

Sustainability Report:

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

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

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

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

Letter of transmittal

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

Dear Sir(s),

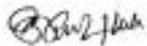
Annual Report for the year ended on December 31, 2019.

On behalf of the Board of Directors of the Company, I am pleased to present "Annual Report 2019" together with audited financial statements for the year (January 01, 2019 to December 31, 2019) ended December 31, 2019. 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 24th Annual General Meeting

Notice is hereby given that Pursuant to the Order No.8 & 9 dated 17.12.2020 and 22.02.2021 respectively 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 217th Meeting held on September 13, 2022 at 3:00 p.m. decided that 24th Annual General Meeting (AGM) (pending AGM for the year 2019) of the Company will now be held on Tuesday, November 29, 2022 at 12:00 Noon 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 auditors' report to the shareholders, accompanied by audited financial statements for the year ended on December 31, 2019;
2. To declare dividend for the year ended on December 31, 2019;
3. To elect/re-elect Director (s);
4. To appoint Statuary Auditor for the year 2020 and to fix their remuneration;
5. To appoint Compliance Auditor as per Corporate Governance Code for the year 2020 and to fix their remuneration.

By order of the Board of Directors

November 05, 2022

Sd/-
Md. Ahsan Ullah
Company Secretary

Notes:

- i. As notified earlier the "Record Date" fixed at July 25, 2022. The shareholders whose names would appear 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 24th AGM through Digital Platform.
- ii. A Member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly 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 2019 had sent to contact address of the Shareholders and available in the Website of the Company at: www.bifcol.com
- iv. The Shareholders will join the Virtual AGM through the link <https://bifcol24.bdvirtualagm.com> The Shareholders will be able to submit their questions/ comments and vote electronically 24 (Twenty-four) hour before commencement of the AGM and also during the AGM. For logging into the system, the Shareholders need to put their 16-digit Beneficial Owner (BO) ID/ Folio Number and other credential 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, avijit@bifcol.com

Our Vision and Our Mission:

Our Vision:

To be a 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

Name of the company	: Bangladesh Industrial Finance Company Limited
Legal Form	: A public limited company incorporated in Bangladesh on August 10, 1996 under the Companies Act 1994 and listed in Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.
Commencement of Business	: March 02, 1998
Registered Office	: Police Plaza Concord (Tower-2) Level-8, Plot # 02, Road # 144, Gulshan, Dhaka-1212, Bangladesh.
PABX	: 09611888333, 55045123-5
Fax	: +88-02-55045128
E-mail	: info@bifcol.com
Website	: www.bifcol.com
Chairman	: Justice (retired) Moyeenul Islam Chowdhury
Managing Director (C.C.)	: Mr. A.K.M. Ashfaqur Rahman Chowdhury (FCMA)
Auditor	: M. J. ABEDIN & CO Chartered Accountants National Plaza, 3rd Floor, 109 Bir Uttam C. R. Datta Road, Dhaka-1205.
Tax Advisor	: K.M. Hasan & Co. Chartered Accountants Hometown Apartment (7th, 8th & 9th Floor) 87 New Eskaton Road, Dhaka- 1000.
Branch	: Chittagong Branch: Akhteruzzaman Center (5th floor), 21/22, Agrabad Commercial Area Chittagong-4100. PABX : +02-333-317256 +02-333-313233 09611888451 Fax : +02-333-317242 E-mail: bifcctg@bifcol.com Uttara Branch: Flat # B1, House # 46, 1st Floor, Road # 03, Sector # 11, Uttara, Dhaka-1230. Tel : +88-02-8991431, 09611888455 Fax : +88-02-8991682 Email: bifcuttara@bifcol.com Narayanganj Branch: 52/1, S.M. Melah Roah (1st floor), Tanbazar, Narayanganj. Tel : +02-224-433817, 09611888453 Fax : +02-224-433897 E-mail: bifcnganj@bifcol.com
No. of employees	: 49
Stock summery	:
Authorized capital	: Tk. 4000.00 million
Paid-up capital	: Tk. 1000.00 million
Face value per share	: Tk. 10.00

Company milestones

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

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.

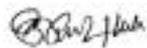
Mr. Shyamal Kanti Ghosh, Former Secretary
Independent Director

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

Mr. Md. Mahamud Hosain, FCA
Independent Director

Mr. Fakhruddin Ahmed, FCMA, FCA
Independent Director

A.K.M. Ashfaqur Rahman Chowdhury, FCMA
Managing Director, (C.C)



Md. Ahsan Ullah
Company Secretary

BOARD OF 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 polices 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 scares 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 aUS\$ 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.



A.K.M. Ashfaqur Rahman Chowdhury, FCMA
Managing Director, C.C

Mr. A.K.M Ashfaqur Rahman Chowdhury has joined in Bangladesh Industrial Finance Company Limited (BIFC) on June 1, 2020 as Vice President and subsequently holds the current charge of Managing Director with effect from July 1, 2020.

Prior to his joining in BIFC, Mr. Chowdhury served as Head of Finance, Head of Accounts, Head of Treasury, Company Secretary, Head of Branch and Head of Liability Operation in different NBFIs like BD Finance, Premier Leasing, First Finance, Peoples Leasing since 2007. He started his career in financial sector through IFIC Bank Limited in the year 2002.

During his 20 years long career, Mr. Chowdhury participated in many long & short term training programs, workshops and seminars in Bank, NBFIs, ICMAB, ICAI at home and abroad. He completed his Post Graduation in Accountancy. He is a fellow member of The Institute of Cost & Management Accountants of Bangladesh and completed Banking Diploma from The Institute of Bankers Bangladesh. He achieved Advanced Certificate in Managerial Communication from The Institute of Business Administration, University of Dhaka.

Financial Highlights

Amount in Taka

Particulars	2015	2016	2017	2018	2019
A. Balance sheet					
Shareholders' equity	998,152,861	316,716,841	(623,269,712)	(7,998,665,811)	(9,491,367,450)
Paid up capital	1006799440	1006799440	1006799440	1,006,799,440	1,006,799,440
Share money deposit	362	362	362	362	362
Other reserve & surplus	(8,646,941)	(690,082,961)	(1,630,069,514)	(9,005,465,613)	(10,498,167,252)
Total liability	11,102,956,996	9,951,025,212	10,288,676,224	17,620,904,444	18,589,971,050
Long term loans	3,037,393,881	2,346,262,038	2,266,751,375	2,542,356,611	2,862,653,163
Term deposit	5,863,563,461	5,086,189,074	5,624,191,953	5,455,986,659	5,881,192,965
Lease advances	20,446,831	19,672,037	1,41,38,925	1,26,09,739	11,075,243
Money at call and short notice	150,000,000	252,000,000	130,000,000	140,000,000	-
Other liabilities	2,031,552,823	2,246,902,063	2,253,315,663	9,469,673,127	9,695,049,679
Total liabilities & equity	12,101,109,857	10,267,742,053	9,665,406,512	9,622,238,633	9,098,603,600
Total assets	12,101,109,857	10,267,742,053	9,665,406,512	9,622,238,633	9,098,603,600
Lease finance	655,383,261	549,561,595	461,077,161	433,138,927	412,846,387
Direct finance	9,975,780,260	8,224,169,037	7,914,946,484	7,981,682,830	7,586,472,005
Investment in share	315,836,394	309,913,639	197,122,853	205,573,951	205,012,291
Fund placement	-	-	-	-	-
Investment in FDR	150,000,000	150,000,000	140,000,000	90,000,000	-
Other assets	1,004,109,942	1,034,097,782	952,260,014	911,842,925	894,272,917
B. Income statement					
Operating revenue	779,432,511	262,047,148	67,233,430	84,646,882	198,596,851
Non operating revenue	-	-	-	-	-
Financial expenses	1,026,493,416	819,374,124	858,084,228	842,341,866	1,030,325,050
Depreciation on fixed assets	3,633,469	2,877,369	2,399,237	3,597,455	3,070,137
General and administrative expenses	70,502,144	71,022,935	81,254,311	68,683,377	5,408,228
Other operational expenses	8,760,565	10,517,374	8,520,899	4,386,534	58,597,463
Operational Profit	(329,957,083)	(641,744,654)	(883,025,245)	(834,362,350)	(898,804,027)
Provision for loans, advances, & leases and investments	295,836,925	38,119,083	55,927,900	478,348,867	(328,129,154)
Profit before tax	(625,794,008)	(679,863,737)	(938,953,145)	(1,312,711,217)	(1,226,933,181)
Income tax	-	1,572,283	1,033,408	7,61,032	(1,194,895)
Net profit after tax	(625,794,008)	(681,436,020)	(939,986,553)	(1,313,472,249)	(1,228,128,076)
C. Business performance					
Lease & loan contracts (Taka in million)	626.62	72.27	46.94	34.15	33.82
Growth (%)	(61)	(88)	(35)	(27)	(1)
Number of lease & loans	87	58	56	37	40
Lease & loan execution (Taka in million)	576.37	67.29	46.80	24.04	33.82
Growth (%)	(73)	(88)	(30)	(49)	40
Number of leases & loans	87	58	56	37	53
D. Financial ratios					
Current ratio (in times)	0.36	0.32	0.36	0.28	0.30
Debt equity ratio (in times)	11.12	31.42	16.51	(2.20)	(1.96)
Profit margin before tax (%)	(80.29)	(263.89)	(731.85)	(1720.58)	(636.30)
Financial expenses coverage ratio (in times)	(0.61)	(0.83)	(1.09)	(1.56)	(1.19)
Return on equity (%) (after tax)	(62.16)	(67.68)	(93.36)	(130.46)	(121.98)
Earnings per share (in Tk.) (Restated)	(6.22)	(6.77)	(9.34)	(13.05)	(12.20)
Dividend					
Cash (%)	Nil	Nil	Nil	Nil	Nil
Stock (%)	Nil	Nil	Nil	Nil	Nil

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 3 (Three) 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

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

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

01. Management Committee (MANCOM):

Sl.	Name	Designation	Position in Committee
1	Mr. A.K.M. Ashfaqur Rahman Chowdhury	Managing Director (Current Charge)	Chairman
2	Mr. Md. Anwarullah Sadeq	VP & Branch Manager, Chattogram Branch	Member
3	Mr. Md. Ahsan Ullah	SAVP & Company Secretary	Member Secretary
4	Mr. Mohammad Kamruzzaman	AVP & Head of CRM & Recovery	Member
5	Mr. Md. Noor Alam	SPO & Head of Legal	Member
6	Mr. Md. Abu Jafar	PO & Head of HR & Admin	Member
7	Mr. Md. Zahidul Islam	PO & In-charge, Special Asset Management Department	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 Committee
1	Mr. Mohammad Kamruzzaman	AVP & Head of CRM & Recovery	Chairman
2	Mr. Md. Masum Alam	Senior Officer & In charge, Accounts Department	Member
3	Ms. Homaira Sharafat Neza	Senior Officer & In charge, Treasury & Liability Department	Member Secretary

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

03. Management Credit Committee (MCC):

Sl.	Name	Designation	Position in Committee
1.	Mr. A.K.M Ashfaqur Rahman Chowdhury	Managing Director (C.C.)	Chairman
2.	Mr. Mohammad Kamruzzaman	AVP & Head of CRM & Recovery	Member Secretary
3.	Mr. Md. Anwarullah Sadeq	VP & Branch Manager, Chattogram Branch	Member
4.	Mr. Md. Noor Alam	SPO & Head of Legal	Member
5.	Mr. Md. Zahidul Islam	PO & In-charge, Special Asset Management Department	Member
6.	Mr. Md. Nazrul Islam	Senior Officer & In-charge, Credit Administration Department	Member
7.	Ms. Amena Khatun	Officer & In-charge, SME Department	Member

Committees - continued

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	SAVP & Company Secretary	Chairman
2	Mr. Md. Abu Jafar	PO & Head of HR & Admin	Member
3	Mr. Md. Khalaqujjaman Jewel	Officer & 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 Committee
1	Mr. Md. Ahsan Ullah	SAVP & Company Secretary	Chairman
2	Mr. Md. Zahidul Islam	PO & In-charge, Special Asset Management Department	Member
3	Mr. Md. Shahnawaz Sumon	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
- To communicate the responsibilities for the protection of information
- To prioritize information and information systems those need to be protected
- To aware and train the uses associated with managing the ICT Infrastructure
- To explain procedure for periodic review of the policy and security measures

06. Anti-Money Laundering Committee (AML):

Sl.	Name	Designation	Position in Committee
1	Mr. A.K.M. Ashfaqur Rahman Chowdhury	SVP & Head of Accounts, CAMLCO	Chairman
2	Mr. Md. Shahriar Kobir	Senior Officer, Accounts Department, DCAMLCO	Member Secretary
3	Ms. Homaira Sharafat Nezap	Senior Officer & In charge, Treasury & Liability Department	Member

Anti-Money Laundering Committee (AML) addresses various issues which are definition of customer for KYC purpose, process and timing of customer due diligence (CDD), defining and identifying beneficial owner, politically exposed person related issues, employee screening mechanism and awareness program for the customer. The committee also ensures to 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, Honorable Guests, Ladies and Gentlemen, AssalamuAlaikum,

I welcome you all to the 24th Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC). You are aware that the Company has been passing through liquidity crisis over the years since 2016. The Company made investments in financially weak and loss-incurring Companies like Bangla Lion, GMG Airlines wherefrom not a single taka could be earned and even the capital invested therein is in a state of incertitude. The Company had 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 are 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 in the Company Matter No. 32 of 2020. Executive Committee and Audit Committee were reconstituted. All the Committees are functioning well. A special audit from inception to December 31, 2020 on the affairs of the Company was carried out. Measures have been taken to reconstruct the documents/files fully/partially destroyed by fire occurred in the Head Office of the Company in the year 2015.

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 reduced 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 2019.

As per the suggestion of Bangladesh Bank, the 182nd 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 discussion was held on the overall position of the Company. The Members of the Board devised a plan to overcome the present 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 Message

Dear Valued Shareholders,

AssalamuAlaikum,

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

You know that in May 2015, 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. Subsequently couple of Boards was formed. 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.

As per the suggestion of Bangladesh Bank, the 182nd 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 discussion was made on the overall position of the Company. The Members of the Board devised a plan to overcome the present crisis of the Company and which was submitted to Bangladesh Bank accordingly.

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.



Managing Director

Current Charge

Report of the audit committee

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

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

The Company Secretary acts as secretary of the committee.

Scope of work of audit committee

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

Review of financial statements by the audit committee

Audit committee reviewed the annual financial statements of the company for the year 2019 prepared by the management and audited by company's external auditor.

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 2019. 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.

Independence of external auditor

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

During the year 2019, principal activities of audit committee were as follows:

- Reviewed the company's draft financial statements for the year ended on December 31, 2019;
- Recommended and advised the board on appointment of external auditor for the year 2019 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

Directors' Report

Dear Shareholders,

Assalamu Alaikum Wah Rahmatullah wah Barakatuhu

On behalf of the Board of Directors, I take the privilege and honor to welcome you all at the 24th Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC) and to present the Annual Report together with the audited Financial Statements of the Company for the year ended as on December 31, 2019. 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 Listing Regulations of Dhaka Ltd. and Chittagong Stock Exchanges Ltd. and other applicable rules and regulations of the regulatory bodies.

