PHOENIX FINANCE & INVESTMENTS LIMITED

Annual Report 2017

Known for stable growth, service and success

PHOENIX FINANCE

prepare to rise

www.phoenixfinance.com.bd

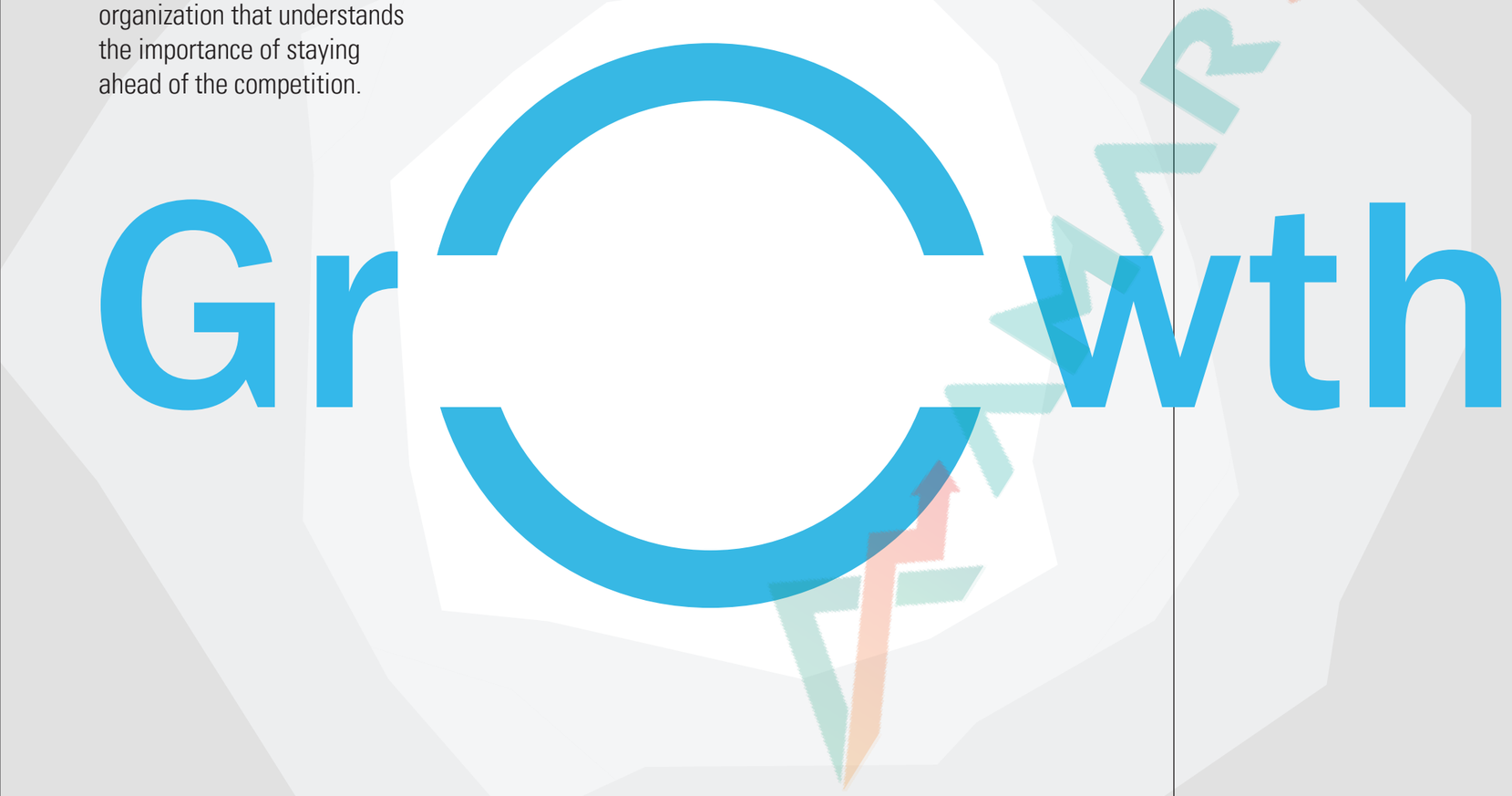
By listening to our clients and customers and focusing on their themes and ideas, we serve _ people, companies and institutional investors _ We have transformed Phoenix Finance into a stronger and stable organization – We are committed to making financial lives better. Our goal is to build broader, deeper and more enduring relationship with our customers and clients and deliver long-term value for our stakeholders.

Growth. Service. Success

With our vision to be one of the best financial service providers in the country, we never shy away in taking steps that benefit our customers and stakeholders. We are a growth focused organization that understands the importance of staying ahead of the competition.

Business

We aim to help our customers grow and be a part of their progressive journey, that requires the right mix of profitability and risk. We are keen on building a sustainable business model/growth.



Mission

We keep on going with the values of collaboration, respect, innovation, result orientation and integrity.

People

As our greatest assets, we train our people to be service oriented and committed. It is very important to us that our customers can wholeheartedly rely on us for their finances.

Products

Our well diversified product portfolio serves the financial aspirations of our customers. It also reflects our commitment in being relevant and progressive in the industry.

Initiatives

We truly believe in growing with greatness. Our management is driving the growth agenda with timely initiatives to ensure that this organization remains at its peak performance, always.

Growth. Service. Success

Service

Service is in our blood.
We believe that our dedicated service differentiates us from our peers. It is the base of a long-term relationship with customers and we are committed to extend the best possible services to our existing and potential customers.

Focus

We strive to understand our customers' businesses so that we can deliver the best products and services to help them grow.

Commitment

We believe that every journey starts with a mutual commitment to excel and support each other's growth ambition. That is why we treat our customers as our partners in progress.

knowledge

Our products and services are designed in a way that reflects the current market status and customer needs.

Diversity

We are specialized in offering products for different needs and customer segments. We deeply believe that each need is unique and services should be designed keeping customer's primary need in mind.

Relationship

We value the relationship that we build with our customers. We genuinely want to be part of our customers' successful journey.

Innovation

Do don't remain static knowing that the world is changing every moment. Our teams are committed to reinventing services so that they reflect our passion for innovation.

Mission

We keep on going with the values of collaboration, respect, innovation, result orientation and integrity.

R STOCK

Growth. Service. Success

Success

VALUE

Consistently providing the clients with better value through rational innovation and productivity improvement.

ENVIRONMENT

Creating a high performance Financial Institution that can survive and prosper in a rapidly changing, highly competitive, globally integrated environment.

REPUTATION

Behave in such a manner that will enrich the image, dignity and reputation of the Company

Continue to focus on what we can control-providing our customers and clients with the best services and most comprehensive financial solutions in the market, managing our costs and doing our part to keep the economy moving forward. We look forward to your continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

RESPECT

We believe that this approach, driven by our principles of respect, trust and customized service, makes us more passionate to achieve success as a team.

TALENT MANAGEMENT

People are our greatest asset and we want them to have meaningful careers with us.

With this in mind, the human resources team uses predictive data analytics to proactively identify potential employee attrition so that their managers can provide the necessary career guidance.

AUDIT

Through predictive data analysis, internal audit teams can now better monitor loan sanction processes, business activities and credit risk profiles. We also receive early warning of possible credit deterioration.

These insights have led to better risk management through timely alerts to senior management.

Letter of Transmittal

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

Dear Sir (s);

ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2017

Enclosed please find a copy of the Annual Report together with the Audited Financial Statements for the year ended on December 31, 2017 of Phoenix Finance & Investments Limited for kind information and record.

Best Regards,

Yours sincerely



Mohammad Sayduzzaman FCA, FCS
SEVP, Head of Investment &
Company Secretary

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Forward Looking Statement

Certain sections of the Annual Report contain forward looking statements that are based on Management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes", " scheduled," " estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings and cash flows. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward–looking statements due to a variety of factors, which are:

- National political and economic conditions
- Changing in national budget
- Changing customer demand or performance for business, including the effects of economic conditions on the business:
  - Changing government policy issues
  - Withholding Tax, VAT
  - Corporate Tax Rate
  - CRR and SLR of the Financial Institutions
  - Lending rates to finance on certain items
- Volatility in interest rate
- Volatility in Capital Market
- Change in international prices of essential which is growing pressure on Foreign Exchange Market resulting to volatility in foreign exchange market
- International embargo on certain countries is likely to affect remittances and trade
- Risk management of lending portfolio often require stress testing which are based on sophisticated mathematical tools and cannot solely be dependent on existing MIS. The level of technology in Finance industry is yet to acquire that sophistication.

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Company Information



Head Office Address:

Eunoos Center (Level- 11)
52-53, Dilkusha C/A., Dhaka-1000
Tel : 9569007, 9555685 (Auto hunting)
Fax : 880-2-9567787
E-mail : mail@phoenixfinance.com.bd
pfildhaka@gmail.com



Branches Address:





Principal Branch
Eunoos Center (Level- 11)
52-53, Dilkusha C/A., Dhaka-1000
Tel : 9569007, 9555685
Fax : 880-2-9567787

Chittagong Branch
Ayub Trade Center (2nd Floor)
1269/B Sk. Mujib Road Agrabad C/A,
Chittagong-4100
Tel : 031-2516980-1, 710089
Fax : 880-31-710086

Khulna Branch
Fatema Tower (1st Floor)
2A, KDA Avenue, Khulna-9100
Tel : 041-2831718
Fax : 880-41-812931

Bogra Branch
Satani Madrasha Building (2nd Floor)
Eakubia School More
Sherpur Road, Sutrapur, Bogra-5800
Tel : 051-69828, 69769
Fax : 880-51-69769

SME Branch
Phoenix Bhaban (1st Floor)
12, Dilkusha C/A., Dhaka-1000
Tel : 9564643, 9557823, 9550519, 9565537
Fax : 880-2-9566601

Uttara Branch
House No. 07 (2nd Floor)
Road No.12, Sector 06
Uttara Model Town, Dhaka-1231
Tel : 58954186, 5894462
Fax : 880-2-58950504

Imamgonj Branch
44,45/2 Imamgonj (Ground Floor)
Lalbagh, Dhaka-1211
Tel : 7342995
Fax : 880-2-7342996

Dhanmondi Branch
House # 74, (2nd Floor)
Road 5/A, Sat Masjid Road
Dhanmondi, Dhaka-1207
Tel : 9614410, 9614415
Fax : 880-2-9614413

Gulshan Branch
Casablanca (4th Floor)
114 Gulsan Avenue, Gulsan, Dhaka-1212
Tel : 9850874, 9850875
Fax : 880-2-9850876

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Auditor

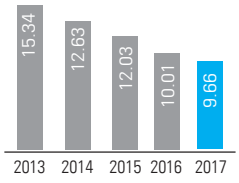
Malek Siddiqui Wali
Chartered Accountants
9-G, Motijheel C/A, 2nd Floor
Dhaka-1000, Bangladesh.
Phone: 9513471, 9569867
PABX: 9576118-9, 9576128
Fax: +88 02 9516236
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www.phoenixfinance.com.bd

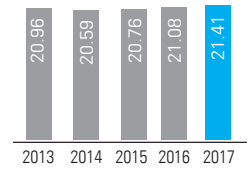
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Performance at a Glance 2017

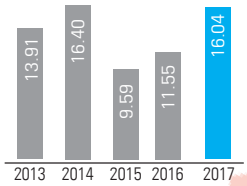
We distribute value to our stakeholders in several ways. Some manifest themselves in financial value while others bring about intangible benefits.



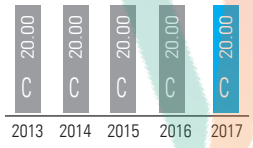
COST OF FUND (%)



NAV PER SHARE (TK)



PRICE EARNINGS RATIO (TIME)



DIVIDEND (%)

Financial Value

Revenue
3,377.66 million
(+18.45%)
2016: 2,851.63 million

ROE
10.96%
2016: 11.05%

Cost to Income Ratio
75.09%
2016: 76.10%

Operating Profit
841.41 million (+23.45%)
2016: 681.59 million

Net Profit After Tax
285.11 million (+0.76%)
2016: 282.97 million

NPL
4.94%
2016: 3.76%

ROA
0.91%
2016: 1.16%

EPS
2.35 Taka
(+0.86%)
2016: 2.33 Taka

20% Cash
Dividend
The Board of Directors has recommended 20% Cash Dividend subject to the approval of the Shareholders.
2016: 20% Cash

Assets 31,427.29 million (+28.86%)
2016: 24,388.60 million

Investment 29,526.19 million (+32.45%)
2016: 22,292.59 million

Term Deposit 20,384.06 million (+24.03%)
2016: 16,435.14 million

Shareholders' Equity 2,601.71 million
2016: 2,561.01 million

Across our businesses, we're committed to helping our customers and clients succeed through the power of every connection.

Vision

— To act as the best financial service provider in the country

Mission

— To provide multiple financial products and services
— To provide entrepreneurship skills and enterprises
— To promote employment generation and poverty alleviation
— To accelerate the pace of industrialization for prosperous Bangladesh
— To promote passion for posterity
— To promote SME sector

Core Values

— Collaboration: Leveraging cross fuctional team strengths to deliver business value
— Respect: Treat others as we expect to be treated
— Innovation: Something new or better in anything we do to deliver better value
— Result Orientation: Deliver as committed
— Integrity: Courage to do the right thing

PFIL STOCK

Overall Strategic Objectives

- Allocating scarce financial resources to capital investment through funding in capital machinery/equipment specially BMRE of the existing industrial enterprises to stimulate the industrial development of the country and also to provide financial assistance through leasing and other multi-dimensional products & services to all levels of entrepreneurs for a wider range of assets acquisition contributing to national development as well.

- Diversification of products and services to such other areas as Housing and Real Estate, Bridge Financing, Short Term and Mid Term Loan and Start-up Working Capital to cater to divergent needs of the economy.

- Providing SME financing for promoting Small and Medium Enterprises (SME) exclusively for alleviation of poverty through creation of employment and generation of income on a sustainable basis.

- Encourising small saving from the marginal Depositors with a view to giving them a competetive return as well as accumulation of Company's source of fund.

- Consistently providing the client with better value through rational innovation and productivity improvement.

- Creating a high performance Financial Institution that can survive and prosper in a rapidly changing, highly competitive, globally integrated environment.

- Promoting economic growth of the country.

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Code of Conduct or Ethical Principles

PFIL employees should strictly adhere to the following:

- Behave in such a manner that will enrich the image, dignity and reputation of the Company
- Discharge duties efficiently and faithfully
- Refrain from disclosing the confidential and sensitive information of the Company

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Milestone

April 19, 1995	Incorporation
April 19, 1995	Commencement of Business
May 09, 1995	Licenced under Bangladesh Bank
September 21, 1995	Signing of First Lease Agreement
April, 1996	Member, Asian Leasing & Finance Association - ALFA
September 25, 1996	Opening of Branch in Chittagong
September 21, 1997	Web Site Launched
November 05, 2000	Achieved Tk.100 crore Finance
August 04, 2004	Opening of Branch in Khulna
September, 2004	Member, Association of National Development Finance Institutions in Member countries of the Islamic Development Bank - ADFIMI
September 19, 2005	Opening of Branch in Bogra
January, 2006	Member, Institute of Bankers, Bangladesh - IBB
February 01, 2007	Company changes name from PLC to PFIL
February 07, 2007	Opening of SME Branch in Dhaka
February 12, 2007	Acquisition of DSE Member Company
May 20, 2007	Prospectus issued for IPO of PFIL
May 27, 2007	Head Office shifted to Eunoos Center
September 25, 2007	Listed with Dhaka & Chittagong Stock Exchanges
September 27, 2007	Trading of public shares of PFIL commenced
December, 2007	Achieved Tk. 500 Crore Finance
August 28, 2008	Opening of Uttara Branch in Dhaka
May 21, 2009	Opening of Imamgonj Branch in Dhaka
August 10, 2010	Opening of Dhanmondi Branch in Dhaka
July 03, 2011	Opening of Principal Branch in Dhaka
May 24, 2012	Opening of Gulshan Branch in Dhaka

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Company Profile

Phoenix Finance & Investments Limited, one of the leading and reliable multi-products financial institutions in Bangladesh was incorporated on April 19, 1995 as a Public Limited Company under the Companies Act, 1994 and started its operation on May 9, 1995 as a Non-Banking Financial Institution named as Phoenix Leasing Company Limited under Financial Institution Act, 1993. It has changed its name to Phoenix Finance and Investments Limited (PFIL) from February, 2007 with a view to reflecting multi-dimensional financial activities of the Company and keeping a parity with the activities as it has been doing other than lease financing, which although, has remained as the prime area of the financial activities.

The authorised capital of the Company is Tk.3,000,000,000 divided into 300,000,000 ordinary shares of Tk.10 each. Its paid-up capital stood at Tk.1,214,946,360 divided into 121,494,636 ordinary shares of Tk.10 each and the total equity of the Company stood at Tk.2,601,707,126 as on December 31,2017.

Sponsor shareholders of the Company includes a renowned corporate body namely Phoenix Insurance Company Ltd., a leading Insurance Company in Bangladesh and Pakiza Cotton Spining Mills (PVT) Limited. Others are individuals having wide range of experience in the field of commerce and industries.

PFIL now offers a wide range of financial services tailored to the needs of its customer which include:

ASSET PRODUCTS

Lease Finance
Real Estate Finance
Short Term Finance
Long Term Finance
Financing against confirmed work order
Start- up working capital
Bridge Finance
Factoring
SME Loan
Investment in Capital Markets

CORPORATE SERVICES

Syndication of Loan/ Lease
Corporate Advisory
Investment Counseling

DEBT PRODUCTS

Periodic Income Option
- Monthly
- Quarterly
- Half-yearly

All at Maturity Option
Platinum Double Scheme
Double Money Scheme
Triple Money Scheme
Monthly Saving Scheme(MSS)

Financial Highlights

Amount Taka in Million

	2017	2016	2015	2014	2013
Authorized Capital	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Paid-up Capital	1,214.95	1,214.95	1,214.95	1,214.95	1,214.95
Reserve & Surplus	1,386.76	1,346.06	1,307.49	1,286.38	1,331.52
Shareholders' Equity	2,601.71	2,561.01	2,522.44	2,501.33	2,546.47
Term Deposits	20,384.06	16,435.14	13,998.63	12,420.66	7,313.43
Total Assets	31,427.29	24,388.60	20,038.04	17,656.25	15,137.51
Investment Portfolio	29,526.19	22,292.59	17,841.19	15,259.32	12,872.40
Operational Revenue	3,377.66	2,851.63	2,682.96	2,576.66	2,341.44
Operational Expenses	2,536.25	2,170.04	2,002.32	1,921.50	1,892.63
Operational Profit	841.41	681.59	680.64	655.16	448.81
Net Profit before Tax	588.59	556.20	520.19	437.21	434.70
Income Tax	303.48	273.23	254.76	238.36	120.82
Net Profit after Tax	285.11	282.97	265.43	198.85	313.88
Net Assets Value (NAV) per share	21.41	21.08	20.76	20.59	20.96
Earnings Per Share (EPS)	2.35	2.33	2.18	1.64	2.58
Dividend Cash Stock	 20% -	 20% -	 20% -	 20% -	 20% -
Return on Equity	10.96%	11.05%	10.52%	7.95%	12.33%
Return on Total Assets	0.91%	1.16%	1.32%	1.13%	2.07%
Non-performing Loan (NPL)	4.94%	3.76%	2.79%	4.73%	4.64%
Number of Branches	9	9	9	9	9
Number of Employees	132	137	137	122	116

Notice of the 23rd Annual General Meeting

PHOENIX FINANCE & INVESTMENTS LIMITED, Registered Office: Eunoos Center (Level- 11), 52-53, Dilkusha C/A, Dhaka-1000

Notice is hereby given that the 23rd Annual General Meeting of Phoenix Finance & Investments Limited will be held on **June 28, 2018, Thursday at 11.30 a.m. at "Muktijuddho Smrity Milonayaton (1st Floor)"** at the Institution of Diploma Engineers, Bangladesh, 160/A Kakrail, VIP Road, Dhaka-1000 to transact the following business :

AGENDA

1. To receive, consider and adopt the Directors' Report, Audited Financial Statements along with Auditors' Report thereon for the year ended on 31st December, 2017.
2. To declare 20% cash Dividend for the year ended on 31st December, 2017 as recommended by the Board of Directors.
3. To elect/re-elect Directors in place of those who retired by rotation in accordance with the Articles of Association of the Company.
4. To appoint the Auditors of the Company for the year 2018 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Sd/-
Mohammad Sayduzzaman FCA, FCS
SEVP & Head of Investment & Company Secretary
Date : May 08, 2018

NOTES :

- The Record Date shall be **24th May, 2018 (Thursday).**
- The shareholders whose name will appear in the Share Register of the company or in the list of the depository (CDBL) on the Record Date will be eligible to attend the meeting and will qualify for the Cash Dividend.
- Any member eligible to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend the meeting and vote on his/her behalf. Proxy Form must be affixed with revenue stamp of Tk.20.00 and should be deposited at the Share Department of the company at 'PHOENIX BHABAN' (2nd floor), 12 Dilkusha C/A, Dhaka not later than 72 hours before the time fixed for the AGM.
- Registration counter shall remain open from 9:00 am to 11.00 am on the day of AGM.
- Honorable Shareholders are requested to update mailing Address, Bank Account no., Branch Routing no., Signature and other related information of their BO Account before record date.
- **Honorable Shareholders are also requested to update their 12 Digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) before record date, failing which Income Tax at source will be deducted from payable Dividend @15% instead of @ 10% as per amended IT Ordinance-1984 under section 54.**
- Cash Dividend amount will be credited to the respective Bank account of the shareholder through BEFTN.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

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Evana Fahmida Mohammad
Chairperson

During the year under review, our focus and strategy was concentrated on sustainable growth of business, better deposit mix, improving the quality of assets, rationalizing operational efficiency and productivity of resources, faster customer services, strengthening the overall Risk Management and Corporate Governance.

Message From The Chairperson

Respected Shareholders,

Assalamu Alaikum,

I am very inspired to have been privileged for presenting the Annual Report of the Company for the year 2017 before you. I also feel very happy to welcome you all on the event of the 23rd Annual General Meeting of the Company on behalf of the Board of Directors. I would like to express our heartiest gratitude and sincere thanks for your continuous support and co-operation which has helped us to achieve the greatest success.

Dear Shareholders,

With global economy shaking off the rut and picking up its growth momentum as it reached an estimated GDP growth of 3.6% in 2017, where as Bangladesh economy attained a much talked growth of 7.28% in the fiscal year 2016-2017. This sense of accomplishment is also reflected in the controlled inflation rate of 5.70% as reported in December 2017, in spite of the rising food inflation on account of floods during the latter half of the year.

Meanwhile, the growth rate of import surpassed the growth rate of export, which resulted in the deficit of the current account balance to escalate during fiscal year 2016-2017, standing at a negative USD 1,480 million. Furthermore, remittance in USD saw a negative growth of 2.2% year-to-year basis. As the US Dollar strengthened against Bangladeshi Taka, the Central Bank took measures to avoid large volatilities in the foreign exchange market. On a hopeful note, the import coverage of foreign exchange reserve standing at USD 33.2 billion as on December 2017, is considered to be adequate, according to Monetary Policy January-June 2018 published by Bangladesh Bank.

As such, it may be concluded that the economy appears to be in control and the future prospects impart a positive tone. The financial system is the ultimate engine for achieving economic prosperity of a country and is involved in the mobilization of financial resources from the surplus to the deficit sector. The development of both Banks and Financial Institutions are necessary for assuring a strong and stable financial system for the country as a whole.

You will be happy to know that we have made remarkable progress in 2017. I think you will be inspired to know that your Company posted a reasonable growth in all side in the year under review over the preceding year.

In 2017, the total asset of the Company stood at Tk. 31,427.29 million showing an increase of 28.86% as against the year 2016. Outstanding Investment portfolio stood at 29,526.19 million at the end of December 2017 registering a 32.45% growth compared to Tk 22,292.59 million at the end of December 2016.From collection perspective, it was a very challenging year as many businesses were affected by the liquidity crisis for a long period. The entire Management had to devote with extra efforts to ensure timely payments. At the same time, active efforts were also undertaken to recover from long standing problem exposures. The intensive and proactive monitoring yielded better result and the Non-Performing Loan ratio was kept below 5% in 2017. The level of yearly provisioning also maintained satisfactorily.

Shares of Phoenix Finance & Investments Ltd. are quoted on the Bangladeshi Stock Exchanges (DSE & CSE) and the Market Capitalization stood at around Tk. 4,580.35 million and Shareholders' Equity stood at around Tk 2,601.71 million.

During the year under review, our focus and strategy was concentrated on sustainable growth of business, better deposit mix, improving the quality of assets, rationalizing operational efficiency and productivity of resources, faster customer services, strengthening the overall Risk Management and Corporate Governance.

The remarkable performance at all levels achieved mainly due to strong follow up by our energetic efforts in marketing strategy, efficient fund management, risk analysis, diversification of products and services. I feel, this never can be achieved without continuous support and everlasting trust over us from our valued stakeholders and the untiring effort of our highly capable Management staff.

Dear Shareholders,

I proudly announce that the Board of Directors of the Company has recommended 20% Cash Dividend for the year 2017 subject to the approval of the Shareholders in the 23rd Annual General Meeting. I may also make sure that the Board of Directors of your Company believes in maintaining consistent Dividend Policy. I believe, this Cash Dividend will be an event of inspiration for your investment decision. We are optimist for receiving higher rate of dividend in the coming years.

Dear Patrons,

Good Corporate Governance is vital for efficient and effective business operation, long-term stability and sustainable growth for any organization. The corporate governance in Phoenix Finance & Investments Limited is designed to ensure transparency and accountability at all levels in doing business. It also ensures that duties and responsibilities are appropriately segregated between the Board and Management to provide sufficient check and balance and flexibility for smooth business operations. The Board provides leadership and direction for the Management, approves strategic and major policy decisions and overseas management to attain predetermined goals and objectives of the Company, integrity

Message From The Chairperson

and compliance throughout Phoenix Finance & Investments Ltd. are strongly encouraged by the Board.

The Board of Directors of the Company also ensures that adequate internal control systems are maintained and these are consistently complied with to provide reasonable assurance that financial records are reliable for preparation of financial statements. The Board further ensures that quality of financial reporting is also maintained, assets of the Company are safeguarded against unauthorized use or disposition and accountability for assets and business transactions are maintained.

Dear Stakeholders,

Phoenix Finance & Investments Limited, as a leading Financial Institution of the Country has never shield away from its obligations towards the community and has continued to involve in a number of Corporate Social Responsibility (CSR) activities throughout the year, including a number of donations towards Health, Education and Charitable causes. The Company also complies with its obligation towards the environment and wishes to be a partner in sustainable development through participation agreement with Bangladesh Bank's Refinancing Scheme in the Small & Medium Enterprise (SME) Sector, Green Banking Policy and others.

Dear Patrons,

I believe that 2018 will bring new optimism and an improved platform for business, giving us the confidence that we will achieve our Business Plan for the coming year. We will remain committed to corporate and social responsibilities and in all of our actions, we will strive to ensure that all economic, environmental and social factors are taken into consideration. We believe that this approach, driven by our principles of respect, trust and customized service, makes us more passionate to achieve success under a team work.

Dear Shareholders,

I take the opportunity to thank the Members of Board of Directors of the Company for their support and input during the year under review. Their collective wisdom substantially contributed to our success.

I also thank our Management and the members of the staff under the able leadership of the Managing Director for their loyalty, support and relentless efforts for Company's qualitative and quantitative improvements. I respect their zeal to work hard to reach newer heights of success.

I conclude by conveying my very sincere and special thanks and gratitude to Bangladesh Bank, the Cantal Bank of Bangladesh, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. Registrar of Joint Stock Companies and Firms, National Board of Revenue and all other Regulatory Authorities for their support, trust and invaluable contribution. Finally, I would like to assure you that, the Board is always pursuing the best strategies to maximize profit and retain the value and goodwill of the organization.

The year 2018 will bring its own avenues of successes and challenges, but our direction is crystal clear. We will continue to focus intently on what we can control-providing our customers and clients with the best services and most comprehensive financial solutions in the market, managing our costs and doing our part to keep the economy moving forward. We look forward to your continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

May Almighty Allah bless us.

Wishing you all the best.



Evana Fahmida Mohammad
Chairperson

Board of Directors'

MS. EVANA FAHMIDA MOHAMMAD
Chairperson

MR. MOBARAK ALI
Director

MS. SELINA AKHTER
Director

MR. ABDUR RAHMAN
Director

MR. AZIZUR RAHMAN
Nominee Director
Representing Phoenix Insurance Co. Ltd.

MR. DOST MOHAMMAD
Nominee Director
Representing Phoenix Insurance Co. Ltd.

MR. RAKIBUL ISLAM KHAN
Nominee Director
Representing Pakiza Cotton Spinning Mills (pvt.) Ltd.

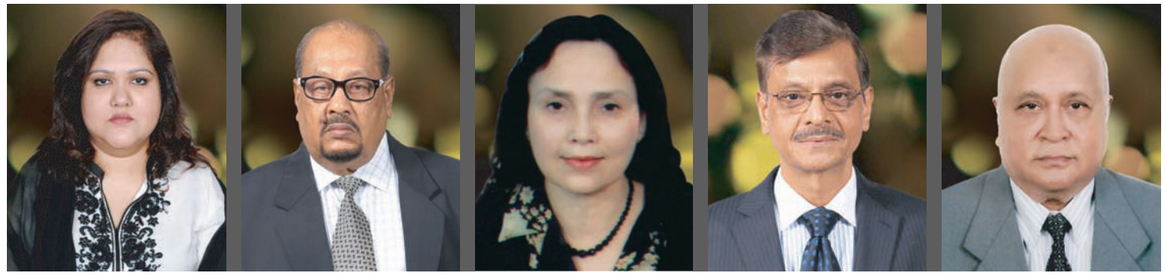
MS. NASREEN ALI
Independent Director

MR. RESHAD IMAM
Independent Director

MR. S. M. INTEKHAB ALAM
Managing Director

AMARSTOCK

Board of Directors' Profiles



EVANA FAHMIDA MOHAMMAD
Chairperson

MOBARAK ALI
Director

SELINA AKHTER
Director

ABDUR RAHMAN
Director

AZIZUR RAHMAN
Nominee Director
Representing Phoenix Insurance Co. Ltd.



DOST MOHAMMAD
Nominee Director
Representing Phoenix Insurance Co. Ltd.



RAKIBUL ISLAM KHAN
Nominee Director
Representing Pakiza Cotton Spinning Mills (pvt.) Ltd.



NASREEN ALI
Independent Director



RESHAD IMAM
Independent Director



S. M. INTEKHAB ALAM
Managing Director

The Board is committed to helping the Company achieve long-term success. The Board provides direction to management by setting the Group's strategy and overseeing its implementation. It ensures risks and rewards are appropriately balanced.

Board Regulators

Active engagement with local and global regulators and policy makers on reforms and new initiatives that help to maintain the integrity of the financial industry.

Deep financial knowledge and experience

Most of the members of the Board are profesional businesman with extensive industry experience.

Board independence

All the directors including the Chairman are non-executive and independent directors.

Gender diversity

Three of nine directors are female.

Board Review

The Members of Board of Directors of the Company applied their collective wisdom and contributed substantially for the success of the year under review.

Board of Directors' Profiles

EVANA FAHMIDA MOHAMMAD
Chairperson

Ms. Evana Fahmida Mohammad, the Chairman, pursued her undergraduate studies in UK and obtained Diploma in Business Studies. She is in business for past 15 years and is very closely associated with the business concerns of the Phoenix Group.She has widely traveled around the world and is well known to foreign business colleagues and associates. She possesses ample knowledge of Financial Operations.

MOBARAK ALI
Director

Mr. Mobarak Ali, Director is a renowned Business Personality. He is a Graduate with a bright Business Career for more than 50 years. Mr. Mobarak Ali is a Founder & Sponsor of various Business Organizations such as Phoenix Insurance Co. Ltd., The City Bank Ltd., Phoenix Securities Limited and Phoenix Holdings Limited and also Steel Manufacturer like Tiger Steel Re-Rolling Mills Ltd.

