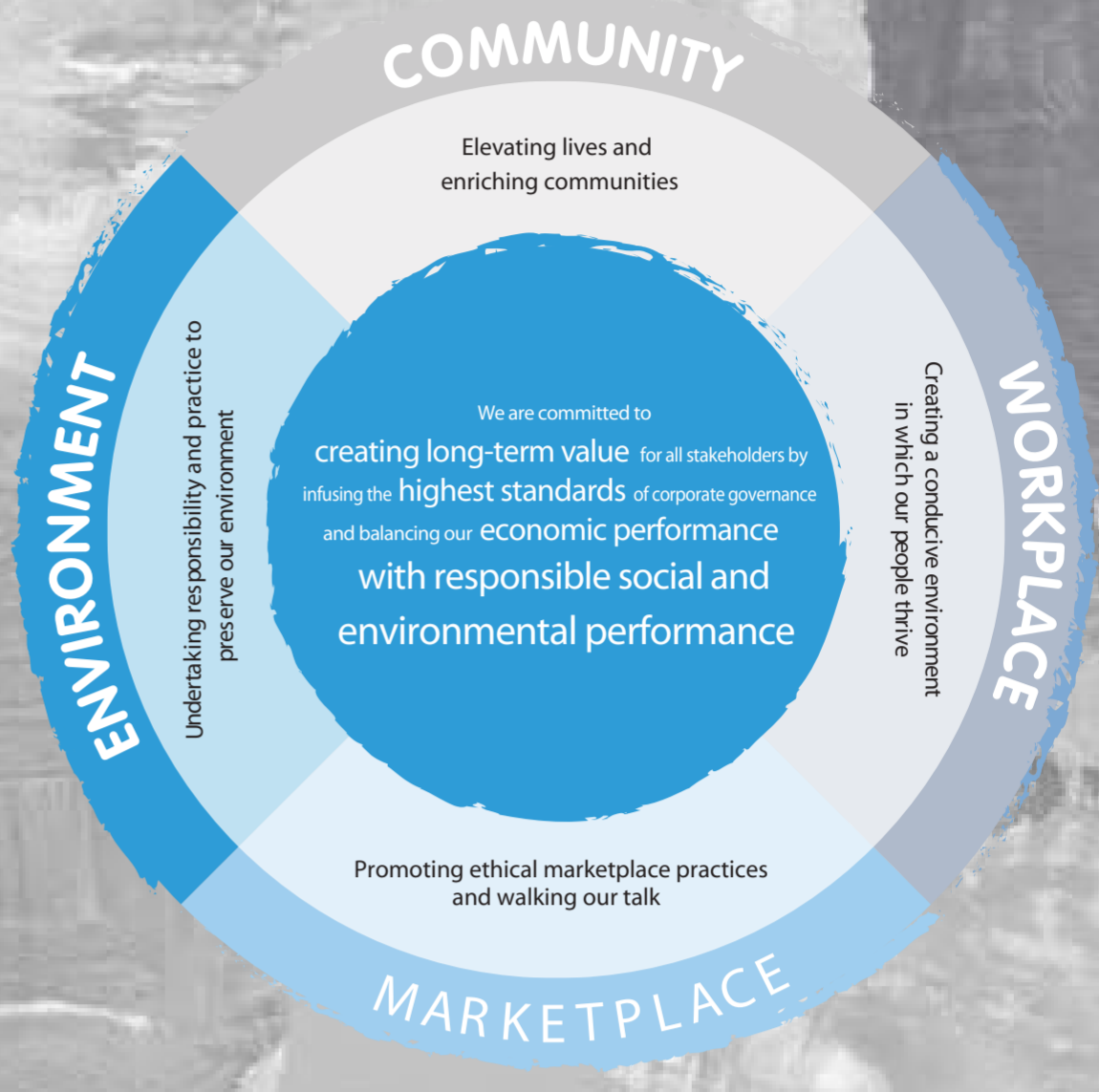


ANNUAL REPORT 2015



www.phoenixfinance.com.bd

Annual Report 2015 | Phoenix Finance & Investments Limited



OUR COMMITMENT TO CORPORATE SUSTAINABILITY

By listening to our clients and customers and focusing on the three groups, we serve – people, companies and institutional investors – we have transformed Phoenix Finance into a stronger, more straight forward company committed to making financial lives better. Our goal is to build broader, deeper and more enduring relationship with our customers and clients and deliver long-term value for our stakeholders.

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

Phoenix Finance & Investments Limited

Letter of Transmittal

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

Dear Sir (s):

ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2015

Enclosed please find a copy of the Annual Report together with the Audited Financial Statements for the year ended on December 31, 2015 of Phoenix Finance & Investments Limited for kind information and record.

Best Regards,

Yours sincerely

Mohammad Sayduzzaman FCA, FCS
C.P. Head of Investment &
Company Secretary

Enclosed: As stated above.

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Phoenix Finance & Investments Limited

Forward Looking Statement

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

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

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Phoenix Finance & Investments Limited

Company Information

52-53

Head Office Address:

Euroca Center (Level-11)
52-53, Dilkusha C/A, Dhaka-1000
Phone: 966907, 966966 (Aika Hunting)
Fax: 880-2-9567787
E-mail: mail@phoenixfinance.com.bd,
pfi@phoenixfinance.com.bd

Branches Address:

Principal Branch
Euroca Center (Level-11)
52-53, Dilkusha C/A, Dhaka-1000
Telephone: 966907, 955666
Fax: 880-2-9567787

Chittagong Branch
Ayub Trade Center (2nd Floor)
1269/B SK, Mujib Road
Agrabad C/A, Chittagong-4100
Tel: 031-710089, Fax: 880-31-710088

Khulna Branch
Fatema Tower (1st Floor)
2/A, ICDA Avenue, Khulna-9100
Tel: 041-812924, Fax: 880-41-812931

Bogra Branch
Satan Madrasah Building (2nd Floor)
Fakirhat School More
Sherpur Road, Subapur, Bogra-5800
Tel: 051-69820, 69763, Fax: 880-51-69769

SME Branch
Phoenix Bhaban (1st Floor)
12, Dilkusha C/A, Dhaka-1000
Tel: 966943, 9557823
966915, 966937
Fax: 880-2-9566601

Uttara Branch
House No. 07 (2nd Floor)
Road No. 12, Sector 08,
Uttara Model Town, Dhaka-1231
Tel: 9558108, 9558979
Fax: 880-2-9562932

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

Dharmadji Branch
House # 74, 02nd Floor
Road 5/A, Sat Masjid Road
Dharmadji, Dhaka-1007
Tel: 9614410, 9614415, Fax: 880-2-9614413

Gulshan Branch
Casablanca 14th Floor
114 Gulshan Avenue, Gulshan, Dhaka
Tel: 9653674, 9653675, Fax: 9653676

Phoenix Finance & Investments Limited

Company Information

www

www.phoenixfinance.com.bd

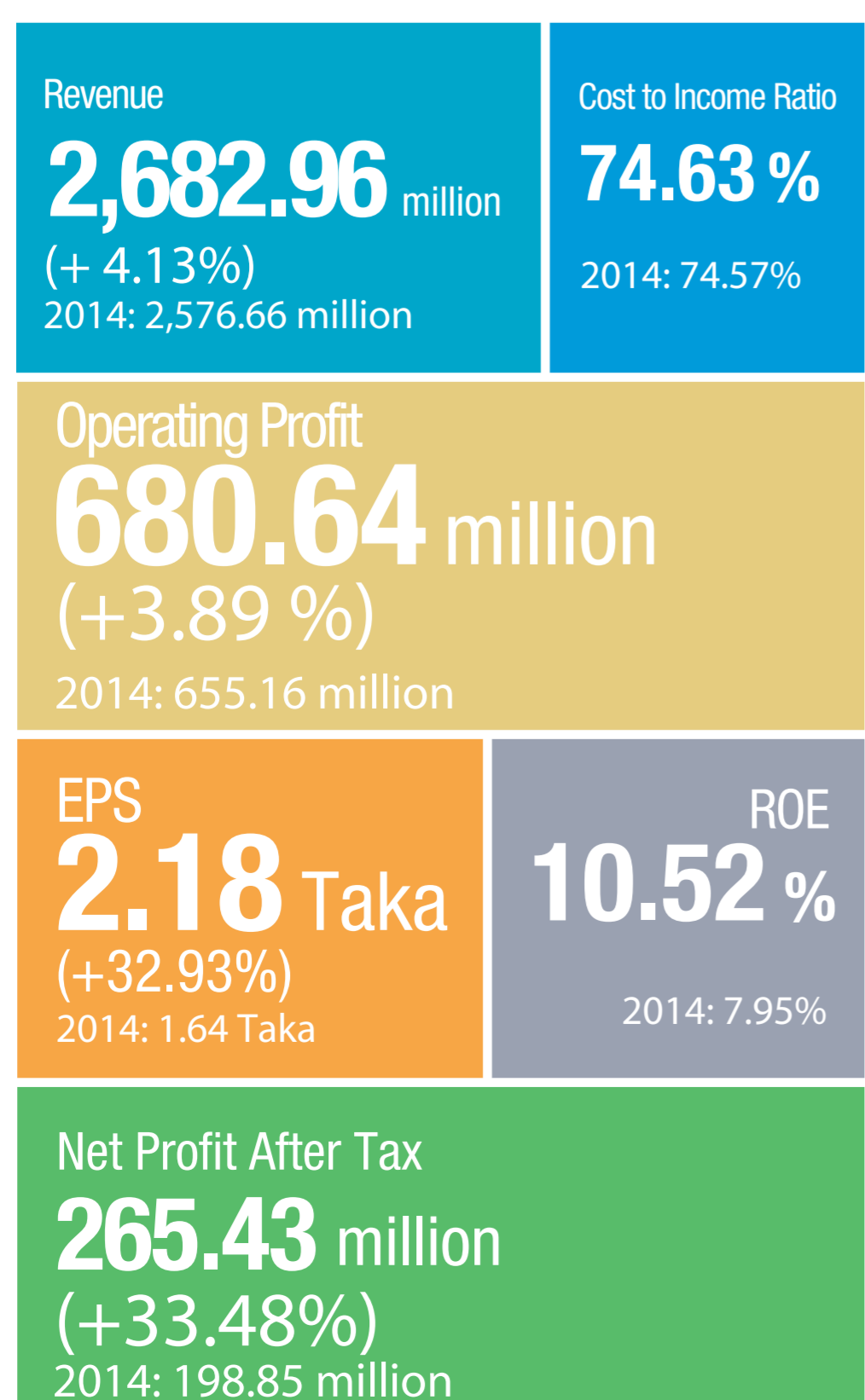
Auditor

Mohd Siddiqul Wali
Chartered Accountants
9-6, Motijheel C/A (2nd Floor)
Dhaka-1000, Bangladesh
Phone: 9669019 (Direct)
PABX: 7172025-6, 7172623
Fax: 880-2-7170704
E-mail: mmswcb@hotmail.com
wali@satombd.com

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Phoenix Finance & Investments Limited

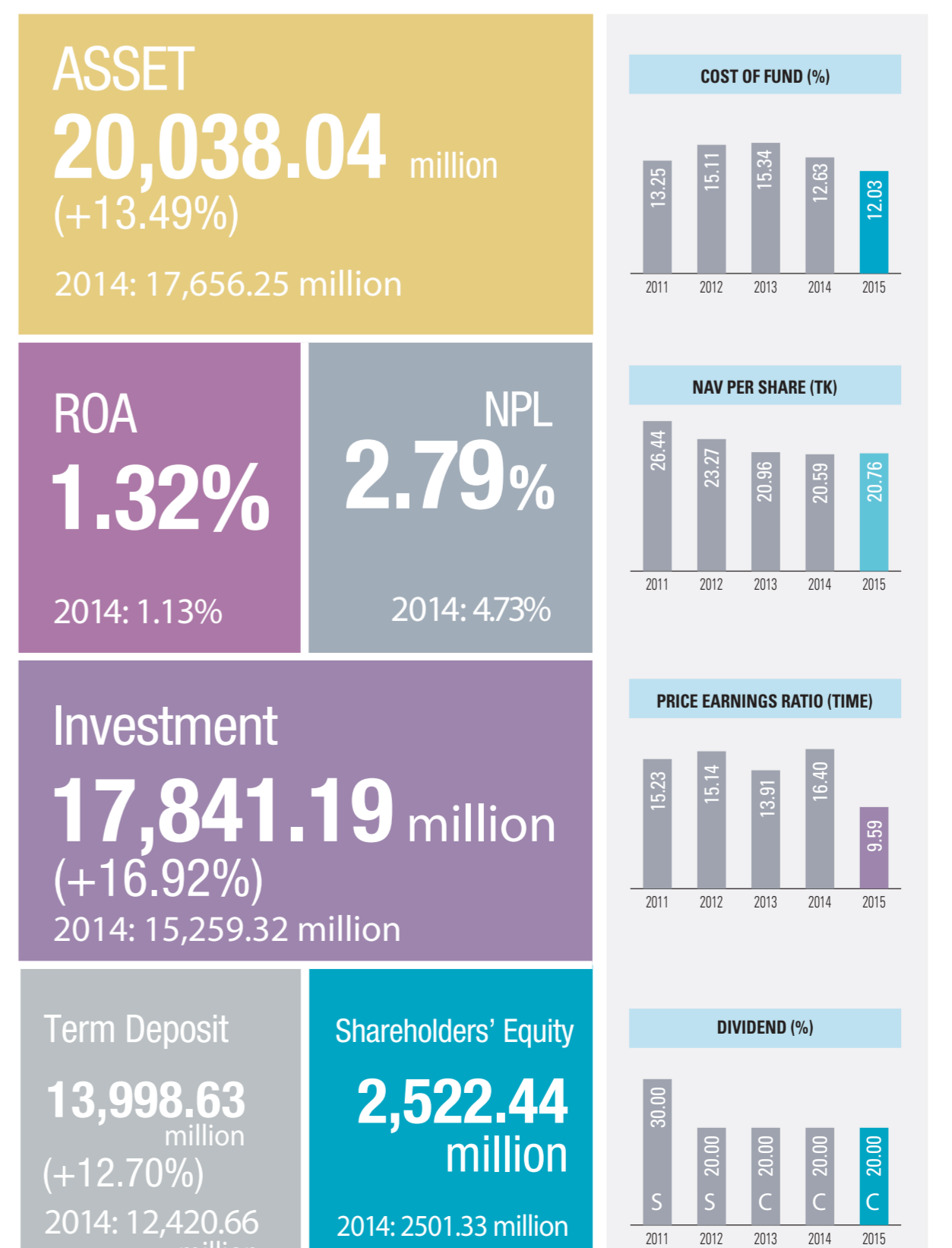
Performance at a Glance 2015



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Phoenix Finance & Investments Limited

Performance at a Glance 2015



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Vision

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

Mission

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

Core Values

Collaboration

Leveraging cross functional team strengths to deliver business value

Respect

Treat others as we expect to be treated

Innovation

Something new or better in anything we do to deliver better value

Result Orientation

Deliver as committed

Integrity

Courage to do the right thing

Code of Conduct or Ethical Principles

PFIL employees should strictly adhere to the following:

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

Overall Strategic Objectives

- Allocating scarce financial resources to capital investment through funding in capital machinery/equipment specially BMRE of the existing industrial enterprises to stimulate the industrial development of the country and also to provide financial assistance through leasing and other multi-dimensional products & services to all levels of entrepreneurs for a wider range of assets acquisition contributing to national development as well.
- Diversification of products and services to such other areas as Housing and Real Estate, Bridge Financing, Short Term and Mid Term Loan and Start-up Working Capital to cater to divergent needs of the economy.
- Providing SME financing for promoting Small and Medium Enterprises (SME) exclusively for alleviation of poverty through creation of employment and generation of income on a sustainable basis.
- Encouraging small saving from the marginal Depositors with a view to giving them a competitive return as well as accumulation of Company's source of fund.
- Consistently providing the client with better value through rational innovation and productivity improvement.
- Creating a high performance Financial Institution that can survive and prosper in a rapidly changing, highly competitive, globally integrated environment.
- Promoting economic growth of the country.

