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Inspiring Wealth



ANNUAL REPORT 2016

FAIR STOCK

ANNUAL REPORT
2016

We are relentless in our pursuit to be green to greener

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LETTER OF TRANSMITTAL

To

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

Sub: Annual Report For The Year Ended December 31, 2016.

Dear Sir/Madam:

We are pleased to enclose a copy of the Annual Report together with the audited financial statements on solo and consolidated basis for the year ended December 31, 2016. Besides, you will find the relevant financial statements of the subsidiaries of BD Finance namely BD Finance Securities Limited & BD Finance Capital Holdings Limited.

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

Thanking you,

Yours sincerely,

Munshi Abu Naim ACS
Company Secretary

Dated: May 08, 2017



NOTICE OF THE 18TH ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 18th Annual General Meeting (AGM) of Bangladesh Finance And Investment Company Limited will be held on Wednesday, 24 May 2017, at 10:30 AM at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka- 1000 to transact the following businesses:

i. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2016 together with the Report of the Directors' and the Auditors' thereon.

ii. To declare Dividend out of the profits for the year ended December 31, 2016 as recommended by the Board of Directors.

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

iv. To approve re-appointment of Independent Director.

v. To appoint Auditors for the year 2017 and to fix their remuneration.

vi. To transact any other business with the permission of the Chair.

By order of the Board

Munshi Abu Naim ACS
Company Secretary

Dated: Dhaka
May 08, 2017

NOTES:

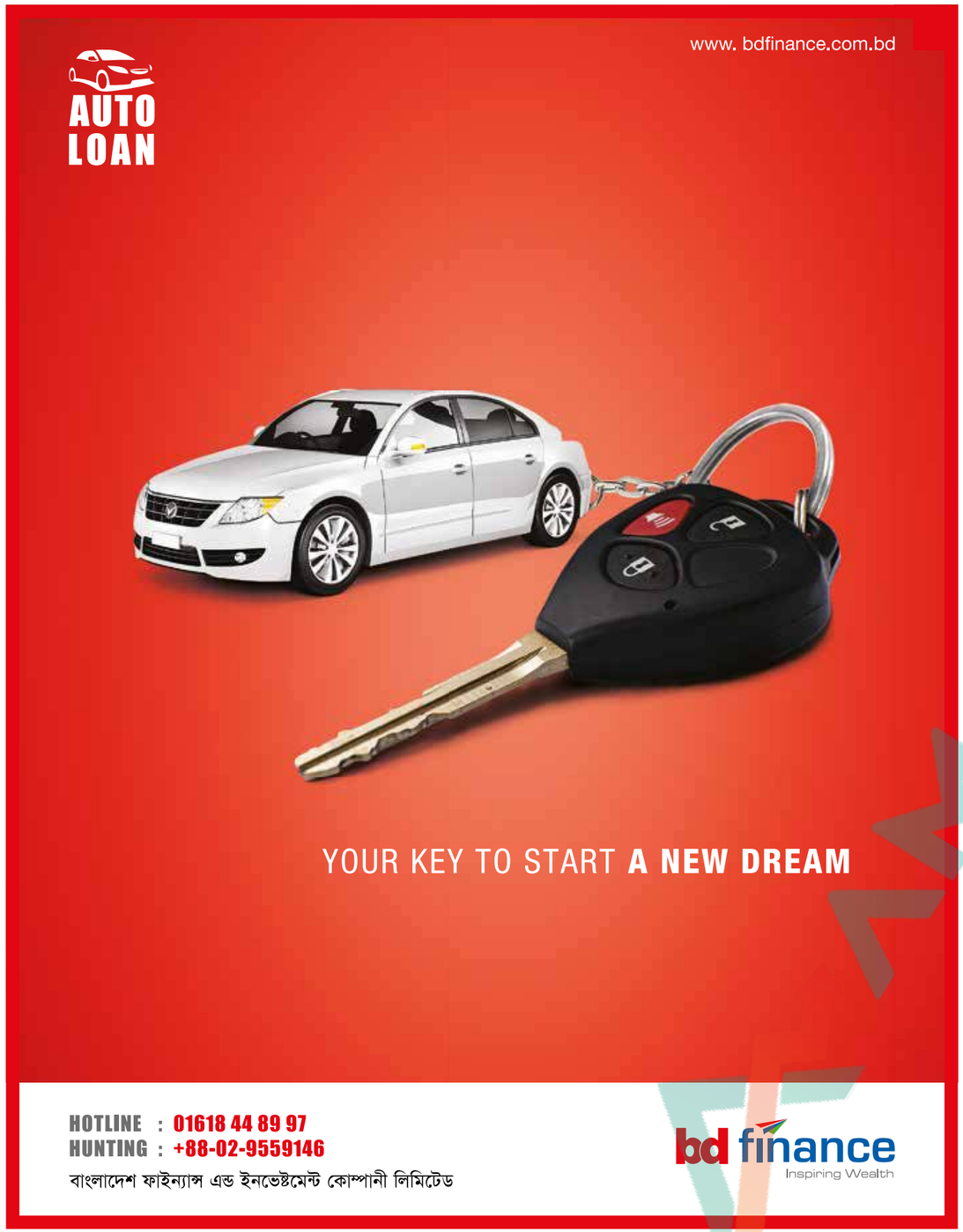
a) The Record Date: May 08, 2017.

b) The shareholders' whose names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to attend the AGM and receive the dividend.

c) Any member of the Company eligible to attend and vote at the annual general meeting may appoint a proxy to attend and vote on his/her behalf.

d) The proxy form duly filled in and signed by the Member and stamped must be submitted at the Registered Office of the Company at least 48 hours before the meeting.

e) Members are requested to update their 12-digit e-Tin number and changes of addresses, if any, through their respective Depository Participants before the Record Date.



BD FINANCE AT A GLANCE

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

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

SUBSIDIARIES:

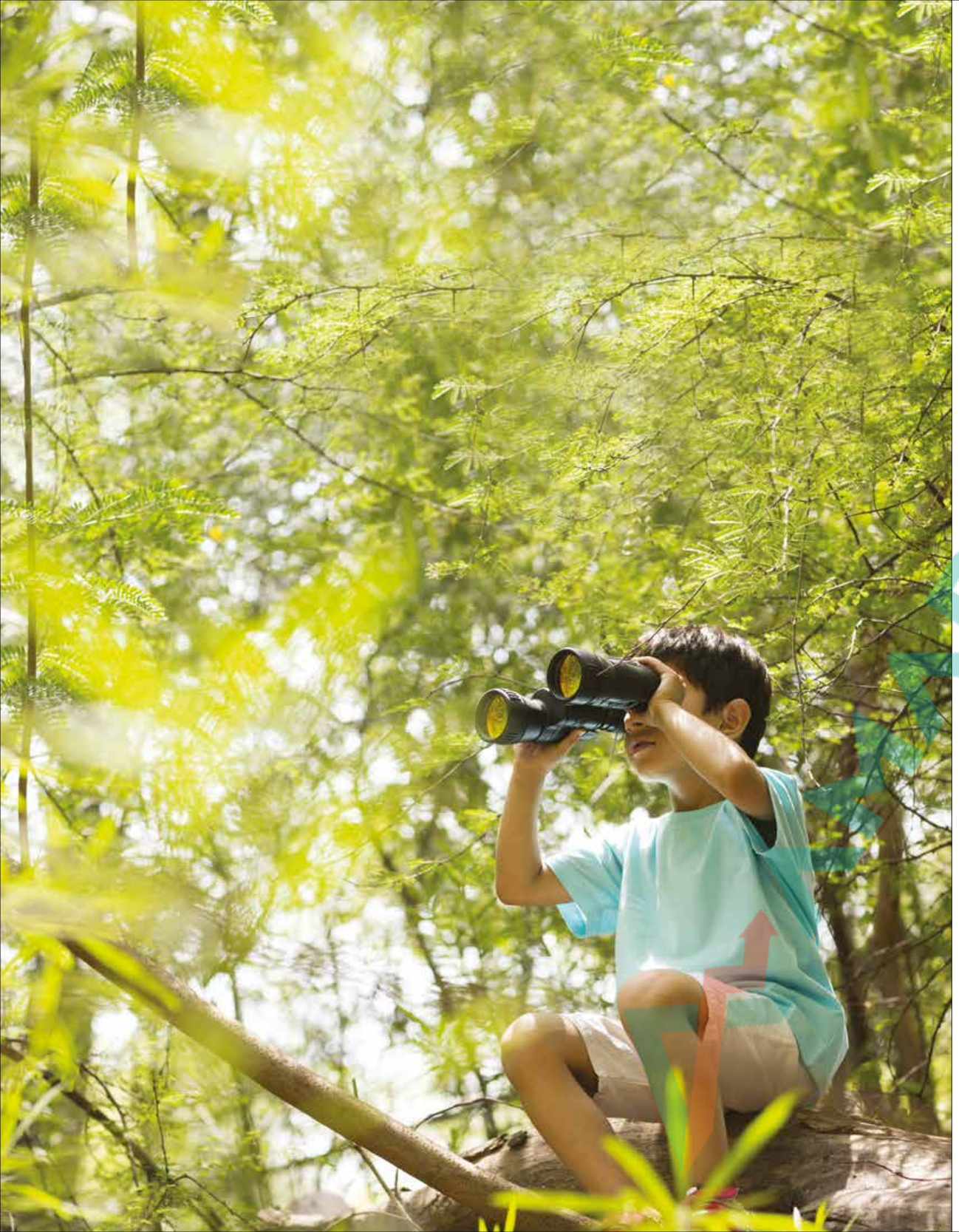
First Subsidiary: BD Finance Securities Limited (BD Securities)

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

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

BD Capital, 2nd 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. BD Finance holds 99.972% shares of BD Capital.

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



VISION

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

STOCK



MISSION

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

STOCK



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

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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 code of conduct;
- Acting with integrity and dignity and no compromise with ethical standard;
- Fair and truthful disclosures and thereby remaining transparent;
- We are committed to deliver topnotch hassle services to our clientele;
- We want to be the law abiding corporate citizen;
- Maximization of value worth of our dignified shareholders is our motto;
- We are well aware of our societal obligation and that's why our journey ahead is always underpinned by the following three interwoven pillars –

    i. People

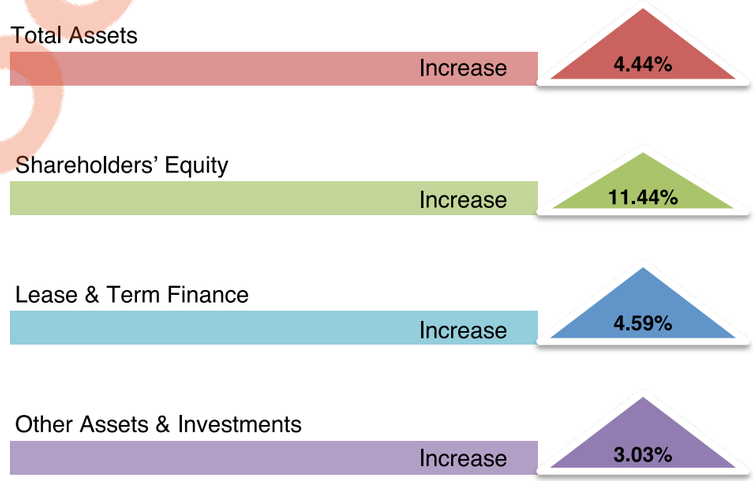
    ii. Planet

    iii. Profit

CORE VALUES

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

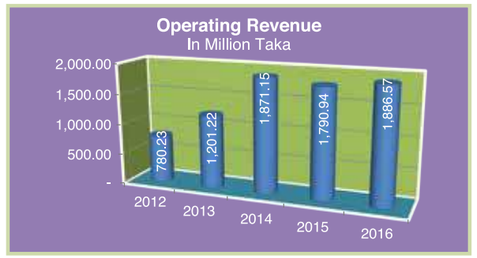
PERFORMANCE AT A GLANCE

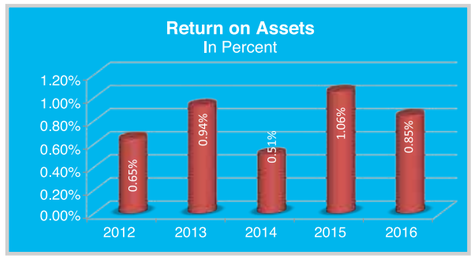


Credit Rating

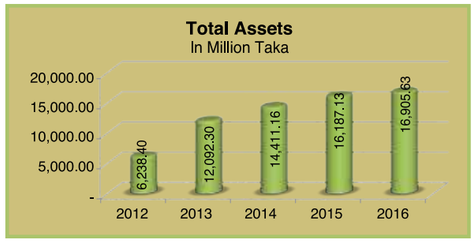
Rating	2016	2015
Long Term	A	A
Short Term	ST-3	ST-3

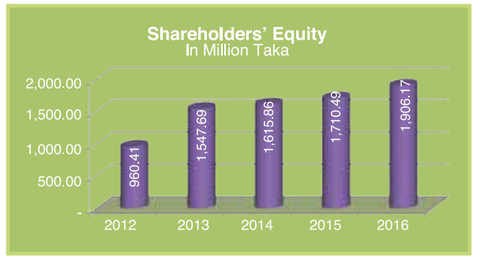
PERFORMANCE INDICATORS

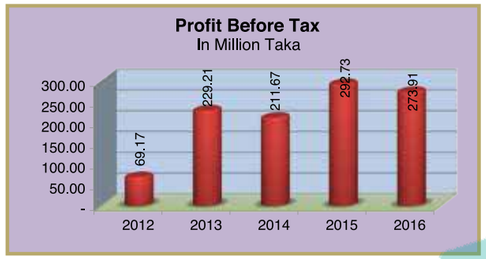


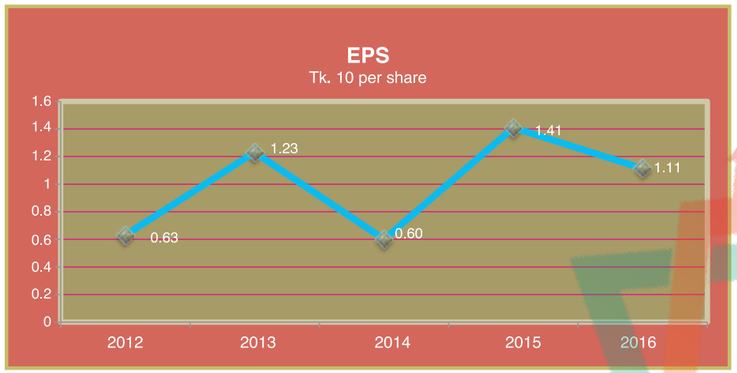












ACKNOWLEDGEMENT

We acknowledge our deep sense of gratitude to some of our respected past members of the Board. Without their percipient guidance and visionary corporate leadership it would not have been possible for us to stand what we are today. Their inspirational leadership will act as a beaconing light in our journey ahead.



Al-haj Anwar Hossain



Mr. Manwar Hossain



Mr. Hossain Mehmood



Mr. Hossain Khaled

FINANCIAL HIGHLIGHTS

Figure in million Taka

	2012	2013	2014	2015	2016
Operational Performance					
Operating Revenue	780.23	1,201.22	1,871.15	1,790.94	1,886.57
Financial Expenses	629.87	791.29	1,425.90	1,317.38	1,337.90
Operating Expenses	55.60	93.33	121.05	128.15	154.97
Profit Before Tax	69.17	229.21	211.67	292.73	273.91
Net Profit After Tax	37.10	85.74	68.17	161.82	140.12
Financial Performance					
Lease & Term Finance	3,754.79	8,327.09	10,707.37	13,282.16	13,891.81
Provision against Investment	183.42	270.82	373.29	425.97	545.75
Investment in Subsidiary	699.93	849.93	849.93	849.93	849.93
Total Assets	6,238.40	12,092.30	14,411.16	16,187.13	16,905.63
Term Deposits	2,824.10	7,262.38	9,001.96	9,225.49	8,589.37
Financial Ratios					
Return on Equity	3.90%	6.84%	4.31%	9.73%	7.75%
Return on Assets	0.65%	0.94%	0.51%	1.06%	0.85%
Rate of Dividend					
Cash	-	-	5%	-	-
Bonus	10%	10%	-	10%	10%
EPS (Tk.)	0.63	1.23	0.60	1.41	1.11
Equity Statistics					
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Number of Shares	59.10	104.02	114.42	114.42	125.87
Shareholders Equity	960.41	1,547.69	1,615.86	1,710.49	1,906.17
Net Assent Value Per Share	16.25	14.88	14.12	14.95	15.14

BOARD OF DIRECTORS

Mrs. Tanuja Mehmood
Acting Chairperson & Vice Chairman
Nominated by Anwar Steel Mills Limited

Mr. Geasuddin Ahmed
Director

Mrs. Shahnaz Rashid
Director, Nominated by Anwar Ispat Limited

Mr. Yousuf Aman
Director, Nominated by Anwar Silk Mills Limited

Mr. Imtiyaj Yousuf
Director

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

Mr. Gopal Chandra Ghosh FCA, FCMA
Director, Nominated by Hossain Dyeing & Printing Mills Ltd.

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

Mr. Haider Ahmed Khan, FCA
Independent Director

Mr. Ansar Uddin Ahmed
Independent Director

Mr. Mohammad Masoom
Managing Director and CEO

Munshi Abu Naim ACS
Company Secretary



BRIEF PROFILE OF THE DIRECTORS



Mrs. Tanuja Mehmood
Acting Chairperson & Vice Chairman
Nominated by Anwar Steel Mills Ltd.

Mrs. Tanuja Mehmood completed her MBA major in International Business from Maastricht school of Management as part of a joint program with Independent University, Bangladesh (IUB). Mrs. Tanuja Mehmood has been performing the role of Chairperson of Bangladesh Finance And Investment Company Limited. In addition, she also performs the role of an Executive Director of the Textile division of Anwar Group of Industries. She is actively engaged in several development activities of Anwar Group of Industries especially expansion of its business footprint within and beyond the country. During her remarkable business career she achieved versatile experiences in innovative business arena through facing new challenges. She demonstrated her appreciable skill in steering the affairs of the company towards the right direction by providing advice on financial strategy and supervising the overall circs. She has already proved herself as a successful business leader through her prudential leadership quality.



Mr. Geasuddin Ahmed
Director

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



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 for quite a long time. By the time she has gathered much knowledge about various aspects of business.



Mr. Yousuf Aman
Director
Nominated by Anwar Silk Mills Ltd.

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



Mr. Imtiyaj Yousuf
Director

Mr. Imtiyaj Yousuf is an energetic, young business entrepreneur. He is the proprietor of Imtiyaj Steel and Omega International.



Mr. Syed Tareq Akbar Ally
Director
Nominated by Khaled Iron & Steels Ltd.

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



Mr. Gopal Chandra Ghosh FCA, FCMA
Director, Nominated by Hossain Dyeing & Printing Mills Ltd.

Mr. Gopal Chandra Ghosh is currently Group CFO of Anwar Group of Industries; previously he worked as Consultant of The World Bank, Group CFO of Viyellatex Group, Financial Controller of Lafarge Surma Cement Limited, Deputy Director of Studies & Project Director of ICAB, Manager of ACNABIN & Co., Chartered Accountants. He has 20 years of working experience in the fields of Accounting, Finance, Audit, ERP, Strategy, consulting and business studies. Mr. Ghosh did his B. Com (Hon's), M. Com from the University of Dhaka. He is a Fellow Member (FCA) and Council Member of the institute of Chartered Accountants of Bangladesh (ICAB) where he was vice president for the year-2013. He is also a Fellow Member (FCMA) of the institute of Cost and Management Accounts of Bangladesh (ICMAB), founder Member and currently Secretary General of the Institute of Internal Auditors, Bangladesh; founder Member and Ex Secretary of ISACA Dhaka Chapter and Fellow Member (FIPA) of the institute of Public accountants (IPA) of Australia.



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

Mr. Ihtiaz Yousuf is a young entrepreneur involved in Steel business as his family business. He has completed his BBA with International Diploma from Independent University of Bangladesh (IUB).



Mr. Haider Ahmed Khan, FCA
Independent Director

Mr. Haider Ahmed Khan, B.Com (Hon's) and M. Com from the University of Dhaka, is a fellow member of the Institute of Chartered Accountants of Bangladesh and Proprietor of Ahmed Khan & Co., Chartered Accountants. He is also the Chairman of MM Agro Enterprises Ltd., Director of Mifkif Apparel Ltd., Flower Fashions Ltd., Seasons Dresses Ltd. and Chairman of Metro Spinning Mills. Mr. Khan is a valiant Freedom Fighter and columnist.



Mr. Ansar Uddin Ahmed
Independent Director

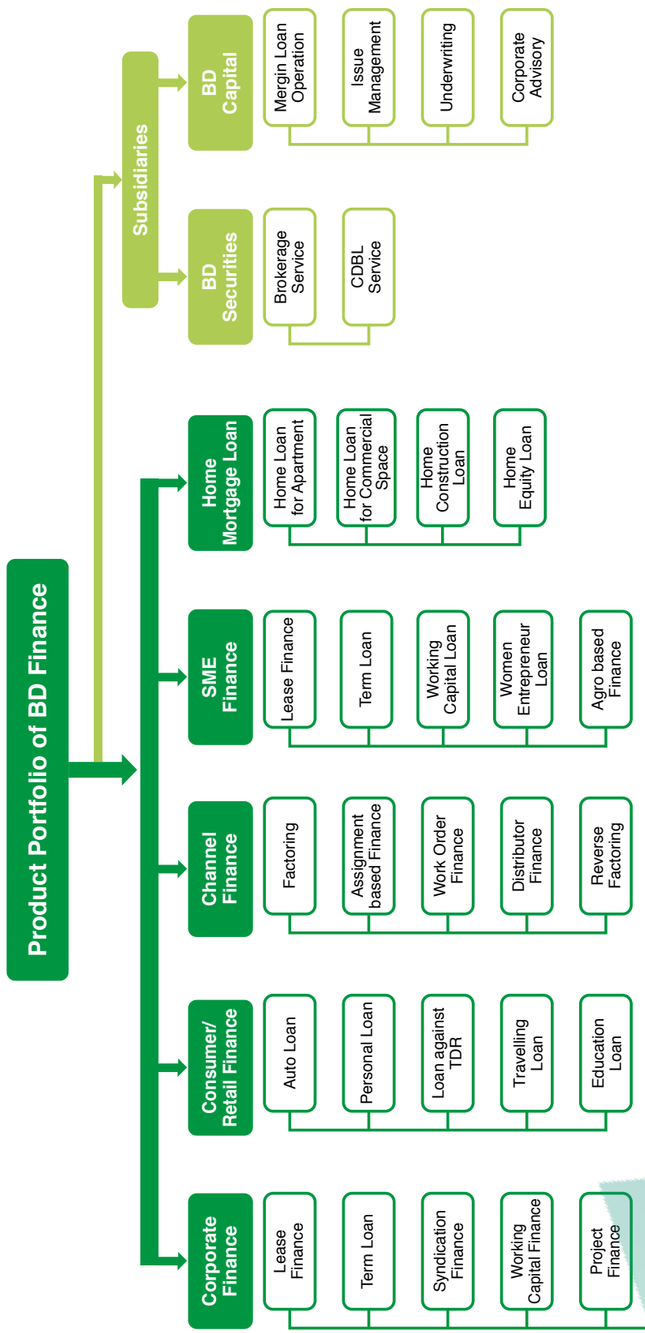
Mr. Ansar Uddin Ahmed is the son of a very renowned Teacher of the country. He has graduated and post graduated from Dhaka University. He joined Bangladesh Bank as Assistant Director through Public Service Commission. He served Bangladesh Bank for about 25 years and lastly he held the post of General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

Mr. Ahmed is a valiant Freedom Fighter and he has a son and a daughter.



Mr. Mohammad Masoom
Managing Director and CEO

Mr. Mohammad Masoom joined BD Finance on January 2017 as Managing Director and CEO. Prior to taking over the new assignment, he served Mercantile Bank Limited as Deputy Managing Director. He has got 3 decades of extensive and versatile banking experience, especially on Core Risk Areas of Banking Operation, Syndication, Club Financing/Project Finance etc. Mr. Masoom has completed his Honors and Masters degree in Public Administration from the University of Dhaka and subsequently obtained MBA in Finance and PGD(s) in Development Economics/Planning and HRM. He had made debut for the banking profession in AB Bank and afterwards served in Southeast Bank Ltd., the Trust Bank Ltd. and National Bank Ltd. in different responsible position(s). He has participated in a good number of training programs/seminars/ symposiums on Banking and Finance both at home and abroad. He was selected as a Trainer for Outreach training program for his result oriented performance on CRM designed for the 'Training for Trainers' arranged by Bangladesh Bank Training Academy. He was the member of the sub-committee constituted to formulate the Credit Policy for Bangladesh Infrastructure Finance Fund Ltd. a special purpose finance company under the Ministry of Planning. Mr. Masoom occasionally contributes articles to the English Dailies/Periodicals on different issues relating to the Banking and Finance.



KEY MILESTONES

Incorporation of the Company	:	May 10, 1999
License from Bangladesh Bank as financial Institution	:	December 22, 1999
Commencement of Business	:	May 10, 1999
Date of Commercial Operation	:	February 15, 2000
Date of First Branch opening in Chittagong	:	July 12, 2005
Date of Second Branch opening at Bangshal	:	June 08, 2010
Date of Third Branch opening in Sylhet	:	December 11, 2014
Date of Fourth Branch opening at Uttara	:	December 23, 2014
Date of Initial Public Offering	:	June 10, 2007
Listing on Dhaka Stock Exchange Limited	:	September 06, 2007
Listing on Chittagong Stock Exchange Limited	:	August 28, 2007
Trading on DSE & CSE	:	September 11, 2007
Equity Participation in BD Finance Securities Limited	:	December 28, 2010
Equity Participation in BD Finance Capital Holdings Limited	:	August 10, 2011
Launching of Vanguard AML BD Finance Mutual Fund One	:	January 17, 2016



MESSAGE FROM THE CHAIRPERSON

Distinguished Members,

I feel privileged to welcome you on this auspicious occasion of 18th Annual General Meeting of Bangladesh Finance And Investment Company Limited. This is the occasion to present the Annual Report along with the Audited Financial Statements of the Company for the year ended 31st December 2016 for your information regarding our story of success and failure.

I firmly believe that your very prudent opinion will definitely act as a driving force for us to steer the overall affairs of your company in the right direction towards fulfillment of your expectation and the confidence reposed on us.

You are probably well aware that the credit demand during the year 2016 has all along been sluggish and the competition that we faced has also created barrier towards attainment of desired result during the year under report. Despite all the headwinds we endeavored to make our financial performance even better.

Here it is noteworthy that there had been critical pressure to slash the interest rate on lending which also exposed us to challenging situation to churn out the desired level of spread. On the other hand, non-performing loan in the portfolio had also dented our performance.

Overall 2016 has become a year of success for us. During the year the investment portfolio increased to Tk.13,891.81 million from Tk.13,282.16 million of 2015 indicating a growth of 4.59%. We had to reduce interest rate on our deposit as well as lending with a view to staying competitive in the financial market. We focused on operating efficiency by thoughtfully managing our resources.

It is mentionable that, in the 3rd quarter the Non-Performing Loan (NPL) went up to the extent of around 9%. However, we have intensified our recovery drive in the last quarter of the year and managed to reduce the NPL significantly to gain fresh momentum. Capital Adequacy Ratio stands at 13.29% as against Bangladesh Bank's stipulation of 10% under the BASEL-II regime. We have taken necessary measures to remain compliant, in line with the regulatory requirements on all the fronts of our operations towards accelerating the process of growth.

We have a strategic plan on all the core areas of our operation for ensuring sustainable growth paradigm to transform BD Finance as an organization par excellence in the financial industry. As part of that plan, we are going to launch some attractive new products to provide more customer-centric business services. We have already taken initiative to reach out our services in the prospective and potential areas by expansion of our network of services.

