ANNUAL REPORT

2017

BIFC

Bangladesh Industrial Finance Company Limited

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.





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, 2017.

On behalf of the Board of Directors of the Company, I am pleased to present "Annual Report 2017" together with audited financial statements for the year (January 01, 2017 to December 31, 2017) ended December 31, 2017. 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

AMAR STOCK

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Notice of the 22nd Annual General Meeting

Notice is hereby given that Twenty Second Annual General Meeting (AGM) of the shareholders of Bangladesh Industrial Finance Company Limited (BIFC) will be held at Retired Armed Forces Officers Welfare Association (RAOWA), VIP Road, Mohakhali DOHS, Dhaka-1206 on Tuesday, August 07, 2018 at 10.00 a.m. to transact the following business:

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, 2017;
2) To declare dividend for the year ended December 31, 2017;
3) To elect/re-elect director(s);
4) To appoint auditor for the year 2018 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

July 19, 2018

Md. Ahsan Ullah
Company Secretary

Notes:

i. The "Record Date" was on June 10, 2018;
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. June 10, 2018, 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 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 August 05, 2018.
vi. No benefit of gift in cash or kind shall be given to the shareholders for attending the 22nd 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



SMAR STOCK

Company Information

Name of the Company	:	Bangladesh Industrial Finance Company Limited
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 (C.C.)	:	Mr. M. M. Mostafa Bilal (C.C)
Auditor	:	Mahfel Haq & Co., Chartered Accountants BGIC Tower, 34, Topkhana Road, 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
		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
		Narayanganj Branch: 52/1, S.M. Melah Roah (1st floor), Tanbazar, Narayanganj. Tel : +88-02-7643817 Fax : +88-02-7643897 E-mail: bifcnganj@bifcol.com
No. of employees	:	54
Stock summery	:	
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
Corporate Head Office From Dilkusha to Gulshan	April 10	2017

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Shareholding structure

as on December 31, 2017:

Part culars	Amount in BDT	No. of Shares	% of Shares
Sponsors/Directors	372,551,050.00	37,255,105	37.00
Inst tut ons	466,979,060.00	46,697,906	46.38
General Public (Individuals)	167,269,330.00	16,726,933	16.62
Total	1,006,799,440.00	100,679,944	100.00

Details of Shareholding Posit on who hold 2% or more Shares:

Particulars	**No. of Shares**	**% of Shares**
Foreign		
▪ Five Cont nents 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
▪ Kanchi Venture Ltd.	3,547,524	3.52
▪ Pragati Life Insurance Ltd.	2,281,182	2.27



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 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 Directors, 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.



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., 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 Member; 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 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.



Mr. Sa'ad Zaglul Abbas
Independent Director

Mr. Sa'ad Zaglul Abbas is a Director in the Board of the Directors of BIFC. 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. Tajwar M. Awal
Representing Pragati Life Insurance Limited

Mr. Tajwar M Awal is a Director of Board of Directors of BIFC. He has completed his Bachelor of Science in Business Administration Cum Laude, majoring in Marketing and Master of Science, majoring in Finance from Suffolk University, Massachusetts, USA. He has been in the Universities Dean's list several times during the tenure of his studies at Suffolk. Upon completion of his studies, Mr. Tajwar moved back to Bangladesh to join his family owned business Multimode Group in 2011. Since then he has made his presence felt in various ways in terms of business as well development of the employees.

Mr. Tajwar is the Co-Chairperson of the business development of Multimode Group. He is the Director In-charge of Lal Teer seed limited, the first R&D based and ISO 9001:2015 certified private owned seed business in Bangladesh. Under his young and energetic leadership Lal Teer has become the benchmark in the Bangladesh seed industry. Lal Teer has also played a great role in the socio-economic development of the country by using new technology in the field of agriculture and making new agricultural technologies more reliable and easy to the farmers, Mr. Tajwar is the one of the masterminds behind such development. Under his leadership Lal Teer has various ongoing projects with partners like USAID, Embassy of Netherlands in Bangladesh, Practical Action UK; etc. Mr. Tajwar is also the Director In-charge Chens Crop Science Bangladesh Ltd. Where he has created an import plan, which was submitted to the principals for the year's order along expected L/C opening date, put in place an MIS system to monitor daily performance and future sales targets for multiple product lines. Initiated a

smooth supply chain management through SMS service so dealers could order products from our depot hassle free, participated in the planning and forecasting to give the organization direction and focus for future years, structured sales incentives for both the dealers of our products and the end users by offering discounts and promotional packs, maintained a close relationship with the principal in India, China and other countries to achieve projected sales target by lobbying for incentives and financial assistance for marketing, maintain relationships with numerous government institutions to increase our sales in the Bangladesh Agriculture sector.

Mr. Tajwar is an active member of Bangladesh Crop Protection Association (BCPA), where he has given his utmost efforts to make this association more agro industry oriented. He is also a member of FBCCI, the most prestigious organization of businessmen in Bangladesh. He also made his presence felt with leadership in community work. Mr. Tajwar is a board member of American International School Dhaka Alumni Association, where has reached out and maintained relationships with Alumni in more than 30 countries, organize job fairs, networking seminars and internships for current and past AIS/D students, host fundraising events and find sponsors for the Association's programs. He is also the coach of American International School Dhaka Football Team, where he developed player's management skills, technical skills, sportsmanship and leadership both on and off the field. He worked as the Relief Aid Coordinator, organized by Women Entrepreneurs Association of Bangladesh; where he did a fundraising drive for the victims of Cyclone Sidr, one of Bangladesh's worst natural disasters, and distributed blankets, medical supplies, oral hydration therapy and food to affected communities. He is the Vice President of NOFEL football club, As VP he signs and manage players who play for the team regarding salary, accommodation, injuries, discipline and liaison with the Bangladesh Football Federation.

Mr. Tajwar has Extensive travel and work experience in four continents, with particular expertise in South Asia, Southeast Asia, the Middle East, Europe and North America.



Brigadier General (Retd) Mohammad Selim
Independent Director

Brigadier General (Retd) Mohammad Selim is an Independent Director of Board of Directors of BIFC. He did MSDS from the Institute of Bangladesh University of Professionals (BUP) and MBA from Trinity University, Delware, USA. At present he is also the Adviser of Haji Fabrics Limited, Makshil Fabrics Limited and Mood Trading Russia Bangladesh First Sourcing. Previously Mr. Selim was the Managing Director of Japan Bangladesh Security Printing and Papers. Mr. Selim is an ex-cadet of Jhenidah Cadet College and joined Bangladesh Army in the year 1979. He was awarded "Sword of Honor" in BMA for his outstanding performances. Subsequently he joined the corps of Infantry and retired as the Brigadier General of Bangladesh Army. He was Director Overseas Operations Bangladesh Army. He also acted as Managing Director and Director General of Sena Kallayan Songstha.Mr. Selim attended a number of training programs in home and abroad. He attended Junior Command Course at Military HQ of Warfare, India, Strategic Planning and Policy Formulation on HIV/AIDS, NPS, Monterey, USA, Army Staff Course, Quetta, Pakistan, Southeast Asia Security Seminar in Hawaii, Australia, China and Vietnam and National Defense Course, National Defense College, Mirpur. Mr. Selim completed the research on Green House Effect and its Impact on Bangladesh and Economic Peacekeeping - an Option for Bangladesh. He held Executive Assignment as Commander, Infantry Brigade, Commandant NCOs Academy, Principal, Jhenidah Cadet College (JCC), Commanding Officer, Infantry and Rifle Battalions. He is happily married and has two sons. Mr. Selim comes of a respectable Muslim family of Jessore.



Mr. M.M. Mostafa Bilal
Managing Director, C.C

Mr. M. M. Mostafa Bilal is acting as the Managing Director (C.C.) from 01-01-2018. Mr. Bilal started his career as Assistant Director of Bangladesh Bank in 1996 and subsequently served at different Corporate Houses and Private Commercial Banks like Bashundhara Group, Grameen Fund, Bank Asia Ltd., One Bank Ltd. and Jamuna Bank Ltd. He also served as the CEO of Bengal Investments Limited, Jamuna Bank Capital Management Ltd. and Jamuna Bank Securities Ltd.

Mr. Bilal is an MBA from IBA of Dhaka University. He passed S.S.C and H.S.C from Jhenidah Cadet College and obtained positions in the combined merit list. He is associated with different social organizations.



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Financial Highlights

(Amount in Taka)

Particulars	2013	2014	2015	2016	2017
A. Balance sheet					
Shareholders' equity	**1,233,100,139**	**1,624,036,284**	**998,152,861**	**316,716,841**	**(6,685,193,562)**
Paid up capital	639,237,750	1,006,799,440	1,006,799,440	1,006,799,440	1,006,799,440
Share money deposit	362	89,777	362	362	362
Other reserve & surplus	593,862,027	617,147,067	(8,646,941)	(690,082,961)	(7,691,993,364)
Total liability	**8,375,841,162**	**9,914,279,561**	**11,102,956,996**	**9,951,025,212**	**16,350,600,074**
Long term loans	2,288,042,571	2,934,680,914	3,037,393,881	2,346,262,038	2,266,751,375
Term deposit	4,629,463,441	5,124,999,261	5,863,563,461	5,086,189,074	5,624,191,953
Lease advances	27,213,320	23,496,985	20,446,831	19,672,037	1,41,38,925
Money at call and short notice	130,000,000	230,000,000	150,000,000	252,000,000	130,000,000
Other liabilities	1,301,121,830	1,601,102,401	2,031,552,823	2,246,902,063	8,315,239,513
Total liabilities & equity	**9,608,941,301**	**11,538,315,845**	**12,101,109,857**	**10,267,742,053**	**9,665,406,512**
Total assets	**9,608,941,301**	**11,538,315,845**	**12,101,109,857**	**10,267,742,053**	**9,665,406,512**
Lease finance	902,227,254	775,737,643	655,383,261	549,561,595	461,077,161
Direct finance	6,656,510,174	8,184,641,086	9,975,780,260	8,224,169,037	7,914946484
Investment in share	378,977,858	336,173,661	315,836,394	309,913,639	197,122,853
Fund placement	-	-	-	-	-
Investment in FDR	100,000,000	150,000,000	150,000,000	150,000,000	140,000,000
Other assets	1,571,226,015	2,091,763,455	1,004,109,942	1,034,097,782	952,260,014
B. Income satement					
Operating revenue	1,312,188,273	1,423,131,353	779,432,511	262,047,148	67,233,430
Non operating revenue	-	-	-	-	-
Financial expenses	1,125,430,257	1,028,716,622	1,026,493,416	819,374,124	858,084,228
Depreciation on fixed assets	2,410,878	4,409,182	3,633,469	2,877,369	2,399,237
General and administrative expenses	73,911,999	76,182,368	70,502,144	71,022,935	81,254,311
Other operational expenses	10,114,046	11,654,091	8,760,565	10,517,374	8,520,899
Operational Profit	**100,321,093**	**302,169,090**	**(329,957,083)**	**(641,744,654)**	**(883,025,245)**
Provision for loans, advances, & leases and investments	17,887,823	129,902,000	295,836,925	38,119,083	6,117,851,750
Profit before tax	82,433,270	172,267,090	(625,794,008)	(679,863,737)	(7,000,876,995)
Income tax	36,924,104	117,020,170	-	1,572,283	1,033,408
Net profit after tax	45,509,166	55,246,920	(625,794,008)	(681,436,020)	(7,001,910,403)
C. Business performance					
Lease & loan contracts (Taka in million)	1,267	1,593	626.62	72.27	46.94
Growth (%)	14	26	(61)	(88)	(35)
Number of lease & loans	108	261	87	58	56
Lease & loan execution (Taka in million)	1,315	2,158	576.37	67.29	46.80
Growth (%)	24	64	(73)	(88)	(30)
Number of leases & loans	103	173	87	58	56
D. Financial raitos					
Current ratio (in times)	1.04	1.18	0.36	0.32	0.36
Debt equity ratio (in times)	6.79	6.10	11.12	31.42	(2.44)
Profit margin before tax (%)	6.39	12.29	(80.29)	(263.89)	(5,456.72)
Financial expenses coverage ratio (in times)	1.17	1.38	(0.61)	(0.83)	(1.09)
Return on equity (%) (after tax)	7.12	5.49	(62.16)	(67.68)	(695.46)
Earnings per share (in Tk.) (Restated)	0.71	0.55	(6.22)	(6.77)	(69.55)
Dividend					
Cash (%)	5.00	5.00	Nil	Nil	Nil
Stock (%)	5.00	5.00	Nil	Nil	Nil

Management Team

Mr. M. M. Mostafa Bilal	Managing Director, (C.C)	Chairman
Mr. Md. Ahsan Ullah	AVP, Company Secretary	Member Secretary
Mr. Mohammad Nizam Uddin	SPO, Head of SME & Home Loan	Member
Mr. Mohammad Kamruzzaman	SPO, Head of Corporate	Member
Mr. Md. Majharul Islam	SPO, Head of ICC	Member



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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	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 (MANCOM):

01. Management Committee (MANCOM):

Sl.	Name of the Member	Designation	Position in the Committee
1	Mr. M. M. Mostafa Bilal	Managing Director (C.C.)	Chairman
2	Mr. Md. Ahsan Ullah	AVP & Company Secretary	Member Secretary
3	Mr. Mohammad Kamruzzaman	SPO & Head of Corporate Business	Member
4	Mr. Mohammad Nizam Uddin	SPO & Head of SME	Member
5	Mr. Majharul Islam	SPO & Head of ICC	Member

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. M. M. Mostafa Bilal	Managing Director (C.C.)	Chairman
2	Mr. Mohammad Nizam Uddin	SPO & Head of SME	Member Secretary
3	Mr. Mohammad Kamruzzaman	SPO & Head of Corporate Business	Member

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 weight age 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. M. M. Mostafa Bilal	Managing Director (C.C.)	Chairman
2	Mr. Mohammad Kamruzzaman	SPO & Head of Corporate Business	Member Secretary
3	Mr. Mohammad Nizam Uddin	SPO & Head of SME	Member
4	Mr. Shaikh Moshiur Rahman	Senior Officer	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	Managing Director (C.C.)	Chairman
2	Mr. Majharul Islam	SPO & Head of ICC	Member Secretary
3	Mr. Sajib Kumar Das	Senior Officer	Member

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	Managing Director (C.C)	Chairman
2	Mr. Mohammad Nizam Uddin	SPO & Head of SME	Member
3	Mr. Md. Masud Rana	Senior Officer & Head of IT	Member Secretary
4	Mr. Md. Zahidul Islam	Senior Officer	Member

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	Managing Director (C.C)	Chairman
2	Mr. Mohammad Nizam Uddin	SPO & Head of SME	Member Secretary
3	Mr. Mohammad Kamruzzaman	SPO & Head of Corporate Business	Member
4	Mr. Md. Shahan Miah	Officer	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.

