

ANNUAL REPORT

Phoenix Finance
& Investments
Limited

**MAKE
FINANCIAL LIVES
BETTER,
THROUGH THE
POWER OF EVERY
CONNECTION**

Letter of Transmittal

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

Dear Sir (s);

ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2019

Enclosed please find a copy of the Annual Report together with the Audited Financial Statements for the year ended on December 31, 2019 of Phoenix Finance & Investments Limited for kind information and record.

Best Regards,

Yours sincerely



Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director &
Company Secretary

Forward Looking Statement

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

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



The relationship → that kept their financial life on track

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

By listening to our customers and understanding what they want from a financial partner, we’ve built a full range of consumer financial products and services designed to help meet their needs. Where we really add value is helping our customers put it all together. We make it easier for our customers to do their banking, and we provide access to guidance and solutions that match their financial goals and lifestyles. It helps that our products and services are among the most innovative in the industry, all developed with the goal of making business with us clear, straightforward and rewarding.



The conversation → that grew their business

We strive to understand our customers' businesses so that we can deliver the best products and services to help them grow.

At Phoenix Finance, we have a long history of serving our small business community. Our team of Small Business specialists works closely with its clients, helping them run their businesses efficiently and plan for the future. And for those businesses that outgrow their small business roots, our Business team can provide advice and integrated solutions for larger companies to optimize working capital and help these businesses continue to grow.



The common vision → that strengthened a community

Continue to focus 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.

Local impact, global momentum. Corporate Social Responsibility (CSR) is integral to the success of our company and the customers, clients, shareholders and communities we serve around the world. Our CSR activities — lending, investing and giving — are core to our business, as we continually strive to be a better and more responsible company. Our dedicated work force is committed to serving all of our stakeholders through daily interactions, listening and collaborating, and responding with the best solutions. From helping to structure innovative business deals that benefit the environment, to working with nonprofit leaders to better understand important issues, we are making every effort to be responsive to our customers and to society.

Company Information

52-53

Head Office Address:

Eunoos Center (Level- 11)
52-53, Dilkusha C/A, Dhaka-1000
Tel : 9569007, 9555685 (Auto hunting)
Fax : 880-2-9567787
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 : 9569007, 9555685
Fax : 880-2-9567787
E-mail : principal@phoenixfinance.com.bd



Chattogram Branch

Ayub Trade Center (2nd Floor)
1269/B Sk. Mujib Road Agrabad C/A,
Chattogram-4100
Tel : 031-710089
Fax : 880-31-710086
E-mail : chittagong@phoenixfinance.com.bd



Khulna Branch

Fatema Tower (1st Floor)
2A, KDA Avenue, Khulna-9100
Tel : 041-2831718, 44112924
Fax : 44112931
E-mail : khulna@phoenixfinance.com.bd

Bogura Branch

Satani Madrasha Building (2nd Floor)
Eakubia School More
Sherpur Road, Sutrapur, Bogura-5800
Tel : 051-69828, 69769
Fax : 880-51-69769
E-mail : bogra@phoenixfinance.com.bd

SME Branch

Phoenix Bhaban (1st Floor)
12, Dilkusha C/A, Dhaka-1000
Tel : 9564643, 9565537
E-mail : sme@phoenixfinance.com.bd

Uttara Branch

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

Imamgonj Branch

44-45/2 Imamgonj (Ground Floor)
Lalbagh, Dhaka-1211
Tel : 7342995, 7342766
Fax : 880-2-7342996
E-mail : imamgonj@phoenixfinance.com.bd

Dhanmondi Branch

House # 74, (2nd Floor)
Road 5/A, Sat Masjid Road
Dhanmondi, Dhaka-1209
Tel : 9614410, 9614415
Fax : 880-2-9614413
E-mail : dhanmondi@phoenixfinance.com.bd

Gulshan Branch

Casablanca (4th Floor)
114 Gulsan Avenue, Gulsan, Dhaka-1212
Tel : 9850874, 9850875
Fax : 880-2-9850876
E-mail : gulshan@phoenixfinance.com.bd



Auditor

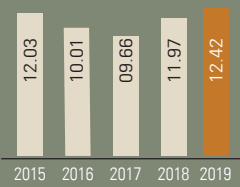
Mahfel Huq & Co.
Chartered Accountants
BGIC Tower (4th Floor)
34, Topkhana Road
Dhaka-1000, Bangladesh
Phone: +88-02-9553143, 9581786
Fax: 88-02-9571005
E-mail: info@mahfelhuq.com
Web: www.mahfelhuq.com



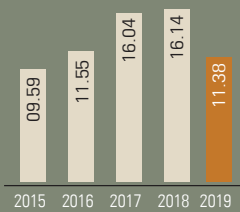
www.phoenixfinance.com.bd

Performance at a Glance 2019

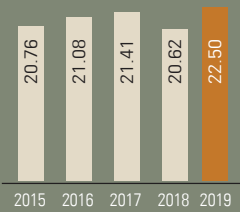
We distribute value to our stakeholders in several ways. Some manifest themselves in financial value while others bring about intangible benefits.



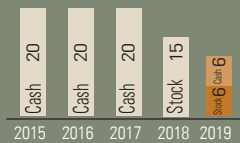
COST OF FUND (%)



PRICE EARNINGS RATIO (TIME)



NAV PER SHARE (TK)



DIVIDEND (%)

Financial Value

Cost to Income Ratio

86.77%
2018: 79.83%

Operating Profit

522.85M
(-35.17%)
2018: 806.51 million

Net Profit After Tax

264.38M
(-6.52%)
2018: 282.82 million

Assets

29,179.74M
2018: 30,246.42 million (-3.53%)

Shareholders' Equity

3,144.09M
2018: 2,881.03 million

Investment

26,722.04M
2018: 27,587.37 million (-3.14%)

NPL

7.06%
2018: 5.77%

Term Deposit

19,347.22M
2018: 20,777.74 million (-6.88%)

ROA

0.91%
2018: 0.94%



Revenue
3,952.25 M
(-1.15%)
2018: 3,998.07 million



EPS
1.89 Taka
(-6.44%)
2018: 2.02 (Restated)
Taka per Share



ROE
8.41%
(-14.36)
2018: 9.82%



12%
Dividend
The Board of Directors has recommended 6% Stock & 6% Cash Dividend subject to the approval of the Shareholders.

How we create value – our business model



► Vision

We enable people,
businesses and society
to grow.

► Purpose

We promote a sound
and sustainable financial
solution for the many
SME sector and
businesses sector.

► Values

financial values express our engagement and long-term value creation. They are based on openness, simplicity and caring.

Milestone

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

Financial Highlights

	2019	2018	2017	2016	2015
Authorized Capital	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Paid up Capital	1,397.19	1,214.95	1,214.95	1,214.95	1,214.95
Reserve & Surplus	1,746.90	1,666.08	1,386.76	1,346.06	1,307.49
Share Holders' Equity	3,144.09	2,881.03	2,601.71	2,561.01	2,522.44
Total Deposits	19,347.22	20,777.74	20,384.06	16,435.14	13,998.63
Total Assets	29,179.74	30,246.42	31,427.29	24,388.60	20,038.04
Investment Portfolio	26,722.04	27,587.37	29,526.19	22,292.59	17,841.19
Operational Revenue	3,952.25	3,998.07	3,377.66	2,851.63	2,682.96
Operational Expenses	3,429.40	3,191.56	2,536.25	2,170.04	2,002.32
Operational Profit	522.85	806.51	841.41	681.59	680.64
Net Profit Before Tax	448.66	474.34	588.59	556.20	520.19
Income Tax	184.28	191.52	303.48	273.23	254.76
Net Profit after Tax	264.38	282.82	285.11	282.97	265.43
Net Asset Value per share	22.50	20.62	21.41	21.08	20.76
Earnings per Share	1.89	2.02	2.35	2.33	2.18
Dividend					
Cash	6%	-	20%	20%	20%
Stock	6%	15%	-	-	-
Return on Equity	8.41%	9.82%	10.96%	11.05%	10.52%
Return on Total Assets	0.91%	0.94%	0.91%	1.16%	1.32%
Non Performing Loans (NPL)	7.06%	5.77%	4.94%	3.76%	2.79%
Number of Branches	9	9	9	9	9
Number of Employees	134	139	132	137	137

Company Profile

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

The authorised capital of the Company is Tk. 3,000,000,000 divided into 300,000,000 ordinary shares of Tk.10 each. Its paid-up capital stood at Tk.1,397,188,310 divided into 139,718,831 ordinary shares of Tk.10 each and the total equity of the Company stood at Tk. 3,144,087,238 as on December 31, 2019.

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

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

ASSET PRODUCTS



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

CORPORATE SERVICES



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

DEBT PRODUCTS



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



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

Notice of the 25th Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of Phoenix Finance & Investments Limited will be held on September 17, 2020, Thursday at 11.30 a.m. through Digital Platform Link: <https://phoenixfinance.bdvirtualagm.com> to transact the following business:

AGENDA

1. To receive, consider and adopt the Directors' Report, Audited Financial Statements along with Auditors' Report thereon for the year ended on 31st December, 2019.
2. To declare 6% Cash Dividend & 6% Stock Dividend for the year ended on 31st December, 2019 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 2020 and to fix their remuneration.
5. To appoint/re-appoint Compliance Auditor of the Company for the year 2020 as per Corporate Governance Code of BSEC and to fix their remuneration.
6. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Sd/-

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director &
Company Secretary

Date : August 19, 2020

NOTES :

- i. The Record Date was on July 26, 2020 (Sunday). The Shareholders whose names appeared in the CDS/Register of Members of the Company on the Record Date shall be entitled to the dividend and participate the AGM.
- ii. Shareholders entitled to participate and vote at this virtual AGM may appoint a proxy to participate and vote. The Proxy Form, duly filled, signed and stamped at BDT 20 must be sent through email to share@phoenixfinance.com.bd not later than 48 hours before commencement of the AGM.
- iii. Annual Report-2019 along with Attendance Slip, Proxy Form and Notice of the AGM are being sent to all the members by courier service/ post/ e-mail address available as per CDBL record. Members may also collect the Annual Report & Proxy Form from the Share Department of the company situated at Phoenix Bhaban (2nd Floor), 12, Dilkusha C/A, Dhaka-1000 or from the website of the company, i.e. www.phoenixfinance.com.bd
- iv. Concerned Depository Participants (DP) / Stock Brokers are requested to provide us with a list of their margin loan holders who held PFIL shares as on record date with the details of Shareholders' name, BO ID, shareholding position, cash dividend receivable, tax rate with their Bank Account name & number, routing number etc. within August 08, 2020 along with the name of their contact person to the Share Department of the Company situated at Phoenix Bhaban (2nd Floor), 12, Dilkusha C/A, Dhaka-1000 or at share@phoenixfinance.com.bd.
- v. The shareholders will join the virtual AGM through the link <https://phoenixfinance.bdvirtualagm.com>. The shareholders will be able to submit their questions/ comments electronically before 24 (twenty-four) hours of commencement of the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) Account Number/ Folio Number.
- vi. Shareholders are requested to login to the system well ahead of the Meeting at appointed time for the AGM on Thursday, September 17, 2020. For any IT related guidance and help with the login process the respected members may contact at 01619558527
- vii. Bonus Shares and Fraction Bonus Shares (Stock Dividend) amount will be credited through CDBL System and the respective Bank Account of the shareholder through BEFTN.

The Founding Chairman & Great Entrepreneur



We salute our
founding chairman
Deen Mohammad –
The Men Who Made
first private commercial
bank and financial
institution in Bangladesh
back in 1983.

Message from the Chairman



Azizur Rahman, Chairman

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

RESPECTED SHAREHOLDERS,

Assalamu Alaikum,

I am very inspired to have been privileged for presenting the Annual Report of the Company for the year 2019 before you. I also feel very happy to welcome you all on the event of the 25th Annual General Meeting of the Company on behalf of the Board of Directors. I would like to express our heartiest gratitude and sincere thanks for your continuous support and co-operation which has helped us to achieve the success.

We're delivering our capabilities how, where and when our customers and clients want them — whether it's through our expatriates team.



DEAR SHAREHOLDERS,

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

A difficult backdrop that included intensified US-China trade and technology tensions as well as uncertainty, momentum in global activity remained soft in 2019. There were positive surprises to growth in advanced economies, but weaker-than-expected activity in emerging markets and developing economies. Growth was better than expected in the United States, Japan and the Euro area. Among emerging market and developing economies, GDP in China was stronger than forecast. Elsewhere in emerging Asia, as well as in Latin America, activity has disappointed. Despite the upside surprises in headline GDP for some countries, data more broadly paint a picture of subdued global final demand, notably in fixed investment. Inventory accumulation of unsold goods lifted first quarter GDP in the United States and the United Kingdom, while soft imports boosted output in China and Japan.

Bangladesh is steadily maintaining economic growth. The country achieved on average more than 6 percent growth rates for more than one decade. From FY2015-16, Bangladesh has achieved GDP growth rate of more than 7 percent over four consecutive years.

In FY2018-19, GDP growth stood at the record highest 8.15 percent which was 7.86 percent in the previous fiscal year. Continuing the earlier trend, the average per capita national income increased to US\$1,909 in FY2018-19, up by US\$58 from the previous fiscal year.

DEAR SHAREHOLDERS,

In 2019, the total asset of the Company stood at Tk. 29,179.74 million showing a decrease of 3.53% as against the year 2018. Outstanding Investment portfolio stood at Tk 26,722.04 million at the end of December 2019 slightly decreased by 3.14% compared to Tk 27,587.37 million at the end of December 2018.

From collection perspective, it was a very challenging year as many businesses were affected by the liquidity crisis for a long period. The entire Management had to devote with extra efforts to ensure timely payments. At the same time, active efforts were also undertaken to recover from long standing problem exposures. The intensive and proactive monitoring yielded better result and the Non-Performing Loan ratio was kept within 7% in 2019. The level of yearly provisioning also maintained satisfactorily.

Shares of Phoenix Finance & Investments Ltd. are quoted on the Bangladeshi Stock Exchanges (DSE & CSE) and the Market Capitalization stood at around Tk 3,003.95 million and Shareholders' Equity stood at around Tk 3,144.09 million.

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

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

DEAR SHAREHOLDERS,

I proudly announce that the Board of Directors of the Company has recommended 6% Cash Dividend and 6% stock Dividend for the year 2019 subject to the approval of the Shareholders in the 25th Annual General Meeting. I may also make sure that the Board of Directors of your Company believes in maintaining consistent Dividend Policy. I believe, this Dividend will be an event of inspiration for your investment decision. We are optimist for receiving higher rate of dividend in the coming years.

DEAR PATRONS,

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

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

DEAR STAKEHOLDERS,

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

DEAR PATRONS,

I believe that 2020 will bring new optimism and an improved platform for business, giving us the confidence that we will achieve our Business Plan for the coming year.

We will remain committed to corporate and social responsibilities and in all of our actions, we will strive to ensure that all economic, environmental and social factors are taken into consideration. We believe that this approach, driven by our principles of respect, trust and customized service, makes us more passionate to achieve success under a team work.

DEAR SHAREHOLDERS,

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

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

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

The year 2020 will bring its own avenues of successes and challenges, but our direction is crystal clear. We will continue to focus intently on what we can control-providing our customers and clients with the best services and most comprehensive financial solutions in the market, managing our costs and doing our part to keep the economy moving forward. We look forward to your continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

May Almighty Allah bless us.

Wishing you all the best.



Azizur Rahman
Chairman

The Board of Directors

The Board of Directors

			
<p>Azizur Rahman Chairman Representing Phoenix Insurance Co. Ltd.</p>	<p>Mobarak Ali Director</p>	<p>Dost Mohammad Nominee Director Representing Phoenix Insurance Co. Ltd.</p>	<p>Md. Rafiqur Rahman Nominee Director Representing Phoenix Insurance Co. Ltd.</p>

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



Board Regulators

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

The Board of Directors

			
<p>Rakibul Islam Khan Nominee Director Representing Pakiza Cotton Spinning Mills (pvt.) Ltd.</p>	<p>Nasreen Ali Independent Director</p>	<p>Reshad Imam Independent Director</p>	<p>S. M. Intekhab Alam Managing Director</p>



Deep financial knowledge and experience

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



Board independence

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



Board Review

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

Board of Directors' Profile

AZIZUR RAHMAN

Chairman

Representing Phoenix Insurance Co. Ltd.

Mr. Azizur Rahman is an established Business personality having 40 years of experience in the Business Sector. He started his Career from the Old Town Dhaka as a Hardware Businessman. Afterwards he uplifts himself to the Service Sector of the Country and established himself in the Financial Sector accordingly. He travelled many Countries in the World and participated with various Business Programme at Home and Aboard.

MOBARAK ALI

Director

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

DOST MOHAMMAD

Nominee Director

Representing Phoenix Insurance Co. Ltd.

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

MD. RAFIQR RAHMAN

Nominee Director

Representing Phoenix Insurance Co. Ltd.

Md. Rafiqur Rahman, Nominee Director is a post Graduate from Dhaka University in Accounting and completed C.A. (Inter) and LL.B. He has started his career with YOUNGONE Group, Saver, Bangladesh in 1995. Mr. Rafiqur Rahman joined in the Phoenix Insurance Company Ltd. in 2007 as Company Secretary to the rank of DGM and at present he is holding the position of the Senior General Manager. Mr. Rahman looks after the Board & legal matter of the company. Prior to this assignment, he has served with Chemical Industries (listed company of DSE), YOUNGONE group, Express Insurance Ltd. and Energypac Engineering Ltd. in various important capacities. During his service period, he attended a good number of training courses in relation to Accounts & Finance, Board, Company Law and Securities & Exchange Rules etc. He also completed a training course on "International Financial Reporting Standards" from the Institute of Chartered Accountants in England and Wales (ICAEW).

RAKIBUL ISLAM KHAN

Nominee Director

Representing Pakiza Cotton Spinning Mills (pvt.) Ltd.

Mr. Rakibul Islam Khan, Nominee Director is a renowned young businessman of the country. His business career started in an established large dyeing & printing units in the country named Pakiza Textile Ltd. and Pakiza Spinning Mills Ltd. He is a Director of various concerns of Pakiza Group including Textile, Spinning, Cotton etc. He has traveled widely in most of the countries of the world in connection with his trading business and industries. He is a well educated young businessman and is independently managing the family business for the last 10 years. He is also involved with social and economic activities at home and abroad.

NASREEN ALI

Independent Director

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

RESHAD IMAM

Independent Director

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

S. M. INTEKHAB ALAM

Managing Director

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

Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BIBM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Limited. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal-2008" for his outstanding performance in the financial sector. As a result of his sincere contribution to, Phoenix Finance & Investments Limited, it has been awarded with the International Star Award for Quality (ISQA) in the Gold Category from Business Initiative Directions (BID), a prominent business organization based in Madrid, Spain for its commitment to excellence, innovation, customer satisfaction, technology, leadership and strategic planning. He attended the Prize Giving Ceremony in Geneva, Switzerland held on 06th September, 2010.

Executive Committee of the Board of Directors

Chairman
Azizur Rahman

Members
Mobarak Ali
Rakibul Islam Khan

Audit Committee of the Board of Directors

Chairman
Nasreen Ali

Members
Azizur Rahman
Mobarak Ali

Senior Management

Senior Management

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



S. M. Intekhab Alam
Managing Director



Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary



Md. Badrul Haque Patwary
EVP, Head of HR, Logistic, Public Relations and Credit Administration Division



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



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



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



Mohammed Ashaduzzaman
SAVP, Head of Treasury & Liability

1 S. M. INTEKHAB ALAM
Managing Director

Young and Investment Banking personality, S. M. Intekhab Alam is currently carrying out his responsibility as the Managing Director of Phoenix Finance & Investments Ltd. since 1st January 2008. He is an MBA, major in Finance from Institute of Business Administration (IBA), University of Dhaka. S. M. Intekhab Alam started his career with the Banking Sector of Bangladesh in the year 1990. As provationary officer of Pubali Bank Limited. As a man of great integrity and sincerity, Mr. Alam performed his duty and responsibility and enhanced his bright career in seven local and foreign banks such as Pubali Bank Limited, ANZ Grindlays Bank, Standard Chartered Grindlays Bank, BRAC Bank Limited, The Premier Bank Ltd. and Southeast Bank Ltd. in different capacities. Within a short period of time, he rose to the zenith position of banking and financial sector, which is very rare. Mr. Alam took part in various training programs at home and abroad, which included Foreign Exchange and International Trade, Lending Risk Analysis, Relationship Banking, Corporate Finance etc. He is a Trainer of BIBM and different Institutions. He was a part time faculty member of Asian University of Bangladesh and BRAC University. He is a permanent member of Dhaka Club Limited. Mr. S. M. Intekhab Alam was awarded "Atish Dipankar Gold Medal-2008" for his outstanding performance in the financial sector. As a result of his sincere contribution to, Phoenix Finance & Investments Limited, it has been awarded with the International Star Award for Quality (ISQA) in the Gold Category from Business Initiative Directions (BID), a prominent business organization based in Madrid, Spain for its commitment to excellence, innovation, customer satisfaction, technology, leadership and strategic planning. He attended the Prize Giving Ceremony in Geneva, Switzerland held on 06th September, 2010.

