

Shaping Our Financial Future

2023
ANNUAL REPORT

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PHOENIX
FINANCE
prepare to rise

**Shaping
Our
Financial
Future**

2023
ANNUAL REPORT

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Future of Finance

Today's investment - shaping tomorrow, today



The future Finance organisation will focus on **value oriented** tasks



Finance will operate very differently and be significantly more efficient with an increased **focus on value oriented tasks.**

New roles will be created and existing ones augmented, with a **different blend of skills.**



A skill set like no-other

depth knowledge of sustainability strategies are critical to balance the inter relationships between financial and sustainability measures.



View from the top

The link between enterprise value and financial value stands with PFIL.



Data (continues to) reign king

Auditable and regulatory-grade sustainability data will be key for investors and shareholders going forward.



A driving force

can drive better business outcomes and better capital allocation by bringing sustainability into their decision-making process.



A genuine and purposeful sustainability story

A credible PFIL story is essential for capital raising and engaging with the market;



► Vision

We
enable
people,
businesses
and society
to grow.

► Mission

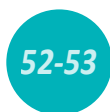
We keep on
going

with the **values** of
collaboration, respect,
innovation, result
orientation and
integrity.

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Company Information



Head Office Address:

Eunoos Center (Level- 11)
52-53, Dilkusha C/A, Dhaka-1000
Tel : 02223389007-10
Fax : 88 02223387787
E-mail : mail@phoenixfinance.com.bd
pfildhaka@gmail.com



Branches Address:

Principal Branch

Eunoos Center (Level- 11)
52-53, Dilkusha C/A, Dhaka-1000
Tel : 02223389007-10
Fax : 88 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 : 02333316980, 333310086, 333310089
Fax : 88 02333316981
E-mail : chittagong@phoenixfinance.com.bd



Khulna Branch

Sk Lokman Arcade (1st Floor)
2A, KDA Avenue, Khulna-9100
Tel : 0244112924, 477729718
Fax : 88 0244112931
E-mail : khulna@phoenixfinance.com.bd

Bogura Branch

Amicus Center (3rd Floor) 416-417, Sherpur Road,
Bogura Sadar, Bogura-5800
Tel : 02589903344, 589903346
Fax : 88 02589903344
E-mail : bogra@phoenixfinance.com.bd

SME Branch

Phoenix Bhaban (1st Floor)
12, Dilkusha C/A, Dhaka-1000
Tel : 02223380519, 223384643, 223387823, 223385537
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 : 0258954462, 58954186
Fax : 88 0258950504
E-mail : uttara@phoenixfinance.com.bd

Imamgonj Branch

House No. 41 (2nd Floor)
Imamgonj, Chawkbazar, Dhaka-1211
Tel : 027342995, 7342766
Fax : 88 027342996
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 : 0241020408, 41020411
Fax : 88 0241020409
E-mail : dhanmondi@phoenixfinance.com.bd

Gulshan Branch

Casablanca (4th Floor)
114, Gulshan Avenue, Gulshan, Dhaka-1212
Tel : 02222292874, 222284049
Fax : 88 02222263876
E-mail : gulshan@phoenixfinance.com.bd



Auditor

Kazi Zahir Khan & Co.

Chartered Accountants
Head Office:
Home Town Apartments
(Level-15 & Flat-B, Level-13)
87, New Eskaton Road, Dhaka-1000
Tel : 02-41032557
Mobile : +8801713-013955
e-mail : kzkc48@gmail.com
kzkc_bd@yahoo.com



www.phoenixfinance.com.bd

Milestone

April 19, 1995	▶	Incorporation
April 19, 1995	▶	Commencement of Business
May 09, 1995	▶	Licensed under Bangladesh Bank
September 21, 1995	▶	Signing of First Lease Agreement
April, 1996	▶	Member, Asian Leasing & Finance Association - 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
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
June, 2016	▶	Achieved 1,500 crore Deposit target
May, 2017	▶	Achieved 2,500 crore Finance target
April, 2023	▶	Launched core financial software (FinUltimus)

Financial Highlights

in BTD Million
where applicable

Particulars	2023	2022	2021	2020	2019
Authorized Capital	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Paid up Capital	1,658.74	1,658.74	1,658.74	1,481.02	1,397.19
Reserve & Surplus	(7,179.45)	(127.22)	1,250.97	1,779.22	1,746.90
Share Holders' Equity	(5,520.70)	1,531.52	2,909.71	3,260.24	3,144.09
Total Deposits	17,215.47	17,386.12	18,316.95	18,624.52	19,347.22
Total Assets	29,132.75	29,134.65	29,534.60	29,451.97	29,179.74
Investment Portfolio	27,343.82	27,089.93	27,342.86	26,345.82	26,722.04
Operational Revenue	549.88	2,166.59	3,082.21	3,673.00	3,952.24
Operational Expenses	2,556.97	1,922.92	2,732.48	3,079.48	3,429.40
Operational Profit	(2,007.09)	243.67	349.73	593.52	522.84
Net Profit Before Tax	(7,047.68)	(1,357.12)	(279.62)	339.32	448.66
Income Tax	4.54	29.07	70.91	138.33	184.27
Net Profit after Tax	(7,052.22)	(1,386.19)	(350.53)	200.99	264.39
Net Asset Value per share	(33.28)	9.23	17.54	22.01	22.50
Earnings per Share	(42.52)	(8.36)	(2.11)	1.36	1.89
Dividend					
Cash	-	-	-	-	6%
Stock	-	-	-	12%	6%
Return on Equity	-	-90.99%	-12.05%	6.16%	8.41%
Return on Total Assets	-24.21%	-4.76%	-1.19%	0.68%	0.91%
Non Performing Loans (NPL)	77.46%	23.23%	19.67%	6.47%	7.06%
Number of Branches	9	9	9	9	9
Number of Employees	103	112	126	129	134



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

Notice of the 29th Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of Phoenix Finance & Investments Limited will be held on December 12, 2024, Thursday at 11.30 a.m. through Hybrid System at Social Garden-502, at the Institution of Diploma Engineers, Bangladesh (5th Floor), 160/A Kakrail, VIP Road, Dhaka 1000 and at 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, 2023.
2. To declare No Dividend for the year ended on 31st December, 2023 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 2024 and to fix their remuneration.
5. To appoint/re-appoint Compliance Auditor of the Company for the year 2024 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/-
Sabbirul Haque Chowdhury, ACS
Company Secretary
Date: November 14, 2024

NOTES :

- i. The Record Date was on October 24, 2024 (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 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-2023 along with Attendance Slip, Proxy Form and Notice of the AGM will be sent to all the Shareholders by courier service/ post/ e-mail address available as per CDBL record in due course. 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. The shareholders may join the 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 AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) Account Number/ Folio Number.
- v. Shareholders are requested to login to the system well ahead of the Meeting at appointed time for the AGM on Thursday, December 12, 2024. For any IT related guidance and help with the login process the respected members may contact at 01712544196.

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 is Tk.1,658,741,950 divided into 165,874,195 ordinary shares of Tk.10 each.

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)



Chairman's Message



Mr. Mohammed Mohsin
Chairman



Organisations are undertaking steps to ensure their **workforce** and **workplace** have the **right capabilities** to deliver a thriving, insightful and agile Finance function that is future-fit.



RESPECTED SHAREHOLDERS,

Assalamu Alaikum,

I am delighted to have privileged for presenting the Annual Report of Phoenix Finance & Investments Limited for the year 2023 before you. I also feel very happy to welcome you all on the event of the 29th Annual General Meeting of the Company, our beloved Financial Institution, 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.

DEAR PATRONS,

The economic landscape of Bangladesh in 2023 was characterized by rising inflation, sluggish export growth, and significant pressures on liquidity within the financial sector. Our strategic focus in 2023 was on build up sustainability and financial management for going concern in serious crisis. Despite these challenges and crisis, Phoenix Finance remained steadfast in navigating these complexities with strategic foresight and resilience. We recognized our responsibility as a key player in the nation's financial landscape.

A couple of years we tried to rationalizing the increasing operating expenses for optimize our operational expenses without jeopardizing productivity and any disruption. The cost cutting approach was taken for the administrative areas and implemented with the help of people from all functions across the Company. Efficient management of working capital was another high prioritized area we worked on meticulously. Keeping the worst case scenarios in mind with regards to potential liquidity risks, we tightened our approach when it came to our collection process, eventually ensuring improved deposit management schemes.

DEAR STAKEHOLDERS,

We always consider the welfare of our stakeholders over the growth and profitability as we strongly believe that we have a great responsibility towards them. In 2023, the total asset of the Company stood at Tk 29,132.75 million. Investment portfolio stood at Tk 27,343.82 million at the end of December 2023.

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 77.46% in 2023. The level of yearly provisioning also maintained

satisfactorily. Shares of Phoenix Finance & Investments Limited are quoted on the Bangladeshi Stock Exchanges (DSE & CSE) and the Market Capitalization of the Company stood at around Tk 2,703.75 million. But in order to maintain provisions against Classified Lease/Loan the Shareholders' Equity stood at (Tk 5,520.70) million.

During the year under review, our focus and strategy was concentrated on sustainable growth of business, earning 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. Strong follows up by our energetic efforts in marketing strategy, efficient fund management, risk analysis, diversification of products and services. I believe on continuous support and everlasting trust over us from our valued stakeholders and the untiring effort of our highly capable Management staff.

DEAR SHAREHOLDERS,

I regret to announce that the Board of Directors of the Company has recommended No Dividend for the year 2023 due to some obvious reasons, mainly due to maintaining provisions against classified Lease/Loans of the Company, subject to the approval of the Shareholders in the 29th Annual General Meeting. I believe that the Board of Directors of the Company will be able to maintain consistent Dividend Policy. We optimist for receiving dividend in the coming years.

DEAR PATRONS,

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 overseas management to attain predetermined goals and objectives of the Company, integrity and compliance throughout

Phoenix Finance & Investments Limited 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.

DEAR PATRONS,

I believe that 2023 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 the Management. 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 the Company. I respect their zeal to work hard to reach to 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 2024 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.



(Mohammed Mohsin)
Chairman

The Board of Directors



Mohammed Mohsin
Chairman



Meherun Haque
Nominee Director
Representing Phoenix Insurance Co. Ltd.



Mahbub Ahmed Zakaria
Independent Director



Rashna Imam
Independent 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.



Mohammad Sayduzzaman
FCA, FCS
Managing Director (CC)

Board of Directors' Profile

MR. MOHAMMED MOHSIN

Chairman

Mr. Mohammed Mohsin, son of late Mobarak Ali, the Legendary Entrepreneur of Banking Sector of the country appointed as a Director of the company from November 30, 2020. During the time he contributed a lot towards the Board of Directors of the Company. Afterward he elected as the chairman of the Company on 13 June, 2023. In his educational life, Mr Mohammed Mohsin obtained graduation from the University of Dhaka. Later he pursued his higher studies at University of Central London on Business Management. Upon completion his educational life he joined his father's business enterprise New United Industries Limited as a director in the year 1989. He also ventured into different sectors at home and abroad, most notably having a Distributorship of Phone Cards in the early 2000's in Dallas, Texas, USA. He is also held Directorship in many renowned private sector companies. At Present he holds directorship of Phoenix Securities Ltd., a well-known stock brokerage house, the Managing Director of Khurshid apparels and also having a directorship with an aviation business namely Flight 71.

Since his childhood Mr. Mohsin has been deeply involved in many social and cultural communities. He is a social worker and also known as a die-hard sports lover. He is the President of Rotary Club of Dhaka South, Vice President of Dhaka Akadash R.C, Vice President of Badda Jagoroni Sangsad, Football Committee Member of Dhaka Mohammedan Sporting Club. He is the Joint Treasurer of Gulshan Society, Life Member of Gulshan Youth Club, Life Member of Gulshan Society Masjid, Life Member Chattagram Samity and Member of Gulshan Central Masjid.

Mr. Mohammed Moshin extensively travel in many countries in the way to be more associated with wider communities of peoples and societies of the world.

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.

MS. RASHNA IMAM

Independent Director

Ms. Rashna Imam, a highly qualified Law Practitioner has vast experience in Corporate Laws and Laws relation to Finance and Banking sector of Bangladesh. She is a Barrister-at-Law and an Advocate of the Appellate Division of the Supreme Court of Bangladesh and a Partner of one of the nation's leading Law Firm, named Akhtar Imam & Associates. She 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 her professional Career. Recently she is placed as one of the top most Lowers in Asia, published in Asian Law Directory.

MR. MAHBUB AHMED ZAKARIA

Independent Director

Brigadier General Mahbub Ahmed Zakaria, Bir Protik (Retd), a gallantry award holder exhibited dynamism coupled with experience in both public and private fields at home and abroad.

He has four Master's degrees in his credentials. He was the Chairman of Bangladesh Textile Mills Corporation. He also worked as an Operation Management and Communication Specialist at Public Private Partnership Authority (PPPA).

MR. MOHAMMAD SAYDUZZAMAN, FCA, FCS

Managing Director (CC)

Mr. Mohammad Sayduzzaman is working as the Managing Director (CC). He Joined the Company in August, 2005, held the position of Head of Finance & Accounts & Secretary to the Board. He gradually held the position of Head of Human Resources, Logistics, Public Relation and Credit Administration Division and the Deputy Managing Director of the Company.

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.



Executive Committee of the Board of Directors


Chairman
Mr. Mohammed Mohsin

Members
Mrs. Meherun Haque

Audit Committee of the Board of Directors

Chairman
Ms. Rashna Imam

Members
Mr. Mohammed Mohsin
Mrs. Meherun Haque



Senior Management



Mohammad Sayduzzaman FCA, FCS
Managing Director (CC)



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



Sardar Mahbub Ali
VP & Head of CAD
& HR



Mohammed Ashaduzzaman
VP & Chief Financial Officer

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.



Process Excellence will unlock capacity and **allow Finance to fundamentally rebalance** where resource is focused and effort is spent.



05

Md. Sajedur Rahman
FAVP & Head of Internal Control & Compliance



06

Sabbirul Haque Chowdhury
ACS
SPO & Company Secretary



07

Md. Shahjahan Bhuiyan
SPO & Head of Investments
& Share Division

01 **MOHAMMAD SAYDUZZAMAN**
FCA, FCS
Managing Director (CC)

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02 **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 22 years of financial services experience and held various positions. He started his career with Uttara Bank Ltd. as Officer Grade-I in 1999. Subsequently he served with National Bank Ltd. and ONE Bank Ltd. with different positions including the Head of Branch, Head of Lease Finance, Head of General Banking, Unit Manager and Relationship Manager. During his service tenure, Mr. Alam participated in various Professional and Institutional training, Seminar and Workshop conducted by BIBM, BBTI, IFC & SEDF, ICAB, ICMA, Uttara Bank Training Institute, National Bank Training Institute, ONE Bank Training Institute and BSEC.

03 **SARDAR MAHBUB ALI**
VP & Head of HR, Logistics
and CAD

Sardar Mahbub Ali, holds the position of VP & Head of CAD & HR 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.

**04 MOHAMMED
ASHADUZZAMAN**

VP & Chief Financial Officer

Mohammed Ashaduzzaman took over the role of CFO in 2023. His areas of expertise span over financial planning, and control, Budgeting, Corporate and financial reporting, strategic planning and taxation. Prior to that he was discharging his duties as a Head of Treasury Division. He 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 big 4 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.

05 MD. SAJEDUR RAHMAN
FAVP & Head of Internal Control
& Compliance

Mr. Md. Sajedur Rahman has been working in Internal Control & Compliance Division (ICCD) since joining the service till now. Due to his competence, skill, knowledge and commitment to duties

he is currently serving as the Head of the ICC Division successfully. He joined Phoenix Finance & Investments Limited in 2010 as Management Trainee. As a veteran Internal Control & Compliance (ICC) professional with 14 years of comprehensive experience, he brings a unique blend of strategic insight and technical expertise to the role of Head of Internal Control & Compliance (ICC). Holding BBA & MBA Major in Finance & Banking & obtaining various training on the different sector of Finance Company & Banking has enriched his ability to align Control & Compliance practices with broader business goals, ensuring risk management and governance frameworks not only safeguard organizational assets but also drive performance improvements.

Throughout his career, he has led cross-functional audit/inspection teams and executed complex audits/inspections across various industries, identifying key risks, strengthening internal controls, and delivering actionable recommendations. His experience spans financial, operational, and compliance audits/inspections, with a strong emphasis on implementing best practices that enhance transparency and operational efficiency.

He is adept at fostering a culture of continuous improvement, ensuring that Control & Compliance functions are adaptable and responsive to evolving business environments. His leadership style emphasizes collaboration and clear communication, enabling him to effectively engage with stakeholders across all levels of the organization, from executive leadership to operational teams.

With a commitment to excellence and a proactive approach to risk management, He is dedicated to driving value through strategic Internal Control & Compliance (ICC) functions, ensuring the organization remains resilient, compliant, and poised for growth.

**06 SABBIRUL HAQUE
CHOWDHURY, ACS**
SPO & Company Secretary

Sabbirul Haque Chowdhury, joined Phoenix Finance and Investments Limited (PFIL) in May, 2006. Prior to joining in Phoenix Finance, he served with Phoenix Medical Centre Ltd. Mr. Haque graduated from University of Chittagong and obtained MBA (F&A) from a reported Private University. Thereafter, he obtained Chartered Secretaryship from Institute of Chartered Secretaries of Bangladesh (ICSB). Mr. Haque attended numerous trainings, seminars organized by reputed professional organizations.

07 MD. SHAHJAHAN BHUIYAN
SPO & Head of Investments &
Share Department

Md. Shahjahan Bhuiyan, joined Phoenix Finance and Investments Limited (PFIL) in August, 2006. Prior to joining in Phoenix Finance, he was the Assistant Manager of Finance & Accounts Division of South Asia Insurance Co. Ltd. There after he was the Head of Branch Control Department of City General Insurance Co. Lid. Mr. Shahjahan completed his Honors and Masters in Accounting from Comilla Victoria Govt. College under National University with an excellent academic record. Thereafter, he completed Chartered Accountancy course from Howlader Yunus & Co. (HYC), a member firm of Grant Thornts International a famous Audit & Accounting firms in the world. During his tenure with HYC he conducted Audit and provided advisory services to many National & Multinational Organizations. Mr. Shahjahan attended numerous trainings, seminars organized by reputed local and international organizations.