The member secretary of the committees will arrange meetings at regular interval by giving prior notice with specific agenda. Minutes of the meetings are to be recorded timely and preserved in respective files with due care. The extracts of the minutes of the meetings will have to be sent to respective departments for necessary action at their end. Implement status of the previous meetings will have to be submitted by the member secretary.

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Ruhul Amin
Chairman

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Chairman's Message

Dear valued Shareholders,

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

On this mourning of 7th August 2018, very sunny Autumn, I welcome you to the 22nd Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC). You are please aware that Company has been passing through liquidity crisis over the years since 2016. The Company made investments in financially weak and loss making Companies like Bangla Lion, GMG Airlines from where not a single taka could be earned and even the capital invested those are not recoverable. The Company extended loans and credits to many individuals, firms and companies without making appropriate evaluation and analysis. Many of the loans and credits are not covered by collaterals while some of them are fake, fictitious and are not traceable.

After a detailed investigation serious irregularities were brought to light by Bangladesh Bank Audit Team and recommended to classify huge sums of loans, advances and credits as Bad and Loss (BL). All the Directors nominated my major shareholders were removed by Bangladesh Bank, the regulatory authority of non-banking financial institutions. The present Board has been formed with representatives from minor shareholders and constituted by renowned professionals, academicians and retired bankers as independent directors. Executive Committee and Audit Committee have been reformed. All the Committees are functioning well. A special audit on the affairs of the Company was carried out. Measures have been taken to reconstruct the documents/files fully/partially destroyed by fire occurred in the year 2015.

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. The Company has initiated legal action against defaulting firms/companies relating to major shareholders and other defaulting borrowers.

As the loans relating to Sunman Group (which constitutes about 74.18% of total loan port folio of BIFC) were classified as Bad & Losses as per rules and regulations Bangladesh Bank, interest income from loans and investments have reduced drastically. Further, Bangladesh Bank, regulatory authority of the Company instructed to charge 100% provision for the entire classified loans and lease amount of Tk. 6,088,572,250/-. Accordingly BIFC created 100% provision of all the investment classified as B/L amounting to Tk. 6,088,572,250/- and booked in the financial statements for the year 2017. As a result, all financial indicators of the Company have landed into an abnormal state of affair at the end of the year 2017. The Board has taken a very strong stand regarding compliance culture in the Company.

We have also taken initiatives to form a dedicated deposit mobilization team to attract deposits from the potential depositors for a sustainable funding base side by side with credit lines and deposits from different Banks/FIs, though due to bad image and negative media reports against the Company and overall liquidity crisis in the country, fresh deposits are not coming as expected.

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 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 officials of the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. for their continued co-operation and support. I express my sincere thanks to our shareholders, clients, my colleagues in 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.

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



Mr. M. M. Mostafa Bilal
Managing Director (c.c)

Managing Director's (c.c) 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 and 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.

You know, Bangladesh Bank made a special audit on our Company and found out some irregularities in loan disbursement in the year 2015. In the year 2017, some positive steps were taken to give the Company a better shape. Under instructions from Bangladesh Bank, further the Board of the Company was reconstituted and new Chairman of the Board was appointed. Executive Committee and Audit committee were reconstituted. The Board has given special directives to the Management to bring back the Company on sound financial footing through recovery of non-performing loans, declassifying loans through other methods, tapping of new deposits, recruitment of quality manpower and adoption of other possible means.

Bangladesh Bank, regulatory authority of the Company instructed to charge 100% provision for the entire classified loans and lease amount of Tk.6,088,572,250/-. Accordingly BIFC has made 100% provision of all the investment classified as B/L amounting to Tk.6,088,572,250/-. As a result, all financial indicators of the Company have showed dismal look at the end of the year 2017. The Board has taken a very strong stand regarding establishing discipline and compliance culture in the Company.

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 all stake holders in the coming days.



Mr. M. M. Mostafa Bilal
Managing Director (C.C)

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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	Director	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 in the form of report of 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 2017 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 2017. The external auditors are 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 2017, principal activities of audit committee were as follows:

- Reviewed the company's draft financial statements for the year ended on December 31, 2017;
- Recommended and advised the board on appointment of external auditor for the year 2017 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

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Report 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.

Chairperson - corporate role
The chairperson of the board of directors is elected from amongst themselves. The chairperson 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 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, C.C Mr. M. M. Mostafa Bilal and Mr. Majharul Islam, SPO and Head of ICC of the company have duly certified to the board which is presented on page no. 53.

Corporate governance certification
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. 52.

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 the operation of bank accounts

D) Management of loan /lease/investments

- Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopt 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.

Statement on directors' responsibility - continued

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 in 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 Resource 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 incompliance 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.

The financial statements are required by law and International Accounting Standards to give a true and fair view of the financial position of the company and the profit or loss of the' company for the year. In preparing financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make prudent judgments and estimates that are reasonable;
- state that the financial statements have been prepared in accordance with International Accounting
- Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the ICAB; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time regarding the financial position of the company in accordance with Companies Act, 1994. In addition, the directors are responsible for preparing directors' report in compliance with the rules and regulations.

The financial statements were audited by the recognized chartered accountant firm, who had unrestricted access to all financial records and data including minutes of the meeting of the board of directors, its different committees, Annual General Meeting and Extra-Ordinary General Meeting. The directors believe that all the information and documents supplied to the external auditor during their audit were valid and appropriate.

As part of compliance with the requirement of BSEC's notification dated 7 August 2012, the directors are also required to disclose following matters in their report:

- industry outlook and possible future developments of the industry have been discussed;
- segment-wise or product-wise performance has been given;

Statement on directors' responsibility - continued

- risks and concerns have been discussed;
- profit margin and net profit margin have been discussed;
- statement of related party transactions has been disclosed;
- utilization of proceeds from public issues has been discussed;
- significant variance occurs between quarterly financial performance and annual financial statements has been disclosed;
- remuneration paid to directors including independent directors has been disclosed;
- 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; significant deviation in operating results has been discussed;
- key operating and financial data for the last five years are summarized; number of board meetings held during the year and attendance by each director have been disclosed;
- the pattern of shareholdings etc. has been disclosed;
- a brief resume, nature of directors' expertise in specific areas, other directorship and the membership of committees of the board of other companies given on pages 10 to 13 of this annual report;
- the directors have the general responsibility for taking such measures as is reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities;

The directors confirm that their report includes the report on above matters and further confirm that the annual report together with the financial statements have been prepared in compliance with regulatory requirements.

Directors' Report

Dear Shareholders,

Assalamu Alaikum.

On behalf of the Board of Directors I take the privilege and honor to welcome you all at the 22nd 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, 2017. 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 2017

Global Economy

For the financial markets and the global economy, 2017 has been a pretty good year. All the major fears about 2017 that dominated the latter stages of 2016 - a market crash in the event of a Trump presidency, a Brexit - triggered recession in the UK, and a collapse of the euro-zone following the implosion of the Italian banking system - have failed to materialize. A broad-based pickup in global activities has strengthened its momentum in recent months. Global growth is estimated to have grown by 3.7 percent in 2017 and the forecast for 2018 has been revised up by 0.2 percentage points to 3.9 percent, supported by higher investment, trade, and industrial production, coupled with increasing business and consumer confidence. The pickup in global growth in 2017 reflects firmer domestic demand growth in US, Euro area, Canada and Japan among the advance economic and China, emerging Europe, and Russia among the emerging market and developing economies. Global inflation rose in 2017, reflecting the continued cyclical recovery in demand and higher commodity prices. The US consumer price inflation reached 2.1 percent in 2017, up from 1.3 percent in 2016. With a stronger-than-expected recovery and higher commodity prices headline inflation in the advance economies will edge up to 1.9 percent in 2018. Although non-energy commodity prices rose modestly and crude oil prices rose by 35 percent to over $60 per barrel by December 2017, those are expected to remain elevated in 2018. Looking ahead, during 2018, global growth is expected to receive support from the strengthening recovery in the euro area from rising exports amid stronger global trade performance. It is also expected to benefit from strong domestic demand, aided by supportive financial conditions and lower political risks. Japan is expected to benefit from global demand and supportive fiscal stance. China grew by 6.8 percent in 2017, underpinned by prior policy easing and some supply-side reforms. In the rest of emerging market and developing Asia, growth is expected to be strong. In India, growth in 2018 is projected to rise to 7.4 percent, up from 6.7 percent in 2017. The cyclical growth recovery in the Euro area, USA, and Canada, the main export destinations of our readymade garments, is expected to have a favorable impact on our export performance. An expected rise in commodity prices will support the oil-producing economies, a large source of Bangladesh's remittance inflows.

Bangladesh Economy

For Bangladesh 2017 has been a mixed year of achievements and challenges. Though some macro indicators reflect the positive trends, the overall strength of the economy is weakening due to a number of developments toward the second half of the year. One of the major achievements of the economy has been a 7.28 percent economic growth in Financial Year (FY) 2016-17 breaking the six percent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector followed by the services sector. Though average inflation has been around 5.5 percent, food inflation is showing an increasing rate in recent months, mainly because of agricultural loss due to two rounds of flood. Investment is a major impetus to Bangladesh's growth. Target was set to increase investment to 32.7 percent of GDP in FY 201617, keeping in mind the need for a growing economy. In FY 2016-17, investment as a share of GDP went up to 30.5 percent, a marginal increase from 29 percent in

FY 2015-16. However, the private sector's investment has been almost stagnant since FY 2015-16 hovering around 23 percent. The major boost has come from the public sector that saw an increase to 7.4 percent in FY 2016-17 from 6.7 percent in FY 2015-16. Domestic savings-GDP ratio increased by only 0.3 percent in FY 2016-17 while national savings-GDP ratio declined by 1.2 percentage point to 20.6 percent in FY 201617 from 30.8 percent in FY 2015-16 in the backdrop of the large current account deficit. The external sector has been a source of strength for the Bangladesh economy for several years. This has changed in recent periods. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8 percent. A glimmer of hope is in the horizon with both RMG and total exports picking up during July-December of FY 2017-18. However, imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18. In FY 2016-17 remittance earning growth experienced a negative growth of 15.9 percent despite increase of manpower export. At the end of 2017, general inflation was 5.93 percent whereas it was 5.32 percent at the end of last year. The government has set the inflation target at 5.5 percent for fiscal 2017-18. The World Bank has, however, painted a brighter picture for Bangladesh's economy for the next two fiscal years, pinning hopes on strong domestic demand, exports, investment and remittance.

NBFIs Performance in 2017

Non-Bank Financial Institutions (NBFIs) are playing crucial role by providing additional financial service that cannot be usually provided by Banks. The NBFIs with more multifaceted products and service have taken their place in the competitive financial market to satisfy the changing demands of the customers. NBFIs also play an important role in the capital market as well as in real estate sector of Bangladesh. Like the banks, most of the NBFIs have separate subsidiaries to operate merchant banking activities. NBFIs are supervised by Bangladesh Bank following as risk based supervisory system. NBFIs showed strong performance in term of growth in assets and deposits in FY 17. NBFIs have been given license and regulated under the Financial Institution Act, 1993. At present the minimum paid up capital for NBFIs in BDT 1.00 billion as per the Financial Institution Regulation 1994. NBFIs business line is narrow in comparison with Banks in Bangladesh. NBFIs are allowed to take term deposit for three months and above. Presently, out of 34 NBFIs, 3 are Government - owned, 12 are joint venture and the rest 19 are locally private owned. The branch network of NBFIs increased to 246 as on June 30, 2017.

The asset of NBFIs increased substantially by 16.83 percent to Tk. 713.87 billion in December 2016 from Tk. 611.04 billion in 2015. At the end of June 2017, assets of NBFIs increased to Tk. 755.33 billion. NBFIs are investing in different sector of the economy, but their investments are mostly concentrated in industrial sector. Sector wise composition of NBFIs investment at the end of June 2017 were as industry 44.21 percent, real estate 17.53 percent, margin loan 2.25 percent, merchant banking 4.17 percent, agriculture 2.67 percent and other 12.49 percent.

Principal Activities of BIFC

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

- Lease Finance
- Term Finance
- Syndication Finance
- Real Estate Finance
- SME Finance

- Equity Participation
- Work Order Finance
- Personal Loan
- Term Deposit Mobilization
- Transaction in Listed Securities

Directors' Report - continued

BIFC's Performance in 2017

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 year 2017 liquidity problem 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.

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, 2017, the outstanding balance of term loan of BIFC stood at Tk. 7,914.95 million.



Lease Finance

BIFC extends lease finance for capital machinery, 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 the other major product of BIFC. The investment under lease finance of the company stands at Tk. 461.08 million at the end of FY17.



Equity Finance

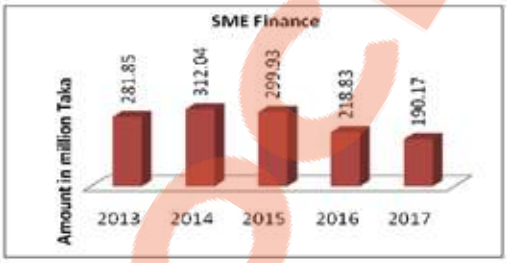
BIFC makes equity investment in the form of preference share and convertible bond. As on December 31, 2017, Company does not have any equity finance.



Directors' Report - continued

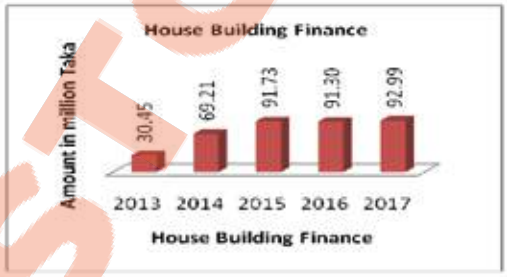
SME Finance

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.



House Building Finance

Under this segment, BIFC provides finances to House Building development projects as well as buyers 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.



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. 5,624.19 million as on 31 December, 2017 compare to Tk. 5,086.19 million of the previous year, increase 9.57 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.

INVESTORS

Directors' Report

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 FY17 were Tk. (7,000.88) million and Tk. (7,001.91) million respectively. The figures were Tk. (679.86) million and Tk. (681.44) million respectively in FY16.

The financial position of BIFC is summarized as under:

		Amount in Taka
	31.12.2017	**31.12.2016**
Operational Revenue	67,233,430	262,047,148
Operational Expenses	950,258,675	903,791,802
Income from Operation	(883,025,245)	(641,744,654)
Provision for loans, advances and leases & Investments	611,785,1750	38,119,083
	-	-
Profit before Tax	**(7,000,876,995)**	**(679,863,737)**
Provision for Income Tax	10,33,408	1,572,283
Profit after Tax	**(7,001,910,403)**	**(681,436,020)**
Retained earnings from last year	(1,258,587,039)	(577,151,019)
Dividend for last year	-	-
Statutory Reserve	-	-
General Reserve	-	-
Profit available for common stockholders	**(8,260,497,442)**	**(1,258,587,039)**
Directors recommended for appropriation:		
Proposed Stock Dividend	-	-
Retained Earnings	**(8,260,497,442)**	**(1,258,587,039)**
Earnings per share (Restated)	**(69.55)**	**(6.77)**

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 2017.

