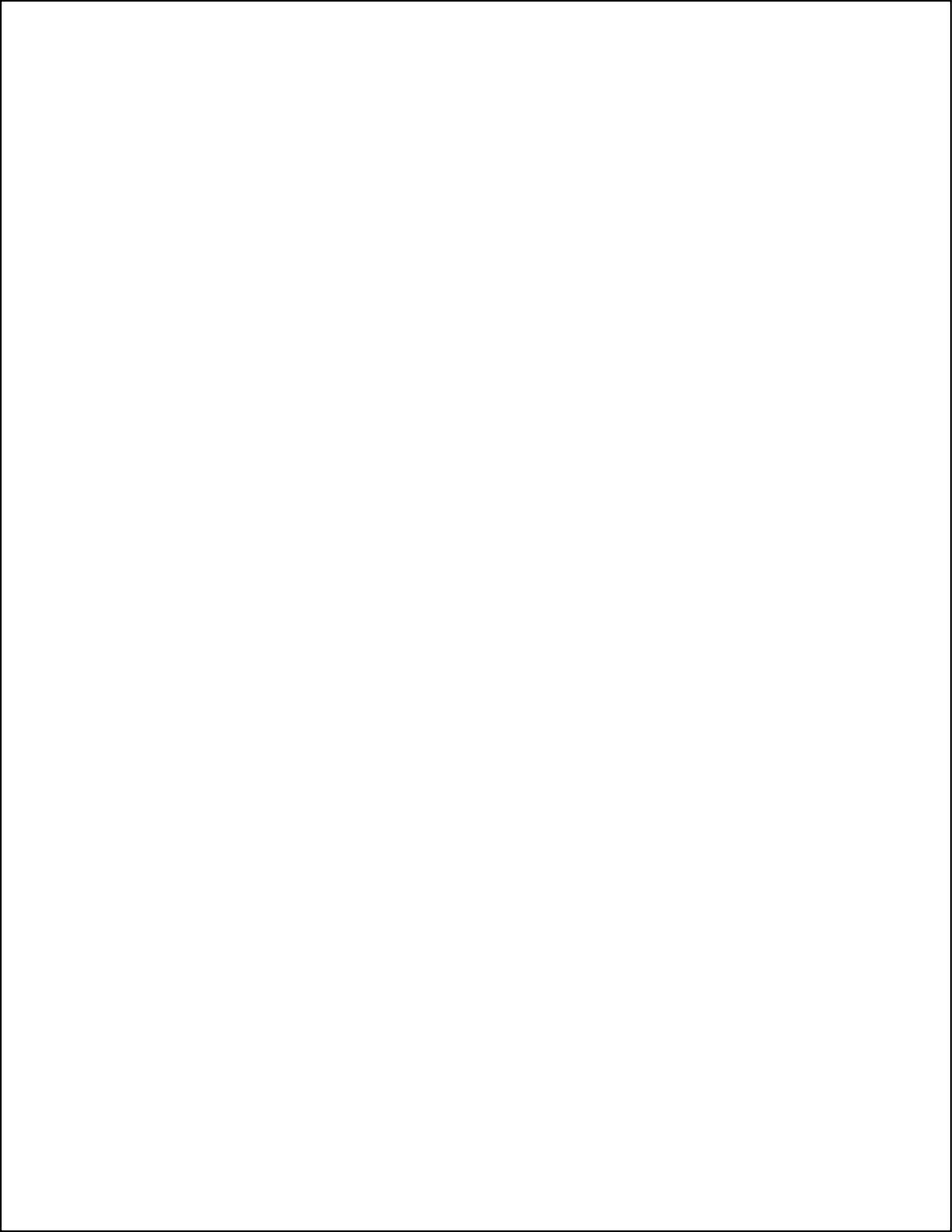


# ANNUAL REPORT 2018





# ANNUAL REPORT 2018

**bd finance**

Inspiring Wealth

**BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED**

Since the inception of our journey we sailed together towards business excellence. Our relationship has been strengthened with care, trust, dependency and aspiration. Hence year after year we make ourselves more trustworthy to augur days.

# CREDIT RATING

# A+

Emerging Credit Rating Limited (ECRL) has upgraded the long term rating of Bangladesh Finance and Investment Company Limited (BD Finance) at A+ and the short term rating at ST-2 with a 'Stable' Outlook. The rating has been awarded based on audited financial statements for the year ended 31 December 2017 and other relevant qualitative and quantitative information up to the rating. Details of the ratings are as follows:

Validity of Rating	Long Term Rating	Short Term Rating	Date of Rating
30 October, 2019	A+	ST-2	31 October, 2018

- Long Term** : A+  
: A strong Capacity to meet its financial commitments.
- Short Term** : ST-2  
: A strong capacity to meet its financial commitments in a timely manner
- Outlook** : Stable
- Rated by** : Emerging Credit Rating Limited (ECRL)

BD Finance thanks to its all valued stakeholders for making it happens. We are upbeat of further upswing of our rating in future.

**bd finance**  
Inspiring Wealth

## LETTER OF TRANSMITTAL

To

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

**Sub: Annual Report for the year ended December 31, 2018.**

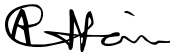
Dear Sir/Madam,

We are pleased to enclose a copy of the Annual Report together with the audited financial statements on solo and consolidated basis for the year ended December 31, 2018. Besides, you will find financial statements of BD Finance's subsidiaries, namely BD Finance Securities Limited & BD Finance Capital Holdings Limited.

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

Thanking you,

Yours sincerely,



**Munshi Abu Naim ACS**  
Company Secretary

## BD FINANCE AT A GLANCE

Bangladesh Finance And Investment Company Limited (BD Finance) started its journey in 1999 with the prime objective of delivering financial services across the different segments of clientele and business as part of its humble endeavor to contribute meaningfully to the cause of socio-economic development of the country. The Company obtained permission from Bangladesh Bank to operate as financial institution under the Financial Institutions Act 1993 on December 22, 1999 and listed in Dhaka Stock Exchange on September 06, 2007 and Chittagong Stock Exchange on August 28, 2007. The shareholding structure of BD Finance consists of reputed corporate houses, leading industrialists & general public. Over a decade, BD Finance emerged as one of the leading financial Institutions of the country with a wide range of financial products to the clients of different segments as articulated to ensure providing of customized financial solution. BD Finance continues to evolve as an innovative financial solution provider & now able to offer financial products tailored to the needs of its customers.

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

### SUBSIDIARIES:

#### **First Subsidiary: BD Finance Securities Limited (BD Securities)**

BD Securities, first subsidiary (56.34%) of BD Finance, offers full-fledged international standard brokerage service for retail and institutional clients. It has seats on Dhaka Stock Exchange Limited. It commenced operation in November, 2011. Within a short span of time, BD Securities has emerged as a strong market player in the sector.

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

BD Capital, a 99.972% subsidiary of BD Finance obtained license from BSEC on February 26, 2012 as a full-fledged Merchant Bank. The main businesses of the Company are portfolio management, issue management, underwriting of securities and advisory services. Despite being newer in the industry, BD Capital has been achieved substantial growth in the Merchant Banking industry.

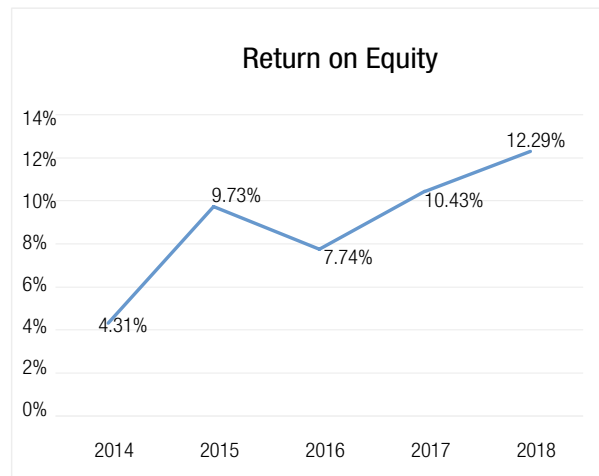
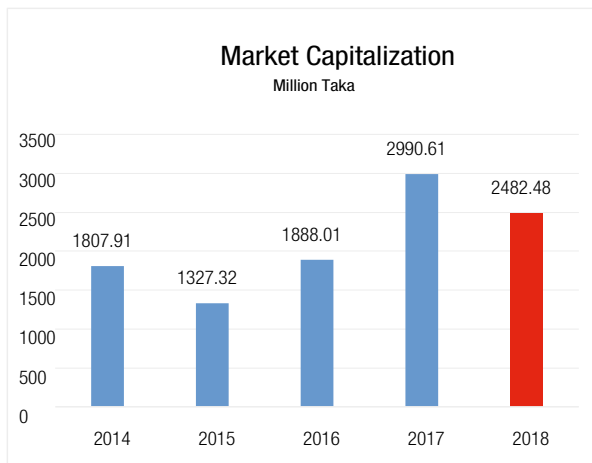
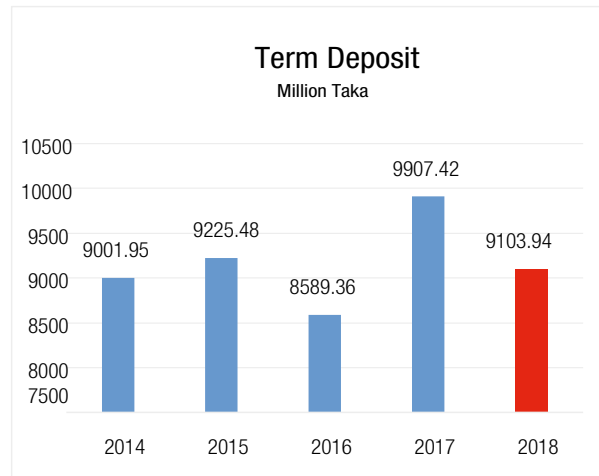
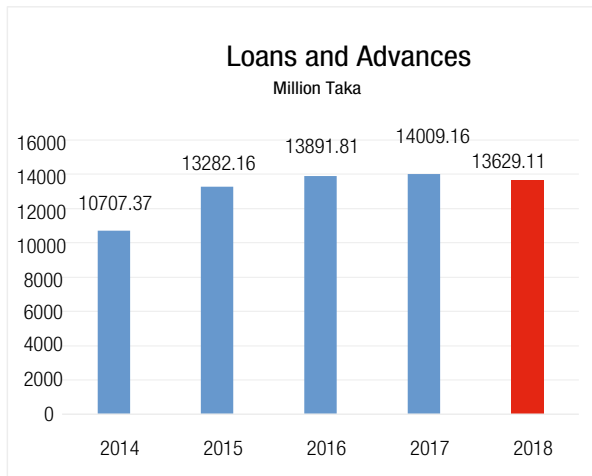
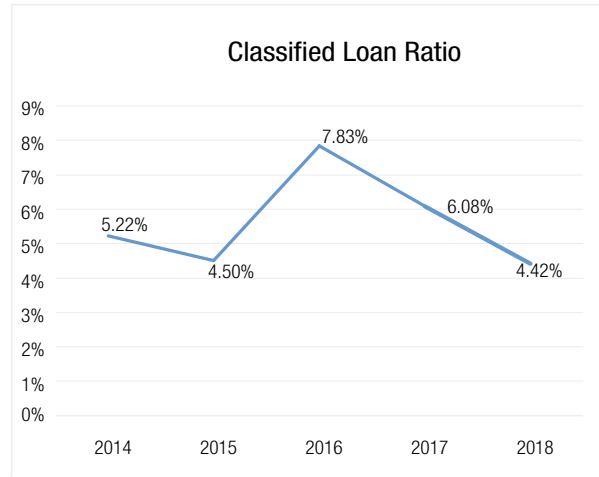
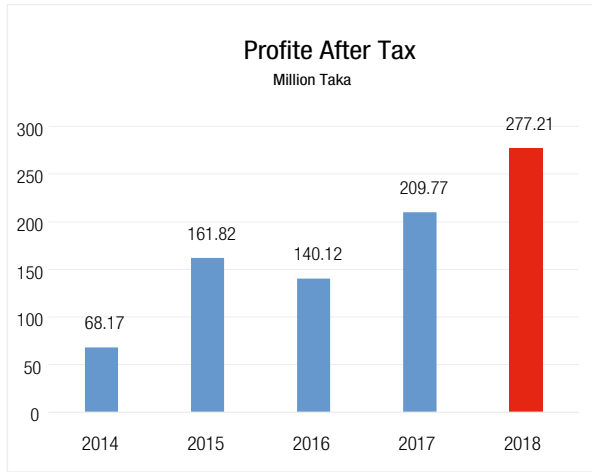
The feat of performance of BD Capital has taken positive up turn with the prospect of substantial growth in near future.



## KEY MILESTONES

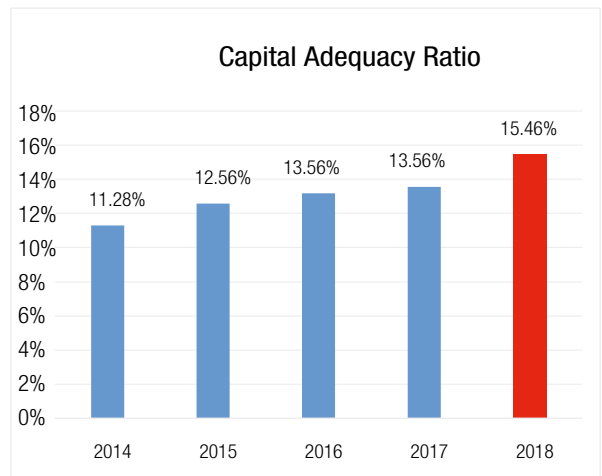
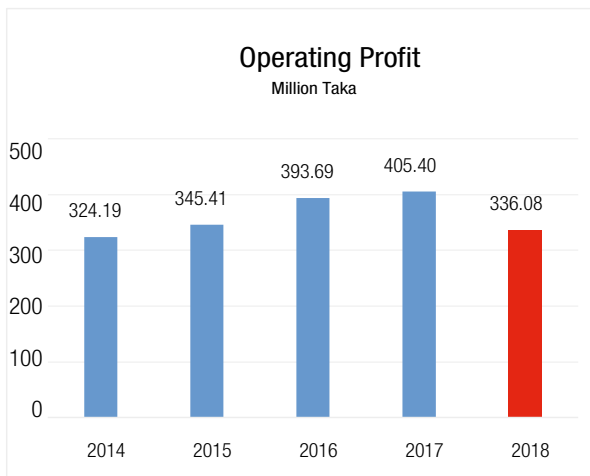
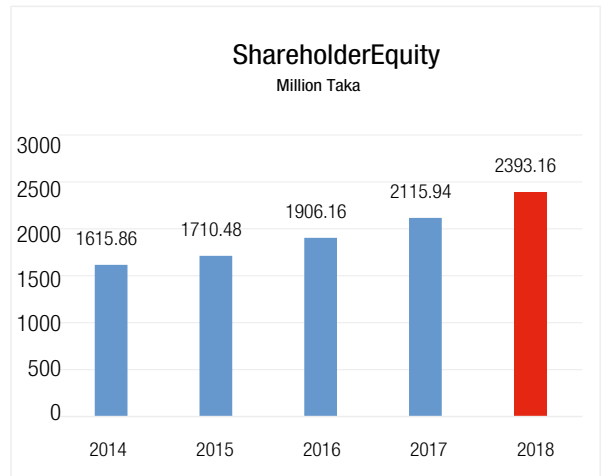
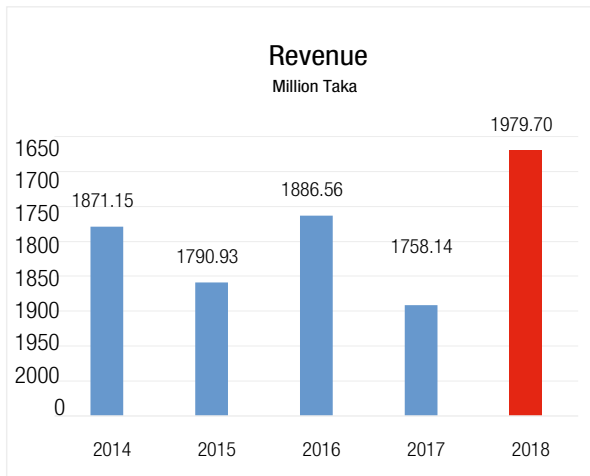
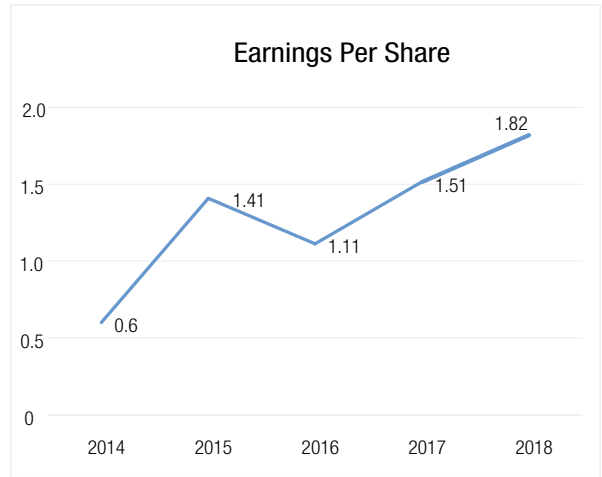
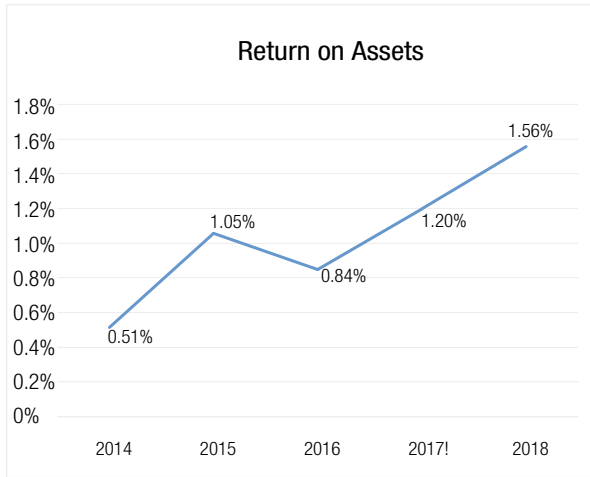
<b>May 10,1999</b>	Incorporation of the Company
<b>December 22, 1999</b>	License from Bangladesh Bank as financial Institution
<b>May 10,1999</b>	Commencement of Business
<b>February 15,2000</b>	Date of Commercial Operation
<b>July 12, 2005</b>	Date of Second Branch opening in Chattogram
<b>June 08, 2010</b>	Date of Third Branch opening at Bangshal
<b>September 08, 2014</b>	Date of Forth Branch opening in Sylhet
<b>September 08, 2014</b>	Date of Fifth Branch opening at Uttara
<b>June 10, 2007</b>	Date of Initial Public Offering
<b>September 06, 2007</b>	Listing on Dhaka Stock Exchange
<b>August 28, 2007</b>	Listing on Chittagong Stock Exchange
<b>September 11, 2007</b>	Trading on DSE & CSE
<b>December 28,2010</b>	Equity Participation in BD Finance Securities Limited
<b>August 10,2011</b>	Equity Participation in BD Finance Capital Holdings Limited
<b>January 17, 2016</b>	Launching of BD Finance First Mutual Fund
<b>December 07, 2017</b>	Date of Sixth Branch opening at Gazipur
<b>December 27, 2018</b>	Date of Seventh Branch opening at Jashore

# PERFORMANCE AT A GLANCE





# PERFORMANCE AT A GLANCE



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## NOTICE OF THE 20<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting (AGM) of Bangladesh Finance And Investment Company Limited will be held on Monday, **27 May 2019, at 11.00 AM at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka- 1000** to transact the following businesses:

1. To receive and adopt the Audited Financial Statements for the year ended on December 31, 2018 together with the Report of the Directors' and the Auditors' thereon;
2. To declare Dividend for the year ended on December 31, 2018 as recommended by the Board of Directors;
3. To elect/re-elect Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company;
4. To approve appointment of Independent Director for a term of three years;
5. To appoint Statutory Auditors for the year 2019 until conclusion of 21<sup>st</sup> AGM and to fix their remuneration;
6. To appoint Compliance Auditor as per Corporate Governance Code for the year 2019 and to fix their remuneration.

By the order of the Board

Dated, Dhaka  
May 12, 2019

  
**Munshi Abu Naim ACS**  
Company Secretary

### NOTES:

- a) The Record Date: **May 06, 2019**.
- b) The shareholders' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to attend the AGM and receive the dividend.
- c) Any member of the Company eligible to attend and vote at the general meeting may appoint a proxy to attend and vote on his/her behalf.
- d) The proxy form duly filled in and signed by the Member and stamped must be submitted at the Registered Office of the Company at least 48 hours before the meeting.
- e) Members are requested to update their 12-digit e-Tin number and changes of addresses, if any, through their respective Depository Participants before the Record Date.





**Receivable Finance**

**TIME WAITS FOR NO ONE. YOUR FUNDS SHOULDN'T EITHER!**

**HOTLINE : 01618 44 89 55**  
**HUNTING : +88-02-9559146**

বাংলাদেশ ফাইন্যান্স এন্ড ইনভেস্টমেন্ট কোম্পানী লিমিটেড

## VISION

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



## MISSION

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







## STRATEGIC OBJECTIVES

- Ensure growth by providing diversified and innovative services
- Optimization of profitability through best utilization of resources
- Enriching business portfolio maintaining proper due diligence
- Remain compliant on all regulatory issues and prudential guidelines.
- Continuing long term relationship with clients based on Trust and Confidence
- Providing best services to all of our stakeholders which add real value to their wealth





## CORE VALUES

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





# CODE OF CONDUCT AND ETHICS

Our Code of Conduct is driven by our ethical values that we nurture in all our endeavors. In principle, following norms are ingrained in us:

- No deviation from the standardized principal or policy;
- Acting with integrity and dignity along with ethical standard;
- Fair and truthful disclosures and thereby remaining transparent;
- Committed to deliver topnotch hassle-free services to our clientele;
- Want to remain law abiding corporate citizen;
- We are well aware of our societal obligation and that's why our journey ahead is always

underpinned by the following three interweaving pillars –

- i. People
- ii. Planet
- iii. Profit



# MESSAGE FROM THE CHAIRMAN

**Dear valued shareholders,**

This is a matter of pleasure and privilege for me to welcome you on this auspicious occasion of the 20th Annual General Meeting of Bangladesh Finance And Investment Company Limited. This is also the grand occasion to present the Annual Report along with the Audited Financial Statements of the Company for the year ended 31st December 2018 for your kind information.

The global economic climate emerged with a positive tune for the last two years. In the year 2016 the global GDP growth was 3.27%, subsequently the global economy continued to make recovery with GDP growth by 3.74% in 2017 and 3.73% in 2018. On the other hand, the economy of Bangladesh appeared to be more favorable in many aspects. In the year 2018 the GDP of Bangladesh grew at 7.86%, the highest ever for the country, which is mainly driven by strong domestic demand and continued investment in large-scale public projects and private investment.

Our economy is projected to grow at an even faster pace as new economic reforms and Government's mega infrastructure projects come into light. Bangladesh is likely to be the biggest mover in the global gross domestic product rankings in 2030, becoming the 26th largest economy in the world from 42nd now, according to the latest report of HSBC Global Research.

If we look at our financial industry, the year 2018 has been a challenging year for us due to rapid growth in cost of fund, liquidity crunch and increasing trend of classified loan-lease. Despite so many odds, BD Finance once again made the year 2018 as another year of success for us, keeping classified loan ratio much better and liquidity position intact. During the year of 2018, the investment portfolio slightly fell to Tk. 13629.15 million from that of Tk. 14,009.17 million in 2017. Increased borrowing cost and tight liquidity situation made hindrance towards our performance. In our strategy, we focused on recovery and NPL management as matter of priority. We were able to reduce the NPL at a significant level which helped us to earn a decent profit for the year under review. We did not indulge in any aggressive lending while booked some quality assets into our portfolio. Our net profit stands at TK. 277.22 million in the year 2018 comparing to Tk. 209.78 million in the year 2017 registering an increase of 32.15%. we have taken strides in order to augment more technologically driven services.

Many of our plans are underway of execution.



We have already taken steps to expand our SME services in a wider range and thus increased our portfolio. We introduced a new branch at Jashore in 2018, and more branches to be introduced gradually at main business hubs of the country to expand our business footprint.

We strive to bring up the quality of our services so that everyone can benefit from it. Our customer service department is always ready to facilitate our existing and potential customers more conveniently to know about our various products and services. We have already introduced some new loan and deposit products for different segment of people of the society, there are more to come soon. We have already recruited quality people to deliver these extended services. The trust and confidence of our clients on us is the key source of encouragement for us in our journey ahead.

During the year under review the shareholders' equity of the company increased to Tk. 2393.16 million from Tk. 2,115.95 million in 2017. The Board of directors recommended 10% stock dividend for the year. The Board feels that the stock dividend will enhance the strength of the financial position of the company.

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

Not only growing in terms of profitability, the board of BD Finance remains extremely focused on ensuring that we have effective corporate governance, risk management and internal control systems in place which are vital for long term sustainability and growth. At the same time, our relentless effort on maintaining long-term business relations with our valued clients will be our top most priority.

We are hopeful that the investment climate of Bangladesh would improve in coming years, which would fuel up the business growth of our company. We are contentiously working towards achieving the vision of our company. We look forward to capitalizing the immense potential in the new growth area of Bangladesh economy.

I, on behalf of the Board, express my whole hearted thanks to the shareholders now present in our midst and all other who could not remain present for their continuous support and interest shown as well as the confidence that they had reposed on us. I am also thankful to the management and staff members of BD Finance for their sincere efforts and professional outlook that has proved to be instrumental to conduct the overall operations of BD Finance smoothly. I would like to put on record my heartfelt gratitude to Bangladesh Bank, Securities & Exchange Commission, Stock Exchanges and all other stakeholders for their continuous support and guidance.

Wishing you all the best,



**Manwar Hossain**

Chairman

Bangladesh Finance And Investment Company Ltd.

## BOARD OF DIRECTORS

**Mr. Manwar Hossain**

Chairman

Nominated by Hossain Dyeing & Printing Mills Ltd.

**Mr. Khondker Fazle Rashid**

Director, Nominated by Khaled Iron & Steel Mills Ltd.

**Mr. Golam Hafiz Ahmed**

Director, Nominated by Anwar Steel Mills Limited

**Mrs. Shahnaz Rashid**

Director, Nominated by Anwar Ispat Limited

**Mr. Yousuf Aman**

Director, Nominated by Anwar Silk Mills Limited

**Mr. Ihtiaz Yousuf**

Director, Nominated by Mehmud Industries (Pvt.) Limited

**Mr. Geasuddin Ahmed**

Director

**Mr. Imtiyaj Yousuf**

Director

**Mr. Ansar Uddin Ahmed**

Independent Director

**Mr. Md. Abul Quasem**

Independent Director

**Mr. Tarik Morshed**

Managing Director & CEO

**Munshi Abu Naim ACS**

Company Secretary





## BRIEF PROFILE OF THE DIRECTORS



**Mr. Manwar Hossain**  
Chairman

**Nominated by Hossain Dyeing & Printing Mills Ltd.**

Mr. Manwar Hossain is the Group Managing Director of Anwar Group. After having completed BBA & MBA from University of New Hampshire, USA in 1993, he joined the family conglomerate – Anwar Group of Industries during 1994. His Business skill & entrepreneurial spirit has fetched him greater responsibilities to lead the conglomerate as its Managing Director under the umbrella and dynamic leadership of his father Al-haj Anwar Hossain. The group comprises of several manufacturing industries including A One Polymer Ltd., Anwar Landmark Ltd., AG Automobiles Ltd., Anwar Ispat Ltd., Anwar Cement Mills Ltd., Anwar Silk Mills Ltd. His contribution in banking and Financial Institution is also noteworthy. As former Director of the City Bank Ltd. he has made substantial contribution to the growth of the Bank. He was elected as the youngest Vice Chairman in Banking Sector of Bangladesh in the Board of City Bank Ltd. in 1999 – 2000. BD Finance is also benefited quite well by his conscientious and pragmatic decisions. He is the President of Bangladesh Auto Re-Rolling & Still Mills Association, First Vice-President of Bangladesh Cement Manufacturer Association and Honourable member of Dhaka Club, Kurmitula Golf Club, Army Golf Club, American Alumnae and FBCCI. Recently he has achieved prestigious recognition “Global Asian of the Year” organized by Asia One in Singapore.





**Mr. Khondker Fazle Rashid**

Vice- Chairman

Nominated by Khaled Iron & Steel Mills Ltd.

Mr. Khondker Fazle Rashid is a seasoned banker having extensive experience including in the top management level. Mr. Rashid after completing MBA from IBA, DU joined in banking profession in Sonali Bank Limited in the year 1978. He also served four leading private sector Banks of the country with outstanding performance. He played the role of Managing Director in two commercial Banks namely Dhaka Bank Limited and The Premier Bank Limited. He attended many workshops, seminars and professional training programs in home and abroad during his last four (4) decades of career in the banking industry. He also served as Secretary General of Association of Bankers, Bangladesh (ABB). He is also the chairman of Executive Committee of BD Finance.

**Mr. Golam Hafiz Ahmed**

Director; Member of EC

Nominated by Anwar Steel Mills Ltd.

Mr. Golam Hafiz Ahmed is a seasoned banker having extensive experience and expertise on all the core areas of banking operations. Mr. Hafiz is the immediate past Managing Director & Chief Executive Officer of NCC Bank Limited. Besides, he has served both foreign and local banks during his last 34 years of career in the banking industry.





**Mrs. Shahnaz Rashid**  
Director  
Nominated by Anwar Ispat Limited

Mrs. Shahnaz Rashid is a graduate and is associated with the business activities of Anwar Group of Industries since long. During this time, she has gathered much knowledge about different aspects of successful business operations. She is also the member of Audit Committee of BD Finance.

**Mr. Yousuf Aman**  
Director; Member of EC  
Nominated by Anwar Silk Mills Ltd.

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





**Mr. Geasuddin Ahmed**  
Director; Member of EC

Mr. Geasuddin Ahmed is a science graduate and is the Managing Director of Dhaka complex (Pvt.) Ltd and also a partner of M.G tower. He is the past Director of the Dhaka Chamber of Commerce and Industry, past Chairman of British American International School, distributor of British American Tobacco Company Ltd., former Secretary General of Dhaka Metropolitan Film Exhibitors. Mr. Ahmed has also been into business delegation with the Prime Minister of Bangladesh to USA, Japan, China & Bhutan. Mr. Ahmed is a third generation businessman from a traditional business family. His father, Late Mohammad Hossain started his business at Adamjee, Narayanganj in 1953 and was engaged in trading of yarn, coal and in wholesale business. His grandfather late Sheikh Mohiuddin was involved in agro product trading business at Bikrampur in early 1900s.

**Mr. Ihtiaz Yousuf**

Director  
Nominated by Mehmud Industries (Pvt.) Ltd.

Mr. Ihtiaz Yousuf is a young entrepreneur in the Steel Industry coming from a family involved with Steel business. He has completed his Bachelor of Business Administration (BBA) from London School of Commerce (UWTSD).





**Mr. Imtiyaj Yousuf**  
Director

Mr. Imtiyaj Yousuf is an energetic, young business entrepreneur. He is the proprietor of Imtiyaj Steel and Omega International. He has proved himself as a good business leader. He is also one of the members of Audit Committee of BD Finance.

**Mr. Ansar Uddin Ahmed**  
Independent Director; Chainman of Audit Committee

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





**Mr. Md. Abul Quasem**

Independent Director; Member of Audit Committee

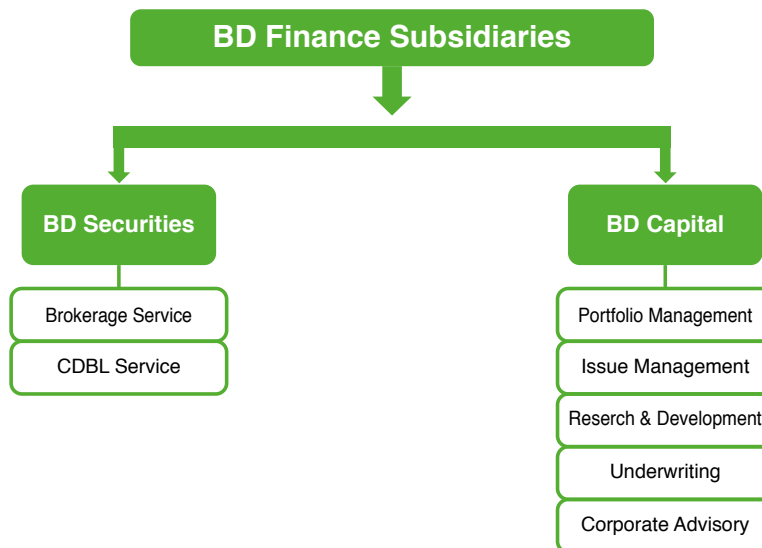
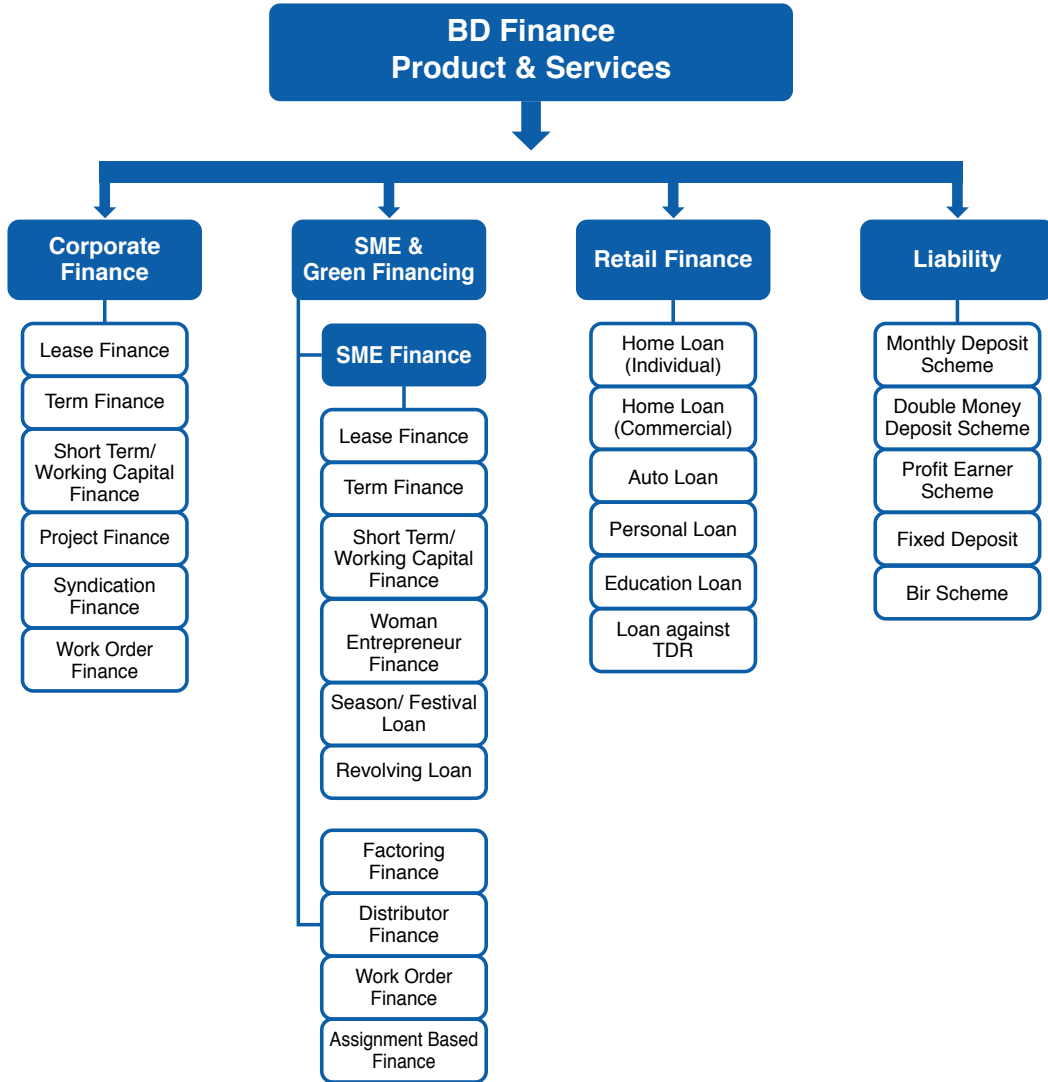
Mr. Md. Abul Quasem completed his B.S.S. (Hons.) in Economics and M.S.S. Economics respectively in 1973 and 1974 from University of Dhaka. He joined Bangladesh Bank as an Assistant Director in 1976. He was appointed as the Deputy Governor of Bangladesh Bank twice. During that period, he performed his responsibilities in many departments like Currency Management and Payment System, Accounts & Budgeting, Debt Management, Special Studies Cell, SME & Special Programs, Printing and Publications, Common Services, Investment Promotion & Financing Facility Project cell, Expenditure Management, Research, Statistics, Law, Monetary Policy etc. During his long tenure (about 40 years) of working in Bangladesh Bank he attended many domestic/foreign trainings and seminars in different international organizations in various countries around the globe.

**Mr. Tarik Morshed**

Managing Director and CEO

Mr. Tarik Morshed joined BD Finance as Managing Director and CEO on the 23rd April 2018. Mr. Tarik has more than 30 years of extensive and versatile professional experiences in the Banking Industry. He completed his Honours and Masters in Management from Rajshahi University. He started his professional life with BRAC. He had been the Regional Manager (Credit Program) in BRAC prior to starting his banking profession in 1995 in Social Islami Bank Limited (SIBL). He served SIBL for 22 years including 10 years as Branch Manager including Gulshan Branch and Principal Branch of the Bank with proven record of contributing to the profitability of the bank by generating income and revenue growth. He was awarded as “Best Manager” of the “INDUSTRY Based 10 (Ten) Best Bank Manager Award” for his remarkable performance. He has participated in a good number of Training Programs/Seminars/Symposiums on Banking and Finance both in home and abroad. He was the ex-Additional Managing Director of SIBL.









## STATEMENT FROM MD & CEO

**Dear Stakeholders,**

**Assalamualaikum**

I welcome you on the event of 20<sup>th</sup> Annual General Meeting of Bangladesh Finance And Investment Company Limited (BD Finance). Although there were some barriers in 2018 for enhancing the business, we have passed successfully which has been reflected in the Annual Report of 2018 and in different financial indicators. This success is the outcome of combined efforts of all the employees of BD Finance in line with the well timed directives of the Board of Directors.

