Annual Report 2016



BIFC

Bangladesh Industrial Finance Company Limited

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Sustainability Report

Sustainability Report:

Since inception, we continue to identify ourselves as a sustainable organization. This has been possible due to firm commitment to social values, financial norms, bold decisions and maintaining high ethical standards.

As a financial institution, the moral value embedded gives the opportunity to maintain strong bondage amongst all the stakeholders and society at large, which strengthens the sustainability for growth and progress.

The very nature of our business positions us to help our customers and stakeholders manage social and environmental challenges and invest for the future, which in turn contributes to the viability and sustainable growth of local markets and national economy.

The success of our customers, clients and stakeholders guarantees future business, which underpins our sustainability.



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Letter of Transmittal

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

Dear Sir(s),

Annual Report for the year ended on December 31, 2016.

On behalf of the Board of Directors of the Company, I am pleased to present "Annual Report 2016", togther with audited financial statements for the year (January 01, 2016 to December 31, 2016) ended December 31, 2016. This annual report contains information and data as required by regulatory bodies.

It will be a pleasure for us if the content of this annual report gives you useful food for thought.

Thanking you.

Sincerely yours,

Md. Ahsan Ullah
Company Secretary

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Contents

Notice of 21st AGM	04
Our Vision and Mission	05
Core Values	06
Company Information	07
Company Milestones	08
Shareholding Structure	09
Board of Directors	11
Financial Highlights	15
Committees	17
Chairman's Message	21
Managing Director and CEO's Message	23
Report of the Audit Committee	24
Report on Corporate Governance	26
Statement on Directors' responsibility	27
Directors' Report	29
Status of Compliance with corporate governance guidelines	41
Corporate Governance Certification	48
CEO and CFO certificate to the board of directors in respect of Financial reporting	49
Auditors' report to the shareholders	51
Financial statements	55
Projects financed by BIFC	101
Proxy form	103

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Notice of the 21st Annual General Meeting

Notice is hereby given that Twenty First Annual General Meeting (AGM) of the Shareholders of Bangladesh Industrial Finance Company Limited (BIFC) will be held at **"Police Convention Hall", Eskaton Garden, Ramna, Dhaka on Wednesday, September 20, 2017 at 10:00 a.m.** to transact the following businesses:

Agenda:

1) To receive, consider and adopt the directors' report and auditors' report to the shareholders accompanied by audited financial statements for the year ended December 31, 2016;
2) To declare dividend for the year ended December 31, 2016;
3) To elect/re-elect director(s);
4) To appoint auditor for the year 2017 and fix their remuneration;
5) To transact any other business of the Company with the permission of the chair.

By order of the Board of Directors

August 30, 2017

Md. Ahsan Ullah
Company Secretary

Notes:

i. The "Record Date" was on July 25, 2017.

ii. The shareholder whose name will appear in the share register of the Company or in the Depository Register on the record date i.e. July 25, 2017, will be entitled to attend at the Annual General Meeting.

iii. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. The proxy form, duly stamped with Tk. 20.00 (revenue stamp), must be deposited at the registered office of the Company, not later than 48 hours before the time fixed for the meeting.

iv. Admission to the meeting room will be strictly on production of the attendance slip sent with the notice as well as verification of signature of Member (s) and/or proxy-holder(s).

v. Changes of address if any should be notified to the related Depository Participant (DP) before September 18 , 2017.

vi. No benefit of gift in cash or kind shall be given to the shareholders for attending the 21st Annual General Meeting as per Bangladesh Security and Exchange Commission's Circular no. SEC/CMRRCD/2009-193/154 dated 24 October 2013 for attending the AGM of the Company.

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Our Vision and Our Mission:

Our Vision :

To be leading financial institution
and gain confidence of the society.

Our Mission :

- Nurture, develop and train professional workforce into a self-motivated team to be recognized as strategic organizational asset.
- Ensure equitable distribution of resources in the country.
- Innovate appropriate products befitting the need of time and demands.
- Ensure Steady growth and consistent return on the investment.



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Core Values - SPIRIT

Social Responsibility
We care for and contribute to our communities

Performance
We measure results and reward achievement

Integrity
We uphold trustworthiness and business ethics

Respect
We cherish every individual

Innovation
We encourage creativity

Teamwork
We work together to succeed



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Company Information

Name of the Company	:	Bangladesh Industrial Finance Company Limited (BIFC)
Legal Form	:	A public limited company incorporated in Bangladesh on August 10, 1996 under the Companies Act 1994 and listed in Dhaka Stock Exchange Ltd, and Chittagong Stock Exchange Ltd.
Commencement of Business	:	March 02, 1998
Registered Office	:	Police Plaza Concord (Tower-2) Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh
PABX	:	09611888444, 55045123-5
Fax	:	+88-02-55045128
E-mail	:	info@bifcol.com
Website	:	www.bifcol.com
Chairman	:	Mr. Ruhul Amin
Managing Director	:	Mr. Md. Dilwar Hossain Bhuiyan
Auditor	:	Ahmed Zaker & Co. Chartered Accounts Green City Edge (Level-10) 89, Kakrail, Dhaka-1000
Tax Advisor	:	K.M. Hasan & Co. Chartered Accountants Hometown Apartment (7th, 8th & 9th Floor) 87 New Eskaton Road, Dhaka- 1000.
Branch	:	**Chittagong Branch:** Akhteruzzaman Center (5th floor), 21/22, Agrabad Commercial Area Chittagong-4100. PABX : +88-031-713233 +88-031-714656 Fax : +88-031-717242 E-mail: bifcctg@bifcol.com **Narayanganj Branch:** 52/1, S.M. Maleh Roah (1st floor), Tanbazar, Narayanganj. Tel : +88-02-7643817 Fax : +88-02-7643897 E-mail: bifcnganj@bifcol.com **Uttara Branch:** Flat # 3B, Plot # 30 (3rd floor), Sonargaon Janapath Road, Sector # 11, Uttara Model Town, Dhaka- 1230. Tel : +88-02-58954363, 58951282 Fax : +88-02-58954363 Email: bifcuttara@bifcol.com
No. of employees	:	80
Stock summary	:	
Authorized capital	:	Tk. 4000.00 million
Paid-up capital	:	Tk. 1000.00 million
Face value per share	:	Tk. 10.00

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Company Milestones

Incorporation of the company	August 10	1996
License from Bangladesh Bank	February 19	1998
Commencement of Business	March 02	
Sanction of First lease proposal	October 06	
Execution of first lease agreement	October 07	
First letter of credit opened	April 08	1999
First credit line from bank	May 31	
First syndicated lease participation	August 18	2002
Relocation of Registered and Head Office	November 16	2003
Initial Public Offering	August 20	2006
First trade of share	November 15	
First branch opened	December 03	2009
Completion of 12 years in service	March 02	2010
Second branch opened	October 16	2011
Change of face value and market lot of share	November 29	
Third branch opened	December 28	
Permission for Issuing Rights Share from Bangladesh Securities and Exchange Commission (BSEC)	September 23	2014
Relocation of Corporate Head Office from 63 Dilkusha C/A, Motijheel, Dhaka-1000 to Police Plaza Concord (Tower-2) Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212.	April 10	2017

ANNUAL REPORT

Shareholding structure

as on December 31, 2016:

Particulars	Amount in BDT	No. of Shares	% of Shares
Sponsors/Directors	372,802,310.00	37,280,231	37.03
Institutions	465,502,570.00	46,550,257	46.23
General Public (Individuals)	168,494,560.00	16,849,456	16.74
Total	**1,006,799,440.00**	**100,679,944**	**100.00**

Details of Shareholding Position who hold 5% or more Shares:

Particulars	No. of Shares	% of Shares
Foreign		
▪ Five Continents Credit Ltd.	19,519,318	19.39
▪ Tees Mart Inc.	18,135,256	18.01
▪ Merrill & Forbes Inc.	12,685,266	12.60
Local		
▪ Pioneer Dresses Ltd.	5,853,832	5.82
▪ Sukuza Venture Ltd.	5,500,000	5.46

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Board of Directors



Mr. Ruhul Amin, Chairman
Representing Sukuza Venture Ltd

Mr. Ruhul Amin was elected as Chairman, Board of Directors of Bangladesh Industrial Finance Company Limited (BIFC) by the Board on June 17, 2017. He is an FCMA from the Institute of Cost & Management Accountants of Bangladesh (ICMAB) and an MBA from IBA, University of Dhaka. At present he is the Managing Director, BASE Chemicals Bangladesh Ltd. Previously Mr. Amin was the Chairman & Managing Director of BASF Bangladesh Ltd., a subsidiary of BASF SE, Germany. He was also the Treasurer/Finance Director in the same Company. He was the President, the Institute of Cost & Management Accountants of Bangladesh, former President, Bangladesh German Chamber of Commerce & Industries, former Director, Dhaka Stock Exchange Ltd., Dhaka Power Distribution Company Ltd., and Eastern Lubricants Blenders Ltd. Mr. Ruhul Amin attended a number of training programs and seminar/symposiums abroad. He underwent training on" Management for 21st Century" in the University of Michigan, USA and presented papers on Finance & Management in different countries including India, Pakistan, Hong Kong and Germany. He also led Bangladesh Trade Delegation to Berlin, Hamburg and Bremen in Germany in 2005. Mr. Amin comes of a respectable Muslim family of Munshigonj.



Mr. Jameel Mahmood, Director
Representing Sukuza Venture Ltd

Mr. Jameel Mahmood is a Director of Board of Directors of BIFC. He is also Member of Executive Committee. An M.S.S. in Economics under University of Dhaka, Mr. Mahmood has long and wide employment track records in international businesses. He started his career at Coats Bangladesh Ltd (Former Tootal Thread Bangladesh Ltd), a member of Coats Viyella Group Plc, UK. His main job there was to promote sales of Sewing Thread in all Garments Manufacturing industries in Bangladesh and through this task. Mr. Jameel had an opportunity to come in contact with dignified elite business class of people in the apparel and textile sector of the country and internationally renowned Buyers. Subsequently he joined American & Efird Inc USA, the second largest American Sewing Thread Manufacturing and Marketing Company in the world as Marketing Consultant and was successful in penetrating sewing thread market in Bangladesh. In 2002, Mr. Mahmood joined Ideal Fastener Corporation USA, World's second largest American zipper manufacturing and marketing company in the world, as Country Representative in May, 2002. Under his able leadership and guidance, there has been steady growth in sales turnover of the company and he was awarded the Salesman of the year for consecutive three years 2002, 2003, and 2004. He also received the award for" SALES MAN OF THE YEAR" IN 2006 as best performer in Asia Pacific Region. Mr Jameel is a member of Lion International and associated with number of Associations and visited various countries for business purpose to attend Seminar, Symposium, Exhibitions, Business Development and as well as personal tour with family members.

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Prof Neaz Ahmed, Director
Representing Kanchi Venture Ltd.

Mr. Neaz Ahmed is a Director of Board of Directors of BIFC. He is also the Chairman of Executive Committee and Member of Audit Committee. Mr. Neaz Ahmed is a Professor at the Institute of Business Administration (IBA), University of Dhaka. He earned his graduation with honors in Economics from University of Dhaka, MBA from IBA, and MBA in Finance from University of New Brunswick, Canada under a CIDA Fellowship. He started his career in Sonali Bank in 1976, and then worked as an Investment Officer in BSRS (now Bangladesh Development Bank Ltd), and then joined Rural Electrification Board (REB) as Deputy Director Finance. Later on he worked as a Vice-President in the Bengal Group. In 1987, he joined IBA as a faculty member. Apart from this, he has vast experience in consulting and training in HRM, Finance and Strategic Management areas for various national and multinational organizations like BASF, BOC (Linde BD), WFP, GTZ (now GIZ), USAID, Swisscontact, European Union, DESCO, Dekko Group etc. Having over 40 years' of combined experience in academia and corporate arena, Mr. Ahmed's valuable expertise and credentials are set to provide the right guidance for the Company.



Professor Jawadur Rahim Zahid
Independent Director

Professor Jawadur Rahim Zahid is a Director of Board of Directors of BIFC. He is also the Chairman of Audit Committee. An MBA from IBA, University of Dhaka and Ph D from Manchester Business School, UK. Dr. Zahid is at present a Professor of Finance at IBA and has been teaching there for twenty seven years. He also taught for a semester as a guest faculty at Department of IPE, BUET. He did his MBA internship in Bangladesh Oxygen Ltd. He worked as a deck officer in various capacities on board national and foreign ocean-going ships and roam about the world for six years in his first career till 1983. Apart from IBA, Prof. Zahid has long association with a number of other educational, business and government organizations. He worked in those organizations as an expert/resource person.

Prof. Zahid has completed all parts coaching of Institute of Cost & Management Accountants of Bangladesh(ICMAB); obtained Certificate of Competency for 2nd Navigating Officer from Cork Regional Technical College, Ireland; and completed prescribed program of two years training as a Nautical Cadet at Bangladesh Marine Academy, Chittagong. He passed HSC from Rajshahi Government College in 1974 and SSC from Naogaon Zilla School in 1972.

He attended workshops on 'Market Access' organized by Bangladesh Foreign Trade Institute (BFTI) with UNCTAD Experts and on 'Rules of Origin' organized by BFTI with UNIDO Experts and 'Dispute Settlement Mechanism' organized by BFTI with WTO experts. He has a few seminal research works at hand now.

Prof Jawad R Zahid is a life Member of Dhaka University Alumni Association, Bangladesh MBA Association and IBA Alumni Association. He comes from a respectable family of Naogaon town.



Mr. Muhammad Harun-Al-Rashid
Independent Director

Mr. Muhammad Harun-Al-Rashid is a Director of Board of Directors of BIFC. He is also the Member of Executive and Audit Committees. Mr. Muhammad Harun-Al-Rashid, Independent Director started his banking career at Sonali Bank Ltd. as Probationary Officer (Senior Officer) in 1976. Subsequently he was promoted to Principal Officer, Senior Principal Officer, Assistant General Manager and Deputy General Manager in the bank. At Sonali Bank, Mr. Rashid worked at different Divisions of Head Office, local Office, Branches and Principal Office in various capacities. As Deputy General Manager he worked at Dilkusha Corporate Branch, Principal Office, Tangail and Rural Credit Division of Head Office. Mr. Rashid was promoted as General Manager in 2005 and posted at Agrani Bank Ltd. At Agrani Bank Ltd. he was in charge of Sylhet Circle and Khulna Circle. He also worked as General Manager, Credit Division at Head Office and was involved in Credit Policy, Supervision of Loan Syndication, Project Financing, Rural Credit and SME Financing. Mr. Rashid is an MBA from IBA, University of Dhaka. He also did Diploma in Banking from Institute of Bankers, Bangladesh and completed Certification Course on Marketing Management from Istanbul University, Turkey. He is a Member of IBA Alumni Association. He visited number of countries. He comes of respectable Muslim family of Munshigonj.



Mr. S.M. Shamsul Alam
Independent Director

Mr. S.M. Shamsul Alam is a Director of Board of Directors of BIFC. He is also the Member of Executive and Audit Committees. Mr. S.M. Shamsul Alam started his career in 1977 as Probationary Officer in the rank of Deputy Chief Accountant at Sonali Bank through competitive examination conducted by Bangladesh Bank's Bankers Recruitment Committee. On promotion as Principal Officer, he was Head of a Branch and Head of Credit at Principal Office, Mymensingh. Subsequently he switched over to Islami Bank Bangladesh Ltd. in August 01, 1983 where he worked at Head Office and lastly Head of Branch Rajshahi. Subsequently he joined National Bank Ltd. in the year 1988 and had been Head of Branches Pabna and Rajshahi as AVP, VP and Divisional Chief, while working as Divisional Chief of Rajshahi Division, he played pioneering role in introducing collateral free Agri-credit in Barind Area of Rajshahi Division in collaboration with Barind Multipurpose Authority (BMDA). Mr. Alam was posted to Myanmar in 1996 as Chief Representative of National Bank Ltd. Thereafter, he joined Prime Bank Ltd. in 1999 as SVP and worked in the Bank as Head of Main Branch. Again Mr. Alam switched over to Bank Asia Limited in 2000 as EVP and subsequently got promotion as SEVP. In Bank Asia, he worked as Head of Principal Office Branch and Zonal Head of Dhaka Division. Later on Mr. Alam joined NCC Bank Ltd. as Deputy Managing Director in 2007 worked there for about 3 years. Again switched over to Premier Bank Ltd. In July 2010 he joined Premier Leasing & Finance Ltd. as Managing Director & CEO and led the organization upto June 30, 2014. Mr. Alam is an M.COM (Finance & Banking) from Rajshahi University and did B. Sc & B. Ed under University of Dhaka. He is also a DAIBB. He attended number of training programs/seminars at home and abroad. Mr. Alam is a good trainer and enjoys farming horticulture.

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Mr. Sa'ad Zaglul Abbas
Independent Director

Mr. Sa'ad Zaglul Abbas is a Director of Board of Directors of BIFC. He is also the Member of Executive Committee. Mr. Abbas started his banking career in 1976 as an officer under direct recruitment of MBAs from IBA, DU. In Agrani Bank, he worked as Credit Analyst and General Banking in Charge for about 10(ten)years. Subsequently he switched over to IFIC Bank Ltd. where he worked up to EVP for about 19 (nineteen) years. While at IFIC Bank, he was, on deputation, AGM & Manager, Main Branch, Nepal Bangladesh Bank Ltd. Later on, he joined City Bank Ltd. and Eastern Bank Ltd. as EVP, as Head of Credit/Corporate and HOCRM respectively. Mr. Abbas joined ICB Islamic Bank Ltd. as SEVP. He joined as Deputy Managing Director & CRO at International Leasing in 2013. Lastly he was Head of CRM at Shimanto Bank. Most of Career of Mr. Abbas pertains to credit operations with special emphasis to commercial credit, project financing, corporate credit including syndicate loan, Club financing, SME and consumer financing. He attended number of training programs/workshop/seminar at home and abroad. He is member of different professional bodies including IBA Alumni Association and MBA Association. Mr. Abbas comes of a respectable Muslim family of Noakhali.



Mr. Md. Dilwar Hossain Bhuiyan
Managing Director

Mr. Md. Dilwar Hossain Bhuiyan has been working as Managing Director in Bangladesh Industrial Finance Company Limited (BIFC) since May 09, 2016. Having more than 36(thirty six) years experience in 6(six) public/private sector Banks and 1(one) NBFI. Previously he worked as Deputy Managing Director in SBAC Bank Limited, Sonali Bank Limited, and Bangladesh Development Bank Limited, as General Manager and Managing Director (Additional Charge) for 6(six) months at Rajshahi Krishi Unnayan Bank, as General Manager at Karmasangsthan Bank and as Deputy General Manager at Bangladesh Krishi Bank. As Deputy Managing Director, he was in charge of Local Office and 13(thirteen) Divisions of Head Office of Sonali Bank for about 2(two) years.

Mr.Dilwar passed SSC Examination in 1970 from Bhuapur High School, Tangail securing 16th position from Dhaka Board and HSC Examination in 1972 from Dhaka College. He did BA (Honours) and MA in English from the University of Dhaka in 1978 and 1979 respectively. He is also an MBA and has two professional Diplomas. He has number of publications/research work on banking & finance. He also has teaching experience in a college and three Universities. Mr. Hossain is Member, Dhaka Officers Club, Bangladesh Economic Association and Dhaka University English Department Alumni Association.

Financial Highlights

(Amount in Taka)

Particulars	2012	2013	2014	2015	2016
A. Balance sheet					
Shareholders' equity	**1,187,590,973**	**1,233,100,139**	**1,624,036,284**	**998,152,861**	**316,716,841**
Paid up capital	608,797,860	639,237,750	1,006,799,440	1,006,799,440	1,006,799,440
Share money deposit	362	362	89,777	362	362
Other reserve & surplus	578,792,751	593,862,027	617,147,067	(8,646,941)	(690,082,961)
Total liability	**7,544,636,869**	**8,375,841,162**	**9,914,279,561**	**11,102,956,996**	**9,951,025,212**
Long term loans	2,128,794,004	2,288,042,571	2,934,680,914	3,037,393,881	2,346,262,038
Term deposit	3,644,449,235	4,629,463,441	5,124,999,261	5,863,563,461	5,086,189,074
Lease advances	26,677,281	27,213,320	23,496,985	20,446,831	19,672,037
Money at call and short notice	200,000,000	130,000,000	230,000,000	150,000,000	252,000,000
Other liabilities	1,544,716,349	1,301,121,830	1,601,102,401	2,031,552,823	2,246,902,063
Total liabilities & equity	**8,732,227,842**	**9,608,941,301**	**11,538,315,845**	**12,101,109,857**	**10,267,742,053**
Total assets	**8,732,227,842**	**9,608,941,301**	**11,538,315,845**	**12,101,109,857**	**10,267,742,053**
Lease finance	1,047,477,495	902,227,254	775,737,643	655,383,261	549,561,595
Term finance	5,854,401,400	6,656,510,174	8,184,641,086	9,975,780,260	8,224,169,037
Investment in share	400,381,068	378,977,858	336,173,661	315,836,394	309,913,639
Investment in FDR	100,000,000	100,000,000	150,000,000	150,000,000	150,000,000
Other assets	1,329,967,879	1,571,226,015	2,091,763,455	1,004,109,942	1,034,097,782
B. Income satement					
Operating revenue	1,280,189,512	1,312,188,273	1,423,131,353	779,432,511	262,047,148
Non operating revenue	-	-	-	-	-
Financial expenses	1,000,338,221	1,125,430,257	1,028,716,622	1,026,493,416	819,374,124
Depreciation on fixed assets	2,761,989	2,410,878	4,409,182	3,633,469	2,877,369
General and administrative expenses	61,452,137	73,911,999	76,182,368	70,502,144	71,022,935
Other operational expenses	7,370,770	10,114,046	11,654,091	8,760,565	10,517,374
Operating Profit	208,266,395	100,321,093	302,169,090	(329,957,083)	(641,744,654)
Provision for loans, advances, & leases and investments	111,505,183	17,887,823	129,902,000	295,836,925	38,119,083
Profit before tax	96,761,212	82,433,270	172,267,090	(625,794,008)	(679,863,737)
Income tax	86,981,241	36,924,104	117,020,170	-	1,572,283
Net profit after tax	9,779,971	45,509,166	55,246,920	(625,794,008)	(681,436,020)
C. Business performance					
Lease & loan contracts (Taka in million)	1,109	1,267	1,593	626.62	72.27
Growth (%)	2	14	26	(61)	(88)
Number of lease & loans	119	108	261	87	58
Lease & loan execution (Taka in million)	1,059	1,315	2,158	576.37	67.29
Growth (%)	(39)	24	64	(73)	(88)
Number of leases & loans	113	103	173	87	58
D. Financial raitos					
Current ratio (in times)	1.06	1.04	1.18	0.36	0.32
Debt equity ratio (in times)	6.35	6.79	6.10	11.12	31.42
Profit margin before tax (%)	7.65	6.36	12.29	(80.29)	(263.89)
Financial expenses coverage ratio (in times)	1.28	1.17	1.38	(0.61)	(0.83)
Return on equity (%) (after tax)	1.61	7.12	5.49	(62.16)	(67.68)
Earnings per share (in Tk.) (Restated)	0.15	0.71	0.55	(6.22)	(6.77)
Dividend					
Cash (%)	**5.00**	**5.00**	Nil	Nil	Nil
Stock (%)	5.00	5.00	Nil	Nil	Nil

Management Team

Mr. Md. Dilwar Hossain Bhuiyan	Managing Director	Chairman
Mr. M. M. Mostafa Bilal	Deputy Managing Director	Member
Mr. Akbar Hossain	Assistant Vice President	Member
Mr. Mizanur Rahman Mizan	Assistant Vice President	Member
Mr. Md. Ahsan Ullah	Company Secretary	Member Secretary



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Committees

BIFC operates its state of affairs through various committees composed by the board of directors and the management with the objective to establish transparency and effectiveness. Composition of the committees is shown below:

Executive Committee (EC)

The Executive Committee consists of the following 5 (five) members of the board of directors:

Name	Status in the Company	Status in the Committee
Mr. Neaz Ahmed	Director	Chairman
Mr.Jameel Mahmood	Independent Director	Member
Mr. Muhammad Harun-Al-Rashid	Independent Director	Member
Mr. S. M. Shamsul Alam	Independent Director	Member
Mr. Sa'ad Zaglul Abbas	Independent Director	Member

Audit Committee

The Audit Committee consists of the following 5 (five) members of the board of directors:

Name	Status in the Company	Status in the Committee
Professor Jawadur Rahim Zahid	Independent Director	Chairman
Mr. Ruhul Amin	Director	Member
Mr. Neaz Ahmed	Director	Member
Mr. Muhammad Harun-Al-Rashid	Independent Director	Member
Mr. S. M. Shamsul Alam	Independent Director	Member

The report of the audit committee is presented in the page no. 24.