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

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

3 MD. BADRUL HAQUE PATWARY
EVP, Head of HR, Logistics, Public Relations and Credit Administration Division

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

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

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

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

Senior Management

5 MOHAMMED MAHBUB ALAM
SVP & Head of Credit Risk
Management (CRM)

Experienced with a combination of Finance, Investment & Commercial Banking Mr. Alam joined Phoenix Finance in 2011 as Senior Assistant Vice President. At present, he is working as SVP and the Head of Credit Risk Management (CRM). In his educational life, he obtained Post- graduation Degree in Accounting from Dhaka University, MBA Degree from Institute of Business Studies (IBS) and also completed three and half year C.A. Articleship Course from A. Haque & Company, Chartered Accountants, Dhaka. Mr. Alam, has over 21 years of financial services experience and held various positions. He started his career with Uttara Bank Ltd. as Officer Grade-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.

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

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

7 MOHAMMED ASHADUZZAMAN
SAVP, Head of Treasury & Liability

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

Committees

MANAGEMENT COMMITTEE (MANCOM)

S. M. Intekhab Alam
Managing Director

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

ASSET LIABILITY COMMITTEE (ALCO)

S. M. Intekhab Alam
Managing Director

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Mohammed Ashaduzzaman
Head of Treasury Division

CREDIT COMMITTEE

S. M. Intekhab Alam
Managing Director

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

BASEL II IMPLEMENTATION COMMITTEE

S. M. Intekhab Alam
Managing Director

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

ETHICS (NAITIKATA) COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

Committees

SUSTAINABLE FINANCE COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

ICT STEERING COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

ICT SECURITY COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

ICT RISK MANAGEMENT COMMITTEE

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

Forum/units/cells/desk/team

RISK MANAGEMENT FORUM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

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

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

RISK ANALYSIS UNIT

Md. Sajedur Rahman
Senior Principal Officer

Sk. Aktarul Alam
Principal Officer

CENTRAL COMPLIANCE UNIT (CCU)

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Sardar Mahbub Ali
Head of Internal Control & Compliance Division

Mohammed Ashaduzzaman
Head of Treasury Division

Md. Sajedur Rahman
Senior Principal Officer, ICCD

CENTRAL CORE RECOVERY UNIT (CCRU)

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

Mohammed Mahbub Alam
Head of Credit Risk Management Division

WOMEN ENTREPRENEUR DEVELOPMENT UNIT

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Rahat Mahmud Bappi
Senior Principal Officer

SUSTAINABLE FINANCE UNIT

Mohammed Mahbub Alam
Head of Credit Risk Management Division

Rahat Mahmud Bappi
Senior Principal Officer

Mahmudul Hassan Parvez
Senior Officer

CORPORATE SOCIAL RESPONSIBILITY (CSR) UNIT

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

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

Mohammed Ashaduzzaman
Head of Treasury Division

Mahmudul Hassan Parvez
Senior Officer

COMPLAINT CELL

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

BASEL II IMPLEMENTATION DESK

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

Md. Abdus Sobur
Senior Principal Officer

Forum/units/cells/desk/team

STRESS TESTING TEAM

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

Md. Abdus Sobur
Senior Principal Officer

INTEGRATED SUPERVISION SYSTEM (ISS) DESK

Mohammed Ashaduzzaman
Head of Treasury Division

Razwanul Kabir
Senior Principal Officer

Sabbirul Haque Chowdhury
Senior Principal Officer

Rahat Mahmud Bappi
Senior Principal Officer

Md. Abdus Sobur
Senior Principal Officer

Sk. Aktarul Alam
Principal Officer

Mahmudul Hassan Parvez
Senior Officer

INTEGRITY STRATEGY IMPLEMENTA- TION CELL

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

Md. Sajedur Rahman
Senior Principal Officer

Mahmudul Hassan Parvez
Senior Officer

INNOVATION TEAM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

Md. Sajedur Rahman
Senior Principal Officer

COMPUTER INCIDENT RESPONSE TEAM

Mohammad Sayduzzaman FCA, FCS
Deputy Managing Director & Company Secretary

Md. Badrul Haque Patwary
Head of HR, Logistic & Public Relations
and Credit Administration Division

Mohammed Ashaduzzaman
Head of Treasury Division

Mohammad Arshed Rasheed
Head of Information Technology Division

Muhammad Badrul Manir
Principal Officer

Sk. Aktarul Alam
Principal Officer

Managing Director's Review



S. M. Intekhab Alam, Managing Director

The year 2019 gave us an opportunity to focus on Liability Management, redefining our profit centers, strengthening our Human Resources and ensuring compliance and core risks. We believe that our efforts would help the Company to face unforeseen shocks and achieve sustainable growth in the years to come.

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

We have delivered a credible result in 2019 for shareholders, customers and employees given the significant challenges facing the Company and the industry. Our possibilities are deeply interwoven and energized by Bangladesh's rapidly developing economy. As one of the country's renowned private sector Financial Institution, Phoenix Finance & Investments Ltd. has always strived to play a pivotal role in the economy and society.

We're delivering our capabilities how, where and when our customers and clients want them — whether it's through our expatriates team.



We look towards the future with optimism and a deep sense of responsibility towards nation-building. A fast-paced economy like our country needs a robust financial ecosystem to flourish; and the Finance sector has always been at the vanguard in supporting the country's growth aspirations. We have expanded our reach across the country and have emerged as a reliable Financial Institution we operate in.

It is a great pleasure and opportunity for me to present the overall performance for the year 2019 and future aspirations of our esteemed Financial Institution. The year 2019 gave us an opportunity to focus on Expansion of Business, redefining our profit centers, strengthening our Human Resources and ensuring compliance and core risks. We believe that our efforts would help the Company to face unforeseen shocks and achieve sustainable growth in the years to come.

Bangladesh is firmly on course to a higher economic growth achieving 8.15% gross domestic product (GDP) growth during the FY 2018-19. The increase in GDP may have happened because in recent year's growth is being driven by public sector which has undertaken a number of mega projects with huge investments. This is corroborated by an increase in the rate of public investment at 8.03 per cent during 2018-2019 compared to 7.97 per cent during the previous fiscal. Because of massive public borrowing from banks and liquidity crisis due to huge volume of non-performing loans (NPLs) private sector investment, on the other hand, has increased only by 0.38 per cent, from 23.26 per cent in 2017-18 to 23.54 percent during 2018-19. Consistent with this has been the private sector credit growth which reached 1.55 per cent during four months to October, 2019 from 2.73 per cent in 2017-18.

Strong remittance in flow during the period under review has cushioned the fall of export earnings. Inflow of remittance jumped around 23 per cent in the first four months of the current fiscal. Remittance earnings stood at \$20 billion at the end of 2019 being boosted by depreciation of Taka and cash incentives given at the rate of 2.0 per cent of remitted amount. Though some migrant workers had to return from Saudi Arabia this did not make much of a dent in the remittance inflow as over 600 thousand (6.0 lakh) new migrant workers went abroad far outweighing the number of returning migrant workers.

However, I would like to draw your attention to the satisfactory performance of Phoenix Finance & Investments Limited in many avenue of the Business amidst the global and national challenges confronted by the Finance Industry over the whole year of 2019. As on December 31, 2019, total Assets of the Company stood at Tk. 29,179.74 million showing a decrease of 3.53% as against Tk. 30,246.42 million in the year 2018.

The Investment recorded 3.14% decrease with a total portfolio of Tk. 26,722.04 million at the end of December 2019, compared to the year 2018. In 2018, it was decreased 6.57% with a total portfolio of Tk. 27,587.37 million at the end of December 2018 compared to Tk. 29,526.19 million at the end of December 2017.

The Paid up Capital of the Company recorded at Tk. 1,397.19 million as on 31st December, 2019. The Company also maintains Capital Adequacy Ratio at 11.40% which is above the required Margin of Adequate Capital Ratio for NBFIS @ 10%. Reserve & Surplus Tk. 1,746.90 million and Shareholder's Equity stood at Tk. 3,144.09 million reflecting reasonable growth. Earnings per share (EPS) stood at Tk. 1.89 during 2019. NAV stood at Tk 22.50 per share. Average Cost of Fund increased to 12.42% during the year compared to 11.97% in the preceding year due to increase of Interest Rate on borrowing.

The Non-Performing Loan (NPL) ratio was 7.06% of total loan as on December 31, 2019, which was 5.77% in the previous year which is well comparable. The Company has made adequate provisions against classified loans as per Bangladesh Bank Guidelines. Strong recovery drives continued all over the year and monitoring is done regularly to reduce the quantum of classified loan. Term Deposit Balance of Tk. 19,347.22 million as on December 31, 2019 compared to Tk. 20,777.74 million of the previous year decreased by 6.88%. 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 2019, after making all provisions including general provisions on unclassified loans, profit before tax

Managing Director's Review

stood at Tk. 448.66 million. The Net profit of the Company stood at Tk. 264.38 million in 2019 compared to Tk. 282.82 million in 2018.

In 2019, despite a challenging environment we have been able to strengthen the basic foundation of our profit centers for a rapid and sustainable growth in future. The growth has mainly resulted from quality investment in large corporate Organizations. It will make you inspired to know that the Board of Directors of the Company recommended Cash Dividend @6% and Stock Dividend @ 6% to its Shareholders for the year 2019 subject to the approval of the Shareholders in the 25th AGM of the Company. The Board also optimized that the rate of dividend would be increased in the years to come.

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

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

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

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

Our Company also complied with all norms of Corporate Governance Guidelines as imposed by the Bangladesh Securities and Exchange Commission (BSEC) and the

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

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

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

May Allah bless us.

Thanking you all

Wishing a prosperous coming year.

Regards



(S. M. Intekhab Alam)

Managing Director

Head of Branches

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



Shireen Akter Karim
EVP & Head of
Principal Branch



Farzana Sultana
SAVP & Head of
Uttara Branch



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



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



**Md. Rumman
Hossain**
AVP & Head of
Gulshan Branch



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



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



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



Abdullah-Al-Mamun
SPO & Head of
Imamgonj Branch

Head of Branch Profile

1 SHIREEN AKTER KARIM EVP, 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 Executive Vice President and Head of Principal Branch of the Company. She successfully held various responsible position in her long tenure of service, especially in the area of Business & Operation of the Company. In her educational life, Ms. Shireen obtained Masters Degree in Finance & Banking from Dhaka University. Besides, she participated in a number of Professional Training, Seminar, Workshop & Symposium at home and abroad.

2 FARZANA SULTANA SAVP & Head of Uttara Branch

Farzana Sultana, Senior Assistant Vice President and Head of Uttara Branch, is discharging her duties as Head of Branch from July 01, 2019. She joined in Phoenix Finance & Investments Limited (PFIL) on October 2016 at Credit Administration Division (CAD), Head Office, before taking the charge of Uttara Branch. In her 16 (sixteen) years career she worked at different areas of Banks and Non-Banking Financial Institutions (NBFIs).

Before joining in PFIL, she worked in BRAC Bank Ltd. and ONE Bank Ltd. as Assistant Vice President & Unit Head, Corporate Credit, Credit Administration Division (CAD), Head Office, for long time. She also worked in Bangladesh Finance and Investment Co. Ltd. as Assistant Manager, Credit & Marketing, before joining in BRAC. Before starting her career job she also worked in ANZ Grindlays Bank (now Standard Chartered Bank), Grameen Bank, and Management Consulting Group (MCG). Ms. Farzana completed her BBA and MBA program from IBA, Jahangirnagar University on year 2000 and 2002 respectively. She awarded both in academic and professional level for brilliant result and professional excellence.

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

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

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

4 MOHAMMAD HABIB ULLAH CHOWDHURY SAVP & Head of SME Branch

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

5 MD. RUMMAN HOSSAIN AVP & Head of Gulshan Branch

Md. Rumman Hossain, 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.

6 MOHAMMAD MIZANUR RAHMAN FAVP & Head of Chottogram Branch

Mohammad Mizanur Rahman, First Assistant Vice President & Head of Chottogram Branch has joined Phoenix Finance & Investments Limited, Head Office Dhaka on 5th March, 2005 as Probationary Officer. Prior to joining this company he worked in many organizations. Such as Amnesty International Bangladesh, The Medical Health & Welfare Trust, Bari Group of Industries etc. His total length of service is 24 (twenty four) years. Mr. Mohammad Mizanur Rahman obtained M.Com in Accounting from Dhaka College, Dhaka. He also completed Chartered Accountancy Article Ship from Mijan Rahman Bhuiyan & Co. Chartered Accountant, Dhaka and He has also completed MBA in Marketing from Southern University, Chittagong. Mr. Mohammad Mizanur Rahman participated in various trainings, seminars and workshops organized by Central Bank and others Professional Institutions.

7 MOHAMMAD TUHIN KHANDAKER

FAVP & Head of
Dhanmondi Branch

Mohammad Tuhin Khandaker is working as the First 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.

9 ABDULLAH-AL-MAMUN

SPO & Head of Imamgonj Branch

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

8 A. S. MOSTAFA ZAMAN

FAVP & Head of Khulna Branch

A. S. Mostafa Zaman, Senior Principal Officer & 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.

Directors' Report 2019

25th 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.

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 25th Annual General Meeting of the Company. The Board of Directors takes the pleasure in presenting the Annual Report for the year 2019 which includes among others the Financial Statements for the year ended on December 31, 2019 and Audit Report thereon. This Annual Report has been prepared in compliance with Companies Act 1994, Financial Institutions Act 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission and Bangladesh Bank and other Regulatory Authorities. A brief overview of World Market Trend with the Performance of Bangladesh Economy has also been provided in the Report. A review of the Report would reveal continuous growth of the Company in a stiff competitive environment. Relevant disclosures and explanations have been given in the Annual Report, which they consider important to ensure transparency and good governance practices.

WORLD ECONOMY

Global growth is projected at 2.5 percent in 2020, just above the post-crisis low registered last year. While growth could be stronger if reduced trade tensions mitigate uncertainty, the balance of risks is to the downside. A steep productivity growth slowdown has been underway in emerging and developing economies since the global financial crisis, despite the largest, fastest, and most broad-based accumulation of debt since the 1970s. Nevertheless, downside risks predominate, including the possibility of a reescalation of global trade tensions, sharp downturns in major economies, and financial disruptions. Emerging market and developing economies need to rebuild macroeconomic policy space to enhance resilience to adverse shocks and pursue decisive reforms to bolster long-term growth.

Growth in this region is expected to rise to 5.5% in 2020, assuming a modest rebound in domestic demand and as economic activity benefits from policy accommodation in India and Sri Lanka and improved business confidence and support from infrastructure investments in Afghanistan, Bangladesh, and Pakistan. In India, where weakness in credit from non-bank financial companies is expected to linger, growth is projected to slow to 5% in FY 2019/20, which ends March 31 and recover to 5.8% the following fiscal year. In Bangladesh, growth is expected to ease to 7.2% in FY2019/2020, which ends June 30, and edge up to 7.3% the following fiscal year. Global price pressures remain largely subdued due to weak crude prices and mild growth. The same factors will likely keep inflation broadly unchanged in 2020, notwithstanding some likely further monetary easing. Major central banks kept rates

unchanged in recent weeks, amid an international panorama which is slightly less uncertain due to apparent progress on U.S.-China trade talks. Looking ahead, on balance panelists see some further monetary loosening in 2020 to a much smaller extent than in 2019 as central banks take advantage of generally mild inflation to boost growth. The pace of global economic activity remains weak. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade.

A notable shift toward increased monetary policy accommodation through both action and communication has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth. That said, the outlook remains precarious. Bangladesh's economy will make one of the biggest jumps between 2020 and 2034 on the back of demographic dividend and rising per capita income, according to the World Economic League Table 2020. Bangladesh ranks 40th among 193 countries this year and will rise to 25th in 2034, a spot currently held by Belgium, showed the latest edition of the WELT, produced by London-based Centre for Economics and Business Research (CEBR), an international economic forecaster. With a purchasing power parity adjusted GDP per capita of \$5,028 in 2019, Bangladesh is a lower middle-income country. The economy performed well in 2019, expanding by an impressive 7.8 percent. This is, however, below the 7.9 percent GDP growth rate recorded in 2018. On the other hand, Bangladesh has slipped two notches to 105th in economic competitiveness ranking in 2019, according to Global Competitiveness Index (GCI) 2019 released by World Economic Forum. The GCI, carried out among 141 countries, ranks Singapore as the most competitive economy followed by the USA and Hong Kong. Chad was ranked as the least competitive economy. Bangladesh's position eroded in 10 out of 12 pillars. The 12 pillars include institution, infrastructure, ICT adoption, macroeconomic stability, health, skills, product market, labour market, financial system, market size, business dynamism and innovation capability.

Meanwhile, 20 central banks have eased monetary policy over the past 12 months it is expected to more easing, with the global weighted average policy rate reaching a seven-year low by March 2020. Throughout 2018, tighter policy and escalating trade tensions both weighed on growth, and even though monetary policy began to ease from first quarter 2019, it was offset by rising trade tensions.

Directors' Report 2019

Today, these two forces are reinforcing each other in supporting the global economy. Beyond this convergence, consumption improvements could also propel a mini-recovery. Today the consumer in aggregate is in relatively good shape, with healthy household balance sheets, low unemployment in developed markets and moderate wage growth. On the other hand, Growth in Europe continues to be sluggish, but economists see flickers of life as less uncertainty about trade, policy and Brexit unleash pent-up demand. Although real GDP growth in the Euro area is likely to dip below 1% in 2020, economists expect it to pick up again by 2021. The U.K. may follow a similar trajectory, assuming an orderly resolution of Brexit. Uncertainty over the U.K.'s exit from the European Union has played no small role in dampening growth. With a resolution on the horizon, the economy could soon accelerate above trend. Economists are calling for a 1.4% bump in GDP growth for 2020 followed by 2% in 2021. Most mainstream forecasters expect that the worst of the storms are past, and they are expecting global growth to rebound: the International Monetary Fund by 3.4 percent, the World Bank by 2.7 percent. One big reason for the dose of optimism is the generally looser approach to the money supply taken by central banks around the world, which helped offset some of the pain of trade wars and falling investment in 2019 and promises to allow a modest rebound next year.

BANGLADESH ECONOMY

Bangladesh economy has been able to keep the momentum during 2019 on a sustained basis, inflicting irreparable damage. This may be attributed to the limited degree of globalization effected by Bangladesh economy till now. But some headwind stemmed from slowed-down export and import growth due to shrinking global economic growth. The reverberation of destabilization caused by USA unilateral trade policy contributed to the turbulence in global economy, affecting Bangladesh exports to some extent. Loss of market to competitors with greater comparative advantage, particularly in garment manufacturing, could also have played its part in whatever decline in exports took place during 2019.

The Bangladesh Bureau of Statistics (BBS) estimating provisional GDP growth of 8.13% for FY19. Growth momentum was supported by strong domestic and external demand. Remittance inflow picked up, with 11.3% growth in the second half of FY19 compared to the same period of FY18. The government's efforts to implement the mega projects under way picked up pace, boosting domestic demand. Industry saw high growth, while agricultural productivity picked up on back of bumper harvests further spurring economic activity. Exports registered growth of 6.8% in the second half of FY19 compared to FY18, while import growth remained unchanged in the first 5 months of FY19 compared to the same period of FY18. 12 month average general inflation

remained subdued at 5.47% in June 2019, squarely within central bank target range of 5.30% - 5.60%. Food inflation decreased from 6.21% in December 2018 to 5.54% in June 2019, helped by adequate stocks of food grains along with a bumper harvest in early 2019. Non-food inflation, on the other hand, witnessed a rise from 4.51% in December 2018 to 5.39% in June 2019. Prospects for food inflation remain muted in the future due to adequate stocks of foodgrains amid healthy harvests, but non-food inflation is likely to rise even further as hike in prices and introduction of VAT cause prices of goods and services to rise. Overall, inflation risks are tilted toward the higher side in coming months, but extensive government intervention is likely to keep inflation at around the 5.50% level.

Exports grew by 6.84% in the first half of 2019 compared to a year earlier. The depreciation of the BDT, tariffs imposed on Chinese goods by the US and the completion of remediation works in the crucial RMG sector contributed to this rise. Export growth is likely to continue to be robust for the coming months due to continuing trade tensions between the US and China. Imports declined by 0.7% in the first six months of 2019 compared to a year ago.

Depreciation of the BDT along with as low a down in the government initiating new mega projects caused import growth to slow down from the high rates seen in FY18. Remittance levels bounced back in the first 6 months of 2019, growing by 11.28% over the same period of the previous year. Factors contributing to this increase were the depreciation of the BDT, larger number of workers going abroad in recent years as well as better fiscal conditions in the destination countries where a majority of workers go to.

The exchange rate depreciated by 0.72% in the first six months of 2019. The current account deficit stood at USD 5.18 billion in June 2019. However, the overall balance of payments recorded a surplus of USD 184 mn in Q3 of FY19, which reflects a somewhat improved outlook for the BDT. Any capital account inflows, such as foreign direct investment (FDI) or foreign loans would further reduce the pressure on the BDT.

Domestic liquidity conditions tightened further in the first 6 months of 2019 due to increased public sector credit growth amid lukewarm increase in broad money growth. Public and private sector credit grew by 42.47% and 12.16% respectively, for an overall growth in domestic credit of 15.12%. Broad Money (M2) growth recovered gradually to reach 11.76% while reserve money growth spiked up to 16.41% in May 2019 on back of increased government borrowing. Interest rates increased gradually in the first six months of 2019. Deposit rates stood at 5.42% in April 2019 while lending rates stood at 9.50% in April 2019.