Global Economic Performance

There was a mixed scenario of the Global economy in the year 2019. The average closing price for 1 barrel of Brent Crude priced at USD 69.42 during calendar year 2019 compared to USD 71.34 in the previous calendar year. Increasing financial market volatility and rising risk premiums have contributed to the slowdown of global annualized GDP growth to around 3% compared to 3.6% in the previous calendar year. The emerging economies struggled at 3.8% growth compared to the projected 4.1% and the advanced economies marked a growth of 2% which is 0.1% higher than estimated. Large emerging and developing economies experienced further intensification of capital outflows and pressure on exchange rate due to the continued strengthening of USD.

Bangladesh Economic Performance

The Bangladesh economy experienced a GDP growth rate of 8.13% in FY 2019, supported by rising exports, infrastructural development and remittance. The inflation rate remained stable throughout the year; overall inflation stood at 5.47% in FY19, below the targeted 5.6%. The per capita national income increased by 11.4% and investment-GDP increased to 31.6% from 31.2% in the preceding fiscal year. Exports grew by 10.1% in FY19 only to slow down to negative 7% during the first six months of FY20 due to stiffer global competition faced by RMG manufacturers/exporters. Imports growth also slowed down to 10% from over 25% in FY18. Remittances grew by 9.8% to USD 16.4 billion following improved government incentives. In FY19, FDI increased by 50.71% to USD 3.89 billion from USD 2.58 billion in the previous year primarily due to significant investment by Japan. As the trade and service account deficit fell and remittances increased, the Current Account Deficit (CAD) and Balance of payment (BOP) improved significantly. The fiscal deficit has reached to 4.6% of GDP in FY19 as expenditure increased and revenue collection remained below target. Total revenue collection in FY19 was BDT 2,239 billion which was 20% lower than the targeted BDT 2,800 billion. Poor revenue mobilization compelled the government to borrow heavily from the financial sector; raising the Public Debt growth to 20% at the end of FY19. Foreign exchange reserves declined slightly to USD 32.5 billion at the end of FY19 (6 months of import cover) from USD 32.9 billion. Due to strengthening of US dollar, Bangladesh Bank sold USD 2.3 billion in the foreign exchange market to stabilize the BDT/USD exchange rate. However, rising exports and strong remittances have offset foreign exchange reserve declines. At the end of CY19, the BDT/USD exchange rate increased to BDT 84.67 to the US Dollar.

Financial Services Sector

Regulators have achieved growth and inflation targets for FY19 by facing adverse circumstances head on. This was achieved through controlled interest rates and modest growths in broad money of 9.9% against the targeted 12%. However, several challenges remain that need to be addressed. Firstly, the financial sector has seen sustained double digit NPL ratio since January 2018, ending at

11.69%, in FY19. This growth has pushed down bank spreads from 4.45% to 4.15%. Secondly, high public sector credit growth of 20%, against the growth target of 11% has raised concerns of crowding out private sector credit; given the low private sector credit growth of 12%, against a target of 16.5%. Furthermore, the sector is also faced with liquidity problems as the growth in bank deposits has slowed to 9.95% in FY19, from 10.23% in FY18. Excess reserve balance with Bangladesh Bank above the minimum CRR and SLR requirement has fallen sharply from BDT 223 billion FY18 to BDT 139 billion at the end of FY19. 2019 also saw a dramatic increase in interest rates for 10-Year Treasury Bonds (from 7.53% to 9.15%) and 91-day Treasury Bill (from 2.18% to 5.82%).

Principal Activities of BIFC

Bangladesh Industrial Finance Company Limited (BIFC) could not engaged into operational activities in the year 2019 even though it has been engaged in financing the following sectors of the industry previously:

Directors' Report - Continued

Lease Finance
Term Finance
Syndicate on Finance
Real Estate Finance
SME Finance

BIFC's

Equity Participation
Work Order Finance
Personal Loan
Term Deposit Mobilization
Transact on in Listed Securities

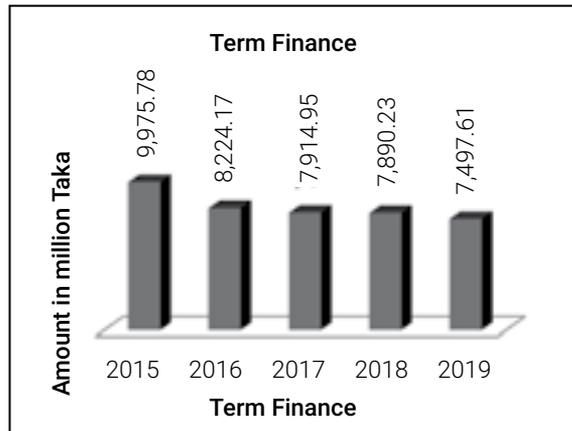
Performance in 2019

Suffering with acute cash crisis as the majority of the borrower didn't pay and defaulted, during the year 2019 liquidity constraints prevented the Company from fresh disbursement, debt servicing and repayments. However, all out efforts were made to run the Company by mobilizing deposits and recovering nonperforming loans.

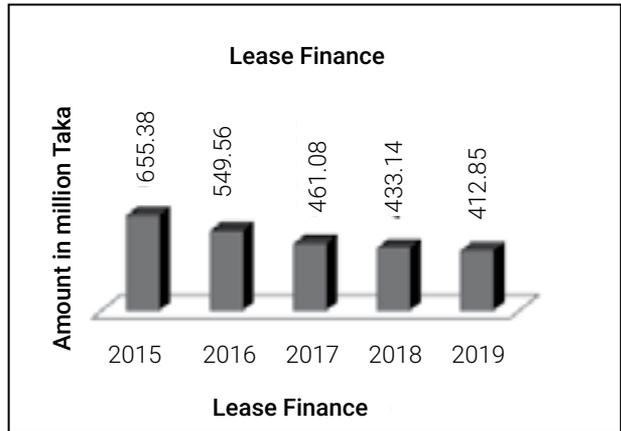
Portfolio Status

Graphical presentation 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 2019 but the outstanding amount increased due to interest charges and decreases by collections.

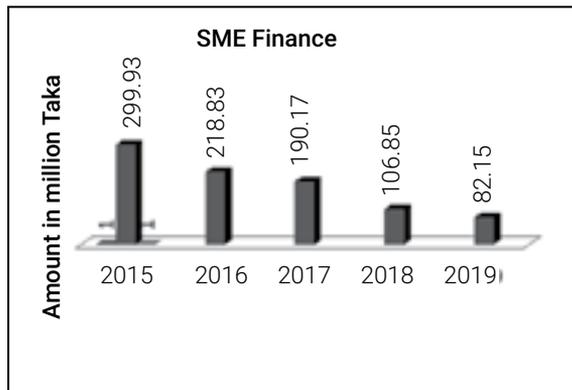
Term Finance



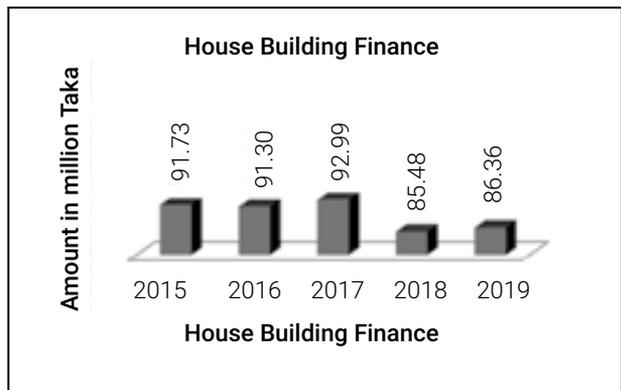
Lease Finance



SME Finance

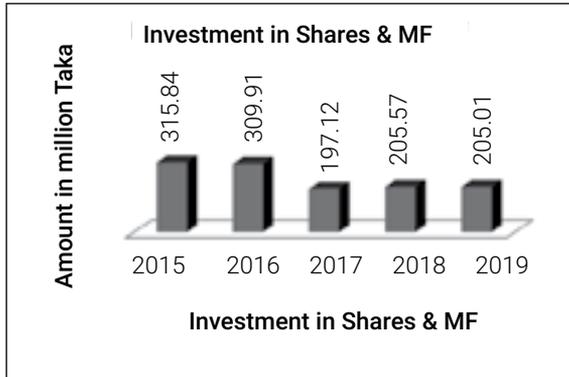


House Building Finance



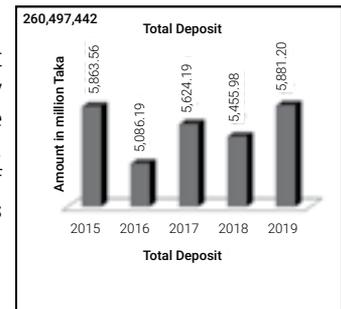
Directors' Report - Continued

Investment in Shares & MF



Deposit Mobilization

BIFC usually collects deposits from the surplus units of the society in different forms. Deposit scheme of BIFC includes monthly/quarterly/half-yearly/yearly income scheme, double money scheme, monthly savings scheme (MSS) etc. the deposit base of the company continues to grow over the years and stood at Tk. 5,881.20 million as on 31 December, 2019 compared to Tk. 5,455.98 million of the previous year, decrease 3 percent. Due to challenges encountered by BIFC as described earlier BIFC could not collect fresh deposits.



Geographical Segmentation

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

Directors' Report - Continued

Financial Performances of BIFC

BIFC's PBT (Profit before Tax) and PAT (Profit after tax) for the year 2019 were BDT (1226.93) million and BDT (1312.71) million compared to BDT (1228.13) million and BDT (1313.47) million respectively in the previous year.

The financial position of BIFC is summarized as under:

Particulars	31.12.2019	31.12.2018
Operational Revenue	198,596,851	84,646,882
Operational Expenses	1,097,400,878	919,009,232
Income from Operation	(898,804,027)	(834,362,350)
Provision for loans, advances and leases & Investments	328,129,154	478,348,867
Profit before Tax	(1,226,933,181)	(1,312,711,217)
Provision for Income Tax	1,194,895	761,032
Profit after Tax	(1,228,128,076)	(1,313,472,249)
Retained earnings from last year	(957,39,69,691)	(8,260,497,442)
Dividend for last year	-	-
Statutory Reserve	-	-
General Reserve	-	-
Profit available for common stockholders	(11,049,071,330)	(9,573,969,691)
Directors recommended for appropriation:		
Proposed Stock Dividend		
Retained Earnings	(11,049,071,330)	(9,573,969,691)
Earnings per share (Restated)	(12.20)	(13.05)

Sources of Fund

BIFC utilized the previously raised/collected fund and did not borrow any money under the credit line during the year 2019.

Non-Performing Loan

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

Employees & Environment

The company continues to encourage the recruitment of quality professionals. BIFC is an equal opportunity employer. We value high ethical standards, integrity and dedication. In terms of the working environment, BIFC does its best to provide a top-quality working environment, incentives, and motivation to bring out the utmost results or outcomes from its employees.

Risk Management

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

BIFC has different committees for risk management. Credit Committee and Asset & Liability Committee (ALCO) consisting of BIFC's senior management regularly appraise issues relating to market, credit and liquidity so as to identify and execute appropriate measures to address and mitigate associated risks. BIFC has an approved Asset Liability Management (ALM) policy. The Credit Risk Management (CRM) department independently examines projects from a risk-weighted point of view and assists relevant departments in setting business development priorities in line with BIFC's risk appetite, while rationalizing the risk-return trade-off derived from the related risk exposure. CRM team yearly points out exceptionally highly-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 the safety and soundness of the company by delivering informed decision-making. At the portfolio level, the company follows the quality of the loan by analyzing risk

Directors' Report - Continued

transfer and trends in the non-performing ratios of different lending portfolios regularly. Such indicators prompt timely decisions by the relevant risk management committees in preserving the quality of the loans and advances. BIFC's Credit Administration Department (CAD) and Internal Control and Compliance (ICC) Department are responsible for assessing operational risk across the Company as a whole ensuring an appropriate framework to identify, access and manage operational risks.

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

Internal Control

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

Going Concern

Directors felt it is appropriate to adopt going concern assumption in preparing the financial statements for the year 2019.

Corporate and Financial Reporting Framework

The Directors of BIFC, in conformance to the notification of the Bangladesh Securities & Exchange Commission no. SEC/CMRRC/2016-158/134/Admin/80 dated June 03, 2018, confirm Compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of BIFC, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books and accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been consistently applied in preparation of the financial statements and any deviation there from has been adequately disclosed.
- Internal control system is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the ability of the company to continue as going concern.

Corporate Governance

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

Related Party Transactions

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

Significant Variance between Quarterly and Annual Results

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

Directors Meeting, Attendance & Remuneration

The attendance in the Board meetings by each Director is given in annexure-I on page no. --- of this Annual Report. The detail of remuneration paid to Directors in 2019 is presented on page no. ___ of this Annual Report.

Directors' Report - Continued

Directors' Responsibilities of preparation of Financial Statements

The Directors are responsible for preparing the Company's Financial Statements in accordance with the applicable laws and regulations. The Board confirms that the Financial Statements have been prepared under the applicable laws and regulations and as per the requirements of regulatory authorities.

Shareholding Pattern

The Shareholding pattern as per SEC notification no. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018, is shown in annexure-"II" at page no. ----of this Annual Report.

Key Operating and Financial Data

As per the notification of Bangladesh Securities & Exchange Commission no. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018, key operational and financial over the last five years have been presented on page no. ---- of this Annual Report. Overall operation highlights of BIFC as per DFIM circular no. 11, dated December 23, 2009 have also been presented on page no. ---- of this Report.

Report of Compliance

As per the notification of Bangladesh Securities & Exchange Commission no. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018, the report of the compliance along with a certificate from a practicing chartered accountant have been enclosed as Annexure-"III" on page no. 33 of this Annual Report.

Audit Information

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

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

Auditor

Pursuant to the Court Orders 8 & 9 dated 17.12.2020 and 21.02.2021 respectively passed by the Honorable Company Bench of the High Court Division, Supreme Court of Bangladesh in the Company Matter No. 32/2020, BIFC appointed **M. J. Abedin & Co.**, Chartered Accountants as the statutory auditor to complete the audit work for the period ended December 31, 2019 & December 31, 2020. **M. J. Abedin & Co.**, Chartered Accountants have completed the audit of Bangladesh Industrial Finance Company Limited's financial statements for the year ended December 31, 2019.

Compliance Auditor

To meet the compliance requirements of the Corporate Governance Code, Bangladesh Securities & Exchange Commission (BSEC) sets out a procedure in notification no. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018. As a listed company BIFC is required to obtain a certificate from a practicing professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) on yearly basis regarding the compliance of conditions of the Corporate Code of the Commission and such certificate shall be disclosed in the Annual report of the Company in line with related notification. H M Enam & Co, Chartered Accountants has appointed as an auditor of the compliance of Corporate Governance Guidelines of the Company for the year 2019. The Board recommended for appointment of H M Enam & Co., Chartered Accountants, auditor of the compliance of Corporate Governance Guidelines of the Company for the year 2020.

Chairman

During the period from January 01, 2019 to December 31, 2019, Mr. Ruhul Amin, nominated Director of Sukuja Venture Ltd. was the chairman of BIFC.

Resignation of Directors

Mr. S M Shamsul Alam, Independent Director and **Mr. Tajwar M. Awal**, Director nominated by Pragati Life Insurance Limited resigned from Board in its 184th and 186th Meeting of the Board of Directors of BIFC held on April 25, 2019 and June 11, 2109.