Core Committees and others

MANAGEMENT COMMITTEE (MANCOM)

- **Mohammad Sayduzzaman, FCA, FCS**
Managing Director (CC)
- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Sardar Mahub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Sajedur Rahman**
Head of Internal Control & Compliance Division
- **Sabbirul Haque Chowdhury**
Company Secretary
- **Md. Shahjahan Bhuiyan**
Head of Investment Division

ASSET LIABILITY COMMITTEE (ALCO)

- **Mohammad Sayduzzaman, FCA, FCS**
Managing Director (CC)
- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Sardar Mahub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer

CREDIT COMMITTEE

- **Mohammad Sayduzzaman, FCA, FCS**
Managing Director (CC)
- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Sardar Mahub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Tapash Kumar Paik**
Senior Officer, CRM

BASEL II IMPLEMENTATION COMMITTEE

- **Mohammad Sayduzzaman, FCA, FCS**
Managing Director (CC)
- **Mohammed Mahub Alam**
Head of Credit Risk Management Division.
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Abdus Sobur**
Senior Principal Officer, F & A

COMPLAINT CELL

- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Sardar Mahub Ali**
Head of CAD & HR Division

ICT STEERING COMMITTEE

- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Sardar Mahub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Sajedur Rahman**
Head of Internal Control & Compliance Division
- **Muhammad Badrul Manir**
Principal Officer

ICT SECURITY COMMITTEE

- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Muhammad Badrul Manir**
Principal Officer
- **Md. Aslam Hosen**
Principal Officer

ICT RISK MANAGEMENT COMMITTEE

- **Sardar Mahub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Muhammad Badrul Manir**
Principal Officer
- **Md. Aslam Hosen**
Principal Officer

COMPUTER INCIDENT RESPONSE TEAM

- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Muhammad Badrul Manir**
Principal Officer
- **Md. Aslam Hosen**
Principal Officer
- **Sk. Aktarul Alam**
Principal Officer

SUSTAINABLE FINANCE COMMITTEE

- **Mohammed Mahub Alam**
Head of Credit Risk Management Division
- **Sardar Mahub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Sajedur Rahman**
Head of Internal Control & Compliance Division
- **Sabbirul Haque Chowdhury**
Company Secretary
- **Md. Shahjahan Bhuiyan**
Head of Investment Division

Core Committees and others

SUSTAINABLE FINANCE UNIT

- **Mohammed Mahbub Alam**
Head of Credit Risk Management Division
- **Md. Shahzada Selim**
First Assistant Vice President
- **Razwanul Kabir**
First Assistant Vice President
- **Tapash Kumar Paik**
Senior Officer
- **Mahmudul Hassan Parvez**
Senior Officer

ETHICS (NAITIKATA) COMMITTEE

- **Mohammed Mahbub Alam**
Head of Credit Risk Management Division
- **Sardar Mahbub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Sajedur Rahman**
Head of Internal Control & Compliance Division
- **Sabbirul Haque Chowdhury**
Company Secretary

INTEGRITY STRATEGY IMPLEMENTATION CELL

- **Sardar Mahbub Ali**
Head of CAD & HR Division
- **Razwanul Kabir**
First Assistant Vice President
- **Md. Shahjahan Bhuiyan**
Head of Investment Division
- **Sk. Aktarul Alam**
Principal Officer
- **Mahmudul Hassan Parvez**
Senior Officer

INTEGRATED SUPERVISION SYSTEM (ISS) DESK

- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Razwanul Kabir**
First Assistant Vice President
- **Md. Shahjahan Bhuiyan**
Head of Investment Division
- **Md. Abdus Sobur**
Senior Principal Officer
- **Md. Didar Uddin Bhuah**
Senior Principal Officer
- **Sk. Aktarul Alam**
Principal Officer
- **Mahmudul Hassan Parvez**
Senior Officer
- **H. M. Jahirul Islam**
Senior Officer

INNOVATION TEAM

- **Mohammed Mahbub Alam**
Head of Credit Risk Management Division
- **Sardar Mahbub Ali**
Head of CAD & HR Division
- **Md. Sajedur Rahman**
Head of Internal Control & Compliance Division
- **Razwanul Kabir**
First Assistant Vice President

RISK MANAGEMENT FORUM

- **Mohammed Mahbub Alam**
Head of Credit Risk Management Division
- **Sardar Mahbub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Sajedur Rahman**
Head of Internal Control & Compliance Division
- **Md. Shahjahan Bhuiyan**
Head of Investment Division

RISK ANALYSIS UNIT

- **Sk. Aktarul Alam**
Principal Officer
- **Kazi Imran Hasan**
Assistant Officer

CENTRAL COMPLIANCE UNIT (CCU)

- **Mohammed Mahbub Alam**
Head of Credit Risk Management Division & CAMLCO
- **Mohammed Ashaduzzaman**
Chief Financial Officer & DCAMLCO
- **Tapash Kumar Paik**
Senior Officer

CORPORATE SOCIAL RESPONSIBILITY (CSR) UNIT

- **Sardar Mahbub Ali**
Head of CAD & HR Division
- **Mohammed Ashaduzzaman**
Chief Financial Officer
- **Md. Shahzada Selim**
First Assistant Vice President
- **Sabbirul Haque Chowdhury**
Company Secretary
- **Mahmudul Hassan Parvez**
Senior Officer

DISASTERS RESPONSE TEAM

- **Mohammed Mahbub Alam**
Head of Credit Risk Management Division
- **Sardar Mahbub Ali**
Head of CAD & HR Division
- **Md. Shahzada Selim**
First Assistant Vice President
- **Razwanul Kabir**
First Assistant Vice President
- **Muhammad Badrul Manir**
Principal Officer

Managing Director's Review



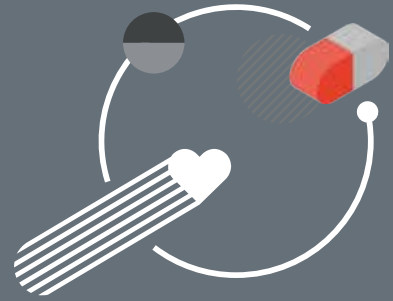
Mohammad Sayduzzaman, FCA, FCS
Managing Director (CC)

HONORABLE SHAREHOLDERS,

RESPECTED MEMBERS OF THE
BOARD OF DIRECTORS
AND MY COLLEAGUES,

Assalamu Alaikum,

The year 2023 was a challenging for the entire world tarnished by wars, geo-political issues, disrupted supply chain, downcast consumer demand and persistently high inflation. The last few years has been also exceptionally challenging for the country, with battling through the pandemic, to the opening of businesses to normalcy in a stretched economic condition. Thus, when the world appeared to be moving forward post-pandemic, many of us dared to hope that 2023 would be a turning point for the world economy. It rather turned out to be the tipping point as the world economies straddled with uncertainty due to war in Europe. This has evidently created extreme pressure on liquidity for the financial sector of the country, which was already taut from the aftermath of the pandemic. It further set the other economies ablaze as the world witnessed global shortages and supply crises for essentials and energy, thus leading to an already heaving inflation going above the roof. With global interdependence, a crisis of this magnitude involving a country like Russia was bound to have subsequent influences on other economies. In the context of global economic crisis, Russia-Ukraine war, depleting foreign exchange reserve, internal capacity of the banking systems to facilitate import and export through opening LCs, timely payment of foreign currencies, remittance etc., and challenges continue to persist as we enter 2024.



Businesses are experiencing unprecedented levels of disruption and impact from a number of global trends. It is becoming clear that a core capability for any business is its ability to respond effectively to disruption.

Finance needs to support the business to **balance the need to protect short term margin and drive long term growth.**

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



However, I would like to draw your attention to the performance of Phoenix Finance & Investments Limited in many avenue of the Business amidst the crisis faced and still facing by the Finance Industry over the whole year. As on December 31, 2023, total Assets of the Company stood at Tk. 29,132.75 million showing decreased by 0.01% as against Tk. 29,134.65 million in the year 2022. The Investment recorded 0.94% increase with a total portfolio of Tk. 27,164.99 million at the end of December 2023, compared to the year 2022. In 2022, it was decreased 0.89% with a total portfolio of Tk. 26,911.10 million compared to the year 2021.

The Paid up Capital of the Company recorded at Tk. 1,658.74 million as on 31st December, 2023. Earning per share (EPS) were Tk. (42.52) during 2023. NAV stood at (Tk 33.28) per share. Average Cost of Fund was at 8.41% during the year compared to 9.09% in the preceding year.

The Non-Performing Loan (NPL) ratio was 77.46% of total loan as on December 31, 2023, which was 23.23% in the previous year. The Company has made provisions against classified loans/lease 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 17,215.47 million as on December 31, 2023 compared to Tk. 17,386.12 million of the previous year decreased by 0.98%. 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 2023, after making all provisions including general provisions on unclassified loans, profit before Tax was Tk (7,047.68) million. The Net profit of the Company was Tk (7,052.22) million in 2023. It was Tk. (1,386.19) million in the preceding year.

The provision growth that resulted on keeping adequate provision caused a significant increase against classified loans and leases. We have ensured rigorous monitoring, ran various campaigns for regularized collection which ensure up-keeping of asset quality. We have been monitoring and following up of overdue and ensure collection from overdue. That helped to keep our NPL minimise even after the impact from lifting asset classification in 2023 by the regulator. Dividend in the form of Cash or Stock cannot be declared in this year due to maintain adequate provision against classified Loan/ Lease as and when required.

In 2023, was a challenging environment we have been straggled for strengthen the basic foundation of our profit centers for sustain. Considering overall situation of the Company the Board of Directors of the Company recommended No Dividend for the year 2023 subject to the approval of the Shareholders in the 29th AGM of the Company.

Our Company also complied with 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 People's Republic of Bangladesh, Governor and other Officials of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange PLC (DSE), Chittagong Stock Exchange PLC (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.

May Allah bless us.

Thanking you all.

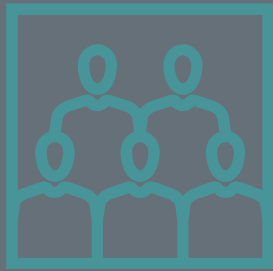
Wishing a prosperous coming year 2024.

Regards



(Mohammad Sayduzzaman, FCA, FCS)
Managing Director (CC)

Head of Branches



01

Shireen Akter Karim
DMD & Head of
Principal Branch



02

Md. Rumman Hossain
SAVP & Head of
Gulshan Branch



03

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



04

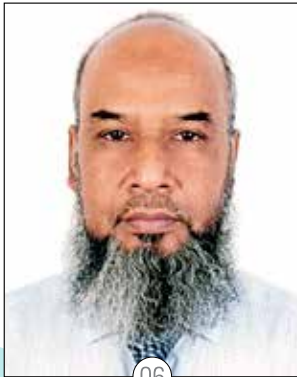
A. S. Mostafa Zaman
FAVP & Head of
Khulna Branch



05

Abdullah-Al-Mamun
FAVP & Head of
Bogura Branch

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



06

Mohammed Fariduzzaman
FAVP & Head of Uttara Branch



07

Dewan Tanvir Hossain Romel
FAVP & Head of SME Branch



08

Syed Golam Hasan
SPO & Head of
Imamgonj Branch



09

Mohammed Sajedur Rahman
SPO & Head of
Chattogram Branch (CC)

01 SHIREEN AKTER KARIM
DMD & 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 DMD 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 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.

03 MOHAMMAD TUHIN KHANDAKER

SAVP & Head of Dhanmondi Branch

Mohammad Tuhin Khandaker is working as a 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.

04 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.

05 ABDULLAH-AL-MAMUN
FAVP & Head of Bogura Branch

Abdullah-Al-Mamun is working as a FAVP & Head of Bogura 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.

06 MOHAMMED FARIDUZZAMAN
FAVP & Head of Uttara Branch

Mohammed Fariduzzaman an Engineer has been working for Phoenix Finance & Investments Ltd. since December 01, 2004. During his long service with the Company, he held various positions different departments both in Head Office and Branch. At present he is discharging the responsibility as FAVP & Head of Uttara Branch of the Company. He has vast experience in finance & accounts related matter and is very active, dynamic and energetic Executive for developing business.

07 DEWAN TANVIR HOSSAIN ROMEL

FAVP & Head of SME Branch

Dewan Tanvir Hossain Romel has been working for Phoenix Finance & Investments Ltd. since May 07, 2008. During his service in Phoenix Finance & Investments Ltd., he held various positions & working in different departments both in Head Office and Branch. At present he is discharging the responsibility as FAVP & Head of SME Branch of the Company. About two decades of service life Mr. Tanvir has gathered versatile working experience. He was served in developing organization as an internal auditor, in manufacturing organization as an accounts officer. After that he moved to financial sector and joined in Phoenix Finance & Investments Ltd. Before starting his service career he completed Masters Degree in Accounting and obtained MBA degree in Banking & Insurance from University of Dhaka. Besides this he partly completed cost and management accounts course from The Institute of Cost & Management Accountants of Bangladesh (ICMAB). He has vast experience in finance & accounts related matter and is very active, dynamic and energetic Executive for developing business. He participated in a number of Professional Training & Workshop organized by BLFCA & Bangladesh Bank, The Central Bank of the country.

08 SYED GOLAM HASAN

SPO & Head of Imamgonj Branch

Syed Golam Hasan has been an integral part of Phoenix Finance since May 2008. Over the course of his career, he has consistently displayed exceptional dedication and leadership skills, earning him the prestigious position of SPO and the responsibility of leading the Imamgonj Branch.

Mr. Hasan's journey began with a solid academic foundation. He holds a M.COM degree in Management from National University. His quest for knowledge and professional growth led him to achieve a MBA.

With a career spanning 15 years at PFIL, Mr. Hasan has contributed significantly to the company's growth and success. He has exhibited remarkable versatility by working in various departments.

Throughout his tenure, He has actively participated in numerous professional training programs, seminars, and workshops.

09 MOHAMMED SAJEDUR RAHMAN

SPO & Head of Chattogram Branch (CC)

Mohammed Sajedur Rahman is working as Head of Branch (Current Charge) at Chattogram Branch. He obtained BBA & MBA degree from University of Dhaka. Mr. Mohammed Sajedur Rahman joined in Phoenix Finance and Investments Limited in September 29, 2010 as Management Trainee. Prior to joining this company he worked as Lecturer in University of Information Technology and Science (UITS) in MBA program. He is very Dynamic, Energetic, Sincere and conversant with Team Working environment and leadership performance. He has completed Banking Diploma part-1 (JAIBB) and appears in part- 2 (AIBB-One subject remaining). In his service tenure he has participated in various training, seminars and workshop organized by Bangladesh Bank and other professional Institutions.



28th Annual General Meeting

December 07, 2023, Thursday at 11.30 a.m.

2022



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

29th 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 2023

Bismillahir Rahmanir Rahim,

Dear Shareholders,

On behalf of the Board of Directors of Phoenix Finance and Investments Limited, I am pleased to welcome you in 29th Annual General Meeting of the Company under newly arranged Hybrid System. The Board of Directors of the Company have pleasure in presenting their Annual Report for the year ended 31st December 2023 which includes Audited Financial Statements along with Auditors Report thereon, Reports on Risk Management, Corporate Governance, Investors' Information, Green Finance etc. The Financial Statements were reviewed and approved by the Board of Directors in its 336th Meeting held on September 30, 2024. In the year 2023, we tried to stable with our core business and have been struggling for the same during the whole year. Meeting all financial and operational objectives in each quarter of 2023, we have tried to achieve consistent result ensuring growth and increasing contributions. This has consistently proven to be beneficial throughout the challenging global economic conditions. These results continue to demonstrate that we have the right strategy and we will exceed all barriers.

GLOBAL ECONOMY

The global economic landscape in 2024 reflects a nuanced scenario marked by challenges and opportunities. As the world navigates the aftermath of the COVID-19 pandemic, the projections and trends present a comprehensive picture that will undoubtedly impact the operations and strategies of financial institutions. The World Bank's latest Global Economic Prospects report foresees a slowdown in global GDP growth, making 2024 the slowest half-decade of growth in 30 years. Developing economies face headwinds, including slowing growth, sluggish global trade, and heightened borrowing costs. Despite the decreased risk of a global recession, geopolitical tensions pose immediate threats. Developed economies, notably the United States, exhibit resilience, but concerns linger regarding a potential growth slowdown. Meanwhile, developing countries show diverse growth prospects,

with regions such as China, Africa, East Asia, South Asia, and Latin America displaying varying economic performances. This regional diversity underscores the need for adaptability in the global financial landscape. Inflation, a key concern for global economic stability, has seen fluctuations. While the IMF's base case assumes inflation anchored to 2% and 4% for advanced and emerging economies by end of 2024, the World Economic Situation and Prospects Executive Summary for 2024 points to persistent worries. Inflation has eased globally, but food prices remain a concern, impacting food security and poverty. The global response to these challenges will be critical for economic equilibrium. With policy interest rates nearing their peaks in most economies, there is a need for a restrictive monetary policy until clear signs of reduced inflationary pressures emerge. Fiscal challenges, exacerbated by factors like ageing populations and climate change, necessitate smarter spending and the preservation of investments. International trade growth has significantly slowed, and global investment trends remain weak. The World Bank emphasizes the need for reforms to boost investment and strengthen fiscal policies. The global labour market has rebounded, but challenges persist, including informal employment and gender disparities. Comprehensive policy packages are urged to enhance fiscal and monetary frameworks, improve the investment climate, and strengthen institutions. Geopolitical tensions, highlighted by conflicts such as the evolving situation following terrorist attacks, and advancements in generative AI present additional layers of uncertainty. The Economist's outlook indicates protracted weakness in global economic conditions with widening regional divergence. The impact of AI on global economic activity, with tools like generative considered potentially disruptive, requires proactive decision-making to shape trajectories and mitigate risks associated with adoption. In navigating these global challenges and opportunities, the financial landscape calls for prudent risk management, strategic investment, and a keen focus on innovations that can enhance operational efficiency. Strengthening global cooperation, adherence to sustainable development goals, and continuous adaptation to evolving economic dynamics

will be essential in steering through the intricacies of the global economic landscape in 2024.

BANGLADESH ECONOMY

Bangladesh, once celebrated for its robust economic growth and poverty reduction, confronts a host of new challenges in FY 2024. The COVID-19 pandemic has significantly disrupted key sectors, particularly textiles and apparel, disrupting global supply chains and demand dynamics, but in the previous year the situation improved a bit. Despite the government's focus on infrastructure, foreign investment, and private sector development, the nation grapples with multifaceted threats. Climate change vulnerabilities, regulatory obstacles, corruption, and the unexpected geopolitical events, such as the Yemeni Houthi rebels causing a bottleneck in the Red Sea poses a huge risk for the RMG sector in the western markets and the Israel-Gaza conflict, further heighten the risks. The recent Russian invasion of Ukraine and the resulting surge in global commodity prices contribute to the prevailing uncertainty, impacting inflation and creating liquidity stress in Bangladesh's banking sector. In FY 2023, Bangladesh experienced rapid economic growth, but FY 2024 started with challenges. Inflation hovered near double digits, remittances stagnated, and goods exports grew modestly. The garment sector, a vital export contributor, faced strikes and external shocks. The political landscape remained stable after the January 2024 elections, but concerns emerged about opposition boycotts. The ruling party's return promises stability, yet monetary tightening and slowing export growth contribute to a projected GDP growth of 6.2%. Facing a balance of payments deficit, rising inflation, and a budget deficit, Bangladesh seeks IMF support. The country's reliance on a narrow export base and remittances, coupled with an overvalued currency, amplifies economic vulnerabilities. A budget deficit contributes to income inequality, requiring fiscal reforms for direct taxation. The banking sector instability, demonstrated by a surge in defaulted loans, demands attention. Additionally, Bangladesh grapples with an energy crisis, relying heavily on imported fuels. Global financial markets indicate Bangladesh lags behind frontier market peers in 2023, with a negative stock market return. Despite challenges, the Asian Frontier Capital predicts a bullish outlook for Bangladesh's stock market in 2024, fuelled by strong earnings recovery. However, concerns arise due to the on-going Red Sea crisis, impacting the apparel sector's export orders and production costs. The

crisis disrupts global shipping routes, causing delays, container shortages, and increased operation costs. To address these economic challenges, Bangladesh must enhance state capacity, reorient economic policies, and prioritize innovation over cheap labour. The government should focus on climate change adaptation, disaster risk reduction, and green growth. Reforms in taxation policies, fiscal discipline, and measures to address income inequality are crucial. The country needs to navigate the on-going global crises by promoting economic stability, attracting investment, and ensuring a competitive business environment.