During the year under review the shareholders' equity of the company increased to Tk 1,906,165,164. The Board of directors recommended 10% stock dividend for the year. The Board feels that the stock dividend will reinforce the balance sheet wise strength of the company.

Our stock brokerage arm, BD Finance Securities Limited, the first subsidiary, started 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.

Finally, on behalf of the Board, I want to thank our clients and stakeholders for their continued support and also extend my thanks to all BD Finance staff for their hard work.

I on behalf of the Board, express my whole hearted thanks to the shareholders now present in our midst and all others who could not remain present for their continuous support and interest as shown as well as the confidence that they continue to repose on us.

I am also thankful to the management and staff members of BD Finance for their sincere efforts and professional outlook as proved to be instrumental to conduct the overall operations of BD Finance smoothly. I would like to put on record my heartfelt gratitude to Bangladesh Bank and Securities and Exchange Commission for their continuous support and guidance.

We are very much sanguine that by the grace of the Almighty we shall definitely deliver you even better performance oriented result of BD Finance at the end of the year 2017 and beyond.

May the Almighty Allah bless us in all of our endeavors.

Tanuja Mehmood
Acting Chairperson & Vice Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors of Bangladesh Finance And Investment Company Limited (BD Finance) I am delighted to welcome you in the 18th Annual General Meeting of the Company. The Directors of BD Finance have the pleasure in presenting their Annual Report together with the Audited Financial Statements for the year ended December 31, 2016. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012.

Bangladesh Economy Review

The World Bank in one of its recent statistics reported that, where the world economy has achieved only 3.4% growth in 2016, Bangladesh has turned up as a contrarian performer with a splendid GDP growth of 7.1%. The growth seems to be the height in the region which placed Bangladesh among the top 12 emerging developing countries in the world. The world economy became stagnant in the year 2009-2010 because of economic recession. The crisis is still continuing in some part of the world. Overall the world economy was sluggish during the last few years. Despite all the fact, over the last decade the Bangladesh Economy secured an average growth of 6.3% and the growth is expected to remain resilient in the coming years.

Bangladesh has huge potentials subservient to investment growth as it possess vast human capital, natural resources like natural gas, rivers, canals and fertile lands. Constraints on the way of rapid investment must be obliterated. The economic and social infrastructure of Bangladesh is shoddier among the south Asian countries as envisaged from the chart. Access to basic economic infrastructure as roads, communications, electricity, ICT, energy, power, water and sanitation still remain a key challenge on the way of industrialization and poverty alleviation.

The Government of Bangladesh has declared through the Fiscal Budget 2016-17 that it would achieve Middle Income Country (MIC) status by 2021. In order to accomplish the status of MIC Bangladesh has to upgrade per capita gross national income, Human Assets Index, Investment Index and Economic Vulnerability Index. To achieve these and to uphold the continuous success the government should ensure diversified investments, vanquish the challenges and participate in productive, result oriented and appropriate actions.

Industry outlook and prospect

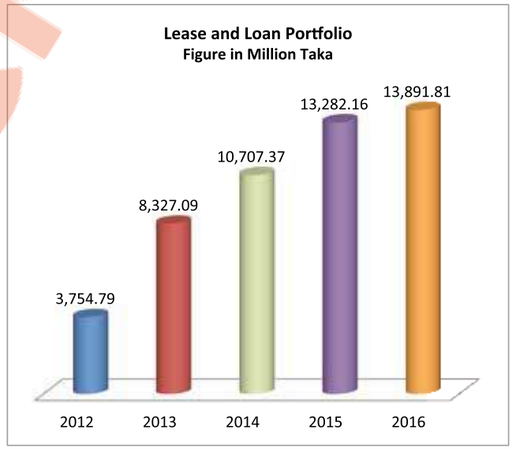
Within a span of three decades Non-banking Financial Institutions (NBFIs) have proved themselves as alternative and convenient arm of financing. Now, 33 NBFIs are operating in Bangladesh while the maiden one was established in 1981. These NBFIs are playing an important role towards the overall economic development of the country. NBFIs have positioned themselves as a vibrant subsector catering to the diverse needs of the entire nation. Total outstanding credit exposure of FIs stood at BDT 196.70 billion with double digit growth over last 3 years. Majority portion of these exposure are in the industrial sector which help to boost up our economy over the period. Moreover, nowadays, NBFIs are playing vital role as a financial intermediary meeting the diverse financial requirements of business enterprises through faster service.

Bangladesh Bank continued its reform activities this year with a core focus on ensuring financial stability and inclusion of the Banks, Non-bank Financial Institutions (NBFIs) and Micro Finance Institution (MFIs) operating in the market. It has established a good amount of revolving fund titled "Green Transformation Fund" to facilitate the relevant export oriented industries to transform their conventional production system with eco-friendly and energy efficient technology to meet the current environmental and social requirements around the globe.

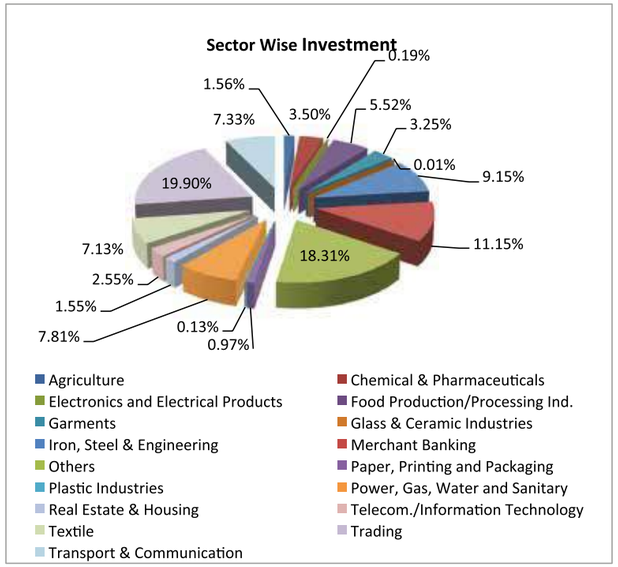
The foreign remittance has significantly fallen in the recent time which can adversely impact on investment. On the other hand, the dream of decades Padma Bridge is a reality now. This major connectivity will open many avenues of opportunities particularly in the southern part of the country. There would be a massive development in overall communication and industrialization which will require huge public and private investment.

Performance of BD Finance in 2016

The company placed extraordinary importance on regulatory compliance to improve the asset quality and achieve sustainable growth. During the year 2016, the company continued its growth momentum despite challenges in the financial sector, and has been able to achieve growth rates in business volumes and revenue. The investment portfolio in lease and loan finance increased to Tk.13,891.81 million in 2016 from Tk.13,282.16 million in 2015 registering a growth of 4.59%.



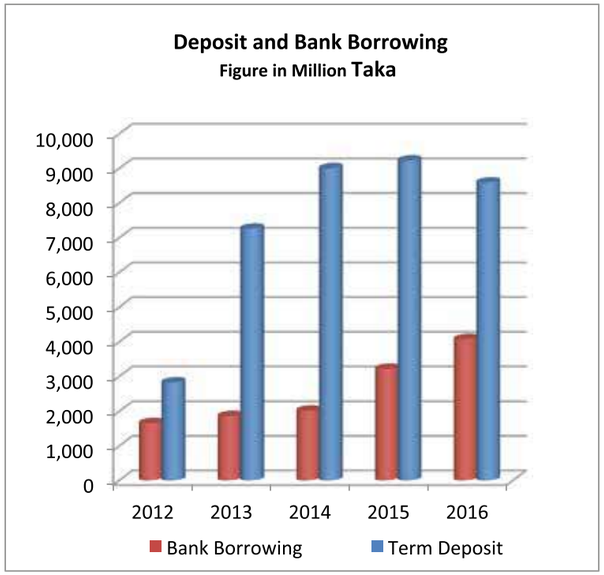
BD finance maintained a well-diversified investment portfolio. The sector wise investment portfolio as on 31 December 2016 is furnished below:



We continued to finance various business units under the SME program and participated in the refinancing program of Bangladesh Bank, JAICA and Women Entrepreneur loan. The total amount of loan under SME during 2016 increased to Tk. 95.76 crore against Tk.38.63 crore in 2015 registering a growth of 147.89%.

The core deposits during the year 2016 has slightly fallen to the extent of Tk. 636,119,837. So the total deposit of BD finance stands at Tk. 9,014,858,577 representing a decrement of 7.257%.

SMARTSTOCK



To match with the trend and to stay in the competition we had to reduce interest rate on deposit during the year 2016. For that reason the total deposit was slightly lower than that of last year. Again we had to borrow more money from the Banks to meet the requirements of the clients. So in the year 2016 customer deposit base of BD finance stood at Tk. 8,589.36 million in 2016 from Tk. 9,225.49 million in 2015 registering a decline of 6.90%. Operational performance of BD Finance is summarized below:

(Taka in Million)

Particulars	2016	2015	Growth
Interest Income	1,760.44	1,786.51	-1.46%
Interest Expenses	1,337.90	1,317.38	1.56%
Net Interest Income	422.53	469.13	-9.93%
Total Operating Income	548.66	473.55	15.86%
Profit Before Provision	393.69	345.41	13.98%
Provision for Loan/Investment	119.78	52.68	127.37%
Profit before Tax	273.91	292.73	-6.43%
Provision for Taxation	133.79	130.91	2.20%
Net Profit After Tax	140.12	161.82	-13.41%

The Net Interest Income decreased to Tk. 422.53 million in 2016 from Tk. 469.13 million in 2015 registering a decline of 9.93% over the previous year. This happened due to downward pressure of interest rate of lending where we could not decrease the interest rate on deposit in that extend because of the depositors' expectation and market competition. The operating income stood at Tk. 548.66 million in 2016 from Tk. 473.55 million in 2015. The net profit after tax decreased to Tk.140.12 million in 2016 from Tk. 161.82 million in 2015 registering a negative growth of 13.41% over the previous year. We had to make a higher provision this year comparing to last year which squeezed our net profit after tax despite generating a higher operating income in the current year.

Human Capital

BD Finance maintains a fare and transparent process for recruitment of human resources. We pay competitive packages and incentives to our employees to put their best for the company. The Board strongly believes that investment in HR

for their packages & training means investment for the quality growth of the Company. The employee strength of the company is presented below:

Particulars	2015	2016
Beginning of the year	83	96
New recruitment	22	29
Released	(9)	(13)
Closing of the year	96	112

Financial Results & Appropriation

The company earned TK 140.12 million as net profit after tax in 2016 which is 13.41% lower than the figure of Tk. 461.82 million in 2015. Considering the overall situation of the financial sector of the country, current financial strength of the company and the future potential, the Board is recommending 10% stock dividend to the shareholders for the year 2016 and proposes the following appropriation:

(Taka in million)

SL#	Particulars	Amount
1	Net Profit After Tax	140.12
2	Retained Earnings Brought Forward	17.54
3	Profit Available for Distribution	157.66
4	Transfer to Statutory Reserve	(28.02)
5	Amount Available for Distribution of Dividend	129.64
6	Proposed Dividend -10% Stock	(125.87)
7	Retained Earnings Carried Forward	03.77

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 having a portfolio size of Tk. 452.73 crore which was Tk. 349.97 crore in the year 2015.

BD Finance Capital Holdings Limited (BD Capital)

BD Capital, 2nd subsidiary of BD Finance and is a full-fledged Merchant Banker started its operation in October 2013 with a license from Bangladesh Securities and Exchange Commission (BSEC). BD Finance holds 99.972% shares of BD Capital.

Contribution to the national economy

BD finance contributes to the national economy mainly through contribution to the National Exchequer, as well as investment in productive enterprises and creating employment thereby. During the year 2016 BD finance deposited Tk. 28,66,03,070 to the Government Exchequer. Moreover, we have recruited 23 people in various positions during the year 2016.

Risk Management

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

Corporate & Financial Reporting Framework

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

- The financial statements prepared by the Management present fairly its state of affairs, the result of its operation, cash flow statement and statement of changes in shareholders' equity.

- Proper books of accounts of the Company have been maintained.

- Appropriate Accounting Policies have been consistently applied in preparation of the financial statement and that the accounting estimates are based on reasonable & prudent judgment.

- The International Accounting Standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.

- Internal Control System is sound in design and has been effectively implemented & monitored.

- There is no significant doubt upon the ability of the Company to continue as a going concern.

Key Operating & Financial Data

Key operating & financial information for the last five years as per requirement of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 are presented in page No. 22 Highlights of overall operation of the Company as per DFIM Circular No. 11 dated December 23, 2009 are also shown in page No. 41.

Shareholding Pattern

Shareholding pattern of the Company as of December 31, 2016 is shown on page No. 39 in Annexure-I of this report.

Meetings

During the year 2016 total 09 (nine) Board meetings & 4 (four) Audit Committee meetings were held and attendance of the Directors are shown on page no. 40 in Annexure- II of this report.

Dividend

The Board of Directors proposed 10% stock dividend i.e. 10 (Ten) bonus shares for every 100 (One Hundred) shares held for total 125,867,475 Ordinary Shares of Tk. 10/- each for the year ended December 31, 2016.

Directors Rotation and Re-appointment

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

Mr. Yousuf Aman
(Nominated by Anwar Silk Mills Ltd.)

Mr. Geasuddin Ahmed
Mr. Imtayaj Yousuf

Brief Resume and other information of the Directors as per clause 1.5 (xxii) of BSEC notification dated August 07, 2012 are depicted in the page no. 25, 26 and 27.

Re-appointment of Independent Director

The Board of Directors of Bangladesh Finance And Investment Company Limited in its 192nd meeting held on 23 April 2016, extended the tenure of the office of Mr. Ansar Uddin Ahmed as Independent Director of the Company, for another term of 3 years effective from 10 July 2016. Brief Resume of the above mentioned Director as per clause 1.5 (xxii) of BSEC notification dated August 07, 2012 are depicted in page no. 27.

Auditors

In the 17th Annual General Meeting, the Shareholders appointed M/s. A. Qasem & Co., Chartered Accountants, as auditors of the Company for the year 2016. The tenure (3 years) of the current Auditor has expired as per BSEC notification and Bangladesh Bank guidelines. The Board will recommend new Auditor in the next Board Meeting subject to approval of Bangladesh Bank and finally by the shareholders in the 18th AGM.

Significant deviation from last year operating results

There are no such significant deviations in operating results from last year which can be a cause of concern.

Extra Ordinary Gain or Loss

There is no such extra-ordinary gain or loss in the current year and most of the income and expenses have incurred are regular in nature.

Related Party Transaction

The company has no related party transactions as per BAS-24 except executive compensation received by Managing Director and CEO.

Internal Control

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

Going Concern

The Directors examined and expressed their opinion that the Company is a going concern. Therefore, the Company adopted the going concern basis in preparing the financial statements.

Directors' Declaration as to Financial Statements

The Directors are responsible for the governance of the Company and as part of preparation and presentation of the financial statements. The Directors also report that:

a) The financial statements prepared by the management of the Company present a true and fair view of the Company state of affairs, result of its operation, cash flow statement and changes in shareholders' equity;

b) Proper books of accounts as required by law have been maintained;

c) Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates are reasonable and prudent;

d) The financial statements were prepared in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs);

e) The CFO has certified to the Board that he has reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

f) The CEO and CFO have further certified to the Board that there are to the best of their knowledge and belief no transactions entered into by the Company during the year which is fraudulent, illegal or in violation of the Company's codes of conduct.

Status of Compliance on Corporate Governance

Certificate and Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 is given on page No. 67 and 68.

Acknowledgement

The Board of Directors expresses their heart-felt appreciation & gratitude to the valued clients, lenders, depositors, bankers & business associates for their support & cooperation. The Board also expresses its gratitude to Bangladesh Bank, Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, National Board of Revenue, Registrar of Joint Stock Companies & Firms and other regulatory bodies for their assistance and guidance. The Board also thanks M/s. A. Qasem & Co, Chartered Accountants, Auditors of the Company for their efforts for timely completion of audits. Our sincere appreciation goes to the employees of the Company for their loyalty, efforts and dedication. I would take the opportunity to thank all my colleagues of the Board who have extended all sorts of cooperation to make the year 2016 another year of success for the Company. Finally, the Board of Directors thanks the respected shareholders for their confidence on the Board & Management and assures them that the process of strengthening and development of the Company will continue in coming days to optimize the wealth of the stakeholders.

For and on behalf of the Board of Directors

Tanuja Mehmood
Acting Chairperson & Vice Chairman

ANNEXURE-I

Pattern of Shareholdings as on December 31, 2016

Shareholders	No. of Shares	(%) of holding
i) Parent/Subsidiary/Associated Companies		
Anwar Steel Mills Ltd.	6,020,839	4.78%
Mrs. Tanuja Mehmood (Nominated from Anwar Steel Mills Ltd.)		
Anwar Ispat Ltd.	6,041,640	4.80%
Mrs. Shahnaz Rashid (Nominated from Anwar Ispat Ltd.)		
Hossain Dyeing & Prntng Mills Ltd.	2,544,461	2.02%
Mr. Gopal Chandra Ghosh Fca, Fcma (Nominated from Hossain Dyeing & Printing Mills Ltd.)		
Khaled Iron & Steels Mills Ltd.	2,539,602	2.02%
Mr. Syed Tareq Akbar Ally (Nominated from Khaled Iron & Steels Mills Ltd.)		
Anwar Silk Mills Ltd.	2,544,461	2.02%
Mr. Yousuf Aman (Nominated from Anwar Silk Mills Ltd.)		
Mehmud Industries (Pvt.) Ltd.	2,541,111	2.02%
Mr. Ihtiyaz Yousuf (Nominated from Mehmud Industries (Pvt.) Ltd.)		
Ii) Sponsor Shareholders/Directors		
Mr. Geasuddin Ahmed	2,523,143	2.00%
Mr. Imtiyaj Yousuf	2,555,374	2.03%
Mr. Abdur Rashid Salam	2,564,323	2.04%
Mrs. Chowdhury Monwar Ahmed Siddiqui	1,532,023	1.22%
Mr. Chowdhury Erteza Ahmed Siddiqui	6,902	0.01%
Mr. Ihteshamur Rahman	268,980	0.21%
a) Managing Director and CEO	Nil	Nil
b) Company Secretary	Nil	Nil
c) Chief Financial Officer	Nil	Nil
d) Head of Internal Audit	Nil	Nil
iii) Executive & Senior Executive	Nil	Nil
iv) Shareholders holding 10% of more voting interest	Nil	Nil
v) Others	94,184,616	74.83%
Total:	**125,867,475**	**100.00%**

ANNEXURE: II

Meeting Attended by the Directors during 2016

Name of Director	Board of Directors Meeting			Audit Committee Meeting		
	The Board Meeting held during directors tenure	Meeting Attended	Attendance as % of total Meeting held	Audit Committee Meeting held during directors tenure	Meeting Attended	Attendance as % of total Meeting held
Mrs. Tanuja Mehmood	9	9	100	4	4	100
Mrs. Shahnaz Rashid	9	7	78	-	-	-
Mr. Geasuddin Ahmed	9	9	100	4	4	100
Mr. Syed Tareq Akbar Ally	9	6	67	-	-	-
Mr. Yousuf Aman	9	8	89	4	4	100
Mr. Imtiyaj Yousuf	9	9	100	-	-	-
Mr. Gopal Chandra Gosh FCA, FCMA	5	2	40	-	-	-
Mr. Ihtiyaz Yousuf	9	9	100	-	-	-
Mr. Haider Ahmed Khan FCA	9	9	100	4	4	100
Mr. Ansar Uddin Ahmed	9	8	89	-	-	-

HIGHLIGHTS OF PERFORMANCE

(Amount in BDT)

SL #	PARTICULARS	31-Dec-16	31-Dec-15
1	Paid up Capital	1,258,674,750	1,144,249,780
2	Total Shareholders' Equity	1,906,165,164	1,710,485,143
3	Capital Surplus / (Deficit)	258,674,750	144,249,780
4	Total Assets	16,905,631,466	16,187,132,051
5	Total Deposit	9,014,858,577	9,719,874,974
6	Total Loans/Lease Finance	13,891,813,341	13,282,163,418
7	Total Contingent Liabilities and Commitment	-	104,801,330
8	Investment Deposit Ratio (%)	154.10%	136.65%
9	Percentage of Classified Investment against total Investments	7.83%	4.51%
10	Profit after Tax and Provision	140,123,659	161,822,606
11	Amount of Classified Investment	1,087,877,013	598,779,445
12	Provisions kept against Classified Investment	333,036,828	202,648,661
13	Provisions surplus	1,478,353	1,064,969
14	Cost of Fund	10.24%	11.43%
15	Interest Earning Assets	14,162,992,377	13,537,603,043
16	Non-Profit Earning Assets	2,742,639,089	2,649,529,008
17	Return on Investment in Securities (ROI)	24.65%	-21.14%
18	Return on Assets (ROA)	0.85%	1.06%
19	Income from Investment in Securities	71,380,748	(74,967,345)
20	Earnings Per Share (Re-stated 2015)	1.11	1.29
21	Price Earning Ratio (Times)	13.24	8.23
22	Book value per share (Per 10 Tk.)	15.14	14.95



FROM THE DESK OF MANAGING DIRECTOR AND CEO

This is a matter of immense pleasure for me to present the Annual Report along with the audited Balance Sheet and other financial statements of Bangladesh Finance and Investment Company Limited (BD Finance) for the year ended December 2016 on this august occasion of 18th Annual General Meeting of our most dignified shareholders.

Here it is noteworthy that this is the first ever opportunity for me to attend the Annual General Meeting as the Managing Director and CEO of a Financial Institution. I acknowledge my debt of gratitude to the honourable members of our Board of Directors for giving me this opportunity and I do admit that onus of responsibility of the CEO of any financial institution is indeed onerous, specially in this stiffly competitive financial market where as many as 33 nos. financial institutions are in operation. Apart from that the market is mainly dominated by 56 nos. banking financial institutions. There is an adage goes that intelligence is the ability to adapt to change and I personally do believe only the thing is constant is change. Our banking and financial landscape has experienced the phase of transformational changes in practice and orientation over the years as a result of implementation of different reformative measures for bringing financial discipline in the banking and financial sector. In our money market banks and NBFIs have been playing significant role for the economic development of the country by financing in the different sectors of the economy by absorbing the counterparty risks in their respective balance sheet. It is an admitted fact that the financial institutions are exposed to more challenges in comparison to the banking financial institutions because of the fact the windows of opportunity are not that extensive like banks and they are really hard pressed by the stringent and uneven competition. We are really living in the world which is largely characterized by volatility, uncertainty, complexity and above all ambiguities. In this context, we have no other option but to face the challenges and explore the niches and opportunities by converting the comparative advantages into competitive ones to sustain in the business.

We have firm commitment to reposition the BD Finance in the industry by way of revamping the balance sheet through adoption of strategic action plan for the year 2017 and beyond. Right after taking over the responsibility, I reviewed the balance sheets of the last three years and endeavored to identify the strengths, weaknesses, opportunities and existing and emerging threats so as to formulate appropriate road map for our journey ahead.

We intend to stay focused on the following action triggers:

- Bringing down the cost of fund.
- Diversification of portfolio across SME, Retail and Consumer Finance.
- Curbing the growth of Nonperforming Loans (NPLs) and arresting the deterioration of asset quality.
- Leveraging all the banking platforms to generate optimum level of revenues.
- Expansion of branches for deriving geographic dividends.
- Upgradation of the rating status of BD Finance through significant improvement of KPIs.
- Endless effort for maximum extent of compliance on regulatory issues.
- To be the customer centric financial service provider.
- To make BD Finance highly capitalized and financially resilient for ensuring sustainable and quality growth.
- To promote the franchise value of BD Finance.
- To promote the professional skill level of the employees and boosting up their morality level.

Our macroeconomic fundamentals have taken positive upturn resulted in the sustained GDP growth in the threshold of around 7% which indicates that our economy is slated to reach to the trajectory of growth with positive vibe all along. Our economy is on the cusp of transformation which itself created opportunities to finance in the diversified sectors and we want to leverage all those niches for ensuring our institutional growth.

The contribution of agriculture towards GDP growth has come down significantly with the concomitant upward momentum of manufacturing sector. As a matter of fact, our economy has been passing through the phase of silent revolution which is very much evident in our achievements on different fronts of our economy. At the same time, there has been a paradigm shift with respect to new technologies and adaptation to our own requirements for ensuring efficiency in the production process and management practices having positive impact on growth paradigm.

Our macro economy is based on sound fundamentals underpinned by comparatively least leveraged i.e. lower end share of debt to GDP, back up of strong foreign exchange reserve and very sound liquidity base.

In the recent assessment IMF observed that Bangladesh is likely to achieve GDP growth of 6.9% in the financial year 2016-17 as against 7.1% achieved during the last fiscal.The downhill trend to be experienced because of slower domestic demand and falling remittances. As reported that the volume of export in general has registered uptick by 3.9% to US$ 25.94 billion in the first 9 months of the current fiscal as against US$ 24.95 billion attained in the same corresponding period of the last fiscal. Here it is worth noting that the overall export receipts from woven garments registered a negligible growth of 0.18% whereas knitwear grew by 4.85% during the 9 months of the current fiscal year.

The scenario with respect to export of leather and jute and jute goods has taken positive traction. As the report has it the leather and leather products export have increased by 8.41% to US$ 922.96 million during the 9 months of the current fiscal year which was US$ 851.33 million during the corresponding period of last year. On the other hand, jute and jute goods export registered an increase by around 14% to US$ 731.02 million in comparison to the corresponding period of the last year.

We, in BD Finance intend to ensure sustainable growth that will be reflected in our balance sheet-wise performance where overriding importance to be given for consolidation of our portfolio by keeping down the NPLs to the maximum possible extent by bringing change in the process and practices. We want to be a tech savvy financial institution by adopting all the best practices through induction of standardized operating procedure in all our areas of operation.

I firmly believe that with the back up support of forward looking professional team and under the guidance of the prudent members of our board it would not be impossible for us to attain sustainable and healthy as well as quality growth by adopting well-articulated strategic measures. We want to deliver good return on the precious investments made by our respected shareholders/stakeholders and at the same time by ensuring maximum extent of compliance on the regulatory issues because of the fact we attach topmost priority to stay compliant all along of our journey ahead.

Bangladesh Bank has attached increased importance on inclusive growth focusing on extension of financing across the farm and non-farm as well as SME segments. We are exposed to critical pressure to bringing down interest rate on our financing/lending and as a result it has become very difficult for us to churn out the minimum required spread out of our business operation. Excess liquidity is the cardinal factor for the pressure on slashing interest rate. We, at our end

are endeavoring to bring down the cost of fund by way of downward revision of interest rate against different deposit products and at the same time to ensure maximum extent of efficiency in the process of fund intermediation. We as a matter of priority emphasize primacy on mobilization of retail deposits which is found sustainable and procurement of which to the maximum extent possible is instrumental to make value addition in our brand equity as sound base of retail deposit is the testament of confidence nurtured by the savings oriented retail customers on us. Concurrently, as a coping strategy we opt to bringing down our reliance on taking finances from the banking sector. We prioritize consolidated growth that we believe will infuse resilience into our balance sheet and thereby will enable us to take BD Finance to the sustainable growth trajectory.

I acknowledge the deep sense of gratitude and thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and all other regulatory bodies for their sagacious support and co-operation. I also take this opportunity to extend my heartfelt thanks to the respected members of the board for their continuous support and percipient guidance so as to navigate our beloved BD Finance in the right direction by wading through the choppy waters.