Milestone

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

Company Profile

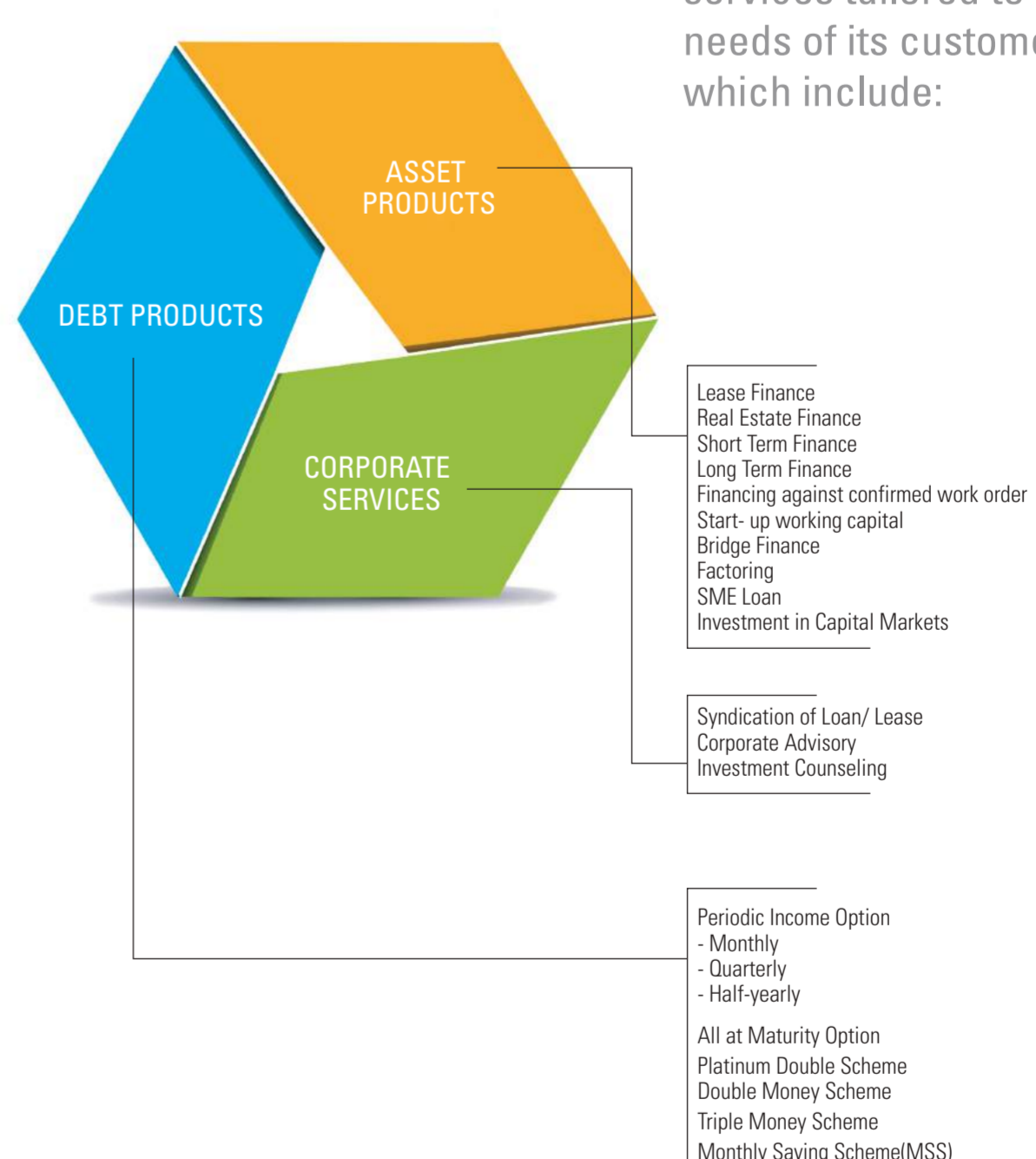
Phoenix Finance & Investments Limited, one of the leading and reliable multi-products financial institutions in Bangladesh was incorporated on April 19, 1995 as a Public Limited Company under the Companies Act, 1994 and started its operation on May 9, 1995 as a Non-Banking Financial Institution named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

The authorised capital of the Company is Tk.3,000,000,000 divided into 300,000,000 ordinary shares of Tk.10 each. Its paid-up capital stood at Tk.1,214,946,360 divided into 121,494,636 ordinary shares of Tk.10 each and the total equity of the Company stood at Tk.2,522,444,502 as on December 31, 2015.

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

Company Profile

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



Financial Highlights

	2015	2014	2013	2012	2011
Authorized Capital	3,000.00	3,000.00	3,000.00	3,000.00	1,000.00
Paid-up Capital	1,214.95	1,214.95	1,214.95	920.41	708.01
Reserve & Surplus	1,307.49	1,286.38	1,331.52	1,221.71	1,164.33
Shareholders' Equity	2,522.44	2,501.33	2,546.47	2,142.12	1,872.34
Term Deposits	13,996.63	12,420.66	7,313.43	6,142.16	6,974.84
Total Assets	20,028.04	17,656.25	15,137.51	13,075.54	12,056.69
Investment Portfolio	17,841.19	15,259.32	12,872.40	10,603.31	9,843.18
Operational Revenue	2,882.36	2,576.66	2,341.44	2,089.07	1,603.62
Operational Expenses	2,002.32	1,921.50	1,892.63	1,696.96	1,424.44
Operational Profit	880.04	655.16	448.81	392.09	185.18
Net Profit before Tax	520.19	437.21	434.70	338.52	331.79
Income Tax	254.76	238.36	120.82	67.39	62.20
Net Profit after Tax	265.43	198.85	313.88	271.13	269.59
Net Assets Value (NAV) per share	20.76	20.59	20.96	23.27	26.44
Earnings Per Share (EPS)	2.18	1.64	2.58	2.23	3.81
Dividend Cash	20%	20%	20%	20%	30%
Return on Equity	10.52%	7.95%	12.33%	12.66%	14.40%
Return on Total Assets	1.32%	1.13%	2.07%	2.07%	2.23%
Non-performing Loan (NPL)	2.79%	4.73%	4.64%	4.17%	3.80%
Number of Branches	9	9	9	9	8
Number of Employees	137	122	116	121	116

Notice of the 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of Phoenix Finance & Investments Limited will be held on **May 26, 2016, Thursday at 11:30 a.m. at "Muktijuddho Smriti Milonayaton (1st Floor)"** at the Institution of Diploma Engineers, Bangladesh, 150/A Kakrail, VIP Road, Dhaka-1000 to transact the following business:

AGENDA

- To receive, consider and adopt the Directors' Report, Audited Financial Statements along with Auditors Report thereon for the year ended on 31st December, 2015.
- To declare 20% cash dividend for the year ended on 31st December, 2015 as recommended by the Board of Directors.
- To elect/re-elect Directors in place of the who retired by rotation in accordance with the Articles of Association of the Company.
- To appoint the Auditors of the Company for the year 2016 and to fix their remuneration.
- To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Sd/-
Mohammad Sayduzzaman FCA, FCS
 EVP & Head of Investment & Company Secretary

Date: March 23, 2016

NOTES:

- The Record Date shall be 31st, March 2016 (Thursday).
- The shareholders whose name will appear in the Share Register or depository register on the Record Date will be eligible to attend the meeting and will qualify for the Cash Dividend.
- Any member eligible to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend the meeting and vote on his/her behalf. Proxy Form must be affixed with revenue stamp of Tk.20.00 and should be deposited at the Share Department located at "PHOENIX BHSABAN" (2nd Floor), 12 Dilkusha C/A, Dhaka not later than 72 hours before the time fixed for the AGM.
- Registration counter shall remain open from 9:00 am to 11:00 am.
- Honorable Shareholders are requested to update mailing Address, Bank Account no., Branch Identification no., Signature and other related information of their SO Account before record date.
- Honorable Shareholders are also requested to update their 12 Digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) before record date, failing which Income Tax at source will be deducted from payable Dividend @15% instead of @ 10% as per amended IT Ordinance-1984 under section 54.
- Cash Dividend amount will be credited to the respective Bank account of the shareholder through BEFTN.

বাংলাদেশ পিএফআইএল লিমিটেডের ২১তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি। সভার তারিখ ২০১৬ সালের ২৬ মে, শুক্রবার ১১:৩০ ঘটিকায়। সভার স্থান: মুক্তিযুদ্ধ স্মৃতি মিলনায়তন (১ম তলা)।

Message From The Chairman



Deen Mohammad
Chairman

CONSISTENT DIVIDEND POLICY

I proudly announce that the Board of Directors of the Company has recommended 20% Cash Dividend for the year 2015 subject to the approval of the Shareholders in the 21st Annual General Meeting. I may also make sure that the Board of Directors of your Company believes in maintaining consistent Dividend Policy. I believe, this Cash Dividend will be an event of inspiration for your investment decision. We are optimistic for receiving higher rate of dividend in the coming years.

Message From The Chairman

Respected Shareholders,

Assalamu Alaikum,

I am delighted to have privileged for presenting the Annual Report of Phoenix Finance & Investments Limited for the year 2015 before you. I also feel very happy to welcome you all on the event of the 21st Annual General Meeting of the Company, our beloved Financial Institution on behalf of the Board of Directors. I would like to express our heartfelt gratitude and sincere thanks for your continuous support and co-operation which has helped us to achieve the greatest success.

I would like to inform you that achieving successes in the current economic and financial environment was challenging in 2015. I am pleased to report that the Company has had another good year with financial results that reinforce our confidence and to face high competition, economic pressure and challenges. Phoenix Finance & Investments Limited maintained its static growth and position and retained as one of the remarkable profit generating Companies of the country.

The financial system is the ultimate engine for achieving economic prosperity of a country and is involved in the mobilization of financial resources from the surplus to the deficit sector. The development of both Banks and Financial Institutions are necessary for assuring a strong and stable financial system for the country as a whole.

Dear Shareholders,

Apart from the first three months of 2015 which saw a virtual standstill, the rest of the past year and the beginning of this year (2016) have been much more peaceful, thereby creating an environment of unfettered growth. Bangladesh Bank expects credit off take to grow significantly going ahead, as per the monetary policy statement of FY16 that has indicated it to grow at 13%+. The GDP levels expected to be restored to 7% and signals from the central bank to spur growth through policy rate cuts, we believe that 2016 could be a better year for business.

You will be happy to know that we have made remarkable progress in 2015. I think you will be inspired to know that your Company posted a reasonable growth in all side in the year under review over the preceding year.

In 2015, the total asset of the Company stood at Tk 20,038.04 million showing an increase of 13.49% compared to Tk 17,656.25 million in 2014. Outstanding Investment portfolio stood at Tk 17,841.19 million at the end of December 2015 compared to Tk 15,259.32 million at the end of December 2014 recording 16.92% growth. Term Deposit Balance of Tk. 13,998.63 million as on December 31, 2015 compared to Tk. 12,420.66 million in 2014 registering a growth of 12.70%.

From collection perspective, it was a very challenging year as many businesses were attested by the liquidity crisis for a long period. The entire Management had to devote with extra efforts to ensure timely payments. At the same time, active efforts were also undertaken to recover from long outstanding problem exposures. Their intensive and proactive monitoring yielded better result and the Non-Performing Loan ratio was kept below 3% in 2015. The level of yearly provisioning also maintained satisfactorily.

Shares of Phoenix Finance & Investments Ltd. are quoted on the Bangladeshi Stock Exchanges (DSE & CSE) and the total Market Capitalization is of Tk 2,539.24 million and Shareholders' Equity stood at Tk 2,522.44 million.

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

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

Dear Shareholders,

I proudly announce that the Board of Directors of the Company has recommended 20% Cash Dividend for the year 2015 subject to the approval of the Shareholders in the 21st Annual General Meeting. I may also make sure that the Board of Directors of your Company believes in maintaining consistent Dividend Policy. I believe, this Cash Dividend will be an event of inspiration for your investment decision. We are optimistic for receiving higher rate of dividend in the coming years.