FOREIGN EXCHANGE

The exchange rate dynamics in Bangladesh during July-December of FY24 reveal a notable improvement, with the Taka depreciating by a modest 1.49 percent against the US Dollar, contrasting with the more substantial 10.15 percent depreciation observed in the same period of FY23. This indicates a successful easing of depreciation pressure, attributed to strategic policy measures implemented by Bangladesh Bank and the government. Despite selling a net of USD 5.69 billion in the foreign exchange market during this period, a decrease from the net sale of USD 7.80 billion in the preceding fiscal year, the Taka exhibited resilience. Furthermore, the depreciation of the Indian Rupee against the US Dollar and the favorable movements in both the Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) indices signify improved competitiveness in international trade. The central bank's commitment to maintaining a stable exchange rate, with a moderate level of depreciation to support export competitiveness and enhance remittance inflows, positions the currency for stability in the coming year. The foreign exchange reserves of Bangladesh experienced a decline, standing at USD 27.13 billion by the end of December in FY24, compared to USD 31.20 billion at the close of June in FY23. A deeper analysis based on BPM6 reveals reserves at USD 21.87 billion by December in FY24. Notably, commercial banks saw a 15.93 percent YoY increase in gross foreign exchange holdings by December 2023, but a 6.89 percent decrease compared to the previous month. This downward trend contrasts with the previous fiscal year when reserves dropped below USD 34 billion. The decrease was attributed to a gradual decline in earnings from exports and remittances, coupled with heightened import payments. Despite the central bank's efforts, including measures to discourage

non-essential imports and currency rate adjustments, the decline persisted due to rising import costs amid global challenges, putting macroeconomic stability at risk. The current state of the economy underscores the need for strategic measures to address the challenges and mitigate further depletion of reserves.

REMITTANCE

The remittance in Bangladesh witnessed a notable upswing as total inflows surged by USD 305.03 million or 2.91 percent, reaching USD 10,798.29 million during July-December of FY24 compared to the same period in FY23. This increase is attributed to the depreciation of BDT and new incentives provided by banks, commencing October 2023, offering an additional 2.5 percent incentive on inward remittances alongside the existing 2.5 percent government incentive. December 2023 alone saw an influx of USD 1,989.87 million, marking a 17.07 percent YoY increase and a 3.10 percent MoM increase. The U.A.E. emerged as the primary remittance sender during this period, supplanting the U.S.A. from the previous fiscal year. Gulf Cooperation Council (GCC) countries contributed significantly, holding a 49.44 percent share, while the U.S.A. accounted for 10.42 percent of total remittances. Among European countries, the U.K. and Italy collectively constituted 19.75 percent of the remittances received during July-December of FY24. This robust trend aligns with the government's push for formal channels, yet challenges such as currency valuation discrepancies and geopolitical risks persist.

INFLATION

In 2023, global inflation stands at 6.9%, with emerging markets experiencing higher rates at 8.5% compared to advanced economies at 4.6%. Projections for 2024 indicate a modest decrease to 5.8% globally, with emerging markets at 7.8% and advanced economies at 3%. Policymakers globally face the challenge of stabilizing inflation amid varied economic conditions. In 2023, Bangladesh faces inflation fluctuations, reaching 9.94% in November, and food inflation peaking at 12.56% in October. The Consumer Price Index (CPI) reflects a rising cost of living. Bangladesh Bank responds with strategic measures, including a new lending rate formula, a Monetary Policy Committee restructuring, and efforts to control money creation. Bangladesh Bank introduces a lending rate formula in June 2024, reaching a six-month high SMART rate of 7.20% in September 2023. The decision to halt money creation aims to control the money

supply. Despite criticisms, these measures align with the target of 6.5% GDP growth while keeping inflation within 7.5% for FY24. The inflationary challenges impact domestic lives, with rising costs affecting the purchasing power of citizens. The government's borrowing trends and increased sales of savings certificates reflect the economic strain on various segments of society. Balancing economic growth and inflation control becomes crucial for improving the well-being of the population.

EXPORT

Against the backdrop of economic challenges, Bangladesh's export sector faces a nuanced landscape. Monthly exports for December 2023 reached USD 5,365.19 million, depicting a marginal decrease of 1.06 percent year-on-year. However, the cumulative export performance during July-December of FY24 recorded a modest growth of 0.84 percent, totaling USD 27,540.37 million. This achievement is 8.55 percent below the strategic target set for the period, revealing a concerning shortfall. The notable surge in demand for knitwear, contributing 48.95 percent to the export portfolio, played a pivotal role in offsetting declines in other sectors. Ready-made garment products, encompassing knitwear and woven garments, constituted a dominant 84.93 percent share in the country's exports. Noteworthy positive contributors included plastic products (increased by 16.44 percent), chemical products (up by 12.39 percent), and agricultural products (rising by 1.20 percent). Conversely, home textiles, leather products, frozen and live fish, jute and jute goods, and engineering products experienced substantial reductions, emphasizing sectoral disparities. Addressing these dynamics is imperative to fortify the resilience of Bangladesh's export landscape and navigate the challenges posed by both global and domestic factors.

IMPORT

Bangladesh's import landscape experienced a significant transformation, with custom-based imports plummeting by USD 7,388.70 million or 21.02 percent year-on-year during July- November of FY24, a stark contrast to the 4.35 percent increase in FY23. Central bank and government initiatives, including LC monitoring and currency depreciation since April 2022, contributed to this downturn. Categories like intermediate goods, capital goods, and consumer goods saw notable declines, resulting in an overall decrease in custom-based imports. Despite an optimistic outlook for import LCs opening in December-February of FY24,

the probable liability against back-to-back LCs poses a substantial factor, reaching USD 2,476.47 million during December-February of FY24. Last year's decline in December 2022, driven by reduced LC openings, especially for capital machinery and industrial raw materials, raised concerns about its impact on economic growth and employment, particularly for MSMEs. The anticipation of increased imports in 2023 underscores the need for balancing measures to boost exports and attract foreign investment.

CAPITAL MARKET

Bangladesh's capital market, orchestrated by the Bangladesh Securities Exchange Commission (BSEC) and the Bangladesh Bank (BB), has seen significant strides in fostering a robust capital and bond market. Initiatives like introducing secondary trading of government treasury bonds and guidelines for mark-to-market revaluation reflect a commitment to market efficiency. Islamic 'Sukuk' bonds have gained traction, contributing to the market's diversity. Collaborative efforts with the International Finance Corporation (IFC) aim to develop a local currency bond market. BB's strategic initiatives, including recalculating capital market exposure and updating investment guidelines for banks, have strengthened the market's resilience. The extension of investment duration for securities market intermediaries underscores the commitment to growth, and specific roles for independent directors enhance governance. These efforts have contributed to a positive trajectory for Bangladesh's capital market. In contrast, the preceding year saw challenges, with the Dhaka Stock Exchange (DSEX) closing lower amidst economic uncertainties. Despite a decline in equity capital raised through IPOs, the market welcomed Treasury bonds and Sukuk. The outlook for 2023 remains uncertain, marked by global recession fears, geopolitical issues, and domestic challenges. However, recent improvements in economic indicators, such as reduced LC openings and import bills, coupled with the IMF loan instalment, provide a glimmer of hope. While caution persists among investors due to potential inflation, market sentiment is anticipated to stabilize, fostering a positive outlook by the year-end.

INDUSTRY OUTLOOK

The economy of Bangladesh continues its journey toward becoming a developed nation, with Non-Bank Financial Institutions (NBFI) playing a pivotal role in this progress. Over the past four decades, NBFIs have been instrumental

in driving economic development by providing essential alternatives for transforming savings into capital investments. As of December 2023, the country hosts 35 NBFIs, including 3 government-owned entities and 32 private ones, operating a total of 308 branches across Bangladesh. Despite this significant presence, the sector faces substantial challenges. The NBFI sector has been grappling with an increasing non-performing loan (NPL) ratio, which averaged nearly 30% at the end of 2023. High-profile cases of non-compliance and embezzlement, particularly in entities like International Leasing and Financial Services, have exacerbated the sector's difficulties. The liquidity crisis, coupled with reduced public confidence, has further strained the industry's performance. Deposits in NBFIs, which previously saw gradual growth, have been declining due to these issues, with significant withdrawals by banks and other financial institutions. The NBFI sector faced a particularly difficult time in the first half of 2023, with record-low interest rate spreads and declining net interest income. However, recent policy changes by Bangladesh Bank, including the introduction of a dynamic cap on lending rates, have provided some relief. These measures, combined with a renewed focus on governance and risk management, offer hope for a gradual recovery in the sector. Looking ahead, the NBFI industry in Bangladesh must continue to adapt to changing economic conditions and regulatory frameworks. The focus must be on strengthening corporate governance, enhancing risk management, and leveraging technology to improve operational efficiency. The sector's ability to navigate these challenges will be crucial in ensuring its continued contribution to Bangladesh's economic growth and development.

THE COMPANY

Since the inception of Phoenix Finance and Investments Limited has always prioritized the sectors that present a growth potential on a long term basis. PFIL is moving towards business solutions by prioritizes efficiency & highest ethical standards and focuses on a business expansion drive through its existing and extended branch network, concentrating more business to increase its market share and profitability. This will be further accompanied by innovative product development, process improvements and staff development, aimed at fulfilling the rapidly changing customer needs in the challenging market conditions and maximizing the value that we create for all the stakeholders.

ASSETS

As on December 31, 2023 total assets stood at Tk 29,132.75 million showing a decrease by 0.01% as against the year 2022 registering Tk. 29,134.65 million. In 2022, total assets decrease by 1.37% as compared to that of 2021. A comparative position of Asset is given below:

Figures in Million Taka

Items	2023	% on Total	2022	% on Total	2021	% on Total
Fixed Assets	641.56	2.20	677.05	2.32	765.47	2.59
Investments Portfolio	27,343.82	93.86	27,089.93	92.98	27,342.86	92.58
Other Assets	1,147.37	3.94	1,367.67	4.70	1,426.27	4.83
Total	29,132.75		29,134.65		29,534.60	



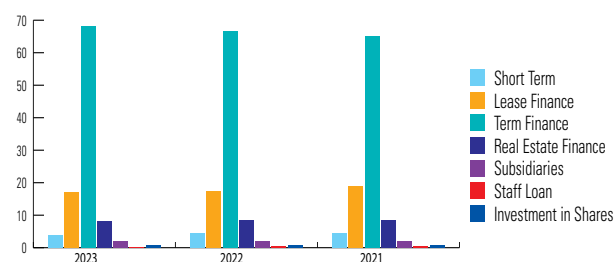
Most of the fund has been injected in Investment Portfolio (93.86% of total assets in 2023) which is the main stream of earning of the Company. It has decrease by 0.01% in the year of review and decreased by 0.93% in 2022.

INVESTMENT PORTFOLIO

The Company recorded an increase of 0.93% in Investments with a total portfolio of Tk. 27,343.82 million at the end of December 2023 compared to Tk. 27,089.93 million at the end of December 2022 which was Tk. 27,342.86 million at the end of December 2021.

Figures in Million Taka

Items	2023	% on Total	2022	% on Total	2021	% on Total
Short Term Finance	1,036.46	3.79	1,193.18	4.40	1234.57	4.52
Lease Finance	4,657.51	17.03	4,723.48	17.44	5,171.61	18.91
Term Finance	18,619.25	68.09	18,051.61	66.63	17,801.14	65.10
Real Estate Finance	2,204.16	8.06	2,275.04	8.40	2,284.20	8.35
Subsidiaries/Sister Concerns/Brokerage House/Merchant Banks /Stock Dealers	564.71	2.06	576.72	2.13	587.79	2.15
Staff Loan	82.90	0.30	91.07	0.34	91.72	0.34
Investment in Shares	178.83	0.65	178.83	0.66	171.83	0.63
	27,343.82		27,089.93		27,342.86	



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 17.03% & 68.09% respectively on total Investment Portfolio in 2023 and the Company diversified its product line time to time depending on the Market situation.

LEASE PORTFOLIO

Total Lease portfolio stood at Tk. 4,657.51 million at the end of December, 2023 compared to Tk. 4,723.48 million at the end of December, 2022 registering a negative growth of 1.42%. It was Tk. 5,171.61 million as on December 31, 2021.

TERM LOAN PORTFOLIO

Total Term Loan portfolio stood at Tk. 18,619.25 million at the end of December, 2023 registering a growth of 3.14%. It was Tk. 18,051.61 million at the end of December, 2022 compared to Tk. 17,801.14 million as on December 31, 2021, registering a growth of 1.39%.

REAL ESTATE FINANCE

Total Real Estate Finance portfolio stood at Tk. 2,204.16 million at the end of December, 2023 registering a decrease of 3.22% which was Tk. 2,275.04 million as on December 31, 2022. In 2022, there was a negative growth of 0.40% compared to Tk. 2,284.20 million as on December 2021.

INVESTMENT IN SHARES

Total Share Investment portfolio stood at Tk. 178.83 million which is remain same as 2022. 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 2023.

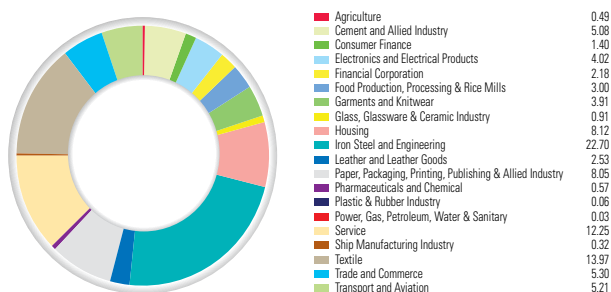
ASSET QUALITY

As on December 31, 2023, 22.54% of the Investment portfolio (except investment in Shares) was regular while only 77.46% of the total portfolio was non-performing as compared to 23.23% of 2022. The Company made required provision as on December 31, 2023 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. 21,040.70 million in 2023 from Tk. 6,250.45 million in 2022. The required loan provision of Tk. 8,139.93 million, out of these Tk. 217.51 million was general provision including SMA, which was 2.67% of the total provision. The rest Tk. 7,922.42 million was against the classified accounts

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. 6,168.82 million, Textile Industries with outstanding of Tk. 3,794.05 million, Housing Tk. 2,204.16 million, Paper, Printing & Packaging Tk. 2,186.15 million, Trade & Commerce Tk. 1,440.28 million, Transport & Aviation Tk. 1,415.94 million, Cement and Allied Industry Tk. 1,379.21 million, Electronics and Electrical Products Tk. 1,092.82 million, Garments & Knitwear Tk. 1,062.56 million, Food Production & Processing Industries Tk. 815.05 million, Leather and Leather Goods Tk. 688.10 million, Merchant Banking Tk. 564.71 million, Consumer Finance Tk. 379.58, Glass, Glassware and Ceramic Industries Tk. 246.35 million, Pharmaceuticals & Chemical Tk. 153.59 million, Agriculture Tk. 134.15 million, Ship Manufacturing Industries Tk. 87.27 million, Plastic Industry Tk. 15.17 million, Power, Gas, Water & Sanitary Service Tk. 8.56 million and other Service Sector including Telecommunications and IT Tk. 3,328.44 million as on December 31, 2023.



LIABILITY

Total liabilities of the Company stood at Tk. 34,653.45 million as on December 31, 2023 compared to Tk. 27,603.13 million as on December 31, 2022 registering an increase of 20.34% over the last year, whereas a growth was increased by 3.54% in 2022 compared to Tk. 26,624.89 million as on December 31, 2021.

DEPOSITS AND OTHER ACCOUNTS

The deposits base of the Company stood at Tk. 17,215.47 million as on December 31, 2023 compared to Tk. 17,386.12 million of the previous year registering a negative growth of 0.99%. 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, Fls, Corporations, and Autonomous Bodies, School, College and Universities etc. The Average cost of Deposits was 8.41% in 2023 as against 9.09 % in 2022.

BORROWINGS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

The Company meets its certain portion of fund demand from loan taken from different Banks. It represents 12.17% of total liabilities in 2023 whereas it was 15.15% of total liabilities in 2022. Total Bank Loan balances of the Company stood at Tk. 4,218.95 million as on December 31, 2023, increased 0.87% 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 and 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, 2023 was at Tk. (5,520.70) million and the Paid up Capital of the Company had been at Tk. 1,658.74 million on the same period.

Particulars	2023	2022	2021
Equity	(5520.70)	1,531.52	2,909.71
Capital	1,658.74	1,658.74	1,658.74

RISKS AND CONCERNS

The company is always aware of the business is subject to a variety of risks and uncertainties e.g. industry risk, liquidity risk, market risk, operational risk, interest rate risk, exchange rate risk, and potential changes in global or national policies, etc. In this respect, the Company has well-defined its risk management policies and introduced a periodic monitoring system that acts as an effective tool

in mitigating various risks to which our businesses are exposed in the course of its day-to-day operations as well as in its strategic actions.

OPERATIONAL REVENUE

Total Operational Revenue stood at Tk. 549.88 million in 2023, decreased by 1,616.71 Million from Tk. 2,166.59 million in 2022. It was decreased by 42.26% in 2022 compared to Tk. 3,082.21 million in 2021.

The main revenue comes from Interest on Term & Lease Finance and others which was 38.59% and 16.60% respectively of total revenue.

OPERATING EXPENSES

Total Operational Expenses incurred at Tk. 2,556.97 million in 2023, increased by 32.97% compared to Tk. 1,922.92 million in 2022. It was decreased by 29.63% in 2022 compared to Tk. 2,732.48 million in 2021. Out of total Operating Expenses, 88.09% was Financing Expenses, 7.99% was Salary & Allowances, 1.53% was Depreciation and 2.39% was other Overhead Expenses.

OPERATING & NET PROFIT

Phoenix Finance and Investments Limited registered an operating profit of Tk (2,007.08) million in 2023 compared to Tk. 243.67 million in 2022 and Tk. 349.73 million in 2021. After making all provisions including general provisions on unclassified loans, profit before tax stood at Tk. (7,047.69) million in 2023 compared to Tk. (1,357.12) million in 2022. The Net Loss of the Company stood at Tk. 7,052.22 million in 2023 compared to Net Loss Tk. 1,386.19 million in 2022.