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.

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. 28 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. 103 of this annual report.

Significant Variance between Quarterly and Annual Results

There has been no significant variation in quarterly results for the year 2017 but huge variation occurred in annual results due to provision of entire classified loans. The books of accounts of the Company for the year ended December 31, 2017 were prepared and adopted in the 173rd Meeting of the Board of Directors held on April 30, 2017 and submitted to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The same has been published in the two national dailies named "Jaijai Din" & "New Nation" and one web portal named "www.ajkerbazzar.com" accordingly. But Bangladesh Bank, regulatory authority of the Company instructed to charge 100% provision for the entire classified loans and lease amount of Tk.6,088,572,250/- vide their letter no. FIID/I-5/2018-628 dated June 21, 2018 and to revise the books of accounts and get them certified by external Auditors of the Company. Accordingly BIFC created 100% provision of all the investments classified as B/L amounting to Tk.6,088,572,250/-

Directors' Report - continued

Directors Meeting, Attendance & Remuneration

During the year ended 31 December 2017 a total fourteen meetings were held. All of the Directors serving on the Board attended more than 93.07 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 on page 42 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 2017 is presented on page 98 of this Annual Report.

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 no. 43 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 no. 17 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 no.106 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. 44 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, 2017. BIFC is required to appoint an audit firm from amongst the approved list of Bangladesh Bank and Bangladesh Securities Exchange Commission for auditing the financial statements on yearly basis. Ahmed Zaker & Co., Chartered Accountants, have completed consecutive three years audit successfully. As per rules, BIFC required to appointment new External Auditor for the year 2018. The Board recommended for appointment of M/s. Mahfel Haq & Co., Chartered Accountants, BGIC Tower, 34, Topkhana Road, Dhaka-1000 as the external auditor of the Company for the year ended December 31, 2018. This is subject to approval of Bangladesh Bank.

Removal of Directors

It is to be mentioned that for alleged involvement in irregular withdrawal and disbursement of loans from BIFC as detected by Bangladesh Bank special Audit Team, removed following 3 (three) Directors from the Board of BIFC vide their letter No. DFIM(S)1055/59 (BIFC)/2017 dated 20.02.2017, DFIM(S)1055/59 (BIFC)/2017 dated 20.02.2017 and DFIM(S)1055/59 (BIFC)/2017 dated 20.04.2017 respectively.

1. Mr. A.N.M. Jahangir Alam, Director
2. Ms. Tajrina Mannan, Nominated Director of Pioneer Dresses Ltd.
3. Mr. M. Golam Sarwar Chowdhury, Nominated Director of Pioneer Dresses Ltd.

Reformation of Board of BIFC

As per instructions of Bangladesh Bank's letter no. DFIM(S) /1055/59(BIFC)/2017-481 dated February 20, 2017, the following Directors were inducted in the Board of Directors of BIFC in its 155th Meeting held on February 26, 2017:

1. Mr. Ruhul Amin, nominated Director of Sukuja Venture Ltd. and Chairman, Board of Directors.
2. Mr. Neaz Ahmed, Nominated Director of Kanchi Venture Ltd.
3. Profesor Jawadur Rahim Zahid, Independent Director.

The following Directors were inducted in the Board of Directors of BIFC in its 156th Meeting held on March 02, 2017:

4. Mr. Muhammad Harun-Al-Rashid, Independent Director.
5. Mr. S.M. Shamsul Alam, Independent Director.

   Pursuant to vacancy of 3 (three) Directors to comply the instructions of Bangladesh Bank's letter No. DIFM(S)1055/34/2017-1288 dated May 24, 2017. The following Director inducted in the Board of Directors of BIFC in its 161st Meeting held on June 17, 2017:

6. Mr. Sa'ad Zaglul Abbas, Independent Director.

   The following Directors inducted in the Board of Directors of BIFC in its 169th Meeting held on December 10, 2017:

7. Mr. Tajwar M. Awal, Nominated Director of Pragati Life Insurance Limited.
8. Brigadier General (Retd.) Mohammad Selim ndc, psc, MBA, Nominated Director of Independent Director.

Resignation of Director

Mr. Erfanuddin Ahmed, Chairman, nominated Director of Sukuja Venture Ltd. resigned from the Board in its 160th Meeting of the Board of Directors of BIFC in the year 2017.

Election of Chairman

Mr. Ruhul Amin, nominated Director of Sukuja Venture Ltd. elected as Chairman of BIFC in its 160th Meeting of the Board of Directors held on June 11, 2017 for a period of 1(one) year and he will be eligible for re-election as Chairman.

Election/ re-election of Directors

As per the terms of articles 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 multiplies of three, then the number nearest to one/third shall retire from office

Directors' Report - continued

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 Mr. Ruhul Amin, Nominated Director of Sukuza Venture Ltd., Mr. Neaz Ahmed, Nominated Director of Kanchi Venture Ltd. and Mr. Muhammad Harun-Al-Rashid, Independent Director are due to retire in the 22nd AGM of the company. Accordingly, it is recommended that the above directors be re-elected in the 22nd AGM of the company

Reelection 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 the Article of Association of the company shall all time maintained.

Thus being eligible, Mr. Ruhul Amin, Nominated Director of Sukuza Venture Ltd., Mr. Neaz Ahmed, Nominated Director of Kanchi Venture Ltd. and Mr. Muhammad Harun-Al-Rashid, Independent Director offered them self for re-election:

Accordingly, it is recommended that the above Director be re-elected in the 22nd AGM of the company.

Dividend

The Company incurred loss for the year 2017 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. 26 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

1 World Economic Outlook, October 2017
2 Bangladesh Bank Annual Report 2016-2017

Annexure - "I"

Directors' Attendance in the board meeting during the year 2017

Name of Directors	Nominated by	Number of meetings held	Number of meetings attended	%
Mr. Ruhul Amin	Sukuza Venture Limited	14	14	100%
Mr. Erfanuddin Ahmed	Sukuza Venture Limited	6	4	67%
Mr. Jameel Mahmood	Sukuza Venture Limited	15	14	93%
Mr. Neaz Ahmed	Kanchi Venture Limited	14	14	100%
Professor Jawadur Rahim Zahid	Independent Director	14	14	100%
Mr. S.M. Shamsul Alam	Independent Director	13	13	100%
Mr. Muhammad Harun-Al-Rashid	Independent Director	13	11	85%
Mr. Sa'sd Zaglul Abbas	Independent Director	8	6	75%
Mr. M. Golam Sarwar Chowdhury	Pioneer Dresses limited	3	3	100%
Mr. Md. Enayet Ullah, FCA	Independent Director	1	1	100%

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

AMARSTOCK

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:**	Nil	
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. Md. Anwarullah Sadeq	Nil	
2.	Mr. Forid Sarker	Nil	
3.	Mr. Sheik Reazul Heider	Nil	
4.	Mr. Mohammad Nizam Uddin	Nil	
5.	Mr. Mohammad Kamruzzaman	Nil	
	Total:	**Nil**	-
Shareholders h0lding 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)	✓		

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 (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)	✓		
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	✓		

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	**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	✓		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for initial Public Offering (IPO)	✓		
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	✓		

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 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained			Not Applicable
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			The Company incurred loss for the year 2017 .
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:-	x		
1.5 (xxi) (a)	Parent/ Subsidiary/ Associate Companies and other related parties (name wise details)	✓		
1.5 (xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise 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.	✓		

Status of compliance with the corporate governance guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
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 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	✓		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		Chairman of the Audit Committee would be remained present at AGM
3.3	**Role of audit committee**			
3.3 (i)	Oversee the financial reporting process	✓		
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	✓		

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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	
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	✓		
3.4	**Reporting of the Audit Committee**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
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			No such event found
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system			
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	✓		

Status of compliance with the corporate governance guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
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
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	✓		

Status of compliance with the corporate governance guidelines - continued

Condition no.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
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
Hometown Apartments (7th, 8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone : 9351457, 9351564,8358817
Fax : 88-02-9345792
E-mail : kmh_co@yahoo.com
website: www.kmhasan.com
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 2017.

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: 01 July 2018.

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, 2017 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.

Mr. M. M. Mostafa Bilal
Managing Director (C.C)

Md. Majharul Islam
SPO, Head of ICC

Dhaka, June 28, 2018

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Financial Statements for the year ended December 31, 2017

AMAR STOCK

Ahmed Zaker & Co.
CHARTERED ACCOUNTANTS

Head Office :
89 Kakrail, Green City Edge (Level 10), Dhaka 1000, Bangladesh
Website: www.ahmed-zaker.com Email: azcbangladesh@ahmed-zaker.com
Phone: +88-02-83005018, Fax: +88-02-8300509

Independent Auditors' Report (Revised)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, 2017 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, 2017 and revenue and expenses for the year ended December 31, 2017 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. Interest Suspense:
As per Bangladesh Bank FID circular No-6, Dated: August 20, 2016, BIFC has made Interest Suspense for an amount of Tk. 23,057,010during the year and total Interest Suspense as on 31 December 2017 is Tk. 373,765,471. However as per our computation the required Interest Suspense Accounts should be Tk. 641,325,687 as on 31 December 2017 and thus short Interest Suspense Accounts of Tk. 267,560,216 has been shown in Financial Statement.

2. Non-Compliance of BAS-16:
Head Office interior decoration work for an amount of Tk. 12,811,906 has been completed during the year under audit but the same has not been recognized as assets and depreciation thereof was not provided. As a result, the actual financial performance was not shown in the account as per BAS-16.

GGi
INDEPENDENT MEMBER

Uttara Office:
Plot # 15 (G.Floor), Road # 17, Sector # 4, Uttara Model Town, Dhaka-1230. Tel: (R) 8918246, 8923233 Mobile: 01755-603600 E-mail: sultanahmed1@ahmed-zaker.com
Chittagong Office:
74, Sk. Mujib Road, Agrabad, C/A Chittagong - 4100. Tel: 031-634103 Cell No. 01819385193 E-mail: arupchy@ahmed-zaker.com

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3. **Deficiency of Capital Adequacy:**
As per the statement of the Capital Adequacy and Market Discipline (CAMD) of BIFC as on December 31, 2017 Capital Adequacy Ratio (CAR) was negative by 67.82 % and Core Capital to RWA was stood negative by 71.2%.

4. **Non-Compliance 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". We scrutinized that the Company's total equity becomes negative Tk.(6,685,193,562) because of net loss madeduring last 3 years and investment in Share as on 31 December 2017 Tk.197,122,853 in Quoted and Un-Quoted shares clearly state that non-compliance investment of the Financial Institution Act-1993.

5. **Taxation:**
We found that BIFC did not compute the deferred tax on the asset revaluation reserve amount of Tk.403, 425,667. As per BAS-12, Income Tax Para - 15 and 20 BIFC should compute deferred tax.As a result, liability and income tax being understated.

6. **Loans, Lease and Advances:**

a) As at December 31, 2017 a total outstanding of Loans, Lease and Advances against various concerns of Sunman Group was Tk. 6,213,559,838 equivalent to 74.18% of total outstanding balance of Taka 8,376,023,645.The amounts were carried forward from financial year 2014. There was a Recovery of only 0.003% on account of said outstanding amount during this year.All of these loans/leases were classified as bad and loss. However,the management of BIFC has taken all possible steps to recover this amount.

b) The Company disbursed Loans, Lease and Advances amounting of Tk. 163,446,424 to various concerns of Biswas Group, which stood at Taka 208,419,131 as on December 31, 2017.These amounts, represents 2.48% of total outstanding.All of these loans and leases are classified as Bad and Loss. However, Legal processes are ongoing to recover the amount.

7. **Deficit of Cash Reserve Requirement (CRR):**
As per FID Circular No-02, Dated: November 10, 2004 every Financial Institutions have to maintain Cash Reserve Requirement (CRR) of 2.5% on the bi- weekly average basis of their total term deposit with a provision of minimum 2% on a daily basis of the same total term deposit. While we are conducting our audit for the year ended December 31, 2017 we found that there were several time shortfalls of maintaining CRR on the bi- weekly average basis in the following months as per the following details:

Name of the month	Required amount of the weekly average (2.5%)	BIFC maintained on weekly average	Shortfall on weekly average
June 2017 (2nd 2 weeks)	53,370,046	46,945,988	(6,424,059)
July 2017 (1st 2 weeks)	53,453,302	47,898,838	(5,554,464)
November 2017 (2nd 2 weeks)	48,611,793	46,932,268	(1,679,524)
December 2017(1st 2 weeks)	48,515,920	16,944,730	(31,571,190)
December 2017 (2nd 2 weeks)	48,515,920	5,998,348	(42,517,572)

8. **Deficit of Statutory Liquidity Requirement (SLR):**
As per FID circular No-6, Dated: November 06, 2003 and FID Circular-2, Dated: November-10, 2004 every Financial Institution of Bangladesh has to maintain 5% SLR on balance on average of total liability

as prescribed by Bangladesh Bank circular from time to time, but in course of our audit for the year ended 31December 2017, we observed that BIFC failed to maintain sufficient balance as per BB circular. Details are as follows:

Name of the Month	Required Balance (5% of total liabilities)	BIFC Maintained	Shortfall	Remarks
January 2017	188,480,815	182,902,580	(5,578,235)	Deficit of SLR
December 2017	168,788,773	148,469,563	(20,319,210)	Deficit of SLR

9. **Unable to Provide the Bank Statements:**
   Management of BIFC was unable to provide us 17 bank statements from different banks.As a result,we could not verify bank statement transactions and bank balance amount ofTk. 1,097,794.

10. **Unable to Provide us Income Tax Refundable Assessment Order:**
    Management of BIFC was unable to provide us the assessment order in support of tax refund (note 10.5.1.1) for an amount of Tk. 53, 09,867.

Opinion

In our opinion along with three (3) emphasis of matters, except for the effect of the matter described in Basis for Qualified Opinion as stated in paragraph(1-11), the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the Company's affairs as on December 31, 2017 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. The Company has been facing net lossfor last three years as a result Retained Earnings of Tk. (8,260,497,442), total Shareholder Equity of Tk. (6,685,193,562), Net Liquidity Gap of Tk. (6,685,193,562) are negative balance. Likewise,the investment disbursement amount is very poor. As a result, those circumstances indicate uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may unable to realize its assets and repay its liabilities in the normal course of business. The financial statement does not fully disclose this fact.
2. Total outstanding amount of Tk. 8,376,023,645 an amount of Tk. 7,703,347,878 has been classified as Bad and Loss as on December 31, 2017 which comprises 91.96% of the total outstanding amount. As a result, all the related financial indicators of this Company suffered a serious setback.
3. Bangladesh Industrial Finance Company Limited (BIFC) invested an amount of Tk. 117,500,000 for unquoted shares at the BanglaLion Communications Limited and GMG Airlines Limited and BIFC made 100% provision against those investments.