Directors' Report - Continued

Directors

During the year 2019 the following designatories were the Directors of the Company:

Sl. No.	Name	Designation
1.	Mr. Ruhul Amin	Chairman, Nominated by Sukuza Venture Ltd.
2.	Mr. Jameel Mahmood	Director, Nominated by Sukuza Venture Ltd.
3.	Mr. Neaz Ahmed	Director Nominated by Kanchi Venture Ltd.
4.	Professor Jawadur Rahim Zahid	Independent Director
5.	Mr. Muhammad Harun-Al-Rashid	Independent Director
6.	Mr. Sa'ad Zaglul Abbas	Independent Director
7.	Brigadier General (Retd.) Mohammad Selim	Independent Director

However, it is to be mentioned that in line with the Companies Act, 1994 and section 24 of Dhaka Stock Exchange (Listing) Regulations, 2015, BIFC is required to hold its Annual General Meeting (AGM) each year of the Gregorian Calendar. At present, 23rd, 24th and 25th AGMs for the years 2018, 2019 and 2020 respectively of the Company are due. As per the decision of the Board in its 187th meeting on June 25, 2019, due to some unavoidable circumstances, the 23rd AGM of the Company is scheduled to be held on Sunday, June 30, 2019 at Police Convention Hall, Eskaton Garden, Ramna, Dhaka at 11.00 a.m. was postponed.

Further, as per the decision of the Board in its 214th Meeting held on May 09, 2022, due to some unavoidable circumstances the 23rd Annual General Meeting (AGM) (pending AGM for the year 2018) of the Company was scheduled to be held on Tuesday, May 17, 2022 at 12:00 P.M. through Digital Platform was postponed.

Further to be noted that as per Court Order No. 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 reconstituted in the following manner:

Sl. No.	Name	Designation
1.	Mr. Justice (Retired) Moeenul Islam Chowdhury	Chairman & Independent Director
2.	Mr. Shamim Khaled Ahmed, Barrister-at-Law	Director, representing Pioneer Dress Ltd.
3.	Mohammad Tofazzel Hossain, FCA, CPA, CPFA	Director, representing Pioneer Dress Ltd.
4.	Mr 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. Shyamal Kanti Ghosh	Independent Director
7.	Dr. Md. Jamil Sharif, FCMA	Independent Director
8.	Mr. Md. Mahamud Hosain, FCA	Independent Director
9.	Mr. Fakhruddin Ahmed, FCMA, FCA	Independent Director

Report on the activities of the Audit Committee

As per the notification of Bangladesh Securities & Exchange Commission no. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018, the report of the Audit Committee is given at page no. ---- of this report.

Acknowledgment

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

Justice (Retired) Moeenul Islam Chowdhury

Chairman

1. World Economic Outlook, October 2019.
2. Asian Development Bank, Asian Development Outlook 2019.
3. Bangladesh Bank Annual Report 2018-2019.

Directors' Attendance in the Board of Directors Meeting during the year 2019

Name of Directors	Nominated by	Number of meetings held	Number of meetings attended	%
Mr. Ruhul Amin	Sukuza Venture Limited	14	13	92.86%
Mr. Jameel Mahmood	Sukuza Venture Limited	14	10	71.43%
Mr. Neaz Ahmed	Kanchi Venture Limited	14	13	92.86%
Professor Jawadur Rahim Zahid	Independent Director	14	12	85.71%
Mr. S.M. Shamsul Alam	Independent Director	04	04	100%
Mr. Muhammad Harun-Al-Rashid	Independent Director	14	14	100%
Mr. Sa'sd Zaglul Abbas	Independent Director	14	14	100%
Mr. Tajwar M. Awal	Pragati Life Insurance Limited	05	02	40%
Brigadier General (Retd.) Mohammad Selim ndc,psc,MBA	Independent Director	14	13	92.86%

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

Pattern of Shareholding

Shareholders	Position	No. of Shares	%
i) Parent/Subsidiary/Associate Companies	N/A	N/A	N/A
ii) Director/Sponsor/Top Executive			
Sukuza Venture Ltd.	Director	5,500,000	5.46
Mr. Ruhul Amin Nominated By Sukuza Venture Ltd.	Chairman	Nil	Nil
Mr. Jameel Mahmood Nominated By Sukuza Venture Ltd.	Director	Nil	Nil
Kanchi Venture Limited	Director	3,547,524	3.52
Mr. Neaz Ahmed Nominated by Kanchi Venture Limited	Director	Nil	Nil
Mr. Professor Jawadur Rahim Zahid	Independent Director	Nil	Nil
Mr. Muhammad Harun-Al-Rashid	Independent Director	Nil	Nil
Mr. S. M. Shamsul Alam	Independent Director	Nil	Nil
Mr. Sa'ad Zaglul Abbas	Independent Director	Nil	Nil
Pragati Life Insurance Ltd.	Director	2,281,182	2.27
Mr. Tajwar M. Awal Nominated by Pragati Life Insurance Ltd.	Director		
Brigadier General (Retd.) Mohammad Selim	Independent Director		
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. A.K.M. Ashfaqur Rahman Chowdhury 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. A.K.M. Ashfaqur Rahman Chowdhury and his spouse and minor children	Head of Accounts	Nil	Nil
Sub-Total		37,255,105	37.00
iii) Executives			
Mr. Md. Anwarullah Sadeq	AV & Branch Manager	Nil	Nil
Mr. Mohammad Kamruzzaman	AVP & Head of CRM & Recovery	Nil	Nil
Mr. Md. Noor Alam	SPO & Head of Legal Department	Nil	Nil
Mr. Md. Muradur Rahman	Principal Officer	Nil	Nil
Mr. Md. Zahidul Islam	Principal Officer & incharge, SAM Department	Nil	Nil
iv) Shareholders holding 10% or more voting right:			
Tees Mart Inc., USA		18,135,256	18.01
Merrill and Forbes Inc., USA		12,685,266	12.60
Sub-Total		30,820,522	30.61
v) Others		32,604,317	32.39
Total		100,679,944	100.00

Status of compliance with the corporate governance guidelines

Status of Compliance with the Corporate Governance Guidelines

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

(Report under Condition no. 9.00)

Condition No.	Title	Compliance Status		Remarks (If Any)
		Complied	Not Complied	
1.00	Board of Directors (BOD)			
1.(1)	Board Size shall not be less than 5(five) and more than 20(twenty)	√		
1.(2)	Independent Director:			
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);	√		As on 31.12.2019, the board of directors consists of 8(Eight) members including 04(Four) independent directors, which is compliance with the conditions imposed by the BSEC.
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;	√		
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;	√		

Status of compliance with the corporate governance guidelines - continued

Status of compliance with the corporate Governance Guidelines.

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.	√	Appointed by the Board, from 24 th AGM it be approved by the AGM	
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
1.3	Qualification of Independent Director:			
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
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;			No such event occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or CEO:			
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;	√		

Status of compliance with the corporate governance guidelines - continued

1(4) (b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company;	√		
1(4) (c)	The Chairperson of the Board shall be elected form among the non-executive directors;	√		
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
1(5)	The Directors' Report to Shareholders:			
1(5) (i)	Industry outlook and possible future developments in the industry;	√		
1(5) (ii)	Segment-wise or product-wise performance;	√		
1(5) (iii)	Risks and concerns 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;			No such related party exist
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;	√		
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;	√		

Status of compliance with the corporae governance guidelines - continued

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);	√		
(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director.	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship and the memberships of committees of the Board;	√		
(5)(xxv)	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:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		

Status of compliance with the corporae governance guidelines - continued

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 AGM;	√		
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 Annexure-A;	√		
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 Annexure-C.	√		
1(6)	Meeting of the Board of Directors: Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line BSS as adopted by the ICSB;	√		
1(7)	Code of Conduct for the Chairperson, Other Board members and Chief Executive Officer:			
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;			
2	Governance of Board of Directors of Subsidiary Company:			
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
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

Status of compliance with the corporae governance guidelines - continued

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
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3.1	Appointment:			
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).	√		
3 (2)	Requirement to attend Board of Directors' Meetings: MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board;	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and CFO:			
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.	√		
4.	Board of Directors' Committee:			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee			Please refer to the condition No. 6
5.	Audit Committee:			
5 (1)	Responsibility to the Board of Directors			
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.	√		
5.2	Constitution of the Audit Committee.			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members.	√		

Status of compliance with the corporae governance guidelines - continued

5 (2) (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)	√		
5 (2) (c)	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;	√		
5 (2) (d)	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 (ies);			No such instance created
	Immediately or not later than 1(one) month from the date of vacancy (ies) in the committee to ensure continuity of the performance of work of the Audit committee.	√		
5 (2) (e)	The Company secretary shall act as the secretary of the Audit Committee.	√		
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director;	√		
5.3	Chairperson of the Audit committee:			
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.	√		
5.4	Meeting of the Audit Committee:			
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.	√		
5.5	Role of Audit Committee:			
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;	√		

Status of compliance with the corporae governance guidelines - continued

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
5.6	Reporting of the Audit Committee:			
5.6 (a)	Reporting to the Board of Directors			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	√		
5 (6) (b) (ii)	The audit committee shall immediately report to the board on the following findings, if any: -			
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, relies 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)	Reporting to the Authorities: If any material impact on the financial condition and results of operation, unreasonably ignored by the management;			No such reportable incidence occurred
5.7	Reporting to the Shareholders and General Investors: Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition			
6	Nomination and Remuneration Committee (NRC): Unresolved issue. (Could not be complied due to BRPD circular letter No. dated 27th October 2013 of Bangladesh Bank)			
6.1	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a NRC as a sub-committee of the Board. Not Applicable			Complied as per the prudential guidelines given by Bangladesh Bank

Status of compliance with the corporae governance guidelines - continued

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
6.2	Constitution of the NRC		
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
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 or consultancy role or otherwise, other than Director' s fees or honorarium form the company;	Not Applicable	Do
6.3	Chairperson of the NRC		
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

Status of compliance with the corporae governance guidelines - continued

6.4	Meeting of the NRC		
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
6.5	Role of NRC		
6 (5) (a)	NRC shall be independent and 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
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
7	External or Statutory Auditors		
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -		
7(1) (i)	Appraisal or valuation services or fairness opinions;	√	
7(1) (ii)	Financial information systems design and implementation;	√	

Status of compliance with the corporae governance guidelines - continued

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;	√	
8	Maintaining a website by the company		
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).	√	
9	Reporting and Compliance of Corporate Governance		
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.		To be appointed in the 24th AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not.	√	

H M ENAM & CO.

Chartered Accountants

House #151/5(GF), Block # 13, Ward # 27, Monipuripara, Farmgate, Tejgaon, Dhaka-1215, Bangladesh, Phone; +880258156643,

Report to the Shareholders of Bangladesh Industrial Finance Company Limited on Compliance on the Corporate Governance Code

(Issued under Condition No. 9.00 of Corporate Governance Guidelines of "BSEC" vide notification no. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018)

We have examined the compliance status to the corporate governance Code by **Bangladesh Industrial Finance Company Limited** for the year ended on December 31, 2019. This code relates to the Notification No. BSEC/CMRRCD/2006/ 158/207/Admin/80, Dhaka, dated: 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1669, 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.

- (a) 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).
- (b) 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.
- (c) 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
- (d) The Governance of Bangladesh is satisfactory.

Dated, Dhaka
18 October, 2022

Md. Enamul Hasan FCA
Managing Partner
H M ENAM & CO.

Certificate of compliance with the corporate governance guidelines

Pursuant to the condition No. 1(5) (XXVi) imposed vide the Commission's Notification No. SEC/MRRCD/2006-158/207/Admin/80 dated Junder section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements Bangladesh Industrial Finance Company Limited for the year ended on December 31, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the 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, 2019 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.



Mr. A.K.M. Ashfaqur Rahman Chowdhury
Managing Director (C.C)
October 13, 2022



Mr. Md. Masum Alam
Incharge, Accounts Department

Financial Statements

for the year ended December 31, 2019

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 2019 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 2019, 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. Term loan from banks include BDT 1,365,458,959 being loan balance with 6 (six) banks carried forward from earlier years in support of which loan statements and confirmations from banks were not available.

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 BDT11,049,071,330 for the year ended 31 December 2019; Negative equity of BDT 9,491,367,450 as at 31 December 2019; Capital adequacy ratio of (105.71%) as against minimum of 10%; 95% 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 2019, the total outstanding of Loans, Lease and Advances against various concerns of Sunman Group was BDT 6,223,626,232 equivalent to 78% of total outstanding balance of BDT 7,999,318,392. Since long there has been no recovery on account of the said outstanding amounts during the year. All of these loans/ leases are classified and 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. Reasons for which comparative information has not been restated when correcting prior period errors have been disclosed in note 3.2 of the financial statements.

5. The Company has a shortfall in capital adequacy amounting BDT 11,297,256,976 at the year-end as disclosed in note 14.6 of the financial statements.
6. 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 447,645,823 that has arisen with the regulators at the year-end in respect of penalty charged on the deficit.
7. As disclosed in note 3.24, policies for financial risk management have been implemented in a very limited manner.

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
01. Measurement of provision for loans and advances	
<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 7,999,318,392(2018: BDT 8,414,821,757) and provision for loans and advances of BDT 7,186,624,996 (2018: BDT 7,347,211,833).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <p>Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank guidelines issued from time to time;</p> <p>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.</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>See notes 3.8, 8.6(B) and 13.1 to the financial statements</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <p>Credit monitoring and provisioning process;</p> <p>Identification of loss events, including early warning and default warning indicators;</p> <p>Review of quarterly Classification of Loans (CL);</p> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <p>Reviewed the adequacy of the Company's general and specific provisions;</p> <p>Assessed the methodologies on which the provision amounts based, recalculated the provisions and testing of the completeness and accuracy of the underlying information;</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

2. Impairment assessment of Unquoted Investments	
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. See Notes No. 7.1.2 to the financial statements	Our audit procedures in this area included, among others: 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. Testing of a sample of investments valuation as at 31 December 2019 and compared our results to the recorded value. Finally, the assessment of the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
3. IT systems and controls	
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: Testing of the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. 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. Testing of the Bank's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. Consideration of the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed a qualified opinion on those statements on 25 April 2019.

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 has 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 1987, 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 4,000 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 8.5, 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. It is relevant to mention under this clause that the policies for risk management stated by the Company in note 3.24 are largely nonexistent due to lack of loan disbursement and deposit collection.

