

Annual Report 2022



Bangladesh Industrial Finance Company Limited

Sustainability Report:

Since inception, we have consistently positioned ourselves as a sustainable organization. This achievement stems from our steadfast commitment to social values, financial discipline, prudent decision-making and the highest ethical standards.

As a financial institution, our core moral values allow us to build strong, lasting relationships with stakeholders and the broader community. These relationships strengthen our foundation for sustainable growth and long-term progress.

The nature of our business uniquely enables us to support our customers and stakeholders in addressing social and environmental challenges, while promoting responsible investment for the future. In doing so, we contribute to the resilience and sustainable development of local markets and the national economy.

The ongoing success of our customers, clients and stakeholders underpins our future business prospects and remains the cornerstone of our sustainability.

Letter of Transmittal

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

Dear Sir(s),

Annual Report for the year ended on December 31, 2022.

On behalf of the Board of Directors, we are pleased to present the **Annual Report 2022**, along with the audited Financial Statements for the year ended December 31, 2022 (covering January 1, 2022 to December 31, 2022). This Report includes all relevant information and disclosures required by the applicable regulatory authorities.

We sincerely hope that the contents of this Report will provide meaningful insights and valuable perspectives on the Company's performance and overall activities during the year under review.

Thanking you.

Sincerely yours,



Anisur Rahaman
Company Secretary

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Notice of the 27th Annual General Meeting

Notice is hereby given that pursuant to the judgment of the Honorable High Court Division (Statutory Original Jurisdiction) of the Supreme Court of Bangladesh in Company Matter No. 2047 of 2025 dated December 09, 2025 (Certified copy of Judgment received on 05.01.2026), the Board of Directors of Bangladesh Industrial Finance Company Limited (BIFC) in its 246th Meeting held on February 16, 2026 at 3:00 p.m. decided that the 27th Annual General Meeting (pending AGM for the year 2022) of the Company will be held by using Hybrid System & physically on Tuesday 7th April 2026 at 10:00 a.m. at “Institution of Diploma Engineers, Bangladesh” IDEB Bhaban, 160/A, Kakrail VIP Road, Dhaka (pursuant to BSEC Order no.BSEC/CMRRCD/2009-193/08 dated March 10, 2021) to transact the following business:

Agenda

1. To consider and adopt the Directors’ Report and the Auditors’ Report to the Shareholders accompanied by audited financial statements for the year ended on December 31, 2022;
2. To declare Dividend for the year ended on December 31, 2022;
3. To elect/re-elect directors;
4. To appoint auditor for the year 2023 and to fix their remuneration;
5. To appoint Compliance Auditor as per Corporate Governance code for the year 2023 and to fix their remuneration;
6. To transact any other business of the Company with the permission of the Chair.

By order of the Board of Directors
Sd/-

Anisur Rahaman
Company Secretary

March 15, 2026

Notes:

- i. As notified earlier the “Record Date” was fixed on Monday, 12th August, 2024. The shareholders whose names appeared in the Register of Shareholders of the Company and/or in the Depository on the Record Date will be eligible to attend and vote in the 27th AGM through physical or paper ballot at the venue of General Meeting or through electronic ballot or any e-voting system using online 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 stamped with Tk.20.00 (Revenue Stamp), must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting;
- iii. Pursuant to the BSEC notification Link of the softcopy of the Annual Report for the year 2022 has been sent to the email address of the shareholders available in their BO account maintained with the depository and also available in the Website of the Company at www.bifcol.com;
- iv. Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s);
- v. The Shareholders will join physically and Virtual AGM through the link <https://bifcol27.bdvirtualagm.com>. The Shareholders will be able to submit their questions/comments and vote electronically 24 (Twenty four) hours before commencement of the AGM and also during the AGM. For logging into the system, the Shareholders need to put their 16 digit Beneficiary Owner’s ID/Folio Number and other credentials as proof by visiting the said link.

We encourage the Share holders 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, zesmin@bifcol.com.

Our Vision and Our Mission

Our Vision:

To be a leading financial institution earning the trust and confidence of society.

Our Mission:

- Nurture, develop and train a professional workforce into a self-motivated team, recognized as a strategic organizational asset.
- Ensure equitable distribution of resources across the country.
- Innovate products and services that align with contemporary needs and market demands.
- Maintain steady growth and deliver consistent returns on investments.

Core Values – SPIRIT

Social Responsibility

We care for and contribute to our communities.

Performance

We measure results and reward achievement.

Integrity

We uphold trust, transparency and business ethics.

Respect

We value and cherish every individual.

Innovation

We foster creativity and forward-thinking solutions.

Teamwork

We collaborate effectively to achieve shared success.

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 PLC and Chittagong Stock Exchange PLC. |
| Commencement of Business | : March 02, 1998 |
| Registered Office | : Police Plaza Concord (Tower-2), Level-8, Plot # 02, Road # 144, Gulshan-1, Dhaka-1212, Bangladesh. |
| PABX | : 09611888333, 55045123-5 |
| Fax | : +88-02-55045128 |
| E-mail | : info@bifcol.com |
| Website | : www.bifcol.com |
| Chairman | : Ikteder Ahmed |
| Managing Director (C.C.) | : Md. Anwarullah Sadeq |
| Auditor | : MABS & J Partners, Chartered Accountants SMC Tower (5th & 7th Floor), 33 Banani C/A, Road # 17, Dhaka 1213, Bangladesh. |
| Tax Advisor | : K.M. Hasan & Co. Chartered Accountants Hometown Apartment (7 th , 8 th & 9 th floor) 87 New Eskaton Road, Dhaka-1000, Bangladesh. |
| Branch | : |
| Chattogram Branch | Uttara Branch |
| Akhteruzzaman Center (5 th Floor) | Flat # B1, House # 46, 1 st Floor, Road # 03, |
| Chattogram-4100 | Sector # 11, Uttara, Dhaka-1230. |
| PABX: +02-333-317256, +02-333-313233 | Tel: +88-02-8991431, 09611888455 |
| 09611888451 | Fax: +88-02-8991682 |
| Fax: +02-333-317242 | Email: bifcuttara@bifcol.com |
| E-mail: bifctg@bifcol.com | |
| Narayanganj Branch: | |
| 52/1, S.M. Maleh Road (1 st Floor), | |
| Tanbazar, Narayanganj | |
| Tel: +02-224-433817, 09611888453 | |
| Fax: +02-224-433897 | |
| E-mail: bifcnganj@bifcol.com | |
| No. of Employees: | : 40 |
| Stock Summary | |
| Authorized capital | : BDT 4000.00 million |
| Paid-up-capital | : BDT 1006.80 million |
| Face value per share | : BDT 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

Mr. Iktedar Ahmed, Chairman
Nominated Director, Merrill & Forbes Inc

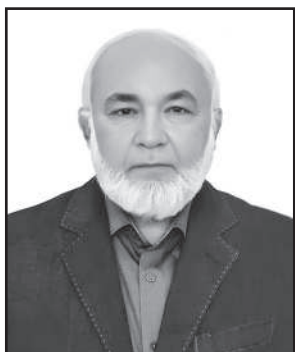
Mr. Mahmudul Hasan
Nominated Director of Five Continents Credit Limited

Mr. Ansar Uddin Ahmed
Independent Director

Mr. Shafique-ul Azam
Independent Director

Mr. Md. Anwarullah Sadeq
Managing Director (Current Charge)

Profile of the Directors



Mr. Ikteder Ahmed

Chairman and Nominated Director of Merrill & Forbes Inc.

Mr. Ikteder Ahmed was elected as the Chairman of the Board of Directors of Bangladesh Industrial Finance Company Limited (BIFC) by the Share Holders of the Company in the 26th AGM held on November 15, 2023. He is a LL.B. (Hons.) and LL.M. from the University of Dhaka with brilliant performance. He obtained Post Graduation on Juvenile Justice Administration in 1997 from the United Nations Asia and Far East Institute for Prevention of Crime and Treatment of Offenders, Tokyo, Japan, on International Labour Standards for Judges, Lawyers and Legal Educators in 2002 from the International Training Centre, Turin, Italy of International Labour Organization in Collaboration with University of Turin, Italy and on Intellectual Property Rights in 2006 from World Intellectual Property Organizations Worldwide Academy, Geneva, Switzerland.

He joined the Bangladesh Civil Service (Judicial) Cadre in the year 1981 and worked as Assistant Judge, Joint District Judge, Additional District and Sessions Judge and District and Sessions Judge in the hierarchy of the parent department while worked as Deputy Director (Law), Ansar and VDP; Deputy Secretary (Law), Election Commission Secretariat; Directory Judicial Administration Training Institute; Secretary, Law Commission; Chairman, Court of Settlement; Registrar General, Supreme Court of Bangladesh and Chairman, Minimum Wages Board on deputation. Went on voluntary retirement on February 8, 2011 in protest against certain injustice.

He visited Australia, Bahrain, Canada, China, Denmark, Finland, France, Germany, Hong Kong, India, Indonesia, Iran, Italy, Japan, Kenya, Macau, Malaysia, Mozambique, Myanmar, Nepal, Netherlands, Norway, Oman, Pakistan, Quarter, Russia, Saudi Arabia, Singapore, South Africa, Sri Lanka, Sweden, Switzerland, Thailand, United Arab Emirates and United Kingdom.



Mr. Mahmudul Hasan

Nominated Director of Five Continents Credit Limited

Mr. Mahmudul Hasan, a nominated Director of Five Continents Credit Limited, is Head of Marketing Paper World Limited. He has completed Master's Degree from London College of Accountancy. He likes to travel and reading books.



Mr. Ansar Uddin Ahmed
Independent Director

Mr. Ansar Uddin Ahmed was born in a respectable Muslim family in the District of Laxmipur on May Day, 1952. Mr. Ahmed's late father was a retired government high school headmaster and the mother was a homemaker. He studied for the Graduation & Postgraduate Degrees at the Dhaka University during 1969-73. During this period of life joined the liberation war of Bangladesh and shouldered the responsibility of Deputy District Commander of the Laxmipur zone of the BLF (Mujib Bahini).

After completion of studies, Mr. Ahmed joined the Central Bank of Bangladesh as Assistant Director in 1976, was directly recruited by the Public Service Commission served Bangladesh Bank for about 25 years. During this period, He was General Manager (Director) of the Departments of Currency Management & Accounting, Agricultural Credit and Banking Regulations & Policy Department. Also, during this period in the Central Bank, he passed both parts of the Banking Diploma Examinations, secured the post-graduate diploma degree in Personnel Management and obtained the Post-graduation Degree in Financial Economics from the University of Wales, UK in 1986.

Afterwards, He joined the largest private sector bank, Pubali Bank PLC, as the Deputy Managing Director in early 2000 and served for more than 3 years. Subsequently he moved to National Housing Finance PLC and Bangladesh Industrial Finance Company Limited (BIFC) as Managing Director in the years 2003 and 2008 respectively. Lastly, He served as an Independent Director of BD Finance PLC, a leading leasing company from 2013 to 2018.



Mr. Shafique-ul-Azam
Independent Director

Mr. Shafique-ul-Azam is an Independent Director of the Board of Directors of Bangladesh Industrial Finance Company Limited (BIFC). He is also the Chairman of the Risk Management Committee and Member of the Executive Committee and Audit Committee Mr. Shafique-ul-Azam is the Managing Director of BD Venture Limited, the country's first venture capital company. He earned his graduation with honors in Economics and an MBA in Marketing from IBA, University of Dhaka. He started his career in MIDAS as a Junior Project Management Officer in 1986 and retired from MIDAS Financing PLC as Managing Director in 2010. He worked for nine years as Managing Director in MIDAS Financing PLC.

While he was in MIDAS Financing PLC he represented the company to the Board of BD Venture Limited, Fin Excel Limited. He has vast experience in small, medium and micro enterprise financing and entrepreneurship development. He conducted many training as a facilitator and lead facilitator on Small Enterprise Development, Micro Enterprise Development, and Micro Credit Management to the midlevel and senior officials of different NGOs, Banks and International Institutions, like BRAC, PROSHIKA, Department of Women Affairs, Sonali Bank, Janata Bank & ITDG, etc.



Mr. Md. Anwarullah Sadeq
Managing Director (Current Charge)

Mr. Md. Anwarullah Sadeq started his service in Bangladesh Industrial Finance Company Limited as a Senior Principal Officer, Chattogram Branch on November 08, 2009. He currently serves as the Deputy Managing Director (DMD) and has been in the current charge of the office of the Managing Director since July 03, 2023. Prior to joining BIFC, Mr. Sadeq worked at Phoenix Finance & Investment Limited and Premier Leasing & Finance Limited. He has more than 24 years of experience in the NBFIs sectors and gained valuable knowledge and skills.

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

Committees

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

Composition of the different sub-committees of the Board of Directors of BIFC 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. Ikteder Ahmed | Chairman & Nominated Director | Chairman |
| Mr. Ansar Uddin Ahmed | Independent Director | Member |
| Mr. Shafique-Ul-Azam | Independent Director | Member |

Audit Committee

The Audit Committee consists of the following 3(three) members of the Board of Directors:

| Name | Status in the Company | Status in the Committee |
|-----------------------|-----------------------|-------------------------|
| Mr. Ansar Uddin Ahmed | Independent Director | Chairman |
| Mr. Shafique-Ul-Azam | Independent Director | Member |
| Mr. Mahmudul Hasan | Nominated Director | Member |

The report of the audit committee is presented in the page no. 31-32

Risk Management Committee

The Risk Management Committee consists of the following 3 (Three) members of the Board of Directors

| Name | Status in the Company | Designation |
|-----------------------|-----------------------|-------------|
| Mr. Shafique-Ul-Azam | Independent Director | Chairman |
| Mr. Ansar Uddin Ahmed | Independent Director | Member |
| Mr. Mahmudul Hasan | Nominated Director | Member |

The management of Bangladesh Industrial Finance Company Limited (**BIFC**) has several committees to operate the company smoothly.

The status of the different existing sub-committees of the Management is furnished below:

(A) MANAGEMENT COMMITTEE (MANCOM)

| Sl. | Name | Designation & Department | Position in the Committee |
|-----|---------------------------|---|---------------------------|
| 1 | Mr. Md. Anwarullah Sadeq | Managing Director (Current Charge) | Chairman |
| 2 | Mr. Mohiuddin Ahmed | SVP & CFO | Member |
| 3 | Mr. Anisur Rahaman | AVP, Company Secretary & Head of Business | Member Secretary |
| 4 | Mr. Md. Zahidul Islam | SPO & In-charge of SAM & Uttara Branch | Member |
| 5 | Ms. Homaira Sharafat Neza | SPO & Head of Treasury & Liability | Member |

The Management Committee of **BIFC** is a high-level group of top officials, headed by the Managing Director. The committee is included functional heads, responsible for executing company strategy and overseeing daily operations. It bridges the gap between strategic vision and operational reality, ensuring departments are aligned, risks are managed and financial, legal, and operational goals are met.

(B) MANAGEMENT CREDIT COMMITTEE (MCC)

| Sl. | Name | Designation & Department | Position in the Committee |
|-----|--------------------------|--|---------------------------|
| 1 | Mr. Md. Anwarullah Sadeq | Managing Director (Current Charge) | Chairman |
| 2 | Mr. Anisur Rahaman | AVP (CS & Head of Business) | Member Secretary |
| 3 | Mr. Md. Zahidul Islam | SPO & In-charge of SAM & Uttara Branch | Member |
| 4 | Mr. Shaikh Moshir Rahman | Principal Officer (In charge of CAD & CRM) | Member |
| 5 | Ms. Amena Khatun | Senior Officer & In-Charge, SME | Member |

The Management Credit Committee (MCC) of **BIFC** is headed by the Managing Director responsible for reviewing, approving, and monitoring loans and credit facilities to manage credit risk, ensure policy compliance, and evaluate the probability of repayment. In addition, the Credit Committee may carry out additional responsibilities that are specifically empowered by the Board. The Credit approval limit of MCC should be reviewed by the Board of Directors from time to time.

(C) ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

| Sl. | Name | Designation & Department | Position in the Committee |
|-----|---------------------------|------------------------------------|---------------------------|
| 1 | Mr. Mohiuddin Ahmed | SVP & CFO | Chairman |
| 2 | Mr. Anisur Rahaman | AVP (CS & Head of Business) | Member Secretary |
| 3 | Ms. Homaira Sharafat Neza | SPO & Head of Treasury & Liability | Member |

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

(D) ICC COMMITTEE

| Sl. | Name | Designation & Department | Position in the Committee |
|-----|------------------------|--|---------------------------|
| 1 | Mr. Anisur Rahaman | AVP (CS & Head of Business) | Chairman |
| 2 | Mr. Mohiuddin Ahmed | SVP & CFO | Member |
| 3 | Mr. Md. Shahriar Kobir | Principal Officer & Head of ICC Department | Member Secretary |

The main objective 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.

(E) CENTRAL COMPLIANCE UNIT (CCU)

| Sl. | Name | Designation & Department | Position in the Unit |
|-----|---------------------------|--|-----------------------------|
| 1 | Mr. Anisur Rahaman | AVP, Company Secretary & Head of Business | CAMLCO |
| 2 | Mr. Md. Shahriar Kobir | Principal Officer & Head of ICC Department | D-CAMLCO & Member Secretary |
| 3 | Mr. Md. Zahidul Islam | SPO & In-charge of SAM & Uttara Branch | BAMLCO Uttara Branch |
| 4 | Mr. Muradur Rahman | SPO & In Charge of Chattogram Branch | BAMLCO Chattogram Branch |
| 5 | Mr. Md. Ripon Biswas | Senior Officer & In Charge of Narayanganj Branch | BAMLCO Narayanganj Branch |
| 6 | Mr. Mohiuddin Ahmed | SVP & CFO | Member |
| 7 | Ms. Homaira Sharafat Neza | SPO, Head of Treasury & Liability | Member |

Central Compliance Unit 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 Unit 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 meeting 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.

(F) ICT COMMITTEE

| Sl. No. | Name | Designation & Department | Position in the Committee |
|---------|----------------------|---|---------------------------|
| 1 | Mr. Mohiuddin Ahmed | SVP & CFO | Chairman |
| 2 | Mr. Anisur Rahaman | AVP, Company Secretary & Head of Business | Member |
| 3 | Mr. Md. Zulfikar Ali | SPO, In-charge Human Resources & Administration | Member |
| 4 | Mr. Md. Shahnawaz | Principal Officer & In-charge of ICT | 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.

(G) RECRUITMENT & PROMOTION COMMITTEE

| Sl. | Name | Designation & Department | Position in the Committee |
|-----|--------------------------|---|---------------------------|
| 1 | Mr. Md. Anwarullah Sadeq | Managing Director (C.C.) | Chairman |
| 3 | Mr. Mohiuddin Ahmed | SVP & CFO | Member |
| 2 | Mr. Anisur Rahaman | AVP (CS & Head of Business) | Member |
| 4 | Mr. Md. Zulfikar Ali | SPO, In-charge Human Resources & Administration | Member Secretary |

The committee is a formal body responsible for selecting, evaluating, and recommending personnel for appointment or advancement, ensuring adherence to merit and seniority. The committee is vital for ensuring that both direct recruitment and internal promotions are transparent and follow established a corporate regulation.

(H) PROCUREMENT AND DISPOSAL OFF COMMITTEE

| Sl. | Name | Designation & Department | Position in the Committee |
|-----|----------------------|---|---------------------------|
| 1 | Mr. Mohiuddin Ahmed | SVP & CFO | Chairman |
| 2 | Mr. Anisur Rahaman | AVP (CS & Head of Business) | Member |
| 3 | Mr. Md. Shahnawaz | Principal Officer, ICT | Member |
| 4 | Mr. Md. Zulfikar Ali | SPO, In-charge Human Resources & Administration | Member Secretary |

The committee is liable for procurement & disposal of the company's stationeries items and fixed assets.

(I) WILLFUL DEFAULTER IDENTIFICATION UNIT

| Sl. | Name | Designation | Position in the Committee |
|-----|--------------------------|--|---------------------------|
| 1 | Mr. Anisur Rahaman | AVP (CS & Head of Business) | Chairman |
| 2 | Mr. Mohiuddin Ahmed | SVP & CFO | Member |
| 3 | Mr. Md. Zahidul Islam | SPO & In-charge of SAM & Uttara Branch | Member Secretary |
| 4 | Mr. Md. Shahriar Kobir | Principal Officer & Head of ICC Department | Member |
| 5 | Mr. Shaikh Moshir Rahman | Principal Officer & In charge of CAD & CRM | Member |
| 6 | Mr. Md. Ashrafuzzaman | Senior Officer, Legal Department | Member |

The Unit identifies willful defaulters of the company and report to the Bangladesh Bank.

CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

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

Assalamu Alaikum,

I warmly welcome you all to the 27th Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC).

Pursuant to the Order dated 31st August 2023 passed by the Honorable Company Bench of the High Court Division, Supreme Court of Bangladesh, in Company Matter No. 32/2020, the current Board of Directors was constituted. Simultaneously, the Audit Committee, Executive Committee and Risk Management Committee of the Board were reconstituted and all management committees are now functioning effectively.