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 maintained 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 on December 31, 2017 and the profit and loss statement of theCompany together with annexed notes from 1 to 58 dealt with the report are in agreement with books of accounts;

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

g) Adequate provisions have not been made for loans, Lease 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 from the company 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, 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 are yet to be developed to prevent probable frauds and forgeries;

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 men hours.

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

Other matter:

We would like to draw kind attention that we have submitted report on April 30, 2018 and subsequently as per instruction of Bangladesh Bank, BIFC has made provision of Tk. 6,088,572,250.00 as per BB letter no. FIID/I-5/2018-628 dated: 21/06/2018 and BIFC latter no. BIFC/AZ/ACC/1161/2018 dated:24/06/2018 (copy enclosed page no. 107). As such we have made revised opinion on financial statements with incorporating of Bangladesh Bank instruction.

Place: Dhaka
Dated: June 28, 2018

Ahmed Zaker& Co,
Chartered Accountants

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Balance Sheet (Revised)

as at December 31, 2017

Particulars	Notes	Amount in Taka	
		December 31, 2017	December 31, 2016
PROPERTY AND ASSETS			
Cash :	4.00	**1,458,666**	**90,376,375**
Cash in hand (including foreign currencies)	4.01	20,874	639,269
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	4.02	1,437,792	89,737,106
Balance with banks and other financial institutions :	5.00	**182,672,579**	**190,432,901**
In Bangladesh	5.01	182,672,579	190,432,901
Outside Bangladesh		-	-
Money at call on short notice:	6.00	-	-
Investments :	7.00	**197,122,853**	**309,913,639**
Government		-	-
Others		197,122,853	309,913,639
Loans, advances and leases :	8.00	**8,376,023,645**	**8,773,730,633**
Loans, cash credits, overdrafts, etc.	8.a	8,376,023,645	8,773,730,633
Bills purchased and discounted	8.b	-	-
Fixed assets including land,building,furniture & equipments	9.00	452,567,079	454,331,596
Other assets	10.00	455,561,690	448,956,909
Non financial institutional assets		-	-
Total Assets		**9,665,406,512**	**10,267,742,053**
LIABILITIES AND CAPITAL			
Liabilities :			
Borrowings from banks, other financial institutions and agents	11.00	2,396,751,375	2,598,262,038
Deposits and other accounts :	12.00	**5,638,609,186**	**5,105,861,111**
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	12.01	5,624,191,953	5,086,189,074
Bearer certificates of deposits		-	-
Other deposits	12.02	14,417,233	19,672,037
Other liabilities	13.00	8,315,239,513	2,246,902,063
Total liabilities		**16,350,600,074**	**9,951,025,212**
Capital/shareholders' equity			
Total shareholders' equity :		**(6,685,193,562)**	**316,716,841**
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	(8,260,497,442)	(1,258,587,039)
Total liabilities & shareholders' equity		**9,665,406,512**	**10,267,742,053**

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Balance Sheet (Revised) - continued

as at December 31, 2017

Particulars	Notes	Amount in Taka	
		December 31, 2017	December 31, 2016
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	**(66.40)**	**3.15**

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

Company Secretary **Managing Director(C.C.)** **Director** **Chairman**

Signed in terms of our annexed report of even date.

Place: Dhaka
Dated: June 28, 2018

Ahmed Zaker & Co.
Chartered Accountants

Profit and Loss Account (Revised)

for the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		December 31, 2017	December 31, 2016
Interest income	21.00	128,298,319	257,627,829
Less: interest expenses on deposits & borrowings etc.	22.00	858,084,228	819,374,124
Net interest income :		**(729,785,909)**	**(561,746,295)**
Income from investments	23.00	(61,848,134)	2,271,172
Commission, exchange and brokerage	24.00	-	-
Other operating income	25.00	783,245	2,148,147
		(61,064,889)	**4,419,319**
Total operating income :		**(790,850,798)**	**(557,326,976)**
Salaries and allowances	26.00	51,515,482	44,531,333
Rent, taxes, insurance, electricity etc.	27.00	15,889,463	16,463,672
Legal expenses	28.00	3,356,804	2,077,412
Postage, stamps, telecommunication etc.	29.00	882,540	804,398
Stationery, printing, advertisement etc.	30.00	2,035,607	1,534,276
Chief Executive Officer's salary and other fees	31.00	4,612,000	3,106,776
Directors' fees	32.00	852,000	431,800
Auditor's fees	33.00	115,000	115,000
Losses from loans, advances & leases		-	-
Repair, maintenance & depreciation of assets	34.00	4,394,652	4,835,637
Other expenses	35.00	8,520,899	10,517,374
Total operating expenses :		**92,174,447**	**84,417,678**
Profit before provision :		**(883,025,245)**	**(641,744,654)**
Provision for loans, advances & leases	36.00	6,088,572,250	36,437,057
Provision for diminution in value of investments	37.00	29,279,500	1,682,026
Provisions for other assets etc.			
Total provision :		**6,117,851,750**	**38,119,083**
Total profit/(Loss) before tax :		**(7,000,876,995)**	**(679,863,737)**
Provision for tax		1,033,408	1,572,283
Net profit/(Loss) after tax :		**(7,001,910,403)**	**(681,436,020)**
Appropriations :			
Statutory reserve		-	-
General reserve		-	-
Dividend, etc.		-	-
Retained earnings :		**(7,001,910,403)**	**(681,436,020)**
Basic Earnings Per Share (EPS) :	38.00	**(69.55)**	**(6.77)**

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

Company Secretary **Managing Director(C.C.)** **Director** **Chairman**

Signed in terms of our annexed report of even date.

Place: Dhaka
Dated: June 28, 2018

Ahmed Zaker & Co.
Chartered Accountants

Statement of Cash Flow

for the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		December 31, 2017	December 31, 2016
A. Cash flows from operating activities			
Interest receipt in cash		168,602,528	253,463,504
Interest payment in cash		(767,911,032)	(906,661,398)
Dividend receipt in cash		2,858,620	2,724,419
Fees & commission receipt in cash		-	-
Recovery of loans previously written off		-	-
Cash payments to employees		(59,038,351)	(48,100,406)
Cash payments to suppliers		(1,008,172)	(521,538)
Income tax paid		(2,788,510)	(2,290,472)
Cash receipts from other operating activities	39.00	783,245	826,856
Cash payments for other operating activities	40.00	(34,549,157)	(31,880,037)
Operating cash before changes in operating assets/liabilities		**(693,050,829)**	**(732,439,072)**
Increase/(Decrease) in operating assets and liabilities			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans, advances & leases to banks & other FIs		-	-
Loans, advances & leases to customers		429,463,206	1,851,396,575
Other assets	41.00	(12,586,416)	(2,938,930)
Deposits received from banks & other FIs		447,803,633	(285,741,094)
Deposits received from customers		90,199,245	(491,633,292)
Other liabilities account of customer		(5,254,804)	(774,794)
Trading liabilities		-	-
Other liabilities	42.00	(149,693,367)	280,570,489
		799,931,497	**1,350,878,954**
Net cash from operating activities		**106,880,668**	**618,439,882**
B. Cash flows from investing activities			
Cash from sale of securities		97,958,377	10,000,086
Payment for purchase of securities		(50,683,504)	(2,111,010)
Purchase/sale of property, plant & equipments		2,002,202	5,791,898
Net cash from investing activities		**49,277,075**	**13,680,974**
C. Cash flows from financing activities			
Receipts of long term loan/ issuance of debt securities		-	-
Repayments of loan & redemption of debt securities		95,252,356	(887,630,186)
Net drawdown/(payment) of short term loan		(348,088,138)	298,498,344
Receipts from Share Money Deposit		-	-
Dividend paid in cash		7	1,050
Net cash from financing activities		**(252,835,775)**	**(589,130,792)**
Net increase/(decrease) in cash & cash equivalents (A+B+C)		**(96,678,032)**	**42,990,064**
Effects of exchange rate changes on cash & cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		280,809,276	237,819,212
Cash and cash equivalents at the end of the year	43.00	**184,131,245**	**280,809,276**
Net Operating Cash Flow per Share (NOCFPS)		**1.06**	**6.14**

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

Company Secretary **Managing Director(C.C.)** **Director** **Chairman**

Signed in terms of our annexed report of even date.

Statement of Changes in Equity (Revised)

for the year ended December 31, 2017

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, 2017	1,006,799,440	362	154,713,730	10,364,681	403,425,667	(1,258,587,039)	316,716,841
Changes in accounting policy							-
Dividend for 2016:	-	-	-	-	-	-	-
Stock dividend	-	-	-	-	-	-	-
Restated balance	**1,006,799,440**	**362**	**154,713,730**	**10,364,681**	**403,425,667**	**(1,258,587,039)**	**316,716,841**
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	-	-	-	-	-	(7,001,910,403)	(7,001,910,403)
Appropriation duringn the year	-	-	-	-	-	-	-
Balance as on December 31, 2017	**1,006,799,440**	**362**	**154,713,730**	**10,364,681**	**403,425,667**	**(8,260,497,442)**	**(6,685,193,562)**
Balance as on December 31, 2017	**1,006,799,440**	**362**	**154,713,730**	**10,364,681**	**403,425,667**	**(1,258,587,039)**	**316,716,841**

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

Company Secretary | **Managing Director(C.C.)** | **Director** | **Chairman**

Signed in terms of our annexed report of even date.

Ahmed Zaker & Co.
Chartered Accountants

Place: Dhaka
Dated: June 28, 2018

AMARSTOCK

Liquidity Statement (analysis of maturity of assets and liabilities)

as on December 31, 2017

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	20,874	-	-	-	-	20,874
Balance with Bangladesh Bank and its agent bank (s)	- 47,078,128	-	48,515,920	-	-	1,437,792
Balance with banks and other financial institutions	42,672,579	90,000,000	50,000,000	-	-	182,672,579
Money at call and short notice	-	-	-	-	-	-
Investments	79,622,853	-	-	-	117,500,000	197,122,853
Loans advances and leases	161,514,257	336,979,652	1,305,280,030	6,356,704,416	215,545,290	8,376,023,645
Fixed assets including premises, furniture and fixtures	-	-	-	-	452,567,079	452,567,079
Other assets	-	3,571,130	149,943,745	298,502,578	3,544,237	455,561,690
Non financial institutional assets	-	-	-	-	-	-
Total assets (A):	**236,752,436**	**430,550,782**	**1,553,739,695**	**6,655,206,994**	**789,156,606**	**9,665,406,512**
Liabilities:						
Borrowings from banks, other financial institutions and agents	521,450,200	305,200,895	675,475,998	894,624,282	-	2,396,751,375
Term Deposits	2,123,096,469	360,384,442	2,981,626,805	90,124,842	68,959,395	5,624,191,953
Other deposits	-	-	-	5,799,567	8,617,666	14,417,233
Other liabilities	108,681,766	191,470,711	682,527,653	788,697,723	6,543,861,660	8,315,239,513
Total liabilities (B):	**2,753,228,436**	**857,056,048**	**4,339,630,456**	**1,779,246,414**	**6,621,438,721**	**16,350,600,074**
Net liquidity gap (A - B):	**(2,516,476,000)**	**(426,505,266)**	**(2,785,890,761)**	**4,875,960,580**	**(5,832,282,115)**	**(6,685,193,562)**

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

Company Secretary **Managing Director(C.C.)** **Director** **Chairman**

AMARSTOCK

Notes to the Financial Statements - continued

For the year ended December 31, 2017

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 3 August 2002 and FID circular No. 3 dated 3 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 3 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, 2017 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	Presentati on 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 balance sheet date	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 adopt on 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	Operat ng segments	N/A	
IFRS 9	Financial instruments		Not yet adopted by ICAB
BFRS 10	Consolidated nancial statements	N/A	
BFRS 11	Joint arrangements	N/A	
BFRS 12	Disclosure of interests in other ent t es	N/A	
BFRS 13	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 equipment's".

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.

3.6.2Disposal 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.

3.6.3Depreciation 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 balance sheet date". 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 5 (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

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 assets 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 2017 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.

3.21.1Basic 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 2017, 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 2017, 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

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 Institution 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.