Dear Patrons,

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

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

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

Dear Stakeholders,

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

Dear Patrons,

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

I also believe that 2016 will bring new optimism and an improved platform for business, giving us the confidence that we will achieve our Business Plan for the coming year. We will remain committed to corporate and social responsibilities and in all of our actions, we will strive to ensure that all economic, environmental and social factors are taken into consideration. We believe that this approach, driven by our principles of respect, trust and customized service, makes us more passionate to achieve success as a team.

Dear Shareholders,

I am thankful to the Almighty Allah for the business of the Company in 2015. I also take the opportunity to thank the Members of Board of Directors of the Company for their

support and input during the year under review. Their collective wisdom substantially contributed to our success.

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

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

The year 2016 will bring its own avenues of successes and challenges, but our direction is crystal clear. We will continue to focus intently on what we can control-providing our customers and clients with the best services and most comprehensive financial solutions in the market, managing our costs and doing our part to keep the economy moving forward. We look forward to your continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

May Almighty bless us.

Wishing you all the best.

Deen Mohammad
Chairman

Board of Directors' Profiles



DEEN MOHAMMAD

Chairman (Representing Phoenix Insurance Co. Ltd.)

Mr. Deen Mohammad, the Chairman started his business career in 1960 with trading business and established himself firmly in the business arena in Bangladesh. He is the founder Chairman of Phoenix Group of Industries, which is associated with Phoenix Holdings Ltd., Rangdhanu Spinning Mills Ltd., Phoenix Textile Mills Ltd., Phoenix Spinning Mills Ltd., Phoenix Fabrics Ltd. and Eastern Dyeing & Calendaring Works Ltd. He is also the founder Chairman of The City Bank Ltd., Phoenix Insurance Co. Ltd., Phoenix Securities Ltd. and the Apollo Ispat Complex Ltd. He has earned name and fame in Business Community for his honesty, integrity, dedication, hard work and high degree of sense of responsibility. He traveled most of the countries of the world for the purpose of promotion of his Business Enterprises.



MOHAMMED SHOEB

Vice Chairman (Representing Phoenix Insurance Co. Ltd.)

Mr. Mohammed Shoeb, Vice Chairman, is a renowned Businessman, a leading Personality of the Finance Sector and also an IT Specialist in the Country. He is well qualified and achieved Bachelor Degree in Business Administration from Canterbury University, UK. Mr. Mohammed Shoeb was appointed as a Director of The City Bank Ltd. the first private sector Commercial Bank in the Country in 1990. He also served as Vice Chairman of the same Bank from 2001-2002 and now is a Director. He is the Chairman of Phoenix Insurance Company Ltd., Prior to that he held the position of Vice-Chairman. Mr. Shoeb is also the Vice Chairman of Phoenix Securities Ltd. and Phoenix Group of Industries. In addition, he is the Sponsor Director of Phoenix Holdings Ltd., Phoenix Spinning Mills Ltd., Phoenix Fabrics Ltd., Phoenix Textile Mills Ltd., Rangdhanu Spinning Mills Ltd. and Apollo Ispat Complex Ltd. Mr. Mohammed Shoeb has vast experience in Information & Communication Technology from abroad and he made remarkable contribution in this field. He introduced and inaugurated International Credit Card 'VISA' using dual currency system software. He is a pioneer of Insurance Software in Bangladesh and Created a three-tier (Client-Server application software) in collaboration with Ibcx-Primax (BD) Ltd. using Oracle, Visual Basic & Crystal Reports- front and back-end software system for the Insurance Industry, named (CIS) on Windows and Linux platforms which is being largely used today in Phoenix Insurance Co. Ltd., as well as Reliance Insurance, Nitol Insurance, Central Insurance and many more. Besides these, he enthusiastically takes part and contributes to Social & Sports activities. He is a Member of Dhaka Club Ltd. and Gulshan Club Ltd. As recognition of his contribution towards Business Community, he was selected newest Professional for inclusion in the International WHO'S WHO Historical Society (IWWHS) and listed in 2005-2006 & 2011 edition of its Directory for Professional Celebrities.

Board of Directors' Profiles



EVANA FAHMIDA MOHAMMAD

Vice Chairman (Representing Phoenix Insurance Co. Ltd.)

Ms. Evana Fahmida Mohammad, Vice Chairman, pursued her undergraduate studies in the UK and obtained Diploma in Business Studies. She is in business for the past 10 years and is very closely associated with the business concerns of the Phoenix Group. She is Director of Phoenix Insurance Co. Ltd. and Phoenix Securities Ltd. She has widely traveled around the world and is known to foreign business colleagues and associates. She possesses ample knowledge of Financial operations.



RAFIQUL ISLAM KHAN

Nominee Director (Representing Pakiza Cotton Spinning Mills (PVT.) Ltd.)

Mr. Rafiqul Islam Khan, Director is a renowned businessman of the country. He started his business career in 1976 and has established Pakiza Group- a favourable enterprise in world class textiles in Bangladesh which thrives with its bipolar segmentation of a huge range of Textile (Spinning, Weaving, Knitting, Dyeing and Printing) both at home front and export market as well. The range includes finest sarees, dress materials, printed fabrics and a row of other industrial textiles carrying the brand identity of Pakiza. He is a Director of The City Bank Ltd. and Phoenix Securities Ltd. He is very much involved in social activities and contributed a lot for human welfare. He has traveled widely in most of the countries of the world in connection with his trading business and industries.

Board of Directors' Profiles



MOBARAK ALI

Director

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



SELINA AKHTER

Director

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

Board of Directors' Profiles



ABDUR RAHMAN

Director

Mr. Abdur Rahman, Director obtained his graduation in B.Sc. from Dhaka University. He obtained Diploma in ADB from Stockholm University, Sweden in the year 1976. After return back from Sweden, he started his business career with shipping and trading in 1981. In 1988 he established Apollo Steel Mills Ltd. in Teigaon, Dhaka as founder Director which was the first corrugated Steel Sheet manufacturer in Bangladesh. Presently he involve with Apollo Ispat Complex Ltd., Buriganga Floating Pumps Ltd., Rangdhanu Spinning Mills Ltd. etc. Mr. Abdur Rahman is engaged in many social welfare activities since long.



MAZHARUL HAQUE

Nominee Director (Representing Phoenix Insurance Co. Ltd.)

Mr. Mazharul Haque, Nominee Director is a sponsor Shareholder of the Company. He is also a Director of Phoenix Insurance Company Limited and Phoenix Securities Limited. He is a well established businessman and is independently managing the family business for the last 40 years. He is also involved with social and cultural activities. Mr. Mazharul travelled extensively for the promotion of Business in many countries in the world and participated with various Socio-Economic programmes at home and abroad.

Board of Directors' Profiles



M. MANIRUZZAMAN KHANDAKER

Independent Director

Mr. M. Maniruzzaman Khandaker, a highly qualified Personnel and Independent Director has vast experience in Taxation, VAT, Customs and Banking. Mr. Maniruzzaman Joined erstwhile Pakistan Civil Service in 1965, eventually retired as a Member of the National Board of Revenue (NBR) in 1998. He was a Director of Bangladesh Commerce Bank Ltd. and served three terms as the Chairman of Karmaharjatan Bank. At present, he is the Founder Chairman of Midland Bank Ltd. He also established 'Khandaker & Associates' a renowned Law Firm in the country. Mr. Maniruzzaman has obtained numerous trophies and accolades awarded to him because of his outstanding contribution to the society and national development.



M. BADIUZZAMAN

Independent Director

Mr. M. Badiuzzaman is a versatile and experienced Business Professional with extensive knowledge and Network of Business in International Trade and Commerce Industry. Mr. Badiuzzaman is the founder Chairman of Advance Homes PVT. Ltd., Bangladesh-Singapore Investment & Technologies Ltd. & Bangladesh-Singapore Development Ltd., Director of NRB Bank Limited, Partner of Advance Corporation and Independent Director of Phoenix Insurance Company Ltd. He has more than 20 (twenty) years of Corporate Management experience along with Business Leadership in Home and abroad.

Board of Directors' Profiles



NASREEN ALI

Independent Director

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



S. M. INTEKHAB ALAM

Managing Director

Young and Investment Banking personality, S. M. Intekhab Alam is currently carrying out his responsibility as the Managing Director of Phoenix Finance & Investments Ltd. since 1st January 2008. He is an MBA, major in Finance from Institute of Business Administration (IBA), University of Dhaka. S. M. Intekhab Alam started his career with the Banking Sector of Bangladesh in the year 1980. As provisory officer of Pubal Bank Limited. As a man of great integrity and sincerity, Mr. Alam performed his duty and responsibility and enhanced his bright career in seven local and foreign banks such as Pubal Bank Limited, ANZ Grindlays Bank, Standard Chartered Grindlays Bank, BRAC Bank Limited, The Premier Bank Ltd. and Southeast Bank Ltd. in different capacities. Within a short period of time, he rose to the zenith position of banking and financial sector, which is very rare. Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BBIM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Limited. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal-2008" for his outstanding performance in the financial sector. As a result of his sincere contribution to, Phoenix Finance & Investments Limited, it has been awarded with the International Star Award for Quality (ISAQ) in the Gold Category from Business Initiative Directions (BID), a prominent business organization based in Madrid, Spain for its commitment to excellence, innovation, customer satisfaction, technology, leadership and strategic planning. He attended the Prize Giving Ceremony in Geneva, Switzerland held on 06th September, 2010.

Executive Committee of the Board of Directors

Chairman

Deen Mohammad

Members

Mohammed Shoeb
Evana Fahmida Mohammad
Rafiqul Islam Khan
Mobarak Ali

Audit Committee of the Board of Directors

Chairman

M. Maniruzzaman Khandaker

Members

Deen Mohammad
Mohammed Shoeb
Evana Fahmida Mohammad
Rafiqul Islam Khan
Mobarak Ali

Senior Management



S. M. Intekhab Alam
Managing Director

Dr. M. Shah Alam
Deputy Managing Director

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

Md. Badrul Haque Patwary
SVP, Head of HR & Logistic Division



Md. Abu Sukkur
SVP, Head of Finance & Accounts

Masud Kabir
SVP & Head of Credit Administration Division

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

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

Mohammed Ashaduzzaman
AVP, Head of Treasury & Liability

Senior Management

1 S. M. INTEKHAB ALAM
Managing Director

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2 DR. M. SHAH ALAM
Deputy Managing Director

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

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

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

4 MD. BADRUL HAQUE PATWARY
SVP, Head of HR & Logistic Division

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

Senior Management

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

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

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

6 MASUD KABIR
SVP & Head of Credit Administration Division

Mr. Masud Kabir joined Phoenix Finance & Investments Ltd., in the year 1995. He is a dynamic and highly professional personality. He has nineteen years of experience in combining financial skills, strategic insights, and customer relationship. He is an MBA. Starting as Management Trainee, he gradually promoted to Senior Officer, Principal officer then First Assistant Vice President, Vice President and then Senior Vice President in 2012. During his service career he has received many training and attended workshops both within the country and abroad.

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

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

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

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

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

9 MOHAMMED ASHADUZZAMAN
AVP, Head of Treasury & Liability

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

Committee

Asset Liability Committee (ALCO)

S. M. Intekhab Alam
Managing Director

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Abu Sukkur
Head of Finance & Accounts

Mohammed Ashaduzzaman
Head of Treasury

Mohammed Mahbub Alam
Head of CRM

Credit Committee

S. M. Intekhab Alam
Managing Director

Dr. M. Shah Alam
Deputy Managing Director

Mohammed Mahbub Alam
Head of CRM

Basel II Implementation Committee

S. M. Intekhab Alam
Managing Director

Md. Abu Sukkur
Head of Finance & Accounts

Mohammed Mahbub Alam
Head of CRM

Ethics (Naitikata) Committee

Dr. M. Shah Alam
Deputy Managing Director

Mohammad Sayduzzaman FCA, FCS
Head of Investment & Company Secretary

Md. Badrul Haque Patwary
Head of HR & Logistic

Md. Abu Sukkur
Head of Finance & Accounts

Masud Kabir
Head of CAD

Mohammed Mahbub Alam
Head of CRM

Sardar Mahbub Ali
Head of ICCD

Mohammed Ashaduzzaman
Head of Treasury

Md. Arshad Rasheed
Head of IT Division (current charge)

Md. Sajedur Rahman
Principal Officer, ICCD

Units/ Cells

Central Compliance Unit (CCU)

Dr. M. Shah Alam
Deputy Managing Director

Sardar Mahbub Ali
Head of ICCD

Mohammed Mahbub Alam
Head of CRM

Mohammed Ashaduzzaman
Head of Treasury

Md. Sajedur Rahman
Principal Officer, ICCD

Central Core Recovery Unit (CCRU)

Dr. M. Shah Alam
Deputy Managing Director

Masud Kabir
Head of CAD

Mohammed Mahbub Alam
Head of CRM

Risk Analysis Unit

Md. Sajedur Rahman
Principal Officer

Sk. Aktarul Alam
Senior Officer

Women Entrepreneur Development Unit

Mohammed Mahbub Alam
Head of CRM

Rahat Mahmud Bappi
Principal Officer

Md. Anowar Hossain
Principal Officer

Complaint Cell

Masud Kabir
Head of CAD

Green Banking Cell

Mohammed Mahbub Alam
Head of CRM

Rahat Mahmud Bappi
Principal Officer

Basel II Implementation Desk

Mohammed Mahbub Alam
Head of CRM

Md. Anowar Hossain
Principal Officer

Stress Testing Team

Md. Abu Sukkur
Head of Finance & Accounts

Mohammed Mahbub Alam
Head of CRM

Md. Anowar Hossain
Principal Officer

Md. Abudus Sobur
Principal Officer

Directors' Report 2015

CAPITAL MARKET SCENARIO

Capital Market, overall, 2015 has been a year of weariness. The stock indices tank to 4629 points at the end of December 2015 after losing 312 points from January 2015. Throughout the year the capital market remained sluggish. DSEX, the blue chip index and Sharh compliant index-DSEX also marked negative 2.91 percent and 3.75 percent respectively in 2015 over the previous year. The daily turnover of Dhaka Stock Exchange, on an average, was only Tk. 4.22 billion down 16 percent year-on-year in 2015. Average daily turnover in 2015 was only 4.22 billion whereas in 2014 it was Tk. 6.5 billion in 2014. Although recovery from the debacle that it suffered in 2010 will take long time but losing of fresh fund make the general investors watchful and feeble. Net foreign investment in the bourses decreased sharply by 93%. In 2015 foreign investors bought shares worth Tk. 39.26 billion while they sold shares worth Tk. 36.40 billion, taking their net investment position to Tk. 1.86 billion only. In 2015, 12 companies raised Tk. 8.3 billion through the primary market which was Tk. 1.5 billion lower than 2014. The death of quality of some public offerings compelled investors to incur loss. Despite demutualized status of both the stock exchanges, visible enforcement of policies and corrective measures by the regulators, regulatory reform initiatives, failed to regain investor's confidence. Transparency and good governance can go a long way in reassuring the investors and bring back credibility to the market.

