

# **Annual Report 2021**



**Bangladesh Industrial Finance Company Limited**

## Sustainability Report:

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

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

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

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

# Letter of transmittal

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

Dear Sir(s),

## **Annual Report for the year ended on December 31, 2021.**

On behalf of the Board of Directors of the Company, I am pleased to present "**Annual Report 2021**" together with audited financial statements for the year (January 01, 2021 to December 31, 2021) ended on December 31, 2021. This annual report contains information and data as required by regulatory bodies.

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

Thanking you.

Sincerely yours,



**Md. Ahsan Ullah**  
Company Secretary

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## Notice of the 26th Annual General Meeting

Notice is hereby given that pursuant to the Order dated August 31, 2023 passed by the Honorable Company Bench of the High Court Division, Supreme Court of Bangladesh in Company Matter No. 32/2020, the Board of Directors of Bangladesh Industrial Finance Company Limited in its 224<sup>th</sup> Meeting held on September 25, 2023 at 3:00 p.m. decided that the 26<sup>th</sup> Annual General Meeting (AGM) (pending AGM for the year 2021) of the Company will be held on Wednesday, November 15, 2023 at 11:00 a.m. by using Online Digital Platform (pursuant to BSEC Order no. SEC/ SRMIC/94-231/25 dated July 08, 2020), to transact the following business:

### Agenda:

1. To receive, consider and adopt the Directors' Report and the Auditors' Report to the shareholders, accompanied by audited financial statements for the year ended on December 31, 2021;
2. To declare dividend for the year ended on December 31, 2021;
3. To elect Directors;
4. To approve the appointment of Independent Directors;
5. To appoint Statutory Auditor for the year 2022 and to fix their remuneration;
6. To appoint Compliance Auditor as per the Corporate Governance Code for the year 2022 and to fix their remuneration.

By order of the Board of Directors,  
Sd/-

**Md. Ahsan Ullah**  
Company Secretary

**October 05, 2023**

### Notes:

- i. As notified earlier the "Record Date" was fixed on September 26, 2023. The shareholders whose names appeared in the Register of Shareholders of the Company and/or in the Depository on the 'Record Date' will be eligible to attend and vote in the 26<sup>th</sup> AGM through Digital Platform.
- ii. A Member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly completed and stamped, must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
- iii. Annual Report for the year 2021 has been sent to the e-mail address of the Shareholders and also available in the Website of the Company at: [www.bifcol.com](http://www.bifcol.com)
- iv. The Shareholders will join the Virtual AGM through the link <https://bifcol26.bdvirtualagm.com>. The Shareholders will be able to submit their questions/ comments and vote electronically 24 (Twenty-four) hours before commencement of the AGM and also during the AGM. For logging into the system, the Shareholders need to put their 16-digit Beneficiary Owner's (BO) ID/ Folio Number and other credentials as proof by visiting the said link.

We encourage the Shareholders to login into the system prior to the meeting. Please allow ample time to login and establish your connectivity. For any IT related guidance, Shareholders may contact vide email: [nawaz@bifcol.com](mailto:nawaz@bifcol.com) / [avijit@bifcol.com](mailto:avijit@bifcol.com)

## Our Vision and Our Mission

### Our Vision:

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

### Our Mission:

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

## **Core Values- SPIRIT**

### **Social Responsibility**

We care for and contribute to our communities

### **Performance**

We measure results and reward achievement

### **Integrity**

We uphold trustworthiness and business ethics

### **Respect**

We cherish every individual

### **Innovation**

We encourage creativity

### **Teamwork**

We work together to succeed

## Company Information

<b>Name of the company</b>	:	Bangladesh Industrial Finance Company Limited
<b>Legal Form</b>	:	A public limited company incorporated in Bangladesh on August 10, 1996 under the Companies Act 1994 and listed in Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.
<b>Commencement of Business</b>	:	March 02, 1998
<b>Registered Office</b>	:	Police Plaza Concord (Tower-2) Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh.
<b>PABX</b>	:	09611888333, 55045123-5
<b>Fax</b>	:	+88-02-55045128
<b>E-mail</b>	:	<a href="mailto:info@bifcol.com">info@bifcol.com</a>
<b>Website</b>	:	<a href="http://www.bifcol.com">www.bifcol.com</a>
<b>Chairman</b>	:	Justice (retired) Moyeenul Islam Chowdhury
<b>Managing Director (C.C.)</b>	:	Mr. Md. Anwarullah Sadeq, Managing Director, (C.C)
<b>Auditor</b>	:	M. J. ABEDIN & CO Chartered Accountants National Plaza, 3rd Floor, 109 Bir Uttam C. R. Datta Road, Dhaka-1205.
<b>Tax Advisor</b>	:	K.M. Hasan & Co. Chartered Accountants Hometown Apartment (7 <sup>th</sup> , 8 <sup>th</sup> & 9 <sup>th</sup> Floor) 87 New Eskaton Road, Dhaka- 1000.
<b>Branch</b>	:	<b>Chittagong Branch:</b> Akhteruzzaman Center (5 <sup>th</sup> floor), 21/22, Agrabad Commercial Area Chittagong-4100. PABX : +02-333-317256 +02-333-313233 Fax : +02-333-317242 E-mail: <a href="mailto:bifcctg@bifcol.com">bifcctg@bifcol.com</a> <b>Narayanganj Branch:</b> 52/1, S.M. Maleh Roah (1 <sup>st</sup> floor), Tanbazar, Narayanganj. Tel : +02-224-433817, 09611888453 Fax : +02-224-433897 E-mail: <a href="mailto:bifcnganj@bifcol.com">bifcnganj@bifcol.com</a> <b>Uttara Branch:</b> Flat # B1, House # 46, 1 <sup>st</sup> Floor, Road # 03, Sector # 11, Uttara, Dhaka-1230. Tel : +88-02-8991431, 09611888455 Fax : +88-02-8991682 Email: <a href="mailto:bifcuttara@bifcol.com">bifcuttara@bifcol.com</a>
<b>No. of employees</b>	:	33
<b>Stock summary</b>	:	
<b>Authorized capital</b>	:	Tk. 4000.00 million
<b>Paid-up capital</b>	:	Tk. 1000.00 million
<b>Face value per share</b>	:	Tk. 10.00



## Company milestones

<b>Incorporation of the Company</b>	August 10	1996
License from Bangladesh Bank	February 19	1998
Commencement of Business	March 02	
Sanction of First lease proposal	October 06	
Execution of first lease agreement	October 07	
First letter of credit opened	April 08	1999
First credit line from bank	May 31	
First syndicated lease participation	August 18	2002
Relocation of registered and head office	November 16	2003
Initial Public Offering	August 20	2006
First trade of share	November 15	
First branch opened	December 03	2009
Completion of 12 years in service	March 02	2010
Second branch opened	October 16	2011
Change of face value and market lot of share	November 29	
Third branch opened	December 28	
Permission for Issuing Rights Share from Bangladesh Securities and Exchange Commission (BSEC)	September 23	2014
Corporate Head Office From Dilkusha to Gulshan	April 10	2017

## BOARD OF DIRECTORS

**Justice (Retd.) Moyeenul Islam Chowdhury**  
Independent Director and Chairman

**Mr. Shamim Khaled Ahmed, Barrister-at-Law**  
Nominee Director of Pioneer Dresses Ltd.

**Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA**  
Nominee Director of Pioneer Dresses Ltd.

**Mr. Ruhul Amin, FCMA**  
Nominee Director of Sukuza Venture Ltd.

**Mr. Shyamal Kanti Ghosh, Former Secretary**  
Independent Director

**Dr. Md. Jamil Sharif, FCMA, Associate Professor**  
Independent Director

**Mr. Md. Mahamud Hosain, FCA**  
Independent Director

**Mr. Fakhruddin Ahmed, FCMA, FCA**  
Independent Director

**Mr. Md. Anwarullah Sadeq**  
Managing Director, (C.C)

**Md. Ahsan Ullah, MBA (Belgium), M. Com in Finance (DU)**  
Company Secretary

## Profile of the Directors



**Justice (Retd.) Moyeenul Islam Chowdhury**  
Independent Director – cum- Chairman

Justice (Retd.) Moyeenul Islam Chowdhury is the Court-appointed Chairman and Independent Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2020, passed in Company Matter No. 32/2020. He is a B. A. (Hons.), M. A. (in English ), and LL.B under the University of Dhaka. He joined the Bangladesh Civil Service (Judicial) Cadre as Assistant Judge on 17.03.1982 and served in the Ministry of Law, Justice and Parliamentary Affairs as Assistant Secretary from 1984 to 1988.

He was trained as a legislative draftsman in Dhaka under the Commonwealth Fund for Technical Co-operation of the Commonwealth Secretariat, London, and the U.K. in 1984. In due course, he was promoted as District and Sessions Judge on 01.03.1998. He was elevated as Additional Judge of the High Court Division of the Supreme Court of Bangladesh on 23.08.2004 and appointed as Judge of the same Division on 23.08.2006 and served there till his retirement on 09.01.2020.

He visited America, Australia, England, Canada, Singapore, Thailand, Fiji, Saudi Arabia, Philippines, Malaysia, and India in connection with conferences, seminars, symposia, and study- tours and in a private capacity.

**Mr. Shamim Khaled Ahmed, Barrister-at-Law**  
Nominee Director of Pioneer Dresses Ltd.



Mr. Shamim Khaled Ahmed, Barrister-at-Law is the Court-appointed Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2020 passed in Company Matter No. 32/2020. He is a B. A. (Hons.), M. A. and LL.B under the University of Southampton, United Kingdom .Practicing in the Hon'ble High Court Division of the Supreme Court of Bangladesh for about 36 (thirty six) years and in the Hon'ble Appellate Division of the Supreme Court of Bangladesh for about eighteen years, in Subordinate Court and in the Administrative Tribunal, Administrative Appellate Tribunal for about 36 (thirty six) years. Specialist in commercial practice and experienced in all aspects of civil and Commercial litigation in the trial court through to the highest appellate courts.

Used to conduct loan recovery cases on behalf of Agrani Bank Limited and other banks and financial institutions since 1990. Conduct a large number of Artho Rin suits and execution cases, Writ Petitions challenging various provisions of Artho Rin Adalat Ain 1990 to 2003 and Judgment, decree or order of Artho Rin Adalat, First Appeal against the judgment and decree passed in Artho Rin Suites, civil Revision and First Miscellaneous Appeal & Civil Rule before the Hon'ble High Court Division against order of Artho Rin Adalat, Civil Petitions for Leave to Appeal and Civil Appeal before the Hon'ble High Court Division relating to Artho Rin Suit matters, Conducted a number of bankruptcy cases, appeals and Writ Petitions and Civil Petitions before Hon'ble High Court Division and Hon'ble Appellate Division arising out of judgment and order of Bankruptcy and proceedings thereof.



**Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA**  
Nominee Director of Pioneer Dresses Ltd.

Mr. Mohammad Tofazzel Hossain, FCA (ICAB), CPA (Ireland), CPFA (CIPFA-U. K) is the Court-appointed Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2020 passed in Company Matter No. 32/2020. He has over 30 years hands on experience, both at home and abroad. Mr. Hossain worked as an International Civil Servant with UNDP, UN-Women and UNHCR in a number countries, such as Sudan, Afghanistan, South-Sudan, Zimbabwe and Bangladesh as the head of finance, Operations Manager and Head of oversight. He also worked as Director Finance, Head of Finance & Accounts, Manager-Audit and several other important positions and contributed to the betterment of the organizations/companies. He has developed business process, SOPs and different policies and introduced system and procedures for different companies/ organization. Mr. Hossain conducted huge number of capacity assessments for different organizations and identified capacity gaps including developing of capacity development plan as well as conducted trainings. He has extended level of knowledge and capacity on effective budget management including aid effectiveness and utilization of scarce resources effectively. Mr. Hossain did his master's in accounting and is a fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Mr. Hossain is also a member of the CPA, Ireland and CIPFA-UK. Mr. Hossain is a certified Procurement Professional from CIPS as well as an expert on Forensic Accounting and Fraud Examination (FAFE).



**Mr. Ruhul Amin, FCMA**  
Nominee Director of Sukuza Venture Ltd.

Mr. Ruhul Amin, FCMA is the Court-appointed Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2020 passed in Company Matter No. 32/2020. Mr. Amin is an FCMA from the Institute of Cost & Management Accountants of Bangladesh (ICMAB) and an MBA from IBA, University of Dhaka. He was the Chairman & Managing Director of BASF Bangladesh Ltd., a subsidiary of BASF SE, Germany. He was the Treasurer/Finance Director in the same Company. He was the President, the Institute of Cost & Management Accountants of Bangladesh, former President, Bangladesh-German Chamber of Commerce & Industries, former Directors, Dhaka Stock Exchange Ltd., Dhaka Power Distribution Company Ltd., and Eastern Lubricants Blenders Ltd. Mr. Ruhul Amin attended a number of training programs and seminar/symposiums abroad. He underwent training on "Management for 21st Century" in the University of Michigan, USA and presented papers on Finance & Management in different countries including India, Pakistan, Hong Kong and Germany. He also led Bangladesh Trade Delegation to Berlin, Hamburg and Bremen in Germany in 2005. Mr. Amin comes of a respectable Muslim family of Munshigonj.



**Mr. Shyamal Kanti Ghosh, Former Secretary**  
Independent Director

Mr. Shyamal Kanti Gosh, Former Secretary is the Court-appointed Independent Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2020 passed in Company Matter No. 32/2020. He received his Bachelor's Degree from the University of Rajshahi and later pursued his MBA. He has received accolades on various disciplines from Public Administration Training Centre (BPATC), Savar, Bangladesh; Uppsala University, Sweden; CEE India; Bradford University, UK; International Training Center, ILO, Turin Italy; IIEP, Paris, France; Asian Institute of Technology (AIT), Bangkok, Thailand; Civil Service College, Singapore and other renowned institutes in the country and abroad.

Mr. Ghosh joined in Bangladesh Civil Service in August 1983. He has managed the public sector of Bangladesh for more than 33 years, navigating a diverse array of leadership challenges in different capacities, namely, as Assistant Commissioner, Planning & Finance Officer, Upazila Magistrate, Additional District Magistrate under the Ministry of Establishment; Secretary and Zonal Executive Officer; Director of Labour, Ministry of Labour and Employment; Director General, Bureau of Non-Formal Education.

Notably, he served as Director General of the Directorate of Primary Education under Ministry of Primary and Mass Education, later serving on Privatization Commission under Prime Minister's Office (Secretary to the Government of Peoples Republic of Bangladesh) and finally he retired as the Secretary, Ministry of Agriculture (MoA). After retirement, he played a key advisory role in the Ministry of Education and its various programs.

His biggest accomplishments include that he led several teams of Government Agencies, Development Partners, International & National NGO's and civil society to plan and design the first ever sector program in the country for Primary Education Sector. It was a US\$ 8.3 billion programme and it was completed very successfully. His excellent quality to manage people and efficiently use money brought about revolutionary change in the Primary Education Sector of Bangladesh, which is recognized and lauded by all.

As Secretary, he was the chief accounting officer of the Ministry of Agriculture and was responsible for overall growth and development of the agriculture sector of Bangladesh. Introduction of various programs were made during his time.

Mr. Ghosh served as Director of KAFCO, Vice Chairman of the Cotton Development Board and Chairman of BKGET along with many other such engagements. He is a widely travelled person and even has multiple research works and publications to his credit. He has built a reputation of honesty, efficiency and competency through his years of work.



**Dr. Md. Jamil Sharif, FCMA, Associate Professor**  
Independent Director

Dr. Md. Jamil Sharif, FCMA is the Court-appointed Independent Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2021 passed in Company Matter No. 32/2020. He is currently serving the Department of Accounting & Information Systems, University of Dhaka, Dhaka, Bangladesh as an Associate Professor. He joined in the department as Lecturer in 2010. In the department, Mr. Sharif is teaching at the undergraduate and postgraduate levels for more than a decade. Currently, he is also serving the Bangladesh Industrial Finance Company Limited (BIFC) as Independent Director from December, 2020. Mr. Sharif is a Fellow member of the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

Mr. Sharif completed his PhD in 2017 from the Tohoku University, Japan. He completed his MBA and BBA from the Department of Accounting & Information Systems, University of Dhaka in the year 2007 and 2006 respectively.

Mr. Sharif has published many research articles both in nationally and internationally renowned journals. His areas of research interest are Financial Accounting, Cost Accounting, Management Accounting, Forensic Accounting, Corporate Governance, Business Ethics, Auditing and Taxation. He is also performing as independent researcher and engaged with different research projects funded by the university and UGC. He is a founding member of the Bangladesh Business Research Foundation (BBRF) and currently working as Treasurer of this Foundation.



**Mr. Md. Mahamud Hosain, FCA**  
Independent Director

Mr. Md. Mahamud Hosain, FCA is the Court-appointed Independent Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated December 17, 2020 passed in Company Matter No. 32/2020. He has more than 20 years post qualification experience in Business Advisory, Financial Management including 8 years in assurance & advisory services. Mr. Mahamud was a Council Member & Ex-Vice President of The Institute of Chartered Accountant of Bangladesh (ICAB). He was Government Nominated Director in the Board of Dhaka Water Supply & Sewerage Authority, Bangladesh Rural Electrification Board and was Consultant Financial Management at World Bank Group, Dhaka Office & International Fund for Agricultural Development (IFAD) a UN Organisation & Asian Development Bank.

Mr. Mahamud is a Managing Partner at MMH, Chartered Accountants, Management Consultants & BPO Partners since January 2014, and actively involved in the management consultancy for different national, multinational, local conglomerate, group of companies and development organisations. He also worked as Finance Controller in Airtel Bangladesh, Chief Financial Officer of DHL Logistics, Head of Corporate Finance & Risk Management at Robi Axiata Limited and several other important positions and contributed to the betterment of the organizations/companies.

Mr. Mahamud has intense interest on macro-economy and capital markets. He host business Talk Show "Market Watch" in NTV, Digital Dialogue in association with the Business Standards and regularly participate as panelist in a number of electronic media, i.e. Ekushe TV, Independent TV, ATN Bangla, DBC News, 71 TV & etc. on Economy & Business.



**Mr. Fakhruddin Ahmed, FCMA, FCA**  
Independent Director

Fakhruddin Ahmed, FCMA, FCA is the Court-appointed Independent Director of Bangladesh Industrial Finance Company Limited as per the Hon'ble High Court Division's Order dated September 09, 2021, passed in Company Matter No. 32 of 2020. Mr. Fakhruddin Ahmed, son of Late Mr. Abdur Rahman, was born in 1963 in a respectable Muslim family of Cumilla. His early education started at Cumilla, where he attended Comilla Zilla School and Victoria Govt. College. He obtained B.Com (Hons.) in Accounting and M.Com (Accounting) from the University of Dhaka in 1983 and 1984 respectively.

He is a Certified Chartered Accountant and Auditor and also a Certified Cost and Management Accountant and Auditor. He is enlisted as a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost & Management Accountants of Bangladesh (ICMAB).

Mr. Fakhruddin Ahmed started his early service in Techno Fochi (Bangladesh) Ltd., Dhaka as a Chief Accountant in late 1993 and following year joined Reliance Insurance Limited, Dhaka and has worked in several positions as Deputy General Manager (F&A), General Manager (F&A) & Company Secretary until 1998

He has also served as an Independent Director of Bangladesh National Insurance Company Limited during the year June, 2015 to September, 2021. Hon'ble High Court has also appointed him as one of the members of the Board of Directors of Evaly Limited as per the Hon'ble High Court Division's Order dated 18th October, 2021, passed in Company Matter No. 212 of 2021.

He is currently the Managing Director of Newage Textiles Limited, Newage Accessories Limited, Newage Plastics Limited, Jimay Newage Printing and Dyeing Company. All these companies are operated under Newage Group, reputable for export oriented manufacturing of knit fabrics and garment accessories where he has devoted all his talents and skills to make the company from a single unit company to a multi unit profit oriented industries with sound fiscal responsibilities.

Mr. Fakhruddin Ahmed also engaged as Adjunct Faculty Member in the Department of Business Studies of State University of Bangladesh for MBA & EMBA programs.

Mr. Fakhruddin Ahmed has more than 30 years of professional experience in the field of finance and accounts and has ability to manage complex projects with excellent organization skills and has an active professional network of relevant contacts in the local business communities. During his involvement in various positions, companies have experienced huge expansion and have gained the status of one of the leading companies in the related sectors.



**Mr. Md. Anwarullah Sadeq**  
Managing Director, (C.C)

Mr. Anwarullah Sadeq started his service in Bangladesh Industrial Finance Company Limited as a Senior Principal Officer, Chattogram Branch on November 08, 2009. He currently serves as the Senior Vice President and has been in current charge of the office of Managing Director since July 03, 2023. Before joining BIFC, Mr. Sadeq worked at Phoenix Finance & Investment Limited and Premier Leasing and Finance Limited. He has more than 23 years of experience in the NBFIs sectors and gained valuable knowledge and skills.

Mr. Sadeq holds a master's degree in Accounting and he also completed MBA degree major in Marketing. He finished a chartered accountancy course from a reputed firm Toha Anwar Rouf & Co., Chartered Accounts. Throughout his career, Mr. Sadeq participated in various seminars, workshops, and training courses to enhance his knowledge and skills.

## Committees

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

### Executive Committee (EC)

The Executive Committee consists of the following 4 (Four) members of the Board of Directors:

Name	Status in the Company	Status in the Committee
Mr. Shamim Khaled Ahmed, Barrister-at-Law	Director	Chairman
Mr. Shyamal Kanti Ghosh	Independent Director	Member
Mr. Ruhul Amin, FCMA	Director	Member
Mr. Md. Mahamud Hosain, FCA	Independent Director	Member

### Audit Committee

The Audit Committee consists of the following 4 (Four) members of the Board of Directors:

Name	Status in the Company	Status in the Committee
Dr. Md. Jamil Sharif, FCMA	Independent Director	Chairman
Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA	Director	Member
Mr. Md. Mahamud Hosain, FCA	Independent Director	Member
Mr. Fakhruddin Ahmed, FCA	Independent Director	Member

### 01. Management Committee (MANCOM):

Sl.	Name	Designation	Position in the Committee
1	Mr. Md. Anwarullah Sadeq	Managing Director (Current Charge)	Chairman
2	Mr. Md. Ahsan Ullah	VP & Company Secretary	Member Secretary
3	Mr. Mohammad Kamruzzaman	SAVP & Head of CRM & Recovery	Member
4	Mr. Md. Abu Jafar	SPO & Head of HR & Admin	Member
5	Mr. Md. Noor Alam	SPO & Head of Legal	Member
6	Mr. Md. Zahidul Islam	SPO & In-charge, Special Asset Management Department	Member
7	Mr. Md. Khalaqujjaman Jewel	Senior Officer & Head of Accounts	Member

The MANCOM directs day to day administrative and operational activities of the Company. The MANCOM is headed by the Managing Director of the Company. The MANCOM discusses and decides on issues relating to Corporate Finance, SME Finance, CRM, Credit Administration, HR and Administration, ICT, Recovery and Treasury etc.

### 02. Asset Liability Management Committee (ALCO)

Sl.	Name	Designation	Position in the Committee
1	Mr. Mohammad Kamruzzaman	SAVP & Head of CRM & Recovery	Chairman
2	Ms. Homaira Sharafat Nezaad	PO & Head of Treasury Department	Member Secretary
3	Mr. Md. Khalaqujjaman Jewel	Senior Officer & Head of Accounts	Member

The principal responsibility of ALCO is to maintain optimum balance between assets and liability in terms of value, tenor and liquidity.



## Committees - Continued

### 03. Management Credit Committee (MCC):

Sl.	Name	Designation	Position in the Committee
1	Mr. Md. Anwarullah Sadeq	Managing Director (C.C.)	Chairman
2	Mr. Mohammad Kamruzzaman	SAVP & Head of CRM & Recovery	Member Secretary
3	Mr. Md. Zahidul Islam	SPO & In-charge, Special Asset Management Department	Member
4	Mr. Md. Noor Alam	SPO & Head of Legal	Member
5	Mr. Md. Nazrul Islam	Senior Officer & In-Charge, CAD	Member
6	Mrs. Amena Khatun	Senior Officer & In-Charge, SME	Member

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

### 04. ICC Committee:

Sl.	Name	Designation	Position in Committee
1	Mr. Md. Ahsan Ullah	VP & Company Secretary	Chairman
2	Mr. Md. Abu Jafar	SPO & Head of HR & Administration	Member
3	Mr. Md. Shahriar Kobir	PO & In charge of ICC Department	Member Secretary

The main objectives of the Internal Control and Compliance Committee (ICC) are:

- Observe efficiency and effectiveness of activities (performance objectives)
- Ensure reliability, completeness and timeliness of financial and management information (information objectives),
- Compliance with applicable laws and regulations (compliance objectives) and accountability to the Board.