3.24.11Constant 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 reduce 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	
			December 31, 2017	December 31, 2016
4.00	**Cash**			
	This is made up as follows:			
	Cash in hand	Note: 4.01	20,874	639,269
	Balance with Bangladesh Bank & its agent bank's	Note: 4.02	1,437,792	89,737,106
	Closing Balance:		**1,458,666**	**90,376,375**
4.01	**Cash in hand**			
	This is made up as follows:			
	Local currency		20,874	639,269
	Foreign currency		-	-
	Closing Balance:		**20,874**	**639,269**
4.02	**Balance with Bangladesh Bank & its agent bank (s)**			
	This is made up as follows:			
	Balance with Bangladesh Bank	Note: 4.02.1	1,437,792	89,737,106
	Balance with Bangladesh Bank's agent bank	Note: 4.02.2	-	-
	Closing Balance:		**1,437,792**	**89,737,106**
4.02.1	**Balance with Bangladesh Bank**			
	This is made up as follows:			
	Local currencies		1,437,792	89,737,106
	Foreign currencies		-	-
	Closing Balance:		**1,437,792**	**89,737,106**
4.02.2	**Balance with Bangladesh Bank's agent bank**			
	This is made up as follows:			
	Local currencies		-	-
	Foreign currencies		-	-
	Closing Balance:		**-**	**-**
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		48,515,920	44,352,969
	Actual reserve held with Bangladesh Bank		5,998,348	25,489,520
	Surplus / (deficit)		**(42,517,572)**	**(18,863,449)**
4.03.2	**Statutory Liquidity Requirement (SLR): 5% (including 2.5% CRR) of average liabilities:**			
	This is made up as follows:			
	Required reserve		168,788,773	173,345,299
	Actual reserve held		186,124,539	175,209,185
	Surplus / (deficit)		**17,335,766**	**1,863,886**
4.03.3	**Held for Statutory Liquidity Requirement (SLR):**			
	This is made up as follows:			
	Cash in hand	Note: 4.01	20,874	639,269
	Balance with Bangladesh Bank and its agent bank(s)	Note: 4.02	1,437,792	89,737,106
	Balance with other bank and financial institutions	Note: 5	182,672,579	190,432,901
	Money at call on short notice	Note: 6	-	-
	Closing Balance:		**184,131,245**	**280,809,276**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			December 31, 2017	December 31, 2016
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.			
5.00	**Balance with banks and other financial institutions**			
	This is made up as follows:			
	In Bangladesh	Note: 5.01	182,672,579	190,432,901
	Outside Bangladesh		-	-
	Closing Balance:		**182,672,579**	**190,432,901**
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
	The City Bank Uttara Branch, Dhaka		16,732	19,612
	Dutch Bangla Bank Limited		627,659	629,309
	Dhaka Bank Ltd., Local Office, Dhaka		-	1
	EXIM Bank of BD. Ltd., Motijheel Branch, Dhaka		30,236	30,811
	EXIM Bank of BD. Ltd., Panthapath Branch, Dhaka		94	2,394
	EXIM Bank of BD. Ltd., Satmasjid Road Branch, Dhaka		-	95
	IFIC Bank Ltd., Motijheel Branch		-	8,154
	The Farmers Bank Limited		-	971
	Janata Bank Ltd., Local Office, Dhaka		10,457	11,607
	Prime Bank Ltd., Motijheel Branch, Dhaka		173,339	175,564
	Social Islami Bank Ltd., Principal Branch, Dhaka		13,075	14,225
	Southeast Bank Ltd, Principal Branch, Dhaka		-	1,232,985
	Southeast Bank Ltd., Uttara Branch, Dhaka		-	2,823
	Total:		**1,122,167**	**2,390,431**
	B. Short term deposit account:			
	Bank Alfalah Ltd., Motijheel Branch, Dhaka		33,775	35,075
	Bank Asia Ltd., Principal Office, Dhaka		8,142,551	420,935
	Bank Asia-Sonargaon-Janapath Road Br.		302,418	1,861,822
	CLG-Bank Asia Ltd.NGANJ Br.		124,641	-
	CLG-Bank Asia Agb Br.		2,313,354	-
	Bangladesh Commerce Bank Ltd., Principal Office, Dhaka		204,363	201,685
	BASIC Bank Limited		15,514	351
	The City Bank Ltd., Principal Branch, Dhaka		12,991	9,654
	Dhaka Bank Ltd., Local Office, Dhaka		473,150	473,150
	EXIM Bank of BD Ltd., Head office Corp. Br		12,854,470	-
	First Security Islami Bank Ltd., Dilkusha Branch, Dhaka		-	97,544
	Jamuna Bank Ltd., Banani Branch, Dhaka		92,776	92,377
	Mercantile Bank Ltd., Main Branch, Dhaka		2,514,029	18,079,692
	Mutual Trust Bank Ltd., PB, Dhaka		31,947	31,719
	Mutual Trust Bank Ltd., Principal Branch, Dhaka		(24,905)	11,629
	Mutual Trust Bank Ltd., Jubly Road Branch, Chittagong		17,582	17,934
	Mutual Trust Bank Ltd., Narayangonj Branch		399	1,197,640
	NRB Global Bank Limited		157,483	153,229
	Social Islami Bank Ltd., IDB Bhaban Branch, Dhaka		48,502	52,827
	Southeast Bank Ltd., Mohammadpur Branch, Dhaka		-	3,192
	Southeast Bank Ltd., Principal Branch, Dhaka		12,417,090	5,213,515
	Standard Bank Ltd., Foreign Exchange Branch, Dhaka		134,983	133,408
	The HSBC, Dhaka Offfice		24,082	24,082
	Uttara Bank Ltd., Local Office, Dhaka		576,398	568,470
	Mercentile Bank Ltd., Agrabad Branch, Chittagong		41,219	2,787,019
	Mutual Trust Bank Ltd., Agrabad Branch, Chittagong		1,041,599	6,575,520
	Total:		**41,550,412**	**38,042,470**
	C) Fixed deposits:			
	With bank	Note: 5.01.1	90,000,000	50,000,000
	With other financial institutions	Note: 5.01.2	50,000,000	100,000,000
	Total:		**140,000,000**	**150,000,000**
	Closing Balance (A+B+C):		**182,672,579**	**190,432,901**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
5.01.1	**With banks:**			
	Mercantile Bank Ltd.		-	50,000,000
	Modhumoti Bank Limied		90,000,000	-
	Closing Balance:		**90,000,000**	**50,000,000**
5.01.2	**With other financial institutions:**			
	Reliance Finance Limited		50,000,000	100,000,000
	Closing Balance:		**50,000,000**	**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		42,672,579	40,432,901
	More than 1 month but not more than 3 months		90,000,000	50,000,000
	More than 3 months but not more than 1 year		50,000,000	100,000,000
	More than 1 year but not more than 5 years		-	-
	More than 5 years		-	-
	Closing Balance:		**182,672,579**	**190,432,901**
6.00	**Money at call on short notice**			
	This is made up as follows:			
	With banks		-	-
	With financial institutions		-	-
	Closing Balance:		-	-
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		-	-
	Closing Balance:		-	-
	Other investments:			
	Preference shares	Note: 7.01	-	-
	Ordinary shares	Note: 7.02	197,122,853	309,913,639
	Debenture and bonds		-	-
	Others		-	-
	Closing Balance:		**197,122,853**	**309,913,639**
7.01	**Preference shares**			
	This is made up as follows:			
	Quoted shares		-	-
	Unquoted shares	Note: 7.01.1	-	-
	Closing Balance:		-	-
7.01.1	**Unquoted shares**			
	This is made up as follows:			
	Summit Uttarnchol Power Co. Ltd. & Summit Purbanchol Power Co. Ltd.		-	-
	Closing Balance:		-	-

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Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
7.02	**Ordinary shares**			
	This is made up as follows:			
	Quoted shares	Note: 7.02.1	79,622,853	192,413,639
	Unquoted shares	Note: 7.02.2	117,500,000	117,500,000
	Closing Balance:		**197,122,853**	**309,913,639**
7.02.1	**Quoted shares**			
	This is made up as follows:			
	Name of the Company			
	Al Arafah Islami Bank Ltd.		-	10,241,837
	Active Fine Chemicals Ltd.		2,525,641	
	Argon Denim Ltd.		8,091,902	
	Bangladesh Thai Aluminium Ltd.		-	9,528,890
	BEXIMCO Ltd.		-	60,000,000
	BEXIMCO Pharmaceutical Ltd.		-	11,503,685
	BSRM Steels Ltd.		44,832,900	44,832,675
	CAPM BDBL Mutuai Fund		277,702	
	City General Insurance co.		351,525	
	Confidence Cement Ltd.		-	4,448,128
	Dhaka Bank Ltd.		1,386,267	1,618,980
	EXIM Bank of BD Ltd.		-	566,650
	Grameen One: Scheme Two		6,053,832	3,270,500
	IFIC Bank Limited		1,313,121	
	IPDC Finance Ltd.		-	2,192,270
	Jamuna Oil Company Ltd.		-	14,053,214
	Khulna Power Company Ltd.		-	7,831,189
	Makson Spinning Mills Ltd.		-	4,535,000
	Naheescp		9,509	
	Phoenix Finance & Investments Ltd.		-	7,362,875
	Prime Bank Ltd.		-	745,000
	Prime Finance & Investments Ltd.		-	4,742,746
	RN Spinning Mills Limited		-	4,940,000
	Sumit Power LTD.		2,624,184	-
	United Power Generation & Distribution Co. Ltd.		12,156,270	-
	Closing Balance:		**79,622,853**	**192,413,639**
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
	Closing Balance:		**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	2,699,388	13,172,467
	Non banking financial institutions	-	14,297,891
	Insurance companies	351,525	-
	Investment companies	6,331,534	-
	Fuel & power	14,780,454	21,884,403
	Manufacturing companies and others	172,959,952	260,558,878
	Closing Balance:	**197,122,853**	**309,913,639**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
7.04	**Residual maturity groupings of investments**			
	This is made up as follows:			
	Upto 1 month		79,622,853	192,413,639
	More than 1 month but not more than 3 months		-	-
	More than 3 months but not more than 1 year		-	-
	More than 1 year but not more than 5 years		-	-
	More than 5 years		117,500,000	117,500,000
	Closing Balance:		**197,122,853**	**309,913,639**
	(A schedule of investment in shares is given in **Annexure- A)**			
8.00	**Loans, advances and leases**			
	This is made up as follows:			
	Loans, cash credits, overdrafts, etc.	Note: 8.a	8,376,023,645	8,773,730,633
	Bills purchased and discounted	Note: 8.b	-	-
	Closing Balance:		**8,376,023,645**	**8,773,730,633**
8.a	**Loans, cash credits, overdrafts, etc.**			
	This is made up as follows:			
	Inside Bangladesh			
	Lease receivable	Note: 8.01	420,419,276	508,903,710
	Advance against lease	Note: 8.02	40,657,885	40,657,886
	Term loans	Note: 8.03	7,813,593,856	8,123,349,479
	Housing finance		92,987,916	91,296,716
	Staff loan	Note: 8.04	8,364,712	9,522,842
			8,376,023,645	**8,773,730,633**
	Outside Bangladesh		-	-
	Closing Balance:		**8,376,023,645**	**8,773,730,633**
8.01	**Lease receivable**			
	This is made up as follows:			
	Principal receivable	Note: 8.1.1	111,490,673	196,181,170
	Accounts receivable		308,928,603	312,722,540
	Closing Balance:		**420,419,276**	**508,903,710**
8.1.1	**Principal receivable**			
	This is made up as follows:			
	Gross lease receivable		117,795,657	208,578,470
	Less: Unearned lease income		6,304,984	12,397,300
	Closing Balance:		**111,490,673**	**196,181,170**
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		5,590,868,936	5,933,098,690
	Accounts receivable		2,222,724,920	2,190,250,789
	Closing Balance:		**7,813,593,856**	**8,123,349,479**
8.04	**Staff loans**			
	This is made up as follows:			
	Housing finance		-	-
	Term loan		8,364,712	9,522,842
			8,364,712	**9,522,842**

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Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		December 31, 2017	December 31, 2016
8.05	**Residual maturity grouping of loans, advances and leases:**		
	This is made up as follows:		
	Receivable:		
	On Demand	-	-
	Upto 1 month	161,514,257	165,248,726
	More than 1 month but not more than 3 months	336,979,652	336,479,052
	More than 3 months but not more than 1 year	1,305,280,030	1,339,364,156
	More than 1 year but not more than 5 years	6,356,704,416	6,637,581,142
	More than 5 years	215,545,290	295,057,556
	Closing Balance:	**8,376,023,645**	**8,773,730,633**
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	6,213,559,838	6,232,959,513
8.06.2	Loans, advances and leases to CEO & Sr. Executives/Officers	8,364,712	9,522,842
8.06.3	Loans, advances and leases to customer groups	2,154,099,095	253,125,278
	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, 2017		As at December 31, 2016	
	Amount	%	Amount	%
Trade and Commerce	1,366,268,546	16.31%	1,453,173,309	16.56%
Industry:				
A) Garments and Knitwear	2,106,071,415	25.14%	2,127,908,369	24.25%
B) Textile	756,122,797	9.03%	823,033,721	9.38%
C) Jute and Jute Products	58,688,921	0.70%	58,688,921	0.67%
D) Food Production and	11,529,573	0.14%	18,504,045	0.21%
E) Plastic Industry	2,277,529	0.03%	1,489,485	0.02%
F) Leather and Leather-Goods	-	0.00%	13,854,078	0.16%
G) Iron, Steel and Engineering	299,711,083	3.58%	332,910,276	3.79%
H) Pharmaceuticals and Chemicals	11,473,145	0.14%	39,835,954	0.45%
I) Cement and Allied Industry	101,198,829	1.21%	109,548,245	1.25%
J) Telecommunication and	1,732,039,561	20.68%	2,044,736,954	23.31%
K) Paper, Printing and Packaging	485,852,831	5.80%	171,465,255	1.95%
L) Glass, Glassware and Ceramic	-	0.00%	2,723,110	0.03%
M) Ship Manufacturing Industry	82,462,522	0.98%	82,911,416	0.94%
N) Electronics and Electrical Products	9,092,928	0.11%	12,965,580	0.15%
O) Power, Gas, Water and	268,834,802	3.21%	320,085,794	3.65%
P) Transport and Aviation	130,910,031	1.56%	125,695,340	1.43%
Q) Agriculture	33,713,545	0.40%	34,006,303	0.39%
R) Housing	344,439,846	4.11%	349,615,660	3.98%
Others:				
A) Merchant Banking	41,351,550	0.49%	45,082,420	0.51%
B) Margin Loan	-		-	
C) Others	533,984,191	6.38%	605,496,398	6.90%
Total	**8,376,023,645**	**100.00%**	**8,773,730,633**	**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 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Dhaka	7,614,865,014	90.91%	7,926,233,092	90.34%
Chittagong	761,158,631	9.09%	847,497,541	9.66%
Total	**8,376,023,645**	**100.00%**	**8,773,730,633**	**100.00%**

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		December 31, 2017	December 31, 2016
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	297,258,962	628,829,288
	Special Mention Account (SMA)	95,494,751	325,637,944
	Total Unclassified:	**392,753,713**	**954,467,232**
	Classified		
	Substandard	149,361,892	67,500,228
	Doubtful	130,560,162	217,884,914
	Bad or loss	7,703,347,878	7,533,878,259
	Total Classified:	**7,983,269,932**	**7,819,263,401**
	Closing Balance:	**8,376,023,645**	**8,773,730,633**
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	264,951,068	277,542,560
(ii)	Loans considered good for which the Financial Institution holds no Security other than the debtor's personal guarantee	7,478,900,249	7,833,972,487
(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	632,172,329	662,215,586
(iv)	Loans adversely classified; provision not maintained there against	-	-
		8,376,023,645	**8,773,730,633**
(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)	8,364,712	9,522,842
(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)	6,213,559,838	6,232,952,513
(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)	8,364,712	9,522,842
(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	-	-
(ix)	Due from Banking Companies	-	-
(x)	Classified loans for which interest has not been charged (note: 8.7)	7,983,269,932	7,819,263,401
	a) Increase/ (decrease) of specific provision (note: 13.01a)	40,040,173	42,627,172
	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	583,455,308	596,611,443
	e) Amount of interest credited to the interest suspense account (note:13.03)	373,765,471	359,972,546
(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.	-	-