In the year 2018, we have concentrated in consolidation of our credit portfolio and recovery of overdue/classified loan and lease accounts rather expansion of the portfolio. You are aware that last couple of years were very tough for the Non-Bank Financial Institutions (NBFI) as money market was not favorable. Because of liquidity exigency in the market, deposit mobilization became slower. On the other hand, because of the overall market condition, depositors started encashment of their term deposits. As a result, cost of fund became high which caused increase of interest rate against loan/lease. In this situation, we have taken business strategy for regularization of overdue/classified loan and lease accounts through adjustment and rescheduling. As a result, percentage of loan classification reduced from 6.08% (in 2017) to 4.42% (in 2018) and profit growth stood at 16.30% from the last year. We have also exerted our relentless efforts for improving the total credit portfolio of BD Finance, reflection of which is as under:



Particulars	2018	2017
Credit Rating	Long Term : A+ Short Term : ST-2	Long Term : A Short Term : ST-3
Non-Performing Loan (NPL)	4.42%	6.08%
Earnings Per Share (EPS)	Tk. 1.82	Tk. 1.38
Net Asset Value per share	Tk. 15.71	Tk. 15.28
Capital Adequacy Ratio	15.46%	13.56%
Profit Before Tax & provisions	Tk. 395.95 Million	Tk. 240.33. Million

### An overview of Bangladesh Economy:

The Bangladesh economy has been maintaining a sustained economic growth over the last few years. The economy grew at a rate of 7.86 percent in FY2017-18, satisfactorily up from 7.28 percent growth in FY2016-17. The per capita national income reached US\$1,751 in FY2017-18, up by US\$141 a year earlier. Investment GDP ratio increased to 31.23 percent in FY2017-18, from 30.51 percent in previous fiscal year. According to Asian Development Bank (ADB) report, GDP growth in Bangladesh is the highest in the Asia. Achieving 8% economic growth for two consecutive years i.e. this fiscal year and the next Bangladesh is the fifth fastest growing economies in the world. Reason behind it is the robust private consumption and continued recovery of remittance flow. For ensuring the overall development of the country towards achievement of Millennium Development Goal (MDG), the government has been taking initiatives for different sectors such as Communication, Power and Energy, IT etc.

With a view to attaining Sustainable Development Goal (SDG), it is very necessary to invest in economic sector especially in industry and production sectors. The government is working for the overall development of investment scenario for the purpose of increasing domestic and foreign investment which relates to development activities. Now, the government is implementing different development projects under Public-Private Partnership (PPP) model. Bangladesh has achieved stable credit rating by Moody's (Ba3) and S&P (BB-) for the ninth consecutive time.

All the government initiatives will promote the overall economic activities of the country. Bank and Non-Bank Financial Institutions (NBFI) play a vital role in the economy as financial intermediary. We hope that in the coming days, fund flow will be developed and at the same time, cost of fund will also be reduced which will enable us to finance in the different sectors smoothly.

### Financial Performance and Position over time:

The financial market went through many ups and downs over the past few years. BD Finance endeavored to give emphasis on those areas which were suitable based on the economic scenario of the country. BD Finance focuses on long term sustainable growth and enhancement of shareholders' wealth.

(Figure in Million Taka)

Particulars	2013	2014	2015	2016	2017	2018
Interest Income	1127.10	1777.83	1786.51	1760.43	1592.25	1,848.87
Operating Profit	316.60	324.19	345.41	393.69	405.41	336.09
Profit Before Taxation	229.20	211.67	292.73	273.91	240.33	395.95
Net Profit After Tax	85.74	68.17	161.82	140.12	209.78	277.22
EPS (in absolute figure)	0.75	0.60	1.41	1.11	1.52	1.82
Classified Loan Ratio	5.28	5.22	4.51	7.83	6.08	4.42
Shareholders' Equity	1547.69	1,615.86	1,710.49	1,906.17	2,115.95	2,393.16
NAV per share	14.88	14.12	14.95	15.14	15.28	15.71

We have successfully managed to keep our interest income at a growing trend against rapid growth in cost of fund all over the industry. Our bottom line figure witness reasonable return for our esteemed shareholders. As we focused on prudent NPL management, our classified loan ratio appeared to the most favorable stand during the last decade. We gradually build up our capital base through enhancement of shareholders' equity. Our liquidity position was also remaining under our sound financial resilience. Our contentious effort is to strengthen our risk management framework and sound control system so that we can boost-up our stakeholders' wealth.

#### **Future Business Plan:**

Bangladesh Finance And Investment Company Limited (BD Finance) started its journey in 1999. The concern has become one of the most renowned Non-Bank Financial Institutions under the dynamic leadership of Mr. Anwar Hossain, a legendary business leader of the country and the Chairman of Anwar Group. BD Finance has been continuing its success under the guidelines of the Board of Directors chaired by his worthy son Mr. Manwar Hossain, a charismatic and promising business leader. Considering the experience of previous couple of years, to maintain the business growth, we have taken business strategies for the next year as hereunder:

- Increase of retail deposit to decrease dependency on bank loan and corporate deposit.
- Diversify the credit portfolio with special emphasize on SME sectors to minimize the concentration risk.
- Expansion of credit exposure under re-finance scheme of Bangladesh Bank, JICA, etc., which are of low cost and beneficial for both the BD Finance and the borrowers.
- Efficient management of all operational expenses.
- Expansion of business network through maximize the range of products and services with attractive benefits.
- Strengthening of monitoring and follow up activities to arrest the rise of NPL.
- Recovery and regularization of existing classified loan/lease accounts.
- Strengthening of IT security systems for ensuring protection against cybercrime.
- Knowledge and skill development of the executives and officers of BD Finance through arrangement of regular training, workshop, seminar, etc., to enable them to face the challenges to be arisen in future and to achieve the goal of the organization.
- Participation in different socio-economic development programs under the activities of Corporate Social Responsibilities (CSR).
- Ensure compliance with the rules and regulations of Bangladesh Bank and all other regulatory authorities in all the operational activities of BD Finance.

#### **Acknowledgement:**

I offer my sincere gratitude to the Honorable Chairman and all other members of the Board of Directors for their necessary support and guidance to achieve the business success in 2018. I thank all the executives, officers and other staffs of BD Finance for their sincere and relentless efforts to implement the business plan for the year 2018. Special thanks for the depositors and lenders for having confidence on BD Finance. I also thank all the stakeholders, valued customers, Bangladesh Bank, BSEC, DSE and CSE for their continuous support, cooperation and guidance.

May Allah bless us all.



**Tarik Morshed**  
Managing Director & CEO



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**bd finance**  
Inspiring Wealth

# COMMITTEES OF THE BOARD & MANAGEMENT

## SUB COMMITTEES OF BOARD

### EXECUTIVE COMMITTEE

Mr. Khondker Fazle Rashid, Director	Chairman
Mr. Golam Hafiz Ahmed, Director	Member
Mr. Geasuddin Ahmed, Director	Member
Mr. Yousuf Aman, Director	Member
Managing Director & CEO	Member

### AUDIT COMMITTEE

Mr. Ansar Uddin Ahmed, Independent Director	Member
Mr. Md. Abul Quasem, Independent Director	Member
Mr. Imtiyaj Yousuf, Director	Member
Mrs. Shahnaz Rashid, Director	Member

## COMMITTEE OF EXECUTIVES

### MANAGEMENT COMMITTEE (MANCOM)

Managing Director & CEO	Convener
Deputy Managing Director	Member
Head of HR & Admin	Member Secretary
Head of CRM	Member
Head of ICC	Member
Chief Financial Officer	Member
Company Secretary	Member
Head of ICT	Member

### ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

Managing Director & CEO	Convener
Deputy Managing Director	Member
Head of CRM	Member
Head of FAD	Member
Head of Treasury	Member Secretary

### CREDIT COMMITTEE (CC)

Deputy Managing Director	Convener
Head of CRM	Member Secretary
Head of Recovery	Member
CFO	Member
Head of SME	Member
Company Secretary	Member



**RISK MANAGEMENT FORUM**

Head of CRM	Convener
Head of ICC	Member
Head of Recovery	Member
Head of Treasury	Member
Head of CAD	Member
Head of ICT	Member

**Risk Analysis Unit:** Concurrent with the formation of the Risk Management Forum (RMF), BD Finance Risk Analysis Unit was formed to act as the secretariat of the RMF with the responsibility of identifying and analyzing various types of risks appropriately and in a timely manner. The head of internal control and compliance acts as the Head of RAU

**INTERNAL CONTROL & COMPLIANCE COMMITTEE**

Managing Director	Convener
Deputy Managing Director	Member
Head of ICC	Member Secretary
Head of Recovery	Member
Legal In-charge	Member
Head of FAD	Member
Head of Treasury	Member
Company Secretary	Member

**HR COMMITTEE**

Managing Director & CEO	Convener
Deputy Managing Director	Member
Head of HR & Admin	Member Secretary
Company Secretary	Member

**CORPORATE GOVERNANCE COMMITTEE**

Company Secretary	Convener & Member Secretary
Head of HR & Admin	Member
CFO	Member

**IT DEVELOPMENT COMMITTEE**

Managing Director	Convener
Head of ICT	Member Secretary
Head of CAD	Member
CFO	Member
Company Secretary	Member
IT System Auditor	Member

**ANTI MONEY LAUNDERING/ CENTRAL COMPLIANCE UNIT (CCU)**

<b>CFO</b>	CAMLCO, Member Secretary
<b>Head of Treasury</b>	DCAMLCO, Member
<b>CTO</b>	Member
<b>Head of CRM</b>	Member
<b>Head of Business</b>	Member
<b>Head of Liability</b>	Member

**NATIONAL INTEGRITY COMMITTEE**

<b>Head of HR &amp; Admin</b>	Focal Point
<b>Head of ICC</b>	Member
<b>Head of Treasury</b>	Member
<b>SEO, Planning &amp; Branches Control</b>	Member Secretary

**GREEN BANKING & CSR UNIT**

<b>Head of SME</b>	Convener
<b>Head of IT</b>	Member
<b>Head of HRM</b>	Member
<b>Company Secretary</b>	Member

**RECOVERY COMMITTEE**

<b>Managing Director</b>	Convener
<b>Deputy Managing Director</b>	Member
<b>Head of Recovery</b>	Member Secretary
<b>CFO</b>	Member
<b>Head of CAD</b>	Member

**PURCHASE & PROCUREMENT COMMITTEE**

<b>Managing Director &amp; CEO</b>	Convener
<b>Deputy Managing Director</b>	Member
<b>Head of Admin/GSD</b>	Member Secretary
<b>CFO</b>	Member
<b>Company Secretary</b>	Member





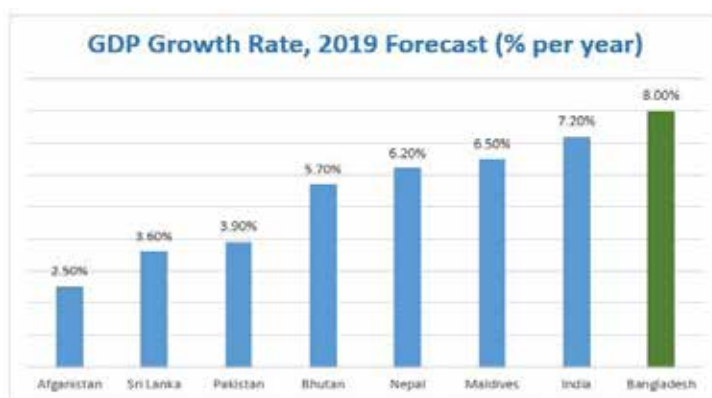
# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Dear Shareholders

It is my immense pleasure to welcome you in the 20th Annual General Meeting of Bangladesh Finance And Investment Company Limited. On behalf of the Board of Directors I am presenting the Directors' Report together with the Audited Financial statements for the year ended December 31, 2018. This report has been prepared in compliance with section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

The overall global economic growth took an upturn in the year 2017 and the growth for 2018-19 is projected to remain steady at the level of 3.7 percent. The falling trend of crude oil price was rebounded in the year 2018, particularly it was more volatile in the later part of the year leading to an increase in the production cost as well as inflation.

It is expected that the average GDP growth in Emerging Asia will stand at 6.1 percent in the next few years which will be a major driver of world economic growth. The regional outlook for Southeast Asia is moderately favorable, but economic trends are highly divergent across countries.



Source: Asian Development Bank, Asian Development Outlook 2019

The GDP in Southeast Asia is forecasted to grow around 5.2 percent during 2019 to 2023.

## Bangladesh Economy Review

According to a new World Bank report Bangladesh is continuing its strong development trajectory, even as the pace of poverty reduction has slowed down. Despite challenges, our country maintained robust growth. Our exports have rebounded – primarily led by the Ready-Made Garments (RMG) sector – with a 6.33% growth in FY18, compared with 4% in the previous year.

Our GDP growth is projected to be vigorous, i.e. at 8 percent range during FY18-20 which revealed through a report of Asian Development Bank. The key growth drivers are expected to be exports, driving manufacturing growth, and services, driven primarily by domestic consumption. Despite being affected by recurring floods in 2017, agriculture sector rebounded. However, private investment, which stagnated in recent years, is expected to pick up with growing confidence on infrastructure development prospects, strong domestic demand, and stronger global markets.

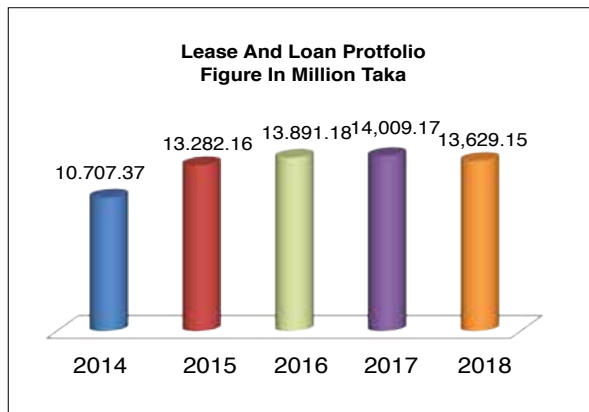
## Industry outlook and prospect

Non-Bank Financial Institutions (NBFIs) have been playing an indispensable role in the financial industry since the industry started its journey back in 1981. NBFIs provide variety of financial services; some having common characteristics of banks and some of its own which have brought diversification in the financial market. Likewise banks NBFIs are supervised by Bangladesh Bank under a risk-based supervisory system. As on the information upto September 2018, the total assets of non-banking financial institution sector stood at 882 billion which was around 810 billion at the same time in the preceding year representing a growth of 8.8%. The total loans and advances stood at 640 billion compared to 594 billion in the previous year. There was a weaker growth in loans and deposits due to tight liquidity condition through the year 2018. Deposit mobilization still seems to be the main challenge.

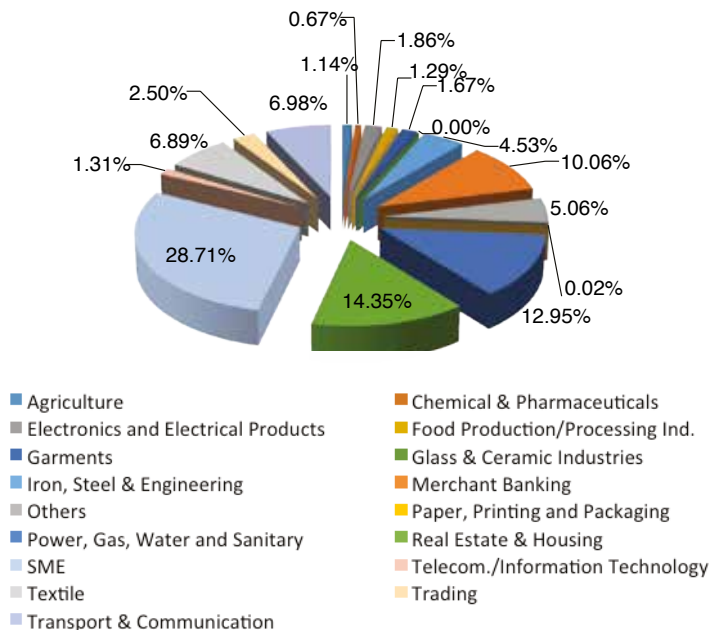
To overcome the situation NBFIs may explore possibilities to gain new sources of funds. Bangladesh Bank took several measures to restore stability in the financial sector. It is desirable that the regulators will introduce more favorable policies. If that happen, the financial climate may significantly change and the financial industry may regain its impetus.

### Performance of BD Finance in 2018

BD finance has a strategy to improve its business portfolio by scouting good quality assets and to maintain a sustainable growth. In the year 2018, the financial industry went through massive challenges. Severe fund crisis and growing non-performing loans were big concern for the industry. Keeping that in mind, BD finance concentrated more on recovery effort and successfully managed to bring its classified loan ratio down to 4.42% from 6.08%. The investment portfolio in lease and loan finance slightly decreased to TK. 13,629.15 million in 2018 from TK. 14,009.17 million in 2017.

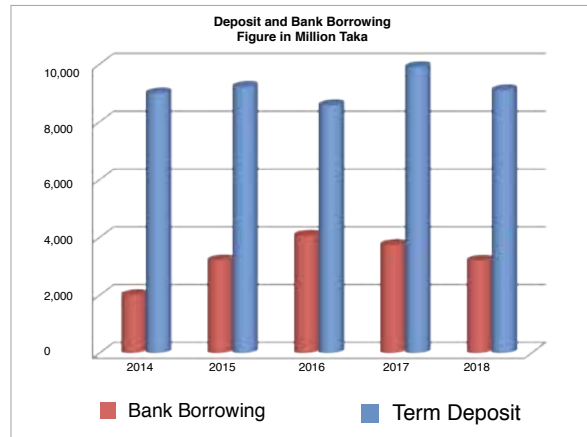


BD Finance maintained a well-diversified investment portfolio to provide customer centric financial services to the wider range of people of the country. The sector wise investment portfolio as on 31 December 2018 is furnished below:



We continued to finance various business units under the SME program and participated in the refinancing program of Bangladesh Bank, JAICA and Women Entrepreneur loan. The total amount of loan under SME during 2018 increased to Tk. 397.31 crore against TK. 193.61 crore in 2017 registering a growth of 205.21%. The core deposits during the year 2018 decreased to 9,579.21 million from 10,192.10 million from 2017.





The term deposit declined by 8% in the year 2018 compared to previous year due to liquidity crisis in the market. Again, the dependency on bank borrowing got reduced in the year 2018. At the end of the year 2018 customer deposit base of BD Finance stood at TK. 9103.95 million in from TK. 9907.42 million in 2017.

Operational performance of BD Finance is summarized below:

(Taka in Million)

Particulars	2018	2017	Growth
Interest Income	1848.87	1592.26	16.12%
Interest Expenses	1420.48	1166.23	21.80%
Net Interest Income	428.39	426.02	0.56%
Total Operating income	559.23	591.91	-5.52%
Profit Before Provision	336.09	405.41	-17.10%
Profit before Tax	395.95	240.33	64.75%
Net Profit After Tax	277.22	209.78	32.15%

The interest Income increased to TK. 1848.87 million in 2018 from TK.1592.26 million in 2017 representing a growth of 16.12%. On the other hand, interest expenses increased to the tune of 21.80% due to higher cost of borrowing. Overall net interest income resulted in a positive tune of 0.56%. The operating income stood at TK. 559.23 million in 2018 from TK. 591.91 million in 2017. The net profit after tax increased to TK.277.22 million in 2018 from TK. 209.73 million in 2017 which represented a growth of 32.15% in the EPS for the year under review. Through proper NPL management and dedicated recovery effort we were able to reduce our NPL which brought a positive impact on our profitability in the year 2018.

### Risk Management

Taking on credit exposure is a defining element of our business, and risk management of lending activities is a major challenge. Our risk management practices are currently undergoing a significant transformation, entailing a greater emphasis on the systematic analysis and assessment of the quality of the lease/loans and the development of qualitative and quantitative parameters for detailed estimates of credit risk. These quantitative measures are being used for internal estimates of the amount of provisions and capital necessary to support these risks.

### Credit Rating

BD Finance has been awarded credit rating "A+" in Long Term and ST-2 in Short Term by Emerging Credit Limited (ECRL) based on the audited Financial Statements for the year ended 31-Dec-2017. The validity of the rating is up to October 30, 2019.

### Extra-ordinary gain/loss and significant quarterly variance

During the year 2018 there were no such event occur which resulted into any extra-ordinary gain or loss. Among the quarterly performance, Earnings Per Share increased significantly in Q4 compare to Q3 due to recovery/regularization of non-performing loan/lease in Q4 thereby release of Interest Suspense, booking of delinquent/penal interest and

significant reduction of Loan/Lease Provision requirement as well as Income from investment in securities which have significant impact on total operating income, profit before tax and EPS.

### **Significant deviation from last year operating results**

Due to recovery/regularization of non-performing loan in current year, Classification Ratio reduced to 4.42% as against 6.08% in 2017. Therefore, Loan/Lease provision requirement decreased significantly in current year which have positive impact on profit before tax compare to previous year. On the other hand, Income from Investment in Securities decreased significantly from previous year due to unstable situation in capital market thereby operating income reduced in current year compare to that of previous year.

### **Statement of Directors on Financial Reporting Framework**

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

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

### **The Directors also report that:**

- The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

### **Key operating and Financial Data**

Key operating & financial data over the last five years as per requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 are presented in annexure-V to this report on page no. 57 insert. Highlights of overall operations of the Company as per DFIM Circular No. 11 dated December 23, 2009 are also been presented on page no. 58.

### **Dividend**

The Board of Directors proposed 10% stock dividend i.e. 10 (Ten) bonus shares for every 100 (One Hundred) shares based on the total 138,454,222 Ordinary Shares of Tk. 10/- each for the year ended December 31, 2018. Considering the overall situation of the financial sector of the country, the Board believe that the stock dividend will strength current financial eminence of the company as well as better prospect. The company did not declare any interim dividend during the year 2018.

### **Meetings Attendance & remuneration**

During the year 2018 a total 9 (Nine) Board Meetings, 4 (four) Executive Committee Meeting & 4 (four) Audit Committee meetings were held. The detail of meeting attendance by the Directors along with remuneration paid to them are disclosed in Annexure- II of this annual report on page no. 40.

### **Shareholding Pattern**

According to the CDBL report there were 12,266 number of registered ordinary shareholders as on 31<sup>st</sup> December 2018. The shareholding pattern of the Company as on December 31, 2018 is disclosed as per new Corporate Governance Code of BSEC in Annexure-I of this report on page no. 39.



## Directors' Rotation and Re-appointment

As per Articles 126, 127 and 128 of the Articles of Association of the Company, the following Directors shall retire from the office by rotation at the 20<sup>th</sup> Annual General Meeting and being eligible are seeking re-election:

### Mrs. Shahnaz Rashid

(Nominated by Anwar Ispat Ltd.)

### Mr. Manwar Hossain

(Nominated by Hossain Dyeing & Printing Mills Ltd)

### Mr. Yousuf Aman

(Nominated by Anwar Silk Mills Ltd.)

Brief Resume and other information of the Directors as per clause 1.5 (xxiv) of BSEC Corporate Governance Code as on 03 June 2018 are depicted in the page no. 18-23. The names of the companies in which the person also holds the directorship is shown in the note no 43.1 of the Financial Statements.

## Appointment of Independent Director

The Independent Directors were duly appointed according to the Corporate Governance Code as prescribed by Bangladesh Securities & Exchange Commission (BSEC). The Tenure (2<sup>nd</sup> term) of Ex-independent director Mr. Haider Ahmed Khan FCA was come to an end on the 6<sup>th</sup> August 2018. The Board of directors appointed Mr. Md. Abul Quasem as the new independent director of BD Finance on the 221<sup>th</sup> Board meeting held on 29 July 2018. The matter is to presented before the shareholders for approval in the 20<sup>th</sup> Annual General Meeting to be held on 27 May 2019.

## Related Party Transactions:

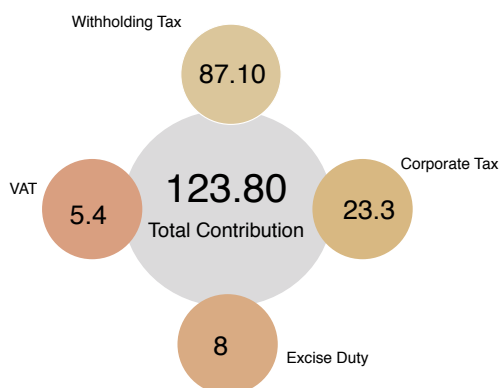
In the normal course of business, BD Finance has entered into very few transactions with related parties during the year 2018. Disclosure of all related party transactions including nature and basis of such transactions have been furnished in Financial Statements, note no. 43.

## Internal Control:

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

## Contribution to National Economy

BD finance contributes to the national economy mainly through contribution to the National Exchequer, as well as investment in productive enterprises and creating employment thereby.



During the year 2018 BD Finance deposited a total of BDT 123.80 million to the Government Exchequer. Besides that, there was a good number of people were recruited in various positions during the year 2018.



## **Insider Trading**

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

## **Going Concern**

The Directors after necessary reviews and inquiries including next year budget, capital expenditure requirements, ability of making timely debt payment, company's liquidity position, ability to meet the running expenses, future prospect and risk and changes in Government's policy reasonably predict that the company is well enough to continue its operation into the foreseeable future. Therefore, the Company adopted the going concern basis in preparation of its financial statements.

## **SUBSIDIARY OPERATION**

### **BD Finance Securities Limited (BD Securities)**

BD Securities is a subsidiary of BD Finance providing brokerage services to its clients with a membership of the Dhaka Stock Exchange Ltd. BD Securities commenced its operation in November 2011 and within a short span of time the company has emerged as one of the leading brokerage houses of the country. The total portfolio size of BD Securities stood at TK. 9977.35 crore at the end of year 2018.

### **BD Finance Capital Holdings Limited (BD Capital)**

BD Capital is a 99.972% subsidiary of BD Finance and is a full-fledged Merchant Banker started its operation in October 2013 with a license from the Bangladesh Securities and Exchange Commission (BSEC).

## **Management's Discussion and Analysis**

A detail discussion and analysis of financials, as delivered by the MD & CEO in line with the Corporate Governance Code, is appended on page no. 25.

## **Declaration by the CEO and CFO**

A declaration by the Managing Director and the Chief Financial Officer, as prescribed in the Corporate Governance Code has been given in the page no. 91.

## **Statutory Auditor**

MABS & J Partners, Chartered Accountants were reappointed as the statutory Auditors of the company in the 19<sup>th</sup> Annual General Meeting held on 07 June 2018 for the year 2018 until the date of 20<sup>th</sup> AGM. Being eligible for re-appointment as per Companies Act 1994 (sec: 212) and the Financial Institutions Act 1993 they have expressed their intention to be re-appointed for the consecutive third year of service. The Audit Committee as well as Board of Directors also expressed their recommendation to re-appoint MABS & J Partners, Chartered Accountants to do the external audit of BD Finance for the year 2019 upto the 21<sup>st</sup> AGM subject to approval of Bangladesh Bank and finally by the shareholders in the 20<sup>th</sup> AGM.

## **Status of Compliance on Corporate Governance**

Status of the compliance of conditions of Corporate Governance Code imposed by Bangladesh Securities and Exchange Commission under Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 along with a certificate from a Chartered Secretary in practice has been enclosed as Annexures III to this Directors' Report, starting from page no. 41.

We also appended a statement of compliance on the good governance guidelines issued by Bangladesh Bank as Annexure – IV on page no. 55.



## **Acknowledgement**

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

For and on behalf of the Board of Directors



**Manwar Hossain**  
Chairman

## Pattern of Shareholdings as on December 31, 2018

Shareholders	Position	No. of Shares	%
<b>i) Parent/Subsidiary/Associated Companies</b>			
HOSSAIN DYNG & PRNTNG MILLS LTD.	-	6,357,383	4.17%
MR. MANWAR HOSSAIN (NOMINATED FROM HOSSAIN DYNG & PRNTNG MILLS LTD)	Chairman	128,840	0.08%
KHALED IRON & STEELS MILLS LTD.	-	3,072,916	2.02%
MR. KHONDKER FAZLE RASHID (NOMINATED FROM KHALED IRON & STEELS MILLS LTD)	Vice-chairman	0	0
ANWAR STEEL MILLS LTD.	-	7,285,214	4.78%
MR. GOLAM HAFIZ AHMED (NOMINATED FROM ANWAR STEEL MILLS LTD.)	Director	0	0
ANWAR ISPAT LTD	-	11,507,760	7.56%
MRS. SHAHNAZ RASHID (NOMINATED FROM ANWAR ISPAT LTD)	Director	0	0
ANWAR SILK MILLS LTD.	-	3,078,796	2.02%
MR. YOUSUF AMAN (NOMINATED FROM ANWAR SILK MILLS LTD)	Director	0	0
MEHMUD INDUSTRIES (PVT.) LTD.	-	5,765,422	3.79%
MR. IHTIYAZ YOUSUF (NOMINATED FROM MEHMUD INDUSTRIES (PVT.) LTD)	Director	0	0
<b>ii) Directors/Sponsors/Top Executive</b>			
MR. GEASUDDIN AHMED	Director	3,053,002	2.01%
MR. IMTIYAJ YOUSUF	Director	3,092,002	2.03%
MR. ABDUR RASHID SALAM	Sponsor	1,102,830	0.72%
MRS. CHOWDHURY MONWAR AHMED SIDDIQUI	Sponsor	1,853,747	1.22%
MR. CHOWDHURY ERTEZA AHMED SIDDIQUI	Sponsor	8,351	0.01%
MR. IHTESHAMUR RAHMAN	Sponsor	325,465	0.21%
Mr. Tarik Morshed, his spouse and minor child	Managing Director & CEO	Nil	-
Mr. Munshi Abu Naim, his spouse and minor child	Company Secretary	Nil	-
Md. Sajjadur Rahman Bhuiyan, his spouse and minor child	Chief Financial Officer	Nil	-
Mr. Md. Abdus Salam Chy., his spouse and minor child	Head of Internal Audit & Compliance	Nil	-
<b>Sub-total:</b>		<b>46,631,728</b>	<b>30.62%</b>
<b>iii) Executive</b>			
Mr. Mohammad Rafiqul Islam, his spouse and minor child	Deputy Managing Director	Nil	-
Mr. A. S. M. Tariqul Islam, his spouse and minor child	Head of HRD	Nil	-
Mr. Abu Rashed Nowab, his spouse and minor child	Head of CRM	Nil	-
Mr. S. M. Shafique, his spouse and minor child	Head of GSD	Nil	-
Mr. A. K. M. Ashfaqur Rahman Chy., his spouse and minor child	Head of Treasury	Nil	-
iv) Shareholders holding 10% of more voting right	-	Nil	-
v) Others		105,667,916	69.38%
<b>Total:</b>		<b>152,299,644</b>	<b>100.00%</b>



## Meeting Attended by the Directors during 2018

Name of Director	Board of Directors Meeting			Executive Committee Meeting			Audit Committee Meeting					
	Total Board Meeting held during directors tenure	Meeting Attended	Attendance as % of total Meeting held	Remuneration Paid for attending the meeting	Total EC Meeting held during directors tenure	Meeting Attended	Attendance as % of total Meeting held	Remuneration Paid for attending the meeting	Audit Committee Meeting held during directors tenure	Meeting Attended	Attendance as % of total Meeting held	Remuneration Paid for attending the meeting
Mr. Manwar Hossain	9	9	100	72,000	-	-	-	-	-	-	-	-
Mr. Gohar Hafiz Ahmed	9	7	78	56,000	4	4	100	32,000	-	-	-	-
Mr. Khondker Fazle Rashid	8	7	88	56,000	4	4	100	32,000	-	-	-	-
Mrs. Shahnaz Rashid	9	6	67	48,000	-	-	-	-	4	3	75	24,000
Mr. Yousuf Aman	9	7	78	56,000	3	3	100	24,000	-	-	-	-
Mr. Ihtiyaz Yousuf	9	6	67	48,000	-	-	-	-	-	-	-	-
Mr. Geasuddin Ahmed	9	9	100	72,000	4	4	100	32,000	-	-	-	-
Mr. Imtiyaz Yousuf	9	8	88	64,000	-	-	-	-	4	4	100	32,000
Mr. Md. Abul Quasem	3	2	67	16,000	-	-	-	-	1	1	100	8,000
Mr. Ansar Uddin Ahmed	9	9	100	72,000	-	-	-	-	4	4	100	32,000



### **Report to the shareholders of Bangladesh Finance and Investment Company Limited on compliance of Corporate Governance Code**

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

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


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

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

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

Dhaka, 18 April 2019

For: Itrat Husain & Associates

  
Itrat Husain FCMA, FCS  
Chief Executive





## COMPLIANCE REPORT ON CORPORATE GOVERNANCE CODE BY BSEC [AS PER CONDITION NO. 1(5)(XXVII)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/MRRCD/2006-158/207/  
Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969:  
**(Report under condition No. 9.00)**

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1.</b>	<b>Board of Directors:-</b>			
1(1)	Size of the Board of Directors: The total number of members of a company's Board of Directors shall not be less than 5 (Five) and more than 20 (Twenty)	✓		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
1(2)(b)(i)	Independent director either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	Independent director is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parent or holding entities who holds one percent (1%) or more shares of the total paid up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		
1(2)(b)(iii)	Has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	Who is not a Member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any Stock Exchange;	✓		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		

1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (Three) years of the company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	Who is an independent director in more than 5 (Five) listed companies ;	√		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (Ninety) days;	√		No such vacancy created
1(2)(e)	The tenure of office of an independent director shall be for period of 3 (Three) years, which may be extended for 1(One) tenure only.	√		
<b>1(3)</b>	<b>Qualification of Independent Director:-</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			Not Applicable



1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	Not Applicable		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountants or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification.	√		
1(3)(c)	The independent director shall have at least 10 (Ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	No such event occurred		
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
<b>1(5)</b>	<b>The Directors' Report to shareholders shall include</b>			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any Extraordinary activities and their implications (gain or loss);	No such event occurred		

1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights Issues and/or any other instruments;	Not Applicable		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	Not Applicable		
1(5)(ix)	An explanation of any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that Financial Statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (Five) years shall be summarized;	√		



1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Not Applicable		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	√		
	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
	Executives;	√		
	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	Not Applicable		
<b>1.5(xxiv)</b>	<b>In case of the appointment or re-appointment of a director, a disclosure on the following information to the shareholders:-</b>			
	A brief resume of the director;	√		
	Nature of his or her expertise in specific functional areas;	√		
	Names of Companies in which the persons also holds the directorship and the membership of committees of the Board.	√		
<b>1(5)(xxv)</b>	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
	Accounting policies and estimation for preparation of financial statements;	√		
	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
	Briefly explain the financial and economic scenario of the country and the globe;	√		



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



2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
<b>3.</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS):-</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	No such event occurred		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meeting</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board.	√		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that is to the best of their knowledge and belief:	√		
	(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
	(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4.</b>	<b>Board of Directors' Committee:-</b>			
	For ensuring good governance in the company, the Board shall have at least following sub-committees: Audit Committee;	√		
	(ii)Nomination and Remuneration Committee.	Note given on No. 6 of this report		

<b>5.</b>	<b>Audit Committee:-</b>			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of Audit Committee shall be clearly set forth in writing.	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee:</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (Three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (One) independent director;	√		
5(2)(c)	All members of the Audit Committee should be “financially literate” and at least 1 (One) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	if the number of members in the Audit Committee falls lower than prescribed 3 (three) persons, the Board shall appoint new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	No such event occurred		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (One) independent director.	√		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (One) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting..;	No such situation occurred		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of the Audit Committee			



5(5)(a)	<b>Oversee the financial reporting process;</b>	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval and adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of Internal Audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by Statutory Auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	Not Applicable		
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
<b>5(6)(a)(ii)</b>	<b>The Audit Committee shall immediately report to the Board on the following findings, if any:-</b>			
	Report on conflicts of interests;	No such event occurred		
	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	No such event occurred		
	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	No such event occurred		
	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	No such event occurred		

5(6)(b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (Six) months from the date of first reporting to the Board, whichever is earlier.	No such reportable incidence arose		
5(7)	Reporting to the shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6.	<b>Nomination and Remuneration Committee (NRC):-</b>	As per Bangladesh Bank guidelines, a Financial Institution (FI) can only form two subcommittees of the Board: Audit Committee (AC) and Executive Committee (EC). However, to comply with this clause, the issue has been communicated to Bangladesh Bank through Bangladesh Leasing and Finance Companies Association (BLFCA). Till the date of reporting, we have not received any direction in this regard.		
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			





6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the Annual General Meeting (AGM) to answer the queries of the shareholders.			
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required in condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			

6(5)(b)	NRC shall observe, among others, the following matters and make report with recommendation to the Board;			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;			
	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
<b>7.</b>	<b>External or Statutory Auditors:-</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company; namely:-	√		
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book Keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker- dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services;	√		
7(1)(vii)	Any service that the Audit Committee determines;	√		



7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders.	√		
<b>8.</b>	<b>Maintaining a website by the Company:-</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance:-</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	Shall be applicable from the 20th AGM		
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.	√		

**Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank**

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

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

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



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



## ANNEXURE- V

### KEY OPERATING & FINANCIAL HIGHLIGHTS

Figure in million Taka

	2014	2015	2016	2017	2018
<b>Operational Performance</b>					
Operating Revenue	1,871.15	1,790.94	1,886.57	1,758.15	1,979.70
Financial Expenses	1,425.90	1,317.38	1,337.90	1,166.23	1,420.48
Operating Expenses	121.05	128.15	154.97	186.50	223.14
Operating Profit	324.19	345.41	393.69	405.41	336.09
Profit Before Taxation	211.67	292.73	273.91	240.33	395.95
Net Profit After Tax	68.17	161.82	140.12	209.78	277.22
<b>Financial Performance</b>					
Lease & Term Finance	10,707.37	13,282.16	13,891.81	14,009.17	13,629.15
Provision Against Investment	373.29	425.97	545.75	536.91	463.24
Investment in Subsidiary	849.93	849.93	849.93	849.93	849.93
Total Assets	14,411.16	16,187.13	16,905.63	18,111.34	17,508.43
Term Deposits	9,001.96	9,225.49	8,589.37	9,907.43	9,103.95
<b>Financial Ratios</b>					
Average effective tax rate (%)	67.79%	44.72%	48.84%	12.71%	29.99%
Return on Equity	4.31%	9.73%	7.75%	10.43%	12.30%
Return on Assets	0.51%	1.06%	0.85%	1.20%	1.56%
Rate of Dividend					
Cash	0.05	0%	0%	0%	0%
Bonus	0%	10%	10%	10%	10%
EPS (Tk.)	0.60	1.41	1.11	1.52	1.82
Price earning ratio (Times)	26.33	8.23	13.47	14.26	8.95
<b>Equity Statistics</b>					
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Number of Shares	114.42	114.42	125.87	138.45	152.30
Year end market price per share (BDT)	15.80	11.60	15.00	21.60	16.30
Shareholders Equity	1,615.86	1,710.49	1,906.17	2,115.95	2,393.16
Market Capitalization ( BDT in million)	1,807.91	1,327.33	1,888.01	2,990.61	2,482.48
Net Asset Value Per Share	14.12	14.95	15.14	15.28	15.71



**BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED**  
**HIGHLIGHTS AS REQUIRED BY BANGLADESH BANK**

**As on December 31, 2018**

(Amount in BDT)

SL #	PARTICULARS	December 2018	December 2017
1	Paid up Capital	1,522,996,440	1,384,542,220
2	Total Shareholders' Equity	2,393,163,425	2,115,945,132
3	Capital Surplus / (Deficit)	899,895,953	588,210,137
4	Total Assets	17,508,430,806	18,111,338,208
5	Total Deposit	9,579,214,627	10,192,102,183
6	Total Loans/Lease Finance	13,629,146,338	14,009,168,768
7	Total Contingent Liabilities and Commitment	100,000,000	100,000,000
8	Investment Deposit Ratio ( % )	142.28%	137.45%
9	Percentage of Classified Investment against total Investments	4.42%	6.08%
10	Profit after Tax and Provision	277,218,296	209,779,968
11	Amount of Classified Investment	602,028,374	852,383,565
12	Provisions kept against Classified Investment	161,494,690	266,441,557
13	Provisions surplus	1,390,000	10,416,007
14	Cost of Fund	10.79%	9.38%
15	Interest Earning Assets	14,238,585,702	14,969,095,270
16	Non-Profit Earning Assets	2,652,465,464	2,505,133,820
17	Return on Investment in Securities (ROI)	4.11%	10.38%
18	Return on Assets (ROA)	1.56%	1.20%
19	Income from Investment in Securities	19,984,901	39,619,578
20	Earning Per Share (Re-stated 2017)	1.82	1.38
21	Price Earning Ratio (Times)	8.95	15.68
22	Book value per share (Per 10 Tk.)	15.71	15.28



**Standing from left:**

Munshi Abu Naim, (Company Secretary); Buddha Dev Sarker (Head of ICT); A. S.M Tariqul Islam (Head of HR & Admin); Tarik Morshed (MD & CEO); Mohammad Rafiqul Islam (DMD); Md. Sajjadur Rahman Bhuiyan (CFO); Mohammad Abu Rashed Nowab (Head of CRM).