Management Committee

01. Management Committee (MANCOM):

Sl.	Name of the Member	Designation	Position in the Committee
1	Mr. Md. Dilwar Hossain Bhuiyan	Managing Director	Chairman
2	Mr. M. M. Mostafa Bilal	Deputy Managing Director	Member
3	Mr. Mizanur Rahman Mizan	AVP & Head Of Business	Member
4	Mr. Akbar Hossain	AVP & Head of Accounts	Member
5	Mr. Md. Ahsan Ullah	SPO & Company Secretary	Member Secretary

The MANCOM directs the day to day administrative and operational affairs of the Company. The MANCOM is headed by the Managing Director of the Company. The MANCOM discusses and decides on issues relating to corporate finance, SME Finance, CRM, Credit Administration, HR and Administration, ICT and Treasury etc. MANCOM is the nerve center of the Management of the Company.

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Committees - continued

02. Asset Liability Management Committee (ALCO):

Sl.	Name	Designation	Position in the Committee
1	Mr. Md. Dilwar Hossain Bhuiyan	Managing Director	Chairman
2	Mr. M. M. Mostafa Bilal	Deputy Managing Director	Member
3	Mr. Mizanur Rahman Mizan	AVP & Head of Business	Member
4	Mr. Sanjib Kumar Sarkar	SPO, Head of Liability Department and Additional Charge of Treasury Department	Member Secretary

The principal responsibility of ALCO is to maintain optimum balance between assets and liability in terms of value, tenor and liquidity. The source and use of fund to maintain its balance is of vital importance. Due weightage and importance are given to attain maximum yield from its investment both in assets and liability market.

03. Management Credit Committee (MCC):

Sl.	Name of the Members	Designation	Position in Committee
1	Mr. Md. Dilwar Hossain Bhuiyan	Managing Director	Chairman
2	Mr. M. M. Mostafa Bilal	Deputy Managing Director	Member
3	Mr. Mizanur Rahman Mizan	AVP & Head of Business	Member Secretary
4	Mr. Mohammad Kamruzzaman	SPO & Head of Corporate Business	Member

The Management Credit Committee (MCC) is headed by the Managing Director. MCC is empowered to approve credit limit for loans and advances. In addition, the Credit committee may carry out additional responsibilities that are specifically empowered by the board. The credit approval limit of MCC to be reviewed by the board of directors from time to time.

04. ICC Committee:

Sl.	Name of the Members	Designation	Position in Committee
1	Mr. M. M. Mostafa Bilal	Deputy Managing Director	Chairman
2	Mr. Akbar Hossain	AVP & Head of Accounts	Member
3	Mr. Majharul Islam	SPO & Head of ICC	Member Secretary

The main objectives of the Internal Control and Compliance Committee (ICC) are efficiency and effectiveness of activities (performance objectives), reliability, completeness and timeliness of financial and management information (information objectives), compliance with applicable laws and regulations (compliance objectives) and accountability to the board.

05. ICT Committee:

Sl.	Name of the Members	Designation	Position in Committee
1	Mr. M. M. Mostafa Bilal	Deputy Managing Director	Chairman
2	Mr. Md. Zulfikar Ali	SPO & Head of General Services & Logistics	Member
3	Md. Masud Rana	Senior Officer & Head of IT	Member Secretary

Committees - continued

The main objectives of the Information Technology Committee (IT) is to establish a standard ICT security policy & ICT security management and

- To help the Company for security and stable setup of its ICT platform
- To establish a secure environment for processing of the data
- To identify information security risk and their management
- To communicate the responsibilities for the protection of information
- To prioritize information and information systems those need to be protected
- To aware and train the uses associated with managing the ICT Infrastructure
- To explain procedure for periodic review of the policy and security measures

06. Anti Money Laundering Committee (AML):

Sl.	Name of the Members	Designation	Position in Committee
1	Mr. M. M. Mostafa Bilal	Deputy Managing Director	Chairman
2	Mr. Sanjib Kumar Sarkar	SPO, Head of Liability Department and Additional Charge of Treasury Department	Member Secretary
3	Mr. Majharul Islam	SPO & Head of ICC	Member
4	Mr. Mohammad Kamruzzaman	SPO & Head of Corporate Business	Member

Anti Money Laundering Committee (AML) addresses various issues which are definition of customer for KYC purpose, process and timing of customer due diligence (CDD), defining and identifying beneficial owner, politically exposed person related issues, employee screening mechanism and awareness program for the customer. The committee also ensures to previous records of any customer's account for at list 05 years, to provide with the information to Bangladesh Bank from time to time, to report any suspicious and/or attempt of suspicious transaction of Bangladesh Bank immediately, if such event occurs.

AMIR STOCK



Ruhul Amin
Chairman

AMARSTOCK

Chairman's Message

Dear valued Shareholders,

Assalamu Alaikum

Distinguished Members of the Board of Directors, Honorable Guests, Ladies and Gentlemen, Assalamu Alaikum,

I welcome you to the 21st Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC). You may please be aware that BIFC has been passing through a crucial and challenging time. 2015 was a testing time for BIFC and the Company suffered serious setback due to incidents like breaking out of a fire in the Head Office at Dilkusha and serious irregularities in respect of loan accounts relating to Sunman Group;

During 2016 all out efforts were made to revive the financial as well as image crisis of the Company. The Board of Directors was reconstituted. The Executive Committee and Audit Committee were reformed. The new Managing Director was appointed. A special audit on the affairs of the Company was carried out. Measures were taken to reconstruct the documents/files fully/partially destroyed by fire. As all the loans relating to Sunman Group (which constitutes about 85% of total loan port folio of BIFC) were classified as Bad & Losses as per rules and regulations of Bangladesh Bank. Interest income from loans nose dived due to huge non performing investment and huge provisions had to be made. As a result, all financial indicators of the Company showed dismal look at the end of the year 2016.

BIFC has taken 2017 as a year of revival. After taking over as Chairman of BIFC, we have taken a number of steps to give the Company its desired shape. Status of each and every loan account has been identified. With the objective of speeding up recovery of loans, segregation of duties among Business Department, Recovery Department and Legal Department has been made. Strong Monitoring and Recovery Teams have been formed and specific loan accounts have been assigned to them. They are closely monitoring the loan accounts through on site visit and off site supervision. As per instructions of Bangladesh Bank, legal action has been initiated against defaulting firms/companies relating to Sunman Group. The Board has taken a very strong stand regarding compliance culture in the Company. Six Guidelines including four Core Risks have been approved by the Board and respective departmental heads have been made Compliance Managers for the Guidelines to ensure compliance of the instructions of the guidelines properly under the supervision of Deputy Managing Director.

We have also taken initiatives to form a dedicated deposit mobilization team to attract deposits from the potential core depositors for a sustainable funding base side by side with credit lines and deposits from different Banks/FIs.

We may have to wait for a reasonable time for the resultant effect of these initiatives, but we are sure that we will overcome in the long run towards reducing our non performing asset portfolio at an acceptable level, make a strong deposit base, revive good governance and turn the Company into a vibrating one.

I, on behalf of the Board, would like to express my appreciation to the Governor of the Central Bank of Bangladesh and the officials at the Department of Financial Institutions and Markets, for their consultative approach, cooperation and assistance extended to us throughout the year, I would also like to express my sincere gratitude to the Management and Officials of the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange and Chittagong Stock Exchange for their continued direction and support. I express my sincere thanks to our shareholders, clients, my colleagues on the Board for their unstinted support and cooperation. My gratitude goes to the Management team for their leadership skills and expertise, to our employees for their efforts and dedication and to all our stakeholders for their trust and continued support. At the end I expresses hearty thanks to the shareholders of the Company who have reposed trust and Confidence in me and my team of the Board Members.

In conclusion, I am confident that your Company will continue its journey of growth and add value to all its stakeholders in the years to come.

Warmest regards,

Ruhul Amin
Chairman



Md. Dilwar Hossain Bhuiyan
Managing Director & CEO

AMARSTOCK

Managing Director & CEO's Message

Dear Shareholders,

Assalamu Alaikum

Apart from banking sector, Non Bank Financial Institutions (NBFIs) in Bangladesh play great role in the economic development through effective and efficient financial intermediation. Bangladesh Industrial Finance Company Limited (BIFC) as an old NBFI, is an active partner in our development process. Incorporated as a Public Limited Company in August 1996 and licensed by Bangladesh Bank as a Non-Bank Financial Institution in February 1998, BIFC has been rendering innovative, customized, prompt and cost effective financial solutions to the socio-economic growth of the country, maintaining the highest standard of business ethics and Customers' satisfaction. BIFC works on clients' needs. The Company accommodates clients' requirements through dedicated experienced professionals for easy, prompt and customized financial solutions.

There are ups and downs in the financial system all over the world, BIFC is not an exception to it. The year 2015 was a testing time for BIFC. A devastating fire broke out in Head Office on March 14, 2015 causing colossal damage to the Company and the office had to be shifted elsewhere. BIFC started its operation again in full swing. Bangladesh Bank made a special audit on our company and found out some irregularities in loan disbursement. The Company had to classify some loans in compliance of instructions of Bangladesh Bank. As a result some of financial indicators of the Company at the end of the year showed dismal look.

However, at the beginning of the year 2016, some positive steps were taken to give the Company a better shape. Under instructions from Bangladesh Bank, the Board of the company was reconstituted and new Chairman of the Board appointed. Executive Committee and Audit Committee were reconstituted. New Managing Director was appointed. As a result, the Company has started showing improvements in all areas. The Board has given special directives to the management to bring back the Company on sound financial footing through recovery of nonperforming loans, declassifying loans through other methods, tapping of new deposits, recruitment of quality manpower, shifting of Head Office to better business potential area and adoption of other possible means. I, as Chief Executive, would like to assure you that I am giving my best efforts to make the Company a leading one in all respects through effective use of workforce on team spirit basis. We all own the Company and inshallah we will reach our desired goal.

In conclusion, I take the privilege of expressing my humble gratitude to our honorable Chairman, other members of the board, regulators, shareholders, other stakeholders, and employees for their continuous support and guidance. We are also grateful to our customers for their valued support and patronage. We express our firm commitment that we will work relentlessly and resolutely to come up to the expectations of our customers in the coming days.



Md. Dilwar Hossain Bhuiyan
Managing Director & CEO

Report of the audit committee

In conformity with Bangladesh Securities and Exchange Commission (BSEC) notification and DFIM Circular no.-13 dated October 26, 2011 of Bangladesh Bank, the Audit Committee of the Board of Directors of BIFC has been formed consisting of following:

Name	Status in the Company	Status in the Committee
Professor Jawadur Rahim Zahid	Independent Director	Chairman
Mr. Ruhul Amin	Chairman	Member
Mr. Neaz Ahmed	Director	Member
Mr. Muhammad Harun-Al-Rashid	Independent Director	Member
Mr. S. M. Shamsul Alam	Independent Director	Member

The Company Secretary acts as Secretary of the Committee.

Scope of work of audit committee

Audit committee is authorized to investigate into any matter of the company within its terms of reference set by the board of directors. The committee has access to all documents and information and empowered to seek information from any director or employee of the Company and can co-opt any resource depending on requirement. The committee does not have line authority and its primary objective is to keep the board of directors informed about the state of internal control and its compliance. The committee suggests remedial measures required to be adopted so as to facilitate smooth functioning of the Company. The committee presents its observations to the board of directors and shareholders. The Chairman of the Audit Committee attends the general meetings of the Company to respond to queries.

Review of financial statements by the audit committee

Audit committee reviewed the annual financial statements of the company for the year 2016 prepared by the management and audited by company's external auditor.

External audit

Ahmed Zaker & Co., Chartered Accountants, a partnership firm registered in Bangladesh was responsible as external auditor to the Company for the year 2016. The external auditor is not engaged by the Company on any material non-audit work such as:

- Appraisal or valuation services or fairness opinions;
- Financial information systems design and implementation;
- Book-keeping or other services related to the accounting records or financial statements;
- Broker-dealer services;
- Actuarial services;
- Internal audit services; and
- Any other services that the audit committee determines.

No partner or employees of external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company.

Report of the audit committee - continued

Independence of external auditor

As a policy, the committee restricted the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The committee also monitors the balance between audit and non-audit related functions to ensure that auditor's independence can be shown to be maintained. The audit committee appraised the expertise, resources, independence and objectivity of the external auditor and also reviewed their effectiveness as external auditor before placing the recommendation before the board that their election/re-election should be proposed to shareholders.

During the year 2016, principal activities of audit committee were as follows:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2016;
- Recommended and advised the board on appointment of external auditor for the year 2016 and their audit fee;
- Analyzed and reviewed the periodic reports on internal control and compliance reported by the internal auditor;
- Analyzed and reviewed the risk assessment report on clients and credit risk administration evaluation report;
- Reviewed the report on pending legal cases of defaulting clients and recommended further courses of action;
- Analyzed and reviewed the periodic financial statements including quarterly financial statements;
- Reviewed the management report of the external auditors and scrutinized the management responses and courses of action adopted.
- Reviewed Bangladesh Bank inspection report on the inspection along with Company's reply and recommended required compliance by the management to the observations made in the report.

Based on the above deliberations and review, the board audit committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to safeguard its interest.

Professor Jawadur Rahim Zahid
Chairman
Audit Committee

Report on Corporate Governance

Corporate Governance:
Corporate governance is the standard that influences the control of administrative and operational quality of the Company. It identifies the strategic vision of the organization relating to the stakeholders, shareholders, management, board of directors, employees, creditors and the regulators at large. Corporate governance is a means to establish effective transparency, accountability, compliance and professionalism, thus protecting the interest of the stakeholders as well as maintain continuity in its sustained healthy growth. Corporate governance ensures adoption of the culture of incorporating the social values so as to develop the organization into a socially responsible citizen within its normal course of business.

Board of Directors - Corporate Role
Overall control and supervision of Company rests with the board of directors as outlined in the Memorandum and Articles of Association. The power and responsibility of board of directors is supreme in terms of financial and operational management. The board has however delegated its authority to the management of the Company so as to establish corporate governance and make the Company more transparent, professional and vibrant.

Chairman - Corporate Role
The Chairperson of the Board of Directors is elected from amongst themselves. The Chairman presides in all the meetings of the Board. Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the company as he has no jurisdiction to apply executive power. The minutes of the board meetings shall be signed by the Chairman. Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries and allowances.

Managing Director - Corporate Role
The Managing Director is the CEO of the Company. Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management. Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities. All recruitment/promotion/training, except recruitment/promotion/training of Deputy Manging Director (DMD), shall be vested upon the Managing Director. He shall act such in accordance with the approved HR policy of the Company. Managing Director may re-schedule job responsibilities of employees. Managing Director may take disciplinary actions against the employees except DMD. Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines.

Company Secretary - Corporate Role
The Company Secretary is responsible to maintain and ensure regular exchange and flow of information between all the members of the board of directors and the Managing Director and CEO. The Company Secretary ensures transmission and receipt of documents and information available to the directors and senior management in its decision making process, the Company Secretary is also responsible to maintain statutory requirements with the regulators and its relationship with the management of the Company. The Company Secretary is appointed by the board of directors from amongst the senior executives.

Certification by CEO and CFO - Corporate Governance
As required by corporate governance notification the CEO and Managing Director, Mr. Md. Dilwar Hossain Bhuiyan and Mr. Akbar Hossain, Head of Accounts of the Company have duly certified to in respect of Financial Reporting to the Board which is presented on page no. 49.

M/s. K.M. Hasan, Chartered Accountants, Hometown Apartment (8th & 9th Floor), 87, New Eskaton Road, Dhaka-1000, have duly certified that BIFC has complied with corporate governance issues which presented on page no. 48.

Statement on Directors' responsibility

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws and regulations.

As per the Companies Act, 1994, the directors are responsible to prepare financial statements for each financial year. The directors have prepared the financial statements in accordance with the Companies Act, 1994, International Accounting Standards (IAS), Bangladesh Accounting Standards (BAS), International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, Bangladesh Securities and Exchange Rules 1987, the Listing Regulations of Dhaka Exchange Ltd. and Chittagong Stock Exchange Ltd., the DFIM circular no. 11 dated 23 December 2009 ("First Schedule" (Section 38) of Bank Companies Act. 1991) and requirement of the Financial Institutions Act 1993.

A) Work Planning and Strategic Management

- The board shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objective and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work plan.
- The board shall have its analytical review incorporated in the annual report as regard the success /failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholder of its opinions/recommendations on future plans and strategies.
- The board will set the key performance Indicator (KPI) for the CEO and other senior executives and will evaluate half yearly/yearly basis.

B) Formation of Sub-committee

- To expedite the process of decision making (e.g. approval of loan/lease, write-off, rescheduling etc) Board may form Executive Committee with the Director.

C) Financial Management

- Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.
- Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance, of provision legal affairs including actions taken to recovery of overdue loan / lease.
- Board shall approve the procurement policy and shall accordingly the delegation of power for making such expenditure. The maximum delegation of power shall remain with the board.
- The Board shall adopt appropriate authorization of the operation of bank accounts.

Statement on Directors' responsibility - continued

D) Management of loan /lease /investments

- Policy on evaluation of loan /lease /investments proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the board based on prevailing laws and regulations. Board shall delegate the authority loan /lease /investments specially to management preferably on Managing Director and other top executives.
- No Director shall interfere on the approval of loan proposal associated with him. The Director concerned shall not give any opinion on that loan proposal.
- Any syndicated loan/lease/investment proposal must be approved by the board.

E) Risk Management

- Risk management guideline framed in the light of core risk management guideline shall be approved by the board and reviewed by the board regularly.

F) Internal Control and Compliance

- A regular Audit Committee as approved by the Board shall be framed. Board shall evaluate the reports presented by the Audit Committee and Compliance with the recommendation of Internal Auditor, External Auditors and Bangladesh Bank Inspection Team.

G) Human Resource Management

- Board shall approve the policy on Human Resources Management and service rule. Chairman and Director of the board shall not interfere on the administrative job in line with the approved service rule.
- Only the authority for the management and promotion of the Managing Director/Deputy Managing Director and other equivalent position shall lie with the board in compliance with the policy and service rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.

H) Appointment of CEO

- The board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.

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Directors' Report

Dear Shareholders,
AssalamuAlaikum.

On behalf of the Board of Directors I take the privilege and honor to welcome you all at the 21st Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC) and to present the Annual Report together with the audited Financial Statements of the Company for the year ended as on December 31, 2016. Directors Report of the Company has been prepared complying Section 184 of the Companies Act 1994, BSEC's Notification No.SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 and Listing Regulations of Dhaka and Chittagong Stock Exchanges and other applicable rules and regulations of the regulatory bodies.

Economic Review of Year 2016

World Economy

The world has not recovered fully yet from the global financial crisis. The global economic growth is estimated to have slowed in 2016 to a post-crisis low of 2.3%; however, a moderate recovery is expected in 2017 with the GDP forecast to increase to 2.7%, which is mainly driven by the growth in emerging and developing economies. While the world is on the verge of economic recovery, the prospect of 2017 and beyond is again under serious cloud following some geo-political events in 2016 such as Britain's vote to leave European Union (Brexit), election of a new US president, OPEC's decision to cut crude oil production, leakage of Panama Papers and the fact that Central Banks of advanced economies have reached their limits of expansionary monetary policy measures that could restrict them from taking further stimulus measures. These events could dampen cross-border capital flows and world's trade volume, and could put inflationary pressure and spur instability in financial markets, exchange rates and commodity prices.

Bangladesh Economy

The resilience of Bangladesh economy has been persistently tested over time. The economy is moving forward despite global macroeconomic volatility, energy shortage and structural constraints. GDP has been growing at more than 6.0% per annum over the five years. The economy posted 7.1% GDP growth in fiscal year 2015-2016, which exceeded expectations, aided by a revival in exports and sustained domestic consumption. Inflation was lower than projected whilst higher exports and modest imports kept the current account in a larger surplus. However, with the falling trend in inward remittances, BOP (balance of payment) faced some pressure towards the end of the year 2016. Inflation rate has steadily declined to 5.03% in December 2016. Cut in domestic oil prices by state-owned organization BPC (Bangladesh Petroleum Corporation) in response to favorable oil prices in the world market, low international commodity prices and a good rice harvest have reflected in a lower rate of inflation. Foreign exchange rate (BDT/USD) remained stable through-out the year and foreign exchange reserves hit an all-time record high at USD 32 billion in December 2016. Exports grew by 9.7% and import stayed flat in FY 2015-2016. Trend of foreign direct investment has shown signs of recovery in the second half of 2016. Capital Market remained steady during the year 2016 with stock market index hardly gaining any points and turnover yet to pick up. In addition, the number of listed companies has not increased as of September 2016 over December 2015. The overall fiscal policy, however, has been consistent with macroeconomic stability.

Financial Sector Scenario

Globally the banking system is changing and Bangladesh is not out of that trend. Stress testing exercises are routine practices in Bangladesh as diagnostic and supervisory tools. Protecting financial stability is now universally accepted as a core responsibility of banks as well as financial institutions.

As a vital part of financial system of Bangladesh, Non-Banking Financial Institutions (NBFIs) have been

playing an important role in mobilizing and deploying resources in the country despite several constraints. During last few years NBFIs have reinvented themselves to play a pivotal role in all aspects of Economy from Capital Market, Home Loan, SME Loan to long term industrial investment to fill the needs of the entrepreneurs not by placing themselves parallel to Commercial Banks rather by being complementary to Banks. With the remarkable ability to cater to the diverse entrepreneurial demands of the country, the sector has become as epitome of innovation. Because of rapidly rising demand for long term financing and equity type services in the country, NBFIs added differentiation with its couple of service blending to bank based financial market.

Total investment of NBFIs stood at Tk.56,057crore (approx.) against total liability of Tk.70,800 crore (approx.) as on December, 2016. But, the industry has long way to go since NBFIs still do not enjoy the level playing field. NBFIs find it difficult to attract deposits even after offering higher interest rates to ease their fund constraint since the depositors have traditionally developed their greater reliance on Banks and Government Deposit Schemes than on NBFIs to invest their savings. In addition, Banks have diversified deposit products whereas NBFIs have only term deposits. As a result, the Financial Markets continued to have their dependence on Banks for their main source of funds.

On the other hand, cost of fund of Commercial Banks is much lower than that of NBFIs. Moreover, commercial banks offer similar rate of interest to NBFIs and other general customers against their term deposits and credit lines. Forty percent (40%) Corporate Tax rate is also higher compared to Commercial Banks. Despite these, the industry showed average 25% growth during the last few years.

