



ANNUAL REPORT 2019



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Trust cannot be bought, sold or derived. It has to be rightfully earned with diligence. Trusting and being trusted encompasses a level of understanding which are factors of transparency, reliability and loyalty. In the world of financial management, BD Finance is an outstanding name with a stellar history of the proper guidance, authentic service and fruitful commitment.



BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED



Bangladesh Finance and Investment Company Ltd.

(BD Finance) has been carrying the nation towards advancement through continuous socio-economic development of Bangladesh. We are immensely proud to achieve the prestigious Most Innovative Financial Solution Provider - Bangladesh award at the International Finance Awards - 2019. We are grateful to our clients, stakeholders and well-wishers whose continuous support has always been there to motivate us.

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.

Dear Sir(s):

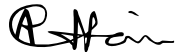
Annual Report for the year ended December 31, 2019.

We are pleased to enclose a copy of the Annual Report along with the audited financial statements on solo and consolidated basis for the year ended December 31, 2019.

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

Thanking you,

Yours sincerely,

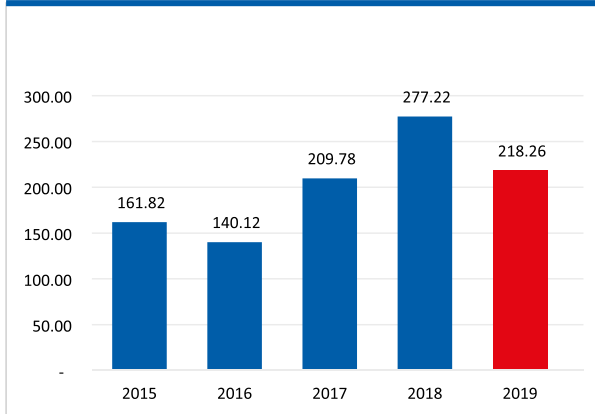


Munshi Abu Naim ACS
Company Secretary

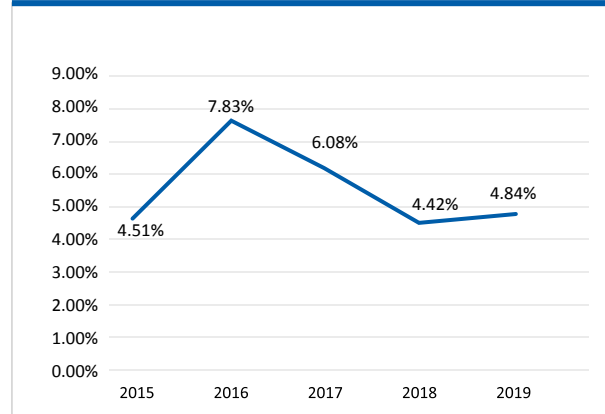
FINANCIAL HIGHLIGHTS

Profit after Tax

Million Taka

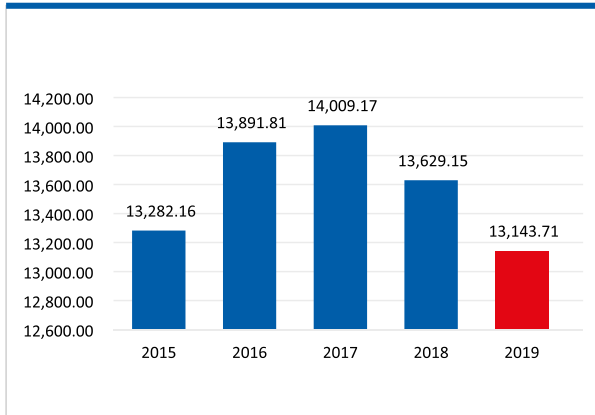


Classified Loan Ratio



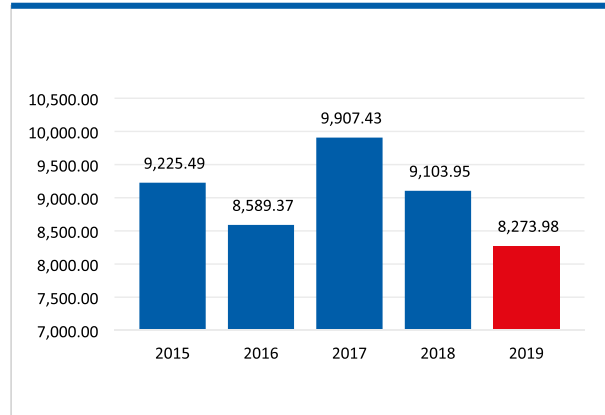
Loans and Advances

Million Taka



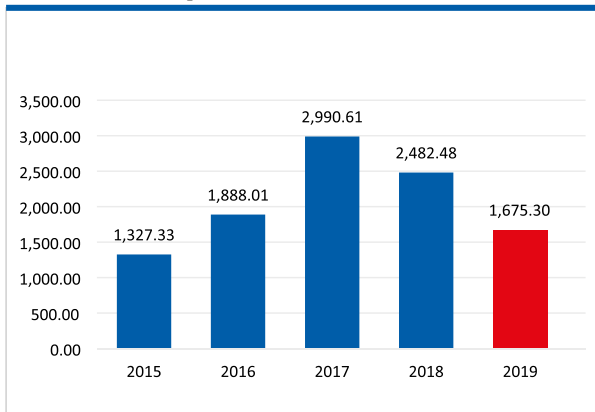
Term Deposit

Million Taka

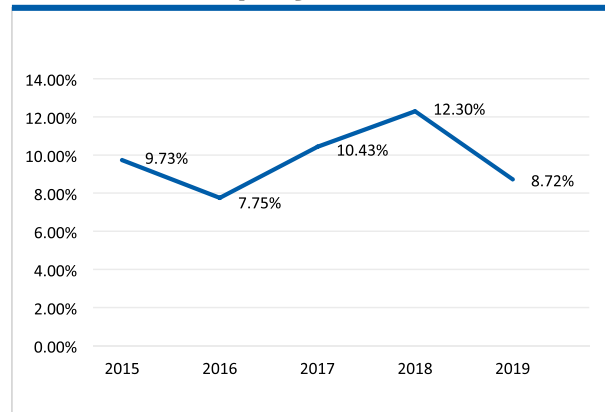


Market Capitalization

Million Taka

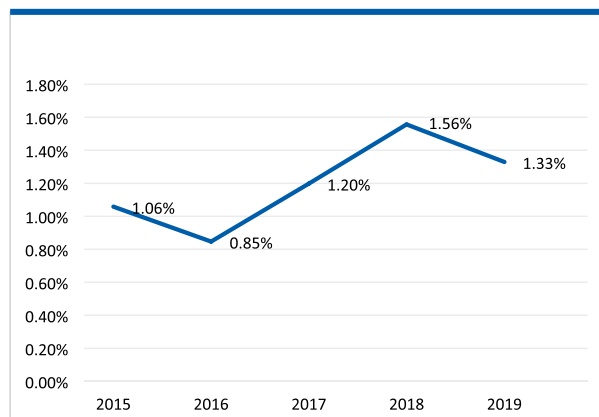


Return on Equity

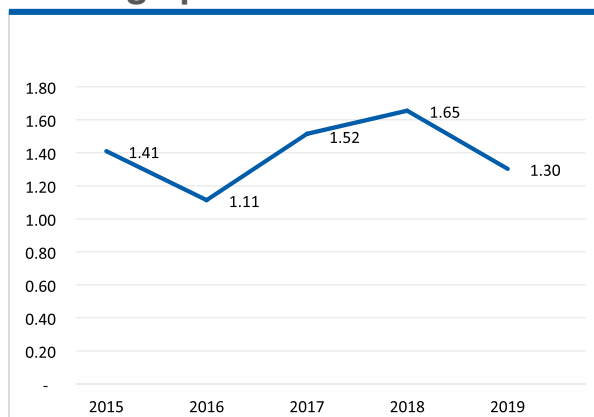


Return on Assets

Million Taka

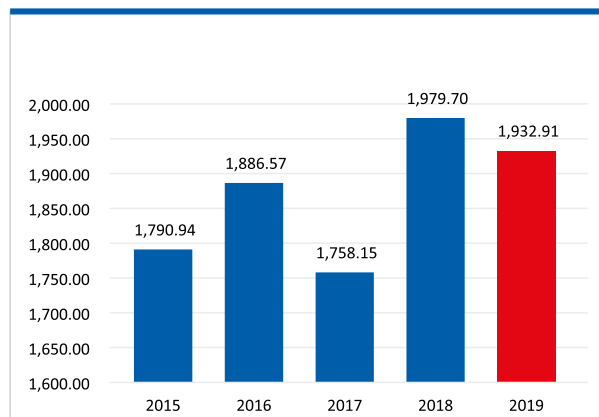


Earnings per Share



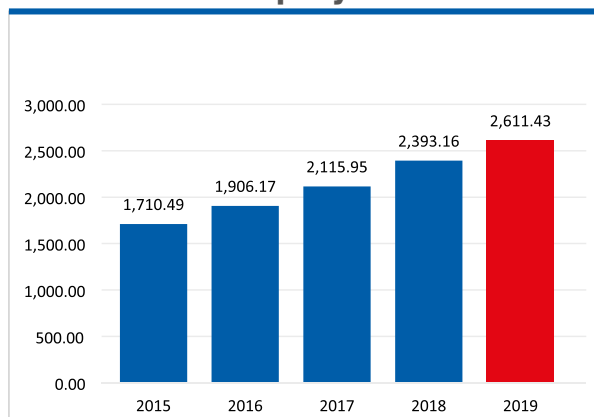
Revenue

Million Taka



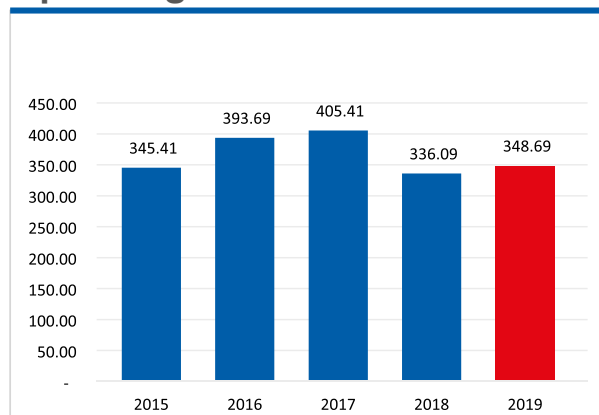
Shareholder Equity

Million Taka

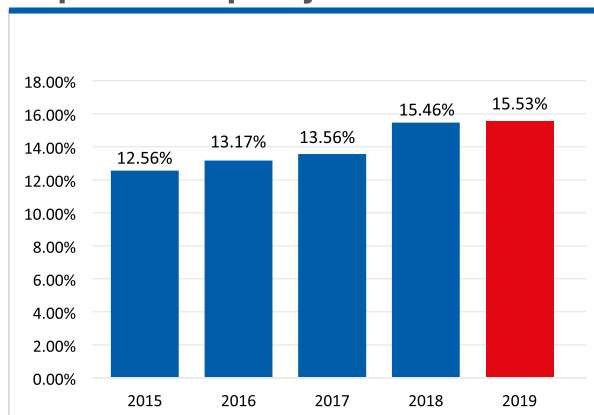


Operating Profit

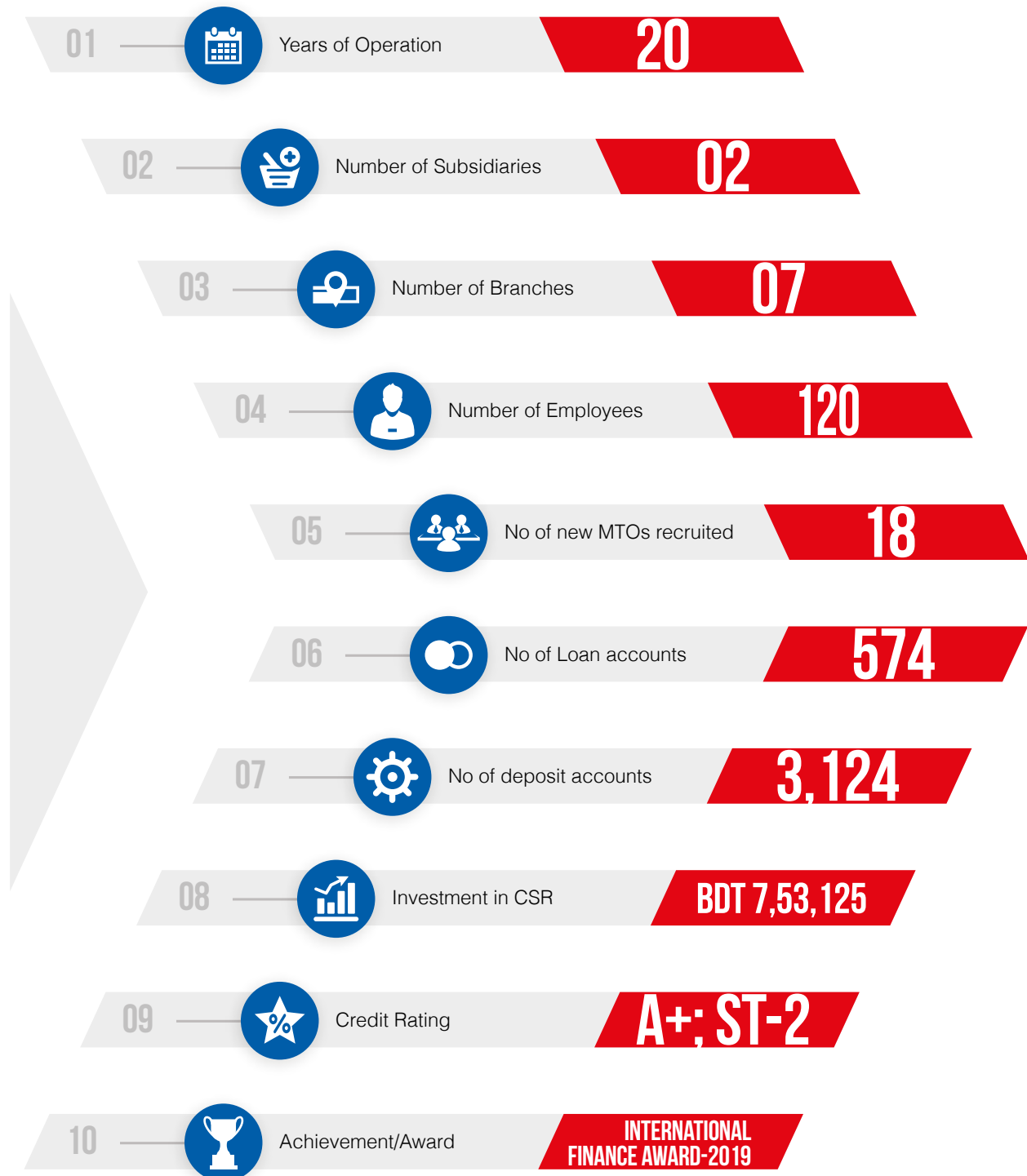
Million Taka



Capital Adequacy Ratio



NON-FINANCIAL HIGHLIGHTS

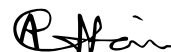


NOTICE OF THE 21ST ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting (AGM) of Bangladesh Finance And Investment Company Limited will be held on Thursday, 10 December 2020, at 11.00 AM by using Digital Platform to transact the following businesses:

1. To receive and adopt the Audited Financial Statements for the year ended on December 31, 2019 together with the Report of the Directors' and the Auditors' thereon;
2. To declare Dividend for the year ended on December 31, 2019;
3. To elect Directors according to the provisions of the Articles of Association of the Company;
4. To confirm appointment of Independent Directors;
5. To appoint Statutory Auditors for the year 2020 and to fix their remuneration;
6. To appoint Compliance Auditor as per Corporate Governance Code for the year 2020 and to fix their remuneration.

By the order of the Board



Munshi Abu Naim ACS
Company Secretary

Dated, Dhaka
November 23, 2020

NOTES:

- a) The Record Date: **October 08, 2020**.
- b) The shareholders' names appearing in the Members'/Depository Register on Record Date will be eligible to attend and vote in the AGM through Digital Platform and to receive dividend.
- c) A Member entitled to attend and vote in the AGM, may appoint a proxy in his stead. Scanned copy of the proxy form, duly stamped shall be mailed to the email at **secy@bdfinance.net** at least 48 hours before the meeting.
- d) As per BSEC Notification No. BSEC/CMRRCD/2006 158/208/Admin/81 dated 20 June 2018, soft copies of the Annual Report 2019 along with the Proxy Form will be sent to the Members' respective email address available with us through CDBL record. The Annual Report will be available in the Company's website at: **www.bdfinance.com.bd**.
- e) Members are requested to update their particulars including e-mail addresses (if require) through their respective Depository Participants before the Record Date.
- f) Please follow **https://bdfinance.bdvirtualagm.com** for joining in the Digital Platform of the 21st Annual General Meeting of BD Finance.

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ABOUT BD FINANCE

Bangladesh Finance And Investment Company Limited (BD Finance) is one of the widely acclaimed Financial Institutions which 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 got listed in both Stock Exchanges of the country in the year 2007. The shareholding structure of BD Finance consists of reputed corporate houses, leading industrialists and 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 for its clients of different segments to provide customized financial solution.

BD Finance looks forward to greater participation in the economic development of Bangladesh introducing all financial products under one roof to meet the customer's economic needs as a competitive market player. Currently, BD Finance is providing its services throughout the country with its branches and two subsidiaries named BD Finance Securities Limited (BD Securities) and BD Finance Capital Holdings Limited (BD Capital).

SUBSIDIARIES:

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 as a trek holder of 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.

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.

OUR APPROACH TOWARDS INTEGRATED REPORTING

An Integrated Report (IR) aims to communicate the issues that organizations do to win investor confidence and to create long term value. These involve not only profit but also reflect the interest of shareholders and all other stakeholders. Transparent communication about an organization's strategy is paramount important to the investors as that shapes the organization's future footprint. Integrated thinking is for finding multiple strengths and cohesively connect them for the greater good of the organization as well as all the stakeholders.

Integrated Reporting framework is based on the concept of value creation for all through both financial and non-financial initiatives and alignment between them. Thus, it is a cohesive and holistic approach to corporate reporting which communicates the full range of factors, both internal and external, that materially affects an organization's ability to create value in the short, medium and long term. As a financial institution, BD Finance has excellently managed its business to deliver consistent value to its stakeholders. In this report, we have tried to demonstrate a clear view of our business model, strategic focus, resource allocation and future outlook to help the stakeholders evaluate our intrinsic value creation capability. We have also focused on risk management, corporate governance, financial performance, non-financial disclosures, sustainable initiatives and regulatory context within which we operate. We have tried to keep this report concise, consistent and complete, including all material matters, both positive and negative in a fair way and without material inaccuracy. Since inception, BD Finance has been directed with the vision to be the most innovative and popular financial services provider in the country with special focus on creating value for all stakeholders. Our mission, goals are set based on the vision and continuously driving for the well-being of the people.

Boundaries and Principles

Our Integrated Report-2019 mainly covers period from 01st January to 31st December. We have also incorporated some contemporary industry wide and macro-economic issues as it has been prepared at a later date due to Coronavirus outbreak. In interpreting our operation and financial performance, we have extracted the financial information from the Audited Financial Statements for the financial year ended 2019 with relevant comparative information. The financial statements consistently comply with the requirements of International Financial Reporting Standards (As adopted by ICAB), Companies Act 1994, Financial Institutions Act 1993, Securities and Exchange Rules 1987, relevant rules and regulations of Bangladesh Bank and other applicable laws and regulations of the land.

The disclosure of non-financial information has been extracted from internally-maintained records and reliable external sources. To report our corporate governance practices, we have drawn reference from the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC).

The information presented in this report can be compared year to year basis, where the relative measures like ratios are comparable across the industry. We have segregated the reports in different parts namely organizational overview, analysis and reporting from the top management discussion & review, business and other divisions, subsidiary overview,

risk management, sustainability reporting and audited financial statements.

The information provided in this report tend to cover all material matters relating to business strategy, risk, financials and governance. The structure of the report has been further developed as a part of our continuous focus on improving communication to our stakeholders.

The external assurance has been obtained from the following reputed bodies for the reporting period under consideration:

Financial Statements audited by MABS & J Partners
Corporate Governance Certification by ITRAT HUSAIN & ASSOCIATE
Credit Rating by Emerging Credit Rating Limited (ECRL)
Provident Fund Accounts Audited by Ahamed Shamim & Co.

We have taken reasonable care in preparation and presentation of this Integrated Annual Report, specially presenting all financial and non-financial disclosures. We have also referred to the guidelines issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework issued by the International Integrated Reporting Council (IIRC).



Md. Kyser Hamid
Managing Director & CEO

The soft copy of the Annual Report is sent to all the shareholders as per record date, prior to holding the Annual General Meeting, giving adequate notice. Further, the Annual Report is being uploaded in our website <http://www.bdfinance.com.bd> for our existing and potential users.



Envisaging the same vision
**We are
flying high!**

MATERIALITY DETERMINATION PROCESS

Materiality determination process at BD Finance is driven by integrated thinking, paying especial attention to stakeholders' interest and degree of impact on the organization. An issue is considered to be material when that influences decisions, performance, reputation and credibility of an organization. To identify materiality and our response to that, we follow the typical methodology:



As a financial institution, we serve various group of stakeholders. So, the interest of stakeholders matters to us. In determining materiality, we consider how does our decisions facilitate us in a sustainable manner as well as how can we meet the stakeholders' demand in the best possible way by ensuring good corporate governance within the organization. The factors material to us, guide us in strategy formulation, resource allocation and value creation for all stakeholders over short term, medium term and long term.

Materiality Mapping

We try to find out material matters in line with the interest of various stakeholders group. The matters which are found as material are given importance for value creation. Here we provide some issues which we consider pertinent for value creation for our different group of stakeholders.

Stakeholder Group	IMPORTANCE TO BD FINANCE FOR VALUE CREATION		
	LOW	MEDIUM	HIGH
CLIENT	-	<ul style="list-style-type: none"> • Timely Loan Disbursement • Process Simplification 	<ul style="list-style-type: none"> • Quality of service • Safety of deposit
EMPLOYEES	<ul style="list-style-type: none"> • Employee mix and diversity 	<ul style="list-style-type: none"> • Scope of career growth • Training and development 	<ul style="list-style-type: none"> • Congenial working environment • Retention of talents
INVESTORS	-	<ul style="list-style-type: none"> • Communication of business strategy 	<ul style="list-style-type: none"> • Return of investment • Sustainable growth • Risk management
REGULATORS	-	-	<ul style="list-style-type: none"> • Compliance with laws • On time reporting • Effective governance
SUPPLIERS	-	<ul style="list-style-type: none"> • Timely payment 	<ul style="list-style-type: none"> • Fair procurement process
SOCIETY & ENVIRONMENT	<ul style="list-style-type: none"> • Waste management 	<ul style="list-style-type: none"> • Degree of carbon emission • Efficient use of energy 	<ul style="list-style-type: none"> • CSR activities • Green operation processes

Again, materiality determination and value creation is a continuous process, our endeavor is to focus on the areas which serve the greater interest of our stakeholders and create sustainable value.

COMPANY PROFILE

BD Finance incorporated its name in the Financial Industry of the country during the year of 1999. 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.

General Information about the Company

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
Date of Incorporation	May 10, 1999
DSE and CSE Trading Code	BDFINANCE
Company Registration Number	C-37695 (1995)/99
Bangladesh Bank License Number	FID(L)/23
Tax Payer Identification No	124511442747
VAT Registration No	001901409-0202
Authorized Capital	TK. 2,000,000,000
Paid Up Capital	TK. 1,675,296,080
Number of Branches	Seven
Chairman	Manwar Hossain
Managing Director & CEO	Md. Kyser Hamid
Company Secretary	Munshi Abu Naim
Chief Financial Officer	Md. Sajjadur Rahman Bhuiyan
Head of Internal Control and Compliance	Sajeeb Saha
Registered Office or 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
Investors' Enquiry	Baitul Hossain Building (2nd floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-9559146 (Hunting) Fax: +88-02-9566493. E-mail: secy@bdfinance.net Website: www.bdfinance.com.bd
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 (7 th 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, 3 rd Floor, SE(D) 22, Road 140 South Gulshan Avenue, Gulshan-1, Dhaka-1212	
Provident Fund Auditor	Ahamed Shamim & Co. House 1/B, Plot-1A, Road-8 Block-I, Banani, Dhaka-1213.	
Credit Rating Agency	EMERGING Credit Rating Ltd. Shams Ranges, 104 Park Road (Flat A1, A2) Baridhara, Dhaka-1212.	
Legal Advisors	Rokanuddin Mahmud and Associates Sheikh and Chowdhury Hasan and Associates Law & Remedy Haque & Associates Saiful Alam and Associates A. Rahman and Associates	
Principal Bankers	Standard Chartered Bank Dutch Bangla Bank Ltd. Social Islami Bank Ltd. South Bangla Agriculture 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.
Membership	Bangladesh Leasing and Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) Dhaka Chamber of Commerce & Industry (DCCI) Dhaka Stock Exchange Limited (DSE) Chittagong Stock Exchange Limited (CSE) Central Depository Bangladesh Limited (CDBL)	



VISION

To be the most innovative 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 as part of our contribution towards inclusive, sustainable and quality growth.



STRATEGIC OBJECTIVES

- Grow & diversify products range
- Optimization of profitability through best use of resources
- Diversify funding sources
- Expansion of business portfolio without compromising with the quality of risk assets
- Maximization of wealth of our stakeholders
- To stay compliant on all regulatory issues and prudential guidelines
- Developing & maintaining long term relationship with clients
- Responding quickly to utilize opportunities
- Delivering of value added services with the constant efforts for perfection
- To be the responsible corporate citizen where financial welfare of the targeted segments will get the primacy and the profit to be its logical sequence



CORE VALUES

- Integrity
- Customer Focus
- Trust & Respect
- Equal Opportunity
- Transparency
- Teamwork
- Diversity
- Relationship Forever
- Professional Excellence
- Confidence & Loyalty



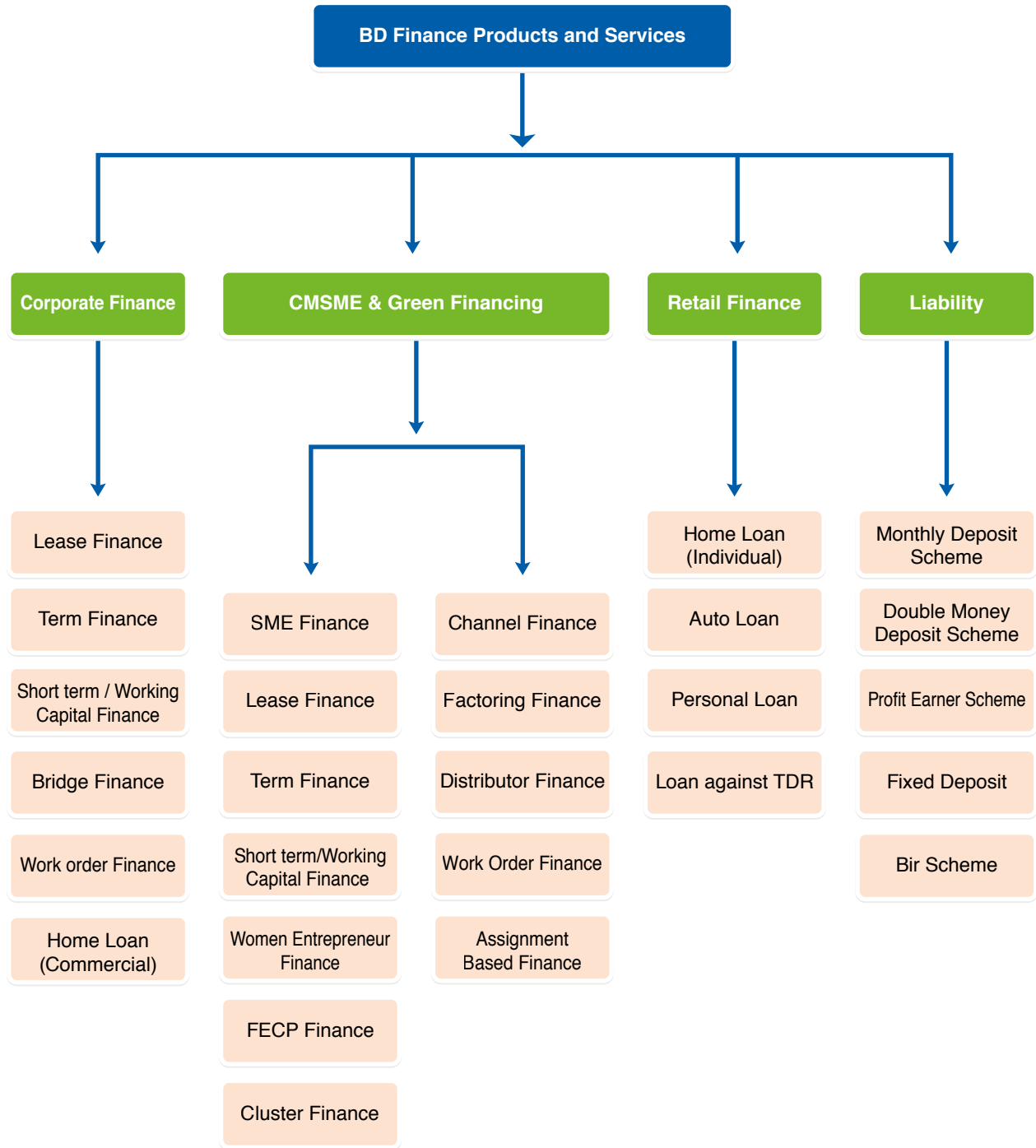
CODE OF CONDUCT AND ETHICS

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



OUR PRODUCTS & SERVICES

Corporate Financial Services

Lease Finance

BD Finance offers a perfect solution for procurement of machinery, equipment, generator, vehicle, vessel, etc. for use in the business operation.

Features

- Competitive interest rate
- Lease period generally up to 5 years
- Customize repayment mode to match with cash flow of the business
- Legal ownership of the lease asset will remain in the name of BD Finance throughout lease period and will be transferred to the client after the lease period.

Term Loan

BD Finance can structure credit solutions to meet specific term funding requirements. We offer term loan facility to meet various capital expenditure such as balancing of production line, modernization of manufacturing process, expansion of capacity, procurement of capital machinery, construction, etc.

Features

- Competitive interest rate
- Loan limit tailored to business requirement
- Flexible Loan tenure, generally up to 5 years
- Customize repayment mode to match with cash flow of the business

Working Capital Finance

BD Finance accommodates funding requirement of business to procure raw materials, carry out day-to-day business operations or meet overhead expenses. Working capital facility can be of revolving nature or one-off deals to fill up the funding gap in the business.

Features

- Competitive interest rate
- Loan limit tailored to business requirement
- Loan tenure up to 1 year
- Customize repayment mode to match with cash flow of the business

Bridge Finance

BD Finance designed to facilitate interim financing gap of business enterprises during implementation of expansion of existing project or new projects. We offer bridge finance facility to meet interim obligations by providing immediate fund, which eventually meets the timeline of expansion of existing project or new projects.

Features

- Competitive interest rate
- Loan limit tailored to business requirement
- Loan tenure up to 1 year
- Customize repayment mode to match with cash flow of the business

Syndication Finance

BD Finance offers syndicated finance arrangement for the projects requiring large scale investment. We bring other Banks/Financial Institutions to raise funds through syndication where BD Finance acts as the lead arranger for the finance. BD Finance also perform as a participating institution of syndicated finance arrangement.

Features

- Competitive interest rate
- Loan limit tailored to business requirement
- Loan tenure may be vary based on the need of the project
- Structure repayment schedule to match with cash flow of the business
- Moratorium period based on project implementation schedule

Work/Supply Order Finance

BD Finance offers work/supply order finance facilities for execution of work/supply orders issued by government, semi-government, autonomous bodies and reputed local/foreign private organization.

Features

- Simplicity of documentation and approval procedures
- Competitive interest rate
- Steady source of working capital finance

Commercial Home Loan

BD Finance offers long term commercial home loan facility to corporate clients for construction and procuring office building, commercial space, warehouse, showroom etc.

Features

- Competitive interest rate
- Convenient loan period, generally up to 10 years
- Loan provided against registered mortgage and under tripartite agreement
- Structured repayment schedule to match with cash flow of the business
- Moratorium period based on construction schedule

Channel Financing Services

Factoring Finance

BD Finance has introduced an innovative product for your working capital solution- "Factoring of Receivable", if your business runs on credit & with institutional buyer. It involves the purchase of accounts receivable in a trade transaction. Through factoring, receivables are converted into cash before their maturity in a faster way. The seller gets instantaneous liquidity and the buyer gets credit at an affordable cost. Factoring service enables you to focus on your operations, sales & profitability rather than on collection. This form of credit helps the company to boost up its sales and managing the receivables efficiently.

Features

- Collateral free financing facility
- Simplicity of documentation and approval procedures
- Provides loan facility up to a certain limit
- Instant payment against invoice, right after the delivery of goods or services
- Service components are built in and helps to improve business focus

Distributor Finance

BD Finance has introduced Distributor Financing product intended to offer credit facilities to qualified distributors. Using this facility, a distributor can enjoy a larger credit limit with flexible terms and also enjoy cash discount, opportunity cost by managing cash flow more efficiently.

Features

- Simplicity of documentation and approval procedures
- Usually for a tenure of 30 to 180 days credit period matching with cash conversion cycle
- Instant payment to supplier's bank by fund transfer/ Cheque
- Steady source of working capital finance
- Increases purchasing power of channel partners
- Improve cash flow of the business
- Avail instant cash discount & opportunity cost
- Expand current business portfolio without trade creditor

Revolving Finance

BD Finance offers Revolving Finance facilities to qualified clients. This facility provides liquidity for company's day-to-day operations. Using this facility, a client can enjoy a larger credit limit with flexible terms and enjoy excellent service while managing cash flow more efficiently and also allows imposing limits on cash discount and opportunity costs. It is a customized credit facility, specifically designed for the business concerns with seasonal activity, which need to cover their temporary liquidity gap, until the collection of receivables.

Features

- Revolving nature working capital facility
- Simplicity of documentation and approval procedures
- Usually for a tenure of 30 to 180 days credit period matching with cash conversion cycle
- Instant payment through bank fund transfer/ Cheque when required
- Facility tenure is 1 (one) year and renewable, subject to satisfactory performance.

Work Order Finance

In response to the growing demand of working capital, BD Finance offers loan facility against Work Orders. At BD Finance, work-order facility is available to all business concern that provides services or delivers products to corporate entities including different government, semi government and autonomous bodies, corporations, multinational companies, defense authorities and other Corporate Bodies. Our Work order finance enables the client to meet their delivery/performance deadlines specified in the work order by mobilizing funds from us.

Features

- The Credit Limits is based on sales volume
- 40% to 70% of advance financing against verified work orders
- Simplicity of documentation and approval procedures
- Phase by phase disbursement
- Loan tenure is 1 year or before expiry of work order- revolving basis (renewable on expiry)
- Interest is to be calculated on daily product method on principal outstanding.

Financial Services for CMSME

Long Term Loan

BD Finance inspires cottage, micro, small & medium enterprises by offering CMSME long term loan facility which is designed to finance small-scale trading, manufacturing and service ventures to expand and extend their production/service capacity, purchasing machineries or arrange funding for any long term financial needs.

Features

- Competitive interest rate
- Loan limit tailored to business requirement
- Borrowers having loan facilities with other financial institutions can also avail this facility
- Loan tenure of 12 to 60 months.
- Convenient repayment options are offered, consisting of Equal monthly installments and/or customized repayment schedule
- Reasonable grace/moratorium period at the time of formulating credit policy for CMSME sector.

Short Term Loan

BD Finance inspires cottage, micro, small & medium enterprises by offering CMSME short term loan facility which is designed to finance small-scale trading, manufacturing and service ventures to help them meet short-term cash flow needs, meet working capital needs to ensure the fulfillment of day to day fund requirements and bridge any kind of short term fund-flow gaps.

Features

- Competitive interest rate
- Loan limit tailored to business requirement
- Borrowers having loan facilities with other financial institutions can also avail this facility
- Loan tenure up to 12 months
- Convenient repayment options are offered

Lease Financing

BD Finance inspires cottage, micro, small & medium enterprises by offering CMSME lease financing loan facility which is designed to finance small-scale trading, manufacturing and service ventures to help them expand and extend their business through procuring machineries, vehicles and commercial spaces by capitalizing the lease finance opportunity offered by BD Finance.

Features

- Competitive interest rate
- Borrowers having loan facilities with other financial institutions can also avail this facility
- Loan tenure of 12 to 60 months
- Legal ownership of the lease asset will remain in the name of BD Finance throughout lease period and will be transferred to the client after the lease period.
- Flexible repayment, matched with borrower's cash flow.

Women Entrepreneur Loan

Women Entrepreneur Loan is a loan facility offered to cottage, micro, small and medium business enterprises operated by women entrepreneur(s). This Term Loan facility is offered for the purpose of meeting Working Capital requirements and/or purchasing fixed assets.

Features

- Low interest rate
- Loan limit fixed on the basis of requirement
- Loan tenure up to 5 years
- Borrowers having loan facilities with other financial institutions can also avail this facility
- Flexible repayment, matched with borrower's cash flow.

Family Empowerment Credit Program (FECP)

Family Empowerment Credit Program (FECP) refers to a range of financial services/support such as savings and credit for low and middle income group of people, new entrepreneur, cottage, micro, small businessman no matter where they live. The purpose of FECP finance is to increase the income of low and middle income people and let them access to savings and loans. The clients may include women, farmers and so on.

Features

- Competitive interest rate
- Loan tenure of 13 to 60 months
- Loan limit of Taka 25 thousand to Taka 25 lac
- Continuous Deposit Facility
- Simplicity of documentation and approval procedures
- Convenient repayment options are offered, consisting of Equal monthly installments and/or customized repayment schedule.

Cluster Finance

BD Finance offers cluster finance facility where cluster means a sectorial and geographical concentration of enterprises, in particular Cottage, Micro, Small and Medium Enterprises (CMSME), faced with common opportunities and threats. The cluster Finance facility can help to create a conducive ground for the development of inter-firm cooperation and specialization as well as of cooperation among public and private local institutions to promote local production, innovation and collective learning and also favor the emergence of specialized technical, administrative and financial services.

Features

- Attractive interest Rate and Easy & swift processing system
- Competitive interest rate
- Loan tenure up to 60 months (including 06 months grace period)
- Loan limit will setup as per of client's funding requirements
- Structured repayment schedule to match with cash flow of the business

Retail Finance

Home Loan

BD Finance offers suitable Home loan facility to its customers to help them fulfill their dream of making/owning their own home. This facility covers Purchase of Apartment or House, Self-construction, Renovation of existing House or apartment, Purchase of commercial space and chamber for professionals.

Features

- Tenor of a home loan generally up to 15 years for a resident individual
- Loan can be applied for a maximum of 70% of the property value.
- Early settlement option, either in full or partial, is allowed.
- Loan provided against registered mortgage and under tripartite agreement
- Structured repayment schedule to match with cash flow of the business
- Moratorium period based on construction schedule

Auto Loan

BD Finance offers suitable Auto loan facility to its customers to fulfill their dream of having their own Car/vehicle. The Auto facility covers Purchase of Brand New and Recondition Vehicles for Personal uses and Purchase of Brand New and Recondition Vehicles for Commercial uses.

Features

- Maximum amount of loan is within 70% of the quoted price
- Attractive interest Rate and Easy & swift processing system
- Auto loans available for salaried and self-employed individuals, proprietorships and partnership firms and companies
- Loan tenure up to 60 months
- No hidden charge.

Personal Loan

BD Finance offers personal loan facility to its clients to help them to ensure their any kind of emergency fund requirements. Our clients can get BD Finance Personal Loans for whatever they need the money - a medical emergency, wedding, travelling, purchase of consumer durables, etc.

Features

- Competitive interest rate
- Flexible repayment, matched with borrower's cash flow
- Simplicity of documentation and approval procedures
- Early settlement option, either in full or partial, is allowed.

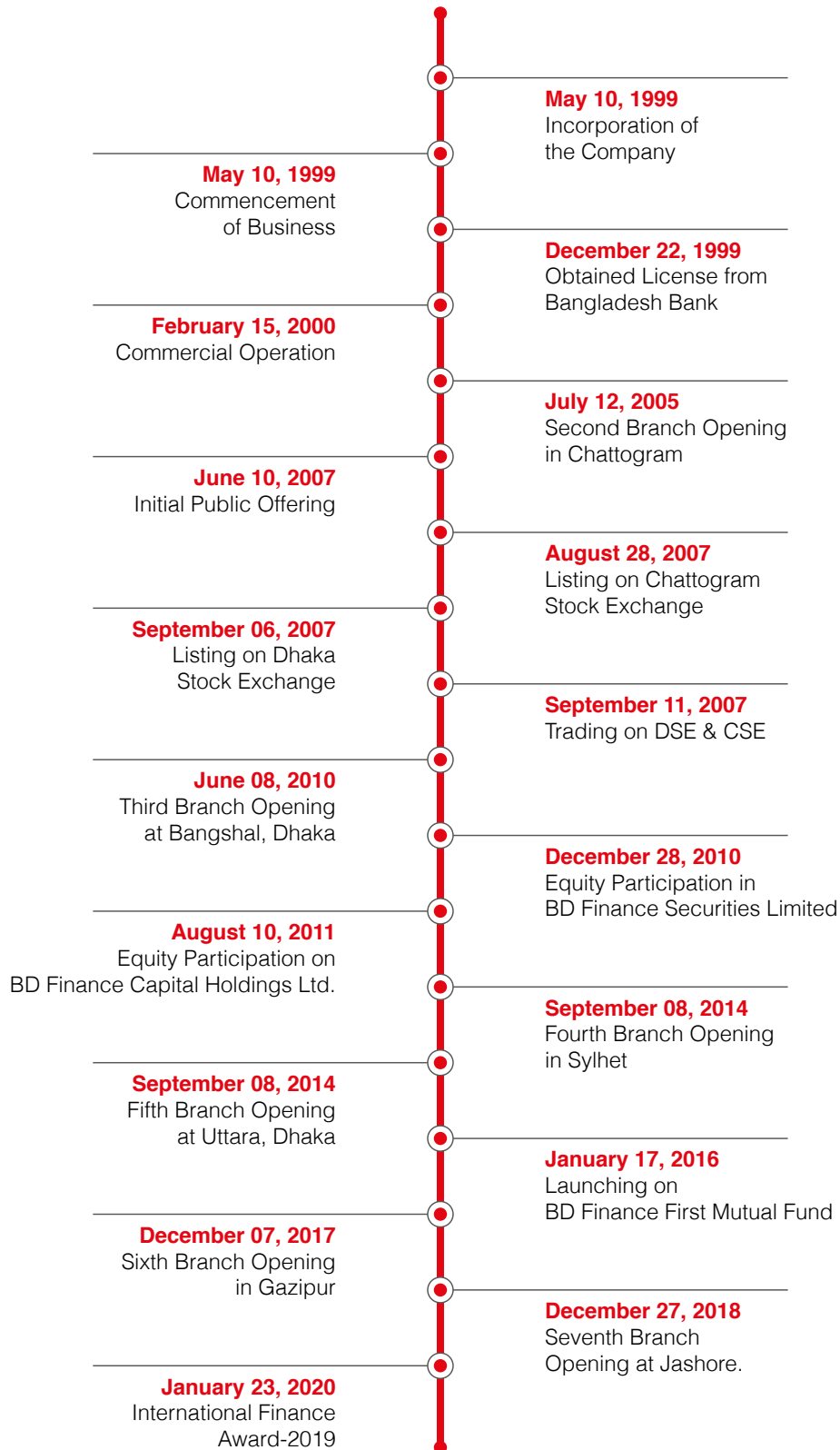
Loan against TDR

BD Finance also offers loan facilities to their depositors. If our depositors is running short of money they don't need to go for early encashment of their TDR. They can simply avail loan from us by using that TDR as security. The product is designed in a process so that our depositors can avail their required loan with the simplest possible process and within the shortest possible time.

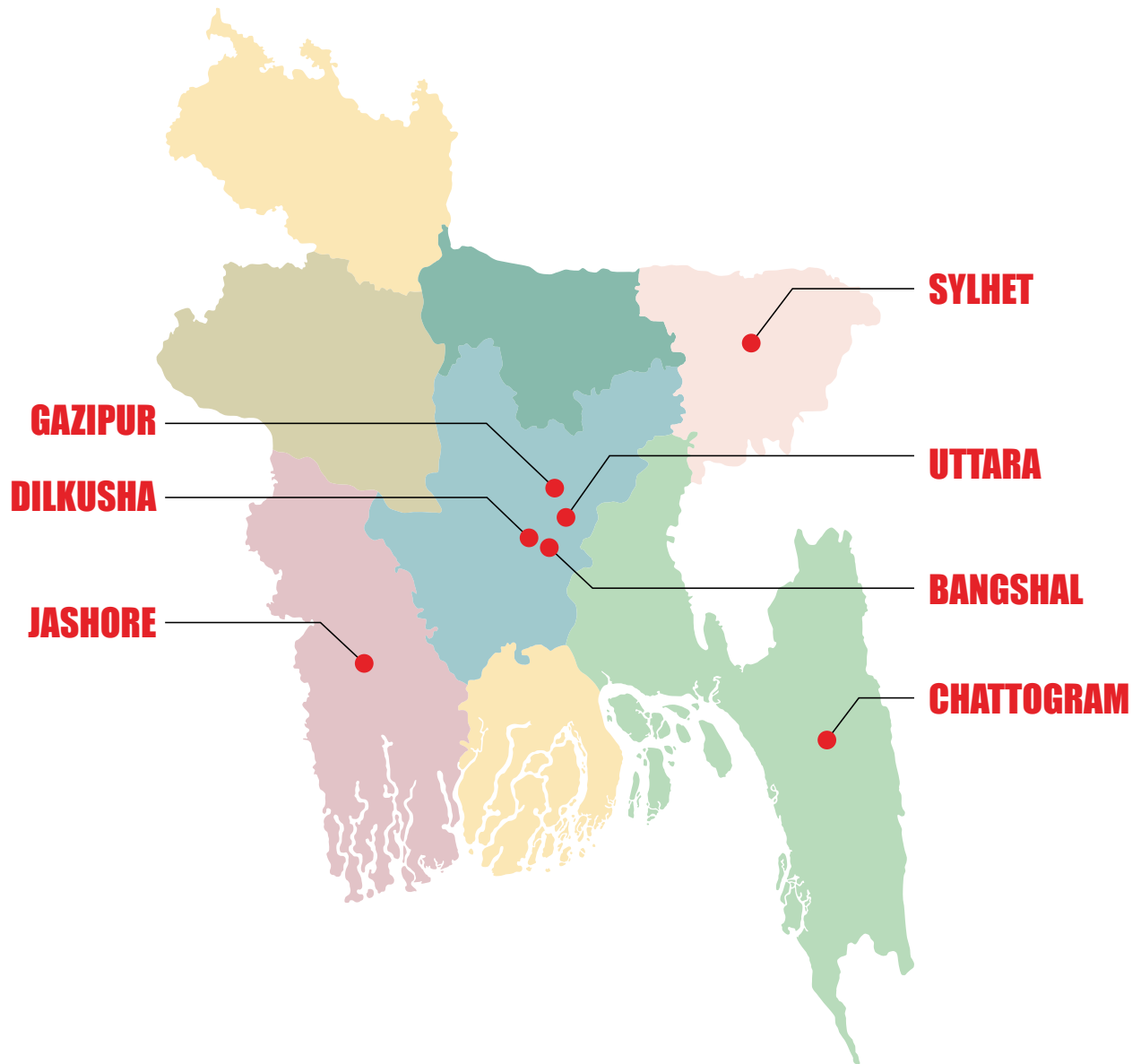
Features

- Avail Loan up to 90% of the value of your Deposit
- The interest rate is slightly higher than the deposit rate
- Simplicity of documentation and approval procedures
- Early settlement option, either in full or partial, is allowed.

OUR JOURNEY OF TWO DECADES



WE ARE AT YOUR DOOR STEP WITH 7 BRANCHES AT YOUR SERVICE



BRANCH INFORMATION

#	Branch Name	Opening Date	Address
01	Principal Branch	July 09, 2001	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
02	Chattogram Branch	July 05, 2005	Osman Court (2nd floor), 70 Agrabad C/A, Chattogram. Phone: +88-031-2510234 Fax: +88-031-2526564 Hot Line: +88-01618-448922 E-mail: info.ctg@bdfinance.net
03	Bangshal Branch	June 08, 2010	Mahmud Tower, Level-07, 19, Siddique Bazar, Bangshal, Dhaka. Phone: +88-02-9550126 Hot Line: +88-01618-448923 E-mail: info@bdfinance.net
04	Sylhet Branch	September 8, 2014	Feroz Centre (5th Fl.), 891/Ka, Chauhatta, Sylhet Sadar-3100 Hot Line: +88-0821-713896-7 E-mail: info.sylhet@bdfinance.net
05	Uttara Branch	September 8, 2014	Zennath Centre (5th Fl.), Plot # 111/4, Road # 07, Sec # 04, Uttara Model Town, Dhaka-1230. Hot Line: +880-2-8931893, 8931823 E-mail: info.uttara@bdfinance.net
06	Gazipur Branch	December 07, 2017	Bagdad Tanjia Tower (2nd Fl.) Holing No: 1, Block : B, Ward No. 16, Aoutpara vawal College, Chandana Chowrasta, Gazipur-1700. Phone: 01618448706 Email: info.gazipur@bdfinance.net
07	Jashore Branch	December 27, 2018	Rashid Centre (3rd floor), 7/A R. N. Road, Jashore. Mobile: +880 01618448707 Email: info.jashore@bdfinance.net

BOARD OF DIRECTORS



Mr. Manwar Hossain

Chairman

Nominated by Hossain Dyeing & Printing Mills Ltd.

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

Mr. Manwar Hossain began his business career in the Group in 1994 after completing his BBA and MBA from University of New Hampshire, USA. Apart from The Anwar Group of Industries, Mr. Hossain is also a Director of Modhumoti Bank Limited, City General Insurance Company Limited, BD Finance Securities Limited, BD Finance Capital Holdings Limited. He was also a former Director of Bangladesh Commerce Bank Limited and Vice Chairman of City Bank Limited.

Mr. Manwar Hossain has played a vital role as a Director of Dhaka Chamber of Commerce & Industry (DCCI). He leads the steel and cement sectors of Bangladesh as the President of the 'Steel Manufacturers Association of Bangladesh' and Senior Vice President of 'Bangladesh Cement Manufacturers Association (BCMA)'. He is a member of Dhaka Club Limited, North Gulshan Club, Army Golf Club Limited, Kurmitola Golf Club Limited and American Alumni Association (AAA).



Mr. Iqbal U Ahmed

Vice-Chairman, Independent Director,
Member of EC and Audit Committee

Mr. Iqbal U Ahmed has had a long career in the banking profession for over 36 years. His diverse exposures have enriched him to effectively contribute to the banking sector. He completed his banking career as the Managing Director, Trust Bank Limited. In the light of his immediate past experience, he was also an Advisor and Alternate Director, NRB Bank Limited.

For his significant contribution to the banking and financial sector, Mr. Ahmed received many prestigious awards including: Bangladesh Bank award for contributing to "Managing Core Risk in Banking" Project-2003, Dhaka Post Gold Medal -2007 (A weekly published from the U.K.), Mother Teresa Golden Award-2015 (Global Human Rights Organization, Bangladesh Foundation).



Mr. Golam Hafiz Ahmed

Director; Member of EC and Audit Committee,
Nominated by Anwar Steel Mills Ltd.

Mr. Golam Hafiz Ahmed is a seasoned banker having extensive experience and expertise in 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 34 years of career in the banking industry.



Mr. Md. Asaduzzaman Khan

Director, Member of EC and Audit Committee,
Nominated by Khaled Iron & Steel Mills Ltd.

Mr. Md. Asaduzzaman Khan is a professional with more than 43 years' experience with Central Bank, Commercial Bank, financial institutions as well as with credit rating agency in the areas of policy formulation, operation and supervision of banks and non-banks, risk management, treasury operations, human resources management and training, bank problem resolution, accounting policies and practices, internal control and audit etc. At present Mr. Khan is working with CRISL, a leading Credit Rating Agency of the country. He played the role of Managing Director at IIDFC Ltd. for a long period (From 21 July 2008 to 31 January 2018). Prior to that he served as the Managing Director/Administrator at the Oriental Bank Ltd. He was an Executive Director of Bangladesh Bank where he played significant role in various departments like Bank Regulation and Policy Department (BRPD), Foreign Exchange Inspection and Vigilance Department and Money Laundering Prevention Department. He attended many professional training programs at home and abroad during his more than four decades of banking-based career.



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 delegations 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. He was involved in his father business since he was a student of class six.



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 involved with various educational and social activities.



Mr. Yousuf Aman

Director

Nominated by Anwar Silk Mills Ltd.

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



Mr. Imtiyaj Yousuf
Director

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



Mr. Ihtiaz Yousuf
Director
Nominated by Mehmud Industries (Pvt.) Ltd.

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



Mr. Md. Rokonuzzaman FCA

Independent Director; Chairman of Audit Committee

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



Mr. Md. Kyser Hamid

Managing Director & CEO

Mr. Kyser Hamid joined BD Finance in September 2020 as the Managing Director & CEO. Before joining BD Finance, he served as the Deputy Managing Director & Head of Retail Business at IPDC Finance Limited.

Mr. Kyser Hamid is highly proclaimed for his dynamic leadership in the financial service industry of Bangladesh. He is widely recognized for being the transformer of the Retail Business of BRAC Bank where he was the Head of Retail Sales and Regional Distribution Head. He played a key role in creating a strong customer base and solid business model while working in IDLC Finance & DBH. He was the change agent for the consumer business for both the organization. Being Deputy Managing Director at IPDC, he played a strong role in making IPDC an AAA-rated & best financial institution of the country. He is immensely regarded to transform the organization through strategic planning, organizational restructuring, automation, process reengineering, control and compliance, service quality, etc.

He holds an MBA in Marketing from North South University and completed his BBA major in Accounting & Information Systems from University of Dhaka. He attended multifarious overseas training in India, Malaysia and Singapore. He also participated in many knowledge sharing platforms & business visits in South Asia, Middle East and Asia Pacific regions.

bd finance
সুরক্ষা



স্বাস্থ্য ও অর্থের সুরক্ষা ব্যবস্থা



২৪/৭ বিশেষজ্ঞ ডাক্তারের
ফ্রি টেলি-কন্সাল্টেসন



আকর্ষণীয় ক্যাশ কাভারেজ,
২ টি আউটডোর কন্সাল্টেসন ফ্রি



বিশেষজ্ঞ ডাক্তারের
জরুরী অ্যাপয়েন্টমেন্ট



দেশব্যাপী স্বনামধন্য হাসপাতাল এবং
লাইফস্টাইল আউটলেটে ডিসকাউন্ট

bdfinance.net (০৯৬১২-০৭০৭০৭)

bd finance
Inspiring Wealth

COMMITTEES AT MANAGEMENT LEVEL

Management Committee (MANCOM)

Managing Director & CEO	Convener
Deputy Managing Director	Member
Head of Human Resource	Member Secretary
Company Secretary	Member
Chief Financial Officer (CFO)	Member
Head of CRM & Monitoring	Member
Head of ICT	Member
Head of ICC	Member

Asset Liability Management Committee (ALCO)

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

Credit Committee (CC)

Deputy Managing Director	Convener
Head of CRM & Monitoring	Member Secretary
Head of SAMD	Member
Chief Financial Officer (CFO)	Member
Head of SME	Member
Company Secretary	Member

Risk Management Forum

Head of CRM & Monitoring	Convener
Head of ICC	Member
Head of SAMD	Member
Head of Treasury	Member
Head of Central Operations	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.

Human Resource Committee

Managing Director & CEO	Convener
Deputy Managing Director	Member
Head of Human Resource	Member Secretary
Company Secretary	Member

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

Corporate Governance Committee

Company Secretary	Convener & Member Secretary
Head of Human Resource	Member
Chief Financial Officer (CFO)	Member

IT Development Committee

Managing Director	Convener
Deputy Managing Director	Member
Head of ICT	Member Secretary
Head of Central Operations	Member
Chief Financial Officer (CFO)	Member
Company Secretary	Member
IT System Auditor/Head of ICC	Member

Anti-Money Laundering/Central Compliance Unit (CCU)

Chief Financial Officer (CFO)	CAMLCO, Member Secretary
Head of Treasury	DCAMLCO, Member
Head of ICT	Member
Head of CRM	Member
Head of Business	Member
Head of Wealth Management	Member

National Integrity Committee

Head of Human Resource	Focal Point
Company Secretary	Member
Head of ICC	Member
Head of ICT	Member
Officer/Senior Officer from HRD	Member Secretary

Green Banking and CSR Unit

Head of SME	Convener, Member Secretary
Head of ICT	Member
Head of HRM	Member
Company Secretary	Member

Recovery Committee

Managing Director	Convener
Deputy Managing Director	Member
Head of Recovery	Member Secretary
Chief Financial Officer (CFO)	Member
Head of CAD	Member

Purchase and Procurement Committee

Managing Director & CEO	Convener
Deputy Managing Director	Member
Head of General Service Department	Member Secretary
Chief Financial Officer (CFO)	Member
Company Secretary	Member

MANAGEMENT COMMITTEE



Md. Kyser Hamid

Managing Director & CEO

Area of Expertise

Retail Banking, Sales Management, Strategic Planning, Customer Experience Management Product & Process Innovation and Sustainability Management.

