladesh Finance	1,496,584,215	1,659,542,072
BD Finance Securities Limited	97,370,646	80,430,527
BD Finance Capital Holdings Limited	10,834,017	3,484,515
BD Finance Securities Limited-Adjustment	(53,145,523)	(53,928,935)
BD Finance Capital Holdings Limited.-Adjustment	(849,458)	(595,340)
	1,550,793,897	1,688,932,839
19.1 Interest on Loans & Lease Finance		
Interest income on lease finance	157,526,831	154,664,004
Interest income on term finance	1,029,421,185	1,174,287,504
Interest on housing finance	279,729,337	301,489,813
	1,466,677,353	1,630,441,321
19.2 Interest on placement with other banks & FIS		
Interest on FDR	28,986,988	26,112,192
Interest on STD accounts	919,875	2,988,559
Interest on fund placements	-	-
	29,906,862	29,100,751
20. Interest paid on deposits & borrowing		
Interest paid on deposits	738,546,895	873,216,597
Interest paid on borrowings (Note - 20.1)	242,124,781	290,927,356
Interest on lease liabilities	4,892,115	2,040,211
	985,563,791	1,166,184,163
20.a Interest Expenses (Consolidated)		
Bangladesh Finance	985,563,791	1,166,184,163
BD Finance Securities Limited	68,602,675	81,075,765
BD Finance Capital Holdings Limited	1,119,356	896,516
BD Finance Securities Limited-Adjustment	(53,145,523)	(53,928,935)
BD Finance Capital Holdings Limited.-Adjustment	(849,458)	(595,340)
	1,001,290,841	1,193,632,169

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	31-Dec-21 BDT	31-Dec-20 BDT
20.1 Interest paid on borrowing		
Interest Expenses on Term and Short Term Loan	131,529,692	167,006,873
Interest Expenses on SOD Loan	97,256,603	114,550,060
Interest Expenses on Call Loan	6,807,939	5,637,824
Interest Expenses on Margin Loan	744,440	-
Interest Expenses on Re-financing loan	5,786,107	3,732,598
	242,124,781	290,927,356
21. Income from Investment in Securities		
Gain/(Loss) from Investment in Shares	46,376,941	33,710,974
Dividend Income	298,417,989	4,349,743
	344,794,929	38,060,717
21.a Income from Investment (Consolidated)		
Bangladesh Finance	344,794,929	38,060,717
Bangladesh Finance adjustment for interim dividend	(293,753,849)	-
BD Finance Securities Limited	155,051,579	27,166,604
BD Finance Capital Holdings Limited	223,682,732	66,757,152
	429,775,392	131,984,473
21.b Commission, Exchange and Brokerage (Consolidated)		
Bangladesh Finance	5,009,666	1,000,000
BD Finance Securities Limited*	115,191,242	47,556,815
BD Finance Capital Holdings Limited	6,898,534	1,870,116
Less: Adjustment of BD Finance Securities Limited	(3,383,889)	(400,000)
	123,715,554	50,026,930
*Figure has been rearranged with note no. 31.a to confirm with current year's presentation		
22. Other Operating Income:		
Penal Interest	8,088,280	16,131,014
Loan Settlement & Others	157,468	5,704,873
Contact point verification (CPV)	269,150	425,695
Ledger management (LM)	104,000	152,500
Transfer Price	189,000	68,001
Processing fees	2,064,782	688,313
Legal & Documentation charge	488,245	833,373
Advisory fees	2,000,000	-
Office Rent (64 Motijheel)	14,339,750	13,137,000
Other Income (Note-22.1)	1,824,721	39,250
	29,525,396	37,180,018
22.a Other Operating Income (Consolidated)		
Bangladesh Finance	29,525,396	37,180,018
BD Finance Securities Limited	1,282,784	131,691
BD Finance Capital Holdings Limited	2,367,692	1,178,978
Less: Adjustment of BD Finance Securities Limited	-	-
Less: Adjustment of BD Finance Capital Holdings Limited	-	-
	33,175,872	38,490,686
22.1 Other Income		
Gain/(loss) on sale of fixed assets	1,824,721	39,250
Miscellaneous income	-	-
	1,824,721	39,250
23. Salary & Allowances		
Basic Salary	57,562,541	48,431,477
Allowances	46,721,912	42,594,484
Bonus	19,180,254	8,004,821
Retirement benefits and gratuity	2,705,620	3,200,216
Earned Leave Encashment	1,111,691	1,087,500
Employer's Contribution to Provident fund	4,168,386	3,911,723
Wages	2,000,424	1,274,972
	133,450,828	108,505,192
*Retirement benefits and gratuity has been rearranged with note no. 31		
23.a Salary & Allowances (Consolidated)		
Bangladesh Finance	133,450,828	108,505,192
BD Finance Securities Limited	22,047,243	16,003,952
BD Finance Capital Holdings Limited	10,115,132	8,748,989
	165,613,203	133,258,133

