

Annual Report
2020





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Our pride and respect

DEEN MOHAMMAD

Today, the growth of Bangladesh has enhanced, but not merely in one day. As days went by, it grew progressively.

Behind all these, there was a lot of remarkable contribution of many legends. The Bright Star, Great Legend Industrialist, Mr. Deen Mohammad was one of them. He was pioneer of industry, financial market and lot of others in Bangladesh. He inspired the new young generation to make Bangladesh a modern industrial country. Mr. Deen Mohammad started his business career in 1960 and established Phoenix Group of Industries, which is associated with Phoenix Textile Mills Limited, Phoenix Spinning Mills Limited, Phoenix Fabrics Limited and Eastern Dyeing & Calendaring Works Limited and others. He was Chairman of Phoenix Finance & Investments Limited, the founder Chairman of The City Bank Limited, Phoenix Insurance Company Limited and Phoenix Securities Limited. He has earned name and fame in Business Community for his honesty, integrity, dedication, hard work and high degree of sense of responsibility.

Mr. Deen Mohammad was charitable person never forgot the sufferings of the poor peoples and involvement with various social welfare activities. He was honored with Maulana Akram Khan Gold Medal and Jagadish Chandra Gold Medal. He was awarded Business Initiative Directions (BID) by a Spanish-based business firm.

Phoenix Finance Family always remembers the great Legend Mr. Deen Mohammad for his contribution.

Deen Mohammad (1938-2021)

Mr. Deen Mohammad was a Chairman of Phoenix Finance & Investments Limited, born on 3rd August, 1938 in a Muslim Family in Dhaka and passed away on 27th April 2021 at the age of 83 years. Late Deen Mohammad will live always through his contribution in the field of trade & commerce, industrialization, job creation and other social activities in the country. The family of Phoenix Finance always feels the great legend inexistence in the company and tries to implement his dream to build a better company in the Bangladesh.



Mobarak Ali (1939-2020)

Mr. Mobarak Ali a renowned business personality was a Director of Phoenix Finance & Investments Limited & The City Bank Limited. He was also director of the Phoenix Insurance Company Limited, Phoenix Securities Limited and Tiger Steel Re-Rolling Mills Limited. He was born on 12 April 1939 in a Muslim Family in Chattogram and died on 24th September 2020. He was very important member of the Phoenix Finance & Investments Limited and during his tenure his contribution was remarkable. Phoenix Finance family always remembers him for his contribution for the development of the company.



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Making a difference

We support consumers and small businesses through our retail banking services, and larger businesses and institutions through our corporate and investment banking services.

In the wake of an extraordinary year, we have refreshed our corporate Purpose and our Values to ensure they are relevant to today's world.

Our Purpose

We deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common goal and the long term.

Our Values

Respect

We harness the power of diversity and inclusion in our business, trust those we work with, and value everyone's contribution.

Integrity

We operate with honesty, transparency and fairness in all we do.

Service

We act with empathy and humility, putting the people and businesses we serve at the centre of what we do.

Excellence

We champion innovation, and use our energy, expertise and resources to make a positive difference.

Stewardship

We prize sustainability, and are passionate about leaving things better than we found them.



You can read more about our new Purpose at www.phoenixfinance.com.bd

Our Stakeholders

Having a strong Purpose and Values ensures we are able to deliver for all our stakeholders:

For our customers and clients

We help those who use our products, services and expertise realise their aspirations

For our colleagues

We support their health and wellbeing, enable them to build their career, and empower and motivate them to be able to provide excellent service

For society

Our success over the long term is tied inextricably to the progress of our communities, and the preservation of our environment

For our investors

We continue to build a strong, diversified business that can deliver attractive and sustainable returns

Our strategy

Our strategy is clear and simple. It defines the businesses that we will do and will not do. We use our resources to build competitive advantages. We have put in place a governance framework to ensure effective execution and risk management.

Our four strategic pillars

We value the relationship that we build with our client. Continue to focus on what we can control-providing our customers and clients with the best services and 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.

1

Focus on customers and clients

Putting them at the heart of the decisions we make about running our business and shaping it for the future

2

Continue digitalising

Enabling our customers and clients to engage with us in the way they want to, and making our business more efficient

3

Strengthen our diversification

Diversify our organisation by business, geography and income type to be more resilient to economic headwinds and future trends

4

Protect and strengthen our culture

Draw on our Purpose and Values to guide our choices as colleagues and as an organisation

Each of these components is complementary, with benefits from improvements in one reinforcing progress across the others. For example, we better meet our client needs by focusing on digitalisation, which in turn expands our product sets and strengthens diversification. This improves the resilience of the Company, increases efficiency and reduces cost and operational risk, while providing an improved experience and faster capability for our customers.

Our business model continued

across all of their financial needs ...

with our diverse range of products and services

employing our strengths ...

which allow us to be the trusted financial partner for all of our customers and clients

to deliver value to all our stakeholders

and fulfilling a vital role in the economies in which we operate

Move

We facilitate transactions and move money around the business.

Lend

We lend to customers and clients to support their needs.

Connect

We connect companies seeking funding with the financial markets.

Protect

We ensure the assets of our clients and customers are safe.

Invest and advise

We help our customers and clients invest assets to drive growth.

Brand and heritage

Our brand and heritage helps foster a strong relationship of trust with our customers and clients.

Diversified model

our diversified model strengthens our ability to deliver attractive and sustainable returns amidst economic uncertainty.

Digitalisation and innovation

Being at the forefront of innovation allows us to deliver excellent customer and client experiences and enables growth.

Service execution

We deliver effective and efficient services to our customer.

Customers and clients

Supporting financial goals for our customers and clients with products and services delivered through a superior offering.

Colleagues

Helping our colleagues across the world develop as professionals.

Society

Providing support to our communities, and access to social and environmental financing to address societal needs.

Investors

Delivering attractive and sustainable shareholder returns on a foundation of a strong balance sheet.

► Vision

We enable people,
businesses and society
to grow.

► Mission

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

Company Information

52-53

Head Office Address:

Eunoos Center (Level- 11)
52-53, Dilkusha C/A, Dhaka-1000
Tel : 02223389007-10
Fax : 880-02223387787
E-mail : mail@phoenixfinance.com.bd
pfil dhaka@gmail.com

Branches Address:

Principal Branch

Eunoos Center (Level- 11)
52-53, Dilkusha C/A, Dhaka-1000
Tel : 02223389007-10
Fax : 880-02223387787
E-mail : principal@phoenixfinance.com.bd

Chattogram Branch

Ayub Trade Center (2nd Floor)
1269/B Sk. Mujib Road Agrabad C/A,
Chattogram-4100
Tel : 02-333316980-81
Fax : 880-31-710086,
E-mail : chittagong@phoenixfinance.com.bd

Khulna Branch

Fatema Tower (1st Floor)
2A, KDA Avenue, Khulna-9100
Tel : 041-2831718, 0244112924
Fax : 0244112931
E-mail : khulna@phoenixfinance.com.bd

Bogura Branch

Amicus Center (3rd Floor) 416-417, Sherpur Road,
Bogura Sadar, Bogura-5800
Tel : 051-69828, 69769
Fax : 880-51-69769
E-mail : bogra@phoenixfinance.com.bd

SME Branch

Phoenix Bhaban (1st Floor)
12, Dilkusha C/A, Dhaka-1000
Tel : 02-9565537, 223384643, 223387823
E-mail : sme@phoenixfinance.com.bd

Uttara Branch

Zeenat Center-2 (3rd Floor)
House No. 111/A, Road No. 7, Sector No. 4
Uttara, Dhaka-1230
Tel : 58954462, 58954186
E-mail : uttara@phoenixfinance.com.bd

Imamgonj Branch

House No. 41 (2nd Floor)
Imamgonj, Chawkbazar, Dhaka-1211
Tel : 7342995, 7342766
Fax : 880-2-7342996
E-mail : imamgonj@phoenixfinance.com.bd

Dhanmondi Branch

Shah Court (2nd Floor), Plot No-84/2,
Road No. 7/A, Satmasjid Road
Dhanmondi, Dhaka - 1209
Tel : 880-2-55002096, 55002098
Fax : 880-2-55002097
E-mail : dhanmondi@phoenixfinance.com.bd

Gulshan Branch

Casablanca (4th Floor)
114 Gulsan Avenue, Gulsan, Dhaka-1212
Tel : +88-02-222263876, 222292874
Fax : +88-02-222284049
E-mail : gulshan@phoenixfinance.com.bd



Auditor

Malek Siddiqui Wali

Chartered Accountants
9-G, Motijheel C/A, (2nd Floor), Dhaka-1000, Bangladesh
Extension Office: Property Heights, (1st Floor)
12, R.K. Mission Road, Dhaka-1000
Phone : +88-02-9513471, 9569867
PABX : +88-02-9576118-9, 9576128
Fax : 88-02-9516236
E-mail : wali@satcombd.com
Web : www.msw-bd.com



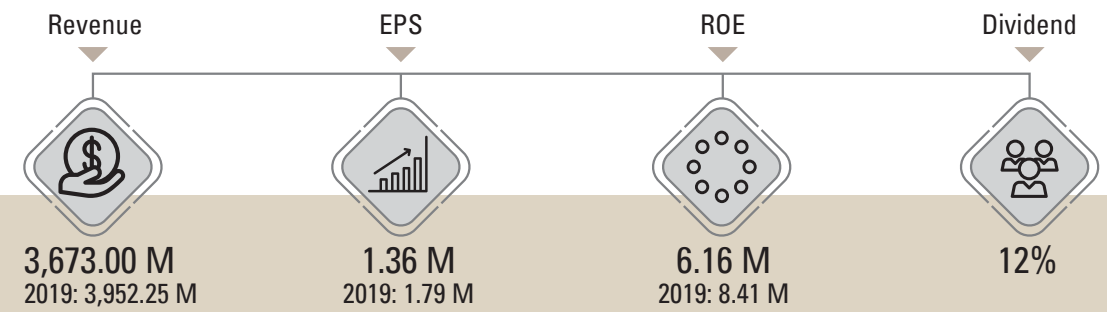
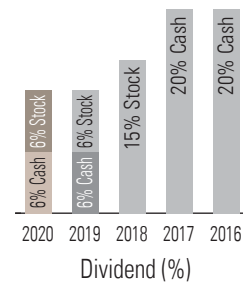
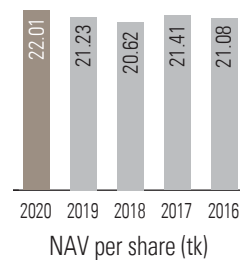
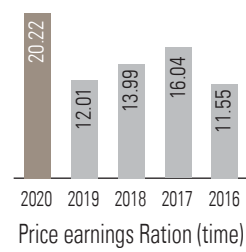
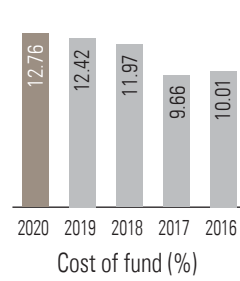
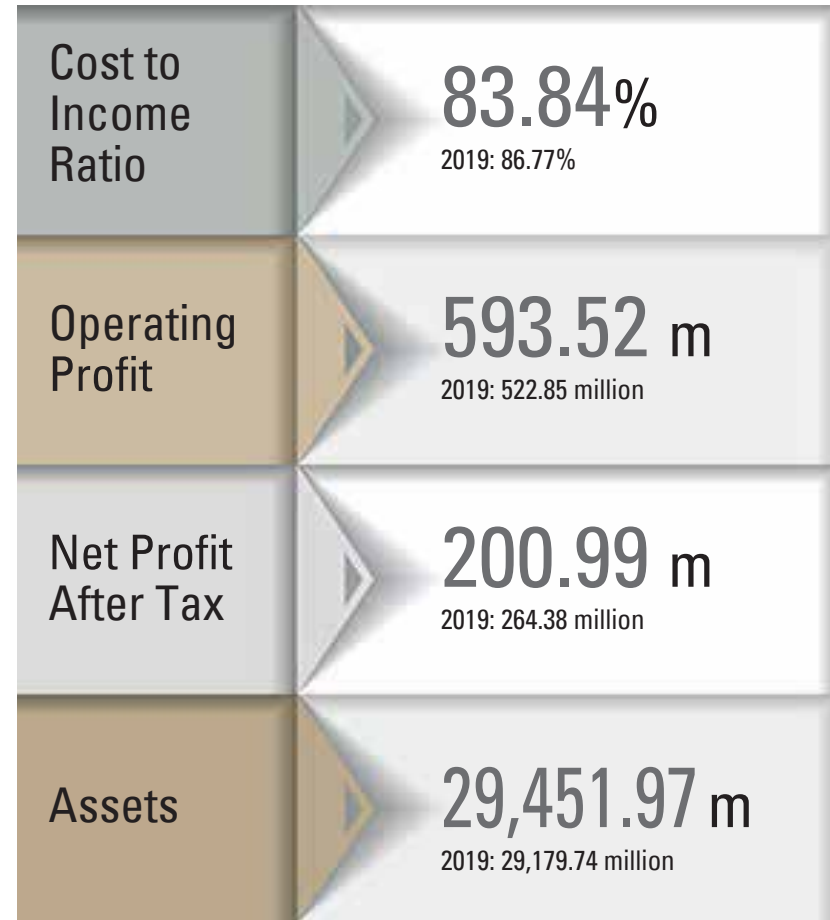
www.phoenixfinance.com.bd

Overview of 2020

Performance at a Glance 2020

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

Financial Value



The Board of Directors has recommended 6% Stock & 6% Cash Dividend subject to the approval of the Shareholders.

Milestone

April 19, 1995	▶ Incorporation
April 19, 1995	▶ Commencement of Business
May 09, 1995	▶ Licenced under Bangladesh Bank
September 21, 1995	▶ Signing of First Lease Agreement
April, 1996	▶ Member, Asian Leasing & Finance Association - ALFA
September 25, 1996	▶ Opening of Branch in Chattogram
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 Bogura
January, 2006	▶ Member, Institute of Bankers, Bangladesh - IBB
February 01, 2007	▶ Company changes name from PLC to PFIL
February 07, 2007	▶ Opening of SME Branch in Dhaka
February 12, 2007	▶ Acquisition of DSE Member Company
May 20, 2007	▶ Prospectus issued for IPO of PFIL
May 27, 2007	▶ Head Office shifted to Eunoos Center
September 25, 2007	▶ Listed with Dhaka & Chattogram Stock Exchange
September 27, 2007	▶ Trading of public shares of PFIL commenced
December, 2007	▶ Achieved Tk. 500 Crore Finance
August 28, 2008	▶ Opening of Uttara Branch in Dhaka
May 21, 2009	▶ Opening of Imamgonj Branch in Dhaka
August 10, 2010	▶ Opening of Dhanmondi Branch in Dhaka
July 03, 2011	▶ Opening of Principal Branch in Dhaka
May 24, 2012	▶ Opening of Gulshan Branch in Dhaka

Financial Highlights

in BTM Million

	2020	2019	2018	2017	2016
Authorized Capital	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Paid up Capital	1,481.02	1,397.19	1,214.95	1,214.95	1,214.95
Reserve & Surplus	1,779.22	1,746.90	1,666.08	1,386.76	1,346.06
Share Holders' Equity	3,260.24	3,144.09	2,881.03	2,601.71	2,561.01
Total Deposits	18,624.52	19,347.22	20,777.74	20,384.06	16,435.14
Total Assets	29,451.97	29,179.74	30,246.42	31,427.29	24,388.60
Investment Portfolio	26,345.82	26,722.04	27,587.37	29,526.19	22,292.59
Operational Revenue	3,673.00	3,952.25	3,998.07	3,377.66	2,851.63
Operational Expenses	3,079.48	3,429.40	3,191.56	2,536.25	2,170.04
Operational Profit	593.52	522.85	806.51	841.41	681.59
Net Profit Before Tax	339.32	448.66	474.34	588.59	556.20
Income Tax	138.33	184.28	191.52	303.48	273.23
Net Profit after Tax	200.99	264.38	282.82	285.11	282.97
Net Asset Value per share	22.01	21.23	20.62	21.41	21.08
Earnings per Share	1.36	1.79	2.02	2.35	2.33
Dividend					
Cash	6%	6%	-	20%	20%
Stock	6%	6%	15%	-	-
Return on Equity	6.16%	8.41%	9.82%	10.96%	11.05%
Return on Total Assets	0.68%	0.91%	0.94%	0.91%	1.16%
Non Performing Loans (NPL)	6.47%	7.06%	5.77%	4.94%	3.76%
Number of Branches	9	9	9	9	9
Number of Employees	129	134	139	132	137

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.1,481,019,600 divided into 148,101,960 ordinary shares of Tk.10 each and the total equity of the Company stood at Tk. 3,260,243,749 as on December 31, 2020.

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

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

ASSET PRODUCTS



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

CORPORATE SERVICES



- Syndication of Loan / Lease
- Corporate Advisory
- Investment Counseling

DEBT PRODUCTS



- Periodic Income Option
Monthly
Quarterly
Half-yearly
- All at Maturity Option
- Platinum Double Scheme
- Double Money Scheme
- Triple Money Scheme
- Monthly Saving Scheme(MSS)



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

Notice of the 26th Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of Phoenix Finance & Investments Limited will be held on September 30, 2021, Thursday at 11.30 a.m. through Digital Platform Link: <https://phoenixfinance.bdvirtualagm.com> to transact the following business:

AGENDA

1. To receive, consider and adopt the Directors' Report, Audited Financial Statements along with Auditors' Report thereon for the year ended on 31st December, 2020.
2. To declare 6% Cash Dividend & 6% Stock Dividend for the year ended on 31st December, 2020 as recommended by the Board of Directors.
3. To elect/re-elect Directors in place of those who retired by rotation in accordance with the Articles of Association of the Company.
4. To appoint/re-appoint the External Auditor of the Company for the year 2021 and to fix their remuneration.
5. To appoint/re-appoint Compliance Auditor of the Company for the year 2021 as per Corporate Governance Code of BSEC and to fix their remuneration.
6. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Sd/-

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director &
Company Secretary

Date : September 5, 2021

NOTES :

- i. The Record Date was on July 29, 2021 (Thursday). The Shareholders whose names appeared in the CDS/Register of Members of the Company on the Record Date shall be entitled to the dividend and participate the AGM.
- ii. Shareholders entitled to participate and vote at this virtual AGM may appoint a proxy to participate and vote. The Proxy Form, duly filled, signed and stamped at BDT 20/- must be sent through email to share@phoenixfinance.com.bd not later than 48 hours before commencement of the AGM.
- iii. Annual Report-2020 along with Attendance Slip, Proxy Form and Notice of the AGM are being sent to all the Shareholders by courier service/ post/ e-mail address available as per CDBL record. Members may also collect the Annual Report & Proxy Form from the Share Department of the company situated at Phoenix Bhaban (2nd Floor), 12, Dilkusha C/A, Dhaka-1000 or from the website of the company, i.e. www.phoenixfinance.com.bd
- iv. Concerned Depository Participants (DP) / Stock Brokers are requested to provide us with a list of their margin loan holders who held PFIL shares as on record date with the details of Shareholders' name, BO ID, shareholding position, cash dividend receivable, tax rate with their Bank Account name & number, routing number etc. within September 20, 2021 along with the name of their contact person to the Share Department of the Company situated at Phoenix Bhaban (2nd Floor), 12, Dilkusha C/A, Dhaka-1000 and share@phoenixfinance.com.bd.
- v. The shareholders will join the virtual AGM through the link <https://phoenixfinance.bdvirtualagm.com>. The shareholders will be able to submit their questions/ comments electronically before 24 (twenty-four) hours of commencement of the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) Account Number/ Folio Number.
- vi. Shareholders are requested to login to the system well ahead of the Meeting at appointed time for the AGM on Thursday, September 30, 2021. For any IT related guidance and help with the login process the respected members may contact at 01619558527
- vii. Bonus Shares and Fraction Bonus Shares (Stock Dividend) amount will be credited through CDBL System and Cash Dividend to the respective Bank Accounts of the shareholders through BEFTN.



Message from the Chairman

RESPECTED SHAREHOLDERS,

Assalamu Alaikum,

I am very inspired to have been privileged for presenting the Annual Report of the Company for the year 2020 before you. I also feel very happy to welcome you all on the event of the 26th Annual General Meeting of the Company on behalf of the Board of Directors. I would like to express our heartiest gratitude and sincere thanks for your continuous support and co-operation which has helped us to achieve the success.

DEAR SHAREHOLDERS,

The year under review saw Phoenix Finance & Investments Limited (PFIL) clearly forging ahead, and becoming an impactful Company within the Finance Sector of Bangladesh. It's strategic and financial performance during the year was commendable given the challenging operating environment. It is a clear affirmation of our Commitment to deliver consistent value to our shareholders whilst ensuring we enhance our equity base, to empower our growth strategy and comply with the regulatory and prudent capital requirements.

The year 2020 showed us the vulnerability of the socio- economic order in our world from an unpredictable phenomenon like a global pandemic. The sudden outbreak of Covid-19 with it's swift, unstoppable spread to all corners of the planet brought the fictions and movies into reality. It spared none. It created havoc across societies irrespective of cast, creed or color, across countries rich or poor, developed or under-developed. This pandemic is still showing us how vulnerable we humans are amidst all our knowledge and technological prowess, in an era when we are capable of inter-planetary travel and setting up colonies on other planets. This unprecedented pandemic has spread so fast and with such fury that we practically locked ourselves in and shut down our activities for much of 2020. The lockdown along with the huge death toll, the fear and panic among people, inadequacy in healthcare capabilities, delays in decisions by governments and leaders has resulted in unprecedented economic disruption across the globe that led the global GDP to shrink by 4.3% in 2020, according to the latest IMF data.

Bangladesh was also not spared by this pandemic - GDP growth rate slumped to 5.24%, lowest since 2009. However, Bangladesh is one of the few economies in the world which has shown strong resilience to COVID 19 pandemic. Thanks to our strong agricultural base, uninterrupted industrial production specially in last half of the year, record remittance, prudent and timely decision by Government and Central Bank and declaration of stimulus package by Government to help industries and SMEs to fight back.

DEAR SHAREHOLDERS,

We always consider the welfare of our stakeholders over the growth and profitability as we strongly believe that we have a great responsibility towards the society. At the beginning of March 2020, when the COVID 2019 broke out, we have changed our traditional strategies and prioritized the health and safety of our employees, customers, the board of directors and shareholders which resulted in implementation of new concepts of work from home, customer service through digital ways and AGM over digital platform.

DEAR STAKEHOLDERS,

In 2020, the total asset of the Company stood at Tk. 29,451.97 million showing a increase of 0.93% as against the year 2019. Outstanding Investment portfolio stood at Tk 26,345.82 million at the end of December 2020, increased by 1.41% compared to Tk 26,722.04 million at the end of December 2019.

From collection perspective, it was a very challenging year as many businesses were affected by the liquidity crisis for a long period. The entire Management had to devote with extra efforts to ensure timely payments. At the same time, active efforts were also undertaken to recover from long standing problem exposures.

The intensive and proactive monitoring yielded better result and the Non-Performing Loan ratio was kept within 6.47% in 2020. The level of yearly provisioning also maintained satisfactorily.

Shares of Phoenix Finance & Investments Ltd. are quoted on the Bangladeshi Stock Exchanges (DSE & CSE) and the Market Capitalization of the Company stood at around Tk 4,072.80 million and Shareholders' Equity stood at around Tk 3,260.24 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.

This achievement 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 6% Cash Dividend and 6% stock Dividend for the year 2020 subject to the approval of the Shareholders in the 26th 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 Dividend will be an event of inspiration for your investment decision. We are optimist for receiving higher rate of dividend in the coming years.

DEAR PATRONS,

Good Corporate Governance is vital for efficient and effective business operation, long-term stability and sustainable growth for any organization. The corporate governance in Phoenix Finance & Investments Limited is designed to ensure transparency and accountability at all levels in doing business. It also ensures that duties and responsibilities are appropriately segregated between the Board and Management to provide sufficient check and balance and flexibility for smooth business operations. The Board provides leadership and direction for the Management, approves strategic and major policy decisions and 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 involve in a number of Corporate Social Responsibility (CSR) activities throughout the year, including a number of donations towards Health, Education and Charitable causes. The Company also complies with its obligation towards

the environment and wishes to be a partner in sustainable development through participation agreement with Bangladesh Bank's Refinancing Scheme in the Small & Medium Enterprise (SME) Sector, Green Banking Policy and others.

DEAR PATRONS,

I believe that 2021 will bring new optimism and an improved platform for business, giving us the confidence that we will achieve our Business Plan for the coming year. We will remain committed to corporate and social responsibilities and in all of our actions, we will strive to ensure that all economic, environmental and social factors are taken into consideration. We believe that this approach, driven by our principles of respect, trust and customized service, makes us more passionate to achieve success under a team work.

DEAR SHAREHOLDERS,

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

I also thank our Management and the members of the staff under the able leadership of the Managing Director for their loyalty, support and relentless efforts for Company's qualitative and quantitative improvements.

I respect their zeal to work hard to reach newer heights of success.