Length of Experience

Mr. Hamid has total 15 years of work experience.

Educational Background

BBA, University of Dhaka
MBA, North South University



Md. Sajjadur Rahman Bhuiyan

Chief Financial Officer

Area of Expertise

Financial Reporting and Financial Management, Strategic Planning and Forecasting, Financial & Business Analysis, Control & Compliance, Policy Development.

Length of Experience

Mr. Sajjad has around 14 years of work experience.

Educational Background

M.Com in Accounting from Dhaka College



Munshi Abu Naim ACS

Company secretary

Area of Expertise

Company law and Security related issues, Board Secretarial activities, Listing Regulations, Corporate Risk Analysis, Corporate Governance, Taxation, Corporate Communication.

Length of Experience

Mr. Naim has total 15 years of work experience.

Educational Background

PGD from Anglia Ruskin University, UK; MBA, University of Dhaka.
Associate of Chartered Secretaries (ICSB)



Buddha Dev Sarker
Chief Technical Officer

Area of Expertise

Software Development, Solution Architecture, project management, Data analytics, Database Design, Administration, Technology Innovation and Program and project Management.

Length of Experience

Mr. Dev total 12 years of work experience.

Educational Background

BS in Computer science from Khulna University
Project Management Professional from Project Management Institute



Ahasanuzzaman Shujan
Head of Human Resources

Area of Expertise

Performance Management System, Employer Branding, Talent Acquisition, HRIS, Training & Development, and Policy & Process development.

Length of Experience

Mr. Shujan has total 10 years of work experience.

Educational Background

BBA and MBA in Finance & Banking from the University of Chittagong
PGD in HRM from Bangladesh Institute of Management



Suman Kumar Kundu
Head of CRM & Monitoring

Area of Expertise

Credit Risk Management, Credit Diversification, Risk Analysis, Financial Analysis & Corporate advisory.

Length of Experience

Mr. Suman has total 12 years of work experience.

Educational Background

BBA and MBA in Finance from the University of Dhaka
Qualified Level - I in the Chartered Financial Analyst (CFA) Program



Sajeeb Saha
ICC In Charge

Area of Expertise

Auditing, Compliance, Corporate Governance, Financial Reporting and Policy & Process Development.

Length of Experience

Mr. Sajeeb has total 5 years of work experience.

Educational Background

BBA and MBA in Accounting from the ASA University Bangladesh.
Professional Level (CA) under ICAB

MESSAGE FROM **THE CHAIRMAN**



Dear valued stakeholders,

I would like to take the opportunity to welcome you on this auspicious occasion of the 21st 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 2019 for your kind information.

The global economy experienced a slow growth during the year 2019 with a small growth of 2.4%, while global growth is projected at -4.9 percent in 2020 mostly due to COVID-19 crisis across the globe. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated. Likewise, the economy of Bangladesh also faced tremendous challenges to achieve projected growth, again we have been able to make better growth among the surrounding countries in South Asia. While the world's economy is on halt due to this global pandemic, Bangladesh is continuing to march forward and is expected to remain in the growth trajectory in the upcoming years.

If we look at our financial industry, the year 2019 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 2019 as another year of success, keeping classified loan ratio at a tolerable range. During the year of 2019, the investment portfolio fell slightly to Tk. 13,143.71 million from that of Tk. 13629.15 million in 2018. Increased borrowing cost and tight liquidity in the market marginally dented our performance. In our strategy, we continued our effort on recovery and NPL management as a matter of priority. We have shifted our focus more on retail and CMSME segment from corporate concentration with a view to de-risking our asset portfolio. Although our portfolio size was slightly reduced in the year 2019, we booked some quality assets there.

We have approved a strategic roadmap focusing on sustainable funding mix, customer deposit strategy, asset growth strategy, automation, sustainable financing etc. We have already taken initiatives to expand our business footprint across the country. We are focusing on process development and technological transformation. We are developing a non-human led business model by giving emphasis on automated approach which will enable us to extend our service to wider range of people in a more convenient manner.

We strive to bring up the quality of our services so serve all of our stakeholders in the best possible way. Our customer service department is dedicatedly working on that. We have introduced some new loan and deposit products for different segment of people of the society. We have recently launched a digital product named "Beat Corona". there are more to come soon. Our aim is to provide more and more customer centric services and to manage the needs of our valued customers.

We have recruited a number of quality people to ensure all the deliverables with quality and compliance. BD Finance received the "International Finance Award-2019" as the most innovative financial solution provider. This has been possible for the dedication of our people and continuous support of our

respected clients. The trust and confidence that our clients reposed on us is the key inspiration of our journey ahead.

BD Finance has been maintaining good ratio of capital adequacy. The CAR stands at 15.53% as on 31 December 2019 against Bangladesh Bank's stipulated ratio of 10%. Considering the current market scenario, the Board recommends 12% cash dividend for the year 2019 subject to approval of the shareholders in the AGM. The Board feels that the cash dividend will meet the expectation of the investors and will reveal the fundamental strength of the organization.

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. For 2020 and onwards our priority would be to promote more and more technology driven services and to promote sustainable finance. We can assure you that, BD Finance will continue its journey to be the most prestigious financial institution of the country with substantial brand equity.

I, on behalf of the Board, express my whole hearted thanks to the shareholders 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. 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

STATEMENT FROM MD & CEO

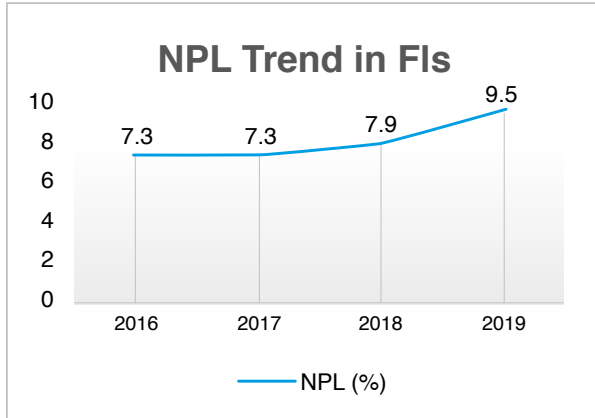


Dear Stakeholders,

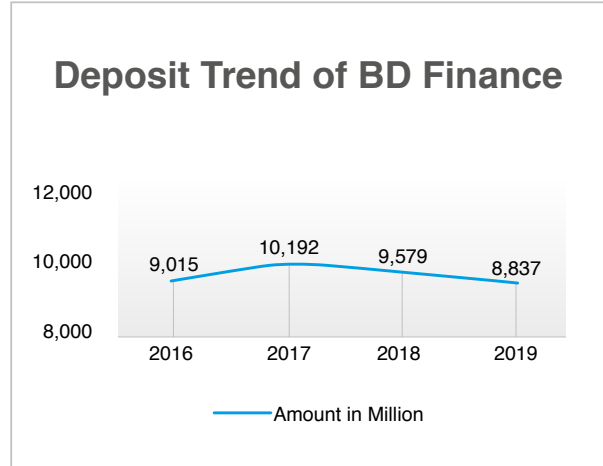
Assalamualaikum.

2019 was a stressful and challenging year for the global economy as well as for the economy of Bangladesh. Despite all challenges, Bangladesh sustained a well-paced GDP growth, ending up with 8.15 percent in FY19 on the back of strong domestic demand. But, the annual average CPI inflation in Bangladesh posted at 5.59 percent, increasing by 0.05 percentage point from 5.54 percent of end-CY18, largely attributed to rise in non-food inflation.

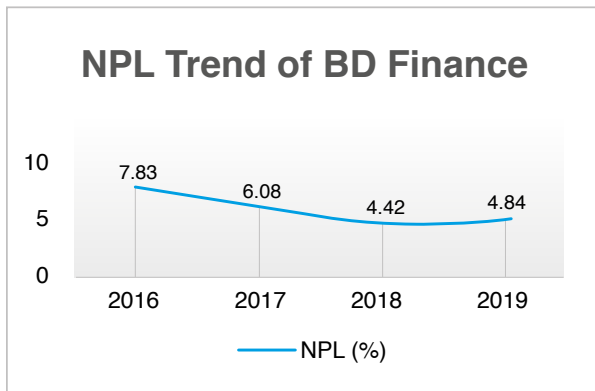
Throughout the year, the financial industry faced a lot of tensed environment with the intensifying liquidity crunch, rise of non-performing loans, lack of customer confidence in financial sector and increase of competition though the financial industry leads to a massive struggle. As a result, Cost of deposit for the NBFi industry became very high. Ultimate result is the thinner spread and subsequently lower profit base. Despite the poor industry condition, we have done pretty well comparing with others. In 2019, BD finance was named "Most Innovative Financial Solution Provider-Bangladesh" by International Finance Publications, UK at the 7th Annual International Finance Awards.



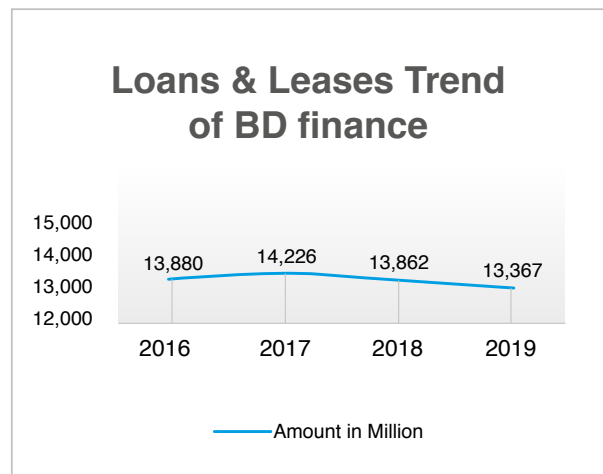
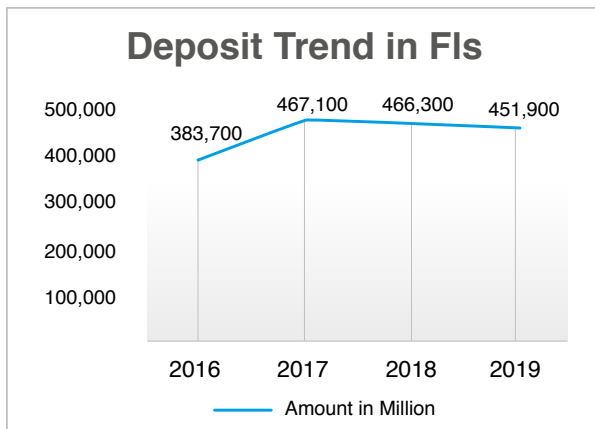
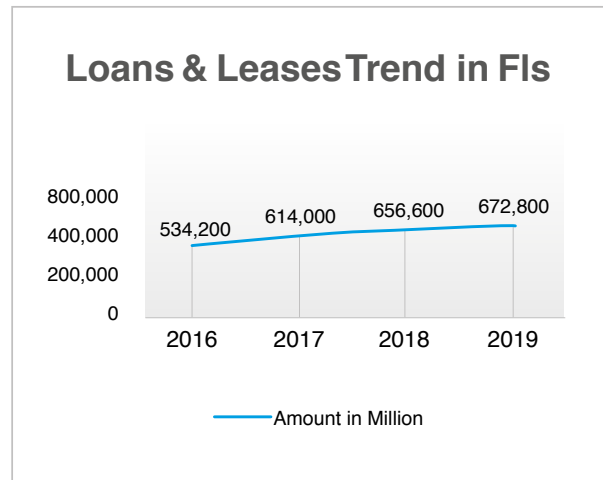
The FIs industry has been facing an increasing threat of non-performing loans which leads to maximize the credit risk and increase cost of fund. Moreover, BD finance successfully managed to lower the NPL rate using conscious restructuring of asset book and de-risking the lending portfolio by decreasing corporate exposure and subsequently increasing SME and retail portfolio though historically BDF was corporate centric.



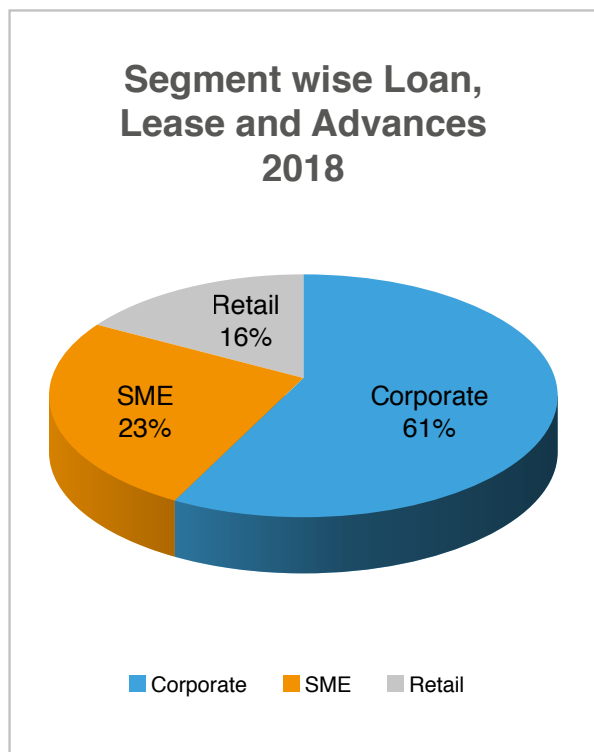
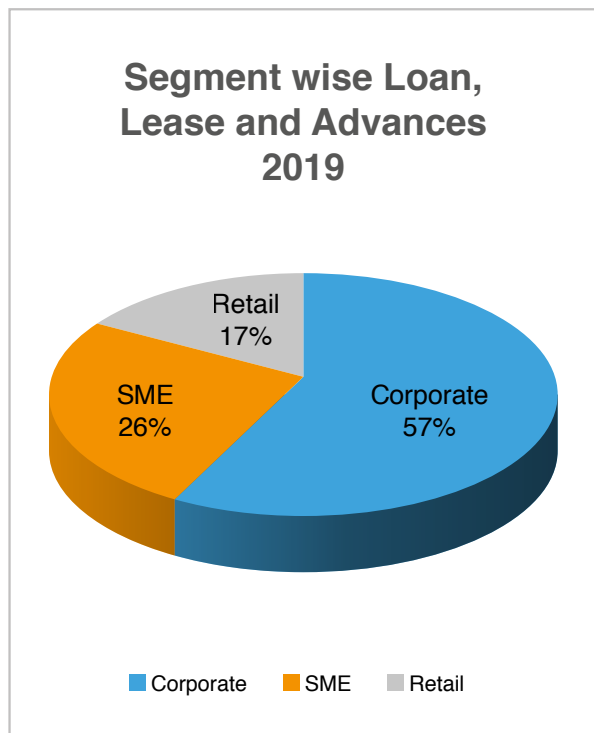
Loans and leases are significantly similar with previous year. The crunchy condition of the financial market severely affected new portfolio enhancement.



The liquidity crunch in the financial market affects largely in deposit mobilization of FIs. De-Growth of deposit base thoroughly impact negatively in earnings also.



BD finance has switch the concentration from corporate to retail and SMEs. The large corporate dependency is declining by increasing the retail and SME portfolios. In 2019, corporate portfolio was reduced by 4% subsequently retail and SME portfolio was increased by 1% and 3% respectively.



Our Core Strategic view

Uphold Brand image:

BD finance is promised to serve the customer with superiority. With the most energetic and dynamic resources, the brand value is upholding gradually by creating visibility to the brand and activities to attracting customers. We are now focusing on the new strategy to boost the brand positioning promptly.

Creating strategic deposit model:

With the changes of the industry behavior and customer demand, BD finance is always matching its deposit products. We have launched three new products named Beat Corona deposit scheme, Easy deposit and LAD interest free loan deposit in 2019-2020 financial year. Our research and development team works relentlessly to initiate more attractive and customer friendly services.

Concentrate on Retail and SMEs:

We are now focusing more on retail and individual base from changing our corporate base view though historically BD finance follows corporate centric model. BD means Bangladesh, so we always try to focus on the development of mass people of Bangladesh in order to strengthening our retail, CMSME, and family empowerment portfolio. We have seen the rise of NPL in the financial industry, large corporate dependency and commercial bank dependency. Now on we will invest in commercials more consciously but will focus on more in CMSME, retail and production centric investment which will contribute to direct GDP growth as well as minimizing credit risk and earning better return.

Collaboration Strategy:

Collaboration with the large corporate is one of another strategy where all the commercial banking, dealer distribution financing, SME loan for their retailers and others, retail mortgage and other loan for their customer will be consolidated. By this collaboration, it will minimize our cost of sourcing and will also minimize credit risks because of the integrated approach.

Green banking:

“Go green” is the most important view of modern business. BD finance vows to manage all sort of internal and external operation, branch opening, for privatizing financing in the green sector, green home loan, Investment in environment friendly products like water treatment plant, waste management plant, CMSME scheme, and Family empowerment.

Strengthen Tier-2 Capital base:

In NBF model, as we are lending for mid and long term customers mostly, we need to have very stable source of fund to match with that. So, considering that we are working to issue of bond such as perpetual bond, Zero Coupon bond which will be treated as tier-2 capital. Strengthening the capital base will help to accelerate the funding and lending activities.

De-risking Asset Portfolio:

For the volatile and unstable financial industry condition, de-risking of asset portfolio is much more important that will lead to invest in small corporates instead of large corporate

dependency. Emphasize on sectorial investment will be one of another strategy to reduce credit risk. We will also focus on the credit rating and other criteria of our corporate clients that will definitely help to reduce both NPL trend and credit risk.

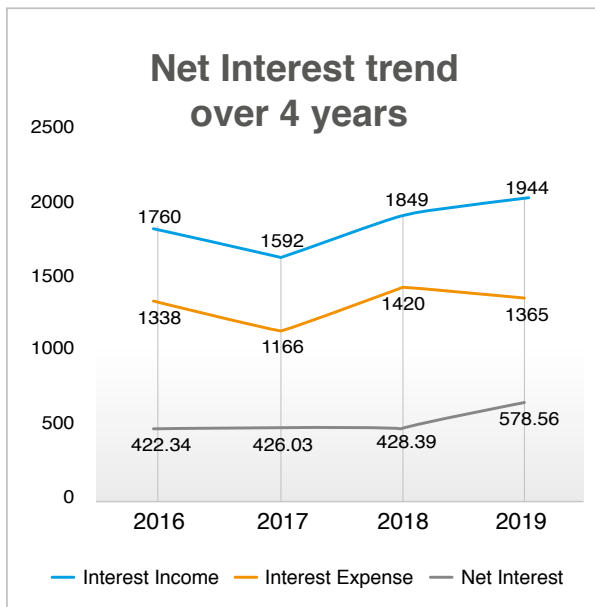
Development of women entrepreneur:

Empowering women and maintaining gender equity along with other socio-development factors also need to be embraced as Bangladesh progresses along its development path. BD finance is working on empowerment of women by financing women entrepreneur loans and exclusive offer for deposit rate.

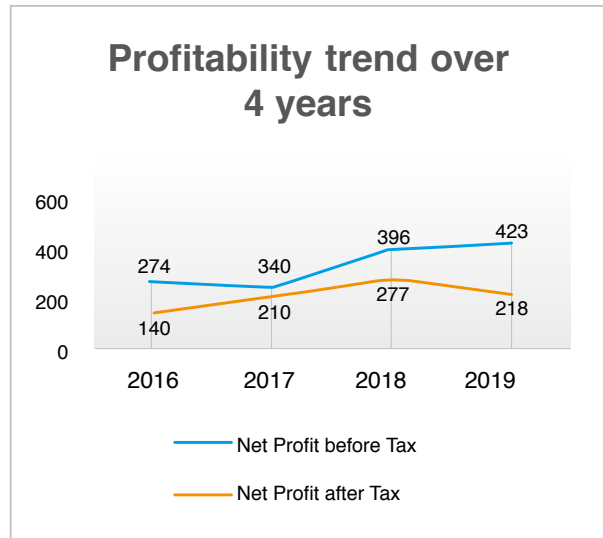
Development of IT Infrastructure:

Modern era has its own demand. To match with that BD finance has already developed a strong IT infrastructure for all of its internal operation. Paperless approval process, Bank Ultimus Core Banking System, FDS system are backing up all the amenities for efficient work environment. We plan to develop mobile app for superior customer experience also.

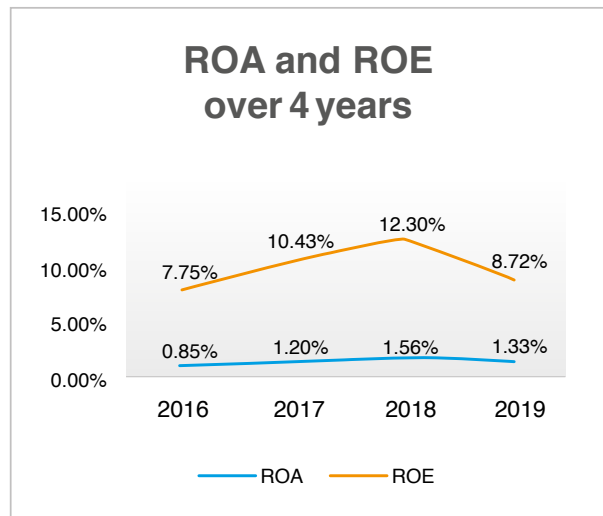
Financial Performance Review:



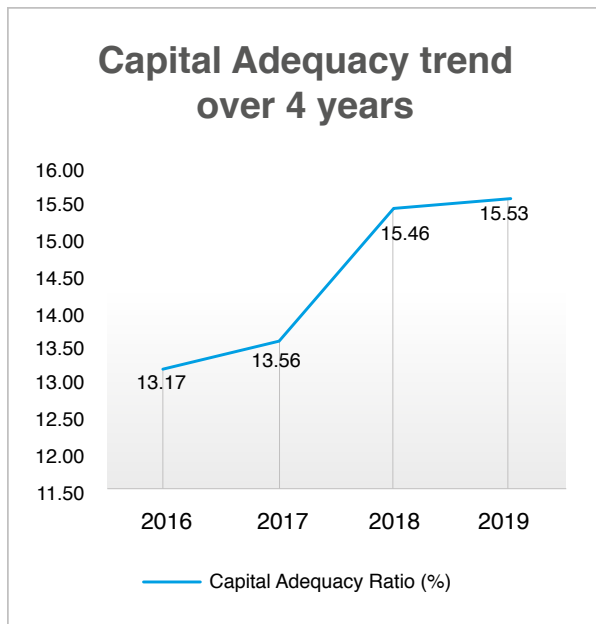
Despite the poor condition of the industry, BD Finance managed to keep the income trend rising. The net interest income stands 578.56 million where 428.39 million was in 2018 which is 35.05% positive growth.



BD finance faced a challenging year in 2019 although the Net Profit before Tax curve is in the pinnacle compared to last 5 years trend. Net profit after Tax is slightly down yard because of the deferred tax effect.



The net income affects the return on assets and return on equity slightly though we had an upward trend continuously over last years.



BD finance has been maintaining a good ratio of capital adequacy and the rising curve showed the financial strength of us. As CAR is used by regulators to determine capital adequacy for financial Institution to run stress tests and the solvency of the company, it shows the strong foundation of our company that generates the confident over the industry.

Our Strategic Objective

Reaching the roots:

Bangladesh's stride towards graduation from Least Developed Country (LDC) list is a great pride for the nation. Bangladesh was the first country which meets all the three criteria i.e., national income per capita, human asset index (HAI), economic vulnerability index (EVI) for graduating from LDC country status at the 2018 triennial review and is expected to graduate by 2024. It has been achieved because of the contribution of every sector.

BD Finance has also provided its contribution in different ways. We have launched new product named Family Empowerment Credit Program (FECF). In order to enhancing and enriching the lives of those people who have no banking knowledge and making them financially strength is the purpose of that new program. We have the focus and cherished dream to transform those poor people into emerging middle class and subsequently upper trend. We also create saving intention and awareness among those people through FECF. It will be used as future strength for those people. Currently, we have 08-no. of FECF clients and we have intention to increase it in near future.

Family Empowerment Credit Program that means our goal is to empower the family so that each and every family members can contribute financially to the GDP of Bangladesh. And it will lead us to the economic development of Bangladesh.

Sustainable Finance:

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet,

now and into the future. It recognizes that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

BD Finance has made its contribution to the sustainable development through sustainable finance. We always take initiative to create more women entrepreneur so that they can empower themselves, their family, and the society in which they belong and so on.

The Green Banking strategy is nowadays highly appreciated. Out of 7 branches, BD finance has 4 branches at out of the capital. We plan to finance more in the greener sectors which will help the environment sterilized as well as develop the country with sustainability.

Going Digital:

Financial industry is now mostly dependent on digitalization of their all sort of internal and external operation. Adoption of new technology helps to improve customer experience, reduce cost of operation, smart database system, reduction human errors, data-driven dynamic decision, effective reporting base, automation, boost productivity, elimination of geographical gap and many more.

The use of technology will boost the opportunity of green banking. We are committed to set a role model for the industry in terms of digitalization and modernization of financial operations. We have a strong internal software development wing and BD finance already developed fully digital internal FDS system, Document archiving system and paperless approval system for all kinds of internal memo. We strongly believe that the forward looking strategy will mostly implemented through the development of IT structure.

Forward Looking Statement

Adoption of the plans I have discussed here might be challenging and not without risks indeed. But we are committed to materialize those by any means. The customers, shareholders, depositors, borrowers, employees and all the stakeholders have a trust in BD finance and we aim to ensure the reliability with our futuristic view and an agile wonderful team spirit. BD finance is getting stronger day by day and the trend will be go on.

Warm Regards

Md. Kyser Hamid
Managing Director & CEO

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of Bangladesh Finance and Investment Company Limited wants to take the opportunity to welcome you in the 21st Annual General Meeting of the company. 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, 2019. 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.

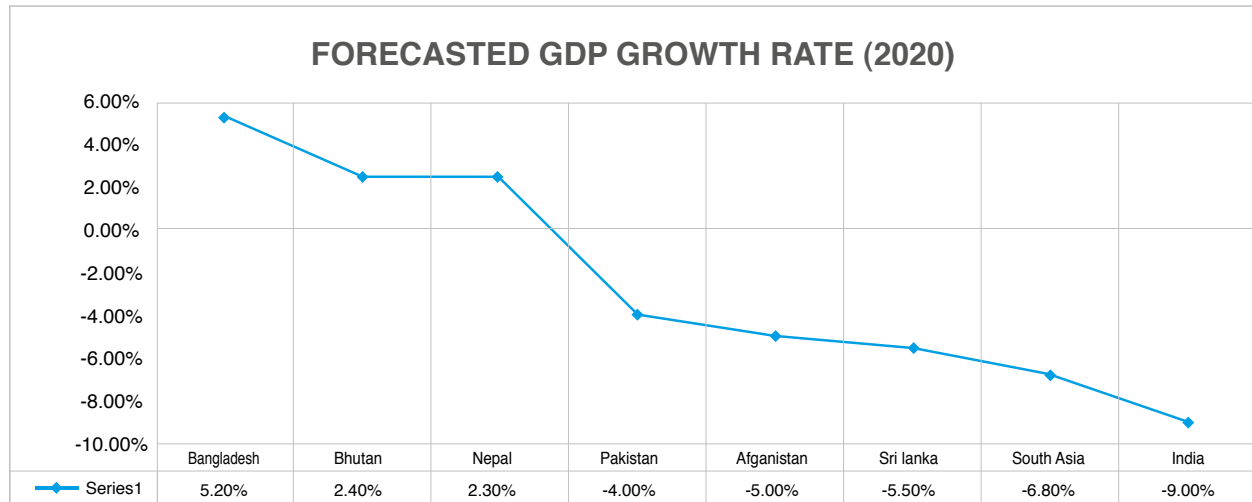
The global economy has experienced a slow growth in 2019, at 2.4% as a result of protracted trade disputes and a slowdown in domestic investment. The magnitude of the slow growth has been aggravated further by unprecedented COVID-19 pandemic leaving the projected world economic growth rate at -4.9 percent in 2020. According to International Monetary Fund (IMF), it is expected that the world economy would recover from this downfall gradually and would achieve a growth rate of 5.4 percent in 2021.

Bangladesh Economy Review

While the economic growth in 2019 was comparatively slow in worldwide, Bangladesh successfully maintained an upward trend by achieving Gross Domestic Product (GDP) growth rate at staggering 8.2%, which was one of the highest GDP growth rates in 2019. The Gross Domestic Product (GDP) in Bangladesh was worth 317.47 billion US dollars & the country ranked as 39th largest economy in the world in 2019 according to official data from the World Bank & International Monetary Fund (IMF).

The sublime economic growth of the country was hindered by the outbreak of the Covid-19 pandemic during the last phase of FY 2019-20. The COVID-19 crisis created highly uncertain circumstances for households, business and governments around the world including Bangladesh resulting in slow economic growth. Bangladesh in particular, compared to other countries has successfully managed the adverse effect of the pandemic and maintained a slow albeit steady economic growth.

According to the Bangladesh Bureau of Statistics (BBS), Bangladesh GDP grew by 5.24 per cent during 2019-20 raising the per capita income by US\$155 to US\$2,064. According to Asian Development Bank (ADB) Bangladesh's GDP expected to grow by 5.2% in 2020 and 6.8% in 2021, which is also the highest GDP growth rate among the sub-continent countries.



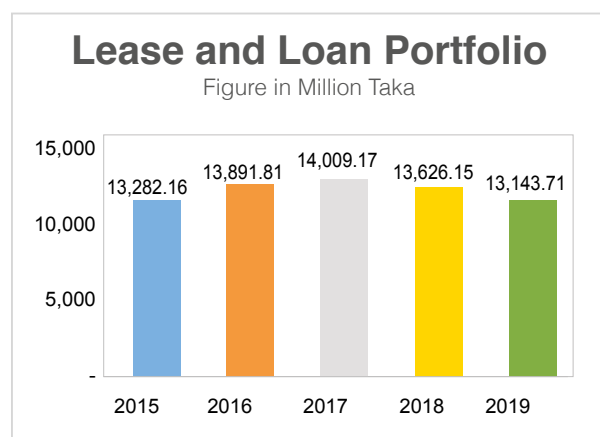
Industry outlook and prospect

Non-bank financial institutions (NBFIs) represent one of the most important parts of a financial system. In Bangladesh, NBFIs are new in the financial system as compared to banking financial institutions (BFIs). Starting from 1981, a total of 34 NBFIs are now working in the country. Likewise, banks NBFIs are supervised by Bangladesh Bank under a risk-based supervisory system. As of December 2019, the total assets of non-banking financial institution sector stood at 871.50 billion which was around 851.60 billion at the same time in the preceding year representing a growth of 2.34%. The total loans and advances stood at 672.80 billion compared to 656.60 billion in the previous year. There was a weaker growth in loans and deposits due to tight liquidity condition through the year 2019. The market reputation of the NBFIs suffered due to some governance issue in very few NBFIs which were addressed by government initiatives.

COVID-19 pandemic put an adverse impact on most of the industries of the country. In line with the instruction of the Government, Bangladesh Bank offered various stimulus package to support both Corporate and CMSME sector to revive and stay in the business successfully. NBFIs have a great scope yet to explore new sources of funds like issuance of bond, foreign funds etc. They can design more and more innovative products to collect granular deposits and to reach the unbanked people. If that happen, the financial climate may significantly change and the financial industry may regain its impetus.

Performance of BD Finance in 2019

BD finance has a strategy to improve its business portfolio by scouting good quality assets and to maintain a sustainable growth. The financial industry has been facing massive challenges since 2018. Severe fund crisis and growing non-performing loans still remains as the big concern for the industry. Keeping that in mind, BD Finance concentrated more on recovery effort and successfully managed to keep its classified loan ratio within a reasonable limit, i.e. 4.84%. The investment portfolio in lease and loan finance slightly decreased to TK. 13,143.71 million in 2019 from TK. 13,629.15 million in 2018.



Although, the portfolio has decreased in the year 2019, BD finance improved its investment mix by reducing corporate investment and concentrating more on retail and CMSME segment.

Operational performance of BD Finance compared to last year is summarized below:

(Taka in Million)

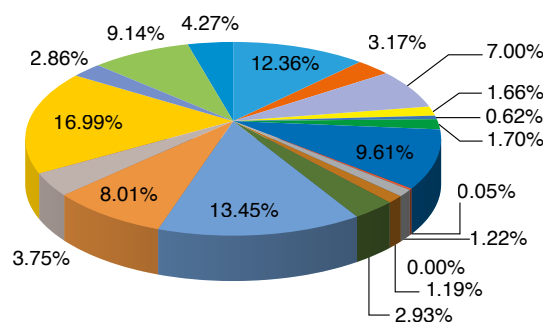
Particulars	2018	2019	Growth
Interest Income	1,848.87	1,943.81	5.14%
Interest Expenses	1,420.48	1,365.25	-3.89%
Net Interest Income	428.39	578.56	35.05%
Total Operating income	559.23	567.66	1.51%
Profit Before Provision	336.09	348.69	3.75%
Profit before Tax	395.95	422.53	6.71%
Net Profit After Tax	277.22	218.26	-21.27%

The interest Income increased to TK. 1,943.81 million in 2019 from TK. 1848.87 million in 2018 representing a growth of 5.14%. On the other hand, interest expenses decreased to

the tune of 3.89% due to increase in interest margin. Overall net interest income shows a substantial growth of 35.05%. The operating income stood at TK. 567.66 million in 2019 from TK. 559.23 million in 2018. The net profit after tax decreased to TK.218.26 million in 2019 from TK. 277.22 million in 2018 registering a degrowth of 21.27% due to increase in average effective tax rate in current year following realization of capital loss from investment in shares. On the other hand, 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 2019.

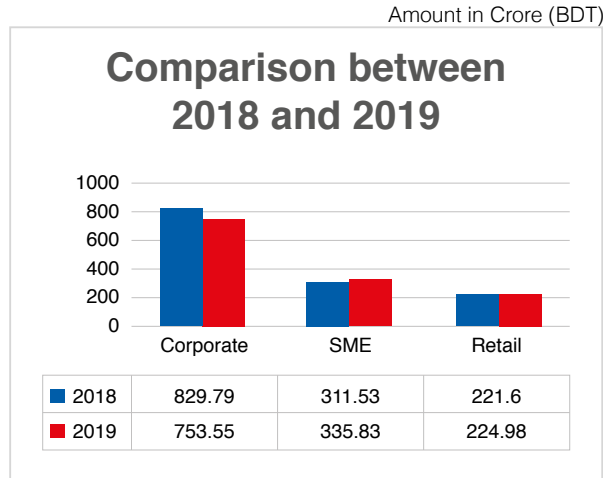
Sector wise investment

The investment portfolio of BD Finance covers all major industrial sectors of the country. The sector-wise portfolio as on 31 December 2019 is furnished below:



- Trade and Commerce
- Textile
- Plastic Industry
- Iron, Steel and Engineering
- Telecommunication and IT
- Glass, Glassware and Ceramic Ind.
- Power, Gas, Water and Sanitary Service
- Agriculture
- Merchant Banking
- Garments and Knitwear
- Food Production and Processing Ind.
- Leather and Leather-Goods
- Pharmaceuticals and Chemicals
- Paper, Printing and Packaging
- Electronics and Electrical Products
- Transport and Aviation
- Housing
- Margin Loan

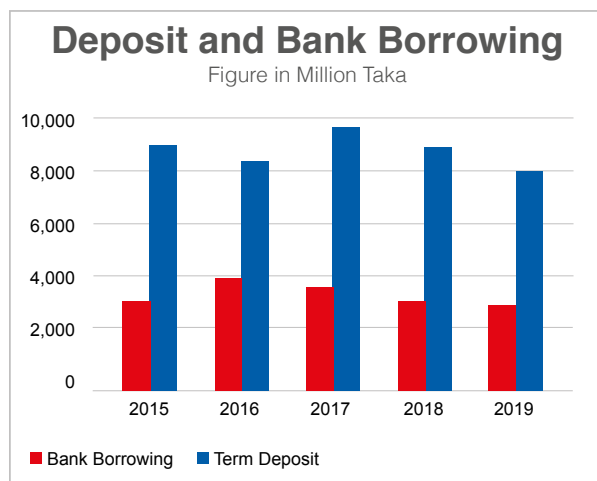
We continued to finance various business units under the SME program and participated in the refinancing program of Bangladesh Bank, JAICA and Women Entrepreneur loan. The total amount of loan under SME during 2019 increased to Tk. 335.83 crore against TK. 311.53 crore in 2018 registering a growth of 7.80%. Again, the retail portfolio also increased to Tk. 225 crore compared to Tk. 221.60 crore in 2018 indicating a growth of 1.53%.



Where, the management consciously reduced the corporate concentration in the loan portfolio during the year 2019 to degrow the overall risk on the total portfolio and to improve the quality of asset. The corporate loan portfolio stands at Tk. 753.55 crore at the end of year 2019 against Tk. 829.79 crore in the last year.

Deposit and Bank Borrowing

The term deposit declined by 9% in the year 2019 compared to previous year due to liquidity crisis in the market. Again, the dependency on bank borrowing got reduced in the year 2019. At the end of the year 2019 customer deposit base of BD Finance stood at TK. 8273.98 million from TK. 9103.95 million in 2018. The total deposits during the year 2019 decreased to 8,837.07 million from 9,579.21 million from 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 to reduce internal and external risks.

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

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.

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, 2020.

Quarterly Operating Results

BDT, Million, %

Particulars	Q1'19	Q2'19	Q3'19	Q4'19
Loan & Advances	13,453	13,287	13,248	13,144
Growth (%) - QoQ	-1.29%	-1.23%	-0.29%	-0.79%
Growth (%) - YoY	-2.02%	-3.31%	-5.41%	-3.56%
Deposit & Other Accounts	9,067	8,965	8,859	8,837
Growth (%) - QoQ	-5.35%	-1.12%	-1.18%	-0.25%
Growth (%) - YoY	-5.86%	-5.20%	-12.78%	-7.75%
Revenue	525	465	478	642
Growth (%) - QoQ	-10.71%	-11.43%	2.80%	34.31%
Growth (%) - YoY	37.08%	6.41%	-13.41%	9.18%
Operating Profit	-33.5	71.5	50	261
Growth (%) - QoQ	-120.94%	-313.43%	-30.07%	422.00%
Growth (%) - YoY	-339.29%	164.81%	-62.96%	63.13%
Profit After Tax	36	24	21	137
Growth (%) - QoQ	-79.07%	-33.33%	-12.50%	552.38%
Growth (%) - YoY	-16.28%	140.00%	-59.62%	-20.35%
Cost to Income Ratio	358.73%	44.93%	50.21%	19.61%
Change - QoQ	1,011.31%	-87.48%	11.75%	-60.94%
Change - YoY	369.23%	-31.54%	85.69%	-39.25%
Classified Loan Ratio (%)	6.17%	7.37%	7.89%	4.84%
Change - QoQ	39.59%	19.45%	7.06%	-38.66%
Change - YoY	-9.00%	-25.48%	0.64%	9.50%

BD Finance registered a declining growth in loans and advances on both Quarter over Quarter (QoQ) and Year over Year (YoY) basis. Deposit growth was apprehended down due to unhealthy competition to the tight money market and liquidity crisis also plays a role to shrink the deposit portfolio. Revenue fell in QoQ basis during Q1'19 and Q2'19 mostly due to rising of cost of fund but, we bounce back in Q3'19 and Q4'19 with huddle recovery from outstanding loans. Operating profit and net profit declined on QoQ basis during the first three quarter but, in last quarter significant improvement shown due to strong recovery and regularize of large loan. Cost to income ratio increased due to same reason. The Company also managed to bring down the classified loan ratio in significant position.

Extra-ordinary gain or loss

During the year 2019 BD Finance realized loss of 177.38 million (solo) and 190.58 (Consolidated) respectively from investment in shares from capital market.

Related Party Transactions:

In the normal course of business, BD Finance has entered into very few transactions with related parties during the year 2019. Disclosure of all related party transactions including nature and basis of such transactions have been furnished in Financial Statements, note no. 43.

Statement of Directors on Financial Reporting Framework

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

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

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

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair

view of the assets, liabilities, profit or loss of the company;

- Adequate disclosures have been provided for the users of financial statements to understand the impact of financial information, other events and conditions on the entity's financial position and financial performance.
- Reasonable effort has been made to safeguard company's assets and to detect/prevent any fraud or irregularities.
- The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

Key operating and Financial Data

Key operating & financial data over the last five years as per requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 are presented in annexure-III to this report on page no. 55.

Highlights of overall operations of the Company as per DFIM Circular No. 11 dated December 23, 2009 are also been presented on page no. 91.

Dividend

The Board of Directors proposed 12% cash dividend (@ Tk. 1.20 per share) for the year 2019. Considering the overall situation of the financial sector of the country, the Board believe that the cash dividend will give a confidence to the investors about the strength of the company. The Board also states that in line with the corporate governance code prescribed by BSEC, no bonus shares or stock dividend was declared as interim dividend during the year 2019.

Meetings Attendance & remuneration

During the year 2019 a total 8 (Eight) Board Meetings, 2 (Two) 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 Director's Report.

Shareholding Pattern

According to the CDBL report there were 11,815 number of registered ordinary shareholders as on December 31, 2019. The shareholding pattern of the Company as on December 31, 2019 is disclosed as per new Corporate Governance Code of BSEC in Annexure-I of this Director's Report.

Directors' Rotation and Re-appointment

As per Articles 126, 127 and 128 of the Articles of Association of the Company one third Directors shall retire by rotation. The following Directors shall retire from the office by rotation at the 21st Annual General Meeting:

Mr. Geasuddin Ahmed
Mr. Imtiyaj Yousuf

Mr. Md. Asaduzzaman Khan
(Nominated by Khaled Iron & Steel Mills Ltd.)

They are eligible to be re-elected and have applied for re-election. Brief Resume and other information of the Directors as per clause 1.5 (xxiv) of BSEC Corporate Governance

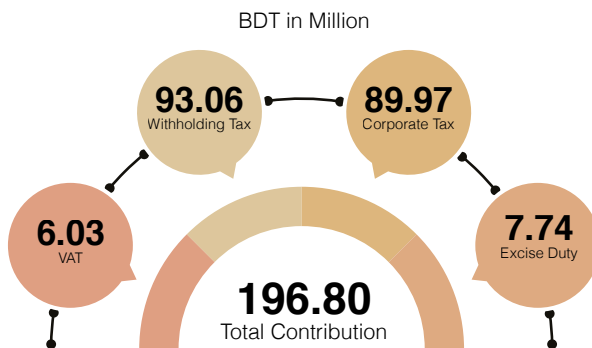
Code as on 03 June 2018 are depicted in the page no. 30-37. The names of the companies in which the person also holds the directorship is shown in the note no 43.1 of the Financial Statements.

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 (2nd term) of Ex-independent director Mr. Ansar Uddin Ahmed was come to an end on the 10 July 2019. The Board of directors appointed Mr. Md. Rokonzaman FCA as the new independent director of BD Finance on the 229th Board meeting held on 24 July 2019. Again, Mr. Iqbal U Ahmed was appointed as another independent director in 233th Board meeting held on 04 March 2020 after the resignation of Mr. Md. Abul Quasem. The matters of appointment of both independent directors are to be presented before the shareholders for their approval in the 21st Annual General Meeting to be held on 10 December 2020.

Contribution to National Economy

BD finance contributes to the national economy mainly through contribution to the national exchequer, as well as through financing in productive enterprises and creating employment thereby. BD Finance has been playing a good role over the last two decades by financing various successful projects in the private sector of the country.



As a direct contribution to national economy, BD Finance deposited a total amount of BDT 196.80 million during the year 2019 in the form of corporate tax, withholding tax, excise duty and VAT to the national exchequer. The figure is 59% higher than last year contribution of BDT 123.80 million. Besides that, there was a good number of people were recruited in various positions during the year 2019.

Contribution to the Society & Environment

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

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. 1022.83crore at the end of year 2019.

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. 68.

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 appended on page no. 120.

Statutory Auditor

MABS & J Partners, Chartered Accountants are the current statutory Auditors of BD Finance who (the audit firm) were re-appointed in the 20th Annual General Meeting held on 27 May 2019 for the year 2019 until 21st Annual General meeting. According to the DFIM Circular No. 04, dated April 30, 2015, they are not eligible for further re-appointment as they are statutory auditor of the company for the last consecutive three years. So, we are required to appoint new auditors for the year 2020.

On the basis of the proposal of the Board Audit Committee, the Board recommends Hoda Vasi Chowdhury & Co., chartered Accountants to be appointed as the statutory auditors of the company for the year 2020 at a remuneration of BDT 295,000 (Two lac Ninety-Five Thousand only) excluding VAT upto the 22nd Annual General Meeting.

Status of Compliance on Corporate Governance

Status of the compliance of conditions of Corporate Governance Code imposed by Bangladesh Securities and Exchange Commission under Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 along

with a certificate from a Chattered Secretary in practice has been enclosed as Annexures (IV & V) to this Directors' Report.

We also appended a statement of compliance on the good governance guidelines issued by Bangladesh Bank as Annexure – VI on page no. 66.

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

ANNEXURE-I

Pattern of Shareholdings as on December 31, 2019 as required by the Corporate Governance Code issued by BSEC

Shareholders	Position	No. of shares held	% of total shares of BD Finance
a) Parent/Subsidiary/Associated Companies			
		Nil	
b) Directors, Sponsors, CEO, Company Secretary, CFO, Head of Internal Audit and Compliance and their spouse and minor children			
Hossain Dyng & Prntng Mills Ltd.	-	6,993,121	4.17%
Mr. Manwar Hossain (Nominated From Hossain Dyng & Prntng Mills Ltd)	Chairman	141,724	0.08%
Khaled Iron & Steels Mills Ltd.	-	3,380,207	2.02%
Mr. Khondker Fazle Rashid (Nominated From Khaled Iron & Steels Mills Ltd)	Vice-chairman	Nil	-
Anwar Steel Mills Ltd.	-	8,013,735	4.78%
Mr. Golam Hafiz Ahmed (Nominated From Anwar Steel Mills Ltd.)	Director	Nil	-
Anwar Ispat Ltd	-	12,658,536	7.56%
Mrs. Shahnaz Rashid (Nominated From Anwar Ispat Ltd)	Director	Nil	-
Anwar Silk Mills Ltd.	-	3,386,675	2.02%
Mr. Yousuf Aman (Nominated From Anwar Silk Mills Ltd)	Director	Nil	-
Mehmud Industries (Pvt.) Ltd.	-	6,341,963	3.79%
Mr. Ihtiyaz Yousuf (Nominated From Mehmud Industries (Pvt.) Ltd)	Director	Nil	-
Mr. Geasuddin Ahmed	Director	3,358,302	2.01%
Mr. Imtiyaj Yousuf	Director	3,401,202	2.03%
Mr. Abdur Rashid Salam	Sponsor	1,213,113	0.72%
Mrs. Chowdhury Monwar Ahmed Siddiqui	Sponsor	1,539,121	0.92%
Mr. Chowdhury Erteza Ahmed Siddiqui	Sponsor	9,186	0.01%
Mr. Ihteshamur Rahman	Sponsor	358,011	0.21%
Mr. Md Kyser Hamid, 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. Sajeeb Saha, his spouse and minor child	Head of Internal Audit & Compliance	Nil	-
Sub-total:		50,794,896	30.32%
c) Executive (Top five persons other than CEO, CFO, CS, HICC)			
Mr. Major Khaled Saifullah	Head of SAMD	Nil	-
Mr. Md. Rafiqul Islam Amin	Head of CAD	Nil	-
Mr. Buddah Dev Darker	Head of ICT	Nil	-
Mr. Ahmed Ali	Head of Treasury	Nil	-
Mr. Ahashanuzzaman Shujan	Head of HRD	Nil	-
d) Shareholders holding 10% of more voting right	-	Nil	-
e) Others		116,734,712	69.68%
Total:		167,529,608	100.00%

ANNEXURE-II

Meeting Attended by the Directors of BD Finance during 2019

Name of Director	Board of Directors Meeting				Executive Committee Meeting			Audit Committee Meeting				Total Remuneration paid for the year-2019	
	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	8	7	88	56,000	-	-	-	-	-	-	-	-	56,000
Mr. Golam Hafiz Ahmed	8	5	63	40,000	2	2	100	16,000	-	-	-	-	56,000
Mr. Md. Asaduzzaman Khan	2	2	100	16,000	-	-	-	-	1	1	100	8,000	24,000
Mrs. Shahnaz Rashid	8	2	25	16,000	-	-	-	-	4	1	25	8,000	24,000
Mr. Yousuf Aman	8	8	100	64,000	2	2	100	16,000	-	-	-	-	80,000
Mr. Ihtiyaz Yousuf	8	8	100	64,000	-	-	-	-	-	-	-	-	64,000
Mr. Geasuddin Ahmed	8	8	100	64,000	2	2	100	16,000	-	-	-	-	80,000
Mr. Imtiaz Yousuf	7	5	71	40,000	-	-	-	-	2	2	100	16,000	56,000
Mr. Md. Rokonzaman FCA	3	3	100	24,000	-	-	-	-	2	2	100	16,000	40,000
Mr. Iqbal U. Ahmed	-	-	-	-	-	-	-	-	-	-	-	-	0
Mr. Khondker Fazle Rashed	6	6	100	48,000	2	2	100	16,000	-	-	-	-	64,000
Mr. Md. Abul Quasem	8	8	100	64,000	-	-	-	-	4	4	100	32,000	96,000
Mr. Ansar Uddin Ahmed	4	4	100	32,000	-	-	-	-	2	2	100	16,000	48,000
Total Remuneration paid				5,28,000				64,000				96,000	688,000

ANNEXURE-II

Key Operating & Financial Highlights

Figure in million Taka

	2015	2016	2017	2018	2019
Operational Performance					
Operating Revenue	1,790.94	1,886.57	1,758.15	1,979.70	1,932.91
Financial Expenses	1,317.38	1,337.90	1,166.23	1,420.48	1,365.25
Operating Expenses	128.15	154.97	186.50	223.14	218.97
Operating Profit	345.41	393.69	405.41	336.09	348.69
Profit Before Taxation	292.73	273.91	240.33	395.95	422.53
Net Profit After Tax	161.82	140.12	209.78	277.22	218.26

Financial Performance					
Lease & Term Finance	13,282.16	13,891.81	14,009.17	13,629.15	13,143.71
Provision Against Investment	425.97	545.75	536.91	463.24	389.50
Investment in Subsidiary	849.93	849.93	849.93	849.93	849.93
Total Assets	16,187.13	16,905.63	18,111.34	16,807.32	16,031.95
Term Deposits	9,225.49	8,589.37	9,907.43	9,103.95	8,273.98

Financial Ratios					
Average effective tax rate (%)	44.72%	48.84%	12.71%	29.99%	48.34%
Return on Equity	9.73%	7.75%	10.43%	12.30%	8.72%
Return on Assets	1.06%	0.85%	1.20%	1.56%	1.33%
Rate of Dividend					
Cash	-	0%	0%	0%	12%
Bonus	10%	10%	10%	10%	0%
EPS (Tk.)	1.41	1.11	1.52	1.65	1.30
Price earning ratio (Times)	8.23	13.47	14.26	8.95	7.68

Equity Statistics					
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Number of Shares	114.42	125.87	138.45	152.30	167.53
Year end market price per share (BDT)	11.60	15.00	21.60	16.30	10.00
Shareholders Equity	1,710.49	1,906.17	2,115.95	2,393.16	2,611.43
Market Capitalization (BDT in million)	1,327.33	1,888.01	2,990.61	2,482.48	1,675.30
Net Assent Value Per Share	14.95	15.14	15.28	14.29	15.59

Credit Rating

Rating	2019	2018
Long Term	A+	A+
Short Term	ST-2	ST-2

ANNEXURE-IV



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 2019. 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, 27 August 2020

For: Itrat Husain & Associates

Itrat Husain FCMA, FCS
Chief Executive

ANNEXURE-V

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	
1.	Board of Directors:-			
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)	√		
1(2)	Independent Directors			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
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 not 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.	√		
1(3)	Qualification of Independent Director:-			
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	
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
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.	√		
1(5)	The Directors' Report to shareholders shall include			
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:-	√		
	a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
	b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
	c) Executives;	√		
	d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	Not Applicable		

1.5(xxiv)	In case of the appointment or re-appointment of a director, a disclosure on the following information to the shareholders:-			
	a) A brief resume of the director;	√		
	b) Nature of his or her expertise in specific functional areas;	√		
	c) Names of Companies in which the person also holds the directorship and the membership of committees of the Board.	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
	a) Accounting policies and estimation for preparation of financial statements;	√		
	b) Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
	c) Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
	d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
	e) Briefly explain the financial and economic scenario of the country and the globe;	√		
	f) Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
	g) Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
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.			
2.	Governance of Board of Directors of Subsidiary Company:-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary Company;	√		
2(b)	At least 1 (One) independent director 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.	√		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS):-			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and 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		
3(2)	Requirement to attend Board of Directors' Meeting			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board.	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
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.	√		
4.	Board of Directors' Committee:-			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:	√		
	(i) Audit Committee;			
	(ii) Nomination and Remuneration Committee.	Note given on No. 6 of this report		
5.	Audit Committee:-			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board 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.	√		

5(2)	Constitution of the Audit Committee:			
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.	√		
5(3)	Chairperson of the Audit Committee			
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).	√		
5(4)	Meeting of the Audit Committee			
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)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval 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		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
	a) Report on conflicts of interests;	No such event occurred		
	b) 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		
	c) Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	No such event occurred		
	d) 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.	Nomination and Remuneration Committee (NRC):-	Financial Institutions are permitted to form only two sub Committees of the Board; an Executive Committee and another Audit Committee as per DFIM circular no. 18 dated October 26, 2011. The issue has been raised at the industry level with Bangladesh Bank. We are awaiting Bangladesh Bank's decision on formation of NRC in line with this code.		
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
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).			
6(2)	Constitution of the NRC			
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.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
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.			
6(4)	Meeting of the NRC			
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.			
6(5)	Role of the NRC			
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:			
	a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
	b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;			
	c) Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
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.			
7.	External or Statutory Auditors:-			
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.	√		
8.	Maintaining a website by the Company:-			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9.	Reporting and Compliance of Corporate Governance:-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of 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.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

ANNEXURE-VI

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:

Sl. No.	Particulars	Compliance Status
01.	Responsibilities and authorities of Board of Directors	
A.	Work Planning and Strategic Management	
	(i) The Board shall determine the vision/mission of the institute in order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work plans on annual basis. The board shall review such strategies Quarterly interval and modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall inform the shareholders on future plans and strategies in the Annual general meeting.	Complied
	(iii) The Board will set the key Performance indicator (KPI)s for the CEO and other senior executives and will evaluate half yearly/yearly basis.	Complied
B.	Formation of sub-committee	
	To expedite the process of decision making on important regular business activities (e.g. approval of loan/lease write off. rescheduling etc.) Board may form Executive Committee with the Director (excluding any alternate director).	Complied
C.	Financial Management	
	Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	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
	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
	The Board shall adopt the operation of bank accounts. Groups maybe formed among the management to operate bank accounts under joint signatures.	Complied
D.	Management of loan/lease/investments	
	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
	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
	Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
E.	Risk Management	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
F.	Internal Control and Compliance	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank inspection team.	Complied

G.	Human Resource Management	
	Board shall approve the policy on Human Resource Management and Service Rule. Chairman and director of the Board shall not interview on the administrative job in line with the approved Service Rule. Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule No. director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
H.	Appointment of CEO	
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
I.	Benefits offer to the Chairman	
	Chairman may be offered on office room, a personal secretary, a telephone at the office, a vehicle for the business interest of the Company subject to the approval of the Board.	Complied

02.	Responsibilities and Duties of the Chairman	
	a) Chairman shall not participate in or not interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power.	Complied
	b) The minutes of the Board meeting shall be signed by the chairman	Complied
	c) Chairman shall sign-off the proposal for appointment of Managing Director and any other benefit in favor of him (CEO)	Complied

03.	Responsibilities of Managing Director & CEO	
	a) Managing Director shall discharge his responsibilities on matters relating to financial business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	Complied
	b) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circular of Bangladesh Bank and other regulatory authorities.	Complied
	c) All recruitment/promotion/training except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company.	Complied
	d) Managing Director may re-schedule job responsibilities of employees:	Complied
	e) Managing Director may take disciplinary actions against the employees except DMD, GM and equivalent positions.	Complied
	f) Managing Director shall sign all the letter/statements to be sent to Bangladesh Bank. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated: 06 January 2009 if so authorized by the Managing Director.	Complied

REVIEW AND ANALYSIS BY THE CFO

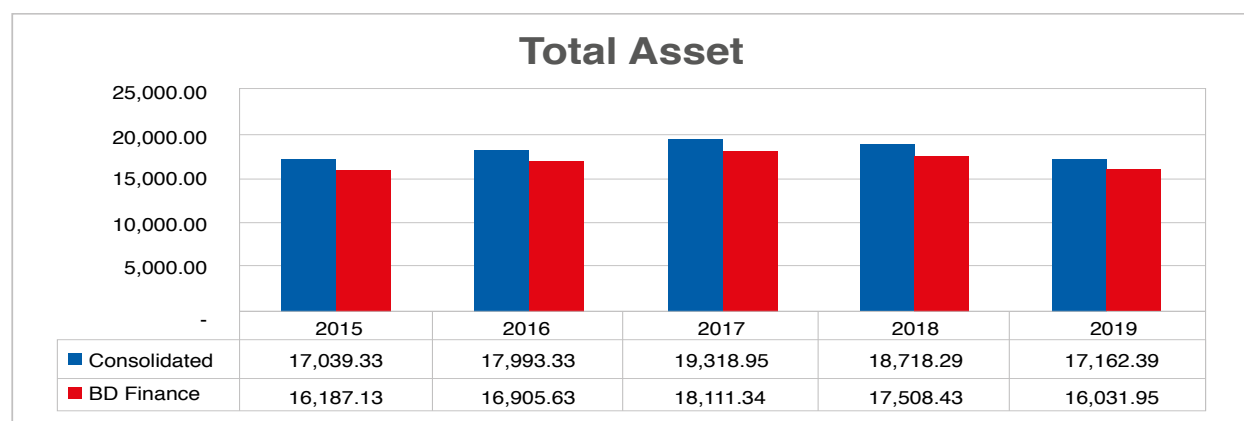
2019 has been a challenging year for BD Finance. Despite of Liquidity Crunch, increase in NPL, decrease in deposit of NBFI industry and volatility in capital market, BD Finance able to hold a steady financial performance. Through operating efficiency and cost control, the both standalone and consolidated operating expenses of BD Finance decreased by 1.87% and 2.20% respectively. In spite of realization of significant loss from capital market, the standalone profit before tax increased by 6.71% where consolidated profit before tax marginally decreased by 2.49% compared to previous year. The consolidated net profit after tax decreased by 32.39% and solo 21.27% respectively due to increase in average effective tax rate.