SELINA AKHTER
Director

Ms. Selina Akhter, Director is an established Business Personality. She is the Managing Director of The Ganges Limited and Managing Partner of Ganges Trade Lines, which are well established indenting firms in Bangladesh dealing with various manufacturers of heavy machinery from Finland, Germany, Denmark and USA. She is actively associated with various social and charitable activities through Gulshan Club as a Permanent Member thereof.

ABDUR RAHMAN
Director

Mr. Abdur Rahman, Director obtained his graduation (B.Sc.) from Dhaka University. He obtained Diploma in ADB from Stokholm University, Sweden in the year 1976. After return home, he started his Business career with shipping and trading in 1981. In 1988 he established Appollo Steel Mills Ltd. in Tejgaon, Dhaka as founder Director which was the first corrugated Steel Sheet manufacturer in Bangladesh. Presently he is involved with Appollo Ispat Complex Ltd., Burigangga Floating Pumps Ltd., Rangdhanu Spinning Mills Ltd. etc. as Director. Mr. Abdur Rahman is engaged in many social welfare activates since long.

AZIZUR RAHMAN
Nominee Director
Representing Phoenix Insurance Co. Ltd.

Mr. Azizur Rahman, is an established Business personality having 40 years of experience in the Manufacturing Sector. He started his Career from the Old Town Dhaka as a Hardware Businessman. Afterwards he uplifts himself to the Service Sector of the Country and established himself in the Insurance and Banking Sector accordingly.He travelled many Countries in the World and participated with various Business Programme at Home and Aboard.

DOST MOHAMMAD
Nominee Director
Representing Phoenix Insurance Co. Ltd.

Mr. Dost Mohammad is a successful Businessman from Dhaka, having 15 years of experience in Import & Export. He passed Bachelor Degree (Hons.) in Accounting from Jagannath University. Mr. Dost Mohammad is also established in Manufacturing Sector. He is the owner of M/S. A. M. S. Corporation & M/S. Abrar Steel Corporation through which he has been running his Steel Manufacturing Business countrywide. He travelled extensively many Countries for the purpose of Business promotional activities.

RAKIBUL ISLAM KHAN
Nominee Director
Representing Pakiza Cotton Spinning Mills (pvt.) Ltd.

Mr. Rakibul Islam Khan, Nominee Director is a renowned young businessman of the country. His business career started in an established large dyeing & printing units in the country named Pakiza Textile Ltd. and Pakiza Spinning Mills Ltd. He is a Director of various concerns of Pakiza Group including Textile, Spinning, Cotton etc. He has traveled widely in most of the countries of the world in connection with his trading business and industries. He is a well educated young businessman and is independently managing the family business for the last 10 years. He is also involved with social and economic activities at home and abroad.

NASREEN ALI
Independent Director

Ms. Nasreen Ali has a solid educational background in home and abroad. She has completed Business Administration-Management Programme at Seneca College (1978-1982) at Toronto, Canada. She worked as Cosmetologist, Manager & Head of Accounts in various Business Organizations in Canada and voluntarily worked with various Socio-Economic Centers in Canada. Ms. Nasreen has more than 10 (ten) years of Corporate Management experience.

RESHAD IMAM
Independent Director

Mr. Reshad Imam, a highly qualified young Personality has vast experience in Corporate Laws and Practice with regards to the Finance and Banking sector of Bangladesh. Mr. Reshad Imam is a Barrister-at-Law and an Advocate of the Supreme Court of Bangladesh and a Partner of one of the nation's leading Law Firm, named Akhtar Imam & Associates. He had experience of many multinational and local Companies regarding matters of legal disputes especially in the Banks and Finance Companies from the beginning of his professional Career. He did his Master of Law (LL.M) at University of Cambridge (wolfson College) and LL.B (Hons.) at University of Buckingham. He also has teaching experience with London College of Legal Studies, Dhaka, Bangladesh.

S. M. INTEKHAB ALAM

Managing Director

Young and Investment Banking personality, S. M. Intekhab Alam is currently carrying out his responsibility as the Managing Director of Phoenix Finance & Investments Ltd. since 1st January 2008. He is an MBA, major in Finance from Institute of Business Administration (IBA), University of Dhaka. S. M. Intekhab Alam started his career with the Banking Sector of Bangladesh in the year 1990. As provationary officer of Pubali Bank Limited. As a man of great integrity and sincerity, Mr. Alam performed his duty and responsibility and enhanced his bright career in seven local and foreign banks such as Pubali Bank Limited, ANZ Grindlays Bank, Standard Chartered Grindlays Bank, BRAC Bank Limited, The Premier Bank Ltd. and Southeast Bank Ltd. in different capacities. Within a short period of time, he rose to the zenith position of banking and financial sector, which is very rare.

Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BIBM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Limited. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal–2008" for his outstanding performance in the financial sector. As a result of his sincere contribution to, Phoenix Finance & Investments Limited, it has been awarded with the International Star Award for Quality (ISAQ) in the Gold Category from Business Initiative Directions (BID), a prominent business organization based in Madrid, Spain for its commitment to excellence, innovation, customer satisfaction, technology, leadership and strategic planning. He attended the Prize Giving Ceremony in Geneva, Switzerland held on 06th September, 2010.

AMAR STOCK

Executive Committee of the Board of Directors

Chairperson
Ms. Evana Fahmida Mohammad

Members
Mr. Mobarak Ali
Mr. Rakibul Islam Khan

Audit Committee of the Board of Directors

Chairperson
Ms. Nasreen Ali

Members
Ms. Evana Fahmida Mohammad
Mr. Mobarak Ali

AMAR STOCK

Senior Management

AMAR STOCK

Senior Management

The Senior Management Committee executes the stategy and long-term goals of the company. It drives business performance and organisational synergies. It is also responsible for protecting and enhancing our brand and reputation.



S. M. Intekhab Alam
Managing Director



Dr. M. Shah Alam
Deputy Managing Director



Mohammad Sayduzzaman FCA, FCS
SEVP, Head of Investment & Company Secretary



Md. Badrul Haque Patwary
EVP, Head of HR, Logistics & Public Relations Division and Credit Administration Division



Md. Abu Sukkur
EVP, Head of Finance & Accounts



Mohammed Mahbub Alam
VP & Head of Credit Risk Management (CRM)



Sardar Mahbub Ali
SAVP & Head of Internal Control and Compliance Division (ICCD)



Mohammed Ashaduzzaman
AVP, Head of Treasury & Liability

1 S. M. INTEKHAB ALAM
Managing Director

Young and Investment Banking personality, S. M. Intekhab Alam is currently carrying out his responsibility as the Managing Director of Phoenix Finance & Investments Ltd. since 1st January 2008. He is an MBA, major in Finance from Institute of Business Administration (IBA), University of Dhaka. S. M. Intekhab Alam started his career with the Banking Sector of Bangladesh in the year 1990. As provationary officer of Pubali Bank Limited. As a man of great integrity and sincerity, Mr. Alam performed his duty and responsibility and enhanced his bright career in seven local and foreign banks such as Pubali Bank Limited, ANZ Grindlays Bank, Standard Chartered Grindlays Bank, BRAC Bank Limited, The Premier Bank Ltd. and Southeast Bank Ltd. in different capacities. Within a short period of time, he rose to the zenith position of banking and financial sector, which is very rare.Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BIBM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Limited. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal–2008" for his outstanding performance in the financial sector. As a result of his sincere contribution to, Phoenix Finance & Investments Limited, it has been awarded with the International Star Award for Quality (ISAQ) in the Gold Category from Business Initiative Directions (BID), a prominent business organization based in Madrid, Spain for its commitment to excellence, innovation, customer satisfaction, technology, leadership and strategic planning. He attended the Prize Giving Ceremony in Geneva, Switzerland held on 06th September, 2010.

2 DR. M. SHAH ALAM
Deputy Managing Director

Mr. Alam holds the position of the Deputy Managing Director of the Company. He Joined Phoenix Finance & Investments Limited in the year 2006 as Executive Vice President. Dr. Shah Alam started his career with Bangladesh Shilpa Bank (renamed as BDBL) as Officer Grade III in 1974. Prior to his present position he worked in almost all the functional areas in different capacities in the Banking Sector of the Country. He served as Executive Vice President in Social Investment Bank Ltd., as Head of Evaluation and Monitoring Division and Company Secretary in Grameen Bank (Project), as Deputy General Manager in Bank of Small Industries & Commerce Bangladesh Ltd. (BASIC) and in Bangladesh Shilpa Rin Sangstha (BSRS), now renamed as BDBL. Dr. Shah Alam has a very rich academic and professional track record. He obtained B.Sc. Engineering. (Mechanical) Degree from Bangladesh University of Engineering & Technology (BUET). He is also an MBA from Asian University of Bangladesh. Besides that, he obtained his Doctorate Degree (Ph.D) in Management from world reputed Oxford Trent University, Texas, USA.He took part in various training in home and abroad on Development Banking, Project Implementation Supervision, Financial Management and Policy, Portfolio Management in Financial Institutions, Risk Management etc. He also worked as Part time Teacher of Asian University of Bangladesh (AUB) and BRAC University. Earlier he taught in BIBM and Rupali Bank Training Institute. Dr. Shah Alam has been involved with social activities also. He is a Life Member of the Islamia Eye Hospital Society, Dhaka, Life Fellow of Institute of Engineers Bangladesh, Adviser, Lion's Club, Founder and Managing two schools named "Selima Alam Shishu Shikhalay", in Agailjhara, Barisal. Dr. Shah Alam is a Freedom Fighter. He took active part in the Liberation War of Bangladesh in Sector No.9.

3 MOHAMMAD SAYDUZZAMAN
FCA, FCS
SEVP, Head of Investment & Company Secretary

Mr. Sayduzzaman is working as the Senior Executive Vice President, Head of Investment & Company Secretary. He Joined the Company in August, 2005, held the position of Head of Finance & Accounts & Secretary to the Board. Mr. Sayduzzaman has a bright Academic and Professional Career. He obtained Masters Degree in Accounting from Jagannath University, Dhaka. He is a Fellow Member of both the Institute of Chartered Accountants of Bangladesh (ICAB) and Institute of Chartered Secretaries of Bangladesh (ICSB). Enlightened with a solid Professional background, Mr. Sayduzzaman, prior to joining Phoenix Finance & Investments Ltd., worked as the Company Secretary and Chief Accountant with Insurance and Manufacturing Companies. He perticipated in a number of Professional Training, Seminar, workshop & Symposium at Home and Abroad. Mr. Sayduzzaman is also engaged on various Educational, Professional & Social Organizations.

4 MD. BADRUL HAQUE PATWARY
EVP, Head of HR, Logistics & Public Relations Division and Credit Administration Division

Having a long experience with the Banking Sector of Bangladesh, Md. Badrul Haque Patwary joined Phoenix Finance & Investments Ltd. on 14th July, 2005.During his tenure of office he held top management position in administration and at present, he is discharging the responsibility as Executive Vice President and Head of Human Resources and Logistics & Public Relation Division and Credit Administration Division of the Company. He served quite some time in Business Division also. Prior to joining Phoenix Finance, he served in various positions as Head of Branches in a first generation commercial Bank. With a brilliant academic record,

Senior Management

Mr. Patwary obtained his graduation with Honours and Post Graduation in Management from the Faculty of Commerce, University of Dhaka. He is a Diploma Associates of Institute of Bankers Bangladesh. He also obtained Bachelor Degree in Law. A number of Professional Training, Seminar, workshop & Symposium has been participated by him at Home and Abroad.

5 MD. ABU SUKKUR
EVP, Head of Finance & Accounts

Md. Abu Sukkur, well educated both in academic and professional side, joined Phoenix Finance in March, 1998. Currently he holds the position of Executive Vice President and Head of Finance & Accounts of the Company. Mr. Abu Sukkur started his career with a reputed Insurance company named National Life Insurance Company Ltd. in the year 1992. He attained vast experience in the finalcial sector. He obtained M.Com and LL.B Degrees under University of Dhaka. He is also an MBA with major in Finance & Banking. In his Professional career Mr. Md. Abu Sukkur is an Associate Member of the Institute of Chartered Secretaries of Bangladesh (ICSB), Member of the Institute of Personnel Management of Bangladesh and Member of the Institute of Internel Auditors of Bangladesh.

6 MOHAMMED MAHBUB ALAM
VP & Head of Credit Risk Management (CRM)

Experienced with a combination of Finance, Investment & Commercial Banking Mr. Alam joined Phoenix Finance in 2011 as Senior Assistant Vice President. At present, he is working as the Head of Credit Risk Management (CRM).In his educational life, he obtained Post-graduation Degree in Accounting from Dhaka University, MBA Degree from Institute of Business Studies (IBS) and also completed three and half year C.A. Articleship Course from A. Haque & Company, Chartered Accountants, Dhaka.

Mr. Alam, has over 15 years of financial services experience and held various positions. He started his career with Uttara Bank Ltd. as Officer Grade-I in 1999. Subsequently he served with National Bank Ltd. and ONE Bank Ltd. with different positions including the Head of Branch, Head of Lease Finance, Head of General Banking, Unit Manager and Relationship Manager. During his service tenure, Mr. Alam participated in various Professional and Institutional training, Seminar and Workshop conducted by BIBM, BBTI, IFC & SEDE, ICAB, ICMA, Uttara Bank Training Institute, National Bank Training Institute, ONE Bank Training Institute and BSEC.

7 SARDAR MAHBUB ALI
SAVP & Head of Internal Control and Compliance Division (ICCD)

Sardar Mahbub Ali, holds the position of SAVP & Head of Internal Control & Compliance Division of the Company. He started his service career with a reputed life insurance company as Officer Grade-1 on September 23, 1995. He joined Phoenix Finance & Investments Ltd. as a Probationary Officer on February 1, 1999. During his long tenure of service with the Company he held different positions as FAVP & Asst. Manager, Khulna Branch & Bogra Branch, AVP, Finance & Accounts & Investment Division, Head Office and AVP & Manager Operation of Principal Branch of the Company. Having a bright educational background, Mr. Mahbub Ali obtained B.Com (Hons.), M. Com in Accounting under Rajshahi University. He also Completed Chartered Accountancy Articleship. He is an MBA with major in Finance from Stamford University Bangladesh. During his service Mr. Mahbub Ali participated in various training courses such as Corporate Tax Management, Lease Financing in Daily Business, Leasing and Asset based funding preparing for the New Millennium, Merchant Banking, Financing Management for Small & Medium Enterprises, SME Market Segmentation Database etc.

8 MOHAMMED ASHADUZZAMAN
AVP, Head of Treasury & Liability

Mohammed Ashaduzzaman, has vast knowledge on his responsibility for Treasury Management, day to day operation of financial matters of the Company and preparation of the different types of reports and managing IT infrastructure, security, networking. He is also involved in software implementation project of the Company. Mr. Ashad joined Phoenix Finance and Investments Limited (PFIL) in March 2007. Prior to joining in Phoenix Finance, he was the Assistant Manager of Finance & Accounts Division of BD Finance Ltd. Mr. Ashad completed his Honors with 1st class and Masters in Accounting from Comilla Victoria Govt. College under National University with an excellent academic record. Thereafter, he completed Chartered Accountancy course from Rahman Rahman Huq (RRH), a member firm of KPMG International one of the big4 Audit & Accounting firms in the world. During his tenure with RRH he conducted Audit and provided advisory services to many National & Multinational Organizations. Mr. Ashad attended numerous trainings, seminars organized by reputed local and international organizations.

Committees



Average years of experience of Our Management Committee.

CREDIT COMMITTEE

S. M. Intekhab Alam
Managing Director

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistics & Public Relations Division and Credit Administration Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

ASSET LIABILITY COMMITTEE (ALCO)

S. M. Intekhab Alam
Managing Director

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Abu Sukkur
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

BASEL II IMPLEMENTION COMMITTEE

S. M. Intekhab Alam
Managing Director

Md. Abu Sukkur
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

ETHICS (NAITIKATA) COMMITTEE

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistics & Public Relations Division and Credit Administration Division

Md. Abu Sukkur
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Mohammad Arshed Rasheed
Head of Information Technology Division (cc)

SUSTAINABLE FINANCE COMMITTEE

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistics & Public Relations Division and Credit Administration Division

Md. Abu Sukkur
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Mohammad Arshed Rasheed
Head of Information Technology Division (cc)

AMARSTOCK

Committees

ICT STEERING COMMITTEE

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistics & Public Relations Division and Credit Administration Division

Md. Abu Sukkur
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Mohammad Arshed Rasheed
Head of Information Technology Division (cc)

ICT SECURITY COMMITTEE

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Mohammad Arshed Rasheed
Head of Information Technology Division (cc)

ICT RISK MANAGEMENT COMMITTEE

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Mohammad Arshed Rasheed
Head of Information Technology Division (cc)

AMAR STOCK

Forum/ Units/ Cells/Desk

RISK MANAGEMENT FORUM

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistics &
Public Relations Division and
Credit Administration Division

Md. Abu Sukkur
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control &
Compliance Division

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Mohammad Arshed Rasheed
Head of Information Technology Division (cc)

RISK ANALYSIS UNIT

Md. Sajedur Rahman
Senior Principal Officer

Sk. Aktarul Alam
Senior Officer

CENTRAL COMPLIANCE UNIT (CCU)

Dr. M. Shah Alam
Deputy Managing Director & CAMLCO

Sardar Mahbub Ali
Head of ICCD & DCAMLCO

Mohammed Mahbub Alam
Head of CRM

Mohammed Ashaduzzaman
Head of Treasury & Liability Division

Md. Sajedur Rahman
Senior Principal Officer, ICCD

CENTRAL CORE RECOVERY UNIT (CCRU)

Dr. M. Shah Alam
Deputy Managing Director

Md. Badrul Haque Patwary
Head of HR, Logistics &
Public Relations Division and
Credit Administration Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

WOMEN ENTREPRENEUR DEVELOPMENT UNIT

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Rahat Mahmud Bappi
Principal Officer

Md. Anowar Hossain
Principal Officer

SUSTAINABLE FINANCE UNIT

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Rahat Mahmud Bappi
Principal Officer

Md. Anowar Hossain
Principal Officer

Mahmudul Hassan Parvez
Officer

Farah Lamiya
Officer

COMPLAINT CELL

Md. Badrul Haque Patwary
Head of HR, Logistics & Public Relations
Division and Credit Administration Division

BASEL II IMPLEMENTION DESK

Md. Abu Sukkur
Head of Finance & Accounts Division

Md. Abdus Sobur
Principal Officer

STRESS TESTING TEAM

Md. Abu Sukkur
Head of Finance & Accounts Division

Md. Abdus Sobur
Principal Officer

INTEGRATED SUPERVISION SYSTEM (ISS) DESK

Mr. Mohammad Ashaduzzaman
Head of Treasury & Liability Division

Mr. Razwanul Kabir
Senior Principal Officer

Mr. Sabbirul Haque Chowdhury
Principal Officer

Mr. Rahat Mahmud Bappi
Principal Officer

Mr. Md. Abdus Sobur
Principal Officer

Mr. Sk. Aktarul Alam
Senior Officer

Mr. Mahmudul Hassan Parvez
Officer

AMARSTOCK



S. M. Intekhab Alam
Managing Director

A high quality and competent human resource is essential for continued growth and success of the Company, which can be achieved by improving skill, knowledge and productivity of the employees.

Managing Director's Review

Honorable Shareholders, respected Members of the Board of Directors and my colleagues,

Assalamu Alaikum,

It is a great pleasure and opportunity for me to present the overall performance for the year 2017 and future aspirations of our esteemed Financial Institution. The year 2017 gave us an opportunity to focus on Expansion of Business, redefining our profit centers, strengthening our Human Resources and ensuring compliance and core risks. We believe that our efforts would help the Company to face unforeseen shocks and achieve sustainable growth in the years to come.

The year 2017 saw Bangladesh achieve its highest ever GDP growth in recent years, with revised GDP growth hitting 7.28%. This was the highest growth achieved in South Asia for 2017, and one of the highest GDP growth rates among major economies in the world. The political environment also remained stable.The government has set a GDP growth target of 7.40% for the 2018 fiscal year with higher gear in investments in power and transport infrastructure and higher private sector credit growth rates. Given current trends, Bangladesh is clearly entering to yet another higher growth trajectory. For us 2017 is the culmination of the first stage of a journey undertaken along the path defined by our last Strategic Plan. We believe that the Government's ambitious infrastructure development programme supported by a fast-track implementation will help our nation to achieve higher growth in the near future. In this backdrop we as a financier will enjoy higher credit growth to support private sector activities linked with these developments. Armed with sense of collective achievement we look forward to the next phase of our journey towards growth and prosperity which will consolidate and build on the good work done so far.

I would like to draw your attention to the satisfactory performance of Phoenix Finance & Investments Limited in many avenue of the Business amidst the global and national challenges confronted by the Finance Industry over the whole year of 2017. Total Assets of the Company increased over the years. As on December 31, 2017, total Assets of the Company stood at Tk. 31,427.29 million showing an increase of 28.86% as against Tk. 24,388.60 million in the year 2016.

The Investment recorded 32.45% growth with a total portfolio of Tk. 29,526.19 million at the end of December 2017, compared to the year 2016. In 2016, growth was 24.95% with a total portfolio of Tk. 22,292.59 million at the end of December 2016 compared to Tk. 17,841.19 million at the end of December 2015.

The Paid up Capital of the Company recorded at Tk. 1,214.95 million as on 31st December, 2017. The Company also maintains Capital Adequacy Ratio at 10.75% which is above the required Margin of Adequate Capital Ratio for NBFIS @ 10%. To increase the Adequacy Ratio, we have initiated to Issue BDT 200 crore Sub-ordinated Bond subject to approval of Bangladesh. Reserve & Surplus Tk. 1,386.76 million and Shareholder's Equity stood at Tk. 2,601.71 million reflecting reasonable growth. Earnings per share (EPS) stood at Tk. 2.35 during 2017. NAV stood at Tk 21.41per share. Average Cost of Fund decreased to 9.66% during the year compared to 10.01% in the preceding year due to decrease of Interest Rate on borrowing.

The Non-Performing Loan (NPL) ratio was 4.94% of total loan as on December 31, 2017, which was 3.76% in the previous year which is well comparable. The Company has made adequate provisions against classified loans as per Bangladesh Bank Guidelines. Strong recovery drives continued all over the year and monitoring is done regularly to reduce the quantum of classified loan. Term Deposit Balance of Tk. 20,384.06 million as on December 31, 2017 compared to Tk. 16,435.14 million of the previous year registering a growth of 24.03%. The growth was supported by Branch network and high standard products and services along with competitive interest rate offered to customers over the previous year, in the form of all traditional manners including Monthly Deposit Schemes.

During the year 2017, after making all provisions including general provisions on unclassified loans, profit before tax stood at Tk. 588.59 million. The Net profit of the Company stood at Tk. 285.11 million in 2017 compared to Tk. 282.97 million in 2016.

In 2017, despite a challenging environment, we have been able to strengthen the basic foundation of our profit centers for a rapid and sustainable growth in future. The growth has mainly resulted from quality investment in large corporate organization. It will make you inspired to know that the Board of Directors of the Company recommended Cash Dividend @ 20% to its Shareholders for the year 2017 subject to the approval of the Shareholders in the 23rd AGM of the Company. The Board also optimized that the rate of dividend would be increased in the years to come.

I am pleased to inform you that Phoenix Finance has been rated "A+" (pronounced as single A+) in long term and "ST-2" (Standard-2) in short term and other relevant qualitative and quantitative information up to the date of rating under the Credit Rating Companies Rules, 1996 assigned by Alpha Credit Rating Limited. The Credit Rating was done in consideration of its fundamentals such as good Capital Base, good asset quality, established franchise value, diversified product line etc. Financial institutions rated in this category are adjudged to have adequate safety for timely repayment of financial obligations.

Corporate Social Responsibility (CSR) activities of our Company continued to rise considerably. The Company

extended support to the socially relevant activities and proved its strong participation to the CSR activities through donation to promote Education, Health and for the well being of under privileged population segments and emergency support in humanitarian distresses.

A high quality and competent human resource is essential for continued growth and success of the Company, which can be achieved by improving skill, knowledge and productivity of the employees. Keeping this in view, we emphasize on the human resources development through imparting trainings both in home and abroad. In order to provide better and faster services to the clients by a team of skilled work forces, we are offering healthy working environment and competitive compensation packages. With the increase of the branch network and product diversification, the challenge of timely recruitment of motivated human resources for the branch offices and head office as well for expanding businesses was met successfully.

Our Company also complied with all norms of Corporate Governance Guidelines as imposed by the Bangladesh Securities and Exchange Commission (BSEC) and the Prudential Guidelines of Bangladesh Bank, specially the best practice of Good Governance which is an integral part for running the Organization effectively and efficiently under Regulatory Requirements and also to ensure stability and sustainable growth. We ensure transparency and accountability at all levels in operation of business and financial activities, also the duties and responsibilities and code of conduct of the Board and Management. Our Board of Directors provides able leadership and appropriate directions for the Management in order to implement strategic and major policy decisions to attain predetermined goals and objectives of the Company. Honesty, Integrity and compliance are strictly followed by the Company which are strongly encouraged by the Board and maintained accordingly.

I, on behalf of the Management would like to express my gratitude and thanks to the Government of the Peoples Republic of Bangladesh, Governor and other Officials of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Registrar of Joint Stock Companies and Firms for providing their gracious help, valuable guidance principle and co-operation to the Company from time to time.

We are grateful to our Board of Directors for their valuable guidance, prudent and very timely decisions to drive the Company to the ultimate destination. We firmly believe that we have a committed, sincere, hardworking team who can make the dreams true by meeting financial and operational objectives of the Company as well as the needs and expectations of our customers and people of the country as well.

May Allah bless us.

Thanking you all

Wishing a prosperous coming year 2018.

Regards



S. M. Intekhab Alam
Managing Director

Head of Branches

We distribute value to our customers in several ways. Some manifest themselves in financial value while others bring about intangible benefits.



Shireen Akter Karim
EVP & Head of
Principal Branch



Rebeka Akhter
EVP & Head of
Uttara Branch



Md. Aminul Hoque
SAVP & Head of
Imamgonj Branch



N. A. M. Salimullah
SAVP & Head of
Bogra Branch



Mohammad Habib Ullah Chowdhury
AVP & Head of
SME Branch



Md. Rumman Hossain
AVP & Head of
Gulshan Branch



Mohammad Mizanur Rahman
FAVP & Head of
Chittagong Branch (cc)



Mohammad Tuhin Khandaker
FAVP & Head of
Dhanmondi Branch



A. S. Mostafa Zaman
SPO & Head of
Khulna Branch (cc)

1 SHIREEN AKTER KARIM
EVP, Head of Principal Branch

Shireen Akter Karim has been working for Phoenix Finance & Investments Ltd. since its inception in 1995. During her tenure of Office, she held various positions in the Company and at present she is discharging the responsibility as Executive Vice President and Head of Principal Branch of the Company. She successfully held various responsible position in her long tenure of service, especially in the area of Business & Operation of the Company. In her educational life, Ms. Shireen obtained Masters Degree in Finance & Banking from Dhaka University. Besides, she participated in a number of Professional Training, Seminar, Workshop & Symposium at home and abroad.

2 REBEKA AKHTER
EVP & Head of Uttara Branch

Ms. Rebeka Akhter, EVP has been working with Phoenix Finance & Investments Limited since September, 1995. After joining the company, she held various positions in the company. She worked as Divisional Head of Treasury & Liability Division. She is holding the position of Head of Uttara Baranch since August, 2008. Ms. Rebeka Akhter obtained Masters Degree in Accounting under Dhaka University. She completed C.A. Article Ship from a renowned Chartered Accountancy Firm. During her long tenure of service, she participated in various professional Training, Workshop & Seminar.

3 MD. AMINUL HOQUE
SAVP & Head of Imamgonj Branch

Md. Aminul Hoque is working as Senior Assistant Vice President & Head of Imamgonj Branch. He joined the Company in February 1999. He has a bright Academic 1st Class with 16th place in BSc. Examination in the year 1985 under Dhaka University. He completed C.A. article ship.

4 N. A. M. SALIMULLAH
SAVP & Head of Bogra Branch

N. A. M. Salimullah, Senior Assistant Vice President & Head of Bogra Branch joined Janata Bank as Senior Officer in 1988. He served in Janata Bank for about 17 years. Then he joined in Social Islami Bank Ltd., afterwards in Peoples' Leasing & Financial Services Ltd. and worked as Head of different Branches for several years. He joined Phoenix Finance & Investments Ltd. on 1st February, 2011 as Assistant Vice President. Mr. Salimullah obtained Bsc. (Hons.), Msc. in Geology from University of Dhaka. He is a Diploma Associate of the Institute of Bankers Bangladesh. He took part in various Institutional and professional Trading, Seminar and Workshop in and outside the Country.

5 MOHAMMAD HABIB ULLAH CHOWDHURY
AVP & Head of SME Branch

Mohammad Habib Ullah Chowdhury, Assistant Vice President & Head of SME Branch, obtained BBA & MBA Degree from University of Chittagong. He worked with different Commercial Banks in different levels. Prior to joining Phoenix Finance & Investments Limited, he worked in Mutual Trust Bank Ltd. as First Assistant Vice President. Mr. Habib Ullah also obtained Professional Banking Diploma DAIBB from Institute of Bankers Bangladesh. He is highly trained through participating training of Banking Foundation Course, General Banking, Internal Control & Compliance, Performance Management System and Human Resources Development for Branch Excellence organized by Banks and other Professional institutions.

6 MD. RUMMAN HOSSAIN
AVP & Head of Gulshan Branch

Md. Rumman Hossain, Assistant Vice President working as the Head of Gulshan Branch, joined the Company in June 2004. Mr. Rumman has a bright Academic and Professional career. He completed Cost & Management Accountancy (Part-3 & half level) from The Institute of Cost & Management Accountants of Bangladesh (ICMAB) and also obtained EMBA from North South University. A very active, Dynamic, Energetic executive Mr. Rumman is effective and efficient with team working environment and leadership performance. During his long tenure of service with the Company, he held various positions in the company and participated different professional Training, Seminar & Workshop.

7 MOHAMMAD MIZANUR RAHMAN
FAVP & Head of Chittagong Branch (C.C)

Mohammad Mizanur Rahman, First Assistant Vice President & Head of Chittagong Branch (C.C) has joined Phoenix Finance & Investments Limited, Head Office Dhaka on 5th March, 2005 as Probationary Officer. Prior to joining this company he worked in many organizations. Such as Amnesty International Bangladesh, The Medical Health & Welfare Trust, Bari Group of Industries etc. His total length of service is 19 (nineteen) years. Mr. Mohammad Mizanur Rahman obtained M.Com in Accounting from Dhaka College, Dhaka. He also completed Chartered Accountancy Article Ship from Mijan Rahman Bhuiyan & Co. Chartered Accountant, Dhaka and He has also completed MBA in Marketing from Southern University, Chittagong. Mr. Mohammad Mizanur Rahman participated in various trainings, seminars and workshops organized by Central Bank and others Professional Institutions.

8 MOHAMMAD TUHIN KHANDAKER
FAVP & Head of
Dhanmondi Branch

Mohammad Tuhin Khandaker is working as the First Assistant Vice President and Head of Dhanmondi Branch. Mr. Tuhin joined with the Company in April 2007 after completion of his MBA from Jahangirnagar University. He is very Dynamic, Energetic and Conversant with team working environment and leadership performance. Within his service tenure a number of Professional Training, Seminar, Workshop and Symposium has been participated by him.

9 A. S. MOSTAFA ZAMAN
SPO & Head of Khulna Branch (cc)

A. S. Mostafa Zaman, Senior Principal Officer & Head of Khulna Branch (cc) joined Phoenix Finance & Investments Ltd. on 2nd April, 2005. Prior to joining the Company, he worked as Senior Accounts Officer at Bangladesh Environmental Lawyers Association (BELA). Mr. Zaman obtained Master of Business Administration (MBA) degree from Northern University Bangladesh, Post Graduate Diploma in Financial Management (PGDFM) from Bangladesh Institute of Management (BIM) and Completed the C.A. Article ship from Howlader Yunus & Co. Mr. Zaman participated in various training & workshop organized by Central Bank and other Professional institutes.