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
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		1,092,979	998,479
	Electrical appliance		7,429,782	5,877,821
	Motor vehicles		15,280,154	17,689,804
	Interior decoration		4,267,816	4,267,816
	Office equipment		1,261,629	1,039,629
	Closing Balance:		**469,332,360**	**469,873,549**
	B. Accumulated depreciation:			
	Land and land development		-	-
	Furniture & fixture		422,836	348,376
	Electrical appliance		2,974,748	2,188,565
	Motor vehicles		10,414,882	10,374,472
	Interior decoration		2,241,685	2,016,558
	Office equipment		711,130	613,982
	Closing Balance:		**16,765,281**	**15,541,953**
	C. Written down value at December 31, 2017 (A-B)			
	Land and land development		440,000,000	440,000,000
	Furniture & fixture		670,143	650,103
	Electrical appliance		4,455,034	3,689,256
	Motor vehicles		4,865,272	7,315,332
	Interior decoration		2,026,131	2,251,258
	Office equipment		550,499	425,647
	Closing Balance:		**452,567,079**	**454,331,596**
	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	**Others assets**			
	A. Income generating other assets:			
	This is made up as follows:			
	Income receivable		-	-
	Closing Balance:		-	-
	B. Non-income generating:			
	This is made up as follows:			
	Stock of stamp		19,638	9,187
	Advance rent, advertisement etc.	Note: 10.01	2,732,226	6,119,187
	Receivable on sale of shares	Note: 10.02	819,267	10,108
	Security deposits	Note: 10.03	3,544,237	3,544,237
	Prepaid expenditure	Note: 10.04	326,748,515	310,064,567
	Branch adjustment account	Note: 10.05	-	-
	Sundry detors		16,198	16,198
	Others	Note: 10.06	121,681,609	129,193,425
	Closing Balance:		**455,561,690**	**448,956,909**
	Total (A+B):		**455,561,690**	**448,956,909**
10.01	**Advance rent, advertisement etc.**			
	This is made up as follows:			
	Advance for office premises.		2,732,226	6,119,187
	Closing Balance:		**2,732,226**	**6,119,187**
10.02	**Receivable on sale of shares**			
	This is made up as follows:			
	Anchor Securities Ltd.		579,858	(0.04)
	International Leasing Securities Ltd.		-	8,681
	LankaBangla Securities Ltd.		237,982	-
	Fareast Stocks & Bonds Ltd.		1,427	1,427
	Closing Balance:		**819,267**	**10,108**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
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	3,000,000
	Others		116,237	116,237
	Closing Balance:		**3,544,237**	**3,544,237**
10.04	**Prepaid expenditure**			
	This is made up as follows:			
	Advance payment for land		2,343,333	2,343,333
	Building construction		10,345,000	10,045,000
	Advance payment of tax	Note: 10.04.1	285,814,245	283,025,735
	Others		28,245,937	14,650,499
	Closing Balance:		**326,748,515**	**310,064,567**
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	280,504,378	277,715,868
	Closing Balance:		**285,814,245**	**283,025,735**
10.04.1.1	**Income tax refundable**			
	Year-wise break-up are as follows:			
	Assesment year	**Income year**		
	2003-2004	2002	4,042,297	4,042,297
	2004-2005	2003	971,703	971,703
	2006-2007	2005	295,867	295,867
	Closing Balance:		**5,309,867**	**5,309,867**
10.04.1.2	**Advance income tax**			
	Year-wise Break-up are as follows:			
	Assesment year	**Income year**		
	2005-2006	2004	1,200,331	1,200,331
	2007-2008	2006	7,384,177	7,384,177
	2008-2009	2007	7,878,688	7,878,688
	2009-2010	2008	6,590,386	6,590,386
	2010-2011	2009	8,731,427	8,731,427
	2011-2012	2010	9,013,223	9,013,223
	2012-2013	2011	22,947,016	22,947,016
	2013-2014	2012	14,735,190	14,735,190
	2014-2015	2013	45,975,386	45,975,386
	2015-2016	2014	48,616,179	48,616,179
	2016-2017	2015	102,353,393	102,353,393
	2017-2018	2016	2,290,472	2,290,472
	2018-2019	2,017	2,788,510	-
	Total:		**280,504,378**	**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.			
10.06	**Others**			
	This is made up as follows:			
	Receivable against interest on grace period		-	-
	Receivable against IDCP		32,341,983	32,341,983
	Receivable against LPI		81,882,023	91,461,326
	Accrued interest on fixed deposit		6,231,390	5,390,116
	Others (Receivable against insurance claim for HO fixed assets)		1,226,213	-
	Closing Balance:		**121,681,609**	**129,193,425**
11.00	**Borrowings from other financial institutions, banks and agents**			
	This is made up as follows:			
	In Bangladesh	Note: 11.01	2,396,751,375	2,598,262,038
	Outside Bangladesh		-	-
	Closing Balance:		**2,396,751,375**	**2,598,262,038**

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Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			December 31, 2017	December 31, 2016
11.01	**In Bangladesh**			
	This is made up as follows:			
	Refinance against SME loan from Bangladesh Bank	Note: 11.01.1	3,230,212	12,246,681
	Term loan from banks	Note: 11.01.2	2,053,713,718	1,898,119,774
	Short term loan	Note: 11.01.3	209,807,445	435,895,583
	Money at call & short notice	Note: 11.01.4	130,000,000	252,000,000
	Closing Balance:		**2,396,751,375**	**2,598,262,038**
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		68,702,080	64,232,258
	Dhaka Bank Limited		65,747,185	60,456,668
	Dutch Bangla Bank Limited		338,991,640	311,454,978
	Mercantile Bank Limited		454,046,359	409,131,112
	Midland Bank Limited		26,926,159	25,947,464
	Mutual Trust Bank Limited		45,381,586	52,628,309
	National Bank Limited		87,952,096	77,694,541
	NRB Commercial Bank Limited		66,581,605	57,394,839
	Pubali Bank Limited		109,642,304	103,220,225
	Shahjalal Islami Bank Limited		266,217,471	232,471,998
	Social Islami Bank Limited		106,657,359	92,258,084
	Standard Bank Limited		86,269,667	81,363,089
	The UAE Bangladesh Investments Co. Limited		5,184,151	9,340,905
	Uttara Bank Limited		325,414,056	320,525,304
	Closing Balance:		**2,053,713,718**	**1,898,119,774**
11.01.3	**Short term loan**			
	This is made up as follows:			
	Banladesh Development Bank Ltd.		200,000,000	210,000,000
	International Leasing and Financial Services Ltd.		-	12,000,000
	Mercantile Bank Limited		9,807,445	62,395,583
	Modhumoti Bank Limited		-	20,000,000
	Mutual Trust Bank Limited		-	50,000,000
	Reliance Finance Ltd.		-	57,500,000
	The Farmers Bank Limited		-	24,000,000
	Closing Balance:		**209,807,445**	**435,895,583**
11.01.4	**Money at call on short notice**			
	This is made up as follows:			
	Agrani Bank Limited		40,000,000	90,000,000
	Dutch Bangla Bank Limited		-	36,000,000
	Modhumoti Bank Limited		-	-
	NRB Bank Limited		-	20,000,000
	Sonali Bank Limited		90,000,000	90,000,000
	South Bangla Agriculture and Commerce Bank Limited		-	16,000,000
	Closing Balance:		**130,000,000**	**252,000,000**
11.02	**Analysis by security against borrowing from other financial institutions, banks and agents**			
	This is made up as follows:			
	Secured	Note: 11.02.1	2,053,713,718	1,898,119,774
	Unsecured		343,037,657	700,142,264
	Closing Balance:		**2,396,751,375**	**2,598,262,038**

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
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		130,000,000	252,000,000
	Within 1 month		391,450,200	618,836,479
	Over 1 months but not more than 3 months		305,200,895	199,622,945
	Over 3 months but not more than 1 year		675,475,998	631,129,633
	Over 1 year but not more than 5 years		896,615,282	896,672,981
	Over 5 years		-	-
	Closing Balance:		**2,398,742,375**	**2,598,262,038**
12.00	**Deposits & other accounts**			
	This is made up as follows:			
	Term deposits	Note: 12.01	5,624,191,953	5,086,189,074
	Other deposits	Note: 12.02	14,417,233	19,672,037
	Closing Balance:		**5,638,609,186**	**5,105,861,111**
12.01	**Term deposits**			
	This is made up as follows:			
	Term deposit from banks and other FIs		3,685,770,040	3,237,966,406
	Term deposit from other than banks & FIs	Note: 12.01.1	1,938,421,913	1,848,222,668
	Closing Balance:		**5,624,191,953**	**5,086,189,074**
12.01.1	**Term deposit from other than banks & FIs**			
	This is made up as follows:			
	General term deposits		1,818,216,727	1,735,897,852
	Double benefit scheme		105,699,376	102,002,536
	Monthly savings scheme (MSS)		14,482,710	10,322,280
	MSS Kotipati Scheme		23,100	-
	Closing Balance:		**1,938,421,913**	**1,848,222,668**
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		1,654,783,540	600,000,000
	In more than 1 month but less than 6 months		1,720,986,500	2,587,966,406
	In more than 6 months but less than 1 year		310,000,000	50,000,000
	In more than 1 year but within 5 years		-	-
	In more than 5 year but within 10 years		-	-
	Closing Balance:		**3,685,770,040**	**3,237,966,406**
	From other than banks & Fis Payable:			
	On demand		-	-
	Upto 1 month		468,312,929	250,284,524
	In more than 1 month but less than 6 months		980,075,342	1,014,565,946
	In more than 6 months but less than 1 year		330,949,405	366,291,229
	In more than 1 year but within 5 years		90,124,842	148,165,772
	In more than 5 year but within 10 years		68,959,395	68,915,197
	Closing Balance:		**1,938,421,913**	**1,848,222,668**
	Unclaimed deposits aging 10 years or more			-

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
12.02	**Other deposits**			
	This is made up as follows:			
	Other deposits-other than banks & FIs	Note: 12.02.1	14,417,233	19,672,037
	Closing Balance:		**14,417,233**	**19,672,037**
12.02.1	**Other deposits-other than banks & FIs**			
	This is made up as follows:			
	Lease advance		14,138,925	19,672,037
	Security Deposits		278,308	-
	Closing Balance:		**14,417,233**	**19,672,037**
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		-	-
	Over 1 months but not more than 3 months		-	-
	Over 3 months but not more than 1 year		-	-
	Over 1 year but not more than 5 years		5,799,567	2,629,898
	Over 5 years		8,617,666	17,042,139
	Closing Balance:		**14,417,233**	**19,672,037**
13.00	**Other liabilities**			
	This is made up as follows:			
	Provision for loans, advances and leases	Note: 13.01	6,875,519,673	786,947,423
	Provision for diminution in value of investments	Note: 13.02	148,650,008	119,370,508
	Interest suspense	Note: 13.03	373,765,471	359,972,546
	Withholding tax payable		261,221	23,286,009
	VAT payable		141,294	378,742
	Excise duty payable		115,170	147,600
	Provision for taxation	Note: 13.04	405,567,445	404,534,037
	Dividend payable		4,347,371	4,347,364
	Financial expenses payable	Note: 13.05	242,593,951	152,420,755
	Payable against gratuity		11,408,290	14,415,305
	Accrued expenses and other payable		2,809,631	4,623,085
	Sundry deposits		250,059,988	376,458,689
	Provision for off-balance sheet items		-	-
	Closing Balance:		**8,315,239,513**	**2,246,902,063**
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		753,606,960	716,019,865
	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		6,059,433,523	42,627,172
	Provision held at the end of the year		**6,813,040,483**	**753,606,960**
	(b) General provision against unclassified loans, advances and leases:			
	Opening balance		33,340,463	39,530,578
	Provision made during the year		29,138,727	(6,190,115)
	Balance at the end of the year		**62,479,190**	**33,340,463**
	Total (a+b):		**6,875,519,673**	**786,947,423**
13.02	**Provision for diminution in value of investments**			
	This is made up as follows:			
	Opening balance		119,370,508	117,688,482
	Provision made during the year		29,279,500	1,682,026
	Balance at the end of the year		**148,650,008**	**119,370,508**
	Details are show in Annexure-A			

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
13.03	**Interest suspense**		
	This is made up as follows:		
	Opening balance	359,972,546	373,597,189
	Add: Amount transferred during the year	23,057,010	67,593,505
	Less: Amount recovered during the year	9,264,085	81,218,148
	Less: Amount written off during the year	-	-
	Balance at the end of the year	**373,765,471**	**359,972,546**
13.04	**Provision for taxation**		
	This is made up as follows:		
	Balance at the beginning of the year	404,534,037	402,961,754
	Add: Provision made during the year	1,033,408	1,572,283
	Less: Adjustment	-	-
	Balance at the end of the year	**405,567,445**	**404,534,037**
	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	1,572,283
	2018-2019 / 2017	1,033,408	-
	Total :	**405,567,445**	**404,534,037**
	Due to loss for the year 2017, company provided minimum income tax as per ordinance 1984 under section 82C		
13.05	**Financial expenses payable:**		
	This is made up as follows:		
	Interest on Term deposits	239,435,654	149,701,430
	Interest on term loan	189,646	189,646
	Interest on Placement of Fund	395,278	462,500
	Interest on money at call loan and short notice	173,124	174,999
	Interest Paid on Short Term Borrowings	1,875	-
	Interest on monthly savings scheme	2,398,373	1,892,180
	Closing Balance:	**242,593,951**	**152,420,755**
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, 2017 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	-	-
	Closing Balance:	**1,006,799,440**	**1,006,799,440**

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Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		December 31, 2017	December 31, 2016

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
Closing Balance:	**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
2017	Bonus share	-	-	1,006,799,440

14.04 Group wise paid up share capital:

Group	No. of Shareholders		No. of Shares		Percentage	
	2017	2016	2017	2016	2017	2016
Sponsors/Directors	5	7	37,255,105	37,280,231	37.00%	37.03%
Institutions	115	176	46,697 906	46,550,257	46.38%	46.24%
General Public (individuals)	3977	4315	16 726 933	16,849,456	16.61%	16.74%
Total	**4097**	**4498**	**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 31.12.2017 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	1,509	257,828	0.26%
501 to 1,000	564	444,086	0.44%
1,001 to 10,000	1,697	5,302,860	5.27%
10,001 to 50,000	252	5,235,884	5.20%
50,001 to 100,000	28	2,025,860	2.01%
100,001 to 1,000,000	37	10,433,967	10.36%
1,000,001 to 5,000,000	8	15,285,787	15.18%
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 :	**4,100**	**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 2017.