Principal Activities of BIFC

Bangladesh Industrial Finance Company Limited (BIFC) is engaged in the following sectors of the industry:

Lease Finance	Equity Participation
Term Finance	Work Order Finance
Syndication Finance	Personal Loan
Real Estate Finance	Term Deposit Mobilization
SME Finance	Transaction in Listed Securities

BIFC's Performance in 2016

It was indeed an immense period of uncertainty and challenges for the entire financial sector. It was no exception for BIFC as well. During the first half of 2016 liquidity problem eased a bit but in the second half liquidity constrains prevented from fresh disbursement, debt servicing and repayments. However, all out efforts were made to run the Company on sound footing by mobilizing new deposits and recovering nonperforming loans.

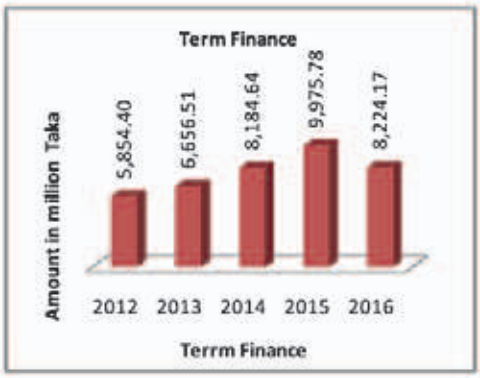
Financing and Investment Operation

Without compromising the portfolio, BIFC always tried to accommodate the need of its customers. By identifying sectors with higher growth prospects for investment, BIFC tried to maintain a healthy portfolio. As the business of BIFC is mostly concentrated on corporate/institutional financing and SME financing, equal distribution of emphasis is given to both sectors.

Directors' Report - continued

Diversified Portfolio

Term Finance, Short Term Finance, Long Term Finance and SME Finance are the major activities of BIFC.



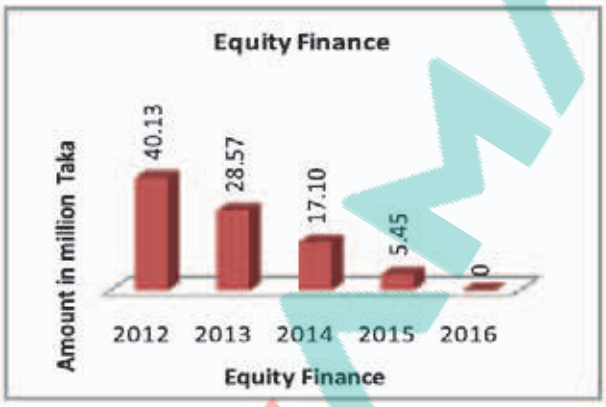
Term Finance

BIFC extends term financing facilities to corporate houses and SME clients for commercial or industrial purposes. Tenure of the finance varies depending on the purpose of finance and usually ranges from 12 months to 60 months. It continues to be the main product of BIFC. In order to ease out liquidity crunch of clients, BIFC also extends short term finance to its trusted clients to meet working capital requirements. Besides, secured loan is provided to the clients against term deposits. On December 31, 2016, the outstanding balance of term loan of BIFC stood at Tk. 8,224.17 million.



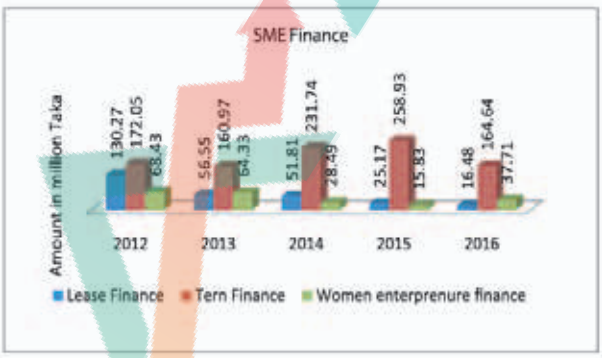
Lease Finance

BIFC extends lease finance for capital machineries, construction and medical equipments, generators, boilers, vehicles, elevators, air conditioning plants and other essential items and equipments for business enterprises like mills, factories, financial institutions, banks and insurance companies as well as educational institutions, clinics, hospitals, corporate bodies and individuals. It is another major product of BIFC. The investment under lease finance of the company stands at Tk. 549.56million at the end of FY16



Equity Finance

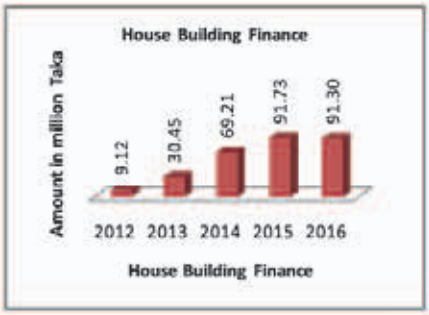
BIFC makes equity investment in the form of preference share and convertible bond. As on December 31, 2016, Company did not have any equity finance.



SME Finance

BIFC extends wide range of financing facilities to its potential SME clients. SME financing product of BIFC includes term loan, business expansion loan, secured loan, short term loan for working capital requirement, women entrepreneur loan, lease financing for acquisition of machineries, equipment and vehicles.

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House Building Finance

Under this segment, BIFC provides finances to House Building development projects as well as purchase of residential plots and flats. Investment is mostly backed by mortgaged securities. As this is mostly rate sensitive, financing needs to be for longer periods of time. Under Bangladesh Bank's refinance scheme, BIFC usually finances for a minimum 2 years up to 20 years.



Investment in Share and Security

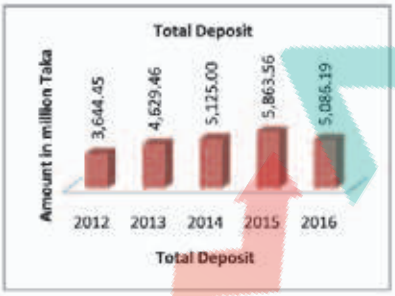
BIFC has a diversified portfolio for investment in listed securities. The Company made some investment in non-listed securities as well. The Company always tries to minimize risk through diversification and putting more emphasis on fundamental strength of individual stock.

Money Market Operation

The performance of treasury department of BIFC remains satisfactory in both enhancing liquidity position and keeping cost of fund at reasonable level. To avert liquidity risk, BIFC strategizes well-poised plans to meet the liquidity requirements from dependable funding avenues, which were supported mainly by a robust and steady growth of customer deposit base. Customer deposit contributed 10.31 percent of our total funding requirements at relatively lower costs, while dependence on costly bank borrowings were gradually reduced in 2016.

Banking Arrangements

Number of commercial banks continued to extend funding facilities to BIFC. These facilities include deposits, call loan, overdraft etc. During the first half of 2016, due to liquidity crisis, the cost of borrowing increased significantly.



Deposit Mobilization

BIFC collects deposits from the surplus units of the society in different forms. Deposit scheme of BIFC includes monthly/quarterly/ half-yearly/yearly income scheme, double money scheme, monthly savings scheme (MSS) etc. The deposit base of the Company continues to grow over the years and stood at Tk. 5,086.19 million as on 31 December, 2016 compare to Tk. 5,863.56 million of the previous year, a decrease 13.26 percent.

Call Money Transactions

BIFC regularly participates in money market and has been dealing both in borrowing and lending activities with different banks/financial institutions to manage it liquidity position efficiently. BIFC strictly maintains its commitment in money market operation and has been able to build strong and credible reputation in the market.

Geographical Segmentation

BIFC provides services to its customers through its four offices located in Gulshan, Uttara (Dhaka), Narayangonj and Chittagong.

Financial Performances of BIFC

The Company's before and after tax profit/ (loss) for the year 2015 were Tk. (625.79) million and Tk. (625.79) million respectively. The figures were Tk. (679.86) million and Tk. (681.44) million respectively in year 2016.

	31.12.2016	31.12.2015
Operational Revenue	262,047,148	779,432,511
Operational Expenses	903,791,802	1,109,389,594
Income from Operation	(641,744,654)	(329,957,083)
Provision for loans, advances and leases & Investments	38,119,083	295,836,925
Profit before Tax	**(679,863,737)**	**(625,794,008)**
Provision for Income Tax	1,572,283	-
Profit after Tax	**(681,436,020)**	**(625,794,008)**
Retained earnings from last year	(577,151,019)	48,642,989
Statutory Reserve	-	-
General Reserve	-	-
Profit available for common stockholders	**(1,258,587,039)**	**(577,151,019)**
Directors recommended for appropriation:		
Proposed Stock Dividend	-	-
Retained Earnings	(1,258,587,039)	**(577,151,019)**
Earnings per share (Restated)	**(6.77)**	**(6.22)**

Sources of Fund

BIFC has emphasized on building core deposit base to reduce/marginalize our cost of fund so as to diversify our credit portfolio with other financial products. The Company did not borrow any money under credit line during the year 2016.

Non-Performing Loan

The recovery and collection process of BIFC continues to be proactive in monitoring the defaulting clients both new and chronic. Employees at all levels are given target for recovery and collection which is reflected in their annual performance and career development. Despite all efforts, the recovery and collection process was constrained due to economic and business slowdown.

Corporate Social Responsibility

BIFC is well positioned to foster CSR in its client businesses in various economic sectors, engaging with them in assessing the social and environmental impacts of the enterprises/projects seeking finance. BIFC has been practicing responsible corporate behavior since its inception. We have identified our key competence areas and decided to employ them as the vehicle of our corporate social responsibility. CSR philosophy has been integrated with BIFC's corporate strategy. The Company considers itself a socially responsible entity.

BIFC Donated BDT 1,25,000.00 (Taka one lac twenty five thousand) only comprising of Tk. 25,000/- (Taka twenty five thousand) each individually to Ghunipara Jahanara Rashid Hafezia Madrasa and Atimkhana, Latif Mohan Gono Gronthagar, Alif Uddin Faraji Bari Jame Masjid, Dakkhin Dhampara No. 1 Jame Masjeed and Balia Eidga Markaj Mosque.

Employees & Environment

We manage a diverse body of talented employees that can bring innovative changes and ideas, perspectives and views to their work. This will turn BIFC into a well recognized strategic organizational asset. The Company continues to encourage recruitment of quality professionals. BIFC is an equal opportunity employer. We value high ethical standards, integrity and dedication. And in terms of the working environment, BIFC does its best to provide top quality working environment, incentives, motivation so as to bring out utmost results or outcomes from its employees.

Risk and concerns

Though Bangladesh is praised for consistent macroeconomic performance, it still faces global risk and internal risks specially arising from political instability. Financial institutions are susceptible to increased risk while expanding and diversifying their business operation.

BIFC has different committees for risk management. Credit Committee, and Asset and Liability Committee (ALCO) consisting of BIFC's senior management regularly appraise issues relating to market, credit and liquidity so as to identify and execute appropriate measures to address and mitigate associated risks. BIFC has an approved Asset Liability Management (ALM) Policy. The Credit Risk Management (CRM) department independently examines projects from a risk-weighted point of view and assists relevant departments in setting business development priorities in line with BIFC's risk appetite, while rationalizing the risk-return trade off derived from the related risk exposure. CRM team dearly points out exceptionally high-risk sectors and illegal lending types that the Company does not entertain under any environmental, social or ethical considerations of such projects.

At individual exposure level, a credit risk grading is used to encourage safety and soundness of the Company by delivering informed decision-making. At portfolio level, the Company follows the quality of the loan by analyzing risk transfer and trends in the non-performing ratios of different lending portfolios on a regular basis. Such indicators prompt timely decision by the relevant risk management committees in preserving the quality of the loans and advances. BIFC's Credit Administration Department (CAD) and Internal Control and Compliance (ICC) Department are responsible for assessing operational risk across the Company as a whole ensuring an appropriate framework to identify, access and manage operational risks.

BIFC has also established a BASEL Implementation Unit (BIU), responsible for implementing Capital Adequacy and Market Discipline (CAMD) instructions of Bangladesh Bank across the company, and managing risk-based capital adequacy. The CRM Department specifically carries out the risk-based capital analysis and places it to BIU along with recommendations to assist decision making for maintaining minimum/regulatory capital and managing relevant risks.

Credit Rating

Alpha Credit Rating Limited has assigned B (Pronounced as B) for long term and ST-5 for short term credit rating to the Bangladesh Industrial Finance Company Limited (BIFC) based on sovereign & macroeconomic factor, Company business profile (franchise value or reputational capital, size, strategy, diversification & ownerships), capital adequacy, asset quality, financial performance, capital base, asset composition, earning trends, profitability, management experience and prospect of the industry while assigning the rating. The outlook on the rating is Stable.

Internal Control

The internal control system is designed to manage rather than eliminate the risk of achieving business

objectives. Internal control aims at providing reasonable and not absolute assurance against material misstatements or loss. The internal audit division of the company as well as the board reviews the internal control system and its effectiveness. There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

Going concern

Directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements.

Corporate and Financial Reporting Framework

The directors of BIFC, in conformance to BSEC notification no. SEC/CMRRCD/2006 158/134/Admin/44 dated August 7, 2012, confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of BIFC, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books and accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that 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 consistently applied in preparation of the financial statements and any departure there from has been adequately disclosed.
- Internal control system is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the ability of the company to continue as going concern.

Corporate Governance

The Board of Directors of BIFC has adopted effective corporate governance practices as one of its priorities to conduct its business and operational activities. When conducting the company's business activities, all efforts of BIFC are to ensure adequate protection of its shareholders and other stakeholders at all times. The details of corporate governance has been presented in page no. 26 of this annual report.

Related Party Transactions

Disclosure of all related party transactions, including basis for such transaction, has been provided in Note 45.03 at page no. 95 of this annual report.

Significant Variance between Quarterly and Annual Results

There have been no significant variation in quarterly and annual results.

Directors Meeting, Attendance & Remuneration

During the year ended 31 December 2016 a total of eleven meetings were held. All of the Directors serving on the Board attended more than 82 percent of the aggregate of the total number of meetings of the Board of Directors. The attendance in the Board meetings by each Director is given in **Annexure-I** in page 39 of this Annual Report. The Directors including the Independent Directors are not entitled to any remuneration other than fees for attending in the Board/Committee meetings. The details on remuneration paid to Directors in 2016 is presented in page 90 of this Annual Report.

Directors' Report - continued

Directors' Responsibilities of Preparation of Financial Statements

The directors are responsible for preparing the company's financial statements in accordance with applicable laws and regulations. The board confirms that the financial statements have been prepared under the applicable laws and regulations and as per requirements of regulatory authorities.

Shareholding Pattern

The shareholding pattern as per clause 1.4(K) of the SEC notification no. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in **Annexure-"ii"** at page 40 of this Annual Report.

Key Operating and Financial Data

Key operational and financial information over the last five years, as per requirement of SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, has been presented at page 15 of this annual report. Overall operation highlights of BIFC as per DFIM circular no. 11, dated December 23, 2009 have also been presented at page 99 of this report.

Report of Compliance

As per the Bangladesh Securities & Exchange Commission's notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, the report of the compliance along with a certificate from a practicing chartered accountant have been enclosed as **Annexure-"iii"** at page no. 41 of this annual report.

Audit Information

The Directors who held office at the date of this Director's Report confirm, so far as the directors are aware, that:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all the steps that they themselves ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the Company's auditors are aware of that information.

Auditor

M/s. Ahmed Zaker & Co. Chartered Accountants have completed the audit of Bangladesh Industrial Finance Company Limited's financial statements for the year ended December 31, 2016, and recommended for reappointed for the year 2017. This is subject to approval of Bangladesh Bank.

Appointment of Directors

The following Directors were inducted in the Board of Directors of BIFC in its 145th Meeting held on March 03, 2016:

1. Lieutenant General Mollah Fazle Akbar, ndc, psc (Retd.), Nominated Director of Pioneer Dresses Ltd. and Chairman, Board of Directors.
2. Mr. Sakib Aziz Chowdhury, Nominated Director of Pioneer Dresses Ltd.
3. Mr.Md. Enayet Ullah, FCA, Independent Director.
4. Dr. Muhammad Shahiduzzaman, Independent Director.

The following Directors were inducted in the Board of Directors of BIFC in its 148th Meeting held on June 27, 2016:

5. Ms. Badrun Nessa, Nominated Director of Five Continents Credit Ltd., Hong Kong.
6. Ms. Jebunnesa Akbar, Nominated Director of Tees Mart Inc., USA.

Resignation of Directors

The following Directors resigned from the Board in its 154th Meeting of the Board of Directors of BIFC in the year 2016:

1. Lieutenant General Mollah Fazle Akbar, ndc, psc (Retd.), Nominated Director of Pioneer Dresses Ltd. and Chairman, Board of Directors.
2. Mr. Sakib Aziz Chowdhury, Nominated Director of Pioneer Dresses Ltd.
3. Ms. BadrunNessa, Nominated Director of Five Continents Credit Ltd., Hong Kong.
4. Ms. Jebunnesa Akbar, Nominated Director of Tees Mart Inc., USA.
5. Dr. Muhammad Shahiduzzaman, Independent Director

Reformation of Board of Directors of BIFC

In place of the vacancy of 5(five) Directors in the Board of Directors, the following new directors were inducted in the 154th Meeting of the Board of BIFC:

1. Mr. Erfanuddin Ahmed, Nominated Director of Sukuza Venture Ltd.
2. Mr. Jameel Mahmood, Nominated Director of Sukuza Venture Ltd.

Election/re-election of Directors

As per the terms of Article 113, at the ordinary general meeting in every year, one third of the directors for the time being or if their number is not three/multiple of three, then the number nearest to one-third shall retire from office.

Retirement of Directors

As per the terms of Article 114, the Directors to retire by rotation every year shall be those other than the Managing Director who have been longest in the office since their last election/nomination but as between the persons who become directors on the same day, those who are to retire shall, unless they otherwise agree among themselves, determined by lot. This clause shall not, however apply to Chairman/Managing Director, from outside.

Incompliance of Article 114, of the Articles of Association of the Company following Directors are due to retire in the 121st AGM of the Company:

1. Mr. Jameel Mahmood, Nominated Director of Sukuza Venture Ltd.
2. Professor Jawadur Rahim Zahid, Independent Director

Re-election of Directors

Subject to section 91(2) of Companies Act 1994, a Director retiring by rotation shall be eligible for re-election/re-nomination by the respective group of shareholders provided that while nominating/electing any Director, the ratio as mentioned in this shall at all time maintained.

Thus being eligible, the following two Directors offered themselves for re-election:

1. Mr. Jameel Mahmood, Nominated Director of Sukuza Venture Ltd.
2. Professor Jawadur Rahim Zahid, Independent Director

Accordingly, it is recommended that the above two Directors be re-elected in the 21st AGM of the Company.

Dividend

The Company incurred loss for the year 2016 and the Board of Directors has recommended 'No Dividend'.

Report on the activities of audit committee

Pursuant of the clause 3.5 of the SEC notification no. SEC/CMRRCD/2006-158/134/admin/44 dated August 07, 2012 the report of Audit Committee is given at page no. 24 of this report.

Acknowledgement

The performance of the Company during the year is a reflection of professionalism as manifested by a team of dedicated employees of the Company. The Board of Directors deeply acknowledge the support of all the constituents, whose satisfaction remain at the core of our activities. The unqualified supports received from our esteemed shareholders, clients, Bangladesh Bank, Banks and Financial Institutions, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., National Board of Revenue, Register of Joint Stock Companies and Firms, and concerned agencies have not only encouraged us but also made our task of managing the Company much easier. We deeply appreciate their co-operation, support and guidance.



Ruhul Amin
Chairman

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Annexure - "I"

Directors' Attendance in the board meeting during the year 2016

Name of Directors	Nominated by	Number of meetings held	Number of meeting attended	%
Mr. Abbas Uddin Ahmed	Pioneer Dresses Ltd.	2	1	50 %
Mr. ANM Jahangir Alam	Shareholder Director	10	9	90 %
Mr. Md. Arshad Ullah	Pioneer Dresses Ltd.	1	1	100%
Mr. Chan Sze Hung	Five Continent Credit Ltd. Hong Kong	2	0	0%
Mr. Jaroslav M Vyskovsky	Tees Mart Inc. USA	2	0	0%
Ms. Tajrina Mannan	Pioneer Dresses Ltd.	10	6	60 %
Mr. M Golam Sarwar Chowdhury	Pioneer Dresses Ltd.	10	10	100%
Lieutenant General Mollah Fazle Akbar, ndc, psc (Retd)	Pioneer Dresses Ltd.	9	9	100%
Mr. Sakib Aziz Chowdhury	Pioneer Dresses Ltd.	9	9	100%
Mr. Md. Enayet Ullah, FCA	Independent Director	9	6	66 %
Dr. Muhammad Shahiduzzaman	Independent Director	9	8	88%
Ms. Jebunnesa Akbar	Tees Mart Inc. USA	6	6	100%
Ms. Badrun Nessa	Five Continent Credit Ltd. Hong Kong	6	5	83%

Leave of absence was granted to the Directors those who could not attend at the meeting.

Annexure - "II"

Pattern of Shareholding

Particulars	No. of shares holding	Percentage (%)
i) Shares Held by:		
Parent/ subsidiary/associated companies and other related parties	Nil	-
Total:	**Nil**	**-**
ii.a) Directors, their spouses and minor children:		
ii.b) Chief Executive Officer (CEO) and his spouse and minor children	Nil	
ii.c) Chief Financial Officer (CFO) and his spouse and minor children	Nil	
ii.d) Company Secretary (CS) and his spouse and minor children	Nil	
ii.e) Head on Internal Audit (HIA) and his spouse and minor children	Nil	
Total:	**Nil**	
Executives (Top five salaried employees other than Directors, CEO,CFO,CS,HIA)		
1. Mr. M. M. Mostafa Bilal	Nil	
2. Mr. Anwarullah Sadeq	Nil	
3. Mr. Akbar Hossain	Nil	
4. Sheik Md. Razaul Heider	Nil	
5. Mr. Mizanur Rahman Mizan	Nil	
Total:	**Nil**	**-**
Shareholders holding 10% or more voting right:		
1. Five Continents Credit Limited, Hong Kong	19,519,318	19.39
2. Tees Mart Inc., USA	18,135,256	18.01
3. Merrill and Forbes Inc., USA	12,685,266	12.60
Total:	**50,339,840**	**50.00**

All other directors except independent directors are director nominated by institutions and they do not hold any share in their personal name.