AMARSTOCK







22nd Annual General Meeting

Phoenix Finance & Investments Limited has a promising future with better operating environment. Though it is becoming increasingly difficult to maintain a competitive edge, we are committed to the realization of sustainable increase in corporate value through speedy business development, combination and enhancement of existing strategic business and establishment of new strategic business. We are duty-bound to meet the expectations of our customers, shareholders, the market and the society by producing attractive results speedily.

DIRECTORS' REPORT 2017

The year 2017, was the focused year of Phoenix Finance & Investments Limited regarding expansion and diversification of various business lines. A strategic approach streamlining diverse business opportunities was undertaken, which facilitated the Company to complete a successful business year. The Company was able to maintain the progress in many lines of business during the year 2017 which further consolidated its position in the market in terms of quality services providing to the customers and value addition for the shareholders.

Bismillahir Rahmanir Rahim,

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Phoenix Finance & Investments Limited, I feel very happy to welcome you in the 23rd Annual General Meeting of the Company. The Board of Directors takes the pleasure in presenting the Annual Report for the year 2017 which includes among others the Financial Statements for the year ended on December 31, 2017 and Audit Report thereon. This Annual Report has been prepared in compliance with Companies Act 1994, Financial Institutions Act 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission and Bangladesh Bank and other Regulatory Authorities. A brief overview of World Market Trend with the Performance of Bangladesh Economy has also been provided in the Report. A review of the Report would reveal continuous growth of the Company in a stiff competitive environment. Relevant disclosures and explanations have been given in the Annual Report, which they consider important to ensure transparency and good governance practices.

In each quarter of 2017, we have achieved consistent result and had good performance ensuring strong organic growth and increasing contributions. This has consistently proven to be very beneficial throughout the challenging global economic conditions. These results continue to demonstrate that we have the right strategy and we are executing it well.

WORLD ECONOMY

The global cyclical upswing that began midway through 2017 continues to gather strength. Only a year and a half ago, the world economy faced stalling growth and financial market turbulence. The picture now is very different. Global growth, which in 2016 was the weakest since the global financial crisis at 3.2 percent,have grown by 3.7 percent in 2017. The growth forecasts for 2018 is 0.2 percentage point stronger compared with the 2017 which is supported by higher investment, trade and industrial production coupled with increasing business and consumer confidence. Financial conditions remain buoyant across the world, and financial markets seem to be expecting little turbulence going forward,even as the Federal Reserve continues its monetary normalization process and the European Central Bank inches up to its own.These positive developments give good cause for greater confidence, but neither policymakers nor markets should be lulled into complacency. A closer look suggests that the global recovery may not be sustainable-,not all countries are participating,inflation often remains below target with weak wage growth,and the medium-term outlook still disappoints in many parts of the world. Global inflation rose in 2017, reflecting the continued cyclical recovery in demand and higher commodity prices. The US consumer price inflation was 2.1% in 2017, up from 1.3% in 2016,and the euro area inflation reached 1.4% in 2017, up from 1.1% in 2016.

The recovery is also vulnerable to serious risks. The global unemployment rate has risen modestly from 5.7% to 5.8 % in 2017 representing an increase of 3.4 million in the number of jobless people. The advanced-economy growth was 1.8% in 2017. In the United States, manufacturing activity will likely rebound, contributing to a mild pickup in growth. In the Euro Area and Japan, supportive monetary and, to a lesser extent, fiscal policies should help support activity this year.In emerging and developing economies, growth was 4.2% in 2017 compared to 3.4% in 2016. With the recovery in commodity prices, particularly oil, the divergence in growth outlooks between commodity exporters and importers is set to narrow. In China,growth was 6.5% in 2017. This outlook reflects soft external demand, heightened uncertainty about global trade and slower private investment.Hence, Global growth is expected to be sustained over the next couple of years and even accelerate somewhat in emerging market and developing economies (EMDEs) due to a rebound in commodity exporters. Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions. With output gaps closing or closed in many countries, supporting aggregate demand with the use of cyclical policies is becoming less of a priority.

BANGLADESH ECONOMY

The year 2017 saw Bangladesh achieve its highest ever GDP growth in recent years, with revised GDP growth hitting 7.28% as against the target of 7.2%. This was the highest growth achieved in South Asia for 2017, and one of the highest GDP growth rates among major economies in the world. The average GDP growth now stands at 6.26% over the past 10 years, and at 6.6% over the last 5 years, showing an increasing trend in GDP growth. The political situation also remains stable, with the internal security situation greatly improving after the 2016 Dhaka terrorist attack as a result of sustained police operations dismantling terrorist cells throughout the country. The government has set a GDP growth target of 7.40% for the 2018 fiscal year, which is achievable at the prevailing stable political climate, investments in power and transport infrastructure and the high private sector credit growth rates.

FISCAL MANAGEMENT

Budget for FY'18 has been marked high ambition with a vision of attaining the middle income goal. The country's biggest ever budget size is BDT 4,002.66 billion which is 17.52% higher compared to FY'17's budget. It has revenue target of BDT 2,879.91 billion which is 18.66% higher than that of the FY17's budget. Gross Domestic Product (GDP) has been estimated to grow at a rate of 7.4% in FY'18, a slight increase from the previous year's target of 7.2%. Budget deficit is projected to be BDT

1,122.76 billion which is 5% of the GDP. Of this deficit, BDT 603.52 billion will be collected from savings certificates and other non-banking sources and remaining BDT 519.24 billion will be raised from external sources. The new budget also emphasized on power and energy sector,ICT sector, education, and industrialization in the country.

CURRENT ACCOUNT BALANCE

The current account balance went into negative territory in FY17 for the first time in 5 years, dragged down by negative trade balance and decline in remittance inflows. The current account balance continued to deteriorate throughout the first half of FY18, reaching a record deficit of USD -4.4bn in November 2017. The current account deficit is forecast to recover to USD -4.34 in June 2018, on back of stronger export growth and remittances on one hand, and restrained import growth on the other, all riding on the depreciation of the BDT.

IMPORT

Imports amounted to USD 43.5 billion for FY17, an 8.7% growth over the previous fiscal year. Import of Capital Machinery registered the highest year to year growth of 37.4%, reflecting the increased investment from both the public and private sectors especially in the power sector. These imports are expected to have a lagged positive effect on export growth as the Machinery are brought into production.

MONEY MARKET

The money market comprising banks and financial institutions demonstrated steadiness in FY17. Overall interest rates received significant fall. Interest rate in call money market rate ranging from 3.68 percent to 3.93 percent during this year. The average volume of money transaction in the call money market decreased to BDT 1152.75 billion in the year 2017 which was 4.67 percent lower than the year 2016. Repo rate and Reverse Repo rate remained unchanged from the year 2016 for achieving broad objective of monetary policy. Whereas Private sector credit growth hit 18.1 percent at the end of December, up from the central bank's target of 16.2 percent for the July-December period. Business confidence is improving and the stable exchange rate has led to higher import of Machinery. The falling interest rates will boost private credit growth in the next year.

REMITTANCE INFLOW

Remittances declined 14% in FY17, due to a combination of poor economic conditions in the Middle East and usage of informal channels by workers to send back remittances due to stringent AML/CFT compliance by financial institutions. New overseas employment, however, has continued to grow, with the 2017 growth standing at 10% over the previous fiscal year. Over 1 million workers went abroad in 2017, the highest level achieved to date. Remittances have started to show signs of reversal, with remittance levels in January 2018 registering a 37% growth year to year. The depreciation of the BDT against the USD is likely to lead to an uptick in remittances as workers move towards official channels to send remittances rather than use informal channels.

FOREIGN EXCHANGE RESERVE

Foreign exchange reserves reached a new record high of USD 33.5 billion in FY17, buoyed by strong financial account surplus to overcome a growing current account deficit. The foreign exchange reserves are set to decrease in the future as Bangladesh Bank intervenes in the currency exchange market to stem the slide of the BDT. Until the current account deficit stabilizes, the foreign exchange reserves are expected to decrease.

CAPITAL MARKET SCENARIO

Dhaka Stock Exchange Limited has two indices, which are known as the DSE Broad Index (DSEX) and DSE 30 Index (DS30) based on free float and S&P methodology which was introduced on January 28, 2013. DSEX is the Broad Index of the Exchange (Benchmark Index) which reflects around 97% of the total market capitalization. DS30 constructed with 30 leading companies which can be said as investable Index of the Exchange. DS30 reflects around 51 % of the total market capitalization. DSE Shariah Index (DSES), introduced on January 20, 2014 which serves as a Shariah Compliant broad market benchmark in Bangladesh Capital Market.

DSE Broad Index (DSEX) stood at 6,244.52 points on the last trading day of December 2017 as against 5,036.05 points of December 2016. The index points of December 2017 is 24% higher than that of the previous year. DSE 30 index (DS30) stood at 2,283.23 points in December 2017 as against 1,810.91 points in December 2016. The index points of December 2017 is 26.08% higher than that of the previous year. DSEX Shariah Index (DSES) stood at 1,390.67 points in December 2017 as against 1,191.87 points in December 2016. The index points of December 2017 is 16.68% higher than that of the previous year. Market Capitalization of all listed securities stood at Tk. 4,228.95 billion in December 2017 as against Tk. 3,412.44 billion of the preceding year.

THE COMPANY

Phoenix Finance & Investments Limited (PFIL), one of the leading and reliable multi-products Financial Institutions in Bangladesh, was incorporated in Bangladesh on April 19, 1995 as a Public Limited Company under the Companies Act 1994 and started its operation on May 9,



Partial view of 22nd Annual General Meeting

1995 as a Non-Banking Financial Institution named as Phoenix Leasing Co. Ltd. under Financial Institution Act, 1993. It has been renamed as Phoenix Finance and Investments Limited (PFIL) on 7th February, 2007 with a view to reflecting multidimensional financial activities of the Company and keeping parity with the activities as it has been doing other than lease financing, which although, has remained as the prime area of the financial activities.

The authorized capital of the Company is Tk 3,000,000,000/- divided into 300,000,000 Ordinary shares of Tk 10 each. Its paid-up capital stood at Tk 1,214,946,360/- only in the year under review and the total Capital/Shareholders' equity of the Company stood at Tk 2,601,707,126/- only as on December 31, 2017.

Sponsor shareholders of the Company includes a renowned corporate body namely Phoenix Insurance Company Ltd., a leading Insurance Company in Bangladesh and Pakiza Cotton Spining Mills (Pvt) Ltd. Others are individuals having wide range of experience in the field of commerce and industries.

The main objective of Phoenix Finance and Investments Limited is to allocate scarce financial resources to capital investment through funding in capital machinery/equipment specially for BMRE of the existing industrial enterprises to stimulate the industrial development of the country and also to provide financial assistance through Leasing and other multi-dimensional products & services to all levels of entrepreneurs for a wider range of asset acquisition contributing to national development as well. The Company also provides a wide range of services from its nine Branches at Dhaka, Chittagong, khulna and Bogra. Our objectives are to uphold the trust of all our valued stakeholders.

The Company has also diversified its products and services to such other areas as Housing and Real Estate, Bridge Financing, Short Term and Mid Term Loan and startup working capital to cater to the divergent needs of the economy. The Company operates a SME Branch in Dhaka for promoting Small and Medium Enterprises (SME) specially, for alleviation of poverty through creation of employment and generation of income on a sustainable basis.

FINANCIAL POSITION &PERFORMANCE OF THE COMPANY

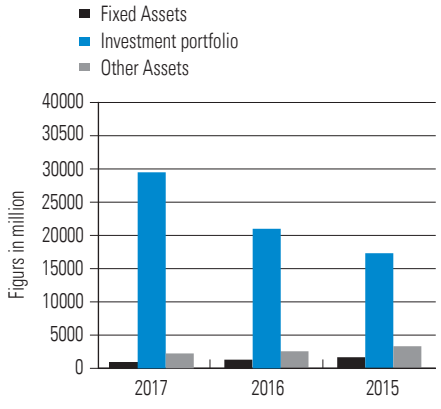
The year 2017, was the focused year of Phoenix Finance & Investments Limited regarding expansion and diversification of various business lines. A strategic approach streamlining diverse business opportunities was undertaken, which facilitated the Company to complete a successful business year. It is remarkable that despite facing challenges and uncertainties in the adverse financial scenario, the Company was able to maintain the progress in many lines of business during the year 2017 which further consolidated its position in the market in terms of quality services providing to the customers and value addition for the shareholders.

ASSETS

Total Assets of the Company increased considerably over the years. As on December 31, 2017 total assets stood at Tk. 31,427.29 million showing an increase of 28.86% as against the year 2016. In 2016, total assets increased by 21.71% as compared to that of 2015. A comparative position of Asset is given below :

Figures in Million Taka

Items	2017	% on Total	2016	% on Total	2015	% on Total
Fixed Assets	556.89	1.77	595.56	2.44	600.57	3.00
Investment Portfolio	29,526.19	93.95	22,292.59	91.41	17,841.19	89.03
Other Assets	1,344.21	4.28	1,500.45	6.15	1,596.28	7.97
Total	31,427.29		24,388.60		20,038.04	



Most of the fund has been injected in Investment portfolio (93.75% of total assets in 2017) which is the main stream of earning of the Company. It has increased 2.54 point in the year of review and incresed 2.38 point in 2016.

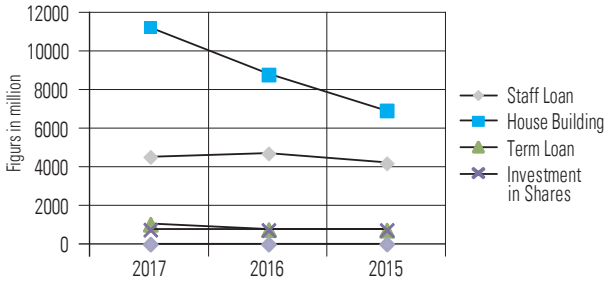
INVESTMENT PORTFOLIO

The Company recorded a 32.45% growth in Investments with a total portfolio of Tk 29,526.19 at the end of December 2017 compared to Tk. 22,292.59 million at the end of December 2016. In 2016, the portfolio growth rate was 24.95% compared to Tk. 17,841.19 million as of December 2015.

SECTORWISE FINANCE

Figures in Million Taka

Items	2017	% on Total	2016	% on Total	2015	% on Total
Lease	6,398.98	21.67	5,526.40	24.79	4,579.47	25.67
Term Loan	19,738.98	66.85	14,374.65	64.48	11,308.09	63.38
Real Estate Finance	2,635.33	8.93	1,573.98	7.06	1,088.27	6.10
Investment in Shares	693.11	2.35	757.44	3.40	806.34	4.52
Staff Loan	59.79	0.20	60.12	0.27	59.02	0.33
Total	29,526.19		22,292.59		17,841.19	



Investment portfolio consists of Lease, Term Loan, Real Estate Finance and Investment in Shares. The core business of the Company is Lease Finance & Term Finance constituting of 21.67% & 66.85% respectively on total Investment portfolio in 2017 and the Company diversified its product line time to time depending on the Market situation.

LEASE PORTFOLIO

Total Lease portfolio stood at Tk 6,398.98 million at the end of December, 2017 compared to Tk 5,526.40 million at the end of December, 2016,registring a growth of 15.79% in 2016 it was increased by 20.68% compared to Tk 4,579.46 million as on December 31, 2015.

TERM LOAN PORTFOLIO

Total Term Loan portfolio stood at Tk 19,738.98 million at the end of December, 2017 compared to Tk. 14,374.65 million at the end of December, 2016 registering a growth of 37.32% whereas growth was made 27.12% in 2016 compared to Tk. 11,308.09 million as on December 2015.

REAL ESTATE FINANCE

Total Real Estate Finance portfolio stood at Tk 2,635.33 million at the end of Dcember, 2017 registering a growth of 67.43% which was Tk 1,573.98 million as on December 31, 2016 whereas there was a growth of 44.63% in 2016 compared to Tk. 1,088.27 million as on December 2015.

INVESTMENT IN SHARES

Total Share Investment portfolio stood at Tk 693.11 million as on December 31, 2017 compared to Tk 757.44 million as on December 31, 2016. It is decreased by 8.49% . It is noteable here that the volatility in the Capital Market arose at the last quarter of 2010 and consequence of unstable Market continued round the year 2017.

ASSET QUALITY

As on December 31, 2017, 95.06% of the Investment portfolio (except investment in Shares) was regular while only 4.94% of the total portfolio was non-performing as compared to 3.76% of 2016. The Company made required provision as on December 31, 2017 against performing and non-performing loans as per rate and classification norm provided by Bangladesh Bank. The volume of non-performing loans stood at Tk. 1,424.78 million in 2017 from Tk. 809.23 million in 2016. The required loan provision of Tk. 475.85 million, out of these Tk. 285.61 million was general provision including SMA, which was 60.02% of the total provision. The rest Tk. 190.24 million was against the classified accounts. The Company has kept Tk. 97.61 million as surplus provision.

SECTOR WISE FINANCE

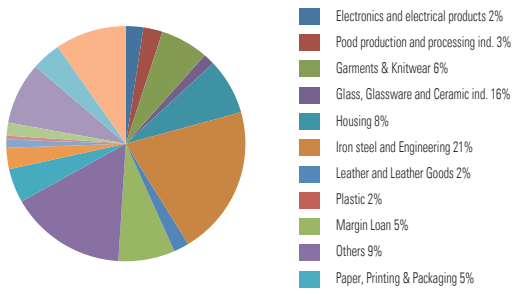
A wide range of industries and business sectors constitutes the Company's Investment (except Investments in Shares) portfolio. Major sectors where the Company extended finance include Textile, Garments, Engineering, Real Estate, Transports, Pharmaceuticals, Agro Industries and Services. The Company continued to support Small and Medium Enterprises (SME) and expanded financing facilities to them through its SME Department at Head office and Branch Offices.

Sector wise allocation of Investments reveals a well diversified portfolio of the Company with balanced exposure in different sectors. High concentration sectors are Iron steel & Engineering Tk. 5,978.35 million, Transport & Aviation Tk. 2,775.88 million, Textile Industries Tk. 2,511.57 million, Housing Tk. 2,206.02 million, Garments & Knitwear Tk. 1,872.24 million, Trade & Commerce Tk. 1,117.40 million, Paper, Printing & Packaging Tk. 1,370.80 million, Pharmaceuticals & Chemical Tk. 843.97 million, Food Production & Processing Industries Tk 735.00 million, Plastic Industry 684.46 million, Electronics and Electrical Products Tk 679.52 million, Telecommunication & IT Tk. 560.04 million, Leather and Leather Goods Tk. 579.86 million, agricultural Tk 470.56 million, cement & allied industries 381.30 millom Glass, Glassware and Ceramic Industries Tk. 451.69 million, Gas, Water & Sanitary Service Tk. 278.37 million, Ship Manufacturing Industries Tk 134.70 million and others Tk 5,201.35 million as on December 31, 2017.



Partial view of 22nd Annual General Meeting

SECTOR WISE FINANCE



LIABILITY

Total liabilities of the Company stood at Tk. 28,825.58 million as on December 31, 2017 compared to Tk 21,827.59 million as on December 31, 2016 registering an increase of 32.06% over the last year, whereas the increase was 24.62% in 2016 compared to Tk. 17,515.60 million as on December 2015.

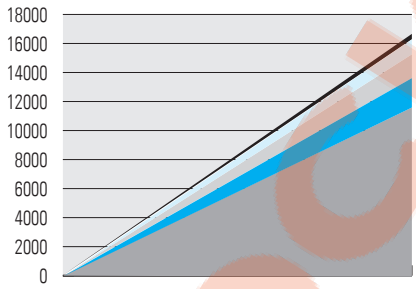
DEPOSITS

The deposits base of the Company continued to register a steady growth and stood at Tk. 20,384.06 million as on December 31, 2017 compared to Tk. 16,435.14 million of the previous year registering a growth of 24.03%. The growth was supported by Branch network and high standard products and services along with competitive interest rate offered to customers.

The customers group of the Company was Individuals, Banks, FIs, Corporations, and Autonomous Bodies, School,College and Universities etc.

Average cost of Fund was 9.66% in 2017 as against 10.01% in 2016. Deposit mix of the Company as of December 31, 2017 was as follows:

Deposit Type	Amount	%
At all Maturity	14,575.89	71.51
Monthly Income Option	2,495.09	12.24
Quarterly Income Option	1,947.33	9.55
Double Money Scheme	1,049.12	5.15
Triple Money Scheme	61.76	0.30
Monthly Savings Scheme (MSS)	254.87	1.25
Total	20,384.06	100.00



- Monthly Savings Scheme (MSS)
- Triple Money Scheme
- Double Money Scheme
- Quarterly Income Option
- Monthly Income Option
- At all Maturity

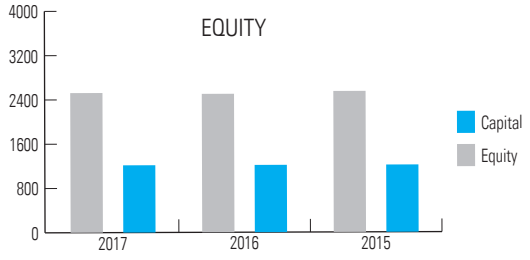
BORROWINGS FROM BANKS AND FINANCIAL INSTITUTIONS

The Company meets its certain portion of fund demand from loan taken from different Banks. It represents 20.97% of total liabilities in 2017 whereas it was 15.90% of total liabilities in 2016. Total Bank Loan Balances of the Company stood at Tk. 6,043.71 million as on December 31, 2017, increased by 74.30% compared to the last year. This loan provided by different Commercial Banks including Bangladesh Bank ranging from six months to five years secured by way of first ranking Pari-Passu Security Sharing Agreement among the secured lenders on all fixed and floating assets.

EQUITY

Phoenix Finance & Investments Limited commenced its operation on May 09, 1995 as a Non-Banking Financial Institution with an Authorized Capital of Tk. 500.00 million and Paid-Up Capital of Tk. 50.00 Million. At present the Authorized Capital of the Company stand at Tk 3,000.00 million.

Total Shareholders' Equity of the Company as on December 31, 2017 stood at Tk. 2,601.71 million and the Paid Up Capital of the Company stood at Tk 1,214.95 million on the same period.



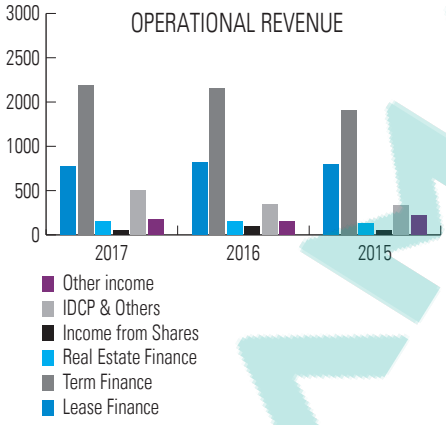
Particulars	2017	2016	2015
Equity	2,601.71	2,561.01	2,522.44
Capital	1,214.95	1,214.95	1,214.95

OPERATIONAL REVENUE

Total Operational Revenue remarkably increased by 18.45% from Tk 2,851.63 million in 2016 to Tk. 3,377.66 million in 2017. It was increased by 6.29% in 2016 compared to Tk. 2,682.90 million in 2015.

The main revenue comes from Interest on Term Finance & Lease Finance which was 57.80% and 18.96% respectively of total revenue.

				Growth (%)	
Head of Income	2017	2016	2015	2017	2016
Lease Finance	640.49	563.62	619.49	13.64	(9.02)
Term Finance	1,952.15	1,595.01	1,351.21	22.39	18.04
Real Estate Finance	147.24	134.41	124.30	9.55	8.13
Income from Shares	56.65	39.73	44.76	42.59	(11.24)
IDCP & Others	532.52	438.66	405.14	21.40	8.27
Other Income	48.61	80.20	138.06	(39.39)	(41.91)
Total	**3,377.66**	**2,851.63**	**2,682.96**		



OPERATING EXPENSES

Total Operational Expenses incurred at Tk. 2,536.25 million in 2017, increased by 16.87% compared to Tk. 2,170.04 million in 2016. It was increased by 8.38% in 2016 compared to Tk. 2,002.32 million in 2015.

Out of total Operating Expenses 87.40% was financing expenses, 8.07% was salary & allowances, 1.76 % was depreciation and 2.77% was other overhead expenses.

OPERATING & NET PROFIT

Phoenix Finance & Investments Limited registered an operating profit of Tk 841.41 million in 2017 compared to Tk 681.59 million in 2016 registering a growth of 23.45%. It was increased by 0.14% in 2016 compared to Tk 680.64 million in 2015.

After making all provisions including general provisions on unclassified loans, profit before tax stood at Tk. 588.59 million in 2017 compared to Tk. 556.20 million in 2016, registering a reasonable growth of 5.82%.

The Net Profit after tax of the Company stood at Tk. 285.11 million in 2017 compared to Tk. 282.97 million in 2016 registering a remarkable growth 0.76%.

BRANCH NETWORKING

The Company has a total number of 09 (nine) Branches. All the Branches are situated in commercial places across the country to provide with multidimensional financial services to the people and the Company has a plan to add few new Branches to the existing Branch network in the coming years.

EMAS STOCK

Partial view of 22nd Annual General Meeting

CORPORATE GOVERNANCE COMPLIANCE REPORT

The status reports on Corporate Governance Compliance pursuant to the clause no 7 (ii) of the Gazette Notification dated 07.08.2012 (in accordance with Notification No.SEC/CMRRCD/2006-158/134/ Admin/02-08 dated 20.02.2006) regarding the Corporate Governance Compliance Guidelines for all listed Companies is given at page 77-84 in Annexure III

HUMAN RESOURCE

Human Resource is the key to the success of a service oriented business organization like ours. Dynamism in a corporate body has a close relationship with the development of Human Resources. In line with the prevailing perception, the Company has sharpened its focus on human resources by a series of development activities throughout the year.

We believe that our human resources are the finest asset to contribute into Company's growth and success. It follows a structured recruitment policy, service rules and compensation package for its workforce at all tiers. The Company has recruited highly brilliant professional manpower coupled with fresh university graduates from renowned local/international educational institutions and built up the finest team to cope up with the growing business competition since its inception. The fresh graduates are recruited through competitive examination, which is conducted by the country's best Business School, IBA, Dhaka University/BIBM.

Recruitment of talent people only from the best Educational Institution is not enough to ensure the quality people. We need to groom up these talent people so that they can become future business leader in the industry. To keep this in mind, PFIL always feels the urge of quality and trained people in its HR portfolio. In the year 2017, a good number of representatives participated in training programs, at home and abroad. Besides, the Company extended its training facilities from the senior level to the support staff level.

The Company also created a sense of community among the employees by encouraging interaction with each other in the Management Committee Meeting and across the Departments and Divisions. Such discussion helped employees learn each other's responsibility, grow their individual skill and develop an understanding about the Company as a whole through interpersonal communication.

In regard to the employee development, HR Training & Development wing arranged to develop the Company Officials by training, workshop, seminar, etc. and by helping them to achieve both their personal and professional goals at PFIL and beyond it. Training courses are designed through appropriate task analysis for the fresh candidates and through performance analysis for the existing officials.

Several relevant and important Training Courses have been participated by the PFIL's nominated Employees such as Foundation Course for FIs, Credit Operation and Management and Market Promotion conducted and organized by renowned Associations, Organizations and Government Agencies of the country.

Besides above, several Workshops and Seminars on Risk Management & Basel II, Internal Control & Compliance, Prevention of Money Laundering, Corporate Governance in the Banks, FIs & Central Bank and Corporate Tax Management have also been participated by a good number of nominated employees of PFIL. A good number of employees of the Company were also sent to attend various training/ workshop/seminars on Lease Financing Business arranged by various Associations and Organizations.

HR FUTURE PLAN FOR 2018

We envisage concentrating in the following areas in 2018 for further improvement of HR policies:

- Implementation of Revised Human Resources Policy and Procedure Manual ;
- Up graduation of integrated "Code of Ethics and Business Conduct for Employees"
- Substantial review of existing policies for providing more benefits to employees with a view to introducing superior level of job satisfaction.
- Employee's satisfaction survey etc.

CAPITAL STRENGTH IN ACCORDANCE WITH BASEL-II RECOMMENDATION AND BANGLADESH BANK GUIDELINE.

Capital Adequacy Ratio (CAR) of the Company at the Balance Sheet date was 10.75 percent with Tier - I ratio at 8.77 percent. The ratios have been calculated in accordance with Basel-II recommendation and Bangladesh Bank guidelines. CAR encompassing credit, operational and market risks is well above the Basel-II requisite for 10 percent. Note 36 to the Financial Statements provide further details on PFIL capital adequacy. Major contributors to strong capital adequacy ratio are high capital base, downsizing of non-performing assets that are fully provided for and low risk profile of our on-balance sheet and off-balance sheet exposure. Capital Adequacy Ratio(CAR) has been calculated in 2017 & in 2016 as per CAMD guidelines respectively under the Instruction of Bangladesh Bank's DFIM circular no.8 dated August 02, 2010. Risk-Weighted Assets & Capital Adequacy Ratios of our PFIL were standing under the Following:

	Million in Taka	
	2017	2016
Core Capital(Tier-I)		
Fully Paid-up Capital	1,214.95	1,214.95
Non-repayable share premium	87.41	87.41
Statutory Reserve	630.55	573.53
General Reserve	2.00	2.00
Retained earnings	252.20	249.34
Sub-Total	**2,187.11**	**2,127.23**
Supplementary Capital(Tier-II)		
General Provision(unclassified loans upto specified limit + SMA + off Balance Sheet Exposure)	285.60	239.30
Assets Revaluation Reserve	207.30	216.89
Sub-Total	**492.90**	**456.19**
A. Total Eligible Capital	**2,680.01**	**2,583.42**
B. Risk Weighted Assets		
Credit Risk	**21,995.87**	**20,388.56**
On Balance Sheet	21,874.60	20,301.21
Off-Balance Sheet	121.27	87.35
Market Risk	1,371.20	1,499.80
Operational Risk	1,572.20	1,511.72
Total Risk Weighted Assets	**24,939.27**	**23,400.08**
C. Minimum Required Capital(MCR) on RWA(10% of RWA for both under CAMD	2,493.93	2,340.01
D. Capital Surplus/(Shortfall)(A-C)	**186.08**	**243.41**
Total Capital Adequacy Ratios		

Capital Requirement	Required(%)	Held(%)	Required(%)	Held(%)
Core Capital(Tier-I)	5	8.77%	5.00	9.09
Supplementary Capital(Tier-II)	-	1.98%	-	1.95

PROPOSED DIVIDEND

The Board of Directors has recommended 20% Cash Dividend subject to the approval of the Shareholders in the 23rd Annual General Meeting.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the provisions in the Articles of Association of the Company the following Directors representing one-third of the number of existing Directors will retire by rotation in the next Annual General Meeting:

Ms. Selina Akhter
Mr. Azizur Rahman
Mr. Dost Mohammad

Being eligible they offer themselves for re-election.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2018

According to the Articles of Association, the Company at each Annual General Meeting appoints one or more Auditors being Chartered Accountants to hold the office until the next Annual General Meeting.

In order to comply with the regulatory directives of Bangladesh Bank issued vide FID Circular No.03, dated 02.03.1999 and BRPD (p) 748/3/2007-1865, dated 24.06.2007 regarding Appointment of External Auditors for Financial Institutions under section 24 of the Financial Institutions Act 1993, the Company arranged for appointment of External Auditor for the Company for the year 2018. The Board considered Circular/order of Bangladesh Bank and Bangladesh Securities and Exchnage Commission regarding appointment of any Chartered Accountancy Firm as the External Auditor.