Hoda Vasi Chowdhury & Co

	31-Dec-21 BDT	31-Dec-20 BDT
24. Rent, Taxes, Insurance, Electricity etc.		
Rent, Rates & Taxes*	2,824,854	2,802,076
Insurance	734,201	640,623
Electricity & Lighting, WASA, Gas etc.	3,203,920	2,162,554
	6,762,975	5,605,253
*The amount represents VAT paid to Govt. Exchequer against Office Rent which was separately considered under IFRS 16.		
24.a Rent, Taxes, Insurance, Electricity etc.(Consolidated)		
Bangladesh Finance	6,762,975	5,605,253
BD Finance Securities Limited	1,006,812	471,187
BD Finance Capital Holdings Limited	551,130	268,063
BD Finance Securities Limited-Adjustment	-	-
BD Finance Capital Holdings Limited-Adjustment	-	-
	8,320,917	6,344,503
25. Legal & Professional Fees		
Legal Fees & Charge	4,369,598	2,361,271
Other Legal Expenses	-	-
	4,369,598	2,361,271
25.a Legal & Professional Fees (Consolidated)		
Bangladesh Finance	4,369,598	2,361,271
BD Finance Securities Limited	800,626	764,486
BD Finance Capital Holdings Limited	-	-
	5,170,224	3,125,757
26. Postage, Stamps, Telecommunication etc.		
Stamp & Court Fees	316,350	250,742
Internet expenses	1,525,078	1,143,908
Postage & Courier Expenses	120,028	45,457
Telephone & Fax Expenses	117,942	126,935
Mobile Expenses	1,325,603	1,029,657
	3,405,001	2,596,699
26.a Postage, Stamps, Telecommunication (Consolidated)		
Bangladesh Finance	3,405,001	2,596,699
BD Finance Securities Limited	822,196	976,405
BD Finance Capital Holdings Limited	-	194,839
	4,227,197	3,767,944
27. Stationery, Printing, Advertisements etc.		
Stationary-Toner & Cartridge	96,790	139,521
Stationary Expenses	377,557	430,914
Printing Expenses	1,833,587	832,639
Advertisement and Publicity	13,210,400	3,450,635
	15,518,334	4,853,709
27.a Stationery, Printing, Advertisements etc.(Consolidated)		
Bangladesh Finance	15,518,334	4,853,709
BD Finance Securities Limited	543,735	223,549
BD Finance Capital Holdings Limited	96,200	56,175
	16,158,268	5,133,433
28. Managing Director's Salary and Allowances		
Basic Salary	3,300,000	1,840,833
Allowances	3,300,000	2,390,833
Bonus	1,100,000	-
	7,700,000	4,231,667
29. Directors' Fees		
Honorarium for attending meeting	1,135,200	904,800
Incidental expenses for attending meeting	-	-
	1,135,200	904,800

Total 10 Board meetings, 3 Executive Committee meetings and 6 Audit Committee meetings were held during the period from 1st January 2021 to 31 December 2021. Each Director was paid Tk. 8,000 for attending in the meeting as per Bangladesh Bank DFIM Circular No. 13 Dated 30 November, 2015