FINANCIAL INSTITUTIONS INDUSTRY SCENARIO

The NBFIs sector in Bangladesh consists of development financial institutions, leasing companies, investment companies etc. Bangladesh's NBFIs sector, which accounts for about 7% of the total assets of the banking sector, is passing through a critical phase. By all objective measures, this sector has made rapid strides in recent years and led the way forward in delivering innovation and outstanding value to stakeholders. Moreover, it plays a critical part in filling many gaps left by the banking sector. The performance of the NBFIs has been particularly impressive in areas that have national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion. Small and medium sized enterprises (SMEs) are the backbone of Asia's economies and they need better access to finance to grow and generate badly needed new jobs for the region. With the growing importance assigned to financial inclusion, NBFIs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors. In line with the central bank's policy directives, loans to agriculture and SMEs are being prioritized considering their role in contributing to inclusive economic growth and job creation. With total assets equivalent to less

than 4 percent of GDP in 2015, the role of Non Banking Financial Institutions (NBFIs) has been growing. NBFIs are increasingly coming forward to provide credit facilities for meeting the diversified demand for investment fund in the country's expanding economy. In 2015, NBFIs recorded notable growth in total assets, borrowings, deposits, and capital. The asset of NBFIs increased substantially by 18.6 percent to Taka 517.6 billion in 2014 from Taka 438.3 billion in 2013. At the end of June 2015, assets of NBFIs increased to Taka 563.8 billion. As of June 2015, investment of NBFIs sector was majorly driven to industry 44.9 percent, real estate 17.4 percent, margin loan 3.2 percent, trade and commerce 16.0 percent, merchant banking 4.0 percent, agriculture 1.7 percent and others 12.9 percent etc. More than 80 per cent of the loans disbursed by NBFIs were term lending as their capital structure provides better support for term financing rather than working as capital financing. NBFIs are now contributing nearly 30 percent loan to SMEs. The BB's green banking policy, global campaign for climate change and green industry revolution have opened a brighter canvas to shape NBFIs as human financiers. When Banks are under pressure with soaring margin costs, burdened with mounting classified loans, then NBFIs are in good position due to low operational cost. As of June 2015, total classified loan of NBFIs were 31.6 billion representing 7.7% of total lending of 409 billion. Despite the fact that NPL enhanced from 5.3% in 2014 to 7.7% in 2015 is still below the NPL of the banking average. NBFIs are working as a catalyst to economic growth and provide necessary support and guidance for their development within a longer term framework, which would improve financial intermediation and enable the NBFIs to play more vital roles in overall development of the country. In 2015 most NBFIs consolidated their positions after severe shocks received in 2014 and 2013 driven by political turmoil supported by the central Bank's refinancing schemes.

Industry outlook

Despite inclusive growth focused monetary policy, the overall economic progress will be slower further unless share of private sector investment in gross domestic product increases significantly. The biggest challenge for the private sector growth will be restoring business confidence as the business people have adopted 'wait and see' approach besides prompt addressing to the infrastructure and power.

MONEY MARKET

The money market also went through significant change in 2015. More interest rates received significant fall. Government bond operation was suspended for a couple of months. Reverse repo operations were reduced with higher borrowing through low yielding BB-Bill.

Bangladesh Bank (BB) will maintain accommodative monetary policy stance in 2016. The latest MPS for H2 F15 was a very growth supporting one. Policy rates have been reduced by 50 basis points after almost 2 years. This, coupled with the huge excess liquidity in the banking system is expected to further reduce Banks' lending rates and boost investments. As the economy is on the way to recovery, credit growth has been slowly picking up. During FY15, the total credit to the private sector recorded 13.2% growth year over year. Business confidence is improving and the stable exchange rate has led to higher import of machinery. The falling interest rates will boost private credit growth next year.

THE COMPANY

Phoenix Finance & Investments Limited (PFIL), one of the leading and reliable multi-products Financial Institutions in Bangladesh, was incorporated in Bangladesh on April 19, 1995 as a Public Limited Company under the Companies Act 1994 and started its operation on May 9, 1995 as a Non-Banking Financial Institution named as Phoenix Leasing Co. Ltd. under Financial Institution Act, 1993. It has been renamed as Phoenix Finance and Investments Limited (PFIL) on 27th February, 2017 with a view to reflecting multidimensional financial activities of the Company and keeping parity with the activities as it has been doing other than lease financing, which although, has remained as the prime area of the financial activities.

The authorized capital of the Company is Tk 3,000,000,000 divided into 300,000,000 Ordinary shares of Tk 10 each. Its paid-up capital stood at Tk 1,214,946,360 only in the year under review and the total Capital/Shareholders' equity of the Company stood at Tk 2,522,444,502 only as on December 31, 2015.

Sponsor shareholders of the Company includes a renowned corporate body namely Phoenix Insurance Company Ltd., a leading Insurance Company in Bangladesh. Others included various wide range of experience in the field of commerce and industries.

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

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

FINANCIAL POSITION & PERFORMANCE OF THE COMPANY

The year 2015, was the focused year of Phoenix Finance & Investments Limited regarding expansion and diversification of various business lines. A strategic approach streamlining diverse business opportunities was undertaken, which facilitated the Company to complete a successful business year. It is remarkable that despite facing challenges and uncertainties in the adverse financial scenario, the Company was able to maintain the progress in many lines of business during the year 2015 which further consolidated its position in the market in terms of quality services providing to the customers and value addition for the shareholders.

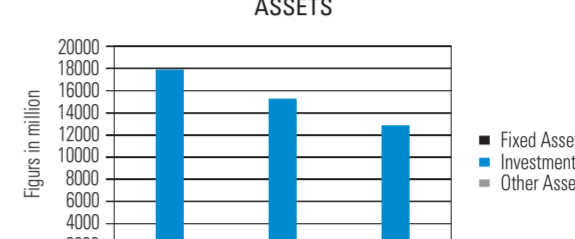
ASSETS

Total Assets of the Company increased considerably over the years. As on December 31, 2015 total assets stood at Tk. 20,038.04 million showing an increase of 13.49% as against the year 2014. In 2014, total assets increased by 16.64% as compared to that of 2013. A comparative position of Asset is given below :

Items	2015	% on Total	2014	% on Total	2013	% on Total
Fixed Assets	693.57	3.00	688.21	3.78	740.11	4.89
Investment Portfolio	17,841.19	89.03	15,259.32	86.42	12,872.40	85.94
Other Assets	1,586.28	7.97	1,728.73	9.80	1,525.00	10.07
Total	20,038.04		17,666.25		15,137.51	

Most of the fund has been injected in Investment portfolio (89.03% of total assets in 2015) which is the main stream of earning of the Company. It has increased 2.61 point in the year of review and increased 1.38 point in 2014.

ASSETS



Directors' Report 2015

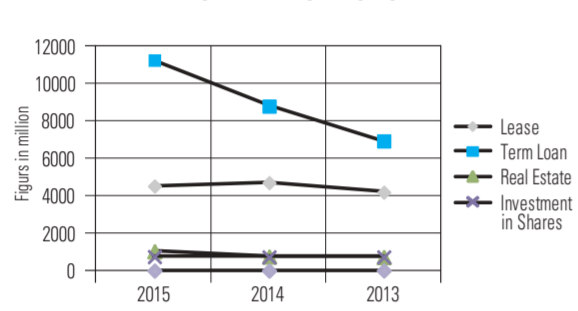
INVESTMENT PORTFOLIO

The Company recorded a 17.92% growth in Investments with a total portfolio of Tk. 17,841.19 million at the end of December 2015 compared to Tk. 15,259.32 million at the end of December 2014. In 2014, the portfolio growth rate was 18.54% compared to Tk. 12,872.40 million as of December 2013.

SECTORWISE FINANCE

Items	2015	% on Total	2014	% on Total	2013	% on Total
Lease	4,579.47	25.67	4,759.45	31.19	4,249.47	33.01
Term Loan	11,308.09	63.38	8,846.64	57.98	6,987.02	54.28
Real Estate	1,088.27	6.10	806.10	5.28	780.12	6.06
Finance	806.34	4.52	787.95	5.16	789.14	6.13
Investment in Shares	59.02	0.33	59.18	0.39	66.65	0.52
Staff Loan	59.02	0.33	59.18	0.39	66.65	0.52
Total	17,841.19		15,259.32		12,872.40	

INVESTMENT PORTFOLIO



Investment portfolio consists of Lease, Term Loan, Real Estate Finance and Investment in Shares. The core business of the Company is Lease Finance & Term Finance constituting of 25.67% & 63.38% respectively on total Investment portfolio in 2015 and the Company diversified its product line to time depending on the Market situation.

LEASE PORTFOLIO

Total Lease portfolio stood at Tk 4,579.47 million at the end of December, 2015 compared to Tk 4,759.45 million as on December 31, 2014, slightly decreased by 3.78%. It was increased by 12.00% in 2014.

TERM LOAN PORTFOLIO

Total Term Loan portfolio stood at Tk. 11,308.09 million at the end of December, 2015 compared to Tk. 8,846.64 million as on December 31, 2014, registering a growth of 27.82% whereas growth was made 26.62% in 2014 compared to Tk. 6,987.02 million as on December 2013.

Directors' Report 2015

REAL ESTATE FINANCE

Total Real Estate Finance portfolio stood at Tk 1,088.27 million as on December 31, 2015 compared to Tk. 806.10 million at the end of December, 2014 registering a growth of 35.00% whereas there was a growth of 3.33% in 2014 compared to Tk. 780.12 million as on December 2013.

INVESTMENT IN SHARES

Total Share Investment portfolio stood at Tk 806.34 million as on December 31, 2015 compared to Tk. 787.95 million at the end of December, 2014. It is increased by 2.33%. It is notable here that the volatility in the Capital Market arose at the last quarter of 2010 and continued of unstable Market continue round the year 2015.

ASSET QUALITY

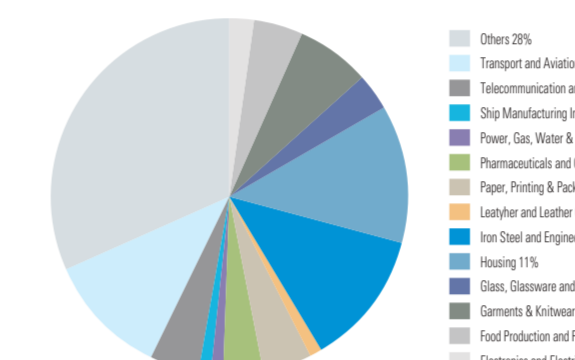
As on December 31, 2015, 97.21% of the Investment portfolio (except investment in Shares) was regular while only 2.79% of the total portfolio was non-performing as compared to 4.73% of 2014. The Company made required provision as on December 31, 2015 against performing and non-performing loans as per rate and classification norm provided by Bangladesh Bank. The volume of non-performing loans stood at Tk. 475.69 million in 2015 from Tk. 684.26 million in 2014. The required loan provision of Tk. 261.84 million, out of these Tk. 163.93 million was general provision including SMA, which was 62.61% of the total provision. The rest Tk. 97.91 million was against the classified accounts. The Company has kept Tk. 6.02 million as surplus provision.

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

Sector wise allocation of Investments reveals a well diversified portfolio of the Company with balanced exposure in different sectors. High concentration sectors are Iron steel & Engineering Tk. 1,859.81 million, Textile Industries with outstanding of Tk. 1,859.75 million, Housing Tk. 1,844.96 million, Transport & Aviation Tk. 1,695.27 million, Garments & Knitwear Tk. 1,080.14 million Food Production & Processing Industries Tk. 695.38 million, Paper, Printing & Packaging Tk. 690.15 million, Telecommunication & IT Tk. 637.97 million, Glass, Glassware and Ceramic Industries Tk. 499.10 million, Pharmaceuticals & Chemical Tk. 487.44 million, Electronics and Electrical Products Tk. 288.40 million,

Leather and Leather Goods Tk. 278.55 million, Power, Gas, Water & Sanitary Service Tk. 197.33 million, Ship Manufacturing Industries Tk. 175.78 million and others Tk. 4,744.82 million as on December 31, 2015.

SECTOR WISE FINANCE



LIABILITY

Total liabilities of the Company stood at Tk. 17,515.60 million as on December 31, 2015 compared to Tk. 15,154.52 million as on December 31, 2014 registering a growth of 15.88% over the last year, whereas a growth was made by 20.36% in 2014 compared to Tk. 12,591.04 million as on December 2013.

DEPOSITS AND OTHER ACCOUNTS

The deposits base of the Company continued to register a steady growth and stood at Tk. 13,989.63 million as on December 31, 2015 compared to Tk. 12,420.66 million of the previous year registering a growth of 12.70%. The growth was supported by Branch network and high standard products and services along with competitive interest rate offered to customers.

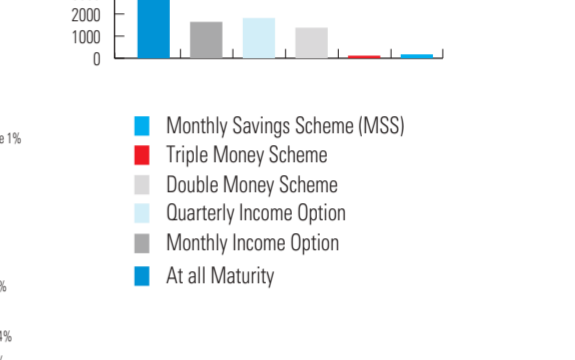
The customers group of the Company was Individuals, Banks, FIs, Corporations, and Autonomous Bodies, School, College and Universities etc.