### 05. ICT Committee:

Sl.	Name	Designation	Position in the Committee
1	Mr. Md. Anwarullah Sadeq	Managing Director (Current Charge)	Chairman
2	Mr. Mohammad Kamruzzaman	SAVP & Head of CRM & Recovery	Member
3	Mr. Md. Abu Jafar	SPO & Head of HR & Administration	Member
4	Mr. Md. Shahnawaz Sumon	Senior Officer & In charge of ICT Department	Member Secretary

The main objective of the Information and Communication Technology Committee is to establish a standard ICT security policy & security management and

- To help the Company for security and stable setup of its ICT platform
- To establish a secure environment for processing of the data
- To identify information security risk and their management

## Committees - Continued

- To communicate the responsibilities for the protection of information
- To prioritize information and information systems those need to be protected
- To aware and train the uses associated with managing the ICT Infrastructure
- To explain procedure for periodic review of the policy and security measures

### 06. Central Compliance Unit (CCU)

Sl.	Name	Designation	Position in the Unit
1	Mr. Md. Ahsan Ullah	VP & Company Secretary	CAMLCO
2	Mr. Mohammad Kamruzzaman	SAVP & Head of CRM & Recovery	Member
3	Mr. Md. Zahidul Islam	SPO & Head of Special Asset Management, Head Office and In Charge of Uttara Branch	BAMLCO Uttara Branch
4	Mr. Muradur Rahman	SPO & In Charge of Chattogram Branch	BAMLCO Chattogram Branch
5	Mr. Md. Shahriar Kobir	Principal Officer & In charge of ICC Department	D-CAMLCO & Member Secretary
6	Ms. Homaira Sharafat Nezap	Principal Officer & Head of Treasury Department	Member
7	Mr. Md. Nazrul Islam	Senior Officer, In-charge, Credit Administration Department	Member
8	Mr. Md. Khalaqujjaman Jewel	Senior Officer & Head of Accounts Department	Member
9	Mr. Md. Ripon Biswas	Senior Officer & In Charge of Narayanganj Branch	BAMLCO Narayanganj Branch

Anti-Money Laundering Committee (AML) addresses various issues which are definition of customer for KYC purpose, process and timing of customer due diligence (CDD), defining and identifying beneficial owner, politically exposed person related issues, employee screening mechanism and awareness program for the customer. The committee also ensures to preserve records of any customer's account at list 05 years. Report any suspicious transaction to Bangladesh Bank immediately.

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

## Chairman's Message

Dear Valued Shareholders,

Distinguished Members of the Board of Directors, Esteemed Guests, Ladies and Gentlemen,

Assalamu Alaikum,

I welcome you all to the 26<sup>th</sup> Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC). You are aware that the Company has been passing through a severe liquidity crisis over the years since 2016. The Company extended loans and credits to many individuals, firms and companies without making appropriate evaluations and analyses. Many of the loans and credits are not covered by collaterals while some of them are fake, fictitious and untraceable. After a detailed investigation, serious irregularities were brought to light by Bangladesh Bank Audit Team and it recommended to classify huge sums of loans, advances and credits as Bad and Loss (BL). All the Directors nominated by major shareholders were removed by Bangladesh Bank, the regulatory authority of non-banking financial institutions. The present Board of Directors of BIFC was formed as per the Court Order Nos. 8 & 12 dated December 17, 2020 and September 27, 2021 respectively in the Company Matter No. 32 of 2020.

After taking over as Chairman of BIFC, steps were taken to reconstitute the Executive Committee and the Audit Committee, special directives were also given to the Management to lay maximum emphasis on monitoring and recovery of defaulted loans with a view to reducing non-performing loans/ leases. With this end in view, a Recovery Team was formed to monitor the defaulting clients on a daily basis and recovery from delinquent and stuck up clients is expected to increase within a reasonable time. Besides, the defaulters are being called at our office at regular intervals and after series of meetings/ discussions, some of them have responded positively to reschedule their liabilities with BIFC. Other defaulters are also being chased regularly to sit with us for rescheduling.

As the loans relating to Sunman Group (which constitutes about 74.18% of total loan portfolio of BIFC) were classified as Bad & Loss as per the rules and regulations of Bangladesh Bank, Interest income from loans and investments has come down drastically. Further, as per the instruction of Bangladesh Bank, regulatory authority of the Company, BIFC created 100% provision of all the investments classified as B/L amounting to Tk. 6,088,572,250/- and booked in the financial statements for the year 2017. As a result, all financial indicators of the Company plunged into an abnormal state of affairs at the end of the year 2018 and have further worsened in the year 2021.

As per the suggestion of Bangladesh Bank, the 182<sup>nd</sup> special meeting of the Board of Directors of the Company was held on February 25, 2019 in presence of the officials of Bangladesh Bank and a discussion was held on the overall position of the Company. The Members of the Board devised a plan to overcome the ongoing crisis of the Company and submitted it to Bangladesh Bank accordingly.

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

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

Warmest regards,



**Justice (Retd.) Moyeenul Islam Chowdhury**  
Chairman

## Managing Director's (C.C) message

Dear Valued Shareholders,

Assalamu Alaikum,

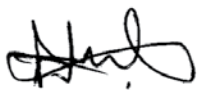
Apart from banking sector, Non Bank Financial Institutions (NBFIs) in Bangladesh play great role in the economic development through effective and efficient financial intermediation and Bangladesh Industrial Finance Company limited (BIFC) as a NBF, is an active partner in our development process. Incorporated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

The present Board of Directors of BIFC was formed as per Court Order Nos 8 & 12 dated December 17, 2020 and September 27, 2021 in the Company Matter No 32 of 2020. Simultaneously the Executive Committee and Audit Committee of Board of directors were reconstituted and all the Committees of the management are functioning well. A special audit from inception to December 31, 2020 on the affairs of the Company has carried out and report will be submitted to the Honorable court. In the mean time statutory audits was completed for the year 2019 & 2020 accordingly.

A number of steps have been taken to overcome the problem stated. Status of each and every loan account has been identified. With the objective of speeding up recovery of loans, segregation of duties among CRM Department, Recovery Department and Legal Department have been made. As Strong Monitoring unit CAD & SAM teams have been formed to gear up the overall recovery process. The Company has completed to take legal actions against all defaulting borrowers.

I, as Chief Executive, would like to assure you that we are giving our best efforts to make the Company a leading one in all respects through effective use of workforce on team spirit basis. We all own the Company and inshallah we will reach our desired goal.

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



**Md. Anwarullah Sadeq,**  
Managing Director, (C.C)

## Directors' Report

Dear Shareholders,

Assalamu Alaikum

On behalf of the Board of Directors, I take the privilege and honor to welcome you all at the 26th Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC) and to present the Annual Report together with the audited Financial Statements of the Company for the year ended on December 31, 2021. It may be mentioned that the Directors' Report of the Company has been prepared complying with Section 184 of the Companies Act 1994, BSEC's Notification No. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018 and the Listing Regulations of Dhaka and Chittagong Stock Exchanges Ltd, and other applicable rules and regulations of the regulatory bodies.

### Global Economic Performance

The global economy posted a growth of 5.5% in 2021 after contracting 3.4% in 2020. The growth in 2021 was 1.9% higher than in 2019. In the middle of 2021, countries were forced to re-impose mobility and other restrictions due to a resurgence in COVID-19 cases, leading to severe supply chain disruptions. With higher commodity and energy prices, these disruptions triggered rapid inflation. As a result, global inflation rose to an estimated 5.2% in 2021 which is 2% higher than the past 10 years' inflation trend. The inflation was particularly acute in USA, EU, Latin America and the Caribbean. Despite this, international trade in commodities bounced back, surpassing the pre-pandemic level whereas the trade in services and international tourism remained subdued.

### Bangladeshi Economic Performance

Bangladesh withstood the strains created by the pandemic, recovering much faster than its regional peers. As a result, the country posted a 6.94% growth in FY21. This growth came from strong consumer confidence as indicated by a 50% increase in credit card transactions and 37% growth in Mobile Financial Services (MFS) transaction amount and uptake in the private sector investment as indicated by the sectoral credit growth of 10.68% in 2021. In terms of industrial production, the country registered a 5.71% growth. Moreover, the increased output improved our export performance which saw a 30% growth in 2021 over the previous year. On the other hand, imports grew by 53%. These indicate rising consumer confidence, and a movement towards economic recovery. In addition, remittance inflows remained high bolstering the foreign exchange reserve to the USD 46 billion mark by Dec-21. The average inflation rate stood at 5.54% at the end of 2021, 0.15% lower than in the previous year. This decrease is due to the lower non-food inflation rate, although food inflation was higher in FY21.

### Financial Services Sector

Bangladesh Bank had adopted a highly supportive monetary policy since the onset of the COVID-19 pandemic, encouraging the financial services sector to finance activities that ensured production growth and price stability. Reserve Money (RM) grew by 22.41%, compared to 15.67% in FY20. This was mainly because of higher than projected growth in net foreign assets. Despite rising global inflation, disrupted supply chains, and downward pressure on the currency from substantial inward remittances, Bangladesh Bank managed to keep the BDT to USD exchange rate between 84.80 and 85.80 during 2021.

On the other hand, with the emergence of new and faster-spreading COVID-19 variants, the financial services sector came under renewed pressure after the first quarter of 2021. Moreover, as a domino effect of the imposition of the single digit lending rate regime for banks, NBFIs spreads went down by 20 basis points to 3.12%.

### Principal Activities of BIFC

Bangladesh Industrial Finance Company Limited (BIFC) could not engage itself in operational activities in the year 2021, even though it was engaged in financing the following sectors of the industry previously:



## Directors' Report - Continued

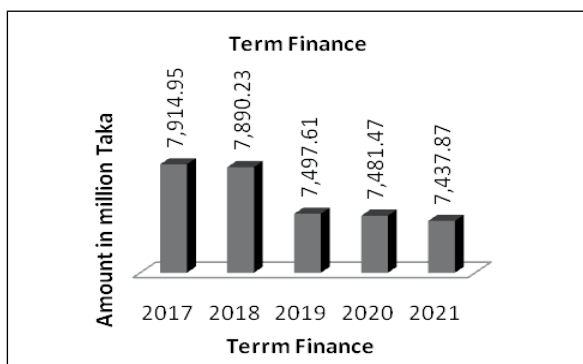
### BIFC'S Performance in 2021

As majority of the borrowers did not pay any defaulted loan amount during the year 2021 liquidity constraints prevented the Company from fresh disbursements, debt servicing and repayments. However, all-out efforts were made to run the Company by mobilizing deposits and recovering non-performing loans.

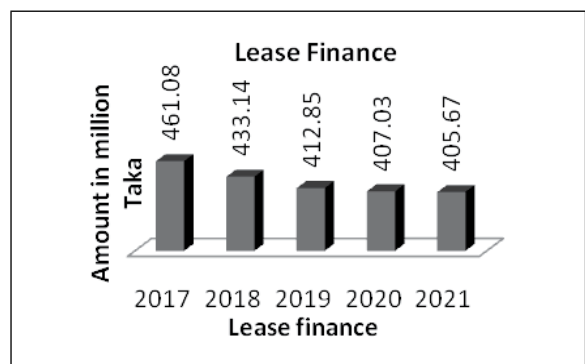
### Portfolio Status

Graphical presentations of portfolio status as of reporting date (year end) of previous 5 years are depicted below. It may be mentioned here that even though no fresh disbursement was made during the year 2021, the outstanding amount increased due to interest charges and decreased by collections.

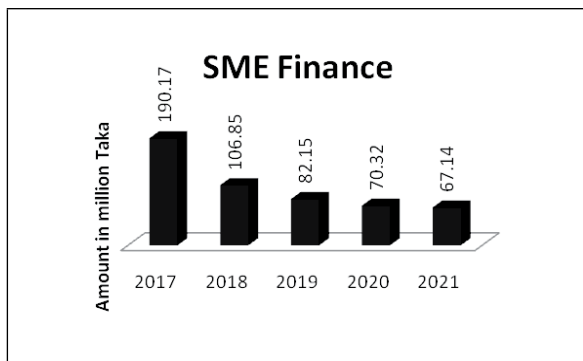
#### Term Finance



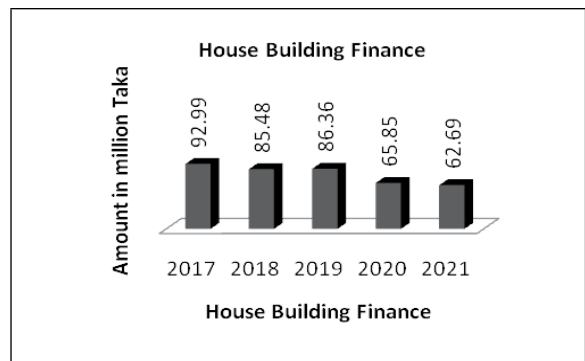
#### Lease Finance



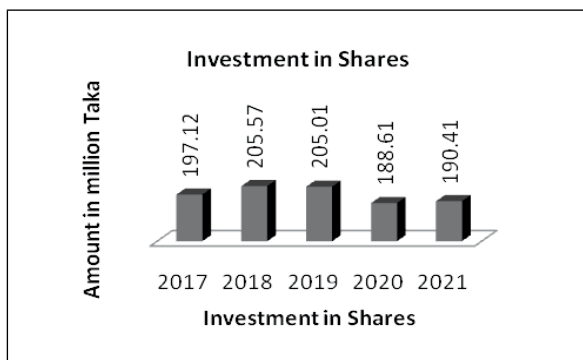
#### SME Finance



#### House Building Finance



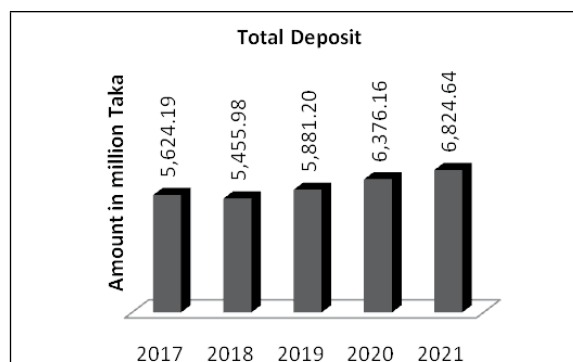
#### Investment in Shares



## Directors' Report - Continued

### Deposit Mobilization

BIFC collects deposits from the surplus units of the society in different forms. Deposit scheme of BIFC includes monthly/quarterly/half-yearly/yearly income scheme, double money scheme, monthly savings scheme (MSS) etc. The deposit base of the company continued to grow over the years and stood at Tk. 6,824.64 million as on 31 December, 2021 compared to Tk. 6,376.16 million of the previous year, increased by 6.56 percent. Due to challenges faced by BIFC as mentioned above, BIFC could not collect fresh deposits.



### Geographical Segmentation

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

### Financial Performances of BIFC

The company's before and after tax profit/ (loss) for the year 2021 were BDT.(984.81) million and BDT.(985.04) million compared to BDT.(814.75) million and BDT.(815.26)million respectively in the previous year.

The financial position of BIFC is summarized as under:

Particulars	31.12.2021	31.12.2020
Operational Revenue	39,177,137	84,768,642
Operational Expenses	945,144,241	916,931,060
Income from Operation	(905,967,105)	(832,162,418)
Provision for loans, advances and leases & Investments	(78,844,550)	(17,411,901)
<b>Profit before Tax</b>	<b>(984,811,655)</b>	<b>(814,750,517)</b>
Provision for Income Tax	(235,038)	(508,612)
<b>Profit after Tax</b>	<b>(985,046,693)</b>	<b>(815,259,129)</b>
Retained earnings from last year	(11,864,330,459)	(11,049,071,330)
Dividend for last year	-	-
Statutory Reserve	154,713,730	154,713,730
General Reserve	10,364,681	10,364,681
<b>Profit available for common stockholders</b>	<b>(12,313,826,177)</b>	<b>(11,864,330,459)</b>
<b>Directors recommended for appropriation:</b>		
Proposed Stock Dividend		
Retained Earnings	(12,313,826,177)	(11,864,330,459)
<b>Earnings per share</b>	<b>(9.78)</b>	<b>(8.10)</b>

### Sources of Fund

BIFC utilized the previously raised/collected funds and did not borrow any money under any credit line during the year 2021.

### Dividend

The Company incurred loss and the total equity of the company was negative in the year 2021 as such the Board of Directors recommended 'No Dividend'. No cash or bonus share dividend was declared as interim dividend during the year 2021.

## Directors' Report - Continued

### Risk Management

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

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

### Internal Control

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

### Corporate Governance

The Board of Directors of BIFC has adopted effective Corporate Governance practices as one of its priorities to conduct its business and operational activities. When conducting the Company's business activities, all efforts of BIFC are to ensure adequate protection of its shareholders and other stakeholders at all times.

### Chairman

During the period from January 01, 2021 to December 31, 2021 Mr. Justice (Retd.) Moyeenul Islam Chowdhury was the Court-appointed Chairman and Independent Director of Bangladesh Industrial Finance Company Limited as per the Order dated December 17, 2020, passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 32/2020.

### Directors

It is to be noted that as per the Order Nos. 8 & 12 dated December 17, 2020 and September 27, 2021 respectively passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 32 of 2020, the Board of Directors of BIFC was reconstituted in the following manner:

Sl. No.	Name	Designation
1.	Mr. Justice (Retired) Moyeenul Islam Chowdhury	Chairman & Independent Director
2.	Mr. ShamimK haled Ahmed, Barrister-at-Law	Director, representing Pioneer Dress Ltd.
3.	Mohammad Tofazzel Hossain, FCA, CPA, CPFA	Director, representing Pioneer Dress Ltd.
4.	A.K.M. Rabiul Hassan (Sumon), Barrister-at-Law	Director, representing Kanchi venture Ltd.
5.	Mr. Ruhul Amin, FCMA	Director, representing Sukuza venture Ltd.
6.	Mr. ShyamalKantiGhosh	Independent Director
7.	Dr. Md. Jamil Sharif, FCMA	Independent Director
8.	Mr. Md. MahamudHosain, FCA	Independent Director
9.	Mr. Fakhruddin Ahmed, FCMA, FCA	Independent Director



## Directors' Report - Continued

The Court-appointed interim Board shall continue to be in place till new Directors are elected in the 26th Annual General Meeting of the Company and thereafter the incumbent Court appointed Board of Directors shall hand over the charge to the newly elected Directors pursuant to the Order dated 31.08.2023 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020.

### Statement of Directors on Financial Reports

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and the Securities and Exchange Rules, 1987. These statements present fairly the Company's statement of affairs, the result of its operation, cash flow, and statement of changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular No.11 dated December 23, 2009.
- e) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been followed in preparation of the financial statements.
- f) Internal Control System is sound in design and has been effectively implemented and monitored.
- g) Directors have felt that it is appropriate to adopt going concern assumption in preparing the financial statements for the year 2021.
- h) There is no significant deviation from the operating result of the last year.
- i) No stock dividend has been recommended by the Board of Directors of the Company as interim dividend.

### Audit Information

The Directors who have held office at the date of this Directors' report confirm, so far the Directors are aware, that:

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

### Statutory Auditors

The auditors of the Company, M/s. M. J. Abedin & Co. Chartered Accountants completed the audit of financial statements for the year ended on December 31, 2021. They completed consecutive three years' audit successfully. As per the stipulation of FID Circular No. 03, dated March 02, 1999, they are not eligible for re-appointment. Accordingly, new auditors have to be appointed for the year 2022, subject to the approval of Bangladesh Bank and shareholders at the Annual General Meeting. On the basis of the proposal of the Audit Committee, the Board recommends the appointment of **MABS & J Partners**, Chartered Accountants as the auditors of the company for the year 2022.

### Compliance Auditor

As per the Corporate Governance Code of Bangladesh Securities and Exchange Commission dated June 3, 2018, a professional is required to be appointed for certifying compliance with Corporate Governance Code by the shareholders for the year 2022 in the Annual General Meeting. The Board of Directors recommended the appointment of **AHMED KHAN & CO** for the year 2022. The matter will be placed before the shareholders in the Annual General Meeting for approval.

### Board Meeting and Attendance

During the year, 7 (seven) Board Meetings were held. The attendance of the Directors is shown in **Annexure-1**.

### Shareholding Pattern

The shareholding pattern as per clause 1.5 (xxiii) of the BSE2C Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 is shown in **Annexure-2**

## Directors' Report - Continued

### Key Operating and Financial Data

Summarized key operating and financial data of the Company for the last five years are shown in **Annexure-3**.

### Related Party Transactions

Disclosure of all related party transactions, including the basis for such transactions, has been provided in Note 45.3 at page 98 of this Annual Report.

### Declaration and Certification of Managing Director and Chief Financial Officer

Pursuant to clause 1.5 (xxvi) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018, the Declaration and Certification is provided in **Annexure-4**.

### Brief résumé of the Directors who will seek appointment/re-appointment in the AGM

Brief **résumé** of the Directors as per clause 1.5 (xxiv) of the BSEC Notification No. BSEC/CMRRCD/2006- 158/207/admin/80 dated June 3, 2018 and BSEC Notification No. BSEC/CMRRCD/2009-193/3/Admin/104 dated February 5, 2020.

Pursuant to the Court's Order dated 31.08.2023 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the shareholders may elect the Directors of the Company in 26<sup>th</sup> Annual General Meeting.

### Report on the Activities of Audit Committee

Pursuant to clause 5.7 of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018, we attach herewith the Company's compliance status as **annexure-6**.

### Certification on Compliance of Corporate Governance Code

Certificate from a professional on compliance with the conditions as per clause 9(1) of the Corporate Governance Code is shown in **annexure-7**.

### Acknowledgment

The Board of Directors deeply acknowledges the support of all the constituents, whose satisfaction remains at the core of BIFC activities. The remarkable support received from the clients, Bangladesh Bank, Banks and Financial Institutions, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., National Board of Revenue, Registrar of Joint Stock Companies and Firms, and concerned agencies have not only been facilitating us but also have made easier to continue the day-to-day activities of BIFC in an unprecedented challenging situation. We deeply appreciate everybody's co-operation, support and guidance.



