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ANNUAL REPORT 2017



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ANNUAL REPORT 2017

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Most of what we do in life is based around exchange, which is the basis for all businesses as well as simple relationships. Trust is as logical as it is emotional and if we can surround ourselves with people we trust, then we can create a safe present and an even better future. BD Finance believes in that relationship, where trust can take you forward and give you what you want. There is progress when we share the same perspective and vision. Let trust take us closer to our goals.

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Drive farther than you have ever imagined and experience moments you have always dreamt of. We are here to make sure you reach your destination.

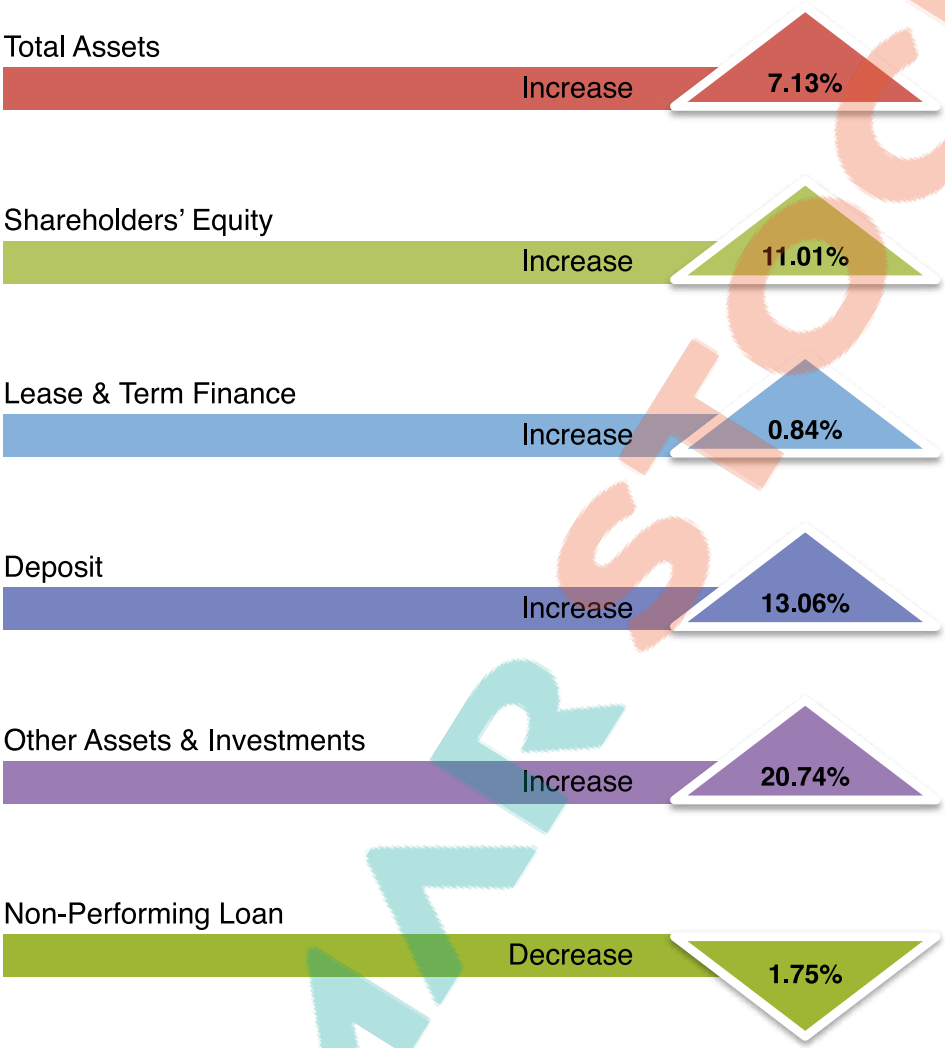
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BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

CONTENTS

1.	Letter of Transmittal	05
2.	Notice of the 19th AGM	07
3.	BD Finance at a Glance	08
4.	Key Milestones	09
5.	BD Finance's Vision & Mission	10
6.	BD Finance's Strategic Objectives	14
7.	BD Finance's Core Values	16
8.	BD Finance's Code of Conduct and Ethics	17
9.	Five years Operating Results & Performance Indicator	18
10.	Board of Directors & Brief Profile of them	20
11.	Message From the Chairman	30
12.	Directors' Report to the Shareholders	32
13.	Managing Director and CEO's Review	42
14.	Corporate Governance	47
15	Various Memorable Events	52
16.	Committees of the Board & Management	56
17.	Statement of Risk Management	60
18.	Report on Corporate Social Responsibility	62
19.	Human Resource of BD Finance	63
20.	Disclosures under pillar III- Market Discipline	64
21.	Certificate on compliance of Corporate Governance Guidelines	75
22.	Compliance Report on BSEC's Notification on Corporate Governance	76
23.	Reports of the CEO and CFO in respect of Financial Reporting	81
24.	Report of the Audit Committee	82
25.	Auditors' Report to the Financial Statements	84
26.	Consolidated Balance Sheet	86
27.	Consolidated Profit and Loss Account	88
28.	Consolidated Cash Flow Statement	90
29.	Consolidated Statement of Changes in Shareholders' Equity	91
30.	BD Finance Balance Sheet	92
31.	BD Finance Profit and Loss Account	94
32.	BD Finance Cash Flow Statement	95
33.	BD Finance Statement of Changes in Shareholders' Equity	96
34.	Liquidity Statement	97
35.	Notes to the Financial Statements	98
36.	BD Finance Securities Ltd.	134
37.	BD Finance Capital Holdings Ltd.	154
38.	Corporate Information	173
39.	Proxy Form & Attendance Slip	

MY STOCK

PERFORMANCE AT A GLANCE



Credit Rating

Rating	2017	2016
Long Term	A	A
Short Term	ST-3	ST-3

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, 2017.

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, 2017. Besides, you will find the relevant financial statements of the subsidiaries, namely, 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 matter as part of our integrated reporting for your kind perusal and record.

Thanking you,

Yours sincerely,

Munshi Abu Naim ACS
Company Secretary

Dated: May 21, 2018

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HUNTING : +88-02-9559146
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NOTICE OF THE 19TH ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 19th Annual General Meeting (AGM) of Bangladesh Finance And Investment Company Limited will be held on Thursday, 07 June 2018, at 11.00 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 on December 31, 2017 together with the Report of the Directors' and the Auditors' thereon;

ii. To declare Dividend out of the profits for the year ended on December 31, 2017 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;

v. To appoint Auditors for the year 2018 and to fix their remuneration.

By the order of the Board

Munshi Abu Naim ACS
Company Secretary

Dated, Dhaka
May 21, 2018

NOTES:

a) The Record Date: May 17, 2018.

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

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

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

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

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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 permission from Bangladesh Bank to operate as financial institution under the Financial Institutions Act 1993 on December 22, 1999 and listed in Dhaka Stock Exchange on September 06, 2007 and Chittagong Stock Exchange on August 28, 2007. The shareholding structure of BD Finance consists of reputed corporate houses, leading industrialists & general public. Over a decade, BD Finance emerged as one of the leading financial Institutions of the country with a wide range of financial products to the clients of different segments as articulated to ensure providing of customized financial solution. BD Finance continues to evolve as an innovative financial solution provider & now able to offer financial products tailored to the needs of its customers.

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

SUBSIDIARIES:

First Subsidiary: BD Finance Securities Limited (BD Securities)

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

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

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

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

AMARSTOCK

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 Second Branch opening in Chittagong	:	July 12, 2005
Date of Third Branch opening at Bangshal	:	June 08, 2010
Date of Fourth Branch opening in Sylhet	:	September 08, 2014
Date of Fifth Branch opening at Uttara	:	September 08, 2014
Date of Initial Public Offering	:	June 10, 2007
Listing on Dhaka Stock Exchange	:	September 06, 2007
Listing on Chittagong Stock Exchange	:	August 28, 2007
Trading on DSE & CSE	:	September 11, 2007
Equity Participation in BD Finance Securities Limited	:	December 28, 2010
Equity Participation in BD Finance Capital Holdings Limited	:	August 10, 2011
Launching of BD Finance First Mutual Fund	:	January 17, 2016
Date of Sixth Branch opening at Gazipur	:	December 07, 2017

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VISION

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

AMAR STOCK



MISSION

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

AMAR STOCK



STRATEGIC OBJECTIVES

- Grow & diversify products range
- Optimization of profitability through best use of resources
- Enriching business portfolio maintaining proper due diligence
- Remain compliant on all regulatory issues and prudential guidelines.
- Continuing long term relationship with clients based on Trust and Confidence
- Providing best services to all of our stakeholders which add real value to their wealth

AMAR STOCK

CORE VALUES

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

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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 in grained 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;
- Committed to deliver topnotch hassle-free services to our clientele;
- Want to remain law abiding corporate citizen;
- Maximization of value worth of our valued 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 interweaving pillars –
    i. People
    ii. Planet
    iii. Profit

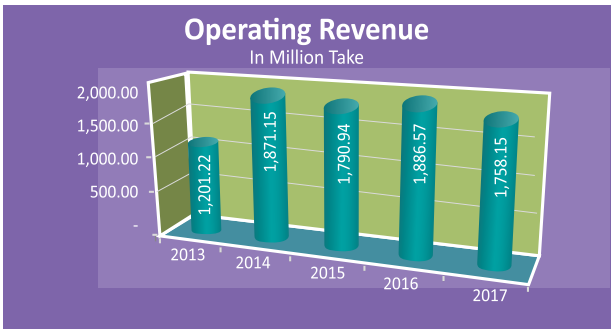
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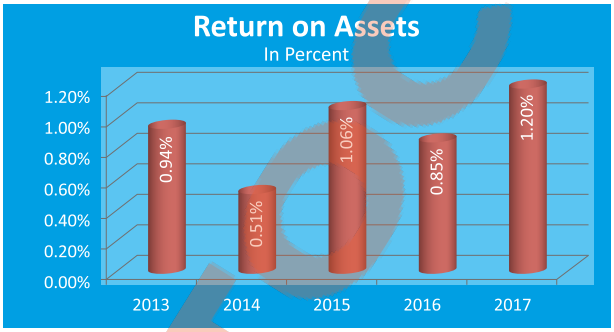
FIVE YEARS OPERATING RESULTS

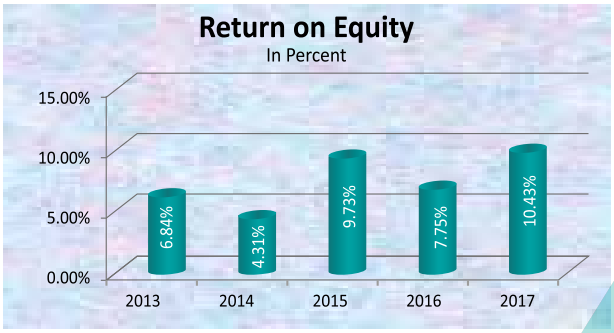
Figure in million Taka

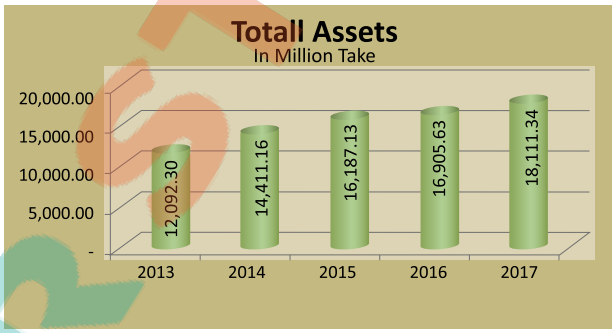
	2013	2014	2015	2016	2017
Operational Performance					
Operating Revenue	1,201.22	1,871.15	1,790.94	1,886.57	1,758.15
Financial Expenses	791.29	1,425.90	1,317.38	1,337.90	1,166.23
Operating Expenses	93.33	121.05	128.15	154.97	186.50
Profit Before Taxation	229.21	211.67	292.73	273.91	240.33
Net Profit After Tax	85.74	68.17	161.82	140.12	209.78
Financial Performance					
Lease & Term Finance	8,327.09	10,707.37	13,282.16	13,891.81	14,009.17
Provision Against Investment	270.82	373.29	425.97	545.75	536.91
Investment in Subsidiary	849.93	849.93	849.93	849.93	849.93
Total Assets	12,092.30	14,411.16	16,187.13	16,905.63	18,111.34
Term Deposits	7,262.38	9,001.96	9,225.49	8,589.37	9,907.43
Financial Ratios					
Return on Equity	6.84%	4.31%	9.73%	7.75%	10.43%
Return on Assets	0.94%	0.51%	1.06%	0.85%	1.20%
Rate of Dividend					
Cash	-	0.05	0%	0%	0%
Bonus	10%	0%	10%	10%	10%
EPS (Tk.)	1.23	0.6	1.41	1.01	1.52
Equity Statistics					
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Number of Shares	104.02	114.42	114.42	125.87	138.45
Shareholders Equity	1,547.69	1,615.86	1,710.49	1,906.17	2,115.95
Net Assent Value Per Share	14.88	14.12	14.95	15.14	15.28

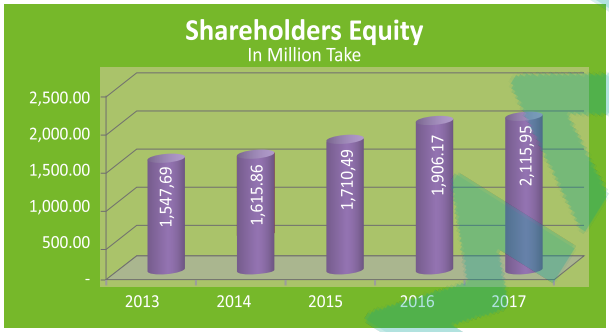
PERFORMANCE INDICATORS

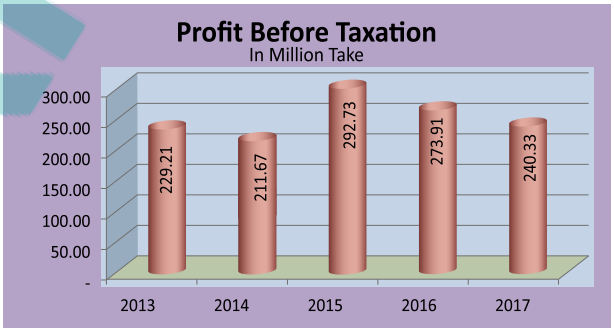


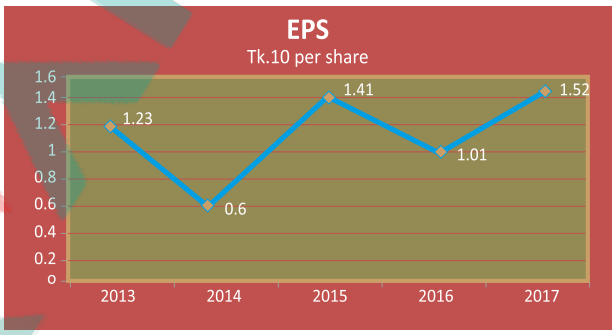












BOARD OF DIRECTORS

Mr. Manwar Hossain
Chairman
Nominated by Hossain Dyeing & Printing Mills Ltd.

Mr. Khondker Fazle Rashid
Director, Nominated by Khaled Iron & Steel Mills Ltd.

Mr. Golam Hafiz Ahmed
Director, Nominated by Anwar Steel Mills Limited

Mrs. Shahnaz Rashid
Director, Nominated by Anwar Ispat Limited

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

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

Mr. Geasuddin Ahmed
Director

Mr. Imtiyaj Yousuf
Director

Mr. Haider Ahmed Khan, FCA
Independent Director

Mr. Ansar Uddin Ahmed
Independent Director

Mr. Tarik Morshed
Managing Director & CEO

Munshi Abu Naim ACS
Company Secretary

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BRIEF PROFILE OF THE DIRECTORS

Mr. Manwar Hossain

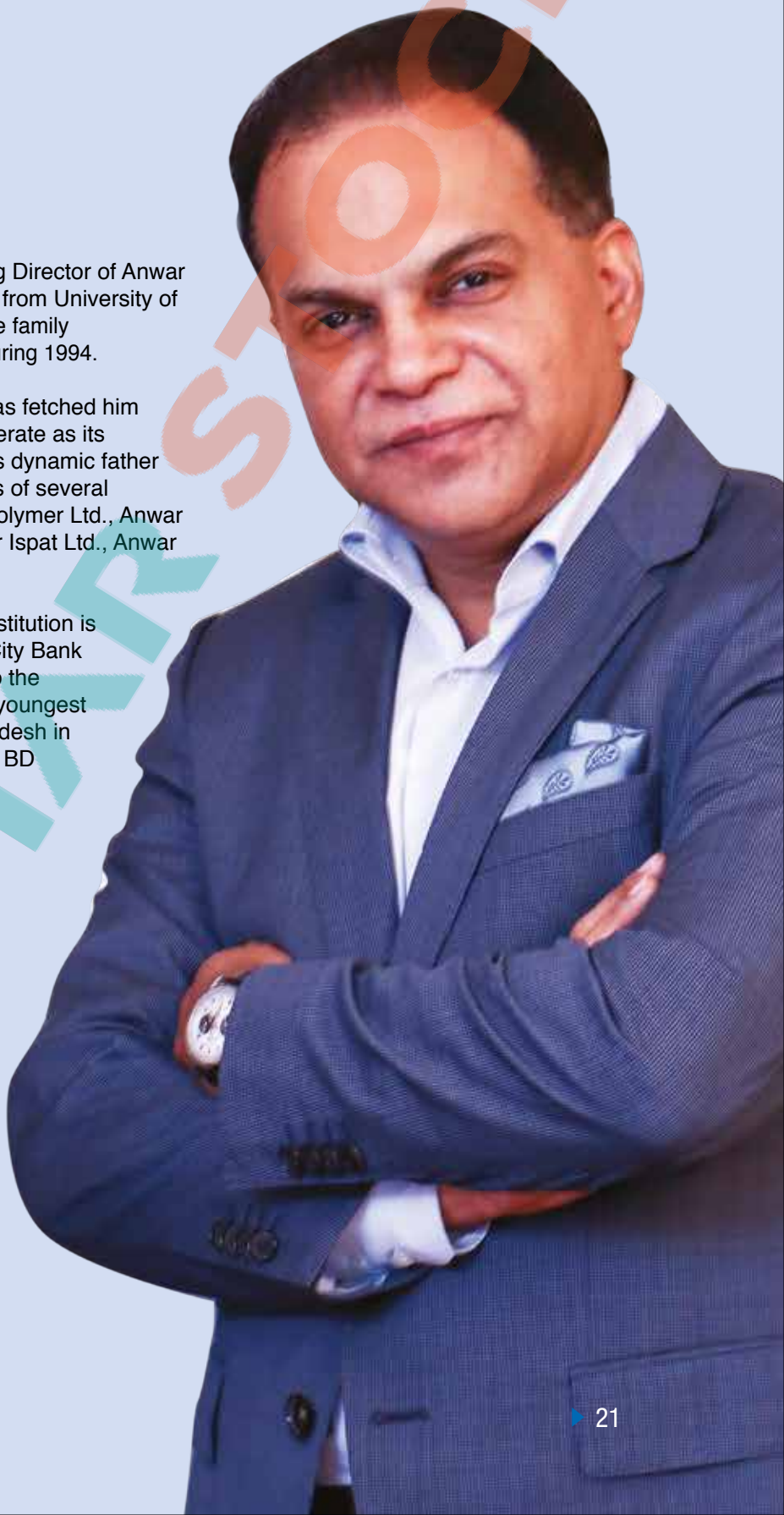
Chairman

Mr. Manwar Hossain is the Group Managing Director of Anwar Group. After having completed BBA & MBA from University of New Hampshire, USA in 1993, he joined the family conglomerate – Anwar Group of Industries during 1994.

His Business skill & entrepreneurial spirit has fetched him greater responsibilities to lead the conglomerate as its Managing Director under the umbrella of his dynamic father Al-haj Anwar Hossain. The group comprises of several manufacturing industries including A One Polymer Ltd., Anwar Landmark Ltd., AG Automobiles Ltd., Anwar Ispat Ltd., Anwar Silk Mills Ltd.

His contribution in banking and Financial Institution is also noteworthy. As former Director of the City Bank Ltd. he has made substantial contribution to the growth of the Bank. He was elected as the youngest Vice Chairman in Banking Sector of Bangladesh in the Board of City Bank Ltd. in 1999 – 2000. BD Finance is also benefited quite well by his conscientious and pragmatic decisions.

He is the President of Bangladesh Auto Re-Rolling & Still Mills Association, First Vice-President of Bangladesh Cement Manufacturer Association and Honourable member of Dhaka Club, Kurmitula Golf Club, Army Golf Club, American Alumnae and FBCCI.



CHAIRMAN

AMARSTOCK



Mr. Khondker Fazle Rashid
Director

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

DIRECTOR

Mr. Golam Hafiz Ahmed
Director

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



DIRECTOR

AMAR STOCK



Mrs. Shahnaz Rashid
Director

Mrs. Shahnaz Rashid is a graduate and is associated with the business activities of Anwar Group of Industries since long. During this time, she has gathered much knowledge about defferent aspects of successful business operations.

DIRECTOR

Mr. Yousuf Aman
Director

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



DIRECTOR

ANWAR STOCK



DIRECTOR

Mr. Geasuddin Ahmed
Director

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

Mr. Ihtiaz Yousuf
Director

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



DIRECTOR

AMARSTOCK



Mr. Imtiyaj Yousuf
Director

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

DIRECTOR

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. He is an Independent Director of Metro Spinning Mills and also the Chairman of the company. Mr. Khan is a valiant freedom fighter and columnist.



INDEPENDENT DIRECTOR

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INDEPENDENT DIRECTOR

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 obtained the Master Degree in Financial Economics from the University of Wales, UK. After voluntary retirement from Bangladesh Bank, he joined as Deputy Managing Director of Pubali Bank. Subsequently, he served as Managing Director of National Housing Finance and Investment Ltd & Bangladesh Industrial Finance Co. Ltd.
Mr. Ahmed is a valiant freedom fighter and he has a son and a daughter.

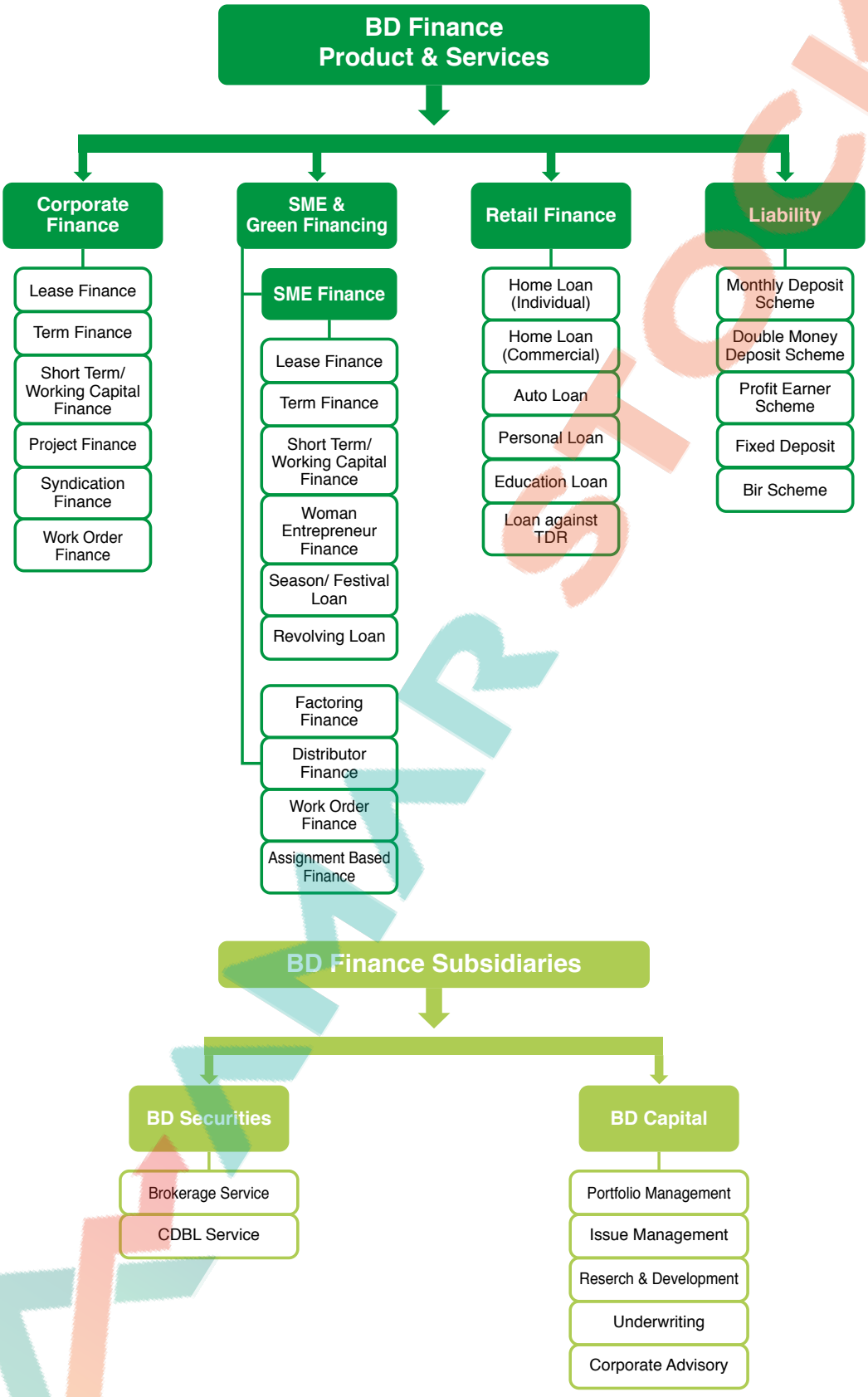
Mr. Tarik Morshed
Managing Director & CEO

Mr. Tarik Morshed joined BD Finance as Managing Director & CEO on the 23rd April 2018. Mr. Tarik has more than 30 years of professional experiences in the Banking Industry. He served at the Social Islami Bank Limited (SIBL) for 22 years including 10 years as Branch Manager with proven record of contributing to the profitability of the bank by generating income and revenue growth. He was awarded as “Best Manager” of the “INDUSTRY based 10 (Ten) Best Bank Manager Award” for his remarkable performance. He was the Director of 1st PPP project of Bangladesh Govt. He was the ex-Additional Managing Director of SIBL.