THE BOARD OF DIRECTORS

The Board of Directors of the Company consists of Directors with wide knowledge and experience. The names of the Directors are mentioned on page no. 18-19 and their brief profiles are given on page no 21 of this Annual Report.

BOARD MEETINGS

The details of Directors meetings and the Board Sub Committee meetings and the attendance of Directors at these meetings are given in the Statement on page no. 75 of this Annual Report.

DIRECTORS' REMUNERATION

Details of Directors' Remuneration paid during the year are given in note number 26 to the Financial Statements.

SHAREHOLDING

There were number of ordinary shareholders 5,987 registered as at 31st December 2023. Details of shareholder's composition and percentage holding of the Sponsors and public are given in the Investors' Information section on page 76 and notes 14.2 in Financial Statements. The shareholding pattern as per Clause 2(k) of SEC Notification No. SEC/CMRRCD /2006-158/Admin/02-08 dated February 20, 2006 is shown in page 88.

RELATED PARTY TRANSACTIONS

Related Party Transactions in terms of Bangladesh Accounting Standard-BAS 24 (Related Party Disclosure) which is adopted in preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note number 38 to the Financial Statements which form an integral part of the Annual Report.

DECLARATION BY THE CEO AND THE CFO

Declaration by the Managing Director and Chief Financial Officer has been given on page no. 50.

CORPORATE GOVERNANCE

The Directors have placed emphasis on confirming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on corporate governance is given on page no. 69-72 Pursuant to clause 9.00 of BSEC notification no. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018, the company's compliance status is shown in annexure-c page no. 49 to 68.

CERTIFICATE OF COMPLIANCE

Required under condition no. 9 disclosed in the ANNEXURE-B on page no. 50 of this Annual Report.

ADDITIONAL DISCLOSURES

The Directors, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 confirm compliance with the financial reporting framework for the following;

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained. 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.

- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no extraordinary gain or loss during the year.
- Difference occurs between quarterly financial performance and annual financial statements due to maintaining provisions against classified Loan/Lease as required by Bangladesh Bank.
- There are no significant changes in the Company's fixed assets and the market value.
- 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.
- The company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate.

KEY FINANCIAL DATA

Key Operating and Financial Highlights for preceding 05 years inserted in page no. 11 of this Annual Report.

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 -21.69 percent with Tier - I ratio at -23.99 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 2.30 percent. Note 39 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.

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. 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 2024

We envisage concentrating in the following areas in 2024 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 No Dividend subject to the approval of the Shareholders in the 28th Annual General Meeting. Dividend in the form of Cash or Stock cannot be declared due to maintain required provisions against Classified Loan/Lease as per instruction of Bangladesh Bank during the year under review.

RETIREMENT AND RE-ELECTION OF THE DIRECTORS

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

Mrs. Meherun Haque

Being eligible she offer herself for re-election subject to prior approval of Bangladesh Bank and Shareholders.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2024

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 DFIM Circular No.04, dated 30.04.2015 regarding

appointment of External Auditors for Financial Institutions, the Management of the Company decided to appoint the External Auditor of the Company for the year 2024.

As per Bangladesh Bank directions, a Chartered Accountancy Firm cannot be appointed as External Auditor of a Financial Institution for more than consecutive 03 (three) years. Bangladesh Bank and Financial Reporting Council (FRC) under Finance Ministry circulated list of eligible Chartered Accountancy Firms to be appointed as External Auditors of Financial Institutions listed with Stock Exchanges.

The existing External Auditor Kazi Zahir Khan & Co., Chartered Accountants Informed us that they have completed their limit by appointing as Auditor of 06 Banks & Finance Companies and they are not in a position to be re-appointed as the External Auditor of Phoenix Finance & Investments Ltd.

Meanwhile, the Company received Expression of Interest (EOI) from Malek Siddqui Wali, Chartered Accountants, 9-G Motijheel C/A, 2nd Floor, Dhaka-1000 one renowned Audit Firm listed with Bangladesh Bank & Financial Reporting Council (FRC) intended to be appointed as the External Auditor for the year 2024.

Accordingly, the Board of Directors of the Company in its 337th Meeting held on October 30, 2024 recommended for appointment of Malek Siddqui Wali, Chartered Accountants as the External Auditor for the year 2024 at a Fee of Tk 3,50,000/- only including Tax & VAT thereon until the next Annual General Meeting subject to approval of Bangladesh Bank.

APPOINTMENT OF THE COMPLIANCE AUDITOR FOR THE YEAR 2024

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 337th Meeting held on October 30, 2024

recommended for re-appointment of Jasmin & Associates, Chartered Secretaries as the Compliance Auditors for the year 2024 at fees of Tk 50,000/- only including VAT and Tax thereon until the next Annual General Meeting.

APPOINTMENT OF THE INDEPENDENT SCRUTINIZER

In order to comply with the regulatory directives issued by the Bangladesh Securities and Exchange Commission (BSEC) vide BSEC/CMRRCD/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 in its 337th Meeting held on October 30, 2024 approved appointment of Ahamed Shamim & Co., Chartered Accountants as the Scrutinizer at Fee of Tk 45,000/- only including Tax & VAT for the purpose relating to upcoming 29th AGM of the Company as per directives given by Bangladesh Securities and Exchange Commission.

ACKNOWLEDGEMENT

Phoenix Finance and 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 and 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,



Mohammed Mohsin
Chairman



Disclosure & **Compliance**

Declaration of CEO & CFO to the Board of Directors

Date: October 03, 2024

The Board of Directors
Phoenix Finance & Investments Limited

Subject: Declaration on Financial Statements for the year ended on 31st December, 2023.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) 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, 2023 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, 2023 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,

Sd/-
Mohammed Ashaduzzaman
Chief Financial Officer (CFO)

Sd/-
Mohammad Sayduzzaman, FCA, FCS
Managing Director (CC)

**Report to the Shareholders
of
Phoenix Finance & Investments Limited
on Compliance on 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 2023. 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 except as stated in the remarks column in Annexure-C;
- (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**
Chartered Secretaries


.....
Jasmin Akter, FCS
Managing Partner

Place : Dhaka
Dated : November 07, 2024

Phoenix Finance and Investments Limited

Status of Compliance with the Corporate Governance Code For the year ended on 31st December 2023

As per Condition No.1 (5) (xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/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)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Board's Size			
	The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty).		√	Fulfilling of minimum 05 Members in the Board of Directors under process
1(2)	Independent Directors			
1(2)(a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);		√	Appointment of another Independent Director has been completed after obtaining approval of Bangladesh Bank vide letter No. DFIM (s) 1055/69(17)2023-4345 dated 31.12.2023 & Bangladesh Securities & Exchange Commission Letter No. BSEC/ICAD/CGD/2023/143/Part-I/85 dated 20.03.2024.
1(2)(b)(i)	Who either does not hold share in the Company or holds less than one (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 holds 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:	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;	√		
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 shall not be an independent director in more than 5 (Five) listed companies;	√		
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non- payment of any loan or advance or obligation to a bank or a financial institution; and"	√		
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) :	√		
	Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.			Due to delay of consent received from BSEC required number of the position of Independent Directors has been exceeded 90 days. Ref. 1(2)(a)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 (ID)			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws regulatory requirements and can make meaningful contribution to 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 registered business association; or	√		
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	√		
1(3)(b)(iii)	Former or existing 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:	√		
	Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; 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);	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			No such matter
1(4)	Duality of chairperson of the Board of Directors and Managing Director of 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 nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Director's Report to Shareholders			
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)	A Discussion on continuity of any Extra-Ordinary activities and their implication (gain or loss);			No such matter
1(5)(vi)	A detailed 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;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			No such matter
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.;			No such matter
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		Refer to the Directors' Report as well as the Financial Statements.
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that 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)	A Statement that proper books of account of the issuer Company have been maintained.	√		
1(5)(xiii)	A statement that 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)	A statement that 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;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;			No such matter

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 should 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;	√		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			No such Parent or Subsidiary or Associated Companies and other related parties exists
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his / her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
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;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	√		
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	√		
1(6)	Meetings of the Board of Directors; 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

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;			No such 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			
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:	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
	Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission:	√		
	Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;"	√		
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: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
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
		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			Bangladesh Bank through its DFIM Circular letter number-18 dated 21 May, 2024 instructed to assign the duties and responsibilities of Nomination and Remuneration Committee to Board Audit Committee.
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 of Directors;	√		
5(1)(b)	The Audit Committee shall assist the Board of Directors 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 of Directors. 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 Committees 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;			Due to shortage of the Members of the Board the Chairman of the Board has been included in the Audit Committee in order to fulfill the Quorum for the Committee
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;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without independent director.	√		
5(3)	Chairman of the Audit Committee			
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	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):	√		
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.	√		
5(5)	Role of Audit Committee			
	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	√		
5(5)(m)	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:	√		No such matter
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(6)(a)(ii)(a)	Report on conflicts of interests;			No such matter
5(6)(a)(ii)(b)	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)	Reporting to the Authorities; 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.			
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):-			
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;			Bangladesh Bank through its DFIM Circular letter number-18 dated 21 May, 2024 instructed to assign the duties and responsibilities of Nomination and Remuneration Committee to Board Audit Committee.
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 (To R) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			do
6(2)(b)	At least 02 (two) 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;			
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;			do
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;			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;			do
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;			do
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;			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.			
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.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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: 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).	√		
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 4 (Four) members. The Board of Directors of whom one is Nominee Director, one is Shareholder Director and two are Independent Directors and also 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. 12 Board Meetings were held during the year 2023. The attendance by each Director is reported at page 75.

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 2 (two) 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 04 meetings were held in the year 2023.

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 2023, 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 07 (seven) 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 4 (four) 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 4 (four) 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.

Requirement of Bangladesh Bank

Compliance department received some reports/ letters from Bangladesh Bank during 2023 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 51-68 Annexure – C as per condition no. 9 of this Annual Report.

Audit Committee Report



MS. RASHNA 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.
- Review the Management's Discussion and Analysis before disclosing in the Annual Report;

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. Rashna Imam	Independent Director	Chairman	Barrister-at-Law and LLM
Mr. Mohammed Mohsin	Chairman	Member	Graduate
Mrs. Meherun Haque	Nominee Director	Member	Graduate

Meetings of Audit Committee

During January 01 to December 31, 2023, 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.

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.



Mr. Rashna Imam
Chairman
Audit Committee &
Independent Director

Attendance by the Directors at the Board Meetings during the year 2023

Sl. No.	Name of Directors / Nominated Directors	Position	Board Meetings Attendance
1	Mr. Mohammed Mohsin	Chairman	12
2	Mrs. Meherun Haque (Representing Phoenix Insurance Company Limited)	Nominee Director	11
3	Ms. Rashna Imam ⁵	Independent Director	09
4	Mr. Azizur Rahman ¹ (Representing Phoenix Insurance Company Limited)	Ex-chairman & Nominee Director	04
5	Mr. Md. Jamirul Islam ² (Representing Phoenix Insurance Company Limited)	Nominee Director	11
6	Mr. Md. Rafiqur Rahman ³ (Representing Phoenix Insurance Company Limited)	Nominee Director	10
7	Mr. Reshad Imam ⁴	Independent Director	02

¹Mr. Azizur Rahman's reelection has been denied by Bangladesh Bank on 16.05.2023

²Mr. Md. Jamirul Islam's reelection has been denied by Bangladesh Bank on 04.12.2023

³Mr. Md. Rafiqur Rahman's reelection has been denied by Bangladesh Bank on 04.12.2023

⁴Mr. Reshad Imam completed his tenure on 28.02.2023

⁵Ms. Rashna Imam appointed as Independent Director from 11.04.2023

Pattern of Shareholdings

as on 31 December, 2023

Sl. No.	Particulars	No. of Shares	% of holding
a)	Parent/Subsidiary/Associated Companies	Nil	Nil
b)	Directors & their spouses and minor children		
	Mrs. Meherun Haque, Nominee Director	992,370	0.60
	Mr. Mohammed Mohsin, Chairman	3,463,298	2.09
	Ms. Rashna Imam, Independent Director	Nil	Nil
	Mr. Mahbub Ahmed Zakaria, Independent Director	Nil	Nil
	i) Mr. Mohammad Sayduzzaman, MD (CC)	Nil	Nil
	ii) Mr. Mohammed Mahbub Alam, Head of CRM	Nil	Nil
	iii) Mr. Sardar Mahbub Ali, Head of CAD & HR	Nil	Nil
	iv) Mr. Md. Ashaduzzaman, CFO	Nil	Nil
	v) Mr. Md. Sajedur Rahman, Head of ICCD	Nil	Nil
	vi) Mr. Sabbirul Haque Chowdhury, Company Secretary	Nil	Nil
c)	Executives (Top 5, except above b)	Nil	Nil
d)	Shareholders holding 10% or more voting interest : Phoenix Insurance Company Limited	18,109,294	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 18-21 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 38-48 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 18-21 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 38-48 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 69-72 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 69-72 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 73-74 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 Managing Director and DMD to EVP.	Complied Refer to the Directors Report on pages 38-48 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 69-72 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 69-72 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 69-72 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 69-72 of this Annual Report.
03.	Responsibilities of Managing Director	Complied
	The Managing Director or Chief Executive Officer of the company or whatsoever be called, shall work under the following area-	
i.	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-" rating to Phoenix Finance & Investments Limited (PFIL) in long term based on financials up to December 31, 2022 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
2022	A-	ST-3
2021	A	ST-2
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

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 outstanding amount of Green Finance is BDT 235.90 million as on 31.12.2023.

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:

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 determine 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.

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 been donated remarkable amount in every year for various Medical treatments, contribution to Health treatment and emergency support in humanitarian distresses.





Investors' **Information**

Shareholders' Information

Share Capital:	31.12.2023
Authorised Capital :	3,000,000,000.00
Paid up Capital :	1,658,741,950.00

SHARE CAPITAL

Authorized capital	2023	2022
300,000,000 Ordinary shares of Tk. 10 each	3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital:		
165874195 Ordinary shares of Tk. 10 each	1,658,741,950	1,658,741,950
Total	1,658,741,950	1,658,741,950

Pattern of shareholdings

Sponsors (Institutions)	181,092,940	181,092,940
Sponsors (Individuals)	302,719,540	324,976,310
General Public (Institutions)	393,972,360	429,116,540
General Public (Individuals)	780,957,110	723,556,160
Total	1,658,741,950	1,658,741,950

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	1806	331,195	0.22
501 to 5,000 shares	2866	6,043,855	3.64
5,001 to 10,000 shares	519	4,039,850	2.44
10,001 to 20,000 shares	312	4,567,136	2.75
20,001 to 30,000 shares	148	3,753,572	2.26
30,001 to 40,000 shares	80	2,825,062	1.70
40,001 to 50,000 shares	49	2,275,717	1.37
50,001 to 100,000 shares	90	6,454,148	3.89
100,001 to 1,000,000 shares	87	28,094,894	16.94
1,000,001 to 10,000,000 shares	29	89,379,472	53.88
10,000,001 to 100,000,000 shares	1	18,109,294	10.92
	5987	165,874,195	100

Year wise Total Number of Shareholders

Year	2023	2022	2021	2020	2019
Number of Shareholders	5,987	5,979	4,775	3,102	3,569

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. 2,703.75 million whereas the book value of share stood at Tk. 1,658.74 million, resulting a Market Value Added of Tk. 1,045.01 million as on December 31, 2023. The calculation of Market Value added is given below:

Particulars	Number of Share	Value per Share	Total amount in million
Market Value	165,874,195	16.30	2,703.75
Book Value	165,874,195	10.00	1,658.74
Market Value added			1,045.01

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	165,874,195	165,874,195

INVESTORS' INQUIRIES

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

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 **2023**



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Auditor's Report

To the Shareholders of Phoenix Finance and Investments Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phoenix Finance and Investments Limited (the "Company"), which comprise the balance sheet as at 31 December 2023 and the profit and loss account, the statement of changes in equity and the 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 of the Company give a true and fair view of the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 2, and comply with the International Financial Reporting Standards (IFRSs), the requirements of the Financial Institutions Act, 2023, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 2020, Income Tax Ordinance and Rules, 1984, The Value Added Tax and Supplementary Duty Act, 2012, The Value Added Tax and Supplementary Duty Rules, 2016 (as amended up to date).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the up and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

We draw attention to the following matters, though our opinion is not qualified in respect of the same:

1. We draw attention to the classification of leases, loans and advances under note no. 6.7 of the financial statements, where 77.46% of leases, loans and advances are classified in accordance with Bangladesh Bank vide Letter no. FIID(I-24/02)/2024-396, dated- 13 May 2024. The remaining leases, loans and advances remain unclassified due to two or more times reschedule & restructure against which interest were not charged. As result the Company's negative operating profit stood amount to Taka 170.25 crore and net assets value represent amount to Taka 566.14 crore. For further clarification we also draw your attention to note no. 3.1.3, 6.7.1, 8, 9.1.1, 10, 11.4.1, 12.a, 13.4.1 and 13.6.1(i).
2. We draw attention to Capital Adequacy Ratio (CAR) under note no. 39 of the financial statements, where required capital of the Company at the close of the business on 31 December 2023 was amount to Taka 274.87 crore. However, eligible capital of the Company showing negative amount to Taka (560.83) crore which indicates deficit of capital amount to Taka (819.38) crore in accordance with DFIM Circular No. 08, dated- 02 August 2010 and Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions issued by Bangladesh Bank, the Company as a financial institution should maintain a Capital Adequacy ratio (CAR) of minimum 10% of its Risk weighted Assets (RWA) where Tier-I. The above-mentioned calculations are made considering Financial Statements Data.