Financial Position

Total Asset

Consolidated Total Assets reduced by 8.31% to BDT 17,162.39 million from BDT 18,718.29 in 2018 and BD Finance standalone Total Assets reduced by 8.43% to BDT 16,031.95 million from BDT 17,508.43 in 2018.

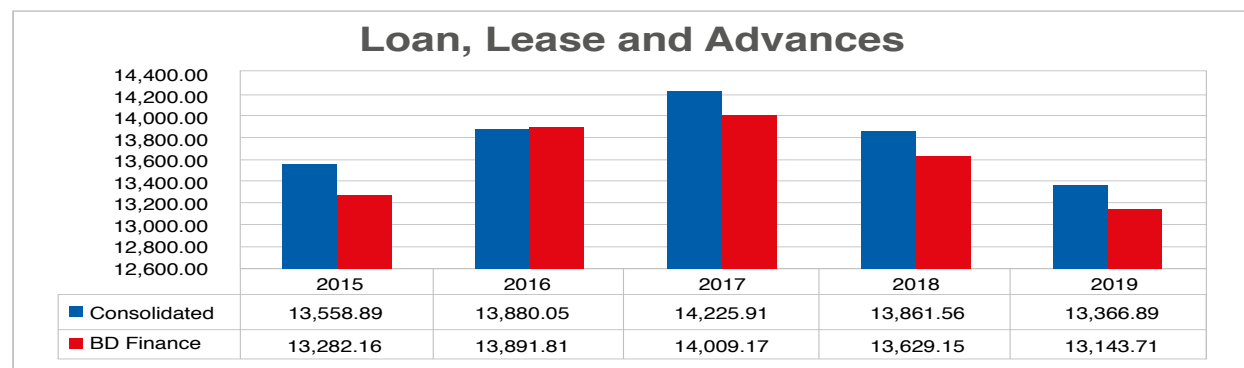
Total Asset	BDT in Million		Growth	
Year	2019	2018	Amount	Percentage
Consolidated	17,162.39	18,718.29	(1,555.9)	-8.31%
BD Finance	16,031.95	17,508.43	(1,476.48)	-8.43%



Loans, Leases and Advances

Due to conservative disbursement in 2019, Consolidated Leases, Loans and Advances portfolio reduced by 3.57% to BDT 13,366.89 million from BDT 13,861.56 in 2018 and BD Finance Leases, Loans and Advances portfolio reduced by 3.56% to BDT 13,43.71 million from BDT 13,629.15 in 2018.

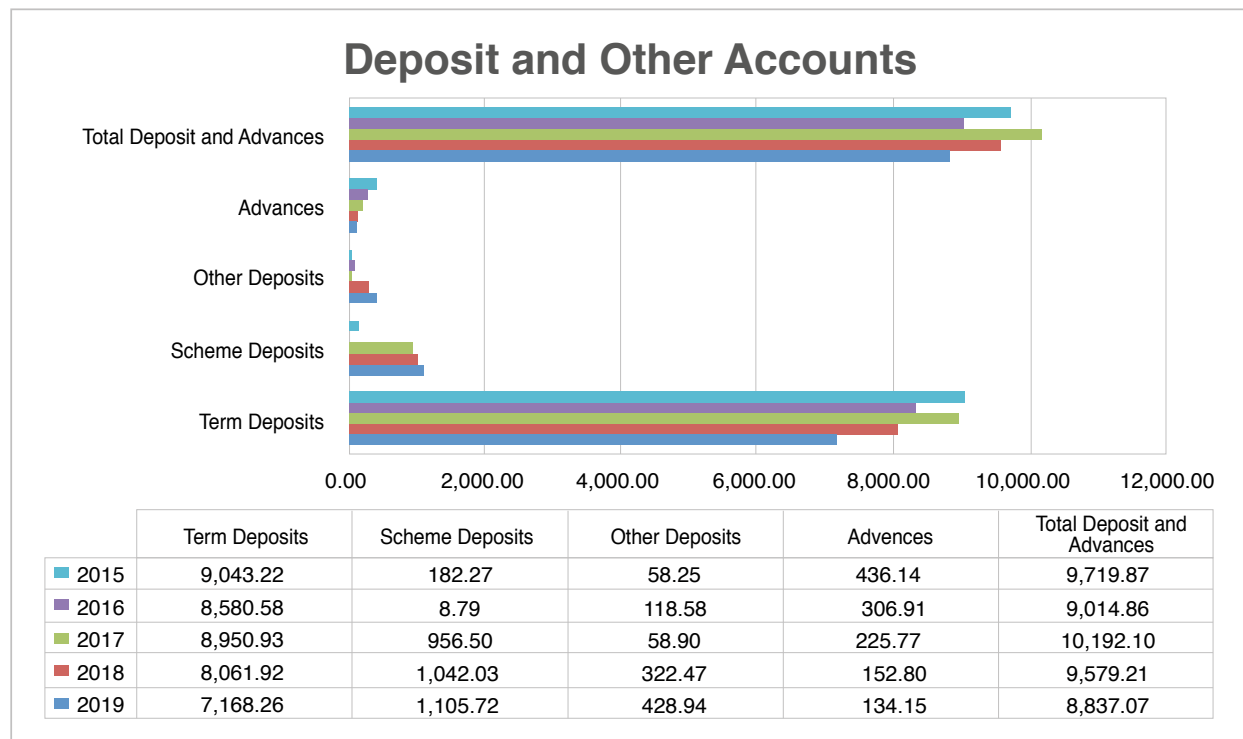
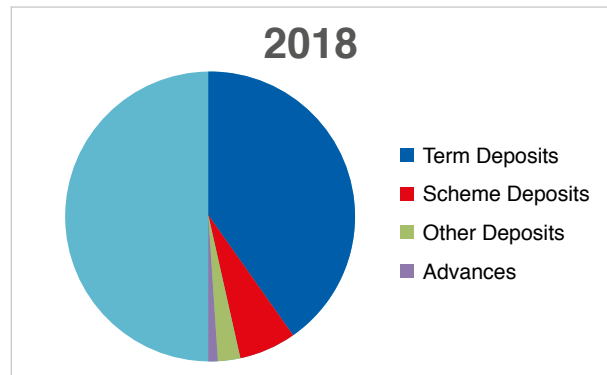
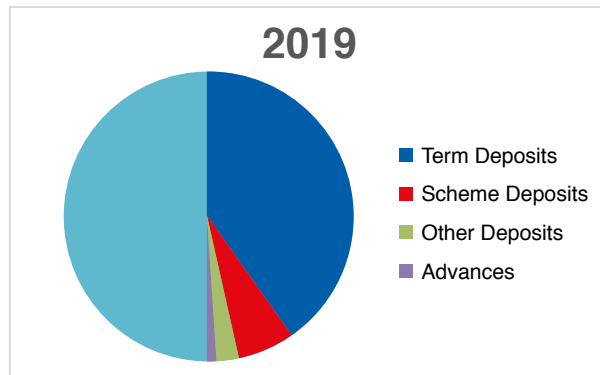
Loan, Lease and Advances	BDT in Million		Growth	
Year	2019	2018	Amount	Percentage
Consolidated	13,366.89	13,861.56	(494.67)	-3.57%
BD Finance	13,143.71	13,629.15	(485.44)	-3.56%



Deposit and Other Accounts

As FY 2019 was very tight from liquidity perspective, BD Finance has maintained a strong deposit portfolio. Due to high attrition rate of corporate and Institutional deposit, BD Finance focused and successfully increased its scheme deposit base.

Deposit & Other Accounts	BDT in Million		Growth	
	2019	2018	Amount	Percentage
Term Deposits	7,168.26	8,061.92	(893.66)	-11.08%
Scheme Deposits	1,105.72	1,042.03	63.70	6.11%
Other Deposits	428.94	322.47	106.47	33.02%
Advances	134.15	152.80	(18.65)	-12.21%
Total Deposit and Advances	8,837.07	9,579.21	(742.15)	-7.75%



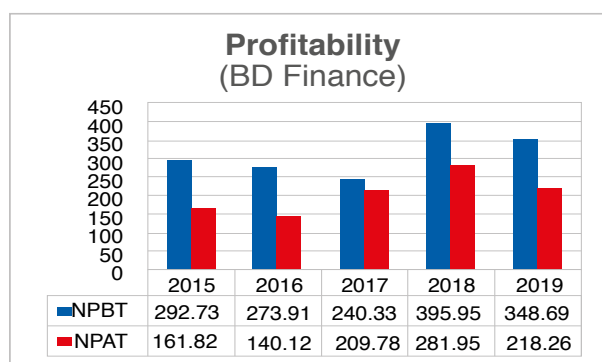
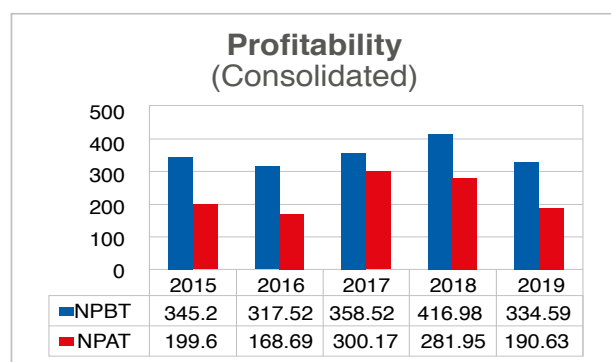
Financial Performance

Profitability Position

BD Finance went through a challenging phase during 2019. Performances of both the company and the group faced a plunge in profitability in 2019. Consolidated and separate net profit before tax was BDT 334.59 million and BDT 348.69 million compared to BDT 416.98 and BDT 395.95 million respectively in 2018. Consolidated and separate net profit after tax were BDT 190.63 million and BDT 218.26 million compared to BDT 281.95 and BDT 277.21 million respectively in 2018.

Consolidated	BDT in Million	BDT in Million	Growth	
Year	2019	2018	Amount	Percentage
Net profit before Tax	334.59	416.98	(82.39)	-19.76%
Net profit after Tax	190.63	281.95	(91.32)	-32.39%

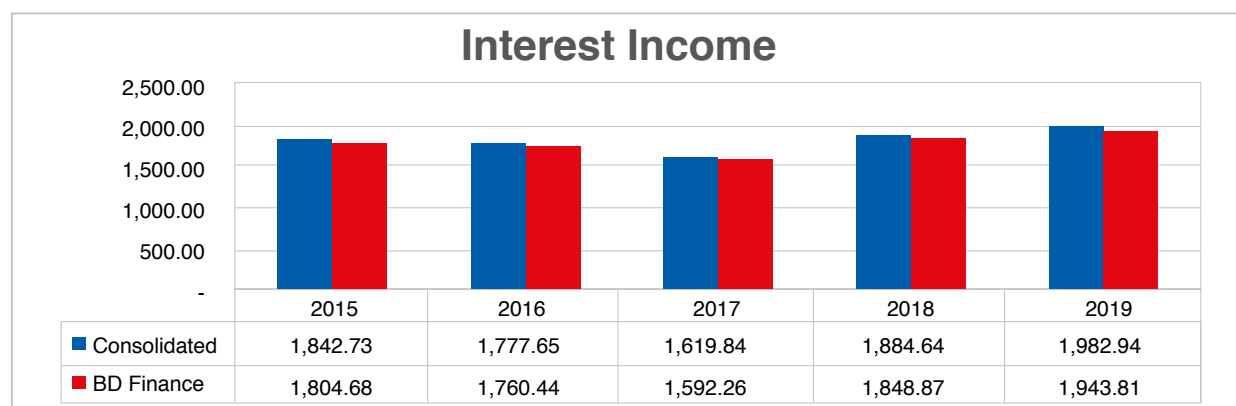
BD Finance	BDT in Million	BDT in Million	Growth	
Year	2019	2018	Amount	Percentage
Net profit before Tax	348.69	395.95	(47.26)	-11.94%
Net profit after Tax	218.26	277.21	(58.95)	-21.27%



Interest Income

Interest income is the core component of revenue for BD Finance. Though loan portfolio of the Group reduced by 3.57% in 2019, interest income grew by 5.22% to BDT 1,982.94 million in 2019, which was BDT 1,884.63 million for the year 2018. Acquisition of new clients, increase in volume of business with existing clients and expansion of products and services as well as desired level of NIM helped to boost interest revenue in the year 2019.

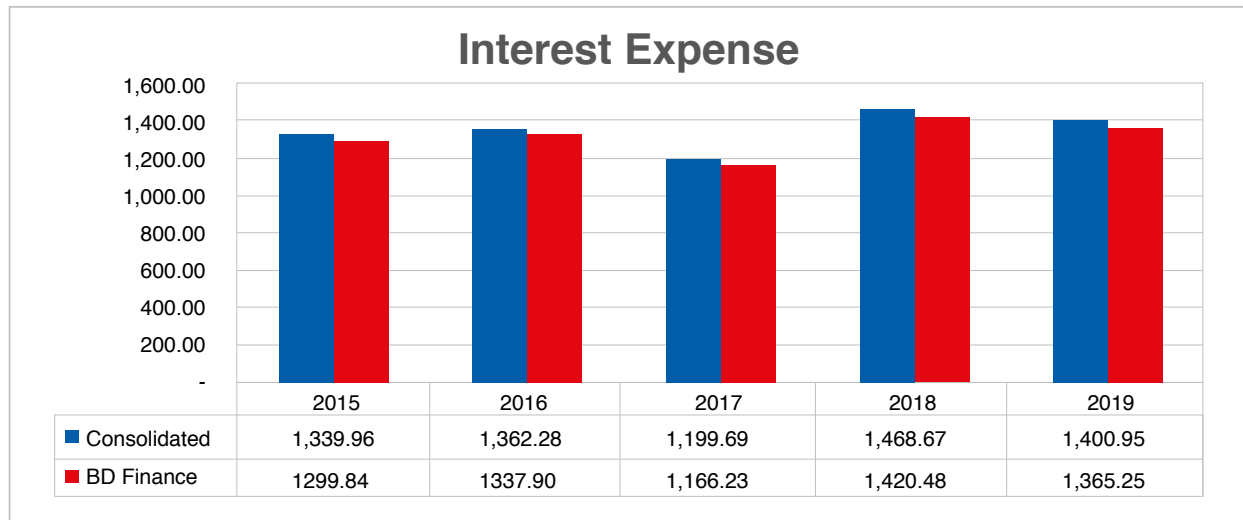
Interest Income	BDT in Million	BDT in Million	Growth	
Year	2019	2018	Amount	Percentage
Consolidated	1,982.94	1,884.63	98.31	5.22%
BD Finance	1,943.81	1,848.87	94.94	5.14%



Interest Expense

In the year 2019, consolidated interest expenses decreased by 4.61% to BDT 1400.95 million from BDT 1468.67 million of 2018. As total deposit and borrowings experienced a negative growth, growth of interest expenses is also negative than last year.

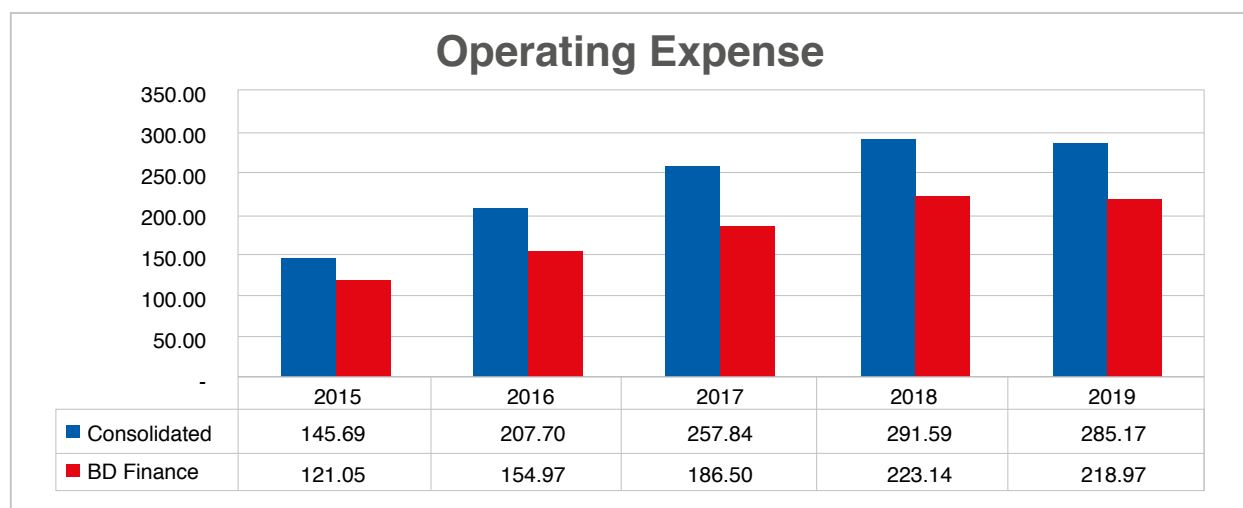
Interest Expense	BDT in Million	BDT in Million	Growth	
Year	2019	2018	Amount	Percentage
Consolidated	1,400.95	1,468.67	(67.72)	-4.61%
BD Finance	1,365.25	1,420.48	(55.23)	-3.89%



Operating Expenses

Efficient control over operating expenses has reduced the consolidated growth to 2.20% from 2018 and separate growth to 1.87%. The upward trend of increasing operating expenses is checked efficiently that surely increase the profitability of both the group and BD Finance in 2019.

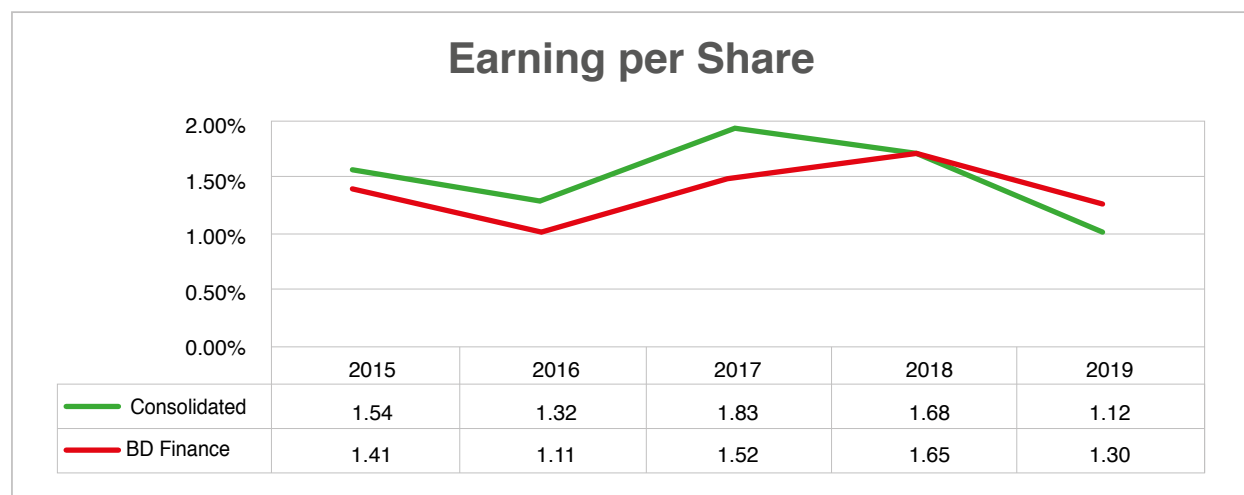
Operating Expense	BDT in Million	BDT in Million	Growth	
Year	2019	2018	Amount	Percentage
Consolidated	285.17	291.59	(6.42)	-2.20%
BD Finance	218.97	223.14	(4.17)	-1.87%



Earnings per Share

Realized loss from investment in capital market have had adverse effect on profit after tax, EPS also experiences a bit reduction. Performances of both the company and the group faced a plunge in EPS as well in 2019. Consolidated and separate EPS was 1.12 and 1.30 compared to 1.68 and 1.65 respectively in 2018.

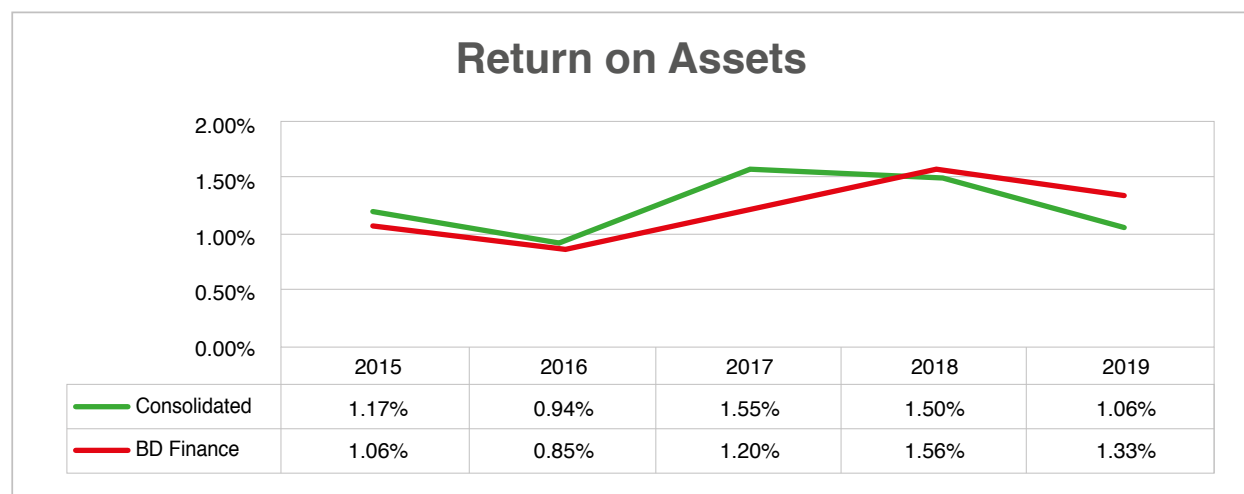
EPS	BDT	BDT	Growth	
Year	2019	2018	Amount	Percentage
Consolidated	1.12	1.68	(0.56)	-33.33%
BD Finance	1.30	1.65	(0.35)	-21.21%



Return on Assets

Adverse effect of profit also hit the ROA severely in FY 2019. The standalone and consolidated ROA was 1.33% and 1.06% respectively. The rising curve of ROA has faced a slight decline in 2019.

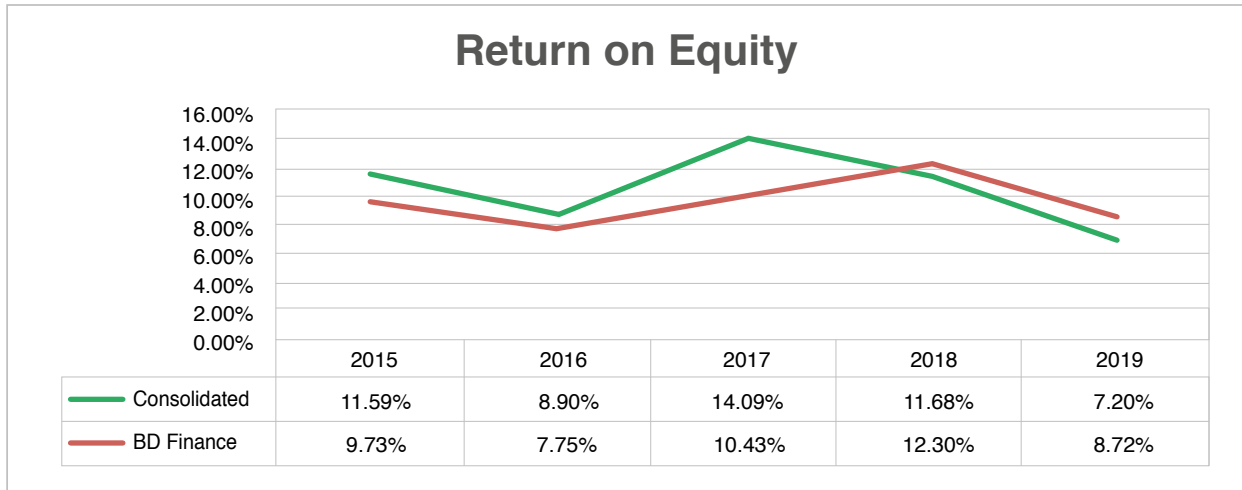
ROA	Percentage	Percentage	Growth	
Year	2019	2018	Percentage	
Consolidated	1.06%	1.50%	-0.44%	
BD Finance	1.33%	1.56%	-0.23%	



Return on Equity

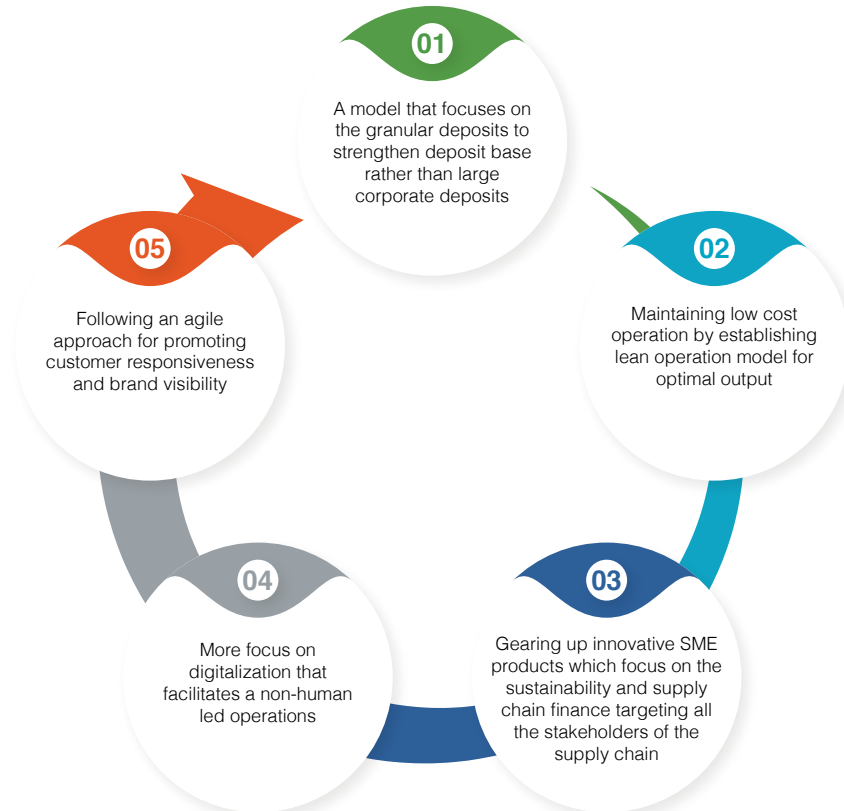
In FY 2019 standalone and consolidated ROE was 8.72% and 7.20% respectively. Realized loss from investment in capital market and conservative disbursement has affected both of our standalone and consolidated ROE in FY 2019. The historical ROE of core operation of BD Finance Ltd. was less variable in nature. Over the years, we have been building our balance sheet in such a way so that the earning volatility is reduced and risk diversified.

ROE	Percentage	Percentage	Growth
Year	2019	2018	Percentage
Consolidated	7.20%	11.68%	-4.48%
BD Finance	8.72%	12.30%	-3.58%



OUR BUSINESS MODEL

Higher cost of fund and lack of non-funded income are the main barriers for NBFIs to ensure a good amount of spread/income. Moreover, bank led financing and concentrated business footprint put extra challenges for the industry. Thinking that in mind, BD Finance is focusing on a robust business model. Strong deposit base, innovative products, faster customer service and lean operational process are the main mechanisms to face the challenges and to achieve ultimate business success.



1. Granular Deposits to Strengthen Deposit Base



2. Following a Lean Operation Model

BD Finance follows a lean operation model by utilizing its resources in more efficient way. Our aim is to keep our cost of operation at less than one percent.

3. Innovative SME Products and Supply Chain Finance

According to our business model, we are focusing on the innovative SME products and the supply chain financing to reach each points of a whole supply chain of a particular product.

Supplier and Distributor Financing (SDF)

We are emphasizing on the SDF to reach each of the supply chain points to facilitate all business participants with a funding opportunity.

Bangladesh Bank Refinancing Scheme

Our continuing effort is to avail more and more refinancing scheme as offered by central bank with a view to reduce the cost of fund as well as to maintain a competitive lending rate.

SDG Aligned Products

We promote SME product like women entrepreneurship in line with the sustainable development goal of UN. It opened up the opportunity to apply for a lower rate funding from international organizations i.e. IFC, WB.

4. Non-human Led Business Model

Our business model has a focus to follow a digital and automated approach rather than doing things manually. It may give us various advantages.

Digitalized business model tends to increase the productivity and bring efficiency in operation.

Non-human led model adds more value and accuracy with maximum possible output

It generally reduces the cost of additional human resources deployed for several operational tasks

5. Agility and Customer Responsiveness

We are agile to improve customer responsiveness towards us. Our agility is for serving our customers quickly with utmost care based on their priority and needs.

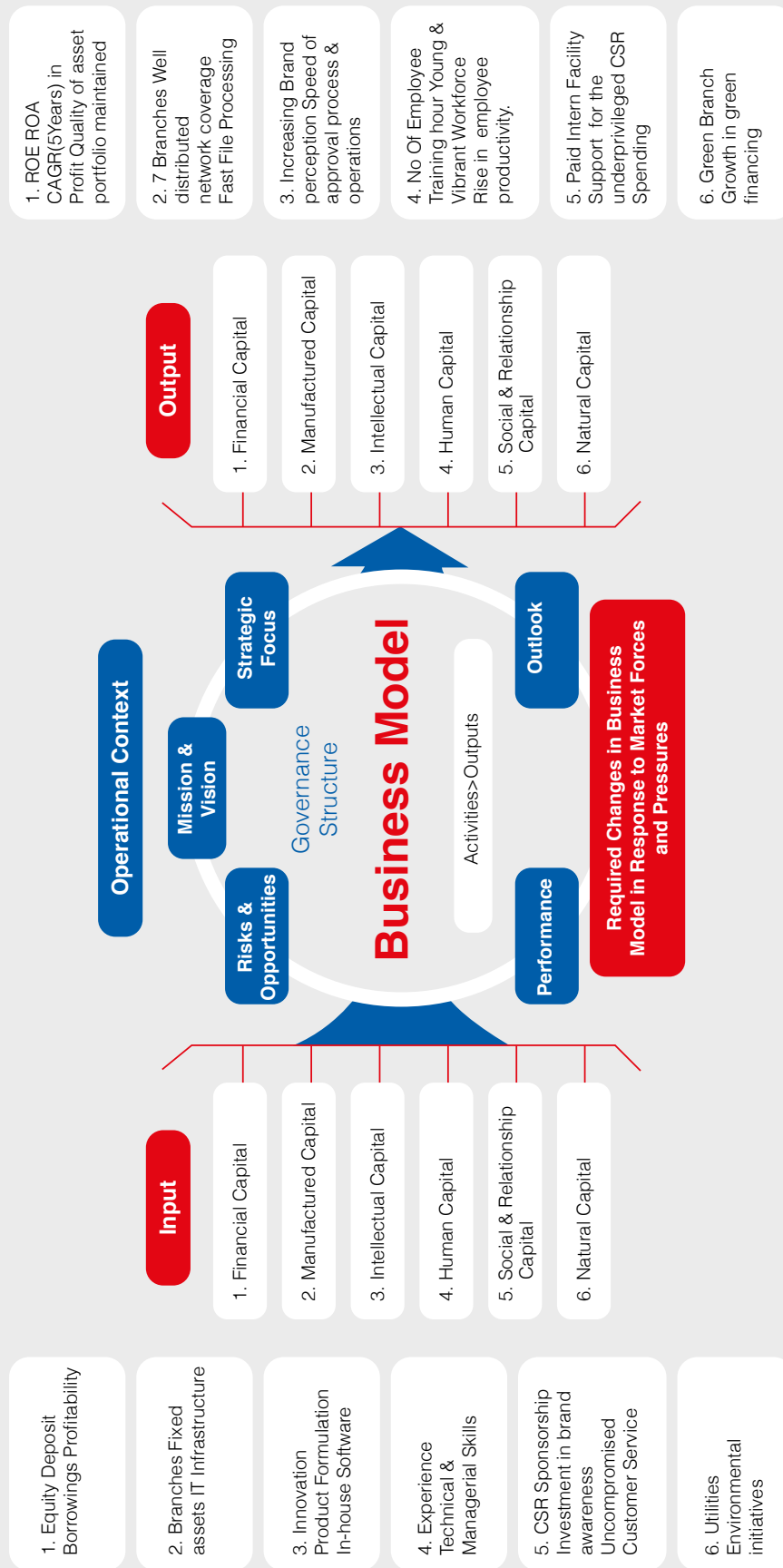
Improved Customer Retention Ratio

This may increase the level of customer satisfaction as well as the rate of customer retention.

Customer centric Promotion

Our agility to provide customer centric promotions and services eventually will be creating our brand awareness, coverage and visibility.

VALUE CREATION STRUCTURE



OUR VALUE CREATION PROCESS

Our Value Creation Structure is inspired by our vision, mission and business model. Since the inception of our journey we sailed together towards business excellence. Our relationship has been strengthened with care, trust, dependency and aspiration.

To implement the Corporate Philosophy, we are drawing on our strengths, and taking into consideration the growing sophistication of customer needs and the changes occurring in the business and social environment. We utilize our resources (Inputs) through our business activities to generate outputs not only in form of Product and service offering to our customers but also valuable outcomes for other stakeholders.

Our business model requires us invest heavily on IT infrastructure and Human development. Sustainable IT infrastructure helps us to extend our presence not only physically but also virtually. Proper Human Resource development will boost up the social and relationship Capital as well as Intellectual Capital to ensure business growth through professional networks, innovation in offerings and to attain process efficiency.

Capital is one of the most vital factors of production. Financial industry belongs to service sector where human capital is the most valuable asset. BD Finance has enriched its capitals in every form whether financial capital, human capital, manufacturing capital or intellectual capital to ensure future growth and prospects.

Financial Capital

BD Finance's financial capital is a pool of funding sourced from the environment, clients and shareholders. Funds placed with us are converted into financial products and services, credits and loans, grants, factoring, leasing, investments, as well as operating activities. The safety of funds is the key aspect of capital management. We use and manage financial capital in order to address the financial needs of our clients, create new jobs, make a major contribution to local taxes and levies, which drives economic growth. We work for strengthening the capital position and stability of BD Finance. As a company listed on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), we make continuous efforts to generate shareholder value.

How do we manage financial capital?

Effectiveness is BD Finance's underlying operational principle

Focus on effectiveness, which has a direct impact on profitability, is one of the pillars of the "BD Finance" strategy. In 2019, we continued our efforts to generate high level of core income while maintaining cost discipline. It is our ambition to be among the most effective listed Financial Institution in Bangladesh.

We have diverse funding sources

We are optimizing the Organization's balance sheet by diversifying the funding base and increasing the share of more profitable assets.

We comply with regulations

Being an institution of public trust, we manage financial capital in accordance with regulatory requirements and internal policies and strategies.

Human Capital

Special approach to relationship with employees is part

of BD Finance's unique corporate culture. We follow the approach that enables us to build us an innovative and trusted financial institution. Drawing on the expert knowledge, attitudes, motivation, skills, experience and competence of our employees – that is the human capital of BD Finance, our organization has developed the greatest potential to create value among all of its employees. We know that this translates into growing operational results. They are directly supported by the knowledge and expertise of our people. We focus on empathy in relations with employees and in communications with clients. With the engagement of our employees, BD Finance's communications with the environment are simple, open, friendly and targeted at the needs of our partners.

How do we manage human capital?

A set of internal standards and regulations

The most important internal regulations that govern employment and employee management at BD Finance include the "Work Rules", "Employee Remuneration Rules" and "Rules on Awarding Employee Bonuses". They are supplemented by procedures regarding employee selection and recruitment, development activities, and employee appraisal. Policies and procedures are adopted by BD Finance and then by its subsidiaries. We ensure effective cooperation and communication across the organization using the Management by Objectives (MBO) System. It focuses on solidarity objectives that foster integration and drive cooperation.

We support the development of our employees

We help them to not only gain expert skills, but also pursue their passions, many of which are really exceptional. We provide them with training courses and programs to develop their managerial, analytical and communication skills. We also support social engagement of our people and help them pursue their passions.

We want everyone to feel welcome

We want our employees, especially those who have just joined BD Finance, to feel well in our organization, know the rules we adhere to and the values we cherish. This is why new employees, including interns, undergo introductory training, during which they learn about the procedures, products, and history and current activities of the organization.

We have a comprehensive approach to remuneration policy

At BD Finance we offer employees fair terms and conditions of employment, in every aspect. We want to provide our employees with a friendly and discrimination free workplace. All subsidiaries offer a very similar range of fringe benefits, e.g. we co-finance access to private medical care and to sports facilities. Additionally, employees have also the possibility of joining a group life insurance scheme.

Organizational Capital

Organizational capital is an important resource (asset) at both the micro (firm) and macro (economy-wide) levels. It is arguably, the most important, value-contributing asset companies have an asset that cannot be easily imitated by competitors, and therefore conferring sustained competitive advantage on its owners. Organizational capital enables tangible and intangible resources, such as machines, patents, brands and human capital, to be productive. As such, organizational capital is

the prime intangible asset of businesses. The Organizational capital of BD Finance comprises innovative digital systems, tools (procedures and policies) as well as our operational philosophy that accelerate the flow of knowledge and information within the organization and to parties outside the organization like external suppliers and distribution channels.

How do we manage organizational capital?

We keep optimizing our structures, systems, processes and tools

We are improving our structures, centralizing cost management functions, unifying systems, automating, digitalizing and simplifying processes and creating process lines. BD Finance management is also giving emphasis on regular process efficiency which results in fruitful innovation like ensuring central operation system, Automated Monitoring and collection process and Innovative product like Family Empowerment Credit Program.

Intellectual Capital

Intellectual capital comprises intangible innovative corporate resources as well as the input of our employees, contributing to our performance and market position. It is a pillar of our current and prospective competitive advantage. It includes intellectual property (patents, copyright, licensees, algorithms, digital platforms and applications, other software) and intangible resources (quality standards, brand identity, client communication standards).

How do we manage intellectual capital?

Our know-how comes from the best experts

At BD Finance innovation is the product of innovative employees. We create conditions to make employees fully engaged in the development of new products and solutions. The priority of our HR strategy is to attract and keep the best and highly motivated specialists and managers.

We spend a lot of money and effort on technology and process efficiency

In the last few years we estimate the future and importance of technology and try to be one step ahead and that's why majority of our Capital expenditure in 2019 was spent in Technology. BD Finance management is also giving emphasis on regular process efficiency which results in fruitful innovation like ensuring central operation system, Automated Monitoring and collection process and Innovative product like Family Empowerment Credit Program.

Social and Relationship Capital

BD Finance's social capital includes external relations, compliance with common standards, and the trust of our clients. Relations are a key part of our business and a key focus of our work, reinforcing stakeholders' trust in financial institutions and encouraging clients to adopt new products and services. The quality of relations and the extent of trust of the general public are closely linked with the organization's operating results, which is why social capital is our key concern, reflected in our mission and values. Our clients and their needs, emotions and expectations are our primary objective. Social capital is all about trust, a currency as important as money. BD Finance offers products and services to individuals, small and mid-sized enterprises, corporations, as well as public entities including local governments. Our social capital contributes to new business and social projects, investments and infrastructure

improvements benefiting everyone. Such projects drive Bangladesh's economic growth, boosting disposable income of households as well as the standards of living.

How do we manage social capital?

We design our products responsibly

This results directly from our mission and vision statements that implies offering innovative products to our clients that can add value to their life and we also try to reach the wider section of our populace with as part of our contribution towards inclusive, sustainable and quality growth with trust and confidence.

We ensure Maximum Financial Inclusion

As our mission statement says we always try to ensure maximum financial inclusion. To reach the lower and middle income people of our country in 2019 we have launched our new innovative product called Family Empowerment Credit program and the main goal of this product is to provide lending and deposit facility to the lower and lower middle income people of our country.

We encourage gender equality and environment friendly initiatives

To encourage women to participate in business BD Finance has a special product Called Women Entrepreneur Loan. This product has some attractive features to encourage and facilitate our women entrepreneurs. Environmentally-sustainable financing is the next "Big-thing" in financial market and embracing this transformation we, BD Finance crew aim to portray a noteworthy contribution to flourish this.

Natural Capital

Natural capital is our direct and indirect environmental impact, both positive and negative. As we produce no physical goods, our environmental impact is generated by our offices and branches. We consume electricity, heat, water, and office supplies: paper and toner. We use electric equipment, which we have to regularly replace (computers, printers, phones). The extensive IT infrastructure must be cooled, which consumes electricity. We ensure the optimal use of the natural resources and we also do not render financial services to companies whose operations involve economic exploitation of areas of great natural interest or areas under protection or companies which violate environmental regulations.

How do we manage natural capital?

We do not serve or lend to companies violating environmental regulations

According to the Bangladesh Bank regulation and our lending policy, we do not provide financial services to the organization whose operations involve economic exploitation of areas of great natural interest or areas under protection or companies which violate environmental regulations.

We implement Green Banking policy

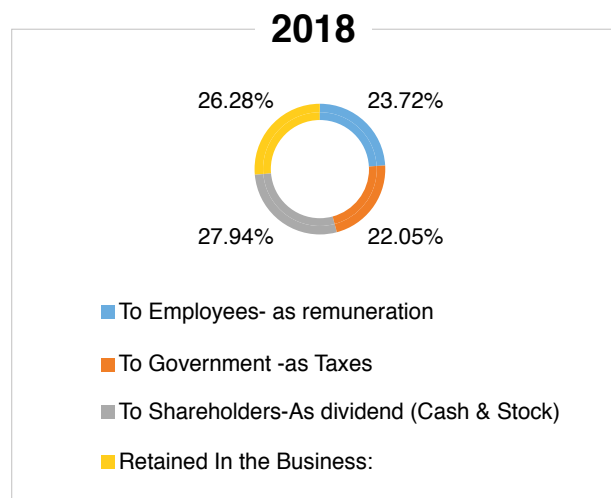
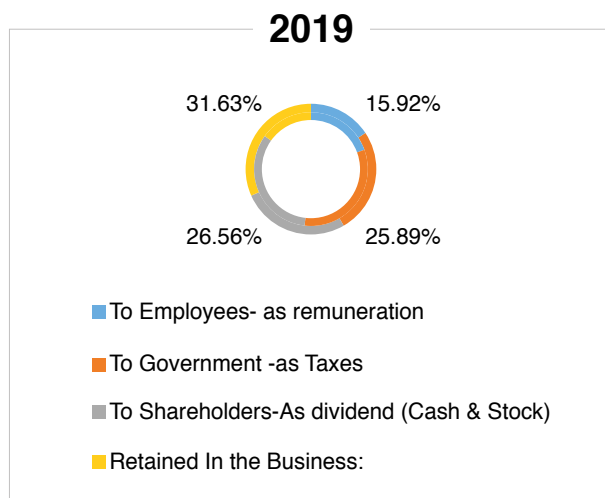
BD Finance ensures the optimal use of its natural resources and continuously working on process efficiency that reduce the use of natural resources like paper, electricity, fuel consumption etc. We also create awareness to the people about environmental and social responsibility enabling them to do an environment friendly business practice.

VALUE ADDED STATEMENT

For the year ended December 31, 2019

Value added is the wealth created by BD Finance through extending lease financing, short-term finance (factoring of accounts receivable and work order financing), housing finance, merchant banking and corporate finance. The Value Added Statement shows the total worth created and how it was distributed to meet certain obligation and the portion retained for the continued operation and expansion of the Company.

Value Added	2019		2018										
	Taka in million	%	Taka in million	%									
Operating Revenue	2,109.80		1,979.70										
Cost of Deposit & Borrowings	(1,365.25)		(1,420.48)										
	744.55		538.84										
Provisions	73.84		59.87										
Operating expenses excluding staff costs and depreciation	(61.32)		(74.02)										
	757.07	100	545.07	100									
Distribution of Value Addition													
To Employees- as remuneration	120.55	15.92	129.29	23.72									
To Government -as Taxes	196.03	25.89	120.21	22.05									
To Shareholders-As dividend (Cash & Stock)	201.04	26.56	152.30	27.94									
Retained in the Business:	239.45	31.63	143.27	26.28									
	757.07	100	545.07	100									
-As capital & Reserve	202.35	26.83	123.44	22.65									
-As Depreciation	37.10	4.90	19.83	3.64									
<table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Number of Employees (Including PMOs)</td> <td>171</td> <td>166</td> </tr> <tr> <td>Value added per Employee</td> <td>4.42</td> <td>3.28</td> </tr> </tbody> </table>						2019	2018	Number of Employees (Including PMOs)	171	166	Value added per Employee	4.42	3.28
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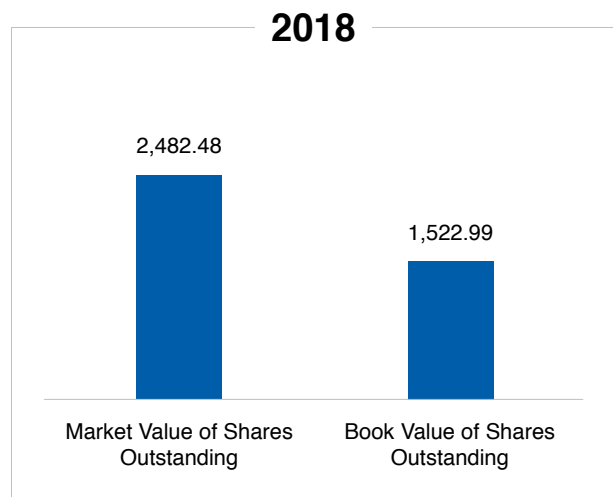
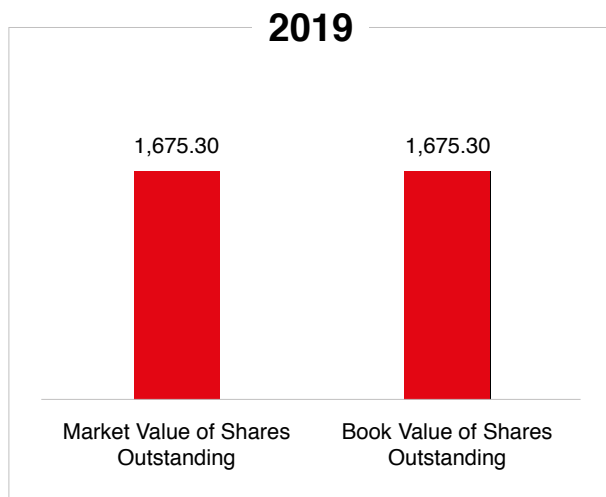
Market Value Added (MVA) Statement

Market value added statement reflects the Company's performance evaluated by the market through the share price of the company. This statement shows the difference between the market value of a company and the capital contributed by investors. In other words, it is the sum of all capital claims held against the company plus the market value of debt and equity.

The higher MVA is the better indication. A high MVA indicates the company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market (or that wealth and value have been destroyed).

The following statement shows how the MVA has been calculated for the year ended December 31, 2019 and 2018:

	Amount in Taka (Million)	
	31 December 2019	31 December 2018
Market Value of Shares Outstanding	1,675.30	2482.48
Book Value of Shares Outstanding	1,675.30	1,522.99
Market Value Added	-	959.49





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HORIZONTAL ANALYSIS

Consolidated Balance Sheet

Particulars	2019	%	2018	%	2017	%	2016	%	2015	%
PROPERTY AND ASSETS										
Cash										
Cash in hand	108,564.80	-21.10%	137,594.30	119.03%	62,819.30	-16.30%	75,057.30	6.33%	70,589.13	100.00%
Balance with Bangladesh Bank	116,081,414.92	-12.77%	133,078,089.00	-10.56%	148,797,582.69	-8.15%	161,998,454.28	-15.24%	191,136,804.27	100.00%
	116,189,979.72	-12.78%	133,215,683.30	-10.51%	148,860,401.99	-8.15%	162,073,511.58	-15.24%	191,207,393.40	100.00%
Balance with other Banks and Financial Institutions										
Inside Bangladesh	702,169,071.91	-5.31%	741,522,615.38	-26.10%	1,003,397,897.9	121.55%	452,902,547.04	50.92%	300,102,171.12	100.00%
Outside Bangladesh	-	-	-	-	-	-	-	-	-	-
	702,169,071.91	-5.31%	741,522,615.38	-26.10%	1,003,397,897.9	121.55%	452,902,547.04	50.92%	300,102,171.12	100.00%
Money at call and short notice										
	-	-	-	-	-	-	-	-	-	-
Investment in Securities										
Government	-	-	-	-	-	-	-	-	-	-
Others	806,269,974.07	-26.18%	1,092,260,485.9	-2.81%	1,123,847,266.1	36.15%	825,437,143.87	35.17%	610,650,507.40	100.00%
	806,269,974.07	-26.18%	1,092,260,485.92	-2.81%	1,123,847,266.14	36.15%	825,437,143.87	35.17%	610,650,507.40	100.00%
Lease, Loans and Advances										
In Bangladesh	13,366,885,298.95	-3.57%	13,861,556,468.14	-2.56%	14,225,910,307.20	2.49%	13,880,049,695.92	2.37%	13,558,886,679.96	100.00%
Outside Bangladesh	-	-	-	-	-	-	-	-	-	-
	13,366,885,298.95	-3.57%	13,861,556,468.14	-2.56%	14,225,910,307.20	2.49%	13,880,049,695.92	2.37%	13,558,886,679.96	100.00%
Fixed Assets including Premises, Furniture and Fixtures										
	415,767,050.77	4.35%	398,440,698.61	-3.36%	412,298,453.94	0.09%	411,923,876.90	16.45%	353,728,858.03	100.00%
Other Assets										
	1,542,986,737.71	-32.30%	2,279,170,367.98	3.95%	2,192,511,778.85	7.01%	2,048,818,468.71	13.03%	,812,635,926.50	100.00%
Non Banking Assets										
	212,121,061.50	0.00%	212,121,061.50	0.00%	212,121,061.50	0.00%	212,121,061.50	0.00%	212,121,061.50	100.00%
Total Assets	17,162,389,173.83	-8.31%	18,718,287,380.33	-3.11%	19,318,947,168.02	7.37%	17,993,326,305.02	5.60%	17,039,332,597.91	100.00%

LIABILITIES AND CAPITAL										
Liabilities										
Financing (Borrowings) from other Banks, Financial Institutions and Agents	3,329,630,807.46	-4.60%	3,490,092,797.9	-14.25%	4,069,958,239.12	-4.94%	4,281,399,454.72	26.63%	3,380,965,845.08	100.00%
Deposits and other Accounts										
Term Deposits	7,168,260,473.24	-11.08%	8,061,922,000.12	-9.93%	8,950,925,640.31	4.32%	8,580,576,954.53	-5.12%	9,043,216,011.40	100.00%
Scheme Deposit	1,105,722,291.34	6.11%	1,042,025,672.15	8.94%	956,493,731.27	10781.58%	8,790,081.40	-95.18%	182,270,862.00	100.00%
Other Deposits	428,936,444.84	33.02%	322,467,052.46	447.46%	58,902,496.76	-50.33%	118,582,498.73	103.58%	58,248,031.34	100.00%
Advance Rent & Instalments	134,149,151.64	-12.21%	152,799,901.82	-32.32%	225,774,314.30	-26.44%	306,909,041.89	-29.63%	436,140,068.80	100.00%
Billis Payable	-	-	-	-	-	-	-	-	-	-
	8,837,068,361.06	-7.75%	9,579,214,626.55	-6.01%	10,192,102,182.64	13.06%	9,014,858,576.55	-7.25%	9,719,874,973.54	100.00%
Other Liabilities										
	1,761,518,851.1	-32.39%	2,605,434,292.03	13.51%	2,295,384,834.19	3.29%	2,222,303,961.70	31.65%	1,687,980,565.67	100.00%
Total Liabilities	13,928,218,019.71	-11.14%	15,674,741,716.49	-5.33%	16,557,445,255.95	6.69%	15,518,561,992.97	4.93%	14,788,821,384.30	100.00%
Capital/ Shareholders' Equity										
Share Capital	1,675,296,080.00	10.00%	1,522,996,440.00	10.00%	1,384,542,220.00	10.00%	1,258,674,750.00	10.00%	1,144,249,780.00	100.00%
Statutory Reserve	363,659,792.85	13.64%	320,007,241.62	20.96%	264,563,582.50	18.85%	222,607,588.86	14.40%	194,582,857.12	100.00%
General Reserve	-	-	-	-	-	-	-	-	-	-
Capital Reserve	33,744,750.00	0.00%	33,744,750.00	0.00%	33,744,750.00	0.00%	33,744,750.00	0.00%	33,744,750.00	100.00%
Revaluation Surplus on Land & Building	295,243,020.00	0.00%	295,243,020.00	0.00%	295,243,020.00	0.00%	295,243,020.00	23.18%	239,686,658.00	100.00%
Retained Earnings	374,423,401.52	-2.05%	382,246,788.60	29.92%	294,227,573.59	49.70%	196,542,722.48	13.44%	173,254,720.41	100.00%
Total Shareholders' Equity	2,742,367,044.37	7.37%	2,554,238,240.22	12.41%	2,272,321,146.08	13.23%	2,006,812,831.34	12.39%	1,785,518,765.53	100.00%
Non Controlling Interest										
	491,804,107.87	0.51%	489,307,422.37	0.03%	489,180,766.56	4.54%	467,951,480.23	0.64%	464,992,447.01	100.00%
Total Liabilities & Shareholders' Equity	17,162,389,173.55	-8.31%	18,718,287,380.08	-3.11%	19,318,947,168.09	7.37%	17,993,326,305.04	5.60%	17,039,332,597.53	100.00%
Net Asset Value per share (NAV)	16.37	-2.39%	16.77	2.19%	16.41	2.94%	15.94	2.18%	15.60	100.00%

** Horizontal Analysis of Balance Sheet refers to the analysis of growth of each component of Balance Sheet items from the previous period

HORIZONTAL ANALYSIS

Consolidated Profit and Loss Accounts

Particulars	2019	%	2018	%	2017	%	2016	%	2015	%
Interest Income	1,982,939,176.86	5.22%	1,884,639,422.16	16.35%	1,619,839,090.08	-8.88%	1,777,649,344.96	-3.53%	1,842,731,941.10	100.00%
Less: Interest paid on Deposits & Borrowings etc.	1,400,954,406.28	-4.61%	1,468,674,630.95	22.42%	1,199,694,273.16	-11.93%	1,362,279,370.15	1.67%	1,339,955,403.82	100.00%
Net Interest Income	581,984,770.58	39.91%	415,964,791.21	-0.99%	420,144,816.92	1.15%	415,369,974.81	-17.38%	502,776,537.28	100.00%
Income from Investment in securities	(190,580,301.12)	-632.68%	35,777,530.09	-78.76%	168,407,759.46	29.36%	130,187,705.59	-3666.69%	(3,650,097.76)	100.00%
Commission, Exchange and Brokerage	67,287,925.36	-15.45%	79,581,289.07	-13.33%	91,820,928.27	83.36%	50,076,659.89	-22.02%	64,217,809.75	100.00%
Other Operating Income	161,073,843.93	50.65%	106,920,211.74	-13.38%	123,443,058.55	133.83%	52,791,065.80	-31.26%	76,800,410.34	100.00%
	37,781,468.17	-83.00%	222,279,030.90	-42.07%	383,671,746.28	64.63%	233,055,431.27	69.66%	137,368,122.33	100.00%
Total Operating Income	619,766,238.76	-2.90%	638,243,822.11	-20.60%	803,816,563.20	23.96%	648,425,406.08	1.29%	640,144,659.61	100.00%
Salaries and Allowances	140,358,802.00	-6.72%	150,474,746.00	28.45%	117,147,693.00	26.02%	92,961,983.80	24.86%	74,453,148.00	100.00%
Rent, Taxes, Insurances, Electricity etc.	9,515,865.25	-64.64%	26,912,060.00	8.23%	24,866,044.74	16.79%	21,290,561.00	8.51%	19,620,085.75	100.00%
Legal & Professional Fees	1,682,213.00	-30.01%	2,403,356.00	13.52%	2,117,155.00	-30.99%	3,067,958.00	-16.59%	3,678,198.00	100.00%
Postage, Stamps, Telecommunication etc.	4,045,706.37	7.32%	3,769,859.11	33.76%	2,818,468.67	10.34%	2,554,308.35	-7.19%	2,752,140.00	100.00%
Stationery, Printings, Advertisements etc.	7,586,630.93	74.22%	4,354,738.00	10.33%	3,946,875.60	-3.61%	4,094,757.95	-66.86%	12,354,786.00	100.00%
Managing Director's Salary and Allowances	7,000,000.00	3.58%	6,758,333.00	-1.45%	6,868,065.00	22.47%	5,600,000.00	-21.13%	7,100,000.00	100.00%
Directors' Fees and Conveyance	1,063,750.00	-9.80%	1,201,500.00	-23.58%	1,572,250.00	22.00%	1,288,750.00	35.48%	951,250.00	100.00%
Auditors' Fees	300,556.00	2.21%	294,056.00	0.66%	292,139.00	-16.13%	348,306.00	35.28%	257,472.00	100.00%
Depreciation & Repairs of Assets	54,013,564.84	51.42%	35,671,414.34	3.46%	34,478,523.07	41.64%	24,341,588.63	17.25%	20,760,315.97	100.00%
Other Expenses	59,586,718.78	-0.27%	59,745,418.97	-5.67%	63,339,228.10	21.45%	52,153,624.70	-23.69%	68,340,650.58	100.00%
Total Operating Expenses	285,173,807.17	-2.20%	291,585,481.42	13.27%	257,436,442.18	23.95%	207,701,838.43	-1.22%	210,268,046.30	100.00%
Profit before Provision	334,592,431.59	-3.48%	346,658,340.70	-36.55%	546,380,121.02	23.97%	440,723,567.65	2.52%	429,876,613.30	100.00%
Specific provisions for Classified Investment	5,802,781.00	-106.60%	(87,859,474.76)	-189.47%	98,200,818.30	-24.75%	130,498,165.95	880.58%	13,308,237.82	100.00%
General Provisions for Unclassified Investment	7,897,219.00	-127.50%	(28,717,055.27)	-523.47%	6,781,288.18	-177.55%	(8,744,669.31)	-130.82%	28,370,593.44	100.00%
Provisions for Other Receivables	19,702,000.00	-699.03%	(3,289,000.00)	-3675.00%	92,000.00	-104.66%	(1,975,000.00)	-117.95%	11,000,000.00	100.00%
Provisions for Investment in Securities	(105,388,985.37)	-312.72%	49,543,226.00	-40.15%	82,785,012.00	2323.13%	3,416,454.00	-89.32%	31,989,522.40	100.00%
Total Provision	(71,986,985.37)	2.37%	(70,322,304.03)	-137.43%	187,859,118.48	52.49%	123,194,950.64	45.50%	84,668,353.66	100.00%
Total Profit before Provisions for Taxation	406,579,416.96	-2.49%	416,980,644.73	16.31%	358,521,002.54	12.91%	317,528,617.01	-8.02%	345,208,259.64	100.00%

Deferred Tax Expenses/(benefit)	8,240,686.98	-657.42%	(1,478,361.27)	-42.38%	(2,565,669.00)	-51.40%	(5,278,841.00)	-45.17%	(9,627,441.00)	100.00%
Current Tax Expenses-BD Finance	196,026,590.84	63.06%	120,214,449.21	262.96%	33,120,378.58	-76.18%	139,067,123.57	-1.05%	140,536,369.00	100.00%
Current Tax Expenses-BD Securities Ltd.	10,937,615.29	-21.23%	13,884,765.79	-28.36%	19,381,145.78	70.49%	11,367,627.31	9.27%	10,402,996.50	100.00%
Current Tax Expenses-BD Capital Holdings Ltd.	749,034.44	-68.87%	2,406,038.78	-71.39%	8,410,046.40	128.78%	3,675,970.18	-14.43%	4,295,852.50	100.00%
	215,953,927.54	59.93%	135,026,892.51	131.42%	58,345,901.76	-60.80%	148,831,880.06	2.21%	145,607,777.00	100.00%
Net Profit after Taxation	190,625,489.41	-32.39%	281,953,752.22	-6.07%	300,175,100.78	77.94%	168,696,736.95	-15.48%	199,600,482.64	100.00%
Earnings Per Share	1.12	-39.32%	1.85	1.05%	1.83	39.09%	1.32	-14.72%	1.54	100.00%

** Horizontal Analysis of Profit & Loss Account refers to the analysis of growth of each component of Profit & Loss Account from the previous period.