AMAR STOCK



Partial view of 22nd Annual General Meeting









Partial view of 22nd Annual General Meeting





Partial view of 22nd Annual General Meeting

Accordingly, the Board of Directors of the Company in its 265th Meeting held on 29.03.2018 recommended for appointment of Mahfel Huq & Co. Chartered Accountants as the External Auditor for the year 2018 until the next Annual General Meeting.

OUTLOOK 2018

Phoenix Finance & Investments Ltd. will expand the core business activities, particularly in Trade Finance, Commercial Lending to SME, Structured Finance to continue its notable position. In regards to liability management, the Company remains focused on growing its core customer deposits and also improve its deposit mix to have competitive cost of fund. The Company will continue to improve its delivery standards and pursue greater cost efficiency and staff productivity by promoting a positive business process. In pursuit of its business growth, the Company will invariably adhere to good corporate governance, sound risk management policies, prudent credit policies and practices in order to support sustainable long term growth and profitability of the Company for the benefit of all stakeholders. Our Company has already chalked out strategy to achieve the business volumes targeted by all the Departments. We have a good size of portfolio and diversity in our revenue earning stream. We are confident that the Company will be able to present better results for our shareholders in future as well.

ACKNOWLEDGEMENTS

Phoenix Finance & Investments Limited within a short span of its operation has gained the confidence of its clients. This success is primarily attributed to its teamwork, prompt and prudent decision making, efficient and cordial service, economic use of resources and introduction of new financial products and technologies. The continued endeavors of the Management and staff of the Company under wise guidance and timely support of the Board of Directors have substantially contributed to the success of the Company. The Board of Directors of the Company expresses deep appreciation and gratitude to the Management and all members of staff for their dedicated and efficient services and also to the valued clients, sponsors, shareholders, stakeholders, patrons and well wishers, whose continued support and cooperation have facilitated us to follow the right path towards the glorious achievement made so far. The Company is grateful to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, External Auditor, Registrar of Joint Stock Companies & Firms and Central Depository Bangladesh Limited for their continued support, prudent guidance and advice towards the notable growth of the Company.

GRATITUDE

The Members of the Board of Directors of Phoenix Finance & Investments Limited express their gratitude to all shareholders, valued clients, patrons, all employees and well-wishers for their continued support and cooperation without which the Company would not have been able to achieve its present amazing position.

The Board of Directors also expresses deep appreciation to the Management and all members of staff for their dedicated and efficient services and also to the clients, sponsors, shareholders, stakeholders whose patronage have facilitated us to follow the right path towards the glorious achievement so far made by the Company.

Best regards and best wishes to all.

On behalf of the Board of Directors,



(Evana Fahmida Mohammad)
Chairperson

Directors' Declaration On Financial Reporting Framework



MOBARAK ALI
Director, Phoenix Finance &
Investments Limited

The Directors are required to present a report together with Financial Statements and placed them before a general meeting. The Financial Statements prepared in accordance with the Companies Act 1994, Bangladesh Accounting Standard (BAS), Rules and Regulations of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) Rules, 1987 and the Listing Rules of the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The Financial Statements of the Company give a true and fair view of –

AMAR STOCK

Directors' Declaration On Financial Reporting Framework

a) The state of affairs as at balance sheet date ; and

b) The profit and loss of the Company for the financial year ended on the balance sheet date.

In preparing these financial statements, the Directors are required to ensure that:

i) The appropriate accounting policies have been selected and consistently applied in a manner; and

ii) Estimates and judgments have been made which are reasonable and prudent; and

iii) Prepare the financial statements on going concern basis.

The Directors, in accordance with BSEC Gazette Notification dated 07.08.2012 (in accordance with Notification No. BSEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006), confirm compliance with the financial reporting framework for the following:

1) The Financial Statements prepared by the Management of the Company presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2) Proper books and accounts of the Company have been maintained.

3) Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and accounting estimates are based on reasonable and prudent judgment.

4) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.

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

6) There are no significant doubts upon the Company's ability to continue as a going concern.

The Directors also confirm that the Annual Report has been prepared in compliance with the laws, rules and regulatory guidelines and BSEC Notification dated 07.08.2012 (inaccordance with No. BSEC/CMRRCD/2006-158/Admin/02-08 dated February 20,2006.)

On behalf of the Board of Directors

MOBARAK ALI
Director

Declaration of CEO & CFO to the Board of Directors

In accordance with the condition no. 06 of BSEC notification no. SEC/CMRRCD /2006-158/134/ Admin/44 dated 7 August 2012, we hereby certify that,

1. We have reviewed Financial Statements for the year ended on 31st December, 2017 and that to the best of our knowledge and belief:

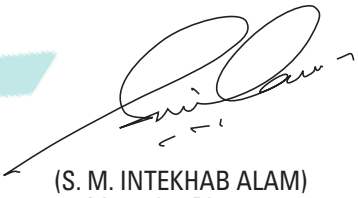
   (a) These Statements do not contain any materially untrue information or omit any material fact or contain Statements that might be misleading;

   (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.

2. There are, to the best of knowledge and belief, no transactions entered into by the company during the year 2017, which are fraudulent, illegal or violation of the company's code of conduct.



(MD. ABU SUKKUR)
Executive Vice President & CFO



(S. M. INTEKHAB ALAM)
Managing Director

Date: April 25, 2017

AMARSTOCK

Corporate Governance

Corporate Governance is a system through which companies are directed and controlled and the Board members are made responsible to shareholders. The Board of Directors of Phoenix Finance & Investments Limited ensures that the activities of the Company are always conducted in accordance with the highest ethical standards, in the best interest of all stakeholders and the preservation of the environment. The Company remains committed to highest standards of Corporate Governance and manage its affairs in accordance with the guideline of the Bangladesh Securities and Exchange Commission.

The objectives of the Management Structures headed by the Board of Directors of Phoenix Finance & Investments Ltd. and led by the Chairman are to deliver sustainable value to shareholders. Implement the strategy set by the Board is delegated to the Branch Management and Unit Management under the leadership of Managing Director. The Board sets the strategy and approves the annual operating plans presented by the management for achievement of strategic objectives. The Board of Directors meets regularly. Directors receive information between meetings about the activities of the Committees and developments in the Company's business. All Directors havefull and timely access to all relevant information and may take independent professional advice if necessary. The Company has taken the following measures to implement Corporate Governance as instructed by Bangladesh Bank and Bangladesh Securities and Exchange Commission:

THE BOARD OF DIRECTORS & THEIR MEETING

The responsibility goes to a large extent to the directors of the Board and their leadership. The Board comprises of 9 (nine) members. The Board of Directors of whom three are Nominee Directors, two is Independent Director and one Executive Director who is the Managing Director. The Company has complied with the Corporate Governance Guidelines imposed by Bangladesh Securities and Exchange Commission. Board members include persons of talents, with academic & professional qualification and wide range of experience in the field of business. This gives strength for effective discharge of duties and responsibilities by the Board.

The Board of Directors endeavors to exercise effective control over the Company in formulating and implementing policies and ensuring their effective implementation. The Board is responsible for the governance of the Companyon behalf of shareholders within a framework of policies and controls that provide for effective risk assessment and management. The Board provides leadership and articulatesthe Company's objectives. The Board approves the Company's budget and business plan and reviews the policies. The Board and Executive committee reviews the guidelinesof Bangladesh Bank. The management operates the Company according to policies set out by the Board.

The Chairman of the Board and the Chief Executive Officer/Managing Director are not the same person and their responsibilities are separate. The Chairman attends the meeting of the Board of Directors. The Chairman keeps contacts with the other Directors so that they all attendthe meeting and fruitful results derive from the meeting of the Directors.

Regular meeting of the Board is held, at least once in month. 12 (twelve) Board Meetings were held during the year 2017. The attendance by each Director is reported at page 75 in the Annexure - I.

EXECUTIVE COMMITTEE

In order to have proper functioning and quick disposal of credit proposals, Board had delegated authority to Executive Committee of the Board to approve proposal within certain limit.

The Executive Committee of the Board of Directors is comprised of 3 (three) Non-Executive Directors and the Managing Director. The Executive Committee

reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations. They ensure the implementation of the policies and guidelines through management. The Executive Committee of the Board approves the credit proposals as per the approval policy of the Board. This delegation has supported the operation in positive manner. 12 (twelve) meetings were held in the year 2017.

AUDIT COMMITTEE

The Audit Committee examines the status of implementation of the Company's policies and manuals and Bangladesh Bank Guidelines.The Audit Committee of the Board of Directors is comprised of 03 (three) members of the Board. Audit Committee sits in meeting on regular basis and verifies audit reports of different regulatory authorities. The Committee also examines the status of implementation of the Company's policies and manuals, BSEC & Bangladesh Bank's guidelines. Besides, the Committee is empowered the following:

- To review the risk management procedures for ensuring an effective internal check and control system.
- Te reviews the annual financial statements to ensure consistency with the accounting standards set by the regulatory.
- To review the efficiency and effectiveness of internal audit function.
- To review that the findings and recommendations made by the external auditors for removing the irregularities detected and also running the affairs of the Company are duly considered by the management.

In the year 2017, 04 (four) meetings were held.

MANAGEMENT COMMITTEE

The day to day activities of the Company is entrusted with the Managing Director and the Management Committee. The Committee comprises of 08 (eight) Members. The Chairman of Management Committee is the Managing Director of the Company. The Committee meets regularly to review the performance of the Company and take decisions as deemed appropriate.

ASSET LIABILITY COMMITTEE (ALCO)

The main objectives of these Committee to manage Balance Sheet risk, especially for managing of liquidity risk and interest rate risk and assist the Management Committee in the decision making process.

The main responsibilities of this Committee is to look after the Financial Market activities, manage liquidity and interest rate risk, understand the market position and competition etc. In carrying its responsibilities, the ALCO meets regularly and review the Decisions of the meeting with due consideration of the market situation. ALCO constituted 6 (six) members. ALCO chaired by the Managing Director of the Company.

CREDIT COMMITTEE

Credit/Financing Operation of the PFIL is of paramount importance as the greatest share of total revenue of the PFIL is generated from it, maximum risk is centered in it and even the very existence of PFIL depends on prudent management of its credit portfolio. The Committee constituted to reduce this risk. The Credit Committee chaired by the Managing Director and comprises of 4 (Four) senior executives.

INTERNAL CONTROL & COMPLIANCE

NBFIs business is a diversified and complex financial activity. Its activity involves high risk; the issue of effective internal control system, corporate governance,transparency, accountability has become significant issues to ensure smooth performance of the operations of the Company.

Internal control is the process, affected by a Company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal Controls are the policies and procedures established and implemented alone, or in concert with other policies or procedure, to manage and control a particular risk or business activity or combination of risks and business activities to which the Company is exposed or in which it is engaged.

Phoenix Finance & Investments Ltd. has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Company is managed and controlled in a sound and prudent manner. The Company identifies its weaknesses through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Company has established an Audit Committee to monitor the effectiveness of internal control system of the Company. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Company and ensure that the management has taken appropriate actions as per the recommendations of

the auditors and the Internal Control and Compliance Division (ICCD).

Directors are responsible for instituting a system of internal control to ensure the effective implementation of all policies and decisions of the Board. The Board ensures that the directors maintain full and effective control areas of all significant strategic, financial and organizational and compliance issues. Internal Control is the process, affected by a company's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws, regulations, and internal policies.The Company has been practicing Internal Control

System based on the guidelines framed by Bangladesh Bank. Internal Control and Compliance Division covers all areas of Company's operational activities where risks of operational losses may arise as well as to ensure that ethical standard are maintained and regulatory compliances are followed. Internal Control and Compliance process are monitored through Departmental Control Function Check List and Operational Report. These are verified periodically in each Business Unit by the Internal Control & Compliance Department (ICCD). The ICCD provides report on overall adequacy and effectiveness of the Internal Control System based on Company's policy, practice & procedure to the Board of Director/Audit Committee on regular basis.

The Management Committee of the Company also monitors the effectiveness of the Internal Control Functions time to time. The Company's internal controls are highlighted as follows:

- The definition of the organizational structure and appropriate delegation authorities to functional management.
- Procedure for the review and authorization of capital expenditure.
- Strategic planning and the related annual planning and quarterly forecasting process.
- Accounting and financial reporting policies to ensure the consistency, integrity and accuracy of the Company's accounting records.
- Reporting and review of financial results and other operating statistics as well as the Company's quarterly financial statements which are based on a standard reporting system.

INTERNAL AUDIT & INSPECTION

To reduce the operational risks of the Company, PFIL conducts regular audit/inspection on the business affairsof the Company based on different manuals, instructions, rules, procedures laid down by Bangladesh Bank and other regulatory authorities from time to time. The Internal Control and Compliance teams of the Company carried out comprehensive, periodical, special & surprise audit of the Branches/different divisions of Head Office. The frequencies of audit/ inspection of the branches/ divisions are planned as per Annual Audit Plan approved by the Managing Director and with the concurrence of the Audit Committee of the Board. The team prepares a audit report on all branches with corrective measures and places to Audit Committee of the Board for review who suggests measures through the management for remedial and non-repetition of the lapses in carrying out the operational activities of different business units.

AUDIT BY EXTERNAL AUDITORS

The external auditors also audited the financial statements of the Company and gives report thereon. They also discussed with the management on various issues including Internal Control and Compliance. Suggestions of the auditors are given due consideration and are implemented by the management. The reports of the auditors are also discussed in the Board and Audit Committee.

BANGLADESH BANK REGULATIONS

The major highlights of Bangladesh Bank regulations are

- To adopt the standardized approach for credit.
- To adopt the standardized approach for market risk and basic indicator approach operational risk.
- Submission of capital adequacy report to Bangladesh Bank on a quarterly basis.
- To adopt better risk management policy.
- To formulation and Governance of Green Banking policy.

AUDIT CONDUCTED BY BANGLADESH BANK

Bangladesh Bank conducted comprehensive inspection of Head Office and 02 (two) Branches of the Company during the year 2017. They have also conducted a special Inspection on Asset Quality. The reports are reviewed by the Board and its Audit Committee. The Company gives highest importance to the inspection report and corrective measures are taken regarding the inadequacies or lapses mentioned in the report.

Requirement of Bangladesh Bank

Compliance department received some reports/ letters from Bangladesh Bank during 2017 and successfully submitted compliance of all reports/letters within prescribed deadlines.

Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/ 2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is given at page 77-84 in Annexure – III of this Annual Report.

AMARSTOCK

Audit Committee Report 2017



MS. NASREEN ALI
Independent Director, Phoenix Finance & Investments Limited

The Audit Committee of the Board of Phoenix Finance & Investments Limited has been constituted to serve with utmost dedication the interest of the shareholders on behalf of the Board of Directors. The Board of Directors set out the overall Business plan with broad policy framework and issues guidelines for implementation by the management for overall interest of the Company. The Audit Committee, on behalf of the Board, strives to ensure effective implementation of the processes /procedures set out in the Business Plans and Policies. The Audit Committee acts as a catalyst to the Board of Directors and is responsible to the Board for its overall activities.

FUNCTIONS OF THE AUDIT COMMITTEE

Main function of the Audit Committee is to assist the Board in its overall responsibilities. In order to fulfill the responsibilities, among others, main responsibilities of the Audit Committee are as follows:

- Evaluating of compliance culture of the Management;
- Review of existing Risk Management procedures for ensuring an effective Internal Compliance and Control System ;
- Review of efficiency and effectiveness of Internal Audit Functions ;
- Monitoring of effectiveness of removal of the irregularities detected ;
- Review of Annual Financial statements in line with the Accounting Standards set by the Regulatory Authorities ;
- Review of the findings and recommendations of the External Auditors, and
- Assessment of running the affairs of the Company by the Management is in line with the policies set out by the Board.

Audit Committee Report 2017

Now, the 3(three) Member Board Audit Committee stands as under:

Directors	Position in the Board of Directors	Designation in the Audit Committee	Educational Qualification
Ms. Nasreen Ali	Independent Director	Chairman	Masters
Ms. Evana Fahmida Mohammad	Chairman	Member	Graduate
Mr. Mobarak Ali	Director	Member	Graduate

The above members of the Board Audit Committee are all having good exposure in the core business of PFIL. They all are playing active role in the Board Meetings and in the Audit Committee Meetings as well. The Board Audit Committee has been discharging duties and responsibilities in respect of Internal Control, Publication of Financial Report, Internal Audit, External Audit, Compliance of laws and rules & regulations in force as elaborately embodied in the DFIM Circular No. 13 dated October 26, 2011 of Bangladesh Bank.

AUDIT COMMITTEE

A. Particulars Of Audit Committee

In compliance with the requirement of Bangladesh Bank Notification No. DFIM-13, dated October 26, 2011, the Board Audit Committee of Phoenix Finance and Investments Limited was reconstituted by the Board Of Directors in the 250th meeting held on December 28, 2016.

B. Meetings Of Audit Committee

During January 01 to December 31, 2017, 4 (Four) Meetings of the Board Audit Committee of the Board were held in which among others, the following issues were discussed:

i) Regular review of the Internal and External (Including Bangladesh Bank) Inspection & Audit Reports with a view to implementing the suggestions of Internal and External Auditors in respect of Internal Control Structure and Techniques;

ii) Reviewed un-audited draft Financial Statements and draft Management Reports of Phoenix Finance & Investments Limited (PFIL);

iii) Evaluating the status of compliance culture related to Internal Control System built by the Management.

C. Internal Control

The following steps have been taken for implementation of Internal Control Procedure of Phoenix Finance & Investments Limited (PFIL):

i) Internal Control & Compliance Division carried out Internal Audit with a view to enriching the compliance culture and full control on the exertion of the business operations. The Division directly reports simultaneously to the Managing Director and to the Board Audit Committee;

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

iii) To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and at different Divisions of Head Office and conducting surprise inspections at Branches;

iv) Strengthening the structure of compliance framework for better functioning of the operation;

v) To guard against money laundering and terrorist financing.

APPROVAL OF FINANCIAL STATEMENTS

The Committee assisted the Board of Directors and the Management to discharge their responsibilities for the preparation of true and fair financial statements in accordance with the books of accounts and Bangladesh Accounting Standards. The Audit Committee reviewed and examined the Annual Financial Statements 2017 prepared by the Management and audited by External Auditors Malek Siddiqui Wali, Chartered Accountants and recommended these before the Board for consideration.

ACKNOWLEDGEMENT

The Audit Committee would like to express its thanks to the members of the Board, key management personnel, auditors and all employees for their dedication and effort during the year 2017.

MS. NASREEN ALI
Chairperson
Audit Committee & Independent Director

Annexure-I

Attendance by the Directors at the Board Meetings during the year 2017

Sl. No.	Directors/ Nominated Directors	Position	Board Meeting Attendance
	Ms. Evana Fahmida Mohammad	Chairperson	07
	Mr. Mobarak Ali	Director	12
	Ms. Selina Akhter	Director	11
	Mr. Abdur Rahman	Director	08
	Mr. Rakibul Islam Khan (Representing Pakiza Cotton Spinning Mills (PVT.) Ltd.)	Nominee Director	11
	Mr. Azizur Rahman[1] (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	09
	Mr. Dost Mohammad[2] (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	08
	Ms. Nasreen Ali	Independent Director	09
	Mr. Reshad Imam[3]	Independent Director	10

1. Mr. Azizur Rahman (representing Phoenix Insurance Co. Ltd.) nominated on 28.02.2017

2. Mr. Dost Mohammad (representing Phoenix Insurance Co. Ltd.) nominated on 28.02.2017

3. Mr. Reshad Imam, Independent Director appointed on 28.02.2017

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Pattern of Shareholdings as on 31 December, 2017

Sl. No.	Shareholders	No. of Shares	% of holding
a)	**Parent/Subsidiary/Associated Companies**	Nil	Nil
b)	**Directors and Top Executives & their spouses and minor children**		
	Ms. Evana Fahmida Mohammad, Chairperson	2,430,234	2.00
	Mr. Mobarak Ali, Director	6,080,148	5.00
	Ms. Selina Akhter, Director	2,430,882	2.00
	Mr. Abdur Rahman, Director	2,429,970	2.00
	Mr. Rakibul Islam Khan, Nominee Director	151,981	0.13
	Mr. Azizur Rahman, Nominee Director	Nil	Nil
	Mr. Dost Mohammad, Nominee Director	Nil	Nil
	Ms. Nasreen Ali, Independent Director	Nil	Nil
	Mr. Reshad Imam, Independent Director	Nil	Nil
i)	Mr. S.M. Intekhab Alam, Managing Director	Nil	Nil
ii)	Mr. Mohammad Sayduzzamam,Company Secretary	Nil	Nil
iii)	Mr. Md. Abu Sukkur, Chief Financial Officer	Nil	Nil
iv)	Mr. Sardar Mahbub Ali, Chief Internal Auditor	Nil	Nil
c)	**Executives (Top 5, except above b)**	Nil	Nil
d)	**Shareholders holding 10% or more voting interest:** Phoenix Insurance Company Limited	13,264,163	10.92

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Annexure-III

STATUS/REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE GUIDELINE.

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Complied status (put 3 in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.00	Board of Directors			
1.1	Board's Size: should 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) 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: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1.2 (ii) c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		

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1.2 (ii) d)	Who is not a member, directors 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 an 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 that 3 (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 do a Non-Bank Financial institution (NBFI);	✓
1.2 (ii) i)	who has not been convicted for a criminal offence involving moral turpitude.	✓
1.2 (iii)	the independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)	✓
1.2 (iv)	the post of independent director(s) can not 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 isable 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, Chartered Secretaries. 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.	✓

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1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be Elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓
1.5	The Directors' Report to Shareholders	✓
1.5 (i)	Industry outlook and possible future developments in the industry.	✓
1.5 (ii)	Segment-wise or product-wise performance.	✓
1.5 (iii)	Risks 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.	✓
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 issues, rights issues and/or through any others instruments.	✓
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	
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.	✓

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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 agoing concern. If the issuer company is not considered to be a going concern, thefact along with reasons thereof should be disclosed.	✓
1.5 (xvii)	Significant deviations from the last year's operating esults of the issuer company shall be highlighted and the reasons thereof should be explained.	✓
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓
1.5 (xxi) c)	Executives;	✓
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓
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)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓
2.1	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS) : Appointment	✓
2.2	Requirement to attend the Board Meetings.	✓

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3	Audit Committee	✓
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓
3.1 (i)	The Audit Committee shall be 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)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of Vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓
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 (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).	✓
3.3 (i)	Oversee the financial reporting process.	✓
3.3 (ii)	Monitor choice of accounting policies and principles.	✓

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3.3 (iii)	Monitor Internal Control Risk management process.	✓	
3.3 (iv)	Oversee hiring and performance of external auditors.	✓	
3.3 (v)	Review along with the management, 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 transactions submitted by the management.	✓	
3.3 (ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓	
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a Statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓	
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓	
3.4.1 (ii) a)	Report on conflicts of interests;	✓	No such matters to report on.
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;		No such matters to report on.
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: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreason ably ignored,the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓	

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3.5	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓	
4	External/Statutory Auditors	✓	
4 (i)	Appraisal or valuation services or fairness opinions.	✓	
4 (ii)	Financial information systems design and implementation.	✓	
4 (iii)	Book keeping or other services 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 service that the Audit Committee determines.		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit 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 shall be made applicable to the composition of the Board of Directors of the subsidiary company.		No such Subsidiary Company
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.		No such Subsidiary Company
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.		No such Subsidiary Company
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.		do
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.		do

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6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)		
6 (i) a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓	
6 (i) b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓	
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓	
7	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 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.		Certificate of Compliance has obtained and inserted in the page no. 85 of Annual Report 2017.
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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K. M. ALAM & CO.
CHARTERED ACCOUNTANTS

Praxity
CORRESPONDENT
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

CERTIFICATE OF THE CORPORATE GOVERNANCE COMPLIANCE TO THE SHAREHOLDERS OF PHOENIX FINANCE & INVESTMENTS LIMITED

(Issued under condition No.7 (i) of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012)

We have examined compliance to the BSEC guidelines on Corporate Governance of Phoenix Finance & Investments Limited for the year ended 31st December 2017. These guidelines relate to the notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance. Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination was limited to the procedures and implementation thereof as adopted by the management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only and not an examination of opinion or audit on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that, the company has complied with the conditions of corporate governance in all intended material substances as stipulated in the above mentioned Guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the company nor a certification on the efficiency or effectiveness with which the management has conducted the affairs of the company.

K. M. Alam & Co.
Chartered Accountants

Dated: Dhaka
09th May, 2018

COMPLIANCE REPORT ON BANGLADESH BANK'S GUIDELINES ON CORPORATE GOVERNANCE

Bangladesh Bank requires the Financial Institutions to comply with the guidelines on Corporate Governance as per the DFIM circular no. 7 dated 25 September, 2007 taken appropriate steps to comply with the guidelines and implemented the same. Status report on compliance with those guidelines is given below:

Sl.	Particulars	Compliance status
01.	Responsibilities and Authorities of Board of Directors The responsibilities of the Board of Directors are mainly related to and developing strategy. Those are as-	Complied Refer to Board of Directors and its committee on page 25 to 30 of this Annual Report.
A.	Work-planning and Strategic Management:	
i.	The Board shall determine the vision/mission of the Company. Board shall also determine the strategy and work-planning for enhancement of institutional efficiency and other policy matters on annual basis. The Board shall make necessary amendments on the strategy on quarterly basis.	
ii.	The Board shall have its analytical review to be incorporated in the AnnualReport as regard to the success or failure in achieving the target as set out in the annual work plan and inform the same to the shareholders in the Annual General Meeting (AGM).	Complied Refer to the Directors Report on pages 45 to 65 of this Annual Report.
iii.	The Board shall determine Key Performance Indicators for chief executive along with other top level executives and re-assess on half-yearly basis.	Complied
B.	Formation of Sub-committee: For making timely decision, executive committee can be formed. No alternative director shall be included in this committee.	Refer to 'Board and its committee' on page 25 to 30 of this Annual Report.
C.	Financial Management:	Complied Refer to Directors Report and its committees'on page 45 to 65 of this Annual Report.
i.	Annual budget and statutory financial reports shall be authorized by the Board of Directors.	
ii.	The Board shall review company's statement of income and expense, statement of loan/lease, liquidity requirement, capital adequacy, adequacy of provision, action taken for legal cases and recovery of default loan.	Complied Refer to Directors Report and its committees' on page 25 to 30 of this Annual Report.
iii.	The Board shall approve the procurement policy and shall accordingly approve the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and top management. However, decision relating to purchase of land, building, and vehicle shallremain with the Board.	Complied Refer to 'Report on Corporate Governance' on page 69 of 72 this Annual Report.

iv.	Bank account of the Company shall be operated by a group constituted from amongst the Management which must be approved by the Board and having dual signatures (As amended through circular number 09, dated October 08, 2007).	Complied
D.	Loan/Lease/Investment Management:	
i.	The policies, strategies, procedures etc. in respect of appraisal of loan/lease/-investment proposal, sanction, disbursement, recovery, rescheduling, and write-off shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically delegate the power of sanction of loan/ lease/ investment and such delegate should desirably be made among the CEO and other top management of the company.	Complied Refer to 'Report on Corporate Governance' on page 69 to 72 of this Annual Report.
ii.	No Director shall interfere directly or indirectly in the process of loan approval.	Complied
iii.	Core Risk Management Guidelines shall be approved by the Board of Directors of the Company.	Complied
E.	Risk Management: Approval shall be taken from Board of Directors for syndicate loan/lease/ investment and large loan, lease or investment.	Complied
F.	Internal Control & Compliance: Audit Committee shall be formed for effective implementation of an integrated internal control system of the Company and for keeping loan/lease/investment quality at a desired level. Board Audit Committee shall review the report provided by the Internal Control & Compliance Department, the external auditor and the Bangladesh Bank shall make comments thereon.	Complied Refer to Report on the Audit Committee on page 73 to 74 of this Annual Report.
G.	Human Resources Management (HRM): Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, HR development etc. and service rule shall be framed and approved by the Board. The Chairman or the Board shall no way involve themselves or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the service rules. No member of the Board shall be included in the selection committees for recruitment and promotion of different levels except the positions MD, DMD and GM or equivalent.	Complied Refer to the Directors Report on pages 45 to 65 of this Annual Report.
H.	Appointment of Managing Director and Increase of Salaries & Allowances: Board of Directors shall appoint a competent Managing Director with approval of the Bangladesh Bank. Board shall approve any increment of salaries and allowance of the Managing Director.	Complied

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Compliance Report

I.	Benefit to Chairman: Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the company subject to the approval of the Board.	Complied Refer to 'Report on Corporate Governance' on page 69 to 72 of thisAnnual Report.
02.	Responsibilities and Duties of Chairman:	
i.	Chairman shall not personally possess the jurisdiction to apply policy making or executive or authority. He shall not participate in or interfere into the administrative or operational and routine affairs of the Company.	Complied Refer to 'Report on Corporate Governance' on page 69 to 72 of thisAnnual Report.
ii.	The minutes of the Board meetings shall be signed by the Chairman	Complied Refer to 'Report on Corporate Governance' on page 69 to 72 of thisAnnual Report.
iii.	Chairman shall sign-off the proposal for appointment of Managing Director and revision of his salaries & allowances.	Complied Refer to 'Report on Corporate Governance' on page 69 to 72 of thisAnnual Report.
03.	Responsibilities of Managing Director The Managing Director or Chief Executive Officer of the company or whatsoever be called, shall work under the following area-	Complied
i.	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.	
ii.	Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities.	Complied
iii.	All recruitment/promotion/training, except recruitment/ promotion/ training of DMD & GM (as equivalent to EVP) shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company.	Complied
iv.	Managing Director may re-schedule job responsibilities of employees.	Complied
iv.	Managing Director may re-schedule job responsibilities of employees.	Complied
vi.	Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no.2 dated 06 January 2009 if so authorized.	Complied

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Credit Rating Report

Alpha Credit Rating Limited has assigned "A+" (pronounced as single A+) rating to Phoenix Finance & Investments Limited (PFIL) in long term and "AR-2" in short term based on financials up to December 31, 2016 and other relevant qualitative and quantitative information up to the date of rating under the Credit Rating Companies Rules, 1996.

The above rating was done in consideration of its fundamentals such as good Capital Base, good asset quality, established franchise value, diversified product line etc. Financial institutions rated in this category are adjusted to offer adequate safety for timely repayment of financial obligations.

Short Term Rating ST-2 signifies high certainty of timely repayment obligations. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small. Alpha also placed the Company with 'Stable outlook' in consideration of its current Portfolio with enhanced business network.

A comparative position of the Credit Rating of the Company is as follows:

Year	Long Term	Short Term
2016	A+	ST-2
2015	A+	AR-2
2014	A+	AR-2
2013	A+	AR-2
2012	A+	ST-2
2011	A	ST-2
2010	A	ST-2
2009	A	ST-2
2008	A	ST-2
2006	A-	ST-3
2005	BBB	ST-4

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

for the year ended 31st December, 2017

A) Scope of application

Qualitative Disclosures:

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

- Phoenix Finance & Investments Limited (PFIL)

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

- PFIL owns 25% of Phoenix Securities Limited (PSL).

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

- Not applicable.

Quantitative Disclosures:

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

- Not applicable.

B) Capital structure

Qualitative Disclosures

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

- Tier 2 Capital includes the following:

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

ii) Revaluation reserves:

- 50% Revaluation reserve for fixed assets;
- 10% Revaluation reserve for securities,

iii) All other preference shares.

- Conditions for maintaining regulatory capital:

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

i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
ii) 50% of revaluation reserves for fixed assets and 10% of revaluation reserves for securities are eligible for Tier 2 capital.

Quantitative Disclosures:

(b) The amount of Tier 1 capital, with separate disclosure of:

Particulars	Amount in crore Taka
Paid up capital	121.49
Non-repayable share premium account	8.74
Statutory reserve	63.06
General reserve	0.20
Retained earnings	25.22
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
Total Tier 1 capital	**218.71**

(c) The total amount of Tier 2 capital	49.29
(d) Other deductions from capital	-
(e) Total eligible capital	268.00

C) Capital Adequacy

Qualitative Disclosures

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

- Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)
  PFIL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% as on December 2015 and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.
- Strategy to achieve the required Capital Adequacy:

Operational level:

Immediate measures:

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

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

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

Continuous measures:

» Concentrating on SME clients having exposure up to BDT 10 crore as this will carry 75% fixed risk weight (for regular contracts only);

» Financing clients having good credit rating;

» Using benefit of Credit Risk Mitigation (CRM) Technique by taking eligible financial collaterals against transactions;

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

Strategic level:

» Injecting fresh capital by issuing right shares, if required.