Annexure - "III"

Status of Compliance with the Corporate Governance Guidelines

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969:

(Report under Condition no. 7.00)

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1.00	**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)	✓		
1.2	**Independent Directors**			
1.2 (i)	At least one fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors	✓		
1.2(ii)	Independent director means a director			
1.2(ii) (a)	Who either does not hold any share in the Company or holds less than one percent (1 %) shares of the total paid-up shares of the Company	✓		
1.2(ii) (b)	Who is not a sponsor of the Company and is not connected with the Company's any sponsor or director or shareholder who holds one percent (1 %) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company.	✓		
1.2 (ii) (c)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/ associated companies	✓		
1.2 (ii) (d)	Who is not a member, director or officer of any stock exchange	✓		
1.2 (ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) (f)	Who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's statutory audit firm	✓		
1.2 (ii) (g)	Who shall not be an independent director in more than 03 (three) listed companies	✓		
1.2 (ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non- Banking Financial Institution (NBFI)	✓		
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving more turpitude	✓		
1.2 (iii)	Independent Director(s) shall be appointed by Board of Directors and approved by the shareholders in the Annual General Meeting (AGM)	✓		

Status of Compliance with the Corporate Governance Guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1.2 (iv)	The post of independent director (s) cannot remain vacant for more than 90 (ninety) days	✓		
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	✓		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	✓		
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	✓		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretariats. The Independent Director must have at least 12(twelve) years of corporate management/ professional experiences	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4	**The Chairman of Board and Chief Executive Officer** The positions of the Chairman of the Board and the Chief Executive Officer of the Companies shall be filled by different individuals. The Chairman of the Company shall be elected from among the directors of the Company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	**The director's report shall include the following additional statements on**			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risk and concerns	✓		
1.5 (iv)	A discussion on cost of goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss			Not Applicable
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from public issue, rights issues and/or through any other instruments			Not Applicable

Status of Compliance with the Corporate Governance Guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1.5 (viii)	An explanation if the financial results deteriorate after the Company goes for initial Public Offering (IPO)			Not Applicable
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	✓		
1.5 (x)	Remuneration to directors including independent directors	✓		
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	✓		
1.5 (xii)	Proper books of account of the issuer Company have been maintained	✓		
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	✓		
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	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
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	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given			Dividend was not declared during the year.
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclosed the aggregate number of shares (along with name wise details where stated below) held by:-			
1.5 (xxi) (a)	Parent/ Subsidiary/ Associate Companies and other related parties (name wise details)	✓		

Status of Compliance with the Corporate Governance Guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
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 details)	✓		
1.5 (xxi) (C)	Executive	✓		
1.5 (xxi) (d)	Shareholders' holding ten percent (10%) or more voting interest in the company (name wise detail)	✓		
1.5 (xxii)	In case of the appointment/ reappointment of a director the company shall disclose the following information to the shareholders:-			
1.5 (xxii) (a)	A brief resume of the director	✓		
1.5 (xxii) (b)	Nature of his / her expertise in specific functional areas	✓		
1.5 (xxii) (c)	Name of companies in which the person also holds the directorship and the membership of committees of the board	✓		
2.00	**Chief Financial officer (CFO), Head of Internal Audit and Company Secretary (CS)**			
2.1	The company shall appoint a Chief Financial officer (CFO), a 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	✓		
2.2	**Requirement to attend the board meetings** The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/*or* the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3	**Audit committee**			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
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.	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	**Constitution of the audit committee**			
3.1 (i)	The Audit Committee shall composed of at least 3 (three) members.	✓		
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	✓		
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	✓		

Status of Compliance with the Corporate Governance Guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
	management experience.			
3.1 (iv)	Filling of casual vacancy in the Audit Committee			No vacancy occurred
3.1 (v)	The Company Secretary shall act as the Secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director.	✓		
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	✓		Chariman of the Audit Committee would be remained prressnt at AGM
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	**Role of audit committee**			
3.3 (i)	Oversee the financial reporting process	✓		2 (two) Audit Committee Meeting held during year 2016
3.3 (ii)	Monitor choice of accounting policies and principal	✓		
3.3 (iii)	Monitor internal control risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review the annual financial statements before submission to the Board for approval	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transaction submitted by the management	✓		
3.3 (ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	When money is raised through IPO/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 fund 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 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		

Status of Compliance with the Corporate Governance Guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any			
3.4.1 (ii) (a)	Report on conflicts of interests			
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system			No such event found
3.4.1 (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations			
3.4.1 (ii) (d)	Any other matter which shall be disclosed to the Board of Directors immediately.			
3.4.2	**Reporting to the authorities** Reported to the Board of Directors about anything which has material impact on the financial condition and results of operation			
3.5	**Reporting to the shareholders and general investors** Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii)			
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	✓		
4.(ii)	Financial information systems design and implementation.	✓		
4.(iii)	Book-keeping or other service related to the accounting records or financial statements	✓		
4.(iv)	Broker-dealer services	✓		
4.(v)	Actuarial services	✓		
4.(vi)	Internal Audit services	✓		
4.(vii)	Any other services that the Audit Committee determines	✓		
4.(viii)	No partner or employees of the external audit firms shall possess any Share of the company the audit at least during the tenure of their audit assignment of that company.	✓		
5.	**Subsidiary Company**			
5.(i)	Provisions relating to the composition of the Board of Directors of the holding company shell be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable

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Status of Compliance with the Corporate Governance Guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not 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.			Not Applicable
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.			Not Applicable
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.			Not Applicable
5.(v)	The audit committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
6.	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):The CEO and CFO shall certify to the Board that**			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief	✓		
6 (i) (a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i) (b)	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	✓		
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 violation of the company's code of conduct	✓		
7.00	**Reporting and compliance of Corporate Governance**			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant / Cost and Management Accountant/ Chartered Secretary) 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.	✓		
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	✓		

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কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants
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McMillan Woods International
Professionalism at the forefront

Certificate on compliance of conditions of The Corporate Governance Guidelines to the shareholders of Bangladesh Industrial Finance Company Limited

We have examined the conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Bangladesh Industrial Finance Company Limited (the "Company") as stipulated in clause 7(i) of the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44, dated 7 August 2012 compiled by Bangladesh Industrial Finance Company Limited during the year ended 31 December 2016.

The compliances of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's Management. Our examination for the purpose of issuing this certificate was limited to the examining of procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance Guidelines and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received thereon.

To the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification dated 7 August 2012 of Bangladesh Securities and Exchange Commission.

Place: Dhaka
Date: 17 August 2017

K. M. HASAN & CO.
Chartered Accountants

K.M. HASAN & CO. CHARTERED ACCOUNTANTS

CEO & CFO's certificate to the board of directors in respect of financial reporting

We certify that, we have reviewed the accompanying financial statements of Bangladesh Industrial Finance Company Limited, which comprises the balance sheet as of December 31, 2016 and the related profit and loss account, statement on changes in shareholders equity, statement of cash flows and liquidity statement together with accounting policies & explanatory notes for the year then ended and to the best of our knowledge and belief.

a) The financial statement do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading;

b) The financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

There are, to the best of our knowledge and belief no transactions entered into by the company during the year, which are fraudulent, illegal, or violation of the company's code of conduct.



Md. Dilwar Hossain Bhuiyan
Managing Director
Dhaka, August 10, 2017



Akbar Hossain
Head of Accounts

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Financial Statements
for the year ended December 31, 2016

AMAR STOCK

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Independent Auditors' Report to the Shareholders of Bangladesh Industrial Finance Company Limited

We have audited the accompanying financial statements of Bangladesh Industrial Finance Company Limited ("the Company") which comprise the Balance Sheet as at December 31, 2016 and the Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement 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 of the Company in accordance with Bangladesh Financial Reporting Standards (BFRSs), Financial Institutions Act 1993, Bangladesh Securities and Exchange Commission Rules 1987, the Companies Act 1994 along with the rules & regulations Issued by the Bangladesh Bank and other applicable rules & regulations and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements of the Company based on our audit. The assets and liabilities as at December 31, 2016 and revenue and expenses for the year ended December 31, 2016 of the Company. 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 whether the 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 financial statements of the Company. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements of the company, 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 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 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.

Basis for Qualified Opinion

1. Short Provision against Loans and Advances:

The Company made a provision for Tk. 906,317,931 whereas actual provision comes to Tk. 6,855,349,136 resulting a short provision of Tk. 5,949,031,205 which is required to be provided in financial statements of the Company. This less provision has been made defying FID circular No.06 dated August 20, 2006. The effect of such short provision overstated profit and adverse on EPS.

2. Interest Suspense:

According to FID circular No. 06 dated August 20, 2006 Interest Suspense Account at the year end December 31, 2016 is required to be made for Tk. 631,924,656 but the Company's management has created an amount of Tk. 359,972,546 only having a shortfall of Tk. 271,952,110 and a consequent effect in the EPS and NAV.

3. Loans & Advances:

(A) The company has allowed loans and advances to various concerns of Sunman group during the year without following the rules and regulations of loan granting policy of the company and Bangladesh Bank Guidelines. As on December 31, 2016 a total outstanding amount against various concerns of Sunman Group was Taka 6,232,952,513 which represents 71.04% of total outstanding balance. All of these loans/leases are classified as Bad loss.

(B) The company disbursed Loans and Advances Tk. 163,446,424 to various concerns of Biswas Group which stood at Taka 208,419,131 as on December 31, 2016. These amount represents 2.38% of total outstanding. All of these loans and leases are classified as Bad Loss. The management of BIFC could not provide us original documents i.e. sanction letter, agreement, securities documents etc. for verification.

4. Taxation:

Deferred Tax: The Company did not calculate the deferred tax on revaluation reserve as per BAS-12 "Income Tax" Para - 15 and 20. Asset revaluation reserve came to Taka 403,425,667. As a result, profit and loss account and Net Asset Value (NAV) was not reflected transparently.

5. Deficit of Cash Reserve Requirement (CRR):

Required CRR was not maintained at the rate of 2.5% on bi- weekly average basis of their total term deposit for the month of November, 2016 (1st two weeks, 2nd two weeks) and December, 2016 (1st two weeks, 2nd two weeks) with a provision of minimum 2% on daily basis of the same total term deposit as on September 24, 27, 28 as well as on October 30, 31.

6. Deficit of Statutory Liquidity Requirement (SLR):

The company did not maintain SLR at the rate 5% of average of total liability as prescribed by Bangladesh Bank circular in FID circular No-6, Dated: November 06, 2003 and FID Circular-2, Dated: November 10, 2004 as on November 2,3,4,5,7,9,10,11,12,14, 2016.

7. Violation of Financial Institution Act -1993:

As per Financial Institution Act-1993, Section-16; No Financial Institution shall expend or use more than 25% of its paid up capital and reserves for the acquisition or holding of any kind of shares of financial, commercial, agricultural or industrial institutions or of any similar institution. Provided that any financial institution may subject to its application and on consent of Bangladesh Bank, expend or use up to 50% of its paid-up-capital and reserves for the acquisition and holding of the above mentioned kind of shares. But the company did not follow any of the above said section of Financial Institution Act-1993. As on December 31, 2016 total investment in quoted shares amount Tk. 192,413,639 whereas total equity stands at Tk. 316,716,841 which is 60.75% of total equity.

8. As per Bangladesh Bank DFIM Circular no-13, Dated: October 26, 2011; Every Financial Institution have to conduct minimum Four (04) audit committee meetings in a financial year. But during the year the company did not follow such instruction of DFIM circular-13 by Bangladesh Bank.

Opinion

In our opinion along with two (2) emphasis of matters, except for the effect of the matter described in Basis for Qualified Opinion as stated in paragraph(1-8), the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the company's affairs as at December 31, 2016 and of the results of its operation and its cash flows for the year then ended and comply with the applicable section of the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987 and the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Emphasis of Matters:

1. As on December 31, 2016 retained earnings of the company stands at negative Taka 1,258,587,039 where as paid up capital of the company is Tk. 1,006,799,440 indicates doubtful as a going concern entity and there cast a doubt to see company as going concern in the foreseeable future.
2. Out of total outstanding amount of Tk. 8,773,730,633 an amount of Tk. 7,533,878,259 is classified as bad/loss as on December 31, 2016 which is 85.87% of total outstanding amount. As a result all the related financial indicators of this company suffered serious setback.

We also report that

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

b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

c) The Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of accounts;

d) The financial statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the company;

e) The financial position of the company as at December 31, 2016 and the profit and loss statement for the company together with annexed notes from 1 to 58 dealt with the report are in agreement with books of account;

f) The expenditure incurred was for the purpose of the company's business;

g) Adequate provisions have not been made for loans and advances, investments and other assets which are in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have not been followed properly;

h) The company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets;

i) The information and explanations required by us have been received and found satisfactory;

j) Taxes and other duties collected and deposited to Government treasury by the company as per Government instruction found satisfactory;

k) Statement sent to Bangladesh Bank has been checked on sample basis and no inaccuracy has come to our attention except in some cases;

l) As far as it was revealed from our test checks, the existing rules and regulation for loan/advance and lease sanctioning and disbursements as well as classification, provisioning and suspension of interest has not been followed properly;

m) Adequate capital of the Company, as required by law, has been maintained during the year under audit;

n) It appears from our test checks that the internal control system is not adequate to prevent probable frauds and forgeries;

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o) Proper measures have not been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instruction issued by Bangladesh Bank & other regulatory authorities have been found complied;

p) 80 percent of the risk-weighted assets have been reviewed spending over 2,248 person hours.

q) All other matters which are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka

Dated: June 17, 2017

Ahmed Zaker & Co.
Chartered Accountants

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Balance Sheet

as at December 31, 2016

Particulars	Note	Amount in Taka	
		2016	2015
PROPERTY AND ASSETS			
Cash	4.00	**90,376,375**	**59,100,170**
Cash in hand (including foreign currencies)	4.01	639,269	1,291,276
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	4.02	89,737,106	57,808,894
Balance with banks and other financial institutions	5.00	**190,432,901**	**178,719,042**
In Bangladesh	5.01	190,432,901	178,719,042
Outside Bangladesh		-	-
Money at call on short notice	6.00	-	-
Investments	7.00	**309,913,639**	**315,836,394**
Government		-	-
Others		309,913,639	315,836,394
Loans, advances and leases	8.00	**8,773,730,633**	**10,631,163,521**
Loans, cash credits, overdrafts, etc.	8.a	8,773,730,633	10,631,163,521
Bills purchased and discounted	8.b	-	-
Fixed assets including land,building,furniture & equipments	9.00	454,331,596	457,601,656
Other assets	10.00	448,956,909	458,689,074
Non financial institutional assets		-	-
Total Assets		**10,267,742,053**	**12,101,109,857**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from banks, other financial institutions and agents	11.00	2,598,262,038	3,187,393,881
Deposits and other accounts	12.00	**5,105,861,111**	**5,884,010,292**
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	12.01	5,086,189,074	5,863,563,461
Bearer certificates of deposits		-	-
Other deposits	12.02	19,672,037	20,446,831
Other liabilities	13.00	2,246,902,063	2,031,552,823
Total liabilities		**9,951,025,212**	**11,102,956,996**
Capital/shareholders' equity			
Total shareholders' equity		**316,716,841**	**998,152,861**
Paid-up capital	14.02	1,006,799,440	1,006,799,440
Statutory reserve	15.00	154,713,730	154,713,730
General reserve	16.00	10,364,681	10,364,681
Asset revaluation reserve	17.00	403,425,667	403,425,667
Share money deposit		362	362
Stock dividend		-	-
Retained earnings	18.00	(1,258,587,039)	(577,151,019)
Total liabilities & shareholders' equity		**10,267,742,053**	**12,101,109,857**

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Balance Sheet - continued

as at December 31, 2016

Particulars	Note	Amount in Taka	
		2016	2015
Off- Balance Sheet Items:			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
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		-	-
		-	-
Total off-balance sheet items including contingent liabilities		-	-
Net Assets Value Per Share (NAV)	19.00	**3.15**	**9.91**

The annexed notes 1 to 58 from an integral part of these financial statement.

Company Secretary **Managing Director** **Director** **Chairman**

Signed in terms of our annexed report of even date.

Place: Dhaka
Dated: June 17, 2017

Ahmed Zaker & Co.
Chartered Accountants

AMAR STOCK

Profit and Loss Account

for the year ended December 31, 2016

Particulars	Note	Amount in Taka	
		2016	2015
Interest income	21.00	257,627,829	770,670,798
Less: interest paid on deposits & borrowings etc.	22.00	819,374,124	1,026,493,416
Net interest income		**(561,746,295)**	**(255,822,618)**
Income from investments	23.00	2,271,172	5,934,656
Commission, exchange and brokerage	24.00	-	-
Other operating income	25.00	2,148,147	2,827,057
		4,419,319	**8,761,713**
Total operating income		**(557,326,976)**	**(247,060,905)**
Salary and allowances	26.00	44,531,333	49,056,857
Rent, taxes, insurance, electricity etc.	27.00	16,463,672	9,678,051
Legal expenses	28.00	2,077,412	2,813,600
Postage, stamps, telecommunication etc.	29.00	804,398	1,034,937
Stationery, printing, advertisement etc.	30.00	1,534,276	2,576,606
Chief Executive Officer's salary and other fees	31.00	3,106,776	2,461,163
Directors' fees	32.00	431,800	245,000
Auditor's fees	33.00	115,000	130,000
Losses from loans, advances & leases		-	-
Repair, maintenance & depreciation of assets	34.00	4,835,637	6,139,399
Other expenses	35.00	10,517,374	8,760,565
Total operating expenses		**84,417,678**	**82,896,178**
Profit before provision		**(641,744,654)**	**(329,957,083)**
Provision for loans, advances & leases	36.00	36,437,057	301,901,697
Provision for diminution in value of investments	37.00	1,682,026	(6,064,772)
Provisions for other assets etc.			-
Total provision		**38,119,083**	**295,836,925**
Total profit/(Loss) before tax		**(679,863,737)**	**(625,794,008)**
Provision for tax		1,572,283	-
Net profit/(Loss) after tax		**(681,436,020)**	**(625,794,008)**
Appropriations			
Statutory reserve		-	-
General reserve		-	-
Dividend, etc.		-	-
Retained earnings		**(681,436,020)**	**(625,794,008)**
Basic Earnings Per Share (EPS)	38.00	**(6.77)**	**(6.22)**

The annexed notes 1 to 58 form an integral part of these financial statements.

Company Secretary **Managing Director** **Director** **Chairman**

Signed in terms of our annexed report of even date.

Place: Dhaka
Dated: June 17, 2017

Ahmed Zaker & Co.
Chartered Accountants

Statement of Cash Flow

for the year ended December 31, 2016

Particulars	Note	Amount in Taka	
		2016	2015
A. Cash flows from operating activities			
Interest receipt in cash		253,463,504	343,066,893
Interest payment in cash		(906,661,398)	(996,372,068)
Dividend receipt in cash		2,724,419	4,126,770
Fees & commission receipt in cash		-	-
Recovery of loans previously written off		-	-
Cash payments to employees		(48,100,406)	(57,297,041)
Cash payments to suppliers		(521,538)	(1,446,802)
Income tax paid		(2,290,472)	(102,353,393)
Cash receipts from other operating activities	39.00	826,856	2,745,725
Cash payments for other operating activities	40.00	(31,880,037)	(25,991,993)
Operating cash before changes in operating assets/liabilities		**(732,439,072)**	**(833,521,909)**
Increase/(Decrease) in operating assets and liabilities			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans, advances & leases to banks & other FIs		-	1,671,682
Loans, advances & leases to customers		1,851,396,575	(1,094,861,700)
Other assets	41.00	(2,938,930)	(11,082,086)
Deposits received from banks & other FIs		(285,741,094)	654,000,000
Deposits received from customers		(491,633,292)	84,564,200
Other liabilities account of customer		(774,794)	(3,050,154)
Trading liabilities		-	-
Other liabilities	42.00	280,570,489	(22,264,153)
		1,350,878,954	**(391,022,211)**
Net cash from operating activities		**618,439,882**	**(1,224,544,120)**
B. Cash flows from investing activities			
Cash from sale of securities		10,000,086	20,004,055
Payment for purchase of securities		(2,111,010)	-
Purchase/sale of property, plant & equipments		5,791,898	8,770,499
Net cash from investing activities		**13,680,974**	**28,774,554**
C. Cash flows from financing activities			
Receipts of long term loan/ issuance of debt securities		-	1,125,000,000
Repayments of loan & redemption of debt securities		(887,630,186)	(1,219,652,927)
Net drawdown/(payment) of short term loan		298,498,344	117,365,894
Receipts from Share Money Deposit		-	(89,415)
Dividend paid in cash		1,050	(2,362)
Net cash from financing activities		**(589,130,792)**	**22,621,190**
Net increase/(decrease) in cash & cash equivalents (A+B+C)		**42,990,064**	**(1,173,148,376)**
Effects of exchange rate changes on cash & cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		237,819,212	1,410,967,588
Cash and cash equivalents at the end of the year	43.00	**280,809,276**	**237,819,212**
Net Operating Cash Flow per Share (NOCFPS)		**6.14**	**(12.16)**

The annexed notes 1 to 58 form an integral part of these financial statements.

Company Secretary **Managing Director** **Director** **Chairman**

Signed in terms of our annexed report of even date.

Place: Dhaka
Dated: June 17, 2017

Ahmed Zaker & Co.
Chartered Accountants

BIFC

Statement of Changes in Equity

for the year ended December 31, 2016

Amount in Taka

Particulars	Paid-up capital	Share money deposit	Statutory reserve	General reserve	Asset revaluation reserve	Retained earnings	Total
Balance as on January 01, 2016	1,006,799,440	362	154,713,730	10,364,681	403,425,667	(577,151,019)	998,152,861
Changes in accounting policy							
Dividend for 2015:							
Stock dividend	-	-	-	-	-	-	-
Restated balance	**1,006,799,440**	**362**	**154,713,730**	**10,364,681**	**403,425,667**	**(577,151,019)**	**998,152,861**
Right shares issue	-	-	-	-	-	-	-
Share money deposit	-		-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currencny translation differences	-	-	-	-	-	-	-
Net gains/loss not recognised in the income statement	-	-	-	-	-	-	-
Net profit/(loss) for the year	-	-	-	-	-	(681,436,020)	(681,436,020)
Appropriation duringn the year	-	-	-	-	-	-	-
Balance as on December 31, 2016	**1,006,799,440**	**362**	**154,713,730**	**10,364,681**	**403,425,667**	**(1,258,587,039)**	**316,716,841**
Balance as on December 31, 2015	**1,006,799,440**	**362**	**154,713,730**	**10,364,681**	**403,425,667**	**(577,151,019)**	**998,152,861**

The annexed notes 1 to 58 form an integral part of these financial statements.

Company Secretary | **Managing Director** | **Director** | **Chairman**

Signed in terms of our annexed report of even date.

Place: Dhaka
Dated: June 17, 2017

Ahmed Zaker & Co.
Chartered Accountants

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Liquidity Statement (analysis of maturity of assets and liabilities)

as at December 31, 2016

Amount in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	639,269	-	-	-	-	639,269
Balance with Bangladesh Bank and its agent bank (s)	45,384,137	-	44,352,969	-	-	89,737,106
Balance with banks and other financial institutions	40,432,901	50,000,000	100,000,000	-	-	190,432,901
Money at call and short notice	-	-	-	-	-	-
Investments	192,413,639	-	-	-	117,500,000	309,913,639
Loans advances and leases	165,248,726	336,479,052	1,339,364,156	6,637,581,142	295,057,556	8,773,730,633
Fixed assets including premises, furniture and fixtures	-	-	-	-	454,331,596	454,331,596
Other assets	-	6,138,482	143,860,122	295,414,068	3,544,237	448,956,909
Non financial institutional assets	-	-	-	-	-	-
Total assets (A):	**444,118,672**	**392,617,534**	**1,627,577,247**	**6,932,995,210**	**870,433,389**	**10,267,742,053**
Liabilities:						
Borrowings from banks, other financial institutions and agents	870,836,479	199,622,945	631,129,633	896,672,981	-	2,598,262,038
Term Deposits	850,284,524	1,261,854,952	2,756,968,629	148,165,772	68,915,197	5,086,189,074
Other deposits	-	-	-	2,629,898	17,042,139	19,672,037
Other liabilities	133,789,885	191,470,711	770,325,259	790,671,324	360,644,884	2,246,902,063
Total liabilities (B):	**1,854,910,888**	**1,652,948,608**	**4,158,423,521**	**1,838,139,975**	**446,602,220**	**9,951,025,212**
Net liquidity gap (A - B):	**(1,410,792,216)**	**(1,260,331,074)**	**(2,530,846,274)**	**5,094,855,235**	**423,831,169**	**316,716,841**

The annexed notes 1 to 58 form an integral part of these financial statements.

Company Secretary **Managing Director** **Director** **Chairman**

BIFC

Notes to the Financial Statements

For the year ended December 31, 2016

1 General information

1.1 Legal status of the Company

Bangladesh Industrial Finance Company Limited (BIFC) is a Non-Banking Financial Institution established under the Financial Institutions Act-1993. The Company was incorporated as a Public Limited Company on August 10, 1996 under the Companies Act- 1994. It started operation after obtaining License from Bangladesh Bank on February 19, 1998. The Company went for public issue of shares in 2006, and listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. in Bangladesh.

The registered office of the company is located at Police Plaza Concord (Tower-2), Level-8, plot -02, Road-144, Gulshan, Dhaka-1212. The operations of the company are being carried out through its four branches located in Dhaka, Chittagong and Narayangonj.