## BRANCH-IN-CHARGES



**MIRZA MOHAMMAD MAHABUB RASHED**  
Branch-in-Charge  
Principal Branch



**MR. JOINAL ABEDIN**  
Branch-in-Charge  
Bangshal Branch



**TANZEEM AHMED**  
Branch-in-Charge  
Uttara Branch



**A.K.M. ZAHIRUL ISLAM**  
Branch-in-Charge  
Gazipur Branch



**MD. IQBAL HASSAN**  
Branch-in-Charge  
Sylhet Branch



**MD. ABDULLAH-AL-MAMUN**  
Branch-in-Charge  
Chattogram Branch



**MD. KAMRUL HASSAN**  
Branch-in-Charge  
Jashore Branch

## CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are directed, controlled and managed. Today's business entities experience a variety of conflicts of interest due to its inherent complexities in forms and structures. So Corporate Governance must be there in order to:

- Establish transparent, accountable and ethical corporate practices within the organization;
- Manage the risk in an appropriate manner by establishing good internal control system;
- Eliminate or mitigate conflicts of interest, particularly those between management and shareholders;
- Ensure equitable treatment for all stakeholders outside and within the organization;
- Ensure that the assets of the company are used efficiently and effectively and in the best interest of its shareholders and stakeholders;
- Increase reputation of the Company by means of achieving trust of all the stakeholders.

From the view point of conflicts of interest, two relationships (between management and shareholders and directors and shareholders) are the primary focus in most of the systems of corporate governance. The Directors are the agents of the shareholders. So the Board member owes a duty to make decisions based on what ultimately is best for the long term interests of all the shareholders and stakeholders. In order to do this effectively, the members of the Board must demonstrate the following principles in their activities:

- A. Transparency
- B. Integrity
- C. Independence
- D. Confidentiality
- E. Professional competence & due care

### CORPORATE GOVERNANCE PRACTICE AT BD FINANCE

The corporate governance practices in a Finance Company like us is mainly guided by two regulatory bodies; one is Bangladesh Bank (Central Bank of Bangladesh) and the other body is Bangladesh Securities and Exchange Commission (BSEC). However, BD Finance's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of a financial institution. At BD Finance, Corporate Governance is practiced through maintaining due diligence, discharging due responsibilities by Board of Directors as well as management to safeguard interests of key stakeholders, i.e. depositors, shareholders, employees and the society as a whole.

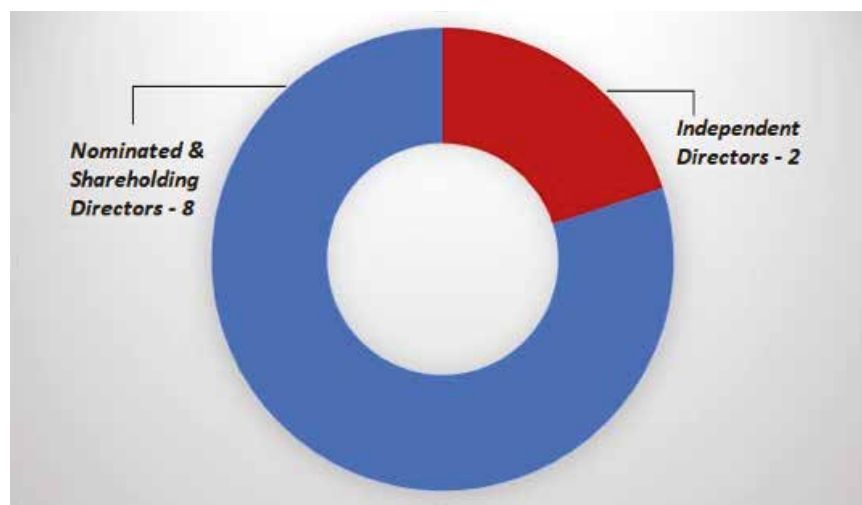
### BOARD OF DIRECTORS

The Board of Directors is currently constituted with 11 directors including Managing Director & CEO. There are 10 (ten) are Non-Executive directors in the Board of BD Finance. The Managing Director & CEO act an ex-officio member of the board and executive committee of the Board. Most of the members of the Board are well experienced in the business arena. They have also sound academic and professional qualification. The Board as well as the Executive Committee review the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the industry. The management operates within the policies, manuals and limits approved by the Board. At BD Finance there is a practice of holding the Board Meetings in a regular basis.

### BOARD DIVERSITY

The Board of BD Finance is well diversified. Among the 10 non-executive members, two are Independent Directors representing the regulatory ratio (1/5). There are six nominated Directors and two shareholding Directors.





There is a women Director in the Board. The Directors of BD Finance are of different age group having diverse professional expertise and knowledge such as business, banking and finance, IT, accounting, marketing, administration which make the Board very proficient and balanced in directing the organization to achieve its desired vision.

#### **APPOINTMENT OF DIRECTORS**

The members of the Board of Directors of BD Finance are appointed according to the provision of Companies Act 1994, Financial Institution Act 1993, Corporate Governance Code as issued by BSEC, Guidelines of Bangladesh Bank and Articles of Association of the BD Finance. In case of appointing Independent Director so many criteria are examined in line with Corporate Governance Code. During the year 2018, Mr, Md, Abul Quasem ex- Deputy Governor of Bangladesh Bank was inducted into the board. The proposal regarding this appointment will be placed before the shareholders for final approval in the 20<sup>th</sup> AGM. On the other hand, Mr, Haider Ahmed Khan, FCA has retired on expiry of his tenure (2<sup>nd</sup> term) as an Independent Director.

#### **MEETINGS OF THE BOARD OF DIRECTORS**

The meetings of the Board of Directors are held in a regular basis at BD Finance. At each meeting, management provides information, references and detailed working papers for each agenda to all directors for consideration at least three days before the meeting along with the Implementation Status of the decisions taken in the previous meetings. The Chairperson of the Board of Directors allocate sufficient time for the directors to consider each agenda in a prudent way and allows them to freely discuss, inquire and express opinions in order to adopt better decisions for the greater interest of all the stakeholders.

BD Finance conduct its Board meeting and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

#### **SEPARATION OF CHAIRMAN AND MANAGING DIRECTOR'S ROLE**

In compliance with Bangladesh Bank and clause 1(4) of BSEC Corporate Governance Code issued on 03 June 2018, we report that the Chairman of the Board has been elected from among the directors and there are clear and defined roles and responsibilities of the Chairman and the Managing Director.

The Chairman of the Board approves the agenda for the Board Meetings, assisted by the Managing Director and the Company Secretary. The agenda include various credit proposals as well as core risk and credit policy, corporate governance, CSR and organizational structure, human resources policy, customer and service strategies, procurement policy, etc.

On the other hand, MD, being the head of management team, is accountable to the Board and its committee to run and



manage BD Finance in accordance with the prescribed policies, principles and strategies, established by the Board as well as rules, regulations and guidelines from Central Bank, BSEC and other regulatory authority. Management's primary responsibilities are:

- To Manage the operation of BD Finance, safeguarding interests of customers and other stakeholders with the highest standards of ethics and integrity;
- To Implement the policies and strategic direction, established by Board;
- To Establish and maintain a strong system of internal control;
- To Ensure the BD Finance's compliance with applicable legal and regulatory requirement.

## **RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD**

The Specific responsibilities of the Chairman are to:

- Provide allover leadership to the Board as well as led the organization towards strategic direction
- Take leading role in determination of composition and structure of the Board, which will involve in regular assessment of the:
  - Size of the Board
  - Interaction, harmony and involvement of the directors
  - Set the Board's agenda and plan Board Meeting;
  - Chair all Board Meetings, directing debate towards consensus;
  - Ensure that the Board receives appropriate, accurate, timely and clear information;
  - Chair the AGM and other shareholders' meetings to foster effective dialogue with shareholders;

## **BENEFITS PROVIDED TO DIRECTORS AND MANAGING DIRECTOR**

Directors are entitled to fees for attending the Board Meeting, Executive Committee Meetings (Notes to the Financial Statement No. 29) and Audit Committee Meetings. Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statement No.28). BD Finance has fully complied with Bangladesh Bank Circular and Guidelines.

## **APPOINTMENT OF EXTERNAL AUDITORS**

BD Finance follows all the rules and regulations regarding appointment of External Auditor. The current Auditor of BD Finance is MABS & J Partners, Chartered Accountants who were duly appointed by the Shareholders in the last (19th) Annual General Meeting. The Audit firm has expressed their intention to continue their service for the consecutive third year. The company is also considering to re-appoint MABS & J Partners, Chartered Accountants to do the external audit of BD Finance subject to approval of Bangladesh Bank and finally by the shareholders in the 20th AGM.

## **SERVICES NOT PROVIDED BY EXTERNAL AUDITORS**

As per BSEC guidelines, we declare, Chartered Accountants, involved in statutory audit were not involved in any of the followings during the year 2016:

- Appraisal or valuation services or fairness opinions;
- Designing and implementing financial information system;
- Bookkeeping or other related services
- Broker-Dealer services;



- Actuarial services;
- Internal Audit services;
- Any other services that the Audit committee determines.

No partner or employee of MABS & J Partners, Chartered Accountants did possess any share of BD Finance during the tenure of their audit assignment at BD Finance.

## **CENTRAL BANK INSPECTIONS**

Bangladesh Bank carried out a comprehensive inspection at BD Finance's Head Office as a part of their regular activities. Bangladesh Bank Representatives and related management personnel of BD Finance had detailed discussion. The management took the observation made by the inspection committee with utmost importance for further improvement of the organization and duly made correspondence with them.

## **BOARD COMMITTEE AND ITS RESPONSIBILITIES**

To ensure dynamic operation of business and to comply with the Corporate Governance Code BD Finance constructed sub-committees of the Board (Executive Committee & Audit Committee). The Nomination and Remuneration Committee (NRC) is yet to be formed, we are waiting for Bangladesh Bank's circular/instruction in this respect. All the committees of BD Finance are discharging their responsibilities accordingly as mentioned in the Terms of Reference (ToR).

## **MANAGEMENT COMMITTEES AND THEIR RESPONSIBILITIES**

In an effective Corporate Governance Structure, BD Finance management has a collective mandate under the leadership of Managing Director to carry out daily operations to the best interest of the stakeholders. Several management committees have been formed to give emphasis on different areas of business and compliances. The committees are MANCOM, ALCO, Risk Management Committee, Investment Committee, HR Committee etc. The members of all these committees meet regularly and take initiatives according to the decisions taken in the meetings.

### **MANAGEMENT COMMITTEE (MANCOM)**

MANCOM is considered the highest decision and policy making authority of BD Finance which consists of MD and different business and support unit head. Routine works of the committee are:

- Monthly business and financial performance analysis;
- Monthly business review and analysis of each business unit (Corporate, SME, Retail and Treasury) performance;
- Finding ways to improve operational efficiency.

### **RISK MANAGEMENT FORUM (RMF)**

BD Finance Risk Management Forum (RMF) comprises with knowledgeable high officials who ensure proper and timely identification, management and mitigation of risks exposed by wisdom and due-diligence.

### **ASSETS LIABILITY COMMITTEE (ALCO)**

ALCO was engaged with full activity in setting strategies and revamping previously taken strategies to cope with current market scenario and maintain a balance between assets and liabilities.

## **INTERNAL CONTROL & COMPLIANCE**

One of the key strategic objectives of BD Finance is to sustain the quality of its overall operations. Internal Control & Compliance Department (ICCD) plays a major role towards achieving this goal. An appropriate and effective internal control environment is in place to ensure that the BD Finance is managed and controlled in a sound and prudent

manner by way of maintaining highest standards of operational procedures & control and to keep the operations on the right track by eliminating all system & process flaws & deficiencies. To ensure appropriate level of Internal Control System, the BD Finance's ICCD has been structured as per prescribed organizational structure of Bangladesh Bank's Core Risk Management Guidelines. ICCD operates independently as a department and has a unique reporting line to the BD Finance's Board of Directors through the Audit Committee and to the Managing Director. Thus it acts as a bridge between the Board of Directors and the Management. Internal Control and Compliance department consist of three units to conduct effective functions:

- (i) **Monitoring Unit:** The Monitoring Unit monitors the operational performance of various branches & divisions and raises flags in case of deviations detected. They also collect relevant data and analyze those to assess the risk of individual units.
- (ii) **Audit & Inspection Unit:** Key operational risk areas of the core business lines (Corporate Finance, Retail Finance, Auto Loan, Home Loan, SME Finance' Channel Finance and Treasury & Market Risk) along with the other segments of BD Finance, i.e., operations, risk and support functions are identified and assess through regular audit process carried out by the Audit & Inspection Unit under an approved annual audit plan. In addition, special investigations and review assignments are also undertaken as per the management requirements.
- (iii) **Compliance Unit:** The Compliance Unit follows up with different divisions and/or branches to ensure that all audit issues as well as regulatory requirements are rectified and complied with within specific deadlines. They also maintain liaison with the regulators/policy makers at all levels and notify the other units regarding regulatory/procedural changes.

BD Finance formulate and update from time to time its Internal Control policies and manuals Internal Control focuses on ensuring compliance with BD Finance's policies together with regulatory requirements (including all Core Risk Management Guidelines provided by Bangladesh Bank), social, ethical and environmental risks and also recommending appropriate measures to further improve internal control framework. In this way, ICC plays its role both as a watchdog as well as a facilitator of the BD Finance's sustainable growth.

## **RISK MANAGEMENT**

Risk Management practices at BD Finance is made in line with best practices and premised on the commitment of the Board of Directors to adhere to sound corporate governance standards within the industry. Market Disclosure provides qualitative and quantitative disclosure is aimed at providing detail of risk management structure and relevant information to all stakeholders and thereby continues to boost the confidence of the market in BD Finance. BD Finance is committed to its stakeholders to attain a sustainable business growth commensurate with its strategy through implementation of a robust Enterprise Risk Management (ERM) framework within the organization. The main objective of this ERM is to inculcate the risk culture at every part of its operation, so that risk elements (whether credit, market, operation or other pillar II risk elements) remain within its acceptable level and the BD Finance is not exposed to any threats for exceeding its tolerance parameters.

## **COMMUNICATION WITH SHAREHOLDERS**

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

## **REDRESSAL OF INVESTORS' COMPLAINTS**

The share department of BD Finance is very cordial to address any query or complain raised by the investors. The interest of the valued investors is always important to BD Finance.



## STATEMENT OF RISK MANAGEMENT

Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus a central part of the financial and operational management of Bangladesh Finance And Investment Company Limited ('BD Finance'). Through the risk management framework BD Finance manages enterprise-wide risks, with the objective of maximizing risk-adjusted returns while remaining within the risk appetite. As part of this framework, the BD Finance uses a set of principles. The Risk Management Principles of BD Finance overlay all risk policy and decision-making. These principles comprise five statements of intent that describe the its approach to the management of risk and the risk culture that the BD Finance wishes to sustain:

- Balancing risk and return: Risk is taken in support of the requirements of the BD Finance's stakeholders, in line with its strategy and within its appetite.
- Responsibility: It is the responsibility of all employees to ensure that risk-taking is disciplined and focused. BD Finance takes account of its social responsibilities and commitments to customers in taking risk to produce a return.
- Accountability: BD Finance only takes risk within agreed authorities and where there is appropriate infrastructure and resource. All risk-taking must be transparent, controlled and reported.
- Anticipation: BD Finance seeks to anticipate future risks and ensure awareness of all known risks.
- Competitive advantage: BD Finance seeks competitive advantage through efficient and effective risk management and control.

### CREDIT RISK

Credit risk is the potential loss due to failure of counterparty to meet its obligations to pay BD Finance in accordance with agreed terms. Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Policy and procedures are defined to support credit underwriting activities at all levels of BD Finance. All credit decisions are subject to underwriting standards which mandate defined processes and procedures for performing credit checks and detailed due diligence reviews. Systems and controls are in place to monitor collateral value and loan covenants. Each counterparty is also required to have an approved limit in place prior to drawdown of funds. Potential problem accounts are investigated, monitored and appropriate action is taken. The portfolio is monitored from the point of view of industry concentrations, risk grade distribution and tenor and security profiles amongst other parameters. Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations.

### MARKET RISK

Market risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. It covers interest rate risk and equity price risk in the Trading Book of BD Finance. BD Finance is exposed to risk associated with fluctuations in interest rate and equity price. Interest rate risk is the current or prospective risk that earnings and/or capital are negatively affected by interest rate changes in the financial markets. This risk is inherent to the company's business. BD Finance uses various indicators to measure interest rate risk. The interest rate risk position is monitored by the Asset and Liability Committee (ALCO) on monthly basis. The interest rate risk is managed with an interest risk model, using guidelines and limits set by Bangladesh Bank and by performing various interest rate stress scenarios. Limits are agreed by the Management Committee based on a proposal made by the Asset and Liability Committee.

## **OPERATIONAL RISK**

Operational risk is the potential for loss arising from the failure of people, process or technology or the impact of external events. It is the objective of BD Finance to minimize exposure to operational risks, subject to cost tradeoffs. This objective is ensured through a framework of policies and procedures that drive risk identification, assessment, control and monitoring at business/function levels. Responsibility for the management of operational risks rests with the business and functional management as an integral part of their role. The Pillar I approach of BD Finance is Basic Indicator Approach (BIA) as set out in the Guidelines on Risk Based Capital Adequacy. BD Finance proactively monitors its exposure to material loss events by leveraging on internal experience (via risks and losses) and industry experience. The types of events that could result in a material operational risk loss/business disruption include:

- Internal and external fraud.
- Damage to physical assets.
- Business disruption and system failures.
- Failure in execution, delivery and process management.



## INTERNAL CONTROL AND COMPLIANCE

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the BD Finance in achieving its business objectives. It encompasses all controls incorporated into the strategic, governance and management processes, covering the organization's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

BD Finance has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the organization.

The primary objective of internal control system of BD Finance is to help the organization perform better through the use of its resources. Through internal control system BD Finance identifies its weakness and takes appropriate measures to overcome the same. The main objectives of internal control are as follows:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

### **Components of Internal Control:**

**1. Control Environment:** The control environment gives structure to the internal control system as well as provides discipline and protocol. The success of control environment is dependent on the:

- Integrity and Ethical Values
- Commitment to Competence
- Board of Directors and Audit Committee
- Management's Philosophy and Operating Style
- Organizational Structure

**2. Risk Assessment:** Risk assessment involves identification and evaluation of factors, both internal and external, which adversely affects performance, information and compliance objectives of BD Finance.

- Company-wide Objectives
- Process-level Objectives
- Risk Identification and Analysis

**3. Control Activities:** Control activities involve all levels of personnel in the company including senior management as well as front line personnel. Instituting an appropriate control structure ensures the efficiency of an internal control system.

- Policies and Procedures
- Security (Application and Network)
- Business Continuity/Backups

**4. Information and Communication:** BD Finance's accounting, information and communication systems ensure that risk-taking activities are within policy guidelines and that the systems are adequately tested and reviewed.

- Quality of Information
- Effectiveness of Communication

**5. Monitoring Activities:** Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner, with serious matters reported to senior management and to the board.

To ensure appropriate level of Internal Control System, the BD Finance's ICCD has been structured as per prescribed organizational structure of Bangladesh Bank's Core Risk Management Guidelines. ICCD operates independently as a department and has a unique reporting line to the BD Finance's Board of Directors through the Audit Committee and to



the Managing Director. Thus it acts as a bridge between the Board of Directors and the Management. Internal Control and Compliance department consist of three units to conduct effective functions:

**Function of Compliance Unit:**

The compliance unit will be responsible to ensure that BD Finance complies with all regulatory requirements while conducting its business. They will maintain liaison with the regulators at all levels and notify the branches regarding regulatory changes.

**Function of Monitoring Unit:**

The monitoring unit will be responsible to monitor the operational performance of various branches. They will collect relevant data and analyze those to assess the risk of individual units. In case they find major deviation they will recommend to Head of Internal Control and Compliance Department for sending audit & inspection team for thorough review.

**Function of Audit & Inspections Unit:**

The audit team will perform periodic and special audit. BD Finance may have different section within this unit responsible for carrying out specific tasks.



## VARIOUS MEMORABLE EVENTS



The 19th Annual General Meeting (AGM) of Bangladesh Finance And Investment Company Ltd. (BD Finance) was held on Thursday, 7th June 2018 at BCIC auditorium, Dhaka. Mr Manwar Hossain Chairman, BD Finance presided over the meeting. In the Meeting the Company has declared 10% Stock dividend to its shareholders for the year ended 2017.



Bangladesh Finance and Investment Company Limited (BD Finance) organized Annual Business Conference-2019 for its executives and branch Managers on 26th January, 2019 at Ocean Paradise in Cox's Bazar. Mr. Manwar Hossain, Chairman of BD Finance inaugurated the conference as chief guest. Managing Director & CEO of BD Finance Mr. Tarik Morshed presided over the conference while Vice Chairman of the company Mr. Khondker Fazle Rashid, Director Mr. Golam Hafiz Ahmed, Mr. Geasuddin Ahmed, Mr. Ansar Uddin Ahmed, Mr. Md. Abul Quasem, Mr. Yousuf Aman and Deputy Managing Director Mr. Mohammad Rafiqul Islam were among the speakers.



Mr. Tarik Morshed, Managing Director & CEO of BD Finance congratulates Mr. Manwar Hossain, chairman of BD Finance for receiving Global Asian Award-2018 in business leadership category at Marina Bay Sands in Singapore recently.



BD Finance organized the day long workshop program on Channel Finance (Factoring) at the Auditorium of DCCI in Dhaka on 11.08.2018. Mr. Manwar Hossain, Chairman of BD Finance inaugurated the program as chief guest. Mr. Tarik Morshed, Managing Director & CEO of BD Finance presided over the Program. In the workshop Professor Dr. Prashanta Kumar Banarjee, Director BIBM, Mr. Swapan Kumar Roy, General Manager, Bangladesh Bank Training Academy, Mr. Syed Ehsan Quadir, Managing Director, United Finance Limited conducted motivational training on Domestic Factoring and Mechanics of International Factoring. Mr. Shafiqur Rahman, Advisor, Mr. Mohammad Rafiqul Islam, Deputy Managing Director of BD Finance were also present in the workshop.







BD Finance holds training program on anti-money laundering and Combating Financing of Terrorism at the auditorium of DCCI in Dhaka on 08.12.2018. Mr. Tarik Morshed, Managing Director & CEO of BD Finance attended the program as chief guest. Mr. Mohammad Rafiqul Islam, Deputy Managing Director of BD Finance inaugurated the training programs. Mr. Dulal Chandra Sarker, Deputy General Manager and Mr. Mohammad Mahbub Alam, Deputy General Manager, BFIU, Bangladesh Bank conducted training program.



Bangladesh Finance and Investment Company Limited (BD Finance) signed a Memorandum of Understanding (MoU) with Manama Developments Ltd. on September 15, 2018 at the Head Office of BD Finance for extending loan facility. Chairman of BD Finance Mr. Manwar Hossain, Vice- Chairman Mr. Khondker Fazle Rashid, Director Mr. Md. Abul Quasem, Mr. Yousuf Aman, Advisor Mr. shafiqur Rahman, Deputy Managing Director Mr. Mohammad Rafiqul Islam were also present in the ceremony.



A signing ceremony of participation agreement between Bangladesh Bank and Bangladesh Finance And Investment Company Limited (BD Finance) under Refinance Scheme to broaden the financing avenue for green products was held on June 4, 2018 at the Head office of Bangladesh Bank. Mr. Manoj Kumar Biswas, General Manager, Sustainable Finance Department, Bangladesh Bank and Mr. Tarik Morshed Managing Director & CEO, BD Finance signed an agreement as a Participatory Financial Institution (PFI) on behalf of their respective organizations.



BD Finance holds training program on National integrity Strategy (NIS) at the auditorium of DCCI in Dhaka on 08.12.2018. Mr. Tarik Morshed, Managing Director & CEO of BD Finance attended the program as chief guest. Total 85 employees from the Head Office & all Branches were participated the training program.





Bangladesh Finance and Investment Company Limited (BD Finance) organized quarterly business review meeting at its head office in the city. Mr. Tarik Morshed, Managing Director & CEO of BD Finance presided over the meeting. Mr. Mohammad Rafiqul Islam Deputy Managing Director, Mr. A.S.M. Tariqul Islam, SEVP, & Head of HRD, Major Khaled Saifullah (Retd) were present on the occasion.



SUBSIDIARY: BD FINANCE CAPITAL HOLDINGS LTD.



From left Mr. M. Maniruzzaman Khandaker, director, Mr. Hossain Mehmood, Director, Mr. Md. Rafiqul Islam Khan, Sponsor, Mr. Barun Prasad Paul, MD & CEO, Mr. Ansar Uddin Ahmed, Director are seen at the 6th Annual General Meeting (AGM) of BD Finance Capital Holdings Ltd. (BD Capital) was hold on Thursday, 7th June 2018 at Board Room of BD Finance.

SUBSIDIARY: BD FINANCE SECURITIES LTD.



Mr. Md. Abdur Rouf, Managing Director & CEO and Mr. A.S.M. Tariqul Islam, Head of HRD are seen in a training session held at BD Finance securities Ltd.



## DISCLOSURES UNDER PILLAR III- MARKET DISCIPLINE

### A) Scope of application

#### **Qualitative Disclosures:**

The name of the top corporate entity in the group to which this guidelines applies.

Bangladesh Finance And Investment Company Limited (BD Finance)

An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

BD Finance has two subsidiaries: BD Finance Securities Limited and BD Finance Capital Holdings Limited, which are consolidated.

Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

**Not applicable.**

#### **Quantitative Disclosures:**

The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.

**Not applicable.**

### B) Capital structure

#### **Qualitative Disclosures**

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

#### **Tier 2 capital includes:**

- i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
- ii) Revaluation reserves:
  - 50% Revaluation reserve for fixed assets;
  - 45% Revaluation reserve for securities;
- iii) All other preference shares.

#### **Conditions for maintaining regulatory capital:**

The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:

- i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- ii) 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

## Quantitative Disclosures:

The amount of Tier 1 capital, with separate disclosure of:

Particulars	Amount in BDT crore
Paid up capital	152.30
Non-repayable share premium account	-
Statutory reserve	32.00
General reserve	-
Retained earnings	25.49
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
<b>Total Tier 1 capital</b>	<b>209.79</b>
<b>(c) The total amount of Tier 2 capital</b>	<b>44.93</b>
(d) Other deductions from capital	-
<b>(e) Total eligible capital</b>	<b>254.72</b>

C) Capital Adequacy

## Qualitative Disclosures

(a) A summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.

### Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

BD Finance has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

### Strategy to achieve the required Capital Adequacy: Operational level:

#### Immediate measures:

Asking unrated Corporate clients to have credit rating from External Credit Assessment Institutions (ECAIs) recognized by Bangladesh Bank;

Rigorous monitoring of overdue contracts to bring those under 90 days overdue;

Assessing incremental effect of capital charge over the expected net income from financing before sanctioning any appraisal, which could be one of the criteria for taking financing decision.

#### Continuous measures:

Concentrating on SME clients having exposure up to BDT 1 crore as this will carry 75% fixed risk weight (for regular contracts only);

Financing clients having good credit rating;

Using benefit of credit risk mitigation by taking eligible financial collaterals against transactions;

Focusing more on booking high spread earning assets and thus increasing retained earnings.



**Strategic level:**

Injecting fresh capital by issuing right shares, if required.

Quantitative Disclosures	Amount in BDT crore
(b) Capital requirement for Credit Risk	1,547.07
(c) Capital requirement for Market Risk	59.98
(d) Capital requirement for Operational Risk	40.35

**(e) Total and Tier 1 capital ratio:**

For the consolidated group; and For stand alone

Particular	Consolidated	Stand Alone
CAR on Total capital basis (%)	17.84	15.46
CAR on Tier 1 capital basis (%)	15.33	12.73

**D) Credit Risk****Qualitative Disclosures**

(a) The general qualitative disclosure requirement with respect to credit risk, including:

Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

Description of approaches followed for specific and general allowances and statistical methods;

Specific and General provisions are maintained according to the relevant Bangladesh Bank guideline. For Example, 0.25% provision is maintained against SME-Standard loan/ lease, 1% provision is maintained against good loans (other than SME-Standard loan/ lease, 5% against SMA loan/ lease, 20% against sub-standard loan/ lease, 50% against doubtful loan/ lease and 100% against bad/loss loan/ lease after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

Discussion of the FI's credit risk management policy. Implementation of various strategies to minimize risk:

To encounter and mitigate credit risk the following control measures are taken place at BD Finance:

Looking into payment performance of customer before financing;

Annual review of clients;

Adequate insurance coverage for funded assets;

Vigorous monitoring and follow up by Special Assets Management and collection Team;

Strong follow up of compliance of credit policies by Credit Administration Department;

Taking collateral and performing valuation and legal vetting on the proposed collateral;

Seeking legal opinion from internal and external lawyer for any legal issues;

Maintaining neutrality in politics and following arm's length approach in related party transactions;

Regular review of market situation and industry exposure;

Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets.

In addition to the industry best practices for assessing, identifying and measuring risks, BD Finance also considers Guidelines for Managing Core Risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank; vide FID Circular No. 10 dated September 18, 2005 for management of risks.

### **Approved Credit Policy by the Board of Directors**

The Board of Directors has approved the Credit Policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been described/stated in detail. Credit Policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.

### **Separate Credit Risk Management (CRM) Department**

An independent Credit Risk Management (CRM) Department is in place, at BD Finance, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets. Research team of CRM regularly reviews market situation and exposure of BD Finance in various industrial sub-sectors. Credit Administration Department has been segregated from CRM in line with Central Bank's Guidelines. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate loan and lease security documents are in place before disbursement.

### **Special Assets Management and Collection Team**

A strong Law and Recovery Team monitors the performance of the loans & advances, identify early signs of delinquencies in portfolio, and take corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

### **Independent Internal Control and Compliances Department (ICC)**

Appropriate internal control measures are in place at BD Finance. BD Finance has also established Internal Control and Compliances Department (ICC) to ensure, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control and documentation procedures. ICC frames and implements policies to encounter such risks.

### **Credit Evaluation**

The Credit Committee (CC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CC critically reviews proposals considering the current global financial crisis and its probable impact on the specific project.

Credit Risk Grading (CRG) helps a Financial Institution to understand the various dimensions of risks involved in transactions related to small business clients who are plying their businesses in various geographical locations across the country. BD Finance has been developing and managing CRG to promote the safety and soundness of the Company by facilitating informed decision-making. This grading measures credit risk and differentiates individual credits and groups of credits by the risk they pose. This allows management and examiners to monitor changes and trends in risk levels. The process also allows the management to manage risk to optimize returns.

To mitigate credit risk, BD Finance searches for credit information reports from the Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by CRM and CC to understand the liability condition and repayment behavior of the client. Depending on the report, opinions are taken from client's banks. Suppliers' and buyers' opinions are taken to understand the market position and reputation of our proposed customers.

### **Credit Approval Process**

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer



system. Depending on the size of the loan, a multilayer approval system is designed. As smaller loans are very frequent and comparatively less risky, lower sanctioning authority is set to improve the turnaround time and associated risk. Bigger loans require more scrutiny as the associated risk is higher. So sanctioning authority is higher as well.

### **Credit Quality and Portfolio Diversification**

BD Finance believes in diversification in terms of products as well as sectors. To mitigate the Credit Risk, the company diversifies its loan exposure to different sectors conforming the Central

Bank's requirements. Threshold limit is set for any sector so that any adverse impact on any industry has minimum effect on BD Finance's total return. Central Bank's instructions are strictly followed in determining Single Borrower/ Large Loan limit. Significant concentration of credit in terms of groups or geographical location is carefully avoided to minimize risk.

### **Early Warning System**

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It enables the company to grow its credit portfolio with ultimate objective to protect the interest of stakeholders.

### **NPL Management**

BD Finance measures its loan portfolio in terms of payment arrears. The impairment levels on the loans and advances are monitored regularly.

### **As per FID Circular No.3 dated March 15, 2007:**

1. Loan/Lease, classified as bad/loss and with 100% provision, can only be written-off.
2. Approval from the Board of Directors has to be taken before write-off.
3. The financial institutions should constantly try to recover the loan/lease written-off amount. If legal action has not been taken against the client, legal charges should be placed before the write off.
4. To expedite the legal settlement or collection of the due amount, third party agents can be appointed by the financial institutions.
5. A separate ledger should be maintained for the written off loans/leases and the accumulated written off value should be disclosed separately under the heading of "notes to the account" in the annual report/balance sheet of the financial institutions.
6. Even if the loan/lease has been written off, the client should be classified as defaulter and reported to CIB accordingly.

Detail records for all such write off accounts are meticulously maintained and followed up.

### **Counterparty Credit Rating**

BD finance is taking initiatives to rate the Corporate Clients of the company immediately by the External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank. As on December 31, 2018, total net exposure of BDT 868.35 crore were eligible for credit rating. Among these net exposure of BDT 289.82 crore had valid credit ratings. That is, about 33.38% of ratable exposure was rated. We are optimistic of getting more counter party ratings by 2019.

### **Methods used to measure Credit Risk**

As per the directives of Bangladesh Bank, 'The Standardized approach' is applied by the company to measure its Credit Risk.



## Quantitative Disclosures

### b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Amount in BDT crore
Leasing	124.69
Long-term finance	776.30
Real estate finance	197.74
Car loan	47.12
Personal loan	-
Short term finance	199.09
Loan against deposit	17.97
Margin loan to portfolio investors	-
Interest receivable	-
<b>Total</b>	<b>1,362.91</b>

### (c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Area	Amount in BDT crore
Dhaka	1,100.45
Chittagong	254.86
Sylhet	7.60
<b>Total</b>	<b>1,362.91</b>

### (d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Sector	Amount in BDT crore
Agriculture	15.54
Cement and Allied Industry	-
Electronics and Electrical Products	25.39
Food Production and Processing Industry	17.63
Garments and Knitwear	22.74
Glass, Glassware and Ceramic Industry	.05
Housing	195.56
Iron, Steel and Engineering	61.71
Jute and Jute products	-
Leather and Leather Goods	-
Paper, Printing and Packaging	.25
Pharmaceuticals and Chemicals	9.17
Plastic Industry	-
Power, gas water and sanitary services	-
Ship Manufacturing Industry	-
Telecommunication and Information Technology	17.80
Textile	93.93
Trade and Commerce	34.07
Transport and Aviation	95.11
Others	597.38
<b>Total</b>	<b>1,362.91</b>



Beside these, BD Finance portfolio includes total margin loan to clients by our capital market subsidiaries (BDFSL and BDFCHL) but does not include Loan to subsidiaries paid by BD Finance, which should be deducted from the portfolio. Therefore, the total industry exposure amounts to BDT 1,386.16 crore.

**(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.**

Particulars	Amount in BDT crore
Repayable on demand	81.35
Over 1 month but not more than 3 months	135.98
Over 3 months but not more than 1 year	239.92
Over 1 year but not more than 5 years	721.13
Over 5 years	184.53
<b>Total</b>	<b>1,362.91</b>

**(f) Gross Non Performing Assets ( NPAs)**

Non Performing Assets (NPAs) to Outstanding Loans & advances

**Movement of Non Performing Assets (NPAs)**

Particulars	Amount in BDT crore
Opening balance	85.24
Adjustment during the year	(25.04)
Closing balance	60.20

**Movement of specific provisions for NPAs**

Particulars	Amount in BDT crore
Opening balance	25.73
Adjustment during the year	(10.16)
Closing balance	15.57

E) Equities: banking book positions

**Qualitative Disclosures**

The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and

Total equity shares holdings are for capital gain purpose.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and condition of regulatory authority. On the other hand, unquoted share is valued at cost price or book value as per latest audited accounts.