Quantitative Disclosures

Particulars	Amount in crore Taka
(b) Capital requirement for Credit Risk	219.96
(c) Capital requirement for Market Risk	13.71
(d) Capital requirement for Operational Risk	15.72

Particular	Solo Basis
CAR on Total capital basis (%)	10.75
CAR on Tier 1 capital basis (%)	8.77

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D) Credit Risk

Qualitative Disclosures

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

- Definitions of past due and impaired (for accounting purposes)

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

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

Specific and General provisions are maintained according to the relevant Bangladesh Bank Guidelines. For Example, 1% provision is maintained against Good loans for general loans, 0.25% for SME loans , 5% against SMA loans, 20% against substandard, 50% against doubtful and 100% against bad/loss loans after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

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

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

- Looking into payment performance of customer before financing;
- Annual review of clients;
- Adequate insurance coverage for funded assets;
- Vigorous monitoring and follow up by Special Assets Management and collection Team;
- Strong follow up of compliance of credit policies by Credit Administration Department;
- Taking collateral and performing valuation and legal vetting on the proposed collateral;
- Seeking legal opinion from internal and external lawyer for any legal issues;
- Maintaining neutrality in politics and following arm's length approach in related party transactions;
- Regular review of market situation and industry exposure;
- Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets.

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

- Approved Credit Policy by the Board of Directors

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

- Separate Credit Risk Management (CRM) Department

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

- Special Assets Management and Collection Team

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

- Independent Internal Control and Compliances Department (ICC)

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

- Credit Evaluation

The Credit Evaluation Committee (CEC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CEC critically reviews projects considering the current global financial crisis and its probable impact on the project. Risk Grading Model (RGM) helps a Financial Institution to understand the various dimensions of risks involved in transactions related to small business clients who are running their businesses in various geographical locations across the country. PFIL has been developing and managing RGM to promote the safety and soundness of the Company by facilitating informed decision-making. This model measures credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows management and examiners to monitor changes and trends in risk levels. The process also allows the management to manage risk to optimize returns. To mitigate credit risk, PFIL search for credit report from the Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by CRM and CEC to understand the liability condition and repayment behavior of the client. Depending on the report, Banker's opinions are taken from client's Banks. Suppliers' and buyers' opinion are taken to understand the market position and reputation of our proposed customers.

- Credit Approval Process

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

- Credit Quality and Portfolio Diversification

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

- Early Warning System

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

- NPL Management

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

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

1. Loan/Lease, classified as bad/loss and with 100% provision, can only be written-off.
2. Approval from the Board of Directors has to be taken before write-off.
3. The financial institutions should constantly try to recover the loan/lease written-off amount. If legal action has not been taken against the client, legal charges should be placed before the write off.
4. To expedite the legal settlement or collection of the due amount, third party agents can be appointed by the financial institutions.
5. A separate ledger should be maintained for the written off loans/leases and the accumulated written off value should be disclosed separately under the heading of "notes to the account" in the annual report/balance sheet of the financial institutions.
6. Even if the loan/lease has been written off, the client should be classified as defaulter and reported to CIB accordingly.

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

Disclosures on Capital Adequacy and Market Discipline (CAMD)

- Counterparty Credit Rating

PFIL is taking initiatives to rate the Corporate Clients of the company immediately by the External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank. Some corporate clients have already conducted their credit rating by ECAIs and we are optimistic of getting a significant number of counter party ratings by 2018.

- Methods used to measure Credit Risk

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

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Lease Finance(Short Term)	364.59
Lease Finance(Long Term)	275.31
Short-term Finance	858.89
Long-term finance	1,115.01
House building finance(Short Term)	22.79
House building finance(Long Term)	240.74
Staff Loan	5.98
Total	**2,883.31**

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

Area	Amount in crore Taka
Dhaka	2,393.17
Chittagong	430.69
Bogra	40.07
Khulna	19.38
Total	**2,883.31**

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

Sector	Amount in crore Taka
Garments & Knitwear	187.22
Textiles	251.16
Jute & Jute Products	-
Food Production and processing Industries	73.50
Plastic Industry	68.45
Leather and Leather Goods	57.99
Iron Steel & Engineering	597.84
Pharmaceuticals & Chemical	84.40
Cement and Allied Industry	38.13
Telecommunication and IT	56.00
Paper, Printing & Packaging	137.08
Glass, Glassware and Ceramic Industry	45.17
Ship Manufacturing Industry	13.47
Electronics and Electrical Products	67.95
Power, Gas, Water & Sanitary Service	27.84
Transport and Aviation	277.59
Agriculture	47.06
Housing	220.60
Trade & Commerce	111.74
Others	520.14
Total	**2,883.31**

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

Particulars	Amount in crore Taka
Repayable on demand	61.35
Over 1 month but not more than 3 months	156.72
Over 3 months but not more than 1 year	1,043.49
Over 1 year but not more than 5 years	1,454.71
Over 5 years	167.03
Total	**2,883.31**

(g) Gross Non Performing Assets (NPAs)	142.48
Non Performing Assets (NPAs) to Outstanding Loans & advances	4.94%

Movement of Non Performing Assets (NPAs)	Amount in crore Taka
Opening balance	80.92
Additions	97.48
Reductions	35.92
Closing balance	**142.48**

Movement of specific provisions for NPAs	Amount in crore Taka
Opening balance	14.20
Provisions made during the period	34.34
Write-off	19.44
Write-back of excess provisions	10.08
Closing balance	**19.02**

E) Equities: banking book positions

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to equity risk, including:
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and

- Total equity shares holdings are for capital gain purpose.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.
Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. On the other hand, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Quoted shares	68.56
Unquoted shares	0.75

(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period. Tk.2.38 crore

(d)

Particulars	Amount in crore Taka
Total unrealized gains (losses)	0.80
Total latent revaluation gains (losses)	(1.92)
Any amounts of the above included in Tier 2 capital.	(1.92)

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

- Specific Risk- Market value of investment in listed equities is BDT 68.56 crore. Capital Requirement is 10% of the said value which stand to BDT 6.856 crore.
- General Risk- Market value of investment in listed equities is BDT 68.56 crore. Capital Requirement is 10% of the said value which stand to BDT 6.856 crore.

F) Interest rate in the banking book

Qualitative Disclosures

The general qualitative disclosure requirement includes the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits. Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. PFIL measure the Interest Rate Risk by calculation of Simple Sensitivity Analysis i.e. calculate all on-balance sheet Rate Sensitive(RSA) and Rate Sensitive Liabilities(RSA), plot the RSA and RSL into different time buckets on the basis of maturity, calculate maturity GAP by deducting RSL from RSA(GAP=RSA-RSL) by using the formula of Di(GAP)

Quantitative Disclosures

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

Interest Rate Risk-Increase in Interest Rate: (BDT in crore) Where applicable

Particulars	1 to 30/31day (one month)	Over 1 30/31day 2 months	Over 2 30/31day 3 months	Over 3 month to 6 month	Over 6 month to 1 Year
A.Total Rate Sensitive Liabilities(A)	3.25	11.00	30.00	89.00	210.00
B.Total Rate Sensitive Assets(B)	6.19	21.21	34.39	107.59	259.57
C.Mismatch	2.94	10.21	4.39	18.59	49.57
D.Cumulative Mismatch	2.94	13.15	17.54	36.13	85.70
E.Mismatch(%)	90.46%	92.82%	14.63%	20.89%	23.60%

Interest Rate Risk - Increase in Interest Rate

	Scenario 1	Scenario 2	Scenario 3
Magnitude of Shock	2%	4%	6%
Change in the Value of Bond portfolio	0.00	0.00	0.00
Net Interest Income	1.71	3.43	5.14
Revised Capital	269.71	271.43	273.14
Revised RWA	2,493.93	2,493.93	2,493.93
Revised CAR (%)	10.81	10.88	10.95

G) Market risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

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

Methods used to measure Market risk

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

Market Risk Management system

Policies and processes for mitigating market risk

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

PFIL minimizes the Equity Risks by Portfolio diversification as per investment policy of the company. The entire portfolio is managed by PFIL's Investment Division.

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Particular	Amount in BDT crore
Interest rate risk	-
Equity position risk	13.71
Foreign Exchange Position and Commodity risk (if any)	-

H) Operational Risk:

Qualitative disclosure:

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

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to Man-Com as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

Performance gap of executives and staffs

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

Potential external events

No such potential external event exists to rise operational risk of PFIL at the time of reporting.

Policies and procedures for mitigating operational risk:

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

Approach for calculating capital charge for operational risk:

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

Quantitative Disclosures:

b) Capital requirement for operational risk:

Particular	Amount in crore Taka
Capital requirement for operational risk:	15.72

Statement on Green Banking

as of 31-12-2017

1.1 Policy Formulation and Governance

		Yes	No	Remarks
1.1.1	Formulation and Board/ Regional Head approval of Green Banking Policy	✓		

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.1.2	Allocation of Fund in the Budget for Green Banking (in million Taka)	Nil	Nil	Nil	Nil	Nil	
	Green Finance	-	-	-	-	-	
	Climate Risk Fund	-	-	-	-	-	
	Marketing, Training and Capacity Building	-	-	-	-	-	

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.1.3	Utilization of Funds (in million Taka)	351.94	1023	854.5	201.49		
	Green Finance	10	-	-	-	-	
	Climate Risk Fund	-	-	-	-	-	
	Marketing, Training and Capacity Building	-	-	-	-	-	

		Yes	No	Composition (Name, Designation Deptt., Mobile, E-mail)	Remarks
1.1.4	Formation of Green Banking Unit	✓		1. **Mohammed Mahbub Alam** VP, Head of CRMD Co-ordinator/Head of Cell Mob: +880-1811-459892 E-mail: mail@phoenixfinance.com.bd 2. **Rahat Mahmud Bappi** Principal Officer, CRMD Member of Cell Mob: +880-1710-318872 E-mail: rahatbappi@gmail.com	

1.2 Incorporation of Environmental Risk in Core Risks Management (CRM)

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.2.1	No. of Projects applicable for Environmental Due Diligence (EDD)	41	43	41	36	161	
1.2.2	No. of Projects Rated (Environmental Risk Rating)		-	-	-	-	
	Low	41	43	41	36	161	
	Moderate	0	0	0	0	0	
	High	0	0	0	0	0	
1.2.3	Rated Projects Financed						
	Total Number	-	-	-	-	-	
	Low	41	43	41	36	161	
	Moderate	0	0	0	0	4	
	High	0	0	0	0	0	
	Total Amount Disbursed (in million Taka)	Nil	-	-	-	-	
	Low	1835.20	1895.30	1730.20	1291.06	6751.76	
	Moderate	0.00	0.00	0.00	0.00	0.00	
	High	0.00	0.00	0.00	0.00	0.00	

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Statement on Green Banking

	Loan Classification as of Quarter End				
	UC (Standard)	SMA	SS	DF	BL
No. of Projects	366	22	6	3	2
Amount (in million taka)	13498.06	1531.30	1469.18	2022.57	2.59

1.3 Initiating In-house Environment Management

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.3.1	No. of Branches and Booths (Data in each quarter will reflect the cumulative figure)	9	9	9	9	9	
1.3.2	No. of Branches powered by Solar Energy (Data in each quarter will reflect the cumulative figure)	-	-	-	-	-	
1.3.3	No. of Booths powered by Solar Energy (Data in each quarter will reflect the cumulative figure)	-	-	-	-	-	
1.3.4	Introduction of Green Office Guide or General Instructions	Yes	No				Remarks
		✓					
1.3.5	Pin Points of Green Office Guide or General Instructions	1. Ensure efficient use of electricity, water, paper and reuse of equipment. 2. Reduce relying on printed documents, online communication would be extensively used (where possible) for office management. 3. Ensure double side printing of any kind of documents. 4. Apply Eco-font in printing to reduce use of ink. 5. Use scrap paper as notepads/draft printing and avoid disposable cups/glasses to become more eco-friendly. 6. Use energy efficient electronic equipment. 7. Ensure proper shutdown of computers, fans, lights, air coolers etc at the time of closing office which will help reducing electricity consumption. 8. Use Energy saving bulbs (when required) in place of Normal bulbs. 9. Encourage to purchase energy efficient cars (that consume less fuel) which can reduce gas and petroleum consumption.					

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.3.6	Inventory Details						
	Consumption of Water (in million Taka)	0.220	0.229	0.168	0.215	0.832	
	Consumption of Paper (in million Taka)	0.271	0.134	0.139	0.128	0.673	
	Energy Consumption (in million Taka) Electricity	0.436	0.925	0.921	1.346	3.629	
	Gas	0.004	0.005	0.005	0.005	0.018	
	Fuel	0.193	0.192	0.174	0.168	0.728	
1.3.7	Others (Please Specify)						

1.4 Introducing Green Finance

		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total		Remarks
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
ETP	For Installation of ETP (Amount Disbursed)	1	10							1	10	
	Projects financed having ETP (Full Amount Disbursed)									0	0	
Bio-gas Plant										0	0	
Solar Panel/Renewable Energy Plant										0	0	
Bio-fertilizer Plant										0	0	
Hybrid Hoffman Kiln (HHK)										0	0	
Others (Please Specify)		4	351.94	5	1023	5	854.5	5	201.49	19	2430.93	
Green Finance at reduce rate of interest												

1.5 Utilization of Climate Risk Fund

		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total		Remarks
1.5.1	Fund for part of CSR activities (event) related to Climate Change (in million Taka)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
1.5.2	Fund for part of CSR activities (Project) related to Climate Change (in million Taka)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

1.6 Introducing Green Marketing

1.6.1	Introduction of Green Banking Products (Please Specify)	-

1.7 Employee Training, Consumer Awareness and Green Event

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.7.1	No. of Training Programs/Seminars/ Workshops/Awareness Programs exclusively conducted for Green Banking	-	-	-	-	-	
1.7.2	No. of Participants covered	-	-	-	-	-	
	Employees	-	-	-	-	-	
	Customers	-	-	-	-	-	
1.7.3	Green Events (Please Specify)	-	-	-	-	-	

1.8 Disclosure of Green Banking Activities

Disclosure in	
Annual Report	Yes
Website	Yes
Media	No
Preparation of Independent Green Banking & Sustainability Report	No

2.1 Sector Specific Environment Policy

2.1.1	Formulation of Sector Specific Environment Policy (Under Phase 2) (If yes, please give the pin points in a separate sheet)	Yes	No ✓	Remarks
2.1.2	Name of the Sectors for which Specific Environment Policy Formulated		-	

2.2 Green Strategic Planning

2.2.1	Formulation of Green Strategic Planning (if yes, please describe in a separate sheet)	Yes	No ✓	Remarks

2.3 Environment Risk Management Plan

2.3.1	Formulation of Banks Specific Environment Risk Management Plan and Guideline	Yes ✓	No	Remarks

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Progess of Green Finance

October-December 2017

(Taka in million)

Total Loan Disbursement (Funded)	Direct Green Finance (Disbursement)	Indirect Green Finance (Disbursement)	Toal Green Finance (Disbursement)	Direct Green Finance as % of Total Loan Disbursement
1,847.26	0.00	201.49	201.49	0.00%

Details of Green Finance

Renewable Energy

		Amount (in million Taka)
Bio-gas	Setting up of Bio-gas Plant in existing Dairy & poultry Farm	
	Integrated Cow Rearing and Setting up of Bio-gas Plant"	
	Organic Manure from Slurry	Nil
	Mid Range Bio-gas Plant	
	Biomass based large scale Bio-gas Plant	
	Poultry & Dairy based large scale Bio-gas Plant	
Hydro-Power	Hydropower (Pico, Micro & Mini)	Nil
Wind- Power	Wind Energy driven Power Plant	Nil

		Amount (in million Taka)
Solar Energy	Solar Home System	
	Solar Micro/Mini Grid	
	Solar Irrigation Pumping System	
	Solar PV Assembly Plant	
	Solar PV Plant capable to produce 1 MW or more Power	Nil
	Solar Cooker assembly Plant	
	Solar Water Heater Assembly Plant	
	Solar Air Heater & Cooling System Assembly Plant	
	Solar Energy Driven Cold Storage	
	Surface Water Purification Plant using Solar Pump	

Energy Efficiency

	Amount (in million Taka)
Substitution of Conventional Lime Kiln by Energy Efficient Kiln	Nil
Substitution of Conventional lighting system, electronic material Boiler with energy efficient alternatives on the basis of Energy Audit	Nil
Auto sensor power switch assembly Plant	Nil

	Amount (in million Taka)
Energy efficient Improved Cook Stove(ICS)/ICS Renewable/Hybrid Cook Stove Assembly Plant	Nil
LED Bulb/Tube Manufacturing Plant	Nil
LED Bulb/Tube Assembly Plant	Nil

Solid Waste Management

	Amount (in million Taka)
Methane Recovery from Municipal waste & to produce Power	Nil
Municipal waste to Compost	Nil

	Amount (in million Taka)
Auto sensor power switch assembly Plant	Nil
Hazardous waste treatment facility	Nil

Liquid Waste Management

	Amount (in million Taka)
Biological Effluent Treatment Plant (ETP)	Nil
Biological Effluent Treatment Plant (ETP)	Nil
Conversion of Chemical ETP to Combination type (Chemical+Biological) of ETP	Nil

	Amount (in million Taka)
Waste Water Treatment Plant	Nil
Sewage Water Treatment Plant	Nil

Alternative Energy

	Amount (in million Taka)
Production of Burnable Oil from waste Tire by the Process of Pyrolysis	Nil

Fire Burnt Brick

	Amount (in million Taka)
Setting up of Hybrid Hoffman Kiln(HHK)/Tunnel Kiln/equivalent technology in Brick manufacturing Industry	Nil

Non Fire Block Brick

	Amount (in million Taka)
Compressed Block-Brick Autoclaved Aerated Concrete	Nil

Recycling & Recyclable Product

	Amount (in million Taka)		Amount (in million Taka)
Waste Paper Recycling Plant for production of recycled paper	Nil	Recyclable Poly Propylene Thread & Baggage Manufacturing Plant	Nil
Plastic Waste Recycling Plant (PVC, PP, LDPE, HDPE,PS)"	Nil	PET Bottle Recycling Plant	Nil
Recyclable Baggage Manufacturing Plant	Nil	Solar Battery Recycling Plant	Nil

Green Industry

	Amount (in million Taka)
Establishment of Green Industry	Nil

Safety and Security of Factory

	Amount (in million Taka)
Ensuring Work Environment and Security of Workers of Textile and Garments Industry	Nil

Safety and Security of Factory

	Amount (in million Taka)
Vermicompost	Nil
Palm Oil Plant	Nil

Safety and Security of Factory

	Amount (in million Taka)
Indirect Green Finance	201.49

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Report on Risk Management

Risk management is a central part of any organization's strategic management. It is the process whereby organizations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

The focus of good risk management is the identification and treatment of these risks. Its objective is to add maximum sustainable value to all the activities of the organization. It marshals the understanding of the potential upside and downside of all those factors which can affect the organization. It increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the organization's overall objectives.

Risk management should be a continuous and developing process which runs throughout the organization's strategy and the implementation of that strategy. It should address methodically all the risks surrounding the organization's activities past, present and in particular, future. It must be integrated into the culture of the organization with an effective policy and a programme led by the most senior management. It must translate the strategy into tactical and operational objectives, assigning responsibility throughout the organization with each manager and employee responsible for the management of risk as part of their job description. It supports accountability, performance measurement and reward, thus promoting operational efficiency at all levels.

PFIL are always exposed to a certain amount of risk. Managing such risks has always been a primary concern of the Company. In today's challenging financial and economic environment, effective risk management is must for sustainable growth in shareholders value.

PFIL has always been in the vanguard of implementing different risk management tools and techniques. Its risk management approachis emphasizing not only for regulatory purpose but also to improve operational and financial performance of the Company. PFIL's Risk Management departments are headed by well skilled senior executives who are justifying the above mentioned risk. The prime objective of the risk management is that the Company takes well calculated business risks while protecting the Company's assets, its profitability from various risks.



RISK MANAGEMENT PROCESS

RISK IDENTIFICATION

Risk identification sets out to identify an organization's exposure to uncertainty. This requires an intimate knowledge of the organization, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities related to the achievement of these objectives. PFIL follows the following Techniques for Risk Identification -

- Brainstorming
- Questionnaires
- Business studies which look at each business process and describe both the internal processes and external factors which can influence those processes

- Industry benchmarking
- Scenario analysis
- Risk assessment workshops
- Incident investigation
- Auditing and inspection
- HAZOP (Hazard & Operability Studies)

RISK DESCRIPTION

The objective of risk description is to display the identified risks in a structured format. By using a table as given below displaying the risk description to facilitate the description and assessment of risks:

Risk Description

1.Name of Risk	
2.Scope of Risk	Qualitative description of the events,their size,type, number and dependencies
3.Nature of Risk	Eg.strategic,operational,financial,knowledge or compliance
4.Stakeholders	Stakeholders and their expectations
5.Quantification of Risk	Significance and Probability
6.Risk Tolerance/ Appetite	Loss potential and financial impact of risk Value at risk Probability and size of potential losses/gains Objective(s) for control of the risk and desired level of performance
7.Risk Treatment & Control Mechanisms	Primary means by which the risk is currently managed Levels of confidence in existing control Identification of protocols for monitoring and review
8.Potential Action for Improvement	Recommendations to reduce risk
9.Strategy and Policy Developments	Identification of function responsible for developing strategy and policy

RISK ESTIMATION

Risk estimation can be quantitative, semi quantitative or qualitative in terms of the probability of occurrence and the possible consequence. For assessing consequence and probability as high, medium or low, PFIL presented it's as a 3 x 3 matrix.

RISK ANALYSIS METHODS AND TECHNIQUES

PFIL used a range of techniques to analyse risks. These are specific to upside or downside risk or capable of dealing with both.

Upside risk

- Market survey
- Prospecting
- Test marketing
- Research and Development
- Business impact analysis

Report on Risk Management

- Dependency modeling
- SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)
- Event tree analysis
- Business continuity planning
- BPEST (Business, Political, Economic, Social, Technological) analysis
- Real Option Modeling
- Decision taking under conditions of risk and uncertainty
- Statistical inference
- Measures of central tendency and dispersion
- PESTLE (Political, Economic, Social, Technical, Legal, Environmental)

Downside risk

- Threat analysis
- Fault tree analysis
- FMEA (Failure Mode & Effect Analysis)

MONITORING AND REVIEW OF THE RISK MANAGEMENT PROCESS

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place. Board Audit Committee and Internal Control and Compliance Department carried out regular audits of policy and standards compliance and standards performance reviewed to identify opportunities for improvement.

The monitoring process provides assurance that there are appropriate controls in place for the organization's activitiesand that the procedures are understood and followed. Monitoring and review process also determin whether:

- the measures adopted resulted in what was intended
- the procedures adopted and information gathered for undertaking the assessment were appropriate
- improved knowledge would have helped to reach better decisions and identify what lessons could be learnt for future assessments and management of risks

STRUCTURE AND ADMINISTRATION OF RISK MANAGEMENT

- The Board of Directors of the Company is responsible for the proper risk management. Board of Directors approves all major risk management policies talking into account market condition and regulatory requirements.
- Executive Committee is responsible to supervise that the management and different management Committees are operating within approved limits and authorities. EC also approves credit proposals, administrative proposals of the Company.
- Audit Committee of the Board of Directors independently monitors all activities of the Company operations involving credit risk, operational risk, and market risks.
- Separate Risk Management Unit, Asset Liability Committee, Credit Committee, Basel-II Implementation Unit have been formed to ensure compliance with all relevant risk management policies of the Company.
- Internal Control & Compliance Department on a regular basis verifies compliance with all approved risk management and internal control policies. ICCD reports to the Audit Committee of the Board all kinds of risk sensitive issues.

Environmental Risk Management (ERM)
& Environmental Risk Assessment Framework

The physical environment of the country is deteriorating significantly in the form of land degradation, water pollution, & scarcity, air pollution, biodiversity resources and adverse impacts of natural disasters. Due to unusual weather pattern, rising greenhouse gas, declining air quality, businesses should come forward to take responsibility in safeguarding the planet. Therefore, Banks/Financial Institutions need to protect their financing from being affected by environmental condition for the sake of financial sector governance and sustainability as well as increasing awareness of environment issues amongst stakeholders, particularly community, customers, shareholders and investors.

In view of the above, Bangladesh Bank feels the necessity to introduce Environmental Risk Management(ERM) in Financial Institutions as well as in Banks for streamlining the management of environmental risks in the financial sector. In respect of credit operation of Financial Institutions, they are to encounter environmental risks, like other risks, which are facilitating elements of credit risk arising from environmental issues. In this connection, Bangladesh Bank has also prepared Guidelines on Environmental Risk Management(ERM) in a consultative manner, as a part of Green Banking Policy, outline of which has been given in their DFIM Circular No. 04 dated April 06, 2011 and the detailed 'ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh'(BB ERM Guidelines) has been made available in the Bangladesh Bank's website enabling all Financial Institutions to comply with the s ame w.e.f. July 01, 2011.

PFIL, like other Financial Institutions, is to eradicate the risks arisen due to environmental impacts caused by environmental conditions which are generally element of uncertainty or possibility of loss in the context of financial transactions. Therefore, in pursuant to the DFIM Circular No. 04 dated April 06, 2011 of Bangladesh Bank and as per outline of the 'ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh', PFIL's own ERM Guidelines for Phoenix Finance & Investments Limited(PFIL ERM Guidelines) have already been formulated, incorporating Environmental Risk into its Credit Risk Management Structure, which is circulated vide our Office Circular # 2011/79 dated July 26, 2011 for meticulous compliance of all concerned Branches and Head Office Divisions w.e.f. August 01, 2011. PFIL is also concentrating hard on linking its CSR(Corporate Social Responsibilities) at its highest corporate level for environmentally and socially responsible practices and engaging with borrowers in scrutiny of the environmental and social impact.

HIGHLIGHTS OF PFIL ERM GUIDELINES

01.0 Purpose

i. To examine the related environmental issue thoroughly and concerns associated with potential business activities proposed for PFIL financing;

ii. To identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns;

iii. To ensure strict compliance of the Environment Conservation Rules-1997 and subsequent Environment Conservation (Amendment) Act-2010 in pre-sanction and post-sanction stages and obtaining Environmental Clearance Certificate as per fallen classification(Green, Orange-A, Orange-B and Red, as the case may be);

iv. To enhance and intensify the credit appraisal process of PFIL integrating the Environmental Risk Perspectives.

02.0 Approach

i. Ascertaining of risks arising out of environmental issues;

ii. Addressing the focused environmental problems causing the risks, not towards the solution of problems in general;

iii. Value-added oriented approach to theborrowers/lessees, not be 'policing' in nature;

iv. Using of 'PFIL ERM Guidelines' to strengthen the customer relationship;

v. Focusing on managing risks, not avoiding risks and/or discouraging/reducing financing. If managing of risks does not appear to be feasible, financing may be avoiding;

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

vi. Ascertaining inter-relationship between environmental risk and credit risk and integration of ERM with credit risk management.

v. No separate or parallel ERM system.

03.0 Applicability

'PFIL ERM Guidelines' are applicable across all financing irrespective of tenure of financing (short/mid/long term finance), constitution of the borrower/lessee(Individual/ Sole-proprietorship/ Partnership/Ltd. Co.), nature of finance and nature of customer group(corporate, institutional, personal, SME). However, the 'PFIL ERM Guidelines' practice and exercise are mandatory if aggregate financial facilities of PFIL exceed the following thresholds irrespective of tenure of financing, constitution and customer group:

Customer Nature	Financing Thresholds
For Small & Medium Enterprises (SMEs) Financing	> BDT 25.00 Lac
For Corporate Financing	> BDT 100.00 Lac
For Real Estate Financing	> BDT 100.00 Lac

The waiver of 'PFIL ERM Guidelines' exercise is applicable only for the customers fallen below the above financing thresholds. But it does not mean that the customers fallen below the above financing thresholds are exempted from the other regulatory and legal requirements as per prevailing Environment Conservation Act and Rules or other law and due diligence checks (industry, client, or location specific, as the case may be) as required. The 'PFIL ERM Guidelines' are being used for all sorts of financing required for New, BMRE, Greenfield projects.

04.0 Stages of ERM

The different stages of ERM as applied to financing transactions are

(i) Identifying Risks,

(ii) Rating Risks,

(iii) Mitigating Risks and (iv) Monitoring & Controlling Risks.

05.0 ERM Procedures

Whenever a potential Borrower/Lessee approaches for financing, environmental risks are being identified. In this connection, a holistic approach is being pursued towards assessing environmental risk and look at the inherent risks posed by the overall activities of the client as opposed to constraining themselves to the specific project seeking financing. As a part of Relationship Marketing function, the applicable and relevant Environment Due Diligence (EDD) Check-List, out of the 11(eleven) EDD Check-Lists(one General EDD Check-List and 10 Sector EDD Check-Lists) as per format given in Technical Annexes of the BB ERM Guidelines, are duly filled prior to forwarding the Credit/Lease Proposal to CRM Division of Head Office for consideration.

06.0 Financing Business Activities

In this Credit Risk Management function, it is required to verify whether the Environmental Risk Rating(EnvRR) has been correctly done or not. If not, the RM or the Appraisal Team is asked to review and revise the EDD Checklist rectifying necessary computations. Whether the EnvRR is 'HIGH', the Credit Risk Management function must ensure that additional conditions/covenants are incorporated in the Sanction Advice and Lease/Loan Agreement as well. Some Environmental risk-related financing conditions/ covenants are enumerated below:

– The Lessee/Borrower will conduct business by maintaining property in compliance with all environmental laws;

– The Lessee/Borrower will provide environmental clearance certificates as and when obtained and renewed;

– The Lessee/Borrower will have emergency response procedures in place;

– The Lessee/Borrower will take immediate and necessary remedial action in the event of a hazardous spill or release;

– The Lessee/Borrower will not use the property for disposing of, producing, treating, storing or using contaminants, pollutants, toxic substances of hazardous materials or wastes;

– The Lessee/Borrower will employ a separate Environmental Manager with required background and skills to address environmental problems and environmental related compliance issues on continuous basis;

– The Lessee/Borrower will ensure adequate preparedness to climate change induced extreme events such as flood, cyclone, earthquake and other natural calamities.

07.0 Review of ERM issues in PFIL's Portfolio Management

On an ongoing basis, Credit Risk Management (CRM) Division of Head Office is estimating the environmental risks on their financing portfolio and considers approaches to managing them annually. At a portfolio level, CRM Division classifies PFIL financing of business activities across the Department of Environment(DoE)'s categories of RED,

ORANGE A, ORANGE B and GREEN(Schedule 1 of the ECR 1997). CRM Division estimates the number and financial exposure to each of these categories. In addition, CRM Division classifies PFIL financing of business activities based on their environmental risk categories i.e. 'High', 'Moderate' or 'Low' assigning the number and financial exposure to each. Based on these risk estimates, CRM Division reviews PFIL asset composition and environmental risk in the portfolio of PFIL on annual basis and places an MIS Report to the Board of Directors with comments/ views/ recommendations on the status of mitigation of environmental risks and future outlook on the same. CRM Division's review is being made in such an efficient and effective manner so that it can lead to an accurate prioritization of risks and appropriate risk management efforts. Its outcomes can be used to undertake re-balancing and counter-balancing approaches e.g. to adopt more GREEN and low environmental risk business activities if PFIL portfolio is otherwise more oriented or concentrated to the RED and 'High' environmental risk. Besides, an annual reporting is initiated on the use of ERM Guidelines in PFIL's Annual Report with a view to intimating management, shareholders and other stakeholders. Moreover, Credit Administration Division establishes and maintains a database of NPLs that is eventually fallen due to adverse environmental reasons, either in partial or full. The purpose of this database is to ensure that PFIL streamlines its own institutional knowledge for better decision-making in its future financing. If the Lessee/Borrower has indicated environmental factors as one of the reasons for delay in making repayments, then this must be noted in the Database in conformity with the Clause 2.3.7 o f 'BB ERM Guidelines'.