Following my assumption of office as Chairman of BIFC, the Executive Committee, Risk Management Committee, and Audit Committee were reorganized, with directives issued to the Management to prioritize the monitoring and recovery of defaulted loans, aiming to reduce non-performing loans (NPLs) and leases.

As you are aware, the Company has been experiencing a severe liquidity crisis since 2016. Consequently, core operations were largely suspended and our primary focus shifted to monitoring and recovering non-performing loans and advances. To this end, a dedicated Recovery Team was formed to monitor defaulting clients on a daily basis. Recovery from delinquent and stalled accounts is expected to improve within a reasonable timeframe. Defaulting clients are being regularly summoned to BIFC offices and through meetings and discussions, several have responded positively by agreeing to reschedule their liabilities. Efforts continue to engage other defaulters to negotiate rescheduling of their obligations.

As of 31st December 2022, BIFC's loan portfolio stood at BDT 773 crore, with a Non-Performing Loan (NPL) ratio of 96.80%. Loans related to Sunman Group and their guaranteed/related parties, which constitute approximately 81% of the Company's total loan portfolio, have been classified as Bad & Loss in accordance with Bangladesh Bank regulations. As a result, interest income from loans and investments has declined drastically and all key financial indicators of the Company deteriorated significantly by the end of 2022.

On behalf of the Board of Directors, I express our sincere appreciation to the Governor of Bangladesh Bank and the officials of its Department of Financial Institutions and Markets for their guidance, cooperation and support throughout the year. I also extend gratitude to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC for their continued cooperation and constructive support.

I would like to thank our valued shareholders, clients, fellow Board members, Management team and all employees for their unwavering support, professionalism, and dedication. Your trust and confidence remain the foundation of our efforts.

In conclusion, I am confident that BIFC will continue on its path of sustainable growth and create lasting value for all stakeholders in the years ahead.



Ikhteder Ahmed

Chairman, Bangladesh Industrial Finance Co. Ltd.

Former Senior District Judge &

The Registrar General of the Supreme Court of Bangladesh

MANAGING DIRECTOR'S (CURRENT CHARGE) MESSAGE

Dear Valued Shareholders,
Assalamu Alaikum,

Apart from the banking sector, Non-Bank Financial Institutions (NBFIs) in Bangladesh play a vital role in the country's economic development through effective and efficient financial intermediation. Bangladesh Industrial Finance Company Limited (BIFC), as an NBFI, has been an active partner in this process.

Incorporated as a Public Limited Company in August 1996 and licensed by Bangladesh Bank in February 1998, BIFC has consistently provided innovative, customized, prompt and cost-effective financial solutions, contributing to the socio-economic growth of the country while upholding the highest standards of business ethics and customer satisfaction.

BIFC operates with a strong client-centric approach, addressing client needs through a team of dedicated and experienced professionals to ensure easy, prompt and tailored financial solutions.

The present Board of Directors was constituted by High Court Order dated 31st August 2023, passed by the Honorable Company Bench of the High Court Division, Supreme Court of Bangladesh (Company Matter No. 32/2020). All the sub committees of the Board like the Executive Committee, Audit Committee and Risk Management Committee were reconstituted, and all management committees are now functioning effectively.

To address ongoing challenges, several key initiatives have been undertaken. The status of each loan account has been thoroughly reviewed. Duties have been clearly segregated among the CRM Department, Recovery Department and Legal Department to expedite the recovery process. Strong monitoring units comprising the CAD and SAM teams have been established to enhance and accelerate overall recovery efforts. The Company has also initiated and completed all necessary legal actions against defaulting borrowers in accordance with applicable laws and regulations.

As the Chief Executive, I assure you that we are fully committed to transforming BIFC into a leading institution through effective utilization of our workforce and a spirit of teamwork. We firmly believe that this Company belongs to all of us, and Insha'Allah, with unity, dedication, and perseverance, we will achieve our desired goals.

In conclusion, I take this opportunity to express my sincere gratitude to our honorable Chairman, esteemed members of the Board, regulators, shareholders, valued stakeholders and our dedicated employees for their continued support and guidance. We are also deeply grateful to our customers for their trust and patronage. BIFC remains firmly committed to working tirelessly to fulfill the expectations of all our stakeholders in the years ahead.



Md. Anwarullah Sadeq
Managing Director (Current Charge)

Directors' Report

Dear Shareholders,

Assalamu Alaikum,

On behalf of the Board of Directors, I take the privilege and honor to welcome you all at the 27th Annual General Meeting of Bangladesh Industrial Finance Company Limited (BIFC) and to present the Annual Report together with the audited Financial Statements of the Company for the year ended on December 31, 2022. It may be mentioned that the Directors' Report of the Company has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification No. SEC/CMRRCD/2016-158/134/Admin/80 dated June 03, 2018 and the Listing Regulations of Dhaka and Chittagong Stock Exchanges PLC and other applicable rules and regulations of the regulatory bodies.

Global Economic Performance

Global inflation surged to 9% in 2022, intensifying cost-of-living pressures on households worldwide. Following a strong post-pandemic rebound in 2021, global growth slowed significantly in 2022, with estimates ranging between 3.1%–3.3%—well below earlier projections of over 4% and far lower than the 2021 performance. Aggressive monetary tightening across both developed and developing economies triggered capital outflows, currency depreciation in developing countries and heightened debt sustainability risks. Financing conditions deteriorated, while weakened consumer confidence and investor sentiment further clouded near-term growth prospects.

Nevertheless, real GDP growth in the third quarter of 2022 has exceeded expectations in the USA, Euro Area and several emerging and developing economies, supported by stronger private consumption and investment, increased fiscal support, easing supply-chain bottlenecks, and a faster-than-anticipated recovery in energy markets.

Bangladeshi Economic Performance

In 2022, Bangladesh recorded GDP growth of 7.1%–7.25%, reflecting a 0.31 percentage point increase compared to the previous fiscal year. This growth was primarily driven by strong expansion in the consumer market, which accounted for approximately 75% of GDP and the industrial sector, which grew by 6% due to increased demand and supportive monetary and fiscal policies.

However, the country faced significant inflationary pressures, largely driven by rising food and non-food prices, higher global commodity prices, and supply chain disruptions. The situation was further aggravated by a substantial depreciation of the Bangladeshi Taka (BDT) against the US Dollar (USD). To manage foreign exchange pressures, Bangladesh Bank imposed restrictions on LC (Letter of Credit) openings to limit dollar payments for imports, which adversely affected businesses engaged in international trade.

Additionally, the country's trade deficit increased by 39.84% in FY2022, as imports significantly exceeded exports. Remittance inflows declined by 15.12% compared to the previous year and were insufficient to offset the growing deficit. The NBR revenue increased by 2.62%, and government expenditure rose by 10.91%. According to the Ministry of Finance, the actual budget deficit for FY 2021–22 stood at 4.6% of GDP.

Financial Services Sector

According to Bangladesh Bank quarterly data, credit to the private sector continued to grow in 2022 as the economy recovered after COVID-19 disruptions. By March 2022, private-sector credit growth had increased to 11.29%, up from about 10.68% at the end of 2021. This reflects a rebound in loan demand from businesses and households as economic activity picked up.

Despite this growth, credit expansion in 2022 did not fully meet the monetary policy targets set by the central bank for that fiscal period. Early in 2022, the growth rate was below the 14.8% target for private credit (as per mid-2022 discussions in sector surveys), indicating that expectations for pent-up demand were only partially realized.

Directors' Report - Continued

The growth in domestic credit in 2022 was underpinned by expansion in industry, trade, construction, consumer finance and agriculture — all showing higher credit uptake compared with previous years, suggesting a broad-based revival of borrowing.

In 2022, Bangladesh experienced continued expansion of domestic credit, especially to the private sector, as the economy recovered from the pandemic. The growth — around the low double-digit level — suggests revival in loan demand across major economic sectors. However, it lagged behind official targets and remained modest relative to potential, pointing to structural challenges in the financial system and persistent caution among lenders and borrowers. Overall, credit growth contributed to economic resilience in 2022, but its pace and distribution indicated that further reforms were needed to deepen financial intermediation and spur broader investment.

Principal Activities of BIFC

Bangladesh Industrial Finance Company Limited (BIFC) could not engage in operational activities in the year 2022, even though it had previously been involved in financing the following industrial sectors:

Lease Finance
Term Finance
Syndicate on Finance
House Building Finance
SME Finance

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

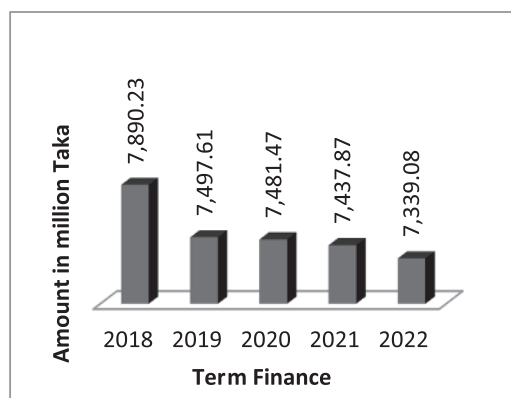
BIFC's Performance in 2022

As a majority of the borrowers did not repay their defaulted loan amounts during 2022, the Company faced severe liquidity constraints, which hindered fresh disbursements, debt servicing and loan repayments. However, continuous and concerted efforts were undertaken to sustain operations through deposit mobilization and recovery of non-performing loans (NPLs).

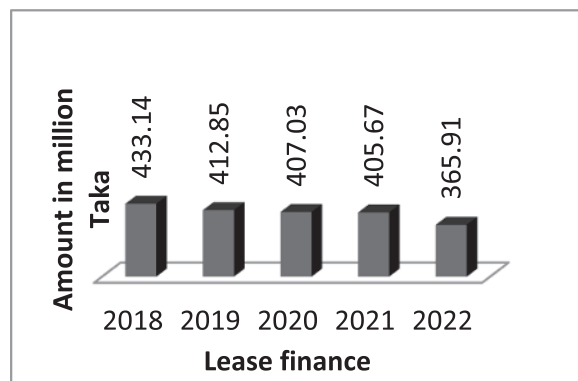
Portfolio Status

The graphical presentations of the portfolio status as of the reporting date (year-end) for the previous five years are depicted below. It may be noted that no fresh disbursements were made during the year 2022 and the outstanding amount of portfolio decreased as a result of collections.

Term Finance (including SME)

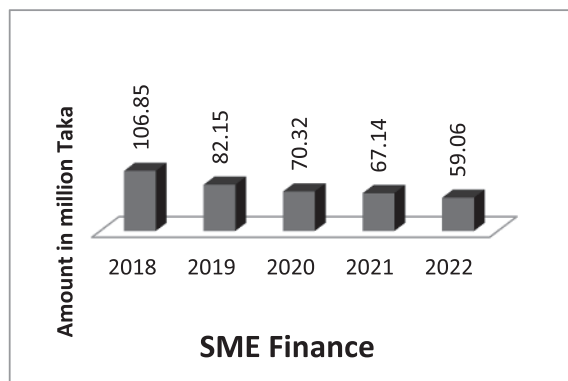


Lease Finance (including SME)

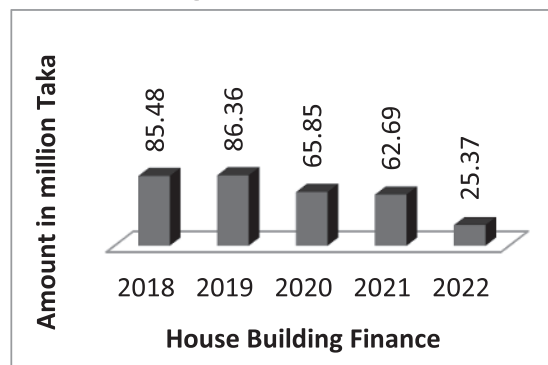


Directors' Report - Continued

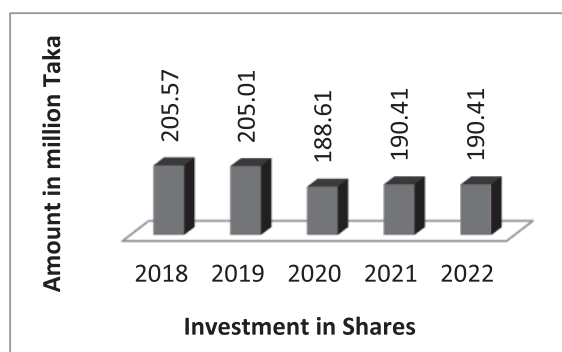
SME Finance



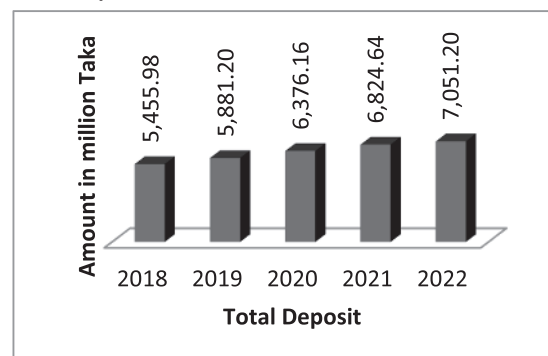
House Building Finance



Investment in Share and Security



Total Deposit



Deposit Mobilization

BIFC collects deposits from the surplus units of the society in different forms. Deposit scheme of BIFC includes monthly/quarterly/half-yearly/yearly income scheme, double money scheme, monthly savings scheme (MSS) etc. The deposit base of the company stands at Tk. 7,051.20 million as on 31 December, 2022 compare to Tk. 6,824.64 million of the previous year, increased 3.21 percent due to capitalisation of interest.

Geographical Segmentation

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

Financial Performances of BIFC

The company's before and after tax profit/(loss) for the year 2022 were BDT (762.93) million and BDT (763.42) million, respectively, compared to BDT (984.81) million and BDT (985.05) million respectively in the previous year.

The financial position of BIFC is summarized as follows:

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|--|-------------------|-------------------|
| Operational Revenue | (712,430,729) | (851,507,671) |
| Operational Expenses | (58,460,174) | (54,459,434) |
| Income from Operation | (770,890,903) | (905,967,105) |
| Provision for loans, advances and leases & Investments | (7,964,836) | (78,844,550) |

Directors' Report - Continued

| | <u>31.12.2022</u> | <u>31.12.2021</u> |
|---|--------------------------|--------------------------|
| Profit before Tax | (762,926,067) | (984,811,655) |
| Provision for Income Tax | 498,257 | 235,038 |
| Profit after Tax | (763,424,324) | (985,046,693) |
| Retained earnings from last year | (13,077,250,501) | (12,313,826,177) |
| Dividend for last year | - | - |
| Statutory Reserve | 154,713,730 | 154,713,730 |
| General Reserve | 10,364,681 | 10,364,681 |
| Profit available for common stockholders | (13,077,250,501) | (12,313,826,177) |
| Directors recommended for appropriation: | | |
| Proposed Dividend | - | - |
| Retained Earnings | (13,077,250,501) | (12,313,826,177) |
| Earnings per share | (7.58) | (9.78) |

Sources of Fund

BIFC utilized the previously raised/collected funds and did not borrow any money under any credit line during the year 2022.

Dividend

The Company incurred a loss and the total equity of the company was negative in the year 2022 and as such, the Board of Directors recommended 'No Dividend'. No cash or bonus share dividend was declared as an interim dividend during the year 2022.

Risk Management

BIFC has established several dedicated risk management committees, including the Credit Committee and the Asset and Liability Committee (ALCO), comprising senior management members. These committees regularly assess issues related to market, credit and liquidity risks in order to identify, execute and implement appropriate measures for risk mitigation. BIFC also operates under an approved Asset Liability Management (ALM) Policy to ensure effective balance sheet management and financial stability.

The Credit Risk Management (CRM) Department independently evaluates projects from a risk-weighted perspective and supports relevant business units in setting business development priorities in line with BIFC's defined risk appetite. This process ensures a rational balance between risk and return, derived from the institution's overall risk exposure. The CRM team also clearly identifies exceptionally high-risk sectors and prohibited or illegal lending categories that the Company does not entertain under any environmental, social, or ethical considerations.

At the individual exposure level, a structured credit risk grading system is applied to promote safety and soundness through informed credit decision-making. At the portfolio level, BIFC continuously monitors loan quality by analyzing risk transfer trends and non-performing loan (NPL) ratios across different lending portfolios. These indicators facilitate timely and informed decisions by the relevant risk management committees to preserve the quality of loans and advances.

Furthermore, BIFC's Credit Administration Department (CAD) and Internal Control and Compliance (ICC) Department are responsible for assessing and managing operational risks across the organization. Together, they ensure the existence of an appropriate and effective framework to identify, assess, monitor, and control operational risks throughout the Company.

Directors' Report - Continued

Internal Control

The internal control system is designed to manage, rather than eliminate, the risks associated with achieving business objectives and therefore provides reasonable, but not absolute, assurance against material misstatement, fraud, or loss. The effectiveness of the internal control framework is regularly reviewed by the Internal Audit Department and the Board of Directors. The Company has established appropriate policies and procedures to ensure compliance with internal controls as well as applicable laws and regulations. These policies and procedures are periodically reviewed and updated in line with changes in the business environment and regulatory requirements.

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.

Dear Shareholders

During the period from January 01, 2022 to December 31, 2022, Mr. Justice (Retd.) Moyeenul Islam Chowdhury was the Court-appointed Chairman and Independent Director of Bangladesh Industrial Finance Company Limited as per the Order dated December 17, 2020, passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 32/2020.

It is to be noted that, as per the Order Nos. 8 & 12 dated December 17, 2020 and September 27, 2021 respectively, passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in the Company Matter No. 32 of 2020, the Board of Directors of BIFC was reconstituted. The incumbent Court-appointed interim Board handed over the charge to new Directors elected in the 26th Annual General Meeting of the Company held on November 15, 2023 pursuant to the Order dated 31.08.2023 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020.

Statement of Directors on Financial Reports

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994, and the Securities and Exchange Rules, 1987. These statements fairly present the Company's statement of affairs, the result of its operation, cash flow, and statement of changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements, except those referred to in the financial statements, and the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular No.11 dated December 23, 2009.
- e) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- f) The Internal Control System is sound in design and has been effectively implemented and monitored.
- g) Directors have felt that it is appropriate to adopt the going concern assumption in preparing the financial statements for the year 2022.
- h) There is no significant deviation from the operating result of the last year.
- i) No stock dividend has been recommended by the Board of Directors of the Company as an interim dividend.

Directors' Report - Continued

Audit Information

The Directors who have held office at the date of this Directors' 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.

Statutory Auditors

The auditors of the Company, MABS & J Partners, Chartered Accountants, completed the audit of the financial statements for the year ended on December 31, 2022, successfully. As per the stipulation of FID Circular No. 03, dated March 02, 1999, they are eligible for re-appointment. But they are unwilling to be appointed for the year 2023. BIFC is required to appoint an audit firm from the approved list of Bangladesh Bank and Bangladesh Securities and Exchange Commission for auditing the financial Statements of the Company for the year ended on December 31, 2023. On the basis of the proposal of the Audit Committee, Ahsan Manzur & Co., Chartered Accountants appointed as the auditors of the Company for the year 2023, subsequently which was approved by Bangladesh Bank.

Compliance Auditor

As per the Corporate Governance Code of Bangladesh Securities and Exchange Commission dated June 3, 2018, a professional is required to be appointed for certifying compliance with the Corporate Governance Code. Ahmad Khan & Co., Chartered Accountants has re-appointed as an auditor of the compliance of corporate governance guidelines of the company for the year 2023.

Board Meeting and Attendance

During the year, Board Meetings were held. The attendance of the Directors is shown in Annexure-I.

Shareholding Pattern

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

Key Operating and Financial Data

The summarized key operating and financial data of the Company for the last five years are shown in Annexure-III.

Related Party Transactions

Disclosure of all related party transactions, including the basis for such transactions, has been provided in Note 45.3 at page 102 of this Annual Report.

Declaration and Certification of Managing Director and Chief Financial Officer

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

Brief resume of the Directors in case of appointment/re-appointment in the AGM

Brief resume of the Directors as per clause 1.5 (xxiv) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018, and BSEC Notification No. BSEC/CMRRCD/2009-193/3/Admin/104 dated February 5, 2020, is required. No such instance occurred during the year 2022.

Chairman

During the year 2022 Justice (Retd.) Moyeenul Islam Chowdhury was the Court appointed Chairman & Independent Director of BIFC.

Directors' Report - Continued

Directors

During the year 2022 the following designatories were the directors of the company:

| Sl. | Name | Designation |
|-----|---|--|
| 1. | Justice (Retd.) Moyeenul Islam Chowdhury | Independent Director & Chairman |
| 2. | Mr. Shamim Khaled Ahmed | Nominated Director of Pioneer Dresses Ltd. |
| 3. | Mr. Md. Tofazzal Hossain, FCA, CPA, CPFA | Nominated Director of Pioneer Dresses Ltd. |
| 4. | Mr. A.K.M. Rabiul Hassan (Sumon) | Nominated Director of Kanchi Venture Ltd. |
| 5. | Mr. Ruhul Amin | Nominated Director of Sukuza Venture Ltd. |
| 6. | Mr. Shyamal Kanti Ghosh, Former Secretary | Independent Director |
| 7. | Dr. Md. Jamil Sharif, FCMA, Associate Professor | Independent Director |
| 8. | Mr. Md. Mahamud Hosain, FCA | Independent Director |
| 9. | Mr. Fakhruddin Ahmed, FCMA, FCA | Independent Director |

Kindly note that at present the 27th, 28th and 29th AGMs of the company for the years 2022, 2023 and 2024 respectively are pending.