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3. As per BSEC Notification # SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969, the Audit Committee shall immediately report to the Board on any suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements. But no such instances were observed.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key matters	Our response to key audit matters
Measurement of provision for loans, advances and leases	
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank’s guidelines issued time to time. • 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. At year end 2023 the Company reported total gross loans, advanced and leases of amount of Taka 27,164,988,006 (2022: amount of Taka 26,911,099,956) and provision for loans and advanced of amount to Taka 7,999,290,675 (2022: amount of Taka 2,956,068,346) 	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 6 and 13.1 to the financial statements	
<p>Interest income recognition</p> <p>Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Company there is an inherent risk of fraud and error in recognition of interest income.</p> <p>Accordingly, this has been considered as key audit</p>	<p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.</p> <p>For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-of testing to check accuracy of interest income.</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognized during the year with reference to the product wise outstanding loan balances.</p>
See note no 19 to the financial statements	



Description of key matters	Our response to key audit matters
Adequacy of income tax provision and measurement of deferred tax assets	
<p>Calculation of income tax provision required compliance with the Income Tax Act 2023 including careful consideration of various temporary and permanent differences. Furthermore, upon final settlement of pending tax assessments any excess or short provision of current tax is also adjusted in the current year.</p> <p>Finally, significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years. Accordingly, this area has been considered as key audit matter.</p> <p>At year end of 2023 the Company reported income tax provision of Taka 301,265,805 (2022: Taka 317,150,589) and corresponding current income tax charges of Taka 4,538,452 (2022: BDT 29,070,245). In addition, total deferred tax assets of Taka 86,517,559 (2022: BDT 76,898,889) recognized by the Company.</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 both current tax and deferred tax, including the assumptions used in estimating the Bank's taxable income.</p> <p>We reviewed tax position for those years where income tax assessment is pending and assess adequacy of tax provision recorded by the Company. Special focus attention was given to any reversal/adjustment of income tax provision from prior year.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Bank has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of current and deferred tax.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.</p>
See note no 13.2, 9.1 and Provision for tax in Profit and Loss Account to the financial statements	
Legal and regulatory matters	
<p>We focused on this area because the Company's operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over compliance with various regulatory directives and process to create provision, if any.</p> <p>We enquired to those charged with governance to obtain their view on compliance status of all regulatory matters.</p> <p>We enquired of the Company internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We also assessed the Company's provisions and contingent liabilities disclosure.</p>
IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>



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Reporting on other information

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

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

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

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these 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 overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statement

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.



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- 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have completed with relevant ethical requirements regarding independence and to communicate with them all relationships and 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 statement of our current period and are therefore the key audit matters, We describe these matters in our auditors' 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.

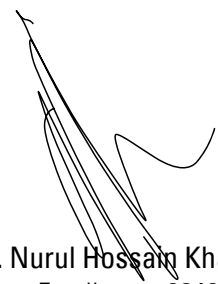
Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 2023 and the rules and regulations issued by Bangladesh Bank (as amended up to date), we also report that:

- a) 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;
- b) 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;
- c) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- d) the expenditures incurred were for the purpose of the Company's business for the year;
- e) the financial statement of the Company has been drawn up in conformity with the Financial Institution Act, 2023 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- f) 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;
- g) 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;
- h) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- i) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

- j) taxes and other duties were collected to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- k) 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;
- l) 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;
- m) 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;
- n) 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;
- o) we have reviewed over 85% of the risk weighted assets of the Company and we have spent around 2,240 person hours for the audit of the books and accounts of the Company;
- p) the Company has complied with relevant instructions which were issued by Bangladesh
- q) Bank relevant to classification, provisioning and calculation of interest suspense;
- r) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- s) All other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Dated: 03-10-2024
DVC No. 2410030240AS647830


Md. Nurul Hossain Khan FCA
Enrollment: 0240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accountants

Balance Sheet

As at 31 December, 2023

Figures in Taka


PROPERTY AND ASSETS	Notes	2023	2022
Cash	3		
In hand (including foreign currencies)		58,917	152,273
Balance with Bangladesh Bank and its agent (including foreign currencies)		113,459,56	89,694,995
		<u>113,518,483</u>	<u>189,847,268</u>
Balance with other banks and financial institutions			
In Bangladesh		640,255,673	786,654,428
Outside Bangladesh		-	-
		<u>640,255,673</u>	<u>786,654,428</u>
		753,774,156	976,501,696
Money at call and short notice	4	-	-
Investments	5		
Government		-	-
Others		178,827,941	178,827,941
		<u>178,827,941</u>	<u>178,827,941</u>
Loans, advances and leases			
Loans, advances and leases etc.	6	27,164,988,006	26,911,099,956
Bills purchased and discounted	7	-	-
		<u>27,164,988,006</u>	<u>26,911,099,956</u>
Fixed assets including land, building, furniture and fixtures	8	641,564,394	677,048,600
Other assets	9	198,605,282	204,223,098
Non - business assets	10	194,988,911	186,951,225
Total assets		<u>29,132,748,690</u>	<u>29,134,652,516</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	4,218,947,517	4,182,726,348
		<u>4,218,947,517</u>	<u>4,182,726,348</u>
Deposits and other accounts	12		
Current and other accounts		-	-
Bills payable		-	-
Savings account		284,017,722	269,129,223
Term deposits		16,931,457,256	17,116,991,911
Bearer certificates of deposit		-	-
Other deposits		-	-
		<u>17,215,474,978</u>	<u>17,386,121,134</u>
Other liabilities	13	13,219,030,086	6,034,285,089
		<u>13,219,030,086</u>	<u>6,034,285,089</u>
Total liabilities		<u>34,653,452,581</u>	<u>27,603,132,571</u>

Figures in Taka

PROPERTY AND ASSETS	Notes	2023	2022
Capital/shareholders' equity			
Paid up capital	14	1,658,741,950	1,658,741,950
Share Premium		87,408,700	87,408,700
Statutory Reserve	15	780,196,143	780,196,143
General Reserve		2,000,000	2,000,000
Revaluation Reserve	16	540,410,946	559,591,584
Retained Earnings	17	(8,589,461,630)	(1,556,418,432)
		<u>(5,520,703,891)</u>	<u>1,531,519,945</u>
Total liabilities and shareholders' equity		<u>29,132,748,690</u>	<u>29,134,652,516</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<u>-</u>	<u>-</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>-</u>	<u>-</u>
Total Off-Balance Sheet items including contingent liabilities		<u>-</u>	<u>-</u>
Net Asset Value per share (Re-stated 2022)	29	<u>(33.28)</u>	<u>9.23</u>

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

The Financial Statements were approved by the Board of Directors on September 30, 2024 and were signed on its behalf by:


Chief Financial Officer


Managing Director (CC)


Director


Chairman

Signed in terms of our separate report of even date.

Place: Dhaka
Dated: 03-10-2024

DVC No. 2410030240AS647830


Md. Nurul Hossain Khan FCA
Enrollment: 0240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accountants

Profit and Loss Account

For the year ended 31 December, 2023

Figures in Taka


Interest income	19	488,542,036	2,102,116,289
Interest expenses on deposits, borrowings, etc.	20	2,252,359,454	1,596,833,254
Net interest income		(1,763,817,418)	505,283,035
Income from Investment	21	7,808,061	14,920,634
Commission, exchange and brokerage	22	-	-
Other operating income	23	53,533,459	49,551,666
		61,341,520	64,472,300
Total operating income (A)		(1,702,475,898)	569,755,335
Salaries and allowances	24	191,012,680	204,836,084
Rent, taxes, insurance, electricity etc.	25	25,239,055	28,138,863
Legal expenses		1,067,111	1,217,918
Postage, stamp, telecommunication etc.	26	2,634,731	2,548,157
Stationery, printing, advertisements etc.	27	3,204,448	4,750,059
Managing Director's Remuneration		13,200,000	13,200,000
Directors' fees	28	616,000	792,000
Auditors' fees		300,000	300,000
Charges on loan losses		-	-
Depreciation and repair of assets	29	39,158,588	45,665,039
Other expenses	30	28,177,044	24,634,495
Total operating expenses (B)		304,609,657	326,082,615
Profit before provision (C=A-B)		(2,007,085,555)	243,672,720
Provision for Future Losses (D)	13.1(ii)	5,040,599,829	1,600,796,563
Total profit before tax (C-D)		(7,047,685,384)	(1,357,123,843)
Provision for tax			
Current		14,157,122	21,917,125
Deferred		(9,618,670)	7,153,120
		4,538,452	29,070,245
Net profit after tax		(7,052,223,836)	(1,386,194,088)

Figures in Taka

Retained Earnings brought forward from previous year	(1,556,418,432)	(189,404,982)
Amortized of Revaluation Reserve	19,180,638	19,180,638
	<u>(8,589,461,630)</u>	<u>(1,556,418,432)</u>
Appropriations	-	-
Statutory reserve	-	-
General reserve	-	-
CSR fund	-	-
Retained surplus	<u>(8,589,461,630)</u>	<u>(1,556,418,432)</u>
Earnings per share	32 <u>(42.52)</u>	<u>(8.36)</u>

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

The Financial Statements were approved by the Board of Directors on September 30, 2024 and were signed on its behalf by:

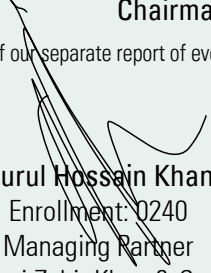

Chief Financial Officer


Managing Director (CC)


Director


Chairman

Signed in terms of our separate report of even date.


Md. Nurul Hossain Khan FCA
Enrollment: 0240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accountants

Place: Dhaka

Dated: 03-10-2024

DVC No. 2410030240AS647830

Cash Flow Statement

For the year ended 31 December, 2023

Figures in Taka

	Notes	2023	2022
Cash Flow from Operating Activities			
Interest received	35	1,979,190,458	2,264,906,065
Interest payment	36	(2,046,950,595)	(1,501,001,007)
Dividend received		7,808,061	14,920,634
Fees and Commission received		-	-
Cash Payments to Employees		(204,212,680)	(218,036,084)
Cash Payments to Suppliers		(3,204,448)	(4,750,059)
Income Tax Paid		(10,412,511)	(55,587,010)
Received from other Operating activities	37	51,138,511	48,619,206
Payments for other Operating activities	38	(51,578,506)	(57,731,540)
Operating Profit before changes in Operating Assets and Liabilities		(278,221,710)	491,340,205
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		-	-
Loans and Lease Finance to Customers		(253,888,050)	259,928,429
Other Assets		3,563,083	26,543,055
Deposits received from Bank and Financial Institutions		423,187,864	(19,157,110)
Deposits received from Customers		(593,834,020)	(911,669,267)
Other Liabilities		441,065,298	(35,457,277)
Sub Total		20,094,175	(679,812,170)
A) Net Cash Flow from Operating Activities		(258,127,535)	(188,471,965)
Cash flows from Investing Activities			
Purchase/sale of securities		-	(6,992,710)
Proceeds from Sale of fixed assets		2,280,000	3,962,964
Purchase/sale of Property, Plant and Equipments		(3,101,174)	(139,149,610)
Purchase/Sale of Subsidiaries		-	-
B) Net Cash Flow from Investing Activities		(821,174)	(142,179,356)
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		36,221,169	120,460,345
Payments for redemption of loan capital and debt securities		-	-
Received from issue of ordinary shares		-	-
Dividend Paid		-	-
C) Net Cash Used By Financing Activities		36,221,169	120,460,345
D) Net Increase/(Decrease) in Cash and Cash Equivalentents (A+B+C)		(222,727,540)	(210,190,976)

		Figures in Taka	
	Notes	2023	2022
Effect of Exchange rate changes on cash and cash equivalents		-	-
E) Cash and cash equivalents at the beginning of the year		<u>976,501,696</u>	<u>1,186,692,672</u>
F) Cash and cash equivalents at the end of the year (D+E)		<u>753,774,156</u>	<u>976,501,696</u>
Cash and cash equivalents at the end of the year represent			
Cash in Hand		58,917	152,273
Balance with Bangladesh Bank and its agent bank		113,459,566	189,694,995
Balance with other banks and financial institutions		640,255,673	786,654,428
Money at call on short notice		-	-
		<u>753,774,156</u>	<u>976,501,696</u>
Net Operating Cash Flow Per Share	31	<u>(1.56)</u>	<u>(1.14)</u>

Statement of Changes in Equity

For the year ended 31 December, 2023

Figures in Taka

Particulars	Paid-up Capital	Statutory Reserve	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2023	1,658,741,950	780,196,143	87,408,700	2,000,000	559,591,584	(1,564,417,983)	1,523,520,394
Prior Year Adjustment	-	-	-	-	-	7,999,551	7,999,551
Opening Balance after prior year Adjustment	1,658,741,950	780,196,143	87,408,700	2,000,000	559,591,584	(1,556,418,432)	1,531,519,945
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	(7,052,223,836)	(7,052,223,836)
Dividends (Bonus Share)	-	-	-	-	-	-	-
Dividends (Cash)	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Appropriation made during the period	-	-	-	-	-	-	-
Revaluation of Land and Land Development	-	-	-	-	-	-	-
Amortized of Revaluation Reserve	-	-	-	-	(19,180,638)	19,180,638	-
Transferred to CSR Fund	-	-	-	-	-	-	-
Balance as at 31 December 2023	1,658,741,950	780,196,143	87,408,700	2,000,000	540,410,946	(8,589,461,630)	(5,520,703,891)
Balance as at 01 January 2022	1,658,741,950	780,196,143	87,408,700	2,000,000	578,772,222	(197,404,533)	2,909,714,482
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	(1,386,194,088)	(1,386,194,088)
Dividends (Bonus Share)	-	-	-	-	-	-	-
Dividends (Cash)	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Appropriation made during the period	-	-	-	-	-	-	-
Revaluation of Land and Land Development	-	-	-	-	-	-	-
Amortized of Revaluation Reserve	-	-	-	-	(19,180,638)	19,180,638	-
Transferred to CSR Fund	-	-	-	-	-	-	-
Balance as at 31 December 2022	1,658,741,950	780,196,143	87,408,700	2,000,000	559,591,584	(1,564,417,983)	1,523,520,394

Liquidity Statement

Assets and Liabilities Maturity Analysis

As at 31 December, 2023

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 (including balance with bangladesh Bank)	113,518,483	-	-	-	-	113,518,483
Balance with other banks and financial institutions	77,776,883	70,833,748	280,394,377	211,250,665	-	640,255,673
Money at Call on Short Notice	-	-	-	-	-	-
Investment in securities	59,460,000	119,367,941	-	-	-	178,827,941
Investment (Loans and Advances)	123,891,516	1,405,929,694	21,699,128,295	3,493,086,570	442,951,931	27,164,988,006
Fixed assets including land, building, furniture and fixtures	3,250,000	6,500,000	19,500,000	156,000,000	456,314,394	641,564,394
Other Assets	3,512,160	93,145,965	-	101,947,157	-	198,605,282
Non-business Assets	-	-	-	194,988,911	-	194,988,911
Total assets (i)	381,409,042	1,695,777,348	21,999,022,672	4,157,273,303	899,266,325	29,132,748,690
Liabilities						
Financing (Borrowing) from Other banks, financial institutions and agents	49,232,149	171,490,912	2,010,788,806	1,987,435,650	-	4,218,947,517
Deposits and other accounts	52,512,345	274,075,807	9,715,224,304	5,887,514,231	1,286,148,291	17,215,474,978
Provision and other liabilities	103,784,912	514,496,823	6,429,840,167	3,294,565,648	2,876,342,536	13,219,030,086
Total Liabilities (ii)	205,529,406	960,063,542	18,155,853,277	11,169,515,529	4,162,490,827	34,653,452,581
Net Liquidity Gap (i-ii)	175,879,636	735,713,806	3,843,169,395	(7,012,242,226)	(3,263,224,502)	(5,520,703,891)

Notes to the Financial Statements

For the year ended December 31, 2023

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, 2023 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.

2.13 Accrued Expenses and Other Payables

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

2.14 Statutory Reserve

The Company transfers 20% of profit to its Reserve Fund in accordance with The Financial 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 know amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Cash Flow Statements

Cash Flow Statements is prepared principally in accordance with 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 Earning 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-32.

Basic Earning represents earning 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, DFIM circular no. 03 dated 29 April 2013 and DFIM circular no. 04 dated 26 July 2021 issued by Bangladesh Bank at the following rates:

Standard (STD):SME	Unclassified	0.25%
Standard (STD):General		1%
Standard (STD):Brokerage House, Merchant Banks and Stock Dealers		2%
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 higher than the cost price by BDT 87.66 million (unrealized gain) but considering capital market investment portfolio and regulation for subsidiaries, provision for diminution in investments has been kept BDT 0.23 million for the year 2023. 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, FID circular no. 06 dated 20 August 2006, DFIM circular no. 03 dated 29 April 2013 and DFIM circular no. 04 dated 26 July 2021 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 217.51 million (out of accumulated provision of BDT 7,999.29 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 September 30, 2024.

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 2022 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 2022 have been rearranged whenever considered necessary to ensure comparability with the current year.

Figures in Taka

	2023	2022
3 A) CASH		
a) Cash in hand		
Local currency	58,917	152,273
Foreign currencies	-	-
	<u>58,917</u>	<u>152,273</u>
b) Balance with Bangladesh Bank and its agent bank		
Local currency	113,459,566	189,694,995
Foreign currencies	-	-
	<u>113,459,566</u>	<u>189,694,995</u>
TOTAL CASH	<u>113,518,483</u>	<u>189,847,268</u>
B) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (NOTE-3.2)	<u>640,255,673</u>	<u>786,654,428</u>
TOTAL CASH AND CASH EQUIVALENT (A+B)	<u>753,774,156</u>	<u>976,501,696</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	176,768,676	187,033,237
Actual reserve held	114,786,364	187,687,725
Surplus/(deficit)	<u>(61,982,312)</u>	<u>654,488</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.		
3.1.2 Statutory Liquidity Requirement (SLR)		
Required reserve	811,277,698	777,356,802
Actual reserve held	652,340,188	795,316,528
Surplus/(deficit)	<u>(158,937,510)</u>	<u>17,959,726</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.		
3.1.3		
Due to post Global pandemic (Covid 19), Money Market situation and the liquidity crisis the Company did not maintained required CRR and SLR over the whole year. As a result Bangladesh Bank imposed lump sum penalty over the period for deficit of CRR and SLR by vide letter no: FIM(S)/1055/32/2024-1662, dated- May 15, 2024.		
3.2 Balance with Other Banks and Financial Institutions		
Current Account		
Al-Arafah Islami Bank Limited	15,629	16,319
Bank Asia Limited	26,938	41,945
Islami Bank Bangladesh Limited	-	313
National Bank Limited	12,338	13,258
NCC Bank Limited	34	1,169
Standard Bank Limited	85,709	85,709
	<u>140,648</u>	<u>158,713</u>

Figures in Taka

	2023	2022
Short Term Deposit		
AB Bank Limited	17,499	18,182
Al-Arafah Islami Bank Limited	2,517	1,108
Bank Asia Limited	2,490,757	7,269
BASIC Bank Limited	11,027	16,253
BRAC Bank Limited	4,323	5,613
Dhaka Bank Limited	33,975	177,100
Dutch Bangla Bank Limited	3,345,410	10,808,517
Eastern Bank Limited	-	337,320
EXIM Bank Limited	4,633	5,924
First Security Bank Limited	428,903	1,673,219
IFIC Bank Limited	23,997	26,030
Jamuna Bank Limited	42,752	44,408
Janata Bank Limited	2,382	5,067,748
Meghna Bank Limited	6,543	6,543
Mercantile Bank Limited	146,568	273,036
Midland Bank Limited	244,386	241,761
Modhumoti Bank Limited	1,402	-
Mutual Trust Bank Limited	11,320,663	59,191,402
NRB Global Bank Limited	-	4,172
One Bank Limited	29,964	43,312
Prime Bank Limited	34,754	35,259
Pubali Bank Limited	500,095	500,095
Rupali Bank Limited	39,708	40,858
Shahjalal Islami Bank Limited	5,530,388	1,092,129
Social Islami Bank Limited	889,743	6,551,392
Sonali Bank Limited	42,361	42,361
South Bangla Agriculture Bank Limited	-	836,173
Southeast Bank Limited	8,039,931	82,109,923
Standard Bank Limited	161,301	161,460
The City Bank Limited	-	3,572,826
The Premier Bank Limited	1,266,650	7,120,944
The Trust Bank Limited	46,124	255,293
Union Bank Limited	5,318	40,467
United Commercial Bank Limited	-	268,064
Uttara Bank Limited	26,632	27,681
	34,740,706	180,603,842
Fixed Deposit Receipt		
Dhaka Bank Limited	102,120,488	98,684,154
EXIM Bank Limited	18,264,974	17,297,716
IFIC Bank Limited	431,703,329	437,417,204
Mutual Trust Bank Limited	-	1,328,992
Shahjalal Islami Bank Limited	44,980,809	43,289,985
Social Islami Bank Limited	8,304,719	7,873,822
	605,374,319	605,891,873
Total	640,255,673	786,654,428