CAPITAL MARKET SCENARIO



Stock investors have suffered the worst year in 2019 since the market crash in 2010-11 with the key index of Dhaka bourse losing 16.73 per cent in the outgoing year. DSEX, the key index of Dhaka Stock Exchange, plunged by 16.73 per cent, or 896.25 points, over the year of 2019 to close at 4,452.93 points on Monday, the last trading day of the year. Although the market gained 62 points in the last three sessions as some investors continued with bargain hunting in the hope that the market would be better in the coming days, many others remained worried as there was no move from the government and the regulators to improve fundamental issues related to the financial sector and governance, market experts said. After the December 30 general election in 2018, the market gained more than 700 points within three weeks in January this year, but lost the stream and never turned back. The market lost around 1,500 points in last 11 months' rout that eroded almost Tk 80,000 crore in market capitalisation. The capital market also witnessed a 13-per cent fall in the previous year. Observing the overall market scenario in last two years, investors felt a pinch of the market crashes occurred in 1996 and 2010. Therefore, investors became panicky and rushed for an exit from the market. Market experts said bleak financial sector, deceptive budget measures for listed companies, continued foreign sales and a tussle between Grameenphone and Bangladesh Telecommunication Regulatory Commission over an audit claim were taking heavy tolls on the investors' confidence, leaving no option for investors but to leave the market. The financial sector led the plunge in 2019 amid increased non-performing loans, poor governance and dearth of liquidity. Besides, the BSEC faced criticisms for approving fundamentally weak companies with huge placement shares, poor control over the market and alleged favouring a vested quarter. Widespread manipulations and absence of proper punishment against manipulators played as a key factor for erosion of the investors' trust in the market. The plunge in the market intensified in recent days with fresh signs of an economic slowdown emerging. All the capital market indicators have deteriorated over last decade. Investors, stock exchanges and intermediary firms are all suffering due to the market condition. Trusted securities have also not been spared from the restlessness downward trend at the market as blue-chip index DS30, which groups 30 prominent companies, hit

almost a seven-year low in December this year. Investors now seem to have lost the energy to bear more woes. Market mechanisms, the government and the regulator have apparently failed to help them. The foreign investors withdrew funds worth Tk 970 crore in last nine months, adding woes to the market. In the outgoing year, the average share prices of textile sector plummeted by 30 per cent, non-bank financial institution 26.1 per cent, telecommunication 21.5 per cent, energy 10.00 per cent and bank 8.1 per cent.

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 1,397,188,310/- only in the year under review and the total Capital/Shareholders' equity of the Company stood at Tk 3,144,087,238/- only as on December 31, 2019.

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

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

The Company has also diversified its products and services to such other areas as Housing and Real Estate, Bridge Financing, Short Term and Mid Term Loan and

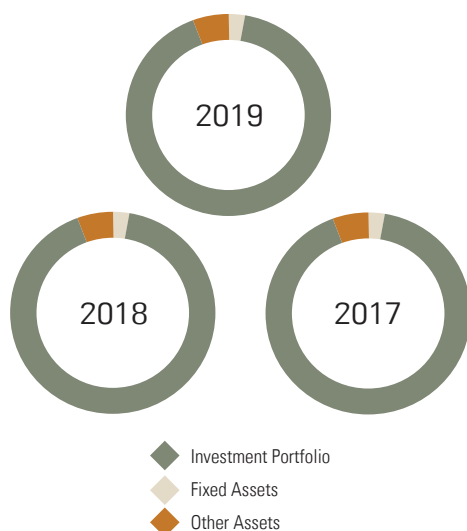
Directors' Report 2019

startup working capital to cater to the divergent needs of the economy. The Company operates a SME Branch in Dhaka for promoting Small and Medium Enterprises (SME) specially, for alleviation of poverty through creation of employment and generation of income on a sustainable basis.

ASSETS

Total Assets of the Company decreased in this the year. As on December 31, 2019 total assets stood at Tk 29,179.74 million showing a decrease of 3.53% as against the year 2018. In 2018, total assets decreased by 3.76% as compared to that of 2017. A comparative position of Asset is given below :

Items	2019	% on Total	2018	% on Total	2017	% on Total
Fixed Assets	766.97	2.63	783.72	2.59	556.89	1.77
Investment Portfolio	26,722.04	91.58	27,587.37	91.21	29,526.19	93.95
Other Assets	1,690.73	5.79	1,875.33	6.20	1,344.21	4.28
Total	29,179.74		30,246.42		31,427.29	

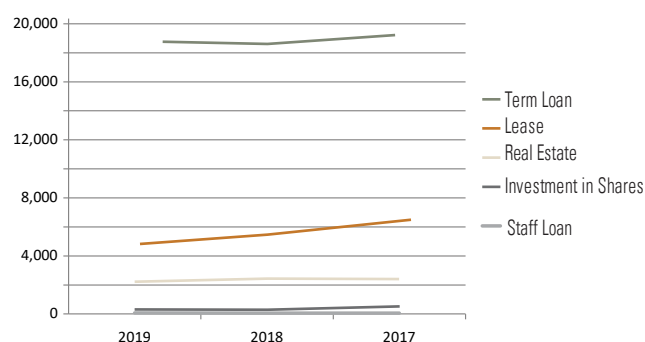


Most of the fund has been injected in Investment portfolio (91.58% of total assets in 2019) which is the main stream of earning of the Company. It has increased 0.37 point in the year of review and decreased 2.74 point in 2018.

INVESTMENT PORTFOLIO

The Company recorded a decrease 3.14% in Investments with a total portfolio of Tk 26,722.04 million at the end of December 2019 compared to Tk. 27,587.37 million at the end of December 2018 which was Tk. 29,526.19 million at the end of December 2017. In 2017, the portfolio growth rate was 32.45% compared to Tk. 22,292.59 million as of December 2016.

Items	2019	% on Total	2018	% on Total	2017	% on Total
Lease	5,176.76	19.37	5,763.35	20.89	6,398.98	21.67
Term Loan	18,904.47	70.74	18,858.50	68.36	19,738.98	66.85
Real Estate Finance	2,375.42	8.89	2,576.89	9.34	2,635.33	8.93
Investment in Shares	173.34	0.65	310.50	1.13	693.11	2.35
Staff Loan	92.05	0.35	78.13	0.28	59.79	0.20
Total	26,722.04		27,587.37		29,526.19	



Investment portfolio consists of Lease, Term Loan, Real Estate Finance and Investment in Shares. The core business of the Company is Lease Finance & Term Finance constituting of 19.37% & 70.74% respectively on total Investment portfolio in 2019 and the Company diversified its product line time to time depending on the Market situation.

LEASE PORTFOLIO

Total Lease portfolio stood at Tk 5,176.76 million at the end of December, 2019 compared to Tk 5,763.35 million at the end of December, 2018. It was Tk 6,398.98 million as on December 31, 2017.

TERM LOAN PORTFOLIO

Total Term Loan portfolio stood at Tk 18,904.47 million at the end of December, 2019. It was Tk. 18,858.50 million at the end of December, 2018 compared to Tk. 19,738.98 million as on December 31, 2017, registering a growth of 0.24% where as growth was made 4.46% in 2018.

REAL ESTATE FINANCE

Total Real Estate Finance portfolio stood at Tk 2,375.42 million at the end of December, 2019 registering a decrease of 7.82% which was Tk 2,576.89 million as on December 31, 2018. In 2018, there was a negative growth of 2.22% compared to Tk. 2,635.33 million as on December 2017.

INVESTMENT IN SHARES

Total Share Investment portfolio stood at Tk 173.34 million as on December 31, 2019 compared to Tk 310.50 million as on December 31, 2018. It is decreased by

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44.17% . It is notable here that the volatility in the Capital Market arose at the last quarter of 2010 and consequence of unstable Market continued round the year 2019.

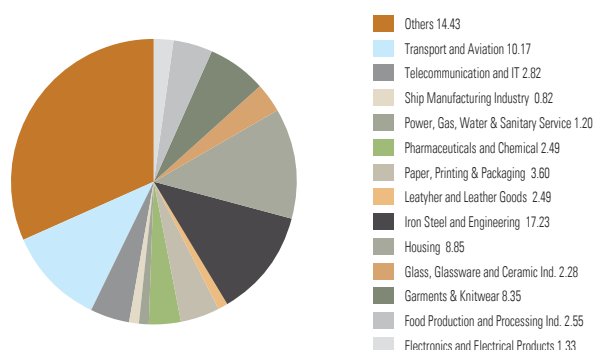
ASSET QUALITY

As on December 31, 2019, 92.94% of the Investment portfolio (except investment in Shares) was regular while only 7.06% of the total portfolio was non-performing as compared to 5.77% of 2018. The Company made required provision as on December 31, 2019 against performing and non-performing loans as per rate and classification norm provided by Bangladesh Bank. The volume of non-performing loans stood at Tk. 1,874.17 million in 2019 from Tk. 1,574.36 million in 2018. The required loan provision of Tk. 611.30 million, out of these Tk. 273.74 million was general provision including SMA, which was 44.78% of the total provision. The rest Tk. 337.56 million was against the classified accounts. The Company has kept Tk. 3.09 million as surplus provision.

SECTOR WISE FINANCE

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

Sector wise allocation of Investments reveals a well diversified portfolio of the Company with balanced exposure in different sectors. High concentration sectors are Iron steel & Engineering Tk. 5,505.11 million, Textile Industries with outstanding of Tk. 3,036.71 million, Housing Tk. 2,375.42 million, Paper, Printing & Packaging Tk. 2,124.63 million, Trade & Commerce Tk. 1,766.05 million, Merchant Banking of Tk. 1,380.12 Million, Transport & Aviation Tk. 1,248.24 million, Garments & Knitwear Tk. 909.00 million, Electronics and Electrical Products Tk 831.11 million, Cement and Allied Industry 826.44 million, Food Production & Processing Industries Tk 664.91 million, Plastic Industry 516.13 million, Pharmaceuticals & Chemical Tk. 566.39 million, Telecommunication & IT Tk. 532.56 million, Leather and Leather Goods Tk. 450.81 million, Glass, Glassware and Ceramic Industries Tk. 262.30 million, Agriculture 166.89 million, Ship Manufacturing Industries Tk 108.83 million, Power, Gas, Water & Sanitary Service Tk. 59.98 million and others Tk 3,217.13 million as on December 31, 2019.



LIABILITY

Total liabilities of the Company stood at Tk. 26,035.65 million as on December 31, 2019 compared to Tk 27,365.39 million as on December 31, 2018 registering a decrease of 4.86% over the last year, whereas a growth was decreased by 5.06% in 2018 compared to Tk. 28,825.58 million as on December 31, 2017.

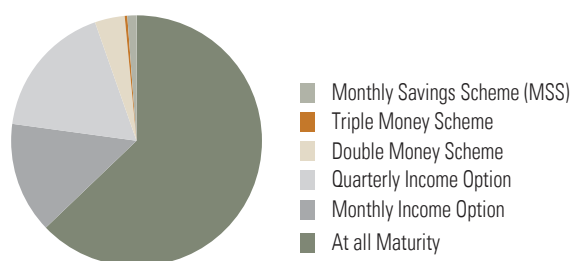
DEPOSITS AND OTHER ACCOUNTS

The deposits base of the Company stood at Tk. 19,347.22 million as on December 31, 2019 compared to Tk. 20,777.74 million of the previous year registering a negative growth of 6.88%. The Company has well balance Branch network and high standard products and services along with competitive interest rate offered to customers.

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

Average cost of Deposits was 12.42% in 2019 as against 11.97% in 2018. Deposit mix of the Company as of December 31, 2019 was as follows:

Deposit Type	Amount	%
At all Maturity	11,330.72	58.57
Monthly Income Option	3,489.56	18.04
Quarterly Income Option	3,643.65	18.83
Double Money Scheme	596.32	3.08
Triple Money Scheme	4.72	0.02
Monthly Savings Scheme (MSS)	282.25	1.46
Total	19,347.22	100



BORROWINGS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

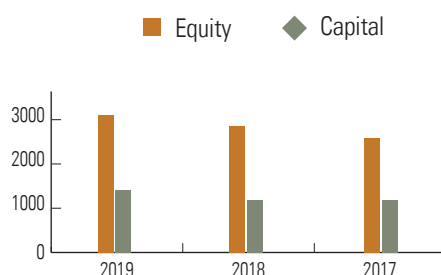
The Company meets its certain portion of fund demand from loan taken from different Banks. It represents 13.13% of total liabilities in 2019 whereas it was 14.99% of total liabilities in 2018. Total Bank Loan Balances of the Company stood at Tk. 3,418.74 million as on December 31, 2019, decreased 16.69% 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, 2019 stood at Tk. 3,144.09 million and the Paid Up Capital of the Company stood at Tk 1,397.19 million on the same period.

Particulars	2019	2018	2017
Equity	3,144.09	2,881.03	2,601.71
Capital	1,397.19	1,214.95	1,214.95



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

Capital Adequacy Ratio (CAR) of the Company at the Balance Sheet date was 11.40 percent with Tier - I ratio at 9.26 percent. The ratios have been calculated in accordance with Basel-II recommendation and Bangladesh Bank guidelines. CAR encompassing credit,

operational and market risks is well above the Basel-II requisite for 10 percent. Note 38 to the Financial Statements provide further details on PFIL capital adequacy. Major contributors to strong capital adequacy ratio are high capital base, downsizing of non-performing assets that are fully provided for and low risk profile of our on-balance sheet and off-balance sheet exposure. Capital Adequacy Ratio(CAR) has been calculated as per CAMD guidelines respectively under the Instruction of Bangladesh Bank's DFIM circular no.8 dated August 02, 2010. Risk-Weighted Assets & Capital Adequacy Ratios of our PFIL were standing under the Following:

Core Capital(Tier-I)	2019	2018
Fully Paid-up Capital	1,397.19	1,214.95
Non-repayable share premium	87.41	87.41
Statutory Reserve	740.00	687.12
General Reserve	2.00	2.00
Retained earnings	300.36	253.23
Sub-Total	2,526.96	2,244.71

Supplementary Capital(Tier-II)

General Provision(unclassified loans up to specified limit + SMA + off Balance Sheet Exposure)	273.74	275.05
Assets Revaluation Reserve	308.56	318.16
Sub-Total	582.30	593.21

A. Total Eligible Capital	3,109.26	2,837.92
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B. Risk Weighted Assets

Credit Risk

On Balance Sheet	25,285.50	25,140.90
Off-Balance Sheet	59.40	29.69
	25,344.90	25,170.59

Market Risk	331.60	606.00
Operational Risk	1,591.70	1,655.30
Total Risk Weighted Assets	27,268.20	27,431.89

C. Minimum Required Capital(MCR) on RWA (10% of RWA for both under CAMD)	2,726.82	2,743.19
---------------------------------------------------------------------------------	-----------------	-----------------

D. Capital Surplus/(Shortfall)(A-C)	382.44	94.73
Total Capital Adequacy Ratios	11.40%	10.35%

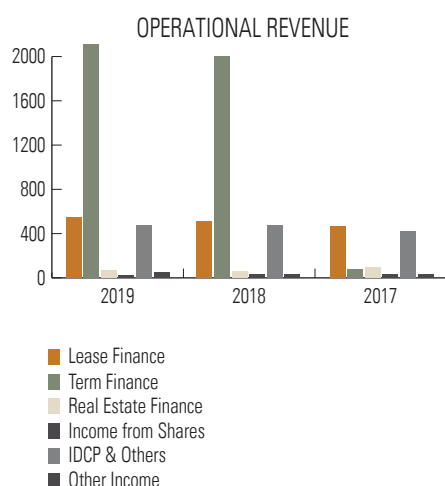
Capital Requirement	Required (%)	Held (%)	Held (%)
Core Capital(Tier-I)	5	9.26	8.18
Supplementary Capital(Tier-II)	-	2.14	2.17

Directors' Report 2019

Operational Revenue

Total Operational Revenue decreased by 1.15% from Tk 3,998.07 million in 2018 to Tk. 3,952.25 million in 2019. It was increased by 18.37% in 2018 compared to Tk. 3,377.66 million in 2017.

Head of Income	2019	2018	2017	Growth (%)	
				2019	2018
Lease Finance	518.66	681.55	640.49	(23.90)	6.41
Term Finance	2,149.97	2,527.78	1,952.15	(14.95)	29.49
Real Estate Finance	194.33	157.41	147.24	23.45	6.91
Income from Shares	14.20	34.11	56.65	(58.37)	(39.79)
IDCP & Others	1,019.85	498.22	532.52	104.70	(6.44)
Other Income	55.24	99.00	48.61	(44.20)	103.66
Total	3,952.25	3,998.07	3,377.66		



The main revenue comes from Interest on Term Finance & IDCP & others which was 54.40% and 25.80% respectively of total revenue.

OPERATING EXPENSES

Total Operational Expenses incurred at Tk. 3,429.40 million in 2019, increased by 7.45% compared to Tk. 3,191.56 million in 2018. It was increased by 25.83% in 2018 compared to Tk. 2,536.25 million in 2017.

Out of total Operating Expenses, 87.05% was financing expenses, 9.99% was salary & allowances, 0.94 % was depreciation and 2.02% was other overhead expenses.

OPERATING & NET PROFIT

Phoenix Finance & Investments Limited registered an operating profit of Tk 522.85 million in 2019 compared to Tk 806.51 million in 2018 registering a decrease of 35.17%. It was slightly decreased by 4.15% in 2018 compared to Tk 841.41 million in 2017.

After making all provisions including general provisions on unclassified loans, profit before tax stood at Tk. 448.66 million in 2019 compared to Tk. 474.34 million in 2018, registering a decrease of 5.41%.

The Net Profit of the Company stood at Tk. 264.38 million in 2019 compared to Tk. 282.82 million in 2018 registering decreased by 6.52%.

BRANCH NETWORKING

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

HUMAN RESOURCE

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

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

Recruitment of talent people only from the best Educational Institution is not enough to ensure the quality people. We need to groom up these talent people so that they can become future business leader in the industry. To keep this in mind, PFIL always feels the urge of quality and trained people in its HR portfolio. In the year 2018, a good number of representatives participated in training programs, at home and abroad. Besides, the Company extended its training facilities from the senior level to the support staff level.

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

In regard to the employee development, HR Training & Development wing arranged to develop the Company Officials by training, workshop, seminar, etc. and by helping them to achieve both their personal and professional goals at PFIL and beyond it. Training courses are designed through appropriate task analysis for the fresh candidates and through performance analysis for the existing officials.

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

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

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

HR FUTURE PLAN FOR 2020

We envisage concentrating in the following areas in 2020 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.

PROPOSED DIVIDEND

The Board of Directors has recommended 6% Cash & 6% Stock Dividend subject to the approval of the Shareholders in the 25th 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 retire by rotation in the next Annual General Meeting:

Mr. Azizur Rahman

Mr. Dost Mohammad

Mr. Md. Rafiqur Rahman

Being eligible they offer themselves for re-election.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2020

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

In order to comply with the regulatory directives of Bangladesh Bank issued vide FID Circular No.03, dated 02.03.1999 and BRPD (p) 748/3/2007-1865, dated 24.06.2007 regarding Appointment of External Auditors for Financial Institutions under section 24 of the Financial Institutions Act 1993, the Company arranged for appointment of External Auditor for the Company for the year 2020. The Board considered Circular/order of Bangladesh Bank and Bangladesh Securities and Exchange Commission regarding appointment of any Chartered Accountancy Firm as the External Auditor of Financial Institutions listed with Stock Exchanges.

Accordingly, the Board of Directors of the Company in its 289th Meeting held on 27.07.2020 recommended for re-appointment of Mahfel Huq & Co., Chartered Accountants as the External Auditor for the year 2020 at a Fee of Tk 3,00,000/- only including Tax & VAT thereon until the next Annual General Meeting.

Directors' Report 2019

APPOINTMENT OF THE COMPLIANCE AUDITOR FOR THE YEAR 2020:

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 289th Meeting held on 27.07.2020 recommended for appointment of Jasmin & Associates, Chartered Secretaries as the Compliance Auditors for the year 2020 at a fees of Tk 50,000/- only including VAT and Tax thereon until the next Annual General Meeting.

OUTLOOK 2020

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

Acknowledgement

Phoenix Finance & Investments Limited within a short span of its operation has gained the confidence of its clients. This success is primarily attributed to its teamwork, prompt and prudent decision making, efficient and cordial service, economic use of resources and introduction of new financial products and technologies.

The continued endeavors of the Management and staff of the Company under wise guidance and timely support of the Board of Directors have substantially contributed to the success of the Company. The Board of Directors of the Company expresses deep appreciation and gratitude to the Management and all members of staff for their dedicated and efficient services and also to the valued clients, sponsors, shareholders, stakeholders, patrons and well wishers, whose continued support and cooperation have facilitated our path towards the glory achieved so far. The Company is grateful to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, External Auditor, Registrar of Joint Stock Companies & Firms and

Central Depository Bangladesh Limited for their continued support, prudent guidance and advice towards the notable growth of the Company.

Gratitude

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

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

Best regards and best wishes to all.