Average cost of Deposits was 12.03% in 2015 as against 12.63% in 2014. Deposit mix of the Company as of December 31, 2015 was as follows:

Deposit Type	Amount	%
At All Maturity	8,862.31	63.31
Monthly Income Option	1,643.46	11.74
Quarterly Income Option	1,818.52	12.99
Double Money Scheme	1,381.38	9.87
Triple Money Scheme	116.51	0.83
Monthly Savings Scheme (MSS)	176.45	1.26
Total	13,989.63	100.00

Phoenix Finance & Investments Limited regarding expansion and diversification of various business lines. A strategic approach streamlining diverse business opportunities was undertaken, which facilitated the Company to complete a successful business year. It is remarkable that despite facing challenges and uncertainties in the adverse financial scenario, the Company was able to maintain the progress in many lines of business during the year 2015 which further consolidated its position in the market in terms of quality services providing to the customers and value addition for the shareholders.

DEPOSITS AND OTHER ACCOUNTS



BORROWINGS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

The Company meets its certain portion of fund demand from loan taken from different banks. It represents 10.52% of total liabilities in 2015 whereas it is 9.47% of total liabilities in 2014. Total Bank Loan Balances of the Company stood at Tk. 1,842.60 million as on December 31, 2015, increased by 122.44% compared to the last year. This loan provided by different Commercial Banks including Bangladesh Bank ranging from six months to five years secured by way of first ranking Pari-Passu Security Sharing Agreement among the secured lenders on all fixed and floating assets.

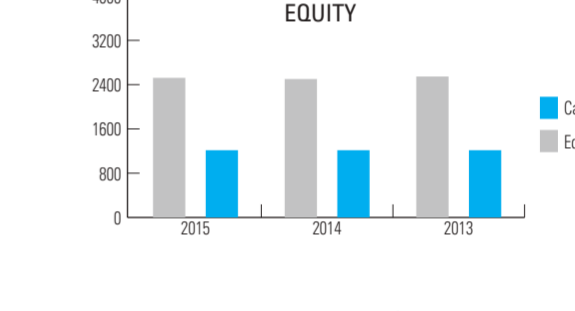
EQUITY

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

Total Shareholders' Equity of the Company as on December 31, 2015 stood at Tk. 2,522.44 million and the Paid Up Capital of the Company stood at Tk.2,124.95 million on the same period.

Particulars	2015	2014	2013
Equity Capital	2,522.44	2,501.33	2,546.47
Equity Capital	1,214.95	1,214.95	1,214.95

EQUITY



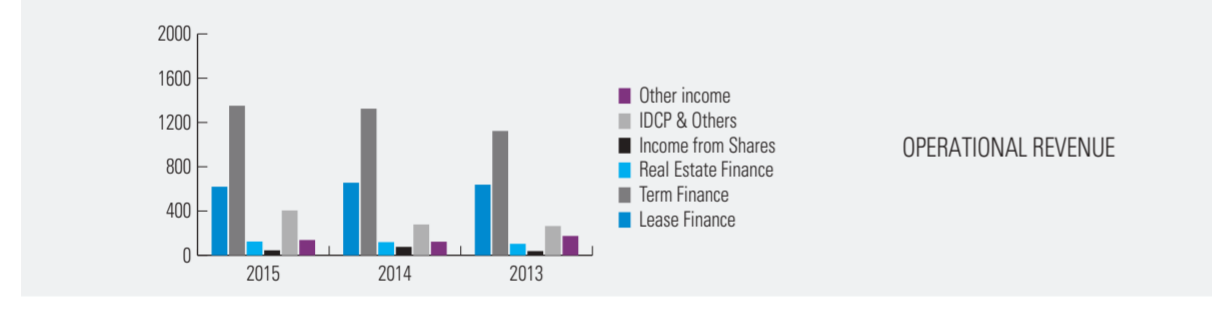
Directors' Report 2015

OPERATIONAL REVENUE

Total Operational Revenue remarkably increased by 4.13% to Tk. 2,562.96 million in 2015 from Tk. 2,576.66 million in 2014. It was increased by 10.05% in 2014 compared to Tk.2,341.44 million in 2013.

Head of Income	2015			2014			2013			Growth (%)	
	2015	%	2014	%	2013	%	2015	%	2014	%	
Lease Finance	619.49		655.79		638.10		(5.54)		2.77		
Term Finance	1,351.21		1,324.60		1,123.18		2.01		17.93		
Real Estate Finance	124.30		119.19		103.62		4.29		15.03		
Income from Shares	44.76		75.92		37.86		(41.04)		100.53		
IDCP & Others	405.14		278.32		264.04		45.57		5.41		
Other Income	138.06		122.84		174.64		12.39		(29.66)		
Total	2,682.96		2,576.66		2,341.44						

The main revenue comes from Interest on Term Finance & Lease Finance which was 51.40% and 25.45% respectively of total revenue. The main revenue comes from Interest on Term Finance & Lease Finance which was 50.36% and 23.09% respectively of total revenue.



OPERATING EXPENSES

Total Operational Expenses incurred at Tk. 2,002.32 million in 2015, increased by 4.21% compared to Tk. 1,921.50 million in 2014. It was increased by 1.53% in 2014 compared to Tk. 1,892.63 million in 2013.

Out of total Operating Expenses, 84.73% was financial expenses, 8.48% was salary & allowances, 3.58% was depreciation and 3.21% was other overhead expenses.

OPERATING & NET PROFIT

Phoenix Finance & Investments Limited registered an operating profit of Tk 680.64 million in 2015 compared to Tk. 685.16 million in 2014 registering a growth of 0.89%. It was increased by 45.38% in 2014 compared to Tk. 448.81 million in 2013.

After making all provisions including general provisions on unclassified loans, profit before tax stood at Tk. 520.19 million in 2015 compared to Tk. 437.21 million in 2014, registering a remarkable growth of 18.98%.

The Net Profit of the Company stood at Tk. 265.43 million in 2015 compared to Tk. 198.85 million in 2014 registering a remarkable growth 33.48%.

BRANCH NETWORKING

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

The status reports on Corporate Governance Compliance pursuant to the clause no 7 (ii) of the Gazette Notification dated 07.08.2012 (in accordance with Notification No. SEC/COMP/02/2006/158/134/ Admin/02/08 dated 02.02.2008) regarding the Corporate Governance Compliance Guidelines for all listed Companies is given in Annexure III.

Directors' Report 2015

HUMAN RESOURCE

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

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

Recruitment of talent people only from the best Educational Institution is not enough to ensure the quality people. We need to groom up these talent people so that they can become future business leader in the industry. To keep this in mind, PFIL always feels the urge of quality and trained people in its HR portfolio. In the year 2015, a good number of representatives participated in training programs, at home and abroad. Besides, the Company extended its training facilities from the senior level to the support staff level.

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





Directors' Declaration On Financial Reporting Framework



Mohammed Shoeb
Vice Chairman
Phoenix Finance &
Investments Limited

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

Directors' Declaration On Financial Reporting Framework

- a) The state of affairs as at balance sheet date ; and
- b) The profit and loss of the Company for the financial year ended on the balance sheet date. In preparing these financial statements, the Directors are required to ensure that:
 - a) The appropriate accounting policies have been selected and consistently applied in a manner; and
 - b) Estimates and judgments have been made which are reasonable and prudent; and
 - c) Prepare the financial statements on going concern basis.

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

- a) The Financial Statements prepared by the Management of the Company presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books and accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.

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

On behalf of the Board of Directors

Mohammed Shoeb
Vice Chairman

Disclosures on Capital Adequacy and Market Discipline (CAMD)

for the year ended 31st December, 2015

A) Scope of application

Qualitative Disclosures

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

- Phoenix Finance & Investments Limited (PFIL)

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

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

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

- Not applicable.

Quantitative Disclosures

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

- Not applicable.

Bi Capital structure

Qualitative Disclosures

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

- Tier 2 Capital includes the following:

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

ii) Revaluation reserves:

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

iii) All other preference shares.

- Conditions for maintaining regulatory capital:

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

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

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Paid up capital	121.49
Non-repayable share premium account	8.74
Statutory reserve	10.69
General reserve	0.20
Retained earnings	24.82
Minority interest in subsidiaries	-
Non-cumulative irremediable preference shares	-
Dividend equalization account	-
Total Tier 1 capital	206.94

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

(c) The total amount of Tier 2 capital 39.04

(d) Other deductions from capital -

(e) Total eligible capital 245.98

C) Capital Adequacy

Qualitative Disclosures

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

- Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

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

- Strategy to achieve the required Capital Adequacy:

Operational level:

Immediate measures:

- Asking unmet Corporate clients to have credit rating from External Credit Assessment Institutions (ECAs) recognized by Bangladesh Bank.
- Rigorous monitoring of overdue contracts to bring those under 90 days overdue;
- Assessing incremental effect of capital charge over the expected net income from financing before sanctioning any appraisal, which could be one of the criteria for taking financing decision.

Continous measures:

- Concentrating on SME clients having exposure up to BDT 1 crore as this will carry 75% fixed risk weight (for regular contracts only);
- Financing clients having good credit rating;
- Using benefit of Credit Risk Mitigation (CRM) Technique by taking eligible financial collaterals against transactions;
- Focusing more on booking high spread earning assets and thus increasing retained earnings.

Strategic level:

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

Quantitative Disclosures

	Amount in crore Taka
(b) Capital requirement for Credit Risk	169.45
(c) Capital requirement for Market Risk	14.76
(d) Capital requirement for Operational Risk	11.51
(e) Total and Tier 1 capital ratio:	
For stand alone	

Particular	Solo Basis
CAR on Total capital basis (%)	12.54
CAR on Tier 1 capital basis (%)	10.55

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

D) Credit Risk

Qualitative Disclosures

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

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

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

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

Specific and General provisions are maintained according to the relevant Bangladesh Bank Guidelines. For Example, 1% provision is maintained against Good loans for general loans, 0.25% for SME loans, 5% against SMA loans, 20% against substandard, 40% against doubtful and 100% against category loans after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

- Discussion of the FI's credit risk management policy.

- Implementation of various strategies to minimize risk:

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

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

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

- Approved Credit Policy by the Board of Directors

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

- Separate Credit Risk Management (CRM) Department

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

- Special Assets Management and Collection Team

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

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

E) Credit Risk

Qualitative Disclosures

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

- Independent Internal Control and Compliances Department (ICC)

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

- Credit Evaluation

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

- Credit Approval Process

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

- Credit Quality and Portfolio Diversification

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

- Early Warning System

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

- NPL Management

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

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

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

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

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

F) Counterparty Credit Rating

PFIL is taking initiatives to rate the Corporate Clients of the Company immediately by the External Credit Assessment Institutions (ECAs)/Rating Agencies duly recognized by the Central Bank. Some corporate clients have already conducted their credit rating by ECAs and we are optimistic of getting a significant number of counter party ratings by 2016.

- Methods used to measure Credit Risk

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

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Lease Finance(Short Term)	250.50
Lease Finance(Long Term)	207.45
Short-term Finance	426.94
Long term Finance	703.97
House building Finance(Short Term)	11.64
House building Finance(Long Term)	97.18
Staff Loan	5.90
Total	1703.48

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

Area	Amount in crore Taka
Dhaka	1446.66
Chittagong	195.89
Bojra	45.29
Khulna	15.64
Total	1703.48

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

Sector	Amount in crore Taka
Garments & Knitwear	108.00
Textiles	185.97
Jute & Jute Products	8.54
Food Production and processing Industries	69.54
Plastic Industry	6.32
Leather and Leather Goods	10.66
Iron Steel & Engineering	185.98
Pharmaceuticals & Chemical	48.74
Cement and Allied Industry	27.86
Telecommunication and IT	63.80
Paper, Printing & Packaging	69.01
Glass, Glassware and Ceramic Industry	1.71
Ship Manufacturing Industry	17.58
Electronics and Electrical Products	28.84
Power, Gas, Water & Sanitary Service	19.13
Transport and Aviation	169.53
Agriculture	9.30
Housing	184.50
Trade & Commerce	83.45
Others	356.22
Total	1703.48

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

G) Market Risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

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

Methods used to measure Market risk

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

Market Risk Management system

Policies and processes for mitigating market risk

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

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

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Particular	Amount in crore Taka
Interest rate risk	-
Equity position risk	14.76
Foreign Exchange Position and Commodity risk (if any)	-

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

H) Market Risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

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

Methods used to measure Market risk

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GAP analysis

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Equity Risk Management

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Quantitative Disclosures

(b) The capital requirements for Market Risk:

Particular	Amount in crore Taka
Interest rate risk	-
Equity position risk	14.76
Foreign Exchange Position and Commodity risk (if any)	-

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Disclosures on Capital Adequacy and Market Discipline (CAMD)

Disclosures on Capital Adequacy and Market Discipline (CAMD)

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

TK. 1.61 crore

Particulars	Amount in crore Taka
Total unrealized gains (losses)	(4.88)
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital.	-

Report on Risk Management

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

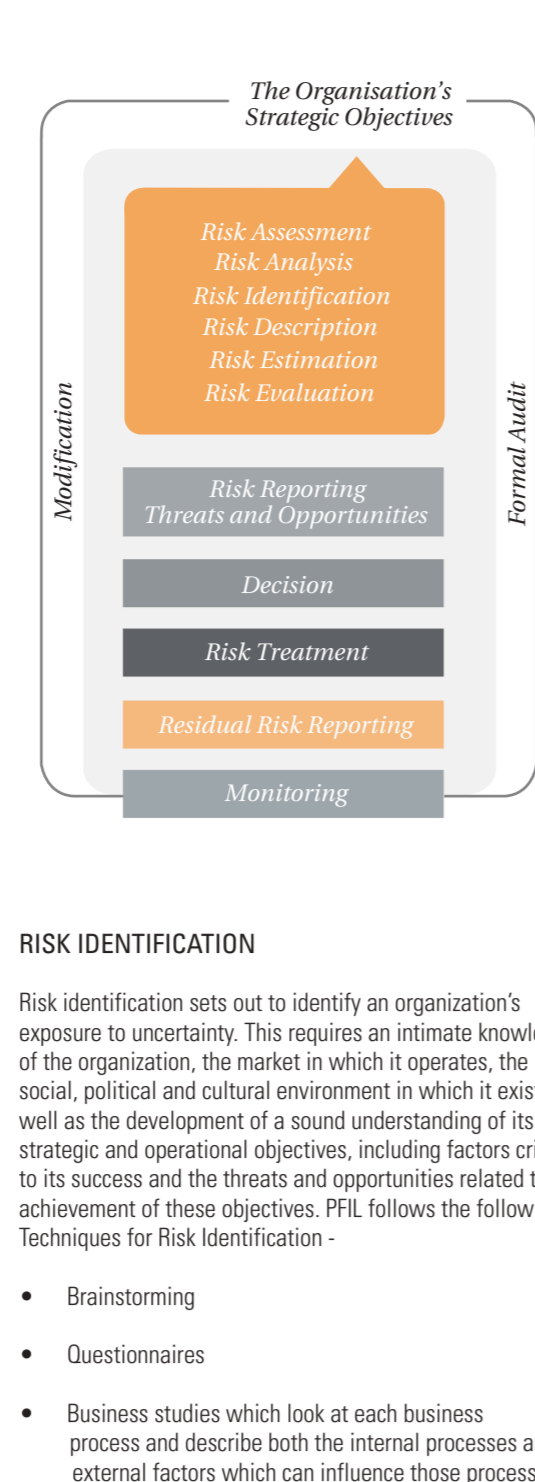
The focus of good risk management is the identification and treatment of those risks. Its objective is to add maximum sustainable value to all the activities of the organization. It manages the understanding of the potential upside and downside of all those factors which influence the organization, and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

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

PFIL always appoints to a certain amount of risk. Managing such risks has always been a primary concern of the Company. In today's business environment, the ability to identify effective risk management is must for sustainable growth in shareholders' value.