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

Dated, Dhaka
14 June 2022

Kamrul Abedin, Partner
Enrolment no: 527
M. J. ABEDIN & CO
Chartered Accountants
Firm Registration no: N/A
DVC:2206210527AS242119

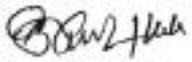
Bangladesh Industrial Finance Company Limited
Balance Sheet
As at December 31, 2019

	Notes	Amount in Taka	
		31-12-2019	31-12-2018
ASSETS			
Cash	4	136,208	193,113
Cash in hand (including foreign currency)	4.1	36,481	153,223
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	4.2	99,727	39,890
Balance with other banks and other financial institutions	5	4,604,983	108,632,741
Inside Bangladesh		4,604,983	108,632,741
Outside Bangladesh		-	-
Money at call & short notice	6	-	-
Investments	7	205,012,291	205,573,951
Government		-	-
Others		205,012,291	205,573,951
Loans, advances and leases	8	7,999,318,392	8,414,821,757
Loans, cash credits, overdrafts, etc.	8.a	7,999,318,392	8,414,821,757
Bills purchased and discounted	8.b	-	-
Fixed assets including land, building, furniture & equipments	9	459,757,183	462,827,320
Other assets	10	429,774,543	430,189,751
Non financial institutional assets		-	-
Total assets		9,098,603,600	9,622,238,633
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from banks, other financial institutions and agents	11	3,002,653,163	2,682,356,611
Deposits and other accounts	12	5,892,268,208	5,468,874,706
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits	12.1	5,881,192,965	5,455,986,659
Bearer certificates of deposits		-	-
Other deposits	12.2	11,075,243	12,888,047
Other liabilities	13	9,695,049,679	9,469,673,127
Total liabilities		18,589,971,050	17,620,904,444
Capital/shareholders' equity		(9,491,367,450)	(7,998,665,811)
Total shareholders' equity		(9,491,367,450)	(7,998,665,811)
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	403,425,667
Share money deposit		362	362
Stock dividend		-	-
Retained earnings	18	(11,049,071,330)	(9,573,969,691)
Total liabilities & shareholders' equity		9,098,603,600	9,622,238,633

Bangladesh Industrial Finance Company Limited
Balance Sheet
As at December 31, 2019

	Notes	Amount in Taka	
		31-12-2019	31-12-2018
Off- Balance Sheet Items:			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		-	-
Net Assets Value Per Share (NAV)	19	(94.27)	(79.45)

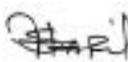
The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.



 Company Secretary



 Managing Director (C.C.)



 Director



 Director



 Chairman

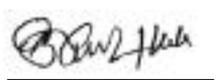
Place: Dhaka
 Date: June 14, 2022

 Auditor
 Kamrul Abedin, Partner
 Enrolment no: 527
 M. J. Abedin & Co.
 Chartered Accountants
 Firm Registration no: N/A
 DVC: 2206210527AS242119

Bangladesh Industrial Finance Company Limited
Profit & Loss Account
for the year ended December 31, 2019

	Notes	Amount in Taka	
		31-12-2019	31-12-2018
Interest income	21	192,823,191	76,295,021
Less: interest charged on deposits & borrowings etc.	22	1,030,325,050	842,341,866
Net interest income		(837,501,859)	(766,046,845)
Income from investments	23	5,342,525	7,534,569
Commission, exchange and brokerage	24	-	-
Other operating income	25	431,135	817,292
		5,773,660	8,351,861
Total operating income		(831,728,199)	(757,694,984)
Salaries and allowances	26	34,412,599	40,974,163
Rent, taxes, insurance, electricity etc.	27	12,781,673	13,867,456
Legal expenses	28	5,907,709	9,076,347
Postage, stamps, telecommunication etc.	29	960,611	1,011,809
Stationery, printing, advertisement etc.	30	1,309,738	1,570,196
Chief Executive Officer's salary and other fees	31	-	-
Directors' fees	32	952,000	968,000
Auditor's fees	33	230,000	185,000
Repairs & depreciation. of financial institution's assets	34	5,113,270	4,627,861
Other expenses	35	5,408,228	4,386,534
Total operating expenses		67,075,828	76,667,366
Profit before provision		(898,804,027)	(834,362,350)
Provision for loans, advances & leases	36	(37,519,825)	472,120,496
Provision for diminution in value of investments	37	12,121,347	6,228,371
Other Provisions	38	353,527,632	-
Total provision		328,129,154	478,348,867
Total profit/(Loss) before tax		(1,226,933,181)	(1,312,711,217)
Provision for taxation		1,194,895	761,032
Current Tax Expense		1,194,895	761,032
Deferred tax expense / (income)		-	-
Net profit/(Loss) after tax		(1,228,128,076)	(1,313,472,249)
Appropriations			
Statutory reserve		-	-
General reserve		-	-
Dividend, etc.		-	-
Retained Surplus		(1,228,128,076)	(1,313,472,249)
Earnings Per Share (EPS)	39	(12.20)	(13.05)

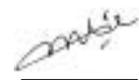
The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.


Company Secretary


Managing Director (C.C.)


Director


Director


Chairman

Subject to our separate report of even date

Place: Dhaka
Date: June 14, 2022

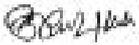
Auditor
Kamrul Abedin, Partner
Enrolment no: 527
M. J. Abedin & Co.
Chartered Accountants
Firm Registration no: N/A
DVC: 2206210527AS242119

Bangladesh Industrial Finance Company Limited
Cash Flow Statement
for the year ended December 31, 2019

	Notes	Amount in Taka	
		31-12-2019	31-12-2018
Cash flows from operating activities			
Interest received		483,904,962	316,564,060
Interest paid*		(1,282,326,069)	(402,897,440)
Dividend received		1,364,946	1,584,606
Fees & commission received		-	-
Recovery of loans previously written off		-	-
Payments to employees		(35,349,283)	(43,202,372)
Payments to suppliers		(421,258)	(689,338)
Income tax paid		(724,765)	(870,872)
Cash receipts from other operating activities	40	431,135	817,292
Cash payments for other operating activities	41	(29,060,636)	(31,514,562)
		(862,180,968)	(160,208,626)
Cash generated from / (used in) operating activities before changes in operating assets and liabilities			
Increase/(decrease) in operating assets and liabilities			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans, advances & leases to banks & other FIs		-	-
Loans, advances & leases to customers		317,952,195	(85,253,182)
Other assets	42	(291,402,835)	23,826,924
Deposits received from banks & other FIs*		591,214,618	(50,100,000)
Deposits received from customers		(166,008,312)	(118,105,294)
Other liabilities account of customer		(1,812,804)	(1,529,186)
Trading liabilities		-	-
Other liabilities	43	(16,157,381)	v,560,990
Cash received/(paid) from operating assets and liabilities		433,785,481	(181,599,748)
A) Net cash from operating activities		(428,395,487)	(341,808,374)
Cash flows from investing activities			
Proceeds from sale of securities		34,138,470	43,757,122
Payment for purchase of securities		(30,124,198)	(49,001,679)
Purchase/sale of property, plant & equipments		-	(13,857,696)
B) Net cash from investing activities		4,014,272	(19,102,253)
Cash flows from financing activities			
Receipts of long term loan/ issuance of debt securities		-	-
Repayments of loan & redemption of debt securities		321,063,378	274,932,968
Net drawdown/(payment) of short term loan		(766,826)	10,672,268
Receipts from issue of right shares		-	-
Receipts from Share money deposit		-	-
Dividend paid in cash		-	-
C) Net cash from financing activities		320,296,552	285,605,236
D) Net increase/(decrease) in cash & cash equivalents (A+B+C)		(104,084,663)	(75,305,391)
E) Effects of exchange rate changes on cash & cash equivalents		-	-
F) Cash and cash equivalents at the beginning of the period		108,825,854	184,131,245
G) Cash and cash equivalents at the end of the period (D+F)		4,741,191	108,825,854
Break down of cash and cash equivalents:			
Cash in hand		36,481	153,223
Balance with Bangladesh Bank & its agent bank(s)		99,727	39,890
Balance with other Bank & other financial institutions		4,604,983	108,632,741
		4,741,191	108,825,854
Net Operating Cash Flow per Share (NOCFPS)		(4.26)	(3.39)

* Interest paid and Deposits received from Banks & other FIs have increased significantly during the year because accumulated interest charged on such deposits have been transferred from financial expenses payable to Deposits from Banks and FIs this year (i.e capitalized).

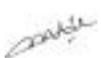
The annexed notes from 1 to 51 and Annexure A, Annexure B, Annexure C and Annexure D are an integral part of these financial statements.


Company Secretary


Managing Director (C.C.)


Director


Director


Chairman

Place: Dhaka

Date: June 14, 2022

Bangladesh Industrial Finance Company Limited
Statement of changes in equity
for the year ended December 31, 2019

Amount in Taka

Particulars	Paid-up capital	Share money deposit	Statutory reserve	General reserve	Asset revaluation reserve	Retained earnings	Total
Balance as on January 01, 2019	1,006,799,440	362	154,713,730	10,364,681	403,425,667	(9,573,969,691)	(7,998,665,811)
Changes in accounting policy							
Prior-Year Adjustment (Note 17 & 18)					(17,600,000)	(246,973,563)	(264,573,563)
Restated balance	1,006,799,440	362	154,713,730	10,364,681	385,825,667	(9,820,943,254)	(8,263,239,374)
Dividend	-	-	-	-	-	-	-
Stock dividend	-	-	-	-	-	-	-
Right shares issue	-	-	-	-	-	-	-
Share money deposit	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains/losses not recognized in the income statement	-	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	(1,228,128,076)	(1,228,128,076)
Appropriation during the period	-	-	-	-	-	-	-
Balance as on December 31, 2019	1,006,799,440	362	154,713,730	10,364,681	385,825,667	(11,049,071,330)	(9,491,367,450)

Particulars	Paid-up capital	Share money deposit	Statutory reserve	General reserve	Asset revaluation reserve	Retained earnings	Total
Balance as on January 01, 2018	1,006,799,440	362	154,713,730	10,364,681	403,425,667	(8,260,497,442)	(6,685,193,562)
Changes in accounting policy							
Prior-year adjustment							
Restated balance	1,006,799,440	362	154,713,730	10,364,681	403,425,667	(8,260,497,442)	(6,685,193,562)
Dividends:							
Stock dividend	-	-	-	-	-	-	-
Right shares issue	-	-	-	-	-	-	-
Share money deposit	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains/losses not recognised in the income statement	-	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	(1,313,472,249)	(1,313,472,249)
Appropriation duringn the period	-	-	-	-	-	-	-
Balance as on December 31, 2018	1,006,799,440	362	154,713,730	10,364,681	403,425,667	(9,573,969,691)	(7,998,665,811)

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 (C.C.)


 Director


 Director


 Chairman

Place: Dhaka
 Date: June 14, 2022

Bangladesh Industrial Finance Company Limited

Liquidity Statement

(Analysis of maturity of assets and liabilities)
As at December 31, 2019

Amount in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	36,481	-	-	-	-	36,481
Balance with Bangladesh Bank and its agent	38,431,681	-	38,531,408	-	-	99,727
Balance with banks and other financial institutions	4,604,983	-	-	-	-	4,604,983
Money at call and short notice	-	-	-	-	-	-
Investments	87,512,291	-	-	-	117,500,000	205,012,291
Loans advances and leases,	160,445,380	327,704,163	1,117,367,626	6,145,301,172	248,500,052	7,999,318,392
Fixed assets including premises, furniture and fixtures	-	-	-	-	459,757,183	459,757,183
Other assets	231,240	2,377,697	123,523,153	300,098,215	3,544,237	429,774,543
Non banking assets	-	-	-	-	-	-
Total assets (A):	214,398,694	330,081,860	1,279,422,187	6,445,399,387	829,301,472	9,098,603,600
Liabilities:						
Borrowings from banks, other FI's and agents	531,355,643	505,200,895	696,539,376	1,269,557,249	-	3,002,653,163
Term Deposits	1,889,905,611	2,557,866,459	903,684,786	320,659,029	209,077,080	5,881,192,965
Other deposits	-	-	-	2,457,577	8,617,666	11,075,243
Other liabilities	111,365,776	7,737,079,132	17,600,000	758,016,169	1,070,988,602	9,695,049,678
Total liabilities (B):	2,532,627,029	10,800,146,485	1,617,824,162	2,350,690,026	1,288,683,347	18,589,971,050
Net liquidity gap (A - B):	(2,318,228,335)	(10,470,064,625)	(338,401,975)	4,094,709,361	(459,381,875)	(9,491,367,450)

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 (C.C.)



Director



Director



Chairman

Place: Dhaka

Date: June 14, 2022

Notes to the Financial Statements

1 General information

1.1 Legal status of the Company

Bangladesh Industrial Finance Company Limited (BIFC) is a Non-Bank 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 was located at 63, Dilkusha C/A, Dhaka-1000. From April 11, 2017 Company's new registered address is 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 head office and three branches located in Dhaka, Chattogram 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 Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities such as financial institutions (FIs). The Financial Institutions Act, 1993, was amended to require financial institutions to prepare their financial statements under such financial standards.

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 NBFi 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, 1987;
- 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 described 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 disclosure 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.
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 7,134,831,853 and deferred tax assets of BDT 2,675,561,945 not recognized on this temporary difference as per BB circular.

Notes to the Financial Statements-continued

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 FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. 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 2019 amounts to BDT 7,186,624,996.
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.

Notes to the Financial Statements-continued

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 increased to BDT 772,708,399 from BDT 578,443,479 resulting in increase of BDT 194,264,920 of interest suspense. This amount has been shown as other liabilities in note 13.3.
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.

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 11,049,071,330 as on 31 December 2019; Negative equity of BDT 9,491,367,450 as at 31 December 2019; Capital adequacy ratio of (105.71%) as against minimum of 10%; 95% 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, 2019 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

Notes to the Financial Statements-continued

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 June 14, 2022

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 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	

Notes to the Financial Statements-continued

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 2018 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.

Since it has been impracticable to determine the period-specific effects of an error on the comparative information, prior period errors have been corrected without restating the opening balances of the earliest prior period presented.

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 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

Notes to the Financial Statements-continued

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

3.7.4 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.

3.8 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. FID circular no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May, 2006 are the bases for calculating the provision for loans, advances and investments.

3.8.1 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.

3.9 Other receivable

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

3.10 Provision for doubtful accounts

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

Notes to the Financial Statements-continued

3.11 Provisions and accrued expenses

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

3.12 Payment of dividend

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

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the 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.

3.13 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 10.7.

3.13.1 Interest Income

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

3.13.2 Income from leases

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

3.13.3 Income from loans, advances

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

3.13.4 Dividend income

Dividend income is recognized on cash basis in the period in which the dividend was

received. Dividend income from preference share is recognized on accrual basis considering the establishment of right to receive the same.

3.13.5 Capital gain on sale of shares

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

3.13.6 Fee based revenue

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

Notes to the Financial Statements-continued

3.14 Bank loans

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

3.15 Borrowing costs

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

3.16 Interest suspense

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

3.17 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements in accordance with Bangladesh Accounting Standard 37 "provisions, contingent liabilities and contingent assets". A contingent liability is a 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.

3.18 Workers Profit Participation Fund and Welfare Fund

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

3.19 Related party disclosure

The Company has entered into transactions with other parties in normal course of business that fall within the definition of related party as per 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.

3.20 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 2019 the Company has not transferred any amount to the statutory reserve.

3.21 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.

3.21.1 Basic earnings per share

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

3.21.2 Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies. Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2019, there was no scope for dilution and hence no diluted EPS is required to be calculated.

Notes to the Financial Statements-continued

3.21.3 Weighted average number of ordinary shares outstanding during the year

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

3.22 Income tax

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

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using tax rates that have been enacted the reporting period. Due to loss for the year 2019, 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.

3.23 Employee benefit

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

3.23.1 Provident fund

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

3.23.2 Gratuity scheme

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

3.23.3 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.

3.23.4 Group life insurance scheme

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

3.23.5 Group hospitalization insurance scheme

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

3.23.6 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.

3.23.7 Employee personal loan scheme

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

Notes to the Financial Statements-continued

3.23.8 Other benefits

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

3.24 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.

3.24.1 Credit risk

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

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 if overall credit risk for the entire portfolio.

3.24.2 Liquidity risk

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

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.

3.24.3 Market risk

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

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:

3.24.4 Operational risk

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

Notes to the Financial Statements-continued

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.

3.24.5 Information and communication technology risk

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

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.