On behalf of the Board of Directors,



(Azizur Rahman)
Chairman

24th Annual General
Meeting 2018
Album













Declaration of CEO & CFO to the Board of Directors

Date: July 05, 2020

The Board of Directors
Phoenix Finance & Investments Limited

Subject: Declaration on Financial Statements for the year ended on 31st December, 2019.

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 200 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, 2019 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, 2019 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



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



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

Annexure-B

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

We have examined the Compliance status to the Corporate Governance Code by Phoenix Finance & Investments Limited for the year ended 31st December 2019. 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 (excepting the condition No 1(7), 4 & 6 which could not be complied due to guideline of Primary regulator's circular as referred to and explained by the company 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



Jasmin Akter, FCS
Chief Executive

Place :
Dated : August 17, 2020
Dhaka

Annexure-C

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

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

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

Annexure-C

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

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

Annexure-C

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

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		The company declared 6% cash & 6% stock dividend for the year 2019
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director shall be disclosed;	✓		
1(5)(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (namewise details);	✓		No such parent / subsidiary Associated copanies and other related parties
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name-wise details).	✓		
1(5)(xxiii)(c)	Executives (top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		

Annexure-C

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

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

Annexure-C

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

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

Annexure-C

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		No casual vacancies created during 2019
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 at least 1 (one) independent director;	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM) Meeting (AGM);	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must;	✓		

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

Annexure-C

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

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

Annexure-C

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

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

Annexure-C

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

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

Corporate Governance

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

The Company remains committed to highest standards of Corporate Governance and manage its affairs in accordance with the guideline of the Bangladesh Securities and Exchange Commission.

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

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

THE BOARD OF DIRECTORS & THEIR MEETING

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

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

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

Regular meeting of the Board is held, at least once in month. 12 (Twelve) Board Meetings were held during the year 2019. The attendance by each Director is reported at page 95

EXECUTIVE COMMITTEE

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

The Executive Committee of the Board of Directors is comprised of 3 (three) Non-Executive Directors and the Managing Director. The Executive Committee reviews

Corporate Governance

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. 12 (twelve) meetings were held in the year 2019.

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 2019, 04 (four) meetings were held.

MANAGEMENT COMMITTEE

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

ASSET LIABILITY COMMITTEE (ALCO)

The main objectives of these Committee to manage Balance Sheet risk, especially for managing of liquidity risk and interest rate risk and assist the Management Committee in the decision making process.

The main responsibilities of this Committee is to look after the Financial Market activities, manage liquidity and interest rate risk, understand the market position and competition etc. In carrying its responsibilities, the ALCO meets regularly and review the Decisions of the meeting with due consideration of the market situation. ALCO constituted 6 (six) members. ALCO chaired by the Managing Director of the Company.

CREDIT COMMITTEE

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

INTERNAL CONTROL & COMPLIANCE

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

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

Phoenix Finance & Investments Ltd. has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Company is managed and controlled in a sound and prudent manner. The Company identifies its weaknesses through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Company has established an Audit Committee to monitor the effectiveness of internal control system of the Company. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Company and ensure that the management has taken appropriate actions as per the recommendations of

the auditors and the Internal Control and Compliance Division (ICCD).

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

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

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

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

- The definition of the organizational structure and appropriate delegation authorities to functional management.
- Procedure for the review and authorization of capital expenditure.
- Strategic planning and the related annual planning and quarterly forecasting process.
- Accounting and financial reporting policies to ensure the consistency, integrity and accuracy of the Company's accounting records.

- Reporting and review of financial results and other operating statistics as well as the Company's quarterly financial statements which are based on a standard reporting system.

INTERNAL AUDIT & INSPECTION

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

AUDIT BY EXTERNAL AUDITORS

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

BANGLADESH BANK REGULATIONS

The major highlights of Bangladesh Bank regulations are

- To adopt the standardized approach for credit.
- To adopt the standardized approach for market risk and basic indicator approach operational risk.
- Submission of capital adequacy report to Bangladesh Bank on a quarterly basis.
- To adopt better risk management policy.
- To formulation and Governance of Green Banking policy.

Corporate Governance

AUDIT CONDUCTED BY BANGLADESH BANK

Bangladesh Bank conducted comprehensive inspection of Head Office and 02 (two) Branches of the Company during the year 2019. They have also conducted a special Inspection on Asset Quality. The reports are reviewed by the Board and its Audit Committee. The Company gives highest importance to the inspection report and corrective measures are taken regarding the inadequacies or lapses mentioned in the report.

Requirement of Bangladesh Bank

Compliance department received some reports/ letters from Bangladesh Bank during 2019 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 72-88 Annexure – C as per condition No.1(5)(xxvii) of this Annual Report.

Audit Committee Report 2019



NASREEN ALI

Independent Director, Phoenix Finance
& Investments Limited

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

FUNCTIONS OF THE AUDIT COMMITTEE

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

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

Audit Committee Report 2019

In 2019, the 3(three) Members Board Audit Committee stands as under:

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

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

AUDIT COMMITTEE

A. Particulars of Audit Committee

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

B. Meetings of Audit Committee

During January 01 to December 31, 2019, 4 (Four) Meetings of the Board Audit Committee of the Board were held in which among others, the following issues were discussed:

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

C. Internal Control

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

- Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of Internal Control System and Internal Audit Policy, Policy for Financial Risk and existing rules and regulations;
- Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of Internal Control System and Internal Audit Policy, Policy for Financial Risk and existing rules and regulation;

- To Establish the Control Policies and Procedures and Verification that the Control Policies and Procedures are in order;
- To establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and that of different Divisions of Head Office and conducting surprise inspections at Branches;
- To Monitor and Comply with Applicable Laws, Regulations and Internal Policies Including Core Risk Management Guidelines of the Company;
- Strengthening the structure of compliance framework for better functioning of the operation; and
- To guard against money laundering and terrorist financing.

APPROVAL OF FINANCIAL STATEMENTS

The Committee assisted the Board of Directors and the Management to discharge their responsibilities for the preparation of true and fair financial statements in accordance with the books of accounts and Bangladesh Accounting Standards. The Audit Committee reviewed and examined the Annual Financial Statements 2019 prepared by the Management and audited by External Auditors Mahfel Huq & Co., Chartered Accountants and recommended these before the Board for consideration.

ACKNOWLEDGEMENT

The Audit Committee would like to express its thanks to the members of the Board, key management personnel, auditors and all employees for their dedication and effort during the year 2019.



NASREEN ALI
Chairperson
Audit Committee & Independent Director

Attendance by the Directors at the Board Meetings during the year 2019

Sl. No.	Name of Directors / Nominated Directors	Position	Board Meetings Attendance
1	Mr. Azizur Rahman (Representing Phoenix Insurance Com. Ltd.)	Chairman	08
2	Mr. Mobarak Ali	Director	12
3	Mr. Abdur Rahman *	Director	0
4	Mr. Dost Mohammad (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	12
5	Mr. Md. Rafiqur Rahman (Representing Phoenix Insurance Com. Ltd.)	Nominee Director	12
6	Mr. Rakibul Islam Khan (Representing Pakiza Cotton Spinning Mills (PVT.) Ltd.)	Nominee Director	12
7	Ms. Nasreen Ali	Independent Director	08
8	Mr. Reshad Imam	Independent Director	12

* Mr. Abdur Rahman, Director died on 24. 06. 2020

Pattern of Shareholdings as on 31 December, 2019

Sl. No.	Particulars	No. of Shares	% of holding
a)	Parent/Subsidiary/Associated Companies	Nil	Nil
b)	Directors & their spouses and minor children		
	Mr. Azizur Rahman, Chairman	Nil	Nil
	Mr. Mobarak Ali, Director	3,224,252	2.31
	Mr. Abdur Rahman, Director	2,794,465	2.00
	Mr. Dost Mohammad, Nominee Director	Nil	Nil
	Mr. Md. Rafiqur Rahman, Nominee Director	Nil	Nil
	Mr. Rakibul Islam Khan, Nominee Director	174,778	0.13
	Ms. Nasrin Ali, Independent Director	Nil	Nil
	Mr. Reshad Imam, Independent Director	Nil	Nil
i)	Mr. S.M. Intekhab Alam, Managing Director	Nil	Nil
ii)	Mr. Mohammad Sayduzzamam, DMD & Company Secretary	Nil	Nil
iii)	Mr. Md. Abu Sukkur, Chief Financial Officer	Nil	Nil
iv)	Mr. Sardar Mahbub Ali, Chief Internal Auditor	Nil	Nil
c)	Executives (Top 5, except above b)	Nil	Nil
d)	Shareholders holding 10% or more voting interest : Phoenix Insurance Company Limited	15,253,786	10.92

Compliance Report on Bangladesh Bank's Guidelines on Corporate Governance

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

Sl.	Particulars	Compliance status
01.	Responsibilities and Authorities of Board of Directors The responsibilities of the Board of Directors are mainly related to and developing strategy. Those are as-	Complied Refer to Board of Directors and its committee on page 27-29,32 of this Annual Report.
A.	Work-planning and Strategic Management:	
i.	The Board shall determine the vision/mission of the Company. Board shall also determine the strategy and work-planning for enhancement of institutional efficiency and other policy matters on annual basis. The Board shall make necessary amendments on the strategy on quarterly basis.	
ii.	The Board shall have its analytical review to be incorporated in the Annual Report as regard to the success or failure in achieving the target as set out in the annual work plan and inform the same to the shareholders in the Annual General Meeting (AGM).	Complied Refer to the Directors Report on pages 47-56 of this Annual Report.
iii.	The Board shall determine Key Performance Indicators for chief executive along with other top level executives and re-assess on half-yearly basis.	Complied
B.	Formation of Sub-committee: For making timely decision, executive committee can be formed. No alternative director shall be included in this committee.	Refer to 'Board and its committee' on page 27-29,32 of this Annual Report.
C.	Financial Management:	Complied
i.	Annual budget and statutory financial reports shall be authorized by the Board of Directors.	
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 47-56 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 89-92 of this Annual Report.

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. Loan/Lease/Investment Management:	
i. 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 89-92 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 93-94 of this Annual Report.
G. Human Resources Management (HRM):	
Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, HR development etc. and service rule shall be framed and approved by the Board. The Chairman or the Board shall no way involve themselves or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the service rules. No member of the Board shall be included in the selection committees for recruitment and promotion of different levels except the positions MD, DMD and GM or equivalent.	Complied Refer to the Directors Report on pages 47-56 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

Compliance Report

I. Benefit to Chairman:	Complied
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.	Refer to 'Report on Corporate Governance' on page 89-92 of this Annual Report.
02. Responsibilities and Duties of Chairman:	
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.	Complied Refer to 'Report on Corporate Governance' on page 89-92 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 89-92 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 89-92 of this Annual Report.
03. Responsibilities of Managing Director	
The Managing Director or Chief Executive Officer of the company or whatsoever be called, shall work under the following area-	Complied
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
iv. Managing Director may re-schedule job responsibilities of employees.	Complied
vi. Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no.2 dated 06 January 2009 if so authorized.	Complied

Credit Rating Report

Alpha Credit Rating Limited has assigned "A+" (pronounced as single A+) rating to Phoenix Finance & Investments Limited (PFIL) in long term based on financials up to December 31, 2019 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
2019	A+	ST-2
2018	A+	ST-2
2017	A+	ST-2
2016	A+	ST-2
2015	A+	AR-2
2014	A+	AR-2
2013	A+	AR-2
2012	A+	ST-2
2011	A	ST-2
2010	A	ST-2
2009	A	ST-2
2008	A	ST-2
2006	A-	ST-3
2005	BBB	ST-4

Disclosures on Capital Adequacy and Market Discipline (CAMD)

for the year ended 31st December, 2019

A) Scope of application

Qualitative Disclosures:

- (a) The name of the top corporate entity in the group to which this guidelines applies.
- Phoenix Finance & Investments Limited (PFIL)
- (b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).
- PFIL owns 25% share of Phoenix Securities Limited (PSL).
- (c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.
- Not applicable.

Quantitative Disclosures:

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

B) Capital structure

Qualitative Disclosures:

- (a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.
- Tier 2 Capital includes the following:
 - General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
 - Revaluation reserves:
 - 50% Revaluation reserve for fixed assets;
 - 45% Revaluation reserve for securities;
 - 10% for Equity Capital;
 - All other preference shares.
 - Conditions for maintaining regulatory capital:

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

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

Quantitative Disclosures:

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

Particulars	Amount in crore Taka
Paid up capital	139.72
Non-repayable share premium account	8.74
Statutory reserve	74.09
General reserve	0.20
Retained earnings	30.39
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
Total Tier 1 capital	253.14

Disclosures on Capital Adequacy and Market Discipline (CAMD)

(c)	The total amount of Tier 2 capital.	58.23
(d)	Other deductions from capital.	-
(e)	Total eligible capital.	311.37

C) Capital Adequacy

Quantitative Disclosures:

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

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

PFIL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% as on December 2019 and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

- Strategy to achieve the required Capital Adequacy:

Operational level:

Immediate measures:

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

Continuous measures:

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

Strategic level:

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

Quantitative Disclosures	Amount in crore Taka
(b) Capital requirement for Credit Risk	2542.77
(c) Capital requirement for Market Risk	33.16
(d) Capital requirement for Operational Risk	159.17
(e) Total and Tier 1 capital ratio:	
• For stand alone	

Particular	Solo Basis
CAR on Total capital basis (%)	11.38
CAR on Tier 1 capital basis (%)	9.25

Disclosures on Capital Adequacy and Market Discipline (CAMD)

D) Credit Risk

Qualitative Disclosures:

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

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

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

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

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

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

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

☐ Approved Credit Policy by the Board of Directors

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

☐ Separate Credit Risk Management (CRM) Department

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

Disclosures on Capital Adequacy and Market Discipline (CAMD)

❑ Special Assets Management and Collection Team

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

❑ Independent Internal Control and Compliances Department (ICC)

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

❑ Credit Evaluation

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

❑ Credit Approval Process

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

❑ Credit Quality and Portfolio Diversification

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

❑ Early Warning System

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

Disclosures on Capital Adequacy and Market Discipline (CAMD)

❑ NPL Management

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

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

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

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

❑ Counterparty Credit Rating

PFIL is taking initiatives to rate the Corporate Clients of the company immediately by the External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank. Some corporate clients have already conducted their credit rating by ECAIs and we are optimistic of getting a significant number of counter party ratings by 2020.

❑ Methods used to measure Credit Risk

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

Quantitative Disclosures:

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

Particulars	Amount in crore Taka
Lease Finance (Short Term)	219.81
Lease Finance (Long Term)	297.87
Short-term Finance	506.61
Long-term finance	1,383.83
House building finance (Short Term)	11.46
House building finance (Long Term)	226.08
Staff Loan	9.21
Total	2,654.87

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

Area	Amount in crore Taka
Dhaka	2,160.62
Chattogram	451.06
Bogura	26.24
Khulna	16.95
Total	2,654.87

Disclosures on Capital Adequacy and Market Discipline (CAMD)

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

Sector	Amount in crore Taka
Agriculture	16.69
Cement and Allied Industry	82.65
Electronics and Electrical Products	83.11
Food Production and Processing Ind.	66.49
Garments & Knitwear	90.90
Glass, Glassware and Ceramic Ind.	26.23
Housing	237.54
Iron Steel and Engineering	550.51
Leather and Leather Goods	45.08
Merchant Banking	138.01
Paper, Printing & Packaging	212.46
Pharmaceuticals and Chemical	56.63
Plastic Industry	51.61
Power, Gas, Water & Sanitary Service	6.00
Ship Manufacturing Industry	10.88
Telecommunication and IT	53.26
Textile	303.67
Trade and Commerce	176.61
Transport and Aviation	124.83
Others	321.71
Total	2,654.87

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

Particulars	Amount in crore Taka
Repayable on demand	42.83
Over 1 month but not more than 3 months	135.21
Over 3 months but not more than 1 year	845.26
Over 1 year but not more than 5 years	1441.81
Over 5 years	189.76
Total	2,654.87

	Amount in crore Taka
(g) Gross Non Performing Assets (NPAs)	187.42
Non Performing Assets (NPAs) to Outstanding Loans & advances	7.06%

Movement of Non Performing Assets (NPAs)	Amount in BDT crore Taka
Opening balance	157.44
Additions	83.30
Reductions	53.32
Closing balance	187.42

Movement of specific provisions for NPAs	Amount in BDT crore Taka
Opening balance	18.56
Provisions made during the period	10.77
Write-off	
Write-back of excess provisions	0.06
Closing balance	29.39

Disclosures on Capital Adequacy and Market Discipline (CAMD)

E) Equities: banking book positions

Qualitative Disclosures:

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

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

- Total equity shares holdings are for capital gain purpose.

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

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

Quantitative Disclosures:

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

	Amount in crore Taka
Quoted shares	16.58
Unquoted shares	0.75

(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
Tk. (0.07) crore

Particulars	Amount in crore Taka
Total unrealized gains (losses)	(1.31)
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital	-

(e) Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

- Specific Risk- Market value of investment in listed equities is BDT 16.58 crore. Capital Requirement is 10% of the said value which stand to BDT 1.658 crore.
- General Risk- Market value of investment in listed equities is 30.30 crore. Capital Requirement is 10% of the said value which stand to BDT 1.658 crore.

F) Interest rate in the PFIL's book

Qualitative Disclosures:

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

Quantitative Disclosures:

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

Disclosures on Capital Adequacy and Market Discipline (CAMD)

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

Particulars	1 to 30/31 day (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities(A)	13.25	11.00	30.00	89.00	210.00
B. Total Rate Sensitive Assets(B)	22.69	23.41	45.39	120.09	269.57
C. Mismatch	9.44	12.41	15.39	31.09	59.57
D. Cumulative Mismatch	9.44	21.85	37.24	68.33	127.90
E. Mismatch (%)	71.25%	112.82%	51.30%	34.93%	28.37%

Interest Rate Risk - Increase in Interest Rate

Magnitude of Shock	Scenario 1	Scenario 2	Scenario 3
Change in the Value of Bond portfolio	2%	4%	6%
Net Interest Income	0.00	0.00	0.00
Revised Capital	2.56	5.12	7.67
Revised RWA	313.93	316.49	319.04
Revised CAR (%)	2735.10	2735.10	2735.10
	11.48	11.57	11.66

G) Market risk

Qualitative Disclosures:

(a) Views of BOD on trading/investment activities

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

Methods used to measure Market risk

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

Market Risk Management system

Policies and processes for mitigating market risk

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

Interest Risk Management

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

Disclosures on Capital Adequacy and Market Discipline (CAMD)

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

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

Quantitative Disclosures:

(b) The capital requirements for Market Risk:

Particular	Amount in BDT crore
Interest rate risk	-
Equity position risk	3.316
Foreign Exchange Position and Commodity risk (if any)	-

H) Operational Risk:

Qualitative disclosure:

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

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

Performance gap of executives and staffs

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

Potential external events

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

Disclosures on Capital Adequacy and Market Discipline (CAMD)

Policies and procedures for mitigating operational risk:

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

Approach for calculating capital charge for operational risk:

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

Quantitative Disclosures:

b) Capital requirement for operational risk:

Particular	Amount in crore Taka
Capital requirement for operational risk:	15.917

Statement on Green Banking

as of 31-12-2019

Instructions:

1. This reporting format is to be duly filled in by Sustainable Finance Unit (Ref: SFD Circular No. 02/2016) of each bank/Fl.
2. Filled in report along with a forwarding letter signed by Managing Director/CEO and Head of Sustainable Finance Unit of concerned FI must be submitted to 'General Manager, Sustainable Finance Department, Bangladesh Bank, Head Office' and the soft copy of the report through 'Web Upload' link under 'E-Servies' of the website of Bangladesh Bank.
3. The sub-link for submitting the report under 'Web Upload' link will be termed as 'Sustainable Finance Reports'.
4. One FI, One User ID' rule will be followed to provide User IDs to FIs for submitting this report through 'Web Upload'.
5. All pages of the hard copy of the report will be sealed and signed by Head of Sustainable Finance Unit of concerned bank.
6. This report will have to be submitted on quarterly basis ('January-March', 'April-June', 'July-September', 'October-December') i.e. 4 times a year.
7. The hard copy of the report with forwarding must be reached to SFD, BB, HO within 30 days by FIs after the end of each quarter.
8. The soft copy of the report must be uploaded to aforesaid link within 30 days by FIs after the end of each quarter. The soft copy can be uploaded only once in every quarter. Before uploading, every FIs needs to put due scrutiny and diligence.
9. For any technical issues/difficulties regarding the report preparation/submission, FIs will contact to the concerned official(s) of SFD, BB, HO.