Mohammad Masoom
Managing Director and CEO

MANAGEMENT COMMITTEE (MANCOM)



HUMAN RESOURCES OF BD FINANCE





BRANCH-IN-CHARGES



Md. Asif Rahman
SVP & Branch-in-Charge
Principal Branch



Shiva Shakher Mondal
SEO & Branch-in-Charge
Bangshal Branch



Jahid Hasan Sohel
SEO & Branch-in-Charge
Sylhet Branch



Jitendra Kairy
FAVP & Branch-in-Charge
Uttara Branch



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

CORPORATE GOVERNANCE

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

- Eliminate or mitigate conflicts of interest, particularly those between management and shareholders
- Ensure that the assets of the company are used efficiently and effectively and in the best interest of its shareholders and stakeholders

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

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

CORPORATE GOVERNANCE PRACTICE AT BD FINANCE

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

BOARD OF DIRECTORS

The Board of Directors is currently constituted with 11 directors among whom 10 (ten) are Non-Executive directors including the Chairperson and the Managing Director is the only executive in the Board. The members of the Board are of high caliber, with academic and professional qualification in the field of business and commerce. This gives strength for effective discharge of duties and responsibilities by the Board. The Board and the Executive Committee review the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the industry. The management operates within the policies, manuals and limits approved by the Board. At BD Finance there is a practice of holding the Board Meetings in a regular basis.

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 Guidelines of BSEC, Guidelines of Bangladesh Bank and Articles of Association of the BD Finance. The Board of Directors is comprised of experienced members with diverse professional expertise and knowledge such as business, banking and finance, IT, accounting, marketing, administration, engineering which make the Board very proficient and balanced in directing the organization to achieve its desired objectives.

MEETINGS OF THE BOARD OF DIRECTORS

The meetings of the Board of Directors are held in a regular basis at BD Finance. At each meeting, management provides information, references and detailed working papers for each agenda to all directors for consideration at least three days before the meeting. 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 on the topics of interest at the meeting in order to fulfill the directors' duties to the best of their abilities.

SEPARATION OF CHAIRMAN AND MANAGING DIRECTOR'S ROLE

In compliance with Bangladesh Bank and clause 1.4 of BSEC Corporate Governance Guidelines dated August 7, 2012, we report that the Chairman of the Board has been elected from among the directors and there are clear and defined roles and responsibilities of the Chairman and the Managing Director.

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

On the other hand, Managing Director, being the head of the management team, is accountable to the Board and its committee to run and manage the BD Finance in accordance with the prescribed policies, principles and strategies, established by the Board and rules, regulations and guidelines from Central Bank, BSEC and other regulatory authority. Management's primary responsibilities are:

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

RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

The Specific responsibilities of the Chairman are to:

- Provide all over leadership to the Board as well as led the organization towards strategic direction
- Take leading role in determination of composition and structure of the Board, which will involve in regular assessment of the:

  - Size of the Board
  - Interaction, harmony and involvement of the directors
  - Set the Board's agenda and plan Board Meeting;
  - Chair all Board Meetings, directing debate towards consensus;
  - Ensure that the Board receives appropriate, accurate, timely and clear information;
  - Chair the AGM and other shareholders' meetings to foster effective dialogue with shareholders.

BENEFITS PROVIDED TO DIRECTORS AND MANAGING DIRECTOR

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

APPOINTMENT OF EXTERNAL AUDITORS

BD Finance follows all the rules and regulations regarding appointment of External Auditor. The current Auditor of BD Finance is M/s. A. Qasem & Co., Chartered Accountants who were duly appointed. The term (3 years) of current Auditor is over. The company is considering appointing new Auditors complying the prescribed rules and regulations.

SERVICES NOT PROVIDED BY EXTERNAL AUDITORS

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

- Appraisal or valuation services or fairness opinions;
- Designing and implementing financial information system;
- Book keeping or other related services;
- Broker-Dealer services;
- Actuarial services;
- Internal Audit services; and
- Any other services that the Audit committee determines.

No partner or employee of M/s. A. Qasem & Co., Chartered Accountants possess any share of the BD Finance during the tenure of their audit assignment at BD Finance.

CENTRAL BANK INSPECTIONS

Bangladesh Bank carried out a comprehensive inspection of the BD Finance. Bangladesh Bank Representatives and related management personnel of BD Finance had detailed discussion in the observation. The management took the observation with utmost importance and necessary compliance is made to Bangladesh Bank's suggestion for improvement.

BOARD COMMITTEE AND ITS RESPONSIBILITIES

To ensure dynamic operation of business and to comply with the Corporate Governance Guidelines BD Finance constructed sub-committees of the Board (Executive Committee & Audit Committee). All the committees discharge their responsibilities accordingly.

MANAGEMENT COMMITTEES AND THEIR REPONSIBILITIES

In an effective Corporate Governance Structure, BD Finance management has a collective mandate under the leadership of Managing Director to carry out daily operations to the best interest of the stakeholders. Several management committees have been formed to give emphasis on different areas of business and compliances. The committees are MANCOM, ALCO, Risk Management Forum, Investment Committee, HR Committee etc. Managing Director leads the three most important Committees, MANCOM, ALCO and Credit Committee.

MANAGEMENT COMMITTEE (MANCOM)

MANCOM is one of the most important committees of the company. The committee consists of senior officials of the company. Routine works of the committee are:

- Monthly business and financial performance analysis;

- Monthly business review and analyse of each business unit (Corporate, SME, Retail and Treasury) performance; and

- Operational Risks.

RISK MANAGEMENT FORUM (RMF)

BD Finance Risk Management Forum (RMF) comprises with knowledgeable high officials who ensure proper and timely identification, management and mitigation of risks exposed by the Bank in a comprehensive way.

ASSETS LIABILITY COMMITTEE (ALCO)

ALCO was engaged with full activity in setting strategies and revamping previously taken strategies to cope with current market scenario.

INVESTMENT COMMITTEE (IC)

A committee looks after investment in capital market and meets as and when required. They oversee and monitor that the investment decisions are carried out as per approved strategy and investment policy. This committee regularly monitors BD Finance's holdings of shares and capital market exposures and ensures keeping investment within prescribed limit set by Central Bank.

INTERNAL CONTROL: THE WATCHDOG OF TRANSPARENCY AND ACCOUNTABILITY

One of the key strategic objectives of BD Finance is to sustain the quality of its overall operations. Internal Control & Compliance Department (ICCD) plays a major role towards achieving this goal. An appropriate and effective internal

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

(i) Monitoring Unit: The Monitoring Unit monitors the operational performance of various branches & divisions and raises flags in case of deviations detected. They also collect relevant data and analyze those to assess the risk of individual units.

(ii) Audit & Inspection Unit: Key operational risk areas of the core business lines (Corporate Finance, Retail Finance, Auto Loan, Home Loan, SME Finance' Channel Finance and Treasury & Market Risk) along with the other segments of BD Finance, i.e., operations, risk and support functions are identified and assess through regular audit process carried out by the Audit & Inspection Unit under an approved annual audit plan. In addition, special investigations and review assignments are also undertaken as per the management requirements.

(iii) Compliance Unit: The Compliance Unit follows up with different divisions and/or branches to ensure that all audit issues as well as regulatory requirements are rectified and complied with within the specific deadlines. They also maintains liaison with the regulators/policy makers at all levels and notify the other units regarding regulatory/ procedural changes.

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

Our functions determine for ascertaining strong internal control in BD Finance in line with regulatory requirements for maintaining adequate compliance culture.

RISK MANAGEMENT

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

COMMUNICATION WITH SHAREHOLDERS

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

REDRESSAL OF INVESTORS' COMPLAINTS

The share department of BD Finance is very cordial to address any quarry or complain of the shareholders. The interest of the valued shareholders is always important to BD Finance.

VARIOUS EVENTS



17th Annual General Meeting of BD Finance held on Thursday 9th June, 2016 at Bangladesh Chemical Industry Corporation (BCIC) Bhaban, Dhaka.



BD Finance participated an international conference as a silver sponsor titled "New Economic Thinking: Bangladesh 2030 and beyond" organized by Dhaka Chamber of Commerce & Industry (DCCI) at Hotel Radisson, Dhaka on December 21, 2016. In the conference Former Chairman of BD Finance Mr. Anwar Hossain awarded as the illustrious son of Dhaka from Prime Minister Sheikh Hasina.



The officials of The Daily Financial Express congratulated Mr. Mohammad Masoom for assuming the responsibility as Managing Director and CEO of BD Finance.



Bangladesh Finance And Investment Company Limited (BD Finance) signed a corporate agreement with JAMS Developments Ltd., on April 25, 2017 at the Head Office of BD Finance. Mr. Mohammad Masoom, Managing Director and CEO of BD Finance & Mr. Iqbal Hossain Chowdhury, Managing Director of JAMS Developments Ltd. signed the Agreement on behalf of their respective organization.



BD Finance organized 02 (Two) Days Training Program on “Advance Managerial Communication, Self-Leadership & 21st Century Mindset” on February 17 & 18, 2017 at its Head office, Motijheel, Dhaka. Chairperson of the company Mrs. Tanuja Mehmood distributed certificates among the trainees. Senior Assistant Professor, IBA & Prominent Trainer Mr. Mohammad Saif Nomaan Khan conducted the training sessions.



Mr. Mohammad Masoom, Managing Director and CEO of BD Finance addressed the participants of the Training programs on the mission, vision and expectation of the management for the yrar-2017.



A signing ceremony of participation agreement between Bangladesh Bank and Bangladesh Finance And Investment Company Limited (BD Finance) was held on February 13, 2017 at the Head office of Bangladesh Bank. Mr. Mohammad Masoom, Managing Director and CEO, BD Finance & Mr. Swapan Kumar Roy, General Manager, SMESPD of Bangladesh Bank signed the participation agreement on behalf of their respective organizations. Bangladesh Bank Governor Mr. Fazle Kabir, Deputy Governor Mr. S.K. Sur Chowdhury and Chief Representative of JICA Mr. Takatoshi Nishikata were present on the occasion.

COMMITTEES OF THE BOARD & MANAGEMENT

EXECUTIVE COMMITTEE

Mrs. Tanuja Mehmood Acting Chirperson & Vice Chairman	Chairperson
Mr. Syed Tareq Akber Ally Director	Member
Mr. Ansar Uddin Ahmed Independent Director	Member
Mrs. Shahnaz Rashid Director	Member
Mr. Mohammand Masoom Managing Director and CEO	Member

AUDIT COMMITTEE

Mr. Haider Ahmed Khan, FCA Independent Director	Chairman
Mrs. Tanuja Mehmood Acting Chirperson & Vice Chairman	Member
Mr. Gopal Chandra Ghosh FCA, FCMA Director	Member
Mr. Yousuf Aman Director	Member
Mr. Geasuddin Ahmed Director	Member

GREEN BANKING & CSR UNIT

Mrs. Tanuja Mehmood Acting Chirperson & Vice Chairman	Convener
Mr. Humayun Shoab Deputy Managing Director	Unit Head
Mr. Md. Sadique-al-Anam FAVP & Head of SME	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member

MANAGEMENT COMMITTEE (MANCOM)

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member Secretary
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member
Mr. S.M. Shafique SAVP & Head of Recovery	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member
Mr. Ahmed Ali FAVP, Treasury	Member
Mrs. Kazi Dilruba Akter AVP & Head of HR- Admin	Member

Mr. Munshi Abu Naim ACS FAVP & Company Secretary	Member
Mr. Tanzeem Ahmed FAVP & Head of Business	Member
Mr. Buddha Dev Sarker AVP & Head of ICT	Member
Mr. Nazim Uddin Bhuiyan AVP & Head of Legal	Member

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Ahmed Ali FAVP, Treasury	Member Secretary
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member
Mr. S.M. Shafique SAVP & Head of Recovery	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member

CREDIT COMMITTEE (CC)

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Asif Rahman SVP & Head of Principal Branch	Member
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member
Mr. Pulak Chaudhury AVP, CRM	Member Secretary
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member
Mr. S.M. Shafique Member SAVP & Head of Recovery	Member

BASEL IMPLEMENTATION COMMITTEE

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member
Mr. Md. Rafiqul Amin AVP & Head of FAD	Member
Mr. Pulak Chaudhuri AVP & Deputy Head of CRM	Member Secretary

RISK MANAGEMENT FORUM

Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Convener
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member
Mr. S.M. Shafique SAVP & Head of Recovery	Member
Mr. Ahmed Ali FAVP, Treasury	Member
Mr. Pulak Chaudhuri AVP & Deputy Head of CRM	Member Secretary
Mr. Buddha Dev Sarker AVP & 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.

HR COMMITTEE

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member
Mrs. Kazi Dilruba Akter AVP & Head of HR & Admin	Member Secretary

INTERNAL CONTROL & COMPLIANCE COMMITTEE

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member Secretary
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member
Mr. S.M. Shafique SAVP & Head of Recovery	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member
Mr. Md. Nazim Uddin Bhuiyan AVP & Head of Legal	Member
Mr. Ahmed Ali FAVP, Treasury	Member

CORPORATE GOVERNANCE COMMITTEE

Mr. Mohammad Masoom Managing Director and CEO	Convener
Mr. Humayun Shoab Deputy Managing Director	Member Secretary
Mr. Munshi Abu Naim ACS FAVP & Company Secretary	Member
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member

IT COMMITTEE

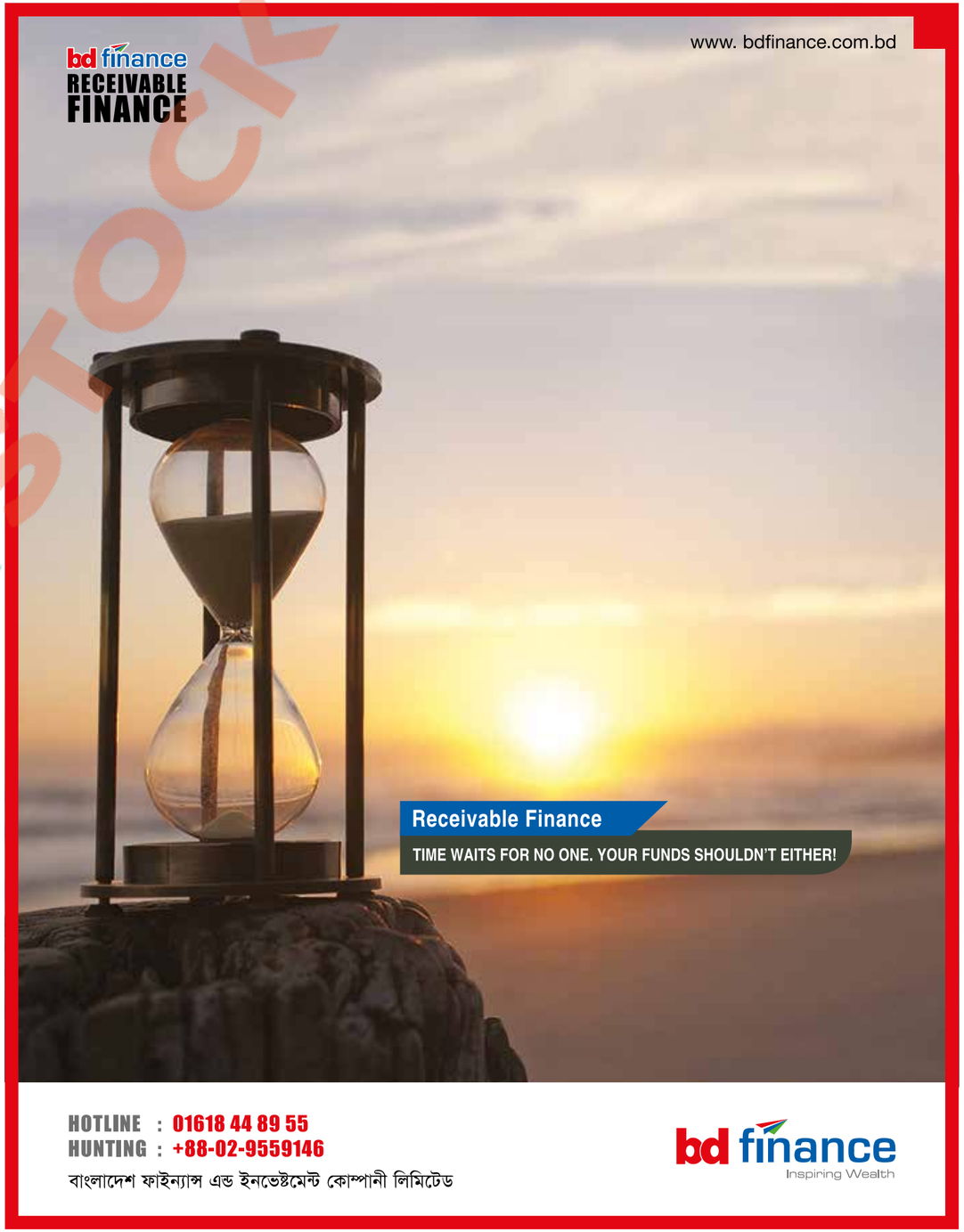
Mr. Buddha Dev Sarker AVP & Head of ICT	Convener
Ms. Tanjila Khatun FAVP	Member Secretary
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	Member
Mr. Pulak Chaudhuri AVP, CRM	Member

NATIONAL INTEGRITY COMMITTEE

Mrs. Kazi Dilruba Akter AVP & Head of HR & Admin	Focal Point
Mr. Md. Sajjadur Rahman Bhuiyan Senior Assistant Vice President & CFO	Member
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Member
Mr. Ahmed Ali FAVP, Treasury	Member
Mr. Mohammad Abu Bakar Siddique SEO	Member Secretary

ANTI MONEY LAUNDERING/COMBAT TERRORIST FINANCING: CENTRAL COMPLIANCE UNIT (CCU)

Mr. Mohammad Masoom Managing Director and CEO	Member
Mr. Humayun Shoab Deputy Managing Director	Member
Mr. Md. Sajjadur Rahman Bhuiyan SAVP & CFO	CAMLCO
Mr. Md. Abdus Salam Chowdhury VP & Head of ICC	Coordinator
Mr. Ahmed Ali FAVP, Treasury	DCAMLCO
Mr. Buddha Dev Sarker AVP & CTO	Member
Mr. Mohammad Abu Rashed Nowab VP & Head of CRM	Member



RISK MANAGEMENT

Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus a central part of the financial and operational management of Bangladesh Finance And Investment Company Limited ('BD Finance'). Through the risk management framework BD Finance manages enterprise-wide risks, with the objective of maximizing risk-adjusted returns while remaining within the risk appetite. As part of this framework, 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 BD Finance wishes to sustain:

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

CREDIT RISK

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

MARKET RISK

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

OPERATIONAL RISK

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

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



REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

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

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

HUMAN RESOURCES OF BD FINANCE

Inspiring the Hidden Potentialities

High quality and competent human resource are undoubtedly crucial for continued growth and success of any business entity. Human Resource Management is responsible for effective designing and implementation of various policies, procedures and programs. It is all about developing and managing knowledge, skills, creativity, aptitude and talent and using them optimally.

We at BD Finance give more importance to a sound basis for efficient and effective HR. Because, a competent, well-trained, committed & motivated team of human resources with positive & sincere attitude towards customers can develop, maintain and strengthen trust & confidence in the customers which is crucial for success. A talented, committed, skilled and fully motivated team of human resources is the main driving force for providing better, faster and coordinated services to the clients and for performing at the highest level in a fiercely competitive financial market. Accordingly, our HR Policy is to attract, retain and motivate the most talented people and providing them with healthy, safe and progressive working environment and competitive compensation package. BD Finance reviews regularly its competitive position with other companies so as to keep in line with the market trends.

BD Finance initiated employee recognition policy aimed at motivating and improving employee morale. The policy provides the required tools to reward and recognize employees who demonstrate positive behavior through their performance towards achievement of goals and/or enhancing the image of the institution. At BD Finance we consider it important that everyone is treated well and with respect regardless of gender, age, responsibility, sexual orientation and ethnic background. We value diversity in terms of the unique characteristics that each member of our team brings to the organization as reflected in diverse educational and professional backgrounds, cultural and gender perspectives.

BD Finance seeks to attract, retain and develop the right people, who display in addition to their professional skills and competencies of the employees including customer orientation, people orientation, achievement orientation, leadership, Impact and self-confidence. We at BD Finance develop the skills of all employees to create high level of motivation and performance and to allow them to reach their full potential. The policy is to have well-trained and highly knowledgeable staff & strive for the highest standards of safety and health performance. The employee strength of the company is presented below:

	2015	2016
Beginning of the year	63	96
New recruitment	22	29
Released	(9)	(13)
Closing of the year	96	112

ITRAT HUSAIN & ASSOCIATES
CHARTERED SECRETARIES IN PRACTICE

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

1. We have examined the compliance of conditions of Corporate Governance by **Bangladesh Finance and Investment Company Limited** ("the Company") for the year ended 31 December, 2016 as per the Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin 44 dated 7 August 2012.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the BSEC notification mentioned above.

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

Itrat Husain & Associates
Chartered Secretaries in Practice

Signed by : Itrat Husain FCMA, FCS
Chief Executive

Dhaka, 22 April, 2017

"CRYSTAL PALACE" REGUS, 3RD FLOOR, SE (D) 22, ROAD 140, SOUTH GULSHAN AVENUE, GULSHAN-1, DHAKA-1212, BANGLADESH
CELL: 01713092222; 01819259703, EMAIL: itratshahed@gmail.com

COMPLIANCE REPORT ON BSEC'S NOTIFICATION ON CORPORATE GOVERNANCE (REPORT UNDER CONDITION NO. 7.00)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 Dated August 07, 2012 and subsequently amended on July 21, 2013 issued under section 2CC of the securities and exchange ordinance1969.

Condition No.	Title	Compliance Status
1.	**Board of Directors**	
1.1	Board's Size: The number of the Board members of the Company shall not be less than 5(Five) and more than 20(Twenty)	Complied
1.2	**Independent Directors** All companies shall encourage effective representation of Independent Directors on their Board of Directors so that the Board, as a group, includes core competencies considered relevant in the context of each company. For this purpose, the company shall comply with the following:-	
1.2(i)	At least one fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors	Complied
1.2(ii)a)	Independent Director does not hold any share or holds less than 1%(One percent) shares of the total paid-up shares of the company	Complied
1.2(ii)b)	Independent Director or his family members are not connected with the Company's any sponsor or Director or Shareholder who holds 1% or more shares	Complied
1.2(ii)c)	Does not have any other relationship, whether pecuniary of otherwise, with the company or its subsidiary/associated companies.	Complied
1.2(ii)d)	Independent Director is not a Member, Director or Officer of any Stock Exchange	Complied
1.2(ii)e)	Independent Director is not a Shareholder, Director or Officer of any member of Stock Exchange or an intermediary of the capital market	Complied
1.2(ii)f)	Independent Director is not a partner or an executive or was not partner or an executive during the preceding 3(Three) years of any statutory audit firm	Complied
1.2(ii)g)	Independent Director shall not be an Independent Director in more than 3(Three) listed companies	Complied
1.2(ii)h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	Complied
1.2(ii)i)	Independent Director has not been convicted for a criminal offence involving moral turpitude	Complied
1.2(iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM	Complied
1.2(iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (Ninety) days	No vacancy occurred
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	Complied
1.2(vi)	The tenure of office of an Independent Director shall be for period of 3(Three) years, which may be extended for 1(One) term only	Complied
1.3	**Qualification of Independent Director (ID)**	
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	Complied
1.3(ii)	Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountant, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12(Twelve) years of corporate management / professional experiences	Complied
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission	NA
1.4	Chairman of the Board and CEO shall be filled by different individuals. Chairman shall be elected from among the Directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	Complied
1.5	**The Directors' Report to shareholders** The Directors of the company shall include the following additional statements in the Director's Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994)	
1.5(i)	Industry outlook and possible future developments in the industry	Complied
1.5(ii)	Segment-wise or product-wise performance	Complied
1.5(iii)	Risks and concerns	Complied
1.5(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	Complied
1.5 (v)	Discussion on continuity of any Extra Ordinary gain or loss	No such incidence arose
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	Complied
1.5(vii)	Utilization of proceeds from Public Issues, Rights Issues and/ or through any other instruments	NA
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public offering (IPO), Repeat Public offering (RPO), Rights Offer, Direct Listing etc.	NA
1.5(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	NA
1.5(x)	Remuneration to Directors including Independent Directors	Complied
1.5(xi)	The Financial Statements prepared by the management of the issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	Complied
1.5(xii)	Proper books of account of the issuer Company have been maintained	Complied
1.5(xiii)	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	Complied
1.5(xiv)	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 preparation of the Financial statements and any departure there-from has been adequately disclosed	Complied
1.5(xv)	The system of Internal Control is sound in design and has been effectively implemented and monitored	Complied
1.5(xvi)	There are no significant doubts 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	Complied
1.5(xvii)	Significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reason thereof should be explained	NA

1.5(xviii)	Key operating and financial data of at least preceding 5(Five) years shall be summarized	Complied
1.5(xix)	Reasons for not declared dividend	NA
1.5(xx)	The number of board meetings held during the year and attendance by each Director shall be disclosed	Complied
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-	
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	
1.5(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise detail)	Complied
1.5(xxi) c)	Executives	Complied
1.5(xxii)d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name wise detail)	Complied
1.5(xxii)	**In case of the appointment /re-appointment of a director the Company disclose the following information to the shareholders:-**	
1.5(xxii)a)	A brief resume of the Director	Complied
1.5(xxii)b)	Nature of his/her expertise in specific functional areas	Complied
1.5(xxii)c)	Name of Companies in which the persons also holds the Directorship and the Membership of committees of the Board	Complied
2	**Chief Financial Officer, Head of Internal Audit and Company Secretary**	
2.1	The Company shall appoint a Chief Financial Officer (CFO), Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS	Complied
2.2	Attendances of CFO and CS at the meeting of the Board of Directors.	Complied
3	**Audit Committee**	
3(i)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors	Complied
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business	Complied
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of Audit Committee shall be clearly set forth in writing	Complied
3.1	**Constitution of the Audit Committee**	
3.1(i)	The Audit Committee shall be composed of at least 3 (Three) members	Complied
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the Company and shall include at least 1(One) Independent Director	Complied
3.1(iii)	All members of the Audit Committee should be "financially literate" and at least 1(One) member shall have accounting or related financial management experience. The term "financial literate" means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if he/she possesses professional qualification or Accounting/ Finance graduate with at least 12(Twelve) years of corporate management/ professional experiences	Complied
3.1(iv)	Casual Vacancy in Audit Committee shall be filled by the Board	No vacancy occurred
3.1(v)	The Company Secretary shall act as the Secretary of the Audit Committee	Complied
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1(One) Independent Director	Complied

3.2	**Chairman of the Audit Committee**	
3.2(i)	The Board of Directors shall select 1 (One) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director	Complied
3.2(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM)	Complied
3.3	**Role of the Audit Committee**	
3.3(i)	Oversee the financial reporting process	Complied
3.3(ii)	Monitor choice of accounting policies and principles	Complied
3.3(iii)	Monitor Internal Control Risk Management process	Complied
3.3(iv)	Oversee hiring and performance of external auditors	Complied
3.3(v)	Review along with the management, the annual financial Statements before submission to the Board for approval	Complied
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	Complied
3.3(vii)	Review the adequacy of Internal Audit function	Complied
3.3(viii)	Review statement of significant related party transactions submitted by the management	Complied
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by Statutory Auditors	Complied
3.3(x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital etc.) on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus	Not Applicable
3.4	**Reporting of the Audit Committee**	
3.4.1	**Reporting to the Board of Directors**	
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors	Complied
3.4.1(ii)(a)	Report on conflicts of interests to the Board of Directors	Complied
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	Complied
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations	Complied
3.4.1(ii)d)	Any other matter which shall be disclosed to the Board of Directors immediately	Complied
3.4.2	**Reporting to the Authorities** If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6(Six) months from the date of first reporting to the Board of Directors, whichever is earlier	None (No such reportable incidence arose)
3.5	**Reporting to the shareholders and General Investors** Report on an activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company	Complied

4	**External /Statutory Auditors** The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-	
4(i)	Appraisal or valuation services or Fairness opinions	Complied
4(ii)	Financial information systems design and implementation	Complied
4(iii)	Book Keeping or other services	Complied
4(iv)	Broker- dealer services	Complied
4(v)	Actuarial services	Complied
4(vi)	Internal Audit Services	Complied
4(vii)	Any other services that the Audit Committee determines	Complied
4(viii)	No partner or employees of the external audit firms shall posses any share of the company they audit at least during the tenure of their audit assignment of that company	Complied
4(ix)	Audit/ Certification services on compliance of Corporate Governance as required under clause (i) of condition No. 7	Complied
5	**Subsidiary Company**	
5(i)	Provisions relating to the composition of the Board of directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary Company	Complied
5(ii)	At least 1(One) Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary Company	Complied
5(iii)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company	Complied
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	Complied
5(v)	The Audit committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	Complied
6.	**Duties of Chief Executive Officer and Chief Financial Officer** The CEO and CFO shall certify to the Board that:-	
6(i)a)	They have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	Complied
6(i)b)	They have reviewed the financial statements and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standard and applicable laws	Complied
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct	Complied
7.	**Reporting and Compliance of Corporate Governance**	
7(i)	The company shall obtain a certificate from a practicing Professional Secretary/ Accountant (Chartered Secretary/ Chartered Accountant/Cost and Management Accountant) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual report on a yearly basis	Complied
7(ii)	The directors of the Company shall state, in accordance with the Annexure attached, in the Directors' Report whether the Company has complied with these conditions	Complied

REPORTS OF THE CEO AND CFO IN RESPECT OF FINANCIAL REPORTING

We have reviewed accompanying consolidated financial statements of Bangladesh Finance And Investment Company Limited (BD Finance) and its subsidiaries as well as the financial statements of BD Finance which comprise the consolidated and the separate balance sheet as at 31 December 2016, profit and loss account, statement of changes in shareholders' equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

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

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. These statements together present a true and fair view of the Company's affairs and are in Compliance with existing accounting standards and applicable laws;

3. No transactions entered into by the Company' book during the year which are fraudulent, illegal or violation of the Company's code of conduct;

4. Proper books of account as required by law have been kept by the Company;

5. The expenditure incurred was for the purpose of the Company's business;

6. Adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery.

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

Md. Sajjadur Rahman Bhuiyan
SAVP & Chief Financial Officer

Mohammad Masoom
Managing Director and CEO

REPORT OF THE AUDIT COMMITTEE

The Role of Audit Committee

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

The composition of the Audit Committee

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

Name of Member	Position in the Committee
Mr. Haider Ahmed Khan, FCA Independent Director	Chairman
Ms. Tanuja Mehmood Acting Chirperson & Vice Chairman	Member
Mr. Geasuddin Ahmed Director	Member
Mr. Gopal Chandra Ghosh FCA, FCMA Director	Member
Mr. Yousuf Aman Director	Member

Meetings of the Audit Committee

The Committee met 4 (four) times during the year under review.