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	31-Dec-21 BDT	31-Dec-20 BDT
29.a Directors' Fees (Consolidated)		
Bangladesh Finance	1,135,200	904,800
BD Finance Securities Limited	416,800	128,000
BD Finance Capital Holdings Limited	149,600	120,000
	1,701,600	1,152,800
29.b Audit Fees (Consolidated)		
Bangladesh Finance	424,750	659,500
BD Finance Securities Limited	230,000	230,000
BD Finance Capital Holdings Limited	172,500	172,500
	827,250	1,062,000
30. Depreciation and Repair of Assets		
a) Depreciation of Assets		
Building	1,404,384	-
Furniture & Fixtures	954,600	1,732,535
Office Equipment	3,016,177	2,803,706
Motor Vehicles	2,258,572	2,165,858
System & Software	3,401,171	4,548,211
Office Renovation	862,493	1,314,833
Right-of-use Asset	13,926,881	17,392,555
	25,824,278	29,957,698
b) Amortization Expenses	-	-
c) Repair of Assets		
Office Equipment	478,882	545,277
Office Furniture & Fixtures	45,777	74,529
Motor Vehicles	12,317,237	11,021,456
	12,841,896	11,641,262
	38,666,174	41,598,960
30.a Depreciation and Repair of Assets (Consolidated)		
Bangladesh Finance	38,666,174	41,598,960
BD Finance Securities Limited	2,669,196	2,307,507
BD Securities Right-of-use Asset	5,939,967	6,251,522
BD Capital Right-of-use Asset	2,333,234	2,545,345
BD Finance Capital Holdings Limited	983,082	839,815
	50,591,653	53,543,149
31. Other Expenses		
Petrol, Oil, Lubricants, CNG & others	3,085,149	2,059,955
Entertainment	5,653,028	2,015,566
Donation and Subscription	6,421,726	2,014,921
Donation to BD Finance Foundation*	-	-
Traveling and Conveyance	2,617,312	1,178,801
Training Expenses	112,564	2,500
Registration & Renewal Expenses	1,074,071	1,178,849
Papers & Periodicals	28,761	26,864
Office Maintenance	1,691,972	787,761
Office Supplies	4,582,962	1,113,450
Software Maintenance & other IT enabled services	2,837,692	2,052,193
Uniform & Liveries	93,122	167,401
Bank Charges & Excise Duty	1,947,209	1,344,008
Business development & Promotion	16,237	2,150
Security Service-Outsourcing	1,607,252	1,563,697
AGM & Meeting expenses	366,377	420,250
Miscellaneous Expenses	458,054	111,484
	32,593,488	16,039,849

*The Board of Directors of Bangladesh Finance in its 242nd meeting held on 17 February 2021 adopted ratification of circular resolution to provide further donation to Bangladesh Finance Foundation @ 2.50% of Profit before Tax after utilization of existing fund under different CSR activities.

**Retirement benefits and gratuity has been rearranged with note no. 23

	31-Dec-21 BDT	31-Dec-20 BDT
31.a Other Expenses (Consolidated)		
Bangladesh Finance	32,593,488	16,039,849
BD Finance Securities Limited	6,300,657	2,087,117
BD Finance Securities Limited - adjustment	(3,383,889)	(400,000)
BD Finance Capital Holdings Limited	1,562,396	1,627,486
	37,072,652	19,354,452

*BD Finance Securities Limited-DSE charges has been rearranged and netting off with note no. 21.b

32. Provision against loans, lease finance & Others		
Provision on classified loans {Note-12.1(a)}	(61,521,325)	45,000,000
General provision on unclassified Loans & Advances {Note-12.1(b)}	190,000,000	5,000,000
Special provision on unclassified Loans & Advances {Note-12.1(c)}	84,101,885	-
Provision for Off-Balance Sheet Exposures	3,500,000	-
Provision on other receivables {Note-12.1(d)}	30,000,000	20,000,000
Provisions on Investment in Securities (Note - 12.2)	(2,825,968)	(33,000,000)
	243,254,592	37,000,000

32.a Provision on Investment in Securities and Margin Loan (Consolidated)		
Bangladesh Finance - Investment in Securities	(2,825,968)	(33,000,000)
BD Finance Securities Limited - Investment in Securities	-	-
BD Finance Securities Limited - Margin Loan	55,559,184	-
BD Finance Capital Holdings Limited - Margin Loan	1,741,601	-
BD Finance Capital Holdings Limited - Investment in Securities	14,800,000	(3,300,000)
	69,274,817	(36,300,000)

33. Earnings Per Share (EPS)

The calculation of basic earnings per share based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

Calculation of Earnings Per Share (Note - 2.17)

Net Profit after Tax	268,193,057	225,823,942
Weighted average number of Ordinary Shares outstanding (Denominator)		
Opening ordinary shares outstanding	167,529,608	167,529,608
Impact of bonus share issue (2020)	10,051,776	10,051,776
Weighted average number of Ordinary Shares outstanding (Denominator)	177,581,384	177,581,384

Basic Earnings Per Share (Taka)

1.51 **1.27**

Reason for changes in Basic Earnings Per Share (EPS):

The financial performance of the Company increased compared to previous year due to interim cash dividend received from subsidiaries and realized capital gain from investment in securities.