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

The year 2021 will bring its own avenues of successes and challenges, but our direction is crystal clear. We will continue to focus intently on what we can control-providing our customers and clients with the best services and most comprehensive financial solutions in the market, managing our costs and doing our part to keep the economy moving forward. We look forward to your continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

May Almighty Allah bless us.

Wishing you all the best.



Azizur Rahman
Chairman

The Board of Directors

The Board of Directors



Mr. Azizur Rahman

Chairman
Representing Phoenix
Insurance Co. Ltd.



Mr. Mohammed Mohsin

Director



Mrs. Meherun Haque

Nominee Director
Representing Phoenix
Insurance Co. Ltd.



Mr. Md. Jamirul Islam

Nominee Director
Representing Phoenix
Insurance Co. Ltd.



Mr. Dost Mohammad

Nominee Director
Representing Phoenix Insurance Co. Ltd.



Mr. Md. Rafiqur Rahman

Nominee Director
Representing Phoenix
Insurance Co. Ltd.



Ms. Shabnaz Sultana

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



Mr. Reshad Imam

Independent Director



Mr. S. M. Intekhab Alam

Managing Director

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



Board Regulators

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



Deep financial knowledge and experience

Most of the Board Members are professional businessmen, while the rest have extensive industry experience ranging from consumer goods to accounting.



Board independence

A majority of our directors including the Chairman are non-executive and independent directors.



Board Review

The Members of Board of Directors' collective wisdom substantially contributed to our success.

Board of Directors' Profile

MR. AZIZUR RAHMAN

Chairman

Representing Phoenix Insurance Co. Ltd.

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

MR. MOHAMMED MOHSIN

Director

Mr. Mohammed Mohsin is a businessman having wide experience with family business in various sector. He participated in a numbers of Trade Seminars and Workshops organized by different organizations at home and abroad.

MRS. MEHERUN HAQUE

Nominee Director

Representing Phoenix Insurance Co. Ltd.

Mrs. Meherun Haque is a renowned business personality having years of experience in various Companies as Director and Sponsors. He is the daughter of the founding Chairman of Phoenix Group. She uplifts her career in the Service Sector of the Country and established herself in the Insurance and Banking Sector accordingly. She also engaged with Social and charitable activities, travelled many Countries and participated with various Business Programme at Home and aboard.

MR. MD. JAMIRUL ISLAM

Nominee Director

Representing Phoenix Insurance Co. Ltd.

Mr. Md. Jamirul Islam is a Corporate Professional person having vast experience in various Companies at higher Management level. At present, he holds the position of the Managing Director of Phoenix Insurance Co. Ltd. one of the leading Insurance Company of the Country. He participated in a numbers of Trainings, Seminars and Workshops organized by Govt. agencies, Regulatory and Professional bodies.

MR. DOST MOHAMMAD

Nominee Director,

Representing Phoenix Insurance Co. Ltd.

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

MR. MD. RAFIQR RAHMAN

Nominee Director

Representing Phoenix Insurance Co. Ltd.

Mr. Md. Rafiqur Rahman is a Corporate Professional person having 23 years of experience in various Companies at higher Management level. He obtained Masters Degree in Accounting from Dhaka University. He also completed Chartered Accountancy Articleship from MalekSiddiqueWali, a renowned C.A. Firm and also obtained Bachelor of Law (LL.B) from World University of Bangladesh. He participated in a numbers of Trainings, Seminars and Workshops organized by Govt. agencies, Regulatory and Professional bodies. At present, he holds the position of Company Secretary and Executive Director in Phoenix Insurance Co. Ltd.

MS. SHABNAZ SULTANA

Nominee Director

Representing Pakiza Cotton Spinning Mills (pvt.) Ltd.

Ms. Shabnaz Sultana, Nominee Director is a young businessman. Her business career started in an established large dyeing & printing units in the country named Pakiza Textile Ltd. and Pakiza Spinning Mills Ltd. She is a Director of Pakiza Cotton Spinning Mills (pvt.) Ltd. She has traveled widely in most of the countries of the world in connection with his trading business and industries. She is a well-educated and managing the family business for the last 12 years. She is also involved with social and economic activities at home and abroad.

MR. RESHAD IMAM

Independent Director

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

MR. S. M. INTEKHAB ALAM

Managing Director

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

Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BIBM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Ltd. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal-2008" for his outstanding performance in the Financial Sector. With 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
Azizur Rahman

Members
Mohammed Mohsin
Shabnaz Sultana

Audit Committee of the Board of Directors

Chairman
Reshad Imam

Member
Azizur Rahman

Senior Management

Senior Management

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



01

S. M. Intekhab Alam
Managing Director



02

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary



03

Md. Abu Sukkur, FCGA, FCS
EVP, Head of Finance & Accounts



04

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



05

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



06

Mohammed Ashaduzzaman
SAVP, Head of Treasury & Liability

01 S. M. INTEKHAB ALAM
Managing Director

Young and Investment Banking personality, S. M. Intekhab Alam is currently carrying out his responsibility as the Managing Director of Phoenix Finance & Investments Ltd. since 1st January 2008. He is an MBA, major in Finance from Institute of Business Administration (IBA), University of Dhaka. S. M. Intekhab Alam started his career with the Banking Sector of Bangladesh in the year 1990. As provationary officer of Pubali Bank Limited. As a man of great integrity and sincerity, Mr. Alam performed his duty and responsibility and enhanced his bright career in seven local and foreign banks such as Pubali Bank Limited, ANZ Grindlays Bank, Standard Chartered Grindlays Bank, BRAC Bank Limited, The Premier Bank Ltd. and Southeast Bank Ltd. in different capacities. Within a short period of time, he rose to the zenith position of banking and financial sector, which is very rare. Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BIBM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Limited. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal-2008" for his outstanding performance in the financial sector.

As a result of his sincere contribution to, Phoenix Finance & Investments Limited, it has been awarded with the International Star Award for Quality (ISAQ) in the Gold Category from Business Initiative Directions (BID), a prominent business organization based in Madrid, Spain for its commitment to excellence, innovation, customer satisfaction, technology, leadership and strategic planning. He attended the Prize Giving Ceremony in Geneva, Switzerland held on 06th September, 2010.

02 MOHAMMAD SAYDUZZAMAN
FCA, FCS
Deputy Managing Director & Company Secretary

Mr. Sayduzzaman is working as the Deputy Managing Director & Company Secretary. He also discharge the responsibility as Head of Human Resources, Logistics, Public Relation and Credit Administration Division of the Company. 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.

03 MD. ABU SUKKUR, FCGA, FCS
EVP, Head of Finance & Accounts

Md. Abu Sukkur, well educated both in academic and professional side, joined Phoenix Finance and Investments Limited (PFIL) in March, 1998. Currently he holds the position of Executive Vice President and Head of Finance & Accounts of the Company. Mr. Abu Sukkur started his career with a reputed Insurance company named National Life Insurance Company Ltd. in the year 1992. He attained vast experience in the 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 a Fellow Member of the Institute of Chartered Secretaries of Bangladesh, the Institute of Certified General Accountants of Bangladesh, Member of the Institute of Personnel Management of Bangladesh and Member of the Institute of Internal Auditors of Bangladesh.

04 **MOHAMMED MAHBUB ALAM**
SVP & 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 SVP and 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 21 years of financial services experience and held various positions. He started his career with Uttara Bank Ltd. as Officer Grade-1 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 & SEDF, ICAB, ICMA, Uttara Bank Training Institute, National Bank Training Institute, ONE Bank Training Institute and BSEC.

05 **SARDAR MAHBUB ALI**
VP & Head of Internal Control and
Compliance Division (ICCD)

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

06 **MOHAMMED
ASHADUZZAMAN**
SAVP, 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/Unit/Cell/Desk/Team

MANAGEMENT COMMITTEE (MANCOM)

S. M. IntekhabAlam
Managing Director

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division (CC)

ASSET LIABILITY COMMITTEE (ALCO)

S. M. IntekhabAlam
Managing Director

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

CREDIT COMMITTEE

S. M. IntekhabAlam
Managing Director

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

BASEL II IMPLEMENTATION COMMITTEE

S. M. IntekhabAlam
Managing Director

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

BASEL II IMPLEMENTATION DESK

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Md. AbdusSobur
Senior Principal Officer

COMPLAINT CELL

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

ICT Steering Committee
Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division
(CC)

ICT SECURITY COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division
(CC)

ICT Risk Management Committee
Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division
(CC)

COMPUTER INCIDENT RESPONSE TEAM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division
(CC)

Muhammad BadrulManir
Principal Officer

Sk. Aktarul Alam
Principal Officer

Committee/Unit/Cell/Desk/Team

SUSTAINABLE FINANCE COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

SUSTAINABLE FINANCE UNIT

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Shahzada Selim
Senior Principal Officer

Razwanul Kabir
Senior Principal Officer

Rahat Mahmud Bappi
Senior Principal Officer

Tapash Kumar Paik
Senior Officer

Mahmudul Hassan Parvez
Senior Officer

WOMEN ENTREPRENEUR DEVELOPMENT UNIT

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Rahat Mahmud Bappi
Senior Principal Officer

ETHICS (NAITIKATA) COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director
Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

INTEGRITY STRATEGY IMPLEMENTATION CELL

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Razwanul Kabir
Senior Principal Officer

Md. Sajedur Rahman
Senior Principal Officer

Sabbirul Haque Chowdhury
Senior Principal Officer

Mahmudul Hassan Parvez
Senior Officer

INNOVATION TEAM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Razwanul Kabir
Senior Principal Officer

Md. Sajedur Rahman
Senior Principal Officer

RISK MANAGEMENT FORUM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Sardar Mahbub Ali
Head of Internal Control & Compliance
Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division
(CC)

RISK ANALYSIS UNIT

Md. Sajedur Rahman
Senior Principal Officer

Sk. AktarulAlam
Principal Officer

CENTRAL COMPLIANCE UNIT (CCU)

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & CAMLCO

Sardar Mahbub Ali
Head of ICCD & DCAMLCO

Mohammed Mahbub Alam
Head of CRM Division

Mohammed Ashaduzzaman
Head of Treasury Division

Md. Sajedur Rahman
Senior Principal Officer, ICCD

Committee/Unit/Cell/Desk/Team

CENTRAL CORE RECOVERY UNIT (CCRU)

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Razwanul Kabir
Senior Principal Officer

CORPORATE SOCIAL RESPONSIBILITY (CSR) UNIT

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Shahzada Selim
Senior Principal Officer

Mahmudul Hassan Parvez
Senior Officer

STRESS TESTING TEAM

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Md. AbdusSobur
Senior Principal Officer

INTEGRATED SUPERVISION SYSTEM (ISS) DESK

Md. Abu Sukkur FCGA, FCS
Head of Finance & Accounts Division

Mohammed Ashaduzzaman
Head of Treasury Division

Razwanul Kabir
Senior Principal Officer

Md. Shahjahan Bhuiyan
Senior Principal Officer

Rahat Mahmud Bappi
Senior Principal Officer

Md. Abdus Sobur
Senior Principal Officer

Sk. Aktarul Alam
Principal Officer

Mahmudul Hassan Parvez
Senior Officer

DISASTERS RESPONSE TEAM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director

Mohammed Mahbub Alam
Head of Credit Risk Management
Division

Mohammad Arshed Rasheed
Head of Information Technology Division
(CC)

Shahzada Selim
Senior Principal Officer

Razwanul Kabir
Senior Principal Officer

Managing Director's Review

HONORABLE SHAREHOLDERS,
RESPECTED MEMBERS OF THE BOARD
OF DIRECTORS AND MY COLLEAGUES,

Assalamu Alaikum,

We passed a year facing the toughest challenge in the history; unpredictable and unbelievable business and macro-economic environment with a lot of uncertainty about future economic activities caused by Covid-19 pandemic which resulted in matchless economic crisis globally in 2020, responding to which we needed to set unrivalled strategy to ensure better survival. The economic crisis from the pandemic hit Bangladesh even before official announcement of the first infection as it started from China, which is the largest trading partner of Bangladesh, and then it spread in Europe which covers around 60% of country's export market. Nation's economy halted after general holiday was declared by the government in March 2020 after confirming maiden Covid-19 and death case. The main index of the stock market dropped drastically in the second half of March 2020 when exports hit bottom most.



“We firmly believe that we have a committed, sincere, hardworking team who can make the dreams true by meeting financial and operational objectives of the Company as well as the needs and expectations of our customers and people of the country as well.”

We're delivering our capabilities how, where and when our customers and clients want them through our expertised team.



However, presently we are living in unprecedented times with COVID-19 claiming millions of lives globally including Bangladesh and destroying the livelihoods due to extended lockdowns and impacted economic activity. In that time, the government of Bangladesh declared one of the world's largest stimulus package of BDT 120,000 crore with cooperation from multilateral banks and bilateral partners which is basically in the form of loan with subsidized interest rate. It capped bank interest rates below single digit to ensure low borrowing rate of fund. Key regulator, Bangladesh Bank, put a halt on classification status of assets for the full year of 2020. Economic recovery from Pandemic was vastly carried by farmers, expatriates, bankers when robust inflow of remittance lifted the country's foreign exchange reserves to a new record. After sensing the situation as under control, the government withholds lockdown in June which finally proved to be a very brave step. With all these combined efforts, uncertainty and hazardous socio-economic environment started to improve during last quarter of 2020. Combining government support programmes and regulatory support with our bit by bit analysis, strategy, devotion, Group synergy put us in a position to end the year not only as a survival year but also as another successful one.

In response to the crisis from the pandemic, we have played a timely but accurate role with precise and sensible strategy to save life, health along with financial status of our internal and external stakeholders, which includes arranging remote workspace, continuing support to customers through proper safety measures. We emphasized on maintenance of asset quality, continuous customer support utilizing robust and sophisticated technology. We have delivered a reasonable result in 2020 for shareholders, customers and employees given the significant challenges facing the Company and the industry. We look towards the future with optimism and a deep sense of responsibility towards nation-building. A fast-paced economy like our country needs a robust financial ecosystem to flourish; and the Finance sector has always been at the vanguard in supporting the country's growth aspirations. We have expanded our reach across the country and have emerged as a reliable Financial Institution we operate in.

It is a great pleasure and opportunity for me to present the overall performance for the year 2020 and future aspirations

of our esteemed Financial Institution. The year 2020 gave us an opportunity to focus on redefining our profit centers, strengthening our Human Resources and ensuring compliance and core risks. We believe that our efforts would help the Company to face unforeseen shocks and achieve sustainable growth in the years to come.

However, I would like to draw your attention to the satisfactory performance of Phoenix Finance & Investments Limited in many avenue of the Business amidst the global crisis arises due COVID 19 pandemic and national challenges confronted by the Finance Industry over the whole year of 2020. As on December 31, 2020, total Assets of the Company stood at Tk. 29,451.97 million showing a increase of 0.93% as against Tk. 29,179.74 million in the year 2019.

The Investment recorded 1.41% decrease with a total portfolio of Tk. 26,345.82 million at the end of December 2020, compared to the year 2019. In 2019, it was decreased 3.14% with a total portfolio of Tk. 26,722.04 million at the end of December 2019 compared to Tk. 27,587.37 million at the end of December 2018.

The Paid up Capital of the Company recorded at Tk. 1,481.02 million as on 31st December, 2020. The Company also maintains Capital Adequacy Ratio at 11.54% which is above the required Margin of Adequate Capital Ratio for NBFIS @ 10%. Reserve & Surplus Tk. 1,779.22 million and Shareholder's Equity stood at Tk 3,260.24 million reflecting reasonable growth. Earnings per share (EPS) stood at Tk. 1.36 during 2020. NAV stood at Tk 22.01 per share. Average Cost of Fund increased to 12.76% during the year compared to 12.42% in the preceding year due to increase of Interest Rate on borrowing.

The Non-Performing Loan (NPL) ratio was 6.47% of total loan as on December 31, 2020, which was 7.06% in the previous year which is well comparable. The Company has made adequate provisions against classified loans as per Bangladesh Bank Guidelines. Strong recovery drives continued all over the year and monitoring is done regularly to reduce the quantum of classified loan. Term Deposit Balance of Tk 18,624.52 million as on December 31, 2020 compared to Tk. 19,347.22 million of the previous year decreased by 3.74%. The company has well balanced branch network and high standard products and services along with competitive interest rate offered to

customers over the previous year, in the form of all traditional manners including Monthly Deposit Schemes.

During the year 2020, after making all provisions including general provisions on unclassified loans, profit before tax stood at Tk 339.32 million. The Net profit of the Company stood at Tk 200.39 million in 2020 compared to Tk. 264.38 million in 2019.

In 2020, despite a challenging environment we have been able to strengthen the basic foundation of our profit centers for a rapid and sustainable growth in future. The growth has mainly resulted from quality investment in large corporate Organizations. It will make you inspired to know that the Board of Directors of the Company recommended Cash Dividend @6% and Stock Dividend @ 6% to its Shareholders for the year 2020 subject to the approval of the Shareholders in the 26th AGM of the Company. The Board also optimized that the rate of dividend would be increased in the years to come.

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

Corporate Social Responsibility (CSR) activities of our Company continued to rise considerably. The Company extended support to the socially relevant activities and proved its strong participation to the CSR activities through donation to promote Education, Health and for the well being of under privileged population segments and emergency support in humanitarian distresses.

A high quality and competent human resource is essential for continued growth and success of the Company, which can be achieved by improving skill, knowledge and productivity of the employees. Keeping this in view, we emphasize on the human resources development through imparting trainings both in home and abroad. In order to provide better and faster services to the clients by a team of skilled work forces, we are offering healthy working environment and competitive compensation packages.

With the increase of the branch network and product diversification, the challenge of timely recruitment of motivated human resources for the branch offices and Head Office as well for expanding businesses was met successfully.

Our Company also complied with all norms of Corporate Governance Guidelines as imposed by the Bangladesh

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

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

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

Finally I need to mention here that my heart goes out to the families of all those who have lost their family members in the Pandemic situation. Let me also on behalf of our Company salute our healthcare workers and front liners who have risked their lives in this battle against a raging pandemic. Let us find strength in the hope of a better future, riding out the health crisis and recovering from the financial predicaments.

May Allah bless us.

Thanking you all

Wishing a prosperous coming year 2021.

Regards



S. M. Intekhab Alam
Managing Director

Head of Branches

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



01

Shireen Akter Karim
SEVP & Head of
Principal Branch



02

Farzana Sultana
SAVP & Head of
Uttara Branch



03

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



04

**Mohammad Habib
Ullah Chowdhury**
SAVP & Head of
SME Branch



05

Md. Rumman Hossain
SAVP & Head of
Gulshan Branch



06

**Mohammad
Mizanur Rahman**
AVP & Head of
Chottogram Branch



07

**Mohammad Tuhin
Khandaker**
AVP & Head of
Dhanmondi Branch



08

A. S. Mostafa Zaman
FAVP & Head of
Khulna Branch



09

Abdullah-Al-Mamun
SPO & Head of
Imamgonj Branch

01 SHIREEN AKTER KARIM
SEVP, Head of Principal Branch

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

02 FARZANA SULTANA
SAVP & Head of Uttara Branch

Farzana Sultana, Senior Assistant Vice President & Head of Uttara Branch is discharging her duties as Head of Branch from July 01, 2019. She joined in Phoenix Finance & Investments Limited (PFIL) on October 2016 at Credit Administration Division (CAD) before taking the charge of Uttara Branch. In her 16 (sixteen) years career she worked at different areas of Banks and Non-Banking Financial Institutions (NBFIs). Before joining in PFIL, she worked in BRAC Bank Ltd. and ONE Bank Ltd. as Assistant Vice President & Unit Head, Corporate Loan at Credit Administration Division (CAD) for long time. She also worked in Bangladesh Finance and Investment Co. Ltd. as Assistant Manager, Credit & Marketing, before joining in BRAC. Before starting her career job she also worked in ANZ Grindlays Bank Ltd. (now Standard Chartered Bank Ltd.), Grameen Bank, and Management Consulting Group (MCG).

Ms. Farzana completed her BBA and MBA Program with major in Marketing from Institute of Business Administration (IBA), Jahangirnagar University on year 2000 and 2002 respectively. Presently she is doing Doctor of Business Administration (DBA) Program at Institute of Business Administration (IBA), University of Dhaka, with the area of concentration in Corporate Finance.

Some of the significant training programs are attended by her; "Foundation Course on Banking" and "Documentation and it's Legal Aspects" organized by BIBM, "Foundation Course on Leasing" organized by BLFCA, "Credit Appraisal and Corporate Documentation", "Internal Control & Compliance" & "Service Quality" organized by BRAC Bank Ltd., and "Alternative Dispute Resolution (ADR)" organized by Bangladesh International Arbitration Center (BIAC).

03 N. A. M. SALIMULLAH
SAVP & Head of Bogura Branch

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

04 MOHAMMAD HABIB ULLAH CHOWDHURY
SAVP & Head of SME Branch

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

05 MD. RUMMAN HOSSAIN
SAVP & Head of Gulshan Branch

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

06 MOHAMMAD MIZANUR RAHMAN

AVP & Head of Chottogram Branch

Mohammad Mizanur Rahman, Assistant Vice President & Head of Chottogram Branch has joined Phoenix Finance & Investments Limited, Head Office Dhaka on 5th March, 2005 as Probationary Officer. Prior to joining this company he worked in many organizations. Such as Amnesty International Bangladesh, The Medical Health & Welfare Trust, Bari Group of Industries etc. His total length of service is 25 (twenty five) years. Mr. Mohammad Mizanur Rahman obtained M.Com in Accounting from Dhaka College, Dhaka. He also completed Chartered Accountancy Article Ship from Mijan Rahman Bhuiyan & Co. Chartered Accountant, Dhaka and He has also completed MBA in Marketing from Southern University, Chittagong. Mr. Mohammad Mizanur Rahman participated in various trainings, seminars and workshops organized by Central Bank and others Professional Institutions.

07 MOHAMMAD TUHIN KHANDAKER

SAVP & Head of Dhanmondi Branch

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

08 A. S. MOSTAFA ZAMAN

FAVP & Head of Khulna Branch

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

09 ABDULLAH-AL-MAMUN

SPO & Head of Imamgonj Branch

Abdullah-Al-Mamun is Working Senior Principal Officer & Head of Imamgonj Branch. Obtained BBA & MBA Degree from University of Dhaka. Mr. Mamun joined at Phoenix Finance & Investments Limited in August 9, 2010 as Management Trainee. Prior to joining this company, he worked as MTO of The Premiere Bank Limited and former Executive HR of M & J Group. He is very Dynamic, Energetic and Conversant with Team Working environment and leadership performance. Within his service tenure number of Professional Training, Seminar, Workshop and Symposium has been participated by him.

Golden Moment of Phoenix Finance





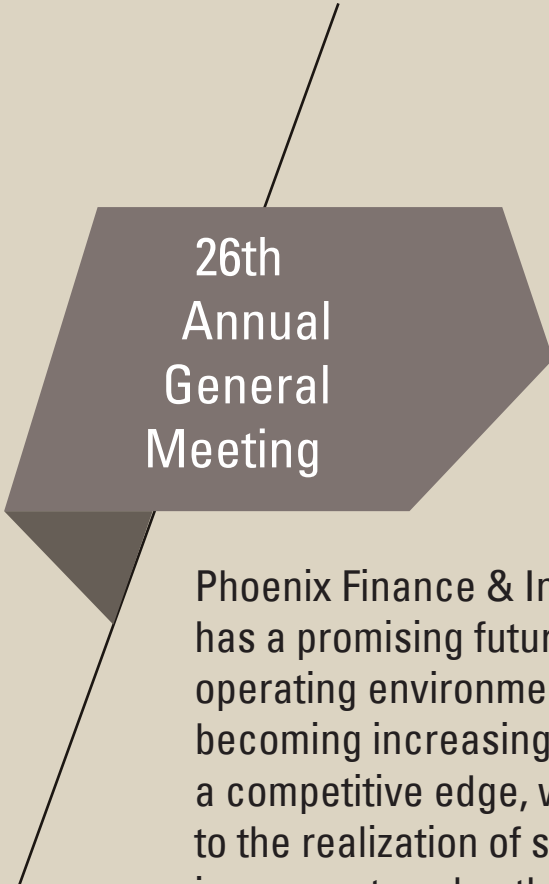
2019

25th Annual General Meeting



September 17, 2020
Thursday at 11.30 a.m.

Digital Platform Link:
<https://phoenixfinance.bdvirtualagm.com>



26th Annual General Meeting

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

Directors' Report 2020

Bismillahir Rahmanir Rahim,

Dear Shareholders,

On behalf of the Board of Directors of Phoenix Finance & Investments Limited, I feel very happy to welcome you in the 26th Annual General Meeting of the Company. The Board of Directors takes the pleasure in presenting the Annual Report for the year 2020 which includes among others the Financial Statements for the year ended on December 31, 2020 and Audit Report thereon. This Annual Report has been prepared in compliance with Companies Act 1994, Financial Institutions Act 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission and Bangladesh Bank and other Regulatory Authorities. A brief overview of World Market Trend with the Performance of Bangladesh Economy has also been provided in the Report. A review of the Report would reveal continuous growth of the Company in a stiff competitive environment. Relevant disclosures and explanations have been given in the Annual Report, which they consider important to ensure transparency and good governance practices.

WORLD ECONOMY

Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade gradually improve, supported by ongoing vaccination.