Activities of the Audit Committee

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

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

b) Minimize expenditure in all operational activities where possible.

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

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

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

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

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

Acknowledgement

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

Haider Ahmed Khan, FCA
Chairman, Audit Committee

RSTOCK

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

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 balance sheet and the separate balance Sheet as at 31 December 2016 and the consolidated and separate profit & loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also the separate financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in notes, the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion the consolidated financial statements of the Group and also separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in notes and comply with the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations.

We also report that:

a) we have obtained all the information and explanation 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 account as required by law have been kept by the Group and the Company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;

c) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Company dealt with by the report are in agreement with the books of account and returns;

d) the expenditure incurred was for the purposes of the Group and the Company's business;

e) the consolidated financial statements of the Group and the separate financial statements of the Company have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards as explained in notes as well as with related guidance , circulars issued by Bangladesh Bank;

f) adequate provisions have been made for loans and advances which are, in our opinion, doubtful of recovery;

g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

h) the information and explanation required by us have been received and found satisfactory;

i) the Company has complied with relevant laws pertaining to capital and reserves and found satisfactory; and

j) we have reviewed over 80% of the risk weighted assets of the Group and the Company, and we have spent around 1,700 person hours for the audit.

Dated: Dhaka
April 16, 2017

A. Qasem & Co.
Chartered Accountants

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
PROPERTY AND ASSETS			
Cash			
Cash in hand	3.a	75,057	70,589
Balance with Bangladesh Bank		161,998,454	191,136,804
		162,073,512	**191,207,393**
Balance with other Banks and Financial Institutions	4.a		
Inside Bangladesh		452,902,547	300,102,171
Outside Bangladesh		-	-
		452,902,547	**300,102,171**
Money at call and short notice		-	-
Investment in Securities	5.a		
Government		-	-
Others		825,437,144	610,650,507
		825,437,144	**610,650,507**
Lease, Loans and Advances	6.a		
In Bangladesh		13,880,049,696	13,558,886,680
Outside Bangladesh		-	-
		13,880,049,696	**13,558,886,680**
Fixed Assets including Premises, Furniture and Fixtures	7.a	**411,923,877**	**353,728,858**
Other Assets	8.a	**2,048,818,469**	**1,812,635,926**
Non Banking Assets	9	**212,121,062**	**212,121,062**
Total Assets		**17,993,326,305**	**17,039,332,598**
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks, Financial Institutions and Agents	10.a	**4,281,399,455**	**3,380,965,845**
Deposits and other Accounts	11.a	**9,014,858,577**	**9,719,874,974**
Other Liabilities	12.a	**2,222,303,962**	**1,687,980,566**
Total Liabilities		**15,518,561,993**	**14,788,821,384**

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
Capital/ Shareholders' Equity			
Share Capital	13.2	1,258,674,750	1,144,249,780
Statutory Reserve	14	222,607,589	194,582,857
General Reserve	15	-	-
Capital Reserve	16.1	33,744,750	33,744,750
Revaluation Surplus on Land & Building	7.b	295,243,020	239,686,658
Retained earnings	16.a	196,542,722	173,254,720
Total Shareholders' Equity		**2,006,812,831**	**1,785,518,766**
Non Controlling Interest	16.b	**467,951,480**	**464,992,447**
Total Liabilities & Shareholders' Equity		**17,993,326,305**	**17,039,332,598**
Net Asset Value per share (NAV)		**15.94**	**15.60**
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	-	104,801,330
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		-	**104,801,330**
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		-	**104,801,330**

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

Company Secretary | Managing Director | Director | Director

Dated: Dhaka
April 16, 2017

A. Qasem & Co.
Chartered Accountants

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
Interest Income	19.a	1,777,649,345	1,842,731,941
Less: Interest paid on Deposits & Borrowings etc.	20.a	1,362,279,370	1,339,955,404
Net Interest Income		**415,369,975**	**502,776,537**
Income from Investment in securities	21.a	130,187,706	(3,650,098)
Commission, Exchange and Brokerage	21.b	50,076,660	64,217,810
Other Operating Income	22.a	52,791,066	76,800,410
		233,055,431	**137,368,122**
Total Operating Income		**648,425,406**	**640,144,660**
Salaries and Allowances	23.a	92,961,984	74,453,148
Rent, Taxes, Insurances, Electricity etc.	24.a	21,290,561	19,620,086
Legal & Professional Fees	25.a	3,067,958	3,678,198
Postage, Stamps, Telecommunication etc.	26.a	2,554,308	2,752,140
Stationery, Printings, Advertisements etc.	27.a	4,094,758	12,354,786
Managing Director's Salary and Allowances	28	5,600,000	7,100,000
Directors' Fees and Conveyance	29.a	1,288,750	951,250
Auditors' Fees	29.b	348,306	257,472
Depreciation & Repairs of Assets	30.a	24,341,589	20,760,316
Other Expenses	31.a	52,153,625	68,340,651
Total Operating Expenses		**207,701,838**	**210,268,046**
Profit before Provision		**440,723,568**	**429,876,613**
Specific provisions for Classified Investment	32	130,498,166	13,308,238
General Provisions for Unclassified Investment	32	(8,744,669)	28,370,593
Provisions for Other Receivables	32	(1,975,000)	11,000,000
Provisions for Investment in Securities	32.a	3,416,454	31,989,522
Total Provision		**123,194,951**	**84,668,354**
Total Profit before Provisions for Taxation		**317,528,617**	**345,208,260**
Deferred Tax Expenses/(benefit)		(5,278,841)	(9,627,441)
Current Tax Expenses-BD Finance		139,067,124	140,536,369
Current Tax Expenses-BD Securities Ltd.		11,367,627	10,402,997
Current Tax Expenses-BD Capital Holding Ltd.		3,675,970	4,295,853
		148,831,880	**145,607,777**
Net Profit after Taxation		**168,696,737**	**199,600,483**
Attributable to		**168,696,737**	**199,600,483**
Shareholder of the Company		165,737,704	194,350,407
Non-controlling Interest		2,959,033	5,250,076
Net Profit available for distribution		**165,737,704**	**194,350,407**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
Appropriations			
Statutory Reserve	14	28,024,732	32,364,521
General Reserve	15	-	-
Retained Earnings		137,712,972	161,985,885
		165,737,704	**194,350,407**
Earning Per Share (Re-stated 2015)	33a	**1.32**	**1.54**

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

Company Secretary | Managing Director | Director | Director

Dated: Dhaka
April 16, 2017

A. Qasem & Co.
Chartered Accountants

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2016

	31-Dec-16 BDT	31-Dec-15 BDT
Cash Flow from Operating Activities		
Interest received	1,845,772,818	1,881,446,142
Interest paid	(1,339,340,206)	(1,470,783,293)
Dividend received	38,319,394	5,154,768
Fees & Commission received	48,788,496	61,225,178
Cash Payments to Employees	(96,020,691)	(81,553,148)
Cash Payments to Suppliers	(6,529,575)	(12,675,460)
Income Tax Paid	(162,852,536)	(123,652,080)
Received from other Operating activities	144,066,174	70,988,176
Payments for other Operating activities	(82,923,001)	(110,717,148)
Operating Profit before changes in Operating Assets & Liabilities	**389,280,873**	**219,433,136**
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(214,786,636)	151,591,803
Loans and Lease Finance to Customers	(321,642,670)	(1,681,447,470)
Other Assets	4,386,476	25,853,061
Deposits	(792,805,918)	401,782,969
Other Liabilities	176,735,049	442,586
Sub Total	**(1,148,113,698)**	**(1,101,777,051)**
A) Net Cash from Operating Activities	**(758,832,826)**	**(882,343,915)**
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	-
Proceeds from Sale of fixed assets	1,980,000	754,000
Purchases/sale of Property, Plant & Equipment	(21,439,577)	(22,341,429)
B) Net Cash from Investing Activities	**(19,459,577)**	**(21,587,429)**
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	901,958,897	1,032,439,740
Share Capital - Right Issue	-	-
Dividend Paid	-	(57,212,489)
C) Net Cash from Financing Activities	**901,958,897**	**975,227,251**
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**123,666,494**	**71,295,907**
E) Cash & Cash Equivalents at the beginning of the period	**491,309,565**	**420,013,657**
F) Cash & Cash Equivalents at the end of the period(D+E)	**614,976,059**	**491,309,565**
Net Operating Cash Flow per share (NOCFPS)	**(6.03)**	**(7.71)**

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

Company Secretary | Managing Director | Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
April 16, 2017

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 December 2016

Particulars	Share capital	Statutory reserve	General reserve	Capital reserve	Revaluation Surplus	Retained earnings	Total	Non Controlling Interest	Total Equity
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance as at 01 January 2016	**1,144,249,780**	**194,582,857**	**-**	**33,744,750**	**239,686,658**	**173,254,720**	**1,785,518,766**	**464,992,446**	**2,250,511,213**
Changes during the period 2016									
Issue of Bonus Share	114,424,970	-	-	-	-	(114,424,970)	-	-	-
Right Share Issue	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	165,737,704	165,737,704	2,959,033	168,696,737
Capital Reserve	-	-	-	-	-	-	-	-	-
Deferred Tax adjustment	-	-	-	-	(2,314,848)	-	(2,314,848)	-	(2,314,848)
Revalution Surplus	-	-	-	-	57,871,210	-	57,871,210	-	57,871,210
Transfer to statutory reserve	-	28,024,732	-	-	-	(28,024,732)	-	-	-
	114,424,970	28,024,732	-	-	55,556,362	23,288,002	221,294,066	2,959,033	224,253,099
Balance as at 31 December 2016	**1,258,674,750**	**222,607,589**	**-**	**33,744,750**	**295,243,020**	**196,542,723**	**2,006,812,831**	**467,951,480**	**2,474,764,312**
Balance as at 01 January 2015	**1,144,249,780**	**162,218,336**	**-**	**33,744,750**	**249,673,602**	**68,481,324**	**1,658,367,792**	**459,742,370**	**2,118,110,163**
Changes during the period 2015									
Issue of Bonus Share	-	-	-	-	-	-	-	-	-
Right Share Issue	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	(57,212,489)	(57,212,489)	-	(57,212,489)
Profit/(Loss) for the period	-	-	-	-	-	194,350,407	194,350,407	5,250,076	199,600,483
Capital Reserve	-	-	-	-	-	-	-	-	-
Deferred Tax adjustment	-	-	-	-	(9,986,944)	-	(9,986,944)	-	(9,986,944)
Revalution Surplus	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	32,364,521	-	-	-	(32,364,521)	-	-	-
	-	32,364,521	-	-	(9,986,944)	104,773,396	127,150,974	5,250,076	132,401,050
Balance as at 31 December 2015	**1,144,249,780**	**194,582,857**	**-**	**33,744,750**	**239,686,658**	**173,254,720**	**1,785,518,766**	**464,992,446**	**2,250,511,213**

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

Company Secretary | Managing Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka- April 16, 2017

AMARSTOCK

BALANCE SHEET

As at 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
PROPERTY AND ASSETS			
Cash	3		
Cash in hand		48,130	37,819
Balance with Bangladesh Bank		161,998,454	191,136,804
		162,046,585	**191,174,623**
Balance with other Banks and Financial Institutions	4		
Inside Bangladesh		271,938,816	256,187,314
Outside Bangladesh		-	-
		271,938,816	**256,187,314**
Money at call and short notice		**-**	**-**
Investment in Securities	5		
Government		-	-
Others		274,788,322	304,464,251
		274,788,322	**304,464,251**
Lease, Loans and Advances	6		
In Bangladesh		13,891,813,341	13,282,163,418
Outside Bangladesh		-	-
		13,891,813,341	**13,282,163,418**
Fixed Assets including Premises, Furniture and Fixtures	7	**398,660,398**	**334,257,034**
Other Assets	8	**1,694,262,943**	**1,606,764,348**
Non Banking Assets	9	**212,121,062**	**212,121,062**
Total Assets		**16,905,631,466**	**16,187,132,051**
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks financial Institutions and Agents	10	**4,076,684,063**	**3,217,341,183**
Deposits and other Accounts	11	**9,014,858,577**	**9,719,874,974**
Term Deposits		8,589,367,036	9,225,486,873
Other Deposits		118,582,499	58,248,031
Advance Rent & Installments		306,909,042	436,140,069
Bills Payable		-	-
Other Liabilities	12	**1,907,923,663**	**1,539,430,750**
Total Liabilities		**14,999,466,302**	**14,476,646,907**

BALANCE SHEET

As at 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
Capital/ Shareholders' Equity			
Share Capital	13.2	1,258,674,750	1,144,249,780
Statutory Reserve	14	222,607,589	194,582,857
General Reserve	15	-	-
Revaluation Surplus on Land & Building	7.1	295,243,020	239,686,658
Retained earnings	16	129,639,805	131,965,848
Total Shareholders' Equity		**1,906,165,164**	**1,710,485,143**
Total Liabilities & Shareholders' Equity		**16,905,631,466**	**16,187,132,051**
Net Asset Value per share (NAV)		**15.14**	**14.95**
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	-	104,801,330
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		-	**104,801,330**
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		-	**104,801,330**

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

Company Secretary | Managing Director | Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
April 16, 2017

PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
Interest Income	19	1,760,435,258	1,786,509,733
Less: Interest paid on Deposits & Borrowings etc.	20	1,337,901,289	1,317,377,675
Net Interest Income		422,533,969	469,132,057
Income from Investment in securities	21	71,380,748	(74,967,345)
Commission, Exchange and Brokerage		576,000	1,000,000
Other Operating Income	22	54,174,557	78,393,946
		126,131,306	**4,426,602**
Total Operating Income		**548,665,274**	**473,558,659**
Salaries and Allowances	23	73,484,744	51,053,075
Rent, Taxes, Insurances, Electricity etc.	24	18,884,145	17,358,496
Legal & Professional Fees	25	2,201,948	2,814,685
Postage, Stamps, Telecommunication etc.	26	1,795,308	1,901,070
Stationery, Printings, Advertisements etc.	27	3,790,705	11,637,020
Managing Director's Salary and Allowances	28	5,600,000	7,100,000
Directors' Fees and Conveyance	29	984,000	580,000
Auditors' Fees		241,500	136,722
Depreciation & Repairs of NBFI's Assets	30	17,819,810	13,114,748
Other Expenses	31	30,172,677	22,452,478
Total Operating Expenses		**154,974,836**	**128,148,294**
Profit before Provision		**393,690,438**	**345,410,365**
Specific provisions for Classified Investment		130,498,166	13,308,238
General Provisions for Unclassified Investment		(8,744,669)	28,370,593
Provisions for Other Receivables		(1,975,000)	11,000,000
Provisions for Investment in Securities		-	-
Total Provision	32	**119,778,497**	**52,678,831**
Total Profit before Provisions for Taxation		**273,911,941**	**292,731,534**
Deferred Tax Expenses/(benefit)		(5,278,841)	(9,627,441)
Current Tax Expenses		139,067,124	140,536,369
		133,788,283	**130,908,928**
Net Profit after Taxation		**140,123,659**	**161,822,606**
Appropriations			
Statutory Reserve	14	28,024,732	32,364,521
General Reserve	15	-	-
Retained Earnings	16	112,098,927	129,458,085
		140,123,659	**161,822,606**
Earning Per Share (Re-stated 2015)	33	**1.11**	**1.29**

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

Company Secretary | Managing Director | Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
April 16, 2017

CASH FLOW STATEMENT

For the period ended 31 December 2016

		Note	31-Dec-16 BDT	31-Dec-15 BDT
Cash Flow from Operating Activities				
	Interest received	34	1,825,273,809	1,825,268,759
	Interest paid	35	1,311,667,417)	(1,452,962,509)
	Dividend received		18,535,610	4,229,818
	Fees & Commission received		576,000	1,000,000
	Cash Payments to Employees		(79,084,744)	(58,153,075)
	Cash Payments to Suppliers		(5,770,705)	(12,332,850)
	Income Tax Paid		(153,711,496)	(107,984,350)
	Received from other Operating activities	36	107,019,695	(803,217)
	Payments for other Operating activities	37	(57,505,396)	(46,835,445)
Operating Profit before changes in Operating Assets & Liabilities			**343,665,356**	**151,427,132**
Changes in Operating Assets and Liabilities				
	Purchases/Sale of Trading Securities		29,675,929	100,181,212
	Loans and Lease Finance to Customers		(609,649,922)	(1,735,387,477)
	Other Assets	38	63,047,270	29,950,630
	Deposits		(705,016,397)	401,738,144
	Other Liabilities	39	24,704,494	6,076,690
	Sub Total		**(1,197,238,626)**	**(1,197,440,801)**
A)	**Net Cash from Operating Activities**		**(853,573,270)**	**(1,046,013,669)**
	Cash flows from Investing Activities			
	Purchase/sale of non trading securities		-	-
	Proceeds from Sale of fixed assets		1,980,000	754,000
	Purchases/sale of Property, Plant & Equipments		(21,126,146)	(24,966,871)
B)	**Net Cash from Investing Activities**		**(19,146,146)**	**(24,212,871)**
	Cash flows from Financing Activities			
	Increase/(decrease) of borrowings		859,342,879	1,200,192,526
	Dividend Paid		-	(57,212,489)
C)	**Net Cash from Financing Activities**		**859,342,879**	**1,142,980,037**
D)	**Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)**		**(13,376,537)**	**72,753,496**
E)	Cash and cash equivalents at the beginning of the period		447,361,938	374,608,441
F)	**Cash and cash equivalents at the end of the period (D+E)**	40	**433,985,401**	**447,361,938**
	Net Operating Cash Flow per share		**(6.78)**	**(9.14)**

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

Company Secretary | Managing Director | Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
April 16, 2017

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 December 2016

Particular	Share capital	Statutory reserve	General reserve	Revaluation Surplus	Retained earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance as at 01 January 2016	**1,144,249,780**	**194,582,857**	**-**	**239,686,658**	**131,965,848**	**1,710,485,143**
Changes during the period 2016						
Issue of Bonus Share	114,424,970	-	-	-	(114,424,970)	-
Profit/(Loss) for the period	-	-	-	-	140,123,659	140,123,659
Transfer to statutory reserve	-	28,024,732	-	-	(28,024,732)	-
Deferred Tax adjustment				(2,314,848)		(2,314,848)
Revaluation of Land	-	-	-	57,871,210	-	57,871,210
	114,424,970	28,024,732	-	55,556,362	(2,326,043)	195,680,021
Balance as at 31 December 2016	**1,258,674,750**	**222,607,589**	**-**	**295,243,020**	**129,639,805**	**1,906,165,164**
Balance as at 01 January 2015	**1,144,249,780**	**162,218,336**	**-**	**249,673,602**	**59,720,253**	**1,615,861,971**
Changes during the period 2015						
Cash Dividend	-	-	-	-	(57,212,489)	(57,212,489)
Profit/(Loss) for the period	-	-	-	-	161,822,606	161,822,606
Transfer to statutory reserve	-	32,364,521	-	-	(32,364,521)	-
Deferred Tax adjustment				(9,986,944)		(9,986,944)
	-	32,364,521	-	(9,986,944)	72,245,595	94,623,173
Balance as at 31 December 2015	**1,144,249,780**	**194,582,857**	**-**	**239,686,658**	**131,965,848**	**1,710,485,143**

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

Company Secretary | Managing Director | Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka- April 16, 2017

LIQUIDITY STATEMENT
ASSETS AND LIABILITIES MATURITIES ANALYSIS

As at 31 December 2016

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Assets						
Cash in hand	48,130					48,130
Balance with Bangladesh Bank	161,998,454					161,998,454
Balance with other banks and financial institutions	759,780	17,957,946	253,221,090			271,938,816
Money at Call and Short Notice						-
Investment in securities	264,788,322	-	-	10,000,000		274,788,322
Investment (Loans and Advances)	407,539,443	971,909,760	1,833,834,280	8,951,842,403	1,726,687,455	13,891,813,341
Fixed Assets including premises, furniture and fixtures etc.				99,840,767	298,819,631	398,660,398
Other Assets	53,434,452	313,161,817	257,573,443	18,648,516	1,051,444,714	1,694,262,943
Non-banking Assets				212,121,062		212,121,062
Total Assets (i)	**888,568,583**	**1,303,029,523**	**2,344,628,813**	**9,292,452,748**	**3,076,951,800**	**16,905,631,466**
Liabilities						
Financing (Borrowing) from other banks, financial institutions and agents	491,473,343	388,669,528	999,052,059	2,197,489,133	-	4,076,684,063
Deposits and other accounts	289,989,518	796,898,582	1,150,204,913	6,608,715,443	169,050,121	9,014,858,577
Provision and other liabilities	105,273,538	66,043,100	124,814,714	320,952,121	1,290,840,190	1,907,923,663
Total Liabilities (ii)	**886,736,398**	**1,251,611,210**	**2,274,071,686**	**9,127,156,697**	**1,459,890,311**	**14,999,466,302**
Net Liquidity Gap (i-ii)	**1,832,184**	**51,418,313**	**70,557,128**	**165,296,051**	**1,617,061,489**	**1,906,165,164**

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

Company Secretary | Managing Director | Director | Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka- April 16, 2017

AMARSTOCK

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 five branch offices at Dhaka, Chittagong and Sylhet. The Company went for Initial Public Offering on 14.06.2007 and its shares were listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 06.09.2007 & 28.08.2007 respectively.

1.2 Principal activities and nature of operation

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

1.3 Subsidiary companies

1.3.1 BD Finance Securities Limited

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

1.3.2 BD Finance Capital Holdings Limited

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

2. Significant accounting policies

2.1 Basis of preparation of the financial statements

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. Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act. 1994, the Securities & Exchange Rules 1987 and other laws & regulations applicable in Bangladesh.

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

2.1.1 Basis of consolidation of operations of subsidiary

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

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

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

2.2 Basis of measurement

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

2.3 Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank’s requirements

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

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 BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

2.4 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.

2.5 Comparative Information

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

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

2.6 Reporting period

These financial statements cover from 1 January 2016 to 31 December 2016

2.7 Functional and presentation currency

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

2.8 Cash flow statements

Paragraph 102 of BAS 1 presentation of financial statements requires that a cash flow statements are to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of

financial statements with a basis to asses the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows.

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

2.9 Statement of Changes in Equity

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

2.10 Accounting for leases

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

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

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

2.11 Accounting for term finance & other finances

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

2.12 Recognition of Property, Plant and Equipment and Depreciation

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

ii) Subsequent expenditure on fixed assets

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

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

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

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

2.13 Intangible Assets

i) Components

The main item included in intangible asset is software.

ii) Basis of recognition

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

iii) Subsequent expenditure

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

iv) Amortization

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

2.14 Cash & Cash Equivalents

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

2.15 Investments in Securities

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

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

a. Investment in quoted securities:

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

b. Investment in un-quoted securities:

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

2.16 Statutory reserve

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

2.17 General Reserve

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

2.18 Retirement Benefit

(a) Provident Fund

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

(b) Gratuity

Gratuity fund benefit are given to the staff of BD Finance in accordance with the company's service rules. The

gratuity is calculated on the basis of sum equal to 30 (thirty) days basic pay for every confirmed employee who completed his continuous service for Five (5) years and 60 (sixty) days basic for employees whose service is completed for 10 (ten) years or more and as per BAS-19 “Employee Benefits” and payable as per the modalities of the rules. Gratuity so calculated are transfer to the Gratuity fund and charged to expenses of the Company.

2.19 Provision for investments and advances

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

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

Particulars	Rate
General provision on:	
Unclassified loans and advances-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%

2.20 Income Tax

2.20.1 Current tax

Provision for current income tax has been made @ 40.00% as prescribed in the Finance Act 2015 on the accounting Profit made after considering some of the taxable add back income and disallowance of expenditure in compliance with BAS-12.

2.20.2 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.

2.21 Accrued expenses and other payables

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

2.22 Revenue recognition

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will follow to the company and in accordance with Bangladesh Accounting Standard (BAS) 18: “Revenue” unless otherwise mentioned or otherwise guided by the separate BAS/BFRS.

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

2.22.1 Lease income

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

2.22.2 Income from Term Finance

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

2.22.3 Fees base income, etc.

Fees base income, etc. are taken to income on realization basis.

2.22.4 Dividend income

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

2.22.5 Gain on Sale of Securities

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

2.23 Borrowing Costs

Borrowing costs are recognized as expense in the year in which they are incurred unless capitalization is permitted under Bangladesh Accounting Standard (BAS) 23: “Borrowing Costs”.

2.24 Interest Suspense Account

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

2.25 Litigation

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

2.26 Proposed dividend

Proposed dividend has been shown separately under the shareholders’ equity in accordance with Bangladesh Accounting Standards (BAS)-10 “ Events After the Reporting Period”.

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

2.27 Earnings Per Share (EPS)

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

Basic Earnings

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

Weighted average number of Ordinary Shares outstanding during the period

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

Basic earnings per share

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

Diluted Earnings Per Share

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

2.28 Contingent liabilities and contingent assets

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

2.29 Risk and uncertainty for use of estimates (Provisions)

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

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

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

2.30 BASEL II & its implementation

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

2.31 Status of compliance of Bangladesh Accounting Standards and Bangladesh 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 BAS and BFRS:

Name of the BAS	BAS 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
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	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	N/A
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
Financial Instruments: Presentation	32	Applied *
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
Financial Instruments: Recognition and Measurement	39	Applied *
Investment Property	40	N/A
Agriculture	41	N/A
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
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	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).