MANAGING DIRECTOR & CEO

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BD Finance
Product & Services
Corporate Finance
Lease Finance
Term Finance
Short Term/ Working Capital Finance
Project Finance
Syndication Finance
Work Order Finance
SME & Green Financing
SME Finance
Lease Finance
Term Finance
Short Term/ Working Capital Finance
Woman Entrepreneur Finance
Season/ Festival Loan
Revolving Loan
Factoring Finance
Distributor Finance
Work Order Finance
Assignment Based Finance
Retail Finance
Home Loan (Individual)
Home Loan (Commercial)
Auto Loan
Personal Loan
Education Loan
Loan against TDR
Liability
Monthly Deposit Scheme
Double Money Deposit Scheme
Profit Earner Scheme
Fixed Deposit
Bir Scheme
BD Finance Subsidiaries
BD Securities
Brokerage Service
CDBL Service
BD Capital
Portfolio Management
Issue Management
Reserch & Development
Underwriting
Corporate Advisory

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MESSAGE FROM THE CHAIRMAN

This is a matter of pride and privilege for me to welcome you on this auspicious occasion of the 19th Annual General Meeting of Bangladesh Finance And Investment Company Limited. This is also the grand occasion to present the Annual Report along with the Audited Financial Statements of the Company for the year ended 31st December 2017 for your kind information.

Since 2017 till date, the economy of Bangladesh has gone through a major uplift. After breaking the six point cycle previously there has been a 7.28% growth in the economy, a major boost that has impacted the industry for the better. Though interest rate remained considerably low during most part of the year, in the earlier part of 2018 interest rates were on an upward trajectory.

Bangladesh Bank took certain initiatives to stimulate private sector growth; namely limiting government borrowing from banking sector, reducing credit flow to unproductive sectors, reducing interest on savings certificate, reducing import of nonessential items, maintaining repo & reverse repo.

The contribution of agriculture towards GDP growth has come down significantly with the concomitant upward momentum of the 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.

You are probably aware of that the credit demand during the year 2017 was sluggish, NPL in the banking sector went up a mammoth 17 percent of total outstanding loans. The scenario in the NBFI was even worse. Moreover, there was scarcity of liquidity in the market at the later part of the year which is still continuing. Despite all the facts we endeavored to make our financial performance better.

Year 2017 stands as another year of success for us. During the year the investment portfolio increased to Tk. 14,009.17 million from Tk. 13,891.81 million of 2016. 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 managing our resources thoughtfully. We were able to reduce the NPL which helped us to earn a decent profit for the year under review. We did not appreciate any aggressive lending while booked some quality assets into our portfolio.

Many of our plans are underway of execution. We have already taken steps to expand our SME services to even further locations through by setting up SME booths at acceptable locations so that the emerging entrepreneurs can conveniently and easily find solutions. We introduced a new branch at Gazipur in 2017, more branches to be introduced gradually at main hubs of the country.

We strive to bring up the quality of our services so that everyone can benefit from it. Our new call center is now in operation to facilitate our existing and potential customers more conveniently to know about our various products and services. We have already introduced some new loan and deposit products for different segment of people of the society, there are more to come soon. We have already recruited quality people to deliver these extended services.

The trust and confidence of our clients on us is the key source of encouragement for us in our journey ahead. We will be leaving no stone unturned to honor such loyalty of our clients.

During the year under review the shareholders' equity of the company increased to Tk. 2,115,945,132. The Board of directors recommended 10% stock dividend for the year. The Board feels that the stock dividend will enhance the strength of the financial position of the company.

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

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

Wishing you all the best,

Manwar Hossain
Chairman
Bangladesh Finance And Investment Company Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors of Bangladesh Finance And Investment Company Limited (BD Finance) I would like to take this opportunity to welcome you in the 19th 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, 2017. 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

As per the International Monetary Fund (IMF), the global upswing in economic activity is strengthening with global growth projected to rise to 3.6% in 2017. Whrere Bangladesh economic expansion has been quite impressive in last few years. The year 2018 is also presumed to be an important year as Bangladesh has graduated from the least development country. it will also continue its efforts toward becoming a middle-income country by implementation of the sustainable development goals (SDGs).

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.

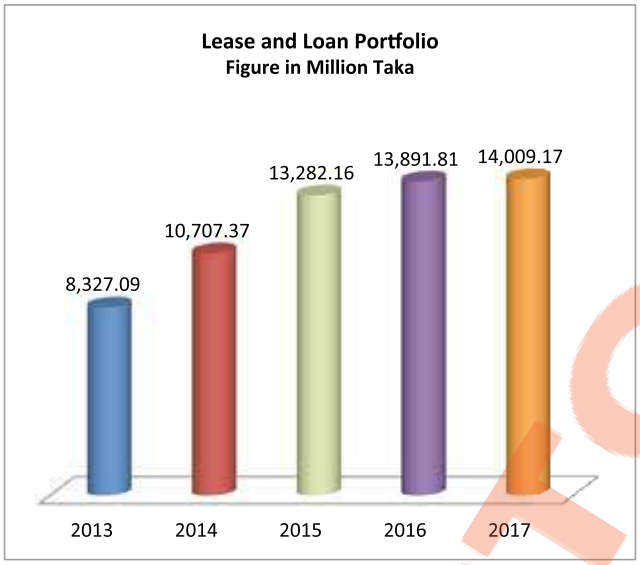
Industry outlook and prospect

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, now a days, NBFIs are playing vital role as a financial intermediary meeting the diverse financial requirements of business enterprises through faster service. There is enough credit demand throughout the country which can be supported by both Banks and NBFIs.

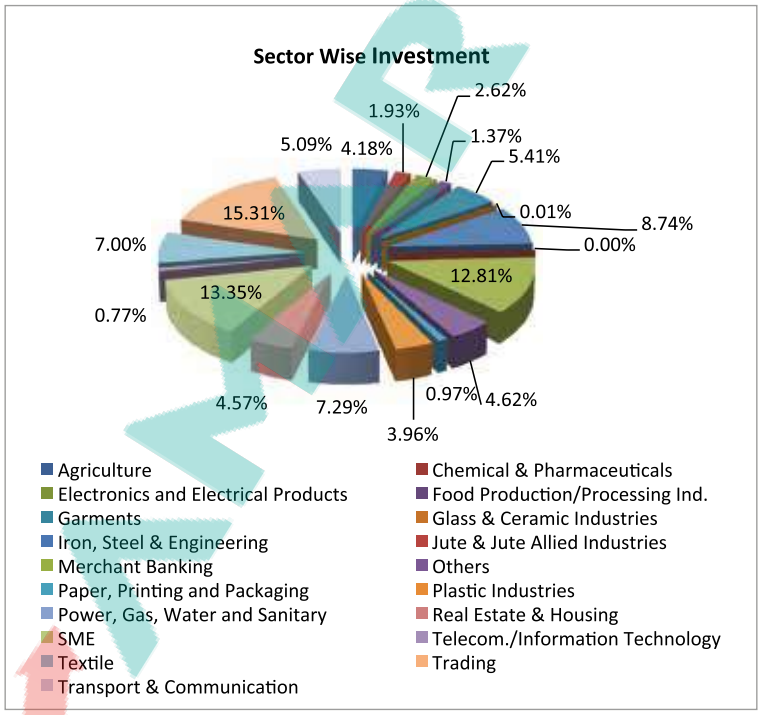
Not only growing in terms of profitability, the board of BD Finance remains extremely focused on ensuring that we have effective corporate governance, risk management and internal control systems in place which are essential for long term sustainability of the business. At the same time, our continous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

Performance of BD Finance in 2017:

BD finance always endeavored to improve its business portfolio by scouting good quality assets and to maintain a sustainable growth trajectory. During the year 2017, the company achieved a marginal growth despite massive challenges in the financial sector and severe fund crisis all over the industry. The investment portfolio in lease and loan finance increased to TK. 14,009.17 million in 2017 from TK. 13,891.81 million in 2016.

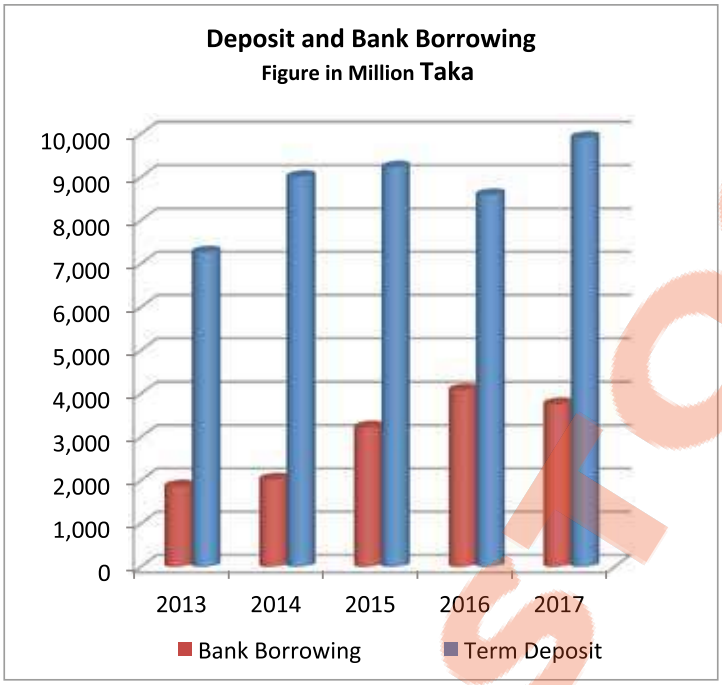


BD finance maintained a well-diversified investment portfolio to provide customer centric financial services to the wider range of people of the country. The sector wise investment portfolio as on 31 December 2017 is furnished below:



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 2017 increased to TK 193.61 crore against TK. 95.76 crore in 2016 registering a growth of 102.18%. We have also introduced some retail products for different segment of people of the society.

The core deposits during the year 2017 has mentionably increased to the extent of Tk. 1,177,243,606. So the total deposit of BD finance stands at Tk. 10,192,102,183 registering an uptick by 13.059%.



The status of term deposit represents a better picture in the current year (2017) than that of previous year. Again, the dependency on bank borrowing got reduced in the year 2017 which helped us to maintain our cost of fund within a tolerable range. At the end of the year 2017 customer deposit base of BD finance stood at TK. 9907.42 million in from TK. 8,589.36 million in 2016 registering a positive growth of 15.34%. Operational performance of BD Finance is summarized below:

(Taka in Million)

Particulars	2017	2016	Growth
Interest Income	1592.26	1,760.44	-9.55%
Interest Expenses	1166.23	1,337.90	-12.83%
Net Interest Income	426.02	422.53	0.83%
Total Operating income	591.91	548.66	7.88%
Profit Before Provision	405.41	393.69	2.98%
Provision for Loan/Investment	165.07	119.78	37.81%
Profit before Tax	240.33	273.91	-12.26%
Provision for Taxation	30.55	133.79	-77.16%
Net Profit After Tax	209.78	140.12	49.71%

The interest Income decreased to TK. 1592.26 million in 2017 from TK.1760.44 million in 2016 but net interest incom resulted in a positive tune of 0.83%. It happened due to downward revision of interest rates for both Assets and Liability products. The operating income stood at TK. 591.91 million in 2017 from TK. 548.66 million in 2016 registering positive growth of 7.88%. The net profit after tax increased to TK.209.73 million in 2017 from TK. 140.12 million in 2016 resulting an increased EPS for the year under review. Through proper NPL management we were able to reduce our NPL which brought a positive impact on our profitability in the year 2017.

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 motivate and retain them and work for the best interest of the Company. The Board strongly believes that investment on Human Resources will result into the quality growth of the Company. The employee strength of the company including contractual people enumerated below:

Particulars	2016	2017
Beginning of the year	116	126
New recruitment	23	46
Released	(13)	(15)
Closing of the year	126	157

Financial Results & Appropriation

The company earned TK 209.78 million as net profit after tax in 2017 which is 49.71% higher than the figure of TK. 140.12 million in 2016. 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 2017 and proposes the following appropriation:

(Taka in million)

1	Net Profit After Tax	209.78
2	Retained Earnings Brought Forward	3.77
3	Profit Available for Distribution	213.55
4	Transfer to Statutory Reserve	(41.96)
5	Amount Available for Distribution of Dividend	171.59
6	Proposed Dividend -10% Stock	(138.45)
7	Retained Earnings Carried Forward	33.14

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. 1057.34 crore which was Tk. 452.73 crore in the year 2016.

BD Finance Capital Holdings Limited (BD Capital)

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

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 2017 BD finance deposited TK. 20,46,71,935 to the Government Exchequer. Moreover, we have recruited 46 people in various positions during the year 2017.

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 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. 18 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, 2017 is shown on page No. 39 in Annexure-I of this report.

Meetings

During the year 2017 a total 16 (Sixteen) numbers of Board meetings & 4 (four) number of 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 based on the total 138,454,222 Ordinary Shares of Tk. 10/- each for the year ended December 31, 2017.

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. Khondker Fazle Rashid
(Nominated by Khaled Iron & Steel Mills Ltd.)

Mr. Golam Hafiz Ahmed
(Nominated by Anwar Steel Mills Ltd.)

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

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. 21-26.

Appointment of Independent Director

The Independent Directors were duly appointed according to the Corporate Governance Guidelines as prescribed by

Bangladesh Securities & Exchange Commission (BSEC). None of the Independent Directors tenure is due to expire before the 19th Annual General Meeting to be held on 07 June 2018.

Auditors

In the 18th Annual General Meeting, the Shareholders appointed MABS & J Partners, Chartered Accountants, as the statutory auditors of the Company for the year 2017. The Audit firm has expressed their intention to continue their service for the second year. The company is also considering to re-appoint MABS & J Partners, Chartered Accountants to do the external audit of BD Finance subject to approval of Bangladesh Bank and finally by the shareholders in the 19th AGM.

Significant deviation from last year operating results

There are no significant deviations in operating results from last year which can be a cause of concern. The net income after Tax has increased at a mentionable way.

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 within the organization.

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 Company state of affairs, result of its operation, cash flows and changes in 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. 75-80.

Acknowledgement

The Board of Directors expresses 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, Chittagong Stock Exchange, National Board of Revenue, Registrar Joint Stock Companies & Firms and other regulatory bodies for their assistance and guidance. The Board also thanks MABS & J Partners, 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 2017 another year of success for the Company. Finally, the Board of Directors thanks the respected shareholders for their confidence on the Board & Management and assures them that the process of strengthening and development of the Company will continue in coming days to optimize the wealth of the stakeholders.

For and on behalf of the Board of Directors

Manwar Hossain
Chairman

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ANNEXURE-I

Pattern of Shareholdings as on December 31, 2017

Shareholders	No. of Shares	(%) of holding
i) Parent/Subsidiary/Associated Companies		
HOSSAIN DYNG & PRNTNG MILLS LTD	2,798,906	2.02%
MR. MANWAR HOSSAIN (NOMINATED FROM HOSSAIN DYNG & PRNTNG MILLS LTD)		
ANWAR STEEL MILLS LTD.	6,622,922	4.78%
“MR. GOLAM HAFIZ AHMED” (NOMINATED FROM ANWAR STEEL MILLS LTD.)		
ANWAR ISPAT LTD	6,645,804	4.80%
"MRS. SHAHNAZ RASHID” (NOMINATED FROM ANWAR ISPAT LTD)	2,539,602	2.02%
KHALED IRON &STEELS MILLS LTD.	2,793,561	2.02%
"MR. KHONDKER FAZLE RASHID (NOMINATED FROM KHALED IRON &STEELS MILLS LTD)"		
ANWAR SILK MILLS LTD.	2,798,906	2.02%
"MR. YOUSUF AMAN (NOMINATED FROM ANWAR SILK MILLS LTD)"		
MEHMUD INDUSTRIES (PVT.) LTD.	2,795,221	2.02%
"MR. IHTIYAZ YOUSUF (NOMINATED FROM MEHMUD INDUSTRIES (PVT.) LTD)"	2,555,374	2.03%
ii) Sponsor Shareholders/Directors		
MR. MANWAR HOSSAIN	117,128	0.08%
MR. GEASUDDIN AHMED	2,775,457	2.00%
MR. IMTIYAJ YOUSUF	2,810,911	2.03%
MR. ABDUR RASHID SALAM	2,820,755	2.04%
MRS. CHOWDHURY MONWAR AHMED SIDDIQUI	1,685,225	1.22%
MR. CHOWDHURY ERTEZA AHMED SIDDIQUI	7,592	0.01%
MR. IHTESHAMUR RAHMAN	295,878	0.21%
a) Managing Director & CEO	Nil	Nil
b) Company Secretary	Nil	Nil
c) Chief Financial Officer	Nil	Nil
d) Head of Internal Audit	Nil	Nil
iii) Executives & Senior Executives	**Nil**	**Nil**
iv) Shareholders holding 10% of more voting interest	**Nil**	**Nil**
v) Others	**103,485,956**	**74.75%**
Total:	**138,454,222**	**100.00%**

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ANNEXURE: II

Meeting Attended by the Directors during 2017

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
Mr. Manwar Hossain	11	11	100	-	-	-
Mr. Golam Hafiz Ahmed	7	7	100	2	2	100
Mr. Syed Tareq Akbar Ally	16	6	38	-	-	-
Mrs. Shahnaz Rashid	16	11	69	-	-	-
Mr. Yousuf Aman	16	14	88	4	4	100
Mr. Ihtiyaz Yousuf	16	15	94	-	-	-
Mr. Geasuddin Ahmed	16	16	100	4	4	100
Mr. Imtiyaj Yousuf	16	13	81	-	-	-
Mr. Haider Ahmed Khan FCA	16	12	75	4	4	100
Mr. Ansar Uddin Ahmed	16	13	81	-	-	-

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HIGHLIGHTS OF PERFORMANCE

(Amount in BDT)

SL #	PARTICULARS	December 2017	December 2016
1	Paid up Capital	1,384,542,220	1,258,674,750
2	Total Shareholders' Equity	2,115,945,132	1,906,165,164
3	Capital Surplus / (Deficit)	588,210,147	258,674,750
4	Total Assets	18,111,338,209	16,905,631,466
5	Total Deposit	10,192,102,183	9,014,858,577
6	Total Loans/Lease Finance	14,009,168,768	13,891,813,341
7	Total Contingent Liabilities and Commitment	100,000,000	-
8	Investment Deposit Ratio (%)	137.45%	154.10%
9	Percentage of Classified Investment against total Investments	6.08%	7.83%
10	Profit after Tax and Provision	209,779,968	140,123,659
11	Amount of Classified Investment	852,383,565	1,087,877,013
12	Provisions kept against Classified Investment	266,441,557	333,036,828
13	Provisions surplus	10,416,007	1,478,353
14	Cost of Fund	9.38%	10.24%
15	Interest Earning Assets	15,457,351,092	14,162,992,377
16	Non-Profit Earning Assets	2,653,987,117	2,742,639,089
17	Return on Investment in Securities (ROI)	10.38%	24.65%
18	Return on Assets (ROA)	1.20%	0.85%
19	Income from Investment in Securities	39,619,578	71,380,748
20	Earning Per Share (Re-stated 2016)	1.52	1.01
21	Price Earning Ratio (Times)	14.21	14.55
22	Book value per share (Per 10 Tk.)	15.28	15.14

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MANAGING DIRECTOR & CEO'S

Review and Business Performance

Dear shareholders,

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 2017 on this grand occasion of 19th Annual General Meeting of our most dignified shareholders. 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 honorable members of our Board of Directors for giving me this opportunity and honor. Despite my long career with Bank, I have taken the challenge to work with NBFI since I strongly believe that there are many avenues to explore in NBFI also. You know, 2017 was a challenging year for us. Liquidity shortage prevailed in the market at the end of the year, Public confidence upon financial institutions was shaken. Despite various challenges faced by us in overall business environment and stiff comptetion among the financial institutions, we have completed another successful year through our combined efforts and improved most of our key financial indicators. We have reduced our dependency on Bank borrowings by more focusing on deposit base. We had been also able to reduce our non-performing loan compared to previous year by reinforcing our recovery drive.

Bangladesh Economy

In the last two years, Bangladesh's economic expansion has been quite impressive from the perspective of GDP growth rate which was over seven percent both years, according to figures from government and other sources. Investment is a major impetus to our economic growth. Target was set to increase investment to 32.7 percent of GDP in FY 2016-17, keeping in mind the need for a growing economy. In FY 2016-17, investment as a share of GDP went up to 30.5 percent, a marginal increase from 29 percent in FY 2015-16. However, the private sector's investment has been almost static since FY 2015-16 hovering around 23 percent. The major boost has come from the public sector that saw an increase to 7.4 percent in FY 2016-17 from 6.7 percent in FY 2015-16. Domestic savings-GDP ratio increased by only 0.3 percent in FY

2016-17 while national savings-GDP ratio declined to 20.6 percent in FY 2016-17 from 30.8 percent in FY 2015-16 in the backdrop of the large current account deficit. The external sector has been a source of strength for the Bangladesh economy for several years. This has changed in recent periods. A lot of infrastructural development works are met up by domestic sources. The World Bank has also painted a brighter picture for Bangladesh's economy for the next two fiscal years, pinning hopes on strong domestic demand, export, investment and remittance.

Since I join BD Finance, I have found it as a progressive Financial Institution. The employees are dedicated to their duties. Our Board of Directors always gives us support and guidance. The present financial situation of the company is better than many peer organizations. There are more scopes to take the organization at a different height. The following matters came into my observations to make BD Finance a even better Financial Solution provider:

- Exploring of all the avenues for revenue generation and booking of new businesses as a matter of ongoing process
- Prioritization of booking quality assets with required collateral support
- Prioritization to expand the portfolio in the SME segments rather depending on large corporate
- Diversification of our portfolio across the thrust sectors of the economy as part of mitigation of concentration risk
- Consolidation of existing asset portfolio through proper treatment of NPL accounts with a view to bringing down the NPL portfolio significantly by reinforcing the recovery drive
- Prioritization to promote service quality with due importance. Keeping high on the agenda that the satisfaction of the clientele is the critically important factor for us.
- Expansion of branches in the promising areas to make our position even more competitive
- Focusing on capacity building of existing pool of employees for upgradation of their efficiency level through professional training and increase of manpower support after due assessment of the requirement in different areas of operation
- Reinforcement of the capacity of the Internal Control & Compliance Department foridentification of deviation and non-compliance issues and proper mitigation thereof.
- To remain complaint in all regulatory and Compliance issues as well as on all internal operations.

PERFORMANCE OF BD FINANCE – 2017

Amount in Taka

Particulars	31-Dec-2017	31-Dec-2016	Growth
Lease, Loans and Advances	14,009,168,768	13,891,813,341	0.84%
Total Deposits	10,192,102,183	9,014,858,577	13.06%
Total Operating Income	591,911,037	548,665,274	7.88%
Total Operating Expenses	(186,502,253)	(154,974,836)	20.34%
Operating Profit	405,408,784	393,690,438	2.98%
Net Profit after Taxation	209,779,968	140,123,659	49.71%
Earnings Per Share (Re-stated 2016)	1.52	1.01	50.50%
Net Asset Value per share (NAV)	15.28	15.14	0.92%

FUTURE OUTLOOK

Growth with quality and Profitability which add real value to the shareholders' wealth is the definitive strategy of BD Finance. All our operational activities would be in line with our vision and our primary strategy. We have chalked out elaborate plans to further consolidate and grow our business.