3.24.6 Strong credit policy formulation by top management:

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

3.24.7 Credit manual updated with recent industry information

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

3.24.8 Thorough credit approval process:

- Meeting regulatory requirements and industry best practices: All credit facility 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.

3.24.9 Multilayer credit evaluation process:

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

3.24.10 Rigorous due diligence process followed

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

Notes to the Financial Statements-continued

3.24.11 Constant credit monitoring and recovery process

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

3.25 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.

3.26 Reporting period

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

3.27 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.

Notes to the Financial Statements-continued

Note No.	Particulars	Amount in Taka	
		31.12.2019	31.12.2018
4	Cash		
	This is made up as follows:		
	Cash in hand (note: 4.1)	36,481	153,223
	Balance with Bangladesh Bank & its agent bank (s) (note: 4.2)	99,727	39,890
		136,208	193,113
4.1	Cash in hand		
	This is made up as follows:		
	Local currency	36,481	153,223
	Foreign currency	-	-
		36,481	153,223
4.2	Balance with Bangladesh Bank & its agent bank (s)		
	This is made up as follows:		
	Balance with Bangladesh Bank (note: 4.2.1)	99,727	39,890
	Balance with Bangladesh Bank's agent bank (note: 4.2.2)	-	-
		99,727	39,890
4.2.1	Balance with Bangladesh Bank		
	This is made up as follows:		
	Local currency	99,727	39,890
	Foreign currencies	-	-
		99,727	39,890
4.2.2	Balance with Bangladesh Bank's agent bank		
	This is made up as follows:		
	Local currency	-	-
	Foreign currencies	-	-
		-	-
4.3	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993, Rule 5 of Financial Institutions Regulations 1994 and subsequent DFIM Circular # 06, dated November 06, 2003, DFIM Circular # 02 dated November 10, 2004.		
	Cash Reserve Requirement (CRR) required on the term deposits at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks 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, saving certificate and any other assets approved by Bangladesh Bank.		
	Both the reserves as maintained by the Company are shown below:		
4.3.1	Cash Reserve Requirement (CRR): 2.5% of term deposits (excluding bank & FI deposits):		
	The Company requires to maintain cash with Bangladesh Bank current account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institutions.		
	Required reserve	38,531,408	45,539,559
	Actual reserve held with Bangladesh Bank (Dec' 19: 0.01%, Dec': 18 0.01%)	99,727	106,774
	Surplus / (deficit)	(38,431,681)	(45,432,785)
4.3.2	Statutory Liquidity Reserve (SLR): 5% (including 2.5% CRR) of average liabilities:		
	The Company requires to maintain SLR equivalent to 5% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.		
	Required reserve	99,876,556	112,463,547
	Actual reserve held (Dec'19: 0.25%, Dec'18 4.83%) (note: 4.3.3)	4,641,464	108,632,742
	Surplus / (deficit)	(95,235,092)	(3,830,805)
4.3.3	Held for Statutory Liquidity Reserve (SLR):		
	Cash in hand (note: 4.1)	36,481	153,223
	Balance with other bank and financial institutions (note-5)	4,604,983	108,632,741
	Money at call on short notice (note: 6)	-	-
		4,641,464	108,785,965
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 447,645,823 as on 31 December 2019.		

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
5	Balance with banks and other financial institutions		
	This is made up as follows:		
	Inside Bangladesh (note: 5.1)	4,604,983	108,632,741
	Outside Bangladesh	-	-
		4,604,983	108,632,741
5.1	Inside Bangladesh		
	This is made up as follows:		
	a) Current deposit account:		
	BRAC Bank Ltd., Gulshan Branch, Dhaka	-	250,574
	The City Bank Uttara Branch, Dhaka	15,007	16,732
	Dutch Bangla Bank Limited	-	627,659
	Prime Bank Ltd., Motijheel Branch, Dhaka	171,889	172,039
	Social Islami Bank Ltd., Principal Branch, Dhaka	11,005	11,925
		197,901	1,078,929
	b) Short term deposit account:		
	Bank Asia Ltd. N. Gonj Branch	1	1,786
	Bank Asia Agrabad Branch	2,723	3,792
	Bangladesh Commerce Bank Ltd., Principal Office, Dhaka	210,671	207,447
	BASIC Bank Limited	14,290	14,901
	The City Bank Ltd., Principal Branch, Dhaka	13,007	12,991
	Dhaka Bank Ltd., Local Office, Dhaka	25,272	473,150
	EXIM Bank of BD Ltd., Head office Corp. Branch	934,577	11,870,580
	Mercantile Bank Ltd., Main Branch, Dhaka	1,320	1,708,223
	Mutual Trust Bank Ltd., Principal Branch, Dhaka	1,760	4,635
	Mutual Trust Bank Ltd., Jubly Road Branch, Chittagong	15,917	17,582
	Southeast Bank Ltd., Principal Branch, Dhaka	1,159,732	1,138,722
	The HSBC, Dhaka Office	-	24,082
	Uttara Bank Ltd., Local Office, Dhaka	616,762	576,398
	Mercantile Bank Ltd., Agrabad Branch, Chittagong	29,105	75,186
	Mutual Trust Bank Ltd., Agrabad Branch, Chittagong	1,381,945	1,424,335
		4,407,081	17,553,812
	C) Fixed deposits:		
	With bank (note: 5.1.1)	-	90,000,000
	With other financial institutions (note: 5.1.2)	-	-
		-	90,000,000
	Total (A+B+C):	4,604,983	108,632,741
5.1.1	With banks:		
	Modhumoti Bank Limited	-	90,000,000
		-	90,000,000
	Modhumoti Bank had placed BDT 9.00 crore to BIFC and BIFC also placed BDT 9.00 crore to Modhumoti bank as vice versa since 2017. On maturity both the organizations settled the deals by encashment of the TDRs in March 11, 2019.		
5.1.2	With other financial institutions:		
	Reliance Finance Limited	-	-
		-	-
5.2	Residual maturity groupings of balance with other banks and financial institutions:		
	Upto 1 month	4,604,983	18,632,741
	More than 1 month but not more than 3 months	-	90,000,000
	More than 3 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		4,604,983	108,632,741
6	Money at call on short notice		
	This is made up as follows:		
	With banks	-	-
	With financial institutions	-	-
		-	-
7	Investments		
	This is made up as follows:		
	In Government securities		
	Treasury bills	-	-
	National investment bonds	-	-
	Bangladesh Bank bills	-	-
	Government notes/bonds	-	-
	Prize bonds	-	-
	Others	-	-
		-	-
	Other investments:		
	Ordinary shares (note 7.1)	205,012,291	205,573,951
		205,012,291	205,573,951

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
7.1	Ordinary shares		
	This is made up as follows:		
	Quoted shares (note 7.1.1)	87,512,291	88,073,951
	Unquoted shares (note 7.1.2)	117,500,000	117,500,000
		205,012,291	205,573,951

7.1.1 Quoted shares

This is made up as follows:

Name of the Company	31.12.2019	31.12.2018
ADVENT Pharma Ltd.	-	69,110
Alif Ind. Ltd.	-	518,973
Agni System Ltd.	-	120,118
AIBL 1st Islamic MF	1,310,277	-
Argon Denim Ltd.	8,091,902	8,091,902
BD Submarine Cable	1,601,287	-
BSRM Steels Limited	44,192,430	44,192,430
CAPM BDBL Mutuai Fund	-	426,915
City General Insurance co.	-	10,946,472
Coppertech Industries Ltd.	47,410	-
Dhaka Bank Limited	5,072,190	1,386,267
Genes Info System	-	104,670
Grameen One: Scheme Two	6,451,626	6,053,832
IDLC	185,281	-
IFIC Bank Limited	3,603,192	1,313,121
ICB AMCL 1st Agrani Bank MF	5,476,130	8,150,404
ICB AMCL 3rd NRB MF	824,746	-
Indo Bangla Pharma Ltd.	-	2,673
INTRACO	-	106,660
ML Dyeing	-	35,242
Kattali Tex. Ltd.	-	100,640
New Line Clothing Ltd.	40,023	-
Power Grid Company of BD	527,804	-
Queen South	-	26,850
SAIF Powertec Ltd.	2,615,788	2,615,788
SILCO Pharmaceuticals Ltd.	39,793	-
SK Trims	-	50,420
Square Pharma	5,218,036	3,496,218
Standard Bank	1,392,401	-
Silva Pharma. Ltd.	-	91,940
SS Steel Ltd.	-	134,920
Sea Pearl Beach Resort & Spa	37,300	-
The ACME Lab. Ltd.	784,676	-
VFSTDL	-	38,386
	87,512,291	88,073,951

7.1.2 Unquoted shares

This is made up as follows:

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

The company has invested an amount of Tk. 107,500,000 to BanglaLion Communications Ltd. against 10,750,000 Ordinary Shares of Tk. 10.00 each. BanglaLion Communications Ltd. is a Private Ltd. company which provides wireless internet with latest wireless broadband 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.

7.2 Sector wise investments in securities at cost

This is made up as follows:

Banking companies	10,067,783	2,699,388
Non banking financial institutions	185,281	-
Insurance companies	-	10,946,472
Investment companies	7,611,153	14,631,152
Fuel & power	3,143,592	-
Manufacturing companies and others	66,504,483	59,796,939
	87,512,291	88,073,951

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
7.3 Residual maturity groupings of investments			
This is made up as follows:			
Upto 1 month		87,512,291	88,073,951
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
		205,012,291	205,573,951
(A schedule of investment in shares is given in Annexure- C)			
8 Loans, advances and leases			
This is made up as follows:			
Loans, cash credits, overdrafts, etc. (note: 8.a)		7,999,318,392	8,414,821,757
Bills purchased and discounted (note: 8.b)		-	-
		7,999,318,392	8,414,821,757
8.a Loans, cash credits, overdrafts, etc.			
This is made up as follows:			
Inside Bangladesh			
Lease finance (note: 8.1)		412,846,387	392,481,042
Advance against lease Finance		-	40,657,885
Term loans (note: 8.2)		7,497,609,667	7,890,227,404
Housing finance		86,361,916	85,475,258
Staff loan (note: 8.3)		2,500,422	5,980,167
		7,999,318,392	8,414,821,757
Outside Bangladesh			
		-	-
		7,999,318,392	8,414,821,757
BDT 193,237,791 from Sundry Deposits have been adjusted with loans, advances and leases during the year. These amounts have been received in previous years as partial repayment against loans, advances and leases.			
8.1 Lease finance			
This is made up as follows:			
Gross lease receivable		145,454,706	102,651,516
Less: Unearned lease income		9,980,206	7,608,656
Net lease receivables		135,474,500	95,042,860
Add: Overdue lease rentals		277,371,887	297,438,182
		412,846,387	392,481,042
Lease receivable had been incorrectly presented as advance against lease in prior years. Consequently, BDT 40,657,885 has been transferred to lease finance in the current period.			
8.2 Term loans			
This is made up as follows:			
Principal outstanding		5,563,026,542	5,688,478,644
Accounts receivable		1,934,583,125	2,201,748,761
		7,497,609,667	7,890,227,404
8.3 Staff loans			
This is made up as follows:			
Term loan		2,500,422	5,980,167
		2,500,422	5,980,167
8.4 Residual maturity grouping of loans, advances and leases:			
This is made up as follows:			
Receivable:			
On Demand		-	-
Upto 1 month		160,445,380	167,390,316
More than 1 month but not more than 3 months		327,704,163	337,704,163
More than 3 months but not more than 1 year		1,117,367,626	1,317,367,626
More than 1 year but not more than 5 years		6,145,301,172	6,375,301,172
More than 5 years		248,500,052	217,058,480
		7,999,318,392	8,414,821,757

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	
31.12.2019	31.12.2018

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	6,223,626,232	6,396,500,546
8.5.2 Loans, advances and leases to CEO & Sr. Executives/Officers	2,500,422	5,980,167
8.5.3 Loans, advances and leases to customer groups	1,773,191,738	2,195,281,752

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. Total Capital Stood at: (9,491,367,450) as on 31 December 2019 and (7,998,665,811) as on 31 December 2018.

Consequently all the loans allowed by the Company is a large loan and hence cannot be disclosed separately

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

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

Sector	As at 31 December 2019		As at 31 December 2018	
	Amount	Percentage	Amount	Percentage
Trade and Commerce	1,325,505,022	16.57%	1,348,794,920	16.03%
Industry:				
A) Garments and Knitwear	1,850,057,574	23.13%	2,071,235,390	24.61%
B) Textile	705,404,194	8.82%	755,423,790	8.98%
C) Jute and Jute Products	54,015,762	0.68%	58,101,920	0.69%
D) Food Production and Processing Industries	4,569,764	0.06%	5,189,410	0.06%
E) Plastic Industry	1,964,168	0.02%	967,560	0.01%
F) Leather and Leather-Goods	-		-	0.00%
G) Iron, Steel and Engineering	361,379,952	4.52%	294,642,270	3.50%
H) Pharmaceuticals and Chemicals	690,000	0.01%	15,015,890	0.18%
I) Cement and Allied Industry	85,447,729	1.07%	100,425,690	1.19%
J) Telecommunication and Information Technology	1,951,161,250	24.39%	1,870,439,240	22.23%
K) Paper, Printing and Packaging	495,881,798	6.20%	479,606,230	5.70%
L) Glass, Glassware and Ceramic Industry	-		-	0.00%
M) Ship Manufacturing Industry	52,051,298	0.65%	82,193,190	0.98%
N) Electronics and Electrical Products	6,108,612	0.08%	9,556,880	0.11%
O) Power, Gas, Water and Sanitary Service	269,519,292	3.37%	266,833,670	3.17%
P) Transport and Aviation	25,124,859	0.31%	107,881,810	1.28%
Agriculture	10,584,991	0.13%	33,876,090	0.40%
Housing	406,452,682	5.08%	335,924,380	3.99%
Others:				
A) Merchant Banking	-		46,483,950	0.55%
B) Margin Loan	-		-	-
C) Others	393,399,444	4.92%	532,229,477	6.32%
Total	7,999,318,392	100.00%	8,414,821,757	100.00%

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

This is made up as follows:

Division	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
Dhaka	7,244,908,961	90.57%	7,660,412,326	91.03%
Chittagong	754,409,431	9.43%	754,409,431	8.97%
Total	7,999,318,392	100.00%	8,414,821,757	100.00%

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)

343,312,754	142,903,775
20,258,688	108,854,596
363,571,442	251,758,371

Classified

Substandard
Doubtful
Bad or loss

67,793,518	59,375,391
3,719,319	6,886,130
7,564,234,113	8,096,801,865
7,635,746,950	8,163,063,386
7,999,318,392	8,414,821,757