After an estimated 3.5 percent contraction in 2020, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 growth forecast is revised up 0.3 percentage point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The upgrade is particularly large for the advanced economy group, reflecting additional fiscal support- mostly in the United States and Japan- together with expectations of earlier widespread vaccine availability compared to the emerging market and

developing economy group. Consistent with recovery in global activity, global trade volumes are forecast to grow about 8 percent in 2021, before moderating to 6 percent in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere. Even with the anticipated recovery in 2021–22, output gaps are not expected to close until after 2022. Consistent with persistent negative output gaps, inflation is expected to remain subdued during 2021–22. In advanced economies it is projected to remain generally below central bank targets at 1.5 percent. Among emerging market and developing economies inflation is projected just over 4 percent, which is lower than the historical average of the group.

Advanced economies, in general, have been able to provide expansive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans, and guarantees), and central banks have reinforced this with expanded asset purchase programs, funding for-lending facilities, and, for some, interest rate cuts. Reflecting the strong policy support and the anticipated widespread availability of vaccines in summer 2021, the projected output loss compared with the pre-COVID forecast is relatively smaller for advanced economies than other countries. Recovery paths vary within the group, with the US and Japan projected to regain end-2019 activity levels in the second half of 2021, while in the euro area and the United Kingdom activity is expected to remain below end-2019 levels into 2022. The wide divergence reflects to an important extent differences across countries in behavioral and public health responses to infections, flexibility and adaptability of economic activity to low mobility, pre-existing trends, and structural rigidities entering the crisis. The 2021 forecast for the United States is revised up 2 percentage reflecting carryover from the strong momentum in the second half of 2020 and additional support from the December 2020 fiscal package. Similarly, the 0.8 percentage point upward revision to Japan's 2021 forecast is largely because of the additional boost from the fiscal measures introduced at the end of 2020. These upgrades are partially offset by downward revisions to the 2021 forecast for the euro area reflecting an observed softening of activity toward the end of 2020, which is anticipated to continue into early 2021 amid rising infections and renewed lockdowns.

The global inflation rate decreased to 3.0% in 2020, which is in consistent with the decline in the world's GDP growth rate. As per IMF, it is estimated that the inflation rate will increase to 3.6% in 2021.

REGIONAL ECONOMY REVIEW

South Asian economy is estimated to contract by 7.7% in 2020 with the Indian economy estimated to shrink by 9.6% during the fiscal year started in March 2020 (as per World Bank's report last updated on 08 October 2020). The contraction in India's GDP growth is much more severe than its neighboring South Asian countries, which contracted, on an average, by 1.6%. This is the most significant shrinkage of the region in many decades. However, the contraction is expected to be a temporary one with the successful roll-out of vaccination programs and the countries learning new ways of living and fighting back from the difficult situation. On the broader perspective, private consumption remains strong in the South Asian region, supported by strong internal demand, stability in the labor market, growing purchasing power and emergence of middleclass population. The momentum is expected to continue in the coming years. However, there are many challenges facing the region which includes inadequate infrastructure, insufficient supply of energy and power, lack of skilled and educated manpower, income and gender disparity, and slower adoption of newer technologies, inadequate framework for managing market risks and combating cyber security crimes and slower progress in the social aspects of development, amongst the other. On a positive note, South Asian economy is expected to pick up slowly, yet gradually, and regain its momentums in the next few years.

BANGLADESH ECONOMY

The resilience of Bangladesh economy has been proven over time with the GDP growing over 6.0% per annum (except the pandemic year) during the last decade and the nation overcoming many hurdles for many years. In the fiscal year 2019-2020, prior to the outbreak of the pandemic, the Bangladesh economy was under stress due to the weaker performance of few economic indicators such as exports, imports, private sector investment, foreign direct investment and revenue mobilization. Like all other countries, Bangladesh experienced disruptions in economic activities during the pandemic that started from March 2020. However, as of now, the infection rate of Covid-19 is much lower than suspected. The country is slowly but gradually opening up from the lock-down situation, which is propelled by the strong domestic demand that kept the economy going and thanks to the Government's balanced and timely approach of handling the situation and the nation's resilience to the adversities. As a result, Bangladesh remained much less affected than many other countries and ranked very high in the global chart in terms of GDP growth rate in 2020. The country reported an impressive 5.24% GDP growth in fiscal year 2019-2020. Given the performance of its regional peers, and countries in the other part of the world, the GDP growth in the last fiscal year is highly impressive and can be considered as a big achievement. In addition to the solid domestic aggregate

demand, strong remittance inflow during the later part of the fiscal year and pick-up in agricultural production were the key to achieving this impressive figure. Inflation increased to 5.65% in FY2019-20 as a result of the COVID-19 pandemic, increased gas prices and surplus liquidity in the financial industry. The current inflation rate still remains within tolerable level and is expected to be held in check due to both economic vibrancy and growth-accommodating monetary policy taken by Bangladesh Bank. Exports saw a decreased growth of 16.9% and stood at USD 33,674 million in FY2019-20 and import also witnessed a decreased growth of 8.6% and stood at USD 54,785 million. The decline in import and export came off from the global economic slowdown due to Covid-19 outbreak. Inward remittance grew by 10.9% to USD 18,205 million in FY2019-20 with the larger pie of the remittance still coming from the Gulf Cooperation Council (GCC) countries. Remittance from Saudi Arabia accounted for 22.1% of the total remittance and grew by 29.1% during the financial year. Foreign exchange reserves.

Banking Sector Review Credit risk remains one of the most major concerns in the financial sector; but the sector remains resilient to other market and liquidity risks. In an attempt to restore stability in the financial sector and boost private sector investment, Bangladesh Bank took several measures such as relaxation in Advance Deposit Ratio (AD Ratio), re-fixation of Cash Reserve Ratio (CRR) and capping lending rates, amongst the others. In addition, Central Bank implemented the Government's incentive or stimulus package by channeling interest rate subsidy and funds to the borrowers under the program and relaxed its regulations on the loan classification to support business houses to survive through the pandemic period and keep up the business momentum. Credit growth fell sharply to 8.6% in June 2020, year-on-year basis, compared to 11.7% in June 2019, mostly due to low credit appetite in the market and the Banks' more cautious approach in lending to Retail and SME sector. With the lending growth slowing down, the banks ended up with surplus liquidity as the year 2020 closed. The Banks continued to face challenges to arrest the trend of fresh, as well as, recover money from the legacy NPL portfolio. However, Nonperforming Loan Ratio (NPL) witnessed an improvement and stood at 9.16% as of 30 June 2020 vis-à-vis 11.74% a year ago; but it remains to be seen whether the improvement can be sustained after the reinstatement of pre-Covid 19 loan classification rules and enterprises get back to their business-as-usual operation. In addition, many banks are finding it difficult to maintain minimum Capital Adequacy Ratio of 12.5% as set by Bangladesh Bank under Basel III framework. With the narrowed spread and fall in trade-based fees and commission income, operating profit of the banking sector could witness sharp decline in the year 2020 compared to the previous year. Economy and Industry Outlook Bangladesh is going to celebrate the golden jubilee of its independence in 2021. The nation has

once again shown its resilience during Covid-19, registering the GDP growth over 5.0% in 2020, a stand-out figure in the context of world economies. It is expected that in the late part of 2021, the economy will start taking a V-shape recovery with the Covid-19 outbreak easing out. Economic development of Bangladesh has been remarkable from the perspective of GDP growth rate and other economic aspects. However, the economy has the potential to grow even at a faster pace in the coming years and emerge as a major player in the world economy in 10 to 15 years. The coming few years are expected to be crucial for Bangladesh in many ways as the country has graduated to a developing nation from the least developed one and aspires to be a middle-income country in a decade or so. This transformation will be aided by the significant infrastructure investment, including but not limited to, construction of deep-sea ports, Ruppur Power Project, Economic Zones, Padma Bridge and Railway and Akhaura Sylhet Railway, Dhaka Mass Rapid-Transit development projects. It is expected that there will be a major shift in the global supply chain landscape with China slowly moving away from the labor-intensive manufacturing hub to the high-tech one and the global companies looking out for diversifying their sourcing options to reduce supply chain risk. This mega trend will create more opportunities than ever for the emerging economies like Bangladesh. In that context, our country is well-poised to seize the opportunities, mostly due to the country's strategic positioning and large planned and ongoing infrastructure projects which are expected to come into lights in the coming years. Bangladesh has also made outstanding progress in social aspects of development and consistently outperforming its neighboring economies in many social indexes such as women empowerment, life expectancy, child mortality, gender parity, women empowerment, sanitation, health, vaccination, literacy and so on. In addition, the influx of youth population into the workforce, emergence of middle-class families, and growing purchasing power will drive the economy in the years to come.

CURRENT ACCOUNT BALANCE

Current account balance recorded a significantly surplus of US\$ 4,322 million during July-December 2020 against the deficit of US\$ 1,667.00 million during July-December 2019. Surplus in current account balance emerged from larger inflows of remittances and significantly lower deficit both in trade and service accounts. Despite having lower surplus in financial account balance, with the support of a handsome surplus in current account balance foreign exchange reserves of BB increased by US\$ 10.66 billion and stood at US\$ 43.29 billion as on 15 February 2021 from US\$ 32.63 billion as on 13 February 2020.

IMPORT

Bangladesh Total Imports recorded 4.1 USD billion in November 2020, compared with a value of 3.80 USD billion in the previous

month. Imports surged in January by 5.0-6.0 percent in terms of goods, not in value, driven by a substantial rise in commodities meant for the beginning in April 2020. Bangladesh Bank said the opening of letters of credit or LCs for imports has increased by 2.56% from last December. The BB said rice import ballooned to \$44.2 million, a rise of nearly 1,900% (in terms of LC opening). During the July-December time in 2019, rice import was valued just \$2.20 million. Fresh fruit and dry fruit, edible oil, medicine and drug imports were higher than the July-December 2019 period, according to the Bangladesh Bank data. It, however, said wheat, sugar and pulse imports were lower in the July-December 2020 period. Bangladesh has doled out aggressive stimulus to support the domestic demand in the virus-infected economy. However, import of cement clinkers and lime jumped to 10%, signalling that the construction sector is improving as fiscal stimulus boosts domestic demand.

REMITTANCE INFLOW

Inward Remittances increased by 34.95 % and stood at US\$ 14,907.35 million during July-January 2020-21 against the increase of 21.49% to US\$ 11,046.36 million during the same period of the last fiscal year. The inward remittances have significantly increased due mainly to allowing 2% incentives for sending it through the banking channels.

FOREIGN EXCHANGE RESERVE

Bangladesh Foreign Exchange Reserves was measured at 40.7 USD billion in January 2021, compared with 41.0 USD billion in the previous month. The reserves reached an all-time high of 41.0 USD billion in Dec 2020. In the latest reports, Bangladesh's Foreign Exchange Reserves equaled 9.4 months of Import in November 2020. Its money supply M2 increased 14.2% in December 2020. Bangladesh Domestic Credit reached 160.8 USD billion in December 2020, representing an increase of 9.9%. The country's non-performing loans ratio stood at 8.9% in September 2020, compared with the ratio of 9.2% in the previous quarter.

INFLATION

Inflation on twelve-month average basis decreased to 5.64% in January 2021 from 5.69% in December 2020 due mainly to decrease in non-food inflation. The annual inflation rate in Bangladesh eased to 5.02% in January of 2021 from 5.29% in the previous month. It was the lowest inflation rate since September of 2012, amid a slowdown in prices of food (5.23 percent vs. 5.34 percent in December) and in non-food products (4.69 percent vs. 5.21 percent). On a monthly basis, consumer prices increased 0.91 percent, after falling 0.45 percent in the previous month.

MONEY MARKET

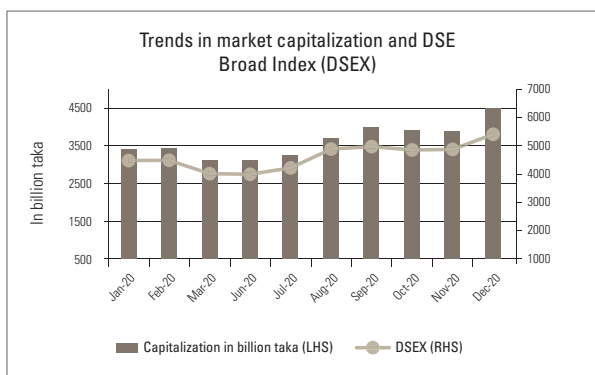
As the COVID-19 pandemic unfolded, central banks across the globe responded with a dramatic easing of monetary policy to

provide liquidity support in the economy. The monetary policy stance and monetary program of Bangladesh Bank for FY20 was drawn-up with the dual objectives of maintaining price stability and supporting inclusive, equitable and environmentally sustainable economic growth. The Bangladesh Bank injected over Tk. 36,000 crore reserve money-considered as extra money-into the market during the pandemic situation through various methods. Towards the end of 2020 the liquidity situation of the majority of the banks started to deteriorate, which continue to affect the beginning of the year 2021. Both stock markets (Dhaka Stock Exchange and Chattogram Stock Exchange) noticed some unrest but overall both the price index and market capitalization increased. Investors are hoping for the stable market in the year 2021.

INDUSTRY OUTLOOK

In the year 2020, Non-Bank Financial Institutions (NBFIs) suffered a lot due to COVID-19 pandemic. NBFIs call for changes in regulations, practices and mass perception, and also need refinancing from the Bangladesh Bank. The NBFIs are dependent on banks and customer deposits for their funds. The lowering of the loan-deposit ratio meant banks cut back on their lending to NBFIs, leaving the latter short of funds. Pandemic situation had badly impacted a good number of NBFIs clients. At the end of the third quarter of 2020, the 33 nos. of NBFIs' bad loans accounted for about 15.5% of their total outstanding loans of BDT 66,215.40 crore. Bangladesh Bank asked the NBFIs to keep classification unchanged until June to help the borrowers tide over the economic shock. The loan moratorium facility has since been extended to the end of 2020. Bangladesh Bank has already also issued number policies to support NBFIs for strengthening their position in the market. FIs in Bangladesh should take some serious initiatives to deliver short term results as well as long term vision while preparing for the coming changes. It is important to build detection, assessment and mitigation of risk. New instrument may introduce which will be emerged as an important tool and added a new dimension in the financial market.

CAPITAL MARKET SCENARIO



Source: DSE Market Review 2020

The Dhaka Stock Exchange Limited has introduced two indices on January 28, 2013, which are known as the DSE Broad Index (DSEX) and DSE 30 Index (OS30) based on free float and S&P methodology. DSEX is the Broad Index of the Exchange (Benchmark Index) which reflects around 97% of the total market capitalization. OS30 constructed with 30 leading companies which can be said as investable Index of the Exchange. OS30 reflects around 51% of the total market capitalization. DSEX Shariah Index (DSES) introduced on January 20, 2014 which serves as a Shariah Compliant broad market benchmark in Bangladesh Capital Market.

DSE Broad Index (DSEX) stood at 5,402.07 points in December 2020 as against 4,866.84 points in the month of November 2020. The index point of December 2020 is 11.00% higher than that of the previous month.

DSE 30 index (OS30) stood at 1,963.96 points in December 2020 as against 1,687.40 points in the month of November 2020. The 1 index point of December 2020 is 16.39% higher than that of the previous month.

DSEX Shariah Index (DSES) stood at 1,242.11 points in December 2020 as against 1,113.98 points in the month of November 2020. The index point of December 2020 is 11.50% higher than that of the previous month.

During the month of December 2020 a total of 7,482.53 million shares valued BDT 215,880.19 million were traded as against 7,161.72 million shares worth BDT 174,073.66 million of the previous month.

The daily average turnover in December 2020 stood at 356.31 million and BDT 10,280.01 million in terms of volume and value respectively as against 325.53 million and BDT 7,912.44 million of the previous month.

Market Capitalization of all listed securities stood at BDT 4,482.30 billion in December 2020 as against BDT 3,899.79 billion of the previous months.

THE COMPANY

Phoenix Finance and 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 7th February, 2007 with a view to reflecting multidimensional financial activities of the Company and keeping parity with the activities as it has been doing other than lease financing, which although, has remained as the prime area of the financial activities.

The authorized capital of the Company is Tk 3,000,000,000 divided into 300,000,000 Ordinary shares of Tk 10 each. Its paid-up capital stood at Tk 1,481,019,600 only in the year under review and the total Capital/Shareholders' equity of the Company stood at Tk 3,260,243,749 only as on December 31, 2020.

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 with their experience in the field of commerce and industries.

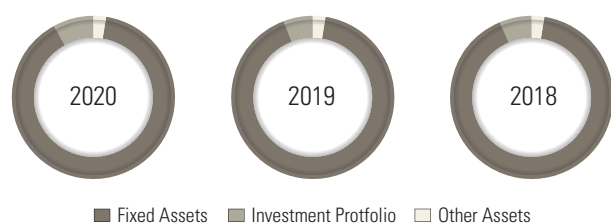
The main objective of Phoenix Finance and Investments Limited is to allocate scarce financial resources to capital investment through funding in capital machinery/equipment specially for BMRE of the existing industrial enterprises to stimulate the industrial development of the country and also to provide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

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

ASSETS

Total Assets of the Company increased/decreased in this the year. As on December 31, 2020 total assets stood at Tk 29,451.97 million showing a increase of 0.93% as against the year 2019. In 2019, total assets decreased by 3.53% as compared to that of 2018. A comparative position of Asset is given below:

Items	2020	% on Total	2019	% on Total	2018	% on Total
Fixed Assets	784.98	2.35	766.97	2.63	783.72	2.59
Investment Portfolio	26,345.82	-1.41	26,722.04	91.58	27,587.37	91.21
Other Assets	2,321.17	137.29	1,690.73	5.79	1,875.33	6.20
Total	29,451.97		29,179.74		30,246.42	

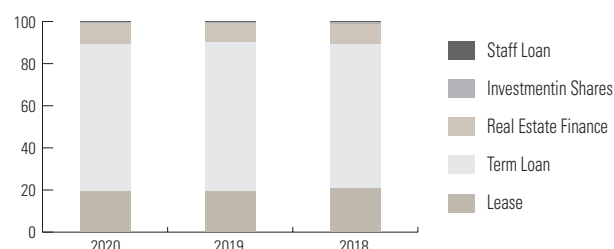


Most of the fund has been injected in Investment portfolio (89.45% of total assets in 2020) which is the main stream of earning of the Company. It has decreased by 1.41% in the year of review and decreased 0.37% in 2019.

INVESTMENT PORTFOLIO

The Company recorded a slightly decrease 1.41% in Investments with a total portfolio of Tk 26,345.82 million at the end of December 2020 compared to Tk. 26,722.04 million at the end of December 2019 which was Tk. 27,587.37 million at the end of December 2018.

Items	2020	% on Total	2019	% on Total	2018	% on Total
Lease	5065.32	19.23	5,176.76	19.37	5,763.35	20.89
Term Loan	18492.00	70.18	18,904.47	70.74	18,858.50	68.36
Real Estate Finance	2525.80	9.59	2,375.42	8.89	2,576.89	9.34
Investment in Shares	175.85	0.67	173.34	0.65	310.50	1.13
Staff Loan	86.85	0.33	92.05	0.35	78.13	0.28
Total	26345.82		26,722.04		27,587.37	



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 19.23% & 70.18% respectively on total Investment portfolio in 2020 and the Company diversified its product line time to time depending on the Market situation.

LEASE PORTFOLIO

Total Lease portfolio stood at Tk 5,065.32 million at the end of December, 2020 compared to Tk 5,176.76 million at the end of December, 2019. It was Tk 5,763.35 million as on December 31, 2018.

TERM LOAN PORTFOLIO

Total Term Loan portfolio stood at Tk 18,492.00 million at the end of December, 2020. It was Tk. 18,904.47 million at the end of December, 2019 compared to Tk. 18,858.50 million as on December 31, 2018, registering a negative growth of 2.15% where as growth was made 0.24% in 2019.

REAL ESTATE FINANCE

Total Real Estate Finance portfolio stood at Tk 2,525.80 million at the end of December, 2020 registering a increase of 6.33%

which was Tk 2,375.42 million as on December 31, 2019. In 2019, there was a negative growth of 7.82% compared to Tk. 2,576.89 million as on December 2018.

INVESTMENT IN SHARES

Total Share Investment portfolio stood at Tk 175.85 million as on December 31, 2020 compared to Tk 173.34 million as on December 31, 2019. It is decreased by 44.17% . It is notable here that the volatility in the Capital Market arose at the last quarter of 2010 and consequence of unstable Market continued round the year 2020.

ASSET QUALITY

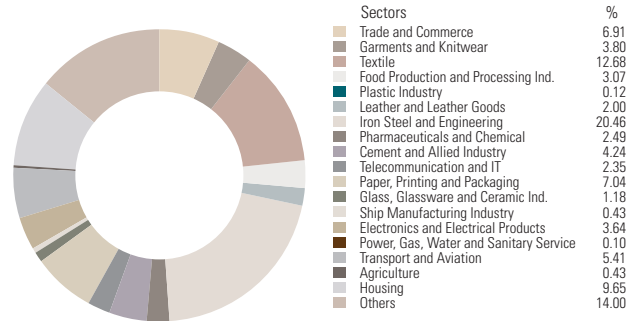
As on December 31, 2020, 93.53% of the Investment portfolio (except investment in Shares) was regular while only 6.47% of the total portfolio was non-performing as compared to 7.06% of 2019. The Company made required provision as on December 31, 2020 against performing and non-performing loans as per rate and classification norm provided by Bangladesh Bank. The volume of non-performing loans stood at Tk. 1,692.24 million in 2020 from Tk. 1,874.17 million in 2019. The required loan provision of Tk. 662.42 million, out of these Tk. 308.69 million was general provision including SMA, which was 46.60% of the total provision. The rest Tk. 353.75 million was against the classified accounts. The Company has kept Tk. 51.06 million as surplus provision.

SECTOR WISE FINANCE

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

Sector wise allocation of Investments reveals a well diversified portfolio of the Company with balanced exposure in different sectors. High concentration sectors are Iron steel & Engineering Tk. 5,353.43 million, Textile Industries with outstanding of Tk. 3,318.53 million, Housing Tk. 2,525.80 million, Paper, Printing & Packaging Tk. 1,842.64 million, Trade & Commerce Tk. 1,809.61 million, Merchant Banking of Tk. 580.33 Million, Transport & Aviation Tk. 1,414.49 million, Garments & Knitwear Tk. 994.47 million, Electronics and Electrical Products Tk 952.87 million, Cement and Allied Industry 1,109.60 million, Food Production & Processing Industries Tk 802.31 million, Plastic Industry 30.92 million, Pharmaceuticals & Chemical Tk. 651.98 million, Telecommunication & IT Tk. 616.13 million, Leather and Leather

Goods Tk. 522.18 million, Glass, Glassware and Ceramic Industries Tk. 308.53 million, Agriculture 113.02 million, Ship Manufacturing Industries Tk 42.44 million, Power, Gas, Water & Sanitary Service Tk. 27.11 million and others Tk 3,083.55 million as on December 31, 2020.



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

LIABILITY

Total liabilities of the Company stood at Tk. 26,191.72 million as on December 31, 2020 compared to Tk 26,035.65 million as on December 31, 2019 registering a increase of 0.60% over the last year, whereas a growth was decreased by 4.86% in 2019 compared to Tk. 27,365.39 million as on December 31, 2018.

DEPOSITS AND OTHER ACCOUNTS

The deposits base of the Company stood at Tk. 18,624.52 million as on December 31, 2020 compared to Tk. 19,347.22 million of the previous year registering a negative growth of 3.74%. The Company has well balance 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.

The Average cost of Deposits was 12.67% in 2020 as against 12.42% in 2019.

BORROWINGS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

The Company meets its certain portion of fund demand from loan taken from different Banks. It represents 13.67% of total

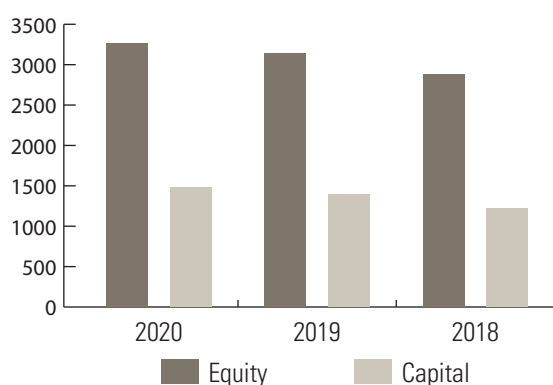
liabilities in 2020 whereas it was 13.13% of total liabilities in 2019. Total Bank Loan Balances of the Company stood at Tk. 3,579.39 million as on December 31, 2020, increased 4.70% compared to the last year. This loan provided by different Commercial Banks including Bangladesh Bank ranging from six 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, 2020 stood at Tk. 3,260.24 million and the Paid Up Capital of the Company stood at Tk 1,481.02 million on the same period.