Explanations:

1. The definition of 'Sanctioned', 'Disbursed', 'Outstanding' will be the same as the definition used by Department of Off-site Supervision of BB in reporting (Ref: DOS Circular Letter No. 19/2016 and subsequent amendment).
2. The amount of 'Sanctioned' and 'Disbursed' will be for 'during the quarter' and the amount of 'Outstanding' will be for 'end of the quarter'.
3. On-balance Sheet' will refer to 'Funded' and 'Off-balance Sheet' will refer to 'Non-Funded'.
4. Enterprises' will refer to 'all legal entities' except 'Individual person'.
5. Cottage & Micro' and 'Small & Medium' enterprises will be classified according to the definition given by SME and Special Programmes Department of BB from time to time. Other than 'Cottage & Micro' and 'Small & Medium', all enterprises will be 'Large'.
6. Definition of different types of loans (Agriculture, Industrial, Consumer etc.) will be the same as the definition used by concerned departments of BB (Agricultural Credit Department/Department of Financial Institutions & Markets/Department of Off-site Supervision).
7. In table no. 1.2. of 'Quantitative' sheet, no data against 'Staff Loans' can be given as input. Apart from that, input against 'Credit to NBF' & 'Loans to Capital market' is not usual. Thus, if any input is given against these parameter of this table, explanation has to be given in separate sheet.
8. Input for Table 3 of 'Quantitative' sheet have to be given in accordance with Guidelines on ESRM for Banks and FIs (Ref: SFD Circular No. 02/2017 and subsequent amendment).
9. Input for Table 4 of 'Quantitative' sheet have to be given in accordance with Loan Classification and Provisioning Policy of BB.
10. Input for Table 5 of 'Quantitative' sheet have to be given in accordance with Climate Risk Fund Policy of BB (Ref: GBCSRD Circular No. 04/2017 and its subsequent amendment).
11. Input for Table 7 of 'Quantitative sheet' will reflect the cumulative figure.
12. Project area to be located in the area of 'Ka' category municipalities and union parishads are treated as Urban Investment and project area located in the area of 'KHA' and 'GA' categories municipalities and union parishads are treated as rural investment.
13. In 'Qualitative' sheet, except for question no. 1-4, answers have to be given from drop down list (Yes/No) for each question.
14. Header' of 'Quantitative' & 'Qualitative' sheets are to be customized before submission.

Statement on Green Banking

1. Information on Total Finance (Including Green Finance)

1.1. Total Finance- On-Balance Sheet (Taka in Million)

	Total Sanctioned			Total Disbursed			Total Outstanding		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Agriculture	0.00	0.00	0.00	0.00	0.00	0.00	10.00	413.10	423.10
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	7.68	358.50	366.18
Other Loans	0.00	0.00	0.00	0.00	0.00	0.00	2.32	54.61	56.92
Industrial (Manufacturing)	0.00	2,575.57	2,575.57	0.00	4.38	4.38	7.00	15,630.28	15,637.28
Working Capital	0.00	90.38	90.38	0.00	4.38	4.38	0.00	586.14	586.14
Term Loans	0.00	2,485.19	2,485.19	0.00	0.00	0.00	4.21	15,044.14	15,048.36
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	2.79	0.00	2.79
Industrial (Services)	0.00	0.00	0.00	0.00	0.00	0.00	47.83	4,523.57	4,571.39
Continuous (CC,OD etc.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	9.20	4,523.57	4,532.77
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	38.62	0.00	38.62
Consumer Credit	0.00	116.34	116.34	0.00	0.00	0.00	0.00	712.37	712.37
Trade & Commerce (Commercial Loans)	0.00	0.00	0.00	0.00	0.00	0.00	59.93	1,810.41	1,870.35
Continuous (CC,OD etc.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	457.77	457.77
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	56.48	1,352.65	1,409.13
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	3.45	0.00	3.45
Loans to Capital Market	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,410.12	1,410.12
Other Loans	0.00	73.12	73.12	0.00	87.86	87.86	41.28	1,790.76	1,832.04
Continuous (CC,OD etc.)	0.00	0.00	0.00	0.00	21.39	21.39	0.00	211.40	211.40
Term Loans	0.00	50.03	50.03	0.00	43.38	43.38	4.09	1,564.77	1,568.86
Other Demand Loans	0.00	23.09	23.09	0.00	23.09	23.09	37.19	14.59	51.78
Grand Total (Loans & Advance)	0.00	2,765.02	2,765.02	0.00	92.24	92.24	166.04	26,290.61	26,456.65
Staff Loan	0.00	9.66	9.66	0.00	15.64	15.64	4.95	87.11	92.06

Statement on Green Banking

1.2. Total Green Finance- On-Balance Sheet (Taka in Million)

	Total Sanctioned			Total Disbursed			Total Outstanding		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Agriculture									
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Industrial (Manufacturing)									
Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	139.88	139.88
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	139.88	139.88
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Industrial (Services)									
Continuous (CC,OD etc.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consumer Credit									
Trade & Commerce (Commercial Loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Continuous (CC,OD etc.)	0.00	0.00	0.00	0.00	0.00	0.00	1.40	0.00	1.40
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans to Capital Market									
Other Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Continuous (CC,OD etc.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Demand Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (Loans & Advance)	0.00	0.00	0.00	0.00	0.00	0.00	1.40	139.88	141.27
Staff Loan			0.00			0.00			0.00

Statement on Green Banking

1.3. Number of Borrowers in Total Finance

Enterprises											
Large		Cottage & Micro		Small & Medium		Others		Total			
Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
0	83	0	1	0	11	0	2	0	2	0	97

Age Group	Individual										
	Male		Female		Third Gender		Total				
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	
<30 years	0	1	0	1	0	0	0	0	0	2	
30-50 years	0	33	0	14	0	0	0	0	0	47	
>50 years	0	3	0	3	0	0	0	0	0	6	

1.4 Number of Borrowers in Green Finance

Enterprises											
Age Group	Large		Cottage & Micro		Small & Medium		Others		Total		
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	
	0	0	0	0	0	0	0	0	0	0	

Age Group	Individual						Total	
	Male		Female		Third Gender		Rural	Urban
<30 years	Rural	Urban	Rural	Urban	Rural	Urban	0	0
	0	0	0	0	0	0	0	0
30-50 years	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
>50 years	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0

1.5. Disbursement of Product wise Green Finance- On-Balance Sheet (Taka in Million)
Renewable Energy

Solar Energy										Total
Solar Home System	Solar Micro/ Mini Grid	Solar Irrigation Pumping System	Surface Water Purification Plant using Solar Pump	Solar PV Assembly Plant	Solar PV Power Plant	Solar Cooker assembly Plant	Solar Water Heater Assembly Plant	Solar Air Heater & Cooling System Assembly Plant	Solar Energy Driven Cold Storage	0.00

	Bio-gas					Wind-Power	Total
	Integrated Cow Rearing and Setting up of Bio-gas Plant	Organic Manure from Slurry	Mid Range Bio-gas Plant	Biomass based large scale Bio-gas Plant	Poultry & Dairy based large scale Bio-gas Plant		
Setting up of Bio-gas Plant in existing Dairy & poultry Farm						Wind Energy driven Power Plant	0.00

Energy Efficiency							Alternative Energy
Substitution of Conventional lighting system, electronic material, Boiler with energy efficient alternatives on the basis of Energy Audit	Auto sensor power switch assembly Plant	Energy efficient Improved Cook Stove(ICS)/ICS Renewable/Hybrid Cook Stove Assembly Plant	LED Bulb/Tube Manufacturing Plant	LED Bulb/Tube Assembly Plant	Substitution of Conventional Lime Kiln by Energy Efficient Kiln	Waste Heat Recovery System	
							0.00
		</					

Waste Management												
Liquid Waste Management							Solid Waste Management					Total
Biological Effluent Treatment Plant (ETP)	Biological & Chemical Technology Combined ETP	Conversion of Chemical ETP to Combination type (Chemical+ Biological) of ETP	Chemical ETP	Central ETP	Waste Water Processing Plant	Sewage Liquid Processing Plant	Total	Methane Recovery from Municipal waste & to produce Power	Municipal waste to Compost	Hazardous waste treatment facility	Scum Management and Processing Facility	Total
							0.00					0.00
												0.00

1.6. Disbursement of Product wise Green Finance- On-Balance Sheet (Number of Borrowers)

	Bio-gas						Hydro-Power	Wind-Power	Total
Setting up of Bio-gas Plant in existing Dairy & poultry Farm	Integrated Cow Rearing and Setting up of Bio-gas Plant	Organic Manure from Slurry	Mid Range Bio-gas Plant	Biomass based large scale Bio-gas Plant	Poultry & Dairy based large scale Bio-gas Plant	Total	Hydropower (Pico, Micro & Mini)	Wind Energy driven Power Plant	
						0			0

Statement on Green Banking

Energy Efficiency									
Substitution of Conventional lighting system, electronic material, Boiler with energy efficient alternatives on the basis of Energy Audit	Auto sensor power switch assembly Plant	Energy efficient Improved Cook Stove(ICS)/ICS Renewable/Hybrid Cook Stove Assembly Plant	LED Bulb/Tube Manufacturing Plant	LED Bulb/Tube Assembly Plant	Substitution of Conventional Lime Kiln by Energy Efficient Kiln	Waste Heat Recovery System	Total	Alternative Energy	
							0	Production of Bumable Oil from waste Tire by the Process of Pyrolysis	0

Waste Management									
Liquid Waste Management					Solid Waste Management				
Biological Effluent Treatment Plant (ETP)	Biological & Chemical Technology Combined ETP	Conversion of Chemical ETP to Combination type (Chemical+ Biological) of ETP	Chemical ETP	Central ETP	Waste Water Processing Plant	Sewage Liquid Processing Plant	Total	Methane Recovery from Municipal waste & to produce Power	Total
							0		0
									0

Recycling & Recyclable Product					
PET Bottle Recycling Plant	Plastic Waste Recycling Plant (PVC, PP, LDPE, HDPE,PS)	Waste Paper Recycling Plant for production of recycled paper, plate, mug, glass	Recyclable Baggage Manufacturing Plant	Recyclable Poly Propylene Thread & Baggage Manufacturing Plant	Solar Battery Recycling Plant
					0

Green Brick Manufacturing			
Compressed Block Brick	Autoclaved Aerated Concrete	Modern Tech Brick (Zigzag, Improved Zigzag, HHK, Tunnel, VSBK, Conversion of FCK to any of the above	Total
			0

Green Establishment		
Certified Green Industry/ Green Building	Green Featured Building/ Green Features of Building	Total
		0

Miscellaneous		
Ensuring Work Environment and Security of Workers	Vernicom post	Palm Oil Plant
		0

Statement on Green Banking

2. Environmental Classification of Finances (Number)*					
	Red	Orange A	Orange B	Green	Others
Total Loans/Investment	0	0	0	0	0
Loans/Investment under ESDD	0	0	0	0	0
Green Finance	0	0	0	0	0

*Ref: Schedule-1, The Environment Conservation Rules, 1997- <http://extwprlegs1.fao.org/docs/pdf/hgd19918.pdf>

"Others" field has been given for the industrial units which are not categorized according to Schedule-1 of Environmental Conservation Rules 1997 (ECR 1997)".

Quarterly Progress Report on Green Banking Activities (Quantitative) (PhoenixFinance Investments Ltd. (Oct-Dec 2018)

3. Environmental & Social Risk Management

	Number of finances rated				Number of rated finances disbursed				Amount of rated finances disbursed (Taka in Million)			
	Low	Medium	High	Total	Low	Medium	High	Total	Low	Medium	High	Total
Agriculture	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00
Small sectors applicable for ESDD	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00
Medium sector	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00
Corporate Finance	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00
Project Finance	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00
Total	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00

4. Non-Performing Loans/Investment Outstanding (Taka in Million)					
	Unclassified(UC)		Classified		Total
	Standard	SMA	SS	B/L	
Total Loans/Investment	23,735.17	939.37	405.80	948.85	26,548.70
Loans/Investment under ESDD	10,667.26	82.59	49.62	59.51	10,916.24
Green Finance	139.88	0.00	0.00	1.40	141.27

*** This segment is mandatory for reporting from June 2019

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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

Report on Risk Management

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

RISK DESCRIPTION

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

Risk Description

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

RISK ESTIMATION

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

RISK ANALYSIS METHODS AND TECHNIQUES

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

Upside risk

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

Report on Risk Management

- 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.

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

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

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

In view of the above, Bangladesh Bank feels the necessity to introduce Environmental Risk Management(ERM) in Financial Institutions as well as in Banks for streamlining the management of environmental risks in the financial sector. In respect of credit operation of Financial Institutions, they are to encounter environmental risks, like other risks, which are facilitating elements of credit risk arising from environmental issues. In this connection, Bangladesh Bank has also prepared Guidelines on Environmental Risk Management(ERM) in a consultative manner, as a part of Green Banking Policy, outline of which has been given in their DFIM Circular No. 04 dated April 06, 2011 and the detailed 'ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh'(BB ERM Guidelines) has been made available in the Bangladesh Bank's website enabling all Financial Institutions to comply with the same w.e.f. July 01, 2011.

PFIL, like other Financial Institutions, is to eradicate the risks arisen due to environmental impacts caused by environmental conditions which are generally element of uncertainty or possibility of loss in the context of financial transactions. Therefore, in pursuant to the DFIM Circular No. 04 dated April 06, 2011 of Bangladesh Bank and as per outline of the 'ERM Guidelines of Bangladesh Bank for Banks and Financial Institutions in Bangladesh', PFIL's own ERM Guidelines for Phoenix Finance & Investments Limited(PFIL ERM Guidelines) have already been formulated, incorporating Environmental Risk into its Credit Risk Management Structure, which is circulated vide our Office Circular # 2011/79 dated July 26, 2011 for meticulous compliance of all concerned Branches and Head Office Divisions w.e.f. August 01, 2011. PFIL is also concentrating hard on linking its CSR(Corporate Social Responsibilities) at its highest corporate level for environmentally and socially responsible practices and engaging with borrowers in scrutiny of the environmental and social impact.

HIGHLIGHTS OF PFIL ERM GUIDELINES

01.0 Purpose

- i. To examine the related environmental issue thoroughly and concerns associated with potential business activities proposed for PFIL financing;

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

02.0 Approach

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

03.0 Applicability

PFIL ERM Guidelines' are applicable across all financing irrespective of tenure of financing (short/mid/long term finance), constitution of the borrower / lessee (Individual / Sole-proprietorship / Partnership / Ltd. Co.), nature of finance and nature of customer group(corporate,

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

institutional, personal, SME). However, the 'PFIL ERM Guidelines' practice and exercise are mandatory if aggregate financial facilities of PFIL exceed the following thresholds irrespective of tenure of financing, constitution and customer group:

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

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

04.0 Stages of ERM

The different stages of ERM as applied to financing transactions are

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

05.0 ERM Procedures

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

06.0 Financing Business Activities

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

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

07.0 Review of ERM issues in PFIL's Portfolio Management

On an ongoing basis, Credit Risk Management (CRM) Division of Head Office is estimating the environmental risks on their financing portfolio and considers approaches to managing them annually. At a portfolio level, CRM Division classifies PFIL financing of business activities across the Department of Environment (DoE)'s categories of RED, ORANGE A, ORANGE B and GREEN (Schedule 1 of the ECR 1997). CRM Division estimates the number and financial exposure to each of these categories. In addition, CRM Division classifies PFIL financing of business activities based on their environmental risk categories i.e. 'High', 'Moderate' or 'Low' assigning the number and financial exposure to each. Based on these risk estimates, CRM Division reviews PFIL asset composition and environmental risk in the portfolio of PFIL on annual basis and places an MIS Report to the Board of Directors with comments/ views/ recommendations on the status of mitigation of environmental risks and future outlook on the same. CRM Division's review is being made in such an efficient and effective manner so that it can lead to an accurate prioritization of risks and appropriate risk management efforts. Its outcomes can be used to undertake re-balancing and counter-balancing approaches e.g. to adopt more GREEN and low environmental risk business activities if PFIL portfolio is otherwise more

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

oriented or concentrated to the RED and 'High' environmental risk. Besides, an annual reporting is initiated on the use of ERM Guidelines in PFIL's Annual Report with a view to intimating management, shareholders and other stakeholders. Moreover, Credit Administration Division establishes and maintains a database of NPLs that is eventually fallen due to adverse environmental reasons, either in partial or full. The purpose of this database is to ensure that PFIL streamlines its own institutional knowledge for better decision-making in its future financing. If the Lessee/Borrower has indicated environmental factors as one of the reasons for delay in making repayments, then this must be noted in the Database in conformity with the Clause 2.3.7 of 'BB ERM Guidelines'.

08.0 Credit Processing and Approval Process: Incorporating Environmental Risk Covenant

The existing credit processing and approval processes of PFIL shall continue irrespective of ERM considerations. Whatever the EnvRR rating ('High', 'Moderate' or 'Low') is, all credit proposals are processed by CRM Division and placed to the EC/Board of Directors as per existing delegation of authority. Before placing the credit proposals having 'High' EnvRR to the EC/Board of Directors, CRM Division ensures that necessary covenants/conditions pertaining to regulatory requirements as per ECR 1997 or equivalent are duly incorporated in the same.

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

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

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

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

- Concerned Branch shall conduct inspection to oversee the compliance of environmental management issues as per respective sanction clauses. In addition, during periodic inspections to Branches, Internal Control & Compliance Division must oversee the status of adoption of environmental management as per respective sanction clauses retaining documented evidences. For doing this, EDD Checklist may be used. Whenever the monitoring requires more than the usual management expertise e.g. specific technical expertise, external Consultants may be deployed at the cost of concerned Lessee/Borrower.

- All Branches shall follow-up with the Lessee/ Borrower on the findings and recommendations of the inspections. Each concerned Lessee/Borrower should send written documentation on the action taken maintaining record thereof. All concerned should take into cognizance of the commitment to follow-up on these findings and recommendations in taking decisions to deal with the concerned Lessee/Borrower.

11.0 Technical Manual Overview

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

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

12.0 Procedural Requirements

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

Environmental Risk Management (ERM) & Environmental Risk Assessment Framework

13.0 Preliminary Environmental Risk Review

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

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

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

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

Categorization as per ECR 1997

(GREEN/ORANGE-A/ORANGE-B/RED)

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

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

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

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

14.0 Detailed Risk Review

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

Corporate Social Responsibility



A cheque for Tk.50,000/- is being handed over to Md. Loton Talukder for his treatment purpose.

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

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

The Company engaged in business activities and the companies invest the funds in the real production. At the same time employments are also created in these companies: people work there, earn their income and lead their families. The Company's also contribute to the nation through paying Tax.

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

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

Phoenix Finance & Investments Ltd. has donated an amount of Tk. 5,85,500/- during the year 2019 for promotion of Education, Health and for the well being of under privileged population segments and emergency support in humanitarian distresses.

Corporate Social Responsibility

EDUCATION

PFIL participated with a muber of education promotion activitis during 2019.

HEALTH



A cheque for Tk.20,000/- is being handed over to Md. Firoz Hossain for his treatment purpose.

Phoenix Finance & Investments Limited has donated for the purpose of treatment of sufferers from cancer diseases

DISASTER MANAGEMENT



Blankets are being distributed to the cold affected distressed people of Kurigram.

As part of the Corporate Social Responsibility, the Company distributed Blankets to cold affected people of Kurigram.