Diluted Earnings Per Share

As there was no indication for dilution of shares, no diluted EPS was required to be calculated for the year ended 31 December 2021.

33.a Earnings Per Share (EPS) (Consolidated)

The calculation of basic earnings per share based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

Calculation of Earnings Per Share (Note - 2.17)

Net Profit after Tax	255,844,440	300,913,820
Weighted average number of Ordinary Shares outstanding (Denominator) Note-3	177,581,384	177,581,384
Basic Earnings Per Share	1.44	1.69

Reason for changes in Earnings Per Share (EPS) (Consolidated)

The financial performance of the Group decreased compared to previous year for providing incremental provision against Loan, Lease and Investment considering credit risk following Covid-19 impact as a conservative approach.

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	31-Dec-21 BDT	31-Dec-20 BDT
34. Interest received		
Interest received (Note-19)	1,496,584,215	1,659,542,072
Add: Opening interest Receivable on FDR	10,642,614	16,896,890
Less: Closing interest receivable on FDR	(20,318,919)	(10,642,614)
Add: Closing interest suspense account	351,784,181	231,326,523
Less: Opening Interest Suspense Account	(231,326,523)	(201,707,276)
Add: Opening Receivable Interest on BB Stimulus Package	-	-
Less: Closing Receivable Interest on BB Stimulus Package	(7,166,303)	-
Add: Opening Receivable of Grace Period Interest	27,476,039	26,851,345
Less: Closing Receivable Grace Period Interest	(1,047,726)	(27,476,039)
	1,626,627,579	1,694,790,902
35. Interest Paid on Deposits & Borrowings		
Interest Paid on Deposits & Borrowings (Note-20)	985,563,791	1,166,184,163
Add: Opening interest payable on deposit & borrowings	162,891,966	256,026,969
Less: Closing interest payable on deposit & borrowings	(154,024,430)	(162,891,966)
	994,431,327	1,259,319,166
36. Cash Received from other Operating activities		
Income from investment in shares (Note 21)	46,376,941	33,710,974
Other operating income (except gain/(loss) on sales of fixed assets) (Note 22)	27,700,675	37,180,018
	74,077,615	70,890,992
37. Cash Payments for other Operating activities		
Rent, Taxes, Insurance, Lighting etc.	6,762,975	5,605,253
Legal & Professional Fees	4,369,598	2,361,271
Postage, Stamp, Telegram & Telephone	3,405,001	2,596,699
Directors' Fee & Expenses	1,135,200	904,800
Auditors' Fee	424,750	659,500
Repair, Maintenance of NBFI's Assets	12,841,896	11,641,262
Other Expenses	32,593,488	19,240,065
	61,532,908	43,008,850
38. Cash Increase/ Decrease in Other Assets		
Re-imbursable Expenses	5,668,362	5,694,375
Receivable Others	3,403,678	8,048,659
Receivable Excise Duty	767,370	770,370
Receivable penal and delinquent charges	103,909,472	247,963,571
Receivable against sale of shares	139,402,064	19,965
Investment In Subsidiaries	849,930,000	849,930,000
Investment in BD Finance Vanguard Mutual Fund One	20,000,000	85,000,000
Advance against expenditure {Note-8.2(c)}	65,568,690	126,316,383
Deposits {with other organization Note-8.2(d)}	735,955	722,714
Stock of Stamp	67,642	68,360
	1,189,453,232	1,324,534,396
Cash (Increase)/ Decrease in Other Assets	135,081,164	(122,529,992)
39. Cash Increase/ (Decrease) in Other Liabilities		
Payable & Provision against expenditure	123,840,844	77,633,215
Penal income in suspense	103,909,472	226,755,137
Advance Rent (against 64 Motijheel)	-	2,831,250
Advance Excise Duty	7,642,690	8,630,650
Gratuity Fund	22,113,362	21,019,661
Dividend payable	6,136,878	4,975,696
	263,643,246	341,845,609
Cash Increase/ (Decrease) in Other Liabilities	(78,202,363)	49,865,499
40. Cash and Cash Equivalents		
Cash in Hand	12,728	54,898
Balance with Bangladesh Bank & Sonali Bank Limited	99,339,362	74,987,229
Balance with Other Banks & Financial Institutions	991,348,494	691,439,615
	1,090,700,584	766,481,742
41. Number of Employees		
The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk. 36,000 or above were 123 (In the year 2020 it was 120).		