Particulars	2020	2019	2018
Equity	3,260.24	3,144.09	2,881.03
Capital	1,481.02	1,397.19	1,214.95



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

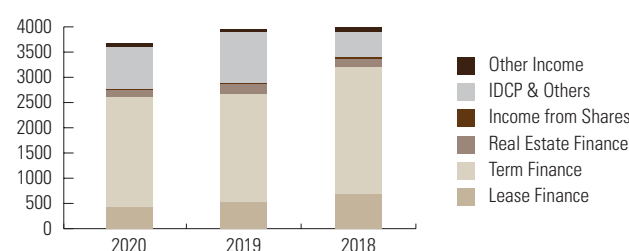
Capital Adequacy Ratio (CAR) of the Company at the Balance Sheet date was 11.54 percent with Tier - I ratio at 9.57 percent. The ratios have been calculated in accordance with Basel-II recommendation and Bangladesh Bank guidelines. CAR encompassing credit, operational and market risks is well above the Basel-II requisite for 10 percent. Note 38 to the Financial Statements provide further details on PFIL capital adequacy. Major contributors to strong capital adequacy ratio are high capital base, downsizing of non-performing assets that are fully

provided for and low risk profile of our on-balance sheet and off-balance sheet exposure. Capital Adequacy Ratio (CAR) has been calculated as per CAMD guidelines respectively under the Instruction of Bangladesh Bank's DFIM circular no.8 dated August 02, 2010.

OPERATIONAL REVENUE

Total Operational Revenue decreased by 7.07% from Tk 3,952.25 million in 2019 to Tk. 3,673.00 million in 2020. It was decreased by 1.15% in 2019 compared to Tk. 3,998.07 million in 2018.

Head of Income	2020	2019	2018	Growth (%)	
				2020	2019
Lease Finance	433.88	518.66	681.55	16.35	23.90
Term Finance	2,160.67	2,149.97	2,527.78	-0.50	14.95
Real Estate Finance	157.38	194.33	157.41	19.01	-23.45
Income from Shares	11.94	14.20	34.11	15.92	58.37
IDCP & Others	839.49	1,019.85	498.22	17.68	-104.70
Other Income	69.64	55.24	99.00	-26.07	44.20
Total	3673.00	3,952.25	3,998.07		



The main revenue comes from Interest on Term Finance & IDCP & others which was 58.83 % and 23.03% respectively of total revenue.

OPERATING EXPENSES

Total Operational Expenses incurred at Tk. 3,079.48 million in 2020, decreased by 10.20% compared to Tk. 3,429.40 million in 2019. It was increased by 7.45% in 2019 compared to Tk. 3,191.56 million in 2018.

Out of total Operating Expenses, 87.47% was financing expenses, 9.34% was salary & allowances, 1.08 % was depreciation and 2.11% was other overhead expenses.

OPERATING & NET PROFIT

Phoenix Finance & Investments Limited registered an operating profit of Tk. 593.52 million in 2020 compared to Tk. 522.85 million in 2019 registering a decrease of 13.52%. It was decreased by 35.17% in 2019 compared to Tk 806.51 million in 2018.

After making all provisions including general provisions on unclassified loans, profit before tax stood at Tk. 339.32 million in 2020 compared to Tk. 448.66 million in 2019, registering a decrease of 24.37%.

The Net Profit of the Company stood at Tk. 200.99 million in 2020

compared to Tk. 264.38 million in 2019 registering reasonable decreased by 23.98%.

BRANCH NETWORKING

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

HUMAN RESOURCE

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

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

Recruitment of talent people only from the best Educational Institution is not enough to ensure the quality people. We need to groom up these talent people so that they can become future business leader in the industry. To keep this in mind, PFIL always feels the urge of quality and trained people in its HR portfolio. In the year 2020, a good number of representatives participated in training programs, at home and abroad. Besides, the Company extended its training facilities from the senior level to the support staff level.

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

In regard to the employee development, HR Training & Development wing arranged to develop the Company Officials by training, workshop, seminar, etc. and by helping them to achieve both their personal and professional goals at PFIL and

beyond it. Training courses are designed through appropriate task analysis for the fresh candidates and through performance analysis for the existing officials.

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

Besides above, several Workshops and Seminars on Risk Management & Basel II, Internal Control & Compliance, Prevention of Money Laundering, Corporate Governance in the Banks, FIs & Central Bank and Corporate Tax Management have also been participated by a good number of nominated employees of PFIL.

A good number of employees of the Company were also sent to attend various training/ workshop/seminars on Lease Financing Business arranged by various Associations and Organizations.

HR FUTURE PLAN FOR 2021

We envisage concentrating in the following areas in 2021 for further improvement of HR policies:

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

PROPOSED DIVIDEND

The Board of Directors has recommended 6% Cash & 6% Stock Dividend subject to the approval of the Shareholders in the 26th Annual General Meeting.

RETIREMENT AND RE-ELECTION OF THE DIRECTORS

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

Mrs. Meherun Haque
Mr. Md. Jamirul Islam
MS. Shabnaz Sultana

Being eligible they offer themselves for re-election.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2021

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

In order to comply with the regulatory directives of Bangladesh Bank issued vide FID Circular No.03, dated 02.03.1999 and BRPD (p) 748/3/2007-1865, dated 24.06.2007 regarding Appointment of External Auditors for Financial Institutions under section 24 of the Financial Institutions Act 1993, the Company arranged for appointment of External Auditor for the Company for the year 2021. The Board considered Circular/order of Bangladesh Bank and Bangladesh Securities and Exchange Commission regarding appointment of any Chartered Accountancy Firm as the External Auditor of Financial Institutions listed with Stock Exchanges.

Accordingly, the Board of Directors of the Company in its 297th Meeting held on June 24, 2021 recommended for re-appointment of Malek Siddiqui Wali, Chartered Accountants as the External Auditor for the year 2021 at a Fee of Tk 3,00,000/- only including Tax & VAT thereon until the next Annual General Meeting.

APPOINTMENT OF THE COMPLIANCE AUDITOR FOR THE YEAR 2021

As per Notification of Bangladesh Securities and Exchange Commission every company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. Compliance Auditors shall be appointed by the shareholders in the annual general meeting.

Accordingly, the Board of Directors of the Company in its 297th Meeting held on June 24, 2021 recommended for re-appointment of Jasmin & Associates, Chartered Secretaries as the Compliance Auditors for the year 2021 at fees of Tk 50,000/- only including VAT and Tax thereon until the next Annual General Meeting.

APPOINTMENT OF THE INDEPENDENT SCRUTINIZER FOR PROVIDING PROFESSIONAL SERVICES RELATING TO THE AGM

In order to comply with the regulatory directives issued by the Bangladesh Securities and Exchange Commission (BSEC)

vide BSEC/CMRRC/2009-193/08 dated 10.03.2021 regarding reporting on general meeting (AGM or EGM) using Hybrid system of publicly listed companies i.e. "the company shall obtain a report from Professional Chartered Accountant or Chartered Secretaries and such authenticated report shall be submitted to the Commission within 48 (forty eight) hours of conclusion of general meeting".

Accordingly, the Board approved appointment of Ahamed Shamim & Co., Chartered Accountants as the Scrutinizer at Fee of Tk 40,000/- only including Tax & VAT for the purpose relating to upcoming 26th AGM of the Company as per directives given by Bangladesh Securities and Exchange Commission.

OUTLOOK 2021

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

ACKNOWLEDGEMENT

Phoenix Finance & Investments Limited within a short span of its operation has gained the confidence of its clients. This success is primarily attributed to its teamwork, prompt and prudent decision making, efficient and cordial service, economic use of resources and introduction of new financial products and technologies. The continued endeavors of the Management and staff of the Company under wise guidance and timely support of the Board of Directors have substantially contributed to the success of the Company. The Board of Directors of the Company expresses deep appreciation and gratitude to the Management and all members of staff for their dedicated and efficient services and also to the valued clients, sponsors, shareholders, stakeholders, patrons and well wishers, whose continued support and cooperation have facilitated our path towards the

glory achieved so far. The Company is grateful to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, External Auditor, Registrar of Joint Stock Companies & Firms and Central Depository Bangladesh Limited for their continued support, prudent guidance and advice towards the notable growth of the Company.

GRATITUDE

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

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

Best regards and best wishes to all.

On behalf of the Board of Directors,



Azizur Rahman
Chairman

Disclosure & Compliance

Declaration of CEO & CFO to the Board of Directors

Date: June 27, 2021

The Board of Directors
Phoenix Finance & Investments Limited

Subject: Declaration on Financial Statements for the year ended on 31st December, 2020.

Dear Sirs,

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

- (1) The Financial Statements of Phoenix Finance & Investments Limited for the year ended on 31st December, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31st December, 2020 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(S. M. INTEKHAB ALAM)
Chief Executive Officer (CEO)



(MD. ABU SUKKUR)
Chief Financial Officer (CFO)

Jasmin & Associates
Chartered Secretaries

Annexure-B

**Report to the Shareholders of Phoenix Finance & Investments Limited
on
Compliance of Corporate Governance Code**

We have examined the Compliance status to the Corporate Governance Code by Phoenix Finance & Investments Limited for the year ended 31st December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

For: Jasmin & Associates



.....
Jasmin Akter, FCS
Chief Executive

Place : Dhaka

Dated : August 05, 2021

Annexure-C

Status of compliance with the conditions imposed by the Commission's Notification No. SECICMRRCD/2006-158/207 Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No.9) [As per condition No.1 (5) (xxvii)]

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors			
1(1)	Board's size shall not be less than 5 and more than 20 (twenty)	✓		
1(2)	Independent Directors			
1(2) (a)	Independent director: At least 1/5th of the total number of directors	✓		
1(2) (b)	Independent Director means			
1(2) (b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2) (b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who nholds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	✓		
1(2) (b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2) (b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		
1(2) (b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder,director or officer of any stock exchange;	✓		
1(2) (b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(2) (b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2) (b)(viii)	Who is not independent director in more than 5 (five) listed companies	✓		
1(2) (b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1(2) (b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1(2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		
1(2) (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
1(3)	Qualification of Independent Director	✓		
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk.100.00 million or of a listed company; or	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	✓		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals.	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(5)	The Directors' Report to Shareholders shall include			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	Discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of Utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		No such item exists
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights share Offer, Direct Listing, etc.	✓		
1(5)(ix)	An explanation or any If significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A Statement of Remuneration paid to the directors including independent directors;	✓		Refer to the director's report as well as the financial statements
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	Proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		The company declared 6% cash & 6% stock dividend for the year 2020
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director shall be disclosed;	✓		
1(5)(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (namewise details);	✓		No such parent/subsidiary Associated copanies and other related parties
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name-wise details).	✓		
1(5)(xxiii)(c)	Executives (top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiv)	Appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	Brief resume of the director			
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(6)	Meetings of the Board of Directors	✓		
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		✓	As mentioned in condition number 4(ii) and 6
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency		✓	
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company;	✓		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s);	✓		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
4	Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following sub- committees:			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee			As per DFIM circular letter no. 18, dated 26/10/2011 issued by Bangladesh Bank a Financial Institution (FI) can only form two subcommittees of the Board: Audit Committee (AC) and Executive Committee (EC). No other subcommittee of the Board is permitted by Bangladesh Bank. However, to comply with this clause of CGC of BSEC, we have addressed the issue with Bangladesh Bank through Bangladesh Leasing and Finance Companies Association (BLFCA). Till the date of reporting, we have not received any direction in this regard.
5	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing;	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		No casual vacancies created during 2020
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(e)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director;	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM) Meeting (AGM);	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5(5)	Role of Audit Committee	✓		
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5(5)(m)	<p>Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.</p> <p>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:</p> <p>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.</p>	✓		
5(6)	Reporting of the Audit Committee	✓		
5(6)(a)(i)	The Audit Committee shall report on its to the Board of Directors	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	The Audit Committee shall immediately report to the Board on the following findings, if any:	✓		
5(6)(a)(ii)(b)	Report on Conflicts of interests;	✓		
	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	✓		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	✓		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
5(6)(b)	<p>Reporting to the Authorities</p> <p>If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier</p>	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC):			As per Bangladesh Bank guidelines, a same as 4 (ii) Financial Institution (FI) can only form two subcommittees of the Board: Audit Committee (AC) and Executive Committee (EC). No other subcommittee of the Board is permitted by Bangladesh Bank. However, to comply with this clause of CGC of BSEC, we have addressed the issue with Bangladesh Bank through Bangladesh Leasing and Finance Companies Association (BLFCA). Till the date of reporting, we have not received any direction in this regard.
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;			
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board;			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following;			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
7	External or Statutory Auditors :			
7(1)	The Issuer Company shall not engage its external or statutory auditors to perform the following services of the company, namely-			
7(1)(i)	Appraisal or valuation services or fairness opinions;			
7(1)(ii)	Financial information systems design and implementation;			
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;			
7(1)(iv)	Broker-dealer services;			
7(1)(v)	Actuarial services;			
7(1)(vi)	Internal audit services or special audit services;			
7(1)(vii)	Any service that the Audit Committee determines;			
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and			
7(1)(ix)	any other service that creates conflict of interest.			
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;			
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders;			
8	Maintaining a website by the Company –			
8(1)	The company shall have an official website linked with the website of the stock exchange.			website in: www.phoenixfinance.com.bd
8(2)	The company shall keep the website functional from the date of listing;			
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
9	Reporting and Compliance of Corporate Governance:			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	✓		The required Certificate is available in this Annual report
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Corporate Governance

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

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

The Company has taken the following measures to implement Corporate Governance as instructed by Bangladesh Bank and Bangladesh Securities and Exchange Commission:

THE BOARD OF DIRECTORS & THEIR MEETING

The responsibility goes to a large extent to the directors of the Board and their leadership. The Board comprises of 8 (Eighth) members. The Board of Directors of whom Four are Nominee Directors, two is Independent Director and one Executive Director who is the Managing Director. The Company has complied with the Corporate Governance Guidelines imposed by Bangladesh Securities and Exchange Commission. Board members include persons of talents, with academic & professional qualification and wide range of experience in the field of business. This gives strength for effective discharge of duties and responsibilities by the Board.

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

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

Regular meeting of the Board is held, at least once in month. 09 (Nine) Board Meetings were held during the year 2020. The attendance by each Director is reported at page 90.

EXECUTIVE COMMITTEE

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

The Executive Committee of the Board of Directors is

comprised of 3 (three) Non-Executive Directors and the Managing Director. The Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations. They ensure the implementation of the policies and guidelines through management. The Executive Committee of the Board approves the credit proposals as per the approval policy of the Board. This delegation has supported the operation in positive manner. 09 (Nine) meetings were held in the year 2020.

AUDIT COMMITTEE

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

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

In the year 2020, 04 (four) meetings were held.

MANAGEMENT COMMITTEE

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

ASSET LIABILITY COMMITTEE (ALCO)

The main objectives of these Committee to manage Balance Sheet risk, especially for managing of liquidity risk and interest rate risk and assist the Management Committee in the decision making process. The main responsibilities of this Committee is to look after the Financial Market activities, manage liquidity and interest rate risk, understand the market position and competition etc. In carrying its responsibilities, the ALCO meets regularly and review the Decisions of the meeting with due consideration of the market situation. ALCO constituted 6 (six) members. ALCO chaired by the Managing Director of the Company.

CREDIT COMMITTEE

Credit/Financing Operation of the PFIL is of paramount importance as the greatest share of total revenue of the PFIL is generated from it, maximum risk is centered in it and even the very existence of PFIL depends on prudent management of its credit portfolio. The Committee constituted to reduce this risk. The Credit Committee chaired by the Managing Director and comprises of 5 (Five) senior executives.

INTERNAL CONTROL & COMPLIANCE

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

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

Phoenix Finance & Investments Ltd. has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent

audit mechanism in order to ensure that the Company is managed and controlled in a sound and prudent manner. The Company identifies its weaknesses through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Company has established an Audit Committee to monitor the effectiveness of internal control system of the Company. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Company and ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD).

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

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

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

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

- The definition of the organizational structure and appropriate delegation authorities to functional management.

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

INTERNAL AUDIT & INSPECTION

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

AUDIT BY EXTERNAL AUDITORS

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

BANGLADESH BANK REGULATIONS

The major highlights of Bangladesh Bank regulations are

- To adopt the standardized approach for credit.
- To adopt the standardized approach for market risk and basic indicator approach operational risk.

- Submission of capital adequacy report to Bangladesh Bank on a quarterly basis.
- To adopt better risk management policy.
- To formulation and Governance of Green Banking policy.

AUDIT CONDUCTED BY BANGLADESH BANK

Bangladesh Bank conducted comprehensive inspection of Head Office and 02 (two) Branches of the Company during the year 2020. They have also conducted a special Inspection on Asset Quality. The reports are reviewed by the Board and its Audit Committee. The Company gives highest importance to the inspection report and corrective measures are taken regarding the inadequacies or lapses mentioned in the report.

Requirement of Bangladesh Bank

Compliance department received some reports/ letters from Bangladesh Bank during 2020 and successfully submitted compliance of all reports/letters within prescribed deadlines.

Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin / 80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969: is given at page 66-82 Annexure – C as per condition No.1(5) (xxvii) of this Annual Report.

Audit Committee Report 2020



RESHAD IMAM

Independent Director

Phoenix Finance & Investments Limited

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

FUNCTIONS OF THE AUDIT COMMITTEE

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

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

Audit Committee Report 2020

In 2020, the 3 (three) Members Board Audit Committee stands as under:

Directors	Position in the Board of Directors	Designation in the Audit Committee	Educational Qualification
Ms. Nasreen Ali *	Independent Director	Chairman	Masters
Mr. Azizur Rahman	Chairman	Member	Graduate
Mr. Reshad Imam	Independent Director	Member	Baristar

* Tenure of Ms. Nasreen Ali, Independent Director has been completed for consecutive 06 years on 24.06.2021 and Mr. Reshad Imam has been elected as the Chairman of Audit Committee.

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

AUDIT COMMITTEE

A. Particulars of Audit Committee

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

B. Meetings of Audit Committee

During January 01 to December 31, 2020, 4 (Four) Meetings of the Board Audit Committee of the Board were held in which among others, the following issues were discussed:

- Regular review of the Internal and External (Including Bangladesh Bank) Inspection and Audit Reports with a view to implementing the suggestions of Internal and External Auditors in respect of Internal Control Structure and Techniques;
- Regular review of the Quarterly Operations Reports on the operational functions of each Branch of

Phoenix Finance and Investments Limited (PFIL) with a view to ensuring proper operational function of the Company;

- Reviewed draft Financial Statements and draft Management Reports of Phoenix Finance and Investments Limited (PFIL);
- Evaluated the status of compliance culture related to Internal Control System built by the Management.

C. Internal Control

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

- Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of Internal Control System and Internal Audit Policy, Policy for Financial Risk and existing rules and regulations;
- Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of Internal Control System and Internal Audit Policy, Policy for Financial Risk and existing rules and regulation;
- To Establish the Control Policies and Procedures and Verification that the Control Policies and Procedures are in order;
- To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and that of different Divisions of

- Head Office and conducting surprise inspections at Branches;
- v) To Monitor and Comply with Applicable Laws, Regulations and Internal Policies Including Core Risk Management Guidelines of the Company;
 - vi) Strengthening the structure of compliance framework for better functioning of the operation; and
 - vii) To guard against money laundering and terrorist financing.

APPROVAL OF FINANCIAL STATEMENTS

The Committee assisted the Board of Directors and the Management to discharge their responsibilities for the preparation of true and fair financial statements in accordance with the books of accounts and Bangladesh Accounting Standards. The Audit Committee reviewed and examined the Annual Financial Statements 2020 prepared by the Management and audited by External Auditors Mahfel Huq & Co., Chartered Accountants and recommended these before the Board for consideration.

ACKNOWLEDGEMENT

The Audit Committee would like to express its thanks to the members of the Board, key management personnel, auditors and all employees for their dedication and effort during the year 2020.



RESHAD IMAM
Chairman
Audit Committee &
Independent Director

Attendance by the Directors at the Board Meetings during the year 2020

Sl. No.	Name of Directors / Nominated Directors	Position	Board Meetings Attendance
1	Mr. Azizur Rahman (Representing Phoenix Insurance Com. Ltd.)	Chairman	09
2	Mr. Mobarak Ali ²	Director	05
3	Mr. Abdur Rahman ¹	Director	0
4	Mr. Dost Mohammad (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	09
5	Mr. Md. Rafiqur Rahman (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	09
6	Mr. Rakibul Islam Khan ³ (Representing Pakiza Cotton Spinning Mills (PVT.) Ltd.)	Nominee Director	08
7	Ms. Nasreen Ali	Independent Director	01
8	Mr. Reshad Imam	Independent Director	09
9	Mr. Md. Jamirul Islam ⁴ (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	05
10	Mrs. Meherun Haque ⁵ (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	03
11	Ms. Shabnaz Sultana ⁶ (Representing Phoenix Cotton Spinning Mills (Pvt) Ltd)	Nominee Director	01
12	Mr. Mohammed Mohsin ⁷	Director	01

¹ Mr. Abdur Rahman, Director died on 24-06-2020

² Mr. Mobarak Ali, Director died on 24-09-2020

³ Mr. Rakibul Islam Khan, Nominee Director, withdrawal of Nomination on 30-11-2020

⁴ Mr. Md. Jamirul Islam, Nominee Director appointed on 27-07-2020

⁵ Mrs. Meherun Haque, Nominee Director appointed on 29-09-2020

⁶ Ms. Shabnaz Sultana, Nominee Director appointed on 30-11-2020

⁷ Mr. Mohammed Mohsin, Nominee Director appointed on 30-11-2020

Pattern of Shareholdings as on 31 December, 2020

Sl. No.	Particulars	No. of Shares	% of holding
a)	Parent/Subsidiary/Associated Companies	Nil	Nil
b)	Directors & their spouses and minor children		
	Mr. Azizur Rahman, Chairman	Nil	Nil
	Mr. Jamirul Islam, Nominee Director	1,987,212	1.34
	Mrs. Meherun Haque, Nominee Director	886,045	0.60
	Mr. Mohammed Mohsin, Director	3,092,231	2.09
	Mr. Dost Mohammad, Nominee Director	Nil	Nil
	Mr. Md. Rafiqur Rahman, Nominee Director	Nil	Nil
	Ms. Shabnaz Sultana, Nominee Director	Nil	Nil
	Ms. Nasrin Ali, Independent Director	Nil	Nil
	Mr. Reshad Imam, Independent Director	Nil	Nil
i)	Mr. S.M. Intekhab Alam, Managing Director	Nil	Nil
ii)	Mr. Mohammad Sayduzzamam, DMD & Company Secretary	Nil	Nil
iii)	Mr. Md. Abu Sukkur, Chief Financial Officer	Nil	Nil
iv)	Mr. Sardar Mahbub Ali, Chief Internal Auditor	Nil	Nil
c)	Executives (Top 5, except above b)	Nil	Nil
d)	Shareholders holding 10% or more voting interest : Phoenix Insurance Company Limited	16,169,013	10.92

Compliance Report on Bangladesh Bank's Guidelines on Corporate Governance

Bangladesh Bank requires the Financial Institutions to comply with the guidelines on Corporate Governance as per the Bank's DFIM Circular No. 7, dated September 25, 2007 and subsequent circulars thereon, DFIM Circular no. 09, dated October 08, 2007, DFIM Circular No. 18, dated October 26, 2011 and DFIM Circular No. 06, dated June 17, 2012. Company has taken appropriate steps to comply with the guidelines and implemented the same. Status report on compliance with those guidelines is given below:

Sl.	Particulars	Compliance status
01.	Responsibilities and Authorities of Board of Directors The responsibilities of the Board of Directors are mainly related to and developing strategy. Those are as-	Complied Refer to Board of Directors and its committee on page 27-29, 32 of this Annual Report.
A.	Work-planning and Strategic Management:	
i.	The Board shall determine the vision/mission of the Company. Board shall also determine the strategy and work-planning for enhancement of institutional efficiency and other policy matters on annual basis. The Board shall make necessary amendments on the strategy on quarterly basis.	
ii.	The Board shall have its analytical review to be incorporated in the Annual Report as regard to the success or failure in achieving the target as set out in the annual work plan and inform the same to the shareholders in the Annual General Meeting (AGM).	Complied Refer to the Directors Report on pages 52-62 of this Annual Report.
iii.	The Board shall determine Key Performance Indicators for chief executive along with other top level executives and re-assess on half-yearly basis.	Complied
B.	Formation of Sub-committee: For making timely decision, executive committee can be formed. No alternative director shall be included in this committee.	Refer to 'Board and its committee' on page 27-29, 32 of this Annual Report.
C.	Financial Management:	
i.	Annual budget and statutory financial reports shall be authorized by the Board of Directors.	Complied
ii.	The Board shall review company's statement of income and expense, statement of loan/lease, liquidity requirement, capital adequacy, adequacy of provision, action taken for legal cases and recovery of default loan.	Complied Refer to Directors Report on page 52-62 of this Annual Report.
iii.	The Board shall approve the procurement policy and shall accordingly approve the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and top management. However, decision relating to purchase of land, building, and vehicle shall remain with the Board.	Complied Refer to 'Report on Corporate Governance' on page 83-86 of this Annual Report.