Figures in Taka

		2023	2022		
3.3	Maturity-wise grouping				
	On Demand	-	-		
	Up to 1 month	191,295,366	65,992,804		
	Not more than 3 months	70,833,748	106,701,964		
	More than 3 months but less than 1 year	280,394,377	276,177,578		
	More than 1 year but less than 5 years	211,250,665	337,782,082		
	More than 5 years	-	-		
		<u>753,774,156</u>	<u>786,654,428</u>		
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:				
	a) Government securities				
	Treasury bill	-	-		
	National Investment bonds	-	-		
	Bangladesh Bank bill	-	-		
	Government notes/bonds	-	-		
	Prize bonds	-	-		
		-	-		
	b) Other investments				
	Investment in non marketable ordinary shares	7,500,000	7,500,000		
	Investment in preference shares	-	-		
	Investment in debenture and bonds	-	-		
	Investment in venture capital	-	-		
	Investment in marketable securities	160,327,941	160,327,941		
	Investment in open end mutual fund	11,000,000	11,000,000		
	Other investments	-	-		
	Gold etc.	-	-		
		<u>178,827,941</u>	<u>178,827,941</u>		
5.1	Other investments				
		No of Company	Market Value/NAV	Cost-2023	Cost-2022
	Investment in non marketable ordinary shares	1	-	7,500,000	7,500,000
	Investment in marketable securities	1	1,849,028	1,978,630	1,978,630
	Mutual/Unit Fund	7	252,557,164	157,400,161	157,400,161
	Manufacturing companies and others	4	723,501	949,150	949,150
		<u>12</u>	<u>255,129,693</u>	<u>160,327,941</u>	<u>160,327,941</u>
	Investment in open end mutual fund	2	11,362,790	11,000,000	11,000,000
	Total	<u>15</u>	<u>266,492,483</u>	<u>178,827,941</u>	<u>178,827,941</u>

All investments in marketable securities are valued on an aggregate portfolio basis, at cost value, at the balance sheet date. Market price for securities not listed as on reporting date, has been shown at cost for calculation purpose and adequate provision for probable future losses has been made as per Bangladesh Bank guidelines. As on December 31, 2023 there was BDT 87.66 million unrealised gain. 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 31st December 2023).

Figures in Taka

	2023	2022
5.2 Maturity-wise grouping		
Up to 1 month	59,460,000	1,500,000
Not more than 3 months	119,367,941	5,762,472
More than 3 months but less than 1 year	-	73,501,689
More than 1 year but less than 5 years	-	23,418,756
More than 5 years	-	74,645,024
	178,827,941	178,827,941
6 LOANS, ADVANCES AND LEASES		
a) Inside Bangladesh		
Short Term Finance (a.i)	1,036,460,876	1,193,176,949
Lease Finance (a.ii)	4,657,513,850	4,723,475,872
Term Finance (a.iii)	18,619,251,490	18,051,611,901
Real Estate Finance (a.iv)	2,204,157,612	2,275,044,938
Capital Market Exposure (a.v)	564,708,861	576,723,945
Staff Loan (a.vi)	82,895,317	91,066,351
Total Loans and Lease Finance	27,164,988,006	26,911,099,956
a.i) Short Term Finance		
Revolving Credit	842,451,846	926,880,627
Loan against Deposit	194,009,030	266,296,322
	1,036,460,876	1,193,176,949
a.ii) Net Investment in lease finance		
Principal Outstanding	2,883,734,881	3,187,898,901
Accounts Receivable	1,773,778,969	776,951,397
Advance Against Lease Finance	-	758,625,574
Total Investment in Lease Finance	4,657,513,850	4,723,475,872
a.iii) Term Finance		
Principal Outstanding	15,344,118,428	15,864,700,562
Accounts Receivable	3,275,133,062	2,186,911,339
	18,619,251,490	18,051,611,901
a.iv) Real Estate Finance		
Principal Outstanding	1,625,724,495	1,964,639,146
Accounts Receivable	578,433,117	310,405,792
	2,204,157,612	2,275,044,938
a.v) Capital Market Exposure		
Own Subsidiaries and/or Sister Concerns	-	-
Other Brokerage House, Merchant Banks and Stock Dealers	564,708,861	576,723,945
	564,708,861	576,723,945

Figures in Taka

	2023	2022
a.vi) Staff Loan		
Loan Against Provident Fund	31,861,634	36,938,541
Staff Car Loan	30,289,412	31,171,779
Staff Consumer Loan	15,608,171	17,949,759
Staff House Building Loan	5,136,100	5,006,272
	<u>82,895,317</u>	<u>91,066,351</u>
b) Outside Bangladesh	-	-
Total Loans, Advances and Leases (a+b)	<u><u>27,164,988,006</u></u>	<u><u>26,911,099,956</u></u>
6.1 Maturity wise Grouping		
Up to 1 month	123,891,516	185,749,924
Not more than 3 months	1,405,929,694	475,611,430
More than 3 months but less than 1 year	21,699,128,295	8,282,344,665
More than 1 year but less than 5 years	3,493,086,570	16,102,181,244
More than 5 years	442,951,931	1,865,212,693
	<u><u>27,164,988,006</u></u>	<u><u>26,911,099,956</u></u>
6.2 Loans, advances and leases on the basis of significant concentration:		
Loans, advances and leases to Allied Concern of Directors (Note-40)	755,756,519	763,344,079
Loans, advances and leases to Executives/Officers	82,895,317	91,066,351
Loans, advances and leases to Customer Groups	1,050,562,034	1,196,943,358
Industrial loans, advances and leases	18,382,923,395	17,779,694,207
Other loans, advances	6,892,850,741	7,080,051,961
	<u><u>27,164,988,006</u></u>	<u><u>26,911,099,956</u></u>
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	: 15,886,310,665	16,388,631,686
Number of such types of customers	: 34	39
Amount of Classified Loans, advances and leases thereon	: 13,081,606,563	1,363,639,646
Measures taken for recovery	: Case Filed	Case Filed

The amount represents the sum of total Loans, advances and leases (both Funded and Non-Funded) to each group of customer exceeding Tk. 460.31 million only which is computed @ 15% of total capital of Phoenix Finance and Investments Limited i.e. Tk. 3,068.76 million only as at 31 December 2023.

Figures in Taka

	Composition (%) 2023	2023	2022
6.4 Geographical Location-wise loans advances and leases:			
Bogura	0.63	169,975,774	209,518,899
Chattogram	18.57	5,043,322,506	4,944,774,821
Dhaka	80.43	21,849,724,832	21,640,767,397
Khulna	0.38	101,964,894	116,038,839
Total	100.00	27,164,988,006	26,911,099,956
6.5 Grouping of Loans, advances and Leases as per Classification Rules of Bangladesh Bank: Unclassified			
Standard	6.83	1,856,224,009	17,225,092,162
Special Mention Account (SMA)	15.71	4,268,065,596	3,435,558,045
	22.54	6,124,289,605	20,660,650,207
Classified			
Substandard	24.56	6,672,346,765	1,003,424,205
Doubtful	21.97	5,967,017,290	380,833,406
Bad or Loss	30.93	8,401,334,346	4,866,192,138
	77.46	21,040,698,401	6,250,449,749
Total	100.00	27,164,988,006	26,911,099,956
6.6 Sector-wise Loans, Leases and Advances: Sectors			
1 Trade and Commerce	5.30	1,440,280,300	1,564,733,652
2 Industry			
A) Garments and Knitwear	3.91	1,062,556,254	1,085,972,348
B) Textile	13.97	3,794,050,968	3,537,010,912
C) Food Production, Processing & Rice Mills	3.00	815,052,690	813,941,049
D) Jute & Jute products	0.00	-	-
E) Plastic & Rubber Industry	0.06	15,174,692	21,122,190
F) Leather and Leather Goods	2.53	688,096,893	635,168,815
G) Iron Steel and Engineering	22.70	6,168,817,107	5,711,820,288
H) Pharmaceuticals and Chemical	0.57	153,590,674	219,330,000
I) Cement and Allied Industry	5.08	1,379,215,807	1,513,564,087
J) Paper, Packaging, Printing, Publishing & Allied Industry	8.05	2,186,152,473	2,066,271,787
K) Wood, Furniture & Fixture	0.00	-	-
L) Glass, Glassware & Ceramic Industry	0.91	246,349,937	280,071,757
M) Ship Manufacturing Industry	0.32	87,272,568	99,222,310
N) Electronics and Electrical Products	4.02	1,092,823,203	1,050,546,505
O) Power, Gas, Petroleum, Water & Sanitary	0.03	8,563,777	10,790,013
P) Transport and Aviation	5.21	1,415,942,626	1,465,267,420
Q) Others	0.00	-	-
Industry Total	70.36	19,113,659,669	18,510,099,481

Figures in Taka

		Composition (%) 2023	2023	2022
3	Agriculture	0.49	134,153,338	122,934,600
4	Mining & Quarrying	0.00	-	-
5	Housing			
	Individual/Retail Housing	2.78	753,873,706	783,961,116
	Project/Commercial Housing	5.34	1,450,283,906	1,491,083,823
6	Financial Corporation	2.08	564,708,861	587,472,948
7	Service	12.25	3,328,442,581	3,346,765,743
8	Consumer Finance			
	Personal Loan	0.04	9,836,767	24,988,847
	Auto Loan	0.34	92,842,531	129,676,957
	Employee/Staff Loan	0.31	82,895,317	91,066,351
	Credit Card	0.00	-	-
	Loan Against Deposit	0.71	194,009,030	258,316,438
9	Others	0.00	-	-
		24.34	6,611,046,037	6,836,266,823
	Grant Total	100.00	27,164,986,006	26,911,099,956

6.7 Particulars of provision for Loans, advances and Leases/Investments

Status	Rate (%)	Basis for Provision	31-Dec-2023 Taka	31-Dec-2022 Taka
General Provision (Unclassified)				
Standard (SME)	0.25%	33,766,924	84,417	129,846
Standard (General)	1%	1,773,608,507	17,736,085	165,964,298
Standard (Brokerage House/Merchant Banks/Stock Dealers)	2%	48,848,578	976,972	11,534,479
Special Mention Account (SMA)	5%	3,974,209,902	198,710,495	187,620,682
		5,830,433,911	217,507,969	365,249,305
Specific Provision (Classified)				
Substandard	20%	5,777,659,397	1,155,531,879	199,228,343
Doubtful	50%	4,039,937,475	2,019,968,738	102,473,313
Bad or loss	100%	4,496,788,772	4,496,788,772	2,250,174,128
		14,314,385,644	7,672,289,389	2,551,875,784
Specific Provision (Other)				
2% extra provision for providing COVID related circular advantage			224,882,281	224,882,281
Required provision for Investments			12,314,742	12,086,839
Required provision for Other Assets			12,940,610	12,940,610
Required provision for Off Balance Sheet Exposure			-	-
Total Provision Required			250,137,633	249,909,730
Total Required provisions			8,139,934,991	3,167,034,819
Provision Maintained (Note No. 13.1)			7,999,290,675	2,956,068,346
Provision Surplus/(Deficit)*			(140,644,316)	(210,966,473)

6.7.1 *Bangladesh Bank, DFIM vide letter no. DFIM(C)/1054/31/2022-2145 dated 27 July 2022 permitted 5 (five) years to build up provision against Tk. 42.50 crore. Per year provision requirement stands Tk. 8.50 crore. After adjustment and recovery up to 3rd year the remaining balance amounted Tk 14.06 crore.

Leases, loans and advances have been sanctioned against 134 no. of leases, loans and advances IDs without eligible collateral securities amount to Taka 362.37 crore out of which 68% leases, loans and advances have been remained classified. On the other hand, leases, loans and advances have been sanctioned amount to Taka 2,036.95 crore against 291 no. of leases, loans and advances IDs where inadequate collateral has been considered. Out of which 75.82% leases, loans and advances have been remained classified.

Leases, loans and advances have been restructured against 98 no. of leases, loans and advances IDs amount to Taka 1,295.404 crore which is 42.47% of total outstanding leases, loans and advances. Moreover, 11 no. of leases, loans and advances IDs have not been paid any single installments since restructuring which is 13.30% of the total outstanding restructured leases, loans and advances. Furthermore, 23 no. of leases, loans and advances IDs have no eligible securities which is 18.42% of the total outstanding restructured leases, loans and advances. On the other hand, 68 no. of leases, loans and advances IDs were remained classified which is 70.43% of the total outstanding restructured leases, loans and advances. Also, furthermore that, 12 no. of leases, loans and advances IDs were remained unclassified classified which is 19.36% of the total outstanding restructured leases, loans and advances due to restructured approved two or more times

Over the period the Company has been written off leases, loans and advances amount to Taka 131.45 crore against which amount of Tk 5.12 crore has been realized in cash during the period (Taka 0.26 core has been realized in cash during the year).

The Company grant credit facilities in excess of thirty per cent or, subject to the consent of the Bangladesh Bank amount to Taka 80 crore to Maheen Enterprise Ltd. in the year 2016, Buildtrade Foils Limited amount to Taka 63.60 crore without collateral securities but considering Bank Guarantee from AB Bank Limited and A.R.L. Ship Breaking Limited amount to Taka 75 crore was sanctioned & disbursed up to 2017 and remain classified after availing reschedule facilities.

Figures in Taka

	2023	2022
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	927,430,570	20,458,068,766
(ii) Loans, Advances and Leases considered good for which the Financial Institution holds no other security other than the debtor's personal security	5,827,716,007	5,646,402,290
(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	20,409,839,429	806,628,900
(iv) Loans, Advances and Leases adversely classified; provision not maintained there against	-	-
	<u>27,164,986,006</u>	<u>26,911,099,956</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	838,651,836	854,410,430
(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	755,756,519	763,344,079

Figures in Taka

	2023	2022
(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	40,000,000	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	24,000,000	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	5,120,413,605	1,433,655,372
b. Amount of Loan, Advances and Leases written off	-	-
c. Amount realized against Loan, Advances and Leases previously written off	2,622,500	21,062,080
(B) Amount of provision kept against classified Loan, Advances and Leases as Bad or Loss on the reporting day of Balance Sheet	4,496,788,772	2,250,174,128
(C) Amount of Interest chargeable to the interest Suspense Account	2,420,540,244	929,968,288
(xi) Loans Written off:		
(A) Cumulative amount of written off loans, advances and leases		
Balance at January 1	1,314,489,595	1,314,489,595
Amount written off during the year	-	-
	1,314,489,595	1,314,489,595
(B) Outstanding balance of written off loans, advances and leases		
Opening balance	1,265,957,682	1,287,019,762
Add: Amount written off during the year	-	-
Less: Amount realized/recovered during the year	2,622,500	21,062,080
Closing balance	1,263,335,182	1,265,957,682
Amount of written off loans, advances and leases for which lawsuit filed	1,263,335,182	1,265,957,682
7 BILLS PURCHASED AND DISCOUNTED	-	-

Figures in Taka

	2023	2022
8 FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE and FIXTURES		
A. Cost:		
Opening balance	1,313,181,337	1,368,114,714
Addition during the year	3,101,174	139,149,610
Less: Disposal during the year	(6,043,450)	(7,131,762)
Less: Transferred to Non-Business Assets (Note No.-10)	-	(186,951,225)
Closing balance at cost	1,310,239,061	1,313,181,337
B. Depreciation:		
Opening balance	636,132,737	602,642,047
Addition during the year	38,585,379	45,323,313
Less: Adjustment on disposal during the year	(6,043,449)	(3,833,072)
Less: Adjustment**	-	(7,999,551)
Accumulated Depreciation	668,674,667	636,132,737
Carrying value*	641,564,394	677,048,600

*For details please refer to Annexure-A

**Depreciation charged on Non-Business Assets during prior year is adjusted with Retained Earnings.

Land of carrying value Tk. 20,429,593 and building of carrying value Tk. 101,787,241 as on December 31, 2009 were revalued on October 13, 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 September 30, 2018 with having carrying value Tk. 189,825,000 as on December 31, 2017. The board of director appointed Malek Siddiqui Wali for the above revaluation. Land was valued using current market price basis.

9 OTHER ASSETS

Income generating other assets:

Interest Accrued on Fixed Deposit Receipt	9,886,771	8,706,672
Interest Accrued on Loan	5,939,561	7,196,126
	15,826,332	15,902,798

Non income generating other assets:

Advance office rent	8,584,895	11,755,977
Advance Against Expenses	6,216,425	6,606,425
Advance Against Investments In Share	261,054	263,055
Advance Corporate tax	10,412,511	8,124,781
Deferred tax asset (Note-9.1)	86,517,559	76,898,889
Investment in Associates	70,786,506	77,815,150
Provision for Employees' Gratuity	-	6,856,023
	182,778,950	188,320,300

Total	198,605,282	204,223,098
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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:

Particulars	Carrying amount at Balance Sheet	Tax Base	(Taxable)/ Deductible temporary difference
Assets:			
Fixed assets net of depreciation as on December 31, 2023	641,564,394	872,277,884	230,713,490
Total	641,564,394	872,277,884	230,713,490
Applicable Tax Rate			37.50%
Deferred tax asset as on December 31, 2023			86,517,559
Deferred tax asset maintained as on December 31, 2022			76,898,889
Deferred tax income/(expenses) accounted for during the year			9,618,670

9.1.1 Deferred tax assets represent amount to Taka 8.65 crore which is calculated by the Company only considering the effect of fixed assets.

10 NON- BUSINESS ASSETS

This is the type of Assets which is acquired by Phoenix Finance and Investments Limited to settle borrower debt (Loans, advances and Leases Outstanding) whenever the borrower is unable to repay the amount of debt. This one is provided apart from the Assets already given as collateral security to Phoenix Finance and Investments Limited at the time of sanctioning Loans, advances and Leases.