## Quantitative Disclosures

Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

(Amount in BDT Crore)

Particulars	Cost Price	Market Price
Quoted shares	47.42	29.61
Unquoted shares	1.00	-

The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

- BDT 0.39 crore

Particulars	Amount in BDT crore
Total unrealized gains (losses)	(18.42)
Total latent revaluation gains (losses)	-

Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

**Specific Risk-** Market value of investment in equities is BDT 29.99 crore. Capital Requirement is 10% of the said value which stand to BDT 3.00 crore.

**General Risk-** Market value of investment in equities is BDT 29.99 crore. Capital Requirement is 10% of the said value which stand to BDT 3.00 crore.

## F) Interest rate in the banking book

### Qualitative Disclosures

The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. BD Finance measure the Interest Rate Risk by calculation Duration Gap i.e. a positive Duration Gap affect company's profitability adversely with the increment of interest rate and a negative Duration Gap increase the company's profitability with the reduction of interest rate.

### Quantitative Disclosures

The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).



## Maturity wise Distribution of Assets-Liabilities

(Amount in BDT Crore)

Particulars	1 to 30/31 day (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
1	2	3	4	5	6
A. Total Rate Sensitive Liabilities (A)	70.29	51.66	98.35	231.56	326.99
B. Total Rate Sensitive Assets (B)	69.97	50.61	95.99	226.16	327.50
C. Mismatch	-0.32	-1.05	-2.35	-5.40	0.50
D. Cumulative Mismatch	-0.32	-1.38	-3.73	-9.13	-8.63
E. Mismatch (%)	-0.46%	-2.04%	-2.39%	-2.33%	0.15%

## Interest Rate Risk - Increase in Interest Rate

Magnitude of Shock	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio	-	-	-
Net Interest Income	.20	.40	.60
Revised Regulatory Capital	254.93	255.13	255.33
Risk Weighted Assets	1647.39	1647.39	1647.39
Revised CAR (%)	15.47%	15.48%	15.49%

## G) Market risk

### Qualitative Disclosures

#### Views of Board of Directors (BOD) on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

#### Methods used to measure Market risk

Market Risk is the probability of losing assets in balance sheet and off- balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardized (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately.

#### Market Risk Management system

#### Policies and processes for mitigating market risk

A Policy for managing Market Risk has been set out by the Board of Directors of the company where clear instructions has been given on Loan Deposit Ratio, Whole Sale Borrowing Guidelines, Medium Term Funding, Maximum Cumulative Outflow, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation / Action Plan etc. Treasury manages the Market Risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following way:

## Interest Risk Management

Treasury Division reviews the risks of changes in income of the Company as a result of movements in market interest rates. In the normal course of business, BD Finance tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

### Market analysis

Market analysis over interest rate movements are reviewed by the Treasury of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

### GAP analysis

ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

### Continuous Monitoring

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

### Equity Risk Management

Equity Risk is the risk of loss due to adverse change in market price of equities held by the Company. Equity Risk is managed by the following way:

BD Finance minimizes the Equity Risks by Portfolio diversification as per investment policy of the company. The entire portfolio is managed by BD Finance Securities Limited.

### Quantitative Disclosures

#### The capital requirements for Market Risk:

Particulars	Amount in BDT crore
Interest rate risk	-
Equity position risk	6.00
Foreign Exchange Position and	-
Commodity risk (if any).	

### H) Operational Risk:

#### Qualitative disclosure:

##### (a) Views of Board on system to reduce Operational Risk:

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to ManCom members as per company policy of delegation of authority. Audit Committee of the Board

directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.



### **Performance gap of executives and staffs**

BD Finance's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the BD Finance. We aim to foster a sense of pride in working for BD Finance and to be the employer of choice. As such no performance gap exists in BD Finance.

### **Potential external events**

No such potential external event exists to raise operational risk of BD Finance at the time of reporting.

### **Policies and procedures for mitigating operational risk:**

BD Finance has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

### **Approach for calculating capital charge for operational risk:**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. BD Finance uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

### **Quantitative Disclosures:**

#### **(b) Capital requirement for operational risk:**

<b>Particulars</b>	<b>Amount in BDT crore</b>
Capital requirement for operational risk:	4.03



# HUMAN CAPITAL

## Aspiring to become the employer of choice

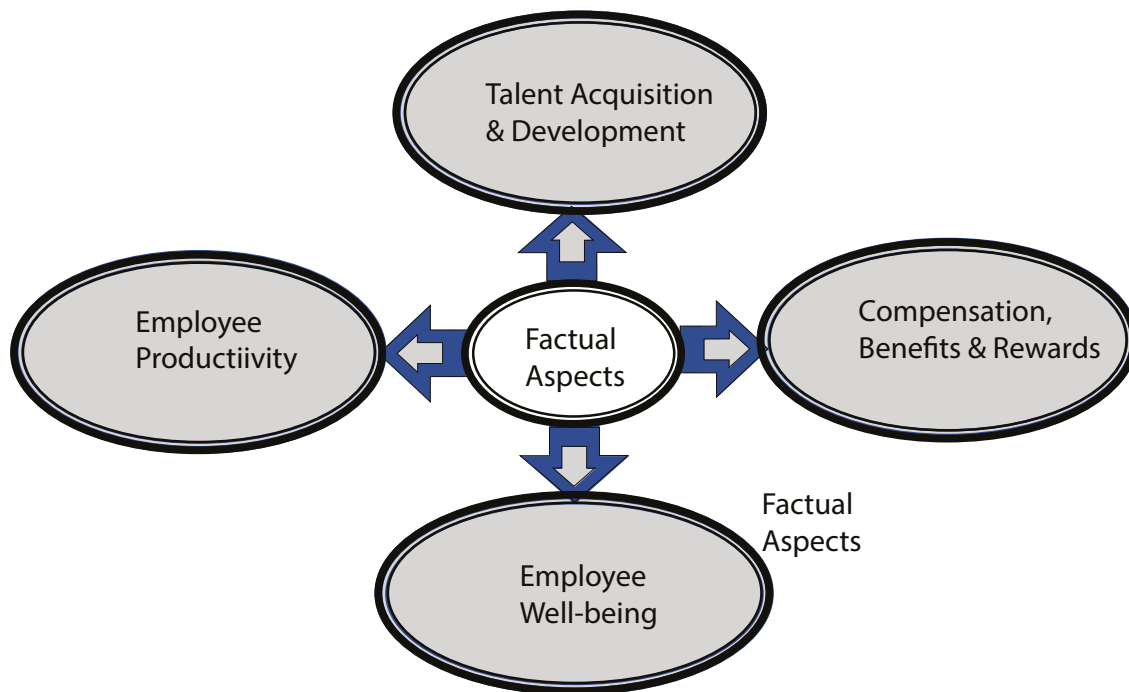
Our vision is to be recognized as a preferred employer and provider of innovative and result-oriented human resources services, policies, and systems. These services include: Recruitment and hiring diverse and talented employees to ensure sustainable and profitable growth.

This comprises the intangible assets of our people like their experience, education, training, intelligence, skills, health, loyalty and punctuality. Moreover, it refers to our employee acquisition and retention system in line with managing their expectation and providing the career development opportunity. We give importance to their development as it is perceived to increase productivity, and thus profitability.

We are passing through change management process which includes right sizing and optimizing employee productivity. It helped us in reducing substantial no. of employees and increase in productivity during 2018.

Though we are passing through change management, we always strive to the development of our employees as well as look after their family life so that they can put the best effort and deliver the best of their performance.

## Factual Aspects

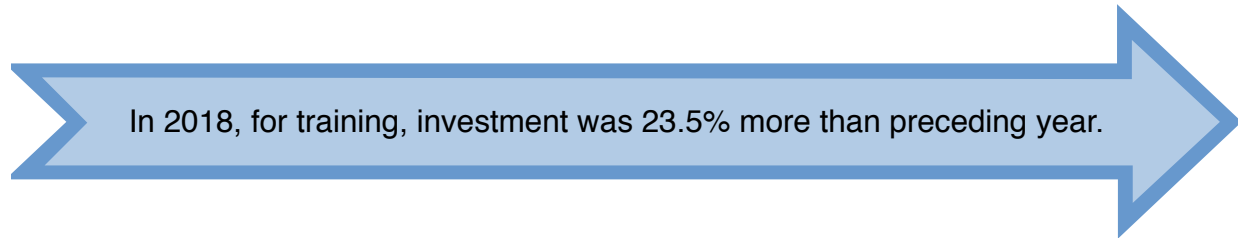


## Talent Acquisition & Development

A right person in the right place at the right time is the prime motto of our HR department. Our HR team always thrives into the best for choosing the right person to fit in the vacancy. Job vacancies are circulated in the country's best job portal (bdjobs.com), newspaper, social media i.e. Facebook & LinkedIn and are open to all potential candidates. We always try to create diversity irrespective of gender, religion, age, educational background, race, color, demography and any other differentiating factors in recruitment. Always a numbers of CVs are received from potential candidates in each of the vacancies which shows the efforts of HR department to source CV and we focus on the right competencies and quality. The future leader program i.e. Management Trainee Program is offering a limitless learning opportunities and robust career growth to the potential candidates in the tenure at BD Finance. Our talents are growing up throughout a



continuous learning process hence we encourage and support our employees to develop their skills through both in-house and outsourced training programs, seminars and workshops.

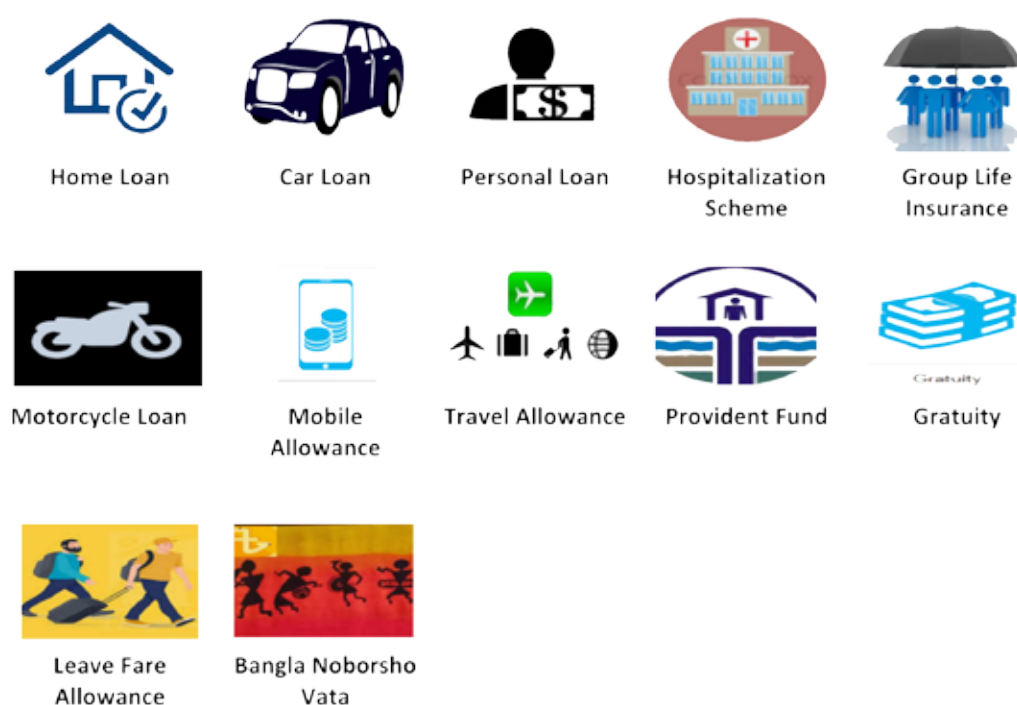


### **Compensation, Benefits & Rewards**

We ensure a performance based career growth with competitive compensation package to our employees. The salary structure of BD Finance is reviewed annually that ensures the market competitive compensation. In 2018, we started the KPI based performance appraisal system where increment and promotion is offered to the employee based on their annual performance. BD Finance always appreciates and recognizes the performers and there are number of monetary and non-monetary awards and recognition programs during the year to keep the employee motivated.



## Employee Benefits at BD Finance



HR Accounting depicts the potential of the employees in monetary terms which mainly help in decision making of ascertaining how much investment the company has made on its employee and how much return it can expect from this investment.

### Per Employee Productivity

Particulars	2017	2018
Number of Employee	157	166
Operating cost (in million)	1.19	1.33
Training cost (in thousand)	2.19	2.70
Operating profit (in million)	2.58	1.90
Gross Turnover (in million)	11.19	11.78
Operating Income (in million)	3.77	3.23
Profit before tax (in million)	2.01	1.53
Profit after tax (in million)	1.35	1.33

During the year 2018, though our operating cost per employee increased by 11.74 %, our gross turnover per employee increased by 5.26% and net profit after tax per employee increased by 7.21%.



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility of BD Finance is a form of corporate self-regulation integrated into our business model based on objective of good business for good society. Management of BD Finance gives due importance to the fact that the business activities of the Company has a social dimension and an impact on the community. BD Finance in its core management concept and corporate responsibility integrated CSR with focus on social and environmental concerns in all business operations and interactions with stakeholders. It realizes that the society, its clients, shareholders, all other stakeholders expect high standard in ethics, transparency, commitment and trustworthiness from a corporate entity as well as an honest concern for minimizing any form of impact of its activities on the environment. It always remains committed to enhance its role in the area of Corporate Social Responsibility (CSR) and has institutionalized its CSR activities by way of founding a non-profitable, voluntary, social welfare-oriented Trust organization by the name of BD Finance Foundation. In pursuance of the CSR guideline of Bangladesh Bank for FIs the Trust receives contribution from BD Finance to the tune of 2.5% of its profit after tax each year as per approval accorded by the shareholders. The fund is spent for humanitarian relief to people affected by natural calamities and those living in distress due to impact of climate change, for promotion of education and health care in poor communities, etc.



As part of its Corporate Social Responsibility (CSR), Bangladesh Finance and Investment Company Limited (BD Finance) donated BDT 1.50 Lac to the Bangladesh Blind Cricket Council. Mr. Tarik Morshed, Managing Director and CEO of BD Finance handed over the Cheque to Mr. Sanowar Ahmed, National Coach of Bangladesh Blind Cricket Council at its Head Office in Motijheel in a ceremony.

As part of its Corporate Social Responsibility (CSR), Bangladesh Finance and Investment Company Limited (BD Finance) donated BDT 4,25,250.00 to Bangladesh Shisu Kallayan Parishad (BSKP). Mr. Mohammad Rafiqul Islam, Deputy Managing Director of BD Finance handed over the Cheque to Mr. Nasser Iqbal Jadu, Chief Coordinator of Bangladesh Shisu Kallayan Parishad at its Head Office in Lalbagh, Dhaka.



BD Finance Limited's CSR activities reflect the Company's mission, vision and values. It initiates a variety of welfare activities in various fields such as healthcare, education, environment, economic empowerment, critical human needs and supply chain standards through community services, funds, tree plantation activities and other philanthropic initiatives. BD Finance focuses on inclusive growth and improving its social capital through its health and education initiatives. It creates access to opportunities and resource through economic development and infrastructure and environmental support initiatives. The Company is also constantly working to come up with innovative CSR programs, partnership and business practices to serve the people, communities and the planet. The activities lead to a better lifestyle of the people living in a society as well as a safe and healthy-living environment.

## BANGLADESH FINANCE AND INVESTMENT COMPANY LTD. DECLARATION BY CEO AND CFO

Date: 28 March 2019  
The Board of Directors  
Bangladesh Finance And Investment Co. Ltd.  
Baitul Hossain Building (2nd floor)  
27 Dilkusha C/A, Dhaka-1000.

### **Subject: Declaration on Financial Statements for the year ended on 31 December 2018**

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 Dated 03 June 23018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of Bangladesh Finance And Investment Company Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**Tarik Morshed**  
Chief Executive Officer (CEO)



**Md. Sajjadur Rahman Bhuiyan**  
Chief Financial Officer (CFO)



# REPORT OF THE AUDIT COMMITTEE

## The Role of Audit Committee

The Audit Committee on behalf of the Board attempts to ensure that standards of corporate reporting, control and compliance are achieved through effective implementation of the procedures and policies. Major role of the Audit Committee is to monitor and review the effectiveness of internal control system. The Audit Committee is also responsible to ensure the integrity of the Financial Statements so that it provides a true and fair view of the state of affairs of the Company. The Audit Committee periodically reviews the state of affairs of the business and makes recommendation on the reporting, control and compliance aspects as well as provides independent monitoring and guidance to the management in the areas of responsibilities of the Board and the Company towards the stakeholders and regulatory authorities. The roles and functions of the Committee are regulated by the rules as specified in the conditions/guidelines on corporate governance issued by the BSEC and Bangladesh Bank.

## The composition of the Audit Committee

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

Name of Member	Position in the Committee
<b>Mr. Ansar Uddin Ahmed</b> Independent Director	Chairman
<b>Mr. Md. Abul Quasem</b> Independent director	Member
<b>Mrs. Shahnaz Rashid</b> Director	Member
<b>Mr. Imtiyaj Yousuf</b> Director	Member

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

## Scope of Work

The Committee is authorized to monitor and review the effectiveness of the Company's internal audit and compliance function in the context of the Company's overall risk management system. The Committee performs its activities within the Terms of Reference of the Committee are adopted from the Corporate Governance Code notified by Bangladesh Securities and Exchange Commission (BSEC) and guideline given by Bangladesh Bank. The Committee presents a summary of its activities to shareholders and other interested parties by means of this report.

## External Auditor

MABS & J Partners, Chartered Accountants, a member of Nexia International is the statutory external auditor of the company for 2018. Prior to finalization of the consolidated financial statements of the company for the year ended December 31, 2018, the members of the Audit Committee sat with the statutory external auditors to discuss about the financial statements and audit findings.

As a part of ensuring highest level of corporate governance, the Committee prohibits the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The Committee has ascertained that the external auditors of the Company have not been engaged in any one of the following material non-audit services:

- Appraisal or valuation services or fairness opinions;
- Financial information system design and implementation;
- Book-Keeping or other services related to the accounting records or Financial Statements;



- d) Broker-dealer services;
- e) Actuarial services; and
- f) Internal Audit Services.

The Audit Committee appraised the expertise, resources, independence and objectivity of the external auditors and also reviewed their effectiveness as external auditors before reaching the recommendation to the Board regarding their re-election.

#### **Activities of the Audit Committee**

The Committee met 4 (four) times during the year 2018 and carried out the following tasks during the year:

- a) The Audit Committee has reviewed the quarterly and Annual Financial Statements of the Company, focusing particularly on any significant changes to accounting policies and practices, significant adjustments arising from the audits, the going concern assumptions and compliance with applicable Financial Reporting standards and other legal and regulatory requirements;
- b) Monitored the effectiveness of the quality control policies and procedures with the effect to evaluate the application of internal Control System and Internal Audit Policy, Policy for financial risk, existing rules and regulation;
- c) Reviewed 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;
- d) reviewed the changes brought in the revised Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) dated June 3, 2018;
- e) Reviewed that whether the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;
- f) Reviewed the actions taken by the Management for implementation of audit committee observations on issues deliberated in audit committee reports;
- g) Reviewed statement of significant related party transactions submitted by the Management to find out any conflict of interest.

#### **Acknowledgement**

Based on its reviews and above mentioned discussions, the Audit Committee is of the view that the internal control and compliance system of the company is adequate for purposes of presenting a true and fair view of the activities and financial status of the company as well as to safeguard the assets of the organization.



**Ansar Uddin Ahmed**  
Chairman, Audit Committee



# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

### Opinion

We have audited the accompanying consolidated financial statements of **Bangladesh Finance and Investment Company Limited** and its subsidiaries ("the Group"), as well as the financial statements of **Bangladesh Finance and Investment Company Limited** ("the Company") which comprise the Consolidated and Separate Statement of Financial Position as at 31 December 2018, Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Separate Statement of Cash Flows, and Consolidated and Separate Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Accounting Standard (IAS), International Financial Reporting Standards (IFRSs), and comply with the applicable sections of the Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable Laws and Regulations.

### 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 ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. 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 consolidated 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. Key audit matters were identified 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. We summarize below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public limited entities, our results from those procedures.

#### 1. Measurement of provision for loans and advances

The Financial Institution's Gross Loans and Advances as at 31 December 2018 amounts to BDT.13,629,146,338 as against which a provision of BDT. 275,174,985 is kept at 31 December 2018. The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. The carrying value of loans and advances to financial institution and customers held at cost may be materially misstated if individual or collective loan losses are not appropriately identified and estimated. The measurement of the provision for loans and advances pose significant audit risk.

Our audit procedures to address the risks of material misstatement relating to provision for loans and advances, which was considered to be a significant risk, included:

- Assessed the reasonableness of estimates made by the management in regards to the classification of loans and advances adopting qualitative judgment on the adequacy of provision against loan loss;
- Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;
- Reviewed quarterly Classification of Loans (CL) in relation to the provision for loans and advances portfolio comprising of the following:
- Reviewed the adequacy of the companies general and specific provisions;

- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
- Assessed the recoverability of the forecast cash flows by comparing them to historical performance; and
- Assessed external collateral valuer's credentials and comparing external valuations to values used in management's assessments.

The Financial Institutions' disclosures of provision for loans and advances are included in Note-12.1 to the Financial Statements.

## **2. Measurement of deferred tax assets**

Deferred Tax Asset as at 31 December 2018 amounts to BDT.15,390,857, while Deferred Tax Income of BDT. 1,478,361 was charged in the Statement of Profit or Loss and Other Comprehensive Income. The calculation and its disclosures require significant judgment in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.

Our audit procedures to address the risks of material misstatement relating to measurement of deferred tax assets, which was considered to be a significant risk, included:

- Obtained an understanding, evaluated the design and tested the operational effectiveness of the Financial Institution's key controls over the recognition and measurement of DTAs and the assumptions used in estimating Financial Institution's future taxable income.
- Assessed the completeness and accuracy of the data used for the estimations of future taxable income.
- Assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.

The Financial Institutions' disclosures of Deferred Tax Assets are included in Note-8.2 to the Financial Statements.

## **Information other than the Financial Statements and Auditor's Report Thereon**

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

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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



## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

We also report that:

- i. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found satisfactory;
- 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 balance sheet and the consolidated profit and loss account of the Group and the separate balance sheet and the separate profit and loss account of the Company together with annexed notes from 1 to 44 dealt with by the report are in agreement with the books of account;
- iv. the expenditure incurred was for the purpose of the Group and the Company's business;
- v. the consolidated financial statements of the Group and those of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;
- vi. the record submitted by the parent company and the subsidiary companies have been audited and consolidated properly in the financial statements;
- vii. the records and accounts of the branches have been properly maintained and consolidated in the financial statements;
- viii. adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- 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 collected and deposited to Government treasury by the Company as per Government instructions found satisfactory;
- 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 issued by Bangladesh Bank and other regulatory authorities have been complied properly;
- xiii. the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible 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. the consolidated financial statements of the Group and the separate financial statements of the Company conform to the prescribed formats and standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;
- xvi. we have reviewed over 80% of the risk weighted assets of the Group and the Company during the course of our audit and we have spent over 1,145 person hours for the audit of books and accounts of the Group and the Company; and
- xvii. all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, Bangladesh  
Dated: 27 March 2019

  
**MABS & J Partners**  
Chartered Accountants



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
Cash in hand	3.a	137,594	62,819
Balance with Bangladesh Bank		133,078,089	148,797,583
		<b>133,215,683</b>	<b>148,860,402</b>
<b>Balance with other Banks and Financial Institutions</b>			
Inside Bangladesh	4.a	741,522,615	1,003,397,898
Outside Bangladesh		-	-
		<b>741,522,615</b>	<b>1,003,397,898</b>
<b>Money at call and short notice</b>			
		-	-
<b>Investment in Securities</b>			
Government	5.a	-	-
Others		1,092,260,486	1,123,847,266
		<b>1,092,260,486</b>	<b>1,123,847,266</b>
<b>Lease, Loans and Advances</b>			
In Bangladesh	6.a	13,861,556,468	14,225,910,307
Outside Bangladesh		-	-
		<b>13,861,556,468</b>	<b>14,225,910,307</b>
<b>Fixed Assets including Premises, Furniture and Fixtures</b>			
	7.a	398,440,699	412,298,454
<b>Other Assets</b>			
	8.a	2,279,170,368	2,192,511,779
<b>Non Banking Assets</b>			
	9	212,121,062	212,121,062
<b>Total Assets</b>		<b>18,718,287,380</b>	<b>19,318,947,168</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Financing (Borrowings) from other Banks, Financial Institutions and Agents</b>			
	10.a	3,490,092,798	4,069,958,239
<b>Deposits and other Accounts</b>			
	11.a	9,579,214,627	10,192,102,183
<b>Other Liabilities</b>			
	12.a	2,605,434,292	2,295,384,834
<b>Total Liabilities</b>		<b>15,674,741,716</b>	<b>16,557,445,256</b>
<b>Capital/ Shareholders' Equity</b>			
Share Capital	13.2	1,522,996,440	1,384,542,220
Statutory Reserve	14	320,007,242	264,563,582
General Reserve	15	-	-
Capital Reserve	16.1	33,744,750	33,744,750
Revaluation Surplus on Land & Building	7.b	295,243,020	295,243,020
Retained Earnings	16.a	382,246,789	294,227,574
<b>Total Shareholders' Equity</b>		<b>2,554,238,240</b>	<b>2,272,321,146</b>
<b>Non Controlling Interest</b>			
	16.b	489,307,422	489,180,767
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>18,718,287,380</b>	<b>19,318,947,168</b>
<b>Net Asset Value per share (NAV)</b>		<b>16.77</b>	<b>16.41</b>

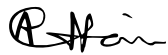


BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
CONSOLIDATED BALANCE SHEET


As at 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>OFF BALANCE SHEET EXPOSURES</b>			
<b>CONTINGENT LIABILITIES</b>			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	100,000,000	100,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
<b>Total</b>		<b>100,000,000</b>	<b>100,000,000</b>
<b>OTHER COMMITMENTS</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>100,000,000</b>	<b>100,000,000</b>

These financial statements should be read in conjunction with the annexed notes 1 to 44



Company Secretary



Managing Director

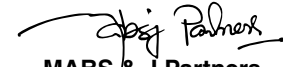


Director



Director

Dated, Dhaka  
27 March, 2019



**MABS & J Partners**  
Chartered Accountants



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2018

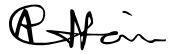
	Note	31-Dec-18 BDT	31-Dec-17 BDT
Interest Income	19.a	1,884,639,422	1,619,839,090
Less: Interest paid on Deposits & Borrowings etc.	20.a	1,468,674,631	1,199,694,273
<b>Net Interest Income</b>		<b>415,964,791</b>	<b>420,144,817</b>
Income from Investment in securities	21.a	35,777,530	168,407,759
Commission, Exchange and Brokerage	21.b	79,581,289	91,820,928
Other Operating Income	22.a	106,920,212	123,443,059
		<b>222,279,031</b>	<b>383,671,746</b>
<b>Total Operating Income</b>		<b>638,243,822</b>	<b>803,816,563</b>
Salaries and Allowances	23.a	150,474,746	117,147,693
Rent, Taxes, Insurances, Electricity etc.	24.a	26,912,060	24,866,045
Legal & Professional Fees	25.a	2,403,356	2,117,155
Postage, Stamps, Telecommunication etc.	26.a	3,769,859	2,818,469
Stationery, Printings, Advertisements etc.	27.a	4,354,738	3,946,876
Managing Director's Salary and Allowances	28	6,758,333	6,858,065
Directors' Fees and Conveyance	29.a	1,201,500	1,572,250
Auditors' Fees	29.b	294,056	292,139
Depreciation & Repairs of Assets	30.a	35,671,414	34,478,523
Other Expenses	31.a	59,745,419	63,339,228
<b>Total Operating Expenses</b>		<b>291,585,481</b>	<b>257,436,442</b>
<b>Profit before Provision</b>		<b>346,658,341</b>	<b>546,380,121</b>
Specific provisions for Classified Investment	32	(87,859,475)	98,200,818
General Provisions for Unclassified Investment	32	(28,717,055)	6,781,288
Provisions for Other Receivables	32	(3,289,000)	92,000
Provisions for Investment in Securities	32.a	49,543,226	82,785,012
<b>Total Provision</b>		<b>(70,322,304)</b>	<b>187,859,118</b>
<b>Total Profit before Provisions for Taxation</b>		<b>416,980,645</b>	<b>358,521,003</b>
Deferred Tax Expenses/(benefit)		(1,478,361)	(2,565,669)
Current Tax Expenses-BD Finance		120,214,449	33,120,379
Current Tax Expenses-BD Securities Ltd.		13,884,766	19,381,146
Current Tax Expenses-BD Capital Holdings Ltd.		2,406,039	8,410,046
		<b>135,026,893</b>	<b>58,345,902</b>
<b>Net Profit after Taxation</b>		<b>281,953,752</b>	<b>300,175,101</b>
<b>Attributable to</b>		<b>281,953,752</b>	<b>300,175,101</b>
Shareholder of the Company		281,865,472	278,942,052
Non-controlling Interest		88,280	21,233,049
<b>Net Profit available for distribution</b>		<b>281,865,472</b>	<b>278,942,052</b>

BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
 CONSOLIDATED PROFIT AND LOSS ACCOUNT

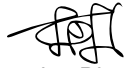
For the year ended 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>Appropriations</b>			
Statutory Reserve	14	55,443,659	41,955,994
General Reserve	15	-	-
Retained Earnings		226,421,813	236,986,058
		<b>281,865,472</b>	<b>278,942,052</b>
<b>Earnings Per Share (Re-stated 2017)</b>			
	<b>33a</b>	<b>1.85</b>	<b>1.83</b>

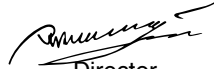
These financial statements should be read in conjunction with the annexed notes 1 to 44



Company Secretary



Managing Director

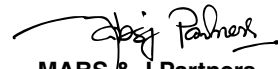


Director



Director

Dated, Dhaka  
 27 March, 2019



**MABS & J Partners**  
 Chartered Accountants



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2018

	31-Dec-18 BDT	31-Dec-17 BDT
<b>Cash Flow from Operating Activities</b>		
Interest received	1,842,646,476	1,544,925,122
Interest paid	(1,407,754,475)	(1,250,992,665)
Dividend received	28,146,262	47,594,282
Fees & Commission received	74,537,950	90,270,185
Cash Payments to Employees	(157,182,135)	(124,492,342)
Cash Payments to Suppliers	(5,613,280)	(4,524,142)
Income Tax Paid	(48,076,170)	(126,807,764)
Received from other Operating activities	119,506,604	248,974,952
Payments for other Operating activities	(103,367,935)	(113,199,863)
<b>Cash generated from operating activities before changes in Operating Assets &amp; Liabilities</b>	<b>342,843,297</b>	<b>311,747,766</b>
<b>Changes in Operating Assets and Liabilities</b>		
Purchases/Sale of Trading Securities	31,586,780	(298,410,122)
Loans and Lease Finance to Customers	351,283,831	(479,812,045)
Other Assets	(3,415,125)	38,904,467
Deposits	(612,887,556)	1,177,243,606
Other Liabilities	164,959,077	37,596,417
<b>Sub Total</b>	<b>(68,472,993)</b>	<b>475,522,324</b>
<b>A) Net Cash flows from Operating Activities</b>	<b>274,370,304</b>	<b>787,270,090</b>
<b>Cash flows from Investing Activities</b>		
Purchase/sale of non trading securities	37,879,317	-
Proceeds from Sale of fixed assets	-	-
Purchases/sale of Property, Plant & Equipment	(9,904,181)	(22,268,718)
<b>B) Net Cash flows from Investing Activities</b>	<b>27,975,136</b>	<b>(22,268,718)</b>
<b>Cash flows from Financing Activities</b>		
Increase/(decrease) of borrowings	(579,865,441)	(214,281,630)
Share Capital - Right Issue	-	-
Dividend Paid	-	(13,437,500)
<b>C) Net Cash flows from Financing Activities</b>	<b>(579,865,441)</b>	<b>(227,719,130)</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(277,520,001)</b>	<b>537,282,241</b>
<b>E) Cash &amp; Cash Equivalents at the beginning of the period</b>	<b>1,152,258,300</b>	<b>614,976,059</b>
<b>F) Cash &amp; Cash Equivalents at the end of the period(D+E)</b>	<b>874,738,299</b>	<b>1,152,258,300</b>
<b>Net Operating Cash Flows per share (NOCFPS)</b>	<b>1.80</b>	<b>5.69</b>



Company Secretary



Managing Director

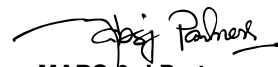


Director



Director

Dated, Dhaka  
27 March, 2019



**MABS & J Partners**  
Chartered Accountants

**BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the year ended 31 December 2018**

Particulars	Share capital	Statutory reserve	General reserve	Capital reserve	Revaluation Surplus	Retained earnings	Total	Non Controlling Interest	Total Equity
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
<b>Balance as at 01 January 2018</b>	<b>1,384,542,220</b>	<b>264,563,582</b>	-	<b>33,744,750</b>	<b>295,243,020</b>	<b>294,227,574</b>	<b>2,272,321,146</b>	<b>489,180,767</b>	<b>2,761,501,912</b>
<b>Changes during the period 2018</b>									
Issue of Bonus Share	138,454,222	-	-	-	-	(138,454,222)	51,624	38,376	90,000
Prior year adjustment	-	-	-	-	-	51,624	-	-	-
Cash Dividend	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	281,865,472	281,865,472	88,280	281,953,752
Capital Reserve	-	-	-	-	-	-	-	-	-
Revaluation Surplus	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	55,443,659	-	-	-	(55,443,659)	-	-	-
	138,454,222	55,443,659	-	-	-	88,019,215	281,917,096	126,656	282,043,752
<b>Balance as at 31 December 2018</b>	<b>1,522,996,442</b>	<b>320,007,242</b>	-	<b>33,744,750</b>	<b>295,243,020</b>	<b>382,246,789</b>	<b>554,238,242</b>	<b>489,307,423</b>	<b>3,043,545,663</b>
<b>Balance as at 1 January 2017</b>	<b>1,258,674,750</b>	<b>222,607,589</b>	-	<b>33,744,750</b>	<b>295,243,020</b>	<b>196,542,723</b>	<b>2,006,812,831</b>	<b>467,951,480</b>	<b>2,474,764,312</b>
<b>Changes during the period 2017</b>									
Issue of Bonus Share	125,867,480	-	-	-	-	(125,867,480)	-	-	-
Right Share Issue	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	(13,433,738)	(13,433,738)	(3,763)	(13,437,500)
Profit/(Loss) for the period	-	-	-	-	-	278,942,052	278,942,052	21,233,049	300,175,101
Capital Reserve	-	-	-	-	-	-	-	-	-
Revaluation Surplus	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	41,955,994	-	-	-	(41,955,994)	-	-	-
	125,867,480	41,955,994	-	-	-	97,684,841	265,508,314	21,229,286	286,737,601
<b>Balance as at 31 December 2017</b>	<b>1,384,542,220</b>	<b>264,563,582</b>	-	<b>33,744,750</b>	<b>295,243,020</b>	<b>294,227,574</b>	<b>2,272,321,146</b>	<b>489,180,766</b>	<b>2,761,501,912</b>

These financial statements should be read in conjunction with the annexed notes 1 to 44

  
 Company Secretary

  
 Managing Director

  
 Director

  
 Director  
**MABS & J Partners**  
 Chartered Accountants

Dated, Dhaka  
 27 March, 2019



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
BALANCE SHEET

AS AT 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>		
Cash in hand		69,250	55,714
Balance with Bangladesh Bank		133,078,089	148,797,583
		<b>133,147,339</b>	<b>148,853,297</b>
<b>Balance with other Banks and Financial Institutions</b>	<b>4</b>		
Inside Bangladesh		658,978,102	960,040,271
Outside Bangladesh		-	-
		<b>658,978,102</b>	<b>960,040,271</b>
<b>Money at call and short notice</b>		-	-
<b>Investment in Securities</b>	<b>5</b>		
Government		-	-
Others		484,232,301	488,255,822
		<b>484,232,301</b>	<b>488,255,822</b>
<b>Lease, Loans and Advances</b>	<b>6</b>		
In Bangladesh		13,629,146,338	14,009,168,768
Outside Bangladesh		-	-
		<b>13,629,146,338</b>	<b>14,009,168,768</b>
<b>Fixed Assets including Premises, Furniture and Fixtures</b>	<b>7</b>	387,901,258	403,671,878
<b>Other Assets</b>	<b>8</b>	2,002,904,406	1,889,227,111
<b>Non Banking Assets</b>	<b>9</b>	212,121,062	212,121,062
<b>Total Assets</b>		<b>17,508,430,806</b>	<b>18,111,338,208</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Financing (Borrowings) from other Banks financial Institutions and Agents</b>	<b>10</b>	<b>3,205,972,678</b>	<b>3,756,814,603</b>
<b>Deposits and other Accounts</b>	<b>11</b>	<b>9,579,214,627</b>	<b>10,192,102,183</b>
Term Deposits		9,103,947,672	9,907,425,372
Other Deposits		322,467,052	58,902,497
<b>Advance Rent &amp; Installments</b>		152,799,902	225,774,314
<b>Bills Payable</b>		-	-
<b>Other Liabilities</b>	<b>12</b>	<b>2,330,080,074</b>	<b>2,046,476,291</b>
<b>Total Liabilities</b>		<b>15,115,267,379</b>	<b>15,995,393,077</b>
<b>Capital/Shareholders' Equity</b>			
Share Capital	<b>13.2</b>	1,522,996,440	1,384,542,220
Statutory Reserve	<b>14</b>	320,007,242	264,563,582
General Reserve	<b>15</b>	-	-
Revaluation Surplus on Land & Building	<b>7.1</b>	295,243,020	295,243,020
Retained earnings	<b>16</b>	254,916,724	171,596,309
<b>Total Shareholders' Equity</b>		<b>2,393,163,425</b>	<b>2,115,945,132</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>17,508,430,806</b>	<b>18,111,338,208</b>
<b>Net Asset Value per share (NAV)</b>		<b>15.71</b>	<b>15.28</b>



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
BALANCE SHEET

As at 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>OFF BALANCE SHEET EXPOSURES</b>			
<b>CONTINGENT LIABILITIES</b>			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	100,000,000	100,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
<b>Total</b>		<b>100,000,000</b>	<b>100,000,000</b>
<b>OTHER COMMITMENTS</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>100,000,000</b>	<b>100,000,000</b>

These financial statements should be read in conjunction with the annexed notes 1 to 44