Sl.	Particulars	Compliance status
iv.	Bank account of the Company shall be operated by a group constituted from amongst the Management which must be approved by the Board and having dual signatures (As amended through circular number 09, dated October 08, 2007).	Complied
D. i.	Loan/Lease/Investment Management: The policies, strategies, procedures etc. in respect of appraisal of loan/lease/investment proposal, sanction, disbursement, recovery, rescheduling, and write-off shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically delegate the power of sanction of loan/ lease/ investment and such delegate should desirably be made among the CEO and other top management of the company.	Complied Refer to 'Report on Corporate Governance' on page 83-86 of this Annual Report.
ii.	No Director shall interfere directly or indirectly in the process of loan approval.	Complied
iii.	Core Risk Management Guidelines shall be approved by the Board of Directors of the Company.	Complied
E.	Risk Management: Approval shall be taken from Board of Directors for syndicate loan/ lease/ investment and large loan, lease or investment.	Complied
F.	Internal Control & Compliance: Audit Committee shall be formed for effective implementation of an integrated internal control system of the Company and for keeping loan/lease/investment quality at a desired level. Board Audit Committee shall review the report provided by the Internal Control & Compliance Department, the external auditor and the Bangladesh Bank shall make comments thereon.	Complied Refer to Report on the Audit Committee on page 87-89 of this Annual Report.
G.	Human Resources Management (HRM): Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, HR development etc. and service rule shall be framed and approved by the Board. The Chairman or the Board shall no way involve themselves or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the service rules. No member of the Board shall be included in the selection committees for recruitment and promotion of different levels except the positions MD, DMD and GM or equivalent.	Complied Refer to the Directors Report on pages 52-62 of this Annual Report.
H.	Appointment of Managing Director and Increase of Salaries & Allowances: Board of Directors shall appoint a competent Managing Director with approval of the Bangladesh Bank. Board shall approve any increment of salaries and allowance of the Managing Director.	Complied
I.	Benefit to Chairman: Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the company subject to the approval of the Board.	Complied Refer to 'Report on Corporate Governance' on page 83-86 of this Annual Report.

Sl.	Particulars	Compliance status
02.	Responsibilities and Duties of Chairman:	Complied
i.	Chairman shall not personally possess the jurisdiction to apply policy making or executive or authority. He shall not participate in or interfere into the administrative or operational and routine affairs of the Company.	Refer to 'Report on Corporate Governance' on page 83-86 of this Annual Report.
ii.	The minutes of the Board meetings shall be signed by the Chairman	Complied Refer to 'Report on Corporate Governance' on page 83-86 of this Annual Report.
iii.	Chairman shall sign-off the proposal for appointment of Managing Director and revision of his salaries & allowances.	Complied Refer to 'Report on Corporate Governance' on page 83-86 of this Annual Report.
03.	Responsibilities of Managing Director	Complied
i.	The Managing Director or Chief Executive Officer of the company or whatsoever be called, shall work under the following area- Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	
ii.	Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities.	Complied
iii.	All recruitment/promotion/training, except recruitment/ promotion/ training of DMD & GM (as equivalent to EVP) shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company.	Complied
iv.	Managing Director may re-schedule job responsibilities of employees.	Complied
v.	Managing Director may re-schedule job responsibilities of employees.	Complied
vi.	Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no.2 dated 06 January 2009 if so authorized.	Complied

Credit Rating Report

Alpha Credit Rating Limited has assigned "A+" (pronounced as single A+) rating to Phoenix Finance & Investments Limited (PFIL) in long term based on financials up to December 31, 2020 and other relevant qualitative and quantitative information up to the date of rating under the Credit Rating Companies Rules, 1996.

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

Alpha also placed the Company with 'Stable outlook' in consideration of its current Portfolio with enhanced business network.

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

Year	Long Term	Short Term
2020	A+	ST-2
2019	A+	ST-2
2018	A+	ST-2
2017	A+	ST-2
2016	A+	ST-2
2015	A+	AR-2
2014	A+	AR-2
2013	A+	AR-2
2012	A+	ST-2
2011	A	ST-2
2010	A	ST-2
2009	A	ST-2
2008	A	ST-2
2006	A-	ST-3
2005	BBB	ST-4

Disclosures on Capital Adequacy and Market Discipline (CAMD) for the year ended 31st December, 2020

A) SCOPE OF APPLICATION

- (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.

B) CAPITAL STRUCTURE

Qualitative Disclosures:

- (a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.
- Tier 2 Capital includes the following:
 - General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
 - Revaluation reserves:
 - 50% Revaluation reserve for fixed assets;
 - 45% Revaluation reserve for securities;
 - 10% for Equity Capital;
 - 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 2 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	148.10
Non-repayable share premium account	8.74
Statutory reserve	78.02
General reserve	0.20
Retained earnings	31.17
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
Total Tier 1 capital	266.23

(c)	The total amount of Tier 2 capital.	54.86
(d)	Other deductions from capital.	-
(e)	Total eligible capital.	321.09

C) CAPITAL ADEQUACY

Quantitative 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 2020 and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

- Strategy to achieve the required Capital Adequacy:

Operational level:

Immediate measures:

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

Continuous measures:

- Concentrating on SME clients having exposure up to BDT 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:

Particular	Amount in crore Taka
(b) Capital requirement for Credit Risk	2,594.93
(c) Capital requirement for Market Risk	33.68
(d) Capital requirement for Operational Risk	154.89
(e) Total and Tier 1 capital ratio:	
• For stand alone	

Particular	Solo Basis
CAR on Total capital basis (%)	11.54
CAR on Tier 1 capital basis (%)	9.56

D) CREDIT RISK

Qualitative Disclosures:

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

Definitions of past due and impaired (for accounting purposes)

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

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

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

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

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

Approved Credit Policy by the Board of Directors

The Board of Directors has approved the Credit Policy for the Company where major 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 assists the management in creating a high quality credit portfolio and maximizing returns from risk assets. Research team of CRM regularly reviews market situation and exposure of PFIL in various industrial sub-sectors. CRM has been segregated from Credit Administration Department in line with Central Bank's Guidelines. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate security documents are in place before disbursement.

Special Assets Management and Collection Team

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

Independent Internal Control and Compliances Department (ICC)

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

Credit Evaluation

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

Credit Approval Process

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

Credit Quality and Portfolio Diversification

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

Early Warning System

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

NPL Management

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

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

1. Loan/Lease, classified as bad/loss and with 100% provision, can only be written-off.
2. Approval from the Board of Directors has to be taken before write-off.

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

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

Counterparty Credit Rating

PFIL is taking initiatives to rate the Corporate Clients of the company immediately by the

External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank. Some corporate clients have already conducted their credit rating by ECAIs and we are optimistic of getting a significant number of counter party ratings by 2021.

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.

Particular	Amount in crore Taka
Lease Finance (Short Term)	216.67
Lease Finance (Long Term)	289.86
Short-term Finance	672.95
Long-term finance	1,176.25
House building finance (Short Term)	10.23
House building finance (Long Term)	242.35
Staff Loan	8.69
Total	2,617.00

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

Area	Amount in crore Taka
Dhaka	2,097.93
Chattogram	479.07
Bogura	23.90
Khulna	16.10
Total	2,617.00

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

Area	Amount in crore Taka
Agriculture	11.30
Cement and Allied Industry	110.96
Electronics and Electrical Products	95.29
Food Production and Processing Ind.	80.23
Garments & Knitwear	99.45
Glass, Glassware and Ceramic Ind.	30.85
Housing	252.58
Iron Steel and Engineering	535.34
Leather and Leather Goods	52.22
Merchant Banking	58.03
Paper, Printing & Packaging	184.26
Pharmaceuticals and Chemical	65.20
Plastic Industry	3.09
Power, Gas, Water & Sanitary Service	2.71
Ship Manufacturing Industry	11.25
Telecommunication and IT	61.61
Textile	331.85
Trade and Commerce	180.96
Transport and Aviation	141.45
Others	308.37
Total	2,617.00

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

Particulars	Amount in crore Taka
Repayable on demand	21.63
Over 1 month but not more than 3 months	53.20
Over 3 months but not more than 1 year	818.82
Over 1 year but not more than 5 years	1416.52
Over 5 years	243.83
Total	2,617.00

(f) Gross Non Performing Assets (NPAs)	169.22
Non Performing Assets (NPAs) to Outstanding Loans & advances	6.47%

Movement of Non Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening balance	187.42
Additions	-
Reductions	18.20
Closing balance	169.22

Movement of specific provisions for NPAs

Particulars	Amount in crore Taka
Opening balance	29.39
Provisions made during the period	10.08
Write-off	16.26
Newly provided to excess provisions	(0.20)
Closing balance	35.37

E) EQUITIES: BANKING BOOK POSITIONS**Qualitative Disclosures:**

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

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and

- Total equity shares holdings are for capital gain purpose.

Discussion of important policies are covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

- Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. On the other hand, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures:

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

Particulars	Amount in crore Taka
Quoted shares	16.84
Unquoted shares	0.75

(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period. Tk. 0.14 crore

Particulars	Amount in crore Taka
Total unrealized gains (losses)	(0.56)
Total latent revaluation gains (losses)	0
Any amounts of the above included in Tier 2 capital.	0

- (e) Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.
- Specific Risk- Market value of investment in listed equities is BDT 16.84 crore. Capital Requirement is 10% of the said value which stand to BDT 1.684 crore.
 - General Risk- Market value of investment in listed equities is 30.30 crore. Capital Requirement is 10% of the said value which stand to BDT 1.684 crore.

F) INTEREST RATE IN THE PFIL'S BOOK

Qualitative Disclosures:

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

Quantitative Disclosures:

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

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

Particulars	1 to 30/31day (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities (A)	17.34	21.60	24.62	199.19	529.81
B. Total Rate Sensitive Assets (B)	26.36	30.63	35.23	191.91	654.37
C. Mismatch	9.02	9.03	10.61	(7.28)	124.56
D. Cumulative Mismatch	9.02	18.05	28.66	21.38	145.94
E. Mismatch (%)	52.02%	41.81%	43.10%	(3.65%)	23.51%

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

Particulars	Scenario 1	Scenario 2	Scenario 3
Magnitude of Shock	2%	4%	6%
Change in the Value of Bond portfolio	0.00	0.00	0.00
Net Interest Income	2.92	5.84	8.76
Revised Capital	326.35	329.27	332.19
Revised RWA	2784.22	2784.22	2784.22
Revised CAR (%)	11.72	11.83	11.93

G) MARKET RISK

Qualitative Disclosures:

(a) Views of BOD on trading/investment activities

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

Methods used to measure Market risk

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

Market Risk Management system

Policies and processes for mitigating market risk

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

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

Quantitative Disclosures:

(b) The capital requirements for Market Risk:

Particulars	Amount in BDT crore
Interest rate risk	-
Equity position risk	3.368
Foreign Exchange Position and Commodity risk (if any)	-

H) OPERATIONAL RISK:**Qualitative disclosure:**

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

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

Performance gap of executives and staffs

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

Potential external events

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

Policies and procedures for mitigating operational risk:

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

Approach for calculating capital charge for operational risk:

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

Quantitative Disclosures:

b) Capital requirement for operational risk:

Particulars	Amount in BDT crore
Capital requirement for operational risk:	15.489

Statement on Green Banking

GREEN BANKING AND SUSTAINABLE FINANCING:

Climate change is the most complicated issue across the world is facing and there have been continuous endeavors to measure and mitigate the risk of climate change caused by human activities. Many countries all over the world have made commitments necessary to mitigate climate change. Green banking considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable development for future. It refers to the initiatives taken by banks/FIs to encourage environment friendly investment. Green banking is a proactive and smart way of thinking towards future sustainability. It is very important for the Banks/FIs to be proactive and accelerate the rate of the growth of the economy. As there is a continuous change in the environmental factors leading the Banks/FIs face intense competition in the global market. Banks/FIs need to apply morality of sustainability and responsibility to their business model, strategy and formulation for products and services, operations and financing activities and become stronger. By adopting the environmental factors in their lending activities Banks/FIs can recover the return from their investments and make the polluting industries become environment friendly.

Green banking is something not new in Bangladesh and this innovative banking system has been incorporated in Bangladesh since 2011 by Bangladesh Bank. Green Banking refers to the banking business conducted in such areas and in such a manner that help the overall reduction of external carbon emission and internal carbon footprint. It is also the finance of the banking project, service or trade in a firm or individual which doesn't pollute the environment in any way or causes any harmful elements or waste to the atmosphere.

Phoenix Finance & Investments Ltd. is also very sensitive and concerned for financing in Green activities as well as in sustainable sector but we didn't achieve our required target in this sector yet. As we are facing severe liquidity crisis, adverse banking sector and current crisis of covid-19 pandemic for last few years, all of our Branches are fully instructed to take all necessary steps for achieving required target of sustainable financing as well as Green Banking as per Bangladesh Bank's Instruction. The last outstanding amount of Green Finance is BDT 162.47 million (as on 31.12.2020).

Report on Risk Management

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

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

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

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

PFIL has always been in the vanguard of implementing different risk management tools and techniques. Its risk management 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 skilled senior executives who are justifying the above mentioned risk. The prime objective of the risk management is that the Company takes well calculated business risks while protecting the Company's assets, its profitability from various risks.



RISK MANAGEMENT PROCESS

RISK IDENTIFICATION

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

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

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

RISK DESCRIPTION

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

Risk Description

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

RISK ESTIMATION

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

RISK ANALYSIS METHODS AND TECHNIQUES

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

Upside risk

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

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

Downside risk

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

MONITORING AND REVIEW OF THE RISK MANAGEMENT PROCESS

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

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

activities and that the procedures are understood and followed. Monitoring and review process also determines whether:

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

STRUCTURE AND ADMINISTRATION OF RISK MANAGEMENT

- The Board of Directors of the Company is responsible for the proper risk management.

Board of Directors approves all major risk management policies 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 proposals, administrative proposals of the Company.
- Audit Committee of the Board of Directors independently monitors all activities of the Company operations involving credit risk, operational risk, and market risks.
- Separate Risk Management Unit, Asset Liability Committee, Credit Committee, Basel-II Implementation Unit have been formed to ensure compliance with all relevant risk management policies of the Company.
- Internal Control & Compliance Department on a regular basis verifies compliance with all approved risk management and internal control policies. ICCD reports to the Audit Committee of the Board all kinds of risk sensitive issues.

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

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

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

In view of the above, Bangladesh Bank feels the necessity to introduce Environmental Risk Management(ERM) in Financial Institutions as well as in Banks for streamlining the management of environmental risks in the financial sector. In respect of credit operation of Financial Institutions, they are to encounter environmental risks, like other risks, which are facilitating elements of credit risk arising from environmental issues. In this connection, Bangladesh Bank has also prepared Guidelines on Environmental Risk Management(ERM) in a consultative manner, as a part of Green Banking Policy, outline of which has been given in their DFIM Circular No. 04 dated April 06, 2011 and the detailed 'ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh'(BB ERM Guidelines) has been made available in the Bangladesh Bank's website enabling all Financial Institutions to comply with the 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 pursuant to the DFIM Circular No. 04 dated April 06, 2011 of Bangladesh Bank and as per outline of the 'ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh', PFIL's own ERM Guidelines for Phoenix Finance & Investments Limited(PFIL ERM Guidelines) have already been formulated, incorporating Environmental Risk into its Credit Risk Management Structure, which is circulated vide our Office Circular # 2011/79 dated July 26, 2011 for meticulous compliance of all concerned Branches and Head Office

Divisions w.e.f. August 01, 2011. PFIL is also concentrating hard on linking its CSR(Corporate Social Responsibilities) at its highest corporate level for environmentally and socially responsible practices and engaging with borrowers in scrutiny of the environmental and social impact.

HIGHLIGHTS OF PFIL ERM GUIDELINES

01.0 Purpose

- i. To examine the related environmental issue thoroughly and concerns associated with potential business activities proposed for PFIL financing;
- ii. To identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns;
- iii. To ensure strict compliance of the Environment Conservation Rules-1997 and subsequent Environment Conservation (Amendment) Act-2010 in pre-sanction and post-sanction stages and obtaining Environmental Clearance Certificate as per fallen classification (Green, Orange-A, Orange-B and Red, as the case may be);
- iv. To enhance and intensify the credit appraisal process of PFIL integrating the Environmental Risk Perspectives.

02.0 Approach

- i. Ascertaining of risks arising out of environmental issues;
- ii. Addressing the focused environmental problems causing the risks, not towards the solution of problems in general;

- iii. Value-added oriented approach to the borrowers/ lessees, not be 'policing' in nature;
- iv. Using of 'PFIL ERM Guidelines' to strengthen the customer relationship;
- v. Focusing on managing risks, not avoiding risks and/ or discouraging/reducing financing. If managing of risks does not appear to be feasible, financing may be avoiding;
- vi. Ascertaining inter-relationship between environmental risk and credit risk and integration of ERM with credit risk management.
- v. No separate or parallel ERM system.

03.0 Applicability

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

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

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

04.0 Stages of ERM

The different stages of ERM as applied to financing transactions are

- (i) Identifying Risks,
- (ii) Rating Risks,
- (iii) Mitigating Risks and (iv) Monitoring & Controlling Risks.

05.0 ERM Procedures

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

06.0 Financing Business Activities

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

- The Lessee/Borrower will conduct business by maintaining property in compliance with all environmental laws;
- The Lessee/Borrower will provide environmental clearance certificates as and when obtained and renewed;
- The Lessee/Borrower will have emergency response procedures in place;
- The Lessee/Borrower will take immediate and necessary remedial action in the event of a hazardous spill or release;
- The Lessee/Borrower will not use the property for disposing of, producing, treating, storing or using contaminants, pollutants, toxic substances of hazardous materials or wastes;
- The Lessee/Borrower will employ a separate Environmental Manager with required background and skills to address environmental problems and environmental related compliance issues on continuous basis;
- The Lessee/Borrower will ensure adequate preparedness to climate change induced extreme events such as flood, cyclone, earthquake and other natural calamities.

07.0 Review of ERM issues in PFIL's Portfolio Management

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

08.0 Credit Processing and Approval Process: Incorporating Environmental Risk Covenant

The existing credit processing and approval processes of PFIL shall continue irrespective of ERM considerations. Whatever the EnvRR rating('High', 'Moderate' or 'Low') is, all credit

proposals is processed by CRM Division and placed to the EC/Board of Directors as per existing delegation of authority. Before placing the credit proposals having 'High' EnvRR to the EC/Board of Directors, CRM Division ensures that necessary covenants/conditions pertaining to regulatory requirements as per ECR 1997 or equivalent are duly incorporated in the same.

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

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

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

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

- Concerned Branch shall conduct inspection to oversee the compliance of environmental management issues as per respective sanction clauses. In addition, during periodic inspections to Branches, Internal Control & Compliance Division must oversee the status of adoption of environmental management as per respective sanction clauses retaining documented evidences. For doing this, EDD Checklist may be used. Whenever the monitoring requires more than the usual management expertise e.g. specific technical expertise, external Consultants may be deployed at the cost of concerned Lessee/Borrower.
- All Branches shall follow-up with the Lessee/ Borrower on the findings and recommendations of the inspections. Each concerned Lessee/Borrower should send written documentation on the action taken maintaining record thereof. All concerned should take into cognizance of the commitment to follow-up on these findings and recommendations

in taking decisions to deal with the concerned Lessee/Borrower.

11.0 Technical Manual Overview

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

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

12.0 Procedural Requirements

All activities need to adhere to the provisions of this Act and associated Rules. In procedural terms, no business activity(i.e. industrial unit or project) shall be established or undertaken without obtaining, in the manner prescribed by the accompanying Rules, an Environmental Clearance Certificate from the Director General of Environment Department. This procedural requirement must be followed. For the purpose of issuing the Environmental Clearance Certificate, the industrial unit and projects shall in consideration of their location and impact on the environment be classified in 4(four) categories which are GREEN, ORANGE-A, ORANGE-B and RED. This categorization indicates that GREEN is least polluting and RED is most polluting, with the 2(two) ORANGE categories regarded as having medium-scale impacts. In its Schedule I, ECR-1997 includes a list of 22 industrial units or projects under GREEN, 26 types under ORANGE-A, 69 types under ORANGE B and further 69 types under RED. For each category of industries, there are different levels of documents to be provided at the time of seeking the Environmental Clearance Certificate. ECR-1997 prescribes various performance standards requirements these are both general and industry specific. The prescribed standards are, Water (Schedule 3), Sound (Schedule 4), Sewage Discharge(Schedule 9), Waste from industries (Schedule 10), Gaseous Emissions (Schedule 12). When operating the industries financed by PFIL, these

performance standards must be met in order to ensure that there is no legal non-compliance. Before allowing disbursement, Credit Administration Division looks into it.

13.0 Preliminary Environmental Risk Review

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

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

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

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

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

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

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

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

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

14.0 Detailed Risk Review

According to the advice of Bangladesh Bank, the detailed Environmental Risk Review is required for all business activities, which are identified in the RED Category under the ECR 1997 being implemented by the DoE. Our concerned Branch may engage external Consultants at the expenses of the concerned customer to do a detailed Environmental Risk Review Report on the basis of the Environmental Impact Assessment and associated environment management plans prepared. The detailed Environmental Risk Review must consider all sources of environmental risk, the likelihood of their occurrence and assess the implications for PFIL. Based on the detailed review, the external Consultant must advise whether the overall EnvRR will be 'HIGH' or 'MODERAE' or 'LOW'. Apart from the above exercise of ERM and computation of EnvRR in the above manner, the concerned also, our Branch subjectively highlights the environmental threats and risks in the 'Site Visit Report' as well as in SWOT Analysis while appraising the financing proposal. Besides,

CRM Division must evaluate the observations made in the 'Site Visit Report' on environmental issues and the SWOT Analysis including environmental threats and risks as furnished by the Branch and make necessary endorsement in the Board Memo in this regard.

Corporate Social Responsibility

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

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

Employees of Phoenix Finance & Investments Limited make a unique contribution to our ultimate success. A talent officer can win the heart of a customer by delivering prompt service. We want to set the standard of distinction in the FIs with our employees who are devoted to deliver truly great service. Our success depends on our employees and thus by enhancing their skill and knowledge base,

We are able to innovate with more success. The Company provides every facility to the employees as it can, respecting their worth and dignity.

The Company engaged in business activities and the companies invest the funds in the real production. At the same time employments are also created in these companies: people work

there, earn their income and lead their families. The Company's also contribute to the nation through paying Tax.

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

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

Phoenix Finance & Investments Ltd. has donated an amount of Tk. 75,96,000/- during the year 2020 for various Medical treatments, contribution to PM's Realief Fund for assistance of COVID-19 cricse, Health and for the well being of cold affected, under privileged population segments and emergency support in humanitarian distresses.



Blankets distribution for cold affected people of Northern District Kurigram.

Masks, Handsanitizer and gloves handing over to Ragbi Federation for distributing to the moving people of Dhaka City.





Donation for Surgical treatment of Ms. Sonya Begum.

Donation for procuring one pair hearing aid machine of Mrs. Sharmin Rahman.



Donation for treatment of Heart Disease of Ms. Lucky Khatun.

Mr. Abdul Mottalib, a patient who undergo treatment for Heart Disease at Surwardi Hospital.