We are going through an expansion activities to reach out our services to the wider range of people. With our combined efforts, we would like to see BD Finance as a leading institution by creating long-term relation with our clients based on mutual trust.

Despite all the headwinds, we will be able to face the challenges and will put strenuous efforts to realize our corporate objective. We believe company's innovative diversified business strategies, commitment of its staff, relentless marketing drive will generate more brand equity and acceptable return for our shareholders in years to come.

ACKNOWLEDGEMENT

Achievements so far attained by BD Finance is the reflection of the dedication, commitment & efforts by all staff members for which I sincerely thank them. My note of gratitude goes to our distinguished Chairman and honorable members of the Board of Directors for their guidance, encouragement and empowerment of the management as well as for their continuing commitment to corporate governance & ethical standards. I also thank all stakeholders, valued customers, lenders, depositors, Bangladesh Bank, BSEC, DSE and CSE for their support and cooperation.

May Allah bless us all.



Tarik Morshed
Managing Director& CEO

AMARSTOCK

MANAGEMENT TEAM (HEAD OFFICE)



BRANCH-IN-CHARGES



Jitendra Kairy
Branch-in-Charge
Principal Branch



Md. Hossan Al Masud
Branch-in-Charge
Chittagong Branch



Shiva Shakher Mondal
Branch-in-Charge
Bangshal Branch



Md. Sadequl Hoque
Branch-in-Charge
Sylhet Branch



Tanzeem Ahmed
Branch-in-Charge
Uttara Branch



I.N.M. Mohaimen Billah
Branch-in-Charge
Gazipur 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:

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

From the view point of conflicts of interest, two relationships (between management and shareholders and directors and shareholders) are the primary focus 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

The corporate governance practices in a Finance Company like us is mainly guided 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 both Board of Directors and 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 Chairman and the Managing Director is the only executive in the Board. Most of the members of the Board are prominent business persons having sound academic and professional qualification. They are well conversant with the business phenomenon of the country. The Board as well as the Executive Committee review the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the industry. The management operates within the policies, manuals and limits approved by the Board. At BD Finance there is a practice of holding the Board Meetings in a regular basis.

INDEPENDENT DIRECTORS

There are two Independent Directors namely Mr. Ansar Uddin Ahmed and Mr. Haider Ahmed Khan, FCA in the Board of BD Finance out of total ten number of Directors excluding the Managing Directors & CEO. Both of the Independent Directors are highly professional persons having vast experience in the field of Accounts & Finance. 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. 25 & 26.

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.

VALUE STOCK

MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

The Specific responsibilities of the Chairman are to:

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

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

BENEFITS PROVIDED TO DIRECTORS AND MANAGING DIRECTOR

Directors are entitled to fees for attending the Board Meeting, Executive Committee Meetings (Notes to the Financial Statement No. 28) and Audit Committee Meetings. Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statement No.28 & 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 MABS & J Partners, Chartered Accountants who were duly appointed by the Shareholders in the last (18th) Annual General Meeting. The Audit firm has expressed their intention to continue their service for the second year. The company is also considering to re-appoint MABS & J Partners, Chartered Accountants to do the external audit of BD Finance subject to approval of Bangladesh Bank and finally by the shareholders in the 19th AGM.

SERVICES NOT PROVIDED BY EXTERNAL AUDITORS

As per BSEC guidelines, we declare, Chartered Accountants, involved in statutory audit were not involved in any of the followings during the year 2017:

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

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

CENTRAL BANK INSPECTIONS

Bangladesh Bank carried out a comprehensive inspection of the BD Finance's Head Office. 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 namely 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 Committee, Investment Committee, HR Committee etc. The members of all these committees meet regularly and take initiatives according to the decisions taken in the meetings.

MANAGEMENT COMMITTEE (MANCOM)

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

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

RISK MANAGEMENT FORUM (RMF)

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

ASSETS LIABILITY COMMITTEE (ALCO)

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

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 AND COMPLIANCE

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

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

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

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

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

RISK MANAGEMENT

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

COMMUNICATION WITH SHAREHOLDERS

BD Finance 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 and the public.

REDRESSAL OF INVESTORS' COMPLAINTS

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



Everything you imagine, can be done. Any product you think of, can be produced.
Just believe you can do it, we will see it through with you.

bd finance
Inspiring Wealth
BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

VARIOUS EVENTS



The 18th Annual General Meeting (AGM) of Bangladesh Finance And Investment Company Ltd. (BD finance) was held on Wednesday, 24th May 2017 at BCIC auditorium, Dhaka. Mr Manwar Hossain Chairman, BD Finance presided over the meeting. In the Meeting The company has declared 10% Stock dividend to its shareholders for the year ended 2016.



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. In the conference Former Chairman of BD Finance Mr. Anwar Hossain awarded as the illustrious son of Dhaka from Prime Minister Sheikh Hasina.



Bangladesh Finance and Investment company limited (BD Finance), a leading NBFI in Bangladesh opened its 6th branch in the Industrial city Gazipur at Bagdad Tanzia Tower on Thursday on 07/12/2017. Mr. Manwar Hossain, Chairman, BD Finance formally inaugurated the branch as the chief guest with amidst a host of local businessmen and senior officials of the company.



As per instruction of Bangladesh Bank, BD Finance participated the Rally along with all Banks & Fis on 22/03/2018 to mark the celebration of attaining graduation of Bangladesh from least-developed country (LDC) group to developing one.



Mr. Manwar Hossain, Chairman of BD Finance delivered his valuable speech in an idea exchange meeting on 02.04. 2018 with a view to generate new ideas & concepts among the employees of BD finance which will be utilized for the development of the company. Md. Shafiqur Rahman, advisor and Mr. Humayun Shoab, Deputy Managing Director were also present on the occasion.



Mr. Manwar Hossain, Chairman, BD Finance and Md. Sabur Khan, Chairman, Board of Trustees, Daffodil International University, along with other distinguished guests at the MoU signing ceremony on " Edu-Finance" held on 10/03/2018 between Bangladesh Finance and Investment Company Ltd. (BD Finance) and Daffodil International University. Mr. Humayun Shoaib, Deputy Managing Director, BD Finance and Mr. Hamidul Haque Khan, Treasurer, Daffodil International University signed the MoU on behalf of their respective organization.



The four-day prestigious BD Finance Cup Golf Tournament 2018 was held at the Army Golf Club course in the capital from March 28 to 31,2018. Major General S M Matiur Rahman psc, president of Army Golf Club, was present as chief guest at the opening ceremony. Mr. Manwar Hossain , Chairman of Bangladesh Finance and Investment Company Limited (BD Finance), Mr. Shafiqur Rahman, Advisor, Mr. Humayun Shoab Managing Director & CEO(CC) of BD Finance and Lt Col Md Tozammel Haque, CEO of Army Golf Club, along with other high officials of both BD Finance and Army Golf Club, golfers and members of the club authorities were present on the occasion.



Mr. Manwar Hossain, Chairman, BD Finance and Major General Md. Siddiqur Rahman sarker, Bangladesh Army Engineer in Chief are seen with the winners of the BD Finance Cup Golf Tournament 2018 at prize distribution ceremony at the Golf Gerden of army Golf Club in Dhaka on 31/03/2018.

COMMITTEES OF THE BOARD & MANAGEMENT

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

Mr. Haider Ahmed Khan FCA, Independent Director	Chairman
Mr. Ansar Uddin Ahmed, Independent Director	Member
Mr. Imtiyaj Yousuf, Director	Member
Mrs. Shahnaz Rashid, Director	Member

MANAGEMENT COMMITTEE (MANCOM)

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

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

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

CREDIT COMMITTEE (CC)

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

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RISK MANAGEMENT FORUM

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

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

INTERNAL CONTROL & COMPLIANCE COMMITTEE

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

HR COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

IT DEVELOPMENT COMMITTEE

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

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ANTI MONEY LAUNDERING/ CENTRAL COMPLIANCE UNIT (CCU)

CFO	CAMLCO, Member Secretary
Head of Treasury	DCAMLCO, Member
CTO	Member
Head of CRM	Member
Head of Business	Member
Head of Liability	Member

NATIONAL INTEGRITY COMMITTEE

Head of HR & Admin	Focal Point
Head of ICC	Member
Head of Treasury	Member
SEO, Planning & Branches Control	Member Secretary

GREEN BANKING & CSR UNIT

Head of SME	Convener
Head of IT	Member
Head of HRM	Member
Company Secretary	Member

RECOVERY COMMITTEE

Managing Director	Convener
Deputy Managing Director	Member
Head of Recovery	Member Secretary
CFO	Member
Head of CAD	Member

PURCHASE & PROCUREMENT COMMITTEE

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

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AGRO LOAN



You dream of providing for the world like you provide for your family.
We are here to help you harvest your dreams.

bd finance
Inspiring Wealth
BANGLADESH FINANCE AND INVESTMENT COMPANY LIMITED

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.

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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.

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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 including contractual people is presented below:

	2016	2017
Beginning of the year	116	126
New recruitment	23	46
Released	(13)	(15)
Closing of the year	126	157

DISCLOSURES UNDER PILLAR III- MARKET DISCIPLINE

A) Scope of application

Qualitative Disclosures:

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

Bangladesh Finance And Investment Company Limited (BD Finance)

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

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

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

Not applicable.

Quantitative Disclosures:

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

Not applicable.

B) Capital structure

Qualitative Disclosures

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

Tier 2 capital includes:

i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;

ii) Revaluation reserves:

50% Revaluation reserve for fixed assets;
45% Revaluation reserve for securities;

iii) All other preference shares.

Conditions for maintaining regulatory capital:

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

i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

ii) 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

Quantitative Disclosures:

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

Particulars	Amount in BDT crore
Paid up capital	138.45
Non-repayable share premium account	-
Statutory reserve	26.46
General reserve	-
Retained earnings	17.16
Minority interest in subsidiaries	0.00
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
Total Tier 1 capital	**182.07**

(c) The total amount of Tier 2 capital	**41.81**
(d) Other deductions from capital	-
(e) Total eligible capital	**223.88**

C) Capital Adequacy

Qualitative Disclosures

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

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

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

Strategy to achieve the required Capital Adequacy: Operational level:

Immediate measures:

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

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

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

Continuous measures:

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

Financing clients having good credit rating;

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

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

Strategic level:

Injecting fresh capital by issuing right shares, if required.

Quantitative Disclosures	Amount in BDT crore
(b) Capital requirement for Credit Risk	1,537.92
(c) Capital requirement for Market Risk	72.22
(d) Capital requirement for Operational Risk	40.44

(e) Total and Tier 1 capital ratio:

For the consolidated group; and For stand alone

Particular	Consolidated	Stand Alone
CAR on Total capital basis (%)	17.15	13.56
CAR on Tier 1 capital basis (%)	14.67	11.03

D) Credit Risk

Qualitative Disclosures

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

Definitions of past due and impaired (for accounting purposes)

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

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

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

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

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

Looking into payment performance of customer before financing;

Annual review of clients;

Adequate insurance coverage for funded assets;

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

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

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

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

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

Regular review of market situation and industry exposure;

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

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

Approved Credit Policy by the Board of Directors

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

Separate Credit Risk Management (CRM) Department

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

Special Assets Management and Collection Team

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

Independent Internal Control and Compliances Department (ICC)

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

Credit Evaluation

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

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

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

Credit Approval Process

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

Credit Quality and Portfolio Diversification

BD Finance believes in diversification in terms of products as well as sectors. To mitigate the Credit Risk, the company diversifies its loan exposure to different sectors confirming the Central Bank's requirements. Threshold limit is set for any sector so that any adverse impact on any industry has minimum effect on BD Finance's total return. Central Bank's instructions are strictly followed in determining Single Borrower/Large Loan limit. Significant concentration of credit in terms of groups or geographical location is carefully avoided to minimize risk.

Early Warning System

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

NPL Management

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

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

1. Loan/Lease, classified as bad/loss and with 100% provision, can only be written-off.

2. Approval from the Board of Directors has to be taken before write-off.

3. The financial institutions should constantly try to recover the loan/lease written-off amount. If legal action has not been taken against the client, legal charges should be placed before the write off.

4. To expedite the legal settlement or collection of the due amount, third party agents can be appointed by the financial institutions.

5. A separate ledger should be maintained for the written off loans/leases and the accumulated written off value should be disclosed separately under the heading of "notes to the account" in the annual report/balance sheet of the financial institutions.

6. Even if the loan/lease has been written off, the client should be classified as defaulter and reported to CIB accordingly.

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

Counterparty Credit Rating

BD finance is taking initiatives to rate the Corporate Clients of the company immediately by the External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank. As on December 31, 2017, total net exposure of BDT 952.58 crore were eligible for credit rating. Among these net exposure of BDT 511.93 crore had valid credit ratings. That is, about 53.74% of ratable exposure was rated. We are optimistic of getting more counter party ratings by 2018.

Methods used to measure Credit Risk

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

Quantitative Disclosures

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

Particulars	Amount in BDT crore
Leasing	119.45
Long-term finance	737.22
Real estate finance	180.90
Car loan	56.51
Personal loan	-
Short term finance	255.87
Loan against deposit	13.52
Margin loan to portfolio investors	-
Interest receivable	37.45
Total	1,400.92

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

Area	Amount in BDT crore
Dhaka	1,113.98
Chittagong	277.3
Sylhet	9.61
Total	**1,400.92**

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

Sector	Amount in BDT crore
Agriculture	58.61
Cement and Allied Industry	-
Electronics and Electrical Products	36.64
Food Production and Processing Industry	19.16
Garments and Knitwear	75.73
Glass, Glassware and Ceramic Industry	.09
Housing	64.06
Iron, Steel and Engineering	122.50
Jute and Jute products	.07
Leather and Leather Goods	4.08
Paper, Printing and Packaging	13.57
Pharmaceuticals and Chemicals	26.99
Plastic Industry	55.53
Power, gas water and sanitary services	102.17
Ship Manufacturing Industry	-
Telecommunication and Information Technology	10.83
Textile	98.03

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Trade and Commerce	214.47
Transport and Aviation	71.36
Others	427.02
Total	**1,400.92**

Beside these, BD Finance portfolio includes total margin loan to clients by our capital market subsidiaries (BDFSL and BDFCHL) but does not include Loan to subsidiaries paid by BD Finance, which should be deducted from the portfolio. Therefore, the total industry exposure amounts to BDT 1,418.14 crore.

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

Particulars	Amount in BDT crore
Repayable on demand	44.64
Over 1 month but not more than 3 months	159.54
Over 3 months but not more than 1 year	432.58
Over 1 year but not more than 5 years	360.99
Over 5 years	403.17
Total	**1,400.92**

(f) Gross Non Performing Assets (NPAs)

Non Performing Assets (NPAs) to Outstanding Loans & advances

Movement of Non Performing Assets (NPAs)

Particulars	Amount in BDT crore
Opening balance	108.79
Adjustment during the year	(23.55)
Closing balance	85.24

Movement of specific provisions for NPAs

Particulars	Amount in BDT crore
Opening balance	33.27
Adjustment during the year	(7.54)
Closing balance	25.73

E) Equities: banking book positions

Qualitative Disclosures

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

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

Total equity shares holdings are for capital gain purpose.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions.

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This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

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

Quantitative Disclosures

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

(Amount in BDT Crore)

Particulars	Cost Price	Market Price
Quoted shares	47.83	36.11
Unquoted shares	1.00	-

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

- BDT 0.48 crore

Particulars	Amount in BDT crore
Total unrealized gains (losses)	(12.72)
Total latent revaluation gains (losses)	-

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

Specific Risk- Market value of investment in equities is BDT 36.11 crore. Capital Requirement is 10% of the said value which stand to BDT 3.61 crore.

General Risk- Market value of investment in equities is BDT crore. Capital Requirement is 10% of the said value which stand to BDT 3.61 crore.

F) Interest rate in the banking book

Qualitative Disclosures

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

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

Quantitative Disclosures

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

Maturity wise Distribution of Assets-Liabilities

(Amount in BDT Crore)

Particulars	1 to 30/31 day (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
1	2	3	4	5	6
A. Total Rate Sensitive Liabilities (A)	72.18	64.83	101.50	257.41	383.29
B. Total Rate Sensitive Assets (B)	70.67	63.41	97.28	252.93	367.29
C. Mismatch	-1.52	-1.43	-4.22	-4.48	-15.99
D. Cumulative Mismatch	-1.52	-2.95	-7.17	-11.65	-27.64
E. Mismatch (%)	-2.10%	-2.20%	-4.16%	-1.74%	-4.17%

Interest Rate Risk - Increase in Interest Rate

Magnitude of Shock	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio	-	-	-
Net Interest Income	.20	.40	.60
Revised Regulatory Capital	223.88	224.08	224.28
Risk Weighted Assets	1650.58	1650.58	1650.58
Revised CAR (%)	13.56%	13.58%	13.59%

G) Market risk

Qualitative Disclosures

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

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

Methods used to measure Market risk

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

Market Risk Management system

Policies and processes for mitigating market risk

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

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

Quantitative Disclosures

The capital requirements for Market Risk:

Particulars	Amount in BDT crore
Interest rate risk	-
Equity position risk	7.22
Foreign Exchange Position and	-
Commodity risk (if any).	

H) Operational Risk:

Qualitative disclosure:

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

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

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

Performance gap of executives and staffs

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

Potential external events

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

Policies and procedures for mitigating operational risk:

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

Approach for calculating capital charge for operational risk:

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

Quantitative Disclosures:

(b) Capital requirement for operational risk:

Particulars	Amount in BDT crore
Capital requirement for operational risk:	4.04

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, 2017 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, 26 April, 2018

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Cell: 01713092222 | Email: itratshahed@gmail.com

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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 2017, 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

Tarik Morshed
Managing Director and CEO

AMARSTOCK

REPORT OF THE AUDIT COMMITTEE

The Role of Audit Committee

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

The composition of the Audit Committee

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

Name of Member	Position in the Committee
Mr. Haider Ahmed Khan, FCA Independent Director	Chairman
Mr. Ansar Uddin Ahmed Independent Director	Member
Mr. Imtiyaz yousuf Director	Member
Mrs. Shahnaz Rashid 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) Minimization of 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 and Audit Committee.

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

AMAR STOCK

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 2017 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 2017, 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.

Other Matter

The financial statements of Bangladesh Finance and Investment Company Limited for the year ended 31 December 2016 were audited by A. Qasem & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 16 April 2017.

We also report that:

i. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof and found satisfactory;

ii. in our opinion, proper books of account as required by law have been kept by the 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;

iii. 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;

iv. the expenditure incurred was for the purposes of the Group and the Company's business;

v. 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;

vi. adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

vii. the record submitted by the parent company and the subsidiary companies have been audited and consolidated properly in the financial statements;

viii. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

ix. the information and explanation required by us have been received and found satisfactory;

x. the Company has complied with relevant laws pertaining to capital and reserves and found satisfactory;

xi. we have reviewed over 80% of the risk weighted assets of the Group and the Company, and we have spent around 1,960 person hours for the audit; and

xii. all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report;

Dhaka
18 April 2018

MABS & J Partners
Chartered Accountants

AMAR STOCK

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
PROPERTY AND ASSETS			
Cash			
Cash in hand	**3.a**	62,819	75,057
Balance with Bangladesh Bank		148,797,583	161,998,454
		148,860,402	**162,073,512**
Balance with other Banks and	**4.a**		
Financial Institutions			
Inside Bangladesh		1,003,397,898	452,902,547
Outside Bangladesh		-	-
		1,003,397,898	**452,902,547**
Money at call and short notice		**-**	**-**
Investment in Securities	**5.a**		
Government		-	-
Others		1,123,847,266	825,437,144
		1,123,847,266	**825,437,144**
Lease, Loans and Advances	**6.a**		
In Bangladesh		14,225,910,307	13,880,049,696
Outside Bangladesh		-	-
		14,225,910,307	**13,880,049,696**
Fixed Assets including Premises, Furniture and Fixtures	**7.a**	**412,298,454**	**411,923,877**
Other Assets	**8.a**	**2,192,511,779**	**2,048,818,469**
Non Banking Assets	**9**	**212,121,062**	**212,121,062**
		19,318,947,168	**17,993,326,305**
Total Assets			
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks, Financial Institutions and Agents	**10.a**	**4,069,958,239**	**4,281,399,455**
Deposits and other Accounts	**11.a**	**10,192,102,183**	**9,014,858,577**
Other Liabilities	**12.a**	**2,295,384,834**	**2,222,303,962**
Total Liabilities		**16,557,445,256**	**15,518,561,993**
Capital/ Shareholders' Equity			
Share Capital	**13.2**	1,384,542,220	1,258,674,750
Statutory Reserve	**14**	264,563,582	222,607,589
General Reserve	**15**	-	-
Capital Reserve	**16.1**	33,744,750	33,744,750
Revaluation Surplus on Land & Building	**7.b**	295,243,020	295,243,020
Retained Earnings	**16.a**	294,227,574	196,542,722
Total Shareholders' Equity		**2,272,321,146**	**2,006,812,831**
Non Controlling Interest	**16.b**	**489,180,767**	**467,951,480**
Total Liabilities & Shareholders' Equity		**19,318,947,168**	**17,993,326,305**
Net Asset Value per share (NAV)		**16.41**	**15.94**

AMARSTOCK

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	100,000,000	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		**100,000,000**	**-**
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		**-**	**-**
Total Off-Balance Sheet items including contingent liabilities		**100,000,000**	**-**

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

Company Secretary | Director | Director | Managing Director

This is the consolidated Balance Sheet referred to in our separate report of even date.

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

AMARSTOCK

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
Interest Income	19.a	1,619,839,090	1,777,649,345
Less: Interest paid on Deposits & Borrowings etc.	20.a	1,199,694,273	1,362,279,370
Net Interest Income		**420,144,817**	**415,369,975**
Income from Investment in securities	21.a	168,407,759	130,187,706
Commission, Exchange and Brokerage	21.b	92,220,928	50,076,660
Other Operating Income	22.a	123,443,059	52,791,066
		384,071,746	**233,055,431**
Total Operating Income		**804,216,563**	**648,425,406**
Salaries and Allowances	23.a	117,147,693	92,961,984
Rent, Taxes, Insurances, Electricity etc.	24.a	24,866,045	21,290,561
Legal & Professional Fees	25.a	2,117,155	3,067,958
Postage, Stamps, Telecommunication etc.	26.a	2,818,469	2,554,308
Stationery, Printings, Advertisements etc.	27.a	3,946,876	4,094,758
Managing Director's Salary and Allowances	28	6,858,065	5,600,000
Directors' Fees and Conveyance	29.a	1,572,250	1,288,750
Auditors' Fees	29.b	292,139	348,306
Depreciation & Repairs of Assets	30.a	34,478,523	24,341,589
Other Expenses	31.a	63,739,228	52,153,625
Total Operating Expenses		**257,836,442**	**207,701,838**
Profit before Provision		**546,380,121**	**440,723,568**
Specific provisions for Classified Investment	32	98,200,818	130,498,166
General Provisions for Unclassified Investment	32	6,781,288	(8,744,669)
Provisions for Other Receivables	32	92,000	(1,975,000)
Provisions for Investment in Securities	32.a	82,785,012	3,416,454
Total Provision		**187,859,118**	**123,194,951**
Total Profit before Provisions for Taxation		**358,521,003**	**317,528,617**
Deferred Tax Expenses/(benefit)		(2,565,669)	(5,278,841)
Current Tax Expenses-BD Finance		33,120,379	139,067,124
Current Tax Expenses-BD Securities Ltd.		19,381,146	11,367,627
Current Tax Expenses-BD Capital Holdings Ltd.		8,410,046	3,675,970
		58,345,902	**148,831,880**
Net Profit after Taxation		**300,175,101**	**168,696,737**
Attributable to		**300,175,101**	**168,696,737**
Shareholder of the Company		278,942,052	165,737,704
Non-controlling Interest		21,233,049	2,959,033
Net Profit available for distribution		**278,942,052**	**165,737,704**

AMARSTOCK

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
Appropriations			
Statutory Reserve	**14**	41,955,994	28,024,732
General Reserve	**15**	-	-
Retained Earnings		236,986,058	137,712,972
		278,942,052	**165,737,704**
Earnings Per Share (Re-stated 2016)	**33a**	**2.01**	**1.20**

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

Company Secretary | Director | Director | Managing Director

This is the consolidated Profit and Loss account referred to in our separate report of even date.