Further to be noted that as per court order dated 31.08.2023 passed by the honorable High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020 the Board of BIFC elected in the 26th AGM of the Company. The present members of the Board of BIFC are as follows:

| Sl. | Name | Designation |
|-----|-----------------------|---|
| 1. | Mr. Ikteder Ahmed | Nominated Director of Merrill & Forbes Inc. |
| 2. | Mr. Mahmudul Hasan | Nominated Director of Five Continents Credit Ltd. |
| 3. | Mr. Ansar Uddin Ahmed | Independent Director |
| 4. | Mr. Shafique-Ul-Azam | Independent Director |

Report on the Activities of the Audit Committee

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

Certification on Compliance of Corporate Governance Code

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

Dear Shareholders

The Board of Directors gratefully acknowledges the continued support of all stakeholders, whose satisfaction remains at the core of BIFC's activities. The remarkable cooperation and assistance received from our clients, Bangladesh Bank, banks and financial institutions, the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, the National Board of Revenue, the Registrar of Joint Stock Companies and Firms, and other concerned agencies have not only facilitated our operations but also enabled us to carry out BIFC's day-to-day activities smoothly in an unprecedentedly challenging environment. We deeply appreciate everyone's cooperation, support, and guidance.



Ikteder Ahmed
Chairman

Data Source:

1. World Economic Outlook, 2022.
2. Asian Development Bank, Asian Development Outlook 2022
3. Bangladesh Bank Annual Report-2022

Directors' Attendance in the Board of Directors Meeting during the year 2022

| Name of Directors | Nominated by | Number of meetings held | Number of meetings attended | % |
|--|-----------------------------------|-------------------------|-----------------------------|------|
| Justice (retired) Moyeenul Islam Chowdhury | (Independent Director & Chairman) | 07 | 07 | 100% |
| Mr. Shamim Khaled Ahmed, Barrister-at-Law | Pioneer Dresses Ltd. | 07 | 07 | 100% |
| Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA | Pioneer Dresses Ltd. | 07 | 07 | 100% |
| Mr. Ruhul Amin | Sukuza Venture Ltd. | 07 | 06 | 86% |
| Mr. A.K.M. Rabiul Hassan (Sumon), Barrister-at-Law | Kanchi Venture Ltd. | 07 | 05 | 71% |
| Mr. Shyamal Kanti Ghosh, Former Secretary | Independent Director | 07 | 06 | 86% |
| Dr. Md. Jamil Sharif, FCMA, Associate Professor | Independent Director | 07 | 07 | 100% |
| Mr. Md. Mahamud Hosain, FCA | Independent Director | 07 | 07 | 100% |
| Mr. Fakhruddin Ahmed, FCMA, FCA | Independent Director | 07 | 07 | 100% |

Pattern of Shareholding

Annexure-II'

| SL | Shareholders | Position | No. of Shares | % |
|--------------------|---|---|--------------------|---------------|
| i) | Parent/Subsidiary/ Associate Companies | N/A | N/A | N/A |
| ii) | Director/Sponsor/Top Executive | | | |
| 1 | Five Continents Credit Limited | Sponsor | 19,519,318 | 19.39 |
| 2 | Mr. A.N.M. Jahangir Alam | Sponsor | 2,028,633 | 2.01 |
| 3 | Mr. Mohiuddin Ahmed | Sponsor | 1,875,789 | 1.86 |
| 4 | Mr. Rais Uddin Ahmed | Sponsor | 1,276,333 | 1.27 |
| 5 | Mr. Abdul Aziz Khan | Sponsor | 1,226,326 | 1.22 |
| 6 | Pioneer Dresses Ltd. | Director | 5,853,832 | 5.82 |
| 7 | Mr. Shamim Khaled Ahmed | Nominated Director of Pioneer Dresses Ltd., pursuant to the Court Order in Company Matter No. 32/2020 | Nil | Nil |
| 8 | Mr. Md. Tofazzal Hossain, FCA, CPA, CPFA | Nominated Director of Pioneer Dresses Ltd., pursuant to the Court Order in Company Matter No. 32/2020 | Nil | Nil |
| 9 | Sukuza Venture Ltd. | Director | 5,500,000 | 5.46 |
| 10 | Mr. Ruhul Amin | Nominated Director of Sukuza Venture Ltd., pursuant to the Court Order in Company Matter No. 32/2020 | - | - |
| 11 | Kanchi Venture Ltd. | Director | 3,547,524 | 3.52 |
| 12 | Mr. A.K.M. Rabiul Hassan (Sumon) | Nominated Director of Kanchi Venture Ltd., pursuant to the Court Order in Company Matter No. 32/2020 | Nil | Nil |
| 13 | Justice (Retd.) Moyeenul Islam Chowdhury | Independent Director & Chairman, pursuant to the Court Order in Company Matter No. 32/2020 | Nil | Nil |
| 14 | Mr. Shyamal Kanti Ghosh, Former Secretary | Independent Director, pursuant to the Court Order in Company Matter No.32/2020 | Nil | Nil |
| 15 | Dr. Md. Jamil Sharif, FCMA, Associate Professor | Independent Director, pursuant to the Court Order in Company Matter No.32/2020 | Nil | Nil |
| 16 | Mr. Md. Mahamud Hosain, FCA | Independent Director, pursuant to the Court Order in Company Matter No.32/2020 | Nil | Nil |
| 17 | Mr. Fakhruddin Ahmed, FCMA, FCA | Independent Director, pursuant to the Court Order in Company Matter No. 32/2020 | Nil | Nil |
| 18 | Mr. Md. Anwarullah Sadeq & his spouse & minor child | Managing Director (Current Charge) | Nil | Nil |
| 19 | Mr. Mohiuddin Ahmed & his spouse & minor child | Chief Financial Officer | Nil | Nil |
| 20 | Mr. Anisur Rahaman & his spouse & minor child | Company Secretary | Nil | Nil |
| 21 | Mr. Md. Shahriar Kobir & his spouse & minor child | Head of ICC | Nil | Nil |
| Sub -Total: | | | 40,827,755 | 40.55 |
| iii) | Executives | | | |
| 1 | Mr. Muradur Rahman | SPO & In Charge of Chattogram Branch | Nil | Nil |
| 2 | Mr. Md. Zahidul Islam | SPO (In Charge, SAM and Uttara Branch) | Nil | Nil |
| 3 | Mr. Md. Zulfikar Ali | SPO, In-charge HR & Administration | Nil | Nil |
| 4 | Ms. Homaira Sharafat Nezaad | SPO, Head of Treasury & Liability | Nil | Nil |
| iv) | Shareholding 10% or more voting right | | | |
| 1 | Tees Mart Inc. | Institution | 18,135,256 | 18.01 |
| v) | Others | | 41,716,933 | 41.44 |
| Total | | | 100,679,944 | 100.00 |

Financial Highlights

| Particulars | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| A. Balance sheet | | | | | |
| Shareholders' equity | (7,998,665,811) | (9,491,367,450) | (10,306,626,579) | (10,756,122,297) | (11,519,546,621) |
| Paid up capital | 1,006,799,440 | 1,006,799,440 | 1,006,799,440 | 1,006,799,440 | 1,006,799,440 |
| Share money deposit | 362 | 362 | 362 | 362 | 362 |
| Other reserve & surplus | (9,005,465,613) | (10,498,167,252) | (11,313,426,381) | (11,762,922,099) | (12,526,346,423) |
| Total liability | 17,620,904,444 | 18,589,971,050 | 19,359,528,381 | 19,794,430,035 | 20,442,034,702 |
| Long term borrowings | 2,542,356,611 | 2,862,653,163 | 3,140,032,332 | 3,436,826,929 | 3,713,720,368 |
| Term deposit | 5,455,986,659 | 5,881,192,965 | 6,376,155,007 | 6,824,646,977 | 7,051,203,915 |
| Other deposit | 12,888,047 | 11,075,243 | 7,815,585 | 7,815,585 | 7,762,044 |
| Money at call and short notice | 140,000,000 | 140,000,000 | 140,000,000 | 140,000,000 | 140,000,000 |
| Other liabilities | 9,469,673,127 | 9,695,049,679 | 9,695,525,457 | 9,385,140,544 | 9,529,348,375 |
| Total liabilities & equity | 9,622,238,633 | 9,098,603,600 | 9,052,901,802 | 9,038,307,738 | 8,922,488,081 |
| Total assets | 9,622,238,633 | 9,098,603,600 | 9,052,901,802 | 9,038,307,738 | 8,922,488,081 |
| Lease finance | 433,138,927 | 412,846,387 | 407,028,373 | 405,676,443 | 365,914,725 |
| Direct finance | 7,981,682,830 | 7,586,472,005 | 7,548,426,720 | 7,501,114,813 | 7,365,260,825 |
| Investment in share | 205,573,951 | 205,012,291 | 188,605,790 | 190,411,213 | 190,411,213 |
| Investment in FDR | 90,000,000 | - | - | - | - |
| Other assets | 911,842,925 | 894,272,917 | 908,840,919 | 941,105,269 | 1,000,901,318 |
| B. Income statement | | | | | |
| Operating revenue | 84,646,882 | 198,596,851 | 84,768,642 | 39,177,137 | 83,042,839 |
| Non operating revenue | - | - | - | - | - |
| Financial expenses | 842,341,866 | 1,030,325,050 | 864,481,915 | 890,684,804 | 795,473,568 |
| Depreciation on fixed assets | 3,597,455 | 3,070,137 | 2,625,551 | 2,249,952 | 1,931,983 |
| General and administrative expenses | 68,683,377 | 58,597,463 | 44,650,468 | 47,283,785 | 51,326,502 |
| Other operational expenses | 4,386,534 | 5,408,228 | 5,173,126 | 4,925,697 | 5,201,689 |
| Operational Profit | (834,362,350) | (898,804,027) | (832,162,418) | (905,967,105) | (770,890,903) |
| Provision for loans, advances, leases and investments | 478,348,867 | 328,129,154 | (17,411,901) | 78,844,550 | (7,964,836) |
| Profit before tax | (1,312,711,217) | (1,226,933,181) | (814,750,517) | (984,811,655) | (762,926,067) |
| Income tax | 761,032 | 1,194,895 | 508,612 | 235,038 | 498,257 |
| Net profit after tax | (1,313,472,249) | (1,228,128,076) | (815,259,129) | (985,046,693) | (763,424,324) |
| C. Business performance | | | | | |
| Lease & loan contracts (Taka in million) | 34.15 | 33.82 | 3.85 | 0.17 | 0.60 |
| Growth (%) | (27) | (1) | (89) | (95) | 252 |
| Number of lease & loans | 37 | 40 | 15 | 2 | 1 |
| Lease & loan execution (Taka in million) | 24.04 | 33.82 | 3.85 | 0.17 | 0.60 |
| Growth (%) | (49) | 40 | (89) | (95) | 252 |
| Number of leases & loans | 37 | 53 | 15 | 2 | 1 |
| D. Financial ratios | | | | | |
| Current ratio (in times) | 0.28 | 0.30 | 0.29 | 0.34 | 0.10 |
| Debt equity ratio (in times) | (2.20) | (1.96) | (1.88) | (1.84) | (0.947) |
| Profit margin before tax (%) | (1,720.58) | (636.30) | (1,014.82) | (2,788.85) | (918.71) |
| Financial expenses coverage ratio (in times) | (1.56) | (1.19) | (0.94) | (1.14) | (0.959) |
| Return on equity (%) (after tax) | (130.46) | (121.98) | (80.98) | (97.84) | 6.63 |
| Earnings per share (in Tk.) (Restated) | (13.05) | (12.20) | (8.10) | (9.78) | (7.58) |
| Dividend | | | | | |
| Cash (%) | Nil | Nil | Nil | Nil | Nil |
| Stock (%) | Nil | Nil | Nil | Nil | Nil |

Declaration by Managing Director and Chief Financial Officer

February 02, 2026

The Board of Directors
Bangladesh Industrial Finance Company Limited (BIFC)
Police Plaza Concord (Tower-2), Level-8
Gulshan-1, Dhaka-1212.

Subject: Certificate on Financial Statements for the year ended on December 31, 2022.

Dear Sirs,

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

1. The Financial Statements of Bangladesh Industrial Finance Company Ltd. for the year ended on December 31, 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

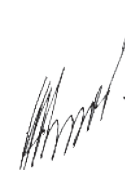
In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on December 31, 2022 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,



Md. Anwarullah Sadeq
Managing Director (C.C)



Mohiuddin Ahmed
Chief Financial Officer



Report on the activities of the Audit Committee

Role of Audit Committee

The Audit Committee (hereinafter referred to as “the Committee”), on behalf of the Board of Directors, strives to ensure the effective implementation of the processes outlined in the Company’s Business Plan and policies. The primary role of the Committee is to monitor and review the effectiveness of the internal control system.

The Committee is also responsible for ensuring the integrity of the financial statements, so that they present a true and fair view of the Company’s State of Affairs. In addition, it reviews, and where appropriate, makes recommendations to the Board regarding business risks, internal controls and compliance matters.

The Committee satisfies itself through appropriate steps and access to relevant information that proper and satisfactory internal control systems are in place, enabling identification and management of risks and ensuring that the Company’s business is conducted in a sound and prudent manner.

Purpose of the Committee

The Committee is a sub-committee formed by the Board of Directors of the Company to oversee internal controls and organizational effectiveness. Its Terms of Reference are defined by the Board. The primary purpose of the Committee is to assist the Board in the following matters:

- Evaluate the performance of the Company’s internal control functions;
- Ensure compliance with all legal and regulatory requirements;
- Provide recommendations on reporting, control and compliance matters;
- Offer independent monitoring and guidance, and, when necessary, direct executive management decisions;
- Conduct independent reviews to ensure control over financial reporting and other operational matters; and
- Assess whether the financial statements present a true and fair view of the Company’s affairs and are prepared in accordance with regulatory guidelines.

Structure of the Committee:

As per DFIM Circular no.01, dated 29th February 2024 and BSEC notification n.BSEC/CMRRC/2006-158/207/Admin/80, dated June 03, 2018, 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 |
|-----------------------|-----------------------|-------------------------|
| Mr. Ansar Uddin Ahmed | Independent Director | Chairman |
| Mr. Shafique -Ul-Azam | Independent Director | Member |
| Mr. Mahmudul Hasan | Nominated Director | Member |

The Company Secretary acts as the Secretary of the committee.

Terms of Reference

The Terms of Reference of the Committee clearly define its roles and responsibilities. These Terms of Reference are periodically reviewed and revised with the concurrence of the Board of Directors. The Committee is accountable to and reports directly to, the Board of Directors.

The roles and functions of the Committee are further governed by the rules specified under the ‘Conditions on Corporate Governance’ issued by the Bangladesh Securities and Exchange Commission (BSEC), as well as the relevant guidelines issued by Bangladesh Bank.

Scope of work

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

Review of Financial Statements:

The Committee is authorized to monitor and review the effectiveness of the Company's internal audit and compliance functions within the context of the Company's overall risk management framework. The Committee conducts its activities in accordance with its Terms of Reference and is empowered to seek information from any Director or employee of the Company as it deems necessary.

Internal Audit & Compliance:

The Committee reviews the Internal Audit & Compliance plans to ensure the adequacy, consistency, and coverage of the Company's risk management framework. In particular, the Committee oversees the following activities:

- Review and ensure that the Internal Audit & Compliance Department possesses the necessary competency and qualifications to fulfill its mandate.
- Examine status reports from the Internal Audit & Compliance Department and confirm that appropriate actions have been taken to implement its recommendations.
- Recommend broader reviews when deemed necessary based on issues identified during audits or compliance checks.
- Request and review special audits whenever required to address specific concerns or risks.

External Audit:

MABS & J Partners, Chartered Accountants, a partnership firm registered in Bangladesh was responsible as External Auditor to the company for the year 2022. The External Auditors are not engaged by the company on any material non-audit work such as:

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

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

Principal activities of audit committee were as follows:

- Reviewed the company's draft financial statements for the year ended on December 31, 2022;
- Recommended and advised the board on appointment of external auditor for the year 2022 and their audit fee;
- Recommended and advised the board on appointment of Compliance Auditor for the year 2022 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 against the 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 this report.

Based on the above deliberations and reviews, the Board Audit Committee is of the opinion that the Company's internal control and compliance procedures are adequate to ensure a true and fair view of the Company's activities and financial position, while effectively safeguarding its interests.



Ansar Uddin Ahmed
Chairman Audit Committee



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

[Certificate issued as per condition #1(5)(xxvii) of Corporate Governance Code of BSEC vide notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018]

We have examined the compliance status with the Corporate Governance Code by Bangladesh Industrial Finance Company Limited (BIFC) for the year ended on December 31, 2022. This code relates to the notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of 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 to ensure compliance with the conditions of the Corporate Governance Code.


This is a scrutiny and verification and an independent audit on compliance with the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) 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 and subject to the remarks and observations as reported in the connected Compliance Statement:

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

This report, however, is no endorsement of the quality of content in the Annual Report of the Company for the year 2022.

Dated, Dhaka
December 08, 2024


Haider Ahmed Khan FCA
Proprietor
Ahmed Khan & Co
Modhumita Building (1st floor)
160 Motijheel C/A, Dhaka-1000, Bangladesh

Status of Compliance with the Corporate Governance Code:

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

| Condition No. | Title | Compliance Status | | Remarks (If Any) |
|---------------|--|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 1.00 | 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); | ✓ | | In accordance with Court Order No. 8 dated December 17, 2020, and Court Order No. 12 dated September 27, 2021, issued by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the Board of Directors of BIFC is comprised of 9 members, including 5 Independent Directors, and does not include a Managing Director. It is noteworthy that, as per Court Order No. 12 dated September 27, 2021, Mr. Md. Shahadat Hossian has resignation from the board of BIFC. Concurrently, in the same Court Order, the Honorable Court has appointed Mr. Md. Fakhruddin Ahmed FCMA, FCA, as an Independent Director. |
| 1.2 (b) (i) | IDs do not hold any share or holds less than 1% shares of the total paid-up shares of the Company | ✓ | | |
| 1.2 (b) (ii) | ID is not a sponsor and not connected with any sponsor or director or nominated director or shareholder or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares and his or her family members shall not hold above mentioned shares; | ✓ | | |
| 1.2 (b) (iii) | ID has not been an executive of the company in immediately preceding two financial years; | ✓ | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|---------------|--|---|---|-------------------------------|
| 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; | ✓ | | |
| 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 NBF1; | ✓ | | |
| 1.2 (b)(x) | ID has not been convicted for a criminal offence involving moral turpitude; | ✓ | | |
| 1.2 (b)(c) | Appointment of ID shall be done by Board and approved by the shareholders in AGM. | ✓ | In accordance with Court Order No. 8 dated December 17, 2020, and Court Order No. 12 dated September 27, 2021, issued by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the Board of Directors of BIFC is comprised of 9 members, including 5 Independent Directors, and does not include a Managing Director. It is noteworthy that, as per Court Order No. 12 dated September 27, 2021, Mr. Md. Shahadat Hossian has resignation from the board of BIFC. Concurrently, in the same Court Order, the Honorable Court has appointed Mr. Md. Fakhruddin Ahmed FCMA, FCA, as an Independent Director. | |
| 1.2 (d) | The Post of ID cannot remain vacant more than 90 days. | | | No such vacancy created |
| 1.2 (e) | The tenure of office of an ID shall be for Three years, which may be extended for One tenure only; | | | No ID yet passed first tenure |
| 1.3 | Qualification of Independent Director: | | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|---------------|--|---|--|---|
| 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; | | | In accordance with Court Order No. 8 dated December 17, 2020, and Court Order No. 12 dated September 27, 2021, issued by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Company Matter No. 32 of 2020, the Board of Directors of BIFC is comprised of 9 members, including 5 Independent Directors, and does not include a Managing Director. It is noteworthy that, as per Court Order No. 12 dated September 27, 2021, Mr. Md. Shahadat Hossian has resignation from the board of BIFC. Concurrently, in the same Court Order, the Honorable Court has appointed Mr. Md. Fakhruddin Ahmed FCMA, FCA, as an Independent Director. |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or CEO: | | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|-------------|---|---|--|--|
| 1(4) (a) | The Position of the Chairman of the Board and the Managing Director (MD) and/or the Chief Executive Officer (CEO) of the Company shall be filled by different Individuals; | ✓ | | |
| 1(4) (b) | MD and/or CEO of a listed Company shall not hold the same position in another listed Company; | ✓ | | |
| 1(4) (c) | The Chairperson of the Board shall be elected form among the non-executive directors; | ✓ | | 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 Chairperson of the Board of directors of BIFC appointed by the court Mr. Justice (Retd.) Moyeenul Islam Chowdhury also as a Independent Director. |
| 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; | ✓ | | |
| 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 |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|-------------|--|---|--|--|
| 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; | ✓ | | |
| 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; | | | While the issuer company believes there are major concerns about its ability to operate as going concern, the auditor's report provides as adverse opinion including a disagreement with the company assessment. |
| (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; | ✓ | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|------------------|---|---|--|----------------|
| 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; | ✓ | | |
| 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 | ✓ | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|--------------|--|---|--|--|
| | 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 behavior; | | | |
| 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 |
| 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: | | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|------------------|--|---|--|---|
| 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 | | | Financial Institutions are permitted to form only two sub Committees of Board; an Executive Committee and another Audit Committee as per Bangladesh Bank DFIM circular no. 18 dated October 26, 2011; whereas BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated June 3, 2018 directs to form NRC. However, Bangladesh Bank has further advised through their letter ref. no. DFIM(P)1052/27/ 2021-2436 dated November 4, 2021 that the Financial Institutions are not allowed to form NRC. |
| 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. | ✓ | | |
| 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; | ✓ | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|------------|--|---|--|----------------------------|
| 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; | | | No such instance created |
| | Immediately or not later than 1(one) month from the date of vacancy in the committee to ensure continuity of the performance of work of the Audit committee. | ✓ | | |
| 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; | ✓ | | |
| 5 (5) (j) | Review statement of all related party transactions submitted by the management; | ✓ | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|-----------------------|--|----------------|--|---------------------------------------|
| 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, rules and regulation; | | | No such event occurred |
| 5(6)(a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | | | No such event occurred |
| 5.6 (b) | 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 5(6)(a)(ii) ; | ✓ | | |
| 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 | | Please refer the condition no. 4(ii) |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | Not Applicable | | Do |
| 6(1)(c) | The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b); | Not Applicable | | Do |
| 6.2 | Constitution of the NRC | | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|------------|---|----------------|--|----|
| 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 of 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 |
| 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 | Not Applicable | | Do |