Company Secretary



Managing Director

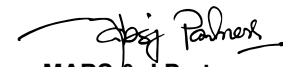


Director



Director

Dated, Dhaka  
27 March, 2019



**MABS & J Partners**  
Chartered Accountants



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
Interest Income	19	1,848,870,486	1,592,255,704
Less: Interest paid on Deposits & Borrowings etc.	20	1,420,478,171	1,166,234,103
<b>Net Interest Income</b>		<b>428,392,315</b>	<b>426,021,601</b>
Income from Investment in securities	21	19,984,901	39,619,578
Commission, Exchange and Brokerage		400,000	400,000
Other Operating Income	22	110,448,599	125,869,858
		<b>130,833,500</b>	<b>165,889,436</b>
<b>Total Operating Income</b>		<b>559,225,815</b>	<b>591,911,037</b>
Salaries and Allowances	23	122,533,824	92,834,575
Rent, Taxes, Insurances, Electricity etc.	24	22,118,363	21,379,769
Legal & Professional Fees	25	1,961,296	1,518,585
Postage, Stamps, Telecommunication etc.	26	2,511,317	1,957,492
Stationery, Printings, Advertisements etc.	27	3,888,654	3,582,557
Managing Director's Salary and Allowances	28	6,758,333	6,858,065
Directors' Fees and Conveyance	29	960,000	1,256,000
Auditors' Fees		211,000	203,333
Depreciation & Repairs of NBF's Assets	30	31,737,723	28,787,344
Other Expenses	31	30,456,451	28,124,533
Total Operating Expenses		<b>223,136,962</b>	<b>186,502,253</b>
<b>Profit before Provision</b>		<b>336,088,854</b>	<b>405,408,784</b>
Specific provisions for Classified Investment		(87,859,475)	98,200,818
General provisions for Unclassified Investment		(28,717,055)	6,781,288
Provisions for other Receivables		(3,289,000)	92,000
Provisions for Investment in Securities		60,000,000	60,000,000
<b>Total Provision</b>	<b>32</b>	<b>(59,865,530)</b>	<b>165,074,106</b>
<b>Total Profit before Provisions for Taxation</b>		<b>395,954,384</b>	<b>240,334,678</b>
Deferred Tax Expenses/(benefit)		(1,478,361)	(2,565,669)
Current Tax Expenses		120,214,449	33,120,379
		<b>118,736,088</b>	<b>30,554,710</b>
<b>Net Profit after Taxation</b>		<b>277,218,296</b>	<b>209,779,968</b>
<b>Appropriations</b>			
Statutory Reserve	14	55,443,659	41,955,994
General Reserve	15	-	-
Retained Earnings	16	221,774,636	167,823,975
		<b>277,218,296</b>	<b>209,779,968</b>
<b>Earnings Per Share (Re-stated 2017)</b>	<b>33</b>	<b>1.82</b>	<b>1.38</b>

These financial statements should be read in conjunction with the annexed notes 1 to 44



Company Secretary



Managing Director




Director



Director

Dated, Dhaka  
27 March, 2019




**MABS & J Partners**  
Chartered Accountants

BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED  
CASH FLOW STATEMENT

For the year ended 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>Cash Flow from Operating Activities</b>			
Interest received	34	1,806,789,324	1,517,249,400
Interest paid	35	(1,359,460,319)	(1,218,974,142)
Dividend received		16,123,193	34,836,144
Fees & Commission received		400,000	400,000
Cash Payments to Employees		(129,292,157)	(99,692,640)
Cash Payments to Suppliers		(3,888,654)	(3,582,557)
Income Tax Paid		(34,191,404)	(107,535,834)
Received from other Operating activities	36	114,310,307	130,653,291
Payments for other Operating activities	37	(70,127,906)	(67,024,096)
<b>Cash generated from operating activities before changes in Operating Assets &amp; Liabilities</b>		<b>340,662,384</b>	<b>186,329,567</b>
<b>Changes in Operating Assets and Liabilities</b>			
Purchases/Sale of Trading Securities		4,023,520	(213,467,499)
Loans and Lease Finance to Customers		366,224,037	(291,268,515)
Other Assets	38	836,204	16,287,119
Deposits		(612,887,556)	1,177,243,606
Other Liabilities	39	139,272,833	140,867,790
<b>Sub Total</b>		<b>(102,530,962)</b>	<b>829,662,501</b>
<b>A) Net Cash from Operating Activities</b>		<b>238,131,422</b>	<b>1,015,992,068</b>
<b>Cash flows from Investing Activities</b>			
Purchase/sale of non trading securities		-	-
Proceeds from Sale of fixed assets		-	-
Purchases/sale of Property, Plant & Equipments		(4,057,624)	(21,214,440)
<b>B) Net Cash from Investing Activities</b>		<b>(4,057,624)</b>	<b>(21,214,440)</b>
<b>Cash flows from Financing Activities</b>			
Increase/(decrease) of borrowings		(550,841,925)	(319,869,460)
Dividend Paid		-	-
<b>C) Net Cash from Financing Activities</b>		<b>(550,841,925)</b>	<b>(319,869,460)</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(316,768,127)</b>	<b>674,908,169</b>
<b>E) Cash and cash equivalents at the beginning of the period</b>		<b>1,108,893,568</b>	<b>433,985,401</b>
<b>F) Cash and cash equivalents at the end of the period (D+E)</b>	40	<b>792,125,441</b>	<b>1,108,893,569</b>
<b>Net Operating Cash Flow per share</b>		<b>1.56</b>	<b>7.34</b>

These financial statements should be read in conjunction with the annexed notes 1 to 44

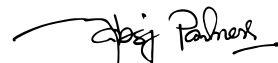
  
Company Secretary

  
Managing Director

  
Director

  
Director

Dated, Dhaka  
27 March, 2019

  
**MABS & J Partners**  
Chartered Accountants



**BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended 31 December 2018

Particular	Share capital	Statutory reserve	General reserve	Revaluation Surplus	Retained earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
<b>Balance as at 01 January 2018</b>	<b>1,384,542,230</b>	<b>264,563,582</b>	<b>-</b>	<b>295,243,020</b>	<b>171,596,299</b>	<b>2,115,945,132</b>
<b>Changes during the period 2018</b>						
Issue of Bonus Share	138,454,222	-	-	-	(138,454,222)	-
Profit/(Loss) for the period	-	-	-	-	277,218,296	277,218,296
Transfer to statutory reserve	-	55,443,659	-	-	(55,443,659)	-
Revaluation of Land	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>1,522,996,452</b>	<b>320,007,242</b>	<b>-</b>	<b>295,243,020</b>	<b>254,916,714</b>	<b>2,393,163,426</b>
<b>Balance as at 1 January 2017</b>	<b>1,258,674,750</b>	<b>222,607,589</b>	<b>-</b>	<b>295,243,020</b>	<b>129,639,805</b>	<b>1,906,165,164</b>
<b>Changes during the period 2017</b>						
Issue of Bonus Share	125,867,480	-	-	-	(125,867,480)	-
Profit/(Loss) for the period	-	-	-	-	209,779,968	209,779,968
Transfer to statutory reserve	-	41,955,994	-	-	(41,955,994)	-
Revaluation of Land	-	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>1,384,542,230</b>	<b>264,563,582</b>	<b>-</b>	<b>295,243,020</b>	<b>171,596,299</b>	<b>2,115,945,132</b>

These financial statements should be read in conjunction with the annexed notes 1 to 44

Company Secretary

Managing Director

Director

Director

**MABS & J Partners**  
Chartered Accountants

Dated, Dhaka  
27 March, 2019

**BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED**  
**LIQUIDITY STATEMENT ASSETS AND LIABILITIES MATURITIES ANALYSIS**  
**As at 31 December 2018**

Particulars	Up to 01 Month		01-03 Months		03-12 Months		01-05 Years		More than 05 years		Total	
	BDT		BDT		BDT		BDT		BDT		BDT	
<b>Assets</b>												
Cash in hand	69,250										69,250	
Balance with Bangladesh Bank	133,078,089										133,078,089	
Balance with other banks and financial institutions	49,538,738	78,090,866			531,348,497						658,978,102	
Money at Call and Short Notice												
Investment in securities	474,232,301	-						10,000,000			484,232,301	
Investment (Loans and Advances)	813,534,487	1,359,820,441			2,399,160,062			7,211,323,474			13,629,146,338	
Fixed Assets including premises, furniture and fixtures etc.								89,081,627			387,901,258	
Other Assets	221,442,249	295,475,160			421,031,369			13,502,914			2,002,904,406	
Non-banking Assets								212,121,062			212,121,062	
<b>Total Assets (i)</b>	<b>1,691,895,116</b>	<b>1,733,386,468</b>			<b>3,351,539,928</b>			<b>7,536,029,076</b>			<b>17,508,430,806</b>	
<b>Liabilities</b>												
Financing (Borrowing) from other banks, financial institutions and agents	359,370,850	297,640,689			941,701,418			1,607,259,721			3,205,972,678	
Deposits and other accounts	322,467,052	971,537,367			2,135,975,725			5,043,573,072			9,579,214,627	
Provision and other liabilities	384,372,229	51,914,287			142,764,290			389,357,155			2,330,080,074	
<b>Total Liabilities (ii)</b>	<b>1,066,210,132</b>	<b>1,321,092,343</b>			<b>3,220,441,434</b>			<b>7,040,189,948</b>			<b>15,115,267,379</b>	
<b>Net Liquidity Gap (i-ii)</b>	<b>625,684,984</b>	<b>412,294,125</b>			<b>131,098,495</b>			<b>495,839,129</b>			<b>2,393,163,427</b>	

These financial statements should be read in conjunction with the annexed notes 1 to 44

  
 Company Secretary

  
 Managing Director

  
 Director

  
 Director

  
**MABS & J Partners**  
 Chartered Accountants

Dated, Dhaka  
 27 March, 2019



# BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the period ended 31 December 2018

### 1. Legal status and nature of the company

#### 1.1 Domicile, legal form and country of incorporation

Bangladesh Finance and Investment Company Limited (BD Finance) is a Non-Banking Financial Institution engaged in lease, loan and investment financing operation. The Company having its registered office at Baitul Hossain Building, 27 Dilkusha C/A, Dhaka-1000, Bangladesh, was incorporated in Bangladesh on 10 May 1999 as a Public Limited Company under the Companies Act 1994. The license was issued from Bangladesh Bank on 22 December 1999 under the Financial Institutions Act 1993. The operational activities was started on 15 February 2000 through signing the first lease agreement on that day. Presently the Company is operating through seven branch offices at Dhaka, Chittagong Sylhet and Jashore. The Company went for Initial Public Offering on 14.06.2007 and its shares were listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 06.09.2007 & 28.08.2007 respectively .

#### 1.2 Principal activities and nature of operation

The Company provides lease finance for capital machinery to various industries including construction equipment, energy generating equipment, office equipment, medical equipment, transport etc. The company also provides term finance, 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 base 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, a 57.36% owned subsidiary company of Bangladesh Finance And Investment Company Limited was incorporated on 28 December 2010 as a public limited company under Companies Act 1994 with authorized share capital of Tk. 500 crore. The main objective of the Company is to act as a member of stock exchanges, operate the Central Depository System (CDS) and to carry on the business of brokers, jobbers or dealers in stocks, shares, securities, commodities, commercial papers, bonds, obligations, debentures etc.

##### 1.3.2 BD Finance Capital Holdings Limited

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

### 2. Significant accounting policies

#### 2.1 Basis of preparation of the financial statements

The financial statements of company are made up to 31 December each year and are prepared under the historical cost convention and in accordance with the Financial Institution Act 1993 and Bangladesh Bank Circular DFIM circular No. 11 dated 23 December, 2009. International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act. 1994, the Securities & Exchange Rules 1987 and other laws & 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 subsidiary, as mentioned in note no. 1.3, have been consolidated in accordance with International Accounting Standard 27 “Consolidated and Separate Financial Statements”. The consolidation of the financial statement has been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

The total profits of the Company and its subsidiary are shown in the Consolidated Profit and Loss Account with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as ‘Non-controlling Interest’.

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

### **2.2 Basis of measurement**

This 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.

### **2.3 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance of Bangladesh Bank’s requirements**

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

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

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

### **2.4 Use of estimates and judgements**

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

### **2.5 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.

### **2.6 Reporting period**

These financial statements cover from 01 January 2018 to 31 December 2018

### **2.7 Functional and presentation currency**

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



## 2.8 Cash flow statements

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

Cash flow statements has been prepared under the Direct method, classified by Operating, Investing and Financing activities as prescribed in paragraph 10 and 18 (a) of IAS 7 Statement of Cash Flows and in accordance with the instruction of Bangladesh Bank.

## 2.9 Statement of Changes in Equity

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

## 2.10 Accounting for leases

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

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

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

## 2.11 Accounting for term finance & 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 Recognition of Property, Plant and Equipment and Depreciation

**2.12.1** i) Property, plant and equipment are stated at cost less accumulated depreciation. The cost of the assets is the cost of acquisition or construction together with purchase price and other directly attributable costs for bringing the assets to working conditions for their intended use inclusive of inward freight, duties and non refundable taxes as per 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.

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

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

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

## **2.13 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.

## **2.14 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.

## **2.15 Investments in Securities**

Investments are valued in compliance with FID Circular no .08, dated 03 august, 2002 in lieu of IAS-39. All investment securities are initially recognized at cost.

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

### **a. Investment in quoted securities:**

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

### **b. Investment in un-quoted securities:**

Investment in 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

## **2.16 Statutory reserve**

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

## **2.17 General Reserve**

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

## **2.18 Retirement Benefit**

### **(a) Provident Fund**

The company has introduced recognized contributory provident fund scheme effective from March 2008 for its permanent employees. The Provident fund is administered by a Board of Trustees and is funded by contribution partly from the employees and partly from the Company at a predetermined rate.

### **(b) Gratuity**

Gratuity fund benefit are given to the staff of BD Finance in accordance with the company's service rules. The gratuity is calculated on the basis of sum equal to 30 (thirty) days basic pay for every confirmed employee who completed his continuous service for Five (5) years and 60 (sixty) days basic for employees whose service is



completed for 10 (ten) years or more and as per IAS-19 “Employee Benefits” and payable as per the modalities of the rules. Gratuity so calculated are transfer to the Gratuity fund and charged to expenses of the Company.

## 2.19 Provision for investments and advances

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

BD Finance’s methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank Guidelines. Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank FID Circular no. 06 dated 20 August 2006. The classification rates are given below:

Particulars	Rate
<b>General provision on:</b>	
Unclassified loans and advances-Non-SME	1%
Unclassified loans and advances-SME	0.25%
Special mention account	5%
<b>Specific provision on:</b>	
Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

## 2.20 Income Tax

### 2.20.1 Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2018 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with IAS-12.

### 2.20.2 Deferred tax

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

## 2.21 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.

## 2.22 Revenue recognition

Revenue is only recognised when it meets the following five steps model framework.

- 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;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

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

### **2.22.1 Lease income**

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

### **2.22.2 Income from Term Finance**

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

### **2.22.3 Fees base income, etc.**

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

### **2.22.4 Dividend income**

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

### **2.22.5 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.

### **2.23 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".

### **2.24 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.

### **2.25 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.

### **2.26 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 .

### **2.27 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.

## **2.28 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.

## **2.29 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.

## **2.30 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, BD Finance has already formed BASEL Implementation Committee to ensure timely implementation of BASEL II accord.



### 2.31 Status of compliance of International Accounting Standards and International Financial Reporting Standards.

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

<b>Name of the IAS</b>	<b>IAS No.</b>	<b>Status</b>
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
Leases	17	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyper-inflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied *
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
<b>Name of the IFRS</b>	<b>IFRS No.</b>	<b>Status</b>
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

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 2.3).



		<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>3</b>	<b>Cash</b>		
	Cash in hand (Notes: 3.1)	69,250	55,714
	Balance with Bangladesh Bank (Notes: 3.2)	133,078,089	148,797,583
		<b>133,147,339</b>	<b>148,853,297</b>
<b>3.a</b>	<b>Cash in Hand (Consolidated)</b>		
	BD Finance	69,250	55,714
	BD Finance Securities Limited	60,728	1,252
	BD Finance Capital Holdings Limited	7,616	5,853
		<b>137,594</b>	<b>62,819</b>
<b>3.1</b>	<b>Cash In hand (including foreign currencies)</b>		
	In local currency	69,250	55,714
	In foreign currency	-	-
		<b>69,250</b>	<b>55,714</b>
<b>3.2</b>	<b>Balance with Bangladesh Bank (including foreign currencies)</b>		
	In local currency	133,078,089	148,797,583
	In foreign currency	-	-
		<b>133,078,089</b>	<b>148,797,583</b>
<b>3.3</b>	<b>Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)</b>		
	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the 5th schedule of the Financial Institutions Act, 1993 and subsequent FID Circular # 06, dated November 06, 2003, FID Circular # 02 dated November 10, 2004 respectively.		
<b>3.4</b>	<b>Cash Reserve Ratio (CRR): 2.5% of Average Demand and Time Liabilities</b>		
	Required Reserve	125,923,043	141,016,901
	Actual Reserve held with Bangladesh Bank (local currency)	134,296,617	148,842,583
	<b>Surplus</b>	<b>8,373,574</b>	<b>7,825,682</b>
<b>3.5</b>	<b>Statutory Liquidity Ratio (SLR): 5% (including 2.5% CRR) of Average Demand and Time Liabilities</b>		
	Required Reserve	677,117,187	687,906,327
	Actual Reserve held (Note- 3.6)	792,125,441	1,108,893,568
	<b>Surplus</b>	<b>115,008,255</b>	<b>420,987,241</b>
<b>3.6</b>	<b>Held for Statutory Liquidity Ratio</b>		
	Cash in hand	69,250	55,714
	Balance with Bangladesh Bank	133,078,089	148,797,583
	Balance with other bank and Financial Institutions	658,978,102	960,040,271
		<b>792,125,441</b>	<b>1,108,893,568</b>
<b>4</b>	<b>Balance with other Banks and Financial Institutions</b>		
	Inside Bangladesh (Note - 4.1)	658,978,102	960,040,271
	Outside Bangladesh (Note - 4.2)	-	-
		<b>658,978,102</b>	<b>960,040,271</b>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>4.a Balance with other Banks and Financial Institutions (Consolidated)</b>		
BD Finance	658,978,102	960,040,271
BD Finance Securities Limited	53,362,536	34,910,518
BD Finance Capital Holdings Limited.	29,181,977	8,447,108
	<b>741,522,615</b>	<b>1,003,397,898</b>
<b>4.1 Inside Bangladesh</b>		
<b>Current Account</b>		
Dhaka Bank Limited	2,791	4,401
Midland Bank Limited	466	1,080
NCC Bank Ltd	45,286,489	77,315
NRB Bank Ltd.	6,010	-
Premier Bank Ltd.	-	10,117
Prime Bank Limited	2,104,950	17,880
Social Islami Bank Limited	2,138,033	2,976
	<b>49,538,738</b>	<b>113,770</b>
<b>STD Account</b>		
Bank Asia Limited	25,030,685	44,555
BRAC Bank Limited	62,102	-
Dutch Bangla Bank Limited	489,266	1,227,112
Islami Bank BD Ltd.	27,705	21,887
Jamuna Bank Limited	4,360	4
Modhumoti Bank Limited	3,876	6,240
Mutual Trust Bank Limited	21,388,444	73,175,765
NRB Commercial Bank Limited	232,267	1,962
Southeast Bank Limited	22,057,632	12,682,533
The City Bank Limited	1,966,644	22,153,712
United Commercial Bank Limited	6,827,885	-
	<b>78,090,866</b>	<b>109,313,770</b>
<b>FDR with Banks</b>	<b>331,348,497</b>	<b>750,612,731</b>
<b>FDR with NBFIs</b>	<b>200,000,000</b>	<b>100,000,000</b>
<b>Total Balance with other Banks and Financial Institutions</b>	<b>658,978,102</b>	<b>960,040,271</b>
<b>4.2 Outside Bangladesh</b>		
<b>Cash at Foreign Bank</b>	-	-
<b>Total Cash at Bank (Bangladesh &amp; Foreign)</b>	<b>658,978,102</b>	<b>960,040,271</b>
<b>4.3 Maturity-wise groupings of balance with other banks and FI's</b>		
On Demand	49,538,738	113,770
Not more than 3 months	78,090,866	109,313,770
More than 3 months but less than 1 year	531,348,497	850,612,731
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	<b>658,978,102</b>	<b>960,040,271</b>
<b>5 Investment in Securities</b>		
i) Government	-	-
ii) Others	484,232,301	488,255,822
	<b>484,232,301</b>	<b>488,255,822</b>



	31-Dec-18 BDT	31-Dec-17 BDT
<b>5.a Investment in Securities (Consolidated)</b>		
BD Finance	484,232,301	488,255,822
BD Finance Securities Limited	220,098,773	229,729,934
BD Finance Capital Holdings Limited	387,929,412	405,861,511
	<b>1,092,260,486</b>	<b>1,123,847,266</b>
<b>5.ii. Investment in Securities-Others</b>		
Investment in shares (quoted) (Note 5.1)	474,232,301	478,255,822
Investment in shares (un-quoted) (Note 5.2)	10,000,000	10,000,000
	<b>484,232,301</b>	<b>488,255,822</b>
<b>Maturity-wise Grouping of Investment in Securities:</b>		
On demand	474,232,301	478,255,822
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	-	-
	<b>484,232,301</b>	<b>488,255,822</b>

#### 5.1 Quoted Shares

Name of the Institution	Cost Price 2018	Market Price 2018	Cost Price 2017
Aman Cotton Fibrous Limited (ACFL)	313,840	330,317	1,255,360
Apex Tannery Limited (APEXTANRY)	265,700	241,526	-
Bashundhara Paper Mills Limited (BPML)	939,604	905,627	3,458,080
Beximco Pharmaceuticals Ltd. (BXPHARMA)	-	-	1,967,750
BRAC Bank Ltd. (BRACBANK)	3,627,205	3,635,000	-
City General Insurance Co. Ltd. (CITYGENINS)	12,073,100	7,464,014	12,073,100
Eastland Insurance Company Ltd. (EASTLAND)	5,302,002	1,825,884	5,302,002
Fortune Shoes Limited (FORTUNE)	335,102	310,000	-
Fu Wang Food Ltd. (FUWANGFOOD)	605,087	495,000	-
GSP Finance Company (Bangladesh) Limited (GSPFINANCE)	459,826	408,000	-
Indo-Bangla Pharmaceuticals Limited (IBP)	2,673	9,143	-
Intraco Refueling Station Limited (INTRACO)	2,534	7,129	-
IT Consultants Limited (ITC)	-	-	3,698,119
Jamuna Oil Company Limited (JAMUNAOIL)	8,757,707	8,064,627	20,687,170
Kattali Textile Limited (KTL)	100,640	280,071	-
LafargeHolcim Bangladesh Limited (LHBL)	185,004,854	131,055,278	185,003,987
M.L. Dyeing Limited (MLDYEING)	35,242	125,601	-
Nahee Aluminum Composite Panel Ltd (NAHEEACP)	-	-	62,246
National Tubes Limited (NLTUBES)	51,033	51,850	-
Northern General Insurance Company Ltd (NORTHRNINS)	63,172,649	31,937,382	64,436,851
Oimex Electrode Limited (OIMEX)	-	-	64,800
One Bank Limited (ONEBANKLTD)	17,287,508	10,817,640	17,287,508
Padma Islami Life Insurance Limited (PADMALIFE)	99,152,599	60,147,674	99,152,599
Silva Pharmaceuticals Limited (SILVAPH)	91,940	276,739	-
SK Trims & Industries Limited (SKTRIMS)	16,231,232	15,097,967	-
S. S. Steel Limited (SSSTEEL)	134,910	134,910	-
Summit Power Limited (SUMITPOWER)	23,497,316	14,723,504	23,497,316
The City Bank Ltd. (CITYBANK)	991,255	906,453	4,965,696
United Finance Limited (UNITEDFIN)	35,343,238	10,164,285	35,343,238
VFS Thread Dyeing Limited (VFSTDL)	38,385	244,032	-
Western Marine Shipyard Limited (WMSHIPYARD)	415,121	358,200	-
	<b>474,232,301</b>	<b>300,017,853</b>	<b>478,255,822</b>

## 5.2 Unquoted Shares

Name of the Institution	Cost Price 2018	Market Price 2018	Cost Price 2017
GMG Airlines Limited.	10,000,000	-	10,000,000
	<b>10,000,000</b>	<b>-</b>	<b>10,000,000</b>
	<b>484,232,301</b>	<b>300,017,853</b>	<b>488,255,822</b>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>6 Lease, Loans and Advances</b>		
<b>a) Inside Bangladesh</b>		
Investment in Lease Finance		
Gross lease rental receivable	2,168,077,107	2,315,566,081
Less: Unearned interest income	449,948,128	489,950,325
i) Net Investment in Lease Finance	1,718,128,979	1,825,615,756
ii) Term Finance	9,933,558,042	10,461,031,456
iii) House Building Finance	1,977,459,317	1,722,521,556
Total Loans and Lease inside Bangladesh (i+ii+iii)	<b>13,629,146,338</b>	<b>14,009,168,768</b>
<b>b) Outside Bangladesh</b>	-	-
<b>Total Loans and Lease Finance (a+b)</b>	<b>13,629,146,338</b>	<b>14,009,168,768</b>
<b>6.a Lease, Loans and Advances (Consolidated)</b>		
BD Finance	13,629,146,338	14,009,168,768
BD Finance Securities Limited	629,752,506	638,580,233
BD Finance Capital Holdings Limited.	22,038,078	15,160,844
Loan to BD Finance Securities Limited	(335,623,107)	(347,626,954)
Loan to BD Finance Capital Holdings Limited.	(83,757,347)	(89,372,583)
	<b>13,861,556,468</b>	<b>14,225,910,307</b>
<b>6.1 Maturity wise Classification of Investments:</b>		
<b>With a residual maturity of</b>		
Receivable on Demand	813,534,487	923,308,860
Not more than 3 months	1,359,820,441	1,363,043,705
Over 3 months but not more than 1 year	2,399,160,062	2,121,739,509
Over 1 year but not more than 5 years	7,211,323,474	7,949,982,822
Over 5 years	1,845,307,873	1,651,093,872
	<b>13,629,146,338</b>	<b>14,009,168,768</b>
<b>6.2 Investments on the basis of significant concentration:</b>		
Investments to allied concern of Directors (Note: 43.5)	469,665,539	486,412,126
Investments to Executives/Officers	19,329,166	25,589,935
Investments to Customer Groups	8,297,331,936	7,018,852,968
Industrial Investment	4,153,405,552	5,831,267,609
Others	689,414,145	647,046,130
	<b>13,629,146,338</b>	<b>14,009,168,768</b>
<b>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:</b>		
Total outstanding amount to such customers at end of the year	5,206,945,676	5,969,124,913
Number of such types of customers	11	14
Amount of Classified Investments thereon	-	216,092,703
Measures taken for recovery		



#### 6.4 Sector-wise Classification of Investment:

Sector	As at 31 December 2018		As at 31 December 2017	
	Amount	Composition	Amount	Composition
Agriculture	155,403,870	1.14%	586,084,461	4.18%
Cement/Clinker & Allied Industries		0.00%	-	0.00%
Chemical & Pharmaceuticals	91,711,425	0.67%	269,902,753	1.93%
Electronics and Electrical Products	253,931,216	1.86%	366,390,500	2.62%
Financial Institutions		0.00%	-	0.00%
Food Production/Processing Ind.	176,317,310	1.29%	191,596,145	1.37%
Garments	227,378,999	1.67%	757,327,772	5.41%
Glass & Ceramic Industries	493,099	0.00%	884,395	0.01%
Iron, Steel & Engineering	617,121,818	4.53%	1,225,012,509	8.74%
Jute & Jute Allied Industries		0.00%	693,339	0.00%
Merchant Banking	1,371,249,296	10.06%	1,794,485,031	12.81%
Others	689,414,145	5.06%	647,046,130	4.62%
Paper, Printing and Packaging	2,523,315	0.02%	135,734,949	0.97%
Plastic Industries	-	0.00%	555,252,507	3.96%
Power, Gas, Water and Sanitary	1,765,645,305	12.95%	1,021,726,527	7.29%
Real Estate & Housing	1,955,796,984	14.35%	640,628,499	4.57%
Service Industries	-	0.00%	-	0.00%
Ship & Ship Mfg. Industries	-	0.00%	-	0.00%
SME	3,913,091,516	28.71%	1,869,530,067	13.35%
Telecom./Information Technology	178,003,106	1.31%	108,347,519	0.77%
Textile	939,300,405	6.89%	980,282,467	7.00%
Trading	340,712,420	2.50%	2,144,696,373	15.31%
Transport & Communication	951,052,111	6.98%	713,546,823	5.09%
	<b>13,629,146,338</b>	<b>100.00%</b>	<b>14,009,168,768</b>	<b>100.00%</b>

#### 6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2018		As at 31 December 2017	
	Amount	Composition	Amount	Composition
Dhaka	11,004,502,274	80.74%	11,139,756,636	79.52%
Chattogram	2,548,631,930	18.70%	2,773,341,352	19.80%
Sylhet	76,012,134	0.56%	96,070,780	0.69%
	<b>13,629,146,338</b>	<b>100.00%</b>	<b>14,009,168,768</b>	<b>100.00%</b>



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

Particulars	As at 31 December 2018		As at 31 December 2017	
	Amount	Composition	Amount	Composition
<b>Unclassified</b>				
Standard	12,789,952,514	93.84%	12,737,105,609	90.92%
Special Mention Account (SMA)	237,165,450	1.74%	419,679,594	3.00%
	<b>13,027,117,964</b>		<b>13,156,785,203</b>	
<b>Classified</b>				
Substandard	116,993,635	0.86%	73,147,659	0.52%
Doubtful	27,867,060	0.20%	333,925,666	2.38%
Bad and Loss	457,167,679	3.35%	445,310,240	3.18%
	<b>602,028,374</b>		<b>852,383,565</b>	
	<b>13,629,146,338</b>	<b>100.00%</b>	<b>14,009,168,768</b>	<b>100.00%</b>

6.7 Particulars of provision for Loans and lease Finance

Status	Rate	Basis for Provision	Amount	Amount
			2018	2017
<b>General Provision (for Unclassified portion)</b>				
Standard Non-SME	1%	9,501,744,122	95,017,441	108,675,755
Standard-SME	0.25%	3,288,208,393	8,220,521	4,673,825
Special Mention Account	5%	198,846,655	9,942,333	18,631,763
			<b>113,180,295</b>	<b>131,981,343</b>
<b>Specific Provision (for Classified Portion)</b>				
Substandard	20%	71,437,511	14,287,502	9,487,407
Doubtful	50%	11,096,578	5,548,289	44,047,242
Bad or loss	100%	134,940,899	134,940,899	203,789,909
			<b>154,776,690</b>	<b>257,324,557</b>
Required provision for Loans & Lease Finance			267,956,985	389,305,901
Required provision for Other Receivables			5,828,000	9,117,000
Total provision required			<b>273,784,985</b>	<b>398,422,901</b>
Total provision maintained {note # 12.1(a) & (b)}			275,174,985	408,838,908
<b>Surplus Provision</b>			<b>1,390,000</b>	<b>10,416,007</b>

BD Finance has maintained provision on unclassified investment amounting to Tk. 113,680,295 (note # 12.1.b) and for classified Loan & Lease Finance Tk. 155,666,690 (note # 12.1.a) totaling Tk. 275,174,985. Surplus provision against unclassified loan/lease is Tk. 500,000.



	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>6.8 Particulars of Investments:</b>		
(i) Debts considered good in respect of which the NBFIs are fully secured	2,500,053,006	2,133,721,021
(ii) Debts considered good for which the NBFIs hold no other security other than the debtor's personal guarantee	712,838,977	707,024,987
(iii) Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors	10,416,254,355	11,168,422,760
	<u>13,629,146,338</u>	<u>14,009,168,768</u>
(iv) Amount of classified loan in which no provision has been maintained	194,408,037	71,088,050
(v) Debts due by directors or officers of the NBFIs or any of them either severally or jointly with any other person	19,329,166	25,589,935
(vi) Debts due by companies or firms in which the directors of the NBFIs are interested as directors, partners or managing agents or, in the case of private companies as members (Note 43.5).	469,665,539	486,412,126
(vii) Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the NBFIs or any of them either severally or jointly with any other persons.	2,383,890	12,432,450
(viii) Maximum total amount of advances including temporary advances granted during the period to the companies or Firms in which the directors of the NBFIs are interested as directors, partners or managing agents or in the case of private companies as members	-	-
(ix) Receivable from other NBFIs	-	-
(x) Total amount of advance on which Profit is not credited:	839,193,824	1,272,063,159
A. Increase/decrease of provision (specific)		
Amount of debts written off	20,008,866	241,024,124
Amount realized against the debts previously written off	1,294,000	404,000
B. Provision kept against the debt classified as bad/loss at the date of balance sheet	134,940,899	203,789,909
C. Interest credited to Interest Suspense Account	237,145,672	200,383,099
(xi) Cumulative amount of written off Investments	<u>272,527,307</u>	<u>252,518,441</u>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>7 Fixed Assets including Premises, Furniture &amp; Fixtures</b>		
<b>A. Cost:</b>		
Opening balance	479,944,466	458,730,026
Addition during the year	4,057,624	21,214,440
<b>Less:</b> Disposal during the year	-	-
<b>Closing balance at cost</b>	<b>484,002,090</b>	<b>479,944,466</b>
<b>B. Depreciation:</b>		
Opening balance	76,272,588	60,069,628
Addition during the year	19,828,244	16,202,960
<b>Less:</b> Adjustment on disposal during the year	-	-
<b>Accumulated Depreciation</b>	<b>96,100,833</b>	<b>76,272,588</b>
<b>Carrying value</b>	<b>387,901,258</b>	<b>403,671,878</b>
*Details are given in Annexure-A		
<b>7.a Fixed Assets including Premises, Furniture and Fixtures (Consolidated)</b>		
BD Finance	387,901,258	403,671,878
BD Finance Securities Limited - PPE	10,410,208	7,406,891
BD Finance Securities Limited - Intangible Assets	-	-
BD Finance Capital Holdings Limited.	129,233	1,219,685
	<b>398,440,699</b>	<b>412,298,454</b>
<b>7.1 Revaluation Surplus on Land And Building</b>		
<b>Revalued Amount</b>	360,470,000	360,470,000
Less: Acquisition Value	52,925,188	52,925,188
Less: Deferred Tax Adjustment	12,301,792	12,301,792
<b>Revaluation Surplus</b>	<b>295,243,020</b>	<b>295,243,020</b>

Note: BD 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. Tk. 52,925,188 and for the first time it was revalued on December 31, 2010 for Tk. 191,148,790. Afterward in the year of 2013 it was revalued for Tk. 302,598,790. The earlier revaluation in two phases was conducted by Axis Resources Limited having its registered office at Property Heights (1st Floor) 12, R.K. Mission Road, Dhaka. It was again revalued on December 2016 for Tk. 360,470,000. The last revaluation was conducted by M/s. Emerging Resources Ltd. having their registered office at Valentine Palace, Road 96, House 4/A, 2nd Floor, Gulshan-2, Dhaka. As a result of revaluation, the Revaluation Surplus stands at Tk. 295,243,020 up from Tk. 239,686,658 appreciating by Tk. 55,556,362 after adjustment of Deferred Tax liability. It is noteworthy that, the valuation report was also counter certified by M/s. MARHK & CO. (Chartered Accountants).



	31-Dec-18 BDT	31-Dec-17 BDT
<b>7.b</b> Revaluation Reserve (Consolidated)		
BD Finance	295,243,020	295,243,020
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	<b>295,243,020</b>	<b>295,243,020</b>
<b>8 Other Assets</b>		
Investment in Subsidiaries ( <b>Note: 8.1</b> )	849,930,000	849,930,000
Investment in BD Finance Vanguard Mutual Fund One	200,000,000	200,000,000
Receivables, Advances & Deposits ( <b>Note 8.2</b> )	952,974,406	839,297,111
	<b>2,002,904,406</b>	<b>1,889,227,111</b>
<b>8.a Other Assets (Consolidated)</b>		
BD Finance	1,152,974,406	1,039,297,111
BD Finance Securities Limited	1,083,965,309	1,100,721,452
BD Finance Capital Holdings Limited adjustment	(6,706,152)	-
BD Finance Capital Holdings Limited	48,936,805	52,493,216
	<b>2,279,170,368</b>	<b>2,192,511,779</b>
<b>8.1 Investment In Subsidiaries</b>		
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
<b>8.2 Receivables, Advances &amp; Deposits</b>		
<b>a) Other receivables</b>		
Interest on investment in FDR	11,892,138	15,323,705
Re-imbursable expenses	5,827,863	6,471,004
Receivable Grace Period Interest	2,507,535	5,456,849
Receivable Delinquent Charge	4,085,009	3,728,499
Receivable Penal Interest	193,384,931	108,516,825
Receivable Excise Duty	770,370	777,220
Receivable-Others	2,897,650	5,161,233
Stock of Stamp	76,754	24,108
	<b>221,442,249</b>	<b>145,459,444</b>
<b>b) Advance Income Tax</b>		
Opening Balance	666,924,268	559,388,434
Add: Addition during the year	34,191,404	107,535,834
	<b>701,115,672</b>	<b>666,924,268</b>
Less: Adjustment during the year	-	-
Closing balance	<b>701,115,672</b>	<b>666,924,268</b>
<b>Break-up of Advance Tax</b>		
<b>Advance Tax u/s 64 and 74 of ITO 1984</b>		
Assessment Year 2010-2011	4,853,000	4,853,000
Assessment Year 2011-2012	48,800,405	48,800,405
Assessment Year 2012-2013	8,500,000	8,500,000
Assessment Year 2013-2014	-	-
Assessment Year 2014-2015	145,450,872	145,450,872
Assessment Year 2015-2016	103,446,000	103,446,000
Assessment Year 2016-2017	145,527,974	145,527,974
Assessment Year 2017-2018	95,237,421	95,237,421
Assessment Year 2018-2019	23,674,182	-
	<b>575,489,854</b>	<b>551,815,672</b>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>Advance Tax Deduction at Source</b>		
Assessment Year 2008-2009	19,521,061	19,521,061
Assessment Year 2009-2010	10,730,354	10,730,354
Assessment Year 2010-2011	10,535,623	10,535,623
Assessment Year 2011-2012	4,004,590	4,004,590
Assessment Year 2012-2013	2,187,932	2,187,932
Assessment Year 2013-2014	38,462,728	38,462,728
Assessment Year 2014-2015	4,646,023	4,646,023
Assessment Year 2015-2016	4,538,350	4,538,350
Assessment Year 2016-2017	8,183,522	8,183,522
Assessment Year 2017-2018	12,298,413	12,298,413
Assessment Year 2018-2019	10,517,222	10,517,222
	<b>125,625,818</b>	<b>115,108,596</b>
	<b>701,115,672</b>	<b>666,924,268</b>
<b>c) Deferred Tax Asset</b>		
Balance at the beginning of the period	13,912,495	11,346,826
Adjustment during the period	1,478,361	2,565,669
Balance at the end of the period	<b>15,390,857</b>	<b>13,912,495</b>
<b>d) Advance, deposits and prepayments</b>		
Advance Office Rent	3,411,728	4,504,694
Advance against salary	52,838	386,451
Advance others	10,038,348	6,587,045
	<b>13,502,914</b>	<b>11,478,190</b>
<b>e) Deposits with others</b>		
Deposits with BTTB & Mobile	89,200	89,200
Deposits with Baitul Hossain Building	203,814	203,814
Deposit with Land Lord Bangshal Branch	814,700	814,700
Deposit with CDBL	400,000	400,000
Deposit with Sadharan Bima	15,000	15,000
	<b>1,522,714</b>	<b>1,522,714</b>
Other Assets (a+b+c+d+e)	<b>952,974,406</b>	<b>839,297,111</b>
<b>8.3 Maturity wise classification of other assets</b>		
Receivable on Demand	221,442,249	145,459,444
Not more than 3 months	295,475,160	283,408,201
Over 3 months but not more than 1 year	421,031,369	397,428,563
Over 1 year but not more than 5 years	13,502,914	11,478,190
Over 5 years	1,051,452,714	1,051,452,714
	<b>2,002,904,406</b>	<b>1,889,227,111</b>
<b>9. Non-Banking Assets</b>		
Income Generating	-	-
Non-Income Generating	212,121,062	212,121,062
	<b>212,121,062</b>	<b>212,121,062</b>

BD 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.