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

RISK MANAGEMENT PROCESS



Risk identification sets out to identify an organization's exposure to various risks. It requires an in-depth knowledge of the organization, the market in which it operates, the legal, regulatory and financial environment, as well as the development of a sound understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities to the achievement of these objectives. PFIL follows the following techniques for Risk Identification:

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

the procedures are understood and followed. Monitoring and review process also determine whether:

- the measures adopted resulted in what was intended;
- the procedures adopted would have information gathered for understanding the assessment; and
- where appropriate improved procedures would help to reach better decisions and identify what lessons could be learnt for future reviews as well as assessments and management of risks

STRUCTURE AND ADMINISTRATION OF RISK MANAGEMENT

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

Report on Risk Management

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

RISK DESCRIPTION

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

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

RISK ESTIMATION

Risk estimation can be quantitative, semi quantitative or qualitative in terms of the probability of occurrence and the possible consequence. For assessing environmental risks, like other risks, which are facilitating elements of credit risk arising from environmental issues. In this regard, Bangladesh Bank has also prepared Guidelines on Environmental Risk Management (ERM) in a consultative manner, as a part of Green Banking Policy, which has been given in their CRM Circular No. 04 dated April 06, 2011 and the detailed ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh (BB ERM Guidelines) has been made available in the Bangladesh Bank's website enabling all Financial Institutions to comply with the same w.e.f. July 01, 2011.

PFIL, like other Financial Institutions, is to eradicate the risks arisen due to environmental impacts caused by environmental conditions which are generally element of uncertainty or possibility of loss in the context of financial transactions. Therefore, in compliance with the CRM Circular No. 04 dated April 06, 2011 of Bangladesh Bank and as per outline of the ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh (PFIL ERM Guidelines) has been formulated, incorporating the provisions of the BB ERM Guidelines. PFIL has already been implemented PFIL ERM Guidelines in its own ERM Guidelines for Banks and Financial Institutions in Bangladesh (PFIL ERM Guidelines) which is a part of its Risk Management Structure.

which is included under the Office Circular No. 2011/179 dated July 28, 2011 for meticulous compliance of all concerned BRs and Head Office Divisions w.e.f. August 01, 2011. PFIL is also concentrating hard on linking its CSR/Corporate Social Responsibility with its high level of environmental and socially responsible practices and engaging with stakeholders for the security of the environmental and social impact.

RISK ANALYSIS METHODS AND TECHNIQUES

PFIL uses a range of techniques to analyse risks. These are specific to update or downwards risk or capable of dealing with both.

- Market survey
- Brainstorming
- Test marketing
- Research and Development
- Business Impact Analysis

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HIGHLIGHTS OF PFIL ERM GUIDELINES

- To examine the related environmental issue thoroughly and concerns associated with potential business activities proposed for PFIL financing.
- To identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns.
- To ensure strict compliance of the Environment Conservation Rules-1997 and subsequent Environment Conservation (Amendment) Act 2010 in pre-sanction and post-sanction stages and obtaining Environmental Clearance Certificate as per latest classification/Order, and observing Change-B and Red, as the case may be.
- To enhance and intensify the credit appraisal process by PFIL regarding the Environmental Risk Parameters.

02.0 Approach

- Ascertainment of risks arising out of environmental issues in general.
- Addressing the focused environmental problems causing the risk, not towards the solution of problems in the following manner:
 - Value-added oriented approach to the borrower/lessor, not being 'in nature';
 - Identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns.
 - Value-added oriented approach to the borrower/lessor, not being 'in nature';
 - Identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns.
- Focusing on managing risks, not avoiding risks and/or delegating/outsourcing financing. If managing of risks does not appear to be feasible, financing may be avoided.
- Ascertainment of risks arising out of environmental risk and credit risk and integration of ERM with credit risk management.
- No separate or parallel ERM system.

Report on Risk Management

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

Downside risk

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

MONITORING AND REVIEW OF THE RISK MANAGEMENT PROCESS

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

The monitoring process provides assurance that there are appropriate controls in place for the organization's activities

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Auditors' Report To The Shareholders of Phoenix Finance & Investments Limited

We have audited the accompanying Financial Statements of the Phoenix Finance & Investments Limited (non-banking financial institution) which comprises the Balance Sheet as on December 31, 2015 and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

The Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Accounting Standards (BAS)/ Bangladesh Financial Reporting Standards (BFRS), the Financial Institutions Act 1993, the rule and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Commission Rules 1987 and other applicable laws and regulations and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility:

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Opinion:

In our opinion, the Financial Statements of the Company along with the notes there on prepared in accordance with Bangladesh Accounting Standards (BAS)/ Bangladesh Financial Reporting Standards (BFRS) and in the format prescribed by Bangladesh Bank, give a true and fair view of the state of the Company's affairs as on December 31, 2015 and of the results of its operations and its cash flows for the year then ended and comply with the applicable section of the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

Associated firm of Reddy Siddiqui & Kabani, Park View, 183-189 The Vale, London, W3 7RW, UK
E-mail: mail@reddysiddiqui.com, Website: www.reddysiddiqui.com

We also Report that:

- We have obtained all the information and explanation which, to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it accords from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
- The Company's Balance Sheet and Profit & Loss Accounts dealt with by the report are in agreement with the books of accounts and returns.
- The expenditures incurred and payments made were for the purpose of the company's business.
- The Balance Sheet of the Company as on 31st December 2015 and profit for the year from 1st January 2015 to 31st December 2015 have been properly reflected in the financial statements and the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP).
- The financial statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the rule and regulations issued by the Bangladesh Bank to the extent applicable to the company.
- Adequate provisions have been made for loans, advances, leases and investment in shares considered to be classified.
- The unaudited record and statements duly certified by the branch managers have been fairly maintained and consolidated in the financial statements.
- The information and explanations required by us have been received and found satisfactory; and
- We have reviewed 80% of the risk weighted assets (RWA) of the company during the course of our audit and we have spent over 1280 person hours.

Dated: Dhaka
March 14, 2016

Malek Siddiqui Wali
Chartered Accountants

Associated firm of Reddy Siddiqui & Kabani, Park View, 183-189 The Vale, London, W3 7RW, UK
E-mail: mail@reddysiddiqui.com, Website: www.reddysiddiqui.com

Phoenix Finance & Investments Limited

Balance Sheet As at 31 December 2015

PROPERTY AND ASSETS	Notes	Figures in Taka	
		2015	2014
Cash	3	63,095	75,607
In hand (including foreign currencies)			
Balance with Bangladesh Bank and its agent (including foreign currencies)		278,548,855	243,414,948
		278,611,950	243,490,555
Balance with other banks and financial institutions		941,670,759	1,128,082,693
In Bangladesh			
Outside Bangladesh		941,670,759	1,128,082,693
		1,220,282,709	1,371,573,248
Money at call and short notice	4	-	-
Investments	5	-	-
Government		-	-
Others		806,342,973	787,947,202
		806,342,973	787,947,202
Loans, advances and leases		-	-
Loans, advances and leases etc.	6	17,034,845,567	14,471,384,705
Bills purchased and discounted	7	17,034,845,567	14,471,384,705
		17,034,845,567	14,471,384,705
Fixed assets including land, building, furniture and fixtures	8	600,575,845	668,206,036
Other assets	9	375,983,959	357,158,283
Non-business assets		-	-
Total assets		20,038,041,053	17,656,252,054
LIABILITIES AND CAPITAL		-	-
Liabilities		-	-
Borrowings from other banks, financial institutions and agents	10	1,842,800,686	828,370,294
		1,842,800,686	828,370,294
Deposits and other accounts	11	-	-
Current and other accounts		-	-
Bills payable		-	-
Savings account		-	-
Term deposits		13,822,176,702	12,301,202,751
Bearer certificates of deposit		-	-
Other deposits		176,454,914	119,455,948
		13,998,631,516	12,420,658,699

Balance Sheet

PROPERTY AND ASSETS	Notes	Figures in Taka	
		2015	2014
Other liabilities	12	1,674,364,349	1,905,889,694
		1,674,364,349	1,905,889,694
Total liabilities		17,615,596,551	15,154,918,877
Capital/shareholders' equity		-	-
Paid up capital	13	1,214,946,360	1,214,946,360
Share Premium		87,408,700	87,408,700
Statutory Reserve	14	516,940,853	463,855,188
General Reserve		2,000,000	2,000,000
Revaluation Reserve		452,953,550	472,134,188
Proposed Dividend	15	-	242,989,272
Retained Earnings	16	240,195,199	17,999,671
		3,522,444,592	2,501,333,371
Total liabilities and shareholders' equity		20,038,041,053	17,656,252,054
OFF-BALANCE SHEET ITEMS		-	-
Contingent liabilities		-	-
Acceptances and endorsements		-	-
Letters of guarantee		50,000,000	50,000,000
Irrevocable letters of credit		16,746,080	200,917,948
Bills for collection		-	-
Other contingent liabilities		66,746,080	250,917,948
		66,746,080	250,917,948
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		66,746,080	250,917,948

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

Company Secretary Managing Director Director Chairman

As per our separate report of even date

Dated: Dhaka
March 14, 2016

Malek Siddiqui Wali
Chartered Accountants

Phoenix Finance & Investments Limited

Profit and Loss Account For the year ended 31 December 2015

	Notes	Figures in Taka	
		2015	2014
Interest income	18	2,500,130,114	2,377,899,374
Interest paid on deposits, borrowings, etc.	19	1,696,635,548	1,626,659,290
Net interest income		803,503,566	751,240,084
Income from Investment	20	44,756,854	75,921,561
Commission, exchange and brokerage	21	-	-
Other operating income	22	130,661,765	122,838,536
		182,818,619	198,760,087
Total operating income (A)		986,322,185	950,000,171
Salaries and allowances	23	162,650,924	141,543,589
Rent, taxes, insurance, electricity etc.	24	24,262,809	24,264,863
Legal expenses		636,844	65,833
Postage, stamp, telecommunication etc.	25	2,298,568	2,111,667
Stationery, printing, advertisement etc.	26	11,291,078	10,803,661
Managing Director's Remuneration		7,800,000	7,800,000
Directors' fees	27	1,689,000	1,265,000
Auditors' fees		125,000	125,000
Charges on loan losses		-	-
Depreciation and repair of assets	28	71,589,680	80,701,073
Other expenses	29	24,611,214	26,127,372
		305,686,817	294,828,158
Profit before provision (C-A-B)		680,635,368	655,162,013
Provision for Future Losses (D)	30	160,447,221	217,947,750
Total profit before tax (C-D)		520,188,147	437,214,263
Provision for tax		-	-
Current		266,654,061	255,000,000
Deferred		111,892,459	116,621,174
		378,546,520	371,621,174
Net profit after tax		141,641,627	66,593,089

Profit And Loss Account

	Notes	Figures in Taka	
		2015	2014
Retained Earnings brought forward from previous year		17,999,671	22,031,252
Amortized of Revaluation Reserve		15,100,630	80,073,578
		302,607,844	301,752,667
Appropriations		54,412,645	283,752,996
Statutory reserve		53,085,507	38,788,467
General reserve		-	-
Proposed dividend		-	242,989,272
CSR fund		1,227,138	994,237
Retained surplus		248,195,199	17,999,671
Earnings per share	31	2.18	1.64

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

Company Secretary Managing Director Director Chairman

As per our separate report of even date

Dated: Dhaka
March 14, 2016

Malek Siddiqui Wali
Chartered Accountants

Phoenix Finance & Investments Limited

Cash Flow Statement For The Year Ended 31 December 2015

	Note	Figures in Taka	
		2015	2014
Cash Flow from Operating Activities		2,420,722,431	2,456,871,473
Interest received	32	1,652,161,576	1,644,767,729
Interest payment	33	(862,303,586)	(862,303,586)
Dividend received		28,705,664	28,200,100
Fees & Commission received		(169,850,824)	(149,343,589)
Cash Payments to Employees		(11,831,078)	(10,803,661)
Income Tax Paid		(236,645,769)	(199,681,861)
Received from other Operating activities	34	166,724,429	156,560,813
Payments for other Operating activities	35	(62,836,960)	(54,342,648)
Operating Profit before changes in Operating Assets & Liabilities		492,826,317	582,512,688
Changes in Operating Assets and Liabilities		-	-
Purchases/Sale of Trading Securities		-	-
Loans and Lease Finance to Customers		(2,563,480,862)	(2,388,100,568)
Other Assets		(18,855,696)	249,844,111
Deposits received from Banks and Financial Institutions		1,694,305,401	900,000,000
Deposits received from Customers		897,237,197	1,004,899,192
Other Liabilities		8,474,655	140,384,686
Sub Total		18,261,216	(92,822,579)
A) Net Cash Flow from Operating Activities		511,187,633	489,690,109
Cash flows from Investing Activities		(18,255,771)	1,190,860
Purchase/sale of securities		(18,255,771)	1,190,860
Proceeds from Sale of fixed assets		6,000	2,900,000
Purchase/sale of Property, Plant & Equipments		(3,535,164)	(9,530,876)
Purchase/Sale of Subsidiaries		-	-
B) Net Cash Flow from Investing Activities		(21,924,935)	(5,440,016)
Cash flows from Financing Activities		(397,563,965)	212,418,947
Increase/(decrease) of borrowings		(397,563,965)	212,418,947
Payments for redemption of loan capital & debt securities		-	-
Received from issue of ordinary shares		-	-
Dividend Paid		(242,989,272)	(242,989,272)
C) Net Cash Used By Financing Activities		(640,553,237)	(30,570,325)
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B-C)		(151,290,539)	453,679,788