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

AMARSTOCK

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2017

	31-Dec-17 BDT	31-Dec-16 BDT
Cash Flow from Operating Activities		
Interest received	1,544,925,122	1,845,772,818
Interest paid	(1,250,992,665)	(1,339,340,206)
Dividend received	47,594,282	38,319,394
Fees & Commission received	90,270,185	48,788,496
Cash Payments to Employees	(124,492,342)	(96,020,691)
Cash Payments to Suppliers	(4,524,142)	(6,529,575)
Income Tax Paid	(126,807,764)	(162,852,536)
Received from other Operating activities	248,974,952	144,066,174
Payments for other Operating activities	(113,199,863)	(82,923,001)
Cash generated from operating activities before changes in Operating Assets & Liabilities	**311,747,766**	**389,280,873**
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(298,410,122)	(214,786,636)
Loans and Lease Finance to Customers	(479,812,045)	(321,642,670)
Other Assets	38,904,467	4,386,476
Deposits	1,177,243,606	(792,805,918)
Other Liabilities	37,596,417	176,735,049
Sub Total	**475,522,324**	**(1,148,113,698)**
A) Net Cash flows from Operating Activities	**787,270,090**	**(758,832,826)**
Cash flows from Investing Activities		
Purchase/sale of non trading securities	-	-
Proceeds from Sale of fixed assets	-	1,980,000
Purchases/sale of Property, Plant & Equipment	(22,268,718)	(21,439,577)
B) Net Cash flows from Investing Activities	**(22,268,718)**	**(19,459,577)**
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	(214,281,630)	901,958,897
Share Capital - Right Issue	-	-
Dividend Paid	(13,437,500)	-
C) Net Cash flows from Financing Activities	**(227,719,130)**	**901,958,897**
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**537,282,241**	**123,666,494**
E) Cash & Cash Equivalents at the beginning of the period	**614,976,059**	**491,309,565**
F) Cash & Cash Equivalents at the end of the period(D+E)	**1,152,258,300**	**614,976,059**
Net Operating Cash Flows per share (NOCFPS)	**5.69**	**(6.03)**

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

Company Secretary | Director | Director | Managing Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 December 2017

Particulars	Share capital	Statutory reserve	General reserve	Capital reserve	Revaluation Surplus	Retained earnings	Total	Non ntrolling Interest	Total Equity
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance as at 01 January 2017	**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**
Changes during the period 2017									
Issue of Bonus Share	125,867,470	-	-	-	-	(125,867,470)	-	-	-
Right Share Issue	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	(13,433,738)	(13,433,738)	(3,763)	(13,437,500)
Profit/(Loss) for the period	-	-	-	-	-	278,942,052	278,942,052	21,233,049	300,175,101
Capital Reserve	-	-	-	-	-	-	-	-	-
Deferred Tax adjustment	-	-	-	-	-	-	-	-	-
Revalution Surplus	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	41,955,994	-	-	-	(41,955,994)	-	-	-
	125,867,470	41,955,994	-	-	-	97,684,851	265,508,314	21,229,286	286,737,601
Balance as at 31 December 2017	**1,384,542,220**	**264,563,582**	**-**	**33,744,750**	**295,243,020**	**294,227,574**	**2,272,321,146**	**489,180,767**	**2,761,501,913**
Balance as at 1 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**

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

Company Secretary | Director | Director | Managing Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

BALANCE SHEET

As at 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
PROPERTY AND ASSETS			
Cash	3		
Cash in hand		55,714	48,130
Balance with Bangladesh Bank		148,797,583	161,998,454
		148,853,297	**162,046,585**
Balance with other Banks and Financial Institutions	4		
Inside Bangladesh		960,040,271	271,938,816
Outside Bangladesh		-	-
		960,040,271	**271,938,816**
Money at call and short notice		**-**	**-**
Investment in Securities	5		
Government		-	-
Others		488,255,822	274,788,322
		488,255,822	**274,788,322**
Lease, Loans and Advances	6		
In Bangladesh		14,009,168,768	13,891,813,341
Outside Bangladesh		-	-
		14,009,168,768	**13,891,813,341**
Fixed Assets including Premises, Furniture and Fixtures	7	**403,671,878**	**398,660,398**
Other Assets	8	**1,889,227,111**	**1,694,262,943**
Non Banking Assets	9	**212,121,062**	**212,121,062**
Total Assets		**18,111,338,209**	**16,905,631,466**
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks financial Institutions and Agents	10	**3,756,814,603**	**4,076,684,063**
Deposits and other Accounts	11	**10,192,102,183**	**9,014,858,577**
Term Deposits		9,907,425,372	8,589,367,036
Other Deposits		58,902,497	118,582,499
Advance Rent & Installments		225,774,314	306,909,042
Bills Payable		-	-
Other Liabilities	12	**2,046,476,291**	**1,907,923,663**
Total Liabilities		**15,995,393,077**	**14,999,466,302**
Capital/ Shareholders' Equity			
Share Capital	13.2	1,384,542,220	1,258,674,750
Statutory Reserve	14	264,563,582	222,607,589
General Reserve	15	-	-
Revaluation Surplus on Land & Building	7.1	295,243,020	295,243,020
Retained earnings	16	171,596,309	129,639,805
Total Shareholders' Equity		**2,115,945,132**	**1,906,165,164**
Total Liabilities & Shareholders' Equity		**18,111,338,209**	**16,905,631,466**
Net Asset Value per share (NAV)		**15.28**	**15.14**

AMARSTOCK

BALANCE SHEET

As at 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
OFF BALANCE SHEET EXPOSURES			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	100,000,000	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Total		**100,000,000**	**-**
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		**-**	**-**
Total Off-Balance Sheet items including contingent liabilities		**100,000,000**	**-**

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

Company Secretary | Director | Director | Managing Director

This is the Balance Sheet referred to in our separate report of even date.

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

AMARSTOCK

PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
Interest Income	19	1,592,255,704	1,760,435,258
Less: Interest paid on Deposits & Borrowings etc.	20	1,166,234,103	1,337,901,289
Net Interest Income		**426,021,601**	**422,533,969**
Income from Investment in securities	21	39,619,578	71,380,748
Commission, Exchange and Brokerage		400,000	576,000
Other Operating Income	22	125,869,858	54,174,557
		165,889,436	**126,131,306**
Total Operating Income		**591,911,037**	**548,665,274**
Salaries and Allowances	23	92,834,575	73,484,744
Rent, Taxes, Insurances, Electricity etc.	24	21,379,769	18,884,145
Legal & Professional Fees	25	1,518,585	2,201,948
Postage, Stamps, Telecommunication etc.	26	1,957,492	1,795,308
Stationery, Printings, Advertisements etc.	27	3,582,557	3,790,705
Managing Director's Salary and Allowances	28	6,858,065	5,600,000
Directors' Fees and Conveyance	29	1,256,000	984,000
Auditors' Fees		203,333	241,500
Depreciation & Repairs of NBFI's Assets	30	28,787,344	17,819,810
Other Expenses	31	28,124,533	30,172,677
Total Operating Expenses		**186,502,253**	**154,974,836**
Profit before Provision		**405,408,784**	**393,690,438**
Specific provisions for Classified Investment		98,200,818	130,498,166
General Provisions for Unclassified Investment		6,781,288	(8,744,669)
Provisions for Other Receivables		92,000	(1,975,000)
Provisions for Investment in Securities		60,000,000	-
Total Provision	32	**165,074,106**	**119,778,497**
Total Profit before Provisions for Taxation		**240,334,678**	**273,911,941**
Deferred Tax Expenses/(benefit)		(2,565,669)	(5,278,841)
Current Tax Expenses		33,120,379	139,067,124
		30,554,710	133,788,283
Net Profit after Taxation		**209,779,968**	**140,123,659**
Appropriations			
Statutory Reserve	14	41,955,994	28,024,732
General Reserve	15	-	-
Retained Earnings	16	167,823,975	112,098,927
		209,779,968	140,123,659
Earnings Per Share (Re-stated 2016)	33	**1.52**	**1.01**

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

Company Secretary | Director | Director | Managing Director

This is the Profit and Loss referred to in our separate report of even date.

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

CASH FLOW STATEMENT

For the period ended 31 December 2017

	Note	31-Dec-17 BDT	31-Dec-16 BDT
Cash Flow from Operating Activities			
Interest received	34	1,517,249,400	1,825,273,809
Interest paid	35	(1,218,974,142)	(1,311,667,417)
Dividend received		34,836,144	18,535,610
Fees & Commission received		400,000	576,000
Cash Payments to Employees		(99,692,640)	(79,084,744)
Cash Payments to Suppliers		(3,582,557)	(5,770,705)
Income Tax Paid		(107,535,834)	(153,711,496)
Received from other Operating activities	36	130,653,291	107,019,695
Payments for other Operating activities	37	(67,024,096)	(57,505,396)
Cash generated from operating activities before changes in Operating Assets & Liabilities		**186,329,567**	**343,665,356**
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		(213,467,499)	29,675,929
Loans and Lease Finance to Customers		(291,268,515)	(609,649,922)
Other Assets	38	16,287,119	63,047,270
Deposits		1,177,243,606	(705,016,397)
Other Liabilities	39	140,867,790	24,704,494
Sub Total		**829,662,501**	**(1,197,238,626)**
A) Net Cash from Operating Activities		**1,015,992,068**	**(853,573,270)**
Cash flows from Investing Activities			
Purchase/sale of non trading securities		-	-
Proceeds from Sale of fixed assets		-	1,980,000
Purchase/sale of Property, Plant & Equipments		(21,214,440)	(21,126,146)
B) Net Cash from Investing Activities		**(21,214,440)**	**(19,146,146)**
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		(319,869,460)	859,342,879
Dividend Paid		-	-
C) Net Cash from Financing Activities		**(319,869,460)**	**859,342,879**
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**674,908,169**	**(13,376,537)**
E) Cash and cash equivalents at the beginning of the period		**433,985,401**	**447,361,938**
F) Cash and cash equivalents at the end of the period (D+E)	**40**	**1,108,893,568**	**433,985,401**
Net Operating Cash Flow per share		**7.34**	**(6.78)**

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

Company Secretary | Director | Director | Managing Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 December 2017

Particular	Share capital	Statutory reserve	General reserve	Revaluation Surplus	Retained earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance as at 01 January 2017	**1,258,674,750**	**222,607,589**	**-**	**295,243,020**	**129,639,805**	**1,906,165,164**
Changes during the period 2017						
Issue of Bonus Share	125,867,470	-	-	-	(125,867,470)	-
Profit/(Loss) for the period	-	-	-	-	209,779,968	209,779,968
Transfer to statutory reserve	-	41,955,994	-	-	(41,955,994)	-
Revaluation of Land	-	-	-	-	-	-
	125,867,470	41,955,994	-	-	41,956,505	209,779,968
Balance as at 31 December 2017	**1,384,542,220**	**264,563,582**	**-**	**295,243,020**	**171,596,309**	**2,115,945,132**
Balance as at 1 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)	-
Cash Dividend	-	-	-	-	-	-
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**

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

Company Secretary | Director | Director | Managing Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

LIQUIDITY STATEMENT
ASSETS AND LIABILITIES MATURITIES ANALYSIS

As at 31 December 2017

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	55,714	-	-	-	-	55,714
Balance with Bangladesh Bank	148,797,583	-	-	-	-	148,797,583
Balance with other banks and financial institutions	113,770	109,313,770	850,612,731	-	-	960,040,271
Money at Call and Short Notice						-
Investment in securities	478,255,822	-	-	10,000,000	-	488,255,822
Investment (Loans and Advances)	923,308,860	1,363,043,705	2,121,739,509	7,949,982,822	1,651,093,872	14,009,168,768
Fixed Assets including premises, furniture and fixtures etc.				104,852,247	298,819,631	403,671,878
Other Assets	145,459,444	283,408,201	397,428,563	11,478,190	1,051,452,714	1,889,227,111
Non-banking Assets				212,121,062		212,121,062
Total Assets (i)	**1,695,991,191**	**1,755,765,677**	**3,369,780,803**	**8,288,434,321**	**3,001,366,217**	**18,111,338,209**
Liabilities						
Financing (Borrowing) from other banks, financial institutions and agents	519,203,524	372,013,214	856,726,509	2,008,871,356	-	3,756,814,603
Deposits and other accounts	327,859,031	900,964,969	2,300,409,308	5,771,742,626	891,126,250	10,192,102,183
Provision and other liabilities	240,894,461	43,596,466	119,890,282	326,973,496	1,315,121,587	2,046,476,291
Total Liabilities (ii)	**1,087,957,015**	**1,316,574,649**	**3,277,026,099**	**8,107,587,477**	**2,206,247,836**	**15,995,393,077**
Net Liquidity Gap (i-ii)	**608,034,176**	**439,191,027**	**92,754,704**	**180,846,843**	**795,118,380**	**2,115,945,132**

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

Company Secretary | Director | Director | Managing Director

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the period ended 31 December 2017

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 (2nd Floor) , 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 Six branch offices at Dhaka, Chattagram, Sylhet and Gazipur district. 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 99.93% owned 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 Financial Reporting Standards (BFRS) covering Bangladesh Accounting Standard (BAS) 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 Financial Reporting Standard 10 "Consolidated 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 01 January 2017 to 31 December 2017

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 tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereto from time to time.

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

Name of the BFRS	BFRS No.	Status
Share Base payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resource	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied
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).

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			3 1-Dec-17 BDT	3 1-Dec-16 BDT
3	**Cash**			
	Cash in hand	**(Notes :3.1)**	55,714	48,130
	Balance with Bangladesh Bank	**(Notes : 3.2)**	148,797,583	161,998,454
			148,853,297	**162,046,585**
3.a	**Cash in Hand (Consolidated)**			
	BD Finance		55,714	48,130
	BD Finance Securities Limited		1,252	20,000
	BD Finance Capital Holdings Limited		5,853	6,927
			62,819	**75,057**
3.1	**Cash In hand (including foreign currencies)**			
	In local currency		55,714	48,130
	In foreign currency		-	-
			55,714	**48,130**
3.2	**Balance with Bangladesh Bank (including foreign currencies)**			
	In local currency		148,797,583	161,998,454
	In foreign currency		-	-
			148,797,583	**161,998,454**

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	141,016,901	145,378,622
	Actual Reserve held with Bangladesh Bank (local currency)	148,842,583	161,998,454
	Surplus	**7,825,682**	**16,619,832**
3.5	**Statutory Liquidity Ratio (SLR): 5% (including 2.5% CRR) of Average Demand and Time Liabilities**		
	Required Reserve	687,906,327	406,041,963
	Actual Reserve held (Note- 3.6)	1,108,893,568	433,985,401
	Surplus	**420,987,241**	**27,943,438**
3.6	**Held for Statutory Liquidity Ratio**		
	Cash in hand	55,714	48,130
	Balance with Bangladesh Bank	148,797,583	161,998,454
	Balance with other bank and Financial Institutions **(Note-4)**	960,040,271	271,938,816
		1,108,893,568	**433,985,401**
4	**Balance with other Banks and Financial Institutions**		
	Inside Bangladesh (Note - 4.1)	960,040,271	271,938,816
	Outside Bangladesh (Note - 4.2)	-	-
		960,040,271	**271,938,816**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
4.a	**Balance with other Banks and Financial Institutions**		
	(Consolidated)		
	BD Finance	960,040,271	271,938,816
	BD Finance Securities Limited	34,910,518	164,143,845
	BD Finance Capital Holdings Limited.	8,447,108	16,819,886
		1,003,397,898	**452,902,547**
4.1	**Inside Bangladesh**		
	Current Account		
	Dhaka Bank Limited	4,401	286,684
	Midland Bank Limited	1,080	719
	NCC Bank Ltd	77,315	-
	Premier Bank Ltd.	10,117	-
	Prime Bank Limited	17,880	50,357
	Social Investment Bank Limited	2,976	422,021
		113,770	**759,780**
	These financial statements cover from 01 January 2017 to 31 December 2017		
	Bank Asia Limited	44,555	1,976,588
	BRAC Bank Limited	-	809
	Dutch Bangla Bank Limited	1,227,112	703,340
	Islami Bank BD Ltd.	21,887	-
	Jamuna Bank Limited	4	4
	Modhumoti Bank Limited	6,240	7,201
	Mutual Trust Bank Limited	73,175,765	1,019,481
	NRB Commercial Bank Limited	1,962	3,987
	Southeast Bank Limited	12,682,533	12,695,148
	The City Bank Limited	22,153,712	1,551,388
		109,313,770	**17,957,946**
	FDR with Banks	**750,612,731**	**253,221,090**
	FDR with NBFIs	**100,000,000**	**-**
	Total Balance with other Banks and Financial Institutions	**960,040,271**	**271,938,816**
4.2	**Outside Bangladesh**		
	Cash at Foreign Bank	**-**	**-**
	Total Cash at Bank (Bangladesh & Foreign)	**960,040,271**	**271,938,816**
4.3	**Maturity-wise groupings of balance with other banks and FI's**		
	On Demand	113,770	759,780
	Not more than 3 months	109,313,770	17,957,946
	More than 3 months but less than 1 year	850,612,731	253,221,090
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		960,040,271	**271,938,816**

AMARSTOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
5	**Investment in Securities**		
	i) Government	-	-
	ii) Others	488,255,822	274,788,322
		488,255,822	**274,788,322**
5.a	**Investment in Securities (Consolidated)**		
	BD Finance	488,255,822	274,788,322
	BD Finance Securities Limited	229,729,934	213,215,721
	BD Finance Capital Holdings Limited	405,861,511	337,433,100
		1,123,847,266	**825,437,144**
5.ii.	**Investment in Securities-Others**		
	Investment in shares (in quoted companies) **(Note 5.1)**	478,255,822	264,788,322
	Investment in shares (in un-quoted companies) **(Note 5.2)**	10,000,000	10,000,000
		488,255,822	**274,788,322**
	Maturity-wise Grouping of Investment in Securities:		
	On demand	478,255,822	264,788,322
	Not more than 3 months	-	-
	More than 3 months but less than 1 year	-	-
	More than 1 year but less than 5 years	10,000,000	10,000,000
	More than 5 years	-	-
		488,255,822	**274,788,322**

5.1

Name of the Institution	Cost Price 2017	Market Price 2017	Cost Price 2016
Aman Cotton Fibrous Ltd.	1,255,360	1,255,360	-
Beximco Ltd.	-	-	10,590,326
Beximco Pharma	1,967,750	2,595,000	28,252,516
Bashundhara Paper Mills Ltd.	3,458,080	3,458,080	-
City General Insurance Co. Ltd.	12,073,100	9,216,098	12,979,096
Eastland Insurance	5,302,002	2,161,992	3,541,909
Exim Bank	-	-	3,198,893
GRAMEENS2	-	-	1,412,137
International Leasing & Fin. Ser. Ltd.	-	-	1,051,145
IT Consultants Ltd.	3,698,119	3,322,800	-
Jamuna Oil	20,687,170	20,630,000	-
Lafarge Holcim (BD) Ltd.	185,003,987	140,692,274	-
Nahee Aluminium Composite Panel Ltd.	62,246	502,570	-
Northern Insurance	64,436,851	44,052,324	71,574,764
One Bank Limited	17,287,508	16,484,016	27,012,990
Oimex Electrode Ltd.	64,800	464,746	-
PADMALIFE	99,152,599	82,931,203	-
Peoples Leasing & Financial Ser. Ltd.	-	-	20,621,408
Prime Islami Life	-	-	4,438,391
Rupali General Insurance	-	-	4,539,914
Southeast Bank Ltd.	-	-	21,085,411
Summit Power	23,497,316	13,415,579	19,146,185
The City Bank	4,965,696	5,586,798	-
United Finance	35,343,238	14,314,201	35,343,238
	478,255,822	361,083,040	264,788,322

5.2 Unquoted

Name of the Institution	Cost Price 2017	Market Price 2017	Cost Price 2016
Bangladesh Commerce Bank Limited.	-	-	-
GMG Airlines Limited.	10,000,000	-	10,000,000
	10,000,000	-	10,000,000
	488,255,822	**361,083,040**	**274,788,322**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
6	**Lease, Loans and Advances**		
a)	**Inside Bangladesh**		
	Investment in Lease Finance		
	Gross lease rental receivable	2,315,566,081	2,148,825,058
	Less: Unearned interest income	489,950,325	375,855,258
	i) Net Investment in Lease Finance	1,825,615,756	1,772,969,800
	ii) Term Finance	10,461,031,456	10,098,996,804
	iii) House Building Finance	1,722,521,556	2,019,846,736
	Total Loans and Lease inside Bangladesh (i+ii+iii)	**14,009,168,768**	**13,891,813,341**
b)	**Outside Bangladesh**	**-**	**-**
	Total Loans and Lease Finance (a+b)	**14,009,168,768**	**13,891,813,341**
6.a	**Lease, Loans and Advances (Consolidated)**		
	BD Finance	14,009,168,768	13,891,813,341
	BD Finance Securities Limited	638,580,233	360,722,060
	BD Finance Capital Holdings Limited.	15,160,844	27,978,329
	Loan to BD Finance Securities Limited	(347,626,954)	(301,683,700)
	Loan to BD Finance Capital Holdings Limited.	(89,372,583)	(98,780,333)
		14,225,910,307	**13,880,049,696**
6.1	**Maturity wise Classification of Investments:**		
	With a residual maturity of		
	Receivable on Demand	923,308,860	407,539,443
	Not more than 3 months	1,363,043,705	971,909,760
	Over 3 months but not more than 1 year	2,121,739,509	1,833,834,280
	Over 1 year but not more than 5 years	7,949,982,822	8,951,842,403
	Over 5 years	1,651,093,872	1,726,687,455
		14,009,168,768	**13,891,813,341**
6.2	**Investments on the basis of significant concentration:**		
	Investments to allied concern of Directors **(Note: 43.5)**	486,412,126	449,666,369
	Investments to Executives/Officers	25,589,935	858,699
	Investments to Customer Groups	7,018,852,968	5,125,822,787
	Industrial Investment	5,831,267,609	5,771,704,508
	Others	647,046,130	2,543,760,979
		14,009,168,768	**13,891,813,341**

AMARSTOCK

		3 1-Dec-17 BDT	3 1-Dec-16 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	5,969,124,913	4,866,632,840
	Number of such types of customers	14	13
	Amount of Classified Investments thereon	216,092,703	211,740,598
	Measures taken for recovery		

6.4 Sector-wise Classification of Investment:

Sector	As at 31 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Agriculture	586,084,461	4.18%	216,563,868	1.56%
Chemical & Pharmaceuticals	269,902,753	1.93%	485,962,788	3.50%
Electronics and Electrical Products	366,390,500	2.62%	26,398,965	0.19%
Food Production/Processing Ind.	191,596,145	1.37%	766,519,743	5.52%
Garments	757,327,772	5.41%	451,546,188	3.25%
Glass & Ceramic Industries	884,395	0.01%	1,620,795	0.01%
Iron, Steel & Engineering	1,225,012,509	8.74%	1,270,917,432	9.15%
Jute & Jute Allied Industries	693,339	0.00%	-	0.00%
Merchant Banking	1,794,485,031	12.81%	1,549,447,836	11.15%
Others	647,046,130	4.62%	2,543,760,979	18.31%
Paper, Printing and Packaging	135,734,949	0.97%	134,152,010	0.97%
Plastic Industries	555,252,507	3.96%	17,568,761	0.13%
Power, Gas, Water and Sanitary	1,021,726,527	7.29%	1,084,551,079	7.81%
Real Estate & Housing	640,628,499	4.57%	215,776,235	1.55%
SME	1,869,530,067	13.35%	-	0.00%
Telecom./Information Technology	108,347,519	0.77%	353,686,876	2.55%
Textile	980,282,467	7.00%	990,235,764	7.13%
Trading	2,144,696,373	15.31%	2,764,306,885	19.90%
Transport & Communication	713,546,823	5.09%	1,018,797,139	7.33%
	14,009,168,768	**100.00%**	**13,891,813,341**	**100.00%**

6.5 Geographical Location-wise loans and lease Finance:

Location	As at 31 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Dhaka	11,139,756,636	79.52%	10,590,423,391	76.23%
Chittagong	2,773,341,352	19.80%	3,174,846,919	22.85%
Sylhet	96,070,780	0.69%	126,543,031	0.91%
	14,009,168,768	**100.00%**	**13,891,813,341**	**100.00%**

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

Particulars	As at 31 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Unclassified				
Standard	12,737,105,609	90.92%	12,419,669,321	89.40%
Special Mention Account (SMA)	419,679,594	3.00%	384,267,007	2.77%
	13,156,785,203		**12,803,936,328**	
Classified				
Substandard	73,147,659	0.52%	383,664,196	2.76%
Doubtful	333,925,666	2.38%	354,710,169	2.55%
Bad or loss	445,310,240	3.18%	349,502,647	2.52%
	852,383,565		**1,087,877,013**	
	14,009,168,768	**100.00%**	**13,891,813,341**	**100.00%**

6.7 Particulars of provision for Loans and lease Finance

Status	Rate	Basis for Provision	Amount 2017	Amount 2016
General Provision (for Unclassified portion)				
Standard Non-SME	1%	10,867,575,542	108,675,755	115,095,780
Standard-SME	0.25%	1,869,530,067	4,673,825	2,275,228
Special Mention Account	5%	372,635,256	18,631,763	17,102,236
			131,981,343	**134,473,244**
Specific Provision (for Classified Portion)				
Substandard	20%	47,437,033	9,487,407	40,574,170
Doubtful	50%	88,094,484	44,047,242	146,037,468
Bad or loss	100%	203,789,909	203,789,909	146,089,654
			257,324,557	**332,701,293**
Required provision for Loans & Lease Finance			389,305,901	467,174,537
Required provision for Other Receivables			9,117,000	9,025,000
Total provision required			**398,422,901**	**476,199,537**
Total provision maintained {note # 12.1(a) & (b)}			408,838,908	477,677,889
Surplus Provision			**10,416,007**	**1,478,353**

BD Finance has maintained provision on unclassified investment amounting to Tk. 142,397,350 (note # 12.1.b) and for classified Loan & Lease Finance Tk. 257,324,557 (note # 12.1.a) totaling Tk. 408,838,908. Surplus provision against unclassified loan/lease is Tk. 10,416,007.

MARSTOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
6.8	**Particulars of Investments:**		
(i)	Debts considered good in respect of which the NBFI is fully secured	1,402,020,822	1,959,879,207
(ii)	Debts considered good for which the NBFI holds no other security other than the debtor's personal guarantee	5,918,955,842	9,293,979,863
(iii)	Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors	6,688,192,103	2,637,954,270
		14,009,168,768	13,891,813,341
(iv)	Amount of classified loan in which no provision has been maintained	71,088,050	176,075,521
(v)	Debts due by directors or officers of the NBFI or any of them either severally or jointly with any other person	25,589,935	18,638,925
(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).	486,412,126	449,666,369
(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.	12,432,450	20,172,680
(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	-	-
(ix)	Receivable from other NBFI's	-	-
(x)	Total amount of advance on which Profit is not credited:	1,272,063,159	1,472,144,020
	A. Increase/decrease of provision (specific)		
	Amount of debts written off	241,024,124	-
	Amount realized against the debts previously written off	404,000	-
	B. Provision kept against the debt classified as bad/loss at the date of balance sheet	203,789,909	146,089,654
	C. Interest credited to Interest Suspense Account	200,383,099	174,239,619
(xi)	Cumulative amount of written off Investments	252,518,441	11,494,317

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
7	**Fixed Assets including Premises, Furniture & Fixtures**		
	A. Cost:		
	Opening balance	458,730,026	383,258,943
	Addition during the year	21,214,440	21,126,145
	Add: Revaluation During the year	-	57,871,210
	Less: Disposal during the year	-	(3,526,272)
	Closing balance at cost	**479,944,466**	**458,730,026**
	B. Depreciation:		
	Opening balance	60,069,628	49,001,909
	Addition during the year	16,202,960	14,593,991
	Less: Adjustment on disposal during the year	-	(3,526,272)
	Accumulated Depreciation	**76,272,588**	**60,069,628**
	Carrying value	**403,671,878**	**398,660,398**
	*Details are given in Annexure-A		
7.a	**Fixed Assets including Premises, Furniture and Fixtures (Consolidated)**		
	BD Finance	403,671,878	398,660,398
	BD Finance Securities Limited - PPE	7,406,891	9,176,010
	BD Finance Capital Holdings Limited.	1,219,685	4,087,469
		412,298,454	**411,923,877**
7.1	**Revaluation Surplus on Land And Building**		
	Revalued Amount	360,470,000	360,470,000
	Less: Acquisition Value	52,925,188	52,925,188
	Less: Deferred Tax Adjustment	12,301,792	12,301,792
	Revaluation Surplus	**295,243,020**	**295,243,020**

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 las revaluation was conducted by M/s. Emerging Resources Ltd. having their registered office at Valentine Palace, Road 96, House 4/A, 2nd Floor, Gulshan-2, Dhaka. As a result of revaluation, the Revaluation Surplus stands at Tk. 295,243,020 up from Tk. 239,686,658 appreciating by Tk. 55,556,362 after adjustment of Deferred Tax liability. It is noteworthy that, the valuation report was also counter certified by M/s. MARHK & CO. (Chartered Accountants).

AMAR STOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
7.b	**Revaluation Reserve (Consolidated)**		
	BD Finance	295,243,020	295,243,020
	BD Finance Securities Limited	-	-
	BD Finance Capital Holdings Limited	-	-
		295,243,020	**295,243,020**
8	**Other Assets**		
	Investment in Subsidiaries **(Note: 8.1)**	849,930,000	849,930,000
	Investment in BD Finance Vanguard Mutual Fund One	200,000,000	200,000,000
	Receivables, Advances & Deposits **(Note 8.2)**	839,297,111	644,332,943
		1,889,227,111	**1,694,262,943**
8.a	**Other Assets (Consolidated)**		
	BD Finance	1,039,297,111	844,332,943
	BD Finance Securities Limited	1,100,721,452	1,133,137,327
	BD Finance Capital Holdings Limited	52,493,216	71,348,199
		2,192,511,779	**2,048,818,469**
8.1	**Investment In Subsidiaries**		
	Investment In paid up capital (BD Finance Capital Holdings Limited)	249,930,000	249,930,000
	Investment In paid up capital (BD Finance Securities Limited)	600,000,000	600,000,000
		849,930,000	**849,930,000**
8.2	**Receivables, Advances & Deposits**		
	a) Other receivables		
	Interest on investment in FDR	15,323,705	9,653,388
	Re-imbursable expenses	6,471,004	6,641,749
	Receivable Grace Period Interest	5,456,849	85,456
	Receivable Delinquent Charge	3,728,499	16,846,328
	Receivable Penal Interest	108,516,825	5,290,923
	Receivable Excise Duty	777,220	784,720
	Receivable-Others	5,161,233	14,078,231
	Stock of Stamp	24,108	53,658
		145,459,444	**53,434,452**
	b) Advance Income Tax		
	Opening Balance	559,388,434	405,676,938
	Add: Addition during the year	107,535,834	153,711,496
		666,924,268	**559,388,434**
	Less: Adjustment during the year	-	-
	Closing balance	**666,924,268**	**559,388,434**
	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	145,527,974
	Assessment Year 2017-2018	95,237,421	-
		551,815,672	**456,578,251**

AMARSTOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
	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	8,183,522
	Assessment Year 2017-2018	12,298,413	-
		115,108,596	**102,810,183**
		666,924,268	**559,388,434**
	c) Deferred Tax Asset		
	Balance at the beginning of the period	11,346,826	6,067,985
	Adjustment during the period	2,565,669	5,278,841
	Balance at the end of the period	**13,912,495**	**11,346,826**
	d) Advance, deposits and prepayments		
	Advance Office Rent	4,504,694	1,068,126
	Advance against salary	386,451	62,082
	Advance others	6,587,045	17,421,008
	Advance against 64 Motijheel	-	97,300
		11,478,190	**18,648,516**
	e) Deposits with others		
	Deposits with BTTB & Mobile	89,200	89,200
	Deposits with Baitul Hossain Building	203,814	203,814
	Deposit with Land Lord Bangshal Branch	814,700	814,700
	Deposit with CDBL	400,000	400,000
	Deposit with Sadharan Bima	15,000	7,000
		1,522,714	**1,514,714**
	Other Assets (a+b+c+d+e)	**839,297,111**	**644,332,942**
8.3	**Maturity wise classification of other assets**		
	Receivable on Demand	145,459,444	53,434,452
	Not more than 3 months	283,408,201	313,161,817
	Over 3 months but not more than 1 year	397,428,563	257,573,443
	Over 1 year but not more than 5 years	11,478,190	18,648,516
	Over 5 years	1,051,452,714	1,051,444,714
		1,889,227,111	**1,694,262,943**
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 mortgaged property (Land) in the year of 2015 through verdict of honourable court under section 33 (7) of Artha Rin Adalat Ain, 2003. These have been recorded at Taka 212,121,062 as non-banking assets.

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
10.	**Borrowing from other banks, Financial Institutions and agents**		
	Secured	254,694,343	400,019,477
	Un secured	3,502,120,260	3,676,664,586
		3,756,814,603	**4,076,684,063**
	In Bangladesh	3,756,814,603	4,076,684,063
	Outside Bangladesh	-	-
		3,756,814,603	**4,076,684,063**
10.a	**Borrowing from other banks, Financial Institutions and agents**		
	BD Finance	3,756,814,603	4,076,684,063
	BD Finance Securities Limited	313,143,636	202,157,502
	BD Finance Capital Holdings Limited	-	2,557,890
		4,069,958,239	**4,281,399,455**
10.1	**In Bangladesh**		
	Refinance against SME loan from Bangladesh Bank	13,160,053	18,315,833
	Refinance against Housing loan from Bangladesh Bank	1,170,532	1,449,990
	Refinance against SME loan from JICA	127,713,813	136,822,707
	Term Loan from other Banks	2,338,043,696	2,461,043,473
	Short term loan from other banks	856,726,509	999,052,059
	Short Term Borrowing	-	80,000,000
	Call Loan	420,000,000	380,000,000
		3,756,814,603	**4,076,684,063**
10.2	**Term loan from Other Banks**		
	Bank Asia Ltd.	109,648,429	147,785,477
	Basic Bank Ltd.	246,706,506	300,015,000
	Jamuna Bank Ltd	302,331,500	225,848,732
	Midland Bank Ltd.	223,970,009	274,157,420
	Mutual Trust Bank Ltd.	213,766,420	316,108,319
	NCC Bank Ltd.	303,747,964	154,295,882
	Prime Bank Ltd.	71,192,150	100,378,950
	Shahjalal Islami Bank Ltd.	275,406,659	356,506,152
	Social Islami Bank Ltd.	200,000,000	-
	Southeast Bank Ltd.	137,522,373	67,625,550
	Standard Bank Ltd.	134,502,626	211,296,603
	United Commercial Bank Ltd.	119,249,059	152,796,802
	Uttara Bank Ltd.	-	154,228,587
		2,338,043,696	**2,461,043,473**
10.3	**Short Term Loan from Other Banks**		
	Basic Bank Ltd.	111,278,740	102,527,523
	Jamuna Bank Ltd.	52,400,808	101,714,826
	Mercantile Bank Ltd.	146,463,018	100,092,297
	Midland Bank limited	98,228,589	102,311,733
	Mutual Trust Bank Ltd.	22,544,726	183,484,840
	NRB Commercial Bank Ltd.	120,870,877	114,007,114
	Premier Bank Ltd.	12,118	94,950,851
	Southeast Bank Ltd.	99,746,866	99,208,900
	South Bangla Agriculture & Commerce Bank Ltd.	102,191,529	-
	Standard Bank Limited	47,420,946	71,362,575
	United Commercial Bank Ltd.	5,991,529	(20,992,957)
	Uttara Bank Ltd.	49,576,763	50,384,357
		856,726,509	**999,052,059**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
10.4	**Maturity wise classification of loan**		
	Repayable on demand	420,000,000	380,000,000
	Within 1 month	99,203,524	111,473,343
	Over 1 months but not more than 3 months	372,013,214	388,669,528
	Over 3 months but not more than 1 year	856,726,509	999,052,059
	Over 1 year but not more than 5 years	2,008,871,356	2,197,489,133
	Over 5 years	-	-
		3,756,814,603	**4,076,684,063**

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	8,950,925,640	8,580,576,955
	Scheme Deposits	956,499,731	8,790,081
	Other Deposits	58,902,497	118,582,499
	Advance Rent and Installments	225,774,314	306,909,042
		10,192,102,183	**9,014,858,577**
11.a	**Deposits and Other Accounts (Consolidated)**		
	BD Finance	10,192,102,183	9,014,858,577
	BD Finance Securities Limited	-	-
	BD Finance Capital Holdings Limited	-	-
		10,192,102,183	**9,014,858,577**
11.1	**Term Deposits**		
	General Deposits	4,610,925,640	5,540,576,955
	Deposit from Other Banks and FI's (Note-11.4)	4,340,000,000	3,040,000,000
		8,950,925,640	**8,580,576,955**
11.2	**Scheme Deposits**		
	General Deposits	956,499,731	8,790,081
	Deposit from Other Banks and FI's	-	-
		956,499,731	**8,790,081**
11.3	**Other Deposits**		
	Lease deposits	23,020,434	59,576,264
	Security deposits	244,170	244,170
	Sundry creditors	35,637,893	58,762,064
		58,902,497	**118,582,499**
11.4	**Term Deposits from other bank and FI's**		
	Term Deposits from Banks	3,790,000,000	2,850,000,000
	Term Deposits from NBFIs	550,000,000	190,000,000
		4,340,000,000	**3,040,000,000**
11.5	**Term and Other Deposits**		
	General Deposits	5,626,327,868	5,667,949,535
	Deposit from Other Banks and Financial Institutions	4,340,000,000	3,040,000,000
		9,966,327,868	**8,707,949,535**

AMARSTOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
11.6	**Advance Rent and Installments**		
	Advance Lease Rental	39,143,987	34,076,401
	Advance Term Loan Installments	186,630,328	272,832,641
		225,774,314	**306,909,042**
11.7	**Maturity wise classification of Deposits**		
	Repayable on demand	-	-
	Within 1 month	327,859,031	289,989,518
	Over 1 months but not more than 3 months	900,964,969	796,898,582
	Over 3 months but not more than 1 year	2,300,409,308	1,150,204,913
	Over 1 year but not more than 5 years	5,771,742,626	6,608,715,443
	Over 5 year to 10 years	891,126,250	169,050,121
	Over 10 years	-	-
		10,192,102,183	**9,014,858,577**
12.	**Other Liabilities**		
	Provision for Loans and Lease Finance (Note 12.1)	408,838,908	477,677,889
	Provisions for Investment in Securities (Note 12.2)	128,067,968	68,067,968
	Interest Suspense (Note 12.3)	200,383,099	174,239,619
	Provision for Taxation (Note 12.4)	765,912,919	732,792,541
	Deferred Tax (Note 12.5)	12,301,792	12,301,792
	Interest payable on Borrowing and Deposits (Note 12.6)	301,776,917	354,516,956
	Payable & Provision against expenditure (Note 12.7)	186,398,878	60,696,855
	Advance Rent Received	9,016,000	682,830
	Margin on Guarantee	-	2,880,000
	Advance Excise Duty Received	10,100,050	9,547,100
	Gratuity Fund	18,654,649	13,589,014
	Dividend payable	5,025,112	931,100
		2,046,476,291	**1,907,923,663**
12.a	**Other Liabilities (Consolidated)**		
	BD Finance	2,046,476,291	1,907,923,663
	BD Finance Securities Limited	204,375,240	276,467,602
	BD Finance Capital Holdings Limited	45,403,290	39,654,272
	BD Finance Capital Holdings Limited - Adjustment	(869,986)	(1,741,574)
		2,295,384,834	**2,222,303,962**
12.1	**Provision for Investment:**		
	(a) Provision on Classified Investment:		
	Provision held at the beginning of the period	333,036,827	202,538,661
	Provision adjustment for Loan/Lease written off during the year	(173,913,088)	-
	Net charge to Profit & Loss Account (Note - 32)	98,200,818	130,498,166
	Provision held at the end of the period	**257,324,557**	**333,036,827**
	(b) General Provision on Unclassified Investment:		
	Provision held at the beginning of the period	135,616,062	144,360,731
	Net charge to Profit & Loss Account (Note - 32)	6,781,288	(8,744,669)
	Balance at the end of the period	**142,397,350**	**135,616,062**
	(c) Provision on Other Receivables:		
	Provision held at the beginning of the period	9,025,000	11,000,000
	Net charge to Profit & Loss Account (Note - 32)	92,000	(1,975,000)
	Balance at the end of the period	9,117,000	9,025,000
	Total Provision for Investments	**408,838,908**	**477,677,889**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
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)	60,000,000	-
	Balance at the end of the period	**128,067,968**	**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	174,239,619	117,845,541
	Amount transferred to suspense account during the period	26,143,480	56,394,078
	Balance at the end of the period	**200,383,099**	**174,239,619**
12.4	**Provision for Taxation**		
	Balance at the beginning of the period	732,792,541	593,725,417
	Provision made during the period	33,120,379	139,067,124
	Balance at the end of the period	**765,912,919**	**732,792,541**
12.5	**Deferred Tax**		
	Balance at the beginning of the period	12,301,792	9,986,944
	Adjustment during the period		2,314,848
	Balance at the end of the period	**12,301,792**	**12,301,792**
12.6	**Interest payable on Borrowing and Deposits**		
	Interest payable on TDR and other deposits	246,999,621	292,311,769
	Interest payable on term loan	53,480,405	60,582,926
	Interest payable on Refinancing loan from BB (SME)	186,209	320,874
	Interest payable on Refinancing loan from BB (Housing)	14,711	16,994
	Interest payable on Refinancing loan from JICA	817,780	1,220,647
	Interest Payable on Call loan	210,000	(4,444)
	Interest payable on Security Deposit	68,190	68,190
	Balance at the end of the period	**301,776,917**	**354,516,956**
12.7	**Payable & Provision against expenditure**		
	Advance transfer price	3,001	3,001
	Payable others	137,425,706	21,693,910
	Payable to BD Finance Foundation	29,323,209	25,859,486
	Withholding Excise Duty	9,721,730	7,552,374
	Withholding tax	9,537,710	5,166,899
	Withholding VAT	387,523	421,185
	Balance at the end of the period	**186,398,878**	**60,696,855**

AMARSTOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
12.8	**Maturity wise classification of other liabilities**		
	Repayable on demand	186,398,878	60,696,855
	Within 1 month	54,495,583	44,576,683
	Over 1 months but not more than 3 months	43,596,466	66,043,100
	Over 3 months but not more than 1 year	119,890,282	124,814,714
	Over 1 year but not more than 5 years	326,973,496	320,952,121
	Over 5 years	1,315,121,587	1,290,840,190
	Balance at the end of the period	**2,046,476,291**	**1,907,923,663**
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:**		
	138,454,222 fully paid ordinary shares of Tk. 10 each subscribed and paid up by the sponsor Shareholders & General Shareholders	**1,384,542,220**	**1,258,674,750**
	Sponsor Shareholders Group	349,682,660	316,828,590
	General Shareholders Group	1,034,859,560	941,846,160
		1,384,542,220	**1,258,674,750**
	General Shareholders Group:		
	General Public (Individuals)	726,000,800	672,664,750
	Financial Institutions	308,639,960	268,619,690
	Unit fund	-	-
	Investors Account	218,800	561,720
	Mutual Fund	-	-
		1,034,859,560	**941,846,160**

AMARSTOCK

Classification of Shareholders by holding:	No. of Shareholders	No. of Shares	Percentage of Share Holding
Less than 500 shares	6,292	891,184	0.64%
501 to 5,000 shares	4,532	7,791,588	5.63%
5,001 to 10,000 shares	575	4,335,003	3.13%
10,001 to 20,000 shares	346	5,053,165	3.65%
20,001 to 30,000 shares	100	2,483,975	1.79%
30,001 to 40,000 shares	67	2,331,199	1.68%
40,001 to 50,000 shares	39	1,822,020	1.32%
50,001 to 1,00,000 shares	68	5,220,369	3.77%
1,00,001 to 10,00,000 shares	81	27,492,940	19.86%
10,00,001 to 99,99,999 shares	32	81,032,779	58.53%
Total	**12,132**	**138,454,222**	**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	59,103,800	650,141,920
2013	Right Share	39,008,515	390,085,150	1,040,227,070
2014	Bonus Share	10,402,270	104,022,700	1,144,249,770
2015	Bonus Share	11,442,497	114,424,970	1,258,674,740
2016	Bonus Share	12,586,748	125,867,480	1,384,542,220

AMARSTOCK

13.3 Capital under Capital Adequacy and Market Discipline (CAMD)

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

The Surplus eligible capital of the company solo and consolidated at the close of business on December 31, 2017 were Taka 58.82 crore and Taka 120.27 crore respectively.

Details are as follows:

	BD Finance		BD Finance Group	
	31.12.2017 Taka	31.12.2016 Taka	31.12.2017 Taka	31.12.2016 Taka
a) Core Capital (Tier - I):				
i) Paid-up Capital	1,384,542,220	1,258,674,750	1,384,542,220	1,258,674,750
ii) Statutory Reserve (Note # 14)	264,563,582	222,607,589	264,563,582	222,607,589
iii) General Reserve (Note # 15)	-	-	-	-
iv) Retained Earnings (Note # 16)	171,596,309	129,639,805	294,227,574	196,542,722
v) Minority interest (Note # 16.b)	-	-	489,180,767	467,951,480
vi) Others (If any approved by Bangladesh Bank)	-	-	33,744,750	33,744,750
	1,820,702,112	1,610,922,144	2,466,258,893	2,179,521,292
b) Supplementary Capital (Tier-II):	418,086,828	351,305,540	418,086,828	351,305,540
c) Total eligible capital (a +b)	2,238,788,940	1,962,227,684	2,884,345,721	2,530,826,832
Total Assets Including off-balance sheet exposer	18,211,338,209	16,905,631,466	19,318,947,168	17,993,326,305
D) Total risk weighted Assets	16,505,788,034	14,903,291,795	16,816,948,506	16,141,005,976
E) Required Capital Based on risk weighted Assets (10% of D)	1,650,578,803	1,490,329,179	1,681,694,851	1,614,100,598
F) Surplus (C-E)	588,210,137	471,898,504	1,202,650,870	916,726,234
Capital adequacy Ratio (%)	13.56%	13.17%	17.15%	15.68%