Status of Compliance with the Corporate Governance Code - Continued

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|----------------------|--|----------------|--|----|
| | higher, where presence of an independence director is must as required under condition No. 6 (2) (h); | | | |
| 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; | ✓ | | |
| 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; | ✓ | | |

Status of Compliance with the Corporate Governance Code - Continued

| | | | | |
|-------------|--|---|--|--|
| 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. | ✓ | | |
| 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. | ✓ | | |

Financial Statements for the year ended December 31, 2022

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

Adverse 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 2022 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 Adverse Opinion section of our report, the accompanying financial statements of the Company do not give a true and fair view of the financial position of the Company as at 31 December 2022, 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 Adverse Opinion

1. Going Concern Issues:

We draw attention to Note 2.2 in the financial statements, which discloses that the Company incurred an accumulated loss of BDT 13,077,250,501 for the year ended 31 December 2022, resulting in negative equity of BDT 11,519,546,621 as at 31 December 2022. Additionally, the Company reported a negative Capital Adequacy Ratio of 126.31%, significantly below the regulatory requirement of 10%. Furthermore, 97% of the Company's investments are classified and the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements were not met throughout the year. The poor investment disbursement exacerbates these challenges. 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.

2. Property Control and Documentation:

As disclosed in Note 9, due to the absence of mutation records, demarcation documentation and Khazna receipts, we were unable to confirm whether the entity has control over land valued at BDT 440,000,000 situated in Motijheel.

3. Uncertainty in Loan Liability Confirmation:

As detailed in Note 11.1.2, the accurate liability status of Term Loans amounting to BDT 3,502,667,235, obtained from banks, could not be confirmed in the absence of statements and official confirmations from the relevant banks.

4. Bank Balance Verification:

Referencing Note 5, an amount of BDT 85,066,224 is reported as a balance with the bank, of which BDT 2,427,189 could not be verified due to non-response to our balance confirmation letter by the respective banks.

5. Accounting Treatment of Term Deposits:

As noted in Note 12.1, an amount of BDT 46,19,019 is shown as a negative balance in the term deposit ledger, indicating discrepancies in the accounting treatment of term deposits.

6. Non-compliance with Regulatory Guidelines:

According to Note 8.00, BDT 180,610,575 of unapplied interest has been included among the loan balance of Teleplus New York Limited (Agreement No. 01.04.0660), contrary to the guidelines outlined in DFIM Circular No. 04 dated July 26, 2021.

7. Lack of Transparency in Deposit Interest Allocation:

As per Note 13.7, an amount of BDT 2,089,689 classified as interest on term deposits has been included under "Sundry deposit." However, BDT 878,539 is shown as a negative balance, and BDT 1,211,150 lacks proper documentation with TDR numbers, indicating unidentifiable recipients for the interest on term deposit receipts (TDR).

8. Untraceable Sundry Deposits:

According to Note 13.7, BDT 81,944,502 in sundry deposits is categorized under "Other liabilities," with BDT 39,748,968 reported as a negative balance and BDT 43,385,031 as untraceable.

9. Financial Expense Discrepancies:

Detailed in Note 13.6, BDT 344,899,564 is recorded as financial expenses payable under "Other liabilities." During verification, BDT 201,577,334 was found as a negative balance, and BDT 465,881,218 remains payable to clients without detailed information on the clients owed.

10. Non-payment of Taxes and Duties:

As indicated in Note 13, the company has not made payments totaling BDT 271,777,844 in Tax Deducted at Source (TDS) and BDT 11,007,270 in Excise Duty Payable to the Government Treasury, constituting serious non-compliance with relevant tax and excise regulations.

11. Improper Asset Valuation:

According to Note 10.5, BDT 105,603,510 is categorized as "Others" under "Other assets," of which BDT 73,289,014 represents penal interest receivable without recovery.

12. Misclassification of Interest Expenses:

Referencing Note 22, BDT 492,431,318 is reported as interest expenses on deposits, with BDT 47,557,361 being classified as prior expenses.

13. Accounting Error and Non-disclosure:

Noted in Note 8 and 13, an amount of BDT 16,793,148 is shown as interest suspense against a loan to Momenshahi Spinning Mills Ltd. This adjustment, reflecting an error in recorded interest income, has not been appropriately disclosed (refer to Note 8(a) for details).

14. Non-application of Actuarial Valuation:

As per International Accounting Standards (IAS) 19, Para 55, the company has not applied the actuarial valuation method to determine liabilities for the Gratuity Fund and Pension Fund, thereby violating compliance requirements (see Note 13 for details).

15. Non-compliance with Corporate Governance:

According to the Bangladesh Securities and Exchange Commission's Code of Corporate Governance, the Company lacks both a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance, contravening Clause 3(1)(a) of the Code (refer to Note 14.4 for details).

16. Non-transfer of Unclaimed Dividends:

Noted in Note 13.5, the Company has failed to transfer BDT 4,347,371 of unclaimed dividends to the Capital Market Stabilization Fund within the mandated period, violating regulatory requirements.

17. Non-compliance with Financial Institutions Act:

As disclosed in Note 45.3, loans, leases, and advances totaling BDT 6,223,884,398 provided to entities within the Sunman Group amount to 80% of the total outstanding balance of BDT 7,731,175,550, in contravention of Section 14 of the Financial Institutions Act 1993.

18. IFRS Compliance Issue:

The Company has not implemented IFRS 16, as disclosed in Note 3.1, which represents non-compliance with International Financial Reporting Standards (IFRS).

19. Lack of Documentation for Tax Deposits:

Referencing Note 10.4.1, BDT 288,592,479 recorded as Advanced Income Tax lacks supporting documents confirming its deposit into the government treasury, as per our audit findings.

20. Preparation and presentation of Cash flow statements:

Cash increases from repayments of loans and redemption of debt securities under the head "Investing activities" BDT 276,893,439 have not been supported with other components of Financial statements. The preparation and presentation of cash flow statements have not been followed with international Financial Reporting Standards

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 Adverse opinion.

Other Matter

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

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 Adverse 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 | |
| The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. | We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none">➤ Credit monitoring and provisioning process;➤ Identification of loss events, including early warning and default warning indicators; |

| Risk | Our Response to the Risk |
|---|---|
| 01. Measurement of provision for loans and advances | |
| <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 7,731,175,550 (2021: BDT 7,906,791,256) and provision for loans and advances of BDT 6,654,780,701 (2021: BDT 6,665,478,618.00).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank guidelines issued from time to time; • 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. • Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. | <ul style="list-style-type: none"> ➤ Review of quarterly Classification of Loans (CL); ➤ Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: <ul style="list-style-type: none"> ➤ Reviewed the adequacy of the Company's general and specific provisions; ➤ Assessed the methodologies on which the provision amounts based, recalculated the provisions and testing of the completeness and accuracy of the underlying information; ➤ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. |
| <p>See notes 3.9, 8.6(B) and 13.1 to the financial statements</p> | |
| 02. Impairment assessment of Unquoted Investments | |
| <p>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.</p> <p>See Notes No. 7.1.2 to the financial statements</p> | <p>Our audit procedures in this area included, among others:</p> <p>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.</p> <p>Testing of a sample of investments valuation as at 31 December 2022 and compared our results to the recorded value.</p> <p>Finally, the assessment of the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p> |

| 03. IT systems and controls | |
|--|--|
| <p>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, reviewed</p> | <p>Our audit procedures in this area included, among others:</p> <p>Testing of the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>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.</p> <p>Testing of the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.</p> <p>Consideration of the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> |

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. We have determined that other information related to matters explained in adverse opinion section is materially misstated.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company to cease

operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- i) we have obtained all the information and explanation except as explained in the adverse opinion section 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 (except as explained in the adverse opinion section) 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 except as explained in adverse opinion section;
- 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 except as explained in adverse opinion section;
- 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 except as explained in adverse opinion section;
- (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 except as explained in adverse opinion section;
- viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements except as explained in adverse opinion section,
- 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 and found not 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 except as explained in adverse opinion section;
- 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 2300 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 except as explained in adverse opinion section;
- xvii) the Company has complied with the 'DFIM Circular No. 11 dated 23 December 2009 in preparing these financial statements, the bases used by the Management when estimating residual maturity of loans, borrowings and deposits as per the requirements of DFIM Circular No. 11 dated 23 December 2009 have been disclosed in notes 8.4, 11.3, 12.1.2 and 12.2.2 of the financial statements; (except explained in adverse opinion section) 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 except as explained in adverse opinion section.

The engagement partner on the audit resulting in this independent auditor's report is Jagadish Chandra Biswas.

Place: Dhaka, Bangladesh
Dated: 1 July 2024

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



J. Biswas, FCA, CPA
Partner
ICAB Enrolment No. 199
DVC: 2407090199AS300365

Bangladesh Industrial Finance Company Limited

Balance Sheet
As at December 31, 2022

| | Notes | Amount in Taka | |
|--|-------|-------------------------|-------------------------|
| | | 31-12-2022 | 31-12-2021 |
| ASSETS | | | |
| Cash | 4 | 29,992,354 | 47,097 |
| Cash in hand (including foreign currency) | 4.1 | 75,312 | 22,294 |
| Balance with Bangladesh Bank & its agent bank(s) (including foreign currency) | 4.2 | 29,917,042 | 24,803 |
| Balance with other banks and other financial institutions | 5 | 85,066,224 | 51,857,502 |
| Inside Bangladesh | | 85,066,224 | 51,857,502 |
| Outside Bangladesh | | - | - |
| Money at call & short notice | 6 | - | - |
| Investments | 7 | 190,411,213 | 190,411,213 |
| Government | | - | - |
| Others | | 190,411,213 | 190,411,213 |
| Loans, advances and leases | 8 | 7,731,175,550 | 7,906,791,256 |
| Loans, cash credits, overdrafts, etc. | 8.a | 7,731,175,550 | 7,906,791,256 |
| Bills purchased and discounted | 8.b | - | - |
| Fixed assets including land, building, furniture & equipments | 9 | 452,949,697 | 454,881,680 |
| Other assets | 10 | 432,893,043 | 434,318,990 |
| Non financial institutional assets | | - | - |
| Total assets | | 8,922,488,081 | 9,038,307,738 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from banks, other financial institutions and agents | 11 | 3,853,720,368 | 3,576,826,929 |
| Deposits and other accounts | 12 | 7,058,965,959 | 6,832,462,562 |
| Current deposits and other accounts, etc. | | - | - |
| Bills payable | | - | - |
| Savings deposits | | - | - |
| Term deposits | 12.1 | 7,051,203,915 | 6,824,646,977 |
| Bearer certificates of deposits | | - | - |
| Other deposits | 12.2 | 7,762,044 | 7,815,585 |
| Other liabilities | 13 | 9,529,348,375 | 9,385,140,544 |
| Total liabilities | | 20,442,034,702 | 19,794,430,035 |
| Capital/shareholders' equity | | | |
| Total shareholders' equity | | (11,519,546,621) | (10,756,122,297) |
| Paid-up capital | 14.2 | 1,006,799,440 | 1,006,799,440 |
| Statutory reserve | 15 | 154,713,730 | 154,713,730 |
| General reserve | 16 | 10,364,681 | 10,364,681 |
| Asset revaluation reserve | 17 | 385,825,667 | 385,825,667 |
| Share money deposit | | 362 | 362 |
| Stock dividend | | - | - |
| Retained earnings | 18 | (13,077,250,501) | (12,313,826,177) |
| Total liabilities & shareholders' equity | | 8,922,488,081 | 9,038,307,738 |

Bangladesh Industrial Finance Company Limited
Balance Sheet
As at December 31, 2022

| | Notes | Amount in Taka | |
|---|-------|-----------------|-----------------|
| | | 31-12-2022 | 31-12-2021 |
| 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 | (114.42) | (106.83) |

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


Company Secretary


Managing Director



Director


Director


Chairman

As per our report of even date

Signed for and on behalf of
MABS & J Partners
Chartered Accountants


J C Biswas, FCA
Partner
ICAB Enrollment No: 199
DVC: 2407090199AS300365

Place: Dhaka, Bangladesh
Dated: 01 July, 2024

Bangladesh Industrial Finance Company Limited

Profit & Loss Account
for the year ended December 31, 2022

| | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| Interest income | 21 | 76,100,651 | 35,312,383 |
| Less: interest charged on deposits & borrowings etc. | 22 | 795,473,568 | 890,684,808 |
| Net interest income | | (719,372,917) | (855,372,425) |
| Income from investments | 23 | 1,428,946 | 3,826,908 |
| Commission, exchange and brokerage | 24 | - | - |
| Other operating income | 25 | 5,513,242 | 37,846 |
| | | 6,942,188 | 3,864,754 |
| Total operating income | | (712,430,729) | (851,507,671) |
| Salaries and allowances | 26 | 28,762,468 | 27,571,945 |
| Rent, taxes, insurance, electricity etc. | 27 | 12,232,742 | 11,923,930 |
| Legal expenses | 28 | 1,328,107 | 2,525,350 |
| Postage, stamps, telecommunication etc. | 29 | 769,018 | 678,828 |
| Stationery, printing, advertisement etc. | 30 | 752,514 | 506,899 |
| Chief Executive Officer's salary and other fees | 31 | - | - |
| Directors' fees | 32 | 3,228,000 | 1,281,000 |
| Auditor's fees | 33 | 1,550,000 | 230,000 |
| Repairs & depreciation. of financial institution's assets | 34 | 4,635,636 | 4,815,785 |
| Other expenses | 35 | 5,201,689 | 4,925,697 |
| Total operating expenses | | (58,460,174) | (54,459,434) |
| Profit/(Loss) before provision | | (770,890,903) | (905,967,105) |
| Provision for loans, advances & leases | 36 | (10,697,917) | 46,829,104 |
| Provision for diminution in value of investments | 37 | 2,733,081 | (7,634,824) |
| Other Provisions | 38 | - | 39,650,270 |
| Total provision | | (7,964,836) | 78,844,550 |
| Total profit/(Loss) before tax | | (762,926,067) | (984,811,655) |
| Provision for taxation | | 498,257 | 235,038 |
| Current Tax Expense | | 498,257 | 235,038 |
| Deferred tax expense / (income) | | - | - |
| Net profit/(Loss) after tax | | (763,424,324) | (985,046,693) |
| Appropriations | | | |
| Statutory reserve | | - | - |
| General reserve | | - | - |
| Dividend, etc. | | - | - |
| Retained earnings | | (763,424,324) | (985,046,693) |
| Earnings Per Share (EPS) | 39 | (7.58) | (9.78) |

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


Company Secretary


Managing Director


Director


Director


Chairman

As per our report of even date

Signed for and on behalf of
MABS & J Partners
Chartered Accountants


J C Biswas, FCA
Partner

ICAB Enrollment No: 199
DVC: 2407090199AS300365

Place: Dhaka, Bangladesh
Dated: 01 July, 2024

Bangladesh Industrial Finance Company Limited
Cash Flow Statement
for the year ended December 31, 2022

| | Notes | Amount in Taka | |
|--|-------|----------------------|------------------------|
| | | 31-12-2022 | 31-12-2021 |
| Cash flows from operating activities | | | |
| Interest received | | 77,747,389 | 36,756,019 |
| Interest paid | | (824,867,172) | (995,767,448) |
| Dividend received | | 1,428,946 | 1,300,335 |
| Fees & commission received | | - | - |
| Recovery of loans previously written off | | - | - |
| Payments to employees | | (27,542,228) | (26,007,465) |
| Payments to suppliers | | (752,514) | (137,499) |
| Income tax paid | | (529,397) | (331,889) |
| Cash receipts from other operating activities | 40 | 5,513,242 | 37,846 |
| Cash payments for other operating activities | 41 | (27,013,209) | (24,410,199) |
| Cash generated from / (used in) operating activities before changes in operating assets and liabilities | | (796,014,943) | (1,008,560,300) |
| 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 | | 175,615,706 | 44,143,150 |
| Other assets | 42 | 308,606 | (3,318,460) |
| Deposits received from banks & other FIs | | 216,938,841 | 308,251,460 |
| Deposits received from customers | | 9,564,556 | 140,240,510 |
| Other liabilities account of customer | | - | - |
| Trading liabilities | | - | - |
| Other liabilities | 43 | 179,847,773 | 253,621,389 |
| Cash received/(paid) from operating assets and liabilities | | 582,275,482 | 742,938,049 |
| A) Net cash from operating activities | | (213,739,461) | (265,622,251) |
| Cash flows from investing activities | | | |
| Proceeds from sale of securities | | - | 7,042,059 |
| Payment for purchase of securities | | - | (6,323,384) |
| Purchase/sale of property, plant & equipments | | - | - |
| B) Net cash from investing activities | | - | 718,675 |
| Cash flows from financing activities | | | |
| Receipts of long term loan/ issuance of debt securities | | - | - |
| Repayments of loan & redemption of debt securities | | 276,893,439 | 296,169,043 |
| Net drawdown/(payment) of short term loan | | - | 3,345 |
| Receipts from issue of right shares | | - | - |
| Receipts from Share money deposit | | - | - |
| Dividend paid in cash | | - | - |
| C) Net cash from financing activities | | 276,893,439 | 296,172,388 |
| D) Net increase/(decrease) in cash & cash equivalents (A+B+C) | | 63,153,979 | 31,268,812 |
| E) Effects of exchange rate changes on cash & cash equivalents | | - | - |
| F) Cash and cash equivalents at the beginning of the period | | 51,904,599 | 20,635,787 |
| G) Cash and cash equivalents at the end of the period (D+F) | | 115,058,578 | 51,904,599 |
| Break down of cash and cash equivalents: | | | |
| Cash in hand | | 75,312 | 22,294 |
| Balance with Bangladesh Bank & its agent bank(s) | | 29,917,042 | 24,803 |
| Balance with other Bank & other financial institutions | | 85,066,224 | 51,857,502 |
| | | 115,058,578 | 51,904,599 |
| Net Operating Cash Flow per Share (NOCFPS) | | (2.12) | (2.64) |