VERTICAL ANALYSIS

Consolidated Balance Sheet

Particulars	2019	%	2018	%	2017	%	2016	%	2015	%
PROPERTY AND ASSETS										
Cash										
Cash in hand	108,564.80	0.00%	137,594.30	0.00%	62,819.30	0.00%	75,057.30	0.00%	70,589.13	0.00%
Balance with Bangladesh Bank	116,081,414.92	0.68%	133,078,089.00	0.71%	148,797,582.69	0.77%	161,998,454.28	0.90%	191,136,804.27	1.12%
	116,189,979.72	0.68%	133,215,683.30	0.71%	148,860,401.99	0.77%	162,073,511.58	0.90%	191,207,393.40	1.12%
Balance with other Banks and Financial Institutions										
Inside Bangladesh	702,169,071.91	4.09%	741,522,615.38	3.96%	1,003,397,897.90	5.19%	452,902,547.04	2.52%	300,102,171.12	1.76%
Outside Bangladesh	-	-	-	-	-	-	-	-	-	-
	702,169,071.91	4.09%	741,522,615.38	3.96%	1,003,397,897.90	5.19%	452,902,547.04	2.52%	300,102,171.12	1.76%
Money at call and short notice										
	-	-	-	-	-	-	-	-	-	-
Investment in Securities										
Government	-	-	-	-	-	-	-	-	-	-
Others	806,269,974.07	4.70%	1,092,260,485.92	5.84%	1,123,847,266.14	5.82%	825,437,143.87	4.59%	610,650,507.40	3.58%
	806,269,974.07	4.70%	1,092,260,485.92	5.84%	1,123,847,266.14	5.82%	825,437,143.87	4.59%	610,650,507.40	3.58%
Lease, Loans and Advances										
In Bangladesh	13,366,885,298.95	77.88%	13,861,556,468.14	74.05%	14,225,910,307.20	73.64%	13,880,049,695.92	77.14%	13,558,886,679.96	79.57%
Outside Bangladesh	-	-	-	-	-	-	-	-	-	-
	13,366,885,298.95	77.88%	13,861,556,468.14	74.05%	14,225,910,307.20	73.64%	13,880,049,695.92	77.14%	13,558,886,679.96	79.57%
Fixed Assets including Premises, Furniture and Fixtures										
	415,767,050.77	2.42%	398,440,698.61	2.13%	412,298,453.94	2.13%	411,923,876.90	2.29%	353,728,858.03	2.08%
Other Assets										
	1,542,986,737.71	8.99%	2,279,170,367.98	12.18%	2,192,511,778.85	11.35%	2,048,818,468.71	11.39%	1,812,635,926.50	10.64%
Non Banking Assets										
	212,121,061.50	1.24%	212,121,061.50	1.13%	212,121,061.50	1.10%	212,121,061.50	1.18%	212,121,061.50	1.24%
Total Assets										
	17,162,389,173.83	100.00%	18,718,287,380.33	100.00%	19,318,947,168.02	100.00%	17,993,326,305.02	100.00%	17,039,332,597.91	100.00%

LIABILITIES AND CAPITAL										
Liabilities										
Financing (Borrowings) from other Banks, Financial Institutions and Agents	3,329,630,807.46	19.40%	3,490,092,797.91	18.65%	4,069,958,239.12	21.07%	281,399,454.72	23.79%	3,380,965,845.08	19.84%
Deposits and other Accounts										
Term Deposits	7,168,260,473.24	41.77%	8,061,922,000.12	43.07%	8,950,925,640.31	46.33%	8,580,576,954.53	47.69%	9,043,216,011.40	53.07%
Scheme Deposit	1,105,722,291.34	6.44%	1,042,025,672.15	5.57%	956,499,731.27	4.95%	8,790,081.40	0.05%	182,270,862.00	1.07%
Other Deposits	428,936,444.84	2.50%	322,467,052.46	1.72%	58,902,496.76	0.30%	118,582,498.73	0.66%	58,248,031.34	0.34%
Advance Rent & Installments	134,149,151.64	0.78%	152,799,901.82	0.82%	225,774,314.30	1.17%	306,909,041.89	1.71%	436,140,068.80	2.56%
Bills Payable	-	-	-	-	-	-	-	-	-	-
	8,837,068,361.06	51.49%	9,579,214,626.55	51.18%	10,192,102,182.64	52.76%	9,014,858,576.55	50.10%	9,719,874,973.54	57.04%
Other Liabilities	1,761,518,851.19	10.26%	2,605,434,292.03	13.92%	2,295,384,834.19	11.88%	2,222,303,961.70	12.35%	1,687,980,565.67	9.91%
Total Liabilities	13,928,218,019.71	81.16%	15,674,741,716.49	83.74%	16,557,445,255.95	85.71%	15,518,561,992.97	86.25%	14,788,821,384.30	86.79%
Capital/ Shareholders' Equity										
Share Capital	1,675,296,080.00	9.76%	1,522,996,440.00	8.14%	1,384,542,220.00	7.17%	1,258,674,750.00	7.00%	1,144,249,780.00	6.72%
Statutory Reserve	363,659,792.85	2.12%	320,007,241.62	1.71%	264,563,582.50	1.37%	222,607,588.86	1.24%	194,582,857.12	1.14%
General Reserve	-	-	-	-	-	-	-	-	-	-
Capital Reserve	33,744,750.00	0.20%	33,744,750.00	0.18%	33,744,750.00	0.17%	33,744,750.00	0.19%	33,744,750.00	0.20%
Revaluation Surplus on Land & Building	295,243,020.00	1.72%	295,243,020.00	1.58%	295,243,020.00	1.53%	295,243,020.00	1.64%	239,686,658.00	1.41%
Retained Earnings	374,423,401.52	2.18%	382,246,788.60	2.04%	294,227,573.59	1.52%	196,542,722.48	1.09%	173,254,720.41	1.02%
Total Shareholders' Equity	2,742,367,044.37	15.98%	2,554,238,240.22	13.65%	2,272,321,146.08	11.76%	2,006,812,831.34	11.15%	1,785,518,765.53	10.48%
Non Controlling Interest	491,804,107.87	2.87%	489,307,422.37	2.61%	489,180,766.56	2.53%	467,951,480.23	2.60%	464,992,447.01	2.73%
Total Liabilities & Shareholders' Equity	17,162,389,173.55	100.00%	18,718,287,380.08	100.00%	19,318,947,166.09	100.00%	17,993,326,305.04	100.00%	17,039,332,597.53	100.00%

** Vertical Analysis of Balance Sheet refers to the components of Balance Sheet items as a % of total Assets over the periods which would be termed as common sizing of Balance Sheet.

VERTICAL ANALYSIS

Consolidated Profit and Loss Accounts

Particulars	2019	%	2018	%	2017	%	2016	%	2015	%
Interest Income	1,982,939,176.86	319.95%	1,884,639,422.16	295.29%	1,619,639,090.08	201.52%	1,777,649,344.96	274.15%	1,842,731,941.10	287.86%
Less: Interest paid on Deposits & Borrowings etc.	1,400,954,406.28	226.05%	1,468,674,630.95	230.11%	1,199,694,273.16	149.25%	1,362,279,370.15	210.09%	1,339,955,403.82	209.32%
Net Interest Income	581,984,770.58	93.90%	415,964,791.21	65.17%	420,144,816.92	52.27%	415,369,974.81	64.06%	502,776,537.28	78.54%
Income from Investment in securities	(190,580,301.12)	-30.75%	35,777,530.09	5.61%	168,407,759.46	20.95%	130,187,705.59	20.08%	(3,650,097.76)	-0.57%
Commission, Exchange and Brokerage	67,287,925.36	10.86%	79,581,289.07	12.47%	91,820,928.27	11.42%	50,076,659.89	7.72%	64,217,809.75	10.03%
Other Operating Income	161,073,843.93	25.99%	106,920,211.74	16.75%	123,443,058.55	15.36%	52,791,065.80	8.14%	76,800,410.34	12.00%
	37,781,468.17	6.10%	222,279,030.90	34.83%	383,671,746.28	47.73%	233,055,431.27	35.94%	137,368,122.33	21.46%
Total Operating Income	619,766,238.76	100.00%	638,243,822.11	100.00%	803,816,563.20	100.00%	648,425,406.08	100.00%	640,144,659.61	100.00%
Salaries and Allowances	140,358,802.00	22.65%	150,474,746.00	23.58%	117,147,693.00	14.57%	92,961,983.80	14.34%	74,453,148.00	11.63%
Rent, Taxes, Insurances, Electricity etc.	9,515,865.25	1.54%	26,912,060.00	4.22%	24,866,044.74	3.09%	21,290,561.00	3.28%	19,620,085.75	3.06%
Legal & Professional Fees	1,682,213.00	0.27%	2,403,356.00	0.38%	2,117,155.00	0.26%	3,067,958.00	0.47%	3,678,198.00	0.57%
Postage, Stamps, Telecommunication etc.	4,045,706.37	0.65%	3,769,859.11	0.59%	2,818,468.67	0.35%	2,554,308.35	0.39%	2,752,140.00	0.43%
Stationery, Printings, Advertisements etc.	7,586,630.93	1.22%	4,354,738.00	0.68%	3,946,875.60	0.49%	4,094,757.95	0.63%	12,354,786.00	1.93%
Managing Director's Salary and Allowances	7,000,000.00	1.13%	6,758,333.00	1.06%	6,858,065.00	0.85%	5,600,000.00	0.86%	7,100,000.00	1.11%
Directors' Fees and Conveyance	1,083,750.00	0.17%	1,201,500.00	0.19%	1,572,250.00	0.20%	1,288,750.00	0.20%	951,250.00	0.15%
Auditors' Fees	300,556.00	0.05%	294,056.00	0.05%	292,139.00	0.04%	348,306.00	0.05%	257,472.00	0.04%
Depreciation & Repairs of Assets	54,013,564.84	8.72%	35,671,414.34	5.59%	34,478,523.07	4.29%	24,341,588.63	3.75%	20,760,315.97	3.24%
Other Expenses	59,586,718.78	9.61%	59,745,418.97	9.36%	63,339,228.10	7.88%	52,153,624.70	8.04%	68,340,650.58	10.68%
Total Operating Expenses	285,173,807.17	46.01%	291,585,481.42	45.69%	257,436,442.18	32.03%	207,701,838.43	32.03%	210,268,046.30	32.85%
Profit before Provision	334,592,431.59	53.99%	346,658,340.70	54.31%	546,380,121.02	67.97%	440,723,567.65	67.97%	429,876,613.30	67.15%
Specific provisions for Classified Investment	5,802,781.00	0.94%	(87,859,474.76)	-13.77%	98,200,818.30	12.22%	130,498,165.95	20.13%	13,308,237.82	2.08%
General Provisions for Unclassified Investment	7,897,219.00	1.27%	(28,717,055.27)	-4.50%	6,781,288.18	0.84%	(8,744,669.31)	-1.35%	28,370,593.44	4.43%
Provisions for Other Receivables	19,702,000.00	3.18%	(3,289,000.00)	-0.52%	92,000.00	0.01%	(1,975,000.00)	-0.30%	11,000,000.00	1.72%
Provisions for Investment in Securities	(105,388,985.37)	-17.00%	49,543,226.00	7.76%	82,785,012.00	10.30%	3,416,454.00	0.53%	31,989,522.40	5.00%
Total Provision	(71,986,985.37)	-11.62%	(70,322,304.03)	-11.02%	187,859,118.48	23.37%	123,194,950.64	19.00%	84,668,353.66	13.23%

Total Profit before Provisions for Taxation	406,579,416.96	65.60%	416,980,644.73	65.33%	358,521,002.54	44.60%	317,528,617.01	48.97%	345,208,259.64	53.99%
Deferred Tax Expenses/(benefit)	8,240,686.98	1.33%	(1,478,361.27)	-0.23%	(2,565,669.00)	-0.32%	(5,278,841.00)	-0.81%	(9,627,441.00)	-1.50%
Current Tax Expenses-BD Finance	196,026,590.84	31.63%	120,214,449.21	18.84%	33,120,378.58	4.12%	139,067,123.57	21.45%	140,536,369.00	21.95%
Current Tax Expenses-BD Securities Ltd.	10,937,615.29	1.76%	13,884,765.79	2.18%	19,381,145.78	2.41%	11,367,627.31	1.75%	10,402,996.50	1.63%
Current Tax Expenses-BD Capital Holdings Ltd.	749,034.44	0.12%	2,406,038.78	0.38%	8,410,046.40	1.05%	3,675,970.18	0.57%	4,295,852.50	0.67%
	215,953,927.54		135,026,892.51	21.16%	58,345,901.76	7.26%	148,831,880.06	22.95%	145,607,777.00	22.75%
Net Profit after Taxation	190,625,489.41	30.76%	281,953,752.22	44.18%	300,175,100.78	37.34%	168,696,736.95	26.02%	199,600,482.64	31.18%

** Vertical Analysis of Profit & Loss Account refers to the components of Profit & Loss Account as a % of Operational Income (Interest income + Investment Income) over the periods which would be termed as common sizing of Profit & Loss Account.

DUPONT ANALYSIS

7.20%

RETURN ON INVESTMENT

BD Finance holds a return on investment of 7.20% in FY19.

9.43%

NET PROFIT MARGIN

BD Finance has achieved a Net profit Margin of 9.43% which is admirable keeping mind the struggle of financial service providing industry in Bangladesh.

6.77%

FINANCIAL LEVERAGE

The Equity Multiplier or Financial Leverage ratio of BD Finance in FY'19 is 6.77 which indicates a reduction from FY'18. An increase in our total Equity has facilitated the reduction.

0.11%

ASSET TURNOVER

There is no major change in the asset turnover of BD Finance compare to previous year.

89.45%

OPERATING MARGIN

BD Finance has achieved a significant improvement in its operating profit margin. Through its apt management and process efficiency strategies BD Finance has achieved 89.45% of operating margin.

22.49%

INTEREST BURDEN

BD Finance has achieved the interest burden ratio of 22.49% in FY19 which was 22.11% in FY18. This increase in the interest burden ratio has also affected the net profit margin.

46.89%

TAX RETENTION RATE

BD Finance has experienced a Tax Retention rate of 46.89% in FY19 which significantly lower than FY18 (67.62%). This major fall in the tax retention rate eventually affected the net profit margin also.

Bangladesh Finance And Investment Company Limited

HIGHLIGHTS AS REQUIRED BY BANGLADESH BANK

As on December 31,2019

SL #	PARTICULARS	December 2019	December 2018
1	Paid up Capital	1,675,296,080	1,522,996,440
2	Total Shareholders' Equity	2,611,426,182	2,393,163,425
3	Capital Surplus / (Deficit)	920,704,684	899,895,953
4	Total Assets	16,031,945,543	17,508,430,806
5	Total Deposit	8,837,068,361	9,579,214,627
6	Total Loans/Lease Finance	13,143,708,954	13,629,146,338
7	Total Contingent Liabilities and Commitment	100,000,000	100,000,000
8	Investment Deposit Ratio (%)	148.73%	142.28%
9	Percentage of Classified Investment against total Investments	4.84%	4.42%
10	Profit after Tax and Provision	218,262,756	277,218,296
11	Amount of Classified Investment	636,729,029	602,028,374
12	Provisions kept against Classified Investment	161,569,471	161,494,690
13	Provisions surplus	1,185,788	1,390,000
14	Cost of Fund	11.47%	10.79%
15	Interest Earning Assets	13,736,544,429	14,238,585,702
16	Non-Profit Earning Assets	1,895,660,019	2,652,465,464
17	Return on Investment in Securities (ROI)	-46.20%	4.11%
18	Return on Assets (ROA)	1.33%	1.56%
19	Income from Investment in Securities	(177,375,645)	19,984,901
20	Earning Per Share (Re-stated 2018)	1.30	1.82
21	Price Earning Ratio (Times)	7.68	8.95
22	Book value per share (Per 10 Tk.)	15.59	15.71

HUMAN CAPITAL

The integral to a company's success

Our human capital consists of its employees as well as their health and wellbeing, expertise, experiences, innovative capacity and motivation. BD Finance believes value driven human capital. Value is created when human capital is capable and motivated enough to handle the financial capital and intellectual capital in a way to deliver desired results. Thus, Employee first is the bracing motto of BD Finance. We do care for our people, 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.

'Employer of Choice' is one of the mottos for us; it reflects our true aspiration backed by competitive compensation and benefits policy, the sound delegation of authority and compliance culture.

At BD Finance, our employees own our values, adopt the processes well, deal with the customers and other stakeholders professionally and they become more efficient and effective in a team-centered environment. This has eventually reduced turnover with enhanced loyalty; certainly, towards the company. At the end, we work here with less stress and more fun which leads to a generative environment for us.

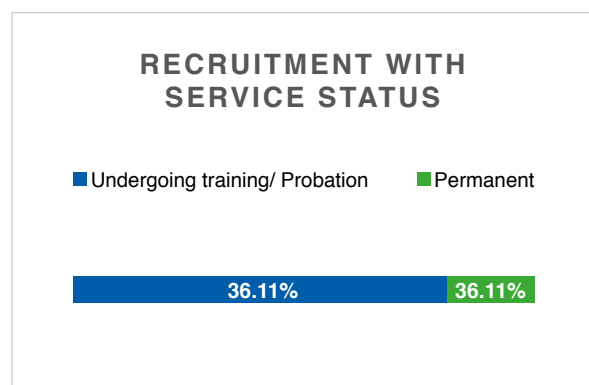
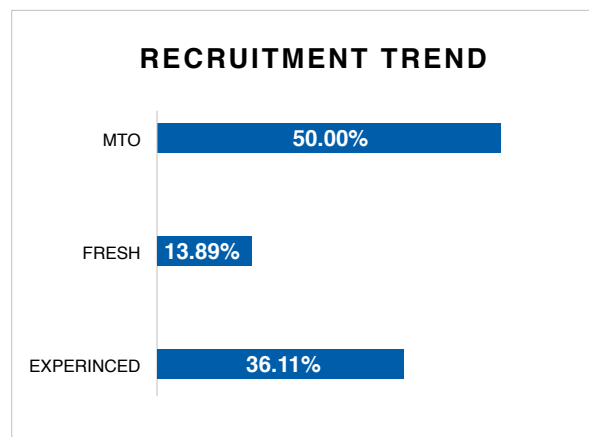


Talent Acquisition

Recruiting top talent in the financial services arena is a highly competitive and complex arena and one that is filled with immense challenges. A right person in the right place at the right time is the prime objective 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, and social media i.e. Facebook & LinkedIn and are open to all potential candidates. We are always trying to create diversity irrespective of gender, religion, age, educational background, race, color, demography and any other differentiating factors

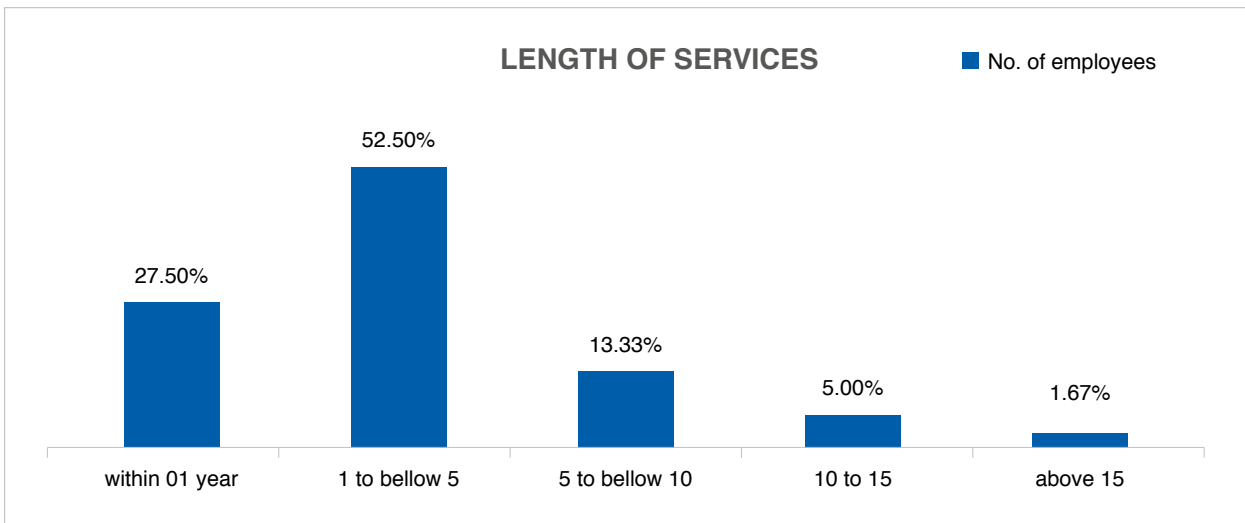
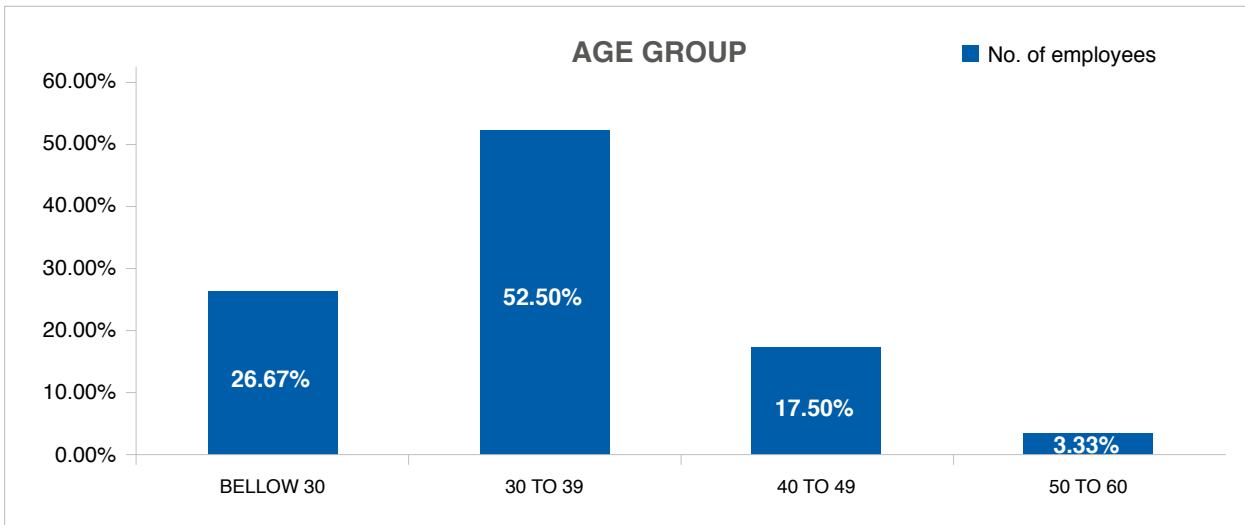
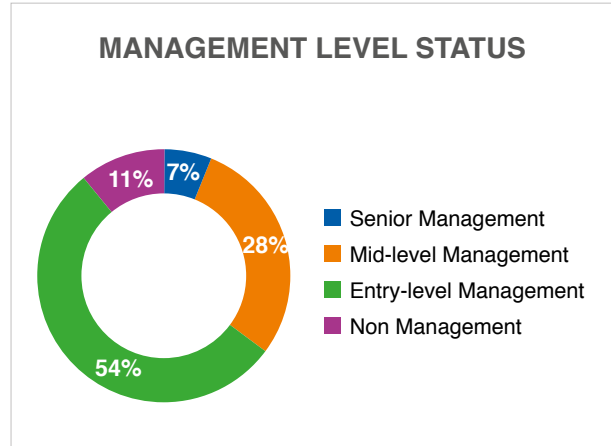
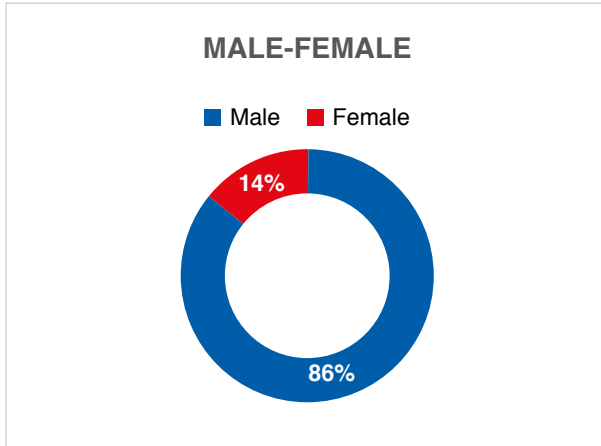
in recruitment. Always CVs are received from potential candidates in each of the vacancies which shows the efforts of the HR department to source CV and we focus on the right competencies and quality. To set a balanced experienced team, we recruit fresher besides experienced people.

The future leader program i.e. Management Trainee Program is a signature program at BD Finance which offering limitless learning opportunities and robust career growth to the potential candidates in the tenure at BD Finance. Being finally selected, they have been gone through several selection procedures and tests. After finally selected, be a proud member of BD Finance, they are growing up throughout a continuous learning process which enhances their knowledge and sharpens their skills.



Equal opportunity, Career progression and Diversity

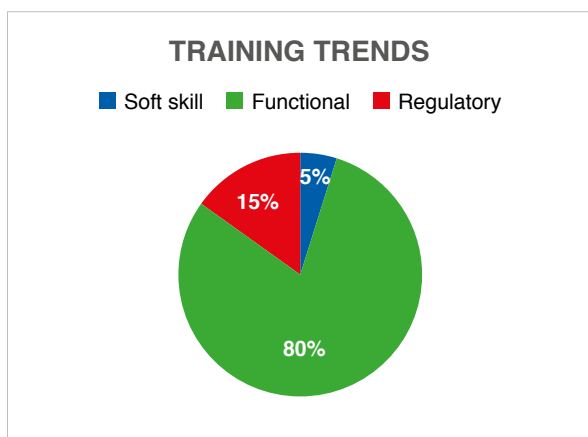
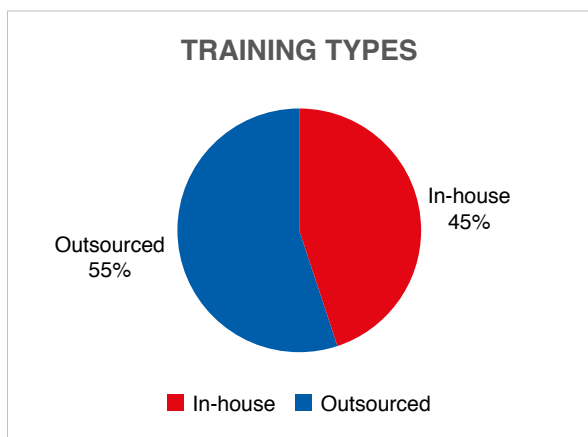
At BD Finance, we ensure equal opportunity for all employees by treating them equally and fairly. We don't have any discrimination on the grounds of gender, age, color, racial origin, religious affiliation, disability, marital status, demography and any other differentiating factors in any sphere of the company. The diversity of our employees in gender identity, age, race, ethnicity, culture, thought, style and experience makes us stronger, and is essential to our ability to serve our clients, fulfill our purpose, and drive responsible growth.



Training & Development

Training augments the level of efficiency which leads to productivity thus profitability. We always concentrate on continuous professional development and learning opportunity for all the employees of the organization to strengthen their skills level so that they can perform their assigned job with perfection. We motivate, encourage and support our employees to develop their skills through both internal and external training programs which enable them to expand their horizon of knowledge. This process helps them to become forward thinkers and take a part of cultural improvement and industries continuous development as well as it also helps to grow and succeed throughout their careers.

Training Need Assessment reveals the need for training which incorporate the employees' individual development. Here, at BD Finance TNA has conducted hence built a learning infrastructure that facilitates the learning process across all levels through a blended learning approach of in-house programs, external programs, certification programs as well.



Code of conduct and ethical guidelines

We strongly follow our Code of conduct and ethical guidelines. We ensure the height of ethical standards based on our core values of mutual respect, shared sense of responsibility, simplification of processes and knowledge, and serves as an ethical guideline to govern our employees. The purpose of this code is to provide a safe and disciplined environment where our employees act with integrity and put their best efforts

without compromising compliance and also concern about social responsibility to the community. We confirm renewed commitment from each of our staff to follow our strict code of conduct guideline.

Performance Appraisal

Performance appraisal is a tool that aims to ensure the performance of an employee against predefined standards, such as knowledge of the job, quality and quantity of output, leadership abilities, and attitude towards work, workforce and culture.

At BD Finance, we use Key Performance Indicators (KPIs), a set of indicators are measured at the end of the year. In each calendar year, KPI has been set for each of the employees in line with the unit/ department target which directly incorporated with the company's target. In 2019, at BD Finance we used balanced scorecard which depicts into 04 (four) major wings i.e. Business, Process, People and Customer.

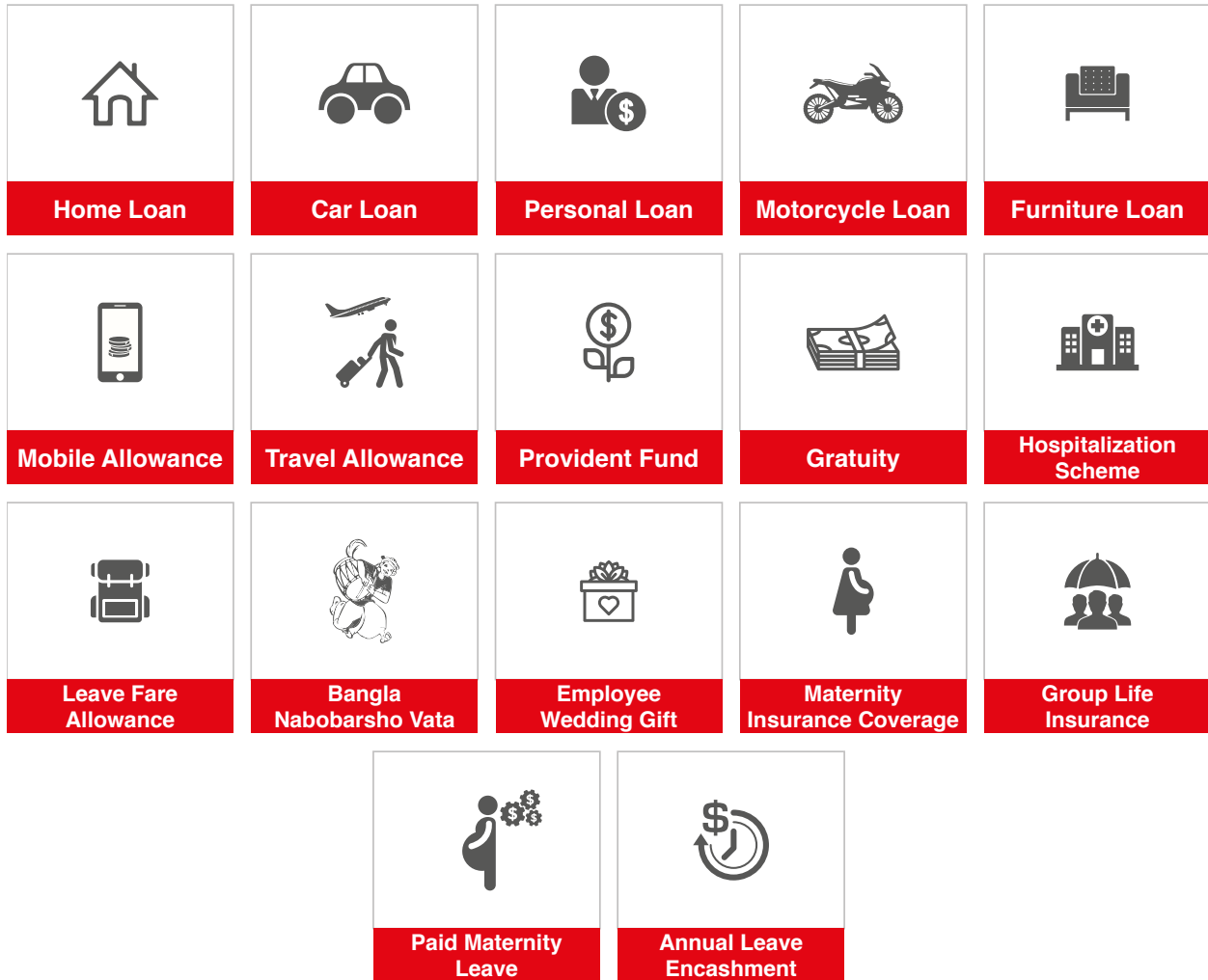
The Outcome of performance appraisal always followed by reward or performance improvement plan (PIP). The Positive outcome tends to drive in the rewards system while the negative follows performance improvement plan. At BD Finance, in case of a negative result, we certainly go for identifying the hidden cause and go for PIP. On the other hand, positive outcome reflects increment and promotion which is offered to the employee based on their annual performance. BD Finance always appreciates and recognizes the performers and there is number of monetary and non-monetary awards and recognition programs during the year to keep the employee motivated.



Compensation and Benefits

In the financial industry at the edge of a competitive market, a successful organization should have designed one of the competitive compensation packages for the employees along with fringe benefits and perquisites. Right compensation and benefits for dedicated, hard-working employees is must, if not, then the performer will leave which tends to higher the turnover ratio even attracting good employees will be a bar for that organization. Even a lack of harmony in setting compensation is another major issue which directly affects the values and culture of that organization. Invest in the right people will result in higher productivity, sustainability and quality growth of the Company.

Thus, harmony in compensation policy which leads to performance-based compensation policy is the first and foremost tricks nowadays. At BD Finance, management tries to create harmony in the sense of compensation and benefits by making and following its HR policy. Established benefits for employees are:



Occupational Health, Safety and Environment

BD Finance believes in safety, health security at workplace that is a prerequisite for the sound state of mind of employees for delivering satisfactory services to the customers which leads to the growth of the company. That is why the company takes necessary actions for ensuring a healthy and safe workplace for the employees. All the offices in different geographical locations are well decorated having sufficient open spaces, lights and ventilation. We try to facilitate ergonomic furnitures (chair-table) for our employees and customers. To meet emergency medical aid, we have first aid services with necessary medicines and tools to support. All the office buildings are fully compliant with fire safety and have a number of fire extinguishers in each floor. To ensure health and hygiene issues, regular awareness programs are conducted. A team with logistics supports and services headed by General Services Department is specially assigned to visit regularly to monitor cleanliness, safety measures and others in all offices. To ensure sound health of the employees we always concern of employees' occupational health and safety issues and ensure best working environment.

Employee Engagement

Employee engagement has emerged as a popular organizational concept in recent years. Employee engagement starts with an individual. From there, it can go out like a light or spread like wildfire. An engaged Employee is aware of business context and works with Colleagues and support their peers to improve performance within the job for the benefit of the organization. We always focus to engage our workforce so that they are involving in cross-functional initiatives, sharing innovative ideas and process development activities. We also arrange some program in this regard.

In 2019, we have arranged New Year Celebration Program, Annual Business Conference, Town Hall Meetings, Women's Day Celebration, Friendly Cricket Match, Iftar Party, Birthday Celebrations, Marriage Ceremony Celebration of Employees to keep our Employees motivated and truly being a part of the company.

Great place to work

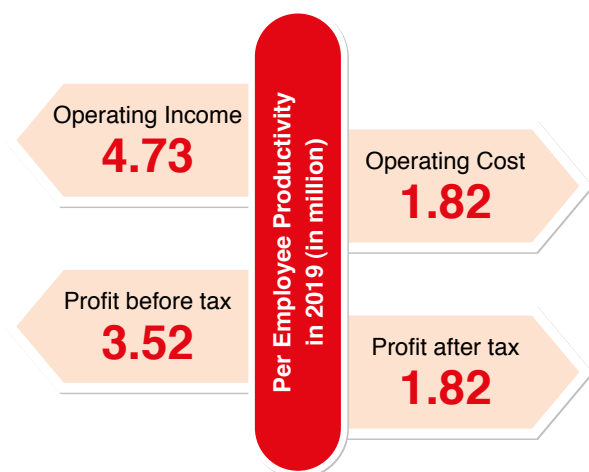
We maintain a professional yet caring work environment that help attracts and retains people with high caliber. The people working here get a higher level of comfort and stronger ties with the organization. This is why people remain with BD Finance for a longer period of time that benefits both the employer and employee enormously.

BD Finance is a great place to work. We ensure a great working environment as well as a great career opportunity. Everyone is enjoying here a friendly environment. They are very comfortable to work together to accomplish the organization goal. Great workplace also helps them to trust the people they work for, have pride in what they do; and enjoy the people they work with. We always take priority on our employee suggestion and they also share their new ideas and process development activities.

Human Resource Accounting

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:

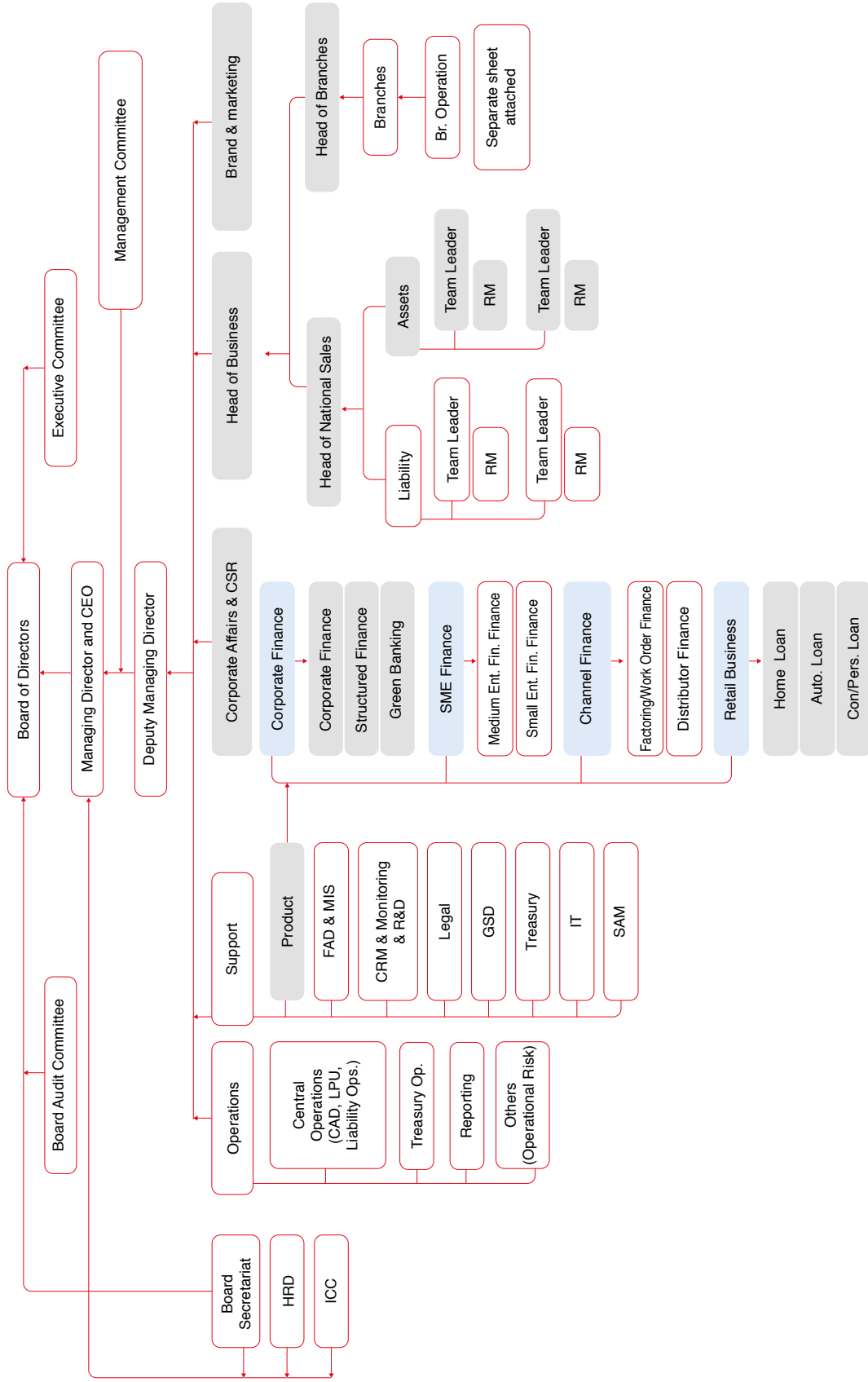


During the year 2019, even though our gross turnover per employee increased by 10% and our operating cost per employee decreased by 3.53%, our per employee net profit after tax declined due to growth in interest expense, capital market operations and competitive pressures restricting the fee-based incomes. However, our efforts in expanding our lending business and mobilizing deposits are well reflected as the per capita loan and deposit portfolio increased significantly.

Primaries in 2020 and onwards

Towards development, BD Finance HR has a rigorous plan to support its core business mostly based on analyzing future needs. It comprises people development, process and policy development, use of technology, cultural development by taking initiative of HR development. In coming years, focus on HR development including people management policy review, compensation and benefit survey, automation of Human Resource Information System (HRIS), automated HR shared services, digital office system, development of new HR policy for employees under Family Empowerment Credit Program (FECPP), development a new performance based incentive plan for sales team, introducing work from home (WFH) concept, introducing values and individual development part in KPI, state of the art compensation policy for sales team and so on as per need basis.

Bangladesh Finance and Investment Company Limited
ORGANIZATIONAL CHART



TREASURY AND FUND MANAGEMENT

With a view to matching assets liabilities in every possible way, treasury department is covering Fund management, corporate finance and financial risk management. Treasury management involves with a range of sophisticated, complex and skilled tasks. Besides this we are maintaining liaison with internal and external stakeholders in order to ensure smooth functioning and value creation of our organization. Maintaining good relations with supplier of funds, particularly the investors and shareholders is also a key factor for this department.

Money Market segment

Our Treasury Management department deals with investing in and borrowing from call money, long term placement and borrowing and short term instruments due to the liquidity requirements of the company. For this trading management we have strong Front office, Mid office and Back office execution.

Maintaining Liquidity and Fund management

The main objective of treasury department is to provide liquidity support to the organization and to manage the fund flow in a optimal way. This refers that all current and projected cash inflows and outflows must be monitored to ensure that there is sufficient cash to fund company operations, as well as to ensure that excess cash is properly invested. It is important to ensure that the proper funds are available with the company at the time of outflow required & also that funds are not kept unutilized for a good long time. This requires the management of cash flows, banking, money-market and capital-market transactions which we are doing with competency.

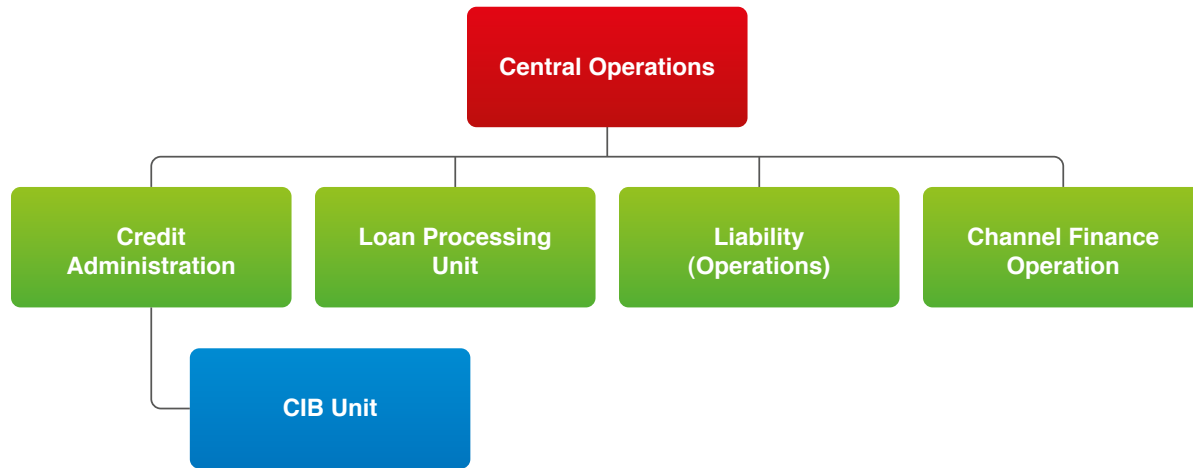
Asset Liability Management (ALM)

Our continuous work on ALM segment concentrates on providing economic, market and Bank information to the Asset Liability Management Committee to assist and execute the strategies taken by the ALCO. This segment also matches the volume of assets with volume of liability in different tenors to minimize liquidity risks. It also provides rates of deposit of different deposit schemes.

Risk Management

Treasury management plays an active role in risk management by managing the impact of the changes in interest rates, degree of credit risk etc. It also includes credit management, financial analysis, liability claims management, business disaster recovery and other relevant risk related to the market.

CREDIT ADMINISTRATION AND CENTRAL OPERATIONS



BD Finance has introduced Centralized Operations recently and since its inception BD Finance Central Operations department endeavored to use its cutting edged technology to enhance customer satisfaction & process simplification. In addition to that risk has been mitigated & time consumption during decision making has been dropped significantly due to centralized operation. Furthermore, it will be giving more emphasize on digitalization in upcoming years so that customers will be able to access obligatory services even not coming physically to offices.

Performance highlights/Key Initiative-

- Smooth Operation has been established via core banking system (CBS) BankUltimus, which has brought long term sustainability in customer service.
- Development of SOP for Loan/Lease & Liability Operation.
- BEFTN has been implemented for MDS premium collection & interest payment.
- Facilitated text alert for transaction (i.e. A/C Opening, TDR maturity/renewal) which proved to be convenient enough for our valued customer.
- Played pivotal role in terms of customization, disbursement & overall operation of Family Empowerment Credit Programme (FECP).
- MDS premium collection has been initiated via Mobile Financial System (MFS). Now, Customers can pay MDS premium from anywhere by using MFS.
- We will be introducing text alert for MDS payment also. So that customer can be rest assured about their payment.

Future Plans -

- Customization of charge documentation will be our next priority. As we vowed to serve our customer first, we are going to tailor documentation process for faster disbursement.

INFORMATION TECHNOLOGY

Technology in the finance sector has been on the rise for the past few years. As tech grows, so does their presence in the world of banking and investment. FinTech, as it is commonly known as of today, is revolutionizing the way people view the process of saving money, making smart investments and see their finance grow. We, at BD Finance, are not ones to stay put. We are moving with this flow to improve our business processes and to meet our customers' expectations.

BD Finance have already been using the help of technology to improve workflow for the past few years. The financial operations are being carried out by a Core Banking System (Include details about Bank Ultimius). All the branches are interconnected using fast internet connections and all the major operations are carried out centrally through the Head Office. Besides using cheques, all financial transactions are also being carried out digitally using the help of bank transfers, BEFTN and other third-party financial solutions.

General office impositions have seen a massive improvement as in-house software have been developed and are being upgrades on a regular basis. Software built in-house are being used for record keeping, monitoring, archiving, and improving regular business processes. Keeping Sustainable Development Goals in mind, use of paper is being reduced for regular office chores as much as possible. Online platforms are already being used for memorandums approvals and for document circulation.

The 20's look to be a very curious moment of time for us here at BD Finance. With big plans in the IT department. People are now more invested in services those can be accessed from the palm of their hands. That can get the job done with minimum hassle and in very short time. The traditional ways of waiting in lines and wasting time are being obsolete. To make life easy for our customers, a Mobile App is a top priority. An app is being planned that can itself take care of client registration through secure client information verification and let the customers open Deposit accounts with ease. Customers will also be able to apply for loan against deposits straight through this app. Modules for personal loans and distributor finance are also being planned. A fully automated credit appraisal system is in the pipelines which will use data driven analytics to fast track a loan life cycle. Digital payment services will also be integrated to this platform to make the customer's experience seamless for both payments and encashment.

Brochures and flyers have been replaced by social media and the World Wide Web. Marketing strategies are now being pursued for such platforms to get a greater reach to our customers.

An in-house Human Resource Information System is already being tested. This system will introduce an array of modules like record keeping of an employee's profile, payroll, performance management, learning and development, etc.

An online Litigation status register is also being planned for the legal department to keep track of their work.

An advanced Reporting System is also being planned to help employees with regulatory board reports and generate graphical representation of business data to help understand and find areas of improvement.

With all these upcoming software releases, the IT infrastructure are also being improved massively. 24-hour system availability is being maintained from the data center with a disaster recovery site ready for backup. Using remote access tools, the IT team is always ready for any kind of software support the employees of need.

The first few months of 2020 have been very difficult for the whole world. With 24/7 access to our system, work from home has been maintained with ease. Necessary security measures have also been taken so no data is lost.

The decision of the management to hire young tech savvy professionals have also helped in building a stronger force for the upcoming future under the tutelage of the already experienced team.

STATEMENT ON NPL MANAGEMENT

A non-performing loan (NPL) is a loan in which the borrower has not made repayments of principal and/or interest within the given time frame. Basic concept of managing NPL can be divided into two major areas, one is to arrest new loan being classified and another is recovery of existing NPL. Ultimate goal is to keep performance of asset portfolio at an optimum level.

To achieve the goal, BD Finance applies some tools & techniques separately & collectively on case to case basis. Arresting new loan classification is done through taking proactive initiative at the very beginning of delinquent asset. On the other hand, recovery of NPL includes some more vigorous initiatives. Because, NPL has dual adverse effect on profitability & performance of the organization. Hence not only interest income is suspended but also income of the organization is used to maintain loan loss provision. Organization's growth is also retarded.

Reflection of NPL tarnishes the image of the Organization. When NPL reaches at alarming position, the customers loose their confidence as well as the organization comes under the surveillance of regulatory body. Thus recovery of NPL is highly taken care of at BD Finance.

The team BD Finance is very vigilant to ensure that the loans do not become NPL for which following measures are taken into place:

- a) Close monitoring during validity, repayment & account transaction period of loan.
- b) Gear up persuasion right from the very first day of delinquent status.
- c) Understanding reasons of non-payment to obviate the problem.
- d) Take effective steps to save the loan from turning it to NPL.

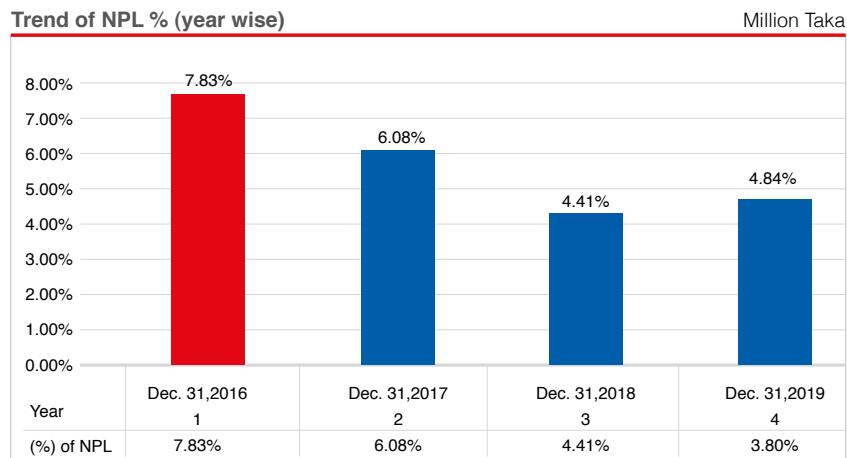
For better management of NPL, it needs to be kept in mind that, best approach is to arrest new loan being classified & to recover classified accounts based on merit of the account & recovery prospect as a whole. There are lots of avenues to manage NPL. One or more of the options is/are to be used to yield desired fruits at the end of the day.

These tools & techniques can be grouped under two major heads: First under Non-Legal Measures which can be applied at any stage of loan, if needed, irrespective of classifications status of the account. Another type is Legal Measure which is used to recovery of NPL where non legal measures are found to be less effective.

Non Legal Measures are those initiatives which are less costly, faster & easier to execute without direct involvement of the court. This includes Phone Call, SMS, and Physical Visit, Reminder letter & Final Notice, Rescheduling & Restructure, Amicable Settlement, Arbitration & Mediation & Write Off of loan accounts.

Legal Measures are initiated with legal notice followed by auction notice-if required, filing suit under NI Act-1881 & ARAA-2003.

Though Amicable Settlement is a Non-Legal measure to recover loan, the process can be adopted at any stage of NPL recovery process irrespective of filing suit. Mediation & Arbitration is also a Non Legal Measure but it is adopted during suit but beyond court with a consent from the court in this regard as per existing rules & regulations.



BD Finance has been managing its NPL more efficiently in the recent years than that of previous years.

EVENTS HIGHLIGHTS



The 20th Annual General Meeting (AGM) of Bangladesh Finance and Investment Company Limited (BD Finance) was held at BCIC auditorium, Dhaka on Monday, 27 May 2019. Mr. Manwar Hossain Chairman of BD Finance presided over the meeting. In the Meeting the Company has declared 10% Stock dividend to its shareholders for the year ended 2018.