42. Audit Committee

a) Particulars of Audit Committee

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

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

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

b) Meeting of Audit Committee

During 1 January to 31 December 2021, the Audit Committee of the Board conducted 06 meetings in which among others, the following issues were discussed:-

- i) Regular review of the Internal and External (including Bangladesh Bank) Inspection & Audit Report with a view to implementing the suggestion of Internal and External Auditors in respect of Internal Control structure and techniques.
- ii) Minimize expenditure in all operational activities where possible.
- iii) Reviewing the Accounting procedure with a view to ascertain that the International Financial Reporting Standard (IFRS) has been applied in maintaining books and records of the company.

c) Internal Control:

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

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

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43. Related Party Disclosures:

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

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

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

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

43.4 Lending Policies to related parties:

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

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

Name of the parties	Related By	Nature of transaction	Amount in Tk.	Status
i) BD Finance Securities Limited.	Common Director	Short Term Finance	527,609,645	Standard
ii) BD Finance Capital Holdings Limited.	Common Director	Short Term Finance	109,383,676	Standard
			<u>636,993,321</u>	

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31-Dec-20
BDT

Deposit from Directors and their related concern

Name of the parties	Related By	Nature of transaction	Amount in Tk.	No. of account
Manwar Hossain	Chairman	Term Deposit	12,106,445	7
Manwar Hossain, Hossain Mehmud & Hossain Khaled	Chairman	Term Deposit	39,665,966	5
Anwar Ispat Limited	Common Director	Term Deposit	8,869,607	9
Anwar Jute Spinning Mills Ltd.	Common Director	Term Deposit	25,642,586	23
Anwar Landmark	Common Director	Term Deposit	61,173,102	7
Mehmud Industries (Pvt) Ltd.	Common Director	Term Deposit	9,728,137	9
AG Automobiles Ltd.	Common Director	Term Deposit	5,494,874	5
Anwar Cement Ltd.	Common Director	Term Deposit	8,793,731	8
Anwar Cement Sheet Ltd.	Common Director	Term Deposit	1,671,791	2
Anwar Galvanizing Ltd.	Common Director	Term Deposit	4,021,593	4
Hossain Dyeing & Printing Mills Ltd.	Common Director	Term Deposit	6,611,849	7
Anwar Silk Mills Ltd.	Common Director	Term Deposit	5,848,872	8
A- One Polymer Ltd.	Common Director	Term Deposit	58,434,368	19
Ihtiaz Yousuf	Director	Term Deposit	60,697,584	9
Imtiyaj Yousuf	Director	Term Deposit	48,166,026	8
			356,926,531	130

44. Events after the Reporting Period

The Board of Directors of Bangladesh Finance in their 251st meeting held on 15 February, 2022 has recommended 12% Dividend (6% Cash and 6% Stock) for the year ended 31 December 2021.

45. Net asset value (NAV) per share

Net asset	2,954,057,535	2,786,382,243
Number of outstanding shares	177,581,384	177,581,384
Net asset value (NAV) per share	16.63	15.69

45.a Net asset value (NAV) per share (Consolidated)

Net asset	3,147,739,663	2,992,412,984
Number of outstanding shares	177,581,384	177,581,384
Net asset value (NAV) per share	17.73	16.85

46. Net operating cash flows per share (NOCPS)

Net operating cash flows	1,080,754,537	235,102,757
Number of outstanding shares	177,581,384	177,581,384
Net operating cash flows per share (NOCPS)	6.09	1.32

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

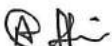
Net Operating Cash Flows Per Share increased due to inflow of deposit and dividend received compared to previous year.