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


Company Secretary


Managing Director


Director


Director


Chairman

As per our report of even date

Bangladesh Industrial Finance Company Limited
Statement of changes in equity
for the year ended December 31, 2022

| Particulars | Amount in Taka | | | | | | |
|--|----------------------|---------------------|--------------------|-------------------|---------------------------|-------------------------|-------------------------|
| | Paid-up capital | Share money deposit | Statutory reserve | General reserve | Asset revaluation reserve | Retained earnings | Total |
| Balance as on January 01, 2022 | 1,006,799,440 | 362 | 154,713,730 | 10,364,681 | 385,825,667 | (12,313,826,177) | (10,756,122,297) |
| Changes in accounting policy | - | - | - | - | - | - | - |
| Prior-Year Adjustment (Note 17 & 18) | 1,006,799,440 | 362 | 154,713,730 | 10,364,681 | 385,825,667 | (12,313,826,177) | (10,756,122,297) |
| Restated balance | - | - | - | - | - | - | - |
| 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 year | - | - | - | - | - | (763,424,324) | (763,424,324) |
| Appropriation during the year | - | - | - | - | - | - | - |
| Balance as on December 31, 2022 | 1,006,799,440 | 362 | 154,713,730 | 10,364,681 | 385,825,667 | (13,077,250,501) | (11,519,546,621) |

| Particulars | Amount in Taka | | | | | | |
|--|----------------------|---------------------|--------------------|-------------------|---------------------------|-------------------------|-------------------------|
| | Paid-up capital | Share money deposit | Statutory reserve | General reserve | Asset revaluation reserve | Retained earnings | Total |
| Balance as on January 01, 2021 | 1,006,799,440 | 362 | 154,713,730 | 10,364,681 | 385,825,667 | (11,864,330,459) | (10,306,626,579) |
| Changes in accounting policy | - | - | - | - | - | - | - |
| Prior-Year Adjustment (Note 17 & 18) | 1,006,799,440 | 362 | 154,713,730 | 10,364,681 | 385,825,667 | (11,328,779,484) | (9,771,075,604) |
| Restated balance | - | - | - | - | - | - | - |
| 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 year | - | - | - | - | - | (985,046,693) | (985,046,693) |
| Appropriation during the year | - | - | - | - | - | - | - |
| Balance as on December 31, 2021 | 1,006,799,440 | 362 | 154,713,730 | 10,364,681 | 385,825,667 | (12,313,826,177) | (10,756,122,297) |

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


Company Secretary


Managing Director


Director


Director


Chairman

Bangladesh Industrial Finance Company Limited

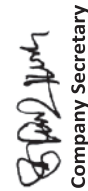
Liquidity Statement

(Analysis of maturity of assets and liabilities)

As at December 31, 2022

| Particulars | Amount in Taka | | | | | |
|--|------------------------|------------------------|----------------------|----------------------|------------------------|-------------------------|
| | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Above 5 years | Total |
| Assets: | | | | | | |
| Cash in hand | 75,312 | - | - | - | - | 75,312 |
| Balance with Bangladesh Bank and its agent | 153,977 | - | 29,763,065 | - | - | 29,917,042 |
| Balance with banks and other financial institutions | 85,066,224 | - | - | - | - | 85,066,224 |
| Money at call and short notice | - | - | - | - | - | - |
| Investments | 72,911,213 | - | - | - | 117,500,000 | 190,411,213 |
| Loans advances and leases, | 110,000,380 | 207,704,163 | 1,002,367,626 | 5,991,146,122 | 419,957,259 | 7,731,175,550 |
| Fixed assets including premises, furniture and fixtures | - | - | - | - | 452,949,697 | 452,949,697 |
| Other assets | - | 924,625 | 127,043,369 | 301,280,812 | 3,644,237 | 432,893,043 |
| Non banking assets | - | - | - | - | - | - |
| Total assets (A): | 268,207,106 | 208,628,788 | 1,159,174,060 | 6,292,426,934 | 994,051,193 | 8,922,488,081 |
| Liabilities: | | | | | | |
| Borrowings from banks, other financial institutions and agents | 349,713,348 | 307,196,093 | 659,912,783 | 2,536,898,144 | - | 3,853,720,368 |
| Term Deposits | 879,917,083 | 1,477,866,459 | 1,345,084,786 | 2,540,348,421 | 807,987,167 | 7,051,203,915 |
| Other deposits | - | - | - | 2,457,577 | 5,304,467 | 7,762,044 |
| Other liabilities | 289,557,773 | 7,159,696,079 | 17,600,000 | 761,997,356 | 1,300,497,167 | 9,529,348,375 |
| Total liabilities (B): | 1,519,188,204 | 8,944,758,631 | 2,022,597,569 | 5,841,701,499 | 2,113,788,800 | 20,442,034,702 |
| Net liquidity gap (A - B): | (1,250,981,098) | (8,736,129,842) | (863,423,509) | 450,725,435 | (1,119,737,607) | (11,519,546,621) |

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


Company Secretary


Managing Director


Director


Director


Chairman

Bangladesh Industrial Finance Company Limited

Notes to the Financial Statements
For the year ended December 31, 2022

1 General information

1.1 Legal status of the Company

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

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

1.2 Nature of business activities

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

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

2 Basis of preparation and significant accounting policies

2.1 Statement of compliance

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

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

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

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

Notes to the Financial Statements

| 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 | There is no concept of non-financial institutional assets | As per DFIM Circular-11, Date-23 December 2009, off | Presentation of financial statements are |

Notes to the Financial Statements

| | | | | | |
|---|--------------------------------------|--|---|---|---|
| | | Statements' | items in any IFRS; hence there is no requirement for disclosure of non banking assets items on the face of the balance sheet. | balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet. | 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. |
| 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. |

Notes to the Financial Statements-Continued

| | | | | | |
|---|--|--|---|---|--|
| 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 "investment 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 year end specific provision against loan and advances amounts to BDT 6,599,624,138 and deferred tax assets of BDT 2,478,458,931 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 | As per DFIM Master circular No. 04 dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Loan classification status during the year ended 31 December 2022 has been determined as per DFIM Circular No. 33 dated 19 December 2021 and DFIM Master circular No. 04 dated 26 July 2021. Also, provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for | Provision maintained against loans, advances and leases as at 31 December 2022 amounts to BDT 6,654,780,700. |

Notes to the Financial Statements-Continued

| | | | | | |
|----|---|--------------------------------|--|--|--|
| | | | allowance at an amount equal to 12 month expected credit losses. | investments depending on the duration of overdue. | |
| 11 | Valuation of Investments in quoted and unquoted shares | IFRS 9 "Financial Instruments" | As per requirements of IFRS 9: classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively. | As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however, in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only. | 100% provision has been maintained against unlisted equity investment and adequate provision has been maintained against listed equity investment as per the guidelines of Bangladesh Bank. |
| 12 | Recognition of interest income for SMA and classified lease, loans and advances | IFRS 9 "Financial Instruments" | IFRS: Loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost | As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments is not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account. | At year end, interest suspense account has decreased to BDT 713,195,133 from BDT 771,581,468 Resulting in decrease of BDT 58,386,335 of interest suspense. This amount has been shown as other liabilities in note 13.3. |

Notes to the Financial Statements-Continued

| | | | | | |
|----|---|---|--|--|--|
| | | | of these loans and advances. | | |
| 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 13,077,250,501 for the year ended 31 December 2022; Negative equity of BDT 11,519,546,621 as at 31 December 2022; Negative Capital adequacy ratio of 126.31% as against minimum of 10%; 97% 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, 2022 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.

Notes to the Financial Statements-Continued

2.4 Use of estimates and judgments

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

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

2.5 Date of Authorization

The Board of Directors has authorized these financial statements on 01/07/2024.

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.

Notes to the Financial Statements-Continued

2.8 Compliance of International Financial Reporting Standards (IFRS)

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

Notes to the Financial Statements-Continued

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

2.9 Consistency

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

3 Significant accounting policies

3.1 Accounting for leases

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

3.2 Comparatives and reclassification

Comparative information has been disclosed in respect of 2021 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.

Notes to the Financial Statements-Continued

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 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 it’s working condition for its intended use as per International Accounting Standard (IAS) 16 “Property, Plant and Equipment”.

Notes to the Financial Statements-Continued

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 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 i.e. 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:

| <u>Particulars</u> | <u>Rate</u> |
|----------------------|-------------|
| Land | nil |
| Furniture & fixture | 10% p.a |
| Electrical equipment | 15% p.a |
| Motor vehicle | 20% p.a |
| Office equipment | 15% p.a |
| Interior decoration | 10% p.a |

3.8 Impairment of assets

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

3.9 Provision for loans, advances and investments

Provision for loans, advances and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) IAS 37: Provision, Contingent Liabilities and Contingent Assets and (2) Bangladesh Bank guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. DFIM Master circular No. 04 dated 26 July 2021, is the basis for calculating the provision for loans, advances and investments. Loan classification status during the year ended 31 December 2022 has been determined as per DFIM Circular No. 33 dated 19 December 2021 and DFIM Master circular No. 04 dated 26 July 2021.

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

Notes to the Financial Statements-Continued

3.9.1 Write off of loans, advances and investments

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

3.10 Other receivable

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

3.11 Provision for doubtful accounts

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

3.12 Provisions and accrued expenses

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

3.13 Payment of dividend

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

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

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

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

3.14 Revenue recognition

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

Notes to the Financial Statements-Continued

3.14.1 Interest Income

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

3.14.2 Income from leases

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

3.14.3 Income from loans, advances

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

3.14.4 Dividend income

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

3.14.5 Capital gain on sale of shares

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

3.14.6 Fee based revenue

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

3.15 Bank loans

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

3.16 Borrowing costs

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

3.17 Interest suspense

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

Notes to the Financial Statements-Continued

3.18 Contingent liabilities and contingent assets

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

3.19 Workers Profit Participation Fund and Welfare Fund

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

3.20 Related party disclosure

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

3.21 Statutory reserve

Financial Institutions Regulations 1994 requires NBFIs to transfer 20 percent of its current year’s profit to reserve fund until such reserve equals to its paid-up share capital. Due to loss for the year 2022 the Company has not transferred any amount to the statutory reserve.

3.22 Earnings per share (EPS)

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

3.22.1 Basic earnings per share

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

3.22.2 Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies. Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2022, there was no scope for dilution and hence no diluted EPS is required to be calculated.

3.22.3 Weighted average number of ordinary shares outstanding during the year

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

3.23 Income tax

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

Notes to the Financial Statements-Continued

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 2022, Company provided minimum tax as per Income Tax Ordinance 1984 under section 82C.

Deferred Tax:

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

3.24 Employee benefit

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

3.24.1 Provident fund

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

3.24.2 Gratuity scheme

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

3.24.3 Pension fund

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

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

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

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

3.24.4 Group life insurance scheme

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

3.24.5 Group hospitalization insurance scheme

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

3.24.6 Performance bonus

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

3.24.7 Employee personal loan scheme

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

Notes to the Financial Statements-Continued

3.24.8 Other benefits

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

3.25 Policies and objectives adapted for financial risk management

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

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

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

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

3.25.1 Credit risk

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

Mitigation Policy

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

3.25.2 Liquidity risk

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

Mitigation Policy

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

3.25.3 Market risk

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

Mitigation Policy

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

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

Notes to the Financial Statements-Continued

3.25.4 Operational risk

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

Mitigation Policy

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

3.25.5 Information and communication technology risk

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

Mitigation Policy

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

3.25.6 Strong credit policy formulation by top management:

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

3.25.7 Credit manual updated with recent industry information

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

3.25.8 Thorough credit approval process:

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

3.25.9 Multilayer credit evaluation process:

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

3.25.10 Rigorous due diligence process followed

- The Company downloads credit report from the credit information bureau (CIB) of Bangladesh Bank. The report is scrutinized by top management to understand the liability condition and repayment behavior of the client.
- The Company takes banker's opinions from client's banks as well as suppliers' and buyers'

Notes to the Financial Statements-Continued

opinion to understand the market position and reputation of our proposed customers.

- The Company discourages financing to low net worth or highly leveraged customer; who might jeopardize their repayment commitment or even in worse situation may face liquidity problem.
- The Company evaluates customer repayment performance before providing credit facility though financial analysis, ensure adequate insurance coverage for funded assets, seeking external legal opinion and taking collateral security to reduce risk.
- The Company provides credit facility to productive and legitimate business activities, which are financially viable with strong focus on cash flow generation, have market demand and socially desirable; and will not invest for unproductive purposes or speculative ventures.

3.25.11 Constant credit monitoring and recovery process

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

3.26 Basel II & its implementation

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

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

3.27 Reporting period

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

3.28 Offsetting

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

3.29 Adoption of Financial Statements

The audited Financial Statements for the year ended December 31, 2021 was adopted by the shareholders in the 26th AGM held on 15 November 2023.

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|--|---|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| 4 Cash | This is made up as follows: | | |
| | Cash in hand (note: 4.1) | 75,312 | 22,294 |
| | Balance with Bangladesh Bank & its agent bank (s) (note: 4.2) | 29,917,042 | 24,803 |
| | | 29,992,354 | 47,097 |
| 4.1 Cash in hand | This is made up as follows: | | |
| | Local currency | 75,312 | 22,294 |
| | Foreign currency | - | - |
| | | 75,312 | 22,294 |
| 4.2 Balance with Bangladesh Bank & its agent bank (s) | This is made up as follows: | | |
| | Balance with Bangladesh Bank (note: 4.2.1) | 29,917,042 | 24,803 |
| | Balance with Bangladesh Bank's agent bank (note: 4.2.2) | - | - |
| | | 29,917,042 | 24,803 |
| 4.2.1 Balance with Bangladesh Bank | This is made up as follows: | | |
| | Local currency | 29,917,042 | 24,803 |
| | Foreign currencies | - | - |
| | | 29,917,042 | 24,803 |
| 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) has to be calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993, Rule 5 of Financial Institutions Regulations 1994 and instructions contained in DFIM circular no. 01 dated 12 January 2017, FID circular no. 02 dated 10 November 2004, FID circular no. 06 dated 06 November 2003 and DFIM circular no. 03 dated 21 June 2020 issued by Bangladesh Bank. | | |
| | Cash Reserve Requirement (CRR) required on the term deposits at the rate of 1.5% (2.5% in 2019) has to be calculated and maintained with the Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement (CRR) has to be maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Bank and NBFIs in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank and other banks and financial institution, investment at call, unencumbered treasury bills, prize bond, savings certificate and any other assets approved by Bangladesh Bank. Both the reserves as maintained by the company are shown below: | | |
| 4.3.1 Cash Reserve Requirement (CRR): 1.5% of term deposits (excluding bank & FI deposits): | The Company requires to maintain cash with Bangladesh Bank current account equivalent to 1.50% of Term Deposits other than deposit taken from banks and financial institutions. | | |
| | Required reserve | 29,763,065 | 29,618,793 |
| | Actual reserve held with Bangladesh Bank | 29,917,042 | 24,803 |
| | Surplus / (deficit) | 153,977 | (29,593,990) |
| 4.3.2 Statutory Liquidity Reserve (SLR): 5% (including 1.5% CRR) of average liabilities: | The Company requires to maintain SLR equivalent to 5% of total liability including 1.50% of CRR and excluding loans and deposits taken from banks and financial institutions. | | |
| | Required reserve | 352,560,196 | 341,232,349 |
| | Actual reserve held (note: 4.3.3) | 115,058,579 | 51,904,599 |
| | Surplus / (deficit) | (237,501,617) | (289,327,749) |
| 4.3.3 Held for Statutory Liquidity Reserve (SLR): | | | |
| | Cash in hand (note: 4.1) | 75,312 | 22,294 |
| | Balance with other bank and financial institutions (note-5) | 114,983,266 | 51,882,305 |
| | Money at call on short notice (note: 6) | - | - |
| | | 115,058,579 | 51,904,599 |
| 4.3.4 | The Company has failed to maintain the CRR and SLR requirements throughout the year due to ongoing liquidity crisis. As per FID Circular no. 06 dated 06 November 2003, a financial institution shall be liable to be penalized by an amount equalling 1% of the shortfall. Bangladesh Bank has regularly inquired the Company as to why they should not be penalized as per this circular and Management has accordingly replied everytime requesting exemption due to ongoing liquidity crisis. In this regard, the Company has a contingent liability amounting BDT 1,193,436,549 as on 31 December 2022. | | |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|--------------|--|--------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 5 | Balance with banks and other financial institutions | | |
| | This is made up as follows: | | |
| | Inside Bangladesh (note: 5.1) | 85,066,224 | 51,857,502 |
| | Outside Bangladesh | - | - |
| | | 85,066,224 | 51,857,502 |
| 5.1 | Inside Bangladesh | | |
| | This is made up as follows: | | |
| | a) Current deposit account: | | |
| | The City Bank Uttara Branch, Dhaka | 15,007 | 15,007 |
| | Prime Bank Ltd., Motijheel Branch, Dhaka | 171,439 | 171,589 |
| | Dutch Bangla Bank Ltd, rampura Branch | 621,019 | 622,209 |
| | Social Islami Bank Ltd., Principal Branch, Dhaka | 8,935 | 9,625 |
| | | 816,400 | 818,430 |
| | b) Short term deposit account: | | |
| | Bank Asia Ltd. N. Gonj Branch | 1 | 1 |
| | Bank Asia Agrabad Branch | 1,054 | 1,054 |
| | Bangladesh Commerce Bank Ltd., Principal Office, Dhaka | 219,013 | 216,806 |
| | BASIC Bank Limited | 12,208 | 12,972 |
| | The City Bank Ltd., Principal Branch, Dhaka | 13,278 | 13,278 |
| | Dhaka Bank Ltd., Local Office, Dhaka | 25,272 | 25,272 |
| | EXIM Bank of BD Ltd., Head office Corp. Branch | 80,734,573 | 48,496,930 |
| | Mercantile Bank Ltd., Main Branch, Dhaka | - | - |
| | Mutual Trust Bank Ltd., Principal Branch, Dhaka | - | - |
| | Mutual Trust Bank Ltd., Jubly Road Branch, Chittagong | 13,235 | 14,385 |
| | Southeast Bank Ltd., Principal Branch, Dhaka | 1,205,829 | 1,194,492 |
| | Uttara Bank Ltd., Local Office, Dhaka | 655,314 | 645,516 |
| | Mercantile Bank Ltd., Agrabad Branch, Chittagong | 120,899 | 45,566 |
| | Mutual Trust Bank Ltd., Agrabad Branch, Chittagong | 1,249,148 | 372,800 |
| | | 84,249,824 | 51,039,072 |
| | C) Fixed deposits: | | |
| | With bank (note: 5.1.1) | - | - |
| | With other financial institutions (note: 5.1.2) | - | - |
| | | 85,066,224 | 51,857,502 |
| | Total (A+B+C): | | |
| | | 85,066,224 | 51,857,502 |
| 5.1.1 | With banks: | | |
| | Modhumoti Bank Limited | - | - |
| 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 | 85,066,224 | 51,857,502 |
| | 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 | - | - |
| | | 85,066,224 | 51,857,502 |
| 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 | - | - |
| | | 190,411,213 | 190,411,213 |
| | Other investments: | | |
| | Ordinary shares (note 7.1) | 190,411,213 | 190,411,213 |
| | | 190,411,213 | 190,411,213 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|--|--|--------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 7.1 Ordinary shares | This is made up as follows: | | |
| | Quoted shares (note 7.1.1) | 72,911,213 | 72,911,213 |
| | Unquoted shares (note 7.1.2) | 117,500,000 | 117,500,000 |
| | | 190,411,213 | 190,411,213 |
| 7.1.1 Quoted shares | This is made up as follows: | | |
| | Name of the Company | 31-12-2022 | 31-12-2021 |
| | Argon Denim Ltd. | 8,091,902 | 8,091,902 |
| | BSRM Steels Limited | 44,192,430 | 44,192,430 |
| | BATBC | 2,208,390 | 2,208,390 |
| | Crystal Insurance Company Ltd. | - | - |
| | Dhaka Bank Limited | 5,072,190 | 5,072,190 |
| | Grameen One: Scheme Two | 1,901,721 | 1,901,721 |
| | Ifad Autos Ltd. | 1,241,529 | 1,241,529 |
| | Power Grid Company of BD | 988,724 | 988,724 |
| | ROBI Axiata Ltd. | - | - |
| | SAIF Powertec Ltd. | - | - |
| | Square Pharma | 7,037,250 | 7,037,250 |
| | Standard Bank | 1,392,401 | 1,392,401 |
| | Sea Pearl Beach Resort & Spa | - | - |
| | The ACME Lab. Ltd. | 784,676 | 784,676 |
| | | 72,911,213 | 72,911,213 |
| 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 | 6,464,591 | 6,464,591 |
| | Non banking financial institutions | - | - |
| | Insurance companies | - | - |
| | Investment companies | - | - |
| | Fuel & power | 988,724 | 988,724 |
| | Manufacturing companies and others | 65,457,898 | 65,457,898 |
| | | 72,911,213 | 72,911,213 |
| 7.3 Residual maturity groupings of investments | This is made up as follows: | | |
| | Upto 1 month | 72,911,213 | 72,911,213 |
| | 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 |
| | | 190,411,213 | 190,411,213 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|--------------|---|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| | (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) | 7,731,175,550 | 7,906,791,256 |
| | Bills purchased and discounted (note: 8.b) | - | - |
| | | 7,731,175,550 | 7,906,791,256 |
| 8.a | Loans, cash credits, overdrafts, etc. | | |
| | This is made up as follows: | | |
| | Inside Bangladesh | | |
| | Lease finance (note: 8.1) | 365,914,725 | 405,676,443 |
| | Term loans (note: 8.2) | 7,339,079,655 | 7,437,873,967 |
| | Housing finance | 25,369,426 | 62,693,583 |
| | Staff loan (note: 8.3) | 811,744 | 547,263 |
| | | 7,731,175,550 | 7,906,791,256 |
| | Outside Bangladesh | - | - |
| | | 7,731,175,550 | 7,906,791,256 |
| 8.1 | Lease finance | | |
| | This is made up as follows: | | |
| | Gross lease receivable | 141,165,957 | 145,448,491 |
| | Less: Unearned lease income | 9,646,347 | 9,969,780 |
| | Net lease receivables | 131,519,610 | 135,478,711 |
| | Add: Overdue lease rentals | 234,395,114 | 270,197,731 |
| | | 365,914,725 | 405,676,443 |
| 8.2 | Term loans | | |
| | This is made up as follows: | | |
| | Principal outstanding | 2,531,653,307 | 5,528,989,324 |
| | Accounts receivable | 4,807,426,348 | 1,908,884,643 |
| | | 7,339,079,655 | 7,437,873,967 |
| 8.3 | Staff loans | | |
| | This is made up as follows: | | |
| | Term loan | 811,744 | 547,263 |
| | | 811,744 | 547,263 |
| 8.4 | Residual maturity grouping of loans, advances and leases: | | |
| | This is made up as follows: | | |
| | Receivable: | | |
| | On Demand | - | - |
| | Upto 1 month | 110,000,380 | 110,000,380 |
| | More than 1 month but not more than 3 months | 207,704,163 | 207,704,163 |
| | More than 3 months but not more than 1 year | 1,002,367,626 | 1,002,367,626 |
| | More than 1 year but not more than 5 years | 5,991,146,122 | 6,045,300,796 |
| | More than 5 years | 419,957,259 | 541,418,291 |
| | | 7,731,175,550 | 7,906,791,256 |
| | Since 96.88% of the loans, advances and leases are classified, residual maturity has been calculated by Management by taking into account the recovery forecasts. | | |
| 8.5 | Loans, advances and leases on the basis of significant concentration: | | |
| | This is made up as follows: | | |
| 8.5.1 | Loans, advances and leases to directors and their allied concerns | 6,223,884,398 | 6,223,884,398 |
| 8.5.2 | Loans, advances and leases to CEO & Sr. Executives/Officers | 811,744 | 547,263 |
| 8.5.3 | Loans, advances and leases to customer groups | 1,506,479,407 | 1,682,359,595 |

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.