1.2 Nature of business activities

The Company offers diversified products and services, which include lease finance, term finance, housing finance, syndicated finance, bridge finance, real estate finance, SME finance, bill discounting, work order finance, personal finance, etc. The main focus is to identify and select emerging sector for financing and maintaining quality portfolio.

The Company has launched a sound number of attractive deposit schemes to accommodate the requirement of several classes of people. Deposit schemes include Term Deposit, Double Money Deposit, Triple Money Deposit, Periodical Income Deposit, Monthly Saving Scheme (MSS), etc.

2 Basis of preparation of financial statements

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities in accordance with the DFIM circular no-11, Dated: December 23, 2009 ("First Schedule" (Section 38) of Bank Companies Act-1991) and requirement of the Financial Institutions Act 1993; the Companies Act-1994; Bangladesh Accounting Standard (BAS); Bangladesh Financial Reporting Standards (BFRS); the Bangladesh Securities and Exchange Rules, 1987; the rules and regulations issued by the Bangladesh Bank and the listing regulations of Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.

In the year 2009, Bangladesh Bank promulgated DFIM circular no-11, Dated: December 23, 2009 suggesting uniform presentation and disclosure requirement within the industry. As a result, the company compromised with the usual presentation of the financial statements, which are stated as under:

2.2 Statement of compliance

The financial statements of the Company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the Financial Institutions Act-1993, the rules and regulations issued by Bangladesh Bank, the Companies Act-1994. In case of any requirement of the Financial Institutions Act-1993, provisions and circulars issued by Bangladesh Bank differ with those of BFRSs, the requirements of the Financial Institutions Act-1993, provisions and circulars issued by Bangladesh Bank shall prevail differences are as follows:

I) Investment in shares and securities

BFRS: As per requirements of BAS-39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS-13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per FID circular 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

ii) Provision for lease, loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular No. 8 dated 03 August 2002 and FID circular No. 3 dated 03 May 2006 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained

regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans, advances and leases depending on the duration of overdue.

iii) Recognition of interest in suspense

BFRS: loans, advances and leases to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular No. 8 dated 03 August 2002, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

IV) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) to be presented in 'Statement of Profit or Loss and Other Comprehensive Income' or to be included separately in 'Other Comprehensive Income Statement' by following 'Statement of Profit or Loss'.

Bangladesh Bank: As per Template provided by Bangladesh Bank, Elements of Other Comprehensive Income (OCI) has shown in the 'Statement of Changes in Equity'.

v) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39. In all those cases, disclosure and presentation have been made as per Bangladesh Bank's requirements.

vi) Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM Circular-11, Dated: 23 December 2009, cash flow is the combination of direct and indirect methods.

vii) Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

2.3 Statement of cash flows

The statement of Cash Flows has been prepared in accordance with Bangladesh Accounting Standards 7, 'Statement of Cash Flows' under direct method as recommended by Bangladesh Bank DFIM Circular No.-11 dated December 23, 2009 and Bangladesh Securities and Exchange Rules 1987.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The estimates and associated assumptions are based on historical experience and various related factors that are believed to be reasonable under the circumstances, the result of which may differ from these estimates and judgments.

Significant areas requiring the use of management estimates in these financial statements related to the useful life of depreciable assets and provisions for loans, advances and leases; investment, gratuity and income tax. However, the estimates and underlying assumption are reviewed on an ongoing basis and the actual result is recognized in the period in which the estimates are revised.

2.5 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BAS) 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 and the date of the

financial statements. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year. In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

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

2.6 Status of compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The financial statements of the Company include the balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement and accounting policy & explanatory notes to the financial statements. These financial statements are required to be prepared and presented within a framework of rules and guidelines - some mandatory and some recommendatory. The Companies Act, 1994 requires the production of the following as a part of the annual report:

- Board of Directors' report
- Auditors' report
- Balance sheet and
- Profit and loss account

In addition to the above, the Bangladesh Securities and Exchange Rules, 1987 (as amended in 1997) requires the production of a Cash Flow Statement and Statement of Changes in Equity as a part of the Financial Statements. The Companies Act, 1994 provides basic requirements for accounting and reporting applicable to all companies incorporated in Bangladesh. The Bangladesh Securities and Exchange Commission (BSEC) regulates financial reporting practices of listed companies. Listed companies are required to comply with BSEC's accounting and disclosure requirements. The Bangladesh Securities and Exchange Rules, 1987, require listed companies to follow Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approved accounting standards comprise of International Accounting standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh.

As of December 31, 2016 status and applicability of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) in the case of the company are as under:

BAS No.	Name of BAS	Applicability	Remarks
BAS 1	Presentation of financial statement	Applied	See note 2.2
BAS 2	Inventories	N/A	
BAS 7	Statement of cash flows	Applied	See note 2.3
BAS 8	Accounting policies, changes in accounting estimates and errors	Applied	See note 2.4
BAS 10	Events after the reporting period	Applied	See note 57 & 58
BAS 11	Construction contracts	N/A	
BAS 12	Income taxes	Applied	See note 3.22
BAS 14	Segment reporting	N/A	
BAS 16	Property, plant & equipment	Applied	See note 3.6 & 9
BAS 17	Leases	Applied	See note 3.1 & 8.1,8.2
BAS 18	Revenue	Applied	See note 3.13, 21, 23 & 24
BAS 19	Employee benefits	Applied	See note 3.23

BAS 20	Accounting of Government grants and disclosure of Government assistance	N/A	
BAS 21	The effects of changes in foreign exchange rates	Applied	See note 52
BAS 23	Borrowing costs	Applied	See note 3.15
BAS 24	Related party disclosures	Applied	See note 3.19 & 45
BAS 26	Accounting and reporting by retirement benefit plans	Applied	See note 3.23
BAS 27	Separate financial statements	N/A	
BAS 28	Investments in associates and joint venture	N/A	
IAS 29	Financial reporting in hyperinflationary economics		Not yet adopted by ICAB
BAS 31	Interest in joint ventures	N/A	
BAS 32	Financial instruments: presentation	Applied	
BAS 33	Earnings per share	Applied	See note 3.21 & 38
BAS 34	Interim financial reporting	Applied	See note 54
BAS 36	Impairment of assets	Applied	See note 3.7
BAS 37	Provisions, contingent liabilities and contingent assets	Applied	See note 3.17
BAS 38	Intangible assets	Applied	
BAS 39	Financial instruments: recognition and measurement	Applied	See note 3.1, 3.2, 3.3 & 3.4
BAS 40	Investment property	N/A	
BAS 41	Agriculture	N/A	

BFRS No.	Name of BFRS	Applicability	Remarks
BFRS 1	First-time adoption of international financial reporting standards	N/A	
BFRS 2	Share-based payment	N/A	
BFRS 3	Business combinations	N/A	
BFRS 4	Insurance contracts	N/A	
BFRS 5	Non-current assets held for sale and discontinued operations	N/A	
BFRS 6	Exploration for and evaluation of mineral resources	N/A	
BFRS 7	Financial instruments: disclosures	Applied	As BAS 39
BFRS 8	Operating segments	N/A	
IFRS 9	Financial instruments		Not yet adopted by ICAB
BFRS10	Consolidated financial statements	N/A	
BFRS11	Joint arrangements	N/A	
BFRS12	Disclosure of interests in other entities	N/A	
BFRS13	Fair value measurement	N/A	

2.7 Consistency

In accordance with the BAS and BFRS framework for the presentation of financial statements, the Company apply the accounting disclosure principles consistently from one period to next period, where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS 8 "accounting policies, changes in accounting estimates and errors".

3 Significant accounting policies

3.1 Accounting for leases

As per Bangladesh Accounting Standard (BAS) 17 "Leases" lease operations are divided into finance lease and operating lease. The Company has been following finance method of accounting for lease transactions made under finance lease. The Company does not hold any assets under operating lease.

The aggregate lease receivables including un-guaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost, including interest during the period of acquiring the lease asset constitutes the unearned lease income. Initial direct costs in respect of lease (if any) are charged as and when such costs are incurred.

The unearned lease income is usually 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 and Markets (DFIM) of Bangladesh Bank.

3.2 Accounting for loans

Loans operation consists of term loans, housing finance and staff loans. Books of accounts for which are maintained based on the accrual method of accounting. If the installments are fallen overdue beyond three months, then the loan accounts are treated as Special Mention Account (SMA). Interest accrued on Special Mention Account (SMA) and classified accounts credited to interest suspense account. Outstanding loans are accounted for as loans, advances and Leases (assets) of the Company.

3.3 Investments

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

Investment in quoted shares

Investments in quoted shares (listed securities) are carried at cost. Adequate provision has been made considering each individual investment (where cost is less than market price) as guided by Bangladesh Bank. Unrealized gain or losses are not recognized in the profit and loss account.

Investment in unquoted shares

Investment in unquoted shares/unlisted 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.

Stock dividends received against investment in shares are recorded at zero value in the books of accounts.

3.4 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash with Bangladesh Bank and its agent bank(s) and balance with banks and other financial institutions in the form of current deposit, short term deposit and fixed deposits.

3.5 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with First Schedule" (Section 38) of Bank Companies Act. 1991 on residual maturity term of assets and liabilities as on the reporting date based on the following basis:

i) Balance with banks and other financial institutions, money at call and short notice, etc. are on the basis of their maturity term.

ii) Investments are on the basis of their respective maturity.

iii) Loans, advances and leases are on the basis of their repayment schedule.

iv) Fixed assets are on the basis of their estimated useful lives.

v) Other assets are on the basis of their realization/amortization.

vi) Borrowing from banks, other financial institutions and agents, etc are as per their maturity/repayment terms.

vii) Term deposits and other deposits are on the basis of their maturity term and past trend of withdrawal by the depositors.

viii) Other liabilities are on the basis of their payment/adjustments schedule.

3.6 Fixed assets including land, building, furniture & equipments

The cost of an item of property, plant and equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Company's own fixed assets are stated at cost less accumulated depreciation. The cost of acquisition of any asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended uses as per Bangladesh Accounting Standard (BAS) 16 "property, plant and equipments".

3.6.1 Subsequent expenditure on fixed assets

Subsequent expenditure, such as repairs and maintenance, on property, plant and equipments is normally charged off as revenue expenditure in the period in which it is incurred. In situation subsequent expenditure only recognized as an asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance. All other costs are recognized to the profit and loss account as expenses. All up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.6.2 Disposal of fixed assets

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

3.6.3 Depreciation on fixed assets

Depreciation on Company's own fixed assets is charged to amortize the cost of assets throughout their estimated useful lives, using the reducing balance method - in accordance with Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipments". Full year depreciation has been charged on addition during the year irrespective of date of acquisition and period of use, while no depreciation is charged on any asset in the year of its disposal. The rates of depreciation used are as under:

Particulars	Rate
Land	nil
Furniture & fixture	10% p.a
Electrical equipment	15% p.a
Motor vehicle	20% p.a
Office equipment	15% p.a
Interior decoration	10% p.a

3.7 Impairment of assets

The Company's assets are appraised at each balance sheet date for impairment. If there is any indication of impairment, the Company estimates the recoverable amount of such assets; impairment losses if any, is recognized in the profit & loss account while the carrying amount of the asset exceeds its recoverable amount.

3.8 Accounts receivables

Accounts receivable represents rental and installments due against loans, advances and leases from clients but yet to receive. Receivable at the balance sheet date is stated at amounts, which are considered realisable. A specific provision is made for receivables considered to be doubtful for recovery.

3.9 Other receivable

Other receivable includes accrued IDCP (Interest during Construction Period), accrued interest on fixed deposit. These receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

3.10 Provision for doubtful accounts

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per Bangladesh Bank guidelines. In addition, a general provision has also been made by the Company to cover unforeseen losses on all loans, advances and leases and investments excluding those for which a specific provision has been made. The provision is considered adequate to meet probable future losses.

3.11 Provisions and accrued expenses

Provisions and accrued expenses are recognized in the financial statement when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.12 Payment of dividend

Interim dividends are recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the BAS 10 "events after the Reporting period". Dividend payable to the Company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

BAS 1 "presentation of financial statements" also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

3.13 Revenue recognition

Revenue is recognized in accordance with Bangladesh Accounting Standard (BAS) 18 "revenue" unless otherwise mentioned or otherwise guided by the separate BAS/BFRS.

3.13.1 Interest Income

Interest income comprises of interest income from lease, loans and advances and interest on placement of fund with banks and other financial institutions. Interest due is recognized on accrual basis using the effective interest method. Interest due over ninety days is not recognized as revenue rather it is recognized as interest suspense. Suspended interest is recognized as income on cash basis when it is received.

3.13.2 Income from leases

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognized as revenue on an accrual basis over the lease terms, as per Bangladesh Bank Guidelines. No lease income is accounted for as revenue where any lease rental is in arrears for 03 (three) months and above. In case of lease account for more than 05 (five) years period, no lease income is accounted for as revenue where any lease rental is in arrears for 06 (six) months and above.

3.13.3 Income from loans, advances

Interest on loans and advances is recognized when interest is accrued. No interest on loans and advances is accounted for as revenue where any portion of capital or interest is in arrears for 03 (three) months and above. In case of loans and advances for more than 5 (five) years period, no interest on loans is accounted for as revenue where any portion of capital or interest is in arrears for 06 (six) months and above.

3.13.4 Dividend income

Dividend income is recognized on cash basis in the period in which the dividend was received. Dividend income from preference share is recognized on accrual basis considering the establishment of right to receive the same.

3.13.5 Capital gain on sale of shares

Capital gain from sale of share/ securities is recognized on realized basis i.e. only when the securities are sold. Unrealized capital gain is not recognized as income.

3.13.6 Fee based revenue

Fee based revenues are recognized as income on cash basis i.e. as and when realized.

3.14 Bank loans

Interest bearing bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on an accrued basis to profit and loss account under the head of financial expense at the implicit rate of interest. The accrued expenses are not added to carrying amounts of the loans.

3.15 Borrowing costs

According to Bangladesh Accounting Standard 23 "borrowing cost", all borrowing costs are recognized as expenses in the period in which they are incurred.

3.16 Interest suspense

As per Bangladesh Bank guidelines, lease income and interest on term finance overdue three months and above period are not recognized as revenue and credited to interest suspense account. In case of lease and loan account more than 5 years period and housing finance, lease income and interest income overdue six months and above period are not recognized as revenue and credited to interest suspense account.

3.17 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 in accordance with Bangladesh Accounting Standard 37 "provisions, contingent liabilities and contingent assets". 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.

3.18 Workers Profit Participation Fund and Welfare Fund

The company is yet to decide on the applicability of the sections 2 (65) of the Labour Code, 2006 and 232 of the Labor Act, 2006 hence no provision for workers profit participation and welfare fund has been made in the accounts.

3.19 Related party disclosure

The Company has entered into transactions with other parties in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24 "related party disclosure". The terms of related party transactions are not different from those that could have been obtained from third parties. Related party transactions are disclosed in the note no. 45 of this report.

3.20 Statutory reserve

Financial Institutions Regulations 1994 requires NBFI's to transfer 20 percent of its current year's profit to reserve fund until such reserve equals to its paid up share capital. Hence, net loss for the year 2016 the Company does not transfer any amount to the statutory reserve.

3.21 Earnings per share (EPS)

The Company calculates earnings per share in accordance with Bangladesh Accounting Standard (BAS) 33 "earnings per share", which has been shown in the face of profit & loss account and the computation is stated in note-38.

3.21.1 Basic earnings per share

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

3.21.2 Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies. Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2016, there was no scope for dilution and hence no diluted EPS is required to be calculated.

3.21.3 Weighted average number of ordinary shares outstanding during the year

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

3.22 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using tax rates that have been enacted the reporting period. However, for the year 2016, the Company provides a minimum tax as per Income Tax Ordinance 1984 under section 82(C).

Deferred Tax:

As per BAS 12 "income taxes", the management of the Company considered that no amount is required to be maintained on account of deferred Tax. However, no provision has been made during the period as per decision of the management.

Status of assessment:

Income tax assessment of the company has been completed since inception to assessment year 2004-2005 (accounting year ended 31 December 2003) and assessment year 2006-2007 (accounting year ended 31 December 2005). A reference application has been filed against Tribunal Order to the High Court Division, the Supreme Court of Bangladesh for the assessment year 2005-2006 (accounting year ended 31 December 2004) and assessment for the year 2007-2008 (accounting year ended 31 December 2006). Assessment for the year 2008-2009 (accounting year ended 31 December 2007), assessment for the year 2009-2010 (accounting year ended 31 December 2008), assessment for the year 2010-2011 (accounting year ended 31 December 2009) and assessment for the year 2011-2012 (accounting year ended 31 December 2010) are under Taxes Appellate Tribunal. Assessment for the year 2012-2013 (accounting year ended 31 December 2011) is under appeal before the commissioner of taxes (Appeal). Assessment for the year 2013-2014 (accounting year ended 31 December 2012) is under assessment with the income tax authority. Returns has been submitted before the income tax authority assessment year 2014-2015 (accounting year ended 31 December 2013) and for the assessment year 2015-2016 (accounting year ended 31 December 2014).

3.23 Employee benefit

The Company maintained the following employee benefit plan in compliance with Bangladesh Accounting Standard 19 "employee benefits":

3.23.1 Provident fund

The Company operates a contributory provident fund scheme for its employee which is recognized by the National Board of Revenue (NBR) and administrated by a Board of Trustees. Both the Company and employee contribute to the fund on equal basis at a predetermined rate.

3.23.2 Gratuity scheme

The Company operates a non funded gratuity scheme. Employees are entitled to gratuity benefit after completion 5 (five) years satisfactory service. The gratuity is paid on the basis of last basic pay drawn and is payable at the rate of one month's basic pay for every completed year of service. Provision for gratuity is made annually considering all its eligible employees available at the end of the year.

3.23.3 Group life insurance scheme

The Company has a Group Life Insurance Scheme for all its permanent employees.

3.23.4 Group hospitalization insurance scheme

The Company has a group hospitalization insurance scheme for all its permanent employees.

3.23.5 Performance bonus

The employees of the Company are entitled to annual performance bonus which is determined on the basis of Company as well as individual employee's performance and subject to approval by the Board of Directors of the Company.

3.23.6 Employee personal loan scheme

The Company provides personal loan facility to its employee as per loan scheme of the company.

3.23.7 Other benefits

The employees of the Company are also entitled to privilege leave encashment benefit, death-cum-survival benefit under superannuation fund, etc.

3.24 Policies and objectives adapted for financial risk management

The Board of Directors guides and formulates the basic philosophy relating to optimal implementation of strategy to cater to the financial risk and capital deployed for investment.

In order to ensure maximum return to shareholders, the Company emphasizes on maintaining strong capital base to attain high credit rating, which enables growth, as well as portray good image and meet the regulatory requirements.

The management of the company takes account to the following factors, which affects the financial risks that are faced from time to time.

3.24.1 Credit risk

Credit risk arises when an obligor fails to perform its obligations under a trading or loan contract or when its ability to perform such obligations is impaired. This risk is compounded if the assigned collateral only covers the claim made to the clients or if its value is variable or uncertain. Credit risk does not arise only when a borrower defaults on payment of a loan but also when its repayment capability declines.

Mitigants

Credit policies are designed to create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations. The credit policies also include utilizing appropriate, accurate and timely tools to measure credit risk and maintaining acceptable levels if overall credit risk for the entire portfolio.

3.24.2 Liquidity risk

Liquidity risk is the current and prospective risk that the Company, though solvent, either does not have sufficient financial resources available to meet its liability when they fall due or can secure them only at excessive cost. Liquidity risk arises from the inability to manage unplanned changes in funding sources.

Mitigants

The policy of the company is to maintain and manage the fund in such a manner so that any short and long term commitment are not affected due to mismatch of tenure. The risks involved in liquidity are regularly looked after by the Treasury Department as per the guidance of the Asset Liability Management Committee (ALMC) from time to time.

3.24.3 Market risk

Market risk relates to potential loss arising from and adverse change in market risk factors, including commodity prices, interest rates, credit spreads and equity prices.

Mitigants

The Assets Liability Management Committee (ALMC) of the Company regularly meets to assess the change in interest rate, market conditions, carry out asset liability maturity gap analysis, re pricing of products and thereby takes effective measures to monitor and control interest rate risk.

Apart from major financial risks, the organization also faces non-financial risk among which following are prominent:

3.24.4 Operational risk

Operational risk is the risk of direct or indirect loss or damage resulting from inadequate or failed internal processes or systems or from human error or external events. Operational risk is therefore inherent in all activities within the Company.

Mitigants

Appropriate internal control systems can reduce operational risk within acceptable level. The Company established an effective and efficient internal control & compliance department (ICCD) to ensure the implement of policies and statutory requirements to encounter such risk. Internal Control and Compliance committee of the Company works to ensure effective and efficient operations, reliable financial reporting and compliance with laws and regulations.

3.24.5 Information and communication technology risk

This risk may arise from malfunction of system, failure of network, lack of knowledge about the use of technology, virus attack, hacking etc.

Mitigants

To manage IT related risk, the Company has adopted excellent disaster recovery back up facilities in emergency situation. In addition, the Company has checked and balance system in every steps of its standard procedures of operations.

3.24.6 Strong credit policy formulation by top management:

- The Board of Directors of the Company guides and formulates the basic philosophy relating to optimal implementation of strategy to cater to the financial risk and capital deployed for investment.
- 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 detailed.

3.24.7 Credit manual updated with recent industry information

Credit policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.

3.24.8 Thorough credit approval process:

Meeting regulatory requirements and industry best practices: All credit facility comply regulatory requirements including Financial Institutions Act and Bangladesh Bank guidelines & circulars as amended from time to time. The Company 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.

3.24.9 Multilayer credit evaluation 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.

3.24.10 Rigorous due diligence process followed

- The Company downloads credit report from the credit information bureau (CIB) of Bangladesh Bank. The report is scrutinized by top management to understand the liability condition and repayment behavior of the client.
- The Company takes banker's opinions from client's banks as well as suppliers' and buyers' opinion to understand the market position and reputation of our proposed customers.
- The Company discourages financing to low net worth or highly leveraged customer; who might jeopardize their repayment commitment or even in worse situation may face liquidity problem.

- The Company evaluates customer repayment performance before providing credit facility though financial analysis, ensure adequate insurance coverage for funded assets, seeking external legal opinion and taking collateral security to reduce risk.
- The Company provides credit facility to productive and legitimate business activities, which are financially viable with strong focus on cash flow generation, have market demand and socially desirable; and will not invest for unproductive purposes or speculative ventures.

3.24.11 Constant credit monitoring and recovery process

- **Existence of control mechanism for early warning:** 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.
- **Continuous monitoring by top management:** The Management Credit Committee (MCC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The MCC critically reviews projects considering the current global economic situation and its probable impact on the project.
- **Centralized Credit Administration:** The Company has already established a centralized credit risk management department and a process manual. The Credit Risk Management (CRM) department regularly monitors and follows up credit risk related matter and recommend and implement appropriate measures to counter associated risk. The CRM time to time reviews projects from risk point of view and assists the management in creating a high quality credit portfolio and maximize return from risk based assets.

3.25 Litigation

The Company is 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 payment. The Company however, provides adequate provisions against any doubtful payments.

3.26 Basel II & its implementation

To cope with the international best practices and to make the capital more risk 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 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 Institution (CAMD)" have come fully into force from January 01, 2012 with its subsequent supplements/ revisions. Instructions regarding Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR), and disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance.

3.27 Reporting period

Financial Statements of the Company cover twelve months period from January 01 to December 31 consistently.

3.28 Offsetting

No assets or liability has been offset or reduced by any other assets unless a legal right for set-off exists and the offsetting presents the expectation as to the realization or settlement of the assets or liability.