BD Finance has recently been awarded with the prestigious “International Finance Award- 2019” as Most Innovative Financial Solution Provider in Bangladesh. Mr. Manwar Hossain, Honorable Chairman and Mr. Tarik Morshed, Former Managing Director and CEO of BD Finance received the award on behalf of the organization at the 7th International Finance Award-2019 ceremony held at Jumeirah Emirates Tower Hotel, Dubai, UAE on January 23, 2020.



BD Finance has shifted its Bangshal Branch to the new location at Mahmud Center (Level-7), North South Road, Siddique Bazar, Bangshal, Dhaka-1000 on 24th November, 2019. Former Deputy Governor of Bangladesh Bank Mr. Md. Abul Quasem formally inaugurated the branch in the new building. Mr. Manwar Hossain, chairman of BD Finance was present as chief guest in the ceremony.



BD Finance organized the Town Hall Meeting at the Rahmania Convention Hall in the capital city, Dhaka on 01.01.2020. Total 150 employees were participated in the program.



Mr. Tarik Morshed Former Managing Director & CEO of Bangladesh Finance and Investment Company Limited (BD Finance) speaking as a chief guest at the Customer Conference of Jashore branch held on 20th July, 2019.



BD Finance organized a foundation training course for its newly-recruited management trainee officers at Seagull Restaurant in Dhaka on September 07, 2019.



BD Finance celebrated for winning International Finance awards-2019 as the Most Innovative Financial Solution Provider in Bangladesh by International Finance Publications, UK at its head office.

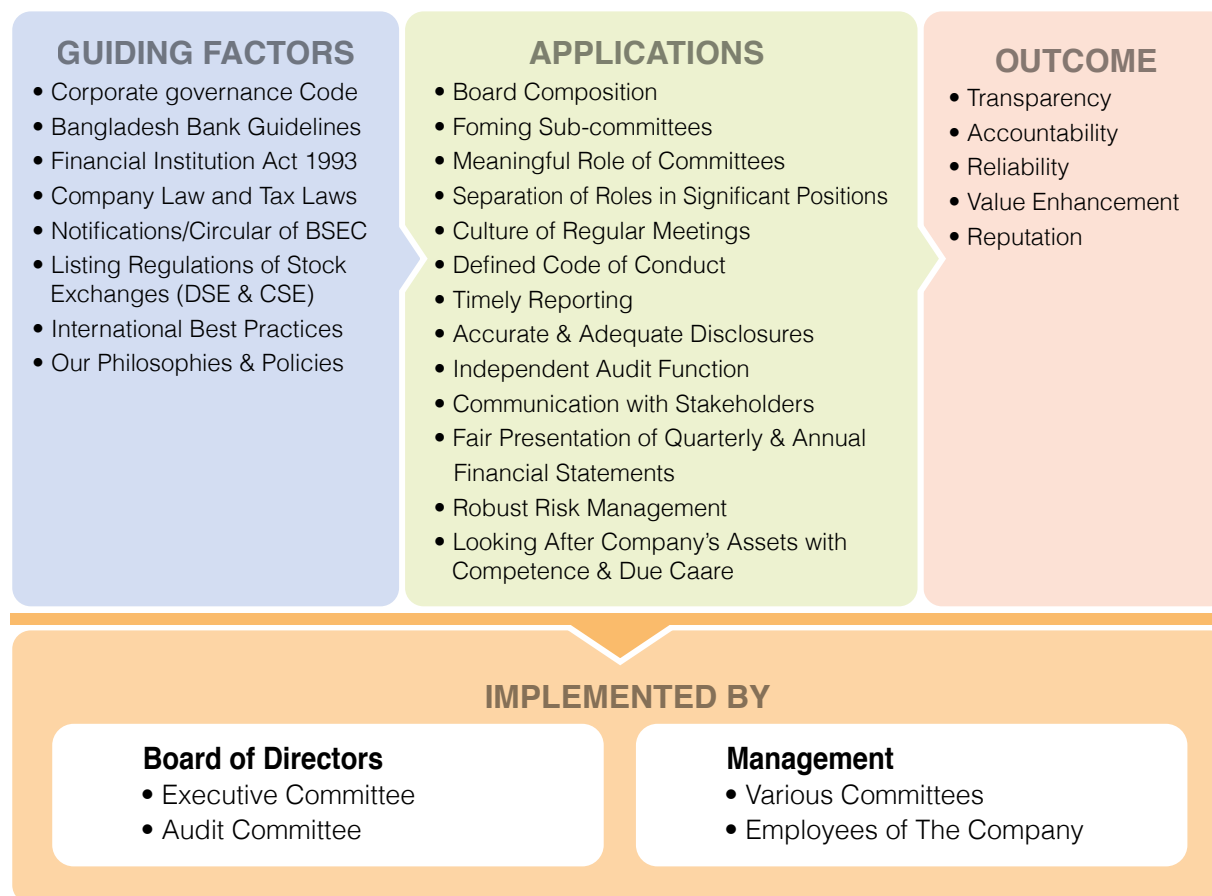


BD Finance has signed a Corporate Medical Services Agreement with United Hospital Limited to avail corporate medical services & special discount facilities. Mr. Md Kyser Hamid, Managing Director & CEO of BD Finance and Dr. Shagufa Anwar, Director, Communication & Business Development of United Hospital Limited signed the Agreement on behalf of their respective organization at the head office of BD Finance, Dhaka.

CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance is the system by which companies are directed, controlled and managed. 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. As a listed company BD Finance has been complied all types of Orders/Directives/Circulars/Notifications/Rules issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) accordingly.

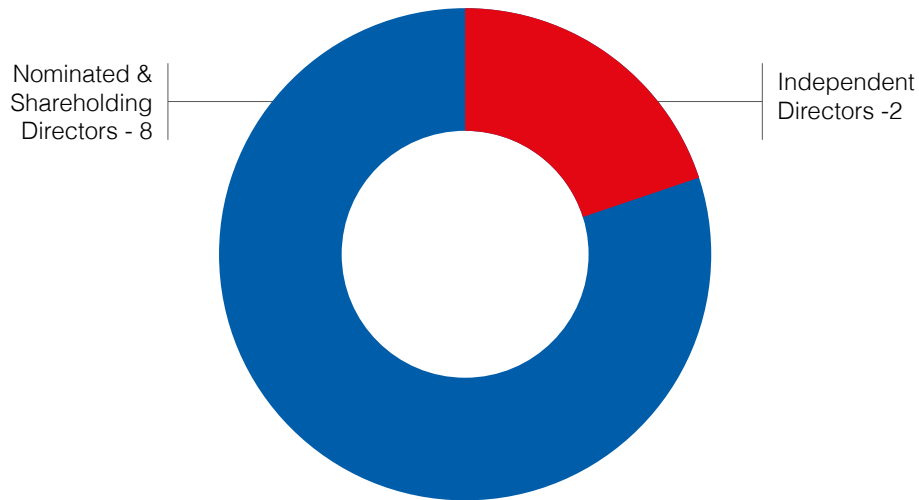
BD Finance believes that, good Corporate Governance is essential to create long term value for its shareholders and other stakeholders. It has been revealed through many research that good governance practices not only earn sustainability but also enhance profitability by creating customer confidence and loyalty. The Board of Directors as well as management of BD Finance are committed to continually review all its corporate governance policies and guidelines to ensure transparency in its practices and the delivery of the highest ethical standards on an ongoing basis.



Board Composition

The Board of BD Finance comprises of members from diverse professional and educational background having adequate knowledge and experience in Finance, Accounting, Economics, Business Studies and Business Administration. Currently the Board of BD Finance constituted with 11 directors including Managing Director & CEO. All the members of the Board are Non-Executives Directors except the Managing Director & CEO who acts as an ex-officio member of the board and Executive Committee of the Board. The Board formulates strategies, reviews the policies, approves credit proposal and provides various guidelines to the management. The management operates within the policies, manuals and limits approved by the Board.

A balanced mix of different people makes BD Finance well diversified. Among the 10 non-executive members, two are Independent Directors representing the regulatory ratio of one fifths (1/5). There are six nominated Directors and two shareholding Directors in the Board.



The Board is comprised of people of different age group. All Directors except Independent Directors holds at least 2% shares of the total paid-up capital of the company as per the requirement of Bangladesh Securities and Exchange Commission.

Sub-Committees of the Board

To ensure dynamic operation of business and to comply with the guidelines of the regulators, BD Finance constructed two sub-committees of the Board, namely Executive Committee and Audit Committee.

Name of the Director	Status	Executive Committee	Audit Committee
Manwar Hossain	Chairman, NED	Chairman	----
Iqbal U. Ahmed	VC, IND, NED	Member	Member
Golam Hafiz Ahmed	NED	Member	Member
Md. Asaduzzaman Khan	NED	Member	Member
Mrs. Shahnaz Rashid	NED	----	----
Yousuf Aman	NED	----	----
Geasuddin Ahmed	NED	Member	----
Imtiyaj Yousuf	NED	----	----
Ihtiaz Yousuf	NED	----	----
Md. Rokonuzzaman, FCA	IND, NED	----	Chairman
Mohammad Rafiqul Islam	Managing Director (CC), Ex-officio	Member	----

NED- Non-Executive Director; IND- Independent Director

As per DFIM circular a Financial Institution cannot constitute any other sub-committee of Board apart from Executive Committee and Audit Committee. That's why the Nomination and Remuneration Committee (NRC) has not yet been 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.

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 company. In case of appointing Independent Director so many criteria are examined in line with Corporate Governance Code. In case of appointment of new Directors, the existing Board consider the following areas:

- Review the size and composition of the Board to maintain a diversified mix of skills, expertise and experiences to boost up Board performance;
- Finding required competency which may be fulfilled by appointing nominated or independent director having required skills and experience.
- The Director is appointed in the Annual General Meeting (AGM) by the shareholders, in case of any casual vacancy directors may be appointed by the Board subject to approved by the shareholders in the subsequent AGM.
- The Managing Director & CEO is being appointed by the Board subject to approval from Bangladesh Bank.

Any change happens to the Board of Directors being intimated to Bangladesh Bank, all schedule Banks & Financial Institutions, Stock exchanges and Bangladesh Securities and Exchange Commission (BSEC).

Independent Directors

As per the revised Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total directors of the Board shall be Independent Directors.

Thus, in compliance with the guideline, two (2) Directors out of the total ten (10) Non-Executive Directors are independent, having no share or interest in BD Finance. Independence of the respective Independent Directors is confirmed as per Corporate Governance Code at the time of selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure. The Independent Directors play their significant role as a vital part of the Board and respective sub-committees of the Board. In case of appointing Independent Directors, recommendations come from various sources. The Board scrutinize the CVs in line with the Corporate Governance Code and makes decision in favor of the most suitable candidate. Finally, the Board appoint the Independent Director subject to approval by the shareholders in the subsequent AGM.

Role & Responsibilities of The Board

The major responsibilities of the Directors of the Board are:

- To work for Development and implementation of corporate strategies.
- To set direction, vision and policies for achieving strategic goal.
- Giving attention to use company's resources efficiently.
- Exercising business judgement in good faith for the best interest of the institution in line with articles and prevailing applicable laws and regulations.

- Monitoring and reviewing corporate governance framework of BSEC.
- Monitoring and reviewing risk management process of the company.
- Fixation of business targets, reviewing business results and monitoring budgetary control.
- Setting up standards and monitoring compliances in line with the standards.
- To Recommend appointment and re-appointment of statutory auditors and recommend their fees.
- To take initiatives for appointment of managing director & CEO and fixation of benefits.
- To evaluate the key performance indicators of the top executives.
- To submit Directors' Report before the shareholders in Annual General Meeting in accordance with corporate governance code.
- Recommending shareholders to approve Financial Statements and recommending dividend.

Code of Conduct for The Board of Directors

BD Finance has adopted a Code of Conducts for the all members of the Board of Directors of the company who shall individually be liable to sign and follow this Code of Conduct including any new members who may assume office as from this date. The code of conduct includes all instructions / circulars/ guidelines issued by Bangladesh Bank related to the Directors and their interested group/organization. However, followings are the general code of conducts approved and adopted by the Board of Directors.

Fiduciary Duties

Every Board member has fiduciary duties towards the organization, in other words to serve the organization from a position of trust. They shall act as a true agent of the organization. The duties apply to each Board member separately, while the powers apply to the Board jointly.

Contribution in Meetings/Debates

The Board Members are expected to contribute to the debates in the Board without any personal biases or other prejudices with the conviction and belief that the outcome of every debate would be towards the advancement of the company.

Use of corporate property, opportunity or information

A Board Member must not, without the consent of the company, use company's assets, opportunities, or information for his/her own profit.

Transactions with the company

A Board Member shall not enter into a transaction where there is a conflict between his interest and duty without the knowledge of the Board; and it is a statutory duty of the director(s) to declare interests in relation to any transactions, and to make proper disclosure thereof.

Conflict of Interest

For promote good governance, the Board Members must not put themselves in a position where their interests and duties conflict with the duties that owe to the company. They are obliged to show loyalty towards the company.

A board Member should not engage directly or indirectly, as a director, officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with, does business with or seeks to do business with the company.

To avoid conflicts of interest, the Board Members should do more than merely act within the law. They must conduct their affairs in such a manner that their performance always upholds the greater interest of the company.

Acceptance of Gifts

No Board Member shall accept any gift, hospitality or extraordinary favor offered by virtue of the position as director. The degree of hospitality offered and accepted should be of such a scale and nature which does not be the cause of compromising integrity or reputation of the company.

Performance Appraisal of the Board

An evaluation of the Board is performed through self-assessment. The Board is also being evaluated by the shareholders in the Annual General Meeting (AGM) through casting votes on appointment/re-appointment of directors. The shareholders present in the AGM can comment on the performance of the Board against which the Board can take steps to enhance its performance.

Training for The Board of Directors

The Board recognizes the importance of training and development of the Directors to acquire or enhance the requisite knowledge and skills to discharge their duties effectively. All new Directors appointed to the Board is offered with a formal induction program to familiarize themselves with BD Finance strategy and aspiration, understanding of the line of businesses, corporate functions, key financial highlights, audit, compliance, risk management and governance framework.

The Company Secretary provides new Directors with an information pack regarding disclosure obligations of a Director, Code of Ethics, Articles & Memorandum of the company, Board Committees' Terms of Reference, Annual Report of the company and other associated materials.

Again, the Directors are constantly updated on information relating to the company's strategy, plan, achievement and industry analysis through discussion at Board meetings with the Senior Management team. The Board is being regularly updated with regulators' circulars, orders, directives by placing information memorandum to the Board.

Duality of Chairman and Managing Director

The positions of the Chairperson of the Board and the Managing Director & CEO of the company are filled by different individuals. The Chairperson of the Board is being elected from among the non-executive directors of the company. The role of the Chairman and the Managing Director & CEO are independent and separate. The Chairman does not involve himself into any day to day operational issue of the company.

On the other hand, Managing Director is the chief executive who runs and manages 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.

The Managing Director does not hold the same position in another company. The respective roles and responsibilities of the Chairperson and Managing Director are well defined by the Board.

Role of The Chairman

The Chairman is selected by the Board to run the Board. The Chairman serves as the primary link between the Board and the management and works with the CEO and Company Secretary to set the agenda for Board meetings. The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The principal features of the role of the Chairman are as follows:

- Providing leadership to the Board;
- Setting the frequency of the Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board;
- Ensuring time bound and adequate information to the Board;
- Setting the agenda, style and tone of Board discussions and promoting constructive debate for effective decision making;
- Promoting interaction, harmony and involvement of the directors;
- Ensuring the Board's focus on key tasks and areas;
- Engaging the Board in assessing and improving its performance;
- Overseeing the induction and development of Directors;
- Chair the AGM and other shareholders' meetings to foster effective dialogue with shareholders.

Responsibilities of The Chairman

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors and provides leadership to the Board for all functional aspects of the Board. The usual responsibilities of the Chairman are mentioned as under:

To ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;

- To take initiatives for better composition of the Board and to make the Board effective;
- To ensure that all Board Committees are properly structured, composed and operated;
- To support the CEO & Managing Director in strategy formulation and, more broadly, provide support and give advice;
- To foster a culture of openness and engagement by facilitating the effective contribution of all directors, in particular non-executive directors and ensuring constructive relations between executive and non-executive directors;

- To ensure the submission to the Board by the management of objectives, policies and strategies for the company, including the company business plan and the annual budget;
- To ensure that there is appropriate delegation of authority from the Board to Executive Management;

Role and Responsibilities of the Managing Director & CEO

The Managing Director & CEO of the company is the ex-officio member of the Board who does not have any voting power and does not require to have any qualification share. He shall be accountable to the Board and shall discharge his functions and duties in accordance with the prescribed policies, principles and strategies, adopted by the Board. The CEO's primary responsibilities are:

- To run the company as the Chief Executive Officer and to report to the Board;
- To develop and present strategic and annual business plans, rules, regulations and systems for to the Board for approval;
- To implement the Board's policies and strategies and deliver the strategic plan in the most effective and efficient manner;
- To update the Board on progress against the strategic and annual business plans on a regular basis;
- To manage the day-to-day operations of the company, manage, motivate, develop and lead members of the Management Team;
- To coordinate the overall management, administration, corporate planning and business development;
- To appoint and appraise employees as per the policies and guidelines;
- To manage resources efficiently and effectively to achieve company's objective and goal;
- To ensure compliances with Financial Institutions Act, 1993 and related Laws, Rules, Regulations and guidelines to establish Good Corporate Governance;

Benefits Provided to Directors and Managing Director

Directors are not entitled to any remuneration other than attending the meetings of the Board and its sub-Committees. As per Bangladesh Bank (DFIM Circular No. 13, dated 30 November 2015, the remuneration for attending directors' meeting is fixed upto a maximum limit of Tk. 8000/= per director for per attendance. BD Finance fully complies with the circular. A summary of remuneration paid to the Directors during the year 2019 is available in the annexure to the Director's Report to the shareholders.

Managing Director is paid salaries and allowances as recommended by the Board of Directors and approved by Bangladesh Bank (Detail given in the Financial Statements-Note No.28). BD Finance follows Board resolution and Bangladesh Bank Circular/Guidelines regarding benefits favoring the Chairman.

Evaluation of The CEO by The Board

One of the responsibilities of the Board is to assess the performance of the Managing Director and CEO. The Board assess the performance of the CEO annually against preset annual budget and strategic goals.

Again, at the end of each quarter, the CEO & Managing Director is evaluated based on the financial performance. The Board considers both financial and non-financial goals during the appraisal. The non-financial criteria include customer satisfaction, shareholders' feedback, stock price, corporate relationship, brand image etc. Industry wide factors and average industry growth are also being considered at the time of evaluating Managing Director and CEO.

Meetings and Minutes

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 usually 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 the shareholders. BD Finance has recently arranged a number of virtual meetings among directors. The company has a plan to continue such virtual meeting in the long run.

Proceedings and resolutions taken by the Board are recorded for writing minutes. Minutes of a meeting is signed by the Chairman of the meeting, copy of which (minutes) is signed to Bangladesh bank within five working days from the meeting. The decisions taken by the Board are disseminated by the company secretary to whom such decision relates. All meeting related papers, documents, memo, attendance, minutes etc. are being maintained in line with the provisions of the Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

Appointment of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC)

The Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are being appointed by the Board as per the guideline of Corporate Governance Code. The positions of the Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are held by different individuals having experience and expertise in the respective fields. The roles, responsibilities and duties of CS, CFO and HIAC are clearly defined.

Roles and responsibilities of Company Secretary (CS)

- To report operationally to the Chairman of the Board and administratively to the Managing Director & CEO;
- To act as a mediator between the Company, Board of Directors, stakeholders, the government and regulatory authorities;
- To act as a Secretary for all Board and Committee meetings;

- To initiate and prepare agenda for Board and Committee Meetings in consultation with the Board Chair, Committee Chairs and Management;
- To facilitate the practical arrangements for a Board meeting or Committee meeting along with other requirements;
- To prepare accurate and complete minutes of meetings within given timeline;
- To take initiatives in Filing statutory returns/reports to regulatory bodies such as RJSC, Bangladesh Bank, Securities & Exchange Commission (SEC), Stock Exchanges, and Central Depository System etc.
- To become updated and also update the Board about any changes in relevant legislation and the regulatory environment;
- To work with the Board Chair, sub-committees of Board and the management with a view to implement best corporate governance practices within the organization;
- To act as custodian for Company's corporate and historical records, meeting minutes and related Board information;
- To maintain liaison with external regulators and advisers, such as lawyers and auditors;
- To take initiatives to arrange shareholders' meeting like AGM/EGM.

Roles and responsibilities of Chief Financial Officer (CFO)

- To prepare annual budget and oversee financial and business plan;
- To follow applicable Accounting Standards and Financial Reporting Standards like IAS, BAS, IFRS and BFRS;
- To comply with application of appropriate accounting policies, and ensuring that accounting estimates are reasonable and prudent;
- To provide financial information as required by the CEO, audit committee and the Board for decision making;
- Oversee preparation of monthly financials with analysis and recommendations;
- To analyze operating cost, interest cost, interest income, capital structure and suggest action plan for improvement thereof;
- Oversee timely preparation and submission of quarterly, half-yearly and annual Financial Statements;
- To be involved vigorously to formulate business strategies, long term business plans and keep close liaison with the Board of the Company;
- To ensure proper tax management of the company and compliance thereof;
- Liaise with the External Auditor and cooperate them by providing required documents and explanations.

Role and responsibilities of Head of Internal Audit and Compliance (HIAC)

Head of Internal Audit and Compliance is primarily responsible for giving assurance on the internal control arrangements in the Company. He has direct access to the Audit committee and he operationally reports to the Audit Committee. He must have a broad understanding of the organization and its operation to discharge his following roles and responsibilities:

- To assess and mitigate various control risks in order to ensure better risk management and strong internal control;
- Oversee operational compliances in line with internal policies and external regulations;
- To prepare annual audit plans based on analysis and priorities;
- To design and undertake audit program to achieve specific objective;
- To ensure that internal audit reports are prepared and finalized in a timely manner and the same are submitted before the Audit Committee;
- To conduct special investigation on the allegation of fraud, forgery noticed by the management;
- To perform other duties and special projects as assigned by the CEO or Audit Committee.

Management Committee and its Sub-committees

To carry out company's vision and mission and to deal with operational strategy, business focus, policies, monitoring and process improvements BD Finance has a Management Committee (MANCOM) and various sub committees under it. MANCOM is considered the highest decision and policy making authority of BD Finance which is entrusted to set objectives and lead from the front under the guidance of the Board. MANCOM is comprised of Managing Director and different business and support unit head. Some activities 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;
- Oversee ongoing operation and finding ways to improve operational efficiency;
- Monitoring achievement against strategic plans and allocated budget;
- Making key decisions for the Company's management/ operations and adhere to Corporate Governance with utmost priority.

The subcommittees of MANCOM are Asset Liability Committee (ALCO), Credit Committee, Risk Management Forum, Human Resource Committee, Corporate Governance Committee, IT development Committee, Purchase and Procurement Committee etc. The members of all these committees meet regularly and take initiatives according to the decisions taken in the meetings.

Timely Reporting with Adequate Disclosures

The Management of BD Finance is very sincere about timely regulatory reporting. BD Finance has a central reporting cell to ensure sending of various reports to Bangladesh Bank, Securities and Exchange Commission and Stock Exchanges. The company disseminates all the Price Sensitive Information (PSI) along with quarterly and annual Financial Statements very promptly with adequate disclosures to protect the minority interest and to remain as one of the best complied companies of the country.

Appointment of External Auditor

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 (20th) Annual General Meeting. As MABS & J Partners has been serving BD Finance for the consecutive three years, they are not eligible to serve us for the year 2020. The company is also considering to appoint new Auditor to do the external audit of BD Finance subject to approval of Bangladesh Bank and finally by the shareholders in the 21th AGM.

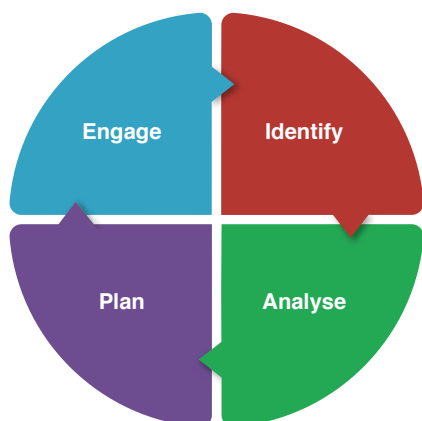
As per BSEC guidelines, it was confirmed that, MABS & J Partners were not involved to provide any of the following services favoring BD Finance during the year 2019:

- 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.

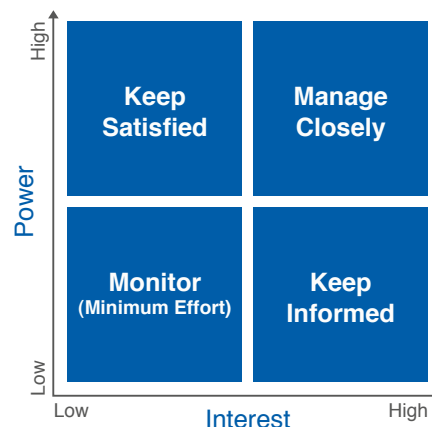
No partner or employee of MABS & J Partners, Chartered Accountants did possess any share of BD Finance during the tenure of their audit assignment at BD Finance.

Stakeholder Management

BD Finance is very keen to manage its all type of stakeholders in the most responsive and satisfactory way. We identify our stakeholders and analyze them in line with their involvement with us. Stakeholders may be an influencer (e.g. management), or claimant (e.g. shareholders) or combinatory (e.g. Government/regulators). After identifying and analyzing stakeholders we engaged them through various events and communication.



To manage different types of stakeholders BD Finance follows the following strategy:



Communication with the Shareholders/Stakeholders

BD Finance maintains regular communication with its shareholders and stakeholders through various channel of communication which are described below:

Communication through Quarterly Reports

The quarterly performance and position of BD Finance is communicated to the shareholders and interested users through publication of financial statements in widely circulated national dailies (Both Bangla and English dailies). The company publishes press releases, credit rating and use online media to communicate achievements, product offerings to get in touch with its stakeholders.

Communication through Telephone/physical visit

BD Finance has dedicated customer service team to address the queries of stakeholders including investors. Moreover, the shareholders sometimes make physical visit at BD Finance office to get information, certificates etc. The people of share department serve them promptly with a heartiest manner.

Communication through AGM

Annual General Meeting (AGM) creates the opportunity for the shareholders and directors to meet and communicate among each other. They can exchange views on company's business, performance, value, prospects and other matters of interest. The shareholders are always encouraged to attend the AGM by themselves or by means of proxies. Adequate notice (at least 14 days) is given before the AGM.

Communication through Website (e-communication)

BD Finance has a well-designed user friendly website (bdfinance.net) which is linked with the websites of the stock exchanges. The shareholders and other stakeholders can any time visit the website to avail information and to request a call back. BD Finance makes available all the relevant information for the investors and depositors in its website, e.g. Annual Reports, quarterly reports, half yearly reports, product offerings, events & announcements and all other disclosures as required under the listing regulations of stock exchanges.

Redress of Investors' Complaints

The interest of the valued investors and customers is always very important to BD Finance. Any complain or query raised by any investor as well as customer is addressed with priority basis. There is a dedicated desk at BD Finance who deal with the issues with competence and due care. Complain or comment can be made over telephone, dropping letters into the comment box and putting message online on the BD Finance website: **www.bdfinance.com.bd**

Reporting and Compliance of Corporate Governance

As per the required compliance of Corporate Governance Code issued by Bangladesh securities and Exchange Commission (BSEC) vide their notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, ITRAT HOSSAIN & ASSOCIATES examined the compliance with the said conditions of Corporate Governance. As per their certification, BD Finance complies with all the Corporate Governance requirements as stipulated in the CG Code. A detail checklist or Report under Condition No. 9 of the CG Code has been given as annexure to the Directors' report.

ASSESSMENT ON GOING CONCERN STATUS

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

The management of BD Finance has made an annual assessment of the company on the ability as going concern based on the accounting period ended on 31 December 2019 by making appropriate inquiries including review of budget as well as future outcome of external and internal risks associated with the business. Considering the following major indicators, the management of BD Finance has come to the decision that preparation of financial statement of BD Finance for the year 2019 on going concern assumption is appropriate:

Indicating Factors	Response/Status of the Company
Dependency on Bank Borrowing	As on 31 December 2019 the bank borrowing of BD Finance is Taka 3,097,255,534 against retail deposit of Taka 1,772,172,792 again the bank borrowing is 23.08% of total liabilities which indicates that the company has no significant dependency on bank borrowings.
Equity Base	BD Finance has good equity base which stands at Taka 2,611,426,182 as of December 31, 2019 compared to Taka 2,393,163,425 at the same time of previous year.
Interest Coverage Ratio	As of December 31, 2019 interest coverage ratio of BD Finance stands at 0.42 times which indicates a good capacity of serving debt.
Credibility in payment of loan obligations and encashment of deposit	BD Finance has strong credibility in terms of payment of its obligations to lenders. The payment history of the company is smooth towards both the lenders and depositors.
Renew of borrowing facility	At the end of year 2019, total borrowing from other banks and financial institutions becomes Taka 3,097,255,534. Based on our relation, reputation and past experience, it can be said that a major part of the debt would be renewed further.
Faith and confidence of depositors towards the company	BD Finance has good relationship with the depositors and good track record in settling its obligation towards its depositors. The confidence and continues support from the depositors helped the company to maintain a good amount of deposit consistently.
Financial Ratios	Most of the key financial ratios of the company is favorable. The key operating and financial ratios has given as an annexure to the Directors' Report.
Non-Performing Loan (NPL)	The company has an excellent track record for improvement of non-performing loan. As of 31 December 2019 the NPL stands at 4.84%.
Expansion of Business	Jashore branch started its activities in full phase during the year 2019. BD Finance has introduced some new products during the year 2019; i.e.: Beat Corona Deposit Scheme, LAD Interest free deposit, Easy Deposit etc.
Payment of Dividend	BD Finance has been paying dividend consistently to its shareholders over the years. The balance sheet as on 31 December 2019 is also supportive to continue the trend of its dividend payment.
Working environment and Employee Satisfaction	The employees of BD Finance enjoy a good working environment. They dedicatedly work for the company and the company care for them by providing benefits and recognition.
Ability to meet operational expenses	BD Finance has not faced difficulties in paying its day-to day operational expenses. It has a culture to pay the vendors on time.
Off-balance Sheet Liability	BD Finance has limited amount of off-balance sheet liability which is not material comparing to the financial strength of the company.
Maintenance of Capital Adequacy Ratio (CAR)	BD Finance has been maintaining the required CAR consistently as per the instruction of Bangladesh Bank (DFIM Circular Number 14, dated December 28, 2011). As of December 31, 2019 the CAR stands at 15.53% against the required rate of 10%.
Change in Government Policy	The management of BD Finance does not anticipate any significant changes in legislation or government policy, which may materially affect the business of the Company.

ETHICS AND COMPLIANCE

BD Finance has a Code of Conduct and ethical guidelines for Board of Directors as well as for the employees of the organization. The Code of Conduct is an integral part of the Service Rules and Regulations for the employees of BD Finance. It establishes a common and consistent framework across the organization for achieving its mission and goals by protecting the interests of customers, owners, colleagues, stakeholders of all types as well as the counter-parties. The aim of this code of conduct is to ensure integrity, high ethical standard, compliances and due diligence in all business or allied activities.

The Board has also always been deeply committed to establishing the highest levels of ethics and compliance among all employees of BD Finance. It has always encouraged the management to ensure that everyone maintains high ethical standards with integrity. The Board guides the management on policies that should be adopted and followed by everyone in the company.

BD Finance Corporate Vision and Ethical Values

BD Finance has a vision to be the most innovative financial services provider in the country with special focus on creating value for all stakeholders. The achievement of this vision depends on establishing the following values that BD Finance considers as a matter of priority.

Integrity

We understand the importance of uncompromising ethics in ensuring respect for our clients and the communities we serve. We demonstrate a consistent behavior without being bias.

Client satisfaction

Our clients are the focus of our concern and the reason for our success. So, client satisfaction is one of the core areas of our concern.

Trust & Respect

Our relation with everyone surrounding to us is based on mutual trust and respect.

Equal Opportunity

We appreciate equal opportunity for our employees, clients, potential clients and other connected parties.

Transparency

We try our best to remain transparent in our activities by providing and disclosing information in a fair, clear decent manner.

Teamwork

We all work toward a common goal; individual success is defined by team success. We believe that team spirit can bring harmony and increase productivity within the organization.

Diversity

We encourage diversity in our organization to ensure more sharing of multi-dimensional knowledge and innovation.

Ongoing Relations

We are very keen to maintain the relation with our clients and allied concern on a continuous basis.

Professional excellence

We are oriented toward success and focused on performance. No effort is spared as we constantly strive to new heights and take pride in providing reliable and professional service.

Code of Ethics and Conduct at BD Finance

The Code of Conduct provides guidance to employees on how to ensure that their actions and behavior are consistent with the values of the company. Some areas that covers by the Code of Conduct are mentioned below:

- Serving Customers and Stakeholders with excellence;
- Compliance with Laws, Rules and Regulations;
- Keeping confidentiality of company's and client's information;
- Exercising requisite diligence in respect to anti-money laundering;
- Maintaining accuracy and adequacy in records and reporting;
- Transparency and Accuracy in Presentation/Publication;
- Acting in a professional manner and with due care;
- Safeguarding company's property/assets;
- Avoidance of conflicts of interest;
- Prohibition of any fraud, theft or illegal activities including insider trading;
- Conduct towards female colleagues and seniors.

Whistle Blowing Policy

BD Finance has a Speak up/Whistle blowing policy to uphold the commitment to the code and to maintain a culture of strong ethics and integrity. Any misconduct or misappropriation shall be reported to the appropriate authority. We are very keen to maintain an open environment where staff are confident in raising concerns about any misconduct and are free from the fear of victimization.

DIRECTORS' STATEMENT ON INTERNAL CONTROL

Internal control is a system designed, introduced and maintained by the company's management and top level- executives. The Board of BD Finance acknowledges its overall responsibility for maintaining an adequate and effective system of internal controls within the whole organization. The Board agrees that, a sound internal control system shall provide a substantial degree of assurance in achieving business objective, while complying with the policies and laws, safeguarding the assets, maintaining efficiency and effectiveness in regular operations and reliability of financial statements.

BD Finance's internal control is a dynamic integral process which continuously adapting to the changes relevant to the organization. Management and personnel at all levels are involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.

An internal control system oversight the whole process in relation with the policies, processes, laws, regulations, tasks, behaviors and other aspects of BD Finance's to facilitate effective and efficient operation. Effective internal controls strengthen the base of safe and sound operations. Internal control is a process, rather than a structure. It is a continuing series of activities planned, implemented and monitored by the board of directors and management at all levels within an organization. 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.

Objectives of Internal Control System

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 System

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:

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

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 recommendations 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 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is a sub-committee of the Board of Directors. The committee has been formed in line with the guideline given by Bangladesh Bank and as per Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) dated June 03, 2018. The Audit Committee of BD Finance comprises of the following members:

Name of Member	Status in the Audit Committee	Status in the Board	Status in the Subsidiary Company
Mr. Md. Rokonzaman FCA	Chairman	Independent Director	Director in BD Capital
Mr. Iqbal U Ahmed	Member	Independent Director	Director in BD Securities
Mr. Md. Asaduzzaman Khan	Member	Director	----
Mr. Golam Hafiz Ahmed	Member	Director	----

In compliance with the corporate governance code of BSEC, the Audit Committee consists of four non-executive members of the Board including Independent Directors. The quorum of the meeting shall not be fulfilled until and unless any Independent Director attends the meeting. The Company Secretary acts as the secretary of the Audit Committee.

All members of the Audit Committee are “financially literate” and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

TERMS OF REFERENCE

At BD Finance the Term of Reference for the Committee has been adopted from Corporate Governance Code and Central Bank prudential guidelines. Further, the Terms of reference may be reviewed with the concurrence of the Board of Directors. The Audit Committee is usually responsible to and reports to the Board of Directors. The committee shall work independently for the better interest of the company and its shareholders and to establish good governance within the organization.

SCOPE AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee performs in coherence and consistency and ensures compliance with the Corporate Governance Code promulgated by (BSEC) and guidelines issued by Bangladesh Bank. The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, where appropriate, make recommendations to the Board on business risks, internal controls, compliance and audit. The Committee satisfies itself by means of suitable steps and appropriate information that proper and satisfactory internal control systems are in place to identify and contain business risks, and that the Company’s operation is conducted in a proper and financially sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company and ensures a sound monitoring system within the operation.

The Audit Committee is authorized by the Board to review any activity within the business as per its terms of reference. It is authorized to seek any information or attendance it requires from any Director or member of management at any of its meetings. All employees are expected to cooperate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company’s legal advisor, tax consultant and statutory auditor, if required. The terms of reference of the Audit Committee may be amended from time to time as required for the business, in line with BSEC notifications and Bangladesh Bank guidelines, subject to the approval by the Board.

RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The responsibilities and duties of the audit committee are:

a) Review of Financial Statements

The Audit Committee reviewed the quarterly and Annual Financial statements of the company and placed recommendations to the Board of Directors. The Committee looked particularly into:

- any significant changes in accounting policies/practices,
- significant deviations arising after audit,
- appropriate assessment on going concern status,
- compliance of applicable financial reporting standards and other legal and regulatory requirements.

b) Review of Internal Audit Function

The Audit Committee interacted with the Internal Control and Compliance (ICC) department in several occasions to provide guidance and also reviewed the following:

- reviewed the area of activities of the ICC department and internal control system
- reviewed the competency and capacity of people in relation to amount of jobs
- reviewed the internal audit procedure and plan
- made necessary inquiries for clarification and satisfaction
- reviewed the status of total regulatory reporting
- reviewed the coordination process between external and internal audit
- recommended some better practices for improvement

c) Responsibility related to External Audit

MABS & J Partners, Chartered Accountants, a member of Nexia International is the external auditor of the company for 2019. Prior to finalization of the consolidated financial statements of the company for the year ended December 31, 2019, 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;
- Broker-dealer services;
- Actuarial services; and
- 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 for the year 2019.

SUMMARY OF ACTIVITIES DURING THE YEAR 2019

The Committee met 4 (four) times during the year 2019 and carried out the following activities:

a) Reviewing Financial Reports:

Audit Committee reviewed the quarterly and annual financial statements of the Company with the Chief Finance Officer and Managing Director before recommending them to the Board of Directors for approval. The Committee also concluded that the financial statements presented in a true and fair view of the Company's financial performance.

b) Monitoring Internal Control

BD Finance Audit Committee reviewed the Company's Risk Management including a deep dive into the key functional risks and mitigation plans. Besides, the Committee reviewed that whether the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;

c) Reviewing External Audit Report

Audit Committee reviewed the external auditor's audit plan, including its nature and scope, audit report, evaluation of internal controls and coordination between the internal and external auditors. They also held meeting with the statutory auditors for review of the annual financial statements of the company as per Bangladesh Bank guideline and Clause no 5.5(e) Corporate Governance Code (CG Code) issued by BSEC. The Committee reviewed the Management Letter from external auditors along with management's response to the findings/recommendations;

d) Reviewing Related Party Transactions

Audit Committee reviewed reports of related party transactions submitted by the management to find out any conflict of interest.

e) Reviewing Core Risk Areas

The Committee assessed and reviewed the core risk areas, NPL position including top ten defaulter customers, recovery status and action plan to deal with classified loans.

f) Reviewing Comprehensive Inspection Report

The Committee reviewed the Comprehensive Inspection Report issued by Bangladesh Bank after their regular annual visit and reviewed management response towards the report;

g) Reviewing Governance Status

The Committee reviewed the overall status of governance of the organization in line with Corporate Governance Code issued by BSEC.

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.



Md. Rokonzaman FCA

Chairman, Audit Committee

Bangladesh Finance And Investment Company Ltd.

DECLARATION BY CEO AND CFO

Date: 02 September 2020

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 2019

Dear Sirs,

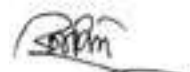
Pursuant to the condition No. 1(5)(xxvi) imposed vide Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Bangladesh Finance 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.

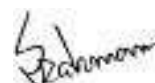
In this regard, we also certify that: -

- (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,



Md. Kyser Hamid
Managing Director & CEO



Md. Sajjadur Rahman Bhuiyan
Chief Financial Officer (CFO)

RISK MANAGEMENT REPORT

Today's world is changing in every sector. Banking and Financial sector is also changing with a competition of other sector. Moreover, the risk of financial sector has also increased. Managing risk therefore constantly requires innovation and reinvention. Effective risk management is one of the most crucial success factors for sustenance of a financial institution. Therefore, BD Finance has developed such a strong, developed and inclusive risk management culture where risk is managed and shared by the all employees of BD Finance.

Risk Management Framework:



Risk Governance:

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.

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 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 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.

Risk Management Forum of BD Finance:

Head of CRM and Monitoring	Convener
Head of ICC	Member
Head of Recovery	Member
Head of Treasury	Member
Head of CAD	Member
Head of IT	Member

Risk Culture:

Each Financial Institution should formulate their integrated and separated risk culture based on effective risk management. BD Finance develops its risk culture through its policies and guidelines. Such as, communication and training of staff regarding their responsibilities for risk. Every employee of the BD Finance is fully aware of his or her responsibility regarding risk management.

There is a huge impact of risk culture on effective risk management. It is a positive concern for the Board of Directors and Senior Management. Through Strong and effective risk culture BD Finance generate profits consistently in each year. BD Finance develops its risk culture in the following ways:

“A democratic and open environment for all employees to share their ideas, thoughts and views whenever they face any new and upcoming risk that may hamper the reputation of BD Finance.”

Risk Culture of BD Finance is based on some crucial points:

- **Transparency and Accountability:**
All employees of BD Finance are transparent and accountable in their every aspect of day to day work to their line manager and senior executive and they are accountable for their risk ownership in office activities.
- **Reporting:**
Operational risk dashboards and other key metrics are monitored and reported. BD Finance also seeks out employee feedback through a variety of surveys.
- **Training:**
BD Finance continually reinforces risk culture by providing effective and informative mandatory and non-mandatory training modules for all employees, as well as presentations and other training media on a variety of risk management.

The key elements of a sound risk management system for effective business operations should encompass the followings:

- Active and enthusiastic involvement of Board of Directors
- Appropriate Management Information Systems
- Strong policies and procedures
- Extensive Internal control and compliance

Risk Tolerances

The Board of Directors and Management desire to manage risks at a level that permits BD Finance to grow and achieve its strategic business objectives, while conducting business in a safe and sound manner, complying with all applicable regulations, and provide a return to shareholders that meets or exceeds their expectations. The Board of Directors will set risk tolerance levels annually through several means. The overall risk environment of the organization is considered annually in conjunction with the strategic planning process of the Board of Directors and Management. In this regard, the Strategic Plan includes a Risk Appetite Statement. Specific levels of risk tolerance within key business units, such as credit/lending (i.e., concentration risk), interest rate and liquidity, will be set annually through the review, and if necessary, amendment of the Organization’s business programs related to those areas. Specific risk tolerance limits and guidelines will be included, as appropriate, in the Organization’s Policies.

Risk Management Tools:

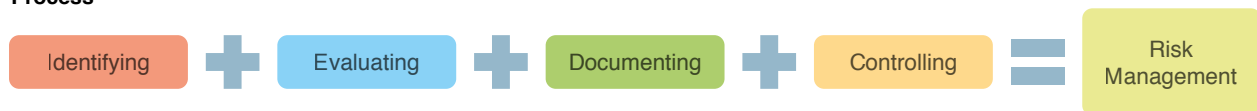


Guidelines, Processes and Standards:

Guidelines

Guidelines ensure the Financial Institution has the appropriate knowledge of clients, products, and markets and that it fully understands the risks associated with the business it underwrites. Guidelines may change from time to time, due to market or other circumstances. Risk taking outside of guidelines usually requires approval of the Financial Institution's Managing Director & CEO.

Process



Standards

Standards of BD Finance are developed on Enterprise wide basis.

Measuring, Monitoring and Reporting:

Risk Measurement

BD Finance uses models for different purposes including estimating the value of transactions, measuring risk exposures, determining credit risk ratings and parameters, and calculating economic and regulatory capital.

Continuous Monitoring

Ensures that business activities are within approved limits or guidelines and aligned with the BD Finance's strategies and risk appetite. Breaches, if any, of these limits or guidelines are reported to senior management, risk committees, and/or the Board depending on the limit or guideline.

Reporting

Aggregate measures of risk across products and businesses are used in compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types, and sensitivities of the various risks in the BD Finance's portfolios.

Stress Testing:

Stress testing programs at enterprise level allow BD Finance to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, credit environment, liquidity demands or other risk factors. The development, approval and on-going review of the Financial Institution's stress testing programs are subject to Bangladesh Bank's updated guidelines and instructions. Stress testing report is prepared on quarterly basis.

RISK CATEGORIES AND MITIGATION STRATEGIES

1. 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.

Credit risk management strategy:

- Identification of good borrowers
- Credit assessment by effective employees
- Diversification of loan portfolio
- Strong MIS
- Reducing large borrower concentration

Credit Risk Management:

BD Finance manages credit risk through processes and policies relating to the pre-sanction, post-sanction stages of credit approval and other portfolio management internal processes.

Credit Risk Mitigation:

BD Finance focuses on various techniques and methods to mitigate credit risk at a minimum level.

The Techniques of Mitigating Credit Risk are as follows:

• Cash-flow Focused Credit Structuring:

A borrower's credit worthiness is depended on his/capacity of timely payments. We opt out depending on the customer's average cash conversion cycle and their credit repayment capacity which is determined by their net cash-flow position. Projected cash flows are also used to demonstrate the ability of the applicant to generate enough money to make repayments within the prescribed terms and conditions.

• Strong Collateral:

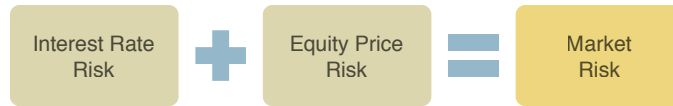
We reserve the right to call on collateral in the event of default of counterparty. Collateral includes cash and cash equivalent instruments, properties (residential, commercial and industrial), capital funds, plants and equipment. Collateral taken by the Financial Institution is well-documented to ensure that credit risk mitigation is legally effective and enforceable.

• Transferring of Risks:

A range of instruments including guarantees and payment assignment are used to transfer credit risk from one counterparty to another.

2. 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.



3. Operational Risk:

Operational risk is defined as the risk of unexpected losses due to physical catastrophe, technical failure and human error in the operation of a financial institution, including fraud, failure of management, internal process errors and unforeseeable external events.

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.



Except those principal risks, BD Finance has to manage some other risks, those are as follows:

4. Liquidity Risk

Liquidity risk is the risk to earnings or capital that arises from an Organization's inability to meet its obligations when they come due without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. It also arises from the Organization's failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value. Liquidity risk exposure is present in various funding situations, but primarily deposit and lending activities. Again, interest rate and market risks affect the Organization's liquidity position. This type of risk may affect the Organization's ability to establish new relationships or services or to continue servicing existing relationships, and can expose the Organization to litigation, financial loss, or damage to its reputation.

5. Compliance and Legal Risk

As a publicly listed institution operating as a major community business organization, the Organization, its directors, management, and staff must operate in compliance with a myriad of laws, rules and regulations. Compliance risk arises from violations of or nonconformance with those laws, regulations, or prescribed practices which govern the Organization's activities. Legal risk arises from the potential that unenforceable contracts, lawsuits, or adverse judgments can disrupt or otherwise negatively affect the operations or condition of a financial organization. Legal risk also arises from violations of or nonconformance with laws, regulations, prescribed practices or industry standards, or ethical standards. Compliance and legal risks may potentially subject the Organization and its directors and officers to fines and civil money penalties by regulators and result in lawsuits by customers and others. Exposure to compliance and legal risks can also dramatically affect the Organization's reputation, strategic alternatives, and operations.

6. Reputation Risk

Reputation risk is the potential that negative publicity regarding an institution's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions, often as a result of poor earnings, regulatory censure, significant fraud or litigation and failure to provide services or products in conformity to the local market. This type of risk affects the Organization's ability to establish new relationships or services or to continue servicing existing relationships. Reputation risk exposure is present throughout the organization and is driven to a large extent by the Organization's actions to manage compliance, strategic, credit, interest rate and other risks.

7. Strategic Risk

Strategic risk results from adverse business decisions or the improper implementation of those decisions. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, the resources deployed to support achievement of those goals, and the quality of implementation. Strategic risk includes the misalignment of business and technology strategic plans, the failure to achieve economies of scale in "scale" driven businesses (e.g., mortgage loan servicing, Micro Enterprise financing, etc.) or improper market positioning (e.g., retail delivery strategies, geographic positioning, etc.) and pricing of products and services.

8. Money Laundering and Terrorist Financing Risk:

Combating money laundering and terrorist financing is one of the most key strategies in promoting a strong, sound and stable financial regime. Since AML/CFT violations continue to attract stiff regulatory fines /penalties, and reputational risks, banks and Financial Institutions (FIs) of all sizes are now more concerned than ever about ML/CF risks and compliance management.

Risk Management and Internal Control Responsibilities

The ultimate responsibility for risk management rests with the Board of Directors. Management and staff of the Organization also have clearly defined responsibilities for risk management.

1. Board of Directors Responsibilities

It is the responsibility of the Board, in conjunction with Management, to determine those risks which are warranted and acceptable, based on the Management's ability to: (1) identify and understand such risks, (2) measure the degree of exposure to such risks, (3) monitor the changing nature of the risk and related exposure, and (4) develop and implement processes and procedures to control such risks. The Board and Management define risk tolerances (i.e., limits) in the policies of the Organization. The Board and Management will ensure that periodic reports are provided to Directors that permit them to measure Management's compliance with risk limits and to gauge the changing nature of risk inherent in the Organization's chosen lines of business and operations and as a result of changing factors within the Organization, such as Management and personnel changes, technology changes, etc.

2. Management Responsibilities

Management is charged with employing personnel with the appropriate skills and experience to identify measure, monitor and control risks within the areas of their expertise. To aid them in fulfilling their risk management responsibilities, Management has established a network of oversight committees. Key committees and their risk management roles are summarized below:

ALCO Committee

The ALCO Committee's principally responsibility is to review the Organization's level of interest rate risk and determine if there should be recommendations to change the pricing of the Organization's loans or deposits.

Credit Committee

The Credit Committee is responsible for the overall management of the credit risk of the Organization, underwriting standards, lending practices, and the collection process. These Committees meet as required, typically weekly and no less often than monthly and approves significant credits, as required by lending policies, and monitor all classified loans.

Compliance Committee

The Committee is Responsible for identifying, assessing, and managing compliance risks related to the products offered by the Organization, any new products to be offered by the Organization and any changes to the products that should be considered due to changes in applicable regulations. The Compliance Committee is responsible for the implementation of policies, procedures, and training programs for compliance issues and for the review of compliance and internal audit findings to ensure that the exceptions noted are effectively eliminated and proper internal controls established.

3. Officers Responsible For Risk Management

In addition to the previously described committee structure, certain organizational units are charged with risk management responsibilities.

- Managing Director & Chief Executive Officer is primarily responsible for the management of strategic business and strategic technology risk. This objective is fulfilled in conjunction with the Budget and Planning Committee of the Board of Directors and through the annual preparation/update of a strategic business plan and strategic technology plan.
- The Chief Financial Officer is responsible for ensuring the accuracy of general ledger accounting information and the internal and external financial reports provided to the Board of Directors, Management and regulatory authorities. To fulfill this responsibility, the Chief Financial Officer is primarily responsible for ensuring the monthly completion of the general ledger certification program. The CFO is also responsible for evaluating and taking the lead in managing liquidity risks and interest rate risks, as well as evaluating credit risk in the Organization's investment portfolio. In this regard, the CFO is also responsible for maintaining and reporting results of interest rate risk/shock, liquidity forecasting and stress testing and capital models.
- Head of Information Technology is responsible for information technology risk management, including information technology security. The Information Technology head is aided in this effort by the Organization's primary technology vendor, who provides certain data processing and data security services, including maintenance of the Organization's Internet firewalls and intrusion detection systems.
- Head of Credit Risk Management is responsible, in conjunction with the lending officers and credit administration staff, for: (1) working with senior management, the Board of Directors and credit officers to develop appropriate credit policies, (2) developing appropriate reporting mechanisms and tools and monitoring compliance with lending policies, (3) evaluating and monitoring the overall quality of the total loan portfolio, (4) identifying credit exposure trends and (5) evaluating the credit quality of individual loan relationships and rating credit risk. Head of CRM is also periodically reports to the Credit Committee on the quality of loan portfolio, concentrations of credit and credit trends.
- The Internal Auditor is responsible for ensuring the adequacy of and coordinating the overall risk management and internal control processes of the Organization. The Internal Auditors responsible for ensuring that Management has established a framework of specific internal controls, accounting controls and operating procedures, commensurate with exposures to risk and to ensure compliance with the overall guidance of Board-approved policies and applicable regulations.
- CAMLCO is responsible for ensuring the Organization's compliance with Organization Secrecy and Anti-Money Laundering guidelines and managing the staff and systems responsible for the AML program.
- Legal Counsel of the Organizations responsible for assessing, managing, and mitigating legal risks faced by the Organization and reporting such risks on a timely basis. BD Finance currently employees full-time, in-house legal counsel. The resources of in-house legal counsel are augmented, as required, through the use of resources obtained from outside attorneys.

BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

INSPIRING WEALTH



STRENGTH

- 20 Years of experience
- Established corporate identity
- Strong Cohesion to compliance standard
- Innovative financial solution provider.



WEAKNESS

- Scope of improvement in brand recognition
- Limited number of Branch
- Concentration on corporate sector
- Weak social media presence



OPPORTUNITY

- Extending the operational horizon through product innovations
- Significant incremental growth opportunity in micro enterprise financing
- Providing 360-degree financial services - deposit products, loans, brokerage & investment management



THREAT

- Very high competition widespread in the industry
- Portfolio infection
- Banks entrance to SME and Consumer financing.

PESTEL ANALYSIS

PESTEL analysis is a strategic tool to analyze the macro environment of the organization. PESTEL stands for - Political, Economic, Social, Technological, Environmental & Legal factors that impact on the macro environment. PESTEL analysis provides great detail about operating challenges BD Finance will face in prevalent macro environment other than competitive forces.

Political

Over the last few years, we have observed a stable political environment in the country. The Government initiated investment in many mega projects in the last few years which helped to mobilize resources for many investors. Regulators are getting more cautious to prevent potential undisclosed money flow to the economy therefore more compliance reporting may be required in the Financial service industry to face higher risks of money laundering and illegal transfer of money within the economy.

Political factors play a significant role in determining the factors that can impact BD Finance's long term profitability. BD Finance is closely analyzed the following factors before any new investment -

- Political stability and importance of financial sector in the country's economy.
- Legal framework for contract enforcement
- Trade regulations & tariffs related to Financial
- Pricing regulations – Are there any pricing regulatory mechanism for the investable sectors
- Taxation - tax rates and incentives
- Industrial safety regulations

Economical

The Macro environment factors such as – inflation rate, savings rate, interest rate, foreign exchange rate and economic cycle determine the aggregate demand and aggregate investment in an economy. While micro environment factors such as competition norms impact the competitive advantage of the firm. BD Finance is used country's economic factor such as growth rate, inflation & industry's economic indicators, consumer spending etc. to forecast the growth trajectory of not only prospective sector but also that of the organization. Economic factors that BD Finance is considered while conducting PESTEL analysis are –

- Government intervention in the prospective sector where BD Finance wants to invest
- Labor costs and productivity in the economy
- Business cycle stage (e.g. prosperity, recession, recovery)
- Economic growth rate
- Unemployment rate
- Inflation rate
- Interest rates

Social

As we know the socio-cultural factors have a great impact on the financial industry. The Changing preferences and choices of the people would make businesses and banks to change their planning and brand strategies. If we look at the attitude and behavior of the people in a certain demographic, then you would see that it has changed a lot in recent times. For instance, millennials (people from the 80s and 90s) tend to use online transactions. Their businesses would prefer to contact for financial assistance and guidance. Many things have changed and transformed in the 21st century. Like the millennials prefer convenience and customer service. That's why you'd see that financial institutions offer a variety of packages and offers to their customers. That's how the whole picture of the financial service sector is changed in the 21st century, where customer satisfaction and orientation have become a major focus.

Society's culture and way of doing things impact the culture of an organization in an environment. Social factors that leadership of BD Finance is analyzed for PESTEL analysis are –

- Demographics and skill level of the population
- Culture (gender roles, social conventions etc.)
- Entrepreneurial spirit and broader nature of the society.
- Attitudes (health, environmental consciousness, etc.)

Technological

Information and communication technology (ICT) has become the heart of the financial service industry in Bangladesh now-a-days. The Financial service industry is the heart of every robust economy. ICT is helping the financial service sector improve its efficiency and effectiveness of services offered to customers, enhance business processes, managerial decision making and workgroup collaborations which strengthen their competitive positions in rapidly changing and emerging economies. Information technology has taken centre stage and from customer accounts to loans and insurance, several services can be availed of online. Technology has added convenience to banking. However, some issues have also arisen amid all this technological development

and innovation. Privacy and security concerns have also grown bigger with the rising use of technology. Financial Institutions have to spend significantly large sums on the maintenance of a large technological infrastructure.