Shareholders' Information

Shareholders' Information

Share Capital as on:	31.12.2020
Authorised Capital (BDT):	3,000,000,000.00
Paid up Capital (BDT):	1,481,019,600.00

Pattern of Shareholdings as on 31 December, 2020 as under :

Group	No. of Shares		Percentage	
	2020	2019	2020	2019
Sponsors (Institutions)	16,169,013	15,253,786	10.92	10.92
Sponsors (Individuals)	32,118,101	30,865,776	21.69	22.09
General Public (Institutions)	32,534,560	31,909,695	21.97	22.84
General Public (Individuals)	67,280,286	61,689,574	45.43	44.15
Total	148,101,960	139,718,831	100.00	100.00

Classification of shareholders by holding (Regulation 37 of the Listing Regulation of Dhaka Stock Exchange Ltd.):

Share Holding Range	31.12.2020		
	Number of Share holders	Share	Percentage
1 - 500	1,276	162,370	0.110%
501 - 5000	1,379	2,634,447	1.779%
5001 - 10000	167	1,192,881	0.805%
10001 - 20000	97	1,281,462	0.865%
20001 - 30000	38	920,358	0.621%
30001 - 40000	23	775,019	0.523%
40001 - 50000	10	458,494	0.310%
50001 - 100000	19	1,307,935	0.883%
100001 - 1000000	52	20,244,348	13.669%
1000001 - 10000000	40	102,955,633	69.517%
10000001 - 100000000	1	16,169,013	10.918%
Total	3,102	148,101,960	100.00%

Year	2020	2019	2018	2017	2016
Number of Share holders	3,102	3,569	3,449	4,241	5,635

Value Added Statement

Classification of shareholders by holding (Regulation 37 of the Listing Regulation of Dhaka Stock Exchange Ltd.):

in BDT Million

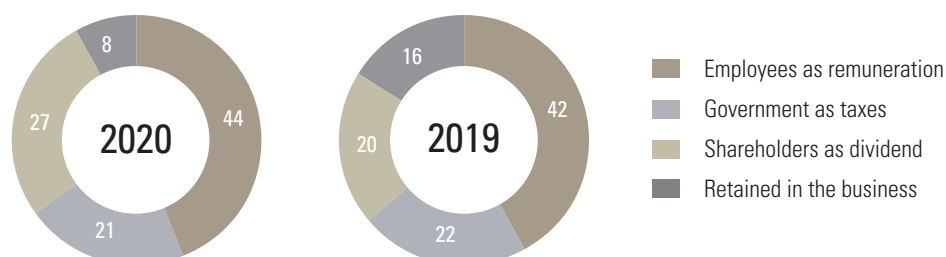
Particular	2020	%	2019	%
Operational Revenue	3,609.73		3,897.00	
Cost of Borrowing	(2,693.70)		(2,985.38)	
	916.03		911.62	
Other Income	63.27		55.24	
	979.30		966.86	
Provision for Future losses	(254.21)		(74.19)	
Operating Expenses Excluding Staff Cost & Depreciation	(65.72)		(69.33)	
Value added	659.37		823.34	

Distribution of value addition

To Employees as remuneration	287.49	44%	342.66	42%
To Government as taxes	138.33	21%	184.27	22%
To Shareholders as dividend (cash and stock)	177.12	27%	167.66	20%
Retained in the business	56.43	8%	128.75	16%
as capital and reserve	23.57	3%	96.72	12%
as depreciation	32.86	5%	32.03	4%
Total Distribution	659.37	100%	823.34	100%

Employee Statistics

Number of employees at year end	129	139
Revenue earning per employee	28.47	28.76
Value added per employee	5.11	5.92



Economic Value Added Statement

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

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

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

NPAT

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

Equity

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

Cost of equity

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

in BDT million

Particular	2020	2019
Economic value added		
Net operating profit	339.32	448.66
Provision for Taxes	138.33	184.28
Net operating profit after tax(NOPAT)	200.99	264.38
Charges for capital		
Capital Employed	3,202.17	3,479.83
Cost of equity	5.76%	6.55%
Capital charge	184.44	227.93
Economic value added	16.55	36.45
Capital Employed as on December 31		
Shareholders' equity	3,260.24	3,144.09
Accumulated provision for Loans, Advances & Leases	719.08	627.49
Average shareholders' equity	3,202.17	3,479.83
Key ratios (%)		
EVA/Operating revenue	0.45	0.92
EVA /Average shareholders equity	0.52	1.05
Net profit after tax/Operating revenue	5.47	6.69

Market Value Added Statement

Market Value added (MVA) Statement is the difference between the total Market Value and the total book value of shares of an organization. A high MVA indicates that the organization has created substantial wealth of the Shareholders. The Share Market Value of PFIL stood at Tk. 4,072.80 million whereas the book value of share stood at Tk. 1,481.02 million, resulting a Market Value Added of Tk. 2,591.78 million as on December 31, 2020. The calculation of Market Value added is given below:

Particulars	Number of Share	Value per Share	Total amount in million
Market Value	148,101,960	27.50	4,072.80
Book Value	148,101,960	10.00	1,481.02
Market Value added			2,591.78

STOCK DETAILS

Particulars Stock Symbols	DSE Phoenixfin	CSE Phoenixfin
Company Code	11144	25016
Listing Year	2007	2007
Market Category	A	A
Electronic Share	yes	yes
Face value	Tk 10	Tk 10
Total number of Securities	148,101,960	148,101,960

INVESTORS' INQUIRIES

Share Department
Phoenix Bhaban (2nd Floor)
12, Dilkusha C/A, Dhaka - 1000
Phone : 02223385573
E-mail : share@phoenixfinance.com.bd

Dividend Distribution Policy

The management as well as the Board of Phoenix Finance & Investments Limited is very careful about the stakeholders interest specially dividend payment. We follow the guidelines of the Company's Act and regulatory body's instruction properly. The following policy will be applicable to the company for the payment of dividend to the shareholders of the company:

1. The company will pay the annual dividend to the entitled shareholders, within 30 (thirty) days from the date of Annual General Meeting.
2. Cash dividend will be distributed in the following manner and procedures, namely:
 - i. The company will pay cash dividend directly to the Bank accounts of the entitled shareholders, as available in the BO (Beneficiary Owner) account maintained with the Depository participant (DP), or the Bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN), provided that the company may pay off such cash dividend through Bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
 - ii. The company, upon receiving the claim on cash dividend from a Stock Broker or a Merchant Banker or a Portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of Stock Broker or Merchant Banker or Portfolio manager, pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the Stock Broker or to the separate bank account of the Merchant Banker or Portfolio manager through BEFTN;
 - iii. The company, in case of non-availability of Bank account Information or not possible to distribute cash dividend through BEFTN or any electronic payment system, issue cash dividend warrant and send it by post to the shareholder.
 - iv. The company will pay cash dividend to sponsor, Director, shareholder, or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard.
 - v. The company, immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder.
 - vi. The company shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number wise or name-wise or folio number wise of the shareholder.

Provided that the company shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate Bank account of the company as maintained for this purpose, within 1 (one) year from the date of approval or record date, as the case may be.

3. The company shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);
4. The company shall submit a compliance report to the Bangladesh Securities and Exchange Commission (BSEC) in a specific format, within 7 (seven) working days of completion of dividend distribution:

Provided that the company will also publish the compliance report in its website.
5. The company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

Financial Statements 2020



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the shareholders of Phoenix Finance & Investments Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of Phoenix Finance & Investments Limited (the "Company"), which comprise the balance sheet as at 31 December 2020, and profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

Basis for Opinion

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

Key audit matters	
Risk	Our response to the risk
Measurement of provision for loans and advances	
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2020 the reported total loans and advances of BDT 26,169,965,905 (2019: BDT 26,548,700,012) and provision for loans and advances of BDT 719,077,825 (2019: BDT 627,485,084).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly classification of loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p>



Key audit matters	
Risk	Our response to the risk
<p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in 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; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; • Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates; 	<ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note- 6 & 12.1 of financial statements	
<p>Measurement of deferred tax</p> <p>In 2020, the Company reports net deferred tax asset (DTA) amounted to BDT 134,850,577 (2019: BDT 115,931,545).</p> <p>Significant judgment is required in relation to deferred tax assets/liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTLs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTL's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
See note #9.1 to the financial statements	

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

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

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



Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- (x) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;



- (xi) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xii) the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;
- (xiii) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 920 person hours for the audit of the books and accounts of the Company;
- (xiv) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xv) the Company has complied with the "First Schedule" of the Financial Institutions Act,1993 in preparing these financial statements; and
- (xvi) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Malek Siddiqui Wali
Chartered Accountants

Dated, Dhaka
June 27, 2021

Md. Waliullah, FCA
Enrolment No: 0247

Data Verification Code (DVC) No. 2106270247AS402804

Balance Sheet

As at 31 December, 2020

		Figures in Taka	
PROPERTY AND ASSETS	Notes	2020	2019
Cash	3		
In hand (including foreign currencies)		108,691	34,520
Balance with Bangladesh Bank and its agent (including foreign currencies)		193,197,357	323,297,452
		<u>193,306,048</u>	<u>323,331,972</u>
Balance with other banks and financial institutions			
In Bangladesh		1,879,038,669	1,117,919,799
Outside Bangladesh		-	-
		<u>1,879,038,669</u>	<u>1,117,919,799</u>
		<u>2,072,344,717</u>	<u>1,441,251,771</u>
Money at call and short notice	4	-	-
Investments	5		
Government		-	-
Others		175,853,479	173,341,605
		<u>175,853,479</u>	<u>173,341,605</u>
Loans, advances and leases			
Loans, advances and leases etc.	6	26,169,965,905	26,548,700,012
Bills purchased and discounted	7	-	-
		<u>26,169,965,905</u>	<u>26,548,700,012</u>
Fixed assets including land, building, furniture and fixtures	8	784,982,524	766,965,584
Other assets	9	248,821,320	249,476,830
Non - business assets		-	-
Total assets		<u>29,451,967,945</u>	<u>29,179,735,802</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	3,579,393,571	3,418,738,260
		<u>3,579,393,571</u>	<u>3,418,738,260</u>
Deposits and other accounts	11		
Current and other accounts		-	-
Bills payable		-	-
Savings account		-	-
Term deposits		18,341,831,946	19,064,968,529
Bearer certificates of deposit		-	-
Other deposits		282,684,577	282,247,887
		<u>18,624,516,523</u>	<u>19,347,216,416</u>
Other liabilities	12	3,987,814,102	3,269,693,888
		<u>3,987,814,102</u>	<u>3,269,693,888</u>
Total liabilities		<u>26,191,724,196</u>	<u>26,035,648,564</u>

		Figures in Taka	
	Notes	2020	2019
Capital/shareholders' equity			
Paid up capital	13	1,481,019,600	1,397,188,310
Share Premium		87,408,700	87,408,700
Statutory Reserve	14	780,196,143	739,997,588
General Reserve		2,000,000	2,000,000
Revaluation Reserve		597,952,860	617,133,498
Retained Earnings	15	311,666,446	300,359,142
		<u>3,260,243,749</u>	<u>3,144,087,238</u>
Total liabilities and shareholders' equity		<u>29,451,967,945</u>	<u>29,179,735,802</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		125,000,000	100,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<u>125,000,000</u>	<u>100,000,000</u>
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		-	-
		<u>125,000,000</u>	<u>100,000,000</u>
Total Off-Balance Sheet items including contingent liabilities		<u>125,000,000</u>	<u>100,000,000</u>
Net Asset Value per share (Restated 2019)	30	<u>22.01</u>	<u>21.23</u>

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



Company Secretary



Managing Director



Director



Director

As per our separate report of even date

Dated: Dhaka
June 27, 2021



Malek Siddiqui Wali
Chartered Accountants

Profit and Loss Account

For the year ended 31 December, 2020

		Figures in Taka	
	Notes	2020	2019
Interest income	17	3,597,794,770	3,882,804,446
Interest paid on deposits, borrowings, etc.	18	2,693,706,296	2,985,378,387
Net interest income		904,088,474	897,426,059
Income from Investment	19	11,936,920	14,198,207
Commission, exchange and brokerage	20	-	-
Other operating income	21	63,271,203	55,240,728
		75,208,123	69,438,935
Total operating income (A)		979,296,597	966,864,994
Salaries and allowances	22	275,494,903	330,655,279
Rent, taxes, insurance, electricity etc.	23	27,321,694	25,706,249
Legal expenses		462,130	1,813,109
Postage, stamp, telecommunication etc.	24	2,195,474	3,051,958
Stationery, printing, advertisements etc.	25	5,760,294	6,077,537
Managing Director's Remuneration		12,000,000	12,000,000
Directors' fees	26	728,000	1,064,000
Auditors' fees		300,000	250,000
Charges on loan losses		-	-
Depreciation and repair of assets	27	33,176,544	32,334,325
Other expenses	28	28,333,770	31,068,554
Total operating expenses (B)		385,772,809	444,021,011
Profit before provision (C=A-B)		593,523,788	522,843,983
Provision for Future Losses (D)	29	254,205,801	74,187,709
Total profit before tax (C-D)		339,317,987	448,656,274
Provision for tax			
Current		157,244,245	209,000,000
Deferred		(18,919,032)	(24,726,849)
		138,325,213	184,273,151
Net profit after tax		200,992,774	264,383,123

	Notes	2020	Figures in Taka 2019
Retained Earnings brought forward from previous year		132,696,553	70,993,922
Amortized of Revaluation Reserve		19,180,638	19,180,638
		<u>352,869,965</u>	<u>354,557,683</u>
Appropriations			
Statutory reserve		40,198,555	52,876,625
General reserve		-	-
CSR fund		1,004,964	1,321,916
		<u>41,203,519</u>	<u>54,198,541</u>
Retained surplus		<u>311,666,446</u>	<u>300,359,142</u>
Earnings per share (Restated 2019)	31	<u>1.36</u>	<u>1.79</u>

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



Company Secretary



Managing Director



Director



Director

As per our separate report of even date

Dated: Dhaka
June 27, 2021



Malek Siddiqui Wali
Chartered Accountants

Cash Flow Statement

For the year ended 31 December, 2020

	Notes	2020	2019
Figures in Taka			
Cash Flow from Operating Activities			
Interest received	34	3,645,525,667	3,880,222,384
Interest payment	35	(2,806,045,822)	(2,531,611,787)
Dividend received		10,566,064	14,198,207
Fees and Commission received		-	-
Cash Payments to Employees		(287,494,903)	(342,655,279)
Cash Payments to Suppliers		(5,760,294)	(6,077,537)
Income Tax Paid		(127,755,374)	(40,991,099)
Received from other Operating activities	36	72,320,048	69,293,935
Payments for other Operating activities	37	(59,652,479)	(63,170,983)
Operating Profit before changes in Operating Assets and Liabilities		441,702,907	979,207,841
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		-	-
Loans and Lease Finance to Customers		340,189,987	728,166,926
Other Assets		655,510	(9,273,994)
Deposits received from Bank and Financial Institutions		(1,304,044,905)	(1,848,537,618)
Deposits received from Customers		581,345,012	418,014,589
Other Liabilities		718,120,214	785,754,850
Sub Total		336,265,818	74,124,753
A) Net Cash Flow from Operating Activities		777,968,725	1,053,332,594
Cash flows from Investing Activities			
Purchase/sale of securities		(2,511,874)	137,161,616
Proceeds from Sale of fixed assets		-	145,000
Purchase/sale of Property, Plant and Equipments		(13,244,703)	(15,278,285)
Purchase/Sale of Subsidiaries		-	-
B) Net Cash Flow from Investing Activities		(15,756,577)	122,028,331
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		(47,287,904)	(1,369,231,428)
Payments for redemption of loan capital and debt securities		-	-
Received from issue of ordinary shares		-	-
Dividend Paid		(83,831,298)	-
C) Net Cash Used By Financing Activities		(131,119,202)	(1,369,231,428)
D) Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		631,092,946	(193,870,503)

	Notes	2020	2019
Effect of Exchange rate changes on cash and cash equivalents		-	-
E) Cash and cash equivalents at the beginning of the year		1,441,251,771	1,635,122,274
F) Cash and cash equivalents at the end of the year (D+E)		2,072,344,717	1,441,251,771
Cash and cash equivalents at the end of the year represent			
Cash in Hand		108,691	34,520
Balance with Bangladesh Bank and its agent bank		193,197,357	323,297,452
Balance with other banks and financial institutions		1,879,038,669	1,117,919,799
Money at call on short notice		-	-
		2,072,344,717	1,441,251,771
Net Operating Cash Flow Per Share (Restated 2019)	32	5.25	7.11

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



Company Secretary



Managing Director



Director



Director

As per our separate report of even date

Dated: Dhaka
June 27, 2021



Malek Siddiqui Wali
Chartered Accountants

Statement of Changes in Equity

For the year ended 31 December, 2020

Amount in Taka

Particulars	Paid-up Capital	Statutory Reserve	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2020	1,397,188,310	739,997,588	87,408,700	2,000,000	617,133,498	300,359,142	3,144,087,238
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	200,992,774	200,992,774
Dividends (Bonus Share)	83,831,290	-	-	-	-	(83,831,290)	-
Dividends (Cash)	-	-	-	-	-	(83,831,299)	(83,831,299)
Issue of share capital	-	-	-	-	-	-	-
Appropriation made during the period	-	40,198,555	-	-	-	(40,198,555)	-
Revaluation of Land and Land Development	-	-	-	-	-	-	-
Amortized of Revaluation Reserve	-	-	-	-	(19,180,638)	19,180,638	-
Transferred to CSR Fund	-	-	-	-	-	(1,004,964)	(1,004,964)
Balance as at 31 December 2020	1,481,019,600	780,196,143	87,408,700	2,000,000	597,952,860	311,666,446	3,260,243,749
Balance as at 01 January 2019	1,214,946,360	687,120,963	87,408,700	2,000,000	636,314,136	253,235,872	2,881,026,031
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	264,383,123	264,383,123
Dividends (Bonus Share)	182,241,950	-	-	-	-	(182,241,950)	-
Dividends (Cash)	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Appropriation made during the period	-	52,876,625	-	-	-	(52,876,625)	-
Revaluation of Land and Land Development	-	-	-	-	-	-	-
Amortized of Revaluation Reserve	-	-	-	-	(19,180,638)	19,180,638	-
Transferred to CSR Fund	-	-	-	-	-	(1,321,916)	(1,321,916)
Balance as at 31 December 2019	1,397,188,310	739,997,588	87,408,700	2,000,000	617,133,498	300,359,142	3,144,087,238



Company Secretary



Managing Director



Director



Director

Dated: Dhaka
June 27, 2021

As per our separate report of even date



Malek Siddiqui Wali
Chartered Accountants

Liquidity Statement

Assets and Liabilities Maturity Analysis

As at 31 December, 2020

Particulars	Up to 01 Month		01-03 Months		03-12 Months		01-05 Years		Above 05 years		Total	
	Taka		Taka		Taka		Taka		Taka		Taka	
Assets												
Cash in hand	108,691		-		-		-		-		108,691	
Balance with other banks and financial institutions	103,952,475		238,894,487		802,432,176		733,759,531		193,197,357		2,072,236,026	
Money at Call on Short Notice	-		-		-		-		-		-	
Investment in securities	5,136,763		10,933,876		85,137,816		-		74,645,024		175,853,479	
Investment (Loans and Advances)	216,283,306		531,994,804		8,818,147,914		14,165,205,763		2,438,334,118		26,169,965,905	
Fixed assets including land, building, furniture and fixtures	2,650,000		5,300,000		23,850,000		127,200,000		625,982,524		784,982,524	
Other Assets	4,375,264		11,411,755		133,102,335		99,931,966		-		248,821,320	
Non-business Assets	-		-		-		-		-		-	
Total assets (i)	332,506,499		798,534,922		9,862,670,241		15,126,097,260		3,332,159,023		29,451,967,945	
Liabilities												
Financing (Borrowing) from Other banks, financial institutions and agents	45,036,575		90,097,160		975,544,836		2,468,715,000		-		3,579,393,571	
Deposits and other accounts	131,426,351		378,105,363		6,480,603,358		11,543,325,964		91,055,487		18,624,516,523	
Provision and other liabilities	113,472,736		246,676,709		1,496,650,696		2,110,859,235		20,154,726		3,987,814,102	
Total Liabilities (ii)	289,935,662		714,879,232		8,952,798,890		16,122,900,199		111,210,213		26,191,724,196	
Net Liquidity Gap (i-ii)	42,570,837		83,655,690		909,871,351		(996,802,939)		3,220,948,810		3,260,243,749	



Company Secretary



Managing Director



Director



Director

As per our separate report of even date

Dated: Dhaka
June 27, 2021



Malek Siddiqui Wali
Chartered Accountants

Notes to the Financial Statements

For the year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF THE COMPANY

1.1 Legal Status of the Company

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

1.2 Nature of Business Activities

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

1.3 Head office and Branch offices

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

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

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

2.2 Going Concern Estimation

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

2.3 Accounting for Leases

The Leased Equipment under the possession of the Lessees are accounted for under direct financing method in accordance with IFRS 16 "Leases". The aggregate lease receivable including unguaranteed residual value throughout the lease term are recorded as gross lease receivable while the excess of gross lease receivable over the total acquisition cost including interest during the year of acquiring the lease equipment constitutes the unearned lease income.

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

2.4 Accounting for Direct Finance

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

2.5 Investments

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

2.6 Revenue Recognition

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

Lease Income:

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognized on installment date as revenue on an accrual basis over the terms of the lease. However, lease income is not recognized if capital or interest receivable is in arrears for more than three months.

Interest on term finance and short term finance:

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

Interest on real estate finance:

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

Dividend income and profit or loss on sale of securities:

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

2.7 Interest Suspense Account

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

2.8 Recognition of Fixed Assets

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

2.9 Depreciation on Fixed Assets

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

Rates of depreciation on Fixed Assets as on December 31, 2020 are as follows:

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

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

2.14 Statutory Reserve

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

2.15 Corporate Social Responsibility (CSR) Fund

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

2.16 Cash and Cash Equivalent

Cash and Cash equivalent consists of short-term, highly liquid investments that are readily convertible to known 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 IAS-7 "Statement of Cash Flows" and the cash flow from the operating activities has been presented under direct method.

2.18 Earnings Per Share (EPS)

The company calculates Earnings per Share (EPS) by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. In accordance with IAS-33 "Earnings Per Share" which has been shown on the face of Profit and 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 were no preference dividends, the net 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 Bangladeshi Taka at the rate ruling on the transaction date and the assets and liabilities denominated in foreign currencies outstanding at closing date of accounts have been translated into Bangladeshi Taka at the closing date rate.

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

2.20 Employees' Retirement Benefit-Gratuity

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

- A. On completion of 5 (Five) years Confirmed Service: 1 (One) month's basic pay for each completed year;
- B. On completion of 7 (Seven) years Confirmed Service: 1.5 (One and a half) month's basic pay for each completed year;
- C. On completion of 10 (Ten) years Confirmed Service: 2 (Two) month's basic pay for each completed year.

2.21 Employees' Provident Fund and Group Insurance Scheme

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

2.22 Provisions

Provisions have been recognized in the Financial Statements as follows:

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

2.23 Provision for Loans, Leases and Advances

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

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

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

2.24 Events after the Balance Sheet Date

All material events occurring after the Balance Sheet date are adjusted where felt necessary or disclosed in Note -41.

2.25 Use of Accounting Estimates

The preparation of Financial Statements in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) 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 37.50%. 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 IAS-12 "Income Taxes" deferred tax is to be provided using the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes.

2.27 Disclosure of Deviations

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

As per FID circular No. 08 dated 03 August 2002 investments in listed shares and unlisted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the Company's market value and book value of quoted and unquoted shares was lower than the cost price by BDT 90.18 million. In order to comply with the requirement specified in DFIM Circular No. 11, the company has charged the entire amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of IAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 39. At the year end the Company has recognized an accumulated general provision of BDT 308.67 million (out of accumulated provision of BDT 662.42 million) under liabilities.

As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosures and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.

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

Departure from IFRS-16 : Changes of IAS-17 to IFRS-16 do not have any material impact, that is why we do not adopt/adjust IFRS - 16 in this accounting year.

2.28 Authorization

The Financial Statements were authorized for issue by the Board of Directors of the company on 24 June, 2021.

2.29 Others

- i. The figures in the Financial Statements represent Bangladesh Currency (Taka), which has been rounded off to the nearest Taka;
- ii. Comparative information has been shown in respect of year 2019 for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year's Financial Statements;
- iii. Figures of the year 2019 have been rearranged whenever considered necessary to ensure comparability with the current year.