ANNEXURE-A

FIXED ASSET SCHEDULE

For the year ended 31 December 2016

Particulars	COST					DEPRECIATION				Rate of Depreciation	Written Down Value at 31 December 2016
	Balance as on 1 January 2016	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period	Balance at 31 December 2016	Balance as on 1 January 2016	Transfer/ Adjustment during the year	Charge for the year	Balance at 31 December 2016		
Land	297,200,000	57,871,210	-	-	355,071,210	-	-	-	-	-	355,071,210
Building	5,398,790		-	-	5,398,790	3,239,279	-	539,880	3,779,159	10%	1,619,631
Furniture & Fixture	22,489,864		5,700,185	-	28,190,049	12,645,484	-	4,062,039	16,707,523	20%	11,482,526
Office Equipment	17,232,243		4,948,021	170,000	22,010,264	10,284,503	170,000	3,692,891	13,807,394	25%	8,202,871
Office Renovation	5,390,693		4,611,938	-	10,002,631	4,927,344	-	975,572	5,902,916	20%	4,099,715
Motor Vehicle	33,544,686		5,866,000	3,356,272	36,054,414	16,111,796	3,356,272	5,223,601	17,979,125	20%	18,075,289
Other Assets	182,667		-	-	182,667	182,667	-	-	182,667	20%	-
System and Software	1,820,000		-	-	1,820,000	1,610,836	-	100,008	1,710,844	25%	109,156
31 December 2016	**383,258,943**	**57,871,210**	**21,126,144**	**3,526,272**	**458,730,026**	**49,001,909**	**3,526,272**	**14,593,991**	**60,069,628**		**398,660,398**
31 December 2015	**362,014,967**	**-**	**24,966,871**	**3,722,895**	**383,258,943**	**41,188,705**	**3,709,549**	**11,522,754**	**49,001,909**		**334,257,034**

		31-Dec-16 BDT	31-Dec-15 BDT
3	**Cash**		
	Cash in hand (Notes :3.1)	48,130	37,819
	Balance with Bangladesh Bank (Notes : 3.2)	161,998,454	191,136,804
		162,046,585	**191,174,623**
3.a	**Cash in Hand (Consolidated)**		
	BD Finance	48,130	37,819
	BD Finance Securities Limited	20,000	19,652
	BD Finance Capital Holdings Limited	6,927	13,118
		75,057	**70,589**
3.1	**Cash In hand (including foreign currencies)**		
	In local currency	48,130	37,819
	In foreign currency	-	-
		48,130	**37,819**
3.2	**Balance with Bangladesh Bank (including foreign currencies)**		
	In local currency	161,998,454	191,136,804
	In foreign currency	-	-
		161,998,454	**191,136,804**
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	145,378,622	174,702,069
	Actual Reserve held with Bangladesh Bank (local currency)	161,998,454	191,136,804
	Surplus	**16,619,832**	**16,434,735**
3.5	**Statutory Liquidity Ratio (SLR): 5% (including 2.5% CRR) of Average Demand and Time Liabilities**		
	Required Reserve	406,041,963	430,015,743
	Actual Reserve held (Note- 3.6)	433,985,401	447,361,938
	Surplus	**27,943,438**	**17,346,195**
3.6	**Held for Statutory Liquidity Ratio**		
	Cash in hand	48,130	37,819
	Balance with Bangladesh Bank	161,998,454	191,136,804
	Balance with other bank and Financial Institutions (Note-4)	271,938,816	256,187,314
		433,985,401	**447,361,938**
4	**Balance with other Banks and Financial Institutions**		
	Inside Bangladesh (Note - 4.1)	271,938,816	256,187,314
	Outside Bangladesh (Note - 4.2)	-	-
		271,938,816	**256,187,314**

		31-Dec-16 BDT	31-Dec-15 BDT
4.a	**Balance with other Banks and Financial Institutions**		
	(Consolidated)		
	BD Finance	271,938,816	256,187,314
	BD Finance Securities Limited	164,143,845	34,311,354
	BD Finance Capital Holdings Limited.	16,819,886	9,603,503
		452,902,547	**300,102,171**
4.1	**Inside Bangladesh**		
	Current Account		
	Dhaka Bank Limited	286,684	288,334
	Midland Bank Limited	719	-
	NCC Bank Ltd	-	1,000
	Prime Bank Limited	50,357	30,051
	Shahjalal Bank Limited	-	3,614
	Social Investment Bank Limited	422,021	424,691
		759,780	**747,690**
	STD Account		
	Bank Asia Limited	1,976,588	3,742,193
	BRAC Bank Limited	809	39,356
	Dutch Bangla Bank Limited	703,340	848,322
	Jamuna Bank Limited	4	4
	Modhumoti Bank Limited	7,201	8,123
	Mutual Trust Bank Limited	1,019,481	1,186,193
	NRB Commercial Bank Limited	3,987	5,337
	Southeast Bank Limited	12,695,148	9,103,848
	The City Bank Limited	1,551,388	6,464,317
	United Commercial Bank Limited	-	66
		17,957,946	**21,397,759**
	FDR with Basic Bank Limited.	107,610,055	100,000,000
	FDR with Mutual Trust Bank Limited	21,904,269	20,000,000
	FDR with NRB Commercial Bank Limited	123,706,767	114,041,866
	Cash at Bank	**271,938,816**	**256,187,314**
4.2	**Outside Bangladesh**		
	Cash at Foreign Bank	-	-
	Total Cash at Bank (Bangladesh & Foreign)	**271,938,816**	**256,187,314**
4.3	**Maturity-wise groupings of balance with other banks and FI's**		
	On Demand	759,780	751,408
	Not more than 3 months	17,957,946	21,394,041
	More than 3 months but less than 1 year	253,221,090	234,041,866
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		271,938,816	**256,187,314**

		31-Dec-16 BDT	31-Dec-15 BDT
5	**Investment in Securities**		
	i) Government	-	-
	ii) Others	274,788,322	304,464,251
		274,788,322	**304,464,251**
5.a	**Investment in Securities (Consolidated)**		
	BD Finance	274,788,322	304,464,251
	BD Finance Securities Limited	213,215,721	96,509,849
	BD Finance Capital Holdings Limited	337,433,100	209,676,407
		825,437,144	**610,650,507**
5.ii.	**Investment in Securities-Others**		
	Investment in shares (in quoted companies) **(Note 5.1)**	264,788,322	266,206,921
	Investment in shares (in un-quoted companies) **(Note 5.2)**	10,000,000	38,257,330
		274,788,322	**304,464,251**
	Maturity-wise Grouping of Investment in Securities:		
	On demand	264,788,322	266,206,921
	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	38,257,330
	More than 5 years	-	-
		274,788,322	**304,464,251**

5.1

Name of the Institution	Cost Price 2016	Market Price 2016	Cost Price 2015
AIMS1STMF	-	-	1,418,599
Beximco Ltd.	10,590,326	6,203,109	10,590,326
Beximco Pharma	28,252,516	29,131,592	28,252,516
City General Insurance Co. Ltd.	12,979,096	6,487,159	12,979,096
Eastland Insurance	3,541,909	4,090,705	3,541,909
Exim Bank	3,198,893	1,814,143	3,198,893
GRAMEENS2	1,412,137	1,199,997	1,412,137
International Leasing & Fin. Ser. Ltd.	1,051,145	464,603	1,051,145
Northern Insurance	71,574,764	32,826,649	71,574,764
One Bank Limited	27,012,990	25,682,589	27,012,990
Peoples Leasing & Financial Services Ltd.	20,621,408	14,672,212	20,621,408
Prime Islami Life	4,438,391	2,293,220	4,438,391
Rupali General Insurance	4,539,914	4,119,852	4,539,914
Southeast Bank Ltd.	21,085,411	21,992,446	21,085,411
Summit Power	19,146,185	21,887,453	19,146,185
United Finance	35,343,238	34,538,116	35,343,238
	264,788,322	**207,403,844**	**266,206,921**

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5.2 Unquoted

Name of the Institution	Cost Price 2016	Market Price 2016	Cost Price 2015
Bangladesh Commerce Bank Limited.	-	-	28,257,330
GMG Airlines Limited.	10,000,000	-	10,000,000
	10,000,000	**-**	**38,257,330**
	274,788,322	**207,403,844**	**304,464,251**

		31-Dec-16 BDT	31-Dec-15 BDT
6	**Lease, Loans and Advances**		
a)	**Inside Bangladesh**		
	Investment in Lease Finance		
	Gross lease rental receivable	2,148,825,058	2,436,151,186
	Less: Unearned interest income	375,855,258	482,923,294
	i) Net Investment in Lease Finance	1,772,969,800	1,953,227,892
	ii) Term Finance	10,098,996,804	9,993,997,769
	iii) House Building Finance	2,019,846,736	1,334,937,757
	Total Loans and Lease inside Bangladesh (i+ii+iii)	**13,891,813,341**	**13,282,163,418**
b)	**Outside Bangladesh**	-	-
	Total Loans and Lease Finance (a+b)	**13,891,813,341**	**13,282,163,418**
6.a	**Lease, Loans and Advances (Consolidated)**		
	BD Finance	13,891,813,341	13,282,163,418
	BD Finance Securities Limited	360,722,060	366,957,409
	BD Finance Capital Holdings Limited.	27,978,329	109,689,464
	Loan to BD Finance Securities Limited	(301,683,700)	(199,923,611)
	Loan to BD Finance Capital Holdings Limited.	(98,780,333)	-
		13,880,049,696	**13,558,886,680**
6.1	**Maturity wise Classification of Investments: With a residual maturity of**		
	Receivable on Demand	407,539,443	825,312,629
	Not more than 3 months	971,909,760	1,393,598,679
	Over 3 months but not more than 1 year	1,833,834,280	1,603,355,447
	Over 1 year but not more than 5 years	8,951,842,403	8,367,762,954
	Over 5 years	1,726,687,455	1,092,133,710
		13,891,813,341	**13,282,163,418**
6.2	**Investments on the basis of significant concentration:**		
	Investments to allied concern of Directors (Note: 43.5)	449,666,369	251,259,954
	Investments to Executives/Officers	858,699	858,699
	Investments to Customer Groups	5,125,822,787	6,497,042,672
	Industrial Investment	5,771,704,508	5,527,027,028
	Others	2,543,760,979	1,005,975,065
		13,891,813,341	**13,282,163,418**

	31-Dec-16 BDT	31-Dec-15 BDT
6.3 Number of client's with amount of outstanding and classified loans, to whom loans and advances sanctioned more than 15% of total capital:		
Total outstanding amount to such customers at end of the year	4,866,632,840	6,562,355,359
Number of such types of customers	13	18
Amount of Classified Investments thereon	211,740,598	189,200,000
Measures taken for recovery		

6.4 Sector-wise Classification of Investment:

Sector	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Agriculture	216,563,868	1.56%	16,908,090	0.13%
Cement/Clinker & Allied Industries	-	0.00%	15,051,954	0.11%
Chemical & Pharmaceuticals	485,962,788	3.50%	774,765,618	5.83%
Electronics and Electrical Products	26,398,965	0.19%	137,019,980	1.03%
Food Production/Processing Ind.	766,519,743	5.52%	1,524,605,604	11.48%
Garments	451,546,188	3.25%	540,427,409	4.07%
Glass & Ceramic Industries	1,620,795	0.01%	-	0.00%
Iron, Steel & Engineering	1,270,917,432	9.15%	841,196,741	6.33%
Merchant Banking	1,549,447,836	11.15%	1,158,930,512	8.73%
Others	2,543,760,979	18.31%	1,005,975,065	7.57%
Paper, Printing and Packaging	134,152,010	0.97%	230,787,895	1.74%
Plastic Industries	17,568,761	0.13%	340,043,116	2.56%
Power, Gas, Water and Sanitary	1,084,551,079	7.81%	518,912,979	3.91%
Real Estate & Housing	215,776,235	1.55%	1,543,915,819	11.62%
Service Industries	-	0.00%	107,308,203	0.81%
Ship & Ship Mfg. Industries	-	0.00%	108,960,451	0.82%
Telecom./Information Technology	353,686,876	2.55%	372,359,591	2.80%
Textile	990,235,764	7.13%	243,007,580	1.83%
Trading	2,764,306,885	19.90%	2,679,226,150	20.17%
Transport & Communication	1,018,797,139	7.33%	1,122,760,661	8.45%
	13,891,813,341	**100.00%**	**13,282,163,418**	**100.00%**

6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Dhaka	10,590,423,391	76.23%	10,393,695,140	78.25%
Chittagong	3,174,846,919	22.85%	2,846,810,281	21.43%
Sylhet	126,543,031	0.91%	41,657,997	0.31%
	13,891,813,341	**100.00%**	**13,282,163,418**	**100.00%**

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

Particualrs	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Unclassified				
Standard	12,419,669,321	89.40%	12,228,047,250	92.06%
Special Mention Account (SMA)	384,267,007	2.77%	455,336,723	3.43%
	12,803,936,328		**12,683,383,973**	
Classified				
Substandard	383,664,196	2.76%	141,784,632	1.07%
Doubtful	354,710,169	2.55%	197,421,582	1.49%
Bad or loss	349,502,647	2.52%	259,573,231	1.95%
	1,087,877,013		**598,779,445**	
	13,891,813,341	**100.00%**	**13,282,163,418**	**100.00%**

6.7 Particulars of provision for Loans and lease Finance

Status	Rate	Basis for Provision	Amount 2016	Amount 2015
General Provision (for Unclassified portion)				
Standard Non-SME	1%	11,509,578,018	115,095,780	122,280,473
Standard-SME	0.25%	910,091,302	2,275,228	-
Special Mention Account	5%	342,044,711	17,102,236	21,426,694
			134,473,244	**143,707,167**
Specific Provision				
Substandard	20%	202,870,850	40,574,170	21,376,461
Doubtful	50%	292,074,937	146,037,468	70,271,105
Bad or loss	100%	146,089,654	146,089,654	110,589,690
			332,701,293	**202,237,256**
Required provision for Loans & Lease Finance			467,174,537	345,944,423
Required provision for Other Receivables			9,025,000	10,890,000
Total provision required			**476,199,537**	**356,834,423**
Total provision maintained {note # 12.1(a) & (b)}			477,677,889	357,899,393
Surplus Provision			**1,478,353**	**1,064,969**

BD Finance has maintained provision on unclassified investment amounting to Tk. 135,616,062 (note # 12.1.b) and for classified Loan & Lease Finance Tk. 333,036,827 (note # 12.1.a) totaling Tk. 477,677,889. Surplus provision against unclassified loan/lease is Tk. 1,142,818.

		31-Dec-16 BDT	31-Dec-15 BDT
6.8	**Particulars of Investments:**		
(i)	Debts considered good in respect of which the NBFI is fully secured	1,959,879,207	4,538,515,240
(ii)	Debts considered good for which the NBFI holds no other security other than the debtor's personal gurantee	9,293,979,863	7,626,618,235
(iii)	Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors		
(iv)	Amount of classified loan in which no provision has been maintained	176,075,521	97,455,541
(v)	Debts due by directors or officers of the NBFI or any of them either severally or jointly with any other person	18,638,925	858,699
(vi)	Debts due by companies or firms in which the directors of the NBFI are interested as directors, partners or managing agents or, in the case of private companies as members (Note 43.5).	449,666,369	251,259,954
(vii)	Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the NBFI's or any of them either severally or jointly with any other persons.	20,172,680	2,300,000
(viii)	Maximum total amount of advances including temporary advances granted during the period to the companies or Firms in which the directors of the NBFI are interested as directors, partners or managing agents or in the case of private companies as members	-	384,000,000
(ix)	Receivable from other NBFI's	-	-
(x)	Total amount of advance on which Profit is not credited:	1,472,144,020	1,054,116,168
	A. Increase/decrease of provision (specific)		
	Amount of debts written off	-	-
	Amount realized against the debts previously written off	-	-
	B. Provision kept against the debt classified as bad/loss at the date of balance sheet	146,089,654	110,589,690
	C. Amount of interest creditable to the interest suspense account		
(xi)	Cumulative amount of written off Investments	11,494,317	11,494,317

		31-Dec-16 BDT	31-Dec-15 BDT
7	**Fixed Assets including Premises, Furniture & Fixtures**		
	A. Cost:		
	Opening balance	383,258,943	362,014,967
	Addition during the year	21,126,145	24,966,871
	Add: Revaluation During the year	57,871,210	-
	Less: Disposal during the year	(3,526,272)	(3,722,895)
	Closing balance at cost	458,730,026	383,258,943
	B. Depreciation:		
	Opening balance	49,001,909	41,188,705
	Addition during the year	14,593,991	11,522,753
	Less: Adjustment on disposal during the year	(3,526,272)	(3,709,549)
	Accumulated Depreciation	60,069,628	49,001,909
	Carrying value	398,660,398	334,257,034
	*Details are given in Annexure-A		
7.a	**Fixed Assets including Premises, Furniture and Fixtures (Consolidated)**		
	BD Finance	398,660,398	334,257,034
	BD Finance Securities Limited - PPE	9,176,010	11,570,321
	BD Finance Securities Limited - Intangible Assets	-	-
	BD Finance Capital Holdings Limited.	4,087,469	7,901,503
		411,923,877	353,728,858
7.1	**Revaluation Surplus on Land And Building**		
	Revalued Amount	360,470,000	302,598,790
	Less: Acquisition Value	52,925,188	52,925,188
	Less: Deferred Tax Adjustment	12,301,792	9,986,944
	Revaluation Surplus	295,243,020	239,686,658

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 noterworthy that, the valuation report was also counter certified by M/s. MARHK & CO. (Chartered Accountants).

		31-Dec-16 BDT	31-Dec-15 BDT
	The Following factors considered for revaluation of Land & Building:		
	Factors considered for Land		
	Location, communications and scope for use;		
	The nature and condition of land;		
	The economic outlook in general and condition and outlook of the specific use of the land;		
	The book value and current market value of land;		
	Availability of infrastructure facilities; and		
	Comparison with the land in the vicinity.		
	Factors considered for Building		
	Year of construction		
	Useable life, nature and quality of construction		
	Present cost of construction of identical nature , quantum and quality		
	The depreciated value of the current cost of construction of the building		
	Inflation in the price level since construction of the assets concerned		
	Prevailing market price of construction materials, and		
	Construction rate allowed or charged by PWD, CPA, RAJUK and reputed construction firms		
	Whether the land has planning permission		
	Location, accessibility and availability of resources such as gas & electricity		
	Size of land and future potential development & information from local residents.		
7.b	**Revaluation Reserve (Consolidated)**		
	BD Finance	295,243,020	239,686,658
	BD Finance Securities Limited	-	-
	BD Finance Capital Holdings Limited	-	-
		295,243,020	**239,686,658**
8	**Other Assets**		
	Investment in Subsidiaries (Note: 8.1)	849,930,000	849,930,000
	Investment in BD Finance Vanguard Mutual Fund One	200,000,000	200,000,000
	Receivables, Advances & Deposits (Note 8.2)	644,332,943	556,834,348
		1,694,262,943	**1,606,764,348**
8.a	**Other Assets (Consolidated)**		
	BD Finance	844,332,943	756,834,348
	BD Finance Securities Limited	1,133,137,327	1,039,317,619
	Receivable from BD Finance Capital Holdings Limited		-
	BD Finance Capital Holdings Limited	71,348,199	16,483,960
		2,048,818,469	**1,812,635,926**
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**

		31-Dec-16 BDT	31-Dec-15 BDT
8.2	**Receivables, Advances & Deposits**		
	a) Other receivables		
	Interest on investment in FDR	9,653,388	12,435,896
	Re-imbursable expenses	6,641,749	7,907,640
	Receivable Grace Period Interest	85,456	8,752
	Receivable Delinquent Charge	16,846,328	27,875,919
	Receivable Penal Interest	5,290,923	-
	Receivable Excise Duty	784,720	2,638,010
	Receivable-Others	14,078,231	63,379,966
	Stock of Stamp	53,658	69,288
		53,434,452	**114,315,470**
	b) Advance Income Tax		
	Opening Balance	405,676,938	297,692,588
	Add: Addition during the year	153,711,496	107,984,350
		559,388,434	**405,676,938**
	Less: Adjustment during the year	-	-
	Closing balance	**559,388,434**	**405,676,938**
	Break-up of Advance Tax		
	Advance Tax u/s 64 and 74 of ITO 1984		
	Assessment Year 2010-2011	4,853,000	4,853,000
	Assessment Year 2011-2012	48,800,405	48,800,405
	Assessment Year 2012-2013	8,500,000	8,500,000
	Assessment Year 2013-2014	-	-
	Assessment Year 2014-2015	145,450,872	145,450,872
	Assessment Year 2015-2016	103,446,000	103,446,000
	Assessment Year 2016-2017	145,527,974	-
		456,578,251	**311,050,277**
	Advance Tax Deduction at Source		
	Assessment Year 2008-2009	19,521,061	19,521,061
	Assessment Year 2009-2010	10,730,354	10,730,354
	Assessment Year 2010-2011	10,535,623	10,535,623
	Assessment Year 2011-2012	4,004,590	4,004,590
	Assessment Year 2012-2013	2,187,932	2,187,932
	Assessment Year 2013-2014	38,462,728	38,462,728
	Assessment Year 2014-2015	4,646,023	4,646,023
	Assessment Year 2015-2016	4,538,350	4,538,350
	Assessment Year 2016-2017	8,183,522	-
		102,810,183	**94,626,661**
		559,388,434	**405,676,938**

		31-Dec-16 BDT	31-Dec-15 BDT
	c) Deferred Tax Asset		
	Balance at the beginning of the period	6,067,985	(3,559,456)
	Adjustment during the period	5,278,841	9,627,441
	Balance at the end of the period	**11,346,826**	**6,067,985**
	d) Advance, deposits and prepayments		
	Advance Office Rent	1,068,126	1,967,066
	Advance against salary	62,082	-
	Advance others	17,421,008	27,233,475
	Advance against 64 Motijheel	97,300	97,300
		18,648,516	**29,297,841**
	e) Deposits with others		
	Deposits with BTTB & Mobile	89,200	60,600
	Deposits with Baitul Hossain Building	203,814	203,814
	Deposit with Land Lord Bangshal Branch	814,700	804,700
	Deposit with CDBL	400,000	400,000
	Deposit with Sadharan Bima	7,000	7,000
		1,514,714	**1,476,114**
	Other Assets (a+b+c+d+e)	**644,332,943**	**556,834,348**
8.3	**Maturity wise classification of other assets**		
	Receivable on Demand	53,434,452	114,315,470
	Not more than 3 months	313,161,817	162,270,775
	Over 3 months but not more than 1 year	257,573,443	243,406,163
	Over 1 year but not more than 5 years	18,648,516	29,297,841
	Over 5 years	1,051,444,714	1,057,474,099
		1,694,262,943	**1,606,764,348**
9.	**Non-Banking Assets**		
	Income Generating	-	-
	Non-Income Generating	212,121,062	212,121,062
		212,121,062	**212,121,062**

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

10.	**Borrowing from other banks, Financial Institutions and agents**		
	Secured	400,019,477	232,331,697
	Un secured	3,676,664,586	2,985,009,486
		4,076,684,063	**3,217,341,183**
	In Bangladesh	4,076,684,063	3,217,341,183
	Outside Bangladesh	-	-
		4,076,684,063	**3,217,341,183**

		31-Dec-16 BDT	31-Dec-15 BDT
10.a	**Borrowing from other banks, Financial Institutions and agents**		
	BD Finance	4,076,684,063	3,217,341,183
	BD Finance Securities Limited	202,157,502	134,471,441
	BD Finance Capital Holdings Limited	2,557,890	29,153,221
		4,281,399,455	**3,380,965,845**
10.1	**In Bangladesh**		
	Refinance against SME loan from Bangladesh Bank	18,315,833	412,500
	Refinance against Housing loan from Bangladesh Bank	1,449,990	1,692,849
	Refinance against SME loan from JICA	136,822,707	36,528,731
	Term Loan from other Banks	2,461,043,473	1,819,254,963
	Short term loan from other banks	999,052,059	559,452,140
	Short Term Borrowing	80,000,000	-
	Call Loan	380,000,000	800,000,000
		4,076,684,063	**3,217,341,183**
10.2	**Term loan from Other Banks**		
	Bank Asia Ltd.	147,785,477	77,558,843
	Basic Bank Ltd.	300,015,000	-
	Jamuna Bank Ltd	225,848,732	290,548,650
	Midland Bank Ltd.	274,157,420	-
	Mutual Trust Bank Ltd.	316,108,319	408,871,415
	NCC Bank Ltd.	154,295,882	200,039,225
	Prime Bank Ltd.	100,378,950	126,377,163
	Shahjalal Islami Bank Ltd.	356,506,152	200,000,000
	Social Islami Bank Ltd.	-	1,495,398
	Southeast Bank Ltd.	67,625,550	91,033,372
	Standard Bank Ltd.	211,296,603	123,336,375
	The UAE Bangladesh Investment Co. Ltd.	-	30,000,000
	United Commercial Bank Ltd.	152,796,802	86,152,566
	Uttara Bank Ltd.	154,228,587	183,841,956
		2,461,043,473	**1,819,254,963**
10.3	**Short Term Loan from Other Banks**		
	Basic Bank Ltd.	102,527,523	78,784,101
	Jamuna Bank Ltd.	101,714,826	47,572,118
	Mercantile Bank Ltd.	100,092,297	23,533,966
	Midland Bank limited	102,311,733	-
	Mutual Trust Bank Ltd.	183,484,840	138,959,748
	NRB Commercial Bank Ltd.	114,007,114	14,587,848
	Premier Bank Ltd.	94,950,851	45,698,297
	Rupali Bank Ltd.	-	13,948
	Southeast Bank Ltd.	99,208,900	65,540,000
	Standard Bank Limited	71,362,575	-
	United Commercial Bank Ltd.	(20,992,957)	69,052,667
	Uttara Bank Ltd.	50,384,357	75,709,447
		999,052,059	**559,452,140**

		31-Dec-16 BDT	31-Dec-15 BDT
10.4	**Maturity wise classification of loan**		
	Repayable on demand	380,000,000	800,000,000
	Within 1 month	111,473,343	185,788,904
	Over 1 months but not more than 3 months	388,669,528	557,366,713
	Over 3 months but not more than 1 year	999,052,059	559,452,140
	Over 1 year but not more than 5 years	2,197,489,133	1,114,733,426
	Over 5 years	-	-
		4,076,684,063	**3,217,341,183**

Notes: Loans are secured by way of first charge on all fixed and floating assets of the company, ranking pari passu among all the lenders. The period of the loans are ranging from three to five years term.