Cash Flow Statement

	Note	Figures in Taka	
		2015	2014
Effect of Exchange rate changes on cash & cash equivalents		-	-
E) Cash and cash equivalents at the beginning of the year		1,371,573,248	917,893,480
F) Cash and cash equivalents at the end of the year (D+E)		1,220,282,709	1,371,573,248
Cash and cash equivalents at the end of the year represent		-	-
Cash in Hand		63,095	75,607
Balance with Bangladesh Bank and its agent bank		278,548,855	243,414,948
Balance with other banks and financial institutions		941,670,759	1,128,082,693
Money at call or short notice		-	-
		1,220,282,709	1,371,573,248

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

Company Secretary Managing Director Director Chairman

As per our separate report of even date

Dated: Dhaka
March 14, 2016

Malek Siddiqui Wali
Chartered Accountants

Phoenix Finance & Investments Limited

Statement of Changes in Equity For The Year Ended 31 December 2015

Particulars	Share Premium		Statutory Reserve		Retained Earnings		Total	
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Notes To The Financial Statements

2.9 Depreciation on Fixed Assets

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

Rates of depreciation on Fixed Assets as on December 31, 2015 are as follows:

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

2.10 Disposal of Fixed Assets

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

2.11 Impairment of Assets

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

2.12 Receivables & Others

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

2.13 Accrued Expenses and Other Payables

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

2.14 Statutory Reserve

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

2.15 Corporate Social Responsibility (CSR) Fund

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

2.16 Cash & Cash Equivalent

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

2.17 Cash Flow Statements

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

Notes To The Financial Statements

2.10 Earnings Per Share (EPS)

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

Basic Earnings represents earnings for the year attributable to ordinary shareholders. As there are no preference dividends, the profit after tax for the year has been considered as fully attributable to the ordinary shareholders. Weighted Average number of ordinary shares outstanding during the year represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor.

2.19 Transactions and Translation of Foreign Currencies

Transactions in foreign currencies are translated into Bangladesh Taka at the rate ruling on the transaction date and the assets and liabilities denominated in foreign currencies outstanding at closing date of accounts have been translated into Bangladesh Taka at the closing date rate. Foreign exchange gains/losses (if any) arising from such translations are recognized in the Profit & Loss Account.

2.20 Employees' Retirement Benefit-Gratuity

The provision is made in respect of all the permanent employees of the company in accordance with the company's gratuity scheme introduced in 2005 at the rate of one month's basic pay ruling at the balance sheet date for each completed year of service. In case of an employee has completed more than 180 days service of a calendar year, then it will be considered as a full year. The benefit is allowed to an employee only on completion of minimum 5 (five) years of service with the company. However, adequate provision for the year has been provided in the accounts.

2.21 Employees' Provident Fund & Group Insurance Scheme

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

2.22 Provisions

- When the company has present obligation, legal or constructive, as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation;
- When a reliable estimate can be made of the amount of the obligation.

2.23 Provision for Loans, Leases and Advances

Provision for lease finance, term & house building finance has been made in accordance with FID circular no. 08 dated 03 August 2002, FID circular no. 03 dated 03 May 2006, FID circular no. 05 dated 20 August 2006 and FID circular no. 03 dated 22 April 2013 issued by Bangladesh Bank at the following rates:

Standard (STD) SME Standard (STD) General Special Mention Account (SMA)	Unclassified	0.25% 1% 5%
Standard (SS)		20%
Defaulted (DF)		50%
Bad/loss (BL)		100%

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

Notes To The Financial Statements

2.24 Events after the Balance Sheet Date

All material events occurring after the Balance Sheet date are adjusted where felt necessary or required in Note-38 and Note-39.

2.25 Use of Accounting Estimates

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

2.26 Income Tax

Current Tax

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

Deferred Tax

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

2.27 Disclosure of Deviations

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

As per FID circular No. 08 dated 03 August 2002 investments in listed shares and unlisted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively.

Provision should be made for any loss arising from diminution in value of investment. As such the Company measures and recognizes impairment on listed and unlisted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the Company's market value and book value of quoted and unquoted shares was lower than the cost price by BDT 180.73 million. In order to comply with the requirement specified in FID Circular No. 11, the company has charged the entire amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of BAS-28 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision of 0.25% to 5% under different categories of classified loans (good/standard/loan) has to be maintained. However such general provision cannot satisfy the conditions of provision as per BAS-28. At the year end the Company has recognized an accumulated general provision of BDT 163.94 million [out of accumulated provision of BDT 267.89 million] under liabilities.

Notes To The Financial Statements

As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS-28. As such some disclosures and presentation requirements of BFRS 7 and BAS-28 have not been made in the accounts.

Bangladesh Bank has issued templates for financial statements which are followed by BFRS 7 and BAS-28. The templates of Financial Statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income included to be included in the Single Comprehensive Income (SCI) Statement. As such the Company does not prepare the other comprehensive Income Statement. However the company does not have any elements of OCI to be prepared.

2.28 Others

- The figures in the Financial Statements represent Bangladesh Currency (Taka), which has been rounded off to the nearest Taka;
- Comparative information has been shown in respect of year 2014 for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year's Financial Statements;
- The figures of the year 2014 have been rearranged whenever considered necessary to ensure comparability with the current year.

Notes To The Financial Statements

Figures in Taka

	2015	2014
3 CASH		
Cash in hand		
Local currency	63,095	75,697
Foreign currencies	-	75,697
Balance with Bangladesh Bank and its agent bank	278,548,895	243,414,948
Local currency		
Foreign currencies	-	-
Balance with other Banks and Financial Institutions	841,670,759	1,128,082,893
TOTAL	1,220,282,709	1,371,573,248
3.1 Cash Reserve Requirement (CRR) Statutory Liquidity Ratio (SLR)		
Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with Bangladesh Bank directives.		
3.1.1 Cash Reserve Requirement (CRR)		
Required reserve	257,851,000	243,000,000
Actual reserve held	720,430,000	745,090,000
Surplus/(deficit)	1,206,000	12,086,000
Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account in all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2015 there is no shortage in deposits.		
3.1.2 Statutory Liquidity Requirement (SLR)		
Required reserve	555,672,000	509,263,000
Actual reserve held	1,032,711,000	845,907,000
Surplus/(deficit)	478,040,000	335,824,000
Fixed deposit maintained with other commercial Banks and Financial Institutions for maintaining Statutory Liquidity Reserve as required by Bangladesh Bank. Bangladesh Bank regulations require maintaining Statutory Liquidity Reserve @ 5% including the CRR of 2.5% on total liabilities, excluding loans from Banks and Financial Institutions.		
3.2 Balance with Other Banks and Financial Institutions		
Current Account	524,902	33,552
All-Asian Bank Limited	49,527,778	5,271,515
Bank Asia Limited	1,016	1,016
Dhaka Bank Limited	2,470	2,797
Islami Bank Bangladesh Limited	4,865	4,765
National Bank Limited	48,533	-
National Credit & Commerce Bank Limited	-	4,484
Prime Bank Limited	4,012	-
Standard Bank Limited	54,122,865	5,338,078

Notes To The Financial Statements

Figures in Taka

	2015	2014
Short Term Deposit		
AB Bank Limited	27,587	81,382
Bank Asia Limited	10,778,428	18,223,648
BASIC Bank Limited	65,483	160,570
BRAC Bank Limited	80,478	36,251
Dhaka Bank Limited	4,016,962	3,479,275
Dutch Bangla Bank Limited	34,203,963	36,143,040
Eastern Bank Limited	2,757,034	4,588,902
DFM Bank Limited	215,743	2,402,564
First Security Bank Limited	2,385,788	1,588,495
FID Bank Limited	407,544	53,000,000
Glennia Bank Limited	56,566	57,332,684
Jarana Bank Limited	91,589	95,657
Meghna Bank Limited	665,528	1,891,271
Mercantile Bank Limited	1,026,373	5,548,808
Midland Bank Limited	222,388	222,388
Musoni Trust Bank Limited	61,076,952	120,977,394
NBS Global Bank Limited	1,274,012	1,274,386
One Bank Limited	12,270,462	23,521,586
Prime Bank Limited	232,235	1,024,625
Pubali Bank Limited	232,235	289,257
Rajshahi Bank Limited	42,482	42,641
Shahjalal Islami Bank Limited	3,063,501	3,977,142
Social Islam Bank Limited	7,448,493	54,746
Sonal Bank Limited	30,704	40,571
South Bangla Agriculture & Commerce Bank Limited	32,799	-
Southeast Bank Limited	18,136,359	55,980,547
Standard Bank Limited	149,832	11,567,310
The City Bank Limited	54,795,228	74,812,012
The Frontier Bank Limited	8,506,218	6,204,002
The Trust Bank Limited	50,328	6,620
Union Bank Limited	1,494,088	1,496,807
United Commercial Bank Limited	148,327	30,527
Utara Bank Limited	1,066,318	12,742
1,226,366,313	473,227,271	
Fixed Deposit Receipt		
AB Bank Limited	100,000,000	100,000,000
Dhaka Bank Limited	71,281,380	64,153,369
Export Import Bank of Bangladesh Limited	12,522,316	131,626,584
Midland Bank Limited	51,000,000	-
Musoni Trust Bank Limited	100,000,000	169,121,163
Union Bank Limited	100,000,000	-
Shahjalal Islami Bank Limited	30,172,250	29,113,975
Social Islam Bank Limited	5,300,215	4,792,215
South Bangla Agriculture & Commerce Bank Limited	150,000,000	150,000,000
Total	649,281,761	649,417,243
Total	841,670,759	1,128,082,893
Total Cash and Cash Equivalent	1,220,282,709	1,371,573,248

Notes To The Financial Statements

Figures in Taka

	2015	2014
3 CASH		
Cash in hand		
Local currency	63,095	75,697
Foreign currencies	-	75,697
Balance with Bangladesh Bank and its agent bank	278,548,895	243,414,948
Local currency		
Foreign currencies	-	-
Balance with other Banks and Financial Institutions	841,670,759	1,128,082,893
TOTAL	1,220,282,709	1,371,573,248
3.1 Cash Reserve Requirement (CRR) Statutory Liquidity Ratio (SLR)		
Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with Bangladesh Bank directives.		
3.1.1 Cash Reserve Requirement (CRR)		
Required reserve	257,851,000	243,000,000
Actual reserve held	720,430,000	745,090,000
Surplus/(deficit)	1,206,000	12,086,000
Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account in all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2015 there is no shortage in deposits.		
3.1.2 Statutory Liquidity Requirement (SLR)		
Required reserve	555,672,000	509,263,000
Actual reserve held	1,032,711,000	845,907,000
Surplus/(deficit)	478,040,000	335,824,000
Fixed deposit maintained with other commercial Banks and Financial Institutions for maintaining Statutory Liquidity Reserve as required by Bangladesh Bank. Bangladesh Bank regulations require maintaining Statutory Liquidity Reserve @ 5% including the CRR of 2.5% on total liabilities, excluding loans from Banks and Financial Institutions.		
3.2 Balance with Other Banks and Financial Institutions		
Current Account	524,902	33,552
All-Asian Bank Limited	49,527,778	5,271,515
Bank Asia Limited	1,016	1,016
Dhaka Bank Limited	2,470	2,797
Islami Bank Bangladesh Limited	4,865	4,765
National Bank Limited	48,533	-
National Credit & Commerce Bank Limited	-	4,484
Prime Bank Limited	4,012	-
Standard Bank Limited	54,122,865	5,338,078

Notes To The Financial Statements

Figures in Taka

	2015	2014
6 LOANS, ADVANCES AND LEASES		
a) Inside Bangladesh		
Lease Finance (a.i)		
Term Finance (a.i.i)	4,578,495,215	4,750,445,482
Staff Finance (a.i.ii)	11,309,890,780	8,946,837,174
State Finance (a.i.iii)	1,088,289,224	806,100,825
Essa Loan (a.i.v)	59,020,349	59,181,224
11,026,845,567	14,171,364,705	
a)ii Lease Finance		
Gross lease rental receivable	4,778,242,823	5,607,695,371
Less: Unearned interest income	(1,103,401,026)	(1,592,117,200)
Net Investment in Lease Finance	3,674,841,798	4,045,488,171
Accounts Receivable	263,831,598	500,818,594
Advance Against Lease Finance	627,792,608	1,298,138,717
Total Investment in Lease Finance	4,578,495,482	4,750,445,482
a)iii Term Finance		
Principal Outstanding	10,944,027,060	8,922,274,785
Accounts Receivable	364,063,720	254,262,389
11,308,090,780	9,176,537,174	
a)iv Real Estate Finance		
Principal Outstanding	920,145,147	683,753,777
Advance Against House-Building Finance	19,849,303	19,849,303
Accounts Receivable	107,860,147	113,970,788
1,047,854,597	817,573,868	
a)v Staff Loan		
This represent outstanding amount given to the eligible employees under Employee Benefit Scheme as per Company's approved policy.		
Loan Against Provident Fund	11,352,578	11,141,826
Staff Car Loan	17,291,480	17,417,883
Staff Consumer Loan	1,371,672	10,687,612
Staff House Building Loan	18,074,438	19,533,883
38,090,348	59,181,224	
Total	11,026,845,567	14,171,364,705
b) Outside Bangladesh		
Total Loans, Advances and Leases (a-b)		