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

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|----------|-------------|----------------|------------|
| | | 31-12-2022 | 31-12-2021 |

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 2022 | | As at 31 December 2021 | |
|--|------------------------|----------------|------------------------|----------------|
| | Amount | Percentage | Amount | Percentage |
| Trade and Commerce | 1,285,193,089 | 16.62% | 1,300,427,878 | 16.45% |
| Industry: | | | | |
| A) Garments and Knitwear | 1,804,872,949 | 23.35% | 1,848,418,645 | 23.38% |
| B) Textile | 677,114,654 | 8.76% | 703,904,194 | 8.90% |
| C) Jute and Jute Products | 54,015,762 | 0.70% | 54,015,762 | 0.68% |
| D) Food Production and Processing Industry | 3,781,910 | 0.05% | 3,781,910 | 0.05% |
| E) Plastic Industry | 1,583,468 | 0.02% | 1,583,468 | 0.02% |
| F) Leather and Leather-Goods | - | - | - | 0.00% |
| G) Iron, Steel and Engineering | 373,567,564 | 4.83% | 373,567,564 | 4.72% |
| H) Pharmaceuticals and Chemicals | - | 0.00% | - | 0.00% |
| I) Cement and Allied Industry | 64,841,555 | 0.84% | 64,841,555 | 0.82% |
| J) Telecommunication and Information Tech | 1,916,297,798 | 24.79% | 1,950,423,677 | 24.67% |
| K) Paper, Printing and Packaging | 471,811,870 | 6.10% | 486,099,806 | 6.15% |
| L) Glass, Glassware and Ceramic Industry | - | - | - | 0.00% |
| M) Ship Manufacturing Industry | 55,804,269 | 0.72% | 58,506,252 | 0.74% |
| N) Electronics and Electrical Products | 4,269,348 | 0.06% | 4,269,348 | 0.05% |
| O) Power, Gas, Water and Sanitary Service | 268,870,216 | 3.48% | 268,870,216 | 3.40% |
| P) Transport and Aviation | 24,270,310 | 0.31% | 24,270,310 | 0.31% |
| Agriculture | 9,177,263 | 0.12% | 9,177,263 | 0.12% |
| Housing | 381,323,688 | 4.93% | 382,622,235 | 4.84% |
| Others: | | | | |
| A) Merchant Banking | - | - | - | 0.00% |
| B) Margin Loan | - | - | - | - |
| C) Others | 334,379,836 | 4.33% | 372,011,172 | 4.70% |
| Total | 7,731,175,550 | 100.00% | 7,906,791,256 | 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 2022 | | As at 31 December 2021 | |
|--------------|------------------------|----------------|------------------------|----------------|
| | Amount | Composition | Amount | Composition |
| Dhaka | 7,061,660,043 | 91.34% | 7,227,019,616 | 91.40% |
| Chittagong | 669,515,507 | 8.66% | 679,771,640 | 8.60% |
| Total | 7,731,175,550 | 100.00% | 7,906,791,256 | 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)

| | |
|--------------------|--------------------|
| 238,887,648 | 256,338,783 |
| 2,497,559 | 1,140,375 |
| 241,385,207 | 257,479,158 |

Classified

Substandard
Doubtful
Bad or loss

| | |
|----------------------|----------------------|
| 55,135,690 | 134,737,525 |
| 6,202,464 | 14,532,752 |
| 7,428,452,309 | 7,500,041,821 |
| 7,489,790,463 | 7,649,312,098 |
| 7,731,175,670 | 7,906,791,256 |

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

| Classification / status of loans and advances as at 31 December, 2022 | Amount of outstanding loans and advances as at 31 December, 2022 | Base for provision | Percentage (%) of provision required as per Bangladesh Bank directive | 31-Dec-22 | |
|---|--|--------------------|---|-----------|-----------|
| | | | | 31-Dec-22 | 31-Dec-21 |

Unclassified loans and advances

General provision

| | | | | | |
|------------------|-------------|-------------|-------|------------------|------------------|
| Standard Non SME | 237,587,174 | 237,587,174 | 1% | 2,375,872 | 2,494,233 |
| Standard SME | 1,300,474 | 1,300,474 | 0.25% | 3,251 | 17,289 |
| Special Mention | 2,497,559 | 2,128,380 | 5% | 106,419 | 54,000 |
| | | | | 2,485,542 | 2,565,522 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | | | Amount in Taka | | |
|---|--|---------------|---------------|----------------|-----------------------------|-----------------------------|
| | | | | 31-12-2022 | 31-12-2021 | |
| Specific provision | | | | | | |
| | Sub-standard | 55,135,690 | 35,092,862 | 20% | 7,018,572 | 15,761,007 |
| | Doubtful | 6,202,464 | 3,522,401 | 50% | 1,761,201 | 6,834,130 |
| | Bad/loss | 7,428,452,309 | 6,637,975,148 | 100% | <u>6,637,975,148</u> | <u>6,631,159,037</u> |
| | | | | | <u>6,646,754,921</u> | <u>6,653,754,174</u> |
| | Special Provision 2% | 239,861,304 | 239,861,304 | 2% | 4,797,226 | 5,067,171 |
| | Total provision required | | | | 6,654,037,689 | 6,661,386,867 |
| | Total provision maintained | | | | <u>6,654,780,700</u> | <u>6,665,478,618</u> |
| | Excess/ (Deficit) | | | | <u>743,011</u> | <u>4,091,751</u> |
| 8.7 Particulars of loans, advances and leases: | | | | | | |
| (i) | Loans considered good in respect of which the Financial Institution is fully secured | | | | 238,887,648 | 262,237,088 |
| (ii) | Loans considered good for which the Financial Institution holds no Security other than the debtor's personal guarantee | | | | 7,486,085,558 | 7,026,373,112 |
| (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 | | | | 6,202,464 | 618,181,056 |
| (iv) | Loans adversely classified; provision not maintained there against | | | | - | - |
| | | | | | <u>7,731,175,670</u> | <u>7,906,791,256</u> |
| (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) | | | | 811,744 | 547,263 |
| (vi) | Loans due from companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents or, in case of private companies as members | | | | 6,223,884,398 | 6,223,884,398 |
| (vii) | Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Financial Institution or any of them either separately or jointly with any other persons (note: 8.3) | | | | 811,744 | 547,263 |
| (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) | | | | 7,489,790,463 | 7,649,312,098 |
| | a) Increase/ (decrease) of provision (note: 13.1a) | | | | (10,347,992) | (494,619,946) |
| | 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 | | | | 6,637,975,148 | 6,631,159,037 |
| | e) Amount of interest credited to the interest suspense account (note: 13.3) | | | | 1,107,833 | 786,825 |
| (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

| Note No. | Particulars | Amount in Taka | |
|---|--|--------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 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 and land development | 440,000,000 | 440,000,000 | |
| Furniture & fixture | 3,766,229 | 3,766,229 | |
| Electrical appliance | 11,793,262 | 11,793,262 | |
| Motor vehicles | 15,280,154 | 15,280,154 | |
| Interior decoration | 11,088,782 | 11,088,782 | |
| Office equipment | 1,261,629 | 1,261,629 | |
| Intangible assets | - | - | |
| | 483,190,056 | 483,190,056 | |
| B. Accumulated depreciation: | | | |
| Furniture & fixture | 1,791,986 | 1,572,627 | |
| Electrical appliance | 7,880,442 | 7,189,945 | |
| Motor vehicles | 13,685,900 | 13,287,338 | |
| Interior decoration | 5,864,661 | 5,284,202 | |
| Office equipment | 1,017,370 | 974,264 | |
| Intangible assets | - | - | |
| | 30,240,359 | 28,308,376 | |
| C. Written down value at December 31, 2022 (A-B) | | | |
| Land and land development | 440,000,000 | 440,000,000 | |
| Furniture & fixture | 1,974,243 | 2,193,602 | |
| Electrical appliance | 3,912,820 | 4,603,317 | |
| Motor vehicles | 1,594,254 | 1,992,816 | |
| Interior decoration | 5,224,121 | 5,804,580 | |
| Office equipment | 244,259 | 287,365 | |
| Intangible assets | - | - | |
| | 452,949,697 | 454,881,680 | |
| | 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 | 11,858 | 8,848 |
| | Advance rent, advertisement etc. (note: 10.1) | 909,088 | 1,149,904 |
| | Receivable on sale of shares (note: 10.2) | 3,679 | 3,679 |
| | Security deposits (note: 10.3) | 3,644,237 | 3,544,237 |
| | Prepaid expenditure (note: 10.4) | 322,719,433 | 322,360,836 |
| | Suspense account | 1,238 | 1,238 |
| | Others (note: 10.5) | 105,603,510 | 107,250,247 |
| | Total (A+B): | 432,893,043 | 434,318,990 |
| 10.1 Advance rent, advertisement etc. | This is made up as follows: | | |
| | These represents rent paid to land-lord in advance for office premises. | 909,088 | 1,149,904 |
| | | 909,088 | 1,149,904 |
| 10.2 Receivable on sale of shares | This is made up as follows: | | |
| | Anchor Securities Ltd. | 1,205 | 1,205 |
| | LankaBangla Securities Ltd. | 2,474 | 2,474 |
| | Fareast Stocks & Bonds Ltd. | - | - |
| | | 3,679 | 3,679 |
| 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 | 216,237 | 116,237 |
| | | 3,644,237 | 3,544,237 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|--|--|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| 10.4 Prepaid expenditure | | | |
| | 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 | - | - |
| | Advance Payment of Tax (Note: 10.4.1) | 288,592,479 | 288,063,082 |
| | Others | 21,438,621 | 21,609,421 |
| | | 322,719,433 | 322,360,836 |
| 10.4.1 Advance income tax | | | |
| | This is made up as follows: | | |
| | Income tax refundable (note: 10.4.2.1) | 5,309,867 | 5,309,867 |
| | Advance income tax (note: 10.4.2.2) | 283,282,612 | 282,753,215 |
| | | 288,592,479 | 288,063,082 |
| 10.4.2.1 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 |
| 10.4.2.2 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 | 724,765 |
| 2021-2022 | 2020 | 321,311 | 321,311 |
| 2022-2023 | 2021 | 331,889 | 331,889 |
| 2023-2024 | 2022 | 529,397 | - |
| | | 283,282,612 | 282,753,215 |
| | | | |
| | Provision has been maintained against these assets as per FID Circular no. 08 dated 03 August 2002. See note 13.8. | | |
| 10.5 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 | 72,839,728 | 74,486,466 |
| | Accrued interest on fixed deposit | - | - |
| | Others | 449,286 | 449,286 |
| | | 105,603,510 | 107,250,247 |
| | | | |
| | Provision has been maintained against these assets as per FID Circular no. 08 dated 03 August 2002. See note 13.8. | | |
| 11 Borrowings from other financial institutions, banks and agents | | | |
| | This is made up as follows: | | |
| | In Bangladesh (note: 11.1) | 3,853,720,368 | 3,576,826,929 |
| | Outside Bangladesh | - | - |
| | | 3,853,720,368 | 3,576,826,929 |
| 11.1 In Bangladesh | | | |
| | This is made up as follows: | | |
| | Refinance against SME loan from Bangladesh Bank (note: 11.1.1) | 1,339,785 | 1,523,997 |
| | Term loan from banks (note: 11.1.2) | 3,502,667,235 | 3,225,586,699 |
| | Short term loan (note: 11.1.3) | 209,713,348 | 209,716,233 |
| | Money at call & short notice (note: 11.1.4) | 140,000,000 | 140,000,000 |
| | | 3,853,720,368 | 3,576,826,929 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|---------------|---|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| 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 | 117,323,618 | 108,002,716 |
| | Dhaka Bank Limited | 112,017,733 | 103,118,361 |
| | Dutch Bangla Bank Limited | 575,844,332 | 530,094,901 |
| | Mercantile Bank Limited | 774,903,914 | 713,340,827 |
| | Midland Bank Limited | 45,997,860 | 42,343,510 |
| | Mutual Trust Bank Limited | 77,338,328 | 71,194,099 |
| | National Bank Limited | 150,034,304 | 138,114,663 |
| | NRB Commercial Bank Limited | 112,699,338 | 104,745,227 |
| | Pubali Bank Limited | 187,157,348 | 172,288,427 |
| | Shahjalal Islami Bank Limited | 454,931,310 | 418,788,794 |
| | Social Islami Bank Limited | 182,281,112 | 167,799,589 |
| | Standard Bank Limited | 147,472,550 | 135,756,431 |
| | The UAE Bangladesh Investments Co. Limited | 8,639,450 | 8,147,212 |
| | Uttara Bank Limited | 556,026,039 | 511,851,942 |
| | | 3,502,667,236 | 3,225,586,699 |
| 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 | 9,713,348 | 9,716,233 |
| | | 209,713,348 | 209,716,233 |
| 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) | 3,502,667,235 | 3,225,586,699 |
| | Unsecured | 351,053,133 | 351,240,230 |
| | | 3,853,720,368 | 3,576,826,929 |
| 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 | 209,713,348 | 209,716,233 |
| | Over 1 months but not more than 3 months | 307,196,093 | 305,200,895 |
| | Over 3 months but not more than 1 year | 659,912,783 | 657,117,585 |
| | Over 1 year but not more than 5 years | 2,536,898,144 | 2,264,792,216 |
| | Over 5 years | - | - |
| | | 3,853,720,368 | 3,576,826,929 |
| | Borrowings have been classified according to maturity periods as per Management's expectation of the Company's future liquidity position. | | |
| 12 | Deposits & other accounts | | |
| | This is made up as follows: | | |
| | Term deposits (note: 12.1) | 7,051,203,915 | 6,824,646,977 |
| | Other deposits (note: 12.2) | 7,762,044 | 7,815,585 |
| | | 7,058,965,959 | 6,832,462,562 |
| 12.1 | Term deposits | | |
| | This is made up as follows: | | |
| | Term deposit from banks and other FIs | 5,066,999,595 | 4,850,060,755 |
| | Term deposit from other than banks & FIs (note: 12.1.1) | 1,984,204,320 | 1,974,586,222 |
| | | 7,051,203,915 | 6,824,646,977 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|---------------|--|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| 12.1.1 | Term deposit from other than banks & FIs | | |
| | This is made up as follows: | | |
| | General term deposits | 1,856,996,776 | 1,854,787,289 |
| | Double & triple benefit scheme | 126,084,564 | 118,027,954 |
| | Monthly savings scheme (MSS) | 1,122,980 | 1,770,980 |
| | MSS Kotipati Scheme | - | - |
| | | 1,984,204,320 | 1,974,586,222 |
| 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 | 709,654,813 | 709,654,813 |
| | In more than 1 month but less than 6 months | 1,020,986,500 | 1,020,986,500 |
| | In more than 6 months but less than 1 year | 1,143,735,381 | 1,143,735,381 |
| | In more than 1 year but within 5 years | 2,192,622,901 | 1,975,684,060 |
| | In more than 5 year but within 10 years | - | - |
| | | 5,066,999,595 | 4,850,060,755 |
| | From other than banks & FIs | | |
| | Payable: | | |
| | On demand | - | - |
| | Upto 1 month | 170,262,270 | 170,250,798 |
| | In more than 1 month but less than 6 months | 456,879,959 | 456,879,959 |
| | In more than 6 months but less than 1 year | 201,349,405 | 201,349,405 |
| | In more than 1 year but within 5 years | 347,725,520 | 347,725,520 |
| | In more than 5 years but within 10 years | 807,987,167 | 798,380,541 |
| | | 1,984,204,320 | 1,974,586,222 |
| 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) | 7,762,044 | 7,815,585 |
| | | 7,762,044 | 7,815,585 |
| 12.2.1 | Other deposits-other than banks & FIs | | |
| | This is made up as follows: | | |
| | Lease advance | 7,483,736 | 7,537,277 |
| | Security deposits | 278,308 | 278,308 |
| | | 7,762,044 | 7,815,585 |
| 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 month but not more than 3 months | - | - |
| | Over 3 months but not more than 1 year | - | - |
| | Over 1 year but not more than 5 years | 2,457,577 | 2,457,577 |
| | Over 5 years | 5,304,467 | 5,358,008 |
| | | 7,762,044 | 7,815,585 |

Other deposits 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

| Note No. | Particulars | Amount in Taka | |
|-------------|---|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| 13 | Other liabilities | | |
| | This is made up as follows: | | |
| | Provision for loans, advances and leases (note: 13.1) | 6,654,780,701 | 6,665,478,618 |
| | Provision for diminution in value of investments (note 13.2) | 152,615,814 | 149,882,733 |
| | Interest suspense (note: 13.3) | 713,195,133 | 771,581,468 |
| | Withholding tax payable | 271,777,844 | 212,361,976 |
| | VAT payable | 432,230 | 164,960 |
| | Excise duty payable | 11,007,270 | 8,234,570 |
| | Provision for taxation (note: 13.4) | 746,279,344 | 745,781,087 |
| | Unclaimed Dividend Account (note: 13.5) | 4,347,371 | 4,347,371 |
| | Financial expenses payable (note: 13.6) | 344,899,564 | 374,293,167 |
| | Payable against gratuity | 11,370,642 | 9,921,152 |
| | Payable against Pension | 7,400,000 | 7,400,000 |
| | Accrued expenses and other payable | 6,340,429 | 7,578,718 |
| | Sundry deposits (note: 13.7) | 392,287,951 | 215,500,643 |
| | Provision for other assets (note: 13.8) | 131,947,185 | 131,947,185 |
| | Deferred Tax liability (note: 13.9) | 17,600,000 | 17,600,000 |
| | Penal Interest on Delay payment of Tax | 63,066,898 | 63,066,898 |
| | Provision for off-balance sheet items | - | - |
| | | 9,529,348,375 | 9,385,140,544 |
| 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 | 6,657,845,925 | 7,103,843,763 |
| | Less: Prior year Adjustment | - | (536,254,938) |
| | Restated Opening Balance | 6,657,845,925 | 6,567,588,825 |
| | 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 | (10,347,992) | 90,257,100 |
| | Provision held at the end of the year | 6,647,497,933 | 6,657,845,925 |
| | (b) General provision against unclassified loans, advances and leases: | | |
| | Opening balance | 2,565,522 | 51,060,688 |
| | Provision made during the year | (79,980) | (48,495,166) |
| | Balance at the end of the year | 2,485,542 | 2,565,522 |
| | (c) Special provision 2% | | |
| | Opening balance | 5,067,171 | - |
| | Provision made during the year | (269,945) | 5,067,171 |
| | Balance at the end of the year | 4,797,226 | 5,067,171 |
| | Total (a+b+c): | 6,654,780,701 | 6,665,478,618 |
| 13.2 | Provision for diminution in value of investments | | |
| | This is made up as follows: | | |
| | Opening balance | 149,882,733 | 157,517,557 |
| | Provision made during the year | 2,733,081 | (7,634,824) |
| | Balance at the end of the year | 152,615,814 | 149,882,733 |
| 13.3 | Interest suspense | | |
| | This is made up as follows: | | |
| | Opening balance | 771,581,468 | 772,408,566 |
| | Prior year adjustment | - | - |
| | Restated opening balance | 771,581,468 | 772,408,566 |
| | Add: Amount transferred during the year | 1,107,833 | 786,825 |
| | Less: Amount recovered during the year | 59,494,168 | 1,613,923 |
| | Less: Amount written off during the year | - | - |
| | Balance at the end of the year | 713,195,133 | 771,581,468 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|-------------|---|--------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 13.4 | Provision for Income Tax | | |
| | Balance at the beginning of the year | 745,781,087 | 745,546,049 |
| | Add: Provision made during the year for current year tax | 498,257 | 235,038 |
| | Add: Provision made during the year in respect of assessment year 2015-2016 | - | - |
| | Less: Adjustment | - | - |
| | Balance at the end of the year | 746,279,344 | 745,781,087 |

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 | 454,534,235 |
| 2016-2017 | 2015 | - | - |
| 2017-2018 | 2016 | 1,572,282.89 | 1,572,282.89 |
| 2018-2019 | 2017 | 1,033,408 | 1,033,408 |
| 2019-2020 | 2018 | 761,032 | 761,032 |
| 2020-2021 | 2019 | 1,194,895 | 1,194,895 |
| 2021-2022 | 2020 | 508,612 | 508,612 |
| 2022-2023 | 2021 | 235,038 | 235,038 |
| 2023-2024 | 2022 | 498,257 | - |
| | | 746,279,344 | 745,781,087 |

13.4.1 Due to loss for the year 2022, Company provided minimum tax as per Income Tax Ordinance 1984 under section 82C.

13.4.2 On 28 March 2023, the Tax Audit Wing of the National Board of Revenue has presented a claim of BDT 1,110,507,971 (See Annexure D) to the Company in respect of the assessment years 2007-2018. However, Management is confident that once these appeals are finally disposed of, there should not be any additional tax demand against the Company and hence no further provision is required.