	31-Dec-18 BDT	31-Dec-17 BDT
<b>10. Borrowing from other banks, Financial Institutions and agents</b>		
Secured	229,569,500	254,694,343
Un secured	2,976,403,178	3,502,120,260
	<b>3,205,972,678</b>	<b>3,756,814,603</b>
In Bangladesh	3,205,972,678	3,756,814,603
Outside Bangladesh	-	-
	<b>3,205,972,678</b>	<b>3,756,814,603</b>
<b>10.a Borrowing from other banks, Financial Institutions and agents</b>		
BD Finance	3,205,972,678	3,756,814,603
BD Finance Securities Limited	284,120,120	313,143,636
BD Finance Capital Holdings Limited	-	-
	<b>3,490,092,798</b>	<b>4,069,958,239</b>
<b>10.1 In Bangladesh</b>		
Refinance against SME loan from Bangladesh Bank	21,786,651	13,160,053
Refinance against Housing loan from Bangladesh Bank	857,197	1,170,532
Refinance against SME loan from JICA	100,856,465	127,713,813
Term Loan from other Banks (Note-10.2)	1,578,770,947	2,338,043,696
Short Term Loan from other banks (Note-10.3)	941,701,418	856,726,509
Short Term Borrowing	282,000,000	-
Call Loan	280,000,000	420,000,000
	<b>3,205,972,678</b>	<b>3,756,814,603</b>
<b>10.2 Term loan from Other Banks</b>		
Bank Asia Ltd.	69,511,053	109,648,429
Basic Bank Ltd.	194,895,171	246,706,506
Jamuna Bank Ltd	216,007,726	302,331,500
Midland Bank Ltd.	167,490,063	223,970,009
Mutual Trust Bank Ltd.	115,390,903	213,766,420
NCC Bank Ltd.	220,334,488	303,747,964
Prime Bank Ltd.	38,158,020	71,192,150
Shahjalal Islami Bank Ltd.	189,269,777	275,406,659
Social Islami Bank Ltd.	140,784,853	200,000,000
Southeast Bank Ltd.	97,263,754	137,522,373
Standard Bank Ltd.	50,789,766	134,502,626
United Commercial Bank Ltd.	78,875,374	119,249,059
	<b>1,578,770,947</b>	<b>2,338,043,696</b>
<b>10.3 Short Term Loan from Other Banks</b>		
Basic Bank Ltd.	115,213,982	111,278,740
Jamuna Bank Ltd.	97,587,097	52,400,808
Mercantile Bank Ltd.	73,668,100	146,463,018
Midland Bank limited	100,377,408	98,228,589
Mutual Trust Bank Ltd.	88,653,764	22,544,726
NRB Commercial Bank Ltd.	25,701,754	120,870,877
Premier Bank Ltd.	-	12,118
Southeast Bank Ltd.	282,000	99,746,866
South Bangla Agriculture & Commerce Bank Ltd.	101,566,759	102,191,529
Standard Bank Limited	154,077,123	47,420,946
United Commercial Bank Ltd.	81,744,424	5,991,529
Uttara Bank Ltd.	102,829,007	49,576,763
	<b>941,701,418</b>	<b>856,726,509</b>



	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>10.4 Maturity wise classification of loan</b>		
Repayable on demand	280,000,000	420,000,000
Within 1 month	79,370,850	99,203,524
Over 1 months but not more than 3 months	297,640,689	372,013,214
Over 3 months but not more than 1 year	941,701,418	856,726,509
Over 1 year but not more than 5 years	1,607,259,721	2,008,871,356
Over 5 years	-	-
	<b>3,205,972,678</b>	<b>3,756,814,603</b>

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.

<b>11. Deposits and Other Accounts:</b>		
Term Deposits (Note-11.1)	8,061,922,000	8,950,925,640
Scheme Deposits (Note-11.2)	1,042,025,672	956,499,731
Other Deposits (Note-11.3)	322,467,052	58,902,497
Advance Rent and Installments	152,799,902	225,774,314
	<b>9,579,214,627</b>	<b>10,192,102,183</b>
<b>11.a Deposits and Other Accounts (Consolidated)</b>		
BD Finance	9,579,214,627	10,192,102,183
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	<b>9,579,214,627</b>	<b>10,192,102,183</b>
<b>11.1 Term Deposits</b>		
General Deposits	3,981,922,000	4,610,925,640
Deposit from Other Banks and FI's (Note-11.4)	4,080,000,000	4,340,000,000
	<b>8,061,922,000</b>	<b>8,950,925,640</b>
<b>11.2 Scheme Deposits</b>		
General Deposits	1,042,025,672	956,499,731
Deposit from Other Banks and FI's	-	-
	<b>1,042,025,672</b>	<b>956,499,731</b>
<b>11.3 Other Deposits</b>		
Lease deposits	27,126,910	23,020,434
Security deposits	244,170	244,170
Loan deposits	-	-
Sundry Creditors	295,095,972	35,637,893
	<b>322,467,052</b>	<b>58,902,497</b>



	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>11.4 Term Deposits from other bank and FI's</b>		
Term Deposits from Banks	3,620,000,000	3,790,000,000
Term Deposits from NBFIs	460,000,000	550,000,000
	<b>4,080,000,000</b>	<b>4,340,000,000</b>
<b>Term Deposits from Banks</b>		
Agrani Bank Ltd.	700,000,000	300,000,000
Bangladesh Commerce Bank Ltd.	-	350,000,000
Jamuna Bank Limited Total	-	400,000,000
Janata Bank Ltd.	550,000,000	450,000,000
Midland Bank Ltd	90,000,000	200,000,000
Modhumoti Bank Ltd	450,000,000	750,000,000
Mutual Trust Bank Ltd	50,000,000	100,000,000
National Credit And Commerce Bank Ltd.	100,000,000	-
NRB Bank Ltd.	250,000,000	290,000,000
NRB Commercial Bank	100,000,000	-
Rupali Bank Ltd.	400,000,000	500,000,000
Sonali Bank Ltd.	230,000,000	350,000,000
South Bangla Agriculture And Commerce Bank Ltd	200,000,000	100,000,000
The City Bank Ltd.	500,000,000	-
	<b>3,620,000,000</b>	<b>3,790,000,000</b>
<b>Term Deposits from NBFIs</b>		
Bangladesh Infrastructure Finance Fund Limited (BIFFL)	80,000,000	50,000,000
Infrastructure Development Company Limited	380,000,000	300,000,000
National Housing Finance and Investments Limited	-	200,000,000
	460,000,000	550,000,000
<b>11.5 Term and Other Deposits</b>		
General Deposits	5,346,414,725	5,626,327,868
Deposit from Other Banks and Financial Institutions	4,080,000,000	4,340,000,000
	<b>9,426,414,725</b>	<b>9,966,327,868</b>
<b>11.6 Advance Rent and Installments</b>		
Advance Lease Rent	26,290,371	39,143,987
Advance Term Installments	126,509,531	186,630,328
	<b>152,799,902</b>	<b>225,774,314</b>
<b>11.7 Maturity wise classification of Deposits</b>		
Repayable on demand	-	-
Within 1 month	322,467,052	327,859,031
Over 1 months but not more than 3 months	971,537,367	900,964,969
Over 3 months but not more than 1 year	2,135,975,725	2,300,409,308
Over 1 year but not more than 5 years	5,043,573,072	5,771,742,626
Over 5 year to 10 years	1,105,661,410	891,126,250
Over 10 years	-	-
	<b>9,579,214,627</b>	<b>10,192,102,183</b>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>12. Other Liabilities</b>		
Provision for Loans and Lease Finance (Note 12.1 )	275,174,985	408,838,908
Provisions for Investment in Securities (Note 12.2)	188,067,968	128,067,968
Interest Suspense (Note 12.3)	237,145,672	200,383,099
Provision for Taxation ( Note 12.4)	886,127,368	765,912,919
Deferred Tax (Note 12.5)	12,301,792	12,301,792
Interest payable on Borrowing and Deposits (Note 12.6)	362,794,768	301,776,917
Payable & Provision against expenditure (Note 12.7)	319,479,370	186,398,878
Advance Rent Received	11,981,250	9,016,000
Advance Excise Duty Received	9,518,500	10,100,050
Gratuity Fund	22,507,743	18,654,649
Dividend payable	4,980,659	5,025,112
	<b>2,330,080,074</b>	<b>2,046,476,291</b>
<b>12.a Other Liabilities (Consolidated)</b>		
BD Finance	2,330,080,074	2,046,476,291
BD Finance Securities Limited	224,611,498	204,375,240
BD Finance Capital Holdings Limited	51,487,844	45,403,290
BD Finance Capital Holdings Limited - Adjustment	(745,124)	(869,986)
	<b>2,605,434,292</b>	<b>2,295,384,834</b>
<b>12.1 Provision for Investment:</b>		
<b>(a) Provision on Classified Investment:</b>		
Provision held at the beginning of the period	257,324,557	333,036,827
Provision adjustment for Loan/Lease written off during the year	(14,688,393)	(173,913,088)
Recovery against Loan/Lease previously written off	890,000	-
Net charge to Profit & Loss Account (Note - 32)	(87,859,475)	98,200,818
Provision held at the end of the period	<b>155,666,690</b>	<b>257,324,557</b>
<b>(b) General Provision on Unclassified Investment:</b>		
Provision held at the beginning of the period	142,397,350	135,616,062
Net charge to Profit & Loss Account (Note - 32)	(28,717,055)	6,781,288
Balance at the end of the period	<b>113,680,295</b>	<b>142,397,350</b>
<b>(c) Provision on Other Receivables:</b>		
Provision held at the beginning of the period	9,117,000	9,025,000
Net charge to Profit & Loss Account (Note - 32)	(3,289,000)	92,000
Balance at the end of the period	5,828,000	9,117,000
Total Provision for Investments	<b>275,174,985</b>	<b>408,838,908</b>
<b>12.2 Provision for Investment in Securities:</b>		
Provision held at the beginning of the period	128,067,968	68,067,968
Addition/(Adjustment) during the year (note-32)	60,000,000	60,000,000
Balance at the end of the period	<b>188,067,968</b>	<b>128,067,968</b>
The total provisions for diminution in value of investment includes Tk. 10,000,000 against GMG Airlines which was maintained as per Bangladesh Bank observation on 30.06.2013		
<b>12.3 Interest Suspense Account:</b>		
Balance at the beginning of the period	200,383,099	174,239,619
Amount transferred to suspense account during the period	36,762,573	26,143,480
Amount recovered from suspense account during the period	-	-
Balance at the end of the period	<b>237,145,672</b>	<b>200,383,099</b>
<b>12.4 Provision for Taxation</b>		
Balance at the beginning of the period	765,912,919	732,792,541
Provision made during the period	120,214,449	33,120,379
Adjustment during the period	-	-
Balance at the end of the period	<b>886,127,368</b>	<b>765,912,919</b>



	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>12.5 Deferred Tax</b>		
Balance at the beginning of the period	12,301,792	12,301,792
Adjustment during the period	-	-
Balance at the end of the period	<b>12,301,792</b>	<b>12,301,792</b>
<b>12.6 Interest payable on Borrowing and Deposits</b>		
Interest payable on TDR and other deposits	306,920,170	246,999,621
Interest payable on Term Loan	55,478,383	53,480,405
Interest payable on Refinancing loan from BB (SME)	152,079	186,209
Interest payable on Refinancing loan from BB (Housing)	12,033	14,711
Interest payable on Refinancing loan from JICA	(30,530)	817,780
Interest Payable on Call loan	194,444	210,000
Interest payable on Security Deposit	68,190	68,190
Balance at the end of the period	<b>362,794,768</b>	<b>301,776,917</b>
<b>12.7 Payable &amp; Provision against expenditure</b>		
Advance transfer price	3,001	3,001
Payable others	238,146,512	137,425,706
Payable to BD Finance Foundation	39,475,885	29,323,209
Withholding Excise Duty	9,358,194	9,721,730
Withholding tax	31,498,222	9,537,710
Withholding VAT	997,555	387,523
Balance at the end of the period	<b>319,479,370</b>	<b>186,398,878</b>
<b>12.8 Maturity wise classification of other liabilities</b>		
Repayable on demand	319,479,370	186,398,878
Within 1 month	64,892,859	54,495,583
Over 1 months but not more than 3 months	51,914,287	43,596,466
Over 3 months but not more than 1 year	142,764,290	119,890,282
Over 1 year but not more than 5 years	389,357,155	326,973,496
Over 5 years	1,361,672,113	1,315,121,587
Balance at the end of the period	<b>2,330,080,074</b>	<b>2,046,476,291</b>
<b>13. Capital</b>		
<b>13.1 Authorized Capital:</b>		
200,000,000 ordinary shares of Tk. 10 each	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>13.2 Issued, Subscribed and Paid up Capital:</b>		
152,299,644 fully paid ordinary shares of Tk. 10 each subscribed and paid up by the sponsor Shareholders & General Shareholders	<b>1,522,996,440</b>	<b>1,384,542,220</b>
Sponsor Shareholders Group	466,317,280	349,682,660
General Shareholders Group	1,056,679,160	1,034,859,560
	<b>1,522,996,440</b>	<b>1,384,542,220</b>
<b>General Shareholders Group:</b>		
General Public (Individuals)	843,101,840	726,000,800
Financial Institutions	213,329,460	308,639,960
Unit fund	-	-
Investors Account	247,860	218,800
Mutual Fund	-	-
	<b>1,056,679,160</b>	<b>1,034,859,560</b>

<b>Classification of Shareholders by holding:</b>	<b>No. of Shareholders</b>	<b>No. of Shares</b>	<b>Percentage of Share Holding</b>
Less than 500 shares	5,825	865,355	0.57%
501 to 5,000 shares	4,808	8,565,448	5.62%
5,001 to 10,000 shares	710	5,201,801	3.42%
10,001 to 20,000 shares	400	5,846,833	3.84%
20,001 to 30,000 shares	146	3,610,490	2.37%
30,001 to 40,000 shares	74	2,541,751	1.67%
40,001 to 50,000 shares	66	3,098,958	2.03%
50,001 to 1,00,000 shares	83	5,772,130	3.79%
1,00,001 to 10,00,000 shares	123	32,396,542	21.27%
10,00,001 to 99,99,999 shares	31	84,400,336	55.42%
<b>Total</b>	<b>12,266</b>	<b>152,299,644</b>	<b>100.00%</b>

<b>Year</b>	<b>Declaration</b>	<b>No of Shares</b>	<b>Value of Shares</b>	<b>Cumulative value of shares</b>
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	Bouns Share	1,478,600	14,786,000	204,664,000
2006	Bouns Share	2,865,290	28,652,900	233,316,900
2007	IPO	7,000,000	70,000,000	303,316,900
2008	Bouns Share	3,033,160	30,331,600	333,648,500
2009	Bouns Share	3,336,480	33,364,800	367,013,300
2010	Bouns Share	7,340,260	73,402,600	440,415,900
2011	Bouns Share	9,689,149	96,891,490	537,307,390
2012	Bouns Share	5,373,073	53,730,730	591,038,120
2013	Bouns Share	5,910,380	59,103,810	650,141,930
2013	Right Share	39,008,515	390,085,150	1,040,227,080
2014	Bouns Share	10,402,270	104,022,700	1,144,249,780
2015	Bouns Share	11,442,497	114,424,970	1,258,674,750
2016	Bouns Share	12,586,747	125,867,470	1,384,542,220
2017	Bouns Share	13,845,422	138,454,220	1,522,996,440



### 13.3 Capital under Capital Adequacy and Market Discipline (CAMD)

As per the section 4 (GHA) of the Financial institutions rule, 1994 and subsequently updated vide 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 Bankladesh Bank.

The Surplus eligible capital of the company solo and consolidated at the close of business on December 31, 2018 were Taka 86.17 crore and Taka 136.69 crore respectively.

Details are as follows:

	BD Finance		BD Finance Group	
	31.12.2018 Taka	31.12.2017 Taka	31.12.2018 Taka	31.12.2017 Taka
a) Core Capital (Tier -I):				
i) Paid-up Capital	1,522,996,440	1,384,542,220	1,522,996,440	1,384,542,220
ii) Statutory Reserve (Note # 14)	320,007,242	264,563,582	320,007,242	264,563,582
iii) General Reserve (Note # 15)	-	-	-	-
iv) Retained Earnings (Note #16)	254,916,724	171,596,309	382,246,789	294,227,574
v) Minority interest (Note # 16.b)	-	-	489,307,422	489,180,767
vi) Others (If any approved by Bangladesh Bank)	-	-	33,744,750	33,744,750
	2,097,920,405	1,820,702,112	2,748,302,643	2,466,258,893
b) Supplementary Capital (Tier-II):	449,369,773	418,086,828	449,369,773	418,086,828
i) General Provision (Unclassified loans up to specified limit + SMA-Off Balance sheet exposers) {Note 12.1(b)}*	113,680,295	142,397,350	113,680,295	142,397,350
ii) Assets Revaluation Reserves up to 50%	147,621,510	147,621,510	147,621,510	147,621,510
iii) Revaluation Reserves for Securities up to 45%	-	-	-	-
iv) All others preference Shares	-	-	-	-
v) Others (If any approved by Bangladesh Bank)	188,067,968	128,067,968	188,067,968	128,067,968
c) Total eligible capital (a +b)	2,547,290,178	2,238,788,940	3,197,672,416	2,884,345,721
Total Assets Including off-balance sheet exposers	17,608,430,806	18,211,338,209	18,718,287,380	19,318,947,168
D) Total risk weighted Assets	16,473,942,255	16,505,788,034	17,923,981,840	6,816,948,506
E) Required Capital Based on risk weighted Assets (10% of D)	1,647,394,226	1,650,578,803	1,792,398,184	1,681,694,851
F) Surplus (C-E)	899,895,953	588,210,137	1,405,274,232	1,202,650,870
Capital adequacy Ratio (%)	15.46%	13.56%	17.84%	17.15%

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



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<b>14. Statutory Reserve</b>		
Opening balance	264,563,582	222,607,589
Add: Addition during the period	55,443,659	41,955,994
	<b>320,007,242</b>	<b>264,563,582</b>
<b>15. General Reserve</b>		
Opening balance	-	-
<b>Add:</b> Transfer from Retained Earning	-	-
<b>Less:</b> Distribution During the period	-	-
	-	-
<b>16. Retained Earnings</b>		
Opening balance	171,596,309	129,639,805
Add: Profit After Tax during the period	277,218,296	209,779,968
Less: Transfer to Statutory Reserve	(55,443,659)	(41,955,994)
Less: Issue of Bonus Shares	(138,454,222)	(125,867,470)
	<b>254,916,724</b>	<b>171,596,309</b>
<b>16.a Retained Earnings (Consolidated)</b>		
BD Finance	254,916,724	171,596,309
BD Finance Securities Limited	75,184,307	74,890,247
BD Finance Capital Holdings Limited	84,227,930	79,696,533
Adjustment for Minority Interest	(32,082,172)	(31,955,517)
	<b>382,246,789</b>	<b>294,227,574</b>
<b>16.b Non Controlling Interest (Consolidated)</b>		
BD Finance Securities Limited		
Paid up Capital	457,150,000	457,150,000
Retained Profit/(Loss)	32,058,589	31,933,202
	<b>489,208,589</b>	<b>489,083,202</b>
BD Finance Capital Holdings Limited.		
Paid up Capital	75,250	75,250
Retained Profit/(Loss)	23,584	22,315
	98,834	97,565
	<b>489,307,422</b>	<b>489,180,767</b>
<b>16.1 Capital Reserve</b>		
Stock Dividend from BD Finance Securities Ltd.	15,000,000	15,000,000
Stock Dividend from Capital Holdings Ltd.	18,744,750	18,744,750
	<b>33,744,750</b>	<b>33,744,750</b>
Capital reserve created for interim Stock Dividend received from the Subsidiary companies in the year 2014.		
<b>17. Letters of Guarantees</b>		
Letters of guarantee	100,000,000	100,000,000
Less: Margin	-	-
	<b>100,000,000</b>	<b>100,000,000</b>



	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>18. Profit and Loss Account</b>		
<b>Income</b>		
Interest, discount and similar income (Note-19)	1,848,870,486	1,592,255,704
Dividend income {Note-21}	16,123,193	34,836,144
Commission, Exchange and Brokerage	400,000	400,000
Gains less losses arising from investment securities {Note-21}	3,861,708	4,783,433
Other operating income (Note-22)	110,448,599	125,869,858
	<b>1,979,703,986</b>	<b>1,758,145,140</b>
<b>Expenses:</b>		
Interest paid on Deposits & Borrowing (Note-20)	1,420,478,171	1,166,234,103
Administrative expenses	160,942,787	129,590,376
Other operating expenses (Note-31)	30,456,451	28,124,533
Depreciation on Fixed assets {Note-30(a)+30(b)+Note-30(c)}	31,737,723	28,787,344
	<b>1,643,615,132</b>	<b>1,352,736,356</b>
Income over expenditure	<b>336,088,854</b>	<b>405,408,784</b>
<b>19. Interest income</b>		
Interest income on Loans & Lease Finance (Note-19.1)	1,785,448,142	1,556,679,341
Interest on placement with other Banks & FIS (Note-19.2)	63,422,344	35,576,363
	<b>1,848,870,486</b>	<b>1,592,255,704</b>
<b>19.a Interest Income (Consolidated)</b>		
BD Finance	1,848,870,486	1,592,255,704
BD Finance Securities Limited	87,667,346	69,366,174
BD Finance Capital Holdings Limited	3,143,281	2,469,025
BD Finance Securities Limited-Adjustment	(43,036,899)	(35,951,941)
BD Finance Capital Holdings Limited.-Adjustment	(12,004,792)	(8,299,873)
	<b>1,884,639,422</b>	<b>1,619,839,090</b>
<b>19.1 Interest on Loans &amp; Lease Finance</b>		
Interest income on lease finance	260,503,808	191,287,208
Interest income on term finance	1,274,009,952	1,162,069,305
Interest on housing finance	250,934,382	203,322,828
	<b>1,785,448,142</b>	<b>1,556,679,341</b>
<b>19.2 Interest on placement with other banks &amp; FIS</b>		
Interest on FDR	62,662,326	34,573,042
Interest on STD accounts	760,018	1,003,321
Interest on fund placements	-	-
	<b>63,422,344</b>	<b>35,576,363</b>
<b>20. Interest paid on deposits &amp; borrowing</b>		
Interest paid on deposits	982,534,847	861,625,182
Interest paid on borrowings (Note-20.1)	437,943,324	304,608,921
	<b>1,420,478,171</b>	<b>1,166,234,103</b>

	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>20.a Interest Expenses (Consolidated)</b>		
BD Finance	1,420,478,171	1,166,234,103
BD Finance Securities Limited	48,196,460	33,439,275
BD Finance Capital Holdings Limited	-	20,895
BD Finance Securities Limited-Adjustment	-	-
BD Finance Capital Holdings Limited.-Adjustment	-	-
	<b>1,468,674,631</b>	<b>1,199,694,273</b>
<b>20.1 Interest paid on borrowing</b>		
Interest Expenses on Term Loan	273,159,008	233,973,379
Interest Expenses on SOD Loan	145,026,295	41,738,453
Interest Expenses on Call Loan	12,995,764	21,354,625
Interest Expenses on Re-financing loan	6,762,257	7,542,464
	<b>437,943,324</b>	<b>304,608,921</b>
<b>21. Income from Investment in Securities</b>		
Gain/(Loss) from Investment in Shares	3,861,708	4,783,433
Dividend Income	16,123,193	34,836,144
	<b>19,984,901</b>	<b>39,619,578</b>
<b>21.a Income from Investment in Securities (Consolidated)</b>		
BD Finance	19,984,901	39,619,578
BD Finance Securities Limited	2,412,259	55,716,129
BD Finance Capital Holdings Limited	13,380,370	73,072,053
BD Finance Securities Limited-Adjustment	-	-
BD Finance Capital Holdings Limited-Adjustment	-	-
	<b>35,777,530</b>	<b>168,407,759</b>
<b>21.b Commission, Exchange and Brokerage (Consolidated)</b>		
BD Finance	400,000	400,000
BD Finance Securities Limited	74,537,950	89,870,185
BD Finance Capital Holdings Limited	5,043,339	1,950,743
BD Finance Securities Limited-Adjustment	(400,000)	(400,000)
BD Finance Capital Holdings Limited.-Adjustment	-	-
	<b>79,581,289</b>	<b>91,820,928</b>
<b>22. Other Operating Income:</b>		
Penal Interest	81,176,008	91,687,389
Loan Settlement & Others	11,050,798	15,256,841
Contact point verification (CPV)	1,132,287	2,634,969
Ledger management (LM)	311,500	405,000
Transfer Price	370,430	113,500
Processing fees	3,079,272	3,355,177
Legal & Documentation charge	790,868	1,300,007
Office Rent (64 Motijheel)	12,225,000	10,694,000
Other Income (Note-22.1)	312,436	422,974
	<b>110,448,599</b>	<b>125,869,858</b>



	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>22.a Other Operating Income (Consolidated)</b>		
BD Finance	110,448,599	125,869,858
BD Finance Securities Limited	(48,607)	224,080
BD Finance Capital Holdings Limited	268,020	144,770
BD Finance Securities Limited-Adjustment	(3,030,200)	(2,063,100)
BD Finance Capital Holdings Limited-Adjustment	(717,600)	(732,550)
	<b>106,920,212</b>	<b>123,443,059</b>
<b>22.1 Other Income</b>		
Gain/(loss) on sale of fixed assets	-	-
Miscellaneous income	312,436	422,974
	<b>312,436</b>	<b>422,974</b>
<b>23. Salary &amp; Allowances</b>		
Basic Salary	51,512,103	41,891,939
Allowances	46,063,536	36,856,717
Bonus	18,915,205	10,089,750
Earned Leave Encashment	1,251,249	
BD Finance's Contribution to Provident fund	3,973,056	3,402,469
Wages	818,676	593,700
	<b>122,533,824</b>	<b>92,834,575</b>
<b>23.a Salary &amp; Allowances (Consolidated)</b>		
BD Finance	122,533,824	92,834,575
BD Finance Securities Limited	20,564,332	17,610,865
BD Finance Capital Holdings Limited	7,376,590	6,702,253
	<b>150,474,746</b>	<b>117,147,693</b>
<b>24. Rent, Taxes, Insurance, Electricity etc.</b>		
Rent, Rates & Taxes	19,228,041	18,520,721
Insurance	542,498	844,514
Electricity & Lighting, WASA, Gas etc.	2,347,824	2,014,534
	<b>22,118,363</b>	<b>21,379,769</b>
<b>24.a Rent, Taxes, Insurance, Electricity etc. (Consolidated)</b>		
BD Finance	22,118,363	21,379,769
BD Finance Securities Limited	6,752,628	4,545,134
BD Finance Capital Holdings Limited	1,788,869	1,736,792
BD Finance Securities Limited-Adjustment	(3,030,200)	(2,063,100)
BD Finance Capital Holdings Limited-Adjustment	(717,600)	(732,550)
	<b>26,912,060</b>	<b>24,866,045</b>
<b>25. Legal &amp; Professional Fees</b>		
Legal Fees & Charge	1,961,296	1,511,585
Other Legal Expenses	-	7,000
	<b>1,961,296</b>	<b>1,518,585</b>
<b>25.a Legal &amp; Professional Fees (Consolidated)</b>		
BD Finance	1,961,296	1,518,585
BD Finance Securities Limited	413,310	469,237
BD Finance Capital Holdings Limited	28,750	129,333
	<b>2,403,356</b>	<b>2,117,155</b>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>26. Postage, Stamps, Telecommunication etc.</b>		
Stamp & Court Fees	481,354	647,263
Internet expenses	876,200	518,517
Postage & Courier Expenses	32,526	48,312
Telephone & Fax Expenses	185,175	152,093
Mobile Expenses	936,062	591,307
	<b>2,511,317</b>	<b>1,957,492</b>
<b>26.a Postage, Stamps, Telecommunication (Consolidated)</b>		
BD Finance	2,511,317	1,957,492
BD Finance Securities Limited	1,062,075	632,270
BD Finance Capital Holdings Limited	196,467	228,707
	<b>3,769,859</b>	<b>2,818,469</b>
<b>27. Stationery, Printing, Advertisements etc.</b>		
Stationary-Toner & Cartridge	269,153	230,065
Stationary Expenses	467,143	458,091
Printing Expenses	1,436,776	986,879
Advertisement and Publicity	1,715,582	1,907,522
	<b>3,888,654</b>	<b>3,582,557</b>
<b>27.a Stationery, Printing, Advertisements etc. (Consolidated)</b>		
BD Finance	3,888,654	3,582,557
BD Finance Securities Limited	318,642	309,315
BD Finance Capital Holdings Limited	147,442	55,004
	<b>4,354,738</b>	<b>3,946,876</b>
<b>28. Managing Director's Salary and Allowances</b>		
Basic Salary	2,966,667	3,454,839
Allowances	3,291,667	2,803,226
Bonus	500,000	600,000
	<b>6,758,333</b>	<b>6,858,065</b>
<b>29. Directors' Fees &amp; Conveyance</b>		
Director Fees	960,000	1,256,000
	<b>960,000</b>	<b>1,256,000</b>
<p>Total 9 nos. of Board Meeting and 4 nos of Audit Committee Meeting were held during the period ended on 31 December 2018. Each Director was paid Tk. 8,000 for attending in the meeting as per Bangladesh Bank DFIM Circular No. 13 Dated 30 November, 2015</p>		
<b>29.a Directors' Fees &amp; Conveyance (Consolidated)</b>		
BD Finance	960,000	1,256,000
BD Finance Securities Limited	161,000	207,000
BD Finance Capital Holdings Limited	80,500	109,250
	<b>1,201,500</b>	<b>1,572,250</b>
<b>29.b Audit Fees (Consolidated)</b>		
BD Finance	211,000	203,333
BD Finance Securities Limited	57,500	63,250
BD Finance Capital Holdings Limited	25,556	25,556
	<b>294,056</b>	<b>292,139</b>



	31-Dec-18 BDT	31-Dec-17 BDT
<b>30. Depreciation and Repair of Assets</b>		
<b>a) Depreciation of Assets</b>		
Building	539,880	539,880
Furniture & Fixtures	3,900,615	4,341,378
Office Equipment	4,058,429	3,399,829
Motor Vehicles	5,656,395	5,656,397
	<b>14,155,319</b>	<b>13,937,484</b>
<b>b) Amortization Expenses</b>		
System & Software	4,461,979	1,187,898
Office Renovation	1,210,946	1,077,578
	<b>5,672,925</b>	<b>2,265,476</b>
<b>c) Repair of Assets</b>		
Office Equipment	600,486	2,339,958
Office Furniture & Fixtures	83,812	24,550
Motor Vehicles	11,225,181	10,219,876
	<b>11,909,479</b>	<b>12,584,384</b>
	<b>31,737,723</b>	<b>28,787,344</b>
<b>30.a Depreciation and Repair of Assets (Consolidated)</b>		
BD Finance	31,737,723	28,787,344
BD Finance Securities Limited	2,829,973	2,823,395
BD Finance Capital Holdings Limited	1,103,718	2,867,784
	<b>35,671,414</b>	<b>34,478,523</b>
<b>31. Other Expenses</b>		
Petrol, Oil, Lubricants, CNG & others	2,898,668	2,659,893
Entertainment	1,941,036	3,511,836
Donation and Subscription	2,648,181	2,662,007
Donation to BD Finance Foundation	10,152,676	6,162,428
Traveling and Conveyance	1,152,225	1,239,058
Training Expenses	449,205	343,950
Retirement benefits and gratuity	4,396,728	5,065,635
Registration & Renewal Expenses	599,150	1,262,199
Papers & Periodicals	75,143	78,599
Office Maintenance	2,539,308	591,614
Office Supplies	368,705	286,553
Uniform & Liveries	196,030	200,330
Bank Charges & Excise Duty	1,443,156	1,293,846
Business development & Promotion	16,560	510,672
Security Service-Outsourcing	1,164,776	1,092,366
AGM & Meeting expenses	360,670	357,850
Miscellaneous Expenses	54,235	805,697
	<b>30,456,451</b>	<b>28,124,533</b>

	31-Dec-18 BDT	31-Dec-17 BDT
<b>31.a Other Expenses (Consolidated)</b>		
BD Finance	30,456,451	28,124,533
BD Finance Securities Limited-DSE charges	26,455,420	32,454,877
BD Finance Securities Limited	1,688,656	1,662,278
BD Finance Capital Holdings Limited	1,144,891	1,097,539
	<b>59,745,419</b>	<b>63,339,228</b>
<b>32. Provision against loans, lease finance &amp; Others</b>		
Provision on classified loans {Note-12.1(a)}	(87,859,475)	98,200,818
Provision on unclassified Loans & Advances {Note-12.1(b)}	(28,717,055)	6,781,288
Provision on other receivables {Note-12.1(c)}	(3,289,000)	92,000
Provisions on Investment in Securities (Note - 12.2)	60,000,000	60,000,000
	<b>(59,865,530)</b>	<b>165,074,106</b>
<b>32.a Provision on Investment in Securities (Consolidated)</b>		
BD Finance	60,000,000	60,000,000
BD Finance Securities Limited	(1,456,774)	15,457,182
BD Finance Capital Holdings Limited	(9,000,000)	7,327,830
	<b>49,543,226</b>	<b>82,785,012</b>
<b>33. Earning Per Share (EPS)</b>		
Calculation of Earning Per Share (Note - 2.27):		
Net Profit after Tax	277,218,296	209,779,968
Number of Ordinary Shares outstanding (Denominator)	152,299,644	152,299,644
Earning Per Share (Re-stated 2016)	<b>1.82</b>	<b>1.38</b>
<b>33.a Earning Per Share (EPS) (Consolidated)</b>		
Calculation of Earning Per Share (Note - 2.27):		
Net Profit after Tax	281,865,472	278,942,052
Number of Ordinary Shares outstanding (Denominator)	152,299,644	152,299,644
Earnings Per Share (Re-stated 2017)	<b>1.85</b>	<b>1.83</b>
<b>34. Interest received</b>		
Interest received (Note-19)	1,848,870,486	1,592,255,704
Add: Opening interest Receivable on TDR	15,323,705	9,653,388
Less: Closing interest receivable on TDR	(11,892,138)	(15,323,705)
Add: Opening Receivable of Delinquent Charges & Penal Interest	112,245,324	22,137,251
Less: Closing Receivable of Delinquent Charges & Penal Interest	(197,469,940)	(112,245,324)
Add: Closing interest suspense account	237,145,672	200,383,099
Less: Opening Interest Suspense Account	(200,383,099)	(174,239,619)
Add: Opening Receivable of Grace Period Interest	5,456,849	85,456
Less: Closing Receivable Grace Period Interest	(2,507,535)	(5,456,849)
	<b>1,806,789,324</b>	<b>1,517,249,400</b>
<b>35. Interest Paid on Deposits &amp; Borrowings</b>		
Interest Paid on Deposits & Borrowings (Note-20)	1,420,478,171	1,166,234,103
Add: Opening interest payable on deposit & borrowings	301,776,917	354,516,956
Less: Closing interest payable on deposit & borrowings	(362,794,768)	(301,776,917)
	<b>1,359,460,319</b>	<b>1,218,974,142</b>





	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>36. Cash Received from other Operating activities</b>		
Income from investment in shares (Note 21)	3,861,708	4,783,433
Other operating income (except gain/(loss) on sales of fixed assets)	110,448,599	125,869,858
	<b>114,310,307</b>	<b>130,653,291</b>
<b>37. Cash Payments for other Operating activities</b>		
Rent, Taxes, Insurance, Lighting etc.	22,118,363	21,379,769
Legal & Professional Fees	1,961,296	1,518,585
Postage, Stamp, Telegram & Telephone	2,511,317	1,957,492
Directors' Fee & Expenses	960,000	1,256,000
Auditors' Fee	211,000	203,333
Repair, Maintenance of NBF's Assets	11,909,479	12,584,384
Other Expenses	30,456,451	28,124,533
	<b>70,127,906</b>	<b>67,024,096</b>
<b>38. Cash Increase/ Decrease in Other Assets</b>		
Re-imbursable Expenses	5,827,863	6,471,004
Receivable Others	2,897,650	5,161,233
Receivable Excise Duty	770,370	777,220
Investment In Subsidiaries	849,930,000	849,930,000
Investment in BD Finance Vanguard Mutual Fund One	200,000,000	200,000,000
Advance against expenditure {Note-8.2(d)}	13,502,914	11,478,190
Deposits {with other organization Note-8.2(e)}	1,522,714	1,522,714
Stock of Stamp	76,754	24,108
	<b>1,074,528,265</b>	<b>1,075,364,469</b>
Cash (Increase)/ Decrease in Other Assets	<b>836,204</b>	<b>16,287,119</b>
<b>39. Cash Increase/ (Decrease) in Other Liabilities</b>		
Payable others	319,479,370	186,398,878
Advance Rent (against 64 Motijheel)	11,981,250	9,016,000
Advance Excise Duty	9,518,500	10,100,050
Gratuity Fund	22,507,743	18,654,649
Dividend payable	4,980,659	5,025,112
	<b>368,467,522</b>	<b>229,194,689</b>
Cash Increase/ (Decrease) in Other Liabilities	<b>139,272,833</b>	<b>140,867,790</b>
<b>40. Cash and Cash Equivalents</b>		
Cash in Hand	69,250	55,714
Balance with Bangladesh Bank & Sonali Bank Limited	133,078,089	148,797,583
Balance with Other Banks & Financial Institutions	658,978,102	960,040,271
	<b>792,125,441</b>	<b>1,108,893,568</b>

**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 128 (In the year 2017 it was 112).

**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 BD Finance formed a Five members Audit Committee named "Board Audit Committee".