Shareholders' Information

Share Capital:	31.12.2019
Authorised Capital:	3,000,000,000.00
Paid up Capital:	1,397,188,310.00

Pattern of Shareholdings as on 31 December, 2019 as under :

Group :	No. of Shares		Percentage	
	2019	2018	2019	2018
Sponsors (Institutions)	15,253,786	13,264,163	10.92	10.92
Sponsors (Individuals)	30,865,776	26,839,810	22.09	22.09
General Public (Institutions)	31,909,695	31,435,649	22.84	25.87
General Public (Individuals)	61,689,574	49,955,014	44.15	41.12
Total	139,718,831	121,494,636	100.00	100.00

31.12.2019			
Share Holding Range	Number of Share holders	Share	Percentage
1 - 500	1,371	189,065	0.135%
501 - 5000	1,619	3,079,604	2.204%
5001 - 10000	243	1,769,052	1.266%
10001 - 20000	129	1,877,242	1.344%
20001 - 30000	57	1,447,742	1.036%
30001 - 40000	18	623,004	0.446%
40001 - 50000	9	398,371	0.285%
50001 - 100000	25	1,700,117	1.217%
100001 - 1000000	61	25,431,460	18.202%
1000001 - 10000000	36	87,949,388	62.947%
10000001 - 100000000	1	15,253,786	10.918%
Total :	3,569	139,718,831	100.00%

Year	2019	2018	2017	2016	2015
Number of Shareholders	3,569	3,449	4,241	5,635	6,931

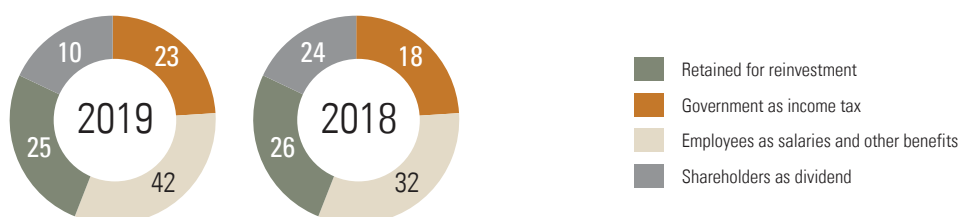
Value Added Statement

The value added statement provides a detail account of the distribution of the value created by an organization. The following table indicates how much value Phoenix Finance & Investments Limited added for the shareholders, employees, Government and how much retained within the company for further investment:

Particular	2019 Taka	%	2018 Taka	%
Operational Revenue	3,897.00		3,899.07	
Cost of Borrowing	(2,985.38)		(2,845.77)	
Other Income	55.24		99.00	
Provision for Future losses	(74.19)		(332.18)	
Operating Expenses				
Excluding Staff Cost & Depreciation	(69.33)		(68.16)	
Value added	823.34		751.96	
Distribution of value addition				
Shareholders as dividend	84.00	10.20	182.24	24.24
Employees as salaries and other benefits	342.66	41.62	244.46	32.50
Government as income tax	209.00	25.38	192.00	25.53
Sub Total	635.66	77.20	618.70	82.27
Retained for reinvestment				
Depreciation	32.03	3.89	33.17	4.41
Retained earnings and other reserves	180.38	21.91	100.57	13.38
Deferred tax	(24.73)	(3.00)	(0.48)	(0.06)
Sub Total	187.68	22.80	133.26	17.73
Total Distribution	823.34	100.00	751.96	100.00

Employee Statistics

Number of employees at year end	134	139
Revenue earning per employee	29.49	28.76
Value added per employee	6.14	5.41



Economic Value Added Statement

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

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

$$\text{Economic Value Added (EVA)} = (\text{Net Profit After Tax (NPAT)} - \text{Cost of Average Equity})$$

NPAT

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

Equity

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

Cost of equity

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

The following table indicates the EVA for the year from 2015-2019

	in BDT Million				
Particulars	2019	2018	2017	2016	2015
Shareholders' equity at the year end	3,144.09	3,148.48	2,601.71	2,561.01	2,522.44
Accumulated provision for Loans, Advances & Leases	627.49	553.30	586.36	527.93	428.60
Average shareholders' equity	3,479.83	3,395.36	3,138.51	3,085.32	2,929.97
Cost of equity (%)	0.96	0.95	1.03	1.10	1.11
Economic value added					
Net profit after tax	264.39	288.78	285.11	282.96	265.43
Cost of equity	(33.41)	(32.26)	(322.94)	(339.02)	(326.20)
Economic value added	230.98	256.52	(37.83)	(56.06)	(60.77)
Key ratios (%)					
EVA/Operating revenue	5.84	6.42	(1.12)	(1.97)	(2.27)
EVA /Average shareholders equity	6.64	7.56	(1.21)	(1.82)	(2.07)
Net profit after tax/Operating revenue	6.69	7.22	8.44	9.92	9.89

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. 3,003.95 million whereas the book value of share stood at Tk. 1,397.19 million, resulting a Market Value Added of Tk. 1,606.76 million as on December 31, 2019. The calculation of Market Value added is given below:

Particulars	Number of Share	Value per Share	Total amount in million
Market Value	139,718,831	21.50	3,003.95
Book Value	139,718,831	10.00	1,397.19
Market Value added			1,606.76

STOCK DETAILS

Particulars Stock Symbols	DSE PHOENIXFIN	CSE PHFIN
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	139,718,831	139,718,831

INVESTORS' INQUIRIES

Share Department
Phoenix Bhaban (2nd Floor)
12, Dilkusha C/A, Dhaka - 1000
Phone : 9565573 (D), 9565537, Ext. 151
E-mail : share@phoenixfinance.com.bd

Financial Statements 2019



Mahfel Huq & Co.

Chartered Accountants

The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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Independent Auditor's Report

to the Shareholders of
Phoenix Finance & Investments Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phoenix Finance & Investments, which comprise balance sheet as at 31 December, 2019 and profit and loss accounts, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view in all material respects, of the financial position of the Company as at 31 December 2019, and of 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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.

Key Audit Matters

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


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SI	Risk	Our response to the risk
1.	<p>Measurement of provision for loans and advances</p> <p>Refer to note 6.0 and 12.1 to the financial statements.</p> <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total loans and advances of BDT 26,548,700,012 and provision for loans and advances of BDT 614,386,792.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loan and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
2.	<p>Measurement of deferred tax assets</p> <p>Refer to note 9.1 to the financial statements.</p> <p>The Company reports net deferred tax assets to totaling BDT 115,931,545 as at 31 December 2019.</p> <p>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.</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 deferred tax assets and the assumptions used in estimating the Company's future taxable income.</p> <ul style="list-style-type: none"> • We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. • We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax assets. • Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.



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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.

Responsibilities of Management and Those Charged with Governance

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;



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- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our notice;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our notice 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;
- (xii) 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;
- (xiii) 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;
- (xiv) 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;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 802 man hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Date: 26 July, 2020

Md. Abu Kaiser FCA
Mahfel Huq & Co.
Chartered Accountants

Balance Sheet

As at 31 December 2019

		Figures in Taka	
PROPERTY AND ASSETS	Notes	2019	2018
Cash	3		
In hand (including foreign currencies)		34,520	115,510
Balance with Bangladesh Bank and its agent (including foreign currencies)		323,297,452	335,970,452
		<u>323,331,972</u>	<u>336,085,962</u>
Balance with other banks and financial institutions			
In Bangladesh		1,117,919,799	1,299,036,312
Outside Bangladesh		-	-
		<u>1,117,919,799</u>	<u>1,299,036,312</u>
		<u>1,441,251,771</u>	<u>1,635,122,274</u>
Money at call and short notice	4	-	-
Investments	5		
Government		-	-
Others		173,341,605	310,503,221
		<u>173,341,605</u>	<u>310,503,221</u>
Loans, advances and leases			
Loans, advances and leases etc.	6	26,548,700,012	27,276,866,938
Bills purchased and discounted	7	-	-
		<u>26,548,700,012</u>	<u>27,276,866,938</u>
Fixed assets including land, building, furniture and fixtures	8	766,965,584	783,721,511
Other assets		249,476,830	240,202,836
Non - business assets	9	-	-
Total assets		<u>29,179,735,802</u>	<u>30,246,416,780</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	3,418,738,260	4,103,712,266
		<u>3,418,738,260</u>	<u>4,103,712,266</u>
Deposits and other accounts	11		
Current and other accounts		-	-
Bills payable		-	-
Savings account		-	-
Term deposits		19,064,968,529	20,532,191,828
Bearer certificates of deposit		-	-
Other deposits		282,247,887	245,547,617
		<u>19,347,216,416</u>	<u>20,777,739,445</u>
Other liabilities	12	3,269,693,888	2,483,939,038
		<u>3,269,693,888</u>	<u>2,483,939,038</u>
Total liabilities		<u>26,035,648,564</u>	<u>27,365,390,749</u>

		Figures in Taka	
	Notes	2019	2018
Capital/shareholders' equity			
Paid up capital	13	1,397,188,310	1,214,946,360
Share Premium		87,408,700	87,408,700
Statutory Reserve	14	739,997,588	687,120,963
General Reserve		2,000,000	2,000,000
Revaluation Reserve		617,133,498	636,314,136
Retained Earnings	15	300,359,142	253,235,872
		3,144,087,238	2,881,026,031
Total liabilities and shareholders' equity		29,179,735,802	30,246,416,780
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		100,000,000	50,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		100,000,000	50,000,000
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		100,000,000	50,000,000
Net Asset Value per share (Restated-2018)	30	22.50	20.62

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


Company Secretary


Managing Director


Director


Director

As per our separate report of even date

Dated: Dhaka
26-Jul-2020


Mahfel Huq & Co.
Chartered Accountants

Profit and Loss Account

For the year ended 31 December 2019

		Figures in Taka	
	Notes	2019	2018
Interest income	17	3,882,804,446	3,864,957,363
Interest paid on deposits, borrowings, etc.	18	2,985,378,387	2,845,773,875
Net interest income		897,426,059	1,019,183,488
Income from Investment	19	14,198,207	34,111,915
Commission, exchange and brokerage	20	-	-
Other operating income	21	55,240,728	99,002,491
		69,438,935	133,114,406
Total operating income (A)		966,864,994	1,152,297,894
Salaries and allowances	22	330,655,279	232,456,688
Rent, taxes, insurance, electricity etc.	23	25,706,249	25,311,654
Legal expenses		1,813,109	791,620
Postage, stamp, telecommunication etc.	24	3,051,958	3,246,956
Stationery, printing, advertisements etc.	25	6,077,537	4,986,352
Managing Director's Remuneration		12,000,000	12,000,000
Directors' fees	26	1,064,000	984,000
Auditors' fees		250,000	250,000
Charges on loan losses		-	-
Depreciation and repair of assets	27	32,334,325	33,665,925
Other expenses	28	31,068,554	32,090,108
Total operating expenses (B)		444,021,011	345,783,303
Profit before provision (C=A-B)		522,843,983	806,514,591
Provision for Future Losses (D)	29	74,187,709	332,179,432
Total profit before tax (C-D)		448,656,274	474,335,159
Provision for tax			
Current		209,000,000	192,000,000
Deferred		(24,726,849)	(484,617)
		184,273,151	191,515,383
Net profit after tax		264,383,123	282,819,776

	Notes	2019	Figures in Taka 2018
Retained Earnings brought forward from previous year		70,993,922	9,213,512
Amortized of Revaluation Reserve		19,180,638	19,180,638
		354,557,683	311,213,926
Appropriations		54,198,541	57,978,054
Statutory reserve		52,876,625	56,563,955
General reserve		-	-
CSR fund		1,321,916	1,414,099
Retained surplus		300,359,142	253,235,872
Earnings per share (Restated-2018)	31	1.89	2.02

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


Company Secretary


Managing Director


Director


Director

As per our separate report of even date

Dated: Dhaka
26-Jul-2020


Mahfel Huq & Co.
Chartered Accountants

Cash Flow Statement

For the year ended 31 December 2019

		Figures in Taka	
	Notes	2019	2018
Cash Flow from Operating Activities			
Interest received	34	3,880,222,384	3,901,202,088
Interest payment	35	(2,531,611,787)	(2,767,380,115)
Dividend received		14,198,207	18,912,154
Fees and Commission received		-	-
Cash Payments to Employees		(342,655,279)	(244,456,688)
Cash Payments to Suppliers		(6,077,537)	(4,986,352)
Income Tax Paid		(40,991,099)	(199,359,279)
Received from other Operating activities	36	69,293,935	91,671,202
Payments for other Operating activities	37	(63,170,983)	(63,001,860)
Operating Profit before changes in Operating Assets and Liabilities		979,207,841	732,601,150
Changes in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		-	-
Loans and Lease Finance to Customers		728,166,926	1,556,214,793
Other Assets		(9,273,994)	3,284,356
Deposits received from Bank and Financial Institutions		(1,848,537,618)	(2,367,312,542)
Deposits received from Customers		418,014,589	820,994,089
Other Liabilities		785,754,850	86,128,515
Sub Total		74,124,753	99,309,211
A) Net Cash Flow from Operating Activities		1,053,332,594	831,910,361
Cash flows from Investing Activities			
Purchase/sale of securities		137,161,616	382,606,840
Proceeds from Sale of fixed assets		145,000	19,410,000
Purchase/sale of Property, Plant and Equipments		(15,278,285)	(20,435,898)
Purchase/Sale of Subsidiaries		-	-
B) Net Cash Flow from Investing Activities		122,028,331	381,580,942
Cash flows from Financing Activities			
Increase/(decrease) of borrowings		(1,369,231,428)	(436,100,513)
Payments for redemption of loan capital and debt securities		-	-
Received from issue of ordinary shares		-	-
Dividend Paid		-	(242,989,272)
C) Net Cash Used By Financing Activities		(1,369,231,428)	(679,089,785)
D) Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(193,870,503)	534,401,518

	Notes	2019	Figures in Taka 2018
Effect of Exchange rate changes on cash and cash equivalents		-	-
E) Cash and cash equivalents at the beginning of the year		1,635,122,274	1,100,720,756
F) Cash and cash equivalents at the end of the year (D+E)		1,441,251,771	1,635,122,274
Cash and cash equivalents at the end of the year represent			
Cash in Hand		34,520	115,510
Balance with Bangladesh Bank and its agent bank		323,297,452	335,970,452
Balance with other banks and financial institutions		1,117,919,799	1,299,036,312
Money at call on short notice		-	-
		1,441,251,771	1,635,122,274
Net Operating Cash Flow Per Share (Restated-2018)	32	7.54	5.95

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


Company Secretary


Managing Director


Director


Director

As per our separate report of even date

Dated: Dhaka
26-Jul-2020


Mahfel Huq & Co.
Chartered Accountants

Statement of Changes in Equity

For the year ended 31 December 2019

Particulars	Paid -up Capital	Statutory Reserve	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2019	1,214,946,360	687,120,963	87,408,700	2,000,000	636,314,136	253,235,872	2,881,026,031
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	264,383,123	264,383,123
Dividends (Bonus Share)	-	-	-	-	-	-	-
Dividends (Cash)	-	-	-	-	-	-	-
Issue of share capital	182,241,950	-	-	-	-	(182,241,950)	-
Appropriation made during the period	-	52,876,625	-	-	-	(52,876,625)	-
Revaluation of Land and Land Development	-	-	-	-	-	-	-
Amortized of Revaluation Reserve	-	-	-	-	(19,180,638)	19,180,638	-
Transferred to CSR Fund	-	-	-	-	-	(1,321,916)	(1,321,916)
Balance as at 31 December 2019	1,397,188,310	739,997,588	87,408,700	2,000,000	617,133,498	300,359,142	3,144,087,238
Balance as at 01 January 2018	1,214,946,360	630,557,008	87,408,700	2,000,000	414,592,274	252,202,784	2,601,707,126
Items involved in Changes in equity							
Net profit for the period	-	-	-	-	-	282,819,776	282,819,776
Dividends (Bonus Share)	-	-	-	-	-	-	-
Dividends (Cash)	-	-	-	-	-	(242,989,272)	(242,989,272)
Issue of share capital	-	-	-	-	-	(56,563,955)	-
Appropriation made during the period	-	56,563,955	-	-	240,902,500	-	240,902,500
Amortized of Revaluation Reserve	-	-	-	-	(19,180,638)	19,180,638	-
Transferred to CSR Fund	-	-	-	-	-	(1,414,099)	(1,414,099)
Balance as at 31 December 2018	1,214,946,360	687,120,963	87,408,700	2,000,000	636,314,136	253,235,872	2,881,026,031



Company Secretary



Managing Director



Director



Director

As per our separate report of even date



Mahfel Huq & Co.

Chartered Accountants

Dated: Dhaka
26-Jul-2020

Liquidity Statement

Assets and Liabilities Maturity Analysis

As at 31 December 2019

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 Years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	34,520	-	-	-	-	34,520
Balance with other banks and financial institutions	77,648,734	162,246,945	544,088,329	333,935,791	323,297,452	1,441,217,251
Money at Call on Short Notice	-	-	-	-	-	-
Investment in securities	5,016,572	13,594,509	80,085,500	-	74,645,024	173,341,605
Investment (Loans and Advances)	338,234,769	883,390,965	8,856,422,997	14,325,658,894	2,144,992,387	26,548,700,012
Fixed assets including land, building, furniture and fixtures	2,500,000	5,000,000	22,500,000	120,000,000	616,965,584	766,965,584
Other Assets	4,963,127	11,345,183	153,275,160	79,893,360	-	249,476,830
Non-business Assets	-	-	-	-	-	-
Total assets (i)	428,397,722	1,075,577,602	9,656,371,986	14,859,488,045	3,159,900,447	29,179,735,802
Liabilities						
Financing (Borrowing) from Other banks, financial institutions and agents	81,564,953	211,592,552	1,133,212,269	1,992,368,486	-	3,418,738,260
Deposits and other accounts	164,957,638	352,630,825	7,250,887,597	11,497,609,810	81,130,546	19,347,216,416
Provision and other liabilities	170,277,543	361,972,632	1,216,023,238	1,465,232,953	56,187,522	3,269,693,888
Total Liabilities (ii)	416,800,134	926,196,009	9,600,123,104	14,955,211,249	137,318,068	26,035,648,564
Net Liquidity Gap (i-ii)	11,597,588	149,381,593	56,248,882	(95,723,204)	3,022,582,379	3,144,087,238

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


Company Secretary



Managing Director


Director


Director

As per our separate report of even date

Dated: Dhaka
26-Jul-2020


Mahfel Huq & Co.
Chartered Accountants

Notes to the Financial Statements

For the year ended 31 December 2019

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 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, 2019 are as follows:

Asset Category	Rate (%) p. a.
Air Conditioner	20
Building	5
Computer	20
Electrical and Office Equipment	20
Furniture and Fixture	12.50
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-31.

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.

Weighted Average number of ordinary shares outstanding during the year represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor.

2.19 Transactions and Translation of Foreign Currencies

Transactions in foreign currencies are translated into Bangladeshi Taka at the rate ruling on the transaction date and the assets and liabilities denominated in foreign currencies outstanding at closing date of accounts have been translated into Bangladeshi Taka at the closing date rate.

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

2.20 Employees' Retirement Benefit-Gratuity

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

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

2.21 Employees' Provident Fund and Group Insurance Scheme

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

2.22 Provisions

Provisions have been recognized in the Financial Statements as follows:

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

2.23 Provision for Loans, Leases and Advances

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

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

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

Notes To The Financial Statements

2.24 Events after the Balance Sheet Date

All material events occurring after the Balance Sheet date are adjusted where felt necessary or disclosed in Note -40.

2.25 Use of Accounting Estimates

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

2.26 Income Tax

Current Tax

The company is a Financial Institution and therefore, the effective tax rate is 37.50%. Considering temporary allowable and disallowable expenses and income as per Income Tax Law, adequate provision for Income Tax has been provided for the year. However, any short provision if arises shall be accounted for in the year of finalization of assessment.

Deferred Tax

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

2.27 Disclosure of Deviations

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

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

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

Notes To The Financial Statements

As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 39. At the year end the Company has recognized an accumulated general provision of BDT 273.74 million (out of accumulated provision of BDT 611.30 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.

Same disclosed accounting policies and methods of computation have been followed in these Financial Statements as were applied in the preparation of the financial statements of Phoenix Finance and Investments Limited as at and for the year ended 31 December 2018, except for those related to IFRS 16: "Leases", which is effective from 1 January 2019.

2.28 Authorization

The Financial Statements were authorized for issue by the Board of Directors of the company on 26 July, 2020.

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 2018 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 2018 have been rearranged whenever considered necessary to ensure comparability with the current year.

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
3 CASH			
Cash in hand			
Local currency		34,520	115,510
Foreign currencies		-	-
		34,520	115,510
Balance with Bangladesh Bank and its agent bank			
Local currency		323,297,452	335,970,452
Foreign currencies		-	-
Balance with other Banks and Financial Institutions		1,117,919,799	1,299,036,312
Total		1,441,251,771	1,635,122,274

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	237,760,451	263,085,352
Actual reserve held	311,954,122	348,763,581
Surplus/(deficit)	74,193,671	85,678,229

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain (minimum 2% is required to be maintained in a single day) with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2019 there was no shortage in CRR.

3.1.2 Statutory Liquidity Requirement (SLR)

Required reserve	709,022,352	750,347,265
Actual reserve held	813,308,639	865,857,822
Surplus/(deficit)	104,286,287	115,510,557

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 2.5% on total liabilities, excluding loans from banks and financial institutions.