13.5 Unclaimed Dividend Account

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

13.6 Financial expenses payable:

This is made up as follows:

| | | |
|---|--------------------|--------------------|
| Interest on Term deposits | 298,831,077 | 352,702,429 |
| Interest on term loan | 189,646 | 189,646 |
| Interest on Placement of Fund | 22,211,944 | 4,975,833 |
| Interest on money at call loan and short notice | 22,756,879 | 15,304,796 |
| Interest Paid on Short Term Borrowings | 1,875 | 1,875 |
| Interest on monthly savings scheme | 908,142 | 1,118,588 |
| | 344,899,564 | 374,293,167 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | | | |
|---|--|----------------------|----------------------|------------------------|---------------------------|
| | | 31-12-2022 | 31-12-2021 | | |
| 13.7 Sundry deposits | Sundry deposits include BDT 392,287,952 transferred from Deposits and other accounts. These customers have applied for encashment and interest is not charged on these balances. | | | | |
| 13.8 Provision for other assets | | | | | |
| | Opening balance | 131,947,185 | 130,802,000 | | |
| | Prior year adjustment | - | 1,145,185 | | |
| | Restated opening balance | 131,947,185 | 131,947,185 | | |
| | Addition/ (adjustment) during the year | - | - | | |
| | Closing balance | 131,947,185 | 131,947,185 | | |
| | Break-up of Provision for Other Assets | | | | |
| | Advance payment for land | 2,343,333 | 2,343,333 | | |
| | Advance payment for Building construction | 10,345,000 | 10,734,167 | | |
| | Receivable against IDCP | 32,314,496 | 32,314,496 | | |
| | Receivable against LPI | 72,839,728 | 74,486,466 | | |
| | Others | 14,104,628 | 12,068,723 | | |
| | Total | 131,947,185 | 131,947,185 | | |
| 13.9 Deferred Tax Liability | | | | | |
| | Opening balance | 17,600,000 | 17,600,000 | | |
| | Prior year adjustment | - | - | | |
| | Restated opening balance | 17,600,000 | 17,600,000 | | |
| | Addition/ (adjustment) during the year | - | - | | |
| | Closing balance | 17,600,000 | 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, 2022 a total of 100,679,944 ordinary shares of Tk. 10 each were issued, subscribed and fully paid up. 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 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|-------------|--|----------------------|----------------------|
| | | 31-12-2022 | 31-12-2021 |
| 14.4 | Group wise paid up share capital: | | |
| | Particulars of shareholders: | | |
| | GROUP – A (Local) | | |
| | Sponsor shareholders: | | |
| | Pioneer Dresses Limited | 58,538,320 | 58,538,320 |
| | Mr. Mohiuddin Ahmed | 18,757,890 | 18,757,890 |
| | Mr. Rais Uddin Ahmed | 12,763,330 | 12,763,330 |
| | Mr. Abdul Aziz Khan | 12,263,260 | 12,263,260 |
| | Mr. A N M Jahangir Alam | 20,286,330 | 20,286,330 |
| | Five Continents Credit Ltd., Hong Kong | 195,193,180 | 195,193,180 |
| | Sukuza Venture Ltd. | 55,000,000 | 55,000,000 |
| | Kanchi Venture Ltd. | 35,475,240 | 35,475,240 |
| | | 408,277,550 | 408,277,550 |
| | Government | | |
| | Institute | 413,908,370 | 413,908,370 |
| | Public | 184,613,520 | 184,613,520 |
| | | 598,521,890 | 598,521,890 |
| | | 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.

- 14.5** Range wise classification of shareholders by holding as at 31-12-2022 as required by regulation 37 and of the listing regulation of Dhaka Stock Exchange limited and Chittagong Stock Exchange limited.

| Shareholding range | No. of Shareholders | No. of Shares | % of holdings |
|---------------------------|----------------------------|----------------------|----------------------|
| Less than 500 | 1,434 | 243,464 | 0.24% |
| 501 to 1,000 | 522 | 413,051 | 0.41% |
| 1,001 to 10,000 | 1,674 | 5,369,667 | 5.33% |
| 10,001 to 50,000 | 269 | 5,502,708 | 5.47% |
| 50,001 to 100,000 | 26 | 1,857,608 | 1.85% |
| 100,001 to 1,000,000 | 36 | 10,313,987 | 10.24% |
| 1,000,001 to 5,000,000 | 8 | 15,285,787 | 15.18% |
| 5,000,001 to 10,000,000 | 2 | 11,353,832 | 11.28% |
| 10,000,001 to 100,000,000 | 3 | 50,339,840 | 50.00% |
| Total : | 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. 4.5 at Dhaka Stock Exchange and at Tk. 4.0 at Chittagong Stock Exchange at the end of the year 2022.

- 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 2022, the CAR of the Company is (126.65)% against the required CAR of 10%. The Company has a shortfall in this regard as follows:

| | | |
|-------------------------------------|-------------------------|-------------------------|
| Tier-1 Capital (A) | (12,548,733,560) | (11,141,948,326) |
| Less:Deduction from Tier -1 Capital | - | (95,205,607) |
| Eligible Tier-1 Capital (A) | (12,548,733,560) | (11,237,153,933) |
| Tier-2 Capital (B) | 244,705,977 | 244,100,463 |
| Less:Deduction from Tier-2 Capital | - | (95,205,607) |
| Eligible Tier-2 Capital (B) | 244,705,977 | 148,894,856 |
| Eligible Capital (C=A+B) | (12,304,027,583) | (11,088,259,077) |
| Total risk weighted assets | 9,741,050,950 | 9,439,135,630 |
| Minimum capital requirement | 1,000,000,000 | 1,000,000,000 |
| Capital surplus/(deficit) | (13,304,027,583) | (12,088,259,076) |
| Capital adequacy ratio | (126.31) | (117.47) |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|--------------|---|-------------------------|-------------------------|
| | | 31-12-2022 | 31-12-2021 |
| 15 | Statutory reserve | | |
| | This is made up as follows: | | |
| | Opening balance | 154,713,730 | 154,713,730 |
| | Add: Addition during the year | - | - |
| | | 154,713,730 | 154,713,730 |
| | There has not been any transfer to the statutory reserve during the year because the Company has suffered a loss. | | |
| 16 | General Reserve | | |
| | This is made up as follows: | | |
| | Opening balance | 10,364,681 | 10,364,681 |
| | Add: Addition during the year | - | - |
| | Less: Transferred to Retained earnings | - | - |
| | | 10,364,681 | 10,364,681 |
| 17 | Asset Revaluation Reserve | | |
| | This is made up as follows: | | |
| | Opening balance (note 17.1) | 385,825,667 | 385,825,667 |
| | Add: Addition during the year | - | - |
| | Less: Transferred to Retained earnings | - | - |
| | | 385,825,667 | 385,825,667 |
| 17.1 | Opening balance | 385,825,667 | 385,825,667 |
| | Prior year adjustment | - | - |
| | Restated opening balance | 385,825,667 | 385,825,667 |
| | 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. | | |
| 18.00 | Retained Earnings | | |
| | This is made up as follows: | | |
| | Opening balance | (12,313,826,177) | (11,864,330,459) |
| | Add/(Less): Prior year adjustment (see note 18.1) | - | 535,550,975 |
| | Restated opening balance | (12,313,826,177) | (11,328,779,484) |
| | Less: Cash dividend for last year | - | - |
| | Less: Stock dividend for last year | - | - |
| | Add: Transferred from stock dividend | - | - |
| | Add: Profit/(Loss) for the year | (763,424,324) | (985,046,693) |
| | Less: Transferred to statutory reserve | - | - |
| | Less: Transferred to general reserve | - | - |
| | | (13,077,250,501) | (12,313,826,177) |
| 19.00 | Net assets value per share | | |
| | This is made up as follows: | | |
| | Total assets | 8,922,488,081 | 9,038,307,738 |
| | Total liabilities | 20,442,034,702 | 19,794,430,035 |
| | Net assets: | (11,519,546,621) | (10,756,122,297) |
| | 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 2022 | 100,679,944 | 100,679,944 |
| | Net assets value per share | (114.42) | (106.83) |
| 20 | Profit and loss account | | |
| | This is made up as follows: | | |
| | Income | | |
| | Interest, discount and similar income (note: 21) | 76,100,651 | 35,312,383 |
| | Dividend income (note: 23) | 1,428,946 | 1,300,335 |
| | Commission, exchange and brokerage (note: 24) | - | - |
| | Gains less losses arising from dealing securities (note: 23) | - | 2,526,572 |
| | 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) | 5,513,242 | 37,846 |
| | Profit less losses on interest rate changes | - | - |
| | | 83,042,839 | 39,177,137 |
| | Expenses: | | |
| | Interest paid on deposits & borrowing (note: 22) | 795,473,568 | 890,684,808 |
| | Losses on loans, advances and leases | - | - |
| | Administrative expenses | 51,326,502 | 47,283,785 |
| | Other operating expenses (note: 35) | 5,201,689 | 4,925,697 |
| | Depreciation on fixed assets | 1,931,983 | 2,249,952 |
| | | 853,933,741 | 945,144,241 |
| | Income over expenditure | (770,890,902) | (905,967,104) |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|---|--|--------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 21 Interest income | This is made up as follows: | | |
| | Interest income from loans & leases (note-21.1) | 73,702,373 | 34,969,614 |
| | Interest income from money at call & short notice | - | - |
| | Interest income from placement with banks & other FIs (note: 21.2) | 2,398,278 | 342,769 |
| | | 76,100,651 | 35,312,383 |
| 21.1 Interest income from loans & leases | This is made up as follows: | | |
| | Interest income from leases | 25,598,819 | 4,211 |
| | Interest income from term finance | 75,664,804 | 25,728,092 |
| | Interest on housing finance | - | - |
| | Interest on staff loan | (27,561,250) | 9,237,311 |
| | | 73,702,373 | 34,969,614 |
| 21.2 Interest income from placement with banks & other FIs | This is made up as follows: | | |
| | Interest income from fund placements | - | - |
| | Interest income from STD accounts | 2,398,278 | 342,769 |
| | | 2,398,278 | 342,769 |
| 22 Interest charge on deposits & borrowings etc. | This is made up as follows: | | |
| | Interest paid on deposits | 492,431,318 | 571,008,957 |
| | Interest paid on borrowings (Note-22.1) | 303,042,249 | 319,675,851 |
| | | 795,473,568 | 890,684,808 |
| 22.1 Interest paid on borrowings | This is made up as follows: | | |
| | Interest paid on term loan | 295,516,647 | 314,089,366 |
| | Interest paid on overdraft loan | - | - |
| | Interest paid on call loan | 7,452,083 | 5,503,755 |
| | Interest paid on re-financing loan from Bangladesh Bank | 73,519 | 82,730 |
| | | 303,042,249 | 319,675,851 |
| 23 Income from Investments | This is made up as follows: | | |
| | Capital gain on sale of shares | - | 2,526,572 |
| | Dividend income | 1,428,946 | 1,300,335 |
| | | 1,428,946 | 3,826,908 |
| 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 | - | - |
| | Reimbursement of documentation costs | - | - |
| | Gain on disposal of leased assets | 90,000 | - |
| | Other income (note: 25.1) | 5,423,242 | 37,846 |
| | | 5,513,242 | 37,846 |
| 25.1 Other income | This is made up as follows: | | |
| | Gain/(loss) on sale of fixed assets | 18,500 | - |
| | Miscellaneous income | 5,404,742 | 37,846 |
| | | 5,423,242 | 37,846 |
| 26 Salary & allowances | This is made up as follows: | | |
| | Salaries | 23,455,790 | 22,670,470 |
| | Provident fund | 1,270,312 | 1,198,655 |
| | Bonus | 2,586,876 | 2,414,175 |
| | Gratuity | 1,449,490 | 1,288,645 |
| | | 28,762,468 | 27,571,945 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|---|--|-------------------|-------------------|
| | | 31-12-2022 | 31-12-2021 |
| 27 Rent, taxes, insurance, electricity etc. | This is made up as follows: | | |
| | Rent, rates & taxes | 11,226,057 | 11,041,781 |
| | Insurance | 150,208 | - |
| | Power & electricity | 841,024 | 862,804 |
| | Water & sewerage | 15,453 | 19,345 |
| | | 12,232,742 | 11,923,930 |
| 28 Legal expenses | This is made up as follows: | | |
| | Professional/legal fees | 1,328,107 | 2,525,350 |
| | Other | - | - |
| | | 1,328,107 | 2,525,350 |
| 29 Postage, stamps, telecommunication etc. | This is made up as follows: | | |
| | Postage & courier expenses | 6,836 | 10,920 |
| | Stamp & court fees | 2,750 | 5,640 |
| | Telephone, fax & e-mail | 759,432 | 662,268 |
| | | 769,018 | 678,828 |
| 30 Stationery, printing, advertisements etc. | This is made up as follows: | | |
| | Printing & stationery | 317,244 | 137,499 |
| | Advertisement and publicity | 435,270 | 369,400 |
| | | 752,514 | 506,899 |
| 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 | 3,228,000 | 1,281,000 |
| | | 3,228,000 | 1,281,000 |
| | Directors' fees include fees for attending the meetings of the Board, Executive Committee and Audit Committee. Each director was remunerated Tk. 8,000 per meeting in accordance with Bangladesh Bank's DFIM circulars number 13 and 03 dated 30 November 2015. In addition, as per policy the Company also bears travelling, accommodation and other related costs of directors who attend Board Meeting from overseas. | | |
| 33 Auditor's fees | This is made up as follows: | | |
| | Statutory Audit | 1,520,000 | 200,000 |
| | Provident Fund Audit | 30,000 | 30,000 |
| | | 1,550,000 | 230,000 |
| 34 Repair, maintenance & depreciation expenses of financial institution's assets | This is made up as follows: | | |
| | Repair, maintenance (note 34.1) | 2,703,653 | 2,565,833 |
| | Depreciation (note 34.2) | 1,931,983 | 2,249,952 |
| | | 4,635,636 | 4,815,785 |
| 34.1 Repair, maintenance | This is made up as follows: | | |
| | Office premises | 1,723,462 | 1,509,243 |
| | Office equipment | 454,094 | 338,188 |
| | Office furniture & fixtures | 9,540 | - |
| | Vehicles | 516,557 | 718,401 |
| | | 2,703,653 | 2,565,833 |
| 34.2 Depreciation: | This is made up as follows: | | |
| | Land | - | - |
| | Furniture & fixture | 219,359 | 243,731 |
| | Electrical appliance | 690,497 | 812,351 |
| | Motor vehicles | 398,562 | 498,204 |
| | Interior decoration | 580,459 | 644,953 |
| | Office equipment | 43,106 | 50,713 |
| | | 1,931,983 | 2,249,952 |
| | Details of depreciation and amortisation are shown in "Annexure - A" | | |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|---|---|---------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 35 Other expenses: | | | |
| | This is made up as follows: | | |
| | Traveling & conveyance | 540,395 | 599,129 |
| | Books and periodicals | 8,145 | 6,957 |
| | Entertainment & public relations | 225,424 | 564,287 |
| | Motor vehicle expenses | 1,282,270 | 1,091,510 |
| | Commission on share trading | - | - |
| | Govt. Excise duty | 51,300 | 46,800 |
| | Registration/ renewal fee | 1,212,490 | 1,259,970 |
| | Donations | - | - |
| | AGM expenses | 255,000 | - |
| | Service charge | - | 80 |
| | Medical expenses | 88,520 | 50,198 |
| | Bank charge | 47,160 | 71,039 |
| | CDBL fee | 106,500 | 106,450 |
| | Buisness promotional expense | - | - |
| | Uniforms & apparels | - | - |
| | Miscellaneous expenses | 1,384,485 | 1,129,277 |
| | | 5,201,689 | 4,925,697 |
| 36 Provision for loans, advances & leases | | | |
| | This is made up as follows: | | |
| | General provision against unclassified loans, advances & leases | (79,980) | (48,495,166) |
| | Specific provision against classified loans, advances & leases | (10,347,992) | 90,257,100 |
| | Special provision 2% | (269,945) | 5,067,171 |
| | | (10,697,917) | 46,829,104 |
| 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) | 2,733,081 | (7,634,824) |
| | | 2,733,081 | (7,634,824) |
| 38 Other Provisions | | | |
| | This is made up as follows: | | |
| | Other Provision for Tax Assessment Year 2015-2016 | - | - |
| | Provision for other assets | - | 1,145,185 |
| | Other Provision-Pension Fund | - | 300,000 |
| | Penal Interest on Delay payment of Tax | - | 38,205,085 |
| | | - | 39,650,270 |
| 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. | | |
| | | 31-12-2022 | 31-12-2021 |
| | Net Profit Attributable to the Ordinary Shareholders (Net Profit after Tax) | (763,424,324) | (985,046,693) |
| | 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 | (7.58) | (9.78) |
| | 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 2022 and hence no diluted earnings per share is required to be calculated. | | |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|-----------|--|--------------------|--------------------|
| | | 31-12-2022 | 31-12-2021 |
| 40 | Cash receipts from other operating activities | | |
| | This is made up as follows: | | |
| | Service charge | - | - |
| | Reimbursement-documentation costs | - | - |
| | Gain on disposal of leased assets | 90,000 | - |
| | Miscellaneous income | 5,423,242 | 37,846 |
| | | 5,513,242 | 37,846 |
| 41 | Cash payments for other operating activities | | |
| | This is made up as follows: | | |
| | Rent, taxes, insurance, electricity, etc. | 12,232,742 | 12,500,669 |
| | Legal expenses | 1,328,107 | 2,525,350 |
| | Postage, stamp, telecommunication, etc. | 769,018 | 679,751 |
| | Stationery Printing, Advertisements, etc. | - | 369,400 |
| | Directors' fees | 3,228,000 | 1,281,000 |
| | Auditors' fee | 1,550,000 | - |
| | Repairs and maintenance | 2,703,653 | 2,565,833 |
| | Traveling & conveyance | 540,395 | 599,129 |
| | Books and periodicals | 8,145 | 6,957 |
| | Entertainment & public relations | 225,424 | 564,287 |
| | Training fee | - | - |
| | Motor vehicle expenses | 1,282,270 | 1,091,510 |
| | Commission on share trading | - | - |
| | Govt. Excise duty | 51,300 | 46,800 |
| | Registration/ renewal fee | 1,212,490 | 1,259,970 |
| | Donations | - | - |
| | AGM expenses | 255,000 | - |
| | Service charge | - | 80 |
| | Medical expenses | 88,520 | 50,198 |
| | Bank charge | 47,160 | 71,039 |
| | CDBL Fee | 106,500 | 450 |
| | Buisness promotional expense | - | - |
| | Uniforms & apparels | - | - |
| | Miscellaneous expenses | 1,384,485 | 797,776 |
| | | 27,013,209 | 24,410,199 |
| 42 | Other assets | | |
| | This is made up as follows: | | |
| | Stock of stamp | (3,010) | 3,260 |
| | Advance rent, advertisement etc. | 240,816 | 240,816 |
| | Security deposits | (100,000) | - |
| | Prepaid expenditure | 170,800 | (3,562,536) |
| | Suspense account | - | - |
| | Accrued interest on fixed deposit | - | - |
| | Others | - | - |
| | Cash (increase)/ decrease in other assets | 308,605 | (3,318,460) |
| 43 | Other liabilities | | |
| | This is made up as follows: | | |
| | Withholding tax payable | 59,415,866 | 116,133,162 |
| | Vat payable | 267,271 | (10,586) |
| | Excise duty payable | 2,772,700 | 3,078,830 |
| | Interest suspenses | (58,386,335) | - |
| | Sundry deposits | 176,787,309 | 134,419,983 |
| | Accrual and others payables | (1,009,038) | - |
| | Net increase/ (decrease) in other liabilities | 179,847,773 | 253,621,389 |