	2023	2022
Movement of Non-Business Assets :		
Balance at 1 January	186,951,225	-
Acquired during the year (Prior year [2022] Adjustment from Fixed Assets)	8,037,686	186,951,225
Sale/Adjustment during the year	-	-
Balance as on 31 December	194,988,911	186,951,225
11 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS		
Inside Bangladesh (Note-11.1)	4,218,947,517	4,182,726,348
Outside Bangladesh	-	-
	4,218,947,517	4,182,726,348
11.1 In Bangladesh		
Secured Loans (Note No.-11.2)	570,417,699	547,792,408
Unsecured Loans (Note No.-11.3)	3,648,529,818	3,634,933,940
	4,218,947,517	4,182,726,348
11.2 Secured Loans		
Secured Short Term Overdraft from other banks and FI		
IFIC Bank Limited (Lien with FDR)	409,392,697	400,593,209
Secured Term loan from other banks and FI		
Pubali Bank Limited (Lien with FDR)	161,025,002	147,199,199
	570,417,699	547,792,408

Figures in Taka

	2023	2022
11.3 Unsecured Loans		
11.3(i) Unsecured Short Term Loan and Overdraft from other banks		
Modhumoti Bank Limited	90,000,000	120,000,000
Mutual Trust Bank Limited	104,850,101	94,946,975
National Credit and Commerce Bank Limited	86,400,000	97,200,000
South Bangla Agriculture Bank Limited	25,800,000	27,100,000
The City Bank Limited	100,000,000	100,000,000
Call Loan	118,300,000	120,700,000
	525,350,101	559,946,975
11.3(ii) Unsecured Loan from Bangladesh Bank		
Refinance against SME Loan	-	-
Refinance against Housing Loan	10,884,511	13,125,573
	10,884,511	13,125,573
11.3(iii) Unsecured Term loan from other banks and FI		
Al-Arafah Islami Bank Limited	266,565,239	266,565,239
Bank Asia Limited	149,316,114	149,304,984
BASIC Bank Limited	189,213,076	189,213,076
Dutch Bangla Bank Limited	77,894,985	84,394,985
Jamuna Bank Limited	398,540,918	398,540,918
Midland Bank Limited	488,644,878	488,644,878
Modhumoti Bank Limited	385,305,283	385,305,283
Mutual Trust Bank Limited	114,058,265	114,058,265
National Credit and Commerce Bank Limited	48,173,123	35,721,893
One Bank Limited	115,334,623	115,334,623
Prime Bank Limited	146,642,186	146,642,186
Shahjalal Islami Bank Limited	217,936,187	199,798,268
Southeast Bank Limited	156,628,461	158,628,461
United Commerce Bank Limited	138,138,979	138,138,979
Uttara Bank Limited	217,944,699	191,569,354
	3,110,337,016	3,061,861,392
11.3(iv) Balance of Lodgments (Bank Reconciliation) from other banks and FI		
Eastern Bank Limited	103,274	-
South Bangla Agriculture Bank Limited	326,372	-
The City Bank Limited	1,528,544	-
	1,958,190	-
11.4 Maturity wise Grouping		
Within 1 month	49,232,149	31,248,627
Over 1 months but not more than 6 months	171,490,912	250,004,798
Over 6 months but not more than 1 year	2,010,788,806	719,486,328
Over 1 year but not more than 5 years	1,987,435,650	3,181,986,595
Over 5 years	-	-
	4,218,947,517	4,182,726,348

11.4.1 Due to liquidity crisis the Company has not paid installment regularly and has not availed any loan from Bank and Financial Institutions but the Company rescheduled some Loan Accounts with Banks. The Company has maintained provision against borrowings from other Banks, Financial Institutions and agents amount to Taka 62.56 crore (Note No. 13.4) which was taka 38.56 crore in previous year.

Figures in Taka

	2023	2022
12 DEPOSITS AND OTHER ACCOUNTS		
Institutions		
Banks and Other Financial Institutions	5,318,547,750	5,083,000,000
Other Institutions	4,078,074,418	3,890,434,304
	9,396,622,168	8,973,434,304
Individuals		
Term Deposit Receipt	7,534,840,221	8,143,557,607
Monthly Savings Scheme	284,012,589	269,129,223
	7,818,852,810	8,412,686,830
Total	17,215,474,978	17,386,121,134
12.a	<p>The Company has renewed the TDR up to the year 2022-2023 which is maintained by Investment Corporation of Bangladesh (ICB) at a total amount of Taka 134.75 crore, subsequently ICB approached the Company for encashment of their TDRs but the Company did not encashed the same due to liquidity crisis.</p> <p>Partial payment has been made against 208 customers of the Company against which Taka 40.97 crore remain unadjusted as of cut-off date which is presented under note no. 13.5 of the Financial Statements.</p>	
12.1 Movement of deposits :		
Balance at 1 January	17,386,121,134	18,316,947,511
Received/renewed during the year	575,897,700	2,143,494,739
Repayment during the year	(746,543,856)	(3,074,321,116)
Balance as on 31 December	17,215,474,978	17,386,121,134
12.2 Maturity wise Grouping		
Within 1 month	52,512,345	106,748,935
Over 1 months but not more than 6 months	274,075,807	1,978,749,458
Over 6 months but not more than 1 year	9,715,224,304	4,043,352,093
Over 1 year but not more than 5 years	5,887,514,231	11,155,747,480
Over 5 years	1,286,148,291	101,523,168
	17,215,474,978	17,386,121,134
13 OTHER LIABILITIES		
Provision for Loans, advances and leases/ Investments (Note 13.1)	7,999,290,675	2,956,068,346
Provision for tax (Note 13.2)	301,265,805	317,150,589
Interest suspense (Note 13.3)	2,420,540,244	929,968,288
Financial expenses payable (Note 13.4)	1,819,354,413	1,613,945,554
Advance and security deposit (Note 13.5)	512,701,978	100,750,640
Accrued expenses and other payable (Note 13.6)	165,876,971	116,401,672
Total	13,219,030,086	6,034,285,089
13.1 Provision for Loans, advances and leases/Investments		
13.1(i) Balance at 1 January	2,956,068,346	1,334,209,703
Write off during the year	-	-
Recovery from Write Off During the Year	2,622,500	21,062,080
Provision kept against required for the year	5,306,257,292	1,935,722,845
Provision released during the year	(265,657,463)	(334,926,282)
Provision charged for the year (Note- 13.1 (ii))	5,040,599,829	1,600,796,563
Balance at 31 December	7,999,290,675	2,956,068,346

Figures in Taka

	2023	2022
13.1(ii) Provision charged for the year		
General provision-Regular	(147,741,336)	122,014,935
Specific provision	5,120,413,604	1,429,018,591
Provision for diminutions in value of investments	227,903	502,959
Write off during the year	-	-
Recovery from Write Off During the Year	(2,622,500)	(21,062,080)
Deferred Provision Adjusted	70,322,158	70,322,158
	5,040,599,829	1,600,796,563
13.1(iii) Product wise break up of provision		
Short term finance	126,676,250	52,664,143
Lease finance	1,992,242,248	631,896,450
Term Finance	5,398,163,354	2,005,792,960
House finance	345,366,478	217,799,443
Finance to Capita Market Exposure	110,758,039	21,977,240
Staff Loan	828,954	910,661
Investments in share	12,314,742	12,086,839
Other Assets	12,940,610	12,940,610
Total	7,999,290,675	2,956,068,346
13.2 Provision for tax		
Balance at 1 January	317,150,589	323,026,969
Provision made during the year	14,157,122	21,917,125
Transferred to/(from)	(30,041,906)	(27,793,505)
Balance at 31 December	301,265,805	317,150,589
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 2023.		
13.3 Interest suspense		
Balance as on 1 January	929,968,288	766,285,283
Add: Transferred during the year	1,499,297,084	307,721,948
Less: Amount of interest suspense realized	(8,725,128)	(144,038,943)
Write off during the year	-	-
Balance as on 31 December	2,420,540,244	929,968,288
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.		
13.4 Financial expenses payable		
Interest Payable on Deposits	1,193,784,116	1,228,389,117
Interest Payable on Term Loan	625,570,297	385,556,437
	1,819,354,413	1,613,945,554

13.4.1 Total interest expense payable as on 31 December 2023 amount to Taka 1,819.35 million which is increased 12.73% from the year 2022 due to non-payment of interest to the beneficiaries.

2023

2022

13.5 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	100,750,640	71,774,734
Received during the year	419,117,589	45,797,988
Repayment during the year	(7,166,251)	(16,822,082)
Balance as on 31 December	512,701,978	100,750,640

Breakup of advances and security deposits on the basis of category of finance is as under:

Lease finance deposit	37,796,974	28,343,474
Term finance deposit	981,306	1,740,728
Real Estate finance deposit	496,694	536,935
Sundry Deposit	63,762,915	70,113,633
Security Deposit	-	15,870
Term Deposit Payable (Partially unpaid Deposit)*	409,664,089	-
Total	512,701,978	100,750,640

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.

*Due to liquidity crisis and high customer demand, the Company face difficulties to repay the full amount of deposit at a time. This amount represent the depositor who submitted the TDR instrument to us and against therein partially paid.

13.6 Accrued expenses and other payable

Accounts Payable	12,399,877	3,607,954
CSR Fund	2,005,073	2,005,073
Other payables	1,735,922	18,275,418
Provident Fund	576,659	2,346,616
Provision for Employees' Gratuity	489,236	-
Provision for Expenses	5,357,844	1,180,256
Tax Deduction At Source and Excise Duty	142,917,664	88,576,302
Unclaimed Dividend	384,946	384,946
VAT payable	9,750	25,107
Total	165,876,971	116,401,672

13.6.1 Summary of Unclaimed/Undistributed/Unsettled Dividend

Year	Dividend Type		
2020	Final Dividend, (12% Stock) Fraction Share	15,658	15,658
2019	Final Dividend, (6% Cash and 6% Stock)	369,288	369,288
		384,946	384,946

13.6.1(i) As per the Directive No. BSEC/CMRRCD/2021-386/03, dated January 14, 2021, and the Capital Market Stabilization Fund (CMSF) Rules, 2021, dated June 01, 2021, of Bangladesh Securities and Exchange Commission (BSEC) any entitlement dividend which remains unclaimed for a period of 3 (three) years from the date of approval or date of subscription, shall be transferred to the fund named "Capital Market Stabilization Fund" within such time as directed by the Commission or the Fund from time to time. Accordingly, we have transferred unclaimed Dividend (from 2007 to 2017) an amount of BDT 7,991,801.80 to the "Capital Market Stabilization Fund", SND A/C No. 0010311521301, the Community Bank Bangladesh Limited, Gulshan Corporate Branch, Dhaka dated on March 30, 2022.

Figures in Taka

	2023	2022
14 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:		
165874195 Ordinary shares of Tk. 10 each	1,658,741,950	1,658,741,950
Total	1,658,741,950	1,658,741,950
14.1 Pattern of shareholdings		
Sponsors (Institutions)	181,092,940	181,092,940
Sponsors (Individuals)	302,719,540	324,976,310
General Public (Institutions)	393,972,360	429,116,540
General Public (Individuals)	780,957,110	723,556,160
Total	1,658,741,950	1,658,741,950

14.2 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	1806	331,195	0.22
501 to 5,000 shares	2866	6,043,855	3.64
5,001 to 10,000 shares	519	4,039,850	2.44
10,001 to 20,000 shares	312	4,567,136	2.75
20,001 to 30,000 shares	148	3,753,572	2.26
30,001 to 40,000 shares	80	2,825,062	1.70
40,001 to 50,000 shares	49	2,275,717	1.37
50,001 to 100,000 shares	90	6,454,148	3.89
100,001 to 1,000,000 shares	87	28,094,894	16.94
1,000,001 to 10,000,000 shares	29	89,379,472	53.88
10,000,001 to 100,000,000 shares	1	18,109,294	10.92
	5987	165,874,195	100

Year wise Total Number of Shareholders

Year	2023	2022	2021	2020	2019
Number of Shareholders	5,987	5,979	4,775	3,102	3,569

14.3 Capital requirement

Paid up capital	1,658,741,950	1,658,741,950
Required capital	1,000,000,000	1,000,000,000
Capital Surplus/(Deficit)	658,741,950	658,741,950

15 STATUTORY RESERVE

Balance as on 1 January	780,196,143	780,196,143
Add: Transferred from profit during the year	-	-
Balance as on 31 December	780,196,143	780,196,143

Figures in Taka

	2023	2022
16 REVALUATION RESERVE		
Land (No Depreciation charged)	<u>410,297,907</u>	<u>410,297,907</u>
Building (5% per annum depreciation Charged adjusted)		
Balance as on 1 January	149,293,677	168,474,315
Addition during the year	-	-
Amortization during the year	(19,180,638)	(19,180,638)
Balance as on 31 December	<u>130,113,039</u>	<u>149,293,677</u>
Carrying Value as on 31 December 2023	<u><u>540,410,946</u></u>	<u><u>559,591,584</u></u>
17 RETAINED EARNINGS		
Balance as on 1 January	(1,556,418,432)	(197,404,533)
Add: Profit after tax for the year	(7,052,223,836)	(1,386,194,088)
Add: Amortized of Revaluation Reserve	19,180,638	19,180,638
Less: Prior year Adjustment from Fixed Assets Depreciation	-	7,999,551
Less: Dividend Paid	-	-
Less: Transferred to statutory reserve	-	-
Less: CSR Fund	-	-
Balance as on 31 December	<u><u>(8,589,461,630)</u></u>	<u><u>(1,556,418,432)</u></u>
18 PROFIT AND LOSS ACCOUNT		
Income:		
Interest, discount and similar income (Note-19)	488,542,036	2,102,116,289
Dividend income (Note -21)	7,808,061	14,920,634
Fees, commission and brokerage	-	-
Gains less losses arising from investment in securities (Note-21)	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Income from Financial Institution's assets (Note- 23)	2,123,023	664,274
Other operating income (Note-23)	51,410,436	48,887,392
Profit less losses on interest rate changes	-	-
	<u>549,883,556</u>	<u>2,166,588,589</u>
Expenses:		
Administrative expenses		
Salaries and Allowance (Note-24)	191,012,680	204,836,084
Rent, Taxes, Insurance, Electricity etc. (Note-25)	25,239,055	28,138,863
Legal expenses	1,067,111	1,217,918
Postage, Stamp, Telecommunication etc. (Note-26)	2,634,731	2,548,157
Stationery, Printing, Advertisement etc. (Note-27)	3,204,448	4,750,059
Managing Director's Remuneration	13,200,000	13,200,000
Directors' Fee (Note-28)	616,000	792,000
Auditors' Fee	300,000	300,000
	<u>237,274,025</u>	<u>255,783,081</u>
Non Administrative expenses		
Interest, Fees and Commission (Note-20)	2,252,359,454	1,596,833,254
Losses on Loans and Advances [Note-13(ii)]	5,040,599,829	1,600,796,563
Depreciation and Impairment on Assets (Note-29)	39,158,588	45,665,039
Other Operating Expenses (Note-30)	28,177,044	24,634,495
	<u>7,360,294,915</u>	<u>3,267,929,351</u>
Excess of Income Over Expenditure	<u><u>(7,047,685,384)</u></u>	<u><u>(1,357,123,843)</u></u>

Figures in Taka

	2023	2022
19 INTEREST INCOME		
Income from lease finance	89,993,406	357,558,692
Income from real estate finance	93,014,930	83,225,264
Income from staff loan	6,257,791	6,573,257
Income from term finance (19.a)	209,197,513	1,320,049,555
Interest During Construction Period	10,484,894	16,954,161
Overdue Interest	79,593,502	317,755,360
Total	488,542,036	2,102,116,289
19.a Income from term finance		
From short term finance	103,762,412	152,036,655
From medium and long short term finance	93,414,173	1,154,957,778
From capital market exposure finance	12,020,928	13,055,122
Total	209,197,513	1,320,049,555
20 INTEREST EXPENSES ON DEPOSITS, BORROWINGS, etc.		
Interest on Bank Loan	387,920,463	363,242,245
Interest on money at call and short notice	10,867,019	7,717,197
Interest on Deposits	1,853,571,972	1,225,873,812
Total	2,252,359,454	1,596,833,254
21 INCOME FROM INVESTMENT		
Capital Gain /(loss) on sale of Securities	-	-
Dividend Income	7,808,061	14,920,634
Total	7,808,061	14,920,634
22 COMMISSION, EXCHANGE AND BROKERAGE	-	-
23 OTHER OPERATING INCOME		
Documentation Fee	40,448	36,190
Gain on sale of Fixed Assets	2,123,023	664,274
Income from Associates	-	268,186
Interest on Bank Deposits	40,884,400	34,676,239
Lapse and Forfeiture adjusted from Provident Fund	271,925	-
Proceeds on Final Settlement	30,673	47,621
Revenue from Phoenix Bhaban	9,865,705	13,204,106
Salvage Value	260,345	450,271
Service Charge	56,940	204,779
Total	53,533,459	49,551,666
24 SALARIES AND ALLOWANCES		
Employees' Salaries	162,017,104	176,003,307
Festival Bonus	18,844,116	19,884,023
Gratuity Fund	3,557,880	1,690,224
Leave Fare Assistance	6,593,580	7,258,530
Total	191,012,680	204,836,084

Figures in Taka

	2023	2022
25 RENT, TAXES, INSURANCE, ELECTRICITY etc.		
Electricity Bill	3,520,821	3,676,012
GAS and WASA Bill	726,239	734,642
Holding and Vehicle Tax	368,092	372,122
Insurance Premium	512,547	958,204
Insurance Premium (Group)	800,000	1,838,583
Office Rent	19,311,356	20,559,300
Total	25,239,055	28,138,863
26 POSTAGE, STAMP, TELECOMMUNICATION etc.		
Internet Bill	1,398,825	1,235,756
Mobile Bill	847,341	854,057
Phone Bill	163,994	218,844
Postage, Stamp and Courier	224,571	239,500
Total	2,634,731	2,548,157
27 STATIONERY, PRINTING, ADVERTISEMENTS etc.		
Advertisement and Publicity	2,324,373	3,727,188
Books and Periodicals	132,278	133,023
Printing and Stationery	747,797	889,848
Total	3,204,448	4,750,059
28 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.)	11	11
Total Board Executive Committee Meetings (nos.)	10	10
Total Board Audit Committee Meetings (nos.)	4	4
Total fees paid (in Taka)	616,000	792,000
Total members of the Board (nos.)	3	6
Quorum for Board Meeting (nos.)	3	3
Average number of Directors present in the Board Meetings (nos.)	6	6
Quorum for Board Audit Committee Meeting (nos.)	2	2
Average no. of Directors present in the Committee Meetings (nos.)	2	2
29 DEPRECIATION AND REPAIR AND MAINTENANCE OF ASSETS		
Depreciation of Fixed Assets	38,585,379	45,323,313
Computer Maintenance	435,922	282,804
Photocopier Maintenance	137,287	58,922
Total	39,158,588	45,665,039

Figures in Taka

	2023	2022
30 OTHER EXPENSES		
AGM Expenses	1,502,167	754,573
Bank Charge and Excise Duty	1,052,732	1,346,575
Business Development Expense	188,273	586,850
CDBL and Stock Exchange Charge	1,334,550	923,279
Computer and Software Development Expenses	195,401	351,499
Credit Rating Fee	-	272,727
Lapse and Forfeiture adjusted from Provident Fund	-	134,257
Loss from Associates	7,028,644	-
Loss on Trading Share	-	107,362
Motor Vehicle Expenses	1,587,024	1,415,276
Office Expenses	3,514,894	5,863,761
Office Maintenance	1,584,628	1,703,510
RJSC Fees and Expenses	42,455	56,130
Service Charge (Office)	1,801,190	1,870,400
Subscription and Fees	360,000	1,648,789
Travelling and Conveyance	1,111,538	1,125,306
Wages	6,873,548	6,474,201
Total	28,177,044	24,634,495
31 NET ASSET VALUE (NAV) PER SHARE		
Shareholders' Equity (A)	(5,520,703,891)	1,531,519,945
Total Number of Ordinary Share (B)	165,874,195	165,874,195
Net Asset Value (NAV) per share (A÷B)	(33.28)	9.23

Reason for changes in Net Assets Value (NAV) Per Share:

NAV of Phoenix Finance and Investments Limited for the year ended on December 31, 2023 is BDT (33.28), which was BDT 9.23 (after prior year adjustment) in the same period of previous year. The reason behind this decline is reduced Net profit after tax to BDT (8,589.47) million (reduced by BDT 5,520.70 million) and Retained Earning reduced to BDT (7,052.22) million compare to the same period of previous year of BDT (1,556.42). As such, aggregately Assets reduced by BDT 5,520.70 million during the year ended on December 31, 2023.

32 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)	(7,052,223,836)	(1,386,194,088)
Number of Ordinary shares at 1 January	165,874,195	165,874,195
Bonus shares issued	-	-
Right shares issued	-	-
Total Number of Ordinary Share	165,874,195	165,874,195
Earnings per share	(42.52)	(8.36)

Reason for changes in Earnings Per Share (EPS):

EPS of Phoenix Finance and Investments Limited for the year ended on December 31, 2023 is BDT (42.52), which was BDT (8.36) in the same period of previous year. The primary reason behind this decline is the proportionately higher increase in provision for loans, advances and investments (increase by BDT 3,439.98 million) and profit before provision (decrease by BDT 2,250.76 million). Total operating income decreased by BDT 21.47 million, and operating expense also decreased by BDT 5,666.03 million.

33 NET OPERATING CASH FLOW PER SHARE (NOCFPS)

Net Cash Flow from Operating Activities (A)

Total Number of Ordinary Share(B)

Net Operating Cash Flow Per Share (NOCFPS) (A÷B)

	2023	2022
Net Cash Flow from Operating Activities (A)	(258,127,535)	(188,471,965)
Total Number of Ordinary Share(B)	165,874,195	165,874,195
Net Operating Cash Flow Per Share (NOCFPS) (A÷B)	(1.56)	(1.14)

Reason for changes in Net Operating Cash Flows Per Share (NOCFPS):

NOCFS of Phoenix Finance and Investments Limited for the year ended on December 31, 2023 is BDT (1.56), which was BDT (1.14) in the same period of previous year. The primary reason behind this variance is the increase in cash generation from loans and advances by BDT 253.89 million compare to the same period of previous year decrease by BDT 1,112.69 million and cash generation from terms and other deposits by BDT 930.83 million compare to the same period of previous year by BDT (760.18) million. As such, aggregately cash outflow from operating activities has decreased to BDT 170.65 million during the year ended on December 31, 2023.

34 RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:

Net profit after tax

Items not involved in cash movement:

Add: Depreciation

Add: Provision for loans and investments

Add: Provision for taxation

Add/ (Less): Accrued expenses

Add/ (Less): Accrued income

Less: Gain on disposal of fixed assets

Increase/(Decrease) in Employee gratuity

Increase/(Decrease) in Deferred tax

Adjustments to reconcile net profit after tax to net cash provided by operating activities

Increase/(decrease) in operating assets and liabilities:

(Increase)/Decrease in Loans & advances

(Increase)/Decrease in Other assets

Increase/(Decrease) in term loan

Increase/(Decrease) in Short term loan

Increase/(Decrease) in Term & other deposits

Increase/(Decrease) in payable and accrued expenses

(Increase)/Decrease in Income tax

Net cash flows from/(used in) operating activities

Net profit after tax	(7,052,223,836)	(1,386,194,088)
Add: Depreciation	38,585,379	45,323,313
Add: Provision for loans and investments	5,040,599,829	1,600,796,563
Add: Provision for taxation	14,157,122	21,917,125
Add/ (Less): Accrued expenses	205,548,859	95,832,247
Add/ (Less): Accrued income	76,466	(893,229)
Less: Gain on disposal of fixed assets	(2,123,023)	(664,274)
Increase/(Decrease) in Employee gratuity	7,345,259	(32,250,943)
Increase/(Decrease) in Deferred tax	(9,618,670)	7,153,120
Adjustments to reconcile net profit after tax to net cash provided by operating activities	(1,757,652,615)	1,737,213,922
Increase/(decrease) in operating assets and liabilities:		
(Increase)/Decrease in Loans & advances	(253,888,050)	259,928,429
(Increase)/Decrease in Other assets	3,563,083	204,223,098
Increase/(Decrease) in term loan	38,621,169	(1,495,633,718)
Increase/(Decrease) in Short term loan	(2,400,000)	(34,300,000)
Increase/(Decrease) in Term & other deposits	1,680,038,363	(930,826,377)
Increase/(Decrease) in payable and accrued expenses	49,475,299	76,799,061
(Increase)/Decrease in Income tax	(15,884,784)	(5,876,380)
Net cash flows from/(used in) operating activities	(258,127,535)	(188,471,965)

Figures in Taka

	2023	2022
35 INTEREST RECEIVED		
Interest Income	488,542,036	2,102,116,289
Add: Opening Interest Receivable on FDR	15,902,798	15,009,569
Less: Closing Interest Receivable on FDR	(15,826,332)	(15,902,798)
Add: Closing Interest Suspense Account	2,420,540,244	929,968,288
Less: Opening Interest Suspense Account	(929,968,288)	(766,285,283)
Total	1,979,190,458	2,264,906,065
36 INTEREST PAYMENT		
Interest Expenses	(2,252,359,454)	(1,596,833,254)
Add: Opening Interest payable on Deposit and Borrowings	(1,613,945,554)	(1,518,113,307)
Less: Closing Interest payable on Deposit and Borrowings	1,819,354,413	1,613,945,554
Total	(2,046,950,595)	(1,501,001,007)
37 RECEIVED FROM OTHER OPERATING ACTIVITIES		
Documentation Fee	40,448	36,190
Received from Phoenix Bhaban	9,865,705	13,204,106
Interest on Bank Deposits	40,884,400	34,676,239
Proceeds on Final Settlement	30,673	47,621
Salvage Value	260,345	450,271
Service Charge	56,940	204,779
Total	51,138,511	48,619,206
38 PAYMENTS FOR OTHER OPERATING ACTIVITIES		
AGM Expenses	(1,502,167)	(754,573)
Assets Maintenance	(573,209)	(341,726)
Audit Fee	(300,000)	(300,000)
Bank Charge and Excise Duty	(1,052,732)	(1,346,575)
Business Development Expense	(188,273)	(586,850)
CDBL and Stock Exchange Charge	(1,334,550)	(923,279)
Computer and Software Development Expenses	(195,401)	(351,499)
Credit Rating Fee	-	(272,727)
Directors' Fees	(616,000)	(792,000)
Legal expenses	(1,067,111)	(1,217,918)
Motor Vehicle Expenses	(1,587,024)	(1,415,276)
Office Expenses	(3,514,894)	(5,863,761)
Office Maintenance	(1,584,628)	(1,703,510)
Postage, Stamp, Telecommunication etc.	(2,634,731)	(2,548,157)
Rent, Taxes, Insurance, Electricity etc.	(25,239,055)	(28,138,863)
RJSC Fees and Expenses	(42,455)	(56,130)
Service Charge (Office)	(1,801,190)	(1,870,400)
Subscription and Fees	(360,000)	(1,648,789)
Travelling and Conveyance	(1,111,538)	(1,125,306)
Wages	(6,873,548)	(6,474,201)
Total	(51,578,506)	(57,731,540)

Figures in Taka

	2023	2022
39 CAPITAL ADEQUACY BASED ON BASEL-II		
Core Capital (Tier-I)		
Paid-up Capital	1,658,741,950	1,658,741,950
Share Premium	87,408,700	87,408,700
Statutory Reserve	780,196,143	780,196,143
General Reserve	2,000,000	2,000,000
Retained Earnings	(8,589,461,630)	(1,564,417,983)
Sub-Total	<u>(6,061,114,837)</u>	<u>963,928,810</u>
Deduction from Tier-1 (Core Capital)		
Shortfall in provisions required against classified assets	<u>(140,644,316)</u>	<u>(210,966,473)</u>
Total Eligible : Tier-1 Capital	<u>(6,201,759,153)</u>	<u>752,962,337</u>
Supplementary Capital (Tier-II)		
General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet Exposure)	323,238,750	801,098,057
Assets Revaluation Reserve (50%)	270,205,473	279,795,792
Sub-Total	<u>593,444,223</u>	<u>1,080,893,849</u>
A. Total Eligible Capital	<u>(5,608,314,930)</u>	<u>1,833,856,186</u>
B. Risk Weighted Assets		
Credit Risk	24,560,100,000	26,195,100,000
On Balance Sheet	24,560,100,000	26,195,100,000
Off-Balance Sheet	-	-
Market Risk	342,600,000	171,300,000
Operational Risk	952,600,000	1,121,000,000
Total Risk Weighted Assets	<u>25,855,300,000</u>	<u>27,487,400,000</u>
C. Minimum Required Capital (MCR) on RWA (10% of RWA for both under CAMD)	<u>2,585,530,000</u>	<u>2,748,740,000</u>
D. Capital Surplus/(Shortfall)(A-C)	<u>(8,193,844,930)</u>	<u>(914,883,814)</u>
Total Capital Adequacy Ratios	-21.69%	6.67%
Capital Requirement	Required (%)	Held on 2023
Core Capital (Tier-I)	5	-23.99%
Supplementary Capital (Tier-II)	-	2.30%
		Held on 2022
		3.51%
		3.16%

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 2023 are as follows:

Loans, Advances and Leases (Assets with related party)

Name of the related party	Nature of transaction	Relationship	Balance at 1 Jan' 2023	Addition	Adjustment	Balance at 31 Dec' 2023
Appollo Ispat Complex Limited	Term Finance	Common Sponsor	730,405,274	331,000	-	730,736,274
Mohammad Mohsin	Loan against Deposit	Director	15,604,100	10,000,000	3,497,499	22,106,601
Shahida Mohsin	Lease Finance	Wife of Mohammad Mohsin	4,297,700	-	1,384,056	2,913,644
Total			750,307,074	10,331,000	4,881,555	755,756,519

Equity Investment (Associate Exposure)

Name of the related party	Nature of transaction	Relationship	Balance at 1 Jan' 2023	Addition	Adjustment	Balance at 31 Dec' 2023
Phoenix Securities Limited	Equity Investment	Associate Company	77,815,150	-	7,028,644	70,786,506

Deposits (Liabilities with related party)

Name of the related party	Nature of transaction	Relationship	Balance at 1 Jan' 2023	Addition	Adjustment	Balance at 31 Dec' 2023
Mohammad Mohsin	Term Deposit	Chairman	50,000,000	10,000,000	-	60,000,000
Md. Jamirul Islam	Term Deposit	Director	9,008,650	435,811	-	9,444,461
Parvin Hossain	Term Deposit	Wife of Jamirul Islam	8,099,240	425,887	-	8,525,127
Mohammad Haider Ali	Term Deposit	Borther of Mohammad Mohsin	110,000,000	-	30,000,000	80,000,000
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	-	24,459,547	2,134,207

Name of the related party	Nature of transaction	Relationship	Balance at 1 Jan' 2023	Addition	Adjustment	Balance at 31 Dec' 2023
Yasmin Sultana	Term Deposit	Sister of Mohammad Mohsin	26,593,754	-	-	26,593,754
Shabnaz Sultana	Term Deposit	Daughter of Rafiqul Islam (Sponsor)	5,834,885	-	-	5,834,885
Sharmin Sultana	Term Deposit	Daughter of Rafiqul Islam (Sponsor)	6,549,977	-	1,685,706	4,864,271
Reshad Imam	Term Deposit	Independent Director	5,949,733	414,286	-	6,364,019
Meherun Haque	Term Deposit	Director	4,354,000	268,302	-	4,622,302
Mazharul Haque	Term Deposit	Husband of Mrs. Meherun Haque	77,000,000	-	10,023,126	66,976,874
Mazharul Haque	Term Deposit	Husband of Mrs. Meherun Haque	77,000,000	-	10,023,126	66,976,874
Manzoorul Haque	Term Deposit	Son of Mrs. Meherun Haque	10,000,000	-	-	10,000,000
Sadaf Haque	Term Deposit	Daughter of Mrs. Meherun Haque	5,000,000	28,876	-	5,028,876
Mohammed Shoeb	Term Deposit	Sponsor	71,485,015	2,438,842	-	73,923,857
Total			393,062,762	4,012,004	66,168,379	330,906,387

41 SUBSEQUENT EVENTS

No Material events occurring after the Balance Sheet date came to our notice, which could materially affect the amounts or disclosures in these Financial Statements. The Board of Directors has recommended no dividend for the year ended December 31, 2023 subject to the approval of the shareholders' meeting and appropriate authority if required.

42 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2023, 09 (Nine) Board Meetings were held. As on 31st December 2023, there were average 07 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 103 employees and 24 sub staffs were employed in Phoenix Finance and Investments Limited as of 31 December 2023.

44 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:

	2023	2022
Basic Pay	40,400,768	42,394,915
Other Allowances	55,486,308	64,249,186
Total	95,887,076	106,644,101
Total number of person	19	21

45 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
Mrs. Rashna Imam	Independent Director	Chairman	Barrister-at-Law and LLM
Mr. Mohammad Mohsin	Chairman	Member	Graduate
Mrs. Meherun Haque	Nominee Director	Member	Graduate

b) Meetings of Audit Committee

During January 01 to December 31, 2023, 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 un-audited 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):

- 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.



Chief Financial Officer



Managing Director (CC)



Director



Chairman

Signed in terms of our separate report of even date.

Md. Nurul Hossain Khan FCA

Enrollment: 0240

Managing Partner

Kazi Zahir Khan & Co.

Chartered Accountants

Place: Dhaka

Dated: 03-10-2024

DVC No. 2410030240AS647830

Financial Highlights

as Required by Bangladesh Bank

For the year ended 31 December 2023

Figures in Taka

Sl. No.		2023	2022
1	Paid up Capital	1,658,741,950	1,658,741,950
2	Total Capital (core+ supplementary)	(5,520,703,891)	1,531,519,945
3	Capital surplus/(deficit)	658,741,950	658,741,950
4	Total Assets	29,132,748,690	29,134,652,516
5	Total Term Deposit Receipts	17,215,474,978	17,386,121,134
6	Total Loans, Advances and Leases	27,164,988,006	26,911,099,956
7	Total Contingent Liabilities and Commitments	-	-
8	Credit Deposit Ratio (%)	157.79%	154.78%
9	Percentage of classified loans against total Loans, Advances and Leases	77.46%	23.23%
10	Profit after Tax and provision	(7,052,223,836)	(1,386,194,088)
11	Amount of classified loans	21,040,698,401	6,250,449,749
12	Provisions kept against classified loan	7,672,289,389	2,551,875,784
13	Provision surplus / (deficit)	(140,644,316)	(210,966,473)
14	Cost of Fund	8.41%	9.09%
15	Interest earning Assets	27,343,815,947	27,089,927,897
16	Non-interest earning Assets	1,788,932,743	2,044,724,619
17	Return on Investment (ROI)	-	-90.99%
18	Return on Assets (ROA)	-24.21%	-4.76%
19	Income from Investment	7,808,061	14,920,634
20	Earnings per Share	(42.52)	(8.36)
21	Net Asset Value (NAV) per share	(33.28)	9.23
22	Price Earnings Ratio (Times)	(0.38)	(1.95)

Fixed Assets Schedule

As on December 31, 2023

Annexure-A

PARTICULARS	Cost				Rate %	Depreciation				
	Balance as on 01.01.2023	Addition during the year	Adj. during the year	Balance as on 31.12.2023		Balance as on 01.01.2023	Charged during the year	Adjustment during the year	Balance as on 31.12.2023	WDV as on 31.12.2023
Air Conditioner	11,143,307	-	-	11,143,307	20.00	8,760,056	777,753	-	9,537,809	1,605,498
Building	541,553,742	-	-	541,553,742	5.00	323,203,870	27,077,688	-	350,281,558	191,272,194
Computer & Projector	12,738,224	3,067,574	-	15,805,798	20.00	10,349,787	1,518,475	-	11,868,262	3,937,536
Electrical & Office Equipment	4,533,690	-	-	4,533,690	20.00	4,386,987	56,384	-	4,443,371	90,319
Flat	-	-	-	-	10.00	-	-	-	-	-
Furniture & Fixture	14,609,724	33,600	-	14,643,324	12.50	13,207,037	330,007	-	13,537,044	1,106,280
Land	430,727,500	-	-	430,727,500	-	-	-	-	-	430,727,500
Machinery Lease	215,460,427	-	-	215,460,427	20.00	215,460,414	-	-	215,460,414	13
Motor Vehicle	39,923,635	-	5,095,000	34,828,635	25.00	27,592,476	5,163,910	5,095,000	27,661,386	7,167,249
Office Decoration	41,987,168	-	948,450	41,038,718	20.00	32,694,556	3,650,383	948,450	35,396,489	5,642,229
Telephone & Fax	503,920	-	-	503,920	20.00	477,554	10,780	-	488,334	15,586
Total 2023	1,313,181,337	3,101,174	6,043,450	1,310,239,061		636,132,737	38,585,380	6,043,450	668,674,667	641,564,394
Total 2022	1,368,114,714	139,149,610	7,131,762	1,500,132,562		602,642,047	45,323,313	3,833,072	644,132,288	856,000,274

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 29th ANNUAL GENERAL MEETING of the Company to be held on the
12th December 2024.

As witness my/our hand this.....day of.....2024

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

Seal

I/We Hereby record my/our attendance at the 29th Annual General Meeting of the Company being held on Thursday 12 December 2024
at 11.30 am at Social Garden-502, at the Institution of Diploma Engineers, Bangladesh (5th Floor),160/A Kakrail, VIP Road, Dhaka 1000 and
at Digital Platform Link: <https://phoenixfinance.bdvirtualagm.com>

Name of Shareholder/Proxy.....2024

Folio No./Bo ID No.
(Shareholder)

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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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