11.	**Deposits and Other Accounts:**		
	Term Deposits	8,580,576,955	9,043,216,011
	Scheme Deposits (Double Benefit Scheme)	8,790,081	182,270,862
	Other Deposits	118,582,499	58,248,031
	Advance Rent and Installments	306,909,042	436,140,069
		9,014,858,577	**9,719,874,974**
11.a	**Deposits and Other Accounts (Consolidated)**		
	BD Finance	9,014,858,577	9,719,874,974
	BD Finance Securities Limited	-	-
	BD Finance Capital Holdings Limited	-	-
		9,014,858,577	**9,719,874,974**
11.1	**Term Deposits**		
	General Deposits	5,540,576,955	6,243,216,011
	Deposit from Other Banks and FI's (Note-11.4)	3,040,000,000	2,800,000,000
		8,580,576,955	**9,043,216,011**
11.2	**Scheme Deposits**		
	General Deposits	8,790,081	182,270,862
	Deposit from Other Banks and FI's	-	-
		8,790,081	**182,270,862**
11.3	**Other Deposits**		
	Lease deposits	59,576,264	13,616,686
	Security deposits	244,170	244,170
	Sundry Creditors	58,762,064	44,387,175
		118,582,499	**58,248,031**
11.4	**Term Deposits from other bank and FI's**		
	Term Deposits from Banks	2,850,000,000	2,800,000,000
	Term Deposits from NBFIs	190,000,000	-
		3,040,000,000	**2,800,000,000**
11.5	**Term and Other Deposits**		
	General Deposits	5,667,949,535	6,483,734,905
	Deposit from Other Banks and Financial Institutions	3,040,000,000	2,800,000,000
		8,707,949,535	**9,283,734,905**

		31-Dec-16 BDT	31-Dec-15 BDT
11.6	**Advance Rent and Installments**		
	Advance Lease Rent	34,076,401	39,369,351
	Advance Term Installments	272,832,641	396,770,718
		306,909,042	**436,140,069**
11.7	**Maturity wise classification of Deposits**		
	Repayable on demand	-	-
	Within 1 month	289,989,518	312,668,450
	Over 1 months but not more than 3 months	796,898,582	859,220,865
	Over 3 months but not more than 1 year	1,150,204,913	1,240,157,885
	Over 1 year but not more than 5 years	6,608,715,443	7,125,556,912
	Over 5 year to 10 years	169,050,121	182,270,862
	Over 10 years	-	-
		9,014,858,577	**9,719,874,974**
12.	**Other Liabilities**		
	Provision for Loans and Lease Finance (Note 12.1)	477,677,889	357,899,393
	Provisions for Investment in Securities (Note 12.2)	68,067,968	68,067,968
	Interest Suspense (Note 12.3)	174,239,619	117,845,541
	Provision for Taxation (Note 12.4)	732,792,541	593,725,417
	Deferred Tax (Note 12.5)	12,301,792	9,986,944
	Interest payable on Borrowing and Deposits (Note 12.6)	354,516,956	328,283,083
	Payable & Provision against expenditure (Note 12.7)	60,696,855	49,184,720
	Advance Rent Received	682,830	3,232,500
	Margin on Guarantee	2,880,000	-
	Advance Excise Duty Received	9,547,100	5,587,750
	Gratuity Fund	13,589,014	4,686,324
	Dividend payable	931,100	931,110
		1,907,923,663	**1,539,430,750**
12.a	**Other Liabilities (Consolidated)**		
	BD Finance	1,907,923,663	1,539,430,750
	BD Finance Securities Limited	276,467,602	123,945,664
	BD Finance Capital Holdings Limited	39,654,272	24,604,151
	BD Finance Capital Holdings Limited - Adjustment	(1,741,574)	-
		2,222,303,962	**1,687,980,566**

		31-Dec-16 BDT	31-Dec-15 BDT
12.1	**Provision for Investment:**		
	(a) Provision on Classified Investment:		
	Provision held at the beginning of the period	202,538,661	189,230,423
	Net charge to Profit & Loss Account (Note - 32)	130,498,166	13,308,238
	Provision held at the end of the period	**333,036,827**	**202,538,661**
	(b) General Provision on Unclassified Investment:		
	Provision held at the beginning of the period	144,360,731	115,990,138
	Net charge to Profit & Loss Account (Note - 32)	(8,744,669)	28,370,593
	Balance at the end of the period	**135,616,062**	**144,360,731**
	(c) Provision on Other Receivables:		
	Provision held at the beginning of the period	11,000,000	-
	Net charge to Profit & Loss Account (Note - 32)	(1,975,000)	11,000,000
	Balance at the end of the period	**9,025,000**	**11,000,000**
	Total Provision for Investments	**477,677,889**	**357,899,393**
12.2	**Provision for Investment in Securities:**		
	Provision held at the beginning of the period	68,067,968	68,067,968
	Addition/(Adjustment) during the year (note-32)	-	-
	Balance at the end of the period	**68,067,968**	**68,067,968**

The total provisions for diminution in value of investment includes Tk. 10,000,000 against GMG Airlines which was maintained as per Bangladesh Bank observation on 30.06.2013

12.3	**Interest Suspense Account:**		
	Balance at the beginning of the period	117,845,541	112,162,507
	Amount transferred to suspense account during the period	56,394,078	5,683,034
	Amount recovered from suspense account during the period	-	-
	Balance at the end of the period	**174,239,619**	**117,845,541**
12.4	**Provision for Taxation**		
	Balance at the beginning of the period	593,725,417	453,189,048
	Provision made during the period	139,067,124	140,536,369
	Adjustment during the period	-	-
	Balance at the end of the period	**732,792,541**	**593,725,417**
12.5	**Deferred Tax**		
	Balance at the beginning of the period	9,986,944	-
	Adjustment during the period	2,314,848	9,986,944
	Balance at the end of the period	**12,301,792**	**9,986,944**
12.6	**Interest payable on Borrowing and Deposits**		
	Interest payable on TDR and other deposits	292,311,769	293,488,210
	Interest payable on term loan	60,582,926	34,377,657
	Interest payable on Refinancing loan from BB (SME)	320,874	94,360
	Interest payable on Refinancing loan from BB (Housing)	16,994	6,351
	Interest payable on Refinancing loan from JICA	1,220,647	152,968
	Interest Payable on Call loan	(4,444)	95,347
	Interest payable on Security Deposit	68,190	68,190
	Balance at the end of the period	**354,516,956**	**328,283,083**

		31-Dec-16 BDT	31-Dec-15 BDT
12.7	**Payable & Provision against expenditure**		
	Advance transfer price	3,001	3,001
	Payable others	21,693,910	11,462,436
	Payable to BD Finance Foundation	25,859,486	18,810,462
	Withholding Excise Duty	7,552,374	6,957,279
	Withholding tax	5,166,899	11,128,394
	Withholding VAT	421,185	823,148
	Balance at the end of the period	**60,696,855**	**49,184,720**
12.8	**Maturity wise classification of other liabilities**		
	Repayable on demand	60,696,855	49,184,720
	Within 1 month	44,576,683	44,576,683
	Over 1 months but not more than 3 months	66,043,100	128,730,050
	Over 3 months but not more than 1 year	124,814,714	178,306,734
	Over 1 year but not more than 5 years	320,952,121	534,920,202
	Over 5 years	1,290,840,190	603,712,361
	Balance at the end of the period	**1,907,923,663**	**1,539,430,750**
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:**		
	125,867,475 fully paid ordinary shares of Tk. 10 each subscribed and paid up by the sponsor Shareholders & General Shareholders	**1,258,674,750**	**1,144,249,780**
	Sponsor Shareholders Group	316,828,590	555,160,340
	General Shareholders Group	941,846,160	589,089,440
		1,258,674,750	**1,144,249,780**
	General Shareholders Group:		
	General Public	672,664,750	442,188,300
	Financial Institutions	268,619,690	146,137,030
	Unit fund	-	-
	Investors Account	561,720	764,110
	Mutual Fund	-	-
		941,846,160	**589,089,440**

Classification of Shareholders by holding:	No. of Shareholders	No. of Shares	Percentage of Share Holding
Less than 500 shares	7,947	1,090,752	0.87%
501 to 5,000 shares	5,820	9,773,994	7.77%
5,001 to 10,000 shares	718	5,239,480	4.16%
10,001 to 20,000 shares	423	6,118,609	4.86%
20,001 to 30,000 shares	156	3,803,733	3.02%
30,001 to 40,000 shares	58	2,023,615	1.61%
40,001 to 50,000 shares	50	2,315,606	1.84%
50,001 to 1,00,000 shares	93	6,812,424	5.41%
1,00,001 to 10,00,000 shares	92	25,365,928	20.15%
10,00,001 to 99,99,999 shares	25	63,323,334	50.31%
Total	**15,382**	**125,867,475**	**100.00%**

Year	Declaration	No of Shares	Value of Shares	Cumulative no. of shares
1999	Sponsored Share	500,000	5,000,000	5,000,000
1999	Allotment Share	4,500,000	45,000,000	50,000,000
2003	Bonus Share	500,000	5,000,000	55,000,000
2003	Right Share	1,000,000	10,000,000	65,000,000
2004	Right Share	7,506,000	75,060,000	140,060,000
2004	Bonus Share	780,000	7,800,000	147,860,000
2005	Right Share	4,201,800	42,018,000	189,878,000
2005	Bonus Share	1,478,600	14,786,000	204,664,000
2006	Bonus Share	2,865,290	28,652,900	233,316,900
2007	IPO	7,000,000	70,000,000	303,316,900
2008	Bonus Share	3,033,160	30,331,600	333,648,500
2009	Bonus Share	3,336,480	33,364,800	367,013,300
2010	Bonus Share	7,340,260	73,402,600	440,415,900
2011	Bonus Share	9,689,149	96,891,490	537,307,390
2012	Bonus Share	5,373,073	53,730,730	591,038,120
2013	Bonus Share	5,910,380	59,103,810	650,141,930
2013	Right Share	39,008,515	390,085,150	1,040,227,080
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

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13.3	**Capital under Capital Adequacy and Market Discipline (CAMD)**		
	a) Core Capital (Tier -I):		
	i) Paid-up Capital	1,258,674,750	1,144,249,780
	ii) Statutory Reserve (Note # 14)	222,607,589	194,582,857
	iii) General Reserve (Note # 15)	-	-
	iv) Retained Earnings (Note # 16)	129,639,805	131,965,848
	v) Minority interest (Note # 16.b)	467,951,480	464,992,447
		2,078,873,624	**1,935,790,932**
	b) Supplementary Capital (Tier-II):		
	i) Revaluation Surplus on Land & Building	147,621,510	119,843,329
	ii) General Provision {Note 12.1(b)}	135,616,062	144,360,731
		283,237,572	**264,204,060**
	c) Total (a +b)	**2,362,111,196**	**2,199,994,992**

13.4 Capital Surplus/(Deficit)

The Company is subject to the regulatory capital requirement as stipulated in DFIM circular no 05 dated 24 July 2011 of Bangladesh Bank and a progaapon no. DFIM(P)1052-Progga/37 date 24 July 2011 in pursuance of Section 49 of Financial Institutions Act 1993 (Act 27 of 1993) amended the Financial Institutions Rules 1994 Rule 4 Section (d) and (dd) and Sub Rule 2 of Rule 6 . The Capital requirement for non-banking financial institutions is not less than 100 crore or minimum required risk based capital, which is time to time circulated by the Bangladesh Bank.

The following directions will be applicable to the Financial Institution's to meet up the deficiency of the paid up capital as regard to the Rules stated above.

1) To meet the paid up capital Financial Institution's may issue IPO or Right Share or Bonus Share as applicable.

2) The Financial Institution's could not issue Cash Dividend when there was a deficiency in paid up capital as stipulated in the above rules.

3) The Financial Institution's will make necessary amendments in there MOA and AOA to comply the amended rules stated above.

Paid up Capital	1,258,674,750	1,144,249,780
Required minimum capital	1,000,000,000	1,000,000,000
Excess (Shortfall) of Paid up Capital over minimum capital	**258,674,750**	**144,249,780**

14.	**Statutory Reserve**		
	Opening balance	194,582,857	162,218,336
	Add: Addition during the period	28,024,732	32,364,521
		222,607,589	**194,582,857**
15.	**General Reserve**		
	Opening balance	-	-
	Add: Transfer from Retained Earning	-	-
	Less: Distribution During the period	-	-
		-	**-**

		31-Dec-16 BDT	31-Dec-15 BDT
16.	**Retained Earnings**		
	Opening balance	131,965,848	59,720,252
	Add: Profit After Tax during the period	140,123,659	161,822,606
	Less: Transfer to General Reserve	-	-
	Less: Transfer to Statutory Reserve	(28,024,732)	(32,364,521)
	Less: Cash Dividend Paid	-	(57,212,489)
	Less: Issue of Bonus Shares	(114,424,970)	-
		129,639,805	**131,965,848**
16.a	**Retained Earnings (Consolidated)**		
	BD Finance	129,639,805	131,965,848
	BD Finance Securities Limited	25,120,844	18,195,488
	BD Finance Capital Holdings Limited	52,508,304	30,860,582
	Adjustment for Minority Interest	(10,726,230)	(7,767,197)
		196,542,722	**173,254,720**
16.b	**Non Controlling Interest (Consolidated)**		
	BD Finance Securities Limited		
	Paid up Capital	457,150,000	457,150,000
	Retained Profit/(Loss)	10,711,528	7,758,556
		467,861,528	**464,908,556**
	BD Finance Capital Holdings Limited.		
	Paid up Capital	75,250	75,250
	Retained Profit/(Loss)	14,702	8,641
		89,952	**83,891**
		467,951,480	**464,992,447**
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	-	104,801,330
	Less: Margin	-	-
		-	**104,801,330**
18.	**Profit and Loss Account**		
	Income		
	Interest, discount and similar income (Note-19)	1,760,435,258	1,786,509,733
	Dividend income {Note-21}	18,535,610	4,229,818
	Commission, Exchange and Brokerage	576,000	1,000,000
	Gains less losses arising from investment securities {Note-21}	52,845,138	(79,197,163)
	Other operating income (Note-22)	54,174,557	78,393,946
		1,886,566,564	**1,790,936,334**
	Expenses:		
	Interest paid on Deposits & Borrowing (Note-20)	1,337,901,289	1,317,377,675
	Administrative expenses	106,982,350	92,581,068
	Other operating expenses (Note-31)	30,172,677	22,452,478
	Depreciation on Fixed assets {Note-30(a)+30(b)+Note-30(c)}	17,819,810	13,114,748
		1,492,876,126	**1,445,525,969**
	Income over expenditure	**393,690,438**	**345,410,365**

		31-Dec-16 BDT	31-Dec-15 BDT
19.	**Interest income**		
	Interest income on Loans & Lease Finance (Note-19.1)	1,741,648,691	1,765,536,698
	Interest on placement with other Banks & FIS (Note-19.2)	18,786,567	20,973,034
		1,760,435,258	**1,786,509,733**
19.a	**Interest Income (Consolidated)**		
	BD Finance	1,760,435,258	1,786,509,733
	BD Finance Securities Limited	42,843,043	87,421,684
	BD Finance Capital Holdings Limited	16,214,155	24,869,811
	BD Finance Securities Limited-Adjustment	(34,837,628)	(49,586,786)
	BD Finance Capital Holdings Limited.-Adjustment	(7,005,483)	(6,482,500)
		1,777,649,345	**1,842,731,941**
19.1	**Interest on Loans & Lease Finance**		
	Interest income on lease finance	195,349,888	266,844,425
	Interest income on term finance	1,323,532,843	1,420,585,878
	Interest on housing finance	222,765,960	78,106,394
		1,741,648,691	**1,765,536,698**
19.2	**Interest on placement with other banks & FIS**		
	Interest on FDR	18,309,577	19,668,183
	Interest on STD accounts	476,990	1,304,852
	Interest on fund placements	-	-
		18,786,567	**20,973,034**
20.	**Interest paid on deposits & borrowing**		
	Interest paid on deposits	995,039,485	1,106,372,102
	Interest paid on borrowings (Note-20.1)	342,861,805	211,005,573
		1,337,901,289	**1,317,377,675**
20.a	**Interest Expenses (Consolidated)**		
	BD Finance	1,337,901,289	1,299,836,543
	BD Finance Securities Limited	22,420,020	27,059,243
	BD Finance Capital Holdings Limited	1,958,061	13,059,618
	BD Finance Securities Limited-Adjustment	-	-
	BD Finance Capital Holdings Limited.-Adjustment	-	-
		1,362,279,370	**1,339,955,404**
20.1	**Interest paid on borrowing**		
	Interest Expenses on Term Loan	251,946,315	160,991,428
	Interest Expenses on SOD Loan	49,544,154	13,133,611
	Interest Expenses on Call Loan	36,579,625	36,183,015
	Interest Expenses on Re financing loan	4,791,710	697,519
		342,861,805	**211,005,573**
21.	**Income from Investment in Securities**		
	Income from Investment in Shares	52,845,138	(79,197,163)
	Dividend Income	18,535,610	4,229,818
		71,380,748	**(74,967,345)**
21.a	**Income from Investment in Securities (Consolidated)**		
	BD Finance	71,380,748	(74,967,345)
	BD Finance Securities Limited	32,048,454	33,205,712
	BD Finance Capital Holdings Limited	26,758,503	38,111,535
	BD Finance Securities Limited-Adjustment	-	-
	BD Finance Capital Holdings Limited.-Adjustment	-	-
		130,187,706	**(3,650,098)**
21.b	**Commission, Exchange and Brokerage (Consolidated)**		
	BD Finance	576,000	1,000,000
	BD Finance Securities Limited	48,212,496	61,225,178
	BD Finance Capital Holdings Limited	1,288,163	2,992,632
	BD Finance Securities Limited-Adjustment		(1,000,000)
	BD Finance Capital Holdings Limited.-Adjustment	-	-
		50,076,660	**64,217,810**

		31-Dec-16 BDT	31-Dec-15 BDT
22.	**Other Operating Income:**		
	Penal Interest	17,513,122	44,320,617
	Prepayment Interest	9,544,967	7,230,775
	Contact point verification (CPV)	3,353,217	4,172,207
	Ledger management (LM)	417,050	461,726
	Transfer Price	354,497	570,749
	Processing fees	5,448,418	6,372,118
	Legal & Documentation charge	1,988,635	1,957,635
	Office Rent (64 Motijheel)	13,497,000	12,451,020
	Other Income (Note-22.1)	2,057,652	857,099
		54,174,557	**78,393,946**
22.a	**Other Operating Income (Consolidated)**		
	BD Finance	54,174,557	78,393,946
	BD Finance Securities Limited	282,888	23
	BD Finance Capital Holdings Limited	107,701	133,001
	BD Finance Securities Limited-Adjustment	(1,249,920)	(1,216,440)
	BD Finance Capital Holdings Limited.-Adjustment	(524,160)	(510,120)
		52,791,066	**76,800,410**
22.1	**Other Income**		
	Gain/(loss) on sale of fixed assets	1,980,000	740,654
	Miscellaneous income	77,652	116,445
		2,057,652	**857,099**
23.	**Salary & Allowances**		
	Basic Salary	33,142,063	24,110,574
	Allowances	27,794,420	20,779,782
	Bonus	9,725,774	3,449,293
	BD Finance's Contribution to Provident fund	2,158,331	861,426
	Wages	664,156	1,852,000
		73,484,744	**51,053,075**
23.a	**Salary & Allowances (Consolidated)**		
	BD Finance	73,484,744	51,053,075
	BD Finance Securities Limited	14,212,075	14,980,519
	BD Finance Capital Holdings Limited	5,265,165	8,419,554
		92,961,984	**74,453,148**
24.	**Rent, Taxes, Insurance, Electricity etc.**		
	Rent, Rates & Taxes	16,545,352	15,488,865
	Insurance	535,449	263,637
	Electricity & Lighting, WASA, Gas etc.	1,803,344	1,605,994
		18,884,145	**17,358,496**
24.a	**Rent, Taxes, Insurance, Electricity etc.(Consolidated)**		
	BD Finance	18,884,145	17,358,496
	BD Finance Securities Limited	2,902,374	2,780,010
	BD Finance Capital Holdings Limited	1,278,122	1,208,140
	BD Finance Securities Limited-Adjustment	(1,249,920)	(1,216,440)
	BD Finance Capital Holdings Limited-Adjustment	(524,160)	(510,120)
		21,290,561	**19,620,086**
25.	**Legal & Professional Fees**		
	Legal Fees & Charge	2,201,948	2,814,685
	Other Legal Expenses	-	-
		2,201,948	**2,814,685**
25.a	**Legal & Professional Fees (Consolidated)**		
	BD Finance	2,201,948	2,814,685
	BD Finance Securities Limited	334,260	357,513
	BD Finance Capital Holdings Limited	531,750	506,000
		3,067,958	**3,678,198**

		31-Dec-16 BDT	31-Dec-15 BDT
26.	**Postage, Stamps, Telecommunication etc.**		
	Stamp & Court Fees	796,225	645,060
	Commission on purchase of stamps	-	39,995
	Internet expenses	283,150	234,769
	Postage & Courier Expenses	40,864	102,353
	Telephone & Fax Expenses	193,254	170,140
	Mobile Expenses	481,815	708,753
		1,795,308	**1,901,070**
26.a	**Postage, Stamps, Telecommunication (Consolidated)**		
	BD Finance	1,795,308	1,901,070
	BD Finance Securities Limited	553,841	602,758
	BD Finance Capital Holdings Limited	205,159	248,312
		2,554,308	**2,752,140**
27.	**Stationery, Printing, Advertisements etc.**		
	Stationery-Toner & Cartridge	230,200	149,152
	Stationery Expenses	481,837	455,078
	Printing Expenses	1,147,375	852,129
	Advertisement and Publicity	1,931,293	10,180,661
		3,790,705	**11,637,020**
27.a	**Stationery, Printing, Advertisements etc.(Consolidated)**		
	BD Finance	3,790,705	11,637,020
	BD Finance Securities Limited	205,029	342,610
	BD Finance Capital Holdings Limited	99,024	375,156
		4,094,758	**12,354,786**
28.	**Managing Director's Salary and Allowances**		
	Basic Salary	2,700,000	3,600,000
	Allowances	2,300,000	2,900,000
	Bonus	600,000	600,000
		5,600,000	**7,100,000**
29.	**Directors' Fees & Conveyance**		
	Director Fees	984,000	580,000
		984,000	**580,000**

Total 9 nos. of Board Meeting and 4 nos of Audit Committee Meeting were held during the period ended on 31 December 2016. 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 & Conveyance (Consolidated)**		
	BD Finance	984,000	580,000
	BD Finance Securities Limited	195,500	243,000
	BD Finance Capital Holdings Limited	109,250	128,250
		1,288,750	**951,250**
29.b	**Audit Fees (Consolidated)**		
	BD Finance	241,500	136,722
	BD Finance Securities Limited	81,250	86,250
	BD Finance Capital Holdings Limited	25,556	34,500
		348,306	**257,472**
30.	**Depreciation and Repair of Assets**		
	a) Depreciation of Assets		
	Building	539,880	539,880
	Furniture & Fixtures	4,062,039	3,352,571
	Office Equipment	3,692,892	2,706,217
	Motor Vehicles	5,223,601	4,634,407
		13,518,411	**11,233,075**

		31-Dec-16 BDT	31-Dec-15 BDT
	b) Amortization Expenses		
	System & Software	100,008	100,006
	Office Renovation	975,572	189,673
		1,075,580	**289,679**
	c) Repair of Assets		
	Office Equipment	412,983	442,481
	Office Furniture & Fixtures	4,000	16,500
	Motor Vehicles	2,808,835	1,133,013
		3,225,818	**1,591,994**
		17,819,810	**13,114,748**
30.a	**Depreciation and Repair of Assets (Consolidated)**		
	BD Finance	17,819,810	13,114,748
	BD Finance Securities Limited	2,629,264	3,805,631
	BD Finance Capital Holdings Limited	3,892,515	3,839,937
		24,341,589	**20,760,316**
31.	**Other Expenses**		
	Petrol, Oil, Lubricants, CNG & others	1,985,522	2,241,002
	Entertainment	2,160,501	2,977,285
	Donation and Subscription	2,039,058	544,175
	Donation to BD Finance Foundation	7,049,024	7,505,937
	Document & Processing Fees	-	367,265
	Traveling and Conveyance	660,085	466,932
	Training Expenses	276,366	312,079
	Retirement benefits and gratuity	9,569,122	655,845
	Registration & Renewal Expenses	1,919,559	356,119
	Papers & Periodicals	48,008	41,150
	Office Maintenance	579,674	313,291
	Office Supplies	279,595	197,746
	Uniform & Liveries	155,770	105,190
	Bank Charges & Excise Duty	2,268,737	856,434
	Business development & Promotion	44,184	4,390,535
	Security Service-Outsourcing	654,162	681,390
	AGM & Meeting expenses	448,810	420,944
	Miscellaneous Expenses	34,500	19,160
		30,172,677	**22,452,478**
31.a	**Other Expenses (Consolidated)**		
	BD Finance	30,172,677	39,993,610
	BD Finance Securities Limited-DSE charges	18,663,855	25,166,056
	BD Finance Securities Limited	2,074,518	2,105,346
	BD Finance Capital Holdings Limited	1,242,575	1,075,639
		52,153,625	**68,340,651**
32.	**Provision against loans, lease finance & Others**		
	Provision on classified loans {Note-12.1(a)}	130,498,166	13,308,238
	Loan/Lease written off during the year		-
	Provision on unclassified Loans & Advances {Note-12.1(b)}	(8,744,669)	28,370,593
	Provsion on other receivables {Note-12.1(c)}	(1,975,000)	11,000,000
	Provisions on Investment in Securities (Note - 12.2)	-	-
		119,778,497	**52,678,831**

		31-Dec-16 BDT	31-Dec-15 BDT
32.a	**Provision on Investment in Securities (Consolidated)**		
	BD Finance	-	-
	BD Finance Securities Limited	5,984,284	31,038,050
	BD Finance Capital Holdings Limited	(2,567,830)	951,472
		3,416,454	**31,989,522**
33.	**Earnings Per Share (EPS)**		
	Calculation of Earning Per Share (Note - 2.27):		
	Net Profit after Tax	140,123,659	161,822,606
	Number of Ordinary Shares outstanding (Denominator)	125,867,475	125,867,475
	Earnings Per Share (Re-stated 2015)	**1.11**	**1.29**
33.a .	**Earnings Per Share (EPS) (Consolidated)**		
	Calculation of Earnings Per Share (Note - 2.27):		
	Net Profit after Tax	165,737,704	194,350,407
	Number of Ordinary Shares outstanding (Denominator)	125,867,475	125,867,475
	Earnings Per Share (Re-stated 2015)	**1.32**	**1.54**
34.	**Interest received**		
	Interest received (Note-19)	1,760,435,258	1,786,509,733
	Add: Opening interest Receivable on TDR	12,435,896	10,942,452
	Less: Closing interest receivable on TDR	(9,653,388)	(12,435,896)
	Add: Opening Receivable of Delinquent Charges & Penal Interest	27,875,919	62,445,355
	Less: Closing Receivable of Delinquent Charges & Penal Interest	(22,137,251)	(27,875,919)
	Add: Closing interest suspense account	174,239,619	117,845,541
	Less: Opening Interest Suspense Account	(117,845,541)	(112,162,507)
	Add: Opening Receivable of Grace Period Interest	8,752	-
	Less: Closing Receivable Grace Period Interest	(85,456)	(8,752)
		1,825,273,809	**1,825,260,007**
35.	**Interest Paid on Deposits & Borrowings**		
	Interest Paid on Deposits & Borrowings (Note-20)	1,337,901,289	1,317,377,675
	Add: Opening interest payable on deposit & borrowings	328,283,083	463,867,917
	Less: Closing interest payable on deposit & borrowings	(354,516,956)	(328,283,083)
		1,311,667,417	**1,452,962,509**
36.	**Cash Received from other Operating activities**		
	Income from investment in shares (Note 21)	52,845,138	(79,197,163)
	Other operating income (except gain/(loss) on sales of fixed assets)	54,174,557	78,393,946
		107,019,695	**(803,217)**
37.	**Cash Payments for other Operating activities**		
	Rent, Taxes, Insurance, Lighting etc.	18,884,145	17,358,496
	Legal & Professional Fees	2,201,948	2,814,685
	Postage, Stamp, Telegram & Telephone	1,795,308	1,901,070
	Directors' Fee & Expenses	984,000	580,000
	Auditors' Fee	241,500	136,722
	Repair, Maintenance of NBFI's Assets	3,225,818	1,591,994
	Other Expenses	30,172,677	22,452,478
		57,505,396	**46,835,445**

		31-Dec-16 BDT	31-Dec-15 BDT
38.	**Cash Increase/ Decrease in Other Assets**		
	Re-imbursable Expenses	6,641,749	7,907,640
	Receivable Others	14,078,231	63,379,966
	Receivable Excise Duty	784,720	2,638,010
	Investment In Subsidiaries	849,930,000	849,930,000
	Investment in BD Finance Vanguard Mutual Fund One	200,000,000	200,000,000
	Advance against expenditure {Note-8.2(d)}	18,648,516	29,297,841
	Deposits {with other organization Note-8.2(e)}	1,514,714	1,476,114
	Stock of Stamp	53,658	69,288
		1,091,651,588	**1,154,698,858**
	Cash (Increase)/ Decrease in Other Assets	**63,047,270**	**29,950,630**
39.	**Cash Increase/ (Decrease) in Other Liabilities**		
	Payable others	60,696,855	49,184,720
	Advance Rent (against 64 Motijheel)	682,830	3,232,500
	Advance Excise Duty	9,547,100	5,587,750
	Margin on Guarantee	2,880,000	-
	Gratuity Fund	13,589,014	4,686,324
	Dividend payable	931,100	931,110
		88,326,898	**63,622,405**
	Cash Increase/ (Decrease) in Other Liabilities	**24,704,494**	**6,076,690**
40.	**Cash and Cash Equivalents**		
	Cash in Hand	48,130	37,819
	Balance with Bangladesh Bank & Sonali Bank Limited	161,998,454	191,136,804
	Balance with Other Banks & Financial Institutions	271,938,816	256,187,314
		433,985,401	**447,361,938**

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 97 (In the year 2015 it was 87).