### Justice (Retired) Moyeenul Islam Chowdhury

Chairman

1 World Economic Outlook, October 2021.

2 Asian Development Bank, Asian Development Outlook 2021.

3 Bangladesh Bank Annual Report 2020-2021.

**Directors' Attendance in the Board of Directors Meeting during the year 2021**

Name of Directors	Nominated by	Number of meetings held	Number of meetings attended	%
Justice (retired) Moyeenul Islam Chowdhury	(Independent Director & Chairman)	07	07	100%
Mr. Shamim Khaled Ahmed, Barrister-at-Law	Pioneer Dresses Ltd.	07	07	100%
Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA	Pioneer Dresses Ltd.	07	07	100%
Mr. Ruhul Amin	Sukuza Venture Ltd.	07	03	43%
Mr. A.K.M. Rabiul Hassan (Sumon), Barrister-at-Law	Kanchi Venture Ltd.	07	03	43%
Mr. Shyamal Kanti Ghosh, Former Secretary	Independent Director	07	06	86%
Dr. Md. Jamil Sharif, FCMA, Associate Professor	Independent Director	07	07	100%
Mr. Md. Mahamud Hosain, FCA	Independent Director	07	07	100%
Mr. Md Shahadat Hossain, FCA	Independent Director	07	03	43%
Mr. Fakhruddin Ahmed, FCMA, FCA	Independent Director	07	02	29%

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

**Pattern of Shareholding**

Shareholders	Position	No. of Shares	%
<b>i) Parent/Subsidiary/Associate Companies</b>	N/A	N/A	N/A
<b>ii) Director/Sponsor/Top Executive</b>			
Pioneer Dresses Ltd.	Director	5,853,832	5.82
Mr. Shamim Khaled Ahmed, Barrister-at-Law Nominated By Pioneer Dresses Ltd.	Director	Nil	Nil
Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA Nominated By Pioneer Dresses Ltd.	Director	Nil	Nil
Sukuza Venture Ltd.	Director	5,500,000	5.46
Mr. Ruhul Amin Nominated By Sukuza Venture Ltd.	Director	Nil	Nil
Kanchi Venture Limited	Director	3,547,524	3.52
Pragati Life Insurance Ltd.	Director	2,281,182	2.27
Justice (retired) Moyeenul Islam Chowdhury	Independent Director & Chairman	Nil	Nil
Dr. Md. Jamil Sharif, FCMA, Associate Professor	Independent Director	Nil	Nil
Mr. Md. Mahamud Hosain, FCA	Independent Director	Nil	Nil
Mr. Md Shahadat Hossain, FCA	Independent Director	Nil	Nil
Mr. Shyamal Kanti Ghosh, Former Secretary	Independent Director	Nil	Nil
Mr. Fakhruddin Ahmed, FCMA, FCA	Independent Director	Nil	Nil
Five Continent Credit Limited	Sponsor	19,519,318	19.39
Mr. A. N. M. Jahangir Alam	Sponsor	2,028,633	2.01
Mr. Mohiuddin Ahmed	Sponsor	1,875,789	1.86
Mr. Rais Uddin Ahmamed	Sponsor	1,276,333	1.27
Mr. Abdul Aziz Khan		1,226,326	1.22
Mr. Md. Anwarullah Sadeq and his spouse and minor children	Managing Director (C. C)	Nil	Nil
Md. Ahsan Ullah and his spouse and minor children	Company Secretary	Nil	Nil
Mr. Md. Khalaqujjaman Jewel	SO & In-Charge of Accounts Department	Nil	Nil
<b>Sub-Total</b>		<b>40,827,755</b>	<b>40.55</b>
<b>iii) Executives</b>			
Mr. Mohammad Kamruzzaman	SAVP & Head of Business and Recovery Department	Nil	Nil
Mr. Md. Muradur Rahman	SPO & Branch Manager	Nil	Nil
Mr. Md. Zahidul Islam	SPO & Head of SAM Department	Nil	Nil
Mr. Md Abu Jafar	SPO & Head of HR and Admin	Nil	Nil
Mr. Md. Noor Alam	SPO & Head of Legal Department	Nil	Nil
<b>iv) Shareholders holding 10% or more voting right:</b>			
Tees Mart Inc., USA		18,135,256	18.01
Merrill and Forbes Inc., USA		12,685,266	12.60
<b>Sub-Total</b>		<b>30,820,522</b>	<b>30.61</b>
<b>v) Others</b>		<b>29,031,667</b>	<b>28.84</b>
<b>Total</b>		<b>100,679,944</b>	<b>100.00</b>

## Financial Highlights

Particulars	2017	2018	2019	2020	2021
<b>A. Balance sheet</b>					
<b>Shareholders' equity</b>	<b>(623,269,712)</b>	<b>(7,998,665,811)</b>	<b>(9,491,367,450)</b>	<b>(10,306,626,579)</b>	<b>(10,756,122,297)</b>
Paid up capital	1006799440	1,006,799,440	1,006,799,440	1,006,799,440	1,006,799,440
Share money deposit	362	362	362	362	362
Other reserve & surplus	(1,630,069,514)	(9,005,465,613)	(10,498,167,252)	(11,313,426,381)	(12,258,735,699)
<b>Total liability</b>	<b>10,288,676,224</b>	<b>17,620,904,444</b>	<b>18,589,971,050</b>	<b>19,359,528,381</b>	<b>19,794,430,035</b>
Long term loans	2,266,751,375	2,542,356,611	2,862,653,163	3,140,032,332	3,436,826,929
Term deposit	5,624,191,953	5,455,986,659	5,881,192,965	6,376,155,007	6,824,646,977
Lease advances	1,41,38,925	1,26,09,739	11,075,243	7,537,277	7,537,277
Money at call and short notice	130,000,000	140,000,000	140,000,000	140,000,000	140,000,000
Other liabilities	2,253,315,663	9,469,673,127	9,695,049,679	9,695,525,457	9,385,140,544
<b>Total liabilities &amp; equity</b>	<b>9,665,406,512</b>	<b>9,622,238,633</b>	<b>9,098,603,600</b>	<b>9,052,901,802</b>	<b>9,038,307,738</b>
<b>Total assets</b>	<b>9,665,406,512</b>	<b>9,622,238,633</b>	<b>9,098,603,600</b>	<b>9,052,901,802</b>	<b>9,038,307,738</b>
Lease finance	461,077,161	433,138,927	412,846,387	407,028,373	405,676,443
Direct finance	7,914,946,484	7,981,682,830	7,586,472,005	7,548,426,720	7,501,114,813
Investment in share	197,122,853	205,573,951	205,012,291	188,605,790	190,411,213
Fund placement	-	-	-	-	-
Investment in FDR	140,000,000	90,000,000	-	-	-
Other assets	952,260,014	911,842,925	894,272,917	908,840,919	941,105,269
<b>B. Income statement</b>					
Operating revenue	67,233,430	84,646,882	198,596,851	84,768,642	39,177,137
Non operating revenue	-	-	-	-	-
Financial expenses	858,084,228	842,341,866	1,030,325,050	864,481,915	890,684,804
Depreciation on fixed assets	2,399,237	3,597,455	3,070,137	2,625,552	2,249,952
General and administrative expenses	81,254,311	68,683,377	5,508,228	5,173,126	4,925,697
Other operational expenses	8,520,899	4,386,534	58,597,463	44,650,467	4,925,697
<b>Operational Profit</b>	<b>(883,025,245)</b>	<b>(834,362,350)</b>	<b>(898,804,027)</b>	<b>(832,162,418)</b>	<b>(905,967,105)</b>
Provision for loans, advances, & leases and investments	55,927,900	478,348,867	(328,129,154)	17,411,901	(78,844,550)
Profit before tax	(7,000,876,995)	(1,312,711,217)	(1,226,933,181)	(814,750,517)	(984,811,655)
Income tax	1,033,408	7,61,032	(1,194,895)	(508,612)	(235,038)
Net profit after tax	(939,986,553)	(1,313,472,249)	(1,228,128,076)	(815,259,129)	(985,046,693)
<b>C. Business performance</b>					
Lease & loan contracts (Taka in million)	46.94	34.15	33.82	3.85	0.17
Growth (%)	(35)	(27)	(1)	(89)	(95)
Number of lease & loans	56	37	40	15	2
Lease & loan execution (Taka in million)	46.80	24.04	33.82	3.85	0.17
Growth (%)	(30)	(49)	40	(89)	(95)
Number of leases & loans	56	37	53	15	2
<b>D. Financial ratios</b>					
Current ratio (in times)	0.36	0.28	0.30	0.29	0.34
Debt equity ratio (in times)	16.51	(2.20)	(1.96)	(1.88)	(1.84)
Profit margin before tax (%)	(731.85)	(1720.58)	(636.30)	(1,014.82)	(2788.85)
Financial expenses coverage ratio (in times)	(1.09)	(1.56)	(1.19)	(0.94)	(1.14)
Return on equity (%) (after tax)	(93.36)	(130.46)	(121.98)	(80.98)	(97.84)
Earnings per share (in Tk.) (Restated)	(9.34)	(13.05)	(12.20)	(8.10)	(9.78)
<b>Dividend</b>					
Cash (%)	Nil	Nil	Nil	Nil	Nil
Stock (%)	Nil	Nil	Nil	Nil	Nil

## Declaration by Managing Director and Chief Financial Officer

August 17, 2023

### The Board of Directors

Bangladesh Industrial Finance Company Limited (BIFC)  
Police Plaza Concord (Tower-2), Level -8  
Gulshan-1, Dhaka -1213

**Subject: Declaration on Financial Statements for the year ended on December 31, 2021.**

**Dear Sirs,**

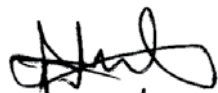
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006 -158/207/Admin/80, dated June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Bangladesh Industrial Finance Company Limited for the year ended on December 31, 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

### In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on December 31, 2021 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,



**Md. Anwarullah Sadeq**  
Managing Director (C.C)



**Md. Khalaqujjaman Jewel**  
In charge, Accounts Department



## Report on the activities of the Audit Committee

### Role of Audit Committee

The Audit Committee (hereinafter referred as 'The Committee') on behalf of the Board of Directors attempts to ensure effective implementation of the processes set out in the business plan and policies. Major role of the Committee is to monitor and review the effectiveness of internal control system. The Committee is also responsible to ensure the integrity of the Financial Statements so that it provides a true and fair view of the states of affairs of the Company. In addition, the Committee reviews and, when appropriate, makes recommendations to the Board on business risks, internal control, and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information that proper and satisfactory internal controls systems are in place to identify the risks so that Company's business is conducted in a sound manner.

### Purpose of the Committee

The Committee is a sub-committee formed by the Board of Directors of the Company. The Committee will consider the internal control and effectiveness within the organization. Terms of reference of the Committee are fixed by the Board. The main purpose of the Committee is to assist the Board of Directors on the following matters:

- Evaluates performance of the Company's internal control functions;
- Ensures compliance of the Company with legal and regulatory requirements;
- Makes recommendations on the reporting, control and compliance aspects of the Company;
- Provides independent monitoring, guidance and if necessary, to challenge executive management;
- Performs independent review to ensure control over financial reporting and all other operational matters; and
- Evaluates whether the Financial Statements reflect true and fair view of the affairs of the Company and have been prepared as per the regulatory guidelines.

### Structure of the Committee:

In conformity with the Bangladesh Securities and Exchange Commission (BSEC) notification No. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018 and DFIM Circular no.-13 dated October 26, 2011 of Bangladesh Bank, the audit committee of the board of directors of BIFC has been formed consisting of following:

Name	Status in the Company	Status in the Committee
Dr. Md. Jamil Sharif, FCMA	Independent Director	Chairman
Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA	Director	Member
Mr. Md. Mahamud Hosain, FCA	Independent Director	Member
Mr. Fakhruddin Ahmed, FCA	Independent Director	Member

The Company Secretary acts as the Secretary of the Committee

### Terms of Reference:

The Terms of Reference of the Committee clearly defines the roles and responsibilities of the Committee. The Terms of Reference is reviewed and revised with the concurrence of the Board of Directors. The Committee is responsible to and reports to the Board of Directors. Role and functions of the Committee are further regulated by the rules governing the Committee as specified by the 'Conditions on Corporate Governance' issued by the BSEC and the relevant guidelines issued by Bangladesh Bank.

### Scope of work

The Committee is authorized to monitor and review the effectiveness of the Company's internal audit and compliance function in the context of the Company's overall risk management system. The Committee performs its activities within the Terms of Reference of the Committee and is empowered to seek information from any Director or employee of the Company from time to time as it thinks fit. The Committee presents a summary of its activities to shareholders and other interested parties by means of this report. Duties and responsibilities The duties and responsibilities of the Committee are:



**Review of Financial Statements:**

The Committee has reviewed the quarterly, half-yearly and annual Financial Statements of the Company, focusing particularly on any significant changes to accounting policies and practices, significant adjustments arising from the audits, the going concern assumptions and compliance with applicable Financial Reporting standards and other legal and regulatory requirements.

**Internal Audit & Compliance:**

The Committee reviews the Internal Audit & Compliance plans to satisfy itself about the consistency and coverage of the risk management framework of the Company. The Committee reviews the following activities:

- Review and satisfy itself that the Internal Audit & Compliance Department has the competency and qualifications to maintain its mandates;
- Review the status report from the Internal Audit & Compliance Department and ensure that appropriate actions have been taken to implement its recommendations;
- Recommend any broader review deemed necessary as a consequence of any issues that may have been identified; a
- Request and review any special audit when deemed necessary.

**External audit**

**M. J. ABEDIN & CO.**, Chartered Accountants, a partnership firm registered in Bangladesh was responsible as external auditor to the company for the year 2021. The external auditors are not engaged by the company on any material non-audit work such as:

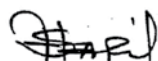
- Appraisal or valuation services or fairness opinions;
- Financial information systems design and implementation;
- Book-keeping or other services related to the accounting records or financial statements;
- Broker-dealer services;
- Actuarial services;
- Internal audit services; and
- Any other services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

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

**Principal activities of audit committee were as follows:**

- Reviewed the company's draft financial statements for the year ended on December 31, 2021;
- Recommended and advised the board on appointment of external auditor for the year 2021 and their audit fee;
- Recommended and advised the board on appointment of Compliance auditor for the year 2021 and their audit fee;
- Analyzed and reviewed the periodic reports on internal control and compliance reported by the internal auditor;
- Analyzed and reviewed the risk assessment report on clients and credit risk administration evaluation report;
- Reviewed the report on pending legal cases of defaulting clients and recommended further courses of action;
- Analyzed and reviewed the periodic financial statements including quarterly financial statements;
- Reviewed the management report of the external auditors and scrutinized the management responses and courses of action adopted.
- Reviewed Bangladesh Bank inspection report on the inspection along with company's reply and recommended required compliance by the management to the observations made in the report.

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



**Dr. Md. Jamil Sharif, FCMA**  
Chairman Audit Committee

## Report to the Shareholders of Bangladesh Industrial Finance Company Limited

on

### Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Bangladesh Industrial Finance Company Limited (BIFC) for the year ended on December 31, 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006 -158/207/Admin/80, dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code 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 the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required and after due scrutiny and verification thereof, we report that, in our opinion.

- The Company has complied with the condition of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission (excepting the condition no. 6 which could not be complied due to Primary Regulation's circular as referred to and explained by the Bank).
- The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- Proper books and records have been kept by the Company as required under the Companies Acts, 1994, the securities laws and other relevant laws, and
- The Governance in the Company is satisfactory.



**Md. Enamul Hasan FCA**  
Managing Partner  
Enrolment Number 1544  
H M ENAM & CO.  
Chartered Accountants

Place: Dhaka, Bangladesh  
Dated: September 27, 2023

**Corporate Office :** House # 151/5 (GF), Block # 13, Ward # 27, Monipuripara  
Farmgate, Tejgaon, Dhaka-1215, Tell: +88 02 58156643

## Status of Compliance with the Corporate Governance Code

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchanges Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 issued Under section 2CC of the Securities and Exchanges ordinance, 1969:

Condition No.	Title	Compliance Status		Remarks (If Any)
		Complied	Not Complied	
1.00	<b>Board of Directors (BOD)</b>			
1.(1)	Board Size shall not be less than 5(five) and more than 20(twenty)	✓		
1.(2)	<b>Independent Director:</b>			
1.2.(a)	At least one-fifth (1/5) total number board of directors shall be Independent Directors (ID); any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		In accordance with Court Order No. 8 dated December 17, 2020, and Court Order No. 12 dated September 27, 2021, issued by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the Board of Directors of BIFC is comprised of 9 members, including 5 Independent Directors, and does not include a Managing Director. It is noteworthy that, as per Court Order No. 12 dated September 27, 2021, Mr. Md. Shahadat Hossian had resigned from the board of BIFC. Concurrently, in the same Court Order, the Honorable Court had appointed Mr. Md. Fakhruddin Ahmed FCMA, FCA, as an Independent Director.
1.2 (b) (i)	IDs do not hold any share or holds less than 1% shares of the total paid-up shares of the Company	✓		
1.2 (b) (ii)	ID is not a sponsor and not connected with any sponsor or director or nominated director or shareholder or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares and his or her family members shall not hold above mentioned shares;	✓		
1.2 (b) (iii)	ID has not been an executive of the company in immediately preceding two financial years;	✓		
1.2 (b) (iv)	ID does not have any relationship whether pecuniary or otherwise relationship with the company or its subsidiary/associated companies;	✓		
1.2 (b) (v)	ID is not a member or TREC holder, director or officer of any stock exchange;	✓		

## Status of Compliance with the Corporate Governance Code - Continued

1.2 (b) (vi)	ID is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1.2 (b) (vii)	ID is/was not a partner or an executive of company's audit firms engaged in Statutory Audit or Internal Audit or Special Audit or Compliance Certification of the Codes during receding three years;	✓		
1.2 (b)(viii)	ID shall not be independent director in more than five listed companies;	✓		
1.2 (b)(ix)	ID has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or NBFi;	✓		
1.2 (b)(x)	ID has not been convicted for a criminal offence involving moral turpitude;	✓		
1.2 (b)(c)	Appointment of ID shall be done by Board and approved by the shareholders in AGM.	✓	In accordance with Court Order No. 8 dated December 17, 2020, and Court Order No. 12 dated September 27, 2021, issued by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the Board of Directors of BIFC is comprised of 9 members, including 5 Independent Directors, and does not include a Managing Director. It is noteworthy that, as per Court Order No. 12 dated September 27, 2021, Mr. Md. Shahadat Hossian had resigned from the board of BIFC. Concurrently, in the same Court Order, the Honorable Court had appointed Mr. Md. Fakhruddin Ahmed FCMA, FCA, as an Independent Director.	
1.2 (d)	The Post of ID cannot remain vacant more than 90 days.			No such vacancy created
1.2 (e)	The tenure of office of an ID shall be for Three years, which may be extended for One tenure only;			No ID yet passed first tenure
<b>1.3</b>	<b>Qualification of Independent Director.</b>			
1.3 (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, corporate laws, regulatory requirements and can make meaningful contribution to the business;	✓		
1.3 (b) (i)	ID is a Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of One Hundred million or any listed company or a member of any national or international chamber of commerce or business association;			No such category appointed

## Status of Compliance with the Corporate Governance Code - Continued

1.3 (b) (ii)	ID is/was a Corporate Leader as top-level executive as adopted by the code and a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		
1(3) (b)(iii)	ID was Former official of government in the position not below 5th Grade of the national pay scale and educational background of bachelor degree in economics or commerce or business or law;	✓		
1(3) (b)(iv)	ID is/was University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		
1(3) (b)(v)	ID is/was a professional or an advocate practicing in the HCD of Bangladesh Supreme Court or a CA, CMA, CFA, CCA, CPA and CS or equivalent qualification;	✓		
1(3) (c)	The ID shall have at least Ten (10) years of experiences in any field mentioned in clause (b);	✓		
1(3) (d)	Special cases for relaxing qualifications or experiences with prior approval of the Commission;			In accordance with Court Order No. 8 dated December 17, 2020, and Court Order No. 12 dated September 27, 2021, issued by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the Board of Directors of BIFC is comprised of 9 members, including 5 Independent Directors, and does not include a Managing Director. It is noteworthy that, as per Court Order No. 12 dated September 27, 2021, Mr. Md. Shahadat Hossian had resigned from the board of BIFC. Concurrently, in the same Court Order, the Honorable Court had appointed Mr. Md. Fakhruddin Ahmed FCMA, FCA, as an Independent Director.
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or CEO:</b>			
1(4) (a)	The Position of the Chairman of the Board and the Managing Director (MD) and/or the Chief Executive Officer (CEO) of the Company shall be filled by different Individuals;	✓		
1(4) (b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company;	✓		

## Status of Compliance with the Corporate Governance Code - Continued

1(4) (c)	The Chairperson of the Board shall be elected form among the non-executive directors;	✓		As per Court Order No. 8 dated December 17, 2020 passed by the Hon'ble high court division of the supreme court of Bangladesh in the company matter No. 32 of 2020, Mr. Justice (Retired) Moyeenul Islam Chowdhury was appointed as the Chairman and Independent Director of BIFC.
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO;	✓		
1(4) (e)	In absence of Chairman, the remaining members may elect one from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence shall be duly recorded in the minutes.			No such matter arose during the year
<b>1(5)</b>	<b>The Directors' Report to Shareholders:</b>			
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 including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			Discussion on interest income, expenses operating and net profit provided
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No such matter arose during the year
1(5) (vi)	A detailed discussion and statement on related party transactions;	✓		
1(5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and / or any other instruments;			Not applicable
1(5) (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights offer, Direct Listing, etc.;			Not applicable
1(5) (ix)	Explanation by the Management if significant variance occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		
1(5) (x)	Remuneration to Directors including Independent Directors;	✓		
1(5) (xi)	Statement that financial statements prepared by the management of the issuer present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		

## Status of Compliance with the Corporate Governance Code - Continued

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 to the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5) (xiv)	International Accounting Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (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)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5) (xvii)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	✓		
(5) (xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained;	✓		
1(5) (xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized;	✓		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year;	✓		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details);	✓		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		Not Applicable
1(5)(xxiii)(b)	Directors, CEO, Company Secretary,CFO, HIAC and their spouses and minor children (name wise details).	✓		
1(5)(xxiii)(c)	Executives.	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	✓		
<b>(5)(xxiv)</b>	<b>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</b>			
1(5)(xxiv)(a)	A brief resume of the director.	✓		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		

## Status of Compliance with the Corporate Governance Code - Continued

1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship and the memberships of committees of the Board;	✓		
<b>(5)(xxv)</b>	<b>Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Presenting detailed Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance and position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	✓		
1(5)(xxv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv) (e)	Briefly explain the financial and economic scenario of the country and globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv) (g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next <b>AGM</b> ;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ;	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure -B and as per <b>Annexure-C</b> .	✓		
1(6)	<b>Meeting of the Board of Directors:</b> Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line BSS as adopted by the ICSB;	✓		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, Other Board members and Chief Executive Officer.</b>			
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC);			Complied as per the prudential guidelines given by Bangladesh Bank
1(7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behaviour;			
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company.</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary Company;			Not Applicable



## Status of Compliance with the Corporate Governance Code - Continued

2(b)	At least 1 (One) Independent Director of holding company shall be a director on the Board of subsidiary company;			Not Applicable
2(c)	Minutes of subsidiary to be placed in the meeting of holding company;			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.			Not Applicable
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):</b>			
<b>3.1</b>	<b>Appointment:</b>			
3 (1) (a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC;	✓		
3 (1) (b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	✓		
3 (1) (c)	The MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and stock exchange(s).	✓		
<b>3 (2)</b>	<b>Requirement to attend Board of Directors' Meetings:</b> MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board;	✓		
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and CFO:</b>			
3 (3) (a) (i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3 (3) (a) (ii)	The statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3) (b)	Certification of CEO and CFO that to the best of their knowledge and belief there was no fraudulent, illegal transactions during the year;	✓		
3(3) (c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4.</b>	<b>Board of Directors' Committee:</b>			
4 (i)	Audit Committee	✓		

## Status of Compliance with the Corporate Governance Code - Continued

4 (ii)	Nomination and Remuneration Committee	Financial Institutions are permitted to form only two sub Committees of Board; an Executive Committee and another Audit Committee as per Bangladesh Bank DFIM circular no. 18 dated October 26, 2011; whereas BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated June 3, 2018 directs to form NRC.  However, Bangladesh Bank has further advised through their letter ref. no. DFIM(P)1052/27/2021-2436 dated November 4, 2021 that the Financial Institutions are not allowed to form NRC.		
<b>5.</b>	<b>Audit Committee:</b>			
<b>5 (1)</b>	<b>Responsibility to the Board of Directors</b>			
5 (1) (a)	Company shall have an Audit Committee as a sub-committee of the Board.	✓		
5 (1) (b)	Audit Committee shall assist the Board 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;	✓		
5 (1) (c)	Audit Committee shall be responsible to the Board. The duties of Audit Committee shall be clearly set forth in writing.	✓		
<b>5.2</b>	<b>Constitution of the Audit Committee.</b>			
<b>5 (2) (a)</b>	The Audit Committee shall be composed of at least 3 (three) members.	✓		
<b>5 (2) (b)</b>	Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least one independent director (ID)	✓		
<b>5 (2) (c)</b>	All members of the Audit Committee should be "financially literate" and at least (one) member shall have accounting or related financial management background and 10 years of such experience;	✓		
<b>5 (2) (d)</b>	When the term of service of the committee members expires or there is any circumstance causing any committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee members to fill up the vacancy;			No such instance created
	Immediately or not later than 1(one) month from the date of vacancy in the committee to ensure continuity of the performance of work of the Audit committee.	✓		
<b>5 (2) (e)</b>	The Company secretary shall act as the secretary of the Audit Committee.	✓		
<b>5 (2) (f)</b>	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director;	✓		
<b>5.3</b>	<b>Chairperson of the Audit committee:</b>			

## Status of Compliance with the Corporate Governance Code - Continued

5 (3) (a)	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;	✓		
5 (3) (b)	Election of Chairman of the particular meeting in absence of regular Chairperson of Audit Committee recording the reasons of such absence in the minutes.			No such situation occurred
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the AGM.	✓		
<b>5.4</b>	<b>Meeting of the Audit Committee:</b>			
5 (4) (a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	✓		
5 (4) (b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher, where presence of an ID is a must.	✓		
<b>5.5</b>	<b>Role of Audit Committee:</b>			
5 (5) (a)	Oversee the financial reporting process;	✓		
5 (5) (b)	Monitor choice of accounting policies and principles;	✓		
5 (5) (c)	Internal Audit and Compliance process to ensure that it is adequately resourced;	✓		
5 (5) (d)	Oversee hiring and performance of external auditors;	✓		
5 (5) (e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption;	✓		
5 (5) (f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		
5 (5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		
5 (5) (h)	Review adequacy of internal audit function;	✓		
5 (5) (i)	Review the management's discussion and analysis before disclosing in the Annual Report;	✓		
5 (5) (j)	Review statement of all related party transactions submitted by the management;	✓		
5 (5) (k)	Review management letters or letter of Internal Control weakness issued by statutory auditors;	✓		
5 (5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5 (5) (m)	Oversee whether the proceeds raised IPO or RPO or Rights Share Offer have been utilized per the purposes stated in relevant offer document or prospectus approved by the Commission;			Not Applicable
<b>5.6</b>	<b>Reporting of the Audit Committee:</b>			
<b>5.6 (a)</b>	<b>Reporting to the Board of Directors</b>			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		