3.2 Balance with Other Banks and Financial Institutions

Current Account		
Short Term Deposit	14,890,127	7,922,505
Fixed Deposit Receipt	383,826,861	872,947,598
Total	719,202,811	418,166,209
	1,117,919,799	1,299,036,312

Notes To The Financial Statements

			Figures in Taka	
			2019	2018
3.3 Maturity-wise grouping				
On Demand			34,520	115,510
Up to 1 month			77,648,734	127,834,216
Not more than 3 months			162,246,945	253,690,536
More than 3 months but less than 1 year			544,088,329	540,940,322
More than 1 year but less than 5 years			333,935,791	376,571,238
More than 5 years			323,297,452	335,970,452
			<u>1,441,251,771</u>	<u>1,635,122,274</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:				
Government securities			-	-
Other investments (Note 5.1)			173,341,605	310,503,221
			<u>173,341,605</u>	<u>310,503,221</u>
5.1 Other investments	No of Company	Market Value	Cost -2019	Cost -2018
Listed securities	19	160,243,313	165,841,605	303,003,221
Unlisted securities	1	-	7,500,000	7,500,000
Total	20	160,243,313	173,341,605	310,503,221
5.2 Cost and Market Value of Investments				
Listed Securities				
Investments have been recorded at cost and adequate provision for probable future losses has been made as per Bangladesh Bank guidelines. Market value of securities has been determined on the basis of the value of securities at the last trading date of the year (Last trading date was 27th December 2019).				
Sectors			Cost Price 2019	Market Value 2019
Insurance companies			1,914,982	2,167,785
Investment companies			161,926,661	156,245,798
Manufacturing companies and others			1,999,962	1,829,730
Total Listed Securities			165,841,605	160,243,313
Unlisted Securities			7,500,000	-
Total Investments			173,341,605	160,243,313
5.3 Maturity-wise grouping			2019	2018
Up to 1 month			5,016,572	3,518,621
Not more than 3 months			13,594,509	36,533,292
More than 3 months but less than 1 year			80,085,500	189,592,569
More than 1 year but less than 5 years			-	-
More than 5 years			74,645,024	80,858,739
			<u>173,341,605</u>	<u>310,503,221</u>

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
6	LOANS, ADVANCES AND LEASES		
a)	Inside Bangladesh		
	Lease Finance (a.i)	5,176,757,317	5,763,348,189
	Term Finance (a.ii)	18,904,472,059	18,858,495,933
	Real Estate Finance (a.iii)	2,375,415,045	2,576,892,566
	Staff Loan (a.iv)	92,055,591	78,130,250
		26,548,700,012	27,276,866,938
a.i)	Lease Finance		
	Gross lease rental receivable	3,643,050,056	5,055,537,334
	Less: Unearned interest income	(600,612,470)	(976,535,143)
	Net Investment in Lease Finance	3,042,437,586	4,079,002,191
	Accounts Receivable	516,269,141	484,009,794
	Advance Against Lease Finance	1,618,050,590	1,200,336,204
	Total Investment in Lease Finance	5,176,757,317	5,763,348,189
a.ii)	Term Finance		
	Principal Outstanding	18,002,580,544	17,660,938,880
	Accounts Receivable	901,891,515	1,197,557,053
		18,904,472,059	18,858,495,933
a.iii)	Real Estate Finance		
	Principal Outstanding	1,973,821,901	2,170,782,922
	Advance Against House Building Finance	107,437,499	95,866,641
	Accounts Receivable	294,155,645	310,243,003
		2,375,415,045	2,576,892,566
a.iv)	Staff Loan		
	This represent outstanding amount given to the eligible employees under Employee Benefit Scheme as per Company's approved policy.		
	Loan Against Provident Fund	26,943,378	20,076,004
	Staff Car Loan	32,829,072	28,201,751
	Staff Consumer Loan	26,824,987	22,067,241
	Staff House Building Loan	5,458,154	7,785,254
		92,055,591	78,130,250
b)	Outside Bangladesh	-	-
	Total Loans, Advances and Leases (a+b)	26,548,700,012	27,276,866,938
6.1	Maturity wise Grouping		
	Up to 1 month	338,234,769	454,782,513
	Not more than 3 months	883,390,965	1,503,185,946
	More than 3 months but less than 1 year	8,856,422,997	9,428,553,306
	More than 1 year but less than 5 years	14,325,658,894	13,972,216,248
	More than 5 years	2,144,992,387	1,918,128,925
		26,548,700,012	27,276,866,938

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
6.2	Loans, advances and leases on the basis of significant concentration:		
	Loans, advances and leases to Allied Concern of Directors (Note-39)	536,740,465	465,895,787
	Loans, advances and leases to Executives/Officers	92,055,591	78,130,250
	Loans, advances and leases to Customer Groups	4,319,374,666	4,584,300,059
	Industrial loans, advances and leases	17,999,619,227	18,804,466,293
	Other loans, advances	3,600,910,063	3,344,074,549
		26,548,700,012	27,276,866,938
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	12,186,686,679	11,476,639,727
	Number of such types of customers	38	31
	Amount of Classified Loans, advances and leases thereon	-	31,300,453
	Measures taken for recovery :	Not applicable	Not applicable

The amount represents the sum of total Loans, advances and leases (both Funded and Non-Funded) to each group of customer exceeding Tk. 471,613,086 (Forty Seven Crore Sixteen Lac Thirteen Thousand Eighty Six) only which is computed @ 15% of total capital of Phoenix Finance and Investments Limited i.e. Tk. 3,144,087,238 (Three Hundred Fourteen Crore Forty Lac Eighty Seven Thousand Two Hundred Thirty Eight) only as at 31 December 2019.

6.4 Sector-wise Loans, Leases and Advances:		2019	2019	2018
Sectors		Composition (%)		
1	Trade and Commerce	6.65	1,766,051,094	1,781,228,990
2	Industry			
A)	Garments and Knitwear	3.42	909,004,488	887,623,038
B)	Textile	11.44	3,036,706,916	2,923,783,542
C)	Jute and Jute Products	0.00	-	-
D)	Food Production and Processing Ind.	2.50	664,913,833	683,063,967
E)	Plastic Industry	1.94	516,132,684	644,472,407
F)	Leather and Leather Goods	1.70	450,812,503	403,130,567
G)	Iron Steel and Engineering	20.74	5,505,109,958	5,488,480,667
H)	Pharmaceuticals and Chemical	2.13	566,338,172	631,066,969
I)	Cement and Allied Industry	3.11	826,443,475	704,580,537
J)	Telecommunication and IT	2.01	532,555,933	550,786,549
K)	Paper, Printing and Packaging	8.00	2,124,633,380	2,091,046,275
L)	Glass, Glassware and Ceramic Ind.	0.99	262,302,413	291,782,074
M)	Ship Manufacturing Industry	0.41	108,826,291	114,012,973
N)	Electronics and Electrical Products	3.13	831,105,230	843,928,725
O)	Power, Gas, Water and Sanitary Service	0.23	59,976,853	77,339,657
P)	Transport and Aviation	4.70	1,248,241,995	1,435,597,764
	Industry Total	66.46	17,643,104,124	17,770,695,711

Notes To The Financial Statements

		2019 Composition (%)	Figures in Taka	
			2019	2018
Sectors				
3	Agriculture	0.63	166,887,229	248,430,962
4	Housing	8.95	2,375,415,045	2,576,892,565
5	Others			
	A) Merchant Banking	5.20	1,380,115,507	1,510,925,886
	B) Margin Loan	-	-	-
	C) Others	12.12	3,217,127,013	3,388,692,824
	Others Total	17.32	4,597,242,520	4,899,618,710
	Grant Total	100.00	26,548,700,012	27,276,866,938
6.5 Geographical Location-wise loans advances and leases:				
	Bogura	0.99	262,423,023	265,455,645
	Chattogram	16.99	4,510,634,182	4,235,580,183
	Dhaka	81.38	21,606,168,607	22,596,860,227
	Khulna	0.64	169,474,200	178,970,883
	Total	100	26,548,700,012	27,276,866,938
6.6 Grouping of Loans, advances and Leases as per Classification Rules of Bangladesh Bank:				
	Standard	89.40	23,735,164,284	24,937,680,187
	Special Mention Account (SMA)	3.54	939,366,849	764,829,063
	Substandard	0.95	251,236,366	94,578,940
	Doubtful	2.49	660,736,607	387,528,130
	Bad or Loss	3.62	962,195,906	1,092,250,618
	Total	100	26,548,700,012	27,276,866,938
6.7 Particulars of provision for Loans, advances and Leases/Investments				
Status	Rate (%)	Basis for provision		
General Provision (Unclassified)				
	1%	22,728,617,500	227,286,175	237,191,969
	0.25%	1,006,546,800	2,516,367	3,046,210
	5%	878,710,780	43,935,539	34,812,048
		24,613,875,080	273,738,081	275,050,227
Specific Provision (Classified)				
	20%	168,306,615	33,661,323	14,867,152
	50%	243,676,548	121,838,274	35,774,671
	100%	182,059,970	182,059,970	134,958,270
		594,043,133	337,559,567	185,600,093
Required provision for Loans, Advances and Leases			611,297,648	460,650,320
Required provision for Investments			13,098,292	90,176,597
Total Provision Required			624,395,940	550,826,917
Total provision maintained (Note - 12.1)			627,485,084	553,297,375
Surplus Provision			3,089,144	2,470,458

Notes To The Financial Statements

	Figures in Taka	
	2019	2018
6.8 Particulars of Loans, advances and leases:		
(i) Loans, Advances and Leases considered good in respect of which the Financial Institution is fully secured	19,115,064,008	19,174,849,691
(ii) Loans, Advances and Leases considered good for which the Financial Institution holds no other security than the debtor's personal security	6,606,201,002	7,352,454,907
(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	827,435,002	749,562,340
(iv) Loans, Advances and Leases adversely classified; provision not maintained there against	-	-
	<u>26,548,700,012</u>	<u>27,276,866,938</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	628,796,056	544,026,037
(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	536,740,465	465,895,787
(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	2,700,000	3,000,000
(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	2,700,000	3,000,000
(ix) Due from Bank and Financial Institutions	-	16,512,579
(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	151,959,474	(4,642,701)
b. Amount of Loan, Advances and Leases written off	-	404,182,334
c. Amount realized against Loan, Advances and Leases previously written off	1,167,899	2,171,890

Notes To The Financial Statements

	Figures in Taka	
	2019	2018
(B) Amount of provision kept against classified Loan, Advances and Leases as Bad or Loss on the reporting day of Balance Sheet	182,059,970	134,958,270
(C) Amount of Interest chargeable to the interest Suspense Account	241,478,034	242,826,332
(xi) Loans Written off:		
Current Year	-	404,182,334
Cumulative to-date	1,103,430,442	1,103,430,442
The amount of written off Loan, Advances and Leases for which lawsuit filed	1,103,430,442	1,103,430,442
7 BILLS PURCHASED AND DISCOUNTED	<u>-</u>	<u>-</u>
8 FIXED ASSETS INCLUDING PREMISES, FURNITURE and FIXTURES		
A. Cost:		
Opening balance	1,306,123,849	1,072,470,569
Addition during the year	15,278,285	451,163,398
Less: Disposal during the year	(2,866,997)	(217,510,118)
Closing balance at cost	<u>1,318,535,137</u>	<u>1,306,123,849</u>
B. Depreciation:		
Opening balance	522,402,338	515,582,496
Addition during the year	32,034,212	33,338,403
Less: Adjustment on disposal during the year	(2,866,997)	(26,518,561)
Accumulated Depreciation	<u>551,569,553</u>	<u>522,402,338</u>
Carrying value*	<u>766,965,584</u>	<u>783,721,511</u>

*For details please refer to Annexure-A

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

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

	Land	Building
Revaluation Surplus at the beginning of the year	410,297,907	383,612,759
Addition during the year	-	-
Amortization on Revaluation Surplus	-	(176,777,168)
Carrying Value as on 31 December 2019	<u>410,297,907</u>	<u>206,835,591</u>

Notes To The Financial Statements

Figures in Taka

	2019	2018
9 OTHER ASSETS		
Income generating other assets :		
Interest Accrued on Fixed Deposit Receipt	5,273,044	4,039,280
Interest Accrued on Staff Loan	8,358,030	7,811,377
	<u>13,631,074</u>	<u>11,850,657</u>
Non income generating other assets:		
Advance office rent	11,628,433	12,406,901
Advance Against Expenses	1,471,927	3,208,414
Advance Against Investments In Share	2,226,877	10,039,616
Advance Corporate tax	16,384,383	29,606,675
Deferred tax asset (Note-9.1)	115,931,545	91,204,697
Interest During the Construction Period (IDCP)	22,736,820	6,837,109
Investment in Associates	65,465,771	67,048,767
Others	-	8,000,000
	<u>235,845,756</u>	<u>228,352,179</u>
Total	<u>249,476,830</u>	<u>240,202,836</u>

9.1 Deferred Tax

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

Deferred Tax Assets is arrived as follows:

	Carrying amount at Balance Sheet	Tax Base	(Taxable)/ Deductible temporary difference
Assets:			
Fixed assets net of depreciation as on December 31, 2019	766,965,584	920,296,383	153,330,799
Liabilities:			
Employee Gratuity as on December 31, 2019	155,819,987	-	155,819,987
Total	<u>922,785,571</u>	<u>920,296,383</u>	<u>309,150,786</u>

Applicable Tax Rate	37.50%
Deferred tax asset as on December 31, 2019	115,931,545
Deferred tax asset maintained as on December 31, 2018	91,204,696
Deferred tax income accounted for during the year	<u>24,726,849</u>

10 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

	2019	2018
In Bangladesh		
Bank loan (Note 10.1)	3,395,817,750	4,076,406,410
Fund from Bangladesh Bank (Note 10.4)	22,920,510	27,305,856
	<u>3,418,738,260</u>	<u>4,103,712,266</u>
Outside Bangladesh	-	-
Total	<u>3,418,738,260</u>	<u>4,103,712,266</u>

10.1 In Bangladesh

Term Loan from other Banks (Note-10.2)	3,150,179,184	3,784,811,332
Short term loan from other banks (Note-10.3)	245,638,566	291,595,078
	<u>3,395,817,750</u>	<u>4,076,406,410</u>

Notes To The Financial Statements

	Figures in Taka	
	2019	2018
10.2 Term loan from other banks and FI		
Al-Arafah Islami Bank Limited	266,953,599	318,889,329
Bank Asia Limited	164,951,333	193,412,379
BASIC Bank Limited	185,324,004	203,197,929
Dutch Bangla Bank Limited	109,783,452	173,724,683
Jamuna Bank Limited	328,664,188	373,532,020
Midland Bank Limited	428,570,033	465,793,364
Modhumoti Bank Limited	322,132,889	362,582,804
Mutual Trust Bank Limited	124,711,564	218,970,983
National Credit and Commerce Bank Limited	53,033,717	65,633,495
One Bank Limited	102,619,519	146,024,761
Prime Bank Limited	192,691,899	241,613,342
Pubali Bank Limited	175,624,160	200,431,160
Shahjalal Islami Bank Limited	223,397,601	253,606,802
Southeast Bank Limited	132,266,234	148,541,310
United Commerce Bank Limited	132,786,048	157,409,312
Uttara Bank Limited	206,668,944	261,447,659
	3,150,179,184	3,784,811,332
10.3 Short Term Loan from other banks		
Bank Overdraft	93,038,566	1,595,078
Money at Call and Short Notice	152,600,000	290,000,000
	245,638,566	291,595,078
10.4 Fund from Bangladesh Bank		
Refinance against SME Loan	1,679,568	3,129,568
Refinance against Housing Loan	21,240,942	24,176,288
	22,920,510	27,305,856
10.5 Maturity wise Grouping		
Within 1 month	81,564,953	152,416,355
Over 1 months but not more than 6 months	211,592,552	363,602,811
Over 6 months but not more than 1 year	1,133,212,269	1,483,097,290
Over 1 year but not more than 5 years	1,992,368,486	2,104,595,810
Over 5 years	-	-
	3,418,738,260	4,103,712,266
11 DEPOSITS AND OTHER ACCOUNTS		
Institutions		
Banks and Other Financial Institutions	7,247,259,973	7,484,240,192
Other Institutions	4,510,865,413	6,122,422,812
	11,758,125,386	13,606,663,004
Individuals		
Term Deposit Receipt	7,306,843,143	6,925,528,824
Monthly Savings Scheme	282,247,887	245,547,617
	7,589,091,030	7,171,076,441
Total	19,347,216,416	20,777,739,445

Notes To The Financial Statements

	Figures in Taka	
	2019	2018
11.1 Movement of deposits :		
Balance at 1 January	20,777,739,445	20,384,058,407
Received/renewed during the year	5,343,503,753	7,028,221,788
Repayment during the year	(6,774,026,782)	(6,634,540,750)
Balance as on 31 December	<u>19,347,216,416</u>	<u>20,777,739,445</u>
11.2 Maturity wise Grouping		
Within 1 month	164,957,638	254,361,527
Over 1 months but not more than 6 months	352,630,825	1,087,060,846
Over 6 months but not more than 1 year	7,250,887,597	7,719,475,053
Over 1 year but not more than 5 years	11,497,609,810	11,532,480,778
Over 5 years	81,130,546	184,361,241
	<u>19,347,216,416</u>	<u>20,777,739,445</u>
12 OTHER LIABILITIES		
Provision for Loans, advances and leases/ Investments (Note 12.1)	627,485,084	553,297,375
Provision for tax (Note 12.2)	389,732,244	266,159,599
Interest suspense (Note 12.3)	241,478,034	242,826,332
Financial expenses payable (Note 12.4)	1,538,618,353	1,084,851,753
Advance and security deposit (Note 12.5)	152,552,603	153,782,114
Accrued expenses and other payable (Note 12.6)	319,827,570	183,021,865
Total	<u>3,269,693,888</u>	<u>2,483,939,038</u>
12.1 Provision for Loans, advances and leases/Investments		
Provision for Loans, advances and leases	614,386,792	463,120,778
Provision for Investments	13,098,292	90,176,597
Total	<u>627,485,084</u>	<u>553,297,375</u>
12.2 Provision for tax		
Balance at 1 January	266,159,599	294,882,255
Provision made during the year	209,000,000	192,000,000
Transferred to/(from)	(85,427,355)	(220,722,656)
Balance at 31 December	<u>389,732,244</u>	<u>266,159,599</u>
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 2019.		
12.3 Interest suspense		
Balance as on 1 January	242,826,332	207,423,992
Add: Transferred during the year	131,976,447	107,674,120
Less: Amount of interest suspense recovered	(133,324,745)	(33,333,833)
Write off during the year	-	(38,937,947)
Balance as on 31 December	<u>241,478,034</u>	<u>242,826,332</u>

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.

Notes To The Financial Statements

	Figures in Taka	
	2019	2018
12.4 Financial expenses payable		
Interest Payable on Term Deposits Receipt (TDR)	988,878,130	894,549,954
Interest Payable on Monthly Savings Scheme	67,434,182	56,904,645
Interest Payable on Term Loan	482,306,041	133,397,154
	<u>1,538,618,353</u>	<u>1,084,851,753</u>
12.5 Advance and security deposit		
The amount received from clients as advance against finance and cash security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/installments or repaid at the end of term. This is made up as under:		
Balance at 1 January	153,782,114	168,538,976
Received during the year	52,713,038	890,680,939
Repayment during the year	(53,942,549)	(905,437,801)
Balance as on 31 December	<u>152,552,603</u>	<u>153,782,114</u>
Breakup of advances and security deposits on the basis of category of finance is as under:		
Lease finance deposit	73,793,801	101,939,528
Term finance deposit	4,139,858	5,853,277
Real Estate finance deposit	1,323,544	1,454,099
Sundry Deposit	73,279,530	44,519,340
Security Deposit	15,870	15,870
Total	<u>152,552,603</u>	<u>153,782,114</u>
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.		
12.6 Accrued expenses and other payable		
Accounts Payable	2,851,028	1,145,932
CSR Fund	9,146,109	8,409,693
Dividend Payable-Custody Account	-	3,357,118
Other payables	3,624,157	1,148,719
Provident Fund	2,486,712	138
Provision for Employees' Gratuity	155,819,987	87,781,865
Provision for Expenses	54,617,168	49,985,147
Tax Deduction At Source and Excise Duty	91,107,438	31,088,329
VAT payable	174,971	104,924
Total	<u>319,827,570</u>	<u>183,021,865</u>

Notes To The Financial Statements

Figures in Taka

	2019	2018
13 SHARE CAPITAL		
Authorized capital	3,000,000,000	3,000,000,000
300,000,000 Ordinary shares of Tk. 10 each		
Issued, subscribed and paid up capital:		
139718831 Ordinary shares of Tk. 10 each	1,397,188,310	1,214,946,360
Total	1,397,188,310	1,214,946,360
13.1 Pattern of shareholdings		
Sponsors (Institutions)	152,537,860	132,641,630
Sponsors (Individuals)	308,657,760	268,398,100
General Public (Institutions)	319,096,950	314,356,490
General Public (Individuals)	616,895,740	499,550,140
Total	1,397,188,310	1,214,946,360

13.2 Classification of shareholders by holding (Regulation 37 of the Listing Regulation of DSE Limited)

Shareholding range	Number of Shareholders	Shares	Percentage (%)
Less than 500 shares	1371	189,065	0.14
501 to 5,000 shares	1619	3,079,604	2.20
5,001 to 10,000 shares	243	1,769,052	1.27
10,001 to 20,000 shares	129	1,877,242	1.34
20,001 to 30,000 shares	57	1,447,742	1.04
30,001 to 40,000 shares	18	623,004	0.45
40,001 to 50,000 shares	9	398,371	0.29
50,001 to 100,000 shares	25	1,700,117	1.22
100,001 to 1,000,000 shares	61	25,431,460	18.20
1,000,001 to 10,000,000 shares	36	87,949,388	62.95
10,000,001 to 100,000,000 shares	1	15,253,786	10.92
Total	3569	139,718,831	100

13.3 Capital requirement	2019	2018
Paid up capital	1,397,188,310	1,214,946,360
Required capital	1,000,000,000	1,000,000,000
Capital Surplus/(Deficit)	397,188,310	214,946,360
14 STATUTORY RESERVE		
Balance as on 1 January	687,120,963	630,557,008
Add: Transferred from profit during the year	52,876,625	56,563,955
Balance as on 31 December	739,997,588	687,120,963

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
15	RETAINED EARNINGS		
	Balance as on 1 January	253,235,872	252,202,784
	Add: Profit after tax for the year	264,383,123	282,819,776
	Add: Amortized of Revaluation Reserve	19,180,638	19,180,638
	Less: Dividend Paid	(182,241,950)	(242,989,272)
	Less: Transferred to statutory reserve	(52,876,625)	(56,563,955)
	Less: CSR Fund	(1,321,916)	(1,414,099)
	Balance as on 31 December	<u>300,359,142</u>	<u>253,235,872</u>
16	PROFIT AND LOSS ACCOUNT		
	Income:		
	Interest, discount and similar income (Note-17)	3,882,804,446	3,864,957,363
	Dividend income (Note -19)	14,198,207	18,912,154
	Fees, commission and brokerage	-	-
	Gains less losses arising from investment in securities (Note-19)	-	15,199,761
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from Financial Institution's assets (Note- 21)	145,000	26,243,443
	Other operating income (Note-21)	55,095,728	72,759,048
	Profit less losses on interest rate changes	-	-
		<u>3,952,243,381</u>	<u>3,998,071,769</u>
	Expenses:		
	Administrative expenses		
	Salaries and Allowance (Note-22)	330,655,279	232,456,688
	Rent, Taxes, Insurance, Electricity etc. (Note-23)	25,706,249	25,311,654
	Legal expenses	1,813,109	791,620
	Postage, Stamp, Telecommunication etc. (Note-24)	3,051,958	3,246,956
	Stationery, Printing, Advertisement etc. (Note-25)	6,077,537	4,986,352
	Managing Director's Remuneration	12,000,000	12,000,000
	Directors' Fee (Note-26)	1,064,000	984,000
	Auditors' Fee	250,000	250,000
		<u>380,618,132</u>	<u>280,027,270</u>
	Non Administrative expenses		
	Interest, Fees and Commission (Note-18)	2,985,378,387	2,845,773,875
	Losses on Loans and Advances (Note-29)	74,187,709	332,179,432
	Depreciation and Impairment on Assets (Note-27)	32,334,325	33,665,925
	Other Operating Expenses (Note-28)	31,068,554	32,090,108
		<u>3,122,968,975</u>	<u>3,243,709,340</u>
	Excess of Income Over Expenditure	<u>448,656,274</u>	<u>474,335,159</u>