Technology is fast disrupting various industries across the board. Over the last 5 years the industry has been transforming really fast in terms of technology. Technology analysis involves understanding the following impacts –

- Recent technological developments by BD Finance's competitors
- Technology's impact on product offering
- Impact on value chain structure in Financial sector
- Rate of technological diffusion

Environmental

There is growing focus on green, or more broadly, sustainable finance, both in financial markets and in the international political arena. As the country is stepping up the regulation for the monitoring of all environments including social, political, geographical, ecological, this will be in place in coming days to cope with the changes in the economy and expectations. This has led to increased regulatory focus on sustainable reporting. The green lending is also getting focused as new business strategy. Moreover, the changes in the environment will force to stringent regulatory compliance and reporting.

Before starting a new business the firm should carefully evaluate the environmental standards that are required to comply. Some of the environmental factors that BD Finance considers beforehand are –

- Weather
- Climate change
- Laws regulating environment pollution
- Air and water pollution
- Waste management
- Attitudes toward and support for renewable energy

Legal

Highly regulated business environment is being assuming in future. Industries are faced with tighter rules and regulations and application of rules are more standardized and stringent than that in the past. The Financial service industry globally is impacted by several laws. It is also a large employer and is affected by the labor laws. Legal risks are immense because oversight and regulation are very high in this sector. Customer concerns and social responsibility have also made the government introduce several laws. Financial service industry is a heavily regulated area where compliance requires a lot of focus and also spending.

Some of the legal factors that BD Finance should consider while entering a new business are –

- Copyright, patents / Intellectual property law
- Consumer protection and e-commerce
- Employment law
- Health and safety law

Industry Forces Analysis

Forces	Influencing Factor	Influence in BD Finance	Risk Level	BD Finance's Approach
1. Threats of New Entrants	<ul style="list-style-type: none"> i. Bangladesh Bank attitude to give license to open new Banks and NBFIs in the Industry. 	<ul style="list-style-type: none"> i. Threats on market share. ii. Employee Turnover. Especially skilled manpower may craft by new entrant. 	Low	<ul style="list-style-type: none"> i. Take Strategy to increase Market Share. ii. Innovating new products and services. iii. Building capabilities and spending money on research and development.
2. Bargaining Power of Suppliers	<ul style="list-style-type: none"> i. Liquidity crisis in the economy ii. Reduction in individual income level. iii. Reduction in individual savings. iv. Global recession (Due to Coronavirus pandemic). 	<ul style="list-style-type: none"> i. Impact on cost of fund. ii. Impact on profitability. iii. Pressure on Cash Flow. 	High	<ul style="list-style-type: none"> i. Reduce dependency on large depositor. ii. Focus on retail deposit. iii. Offering competitive interest rate to the depositors. iv. Introduced new product support to COVID effect. iv. Maintaining good relationship with Banks and Depositors.
3. Bargaining Power of Customer	<ul style="list-style-type: none"> i. Lending rate 9% in bank. ii. Available information about the market. 	<ul style="list-style-type: none"> i. Switching of customer. ii. Increased competition. 	High	<ul style="list-style-type: none"> i. Focus on low cost deposit to invest at lower rate. ii. New product development based on customer Focused Strategy.
4. Threats of Substitute Product	<ul style="list-style-type: none"> i. Versatile products in banks. ii. Government Securities iii. Stock Market. 	<ul style="list-style-type: none"> i. Impact on procure deposit. ii. Loss of market share. 	Medium	<ul style="list-style-type: none"> i. Take strategy to provide faster and efficient service. ii. Take strategy to retain the profitable customer. iii. Offering competitive and attractive interest rate.
5. Competitive Rivalry	<ul style="list-style-type: none"> i. Large number of Banks & NBFIs. ii. Low cost deposit in Banks. 	<ul style="list-style-type: none"> i. Loss on revenue. ii. Impact on profitability. 	Medium	<ul style="list-style-type: none"> i. Investment more in IT sector to ensure uninterrupted customer service. ii. Undertake competitor analysis. ii. Using own strengths to take opportunities.

DISCLOSURES UNDER PILLAR III- MARKET DISCIPLINE

The following detailed qualitative and quantitative disclosures are provided in accordance with Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions which has been published on December 28, 2011. The purpose of these requirements is to complement the capital adequacy requirements and the Pillar III – supervisory review process. These disclosures are intended for market participants to assess key information about the FI's exposure to various risks and to provide a consistent and understandable disclosure framework as per regulatory requirement. The FI has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh FI and International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) where relevant to the FI

Basel-II		
Pillar I	Pillar II	Pillar III
Minimum Capital Requirement (MCR)	Supervisory Review Process	Disclosure & Market Discipline

A) Scope of application

Qualitative Disclosures:

The name of the top corporate entity in the group to which this guideline 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:

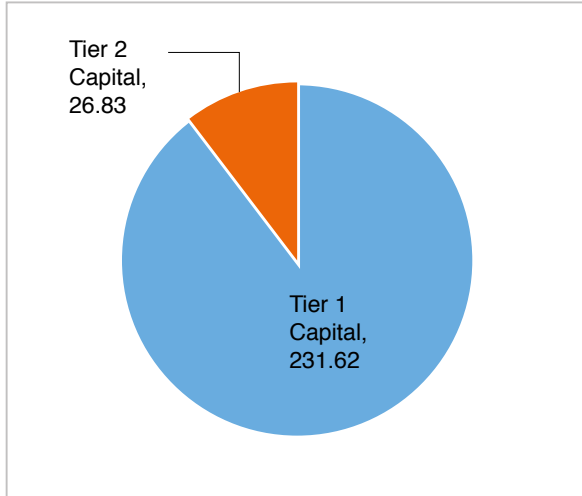
The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:

- 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	167.53
Non-repayable share premium account	-
Statutory reserve	36.37
General reserve	-
Retained earnings	27.72
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
Total Tier 1 capital	231.62
(c) The total amount of Tier 2 capital	26.83
(d) Other deductions from capital	-
(e) Total eligible capital	258.45



C) Capital Adequacy

Qualitative Disclosures

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	1,570.77
(c) Capital requirement for Market Risk	40.56
(d) Capital requirement for Operational Risk	52.94

(e) Total and Tier 1 capital ratio:

For the consolidated group; and For stand alone

Particular	Consolidated	Stand Alone
CAR on Total capital basis (%)	17.57	15.53
CAR on Tier 1 capital basis (%)	16.10	13.92

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 ensures, 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 differentiate 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 search for credit information report 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' opinion 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 confirming 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, 2019, total net exposure of BDT 846.62 crore were eligible for credit rating. Among these net exposure of BDT 127.36 crore had valid credit ratings. That is, about 15.04% of rate able exposure was rated. We are optimistic of getting more counter party ratings by 2020. 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.

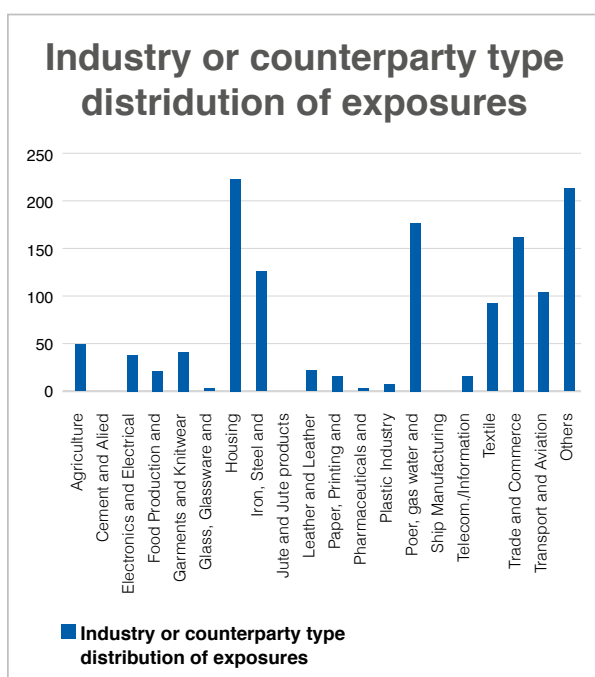
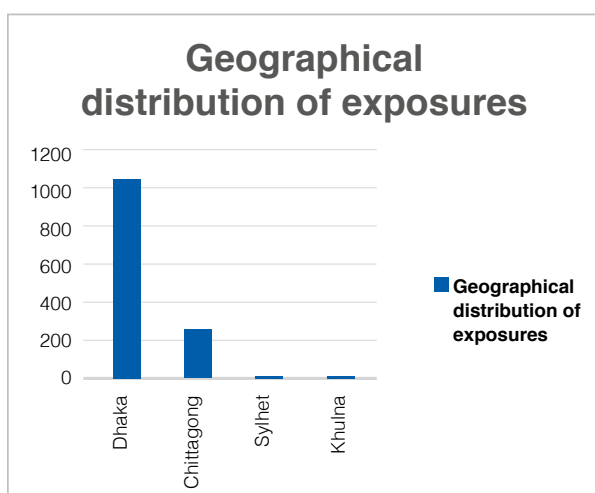
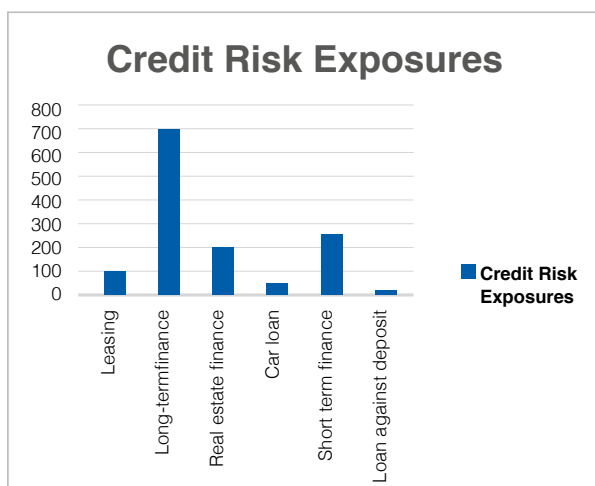
Particulars	Amount in BDT crore
Leasing	97.04
Long-term finance	698.53
Real estate finance	199.88
Car loan	47.12
Personal loan	-
Short term finance	253.83
Loan against deposit	17.97
Margin loan to portfolio investors	-
Interest receivable	-
Total	1,314.37

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

Area	Amount in BDT crore
Dhaka	1,053.26
Chittagong	256.32
Sylhet	4.68
Khulna	0.11
Total	1,314.37

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

Sector	Amount in BDT crore
Agriculture	49.22
Cement and Allied Industry	-
Electronics and Electrical Products	38.54
Food Production and Processing Industry	21.86
Garments and Knitwear	41.72
Glass, Glassware and Ceramic Industry	.01
Housing	223.28
Iron, Steel and Engineering	126.33
Jute and Jute products	-
Leather and Leather Goods	22.36
Paper, Printing and Packaging	15.64
Pharmaceuticals and Chemicals	.64
Plastic Industry	8.21
Power, gas water and sanitary services	176.81
Ship Manufacturing Industry	-
Telecom./Information Technology	16.02
Textile	92.03
Trade and Commerce	162.43
Transport and Aviation	105.32
Others	213.95
Total	1,314.37



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 1,336.69 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	39.89
Over 1 month but not more than 3 months	143.59
Over 3 months but not more than 1 year	271.80
Over 1 year but not more than 5 years	614.26
Over 5 years	244.84
Total	1,314.37

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	60.20
Addition / (Adjustment) during the year	3.47
Closing balance	63.67

Movement of specific provisions for NPAs

Particulars	Amount in BDT crore
Opening balance	15.48
Addition / (Adjustment) during the year	0.65
Closing balance	16.13

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	27.36	20.28
Unquoted shares	1.00	-

The cumulative realized gains (losses) arising from sales and liquidations in the reporting period is BDT (18.08) crore

Particulars	Amount in BDT crore
Total unrealized gains (losses)	(8.08)
Total latent revaluation gains (losses)	(18.08)

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 20.28 crore. Capital Requirement is 10% of the said value which stand to BDT 2.03 crore.

General Risk- Market value of investment in equities is BDT 20.28 crore. Capital Requirement is 10% of the said value which stand to BDT 2.03 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	74.24	52.57	100.94	197.41	342.35
Liabilities (A)					
B. Total Rate Sensitive	71.38	51.78	97.98	198.30	346.23
Assets (B)					
C. Mismatch	-2.86	-0.80	-2.95	0.89	3.87
D. Cumulative Mismatch	-2.86	-3.66	-6.61	-5.72	-1.85
E. Mismatch (%)	-3.85%	-1.52%	-2.92%	0.45%	1.13%

Interest Rate Risk - Increase in Interest Rate

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio	-	-	-
Net Interest Income	.20	.40	.60
Revised Regulatory Capital	258.65	258.85	259.05
Risk Weighted Assets	1,664.26	1,664.26	1,664.26
Revised CAR (%)	15.54%	15.55%	15.56%

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	4.06
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:

Particulars	Amount in BDT crore
Capital requirement for operational risk:	5.29

STATEMENT ON SUSTAINABLE FINANCING

BD Finance pledges to contribute and participate in the initiatives of United Nation's Sustainable Development Goals and Bangladesh Bank's directive to introduce in-house environment management throughout the organization. With the objective to become the "First Green Organization" in the financial industry, BD Finance would like to outline its green policies and transformation framework in such a way that it would be an example to follow. BD Finance will incorporate green values in its corporate culture and promote a more environment-friendly atmosphere in the organization to facilitate the transformation that it desires to create. Embracing a green corporate culture will enable BD Finance to reduce its environmental impact and footprint by creating energy efficient and sustainable work environment. It will also boost our corporate image as an environmentally and socially conscious corporate citizen.

As per Bangladesh Bank Sustainable Finance Department (SFD) master Circular number 03 dated March 16, 2017, management of BD Finance has already formed a "Sustainable Finance Unit" which supervises whole 'Green Operations' of BD finance and ensures compliance. BD finance has also enlightened its entire crew to "Go Green" and "Think Green" through stringent training and workshops. We would like to take the following initiatives throughout BD Finance to start this green transformation process, many of which are in practice now.

1. Paper Consumption Reduction

- Reduce paper uses as much as possible to eventually embrace a paperless culture. Keep track of paper purchase and consumption to set a monitoring system.
- Set printer default settings to double sided print and use both sides of the paper for photocopying.
- Always use print preview to check documents before printing to avoid errors and re-printing.
- Use smaller fonts while printing to reduce number of pages when possible.
- Before trainings or meetings circulate handouts or minutes via email if possible so that printed handouts are not required for each participant.
- Keep a "recycled paper" box near every printer (or desks) to encourage employees to use as draft paper for unofficial purposes.
- Use email or "Common Folder" whenever possible for communication and sharing documents / files rather than printing or photocopying.
- Reuse mail envelopes for internal and/or unofficial purposes.
- Use electronic notepads in laptops or smartphones for personal note instead of paper notebooks.

2. Energy Consumption Reduction

- Create power consumption chart to monitor energy expense.
- Turn off overhead lights and use natural light whenever possible.
- Turn off lights in lobby and other unused office areas after office hours.
- Adjust the thermostats properly which can save a significant amount on electric bill while also cutting down on energy consumption and greenhouse gas emissions.
- Make sure that all lights and equipment are properly turned off when the last person is out of the office.
- Use energy saving mode or turn off laptops, printers, photocopiers, air-conditioners and other office equipment when not in use.
- Deactivate your screensaver. Monitors should be set to hibernation as screensavers more frequently waste energy rather than conserving it.
- Use smart sensors to enable energy reduction system throughout the office premise.

3. Emission Control

- Purchase eco-friendly papers for easy recycle
- Shift to energy efficient LED lights to reduce carbon footprint.
- Reduce toner darkness when photocopying to save ink and reduce costs. This will also impact toxins on the paper when it eventually gets recycled.
- Use EnergyStar compliant equipment to reduce emission
- Use hybrid cars if possible and fuel economy/emission reduction processes in office vehicles.
- Introduce Car-pooling practice to reduce traffic congestion and pollution.

4. Water Consumption Reduction/Recycle

- Monitor water consumption bills.
- Reduce wastage of water in washrooms and kitchen areas.
- Shut the water tap off while using soap and then turn on the tap to rinse.
- Notify cleaning staff if you find leaky faucets or toilets.
- Recycle used water for other purposes.
- Install rain barrel to harvest precious rain-water.

5. Proper Waste Management

- Instead of using disposable plastic boxes/cups, encourage employees to bring their lunch in reusable containers and to use reusable water bottles.
- Use eco-friendly tissue papers and reduce wastage of it.
- Using refillable pens and reusing folders / file clips and covers.
- Throw wastes in appropriate bins and keep the office space clean and healthy.

6. Environment-friendly Purchase Policy

- We should review the existing purchase and billing policy to incorporate environmental issues that will not only reduce our emission footprint but also reduce cost for greater impact.
- Every purchase should be justified reviewing its actual requirement and analyzing its possible substitutes and reuse options.
- We should purchase eco-friendly products and shift our mindset to greener products and services.

7. Internal Awareness

- Promote a green corporate culture by raising awareness among colleagues and staffs.
- Circulating environmentally friendly messages via email or social media as well as internal branding to promote green practices and increase awareness.
- Conduct environmental awareness through trainings and sessions.
- Internal Campaigns to facilitate the green transformation.
- Recognize Departments/Employees for achievement in internal campaigns/contribution towards green culture.

8. Green Building Transformation

- BD Finance will transform its Bangshal Branch Office into a Green Office by installing sufficient and appropriate greeneries all throughout the office space and reducing energy consumption and emission.
- Vertical gardens can be created to increase the green presence as well as external aesthetics.
- A Green Branch should be created (or transform any existing one) to set the standards of green operation in the industry.
- Involve renowned and reputed architecture/interior firms to facilitate the transformation

Environmental initiatives

Environmentally- sustainable financing is the next “Big-thing” in financial market and embracing this transformation we, BD Finance crew aim to portray a noteworthy contribution to flourish this. We have enriched our core credit manual with a proper ‘Environmental and Social Risk Management (ESRM) guideline. A separate Environmental Due Diligence (EDD) checklist is made to review the whole ESRM maintenance system.

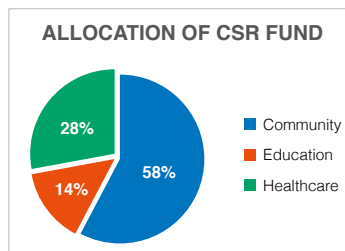
BD finance has always prioritized healthy environment and well-being of the society over economic progress. We have continued to innovate financial solutions that brought benefit to the environment and the total community. We have also introduced paperless interdepartmental communication system. To enrich our asset portfolio, we have focused on Eco-friendly industry and exclude consumers who don't go with the policies of Bangladesh Bank Sustainability Unit. We are working sincerely to boost-up our environmental involvements in a much greater scale in near future.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Social responsibility is a goal oriented concept to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Every business has a social responsibility which requires businessmen to consider whether their action is likely to promote the public good, to advance the basic beliefs of our society, to continue to its stability, strength and harmony. CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line People, Planet & Profit. Corporate social responsibility (CSR) is increasingly becoming a major part of the business agenda for financial institutions like BD Finance nowadays. As a Financial service company BD Finance acknowledges that 'what's beneficial to society can profit the business.'

Allocation of CSR funds – sector wise

- Education - 14% (Approximately)
- Healthcare - 28% (Approximately)
- Community - 58% (Approximately)



MAIN OBJECTIVES OF BD FINANCE'S CSR ACTIVITIES

- To support further education in Bangladesh
- To assist in improving health services in Bangladesh
- To preserve and improve the environment
- To support community and provide community service

CSR PROJECTS ACCOMPLISHED IN 2019

Promotion of Education

BD Finance strongly believes that a quality educational foundation is a gateway to better opportunities and success. This is why we strive to provide and promote a conducive and effective learning environment. In the present context, Bangladesh needs improvement in the rate of women education. Most of the female students of our country has to stop their educational journey at the completion of their primary education. One of the most significant reason of this discontinuation is financial insolvency of the families of the female students. Keeping that in Mind, BD Finance decided to invest a significant portion of its corporate social responsibility fund in Jamila Khatun Lalbagh Girls High School for providing stipend & financial aid to students. This fund helped the financially insolvent female students to ensure their continuation of study in the secondary level. BD Finance always believes in equal opportunity and to ensure gender equality in the society facilitating women education is a must.



Jamila Khatun Lalbagh Girls High School for providing stipend & financial aid to students

Healthcare & Hygiene

Sanitation and hygiene standards have a huge impact on the health, fitness and social development of individuals and communities. This is even more crucial for marginalized populations that may not be aware of its importance. Since the values of cleanliness and hygiene are best inculcated in childhood, a key priority for us, is healthcare and hygiene practices in schools. Understanding the importance of nutrition and hygiene in our society BD Finance invest a portion of their CSR Fund in creating awareness about nutrition and hygiene among the female students of our country. BD Finance invested BDT 1 lac in Alhaj Anwar Hossain Shohid Nagar Govt. Primary School for providing nutritious and hygiene facility and creating awareness among the students of the School. Another most vulnerable portion of our healthcare system is the lacking in the availability of mother & Child care service. Most of the rural institution doesn't have necessary equipment to provide emergency healthcare to the new born child and their mother. BD Finance allocates a handsome amount in Jamial Khatun Red Crescent Mother & Child Health Care Center for purchasing medical equipment & logistics.



BD Finance contributed to Alhaj Anwar Hossain Shohid Nagar Govt. Primary School for providing nutritious and hygiene facility and creating awareness among the students of the School



As a part of CSR activities BD Finance contributed to Jamila Khatun Red Crescent Mother & Child Health Care Center to facilitate for purchasing medical equipment & logistics

Community Service

BD finance as a financial Institution believes creating impact to the community. BD Finance is introducing new financial products that can ensure financial inclusion for unbanked people of the country. Moreover, BD Finance is trying to create impact on the community so that people of every kind including physically challenged children and financially insolvent community service providers can be facilitated in a proper way. BD Finance invested more than half of its CSR fund in the community service works. BD Finance has contributed of BDT 3,50,000 to Bangladesh Shishu Kallan Parishad for the welfare of autistic children under the program of its corporate social responsibility. In our society we barely have time to pay attention to the people whom are working for relentlessly. BD Finance, as a part of its endeavor, distributed Blankets to winter affected poor people with the assistance of Motijhel Thana, Dhaka.



BD Finance distributed Blankets to winter affected poor people with the assistance of Motijhel Thana, Dhaka.



BD Finance Donated to Bangladesh Shishu Kallan Parishad for the welfare of autistic children

OUR INVOLVEMENT TO ACHIEVE SDG GOALS

The Sustainable Development Goals (SDGs) are a recent framework that defines the main goals to achieve sustainable development until 2030. The SDGs combine major social and environmental goals to achieve sustainable development and address environmental issues much more prominently to protect the life support systems necessary for sustainable development. Furthermore, they connect sustainable development and sustainable business issues, such as responsible production and consumption, while still promoting economic growth to create decent workplaces.

BD Finance believes that private sector participation is a must to achieve some of those sustainable development goals that can help our country to be as well as the globe to be a much better one than now. As one of the renowned Financial institution of the country BD Finance understands its role of participating in the advancement of SDG goals and trying to make itself well-positioned to drive significant progress based on our core business to help on achieving some of them.

As of now through its core business process and utilization of CSR fund BD finance is able to put its hands on in the advancement of 10 Global sustainable development goal out of 17.



BD Finance's Products and Services addressing the SDGs

BD finance works to ensure No poverty through Private Development Financing through Impact analysis, Family Empowerment Credit Program (FACP) which ensures the growth of the businesses that has better impact on creating employment and increasing social growth.

BD Finance participates in the advancement of Zero hunger goal by its new product called Family empowerment credit program and this product is designed in a way that allows financial assistance to the low and lower middle income businesses which has great impact on ensuring employment and basic need security.

To participate in Good health and well-being & Quality education goal BD Finance utilizes its CSR Fund. BD finance provide support for the betterment of Healthcare service by utilizing its CSR Fund and the organization also provide financial service in Healthcare service providing organization. BD Finance also provide donation to school as its Corporate Social Responsibility.

BD Finance has a special product called Women Entrepreneur Loan to facilitate and inspire women by providing financial services to start their own business that has its impact on encouraging Gender equality.

As a financial service providing organization BD Finance has its natural participation on ensuring decent work and economic growth by its general investments into the real economy. Moreover, BD Finance also provide financial support in Renewable Energy Industry

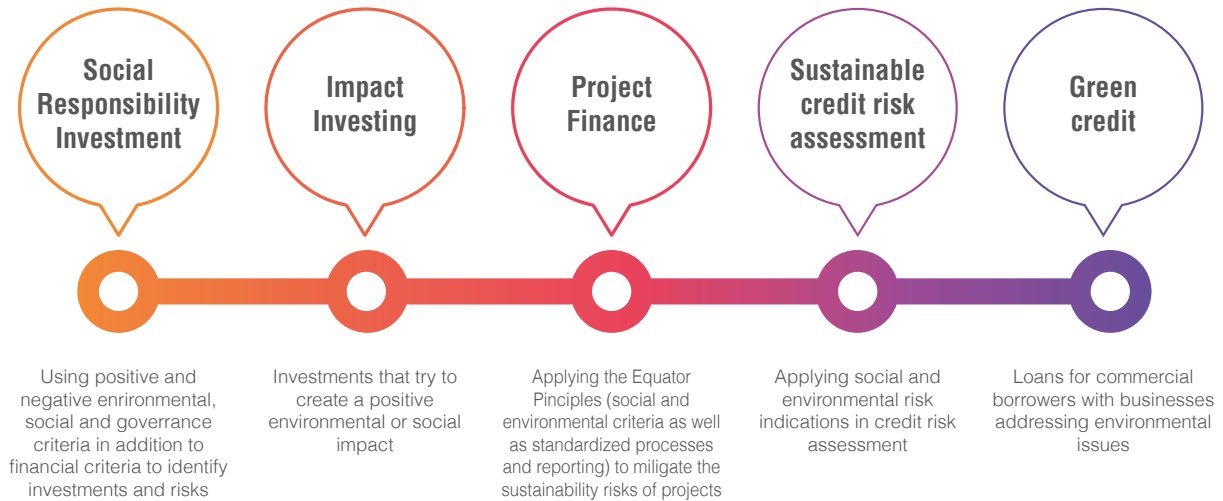
to encourage Affordable and clean energy.

BD Finance participates in the advancement of Industry innovation and infrastructure by providing project finance and commercial lending integrating social and environmental criteria for lending decisions.

To provide support in reducing inequalities BD finance introduces a product called Family Empowerment Credit Program that is specially designed for the participation of lower and lower middle income people of our country and this product provide both saving and lending opportunities.

BD Finance also has its impact on Sustainable cities and communities through the sustainable development by its Mortgage lending facility.

Tools Uses by BD Financing in addressing SDGs



TRIPLE BOTTOM LINE HIGHLIGHTS

At BD Finance, we believe in the concept of a sustainable business, one that integrates good governance, environmental issues and social concerns with its business strategies to maximize value for stakeholders. BD Finance's sustainability model is based on the 3P approach – People, Planet and Profit.

Sustainability Model		
People	Planet	Profit

- **People:** our stakeholders with whom we engage for our business and the community where we live
- **Planet:** our surrounding environment and the planet
- **Profit:** our profit-generating capacity for long-term sustenance

Accordingly, BD Finance has aligned its CSR (corporate social responsibility) initiatives to deliver on this commitment and aid community empowerment and responsible environmental management in a sustainable manner.

■ Activities undertaken

At BD Finance, we are also focusing on Earth and its sustainability, shifting from the traditional financing approach. In this regard, we are making our credit appraisal process to be much more stringent from an environmental and social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan. We have been following Environmental Risk Management guideline 2011 by Bangladesh Bank. Taking this approach one step further, BD Finance is in the process of adopting an extensive environmental and social management system (ESMS) across the organization. The overall goal of this project is to help BD Finance identify customers with potentially high environmental and social risks, enable them to evaluate the E&S performance of such customers through its due diligence and credit appraisal processes and make those customers, especially who are not in compliance with local E&S regulations, behave more responsibly through the use of environmental or social covenants in the facility agreements. This project will not only satisfy the Central Bank's requirements but also enable BD Finance to comply with internationally-acceptable risk management standards. Furthermore, execution of the green banking policy, which is in line with IFC Performance Standard, ADB Safeguard Policy and Bangladesh Bank guidelines is considered as yet another milestone towards sustainability.

In pursuance of these policy and practices, a detailed description of specific activities undertaken by BD Finance has been discussed at the earlier part of this chapter.

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bd finance
Inspiring Wealth

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 2019, 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 2019 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.

Emphasis of matter:

Without qualifying our audit opinion, we draw attention to the following matter:

In Note # 4.1 to the Financial Statements the management has elaborately disclosed and clarified the status of the recoverability of investments made in the form of FDRs of Tk. 200,000,000 with International Leasing and Financial Services Limited (ILFSL) in the backdrop of involvement of Bangladesh Bank by appointing Administrator in ILFSL to run its operation and affairs smoothly. The Management has also decided to start making provision from the current year with commitment to do so till full provision is made over the years, if the present situation of recoverability exists.

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 2019 amounts to BDT. 13,143,708,954 as against which a provision of BDT. 308,676,985 is kept at 31 December 2019. 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 2019 amounts to BDT. 17,205,274 while Deferred Tax Income of BDT 1,814,417 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.

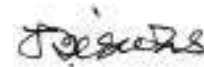
Report on Other Legal and Regulatory Requirements

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 46 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 985 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: 31 August 2020



J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Bangladesh Finance and Investment Company Limited

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
PROPERTY AND ASSETS			
Cash			
Cash in hand	3.a	108,565	137,594
Balance with Bangladesh Bank		116,081,415	133,078,089
		116,189,980	133,215,683
Balance with other Banks and Financial Institutions			
Inside Bangladesh	4.a	702,169,072	741,522,615
Outside Bangladesh		-	-
		702,169,072	741,522,615
Money at call and short notice			
		-	-
Investment in Securities			
Government	5.a	-	-
Others		806,269,974	1,092,260,486
		806,269,974	1,092,260,486
Lease, Loans and Advances			
In Bangladesh	6.a	13,366,885,299	13,861,556,468
Outside Bangladesh		-	-
		13,366,885,299	13,861,556,468
Fixed Assets including Premises, Furniture and Fixtures			
	7.a	415,767,051	398,440,699
Other Assets			
	8.a	1,542,986,738	2,279,170,368
Non Banking Assets			
	9	212,121,062	212,121,062
Total Assets			
		17,162,389,174	18,718,287,380
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks, Financial Institutions and Agents	10.a	3,329,630,807	3,490,092,798
Deposits and other Accounts	11.a	8,837,068,361	9,579,214,627
Other Liabilities	12.a	1,761,518,851	2,605,434,292
Total Liabilities		13,928,218,020	15,674,741,716
Capital/ Shareholders' Equity			
Share Capital	13.2	1,675,296,080	1,522,996,440
Statutory Reserve	14	363,659,793	320,007,242
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	374,423,402	382,246,789
Total Shareholders' Equity		2,742,367,044	2,554,238,240
Non Controlling Interest	16.b	491,804,108	489,307,422
Total Liabilities & Shareholders' Equity		17,162,389,174	18,718,287,380

Bangladesh Finance and Investment Company Limited

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	31-Dec-19 BDT	31-Dec-18 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	100,000,000	100,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		100,000,000	100,000,000
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		100,000,000	100,000,000
Net Asset Value per share (NAV)	45.a	16.37	15.25

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


Company Secretary


Managing Director


Director


Director

Dhaka, Bangladesh
Dated: 31 August 2020


J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Bangladesh Finance and Investment Company Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
Interest Income	19.a	1,982,939,177	1,884,639,422
Less: Interest paid on Deposits & Borrowings etc.	20.a	1,400,954,406	1,468,674,631
Net Interest Income		581,984,771	415,964,791
Income from Investment in securities	21.a	(190,580,301)	35,777,530
Commission, Exchange and Brokerage	21.b	67,287,925	79,581,289
Other Operating Income	22.a	161,073,844	106,920,212
		37,781,468	222,279,031
Total Operating Income		619,766,239	638,243,822
Salaries and Allowances	23.a	140,358,802	150,474,746
Rent, Taxes, Insurances, Electricity etc.	24.a	9,515,865	26,912,060
Legal & Professional Fees	25.a	1,682,213	2,403,356
Postage, Stamps, Telecommunication etc.	26.a	4,045,706	3,769,859
Stationery, Printings, Advertisements etc.	27.a	7,586,631	4,354,738
Managing Director's Salary and Allowances	28	7,000,000	6,758,333
Directors' Fees and Conveyance	29.a	1,083,750	1,201,500
Auditors' Fees	29.b	300,556	294,056
Depreciation & Repairs of Assets	30.a	54,013,565	35,671,414
Other Expenses	31.a	59,586,719	59,745,419
Total Operating Expenses		285,173,807	291,585,481
Profit before Provision		334,592,432	346,658,341
Specific provisions for Classified Investment	32	5,802,781	(87,859,475)
General Provisions for Unclassified Investment	32	7,897,219	(28,717,055)
Provisions for Other Receivables	32	19,702,000	(3,289,000)
Provisions for Investment in Securities	32.a	(105,388,985)	49,543,226
Total Provision		(71,986,985)	(70,322,304)
Total Profit before Provisions for Taxation		406,579,417	416,980,645
Deferred Tax Expenses/(benefit)		8,240,687	(1,478,361)
Current Tax Expenses-BD Finance		196,026,591	120,214,449
Current Tax Expenses-BD Securities Ltd.		10,937,615	13,884,766
Current Tax Expenses-BD Capital Holdings Ltd.		749,034	2,406,039
		215,953,928	135,026,893
Net Profit after Taxation		190,625,489	281,953,752
Attributable to		190,625,489	281,953,752
Shareholder of the Company		188,128,804	281,865,472
Non-controlling Interest		2,496,685	88,280
Net Profit available for distribution		188,128,804	281,865,472

Bangladesh Finance and Investment Company Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
Appropriations			
Statutory Reserve	14	43,652,551	55,443,659
General Reserve	15	-	-
Retained Earnings		144,476,253	226,421,813
		188,128,804	281,865,472
Earnings Per Share (Re-stated 2018)			
	33a	1.12	1.68

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


Company Secretary


Managing Director


Director


Director

Dhaka, Bangladesh
Dated: 31 August 2020


J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Bangladesh Finance and Investment Company Limited

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	31-Dec-19	31-Dec-18
	BDT	BDT
Cash Flow from Operating Activities		
Interest received	2,004,287,949	1,842,646,476
Interest paid	(1,505,107,325)	(1,407,754,475)
Dividend received	9,254,366	28,146,262
Fees & Commission received	63,294,313	74,537,950
Cash Payments to Employees	(147,358,802)	(157,182,135)
Cash Payments to Suppliers	(8,564,770)	(5,613,280)
Income Tax Paid	(105,618,867)	(48,076,170)
Received from other Operating activities	(34,856,851)	119,506,604
Payments for other Operating activities	(108,578,866)	(103,367,935)
Cash generated from operating activities before changes in Operating Assets & Liabilities	166,751,148	342,843,297
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	285,990,512	31,586,780
Loans and Lease Finance to Customers	494,671,169	351,283,831
Other Assets	(9,039,022)	(3,415,125)
Deposits	(742,146,265)	(612,887,556)
Other Liabilities	(34,267,972)	164,959,077
Sub Total	(4,791,578)	(68,472,993)
A) Net Cash flows from Operating Activities	161,959,569	274,370,304
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	37,879,317
Proceeds from Sale of fixed assets	-	-
Purchases/sale of Property, Plant & Equipment	(57,876,826)	(9,904,181)
B) Net Cash flows from Investing Activities	(57,876,826)	27,975,136
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	(160,461,990)	(579,865,441)
Share Capital - Right Issue	-	-
Dividend Paid	-	-
C) Net Cash flows from Financing Activities	(160,461,990)	(579,865,441)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(56,379,247)	(277,520,001)
E) Cash & Cash Equivalents at the beginning of the period	874,738,299	1,152,258,300
F) Cash & Cash Equivalents at the end of the period(D+E)	818,359,052	874,738,299
Net Operating Cash Flows per share (NOCFPS)	0.97	1.64

46.a


 Company Secretary


 Managing Director


 Director


 Director


J C Biswas FCA
 Partner
 MABS & J Partners
 Chartered Accountants

 Dhaka, Bangladesh
 Dated: 31 August 2020

Bangladesh Finance and Investment Company Limited

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019


Particulars	Share capital BDT	Statutory reserve BDT	General reserve BDT	Capital reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT	Non Controlling Interest BDT	Total Equity BDT
Balance as at 01 January 2019	1,522,996,442	320,007,242	-	33,744,750	295,243,020	382,246,789	2,554,238,242	489,307,423	3,043,545,663
Changes during the period 2019									
Issue of Bonus Share	152,299,640	-	-	-	-	(152,299,640)	-	-	-
Cash Dividend	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	188,128,804	188,128,804	2,496,685	190,625,489
Revaluation Surplus	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	43,652,551	-	-	-	(43,652,551)	-	-	-
Balance as at 31 December 2019	1,522,996,442	363,659,793	-	33,744,750	295,243,020	374,423,401	2,742,367,046	491,804,108	3,234,171,152
Balance as at 01 January 2018	1,384,542,220	264,563,582	-	33,744,750	295,243,020	294,227,574	2,272,321,146	489,180,767	2,761,501,912
Changes during the period 2018									
Issue of Bonus Share	138,454,222	-	-	-	-	(138,454,222)	-	-	-
Prior year adjustment	-	-	-	-	-	51,624	51,624	38,376	90,000
Cash Dividend	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	281,865,472	281,865,472	88,280	281,953,752
Revaluation Surplus	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	55,443,659	-	-	-	(55,443,659)	-	-	-
Balance as at 31 December 2018	1,522,996,442	320,007,242	-	33,744,750	295,243,020	382,246,789	2,554,238,242	489,307,423	3,043,545,663


Company Secretary


Managing Director


Director


Director


J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Dhaka, Bangladesh
Dated: 31 August 2020

Bangladesh Finance and Investment Company Limited

BALANCE SHEET

As at 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
PROPERTY AND ASSETS			
Cash			
	3		
Cash in hand		48,063	69,250
Balance with Bangladesh Bank		116,081,415	133,078,089
		116,129,478	133,147,339
Balance with other Banks and Financial Institutions			
	4		
Inside Bangladesh		608,745,088	658,978,102
Outside Bangladesh		-	-
		608,745,088	658,978,102
Money at call and short notice			
	5		
Investment in Securities			
Government		-	-
Others		283,611,618	484,232,301
		283,611,618	484,232,301
Lease, Loans and Advances			
	6		
In Bangladesh		13,143,708,954	13,629,146,338
Outside Bangladesh		-	-
		13,143,708,954	13,629,146,338
Fixed Assets including Premises, Furniture and Fixtures			
	7	404,671,431	387,901,258
Other Assets			
	8	1,262,957,914	1,301,788,734
Non Banking Assets			
	9	212,121,062	212,121,062
Total Assets		16,031,945,543	16,807,315,133
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks financial Institutions and Agents	10	3,097,255,534	3,205,972,678
Deposits and other Accounts	11	8,837,068,361	9,579,214,627
Term Deposits		8,273,982,765	9,103,947,672
Other Deposits		428,936,445	322,467,052
Advance Rent & Installments		134,149,152	152,799,902
Bills Payable		-	-
Other Liabilities	12	1,486,195,465	1,628,964,402
Total Liabilities		13,420,519,360	14,414,151,707
Capital/Shareholders' Equity			
Share Capital	13.2	1,675,296,080	1,522,996,440
Statutory Reserve	14	363,659,793	320,007,242
General Reserve	15	-	-
Revaluation Surplus on Land & Building	7.1	295,243,020	295,243,020
Retained earnings	16	277,227,289	254,916,724
Total Shareholders' Equity		2,611,426,182	2,393,163,425
Total Liabilities & Shareholders' Equity		16,031,945,543	16,807,315,133

Bangladesh Finance and Investment Company Limited

BALANCE SHEET

As at 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	100,000,000	100,000,000
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		100,000,000	100,000,000
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		100,000,000	100,000,000
Net Asset Value per share (NAV)	45	15.59	14.29

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


Company Secretary


Managing Director


Director


Director

Dhaka, Bangladesh
Dated: 31 August 2020


J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Bangladesh Finance and Investment Company Limited
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
Interest Income	19	1,943,814,223	1,848,870,486
Less: Interest paid on Deposits & Borrowings etc.	20	1,365,252,907	1,420,478,171
Net Interest Income		578,561,316	428,392,315
Income from Investment in securities	21	(177,375,645)	19,984,901
Commission, Exchange and Brokerage		486,355	400,000
Other Operating Income	22	165,989,325	110,448,599
		(10,899,965)	130,833,500
Total Operating Income		567,661,351	559,225,815
Salaries and Allowances	23	113,547,836	122,533,824
Rent, Taxes, Insurances, Electricity etc.	24	3,054,455	22,118,363
Legal & Professional Fees	25	1,513,964	1,961,296
Postage, Stamps, Telecommunication etc.	26	2,798,426	2,511,317
Stationery, Printings, Advertisements etc.	27	7,172,695	3,888,654
Managing Director's Salary and Allowances	28	7,000,000	6,758,333
Directors' Fees	29	632,000	960,000
Auditors' Fees		225,000	211,000
Depreciation & Repairs of NBFIs Assets	30	50,569,069	31,737,723
Other Expenses	31	32,457,872	30,456,451
Total Operating Expenses		218,971,317	223,136,962
Profit before Provision		348,690,034	336,088,854
Specific provisions for Classified Investment		5,802,781	(87,859,475)
General provisions for Unclassified Investment		7,897,219	(28,717,055)
Provisions for other Receivables		19,702,000	(3,289,000)
Provisions for Investment in Securities		(107,242,000)	60,000,000
Total Provision	32	(73,840,000)	(59,865,530)
Total Profit before Provisions for Taxation		422,530,034	395,954,384
Deferred Tax Expenses/(benefit)	8.2	8,240,687	(1,478,361)
Current Tax Expenses	12.4	196,026,591	120,214,449
		204,267,278	118,736,088
Net Profit after Taxation		218,262,756	277,218,296
Appropriations			
Statutory Reserve	14	43,652,551	55,443,659
General Reserve	15	-	-
Retained Earnings	16	174,610,205	221,774,636
		218,262,756	277,218,296
Earnings Per Share (Re-stated 2018)	33	1.30	1.65

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


 Company Secretary


 Managing Director


 Director


 Director


J C Biswas FCA
 Partner
 MABS & J Partners
 Chartered Accountants

 Dhaka, Bangladesh
 Dated: 31 August 2020

Bangladesh Finance and Investment Company Limited

CASH FLOW STATEMENT

For the year ended 31 December 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
Cash Flow from Operating Activities			
Interest received	34	1,964,182,992	1,806,789,324
Interest paid	35	(1,472,020,707)	(1,359,460,319)
Dividend received		3,405,200	16,123,193
Fees & Commission received		486,355	400,000
Cash Payments to Employees		(120,547,836)	(129,292,157)
Cash Payments to Suppliers		(7,172,695)	(3,888,654)
Income Tax Paid		(94,812,833)	(34,191,404)
Received from other Operating activities	36	(14,791,520)	114,310,307
Payments for other Operating activities	37	(54,144,808)	(70,127,906)
Cash generated from operating activities before changes in Operating Assets & Liabilities		204,584,148	340,662,384
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		200,620,683	4,023,520
Loans and Lease Finance to Customers		485,437,384	366,224,037
Other Assets	38	(15,161,926)	836,204
Deposits		(742,046,264)	(612,887,556)
Other Liabilities	39	(38,091,605)	139,272,833
Sub Total		(109,241,728)	(102,530,962)
A) Net Cash from Operating Activities		95,342,420	238,131,422
Cash flows from Investing Activities			
Purchase/sale of non trading securities		-	-
Proceeds from Sale of fixed assets		-	-
Purchases/sale of Property, Plant & Equipments		(53,876,151)	(4,057,624)
B) Net Cash from Investing Activities		(53,876,151)	(4,057,624)
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		(108,717,144)	(550,841,925)
Right Share Capital		-	-
Dividend Paid		-	-
C) Net Cash from Financing Activities		(108,717,144)	(550,841,925)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(67,250,875)	(316,768,127)
E) Cash and cash equivalents at the beginning of the period		792,125,441	1,108,893,568
F) Cash and cash equivalents at the end of the period (D+E)	40	724,874,566	792,125,441
Net Operating Cash Flow per share	46	0.57	1.42

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


Company Secretary


Managing Director


Director


Director


J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Dhaka, Bangladesh
Dated: 31 August 2020

Bangladesh Finance and Investment Company Limited

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019

Particular	Share capital BDT	Statutory reserve BDT	General reserve BDT	Revaluation Surplus BDT	Retained earnings BDT	Total BDT
Balance as at 01 January 2019	1,522,996,440	320,007,242	-	295,243,020	254,916,724	2,393,163,425
Changes during the period 2019						
Issue of Bonus Share	152,299,640	-	-	-	(152,299,640)	-
Profit/(Loss) for the period	-	-	-	-	218,262,756	218,262,756
Transfer to statutory reserve	-	43,652,551	-	-	(43,652,551)	-
Revaluation of Land	-	-	-	-	-	-
	152,299,640	43,652,551	-	-	22,310,565	218,262,756
Balance as at 31 December 2019	1,675,296,080	363,659,793	-	295,243,020	277,227,289	2,611,426,181
Balance as at 01 January 2018						
	1,384,542,230	264,563,582	-	295,243,020	171,596,299	2,115,945,131
Changes during the period 2018						
Issue of Bonus Share	138,454,210	-	-	-	(138,454,210)	-
Profit/(Loss) for the period	-	-	-	-	277,218,295	277,218,295
Transfer to statutory reserve	-	55,443,659	-	-	(55,443,659)	-
Revaluation of Land	-	-	-	-	-	-
	138,454,210	55,443,659	-	-	83,320,426	277,218,295
Balance as at 31 December 2018	1,522,996,440	320,007,242	-	295,243,020	254,916,725	2,393,163,425



Company Secretary



Managing Director




Director



Director

Dhaka, Bangladesh
Dated: 31 August 2020



J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Bangladesh Finance and Investment Company Limited

LIQUIDITY STATEMENT ASSETS AND LIABILITIES MATURITIES ANALYSIS

As at 31 December 2019


Particulars	Up to 01 Month BDT	01-03 Months BDT	03-12 Months BDT	01-05 Years BDT	More than 05 years BDT	Total BDT
Assets						
Cash in hand	48,063	-	-	-	-	48,063
Balance with Bangladesh Bank	116,081,415	-	-	-	-	116,081,415
Balance with other banks and financial institutions	15,909,613	44,916,732	547,918,744	-	-	608,745,088
Money at Call and Short Notice	-	-	-	-	-	-
Investment in securities	273,611,618	-	-	10,000,000	-	283,611,618
Investment (Loans and Advances)	398,867,539	1,435,923,139	2,717,988,023	6,142,560,093	2,448,370,161	13,143,708,954
Fixed Assets including premises, furniture and fixtures etc.	-	-	-	105,851,800	298,819,631	404,671,431
Other Assets	6,249,415	17,205,274	162,578,289	40,872,222	1,036,052,714	1,262,957,914
Non-banking Assets	-	-	-	212,121,062	-	212,121,062
Total Assets (i)	810,767,662	1,498,045,145	3,428,485,055	6,511,405,177	3,783,242,506	16,031,945,544
Liabilities						
Financing (Borrowing) from other banks, financial institutions and agents	232,371,519	255,268,198	1,231,167,550	1,378,448,267	-	3,097,255,534
Deposits and other accounts	441,853,418	1,060,448,203	1,502,301,621	4,506,904,864	1,325,560,254	8,837,068,361
Provision and other liabilities	59,383,293	10,170,097	256,026,969	464,246,042	696,369,064	1,486,195,465
Total Liabilities (ii)	733,608,231	1,325,886,498	2,989,496,140	6,349,599,173	2,021,929,318	13,420,519,360
Net Liquidity Gap (i-ii)	77,159,431	172,158,647	438,988,915	161,806,003	1,761,313,188	2,611,426,184


Managing Director


Director


Director


Company Secretary


J C Biswas FCA
Partner
MABS & J Partners
Chartered Accountants

Dhaka, Bangladesh
Dated: 31 August 2020

Bangladesh Finance and Investment Company Limited

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the period ended 31 December 2019

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, Gazipur and Jashore. The Company went for Initial Public Offering on 14 June 2007 and its shares were listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 06 September 2007 & 28 August 2007 respectively .

1.2 Principal activities and nature of operation

The Company provides lease finance for capital machinery to various industries including construction equipment, energy generating equipment, office equipment, medical equipment, transport etc. The company also provides term finance, short term finance, syndication finance, working capital finance, SME loan, women entrepreneur loan, factoring of accounts receivables, bill discounting, distributor finance, work order finance, assignment 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. Basis of preparation and 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 subsidiaries, as mentioned in note No. 1.3.1 & 1.3.2 have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements". The consolidation of the financial statements have been made after eliminating all material inter company balances, income and expenses arising from inter-company transactions.

The total profits of the Company and its subsidiaries are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as 'Non-controlling Interest'.

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

2.2 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 (except IFRS 16: Leases, see note-2.11).

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 (NBFI) 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 Significant accounting policies

Same disclosed accounting policies and methods of computation have been followed in these Financial Statements as were applied in the preparation of the financial statements of BD Finance as at and for the year ended 31 December 2018, except for those related to IFRS 16: “Leases”, which is effective from 1 January 2019.

2.4.1 Changes in significant accounting policies - IFRS 16 Leases

2.4.1.1 Nature and impact of changes

Definition of a lease

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

As a Lessee

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

(i) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at BD Finance’s incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (if any).

(ii) Leases previously classified as finance leases

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

As a lessor

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

Impacts on financial statements

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

Particulars	Amount
Depreciation charge for right-of-use assets	19,491,383
Interest expense on lease liabilities	2,873,160
Total cash out flow for lease	24,924,489
Addition to right-of-use assets	46,304,994
Carrying amount of right-of-use assets at the end of the year	44,840,450

2.5 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.

2.6 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.

2.7 Reporting period

These financial statements cover from 01 January 2019 to 31 December 2019.

2.8 Functional and presentation currency

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

2.9 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 asses the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows.

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

2.10 Statement of Changes in Equity

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

2.11 Accounting policy for IFRS 16: Leases

BD Finance has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 as Operating Lease. The details impact of changes in the financial statements has been disclosed in Note 2.4.1.1.

Policy applicable from 1 January 2019

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

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

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

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

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

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

BD Finance as a lessee

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

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

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

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

BD Finance as a lessor

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

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

2.12 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.

2.13 Recognition of Property, Plant and Equipment and Depreciation

2.13.1 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.

2.13.2 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%
Right-of-use Asset	Lease term

2.13.3 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.

2.14 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.

2.15 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.

2.16 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

2.17 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.

2.18 General Reserve

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

2.19 Retirement Benefit

(a) Provident Fund

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

(b) Gratuity

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 eligibility 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.

(c) Other employees benefit obligation

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

2.20 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
General provision on:	
Unclassified loans and advances-Non-SME	1%
Unclassified loans and advances-SME	0.25%
Special mention account	5%
Specific provision on:	
Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

2.21 Income Tax

2.21.1 Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2019 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with IAS-12.

2.21.2 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.

2.22 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.

2.23 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.

2.23.1 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.

2.23.2 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.

2.23.4 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.

2.23.5 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.

2.24 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".

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 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.

2.30 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.

2.31 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.

2.32 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:

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

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

N/A= Not Applicable* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.3).

		31-Dec-19	31-Dec-18
		BDT	BDT
3	Cash		
	Cash in hand (Notes :3.1)	48,063	69,250
	Balance with Bangladesh Bank (Notes :3.2)	116,081,415	133,078,089
		116,129,478	133,147,339
3.a	Cash in Hand (Consolidated)		
	BD Finance	48,063	69,250
	BD Finance Securities Limited	46,107	60,728
	BD Finance Capital Holdings Limited	14,395	7,616
		108,565	137,594
3.1	Cash In hand (including foreign currencies)		
	In local currency	48,063	69,250
	In foreign currency	-	-
		48,063	69,250
3.2	Balance with Bangladesh Bank (including foreign currencies)		
	In local currency	116,081,415	133,078,089
	In foreign currency	-	-
		116,081,415	133,078,089
3.3	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the 5th schedule of the Financial Institutions Act, 1993 and subsequent FID Circular # 06, dated November 06, 2003, FID Circular # 02 dated November 10, 2004 respectively.		
3.4	Cash Reserve Ratio (CRR): 2.5% of Average Demand and Time Liabilities		
	Required Reserve	113,212,801	125,923,043
	Actual Reserve held with Bangladesh Bank (local currency)	115,460,907	134,296,617
	Surplus	2,248,106	8,373,574
3.5	Statutory Liquidity Ratio (SLR): 5% (including 2.5% CRR) of Average Demand and Time Liabilities		
	Required Reserve	618,814,209	677,117,187
	Actual Reserve held (Note- 3.6)	724,874,566	792,125,441
	Surplus	106,060,357	115,008,255
3.6	Held for Statutory Liquidity Ratio		
	Cash in hand	48,063	69,250
	Balance with Bangladesh Bank	116,081,415	133,078,089
	Balance with other bank and Financial Institutions (Note-4)	608,745,088	658,978,102
		724,874,566	792,125,441
4	Balance with other Banks and Financial Institutions		
	Inside Bangladesh (Note - 4.1)	608,745,088	658,978,102
	Outside Bangladesh (Note - 4.2)	-	-
		608,745,088	658,978,102
4.a	Balance with other Banks and Financial Institutions (Consolidated)		
	BD Finance	608,745,088	658,978,102
	BD Finance Securities Limited	74,406,928	53,362,536
	BD Finance Capital Holdings Limited.	19,017,055	29,181,977
		702,169,072	741,522,615

	31-Dec-19	31-Dec-18
	BDT	BDT
4.1 Inside Bangladesh		
Current Account		
Dhaka Bank Limited	2,101	2,791
Midland Bank Limited	3,750	466
NCC Bank Ltd	729,472	45,286,489
NRB Bank Ltd.	5,435	6,010
Prime Bank Limited	3,100,965	2,104,950
Social Islami Bank Limited	9,837,197	2,138,033
Standard Chartered Bank	2,230,694	-
	15,909,613	49,538,738
STD Account		
Bank Asia Limited	50,766	25,030,685
BRAC Bank Limited	24,394	62,102
Dutch Bangla Bank Limited	1,956,365	489,266
Islami Bank BD Ltd.	12,688,064	27,705
Jamuna Bank Limited	8,049	4,360
Modhumoti Bank Limited	3,353	3,876
Mutual Trust Bank Limited	7,981,079	21,388,444
NRB Commercial Bank Limited	262,381	232,267
Southeast Bank Limited	20,630,229	22,057,632
The City Bank Limited	1,300,912	1,966,644
United Commercial Bank Limited	11,140	6,827,885
	44,916,732	78,090,866
FDR with Banks	347,918,744	331,348,497
FDR with NBFIs	200,000,000	200,000,000
Total Balance with other Banks and Financial Institutions	608,745,088	658,978,102

FDR with NBFIs represents investment in short term deposits with International Leasing & Financial Services Ltd. (ILFSL) of Tk. 200,000,000 on 3 and 6 months auto renewable terms made in years 2017 and 2018 with the objectives of ensuring continuous flow of earnings. Due to the recent financial troubles, Bangladesh Bank has appointed Administrator to take over the operation of ILFSL and ensure safeguard of assets so that the investors' funds remain secured.

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

We are in constant communication /correspondence with ILFSL management and they have made firm commitment to us to repay the amount. Bangladesh Bank has already taken necessary measure to overcome their stressed situation.

Considering the recent trends and efforts of ILFSL to continue paying interest, the appointment of Administrator by Bangladesh Bank and involvement of Bangladesh Bank in taking care of the affairs of ILFSL for the interest of the investors, the management of Bangladesh Finance And Investment Company Limited reasonably believes that there is still no significant risk in realization of the investment made with ILFSL. However, as accounting prudent measure, 10% provision has been made on the total value of the investment in this year.

Management has also decided to continue making provision to cover the full amount of investment over the years in phases and with that end in view to make provision @10% during next two years, @15% during 4th and 5th year and @ 20% during 6th and 7th year if the present situation of recoverability exists.