## Status of Compliance with the Corporate Governance Code - Continued

<b>5 (6) (b) (ii)</b>	<b>The audit committee shall immediately report to the board on the following findings, if any: -</b>		
5(6)(a)(ii)(a)	Report on conflicts of interests;		No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process;		No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, rules and regulation;		No such event occurred
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;		No such event occurred
5.6 (b)	<b>Reporting to the Authorities:</b> If any material impact on the financial condition and results of operation, unreasonably ignored by the management;		No such reportable incidence occurred
5.7	<b>Reporting to the Shareholders and General Investors:</b> Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition	✓	
<b>6</b>	<b>Nomination and Remuneration Committee (NRC): Unresolved issue. (Could not be complied due to BRPD circular letter No. dated 27th October 2013 of Bangladesh Bank)</b>		
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>		
6(1)(a)	The company shall have a NRC as a sub-committee of the Board.	Not Applicable	Please refer the condition no. 4(ii)
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Not Applicable	Do
6(1)(c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b);	Not Applicable	Do
<b>6.2</b>	<b>Constitution of the NRC</b>		
6.(2) (a)	The Committee shall comprise of at least three members including an independent director (ID);	Not Applicable	Do
6.(2) (b)	All members of the committee shall be non-executive directors;	Not Applicable	Do
6.(2) (c)	Members of the Committee shall be nominated and appointed by the Board;	Not Applicable	Do
6.(2) (d)	Board shall have authority to remove and appoint any member of the committee;	Not Applicable	Do
6.(2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not Applicable	Do

## Status of Compliance with the Corporate Governance Code - Continued

6.(2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/ or member (s) of staff to the Committee as advisor who shall be non-voting member if the Chairperson feels that advice or suggestion from such external expert and/ or member (s) of staff shall be required of valuable for the Committee;	Not Applicable	Do
6.(2) (g)	The company secretary shall act as the secretary of the Committee;	Not Applicable	Do
6.(2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Not Applicable	Do
6.(2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory of consultancy role or otherwise, other than Director' s fees or honorarium form the company;	Not Applicable	Do
<b>6.3</b>	<b>Chairperson of the NRC</b>		
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Not Applicable	Do
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one if themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Not Applicable	Do
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	Not Applicable	Do
<b>6.4</b>	<b>Meeting of the NRC</b>		
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	Not Applicable	Do
6 (4) (b)	The Chairperson of the NRC, may convene any emergency meeting upon request by any member of the NRC;	Not Applicable	Do
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the committee, whichever is higher, where presence of an independence director is must as required under condition No. 6 (2) (h);	Not Applicable	Do
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC;	Not Applicable	Do
<b>6.5</b>	<b>Role of NRC</b>		
6 (5) (a)	NRC shall be independent a n d responsible/accountable to the Board and to the shareholders;	Not Applicable	Do
6(5)(b)(i)(a)	NRC shall oversee, formulate & recommend to the Board regarding the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Not Applicable	Do
6(5)(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	Not Applicable	Do

## Status of Compliance with the Corporate Governance Code - Continued

6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Not Applicable	Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Not Applicable	Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Not Applicable	Do
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board;	Not Applicable	Do
6(5)(b)(v)	Identifying the complains needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	Not Applicable	Do
6(5)(b)(vi)	Developing recommending and reviewing annually the complains human resources and training policies.	Not Applicable	Do
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.	Not Applicable	Do
<b>7</b>	<b>External or Statutory Auditors</b>		
<b>7(1)</b>	<b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -</b>		
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓	
7(1) (ii)	Financial information systems design and implementation;	✓	
7(1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓	
7(1) (iv)	Broker-dealer services;	✓	
7(1) (v)	Actuarial services;	✓	
7(1) (vi)	Internal audit services or special services;	✓	
7(1) (vii)	Any other service that the Audit Committee determines;	✓	
7(1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	✓	
7(1) (ix)	Any other service that may create conflict of interest.	✓	
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family shall not hold any shares in the said company.	✓	
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders;	✓	
<b>8</b>	<b>Maintaining a website by the company</b>		

## Status of Compliance with the Corporate Governance Code - Continued

8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/ Cost and Management Accountant / Chartered Secretary) other than its statutory auditor or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall Such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be an appointed by the Shareholders in the AGM.	✓		
9(3)	The directors of the company shall state, in the directors' report whether the Company has complied with these conditions or not.	✓		

**Financial Statements  
for the year ended on December 31, 2021**



**Independent Auditor's Report**  
**To the Shareholders of Bangladesh Industrial Finance Company Limited (BIFC)**  
**Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the financial statements of Bangladesh Industrial Finance Company Limited (BIFC) (the "Company"), which comprise the balance sheet as at 31 December 2021 and profit and loss account, cash flow statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.

**Basis for Qualified Opinion**

1. In absence of mutation, demarcation and khazna receipts, we could not ascertain whether the entity retains control over its Land amounting BDT 440,000,000 situated in Motijheel (note 9).
2. In absence of statement and/or confirmation from the respective banks, we could not confirm actual liability position of Term Loan from Banks amounting BDT 3,225,586,699 (note 11.1.2).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2.2 in the financial statements, which shows that the Company has an accumulated loss of BDT 12,313,826,177 for the year ended 31 December 2021; Negative equity of BDT 10,756,122,297 as at 31 December 2021; Negative Capital adequacy ratio of 117.47% as against minimum of 10%; 96% of investment of the Company is classified, CRR and SLR requirements could not be met throughout the year and investment disbursement is very poor. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Emphasis of Matters**

Without qualifying our opinion, we draw attention to the following matters.

1. As disclosed in note 45.3 of the financial statements, as at 31 December 2021, the total outstanding of Loans, Lease and Advances against various concerns of Sunman Group was BDT 6,223,884,398 equivalent to 79% of total outstanding balance of BDT 7,906,791,256. All of these loans/ leases are classified and also disclosed in the note (45.3) about the noncompliance of section 14 of the Financial Institutions Act 1993 in regard to loans, advances and leases disbursed to Sunman Group.
2. Contingent liabilities with regard to the tax demand made by the tax authorities have been disclosed in note 13.4.2 of the financial statements.



3. Matters related to the non-implementation of IFRS 16 have been discussed in note 3.1 of the financial statements
4. The Company has a shortfall in capital adequacy amounting BDT 12,088,259,076 at the year-end as disclosed in note 14.6 of the financial statements.
5. The Company has failed to meet CRR and SLR requirements throughout the year as disclosed in note 4.3.4 of the financial statements. Further discussed in the note is the consequent contingent liability amounting BDT 1,193,436,549 that has arisen with the regulators at the year-end in respect of penalty charged on the deficit.
6. As disclosed in note 3.25, policies for financial risk management have been implemented in a very limited manner.
7. As referred to in note 3.29, the audited financial statements for the years ended 31 December 2018, 2019 and 2020 have not been adopted by the shareholders at the respective Annual General Meetings.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk
<b>01. Measurement of provision for loans and advances</b>	
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans and advances of BDT 7,906,791,256 (2020: BDT 7,955,455,093) and provision for loans and advances of BDT 6,665,478,618 (2020: BDT 7,154,904,451).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank guidelines issued from time to time;</li> <li>• For individually assessed provisions, the measurement of the provision could be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.</li> <li>• Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</li> </ul> <p><b>See notes 3.9, 8.6(B) and 13.1 to the financial statements</b></p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>– Credit monitoring and provisioning process;</li> <li>– Identification of loss events, including early warning and default warning indicators;</li> <li>– Review of quarterly Classification of Loans (CL);</li> <li>– Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</li> <li>– Reviewed the adequacy of the Company's general and specific provisions;</li> <li>– Assessed the methodologies on which the provision amounts based, recalculated the provisions and testing of the completeness and accuracy of the underlying information;</li> <li>– Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>

<b>02. Impairment assessment of Unquoted Investments</b>	
In the absence of quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.	Our audit procedures in this area included, among others: <ul style="list-style-type: none"> <li>– Assessment of the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process.</li> <li>– Testing of a sample of investments valuation as at 31 December 2021 and compared our results to the recorded value.</li> <li>– Finally, the assessment of the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>
<b>See Notes No. 7.1.2 to the financial statements</b>	
<b>03. IT systems and controls</b>	
Our audit procedures have a focus on IT systems and controls due to the business environment and changes to the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.	Our audit procedures in this area included, among others: <ul style="list-style-type: none"> <li>– Testing of the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</li> <li>– Testing of IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</li> <li>– Testing of the Bank's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.</li> <li>– Consideration of the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</li> </ul>

### Other Matter

The Honorable High Court has directed, via order dated 22 February 2021 under company matter no. 32, a special audit on the Company to be carried out. The results of the special audit have not been incorporated in these financial statements.

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2.1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal controls of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- i) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii) the balance sheet and profit and loss account of the Company dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditures incurred were for the purpose of the Company's business for the year;
- v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi) adequate provisions have been made for loans, advances, leases, investments and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- ix) statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention, except in some cases;
- x) taxes and duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking, except in some cases;
- xi) nothing has come to our attention that the Company has adopted any unethical means i.e., "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii) proper measures have not been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank but the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management; it is relevant to mention under this clause that the Company has failed to comply with sections 16 and 17 of the Financial Institutions Act, 1993 in respect of investment in shares and fixed assets;
- xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is not satisfactory and effective measures have not been taken to prevent possible material fraud, forgery and internal policies are not being followed appropriately; it is relevant to mention under this clause that the Company has failed to comply with Bangladesh Bank Guideline on ICT Security for Banks and NBFIs section 10.3.2 which states that the Annual Maintenance Contract (AMC) with the vendor shall be active and currently in-force;
- xiv) as stated in notes 4.3.4 and 14.6, the Company has not complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets. Sanctioning and disbursing loans/leases to Sunman group (note 45.3), to whom loans in excess of the Company's paid up capital and unsecured loans in excess of 10% of capital and reserves have been disbursed which was in violation of section 14 of the Financial Institutions Act, 1993;
- xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 3200 person hours for the audit of the books and accounts of the Company;
- xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

xvii) the Company has complied with the 'DFIM Circular No. 11 dated 23 December 2009' in preparing these financial statements, the bases used by the Management when estimating residual maturity of loans, borrowings and deposits as per the requirements of DFIM Circular No. 11 dated 23 December 2009 have been disclosed in notes 8.4, 11.3, 12.1.2 and 12.2.2 of the financial statements; and

xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

The engagement partner on the audit resulting in this independent auditor's report is **Harun Mahmud**.



**Harun Mahmud, Partner**  
**Enrolment no: 850**  
**M. J. Abedin & Co.**  
**Chartered Accountants**  
**Firm Registration no: N/A**  
**DVC: 2308240850AS892107**

**Place: Dhaka, Bangladesh**  
**Dated: 17 August 2023**



An independent member firm of  
Moore Global Network Limited

**Bangladesh Industrial Finance Company Limited**  
**Balance Sheet**  
**As at December 31, 2021**


	Notes	Amount in Taka	
		31-12-2021	31-12-2020
<b>ASSETS</b>			
<b>Cash</b>	<b>4</b>	<b>47,097</b>	<b>87,102</b>
Cash in hand (including foreign currency)	4.1	22,294	54,657
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	4.2	24,803	32,445
<b>Balance with other banks and other financial institutions</b>	<b>5</b>	<b>51,857,502</b>	<b>20,548,685</b>
Inside Bangladesh		51,857,502	20,548,685
Outside Bangladesh		-	-
Money at call & short notice	6	-	-
<b>Investments</b>	<b>7</b>	<b>190,411,213</b>	<b>188,605,790</b>
Government		-	-
Others		190,411,213	188,605,790
<b>Loans, advances and leases</b>	<b>8</b>	<b>7,906,791,256</b>	<b>7,955,455,093</b>
Loans, cash credits, overdrafts, etc.	8.a	7,906,791,256	7,955,455,093
Bills purchased and discounted	8.b	-	-
Fixed assets including land, building, furniture & equipments	9	454,881,680	457,131,632
Other assets	10	434,318,990	431,073,500
Non financial institutional assets		-	-
<b>Total assets</b>		<b>9,038,307,738</b>	<b>9,052,901,802</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from banks, other financial institutions and agents	11	3,576,826,929	3,280,032,332
<b>Deposits and other accounts</b>	<b>12</b>	<b>6,832,462,562</b>	<b>6,383,970,592</b>
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits	12.1	6,824,646,977	6,376,155,007
Bearer certificates of deposits		-	-
Other deposits	12.2	7,815,585	7,815,585
Other liabilities	13	9,385,140,544	9,695,525,457
<b>Total liabilities</b>		<b>19,794,430,035</b>	<b>19,359,528,381</b>
<b>Capital/shareholders' equity</b>		<b>(10,756,122,297)</b>	<b>(10,306,626,579)</b>
<b>Total shareholders' equity</b>		<b>(10,756,122,297)</b>	<b>(10,306,626,579)</b>
Paid-up capital	14.2	1,006,799,440	1,006,799,440
Statutory reserve	15	154,713,730	154,713,730
General reserve	16	10,364,681	10,364,681
Asset revaluation reserve	17	385,825,667	385,825,667
Share money deposit		362	362
Retained earnings	18	(12,313,826,177)	(11,864,330,459)
<b>Total liabilities &amp; shareholders' equity</b>		<b>9,038,307,738</b>	<b>9,052,901,802</b>

**Bangladesh Industrial Finance Company Limited**  
**Balance Sheet**  
**As at December 31, 2021**

	Notes	Amount in Taka	
		31-12-2021	31-12-2020
<b>Off- Balance Sheet Items:</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>			
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		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Assets Value Per Share (NAV)</b>	<b>19</b>	<b>(106.83)</b>	<b>(102.37)</b>

The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.

  
 Company Secretary


  
 Managing Director

  
 Director

  
 Director

  
 Chairman  
 As per our report of even date

Place: Dhaka, Bangladesh  
 Date: 17 August 2023

  
**M. J. ABEDIN & CO**  
 Chartered Accountants  
 DVC: 2308240850AS892107




**Bangladesh Industrial Finance Company Limited**  
**Profit & Loss Account**  
**for the year ended December 31, 2021**

	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Interest income	21	35,312,383	80,285,340
Less: interest charged on deposits & borrowings etc.	22	890,684,808	864,481,915
<b>Net interest income</b>		<b>(855,372,425)</b>	<b>(784,196,575)</b>
Income from investments	23	3,826,908	3,707,987
Commission, exchange and brokerage	24	-	-
Other operating income	25	37,846	775,315
<b>Total operating income</b>		<b>(851,507,671)</b>	<b>(779,713,273)</b>
Salaries and allowances	26	27,571,945	27,700,794
Rent, taxes, insurance, electricity etc.	27	11,923,930	11,271,891
Legal expenses	28	2,525,350	1,323,586
Postage, stamps, telecommunication etc.	29	678,828	690,903
Stationery, printing, advertisement etc.	30	506,899	507,094
Chief Executive Officer's salary and other fees	31	-	-
Directors' fees	32	1,281,000	592,000
Auditor's fees	33	230,000	240,000
Repairs & depreciation. of financial institution's assets	34	4,815,785	4,949,751
Other expenses	35	4,925,697	5,173,126
<b>Total operating expenses</b>		<b>(54,459,434)</b>	<b>(52,449,145)</b>
<b>Profit/(Loss) before provision</b>		<b>(905,967,105)</b>	<b>(832,162,418)</b>
Provision for loans, advances & leases	36	(46,829,104)	31,720,545
Provision for diminution in value of investments	37	7,634,824	9,482,169
Other Provisions	38	(39,650,270)	(23,790,813)
<b>Total provision</b>		<b>(78,844,550)</b>	<b>17,411,901</b>
<b>Total profit/(Loss) before tax</b>		<b>(984,811,655)</b>	<b>(814,750,517)</b>
<b>Provision for taxation</b>		<b>(235,038)</b>	<b>(508,612)</b>
Current Tax Expense		(235,038)	(508,612)
Deferred tax expense / (income)		-	-
<b>Net profit/(Loss) after tax</b>		<b>(985,046,693)</b>	<b>(815,259,129)</b>
<b>Appropriations</b>			
Statutory reserve		-	-
General reserve		-	-
Dividend, etc.		-	-
<b>Retained earnings</b>		<b>(985,046,693)</b>	<b>(815,259,129)</b>
<b>Earnings Per Share (EPS)</b>	<b>39</b>	<b>(9.78)</b>	<b>(8.10)</b>

The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.

  
Company Secretary

  
Managing Director


  
Director

  
Director

  
Chairman

As per our report of even date


Place: Dhaka, Bangladesh  
Date: 17 August 2023


  
M. J. ABEDIN & CO  
Chartered Accountants  
DVC: 2308240850AS892107

**Bangladesh Industrial Finance Company Limited**  
**Cash Flow Statement**  
**for the year ended December 31, 2021**

	Notes	Amount in Taka	
		31-12-2021	31-12-2020
<b>Cash flows from operating activities</b>			
Interest received		36,756,019	96,343,154
Interest paid		(995,767,448)	(825,583,664)
Dividend received		1,300,335	1,427,597
Fees & commission received		-	-
Recovery of loans previously written off		-	-
Payments to employees		(26,007,465)	(27,941,229)
Payments to suppliers		(137,499)	(186,546)
Income tax paid		(331,889)	(321,311)
Cash receipts from other operating activities	40	37,846	775,315
Cash payments for other operating activities	41	(24,410,199)	(18,773,328)
<b>Cash generated from / (used in) operating activities before changes in operating assets and liabilities</b>		<b>(1,008,560,300)</b>	<b>(774,260,012)</b>
<b>Increase/(decrease) in operating assets and liabilities</b>			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans, advances & leases to banks & other FIs		-	-
Loans, advances & leases to customers		44,143,150	25,046,001
Other assets		(3,318,460)	(1,915,806)
Deposits received from banks & other FIs	42	308,251,460	314,924,636
Deposits received from customers		140,240,510	180,037,405
Other liabilities account of customer		-	(3,259,658)
Trading liabilities		-	-
Other liabilities	43	253,621,389	(20,673,625)
Cash received/(paid) from operating assets and liabilities		<b>742,938,049</b>	<b>494,158,953</b>
<b>A) Net cash from operating activities</b>		<b>(265,622,251)</b>	<b>(280,101,059)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of securities		7,042,059	20,608,298
Payment for purchase of securities		(6,323,384)	(1,991,812)
Purchase/sale of property, plant & equipments		-	-
<b>B) Net cash from investing activities</b>		<b>718,675</b>	<b>18,616,486</b>
<b>Cash flows from financing activities</b>			
Receipts of long term loan/ issuance of debt securities		-	-
Repayments of loan & redemption of debt securities		296,169,043	277,379,169
Net drawdown/(payment) of short term loan		3,345	-
Receipts from issue of right shares		-	-
Receipts from Share money deposit		-	-
Dividend paid in cash		-	-
<b>C) Net cash from financing activities</b>		<b>296,172,388</b>	<b>277,379,169</b>
<b>D) Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>31,268,812</b>	<b>15,894,596</b>
<b>E) Effects of exchange rate changes on cash &amp; cash equivalents</b>		<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at the beginning of the period</b>		<b>20,635,787</b>	<b>4,741,191</b>
<b>G) Cash and cash equivalents at the end of the period (D+F)</b>		<b>51,904,599</b>	<b>20,635,787</b>
<b>Break down of cash and cash equivalents:</b>			
Cash in hand		22,294	54,657
Balance with Bangladesh Bank & its agent bank(s)		24,803	32,445
Balance with other Bank & other financial institutions		51,857,502	20,548,685
		<b>51,904,599</b>	<b>20,635,787</b>
<b>Net Operating Cash Flow per Share (NOCFPS)</b>		<b>(2.64)</b>	<b>(2.78)</b>

The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.

  
Company Secretary

  
Managing Director

  
Director

  
Director

  
Chairman

As per our report of even date

Place: Dhaka, Bangladesh  
Date: 17 August 2023



## Bangladesh Industrial Finance Company Limited

### Liquidity Statement

(Analysis of maturity of assets and liabilities)

**As at December 31, 2021**

Particulars	Amount in Taka					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	22,294	-	-	-	-	22,294
Balance with Bangladesh Bank and its agent	29,593,990	-	29,618,793	-	-	24,803
Balance with banks and other financial institutions	51,857,502	-	-	-	-	51,857,502
Money at call and short notice	-	-	-	-	-	-
Investments	72,911,213	-	-	-	117,500,000	190,411,213
Loans advances and leases	110,000,380	207,704,163	1,002,367,626	6,045,300,796	541,418,291	7,906,791,256
Fixed assets including premises, furniture and fixtures	-	-	-	-	454,881,680	454,881,680
Other assets	-	1,162,431	128,860,907	300,751,415	3,544,237	434,318,990
Non banking assets	-	-	-	-	-	-
<b>Total assets (A):</b>	<b>205,197,399</b>	<b>208,866,594</b>	<b>1,160,847,326</b>	<b>6,346,052,211</b>	<b>1,117,344,208</b>	<b>9,038,307,738</b>
<b>Liabilities:</b>						
Borrowings from banks, other financial institutions and agents	349,716,233	305,200,895	657,117,585	2,264,792,216	-	3,576,826,929
Term Deposits	879,905,611	1,477,866,459	1,345,084,786	2,323,409,580	798,380,541	6,824,646,977
Other deposits	-	-	-	2,457,577	5,358,008	7,815,585
Other liabilities	228,340,223	7,197,054,518	17,600,000	760,049,609	1,182,096,194	9,385,140,544
<b>Total liabilities (B):</b>	<b>1,457,962,067</b>	<b>8,980,121,872</b>	<b>2,019,802,371</b>	<b>5,350,708,983</b>	<b>1,985,834,742</b>	<b>19,794,430,035</b>
<b>Net liquidity gap (A - B):</b>	<b>(1,252,764,668)</b>	<b>(8,771,255,277)</b>	<b>(858,955,045)</b>	<b>995,343,228</b>	<b>(868,490,534)</b>	<b>(10,756,122,297)</b>


The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.



Company Secretary



Managing Director



Director



Director



Chairman



**M. J. ABEDIN & CO**  
Chartered Accountants  
DVC: 2308240850A S892107

**Place: Dhaka, Bangladesh**  
**Date: 17 August 2023**

# Notes to the Financial Statements

## 1 General information

### 1.1 Legal status of the Company

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

The registered office of the company is located at 63, Dilkusha C/A, Dhaka-1000. From April 11, 2017 company's new registered address at Police Plaza Concord (Tower-2) Level-8, Plot-02, Road-144, Gulshan Dhaka-1212. The operations of the company are being carried out through its four branches located in Dhaka, Chittagong and Narayanganj.

### 1.2 Nature of business activities

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

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

## 2 Basis of preparation and significant accounting policies

### 2.1 Statement of compliance

The Financial Reporting Council (FRC) was formed as per Financial Reporting, 2015. FRC adopted the International Financial Reporting Standard (IFRSs) issued by International Accounting Standard Board (IASB) which need to be followed by public interest entities in preparing their financial statement. The Financial Institutions Act, 1993 has been amended as required to comply for the preparation of their financial statements under such financial reporting standard.

As FRS is yet to be issued by FRC, as per the provisions of FRA (section-69), financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and, in addition to this, the Bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i. The Companies Act, 1994;
- ii. The Financial Institutions Act, 1993;
- iii. Bangladesh Securities and Exchange Rules, 2020;
- iv. Bangladesh Securities and Exchange Ordinance, 1969;
- v. (Listing) Regulations, 2015 of Dhaka & Chittagong Stock Exchanges; and
- vi. Other applicable laws and regulations.

In case the requirements of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank shall prevail, differences are as follows:

## Notes to the Financial Statements-Continued

S.L	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1.	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 'Presentation of Financial Statements'	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income Statement.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which has been followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement.	Presentation of financial statements are not fully aligned with all the requirements of IAS.
2.	Current/ Non-current distinction	IAS 1 'Presentation of Financial Statements'	As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and Current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In these templates there is no current and noncurrent segmentation of assets and liabilities	Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/ non-current portion of assets and Liabilities in this regards.
3.	Off-balance sheet items	IAS 1 'Presentation of Financial Statements'	There is no concept of non-financial institutional assets items in any IFRS; hence there is no requirement for disclosure of non banking assets items on the face of the balance sheet.	As per DFIM Circular-11, Date-23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements are not aligned with the requirements of IAS 1. There is no financial impact for this departure in the financial statements.
4.	None Banking Asset	IAS " Presentation of Financial Statements"	There is no concept of non-financial institutional assets items in any IFRS. Hence there is no requirement for discloser of non-banking assets items on the face of balance sheet	As per DFIM Circular-11, Date -23 December 2009, non-banking assets must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS -1. There is no financial impact for this departure in the financial statements.

## Notes to the Financial Statements-Continued

5.	Complete set of financial statements	IAS "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular-11, Date-23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
6.	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" para 54 the statement of financial position shall include separate line item for intangible assets	As per DFIM Circular-11, Date-23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A I as separate line item.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
7.	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalent are short term highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day-to-day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which has been followed by NBFIs the templates of financial statements provided detail of presentation of statement cash flows.	Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as " i n v e s t m e n t activities-Balance with Bangladesh Bank (BB)" as per IAS is shown as cash & cash equivalent.