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**

Notes to the Financial Statements - continued

Note no.	Particulars	Amount in Taka	
		December 31, 2017	December 31, 2016

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	-	-
Closing Balance:	**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	-	-
Closing Balance:	**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	-	-
Closing Balance:	**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 during the year 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	(1,258,587,039)	(577,151,019)
Less: Cash dividend for last year	-	-
Less: Stock dividend for last year	-	-
Add: Transferred from stock dividend	-	-
Add: Profit/(Loss) for the year	(7,001,910,403)	(681,436,020)
Less: Transferred to statutory reserve	-	-
Less: Transferred to general reserve	-	-
Closing Balance:	**(8,260,497,442)**	**(1,258,587,039)**

19.00 Net asset value per share

This is made up as follows:

Total assets	9,665,406,512	10,267,742,053
Total liabilities	16,350,600,074	9,951,025,212
Net assets:	**(6,685,193,562)**	**316,716,841**
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 Dec, 2017	**100,679,944**	**100,679,944**
weighted average number of ordinary shares	100,679,944	100,679,944
Net assets value per share	(66.40)	3.15
Net assets value per share	**(66.40)**	**3.15**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			December 31, 2017	December 31, 2016
20.00	**Profit and loss account**			
	This is made up as follows:			
	Income			
	Interest, discount and similar income	Note: 21	128,298,319	257,627,829
	Dividend income	Note: 23	2,858,620	2,724,419
	Commission, exchange and brokerage	Note: 24	-	-
	Gains less losses arising from dealing securities	Note: 23	(64,706,754)	(453,247)
	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	783,245	2,148,147
	Profit less losses on interest rate changes		-	-
	Total:		**67,233,430**	**262,047,148**
	Expenses:			
	Interest paid on deposits & borrowing	Note: 22	858,084,228	819,374,124
	Losses on loans, advances and leases		-	-
	Administrative expenses		81,254,311	71,022,935
	Other operating expenses	Note: 35	8,520,899	10,517,374
	Depreciation on FI's assets		2,399,237	2,877,369
	Total:		**950,258,675**	**903,791,802**
	Income over expenditure		**(883,025,245)**	**(641,744,654)**
21.00	**Interest income**			
	This is made up as follows:			
	Interest income from loans & leases	Note: 21.01	116,545,849	245,037,209
	Interest income from money at call & short notice		-	-
	Interest income from placement with banks & other FIs	Note: 21.02	11,752,470	12,590,620
	Total:		**128,298,319**	**257,627,829**
21.01	**Interest income from loans & leases**			
	This is made up as follows:			
	Interest income from leases		33,277,960	35,249,843
	Interest income from term finance		79,161,812	203,026,240
	Interest on housing finance		-	-
	Interest on staff loan		4,106,077	6,761,126
	Total:		**116,545,849**	**245,037,209**
21.02	**Interest income from placement with banks & other FIs**			
	This is made up as follows:			
	Interest income from fund placements		10,902,940	11,381,326
	Interest income from STD accounts		849,530	1,209,294
	Total:		**11,752,470**	**12,590,620**
22.00	**Interest paid on deposits & borrowings etc.**			
	This is made up as follows:			
	Interest paid on deposits		569,258,379	492,442,507
	Interest paid on borrowings	Note: 22.01	288,825,849	326,931,617
	Total:		**858,084,228**	**819,374,124**
22.01	**Interest paid on borrowings**			
	This is made up as follows:			
	Interest paid on term loan		280,464,578	310,562,806
	Interest paid on bond		-	-
	Interest paid on overdraft loan		757,997	1,143,821
	Interest paid on call loan		7,156,868	13,895,322
	Interest paid on re-financing loan from Bangladesh Bank		446,406	1,329,668
	Total:		**288,825,849**	**326,931,617**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			December 31, 2017	December 31, 2016
23.00	**Income from Investments**			
	This is made up as follows:			
	Capital gain/loss on sale of shares		(64,706,754)	(453,247)
	Dividend income		2,858,620	2,724,419
	Total:		**(61,848,134)**	**2,271,172**
24.00	**Commission, exchange & brokerage**			
	This is made up as follows:			
	Commission		-	-
	Exchange earnings		-	-
	Brokerage		-	-
	Total:		**-**	**-**
25.00	**Other operating income**			
	This is made up as follows:			
	Service charge		120,000	389,604
	Reimbursement of documentation costs		25,000	118,475
	Gain on disposal of leased assets		127,500	179,625
	Other income	Note: 25.01	510,745	1,460,443
	Total:		**783,245**	**2,148,147**
25.01	**Other income**			
	This is made up as follows:			
	Gain/(loss) on sale of fixed assets		-	1,321,291
	Miscellaneous income		510,745	139,152
	Total:		**510,745**	**1,460,443**
26.00	**Salary & allowances**			
	This is made up as follows:			
	Salaries		42,262,509	36,830,447
	Provident fund		2,047,496	1,817,571
	Bonus		4,428,735	2,918,930
	Gratuity		2,776,742	2,964,385
	Total:		**51,515,482**	**44,531,333**
27.00	**Rent, Taxes, Insurance, Electricity etc.**			
	This is made up as follows:			
	Rent, rates & taxes		14,072,943	14,744,342
	Insurance		441,470	599,298
	Power & electricity		1,350,780	1,096,928
	Water & sewerage		24,270	23,104
	Total:		**15,889,463**	**16,463,672**
28.00	**Legal expenses**			
	This is made up as follows:			
	Professional/legal fees		3,356,804	2,077,412
	Total:		**3,356,804**	**2,077,412**
29.00	**Postage, stamps, telecommunication etc.**			
	This is made up as follows:			
	Postage & courier expenses		66,678	30,017
	Stamp & court fees		38,449	142,895
	Telephone, fax & e-mail		777,413	631,486
	Total:		**882,540**	**804,398**
30.00	**Stationery, printing, advertisements etc.**			
	This is made up as follows:			
	Printing & stationary		934,079	570,557
	Advertisement and publicity		1,101,528	963,719
	Total:		**2,035,607**	**1,534,276**

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Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			December 31, 2017	December 31, 2016
31.00	**Chief executive officer's salary and other fees**			
	This is made up as follows:			
	Basic		2,220,000	1,432,258
	Other allowances		1,800,000	1,161,292
	Provident fund		222,000	143,226
	Bonus		370,000	370,000
	Total:		**4,612,000**	**3,106,776**
32.00	**Directors' fees**			
	This is made up as follows:			
	Meeting fees		852,000	431,800
	Total:		**852,000**	**431,800**
33.00	**Auditor's fees**			
	This is made up as follows:			
	Audit fees		115,000	115,000
	Total:		**115,000**	**115,000**
34.00	**Repair, maintenance & depreciation of assets**			
	This is made up as follows:			
	Repair, maintenance	Note: 34.01	1,995,415	1,958,268
	Depreciation	Note: 34.02	2,399,237	2,877,369
	Amortization	Annexure-B	-	-
	Total:		**4,394,652**	**4,835,637**
34.01	**Repair, maintenance**			
	This is made up as follows:			
	Office premises		741,503	711,873
	Office equipment		541,058	562,343
	Office furniture & fixtures		40,990	206,891
	Vehicles		671,864	477,161
	Total:		**1,995,415**	**1,958,268**
34.02	**Depreciation:**			
	This is made up as follows:			
	Land		-	-
	Furniture & fixture		74,461	72,234
	Electrical appliance		786,184	651,046
	Motor vehicles		1,216,319	1,828,834
	Interior decoration		225,126	250,140
	Office equipment		97,147	75,115
	Total:		**2,399,237**	**2,877,369**
	Details of depreciation are shown in **"Annexure - B"**			
35.00	**Other expenses:**			
	This is made up as follows:			
	Traveling & conveyance		595,328	382,443
	Books and periodicals		20,372	31,840
	Entertainment & public relations		1,390,023	786,922
	Motor vehicle expenses		1,505,904	1,069,909
	Commission on share trading		93,724	4,310
	Govt. Excise duty		176,546	43,500
	Registration/ renewal fee		1,343,668	1,314,027
	Donations		-	125,000
	AGM expenses		343,750	1,130,717
	Service charge		102,942	301,674
	Medical expenses		-	401,000
	Security services		-	-
	Bank charge		1,408,436	1,085,290
	CDBL fee		49,057	106,000
	Business promotional expense		1,229,659	3,603,127
	Uniforms & apparels		103,050	95,865
	Miscellaneous expenses		158,441	35,750
	Total:		**8,520,899**	**10,517,374**

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Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka December 31, 2017	Amount in Taka December 31, 2016
36.00	**Provision for loans, advances & leases**			
	This is made up as follows:			
	General provision against unclassified loans, advances & leases		29,1038,727	(6,190,115)
	Specific provision against classified loans, advances & leases		6,059,433,523	42,627,172
	Total:		**6,088,572,250**	**36,437,057**
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	29,279,500	1,682,026
	Total:		**29,279,500**	**1,682,026**
37.01	**Provisions for investment securities**			
	This is made up as follows:			
	Quoted securities		29,279,500	1,682,026
	Un-quoted securities		-	-
	Total:		**29,279,500**	**1,682,026**

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)	(7,001,910,403)	(681,436,020)

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 31,2017	**100,679,944**	**100,679,944**
weighted average number of ordinary shares	100,679,944	100,679,944
Earnings per share	(69.55)	(6.77)
Earnings per share	**(69.55)**	**(6.77)**

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 2017 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	120,000	389,604
Reimbursement-documentation costs	25,000	118,475
Gain on disposal of leased assets	127,500	179,625
Miscellaneous income	510,745	139,152
Total:	**783,245**	**826,856**

Notes to the Financial Statements - continued

Note no.	Particulars		Amount in Taka	
			December 31, 2017	December 31, 2016
40.00	**Cash payments for other operating activities**			
	This is made up as follows:			
	Rent, taxes, insurance, electricity, etc.		16,333,184	16,346,086
	Legal expenses		3,394,304	2,039,912
	Postage, stamp, telecommunication, etc.		894,597	789,700
	Advertisements, etc.		1,101,528	963,719
	Directors' fees		852,000	431,800
	Auditors' fee		150,000	130,000
	Repairs and maintenance		2,001,915	1,962,194
	Traveling & conveyance		595,328	382,443
	Books and periodicals		20,372	31,840
	Entertainment & public relations		1,193,923	706,574
	Training fee		196,700	80,348
	Motor vehicle expenses		1,505,904	1,069,909
	Commission on share trading		93,724	4,310
	Govt. Excise duty		176,546	43,500
	Registration/ renewal fee		1,343,668	1,314,027
	Donations		-	125,000
	AGM expenses		1,376,850	97,617
	Service charge		102,942	301,674
	Medical expenses		-	401,000
	Bank charge		1,408,436	1,085,290
	CDBL Fee		49,057	106,000
	Business promotional expense		1,229,659	3,603,127
	Uniforms & apparels		103,050	95,865
	Miscellaneous expenses		425,470	(231,899)
	Total:		**34,549,157**	**31,880,037**
41.00	**Other assets**			
	This is made up as follows:			
	Stock of stamp		(10,451)	48,778
	Advance rent, advertisement etc.		3,386,961	394,146
	Security deposits		-	(2,650,000)
	Prepaid expenditure		(13,895,439)	(3,691,631)
	Branch adjustment account		-	-
	Suspense account		-	(16,198)
	Accrued interest on fixed deposit		(841,274)	1,607,146
	Others		(1,226,213)	1,368,829
	Cash (Increase)/decrease in other assets		**(12,586,416)**	**(2,938,930)**
42.00	**Other liabilities**			
	This is made up as follows:			
	Withholding tax payable		(23,024,787)	19,421,684
	Vat payable		(237,448)	215,380
	Excise duty payable		(32,430)	43,800
	Sundry deposits		(126,398,702)	260,889,625
	Risk fund		-	-
	Net Increase/(decrease) in other liabilities		**(149,693,367)**	**280,570,489**
43.00	**Cash and cash equivalent**			
	This is made up as follows:			
	Cash in hand	Note: 4.01	20,874	639,269
	Balance with Bangladesh Bank & its agent bank (s)	Note: 4.02	1,437,792	89,737,106
	Balance with other banks & financial institutions	Note: 5	182,672,579	190,432,901
	Total:		**184,131,245**	**280,809,276**

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Note no.	Particulars	Amount in Taka	
		December 31, 2017	December 31, 2016

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 2017, the audit committee of the board conducted 06 (six) meettings from January 01, 2017 to December 31, 2017 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, 2017;
iii. Recommended and advised the board on appointment of external auditors for the year 2017 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 06 (six) meetings during the year 2017. On invitation, managing director of the company and chief financial officer (CFO) 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.

45 Related Party Disclosures:

45.01 Particulars of Directors

Sl. No.	Name of the Director	Designation	Address	% of Shares as at December 31, 2017
1	Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.)	Chairman	House-14, Road-02, Sector-11, Uttara, Dhaka.	5.46 (Share holding of Sukuza Venture Ltd.)
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.	5.46 (Share holding of Sukuza Venture Ltd.)
3	Mr. Neaz Ahmed (Nominee of Kanchi Venture Ltd.)	Director	Flat-4/D, House-40, Road-21, Block-B, Banani. Dhaka.	3.52 (Share holding of Kanchi Venture Ltd.)
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 Naya Paltan, Dhaka-1000.	-
8	Mr. Tajwar M Awal (Nominee Director of Pragati Life Insurance Ltd.)	Director	71, Gulshan avenue, Gulshan, Dhaka-1212.	2.27 (Share holding of Pragati Life Insurance Ltd.)
9	Brigadier General (retd.) Mohammad Selim (Independent Director)	Director	House # 540, Road # 07, Avenue # 06, Mirpur DOHS, Dhaka-1216.	-

45.02

Sl. No	Name of the Directors	Status in the FI	Name of firms/Companies where they have interest
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)	Director	
8	Mr. Tajwar M. Awal (Nominee Director of Pragati Life Insurance Ltd.)	Director	
9	Brigadier General (retd.) Mohammad Selim (Independent Director)	Director	

45.03 Transactions with Directors and their related entities

Name of the Company	Name of The Related Parties	Related by	Nature of transaction	Amount in Taka		Status of loan and advances
				31.12.2017	31.12.2016	
Tower Builders	Major (Retd.) Abdul Mannan	Ex-Director	Lease Fianace	6,823,119	6,823,119	Bad & Loss
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	18,882	18,882	Bad & Loss
Sunman Spining Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	10,624	10,624	Bad & Loss
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	201,638,081	201,638,081	Bad & Loss
M/S Telecom Enterprises	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	31,608,038	31,608,038	Bad & Loss
Alliance Holdings Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	-	-	Bad & Loss
M/s. Telecom Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	35,170,885	35,170,885	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	14,011,360	14,011,360	Bad & Loss
M/S. Alif Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	23,421,109	23,421,109	Bad & Loss
Metro Politon CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	46,692,683	46,692,683	Bad & Loss
M/S Telecom Enterprises	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	31,128,469	31,128,469	Bad & Loss
United Dresses Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	67,887,194	67,887,194	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	182,870,134	182,870,134	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	2,587,785	2,587,785	Bad & Loss
Telecom Services Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	83,881,705	83,881,705	Bad & Loss
M/s. Yeasmin Traders	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	92,368,215	92,368,215	Bad & Loss
Md. Rais Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	52,355,569	52,355,569	Bad & Loss
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	86,572,394	86,572,394	Bad & Loss
Golden Horizon Limited	Major (Retd.) Abdul Mannan and Ms. Umme Kulsum Mannan	Ex-Director	Term Loan	-	-	Bad & Loss
Golden Horizon Limited	Major (Retd.) Abdul Mannan and Ms. Umme Kulsum Mannan	Ex-Director	Term Loan	636,126,351	636,126,351	Bad & Loss
Mango Teleservices Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	-	-	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	2,811,144	2,811,144	Bad & Loss
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	136,650,509	136,650,509	Bad & Loss
Chowdhury Apparel	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	66,348,159	66,348,159	Bad & Loss
Bangladesh International Gateway Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	188,232,676	188,232,676	Bad & Loss
Teleplus Newyork Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	185,302,912	185,302,912	Bad & Loss
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	134,765,189	134,765,189	Bad & Loss
United Dresses Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	152,104,149	152,104,149	Bad & Loss
Bangladesh International Gateway Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	24,882,574	24,882,574	Bad & Loss
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	97,868,442	97,868,442	Bad & Loss
Motor Trade Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	154,015,035	154,015,035	Bad & Loss
Runa Properties	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	163,914,343	163,914,343	Bad & Loss
Rahmania Textile	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	86,248,428	86,248,428	Bad & Loss
East Asia Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	73,927,232	73,927,232	Bad & Loss
Sunman Spining Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	408,333	408,333	Bad & Loss
Metro Politon CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	38,033,910	38,033,910	Bad & Loss
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	639,487,525	639,487,525	Bad & Loss
Six Seasons Apartment Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan			Bad & Loss
United Dresses Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	34,764,212	34,764,212	Bad & Loss
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	164,230,282	164,230,282	Bad & Loss
M/S TELECOM SERVICE ENTERPRIZ	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	238,909,124	238,909,124	Bad & Loss
M/S Textile International	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	373,263,983	373,263,983	Bad & Loss
Tower Builders	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	354,163,459	354,163,459	Bad & Loss
Faiz Ahmed	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	-	-	Bad & Loss
Diamond Auto-Bricks Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	-	-	Bad & Loss
Galaxy Facilitaton Services Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	-	-	Bad & Loss
Click 2 Design Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	190,631,237	190,631,237	Bad & Loss
Paragon Ceramic Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	-	-	Bad & Loss
Kazi Tareq Shams	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	-	-	Bad & Loss
M/s. Rahmat Ullah & Company	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	336,505,040	336,505,040	Bad & Loss
M/S. Abdullah Brothers	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	375,797,568	375,797,568	Bad & Loss
Click 2 Design Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	119,651,825	119,651,825	Bad & Loss
Bilal D Mamoon	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	9,252,016	9,252,016	Bad & Loss
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	109,307,300	109,307,300	Bad & Loss
Teleplus Newyork Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	78,564,622	78,564,622	Bad & Loss
Techno WIFI Services	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	83,978,123	83,978,123	Bad & Loss
Transco Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	4,367,893	23,760,568	Standard
	Total			**6,213,559,838**	**6,232,952,513**	

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:

Landing 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

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 were 73.