Notes to the Financial Statements-continued

				Amount in Taka	
				31.12.2019	31.12.2018
(B) Classification and provisioning of loans and advances including bills purchased and discounted					
Classification / status of loans and advances as at 31 December, 2019	Amount of outstanding loans and advances as at 31 December, 2019	Base for provision	Percentage (%) of provision required as per Bangladesh Bank directive	31-Dec-19	31-Dec-18
Unclassified loans					
General provision					
Standard Non SME	336,006,529	336,006,529	1%	3,360,065	1,306,426
Standard SME	7,306,225	7,306,225	0.25%	18,266	17,643
Special Mention	20,258,688	19,510,166	5%	975,508	5,262,059
				4,353,839	6,586,128
Specific provision					
Sub-standard	67,793,518	43,750,001	20%	8,750,000	7,775,047
Doubtful	3,719,319	3,473,922	50%	1,736,961	1,923,404
Bad/loss	7,564,234,113	6,644,752,870	100%	6,644,752,870	7,205,540,993
				6,655,239,831	7,215,239,444
Total provision required				6,659,593,670	7,221,825,572
Total provision maintained				7,186,624,996	7,347,211,833
Excess/ (Deficit)				527,031,325	125,386,261
<p>Bangladesh Bank has ordered the Company via letter dated 18/06/2020 to maintain provision against loans and advances amounting BDT 6,998,513,000 as on 31 December 2019. Subsequently the Company has adjusted some loans and advances (note 13.7) and maintained interest suspense (note 13.3) with retrospective effect which has reduced the required provision as on 31 December 2019. This has resulted in an increase in the excess provision amount.</p>					
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	303,749,180
(ii)	Loans considered good for which the Financial Institution holds no Security other than the debtor's personal guarantee			7,118,900,249	7,478,900,249
(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	632,172,329
(iv)	Loans adversely classified; provision not maintained there against			-	-
				7,999,318,392	8,414,821,757
(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)			2,500,422	5,980,167
(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			6,223,626,232	6,396,500,546
(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)			2,500,422	5,980,167
(viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents, or in the case of private companies as members			-	-
(ix)	Due from Banking Companies			-	-
(x)	Classified loans for which interest has not been charged (note: 8.6.A)			7,635,746,950	8,163,063,386
	a) Increase/ (decrease) of provision (note: 13.1a)			(159,041,993)	480,833,363
	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			6,644,752,870	7,025,726,810
	e) Amount of interest credited to the interest suspense account (note: 13.3)			309,106,486	578,443,479
(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

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
8.b Bills purchased and discounted		-	-
No bill has been purchased or discounted during the year.			
9 Fixed assets including land, building, furniture & equipments:			
This is made up as follows:			
A. Cost:			
Land	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	-	-	
	483,190,056	483,190,056	
B. Accumulated depreciation:			
Furniture & fixture	1,058,083	757,175	
Electrical appliance	5,421,886	4,297,525	
Motor vehicles	12,166,379	11,387,937	
Interior decoration	3,922,633	3,126,395	
Office equipment	863,892	793,704	
Intangible assets	-	-	
	23,432,873	20,362,736	
C. Written down value at December 31, 2019 (A-B)			
Land	440,000,000	440,000,000	
Furniture & fixture	2,708,146	3,009,054	
Electrical appliance	6,371,376	7,495,737	
Motor vehicles	3,113,775	3,892,217	
Interior decoration	7,166,149	7,962,387	
Office equipment	397,737	467,925	
Intangible assets	-	-	
	459,757,183	462,827,320	
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 Others assets			
This is made up as follows:			
A. Income generating other assets:			
Income receivable	-	-	
B. Non-income generating:			
Stock of stamp	16,688	17,418	
Advance rent, advertisement etc. (note: 10.1)	1,833,411	850,012	
Receivable on sale of shares (note: 10.2)	527,598	3,324,707	
Security deposits (note: 10.3)	3,544,237	3,544,237	
Prepaid expenditure (note: 10.4)	316,879,508	310,000,054	
Branch adjustment account (note: 10.5)	-	-	
Suspense account	6,238	6,198	
Others (note: 10.6)	106,966,862	112,447,126	
	429,774,543	430,189,751	
Total (A+B):	429,774,543	430,189,751	
10.1 Advance rent, advertisement etc.			
This is made up as follows:			
These represents rent paid to land-lord in advance for office premises.			
	1,833,411	850,012	
	1,833,411	850,012	
10.2 Receivable on sale of shares			
This is made up as follows:			
Anchor Securities Ltd.	1,204.87	1,205	
LankaBangla Securities Ltd.	526,394	3,322,075	
Fareast Stocks & Bonds Ltd.	-	1,427	
	527,598	3,324,707	
10.3 Security deposits			
This is made up as follows:			
Deposits with BTTB and mobile operator	28,000	28,000	
Deposits with CDBL	400,000	400,000	
Deposits with landlord	3,000,000	3,000,000	
Others	116,237	116,237	
	3,544,237	3,544,237	

Notes to the Financial Statements-continued

10.4 Prepaid expenditure	Amount in Taka	
	31.12.2019	31.12.2018
This is made up as follows:		
Advance payment for land	2,343,333	2,343,333
Building construction	10,345,000	10,345,000
Provident Fund Contribution	231,240	-
Advance payment of tax (Note: 10.4.1)	287,409,882	286,685,117
Others	16,550,053	10,626,604
	316,879,508	310,000,054

10.4.1 Advance payment of tax

This is made up as follows:

Income tax refundable (note: 10.4.1.1)	5,309,867	5,309,867
Advance income tax (note: 10.4.1.2)	282,100,015	281,375,250
	287,409,882	286,685,117

10.4.1.1 Income tax refundable

Year-wise break-up are as follows:

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

10.4.1.2 Advance income tax

Year-wise Break-up are as follows:

Assesment year	Income year	Amount	Amount
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	-
		282,100,015	281,375,250

Provision has been maintained against these assets as per FID Circular no. 08 dated 03 August 2002. See note 13.8.

10.5 Branch Adjustment Account

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

10.6 Others

This is made up as follows:

Receivable against interest on grace period	-	-
Receivable against IDCP	32,314,496	32,314,496
Receivable against LPI	74,652,366	76,988,184
Accrued interest on fixed deposit	-	3,144,446
	106,966,862	112,447,126

Provision has been maintained against these assets as per FID Circular no. 08 dated 03 August 2002. See note 13.8.

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
11	Borrowings from other financial institutions, banks and agents		
	This is made up as follows:		
	In Bangladesh (note: 11.1)	3,002,653,163	2,682,356,611
	Outside	-	-
		3,002,653,163	2,682,356,611
11.1	In Bangladesh		
	This is made up as follows:		
	Refinance against SME loan from Bangladesh Bank (note: 11.1.1)	1,892,421	2,076,633
	Term loan from banks (note: 11.1.2)	2,651,047,854	2,329,800,264
	Short term loan (note: 11.1.3)	209,712,888	210,479,713
	Money at call & short notice (note: 11.1.4)	140,000,000	140,000,000
		3,002,653,163	2,682,356,611
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.		
11.1.2	Term loan from banks		
	This is made up as follows:		
	Basic Bank Limited	88,768,725	77,992,871
	Dhaka Bank Limited	84,754,215	74,465,691
	Dutch Bangla Bank Limited	435,590,898	383,283,093
	Mercantile Bank Limited	586,303,362	515,130,551
	Midland Bank Limited	34,802,637	30,577,858
	Mutual Trust Bank Limited	58,515,280	51,411,965
	National Bank Limited	113,518,092	99,737,853
	NRB Commercial Bank Limited	86,091,355	75,640,513
	Pubali Bank Limited	141,605,921	124,416,029
	Shahjalal Islami Bank Limited	344,207,515	302,423,316
	Social Islami Bank Limited	137,916,492	121,174,468
	Standard Bank Limited	111,579,834	98,034,883
	The UAE Bangladesh Investments Co. Limited	6,696,292	5,883,413
	Uttara Bank Limited	420,697,237	369,627,760
		2,651,047,854	2,329,800,264
11.1.3	Short term loan		
	This is made up as follows:		
	Bangladesh Development Bank Ltd.	200,000,000	200,000,000
	Mercantile Bank Limited	9,712,888	10,479,713
		209,712,888	210,479,713
11.1.4	Money at call & short notice		
	This is made up as follows:		
	Agrani Bank Limited	40,000,000	40,000,000
	Sonali Bank Limited	100,000,000	100,000,000
		140,000,000	140,000,000
11.2	Analysis by security against borrowing from other financial institutions, banks and agents		
	This is made up as follows:		
	Secured (note: 11.2.1)	2,651,047,854	2,329,800,264
	Unsecured	351,605,309	352,556,347
		3,002,653,163	2,682,356,611
11.2.1	The loans are secured by first ranking Pari Passu Security Sharing Agreement (PPSSA) among the lenders on all present and future assets both moveable and immovable by deed of Floating Charge and Letter of Hypothecation, which is registered with the Registrar of Joint Stock Companies and Firms.		
11.3	Maturity wise classification of loan		
	This is made up as follows:		
	Repayable on demand	140,000,000	140,000,000
	Within 1 month	391,355,643	392,122,468
	Over 1 months but not more than 3 months	505,200,895	305,200,895
	Over 3 months but not more than 1 year	696,539,376	675,475,998
	Over 1 year but not more than 5 years	1,269,557,249	1,169,557,249
	Over 5 years	-	-
		3,002,653,163	2,682,356,611

Borrowings have been classified according to maturity periods as per Management's expectation of the Company's future liquidity position.

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
12 Deposits & other accounts	This is made up as follows:		
	Term deposits (note: 12.1)	5,881,192,965	5,455,986,659
	Other deposits (note: 12.2)	11,075,243	12,888,047
		5,892,268,208	5,468,874,706
12.1 Term deposits	This is made up as follows:		
	Term deposit from banks and other Fis	4,226,884,658	3,635,670,040
	Term deposit from other than banks & Fis (note: 12.1.1)	1,654,308,307	1,820,316,619
		5,881,192,965	5,455,986,659
12.1.1 Term deposit from other than banks & Fis	This is made up as follows:		
	General term deposits	1,560,754,032	1,715,919,619
	Double & triple benefit scheme	86,716,485	94,257,991
	Monthly savings scheme (MSS)	6,837,790	10,011,960
	MSS Kotipati Scheme	-	127,050
		1,654,308,307	1,820,316,619
12.1.2 Residual maturity grouping of deposits & other accounts:	This is made up as follows:		
	From banks & fis		
	Payable:		
	On demand	-	-
	Upto 1 month	1,609,654,813	1,604,683,540
	In more than 1 month but less than 6 months	1,800,986,500	1,720,986,500
	In more than 6 months but less than 1 year	696,735,381	310,000,000
	In more than 1 year but within 5 years	119,507,964	-
	In more than 5 year but within 10 years	-	-
		4,226,884,658	3,635,670,040
	From other than banks & Fis		
	Payable:		
	On demand	-	-
	Upto 1 month	280,250,798	362,069,397
	In more than 1 month but less than 6 months	756,879,959	979,849,214
	In more than 6 months but less than 1 year	206,949,405	330,949,405
	In more than 1 year but within 5 years	201,151,066	78,499,545
	In more than 5 year but within 10 years	209,077,080	68,959,395
		1,654,308,307	1,820,326,956
	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.		
12.2 Other deposits	This is made up as follows:		
	Other deposits-banks and Fis	-	-
	Other deposits-other than banks & Fis (note: 12.2.1)	11,075,243	12,888,047
		11,075,243	12,888,047
12.2.1 Other deposits-other than banks & Fis	This is made up as follows:		
	Lease advance	10,796,935	12,609,739
	Security deposits	278,308	278,308
		11,075,243	12,888,047

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
12.2.2 Residual maturity grouping of Other deposits-other than banks & FIs			
This is made up as follows:			
Repayable on demand	-	-	
Within 1 month	-	-	
Over 1 months but not more than 3 months	-	-	
Over 3 months but not more than 1 year	-	-	
Over 1 year but not more than 5 years	2,457,577	4,270,381	
Over 5 years	8,617,666	8,617,666	
	11,075,243	12,888,047	
Other deposits have been classified according to maturity periods as per Management's expectation of the Company's future liquidity position.			
13 Other liabilities			
This is made up as follows:			
Provision for loans, advances and leases (note: 13.1)	7,186,624,996	7,347,211,833	
Provision for diminution in value of investments (note 13.2)	166,999,726	154,878,379	
Interest suspense (note: 13.3)	772,708,399	578,443,479	
Withholding tax payable	103,753,276	933,176	
VAT payable	248,351	154,699	
Excise duty payable	3,072,450	452,650	
Provision for taxation (note: 13.4)	745,037,437	406,328,477	
Unclaimed Dividend Account (note: 13.5)	4,347,371	4,347,371	
Financial expenses payable (note: 13.6)	383,454,410	664,576,379	
Payable against gratuity	8,631,362	9,330,286	
Payable against Pension	8,000,000	-	
Accrued expenses and other payable	4,291,698	4,418,260	
Sundry deposits (note: 13.7)	159,307,204	298,598,138	
Provision for other assets (note: 13.8)	130,973,000	-	
Deferred Tax liability (note: 13.9)	17,600,000	-	
	9,695,049,680	9,469,673,126	
13.1 Provision for loans, advances and lease:			
This is made up as follows:			
(a) Specific provision against classified loans, advances and leases:			
Opening balance	7,293,873,846	6,813,040,483	
Less: Prior year Adjustment	(122,959,433)	-	
Restated Opening Balance	7,170,914,413	6,813,040,483	
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	(36,082,560)	480,833,363	
Provision held at the end of the year	7,134,831,853	7,293,873,846	
(b) General provision against unclassified loans, advances and leases:			
Opening balance	53,337,986	62,479,190	
Provision made during the year	(1,437,265)	(9,141,204)	
Balance at the end of the year	51,793,143	53,337,986	
Total (a+b):	7,186,624,996	7,347,211,832	
13.2 Provision for diminution in value of investments			
This is made up as follows:			
Opening balance	154,878,379	148,650,008	
Provision made during the year	12,121,347	6,228,371	
Balance at the end of the year	166,999,726	154,878,379	
13.3 Interest suspense			
This is made up as follows:			
Opening balance	578,443,479	373,765,471	
Prior year adjustment	222,834,588	-	
Restated opening balance	801,278,067	373,765,471	
Add: Amount transferred during the year	86,271,898	209,499,304	
Less: Amount recovered during the year	114,841,566	4,821,296	
Less: Amount written off during the year	-	-	
Balance at the end of the year	772,708,399	578,443,479	

BDT 222,834,588 has been transferred from retained earnings to interest suspense as per instructions given by Bangladesh Bank inspection report (sl no. 28) (after adjustment of loans in the last three years) for the year ended 31 December 2015.

Notes to the Financial Statements-continued

	Amount in Taka	
	31.12.2019	31.12.2018
13.4 Provision for income tax		
Balance at the beginning of the year	406,328,477	405,567,445
Add: Provision made during the year for current year tax	1,194,895	761,032
Add: Provision made during the year in respect of assessment year 2015-2016	337,514,065	-
Less: Adjustment	-	-
Balance at the end of the year	745,037,437	406,328,477

Year wise break up of provision for taxation:

<u>Assessment year</u>	<u>Accounting year</u>		
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	117,020,170
2016-2017	2015	-	-
2017-2018	2016	1,572,283	1,572,283
2018-2019	2017	1,033,408	1,033,408
2019-2020	2018	761,032	761,032
2020-2021	2019	1,194,895	-
		745,037,437	406,328,477

13.4.1 Due to loss for the year 2019, Company provided minimum tax as per Income Tax Ordinance 1984 under section 82C.

13.4.2 On 20 January 2021, 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 to 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 except those that have been made during the year.

13.5 Unclaimed Dividend Account

More than 3 years	-	-
More than 4 years	-	-
More than 5 years & above	4,347,371	4,347,371
	4,347,371	4,347,371

Unclaimed dividend could not be transferred to the Capital Market Stabilization Fund as per the notification: SEC/SRMIC/165-2020/part-1/166 dated 06 July 2021 issued by the Bangladesh Securities and Exchange Commission (BSEC) due to liquidity crisis. The Company has applied to the regulator for exemption on October 31, 2021.