Name	Status with BD Finance	Status with the Committee	Educational Qualification
Mr. Ansar Uddin Ahmed	Independent Director	Chairman	M.Com
Mr. Md. Abul Quasem	Independent Director	Member	M.S.S (Econ)
Mr. Imtiyaj Yousuf	Director	Member	HSC
Mrs. Shahnaz Rashid	Director	Member	BA

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

**b) Meeting of Audit Committee**

During 1 January to 31 December 2018, the Audit Committee of the Board conducted 04 meetings in which among others, the following issues were discussed:-

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

**c) Internal Control:**

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

- i) Audit & Inspection division of the company carried out Internal Audit with a view to enrich the compliance culture and full control on the exertion of the BD Finance's operations. The division directly report simultaneously to the Board Audit Committee, and
- ii) Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of internal Control System and Internal Audit Policy, Policy for financial risk, existing rules and regulation.
- iii) To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and different divisions of Head Office and surprise inspection of the Branches.



**43. Related Party Disclosures:**

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

Name of the Directors of BD 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. BD Finance Capital Holdings Limited. BD Finance Securities Limited. Hossain Dyeing & Printing Mills Limited. Mehmud Industries (Pvt.) Limited. Anwar Cement Sheet Limited. Modhumoti Bank Limited.	Director Director Director Director Director Director Director Director Director Director Director Director
Mr. Khondker Fazle Rashid Director	Nil	Nil
Mr. Golam Hafiz Ahmed Director	Nil	Nil
Mr. Geasuddin Ahmed Director	BD Finance Securities Limited. Dhaka Complex (Pvt) Limited. Momota Enterprise	Director Director Proprietor
Mrs. Shahnaz Rashid Director	Anwar Cement Limited. AG Automobiles Limited. Anwar Galvanizing Limited. Hossain Dyeing & Printing Mills Limited.	Director Director Director Director
Mr. Imtiyaj Yousuf Director	Imtiyaj Steel Precious Steel Corporation	Proprietor Proprietor
Mr. Yousuf Aman Director	Nil	Nil
Mr. Ihtiaz Yousuf Director	Nil	Nil
Mr. Ansar Uddin Ahmed Independent Director	BD Finance Capital Holdings Ltd.	Director
Mr. Md. Abul Quasem Independent Director	BD Finance Securities Ltd.	Director
Mr. Tarik Morshed Managing Director & CEO	BD Finance Securities Ltd.	Director

43.2 Significant Contracts where BD 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:**

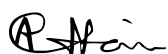
Lending to related parties is effected as per requirements of 4th Schedule, Section 14 of the Financial Institutions Act, 1993

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


	<b>Particulars</b>	<b>Related By</b>	<b>Nature of transaction</b>	<b>Amount in Tk.</b>	<b>Status</b>
i)	City General Insurance Co. Ltd.	Common Director	Short Term Finance	50,343,695	Standard
ii)	BD Finance Securities Limited.	Common Director	Short Term Finance	335,564,496	Standard
iii)	BD Finance Capital Holdings Limited.	Common Director	Short Term Finance	83,757,347	Standard
				<b>469,665,539</b>	

**44. Events after the Reporting Period**

The Board of Directors of BD Finance has recommended 10% Stock Dividend for the year 2018.



Company Secretary



Managing Director



Director



Director



## ANNEXURE-A

## BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

### FIXED ASSET SCHEDULE

For the year ended 31 December 2018

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 2018
	Balance as on 1 January 2018	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period		Balance at 31 December 2018	Transfer/ Adjustment during the year	Charged for the year	Balance at 31 December 2018	
Land	355,071,210		-	-	-	-	-	-	-	355,071,210
Building	5,398,790		-	-	10%	4,319,039	-	539,880	4,858,919	539,871
Furniture & Fixture	28,323,250		1,073,761	-	20%	21,048,901	-	3,900,615	24,949,516	4,447,495
Office Equipment	25,285,253		1,661,026	-	25%	17,207,222	-	4,058,429	21,265,652	5,680,628
Office Renovation	10,002,631		1,072,837	-	20%	6,980,494	-	1,210,946	8,191,440	2,884,028
Motor Vehicle	36,054,414		-	-	20%	23,635,522	-	5,656,395	29,291,917	6,762,497
Other Assets	182,667		-	-	20%	182,667	-	-	182,667	-
System and Software	19,626,250		250,000	-	25%	2,898,742	-	4,461,979	7,360,721	12,515,529
<b>31 December 2018</b>	<b>479,944,466</b>	<b>-</b>	<b>4,057,624</b>	<b>-</b>		<b>76,272,588</b>	<b>-</b>	<b>19,828,244</b>	<b>96,100,833</b>	<b>387,901,257</b>
<b>31 December 2017</b>	<b>458,730,026</b>	<b>-</b>	<b>21,214,440</b>	<b>-</b>		<b>60,069,628</b>	<b>-</b>	<b>16,202,960</b>	<b>76,272,588</b>	<b>403,671,878</b>

# BD FINANCE SECURITIES LIMITED

## DIRECTORS' REPORT (2018)

**Bismillahir Rahmanir Rahim,**

**Dear Shareholders,**

**Assalamu Alaikum Wa Rahmatullah,**

We have the pleasure to welcome you to the 8<sup>th</sup> Annual General Meeting of the company for the year ended December 31, 2018, auditor's report thereon along with the Company's performance and other related information in terms of Companies Act 1994, Guidelines issued by Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd and Bangladesh Financial Reporting Standards.

Capital Market of Bangladesh

The capital market witnessed a much volatile year in 2018, the year could be expressed as distribution phase for the year 2017 which was mainly a markup phase. There was much ebb and flow throughout the year 2018. The trend started from the Index points 6,254 and ended at 5,386 with the loss of 869 Index points which was almost 14%. Though the overall market moved in downtrend there was much bounces and retracements which gave good trading opportunities for the investors. From mid-January to early February market gained 367 points generating 6.36% growth, subsequently the market generated the following profit opportunities, mid-March to early April 7.66%, early June to late September 6.18% and late October to late December 3.56%. In the year 2018 market generated the highest turnover of Tk. 1,115.3 crore on 7<sup>th</sup> November and lowest turnover of Tk. 224.1 crore on 14<sup>th</sup> of March.

The daily average turnover stood at Tk 551.1 crore in 2018 from TK 874.84 crore in 2017 registering 37.1 percent decrease. The DSEX hit the highest at 6,319 points on 01 March 2018, following the market capitalization hitting its all-time highest of Tk 428,509.54 crore on 03 January 2018.

### **Business Performance**

We have been able to manage the margin loan portfolio under the effective supervision & monitoring. Not a single account was allowed to default with the adverse fluctuation of market value of securities. The outstanding margin loan has decreased to BDT 62.97crore in December 2018 from BDT63.85crore in December 2017. The trade volume decreased to TK. 2180crore in 2018from BDT 2570crore in 2017 registering a decrease of 15.18 percent over the previous year. The last 5 (five) years operational performance of the company is summarized below:

(Figure in Crore Taka)

SL#	Particulars	2018	2017	2016	2015	2014
1.	Portfolio Size	997.35	1057.34	452.73	349.97	616.78
2.	Trade Volume	2180	2570	1,326	1,698	2,713
3.	Margin Loan	62.97	63.85	38.57	39.19	75.40
4.	Operating Profit	1.26	8.46	2.42	5.37	6.71
5.	Net Profit (After Tax)	0.2	4.97	0.69	1.23	1.63

The portfolio size decreased to Tk. 997.35 crore in 2018 from Tk. 1,057.34 crore in 2017. The total number of BO account increased to 3,214 in 2018 from 2,898 in 2017. The trade volume decreased to Tk. 2,180 crore in 2018 from Tk. 2,570 crore in 2017. The operating profit decreased to Tk. 1.26 crore in 2018 from Tk. 8.46 crore in 2017. The Net Profit decreased to Tk. 0.2 crore in 2018 from Tk. 4.97crore in 2017.

### **Meetings of the Board of Directors**

During the year 2018 total 4 (Four) meetings of the Board of Directors took place.

### **Dividend for the Year Ended December 31, 2018**

The Board of Directors recommended no dividend for the year 2018.



## **Prospect of the Company**

Although the capital market of Bangladesh is expected to remain volatile in the year 2019, we have established appropriate business policy to take advantage of the market situation.

## **Acknowledgement**

We want to express our heartfelt thanks to the officials of BSEC, DSE, BFICL and other related organizations for their support. We also give thanks to our employees who are actually the strength of the company for their untired efforts. At last, not the least, we sought support and advice from all of our patrons for success as well as to increase the operational activities of our company in the coming year.

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors



**Hossain Mehmood**  
Vice Chairman



# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF BD FINANCE SECURITIES LIMITED

### Opinion

We have audited the accompanying financial statements of BD Finance Securities Limited, which comprise the Statement of Financial Position as at 31 December 2018 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of BD Finance Securities Limited, as at 31 December 2018 and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable Laws and Regulations.

### Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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



decisions of users taken on the basis of these financial statements.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

We also report that:

- a) 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;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Statement of Financial Position, dealt with by the report are in agreement with the books of accounts; and
- d) The expenditure incurred was for the purpose of the Company's business.

Dhaka, Bangladesh  
Dated: 27 March, 2019

  
**MABS & J Partners**  
Chartered Accountants

# BD FINANCE SECURITIES LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

Particulars	Notes	Amount in Taka	
		31.12.2018	31.12.2017
<b>ASSETS</b>			
<b>Non- Current Assets</b>		<b>961,820,891</b>	<b>996,696,891</b>
Property, plant and equipment	3	10,410,208	7,406,891
Investment In Membership	4	951,410,683	989,290,000
<b>Current assets</b>		<b>1,036,574,293</b>	<b>1,015,523,375</b>
Investment in shares	5	220,098,773	229,729,934
Receivable from DSE	6	39,303,031	26,676,921
Receivable from Clients	7	630,505,106	640,061,217
Advances, deposits and prepayments	8	4,480,924	9,265,104
Advance income tax	9	88,763,195	74,878,429
Cash and cash equivalent	10	53,423,264	34,911,770
<b>TOTAL ASSETS</b>		<b>1,998,395,184</b>	<b>2,012,220,266</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>		<b>1,147,334,307</b>	<b>1,147,040,247</b>
Share capital	11	1,072,150,000	1,072,150,000
Retained Earnings	12	75,184,307	74,890,247
<b>Current liabilities</b>		<b>851,060,877</b>	<b>865,180,019</b>
Payable to DSE	13	633,175	58,327
Payable to Clients	14	56,576,349	44,581,839
Short term loan	15	576,706,328	650,304,844
Provision for investments in securities & Margin Loans	16	69,497,414	70,954,188
Provision for tax	17	92,125,352	78,240,586
Liabilities for expenses	18	55,522,259	21,040,235
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,998,395,184</b>	<b>2,012,220,266</b>

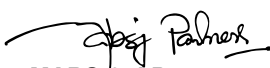
These financial statements should be read in conjunction with the annexed notes 1 to 38.

  
Company Secretary

  
Managing Director & CEO

  
Director

Dhaka, Bangladesh  
Dated: 27 March 2019

  
**MABS & J Partners**  
Chartered Accountants

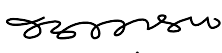


**BD FINANCE SECURITIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2018**

Particulars	Notes	Amount in Taka	
		31.12.2018	31.12.2017
<b>Particulars</b>			
<b>Operating revenue</b>		<b>74,401,128</b>	<b>89,997,367</b>
Brokerage commission	19	74,537,950	89,870,185
BO Account Maintenance	20	(136,822)	127,182
Less : Operating Expenses	21	26,455,420	32,454,877
<b>Net Operating revenue</b>		<b>47,945,708</b>	<b>57,542,491</b>
<b>Non operating revenue</b>		<b>(3,575,494)</b>	<b>71,856</b>
Net Interest Margin		(3,575,494)	69,858
Interest income	22	87,755,561	69,461,074
Financial expenses	23	(91,331,055)	(69,391,216)
Other non- operating revenue	24	-	1,998
<b>Total revenue</b>		<b>44,370,213</b>	<b>57,614,347</b>
<b>General &amp; administrative expenses</b>		<b>34,150,420</b>	<b>28,722,744</b>
Salaries & allowances	25	20,564,332	17,610,865
Rent, taxes, insurance, electricity, etc	26	6,752,628	4,545,134
Legal expenses	27	413,310	469,237
Postage, stamp, telecommunication, etc	28	1,062,075	632,270
Stationery, printing, advertisements, etc	29	318,642	309,315
Directors' fees	30	161,000	207,000
Professional/Auditors' fees	31	57,500	63,250
Depreciation and repair of company's assets	32	2,829,973	2,823,395
Other expenses	33	1,990,960	2,062,278
<b>Profit before income from investment in shares</b>		<b>10,219,793</b>	<b>28,891,603</b>
<b>Income from investment in securities</b>		<b>2,412,259</b>	<b>55,716,128</b>
Capital gain from sale of securities	34	(9,610,810)	42,957,991
Dividend income	35	12,023,069	12,758,137
Profit before provision		<b>12,632,052</b>	<b>84,607,731</b>
Provision for diminution in value of investments & Margin Loans	36	1,456,774	(15,457,182)
<b>Profit before provision for income tax</b>		<b>14,088,826</b>	<b>69,150,549</b>
Provision for income tax	17	13,884,766	19,381,146
<b>Net profit after tax</b>		<b>204,060</b>	<b>49,769,403</b>
<b>Earning Per Share</b>	<b>37</b>	<b>0.0019</b>	<b>0.4642</b>

These financial statements should be read in conjunction with the annexed notes 1 to 38.

  
 Company Secretary

  
 Managing Director & CEO

  
 Director  
  
**MABS & J Partners**  
 Chartered Accountants

Dhaka, Bangladesh  
 Dated: 27 March 2019

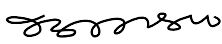
# BD FINANCE SECURITIES LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

Particulars	Amount in Taka	
	31.12.2018	31.12.2017
<b>Cash Flow from Operating Activities</b>		
Interest received	87,755,561	69,461,074
Interest paid	(91,331,055)	(69,391,216)
Dividend received	12,023,069	12,758,137
Fees & Commission received	74,537,950	89,870,185
Cash Payments to Employees	(20,564,332)	(17,610,865)
Cash Payments to Suppliers	(1,380,717)	(941,585)
Directors Fees Paid	(161,000)	(207,000)
Income Tax Paid	(13,884,766)	(19,356,746)
Received from other Operating activities	(9,747,632)	43,087,171
Payments for other Operating activities	(35,669,818)	(39,594,776)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>	<b>1,577,259</b>	<b>68,074,380</b>
<b>Changes in Operating Assets and Liabilities</b>		
Purchases/Sale of Trading Securities	9,631,161	(16,514,213)
Loans and Lease Finance to Customers	9,556,110	(278,374,368)
Deposits	-784,1930	52,380,071
Other Liabilities	47,141,382	(107,611,011)
<b>Sub Total</b>	<b>58,486,723</b>	<b>(350,119,520)</b>
<b>A) Net Cash from Operating Activities</b>	<b>60,063,983</b>	<b>(282,045,140)</b>
<b>Cash flows from Investing Activities</b>		
Purchase/sale of non trading securities	37,879,317	-
Adjustment of Depreciation	-	-
Proceeds from Sale of fixed assets	-	-
Purchases/sale of Property, Plant & Equipment	(5,833,291)	(1,054,278)
<b>B) Net Cash from Investing Activities</b>	<b>32,046,026</b>	<b>(1,054,278)</b>
<b>Cash flows from Financing Activities</b>		
Increase/(decrease) of borrowings	(73,598,516)	153,847,342
Share Capital - Right Issue	-	-
Dividend Paid	-	-
<b>C) Net Cash from Financing Activities</b>	<b>(73,598,516)</b>	<b>153,847,342</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>18,511,493</b>	<b>(129,252,076)</b>
<b>E) Cash &amp; Cash Equivalents at the beginning of the period</b>	<b>34,911,770</b>	<b>164,163,845</b>
<b>F) Cash &amp; Cash Equivalents at the end of the period(D+E)</b>	<b>53,423,264</b>	<b>34,911,770</b>
<b>Net Operating Cash Flow per share (NOCFPS)</b>	<b>0.56</b>	<b>(2.63)</b>

  
Company Secretary

  
Managing Director & CEO

  
Director  
  
**MABS & J Partners**  
Chartered Accountants

Dhaka, Bangladesh  
Dated: 27 March 2019



# FINANCE SECURITIES LIMITED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

Particulars	Paid Up Capital	Share Money Deposit	Retained Earnings	Total
<b>Balance at Jan 01, 2018</b>	1,072,150,000	-	74,890,247	1,147,040,247
<b>Add. Prior Adjustment</b>			90,000	90,000
<b>Changes during the period</b>	-	-	-	-
Interim stock dividend	-	-	-	-
Net profit/(loss) for the period	-	-	204,060	204,060
<b>Balance at December 31, 2018</b>	<b>1,072,150,000</b>	<b>-</b>	<b>75,184,307</b>	<b>1,147,334,307</b>
<b>Balance at Jan 01, 2017</b>	1,072,150,000	-	25,120,844	1,097,270,844
<b>Changes during the period</b>	-	-	-	-
Interim stock dividend	-	-	-	-
Net profit/(loss) for the period	-	-	49,769,403	49,769,403
<b>Balance at December 31, 2017</b>	<b>1,072,150,000</b>	<b>-</b>	<b>74,890,247</b>	<b>1,147,040,247</b>

  
Company Secretary

Dhaka, Bangladesh  
Dated: 27 March 2019

  
Managing Director & CEO

  
Director  
  
**MABS & J Partners**  
Chartered Accountants

# BD FINANCE SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 1 Company and its activities

#### 1.1 Legal form of the Company

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

#### 1.2 Nature of business

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

### 2 Significant accounting policies

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

#### 2.1 Basis of preparation of financial statements

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

#### 2.2 Components of financial statements:

According to International Accounting Standard (IAS)-1, as adopted by ICAB "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- i) Statement of Financial Position;
- ii) Statement of profit or Loss & other Comprehensive Income;
- iii) Statement of Cash Flows;
- iv) Statement of Changes in Equity; and
- v) Notes to the Financial Statements.

#### 2.3 Statement of Cash Flows

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





## 2.4 Fixed assets and depreciation

Fixed Assets are stated at cost less accumulated depreciation.

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

Category of Assets	Rate of Depreciation
Office Equipment	10%
Electronic Equipment	15%
Electronic Equipment-Generator	15%
Furniture & Fixture	10%
Computer Peripheral	25%
Vehicles	20%
Office Renovation & Furnishing	10%

## 2.5 Intangible assets and amortization

### a. Components

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

### b. Basis of recognition

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

### c. Subsequent expenditure

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

## 2.6 Recognition and measurement of financial assets

A financial asset or financial liability is classified as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

## 2.7 Revenue recognition

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

### a. Brokerage commission

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

### b. Interest income from margin loan

Interest income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective clients. Income is recognized on quarterly basis.

### c. Dividend income and gain/(loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas gain or loss arising from the sale of securities is accounted for only when shares are sold in the market and gain or loss is realized.

## **2.8 Provision for Tax**

Provision for tax is assessed under section 82C of the Income Tax Ordinance (ITO) 1984 on income from company's normal course of business and at 35% on company's income from other sources. Under section 82C, income tax deducted under certain sections of the ITO is treated as minimum tax of tax payer's tax liabilities from that source.

## **2.9 Provision for Expenses**

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate of the amount can be made.

## **2.10 Cash and Cash Equivalent**

Cash and cash equivalent includes cash in hand, cash at bank and fixed deposits which are held and are available for use by the company without any restriction. There is insignificant risk of change in the value of the above items.

## **2.11 Related party disclosure**

As per International Accounting Standard (IAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in Note 38.

## **2.12 Events after the balance sheet date**

Events after the balance sheet date that provides additional information about company's financial position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are material but not adjusting event are discussed in the notes.

## **2.13 Reporting period**

Financial statements of the company consistently cover from 01 January 2018 to 31 December 2018.

## **2.14 Functional and presentation currency**

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

## **2.15 General**

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



		Amount in Taka	
		31.12.2018	31.12.2017
<b>3</b>	<b>Property, Plant and Equipment</b>		
	<b>A. Cost :</b>		
	Opening Balance	27,895,745	26,841,467
	Addition during the period	5,833,291	1,054,278
	<b>Closing Balance</b>	<b>33,729,036</b>	<b>27,895,745</b>
	<b>B. Depreciation:</b>		
	Opening Balance	20,488,855	17,665,460
	Charge during the period	2,829,973	2,823,395
	<b>Closing Balance</b>	<b>23,318,828</b>	<b>20,488,855</b>
	Carrying amount/ Written Down Value (See Annexure - A)	<b>10,410,208</b>	<b>7,406,891</b>
<b>4</b>	<b>Investment In Membership</b>		
	Dhaka Stock Exchange	951,410,683	989,290,000
		<b>951,410,683</b>	<b>989,290,000</b>
<b>5</b>	<b>Investments in shares</b>		
	Investment In Shares:	<b>220,098,773</b>	<b>229,729,934</b>
	Investment in shares (5.1)	199,968,808	215,729,934
	Apply for the placement shares of Achia Sea Food Ltd.	3,000,000	3,000,000
	Apply for the placement shares of Beka Garment And Textiles Limited.	2,600,000	-
	Apply for the placement shares of BD Paints Ltd.	6,000,000	6,000,000
	Investment in IPO shares	3,529,965	-
	Apply for the placement shares of Al Faruque Bags Ltd.	5,000,000	5,000,000

#### 5.1 Investment in shares

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

Name of Company	No. of Shares	Cost price (Taka)	Market Price at the end of the period (Taka)	Unrealized gain/ (loss)
AIL	10,000	735,839	637,000	-98,839.12
ALARABANK	15,000	326,300	298,500	-27,800.00
AMANFEED	53,000	2,855,525	2,491,000	-364,525.00
BEXIMCO	21,000	535,000	493,500	-41,500.00
CITYBANK	140,000	4,649,700	4,228,000	-421,700.00
DHAKABANK	20,000	319,500	284,000	-35,500.00
EASTLAND	664,076	18,548,215	13,414,335	-5,133,879.54
FORTUNE	1,500	46,435	46,500	65.22
HFL	50,000	1,203,159	1,160,000	-43,159.20
IBP	7,239	236,341	225,133	-11,207.83
INTRACO	266	2,534	7,129	4,595.15
JAMUNAOIL	120,000	24,964,575	22,860,000	-2,104,574.88
KTL	22,069	559,332	558,346	-986.65
MLDYEING	32,248	1,296,736	957,766	-338,970.23
MONNOCERA	1,300	376,944	319,280	-57,664.25
NAHEEACP	42,000	2,608,610	2,452,800	-155,810.00
NPOLYMAR	1,220	107,100	86,620	-20,480.00
NTC	3,500	3,119,466	2,713,900	-405,566.00
OLYMPIC	6,000	1,311,700	1,297,200	-14,500.00
ONEBANKLTD	372,820	8,992,154	5,592,300	-3,399,854.49
PENINSULA	20,000	602,470	576,000	-26,470.00
RAKCERAMIC	308,522	18,974,138	12,032,358	-6,941,780.09
SILVAPHL	9,193	259,130	276,709	17,579.15
UPGDCL	5,000	1,517,662	1,453,500	-64,162.20
VFSTDL	4,222	205,681	244,032	38,350.21
APEXTANRY	55,460	9,255,377	7,636,842	-1,618,534.81
BERGERPBL	200	262,683	268,820	6,137.40
BPML	36,613	3,749,941	3,068,169	-681,771.60
ICB	2,100	279,758	244,020	-35,738.30
LHBL	649,792	62,826,364	28,265,952	-34,560,412.27
SKTRIMS	595,281	29,105,528	27,561,510	-1,544,017.64
SSSTEEL	13,491	134,910	515,356	380,446.20
		199,968,808	142,266,577	(57,702,231)

		<b>Amount in Taka</b>	
		<b>31.12.2018</b>	<b>31.12.2017</b>
<b>6</b>	<b>Receivable from DSE</b>		
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Ltd.		
	Total Sales for Broker	39,303,031	18,861,865
	Total Sales for Dealer	-	7,815,056
		<b>39,303,031</b>	<b>26,676,921</b>
<b>7</b>	<b>Receivable from clients</b>		
	This balance represents the clients' purchase of shares on 31 December 2018 and CDBL charge incurred against trading as on 31 December 2018.		
	Margin loan to clients	629,752,506	638,580,233
	Receivable from BD Finance Capital Holdings Ltd.	745,124	869,986
	Receivable from Other	6,471	609,993
	Receivable from Vanguard AML BD Finance MF1	1,005	1,005
		<b>630,505,106</b>	<b>640,061,217</b>
<b>8</b>	<b>Advances, Deposits and Prepayments</b>		
	Security Deposit with CDBL	200,000	200,000
	Advance for DSE Nikunja Room	850,024	850,024
	Advance for Expenses	232,900	3,052,000
	Advance for Office Rent	1,195,000	1,705,000
	Dealer Control Account	2,003,000	3,458,080
		<b>4,480,924</b>	<b>9,265,104</b>
<b>9</b>	<b>Advance Income Tax</b>		
	Opening Balance	74,878,429	55,521,683
	Add: Addition during the period	-	2,226,587
	AIT on Cash Dividend 9.1	2,404,583	2,551,615
	AIT on Bank Interest 9.2	363,815	317,719
	AIT on turnover of BD Securities 9.3	11,116,368	13,193,325
	AIT on Capital gain 9.4	-	1,067,500
		<b>88,763,195</b>	<b>74,878,429</b>
<b>9.1</b>	<b>AIT on Cash Dividend</b>	12,023,069	12,758,137
	Cash Dividend	20%	20%
		<b>2,404,583</b>	<b>2,551,615</b>
<b>9.2</b>	<b>AIT on Bank Interest</b>	2,841,468	3,173,727
	Interest income on Bank Deposit	10%	10%
		<b>363,815</b>	<b>317,719</b>
<b>9.3</b>	<b>AIT on turnover of BD Securities</b>		
	DSE - Broker	10,899,249	12,851,878
	DSE - Dealer	217,119	341,448
		<b>11,116,368</b>	<b>13,193,325</b>
<b>9.4</b>	<b>AIT on Capital gain</b>		
	Placement of Fortune Shoes Ltd.	-	1,067,500
		-	<b>1,067,500</b>



		Amount in Taka	
		31.12.2018	31.12.2017
<b>10</b>	<b>Cash and Cash Equivalent</b>		
	Cash in hand		
	Cash in hand (Petty Cash)	60,728	1,252
	Cash at bank		
	Mutual Trust Bank Ltd. (General A/C)	34,128	514,991
	City Bank Ltd. (General A/C, Fx Br.)	340,930	332,936
	One Bank Ltd. (Consolidated Customer SND A/C)	6,637,912	9,594,464
	One Bank Ltd. (Dealer SND A/C)	4,800	17,698
	SBAC Bank Limited A/C (SND)	-	1,000
	Dutch Bangla Bank Salary A/C	418,835	345,219
	One Bank Ltd. (Public issue Application A/C)	1,278,878	27,856
	Jamuna Bank Ltd. (Salary A/C)	152,504	153,804
	Rupali Bank (Customer A/C)	8,280	8,855
	Social Islami Bank (Consolidated Customer A/C)	33,011,220	22,279,774
	Al-Arafah Islami Bank Ltd. (Consolidated Customer A/C)	1,121,845	
	Social Islami Bank (Dealer A/C)	4,315,900	739,075
	Social Islami Bank (IPO A/C)	38	2,000
	Modhumoti Bank Ltd. (Consolidated Customer A/C)	1,011,933	
	Social Islami Bank A/C (MSD)	5,025,333	892,846
		<u>53,362,536</u>	<u>34,910,518</u>
	Total Cash & Cash Equivalent	<b><u>53,423,264</u></b>	<b><u>34,911,770</u></b>
<b>11</b>	<b>Share capital</b>		
<b>11.1</b>	<b>Authorised Capital</b>		
	50,00,00,000 ordinary shares of taka 10 each	5,000,000,000	5,000,000,000
		<b><u>5,000,000,000</u></b>	<b><u>5,000,000,000</u></b>
<b>11.2</b>	<b>Issued, subscribed and paid up capital</b>		
	10,72,15,000 fully paid ordinary shares of Tk.10/- each subscribed and paid by the sponsor Shareholders.		

	Number of Share	Shareholding %		
Bangladesh Finance & Investment Co. Ltd.	61,500,000	57.36%	615,000,000	615,000,000
Anwar Landmark Ltd.	18,962,500	17.69%	189,625,000	189,625,000
City General Insurance Co. Ltd.	9,327,500	8.70%	93,275,000	93,275,000
Mr. Manwar Hossain	3,075,000	2.87%	30,750,000	30,750,000
Mr. Hossain Mehmood	3,075,000	2.87%	30,750,000	30,750,000
Mr. Hossain Khaled	3,075,000	2.87%	30,750,000	30,750,000
Mr. M. Abu Taher	3,075,000	2.87%	30,750,000	30,750,000
Mr. Md. Yousuf	3,075,000	2.87%	30,750,000	30,750,000
Mr. Geasuddin Ahmed	2,050,000	1.91%	20,500,000	20,500,000
	<b><u>107,215,000</u></b>	<b><u>100.00%</u></b>	<b><u>1,072,150,000</u></b>	<b><u>1,072,150,000</u></b>

The Board of Directors of BD Finance Securities Limited approved stock dividend at 2.50% for the year ended 31st December 2014. But due to time barred RJSC did accord approval. In the meantime, BSEC has accorded consent to the same. Subsequently the matter was referred to High court as per requirement. Hon'able High Court has in principle agreed and expecting order soon.

		<b>Amount in Taka</b>	
		<b>31.12.2018</b>	<b>31.12.2017</b>
<b>12</b>	<b>Retained Earnings</b>		
	Opening balance	74,890,247	25,120,844
	Add. Prior Adjustment	90,000	-
	Comprehensive income for the year	204,060	49,769,403
		<b>75,184,307</b>	<b>74,890,247</b>
<b>13</b>	<b>Payable to DSE</b>		
	This balance has been resulted from purchase of shares through Dhaka Stock Exchange Ltd.		
	Total Purchase for Broker	488,360	48,990
	Total Purchase for Dealer	144,815	9,337
		<b>633,175</b>	<b>58,327</b>
<b>14</b>	<b>Payable to Clients</b>		
	This balance represents the clients' sale proceeds of shares and deposits against share purchase which is currently lying with the company's bank A/C.		
	Payable to Clients	49,870,197	44,547,649
	Payable to BD Finance Capital Holdings Ltd.	6,706,152	34,190
		<b>56,576,349</b>	<b>44,581,839</b>
<b>15</b>	<b>Short Term Loans</b>		
	The amount represents payable to the following bank and financial institution:		
	Loan from Bangladesh Finance and Investment Company Limited	292,586,208	337,161,208
	Loan from SIBL	70,000,000	100,000,000
	Loan from Premier Leasing & Finance Ltd.	25,978,657	48,292,443
	Loan from Hajj Finance Ltd.	19,684,191	29,152,444
	Loan from Hajj Finance Ltd Phase 2.	55,000,000	55,000,000
	Loan from Hajj Finance Ltd Phase 3.	50,000,000	-
	Loan from Premier Leasing & Finance Ltd. Phase 2	63,457,272	80,698,749
		<b>576,706,328</b>	<b>650,304,844</b>
<b>16</b>	<b>Provision for investments in securities &amp; Margin Loans</b>		
	<b>A. Provision on unrealized loss of dealer investments:</b>		
	Opening balance	7,869,182	2,412,000
	Add: Addition during the period	(1,456,774)	5,457,182
	Closing balance	<b>6,412,408</b>	<b>7,869,182</b>
	<b>B. Provision on margin loan:</b>		
	Opening balance	63,085,006	53,085,006
	Add: Addition during the period	-	10,000,000
	Total Provision	<b>63,085,006</b>	<b>63,085,006</b>
	Less: Written off of provision on margin loan	-	-
		63,085,006	63,085,006
	<b>Closing Balance (A+B)</b>	<b>69,497,414</b>	<b>70,954,188</b>



		<b>Amount in Taka</b>	
		<b>31.12.2018</b>	<b>31.12.2017</b>
<b>17</b>	<b>Provision for tax</b>		
	Opening Balance	78,240,586	58,859,440
	Income tax expenses during the period ( Notes 17.01)	13,884,766	19,381,146
	Net provision for tax	<b>92,125,352</b>	<b>78,240,586</b>
<b>18</b>	<b>Liabilities for expenses</b>		
	Interest payable to BD Finance Loan	43,036,899	10,465,745
	Interest payable to Hajj Finance Loan		527,100
	Interest payable to Hajj Finance Loan-02	642,000	
	Interest payable to Interest on SIBL	5,737,775	4,348,611
	Utility Payable	177,435	76,455
	Network Connectivity Charges Payable	15,975	4,000
	Mobile Bill Payable	20,433	20,976
	Fuel Bill Payable	6,191	6,191
	Security Services Charges Payable	-	13,073
	Salary Expenses Payable	-	
	Postage, Telephone, Fax & Telex Payable	10,000	7,443
	Office Maintenance Expense Payable	-	
	Audit Fees Payable	57,500	147,500
	Liability for CDBL Expenses (Share Maintenance)	309,621	536,027
	Apply for Clients' IPO	-	
	Office Rent Payable	1,120,000	
	Other payable	4,388,431	4,887,115
		<b>55,522,259</b>	<b>21,040,235</b>
<b>19</b>	<b>Brokerage Commission</b>		
	Brokerage commission	74,537,950	89,870,185
		<b>74,537,950</b>	<b>89,870,185</b>
<b>20</b>	<b>BO Account Maintenance</b>		
	BO account maintenance fee/Opening Fee	140,900	223,000
	BO account Renewal Fees	976,950	870,300
	BO account Closing Fees	18,500	63,500
	CDBL Settlement Transfer income	1,930,035	2,529,381
	CDBL Bulk A/C Transfer Income	183,954	996,640
	CDBL Transfer/Transmission Income	69,525	88,599
	CDBL Pledge Income	111,000	481,269
	CDBL Unpledged Income	50,300	123,319
	CDBL Corporate Action Income	-	15,295
	CDBL Demate of New Securities (IPO) Income	-	939
	IPO Service Income	6,845	3,070
	CDBL Demate of Existing Securities Income	261	30
		<b>3,488,270</b>	<b>5,395,342</b>



		<b>Amount in Taka</b>	
		<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Less:</b>			
	Discount on BO A/C Opening Fee	-	500
	CDBL Settlement Transfer Charge	2,517,768	3,169,743
	CDBL Bulk A/C Transfer Income	97,217	777,857
	CDBL Transfer/Transmission Charge	34,762	87,513
	CDBL Corporate Action Charge	-	7,937
	CDBL Demate of New Securities (IPO) Charge	-	885
	CDBL Demate of Existing Securities Charge	130	15
	CDBL Pledge Charge	55,500	248,345
	CDBL Unpledged Charge	25,150	61,659
	CDBL BO A/C Opening charge	888,300	164,850
	CDBL BO A/C Renewal charge	-	742,700
	CDBL Other Charges	6,264	6,155
		<b>3,625,092</b>	<b>5,268,159</b>
	<b>Net Income</b>	<b>(136,822)</b>	<b>127,182</b>
<b>21</b>	<b>Operating Expenses</b>		
	DSE charges		
	Laga Charge:	5,465,024	6,547,231
	Broker	5,368,841	6,376,507
	Dealer	96,183	170,724
	DSE Other Charges	141,536	32,369
	Direct Trading Expenses	20,713,860	25,803,959
	DSE Authorization Fee	135,000	71,318
		<b>26,455,420</b>	<b>32,454,877</b>
<b>22</b>	<b>Interest Income</b>		
	Interest on Margin Loan	84,825,881	66,192,447
	Interest income on Bank Deposit	2,841,464	3,173,727
	Cheque Dishonored Charge	72,135	72,500
	Cheque Clearance Fees	16,080	22,400
		<b>87,755,561</b>	<b>69,461,074</b>
<b>23</b>	<b>Financial Expenses</b>		
	Interest Expenses on BD Finance Loan	43,036,899	35,951,941
	Interest Expenses on Hajj Finance Loan	3,213,139	4,095,266
	Interest Expenses on Hajj Finance Loan Phase 2	7,407,033	5,005,761
	Interest Exp. on Premier Leasing & Finance Loan	6,229,414	7,778,980
	Interest Exp. on Premier Leasing & Finance Loan Phase 2	11,537,883	11,914,094
	Interest Exp. on SIBL	13,121,391	4,348,611
	Interest Exp. on Hajj Finance Company Ltd Phase-3	6,687,600	292,528
	Bank Charges	97,696	4,035
		<b>91,331,055</b>	<b>69,391,216</b>




		Amount in Taka	
		31.12.2018	31.12.2017
<b>24</b>	<b>Other non-operating revenue</b>		
	Miscellaneous Income	-	1,998
		-	<b>1,998</b>
<b>25</b>	<b>Salaries &amp; allowances</b>		
	Salaries & allowances	20,564,332	17,610,865
		<b>20,564,332</b>	<b>17,610,865</b>
<b>26</b>	<b>Rent, taxes, insurance, electricity, etc.</b>		
	Rent, rates & taxes	6,060,400	4,126,200
	Insurance	485	529
	Utilities	691,743	418,405
		<b>6,752,628</b>	<b>4,545,134</b>
<b>27</b>	<b>Legal expenses</b>		
	Fees & Renewals	413,310	469,237
		<b>413,310</b>	<b>469,237</b>
<b>28</b>	<b>Postage, stamp, telecommunication, etc.</b>		
	Telephone, Postage & Telegram	44,371	43,433
	Mobile Bill	224,532	204,262
	Govt. Taxes, Stamps Duty & License Fees	-	-
	Network Connectivity Charge	793,172	384,575
		<b>1,062,075</b>	<b>632,270</b>
<b>29</b>	<b>Stationary, printing, advertisements, etc.</b>		
	Printing & Stationary	318,642	239,666
	Advertisement	-	69,649
		<b>318,642</b>	<b>309,315</b>
<b>30</b>	<b>Directors' Fees</b>		
	Directors' Fees	161,000	207,000
		<b>161,000</b>	<b>207,000</b>
<b>31</b>	<b>Auditors' Fees</b>		
	Statutory annual audit fees	57,500	57,500
	Professional/Consultancy Fees	-	5,750
		<b>57,500</b>	<b>63,250</b>
<b>32</b>	<b>Depreciation and repair of company's assets</b>		
	Depreciation of tangible assets	2,829,973	2,823,395
		<b>2,829,973</b>	<b>2,823,395</b>

		Amount in Taka	
		31.12.2018	31.12.2017
<b>33</b>	<b>Other expenses</b>		
	Travelling and Conveyance	55,405	66,104
	Entertainment	706,504	745,619
	Fuel, Oil and Lubricants	150,773	213,844
	Repair & Maintenance	174,725	108,800
	Diesel for Generator	14,127	11,775
	Newspaper & periodicals	11,994	10,630
	Office Cleaning Expenses	-	13,181
	Office Maintenance Expenses	312,091	325,965
	Security Services Charges	140,846	102,472
	Repair & Maintenance	24,495	12,998
	Subscription & Donation	-	20,030
	Bank Guarantee Fees	400,000	400,000
	Training Expenses	-	17,360
	Miscellaneous Expenses	-	13,500
		<b>1,990,960</b>	<b>2,062,278</b>
<b>34</b>	<b>Capital gain from sale of securities</b>		
	Income from investment on Securities	(9,610,810)	42,957,991
		<b>(9,610,810)</b>	<b>42,957,991</b>
<b>35</b>	<b>Dividend income</b>		
	Cash Dividend	12,023,069	12,758,137
		<b>12,023,069</b>	<b>12,758,137</b>
<b>36</b>	<b>Provision for diminution in value of investments and Margin loan</b>		
	Provision on unrealized loss of dealer investments	(1,456,774)	5,457,182
	Provision on margin loan	-	10,000,000
		<b>(1,456,774)</b>	<b>15,457,182</b>
<b>37</b>	<b>Earnings Per Share (EPS)</b>		
	Net Profit after Tax	204,060	49,769,403
	Number of Ordinary Shares Outstanding	107,215,000	107,215,000
	Earnings Per Share (EPS)	<b>0.0019</b>	<b>0.4642</b>
<b>38</b>	<b>Related Party Disclosure</b>		

Name of Party	Related by	Nature of Transaction	Amount in Tk.	Status
Bangladesh Finance and Investment Company Limited	Parent Company	Loan Taken	292,586,208	Regular
Bangladesh Finance Capital Holdings Limited	Sister Concern	Payable	6,706,152	Regular

  
Company Secretary

  
Managing Director & CEO

  
Director



## BD FINANCE SECURITIES LIMITED SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

For the year ended 31 December 2018

Figures in BDT

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2018
	Balance as on 1/Jan/2018	Addition during the period	Balance as at 31/Dec/2018		Balance as on 1/Jan/2018	Charge during the period	Balance as at 31/Dec/2018	
Office Equipment	832,564	-	832,564	10%	402,197	83,256	485,453	347,111
Electrical Equipment	619,764	321,068	940,832	15%	27,490	103,172	130,662	810,170
Electrical Equipment-Generator	2,221,982	-	2,221,982	15%	1,666,489	333,300	1,999,789	222,193
Furniture and Fixture	815,009	233,017	1,048,026	10%	495,775	86,127	581,902	466,124
Computer & Peripheral	5,841,327	-	5,841,327	25%	5,481,474	359,851	5,841,325	2
Motor Vehicles	3,546,000	-	3,546,000	20%	3,545,999	-	3,545,999	1
Office Renovation/Furnishing	14,019,099	5,279,206	19,298,305	10%	8,869,431	1,864,267	10,733,698	8,564,607
<b>Balance As on 31.12.2018</b>	<b>27,895,745</b>	<b>5,833,291</b>	<b>33,729,036</b>	<b>-</b>	<b>20,488,855</b>	<b>2,829,973</b>	<b>23,318,828</b>	<b>10,410,208</b>
<b>Balance As on 31.12.2017</b>	<b>26,841,467</b>	<b>1,054,278</b>	<b>27,895,745</b>		<b>17,665,460</b>	<b>2,823,395</b>	<b>20,488,855</b>	<b>7,406,891</b>

# DIRECTORS' REPORT

## TO THE SHAREHOLDERS OF BD FINANCE CAPITAL HOLDINGS LIMITED

### Dear Shareholders,

The Directors have the pleasure in presenting to the Shareholders of BD Finance Capital Holdings Limited the Directors' Report, the audited financial statements for the year ended December 31, 2018 and auditor's report thereon along with the capital market overview, the Company's performance and other matters in compliance with the Companies Act, 1994, and Corporate Governance guidelines of the Bangladesh Securities and Exchange Commission.