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
14.	**Statutory Reserve**		
	Opening balance	222,607,589	194,582,857
	Add: Addition during the period	41,955,994	28,024,732
		264,563,582	**222,607,589**
15.	**General Reserve**		
	Opening balance	-	-
	Add: Transfer from Retained Earning	-	-
	Less: Distribution During the period	-	-
		-	**-**
16.	**Retained Earnings**		
	Opening balance	129,639,805	131,965,848
	Add: Profit after Tax during the period	209,779,968	140,123,659
	Less: Transfer to Statutory Reserve	(41,955,994)	(28,024,732)
	Less: Issue of Bonus Shares	(125,867,470)	(114,424,970)
		171,596,309	**129,639,805**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
16.a	**Retained Earnings (Consolidated)**		
	BD Finance	171,596,309	129,639,805
	BD Finance Securities Limited	74,890,247	25,120,844
	BD Finance Capital Holdings Limited	79,696,533	52,508,304
	Adjustment for Non-Controlling Interest	(31,955,517)	(10,726,230)
		294,227,574	**196,542,722**
16.b	**Non Controlling Interest (Consolidated)**		
	BD Finance Securities Limited		
	Paid up Capital	457,150,000	457,150,000
	Retained Profit/(Loss)	31,933,202	10,711,528
		489,083,202	**467,861,528**
	BD Finance Capital Holdings Limited.		
	Paid up Capital	75,250	75,250
	Retained Profit/(Loss)	22,315	14,702
		97,565	**89,952**
		489,180,767	**467,951,480**
16.1	**Capital Reserve**		
	Stock Dividend from BD Finance Securities Ltd.	15,000,000	15,000,000
	Stock Dividend from Capital Holdings Ltd.	18,744,750	18,744,750
		33,744,750	**33,744,750**
	Capital reserve created for interim Stock Dividend received from the Subsidiary companies in the year 2014.		
17.	**Letters of Guarantees**		
	Letters of guarantee	100,000,000	-
	Less: Margin	-	-
		100,000,000	**-**
18.	**Profit and Loss Account**		
	Income		
	Interest, discount and similar income (Note-19)	1,592,255,704	1,760,435,258
	Dividend income {Note-21}	34,836,144	18,535,610
	Commission, Exchange and Brokerage	400,000	576,000
	Gains less losses arising from investment securities {Note-21}	4,783,433	52,845,138
	Other operating income (Note-22)	125,869,858	54,174,557
		1,758,145,140	**1,886,566,564**
	Expenses:		
	Interest paid on Deposits & Borrowing (Note-20)	1,166,234,103	1,337,901,289
	Administrative expenses	129,590,376	106,982,350
	Other operating expenses (Note-31)	28,124,533	30,172,677
	Depreciation on Fixed assets {Note-30(a)+30(b)+Note-30(c)}	28,787,344	17,819,810
		1,352,736,356	**1,492,876,126**
	Income over expenditure	**405,408,784**	**393,690,438**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
19.	**Interest income**		
	Interest income on Loans & Lease Finance (Note-19.1)	1,556,679,341	1,741,648,691
	Interest on placement with other Banks & FIS (Note-19.2)	35,576,363	18,786,567
		1,592,255,704	**1,760,435,258**
19.a	**Interest Income (Consolidated)**		
	BD Finance	1,592,255,704	1,760,435,258
	BD Finance Securities Limited	69,366,174	42,843,043
	BD Finance Capital Holdings Limited	2,469,025	16,214,155
	BD Finance Securities Limited-Adjustment	(35,951,941)	(34,837,628)
	BD Finance Capital Holdings Limited.-Adjustment	(8,299,873)	(7,005,483)
		1,619,839,090	**1,777,649,345**
19.1	**Interest on Loans & Lease Finance**		
	Interest income on lease finance	191,287,208	195,349,888
	Interest income on term finance	1,162,069,305	1,323,532,843
	Interest on housing finance	203,322,828	222,765,960
		1,556,679,341	**1,741,648,691**
19.2	**Interest on placement with other Banks & FIS**		
	Interest on FDR	34,573,042	18,309,577
	Interest on STD accounts	1,003,321	476,990
	Interest on fund placements	-	-
		35,576,363	**18,786,567**
20.	**Interest paid on deposits & borrowing**		
	Interest paid on deposits	861,625,182	995,039,485
	Interest paid on borrowings (Note-20.1)	304,608,921	342,861,805
		1,166,234,103	**1,337,901,289**
20.a	**Interest Expenses (Consolidated)**		
	BD Finance	1,166,234,103	1,337,901,289
	BD Finance Securities Limited	33,439,275	22,420,020
	BD Finance Capital Holdings Limited	20,895	1,958,061
	BD Finance Securities Limited-Adjustment	-	-
	BD Finance Capital Holdings Limited.-Adjustment	-	-
		1,199,694,273	**1,362,279,370**
20.1	**Interest paid on borrowing**		
	Interest Expenses on Term Loan	233,973,379	251,946,315
	Interest Expenses on SOD Loan	41,738,453	49,544,154
	Interest Expenses on Call Loan	21,354,625	36,579,625
	Interest Expenses on Re financing loan	7,542,464	4,791,710
		304,608,921	**342,861,805**
21.	**Income from Investment in Securities**		
	Income from Investment in Shares	4,783,433	52,845,138
	Dividend Income	34,836,144	18,535,610
		39,619,578	**71,380,748**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
21.a	**Income from Investment in Securities (Consolidated)**		
	BD Finance	39,619,578	71,380,748
	BD Finance Securities Limited	55,716,129	32,048,454
	BD Finance Capital Holdings Limited	73,072,053	26,758,503
	BD Finance Securities Limited-Adjustment	-	-
	BD Finance Capital Holdings Limited.-Adjustment	-	-
		168,407,759	**130,187,706**
21.b	**Commission, Exchange and Brokerage (Consolidated)**		
	BD Finance	400,000	576,000
	BD Finance Securities Limited	89,870,185	48,212,496
	BD Finance Capital Holdings Limited	1,950,743	1,288,163
	BD Finance Securities Limited-Adjustment		
	BD Finance Capital Holdings Limited.-Adjustment	-	-
		92,220,928	**50,076,660**
22.	**Other Operating Income:**		
	Penal Interest	91,687,389	17,513,122
	Loan Settlement & Others	15,256,841	9,544,967
	Contact point verification (CPV)	2,634,969	3,353,217
	Ledger management (LM)	405,000	417,050
	Transfer Price	113,500	354,497
	Processing fees	3,355,177	5,448,418
	Legal & Documentation charge	1,300,007	1,988,635
	Office Rent (64 Motijheel)	10,694,000	13,497,000
	Other Income (Note-22.1)	422,974	2,057,652
		125,869,858	**54,174,557**
22.a	**Other Operating Income (Consolidated)**		
	BD Finance	125,869,858	54,174,557
	BD Finance Securities Limited	224,080	282,888
	BD Finance Capital Holdings Limited	144,770	107,701
	BD Finance Securities Limited-Adjustment	(2,063,100)	(1,249,920)
	BD Finance Capital Holdings Limited.-Adjustment	(732,550)	(524,160)
		123,443,059	**52,791,066**
22.1	**Other Income**		
	Gain/(loss) on sale of fixed assets	-	1,980,000
	Miscellaneous income	422,974	77,652
		422,974	**2,057,652**
23.	**Salary & Allowances**		
	Basic Salary	41,891,939	33,142,063
	Allowances	36,856,717	27,794,420
	Bonus	10,089,750	9,725,774
	BD Finance's Contribution to Provident fund	3,402,469	2,158,331
	Wages	593,700	664,156
		92,834,575	**73,484,744**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
23.a	**Salary & Allowances (Consolidated)**		
	BD Finance	92,834,575	73,484,744
	BD Finance Securities Limited	17,610,865	14,212,075
	BD Finance Capital Holdings Limited	6,702,253	5,265,165
		117,147,693	**92,961,984**
24.	**Rent, Taxes, Insurance, Electricity etc.**		
	Rent, Rates & Taxes	18,520,721	16,545,352
	Insurance	844,514	535,449
	Electricity & Lighting, WASA, Gas etc.	2,014,534	1,803,344
		21,379,769	**18,884,145**
24.a	**Rent, Taxes, Insurance, Electricity etc.(Consolidated)**		
	BD Finance	21,379,769	18,884,145
	BD Finance Securities Limited	4,545,134	2,902,374
	BD Finance Capital Holdings Limited	1,736,792	1,278,122
	BD Finance Securities Limited-Adjustment	(2,063,100)	(1,249,920)
	BD Finance Capital Holdings Limited-Adjustment	(732,550)	(524,160)
		24,866,045	**21,290,561**
25.	Legal & Professional Fees		
	Legal Fees & Charge	1,511,585	2,201,948
	Other Legal Expenses	7,000	-
		1,518,585	**2,201,948**
25.a	**Legal & Professional Fees (Consolidated)**		
	BD Finance	1,518,585	2,201,948
	BD Finance Securities Limited	469,237	334,260
	BD Finance Capital Holdings Limited	129,333	531,750
		2,117,155	**3,067,958**
26.	**Postage, Stamps, Telecommunication etc.**		
	Stamp & Court Fees	647,263	796,225
	Internet expenses	518,517	283,150
	Postage & Courier Expenses	48,312	40,864
	Telephone & Fax Expenses	152,093	193,254
	Mobile Expenses	591,307	481,815
		1,957,492	**1,795,308**
26.a	**Postage, Stamps, Telecommunication (Consolidated)**		
	BD Finance	1,957,492	1,795,308
	BD Finance Securities Limited	632,270	553,841
	BD Finance Capital Holdings Limited	228,707	205,159
		2,818,469	**2,554,308**
27.	**Stationery, Printing, Advertisements etc.**		
	Stationary-Toner & Cartridge	230,065	230,200
	Stationary Expenses	458,091	481,837
	Printing Expenses	986,879	1,147,375
	Advertisement and Publicity	1,907,522	1,931,293
		3,582,557	**3,790,705**

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		3 1-Dec-17 BDT	3 1-Dec-16 BDT
27.a	**Stationery, Printing, Advertisements etc.(Consolidated)**		
	BD Finance	3,582,557	3,790,705
	BD Finance Securities Limited	309,315	205,029
	BD Finance Capital Holdings Limited	55,004	99,024
		3,946,876	**4,094,758**
28.	**Managing Director's Salary and Allowances**		
	Basic Salary	3,454,839	2,700,000
	Allowances	2,803,226	2,300,000
	Bonus	600,000	600,000
		6,858,065	**5,600,000**
29.	**Directors' Fees & Conveyance**		
	Director Fees	1,256,000	984,000
		1,256,000	**984,000**

Total 16 nos. of Board Meeting and 4 nos of Audit Committee Meeting were held during the period ended on 31 December 2017. 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	1,256,000	984,000
	BD Finance Securities Limited	207,000	195,500
	BD Finance Capital Holdings Limited	109,250	109,250
		1,572,250	**1,288,750**
29.b	**Audit Fees (Consolidated)**		
	BD Finance	203,333	241,500
	BD Finance Securities Limited	63,250	81,250
	BD Finance Capital Holdings Limited	25,556	25,556
		292,139	**348,306**
30.	**Depreciation and Repair of Assets**		
	a) Depreciation of Assets		
	Building	539,880	539,880
	Furniture & Fixtures	4,341,378	4,062,039
	Office Equipment	3,399,829	3,692,892
	Motor Vehicles	5,656,397	5,223,601
		13,937,484	**13,518,411**
	b) Amortization Expenses		
	System & Software	1,187,898	100,008
	Office Renovation	1,077,578	975,572
		2,265,476	**1,075,580**
	c) Repair of Assets		
	Office Equipment	2,339,958	412,983
	Office Furniture & Fixtures	24,550	4,000
	Motor Vehicles	10,219,876	2,808,835
		12,584,384	**3,225,818**
		28,787,344	**17,819,810**

AMAR STOCK

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
30.a	**Depreciation and Repair of Assets (Consolidated)**		
	BD Finance	28,787,344	17,819,810
	BD Finance Securities Limited	2,823,395	2,629,264
	BD Finance Capital Holdings Limited	2,867,784	3,892,515
		34,478,523	**24,341,589**
31.	**Other Expenses**		
	Petrol, Oil, Lubricants, CNG & others	2,659,893	1,985,522
	Entertainment	3,511,836	2,160,501
	Donation and Subscription	2,662,007	2,039,058
	Donation to BD Finance Foundation	6,162,428	7,049,024
	Traveling and Conveyance	1,239,058	660,085
	Training Expenses	343,950	276,366
	Retirement benefits and gratuity	5,065,635	9,569,122
	Registration & Renewal Expenses	1,262,199	1,919,559
	Papers & Periodicals	78,599	48,008
	Office Maintenance	591,614	579,674
	Office Supplies	286,553	279,595
	Uniform & Liveries	200,330	155,770
	Bank Charges & Excise Duty	1,293,846	2,268,737
	Business development & Promotion	510,672	44,184
	Security Service-Outsourcing	1,092,366	654,162
	AGM & Meeting expenses	357,850	448,810
	Miscellaneous Expenses	805,697	34,500
		28,124,533	**30,172,677**
31.a	**Other Expenses (Consolidated)**		
	BD Finance	28,124,533	30,172,677
	BD Finance Securities Limited-DSE charges	32,454,877	18,663,855
	BD Finance Securities Limited	2,062,278	2,074,518
	BD Finance Capital Holdings Limited	1,097,539	1,242,575
		63,739,228	**52,153,625**
32.	**Provision against loans, lease finance & Others**		
	Provision on classified loans {Note-12.1(a)}	98,200,818	130,498,166
	Loan/Lease written off during the year	-	-
	Provision on unclassified Loans & Advances {Note-12.1(b)}	6,781,288	(8,744,669)
	Provision on other receivables {Note-12.1(c)}	92,000	(1,975,000)
	Provisions on Investment in Securities (Note - 12.2)	60,000,000	-
		165,074,106	**119,778,497**
32.a	**Provision on Investment in Securities (Consolidated)**		
	BD Finance	60,000,000	-
	BD Finance Securities Limited	15,457,182	5,984,284
	BD Finance Capital Holdings Limited	7,327,830	(2,567,830)
		82,785,012	**3,416,454**

		3 1-Dec-17 BDT	3 1-Dec-16 BDT
33.	**Earning Per Share (EPS)**		
	Calculation of Earning Per Share (Note - 2.27):		
	Net Profit after Tax	209,779,968	140,123,659
	Number of Ordinary Shares outstanding (Denominator)	138,454,222	138,454,222
	Earning Per Share (Re-stated 2016)	**1.52**	**1.01**
33.a	**Earning Per Share (EPS) (Consolidated)**		
	Calculation of Earning Per Share (Note - 2.27):		
	Net Profit after Tax	278,942,052	165,737,704
	Number of Ordinary Shares outstanding (Denominator)	138,454,222	138,454,222
	Earning Per Share (Re-stated 2016)	**2.01**	**1.20**
34.	**Interest received**		
	Interest received (Note-19)	1,592,255,704	1,760,435,258
	Add: Opening interest Receivable on TDR	9,653,388	12,435,896
	Less: Closing interest receivable on TDR	(15,323,705)	(9,653,388)
	Add: Opening Receivable of Delinquent Charges & Penal Interest	22,137,251	27,875,919
	Less: Closing Receivable of Delinquent Charges & Penal Interest	(112,245,324)	(22,137,251)
	Add: Closing interest suspense account	200,383,099	174,239,619
	Less: Opening Interest Suspense Account	(174,239,619)	(117,845,541)
	Add: Opening Receivable of Grace Period Interest	85,456	8,752
	Less: Closing Receivable Grace Period Interest	(5,456,849)	(85,456)
		1,517,249,400	**1,825,273,809**
35.	**Interest Paid on Deposits & Borrowings**		
	Interest Paid on Deposits & Borrowings **(Note-20)**	1,166,234,103	1,337,901,289
	Add: Opening interest payable on deposit & borrowings	354,516,956	328,283,083
	Less: Closing interest payable on deposit & borrowings	(301,776,917)	(354,516,956)
		1,218,974,142	**1,311,667,417**
36.	**Cash Received from other Operating activities**		
	Income from investment in shares (Note 21)	4,783,433	52,845,138
	Other operating income (except gain/(loss) on sales of fixed assets)	125,869,858	54,174,557
		130,653,291	**107,019,695**
37.	**Cash Payments for other Operating activities**		
	Rent, Taxes, Insurance, Lighting etc.	21,379,769	18,884,145
	Legal & Professional Fees	1,518,585	2,201,948
	Postage, Stamp, Telegram & Telephone	1,957,492	1,795,308
	Directors' Fee & Expenses	1,256,000	984,000
	Auditors' Fee	203,333	241,500
	Repair, Maintenance of NBFI's Assets	12,584,384	3,225,818
	Other Expenses	28,124,533	30,172,677
		67,024,096	**57,505,396**

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		3 1-Dec-17 BDT	3 1-Dec-16 BDT
38.	**Cash Increase/ Decrease in Other Assets**		
	Re-imbursable Expenses	6,471,004	6,641,749
	Receivable Others	5,161,233	14,078,231
	Receivable Excise Duty	777,220	784,720
	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)}	11,478,190	18,648,516
	Deposits {with other organization Note-8.2(e)}	1,522,714	1,514,714
	Stock of Stamp	24,108	53,658
		1,075,364,469	**1,091,651,588**
	Cash (Increase)/ Decrease in Other Assets	**16,287,119**	**63,047,270**
39.	**Cash Increase/ (Decrease) in Other Liabilities**		
	Payable others	186,398,878	60,696,855
	Advance Rent (against 64 Motijheel)	9,016,000	682,830
	Advance Excise Duty	10,100,050	9,547,100
	Margin on Guarantee	-	2,880,000
	Gratuity Fund	18,654,649	13,589,014
	Dividend payable	5,025,112	931,100
		229,194,689	**88,326,898**
	Cash Increase/ (Decrease) in Other Liabilities	**140,867,790**	**24,704,494**
40.	**Cash and Cash Equivalents**		
	Cash in Hand	55,714	48,130
	Balance with Bangladesh Bank & Sonali Bank Limited	148,797,583	161,998,454
	Balance with Other Banks & Financial Institutions	960,040,271	271,938,816
		1,108,893,568	**433,985,401**

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 112 (In the year 2016 it was 97).

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 four 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
Mr. Ansar Uddin Ahmed	Director	Member	MA, M.sc
Mr. Imtiyaj Yousuf	Director	Member	HSC
Mrs. Shahnaz Rashid	Director	Member	BA

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

b) Meeting of Audit Committee

During 1 January to 31 December 2017, the Audit Committee of the Board conducted 04 meetings in which among others, the following issues were discussed:-

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

ii) Minimize expenditure in all operational activities where possible.

iii) Reviewing the Accounting procedure with a view to ascertain that the Bangladesh Financial Reporting Standard (BFRS) covering Bangladesh Accounting Standards (BAS) has been applied in maintaining books and records of the company.

c) Internal Control:

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

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

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

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

43. Related Party Disclosures:

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

Name of the Directors of BD Finance	Firms/Companies related to the Director	Nature and Value of interest in the firm/companies
Mr. Manwar Hossain Chairman	Anwar Silk Mills Limited. Anwar Integrated Steel Plant Limited. Anwar Landmark Limited. Anwar Galvanizing Limited. Anwar Jute Spinning Mills Limited. Anwar Cement Limited. Anwar Ispat Limited. AG Automobiles Limited. A One Polymer Limited. BD Finance Capital Holdings Limited. BD Finance Securities Limited. Hossain Dyeing & Printing Mills Limited. Mehmud Industries (Pvt.) Limited. Modhumoti Bank Limited.	Director Director Director Director Director Director Director Director Director Director Director Director Director Director
Mr. Golam Hafiz Ahmed Director	Nil	Nil
Mr. Geasuddin Ahmed Director	BD Finance Securities Limited. Dhaka Complex (Pvt) Limited. Momota Enterprise	Director Director Owner

Mrs. Shahnaz Rashid Director	Anwar Cement Limited. Anwar Landmark Limited. Anwar Galvanizing Limited. BD Finance Securities Limited.	Shareholder Shareholder Shareholder Director
Mr. Imtiyaj Yousuf Director	Imtiyaj Steel Precious Steel Corporation	Owner Owner
Mr. Haider Ahmed Khan, FCA Independent Director	Ahmed Khan & Co. Flower Faisons Limited. MM Agro Enterprises Limited. Mifkif Apparel Limited. Seasons Aid Limited. Seasons Dresses Limited.	Owner Director Director Director Director Director
Mr. Khondker Fazle Rashid Director	Nil	Nil
Mr. Yousuf Aman Director	Nil	Nil
Mr. Ihtiaz Yousuf Director	Nil	Nil
Mr. Ansar Uddin Ahmed Independent Director	Nil	Nil
Mr. Humayun Shoab Managing Director & CEO (CC)	Nil	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	49,412,589	Standard
ii)	BD Finance Securities Limited.	Common Director	Short Term Finance	347,626,954	Standard
iii)	BD Finance Capital Holdings Limited.	Common Director	Short Term Finance	89,372,583	Standard
				486,412,126	

44. Events after the Reporting Period

The Board of Directors of BD Finance has recommended 10% Stock Dividend for the year 2017.

Company Secretary | Director | Director | Managing Director

FIXED ASSET SCHEDULE

For the year ended 31 December 2017

ANNEXURE-A

Particulars	COST					Rate of Depreciation	DEPRECIATION				Written Down Value at 31 December 2017
	Balance as on 1 January 2017	Revaluation Surplus	Addition during the year	Disposal/ Transfer during the period	Balance at 31 December 2017		Balance as on 1 January 2017	Transfer/ Adjustment during the year	Charge for the year	Balance at 31 December 2017	
Land	355,071,210		-	-	355,071,210	-	-	-	-	-	355,071,210
Building	5,398,790		-	-	5,398,790	10%	3,779,159	-	539,880	4,319,039	1,079,751
Furniture & Fixture	28,190,049		133,201	-	28,323,250	20%	16,707,523	-	4,341,378	21,048,901	7,274,349
Office Equipment	22,010,264		3,274,989	-	25,285,253	25%	13,807,394	-	3,399,829	17,207,222	8,078,031
Office Renovation	10,002,631			-	10,002,631	20%	5,902,916	-	1,077,578	6,980,494	3,022,137
Motor Vehicle	36,054,414			-	36,054,414	20%	17,979,125	-	5,656,397	23,635,522	12,418,892
Other Assets	182,667			-	182,667	20%	182,667	-	-	182,667	-
System and Software	1,820,000		17,806,250	-	19,626,250	25%	1,710,844	-	1,187,898	2,898,742	16,727,508
31 December 2017	**458,730,026**	**-**	**21,214,440**	**-**	**479,944,466**		**60,069,628**	**-**	**16,202,960**	**76,272,588**	**403,671,878**
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**

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BD FINANCE SECURITIES LIMITED
DIRECTORS REPORT (2017)

Bismillahir Rahmanir Rahim,

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah,

We have the pleasure to welcome you to the 7th Annual General Meeting of the company for the year ended December 31, 2017. In this auspicious occasion, we also take the opportunity to present the Auditor's report along with the Company's financial performance and other related information in accordance with of Companies Act 1994, Guidelines issued by Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd and Bangladesh Financial Reporting Standards.

Capital Market of Bangladesh

The capital market witnessed a good year in 2017, showing signs of bouncing back from a sluggish trend that continued for more than six years since a debacle in 2010. There was a rising trend throughout the year without major fluctuation in the indices. Mild market corrections however took place in February 2017 and the period from April'17 to June'17. The benchmark index of the Dhaka Stock Exchange increased to 6244 points 31st December 2017 from 5036 points on the last trading day of the year 2016, registering 23.98 per cent growth in 2017 over the previous year. The turnover also hit seven-year high backed by active participation of the local and foreign investors. The net foreign portfolio investment increased to TK.1704.94 crore in 2017 from TK. 1340.70 crore in 2016 registering a growth of 27.16 per cent. The daily average turnover stood at Tk 874.84 crore in 2017 from TK 494.43 crore in 2016 registering 76.94 per cent growth, which was the highest since 2010-11. The DSEX hit record high at 6,336 points on November 26, 2017, following the market capitalization hitting its all-time high of Tk 4,26,200 crore on November 23, 2017.

Business Performance

We have been able to manage the margin loan portfolio under the effective supervision & monitoring. Not a single account was allowed to default with the adverse fluctuation of market value of securities. The outstanding margin loan increased to BDT 63.85 crore in December 2017 from BDT 38.57 crore in December 2016. The trade volume increased to TK. 2570 crore in 2017 from BDT 1326 crore in 2016 registering a growth of 93.81 per cent over the previous year. The last 4 (four) year's operational performance of the company is summarized below:

(Figure in Crore Taka)

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

The portfolio size increased to BDT 1057.34 crore in 2017 from BDT 452.73 crore in 2016 registering a growth of 133.54 percent over the previous year. The total number of BO account increased to 4652 in 2017 from 4062 in 2016. The trade volume increased to BDT 2570 crore in 2017 from BDT 1,326 crore in 2016. The capital gain from investment in securities also increased to BDT 429.59 lac in 2017 from BDT 221.80 lac in 2016. The operating profit increased to BDT 8.46 crore in 2017 from BDT 2.42 crore in 2016. The Net Profit increased to BDT 4.97 crore in 2017 from BDT 0.69 crore in 2016.

Meetings of the Board of Directors
During the year 2017 total 4 (Four) meetings of the Board of Directors took place.

Dividend for the Year Ended December 31, 2017
The Board of Directors recommended no dividend for the year 2017.

Prospect of the Company
Although the capital market of Bangladesh is expected to remain volatile in the year 2018, we have established appropriate business policy to take advantage of the market situation.

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

For and on behalf of the Board of Directors

Hossain Mehmood
Vice Chairman

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS 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 2017, statement of profit or loss & other comprehensive Income, statement of changes in equity and statement of cash flows for the year 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.

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

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

Opinion
In our opinion, the Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) give a true and fair view of the state of the affairs of the Company as of December 31, 2017 and of the results of its operations and its cash flows for the year ended and comply with the Companies Act 1994, Bangladesh Securities and Exchange Commission Rule 1987, and other applicable laws and regulations.

Other Matter
The financial statements of BD Finance Securities Limited for the year ended 31 December 2016 were audited by A. Qasem & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 25 March 2017.

We also report that:
1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
2. 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;
3. The company's financial statements dealt with by the report are in agreement with the books of accounts and returns; and
4. The expenditure incurred were for the purpose of the company's business.