08.0 Credit Processing and Approval Process: Incorporating Environmental Risk Covenant

The existing credit processing and approval processes of PFIL shall continue irrespective of ERM considerations. Whatever the EnvRR rating('High', 'Moderate' or 'Low') is, all credit proposals is processed by CRM Division and placed to the EC/Board of Directors as per existing delegation of authority. Before placing the credit proposals having 'High' EnvRR to the EC/Board of Directors, CRM Division ensures that necessary covenants/conditions pertaining to regulatory requirements as per ECR 1997 or equivalent are duly incorporated in the same.

09.0 Pre-disbursement Compliances of covenants/conditions pertaining to regulatory requirements as per ECR 1997 and others

Credit Administration Division shall monitor and ensure the pre-disbursement compliances of stipulated covenants/ conditions pertaining to regulatory requirements as per ECR 1997 or equivalent prior to accord 'Disbursement Clearance Certificate' in respect of opening of L/C or disbursement. In this connection, Credit Administration Division must be satisfied with the proof of compliance and documented evidence adhering to the covenants/conditions pertaining to regulatory requirements as per ECR 1997 or equivalent.

10.0 Carrying out Environmental Risk Monitoring as a Part of Credit Monitoring

All Branches and concerned Head Office Divisions are intensifying their credit monitoring activities by way of inclusion of environmental risk considerations in the following manner wherever EnvRR is rated as 'High':

– Concerned Branch shall conduct inspection to oversee the compliance of environmental management issues as per respective sanction clauses. In addition, during periodic inspections to Branches, Internal Control & Compliance Division must oversee the status of adoption of environmental management as per respective sanction clauses retaining documented evidences. For doing this, EDD Checklist may be used. Whenever the monitoring requires more than the usual management expertise e.g. specific technical expertise, external Consultants may be deployed at the c ost of concerned Lessee/Borrower.

– All Branches shall follow-up with the Lessee/ Borrower on the findings and recommendations of the inspections. Each concerned Lessee/Borrower should send written documentation on the action taken maintaining record thereof. All concerned should take into cognizance of the commitment to follow-up on these findings and recommendations in taking decisions to deal with the concerned Lessee/Borrower.

11.0 Technical Manual Overview

'PFIL ERM Guidelines' are formulated based on prevailing laws and 'BB ERM Guidelines'. The prevailing laws contain provisions regarding conservation of environment, improvement of standards and control of environmental pollution from various sources. Out of those laws, Bangladesh Environmental Conservation Act(ECA) 1995 in the umbrella Act. In exercise of the power conferred under ECA-1995, the Environmental Conservation Rules (ECR) 1997 were issued by the Government of Bangladesh.

Together-ECA 1995 and ECR 1997-provide the framework of environmental regulations relevant to industries. Subsequently, Environmental Conservation (Amendment) Rules 2010(ECAR-2010) were issued by the Government on October 5, 2010.

12.0 Procedural Requirements

All activities need to adhere to the provisions of this Act and associated Rules. In procedural terms, no business activity(i.e. industrial unit or project) shall be established or undertaken without obtaining, in the manner prescribed by

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

the accompanying Rules, an Environmental Clearance Certificate from the Director General of Environment Department. This procedural requirement must be followed. For the purpose of issuing the Environmental Clearance Certificate, the industrial unit and projects shall in consideration of their location and impact on the environment be classified in 4(four) categories which are GREEN, ORANGE-A, ORANGE-B and RED. This categorization indicates that GREEN is least polluting and RED is most polluting, with the 2(two) ORANGE categories regarded as having medium-scale impacts. In its Schedule I, ECR-1997 includes a list of 22 industrial units or projects under GREEN, 26 types under ORANGE-A, 69 types under ORANGE B and further 69 types under RED. For each category of industries, there are different levels of documents to be provided at the time of seeking the Environmental Clearance Certificate. ECR-1997 prescribes various performance standards requirements these are both general and industry specific. The prescribed standards are, Water (Schedule 3), Sound (Schedule 4), SewagDischarge(Schedule 9), Waste from industries (Schedule 10), Gaseous Emissions (Schedule 12). When operating the industries financed by PFIL, these performance standards must be met in order to ensure that there is no legal non-compliance. Before allowing disbursement, Credit Administration Division looks into it.

13.0 Preliminary Environmental Risk Review

Upon receiving the proposal for Lease/Loan financing, every Branch must conduct a preliminary environmental risk review using Environmental Due Diligence(EDD) Check-List. In this regard, Bangladesh Bank has prepared 1(one) General EDD Check-List, 10(ten) Sector EDD Check-List in the following sectors and a Guidance Matrix:

i. Agri-Business (poultry & Dairy);
ii. Cement;
iii. Chemicals (Fertilizers, Pesticides and Pharmaceuticals);
iv. Engineering and Basic Metal;
v. Housing;
vi. Pulp & Paper;
vii. Sugar & Distilleries;
viii. Tannery;
ix. Textile and Apparels; &
x. Ship Breaking.

General EDD Check-List is being used irrespective of sectors fallen under Financing Thresholds as mentioned above. If Lease/Loan proposal falls under any of the above mentioned 10(ten) sectors or 'RED" category as per ECR-1997 under the purview of Financing Thresholds as mention in Para 3.00 above, both General EDD Check-List and pertinent Sector EDD Check-List are simultaneously being used. If any 'RED' categorized Lease/Loan proposal falls beyond the above stipulated 10(ten) sectors, an exclusive Sector EDD Check-List is being prepared by CRM Division in such special case with a view to ascertaining its overall EnvRR. Potential Borrowers/Lessees shall submit various documents to the DoE for obtaining the Environmental Clearance Certificate. This is required for both new and expansion of existing business activities. All Business units/Branches must obtain copies of these documents as a background for completing the EDD Check-Lists. However, discussion with the potential Borrowers /Lessees may form the basis for administering the EDD Check-List.

All Branches and CRM Division integrate the overall EnvRR as per following matrix given by Bangladesh Bank combining the Financing Thresholds, both the outcomes of the General and Sector specific EDD Check-Lists:

Categorization as per ECR 1997 (GREEN/ORANGE-A/ORANGE-B/RED)

Customer Nature (SME/Corporate /Rea Estate)	Amount Sought thresholds	Applicable Financing thresholds	Amount excess over financing Guidelines (2 – 3)	Applicability of PFIL ERM (YES/NO)
1	2	3	4	5

Profile of EnvRR MATRIX(If Applicability of PFIL ERM Guidelines is found 'YES'):

Outcome of General EDD	Outcome of Sector-Specific EDD	Overall EnvRR
LOW	LOW	LOW
MODERATE	LOW	MODERATE
LOW	MODERATE	MODERATE
HIGH	LOW/MODERATE/HIG	HIGH
LOW/MODERATE/HIGH	HIGH	HIGH

If the EnvRR is unclear, then it is required to collect more information from the Borrower /Lessee so as to gain an understanding of the inherent risks and arrive at a High/Moderate/Low decision. Should a risk factor not be applicable, it may be excluded from the total number of questions used in calculating.

14.0 Detailed Risk Review

According to the advice of Bangladesh Bank, the detailed Environmental Risk Review is required for all business activities, which are identified in the RED Category under the ECR 1997 being implemented by the DoE. Our concerned Branch may engage external Consultants at the expenses of the concerned customer to do a detailed Environmental

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

Risk Review Report on the basis of the Environmental Impact Assessment and associated environment management plans prepared. The detailed Environmental Risk Review must consider all sources of environmental risk, the likelihood of their occurrence and assess the implications for PFIL. Based on the detailed review, the external Consultant must advise whether the overall EnvRR will be 'HIGH' or 'MODERAE' or 'LOW'. Apart from the above exercise of ERM and computation of EnvRR in the above manner, the concerned also, our Branch subjectively highlights the environmental threats and risks in the 'Site Visit Report' as well as in SWOT Analysis while appraising the financing proposal. Besides, CRM Division must evaluate the observations made in the 'Site Visit Report' on environmental issues and the SWOT Analysis including environmental threats and risks as furnished by the Branch and make necessary endorsement in the Board Memo in this regard.

AMAR STOCK

Corporate Social Responsibility



• Blankets are being distributed to the cold affected distressed people of Lalmanirhat.



• Blankets are being distributed to the cold affected distressed people of Dhaka City.

Phoenix Finance & Investments Limited conscious of Corporate Social Responsibility (CSR) from the very beginning of its operation in 1995. The Company looks beyond short-term quantities gains and concentrates on issues which make the institution socially responsible. The Company always expects sustainable and balanced growth of the society.

The Company is deeply conscious of its obligations to the Bangladeshi society and people and remains committed to their welfare within the possessions on hand to it, at any time.

Employees of Phoenix Finance & Investments Ltd. make a unique contribution to our ultimate success. A talent officer can win the heart of a customer by delivering prompt service. We want to set the standard of distinction in the FIs with our employees who are devoted to deliver truly great service. Our success depends on our employeesand thus by enhancing their skill and knowledge base, we are able to innovate with more success. The Company provides every facility to the employees as it can, respecting their worth and dignity.

The Company engaged in business activities and the companies invest the funds in the real production. At the same time employments are also created in these companies: people work there, earn their income and lead their families. The Company's also contribute to the nation through paying Tax.

Phoenix Finance & Investments Ltd. is committed to contributing to the growth of the SME sector and is a significant player in the economic development of our nation. The Company provides service and product information, customer briefing and instant loan processing for Small & Medium entrepreneurs.



• A cheque for Tk. 20,000/- is being handed over to Mr. Lutfor Rahman for Spindle Arthopathy treatment purpose.



• A cheque for Tk. 25,000/- is being handed over to Mst. Mahbuba for heart dieses treatment purpose.

The Company believes that a warm association with the customers' drives a service oriented Organization to reach its long term sustainability. Customer's needs are different with the change of time and technology. The Company serves the customers as per their varied needs. A variety of loan products have been developed considering the needs of the people. The Company provides professional services to the customer. Every employee has been given enough information and power to make customer pleasing decisions.

Phoenix Finance & Investments Ltd. has donated an amount of Tk. 842,600/- during the year 2017 for promotion of Education, Health and for the well being of under privileged population segments and emergency support in humanitarian distresses.

HEALTH

Phoenix Finance & Investments Limited has donated for the purpose of treatment of sufferers from various diseases.

DISASTER MANAGEMENT

As part of the Corporate Social Responsibility, the Company distributed Blankets to cold affected people of Lalmonirhat and Dhaka city.

Shareholder's Information

Share Capital:	31.12.2017
Authorised Capital :	3,000,000,000.00
Paid up Capital :	1,214,946,360.00

Composition of Shareholdings

Composition of Shareholdings as on 31 December, 2017 as under :

Group :	No. of Shares		Percentage	
	2017	2016	2017	2016
Sponsors (Institutions)	13,264,163	13,264,163	10.92	10.92
Sponsors (Individuals)	** 30,116,280	53,568,289	** 24.79	44.09
General Public (Institutions)	32,732,045	29,388,160	26.94	24.19
General Public (Individuals)	45,382,148	25,274,024	37.35	20.80
Total	**121,494,636**	**121,494,636**	**100.00**	**100.00**

Classification of shareholders by holding: 31.12.2017

Share Holding Range	Number of Share holders	Share	Percentage
1 - 500	1,671	240,619	0.198
501 - 5000	1,894	3,533,759	2.909
5001 - 10000	282	2,086,511	1.717
10001 - 20000	150	2,254,269	1.855
20001 - 30000	50	1,247,338	1.027
30001 - 40000	26	912,242	0.751
40001 - 50000	22	1,017,492	0.837
50001 - 100000	49	3,748,600	3.085
100001 - 1000000	68	22,008,181	18.115
1000001 - 10000000	28	71,181,462	58.588
10000001-100000000	1	13,264,163	10.917
Total :	**4,241**	**121,494,636**	**100.00**

Year	2017	2016	2015	2014	2013
Number of Shareholders	4,241	5,635	6,931	8,482	9,172

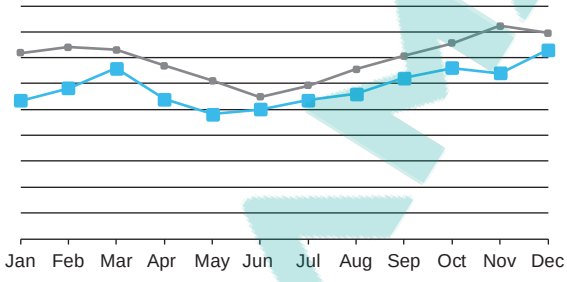
** Shareholdings composition has decreased due to Regulation 2 (r) of the Listing Regulation 2015 of DSE Limited.

Market Price Information

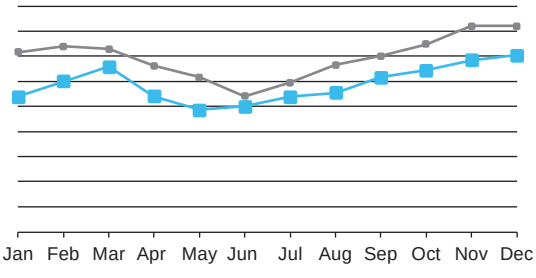
For the year 2017

Name of Month	DSE			CSE			Total Volume on DSE & CSE
	High Tk.	Low Tk.	Volume Tk.	High Tk.	Low Tk.	Volume Tk.	Tk.
January,17	35.90	26.70	31,152,463	35.80	26.90	9,832,858	40,985,321
February.17	37.00	29.10	20,477,851	36.90	30.00	29,235,389	49,713,240
March,17	36.50	32.90	24,096,733	36.40	32.90	20,551,567	44,648,300
April,17	33.40	27.00	7,186,696	33.10	27.00	5,707,595	12,894,291
May,17	30.50	24.10	4,480,039	30.80	24.30	3,795,774	8,275,813
June,17	27.40	25.00	1,250,829	27.00	25.00	470,061	1,720,890
July,17	29.60	26.80	5,095,877	29.70	26.90	2,779,615	7,875,492
August,17	32.80	28.00	14,288,074	33.30	27.70	8,749,140	23,037,214
September,17	35.30	31.10	14,686,304	35.00	30.80	7,487,883	22,174,187
October,17	37.80	33.00	19,421,842	37.40	32.20	9,309,848	28,731,690
November,17	41.10	32.00	19,131,568	41.00	34.20	26,735,767	45,867,335
December,17	39.80	36.50	3,775,544	41.00	35.20	124,470,412	128,245,956

- Market Price Information of DSE



- Market Price Information of CSE



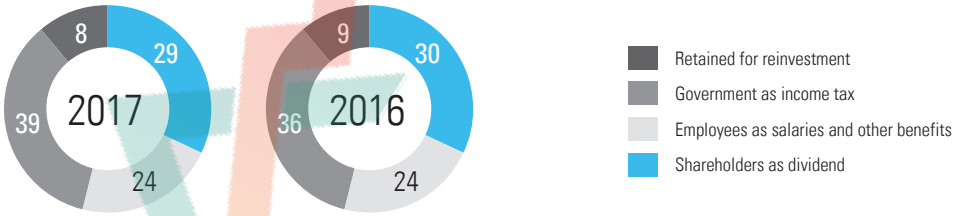
Value Added Statement

The value added statement provides a detail account of the distribution of the value created by an organization. The following table indicates how much value Phoenix Finance & Investments Limited added for the shareholders, employees, Government and how much retained within the company for further investment:

	2017 Taka	%	2016 Taka	%
Operational Revenue	3,329,057,171		2,771,434,928	
Cost of Borrowing	(2,216,728,882)		(1,854,095,413)	
Other Income	48,607,246		80,200,063	
Provision for Future losses	(252,820,863)		(125,391,176)	
Operating Expenses				
Excluding Staff Cost & Depreciation	(70,788,739)		(71,330,494)	
Value added	**837,325,933**		**800,817,908**	
Distribution of value addition				
Shareholders as dividend	242,989,272	29.02	242,989,272	30.34
Employees as salaries and other benefits	204,693,127	24.45	194,295,545	24.26
Government as income tax	325,300,000	38.85	288,600,000	36.04
Sub Total	**772,982,399**	**92.32**	**725,884,817**	**90.64**
Retained for reinvestment				
Depreciation	44,039,056	5.26	50,319,593	6.28
Retained earnings and other reserves	42,125,421	5.03	39,977,610	5.00
Deferred tax	(21,820,943)	(2.61)	(15,364,112)	(1.92)
Sub Total	**64,343,534**	**7.68**	**74,933,091**	**9.36**
Total Distribution	**837,325,933**	**100.00**	**800,817,908**	**100.00**

Employee Statistics

Number of employees at year end	132	137	
Revenue earning per employee	25,588,333	20,814,818	
Value added per employee	6,343,378	5,845,386	



Economic Value Added Statement

Economic value added (EVA) is the financial performance measure that attempts to determine the true economic profit of an organization. It provides a measurement of company's economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well a company has added value for its investors and it can be compared against company's peers for a quick analysis of how well a company is operating in its industry.

Economic value added is calculated by taking a Company's net profit after tax, adding with it, the amount of provision charged against profit to absorb the probable losses inherent in the investments. EVA is calculated as under:

Economic Value Added (EVA) = (Net Profit After Tax (NPAT) - Cost of Average Equity)

NPAT
NPAT is the net profit after tax plus the provision for doubtful losses charged against profit.

Equity
Equity is the total amount of shareholders' fund at the year end plus accumulated provision charged against profit for doubtful losses.

Cost of equity
It is the opportunity cost i.e. the expected risk free return on investments, plus a risk premium. Interest on Bangladesh Government Sanchaya Patra plus a certain percentage of risk premium has been assumed to be the cost of equity.

The following table indicates the EVA for the year from 2013-2017

(Amount in million)

Particulars	2017	2016	2015	2014	2013
Shareholders' equity at the year end	2,601.71	2,561.01	2,522.44	2,501.33	2,546.47
Accumulated provision for Loans, Advances & Leases	586.36	527.93	428.60	580.37	362.43
Average shareholders' equity	3,069.56	3,085.32	2,929.97	2,786.07	2,699.66
Cost of equity (%)	10.29	10.99	11.13	11.21	11.04
Economic value added					
Net profit after tax	285.11	282.96	265.43	198.85	313.88
Cost of equity	(315.85)	(339.02)	(326.20)	312.44	(298.10)
Economic value added	(30.74)	(56.06)	(60.77)	113.59	15.78
Key ratios (%)					
EVA/Operating revenue	(0.91)	(1.97)	(2.26)	(4.41)	0.61
EVA /Average shareholders equity	(1.00)	(1.82)	(2.07)	(4.08)	0.58
Net profit after tax/Operating revenue	8.44	9.92	9.89	7.72	12.18

AMARSTOCK

Market Value Added Statement

Market Value Added (MVA) Statement is the difference between the total Market Value and the total book value of shares of an organization. A high MVA indicates that the organization has created substantial wealth of the Shareholders. The Share Market Value of the Company stood at Tk 4,580.35 million where as the book value of share stood at Tk. 2,601.71 million, resulting a Market Value Added of Tk 1,978.64 million as on December 31, 2017. The calculation of Market Value Added is given below:

Particulars	Number of Share	Value per Share	Total amount in million
Market Value	121,494,636	37.70	4,580.35
Book Value	121,494,636	21.41	2,601.71
Market Value Added			**1,978.64**

STOCK DETAILS

Particulars	DSE	CSE
Stock Symbols	PHOENIXFIN	PHFIN
Company Code	11144	25016
Listing Year	2007	2007
Market Category	A	A
Electronic Share	yes	yes
Face value	Tk 10	Tk 10
Total number of Securities	**121,494,636**	**121,494,636**

INVESTORS' INQUIRIES

Share Department
Phoenix Bhaban (2nd Floor)
12, Dilkusha C/A, Dhaka - 1000
Phone : 9565573 (D), 9565537, Ext. 151

Financial Statements 2017

AMAR STOCK

CHARTERED ACCOUNTANTS

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9- wR, gwZwSj ewYwR¨K Gjvkv, XvKv-1000

Malek Siddiqui Wali
CHARTERED ACCOUNTANTS
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Extension Office: Property Heights, 1st Floor
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Auditors' Report

To the Shareholders of
Phoenix Finance & Investments Limited

We have Audited the accompanying Financial Statements of the **Phoenix Finance & Investments Limited** (Non-banking financial institution) Which comprises the Balance Sheet as on December 31, 2017 and the related Profit & Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements:

The Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Accounting Standards (BAS)/ Bangladesh Financial Reporting Standard (BFRS),The Financial Institutions Act 1993,The rule and regulations issued by the Bangladesh bank, The companies Act 1994,The securities and exchange commission rules 1987 and other applicable laws and regulations and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statement bases on our audit. We conducted our audit in accordance with Bangladesh standard on Auditing (BSA), that standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion:

In our opinion, the Financial Statements of the Company along with the notes there on prepared in accordance with Bangladesh Accounting Standards (BAS)/ Bangladesh Financial Reporting Standards (BFRS) and in the Format prescribed by Bangladesh Bank, give a true and fair view of the state of the Company's affairs as on December 31, 2017 and of the results of its operations and its cash flows for the year then ended and comply with the applicable section of the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, The Companies Act 1994, The Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

We also Report that:

1. We have obtained all the information and explanation which, to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
2. In our opinion, proper books of accounts as required by law have been kept by the company so far as it accepted from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
3. The Company's Balance Sheet and Profit & Loss Accounts dealt with by report are in agreement with the books of accounts and returns;
4. The expenditures incurred and payments made were for the purpose of the company's business;
5. The Balance Sheet of the Company as on December 31, 2017 and profit for the year from January 01, 2017 to December 31, 2017 have been properly reflected in the financial statements and the Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP);
6. The financial statements have been drawn up in conformity with the financial Institutions Act 1993 and in accordance with the rule and regulations issued by the Bangladesh Bank to the extent applicable to the company;
7. Adequate provisions have been made for loans, advances, leases and investment in shares considered to be classified;
8. The unaudited record and statements duly certified by the branch managers have been fairly maintained and consolidated in the financial statements;
9. The information and explanations required by us have been received and found satisfactory; and
10. We have reviewed 80% of the risk weighted assets (RAW) of the company during the course of our audit and we have spent over 1280 persons hours.

Dated: Dhaka
26-Apr-2018

Malek Siddiqui Wali
Chartered Accountants

Balance Sheet

As at 31 December 2017

Figures in Taka

PROPERTY AND ASSETS	Notes	2017	2016
Cash	3		
In hand (including foreign currencies)		260,595	97,558
Balance with Bangladesh Bank and its agent (including foreign currencies)		296,391,988	298,176,804
		296,652,583	298,274,362
Balance with other banks and financial institutions			
In Bangladesh		804,068,173	926,337,952
Outside Bangladesh		-	-
		804,068,173	926,337,952
		1,100,720,756	**1,224,612,314**
Money at call and short notice	4	-	-
Investments	5		
Government		-	-
Others		693,110,061	757,441,622
		693,110,061	757,441,622
Loans, advances and leases			
Loans, advances and leases etc.	6	28,833,081,731	21,535,147,403
Bills purchased and discounted	7	-	-
		28,833,081,731	21,535,147,403
Fixed assets including land, building, furniture and fixtures	8	556,888,073	595,562,199
Other assets	9	243,487,192	275,834,249
Non - business assets		-	-
Total assets		**31,427,287,813**	24,388,597,787
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	6,043,711,757	3,467,416,118
		6,043,711,757	**3,467,416,118**
Deposits and other accounts	11		
Current and other accounts		-	-
Bills payable		-	-
Savings account		-	-
Term deposits		20,129,183,810	16,203,651,466
Bearer certificates of deposit		-	-
Other deposits		254,874,597	231,492,430
		20,384,058,407	**16,435,143,896**
Other liabilities	12	2,397,810,523	1,925,030,495
		2,397,810,523	1,925,030,495
Total liabilities		**28,825,580,687**	**21,827,590,509**

Figures in Taka

	Notes	2017	2016
Capital/shareholders' equity			
Paid up capital	13	1,214,946,360	1,214,946,360
Share Premium		87,408,700	87,408,700
Statutory Reserve	14	630,557,008	573,534,069
General Reserve		2,000,000	2,000,000
Revaluation Reserve		414,592,274	433,772,912
Proposed Dividend	15	-	-
Retained Earnings	16	252,202,784	249,345,237
		2,601,707,126	**2,561,007,278**
Total liabilities and shareholders' equity		**31,427,287,813**	**24,388,597,787**
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		100,000,000	-
Irrevocable letters of credit		211,993,123	332,769,916
Bills for collection		-	-
Other contingent liabilities		-	-
		311,993,123	**332,769,916**
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		**311,993,123**	**332,769,916**

Note: The accompanying notes form an integral part of this financial statement.

Company Secretary | Managing Director | Director | Director

As per our separate report of even date

Malek Siddiqui Wali
Chartered Accountants

Dated: Dhaka
26-Apr-2018

Profit and Loss Account

For the year ended 31 December 2017

Figures in Taka

	Notes	2017	2016
Interest income	18	3,272,402,627	2,731,707,403
Interest paid on deposits, borrowings, etc.	19	2,216,728,882	1,854,095,413
Net interest income		**1,055,673,745**	**877,611,990**
Income from Investment	20	56,654,544	39,727,525
Commission, exchange and brokerage	21	-	-
Other operating income	22	48,607,246	80,200,063
		105,261,790	**119,927,588**
Total operating income (A)		**1,160,935,535**	**997,539,578**
Salaries and allowances	23	195,093,127	184,695,545
Rent, taxes, insurance, electricity etc.	24	25,311,718	24,341,087
Legal expenses		114,540	349,650
Postage, stamp, telecommunication etc.	25	2,221,188	2,543,307
Stationery, printing, advertisements etc.	26	10,479,764	10,638,151
Managing Director's Remuneration		9,600,000	9,600,000
Directors' fees	27	1,000,000	1,488,000
Auditors' fees		250,000	250,000
Charges on loan losses		-	-
Depreciation and repair of assets	28	44,536,562	50,674,253
Other expenses	29	30,914,023	31,365,639
Total operating expenses (B)		**319,520,922**	**315,945,632**
Profit before provision (C=A-B)		**841,414,613**	**681,593,946**
Provision for Future Losses (D)	30	252,820,863	125,391,176
Total profit before tax (C-D)		**588,593,750**	**556,202,770**
Provision for tax			
Current		325,300,000	288,600,000
Deferred		(21,820,943)	(15,364,112)
		303,479,057	**273,235,888**
Net profit after tax		**285,114,693**	**282,966,882**

Figures in Taka

	Notes	2017	2016
Retained Earnings brought forward from previous year		6,355,965	5,205,927
Amortized of Revaluation Reserve		19,180,638	19,180,638
		310,651,296	307,353,447
Appropriations		58,448,512	58,008,210
Statutory reserve		57,022,939	56,593,376
General reserve		-	-
Proposed dividend		-	-
CSR fund		1,425,573	1,414,834
Retained surplus	31	252,202,784	249,345,237
Earnings per share		2.35	2.33

Note: The accompanying notes form an integral part of this financial statement.

Company Secretary | Managing Director | Director | Director

As per our separate report of even date

Malek Siddiqui Wali
Chartered Accountants

Dated: Dhaka
26-Apr-2018

Cash Flow Statement

For the year ended 31 December 2017

Figures in Taka

	Notes	2017	2016
Cash Flow from Operating Activities			
Interest received	32	3,318,101,952	2,806,487,502
Interest payment	33	(1,949,322,107)	(1,830,567,051)
Dividend received		32,822,203	28,501,505
Fees & Commission received		-	-
Cash Payments to Employees		(204,693,127)	(194,295,545)
Cash Payments to Suppliers		(10,479,764)	(10,638,151)
Income Tax Paid		(290,626,241)	(294,611,304)
Received from other Operating activities	34	80,717,449	107,373,568
Payments for other Operating activities	35	(60,308,975)	(60,692,343)
Operating Profit before changes in Operating Assets & Liabilities		**916,211,390**	**551,558,181**
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		-	-
Loans and Lease Finance to Customers		(7,297,934,328)	(4,500,301,836)
Other Assets		32,347,057	57,659,710
Deposits received from Bank and Financial Institutions		5,146,033,421	3,083,691,405
Deposits received from Customers		1,379,176,729	977,636,407
Other Liabilities		472,780,028	250,666,146
Sub Total		**(267,597,093)**	**(130,648,168)**
A) Net Cash Flow from Operating Activities		**648,614,297**	**420,910,013**
Cash flows from Investing Activities			
Purchase/sale of securities		64,331,561	48,901,351
Proceeds from Sale of fixed assets		712,000	1,328,000
Purchase/sale of Property, Plant & Equipments		(5,364,931)	(2,805,946)
Purchase/Sale of Subsidiaries		-	-
B) Net Cash Flow from Investing Activities		**59,678,630**	**47,423,405**
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		(589,195,213)	(221,014,541)
Payments for redemption of loan capital & debt securities		-	-
Received from issue of ordinary shares		-	-
Dividend Paid		(242,989,272)	(242,989,272)
C) Net Cash Used By Financing Activities		**(832,184,485)**	**(464,003,813)**
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**(123,891,558)**	**4,329,605**

Figures in Taka

	Notes	2017	2016
Effect of Exchange rate changes on cash & cash equivalents		-	-
E) Cash and cash equivalents at the beginning of the year		1,224,612,314	1,220,282,709
F) Cash and cash equivalents at the end of the year (D+E)		1,100,720,756	1,224,612,314
Cash and cash equivalents at the end of the year represent			
Cash in Hand		260,595	97,558
Balance with Bangladesh Bank and its agent bank		296,391,988	298,176,804
Balance with other banks and financial institutions		804,068,173	926,337,952
Money at call on short notice		-	-
		1,100,720,756	1,224,612,314

Note: The accompanying notes form an integral part of this financial statement.