Notes to the Financial Statements-Continued

| Note No. | Particulars | Amount in Taka | |
|-----------|---|----------------------|------------------------|
| | | 31-12-2022 | 31-12-2021 |
| 44 | Reconciliation of Net Profit with Cash Flows from Operating Activities | | |
| | Net profit after tax | (763,424,324) | (985,046,693) |
| | Adjustment for non-cash items: | | |
| | Add: Depreciation expenses | 1,931,983 | 2,249,952 |
| | Add: Provision for loans, advances and investments | (7,964,836) | (26,300,877) |
| | Add/(Less) Profit/(Loss) on sale of fixed assets | - | - |
| | Add/(Less): Accrued expenses | (28,173,364) | 4,194,425 |
| | Add/(Less): Accrued income | 1,646,738 | (3,560,256) |
| | Income Tax paid | (529,397) | (331,889) |
| | Add/(Less): Provision for Current Tax | 498,257 | 235,038 |
| | Total Adjustment for non-cash items: | (32,590,619) | (23,513,607) |
| | | (796,014,943) | (1,008,560,300) |
| | Changes in operating assets and liabilities: | | |
| | (Increase)/Decrease in Loans and advances to other banks | - | - |
| | (Increase)/Decrease in Loans and advances to customers | 175,615,706 | 44,143,150 |
| | (Increase)/Decrease in other assets | 308,606 | (3,318,460) |
| | (Increase)/Decrease in deposits from other banks and financial institutions | 216,938,841 | 308,251,460 |
| | (Increase)/Decrease in deposits from customers | 9,564,556 | 140,240,510 |
| | (Increase)/Decrease in Other liabilities account of customer | - | - |
| | (Increase)/Decrease in other liabilities | 179,847,773 | 253,621,389 |
| | Cash received/(paid) from operating assets and liabilities | 582,275,482 | 742,938,049 |
| | Net cash from operating activities | (213,739,461) | (265,622,251) |

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, 2022 |
|---------|---|-------------|--|
| 1 | Justice (retired) Moyeenul Islam Chowdhury Independent Director | Chairman | |
| 2 | Mr. Shamim Khaled Ahmed, Barrister-at-Law Nominee Director | Director | 5.82 (Share holding of Pioneer Dresses Ltd.) |
| 3 | Mr. Mohammad Tofazzel Hossain, FCA, CPA, CPFA Nominee Director | Director | 5.82 (Share holding of Pioneer Dresses Ltd.) |
| 4 | Mr. Ruhul Amin (Nominee of Sukuza Venture Ltd.) Nominee Director | Director | 5.46 (Share holding of Sukuza Venture Ltd.) |
| 5 | Mr. Shyamal Kanti Ghosh, Former Secretary Independent Director | Director | - |
| 6 | Dr. Md. Jamil Sharif, FCMA, Associate Professor Independent Director | Director | |
| 7 | Mr. Md. Mahamud Hosain, FCA Independent Director | Director | |
| 8 | Mr. Fakhruddin Ahmed, FCMA, FCA. Independent Director | Director | - |

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

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

Notes to the Financial Statements-Continued

45.3 Transactions with Directors and their related entities

Amount in Taka

| Name of the Party | Name of Directors | Related by | Nature of transaction | Agreement No. | 31.12.2022 | 31.12.2021 | Status of loan and advances |
|---------------------------------------|---|-------------|-----------------------|---------------|----------------------|----------------------|-----------------------------|
| Bangladesh International Gateway Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Lease Fianace | 01.03.0475 | 188,232,676 | 188,232,676 | Bad & Loss |
| Bangladesh International Gateway Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0530 | 24,882,574 | 24,882,574 | Bad & Loss |
| Bilal D Mamoon | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0486 | 9,252,016 | 9,252,016 | Bad & Loss |
| Chowdhury Apparel | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0465 | 66,348,159 | 66,348,159 | Bad & Loss |
| Click 2 Design Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0307 | 190,631,237 | 190,631,237 | Bad & Loss |
| Click 2 Design Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0396 | 119,651,825 | 119,651,825 | Bad & Loss |
| D. Afrose Sweater Industries Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0251 | 201,638,081 | 201,638,081 | Bad & Loss |
| D. Afrose Sweater Industries Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0236 | 524,487,525 | 524,487,525 | Bad & Loss |
| D. Afrose Sweater Industries Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0252 | 164,230,282 | 164,230,282 | Bad & Loss |
| Dhaka CNG Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0110 | 18,882 | 18,882 | Bad & Loss |
| Dhaka CNG Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0491 | 134,765,189 | 134,765,189 | Bad & Loss |
| Dhaka CNG Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0518 | 109,307,300 | 109,307,300 | Bad & Loss |
| East Asia Enterprise | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0575 | 73,927,232 | 73,927,232 | Bad & Loss |
| M/s Abdullah Brothers | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0388 | 375,797,568 | 375,797,568 | Bad & Loss |
| M/S. Alif Enterprise | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0377 | 23,421,109 | 23,421,109 | Bad & Loss |
| M/s Rahmat Ullah & Company | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0386 | 336,505,040 | 336,505,040 | Bad & Loss |
| M/s. Telecom Enterprise | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0282 | 31,608,038 | 31,608,038 | Bad & Loss |
| M/s. Telecom Enterprise | Major (Retd.) Abdul Mannan and Ms. Umme Kulsum Mannan | Ex-Director | Term Loan | 01.03.0344 | 35,058,385 | 35,058,385 | Bad & Loss |
| M/s. Telecom Enterprise | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0379 | 31,128,469 | 31,128,469 | Bad & Loss |
| M/S Textile International | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0260 | 373,263,983 | 373,263,983 | Bad & Loss |
| M/s Yeasmin Traders | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0425 | 92,368,215 | 92,368,215 | Bad & Loss |
| Maxnet Online | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0441 | 86,572,394 | 86,572,394 | Bad & Loss |
| Maxnet Online | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0464 | 136,650,509 | 136,650,509 | Bad & Loss |
| Maxnet Online | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0542 | 97,868,442 | 97,868,442 | Bad & Loss |
| Md. Rais Uddin | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0430 | 43,839,702 | 43,839,702 | Bad & Loss |
| Metro Politon CNG Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0378 | 46,692,683 | 46,692,683 | Bad & Loss |
| Metro Politon CNG Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.04.0223 | 38,033,910 | 38,033,910 | Bad & Loss |
| Motor Trade Enterprise | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0557 | 154,015,035 | 154,015,035 | Bad & Loss |
| Rafiq Uddin | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0356 | 13,934,567 | 13,934,567 | Bad & Loss |
| Rafiq Uddin | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0382 | 182,870,134 | 182,870,134 | Bad & Loss |
| Rafiq Uddin | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0389 | 2,587,785 | 2,587,785 | Bad & Loss |
| Rafiq Uddin | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0455 | 2,811,144 | 2,811,144 | Bad & Loss |
| Rahmania Textile | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0568 | 86,248,428 | 86,248,428 | Bad & Loss |
| Runa Properties | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0560 | 163,914,343 | 163,914,343 | Bad & Loss |
| Sunman Spining Mills | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0113 | 10,624 | 10,624 | Bad & Loss |
| Sunman Spining Mills | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.04.0200 | 408,333 | 408,333 | Bad & Loss |
| Techno Wi-Fi Services | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.04.0572 | 83,978,123 | 83,978,123 | Bad & Loss |
| M/S Telecom Service Enterprize | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.04.0259 | 238,909,124 | 238,909,124 | Bad & Loss |
| Telecom Services Limited | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0422 | 83,881,705 | 83,881,705 | Bad & Loss |
| Teleplus Newyork Limited | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.04.0660 | 446,083,419 | 446,083,419 | Bad & Loss |
| Tower Builders | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.01.0369 | 6,823,119 | 6,823,119 | Bad & Loss |
| Tower Builders | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.04.0268 | 354,163,459 | 354,163,459 | Bad & Loss |
| Transco Limited | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 02.03.0019 | 6,181,727 | 6,181,727 | Doubtful |
| United Dresses Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0380 | 67,887,194 | 67,887,194 | Bad & Loss |
| United Dresses Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.03.0519 | 152,104,149 | 152,104,149 | Bad & Loss |
| United Dresses Ltd. | Major (Retd.) Abdul Mannan | Ex-Director | Short Term Loan | 01.04.0248 | 34,764,212 | 34,764,212 | Bad & Loss |
| Golden Horizon Limited | Major (Retd.) Abdul Mannan | Ex-Director | Term Loan | 01.03.0442-A | 586,126,351 | 586,126,351 | Bad & Loss |
| Total | | | | | 6,223,884,398 | 6,223,884,398 | |

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

Notes to the Financial Statements-Continued

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

45.8 Investments in Securities of Directors and their related concern:

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

46 Disclosures on the board audit committee

a) Composition of Audit Committee

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

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

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

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

b) Meeting of audit committee

During the year 2022, the audit committee of the board held 05 (five) meeting in which among others, the following issues were discussed and decided:

- Analysed and reviewed the periodic reports on internal control and compliance reported by the internal auditor;
 - Analysed and reviewed the risk assessment report on clients and credit risk administration evaluation report;
 - Reviewed the report on pending legal cases of defaulting clients and recommended further courses of action;
 - Analysed and reviewed the periodic financial statements including quarterly financial statement;
 - Reviewed the management report of the external auditors and scrutinized the management responses and courses of action adopted;
- Reviewed Bangladesh bank inspection report on the inspection along with company's reply and recommended required compliance by the management to the observations made in the report.

47 Reporting currency and level of precision

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

48 Foreign Currency Exposure Profile

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

49 Financial Highlights

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

50 Geographical area of operation

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

51 Events After Balance Sheet Date:

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

Schedule of Fixed Assets for the year ended 31 December, 2022

| Particulars | Land | Furniture & Fixture | Electrical Appliance | Motor Vehicles | Interior Decoration | Office Equipment | Total |
|---------------------------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
| COST (A) | | | | | | | |
| Balance at January 01, 2022 | 440,000,000.00 | 3,766,229.00 | 11,793,262.00 | 15,280,154.00 | 11,088,782.00 | 1,261,629.00 | 483,190,056.00 |
| Addition during the period | - | - | - | - | - | - | - |
| Adjustment during the period | - | - | - | - | - | - | - |
| Balance at December 31, 2022 | 440,000,000.00 | 3,766,229.00 | 11,793,262.00 | 15,280,154.00 | 11,088,782.00 | 1,261,629.00 | 483,190,056.00 |
| DEPRECIATION (B) | | | | | | | |
| Rate (%) | 0% | 10% | 15% | 20% | 10% | 15% | |
| Balance at January 01, 2022 | - | 1,572,628.00 | 7,189,943.00 | 13,287,339.00 | 5,284,202.00 | 974,265.00 | 28,308,377.00 |
| Charged during the period | - | 219,360.00 | 690,498.00 | 398,563.00 | 580,458.00 | 43,105.00 | 1,931,983.00 |
| Adjustment during the period | - | - | - | - | - | - | - |
| Balance at December, 31, 2022 | - | 1,791,988.00 | 7,880,441.00 | 13,685,902.00 | 5,864,660.00 | 1,017,370.00 | 30,240,360.00 |
| WDV at December 31, 2022 (A-B) | 440,000,000.00 | 1,974,241.00 | 3,912,821.00 | 1,594,252.00 | 5,224,122.00 | 244,259.00 | 452,949,696.00 |

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

| Particulars | Land | Furniture & Fixture | Electrical Appliance | Motor Vehicles | Interior Decoration | Office Equipment | Total |
|---------------------------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
| COST (A) | | | | | | | |
| Balance at January 01, 2021 | 440,000,000.00 | 3,766,229.00 | 11,793,262.00 | 15,280,154.00 | 11,088,782.00 | 1,261,629.00 | 483,190,056.00 |
| Addition during the period | - | - | - | - | - | - | - |
| Adjustment during the period | - | - | - | - | - | - | - |
| Balance at December 31, 2021 | 440,000,000.00 | 3,766,229.00 | 11,793,262.00 | 15,280,154.00 | 11,088,782.00 | 1,261,629.00 | 483,190,056.00 |
| DEPRECIATION (B) | | | | | | | |
| Rate (%) | 0% | 10% | 15% | 20% | 10% | 15% | |
| Balance at January 01, 2021 | - | 1,328,895.00 | 6,377,592.00 | 12,789,135.00 | 4,639,249.00 | 923,554.00 | 26,058,425.00 |
| Charged during the period | - | 243,733.00 | 812,351.00 | 498,204.00 | 644,953.00 | 50,711.00 | 2,249,952.00 |
| Adjustment during the period | - | - | - | - | - | - | - |
| Balance at December, 31, 2021 | - | 1,572,628.00 | 7,189,943.00 | 13,287,339.00 | 5,284,202.00 | 974,265.00 | 28,308,377.00 |
| WDV at December 31, 2021 (A-B) | 440,000,000.00 | 2,193,601.00 | 4,603,319.00 | 1,992,815.00 | 5,804,580.00 | 287,364.00 | 454,881,679.00 |

FINANCIAL HIGH LIGHTS

(Amount in Taka)

| SI No. | Particulars | 2022 | 2021 | 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) | (11,519,546,621) | (10,756,122,297) | 7.1% |
| 3 | Capital surplus / (deficit) (note-14.6) | 6,799,440 | 6,799,440 | 0.0% |
| 4 | Total assets | 8,922,488,081 | 9,038,307,738 | -1.3% |
| 5 | Total deposits (note-12) | 7,058,965,959 | 6,832,462,562 | 3.3% |
| 6 | Total lease, loans and advances (note-8) | 7,731,175,550 | 7,906,791,256 | -2.2% |
| 7 | Total contingent liabilities and commitments | - | - | 0.0% |
| 8 | Credit deposit ratio (sl. no. 6/sl. no. 5) (Times) | 1.10 | 1.16 | -5.4% |
| 9 | Percentage of classified lease, loans and advances against total loans, advances and leases (note- 8.7) | 96.88% | 96.74% | 0.1% |
| 10 | Profit after tax and provision | (763,424,324) | (985,046,693) | -22.5% |
| 11 | Amount of loans classified during the year (note-8.6.A) | 7,489,790,463 | 7,649,312,098 | -2.1% |
| 12 | Provisions kept against classified loans (note-13.01.a) | 6,647,497,933 | 6,657,845,925 | -0.2% |
| 13 | Provision surplus / (deficit) | 743,012 | 4,091,751 | - |
| 14 | Cost of fund | 7.83% | 9.09% | |
| 15 | Interest earning assets (note-5.1.b+5.1.c+7+8) | 8,005,836,586 | 8,148,241,540 | -1.7% |
| 16 | Non-interest earning assets (note-4+5.1.a+9+10) | 916,651,495 | 890,066,197 | 3.0% |
| 17 | Return on investment (ROI) (PAT/(Average equity+Average long term borrowings)) | -16.17% | -22.93% | -29.5% |
| 18 | Return on assets (ROA) ((sl. no. 10/sl. no. 4) (Times) | -8.56% | -10.90% | -21.5% |
| 19 | Income from investment (note-23) | 1,428,946 | 3,826,908 | -62.7% |
| 20 | Earnings per share (Taka) (note:39) | (7.58) | (9.78) | -22.4% |
| 21 | Net income per share (Taka) | (7.58) | (9.78) | -22.4% |
| 22 | Price earning ratio (times) | N/A | N/A | N/A |

Stock Report of Investment in Shares as on 31.12.2022

(Amount in Taka)

| 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 | BATBC | 4,000.00 | 552.10 | 2,208,390.46 | 518.70 | 2,074,800.00 | (33.40) | (133,590.46) | - | - | - |
| 2 | BSRM Steels Limited | 227,700.00 | 194.08 | 44,192,430.00 | 63.90 | 14,550,030.00 | (130.18) | (29,642,400.00) | - | - | - |
| 3 | Dhaka Bank Ltd. | 315,128.00 | 16.10 | 5,072,189.95 | 13.20 | 4,159,689.60 | (2.90) | (912,500.35) | - | - | - |
| 4 | Power Grid Company of BD | 19,000.00 | 52.04 | 988,723.59 | 52.40 | 995,600.00 | 0.36 | 6,876.41 | - | - | - |
| 5 | Square Pharma | 30,308.00 | 232.19 | 7,037,250.06 | 209.80 | 6,358,618.40 | (22.39) | (678,631.66) | - | - | - |
| 6 | Standard Bank Ltd. | 147,159.00 | 9.46 | 1,392,400.94 | 8.80 | 1,294,999.20 | (0.66) | (97,401.74) | - | - | - |
| 7 | The ACME Laboratories Ltd. | 10,000.00 | 78.47 | 784,676.23 | 85.00 | 850,000.00 | 6.53 | 65,323.77 | - | - | - |
| 8 | Argon Denims Ltd. | 271,967.00 | 29.75 | 8,091,901.50 | 18.20 | 4,949,799.40 | (11.55) | (3,142,102.10) | - | - | - |
| 9 | Grameen MFO: Scheme 2 | 100,000.00 | 19.02 | 1,901,720.95 | 15.20 | 1,520,000.00 | (3.82) | (381,720.95) | - | - | - |
| 10 | Ifad Autos Ltd. | 23,625.00 | 52.55 | 1,241,529.08 | 44.10 | 1,041,862.50 | (8.45) | (199,666.58) | - | - | - |
| 11 | BanglaLion Communications Ltd. | 10,750,000.00 | 10.00 | 107,500,000.00 | - | - | (10.00) | (107,500,000.00) | - | - | - |
| 12 | GMG Airlines Ltd. | 220,000.00 | 45.45 | 10,000,000.00 | - | - | (45.45) | (10,000,000.00) | - | - | - |
| | Total | 12,118,887.00 | | 190,411,212.76 | | 37,795,399.10 | | (152,615,813.66) | | | |

Income tax status

| Assessment year (s) | Tax provision in the financial statements | Tax as per latest assessment | Remarks |
|---------------------|---|------------------------------|--|
| 2007-2008 | 111,404 | 5,148,098 | Filed reference application before the High Court. |
| 2008-2009 | 20,399,529 | 30,325,063 | Certified copy of assessment order from Appellate Tribunal not received. |
| 2009-2010 | 14,611,475 | 11,828,794 | Certified copy of assessment order from Appellate Tribunal not received. |
| 2010-2011 | 25,000,000 | - | Minimum tax to be adjusted. |
| 2011-2012 | 32,500,000 | 48,362,253 | ADR not agreement not concluded. |
| 2012-2013 | 69,413,831 | 68,508,434 | Certified copy of assessment order from Appellate Tribunal not received. |
| 2013-2014 | 86,981,241 | 347,949,894 | Appealed for restoration at Taxes Appellate Tribunal |
| 2014-2015 | 36,924,104 | - | Return submitted. |
| 2015-2016 | 454,534,235 | 454,534,235 | To be appealed for restoration. |
| 2016-2017 | - | 143,170,025 | Return Submitted.Applied for certify copy of assessment order. |
| 2017-2018 | 1,572,283 | 681,175 | Return Submitted.Applied for certify copy of assessment order. |
| 2018-2019 | 1,033,408 | - | Return Submitted |
| 2019-2020 | 761,032 | - | Return Submitted |
| 2020-2021 | 1,194,895 | - | |
| 2021-2022 | 508,612 | - | |
| 2022-2023 | 235,038 | - | |
| 2023-2024 | 498,257 | - | |
| Total | 746,279,344 | 1,110,507,971 | |



Bangladesh Industrial Finance Company Limited

Corporate Head Office: Police Plaza Concord (Tower-2), Level-8, Gulshan-1, Dhaka-1212

PROXY FORM

I/We.....
of.....
being a Member of Bangladesh Industrial Finance Company Limited, hereby appoint
Mr./Ms.....of.....
as my proxy in my absence to attend and vote for me and on my behalf at the 27th Annual General Meeting of the Company to be held on April 07, 2026 at 10:00 a.m. on Digital Platform & physically and at any adjournment thereof.

Signed this on.....day of.....,2026

Signature of Proxy

.....
Signature of Shareholder

Register folio No./BO ID

| | | | | | | | | | | | | | | | | | | | |
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No. of shares.....

N.B. Important

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

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| Tk. 20/- Revenue Stamp |
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Bangladesh Industrial Finance Company Limited

Corporate Head Office: Police Plaza Concord (Tower-2), Level-8, Gulshan-1, Dhaka-1212

Attendance Slip

I/We hereby record my/our attendance at the 27th Annual General Meeting (AGM) of the Company being held on Tuesday April 07, 2026 at 10.00 a.m. "Institution of Diploma Engineers, Bangladesh", IDEB Bhaban Complex, 160/A, Kakrail VIP Road, Dhaka.

Name of the shareholder/Proxy

BO ID

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Folio No.

Signature

Date

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





Bangladesh Industrial Finance Company Limited

Police Plaza Concord (Tower-2), Level-8, Plot # 02, Road # 144, Gulshan-1, Dhaka-1212, Bangladesh
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