	31-Dec-19	31-Dec-18
	BDT	BDT
4.2 Outside Bangladesh		
Cash at Foreign Bank	-	-
Total Cash at Bank (Bangladesh & Foreign)	608,745,088	658,978,102
4.3 Maturity-wise groupings of balance with other banks and FI's		
On Demand	15,909,613	49,538,738
Not more than 3 months	44,916,732	78,090,866
More than 3 months but less than 1 year	547,918,744	531,348,497
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	608,745,088	658,978,102
5 Investment in Securities		
i) Government	-	-
ii) Others	283,611,618	484,232,301
	283,611,618	484,232,301
5.a Investment in Securities (Consolidated)		
BD Finance	283,611,618	484,232,301
BD Finance Securities Limited	246,676,938	220,098,773
BD Finance Capital Holdings Limited	275,981,418	387,929,412
	806,269,974	1,092,260,486
5.ii. Investment in Securities-Others		
Investment in shares (quoted) (Note 5.1)	273,611,618	474,232,301
Investment in shares (un-quoted) (Note 5.2)	10,000,000	10,000,000
	283,611,618	484,232,301
Maturity-wise Grouping of Investment in Securities:		
On demand	273,611,618	474,232,301
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	-	-
	283,611,618	484,232,301

5.1 Quoted Shares

Name of the Institution	Cost Price 2019	Market Price 2019	Cost Price 2018
ADN Telecom Limited (ADNTEL)	569,040	512,136	-
Aman Cotton Fibrous Limited (ACFL)	-	-	313,840
Apex Tannery Limited (APEXTANRY)	-	-	265,700
Bashundhara Paper Mills Limited (BPML)	-	-	939,604
BRAC Bank Ltd. (BRACBANK)	-	-	3,627,205
City General Insurance Co. Ltd. (CITYGENINS)	-	-	12,073,100
Coppertech Industries Limited (COPPERTECH)	47,410	116,983	-
Eastland Insurance Company Ltd. (EASTLAND)	5,302,000	2,522,361	5,302,002
Esquire Knit Composite Limited (ESQUIRENIT)	940,050	591,187	-
Fortune Shoes Limited (FORTUNE)	-	-	335,102
Fu Wang Food Ltd. (FUWANGFOOD)	-	-	605,087
Genex Infosys Limited (GENEXIL)	3,409	26,421	-
GSP Finance Company (Bangladesh) Limited (GSPFINANCE)	-	-	459,826
Indo-Bangla Pharmaceuticals Limited (IBP)	-	-	2,673
Intraco Refueling Station Limited (INTRACO)	-	-	2,534
Jamuna Oil Company Limited (JAMUNAOIL)	-	-	8,757,707
Kattali Textile Limited (KTL)	-	-	100,640
LafargeHolcim Bangladesh Limited (LHBL)	-	-	185,004,854
M.L. Dyeing Limited (MLDYEING)	-	-	35,242
National Tubes Limited (NLTUBES)	-	-	51,033
New Line Clothings Limited (NEWLIN)	40,023	63,374	-
Northern General Insurance Company Ltd. (NORTHRNINS)	-	-	63,172,649
One Bank Limited (ONEBANKLTD)	17,287,430	8,170,908	17,287,508
Padma Islami Life Insurance Limited (PADMALIFE)	22,718,804	5,390,294	99,152,599
Runner Automobiles Limited (RUNNER AUTO)	540,450	450,177	-
Sea Pearl Beach Resort & Spa Limited (SEAPEARL)	37,300	161,731	-
Silva Pharmaceuticals Limited (SILVAPH)	-	-	91,940
Silco Pharmaceuticals Limited (SILCOPHL)	39,783	132,593	-
SK Trims & Industries Limited (SKTRIMS)	167,242,107	160,149,758	16,231,232
S. S. Steel Limited (SSSTEEL)	3,064	7,583	134,910
Summit Power Limited (SUMITPOWER)	23,496,919	13,565,056	23,497,316
The City Bank Ltd. (CITYBANK)	600	317	991,255
United Finance Limited (UNITEDFIN)	35,343,229	10,925,088	35,343,238
VFS Thread Dyeing Limited (VFSTDLD)	-	-	38,385
Western Marine Shipyard Limited (WMSHIPYARD)	-	-	415,121
	273,611,618	202,787,983	474,232,301

5.2 Unquoted Shares

GMG Airlines Limited.	10,000,000	-	10,000,000
	10,000,000	-	10,000,000
	283,611,618	202,787,983	484,232,301

	31-Dec-19	31-Dec-18
	BDT	BDT
6 Lease, Loans and Advances		
a) Inside Bangladesh		
Investment in Lease Finance		
Gross lease rental receivable	1,840,993,004	2,168,077,107
Less: Unearned interest income	399,411,841	449,948,128
i) Net Investment in Lease Finance	1,441,581,163	1,718,128,979
ii) Term Finance	9,703,369,519	9,933,558,042
iii) House Building Finance	1,998,758,271	1,977,459,317
Total Loans and Lease inside Bangladesh (i+ii+iii)	13,143,708,954	13,629,146,338
b) Outside Bangladesh	-	-
Total Loans and Lease Finance (a+b)	13,143,708,954	13,629,146,338
6.a Lease, Loans and Advances (Consolidated)		
BD Finance	13,143,708,954	13,629,146,338
BD Finance Securities Limited	591,579,565	629,752,506
BD Finance Capital Holdings Limited.	14,432,783	22,038,078
Loan to BD Finance Securities Limited	(381,669,369)	(335,623,107)
Loan to BD Finance Capital Holdings Limited.	(1,166,634)	(83,757,347)
	13,366,885,299	13,861,556,468
6.1 Maturity wise Classification of Investments:		
With a residual maturity of		
Receivable on Demand	398,867,539	895,944,800
Not more than 3 months	1,435,923,139	2,687,834,400
Over 3 months but not more than 1 year	2,717,988,023	2,170,570,244
Over 1 year but not more than 5 years	6,142,560,093	5,375,668,800
Over 5 years	2,448,370,161	2,499,128,093
	13,143,708,954	13,629,146,338
6.2 Investments on the basis of significant concentration:		
Investments to allied concern of Directors (Note: 43.5)	382,777,391	469,665,539
Investments to Executives/Officers	34,010,995	35,408,032
Investments to Customer Groups	7,857,953,384	8,281,253,070
Industrial Investment	4,225,851,695	4,153,405,552
Others	643,115,488	689,414,145
	13,143,708,954	13,629,146,338
6.3 Number of client's with amount of outstanding and classified loans, to whom loans and advances sanctioned more than 15% of total capital:		
Total outstanding amount to such customers at end of the year	5,654,514,086	5,206,945,676
Number of such types of customers	12	11
Amount of Classified Investments thereon	-	-
Measures taken for recovery		

6.4 Sector-wise Classification of Investment:

Sector	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
Agriculture	131,573,642	1.00%	155,403,870	1.14%
Cement/Clinker & Allied Industries	-	0.00%	-	0.00%
Chemical & Pharmaceuticals	-	0.00%	91,711,425	0.67%
Electronics and Electrical Products	385,372,721	2.93%	253,931,216	1.86%
Financial Institutions	-	0.00%	-	0.00%
Food Production/Processing Ind.	166,379,654	1.27%	176,317,310	1.29%
Garments	308,286,060	2.35%	227,378,999	1.67%
Glass & Ceramic Industries	43,478	0.00%	493,099	0.00%
Iron, Steel & Engineering	681,834,376	5.19%	617,121,818	4.53%
Jute & Jute Allied Industries	-	0.00%	-	0.00%
Merchant Banking	1,492,287,300	11.35%	1,371,249,296	10.06%
Others	643,115,488	4.89%	689,414,145	5.06%
Paper, Printing and Packaging	119,028,039	0.91%	2,523,315	0.02%
Plastic Industries	7,517,944	0.06%	-	0.00%
Power, Gas, Water and Sanitary	1,744,194,274	13.27%	1,765,645,305	12.95%
Real Estate & Housing	2,161,330,997	16.44%	1,955,796,984	14.35%
Service Industries	-	0.00%	-	0.00%
Ship & Ship Mfg. Industries	-	0.00%	-	0.00%
SME	2,924,328,160	22.25%	3,913,091,516	28.71%
Telecom./Information Technology	146,694,906	1.12%	178,003,106	1.31%
Textile	920,342,799	7.00%	939,300,405	6.89%
Trading	450,611,808	3.43%	340,712,420	2.50%
Transport & Communication	860,767,306	6.55%	951,052,111	6.98%
	13,143,708,954	100.00%	13,629,146,338	100.00%

6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
Dhaka Division	10,532,613,276	80.13%	11,004,502,274	80.74%
Chattogram Division	2,563,195,520	19.50%	2,548,631,930	18.70%
Khulna Division	1,132,812	0.01%	-	0.00%
Sylhet Division	46,767,345	0.36%	76,012,134	0.56%
	13,143,708,954	100.00%	13,629,146,338	100.00%

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

Particulars	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
Unclassified				
Standard	12,062,326,692	91.77%	12,789,952,514	93.84%
Special Mention Account (SMA)	444,653,233	3.38%	237,165,450	1.74%
	12,506,979,925		13,027,117,964	
Classified				
Substandard	140,675,787	1.07%	116,993,635	0.86%
Doubtful	17,725,994	0.13%	27,867,060	0.20%
Bad and Loss	478,327,247	3.64%	457,167,679	3.35%
	636,729,029		602,028,374	
	13,143,708,954	100.00%	13,629,146,338	100.00%

6.7 Particulars of provision for Loans and lease Finance

Status	Rate	Basis for Provision	Amount 2019	Amount 2018
General Provision (for Unclassified portion)				
Standard Non-SME	1%	9,528,135,503	95,281,355	95,017,441
Standard-SME	0.25%	2,534,191,189	6,335,478	8,220,521
Special Mention Account	5%	380,997,338	19,049,867	9,942,333
			120,666,700	113,180,295
Specific Provision (for Classified Portion)				
Substandard	20%	126,083,888	25,216,778	14,287,502
Doubtful	50%	3,498,379	1,749,189	5,548,289
Bad or loss	100%	134,329,529	134,329,529	134,940,899
			161,295,496	154,776,690
Required provision for Loans & Lease Finance			281,962,196	267,956,985
Required provision for Other Receivables			25,529,000	5,828,000
Total provision required			307,491,196	273,784,985
Total provision maintained {note # 12.1(a), (b) & (c)}			308,676,985	275,174,985
Surplus Provision			1,185,788	1,390,000

BD Finance has maintained provision on unclassified investment amounting to Tk. 121,577,514 (note # 12.1.b) and for classified Loan & Lease Finance Tk. 161,569,471 (note # 12.1.a) totaling Tk. 308,676,985. Surplus provision against unclassified loan/lease is Tk. 910,814.

	31-Dec-19	31-Dec-18
	BDT	BDT
6.8 Particulars of Investments:		
(i) Loans, advances and leases considered good in respect of which the financial institution is fully secured	1,497,674,313	2,500,053,006
(ii) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors' personal guarantee	2,504,603,996	712,838,977
(iii) Loans, advances and leases considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	9,141,430,644	10,416,254,355
	13,143,708,954	13,629,146,338
(iv) Loans, advances and leases adversely classified; provision not maintained there against	-	-
(v) Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other persons	34,010,995	19,329,166
(vi) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members (Note 43.5).	382,777,391	469,665,539
(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the financial institution or any of them either separately or jointly with any other person	10,767,933	18,557,890
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies, as member	-	-
(ix) Due from other Non-Banking Financial Institutions (NBFIs)	-	-
(x) Amount of classified loans, advances and leases on which interest has not been charged to the P&L	1,081,382,262	839,193,824
a) Increase/(decrease) in specific provision	5,802,781	(87,859,475)
Amount of written off loans, advances and leases	-	20,008,866
Total amount realised against loans and leases previously written off	1,394,000	1,294,000
b) Amount of provision kept against loans, advances and leases classified as bad/loss at the date of balance sheet	134,329,529	134,940,899
c) Interest credited to Interest Suspense Account	201,707,276	237,145,672
(xi) Cumulative amount of written off loans, advances and leases		
Balance at the beginning of the year	272,527,307	252,518,441
Amount written off during the year	-	20,008,866
	272,527,307	272,527,307
The amount of written off loans, advances and leases for which law suits have been filed	268,641,835	268,641,835
7 Fixed Assets including Premises, Furniture & Fixtures		
A. Cost:		
Opening balance	484,002,090	479,944,466
Addition during the year	52,276,607	4,057,624
Less: Disposal during the year	-	-
Closing balance at cost	536,278,697	484,002,090
B. Depreciation:		
Opening balance	96,100,833	76,272,588
Addition during the year	37,105,978	19,828,244
Less: Adjustment on disposal during the year	1,599,544	-
Accumulated Depreciation	131,607,266	96,100,833
Carrying value	404,671,431	387,901,258

*Details are given in Annexure-A

	31-Dec-19	31-Dec-18
	BDT	BDT
7.a Fixed Assets including Premises, Furniture and Fixtures (Consolidated)		
BD Finance	404,671,431	387,901,258
BD Finance Securities Limited - PPE	8,011,346	10,410,208
BD Finance Securities Limited - Intangible Assets	-	-
BD Finance Capital Holdings Limited.	3,084,274	129,233
	415,767,051	398,440,699
7.1 Revaluation Surplus on Land And Building		
Revalued Amount	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
Revaluation Surplus	295,243,020	295,243,020
<p>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 it's 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).</p>		
7.b Revaluation Reserve (Consolidated)		
BD Finance	295,243,020	295,243,020
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	295,243,020	295,243,020
8 Other Assets		
Investment in Subsidiaries (Note: 8.1)	849,930,000	849,930,000
Investment in BD Finance Vanguard Mutual Fund One	185,000,000	200,000,000
Receivables, Advances & Deposits (Note 8.2)	228,027,914	251,858,734
	1,262,957,914	1,301,788,734
8.a Other Assets (Consolidated)		
BD Finance	413,027,914	1,152,974,406
BD Finance Securities Limited	1,083,242,532	1,083,965,309
BD Finance Capital Holdings Limited adjustment	(287,928)	(6,706,152)
BD Finance Capital Holdings Limited	47,004,220	48,936,805
	1,542,986,738	2,279,170,368
8.1 Investment In Subsidiaries		
Investment In paid up capital (BD Finance Capital Holdings Limited)	249,930,000	249,930,000
Investment In paid up capital (BD Finance Securities Limited)	600,000,000	600,000,000
	849,930,000	849,930,000
8.2 Receivables, Advances & Deposits		
a) Other receivables		
Interest on investment in FDR	16,896,890	11,892,138
Re-imbursable expenses	5,745,470	5,827,863
Receivable Grace Period Interest	26,851,345	2,507,535
Receivable Delinquent Charge	41,556,635	4,085,009
Receivable Penal Interest	70,757,578	193,384,931
Receivable Excise Duty	770,370	770,370
Receivable-Others	6,157,035	2,897,650
Stock of Stamp	92,380	76,754
	168,827,704	221,442,249

	31-Dec-19	31-Dec-18
	BDT	BDT
b) Deferred Tax Asset		
Deferred tax assets have been recognized in accordance with the provision of IAS 12: Income Taxes based on temporary differences arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax assets is as follows:		
Deductible temporary difference		
Gratuity provision	21,890,854	22,507,743
Fixed assets excluding land & ROU	23,989,876	18,534,540
	45,880,730	41,042,283
Tax	37.50%	37.50%
Deferred tax assets	17,205,274	15,390,857
Movement of deferred tax assets is as follows		
Balance at the beginning of the period	15,390,857	13,912,495
Credited/(debited) to profit and loss account during the period	1,814,417	1,478,361
Balance at the end of the period	17,205,274	15,390,857
c) Advance, deposits and prepayments		
Advance Office Rent	-	3,411,728
Advance against salary	33,580	52,838
Advance others	40,838,642	10,038,348
	40,872,222	13,502,914
d) Deposits with others		
Deposits with BTTB & Mobile	89,200	89,200
Deposits with Baitul Hossain Building	203,814	203,814
Deposit with Land Lord Bangshal Branch	414,700	814,700
Deposit with CDBL	400,000	400,000
Deposit with Sadharan Bima	15,000	15,000
	1,122,714	1,522,714
Other Assets (a+b+c+d)	228,027,914	251,858,734
8.3 Maturity wise classification of other assets		
Receivable on Demand	6,249,415	21,442,249
Not more than 3 months	17,205,274	95,475,160
Over 3 months but not more than 1 year	162,578,289	119,915,697
Over 1 year but not more than 5 years	40,872,222	13,502,914
Over 5 years	1,036,052,714	1,051,452,714
	1,262,957,914	1,301,788,734
9. Non-Banking Assets		
Income Generating	-	-
Non-Income Generating	212,121,062	212,121,062
	212,121,062	212,121,062
10. Borrowing from other banks, Financial Institutions and agents		
Secured	315,137,385	229,569,500
Un secured	2,782,118,149	2,976,403,178
	3,097,255,534	3,205,972,678
In Bangladesh	3,097,255,534	3,205,972,678
Outside Bangladesh	-	-
	3,097,255,534	3,205,972,678

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-19	31-Dec-18
	BDT	BDT
10.a Borrowing from other banks, Financial Institutions and agents		
BD Finance	3,097,255,534	3,205,972,678
BD Finance Securities Limited	232,375,274	284,120,120
BD Finance Capital Holdings Limited	-	-
	3,329,630,807	3,490,092,798
10.1 In Bangladesh		
Refinance against SME loan from Bangladesh Bank	19,018,422	21,786,651
Refinance against Housing loan from Bangladesh Bank	614,338	857,197
Refinance against SME loan from JICA	75,369,266	100,856,465
Term Loan from other Banks (Note-10.2)	1,315,985,958	1,578,770,947
Short Term Loan from other banks (Note-10.3)	1,231,167,550	941,701,418
Short Term Borrowing	290,800,000	282,000,000
Call Loan	164,300,000	280,000,000
	3,097,255,534	3,205,972,678
10.2 Term loan from Other Banks		
Bank Asia Ltd.	65,878,682	69,511,053
Basic Bank Ltd.	191,828,443	194,895,171
Jamuna Bank Ltd	180,071,822	216,007,726
Midland Bank Ltd.	141,832,965	167,490,063
Mutual Trust Bank Ltd.	48,331,486	115,390,903
NCC Bank Ltd.	195,926,862	220,334,488
Prime Bank Ltd.	22,954,852	38,158,020
Shahjalal Islami Bank Ltd.	157,076,586	189,269,777
Social Islami Bank Ltd.	111,951,270	140,784,853
Southeast Bank Ltd.	78,968,121	97,263,754
Standard Bank Ltd.	10,380,019	50,789,766
United Commercial Bank Ltd.	110,784,850	78,875,374
	1,315,985,958	1,578,770,947
10.3 Short Term Loan from Other Banks		
Basic Bank Ltd.	120,481,884	115,213,982
Jamuna Bank Ltd.	155,011,777	97,587,097
Mercantile Bank Ltd.	206,137,003	73,668,100
Midland Bank limited	107,178,907	100,377,408
Mutual Trust Bank Ltd.	98,088,084	88,653,764
NRB Commercial Bank Ltd.	96,567,417	25,701,754
Southeast Bank Ltd.	103,930,289	282,000
South Bangla Agriculture & Commerce Bank Ltd.	111,923,254	101,566,759
Standard Bank Limited	133,273,149	154,077,123
United Commercial Bank Ltd.	-	81,744,424
Uttara Bank Ltd.	98,575,787	102,829,007
	1,231,167,550	941,701,418
10.4 Maturity wise classification of loan		
Repayable on demand	164,300,000	280,000,000
Within 1 month	68,071,519	79,370,850
Over 1 months but not more than 3 months	255,268,198	297,640,689
Over 3 months but not more than 1 year	1,231,167,550	941,701,418
Over 1 year but not more than 5 years	1,378,448,267	1,607,259,721
Over 5 years	-	-
	3,097,255,534	3,205,972,678

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.

	31-Dec-19	31-Dec-18
	BDT	BDT
11. Deposits and Other Accounts:		
Term Deposits (Note-11.1)	7,168,260,473	8,061,922,000
Scheme Deposits (Note-11.2)	1,105,722,291	1,042,025,672
Other Deposits (Note-11.3)	428,936,445	322,467,052
Advance Rent and Installments	134,149,152	152,799,902
	8,837,068,361	9,579,214,627
11.a Deposits and Other Accounts (Consolidated)		
BD Finance	8,837,068,361	9,579,214,627
BD Finance Securities Limited	-	-
BD Finance Capital Holdings Limited	-	-
	8,837,068,361	9,579,214,627
11.1 Term Deposits		
General Deposits	3,292,317,368	3,981,922,000
Deposit from Other Banks and FI's (Note-11.4)	3,875,943,105	4,080,000,000
	7,168,260,473	8,061,922,000
11.2 Scheme Deposits		
General Deposits	1,105,722,291	1,042,025,672
Deposit from Other Banks and FI's	-	-
	1,105,722,291	1,042,025,672
11.3 Other Deposits		
Lease deposits	26,070,187	27,126,910
Security deposits	244,170	244,170
Loan deposits	-	-
Sundry Creditors	402,622,088	295,095,972
	428,936,445	322,467,052
11.4 Term Deposits from other bank and FI's		
Term Deposits from Banks	3,410,000,000	3,620,000,000
Term Deposits from NBFIs	465,943,105	460,000,000
	3,875,943,105	4,080,000,000
Term Deposits from Banks		
AB Bank Limited	50,000,000	-
Agrani Bank Ltd.	700,000,000	700,000,000
Janata Bank Ltd.	550,000,000	550,000,000
Midland Bank Ltd.	120,000,000	90,000,000
Modhumoti Bank Ltd.	360,000,000	450,000,000
Mutual Trust Bank Ltd.	-	50,000,000
National Credit And Commerce Bank Ltd.	100,000,000	100,000,000
NRB Bank Ltd.	50,000,000	250,000,000
NRB Commercial Bank Ltd.	80,000,000	100,000,000
Rupali Bank Ltd.	400,000,000	400,000,000
Sonali Bank Ltd.	200,000,000	230,000,000
South Bangla Agriculture And Commerce Bank Ltd.	200,000,000	200,000,000
The City Bank Ltd.	600,000,000	500,000,000
	3,410,000,000	3,620,000,000
Term Deposits from NBFIs		
Bangladesh Infrastructure Finance Fund Limited (BIFFL)	85,943,105	80,000,000
Infrastructure Development Company Limited	380,000,000	380,000,000
	465,943,105	460,000,000
11.5 Term and Other Deposits		
General Deposits	4,826,976,104	5,346,414,725
Deposit from Other Banks and Financial Institutions	3,875,943,105	4,080,000,000
	8,702,919,209	9,426,414,725

	31-Dec-19	31-Dec-18
	BDT	BDT
11.6 Advance Rent and Installments		
Advance Lease Rent	24,009,542	26,290,371
Advance Term Installments	110,139,609	126,509,531
	134,149,152	152,799,902
11.7 Maturity wise classification of Deposits		
Repayable on demand	-	-
Within 1 month	441,853,418	322,467,052
Over 1 months but not more than 3 months	1,060,448,203	971,537,367
Over 3 months but not more than 1 year	1,502,301,621	2,135,975,725
Over 1 year but not more than 5 years	4,506,904,864	5,043,573,072
Over 5 year to 10 years	1,325,560,254	1,105,661,410
Over 10 years	-	-
	8,837,068,361	9,579,214,627
12. Other Liabilities		
Provision for Loans and Lease Finance (Note 12.1)	308,676,985	275,174,985
Provisions for Investment in Securities (Note 12.2)	80,825,968	188,067,968
Interest Suspense (Note 12.3)	201,707,276	237,145,672
Provision for Taxation (Note 12.4)	286,225,454	185,011,696
Deferred Tax (Note 12.5)	22,356,897	12,301,792
Interest payable on Borrowing and Deposits (Note 12.6)	256,026,969	362,794,768
Payable & Provision against expenditure (Note 12.7)	286,873,367	319,479,370
Advance Rent Received	7,406,250	11,981,250
Advance Excise Duty Received	9,229,750	9,518,500
Gratuity Fund	21,890,854	22,507,743
Dividend payable	4,975,696	4,980,659
	1,486,195,465	1,628,964,402
12.a Other Liabilities (Consolidated)		
BD Finance	1,486,195,465	2,330,080,074
BD Finance Securities Limited	236,419,583	224,611,498
BD Finance Capital Holdings Limited	38,904,122	51,487,844
BD Finance Capital Holdings Limited - Adjustment	(319)	(745,124)
	1,761,518,851	2,605,434,292
12.1 Provision for Investment:		
(a) Provision on Classified Investment:		
Provision held at the beginning of the period	155,666,690	257,324,557
Provision adjustment for Loan/Lease written off during the year	-	(14,688,393)
Recovery against Loan/Lease previously written off	100,000	890,000
Net charge to Profit & Loss Account (Note - 32)	5,802,781	(87,859,475)
Provision held at the end of the period	161,569,471	155,666,690
(b) General Provision on Unclassified Investment:		
Provision held at the beginning of the period	113,680,295	142,397,350
Net charge to Profit & Loss Account (Note - 32)	7,897,219	(28,717,055)
Balance at the end of the period	121,577,514	113,680,295
(c) Provision on Other Receivables:		
Provision held at the beginning of the period	5,828,000	9,117,000
Net charge to Profit & Loss Account (Note - 32)	19,702,000	(3,289,000)
Balance at the end of the period	25,530,000	5,828,000
Total Provision for Investments	308,676,985	275,174,985

	31-Dec-19	31-Dec-18
	BDT	BDT
12.2 Provision for Investment in Securities:		
Provision held at the beginning of the period	188,067,968	128,067,968
Addition/(Adjustment) during the year (note-32)	(107,242,000)	60,000,000
Balance at the end of the period	80,825,968	188,067,968
12.3 Interest Suspense Account:		
Balance at the beginning of the period	237,145,672	200,383,099
Amount transferred to suspense account during the period	(35,438,395)	36,762,573
Amount recovered from suspense account during the period	-	-
Balance at the end of the period	201,707,276	237,145,672
12.4 Provision for Taxation		
Provision		
Balance at the beginning of the period	886,127,368	765,912,919
Less: Adjustment during the period	-	-
	886,127,368	765,912,919
Add: Provision made during the period	196,026,591	120,214,449
	1,082,153,959	886,127,368
Settlement of previous year's tax liability	-	-
Balance at the end of the period	1,082,153,959	886,127,368
Advance tax		
Balance at the beginning of the period	701,115,672	666,924,268
Add: Payment made during the period		
Under sections 64 and 74 of ITO, 1984	90,257,237	23,674,182
Deduction at source	4,555,596	10,517,222
	795,928,505	701,115,672
Less: Adjustment during the year	-	-
Balance at the end of the period	795,928,505	701,115,672
Net balance at the end of the period	286,225,454	185,011,696
Average effective tax rate		
The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".		
Tax expenses (A)	204,267,278	118,736,088
Accounting profit before tax (B)	422,530,034	395,954,384
Average effective tax rate (A÷B)	48.34%	29.99%
Reason for changes in Average effective tax rate:		

Average effective tax rate increased compared to previous year due to realized losses against investment in shares during the period under review which was considered separately from business profit having reduced tax rate as well as written off Loan/Lease in previous year.

Reconciliation of effective tax rate

	2019	
	%	Taka
Profit before income tax as per profit or loss account		422,530,034
Income tax as per applicable tax rate	37.50%	158,448,763
Net inadmissible expenses	10.91%	46,088,349
Tax exempted income	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-0.15%	(645,910)
Tax savings from reduced tax rates (for gain on sale of securities)	0.00%	-
Effect of deferred tax	1.95%	8,240,687
Total income tax expenses	48.34%	204,267,278

	31-Dec-19	31-Dec-18
	BDT	BDT
Reconciliation of effective tax rate		
	2018	
	%	Taka
Profit before income tax as per profit or loss account		395,954,384
Income tax as per applicable tax rate	37.50%	148,482,894
Net inadmissible expenses	-6.05%	(23,948,745)
Tax exempted income	0.00%	-
Tax savings from reduced tax rates (on dividend income)	-0.73%	(2,871,559)
Tax savings from reduced tax rates (for gain on sale of securities)	-0.37%	(1,448,141)
Effect of deferred tax	-0.37%	(1,478,361)
Total income tax expenses	29.99%	118,736,088

12.5 Deferred Tax

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

Deductible temporary difference		
Revaluation surplus	307,544,812	307,544,812
Tax	4%	4%
	12,301,792	12,301,792
Right-of-use Assets	26,813,611	-
Tax	37.50%	-
	10,055,104	-
Total deferred tax liabilities	22,356,897	12,301,792

Movement of deferred tax liabilities is as follows

Balance at the beginning of the period	12,301,792	12,301,792
Adjustment during the period	10,055,105	-
Balance at the end of the period	22,356,897	12,301,792

12.6 Interest payable on Borrowing and Deposits

Interest payable on TDR and other deposits	191,889,779	306,920,170
Interest payable on Term Loan	62,952,586	55,478,383
Interest payable on Refinancing loan from BB (SME)	144,410	152,079
Interest payable on Refinancing loan from BB (Housing)	10,754	12,033
Interest payable on Refinancing loan from JICA	911,047	(30,530)
Interest Payable on Call loan	50,203	194,444
Interest payable on Security Deposit	68,190	68,190
Balance at the end of the period	256,026,969	362,794,768

12.7 Payable & Provision against expenditure

Advance transfer price	3,001	3,001
Payable others	151,119,420	238,146,512
Payable to BD Finance Foundation	50,309,988	39,475,885
Liability for Lease Rent	20,863,263	-
Withholding Excise Duty	10,170,097	9,358,194
Withholding Tax	53,531,465	31,498,222
Withholding VAT	876,132	997,555
Balance at the end of the period	286,873,367	319,479,370

	31-Dec-19	31-Dec-18
	BDT	BDT
12.8 Maturity wise classification of other liabilities		
Repayable on demand	4,975,696	4,980,659
Within 1 month	54,407,597	32,495,778
Over 1 months but not more than 3 months	10,170,097	9,358,194
Over 3 months but not more than 1 year	256,026,969	362,794,768
Over 1 year but not more than 5 years	464,246,042	487,734,001
Over 5 years	696,369,064	731,601,002
Balance at the end of the period	1,486,195,465	1,628,964,402
13. Capital		
13.1 Authorized Capital:		
200,000,000 ordinary shares of Tk. 10 each	2,000,000,000	2,000,000,000
13.2 Issued, Subscribed and Paid up Capital:		
167,529,608 fully paid ordinary shares of Tk. 10 each subscribed and paid up by the sponsor Shareholders & General Shareholders	1,675,296,080	1,522,996,440
Sponsor Shareholders Group	507,948,960	466,317,280
General Shareholders Group	1,167,347,120	1,056,679,160
	1,675,296,080	1,522,996,440
General Shareholders Group:		
General Public (Individuals)	926,571,130	843,101,840
Financial Institutions	239,912,080	213,329,460
Unit fund	-	-
Investors Account	863,910	247,860
Mutual Fund	-	-
	1,167,347,120	1,056,679,160

Classification of Shareholders by holding:	No. of Shareholders	No. of Shares	Percentage of Share Holding
Less than 500 shares	5,451	865,010	0.52%
501 to 5,000 shares	4,577	8,333,616	4.97%
5,001 to 10,000 shares	774	5,591,209	3.34%
10,001 to 20,000 shares	469	6,679,770	3.99%
20,001 to 30,000 shares	158	4,002,400	2.39%
30,001 to 40,000 shares	93	3,258,276	1.94%
40,001 to 50,000 shares	49	2,245,819	1.34%
50,001 to 1,00,000 shares	90	6,204,387	3.70%
1,00,001 to 10,00,000 shares	118	31,155,455	18.60%
10,00,001 to 99,99,999 shares	36	99,193,666	59.21%
Total	11,815	167,529,608	100.00%

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

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 Bangladesh Bank.

The Surplus eligible capital of the company solo and consolidated at the close of business on 31 December 2019 were Taka 920,704,684 and Taka 1,381,941,437 respectively.

Details are as follows:

	BD Finance		BD Finance Group	
	31.12.2019 Taka	31.12.2018 Taka	31.12.2019 Taka	31.12.2018 Taka
a) Core Capital (Tier-I):				
i) Paid-up Capital	1,675,296,080	1,522,996,440	1,675,296,080	1,522,996,440
ii) Statutory Reserve (Note # 14)	363,659,793	320,007,242	363,659,793	320,007,242
iii) General Reserve (Note # 15)	-	-	-	-
iv) Retained Earnings (Note # 16)	277,227,289	254,916,724	374,423,402	382,246,789
v) Minority interest (Note # 16.b)	-	-	491,804,108	489,307,422
vi) Others (If any approved by Bangladesh Bank)	-	-	33,744,750	33,744,750
	2,316,183,162	2,097,920,405	2,938,928,132	2,748,302,643
b) Supplementary Capital (Tier-II):	269,199,024	449,369,773	269,199,024	449,369,773
i) General Provision (Unclassified loans up to specified limit + SMA-Off Balance sheet exposer) (Note 12.1(b))*	121,577,514	113,680,295	121,577,514	113,680,295
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	-	188,067,968
c) Total eligible capital (a+b)	2,585,382,186	2,547,290,178	3,208,127,156	3,197,672,416
Total Assets Including off-balance sheet exposer	16,131,945,543	17,608,430,806	17,162,389,174	18,718,287,380
D) Total risk weighted Assets	16,646,775,015	16,473,942,255	18,261,857,192	17,923,981,840
E) Required Capital Based on risk weighted Assets (10% of D)	1,664,677,502	1,647,394,226	1,826,185,719	1,792,398,184
F) Surplus (C-E)	920,704,684	899,895,953	1,381,941,437	1,405,274,232
Capital adequacy Ratio (%)	15.53%	15.46%	17.57%	17.84%

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

	31-Dec-19	31-Dec-18
	BDT	BDT
14. Statutory Reserve		
Opening balance	320,007,242	264,563,582
Add: Addition during the period	43,652,551	55,443,659
	363,659,793	320,007,242
15. General Reserve		
Opening balance	-	-
Add: Transfer from Retained Earnings	-	-
Less: Distribution During the period	-	-
	-	-
16. Retained Earnings		
Opening balance	254,916,724	171,596,309
Add: Profit After Tax during the period	218,262,756	277,218,296
Less: Transfer to Statutory Reserve	(43,652,551)	(55,443,659)
Less: Issue of Bonus Shares	(152,299,640)	(138,454,222)
	277,227,289	254,916,724
16.a Retained Earnings (Consolidated)		
BD Finance	277,227,289	254,916,724
BD Finance Securities Limited	81,061,581	75,184,307
BD Finance Capital Holdings Limited	50,713,390	84,227,930
Adjustment for Minority Interest	(34,578,858)	(32,082,172)
	374,423,402	382,246,789
16.b Non Controlling Interest (Consolidated)		
BD Finance Securities Limited		
Paid up Capital	457,150,000	457,150,000
Retained Profit/(Loss)	34,564,658	32,058,589
	491,714,658	489,208,589
BD Finance Capital Holdings Limited.		
Paid up Capital	75,250	75,250
Retained Profit/(Loss)	14,200	23,584
	89,450	98,834
	491,804,108	489,307,422
16.1 Capital Reserve		
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
	33,744,750	33,744,750
Capital reserve created for interim Stock Dividend received from the Subsidiary companies in the year 2014.		
17. Letters of Guarantees		
Letters of guarantee	100,000,000	100,000,000
Less: Margin	-	-
	100,000,000	100,000,000

	31-Dec-19	31-Dec-18
	BDT	BDT
18. Profit and Loss Account		
Income		
Interest, discount and similar income (Note-19)	1,943,814,223	1,848,870,486
Dividend income (Note-21)	3,405,200	16,123,193
Commission, Exchange and Brokerage	486,355	400,000
Gains/(loss) arising from investment in securities (Note-21)	(180,780,845)	3,861,708
Other operating income (Note-22)	165,989,325	110,448,599
	1,932,914,258	1,979,703,986
Expenses:		
Interest paid on Deposits & Borrowing (Note-20)	1,365,252,907	1,420,478,171
Administrative expenses	135,944,376	160,942,787
Other operating expenses (Note-31)	32,457,872	30,456,451
Depreciation on Fixed assets (Note-30(a)+Note-30(b)+Note-30(c))	50,569,069	31,737,723
	1,584,224,224	1,643,615,132
Income over expenditure	348,690,034	336,088,854
19. Interest income		
Interest income on Loans & Lease Finance (Note-19.1)	1,909,225,903	1,785,448,142
Interest on placement with other Banks & FIs (Note-19.2)	34,588,321	63,422,344
	1,943,814,223	1,848,870,486
19.a Interest Income (Consolidated)		
BD Finance	1,943,814,223	1,848,870,486
BD Finance Securities Limited	91,228,259	87,667,346
BD Finance Capital Holdings Limited	3,242,604	3,143,281
BD Finance Securities Limited-Adjustment	(51,621,261)	(43,036,899)
BD Finance Capital Holdings Limited-Adjustment	(3,724,648)	(12,004,792)
	1,982,939,177	1,884,639,422
19.1 Interest on Loans & Lease Finance		
Interest income on lease finance	169,740,634	260,503,808
Interest income on term finance	1,545,229,549	1,274,009,952
Interest on housing finance	194,255,719	250,934,382
	1,909,225,903	1,785,448,142
19.2 Interest on placement with other banks & FIs		
Interest on FDR	33,690,252	62,662,326
Interest on STD accounts	898,069	760,018
Interest on fund placements	-	-
	34,588,321	63,422,344
20. Interest paid on deposits & borrowing		
Interest paid on deposits	973,854,887	982,534,847
Interest paid on borrowings (Note-20.1)	388,524,860	437,943,324
Interest on lease liabilities	2,873,160	-
	1,365,252,907	1,420,478,171

	31-Dec-19	31-Dec-18
	BDT	BDT
20.a Interest Expenses (Consolidated)		
BD Finance	1,365,252,907	1,420,478,171
BD Finance Securities Limited	35,701,499	48,196,460
BD Finance Capital Holdings Limited	-	-
	1,400,954,406	1,468,674,631
20.1 Interest paid on borrowing		
Interest Expenses on Term Loan	225,191,823	273,159,008
Interest Expenses on SOD Loan	149,014,441	145,026,295
Interest Expenses on Call Loan	8,615,789	12,995,764
Interest Expenses on Re-financing loan	5,702,807	6,762,257
	388,524,860	437,943,324
21. Income from Investment in Securities		
Gain/(Loss) from Investment in Shares	(180,780,845)	3,861,708
Dividend Income	3,405,200	16,123,193
	(177,375,645)	19,984,901
21.a Income from Investment in Securities (Consolidated)		
BD Finance	(177,375,645)	19,984,901
BD Finance Securities Limited	9,520,188	2,412,259
BD Finance Capital Holdings Limited	(22,724,844)	13,380,370
	(190,580,301)	35,777,530
21.b Commission, Exchange and Brokerage (Consolidated)		
BD Finance	486,355	400,000
BD Finance Securities Limited	63,207,958	74,537,950
BD Finance Capital Holdings Limited	3,993,612	5,043,339
BD Finance Securities Limited-Adjustment	(400,000)	(400,000)
	67,287,925	79,581,289
22. Other Operating Income:		
Penal Interest	146,992,251	81,176,008
Loan Settlement & Others	3,130,741	11,050,798
Contact point verification (CPV)	965,851	1,132,287
Ledger management (LM)	242,500	311,500
Transfer Price	61,000	370,430
Processing fees	325,200	3,079,272
Legal & Documentation charge	1,044,504	790,868
Office Rent (64 Motijheel)	13,059,500	12,225,000
Other Income (Note-22.1)	167,778	312,436
	165,989,325	110,448,599
22.a Other Operating Income (Consolidated)		
BD Finance	165,989,325	110,448,599
BD Finance Securities Limited	292,540	(48,607)
BD Finance Capital Holdings Limited	210,829	268,020
BD Finance Securities Limited-Adjustment	(3,597,250)	(3,030,200)
BD Finance Capital Holdings Limited-Adjustment	(1,821,600)	(717,600)
	161,073,844	106,920,212

	31-Dec-19	31-Dec-18
	BDT	BDT
22.1 Other Income		
Gain/(loss) on sale of fixed assets	14,001	-
Miscellaneous income	153,777	312,436
	167,778	312,436
23. Salary & Allowances		
Basic Salary	49,964,645	51,512,103
Allowances	48,351,065	46,063,536
Bonus	8,428,224	18,915,205
Earned Leave Encashment	2,014,611	1,251,249
BD Finance's Contribution to Provident fund	3,890,282	3,973,056
Wages	899,009	818,676
	113,547,836	122,533,824
23.a Salary & Allowances (Consolidated)		
BD Finance	113,547,836	122,533,824
BD Finance Securities Limited	19,347,306	20,564,332
BD Finance Capital Holdings Limited	7,463,660	7,376,590
	140,358,802	150,474,746
24. Rent, Taxes, Insurance, Electricity etc.		
Rent, Rates & Taxes	-	19,228,041
Insurance	531,779	542,498
Electricity & Lighting, WASA, Gas etc.	2,522,677	2,347,824
	3,054,455	22,118,363
24.a Rent, Taxes, Insurance, Electricity etc.(Consolidated)		
BD Finance	3,054,455	22,118,363
BD Finance Securities Limited	7,913,367	6,752,628
BD Finance Capital Holdings Limited	3,966,893	1,788,869
BD Finance Securities Limited-Adjustment	(3,597,250)	(3,030,200)
BD Finance Capital Holdings Limited-Adjustment	(1,821,600)	(717,600)
	9,515,865	26,912,060
25. Legal & Professional Fees		
Legal Fees & Charge	1,513,964	1,961,296
Other Legal Expenses	-	-
	1,513,964	1,961,296
25.a Legal & Professional Fees (Consolidated)		
BD Finance	1,513,964	1,961,296
BD Finance Securities Limited	156,749	413,310
BD Finance Capital Holdings Limited	11,500	28,750
	1,682,213	2,403,356
26. Postage, Stamps, Telecommunication etc.		
Stamp & Court Fees	294,276	481,354
Internet expenses	1,156,782	876,200
Postage & Courier Expenses	49,879	32,526
Telephone & Fax Expenses	201,590	185,175
Mobile Expenses	1,095,899	936,062
	2,798,426	2,511,317

	31-Dec-19	31-Dec-18
	BDT	BDT
26.a Postage, Stamps, Telecommunication (Consolidated)		
BD Finance	2,798,426	2,511,317
BD Finance Securities Limited	1,039,546	1,062,075
BD Finance Capital Holdings Limited	207,734	196,467
	4,045,706	3,769,859
27. Stationery, Printing, Advertisements etc.		
Stationery-Toner & Cartridge	237,425	269,153
Stationery Expenses	464,685	467,143
Printing Expenses	2,070,549	1,436,776
Advertisement and Publicity	4,400,036	1,715,582
	7,172,695	3,888,654
27.a Stationery, Printing, Advertisements etc.(Consolidated)		
BD Finance	7,172,695	3,888,654
BD Finance Securities Limited	352,529	318,642
BD Finance Capital Holdings Limited	61,407	147,442
	7,586,631	4,354,738
28. Managing Director's Salary and Allowances		
Basic Salary	3,000,000	2,966,667
Allowances	3,500,000	3,291,667
Bonus	500,000	500,000
	7,000,000	6,758,333
29. Directors' Fees		
Honorarium for attending meeting	632,000	960,000
Incidental expenses for attending meeting	-	-
	632,000	960,000
Total 8 nos. of Board Meeting 2 nos. of Executive Committee and 4 nos. of Audit Committee Meeting were held during the period ended on 31 December 2019. Each Director was paid Tk. 8,000 for attending in the meeting as per Bangladesh Bank DFIM Circular No. 13 Dated 30 November, 2015.		
29.a Directors' Fees (Consolidated)		
BD Finance	632,000	960,000
BD Finance Securities Limited	339,750	161,000
BD Finance Capital Holdings Limited	112,000	80,500
	1,083,750	1,201,500
29.b Audit Fees (Consolidated)		
BD Finance	225,000	211,000
BD Finance Securities Limited	50,000	57,500
BD Finance Capital Holdings Limited	25,556	25,556
	300,556	294,056
30. Depreciation and Repair of Assets		
a) Depreciation of Assets		
Building	539,871	539,880
Furniture & Fixtures	2,665,821	3,900,615
Office Equipment	3,312,303	4,058,429
Motor Vehicles	5,253,275	5,656,395
Right-of-use Asset	19,491,383	-
	31,262,653	14,155,319

	31-Dec-19	31-Dec-18
	BDT	BDT
b) Amortization Expenses		
System & Software	4,514,063	4,461,979
Office Renovation	1,329,262	1,210,946
	5,843,325	5,672,925
c) Repair of Assets		
Office Equipment	980,092	600,486
Office Furniture & Fixtures	25,661	83,812
Motor Vehicles	12,457,338	11,225,181
	13,463,091	11,909,479
	50,569,069	31,737,723
30.a Depreciation and Repair of Assets (Consolidated)		
BD Finance	50,569,069	31,737,723
BD Finance Securities Limited	2,500,987	2,829,973
BD Finance Capital Holdings Limited	943,509	1,103,718
	54,013,565	35,671,414
31. Other Expenses		
Petrol, Oil, Lubricants, CNG & others	3,481,025	2,898,668
Entertainment	3,203,708	1,941,036
Donation and Subscription	2,919,233	2,648,181
Donation to BD Finance Foundation	10,834,103	10,152,676
Traveling and Conveyance	1,734,077	1,152,225
Training Expenses	189,613	449,205
Retirement benefits and gratuity	2,757,888	4,396,728
Registration & Renewal Expenses	1,054,138	599,150
Papers & Periodicals	49,755	75,143
Office Maintenance	484,399	979,308
Office Supplies	883,903	368,705
Software Maintenance & other IT enabled services	1,560,000	1,560,000
Uniform & Liveries	112,124	196,030
Bank Charges & Excise Duty	1,365,046	1,443,156
Business development & Promotion	52,431	16,560
Security Service-Outsourcing	1,507,074	1,164,776
AGM & Meeting expenses	183,570	360,670
Miscellaneous Expenses	85,786	54,235
	32,457,872	30,456,451
Previous year's figure under Office Maintenance have been re-arranged with Software Maintenance & Other IT enabled services		
31.a Other Expenses (Consolidated)		
BD Finance	32,457,872	30,456,451
BD Finance Securities Limited-DSE charges	24,109,124	26,455,420
BD Finance Securities Limited	2,048,922	1,688,656
BD Finance Capital Holdings Limited	970,801	1,144,891
	59,586,719	59,745,419

	31-Dec-19	31-Dec-18
	BDT	BDT
32. Provision against loans, lease finance & Others		
Provision on classified loans {Note-12.1(a)}	5,802,781	(87,859,475)
Provision on unclassified Loans & Advances {Note-12.1(b)}	7,897,219	(28,717,055)
Provision on other receivables {Note-12.1(c)}	19,702,000	(3,289,000)
Provisions on Investment in Securities (Note - 12.2)	(107,242,000)	60,000,000
	(73,840,000)	(59,865,530)
32.a Provision on Investment in Securities (Consolidated)		
BD Finance	(107,242,000)	60,000,000
BD Finance Securities Limited	1,853,015	(1,456,774)
BD Finance Capital Holdings Limited	-	(9,000,000)
	(105,388,985)	49,543,226
33. Earnings Per Share (EPS)		
Calculation of Earnings Per Share (Note - 2.27):		
Net Profit after Tax	218,262,756	277,218,296
Number of Ordinary Shares outstanding (Denominator)	167,529,608	167,529,608
Earnings Per Share (Re-stated 2018)	1.30	1.65
Reason for changes in Earnings Per Share (EPS):		
Due to realized losses from Investment in Shares and increased provision against Loan/Lease, the financial performance of the company decreased compared to previous year.		
33.a. Earnings Per Share (EPS) (Consolidated)		
Calculation of Earnings Per Share (Note - 2.27):		
Net Profit after Tax	188,128,804	281,865,472
Number of Ordinary Shares outstanding (Denominator)	167,529,608	167,529,608
Earnings Per Share (Re-stated 2018)	1.12	1.68
Reason for changes in Earnings Per Share (EPS) (Consolidated):		
Due to realized losses from Investment in Shares and increased provision against Loan/Lease, the consolidated financial performance of the company decreased compared to previous year.		
34. Interest received		
Interest received (Note-19)	1,943,814,223	1,848,870,486
Add: Opening interest Receivable on TDR	11,892,138	15,323,705
Less: Closing interest receivable on TDR	(16,896,890)	(11,892,138)
Add: Opening Receivable of Delinquent Charges & Penal Interest	197,469,940	112,245,324
Less: Closing Receivable of Delinquent Charges & Penal Interest	(112,314,214)	(197,469,940)
Add: Closing interest suspense account	201,707,276	237,145,672
Less: Opening Interest Suspense Account	(237,145,672)	(200,383,099)
Add: Opening Receivable of Grace Period Interest	2,507,535	5,456,849
Less: Closing Receivable Grace Period Interest	(26,851,345)	(2,507,535)
	1,964,182,992	1,806,789,324
35. Interest Paid on Deposits & Borrowings		
Interest Paid on Deposits & Borrowings (Note-20)	1,365,252,907	1,420,478,171
Add: Opening interest payable on deposit & borrowings	362,794,768	301,776,917
Less: Closing interest payable on deposit & borrowings	(256,026,969)	(362,794,768)
	1,472,020,707	1,359,460,319

	31-Dec-19	31-Dec-18
	BDT	BDT
36. Cash Received from other Operating activities		
Income from investment in shares (Note 21)	(180,780,845)	3,861,708
Other operating income (except gain/(loss) on sales of fixed assets) (Note 22)	165,989,325	110,448,599
	(14,791,520)	114,310,307
37. Cash Payments for other Operating activities		
Rent, Taxes, Insurance, Lighting etc.	3,054,455	22,118,363
Legal & Professional Fees	1,513,964	1,961,296
Postage, Stamp, Telegram & Telephone	2,798,426	2,511,317
Directors' Fee & Expenses	632,000	960,000
Auditors' Fee	225,000	211,000
Repair, Maintenance of NBF's Assets	13,463,091	11,909,479
Other Expenses	32,457,872	30,456,451
	54,144,808	70,127,906
38. Cash Increase/ Decrease in Other Assets		
Re-imbursable Expenses	5,745,470	5,827,863
Receivable Others	6,157,035	2,897,650
Receivable Excise Duty	770,370	770,370
Investment In Subsidiaries	849,930,000	849,930,000
Investment in BD Finance Vanguard Mutual Fund One	185,000,000	200,000,000
Advance against expenditure {Note-8.2(c)}	40,872,222	13,502,914
Deposits with other organization {Note-8.2(d)}	1,122,714	1,522,714
Stock of Stamp	92,380	76,754
	1,089,690,191	1,074,528,265
Cash (Increase)/ Decrease in Other Assets	(15,161,926)	16,287,119
39. Cash Increase/ (Decrease) in Other Liabilities		
Payable others	286,873,367	319,479,370
Advance Rent (against 64 Motijheel)	7,406,250	11,981,250
Advance Excise Duty	9,229,750	9,518,500
Gratuity Fund	21,890,854	22,507,743
Dividend payable	4,975,696	4,980,659
	330,375,917	368,467,522
Cash Increase/ (Decrease) in Other Liabilities	(38,091,605)	139,272,833
40. Cash and Cash Equivalents		
Cash in Hand	48,063	69,250
Balance with Bangladesh Bank & Sonali Bank Limited	116,081,415	133,078,089
Balance with Other Banks & Financial Institutions	608,745,088	658,978,102
	724,874,566	792,125,441

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 120 (In the year 2018, it was 128).

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. Md. Rokonzaman, FCA	Independent Director	Chairman	BBA (DU), FCA
Mr. Md. Abul Quasem	Independent Director	Member	M.S.S (Econ)
Mr. Md. Asaduzzaman Khan	Director	Member	MA (Eco.) DU, MA (Banking & Finance), UK
Mr. Golam Hafiz Ahmed	Director	Member	MSS (Economics)

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

b) Meeting of Audit Committee

During 1 January to 31 December 2019, 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 Director
Mr. Md. Asaduzzaman Khan 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	OMEGA MOTORS Precious Steel Corporation	Proprietor Proprietor
Mr. Yousuf Aman Director	Nil	Nil
Mr. Ihtiaz Yousuf Director	Nil	Nil
Mr. Md. Abul Quasem Independent Director	BD Finance Securities Ltd.	Director
Mr. Md. Rokonuzzaman, FCA Independent Director	Amann Bangladesh Limited BD Finance Securities Ltd.	Managing Director Director
Mr. Tarik Morshed Managing Director & CEO	Nil	Nil

31-Dec-19

31-Dec-18

BDT

BDT

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):

	Related By	Nature of transaction	Amount in Tk.	Status	
i)	BD Finance Securities Limited.	Common Director	Short Term Finance	381,610,757	Standard
ii)	BD Finance Capital Holdings Limited.	Common Director	Short Term Finance	1,166,634	Standard
			382,777,391		

44. Events after the Reporting Period

The Board of Directors of BD Finance has recommended 12% Cash Dividend for the year 2019.

45. Net asset value (NAV) per share

Net asset	2,611,426,182	2,393,163,425
Number of outstanding shares	167,529,608	167,529,608
Net asset value (NAV) per share (Restated-2018)	15.59	14.29

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

Net asset	2,742,367,044	2,554,238,240
Number of outstanding shares	167,529,608	167,529,608
Net asset value (NAV) per share (Restated-2018)	16.37	15.25

46. Net operating cash flows per share (NOCPS)

Net operating cash flows	95,342,420	238,131,422
Number of outstanding shares	167,529,608	167,529,608
Net operating cash flows per share (NOCPS) (Restated-2018)	0.57	1.42

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

Net Operating Cash Flows Per Share decreased compared to previous year due to reduction in inflow of deposit and realized losses against investment in shares.

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

Net operating cash flows	161,959,569	274,370,304
Number of outstanding shares	167,529,608	167,529,608
Net operating cash flows per share (NOCPS) (Restated-2018)	0.97	1.64

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

Net Operating Cash Flows Per Share decreased compared to previous year due to reduction in inflow of deposit and realized losses against investment in shares.


Company Secretary


Managing Director


Director


Director

Bangladesh Finance and Investment Company Limited

FIXED ASSET SCHEDULE

For the year ended 31 December 2019

ANNEXURE-A

Particulars	C O S T				Rate of Depreciation	D E P R E C I A T I O N				
	Balance as on 1 January 2019	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period		Balance at 31 December 2019	Transfer/ Adjustment during the year	Charged for the year	Balance at 31 December 2019	Written Down Value at 31 December 2019
Land	355,071,210	-	-	-	-	-	-	-	355,071,210	-
Building	5,398,790	-	-	-	10%	4,858,919	-	539,871	5,398,790	-
Furniture & Fixture	29,397,011	-	1,586,202	-	20%	24,949,516	-	2,665,821	27,615,337	3,367,876
Office Equipment	26,946,279	-	3,106,310	135,000	25%	21,265,652	135,000	3,312,304	24,442,955	5,474,634
Office Renovation	11,075,468	-	1,038,687	-	20%	8,191,440	-	1,329,262	9,520,702	2,593,453
Motor Vehicle	36,054,414	-	1,839,959	-	20%	29,291,917	-	5,253,275	34,545,192	3,349,181
Other Assets	182,667	-	-	-	20%	182,667	-	-	182,667	-
System and Software	19,876,250	-	-	-	-	7,360,721	-	4,514,063	11,874,784	8,001,466
ROU-Asset for Lease Rent	-	-	46,304,994	1,464,544	-	1,464,544	-	19,491,383	18,026,839	26,813,611
31 December 2019	484,002,090	-	53,876,152	1,599,544		96,100,833	1,599,544	37,105,978	131,607,266	404,671,431
31 December 2018	479,944,466	-	4,057,624	-		76,272,588	-	19,828,244	96,100,833	387,901,257

Bangladesh Finance and Investment Company Limited

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

ANNEXURE-B1

	BD Finance	
	2019	2018
	Taka	Taka
Net profit after tax	218,262,756	277,218,296
Items not involved in cash movement:		
Add: Depreciation/amortization	37,105,978	19,828,244
Add: Provision for loans and investments	(73,840,000)	(59,865,530)
Add: Provision for taxation	204,267,278	118,736,088
Add/(Less): Accrued expenses	(32,606,003)	133,080,492
Add/(Less): Accrued income	55,807,164	(78,843,734)
Increase/(Decrease) in Employee gratuity	(616,889)	3,853,094
Increase/(Decrease) in Deferred tax (Liability)	10,055,105	-
Adjustments to reconcile net profit after tax to net cash provided by operating activities	418,435,388	414,006,949
Increase/(decrease) in operating assets and liabilities		
(Increase)/Decrease in Trading Securities	200,620,683	4,023,520
(Increase)/Decrease in Loans & advances	485,437,384	366,224,037
(Increase)/Decrease in Other assets	(15,161,926)	836,205
Increase/(Decrease) in Other Liabilities	(14,823,817)	2,339,247
Increase/(Decrease) in Term & other deposits	(742,146,265)	(612,887,556)
Increase/(Decrease) in Payable and accrued expenses	(106,767,799)	61,017,852
(Increase)/Decrease in Income tax	(94,812,833)	(34,191,404)
Increase/(Decrease) in Interest suspense	(35,438,395)	36,762,573
	(323,092,968)	(175,875,527)
Net cash flows from/(used in) operating activities	95,342,420	238,131,422

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

ANNEXURE-B2

	BD Finance Group	
	2019	2018
	Taka	Taka
Net profit after tax	190,625,489	281,953,752
Items not involved in cash movement:		
Add: Depreciation/amortization	40,550,474	23,761,935
Add: Provision for loans and investments	(71,986,985)	(70,322,304)
Add: Provision for taxation	215,953,928	135,026,893
Add/(Less): Accrued expenses	(37,058,447)	135,314,521
Add/(Less): Accrued income	55,807,164	(78,843,734)
Increase/(Decrease) in Employee gratuity	(616,889)	3,853,094
Increase/(Decrease) in Deferred tax (Liability)	10,055,105	-
Adjustments to reconcile net profit after tax to net cash provided by operating activities	403,329,837	430,744,157
Increase/(decrease) in operating assets and liabilities		
(Increase)/Decrease in Trading Securities	285,990,512	31,586,780
(Increase)/Decrease in Loans & advances	494,671,169	351,283,831
(Increase)/Decrease in Other assets	(7,143,573)	32,157,846
Increase/(Decrease) in Other Liabilities	(11,773,264)	(3,705,480)
Increase/(Decrease) in Term & other deposits	(742,146,265)	(612,887,556)
Increase/(Decrease) in Payable and accrued expenses	(118,890,846)	63,681,391
(Increase)/Decrease in Income tax	(106,639,605)	(55,253,237)
Increase/(Decrease) in Interest suspense	(35,438,395)	36,762,573
	(241,370,268)	(156,373,852)
Net cash flows from/(used in) operating activities	161,959,569	274,370,304

HIGHLIGHTS ON THE OVERALL ACTIVITIES OF THE COMPANY

as at and for the periods 2019 and 2018

ANNEXURE-C

SI.No.	Particulars	2019	2018
1	Paid up Capital	1,675,296,080	1,522,996,440
2	Total Shareholders' Equity	2,611,426,182	2,393,163,425
3	Capital Surplus/(Deficit)	920,704,684	899,895,953
4	Total Assets	16,031,945,543	16,807,315,133
5	Total Deposit	8,837,068,361	9,579,214,627
6	Total Loans/Lease Finance	13,143,708,954	13,629,146,338
7	Total Contingent Liabilities and Commitment	100,000,000	100,000,000
8	Investment Deposit Ratio (%)	148.73%	142.28%
9	Percentage of Classified Investment against total Investments	4.84%	4.42%
10	Profit after Tax and Provision	218,262,756	277,218,296
11	Amount of Classified Investment	636,729,029	602,028,374
12	Provisions kept against Classified Investment	187,099,471	161,494,690
13	Provisions surplus	1,185,788	1,390,000
14	Cost of Fund	11.51%	10.79%
15	Interest Earning Assets	13,736,544,429	14,238,585,702
16	Non-Profit Earning Assets	1,895,660,019	2,652,465,464
17	Return on Investment in Securities (ROI)	-46.20%	4.11%
18	Return on Assets (ROA)	1.33%	1.56%
19	Income from Investment in Securities	(177,375,645)	19,984,901
20	Earnings Per Share (Re-stated 2018)	1.30	1.65
21	Price Earning Ratio (Times)	7.68	8.95
22	Book value per share (Per 10 Tk.)	15.59	14.29

BD FINANCE SECURITIES LIMITED

DIRECTORS REPORT (2019)

Bismillahir Rahmanir Rahim,

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah,

We have the delight to greet you to the 9th Annual General Meeting of the organization for the year ended December 31, 2019. Auditors' report, subsequently, alongside the Company's performance and other related data in compliance with Companies Act 1994, Guidelines delivered by Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd. and Bangladesh Financial Reporting Standards.