46.a Net operating cash flows per share (NOCPS) (Consolidated)

Net operating cash flows	1,169,202,535	635,473,600
Number of outstanding shares	177,581,384	177,581,384
Net operating cash flows per share (NOCPS)	6.58	3.58

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

Net Operating Cash Flows Per Share increased due to inflow of deposit, fees and commission received and capital gain from investment in securities compared to previous year.


Munshi Abu Naim ACS
Company Secretary


Md. Kyser Hamid
Managing Director & CEO


Md. Rokonzaman, FCA
Director


Manwar Hossain
Chairman

ANNEXURE-A

Bangladesh Finance Limited
Fixed Asset Schedule
For the year ended 31 December 2021

Particulars	C O S T				Rate of Depreciation	D E P R E C I A T I O N				Written Down Value at 31 December 2021
	Balance as on 1 January 2021	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period		Balance at 31 December 2021	Balance as on 1 January 2021	Transfer/ Adjustment during the year	Charged for the year	
Land	462,550,000	-	-	-	-	462,550,000	-	-	-	462,550,000
Building	19,442,633	-	-	-	10%	19,442,633	-	-	6,803,174	12,639,459
Furniture & Fixture	30,433,102	1,665,484	-	-	20%	32,098,586	-	954,600	29,151,986	2,946,600
Office Equipment	33,211,814	4,360,195	-	991,722	25%	36,580,287	991,722	3,016,177	28,947,242	7,633,045
Office Renovation	12,488,955	2,592,691	-	-	20%	15,081,646	-	862,493	11,698,028	3,383,618
Motor Vehicle	44,067,198	5,642,500	-	3,973,887	20%	45,735,811	3,973,887	2,258,572	34,995,735	10,740,076
Other Assets	182,667	-	-	-	20%	182,667	-	-	182,667	-
System and Software	19,876,250	-	-	-	25%	19,876,250	-	3,401,171	19,824,166	52,084
ROU-Asset for Lease Rent	55,697,862	-	10,029,408	19,612,886	-	46,114,384	19,612,886	13,926,881	23,218,286	22,896,098
31 December 2021	677,950,481	-	24,290,278	24,578,495		677,662,264	24,578,495	25,824,278	154,821,284	522,840,980

Fixed Asset Schedule
For the year ended 31 December 2020

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 2020
	Balance as on 1 January 2020	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period		Balance at 31 December 2020	Balance as on 1 January 2020	Transfer/ Adjustment during the year	Charged for the year	
Land	355,071,210	107,478,790	-	-	-	462,550,000	-	-	-	462,550,000
Building	5,398,790	14,043,843	-	-	10%	19,442,633	-	-	5,398,790	14,043,843
Furniture & Fixture	30,983,213	-	612,775	1,162,886	20%	30,433,102	1,162,886	1,732,535	28,197,386	2,235,716
Office Equipment	29,917,589	3,636,772	-	342,547	25%	33,211,814	342,547	2,803,406	26,922,787	6,289,027
Office Renovation	12,114,155	374,800	-	-	20%	12,488,955	-	1,314,833	10,835,535	1,653,420
Motor Vehicle	37,894,373	6,172,825	-	-	20%	44,067,198	-	2,165,858	36,711,050	7,356,148
Other Assets	182,667	-	-	-	20%	182,667	-	-	182,667	-
System and Software	19,876,250	-	-	-	25%	19,876,250	-	4,548,211	16,422,995	3,453,255
ROU-Asset for Lease Rent	44,840,450	-	10,857,412	-	-	55,697,862	10,857,412	17,392,555	28,904,291	26,793,571
31 December 2020	536,278,698	121,522,633	21,654,583	1,505,433		677,950,481	131,607,266	29,957,398	153,575,501	524,374,980