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
4.00	**Cash**			
	This is made up as follows:			
	Cash in hand	Note: 4.01	639,269	1,291,276
	Balance with Bangladesh Bank & its agent bank's	Note: 4.02	89,737,106	57,808,894
			90,376,375	**59,100,170**
4.01	**Cash in hand**			
	This is made up as follows:			
	Local currency		639,269	1,291,276
	Foreign currency		-	-
			639,269	**1,291,276**
4.02	**Balance with Bangladesh Bank & its agent bank (s)**			
	This is made up as follows:			
	Balance with Bangladesh Bank	Note: 4.02.1	89,737,106	57,808,894
	Balance with Bangladesh Bank's agent bank	Note: 4.02.2	-	-
			89,737,106	**57,808,894**
4.02.1	**Balance with Bangladesh Bank**			
	This is made up as follows:			
	Local currencies		89,737,106	57,808,894
	Foreign currencies		-	-
			89,737,106	**57,808,894**
4.02.2	**Balance with Bangladesh Bank's agent bank**			
	This is made up as follows:			
	Local currencies		-	-
	Foreign currencies		-	-
			-	**-**
4.03	**Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR)**			
	Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993, Rule 5 of Financial Institutions Regulations 1994 and subsequent DFIM Circular # 06, dated November 06, 2003, DFIM Circular # 02 dated November 10, 2004.			
4.03.1	**Cash Reserve Requirement (CRR): 2.5% of term deposits (excluding bank & FI deposits):**			
	This is made up as follows:			
	Required reserve		44,352,969	60,515,883
	Actual reserve held with Bangladesh Bank		25,489,520	67,503,528
	Surplus / (deficit)		**(18,863,449)**	**6,987,645**
4.03.2	**Statutory Liquidity Requirement (SLR): 5% (including 2.5% CRR) of average liabilities:**			
	This is made up as follows:			
	Required reserve		173,345,299	200,951,069
	Actual reserve held	Note: 4.03.3	175,209,185	237,819,212
	Surplus / (deficit)		**1,863,886**	**36,868,143**
4.03.3	**Held for Statutory Liquidity Requirement (SLR):**			
	This is made up as follows:			
	Cash in hand	Note: 4.01	639,269	1,291,276
	Balance with Bangladesh Bank and its agent bank(s)	Note: 4.02	89,737,106	57,808,894
	Balance with other bank and financial institutions	Note: 5.00	190,432,901	178,719,042
	Money at call on short notice	Note: 6.00	-	-
			280,809,276	**237,819,212**

AMAR STOCK

Note no.	Particulars		Amount in Taka	
			31-Dec-16	31-Dec-15
4.03.4	**Balance with Bangladesh Bank and its agent bank(s)**			
	Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2016 CRR have been maintained according to Bangladesh Bank guideline.			
5.00	**Balance with banks and other financial institutions**			
	This is made up as follows:			
	In Bangladesh	Note: 5.01	190,432,901	178,719,042
	Outside Bangladesh		-	-
			190,432,901	**178,719,042**
5.01	**In Bangladesh**			
	This is made up as follows:			
	A. Current deposit account:			
	BRAC Bank Ltd., Gulshan Branch, Dhaka		250,574	250,574
	Commercial Bank of Ceylon Ltd., Dhaka		11,307	11,307
	The City Bank Ltd., Uttara Branch, Dhaka		19,612	19,612
	Dutch Bangla Bank Limited		629,309	175,039
	Dhaka Bank Ltd., Local Office, Dhaka		1	1
	EXIM Bank of BD. Ltd., Motijheel Branch, Dhaka		30,811	32,111
	EXIM Bank of BD. Ltd., Panthapath Branch, Dhaka		2,394	2,394
	EXIM Bank of BD. Ltd., Satmasjid Road Branch, Dhaka		95	95
	IFIC Bank Ltd., Motijheel Branch		8,154	98,460
	The Farmers Bank Limited		971	3,270
	Janata Bank Ltd., Local Office, Dhaka		11,607	12,756
	Prime Bank Ltd., Motijheel Branch, Dhaka		175,564	186,114
	Shahjalal Islami Bank Ltd., Dhanmondi Branch, Dhaka		-	45,524
	Social Islami Bank Ltd., Principal Branch, Dhaka		14,225	15,375
	Southeast Bank Ltd, Principal Branch, Dhaka		1,232,985	1,241,985
	Southeast Bank Ltd., Uttara Branch, Dhaka		2,823	2,823
			2,390,431	**2,097,441**
	B. Short term deposit account:			
	Bank Alfalah Ltd., Motijheel Branch, Dhaka		35,075	36,375
	Bank Asia Ltd., Principal Office, Dhaka		420,935	412,804
	Bank Asia-Sonargaon-Janapath Road Branch		1,861,822	709,436
	Bangladesh Commerce Bank Ltd., Principal Office, Dhaka		201,685	198,200
	BASIC Bank Limited		351	-
	The City Bank Ltd., Principal Branch, Dhaka		9,654	36,362
	Dhaka Bank Ltd., Local Office, Dhaka		473,150	473,150
	First Security Islami Bank Ltd., Dilkusha Branch, Dhaka		97,544	95,558
	Jamuna Bank Ltd., Banani Branch, Dhaka		92,377	90,556
	Mercantile Bank Ltd., Main Branch, Dhaka		18,079,692	6,784,367
	Mutual Trust Bank Ltd., PB, Dhaka		31,719	31,460
	Mutual Trust Bank Ltd., Principal Branch, Dhaka		11,629	4,183,504
	Mutual Trust Bank Ltd., Jubly Road Branch, Chittagong		17,934	28,915
	Mutual Trust Bank Ltd., Narayangonj Branch		1,197,640	1,973,092
	NRB Global Bank Limited		153,229	149,143
	Social Islami Bank Ltd., IDB Bhaban Branch, Dhaka		52,827	52,827
	Southeast Bank Ltd., Mohammadpur Branch, Dhaka		3,192	3,192
	Southeast Bank Ltd., Principal Branch, Dhaka		5,213,515	7,204,277
	Standard Bank Ltd., Foreign Exchange Branch, Dhaka		133,408	130,687
	The HSBC, Dhaka Offfice		24,082	24,082
	Uttara Bank Ltd., Local Office, Dhaka		568,470	553,269
	Mercentile Bank Ltd., Agrabad Branch, Chittagong		2,787,019	144,851
	Mutual Trust Bank Ltd., Agrabad Branch, Chittagong		6,575,520	3,305,492
			38,042,470	**26,621,601**
	C) Fixed deposits:			
	With bank	Note: 5.01.1	50,000,000	50,000,000
	With other financial institutions	Note: 5.01.2	100,000,000	100,000,000
			150,000,000	**150,000,000**
	Total (A+B+C):		**190,432,901**	**178,719,042**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
5.01.1	**With banks:**			
	Mercantile Bank Ltd.		50,000,000	50,000,000
			50,000,000	**50,000,000**
5.01.2	**With other financial institutions:**			
	Reliance Finance Limited		100,000,000	100,000,000
			100,000,000	**100,000,000**

Fixed deposits are maintained with commercial banks and Non-bank financial institutions for maintaining Statutory Liquidity Requirement (SLR) as required by Bangladesh Bank. Bangladesh Bank regulations require to maintain Statutory Liquidity Requirement (SLR) @ 5% including the CRR of 2.5% on total liabilities, excluding loans from banks and financial institutions. BIFC maintains this reserve mostly in the form of deposits.

5.02	**Residual maturity groupings of balance with other banks and financial institutions:**			
	Upto 1 month		40,432,901	28,719,042
	More than 1 month but not more than 3 months		50,000,000	100,000,000
	More than 3 months but not more than 1 year		100,000,000	50,000,000
	More than 1 year but not more than 5 years		-	-
	More than 5 years		-	-
			190,432,901	**178,719,042**
6.00	**Money at call on short notice**			
	This is made up as follows:			
	With banks		-	-
	With financial institutions		-	-
			-	-
7.00	**Investments**			
	This is made up as follows:			
	In Government securities			
	Treasury bills		-	-
	National investment bonds		-	-
	Bangladesh Bank bills		-	-
	Government notes/bonds		-	-
	Prize bonds		-	-
	Others		-	-
			-	-
	Other investments:			
	Preference shares	Note: 7.01	-	5,452,202
	Ordinary shares	Note: 7.02	309,913,639	310,384,192
	Debenture and bonds		-	-
	Others		-	-
			309,913,639	**315,836,394**
7.01	**Preference shares**			
	This is made up as follows:			
	Quoted shares		-	-
	Unquoted shares	Note: 7.01.1	-	5,452,202
			-	**5,452,202**
7.01.1	**Unquoted shares**			
	This is made up as follows:			
	Summit Uttarnchol Power Co. Ltd. & Summit Purbanchol Power Co. Ltd.		-	5,452,202
			-	**5,452,202**
7.02	**Ordinary shares**			
	This is made up as follows:			
	Quoted shares	Note: 7.02.1	192,413,639	192,884,192
	Unquoted shares	Note: 7.02.2	117,500,000	117,500,000
			309,913,639	**310,384,192**

Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15

7.02.1 Quoted shares

This is made up as follows:

Name of the Company		
Al Arafah Islami Bank Ltd.	10,241,837	10,241,837
Bangladesh Thai Aluminium Ltd.	9,528,890	9,999,443
BEXIMCO Ltd.	60,000,000	60,000,000
BEXIMCO Pharmaceutical Ltd.	11,503,685	11,503,685
BSRM Steels Ltd.	44,832,675	44,832,675
Confidence Cement Ltd.	4,448,128	4,448,128
Dhaka Bank Ltd.	1,618,980	1,618,980
EXIM Bank of BD Ltd.	566,650	566,650
Grameen One: Scheme Two	3,270,500	3,270,500
IPDC Finance Ltd.	2,192,270	2,192,270
Jamuna Oil Company Ltd.	14,053,214	14,053,214
Khulna Power Company Ltd.	7,831,189	7,831,189
Makson Spinning Mills Ltd.	4,535,000	4,535,000
Phoenix Finance & Investments Ltd.	7,362,875	7,362,875
Prime Bank Ltd.	745,000	745,000
Prime Finance & Investments Ltd.	4,742,746	4,742,746
RN Spinning Mills Limited	4,940,000	4,940,000
	192,413,639	**192,884,192**

7.02.2 Unquoted shares

This is made up as follows:

BanglaLion Communications Ltd.	107,500,000	107,500,000
GMG Airlines Ltd.	10,000,000	10,000,000
	117,500,000	**117,500,000**

The company has invested an amount of Tk. 107,500,000 to BanglaLion Communications Ltd. against 10,750,000 Ordinary Shares of Tk. 10.00 each. BanglaLion Communications Ltd. is a Private Ltd. company which provides wireless internet with latest wireless broadband techonology and the Company is one of the sponsor shareholders of BanglaLion Communications Ltd. BIFC holds 5% shares of the total share of BanglaLion Communications Ltd.

The company has also invested an amount of Tk.10,000,000 to GMG Airlines Ltd. against 200,000 Ordinary Shares of Tk. 50.00 each including a premium of Tk. 40.00 per share. During the year 2012, BIFC received 20,000 shares of Tk.10.00 each from GMG Airlines Ltd. against 10% stock dividend which is recoded at zero value in the books of accounts. So, total number of shares of GMG Airlines Ltd. stands at 220,000.

7.03 Sector wise investments in securities at cost

This is made up as follows:

Banking companies	13,172,467	13,172,467
Non banking financial institutions	14,297,891	14,297,891
Insurance companies	-	-
Investment companies	-	-
Fuel & power	21,884,403	27,336,605
Manufacturing companies and others	260,558,878	261,029,431
	309,913,639	**315,836,394**

7.04 Residual maturity groupings of investments

This is made up as follows:

Upto 1 month	192,413,639	192,884,192
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	-	5,452,202
More than 1 year but not more than 5 years	-	-
More than 5 years	117,500,000	117,500,000
	309,913,639	**315,836,394**

(A schedule of investment in shares is given in **Annexure- A)**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
8.00	**Loans, advances and leases**			
	This is made up as follows:			
	Loans, cash credits, overdrafts, etc.	Note: 8.a	8,773,730,633	10,631,163,521
	Bills purchased and discounted	Note: 8.b	-	-
			8,773,730,633	**10,631,163,521**
8.a	**Loans, cash credits, overdrafts, etc.**			
	This is made up as follows:			
	Inside Bangladesh			
	Lease receivable	Note: 8.01	508,903,710	613,259,890
	Advance against lease	Note: 8.02	40,657,886	42,123,371
	Term loans	Note: 8.03	8,123,349,479	9,869,073,617
	Housing finance		91,296,716	91,732,110
	Staff loan	Note: 8.04	9,522,842	14,974,533
	Overdrafts		-	-
	Cash credit		-	-
			8,773,730,633	**10,631,163,521**
	Outside Bangladesh		-	-
			8,773,730,633	**10,631,163,521**
8.01	**Lease receivable**			
	This is made up as follows:			
	Principal receivable	Note: 8.1.1	196,181,170	300,233,797
	Accounts receivable		312,722,540	313,026,093
			508,903,710	**613,259,890**
8.1.1	**Principal receivable**			
	This is made up as follows:			
	Gross lease receivable		208,578,470	375,728,393
	Less: Unearned lease income		12,397,300	75,494,596
			196,181,170	**300,233,797**
8.02	**Advance against lease**			
	These represent amount disbursed for procurement of leased assets, which are yet to be executed. Upon execution of lease account, advances will be transferred to lease.			
8.03	**Term loans**			
	This is made up as follows:			
	Principal outstanding		5,933,098,690	7,823,066,008
	Accounts receivable		2,190,250,789	2,046,007,609
			8,123,349,479	**9,869,073,617**
8.04	**Staff loans**			
	This is made up as follows:			
	Housing finance		-	1,269,584
	Term loan		9,522,842	13,704,949
			9,522,842	**14,974,533**
8.05	**Residual maturity grouping of loans, advances and leases:**			
	This is made up as follows:			
	Receivable:			
	On Demand		-	-
	Upto 1 month		165,248,726	215,297,641
	More than 1 month but not more than 3 months		336,479,052	404,603,852
	More than 3 months but not more than 1 year		1,339,364,156	1,785,267,447
	More than 1 year but not more than 5 years		6,637,581,142	7,902,833,656
	More than 5 years		295,057,557	323,160,925
			8,773,730,633	**10,631,163,521**

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Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15
8.06	**Loans, advances and leases on the basis of significant concentration:** This is made up as follows:		
8.06.1	Loans, advances and leases to directors and their allied concerns (Restated)	6,232,952,513	7,234,278,391
8.06.2	Loans, advances and leases to CEO & Sr. Executives/Officers	9,522,842	14,974,533
8.06.3	Loans, advances and leases to customer groups	2,531,255,278	3,381,910,597
	Loans, advances and leases allowed to individual customer exceeding 30% of the Financial Institution's total capital:		
	Total outstanding amount to such customers at end of the year	Nil	Nil
	Number of such types of customers	Nil	Nil
	Amount of classified investments thereon	Nil	Nil
	Measures taken for recovery	N/A	N/A

8.06.4 Loans, advances and Leases on the basis of industrial sectors:

As per Bangladesh Bank circular, sector wise loans and advances are as follows:

Sector	As at December 31, 2016		As at December 31, 2015	
	Amount	%	Amount	%
Trade and Commerce	1,453,173,309	16.56%	1,514,351,497	14.24%
Industry:				
A) Garments and Knitwear	2,127,908,369	24.25%	1,807,222,398	17.00%
B) Textile	823,033,721	9.38%	1,290,661,564	12.14%
C) Jute and Jute Products	58,688,921	0.67%	58,489,500	0.55%
D) Food Production and Procesing	18,504,045	0.21%	22,354,703	0.21%
E) Plastic Industry	1,489,485	0.02%	6,887,218	0.06%
F) Leather and Leather-Goods	13,854,078	0.16%	22,229,000	0.21%
G) Iron, Steel and Engineering	332,910,276	3.79%	438,368,634	4.12%
H) Pharmaceuticals and Chemicals	39,835,954	0.45%	43,234,970	0.41%
I) Cement and Allied Industry	109,548,245	1.25%	332,281,903	3.13%
J) Telecommunication and Information Technology	2,044,736,954	23.31%	1,916,096,352	18.02%
K) Paper, Printing and Packaging	171,465,255	1.95%	185,674,240	1.75%
L) Glass, Glassware and Ceramic Industry	2,723,110	0.03%	1,750,891	0.02%
M) Ship Manufacturing Industry	82,911,416	0.94%	132,067,113	1.24%
N) Electronics and Electrical Products	12,965,580	0.15%	2,781,464	0.03%
O) Power, Gas, Water and Sanitary service	320,085,794	3.65%	278,876,468	2.62%
P) Transport and Aviation	125,695,340	1.43%	271,733,534	2.56%
Agriculture	34,006,303	0.39%	34,366,589	0.32%
Housing	349,615,660	3.98%	551,521,257	5.19%
Others:				
A) Merchant Banking	45,082,420	0.51%	50,864,880	0.48%
B) Margin Loan	-		-	
C) Others	605,496,398	6.90%	1,669,349,346	15.70%
Total	**8,773,730,633**	**100.00%**	**10,631,163,521**	**100.00%**

8.06.5 Geographical location-wise concentration of loans, advances and leases:

This is made up as follows:

Division	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Dhaka	7,926,233,092	90.34%	9,668,928,180	90.95%
Chittagong	847,497,541	9.66%	962,235,341	9.05%
Total	**8,773,730,633**	**100.00%**	**10,631,163,521**	**100.00%**

8.07 Grouping of loans, advances and leases as per classification rules of Bangladesh Bank:

This is made up as follows:

Unclassified		
Standard including staff loans	628,829,288	1,167,978,851
Special Mention Account (SMA)	325,637,944	615,531,522
	954,467,232	**1,783,510,373**
Classified		
Substandard	67,500,228	216,015,087
Doubtful	217,884,914	367,420,122
Bad or loss	7,533,878,259	8,264,217,939
	7,819,263,401	**8,847,653,148**
	8,773,730,633	**10,631,163,521**

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15
8.08	**Particulars of loans, advances and leases:**		
	This is made up as follows:		
(i)	Loans considered good in respect of which the Financial Institution is fully secured	277,542,560	1,137,603,421
(ii)	Loans considered good for which the Financial Institution holds no Security other than the debtor's personal guarantee	7,833,972,487	8,595,814,740
(iii)	Loans considered good which is secured by the personal guarantee of one or more parties in addition to the personal guarantee of the debtors	662,215,586	897,745,360
(iv)	Loans adversely classified; provision not maintained there against	-	-
		8,773,730,633	**10,631,163,521**
(v)	Loans due by directors or officers of the Financial Institution or any of them either separately or jointly with any other person(note: 8.04)	9,522,842	14,974,533
(vi)	Loans due from companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents or, in case of private companies as members (Restated)	6,232,952,513	7,234,278,391
(vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Financial Institution or any of them either separately or jointly with any other persons (note: 8.04)	9,522,842	14,974,533
(viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents, or in the case of private companies as members	-	30,000,000
(ix)	Due from Banking Companies	-	-
(x)	Classified loans for which interest has not been charged (note: 8.7)	7,819,263,401	8,847,653,148
	a) Increase/ (decrease) of specific provision (note: 13.01a)	42,627,172	354,163,089
	b) Amount of loans written off	-	-
	c) Amount realised against loans previously written off	-	-
	d) Amount of provision kept against loans classified as bad/loss on the Balance Sheet date	596,611,443	581,203,263
	e) Amount of interest credited to the interest suspense account (note: 13.03)	359,972,546	373,597,189
(xi)	Amount of loans written off:		
	Current year	-	-
	Cumulative to date	27,350,760	27,350,760
	The amount of written off loans for which law suit filed	27,350,760	27,350,760
8.b	**Bills purchased and discounted**		
	This is made up as follows:		
	No bill has been purchased or discounted during the year.	-	-
9.00	**Fixed assets including land, building, furniture & equipments:**		
	This is made up as follows:		
	A. Cost:		
	Land and land development	440,000,000	440,000,000
	Furniture & fixture	998,479	919,186
	Electrical appliance	5,877,821	5,556,521
	Motor vehicles	17,689,804	22,589,804
	Interior decoration	4,267,816	4,267,816
	Office equipment	1,039,629	1,010,829
		469,873,549	**474,344,156**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			31-Dec-16	31-Dec-15
	B. Accumulated depreciation:			
	Land and land development		-	-
	Furniture & fixture		348,376	276,142
	Electrical appliance		2,188,565	1,537,519
	Motor vehicles		10,374,472	12,623,554
	Interior decoration		2,016,558	1,766,418
	Office equipment		613,982	538,867
			15,541,953	**16,742,500**
	C. Written down value at December 31 (A-B)			
	Land and land development		440,000,000	440,000,000
	Furniture & fixture		650,103	643,044
	Electrical appliance		3,689,256	4,019,002
	Motor vehicles		7,315,332	9,966,250
	Interior decoration		2,251,258	2,501,398
	Office equipment		425,647	471,962
			454,331,596	**457,601,656**

For details please refer to **Annexure- B**

The company acquired 11 kathas land located at 65/1, DIT Extension Road, Purana Paltan, Dhaka which was revalued in the year 2012 at 440,000,000 from existing Tk. 36,574,333. Thus the value of the said land increased by Tk. 403,425,667 which was shown as assets revaluation reserve.

10.00 Other assets

This is made up as follows:

A. Income generating other assets:

This is made up as follows:

Income receivable		-	-
		-	-

B. Non-income generating:

This is made up as follows:

Stock of stamp		9,187	57,965
Advance rent, advertisement etc.	Note: 10.01	6,119,187	6,513,333
Receivable on sale of shares	Note: 10.02	10,108	2,429,678
Security deposits	Note: 10.03	3,544,237	894,237
Prepaid expenditure	Note: 10.04	310,064,567	304,082,463
Branch adjustment account	Note: 10.05	-	-
Suspense account		16,198	-
Others	Note: 10.06	129,193,425	144,711,398
		448,956,909	**458,689,074**
Total (A+B):		**448,956,909**	**458,689,074**

10.01 Advance rent, advertisement etc.

This is made up as follows:

These represents rent paid to land-lord in advance for office premises.	6,119,187	6,513,333
	6,119,187	**6,513,333**

10.02 Receivable on sale of shares

This is made up as follows:

Anchor Securities Ltd.	-	2,419,570
International Leasing Securities Ltd.	8,681	8,681
Fareast Stocks & Bonds Ltd.	1,427	1,427
	10,108	**2,429,678**

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
10.03	**Security deposits**			
	This is made up as follows:			
	Deposits with BTTB and mobile operator		28,000	28,000
	Deposits with CDBL		400,000	400,000
	Deposits with landlord		3,000,000	350,000
	Others		116,237	116,237
			3,544,237	**894,237**
10.04	**Prepaid expenditure**			
	This is made up as follows:			
	Advance payment for land		2,343,333	2,343,333
	Building construction		10,045,000	9,545,000
	Advance payment of tax	Note: 10.04.1	283,025,735	280,735,263
	Others		14,650,499	11,458,867
			310,064,567	**304,082,463**
10.04.1	**Advance payment of tax**			
	This is made up as follows:			
	Income tax refundable	Note: 10.04.1.1	5,309,867	5,309,867
	Advance income tax	Note: 10.04.1.2	277,715,868	275,425,396
			283,025,735	**280,735,263**

10.04.1.1 Income tax refundable

Year-wise break-up are as follows:

Assesment year	Income year	Amount
2003-2004	2002	4,042,297
2004-2005	2003	971,703
2006-2007	2005	295,867
		5,309,867

10.04.1.2 Advance income tax

Year-wise Break-up are as follows:

Assesment year	Income year	Amount
2005-2006	2004	1,200,331
2007-2008	2006	7,384,177
2008-2009	2007	7,878,688
2009-2010	2008	6,590,386
2010-2011	2009	8,731,427
2011-2012	2010	9,013,223
2012-2013	2011	22,947,016
2013-2014	2012	14,735,190
2014-2015	2013	45,975,386
2015-2016	2014	48,616,179
2016-2017	2015	102,353,393
2017-2018	2016	2,290,472
		277,715,868

10.05 Branch Adjustment Account

The Books of Accounts with regards to inter Branch transactions are reconciled and there is no material differences, which may affect the financial statements significantly.