The Company's principal activities encompass Investors discretionary portfolio management, underwriting, issue management, corporate advisory and margin lending. It also generates profit from its own portfolio management.

BD Finance Capital Holdings Limited provides a high standard of professional and personalized services to its customers. The Company possesses a proven track record of catering to a diverse set of client needs while concurrently maintaining strict compliance with the country's laws and the highest ethical standards. BD Finance Capital Holdings Limited is one of the well reputed and responsible merchant banking enterprises in the country, renowned for its quality portfolio management services.

### Operational highlights

BD Finance Capital Holdings Limited focusing on Investors discretionary portfolio management, initial public offers (IPO), repeat public offerings (RPO), rights issue management, corporate advisory on pre-IPO capital raising, underwriting, pre-IPO placement and margin lending services in substantial share acquisitions and takeovers and equity valuations, among others.

Our key strength lies in our ability to value and position the target company in the financial markets correctly, create the best financial structure, showcase the enterprise to the right investors and round-up the entire process smoothly and efficiently, leveraging our strong co-ordination with regulatory authorities, thereby ensuring growth and continuous value-creation for the Company going public.

The key challenges for investment banking include extensive and dynamic regulatory changes, sluggish primary markets and strict regulatory reviews. Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 was gazette on December 28, 2015, which requires a higher level of disclosures and due diligence. BD Finance Capital Holdings Limited focuses on overcoming these challenges by leveraging its strong brand equity and transparent relationship with regulators, investors and other stakeholders.

In 2018, the investment banking team expects to emphasize more on corporate advisory, mergers and acquisitions and equity valuation, apart from signing new initial public offerings.

### Research

At BD Finance Capital Holdings Limited, our buy-side research team is focused on facilitating quality investment decisions under Investors discretionary portfolio investments. Our qualified team analyzes and provides investment recommendations on stocks, enabling fund managers to generate attractive and sustainable returns.

### Portfolio Management Services

In August 2013, BD Finance Capital Holdings Limited launched a margin lending product, Investors Discretionary Account (IDA) along with Non-Margin Investors' Discretionary Account (Non-Margin IDA) and Non Resident Bangladeshi IDA (NRB IDA) account since then we successfully handle this accounts. During the year 2018, we undertook client counseling services to emphasize the need for building a constructive portfolio by minimizing market risks to the extent possible.

We informed them regarding the projected market scenario, stock analysis, and the effects of leverage, the importance of effective risk control and the significance of disciplined portfolio management in order to build long-term wealth. However, it was witnessed that the appetite for margin loans was almost absent among clients. Thus, we could not disburse new loans up to our targeted levels.



## Risk management

BD Finance Capital Holdings Limited continues to remain proactive and prudent with regards to its risk management tools and is widely considered as an industry trendsetter. We adopted different types of netting policies as well to reduce the loan burden, provided alerts to customers to book unrealized gains and supported them with research-intensive recommendations. It is a matter of pride that none of the competitors are able to match up to us today. This has empowered us with a distinctive competitive advantage.

## Financial highlights

The year 2018, the Company registered a profit after tax of Taka 45.31 lac. The following table demonstrates the breakdown of revenues & expenses:

Fig in Lac.

<b>Operational income</b>	<b>2018</b>	<b>2017</b>
Interest Income	31.43	24.69
Settlement & Transaction Fees	47.67	17.45
Management Fees	2.77	2.05
Investment in Securities	133.80	730.72
Other Operating Income	2.68	1.45
<b>Total Operating Income</b>	<b>218.35</b>	<b>776.37</b>

Fig in Lac.

<b>Operational expenses</b>	<b>2018</b>	<b>2017</b>
Salaries and Allowances	73.77	67.02
Interest paid on Borrowings	120.05	83.21
Other Expenses	45.16	62.50
<b>Total Operating Expenses</b>	<b>238.98</b>	<b>212.73</b>
Provision for Loss Value of Shares	(90.00)	73.28
Provision for Tax	24.06	84.10
<b>Net Profit after Tax</b>	<b>45.31</b>	<b>406.26</b>

## Outlook and strategies

Maintain leadership position in merchant banking, ensuring market share accretion for merchant banking deals. Position the Company as a thought leader through our superior fundamental and technical research. Leverage this backbone to increasingly advocate the value-based investment philosophy among our clients and the community at large. Embrace a conservative approach for the margin loan basket with a greater focus on risk management. Shift focus to Non Margin Investors' Discretionary portfolio management due to the low appetite for margin loans.

## Books of accounts

Proper books of accounts of BD Finance Capital Holdings Limited have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements. The accounting estimates are based on reasonable and prudent judgment. International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements and any departure there from has been adequately disclosed. The financial statements prepared by the management of BD Finance Capital Holdings Limited present fairly its state of affairs,

## Internal control

The system of internal control is sound in design and has been effectively implemented and monitored.

### **Distribution of profit for 2018**

The Company reported a profit of Taka 4,531,397 in the year 2018. Considering Company's investment opportunities, growth potentials and comparative cost benefit analysis of paying out dividend and overall better tax management, the board of BD Finance Capital Holdings Limited decided not to declare any dividend to the shareholders of the Company for 2018.

### **Appointment of Auditors**

In terms of Article 18.2 of the Articles of Association of the Company, the Company shall, at each annual general meeting, appoint an auditor or auditors to hold office until the next annual general meeting. The Auditors of the Company, MABS & J Partners Chartered Accountants, has completed their second year as the Auditor of the Company. They are eligible for re-appointment as Auditors of the Company for the year 2019 and they have also offered themselves for re-appointment. The Board has recommended to appoint MABS & J Partners Chartered Accountants to the shareholders at the AGM as the auditors of the company for the year 2019.

### **Going concern**

There are no significant doubts upon the BD Finance Capital Holdings Limited ability to continue as a going concern.

### **Appreciation**

I would like to thank my Board colleagues for their continued support and on their behalf would like to express my heartiest gratitude to the entire team of BD Finance Capital Holdings Limited. It would be unfair to not acknowledge the exceptional efforts of our employees who worked in praiseworthy partnerships to meet the many challenges of a difficult year. They were called upon to embrace some major challenges while concurrently maintaining the highest standards of service to our clients. They met the challenges and we thank each of them for their extraordinary performance.

In conclusion, on behalf of the Board, I would like to thank our loyal clients and honorable shareholders for their continued faith and support. Taking this opportunity, the members of the Board would also like to thank the Bangladesh Securities and Exchange Commission, Dhaka stock exchanges and Central Depository Bangladesh Limited who continued to remain our partners in growth.

For and on behalf of the Board of Directors



**Hossain Mehmood**  
Director





# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF BD FINANCE CAPITAL HOLDINGS LIMITED

### Opinion

We have audited the accompanying financial statements of BD Finance Capital Holdings Limited, which comprise the Statement of Financial Position as at 31 December 2018 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of BD Finance Capital Holdings Limited, as at 31 December 2018 and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable Laws and Regulations.

### Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

## Report on Other Legal and Regulatory Requirements

We also report that:

- a) 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;
- c) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- d) The Company's Statement of Financial Position, dealt with by the report are in agreement with the books of accounts; and
- e) The expenditure incurred was for the purpose of the Company's business.

Dhaka, Bangladesh  
Dated: 27 March 2019

  
**MABS & J Partners**  
Chartered Accountants



# BD FINANCE CAPITAL HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31-Dec-18 BDT	31-Dec-17 BDT
<b>ASSETS</b>			
Non Current Assets		129,233	1,219,685
Property, Plant and Equipment	3	129,233	1,219,685
Current Assets		488,093,888	482,002,721
Margin Loan	4	22,038,078	15,160,844
Investment	5	387,929,412	405,861,510
Other Assets	6	48,936,805	52,527,406
Cash & Cash Equivalents	7	29,189,593	8,452,961
<b>Total Assets</b>		<b>488,223,121</b>	<b>483,222,406</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Equity		352,977,930	348,446,534
Share Capital	8	268,750,000	268,750,000
Retained Earnings		84,227,930	79,696,534
Current Liabilities:		135,245,191	134,775,872
Loan from BD Finance	9	82,000,000	87,000,000
Other Liabilities	10	20,096,721	8,033,441
Provision for Loss of Value of Share	5.1	6,500,000	15,500,000
Provision for Tax	11	26,648,470	24,242,431
<b>Total Equity &amp; Liabilities</b>		<b>488,223,121</b>	<b>483,222,406</b>

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

  
Company Secretary

  
Managing Director & CEO

  
Director

Dhaka, Bangladesh  
Dated: 27 March 2019

  
**MABS & J Partners**  
Chartered Accountants

**BD FINANCE CAPITAL HOLDINGS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2018**


	Note	31-Dec-18 BDT	31-Dec-17 BDT
Interest Income	12	3,143,281	2,469,025
Income from Settlement & Transaction Fees	14	4,766,593	1,745,417
Management Fees		276,746	205,327
Income from Investment in Securities	15	13,380,370	73,072,053
Other Operating Income	16	268,020	144,770
<b>Total Operating Income</b>		<b>21,835,010</b>	<b>77,636,592</b>
Salaries and Allowances		7,376,590	6,702,253
Interest paid on Borrowings	13	12,004,792	8,320,768
Rent, Taxes, Insurances, Utilities etc.	17	1,788,869	1,736,792
Legal and Professional Fees	18	28,750	129,333
Postage, Stamps, Telecommunication etc.	19	196,467	228,707
Stationery, Printings, Advertisements etc.	20	147,442	55,004
Directors' Fees and Conveyance	21	80,500	109,250
Auditors' Fees		25,556	25,556
Depreciation and Amortization	22	1,103,718	2,867,784
Other Expenses	23	1,144,891	1,097,539
<b>Total Operating Expenses</b>		<b>23,897,575</b>	<b>21,272,986</b>
<b>Net Profit before Provision &amp; Tax</b>		<b>(2,062,565)</b>	<b>56,363,606</b>
Provision for Loss of Value of Shares	5.1	(9,000,000)	7,327,830
<b>Net Profit before Tax</b>		<b>6,937,435</b>	<b>49,035,776</b>
Provision for Tax	11	2,406,039	8,410,046
<b>Net Profit after Tax</b>		<b>4,531,397</b>	<b>40,625,730</b>
Appropriation			
Retained Earnings Surplus brought forward		79,696,534	52,508,304
Cash Dividend for the year ended 2016		-	(13,437,500)
		79,696,534	39,070,804
<b>Retained Earnings Carried forward</b>		<b>84,227,930</b>	<b>79,696,534</b>
Earning Per Share (EPS)		0.17	1.51

  
 Company Secretary

  
 Managing Director & CEO

  
 Director

Dhaka, Bangladesh  
 Dated: 27 March 2019

  
**MABS & J Partners**  
 Chartered Accountants



# BD FINANCE CAPITAL HOLDINGS LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	31-Dec-18 BDT	31-Dec-17 BDT
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest Received	3,143,281	2,469,025
Interest Paid	(12,004,792)	(8,320,768)
Income from Investment in securities	13,380,370	73,072,053
Other Operating Income	5,311,359	2,095,514
Salary Payment	(7,376,590)	(6,702,253)
Administrative Expenses	(3,412,475)	(3,382,181)
Investment in Securities	17,932,099	(68,428,410)
Investment on Margin Loan	(6,877,235)	12,817,485
Investment in Other Asset	3,590,601	22,617,348
Increase in Other Liabilities	12,063,280	(7,616,275)
Net Cash used in Operating Activities	25,749,898	18,621,538
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in Fixed Assets	(13,266)	-
Dividend Paid	-	(13,437,500)
Net Cash used in Investing Activities	(13,266)	(13,437,500)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase/ (Decrease) of Borrowings	(5,000,000)	(13,557,890)
Net Cash used in Financing Activities	(5,000,000)	(13,557,890)
<b>D. Net Cash Inflow / (Outflow) for the period (A+B+C)</b>	<b>20,736,632</b>	<b>(8,373,852)</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>8,452,962</b>	<b>16,826,813</b>
<b>F. Closing Cash and Cash Equivalents (D+E)</b>	<b>29,189,593</b>	<b>8,452,962</b>

  
Company Secretary

  
Managing Director & CEO

  
Director

Dhaka, Bangladesh  
Dated: 27 March 2019

  
**MABS & J Partners**  
Chartered Accountants

# BD FINANCE CAPITAL HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

Particulars	Share Capital	Retained Earnings	Total
<b>Balance as on 01-01-2018</b>	<b>268,750,000</b>	<b>79,696,534</b>	<b>348,446,534</b>
Net Profit/(Loss) for the period	-	4,531,397	4,531,397
<b>Balance as on December 31, 2018</b>	<b>268,750,000</b>	<b>84,227,930</b>	<b>352,977,930</b>
<b>Balance as on January 01, 2017</b>	<b>268,750,000</b>	<b>52,508,304</b>	<b>321,258,304</b>
Cash Dividend for the year ended 2016	-	(13,437,500)	(13,437,500)
Net Profit/(Loss) for the year	-	40,625,730	40,625,730
<b>Balance as on December 31, 2017</b>	<b>268,750,000</b>	<b>79,696,534</b>	<b>348,446,534</b>



Company Secretary




Managing Director & CEO



Director

Dhaka, Bangladesh  
Dated: 27 March 2019



**MABS & J Partners**  
Chartered Accountants



# BD FINANCE CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 1. Company & Its Activities

#### 1.1 Company profile

BD Finance Capital Holdings Limited was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms(RJSC) vide Registration No. C-94802/11 under The Companies Act 1994, as a public limited company on 10 August 2011. The Company has obtained Merchant Banking license from Bangladesh Securities and Exchange Commission registration certificate no-MB-76/2012 on 26 February, 2012. The address of the company's registered office is 64, Motijheel C/A, Dhaka-1000. This Company is a fully owned subsidiary of Bangladesh Finance and Investment Company Limited.

#### 1.2 Nature of business

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

### 2. Significant accounting policies

#### 2.1 Basis of preparation of Financial Statement

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

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

#### 2.2 Use of estimates and judgments

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

#### 2.3 Comparative Information

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

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

#### 2.4 Reporting period

These financial statements cover from 1 January 2018 to 31 December 2018

#### 2.5 Functional and presentation currency

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

#### 2.6 Recognition of property, plant and equipment and depreciation





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

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

Office equipment	25%
Furniture and fixtures	20%
Motor Vehicle	20%
System & Software	25%

## **2.7 Intangible Assets**

### **a. Components**

The main item included intangible asset is software.

### **b. Basis of recognition**

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

### **c. Subsequent expenditure**

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

### **d. Amortization**

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

## **2.8 Cash & Cash equivalents**

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

## **2.9 Income Tax**

### **2.9.1 Current tax**

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2018 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with BAS-12.

### **2.9.2 Deferred tax**

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

## **2.10 Revenue Recognition**

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

## **2.11 Provision for Expenses**

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embedding economic benefits will be required to settle the present obligations and reliable estimate of the amount can be measured.



	31-Dec-18 BDT	31-Dec-17 BDT	
<b>3 Fixed Assets including property, plant &amp; equipments</b>			
<b>A. Cost:</b>			
Opening balance	17,774,839	17,774,839	
Addition during the year	13,266	-	
Closing balance at cost	<b>17,788,105</b>	<b>17,774,839</b>	
<b>B. Depreciation and Amortization:</b>			
Opening balance	16,555,154	13,687,370	
Addition during the year	1,103,718	2,867,784	
Accumulated Depreciation and Amortization	<b>17,658,872</b>	<b>16,555,154</b>	
<b>Written down value</b>	<b>129,233</b>	<b>1,219,685</b>	
Details are given in Annexure-A			
<b>4 Margin Loan</b>			
Opening Balance	15,160,844	27,978,329	
Add: Disbursement during the year	173,609,900	60,141,635	
	188,770,744	88,119,963	
Less: Realized during the year	166,732,665	72,959,120	
	<b>22,038,078</b>	<b>15,160,844</b>	
<b>5 Investment</b>			
Investment in Share (at Cost) (Note 5.1)	387,929,412	405,861,510	
	<b>387,929,412</b>	<b>405,861,510</b>	
<b>5.1 Investment in Share (as on 31-12-2018)</b>			
	<b>Cost price (Taka)</b>	<b>Market Price at the end of the period (Taka)</b>	<b>Unrealized gain/ (loss)</b>
	<b>387,929,412</b>	<b>335,291,149</b>	<b>(52,638,263)</b>
<b>Provision for Unrealized Loss on Investment in share</b>			
Opening Balance	15,500,000	8,172,170	
Add: Provision during the year	(9,000,000)	7,327,830	
	<b>6,500,000</b>	<b>15,500,000</b>	

Note: All investments in marketable securities are valued at cost. Provision maintained against unrealized loss on investment in shares (As per Directive of BSEC Ref: SEC/CMRRCD/2009-193/196 dated on 28/12/2016, Ref: BSEC/CMRRCD/2009-193/203 dated on 28/12/2017 & Letter Ref: BSEC/SRI/MB-Policy/5/2016/491 dated on 27/06/2018) and the required provision BDT 58,48,696. Total Provision for diminution in value of investments BDT 65,00,000 on reporting date.

	31-Dec-18 BDT	31-Dec-17 BDT
<b>6 Other Assets</b>		
<b>6.1 Receivables</b>		
<b>a) Receivable from Brokers</b>		
Receivable from BD Finance Securities Limited	6,904,998	16,991,932
<b>6.2 Advance, Deposit and Prepayment</b>		
<b>a) Advances</b>		
Advance income tax	25,390,113	18,213,046
Advance for Fixed Asset	2,800,000	2,400,000
Advance to - Pre IPO Placement Share	10,000,000	10,000,000
Advance to - IPO Application in Own Portfolio	3,634,670	4,713,440
	<b>41,824,783</b>	<b>35,326,486</b>
<b>b) Deposits</b>		
Security deposit - CDBL	200,000	200,000
Security deposit - BTCL	3,000	3,000
	<b>203,000</b>	<b>203,000</b>
<b>c) Prepayments</b>		
Prepaid Insurance	4,024	5,987
	<b>4,024</b>	<b>5,987</b>
	<b>42,031,807</b>	<b>35,535,473</b>
Total Advance, Deposit and Prepayment (a+b+c)	<b>42,031,807</b>	<b>35,535,473</b>
Total Other Assets	<b>48,936,805</b>	<b>52,527,406</b>
<b>7 Cash and Cash Equivalent</b>		
Cash in hand	7,616	5,853
Cash at banks (Notes 7.1)	29,181,977	8,447,108
Total as on 31 December	<b>29,189,593</b>	<b>8,452,961</b>
<b>7.1 Cash at bank</b>		
The City Bank # SND 3101317295001	2,756	3,357
Jamuna Bank# CD 018-0210011324	191,188	197,658
One Bank# SND 0013000000693	22,102,107	7,363,529
One Bank# SND 0013000000823	6,870,700	869,043
Modhumoti Bank # SND 110113500000009	-	532
NRB Comm. Bank # SND 0101-36000000048	997	2,147
One Bank# SND 0013000001043	14,230	10,843
	<b>29,181,977</b>	<b>8,447,108</b>



	31-Dec-18 BDT	31-Dec-17 BDT
<b>8 Share Capital</b>		
<b>8.1 Authorized Capital</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
200,000,000 ordinary shares of Taka 10 each		
<b>8.2 Issued, Subscribed and Paid up capital</b>		
26,875,000 ordinary shares of Taka 10 each fully paid	268,750,000	268,750,000
	<b>268,750,000</b>	<b>268,750,000</b>

Shareholders	31 December, 2018			December 31, 2017
	% of Total Shareholding	Number of Share	Amount	
Bangladesh Finance And Investment Co. Ltd.	99.972%	26,867,475	268,674,750	268,674,750
Mr. Manwar Hossain	0.004%	1,075	10,750	10,750
Mr. Hossain Khaled	0.004%	1,075	10,750	10,750
Mr. Hossain Mehmud	0.004%	1,075	10,750	10,750
Mr. Md. Rafiqul Islam Khan	0.004%	1,075	10,750	10,750
Mrs. Rokeya Anowara Begum	0.004%	1,075	10,750	10,750
Mrs. Rashida Youshuf	0.004%	1,075	10,750	10,750
Mr. M. Maniruzzaman Khandaker	0.004%	1,075	10,750	10,750
<b>Total</b>	<b>100.00%</b>	<b>26,875,000</b>	<b>268,750,000</b>	<b>268,750,000</b>

<b>9 Loan From BD Finance</b>	<b>82,000,000</b>	<b>87,000,000</b>
<b>10 Other Liabilities</b>		
Payable to Client's	17,815,638	4,303,173
Payable to Broker	382,030	1,173,128
Payable to CDBL	32,191	14,417
Interest Payable	1,757,347	2,372,583
Payable for Audit Fees	25,556	25,556
Others Payable	83,959	144,583
	<b>20,096,721</b>	<b>8,033,441</b>
<b>11 Provision for Tax</b>		
Opening Balance	24,242,431	15,832,386
Add: Provision during the year	2,406,039	8,410,046
	<b>26,648,470</b>	<b>24,242,431</b>
<b>12 Interest Income</b>		
Interest received from Margin Loan	2,724,052	2,141,770
Interest received from Bank	419,229	327,256
	<b>3,143,281</b>	<b>2,469,025</b>

	<b>31-Dec-18 BDT</b>	<b>31-Dec-17 BDT</b>
<b>13 Interest paid on Borrowings</b>		
Interest to BD Finance on Borrowings	12,004,792	8,299,873
Interest to Hajj Finance on Borrowings	-	20,895
	<b>12,004,792</b>	<b>8,320,768</b>
<b>14 Income from Settlement &amp; Transaction Fees</b>		
Settlement & Transaction Fees	9,698,250	4,135,652
CDBL on demand fees	-	5,118
	<b>9,698,250</b>	<b>4,140,770</b>
Less:		
Brokerage Commission	4,591,869	2,140,168
CDBL Charges	339,788	255,185
	4,931,657	2,395,353
	<b>4,766,593</b>	<b>1,745,417</b>
<b>15 Income from Investment in securities</b>		
Realized Gain	2,700,352	62,043,642
Dividend Income	10,680,018	11,028,411
	<b>13,380,370</b>	<b>73,072,053</b>
<b>16 Other Operating Income</b>		
A/C Opening Fees	40,000	54,000
A/C Closing Fees	5,000	6,500
Annual BO A/C Maintenance Fees	96,200	83,600
Underwriting Commission	125,000	-
Income from Service Charge- IPO	1,820	670
	<b>268,020</b>	<b>144,770</b>
<b>17 Rent, Taxes, Insurances, Utilities etc.</b>		
Office Rent	1,435,200	1,465,100
Utilities	353,669	271,692
	<b>1,788,869</b>	<b>1,736,792</b>
<b>18 Legal and Professional Fees</b>		
Legal and Professional Fees	28,750	129,333
	<b>28,750</b>	<b>129,333</b>
<b>19 Postage, Stamps, Telecommunication etc.</b>		
Postage, Stamp and Courier	680	1,352
Telephone and mobile	106,087	137,655
Internet and connectivity expenses	89,700	89,700
	<b>196,467</b>	<b>228,707</b>
<b>20 Stationery, Printings, Advertisements etc.</b>		
Printing and Stationery	128,467	55,004
Advertisement and Publicity	18,975	-
	<b>147,442</b>	<b>55,004</b>
<b>21 Directors' Fees and Conveyance</b>		
Directors' Fees	80,500	109,250
	<b>80,500</b>	<b>109,250</b>



	31-Dec-18 BDT	31-Dec-17 BDT
<b>22 Depreciation and Amortization</b>		
Furniture & Fixture	11,388	1,178,630
Office Equipment	552	144,043
Motor Vehicle	975,111	975,111
System & Software	116,667	570,000
	<b>1,103,718</b>	<b>2,867,784</b>
<b>23 Other Expenses</b>		
Entertainment	120,640	135,567
Car Maintenance	315,785	279,962
Newspaper and Periodicals	4,865	5,544
Travelling and Conveyance	4,340	47,266
Software Maintenance Fees	240,000	240,000
Registration, License and Renewal	225,970	254,420
Repair & Maintenance	30,600	6,670
Office Maintenance	137,080	56,349
Bank Charges & Excise Duty	65,611	43,236
Loan Documentation & Processing Charge	-	26,525
Training Expenses	-	2,000
	<b>1,144,891</b>	<b>1,097,539</b>

**24 Number of Employees**

The number of employees engaged for the whole period or part thereof who received a total (yearly) remuneration of Tk. 36,000 or above were 13.

**25 Related Party Disclosures:**

Name of the Party	Related By	Nature of transaction	Amount in Tk.	Status
Bangladesh Finance And Investment Company Limited	Parent Company	Loan	82,000,000	Regularly paid
BD Finance Securities Limited	Sister Concern	Receivable	6,904,998	Regularly paid

  
Company Secretary

  
Managing Director & CEO

  
Director

## BD FINANCE CAPITAL HOLDINGS LIMITED FIXED ASSET SCHEDULE

For the year ended December 31, 2018

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 2018
	Balance as on 1 January 2018	Addition during the period	Balance at 31 December 2018		Balance as on 1 January 2018	Charge for the Period	Balance at 31 December 2018	
Furniture & Fixture	5,893,150	-	5,893,150	20%	5,881,762	11,388	5,893,150	-
Office Equipment	4,726,134	13,266	4,739,400	25%	4,726,134	552	4,726,686	12,714
Motor Vehicle	4,875,555	-	4,875,555	20%	3,783,925	975,111	4,759,036	116,519
System & Software	2,280,000	-	2,280,000	25%	2,163,333	116,667	2,280,000	-
<b>As on 31 December 2018</b>	<b>17,774,839</b>	<b>13,266</b>	<b>17,788,105</b>		<b>16,555,154</b>	<b>1,103,718</b>	<b>17,658,872</b>	<b>129,233</b>
<b>As on 31 December 2017</b>	<b>17,774,839</b>	<b>-</b>	<b>17,774,839</b>		<b>13,687,370</b>	<b>2,867,784</b>	<b>16,555,154</b>	<b>1,219,685</b>





## SOME PROJECTS FINANCED BY US



Highly sensitive production line for pharmaceutical: Our corporate client, Orion pharma Limited.



50 MW Independent Power Plant (IPP) of Baraka Power Limited.



Fully automated production unit of A R Specialized Auto Rice Mills (Pvt.) Limited.



State of the art poultry farm: AG Agro Industries Limited.



Modern machine of Button Tex Limited, a backward linkage industry of RMG sector.



Production unit of HAKS Industries Limited, a women enterprise financed under SME segment.



Production unit of KBS Packaging & Accessories Limited, financed under SME segment.







A women entrepreneur financed under microfinance program of an NGO, Uttaran, financed under SME segment.



"Uthan Boithok" of the members of a small group under microfinance program of an NGO, Uttaran, financed under SME segment.



A commercial cum residential building (G+15 storied) located at Jatrabari, Dhaka, developed by Askan Development Limited, financed under real estate finance segment.

## CORPORATE INFORMATION

Registered Name of the Company	:	Bangladesh Finance And Investment Company Limited
Legal Form	:	A public limited company listed both in Dhaka and Chittagong Stock Exchange Limited
Company Registration Number	:	C-37695 (1995)/99
Bangladesh Bank License Number	:	FID(L)/23
Corporate Head Office	:	Baitul Hossain Building (2nd floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-9559146 (Hunting) Fax: +88-02-9566493. E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Principal Branch	:	Baitul Hossain Building (7th floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-9559146 (Hunting) Fax: +88-02-9566493 E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Chittagong Branch	:	Osman Court (2nd floor) 70, Agrabad C/A, Chittagong Phone: +88-031-2510234 Fax: +88-031-2526564 Hot Line: +88-01618-448922 E-mail: info.ctg.@bdfinance.net
Bangshal Branch	:	5, Bangshal Lane, North South Road (Old) 57, Syed Nazrul Islam Sharani (new) (1st Floor), Dhaka- 1100 Phone: +88-02-9550126 Hot Line: +88-01618-448923 E-mail: info@bdfinance.net
Sylhet Branch	:	Firoz Center, (5th Floor) 891/Ka, Chouhatta Sylhet Sadar-3100 Hot Line: +88-0821-713896-7 e-mail: info.sylhet@bdfinance.net
Uttara Branch	:	Zinnath Center-2 (5th Floor) Plot No. 111/4, Road No 7, Sector No. 4, Uttara Model Town, Dhaka-1230 Hot Line: +880-2-8931893, 8931823 e-mail: info.uttara@bdfinance.net
Gazipur Branch	:	Bagdad Tanzania Tower (2nd Floor), Holding # 1, Block # B, Ward-16, Out Para, Vawal College Road, Chondona, Chowrasta, Gazipur-1700. Phone: 01618448706, Email: info.gazipur@bdfinance.net
Jashore Branch	:	Rashid Centre (3rd floor), 7/A, R. N. Road, Jashore Mobile: +880 01618448707 Email: info.jashore@bdfinance.net
Head Office of First Subsidiary	:	BD Finance Securities Limited 64, Motijheel C/A (2nd Floor), Dhaka-1000. Tel: +88-02-9554592 E-mail: info@bdsecurities.net



Head Office of Second Subsidiary	:	BD Finance Capital Holdings Limited 64, Motijheel CIA (2nd Floor), Dhaka-1000. Tel: +88-02-7122165,9553967 Hot Line: +88-01618-448925	
Auditors	:	MABS & J Partners Corporate Office: SME Tower (7th Floor), 33, Banani C/A, Road-17, Dhaka-1213, Bangladesh, Phone: +88-02-9821057-58, +88-02-9821365-66 Email: info@mabsj.com, Web: www.mabsj.com	
Compliance Auditor	:	ITRAT HOSSAIN & ASSOCIATES Chartered Secretaries in Practice 'Crystal Palace' REGUS, 3rd Floor, SE(D) 22, Road 140 South Gulshan Avenue, Gulshan-1, Dhaka-1212	
Tax Consultant	:	Khandaker & Associates Room No. 4/3, (4th floor) 73, Kakrail, Dhaka.	
Legal Advisor	:	1. Mr. Sheikh Fazle Noor Barrister-at-Law Sheikh & Chowdhury Banglar Bani Bhaban (2nd Floor) 81, Motijheel C/A, Dhaka-1000	2. Mr. Md. Arifur Rahman Barrister-at-Law A. Rahman & Associates Suit No.804/A, Paltan Tower (8th Floor) 87 Purana Paltan (Culvert Road), Dhaka-1000.
		3. Md. Zakaria Haider Advocate Zakaria & Associates, Suit no. 13/G, Tropicana Tower (13th Floor), 45, Topkhana Road, Purna Paltan, Dhaka.	4. Mr. Swaraj Chatterjee (Bappa) Advocate The Law Chamber Suit No.7-C, (7th Floor), Meherba Plaza, 33, Topkhana Road, Purana Paltan, Dhaka-1000
Membership	:	Associations: Bangladesh Leasing and Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) Dhaka Chamber of Commerce & Industry (DCCI)	
Principal Bankers	:	Standard Chartered Bank Dutch Bangla Bank Ltd. Social Islami Bank Ltd South Bangla Bank Ltd Mercantile Bank Limited Mutual Trust Bank Ltd. Prime Bank Limited Shahjalal Islami Bank Ltd.	Southeast Bank Limited Standard Bank Limited Uttara Bank Limited United Commercial Bank Ltd. NRB Commercial Bank Ltd. Jamuna bank Limited Bank Asia Ltd. NCC Bank Ltd





**SME  
LOAN**



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Just believe you can do it, we will see it through with you.

**bd finance**  
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BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED







**PROXY FORM**

I/We.....  
of..... being a member of Bangladesh Finance and Investment Company Ltd. and entitled to vote, hereby appoint Mr. / Mrs. .... of ..... and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Monday, May 27, 2019 at 11.00 A.M. at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka-1000 or at any adjournment thereof or at any ballot to be taken in consequence hereof.

Signed this ..... Signature of proxy.....  
day of ..... 2019

Revenue  
Stamp  
Tk. 20/-

Signature of Shareholder

BO ID: 

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No. of Shares

**Note:**

- 1) This form of proxy, duly completed and signed must be deposited at least 48 hours before the meeting at the Company's registered office. Proxy is invalid if not signed and stamped as explained above.
- 2) Signature of the Shareholder must be in accordance with Specimen Signature recorded with the Company.

**ATTENDANCE SLIP**

I hereby record my attendance at the 20th Annual General Meeting of the Company being held on Monday, May 27, 2019 at 11.00 A.M. at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka-1000.

Name of the Member / Proxy .....

BO ID: 

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Signature \_\_\_\_\_

Date \_\_\_\_\_

**NB.** Shareholder attending meeting in person or by Proxy are requested to complete the Attendance Slip and deposit same at the entrance of the meeting.







**Bangladesh Finance and Investment Company Limited**

Baitul Hossain Building (2nd Floor), 27 Dilkusha C/A, Dhaka-1000, Bangladesh

PABX: (+88 02) 7114489, 7114493, 9559146, Fax: (+88 02) 9566493

e-mail: [info@bdfinance.net](mailto:info@bdfinance.net), [www.bdfinance.com.bd](http://www.bdfinance.com.bd)