Reconciliation of Net Profit with Cash Flows
from Operating Activities

	Bangladesh Finance	
	31-Dec-21	31-Dec-20
	Taka	Taka
Net profit after tax	268,193,057	225,823,942
Items not involved in cash movement:		
Add: Depreciation/amortization	25,824,278	29,957,698
Add: Provision for loans and investments	243,254,592	37,000,000
Add: Provision for taxation	134,876,418	119,417,802
Add/(Less): Accrued expenses	26,492,330	37,230,284
Add/(Less): Accrued income	153,639,805	(130,019,775)
Increase/(Decrease) in Employee gratuity	1,093,701	(871,193)
Increase/(Decrease) in Deferred tax (Liability)	(9,337)	(3,026,877)
Adjustments to reconcile net profit after tax to net cash provided by operating activities	853,364,844	315,511,881
Increase/(decrease) in operating assets and liabilities		
(Increase)/Decrease in Trading Securities	(48,627,042)	79,455,653
(Increase)/Decrease in Loans & advances	(525,363,688)	299,970,368
(Increase)/Decrease in Other assets	(91,590,785)	13,119,365
Increase/(Decrease) in Other Liabilities	(24,985,928)	16,533,286
Increase/(Decrease) in Term & other deposits	952,535,248	(220,625,919)
Increase/(Decrease) in Payable and accrued expenses	(8,867,536)	(93,135,003)
(Increase)/Decrease in Income tax	(146,168,233)	(205,346,120)
Increase/(Decrease) in Interest suspense	120,457,658	29,619,247
	227,389,693	(80,409,124)
Net cash flows from/(used in) operating activities	1,080,754,537	235,102,757

Reconciliation of Net Profit with Cash Flows
from Operating Activities

	Bangladesh Finance Group	
	31-Dec-21	31-Dec-20
	Taka	Taka
Net profit after tax	323,795,268	314,586,414
Items not involved in cash movement:		
Add: Depreciation/amortization	29,476,556	33,105,020
Add: Provision for loans and investments	315,355,377	33,700,000
Add: Provision for taxation	199,636,265	136,542,509
Add/(Less): Accrued expenses	99,699,263	38,900,716
Add/(Less): Accrued income	160,806,108	(130,019,775)
Increase/(Decrease) in Employee gratuity	3,396,450	(871,193)
Increase/(Decrease) in Deferred tax (Liability)	(9,337)	(3,026,877)
Adjustments to reconcile net profit after tax to net cash provided by operating activities	1,132,155,950	422,916,814
Increase/(decrease) in operating assets and liabilities		
(Increase)/Decrease in Trading Securities	(191,228,887)	10,573,892
(Increase)/Decrease in Loans & advances	(819,041,457)	493,666,180
(Increase)/Decrease in Other assets	(2,239,098)	13,119,365
Increase/(Decrease) in Other Liabilities	165,412,136	201,815,997
Increase/(Decrease) in Term & other deposits	952,535,248	(220,625,919)
Increase/(Decrease) in Payable and accrued expenses	(4,045,902)	(97,657,393)
(Increase)/Decrease in Income tax	(184,803,113)	(217,954,582)
Increase/(Decrease) in Interest suspense	120,457,658	29,619,247
	37,046,585	212,556,786
Net cash flows from/(used in) operating activities	1,169,202,535	635,473,600

ANNEXURE-C

Highlights on the overall activities of the Company
as at and for the periods 2021 and 2020

Sl. No.	Particulars	2021	2020
1	Paid up Capital	1,775,813,840	1,675,296,080
2	Total Shareholders' Equity	2,954,057,535	2,786,382,243
3	Capital Surplus/(Deficit)	1,335,108,862	1,072,988,834
4	Total Assets	16,716,793,205	15,913,525,383
5	Total Deposit	9,568,977,690	8,616,442,442
6	Total Loans/Lease Finance	13,369,102,273	12,843,738,585
7	Total Contingent Liabilities and Commitment	350,000,000	200,000,000
8	Investment Deposit Ratio (%)	139.71%	149.06%
9	Percentage of Classified Loan against total Loans and Advances	2.54%	3.22%
10	Profit after Tax and Provision	268,193,057	225,823,942
11	Amount of Classified Investment	340,030,555	413,197,316
12	Provisions kept against Classified Investment	221,329,646	252,099,471
13	Provisions surplus	239,370,578	96,162,640
14	Cost of Fund	8.89%	10.87%
15	Interest Earning Assets	14,604,378,920	13,531,053,220
16	Non-Profit Earning Assets	2,112,414,285	2,103,274,072
17	Return on Investment in Securities (ROI)	150.92%	15.61%
18	Return on Assets (ROA)	1.64%	1.41%
19	Income from Investment in Securities	344,794,929	38,060,717
20	Earnings Per Share (Re-stated 2019)	1.51	1.27
21	Price Earning Ratio (Times)	36.02	21.59
22	Book value per share (Per 10 Tk.)	16.63	15.69