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Particulars	Notes	Amount in Taka	
		31.12.2017	31.12.2016
ASSETS			
Non- Current Assets		**996,696,891**	**998,466,010**
Property, plant and equipment	3	7,406,891	9,176,010
Investment In Membership	4	989,290,000	989,290,000
Current assets		**1,015,523,375**	**882,910,194**
Investment in shares	5	229,729,934	213,215,721
Receivable from DSE	6	26,676,921	87,212,072
Receivable from Clients	7	640,061,217	361,686,849
Advances, deposits and prepayments	8	9,265,104	1,110,024
Advance income tax	9	74,878,429	55,521,683
Cash and cash equivalent	10	34,911,770	164,163,845
TOTAL ASSETS		**2,012,220,266**	**1,881,376,204**
EQUITY AND LIABILITIES			
Shareholders' equity		**1,147,040,247**	**1,097,270,844**
Share capital	11	1,072,150,000	1,072,150,000
Retained Earnings	12	74,890,247	25,120,844
Current liabilities		**865,180,019**	**784,105,360**
Payable to DSE	13	58,327	817,169
Payable to Clients	14	44,581,839	73,515,156
Short term loan	15	650,304,844	496,457,502
Provision for investments in securities & Margin Loans	16	70,954,188	55,497,006
Provision for tax	17	78,240,586	58,859,440
Liabilities for expenses	18	21,040,235	98,959,086
TOTAL EQUITY AND LIABILITIES		**2,012,220,266**	**1,881,376,204**

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

Company Secretary | Managing Director & CEO | Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Particulars			
Operating revenue		**89,997,367**	**48,376,796**
Brokerage commission	19	89,870,185	48,212,496
BO Account Maintenance	20	127,182	164,300
Less : Operating Expenses	**21**	**32,454,877**	**18,663,855**
Net Operating revenue		**57,542,491**	**29,712,941**
Non operating revenue		**71,856**	**(14,296,017)**
Net Interest Margin		69,858	(14,370,105)
Interest income	22	69,461,074	42,887,543
Financial expenses	23	(69,391,216)	(57,257,648)
Other non- operating revenue	24	1,998	74,088
Total revenue		**57,614,347**	**15,416,924**
General & administrative expenses		**28,722,744**	**23,188,111**
Salaries & allowances	25	17,610,865	14,212,075
Rent, taxes, insurance, electricity, etc	26	4,545,134	2,902,374
Legal expenses	27	469,237	334,260
Postage, stamp, telecommunication, etc	28	632,270	553,841
Stationery, printing, advertisements, etc	29	309,315	205,029
Directors' fees	30	207,000	195,500
Professional/Auditors' fees	31	63,250	81,250
Depreciation and repair of company's assets	32	2,823,395	2,629,264
Other expenses	33	2,062,278	2,074,518
Profit before income from investment in shares		**28,891,603**	**(7,771,187)**
Income from investment in securities		**55,716,128**	**32,048,454**
Capital gain from sale of securities	34	42,957,991	22,265,869
Dividend income	35	12,758,137	9,782,585
Profit before provision		**84,607,731**	**24,277,267**
Provision for diminution in value of investments & Margin Loans	36	(15,457,182)	(5,984,284)
Profit before provision for income tax		**69,150,549**	**18,292,983**
Provision for income tax	17.1	19,381,146	11,367,627
Net profit after tax		**49,769,403**	**6,925,356**
Earning Per Share	37	0.46	0.06

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

Company Secretary | Managing Director & CEO | Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

Particulars	Amount in Taka	
	2017	2016
Cash Flow from Operating Activities		
Interest received	69,461,074	42,887,543
Interest paid	(69,391,216)	(57,257,648)
Dividend received	12,758,137	9,782,585
Fees & Commission received	89,870,185	33,046,199
Cash Payments to Employees	(17,610,865)	(14,212,075)
Cash Payments to Suppliers	(941,585)	(758,870)
Directors Fees Paid	(207,000)	(195,500)
Income Tax Paid	(19,356,746)	(9,141,040)
Received from other Operating activities	43,087,171	22,504,257
Payments for other Operating activities	(39,594,776)	(6,260,696)
Operating Profit before changes in Operating	**68,074,380**	**20,394,756**
Assets & Liabilities		
Changes in Operating Assets and Liabilities		
Purchases/Sale of Trading Securities	(16,514,213)	(116,705,872)
Loans and Lease Finance to Customers	(278,374,368)	5,755,695
Deposits	52380071	(87,789,521)
Other Liabilities	(107,611,011)	141,426,670
Sub Total	**(350,119,520)**	**(57,313,028)**
A) Net Cash from Operating Activities	**(282,045,140)**	**(36,918,272)**
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	(1,054,278)	(234,950)
B) Net Cash from Investing Activities	**(1,054,278)**	**(234,950)**
Cash flows from Financing Activities		
Increase/(decrease) of borrowings	153,847,342	166,986,061
Share Capital - Right Issue	-	-
Dividend Paid	-	-
C) Net Cash from Financing Activities	**153,847,342**	**166,986,061**
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(129,252,076)**	**129,832,839**
E) Cash & Cash Equivalents at the beginning of the period	**164,163,845**	**34,331,006**
F) Cash & Cash Equivalents at the end of the period(D+E)	**34,911,770**	**164,163,845**
Net Operating Cash Flow per share (NOCFPS)	**(2.63)**	**(0.34)**

Company Secretary

Managing Director & CEO

Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

Particulars	Paid Up Capital	Share Money Deposit	Retained Earnings	Total
Balance at Jan 01, 2017	**1,072,150,000**	**-**	**25,120,844**	**1,097,270,844**
Changes during the period	**-**	**-**	**-**	**-**
Interim stock dividend	-	-	-	-
Net profit/(loss) for the period	-	-	49,769,403	49,769,403
Balance at December 31, 2017	**1,072,150,000**	**-**	**74,890,247**	**1,147,040,247**
Balance at Jan 01, 2016	**1,072,150,000**	**-**	**18,195,488**	**1,090,345,488**
Changes during the period	**-**	**-**	**-**	**-**
Interim stock dividend	-	-	-	-
Net profit/(loss) for the period	-	-	6,925,356	6,925,356
Balance at December 31, 2016	**1,072,150,000**	**-**	**25,120,844**	**1,097,270,844**

Company Secretary

Managing Director & CEO

Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

AMARSTOCK

NOTES, COMPRISING A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

For the year ended 31 December 2017

1 Company and its activities

1.1 Legal form of the Company

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

1.2 Nature of business

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

2 Significant accounting policies

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

2.1 Basis of preparation of financial statements

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

2.2 Components of financial statements:

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

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

2.3 Statement of Cash Flows

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

2.4 Fixed assets and depreciation

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

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

2.5 Intangible assets and amortization

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

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

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

2.6 Recognition and measurement of financial assets

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

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

2.7 Revenue recognition

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

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

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

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

2.8 Provision for Tax

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

2.9 Provision for Expenses

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

2.10 Cash and Cash Equivalent

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

2.11 Related party disclosure

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

2.12 Events after the balance sheet date

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

2.13 Reporting period

Financial statements of the company consistently cover from 01 January 2017 to 31 December 2017.

2.14 Functional and presentation currency

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

2.15 General

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

AMARSTOCK

		Amount in Taka	
		31.12.2017	31.12.2016
3	**Property, Plant and Equipment**		
	A. Cost :		
	Opening Balance	26,841,467	26,606,517
	Addition during the period	1,054,278	234,950
	Closing Balance	**27,895,745**	**26,841,467**
	B. Depreciation:		
	Opening Balance	17,665,460	15,036,196
	Charge during the period	2,823,395	2,629,264
	Closing Balance	**20,488,855**	**17,665,460**
	Carrying amount/ Written Down Value (See Annexure - A)	**7,406,891**	**9,176,010**
4	**Investment In Membership**		
	Dhaka Stock Exchange	989,290,000	989,290,000
		989,290,000	**989,290,000**
5	**Investments in shares**		
	Investment In Shares:	**229,729,934**	**213,215,721**
	Investment in shares (5.1)	215,729,934	180,215,721
	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.	-	30,000,000
	Apply for the placement shares of BD Paints Ltd.	6,000,000	-
	Apply for the placement shares of Al Faruque Bags Ltd.	5,000,000	-

5.1 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)
EASTLAND	696,052	20,899,407	16,566,038	(4,333,369)
GRAMEENS2	314,801	4,738,330	4,879,416	141,085
JAMUNAOIL	159,824	33,947,066	30,318,613	(3,628,453)
OIMEX	7,128	64,800	464,746	399,946
ONEBANKLTD	957,891	24,258,836	22,989,384	(1,269,452)
RAKCERAMIC	409,252	27,685,937	24,514,195	(3,171,742)
BSCCL	67,925	8,743,885	7,003,068	(1,740,818)
ITC	32,802	1,296,211	1,164,471	(131,740)
LAFSURCEML	972,554	94,033,217	67,981,525	(26,051,692)
NAHEEACP	6,847	62,246	502,570	440,324
		215,729,934	**176,384,023**	**(39,345,910)**

		Amount in Taka	
		31.12.2017	31.12.2016
6	**Receivable from DSE**		
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Ltd.		
	Total Sales for Broker	18,861,865	29,102,406
	Total Sales for Dealer	7,815,056	58,109,666
		26,676,921	**87,212,072**
7	**Receivable from clients**		
	This balance represents the clients' purchase of shares on 31 December 2017 and CDBL charge incurred against trading as on 31 December 2017.		
	Margin loan to clients	638,580,233	360,722,060
	Receivable from BD Finance Capital Holdings Ltd.	869,986	961,241
	Receivable from Other	609,993	2,543
	Receivable from Vanguard AML BD Finance MF1	1,005	1,005
		640,061,217	**361,686,849**
8	**Advances, Deposits and Prepayments**		
	Security Deposit with CDBL	200,000	200,000
	Advance for DSE Nikunja Room	850,024	850,024
	Advance for Expenses	3,052,000	60,000
	Advance for Office Rent	1,705,000	-
	Dealer Control Account	3,458,080	-
		9,265,104	**1,110,024**
9	Advance Income Tax		
	Opening Balance	55,521,683	46,380,643
	Add: Addition during the period	2,226,587	-
	AIT on Cash Dividend	2,551,615	1,956,517
	AIT on Bank Interest	317,719	205,366
	AIT on turnover of BD Securities	13,193,325	6,979,158
	AIT on Capital gain	1,067,500	-
		74,878,429	**55,521,683**
9.1	**AIT on Cash Dividend**		
	Cash Dividend	12,758,137	9,782,585
		20%	20%
		2,551,615	**1,956,517**
9.2	**AIT on Bank Interest**		
	Interest income on Bank Deposit	3,173,727	2,024,249
		10%	10%
		317,719	**205,366**
9.3	**AIT on turnover of BD Securities**		
	DSE - Broker	12,851,877	6,631,264
	DSE - Dealer	341,448	347,894
		13,193,325	**6,979,158**

AMAR STOCK

		Amount in Taka	
		31.12.2017	31.12.2016
9.4	**AIT on Capital gain**		
	Placement of Fortune Shoes Ltd.	1,067,500	-
		1,067,500	**-**
10	**Cash and Cash Equivalent**		
	Cash in hand		
	Cash in hand (Petty Cash)	1,252	20,000
	Cash at bank		
	Mutual Trust Bank Ltd. (General A/c)	514,991	4,285,110
	City Bank Ltd. (General A/c)	-	2
	City Bank Ltd. (General A/c, Fx Br.)	332,936	327,869
	One Bank Ltd. (Customer SND A/c)	9,594,464	58,843,321
	One Bank Ltd. (Dealer SND A/c)	17,698	14,993,560
	One Bank Ltd. (Dealer CD A/c)	-	711
	SBAC Bank Limited A/C (SND)	1,000	-
	Dutch Bangla Bank Salary A/C	345,219	-
	One Bank Ltd. (Public Issue Application A/c)	27,856	85,627,737
	Jamuna Bank Ltd. (Salary A/c)	153,804	54,647
	Rupali Bank (Customer A/c)	8,855	10,005
	NRB Commercial Bank (General A/C)	-	882
	Social Islami Bank (Consolidated Customer A/C)	22,279,774	-
	Social Islami Bank (Dealer A/C)	739,075	-
	Social Islami Bank (IPO A/C)	2,000	-
	Social Islami Bank A/C (MSD)	892,846	-
		34,910,518	164,143,845
	Total Cash & Cash Equivalent	**34,911,770**	**164,163,845**
11	**Share capital**		
11.1	**Authorised Capital**		
	50,00,00,000 ordinary shares of taka 10 each	5,000,000,000	5,000,000,000
		5,000,000,000	**5,000,000,000**

11.2 Issued, subscribed and paid up capital

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

	Number of Share	Shareholding %		
Bangladesh Finance & Investment Co. Ltd.	61,500,000	57.36%	615,000,000	615,000,000
Anwar Landmark Ltd.	18,962,500	17.69%	189,625,000	189,625,000
City General Insurance Co. Ltd.	9,327,500	8.70%	93,275,000	93,275,000
Mr. Manwar Hossain	3,075,000	2.87%	30,750,000	30,750,000
Mr. Hossain 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 at 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.

		Amount in Taka	
		31.12.2017	31.12.2016
12	**Retained Earnings**		
	Openning balance	25,120,844	18,195,488
	Comprehensive income for the year	49,769,403	6,925,356
		74,890,247	**25,120,844**
13	**Payable to DSE**		
	This balance has been resulted from purchase of shares through Dhaka Stock Exchange Ltd.		
	Total Purchase for Broker	48,990	789,942
	Total Purchase for Dealer	9,337	27,227
		58,327	**817,169**
14	**Payable to Clients**		
	This balance represents the clients' sale proceeds of shares and deposits against share purchase which is currently lying with the company's bank A/C.		
	Payable to Clients	44,547,649	69,718,601
	Payable to BD Finance Capital Holdings Ltd.	34,190	3,796,555
		44,581,839	**73,515,156**
15	**Short Term Loans**		
	The amount represent payable to the following bank and financial institution:		
	Loan from Bangladesh Finance and Investment Company Limited	337,161,208	294,300,000
	Loan from SIBL	100,000,000	-
	Loan from Premier Leasing & Finance Ltd.	48,292,443	68,236,133
	Loan from Hajj Finance Ltd.	29,152,444	37,536,170
	Loan from Hajj Finance Ltd Phase 2.	55,000,000	
	Loan from Premier Leasing & Finance Ltd. Phase 2	80,698,749	96,385,199
		650,304,844	**496,457,502**
16	**Provision for investments in securities & Margin Loans**		
	A. Provision on unrealized loss of dealer investments:		
	Opening balance	2,412,000	5,527,716
	Add: Addition during the period	5,457,182	(3,115,716)
	Closing balance	**7,869,182**	**2,412,000**
	B. Provision on margin loan:		
	Opening balance	53,085,006	43,985,006
	Add: Addition during the period	10,000,000	9,100,000
	Total Provision	**63,085,006**	**53,085,006**
	Less: Written off of provision on margim loan	-	-
		63,085,006	**53,085,006**
	Closing Balance (A+B)	**70,954,188**	**55,497,006**

		Amount in Taka	
		31.12.2017	31.12.2016
17	**Provision for tax**		
	Opening Balance	58,859,440	47,491,813
	Income tax expenses during the period (Notes 17.10)	19,381,146	11,367,627
	Net provision for tax	**78,240,586**	**58,859,440**
17.1	**Income Tax Expenses**		
	Net profit before provision & tax	84,607,731	24,277,267
	Add: Inadmissible expenses	2,823,395	2,629,264
	Less: Cash dividend	(12,758,137)	(9,782,585)
	Less: Capital gain from sale of securities	(42,957,991)	(22,265,869)
		31,714,998	(5,141,923)
	Less: Allowable expenses	(3,887,415)	(4,346,698)
	Taxable income	27,827,583	(9,488,621)
	Cash dividend	12,758,137	9,782,585
	Capital gain from sale of securities (Including Placement Share)	42,957,991	22,265,869
	Tax at 35% on taxable income	9,739,654	-
	Tax at 20% on dividend income	2,551,627	1,956,517
	Tax at 5% on Placement Share	1,067,500	-
	Tax at 10% on capital gain	2,250,987	2,226,587
	Total tax	**15,609,768**	**4,183,105**
	AIT under section 82C	**17,130,159**	**9,141,040**
	Income tax expenses	**19,381,146**	**11,367,627**
18	**Liabilities for expenses**		
	Provision for Interest on BD Finance Loan	10,465,745	7,383,700
	Provision for Interest on Hajj Finance Loan	527,100	-
	Provision for Interest on SIBL	4,348,611	-
	Utility Payable	76,455	35,000
	Network Connectivity Charges Payable	4,000	7,000
	Mobile Bill Payable	20,976	14,000
	Fuel Bill Payable	6,191	21,143
	Security Services Charges Payable	13,073	-
	Postage, Telephone, Fax & Telex Payable	7,443	-
	Office Maintenance Expense Payable	-	12,902
	Audit Fees Payable	147,500	147,500
	Liability for CDBL Expenses (Share Maintenance)	536,027	249,988
	Apply for Clients' IPO	-	85,225,000
	Other payable	4,887,115	5,862,853
		21,040,235	**98,959,086**

		Amount in Taka	
		31.12.2017	31.12.2016
19	**Brokerage Commission**		
	Brokerage commission	89,870,185	48,212,496
		89,870,185	**48,212,496**
20	**BO Account Maintenance**		
	BO account maintenance fee/Opening Fee	223,000	86,500
	BO account Renewal Fees	870,300	1,280,500
	BO account Closinng Fees	63,500	52,500
	CDBL Settlement Transfer income	2,529,381	1,300,092
	CDBL Bulk A/C Transfer Income	996,640	46,584
	CDBL Transfer/Transmission Income	88,599	3,856
	CDBL Pledge Income	481,269	1,128
	CDBL Unpledge Income	123,319	8,528
	CDBL Corporate Action Income	15,295	43,102
	CDBL Demate of New Securities (IPO) Income	939	171,189
	IPO Service Income	3,070	5,010
	CDBL Demate of Existing Securities Income	30	88
		5,395,342	**2,999,076**
	Less:		
	Discount on BO A/C Opening Fee	500	-
	CDBL Settlement Transfer Charge	3,169,743	1,876,465
	CDBL Bulk A/C Transfer Income	777,857	23,292
	CDBL Transfer/Transmission Charge	87,513	1,928
	CDBL Corporate Action Charge	7,937	22,382
	CDBL Demate of New Securities (IPO) Charge	885	87,073
	CDBL Demate of Existing Securities Charge	15	44
	CDBL Pledge Charge	248,345	564
	CDBL Unpledge Charge	61,659	7,528
	CDBL BO A/C Opening charge	164,850	63,450
	CDBL BO A/C Renewal charge	742,700	746,550
	CDBL Other Charges	6,155	5,500
		5,268,159	**2,834,776**
	Net Income	**127,182**	**164,300**
21	**Operating Expenses**		
	DSE charges		
	Laga Charge:	6,547,231	3,466,399
	Broker	6,376,507	3,292,451
	Dealer	170,724	173,947
	DSE Other Charges	32,369	26,012
	Direct Trading Expenses	25,803,959	15,166,297
	DSE Authorization Fee	71,318	5,148
		32,454,877	**18,663,855**

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		Amount in Taka	
		31.12.2017	31.12.2016
22	**Interest Income**		
	Interest on Margin Loan	66,192,447	40,818,794
	Interest income on Bank Deposit	3,173,727	2,024,249
	Cheque Dishonoured Charge	72,500	35,500
	Cheque Clearance Fees	22,400	9,000
		69,461,074	**42,887,543**
23	**Financial Expenses**		
	Interest Expenses on BD Finance Loan	35,951,941	34,837,628
	Interest Exp. on Farmers Bank Overdraft Facility	-	2,660,041
	Interest Expenses on Hajj Finance Loan	4,095,266	5,496,072
	Interest Expenses on Hajj Finance Loan Phase 2	5,005,761	-
	Interest Exp. on Premier Leasing & Finance Loan	7,778,980	10,894,924
	Interest Exp. on Premier Leasing & Finance Loan Phase 2	11,914,094	3,285,335
	Interest Exp. on SIBL	4,348,611	
	Bank Charges	292,528	69,171
	Cheque Clearance Charges	4,035	14,477
		69,391,216	**57,257,648**
24	**Other non-operating revenue**		
	Miscellaneous Income	1,998	74,088
		1,998	**74,088**
25	**Salaries & allowances**		
	Salaries & allowances	17,610,865	14,212,075
		17,610,865	**14,212,075**
26	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rates & taxes	4,126,200	2,499,840
	Insurance	529	500
	Utilities	418,405	402,034
		4,545,134	**2,902,374**
27	**Legal expenses**		
	Legal & professional fee	-	128,720
	Fees & Renewals	469,237	205,540
		469,237	**334,260**
28	**Postage, stamp, telecommunication, etc.**		
	Telephone, Postage & Telegram	43,433	38,457
	Mobile Bill	204,262	183,517
	Govt. Taxes, Stamps Duty & Licence Fees	-	2,942
	Network Connectivity Charge	384,575	328,925
		632,270	**553,841**
29	**Stationary, printing, advertisements, etc.**		
	Printing & Stationary	239,666	186,629
	Advertisement	69,649	18,400
		309,315	**205,029**

		Amount in Taka	
		31.12.2017	31.12.2016
30	**Directors' Fees**		
	Directors' Fees	207,000	195,500
		207,000	**195,500**
31	**Auditors' Fees**		
	Statutory annual audit fees	57,500	52,500
	Profeesoinal/Consultancy Fees	5,750	28,750
		63,250	**81,250**
32	**Depreciation and repair of company's assets**		
	Depreciation of tangible assets	2,823,395	2,629,264
		2,823,395	**2,629,264**
33	**Other expenses**		
	Travelling and Conveyance	66,104	18,760
	Entertainment	745,619	315,827
	Fuel, Oil and Lubricants	213,844	491,072
	Repair & Maintenance	108,800	650,799
	Diesel for Generator	11,775	7,860
	Newspaper & periodicals	10,630	9,768
	Office Cleaning Expenses	13,181	14,637
	Office Maintenance Expenses	325,965	315,210
	Perfomance/Profit Bonus	-	90,000
	Security Services Charges	102,472	150,585
	Repair & Maintenance-Vehicle	12,998	-
	Subscription & Donation	20,030	-
	Bank Guarantee Fees	400,000	-
	Training Expenses	17,360	-
	Miscelleneous Expenses	13,500	10,000
		2,062,278	**2,074,518**
34	**Capital gain from sale of securities**		
	Income from investment on Securities	42,957,991	22,265,869
		42,957,991	**22,265,869**
35	**Dividend income**		
	Cash Dividend	12,758,137	9,782,585
		12,758,137	**9,782,585**
36	**Provision for diminution in value of investments and Margin loan**		
	Provision on unrealized loss of dealer investments	5,457,182	(3,115,716)
	Provision on margin loan	10,000,000	9,100,000
		15,457,182	**5,984,284**
37	**Earnings Per Share (EPS)**		
	Net Profit after Tax	49,769,403	6,925,356
	Number of Ordinary Shares Outstanding	107,215,000	107,215,000
	Earnings Per Share (EPS)	**0.46**	**0.06**

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38 Related Party Disclosure

Name of Party	Related by	Nature of Transaction	Amount in Tk.	Status
Bangladesh Finance and Investment Company Limited	Parent Company	Loan Taken	337,161,208	Regular
BD Finance Capital Holdings Limited	Common Director	Trade Receivable	869,986	Regular
		Trade Payables	16,991,932	Regular

AMAR STOCK

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

For the year ended 31 December 2017

ANNEXURE-A

Figures in BDT

Particulars	Cost				Rate	Depreciation				Written down value as at 31-Dec-2017
	Balance as on 1/Jan/2017	Addition during the period	Disposal/ Adj. during the period	Balance as at 31/Dec/2017		Balance as on 1/Jan/2017	Disposal/ Adj. during the period	Charge during the period	Balance as at 31/Dec/2017	
Office Equipment	832,564	-	-	832,564	10%	318,941	-	83,256	402,197	430,367
Electrical Equipment	6,094	613,670	-	619,764	15%	4,773	-	22,717	27,490	592,274
Electrical Equipment-Generator	2,221,982	-	-	2,221,982	15%	1,333,189	-	333,300	1,666,489	555,493
Furniture and Fixture	815,009	-	-	815,009	10%	414,271	-	81,504	495,775	319,234
Computer & Peripheral	5,425,719	415,608	-	5,841,327	25%	4,579,305	-	902,169	5,481,474	359,853
Motor Vehicles	3,546,000	-	-	3,546,000	20%	3,545,999	-	-	3,545,999	1
Office Renovation/Furnishing	13,994,099	25,000	-	14,019,099	10%	7,468,982	-	1,400,449	8,869,431	5,149,668
Balance As on 31.12.2017	**26,841,467**	**1,054,278**	**-**	**27,895,745**	**-**	**17,665,460**	**-**	**2,823,395**	**20,488,855**	**7,406,891**
Balance As on 31.12.2016	**26,606,517**	**234,950**	**-**	**26,841,467**	**-**	**15,036,196**	**-**	**2,629,264**	**17,665,460**	**9,176,010**

BANKSTOCK

DIRECTORS' REPORT

TO THE SHAREHOLDERS OF BD FINANCE CAPITAL HOLDINGS LIMITED

Dear Shareholders,

The Directors have the pleasure in presenting to the Shareholders of BD Finance Capital Holdings Limited the Directors' Report, the audited financial statements for the year ended December 31, 2017 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 2017, 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 2017, 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 2017 proved to be one of restoration for BD Finance Capital Holdings Limited with the Company attaining a net operating income of Taka 563.64 lac, which was Taka 227.56 lac reported in 2016. Consequently, the Company registered a profit after tax of Taka 406.26 lac. The following table demonstrates the breakdown of revenues & expenses:

Fig in Lac.