		Figures in Taka	
		2020	2019
3	CASH		
	Cash in hand		
	Local currency	108,691	34,520
	Foreign currencies	-	-
		<u>108,691</u>	<u>34,520</u>
	Balance with Bangladesh Bank and its agent bank		
	Local currency	193,197,357	323,297,452
	Foreign currencies	-	-
		<u>193,197,357</u>	<u>323,297,452</u>
	Balance with other Banks and Financial Institutions	<u>1,879,038,669</u>	<u>1,117,919,799</u>
	TOTAL	<u><u>2,072,344,717</u></u>	<u><u>1,441,251,771</u></u>
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	185,167,352	237,760,451
	Actual reserve held	193,547,291	311,954,122
	Surplus/(deficit)	<u>8,379,939</u>	<u>74,193,671</u>
	Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank (As per DFIM circular No. 03, dated 21.06.2020), CRR @ 1.5% is required to maintain (minimum 1% is required to be maintained in a single day) with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2020 there was no shortage in CRR.		
3.1.2	Statutory Liquidity Requirement (SLR)		
	Required reserve	730,557,415	709,022,352
	Actual reserve held	1,280,364,619	813,308,639
	Surplus/(deficit)	<u>549,807,204</u>	<u>104,286,287</u>
	Fixed deposit maintained with other commercial Banks and Financial Institutions for maintaining Statutory Liquidity Reserve as required by Bangladesh Bank. Bangladesh Bank regulations require maintaining Statutory Liquidity Reserve (SLR) @ 5% including the CRR of 1.50% on total liabilities, excluding loans from banks and financial institutions.		
3.2	Balance with Other Banks and Financial Institutions		
	Current Account	12,878,373	14,890,127
	Short Term Deposit	992,639,510	383,826,861
	Fixed Deposit Receipt	873,520,786	719,202,811
	Total	<u>1,879,038,669</u>	<u>1,117,919,799</u>
3.3	Maturity-wise grouping		
	On Demand	108,691	34,520
	Up to 1 month	103,952,475	77,648,734
	Not more than 3 months	238,894,487	162,246,945
	More than 3 months but less than 1 year	802,432,176	544,088,329
	More than 1 year but less than 5 years	733,759,531	333,935,791
	More than 5 years	193,197,357	323,297,452
		<u>2,072,344,717</u>	<u>1,441,251,771</u>

		Figures in Taka			
		2020	2019		
4	MONEY AT CALL AND SHORT NOTICE	-	-		
5	INVESTMENTS	This represents investment made by the company both in listed and unlisted securities. The investment is made up as under:			
	Government securities	-	-		
	Other investments (Note 5.1)	175,853,479	173,341,605		
		<u>175,853,479</u>	<u>173,341,605</u>		
5.1	Other investments	No. of Company	Market Value	Cost -2020	Cost -2019
	Listed securities	17	170,258,667	168,353,479	165,841,605
	Unlisted securities	1	-	7,500,000	7,500,000
	Total	<u>18</u>	<u>170,258,667</u>	<u>175,853,479</u>	<u>173,341,605</u>
5.2	Cost and Market Value of Investments	Listed Securities			
	Investments have been recorded at cost and adequate provision for probable future losses has been made as per Bangladesh Bank guidelines. Market value of securities has been determined on the basis of the value of securities at the last trading date of the year (Last trading date was 30th December 2020).				
	Sectors	Cost Price 2020	Market Value 2020		
	Insurance/Finance companies	1,324,764	2,520,000		
	Investment companies	162,926,661	158,240,631		
	Manufacturing companies and others	4,102,054	9,498,036		
	Total Listed Securities	<u>168,353,479</u>	<u>170,258,667</u>		
	Unlisted Securities	<u>7,500,000</u>	-		
	Total Investments	<u>175,853,479</u>	<u>170,258,667</u>		
5.3	Maturity-wise grouping				
	Up to 1 month	5,136,763	5,016,572		
	Not more than 3 months	10,933,876	13,594,509		
	More than 3 months but less than 1 year	85,137,816	80,085,500		
	More than 1 year but less than 5 years	-	-		
	More than 5 years	74,645,024	74,645,024		
		<u>175,853,479</u>	<u>173,341,605</u>		

		Figures in Taka	
		2020	2019
6	LOANS, ADVANCES AND LEASES		
a)	Inside Bangladesh		
	Lease Finance (a.i)	5,065,317,503	5,176,757,317
	Term Finance (a.ii)	18,491,995,741	18,904,472,059
	Real Estate Finance (a.iii)	2,525,805,042	2,375,415,045
	Staff Loan (a.iv)	86,847,619	92,055,591
		<u>26,169,965,905</u>	<u>26,548,700,012</u>
a.i)	Lease Financ		
	Gross lease rental receivable	5,694,827,510	3,643,050,056
	Less: Unearned interest income	(1,371,558,455)	(600,612,470)
	Net Investment in Lease Finance	<u>4,323,269,055</u>	<u>3,042,437,586</u>
	Accounts Receivable	366,606,097	516,269,141
	Advance Against Lease Finance	375,442,351	1,618,050,590
	Total Investment in Lease Finance	<u>5,065,317,503</u>	<u>5,176,757,317</u>
a.ii)	Term Finance		
	Principal Outstanding	17,919,194,948	18,002,580,544
	Accounts Receivable	572,800,793	901,891,515
		<u>18,491,995,741</u>	<u>18,904,472,059</u>
a.iii)	Real Estate Finance		
	Principal Outstanding	2,263,946,938	1,973,821,901
	Advance Against House Building Finance	1,042,821	107,437,499
	Accounts Receivable	260,815,283	294,155,645
		<u>2,525,805,042</u>	<u>2,375,415,045</u>
a.iv)	Staff Loan		
	This represent outstanding amount given to the eligible employees under Employee Benefit Scheme as per Company's approved policy.		
	Loan Against Provident Fund	30,634,524	26,943,378
	Staff Car Loan	23,168,226	32,829,072
	Staff Consumer Loan	24,655,507	26,824,987
	Staff House Building Loan	8,389,362	5,458,154
		<u>86,847,619</u>	<u>92,055,591</u>
b)	Outside Bangladesh	-	-
	Total Loans, Advances and Leases (a+b)	<u>26,169,965,905</u>	<u>26,548,700,012</u>
6.1	Maturity wise Grouping		
	Up to 1 month	216,283,306	338,234,769
	Not more than 3 months	531,994,804	883,390,965
	More than 3 months but less than 1 year	8,818,147,914	8,856,422,997
	More than 1 year but less than 5 years	14,165,205,763	14,325,658,894
	More than 5 years	2,438,334,118	2,144,992,387
		<u>26,169,965,905</u>	<u>26,548,700,012</u>

Figures in Taka

	2020	2019
6.2 Loans, advances and leases on the basis of significant concentration:		
Loans, advances and leases to Allied Concern of Directors (Note-40)	628,023,592	536,740,465
Loans, advances and leases to Executives/Officers	86,847,619	92,055,591
Loans, advances and leases to Customer Groups	1,931,289,607	4,319,374,666
Industrial loans, advances and leases	17,124,389,072	17,999,619,227
Other loans, advances	6,399,416,015	3,600,910,063
	26,169,965,905	26,548,700,012
6.3 Loans, advances and leases allowed to individual customer or Group of Customer exceeding 15% of Financial Institution's total capital:		
Outstanding amount to such customers at end of the year :	11,247,300,672	12,186,686,679
Number of such types of customers :	24	38
Amount of Classified Loans, advances and leases thereon :	-	-
Measures taken for recovery :	Not applicable	Not applicable

The amount represents the sum of total Loans, advances and leases (both Funded and Non-Funded) to each group of customer exceeding Tk. 489,036,562 (Forty Eight Crore Ninety Lac Thirty Six Thousand Five Hundred Sixty Two) only which is computed @ 15% of total capital of Phoenix Finance and Investments Limited i.e. Tk. 3,260,243,749 (Three Hundred Twenty Six Crore Two Lac Forty Three Thousand Seven Hundred Forty Nine) only as at 31 December 2020.

6.4 Sector-wise Loans, Leases and Advances:

Sectors	2020 Composition (%)	2020	2019
1 Trade and Commerce	6.91	1,809,611,582	1,766,051,094
2 Industry			
A) Garments and Knitwear	3.80	994,473,590	909,004,488
B) Textile	12.68	3,318,530,116	3,036,706,916
C) Jute and Jute Products	0.00	-	-
D) Food Production and Processing Ind.	3.07	802,310,856	664,913,833
E) Plastic Industry	0.12	30,922,090	516,132,684
F) Leather and Leather Goods	2.00	522,181,231	450,812,503
G) Iron Steel and Engineering	20.46	5,353,430,264	5,505,109,958
H) Pharmaceuticals and Chemical	2.49	651,981,015	566,338,172
I) Cement and Allied Industry	4.24	1,109,599,467	826,443,475
J) Telecommunication and IT	2.35	616,128,457	532,555,933
K) Paper, Printing and Packaging	7.04	1,842,648,659	2,124,633,380
L) Glass, Glassware and Ceramic Ind.	1.18	308,526,410	262,302,413
M) Ship Manufacturing Industry	0.43	112,465,504	108,826,291
N) Electronics and Electrical Products	3.64	952,868,172	831,105,230
O) Power, Gas, Water and Sanitary Service	0.10	27,106,345	59,976,853
P) Transport and Aviation	5.41	1,414,487,256	1,248,241,995
Industry Total	69.01	18,057,659,432	17,643,104,124

Figures in Taka

	2020 Composition (%)	2020	2019
3 Agriculture	0.43	113,024,701	166,887,229
4 Housing	9.65	2,525,805,042	2,375,415,045
5 Others			
A) Merchant Banking	2.22	580,326,437	1,380,115,507
B) Margin Loan	0.00	-	-
C) Others	11.78	3,083,538,711	3,217,127,013
Others Total	14.00	3,663,865,148	4,597,242,520
Grant Total	100.00	26,169,965,905	26,548,700,012
6.5 Geographical Location-wise loans advances and leases:			
Bogura	0.91	239,003,804	262,423,023
Chattogram	18.31	4,790,667,413	4,510,634,182
Dhaka	80.17	20,979,338,840	21,606,168,607
Khulna	0.61	160,955,848	169,474,200
Total	100	26,169,965,905	26,548,700,012
6.6 Grouping of Loans, advances and Leases as per Classification Rules of Bangladesh Bank:			
Standard	92.08	24,097,529,664	23,735,164,284
Special Mention Account (SMA)	1.45	380,198,011	939,366,849
Substandard	0.89	231,930,950	251,236,366
Doubtful	2.59	676,933,319	660,736,607
Bad or Loss	2.99	783,373,961	962,195,906
Total	100	26,169,965,905	26,548,700,012
6.7 Particulars of provision for Loans, advances and Leases/Investments			
Status	Rate (%)	Basis for Provision	
General Provision (Unclassified)			
Standard (General)	1%	24,097,529,664	289,611,133
Standard (SME)	0.25%	1,042,441,600	2,606,104
Special Mention Account (SMA)	5%	329,032,280	16,451,614
		25,469,003,544	308,668,851
Specific Provision (Classified)			
Substandard	20%	149,838,105	29,967,621
Doubtful	50%	262,807,406	131,403,703
Bad or loss	100%	192,378,326	192,378,326
		605,023,837	353,749,650
Required provision for Loans, Advances and Leases		662,418,501	611,297,648
Required provision for Investments		5,594,812	13,098,292
Total Provision Required		668,013,313	624,395,940
Total provision maintained (Note - 12.1)		719,077,825	627,485,084
Surplus Provision		51,064,512	3,089,144

		Figures in Taka	
		2020	2019
6.8	Particulars of Loans, advances and leases:		
(i)	Loans, Advances and Leases considered good in respect of which the Financial Institution is fully secured	19,057,276,474	19,115,064,008
(ii)	Loans, Advances and Leases considered good for which the Financial Institution holds no other security than the debtor's personal security	6,280,791,817	6,606,201,002
(iii)	Loans, Advances and Leases considered good and secured by personal undertaking of one or more parties in addition to the personal security of the debtors	831,897,614	827,435,002
(iv)	Loans, Advances and Leases adversely classified; provision not maintained there against	-	-
		<u>26,169,965,905</u>	<u>26,548,700,012</u>
(v)	Loans, Advances and Leases due by directors or officers of the Financial Institution or any of them either severally or jointly with any other person	714,871,211	628,796,056
(vi)	Loans, Advances and Leases due by companies or firms in which the directors of the Financial Institution are interested as directors, partners or managing agents or, in the case of private companies as members	628,023,592	536,740,465
(vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Financial Institution or any of them either severally or jointly with any other persons	20,700,000	2,700,000
(viii)	Maximum total amount of advances including temporary advances granted during the year to the companies or firms in whom the directors of the Financial Institution are interested as directors, partners or managing agents or in the case of private companies as members	204,427,924	2,700,000
(ix)	Due from Bank and Financial Institutions	-	-
(x)	Amount of classified Loan, Advances and Leases on which interest has not been charged, should be mentioned as follows:		
(A)	a. Increase/ (Decrease) in provision during the year	16,190,083	151,959,474
	b. Amount of Loan, Advances and Leases written off	189,946,123	-
	c. Amount realized against Loan, Advances and Leases previously written off	194,667	1,167,899
(B)	Amount of provision kept against classified Loan, Advances and Leases as Bad or Loss on the reporting day of Balance Sheet	192,378,326	182,059,970
(C)	Amount of Interest chargeable to the interest Suspense Account	288,488,747	241,478,034
(xi)	Loans Written off:		
	Current Year	189,946,123	-
	Cumulative to-date	1,293,376,565	1,103,430,442
	The amount of written off Loan, Advances and Leases for which lawsuit filed	1,293,376,565	1,103,430,442
7	BILLS PURCHASED AND DISCOUNTED	<u>-</u>	<u>-</u>

		Figures in Taka	
		2020	2019
8	FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE and FIXTURES		
	A. Cost:		
	Opening balance	1,318,535,137	1,306,123,849
	Addition during the year	51,788,823	15,278,285
	Less: Disposal during the year	(2,790,000)	(2,866,997)
	Closing balance at cost	1,367,533,960	1,318,535,137
	B. Depreciation:		
	Opening balance	551,569,553	522,402,338
	Addition during the year	32,865,133	32,034,212
	Less: Adjustment on disposal during the year	(1,883,250)	(2,866,997)
	Accumulated Depreciation	582,551,436	551,569,553
	Carrying value*	784,982,524	766,965,584

*For details please refer to Annexure-A

Land of carrying value Tk. 20,429,593 and building of carrying value Tk. 101,787,241 as on 31.12.2009 were revalued on 13.10.2010. The board of director appointed G. K. Adjusters Limited for the above revaluation. Land was valued using current market price basis and buildings were valued replacement cost basis.

Again Land was revalued on 30.09.2018 with having carrying value Tk. 189,825,000 as on 31.12.2017. The board of director appointed Malek Siddiqui Wali for the above revaluation. Land was valued using current market price basis. The following revaluation surpluses included in the above total carrying value and addition during the year of Fixed Assets:

	Land	Building
Revaluation Surplus at the beginning of the year	410,297,907	383,612,759
Addition during the year	-	-
Amortization on Revaluation Surplus	-	(195,957,806)
Carrying Value as on 31 December 2020	410,297,907	187,654,953

9	OTHER ASSETS	2020	2019
	Income generating other assets :		
	Interest Accrued on Fixed Deposit Receipt	4,552,860	5,273,044
	Interest Accrued on Staff Loan	8,445,667	8,358,030
		12,998,527	13,631,074
	Non income generating other assets:		
	Advance office rent	9,627,030	11,628,433
	Advance Against Expenses	3,920,425	1,471,927
	Advance Against Investments In Share	4,391	2,226,877
	Advance Corporate tax	22,918,154	16,384,383
	Deferred tax asset (Note-9.1)	134,850,577	115,931,545
	Interest During the Construction Period (IDCP)	-	22,736,820
	Investment in Associates	64,502,216	65,465,771
		235,822,793	235,845,756
	Total	248,821,320	249,476,830

Figures in Taka

9.1 Deferred Tax

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

Deferred Tax Assets is arrived as follows:

	Carrying amount at Balance Sheet	Tax Base	(Taxable)/ Deductible temporary difference
Assets:			
Fixed assets net of depreciation as on December 31, 2020	784,982,524	972,683,402	187,700,878
Liabilities:			
Employee Gratuity as on December 31, 2020	171,900,661	-	171,900,661
Total	956,883,185	972,683,402	359,601,539
Applicable Tax Rate			37.50%
Deferred tax asset as on December 31, 2020			134,850,577
Deferred tax asset maintained as on December 31, 2019			115,931,545
Deferred tax income accounted for during the year			18,919,032

10 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

	2020	2019
In Bangladesh		
Bank loan (Note 10.1)	3,560,429,636	3,395,817,750
Fund from Bangladesh Bank (Note 10.4)	18,963,935	22,920,510
	3,579,393,571	3,418,738,260
Outside Bangladesh	-	-
Total	3,579,393,571	3,418,738,260

10.1 In Bangladesh

Term Loan from other Banks and FI (Note-10.2)	3,289,345,249	3,150,179,184
Short term loan from other banks (Note-10.3)	271,084,387	245,638,566
	3,560,429,636	3,395,817,750

10.2 Term loan from other banks and FI

Al-Arafah Islami Bank Limited	238,953,599	266,953,599
Bank Asia Limited	154,959,333	164,951,333
BASIC Bank Limited	174,324,004	185,324,004
Dutch Bangla Bank Limited	127,820,545	109,783,452
Jamuna Bank Limited	308,664,187	328,664,188
Midland Bank Limited	523,757,712	428,570,033
Modhumoti Bank Limited	402,677,531	322,132,889
Mutual Trust Bank Limited	110,127,728	124,711,564
National Credit and Commerce Bank Limited	53,033,717	53,033,717
One Bank Limited	129,700,000	102,619,519
Prime Bank Limited	223,418,782	192,691,899
Pubali Bank Limited	170,624,160	175,624,160
Shahjalal Islami Bank Limited	229,712,725	223,397,601
Southeast Bank Limited	124,266,234	132,266,234
United Commerce Bank Limited	132,786,048	132,786,048
Uttara Bank Limited	184,518,944	206,668,944
	3,289,345,249	3,150,179,184

		Figures in Taka	
		2020	2019
10.3	Short Term Loan from other banks		
	Bank Overdraft	95,884,387	93,038,566
	Money at Call and Short Notice	175,200,000	152,600,000
		<u>271,084,387</u>	<u>245,638,566</u>
10.4	Fund from Bangladesh Bank		
	Refinance against SME Loan	500,000	1,679,568
	Refinance against Housing Loan	18,463,935	21,240,942
		<u>18,963,935</u>	<u>22,920,510</u>
10.5	Maturity wise Grouping		
	Within 1 month	45,036,575	81,564,953
	Over 1 months but not more than 6 months	90,097,160	211,592,552
	Over 6 months but not more than 1 year	975,544,836	1,133,212,269
	Over 1 year but not more than 5 years	2,468,715,000	1,992,368,486
	Over 5 years	-	-
		<u>3,579,393,571</u>	<u>3,418,738,260</u>
11	DEPOSITS AND OTHER ACCOUNTS		
	Institutions		
	Banks and Other Financial Institutions	4,210,478,498	7,247,259,973
	Other Institutions	6,243,601,983	4,510,865,413
		<u>10,454,080,481</u>	<u>11,758,125,386</u>
	Individuals		
	Term Deposit Receipt	7,887,751,465	7,306,843,143
	Monthly Savings Scheme	282,684,577	282,247,887
		<u>8,170,436,042</u>	<u>7,589,091,030</u>
	Total	<u>18,624,516,523</u>	<u>19,347,216,416</u>
11.1	Movement of deposits :		
	Balance at 1 January	19,347,216,416	20,777,739,445
	Received/renewed during the year	4,564,845,920	5,343,503,753
	Repayment during the year	(5,287,545,813)	(6,774,026,782)
	Balance as on 31 December	<u>18,624,516,523</u>	<u>19,347,216,416</u>
11.2	Maturity wise Grouping		
	Within 1 month	131,426,351	164,957,638
	Over 1 months but not more than 6 months	378,105,363	352,630,825
	Over 6 months but not more than 1 year	6,480,603,358	7,250,887,597
	Over 1 year but not more than 5 years	11,543,325,964	11,497,609,810
	Over 5 years	91,055,487	81,130,546
		<u>18,624,516,523</u>	<u>19,347,216,416</u>
12	OTHER LIABILITIES		
	Provision for Loans, advances and leases/ Investments (Note 12.1)	719,077,825	627,485,084
	Provision for tax (Note 12.2)	425,754,885	389,732,244
	Interest suspense (Note 12.3)	288,488,747	241,478,034
	Financial expenses payable (Note 12.4)	1,426,278,827	1,538,618,353
	Advance and security deposit (Note 12.5)	707,061,027	152,552,603
	Accrued expenses and other payable (Note 12.6)	421,152,791	319,827,570
	Total	<u>3,987,814,102</u>	<u>3,269,693,888</u>

Figures in Taka

	2020	2019
12.1 Provision for Loans, advances and leases/Investments		
Provision for Loans, advances and leases	663,483,013	614,386,792
Provision for Investments	55,594,812	13,098,292
Total	719,077,825	627,485,084
12.2 Provision for tax		
Balance at 1 January	389,732,244	266,159,599
Provision made during the year	157,244,245	209,000,000
Transferred to/(from)	(121,221,604)	(85,427,355)
Balance at 31 December	425,754,885	389,732,244
Provision for current tax		
The company calculated taxable profit/losses based on Income Tax Ordinance 1984 and determined current tax liability as per applicable rate enacted by Finance Act 2020.		
12.3 Interest suspense		
Balance as on 1 January	241,478,034	242,826,332
Add: Transferred during the year	87,406,410	131,976,447
Less: Amount of interest suspense recovered	(13,062,634)	(133,324,745)
Write off during the year	(27,333,063)	-
Balance as on 31 December	288,488,747	241,478,034
Bangladesh Bank FID circular # 3 of 2006 requires that interest on loans/leases classified as SMA and above will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various facilities classified as SMA, SS, DF and BL, has been set-aside in this account.		
12.4 Financial expenses payable		
Interest Payable on Term Deposits Receipt (TDR)	890,637,242	988,878,130
Interest Payable on Monthly Savings Scheme	65,164,266	67,434,182
Interest Payable on Term Loan	470,477,319	482,306,041
	1,426,278,827	1,538,618,353
12.5 Advance and security deposit		
The amount received from clients as advance against finance and cash security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/installments or repaid at the end of term. This is made up as under:		
Balance at 1 January	152,552,603	153,782,114
Received during the year	52,713,038	52,713,038
Repayment during the year	(53,942,549)	(53,942,549)
Balance as on 31 December	151,323,092	152,552,603
Breakup of advances and security deposits on the basis of category of finance is as under:		
Lease finance deposit	77,033,470	73,793,801
Term finance deposit	2,088,533	4,139,858
Real Estate finance deposit	1,323,544	1,323,544
Sundry Deposit	626,599,610	73,279,530
Security Deposit	15,870	15,870
Total	707,061,027	152,552,603

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

Figures in Taka

	2020	2019	
12.6 Accrued expenses and other payable			
Accounts Payable	1,011,520	2,851,028	
CSR Fund	2,753,601	9,146,109	
Other payables	5,531,484	3,624,157	
Provident Fund	3,636,312	2,486,712	
Provision for Employees' Gratuity	171,900,661	155,819,987	
Provision for Expenses	57,951,865	54,617,168	
Tax Deduction At Source and Excise Duty	178,288,951	91,107,438	
VAT payable	78,397	174,971	
Total	421,152,791	319,827,570	
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:			
139718831 Ordinary shares of Tk. 10 each	1,481,019,600	1,397,188,310	
Total	1,481,019,600	1,397,188,310	
13.1 Pattern of shareholdings			
Sponsors (Institutions)	161,690,130	152,537,860	
Sponsors (Individuals)	321,181,010	308,657,760	
General Public (Institutions)	325,345,600	319,096,950	
General Public (Individuals)	672,802,860	616,895,740	
Total	1,481,019,600	1,397,188,310	
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	1276	162,370	0.11
501 to 5,000 shares	1379	2,634,447	1.78
5,001 to 10,000 shares	167	1,192,881	0.81
10,001 to 20,000 shares	97	1,281,462	0.87
20,001 to 30,000 shares	38	920,358	0.62
30,001 to 40,000 shares	23	775,019	0.52
40,001 to 50,000 shares	10	458,494	0.31
50,001 to 100,000 shares	19	1,307,935	0.88
100,001 to 1,000,000 shares	52	20,244,348	13.67
1,000,001 to 10,000,000 shares	40	102,955,633	69.52
10,000,001 to 100,000,000 shares	1	16,169,013	10.92
Total	3102	148,101,960	100
13.3 Capital requirement			
Paid up capital	1,481,019,600	1,397,188,310	
Required capital	1,000,000,000	1,000,000,000	
Capital Surplus/(Deficit)	481,019,600	397,188,310	

		Figures in Taka	
		2020	2019
14	STATUTORY RESERVE		
	Balance as on 1 January	739,997,588	687,120,963
	Add: Transferred from profit during the year	40,198,555	52,876,625
	Balance as on 31 December	780,196,143	739,997,588
15	RETAINED EARNINGS		
	Balance as on 1 January	300,359,142	253,235,872
	Add: Profit after tax for the year	200,992,774	264,383,123
	Add: Amortized of Revaluation Reserve	19,180,638	19,180,638
	Less: Dividend Paid	(167,662,589)	(182,241,950)
	Less: Transferred to statutory reserve	(40,198,555)	(52,876,625)
	Less: CSR Fund	(1,004,964)	(1,321,916)
	Balance as on 31 December	311,666,446	300,359,142
16	PROFIT AND LOSS ACCOUNT		
	Income:		
	Interest, discount and similar income (Note-17)	3,597,794,770	3,882,804,446
	Dividend income (Note -19)	10,566,064	14,198,207
	Fees, commission and brokerage	-	-
	Gains less losses arising from investment in securities (Note-19)	1,370,856	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from Financial Institution's assets (Note- 21)	-	145,000
	Other operating income (Note-21)	63,271,203	55,095,728
	Profit less losses on interest rate changes	-	-
		3,673,002,893	3,952,243,381
	Expenses:		
	Administrative expenses		
	Salaries and Allowance (Note-22)	275,494,903	330,655,279
	Rent, Taxes, Insurance, Electricity etc. (Note-23)	27,321,694	25,706,249
	Legal expenses	462,130	1,813,109
	Postage, Stamp, Telecommunication etc. (Note-24)	2,195,474	3,051,958
	Stationery, Printing, Advertisement etc. (Note-25)	5,760,294	6,077,537
	Managing Director's Remuneration	12,000,000	12,000,000
	Directors' Fee (Note-26)	728,000	1,064,000
	Auditors' Fee	300,000	250,000
		324,262,495	380,618,132
	Non Administrative expenses		
	Interest, Fees and Commission (Note-18)	2,693,706,296	2,985,378,387
	Losses on Loans and Advances (Note-29)	254,205,801	74,187,709
	Depreciation and Impairment on Assets (Note-27)	33,176,544	32,334,325
	Other Operating Expenses (Note-28)	28,333,770	31,068,554
		3,009,422,411	3,122,968,975
	Excess of Income Over Expenditure	339,317,987	448,656,274