13.6 Financial expenses payable:

This is made up as follows:

Interest on Term deposits	333,089,710	661,797,402
Interest on term loan	189,646	189,646
Interest on Placement of Fund	34,159,167	395,278
Interest on money at call loan and short notice	14,127,569	173,124
Interest Paid on Short Term Borrowings	1,875	1,875
Interest on monthly savings scheme	1,886,443	2,019,053
	383,454,410	664,576,379

13.7 Sundry deposits

Sundry deposits include BDT 125,457,224 transferred from Deposits and other accounts. These customers have applied for encashment and interest is not charged on these balances.

BDT 193,237,791 from Sundry Deposits have been adjusted with loans, advances and leases during the year. These amounts have been received in previous years as partial repayment against loans, advances and leases.

13.8 Provision for other assets

Opening balance	-	-
Prior year adjustment	122,959,433	
Restated opening balance	122,959,433	
Addition/ (adjustment) during the year	8,013,567	
Closing balance	130,973,000	

Break-up of Provision for Other Assets

Advance payment for land	2,343,333	
Advance payment for Building construction	10,345,000	
Receivable against IDCP	32,314,496	
Receivable against LPI	74,652,366	
Others	11,317,805	
Total	130,973,000	

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
13.9	Deferred Tax		
	Opening balance	-	-
	Prior year adjustment (see note 17.1)	17,600,000	
	Restated opening balance	17,600,000	-
	Addition/ (adjustment) during the year	-	
	Closing balance	17,600,000	-
14	Capital		
14.1	Authorized capital:		
	400,000,000 ordinary shares of Tk. 10 each	4,000,000,000	4,000,000,000
14.2	Issued, subscribed and Paid up capital:		
	As at December 31, 2019 a total of 100,679,944 ordinary shares of Tk. 10 each were issued, subscribed and fully paid up.	1,006,799,440	1,006,799,440
	The above balance is made up as follows:		
	Opening balance	1,006,799,440	1,006,799,440
	Add. Bonus shares issued during the year	-	-
	Add. Right shares issued during the year	-	-
		1,006,799,440	1,006,799,440
14.3	Mode of allotment of shares:		
	This is made up as follows:		
	Issued against cash	215,608,000	215,608,000
	Bonus share issued	455,591,630	455,591,630
	Right Share Issued	335,599,810	335,599,810
		1,006,799,440	1,006,799,440

Year wise allotment of shares are as follows:

Year	Mode of 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 Group wise paid up share capital:

Particulars of shareholders:	Share Holding %	2019		2018	
		2019	2018	2018	2017
GROUP - A (Local)					
Sponsor shareholders:					
Pioneer Dresses Limited	5.82	58,538,320	58,538,320	58,538,320	58,538,320
Mr. Mohiuddin Ahmed	1.86	18,757,890	18,757,890	18,757,890	18,757,890
Mr. Rais Uddin Ahmed	1.27	12,763,330	12,763,330	12,763,330	12,763,330
Mr. Abdul Aziz Khan	1.22	12,263,260	12,263,260	12,263,260	12,263,260
Mr. A N M Jahangir Alam	2.01	20,286,330	20,286,330	20,286,330	20,286,330
	12.18	122,609,130	122,609,130	122,609,130	122,609,130
General shareholders:					
Financial institutions and others	36.16	364,064,977	364,064,977	364,064,977	364,064,977
Individual	1.66	16,726,933	16,726,933	16,726,933	16,726,933
	37.82	380,791,910	380,791,910	380,791,910	380,791,910
	50.00	503,401,040	503,401,040	503,401,040	503,401,040
GROUP - B (Foreign)					
Sponsor shareholders:					
Five Continents Credit Ltd., Hong Kong	19.39	195,193,180	195,193,180	195,193,180	195,193,180
Tees Mart Inc. (TMI), USA	18.01	181,352,560	181,352,560	181,352,560	181,352,560
Merrill & Forbes Inc., USA	12.60	126,852,660	126,852,660	126,852,660	126,852,660
	50.00	503,398,400	503,398,400	503,398,400	503,398,400
Total (A+B)	100.00	1,006,799,440	1,006,799,440	1,006,799,440	1,006,799,440

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

Notes to the Financial Statements-continued

14.5	Range wise classification of shareholders by holding as at 31-12-2019 as required by regulation 37 and of the listing regulation of Dhaka Stock Exchange limited and Chittagong Stock Exchange limited.	Amount in Taka		
		31.12.2019	31.12.2018	
		<u>No. of Shareholders</u>	<u>No. of Shares</u>	<u>% of holdings</u>
	Shareholding range			
	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 :	3,974	100,679,944	100.00%

The shares of the company were listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 15 November 2006 and traded at Tk. 2.70 at Dhaka Stock Exchange at the end of the year 2019.

14.6 Capital Adequacy Ratio

This is made up as follows:

Paid up capital

Paid-up capital

Required paid up capital

Surplus/(Deficit) in paid up capital

1,006,799,440	1,006,799,440
1,000,000,000	1,000,000,000
6,799,440	6,799,440

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 2019, the CAR of the Company is (105.71)% against the required CAR of 10%. The Company has a shortfall in this regard as follows:

Tier-1 Capital (A)	(10,541,962,953)	(7,976,162,035)
Tier-2 Capital (B)	244,705,977	207,363,724
Eligible Capital (C=A+B)	(10,297,256,976)	(7,768,798,311)
Total risk weighted assets	9,741,050,950	10,072,011,176
Minimum capital requirement	1,000,000,000	1,007,201,118
Capital surplus/(deficit)	(11,297,256,976)	(8,775,999,429)
Capital adequacy ratio	(105.71)	(77.13)

15 Statutory reserve

This is made up as follows:

Opening balance

Add: Addition during the year

154,713,730	154,713,730
-	-
154,713,730	154,713,730

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

Add: Addition during the year

Less: Transferred to Retained earnings

10,364,681	10,364,681
-	-
-	-
10,364,681	10,364,681

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
17	Asset Revaluation Reserve		
	This is made up as follows:		
	Opening balance (note 17.1)	385,825,667	403,425,667
	Add: Addition during the year	-	-
	Less: Transferred to Retained earnings	-	-
		385,825,667	403,425,667
17.1	Opening balance	403,425,667	403,425,667
	Prior year adjustment	(17,600,000)	-
	Restated opening balance	385,825,667	403,425,667

BIFC acquired 11 kathas of land located at 65/1, DIT Extension Road, Purana Paltan, Dhaka. The said land was revalued during the year from Tk.36,574,333 to Tk.440,000,000. Thus the value of the said land had increased by Tk.403,425,667 which is shown as assets revaluation reserve. This year deferred tax liability has been recognized on the revalued amount (BDT 440,000,000 @ 4% as per section 53F of the Income Tax Ordinance, 1984) as per IAS 12 para 51B with retrospective effect.

18.00 Retained Earnings

This is made up as follows:

Opening balance	(9,573,969,691)	(8,260,497,442)
Add/ (Less): Prior year adjustment (see note 18.1)	(246,973,563)	
Restated opening balance	(9,820,943,254)	(8,260,497,442)
Less: Cash dividend for last year	-	-
Less: Stock dividend for last year	-	-
Add: Transferred from stock dividend	-	-
Add: Profit/ (Loss) for the year	(1,228,128,076)	(1,313,472,249)
Less: Transferred to statutory reserve	-	-
Less: Transferred to general reserve	-	-
	(11,049,071,330)	(9,573,969,691)

18.1 This includes BDT 222,834,588 transferred to interest suspense see note 13.3 and the balance Tk.24,138,974 is interest accrued for previous years.

19.00 Net assets value per share

This is made up as follows:

Total assets	9,098,603,600	9,622,238,633
Total liabilities	18,589,971,050	17,620,904,444
Net assets:	(9,491,367,450)	(7,998,665,811)

Weighted average number of ordinary shares:

Opening Ordinary shares	100,679,944	100,679,944
Bonus shares issued	-	-
Weighted average number of ordinary shares at 31 December 2017	100,679,944	100,679,944
Restated weighted average number of ordinary shares	100,679,944	100,679,944
Net assets value per share	(94.27)	(79.45)

20 Profit and loss account

This is made up as follows:

Income

Interest, discount and similar income (note: 21)	192,823,191	76,295,021
Dividend income (note: 23)	1,364,946	1,584,606
Commission, exchange and brokerage (note: 24)	-	-
Gains less losses arising from dealing securities (note: 23)	3,977,579	5,949,963
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)	431,135	817,292
Profit less losses on interest rate changes	-	-
	198,596,851	84,646,882

Expenses:

Interest paid on deposits & borrowing (note: 22)	1,030,325,050	842,341,866
Losses on loans, advances and leases	-	-
Administrative expenses	58,597,464	68,683,377
Other operating expenses (note: 35)	5,408,228	4,386,534
Depreciation on fixed assets	3,070,137	3,597,455
	1,097,400,878	919,009,232
Income over expenditure	(898,804,027)	(834,362,350)

21 Interest income

This is made up as follows:

Interest income from loans & leases (note-21.1)	191,713,355	74,177,164
Interest income from money at call & short notice	-	-
Interest income from placement with banks & other Fis (note: 21.2)	1,109,836	2,117,857
	192,823,191	76,295,021

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
21.1 Interest income from loans & leases			
This is made up as follows:			
Interest income from leases		36,828,679	21,392,506
Interest income from term finance		153,102,114	41,137,380
Interest on housing finance		-	-
Interest on staff loan		1,782,561	11,647,278
		191,713,355	74,177,164
21.2 Interest income from placement with banks & other FIs			
This is made up as follows:			
Interest income from fund placements		804,997	1,413,056
Interest income from STD accounts		304,839	704,801
		1,109,836	2,117,857
22 Interest charge on deposits & borrowings etc.			
This is made up as follows:			
Interest paid on deposits		683,431,804	563,378,011
Interest paid on borrowings (Note-22.1)		346,893,246	278,963,854
		1,030,325,050	842,341,866
22.1 Interest paid on borrowings			
This is made up as follows:			
Interest paid on term loan		339,109,751	277,185,332
Interest paid on overdraft loan		328,455	1,224,696
Interest paid on call loan		7,353,889	428,750
Interest paid on re-financing loan from Bangladesh Bank		101,151	125,077
		346,893,246	278,963,854
23 Income from Investments			
This is made up as follows:			
Capital gain on sale of shares		3,977,579	5,949,963
Dividend income		1,364,946	1,584,606
		5,342,525	7,534,569
24 Commission, exchange & brokerage			
This is made up as follows:			
Commission		-	-
Exchange earnings		-	-
Brokerage		-	-
		-	-
25 Other operating income			
This is made up as follows:			
Service charge		37,500	29,500
Reimbursement of documentation costs		18,000	14,500
Gain on disposal of leased assets		143,000	439,258
Other income (note: 25.1)		232,635	334,035
		431,135	817,292
25.1 Other income			
This is made up as follows:			
Gain/(loss) on sale of fixed assets		-	-
Miscellaneous income		232,635	334,035
		232,635	334,035
26 Salary & allowances			
This is made up as follows:			
Salaries		28,241,450	34,295,789
Provident fund		1,515,187	1,634,046
Bonus		3,044,262	3,483,144
Gratuity		1,611,700	1,561,184
		34,412,599	40,974,163
As per the Schedule XI of the Companies Act, 1994, the number of employees (including casual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 49 at the end of 31 December 2019 as against 51 in 2018.			
27 Rent, taxes, insurance, electricity etc.			
This is made up as follows:			
Rent, rates & taxes		11,640,294	12,646,763
Insurance		191,160	145,166
Power & electricity		926,765	1,046,858
Water & sewerage		23,454	28,669
		12,781,673	13,867,456

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
28	Legal expenses		
	This is made up as follows:		
	Professional/legal fees	5,907,709	9,076,347
	Other	-	-
		5,907,709	9,076,347
29	Postage, stamps, telecommunication etc.		
	This is made up as follows:		
	Postage & courier expenses	47,440	48,888
	Stamp & court fees	50,393	35,075
	Telephone, fax & e-mail	862,778	927,846
		960,611	1,011,809
30	Stationery, printing, advertisements etc.		
	This is made up as follows:		
	Printing & stationery	421,258	689,338
	Advertisement and publicity	888,480	880,858
		1,309,738	1,570,196
31	Chief executive officer's salary and other fees		
	This is made up as follows:		
	Basic	-	-
	Other allowances	-	-
	Provident fund	-	-
	Bonus	-	-
		-	-
32	Directors' fees		
	This is made up as follows:		
	Meeting fees	952,000	968,000
		952,000	968,000
33	Auditor's fees		
	This is made up as follows:		
	Audit fees	230,000	185,000
		230,000	185,000
34	Repair, maintenance & depreciation expenses of financial institution's assets		
	This is made up as follows:		
	Repair, maintenance (note 34.1)	2,043,133	1,030,406
	Depreciation (note 34.2)	3,070,137	3,597,455
		5,113,270	4,627,861
34.1	Repair, maintenance		
	This is made up as follows:		
	Office premises	1,195,232	457,077
	Office equipment	404,906	247,922
	Office furniture & fixtures	6,000	10,803
	Vehicles	436,995	314,604
		2,043,133	1,030,406
34.2	Depreciation:		
	This is made up as follows:		
	Land	-	-
	Furniture & fixture	300,906	334,339
	Electrical appliance	1,124,360	1,322,777
	Motor vehicles	778,443	945,282
	Interior decoration	796,239	912,483
	Office equipment	70,189	82,574
		3,070,137	3,597,455
	Details of depreciation and amortisation are shown in "Annexure - B"		
35	Other expenses:		
	This is made up as follows:		
	Traveling & conveyance	622,151	602,084
	Books and periodicals	20,075	23,442
	Entertainment & public relations	1,037,189	1,168,700
	Motor vehicle expenses	930,104	988,296
	Commission on share trading	-	-
	Govt. Excise duty	54,800	90,450
	Registration/ renewal fee	758,610	-
	Donations	10,000	3,000
	AGM expenses	-	344,159
	Service charge	710	17,878
	Medical expenses	110,246	10,156
	Bank charge	1,358,020	193,120
	CDBL fee	212,000	106,000
	Business promotional expense	10,000	651,055
	Uniforms & apparels	54,836	97,255
	Miscellaneous expenses	229,487	90,939
		5,408,228	4,386,534