Operational income	2017	2016
Interest Income	24.69	162.14
Settlement & Transaction Fees	17.45	8.29
Management Fees	2.05	4.59
Investment in Securities	730.72	267.58
Other Operating Income	1.45	1.08
Total Operating Income	776.37	443.68

Fig in Lac.

Operational expenses	2017	2016
Salaries and Allowances	67.02	52.65
Interest paid on Borrowings	83.21	89.64
Other Expenses	62.50	73.84
Total Operating Expenses	212.73	216.13

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 2017:

The Company reported a profit of Taka 40,625,730 in the year 2017. Considering Company's investment opportunities,

growth potentials and comparative cost benefit analysis of paying out dividend and overall better tax management, the board of BD Finance Capital Holdings Limited decided not to declare any dividend to the shareholders of the Company for 2017.

Appointment of Auditors

In terms of Article 18.2 of the Articles of Association of the Company, the Company shall, at each annual general meeting, appoint an auditor or auditors to hold office until the next annual general meeting. The Auditors of the Company, MABS & J Partners Chartered Accountants, has completed their first year as the Auditor of the Company. They are eligible for re-appointment as Auditors of the Company for the year 2018 and they have also offered themselves for re-appointment. The Board has recommended to appoint MABS & J Partners Chartered Accountants to the shareholders at the AGM as the auditors of the company for the year 2018.

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

Hossain Mehmood
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 31 December 2017, the statement of profit or loss & other comprehensive income, statement of cash flows and statement of changes in equity 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 financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 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 auditors consider 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 present fairly, in all material respects, the financial position of BD Finance Capital Holdings Limited as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Other Matter

The financial statements of BD Finance Capital Holdings Limited for the year ended 31 December 2016 were audited by A. Qasem & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 25 March 2017.

Further to our opinion in the above paragraph, we state that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by laws have been kept by BD Finance Capital Holdings Limited so far as it appeared of those books; and

c) The statement of financial position and statement of profit or loss & other comprehensive income dealt with by the report are in agreement with the books of accounts.

d) The expenditure incurred was for the purposes of the Company's business.

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

Particulars	Notes	31-Dec-17 BDT	31-Dec-16 BDT
ASSETS			
Non Current Assets		**1,219,685**	**4,087,469**
Property, Plant and Equipment	**3**	1,219,685	4,087,469
Current Assets		**482,002,721**	**457,382,996**
Margin Loan	**4**	15,160,844	27,978,329
Investment	**5**	405,861,510	337,433,100
Other Assets	**6**	52,527,406	75,144,754
Cash & Cash Equivalents	**7**	8,452,961	16,826,813
Total Assets		**483,222,406**	**461,470,465**
EQUITY AND LIABILITIES			
Shareholders' Equity		**348,446,534**	**321,258,304**
Share Capital	**8**	268,750,000	268,750,000
Retained Earnings	**9**	79,696,534	52,508,304
Current Liabilities:		**134,775,872**	**140,212,161**
Loan from Hajj Finance		-	2,557,890
Loan from BD Finance	**10**	87,000,000	98,000,000
Other Liabilities	**11**	23,533,441	23,821,886
Provision for Tax	**12**	24,242,431	15,832,385
Total Equity & Liabilities		**483,222,406**	**461,470,465**

These Financial Statements should be read in conjunction with the annexed notes 1 to 27.

Company Secretary

Managing Director & CEO

Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2017

Particulars	Notes	2017 BDT	2016 BDT
Interest Income	13	2,469,025	16,214,155
Income from Settlement & Transaction Fees	14	1,745,417	828,825
Management Fees		205,327	459,338
Income from Investment in Securities	15	73,072,053	26,758,503
Other Operating Income	16	144,770	107,701
Total Operating Income		**77,636,592**	**44,368,522**
Salaries and Allowances		6,702,253	5,265,165
Rent, Taxes, Insurances, Utilities etc.	17	1,736,792	1,278,122
Interest paid on Borrowings	18	8,320,768	8,963,544
Legal and Professional Fees	19	129,333	531,750
Postage, Stamps, Telecommunication etc.	20	228,707	205,159
Stationery, Printings, Advertisements etc.	21	55,004	99,024
Directors' Fees and Conveyance	22	109,250	109,250
Auditors' Fees		25,556	25,556
Depreciation and Amortization	23	2,867,784	3,892,515
Other Expenses	24	1,097,539	1,242,575
Total Operating Expenses		**21,272,986**	**21,612,660**
Profit before Provision & Tax		**56,363,606**	**22,755,862**
Provision for Loss of Value of Shares	5.1	**7,327,830**	**(2,567,830)**
Profit before Tax		**49,035,776**	**25,323,692**
Provision for Tax	12	8,410,046	3,675,970
Profit/(Loss) after Tax		**40,625,730**	**21,647,722**
Appropriation			
Retained Earnings Surplus brought forward		52,508,304	30,860,582
Cash Dividend for the year ended 2016		(13,437,500)	-
		39,070,804	30,860,582
Retained Earnings Carried forward		**79,696,5334**	**52,508,304**
Earning Per Share (EPS)	25	1.51	0.81

These Financial Statements should be read in conjunction with the annexed notes 1 to 27.

Company Secretary | Managing Director & CEO | Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

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STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	Particulars	2017 BDT	2016 BDT
A.	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Interest Received	2,469,025	16,214,155
	Interest Paid	(8,320,768)	(8,963,544)
	Income from Investment in Securities	73,072,053	26,758,503
	Other Operating Income	2,095,514	1,395,864
	Salary Payment	(6,702,253)	(5,265,165)
	Administrative Expenses	(3,382,181)	(3,491,436)
	Investment in Securities	(68,428,410)	(127,756,693)
	Investment on Margin Loan	12,817,485	81,711,135
	Investment in Other Asset	22,617,348	(58,660,794)
	Increase in Other Liabilities	(7,616,275)	13,941,980
	Net Cash used in Operating Activities	**18,621,538**	**(64,115,995)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Investment in Fixed Assets	-	(78,481)
	Dividend Paid	(13,437,500)	-
	Net Cash used in Investing Activities	**(13,437,500)**	**(78,481)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Increase/ (Decrease) of Borrowings	(13,557,890)	71,404,669
	Net Cash used in Financing Activities	**(13,557,890)**	**71,404,669**
D.	**Net Cash Inflow / (Outflow) for the period (A+B+C)**	**(8,373,852)**	**7,210,192**
E.	**Opening Cash and Cash Equivalents**	**16,826,813**	**9,616,621**
F.	**Closing Cash and Cash Equivalents (D+E)**	**8,452,961**	**16,826,813**

These Financial Statements should be read in conjunction with the annexed notes 1 to 27.

Company Secretary | Managing Director & CEO | Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

Particulars	Paid Up Capital	Retained Earnings	Total
Balance as on January 01, 2017	**268,750,000**	**52,508,304**	**321,258,304**
Cash Dividend for the year ended 2016	-	(13,437,500)	(13,437,500)
Net Profit/(Loss) for the year	-	40,625,730	40,625,730
Balance as on December 31, 2017	**268,750,000**	**79,696,534**	**348,446,534**

Particulars	Paid Up Capital	Retained Earnings	Total
Balance as on January 01, 2016	**268,750,000**	**30,860,582**	**299,610,582**
Net Profit/(Loss) for the year	-	21,647,722	21,647,722
Balance as on December 31, 2016	**268,750,000**	**52,508,304**	**321,258,304**

The annexed notes form an integral part of these financial statements.

Company Secretary | Managing Director & CEO | Director

Dhaka, 18 April 2018

MABS & J Partners
Chartered Accountants

AMARSTOCK

NOTES, COMPRISING A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

For the year ended December 31, 2017

1. Company & Its Activities

1.1 Company profile

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

1.2 Address of registered office and principal place of business

The address of the company's registered office is 64, Motijheel C/A, Dhaka-1000.

1.3 Nature of business activities

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 Profit or Loss and 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 2017 to 31 December 2017.

2.5 Functional and presentation currency

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

2.6 Recognition of property, plant and equipment and depreciation

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

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

Category of Asset	Rate of Depreciation
Office equipment	25%
Furniture and fixtures	20%
Motor Vehicle	20%
System & Software	25%

2.7 Cash & Cash equivalents

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

2.8 Income Tax

2.8.1 Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2017 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 Revenue Recognition

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

2.10 Provision for Expenses

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

2.11 Components of Financial Statements

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

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

2.12 General:

Previous years figures have been rearranged wherever necessary to confirm to the current years presentation.

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		31-Dec-17 BDT	31-Dec-16 BDT
3	**Property, Plant & Equipments**		
	A. Cost:		
	Opening balance	17,774,839	17,696,358
	Addition during the year	-	78,481
	Closing balance at cost	**17,774,839**	**17,774,839**
	B. Depreciation and Amortization:		
	Opening balance	13,687,370	9,794,855
	Less: Adujstment during the year	-	-
	Addition during the year	2,867,784	3,892,515
	Less: Adjustment on disposal during the year	-	-
	Accumulated Depreciation and Amortization	**16,555,154**	**13,687,370**
	Written down value	**1,219,685**	**4,087,469**
	Details are given in Annexure-A		
4	**Margin Loan**		
	Opening Balance	27,978,329	109,689,464
	Add: Disbursement during the year	60,141,635	86,894,483
		88,119,963	**196,583,947**
	Less: Realized during the year	72,959,120	168,605,618
		15,160,844	**27,978,329**
5	**Investment**		
	Investment in Share (at Cost) (Note 5.1)	405,861,510	337,433,100
		405,861,510	**337,433,100**

5.1 Investment in Share (as on 31-12-2017)

	Cost price	Market value as on Dec 31, 2017	Unrealized gain/ (loss)
	405,861,510	**339,900,802**	**(65,960,708)**
Unrealized Loss on Investment in Share at 20%			**13,192,142**

Provision for Unrealized Loss on Investment in Share.		
Opening Balance	8,172,170	10,740,000
Add: Provision during the year	7,327,830	(2,567,830)
	15,500,000	**8,172,170**

Note: All investments in marketable securities are valued at cost. Provision maintained at 20% of unrealized loss on investment in shares (As per Directive of BSEC Ref: SEC/CMRRCD/2009-193/196 dated on 28/12/2016 & Ref: BSEC/CMRRCD/2009-193/203 dated on 28/12/2017) and the required provision BDT 1,31,92,142. Total Provision for diminution in value of investments BDT 1,55,00,000 on reporting date.

		31-Dec-17 BDT	31-Dec-16 BDT
6	**Other Assets**		
6.1	Receivables	16,991,932	59,351,276
6.2	Advance, Deposit and Prepayment	35,535,473	15,793,479
		52,527,406	**75,144,754**
6.1	**Receivables**		
	a) Receivable from Brokers		
	Receivable from BD Finance Securities Limited	**16,991,932**	**59,351,276**
6.2	**Advance, Deposit and Prepayment**		
	a) Advances		
	Advance income tax	18,213,046	13,151,173
	Advance for Fixed Asset	2,400,000	-
	Advance to - Pre IPO Placement Share	10,000,000	-
	Advance to - IPO Application in Own Portfolio	4,713,440	-
		35,326,486	**13,151,173**
	b) Deposits		
	Security deposit - CDBL	200,000	200,000
	Security deposit - BTCL	3,000	3,000
	Security deposit - Hajj Finance	-	2,431,831
		203,000	**2,634,831**
	c) Prepayments		
	Prepaid Insurance	5,987	7,475
		5,987	**7,475**
	Total Advance, Deposit and Prepayment (a+b+c)	**35,535,473**	**15,793,479**
	Total Other Assets	**52,527,406**	**75,144,754**
7	**Cash and Cash Equivalent**		
	Cash in Hand	5,853	6,927
	Cash at Banks (Notes 7.1)	8,447,108	16,819,886
		8,452,961	**16,826,813**
7.1	**Cash at Banks**		
	The City Bank # SND 3101317295001	3,357	3,927
	Jamuna Bank# CD 018-0210011324	197,658	144,000
	One Bank# SND 0013000000693	7,363,529	11,398,388
	One Bank# SND 0013000000823	869,043	5,163,316
	Modhumoti Bank # SND 110113500000009	532	1,644
	NRB Comm. Bank # SND 0101-36000000048	2,147	3,297
	One Bank# SND 0013000001043	10,843	105,315
		8,447,108	**16,819,886**

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		31-Dec-17 BDT	31-Dec-16 BDT
8	**Share Capital**		
8.1	**Authorized Capital**		
	200,000,000 ordinary shares of Taka 10 each	**2,000,000,000**	**2,000,000,000**
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	December 31, 2017			December 31, 2016
	% of Total Share holding	Number of Share	Amount	
Bangladesh Finance And Investment Co. Ltd.	99.972%	26,867,475	268,674,750	268,674,750
Mr. Manwar Hossain	0.004%	1,075	10,750	10,750
Mr. Hossain Khaled	0.004%	1,075	10,750	10,750
Mr. Hossain Mehmud	0.004%	1,075	10,750	10,750
Mr. Md. Rafiqul Islam Khan	0.004%	1,075	10,750	10,750
Mrs. Rokeya Anowara Begum	0.004%	1,075	10,750	10,750
Mrs. Rashida Youshuf	0.004%	1,075	10,750	10,750
Mr. M. Maniruzzaman Khandaker	0.004%	1,075	10,750	10,750
Total	**100%**	**26,875,000**	**268,750,000**	**268,750,000**

9	**Reatined Earnings**		
	Opening Balance	52,508,304	30,860,582
	Profit/(Loss) during the year	40,625,730	21,647,722
	Cash Dividend for the year ended 2016	(13,437,500)	-
		79,696,534	**52,508,304**
10	**Loan From BD Finance**		
	Opening Balance	98,000,000	-
	Received during the year	272,240,000	216,000,000
	Adjustment during the year	(283,240,000)	(118,000,000)
		87,000,000	**98,000,000**
11	**Other Liabilities**		
	Provision for unrealized loss of Investment in Share	15,500,000	8,172,170
	Payable to Client's	4,303,173	13,656,854
	Payable to Broker	1,173,128	1,018,919
	Payable to CDBL	14,417	15,384
	Interest Payable	2,372,583	800,797
	Payable for IPO Application Money	-	95,000
	Payable for Audit Fees	25,556	25,556
	Others Payable	144,583	37,205
		23,533,441	**23,821,886**

		31-Dec-17 BDT	31-Dec-16 BDT
12	**Provision for Tax**		
	Opening Balance	15,832,385	12,156,415
	Add: Provision during the year	8,410,046	3,675,970
		24,242,431	**15,832,385**
13	**Interest Income**		
	Interest received from Margin Loan	2,141,770	15,993,676
	Interest received from Bank	327,256	220,479
		2,469,025	**16,214,155**
14	**Income from Settlement & Transaction Fees**		
	Settlement & Transaction Fees	4,135,652	2,896,382
	CDBL on demand fees	5,118	14,314
		4,140,770	**2,910,696**
	Less		
	Brokerage Commission	2,140,168	1,872,915
	CDBL Charges	255,185	208,956
		2,395,353	**2,081,871**
		1,745,417	**828,825**
15	**Income from Investment in securities**		
	Realized Gain	62,043,642	16,757,305
	Dividend Income	11,028,411	10,001,198
		73,072,053	**26,758,503**
16	**Other Operating Income**		
	A/C Opening Fees	54,000	16,000
	A/C Closing Fees	6,500	8,751
	Annual BO A/C Maintenance Fees	83,600	82,350
	Income from Service Charge- IPO	670	600
		144,770	**107,701**
17	**Rent, Taxes, Insurances, Utilities etc.**		
	Office Rent	1,465,100	1,048,320
	Utilities	271,692	229,802
		1,736,792	**1,278,122**
18	**Interest paid on Borrowings**		
	Interest to BD Finance on Borrowings	8,299,873	7,005,483
	Interest to Hajj Finance on Borrowings	20,895	1,958,061
		8,320,768	**8,963,544**
19	**Legal and Professional Fees**		
	Legal and Professional Fees	129,333	531,750
		129,333	**531,750**
20	**Postage, Stamps, Telecommunication etc.**		
	Postage, Stamp and Courier	1,352	1,204
	Telephone and Mobile	137,655	114,255
	Internet and Connectivity Expenses	89,700	89,700
		228,707	**205,159**

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		31-Dec-17 BDT	31-Dec-16 BDT
21	**Stationery, Printings, Advertisements etc.**		
	Printing and Stationery	55,004	99,024
		55,004	**99,024**
22	**Directors' Fees and Conveyance**		
	Directors' Fees	109,250	109,250
		109,250	**109,250**
23	**Depreciation and Amortization**		
	Furniture & Fixture	1,178,630	1,178,630
	Office Equipment	144,043	1,168,774
	Motor Vehicle	975,111	975,111
	System & Software	570,000	570,000
		2,867,784	**3,892,515**
24	**Other Expenses**		
	Entertainment	135,567	74,681
	Car Maintenance	279,962	249,314
	Newspaper and Periodicals	5,544	9,150
	Travelling and Conveyance	47,266	112,363
	Software Maintanance Fees	240,000	480,000
	Registration, License and Renewal	254,420	186,205
	Repair & Maintenance	6,670	22,200
	Office Maintenance	56,349	30,221
	Bank Charges & Excise Duty	43,236	34,137
	Loan Documentation & Processing Charge	26,525	44,304
	Training Expenses	2,000	-
		1,097,539	**1,242,575**
25	**Earnings Per Share (EPS)**		
	Net Profit after Tax	40,625,730	21,647,722
	Number of Ordinary Shares Outstanding	26,875,000	26,875,000
	Earnings Per Share (EPS)	**1.51**	**0.81**

26 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.

27 Related Party Disclosures

Name of the Party	Related By	Nature of transaction	Amount in Tk.	Status
Bangladesh Finance and Investment Company Limited	Parent Company	Loan	87,000,000	Regular
BD Finance Securities Limited	Common Director	Trade Receivable	16,991,932	Regular
		Trade Payable	869,986	Regular

PROPERTY, PLANT & EQUIPMENT

For the year ended December 31, 2017

ANNEXURE-A

Particulars	COST				Rate of Depreciation	DEPRECIATION				Written Down Value at December 31 2017
	Balance as on 1 January 2017	Addition during the period	Disposal/ Transfer during the period	Balance at December 31 2017		Balance as on 1 January 2017	Transfer/ Adjustment during the year	Charge for the Period	Balance at December 31 2017	
Furniture & Fixture	5,893,150	-	-	5,893,150	20%	4,703,132	-	1,178,630	5,881,762	11,388
Office Equipment	4,726,134	-	-	4,726,134	25%	4,582,091	-	144,043	4,726,134	-
Motor Vehicle	4,875,555	-	-	4,875,555	20%	2,808,814	-	975,111	3,783,925	1,091,630
System & Software	2,280,000	-	-	2,280,000	25%	1,593,333	-	570,000	2,163,333	116,667
Balance as on December 31, 2017	**17,774,839**	**-**	**-**	**17,774,839**		**13,687,370**	**-**	**2,867,784**	**16,555,154**	**1,219,685**
Balance as on December 31, 2016	**17,696,358**	**78,481**	**-**	**17,774,839**		**9,794,855**	**-**	**3,892,515**	**13,687,370**	**4,087,469**

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PICTORIAL DISPLAY OF SOME PROJECTS FINANCED BY US



Women Entrepreneur Ms. Jahanara Sayeed, Proprietor of "SUI O SUTA", at "Banker- SME Women Entrepreneur Conference and Product Display Fair-2018" arranged by Bangladesh Bank



Real Estate



Working Capital Finance



Battery Manufacturing



Electronic Goods Manufacturing



Poultry Firm



Ware House Construction



Building Construction



Readymade Garments

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. Hotline: +88-01677442255 E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Principal Branch	:	Baitul Hossain Building (7th floor) 27, Dilkusha C/A, Dhaka-1000, Bangladesh Phone: +88-02-9559146 (Hunting) Fax: +88-02-9566493 E-mail: info@bdfinance.net Website: www.bdfinance.com.bd
Chittagong Branch	:	Osman Court (2nd floor) 70, Agrabad C/A, Chittagong Phone: +88-031-2510234 Fax: +88-031-2526564 Hot Line: +88-01618-448922 E-mail: info.ctg.@bdfinance.net
Bangshal Branch	:	5, Bangshal Lane, North South Road (Old) 57, Syed Nazrul Islam Sharani (new) (1st Floor), Dhaka- 1100 Phone: +88-02-9550126 Hot Line: +88-01618-448923 E-mail: info@bdfinance.net
Sylhet Branch	:	Firoz Center, (5th Floor) 891/Ka, Chouhatta Sylhet Sadar-3100 Hot Line: +88-0821-713896-7 e-mail: info.sylhet@bdfinance.net
Uttara Branch	:	Zinnath Center-2 (5th Floor) Plot No. 111/4, Road No 7, Sector No. 4, Uttara Model Town, Dhaka-1230 Hot Line: +880-2-8931893, 8931823 e-mail: info.uttara@bdfinance.net
Gazipur Branch	:	Bagdad Tanzia Tower (2nd Floor), Holding # 1, Block # B, Ward-16, Out Para, Vawal College Road, Chondona, Chowrasta, Gazipur-1700. Phone: 01618448706, Email: info.gazipur@bdfinance.net
Head Office of First Subsidiary	::	BD Finance Securities Limited 64, Motijheel C/A (2nd Floor), Dhaka-1000. Tel: +88-02-9554592 E-mail: info@bdsecurities.net

Head Office of Second Subsidiary	:	BD Finance Capital Holdings Limited 64, Motijheel CIA (2nd Floor), Dhaka-1000. Tel: +88-02-7122165,9553967 Hot Line: +88-01618-448925	
Auditors	:	MABS & J Partners Corporate Office: SMC Tower (7th Floor), 33, Banani C/A, Road-17, Dhaka-1213, Bangladesh, Phone: +88-02-9821057-58, +88-02-9821365-66 Email: info@mabsj.com, Web: www.mabsj.com	
Compliance Auditor	:	ITRAT HOSSAIN & ASSOCIATES Chartered Secretaries in Practice 'Crystal Palace' REGUS, 3rd Floor, SE(D) 22, Road 140 South Gulshan Avenue, Gulshan-1, Dhaka-1212	
Tax Consultant	:	Khandaker & Associates Room No. 4/3, (4th floor) 73, Kakrail, Dhaka.	
Legal Advisor	:	1. Mr. Sheikh Fazle Noor Barrister-at-Law Sheikh & Chowdhury Banglar Bani Bhaban (2nd Floor) 81, Motijheel C/A, Dhaka-1000	2. Mr. Md. Arifur Rahman Barrister-at-Law A. Rahman & Associates Suit No.804/A, Paltan Tower (8th Floor) 87 Purana Paltan (Culvert Road), Dhaka-1000.
		3. Ms. Farzana Ahmed Barrister-at-law City Law Counsels, Suit No.03, Akram Tower (13th Floor) 199/15/5, Sayed Nazrul Islam Shwarani, Bijoy Nagor, Dhaka-1000	4. Mr. Swaraj Chatterjee (Bappa) Advocate The Law Chamber Suit No.7-C, (7th Floor), Meherba Plaza, 33, Topkhana Road, Purana Paltan, Dhaka-1000
Membership	:	Associations: Bangladesh Leasing and Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) Dhaka Chamber of Commerce & Industry (DCCI)	
Principal Bankers	:	Mercantile Bank Limited Mutual Trust Bank Ltd. Prime Bank Limited Shahjalal Islami Bank Ltd. Southeast Bank Limited Standard Bank Limited	Uttara Bank Limited United Commercial Bank Ltd. NRB Commercial Bank Ltd. Jamuna bank Limited Bank Asia Ltd. NCC Bank Ltd

Shareholder's Note

AMAR STOCK

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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. .....
..... of
.....
as my/our proxy to attend and vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, June 07, 2018 at 11.00 A.M. at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka-1000 or at any adjournment thereof.

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

day of 2018

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.

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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 19th Annual General Meeting of the Company being held on Thursday, June 07, 2018 at 11.00 A.M. at BCIC Auditorium, 30-31, Dilkusha C/A, Dhaka-1000.

Name of the Member / Proxy .....

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

Signature _____

Date _____

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

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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

Concept, Design & Production: Unitrend Ltd.