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
10.06	**Others**			
	This is made up as follows:			
	Receivable against interest on grace period		-	37,300
	Receivable against IDCP		32,341,983	32,780,926
	Receivable against LPI		91,461,326	103,527,081
	Accrued interest on fixed deposit		5,390,116	6,997,262
	Others (Receivable against insurance claim for HO fixed assets)		-	1,368,829
			129,193,425	**144,711,398**
11.00	**Borrowings from banks, other financial institution and agents**			
	This is made up as follows:			
	In Bangladesh	Note: 11.01	2,598,262,038	3,187,393,881
	Outside Bangladesh		-	-
			2,598,262,038	**3,187,393,881**
11.01	**In Bangladesh**			
	This is made up as follows:			
	Refinance against SME loan from Bangladesh Bank	Note: 11.01.1	12,246,681	32,666,086
	Term loan from banks	Note: 11.01.2	1,898,119,774	2,765,330,556
	Short term loan	Note: 11.01.3	435,895,583	239,397,239
	Money at call & short notice	Note: 11.01.4	252,000,000	150,000,000
			2,598,262,038	**3,187,393,881**

11.01.1 Bangladesh Bank (BB) introduced a refinance scheme to support the development small enterprise under the scheme Small and Medium Enterprise (SME) by way of providing refinance facilities under the terms and conditions of BB's FID Circular No. 01, dated May 02, 2004. Under this scheme, the company claims the refinance facility from Bangladesh Bank on a quarterly basis, whose repayment was made as per schedule fixed by Bangladesh Bank.

11.01.2 Term loan from banks

This is made up as follows:

BASIC Bank Limited	64,232,258	87,479,316
Dhaka Bank Limited	60,456,668	69,452,942
Dutch Bangla Bank Limited	311,454,978	492,954,138
Mercantile Bank Limited	409,131,112	508,520,297
Midland Bank Limited	25,947,464	34,310,086
Mutual Trust Bank Limited	52,628,309	113,657,189
National Bank Limited	77,694,541	105,378,400
NRB Commercial Bank Limited	57,394,839	109,944,057
Pubali Bank Limited	103,220,225	116,046,552
Shahjalal Islami Bank Limited	232,471,998	316,821,326
Social Islami Bank Limited	92,258,084	169,406,788
Standard Bank Limited	81,363,089	84,796,523
The UAE Bangladesh Investments Co. Limited	9,340,905	22,727,272
Uttara Bank Limited	320,525,304	533,835,671
	1,898,119,774	**2,765,330,556**

11.01.3 Short term loan

This is made up as follows:

Bangladesh Development Bank Ltd.	210,000,000	-
International Leasing and Financial Services Ltd.	12,000,000	70,000,000
Mercantile Bank Limited	62,395,583	69,397,239
Modhumoti Bank Limited	20,000,000	-
Mutual Trust Bank Limited	50,000,000	-
Reliance Finance Ltd.	57,500,000	100,000,000
The Farmers Bank Limited	24,000,000	-
	435,895,583	**239,397,239**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
11.01.4	**Money at call on short notice**			
	This is made up as follows:			
	Agrani Bank Limited		90,000,000	-
	Dutch Bangla Bank Limited		36,000,000	40,000,000
	Modhumoti Bank Limited		-	110,000,000
	NRB Bank Limited		20,000,000	-
	Sonali Bank Limited		90,000,000	-
	South Bangla Agriculture and Commerce Bank Limited		16,000,000	-
			252,000,000	**150,000,000**
11.02	**Analysis by security against borrowing from banks, other financial institutions and agents**			
	This is made up as follows:			
	Secured	Note: 11.02.1	1,898,119,774	2,765,330,556
	Unsecured		700,142,264	422,063,325
			2,598,262,038	**3,187,393,881**
11.02.1	The loans are secured by first ranking Pari Passu Security Sharing Agreement (PPSSA) among the lenders on all present and future assets both moveable and immovable by deed of Floating Charge and Letter of Hypothecation, which is registered with the Registrar of Joint Stock Companies and Firms.			
11.03	**Maturity wise classification of loan**			
	This is made up as follows:			
	Repayable on demand		252,000,000	320,000,000
	Within 1 month		618,836,479	103,022,472
	Over 1 months but not more than 3 months		199,622,945	357,762,906
	Over 3 months but not more than 1 year		631,129,633	1,134,254,142
	Over 1 year but not more than 5 years		896,672,981	1,272,354,361
	Over 5 years		-	-
			2,598,262,038	**3,187,393,881**
12.00	**Deposits & other accounts**			
	This is made up as follows:			
	Term deposits	Note: 12.01	5,086,189,074	5,863,563,461
	Other deposits	Note: 12.02	19,672,037	20,446,831
			5,105,861,111	**5,884,010,292**
12.01	**Term deposits**			
	This is made up as follows:			
	Term deposit from banks and other FIs		3,237,966,406	3,523,707,500
	Term deposit from other than banks & FIs	Note: 12.01.1	1,848,222,668	2,339,855,961
			5,086,189,074	**5,863,563,461**
12.01.1	**Term deposit from other than banks & FIs**			
	This is made up as follows:			
	General term deposits		1,735,897,852	2,293,560,163
	Double benefit scheme		102,002,536	40,346,638
	Monthly savings scheme (MSS)		10,322,280	5,949,160
			1,848,222,668	**2,339,855,961**
12.01.2	**Residual maturity grouping of deposits & other accounts:**			
	This is made up as follows:			
	From banks & Fis Payable:			
	On demand		-	-
	Upto 1 month		600,000,000	150,000,000
	In more than 1 month but less than 6 months		2,587,966,406	3,223,707,500
	In more than 6 months but less than 1 year		50,000,000	150,000,000
	In more than 1 year but within 5 years		-	-
	In more than 5 year but within 10 years		-	-
			3,237,966,406	**3,523,707,500**

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
	From other than banks & Fis Payable:			
	On demand		-	-
	Upto 1 month		250,284,524	339,045,402
	In more than 1 month but less than 6 months		1,014,565,946	1,247,304,968
	In more than 6 months but less than 1 year		366,291,229	571,375,607
	In more than 1 year but within 5 years		148,165,772	177,466,684
	In more than 5 year but within 10 years		68,915,197	4,663,300
			1,848,222,668	**2,339,855,961**
	Unclaimed deposits aging 10 years or more		-	-
12.02	**Other deposits**			
	This is made up as follows:			
	Other deposits-other than banks & FIs	Note: 12.02.1	19,672,037	20,446,831
			19,672,037	**20,446,831**
12.02.1	**Other deposits-other than banks & FIs**			
	Lease advance		19,672,037	20,446,831
			19,672,037	**20,446,831**
12.02.2	**Residual maturity grouping of Other deposits-other than banks & FIs**			
	This is made up as follows:			
	Repayable on demand		-	-
	Within 1 month		-	13,635,178
	Over 1 months but not more than 3 months		-	-
	Over 3 months but not more than 1 year		-	568,825
	Over 1 year but not more than 5 years		2,629,898	6,242,828
	Over 5 years		17,042,139	-
			19,672,037	**20,446,831**
13.00	**Other liabilities**			
	This is made up as follows:			
	Provision for loans, advances and leases	Note: 13.01	786,947,423	755,550,443
	Provision for diminution in value of investments	Note: 13.02	119,370,508	117,688,482
	Interest suspense	Note: 13.03	359,972,546	373,597,189
	Withholding tax payable		23,286,009	3,864,325
	VAT payable		378,742	163,362
	Excise duty payable		147,600	103,800
	Provision for taxation	Note: 13.04	404,534,037	402,961,754
	Dividend payable		4,347,364	4,346,314
	Financial expenses payable	Note: 13.05	152,420,755	239,708,029
	Payable against gratuity		14,415,305	14,854,991
	Accrued expenses and other payable		4,623,085	3,145,070
	Sundry deposits		376,458,689	115,569,064
	Provision for off-balance sheet items		-	-
			2,246,902,063	**2,031,552,823**
13.01	**Provision for loans, advances and lease:**			
	This is made up as follows:			
	(a) Specific provision against classified loans, advances and leases:			
	Opening balance		716,019,865	361,856,776
	Less: Fully provided debts written off during the year		-	-
	Add: Recovery of amounts previously written off		-	-
	Add: Specific provision for the year		-	-
	Less: Provision released or no longer required		(5,040,077)	-
	Add: Net provision charged to profit and loss account		42,627,172	354,163,089
	Provision held at the end of the year		**753,606,960**	**716,019,865**
	(b) General provision against unclassified loans, advances and leases:			
	Opening balance		39,530,578	91,791,970
	Provision made during the year		(6,190,115)	(52,261,392)
	Balance at the end of the year		**33,340,463**	**39,530,578**
	Total (a+b):		**786,947,423**	**755,550,443**

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15
13.02	**Provision for diminution in value of investments**		
	This is made up as follows:		
	Opening balance	117,688,482	123,753,254
	Provision made during the year	1,682,026	(6,064,772)
	Balance at the end of the year	**119,370,508**	**117,688,482**
13.03	**Interest suspense**		
	This is made up as follows:		
	Opening balance	373,597,189	241,365,398
	Add: Amount transferred during the year	67,593,505	199,192,503
	Less: Amount recovered during the year	81,218,148	66,960,712
	Less: Amount written off during the year	-	-
	Balance at the end of the year	**359,972,546**	**373,597,189**
13.04	**Provision for taxation**		
	This is made up as follows:		
	Balance at the beginning of the year	402,961,754	402,961,754
	Add: Provision made during the year	1,572,283	-
	Less: Adjustment made during the year	-	-
	Balance at the end of the year	**404,534,037**	**402,961,754**
	Year wise break up of provision for taxation:		
	Assessment year / **Accounting year**		
	2007-2008 / 2006	111,404	111,404
	2008-2009 / 2007	20,399,529	20,399,529
	2009-2010 / 2008	14,611,475	14,611,475
	2010-2011 / 2009	25,000,000	25,000,000
	2011-2012 / 2010	32,500,000	32,500,000
	2012-2013 / 2011	69,413,831	69,413,831
	2013-2014 / 2012	86,981,241	86,981,241
	2014-2015 / 2013	36,924,104	36,924,104
	2015-2016 / 2014	117,020,170	117,020,170
	2016-2017 / 2015	-	-
	2017-2018 / 2016	1,572,283	-
		404,534,037	**402,961,754**
13.05	**Financial expenses payable:**		
	This is made up as follows:		
	Interest on Term deposits	149,701,430	238,153,962
	Interest on term loan	189,646	11,297
	Interest on Placement of Fund	462,500	-
	Interest on money at call loan and short notice	174,999	-
	Interest on monthly savings scheme	1,892,180	1,542,770
		152,420,755	**239,708,029**
14.00	**Capital**		
14.01	**Authorized capital:**		
	400,000,000 ordinary shares of Tk. 10 each	**4,000,000,000**	**4,000,000,000**
14.02	**Issued, subscribed and Paid up capital:**		
	As at December 31, 2016 a total of 100,679,944 ordinary shares of Tk. 10 each were issued, subscribed and fully paid up.	**1,006,799,440**	**1,006,799,440**
	The above balance is made up as follows:		
	Opening balance	1,006,799,440	1,006,799,440
	Add. Bonus shares issued during the year	-	-
	Add. Right shares issued during the year	-	-
		1,006,799,440	**1,006,799,440**

AMAR STOCK

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15

14.03 Mode of allotment of shares:

This is made up as follows:

Issued against cash	215,608,000	215,608,000
Bonus share issued	455,591,630	455,591,630
Issued other than cash/bonus share	335,599,810	335,599,810
	1,006,799,440	**1,006,799,440**

Year wise allotment of shares are as follows:

Year	Mode of allottment	No of shares	Value of shares	Cumulative balance
1996	Cash	500,000	5,000,000	5,000,000
1998	Cash	2,000,000	20,000,000	25,000,000
2002	Cash	1,859,240	18,592,400	43,592,400
2005	Bonus share	871,820	8,718,200	52,310,600
2006	Bonus share	6,904,920	69,049,200	121,359,800
2006	Cash	6,105,610	61,056,100	182,415,900
2006	Cash - IPO	11,095,950	110,959,500	293,375,400
2008	Bonus share	2,933,750	29,337,500	322,712,900
2009	Bonus share	3,872,550	38,725,500	361,438,400
2010	Bonus share	8,132,370	81,323,700	442,762,100
2011	Bonus share	11,069,050	110,690,500	553,452,600
2012	Bonus share	5,534,526	55,345,260	608,797,860
2013	Bonus share	3,043,989	30,439,890	639,237,750
2014	Bonus share	3,196,188	31,961,880	671,199,630
2014	Right Share	33,559,981	335,599,810	1,006,799,440
2015	Bonus share	-	-	1,006,799,440
2016	Bonus share	-	-	1,006,799,440

14.04 Group wise paid up share capital:

Group	No. of Shareholders		No. of Shares		Percentage	
	2016	2015	2016	2015	2016	2015
sponsors/ Directors	7	7	37,280,231	49,915,487	37.03%	49.58%
Institutions	176	167	46,550,257	26,451,778	46.23%	26.27%
General Public (Individuals)	4315	5255	16,849,456	24,312,679	16.74%	24.15%
Total	**4498**	**5429**	**100,679,944**	**100,679,944**	**100.00%**	**100.00%**

None of the CFO, company secretary and top five salaried executives of the financial institution has any shareholdings of BIFC as on reporting date.

14.05 Range wise classification of shareholders by holding as at 31.12.2016 as required by regulation 37 and of the listing regulation of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

Shareholding range	No. of Shareholders	No. of Shares	% of holdings
Less than 500	1,741	288,136	0.29%
501 to 1,000	606	465,238	0.46%
1,001 to 10,000	1,819	5,498,759	5.46%
10,001 to 50,000	262	5,357,895	5.32%
50,001 to 100,000	20	1,512,718	1.50%
100,001 to 1,000,000	37	10,564,999	10.49%
1,000,001 to 5,000,000	8	15,298,527	15.20%
5,000,001 to 10,000,000	2	11,353,832	11.28%
10,000,001 to 100,000,000	3	50,339,840	50.00%
Total :	**4,498**	**100,679,944**	**100.00%**

The shares of the Company were listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 15 November 2006 and traded at Tk.10.40 at Dhaka Stock Exchange at the end of the year 2016.

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15
14.06	**Capital requirment**		
	This is made up as follows:		
	Paid up capital		
	Paid-up capital	1,006,799,440	1,006,799,440
	Required paid up capital	1,000,000,000	1,000,000,000
	Surplus/(Deficit) in paid up capital	**6,799,440**	**6,799,440**
	The Company is subject to the regulatory capital requirement as stipulated in DFIM circular no-05, dated: July 04, 2011 of Bangladesh Bank. The capital requirement for non-banking financial institutions is neither ratio-based nor risk based. The regulatory authority requires a non-bank financial institutions to have a minimum paid up capital of Tk.100.00 crore.		
15.00	**Statutory reserve**		
	This is made up as follows:		
	Opening balance	154,713,730	154,713,730
	Add: Addition during the year	-	-
		154,713,730	**154,713,730**
16.00	**General Reserve**		
	This is made up as follows:		
	Opening balance	10,364,681	10,364,681
	Add: Addition during the year	-	-
	Less: Transferred to Retained earnings	-	-
		10,364,681	**10,364,681**
17.00	**Asset Revaluation Reserve**		
	This is made up as follows:		
	Opening balance	403,425,667	403,425,667
	Add: Addition during the year	-	-
	Less: Transferred to Retained earnings	-	-
		403,425,667	**403,425,667**
	BIFC acquired 11 kathas of land located at 65/1, DIT Extension Road, Purana Paltan, Dhaka. The said land was revalued in the year 2012 from Tk. 36,574,333 to Tk. 440,000,000. Thus the value of the said land has increased by Tk. 403,425,667 which is shown as assets revaluation reserve.		
18.00	**Retained Earnings**		
	This is made up as follows:		
	Opening balance	(577,151,019)	48,642,989
	Less: Cash dividend for last year	-	-
	Less: Stock dividend for last year	-	-
	Add: Transferred from stock dividend	-	-
	Add: Profit/(Loss) for the year	(681,436,020)	(625,794,008)
	Less: Transferred to statutory reserve	-	-
	Less: Transferred to general reserve	-	-
		(1,258,587,039)	**(577,151,019)**
19.00	**Net asset value per share**		
	This is made up as follows:		
	Total assets	10,267,742,053	12,101,109,857
	Total liabilities	9,951,025,212	11,102,956,996
	Net assets:	**316,716,841**	**998,152,861**
	Weighted average number of ordinary shares:		
	Opening Ordinary shares	100,679,944	100,679,944
	Bonus shares issued	-	-
	Right Share issued	-	-
	Weighted average number of ordinary shares at 31 December, 2016	**100,679,944**	**100,679,944**
	weighted average number of ordinary shares	100,679,944	100,679,944
	Net assets value per share	3.15	9.91
	Net assets value per share	**3.15**	**9.91**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			31-Dec-16	31-Dec-15
20.00	**Profit and loss account**			
	This is made up as follows:			
	Income			
	Interest, discount and similar income	Note: 21	257,627,829	770,670,798
	Dividend income	Note: 23	2,724,419	4,037,791
	Commission, exchange and brokerage	Note: 24	-	-
	Gains less losses arising from dealing securities	Note: 23	(453,247)	1,896,865
	Gains less losses arising from investment securities		-	-
	Gains less losses arising from dealing in foreign currencies		-	-
	Income from non-financial institution's assets		-	-
	Other operating income	Note: 25	2,148,147	2,827,057
	Profit less losses on interest rate changes		-	-
			262,047,148	**779,432,511**
	Expenses:			
	Interest paid on deposits & borrowing	Note: 22	819,374,124	1,026,493,416
	Losses on loans, advances and leases		-	-
	Administrative expenses		71,022,935	70,502,144
	Other operating expenses	Note: 35	10,517,374	8,760,565
	Depreciation on FI's assets		2,877,369	3,633,469
			903,791,802	**1,109,389,594**
	Income over expenditure		**(641,744,654)**	**(329,957,083)**
21.00	**Interest income**			
	This is made up as follows:			
	Interest income from loans & leases	Note: 21.01	245,037,209	746,594,753
	Interest income from money at call & short notice		-	-
	Interest income from placement with banks & other FIs	Note: 21.02	12,590,620	24,076,045
			257,627,829	**770,670,798**
21.01	**Interest income from loans & leases**			
	This is made up as follows:			
	Interest income from leases		35,249,843	47,282,770
	Interest income from term finance		203,026,240	695,739,722
	Interest on housing finance		-	-
	Interest on staff loan		6,761,126	3,572,261
			245,037,209	**746,594,753**
21.02	**Interest income from placement with banks & other FIs**			
	This is made up as follows:			
	Interest income from fund placements		11,381,326	16,154,453
	Interest income from STD accounts		1,209,294	7,921,592
			12,590,620	**24,076,045**
22.00	**Interest paid on deposits & borrowings etc.**			
	This is made up as follows:			
	Interest paid on deposits		492,442,507	616,687,170
	Interest paid on borrowings	Note: 22.01	326,931,617	409,806,246
			819,374,124	**1,026,493,416**
22.01	**Interest paid on borrowings**			
	This is made up as follows:			
	Interest paid on term loan		310,562,806	390,392,763
	Interest paid on bond		-	-
	Interest paid on overdraft loan		1,143,821	174,589
	Interest paid on call loan		13,895,322	16,266,681
	Interest paid on re-financing loan from Bangladesh Bank		1,329,668	2,972,213
			326,931,617	**409,806,246**
23.00	**Income from Investments**			
	This is made up as follows:			
	Capital gain(loss)on sale of shares		(453,247)	1,896,865
	Dividend income		2,724,419	4,037,791
			2,271,172	**5,934,656**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
24.00	**Commission, exchange & brokerage**			
	This is made up as follows:			
	Commission		-	-
	Exchange earnings		-	-
	Brokerage		-	-
			-	-
25.00	**Other operating income**			
	This is made up as follows:			
	Service charge		389,604	972,868
	Reimbursement of documentation costs		118,475	231,000
	Gain on disposal of leased assets		179,625	952,710
	Other income	Note: 25.01	1,460,443	670,479
			2,148,147	**2,827,057**
25.01	**Other income**			
	This is made up as follows:			
	Gain/(loss) on sale of fixed assets		1,321,291	81,332
	Miscellaneous income		139,152	589,147
			1,460,443	**670,479**
26.00	**Salary & allowances**			
	This is made up as follows:			
	Salaries		36,830,447	40,512,690
	Provident fund		1,817,571	2,214,847
	Bonus		2,918,930	3,845,309
	Gratuity		2,964,385	2,484,011
			44,531,333	**49,056,857**
27.00	**Rent, taxes, insurance, electricity etc.**			
	This is made up as follows:			
	Rent, rates & taxes		14,744,342	8,058,658
	Insurance		599,298	795,116
	Power & electricity		1,096,928	803,332
	Water & sewerage		23,104	20,945
			16,463,672	**9,678,051**
28.00	**Legal expenses**			
	This is made up as follows:			
	Professional/legal fees		2,077,412	2,813,600
			2,077,412	**2,813,600**
29.00	**Postage, stamps, telecommunication etc.**			
	This is made up as follows:			
	Postage & courier expenses		30,017	152,622
	Stamp & court fees		142,895	190,470
	Telephone, fax & e-mail		631,486	691,845
			804,398	**1,034,937**
30.00	**Stationery, printing, advertisements etc.**			
	This is made up as follows:			
	Printing & stationary		570,557	981,826
	Advertisement and publicity		963,719	1,594,780
			1,534,276	**2,576,606**

AMARSTOCK

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
31.00	**Chief executive officer's salary and other fees**			
	This is made up as follows:			
	Basic		1,432,258	1,292,581
	Other allowances		1,161,292	872,582
	Provident fund		143,226	111,000
	Bonus		370,000	185,000
			3,106,776	**2,461,163**
32.00	**Directors' fees**			
	This is made up as follows:			
	Meeting fees		431,800	245,000
			431,800	**245,000**
33.00	**Auditor's fees**			
	This is made up as follows:			
	Audit fees		115,000	130,000
			115,000	**130,000**
34.00	**Repair, maintenance & depreciation of assets**			
	This is made up as follows:			
	Repair, maintenance	Note: 34.01	1,958,268	2,505,930
	Depreciation	Note: 34.02	2,877,369	3,633,469
	Amortization	Annexure-B	-	-
			4,835,637	**6,139,399**
34.01	**Repair, maintenance**			
	This is made up as follows:			
	Office premises		711,873	1,202,344
	Office equipment		562,343	790,410
	Office furniture & fixtures		206,891	3,750
	Vehicles		477,161	509,426
			1,958,268	**2,505,930**
34.02	**Depreciation:**			
	This is made up as follows:			
	Land		-	-
	Furniture & fixture		72,234	71,449
	Electrical appliance		651,046	709,236
	Motor vehicles		1,828,834	2,491,563
	Interior decoration		250,140	277,933
	Office equipment		75,115	83,288
			2,877,369	**3,633,469**
	Details of depreciation are shown in **"Annexure - B"**			
35.00	**Other expenses:**			
	This is made up as follows:			
	Traveling & conveyance		382,443	468,836
	Books and periodicals		31,840	65,523
	Entertainment & public relations		786,922	1,365,270
	Motor vehicle expenses		1,069,909	1,071,771
	Commission on share trading		4,310	21,362
	Govt. Excise duty		43,500	264,500
	Registration/ renewal fee		1,314,027	1,603,150
	Donations		125,000	1,602,000
	AGM expenses		1,130,717	192,212

AMAR STOCK

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka 31-Dec-16	31-Dec-15
	Service charge		301,674	783,850
	Medical expenses		401,000	-
	Security services		-	52,050
	Bank charge		1,085,290	465,886
	CDBL fee		106,000	135,405
	Business promotional expense		3,603,127	-
	Uniforms & apparels		95,865	132,000
	Miscellaneous expenses		35,750	536,750
			10,517,374	**8,760,565**
36.00	**Provision for loans, advances & leases**			
	This is made up as follows:			
	General provision against unclassified loans, advances & leases		(6,190,115)	(52,261,392)
	Specific provision against classified loans, advances & leases		42,627,172	354,163,089
			36,437,057	**301,901,697**
37.00	**Provision for diminution in value of investments**			
	This is made up as follows:			
	Provisions for dealing securities		-	-
	Provisions for investment securities	Note: 37.01	1,682,026	(6,064,772)
			1,682,026	**(6,064,772)**
37.01	**Provisions for investment securities**			
	This is made up as follows:			
	Quoted securities		1,682,026	(6,064,772)
	Un-quoted securities		-	-
			1,682,026	**(6,064,772)**

38.00 Earnings per Share (EPS)

Earnings per share (EPS) is calculated in accordance with "Bangladesh Accounting Standard 33. Earnings Per Share", which has been shown on the face of profit & loss account.