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
36 Provision for loans, advances & leases			
This is made up as follows:			
General provision against unclassified loans, advances & leases		(1,437,265)	(8,712,867)
Specific provision against classified loans, advances & leases		(36,082,560)	357,873,930
Allowance for lease/Term Finance and invest.- other asset			122,959,433
		(37,519,825)	472,120,496
37 Provision for diminuation in value of investments			
This is made up as follows:			
Provisions for dealing securities		-	-
Provisions for investment securities (note: 37.1)		12,121,347	6,228,371
		12,121,347	6,228,371
37.1 Provisions for investment securities			
This is made up as follows:			
Quoted securities		12,121,347	6,228,371
Un-quoted securities		-	-
		12,121,347	6,228,371
38 Other Provisions			
This is made up as follows:			
Other Provision for Tax Assessment Year 2015-2016		337,514,065	-
Provision for other assets		8,013,567	-
Other Provision-Pension Fund		8,000,000	-
		353,527,632	-
39 Earnings per Share (EPS)			
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.			
Basic earnings per share			
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.			
		31.12.2019	31.12.2018
Net Profit Attributable to the Ordinary Shareholders (Net Profit after Tax)		(1,228,128,076)	(1,313,472,249)
Weighted average number of ordinary shares			
Ordinary shares at 1 January		100,679,944	100,679,944
Bonus shares issued		-	-
Right shares issued		-	-
Weighted average number of ordinary shares at 31 December		100,679,944	100,679,944
Restated weighted average number of ordinary shares		100,679,944	100,679,944
Earnings per share		(12.20)	(13.05)
Earnings per share (restated)		(12.20)	(13.05)
Diluted earnings per share			
The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the year 2019 and hence no diluted earnings per share is required to be calculated.			
40 Cash receipts from other operating activities			
This is made up as follows:			
Service charge		37,500	29,500
Reimbursement-documentation costs		18,000	14,500
Gain on disposal of leased assets		143,000	439,258
Miscellaneous income		232,635	334,035
		431,135	817,292
41 Cash payments for other operating activities			
This is made up as follows:			
Rent, taxes, insurance, electricity, etc.		12,275,081	14,440,235
Legal expenses		5,907,709	9,076,347
Postage, stamp, telecommunication, etc.		958,882	1,032,085
Stationery Printing, Advertisements, etc.		888,480	880,858
Directors' fees		952,000	968,000
Auditors' fee		180,000	150,000
Repairs and maintenance		2,041,133	1,030,406
Traveling & conveyance		622,151	602,084
Books and periodicals		20,075	23,442
Entertainment & public relations		958,209	1,045,325
Training fee		78,980	123,375
Motor vehicle expenses		930,104	988,296

Notes to the Financial Statements-continued

		Amount in Taka	
		31.12.2019	31.12.2018
	Commission on share trading	-	(0)
	Govt. Excise duty	54,800	90,450
	Registration/ renewal fee	758,610	-
	Donations	10,000	3,000
	AGM expenses	-	344,159
	Service charge	710	17,878
	Medical expenses	110,246	10,156
	Bank charge	1,358,020	193,120
	CDBL Fee	212,000	106,000
	Buisness promotional expense	10,000	651,055
	Uniforms & apparels	54,836	97,255
	Miscellaneous expenses	678,610	(358,963)
		29,060,636	31,514,562
42	Other assets		
	This is made up as follows:		
	Stock of stamp	730	2,220
	Advance rent, advertisement etc.	(983,400)	1,882,214
	Prepaid expenditure	(293,564,571)	17,619,333
	Suspense account	(40)	10,000
	Accrued interest on fixed deposit	3,144,446	3,086,944
	Others	-	1,226,213
	Cash (increase)/ decrease in other assets	(291,402,835)	23,826,924
43	Other liabilities		
	This is made up as follows:		
	Withholding tax payable	102,820,100	671,955
	Vat payable	93,653	13,405
	Excise duty payable	2,619,800	337,480
	Sundry deposits	(139,290,934)	48,538,150
	Net increase/ (decrease) in other liabilities	(16,157,381)	49,560,990
44	Reconciliation of Net Profit with Cash Flows from Operating Activities		
	Net profit after tax	(1,228,128,076)	(1,313,472,249)
	Adjustment for non-cash items:		
	Add: depreciation expenses	3,070,137	3,597,455
	Add: Provision for loans, advances and investments	328,129,154	472,120,496
	Add/(Less) Profit/(Loss) on sale of fixed assets	-	-
	Add/(Less): Accrued expenses	40,374,001	680,993,650
	Add/(Less): Accrued income	(6,821,079)	(4,209,010)
	Add/(Less): Provision for Current Tax	1,194,895	761,032
	Total Adjustment for non-cash items:	365,947,108	1,153,263,623
		(862,180,968)	(160,208,626)
	Changes in operating assets and liabilities:		
	(Increase)/ Decrease in Loans and advances to other banks		
	(Increase)/Decrease in Loans and advances to customers	317,952,195	(85,253,182)
	(Increase)/Decrease in other assets	(291,402,835)	23,826,924
	(Increase)/Decrease in deposits from other banks and financial institutions	591,214,618	(50,100,000)
	(Increase)/Decrease in deposits from customers	(166,008,312)	(118,105,294)
	(Increase)/Decrease in Other liabilities account of customer	(1,812,804)	(1,529,186)
	(Increase)/Decrease in other liabilities	(16,157,381)	49,560,990
	Cash received/(paid) from operating assets and liabilities	433,785,481	(181,599,748)
	Net cash from operating activities	(428,395,487)	(341,808,374)

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, 2019
1	Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.)	Chairman	5.46 (Share holding of Sukuza Venture Ltd.)
2	Mr. Jameel Mahmood (Nominee of Sukuza Venture Ltd.)	Director	5.46 (Share holding of Sukuza Venture Ltd.)
3	Mr. Neaz Ahmed (Nominee of Kanchi Venture Ltd.)	Director	3.52 (Share holding of Kanchi Venture Ltd.)
4	Professor Jawadur Rahim Zahid (Independent Director)	Director	-
5	Mr. Muhammad Harun-Al-Rashid (Independent Director)	Director	-
6	Mr. Sa'ad Zaglul Abbas (Independent Director)	Director	-
7	Brigadier General (Retd.) Mohammad Selim (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	Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.)	Chairman	Dhaka Power Distribution Co. Ltd., Eastern Lubricant Blenders Ltd. and Dhaka Stock Exchange Ltd.
2	Mr. Jameel Mahmood (Nominee of Sukuza Venture Ltd.)	Director	Sigma Capital Management Ltd.
3	Mr. Neaz Ahmed (Nominee of Kanchi Venture Ltd.)	Director	Alif Asset Management Ltd.
4	Professor Jawadur Rahim Zahid (Independent Director)	Director	N/A
5	Mr. Muhammad Harun-Al-Rashid (Independent Director)	Director	N/A
6	Mr. Sa'ad Zatlul Abbas (Independent Director)	Director	N/A
7	Brigadier General (retd.) Mohammad Selim (Independent Director)	Director	N/A

45.3 Transactions with Directors and their related entities

Name of the Party	Name of Directors	Related by	Nature of transaction	Agreement No.	31.12.2019	31.12.2018	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

Notes to the Financial Statements-continued

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	639,487,525	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	35,170,885	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	52,355,569	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	14,011,360	Bad & Loss

Notes to the Financial Statements-continued

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	5,923,561	5,092,715	Sub Standard
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	636,126,351	Bad & Loss
Total					6,223,626,232	6,396,500,546	

Outstanding balance amounting BDT 166,287,397 has been adjusted with partial payment of loan instalments received from these clients in previous years previously maintained under sundry deposits (note 13.7).

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.

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

Notes to the Financial Statements-continued

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

Name	Status with the Company	Status with the Committee	Educational Qualification
Professor Jawadur Rahim Zahid	Independent Director	Chairman	MBA(IBA-DU), PhD
Mr. Ruhul Amin, FCMA	Director	Member	MBA(IBA-DU), FCMA
Mr. Neaz Ahmed	Director	Member	MBA (IBA-DU)
Mr. Muhammad Harun-Al-Rashid	Independent Director	Member	MBA (IBA-DU)
Mr. Sa'ad Zaglul Abbas	Independent Director	Member	MBA (IBA-DU)

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

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 2019, the audit committee of the board held 04 (four) meetings in which among others, the following issues were discussed and decided:

- Reviewed the company's draft financial statements for the year ended on december 31, 2018;
- Recommended and advised the board on appointment of external auditors for the year 2019 and their audit fee;
- Analysied and reviewed the periodic reports on internal control and compliance reported by the internal auditor;
- Analysied 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;
- Analysied 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.

The audit committee held 04 (four) meetings during the year 2019. On invitation, managing director of the company and chief financial officer (CFO) attended the meetings to meet the queries of the audit committee and took directives to improve the overall operational efficiency of the company. The directives of the audit committee are complied with.

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 Narayangonj along with its other branches at Uttara and Gulshan in Dhaka.

51 Events After Balance Sheet Date:

The Board of Directors in it's meeting held on 14 June 2022 recommended no dividend against per share of Tk. 10.00 each.

Schedule of Fixed Assets for the year ended 31 December, 2019

Particulars	Land	Furniture & Fixture	Electrical Appliance	Motor Vehicles	Interior Decoration	Office Equipment	Total
COST (A)							
Balance at January 01, 2019	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, 2019	440,000,000	3,766,229	11,793,262	15,280,154	11,088,782	1,261,629	483,190,056
DEPRECIATION (B)							
Rate (%)	0%	10%	15%	20%	10%	15%	
Balance at January 01, 2019	-	757,175	4,297,525	11,387,936	3,126,395	793,705	20,362,736
Charged during the period	-	300,905	1,124,360	778,444	796,239	70,189	3,070,137
Adjustment during the period	-	-	-	-	-	-	-
Balance at Dec 31, 2019	-	1,058,080	5,421,885	12,166,380	3,922,634	863,894	23,432,873
WDV at Dec 31, 2019 (A-B)	440,000,000	2,708,149	6,371,377	3,113,774	7,166,148	397,735	459,757,183

Schedule of Fixed Assets for the year ended 31 December, 2018

Particulars	Land	Furniture & Fixture	Electrical Appliance	Motor Vehicles	Interior Decoration	Office Equipment	Total
COST (A)							
Balance at January 01, 2018	440,000,000	1,092,979	7,429,782	15,280,154	4,267,816	1,261,629	469,332,360
Addition during the period	-	2,673,250	-	-	6,820,966	-	13,857,696
Adjustment during the period	-	-	-	-	-	-	-
Balance at Dec 31, 2018	440,000,000	3,766,229	11,793,262	15,280,154	11,088,782	1,261,629	483,190,056
DEPRECIATION (B)							
Rate (%)	0%	10%	15%	20%	10%	15%	
Balance at January 01, 2018	-	422,836	2,974,748	10,414,882	2,241,685	711,130	16,765,281
Charged during the period	-	334,339	1,322,777	973,054	884,710	82,575	3,597,455
Adjustment during the period	-	-	-	-	-	-	-
Balance at Dec 31, 2018	-	757,175	4,297,525	11,387,936	3,126,395	793,705	20,362,736
WDV at Dec 31, 2018 (A-B)	440,000,000	3,009,054	7,495,737	3,892,218	7,962,387	467,924	462,827,320

FINANCIAL HIGH LIGHTS

(Amount in Taka)

Sl no.	Particulars	2019	2018	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)	(9,491,367,450)	(8,147,041,020)	16.5%
3	Capital surplus / (deficit) (note-14.6)	6,799,440	6,799,440	0.0%
4	Total assets	9,098,603,600	9,622,238,633	-5.4%
5	Total deposits (note-12)	5,892,268,208	5,455,986,659	8.0%
6	Total lease, loans and advances (note-8)	7,999,318,392	8,414,821,757	-4.9%
7	Total contingent liabilities and commitments	-	-	0.0%
8	Credit deposit ratio (sl. no. 6/sl. no. 5) (Times)	1.36	1.54	-12.0%
9	Percentage of classified lease, loans and advances against total loans, advances and leases (note- 8.7)	95.45%	97.01%	-1.6%
10	Profit after tax and provision	(1,228,128,076)	(1,313,472,249)	-6.5%
11	Amount of loans classified during the year (note-8.6.A)	7,635,746,950	8,163,063,386	-6.5%
12	Provisions kept against classified loans (note-13.01.a)	7,134,831,853	7,293,873,846	-2.2%
13	Provision surplus / (deficit)	527,031,325	125,386,261	-
14	Cost of fund	11.58%	10.33%	12.1%
15	Interest earning assets (note-5.1.b+5.1.c+7+8)	8,208,737,765	8,727,949,519	-5.9%
16	Non-interest earning assets (note-4+5.1.a+9+10)	889,865,835	894,289,113	-0.5%
17	Return on investment (ROI) (PAT/(Average equity+Average long term borrowings))	-31.91%	583.21%	-105.5%
18	Return on assets (ROA) ((sl. no. 10/sl. no. 4) (Times)	-13.50%	-13.65%	-1.1%
19	Income from investment (note-23)	5,342,525	7,534,569	-29.1%
20	Earnings per share (Taka) (note:39)	(12.20)	(13.05)	-6.5%
21	Net income per share (Taka)	(12.20)	(13.05)	-6.5%
22	Price earning ratio (times)	N/A	N/A	N/A

Stock Report of Investment in Shares as on 31.12.2019

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	AIBL 1st Islamic MF	175,500.00	7.47	1,310,276.64	7.20	1,263,600.00	(0.27)	(46,676.64)			
2	ACME Lab. Ltd.	10,000.00	78.47	784,676.22	60.90	609,000.00	(17.57)	(175,676.22)			
3	Argon Denim Ltd.	246,683.00	32.80	8,091,901.50	16.60	4,094,937.80	(16.20)	(3,996,963.70)			
4	BD Submarine Cable	10,608.00	150.95	1,601,287.01	93.80	995,030.40	(57.15)	(606,256.61)			
5	BSRM Steels Limited	227,700.00	194.08	44,192,430.00	39.20	8,925,840.00	(154.88)	(35,266,590.00)			
6	Coppertec Ind. Ltd.	4,978.00	9.52	47,410.00	23.50	116,983.00	13.98	69,573.00			
7	Dhaka Bank Ltd.	283,135.00	17.91	5,072,189.95	12.00	3,397,620.00	(5.91)	(1,674,569.95)			
8	Grameens2	339,252.00	19.02	6,451,626.36	11.80	4,003,173.60	(7.22)	(2,448,452.76)			
9	IDLC	3,590.00	51.61	185,280.82	45.40	162,986.00	(6.21)	(22,294.82)			
10	IFIC	251,240.00	14.34	3,603,192.00	9.90	2,487,276.00	(4.44)	(1,115,916.00)			
11	ICB AMCL 3RDNRB MF	143,500.00	5.75	824,746.20	4.60	660,100.00	(1.15)	(164,646.20)			
12	ICB AMCL 1st Agrani MF	740,000.00	7.40	5,476,129.89	5.40	3,996,000.00	(2.00)	(1,480,129.89)			
13	New Line Clothing Ltd.	4,282.00	9.35	40,023.22	14.80	63,373.60	5.45	23,350.38			
14	Power Grid Company of BD	9,000.00	58.64	527,803.59	44.60	401,400.00	(14.04)	(126,403.59)			
15	SAIF Powertec Limited	104,108.00	25.13	2,615,787.92	13.40	1,395,047.20	(11.73)	(1,220,740.72)			
16	Sea Pearl Beatch Res. Ltd.	3,916.00	9.53	37,300.00	41.30	161,730.80	31.77	124,430.80			
17	Silico Pharma. Ltd.	4,377.00	9.09	39,792.89	30.30	132,623.10	21.21	92,830.21			
18	Square Pharma	20,865.00	250.09	5,218,035.80	190.00	3,964,350.00	(60.09)	(1,253,685.80)			
19	Standard Bank Limited	132,752.00	10.49	1,392,400.94	8.90	1,181,492.80	(1.59)	(210,908.14)			
20	BanglaLion Communications Ltd.	10,750,000.00	10.00	107,500,000.00	-	-	(10.00)	(107,500,000.00)			
21	GMG Airlines Ltd.	220,000.00	45.45	10,000,000.00	-	-	(45.45)	(10,000,000.00)			
	Total	13,685,486		205,012,290.95		38,012,564.30		(166,999,726.65)			

(Amount in Taka)