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. Haider Ahmed Khan FCA	Independent Director	Chairman	M.Com
Mrs. Tanuja Mehmood	Acting Chirperson & Vice Chairman	Member	MBA
Mr. Geasuddin Ahmed	Director	Member	B.Sc
Mr. Yousuf Aman	Director	Member	B.A (Hons.)
Mr. Gopal Chandra Ghosh FCA, FCMA	Director	Member	M.Com

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 2016, the Audit Committee of the Board conducted 4 (Four) meetings in which among others, the following issues were discussed:-

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

ii) Minimize expenditure in all operational activities where possible.

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

c) Internal Control:

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

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

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

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

43. Related Party Disclosures:

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

Name	Status with BD Finance	"Name of Firms/Companies in which interested as"
Mrs. Tanuja Mehmood	Director	Anwar Textiles Mills Limited
Mr. Geasuddin Ahmed	Director	Dhaka Complex (Pvt) Ltd.
		Momota Enterprise
Mrs. Shahnaz Rashid	Director	Anwar Cement Ltd.
		Anwar Landmark Ltd.
		Anwar Galvanizing Ltd.
Mr. Imtiyaj Yousuf	Director	Imtiyaj Steel
		Precious Steel Corporation
Mr. Haider Ahmed Khan, FCA	Independent	Ahmed Khan & Co (Chartered Accountants)
	Director	Flower Faisons Ltd.
		MM Agro Enterprises Ltd.
		Mifkif Apparel Ltd.
		Seasons Aid Ltd.
		Seasons Dresses Ltd.
Mr. Syed Tareq Akbar Ally	Director	Nil
Mr. Yousuf Aman	Director	Nil
Mr. Gopal Chandra Ghosh FCA, FCMA	Director	Nil
Mr. Ihtiaz Yousuf	Director	Nil
Mr. Ansar Uddin Ahmed	Independent Director	Nil

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)	City General Insurance Co. Ltd.	Common Director	Short Term Finance	49,101,569	Standard
ii)	BD Finance Securities Limited.	Common Director	Short Term Finance	301,766,800	Standard
iii)	BD Finance Capital Holdings Limited.	Common Director	Short Term Finance	98,798,000	Standard
				449,666,369	

44. Events after the Reporting Period

The Board of Directors of BD Finance has recommended 10% Stock Dividend for the year 2016.

Company Secretary | Managing Director | Director | Director

BD FINANCE SECURITIES LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS'

Bismillahir Rahmanir Rahim,

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah,

We have the pleasure to welcome you to the 6th Annual General Meeting of the company for the year ended December 31, 2016 and this is the occasion to present annual report along with the audited financial statements reflecting the performance of BD Securities Limited during the year under review. In presenting the information we have assured compliance with the Companies Act 1994 and also in accordance with the Bangladesh Financial Reporting Standards.

Capital Market of Bangladesh

Capital Market witnessed a rise in confidence of the institutional & individual investors from the middle of 2016. The turnover increased to BDT1,19,157crore in 2016 from BDT 1,03,140crorein 2015. During the first four months of 2016 the DSEX declined significantly by 9.9% and reached 4,171 points on May 2, 2016 from 4,629 points on December 31, 2015. The market gradually started to recover from May 2016 as investors' confidence on capital market regained. A steady up trend started from November which continued till the end of year and the index closed at year high of 5036 points on December 31, 2016. DSEX increased by 8.9% in 2016 compared to a decline of 4.8% in 2015. DSE daily average turnover was BDT 494.4crore during 2016 compared to BDT 422.7crore in 2015. The market P/E ratio however decreased to 14.29 times in 2016 from 15.24 times in 2015.

The growth in the real economy and investment friendly condition made the investors to regain confidence in the capital market.

Business Performance

We have been able to manage the margin loan portfolio under the effective supervision & monitoring. Not a single account was allowed to be defaulted due to adverse fluctuation of market value of securities. The outstanding margin loan marginally decreased to BDT36.07 crore in December 2016 from BDT36.69 crore in December 2015. The annual turnover was BDT1,326 crore in 2016 against BDT 1698 crore in 2015. The last 4 (four) year's operational performance of the company is summarized below:

(Figure in Crore Taka)

SL#	Particulars	2016	2015	2014	2013
1.	Portfolio Size	452.73	349.97	616.78	583.58
2.	Trade Volume	1,326	1,698	2,713	1,751
3.	Margin Loan	36.07	36.69	75.40	68.20
4.	Operating Profit	2.42	5.37	6.71	6.60
5.	Net Profit (After Tax)	0.69	1.23	1.63	2.03

The portfolio size increased to BDT452.73 crore in 2016 from BDT349.97 crore in 2015 registering agrowth of 29.36%. The total number of BO account increased to 4062 in 2016 from 3849 in 2015. The trade volume decreased to BDT 1,326 crore in 2016 from BDT1,698crore in 2015.The company earned capital gain of BDT 222.65 lac in 2016 as against BDT 322.80 lac in 2015.The operating profit decreased to BDT 2.42 crore in 2016from BDT 5.37 crore in 2015. The main reason behind the decline of operating profit in 2016 was the nonperforming margin loan of TK 13.16 crore created in 2015 which turned the net interest margin negative by BDT 1.44 crore. The Net Profit decreased to BDT6.93 million in 2016 from BDT 12.30 million in 2015 due to provision on negative equity.

Dividend for the Year Ended December 31, 2016

The Board of Directors recommended no dividend for the year 2016.

Prospect of the Company

Although the capital market of Bangladesh is expected to remain volatile in the year 2016, 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

Anwar Hossain
Chairman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER'S OF BD FINANCE SECURITIES LIMITED

We have audited the accompanying financial statements of BD Finance Securities Limited, which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BD Finance Securities Limited as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994 and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof;

b) 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;

c) the company's financial statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred were for the purpose of the company's business.

Dated: Dhaka
March 23, 2017

A. Qasem & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As on December 31, 2016

	Note	31-Dec-16 BDT	31-Dec-15 BDT
ASSETS			
Non- Current Assets			
Property, plant and equipment	4	9,176,010	11,570,321
Intangible assets	5	-	-
Preliminary Expenses	6	-	-
Investment	7	1,202,505,721	1,085,799,849
Total non-current asset		**1,211,681,731**	**1,097,370,170**
Current assets			
Receivable from DSE	8	87,212,072	2,111,817
Receivable from clients	9	361,686,849	367,442,544
Interest receivable	10	-	-
Advances, deposits and prepayments	11	1,110,024	1,050,024
Advance income tax	12	55,521,683	46,380,643
Cash and cash equivalent	13	164,163,845	34,331,006
Total Current Assets		**669,694,473**	**451,316,034**
TOTAL ASSETS		**1,881,376,204**	**1,548,686,204**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	3	1,072,150,000	1,072,150,000
Retained Earnings		25,120,844	18,195,488
Total Equity		**1,097,270,844**	**1,090,345,488**
Current liabilities			
Payable to DSE	14	817,169	12,015,923
Payable to Clients	15	73,515,156	9,696,395
Borrowings from Banks/NBFIs	16	496,457,502	329,471,441
Provision for diminution in value of investments & Margin Loans	17	55,497,006	49,512,722
Provision for tax	18	58,859,440	47,491,813
Liabilities for expenses	19	98,959,086	10,152,423
Total Current Liabilities		**784,105,359**	**458,340,716**
TOTAL EQUITY AND LIABILITIES		**1,881,376,204**	**1,548,686,204**

These Financial Statements should be read in conjunction with the annexed notes 1 to 36

Company Secretary | Managing Director & CEO | Director

Dated: Dhaka
23-March-17

A. Qasem & Co.
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016

Particulars	Note	31-Dec-16 BDT	31-Dec-15 BDT
Operating revenue		**48,376,796**	**61,225,178**
Brokerage commission	20	48,212,496	60,455,981
BO Account Maintainance	21	164,300	769,197
Less : Operating Expenses	22	18,663,855	25,166,056
Net Operating revenue		**29,712,941**	**36,059,122**
Non- operating revenue		**(14,296,017)**	**10,775,678**
Interest income	23	42,887,543	87,421,684
Financial expenses	24	(57,257,648)	(76,646,029)
Other non- operating revenue	26	74,088	23
Total revenue		**15,416,924**	**46,834,800**
General & administrative expenses		**23,188,111**	**26,303,637**
Salaries & allowances	27	14,212,075	14,980,519
Rent, taxes, insurance, electricity, etc	28	2,902,374	2,780,010
Legal expenses	29	334,260	357,513
Postage, stamp, telecommunication, etc	30	553,841	602,758
Stationery, printing, advertisements, etc	31	205,029	342,610
Directors' fees	32	195,500	243,000
Professional/Auditors' fees	33	81,250	86,250
Depreciation and Amortization	34	2,629,264	3,805,631
Other expenses	35	2,074,518	3,105,346
Profit before income from investment in shares		**(7,771,187)**	**20,531,163**
Income from investment in shares		**32,048,454**	**33,205,712**
Capital gain from sale of securities	25	22,265,869	32,280,762
Dividend income	26	9,782,585	924,950
Profit before provision		**24,277,267**	**53,736,875**
Provision for diminution in value of investments and margin loans	36	(5,984,284)	(31,038,050)
Profit before provision for income tax		18,292,983	22,698,825
Provision for income tax	18.1	11,367,627	10,402,997
Net profit after tax		**6,925,356**	**12,295,828**
Earning Per Share		**0.06**	**0.11**

These Financial Statements should be read in conjunction with the annexed notes 1 to 36

Company Secretary | Managing Director & CEO | Director

Dated: Dhaka
23-March-17

A. Qasem & Co.
Chartered Accountants

CASH FLOW STATEMENT

For the year ended December 31, 2016

	31-Dec-16 BDT	31-Dec-15 BDT
Cash Flow from Operating Activities		
Interest received	42,887,543	87,421,684
Interest paid	(57,257,648)	(76,646,029)
Dividend received	9,782,585	924,950
Fees & Commission received	48,212,496	61,225,178
Cash Payments to Employees	(14,212,075)	(14,980,519)
Cash Payments to Suppliers	(758,870)	(1,202,180)
Directors Fees Paid	(195,500)	(243,000)
Income Tax Paid	(9,141,040)	(10,402,997)
Received from other Operating activities	22,504,257	32,280,762
Payments for other Operating activities	(21,426,993)	(27,941,326)
Operating Profit before changes in Operating	**20,394,756**	**50,436,523**
Assets & Liabilities		
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(116,705,872)	(10,143,552)
Loans and Lease Finance to Customers	5,755,695	367,442,544
Other Assets	-	123,632
Deposits	(87,789,521)	6,485,458
Other Liabilities	141,426,670	10,152,423
Sub Total	**(57,313,028)**	**374,060,505**
A) Net Cash from Operating Activities	**(36,918,272)**	**424,497,028**
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	
Adjustment of Depreciation		
Proceeds from Sale of fixed assets	-	
Purchases/sale of Property, Plant & Equipment	(234,950)	3,805,631
B) Net Cash from Investing Activities	**(234,950)**	**3,805,631**
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	166,986,061	(435,489,145)
Share Capital - Right Issue	-	
Dividend Paid	-	
C) Net Cash from Financing Activities	**166,986,061**	**(435,489,145)**
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**129,832,839**	**(7,186,486)**
E) Cash & Cash Equivalents at the beginning of the period	**34,331,006**	**41,517,491**
F) Cash & Cash Equivalents at the end of the period(D+E)	**164,163,845**	**34,331,006**
Net Operating Cash Flow per share (NOCFPS)	**(0.34)**	**3.96**

Company Secretary

Managing Director & CEO

Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
23-March-17

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	Share Capital BDT	Share Money Deposit BDT	Retained Earnings BDT	Total BDT
Balance at Jan 01, 2016	1,072,150,000	-	18,195,488	1,090,345,488
Changes during the Year				
Transferred from share money deposit	-	-	-	-
Interim stock dividend	-	-	-	-
Net profit for the year	-	-	6,925,356	6,925,356
Balance at December 31, 2016	**1,072,150,000**	**-**	**25,120,844**	**1,097,270,844**
Balance at December 31, 2015	**1,072,150,000**	**-**	**18,195,488**	**1,090,345,488**

Company Secretary

Managing Director & CEO

Director

A. Qasem & Co.
Chartered Accountants

Dated: Dhaka
23-March-17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1 Company and its activities

1.1 Legal form of the Company

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

1.2 Nature of business

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

2 Significant accounting policies

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

2.1 Basis of preparation of financial statements

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

2.2 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.

2.3 Fixed assets and depreciation

Fixed Assets are stated at cost less accumulated depreciation.

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

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

2.4 Intangible assets and amortization

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

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

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

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

2.5 Recognition and measurement of financial assets

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

i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

ii) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

2.6 Revenue recognition

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

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

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

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

2.7 Provision for Tax

Provision for tax is assessed under section 82C of the Income Tax Ordinance (ITO) 1984 on income from company’s normal course of business and at 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.

2.8 Provision for Expenses

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

2.9 Cash and Cash Equivalent

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

2.10 Related party disclosure

As per Bangladesh Accounting Standard (BAS) 24 “Related Party Disclosures”, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm’s length basis at commercial rates with its related parties. Related party disclosures have been given in note 35.

2.11 Events after the balance sheet date

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

2.12 Reporting period

Financial statements of the company consistently cover from January 01, 2016 to December 31, 2016.

2.13 Functional and presentation currency

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

2.14 General

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

		31-Dec-16 BDT	31-Dec-15 BDT
3	**Share capital**		
3.1	**Authorised Capital**		
	50,00,00,000 ordinary shares of taka 10 each	**5,000,000,000**	**5,000,000,000**

3.2 Issued, subscribed and paid up capital

10,72,15,000 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 Mehmud	3,075,000	2.87%	30,750,000	30,750,000
Mr. Hossain Khaled	3,075,000	2.87%	30,750,000	30,750,000
Mr. M. Abu Taher	3,075,000	2.87%	30,750,000	30,750,000
Mr. Md. Yousuf	3,075,000	2.87%	30,750,000	30,750,000
Mr. Geasuddin Ahmed	2,050,000	1.91%	20,500,000	20,500,000
	107,215,000	**100.00%**	**1,072,150,000**	**1,072,150,000**

The Board of Directors of BD Finance Securities Limited has approved an interim and final stock dividend @2.50% for the year ended 31st December 2014 and submitted to the Bangladesh Securities And Exchange Commission (BSEC) for raising the paid up capital which is under process.

		31-Dec-16 BDT	31-Dec-15 BDT
4	**Property, Plant and Equipment**		
	A. Cost :		
	Opening Balance	26,606,517	25,672,022
	Addition during the period	234,950	934,495
	Closing Balance	**26,841,467**	**26,606,517**
	B. Depreciation:		
	Opening Balance	15,036,196	11,233,273
	Charge during the period	2,629,264	3,802,923
	Closing Balance	**17,665,460**	**15,036,196**
	Carrying amount/ Written Value (See Annexure - I)	**9,176,010**	**11,570,321**
5	**Intangible Assets**		
	Amortization of Software and TWS installation @ 50% p.a.		
	A. Cost :		
	Opening Balance	675,000	675,000
	Addition during the period	-	-
	Closing Balance	**675,000**	**675,000**
	B. Amortization:		
	Opening Balance	675,000	672,292
	Charge during the period	-	2,708
	Closing Balance	**675,000**	**675,000**
	Carrying amount/ Written Value (See Annexure- II)	**-**	**-**
6	**Preliminary Expenses**		
	Amortization of Preliminary expenses		
	A. Cost :		
	Opening Balance	2,358,897	2,358,897
	Addition during the period	-	-
	Closing Balance	**2,358,897**	**2,358,897**
	B. Amortization:		
	Opening Balance	2,358,897	2,358,897
	Charge during the period	-	-
	Closing Balance	**2,358,897**	**2,358,897**
	Carrying amount/ Written value	**-**	**-**

		31-Dec-16 BDT	31-Dec-15 BDT
7	**Investments**		
	Investment In Membership of DSE (30)	989,290,000	989,290,000
	Investment In Shares:	**213,215,721**	**96,509,849**
	Investment in shares (7.1)	180,215,721	88,509,849
	Apply for the placement shares of Achia Sea Food Ltd.	3,000,000	3,000,000
	Apply for the placement shares of Fortune Shoes Ltd.		5,000,000
	Applied for IPO shares of Pacific Denims Ltd.	30,000,000	-
		1,202,505,721	**1,085,799,849**

7.1 Investment in shares

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

Name of Company	No. of Shares	Cost price (Taka)	Market Price at the end of the period (Taka)	Unrealized gain/ (loss)
BEXIMCO	122,981	3,620,561	3,197,506	(423,055)
EASTLAND	662,907	20,901,458	15,843,477	(5,057,981)
ENVOYTEX	1,499	55,178	58,161	2,983
FORTUNE	510,063	5,100,630	25,911,200	20,810,570
GRAMEENS 2	1,120,838	13,046,554	13,786,307	739,753
JAMUNAOIL	57,620	10,452,844	10,463,792	10,948
KPCL	200,000	15,572,000	12,500,000	(3,072,000)
MPETTOLEUM	148,222	26,731,838	25,257,029	(1,474,809)
PADMAOIL	100,000	18,828,000	18,020,000	(808,000)
LAFSURCEML	642,264	65,896,286	52,729,874	(13,166,412)
YPL	1,141	10,372	34,686	24,314
		180,215,721	**177,802,034**	**(2,413,687)**

		31-Dec-16 BDT	31-Dec-15 BDT
8	**Receivable from DSE**		
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Ltd.		
	Total Sales for Broker	29,102,406	2,111,817
	Total Sales for Dealer	58,109,666	-
		87,212,072	**2,111,817**
9	**Receivable from clients**		
	This balance represents the clients' purchase of shares on December 29, 2016 and CDBL charge incurred against trading as on December' 29, 2016.		
	Margin loan to clients	360,722,060	366,957,409
	Receivable from BD Capital Holdings Ltd.	961,241	484,135
	Receivable from Other	2,543	-
	Receivable from Vanguard AML BD Finance MF1	1,005	1,000
		361,686,849	**367,442,544**
10	**Interest receivable**		
	Interest receivable from margin loan to clients	-	-
		-	-
11	**Advances, Deposits and Prepayments**		
	Security Deposit with CDBL	200,000	200,000
	Advance for DSE Nikunja Room	850,024	850,024
	Advance for Expenses	60,000	-
		1,110,024	**1,050,024**
12	**Advance Income Tax**		
	Opening Balance	46,380,643	30,712,912
	Add: Addition during the period	-	5,607,422
	Adavance Income Tax (for C & A Textile)	-	1,024,800
	AIT on Cash Dividend (Note-12.1)	1,956,517	184,990
	AIT on Bank Interest (Note-12.2)	205,366	273,987
	AIT on turnover of BD Securities (Note-12.3)	6,979,158	8,576,532
		55,521,683	**46,380,643**

		31-Dec-16 BDT	31-Dec-15 BDT
12.1	**TDS on Cash Dividend**		
	Cash Dividend	9,782,585	924,950
		20%	20%
		1,956,517	**184,990**
12.2	**TDS on Bank Interest**		
	Interest income on Bank Deposit	2,024,249	2,660,353
		10%	10%
		205,366	**273,987**
12.3	**AIT on turnover of BD Securities**		
	DSE - Broker	6,631,264	8,490,820
	DSE - Dealer	347,894	85,713
		6,979,158	**8,576,532**
13	**Cash and Cash Equivalent**		
	Cash in hand		
	Cash in hand (Petty Cash)	20,000	19,652
	Cash at bank		
	Mulual Trust Bank Ltd. (General A/c)	4,285,110	4,271,378
	The City Bank Ltd. (General A/c)	2	155
	The City Bank Ltd. (General A/c, Fx Br.)	327,869	322,068
	One Bank Ltd. (Customer SND A/c)	58,843,321	19,570,729
	One Bank Ltd. (Customer CD A/c)	-	844,243
	One Bank Ltd. (Dealer SND A/c)	14,993,560	7,692,291
	One Bank Ltd. (Dealer CD A/c)	711	711
	One Bank Ltd. (General A/c)	-	-
	One Bank Ltd. (Public Issue Application A/c)	85,627,737	1,595,041
	Jamuna Bank Ltd. (Salary A/c)	54,647	1,552
	Rupali Bank (Customer A/c)	10,005	12,305
	NRB Commercial Bank (General A/C)	882	882
		164,143,845	34,311,355
	Total Cash & Cash Equivalent	**164,163,845**	**34,331,006**
14	**Payable to DSE**		
	This balance has been resulted from purchase of shares through Dhaka Stock Exchange Ltd.		
	Total Purchase for Broker	789,942	12,015,923
	Total Purchase for Dealer	27,227	-
		817,169	**12,015,923**

		31-Dec-16 BDT	31-Dec-15 BDT
15	**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.		
	Payable to Clients	69,718,601	9,696,395
	Payable to BD Capital Holdings Ltd.	3,796,555	-
	Payable to Vanguard AML BD Finance MF1	-	-
		73,515,156	**9,696,395**
16	**Borrowings from Banks/NBFIs**		
	The amount represents payable to BD Finance, Hajj Finance Ltd & Loan from Premier Leasing & Finance Ltd.		
	Loan from BD Finance	294,300,000	195,000,000
	NRB Commercial Bank Ltd	-	-
	Loan from The Farmers Bank Ltd.	-	3,536,959
	Loan from Premier Leasing & Finance Ltd.	68,236,133	85,420,199
	Loan from Premier Hajj Finance Ltd.	37,536,170	45,514,283
	Loan from Premier Leasing & Finance Ltd. Phase 2	96,385,199	
		496,457,502	**329,471,441**
17	**Provision for diminution in value of investments & Margin Loans**		
	Provision on unrealized loss of dealer investments:		
	Opening balance	5,527,716	2,727,716
	Add: Addition during the period	(3,115,716)	2,800,000
	Closing balance	**2,412,000**	**5,527,716**
	Provision on margin loan:		
	Opening balance	43,985,006	40,724,951
	Add: Addition during the period	9,100,000	28,238,050
	Total Provision	**53,085,006**	**68,963,001**
	Less: Written off of provision on margim loan	**-**	**24,977,995**
		53,085,006	**43,985,006**
	Closing Balance	**55,497,006**	**49,512,722**
18	**Provision for tax**		
	Opening Balance	47,491,813	37,088,816
	Income tax expenses during the period (Note-18.1)	11,367,627	10,402,997
	Net provision for tax	**58,859,440**	**47,491,813**

		31-Dec-16 BDT	31-Dec-15 BDT
18.1	**Income Tax Expenses**		
	Net profit before provision & tax	24,277,267	53,736,875
	Add: Inadmissible expenses	2,629,264	3,805,631
	Add: Unrealised loss on investment in share	-	-
	Less: Cash dividend	(9,782,585)	(924,950)
	Less: Capital gain from sale of securities	(22,265,869)	(32,280,762)
		(5,141,922)	24,336,794
	Less: Allowable expenses	(4,346,698)	(4,365,565)
	Taxable income	(9,488,620)	19,971,230
	Cash dividend	9,782,585	924,950
	Capital gain from sale of securities	22,265,869	32,280,762
	Tax @ 35% on taxable income	-	6,989,930
	Tax @ 20% on dividend income	1,956,517	184,990
	Tax @ 10% on capital gain	2,226,587	3,228,076
	Total tax	**4,183,104**	**10,402,997**
	AIT under section 82C	**9,141,040**	**7,462,752**
	Income tax expenses	**11,367,627**	**10,402,997**
19	**Liabilities for expenses**		
	Provision for Interest on BD Finance Loan	7,383,700	4,923,611
	Provision for Interest on Premier Leasing Loan	-	-
	Provision for Interest on Hajj Finance Loan	-	-
	Provision for Interest on Farmers Bank Loan	-	-
	Provision for Interest on Premier Leasing Loan Phase 2	-	
	Office Rent Payable		-
	Utility Payable	35,000	-
	Printing & Stationary Payable		-
	Network Connectivity Charges Payable	7,000	-
	Mobile Bill Payable	14,000	-
	Fuel Bill Payable	21,143	54,003
	Newspaper & Periodicals Payable		-
	Postage & Courier Payable		-
	Suspense A/C	152,419	-
	Office Maintenance Expense Payable	12,902	16,352
	Audit Fees Payable	147,500	152,500
	Liability for CDBL Expenses (Share Maintenance)	249,988	119,095
	Apply for Clients' IPO	85,225,000	-
	Other payable	5,710,434	4,886,862
		98,959,086	**10,152,423**

		31-Dec-16 BDT	31-Dec-15 BDT
20	**Brokerage Commission**		
	Brokerage commission	48,212,496	60,455,981
	Less: Discount on Brokerage Commission	-	-
		48,212,496	**60,455,981**
21	**BO Account Maintenance**		
	BO account maintenance fee/Opening Fee	86,500	134,000
	BO account Renewal Fees	1,280,500	1,228,500
	BO account Closinng Fees	52,500	132,000
	CDBL Settlement Transfer income	1,300,092	2,709,626
	CDBL Bulk A/C Transfer Income	46,584	181,309
	CDBL Transfer/Transmission Income	3,856	41,219
	CDBL Pledge Income	1,128	15,165
	CDBL Unpledge Income	8,528	9,449
	CDBL Corporate Action Income	43,102	112,994
	CDBL Demate of New Securities (IPO) Income	171,189	145,189
	IPO Service Income	5,010	-
	CDBL Demate of Existing Securities Income	88	38
		2,999,077	4,709,489
	Less:		
	Discount on BO A/C Opening Fee	-	-
	CDBL Settlement Transfer Charge	1,876,465	2,703,633
	CDBL Bulk A/C Transfer Income	23,292	101,085
	CDBL Transfer/Transmission Charge	1,928	23,454
	CDBL Corporate Action Charge	22,382	66,365
	CDBL Demate of New Securities (IPO) Charge	87,073	85,510
	CDBL Demate of Existing Securities Charge	44	19
	CDBL Pledge Charge	564	22,378
	CDBL Unpledge Charge	7,528	9,449
	CDBL BO A/C Opening charge	63,450	120,000
	CDBL BO A/C Renewal charge	746,550	802,400
	CDBL Other Charges	5,500	6,000
		2,834,777	3,940,292
	Net Income	**164,300**	**769,197**