Basic earnings per share

Basic earnings per share has been calculated dividing the Net Profit/(Loss) for the year attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year.

Net Profit/(Loss) Attributable to the Ordinary Shareholders (Net Profit after Tax)	(681,436,020)	(625,794,008)
Weighted average number of ordinary shares		
Ordinary shares at 01 January	100,679,944	100,679,944
Bonus shares issued	-	-
Right shares issued	-	-
Weighted average number of ordinary shares at December 31,2016	**100,679,944**	**100,679,944**
weighted average number of ordinary shares	100,679,944	100,679,944
Earnings per share	(6.77)	(6.22)
Earnings per share	**(6.77)**	**(6.22)**

Diluted earnings per share

The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the year 2016 and hence no diluted earnings per share is required to be calculated.

39.00 Cash receipts from other operating activities

This is made up as follows:

Service charge	389,604	972,868
Reimbursement-documentation costs	118,475	231,000
Gain on disposal of leased assets	179,625	952,710
Miscellaneous income	139,152	589,147
	826,856	**2,745,725**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			31-Dec-16	31-Dec-15
40.00	**Cash payments for other operating activities**			
	This is made up as follows:			
	Rent, taxes, insurance, electricity, etc.		16,346,086	8,955,119
	Legal expenses		2,039,912	2,813,600
	Postage, stamp, telecommunication, etc.		789,700	1,052,908
	Stationary, printing, advertisements, etc.		963,719	1,594,780
	Directors' fees		431,800	245,000
	Auditors' fee		130,000	115,000
	Repairs and maintenance		1,962,194	2,509,001
	Traveling & conveyance		382,443	468,836
	Books and periodicals		31,840	65,523
	Entertainment & public relations		706,574	1,323,270
	Training fee		80,348	42,000
	Motor vehicle expenses		1,069,909	1,071,771
	Commission on share trading		4,310	21,362
	Govt. excise duty		43,500	264,500
	Registration/ renewal fee		1,314,027	1,603,150
	Donations		125,000	1,602,000
	AGM expenses		97,617	192,212
	Service charge		301,674	783,850
	Medical expenses		401,000	-
	Bank charge		1,085,290	465,886
	CDBL Fee		106,000	135,405
	Business promotional expense		3,603,127	-
	Uniforms & apparels		95,865	132,000
	Miscellaneous expenses		(231,899)	534,820
			31,880,037	**25,991,993**
41.00	**Other assets**			
	This is made up as follows:			
	Stock of stamp		48,778	(49,484)
	Advance rent, advertisement etc.		394,146	(5,739,803)
	Security deposits		(2,650,000)	-
	Prepaid expenditure		(3,691,631)	(3,644,517)
	Branch adjustment account		-	-
	Suspense account		(16,198)	-
	Accrued interest on fixed deposit		1,607,146	(279,453)
	Others		1,368,829	(1,368,829)
	Cash (increase)/decrease in other assets		**(2,938,930)**	**(11,082,086)**
42.00	**Other liabilities**			
	This is made up as follows:			
	Withholding tax payable		19,421,684	581,211
	Vat payable		215,380	44,793
	Excise duty payable		43,800	26,410
	Benevolent fund		-	25,000
	Sundry deposits		260,889,625	(22,941,567)
	Net increase/(decrease) in other liabilities		**280,570,489**	**(22,264,153)**
43.00	**Cash and cash equivalent**			
	This is made up as follows:			
	Cash in hand	Note: 4.01	639,269	1,291,276
	Balance with Bangladesh Bank & its agent bank (s)	Note: 4.02	89,737,106	57,808,894
	Balance with other banks & financial institutions	Note: 5.00	190,432,901	178,719,042
			280,809,276	**237,819,212**

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Note no.	Particulars	Amount in Taka	
		31-Dec-16	31-Dec-15

44.00 Disclosures on the board audit committee

a. Composition of Audit Committee

The Audit Committee consists of the following directors of the Board:

Name	Status with the Company	Status with the Committee	Educational Qualification
Professor Jawadur Rahim Zahid	Independent Director	Chairman	MBA(IBA-DU),Phd
Mr. Ruhul Amin , FCMA	Director	Member	MBA(IBA-DU),FCMA
Mr. Neaz Ahmed	Director	Member	MBA(IBA-DU)
Mr. Muhammad Harun -Al-Rashid	Independent Director	Member	MBA(IBA-DU)
Mr. S.M. Shamsul Alam	Independent Director	Member	M.Com

The Company Secretary is to act as secretary of the board of audit committee.

All the members of the "Board Audit Committee" posses considerable experience and expertise in the banking and financial sector.

b. Meeting of audit committee

i. During the year 2016, the audit committee of the board conducted 02 (two) meettings from January 01, 2016 to December 31, 2016 in which among others, the following salient issues were discussed and decided;

ii. Reviewed the Company's draft financial statements for the year ended on December 31, 2015;

iii. Recommended and advised the board on appointment of external auditors for the year 2016 and their audit fee;

iv. Analyzed and reviewed the periodic reports on internal control and compliance reported by the internal auditor;

v. Analyzed and reviewed the risk assessment report on clients and credit risk administration evaluation report;

vi. Reviewed the report on pending legal cases of defaulting clients and recommended further courses of action;

vii. Analyzed and reviewed the periodic financial statements including quarterly financial statement;

viii. Reviewed the management report of the external auditors and scrutinized the management responses and courses of action adopted;

ix. Reviewed Bangladesh bank inspection report on the inspection along with company's reply and recommended required compliance by the management to the observations made in the report.

x. The audit committee conducted 02 (two) meetings during the year 2016. On invitation, managing director of the Company and chief financial officer (CFO-CC) attended the meetings to meet the queries of the audit committee and took directives to improve the overall operational efficiency of the Company. The directives of the audit committee are complied with.

AMARSTOCK

45.00 Related Party Disclosures:

45.01 Particulars of Directors

Sl. No.	Name of the Director	Designation	Address
1	Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.)	Chairman	House-14, Road-02, Sector-11, Uttara, Dhaka.
2	Mr. Jameel Mahmood (Nominee of Sukuza Venture Ltd.)	Director	Sierra view Aparment: B/5, 5th Floor, Plot: 28/D, Road: 18 &19, Sector: 07, Uttara Model Town, Dhaka: 1230.
3	Mr. Neaz Ahmed (Nominee of Kanchi Venture Ltd.)	Director	Flat-4/D, House-40, Road-21, Block-B, Banani. Dhaka.
4	Professor Jawadur Rahim Zahid (Independent Director)	Director	1/E IBA Professor Quarter, Green Super Market, Green Road Dhaka.
5	Mr. S. M. Shamsul Alam (Independent Director)	Director	House-42, Flat-3/B, Road-4/A, Dhanmondi R/A, Jigatola-1209, Dhaka.
6	Mr. Muhammad Harun-Al-Rashid (Independent Director)	Director	House-22, Road-10, Sector-11, Uttara, Dhaka.
7	Mr. Sa'ad Zaglul Abbas (Independent Director)	Director	Sky View Tower, Flat A3, 19 Nayapalton, Dhaka

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

Sl. No	Name of the Directors	Status in the Company	Name of firms/Companies where they have
1	Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.)	Chairman	-
2	Mr. Jameel Mahmood (Nominee of Sukuza Venture Ltd.)	Director	-
3	Mr. Neaz Ahmed (Nominee of Kanchi Venture Ltd.)	Director	-
4	Professor Jawadur Rahim Zahid (Independent Director)	Director	-
5	Mr. S. M. Shamsul Alam (Independent Director)	Director	
6	Mr. Muhammad Harun-Al-Rashid (Independent Director)	Director	-
7	Mr. Sa'ad Zaglul Abbas (Independent Director)	Independent Director	-

Notes to the Financial Statements - continued

45.03 Transactions with Directors and their related entities

Name of the Party	Name of Directors	Related by	Nature of transaction	Amount in Taka 31.12.2016	31.12.2015	Status of loan and advances
Tower Builders	Major (Retd.) Abdul Mannan	Ex-Director	Lease Fianace	6,823,119	6,823,119	BL
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	18,882	18,882	BL
Sunman Spining Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	10,624	10,624	BL
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	201,638,081	201,638,081	BL
M/s. Telecom Enterprises	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	31,608,038	31,608,038	BL
M/s. Telecom Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	35,170,885	35,170,885	BL
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	14,011,360	14,011,360	BL
M/s. Alif Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	23,421,109	23,421,109	BL
Metro Politon CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	46,692,683	46,692,683	BL
M/s. Telecom Enterprises	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	31,128,469	31,128,469	BL
United Dresses Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	67,887,194	67,887,194	BL
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	182,870,134	182,870,134	BL
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	2,587,785	2,587,785	BL
Telecom Services Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	83,881,705	83,881,705	BL
M/s. Yeasmin Traders	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	92,368,215	92,368,215	BL
Md. Rais Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	52,355,569	52,355,569	BL
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	86,572,394	86,572,394	BL
Golden Horizon Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	-	1,319,476,316	BL
Golden Horizon Limited	Major (Retd.) Abdul Mannan	Ex-Director	-	636,126,351	-	BL
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	2,811,144	2,811,144	BL
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	136,650,509	136,650,509	BL
Chowdhury Apparel	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	66,348,159	66,348,159	BL
Bangladesh International Gateway Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	188,232,676	188,232,676	BL
Teleplus Newyork Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	185,302,912	185,302,912	BL
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	134,765,189	134,765,189	BL
United Dresses Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	152,104,149	152,104,149	BL
Bangladesh International Gateway Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	24,882,574	24,882,574	BL
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	97,868,442	97,868,442	BL
Motor Trade Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	154,015,035	154,015,035	BL
Runa Properties	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	163,914,343	158,018,158	BL
Rahmania Textile	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	86,248,428	86,248,428	BL
East Asia Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	73,927,232	73,927,232	BL
Sunman Spining Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	408,333	408,333	BL
Metro Politon CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	38,033,910	38,033,910	BL
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	639,487,525	639,487,525	BL
Six Seasons Apartment Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	-	210,759,029	BL
United Dresses Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	34,764,212	34,764,212	BL
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	164,230,282	164,230,282	BL
M/s. Telecom Service Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	238,909,124	342,709,124	BL
M/s. Textile International	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	373,263,983	373,263,983	BL
Tower Builders	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	354,163,459	354,163,459	BL
Click 2 Design Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	190,631,237	190,631,237	BL
M/s. Rahmat Ullah & Company	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	336,505,040	336,505,040	BL
M/s. Abdullah Brothers	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	375,797,568	375,797,568	BL
Click 2 Design Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	119,651,825	119,651,825	BL
Bilal D Mamoon	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	9,252,016	9,252,016	BL
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	109,307,300	109,307,300	BL
Teleplus Newyork Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	78,564,622	78,564,622	BL
Techno WIFI Services	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	83,978,123	83,978,123	BL
Transco Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	23,760,568	33,073,636	STD
Total				**6,232,952,513**	**7,234,278,391**	

45.04 Significant contracts where FI is a party and wherein Directors have interest: Nil

45.05 Shares issued to Directors & Executives without consideration or exercisable at discount: Nil

45.06 Lending Policies to related parties:

Lending to related parties is effected as per requirements of Section 14(e) of the Financial Institutions Act, 1993

45.07 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Company Act 1991 Nil

Notes to the Financial Statements - continued

45.08 Investments in Securities of Directors and their related concern:

Name of the Company	Name of Directors	Related by	Nature of Security	Face Value	(%) of Share holding
BanglaLion Communications Ltd.	Major (retd.) Abdul Mannan	Ex- Director	Equity Share (Investment)	107,500,000	5

46.00 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk.36,000 p.a. or above were73.

47.00 Directors of the company & meeting of the board

At the end of the year under audit, there were 6 (six) Directors on the Board of Directors of the Company excluding the Managing Director. The Managing Director is the Chief Executive and ex-officio Director of the Company. There were 10 (ten) meetings of the Board of Directors held during the year 2016.

48.00 Reporting currency and level of precision

The figures reported in the financial statements are in Bangladeshi Taka, which has been rounded off to the nearest Taka.

49.00 Comparative information

Comparative information has been exposing in respect of the year 2016 for all numerical information in the financial statements for understanding of current year's financial statements. Previous year's figures have been restated and rearranged whenever considered necessary to ensure comparability with current period.

50.00 Departure from BAS 1

According to DFIM Circular no .11 dated 23 december 2009 there is no scope to use the name of includs statements of financial position and other comprehensive income. As such the Company does not use the captioned and also not prepare the same.

51.00 Legal proceedings

The Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate actions of those matters will be favorable and will have material positive results on business, financial conditions or results of operations.

52.00 Foreign Currency Exposure Profile

There were no foreign currency monetary assets or liabilities that would give rise to gains or losses in the profit and loss account.

53.00 Financial Highlights

Key financial highlights of the company are annexed as **Annexure-C**.

54.00 Interim Financial Statements

BIFC publishes its interim financial statements quarterly as required by the Bangladesh Securities and Exchange Commission.

55.00 Geographical area of operation

BIFC is currently operating in Chittagong and Narayangonj along with its other branches at Uttara and Dilkusha in Dhaka.

56.00 Impact of inflation and changing prices

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities. Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular BAS/BFRS specifically suggests to measure some assets/liabilities at fair value. Such as, BAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

57.00 Events After Balance Sheet Date:

The financial statements were authorized for issue by the Board of Directors of the company on June 17, 2017.

58.00 Date of authorization of financial statements:

The board of directors of the Company in its 161st Meeting of the Board of Directors held on June 17 ,2017 has approved the financial statement for the year ended December 31, 2016.

Company Secretary **Managing Director** **Director** **Chairman**

Investment in Quoted Ordinary Shares

Annexure-A

Sl. No.	Name of the Company	No. of Shares held	Face Value per share	Average cost per share	Total Cost	Quoted rate per share as on Dec 31, 2016	Total Market Value as on 31.12.2016	Unrealised gain/(loss)
01	Al Arafah Islami Bank Ltd.	253,073	10.00	40.47	10,241,837	15.90	4,023,854	(6,217,984)
02	Bangladesh Thai Aluminium Ltd.	348,812	10.00	27.32	9,528,891	25.00	8,720,300	(808,591)
03	BEXIMCO Ltd.	437,250	10.00	137.22	60,000,000	26.00	11,368,492	(48,631,508)
04	BEXIMCO Pharmaceutical Ltd.	120,585	10.00	95.40	11,503,685	80.80	9,743,263	(1,760,422)
05	BSRM Steels Limited	210,000	10.00	213.49	44,832,675	92.80	19,488,000	(25,344,675)
06	Confidence Cement Ltd.	16,536	10.00	269.00	4,448,128	109.40	1,809,038	(2,639,090)
07	Dhaka Bank Ltd.	38,317	10.00	42.25	1,618,980	17.90	685,881	(933,099)
08	EXIM Bank of BD Ltd.	20,670	10.00	27.41	566,650	11.70	241,839	(324,811)
09	Grameen one:Scheme two	130,106	10.00	25.14	3,270,500	12.30	1,600,302	(1,670,198)
10	IPDC Finance Ltd.	49,513	10.00	44.28	2,192,270	42.70	2,114,205	(78,065)
11	Jamuna Oil Company Ltd.	67,196	10.00	209.14	14,053,213	181.60	12,202,830	(1,850,383)
12	Khulna Power Co. Ltd.	59,526	10.00	131.56	7,831,189	62.50	3,720,375	(4,110,814)
13	Makson Spinning Mills Ltd.	66,562	10.00	68.13	4,535,000	8.50	565,777	(3,969,223)
14	Phoenix Finance & Investments Ltd.	46,800	10.00	157.33	7,362,875	26.90	1,258,920	(6,103,955)
15	Prime Bank Ltd.	17,820	10.00	41.81	745,000	17.70	315,414	(429,586)
16	Prime Finance & Investments Ltd.	16,800	10.00	282.31	4,742,746	9.80	164,640	(4,578,106)
17	RN Spinning Mills Limited	200,000	10.00	24.70	4,940,000	25.10	5,020,000	80,000
		2,099,566			**192,413,639**		**83,043,132**	**(109,370,508)**

Investment in Un-Quoted Ordinary Shares

Sl. No.	Name of the Company	No. of Shares held	Face Value per share	Average cost per share	Total Cost
01	BanglaLion Communications Ltd.	10,750,000	10	10	107,500,000
02	GMG Airlines Ltd.	220,000	10	45	10,000,000
Total:		**10,970,000**			**117,500,000**

Schedule of Property, Plant & Equipments for the year ended December 31, 2016

Annexure-B

Particulars	Land	Furniture & Fixture	Electrical Appliance	Motor Vehicles	Interior Decoration	Office Equipment	Intangible Assets	Total
COST (A)								
Balance at 1 Jan, 2016	440,000,000	919,186	5,556,521	22,589,804	4,267,816	1,010,829	-	474,344,156
Addition during the year	-	79,293	321,300	-	-	28,800	-	429,393
Adjustment during the year	-	-	-	4,900,000	-	-	-	4,900,000
Balance at 31 Dec. 2016	**440,000,000**	**998,479**	**5,877,821**	**17,689,804**	**4,267,816**	**1,039,629**	-	**469,873,549**
Rate of Depreciation (%)	0%	10%	15%	20%	10%	15%	20%	
DEPRECIATION (B)								
Balance at 1 Jan, 2016	-	276,142	1,537,519	12,623,554	1,766,418	538,867	-	16,742,500
Charged during the year	-	72,234	651,046	1,828,834	250,140	75,115	-	2,877,369
Adjustment during the year	-	-	-	4,077,916	-	-	-	4,077,916
Balance at 31 Dec. 2016	-	**348,376**	**2,188,565**	**10,374,472**	**2,016,558**	**613,982**	-	**15,541,953**
WDV at Dec. 31, 2016 (A-B)	**440,000,000**	**650,103**	**3,689,256**	**7,315,332**	**2,251,258**	**425,647**	-	**454,331,596**
WDV at Dec. 31, 2015	**440,000,000**	**643,044**	**4,019,002**	**9,966,250**	**2,501,398**	**471,962**	-	**457,601,656**

During the year the Company disposed the following fixed assets:

I. Type of Assets	:	Motor Vehicle	II. Type of Assets	:	Motor Vehicle
Cost	:	3,500,000	Cost	:	1,400,000
Accumulated depreciation	:	2,912,797	Accumulated depreciation	:	1,165,119
Book value	:	587,203	Book value	:	234,881
Sale proceeds	:	1,492,870	Sale proceeds	:	650,505
Gain/(loss) on disposal	:	905,667	Gain/(loss) on disposal	:	415,624
Buyer	:	Mr. Md. Saidur Rahman	Buyer	:	Mr. Md.Abdur Rahman
Type of Buyer	:	Outsider	Type of Buyer	:	Outsider
Mode of disposal	:	Transfer	Mode of disposal	:	Transfer

BIFC

Highlights

Annexure-C
(Amount in Taka)

Sl No.	Particulars	2016	2015
1	Paid-up capital (note-14.2)	1,006,799,440	1,006,799,440
2	Total capital (note-13.1b, 14.2,15,16,17/2 & 18)	148,344,109	835,970,243
3	Capital surplus / (deficit) (note-14.6)	6,799,440	6,799,440
4	Total assets	10,267,742,053	12,101,109,857
5	Total deposits (note-12.1)	5,086,189,074	5,863,563,461
6	Total lease, loans and advances (note-8)	8,773,730,633	10,631,163,521
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio (sl. no. 6/sl. no. 5) (Times)	1.73	1.81
9	Percentage of classified lease, loans and advances against total loans, advances and leases (note- 8.7)	89.12%	83.22%
10	Profit after tax and provision	(681,436,020)	(625,794,008)
11	Amount of loans classified during the year (note-8.7)	7,819,263,401	8,847,653,148
12	Provisions kept against classified loans (note-13.01.a)	753,606,960	716,019,865
13	Provision surplus / (deficit)	(5,949,031,205)	(6,859,561,955)
14	Cost of fund	11.21%	11.60%
15	Interest earning assets (note-5.1.b+5.1.c+7+8)	9,271,686,741	11,123,621,516
16	Non-interest earning assets (note-4+5.1.a+9+10)	996,055,311	977,488,341
17	Return on investment (ROI) (PAT/(Average equity + Average long term borrowings)	-22.63%	-15.06%
18	Return on assets (ROA) ((sl. no. 10/sl. no. 4) (Times)	-6.64%	-5.17%
19	Income from investment (note-23)	2,271,172	5,934,656
20	Earnings per share (Taka) (note:38)	(6.77)	(6.22)
21	Net income per share (Taka)	(6.77)	(6.22)
22	Price earning ratio (times)	(1.54)	(1.62)



Board Meeting



21st Anniversary of BIFC



BIFC holds 19th & 20th AGMs on December 21, 2016 at Institution of Diploma Engineers, Bangladesh



Events snippets

Shareholders delivering their speech at 19th & 20th AGMs



Projects financed by BIFC









Bangladesh Industrial Finance Company Limited

Registered Office : Police Plaza Concord (Tower-2) Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh

Proxy Form

I/We.....of.....
.....being shareholder of **Bangladesh Industrial Finance Company Limited** and entitle to vote, hereby appoint Mr./Ms.....of
.....as my/our proxy to attend and vote on my/our behalf at the 21st Annual General Meeting (AGM) of the Company to be held on Wednesday, September 20, 2017 at "Police Convention Hall", Eskaton Garden, Ramna, Dhaka at 10.00 a.m or at any adjournment thereof.

Signed this on.....day of.....,2017

Revenue Stamp Tk. 20.00

Signature of Proxy .....

.....
Signature of Shareholder

BO ID

Folio No. .....

No. of shares.....

N.B. Important

1. This Proxy Form, duly completed and stamped, must be deposited at the Company's Registered Office at least 48 hours before the meeting. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the Shareholders should agree with the Specimen Signature registered with the Company.

Bangladesh Industrial Finance Company Limited

Registered Office : Police Plaza Concord (Tower-2) Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh

Attendance Slip

I We hereby record my /our attendance at the 21st Annual General Meeting (AGM) of the Company being held on Wednesday, September 20, 2017 at "Police Convention Hall", Eskaton Garden, Ramna, Dhaka at 10.00 a.m.

Name of the Shareholder/Proxy .....

BO ID

Folio No. .....

Signature .....

Date .....

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.

AMAR STOCK

AMAR STOCK