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
17	INTEREST INCOME		
	Income from lease finance	518,661,132	681,547,805
	Income from real estate finance	194,328,999	157,406,751
	Income from staff loan	6,349,650	5,170,439
	Income from term finance	2,149,967,941	2,527,779,793
	Interest During Construction Period	535,007,534	129,467,161
	Overdue Interest	478,489,190	363,585,414
	Total	3,882,804,446	3,864,957,363
18	INTEREST PAID ON DEPOSITS, BORROWINGS, etc.		
	Interest on Bank Loan	565,596,128	482,231,034
	Interest on money at call and short notice	10,556,437	18,626,389
	Interest on Monthly Saving Scheme	37,519,453	38,143,034
	Interest on Term Deposit Receipts	2,371,706,369	2,306,773,418
	Total	2,985,378,387	2,845,773,875
19	INCOME FROM INVESTMENT		
	Capital gain on sale of Securities	-	15,199,761
	Dividend Income	14,198,207	18,912,154
	Total	14,198,207	34,111,915
20	COMMISSION, EXCHANGE AND BROKERAGE	-	-
21	OTHER OPERATING INCOME		
	Documentation Fee	52,965	334,543
	Gain on sale of Fixed Assets	145,000	26,243,443
	Income from Associates	-	115,622
	Interest on Bank Deposits	31,840,153	52,984,045
	Notarization Fee	-	5,000
	Proceeds on Final Settlement	9,050,248	4,120,264
	Revenue from Phoenix Bhaban	12,150,848	11,255,835
	Salvage Value	1,699,960	3,534,302
	Service Charge	301,554	409,437
	Total	55,240,728	99,002,491
22	SALARIES AND ALLOWANCES		
	Employees' Salaries	176,609,114	149,883,092
	Festival Bonus	18,595,659	11,356,783
	Gratuity Fund	79,560,258	27,841,655
	Incentive Bonus	50,000,000	40,000,000
	Leave Fare Assistance	5,890,248	3,375,158
	Total	330,655,279	232,456,688

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
23	RENT, TAXES, INSURANCE, ELECTRICITY etc.		
	Electricity Bill	3,676,102	3,718,878
	GAS and WASA Bill	636,689	614,577
	Holding and Vehicle Tax	374,182	667,608
	Insurance Premium	520,422	262,597
	Insurance Premium (Group)	1,960,668	1,746,678
	Office Rent	18,538,186	18,301,316
	Total	25,706,249	25,311,654
24	POSTAGE, STAMP, TELECOMMUNICATION etc.		
	Internet Bill	1,404,773	1,086,756
	Mobile Bill	916,499	1,134,030
	Phone Bill	353,794	531,731
	Postage, Stamp and Courier	376,892	494,439
	Total	3,051,958	3,246,956
25	STATIONERY, PRINTING, ADVERTISEMENTS etc.		
	Advertisement and Publicity	4,915,539	3,315,195
	Books and Periodicals	131,546	123,061
	Printing and Stationery	1,030,452	1,548,096
	Total	6,077,537	4,986,352
26	DIRECTORS' FEES		
	The Company pays fees to its Directors for attending the Board meetings and its Committee meetings as permitted by the Bangladesh Bank. As per Bangladesh Bank Circular, a Director may be paid fees for attending Board or its Committee meetings which shall not exceed Tk. 8,000 for attending each meeting. Details are as under:		
	Total Board Meetings (nos.)	12	11
	Total Board Executive Committee Meetings (nos.)	12	11
	Total Board Audit Committee Meetings (nos.)	4	4
	Total fees paid (in Taka)	1,064,000	984,000
	Total members of the Board (nos.)	8	9
	Quorum for Board Meeting (nos.)	3	3
	Average number of Directors present in the Board Meetings (nos.)	7	8
	Quorum for Board Audit Committee Meeting (nos.)	2	2
	Average no. of Directors present in the Committee Meetings (nos.)	3	3
27	DEPRECIATION AND REPAIR AND MAINTENANCE OF ASSETS		
	Depreciation of Fixed Assets	32,034,212	33,338,403
	Computer Maintenance	178,685	229,691
	Photocopier Maintenance	121,428	97,831
	Total	32,334,325	33,665,925

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
28	OTHER EXPENSES		
	AGM Expenses	4,431,241	4,609,767
	Bank Charge and Excise Duty	1,409,686	1,524,663
	Business Development Expense	255,100	488,645
	Capital loss on sale of Securities	655,207	-
	CDBL and Stock Exchange Charge	2,132,185	1,262,314
	Computer and Software Development Expenses	280,129	466,357
	Credit Rating Fee	333,333	487,951
	Loss on Associates	1,582,996	-
	Motor Vehicle Expenses	1,857,059	1,838,940
	Office Expenses	6,297,007	9,087,484
	Office Maintenance	2,439,990	2,031,460
	Remuneration for Internship	-	11,000
	RJSC Fees and Expenses	93,783	1,431,206
	Service Charge (Office)	1,997,400	1,845,300
	Staff Training and Recruitment Expenses	83,000	444,513
	Subscription and Fees	526,159	699,321
	Travelling and Conveyance	1,385,948	1,563,605
	Wages	5,308,331	4,297,582
	Total	31,068,554	32,090,108
29	PROVISION MADE/(ADJUSTED) DURING THE YEAR		
	Balance at 01 January	553,297,375	586,362,330
	Write Off During the Year	-	365,244,387
	Balance at 31 December	627,485,084	553,297,375
	Provision Charged in Income Statement	74,187,709	332,179,432
30	NET ASSET VALUE (NAV) PER SHARE		
	Shareholders' Equity (A)	3,144,087,238	2,881,026,031
	Total Number of Ordinary Share (B)	139,718,831	121,494,636
	Net Asset Value (NAV) per share (A÷B) (Restated-2018)	22.50	20.62
31	EARNINGS PER SHARE		
Earnings per share shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard 33: "Earnings Per Share". Basic earnings per share has been calculated as follows:			
	Profits attributable to ordinary shareholders (Net Profit After Tax)	264,383,123	282,819,776
	Number of Ordinary shares at 1 January	121,494,636	121,494,636
	Bonus shares issued	18,224,195	-
	Right shares issued	-	-
	Total Number of Ordinary Share	139,718,831	121,494,636
	Earnings per share (Restated-2018)	1.89	2.02

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
32	NET OPERATING CASH FLOW PER SHARE (NOCFPS)		
	Net Cash Flow from Operating Activities (A)	1,053,332,594	831,910,361
	Total Number of Ordinary Share(B)	139,718,831	121,494,636
	Net Operating Cash Flow Per Share (NOCFPS) (A÷B) (Restated-2018)	<u>7.54</u>	<u>5.95</u>
33	RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:		
	Net profit after tax	264,383,123	282,819,776
	Items not involved in cash movement:		
	Add: Depreciation	32,034,212	33,338,403
	Add: Provision for loans and investments	74,187,709	332,179,432
	Add: Provision for taxation	209,000,000	192,000,000
	Add/ (Less): Accrued expenses	453,766,600	78,393,760
	Add/ (Less): Accrued income	(1,780,417)	2,003,332
	Less: Gain on disposal of fixed assets	(145,000)	(26,243,443)
	Increase/(Decrease) in Employee gratuity	68,038,122	26,742,275
	Increase/(Decrease) in Deferred tax	(24,726,849)	(484,617)
	Adjustments to reconcile net profit after tax to net cash provided	<u>810,374,377</u>	<u>637,929,142</u>
	by operating activities		
	Increase/(decrease) in operating assets and liabilities		
	(Increase)/Decrease in Loans & advances	728,166,926	1,556,214,793
	(Increase)/Decrease in Other assets	13,384,756	4,055,631
	Increase/(Decrease) in Short term borrowings	600,004,270	39,920,327
	Increase/(Decrease) in Term & other deposits	(1,430,523,029)	(1,546,318,453)
	Increase/(Decrease) in Other Liabilities	134,227,896	69,522,366
	(Increase)/Decrease in Income tax	123,572,645	(28,722,656)
		<u>168,833,464</u>	<u>94,672,008</u>
	Net cash flows from/(used in) operating activities	<u>979,207,841</u>	<u>732,601,150</u>
34	INTEREST RECEIVED		
	Interest Income	3,882,804,446	3,864,957,363
	Add: Opening Interest Receivable on FDR	4,039,280	4,881,665
	Less: Closing Interest Receivable on FDR	(5,273,044)	(4,039,280)
	Add: Closing Interest Suspense Account	241,478,034	242,826,332
	Less: Opening Interest Suspense Account	(242,826,332)	(207,423,992)
	Total	<u>3,880,222,384</u>	<u>3,901,202,088</u>

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
35	INTEREST PAYMENT		
	Interest Expenses	(2,985,378,387)	(2,845,773,875)
	Add: Opening Interest payable on Deposit and Borrowings	(1,084,851,753)	(1,006,457,993)
	Less: Closing Interest payable on Deposit and Borrowings	1,538,618,353	1,084,851,753
	Total	(2,531,611,787)	(2,767,380,115)
36	RECEIVED FROM OTHER OPERATING ACTIVITIES		
	Documentation Fee	52,965	334,543
	Fees and Commission received/Received from Phoenix Bhaban	12,150,848	11,255,835
	Income from Associates	-	115,622
	Income from Investment in Shares	14,198,207	18,912,154
	Interest on Bank Deposits	31,840,153	52,984,045
	Notarization Fee	-	5,000
	Proceeds on Final Settlement	9,050,248	4,120,264
	Salvage Value	1,699,960	3,534,302
	Service Charge	301,554	409,437
	Total	69,293,935	91,671,202
37	PAYMENTS FOR OTHER OPERATING ACTIVITIES		
	AGM Expenses	(4,431,241)	(4,609,767)
	Assets Maintenance	(300,113)	(327,522)
	Audit Fee	(250,000)	(250,000)
	Bank Charge and Excise Duty	(1,409,686)	(1,524,663)
	Bond Issue Expenses	(255,100)	-
	Business Development Expense	(655,207)	(488,645)
	CDBL and Stock Exchange Charge	(2,132,185)	(1,262,314)
	Computer and Software Development Expenses	(280,129)	(466,357)
	Credit Rating Fee	(333,333)	(487,951)
	Directors' Fees	(1,064,000)	(984,000)
	Legal expenses	(1,813,109)	(791,620)
	Motor Vehicle Expenses	(1,582,996)	(1,838,940)
	Office Expenses	(1,857,059)	(9,087,484)
	Office Maintenance	(6,297,007)	(2,031,460)
	Postage, Stamp, Telecommunication etc.	(3,051,958)	(3,246,956)
	Remuneration for Internship	(2,439,990)	(11,000)
	Rent, Taxes, Insurance, Electricity etc.	(25,706,249)	(25,311,654)
	RJSC Fees and Expenses	-	(1,431,206)
	Service Charge (Office)	(93,783)	(1,845,300)
	Staff Training and Recruitment Expenses	(1,997,400)	(444,513)
	Subscription and Fees	(526,159)	(699,321)
	Travelling and Conveyance	(1,385,948)	(1,563,605)
	Wages	(5,308,331)	(4,297,582)
	Total	(63,170,983)	(63,001,860)

Notes To The Financial Statements

		Figures in Taka	
		2019	2018
38 CAPITAL ADEQUACY BASED ON BASEL-II			
Core Capital(Tier-I)			
Paid-up Capital	1,397,188,310	1,214,946,360	
Share Premium	87,408,700	87,408,700	
Statutory Reserve	739,997,588	687,120,963	
General Reserve	2,000,000	2,000,000	
Retained Earnings	300,359,142	253,235,872	
Sub-Total	2,526,953,740	2,244,711,895	
Supplementary Capital(Tier-II)			
General Provision			
(Unclassified loans up to specified limit +SMA + off Balance Sheet Exposure)	273,738,082	275,050,227	
Assets Revaluation Reserve (50%)	308,566,749	318,157,068	
Sub-Total	582,304,831	593,207,295	
A. Total Eligible Capital	3,109,258,571	2,837,919,190	
B. Risk Weighted Assets			
Credit Risk	25,344,900,000	25,170,587,500	
On Balance Sheet	25,285,500,000	25,140,900,000	
Off-Balance Sheet	59,400,000	29,687,500	
Market Risk	331,600,000	606,000,000	
Operational Risk	1,591,700,000	1,655,300,000	
Total Risk Weighted Assets	27,268,200,000	27,431,887,500	
C. Minimum Required Capital(MCR) on RWA			
(10% of RWA for both under CAMD)	2,726,820,000	2,743,188,750	
D. Capital Surplus/(Shortfall)(A-C)	382,438,571	94,730,440	
Total Capital Adequacy Ratios	11.40%	10.35%	
Capital Requirement	Required (%)	Held on 2019	Held on 2018
Core Capital(Tier-I)	5	9.26%	8.18%
Supplementary Capital(Tier-II)	-	2.14%	2.17%

Notes To The Financial Statements

39 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 2019 are as follows:

Loans, Advances and Leases (Assets with related party)

Name of the related party	Relationship	Nature of transaction	31-Dec-2019 Taka	31-Dec-2018 Taka
Appollo Ispat Complex Limited	Common Director	Term Finance	536,740,465	465,630,010
Phoenix Insurance Co. Limited	Common Director	Lease Finance	-	265,777
Total			<u>536,740,465</u>	<u>465,895,787</u>

Deposits (Liabilities with related party)

Name of the related party	Relationship	Nature of transaction	31-Dec-2019 Taka	31-Dec-2018 Taka
Ms. Khurshid Jahan Begum	Wife of Mr. Mobarak Ali	Term Deposit	183,912,122	183,535,982
Ms. Shabnaz Sultana	Sister of Mr. Rakibul Islam Khan	Term Deposit	4,388,732	1,273,044
Ms. Sharmin Sultana	Sister of Mr. Rakibul Islam Khan	Term Deposit	5,800,686	1,420,474
Nasreen Ali	Independent Director	Term Deposit	6,436,838	5,811,677
Reshad Imam	Independent Director	Term Deposit	4,626,732	4,197,950
Total			<u>205,165,110</u>	<u>196,239,127</u>

40 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 6% stock and 6% cash dividend for the year ended December 31, 2019 subject to the approval of the shareholders' meeting and appropriate authority if required.

41 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2019, 12 (Twelve) Board Meetings were held. As on 31st December 2019, there were average 08 members in the Board. As per FID circular no. 09 dated 11 September 2002, a Financial Institution shall have maximum 11 (eleven) Directors in the Board. The Managing Director is an ex-officio Director having no voting right

42 NUMBER OF EMPLOYEES

A total number of 134 employees, including 26 sub staffs were employed in Phoenix Finance and Investments Limited as of 31 December 2019.

Notes To The Financial Statements

Figures in Taka

43 AUDIT COMMITTEE**a) Members of Audit Committee**

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

Name	Position in the Board of Directors	Designation in the Audit Committee	Educational Qualification
Ms. Nasreen Ali	Independent Director	Chairman	Masters
Ms. Evana Fahmida Mohammad	Chairman	Member	Graduate
Mr. Mobarak Ali	Director	Member	Graduate

b) Meetings of Audit Committee

During January 01 to December 31, 2019, 4 (Four) Meetings of the Board Audit Committee of the Board were held in which among others, the following issues were discussed:

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

c) Internal Control

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

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

Financial Highlights as Required by Bangladesh Bank

For the year ended 31 December 2019

Sl. No.		Figures in Taka	
		2019	2018
1	Paid up Capital	1,397,188,310	1,214,946,360
2	Total Capital (core+ supplementary)	3,144,087,238	2,881,026,031
3	Capital surplus/(deficit)	397,188,310	214,946,360
4	Total Assets	29,179,735,802	30,246,416,780
5	Total Term Deposit Receipts	19,347,216,416	20,777,739,445
6	Total Loans, Advances and Leases	26,548,700,012	27,276,866,938
7	Total Contingent Liabilities and Commitments	100,000,000	50,000,000
8	Credit Deposit Ratio (%)	137.22%	131.28%
9	Percentage of classified loans against total Loans, Advances and Leases	7.06%	5.77%
10	Profit after Tax and provision	264,383,123	282,819,776
11	Amount of classified loans	1,874,168,879	1,574,357,688
12	Provisions kept against classified loan	337,559,567	185,600,093
13	Provision surplus / (deficit)	3,089,144	2,470,458
14	Cost of Fund	12.42%	11.97%
15	Interest earning Assets	26,722,041,617	27,587,370,159
16	Non-interest earning Assets	2,457,694,185	2,659,046,621
17	Return on Investment (ROI)	8.41%	9.82%
18	Return on Assets (ROA)	0.91%	0.94%
19	Income from Investment	14,198,207	34,111,915
20	Earnings per Share	1.89	2.02
21	Net Asset Value (NAV) per share	22.50	20.62
22	Price Earnings Ratio (Times)	11.38	16.14

Fixed Assets Schedule

As on December 31, 2019

Annexure-A

Figures in Taka

PARTICULARS	Cost				Rate %	Depreciation				WDV as on 31.12.19
	Balance as on 01.01.19	Addition during the year	Adjustment during the year	Balance as on 31.12.19		Balance as on 01.01.19	Charged during the year	Adjustment during the year	Balance as on 31.12.19	
Air Conditioner	8,460,786	503,574	-	8,964,360	20.00	8,087,541	205,745	-	8,293,286	671,074
Building	541,553,742	-	-	541,553,742	5.00	214,893,118	27,077,688	-	241,970,806	299,582,936
Computer & Projector	12,186,142	1,281,566	-	13,467,708	20.00	9,126,020	1,282,518	-	10,408,538	3,059,170
Electrical & Office Equipment	4,370,154	77,450	-	4,447,604	20.00	3,756,168	251,769	-	4,007,937	439,667
Furniture & Fixture	13,460,484	102,756	-	13,563,240	12.50	12,141,593	299,003	-	12,440,596	1,122,644
Land	448,937,700	1,298,690	-	450,236,390	-	-	-	-	-	450,236,390
Machinery Lease	215,460,427	-	-	215,460,427	20.00	215,460,414	-	-	215,460,414	13
Motor Vehicle	23,084,076	5,000,000	-	28,084,076	25.00	21,354,393	1,879,639	-	23,234,032	4,850,044
Office Decoration	38,059,458	6,978,349	2,866,997	42,170,810	20.00	37,089,757	1,020,202	2,866,997	35,222,962	6,947,848
Telephone & Fax	550,880	35,900	-	586,780	20.00	513,334	17,648	-	530,982	55,798
Total 2019	1,306,123,849	15,278,285	2,866,997	1,318,535,137		522,402,338	32,034,212	2,866,997	551,569,553	766,965,584
Total 2018	1,072,470,569	451,163,398	217,510,118	1,306,123,849		515,582,496	33,338,403	26,518,561	522,402,338	783,721,511



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

Proxy Form

I/Weof
being shareholder(s) of
 PHOENIX FINANCE & INVESTMENTS LIMITED and entitled to vote hereby appoint Mr/Ms
 as my/our proxy to attend and vote for
 me/us and on my/our behalf at the 25th ANNUAL GENERAL MEETING of the Company to be held on the 17th September,
 2020.

As witness my/our hand thisday of..... 2020.

.....
 (Signature of Shareholder)

.....
 (Signature of Proxy)

AFFIX
 TK. 20/-
 REVENUE
 STAMP

Folio No./BO ID No.

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

No. of shares held

Dated.....

Note :

1. A member entitled to attend and vote at the meeting may appoint any person as his/her proxy to attend and vote on his/her behalf.
2. Stamped Proxy Form must be deposited at the Company's Registered Office before 48 hours of the meeting.



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

ATTENDANCE SLIP

Seal

I/We hereby record my/our attendance at the 25th Annual General Meeting of the Company being held on Thursday 17th September,
 2020 at 11.30 a.m. through Digital Platform Link: <https://phoenixfinance.bdvirtualagm.com>

Name of Shareholder/Proxy2020

Folio No./BO ID No.

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

 (Shareholder)

No. of Shares held.....

.....
 Signature of Proxy

.....
 Signature of Shareholder

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

Date:



Head Office Address

Eunoos Center (Level- 11), 52-53,
Dilkusha C/A., Dhaka-1000,
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