		31-Dec-16 BDT	31-Dec-15 BDT
22	**Operating Expenses**		
22.1	**DSE charges**		
	Howla Charge:	-	-
	Broker	-	-
	Dealer	-	-
	Laga Charge:	**3,466,398**	**4,288,266**
	Broker	3,292,451	4,245,410
	Dealer	173,947	42,856
	DSE Other Charges	26,012	42,397
	Direct Trading Expenses	15,166,297	20,666,839
	DSE Authorization Fee	5,148	168,554
		18,663,855	**25,166,056**
23	**Interest Income**		
	Interest on Margin Loan	40,818,794	84,734,877
	Interest income on Bank Deposit	2,024,249	2,660,353
	Cheque Dishonoured Charge	35,500	12,500
	Cheque Clearance Fees	9,000	9,940
	IPO Service Income	-	4,014
	Less, Expenses on Interest Income		-
		42,887,543	**87,421,684**
24	**Financial Expenses**		
	Interest Expenses on BD Finance Loan	34,837,628	49,586,786
	Interest Exp. on Farmers Bank Overdraft Facility	2,660,041	5,821,658
	Interest Expenses on NRB Commercial Bank Loan	-	5,733,451
	Interest Expenses on Hajj Finance Loan	5,496,072	1,465,762
	Interest Exp. on Premier Leasing & Finance Loan	10,894,924	14,038,372
	Interest Exp. on Premier Leasing & Finance Loan Phase 2	3,285,335	
	Bank Charges	69,171	-
	Charges on Corporate Guarantee	-	-
	Cheque Clearance Charges	14,477	-
		57,257,648	**76,646,029**
25	**Income from investment in securities**		
	Gain from sale of securities	22,265,869	32,280,762
		22,265,869	**32,280,762**
26	**Other non-operating revenue**		
	Cash Dividend	9,782,585	924,950
	Miscellaneous Income	74,088	23
		9,856,673	**924,973**

		31-Dec-16 BDT	31-Dec-15 BDT
27	**Salaries & allowances**		
	Salaries & allowances	14,212,075	14,980,519
		14,212,075	**14,980,519**
28	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rates & taxes	2,499,840	2,432,880
	Insurance	500	49,677
	Utilities	402,034	297,453
		2,902,374	**2,780,010**
29	**Legal expenses**		
	RJSC Expenses	-	11,000
	Legal & professional fee	128,720	233,000
	Fees & Renewals	205,540	113,513
		334,260	**357,513**
30	**Postage, stamp, telecommunication, etc.**		
	Telephone, Postage & Telegram	38,457	42,001
	Mobile Bill	183,517	179,178
	Govt. Taxes, Stamps Duty & Licence Fees	2,942	5,329
	Network Connectivity Charge	328,925	376,250
		553,841	**602,758**
31	**Stationary, printing, advertisements, etc.**		
	Printing & Stationary	186,629	168,832
	Advertisement	18,400	173,778
		205,029	**342,610**
32	**Directors' Fees**		
	Directors' Fees	195,500	243,000
		195,500	**243,000**
33	**Auditors' Fees**		
	Statutory annual audit fees	52,500	86,250
	Profeesoinal/Consultancy Fees	28,750	
		81,250	**86,250**

		31-Dec-16 BDT	31-Dec-15 BDT
34	**Depreciation and Amortization**		
	Depreciation of tangible assets	2,629,264	3,802,923
	Amortization of intangible assets	-	2,708
	Amortization of preliminary expenses	-	-
		2,629,264	**3,805,631**
35	**Other expenses**		
	Travelling and Conveyance	18,760	45,866
	Entertainment	315,827	373,867
	Fuel, Oil and Lubricants	491,072	536,716
	Repair & Maintenance-Vehicle	650,799	385,109
	Diesel for Generator	7,860	25,160
	Newspaper & periodicals	9,767	9,532
	Office Cleaning Expenses	14,637	6,544
	Office Maintenance Expenses	315,210	331,633
	Perfomance/Profit Bonus	90,000	-
	Repair & Maintenance	150,585	282,225
	Training Expenses	-	13,020
	Bank Charges	-	81,173
	Charges on corporate Guarantee	-	1,000,500
	Miscelleneous Expenses	10,000	14,001
		2,074,518	**3,105,346**
36	**Provision for diminution in value of investments**		
	Provision on unrealized loss of dealer investments	(3,115,716)	2,800,000
	Provision on margin loan	9,100,000	28,238,050
		5,984,284	**31,038,050**

Company Secretary

Managing Director & CEO

Director

Annexure- I

SCHEDULE OF FIXED ASSETS

For the year ended December 31, 2016

Figures in BDT

Particulars	Cost				Depreciation					Written down value as at 31-Dec-2016
	Balance as on 1/Jan/2016	Addition during the period	Disposal/ Adj. during the period	Balance as at 31/Dec/2016	Rate	Balance as on 1/Jan/2016	Disposal/ Adj. during the period	Charge during the period	Balance as at 31/Dec/2016	
Office Equipment	771,614	60,950	-	832,564	10%	239,060	-	79,881	318,941	513,623
Electrical Equipment	6,094	-	-	6,094	15%	3,859	-	914	4,773	1,321
Electrical Equipment-Generator	2,221,982	-	-	2,221,982	15%	999,892	-	333,297	1,333,189	888,793
Furniture and Fixture	815,009	-	-	815,009	10%	332,770	-	81,501	414,271	400,738
Computer & Pheriperal	5,251,719	174,000	-	5,425,719	25%	4,226,943	-	352,362	4,579,305	846,414
Motor Vehicles	3,546,000	-	-	3,546,000	20%	3,164,100	-	381,899	3,545,999	1
Office Renovation/Furnishing	3,994,099	-	-	13,994,099	10%	6,069,572	-	1,399,410	7,468,982	6,525,117
Total	**26,606,517**	**234,950**	**-**	**26,841,467**		**15,036,196**	**-**	**2,629,264**	**17,665,460**	**9,176,010**
Balance As on 31.12.2015	**25,672,022**	**934,495**	**-**	**26,606,517**		**11,233,273**	**-**	**3,802,923**	**15,036,196**	**11,570,321**

Annexure- II

SCHEDULE OF INTANGIBLE ASSETS

For the year ended December 31, 2016

Figures in BDT

Particulars	Cost				Amortization					Written down value as at 31-Dec-2016
	Balance as on 1/Jan/2016	Addition during the period	Disposal/ Adj. during the period	Balance as at 31/ Dec/2016	Rate	Balance as on 1/Jan/2016	Disposal/ Adj. during the period	Charge during the period	Balance as at 31/Dec/2016	
Software	600,000	-	-	600,000	50%	600,000	-	-	600,000	-
TWS Installation	75,000	-	-	75,000	50%	75,000	-	-	75,000	-
Total	**675,000**	**-**	**-**	**675,000**		**675,000**	**-**	**-**	**675,000**	**-**

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, 2016 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 personalised services to its customers. The Company possesses a proven track record of catering to a diverse set of client needs while concurrently maintaining strict compliance with the country's laws and the highest ethical standards. BD Finance Capital Holdings Limited is one of the well reputed and responsible merchant banking enterprises in the country, renowned for its quality portfolio management services.

Operational highlights:

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

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

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

In 2016, 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 2016, we undertook client counseling services to emphasize the need for building a constructive portfolio by minimizing market risks to the extent possible. We informed them regarding the projected market scenario, stock analysis, and the effects of leverage, the importance of effective risk control and the significance of disciplined portfolio management in order to build long-term wealth. However, it was witnessed that the appetite for margin loans was almost absent among clients. Thus, we could not disburse new loans up to our targeted levels.

Risk management

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

Financial highlights

The year 2016 proved to be one of restoration for BD Finance Capital Holdings Limited with the Company attaining a net operating income of Taka 227.56 lac, which was Taka 307.29 lac reported in 2015. Consequently, the Company registered a profit after tax of Taka 216.48 lac. The following table demonstrates the breakdown of revenues & expenses:

Fig in Lac.

Operational income	**2016**	**2015**
Interest Income	162.14	248.70
Settlement & Transaction Fees	8.29	10.94
Management Fees	4.59	7.17
Investment in Securities	267.58	381.12
Other Operating Income	1.08	13.14
Total Operating Income	**443.68**	**661.07**

Fig in Lac.

Operational expenses	**2016**	**2015**
Salaries and Allowances	52.65	84.20
Interest paid on Borrowings	89.64	195.42
Other Expenses	73.84	74.16
Total Operating Expenses	**216.13**	**353.78**

Outlook and strategies

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

Books of accounts

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

Internal control

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

Distribution of profit for 2016

The Company reported a profit of Taka 21,647,722 in the year 2016. 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 to declare 5% cash dividend to the shareholders of the Company for 2016.

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 2017.

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 honourable 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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BD FINANCE CAPITAL HOLDINGS LIMITED

We have audited the accompanying financial statements of BD Finance Capital Holdings Limited, which comprise the statement of financial position as at December 31, 2016 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994, the Securities and Exchange Rule 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 misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BD Capital Holdings Limited as of December 31, 2016 and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof;

(b) 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; and

(C) the statements of financial positions and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated: Dhaka
March 25, 2017

A. Qasem & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Notes	31-Dec-16 BDT	31-Dec-15 BDT
Assets			
Non Current Assets			
Fixed Asset	3	4,087,469	7,901,503
		4,087,469	**7,901,503**
Current Assets			
Margin Loan	4	27,978,329	109,689,464
Investment	5	337,433,100	209,676,407
Other Assets	6	75,144,754	16,483,960
Cash & Cash Equivalents	7	16,826,813	9,616,621
		457,382,996	**345,466,452**
Total Assets		**461,470,465**	**353,367,955**
Equity & Liabilities			
Shareholders' Equity			
Share Capital	8	268,750,000	268,750,000
Retained Earnings		52,508,304	30,860,582
		321,258,304	**299,610,582**
Current Liabilities			
Loan from Hajj Finance		2,557,890	29,153,221
Loan from BD Finance	9	98,000,000	-
Other Liabilities	10	15,649,716	1,707,736
Provision for Loss of Value of Share	5.1	8,172,170	10,740,000
Provision for Tax	11	15,832,386	12,156,415
		140,212,161	**53,757,373**
Total Equity & Liabilities		**461,470,465**	**353,367,955**

Footnotes:
1. Auditors' Report - Page 1
2. The accompanying notes form an integral parts of these financial statements.

Company Secretary | Managing Director & CEO | Director

Dated: Dhaka
March 25, 2017

A. Qasem & Co.
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2016

	Notes	31-Dec-16 BDT	31-Dec-15 BDT
Interest Income	12	16,214,155	24,869,811
Income from Settlement & Transaction Fees	14	828,825	1,094,048
Management Fees		459,338	717,335
Income from Investment in Securities	15	26,758,503	38,111,535
Other Operating Income	16	107,701	1,314,251
Total Operating Income		**44,368,522**	**66,106,979**
Salaries and Allowances		5,265,165	8,419,554
Interest paid on Borrowings	13	8,963,544	19,542,118
Rent, Taxes, Insurances, Utilities etc.	17	1,278,122	1,208,140
Legal and Professional Fees	18	531,750	506,000
Postage, Stamps, Telecommunication etc.	19	205,159	248,312
Stationery, Printings, Advertisements etc.	20	99,024	375,156
Directors' Fees and Conveyance	21	109,250	128,250
Auditors' Fees		25,556	34,500
Depreciation and Amortization	22	3,892,515	3,839,937
Other Expenses	23	1,242,575	1,075,639
Total Operating Expenses		**21,612,660**	**35,377,606**
Profit Before Provision & Tax		**22,755,862**	**30,729,373**
Provision for Loss of Value of Shares	5	2,567,830	(951,472)
Profit Before Tax		**25,323,692**	**29,777,901**
Provision for Tax	11	3,675,970	4,295,853
Profit After Tax		**21,647,722**	**25,482,048**
Appropriation			
Retained Earnings Surplus brought forward		30,860,582	5,378,534
Retained Earnings Carried forward		**52,508,304**	**30,860,582**
Earning Per Share (EPS)		**0.81**	**0.95**

Footnotes:
1. Auditors' Report - Page 1
2. The accompanying notes form an integral parts of these financial statements.

Company Secretary | Managing Director & CEO | Director

Dated: Dhaka
March 25, 2017

A. Qasem & Co.
Chartered Accountants

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

		31-Dec-16 BDT	31-Dec-15 BDT
A.	**Cash Flows from Operating Activities**		
	Interest Received	16,214,155	24,869,811
	Interest Paid	(8,963,544)	(19,542,118)
	Income from Investment in securities	26,758,503	38,111,535
	Other Operating Income	1,395,864	3,125,633
	Salary Payment	(5,265,165)	(8,419,554)
	Administrative Expenses	(3,491,436)	(3,575,997)
	Investment in Securities	(127,756,693)	41,267,038
	Investment on Margin Loan	81,711,135	65,284,641
	Investment in Other Asset	(58,660,794)	(2,516,230)
	Increase in Other Liabilities	13,941,980	(2,350,440)
	Net Cash used in Operating Activities	**(64,115,995)**	**136,254,319**
B.	**Cash flows from Investing Activities**		
	Investment in Fixed Assets	(78,481)	(280,000)
	Net Cash used in Investing Activities	**(78,481)**	**(280,000)**
C.	**Cash flows from Financing Activities**		
	Increase in Borrowings	71,404,669	(130,245,424)
	Net Cash used in Financing Activities	**71,404,669**	**(130,245,424)**
D.	**Net Cash Inflow / (Outflow) for the period (A+B+C)**	**7,210,192**	**5,728,895**
E.	**Opening Cash and Cash Equivalents**	9,616,621	3,887,726
F.	**Closing Cash and Cash Equivalents (D+E)**	**16,826,813**	**9,616,621**

Footnotes:

1. Auditors' Report - Page 1
2. The accompanying notes form an integral parts of these financial statements.

Company Secretary | Managing Director & CEO | Director

Dated: Dhaka
March 25, 2017

A. Qasem & Co.
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

Particulars	Share Capital	Retained Earnings	Total
Balance as on January 01, 2016	268,750,000	30,860,582	299,610,582
Net Profit for the period	-	21,647,722	21,647,722
Balance as on December 31, 2016	**268,750,000**	**52,508,304**	**321,258,304**
Balance as on December 31, 2015	**268,750,000**	**30,860,582**	**299,610,582**

Footnotes:

1. Auditors' Report - Page 1
2. The accompanying notes form an integral parts of these financial statements.

Company Secretary | Managing Director & CEO | Director

Dated: Dhaka
March 25, 2017

A. Qasem & Co.
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. Company & Its Activities

1.1 Company profile

BD Finance Capital Holdings Limited was incorporated in Bangladesh with the Register of Joint Stock Companies and Firms(RJSC) vides Registration No. C-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 2016 to 31 December 2016.

2.5 Functional and presentation currency

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

2.6 Recognition of property, plant and equipment and depreciation

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

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

Office equipment	25%
Furniture and fixtures	20%
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 2016 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-16 BDT	31-Dec-15 BDT
3	**Fixed Assets including property, plant & equipments**		
	A. Cost:		
	Opening Balance	17,696,358	17,416,358
	Addition during the year	78,481	280,000
	Closing balance at cost	**17,774,839**	**17,696,358**
	B. Depreciation and Amortization:		
	Opening Balance	9,794,855	5,954,918
	Addition during the year	3,892,515	3,839,937
	Accumulated Depreciation and Amortization	**13,687,370**	**9,794,855**
	Written Down Value	**4,087,469**	**7,901,503**
	Details are given in Annexure-A		
4	**Margin Loan**		
	Opening Balance	109,689,464	174,974,105
	Add: Disbursement during the year	86,894,483	133,990,665
		196,583,947	**308,964,770**
	Less: Realized during the year	(168,605,618)	(199,275,307)
		27,978,329	**109,689,464**
5	**Investment**		
	Investment in Share (at Cost) (Note 5.1)	337,433,100	209,676,407
		337,433,100	**209,676,407**

		Cost price (Taka)	Market value as on Dec. 31, 2016	Unrealized Loss
5.1	**Investment in Share as on Dec. 31, 2016**	**337,433,100**	**329,260,931**	**(8,172,170)**

	Provision for Unrealized Loss on Investment in Shares		
	Opening Balance	10,740,000	9,788,528
	Add: Provision during the year	(2,567,830)	951,472
		8,172,170	**10,740,000**
6	**Other Assets**		
6.1	**Receivables**		
	a) Receivable from Brokers		
	Receivable from BD Finance Securities Limited	59,351,276	35,380
		59,351,276	**35,380**
6.2	**Advance, Deposit and Prepayment**		
	Advance income tax	13,151,173	8,804,621
	Advance to - Pre IPO Placement Share	-	5,000,000
	Security deposit - CDBL	200,000	200,000
	Security deposit - BTCL	3,000	3,000
	Security deposit - Hajj Finance	2,431,831	2,431,831
	Prepaid Insurance	7,475	9,128
		15,793,479	**16,448,580**
	Total Other Assets	**75,144,754**	**16,483,960**

		31-Dec-16 BDT	31-Dec-15 BDT
7	**Cash and Cash Equivalent**		
	Cash in hand	6,927	13,118
	Cash at banks (Notes 7.1)	16,819,886	9,603,503
		16,826,813	**9,616,621**
7.1	**Cash at banks**		
	The City Bank # SND 3101317295001	3,927	504,421
	Jamuna Bank# CD 018-0210011324	144,000	570,188
	One Bank# SND 0013000000693	11,398,388	6,635,105
	One Bank# SND 0013000000823	5,163,316	1,876,401
	Modhumoti Bank # SND 110113500000009	1,644	2,723
	NRB Comm. Bank # SND 0101-36000000048	3,297	4,447
	One Bank# SND 0013000001043	105,315	10,218
		16,819,886	**9,603,503**
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	% of Total Shareholding	Number of Share	Amount	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-16 BDT	31-Dec-15 BDT
9	**Loan From BD Finance**	**98,000,000**	**-**
10	**Other Liabilities**		
	Payable to Client's	13,656,854	1,125,363
	Payable to Broker	1,018,919	525,675
	Payable to CDBL	15,384	15,759
	Interest Payable	800,797	-
	Payable for IPO Application Money	95,000	-
	Payable for Audit Fees	25,556	25,556
	Others Payable	37,205	15,383
		15,649,716	**1,707,736**
11	**Provision for Tax**		
	Opening Balance	12,156,415	7,860,563
	Add: Provision during the year	3,675,970	4,295,853
		15,832,386	**12,156,415**
12	**Interest Income**		
	Interest received from Margin Loan	15,993,676	24,430,091
	Interest received from Bank	220,479	439,720
		16,214,155	**24,869,811**
13	**Interest paid on Borrowings**		
	Interest to BD Finance on Borrowings	7,005,483	6,482,500
	Interest to Hajj Finance on Borrowings	1,958,061	13,059,618
		8,963,544	**19,542,118**
14	**Income from Settlement & Transaction Fees**		
	Settlement & Transaction Fees	2,896,382	3,601,105
	CDBL on demand fees	14,314	3,453
		2,910,696	**3,604,559**
	Less: Brokerage Commission	(1,872,915)	(2,308,968)
	Less: CDBL Charges	(208,956)	(201,543)
		828,825	**1,094,048**
15	**Income from Investment in securities**		
	Realized Gain	16,757,305	33,264,541
	Dividend Income	10,001,198	4,846,993
		26,758,503	**38,111,535**

		31-Dec-16 BDT	31-Dec-15 BDT
16	**Other Operating Income**		
	A/C Opening Fees	16,000	12,000
	A/C Closing Fees	8,751	22,046
	Annual BO A/C Maintenance Fees	82,350	96,400
	Underwriting Commission	-	1,181,250
	Income from Service Charge- IPO	600	2,555
		107,701	**1,314,251**
17	**Rent, Taxes, Insurances, Utilities etc.**		
	Office Rent	1,048,320	1,020,240
	Utilities	229,802	187,900
		1,278,122	**1,208,140**
18	**Legal and Professional Fees**		
	Legal and Professional Fees	531,750	506,000
		531,750	**506,000**
19	**Postage, Stamps, Telecommunication etc.**		
	Postage, Stamp and Courier	1,204	4,912
	Telephone and mobile	114,255	121,075
	Internet and connectivity expenses	89,700	122,325
		205,159	**248,312**
20	**Stationery, Printings, Advertisements etc.**		
	Printing and Stationery	99,024	97,927
	Advertisement and Publicity	-	277,229
		99,024	**375,156**
21	**Directors' Fees and Conveyance**		
	Directors' Fees	109,250	128,250
		109,250	**128,250**
22	**Depreciation and Amortization**		
	Furniture & Fixture	1,178,630	1,174,834
	Office Equipment	1,168,774	1,166,659
	Motor Vehicle	975,111	975,111
	System & Software	570,000	523,333
		3,892,515	**3,839,937**

		31-Dec-16 BDT	31-Dec-15 BDT
23	**Other Expenses**		
	Entertainment	74,681	51,636
	Car Maintenance	249,314	526,831
	Newspaper and Periodicals	9,150	7,037
	Travelling and Conveyance	112,363	114,181
	Software Maintenance Fees	480,000	-
	Registration, License and Renewal	186,205	213,687
	Repair & Maintenance	22,200	20,825
	Office Maintenance	30,221	20,622
	Bank Charges & Excise Duty	34,137	43,645
	Loan Documentation & Processing Charge	44,304	66,075
	Training Expenses	-	3,000
	Meeting Expenses	-	8,100
		1,242,575	**1,075,639**

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	98,000,000	Regularly paid

26 Events after Balance Sheet Date

The Board of Directors of BD Finance Capital Holdings Limited has recommended 5% Cash Dividend for the year 2016.

Company Secretary | Managing Director & CEO | Director

Annexure-A

FIXED ASSET SCHEDULE

For the year ended December 31, 2016

Particulars	Cost				Rate of Depreciation	Depreciation			Written Down Value at 31 December
	Opening Balance	Addition during the year	Disposal/ Transfer during the year	Closing Balance		Opening Balance	Charge for the Period	Closing Balance	
Furniture & Fixture	5,874,169	18,981	-	5,893,150	20%	3,524,502	1,178,630	4,703,132	1,190,018
Office Equipment	4,666,634	59,500	-	4,726,134	25%	3,413,317	1,168,774	4,582,091	144,043
Motor Vehicle	4,875,555	-	-	4,875,555	20%	1,833,703	975,111	2,808,814	2,066,741
System & Software	2,280,000	-	-	2,280,000	25%	1,023,333	570,000	1,593,333	686,667
Year 2016	**17,696,358**	**78,481**	**-**	**17,774,839**		**9,794,855**	**3,892,515**	**13,687,370**	**4,087,469**
Year 2015	**17,416,358**	**280,000**	**-**	**17,696,358**		**5,954,918**	**3,839,937**	**9,794,855**	**7,901,503**

CORPORATE INFORMATION

Registered Name of the Company	:	Bangladesh Finance And Investment Company Limited
Legal Form	:	A public limited company listed both in Dhaka and Chittagong Stock Exchange Limited
Company Registration Number	:	C-37695 (1995)/99
Bangladesh Bank License Number	:	FID(L)/23
Corporate Head Office	:	Baitul Hossain Building (2nd floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-9559146 (Hunting) Fax: +88-02-9566493. E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Principal Branch	:	Baitul Hossain Building (7th floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-9559146 (Hunting) Fax: +88-02-9566493 E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Chittagong Branch	:	Osman Court (2nd floor) 70, Agrabad C/A, Chittagong Phone: +88-031-2510234 Fax: +BB-031-2526564 Hot Line: +88-01618-448922 E-mail: info.ctg.@bdfinance.net
Bangshal Branch	:	5, Bangshal Lane, North South Road (Old) 57, Syed Nazrul Islam Sharani (new) (1st Floor), Dhaka Phone: +88-02-9513973 Hot Line: +88-01618-448923 E-mail: info@bdfinance.net
Sylhet Branch	:	Firoz Center, (5th Floor) 891/Ka, Chouhatta Sylhet Sadar-3100 Hot Line: +88-0821-713896 e-mail: info.sylhet@bdfinance.net
Uttara Branch	:	Zeenat Center-2 (5th Floor) Plot No. 111/4, Road No 7, Sector No. 4, Uttara Model Town, Dhaka-1230 Hot Line: +880-2-8931893, 8931823 e-mail: info.uttara@bdfinance.net
Head Office of First Subsidiary	:	BD Finance Securities Limited 64, Motijheel CIA (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	:	A. Qasem & Co. Gulshan Pink City Suites # 01-03, Level : 7, Plot # 15, Road # 103 Gulshan Avenue Dhaka-1212

Compliance Auditor	:	Itrat Hossain & Associates Chartered Secretaries in Practice 'Crystal Palace' REGUS, 3rd Floor, SE(D) 22, Road 140 South Gulshan Avenue, Gulshan-1, Dhaka-1212
Tax Consultant	:	Khandaker & Associates Room No. 4/3, (4th floor) 73, Kakrail, Dhaka.
Legal Advisor	:	Mr. M. Ziaul Hasan Barrister-at-Law Hasan & Associates Plot No. CES(D), Flat No. A-3 House No. 15, Road No. 124 Gulshan-1, Dhaka-1212 Mr. Md. Nuruzzaman Barrister-at-Law Capital Law Chamber Unit # 22B, City Centre (22nd Floor) 103 Motijheel C/A, Dhaka-1000
Membership	:	Associations: Bangladesh Leasing and Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) Dhaka Chamber of Commerce & Industry (DCCI)
Principal Bankers	:	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

PICTORIAL DISPLAY OF SOME PROJECTS FINANCED BY US



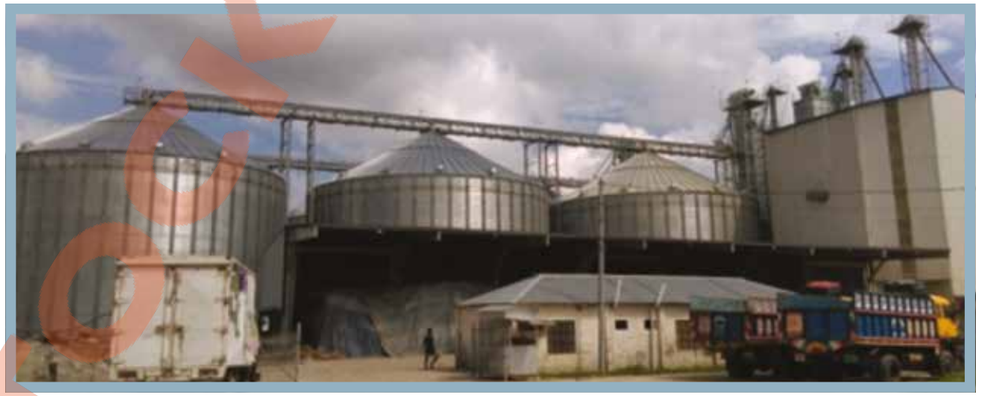
Real Estate



Pharmaceutical industry



Ship building



Auto rice mills



Transport



Footwear Industry



Mango Pulp Project



Spinning Mill



Readymade Garments

STOCK

Shareholder's Note

bd finance
Inspiring Wealth

BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED
Baitul Hossain Building (2nd floor), 27 Dilkusha C/A, Dhaka-1000

PROXY FORM

I/We.....

of..... being a member of Bangladesh

Finance and Investment Company Ltd. and entitled to vote, hereby appoint Mr. / Mrs./ Miss .....
..... of
.....
as my/our proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Wednesday, May 24, 2017 at 10:30 A.M. at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka-1000 or at any adjournment thereof or at any ballot to be taken in consequence hereof.

Signed this ..... Signature of proxy.....

day of 2017

Revenue Stamp Tk. 20/-

Signature of Shareholder

BO ID: | | | | | | | | | | | | | | | | |

No. of Shares

Note:

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

2) Signature of the Shareholder must be in accordance with Specimen Signature recorded with the Company.

bd finance
Inspiring Wealth

BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED
Baitul Hossain Building (2nd floor), 27 Dilkusha C/A, Dhaka-1000

ATTENDANCE SLIP

I hereby record my attendance at the 18th Annual General Meeting of the Company being held on Wednesday, May 24, 2017 at 10:30 A.M. at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka-1000.

Name of the Member / Proxy .....

BO ID: | | | | | | | | | | | | | | | | |

Signature _____

Date _____

Note: Please complete this Attendance slip and deposit at the registration counter on the day of the meeting.

R STOCK

AMAR STOCK

bd finance
Inspiring Wealth

Bangladesh Finance and Investment Company Limited
Baitul Hossain Building (Level-2), 27 Dilkusha C/A, Dhaka-1000, Bangladesh
Phone: +880-2-9559146 (Hunting), Hotline: +88016 77 44 22 55, Fax: +880-2-9566493
E-mail: info@bdfinance.net, Web: www.bdfinance.com.bd