Company Secretary | Managing Director | Director | Director

As per our separate report of even date

Malek Siddiqui Wali
Chartered Accountants

Dated: Dhaka
26-Apr-2018

Statement of Changes in Equity

For the year ended 31 December 2017

Particulars	Paid -up Capital	Statutory Reserve	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2017	1,214,946,360	573,534,069	87,408,700	2,000,000	433,772,912	249,345,237	2,561,007,278
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	285,114,693	285,114,693
Dividends (Bonus Share)	-	-	-	-	-	-	-
Dividends (Cash)	-	-	-	-	-	(242,989,272)	(242,989,272)
Issue of share capital	-	-	-	-	-	-	-
Appropriation made during the period	-	57,022,939	-	-	-	(57,022,939)	-
Amortized of Revaluation Reserve					(19,180,638)	19,180,638	
Transferred to CSR Fund	-	-	-	-	-	(1,425,573)	(1,425,573)
Balance as at 31 December 2017	**1,214,946,360**	**630,557,008**	**87,408,700**	**2,000,000**	**414,592,274**	**252,202,784**	**2,601,707,126**

Balance as at 01 January 2016	1,214,946,360	516,940,693	87,408,700	2,000,000	452,953,550	248,195,199	2,522,444,502
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	282,966,882	282,966,882
Dividends (Bonus Share)	-	-	-	-	-	-	-
Dividends (Cash)	-	-	-	-	-	(242,989,272)	(242,989,272)
Issue of share capital	-	-	-	-	-	-	-
Appropriation made during the period	-	56,593,376	-	-	-	(56,593,376)	-
Amortized of Revaluation Reserve					(19,180,638)	19,180,638	
Transferred to CSR Fund	-	-	-	-	-	(1,414,834)	(1,414,834)
Balance as at 31 December 2016	**1,214,946,360**	**573,534,069**	**87,408,700**	**2,000,000**	**433,772,912**	**249,345,237**	**2,561,007,278**

Company Secretary | Managing Director | Director | Director

As per our separate report of even date

Malek Siddiqui Wali
Chartered Accountants

Dated: Dhaka
26-Apr-2018

AMARSTOCK

Liquidity Statement

Assets and Liabilities Maturity Analysis

As at 31 December 2017

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 Years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	260,595	-	-	-	-	260,595
"Balance with other banks and financial institutions"	122,232,529	158,286,174	338,146,223	199,472,475	282,322,760	1,100,460,161
Money at Call on Short Notice	-	-	-	-	-	-
Investment in securities	21,843,612	161,509,213	428,898,497	-	80,858,739	693,110,061
Investment (Loans and Advances)	613,507,318	1,567,223,269	10,434,932,133	14,547,071,924	1,670,347,087	28,833,081,731
Fixed assets including land, building, furniture and fixtures	3,000,000	6,000,000	27,000,000	144,000,000	376,888,073	556,888,073
Other Assets	16,153,429	79,973,009	78,054,034	69,306,720	-	243,487,192
Non-business Assets	-	-	-	-	-	-
Total assets (i)	**776,997,483**	**1,972,991,665**	**11,307,030,887**	**14,959,851,119**	**2,410,416,659**	**31,427,287,813**
Liabilities						
Financing (Borrowing) from Other banks, financial institutions and agents	154,233,627	368,677,872	1,840,079,520	3,680,720,738	-	6,043,711,757
Deposits and other accounts	409,144,623	1,080,690,348	7,924,331,182	10,753,882,391	216,009,863	20,384,058,407
Provision and other liabilities	158,673,360	316,923,737	1,035,274,289	853,773,850	33,165,287	2,397,810,523
Total Liabilities (ii)	**722,051,610**	**1,766,291,957**	**10,799,684,991**	**15,288,376,979**	**249,175,150**	**28,825,580,687**
Net Liquidity Gap (i-ii)	**54,945,873**	**206,699,708**	**507,345,896**	**(328,525,860)**	**2,161,241,509**	**2,601,707,126**

Note: The accompanying notes form an integral part of this financial statement.

Company Secretary | Managing Director | Director | Director

As per our separate report of even date

Malek Siddiqui Wali
Chartered Accountants

Dated: Dhaka
26-Apr-2018

Notes to the Financial Statements

For the year ended 31 December 2017

1 LEGAL STATUS AND NATURE OF THE COMPANY

1.1 Legal Status of the Company

Phoenix Finance and Investments Limited was incorporated in Bangladesh on 19th April 1995 as a Public Limited Company under the Companies Act, 1994. The Company obtained License from Bangladesh Bank as a Financial Institution on the 9th May 1995 as required under Section 4(1) of the Financial Institution Act, 1993.The Company has changed its name to Phoenix Finance and Investments Limited from Phoenix Leasing Company Limited with effect from 1st February 2007 complying with all the legal requirements in that respect. The company issued shares through Initial Public Offering (IPO) in June 2007 and its shares were listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on September 25, 2007.

1.2 Nature of Business Activities

The company extends Lease Finance for Capital Machinery, Construction and Medical Equipment, Energy Generating Equipment, Office Equipment, all kinds of Road/Marine Transports, Household and other essential items and Equipment for Business Enterprises like Mills, Factories, Financial Institutions, Banks and Insurance Companies as well as Educational Institutions, Clinics, Hospitals, Corporate Bodies and Individuals. The company also extends Direct Finance such as Short Term Finance, Term Finance, Real Estate Finance & Factoring facilities to Established Business Enterprises, Industrial Units and Individuals.

1.3 Head office & Branch offices

The registered office of the company is located at Eunoos Centre (Level-11), 52-53 Dilkusha C/A, Dhaka-1000, Bangladesh. The company is being operated through its Branch offices located at Chittagong, Khulna, Bogra & Dhaka districts in the country.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The accounts are prepared on going concern basis in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, the Companies Act, 1994, the Financial Institutions Act, 1993 and the Securities and Exchange Commission Rules, 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and other applicable rules & regulation.

The presentation of the Financial Statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the Financial Institutions, have been excluded in preparing the Financial Statements.

2.2 Going Concern Estimation

The Financial Statements, namely, Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes to the Financial Statements and disclosures thereto, of the FI are prepared under historical cost convention on the going concern basis. Management of the FI has made an estimation that there are no possibility to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

2.3 Accounting for Leases

The Leased Equipment under the possession of the Lessees are accounted for under direct financing method in accordance with BAS/BFRS-17 "Leases". The aggregate lease receivable including unguaranteed residual value throughout the lease term are recorded as gross lease receivable while the excess of gross lease receivable over the total acquisition cost including interest during the year of acquiring the lease equipment constitutes the unearned lease income.

The unearned lease income is amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the year. Unrealized income is suspended where necessary in accordance with the requirements of relevant circulars issued by Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

2.4 Accounting for Direct Finance

Direct Finance consists of Short-Term Finance, Long-Term Finance and Real Estate Finance. Outstanding loans along with the accrued interest thereon are accounted for as Direct Finance Receivable.

2.5 Investments

Investment in marketable ordinary shares has been shown at cost or market price whichever is lower. Investment in non-marketable shares has been valued at cost. Full provision for diminution in value of shares as on closing of the year, if required, has been taken into account.

2.6 Revenue Recognition

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

Lease Income:

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 on installment date as revenue on an accrual basis over the terms of the lease. However, lease income is not recognized if capital or interest receivable is in arrears for more than three months.

Interest on term finance and short term finance:

Interest on term finance and short term finance are recognized as revenue on an accrual basis and interest income on term finance is not recognized where any portion of interest is in arrear for more than three months.

Interest on real estate finance:

Interest on real estate finance is recognized as revenue on an accrual basis and no interest on real estate finance is accounted for as revenue where any portion of capital or interest is in arrear for more than six months.

Dividend income and profit or loss on sale of securities:

Dividend is recognized as income when the right to receive income is established whereas profit or loss arising from the sale of securities is accounted for only when the securities are sold/ offloaded.

Notes To The Financial Statements

2.7 Interest Suspense Account

Accrued interest on lease, term finance and housing loan classified as Special Mention Account, Sub-Standard, Doubtful and Bad/Loss are not recognized as income as per Bangladesh Bank's Guidelines. Such amount is transferred to Interest Suspense Account. The income is recognized on recovery of overdue amounts on cash basis.

2.8 Recognition of Fixed Assets

1. The land and buildings are shown at fair value, based on the valuation by an external independent value less subsequent depreciation for building valuation is performed with sufficient regulatory to ensure that the fair value of the revalued asset does not differ materially from its carrying amount.
2. Accumulated depreciation is restated proportionately with the changes in the gross carrying amount of the land and building so that the carrying amount after revaluation equals its revalued amount.
3. Assets revaluation reserve is transferred to retained earnings each year equivalent to depreciation charged against revalued assets (Except Land).

2.9 Depreciation on Fixed Assets

Land is not depreciated. Depreciation on other fixed asset is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful life. Addition to fixed asset is depreciated from the date of acquisition of the asset at applicable rate.

Rates of depreciation on Fixed Assets as on December 31, 2017 are as follows:

Asset Category	Rate (%) p. a.
Air Conditioner	20
Building	5
Computer	20
Electrical & Office Equipment	20
Flat	10
Furniture & Fixture	12.5
Land	Nil
Machinery Lease	20
Motor Vehicle	25
Office Decoration	20
Telephone & Fax	20

2.10 Disposal of Fixed Assets

On disposal of Fixed Assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Profit & Loss Account, which is determined with reference to the written down value of the assets and net sale proceeds.

2.11 Impairment of Assets

The carrying amount of the company's assets is reviewed at each Balance Sheet date whenever there is any such indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the assets or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Profit and Loss Account.

2.12 Receivables & Others

Receivables at the balance sheet are stated at amounts, which are considered realizable.

2.13 Accrued Expenses and Other Payables

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the creditors.

2.14 Statutory Reserve

The Company transfers 20% of profit to its Reserve Fund in accordance with The Financial Institution Regulations, 1994.

2.15 Corporate Social Responsibility (CSR) Fund

As per DOS Circular No-01 dated 01 June, 2008 issued by Bangladesh Bank the Company transfers 0.50% of profit to its CSR Fund.

2.16 Cash & Cash Equivalent

Cash & Cash equivalent consists of short-term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Cash Flow Statements

Cash Flow Statements is prepared principally in accordance with BAS/BFRS-7 "Cash Flow Statements" and the cash flow from the operating activities has been presented under direct method.

2.18 Earnings Per Share (EPS)

The company calculates Earning per Share (EPS) by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. In accordance with BAS/BFRS-33 "Earnings Per Share" which has been shown on the face of Profit & Loss Account and the computation of EPS is stated in Note-31.

Basic Earning represents earning for the year attributable to ordinary shareholders. As there were no preference dividends, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

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Notes To The Financial Statements

Weighted Average number of ordinary shares outstanding during the year 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.

2.19 Transactions and Translation of Foreign Currencies

Transactions in foreign currencies are translated into Bangladeshi Taka at the rate ruling on the transaction date and the assets and liabilities denominated in foreign currencies outstanding at closing date of accounts have been translated into Bangladeshi Taka at the closing date rate.

Foreign exchange gains/losses (if any) arising from such translations are recognized in the Profit & Loss Account.

2.20 Employees' Retirement Benefit-Gratuity

The Company operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit at the following rates:

A. On completion of 5 (Five) years Confirmed Service: 1 (One) month's basic pay for each completed year;

B. On completion of 7 (Seven) years Confirmed Service: 1.5 (One and a half) month's basic pay for each completed year;

C. On completion of 10 (Ten) years Confirmed Service: 2 (Two) month's basic pay for each completed year.

2.21 Employees' Provident Fund & Group Insurance Scheme

The company operates a Contributory Provident Fund approved by the NBR and Group Insurance Scheme for its permanent employees. Provident fund is administrated by a Board of Trustees and is funded by contribution partly from employees and partly from company at a predetermined rate.

2.22 Provisions

Provisions have been recognized in the Financial Statements as follows:

i. When the company has a present obligation, legal or constructive, as a result of past event;

ii. When it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation;

iii. When a reliable estimate can be made of the amount of the obligation.

2.23 Provision for Loans, Leases and Advances

Provision for lease finance, term & house building finance has been made in accordance with FID circular no. 08 dated 03 August 2002, FID circular no. 03 dated 03 May 2006, FID circular no. 06 dated 20 August 2006 and DFIM circular no. 03 dated 29 April 2013 issued by Bangladesh Bank at the following rates:

Standard (STD):SME	Unclassified	0.25%
Standard (STD):General		1%
Special Mention Account (SMA)		5%
Substandard (SS)	Classified	20%
Doubtful (DF)		50%
Bad/Loss (BL)		100%

The provision made up to the Balance Sheet date is considered adequate to meet probable losses.

2.24 Events after the Balance Sheet Date

All material events occurring after the Balance Sheet date are adjusted where felt necessary or disclosed in Note -38.

2.25 Use of Accounting Estimates

The preparation of Financial Statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) requires management to make estimates and assumptions that affects certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2.26 Income Tax

Current Tax

The company is a Financial Institution and therefore, the effective tax rate is 40%. Considering temporary allowable and disallowable expenses and income as per Income Tax Law, adequate provision for Income Tax has been provided for the year. However, any short provision if arises shall be accounted for in the year of finalization of assessment.

Deferred Tax

Pursuant to BAS-12 "Income Taxes" deferred tax is to be provided using the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes.

2.27 Disclosure of Deviations

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

As per FID circular No. 08 dated 03 August 2002 investments in listed shares and unlisted 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. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the Company's market value and book value of quoted and unquoted shares was lower than the cost price by BDT 12.90 million. In order to comply with the requirement specified in DFIM Circular No. 11, the company has charged the entire amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

Notes To The Financial Statements

As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per BAS 39. At the year end the Company has recognized an accumulated general provision of BDT 285.61 million (out of accumulated provision of BDT 475.86 million) under liabilities.

As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

Bangladesh Bank has issued templates for financial statements which shall strictly be followed by all Banks and FIs. The templates of Financial Statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to be included in the Single Comprehensive Income (SCI) Statement. As such the Company does not prepare the other comprehensive Income Statement. However the company does not have any elements of OCI to be presented.

2.28 Others

i. The figures in the Financial Statements represent Bangladesh Currency (Taka), which has been rounded off to the nearest Taka;

ii. Comparative information has been shown in respect of year 2016 for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year's Financial Statements;

iii. Figures of the year 2016 have been rearranged whenever considered necessary to ensure comparability with the current year.

Figures in Taka

		2017	2016
3	**CASH**		
	Cash in hand		
	Local currency	260,595	97,558
	Foreign currencies	-	-
		260,595	97,558
	Balance with Bangladesh Bank and its agent bank		
	Local currency	296,391,988	298,176,804
	Foreign currencies	-	-
	Balance with other Banks and Financial Institutions	**804,068,173**	**926,337,952**
	Total	**1,100,720,756**	**1,224,612,314**

3.1 Cash Reserve Requirement (CRR) Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with Bangladesh Bank directives.

Figures in Taka

	2017	2016
3.1.1 Cash Reserve Requirement (CRR)		
Required reserve	242,229,315	291,686,000
Actual reserve held	330,624,672	318,172,000
Surplus/(deficit)	**88,395,357**	**26,486,000**

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2017 there is no shortage in CRR.

3.1.2 Statutory Liquidity Requirement (SLR)		
Required reserve	678,738,441	630,731,000
Actual reserve held	907,137,816	1,010,783,000
Surplus/(deficit)	**228,399,375**	**380,052,000**

Fixed deposit maintained with other commercial Banks and Financial Institutions for maintaining Statutory Liquidity Reserve as required by Bangladesh Bank. Bangladesh Bank regulations require maintaining Statutory Liquidity Reserve (SLR) @ 5% including the CRR of 2.5% on total liabilities, excluding loans from banks and financial institutions.

3.2 Balance with Other Banks and Financial Institutions

Current Account		
Al-Arafah Bank Limited	4,999,865	252
Bank Asia Limited	3,628,172	3,777,829
Dhaka Bank Limited	1,016	1,016
Islami Bank Bangladesh Limited	2,038	2,182
National Bank Limited	73,821	-
National Credit & Commerce Bank Limited	1,105,703	4,075
Standard Bank Limited	393,098	1,023,625
	57,341	-
	10,261,054	**4,808,979**

Notes To The Financial Statements

Figures in Taka

	2017	2016
Short Term Deposit		
AB Bank Limited	322,951	11,455
Bank Asia Limited	29,655,010	14,426,669
BASIC Bank Limited	4,976	5,942
BRAC Bank Limited	185,752	4,534,747
Dhaka Bank Limited	1,096,435	1,752,847
Dutch Bangla Bank Limited	27,710,516	36,701,820
Eastern Bank Limited	4,832,051	15,171,639
EXIM Bank Limited	120,207	93,679
First Security Bank Limited	4,645,959	2,065,731
IFIC Bank Limited	581,530	31,940
Jamuna Bank Limited	405,176	1,340
Janata Bank Limited	515,563	110,452
Meghna Bank Limited	1,082,628	369,829
Mercantile Bank Limited	42,363	2,270,220
Midland Bank Limited	221,854	222,388
Mutual Trust Bank Limited	248,187,108	128,882,953
NRB Global Bank Limited	1,325,090	1,251,282
One Bank Limited	2,704,016	3,091,275
Prime Bank Limited	810,454	2,770,684
Pubali Bank Limited	128,965	15,778,449
Rupali Bank Limited	43,817	43,789
Shahjalal Islami Bank Limited	887,541	1,248,439
Social Islami Bank Limited	3,461,304	40,457
Sonali Bank Limited	40,353	40,083
South Bangla Agriculture & Commerce Bank Limited	655,469	434,865
Southeast Bank Limited	11,582,872	7,701,576
Standard Bank Limited	153,183	564,544
The City Bank Limited	26,320,430	10,616,284
The Premier Bank Limited	9,793,633	1,980,026
The Trust Bank Limited	73,009	1,012,084
Union Bank Limited	1,449,922	1,474,995
United Commercial Bank Limited	2,702,812	11,875,451
Uttara Bank Limited	142,658	87,981
	381,885,607	**266,665,915**
Fixed Deposit Receipt		
Dhaka Bank Limited	77,558,586	74,414,803
Export Import Bank of Bangladesh Limited	38,310,878	36,367,919
Jamuna Bank Limited	250,000,000	250,000,000
Mutual Trust Bank Limited	1,035,839	105,690,190
Shahjalal Islami Bank Limited	34,161,394	32,839,123
Social Islami Bank Limited	5,854,815	5,551,023
South Bangla Agriculture & Commerce Bank Limited	-	150,000,000
Southeast Bank Limited	5,000,000	-
	411,921,512	**654,863,058**
Total	**804,068,173**	**926,337,952**
Total Cash and Cash Equivalent	**1,100,720,756**	**1,224,612,314**

Notes To The Financial Statements

Figures in Taka

		2017	2016
3.3	**Maturity-wise grouping**		
	On Demand	260,595	97,558
	Up to 1 month	122,232,529	106,747,995
	Not more than 3 months	158,286,174	178,702,646
	More than 3 months but less than 1 year	338,146,223	529,659,194
	More than 1 year but less than 5 years	199,472,475	111,228,117
	More than 5 years	282,322,760	298,176,804
		1,100,720,756	**1,224,612,314**
4	**MONEY AT CALL AND SHORT NOTICE**	-	-
5	**INVESTMENTS**		
	This represents investment made by the company both in listed and unlisted securities. The investment is made up as under:		
	Government securities	-	-
	Other investments **(Note 5.1)**	693,110,061	757,441,622
		693,110,061	**757,441,622**

5. 1 Other investments	No of Company	Market Value	Cost -2017	Cost -2016
Listed securities	48	672,708,391	685,610,061	749,941,622
Unlisted securities	1	7,500,000	7,500,000	7,500,000
Total	**49**	**680,208,391**	**693,110,061**	**757,441,622**

5.2 Cost & Market Value of Investments

Listed Securities

Investments have been recorded at cost and adequate provision for probable future losses has been made as per Bangladesh Bank guidelines. Market value of securities has been determined on the basis of the value of securities at the last trading date of the year (Last trading date was 28th December 2017).

Sectors	Cost Price 2017	Market Value 2017
Banking companies	99,393,595	100,666,391
Financial institutions	122,767,838	83,175,036
Insurance companies	153,802,998	67,436,239
Investment companies	161,926,661	156,562,999
Fuel & power	52,887,113	32,806,817
Manufacturing companies and others	94,831,856	232,060,909
Total Listed Securities	**685,610,061**	**672,708,391**
Unlisted Securities	**7,500,000**	**7,500,000**
Total Investments	**693,110,061**	**680,208,391**

5.3 Maturity-wise grouping	2017	2016
Up to 1 month	21,843,612	61,023,425
Not more than 3 months	161,509,213	156,831,116
More than 3 months but less than 1 year	428,898,497	532,087,081
More than 1 year but less than 5 years	-	-
More than 5 years	80,858,739	7,500,000
	693,110,061	**757,441,622**

Notes To The Financial Statements

Figures in Taka

		2017	2016
6	**LOANS, ADVANCES AND LEASES**		
a)	**Inside Bangladesh**	6,398,976,163	5,526,395,341
	Lease Finance (a.i)	19,738,983,717	14,374,651,159
	Term Finance (a.ii)	2,635,326,393	1,573,983,912
	Real Estate Finance (a.iii)	59,795,458	60,116,991
	Staff Loan (a.iv)	**28,833,081,731**	**21,535,147,403**
a.i)	**Lease Finance**		
	Gross lease rental receivable	6,332,514,190	6,239,758,511
	Less: Unearned interest income	(1,243,469,863)	(1,373,069,565)
	Net Investment in Lease Finance	**5,089,044,327**	**4,866,688,946**
	Accounts Receivable	464,238,493	413,137,150
	Advance Against Lease Finance	845,693,343	246,569,245
	Total Investment in Lease Finance	**6,398,976,163**	**5,526,395,341**
a.ii)	**Term Finance**		
	Principal Outstanding	18,963,458,397	13,677,287,983
	Accounts Receivable	775,525,320	697,363,176
		19,738,983,717	**14,374,651,159**
a.iii)	**Real Estate Finance**		
	Principal Outstanding	2,147,807,192	1,207,152,962
	Advance Against House Building Finance	303,641,821	236,300,169
	Accounts Receivable	183,877,380	130,530,781
		2,635,326,393	**1,573,983,912**
a.iv)	**Staff Loan**		
	This represent outstanding amount given to the eligible employees under Employee Benefit Scheme as per Company's approved policy.		
	Loan Against Provident Fund	14,012,890	10,904,016
	Staff Car Loan	12,315,403	12,787,197
	Staff Consumer Loan	21,980,587	19,500,077
	Staff House Building Loan	11,486,578	16,925,701
		59,795,458	**60,116,991**
b)	**Outside Bangladesh**	-	-
	Total Loans, Advances and Leases (a+b)	**28,833,081,731**	**21,535,147,403**
6.1	**Maturity wise Grouping**		
	Up to 1 month	613,507,318	410,683,087
	Not more than 3 months	1,567,223,269	1,138,757,260
	More than 3 months but less than 1 year	10,434,932,133	6,978,126,847
	More than 1 year but less than 5 years	14,547,071,924	10,678,491,778
	More than 5 years	1,670,347,087	2,329,088,431
		28,833,081,731	**21,535,147,403**

Notes To The Financial Statements

Figures in Taka

		2017	2016
6.2	**Loans, advances and leases on the basis of significant concentration:**		
	Loans, advances and leases to Allied Concern of Directors (Note-37)	495,955,264	453,781,876
	Loans, advances and leases to Executives/Officers	59,795,458	60,116,991
	Loans, advances and leases to Customer Groups	3,540,908,047	2,966,976,782
	Industrial loans, advances and leases	19,834,601,822	14,392,840,519
	Other loans, advances	4,901,821,140	3,661,431,235
		28,833,081,731	**21,535,147,403**
6.3	**Loans, advances and leases allowed to individual customer or Group of Customer exceeding 15% of Financial Institution's total capital:**		
	Outstanding amount to such customers at end of the year :	11,220,386,260	6,239,331,180
	Number of such types of customers :	29	19
	Amount of Classified Loans, advances and leases thereon :	312,893,829	Nil
	Measures taken for recovery :	Not applicable	Not applicable

The amount represents the sum of total Loans, advances and leases (both Funded and Non-Funded) to each group of customer exceeding Tk. 39,02,56,069 (Thirty Nine Crore Two Lac Fifty Six Thousand Sixty Nine) only which is computed @ 15% of total capital of Phoenix Finance & Investments Limited i.e. Tk. 260,17,07,126 (Two Hundred Sixty Crore Seventeen Lac Seven Thousand One Hundred Twenty Six) only as at 31 December 2017.

6.4 Sector-wise Loans, Leases and Advances:

Sectors	2017 Composition (%)		
1 Trade and Commerce	3.88	1,117,401,953	1,007,967,652
2 Industry			
A) Garments & Knitwear	6.49	1,872,236,252	1,797,705,624
B) Textile	8.71	2,511,573,712	2,004,957,811
C) Jute & Jute Products	0.00	-	85,316,078
D) Food Production and Processing Ind.	2.55	735,004,346	548,501,501
E) Plastic Industry	2.37	684,456,751	49,304,768
F) Leather and Leather Goods	2.01	579,857,359	536,473,877
G) Iron Steel and Engineering	20.73	5,978,351,572	3,709,900,517
H) Pharmaceuticals and Chemical	2.93	843,967,449	773,348,008
I) Cement and Allied Industry	1.32	381,301,559	101,541,108
J) Telecommunication and IT	1.94	560,040,963	618,158,374
K) Paper, Printing & Packaging	4.75	1,370,795,961	775,565,872
L) Glass, Glassware and Ceramic Ind.	1.57	451,685,849	490,227,662
M) Ship Manufacturing Industry	0.47	134,704,689	177,204,375
N) Electronics and Electrical Products	2.36	679,518,606	285,494,978
O) Power, Gas, Water & Sanitary Service	0.97	278,374,026	257,713,992
P) Transport and Aviation	9.63	2,775,877,329	2,190,882,645
Industry Total	**68.80**	**19,837,746,423**	**14,402,297,190**

Notes To The Financial Statements

Figures in Taka

		2017 Composition (%)	2017	2016
	Sectors			
3	Agriculture	1.63	470,564,155	141,917,327
4	Housing	7.65	2,206,016,188	1,906,796,420
5	Others			
	A) Merchant Banking	-	-	-
	B) Margin Loan	5.22	1,505,390,771	1,347,401,948
	C) Others	12.82	3,695,962,241	2,728,766,866
	Others Total	18.04	**5,201,353,012**	**4,076,168,814**
	Grant Total	**100.00**	**28,833,081,731**	**21,535,147,403**

6.5 Geographical Location-wise loans advances and leases:

Bogra	1.39	400,715,932	453,894,162
Chittagong	14.94	4,306,907,981	3,603,312,851
Dhaka	83.00	23,931,668,952	17,225,142,341
Khulna	0.67	193,788,866	252,798,049
Total	**100**	**28,833,081,731**	**21,535,147,403**

6.6 Grouping of Loans, advances and Leases as per Classification Rules of Bangladesh Bank:

Standard	92.93	26,793,853,372	19,878,391,907
Special Mention Account (SMA)	2.13	614,448,757	847,522,773
Substandard	1.98	571,776,303	269,881,727
Doubtful	1.47	424,429,077	209,536,462
Bad or Loss	1.49	428,574,222	329,814,534
Total	**100**	**28,833,081,731**	**21,535,147,403**

6.7 Particulars of provision for Loans, advances and Leases/Investments

Status	Rate (%)	Basis for provision		
General Provision (Unclassified)				
Standard (General)	1%	25,423,803,900	254,238,039	188,853,132
Standard (SME)	0.25%	1,370,049,600	3,425,124	2,482,696
Special Mention Account (SMA)	5%	558,989,197	27,949,460	39,865,447
		27,352,842,697	**285,612,623**	**231,201,275**
Specific Provision (Classified)				
Substandard	20%	370,069,647	74,013,930	31,386,964
Doubtful	50%	123,081,988	61,540,994	26,888,725
Bad or loss	100%	54,687,870	54,687,870	83,692,116
		547,839,505	**190,242,794**	**141,967,805**
Required provision for Loans, Advances and Leases			475,855,417	373,169,080
Required provision for Investments			12,901,670	107,473,609
Total Provision Required			**488,757,087**	**480,642,689**
Total provision maintained (Note - 12.1)			**586,362,330**	**527,928,783**
Surplus Provision			**97,605,243**	**47,286,094**

Notes To The Financial Statements

Figures in Taka

		2017	2016
6.8	**Particulars of Loans, advances and leases:**		
(i)	Loans, Advances and Leases considered good in respect of which the Financial Institution is fully secured	19,793,853,372	18,754,298,613
(ii)	Loans, Advances and Leases considered good for which the Financial Institution holds no other security than the debtor's personal security	8,162,916,336	1,846,952,687
(iii)	Loans, Advances and Leases considered good and secured by personal undertaking of one or more parties in addition to the personal security of the debtors	876,312,023	933,896,103
(iv)	Loans, Advances and Leases adversely classified; provision not maintained there against	-	-
		28,833,081,731	**21,535,147,403**
(v)	Loans, Advances and Leases due by directors or officers of the Financial Institution or any of them either severally or jointly with any other person	555,750,722	513,898,867
(vi)	Loans, Advances and Leases due by companies or firms in which the directors of the Financial Institution are interested as directors, partners or managing agents or, in the case of private companies as members	495,955,264	453,781,876
(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 severally or jointly with any other persons	2,050,000	1,007,033,715
(viii)	Maximum total amount of advances including temporary advances granted during the year to the companies or firms in whom the directors of the Financial Institution are interested as directors, partners or managing agents or in the case of private companies as members	2,050,000	1,005,691,509
(ix)	Due from Bank and Financial Institutions	53,585,908	96,084,718
(x)	Amount of classified Loan, Advances and Leases on which interest has not been charged, should be mentioned as follows:		
(A)	a. Increase/ (Decrease) in provision during the year	48,274,989	44,058,542
	b. Amount of Loan, Advances and Leases written off	239,657,431	30,026,795
	c. Amount realized against Loan, Advances and Leases previously written off	-	-

AMARSTOCK

Notes To The Financial Statements

Figures in Taka

		2017	2016
(B)	Amount of provision kept against classified Loan, Advances and Leases as Bad or Loss on the reporting day of Balance Sheet	190,242,794	141,967,805
(C)	Amount of Interest chargeable to the interest Suspense Account	207,423,992	163,343,240
(xi)	Loans Written off:		
	Current Year	239,657,431	30,026,795
	Cumulative to-date	699,248,108	459,590,677
	The amount of written off Loan, Advances and Leases for which lawsuit filed	-	-

7 BILLS PURCHASED AND DISCOUNTED

	-	-

8 FIXED ASSETS INCLUDING PREMISES, FURNITURE & FIXTURES

A. Cost:		
Opening balance	1,069,627,006	1,038,609,474
Addition during the year	5,364,931	45,305,946
Less: Disposal during the year	(2,521,368)	(14,288,414)
Closing balance at cost	**1,072,470,569**	**1,069,627,006**
B. Depreciation:		
Opening balance	474,064,807	438,033,629
Addition during the year	44,039,057	50,338,502
Less: Adjustment on disposal during the year	(2,521,368)	(14,307,324)
Accumulated Depreciation	**515,582,496**	**474,064,807**
Carrying value*	**556,888,073**	**595,562,199**

*For details please refer to Annexure-A

Land of carrying value Tk. 2,04,29,593 and building of carrying value Tk. 10,17,87,241 as on 31.12.2009 were revalued on 13.10.2010. The board of director appointed G. K. Adjusters Limited for the above revaluation. Land was valued using current market price basis and buildings were valued replacement cost basis. The following revaluation surpluses included in the above total carrying value and addition during the year of Fixed Assets:

	Land	Building
Revaluation Surplus as on 13.10.2010	169,395,407	383,612,759
Amortization on Revaluation Surplus	-	(138,415,892)
Carrying Value as on 31 December 2017	**169,395,407**	**245,196,867**

Notes To The Financial Statements

Figures in Taka

		2017	2016
9	**OTHER ASSETS**		
	Income generating other assets :		
	Interest Accrued on Fixed Deposit Receipt	4,881,665	6,500,238
	Interest Accrued on Staff Loan	8,972,324	10,212,470
		13,853,989	**16,712,708**
	Non income generating other assets:		
	Advance office rent	11,932,250	17,168,350
	Advance Against Expenses	976,425	6,146,425
	Advance Against Investments In Share	1,349,114	52,732,419
	Advance Corporate tax	51,423,665	40,223,184
	Deferred tax asset (Note-9.1)	90,720,081	68,899,138
	Interest During the Construction Period (IDCP)	5,488,118	6,462,961
	Investment in Associates	67,735,489	67,154,733
	Others	8,061	334,331
		229,633,203	**259,121,541**
	Total	**243,487,192**	**275,834,249**

9.1 Deferred Tax

Deferred tax has been calculated based on deductable/ taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS)-12 "Income Taxes".