		Figures in Taka	
		2020	2019
17	INTEREST INCOME		
	Income from lease finance	433,878,038	518,661,132
	Income from real estate finance	157,384,170	194,328,999
	Income from staff loan	6,366,904	6,349,650
	Income from term finance	2,160,674,328	2,149,967,941
	Interest During Construction Period	379,291,867	535,007,534
	Overdue Interest	460,199,463	478,489,190
	Total	<u>3,597,794,770</u>	<u>3,882,804,446</u>
18	INTEREST PAID ON DEPOSITS, BORROWINGS, etc.		
	Interest on Bank Loan	441,116,746	565,596,128
	Interest on money at call and short notice	8,642,725	10,556,437
	Interest on Monthly Saving Scheme	39,122,130	37,519,453
	Interest on Term Deposit Receipts	2,204,824,695	2,371,706,369
	Total	<u>2,693,706,296</u>	<u>2,985,378,387</u>
19	INCOME FROM INVESTMENT		
	Capital loss on sale of Securities	1,370,856	-
	Dividend Income	10,566,064	14,198,207
	Total	<u>11,936,920</u>	<u>14,198,207</u>
20	COMMISSION, EXCHANGE AND BROKERAGE	<u>-</u>	<u>-</u>
21	OTHER OPERATING INCOME		
	Documentation Fee	37,250	52,965
	Gain on sale of Fixed Assets	-	145,000
	Income from Associates	963,555	-
	Interest on Bank Deposits	48,823,273	31,840,153
	Lapse and Forfeiture adjusted from Provident Fund (2015 to 2019)	1,517,219	-
	Proceeds on Final Settlement	541,322	9,050,248
	Revenue from Phoenix Bhaban	9,081,846	12,150,848
	Salvage Value	2,165,945	1,699,960
	Service Charge	140,793	301,554
	Total	<u>63,271,203</u>	<u>55,240,728</u>
22	SALARIES AND ALLOWANCES		
	Employees' Salaries	173,959,055	176,609,114
	Festival Bonus	18,399,419	18,595,659
	Gratuity Fund	27,115,890	79,560,258
	Incentive Bonus	50,000,000	50,000,000
	Leave Fare Assistance	6,020,539	5,890,248
	Total	<u>275,494,903</u>	<u>330,655,279</u>

		Figures in Taka	
		2020	2019
23	RENT, TAXES, INSURANCE, ELECTRICITY etc.		
	Electricity Bill	3,281,513	3,676,102
	GAS and WASA Bill	679,442	636,689
	Holding and Vehicle Tax	395,960	374,182
	Insurance Premium	655,914	520,422
	Insurance Premium (Group)	1,949,466	1,960,668
	Office Rent	20,359,399	18,538,186
	Total	<u>27,321,694</u>	<u>25,706,249</u>
24	POSTAGE, STAMP, TELECOMMUNICATION etc.		
	Internet Bill	773,528	1,404,773
	Mobile Bill	926,816	916,499
	Phone Bill	469,268	353,794
	Postage, Stamp and Courier	25,862	376,892
	Total	<u>2,195,474</u>	<u>3,051,958</u>
25	STATIONERY, PRINTING, ADVERTISEMENTS etc.		
	Advertisement and Publicity	4,662,807	4,915,539
	Books and Periodicals	87,091	131,546
	Printing and Stationery	1,010,396	1,030,452
	Total	<u>5,760,294</u>	<u>6,077,537</u>
26	DIRECTORS' FEES		
	The Company pays fees to its Directors for attending the Board meetings and its Committee meetings as permitted by the Bangladesh Bank. As per Bangladesh Bank Circular, a Director may be paid fees for attending Board or its Committee meetings which shall not exceed Tk. 8,000 for attending each meeting. Details are as under:		
	Total Board Meetings (nos.)	9	12
	Total Board Executive Committee Meetings (nos.)	9	12
	Total Board Audit Committee Meetings (nos.)	4	4
	Total fees paid (in Taka)	728,000	1,064,000
	Total members of the Board (nos.)	9	8
	Quorum for Board Meeting (nos.)	3	3
	Average number of Directors present in the Board Meetings (nos.)	8	7
	Quorum for Board Audit Committee Meeting (nos.)	2	2
	Average no. of Directors present in the Committee Meetings (nos.)	2	3
27	DEPRECIATION AND REPAIR AND MAINTENANCE OF ASSETS		
	Depreciation of Fixed Assets	32,865,133	32,034,212
	Computer Maintenance	180,183	178,685
	Photocopier Maintenance	131,228	121,428
	Total	<u>33,176,544</u>	<u>32,334,325</u>

		Figures in Taka	
		2020	2019
28	OTHER EXPENSES		
	AGM Expenses	2,928,241	4,431,241
	Bank Charge and Excise Duty	2,430,285	1,409,686
	Business Development Expense	1,151,589	255,100
	Capital loss on sale of Securities	-	655,207
	CDBL and Stock Exchange Charge	631,789	2,132,185
	Computer and Software Development Expenses	495,056	280,129
	Credit Rating Fee	272,727	333,333
	Loss on Associates	-	1,582,996
	Motor Vehicle Expenses	3,329,518	1,857,059
	Office Expenses	5,530,331	6,297,007
	Office Maintenance	1,729,833	2,439,990
	RJSC Fees and Expenses	44,965	93,783
	Service Charge (Office)	2,082,900	1,997,400
	Staff Training and Recruitment Expenses	-	83,000
	Subscription and Fees	1,553,601	526,159
	Travelling and Conveyance	918,365	1,385,948
	Wages	5,234,570	5,308,331
	Total	<u>28,333,770</u>	<u>31,068,554</u>
29	PROVISION MADE/(ADJUSTED) DURING THE YEAR		
	Balance at 01 January	627,485,084	553,297,375
	Write Off During the Year	162,613,060	-
	Balance at 31 December	719,077,825	627,485,084
	Provision Charged in Income Statement	<u>254,205,801</u>	<u>74,187,709</u>
30	NET ASSET VALUE (NAV) PER SHARE		
	Shareholders' Equity (A)	3,260,243,749	3,144,087,238
	Total Number of Ordinary Share (B)	148,101,960	139,718,831
	Net Asset Value (NAV) per share (A÷B)	<u>22.01</u>	<u>22.50</u>
	Restated 2019 by total number of outstanding share as on December 31, 2020	<u>22.01</u>	<u>21.23</u>
31	EARNINGS PER SHARE		
	Earnings per share shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard 33: "Earnings Per Share". Basic earnings per share has been calculated as follows:		
	Profits attributable to ordinary shareholders (Net Profit After Tax)	200,992,774	264,383,123
	Number of Ordinary shares at 1 January	139,718,831	121,494,636
	Bonus shares issued	8,383,129	18,224,195
	Right shares issued	-	-
	Total Number of Ordinary Share	<u>148,101,960</u>	<u>139,718,831</u>
	Earnings per share	<u>1.36</u>	<u>1.89</u>
	Restated 2019 by total number of outstanding share as on December 31, 2020	<u>1.36</u>	<u>1.79</u>

		Figures in Taka	
		2020	2019
32	NET OPERATING CASH FLOW PER SHARE (NOCFPS)		
	Net Cash Flow from Operating Activities (A)	777,968,725	1,053,332,594
	Total Number of Ordinary Share(B)	148,101,960	139,718,831
	Net Operating Cash Flow Per Share (NOCFPS) (A÷B)	5.25	7.54
	Restated 2019 by total number of outstanding share as on December 31, 2020	5.25	7.11
33	RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:		
	Net profit after tax	200,992,774	264,383,123
	Items not involved in cash movement:		
	Add: Depreciation	32,865,133	32,034,212
	Add: Provision for loans and investments	254,205,801	74,187,709
	Add: Provision for taxation	157,244,245	209,000,000
	Add/ (Less): Accrued expenses	(112,339,526)	453,766,600
	Add/ (Less): Accrued income	632,547	(1,780,417)
	Less: Gain on disposal of fixed assets	-	(145,000)
	Increase/(Decrease) in Employee gratuity	16,080,674	68,038,122
	Increase/(Decrease) in Deferred tax	(18,919,032)	(24,726,849)
	Adjustments to reconcile net profit after tax to net cash provided by operating activities	329,769,842	810,374,377
	Increase/(decrease) in operating assets and liabilities		
	(Increase)/Decrease in Loans & advances	340,189,987	728,166,926
	(Increase)/Decrease in Other assets	18,941,995	13,384,756
	Increase/(Decrease) in Short term borrowings	72,899,795	674,129,023
	Increase/(Decrease) in Term & other deposits	(722,699,893)	(1,430,523,029)
	Increase/(Decrease) in Other Liabilities	702,844,358	134,227,896
	(Increase)/Decrease in Income tax	36,022,641	123,572,645
		448,198,883	242,958,217
	Net cash flows from/(used in) operating activities	777,968,725	1,053,332,594
34	INTEREST RECEIVED		
	Interest Income	3,597,794,770	3,882,804,446
	Add: Opening Interest Receivable on FDR	5,273,044	4,039,280
	Less: Closing Interest Receivable on FDR	(4,552,860)	(5,273,044)
	Add: Closing Interest Suspense Account	288,488,747	240,129,736
	Less: Opening Interest Suspense Account	(241,478,034)	(241,478,034)
	Total	3,645,525,667	3,880,222,384
35	INTEREST PAYMENT		
	Interest Expenses	(2,693,706,296)	(2,985,378,387)
	Add: Opening Interest payable on Deposit and Borrowings	(1,538,618,353)	(1,084,851,753)
	Less: Closing Interest payable on Deposit and Borrowings	1,426,278,827	1,538,618,353
	Total	(2,806,045,822)	(2,531,611,787)

		Figures in Taka	
		2020	2019
36	RECEIVED FROM OTHER OPERATING ACTIVITIES		
	Documentation Fee	37,250	52,965
	Received from Phoenix Bhaban	9,081,846	12,150,848
	Income from Associates	963,555	-
	Income from Investment in Shares	10,566,064	14,198,207
	Interest on Bank Deposits	48,823,273	31,840,153
	Proceeds on Final Settlement	541,322	9,050,248
	Salvage Value	2,165,945	1,699,960
	Service Charge	140,793	301,554
	Total	<u>72,320,048</u>	<u>69,293,935</u>
37	PAYMENTS FOR OTHER OPERATING ACTIVITIES		
	AGM Expenses	(2,928,241)	(4,431,241)
	Assets Maintenance	(311,411)	(300,113)
	Audit Fee	(300,000)	(250,000)
	Bank Charge and Excise Duty	(2,430,285)	(1,409,686)
	Business Development Expense	(1,151,589)	(255,100)
	Capital loss on sale of Securities	-	(655,207)
	CDBL and Stock Exchange Charge	(631,789)	(2,132,185)
	Computer and Software Development Expenses	(495,056)	(280,129)
	Credit Rating Fee	(272,727)	(333,333)
	Directors' Fees	(728,000)	(1,064,000)
	Legal expenses	(462,130)	(1,813,109)
	Loss on Associates	-	(1,582,996)
	Motor Vehicle Expenses	(3,329,518)	(1,857,059)
	Office Expenses	(5,530,331)	(6,297,007)
	Office Maintenance	(1,729,833)	(2,439,990)
	Postage, Stamp, Telecommunication etc.	(2,195,474)	(3,051,958)
	Rent, Taxes, Insurance, Electricity etc.	(27,321,694)	(25,706,249)
	RJSC Fees and Expenses	(44,965)	(93,783)
	Service Charge (Office)	(2,082,900)	(1,997,400)
	Subscription and Fees	(1,553,601)	(526,159)
	Travelling and Conveyance	(918,365)	(1,385,948)
	Wages	(5,234,570)	(5,308,331)
	Total	<u>(59,652,479)</u>	<u>(63,170,983)</u>

		Figures in Taka	
		2020	2019
38	CAPITAL ADEQUACY BASED ON BASEL-II		
	Core Capital(Tier-I)		
	Paid-up Capital	1,481,019,600	1,397,188,310
	Share Premium	87,408,700	87,408,700
	Statutory Reserve	780,196,143	739,997,588
	General Reserve	2,000,000	2,000,000
	Retained Earnings	311,666,446	300,359,142
	Sub-Total	<u>2,662,290,889</u>	<u>2,526,953,740</u>
	Supplementary Capital(Tier-II)		
	General Provision		
	(Unclassified loans up to specified limit +SMA + off Balance Sheet Exposure)	249,608,600	273,738,082
	Assets Revaluation Reserve (50%)	298,976,430	308,566,749
	Sub-Total	<u>548,585,030</u>	<u>582,304,831</u>
	A. Total Eligible Capital	<u>3,210,875,919</u>	<u>3,109,258,571</u>
	B. Risk Weighted Assets		
	Credit Risk	<u>25,949,300,000</u>	<u>25,344,900,000</u>
	On Balance Sheet	25,875,100,000	25,285,500,000
	Off-Balance Sheet	74,200,000	59,400,000
	Market Risk	336,800,000	331,600,000
	Operational Risk	1,548,900,000	1,591,700,000
	Total Risk Weighted Assets	<u>27,835,000,000</u>	<u>27,268,200,000</u>
	C. Minimum Required Capital(MCR) on RWA (10% of RWA for both under CAMD)	<u>2,783,500,000</u>	<u>2,726,820,000</u>
	D. Capital Surplus/(Shortfall)(A-C)	<u>427,375,919</u>	<u>382,438,571</u>
	Total Capital Adequacy Ratios	11.54%	11.40%
	Capital Requirement	Required (%)	Held on 2020
	Core Capital(Tier-I)	5	9.57%
	Supplementary Capital(Tier-II)	-	1.97%
			Held on 2019
			9.26%
			2.14%

39 Average effective tax rate

The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes"

Tax expenses (A)	138,325,213	184,273,151
Accounting profit before tax (B)	339,317,987	448,656,274
Average effective tax rate (A÷B)	<u>40.77%</u>	<u>41.07%</u>

Figures in Taka

	2020		2019	
	%	Amount	%	Amount
39.1 Reconciliation of effective tax rate:				
Profit before income tax as per profit and loss account	37.50%	339,317,987	37.50%	448,656,274
Income tax as per applicable tax rate		127,244,245		168,246,103
Tax savings from tax rates lower than business rate (ranging from 0% to 20% for exempted investment income, dividend income, capital gains, excess perquisites)	8.84%	30,000,000	9.08%	40,753,897
Effect of deferred tax	-5.58%	(18,919,032)	-5.51%	(24,726,849)
	<u>40.77%</u>	<u>138,325,213</u>	<u>41.07%</u>	<u>184,273,151</u>

40 RELATED PARTY TRANSACTIONS

The company in normal course of business carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. The Company opines that the terms of related transactions do not significantly differ from those that could have been obtained from third parties. Balance of the significant related party transactions at the end of the year 31 December 2020 are as follows:

Loans, Advances and Leases (Assets with related party)

Name of the related party	Nature of transaction	Relationship	Balance at Jan' 01, 2020	Addition	Adjustment	Balance at Dec' 31, 2020
Md. Jamirul Islam	Lease Finance	Common Director	448,962	-	43,812	5,150
Appollo Ispat Complex Limited	Term Finance	Common Sponsor	536,740,465	91,277,977	-	628,018,442
Total			<u>537,189,427</u>	<u>91,277,977</u>	<u>443,812</u>	<u>628,023,592</u>

Deposits (Liabilities with related party)

Name of the related party	Nature of transaction	Relationship	Balance at Jan' 01, 2020	Addition	Adjustment	Balance at Dec' 31, 2020
Azizur Rahman	Term Deposit	Chairman	1,500,000	4,662,000	-	6,162,000
Ahamadi Begum	Term Deposit	Wife of Azizur Rahman	1,500,000	3,162,000	-	4,662,000
Ehsanur Rahman Safwan	Term Deposit	Son of Azizur Rahman	-	5,000,000	-	5,000,000
Nahid Rahman	Term Deposit	Daughter of Azizur Rahman	1,500,000	162,000	-	1,662,000

Name of the related party	Nature of transaction	Relationship	Balance at Jan' 01, 2020	Addition	Adjustment	Balance at Dec' 31, 2020
Salma Islam	Term Deposit	Daughter of Azizur Rahman	1,500,000	162,000	-	1,662,000
Sayma Parvin	Term Deposit	Daughter of Azizur Rahman	1,500,000	162,000	-	1,662,000
Md. Jamirul Islam	Term Deposit	Director	35,026,150	75,000	26,692,500	8,408,650
Parvin Hossain	Term Deposit	Wife of Md. Jamirul Islam	4,994,055	2,005,185	-	6,999,240
Mohammad Mohsin	Term Deposit	Director	-	50,000,000	-	50,000,000
Mohammad Haider Ali	Term Deposit	Brother of Mohammad Mohsin	-	110,000,000	-	110,000,000
Nazneen Sultana	Term Deposit	Sister of Mohammad Mohsin	-	26,593,754	-	26,593,754
Nasrin Sultana	Term Deposit	Sister of Mohammad Mohsin	-	26,593,754	-	26,593,754
Yasmin Sultana	Term Deposit	Sister of Mohammad Mohsin	-	26,593,754	-	26,593,754
Shabnaz Sultana	Term Deposit	Director	4,388,732	460,612	-	4,849,344
Sharmin Sultana	Term Deposit	Sister of Shabnaz Sultana	5,800,686	621,674	-	6,422,360
Nasreen Ali	Term Deposit	Independent Director	6,436,838	692,679	-	7,129,517
Reshad Imam	Term Deposit	Independent Director	4,626,732	469,519	-	5,096,251
Mazharul Hoque	Term Deposit	Husband of Mrs. Meherun Haque	3,500,000	10,375,000	3,875,000	10,000,000
Mohammed Shoeb	Term Deposit	Sponsor	53,661,882	3,912,304	3,000,000	54,574,186
Ajmeena Anjum Shoeb & Ardeena Anjum Shoeb	Term Deposit	Daughter of Mohammed Shoeb	16,163,572	2,810,928	-	18,974,500
Total			142,098,647	274,514,163	33,567,500	383,045,310

41 SUBSEQUENT EVENTS

- a) Some loan balances were classified as per loan classification directives. However, the client has applied for rescheduling of such loan after compiling with necessary legal requirement. The company had also made application to Bangladesh Bank (BB) for getting approval of such rescheduling. The confirmation from Bangladesh Bank is received after the year end. This corroborative evidence (Bangladesh Bank Confirmation) has been used for loan classification status of that particular clients at the year end.
- b) The company funded its Employees' Gratuity Fund on March, 2021. However, the financial statements does not affect in this respect.
- c) The Board of Directors has recommended 6% stock dividend and 6% cash dividend for the year ended December 31, 2020 subject to the approval of the shareholders' meeting and appropriate authority if required.
- d) No other material event occurred after the reporting period except those mentioned above, which could materially affect the amounts or disclosures in these Financial Statements.

42 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2020, 12 (Twelve) Board Meetings were held. As on 31st December 2020, there were average 08 members in the Board. As per FID circular no. 09 dated 11 September 2002, a Financial Institution shall have maximum 11 (eleven) Directors in the Board. The Managing Director is an ex-officio Director having no voting right.

43 NUMBER OF EMPLOYEES

A total number of 129 employees and 25 sub staffs were employed in Phoenix Finance and Investments Limited as of 31 December 2020.

43.1 Disclosure of Key management Benefits:

Key management personnel comprises the Management Committee, including the Managing Director who exercise significant authority and play strategic role in the company. Salaries and allowances includes key management compensation which is furnished bellow:

	Figures in Taka	
	2020	2019
Basic Pay	37,424,185	40,658,815
Other Allowances	72,652,513	84,784,332
Total	<u>110,076,698</u>	<u>125,443,147</u>
Total number of persons	<u>20</u>	<u>22</u>

44 AUDIT COMMITTEE

a) Members of Audit Committee

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

Name	Position in the Board of Directors	Designation in the Audit Committee	Educational Qualification
Ms. Nasreen Ali	Independent Director	Chairman	Masters
Mr. Azizur Rahman	Chairman	Member	Graduate
Mr. Reshad Imam	Independent Director	Member	Barrister-at-Law and LLM

b) Meetings of Audit Committee

During January 01 to December 31, 2020, 4 (Four) Meetings of the Board Audit Committee of the Board were held in which among others, the following issues were discussed:

- i) Regular review of the Internal and External (Including Bangladesh Bank) Inspection and Audit Reports with a view to implementing the suggestions of Internal and External Auditors in respect of Internal Control Structure and Techniques;
- ii) Regular review of the Quarterly Operations Reports on the operational functions of each Branch of Phoenix Finance and Investments Limited (PFIL) with a view to ensuring proper operational function of the Company;
- iii) Reviewed un-audited draft Financial Statements and draft Management Reports of Phoenix Finance and Investments Limited (PFIL);
- iv) Evaluated the status of compliance culture related to Internal Control System built by the Management.

c) Internal Control

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

- i) Internal Control and Compliance Division carried out Internal Audit with a view to enriching the compliance culture and full control on the business operations. The Division directly reports simultaneously to the Managing Director and to the Board Audit Committee;
- ii) Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of Internal Control System and Internal Audit Policy, Policy for Financial Risk and existing rules and regulations;
- iii) To Establish the Control Policies and Procedures and Verification that the Control Policies and Procedures are in order;
- iv) To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and that of different Divisions of Head Office and conducting surprise inspections at Branches;
- v) To Monitor and Comply with Applicable Laws, Regulations and Internal Policies Including Core Risk Management Guidelines of the Company;
- vi) Strengthening the structure of compliance framework for better functioning of the operation; and
- vii) To guard against money laundering and terrorist financing.

Financial Highlights as Required by Bangladesh Bank

For the year ended 31 December 2020

Sl. No.		Figures in Taka	
		2020	2019
1	Paid up Capital	1,481,019,600	1,397,188,310
2	Total Capital (core+ supplementary)	3,260,243,749	3,144,087,238
3	Capital surplus/(deficit)	481,019,600	397,188,310
4	Total Assets	29,451,967,945	29,179,735,802
5	Total Term Deposit Receipts	18,624,516,523	19,347,216,416
6	Total Loans, Advances and Leases	26,169,965,905	26,548,700,012
7	Total Contingent Liabilities and Commitments	125,000,000	100,000,000
8	Credit Deposit Ratio (%)	140.51%	137.22%
9	Percentage of classified loans against total Loans, Advances and Leases	6.47%	7.06%
10	Profit after Tax and provision	200,992,774	264,383,123
11	Amount of classified loans	1,692,238,230	1,874,168,879
12	Provisions kept against classified loan	353,749,650	337,559,567
13	Provision surplus / (deficit)	51,064,512	3,089,144
14	Cost of Fund	12.76%	12.42%
15	Interest earning Assets	26,345,819,384	26,722,041,617
16	Non-interest earning Assets	3,106,148,561	2,457,694,185
17	Return on Investment (ROI)	6.16%	8.41%
18	Return on Assets (ROA)	0.68%	0.91%
19	Income from Investment	11,936,920	14,198,207
20	Earnings per Share	1.36	1.79
21	Net Asset Value (NAV) per share	22.01	21.23
22	Price Earnings Ratio (Times)	20.22	12.01

Fixed Assets Schedule

As on December 31, 2020

PARTICULARS	Cost			Rate %	Depreciation				
	Balance as on 01.01.2020	Addition during the year	Adj. during the year		Balance as on 31.12.2020	Charged during the year	Adjustment during the year	Balance as on 31.12.2020	WDV as on 31.12.2020
Air Conditioner	8,964,360	449,000	-	20.00	8,293,286	230,021	-	8,523,307	8,523,307
Building	541,553,742	38,544,120	-	5.00	241,970,806	27,350,709	-	269,321,515	269,321,515
Computer & Projector	13,467,708	763,141	-	20.00	10,408,538	1,066,007	-	11,474,545	11,474,545
Electrical & Office Equipment	4,447,604	11,050	-	20.00	4,007,937	223,526	-	4,231,463	4,231,463
Flat	-	-	-	10.00	-	-	-	-	-
Furniture & Fixture	13,563,240	-	-	12.50	12,440,596	265,294	-	12,705,890	12,705,890
Land	450,236,390	-	-	-	-	-	-	-	-
Machinery Lease	215,460,427	-	-	20.00	215,460,414	-	-	215,460,414	215,460,414
Motor Vehicle	28,084,076	8,589,730	2,790,000	25.00	23,234,032	1,937,480	1,883,250	23,288,262	23,288,262
Office Decoration	42,170,810	3,431,782	-	20.00	35,222,962	1,772,037	-	36,994,999	36,994,999
Telephone & Fax	586,780	-	-	20.00	530,982	20,059	-	551,041	551,041
Total 2020	1,318,535,137	51,788,823	2,790,000		551,569,553	32,865,133	1,883,250	582,551,436	582,551,436
Total 2019	1,306,123,849	15,278,285	2,866,997		522,402,338	32,034,212	2,866,997	551,569,553	551,569,553



Proxy Form

I/We..... of
being shareholder(s) of
 Phoenix Finance & Investments Limited and entitled to vote hereby appoint Mr/Ms.....
as my/our proxy to attend and vote for
 me/us and on my/our behalf at the 26th ANNUAL GENERAL MEETING of the Company to be held on the 30th September
 2021.

As witness my/our hand this.....day of.....2021

AFFIX TK. 20/-
 REVENUE
 STAMP

.....
 (Signature of Shareholder)

.....
 (Signature of Proxy)

Folio No./Bo ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of shares held.....

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 48 hours of the meeting.



Attendance Slip



I/We Hereby record my/our attendance at the 26th Annual General Meeting of the Company being held on Thursday 30th September
 2021 at 11.30 am through digital platform link <https://phoenixfinance.bdvirtualagm.com>

Name of Shareholder/Proxy.....2021

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.





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