Capital Market of Bangladesh

Bangladesh capital market in 2019 was quite ireful for the investors. All through the year, selling pressure had been persistent as general investors lost confidence; thus, bearish sentiment engulfed the market entirely. Early in January 2019, DSE had a bullish start from the index point 5465.25, on January 24 and it rallied as high as 5950.01 points gaining 8.87%.

From early February, the market began to correct as average investors choose to book profit. The correction progress continued for quite a long time as there was no visible buying pressure from institutions' side, so the selling persisted, and DSE lost almost 1500 Index points at the end of the year, which was almost 25.16%.

In January 2019, the daily average turnover was 9716.5 million taka which came down to 3351.36 million in December 2019, leaving the investors with huge chunk of unrealized losses and margin burden. Throughout the year of 2019 the average turnover was 3351.3641 million taka daily, with a maximum of 11985.73 million on January 27th and a minimum of 2394.53 million on December 14th. So, the market experienced a turnover drop of 72% in the year of 2019.

Business Performance

We have had the ability to deal with the Margin Loan portfolios under compelling oversight and control. Not a solitary record was permitted to default even in the strong bearishness of the market. The outstanding margin loan decreased to BDT 59.16 crore in December 2019, from BDT 63.05 crore in December 2018. The bearish market pattern constrained the trade volume diminished to TK. 1864.77 crore in 2019 from BDT 2180.00 crore in 2018, registering a negative growth of 14.46 percent over the earlier year. The last 5 (five) years operational performance of the company is summarized below:

(Figure in Crore Taka)

SL	Particulars	2019	2018	2017	2016	2015
1.	Portfolio Size	1022.83	1091.64	1057.34	550.38	349.97
2.	Trade Volume	1864.77	2180	2570	1,326	1,698
3.	Margin Loan	59.16	63.05	64.00	36.17	36.74
4.	Operating Profit	1.87	1.26	8.46	2.42	5.37
5.	Net Profit (After Tax)	0.59	0.2	4.97	0.69	1.23

The portfolio size contracted to BDT 1022.83 crore in 2019 from BDT 1091.64 crore in 2018, enrolling a negative development of 6.3 percent over the earlier year. The all-out number of BO account expanded to 5119 in 2019 from 4910 in 2018. The capital gain from investment in securities also increased to BDT 36.71 lac in 2019 from BDT -96.11 lac in 2018. The operating profit had an increase to BDT 1.87 crore in 2019 from BDT 1.26 crore in 2018. The Net Profit expanded to BDT 0.59 crore in 2019 from BDT 0.2 crore in 2018.

Dividend for the Year Ended December 31, 2019

The Board of Directors recommended no dividend for the year 2019.

Prospect of the Company

The capital market of Bangladesh is anticipated to be volatile in the year 2020, we have established appropriate business policy to take advantage of the market situation.

Acknowledgement

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

For and on behalf of the Board of Directors



Hossain Mehmood
Vice Chairman

BD Finance Securities Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Opinion

We have audited the accompanying financial statements of BD Finance Securities Limited, which comprise the Statement of Financial Position as at 31 December 2019 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 2019 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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, other than the 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 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: 12 July, 2020


MABS & J Partners
 Chartered Accountants

BD Finance Securities Limited

STATEMENT OF FINANCIAL POSITION

As on 31 December 2019

Particulars	Notes	Amount in Taka	
		31.12.2019	31.12.2018
ASSETS			
Non- Current Assets		959,422,029	961,820,891
Property, plant and equipment	3	8,011,346	10,410,208
Investment In Membership	4	951,410,683	951,410,683
Current assets		1,044,541,705	1,036,574,293
Investment in shares	5	246,676,938	220,098,773
Receivable from DSE	6	30,408,116	39,303,031
Receivable from Clients	7	591,580,888	630,505,106
Advances, deposits and prepayments	8	1,853,499	4,480,924
Advance income tax	9	99,569,229	88,763,195
Cash and cash equivalent	10	74,453,035	53,423,264
TOTAL ASSETS		2,003,963,734	1,998,395,184
EQUITY AND LIABILITIES			
Shareholders' equity		1,153,211,581	1,147,334,307
Share capital	11	1,072,150,000	1,072,150,000
Retained Earnings	12	81,061,581	75,184,307
Current liabilities		850,752,153	851,060,877
Payable to DSE	13	577,295	633,175
Payable to Clients	14	52,396,213	56,576,349
Short term loan	15	613,986,031	576,706,328
Provision for investments in securities & Margin Loans	16	71,350,429	69,497,414
Provision for tax	17	103,062,967	92,125,352
Liabilities for expenses	18	9,379,218	55,522,259
TOTAL EQUITY AND LIABILITIES		2,003,963,734	1,998,395,184

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



Company Secretary



Managing Director & CEO



Director

Dhaka, Bangladesh
Dated: 12 July 2020



MABS & J Partners
Chartered Accountants

BD Finance Securities Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2019

Particulars	Notes	Amount in Taka	
		31.12.2019	31.12.2018
Particulars			
Operating revenue		63,410,858	74,401,128
Brokerage commission	19	63,207,958	74,537,950
BO Account Maintenance	20	202,900	(136,822)
Less : Operating Expenses	21	24,109,124	26,455,420
Net Operating revenue		39,301,734	47,945,708
Non operating revenue		3,736,859	(3,575,494)
Net Interest Margin		3,736,859	(3,575,494)
Interest income	22	91,317,899	87,755,561
Financial expenses	23	(87,581,040)	(91,331,055)
Other non- operating revenue	24	-	-
Total revenue		43,038,593	44,370,213
General & administrative expenses		33,890,877	34,150,420
Salaries & allowances	25	19,347,306	20,564,332
Rent, taxes, insurance, electricity, etc	26	7,913,367	6,752,628
Legal expenses	27	156,749	413,310
Postage, stamp, telecommunication, etc	28	1,039,546	1,062,075
Stationery, printing, advertisements, etc	29	352,529	318,642
Directors' fees	30	339,750	161,000
Professional/Auditors' fees	31	50,000	57,500
Depreciation of company's assets	32	2,500,987	2,829,973
Other overhead expenses	33	2,190,643	1,990,960
Profit before income from investment in shares		9,147,716	10,219,793
Income from investment in securities		9,520,188	2,412,259
Capital gain from sale of securities	34	3,671,021	(9,610,810)
Dividend income	35	5,849,167	12,023,069
Profit before provision		18,667,904	12,632,052
Provision for diminution in value of investments & Margin Loans	36	(1,853,015)	1,456,774
Profit before provision for income tax		16,814,889	14,088,826
Provision for income tax	17.1	10,937,615	13,884,766
Net profit after tax		5,877,274	204,060
Earning Per Share	37	0.05	0.002

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


Company Secretary


Managing Director & CEO


Director

Dhaka, Bangladesh
Dated: 12 July 2020


MABS & J Partners
Chartered Accountants

BD Finance Securities Limited

STATEMENT OF CASH FLOWS

For the period ended 31 December 2019

Particulars	Amount in Taka	
	31.12.2019	31.12.2018
Cash Flow from Operating Activities		
Interest received	91,317,899	87,755,561
Interest paid	(87,581,040)	(91,331,055)
Dividend received	5,849,167	12,023,069
Fees & Commission received	63,207,958	74,537,950
Cash Payments to Employees	(19,347,306)	(20,564,332)
Cash Payments to Suppliers	(1,392,075)	(1,380,717)
Directors Fees Paid	(339,750)	(161,000)
Income Tax Paid	(10,806,034)	(13,884,766)
Received from other Operating activities	3,873,921	(9,747,632)
Payments for other Operating activities	(34,419,883)	(35,669,818)
Operating Profit before changes in Operating Assets & Liabilities	10,362,856	1,577,259
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(26,578,165)	9,631,161
Loans and Lease Finance to Customers	38,294,218	9,556,110
Deposits	11,522,340	(7,841,930)
Other Liabilities	(50,379,057)	47,141,382
Sub Total	(26,510,664)	58,486,723
A) Net Cash from Operating Activities	(16,147,807)	60,063,983
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	37,879,317
Adjustment of Depreciation	-	-
Proceeds from Sale of fixed assets	-	-
Purchases/sale of Property, Plant & Equipment	(102,125)	(5,833,291)
B) Net Cash from Investing Activities	(102,125)	32,046,026
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	37,279,703	(73,598,516)
Share Capital - Right Issue	-	-
Dividend Paid	-	-
C) Net Cash from Financing Activities	37,279,703	(73,598,516)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	21,029,771	18,511,493
E) Cash & Cash Equivalents at the beginning of the period	53,423,264	34,911,770
F) Cash & Cash Equivalents at the end of the period(D+E)	74,453,035	53,423,264
Net Operating Cash Flow per share (NOCFPS)	(0.15)	0.56


Company Secretary


Managing Director & CEO


Director

Dhaka, Bangladesh
Dated: 12 July 2020


MABS & J Partners
Chartered Accountants

BD Finance Securities Limited


STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2019

Particulars	Paid Up Capital	Share Money Deposit	Retained Earnings	Total
Balance at Jan 01, 2019	1,072,150,000	-	75,184,307	1,147,334,307
Add Prior Adjustment				-
Changes during the period	-	-	-	-
Interim stock dividend	-	-	-	-
Net profit/(loss) for the period	-	-	5,877,274	5,877,274
				-
Balance on December 31, 2019	1,072,150,000	-	81,061,581	1,153,211,581
Balance at Jan 01, 2018	1,072,150,000	-	74,890,247	1,147,040,247
Add Prior Adjustment			90,000	90,000
Changes during the period	-	-	-	-
Interim stock dividend	-	-	-	-
Net profit/(loss) for the period	-	-	204,060	204,060
				-
Balance on December 31, 2018	1,072,150,000	-	75,184,307	1,147,334,307


Company Secretary


Managing Director & CEO


Director

Dhaka, Bangladesh
Dated: 12 July 2020


MABS & J Partners
Chartered Accountants

BD Finance Securities Limited

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2019

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 is a TREC holder of Dhaka Stock Exchange, whose Registration Number is 30.

1.2 Nature of business

The main object of BD Finance Securities Limited is to act as a TREC holder 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 as BAS-1 "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 Bangladesh Accounting Standard (BAS) 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 BAS 16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. The rates of depreciation used to write off the amount of assets are as follows:

Category of Assets	Rate of Depreciation
Office Equipment	10%
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 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.

2.6 Recognition and measurement of financial assets

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

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

2.7 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 Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition".

a. Brokerage commission

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

b. Interest income from margin loan

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

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

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

2.8 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 Bangladesh Accounting Standard (BAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. 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 2019 to 31 December 2019.

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	
		31.12.2019	31.12.2018
3	Property, Plant and Equipment		
	A. Cost:		
	Opening Balance	33,729,036	27,895,745
	Addition during the period	102,125	5,833,291
	Closing Balance	33,831,161	33,729,036
	B. Depreciation:		
	Opening Balance	23,318,828	20,488,855
	Charge during the period	2,500,987	2,829,973
	Closing Balance	25,819,815	23,318,828
	Carrying amount/ Written Down Value (See Annexure - A)	8,011,346	10,410,208
4	Investment In Membership		
	Dhaka Stock Exchange	951,410,683	951,410,683
		951,410,683	951,410,683
5	Investments in shares	246,676,938	220,098,773
	Investment In Shares:		
	Investment in shares (5.1)	219,876,938	199,968,808
	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	2,600,000
	Apply for the placement shares of BD Paints Ltd.	6,000,000	6,000,000
	B. Brothers Garments Limited	10,000,000	-
	Classic Foils Limited	200,000	-
	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 categorized as financial assets held for trading as per BAS 39. The details of the investments are as follows:

Name of Company	No. of Shares	Cost price (Taka)	Market Price at the end of the period (Taka)	Unrealized gain/ (loss)
ADNTEL	18,968	569,040.00	637,324.80	68,284.00
BBSCABLES	83,000	7,666,952.57	4,880,400.00	-2,786,552.57
BPML	41,613	4,210,441.00	1,914,198.00	-2,296,243.00
CITYBANK	21,000	650,009.14	443,100.00	-206,909.14
ESQUIRENIT	25,890	1,123,937.50	732,687.00	-391,250.50
HFL	145,000	3,523,361.96	2,291,000.00	-1,232,361.96
IFADAUTOS	56,000	4,883,082.00	2,587,200.00	-2,295,882.00
IFIC	110,000	1,370,000.00	1,089,000.00	-281,000.00
KTL	12,175	280,540.57	137,577.50	-142,963.07
LHBL	615,000	59,462,434.18	20,664,000.00	-38,798,434.18
ONEBANKLTD	110,000	2,411,929.21	1,133,000.00	-1,278,929.21
PENINSULA	100,000	2,841,821.96	1,950,000.00	-891,821.96
PHARMAID	8,000	4,623,484.80	3,158,400.00	-1,465,084.80
RAKCERAMIC	288,200	16,113,029.80	8,271,340.00	-7,841,689.80
SAMORITA	2,100	156,900.00	134,400.00	-22,500.00
SILVAPHL	46,826	1,478,310.55	786,676.80	-691,633.75
SKTRIMS	858,124	44,012,225.42	40,331,828.00	-3,680,397.42
SPCL	10,200	989,703.60	714,000.00	-275,703.60
ANWARGALV	371,542	28,062,613.88	26,379,482.00	-1,683,131.88
APEXTANRY	55,460	9,255,376.81	6,477,728.00	-2,777,648.81
COPPERTECH	4,978	47,410.00	116,983.00	69,573.00
CVOPRL	7,420	1,697,386.00	670,026.00	-1,027,360.00
GENEXIL	392	10,746.49	26,420.80	15,674.31
NEWLINE	4,282	63,367.28	63,373.60	6.32
NTC	6,500	5,376,040.32	3,460,600.00	-1,915,440.32
RINGSHINE	15,414	151,518.94	158,764.20	7,245.26
RUNNERAUTO	7,566	482,802.00	450,177.00	-32,625.00
SEAPEARL	3,916	37,300.00	161,730.80	124,430.80
SILCOPHL	4,376	39,783.31	132,592.80	92,809.49
BSCCL	7,000	860,977.80	656,600.00	-204,377.80
FORTUNE	51,814	1,264,402.60	1,191,722.00	-72,680.60
IBNSINA	7,910	1,891,907.23	1,759,184.00	-132,723.23
SINGERBD	10,000	1,853,064.00	1,804,000.00	-49,064.00
UPGDCL	21,800	6,634,593.79	5,347,540.00	-1,287,053.79
WATACHEM	7,375	3,495,679.00	2,697,775.00	-797,904.00
STYLECRAFT	7,500	2,284,764.71	1,963,500.00	-321,264.71
		219,876,938.40	145,374,331.30	-74,502,608

		Amount in Taka	
		31.12.2019	31.12.2018
6	Receivable from DSE		
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Ltd.		
	Total Sales for Broker	29,659,166	39,303,031
	Total Sales for Dealer	748,950	-
		30,408,116	39,303,031
7	Receivable from clients		
	This balance represents the clients' purchase of shares on 31 December 2019 and CDBL charge incurred against trading as on 31 December 2019.		
	Margin loan to clients	591,579,565	629,752,506
	Receivable from BD Finance Capital Holdings Ltd.	319	745,124
	Receivable from Employees	-	6,471
	Receivable from Vanguard AML BD Finance MF1	1,005	1,005
		591,580,888	630,505,106
8	Advances, Deposits and Prepayments		
	Security Deposit with CDBL	200,000	200,000
	Advance for DSE Nikunja Room	850,024	850,024
	Advance for Expenses	257,900	232,900
	Receivable from Employees (Mobile Bill)	10,575	-
	Advance for Office Rent	535,000	1,195,000
	Dealer Control Account	-	2,003,000
		1,853,499	4,480,924
9	Advance Income Tax		
	Opening Balance	88,763,195	74,878,429
	Add: Addition during the period	-	-
	AIT on Cash Dividend	1,169,824	2,404,583
	AIT on Bank Interest	76,851	363,815
	AIT on turnover (Broker/Dealer)	9,559,359	11,116,368
		99,569,229	88,763,195
9.1	AIT on Cash Dividend		
	Cash Dividend	5,849,167	12,023,069
		20%	20%
		1,169,824	2,404,583
9.2	AIT on Bank Interest		
	Interest income on Bank Deposit	760,299	2,841,468
		10%	10%
		76,851	363,815
9.3	AIT on turnover of BD Securities		
	DSE - Broker	9,323,838	10,899,249
	DSE - Dealer	235,521	217,119
		9,559,359	11,116,368

		Amount in Taka	
		31.12.2019	31.12.2018
10	Cash and Cash Equivalent		
	Cash in hand		
	Cash in hand (Petty Cash)	46,107	60,728
	Cash at bank		
	Mutual Trust Bank Ltd. (General A/C)	845,400	34,128
	City Bank Ltd. (General A/C, Fx Br.)	343,866	340,930
	One Bank Ltd. (Consolidated Customer SND A/C)	1,072,879	6,637,912
	One Bank Ltd. (Dealer SND A/C)	4,025	4,800
	Dutch Bangla Bank Salary A/C	367,194	418,835
	One Bank Ltd. (Public Issue Application A/C)	353,148	1,278,878
	Jamuna Bank Ltd. (Salary A/C)	151,434	152,504
	Rupali Bank (Customer A/C)	8,280	8,280
	Social Islami Bank (Consolidated Customer A/C)	62,703,933	33,011,220
	Al-Arafah Islami Bank Ltd. (Consolidated Customer A/C)	32,358	1,121,845
	Social Islami Bank (Dealer A/C)	5,793,855	4,315,900
	Social Islami Bank (IPO A/C)	-	38
	Modhumoti Bank Ltd. (Consolidated Customer A/C)	1,036,166	1,011,933
	Social Islami Bank A/C (MSD)	1,688,979	5,025,333
	Social Islami Bank (Special Fund)	5,410	-
		74,406,928	53,362,536
	Total Cash & Cash Equivalent	74,453,035	53,423,264
11	Share capital		
11.1	Authorised Capital		
	50,00,00,000 ordinary shares of taka 10 each	5,000,000,000	5,000,000,000
		5,000,000,000	5,000,000,000
11.2	Issued, subscribed and paid up capital		

10,72,15,000 fully paid ordinary shares of Tk.10/- each subscribed and paid by the sponsor Shareholders.

	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%	3,075,000	3,075,000
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
	107,215,000	100.00%	1,072,150,000	1,072,150,000

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.

		Amount in Taka	
		31.12.2019	31.12.2018
12	Retained Earnings		
	Opening balance	75,184,307	74,890,247
	Add. Prior Adjustment		90,000
	Comprehensive income for the year	5,877,274	204,060
		81,061,581	75,184,307
13	Payable to DSE		
	This balance has been resulted from purchase of shares through Dhaka Stock Exchange Ltd.		
	Total Purchase for Broker	462,431	488,360
	Total Purchase for Dealer	114,864	144,815
		577,295	633,175
14	Payable to Clients		
	This balance represents the clients' sale proceeds of shares and deposits against share purchase which is currently lying with the company's bank A/C. and Stock Exchange.		
	Payable to Clients	51,576,843	49,870,197
	Payable to BD Finance Capital Holdings Ltd.	287,928	6,706,152
	Payable to Shajalal Equity Management Ltd.	531,442	
		52,396,213	56,576,349
15	Short Term Loans		
	The amount represents payable to the following bank and financial institution		
	Loan from Bangladesh Finance and Investment Company Limited	381,610,757	292,586,208
	Loan from SIBL	49,997,206	70,000,000
	Loan from Premier Leasing & Finance Ltd.	-	25,978,657
	Loan from Hajj Finance Ltd.	8,975,579	19,684,191
	Loan from Hajj Finance Ltd Phase 2.	-	55,000,000
	Loan from Hajj Finance Ltd Phase 3.	50,000,000	50,000,000
	Loan from Premier Leasing & Finance Ltd. Phase 2	43,383,978	63,457,272
	Loan From Hajj Finance Company Limited Phase-4	20,000,000	
	Loan From Hajj Finance Company Limited Phase-5	10,000,000	
	Loan From ICB (Special)	50,018,511	
		613,986,031	576,706,328
16	Provision for investments in securities & Margin Loans		
	A. Provision on unrealized loss of dealer investments:		
	Opening balance	6,412,408	7,869,182
	Add: Addition during the period	1,853,015	(1,456,774)
	Closing balance	8,265,423	6,412,408
	B. Provision on margin loan:		
	Opening balance	63,085,006	63,085,006
	Add: Addition during the period	-	-
	Total Provision	63,085,006	63,085,006
	Less: Written off of provision on margin loan	-	-
		63,085,006	63,085,006
	Closing Balance (A+B)	71,350,429	69,497,414

		Amount in Taka	
		31.12.2019	31.12.2018
17	Provision for tax		
	Opening Balance	92,125,352	78,240,586
	Income tax expenses during the period	10,937,615	13,884,766
	Net provision for tax	103,062,967	92,125,352
18	Liabilities for expenses		
	Provision for Interest on BD Finance Loan	58,611	43,036,899
	Provision for Interest on Hajj Finance Loan	-	-
	Provision for Interest on Hajj Finance Loan-02	-	642,000
	Provision for Interest on Hajj Finance Loan-03	1,166,678	-
	Provision for Interest on Premier Leasing Loan	-	-
	Provision for int. on premier leasing ltd. phase-2	-	-
	Provision for Interest on SIBL	5,772,119	5,737,775
	Provision for Interest Expenses on HFL- Phase-4	266,675	-
	Provision for interest expenses on HFL Phase-5	133,337	-
	Provision for interest expenses on ICB Special Fund	166,728	-
	Utility Payable	88,930	177,435
	Network Connectivity Charges Payable	67,366	15,975
	Mobile Bill Payable	43,339	20,433
	Fuel Bill Payable	6,191	6,191
	Withholding VAT	5,838	-
	Salary Expenses Payable	303,162	10,000
	Postage, Telephone, Fax & Telex Payable	6,000	-
	Office Maintenance Expense Payable	-	-
	Audit Fees Payable	57,500	57,500
	Liability for CDBL Expenses (Share Maintenance)	574,987	309,621
	Incentive Payable	420,719	-
	Trading Expenses Payable	-	4,219,536
	Office Rent Payable	-	1,120,000
	Fraction Dividend payable	241,038	168,895
		9,379,218	55,522,259

		Amount in Taka	
		31.12.2019	31.12.2018
19	Brokerage Commission		
	Brokerage commission	63,207,958	74,537,950
		63,207,958	74,537,950
20	BO Account Maintenance		
	BO account maintenance fee/Opening Fee	43,650	140,900
	BO account Renewal Fees	990,500	976,950
	BO account Closing Fees	35,000	18,500
	CDBL Settlement Transfer income	1,826,833	1,930,035
	CDBL Bulk A/C Transfer Income	82,778	183,954
	CDBL Transfer/Transmission Income	19,953	69,525
	CDBL Pledge Income	56,685	111,000
	CDBL Unpledged Income	70,159	50,300
	CDBL Corporate Action Income	-	-
	CDBL Demate of New Securities (IPO) Income	-	-
	IPO Service Income	3,230	6,845
	CDBL Demate of Existing Securities Income	1,769	261
		3,130,557	3,488,270
	Less:		
	Discount on BO A/C Opening Fee	-	-
	CDBL Settlement Transfer Charge	2,110,223	2,517,768
	CDBL Bulk A/C Transfer Income	41,395	97,217
	CDBL Transfer/Transmission Charge	16,651	34,762
	CDBL Corporate Action Charge	-	-
	CDBL Demate of New Securities (IPO) Charge	-	-
	CDBL Demate of Existing Securities Charge	885	130
	CDBL Pledge Charge	37,291	55,500
	CDBL Unpledged Charge	-	25,150
	CDBL BO A/C Opening charge	36,765	-
	CDBL BO A/C Renewal charge	682,850	888,300
	CDBL Other Charges	1,598	6,264
		2,927,658	3,625,092
	Net Income	202,900	(136,822)
21	Operating Expenses		
	DSE charges		
	Laga Charge:	4,642,282	5,465,024
	Broker	4,544,854	5,368,841
	Dealer	97,428	96,183
	DSE Other Charges	59,004	141,536
	Direct Trading Expenses	19,205,838	20,713,860
	DSE Authorization Fee	202,000	135,000
		24,109,124	26,455,420
22	Interest Income		
	Interest on Margin Loan	90,467,959.90	84,825,881
	Interest income on Bank Deposit	760,298.60	2,841,464
	Cheque Dishonored Charge	72,000.00	72,135
	Cheque Clearance Fees	17,640.00	16,080
	IPO Service Income	-	-
	Accrued Interest	-	-
		91,317,898.50	87,755,561

		Amount in Taka	
		31.12.2019	31.12.2018
23	Financial Expenses		
	Interest Expenses on BD Finance Loan	51,621,261.47	43,036,899
	Interest Expenses on Hajj Finance Loan	2,073,979.83	3,213,139
	Interest Expenses on Hajj Finance Loan Phase 2	4,112,466.56	7,407,033
	Interest Exp. on Premier Leasing & Finance Loan	2,564,543.00	6,229,414
	Interest Exp. on Premier Leasing & Finance Loan Phase 2	8,706,066.00	11,537,883
	Interest Exp. on SIBL	7,524,799.77	13,121,391
	Interest Exp. on Hajj Finance Company Ltd Phase-3	7,209,834.00	6,687,600
	Interest Expenses on HFL Phase-4	1,866,725.00	-
	Interest expenses on HFL Phase-5	933,357.00	-
	Interest expenses on ICB (Special fund)	709,728.00	-
	Bank Charges	258,278.90	97,696
	Cheque Clearance Charges	-	-
		87,581,039.53	91,331,055
24	Other non-operating revenue		
	Miscellaneous Income	-	-
		-	-
25	Salaries & allowances		
	Salaries & allowances	19,347,306	20,564,332
		19,347,306	20,564,332
26	Rent, taxes, insurance, electricity, etc.		
	Rent, rates & taxes	7,194,500	6,060,400
	Insurance	528	485
	Utilities	718,339	691,743
		7,913,367	6,752,628
27	Legal expenses		
	Legal & professional fee	-	-
	Fees & Renewals	156,749	413,310
		156,749	413,310
28	Postage, stamp, telecommunication, etc.		
	Telephone, Postage & Telegram	33,940	44,371
	Mobile Bill	222,513	224,532
	Govt. Taxes, Stamps Duty & License Fees	-	-
	Network Connectivity Charge	783,093	793,172
		1,039,546	1,062,075
29	Stationary, printing, advertisements, etc.		
	Printing & Stationary	207,058	318,642
	Advertisement	145,471	-
		352,529	318,642
30	Directors' Fees		
	Directors' Fees	339,750	161,000
		339,750	161,000
31	Auditors' Fees		
	Statutory annual audit fees	50,000	57,500
	Professional/Consultancy Fees	-	-
		50,000	57,500

		Amount in Taka	
		31.12.2019	31.12.2018
32	Depreciation and repair of company's assets		
	Depreciation of tangible assets	2,500,987	2,829,973
		2,500,987	2,829,973
33	Other expenses		
	Travelling and Conveyance	93,397.00	55,405
	Entertainment	576,793.00	706,504
	Fuel, Oil and Lubricants	113,030.00	150,773
	Repair & Maintenance	151,864.00	174,725
	Diesel for Generator	47,000.00	14,127
	Newspaper & periodicals	11,990.00	11,994
	Office Cleaning Expenses	-	-
	Office Maintenance Expenses	563,069.00	312,091
	Performance/Profit Bonus	-	-
	Security Services Charges	159,898.34	140,846
	Repair & Maintenance	13,602.00	24,495
	Subscription & Donation	-	-
	Bank Guarantee Fees	460,000.00	400,000
	Training Expenses	-	-
	Miscellaneous Expenses	-	-
		2,190,643.34	1,990,960
34	Capital gain from sale of securities		
	Income from investment on Securities	3,671,021	(9,610,810)
		3,671,021	(9,610,810)
35	Dividend income		
	Cash Dividend	5,849,167	12,023,069
		5,849,167	12,023,069
36	Provision for diminution in value of investments and Margin loan		
	Provision on unrealized loss of dealer investments	1,853,015	(1,456,774)
	Provision on margin loan	-	-
		1,853,015	(1,456,774)
37	Earnings Per Share (EPS)		
	Net Profit after Tax	5,877,274	204,060
	Number of Ordinary Shares Outstanding	107,215,000	107,215,000
	Earnings Per Share (EPS)	0.05	0.002
38	Related Party Disclosure		

Name of Party	Related by	Nature of Transaction	Amount in Tk.	Status
Bangladesh Finance and Investment Company Limited	Parent Company	Loan Taken	381,610,757	Regular
BD Finance Capital Holdings Ltd.	Sister Concern	Payable	287,928	Regular


 Company Secretary


 Managing Director & CEO


 Director

BD Finance Securities Limited

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

For the year ended 31 December 2019

ANNEXTURE-A

Figures in BDT

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2019	
	Balance as on 1/Jan/2019	Addition during the period	Disposal/ Adj. during the period		Balance as at 31/Dec/2019	Charge during the period	Disposal/ Adj. during the period		Balance as at 31/Dec/2019
Office Equipment	832,564	-	-	10%	832,564	-	83,256	568,709	263,855
Electrical Equipment	940,832	55,125	-	15%	995,957	-	149,152	279,814	716,143
Electrical Equipment-Generator	2,221,982	-	-	15%	2,221,982	-	222,192	2,221,981	1
Furniture and Fixture	1,048,026	-	-	10%	1,048,026	-	104,811	686,713	361,313
Computer & Peripheral	5,841,327	47,000	-	25%	5,888,327	-	11,748	5,853,073	35,254
Motor Vehicles	3,546,000	-	-	20%	3,546,000	-	-	3,545,999	1
Office Renovation/Furnishing	19,298,305	-	-	10%	19,298,305	-	1,929,828	12,663,526	6,634,779
Balance As on 31.12.2019	33,729,036	102,125	-	-	33,831,161	-	2,500,987	25,819,815	8,011,346
Balance As on 31.12.2018	27,895,745	5,833,291	-	-	33,729,036	-	2,829,973	23,318,828	10,410,208

BD FINANCE CAPITAL HOLDINGS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

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, 2019 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.

Capital market scenario:

2019 was a lackluster year for the Bangladesh Stock Market and the market performed poorly throughout the year. Though the benchmark DSEX index did well at the beginning of the year, it started falling gradually and the trend continued till the end. Depressed economic environment, lack of investor confidence, challenging financial sector, and regulatory issues of Grameen Phone were the major drivers for this fall. At the end of the year, benchmark DSEX index closed at 4452.93 level, with 17.32% drop YoY. Average daily turnover in DSE decreased in 2019 and stood at BDT 4803.39 mn, which was BDT 5510.90 in 2018.

In 2019 International investors have reduced down their investment due to bearish performance of the capital market and shaky investor confidence. In 2019, total foreign turnover was USD mn 879.72 as against USD 1147.91 mn in 2018, recording 23.36% drop YoY.

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 2019, 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.

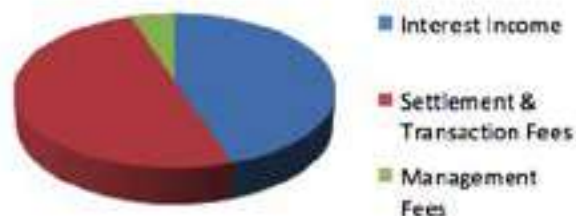
Portfolio Management Services:

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 2019, 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.

Fig in Lac.

Operational income	2019
Interest Income	32.43
Settlement & Transaction Fees	36.32
Management Fees	3.62

Portfolio Management Services



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. AS a result we have no negative equity in our customer account.

Financial highlights:

The year 2019, the Company registered a net loss after tax of Taka 335.15 lac. The following table demonstrates the breakdown of revenues & expenses:

Fig in Lac.

Operational income	2019	2018
Interest Income	32.43	31.43
Settlement & Transaction Fees	36.32	47.67
Management Fees	3.62	2.77
Investment in Securities	(227.25)	133.80
Other Operating Income	2.11	2.68
Total Operating Income	(152.78)	218.35

Fig in Lac.

Operational expenses	2019	2018
Salaries and Allowances	74.64	73.77
Interest paid on Borrowings	37.25	120.05
Other Expenses	62.99	45.16
Total Operating Expenses	174.88	238.98
Provision for Loss Value of Shares	-	(90.00)
Provision for Tax	7.49	24.06
Net Profit after Tax	(335.15)	45.31

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 within the organization.

Distribution of profit for 2019:

The Company reported a loss of Taka 3,35,14,540 in the year 2019. 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 2019.

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 Board will soon recommend to the shareholders of the Company to appoint Statutory Auditor as per the prescribed rules and regulations as the statutory auditors for the company for the year 2020.

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


Manwar Hossain
 Director

BD Finance Capital Holdings Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

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 2019 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 2019 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;
- 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: 12 July 2020


MABS & J Partners
Chartered Accountants

BD Finance Capital Holdings Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
ASSETS			
Non Current Assets			
		3,084,274	129,233
Fixed Asset	3	3,084,274	129,233
Current Assets			
		356,449,871	488,093,888
Margin Loan	4	14,432,783	22,038,078
Investment	5	275,981,418	387,929,412
Other Assets	6	47,004,220	48,936,805
Cash & Cash Equivalents	7	19,031,450	29,189,593
Total Assets		359,534,145	488,223,121
EQUITY AND LIABILITIES			
Shareholders' Equity			
		319,463,390	352,977,930
Share Capital	8	268,750,000	268,750,000
Retained Earnings		50,713,390	84,227,930
Current Liabilities:			
		40,070,755	135,245,191
Loan from BD Finance	9	1,166,634	82,000,000
Other Liabilities	10	5,006,617	20,096,721
Provision for Loss of Value of Share	5.1	6,500,000	6,500,000
Provision for Tax	11	27,397,504	26,648,470
Total Equity & Liabilities		359,534,145	488,223,121

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



Company Secretary



Managing Director & CEO



Director

Dhaka, Bangladesh
Dated: 12 July 2020



MABS & J Partners
Chartered Accountants

BD Finance Capital Holdings Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

		31-Dec-19	31-Dec-18
	Note	BDT	BDT
Interest Income	12	3,242,604	3,143,281
Income from Settlement & Transaction Fees	14	3,631,587	4,766,593
Management Fees		362,025	276,746
Income from Investment in Securities	15	(22,724,844)	13,380,370
Other Operating Income	16	210,829	268,020
Total Operating Income		(15,277,799)	21,835,010
Salaries and Allowances		7,463,660	7,376,590
Interest paid on Borrowings	13	3,724,648	12,004,792
Rent, Taxes, Insurances, Utilities etc.	17	3,966,893	1,788,869
Legal and Professional Fees	18	11,500	28,750
Postage, Stamps, Telecommunication etc.	19	207,734	196,467
Stationery, Printings, Advertisements etc.	20	61,407	147,442
Directors' Fees and Conveyance	21	112,000	80,500
Auditors' Fees		25,556	25,556
Depreciation and Amortization	22	943,509	1,103,718
Other Expenses	23	970,801	1,144,891
Total Operating Expenses		17,487,707	23,897,575
Profit before provision & tax		(32,765,506)	(2,062,565)
Provision for Loss of Value of Shares	5.1	-	(9,000,000)
Profit before tax		(32,765,506)	6,937,435
Provision for Tax	11	749,034	2,406,039
Profit/(Loss) after tax		(33,514,540)	4,531,397
Appropriation			
Retained Earnings Surplus brought forward		84,227,930	79,696,534
		84,227,930	79,696,534
Retained Earnings Carried forward		50,713,390	84,227,930
Earning Per Share (Re-stated)		(1.25)	0.17


Company Secretary


Managing Director & CEO


Director

Dhaka, Bangladesh
Dated: 12 July 2020


MABS & J Partners
Chartered Accountants

BD Finance Capital Holdings Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December, 2019

	31-Dec-19	31-Dec-18
	BDT	BDT
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest Received	3,242,604	3,143,281
Interest Paid	(3,724,648)	(12,004,792)
Income from Investment in securities	(22,724,844)	13,380,370
Other Operating Income	4,204,441	5,311,359
Salary Payment	(7,463,660)	(7,376,590)
Administrative Expenses	(5,355,891)	(3,412,475)
Investment in Securities	111,947,994	17,932,099
Investment on Margin Loan	7,605,295	(6,877,235)
Investment in Other Asset	1,932,585	3,590,601
Increase in Other Liabilities	(15,090,104)	12,063,280
Net Cash used in Operating Activities	74,573,773	25,749,898
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Fixed Assets	(3,898,550)	(13,266)
Net Cash used in Investing Activities	(3,898,550)	(13,266)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase/ (Decrease) of Borrowings	(80,833,366)	(5,000,000)
Net Cash used in Financing Activities	(80,833,366)	(5,000,000)
D. Net Cash Inflow / (Outflow) for the period (A+B+C)	(10,158,143)	20,736,632
E. Opening Cash and Cash Equivalents	29,189,593	8,452,962
F. Closing Cash and Cash Equivalents (D+E)	19,031,450	29,189,593



Company Secretary



Managing Director & CEO



Director

 Dhaka, Bangladesh
 Dated: 12 July 2020



MABS & J Partners
 Chartered Accountants

BD Finance Capital Holdings Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2019

Particulars	Share Capital	Retained Earnings	Total
Balance as on 01-01-2019	268,750,000	84,227,930	352,977,930
Net Profit/(Loss) for the period	-	(33,514,540)	(33,514,540)
Balance as on 31-12-2019	268,750,000	50,713,390	319,463,390
Balance as on 31-12-2018	268,750,000	84,227,930	352,977,930


Company Secretary


Managing Director & CEO


Director

Dhaka, Bangladesh
Dated: 12 July 2020


MABS & J Partners
Chartered Accountants

BD Finance Capital Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 1 January to 31 December 2019

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) vides 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 2019 to 31 December 2019.

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%

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 2019 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-19	31-Dec-18
	BDT	BDT
3 Fixed Assets including property, plant & equipments		
A. Cost:		
Opening balance	17,788,105	17,774,839
Addition during the year	3,898,550	13,266
Closing balance at cost	21,686,655	17,788,105
B. Depreciation and Amortization:		
Opening balance	17,658,872	16,555,154
Addition during the year	943,509	1,103,718
Accumulated Depreciation and Amortization	18,602,381	17,658,872
Written down value	3,084,274	129,233
Details are given in Annexure-A		
4 Margin Loan		
Opening Balance	22,038,078	15,160,844
Add: Disbursement during the year	101,545,355	173,609,900
	123,583,434	188,770,744
Less: Realized during the year	109,150,651	166,732,665
	14,432,783	22,038,078
5 Investment		
Investment in Share (at Cost) (Note 5.1)	275,981,418	387,929,412
	275,981,418	387,929,412
5.1 Investment in Share (as on 31-12-2019)		
	Cost price (Taka)	Market Price at the end of the period (Taka)
	275,981,418	236,143,248
Unrealized Loss on Investment in Share		(39,838,170)
		39,838,170
Provision for Unrealized Loss on Investment in Share		
Opening Balance	6,500,000	15,500,000
Add: Provision during the year	-	(9,000,000)
	6,500,000	6,500,000

Note: All investments in marketable securities are valued at cost. Provision maintained of 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, Ref: BSEC/SRI/MB-Policy/ 5/2016/491 dated on 27/06/2018 & Ref: BSEC/SRI/MB/Policy-5/2020/132 dated on 30/01/2020) and the required provision BDT 30,64,475. Total Provision for diminution in value of investments BDT 65,00,000 on reporting date.

	31-Dec-19	31-Dec-18
	BDT	BDT
6 Other Assets		
6.1 Receivables		
a) Receivable from Brokers		
Receivable from BD Finance Securities Limited	336,426	6,904,998
Receivable from Midway Securities Limited	8,887	-
Receivable from Shanta Securities Limited	45,056	-
	390,369	6,904,998
6.2 Advance, Deposit and Prepayment		
a) Advances		
Advance income tax	26,410,851	25,390,113
Advance for Fixed Asset	-	2,800,000
Advance to - Pre IPO Placement Share	20,000,000	10,000,000
Advance to - IPO Application in Own Portfolio	-	3,634,670
	46,410,851	41,824,783
b) Deposits		
Security deposit - CDBL	200,000	200,000
Security deposit - BTCL	3,000	3,000
	203,000	203,000
c) Prepayments		
Prepaid Insurance	-	4,024
	-	4,024
Total Advance, Deposit and Prepayment (a+b+c)	46,613,851	42,031,807
Total Other Assets	47,004,220	48,936,805
7 Cash and Cash Equivalent		
Cash in hand	14,395	7,616
Cash at banks (Notes 7.1)	19,017,055	29,181,977
Total as on 31 December	19,031,450	29,189,593
7.1 Cash at banks		
The City Bank # SND 3101317295001	2,442	2,756
Jamuna Bank# CD 018-0210011324	94,069	191,188
One Bank# SND 0013000000693	7,812,026	22,102,107
One Bank# SND 0013000000823	11,092,767	6,870,700
NRB Comm. Bank # SND 0101-36000000048	-	997
One Bank# SND 0013000001043	15,751	14,230
	19,017,055	29,181,977
8 Share Capital		
8.1 Authorized Capital	2,000,000,000	2,000,000,000
200,000,000 ordinary shares of Taka 10 each		
8.2 Issued, Subscribed and Paid up capital		
26,875,000 ordinary shares of Taka 10 each fully paid	268,750,000	268,750,000
	268,750,000	268,750,000

Shareholders	31 December, 2019			December 31, 2018
	% 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
Total	100.00%	26,875,000	268,750,000	268,750,000

	31-Dec-19	31-Dec-18
	BDT	BDT
9 Loan From BD Finance	1,166,634	82,000,000
10 Other Liabilities		
Payable to Client's	4,467,397	17,815,638
Payable to Broker	499,087	382,030
Payable to CDBL	14,566	32,191
Interest Payable	-	1,757,347
Payable for Audit Fees	25,556	25,556
Others Payable	11	83,959
	5,006,617	20,096,721
11 Provision for Tax		
Opening Balance	26,648,470	24,242,431
Add: Provision during the year	749,034	2,406,039
	27,397,504	26,648,470
12 Interest Income		
Interest received from Margin Loan	2,676,698	2,724,052
Interest received from Bank	565,906	419,229
	3,242,604	3,143,281
13 Interest paid on Borrowings		
Interest to BD Finance on Borrowings	3,724,648	12,004,792
	3,724,648	12,004,792
14 Income from Settlement & Transaction Fees		
Settlement & Transaction Fees	8,799,230	9,698,250
CDBL on demand fees	13,629	-
	8,812,859	9,698,250
Less:		
Brokerage Commission	4,815,211	4,591,869
CDBL Charges	366,061	339,788
	5,181,272	4,931,657
	3,631,587	4,766,593
15 Income from Investment in securities		
Realized Gain	(26,470,016)	2,700,352
Dividend Income	3,745,172	10,680,018
	(22,724,844)	13,380,370
16 Other Operating Income		
A/C Opening Fees	11,500	40,000
A/C Closing Fees	7,949	5,000
Annual BO A/C Maintenance Fees	90,350	96,200
Underwriting Commission	-	125,000
Issue Management Fees	100,000	-
Income from Service Charge- IPO	1,030	1,820
	210,829	268,020
17 Rent, Taxes, Insurances, Utilities etc.		
Office Rent	3,643,200	1,435,200
Utilities	323,693	353,669
	3,966,893	1,788,869

	31-Dec-19	31-Dec-18
	BDT	BDT
18 Legal and Professional Fees		
Legal and Professional Fees	11,500	28,750
	11,500	28,750
19 Postage, Stamps, Telecommunication etc.		
Postage, Stamp and Courier	705	680
Telephone and mobile	117,329	106,087
Internet and connectivity expenses	89,700	89,700
	207,734	196,467
20 Stationery, Printings, Advertisements etc.		
Printing and Stationery	61,407	128,467
Advertisement and Publicity	-	18,975
	61,407	147,442
21 Directors' Fees and Conveyance		
Directors' Fees	112,000	80,500
	112,000	80,500
22 Depreciation and Amortization		
Furniture & Fixture	552,555	11,388
Office Equipment	274,438	552
Motor Vehicle	116,517	975,111
System & Software	(1)	116,667
	943,509	1,103,718
23 Other Expenses		
Entertainment	121,879	120,640
Car Maintenance	191,178	315,785
Newspaper and Periodicals	4,800	4,865
Travelling and Conveyance	31,885	4,340
Software Maintenance Fees	240,000	240,000
Registration, License and Renewal	160,350	225,970
Repair & Maintenance	1,500	30,600
Office Maintenance	154,279	137,080
Bank Charges & Excise Duty	64,930	65,611
	970,801	1,144,891

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 12.

25 Related Party Disclosures:

Name of the Party	Related By	Nature of transaction	Amount in Tk.	Status
BD Finance	Parent Company	Loan	1,166,634	Regularly paid



Company Secretary



Managing Director & CEO



Director

BD Finance Capital Holdings Limited
FIXED ASSET SCHEDULE

For the period ended 31 December 2019

ANNEXURE-A

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, 2019
	Balance as on 1 January, 2019	Revaluation Surplus	Addition during the period	Disposal/ Transfer during the period		Balance at 31 December, 2019	Transfer/ Adjustment during the year	Charge for the Period	Balance at 31 December, 2019	
Furniture & Fixture	5,893,150	-	2,762,775	-	20%	-	-	552,555	6,445,705	2,210,220
Office Equipment	4,739,400	-	1,135,775	-	25%	-	-	274,438	5,001,124	874,051
Motor Vehicle	4,875,555	-	-	-	20%	-	-	116,517	4,875,553	2
System & Software	2,280,000	-	-	-	25%	-	-	(1)	2,279,999	1
31 December 2019	17,788,105	-	3,898,550	-		17,658,872	-	943,509	18,602,381	3,084,274
31 December 2018	17,774,839	-	13,266	-		16,555,154	-	1,103,718	17,658,872	129,233

INTEGRATED REPORTING CHECKLIST

SL. No.	Particulars	Page reference	Chapter/ Section reference
1.	Elements of an Integrated Report.		
1.1	organizational overview and external environment		
	An integrated report should disclose the main activities of the organization and the environment of which it operates. An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:	22 74 40-67 121-138 68	Products & Services Business Model Reporting from the Top Risk Analysis & Management Management Discussion & Review
	The organization's:		
	Culture, ethics and values	20-21	Code of Conduct Guiding Principles Core Values
	Ownership and operating structure including size of the organization, location of its operations	53 12 16 28	Shareholding Structure About BD Finance Company Profile Distribution Network
	Principal activities and markets	22 12 77	Products & Services Subsidiaries of BD Finance How do we create value
	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)	131	Industry Forces Analysis
	Key quantitative information	06 147 91	Financial Highlights Triple Bottom Line Highlights Highlights (As per Bangladesh Bank)
	Significant factors affecting the external environment and the organization's response(include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term)	12 129	SWOT Analysis for BD Finance PESTEL Analysis
	The legitimate needs and interests of key stakeholders	112	Stakeholders Analysis
	Macro and micro economic conditions, such as economic stability, globalization, and industry trends	47	Economic Outlook (Director Report)
	Market forces, such as the relative strengths and weaknesses of competitors and customer demand	131	Industry Forces Analysis (Industry Outlook & Prospect)
	Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	129 47	PESTEL Analysis Industry Outlook & Prospect
	The legislative and regulatory environment in which the organization operates	129	PESTEL Analysis
	The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	129	PESTEL Analysis
1.2	Governance		
	An integrated report should how does the organization's governance structure support its ability to create value in the short, medium and long term. An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:	106-120	Corporate Governance Framework

	The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure	30 38 97	Profile of Board Directors Profiles of the Management Team Corporate Organogram of BD Finance
	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	115 121	Statement on Ethics and Compliance Risk Management Structure
	Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	121	Statement on Risk Management
	How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders	112	Stakeholder Analysis
	The legislative and regulatory environment in which the organization operates	116 129 115	Statement on Internal Control PESTEL Analysis Statement on Ethics and Compliance (Code of conduct & Ethics)
	The responsibility those charged with governance take for promoting and enabling innovation	92	Human Resources & Remuneration Committee Report (Human Capital)
	How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.	96	Human Resources Accounting
1.3	Stakeholder Identification/ relationships An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.	112	Stakeholders Analysis
	Capitals An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term. An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. Eg: financial, manufactured, intellectual, human, social and relationship, and natural, However an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects.	77	Our Value Creation Process
1.4	Business model An integrated report should describe the organization's business model	76 74	Value Creation Structure Business Model
	An integrated report need to describe the business model, including key:		
	Inputs	76	Key Resources of BD Finance
	Business activities	12-39 12 77	Organizational Overview Business Divisions of BF Finance Subsidiaries of BD Finance How we create value
	Outputs	22 76	Product Portfolio of BD Finance Value Creation Structure

	Outcomes	06 77 79 51	Financial Highlights How We Create Value Delivering Value Added Statements Contribution to Government Exchequer
1.5	Performance		
	<p>An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?</p> <p>An integrated report should contain qualitative and quantitative information about performance that may include matters such as:</p> <p>Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them</p> <p>The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain</p> <p>The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests</p> <p>The linkages between past and current performance, and between</p>	147 40 42 68 06 91	Triple Bottom Line Highlights Message from the Chairman Review from the MD (Statement from MD) CFO's Statement on Performance Financial Highlights Highlights (As per BB Bank)
1.6	Risks and opportunities		
	<p>An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?</p> <p>This can include identifying: The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.</p> <p>The organization's assessment of the likelihood that the risk or opportunity</p> <p>Will come to fruition and the magnitude of its effect if it does.</p> <p>The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.</p>	121 128 129 131	Statement on Risk Management SWOT Analysis PESTEL Analysis Industry Forces Analysis
1.7	Strategy and resource allocation		

	<p>An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)</p> <p>An integrated report needs to identify: The organization's short, medium and long term strategic objectives</p> <p>The strategies it has in place, or intends to implement, to achieve those strategic objectives</p> <p>The resource allocation plans it has to implement its strategy</p> <p>How it will measure achievements and target outcomes for the short, medium and long term.</p>	<p>15 40 42</p>	<p>Materiality Determination Process Message from the Chairman Statement from the MD & CEO</p>
1.8	<p>Outlook</p>		
	<p>An integrated report should explain what challenges and uncertainties the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?</p> <p>An integrated report should highlight anticipated changes over time and provides information on:</p> <p>The organization's expectations about the external environment the organization is likely to face in the short, medium and long term</p> <p>How that will affect the organization</p> <p>How the organization is currently equipped to respond to the critical challenges</p>	<p>46 42 47 128-131</p>	<p>Forward Looking Statement Review from the MD (Statement from MD) Economic Outlook Business Business Environment Analysis</p>
1.9	<p>Basis of preparation and presentation</p>		
	<p>An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?</p> <p>An integrated report describes its basis of preparation and presentation, including: A summary of the organization's materiality determination process Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.</p> <p>A description of the reporting boundary and how it has been determined A summary of the significant frameworks and methods used to quantify or evaluate material matters</p>	<p>13 15 139</p>	<p>Brief about Integrated Reporting Material Matters that Affect Our Strategies Sustainability Report</p>
2.	<p>Responsibility for an integrated report</p>		
	<p>An integrated report should include a statement from those charged with governance that includes:</p> <p>An acknowledgement of their responsibility to ensure the integrity of the integrated report</p> <p>An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report</p> <p>Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework</p>	<p>13 47 117 108 116 110</p>	<p>Brief about Integrated Reporting Directors' Report Board Audit Committee Report Statement on Directors' Responsibilities Directors' Statement on Internal Control Responsibility Statement of MD and CFO</p>

ANNUAL REPORT REVIEW CHECKLIST (SAFA)

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CORPORATE GOVERNANCE DISCLOSURE CHECKLIST

1.	BOARD OF DIRECTORS, CHAIRMAN AND CEO	Page Number
1.1	Company's policy on appointment of directors disclosed.	106-120
1.2	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	
1.3	At least one independent director on the board and disclosure/affirmation of the board on such director's independence.	
1.4	Chairman to be independent of CEO	
1.5	Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	
1.6	Existence of a scheme for annual appraisal of the board's performance and disclosure of the same	
1.7	Disclosure of policy on annual evaluation of the CEO by the Board.	
1.8	Disclosure of policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year Existence of a scheme for annual appraisal of the boards performance	
1.9	At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting.	
1.10	Disclosure of number of meetings of the board and participation of each director (at least 4 meetings are required to be held)	
1.11	Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors	
2.	VISION / MISSION AND STRATEGY	
2.1	Company's vision / mission statements are approved by the board and disclosed in the annual report.	18
2.2	Identification of business objectives and areas of business focus disclosed	44-45
2.3	General description of strategies to achieve the company's business objectives	44-45
3.	AUDIT COMMITTEES	
3.1	Appointment and Composition	
3.1.1	Whether the Audit Committee Chairman is an independent Non - Executive Director and Professionally Qualified	35
3.1.2	Whether it has specific terms of reference and whether it is empowered to investigate / question employees and retain external counsel	Complied
3.1.3	More than two thirds of the members are to be Non-Executive Directors	Complied
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of Finance and accounting.	Complied
3.1.5	Head of internal audit to have direct access to audit committee	Complied
3.1.6	The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report.	
3.2	Objectives & Activities	
3.2.1	Statement on Audit Committee's review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	117-119
3.2.2	Statement to indicate audit committee's role in ensuring compliance with Laws, Regulations and timely settlements of Statutory dues	
3.2.3	Statement of Audit committee involvement in the review of the external audit function	
	Ensure effective coordination of external audit function	
	Ensure independence of external auditors	
	To review the external auditors' findings in order to be satisfied that appropriate action is being taken	

	Review and approve any non-audit work assigned to the external auditor	Nothing in this regard was assigned to the external auditors
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review.	117-119
3.2.5	Statement of Audit Committee involvement in the review and recommend to the board of directors, annual and interim financial releases	
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21st Annual General Meeting

PROXY FORM

Revenue
Stamp of
Tk.20/-

I/We

Of

being a member of Bangladesh Finance and Investment Company Limited, hereby appoint

Mr./Ms.

of

as my/our proxy to attend and vote for me/us and on my/our behalf at the 21th Annual General Meeting of the Company to be held on Thursday, December 10, 2020 at 11.00 A.M. or at any adjournment thereof.

Signed this Day of 2020.

Signature of proxy

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Signature of Shareholder

BO ID:

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No. of Shares

Note:

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



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