## Notes to the Financial Statements-Continued

8.	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized	As per DFIM circular No. 7 dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	At the yearend specific provision against loan and advances amounts to BDT 6,609,223,817 and deferred tax assets of BDT 2,478,458,931 not recognized on this temporary difference as per BB circular.
9.	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method	Presentation of financial statements is not fully aligned with all requirements of the IAS.
10.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	IFRS: As per IFRS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses.	As per DFIM Master circular No. 04 dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.  Loan classification status during the year ended 31 December 2021 has been determined as per DFIM Circular No. 33 dated 19 December 2021 and DFIM Master circular No. 04 dated 26 July 2021.  Also, provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	Provision maintained against loans, advances and leases as at 31 December 2021 amounts to BDT 6,665,478,618.



## Notes to the Financial Statements-Continued

11.	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	As per requirements of IFRS 9: classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.	As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however, in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	100% provision has been maintained against unlisted equity investment and adequate provision has been maintained against listed equity investment as per the guidelines of Bangladesh Bank.
12.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	IFRS: Loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments is not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	At year end, interest suspense account has decreased to BDT 771,581,468 from BDT 772,408,566 Resulting in decrease of BDT 827,098 of interest suspense. This amount has been shown as other liabilities in note 13.2.
13.	Presentation and disclosure of Financial Statements and Financial Instruments	IFRS-7 "Financial instruments: Disclosures"	IFRS 7 require specific presentation and disclosure relating to all financial instruments.	As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 7. As such some disclosure and presentation requirements of IFRS 7 have not been made in the accounts.	Presentation of financial statements is not fully aligned with all requirements of IFRS.

## Notes to the Financial Statements-Continued

The accounting heads mentioned in the prescribed form which are not applicable for the Financial Institutions have been kept blank in the Financial Statements.

### 2.2 Going concern assumption

The Company has an accumulated loss of BDT 12,313,826,177 for the year ended 31 December 2021; Negative equity of BDT 10,756,122,297 as at 31 December 2021; Negative Capital adequacy ratio of 117.47% as against minimum of 10%; 96% of investment of the Company is classified, CRR and SLR requirements could not be met throughout the year and investment disbursement is very poor.

These financial statements have been prepared on the basis of assessment of the BIFC's ability to continue as a going concern. BIFC has neither any intention to cease the operation nor any legal or regulatory compulsion to liquidate or curtail materially its operations.

The Honorable Company Bench of the High Court Division, Supreme Court of Bangladesh by the Order no. 8 and 12 dated December 17, 2020 and September 27, 2021 respectively in the Company Matter no. 32/2020, reconstituted the Board of BIFC. Since the reconstitution of the new Board, the Board of Directors have instructed the management to gear up the recovery from the defaulted borrowers. As per the guidance of the newly constituted Board, the management of BIFC has taken massive efforts to collect from the borrowers and some borrowers have already settled their liability and some are in pipeline to settle their full liability. Management arranges regular meeting with the regular and defaulted borrowers to guide and pursue them and tries to collect the installments on regular basis. So, management believes that preparation of Financial Statements for the year ended on 31 December, 2021 on going concern basis is appropriate for BIFC.

### 2.3 Statement of cash flows

The statement of Cash Flows has been prepared in accordance with Bangladesh Bank DFIM Circular No.-11 dated December 23, 2009 which is a mixture of the direct and indirect methods.

### 2.4 Use of estimates and judgments

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

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

### 2.5 Date of Authorization

The Board of Directors has authorized these financial statements on 17/08/2023.

### 2.6 Directors' responsibility statement

The Board of Directors is responsible for the presentation of the financial statements under section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements'.

### 2.7 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next

## Notes to the Financial Statements-Continued

financial year. In accordance with the guidelines as prescribed by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

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

### 2.8 Compliance of International Financial Reporting Standards (IFRS)

IAS No.	Name of IAS	Applicability	Remarks
IAS 1	Presentation of financial statement	Applied with some departures	Note 2.1
IAS 2	Inventories	N/A	
IAS 7	Statement of cash flows	Applied with some departures	Note 2.3
IAS 8	Accounting policies, changes in accounting estimates and errors	Applied	
IAS 10	Events after the balance sheet date	Applied	
IAS 11	Construction contracts	N/A	
IAS 12	Income taxes	Applied	
IAS 14	Segment reporting	N/A	
IAS 16	Property, plant & equipment	Applied	
IAS 17	Leases	N/A	
IAS 18	Revenue	N/A	
IAS 19	Employee benefits	Applied	
IAS 20	Accounting of Government grants and disclosure of Government assistance	N/A	
IAS 21	The effects of changes in foreign exchange rates	Applied	
IAS 23	Borrowing costs	Applied	
IAS 24	Related party disclosures	Applied	
IAS 26	Accounting and reporting by retirement benefit plans	Applied	
IAS 27	Separate financial statements	N/A	
IAS 28	Investments in associates and joint venture	N/A	
IAS 29	Financial reporting in hyperinflationary economics	N/A	
IAS 31	Interest in joint ventures	N/A	
IAS 32	Financial instruments: presentation	Applied with some departures	Note 2.1
IAS 33	Earnings per share	Applied	
IAS 34	Interim financial reporting	N/A	
IAS 36	Impairment of assets	Applied	
IAS 37	Provisions, contingent liabilities and contingent assets	Applied	
IAS 38	Intangible assets	Applied	
IAS 39	Financial instruments: recognition and measurement	N/A	
IAS 40	Investment property	N/A	
IAS 41	Agriculture	N/A	

## Notes to the Financial Statements-Continued

IFRS No.	Name of IFRS	Applicability	Remarks
IFRS 1	First-time adoption of international financial reporting standards	N/A	
IFRS 2	Share based payment	N/A	
IFRS 3	Business combinations	N/A	
IFRS 4	Insurance contracts	N/A	
IFRS 5	Non-current assets held for sale and discontinued operations	N/A	
IFRS 6	Exploration for and evaluation of mineral resources	N/A	
IFRS 7	Financial instruments: disclosures	Applied	
IFRS 8	Operating segments	N/A	
IFRS 9	Financial instruments	Applied with some departures	Note 2.1
IFRS 10	Consolidated financial statements	N/A	
IFRS 11	Joint arrangements	N/A	
IFRS 12	Disclosure of interests in other entities	N/A	
IFRS 13	Fair value measurement	Applied with some departures	Note 2.1
IFRS 14	Regulatory Deferral Accounts	N/A	
IFRS 15	Revenue from Contracts with Customers	Applied with some departures	Note 2.1
IFRS 16	Leases	Not applied	Note 3.1
IFRS 17	Insurance Contracts	N/A	

### 2.9 Consistency

In accordance with the IFRS framework for the presentation of financial statements, the company applies the accounting disclosure principles consistently from one period to next period, where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

### 3 Significant accounting policies

#### 3.1 Accounting for leases

The Company has not recognized 'Right of Use' assets and lease liabilities as per IFRS 16. Management has assessed the impact of non implementation of IFRS 16 and has deemed the misstatement to be immaterial.

#### 3.2 Comparatives and reclassification

Comparative information has been disclosed in respect of 2019 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

#### 3.3 Accounting for loans

Loans operation consists of term loans, housing finance and staff loans. Books of accounts are maintained based on the accrual method of accounting. However, interest income on Special Mention Account (SMA) and

## Notes to the Financial Statements-Continued

classified finance is not recognized as income but credited to interest suspense account as per Bangladesh Bank circulars and directives.

### 3.4 Investments

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

#### Investment in quoted shares

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

#### Investment in unquoted shares

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

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

### 3.5 Cash and cash equivalents

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

### 3.6 Liquidity statement (asset and liability maturity analysis)

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

- i) Balance with banks and other financial institutions, money at call and short notice, etc. are on the basis of their maturity term.
- ii) Investments are on the basis of their respective maturity.
- iii) Loans, advances and leases are on the basis of their repayment schedule.
- iv) Fixed assets are on the basis of their estimated useful lives.
- v) Other assets are on the basis of their realization/amortization.
- vi) Borrowing from banks, other financial institutions and agents, etc are as per their maturity/repayment terms
- vii) Term deposits and other deposits are on the basis of their maturity term and past trend of withdrawal by the depositors.
- viii) Other liabilities are on the basis of their payment/adjustments schedule.

### 3.7 Fixed assets including land, building, furniture & equipment

The cost of an item of property, plant and equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Company's own fixed assets (except Land) are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Land is stated under the revaluation model. The cost of acquisition of any asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use as per International Accounting Standard (IAS) 16 "Property, Plant and Equipment".

#### 3.7.1 Subsequent expenditure on fixed assets

Subsequent expenditure, such as repairs and maintenance, on property, plant and equipment is normally charged off as revenue expenditure in the period in which it is incurred. In situation subsequent expenditure

## Notes to the Financial Statements-Continued

is only recognized as an asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance. All other costs are recognized to the profit and loss account as expenses. All up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

### 3.7.2 Disposal of fixed assets

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

### 3.7.3 Depreciation on fixed assets

Depreciation on Company's own fixed assets is charged to amortize the cost of assets throughout their estimated useful lives, using the reducing balance method - in accordance with International Accounting Standard (IAS) 16 "Property, Plant and Equipment's". Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognized. The rates of depreciation used are as under:

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

### 3.8 Impairment of assets

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

### 3.9 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) IAS 37: Provision, Contingent Liabilities and Contingent Assets and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. DFIM Master circular No. 04 dated 26 July 2021, is the basis for calculating the provision for loans, advances and investments. Loan classification status during the year ended 31 December 2021 has been determined as per DFIM Circular No. 33 dated 19 December 2021 and DFIM Master circular No. 04 dated 26 July 2021.

Also, provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

#### 3.9.1 Write off of loans, advances and investments

In compliance with Bangladesh Bank DFIM circular no. 3 dated 8 April 2015, loans, advances and investment are written off to the extent that (i) there is 100% provision is maintained (ii) against which legal cases are pending and (iii) prior approval of board is required for write off. The item's potential return is thus cancelled and removed ("written off") from the Company's balance sheet. However, these write off will not undermine or affect the claim amount against the borrower. Recovery against the written off is credited to other operational income. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

### 3.10 Other receivable

Other receivable includes accrued IDCP (Interest During Construction Period), accrued interest on fixed deposit. These receivables do not carry any interest and are stated at their nominal value and provision has been maintained against them as per Bangladesh Bank guidelines.

## Notes to the Financial Statements-Continued

### 3.11 Provision for doubtful accounts

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

### 3.12 Provisions and accrued expenses

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

### 3.13 Payment of dividend

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

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

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

Dividends cannot be declared by the Company until the Capital Adequacy shortfall disclosed in note 14.6 has been adjusted.

### 3.14 Revenue recognition

As per IFRS 15: Revenue from Contracts with Customers, an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Penal interest is recognized on cash basis as and when it is realised from the client except as disclosed in note 10.5.

#### 3.14.1 Interest Income

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

#### 3.14.2 Income from leases

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognized as revenue on an accrual basis over the lease terms, as per Bangladesh Bank Guidelines. No lease income is accounted for as revenue where any lease rental is in arrears for 03 (three) months and above. In case of lease account for more than 5 (five) years period, no lease income is accounted for as revenue where any lease rental is in arrears for 06 (six) months and above.

#### 3.14.3 Income from loans, advances

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

## Notes to the Financial Statements-Continued

### 3.14.4 Dividend income

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

### 3.14.5 Capital gain on sale of shares

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

### 3.14.6 Fee based revenue

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

### 3.15 Bank loans

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

### 3.16 Borrowing costs

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

### 3.17 Interest suspense

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

### 3.18 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements in accordance with Bangladesh Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets". A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the company. The Contingent Liabilities of the Company have been disclosed in notes 4.3.4 and 13.4.2.

### 3.19 Workers Profit Participation Fund and Welfare Fund

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

### 3.20 Related party disclosure

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

### 3.21 Statutory reserve

Financial Institutions Regulations 1994 requires NBFIs to transfer 20 percent of its current year's profit to reserve fund until such reserve equals to its paid-up share capital. Due to loss for the year 2021 the Company has not transferred any amount to the statutory reserve.



## Notes to the Financial Statements-Continued

### 3.22 Earnings per share (EPS)

The Company calculates earnings per share in accordance with International Accounting Standard (IAS) 33 "earnings per share", which has been shown in the face of profit & loss account and the computation is stated in note-39.

#### 3.22.1 Basic earnings per share

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

#### 3.22.2 Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies. Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2021, there was no scope for dilution and hence no diluted EPS is required to be calculated.

#### 3.22.3 Weighted average number of ordinary shares outstanding during the year

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

### 3.23 Income tax

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

#### Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using tax rates that have been enacted the reporting period. Due to loss for the year 2021, Company provided minimum tax as per Income Tax Ordinance 1984 under section 82C.

#### Deferred Tax:

Deferred tax liability has been recognized on revaluation of land as per IAS 12 para 51b.

### 3.24 Employee benefit

The company maintained the following employee benefit plans in compliance with International Accounting Standard 19 "Employee Benefits":

#### 3.24.1 Provident fund

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

#### 3.24.2 Gratuity scheme

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

## Notes to the Financial Statements-Continued

### 3.24.3 Pension fund

The company operates a non funded superannuation fund scheme. Employees are entitled to the following benefits:

**i) Death Benefits:** 100% of sum assured on death of an employee as per his/her category during the tenure of service prior to retirement is payable to his/her nominee and/or heirs.

**ii) Survival Benefits:** 100% of the amount on retirement after completion age of 57 years (58th Birthday) and/or being physically incapacitated during his services in the Company as per category of the employees.

Provision for pension is made annually considering all its eligible employees available at the end of the year.

### 3.24.4 Group life insurance scheme

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

### 3.24.5 Group hospitalization insurance scheme

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

### 3.24.6 Performance bonus

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

### 3.24.7 Employee personal loan scheme

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

### 3.24.8 Other benefits

The employees of the company are also entitled to privilege leave encashment benefit, etc.

### 3.25 Policies and objectives adapted for financial risk management

The policies mentioned in this section are being applied in a very limited manner due to the Company's financial condition.

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

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

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

#### 3.25.1 Credit risk

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

#### Mitigation Policy

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

## Notes to the Financial Statements-Continued

### 3.25.2 Liquidity risk

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

#### Mitigation Policy

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

### 3.25.3 Market risk

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

#### Mitigation Policy

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

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

### 3.25.4 Operational risk

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

#### Mitigation Policy

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

### 3.25.5 Information and communication technology risk

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

#### Mitigation Policy

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

### 3.25.6 Strong credit policy formulation by top management:

- The Board of Directors of the company guides and formulates the basic philosophy relating to optimal implementation of strategy to cater to the financial risk and capital deployed for investment.
- The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been detailed.

## Notes to the Financial Statements-Continued

### 3.25.7 Credit manual updated with recent industry information

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

### 3.25.8 Thorough credit approval process:

- Meeting regulatory requirements and industry best practices: All credit facility complies regulatory requirements including Financial Institution Act and Bangladesh Bank guidelines & circulars as amended from time to time. The company considers Guidelines for managing core risks of financial institutions issued by the Country's central bank, Bangladesh Bank; vide FID circular no. 10 dated September 18, 2005 for management of risks.

### 3.25.9 Multilayer credit evaluation process:

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

### 3.25.10 Rigorous due diligence process followed

- The Company downloads credit report from the credit information bureau (CIB) of Bangladesh Bank. The report is scrutinized by top management to understand the liability condition and repayment behavior of the client.
- The Company takes banker's opinions from client's banks as well as suppliers' and buyers' opinion to understand the market position and reputation of our proposed customers.
- The Company discourages financing to low net worth or highly leveraged customer; who might jeopardize their repayment commitment or even in worse situation may face liquidity problem.
- The Company evaluates customer repayment performance before providing credit facility though financial analysis, ensure adequate insurance coverage for funded assets, seeking external legal opinion and taking collateral security to reduce risk.
- The Company provides credit facility to productive and legitimate business activities, which are financially viable with strong focus on cash flow generation, have market demand and socially desirable; and will not invest for unproductive purposes or speculative ventures.

### 3.25.11 Constant credit monitoring and recovery process

- Existence of control mechanism for early warning: Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It enables the company to grow its credit portfolio with ultimate objective to protect the interest of stakeholders.
- Continuous monitoring by top management: The Management Credit Committee (MCC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The MCC critically reviews projects considering the current global economic situation and its probable impact on the project.
- Centralized Credit Administration: The Company has already established a centralized credit risk management department and a process manual. The Credit Risk Management (CRM) department regularly monitors and follows up credit risk related matter and recommend and implement appropriate measures to counter associated risk. The CRM time to time reviews projects from risk point of view and assists the management in creating a high-quality credit portfolio and maximize return from risk-based assets.

## Notes to the Financial Statements-Continued

### 3.26 Basel II & its implementation

To cope with the international best practices and to make the capital more risk sensitive as well as more shock resilient, guidelines on Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by Bangladesh Bank. At the end of test run period, Basel accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institution (CAMD)" have come fully into force from January 01, 2012 with its subsequent supplements/ revisions. Instructions regarding Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR), and disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance.

The Company has a shortfall in Capital Adequacy as stated in note 14.6.

### 3.27 Reporting period

Financial statements of the company cover twelve months period from January 01, to December 31, consistently.

### 3.28 Offsetting

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

### 3.29 Adoption of Financial Statements

The audited Financial Statements for the year ended December 31, 2020 were not adopted by the shareholders in the 25th AGM held on 29 November 2022 without mentioning any specific reason.

## Notes to the Financial Statements-Continued

Note No.	Particulars	Amount in Taka	
		31-12-2021	31-12-2020
<b>4 Cash</b>	This is made up as follows:		
	Cash in hand (note: 4.1)	22,294	54,657
	Balance with Bangladesh Bank & its agent bank (s) (note: 4.2)	24,803	32,445
		<b>47,097</b>	<b>87,102</b>
<b>4.1 Cash in hand</b>	This is made up as follows:		
	Local currency	22,294	54,657
	Foreign currency	-	-
		<b>22,294</b>	<b>54,657</b>
<b>4.2 Balance with Bangladesh Bank &amp; its agent bank (s)</b>	This is made up as follows:		
	Balance with Bangladesh Bank (note: 4.2.1)	24,803	32,445
	Balance with Bangladesh Bank's agent bank (note: 4.2.2)	-	-
		<b>24,803</b>	<b>32,445</b>
<b>4.2.1 Balance with Bangladesh Bank</b>	This is made up as follows:		
	Local currency	24,803	32,445
	Foreign currencies	-	-
		<b>24,803</b>	<b>32,445</b>
<b>4.2.2 Balance with Bangladesh Bank's agent bank</b>	This is made up as follows:		
	Local currency	-	-
	Foreign currencies	-	-
		<b>-</b>	<b>-</b>
<b>4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>			
	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) has to be calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993, Rule 5 of Financial Institutions Regulations 1994 and instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004, FID circular no. 06 dated 06 November 2003 and DFIM circular no. 03 dated 21 June 2020 issued by Bangladesh Bank.		
	"Cash Reserve Requirement (CRR) required on the term deposits at the rate of 1.5% (1.5% in 2020) has to be calculated and maintained with the Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement (CRR) has to be maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Bank and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institution, investment at call, unencumbered treasury bills, prize bond, savings certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the company are shown below:		
<b>4.3.1 Cash Reserve Requirement (CRR): 1.5% of term deposits (excluding bank &amp; FI deposits):</b>	The Company requires to maintain cash with Bangladesh Bank current account equivalent to 1.50% of Term Deposits other than deposit taken from banks and financial institutions.		
	Required reserve	29,618,793	38,531,408
	Actual reserve held with Bangladesh Bank	24,803	32,445
	Surplus / (deficit)	<b>(29,593,990)</b>	<b>(38,498,963)</b>
<b>4.3.2 Statutory Liquidity Reserve (SLR): 5% (including 1.5% CRR) of average liabilities:</b>	The Company requires to maintain SLR equivalent to 5% of total liability including 1.50% of CRR and excluding loans and deposits taken from banks and financial institutions.		
	Required reserve	341,232,349	99,876,556
	Actual reserve held (note: 4.3.3)	51,904,599	20,603,342
	Surplus / (deficit)	<b>(289,327,749)</b>	<b>(79,273,214)</b>
<b>4.3.3 Held for Statutory Liquidity Reserve (SLR):</b>			
	Cash in hand (note: 4.1)	22,294	54,657
	Balance with other bank and financial institutions (note-5)	51,882,305	20,548,685
	Money at call on short notice (note: 6)	-	-
		<b>51,904,599</b>	<b>20,603,342</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
4.3.4	The Company has failed to maintain the CRR and SLR requirements throughout the year due to ongoing liquidity crisis. As per FID Circular no. 06 dated 06 November 2003, a financial institution shall be liable to be penalized by an amount equalling 1% of the shortfall. Bangladesh Bank has regularly inquired the Company as to why they should not be penalized as per this circular and Management has accordingly replied everytime requesting exemption due to ongoing liquidity crisis. In this regard, the Company has a contingent liability amounting BDT 1,193,436,549 as on 31 December 2021.		
5	<b>Balance with banks and other financial institutions</b>		
	This is made up as follows:		
	Inside Bangladesh (note: 5.1)	51,857,502	20,548,685
	Outside Bangladesh	-	-
		<b>51,857,502</b>	<b>20,548,685</b>
5.1	<b>Inside Bangladesh</b>		
	This is made up as follows:		
	<b>a) Current deposit account:</b>		
	The City Bank Uttara Branch, Dhaka	15,007	15,007
	Prime Bank Ltd., Motijheel Branch, Dhaka	171,589	171,739
	Dutch Bangla Bank Ltd, rampura Branch	622,209	-
	Social Islami Bank Ltd., Principal Branch, Dhaka	9,625	10,315
		<b>818,430</b>	<b>197,061</b>
	<b>b) Short term deposit account:</b>		
	Bank Asia Ltd. N. Gonj Branch	1	1
	Bank Asia Agrabad Branch	1,054	1,621
	Bangladesh Commerce Bank Ltd., Principal Office, Dhaka	216,806	213,941
	BASIC Bank Limited	12,972	13,657
	The City Bank Ltd., Principal Branch, Dhaka	13,278	13,278
	Dhaka Bank Ltd., Local Office, Dhaka	25,272	25,272
	EXIM Bank of BD Ltd., Head office Corp. Branch	48,496,930	18,008,957
	Mercantile Bank Ltd., Main Branch, Dhaka	-	-
	Mutual Trust Bank Ltd., Principal Branch, Dhaka	-	1,080
	Mutual Trust Bank Ltd., Jubly Road Branch, Chittagong	14,385	15,535
	Southeast Bank Ltd., Principal Branch, Dhaka	1,194,492	1,180,765
	Uttara Bank Ltd., Local Office, Dhaka	645,516	633,447
	Mercantile Bank Ltd., Agrabad Branch, Chittagong	45,566	75,831
	Mutual Trust Bank Ltd., Agrabad Branch, Chittagong	372,800	168,237
		<b>51,039,072</b>	<b>20,351,623</b>
	<b>c) Fixed deposits:</b>		
	With bank (note: 5.1.1)	-	-
	With other financial institutions (note: 5.1.2)	-	-
		<b>-</b>	<b>-</b>
	<b>Total (A+B+C):</b>	<b>51,857,502</b>	<b>20,548,685</b>
5.1.1	<b>With banks:</b>		
	Modhumoti Bank Limited	-	-
		<b>-</b>	<b>-</b>
5.1.2	<b>With other financial institutions:</b>		
	Reliance Finance Limited	-	-
		<b>-</b>	<b>-</b>
5.2	<b>Residual maturity groupings of balance with other banks and financial institutions:</b>		
	Upto 1 month	51,857,502	20,548,685
	More than 1 month but not more than 3 months	-	-
	More than 3 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		<b>51,857,502</b>	<b>20,548,685</b>
6	<b>Money at call on short notice</b>		
	This is made up as follows:		
	With banks	-	-
	With financial institutions	-	-
		<b>-</b>	<b>-</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>7</b>	<b>Investments</b>		
	This is made up as follows:		
	<b>In Government securities</b>		
	Treasury bills	-	-
	National investment bonds	-	-
	Bangladesh Bank bills	-	-
	Government notes/bonds	-	-
	Prize bonds	-	-
	Others	-	-
	<b>Other investments:</b>		
	Ordinary shares (note 7.1)	190,411,213	188,605,790
		<b>190,411,213</b>	<b>188,605,790</b>
<b>7.1</b>	<b>Ordinary shares</b>		
	This is made up as follows:		
	Quoted shares (note 7.1.1)	72,911,213	71,105,790
	Unquoted shares (note 7.1.2)	117,500,000	117,500,000
		<b>190,411,213</b>	<b>188,605,790</b>
<b>7.1.1</b>	<b>Quoted shares</b>		
	This is made up as follows:		
	<b>Name of the Company</b>	<b>31-12-2021</b>	<b>31-12-2020</b>
	Argon Denim Ltd.	8,091,902	8,091,902
	BSRM Steels Limited	44,192,430	44,192,430
	BATBC	2,208,390	-
	Crystal Insurance Company Ltd.	-	100,000
	Dhaka Bank Limited	5,072,190	5,072,190
	Grameen One: Scheme Two	1,901,721	2,882,800
	Ifad Autos Ltd.	1,241,529	-
	Power Grid Company of BD	988,724	527,804
	ROBI Axiata Ltd.	-	210,000
	SAIF Powertec Ltd.	-	2,615,788
	Square Pharma	7,037,250	5,218,036
	Standard Bank	1,392,401	1,392,401
	Sea Pearl Beach Resort & Spa	-	17,764
	The ACME Lab. Ltd.	784,676	784,676
		<b>72,911,213</b>	<b>71,105,790</b>
<b>7.1.2</b>	<b>Unquoted shares</b>		
	This is made up as follows:		
	BanglaLion Communications Ltd.	107,500,000	107,500,000
	GMG Airlines Ltd.	10,000,000	10,000,000
		<b>117,500,000</b>	<b>117,500,000</b>
	The company has invested an amount of Tk. 107,500,000 to BanglaLion Communications Ltd. against 10,750,000 Ordinary Shares of Tk. 10.00 each. BanglaLion Communications Ltd. is a Private Ltd. company which provides wireless internet with latest wireless broadband technology and the Company is one of the sponsor shareholders of Banglalion Communications Ltd. BIFC holds 5% shares of the total share of Banglalion Communications Ltd.		
	The company has also invested an amount of Tk.10,000,000 to GMG Airlines Ltd. against 200,000 Ordinary Shares of Tk. 50.00 each including a premium of Tk.40.00 per share. During the year 2012, BIFC received 20,000 shares of Tk.10.00 each from GMG Airlines Ltd. against 10% stock dividend which is recoded at zero value in the books of accounts. So, total shares of GMG Airlines Ltd. stands at 220,000.		
	The Company has maintained 100% provision (note 13.2) against its investments in unquoted shares as per FID Circular no. 08 dated 03 August 2002.		
<b>7.2</b>	<b>Sector wise investments in securities at cost</b>		
	This is made up as follows:		
	Banking companies	6,464,591	6,464,591
	Non banking financial institutions	-	-
	Insurance companies	-	100,000
	Investment companies	-	-
	Fuel & power	988,724	3,143,592
	Manufacturing companies and others	65,457,898	61,397,607
		<b>72,911,213</b>	<b>71,105,790</b>



## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>7.3</b>	<b>Residual maturity groupings of investments</b>		
	This is made up as follows:		
	Upto 1 month	72,911,213	71,105,790
	More than 1 month but not more than 3 months	-	-
	More than 3 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	117,500,000	117,500,000
		<b>190,411,213</b>	<b>188,605,790</b>
	(A schedule of investment in shares is given in <b>Annexure- C</b> )		
<b>8</b>	<b>Loans, advances and leases</b>		
	This is made up as follows:		
	Loans, cash credits, overdrafts, etc. ( <b>note: 8.a</b> )	7,906,791,256	7,955,455,093
	Bills purchased and discounted ( <b>note: 8.b</b> )	-	-
		<b>7,906,791,256</b>	<b>7,955,455,093</b>
<b>8.a</b>	<b>Loans, cash credits, overdrafts, etc.</b>		
	This is made up as follows:		
	<b>Inside Bangladesh</b>		
	Lease finance ( <b>note: 8.1</b> )	405,676,443	407,028,373
	Term loans ( <b>note: 8.2</b> )	7,437,873,967	7,481,466,965
	Housing finance	62,693,583	65,849,250
	Staff loan ( <b>note: 8.3</b> )	547,263	1,110,505
		<b>7,906,791,256</b>	<b>7,955,455,093</b>
	Outside Bangladesh	-	-
		<b>7,906,791,256</b>	<b>7,955,455,093</b>
<b>8.1</b>	<b>Lease finance</b>		
	This is made up as follows:		
	Gross lease receivable	145,448,491	145,448,491
	Less: Unearned lease income	9,969,780	9,973,991
	<b>Net lease receivables</b>	<b>135,478,711</b>	<b>135,474,500</b>
	Add: Overdue lease rentals	270,197,731	271,553,872
		<b>405,676,443</b>	<b>407,028,373</b>
<b>8.2</b>	<b>Term loans</b>		
	This is made up as follows:		
	Principal outstanding	5,528,989,324	5,553,014,719
	Accounts receivable	1,908,884,643	1,928,452,245
		<b>7,437,873,967</b>	<b>7,481,466,965</b>
<b>8.3</b>	<b>Staff loans</b>		
	This is made up as follows:		
	Term loan	547,263	1,110,505
		<b>547,263</b>	<b>1,110,505</b>
<b>8.4</b>	<b>Residual maturity grouping of loans, advances and leases:</b>		
	This is made up as follows:		
	<b>Receivable:</b>		
	On Demand	-	-
	Upto 1 month	110,000,380	160,000,380
	More than 1 month but not more than 3 months	207,704,163	307,704,163
	More than 3 months but not more than 1 year	1,002,367,626	1,116,367,626
	More than 1 year but not more than 5 years	6,045,300,796	6,045,300,796
	More than 5 years	541,418,291	326,082,128
		<b>7,906,791,256</b>	<b>7,955,455,093</b>

Since 96% of the loans, advances and leases are classified, residual maturity has been calculated by Management by taking into account the recovery forecasts.

## Notes to the Financial Statements-Continued

Amount in Taka	
31-12-2021	31-12-2020

**8.5 Loans, advances and leases on the basis of significant concentration:**

This is made up as follows:

8.5.1 Loans, advances and leases to directors and their allied concerns	6,223,884,398	6,223,884,398
8.5.2 Loans, advances and leases to CEO & Sr. Executives/Officers	547,263	1,110,505
8.5.3 Loans, advances and leases to customer groups	1,682,359,595	1,730,460,189

**8.5.4 Details of large loans:**

Loans, advances and leases allowed to any individual customer or enterprise or any organization of a group exceeding 15% of the Financial Institution's total capital are categorized as large loans. All the loans and advances made by the Company fall under this definition since the total capital (paid up capital and reserves) of the Company is negative. Significant loans and advances have been disclosed in note 45.3.

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

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

Sector	As at 31 December 2021		As at 31 December 2020	
	Amount	Percentage	Amount	Percentage
Trade and Commerce	1,300,427,878	16.45%	1,321,620,566	16.61%
<b>Industry:</b>				
A) Garments and Knitwear	1,848,418,645	23.38%	1,848,675,838	23.24%
B) Textile	703,904,194	8.90%	704,804,194	8.86%
C) Jute and Jute Products	54,015,762	0.68%	54,015,762	0.68%
D) Food Production and Processing Industry	3,781,910	0.05%	3,781,910	0.05%
E) Plastic Industry	1,583,468	0.02%	1,688,688	0.02%
F) Leather and Leather-Goods	-	-	-	0.00%
G) Iron, Steel and Engineering	373,567,564	4.72%	369,631,760	4.65%
H) Pharmaceuticals and Chemicals	-	0.00%	-	0.00%
I) Cement and Allied Industry	64,841,555	0.82%	79,564,511	1.00%
J) Telecommunication and Information Technology	1,950,423,677	24.67%	1,950,826,277	24.52%
K) Paper, Printing and Packaging	486,099,806	6.15%	489,246,539	6.15%
L) Glass, Glassware and Ceramic Industry	-	-	-	0.00%
M) Ship Manufacturing Industry	58,506,252	0.74%	56,865,061	0.71%
N) Electronics and Electrical Products	4,269,348	0.05%	4,648,109	0.06%
O) Power, Gas, Water and Sanitary Service	268,870,216	3.40%	269,598,434	3.39%
P) Transport and Aviation	24,270,310	0.31%	24,270,310	0.31%
Agriculture	9,177,263	0.12%	9,810,326	0.12%
Housing	382,622,235	4.84%	385,976,059	4.85%
<b>Others:</b>				
A) Merchant Banking	-	-	-	0.00%
B) Margin Loan	-	-	-	-
C) Others	372,011,172	4.70%	380,430,748	4.78%
<b>Total</b>	<b>7,906,791,256</b>	<b>100.00%</b>	<b>7,955,455,093</b>	<b>100.00%</b>

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

This is made up as follows:

Division	As at 31 December 2021		As at 31 December 2020	
	Amount	Composition	Amount	Composition
Dhaka	7,227,019,616	91.40%	7,261,564,016	91.28%
Chittagong	679,771,640	8.60%	693,891,077	8.72%
<b>Total</b>	<b>7,906,791,256</b>	<b>100.00%</b>	<b>7,955,455,093</b>	<b>100.00%</b>

**8.6 (A) Grouping of loans, advances and leases as per classification rules of Bangladesh Bank:**

This is made up as follows:

**Unclassified**

Standard including staff loans  
Special Mention Account (SMA)

256,338,783	400,611,876
1,140,375	4,431,468
<b>257,479,158</b>	<b>405,043,344</b>

**Classified**

Substandard  
Doubtful  
Bad or loss

134,737,525	13,463,407
14,532,752	7,790,138
7,500,041,821	7,529,158,204
<b>7,649,312,098</b>	<b>7,550,411,749</b>
<b>7,906,791,256</b>	<b>7,955,455,093</b>

## Notes to the Financial Statements-Continued

Amount in Taka	
31-12-2021	31-12-2020

**(B) Classification and provisioning of loans and advances including bills purchased and discounted**

Classification / status of loans and advances as at 31 December, 2021	Amount of outstanding loans and advances as at 31 December, 2021	Base for provision	Percentage (%) of provision required as per Bangladesh Bank directive	31-Dec-21	31-Dec-20
<b>Unclassified loans and advances</b>					
<b>General provision</b>					
Standard Non SME including staff loans	249,423,304	249,423,304	1%	2,494,233	3,914,340
Standard SME	6,915,479	6,915,479	0.25%	17,289	22,945
Special Mention Account	1,140,375	1,080,000	5%	54,000	2,497,891
				<b>2,565,522</b>	<b>6,435,176</b>
<b>Specific provision</b>					
Sub-standard	134,737,525	78,805,035	20%	15,761,007	1,516,282
Doubtful	14,532,752	13,668,260	50%	6,834,130	3,014,553
Bad/loss	7,500,041,821	6,631,159,037	100%	6,631,159,037	6,596,822,993
				<b>6,653,754,174</b>	<b>6,601,353,828</b>
<b>Special Provision 2%</b>	253,358,555	253,358,555	2%	5,067,171	-
Total provision required				6,661,386,867	6,607,789,004
Total provision maintained				6,665,478,618	7,154,904,451
Excess/ (Deficit)				<b>4,091,751</b>	<b>547,115,447</b>

**8.7 Particulars of loans, advances and leases:**

(i) Loans considered good in respect of which the Financial Institution is fully secured	262,237,088	262,237,088
(ii) Loans considered good for which the Financial Institution holds no Security other than the debtor's personal guarantee	7,026,373,112	7,075,036,949
(iii) Loans considered good which is secured by the personal guarantee of one or more parties in addition to the personal guarantee of the debtors	618,181,056	618,181,056
(iv) Loans adversely classified; provisione not maintained there against	-	-
	<b>7,906,791,256</b>	<b>7,955,455,093</b>
(v) Loans due by directors or officers of the Financial Institution or any of them either separately or jointly with any other person (note: 8.3)	547,263	1,110,505
(vi) Loans due from companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents or, in case of private companies as members	6,223,884,398	6,223,884,398
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Financial Institution or any of them either separately or jointly with any other persons (note: 8.3)	547,263	1,110,505
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents, or in the case of private companies as members	-	-
(ix) Due from Banking Companies	-	-

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
(x)	Classified loans for which interest has not been charged (note: 8.6.A)	7,649,312,098	7,635,746,950
	a) Increase/ (decrease) of provision (note: 13.1a)	(494,619,946)	(30,988,090)
	b) Amount of loans written off	-	-
	c) Amount realised against loans previously written off	-	-
	d) Amount of provision kept against loans classified as bad/loss on the Balance Sheet date	6,631,159,037	6,596,822,993
	e) Amount of interest credited to the interest suspense account (note: 13.3)	786,825	38,664,181
(xi)	Amount of loans written off:		
	Current year	-	-
	Cumulative to date	27,350,760	27,350,760
	The amount of written off loans for which law suit filed	27,350,760	27,350,760
8.b	<b>Bills purchased and discounted</b>	-	-
	No bill has been purchased or discounted during the year.		
9	<b>Fixed assets including land, building, furniture &amp; equipments:</b>		
	This is made up as follows:		
	<b>A. Cost:</b>		
	Land and land development	440,000,000	440,000,000
	Furniture & fixture	3,766,229	3,766,229
	Electrical appliance	11,793,262	11,793,262
	Motor vehicles	15,280,154	15,280,154
	Interior decoration	11,088,782	11,088,782
	Office equipment	1,261,629	1,261,629
	Intangible assets	-	-
		<b>483,190,056</b>	<b>483,190,056</b>
	<b>B. Accumulated depreciation:</b>		
	Furniture & fixture	1,572,627	1,328,896
	Electrical appliance	7,189,945	6,377,594
	Motor vehicles	13,287,338	12,789,134
	Interior decoration	5,284,202	4,639,249
	Office equipment	974,264	923,551
	Intangible assets	-	-
		<b>28,308,376</b>	<b>26,058,424</b>
	<b>C. Written down value at December 31, 2019 (A-B)</b>		
	Land and land development	440,000,000	440,000,000
	Furniture & fixture	2,193,602	2,437,333
	Electrical appliance	4,603,317	5,415,668
	Motor vehicles	1,992,816	2,491,020
	Interior decoration	5,804,580	6,449,533
	Office equipment	287,365	338,078
	Intangible assets	-	-
		<b>454,881,680</b>	<b>457,131,632</b>
	For details please refer to Annexure- A		
	The company acquired 11 kathas land located at 65/1, DIT Extension Road, Purana Paltan, Dhaka which was revalued in the year 2012 at 440,000,000 from existing Tk. 36,574,333. Thus the value of the said land increased by Tk. 403,425,667 which was shown as assets revaluation reserve.		
10	<b>Others assets</b>		
	This is made up as follows:		
	<b>A. Income generating other assets:</b>		
	Income receivable	-	-
	<b>B. Non-income generating:</b>		
	Stock of stamp	8,848	12,108
	Advance rent, advertisement etc. (note: 10.1)	1,149,904	1,390,720
	Receivable on sale of shares (note: 10.2)	3,679	76,650
	Security deposits (note: 10.3)	3,544,237	3,544,237
	Prepaid expenditure (note: 10.4)	322,360,836	318,798,300
	Suspense account	1,238	1,238
	Others (note: 10.5)	107,250,247	107,250,247
		434,318,990	431,073,501
	<b>Total (A+B):</b>	<b>434,318,990</b>	<b>431,073,501</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>10.1 Advance rent, advertisement etc.</b>			
This is made up as follows:			
These represents rent paid to land-lord in advance for office premises.			
		1,149,904	1,390,720
		<b>1,149,904</b>	<b>1,390,720</b>
<b>10.2 Receivable on sale of shares</b>			
This is made up as follows:			
Anchor Securities Ltd.		1,205	1,205
LankaBangla Securities Ltd.		2,474	75,445
Fareast Stocks & Bonds Ltd.		-	-
		<b>3,679</b>	<b>76,650</b>
<b>10.3 Security deposits</b>			
This is made up as follows:			
Deposits with BTB and mobile operator		28,000	28,000
Deposits with CDBL		400,000	400,000
Deposits with landlord		3,000,000	3,000,000
Others		116,237	116,237
		<b>3,544,237</b>	<b>3,544,237</b>
<b>10.4 Prepaid expenditure</b>			
This is made up as follows:			
Advance payment for land		2,343,333	2,343,333
Building construction		10,345,000	10,345,000
Providnt Fund Contribution		-	-
Advance Payment of Tax (Note: 10.4.1)		288,063,082	287,731,193
Others		21,609,421	18,378,774
		<b>322,360,836</b>	<b>318,798,300</b>
<b>10.4.1 Advance income tax</b>			
This is made up as follows:			
Income tax refundable (note: 13.4.2.1)		5,309,867	5,309,867
Advance income tax (note: 13.4.2.2)		282,753,215	282,421,326
		<b>288,063,082</b>	<b>287,731,193</b>
<b>10.4.2.1 Income tax refundable</b>			
Year-wise break-up are as follows:			
<b>Assesment year</b>	<b>Income year</b>	<b>Amount</b>	<b>Amount</b>
2003-2004	2002	4,042,297	4,042,297
2004-2005	2003	971,703	971,703
2006-2007	2005	295,867	295,867
		<b>5,309,867</b>	<b>5,309,867</b>
<b>10.4.2.2 Advance income tax</b>			
Year-wise Break-up are as follows:			
<b>Assesment year</b>	<b>Income year</b>	<b>Amount</b>	<b>Amount</b>
2005-2006	2004	1,200,331	1,200,331
2007-2008	2006	7,384,177	7,384,177
2008-2009	2007	7,878,688	7,878,688
2009-2010	2008	6,590,386	6,590,386
2010-2011	2009	8,731,427	8,731,427
2011-2012	2010	9,013,223	9,013,223
2012-2013	2011	22,947,016	22,947,016
2013-2014	2012	14,735,190	14,735,190
2014-2015	2013	45,975,386	45,975,386
2015-2016	2014	48,616,179	48,616,179
2016-2017	2015	102,353,393	102,353,393
2017-2018	2016	2,290,472	2,290,472
2018-2019	2017	2,788,510	2,788,510
2019-2020	2018	870,872	870,872
2020-2021	2019	724,765	724,765
2021-2022	2020	321,311	321,311
2022-2023	2021	331,889	-
		<b>282,753,215</b>	<b>282,421,326</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>10.5 Others</b>	This is made up as follows:		
	Receivable against interest on grace period	-	-
	Receivable against IDCP	32,314,496	32,314,496
	Receivable against LPI	74,486,466	74,486,466
	Accrued interest on fixed deposit	-	-
	Others	449,286	449,286
		<b>107,250,247</b>	<b>107,250,247</b>
	Provision has been maintained against these assets as per FID Circular no. 08 dated 03 August 2002. See note 13.8.		
<b>11 Borrowings from other financial institutions, banks and agents</b>	This is made up as follows:		
	In Bangladesh (note: 11.1)	3,576,826,929	3,280,032,332
	Outside Bangladesh	-	-
		<b>3,576,826,929</b>	<b>3,280,032,332</b>
<b>11.1 In Bangladesh</b>	This is made up as follows:		
	Refinance against SME loan from Bangladesh Bank (note: 11.1.1)	1,523,997	1,708,209
	Term loan from banks (note: 11.1.2)	3,225,586,699	2,928,611,235
	Short term loan (note: 11.1.3)	209,716,233	209,712,888
	Money at call & short notice (note: 11.1.4)	140,000,000	140,000,000
		<b>3,576,826,929</b>	<b>3,280,032,332</b>
<b>11.1.1 Bangladesh Bank (BB) introduced a refinance scheme to support the development small enterprise under the scheme Small and Medium Enterprise (SME) by way of providing refinance facilities under the terms and conditions of BB's FID Circular No. 01, dated May 02, 2004. Under this scheme, the company claims the refinance facility from Bangladesh Bank on a quarterly basis, whose repayment was made as per schedule fixed by Bangladesh Bank.</b>			
<b>11.1.2 Term loan from banks</b>	This is made up as follows:		
	Basic Bank Limited	108,002,716	98,062,765
	Dhaka Bank Limited	103,118,361	93,627,939
	Dutch Bangla Bank Limited	530,094,901	481,197,047
	Mercantile Bank Limited	713,340,827	647,689,027
	Midland Bank Limited	42,343,510	38,446,456
	Mutual Trust Bank Limited	71,194,099	64,641,801
	National Bank Limited	138,114,663	125,403,380
	NRB Commercial Bank Limited	104,745,227	95,105,076
	Pubali Bank Limited	172,288,427	156,431,989
	Shahjalal Islami Bank Limited	418,788,794	380,245,873
	Social Islami Bank Limited	167,799,589	152,356,279
	Standard Bank Limited	135,756,431	123,262,189
	The UAE Bangladesh Investments Co. Limited	8,147,212	7,397,389
	Uttara Bank Limited	511,851,942	464,744,026
		<b>3,225,586,699</b>	<b>2,928,611,235</b>
<b>11.1.3 Short term loan</b>	This is made up as follows:		
	Bangladesh Development Bank Ltd.	200,000,000	200,000,000
	Mercantile Bank Limited	9,716,233	9,712,888
		<b>209,716,233</b>	<b>209,712,888</b>
<b>11.1.4 Money at call &amp; short notice</b>	This is made up as follows:		
	Agrani Bank Limited	40,000,000	40,000,000
	Sonali Bank Limited	100,000,000	100,000,000
		<b>140,000,000</b>	<b>140,000,000</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>11.2</b>	<b>Analysis by security against borrowing from other financial institutions, banks and agents</b>		
	This is made up as follows:		
	Secured (note: 11.2.1)	3,225,586,699	2,928,611,235
	Unsecured	351,240,230	351,421,097
		<b>3,576,826,929</b>	<b>3,280,032,332</b>
<b>11.2.1</b>	The loans are secured by first ranking Pari Passu Security Sharing Agreement (PPSSA) among the lenders on all present and future assets both moveable and immovable by deed of Floating Charge and Letter of Hypothecation, which is registered with the Registrar of Joint Stock Companies and Firms.		
<b>11.3</b>	<b>Maturity wise classification of loan</b>		
	This is made up as follows:		
	Repayable on demand	140,000,000	140,000,000
	Within 1 month	209,716,233	291,355,643
	Over 1 months but not more than 3 months	305,200,895	405,200,895
	Over 3 months but not more than 1 year	657,117,585	696,499,376
	Over 1 year but not more than 5 years	2,264,792,216	1,746,976,418
	Over 5 years	-	-
		<b>3,576,826,929</b>	<b>3,280,032,332</b>
	Borrowings have been classified according to maturity periods as per Management's expectation of the Company's future liquidity position.		
<b>12</b>	<b>Deposits &amp; other accounts</b>		
	This is made up as follows:		
	Term deposits (note: 12.1)	6,824,646,977	6,376,155,007
	Other deposits (note: 12.2)	7,815,585	7,815,585
		<b>6,832,462,562</b>	<b>6,383,970,592</b>
<b>12.1</b>	<b>Term deposits</b>		
	This is made up as follows:		
	Term deposit from banks and other FIs (note: 12.1.2)	4,850,060,755	4,541,809,294
	Term deposit from other than banks & FIs (note: 12.1.1)	1,974,586,222	1,834,345,713
		<b>6,824,646,977</b>	<b>6,376,155,007</b>
<b>12.1.1</b>	<b>Term deposit from other than banks &amp; FIs</b>		
	This is made up as follows:		
	General term deposits	1,854,787,289	1,744,279,527
	Double & triple benefit scheme	118,027,954	86,004,966
	Monthly savings scheme (MSS)	1,770,980	4,061,220
	MSS Kotipati Scheme	-	-
		<b>1,974,586,222</b>	<b>1,834,345,713</b>
<b>12.1.2</b>	<b>Residual maturity grouping of deposits &amp; other accounts:</b>		
	This is made up as follows:		
	<b>From banks &amp; fis</b>		
	<b>Payable:</b>		
	On demand	-	-
	Upto 1 month	709,654,813	1,609,654,813
	In more than 1 month but less than 6 months	1,020,986,500	1,800,986,500
	In more than 6 months but less than 1 year	1,143,735,381	696,735,381
	In more than 1 year but within 5 years	1,975,684,060	434,432,600
	In more than 5 year but within 10 years	-	-
		<b>4,850,060,755</b>	<b>4,541,809,294</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>From other than banks &amp; FIs</b>			
<b>Payable:</b>			
On demand	-	-	
Upto 1 month	170,250,798	280,250,798	
In more than 1 month but less than 6 months	456,879,959	756,879,959	
In more than 6 months but less than 1 year	201,349,405	206,949,405	
In more than 1 year but within 5 years	347,725,520	197,725,520	
In more than 5 year but within 10 years	798,380,541	392,540,032	
	<b>1,974,586,222</b>	<b>1,834,345,713</b>	
Unclaimed deposits aging 10 years or more	-	-	
Deposits have been classified according to maturity periods as per Management's expectation of the Company's future liquidity position.			
<b>12.2 Other deposits</b>			
This is made up as follows:			
Other deposits-banks and FIs	-	-	
Other deposits-other than banks & FIs (note: 12.2.1)	7,815,585	7,815,585	
	<b>7,815,585</b>	<b>7,815,585</b>	
<b>12.2.1 Other deposits-other than banks &amp; FIs</b>			
This is made up as follows:			
Lease advance	7,537,277	7,537,277	
Security deposits	278,308	278,308	
	<b>7,815,585</b>	<b>7,815,585</b>	
<b>12.2.2 Residual maturity grouping of Other deposits-other than banks &amp; FIs</b>			
This is made up as follows:			
Repayable on demand	-	-	
Within 1 month	-	-	
Over 1 months but not more than 3 months	-	-	
Over 3 months but not more than 1 year	-	-	
Over 1 year but not more than 5 years	2,457,577	2,457,577	
Over 5 years	5,358,008	5,358,008	
	<b>7,815,585</b>	<b>7,815,585</b>	
Other deposits have been classified according to maturity periods as per Management's expectation of the Company's future liquidity position.			
<b>13 Other liabilities</b>			
This is made up as follows:			
Provision for loans, advances and leases (note: 13.1)	6,665,478,618	7,154,904,451	
Provision for diminution in value of investments (note 13.2)	149,882,733	157,517,557	
Interest suspense (note: 13.3)	771,581,468	772,408,566	
Withholding tax payable	212,361,976	159,295,711	
VAT payable	164,960	175,545	
Excise duty payable	8,234,570	5,155,740	
Provision for taxation (note: 13.4)	745,781,087	745,546,049	
Unclaimed Dividend Account (note: 13.5)	4,347,371	4,347,371	
Financial expenses payable (note: 13.6)	374,293,167	418,884,444	
Payable against gratuity	9,921,152	8,755,861	
Payable against Pension	7,400,000	7,100,000	
Accrued expenses and other payable	7,578,718	7,089,690	
Sundry deposits (note: 13.7)	215,500,643	81,080,660	
Provision for other assets (note: 13.8)	131,947,185	130,802,000	
Deferred Tax liability (note: 13.9)	17,600,000	17,600,000	
Penal Interest on Delay payment of Tax	63,066,898	24,861,813	
Provision for off-balance sheet items	-	-	
	<b>9,385,140,544</b>	<b>9,695,525,458</b>	



## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>13.1</b>	<b>Provision for loans, advances and lease:</b>		
	This is made up as follows:		
	<b>(a) Specific provision against classified loans, advances and leases:</b>		
	Opening balance	7,103,843,763	7,134,831,853
	Less: Prior year Adjustment	(536,254,938)	-
	<b>Restated Opening Balance</b>	<b>6,567,588,825</b>	<b>7,134,831,853</b>
	Less: Fully provided debts written off during the year	-	-
	Add: Recovery of amounts previously written off	-	-
	Add: Specific provision for the year	-	-
	Less: Provision released or no longer required	-	-
	Add: Net provision charged to profit and loss account	41,634,992	(30,988,090)
	<b>Provision held at the end of the year</b>	<b>6,609,223,817</b>	<b>7,103,843,763</b>
	<b>(b) General provision against unclassified loans, advances and leases:</b>		
	Opening balance	51,060,688	51,793,143
	Provision made during the year	126,942	(732,455)
	<b>Balance at the end of the year</b>	<b>51,187,630</b>	<b>51,060,688</b>
	<b>(c) Special Provision 2%</b>	<b>5,067,171</b>	<b>-</b>
	<b>Total (a+b+c):</b>	<b>6,665,478,618</b>	<b>7,154,904,451</b>
	Provision has been maintained as per BB Letter: FIID/(I-05/02)/2023-543 and excess provision previously maintained by the company has been transferred to retained earnings (Note: 18)		
<b>13.2</b>	<b>Provision for diminution in value of investments</b>		
	This is made up as follows:		
	Opening balance	157,517,557	166,999,726
	Provision made during the year	(7,634,824)	(9,482,169)
	<b>Balance at the end of the year</b>	<b>149,882,733</b>	<b>157,517,557</b>
<b>13.3</b>	<b>Interest suspense</b>		
	This is made up as follows:		
	Opening balance	772,408,566	772,708,399
	Prior year adjustment	-	-
	<b>Restated opening balance</b>	<b>772,408,566</b>	<b>772,708,399</b>
	Add: Amount transferred during the year	786,825	38,664,181
	Less: Amount recovered during the year	1,613,923	38,964,014
	Less: Amount written off during the year	-	-
	<b>Balance at the end of the year</b>	<b>771,581,468</b>	<b>772,408,566</b>
<b>13.4</b>	<b>Provision for income tax</b>		
	Balance at the beginning of the year	745,546,049	745,037,437
	Add: Provision made during the year for current year tax	235,038	508,612
	Add: Provision made during the year in respect of assessment year 2015-2016	-	-
	Less: Adjustment	-	-
	<b>Balance at the end of the year</b>	<b>745,781,087</b>	<b>745,546,049</b>
	<b>Year wise break up of provision for taxation:</b>		
<b>Assessment year</b>	<b>Accounting year</b>		
2007-2008	2006	111,404	111,404
2008-2009	2007	20,399,529	20,399,529
2009-2010	2008	14,611,475	14,611,475
2010-2011	2009	25,000,000	25,000,000
2011-2012	2010	32,500,000	32,500,000
2012-2013	2011	69,413,831	69,413,831
2013-2014	2012	86,981,241	86,981,241
2014-2015	2013	36,924,104	36,924,104
2015-2016	2014	454,534,235	454,534,235
2016-2017	2015	-	-
2017-2018	2016	1,572,282.89	1,572,282.89
2018-2019	2017	1,033,408	1,033,408
2019-2020	2018	761,032	761,032
2020-2021	2019	1,194,895	1,194,895
2021-2022	2020	508,612	508,612
2022-2023	2021	235,038	235,038
		<b>745,781,087</b>	<b>745,546,049</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>13.4.1</b>	Due to loss for the year 2021, Company provided minimum tax as per Income Tax Ordinance 1984 under section 82C.		
<b>13.4.2</b>	On 28 March 2023, the Tax Audit Wing of the National Board of Revenue has presented a claim of BDT 1,110,507,971 (See Annexure D) to the Company in respect of the assessment years 2007-2018. However, Management is confident that once these appeals are finally disposed of, there should not be any additional tax demand against the Company and hence no further provision is required.		
<b>13.5</b>	<b>Unclaimed Dividend Account</b>		
	More than 3 years	-	-
	More than 4 years	-	-
	More than 5 years & above	4,347,371	4,347,371
		<b>4,347,371</b>	<b>4,347,371</b>
<b>13.6</b>	<b>Financial expenses payable:</b>		
	Opening balance	418,884,444	383,454,410.00
	Add: Prior year adjustment	703,962.60	-
	<b>Restated opening balance</b>	<b>419,588,407</b>	<b>383,454,410</b>
	Addition/ (adjustment) during the year	(45,295,239)	35,430,034
	Closing balance	<b>374,293,167</b>	<b>418,884,444</b>
	This is made up as follows:		
	Interest on Term deposits	352,702,429	341,963,429
	Interest on term loan	189,646	189,646
	Interest on Placement of Fund	4,975,833	51,442,500
	Interest on money at call loan and short notice	15,304,796	23,755,485
	Interest Paid on Short Term Borrowings	1,875	1,875
	Interest on monthly savings scheme	1,118,588	1,531,508
		<b>374,293,167</b>	<b>418,884,444</b>
<b>13.7</b>	<b>Sundry deposits</b>		
	Sundry deposits include BDT 122,266,665 transferred from Deposits and other accounts. These customers have applied for encashment and interest is not charged on these balances.		
<b>13.8</b>	<b>Provision for other assets</b>		
	Opening balance	130,802,000	130,973,000.00
	Prior year adjustment	-	-
	<b>Restated opening balance</b>	<b>130,802,000</b>	<b>130,973,000</b>
	Addition/ (adjustment) during the year	1,145,185	(171,000)
	Closing balance	<b>131,947,185</b>	<b>130,802,000</b>
	<b>Break-up of Provision for Other Assets</b>		
	Advance payment for land	2,343,333	2,343,333
	Advance payment for Building construction	10,734,167	10,345,000
	Receivable against IDCP	32,314,496	32,314,496
	Receivable against LPI	74,486,466	74,486,466
	Others	12,068,723	11,312,705
	<b>Total</b>	<b>131,947,185</b>	<b>130,802,000</b>
<b>13.9</b>	<b>Deferred Tax Liability</b>		
	Opening balance	17,600,000	17,600,000
	Prior year adjustment (see note 17.1)	-	-
	<b>Restated opening balance</b>	<b>17,600,000</b>	<b>17,600,000</b>
	Addition/ (adjustment) during the year	-	-
	Closing balance	<b>17,600,000</b>	<b>17,600,000</b>
<b>14</b>	<b>Capital</b>		
<b>14.1</b>	<b>Authorized capital:</b>		
	400,000,000 ordinary shares of Tk. 10 each	<b>4,000,000,000</b>	<b>4,000,000,000</b>
<b>14.2</b>	<b>Issued, subscribed and Paid up capital:</b>		
	As at December 31, 2021 a total of 100,679,944 ordinary shares of Tk. 10 each were issued, subscribed and fully paid up.	<b>1,292,467,860</b>	<b>1,006,799,440</b>
	The above balance is made up as follows:		
	Opening balance		
	Add. Bonus shares issued during the year	1,006,799,440	1,006,799,440
	Add. Right shares issued during the year	-	-
		<b>1,006,799,440</b>	<b>1,006,799,440</b>

## Notes to the Financial Statements-Continued

Amount in Taka	
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### 14.3 Mode of allotment of shares:

This is made up as follows:

Issued against cash  
 Bonus share issued  
 Right Share Issued

215,608,000	215,608,000
455,591,630	455,591,630
335,599,810	335,599,810
<b>1,006,799,440</b>	<b>1,006,799,440</b>

### Year wise allotment of shares are as follows:

Year	Mode of allotment	No of shares	Tk.	Value of shares	Cumulative balance
1996	Cash	500000	10	5,000,000	5,000,000
1998	Cash	2000000	10	20,000,000	25,000,000
2002	Cash	1859240	10	18,592,400	43,592,400
2005	Bonus share	871820	10	8,718,200	52,310,600
2006	Bonus share	6904920	10	69,049,200	121,359,800
2006	Cash	6105610	10	61,056,100	182,415,900
2006	Cash - IPO	11095950	10	110,959,500	293,375,400
2008	Bonus share	2933750	10	29,337,500	322,712,900
2009	Bonus share	3872550	10	38,725,500	361,438,400
2010	Bonus share	8132370	10	81,323,700	442,762,100
2011	Bonus share	11069050	10	110,690,500	553,452,600
2012	Bonus share	5534526	10	55,345,260	608,797,860
2013	Bonus share	3043989	10	30,439,890	639,237,750
2014	Bonus share	3196188	10	31,961,880	671,199,630
2014	Right Share	33559981	10	335,599,810	1,006,799,440

### 14.4 Paid up share capital:

Particulars of shareholders:	Share Holding %	2021	2020
<b>Sponsors/Promoters and Directors</b>			
Pioneer Dresses Limited	5.82	58,538,320	58,538,320
Mr. Mohiuddin Ahmed	1.86	18,757,890	18,757,890
Mr. Rais Uddin Ahmed	1.27	12,763,330	12,763,330
Mr. Abdul Aziz Khan	1.22	12,263,260	12,263,260
Mr. A N M Jahangir Alam	2.01	20,286,330	20,286,330
Five Continents Credit Ltd., Hong Kong	19.39	195,193,180	195,193,180
Sukuza Venture Ltd.	5.46	55,000,000	55,000,000
Kanchi Venture Ltd.	3.52	35,475,240	35,475,240
	<b>40.55</b>	<b>408,277,550</b>	<b>408,277,550</b>
<b>Government</b>			
	<b>Nil</b>		
<b>Institute</b>			
	<b>41.10</b>	413,908,370	413,908,370
<b>Public</b>			
	<b>18.35</b>	184,613,520	184,613,520
		<b>598,521,890</b>	<b>598,521,890</b>
	<b>100.00</b>	<b>1,006,799,440</b>	<b>1,006,799,440</b>

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

### 14.5 Range wise classification of shareholders by holding as at 31-12-2021 as required by regulation 37 and of the listing regulation of Dhaka Stock Exchange limited and Chittagong Stock Exchange limited.

Shareholding range	No. of Shareholders	No. of Shares	% of holdings
Less than 500	1,434	243,464	0.24%
501 to 1,000	522	413,051	0.41%
1,001 to 10,000	1,674	5,369,667	5.33%
10,001 to 50,000	269	5,502,708	5.47%
50,001 to 100,000	26	1,857,608	1.85%
100,001 to 1,000,000	36	10,313,987	10.24%
1,000,001 to 5,000,000	8	15,285,787	15.18%
5,000,001 to 10,000,000	2	11,353,832	11.28%
10,000,001 to 100,000,000	3	50,339,840	50.00%
Total :	<b>3,974</b>	<b>100,679,944</b>	<b>100.00%</b>

The shares of the company were listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 15 November 2006 and traded at Tk. 4.5 at Dhaka Stock Exchange and at Tk. 4.0 at Chittagong Stock Exchange at the end of the year 2021.

## Notes to the Financial Statements-Continued

Amount in Taka	
31-12-2021	31-12-2020

**14.6 Capital Adequacy Ratio**  
This is made up as follows:

**Paid up capital**

Paid-up capital	1,292,467,860	1,006,799,440
Required paid up capital	1,000,000,000	1,000,000,000
<b>Surplus/(Deficit) in paid up capital</b>	<b>292,467,860</b>	<b>6,799,440</b>

In accordance with the Financial Institution Regulations, 1994 and Bangladesh Bank's DFIM circular no. 05 dated 24 July 2011, every Non-Banking Financial Institution which is registered in Bangladesh had to increase its paid up capital to Tk. 1,000,000,000 within 30 June 2012.

In accordance with Bangladesh Bank's DFIM Circular no. 14 dated 28 December 2011, financial institutions are required to maintain at least 10% Capital Adequacy Ratio (CAR) in line with the guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions, which has come fully into force from 1 January 2012. As of 31 December 2021, the CAR of the Company is (127.46)% against the required CAR of 10%. The Company has a shortfall in this regard as follows:

Tier-1 Capital	(11,141,948,326)	(10,692,452,608)
*Less: Deduction from Tier-1 Capital	(95,205,607)	(94,302,895)
<b>Eligible Tier-1 Capital (A)</b>	<b>(11,237,153,932)</b>	<b>(10,786,755,503)</b>
Tier-2 Capital	244,100,463	244,705,977
*Less: Deduction from Tier-2 Capital	(95,205,607)	(94,302,895)
<b>Eligible Tier-2 Capital (B)</b>	<b>148,894,857</b>	<b>150,403,082</b>
Eligible Capital (C=A+B)	(11,088,259,076)	(10,636,352,421)
<b>Total risk weighted assets</b>	<b>9,439,135,630</b>	<b>9,741,050,950</b>
Minimum capital requirement	1,000,000,000	1,000,000,000
<b>Capital surplus/(deficit)</b>	<b>(12,088,259,076)</b>	<b>(11,636,352,421)</b>
Capital adequacy ratio	<b>(117.47)</b>	<b>(109.19)</b>

\*Deductions have been made from Tier-1 Capital and Tier-2 Capital as per clause 2.5b of the 'Prudential Guidelines on Capital Adequacy and Market Discipline for Financial institutions' when calculating eligible regulatory capital.

**15 Statutory reserve**  
This is made up as follows:

Opening balance	154,713,730	154,713,730
Add: Addition during the year	-	-
	<b>154,713,730</b>	<b>154,713,730</b>

There has not been any transfer to the statutory reserve during the year because the Company has suffered a loss.

**16 General Reserve**  
This is made up as follows:

Opening balance	10,364,681	10,364,681
Add: Addition during the year	-	-
Less: Transferred to Retained earnings	-	-
	<b>10,364,681</b>	<b>10,364,681</b>

**17 Asset Revaluation Reserve**  
This is made up as follows:

Opening balance	385,825,667	385,825,667
Add: Addition during the year	-	-
Less: Transferred to Retained earnings	-	-
	<b>385,825,667</b>	<b>385,825,667</b>

**18.00 Retained Earnings**  
This is made up as follows:

Opening balance	(11,864,330,459)	(11,049,071,330)
*Add/(Less): Prior year adjustment (note: 18.01)	535,550,975	-
<b>Restated opening balance</b>	<b>(11,328,779,484)</b>	<b>(11,049,071,330)</b>
Less: Cash dividend for last year	-	-
Less: Stock dividend for last year	-	-
Add: Transferred from stock dividend	-	-
Add: Profit/(Loss) for the year	(985,046,693)	(815,259,129)
Less: Transferred to statutory reserve	-	-
Less: Transferred to general reserve	-	-
	<b>(12,313,826,177)</b>	<b>(11,864,330,459)</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>18.01</b>	<b>Prior year adjustment</b>		
	Add: Excess Provision on loans and advances transferred (Note 13.1)	536,254,938	-
	Less: Interest accrued on term deposits (Note 13.6)	703,963	-
		<b>535,550,975</b>	<b>-</b>
<b>19.00</b>	<b>Net assets value per share</b>		
	This is made up as follows:		
	Total assets	9,038,307,738	9,052,901,802
	Total liabilities	19,794,430,035	19,359,528,381
	<b>Net assets:</b>	<b>(10,756,122,297)</b>	<b>(10,306,626,579)</b>
	<b>Weighted average number of ordinary shares:</b>		
	Opening Ordinary shares	100,679,944	100,679,944
	Bonus shares issued	-	-
	Weighted average number of ordinary shares at 31 December 2020	100,679,944	100,679,944
	<b>Net assets value per share</b>	<b>(106.83)</b>	<b>(102.37)</b>
<b>20</b>	<b>Profit and loss account</b>		
	This is made up as follows:		
	<b>Income</b>		
	Interest, discount and similar income (note: 21)	35,312,383	80,285,340
	Dividend income (note: 23)	1,300,335	1,427,597
	Commission, exchange and brokerage (note: 24)	-	-
	Gains less losses arising from dealing securities (note: 23)	2,526,572	2,280,390
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from non-financial institution's assets	-	-
	Other operating income (note: 25)	37,846	775,315
	Profit less losses on interest rate changes	-	-
		<b>39,177,137</b>	<b>84,768,643</b>
	<b>Expenses:</b>		
	Interest paid on deposits & borrowing (note: 22)	890,684,808	864,481,915
	Losses on loans, advances and leases	-	-
	Administrative expenses	47,283,785	44,650,468
	Other operating expenses (note: 35)	4,925,697	5,173,126
	Depreciation on fixed assets	2,249,952	2,625,551
		<b>945,144,241</b>	<b>916,931,059</b>
		<b>(905,967,104)</b>	<b>(832,162,417)</b>
	<b>Income over expenditure</b>		
<b>21</b>	<b>Interest income</b>		
	This is made up as follows:		
	Interest income from loans & leases (note-21.1)	34,969,614	80,148,875
	Interest income from money at call & short notice	-	-
	Interest income from placement with banks & other Fis (note: 21.2)	342,769	136,466
		<b>35,312,383</b>	<b>80,285,340</b>
<b>21.1</b>	<b>Interest income from loans &amp; leases</b>		
	This is made up as follows:		
	Interest income from leases	4,211	25,093,698
	Interest income from term finance	25,728,092	34,537,946
	Interest on housing finance	-	-
	Interest on staff loan	9,237,311	20,517,231
		<b>34,969,614</b>	<b>80,148,875</b>
<b>21.2</b>	<b>Interest income from placement with banks &amp; other Fis</b>		
	This is made up as follows:		
	Interest income from fund placements	-	-
	Interest income from STD accounts	342,769	136,466
		<b>342,769</b>	<b>136,466</b>
<b>22</b>	<b>Interest charge on deposits &amp; borrowings etc.</b>		
	This is made up as follows:		
	Interest paid on deposits	571,008,957	559,915,343
	Interest paid on borrowings (Note-22.1)	319,675,851	304,566,571
		<b>890,684,808</b>	<b>864,481,915</b>
<b>22.1</b>	<b>Interest paid on borrowings</b>		
	This is made up as follows:		
	Interest paid on term loan	314,089,366	294,846,714
	Interest paid on overdraft loan	-	-
	Interest paid on call loan	5,503,755	9,627,917
	Interest paid on re-financing loan from Bangladesh Bank	82,730	91,940
		<b>319,675,851</b>	<b>304,566,571</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>23</b>	<b>Income from Investments</b> This is made up as follows:		
	Capital gain on sale of shares	2,526,572	2,280,390
	Dividend income	1,300,335	1,427,597
		<b>3,826,908</b>	<b>3,707,987</b>
<b>24</b>	<b>Commission, exchange &amp; brokerage</b> This is made up as follows:		
	Commission	-	-
	Exchange earnings	-	-
	Brokerage	-	-
		<b>-</b>	<b>-</b>
<b>25</b>	<b>Other operating income</b> This is made up as follows:		
	Service charge	-	4,000
	Reimbursement of documentation costs	-	2,000
	Gain on disposal of leased assets	-	30,000
	Other income (note: 25.1)	37,846	739,315
		<b>37,846</b>	<b>775,315</b>
<b>25.1</b>	<b>Other income</b> This is made up as follows:		
	Gain/(loss) on sale of fixed assets	-	-
	Miscellaneous income	37,846	739,315
		<b>37,846</b>	<b>739,315</b>
<b>26</b>	<b>Salary &amp; allowances</b> This is made up as follows:		
	Salaries	22,670,470	22,881,556
	Provident fund	1,198,655	1,241,926
	Bonus	2,414,175	2,483,534
	Gratuity	1,288,645	1,093,778
		<b>27,571,945</b>	<b>27,700,794</b>
<b>27</b>	<b>Rent, taxes, insurance, electricity etc.</b> This is made up as follows:		
	Rent, rates & taxes	11,041,781	10,349,937
	Insurance	-	185,845
	Power & electricity	862,804	715,231
	Water & sewerage	19,345	20,877
		<b>11,923,930</b>	<b>11,271,891</b>
<b>28</b>	<b>Legal expenses</b> This is made up as follows:		
	Professional/legal fees	2,525,350	1,323,586
	Other	-	-
		<b>2,525,350</b>	<b>1,323,586</b>
<b>29</b>	<b>Postage, stamps, telecommunication etc.</b> This is made up as follows:		
	Postage & courier expenses	10,920	15,443
	Stamp & court fees	5,640	17,375
	Telephone, fax & e-mail	662,268	658,085
		<b>678,828</b>	<b>690,903</b>
<b>30</b>	<b>Stationery, printing, advertisements etc.</b> This is made up as follows:		
	Printing & stationery	137,499	186,546
	Advertisement and publicity	369,400	320,548
		<b>506,899</b>	<b>507,094</b>
<b>31</b>	<b>Chief executive officer's salary and other fees</b> This is made up as follows:		
	Basic	-	-
	Other allowances	-	-
	Provident fund	-	-
	Bonus	-	-
		<b>-</b>	<b>-</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>32</b>	<b>Directors' fees</b>		
	This is made up as follows:		
	Meeting fees	1,281,000	592,000
		<b>1,281,000</b>	<b>592,000</b>
	Directors' fees include fees for attending the meetings of the Board, Executive Committee and Audit Committee. Each director was remunerated Tk. 25,000 per Board meeting and Tk. 50,000 Per AGM and The Chairman was remunerated Tk. 50,000 per Board meeting and Tk. 300,000 per AGM in accordance with Company matter number 32 dated 17 December 2020. In addition, as per policy the Company also bears travelling, accommodation and other related costs of directors who attend Board Meeting from overseas.		
<b>33</b>	<b>Auditor's fees</b>		
	This is made up as follows:		
	Statutory Audit	200,000	200,000
	Provident Fund Audit	30,000	40,000
		<b>230,000</b>	<b>240,000</b>
<b>34</b>	<b>Repair, maintenance &amp; depreciation expenses of financial institution's assets</b>		
	This is made up as follows:		
	Repair, maintenance (note 34.1)	2,565,833	2,324,200
	Depreciation (note 34.2)	2,249,952	2,625,551
		<b>4,815,785</b>	<b>4,949,751</b>
<b>34.1</b>	<b>Repair, maintenance</b>		
	This is made up as follows:		
	Office premises	1,509,243	1,559,030
	Office equipment	338,188	474,726
	Office furniture & fixtures	-	400
	Vehicles	718,401	290,044
		<b>2,565,833</b>	<b>2,324,200</b>
<b>34.2</b>	<b>Depreciation:</b>		
	This is made up as follows:		
	Land	-	-
	Furniture & fixture	243,731	270,813
	Electrical appliance	812,351	955,708
	Motor vehicles	498,204	622,755
	Interior decoration	644,953	716,616
	Office equipment	50,713	59,659
		<b>2,249,952</b>	<b>2,625,551</b>
	Details of depreciation and amortisation are shown in "Annexure - A"		
<b>35</b>	<b>Other expenses:</b>		
	This is made up as follows:		
	Traveling & conveyance	599,129	333,081
	Books and periodicals	6,957	7,375
	Entertainment & public relations	564,287	519,119
	Motor vehicle expenses	1,091,510	967,935
	Commission on share trading	-	-
	Govt. Excise duty	46,800	18,300
	Registration/ renewal fee	1,259,970	2,964,050
	Donations	-	30,000
	AGM expenses	-	-
	Service charge	80	-
	Medical expenses	50,198	-
	Bank charge	71,039	76,578
	CDBL fee	106,450	106,000
	Buisness promotional expense	-	(0)
	Uniforms & apparels	-	-
	Miscellaneous expenses	1,129,277	150,688
		<b>4,925,697</b>	<b>5,173,126</b>
<b>36</b>	<b>Provision for loans, advances &amp; leases</b>		
	This is made up as follows:		
	General provision against unclassified loans, advances & leases	(126,942)	732,455
	Specific provision against classified loans, advances & leases	(41,634,992)	30,988,090
	Special Provision 2%	(5,067,171)	-
		<b>(46,829,104)</b>	<b>31,720,545</b>
<b>37</b>	<b>Provision for diminuation in value of investments</b>		
	This is made up as follows:		
	Provisions for dealing securities	-	-
	Provisions for investment securities (note: 37.1)	7,634,824	9,482,169
		<b>7,634,824</b>	<b>9,482,169</b>

## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>37.1 Provisions for investment securities</b>	This is made up as follows:		
	Quoted securities	7,634,824	9,482,169
	Un-quoted securities	-	-
		<b>7,634,824</b>	<b>9,482,169</b>
<b>38 Other Provisions</b>	This is made up as follows:		
	Other Provision for Tax Assessment Year 2015-2016	-	-
	Provision for other assets	(1,145,185)	171,000
	Other Provision-Pension Fund	(300,000)	900,000
	Penal Interest on Delay payment of Tax	(38,205,085)	(24,861,813)
		<b>(39,650,270)</b>	<b>(23,790,813)</b>
<b>39 Earnings per Share (EPS)</b>	Earnings per share (EPS) is calculated in accordance with "International Accounting Standard 33. Earnings Per Share", which has been shown on the face of profit & loss account.		
	<b>Basic earnings per share</b>		
	Basic earnings per share has been calculated dividing the Net Profit for the year attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year.		
		<b>31-12-2021</b>	<b>31-12-2020</b>
	Net Profit Attributable to the Ordinary Shareholders (Net Profit after Tax)	(985,046,693)	(815,259,129)
	<b>Weighted average number of ordinary shares</b>		
	Ordinary shares at 1 January	100,679,944	100,679,944
	Bonus shares issued	-	-
	Right shares issued	-	-
	<b>Weighted average number of ordinary shares at 31 December</b>	<b>100,679,944</b>	<b>100,679,944</b>
	Restated weighted average number of ordinary shares	100,679,944	100,679,944
	<b>Earnings per share</b>	<b>(9.78)</b>	<b>(8.10)</b>
	<b>Diluted earnings per share</b>		
	The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the year 2021 and hence no diluted earnings per share is required to be calculated.		
<b>40 Cash receipts from other operating activities</b>	This is made up as follows:		
	Service charge	-	4,000
	Reimbursement-documentation costs	-	2,000
	Gain on disposal of leased assets	-	30,000
	Miscellaneous income	37,846	739,315
		<b>37,846</b>	<b>775,315</b>
<b>41 Cash payments for other operating activities</b>	This is made up as follows:		
	Rent, taxes, insurance, electricity, etc.	12,500,669	11,232,565
	Legal expenses	2,525,350	1,323,586
	Postage, stamp, telecommunication, etc.	679,751	691,363
	Stationery Printing, Advertisements, etc.	369,400	320,548
	Directors' fees	1,281,000	592,000
	Auditors' fee	-	10,000
	Repairs and maintenance	2,565,833	2,326,200
	Traveling & conveyance	599,129	333,081
	Books and periodicals	6,957	7,375
	Entertainment & public relations	564,287	519,119
	Training fee	-	-
	Motor vehicle expenses	1,091,510	967,935
	Commission on share trading	-	-
	Govt. Excise duty	46,800	18,300
	Registration/ renewal fee	1,259,970	2,964,050
	Donations	-	30,000
	AGM expenses	-	-
	Service charge	80	-
	Medical expenses	50,198	-
	Bank charge	71,039	76,578
	CDBL Fee	450	106,000
	Buisness promotional expense	-	(0)
	Uniforms & apparels	-	-
	Miscellaneous expenses	797,776	(2,745,372)
		<b>24,410,199</b>	<b>18,773,328</b>



## Notes to the Financial Statements-Continued

		Amount in Taka	
		31-12-2021	31-12-2020
<b>42</b>	<b>Other assets</b>		
	This is made up as follows:		
	Stock of stamp	3,260	4,580
	Advance rent, advertisement etc.	240,816	442,691
	Prepaid expenditure	(3,562,536)	(1,918,792)
	Suspense account	-	5,000
	Accrued interest on fixed deposit	-	-
	Others	-	(449,286)
	<b>Cash (increase)/ decrease in other assets</b>	<b>(3,318,460)</b>	<b>(1,915,806)</b>
<b>43</b>	<b>Other liabilities</b>		
	This is made up as follows:		
	Withholding tax payable	116,133,162	55,542,435
	Vat payable	(10,586)	(72,806)
	Excise duty payable	3,078,830	2,083,290
	Sundry deposits	134,419,983	(78,226,544)
	<b>Net increase/ (decrease) in other liabilities</b>	<b>253,621,389</b>	<b>(20,673,625)</b>
<b>44</b>	<b>Reconciliation of Net Profit with Cash Flows from Operating Activities</b>		
	<b>Net profit after tax</b>	(985,046,693)	(815,259,129)
	<b>Adjustment for non-cash items:</b>		
	Add: depreciation expenses	2,249,952	2,625,551
	Add: Provision for loans, advances and investments	(26,300,877)	(31,720,545)
	Add/(Less) Profit/(Loss) on sale of fixed assets	-	-
	Add/(Less): Accrued expenses	3,862,536	74,627,856
	Add/(Less): Accrued income	(3,560,256)	(5,042,357)
	Add/(Less): Provision for Current Tax	235,038	508,612
	<b>Total Adjustment for non-cash items:</b>	<b>(23,513,607)</b>	<b>40,999,117</b>
	<b>Changes in operating assets and liabilities:</b>	<b>(1,008,560,300)</b>	<b>(774,260,012)</b>
	(Increase)/Decrease in Loans and advances to other banks		
	(Increase)/Decrease in Loans and advances to customers	44,143,150	25,046,001
	(Increase)/Decrease in other assets	(3,318,460)	(1,915,806)
	(Increase)/Decrease in deposits from other banks and financial institutions	308,251,460	314,924,636
	(Increase)/Decrease in deposits from customers	140,240,510	180,037,405
	(Increase)/Decrease in Other liabilities account of customer	-	(3,259,658)
	(Increase)/Decrease in other liabilities	253,621,389	(20,673,625)
	<b>Cash received/(paid) from operating assets and liabilities</b>	<b>742,938,049</b>	<b>494,158,953</b>
	<b>Net cash from operating activities</b>	<b>(265,622,251)</b>	<b>(280,101,059)</b>

## Notes to the Financial Statements-Continued

### 45 Related Party Disclosures:

#### 45.1 Particulars of Directors

Sl. No.	Name of the Director	Designation	% of Shares as at December 31, 2021
1	Justice (retired) Moyeenul Islam Chowdhury Independent Director	Chairman	
2	"Mr. Shamim Khaled Ahmed Barrister-at-Law Nominee Director"	Director	
3	"Mr. Mohammad Tofazzel Hossain FCA, CPA, CPFA Nominee Director"	Director	
4	Mr. Ruhul Amin "(Nominee of Sukuza Venture Ltd.)"	Director	5.46 (Share holding of Sukuza Venture Ltd.)
5	"Mr. A.K.M. Rabiul Hassan (Sumon), Barrister-at-Law Nominee Director"	Director	-
6	"Mr. Shyamal Kanti Ghosh, Former Secretary Independent Director"	Director	-
7	"Dr. Md. Jamil Sharif, FCMA, Associate Professor Independent Director"	Director	
8	Mr. Md. Mahamud Hosain, FCA Independent Director	Director	
9	"Mr. Fakhruddin Ahmed, FCMA, FCA. Independent Director"	Director	-

#### 45.2 Name of the Directors and their interest in different entities:

Sl. No	Name of the Directors	Status in the FI	Name of firms/Companies where they have interest
1	Justice (retired) Moyeenul Islam Chowdhury Independent Director	Chairman	Envoy Textile Ltd., Rakeen Development Ltd., Green Planet Resort Ltd., The Man & Company Ltd., Lemy Fashions Ltd., Dhaka Regency Hotel & Resort Ltd., Thikana Ltd., & Destiny 2000 Ltd.
2	"Mr. Shamim Khaled Ahmed, Barrister-at-Law Independent Director"	Director	N/A
3	"Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA Independent Director"	Director	N/A
4	Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.)	Director	Dhaka Power Distribution Co. Ltd., Eastern Lubricant Blenders Ltd. and Dhaka Stock Exchange Ltd.
5	"Mr. A.K.M. Rabiul Hassan (Sumon), Barrister-at-Law Independent Director"	Director	N/A
6	"Mr. Shyamal Kanti Ghosh, Former Secretary Independent Director"	Director	N/A
7	"Dr. Md. Jamil Sharif, FCMA, Associate Professor Independent Director"	Director	N/A
8	Mr. Md. Mahamud Hosain, FCA Independent Director	Director	Dhaka Water Supply & Sewerage Partner at MMH, Chartered Accountants
9	"Mr. Fakhruddin Ahmed, FCMA, FCA Independent Director"	Director	National Insurance Co. Ltd., Evaly, Reptiles Farm Ltd., Envoy Textile Ltd., Destiny 2000 Ltd., & Boishakhi Media Ltd.

## Notes to the Financial Statements-Continued

### 45.3 Transactions with Directors and their related entities

Amount in Taka

Name of the Party	Name of Directors	Related by	Nature of transaction	Agreement No.	31.12.2021	31.12.2020	Status of loan and advances
Bangladesh International Gateway Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Lease Fianace	01.03.0475	188,232,676	188,232,676	Bad & Loss
Bangladesh International Gateway Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0530	24,882,574	24,882,574	Bad & Loss
Bilal D Mamoon	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0486	9,252,016	9,252,016	Bad & Loss
Chowdhury Apparel	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0465	66,348,159	66,348,159	Bad & Loss
Click 2 Design Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0307	190,631,237	190,631,237	Bad & Loss
Click 2 Design Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0396	119,651,825	119,651,825	Bad & Loss
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0251	201,638,081	201,638,081	Bad & Loss
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0236	524,487,525	524,487,525	Bad & Loss
D. Afrose Sweater Industries Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0252	164,230,282	164,230,282	Bad & Loss
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0110	18,882	18,882	Bad & Loss
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0491	134,765,189	134,765,189	Bad & Loss
Dhaka CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0518	109,307,300	109,307,300	Bad & Loss
East Asia Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0575	73,927,232	73,927,232	Bad & Loss
M/s Abdullah Brothers	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0388	375,797,568	375,797,568	Bad & Loss
M/S. Alif Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0377	23,421,109	23,421,109	Bad & Loss
M/s Rahmat Ullah & Company	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0386	336,505,040	336,505,040	Bad & Loss
M/s. Telecom Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0282	31,608,038	31,608,038	Bad & Loss
M/s. Telecom Enterprise	Major (Retd.) Abdul Mannan and Ms. Umme Kulsum Mannan	Ex-Director	Term Loan	01.03.0344	35,058,385	35,058,385	Bad & Loss
M/s. Telecom Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0379	31,128,469	31,128,469	Bad & Loss
M/S Textile International	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0260	373,263,983	373,263,983	Bad & Loss
M/s Yeasmin Traders	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0425	92,368,215	92,368,215	Bad & Loss
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0441	86,572,394	86,572,394	Bad & Loss
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0464	136,650,509	136,650,509	Bad & Loss
Maxnet Online	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0542	97,868,442	97,868,442	Bad & Loss
Md. Rais Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0430	43,839,702	43,839,702	Bad & Loss
Metro Politon CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0378	46,692,683	46,692,683	Bad & Loss
Metro Politon CNG Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.04.0223	38,033,910	38,033,910	Bad & Loss
Motor Trade Enterprise	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0557	154,015,035	154,015,035	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0356	13,934,567	13,934,567	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0382	182,870,134	182,870,134	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0389	2,587,785	2,587,785	Bad & Loss
Rafiq Uddin	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0455	2,811,144	2,811,144	Bad & Loss
Rahmania Textile	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0568	86,248,428	86,248,428	Bad & Loss
Runa Properties	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0560	163,914,343	163,914,343	Bad & Loss
Sunman Spining Mills	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0113	10,624	10,624	Bad & Loss
Sunman Spining Mills	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.04.0200	408,333	408,333	Bad & Loss
Techno Wi-Fi Services	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.04.0572	83,978,123	83,978,123	Bad & Loss
M/S Telecom Service Enterprize	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.04.0259	238,909,124	238,909,124	Bad & Loss
Telecom Services Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0422	83,881,705	83,881,705	Bad & Loss
Teleplus Newyork Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.04.0660	446,083,419	446,083,419	Bad & Loss
Tower Builders	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.01.0369	6,823,119	6,823,119	Bad & Loss
Tower Builders	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.04.0268	354,163,459	354,163,459	Bad & Loss
Transco Limited	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	02.03.0019	6,181,727	6,181,727	Doubtful
United Dresses Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0380	67,887,194	67,887,194	Bad & Loss
United Dresses Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.03.0519	152,104,149	152,104,149	Bad & Loss
United Dresses Ltd.	Major (Retd.) Abdul Mannan	Ex-Director	Short Term Loan	01.04.0248	34,764,212	34,764,212	Bad & Loss
Golden Horizon Limited	Major (Retd.) Abdul Mannan	Ex-Director	Term Loan	01.03.0442-A	586,126,351	586,126,351	Bad & Loss
<b>Total</b>					<b>6,223,884,398</b>	<b>6,223,884,398</b>	

Includes BDT 5,857,757,869 outstanding as unsecured loans and advances to directors which exceeds the allowable limit of 10% of paid up capital set by section 14 of the Financial Institutions Act 1993.

Total outstanding loans and advances to Sunman group exceeds the paid up capital of the Company which is a noncompliance of the Financial Institutions Act 1993.

Management has taken initiatives to recover the loans, advances and leases outstanding with Sunman Group to comply in order to comply with the requirements of the Financial Institutions Act 1993.

## Notes to the Financial Statements-Continued

- 45.4 Significant Contracts where FI is a party and wherein Directors have interest: Nil
- 45.5 Shares issued to Directors & Executives without consideration or exercisable at discount: Nil
- 45.6 Lending Policies to related parties:  
Lending to related parties is effected as per requirements of Section 14(e) of the Financial Institutions Act, 1993
- 45.7 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Company Act 1991 Nil

### 45.8 Investments in Securities of Directors and their related concern:

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

### 46 Disclosures on the board audit committee

- a) Composition of Audit Committee  
The Audit Committee consists of the following directors of the Board:

Name	Status with the Company	Status with the Committee
Dr. Md. Jamil Sharif, FCMA	Independent Director	Chairman
Mohammad Tofazzel Hossain, FCA, CPA, CPFA	Director	Member
A.K.M. Rabiul Hassan ( Sumon)	Director	Member
Md. Mahamud Hosain, FCA	Independent Director	Member
Fakhruddin Ahmed, FCMA, FCA	Independent Director	Member

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

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

- b) Meeting of audit committee

During the year 2020, the audit committee of the board held 01 (one) meeting in which among others, the following issues were discussed and decided:

- Analysed and reviewed the periodic reports on internal control and compliance reported by the internal auditor;
- Analysed and reviewed the risk assessment report on clients and credit risk administration evaluation report;
- Reviewed the report on pending legal cases of defaulting clients and recommended further courses of action;
- Analysed and reviewed the periodic financial statements including quarterly financial statement;
- Reviewed the management report of the external auditors and scrutinized the management responses and courses of action adopted;

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

### 47 Reporting currency and level of precision

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

### 48 Foreign Currency Exposure Profile

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

### 49 Financial Highlights

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

### 50 Geographical area of operation

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

### 51 Events After Balance Sheet Date:

The Board of Directors in its meeting held on 13 September 2022 recommended no dividend against per share of Tk. 10.00 each.

## Schedule of Fixed Assets for the year ended 31 December, 2021

Particulars	Land	Furniture & Fixture	Electrical Appliance	Motor Vehicles	Interior Decoration	Office Equipment	Total
<b>COST (A)</b>							
Balance at January 01, 2021	440,000,000.00	3,766,229.00	11,793,262.00	15,280,154.00	11,088,782.00	1,261,629.00	483,190,056.00
Addition during the period	-	-	-	-	-	-	-
Adjustment during the period	-	-	-	-	-	-	-
Balance at December 31, 2021	440,000,000.00	3,766,229.00	11,793,262.00	15,280,154.00	11,088,782.00	1,261,629.00	483,190,056.00
<b>DEPRECIATION (B)</b>							
Rate (%)	0%	10%	15%	20%	10%	15%	
Balance at January 01, 2021	-	1,328,895.00	6,377,592.00	12,789,135.00	4,639,249.00	923,554.00	26,058,425.00
Charged during the period	-	243,733.00	812,351.00	498,204.00	644,953.00	50,711.00	2,249,952.00
Adjustment during the period	-	-	-	-	-	-	-
Balance at December 31, 2021	-	1,572,628.00	7,189,943.00	13,287,339.00	5,284,202.00	974,265.00	28,308,377.00
WDV at December 31, 2021 (A-B)	440,000,000.00	2,193,601.00	4,603,319.00	1,992,815.00	5,804,580.00	287,364.00	454,881,680.00

## Schedule of Fixed Assets for the year ended 31 December, 2020

Particulars	Land	Furniture & Fixture	Electrical Appliance	Motor Vehicles	Interior Decoration	Office Equipment	Total
<b>COST (A)</b>							
Balance at January 01, 2020	440,000,000	3,766,229	11,793,262	15,280,154	11,088,782	1,261,629	483,190,056
Addition during the period	-	-	-	-	-	-	-
Adjustment during the period	-	-	-	-	-	-	-
Balance at Dec 31, 2020	440,000,000	3,766,229	11,793,262	15,280,154	11,088,782	1,261,629	483,190,056
<b>DEPRECIATION (B)</b>							
Rate (%)	0%	10%	15%	20%	10%	15%	
Balance at January 01, 2020	-	1,058,080	5,421,885	12,166,380	3,922,634	863,894	23,432,873
Charged during the period	-	270,815	955,707	622,755	716,615	59,660	2,625,552
Adjustment during the period	-	-	-	-	-	-	-
Balance at Dec 31, 2020	-	1,328,895	6,377,592	12,789,135	4,639,249	923,554	26,058,425
WDV at Dec 31, 2019 (A-B)	440,000,000	2,437,334	5,415,670	2,491,019	6,449,533	338,075	457,131,631

## FINANCIAL HIGH LIGHTS

(Amount in Taka)

Sl no.	Particulars	2021	2020	Growth (%)
1	Paid-up capital (note-14.2)	1,006,799,440	1,006,799,440	0.0%
2	Total capital (note-13.1b, 14.2,15,16,17/2 & 18)	(10,756,122,297)	(10,306,626,579)	4.4%
3	Capital surplus / (deficit) (note-14.6)	292,467,860	6,799,440	4201.4%
4	Total assets	9,038,307,738	9,052,901,802	-0.2%
5	Total deposits (note-12)	6,832,462,562	6,383,970,592	7.0%
6	Total lease, loans and advances (note-8)	7,906,791,256	7,955,455,093	-0.6%
7	Total contingent liabilities and commitments	-	-	0.0%
8	Credit deposit ratio (sl. no. 6/sl. no. 5) (Times)	1.16	1.25	-7.1%
9	Percentage of classified lease, loans and advances against total loans, advances and leases (note- 8.7)	96.74%	94.91%	1.9%
10	Profit after tax and provision	(985,046,693)	(815,259,129)	20.8%
11	Amount of loans classified during the year (note-8.6.A)	7,649,312,098	7,550,411,749	1.3%
12	Provisions kept against classified loans (note-13.01.a)	6,609,223,817	7,103,843,763	-7.0%
13	Provision surplus / (deficit)	4,091,751	547,115,447	-
14	Cost of fund	9.09%	11.25%	
15	Interest earning assets (note-5.1.b+5.1.c+7+8)	8,148,241,540	8,164,412,506	-0.2%
16	Non-interest earning assets (note-4+5.1.a+9+10)	890,066,198	888,489,296	0.2%
17	Return on investment (ROI) (PAT)/(Average equity+Average long term borrowings)	-22.21%	-19.65%	13.0%
18	Return on assets (ROA) ((sl. no. 10/sl. no. 4) (Times)	-10.90%	-9.01%	21.0%
19	Income from investment (note-23)	3,826,908	3,707,987	3.2%
20	Earnings per share (Taka) (note:39)	(9.78)	(8.10)	20.8%
21	Net income per share (Taka)	(9.78)	(8.10)	20.8%
22	Price earning ratio (times)	N/A	N/A	N/A

## Stock Report of Investment in Shares as on 31.12.2021

Sl. No.	Particulars	Quantity	Price (W.A.)	Amount (Purchased)	Present Price	Value of Stock (Present)	Price Difference	Gain/Loss	Remarks	Record Date	Date of AGM
1	ACME Lab. Ltd.	10,000.00	78.47	784,676.23	86.50	865,000.00	8.03	80,323.77			
2	Argon Denim Ltd.	271,967.00	29.75	8,091,901.50	17.50	4,759,422.50	(12.25)	(3,332,479.00)			
3	BSRM Steels Limited	227,700.00	194.08	44,192,430.00	71.10	16,189,470.00	(122.98)	(28,002,960.00)			
4	BATBC	4,000.00	552.10	2,208,390.46	635.60	2,542,400.00	83.50	334,009.54			
5	Dhaka Bank Ltd.	315,128.00	16.10	5,072,189.95	14.00	4,411,792.00	(2.10)	(660,397.95)			
6	Grameens2	100,000.00	19.02	1,901,720.95	15.40	1,540,000.00	(3.62)	(361,720.95)			
7	Ifad Autos Ltd.	22,500.00	55.18	1,241,529.08	47.30	1,064,250.00	(7.88)	(177,279.08)			
8	Power Grid Company of BD	19,000.00	52.04	988,723.59	59.60	1,132,400.00	7.56	143,676.41			
9	Square Pharma	30,308.00	232.19	7,037,250.06	214.30	6,495,004.40	(17.89)	(542,245.66)			
10	Standard Bank Limited	142,873.00	9.75	1,392,400.94	10.70	1,528,741.10	0.95	136,340.16			
11	BanglaLion Communications Ltd.	10,750,000.00	10.00	107,500,000.00	-	-	(10.00)	(107,500,000.00)			
12	GMG Airlines Ltd.	220,000.00	45.45	10,000,000.00	-	-	(45.45)	(10,000,000.00)			
	<b>Total</b>	<b>12,113,476</b>		<b>190,411,212.76</b>		<b>40,528,480.00</b>		<b>(149,882,732.76)</b>			

Income tax status

Assessment year (s)	Tax provision in the financial statements	Tax as per latest assessment	Remarks
2007-2008	111,404	5,148,098	Filed reference application before the High Court.
2008-2009	20,399,529	30,325,063	Certified copy of assessment order from Appellate Tribunal not received.
2009-2010	14,611,475	11,828,794	Certified copy of assessment order from Appellate Tribunal not received.
2010-2011	25,000,000		Minimum tax to be adjusted.
2011-2012	32,500,000	48,362,253	ADR not agreement not concluded.
2012-2013	69,413,831	68,508,434	Certified copy of assessment order from Appellate Tribunal not received.
2013-2014	86,981,241	347,949,894	Appealed for restoration at Taxes Appellate Tribunal
2014-2015	36,924,104		Return submitted.
2015-2016	454,534,235	454,534,235	To be appealed for restoration.
2016-2017	.	143,170,025	Return Submitted. Applied for certify copy of assessment order.
2017-2018	1,572,283	681,175	Return Submitted. Applied for certify copy of assessment order.
2018-2019	1,033,408		Return Submitted
2019-2020	761,032		Return Submitted
2020-2021	1,194,895		Return Submitted
2021-2022	508,612		Return Submitted
2022-2023	235,038		
Total	745,781,087	1,110,507,971	







## **Bangladesh Industrial Finance Company Limited**

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