Figures in Taka

	2015	2014
11 DEPOSITS AND OTHER ACCOUNTS		
Institutions		
Banks and Other Financial Institutions	3,882,598,488	3,022,294,489
Other Institutions	4,979,488,232	4,125,071,129
	8,862,087,720	7,147,375,618
Individuals		
Term Deposit Receipt	4,893,748,382	4,977,075,133
Monthly Savings Scheme	179,454,814	119,455,946
	5,073,203,196	5,096,531,080
Total	13,938,631,516	12,420,658,699
11.1 Movement of deposits :		
Balance at 1 January	12,420,658,699	10,516,899,507
Received/renewed during the year	6,949,664,200	5,557,331,345
Repayment during the year	(5,389,691,363)	(2,650,362,153)
Balance as on 31 December	13,938,631,516	12,420,658,699
11.2 Maturity wise Grouping		
Within 1 month	399,150,875	329,048,580
Over 1 month but not more than 6 months	1,038,452,144	826,407,689
Over 6 months but not more than 1 year	6,145,755,852	5,611,227,264
Over 1 year but not more than 5 years	5,929,336,519	5,159,999,159
Over 5 years	495,956,154	466,297,651
Total	13,938,631,516	12,420,658,699
12 OTHER LIABILITIES		
Provision for Loans, advances and leases/ Investments (Note 12.1)	429,602,189	580,374,763
Provision for Loans, advances and leases	239,745,344	257,782,261
Interest suspense (Note 12.2)	30,742,817	165,648,617
Financial expenses payable (Note 12.4)	715,522,656	671,048,884
Advance and security deposit (Note 12.5)	118,813,849	150,823,447
Accrued expenses and other payable (Note 12.6)	80,138,984	76,215,500
	1,674,294,349	1,905,869,594
12.1 Provision for Loans, advances and leases/Investments		
Provision for Loans, advances and leases	267,868,276	468,422,854
Provision for Investments	162,733,463	111,951,909
Total	429,602,189	580,374,763
12.2 Provision for tax		
Balance at 1 January	257,782,361	166,979,819
Provision made during the year	266,846,061	256,000,000
Transferred to/From	(294,691,878)	(104,197,460)
Balance at 31 December	229,936,544	217,782,361

Figures in Taka

	2015	2014
Provision for current tax		
The company calculated taxable profits/losses based on Income Tax Ordinance 1984 and determined current tax liability as per applicable rate enacted by Finance Act 2015		
12.3 Interest suspense		
Balance as on 1 January	169,844,739	100,382,416
Add: Transferred during the year	19,725,927	84,131,573
Less: Amount of interest suspense received	(27,899,679)	(14,708,290)
Write off during the year	(70,927,574)	-
Balance as on 31 December	90,743,417	169,844,739
Bangladesh Bank FID circular # 3 of 2006 requires that interest on loans/leases classified as SMA and above will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various facilities classified as SMA, S1, S2, S3, S4 and S5, has been set aside in this account.		
12.4 Financial expenses payable		
Interest Payable on Term Deposits Receipt (TDR)	676,455,637	648,670,549
Interest Payable on Monthly Savings Scheme	27,736,555	27,638,812
Interest Payable on Term Loan	11,330,864	50,523
	715,522,656	676,349,884
12.5 Advance and security deposit		
The amount received from clients as advance against finance and security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/installments or repaid at the end of term. This is made up as under:		
Balance as on 1 January	150,823,447	137,224,826
Received during the year	135,106,076	30,762,959
Repayment during the year	(166,376,674)	(17,164,438)
Balance as on 31 December	119,613,849	150,823,447
Breakup of advances and security deposits on the basis of category of finance is as under:		
Lease Finance deposit	77,979,762	65,177,894
Term Finance deposit	6,546,474	6,724,895
Real Estate finance deposit	1,411,797	1,446,787
Security Deposit	33,676,816	77,533,741
Total	119,613,849	150,823,447
Advance and security deposit reduce the exposure with the clients and thereby reduce the risks. No interest is payable on advances while security deposits are interest bearing.		

Figures in Taka

	2015	2014	
12.6 Accrued expenses and other payable			
Accounts Payable	732,174	1,066,465	
CSR Fund	5,954,812	5,395,424	
Deposit Claims	324,660	335,960	
Dividend Payable-Custody Account	763,117	763,117	
Other payables	5,066,294	1,635,480	
Provident Fund	-	6,344	
Provision for Employees' Gratuity	38,080,217	32,717,367	
Provision for Expenses	31,398,452	29,989,895	
Tax Deduction At Source & Excise Duty	6,075,073	8,038,892	
VAT payable	78,625	81,186	
Total	90,138,694	76,215,500	
13 SHARE CAPITAL			
Authorized capital			
300,000,000 Ordinary shares of Tk. 10 each	3,000,000,000	3,000,000,000	
Issued, subscribed and paid up capital:			
121,454,838 Ordinary shares of Tk. 10 each	1,214,548,380	1,214,548,380	
	229,844	(9)	
13.1 Pattern of shareholdings			
Sponsors (Institutions)	132,641,630	132,641,630	
Sponsors (Individuals)	536,482,890	533,499,660	
General Public (Institutions)	189,733,463	223,329,340	
General Public (Individuals)	284,223,130	315,474,730	
Total	1,214,548,380	1,214,548,380	
13.2 Classification of shareholders by holding (Regulation 37 of the Listing Regulation of DSE Limited)			
Shareholding range	Number of Shareholders	Shares	Percentage (%)
Less than 500 shares	2629	418,419	0.34
501 to 5,000 shares	3174	6,124,103	5.04
5,001 to 10,000 shares	475	3,538,862	2.91
10,001 to 20,000 shares	259	4,412,271	3.63
20,001 to 30,000 shares	107	2,692,226	2.21
30,001 to 40,000 shares	46	1,643,031	1.35
40,001 to 50,000 shares	30	1,865,597	1.53
50,001 to 100,000 shares	67	4,691,794	3.86
100,001 to 1,000,000 shares	80	20,471,165	16.85
1,000,001 to 10,000,000 shares	23	67,892,525	51.76
10,000,001 to 100,000,000 shares	1	13,954,163	10.92
	6931	121,494,636	100

Figures in Taka

	2015	2014
13.3 Capital requirement		
Paid up capital	1,214,548,380	1,214,548,380
Required capital	1,000,000,000	1,000,000,000
Capital Surplus/(Deficit)	214,548,380	214,548,380
14 STARTUP/RESERVE		
Balance as on 1 January	463,855,185	424,395,699
Add: Transferred from profit during the year	53,085,507	39,789,487
Balance as on 31 December	516,940,693	463,855,185
15 PROPOSED DIVIDEND		
The Board of Directors has recommended 20% cash dividend for the year ended December 31, 2015 subject to the approval of the shareholders' meeting and appropriate authority if required.		
16 RETAINED EARNINGS		
Balance as on 1 January	17,999,671	22,031,252
Add: Profit after tax for the year	285,427,535	189,947,437
Add: Amortized of Revaluation Reserve	19,180,638	80,873,978
Less: Proposed Dividend	-	(242,989,272)
Less: Transferred to statutory reserve	-	(38,498,407)
Income Tax	(1,327,136)	(984,297)
Balance as on 31 December	248,195,199	17,999,671
17 INCOME STATEMENT		
Income:		
Interest, discount and similar income (Note-18)	2,590,138,114	2,377,899,274
Dividend Income (Note-20)	19,180,638	29,706,100
Fees, commission and brokerage	-	-
Gain less losses arising from investment in securities (Note-20)	16,051,190	47,301,451
Interest less losses arising from dealing in foreign currencies	-	-
Income from Financial Institution's assets (Note-22)	43,000	1,815,694
Other operating income (Note-22)	138,018,765	121,022,842
Profit less losses on interest rate changes	-	-
Total	2,882,957,733	2,576,659,461
Expenses:		
Administrative expenses		
Salaries & Allowance (Note-23)	167,020,624	141,243,599
Rent, Taxes, Insurance, Electricity etc. (Note-24)	24,262,869	24,262,869
Legal expenses	638,844	65,833
Postage, Stamp, Telecommunication etc. (Note-25)	2,298,589	2,111,657
Stationery, Printing, Advertisement etc. (Note-26)	11,931,078	10,932,861
Managing Director's Remuneration	7,800,000	7,800,000
Directors' Fee (Note-27)	1,090,000	1,296,000
Auditors' Fee	1,000,000	1,250,000
	210,079,924	187,999,712

Figures in Taka

	2015	2014
18 INTEREST INCOME		
Income from lease finance	619,488,826	656,794,017
Income from real estate finance	124,297,831	119,185,797
Income from start up loan	4,773,232	4,728,159
Income from term finance	1,951,212,567	1,326,989,719
Interest during Construction Period	230,465,612	141,349,268
Overdue Interest	169,980,447	132,244,320
Total	2,500,138,114	2,377,899,274
19 INTEREST PAID ON DEPOSITS, BORROWINGS, etc.		
Interest on Bank Loan	122,506,776	69,714,186
Interest on money call & short notice	54,003,062	64,617,722
Interest on Monthly Saving Scheme	18,005,219	14,540,334
Interest on Term Deposit Receipts	1,501,230,470	1,490,787,048
Total	1,696,635,548	1,626,659,290
20 INCOME FROM INVESTMENT		
Capital gain on sale of Securities	16,651,190	47,301,451
Dividend Income	26,705,640	142,950
Total	44,356,834	75,921,951
21 COMMISSION, EXCHANGE AND BROKERAGE		
	-	-
22 OTHER OPERATING INCOME		
Commission against Letter of Credit (L/C)	1,532,545	758,551
Documentation Fee	10,747,427	495,864
Gain on sale of Fixed Assets	43,000	1,815,094
Income from Associates	27,388,741	-
Interest on Bank Deposits	72,971,077	60,660,717
Notarisation Fee	129,350	78,028
Proceeds on Final Settlement	1,644,719	14,795,627
Processing Fee	12,674,387	22,951,614
Revenue from Phoenix Bhaban	6,076,913	12,362,800
Salvage Value	5,625,308	5,449,703
Service Charge	2,967,697	3,458,958
Total	138,081,765	122,838,538

Figures in Taka

	2015	2014
23 SALARIES AND ALLOWANCES		
Employer's Salaries	118,675,374	101,496,345
Festival Bonus	6,762,345	6,281,247
Gratuity Fund	4,814,670	6,153,302
Income Bonus	30,095,266	25,000,000
Leave Fire Assistance	2,933,039	2,612,845
Total	162,960,824	141,543,599
24 RENT, TAXES, INSURANCE, ELECTRICITY etc.		
Electricity Bill	3,129,886	2,988,173
GAS & WASHA Bill	459,728	446,602
Holding & Vehicle Tax	444,020	372,213
Insurance Premium	462,294	419,496
Insurance Premium (Group)	1,724,600	1,814,459
Office Rent	18,042,513	17,659,930
Total	24,262,869	24,262,869
25 POSTAGE, STAMP, TELECOMMUNICATION etc.		
Internet Bill	353,130	245,363
Mobile Bill	891,304	1,111,366
Phone Bill	435,415	430,873
Postage, Stamp & Courier	528,721	324,055
Total	2,298,589	2,111,657
26 STATIONERY, PRINTING, ADVERTISEMENTS etc.		
Advertisement and Publicity	10,331,082	9,077,898
Books and Periodicals	116,426	116,426
Printing and Stationery	1,969,500	1,609,054
Total	11,817,078	10,803,661
27 DIRECTORS' FEES		
The Company pays fees to its Directors for attending the Board meetings and its Committee meetings as permitted by the Bangladesh Bank. As per Bangladesh Bank Circular, a Director may be paid fees for attending Board or its Committee meetings which shall not exceed Tk. 6,000 for attending each meeting. Details are as follows:		
Total Board Meetings (inc.)	12	12
Total Board Executive Committee Meetings (inc.)	14	24
Total Board Audit Committee Meetings (inc.)	4	4
Total fees paid (in Taka)	1,069,000	1,285,000
Total members of the Board (inc.)	11	10
Quorum for Board Meeting (inc.)	4	3
Average number of Directors present in the Board Meetings (inc.)	10	9
Quorum for Board Audit Committee Meeting (inc.)	2	2
Average no. of Directors present in the Committee Meetings (inc.)	2	6

Figures in Taka

	2015	2014
Non Administrative expenses		
Interest Fees and Commission (Note-19)	1,696,635,548	1,626,659,290
Losses on Loans and Advances (Note-30)	160,447,231	217,947,500
Depreciation and Impairment on Assets (Note-29)	71,599,680	80,701,475
Other Operating Expenses (Note-29)	2,911,214	28,137,272
Total	1,950,693,673	1,951,445,465
Excess of Income Over Expenditure	520,188,137	437,214,263
18 INTEREST INCOME		
Income from lease finance	619,488,826	656,794,017
Income from real estate finance	124,297,831	

Proxy Form

I/Weof
.....being shareholder(s) of
PHOENIX FINANCE & INVESTMENTS LIMITED and entitled to vote hereby appoint Mr/Ms
..... as my/our proxy to attend and vote for
me/us and on my/our behalf at the 21st ANNUAL GENERAL MEETING of the Company to be held on the 26th May, 2016
and/or at any adjournment thereof.

As witness my/our hand thisday of..... 2016.

.....
(Signature of Shareholder)

.....
(Signature of Proxy)

AFFIX
TK. 20/-
REVENUE
STAMP

Folio No./BO ID No.

No. of shares held

Dated.....

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

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

ATTENDANCE SLIP



I/We hereby record my/our attendance at the 21st Annual General Meeting of the Company being held on Thursday 26th May, 2016 at 11.30 a.m. at Institution of Diploma Engineers Bangladesh, 160/A VIP Road, Kakrail, Dhaka-1000.

Name of Shareholder/Proxy

Folio No./BO ID No. (Shareholder)

No. of Shares held.....

.....
Signature of Proxy

.....
Signature of Shareholder

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

Date: