

DIRECTORS REPORT FOR THE YEAR 2015

Bismillahir Rahmanir Rahim,

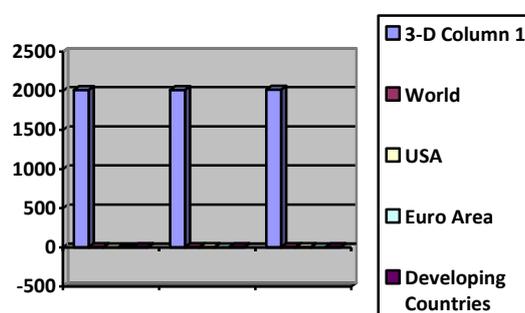
Dear Shareholders,

On behalf of the Board of Directors of Phoenix Finance & Investments Limited, I feel very happy to welcome you in the 21st Annual General Meeting of the Company. The Board of Directors takes pleasure in presenting the Annual Report for the year 2015 which includes among others the Financial Statements for the year ended on December 31, 2015 and Audit Report thereon. This Annual Report has been prepared in compliance with Companies Act 1994, Financial Institutions Act 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission and Bangladesh Bank and other regulatory authorities. A brief overview of World Market Trend with the Performance of Bangladesh Economy has also been provided in the Report. A review of the Report would reveal continuous growth of the Company in a stiff competitive environment. Relevant disclosures and explanations have been given in the Annual Report, which they consider important to ensure transparency and good governance practices.

GLOBAL ECONOMY

Global growth continued to disappoint in 2015 as resulted from continuous slowing down of economic activity in emerging and developing economies amid further drops in commodity prices, restrained global trade, stretches of financial market volatility, and weakening capital flows. In contrast, the recovery in major high-income countries gained traction last year. This has been increasingly driven by stronger domestic demand, particularly in the United States, where employment conditions are robust. In the Euro Area, credit growth is improving and unemployment is declining. The recovery remains fragile in Japan despite substantial policy stimulus. With external demand negatively affected by a slowdown in large emerging market economies, growth forecasts across major high-income economies in 2016 have been shaded down, but growth should still show some improvement from 2015.

GDP growth					
	2013	2014	2015	2016E	2017E
World	2.4	2.6	2.4	2.9	3.1
USA	1.5	2.4	2.5	2.7	2.4
Euro Area	-0.2	0.9	1.5	2.7	2.4
Developing Countries	5.3	4.9	4.3	4.8	5.3



Source: World Bank

Global growth is estimated to pick up at considerably slower pace than previously projected, aiming 2.9 percent in 2016 and 3.1 percent in 2017-18. Global inflation is expected to rise moderately in 2016 as commodity prices level off, but will remain low by historical standards. However, 2016 growth forecasts for high-income countries have been marked down in view of the effect on the United States of dollar appreciation and the impact on Japan of slowing trade in Asia. Conditions for a continued but weak upturn in the Euro Area still appear in place, despite soft external demand and rising geopolitical concerns. Although gradually dissipating, legacies

from the global financial crisis continue to be felt across high- income countries, limiting both aggregate demand and the underlying growth potential of these economies.

OVERVIEW

The year 2015 was marked by volatility driven by both domestic and global macroeconomic events. The mixed economic data emerging from the US (widely considered today to be a singular growth engine among the developed markets), return of deflation to Europe, large public debt of Japan and change in the economic landscape in China kept making headlines. Crucially, the US shale gas revolution and reaction of the OPEC (Organisation of the Petroleum Exporting Countries) refusing to cut supplies led to crude prices declining to multi- year lows. Moreover, the impact of demand collapsing in developed economies and a Chinese-economic slowdown was evident in the growth numbers of commodity exporting nations dependent on oil exports.

The global spotlight is particularly on China, whose domestic economy is facing a slowdown even as the government is focused on ushering structural changes, moving away from an investment-led to a consumption-driven economy. Therefore, any drastic measures by China to revive its economy, as was witnessed in 2015, could see emerging market currencies becoming volatile, thus impacting flows into emerging markets. Furthermore, the continued fall in commodities and oil would once again put a strain on oil-producing nations, which could, in turn, force sovereign wealth funds (S-WF) to pullout money from emerging markets.

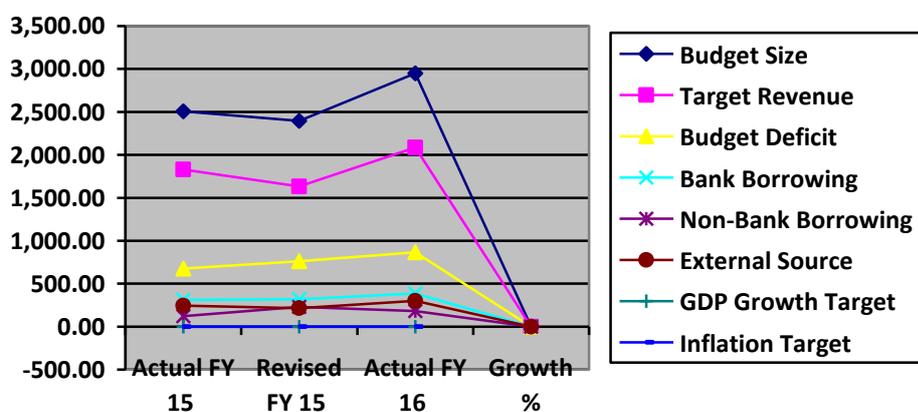
BANGLADESH ECONOMY

In the FY 2015-16, the economy of Bangladesh has to deal with a number of economic blockage. Inadequate savings and investment and increasing gap between these two appeared to be the major challenges in the economy. In addition, lack of any significant breakthrough in agriculture as regards innovation and technological advancement in the post-green revolution period, unsatisfactory rate of growth in manufacturing and lack of employment opportunity in the sector causing higher unemployment rate, lack of investment in skill development in the service sector has caused the real sector to decelerate.

Budget deficit is projected to be BDT 866.57 billion. Of this deficit, BDT 385.23 billion will be collected from bank borrowing, BDT 180.0 billion will be collected from savings certificates and other non-banking source and remaining BDT 301.3 billion will be backed by the external sources. High Dependence on banking system in financing the deficit may cause private investments to fall further and inflationary pressure to rise in the current fiscal year.

Budget Particulars	Actual FY 15	Revised FY 15	Actual FY 16	Growth %
Budget Size	2,505.1	2,396.7	2,951.0	23.1%
Target Revenue	1,829.5	1,633.7	2,084.3	27.6%
Budget Deficit	675.5	763.0	866.6	13.6%
Bank Borrowing	312.2	317.1	385.2	21.5%
Non-Bank Borrowing	120.6	230.0	180.0	-21.7%
External Source	242.8	215.8	301.3	39.6%
GDP Growth Target	7.3%	7.2%	7.0%	
Inflation Target	6.0%	7.0%	6.2%	

Source: Ministry of Finance (Amount in billions)



Outlook

The year 2015 ended with some positive notes for Bangladesh economy, though challenges continue to accompany them. 2016 will, to a large degree, be shaped on the basis of how the economy has performed and what have been achieved in 2015. The political turmoil, amidst the protest of the opposition party, demanding free and fair elections marked the beginning of the preceding year.

Although, rational monetary policy has helped push the lending rate down but rising non-performing loans especially by the state-owned banks still act as a major impediment to realize the desired level. Increased infrastructure spending and public sector wage hikes in the country are expected to keep growth high over the medium term, but also to widen the Fiscal deficit. An amendment to labor laws in September that strengthened workers' rights and workplace safety should assist export performance, particularly in view of retaining Generalized System of Preferences (GSP) in United States. Large Fiscal deficits outpouring risks that rising government borrowing will crowd out private investment.

CAPITAL MARKET SCENARIO

Capital Market, overall, 2015 has been a year of weariness. The stock index shrunk to 4629 points at the end of December 2015 after losing 312 points from January 2015. Throughout the year the capital market remained sluggish. DS30, the blue chip index and Shariah compliant index-DSES also marked negative 2.91 percent and 3.75 percent respectively in 2015 over the previous year. The daily turnover of Dhaka Stock Exchange, on an average, was only Tk. 4.22 billion down 16 percent year-on-year in 2015. Average daily turnover in 2015 was only 4.22 billion whereas in 2014 it was Tk. 6.6 billion in 2014. Although recovery from the debacle that it suffered in 2010 will take long time but losing of fresh fund make the general investors watchful and feeble. Net foreign investment in the bourses decreased sharply by 93%. In 2015 foreign investors bought shares worth Tk. 38.26 billion while they sold shares worth Tk. 36.40 billion, taking their net investment position to Tk. 1.86 billion only. In 2015, 12 companies raised Tk. 8.3 billion through the primary market which was Tk. 1.5 billion lower than 2014. The dearth of quality of some public offerings compelled investors to incur loss. Despite demutualized status of both the stock exchanges, visible enforcement of policies and corrective measures by the regulators, regulatory reformation initiatives, failed to regain investor's confidence. Transparency and good governance can go a long way in reassuring the investors and bring back credibility to the market.

FINANCIAL INSTITUTIONS INDUSTRY SCENARIO

The NBFi sector in Bangladesh consists of development financial institutions, leasing companies, investment companies etc. Bangladesh's NBFi sector, which accounts for about 7% of the total assets of the banking sector, is passing through a critical phase. By all objective measures, this sector has made rapid strides in recent years and led the way forward in delivering innovation and outstanding value to stakeholders. Moreover, it plays a critical part in filling many gaps left by the banking sector. The performance of the NBFis has been particularly impressive in areas that have national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion. Small and medium sized enterprises (SMEs) are the backbone of Asia's economies and they need better access to finance to grow and generate badly needed new jobs for the region. With the growing importance assigned to financial inclusion, NBFis have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors. In line with the central bank's policy directives, loans to agriculture and SMEs are being prioritized considering their role in contributing to inclusive economic growth and job creation. With total assets equivalent to less than 4 percent of GDP in 2015, the role of Non Banking Financial Institutions (NBFis) has been growing. NBFis are increasingly coming forward to provide credit facilities for meeting the diversified demand for investment fund in the country's expanding economy. In 2015, NBFis recorded notable growth in total assets, borrowings, deposits, and capital. The asset of NBFis increased substantially by 18.6 percent to Taka 517.6 billion in 2014 from Taka 436.3 billion in 2013. At the end of June 2015, assets of NBFis increased to Taka 563.8 billion. As of June 2015, investment of NBFi sector was majorly driven to industry 44.9 percent, real estate 17.4 percent, margin loan 3.2 percent, trade and commerce 16.0 percent, merchant banking 4.0 percent, agriculture 1.7 percent and others 12.9 percent etc. More than 80 per cent of the loans disbursed by NBFis were term lending as their capital structure provides better support for term financing rather than working as capital financing. NBFis are now contributing nearly 30 percent loan to SMEs. The BB's green banking policy, global campaign for climate change and green industry revolution have opened a brighter canvas to shape NBFis as human financiers. When Banks are under pressure with soaring margin costs, burdened with mounting classified loans, then NBFis are in good position due to low operational cost. As of June 2015, total classified loan of NBFis were 31.6 billion representing 7.7% of total lending of 409 billion. Despite the fact that NPL enhanced from 5.3% in 2014 to 7.7% in 2015 is still below the NPL of the Banking average. NBFis are working as a catalyst to economic growth and provide necessary support and guidance for their development within a longer term framework, which would improve financial intermediation and enable the NBFis to play more vital roles in overall development of the country. In 2015, most NBFis consolidated their positions after severe shocks received in 2014 and 2013 driven by political turmoil supported by the central Bank's refinancing schemes.

Industry outlook

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

MONEY MARKET

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

Bangladesh Bank (BB) will maintain accommodative monetary policy stance in 2016. The latest MPS for H2 FY16 was a very growth supporting one. Policy rates have been reduced by 50 basis points after almost 3 years. This, coupled with the huge excess liquidity in the banking system is expected to further reduce Banks' lending rates and boost investments. As the economy is on the way to recovery, credit growth has been slowly picking up. During FY15, the total credit to the private sector recorded 13.2% growth year over year. Business confidence is improving and the stable exchange rate has led to higher import of machinery. The falling interest rates will boost private credit growth next year.

THE COMPANY

Phoenix Finance & Investments Limited (PFIL), one of the leading and reliable multi-products Financial Institutions in Bangladesh, was incorporated in Bangladesh on April 19, 1995 as a Public Limited Company under the Companies Act 1994 and started its operation on May 9, 1995 as a Non-Banking Financial Institution named as Phoenix Leasing Co. Ltd. under Financial Institution Act, 1993. It has been renamed as Phoenix Finance and Investments Limited (PFIL) on 7th February, 2007 with a view to reflecting multidimensional financial activities of the Company and keeping parity with the activities as it has been doing other than lease financing, which although, has remained as the prime area of the financial activities.

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

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

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

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

FINANCIAL POSITION & PERFORMANCE OF THE COMPANY

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

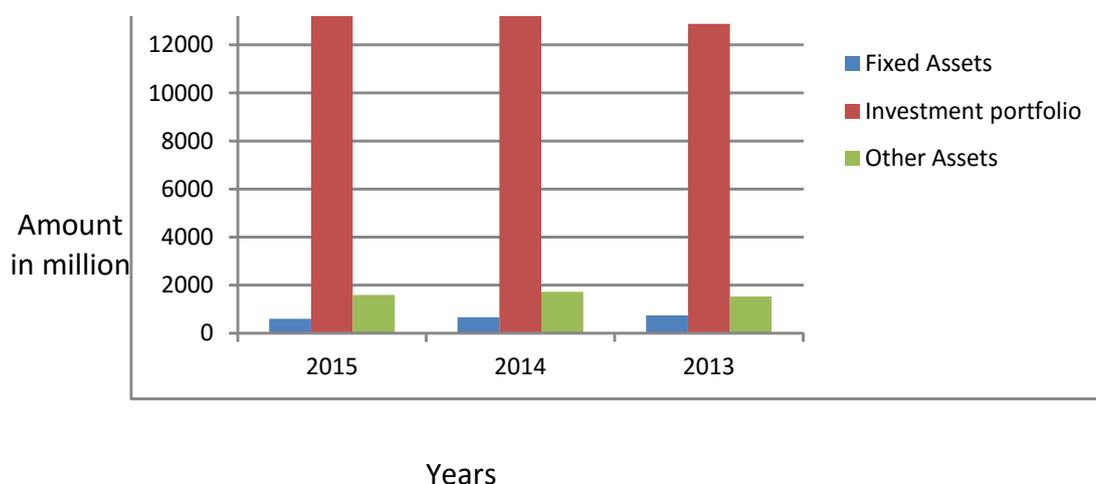
ASSETS

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

Figures in Million Taka

Items	2015	% on Total	2014	% on Total	2013	% on Total
Fixed Assets	600.57	3.00	668.21	3.78	740.11	4.89
Investment Portfolio	17,841.19	89.03	15,259.32	86.42	12,872.40	85.04
Other Assets	1,596.28	7.97	1,728.73	9.80	1,525.00	10.07
Total	20,038.04		17,656.25		15,137.51	

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



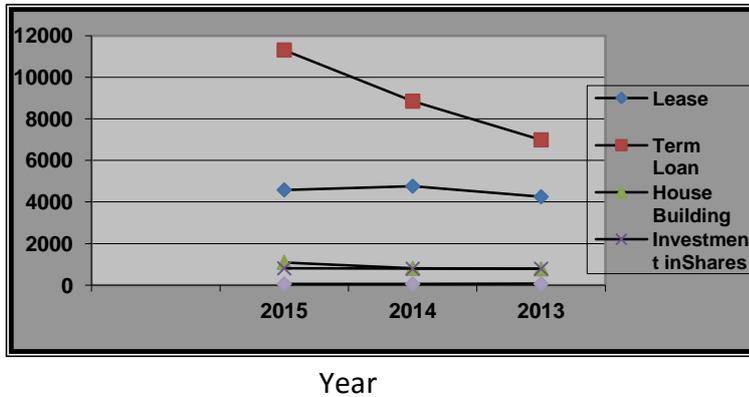
INVESTMENT PORTFOLIO

The Company recorded a 16.92% growth in Investments with a total portfolio of Tk. 17,841.19 million at the end of December 2015 compared to Tk. 15,259.32 million at the end of December 2014. In 2014, the portfolio growth rate was 18.54% compared to Tk. 12,872.40 million as of December 2013.

Figures in Million Taka

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

Figures
in
Million



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

LEASE PORTFOLIO

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

TERM LOAN PORTFOLIO

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

REAL ESTATE FINANCE

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

INVESTMENT IN SHARES

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

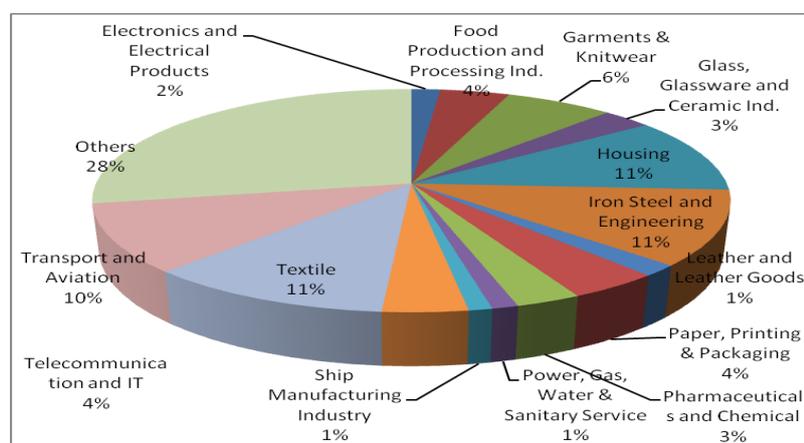
ASSET QUALITY

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

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. 1,859.81 million, Textile Industries with outstanding of Tk. 1,859.75 million, Housing Tk. 1,844.96 million, Transport & Aviation Tk 1,695.27 million, Garments & Knitwear Tk. 1,080.14 million, Food Production & Processing Industries Tk 695.38 million, Paper, Printing & Packaging Tk 690.15 million, Telecommunication & IT Tk 637.97 million, Glass, Glassware and Ceramic Industries Tk. 499.10 million, Pharmaceuticals & Chemical Tk. 487.44 million, Electronics and Electrical Products Tk 288.40 million, Leather and Leather Goods Tk 278.55 million, Power, Gas, Water & Sanitary Service Tk 197.33 million, Ship Manufacturing Industries Tk 175.78 million and others Tk 4,744.82 million as on December 31, 2015.



LIABILITY

Total liabilities of the Company stood at Tk. 17,515.60 million as on December 31, 2015 compared to Tk 15,154.92 million as on December 31, 2014 registering a growth of 15.58% over the last year, whereas a growth was made by 20.36% in 2014 compared to Tk. 12,591.04 million as on December 2013.

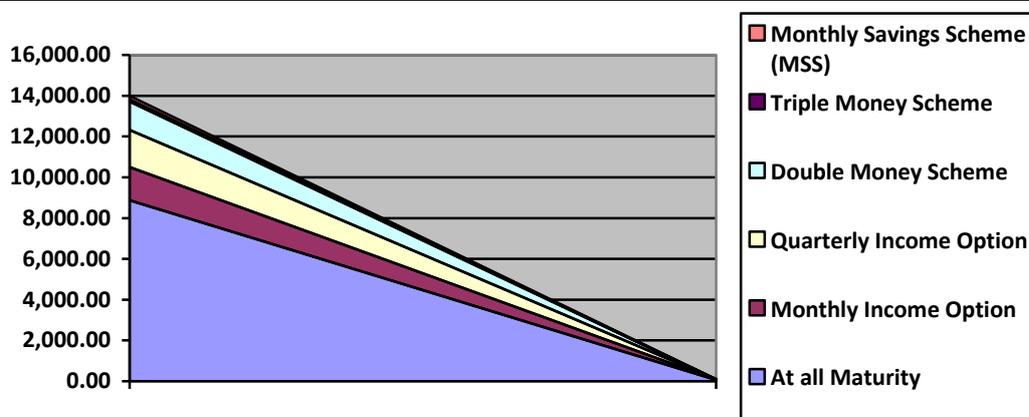
DEPOSITS AND OTHER ACCOUNTS

The deposits base of the Company continued to register a steady growth and stood at Tk. 13,998.63 million as on December 31, 2015 compared to Tk. 12,420.66 million of the previous year registering a growth of 12.70%. The growth was supported by Branch network and high standard products and services along with competitive interest rate offered to customers.

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

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

Deposit Type	Amount	%
At all Maturity	8,862.31	63.31
Monthly Income Option	1,643.46	11.74
Quarterly Income Option	1,818.52	12.99
Double Money Scheme	1,381.38	9.87
Triple Money Scheme	116.51	0.83
Monthly Savings Scheme (MSS)	176.45	1.26
Total	13,998.63	100.00



BORROWINGS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

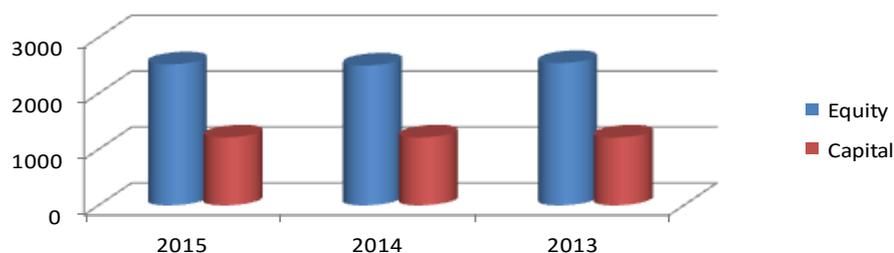
The Company meets its certain portion of fund demand from loan taken from different Banks. It represents 10.52% of total liabilities in 2015 whereas it was 5.47% of total liabilities in 2014. Total Bank Loan Balances of the Company stood at Tk. 1,842.60 million as on December 31, 2015, increased by 122.44% compared to the last year. This loan provided by different Commercial Banks including Bangladesh Bank ranging from six months to five years secured by way of first ranking Pari-Passu Security Sharing Agreement among the secured lenders on all fixed and floating assets.

EQUITY

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

Total Shareholders' Equity of the Company as on December 31, 2015 stood at Tk. 2,522.44 million and the Paid Up Capital of the Company stood at Tk 1,214.95 million on the same period.

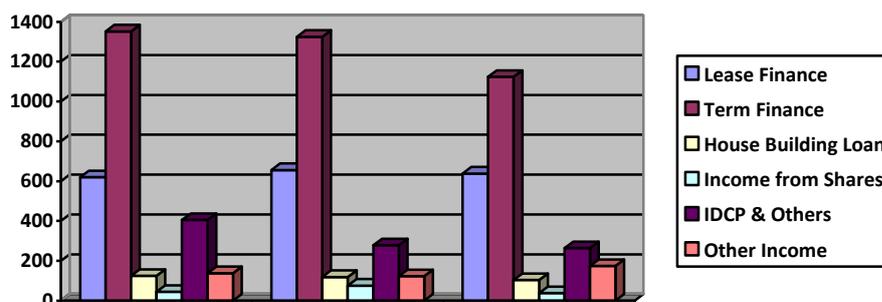
Particulars	2015	2014	2013
Equity	2,522.44	2,501.33	2,546.47
Capital	1,214.95	1,214.95	1,214.95



OPERATIONAL REVENUE

Total Operational Revenue remarkably increased by 4.13% from Tk 2,682.96 million in 2015 to Tk. 2,576.66 million in 2014. It was increased by 10.05% in 2014 compared to Tk 2,341.44 million in 2013.

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



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

OPERATING EXPENSES

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

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

OPERATING & NET PROFIT

Phoenix Finance & Investments Limited registered an operating profit of Tk 680.64 million in 2015 compared to Tk 655.16 million in 2014 registering a remarkable growth of 3.89%. It was increased by 45.98% in 2014 compared to Tk 448.81million in 2013.

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

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

BRANCH NETWORKING

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

The status reports on Corporate Governance Compliance pursuant to the clause no 7 (ii) of the Gazette Notification dated 07.08.2012 (in accordance with Notification No.SEC/CMRRCD/2006-158/134/ Admin/02-08 dated 20.02.2006) regarding the Corporate Governance Compliance Guidelines for all listed Companies is given in Annexure III.

HUMAN RESOURCE

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

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

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

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

In regard to 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 different trading bodies.

HR FUTURE PLAN FOR 2016

We envisage concentrating in the following areas in 2016 for further improvement of HR policies:

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

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 12.54 percent with Tier – I ratio at 10.55 percent. The ratios have been calculated in accordance with Basel-II recommendation and Bangladesh Bank guidelines. CAR encompassing credit, operational and market risks is well above the Basel-II requisite for 10 percent. Note 36 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 in 2015 & in 2014 as per CAMD guidelines respectively under the Instruction of Bangladesh Bank's DFIM circular no.8 dated August 02, 2010. Risk-Weighted Assets & Capital Adequacy Ratios of our PFIL were standing under the Following:

Core Capital(Tier-I)	2015(in Taka)	2014(in Taka)
Fully Paid-up Capital	1,214,946,360	1,214,946,360
Non-repayable share premium	87,408,700	87,408,700
Statutory Reserve	51,69,40,693	46,38,55,186
General Reserve	2,000,000	2,000,000
Retained earnings	24,81,95,199	26,09,88,943
Sub-Total	2,06,94,90,952	2,02,91,99,189
Supplementary Capital(Tier-II)		
General Provision(unclassified loans upto specified limit + SMA + off Balance Sheet Exposure)	16,39,40,000	15,30,40,659
Assets Revaluation Reserve	22,64,76,775	23,60,67,094
Sub-Total	39,04,16,775	38,91,07,753
A. Total Eligible Capital		
B. Risk Weighted Assets		
Credit Risk	16,94,52,75,171	15,24,62,50,957

On Balance Sheet	16,88,60,15,453	15,16,38,22,496		
Off-Balance Sheet	5,92,59,719	8,24,28,461		
Market Risk	1,47,56,00,000	1,36,90,00,000		
Operational Risk	1,19,05,61,093	1,17,24,00,090		
Total Risk Weighted Assets	19,61,14,36,264	17,78,76,51,043		
C. Minimum Required Capital(MCR) on RWA(10% of RWA for both under CAMD in 2015 & 2014)	1,96,11,43,626	1,77,87,65,104		
D. Capital Surplus/(Shortfall)(A-C)				
Total Capital Adequacy Ratios	12.54%	13.60%		
Capital Requirement	Required(%)	Held(%)	Required(%)	Held(%)
Core Capital(Tier-I)	5.00	10.55	5.00	11.41
Supplementary Capital(Tier-II)	-	1.99	-	2.19

PROPOSED DIVIDEND

The Board of Directors has recommended 20% Cash Dividend subject to the approval of the Shareholders in the 21st Annual General Meeting.

RETIREMENT AND RE-ELECTION OF DIRECTORS

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

Mr. Mohammed Shoeb

Ms. Selina Akhter

Mr. Abdur Rahman

Being eligible they offer themselves for re-election.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2016

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

In order to comply with the regulatory directives of Bangladesh Bank issued vide FID Circular No.03, dated 02.03.1999 and BRPD (p) 748/3/2007-1865, dated 24.06.2007 regarding Appointment of External Auditors for Financial Institutions under section 24 of the Financial Institutions Act 1993, the Company arranged for appointment/re-appointment of External Auditor for the Company for the year 2016. The Board considered Circular/order of Bangladesh Bank and Bangladesh Securities and Exchange Commission regarding appointment/re-appointment of any Chartered Accountancy Firm as the External Auditor Auditors of Financial Institutions listed with Stock Exchanges.

Malek Siddiqui Wali, Chartered Accountants of 9-G, Motijheel C/A, Dhaka was appointed as the External Auditors for the year 2015.

Accordingly, the Board of Directors of the Company in its 241st Meeting held on 30.03.2016 recommended for re-appointment of Malek Siddiqui Wali, Chartered Accountants as the External Auditor for the year 2016 until the next Annual General Meeting.

OUTLOOK 2016

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

ACKNOWLEDGEMENTS

Phoenix Finance & Investments Limited within a short span of its operation has gained the confidence of its clients. This success is primarily attributed to its teamwork, prompt and prudent decision making, efficient and cordial service, economic use of resources and introduction of new financial products and technologies. The continued endeavors of the Management and staff of the Company under wise guidance and timely support of the Board of Directors have substantially contributed to the success of the Company. The Board of Directors of the Company expresses deep appreciation and gratitude to the Management and all members of staff for their dedicated and efficient services and also to the valued clients, sponsors, shareholders, stakeholders, patrons and well wishers, whose continued support and cooperation have facilitated our path towards the glory achieved so far. The Company is grateful to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, External Auditor, Registrar of Joint Stock Companies & Firms and Central Depository Bangladesh Limited for their continued support, prudent guidance and advice towards the notable growth of the Company.

GRATITUDE

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

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

Best regards and best wishes to all.

On behalf of the Board of Directors,

(Deen Mohammad)

Chairman