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

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 branch at Uttara 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 April 30, 2018.

58.00 Date of authorization of financial statements:

The board of directors of the company in its 173st Meeting of the Board of Directors held on April 30, 2018 has approved the financial statement for the year ended December 31, 2017.

58.01 Revised Date of authorization of financial statements:

The board of directors of the company in its 175st Meeting of the Board of Directors held on June 28, 2018 has approved the financial statement for the year ended December 31, 2017.

Investment in Quoted & Un-Quoted Ordinary Shares

Annexure-A

Sl.No.	Particulars	Quantity	Price (W.A.)	Amount (Purchased)	Present Price	Value of Stock (Present)	Price Difference	Gain/Loss
01	Active Fine Chemicals Ltd.	65,000	38.86	2,525,641.20	35	2,288,000.00	(4)	(237,641)
02	Argon Denim Ltd.	234,937	33.44	8,091,901.50	31	7,259,553.30	(3)	(832,348)
03	BSRM Steels Limited	210,000	213.49	44,832,900.00	79	16,485,000.00	(135)	(28,347,900)
04	CAPM BDBL MUTUAL FUND	34,873	7.96	277,702.07	8	282,471.30	0	4,769
05	City General Insurance co.	19,310	18.20	351,525.15	18	351,442.00	-	(83)
06	Dhaka Bank Ltd.	60,000	23.10	1,386,267.00	22	1,320,000.00	(1)	(66,267)
07	Grameens2	309,252	19.58	6,053,832.36	16	4,793,406.00	(4)	(1,260,426)
08	IFIC	70,000	18.76	1,313,121.00	18	1,260,000.00	(1)	(53,121)
09	Sumit Power LTD.	70,626	37.16	2,624,184.15	36	2,535,473.40	(1)	(88,711)
10	United Power Generation & Distribution Co. Ltd.	65,000	187.02	12,156,270.10	181	11,771,500.00	(6)	(384,770)
11	NAHEEACP	1,141	8.33	9,508.33	73	83,749.40	65	74,241
12	OIMEX	648	-	-	65	42,249.60	65	42,250
13	BanglaLion Communications Ltd.	10,750,000	10.00	107,500,000.00	-	-	(10)	(107,500,000)
14	GMG Airlines Ltd.	220,000	45.45	10,000,000.00	-	-	(45)	(10,000,000)
	Total	**12,110,787**		**197,122,853**		**48,472,845**		**(148,650,008)**

Schedule of Property, Plant & Equipments for the year ended 31 December, 2017

Annexure-B

Particulars	Land	Furniture & Fixture	Electrical Appliance	Motor Vehicles	Interior Decoration	Office Equipment	Intangible Assets	Total
COST (A)								
Balance at 1 Jan, 2017	440,000,000	998,479	5,877,821	17,689,804	4,267,816	1,039,629	-	469,873,549
Addition during the year	-	94,500	1,551,961	-	-	222,000	-	1,868,461
Adjustment during the year	-	-	-	2,409,650	-	-	-	2,409,650
Balance at 31 Dec. 2017	**440,000,000**	**1,092,979**	**7,429,782**	**15,280,154**	**4,267,816**	**1,261,629**	**-**	**469,332,360**
Rate of Depreciation (%)	0%	10%	15%	20%	10%	15%	20%	
DEPRECIATION (B)								
Balance at 1 Jan, 2017	-	348,376	2,188,565	10,374,472	2,016,558	613,982	-	15,541,953
Charged during the year	-	74,460	786,183	1,216,319	225,127	97,148	-	2,399,237
Adjustment during the year	-	-	-	1,175,909		-	-	1,175,909
Balance at 31 Dec. 2016	**-**	**422,836**	**2,974,748**	**10,414,882**	**2,241,685**	**711,130**	**-**	**16,765,281**
WDV at Dec. 31, 2017 (A-B)	**440,000,000**	**670,143**	**4,455,034**	**4,865,272**	**2,026,131**	**550,499**	**-**	**452,567,079**
WDV at Dec. 31, 2016	**440,000,000**	**650,103**	**3,689,256**	**7,315,332**	**2,251,258**	**425,647**	**-**	**454,331,596**

During the year the Company disposed the following fixed assets:

I. Type of Assets	Motor Vehicle
Cost	2,409,650
Accumulated depreciation	1,175,909
Book value	1,233,741
Sale proceeds	1,100,000
Gain/(loss) on disposal	(133,741)
Buyer	Exclusive Car
Type of Buyer	Outsider
Mode of disposal	Transfer

HIGH LIGHTS

Annexure-C
(Amount in Taka)

Sl No.	Particulars	2017	2016
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)	(6,824,427,568)	148,344,109
3	Capital surplus / (deficit) (note-14.6)	6,799,440	6,799,440
4	Total assets	9,665,406,512	10,267,742,053
5	Total deposits (note-12.1)	5,624,191,953	5,086,189,074
6	Total lease, loans and advances (note-8)	8,376,023,645	8,773,730,633
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio (sl. no. 6/sl. no. 5) (Times)	1.49	1.73
9	Percentage of classified lease, loans and advances against total loans, advances and leases (note- 8.7)	95.31%	89.12%
10	Profit after tax and provision	(7,001,910,403)	(5,949,031,205)
11	Amount of loans classified during the year (note-8.7)	7,983,269,932	7,819,263,401
12	Provisions kept against classified loans (note-13.01.a)	6,813,040,483	753,606,960
13	Provision surplus / (deficit)	-	(6,826,482,949)
14	Cost of fund	12.57%	11.21%
15	Interest earning assets (note-5.1.b+5.1.c+7+8)	8,754,696,910	9,271,686,742
16	Non-interest earning assets (note-4+5.1.a+9+10)	910,709,602	996,055,312
17	Return on investment (ROI) (PAT/(Average equity + Average long term borrowings)	583.21%	-22.63%
18	Return on assets (ROA) ((sl. no. 10/sl. no. 4) (Times)	-72.44%	-57.94%
19	Income from investment (note-23)	(61,848,134)	2,271,172
20	Earnings per share (Taka) (note:38)	(69.55)	(6.77)
21	Net income per share (Taka)	(69.55)	(6.77)
22	Price earning ratio (times)	(0.15)	(1.54)

AMARSTOCK

বাংলাদেশ ইন্ডাস্ট্রিয়াল ফাইন্যান্স কোম্পানী লিমিটেড
Bangladesh Industrial Finance Company Limited

BIFC/A.Z./ACC/1161/2018
Date: June 24, 2018.

M/S Ahmed Zaker & Co.
External Auditor
Green City Edge (Level-10)
89 Kakrail, Dhaka-1000
Bangladesh

Subject: Revised accounts for Financial Year-2017.

Dear Sir,

Please refer to Bangladesh Bank letter no. FID/I-5/2018-628, dated June 21, 2018. We are requested to revise the Financial Statement with required provision for classified loans & advances for the year December 31, 2017. Please provide us Final Audited Financial Statements for the year-2017 as early as possible.

Your kind cooperation in this regard is solicited.

Thanking you,

Sincerely yours,

M.M. Mostafa Bilal
Managing Director (C.C.)

ENC:
01. Bangladesh Bank Letter.
02. Financial Statements-2017.

Corporate Head Office : Police Plaza Concord (Tower-2), Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh
PABX : 09611888333, 55045123-5, Fax : +88-02-55045128, E-mail : info@bifcol.com, Website : www.bifcol.com

বাংলাদেশ ব্যাংক
(সেন্ট্রাল ব্যাংক অব বাংলাদেশ)
প্রধান কার্যালয়
মতিঝিল, ঢাকা-১০০০
বাংলাদেশ

আর্থিক প্রতিষ্ঠান পরিদর্শন বিভাগ

Mr. Mostafa
Md. Ezaz
24-6-18

স্মারক নং:এফআইআইডি/আই-৫/২০১৮- ৬২৮ তারিখ : ২১/৬/২০১৮ ইং।

ব্যবস্থাপনা পরিচালক,
বাংলাদেশ ইন্ডাস্ট্রিয়াল ফাইন্যান্স কোম্পানী লিমিটেড,
প্রধান কার্যালয়,
পুলিশ প্লাজা,কনকর্ড টাওয়ার-২,(লেভেল-১৮)
প্লট নং-০২,রোড-১৪৪,গুলশান,
ঢাকা।

প্রিয় মহোদয়,

প্রভিশন ঘাটতি প্রসংগে।

উপর্যুক্ত বিষয়ে আপনাদের ৩১/৫/২০১৮ তারিখের পত্র নং-বিআইএফসি/০৯৬৫/২০১৮ এর প্রতি দৃষ্টি আকর্ষণ করা যাচ্ছে।

আপনাদের আবেদনক্রমে যথাযথ কর্তৃপক্ষ কর্তৃক বিবেচিত না হওয়ায় এ বিভাগ কর্তৃক পরিচালিত ৩১/১২/২০১৭ তারিখ ভিত্তিভিত্তিক এফআইসিএল পরিদর্শনে নির্ণীত সংস্থান ঘাটতি ৬১৫০৩.৭৭ লক্ষ টাকা সংরক্ষণপূর্বক Bangladesh Accounting Standard '2015 এর 37 ধারা মোতাবেক বার্ষিক হিসাব (Annual Accounts)/ ২০১৭ চূড়ান্ত করে এ বিভাগকে অবহিত করার জন্য আপনাদেরকে পুনরায় পরামর্শ দেয়া হ'ল।

আপনাদের বিশ্বস্ত-

(মোঃ আক্রামহোসেন খান)
উপ-মহাব্যবস্থাপক
ফোন-৯৫১৪৬৩৪

Bangladesh Industrial Finance Co. Ltd.
Head Office, Dhaka.
RECEIVED
Date: 24 JUN 2018 /1199
CONTENTS NOT VERIFIED
Time: 10:20 am Sign.

ফোন : ৮৮-০২-৯৫৩০০১০-৭৫, ৯৫৩০৭০০-৫৯, ফ্যাক্স : ৮৮-০২-৯৫৬৬২৩২, www. bb.org.bd



Board Meeting



Audit Committee Meeting



Executive Committee Meeting



21st AGM on September 20, 2017 at " Police Convention Hall, Eskaton Garden, Dhaka, Bangladesh.



Events Snippets

বাংলাদেশ ইন্ডাস্ট্রিয়াল ফাইন্যান্স কোম্পানী লিমিটেড
BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

We Accommodate Your Requirements

DEPOSIT PRODUCTS

Secured Investment
Higher Return





1. Term Deposit Receipt (TDR):

Tenure : 3 months, 6 months, 1 year, 2 years & above

2. Income First Deposit Scheme:

Tenure : 3 months, 6 months & 1 year

Full interest shall be paid in advance at the time of deposit.

3. Monthly Income Deposit Scheme:

Tenure : 1 year, 2 years & 3 years

4. Quarterly Income Deposit Scheme:

Tenure : 1 year, 2 years & 3 years

5. Double Benefit Deposit Scheme.

6. Triple Benefit Deposit Scheme.

7. Monthly Savings Scheme (MSS):

Monthly Deposit : Any amount from Tk. 1,000/- to Tk. 25,000/- Tenure: Any number of years from 1 to 10.

8. Kotipati Scheme:

Depositor shall get Taka 1.00 (One) Crore on maturity and may choose any tenure from 11 to 20 years.

9. Students' Savings Scheme:

Monthly Deposit : Any amount from Tk. 1,000/- to Tk. 10,000/- Tenure: Any number of years from 6 to 15.

- **Minimum duration for any type of deposit is 3 (three) months.**
- **Rates are subject to change from time to time.**
- **Tax and Excise Duty shall be applicable as per the Government Rules.**
- **Loan facilities are available.**

Deposit may be made directly to the A/C through any branch of **Bank Asia Limited.**

Head Office : Police Plaza Concord, Level-8, Gulshan, Dhaka, PABX : 09611888333, 55045123-5, 01755591622
Uttara Branch : Sonargaon Janapath Road, Sector-11, Uttara, Dhaka, PABX : 09611888455-6
Narayanganj Branch : S.M. Maleh Road, Tanbazar, Narayanganj, PABX : 7643897, 09611888453-4
Chittagong Branch : Akhtaruzzaman Center, Agrabad C/A, Chittagong, PABX : 09611888451-2

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 22nd Annual General Meeting (AGM) of the Company to be held on Tuesday, Augest 07, 2018 at Retired Armed Forces Officers Welfare Association (RAOWA), VIP Road, Mohakhali DOHS, Dhaka-1206 at 10.00 a.m or at any adjournment thereof.

Signed this on.....day of.....,2018

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 22nd Annual General Meeting (AGM) of the Company being held on Tuesday, Augest 07, 2018 at Retired Armed Forces Officers Welfare Association (RAOWA), VIP Road, Mohakhali DOHS, Dhaka-1206 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.

AMARSTOCK

AMAR STOCK



Bangladesh Industrial Finance Company Limited
Police Plaza Concord (Tower-2), Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh
PABX : 09611888333, 55045123-5, Fax : +88-02-55045128, E-mail : info@bifcol.com, Website : www.bifcol.com