Deferred Tax Assets is arrived as follows:

	Carrying amount at Balance Sheet	Tax Base	(Taxable)/ Deductible temporary difference
Assets:			
Fixed assets net of depreciation as on December 31, 2017	556,888,073	722,648,682	165,760,609
Liabilities:			
Employee Gratuity as on December 31, 2017	61,039,590	-	61,039,590
Total	**617,927,663**	**722,648,682**	226,800,199

Applicable Tax Rate	40.00%
Deferred tax asset as on December 31, 2017	90,720,081
Deferred tax asset maintained as on December 31, 2016	68,899,138
Deferred tax income accounted for during the year	**21,820,943**

10 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

	2017	2016
In Bangladesh		
Bank loan (Note 10.1)	6,011,130,117	3,428,793,983
Fund from Bangladesh Bank (Note 10.4)	32,581,640	38,622,135
	6,043,711,757	3,467,416,118
Outside Bangladesh	-	-
Total	**6,043,711,757**	**3,467,416,118**

10.1 In Bangladesh

Term Loan from other Banks (Note-10.2)	5,390,473,978	2,627,134,895
Short term loan from other banks (Note-10.3)	620,656,139	801,659,088
	6,011,130,117	**3,428,793,983**

Notes To The Financial Statements

Figures in Taka

		2017	2016
10.2	**Term loan from other banks and FI**		
	Al-Arafah Islami Bank Limited	470,618,285	-
	Bank Asia Limited	260,776,446	-
	BASIC Bank Limited	263,053,164	-
	Dutch Bangla Bank Limited	419,659,923	425,562,035
	Jamuna Bank Limited	464,384,178	250,000,000
	Midland Bank Limited	559,496,651	-
	Modhumoti Bank Limited	454,406,330	-
	Mutual Trust Bank Limited	177,428,778	220,576,693
	National Credit & Commerce Bank Limited	136,119,704	108,651,370
	One Bank Limited	266,447,286	-
	Prime Bank Limited	381,163,490	484,808,046
	Pubali Bank Limited	293,000,000	140,000,000
	Shahjalal Islami Bank Limited	330,459,090	391,487,756
	Southeast Bank Limited	182,998,406	-
	The UAE-Bangladesh Investment Company Limited	2,873,468	13,365,603
	United Commerce Bank Limited	169,826,234	200,000,000
	Uttara Bank Limited	557,762,545	392,683,392
		5,390,473,978	**2,627,134,895**
10.3	**Short Term Loan from other banks**		
	Bank Overdraft	50,656,139	111,659,088
	Money at Call and Short Notice	570,000,000	690,000,000
		620,656,139	**801,659,088**
10.4	**Fund from Bangladesh Bank**		
	Refinance against SME Loan	5,551,790	8,648,315
	Refinance against Housing Loan	27,029,850	29,973,820
		32,581,640	**38,622,135**
10.5	**Maturity wise Grouping**		
	Within 1 month	154,233,627	185,412,547
	Over 1 months but not more than 6 months	368,677,872	463,846,736
	Over 6 months but not more than 1 year	1,840,079,520	1,136,373,523
	Over 1 year but not more than 5 years	3,680,720,738	1,681,783,312
	Over 5 years	-	-
		6,043,711,757	**3,467,416,118**
11	**DEPOSITS AND OTHER ACCOUNTS**		
	Institutions		
	Banks and Other Financial Institutions	7,911,553,243	5,341,815,461
	Other Institutions	6,811,310,159	6,547,698,835
		14,722,863,402	11,889,514,296
	Individuals		
	Term Deposit Receipt	5,406,320,408	4,314,137,170
	Monthly Savings Scheme	254,874,597	231,492,430
		5,661,195,005	4,545,629,600
	Total	**20,384,058,407**	**16,435,143,896**

Notes To The Financial Statements

Figures in Taka

	2017	2016
11.1 Movement of deposits :		
Balance at 1 January	16,435,143,896	13,998,631,516
Received/renewed during the year	8,174,406,698	4,998,693,362
Repayment during the year	(4,225,492,187)	(2,562,180,982)
Balance as on 31 December	**20,384,058,407**	**16,435,143,896**
11.2 Maturity wise Grouping		
Within 1 month	409,144,623	302,463,485
Over 1 months but not more than 6 months	1,080,690,348	779,379,837
Over 6 months but not more than 1 year	7,924,331,182	6,105,278,764
Over 1 year but not more than 5 years	10,753,882,391	8,896,267,190
Over 5 years	216,009,863	351,754,620
	20,384,058,407	**16,435,143,896**
12 OTHER LIABILITIES		
Provision for Loans, advances and leases/ Investments (Note 12.1)	586,362,330	527,928,783
Provision for tax (Note 12.2)	294,882,255	249,258,652
Interest suspense (Note 12.3)	207,423,992	163,343,240
Financial expenses payable (Note 12.4)	1,006,457,993	739,051,218
Advance and security deposit (Note 12.5)	168,538,976	139,559,186
Accrued expenses and other payable (Note 12.6)	134,144,977	105,889,416
Total	**2,397,810,523**	**1,925,030,495**
12.1 Provision for Loans, advances and leases/Investments		
Provision for Loans, advances and leases	476,862,330	373,928,783
Provision for Investments	109,500,000	154,000,000
Total	**586,362,330**	**527,928,783**
12.2 Provision for tax		
Balance at 1 January	249,258,652	229,745,344
Provision made during the year	325,300,000	288,600,000
Transferred to/(from)	(279,676,397)	(269,086,692)
Balance at 31 December	**294,882,255**	**249,258,652**

Provision for current tax

The company calculated taxable profit/losses based on Income Tax Ordinance 1984 and determined current tax liability as per applicable rate enacted by Finance Act 2017.

12.3 Interest suspense		
Balance as on 1 January	163,343,240	90,743,417
Add: Transferred during the year	159,913,400	113,645,128
Less: Amount of interest suspense recovered	(70,562,533)	(37,083,092)
Write off during the year	(45,270,115)	(3,962,213)
Balance as on 31 December	**207,423,992**	**163,343,240**

Notes To The Financial Statements

Bangladesh Bank FID circular # 3 of 2006 requires that interest on loans/leases classified as SMA and above will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various facilities classified as SMA, SS, DF and BL, has been set-aside in this account.

Figures in Taka

	2017	2016
12.4 Financial expenses payable		
Interest Payable on Term Deposits Receipt (TDR)	858,120,045	691,744,989
Interest Payable on Monthly Savings Scheme	57,265,301	45,049,052
Interest Payable on Term Loan	91,072,647	2,257,177
	1,006,457,993	**739,051,218**

12.5 Advance and security deposit

The amount received from clients as advance against finance and cash security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/installments or repaid at the end of term. This is made up as under:

Balance at 1 January	139,559,186	119,613,849
Received during the year	3,295,436,451	416,244,176
Repayment during the year	(3,266,456,661)	(396,298,839)
Balance as on 31 December	**168,538,976**	**139,559,186**

Breakup of advances and security deposits on the basis of category of finance is as under:

Lease finance deposit	118,790,124	102,515,815
Term finance deposit	5,240,684	7,279,194
Real Estate finance deposit	2,079,606	2,145,749
Sundry Deposit	42,412,692	27,618,428
Security Deposit	15,870	-
Total	**168,538,976**	**139,559,186**

Advance and security deposit reduce the exposure with the clients and thereby reduce the risks. No interest is payable on advances while cash security deposits are interest bearing.

12.6 Accrued expenses and other payable

Accounts Payable	4,250,217	1,175,104
CSR Fund	7,590,119	7,007,146
Dividend Payable-Custody Account	3,433,295	3,433,295
Other payables	9,058,541	3,419,760
Provident Fund	143,732	-
Provision for Employees' Gratuity	61,039,590	47,571,932
Provision for Expenses	34,466,713	31,084,847
Tax Deduction At Source & Excise Duty	14,111,405	12,152,974
VAT payable	51,365	44,358
Total	**134,144,977**	**105,889,416**

Notes To The Financial Statements

Figures in Taka

		2017	2016
13	**SHARE CAPITAL**		
	Authorized capital	3,000,000,000	3,000,000,000
	300,000,000 Ordinary shares of Tk. 10 each		
	Issued, subscribed and paid up capital:		
	121,494,636 Ordinary shares of Tk. 10 each	1,214,946,360	1,214,946,360
	Total	**1,214,946,360**	**1,214,946,360**
13.1	**Pattern of shareholdings**		
	Sponsors (Institutions)	132,641,630	132,641,630
	Sponsors (Individuals)	301,162,800	535,682,890
	General Public (Institutions)	327,320,450	293,881,600
	General Public (Individuals)	453,821,480	252,740,240
	Total	**1,214,946,360**	**1,214,946,360**

13.2 **Classification of shareholders by holding** (Regulation 37 of the Listing Regulation of DSE Limited)

Shareholding range	Number of Shareholders	Shares	Percentage (%)
Less than 500 shares	1,671	240,619	0.20
501 to 5,000 shares	1,894	3,533,759	2.91
5,001 to 10,000 shares	282	2,086,511	1.72
10,001 to 20,000 shares	150	2,254,269	1.86
20,001 to 30,000 shares	50	1,247,338	1.03
30,001 to 40,000 shares	26	912,242	0.75
40,001 to 50,000 shares	22	1,017,492	0.84
50,001 to 100,000 shares	49	3,748,600	3.09
100,001 to 1,000,000 shares	68	22,008,181	18.11
1,000,001 to 10,000,000 shares	28	71,181,462	58.59
10,000,001 to 100,000,000 shares	1	13,264,163	10.92
Total	**4,241**	**121,494,636**	**100**

		2017	2016
13.3	**Capital requirement**		
	Paid up capital	1,214,946,360	1,214,946,360
	Required capital	1,000,000,000	1,000,000,000
	Capital Surplus/(Deficit)	**214,946,360**	**214,946,360**
14	**STATUTORY RESERVE**		
	Balance as on 1 January	573,534,069	516,940,693
	Add: Transferred from profit during the year	57,022,939	56,593,376
	Balance as on 31 December	**630,557,008**	**573,534,069**

Notes To The Financial Statements

15 PROPOSED DIVIDEND

The Board of Directors has recommended 20% cash dividend for the year ended December 31, 2017 subject to the approval of the shareholders' meeting and appropriate authority if required.

Figures in Taka

	2017	2016
16 RETAINED EARNINGS		
Balance as on 1 January	249,345,237	248,195,199
Add: Profit after tax for the year	285,114,693	282,966,882
Add: Amortized of Revaluation Reserve	19,180,638	19,180,638
Less: Dividend Paid	(242,989,272)	(242,989,272)
Less: Transferred to statutory reserve	(57,022,939)	(56,593,376)
Less: CSR Fund	(1,425,573)	(1,414,834)
Balance as on 31 December	**252,202,784**	**249,345,237**
17 INCOME STATEMENT		
Income:		
Interest, discount and similar income (Note-18)	3,272,402,627	2,731,707,403
Dividend income (Note -20)	32,822,203	28,501,505
Fees, commission and brokerage	-	-
Gains less losses arising from investment in securities (Note-20)	23,832,341	11,226,020
Gains less losses arising from dealing in foreign currencies	-	-
Income from Financial Institution's assets (Note- 22)	712,000	1,328,000
Other operating income (Note-22)	47,895,246	78,872,063
Profit less losses on interest rate changes	-	-
	3,377,664,417	**2,851,634,991**
Expenses:		
Administrative expenses		
Salaries & Allowance (Note-23)	195,093,127	184,695,545
Rent, Taxes, Insurance, Electricity etc. (Note-24)	25,311,718	24,341,087
Legal expenses	114,540	349,650
Postage, Stamp, Telecommunication etc. (Note-25)	2,221,188	2,543,307
Stationery, Printing, Advertisement etc. (Note-26)	10,479,764	10,638,151
Managing Director's Remuneration	9,600,000	9,600,000
Directors' Fee (Note-27)	1,000,000	1,488,000
Auditors' Fee	250,000	250,000
	244,070,337	**233,905,740**
Non Administrative expenses		
Interest, Fees and Commission (Note-19)	2,216,728,882	1,854,095,413
Losses on Loans and Advances (Note-30)	252,820,863	125,391,176
Depreciation and Impairment on Assets (Note-28)	44,536,562	50,674,253
Other Operating Expenses (Note-29)	30,914,023	31,365,639
	2,545,000,330	**2,061,526,481**
Excess of Income Over Expenditure	**588,593,750**	**556,202,770**

Notes To The Financial Statements

Figures in Taka

		2017	2016
18	**INTEREST INCOME**		
	Income from lease finance	640,486,139	563,619,760
	Income from real estate finance	147,240,629	134,414,026
	Income from staff loan	4,882,234	4,231,492
	Income from term finance	1,952,153,484	1,595,014,636
	Interest During Construction Period	252,524,398	242,020,646
	Overdue Interest	275,115,743	192,406,843
	Total	**3,272,402,627**	**2,731,707,403**
19	**INTEREST PAID ON DEPOSITS, BORROWINGS, etc.**		
	Interest on Bank Loan	405,004,533	149,978,232
	Interest on money at call & short notice	21,576,889	26,335,722
	Interest on Monthly Saving Scheme	35,221,049	26,349,249
	Interest on Term Deposit Receipts	1,754,926,411	1,651,432,210
	Total	**2,216,728,882**	**1,854,095,413**
20	**INCOME FROM INVESTMENT**		
	Capital gain on sale of Securities	23,832,341	11,226,020
	Dividend Income	32,822,203	28,501,505
	Total	**56,654,544**	**39,727,525**
21	**COMMISSION, EXCHANGE AND BROKERAGE**	-	-
22	**OTHER OPERATING INCOME**		
	Commission against Letter of Credit(L/C)	-	1,754,856
	Documentation Fee	966,185	1,829,834
	Gain on sale of Fixed Assets	712,000	1,328,000
	Income from Associates	580,756	-
	Interest on Bank Deposits	26,316,849	29,105,195
	Notarization Fee	254,405	326,014
	Proceeds on Final Settlement	5,345,416	28,342,535
	Revenue from Phoenix Bhaban	9,455,724	9,584,908
	Salvage Value	1,957,392	4,686,036
	Service Charge	3,018,519	3,242,685
	Total	**48,607,246**	**80,200,063**
23	**SALARIES AND ALLOWANCES**		
	Employees' Salaries	133,211,602	133,301,931
	Festival Bonus	10,744,674	10,661,640
	Gratuity Fund	17,640,446	12,336,165
	Incentive Bonus	30,000,000	25,000,000
	Leave Fare Assistance	3,496,405	3,395,809
	Total	**195,093,127**	**184,695,545**

Notes To The Financial Statements

Figures in Taka

		2017	2016
24	**RENT, TAXES, INSURANCE, ELECTRICITY etc.**		
	Electricity Bill	3,551,114	3,358,114
	GAS & WASA Bill	591,560	492,897
	Holding & Vehicle Tax	110,000	412,994
	Insurance Premium	375,441	400,204
	Insurance Premium (Group)	1,845,270	1,772,025
	Office Rent	18,838,333	17,904,853
	Total	**25,311,718**	**24,341,087**
25	**POSTAGE, STAMP, TELECOMMUNICATION etc.**		
	Internet Bill	357,290	613,719
	Mobile Bill	901,406	1,015,113
	Phone Bill	421,953	408,326
	Postage, Stamp & Courier	540,539	506,149
	Total	**2,221,188**	**2,543,307**
26	**STATIONERY, PRINTING, ADVERTISEMENTS etc.**		
	Advertisement and Publicity	9,124,755	8,850,492
	Books and Periodicals	118,004	120,103
	Printing and Stationery	1,237,005	1,667,556
	Total	**10,479,764**	**10,638,151**

27 DIRECTORS' FEES

The Company pays fees to its Directors for attending the Board meetings and its Committee meetings as permitted by the Bangladesh Bank. As per Bangladesh Bank Circular, a Director may be paid fees for attending Board or its Committee meetings which shall not exceed Tk. 8,000 for attending each meeting. Details are as under:

Total Board Meetings (nos.)	12	12
Total Board Executive Committee Meetings (nos.)	12	12
Total Board Audit Committee Meetings (nos.)	4	4
Total fees paid (in Taka)	1,000,000	1,488,000
Total members of the Board (nos.)	9	8
Quorum for Board Meeting (nos.)	3	3
Average number of Directors present in the Board Meetings (nos.)	9	10
Quorum for Board Audit Committee Meeting (nos.)	2	2
Average no. of Directors present in the Committee Meetings (nos.)	3	3

28	**DEPRECIATION AND REPAIR AND MAINTENANCE OF ASSETS**		
	Depreciation of Fixed Assets	44,039,056	50,319,593
	Computer Maintenance	344,764	199,610
	Photocopier Maintenance	152,742	155,050
	Total	**44,536,562**	**50,674,253**

Notes To The Financial Statements

Figures in Taka

		2017	2016
29	**OTHER EXPENSES**		
	AGM Expenses	5,207,207	6,264,534
	Bank Charge & Excise Duty	1,530,296	1,414,901
	Bond Issue Expenses	2,113,087	-
	Business Development Expense	437,298	556,759
	CDBL & Stock Exchange Charge	1,728,880	1,392,972
	Computer & Software Development Expenses	266,197	1,004,462
	Credit Rating Fee	517,500	287,500
	Loss on Investments in Associates	-	3,914,933
	Motor Vehicle Expenses	1,469,407	1,462,584
	Office Expenses	6,246,976	5,227,578
	Office Maintenance	2,255,059	2,362,414
	Remuneration for Internship	19,000	21,000
	RJSC Fees & Expenses	211,528	85,414
	Service Charge (Office)	1,887,600	1,845,300
	Staff Training & Recruitment Expenses	924,300	218,380
	Subscription and Fees	750,918	404,965
	Travelling and Conveyance	1,922,737	1,467,298
	Wages	3,426,033	3,434,645
	Total	**30,914,023**	**31,365,639**
30	**PROVISION MADE/(ADJUSTED) DURING THE YEAR**		
	Balance at 01 January	527,928,783	428,602,189
	Write Off During the Year	194,387,316	26,064,582
	Balance at 31 December	586,362,330	527,928,783
	Provision Charged in Income Statement	**252,820,863**	**125,391,176**
31	**EARNINGS PER SHARE**		
	Earnings per shares shown in the face of the Profit & Loss Account is calculated in accordance with Bangladesh Accounting Standard 33: "Earnings Per Share". Basic earnings per share has been calculated as follows:		
	Profits attributable to ordinary shareholders (Net Profit After Tax)	285,114,693	282,966,882
	Number of Ordinary shares at 1 January	121,494,636	121,494,636
	Bonus shares issued	-	-
	Right shares issued	-	-
	Total Number of Ordinary Share	**121,494,636**	**121,494,636**
	Earnings per share	**2.35**	**2.33**
32	**INTEREST RECEIVED**		
	Interest Income	3,272,402,627	2,731,707,403
	Add: Opening Interest Receivable on FDR	6,500,238	8,680,514
	Less: Closing Interest Receivable on FDR	(4,881,665)	(6,500,238)
	Add: Closing Interest Suspense Account	207,423,992	163,343,240
	Less: Opening Interest Suspense Account	(163,343,240)	(90,743,417)
	Total	**3,318,101,952**	**2,806,487,502**

Notes To The Financial Statements

Figures in Taka

		2017	2016
33	**INTEREST PAYMENT**		
	Interest Expenses	(2,216,728,882)	(1,854,095,413)
	Add: Opening Interest payable on Deposit & Borrowings	(739,051,218)	(715,522,856)
	Less: Closing Interest payable on Deposit & Borrowings	1,006,457,993	739,051,218
	Total	**(1,949,322,107)**	**(1,830,567,051)**
34	**RECEIVED FROM OTHER OPERATING ACTIVITIES**		
	Documentation Fee	966,185	1,829,834
	Fees & Commission received	9,455,724	11,339,764
	Income from Associates	580,756	-
	Income from Investment in Shares	32,822,203	28,501,505
	Interest on Bank Deposits	26,316,849	29,105,195
	Notarization Fee	254,405	326,014
	Proceeds on Final Settlement	5,345,416	28,342,535
	Salvage Value	1,957,392	4,686,036
	Service Charge	3,018,519	3,242,685
	Total	**80,717,449**	**107,373,568**
35	**PAYMENTS FOR OTHER OPERATING ACTIVITIES**		
	AGM Expenses	(5,207,207)	(6,264,534)
	Assets Maintenance	(497,506)	(354,660)
	Audit Fee	(250,000)	(250,000)
	Bank Charge & Excise Duty	(1,530,296)	(1,414,901)
	Bond Issue Expenses	(2,113,087)	-
	Business Development Expense	(437,298)	(556,759)
	CDBL & Stock Exchange Charge	(1,728,880)	(1,392,972)
	Computer & Software Development Expenses	(266,197)	(1,004,462)
	Credit Rating Fee	(517,500)	(287,500)
	Directors' Fees	(1,000,000)	(1,488,000)
	Legal expenses	(114,540)	(349,650)
	Loss on Investments in Associates	-	(3,914,933)
	Motor Vehicle Expenses	(1,469,407)	(1,462,584)
	Office Expenses	(6,246,976)	(5,227,578)
	Office Maintenance	(2,255,059)	(2,362,414)
	Postage, Stamp, Telecommunication etc.	(2,221,188)	(2,543,307)
	Remuneration for Internship	(19,000)	(21,000)
	Rent, Taxes, Insurance, Electricity etc.	(25,311,718)	(24,341,087)
	RJSC Fees & Expenses	(211,528)	(85,414)
	Service Charge (Office)	(1,887,600)	(1,845,300)
	Staff Training & Recruitment Expenses	(924,300)	(218,380)
	Subscription and Fees	(750,918)	(404,965)
	Travelling and Conveyance	(1,922,737)	(1,467,298)
	Wages	(3,426,033)	(3,434,645)
	Total	**(60,308,975)**	**(60,692,343)**

AMARSTOCK

Notes To The Financial Statements

Figures in Taka

	2017	2016
36 CAPITAL ADEQUACY BASED ON BASEL-II		
Core Capital(Tier-I)		
Paid-up Capital	1,214,946,360	1,214,946,360
Share Premium	87,408,700	87,408,700
Statutory Reserve	630,557,008	573,534,069
General Reserve	2,000,000	2,000,000
Retained Earnings	252,202,784	249,345,237
Sub-Total	**2,187,114,852**	**2,127,234,366**
Supplementary Capital(Tier-II)		
General Provision (Unclassified loans up to specified limit +SMA + off Balance Sheet Exposure)	285,600,000	239,300,000
Assets Revaluation Reserve (50%)	207,296,137	216,886,456
Sub-Total	**492,896,137**	**456,186,456**
A. Total Eligible Capital	**2,680,010,989**	**2,583,420,822**
B. Risk Weighted Assets		
Credit Risk	21,995,873,218	20,388,563,887
On Balance Sheet	21,874,600,000	20,301,211,784
Off-Balance Sheet	121,273,218	87,352,103
Market Risk	1,371,200,000	1,499,800,000
Operational Risk	1,572,200,000	1,511,716,849
Total Risk Weighted Assets	**24,939,273,218**	**23,400,080,736**
C. Minimum Required Capital(MCR) on RWA (10% of RWA for both under CAMD)	**2,493,927,322**	**2,340,008,074**
D. Capital Surplus/(Shortfall)(A-C)	**186,083,667**	**243,412,748**
Total Capital Adequacy Ratios	**10.75%**	**11.04%**

	Required (%)	Held on 2017	Held on 2016
Capital Requirement	5	8.77%	9.09%
Core Capital(Tier-I)	-	1.98%	1.95%
Supplementary Capital(Tier-II)			

37 RELATED PARTY TRANSACTIONS

The company in normal course of business carried out a number of transactions with other entities that fall within the definition of related party contained in Bangladesh Accounting Standard 24: Related Party Disclosures. The Company opines that the terms of related transactions do not significantly differ from those that could have been obtained from third parties. Balance of the significant related party transactions at the end of the year 31 December 2017 are as follows:

Notes To The Financial Statements

Figures in Taka

Loans, Advances and Leases (Assets with related party)

Name of the related party	Relationship	Nature of transaction	31-Dec-2017 Taka	31-Dec-2016 Taka
Appollo Ispat Complex Limited	Common Director	Term Finance	490,967,711	433,933,217
Phoenix Insurance Co. Limited	Common Director	Lease & Term Finance	4,987,553	19,848,659
Total			**495,955,264**	**453,781,876**

Deposits (Liabilities with related party)

Name of the related party	Relationship	Nature of transaction	31-Dec-2017 Taka	31-Dec-2016 Taka
Mr. Deen Mohammad	Father of Ms. Evana Fahmida Mohammad	Term Deposit	52,731,393	-
Mrs. Meherun Haque	Sister of Ms. Evana Fahmida Mohammad	Term Deposit	4,000,000	4,000,000
Mrs. Roxsana Begum	Mother of Ms. Evana Fahmida Mohammad	Term Deposit	7,700,898	6,953,774
Ms. Khurshid Jahan Begum	Wife of Mr. Mobarak Ali	Term Deposit	53,191,678	52,877,117
Ms. Shabnaz Sultana	Sister of Mr. Rakibul Islam Khan	Term Deposit	1,183,506	1,095,750
Ms. Sharmin Sultana	Sister of Mr. Rakibul Islam Khan	Term Deposit	1,321,388	1,223,302
Nasreen Ali	Independent Director	Term Deposit	5,401,000	5,000,000
Total			**125,529,863**	**71,149,943**

38 SUBSEQUENT EVENTS

No Material events occurring after the Balance Sheet date came to our notice, which could materially affect the amounts or disclosures in these Financial Statements.

39 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2017, 12 (Twelve) Board Meetings were held. As on 31st December 2017, there were average 10 members in the Board. As per FID circular no. 09 dated 11 September 2002, a Financial Institution shall have maximum 11 (eleven) Directors in the Board. The Managing Director is an ex-officio Director having no voting right.

Notes To The Financial Statements

40 NUMBER OF EMPLOYEES

A total number of 132 employees, including 24 sub staffs were employed in Phoenix Finance & Investments Limited as of 31 December 2017.

41 AUDIT COMMITTEE

a) Members of Audit Committee

The Board Audit Committee of Phoenix Finance and Investments Limited has been constituted by the following Board of Directors.

Name	Position in the Board of Directors	Designation in the Audit Committee	Educational Qualification
Ms. Nasreen Ali	Independent Director	Chairman	Masters
Ms. Evana Fahmida Mohammad	Chairman	Member	Graduate
Mr. Mobarak Ali	Director	Member	Graduate

b) Meetings of Audit Committee

During January 01 to December 31, 2017, 4 (Four) Meetings of the Board Audit Committee of the Board were held in which among others, the following issues were discussed:

i) Regular review of the Internal and External (Including Bangladesh Bank) Inspection & Audit Reports with a view to implementing the suggestions of Internal and External Auditors in respect of Internal Control Structure and Techniques;

ii) Reviewed un-audited draft Financial Statements and draft Management Reports of Phoenix Finance & Investments Limited (PFIL);

iii) Evaluating the status of compliance culture related to Internal Control System built by the Management.

c) Internal Control

The following steps have been taken for implementation of Internal Control Procedure of Phoenix Finance & Investments Limited (PFIL):

i) Internal Control & Compliance Division carried out Internal Audit with a view to enriching the compliance culture and full control on the exertion of the business operations. The Division directly reports simultaneously to the Managing Director and to the Board Audit Committee;

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

iii) To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and at different Divisions of Head Office and conducting surprise inspections at Branches;

iv) Strengthening the structure of compliance framework for better functioning of the operation;

v) To guard against money laundering and terrorist financing.

Financial Highlights as Required by Bangladesh Bank

For the year ended 31 December 2017

Figures in Taka

Sl. No.		2017	2016
1	Paid up Capital	1,214,946,360	1,214,946,360
2	Total Capital (core+ supplementary)	2,601,707,126	2,561,007,278
3	Capital surplus/(deficit)	214,946,360	214,946,360
4	Total Assets	31,427,287,813	24,388,597,787
5	Total Term Deposit Receipts	20,384,058,407	16,435,143,896
6	Total Loans, Advances and Leases	28,833,081,731	21,535,147,403
7	Total Contingent Liabilities and Commitments	311,993,123	332,769,916
8	Credit Deposit Ratio (%)	141.45%	131.03%
9	Percentage of classified loans against total Loans, Advances and Leases	4.94%	3.76%
10	Profit after Tax and provision	285,114,693	282,966,882
11	Amount of classified loans	1,424,779,602	809,232,723
12	Provisions kept against classified loan	190,242,794	141,967,805
13	Provision surplus / (deficit)	97,605,243	47,286,094
14	Cost of Fund	9.66%	10.01%
15	Interest earning Assets	29,526,191,792	22,292,589,025
16	Non-interest earning Assets	1,901,096,021	2,096,008,762
17	Return on Investment (ROI)	10.96%	11.05%
18	Return on Assets (ROA)	0.91%	1.16%
19	Income from Investment	56,654,544	39,727,525
20	Earnings per Share	2.35	2.33
21	Net Asset Value (NAV) per share	21.41	21.08
22	Price Earnings Ratio (Times)	16.04	11.55

AMARSTOCK

Fixed Assets Schedule

Annexure-A

As on December 31, 2017

Figures in Taka

PARTICULARS	Cost				Rate %	Depreciation				WDV as on 31.12.17
	Balance as on 01.01.17	Addition during the year	Adjustment during the year	Balance as on 31.12.17		Balance as on 01.01.17	Charged during the year	Adjustment during the year	Balance as on 31.12.17	
Air Conditioner	8,491,607	109,179	-	8,600,786	20.00	7,851,162	186,527	-	8,037,689	563,097
Building	541,553,742	-	-	541,553,742	5.00	160,737,742	27,077,688	-	187,815,430	353,738,312
Computer & Projector	9,791,986	301,798	-	10,093,784	20.00	6,979,349	1,090,134	-	8,069,483	2,024,301
Electrical & Office Equipment	4,078,349	331,965	-	4,410,314	20.00	3,270,483	305,925	-	3,576,408	833,906
Flat	27,441,118	-	-	27,441,118	10.00	21,259,689	2,744,112	-	24,003,801	3,437,317
Furniture & Fixture	12,630,761	760,223	-	13,390,984	12.50	11,520,579	294,630	-	11,815,209	1,575,775
Land	189,825,000	-	-	189,825,000	-	-	-	-	-	189,825,000
Machinery Lease	215,460,427	-	-	215,460,427	20.00	206,846,816	8,613,598	-	215,460,414	13
Motor Vehicle	22,642,444	2,963,000	2,521,368	23,084,076	25.00	19,715,660	2,646,721	2,521,368	19,841,013	3,243,063
Office Decoration	37,160,692	898,766	-	38,059,458	20.00	35,403,892	1,062,773	-	36,466,665	1,592,793
Telephone & Fax	550,880	-	-	550,880	20.00	479,435	16,949	-	496,384	54,496
Total 2017	1,069,627,006	5,364,931	2,521,368	1,072,470,569		474,064,807	44,039,057	2,521,368	515,582,496	556,888,073
Total 2016	1,038,609,474	45,305,946	14,288,414	1,069,627,006		438,033,629	50,338,502	14,307,324	474,064,807	595,562,199



PHOENIX FINANCE & INVESTMENTS LIMITED, Registered Office: Eunoos Center (Level- 11), 52-53, Dilkusha C/A, Dhaka-1000

Proxy Form

I/We .....of

.....being shareholder(s) of

PHOENIX FINANCE & INVESTMENTS LIMITED and entitled to vote hereby appoint Mr/Ms .....

..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 23rd ANNUAL GENERAL MEETING of the Company to be held on the 28th June, 2018 and/or at any adjournment thereof.

As witness my/our hand this .....day of..... 2018

AFFIX TK. 20/- REVENUE STAMP

....

(Signature of Shareholder) (Signature of Proxy)

Folio No./BO ID No.

No. of shares held .....

Dated.....

Note :

1. A member entitled to attend and vote at the meeting may appoint any person as his/her proxy to attend and vote on his/her behalf.
2. Stamped Proxy Form must be deposited at the Company's Registered Office before 72 hours of the meeting.

28th June, 2018

ATTENDANCE SLIP

PHOENIX FINANCE & INVESTMENTS LIMITED
Eunoos Center (Level- 11), 52-53, Dilkusha C/A, Dhaka-1000

Seal

I/We hereby record my/our attendance at the 23rd Annual General Meeting of the Company being held on Thursday 28th June, 2018 at 11.30 a.m. at Institution of Diploma Engineers Bangladesh, 160/A VIP Road, Kakrail, Dhaka-1000.

Name of Shareholder/Proxy 2018

Folio No./BO ID No. (Shareholder)

No. of Shares held.....

....

Signature of Proxy Signature of Shareholder

N.B. Please present this slip duly signed at the entrance of the Meeting Hall.

Date: .....