

**Independent Auditors' Report
&
Audited Financial Statements
of
National Finance Limited**

As at & for the year ended 31 December 2018

**Independent Auditors' Report
To the Shareholders of National Finance Limited****Report on the audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of **National Finance Limited** ("the Company") which comprise the balance sheet as at 31 December 2018 and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2018, 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 and comply with the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

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

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 auditors' report.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

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

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

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

Auditors' Responsibilities for the Audit of the Financial 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 auditors' 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 consolidated and separate financial statements

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

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

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

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

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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- (v) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (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) statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (ix) taxes and duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (x) nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xi) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;

- (xii) based on our work as mentioned above under the auditors' 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;
- (xiii) 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;
- (xiv) the information and explanations required by us have been received and found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,200 person 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 "First Schedule" of the Financial Institutions Act 1993 in preparing these financial statements and DFIM circular no. 11 dated 23 December 2009; 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.

Dated, Dhaka
16 April 2019



A. Qasem & Co.
Chartered Accountants

NATIONAL FINANCE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
PROPERTY AND ASSETS			
Cash	3.00	95,860,873	97,434,251
Cash in hand (including foreign currencies)	3.01	67,182	34,981
Balance with Bangladesh Bank & Agent Bank (Including foreign currencies)	3.02	95,793,691	97,399,271
Balance with other Banks and Financial Institutions	4.00	444,125,015	961,402,085
In Bangladesh	4.01	444,125,015	961,402,085
Outside Bangladesh	4.02	-	-
Money at Call on Short Notice	5.00	-	-
Investment in Shares and Securities	6.00	265,115,794	311,668,258
Government	6.01	-	-
Others	6.02	265,115,794	311,668,258
Loans, advances and leases	7.00	7,756,160,659	7,294,120,677
Lease portfolio		2,242,008,293	2,443,556,264
Term finance		5,514,152,366	4,850,564,413
Bills purchased and discounted		-	-
Fixed Assets including Premises, Furniture and Fixtures	8.00	149,423,943	150,832,085
Other Assets	9.00	763,688,836	667,553,137
Non banking Assets		-	-
Total Assets		<u>9,474,375,120</u>	<u>9,483,010,493</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	10.00	1,623,008,246	1,470,508,008
Deposits and Other Accounts	11.00	4,303,480,702	4,869,420,875
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		4,303,480,702	4,869,420,875
Bearer certificates of deposit		-	-
Other deposits		-	-
Other Liabilities	12.00	1,887,144,365	1,595,850,516
Total Liabilities		<u>7,813,633,313</u>	<u>7,935,779,399</u>
Capital/Shareholders' Equity			
Share capital	13.01	1,401,939,250	1,322,584,200
Retained earnings	14.00	97,227,687	85,766,709
Statutory reserve	15.00	161,574,870	138,870,864
Other reserve		-	9,321
Total Shareholders' Equity		<u>1,660,741,807</u>	<u>1,547,231,094</u>
Total Liabilities & Shareholders' Equity		<u>9,474,375,120</u>	<u>9,483,010,493</u>



**NATIONAL FINANCE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2018**

Notes	Amount in Taka	
	31-Dec-18	31-Dec-17

OFF BALANCE SHEET ITEMS

CONTINGENT LIABILITIES

Acceptances and Endorsements
Letters of Guarantee
Irrevocable Letters of Credit
Bills for Collection
Other Contingent Liabilities

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

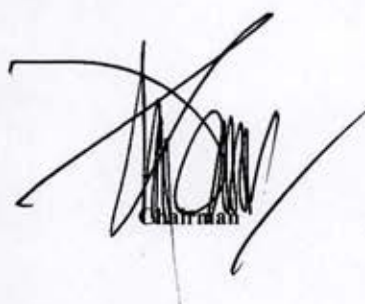
OTHER COMMITMENTS

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

The annexed notes form an integral part of these Financial Statements.



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka
16 April 2019



A. Qasem & Co.
Chartered Accountants

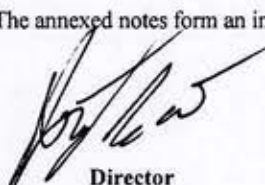


NATIONAL FINANCE LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
Interest income	16.00	878,436,631	770,726,329
Interest paid on deposits & borrowings	17.00	(614,844,221)	(544,714,481)
Net interest income		263,592,410	226,011,848
Investment income	18.00	24,229,189	53,877,739
Commission, exchange and brokerage		-	-
Other operating income	19.00	140,352,878	119,702,834
Total operating income		428,174,477	399,592,421
Salaries and allowances	20.00	65,510,836	60,003,655
Rent, taxes, insurance, electricity, etc.	21.00	12,718,710	8,193,908
Legal & Professional fees	22.00	1,810,312	1,002,183
Postage, stamp, telecommunication etc.	23.00	2,470,835	1,479,096
Stationery, printing, advertisement	24.00	5,697,850	2,607,994
Managing director's salary & allowances	25.00	6,083,607	8,000,000
Directors' fees	26.00	928,000	936,000
Auditors' fees	27.00	287,500	287,500
Repairs, maintenance, depreciation and amortization	28.00	6,647,463	7,014,592
Other expenses	29.00	15,353,505	9,379,120
Total operating expenses		117,508,618	98,904,048
Profit before provision		310,665,859	300,688,373
Provision against loans, advances and leases	12.04	63,804,454	110,738,985
Remeasurement of diminution in value of investments		35,300,000	-
Other provisions		-	-
Total provision		99,104,454	110,738,985
Total Profit before taxes		211,561,405	189,949,388
Provision for Tax		98,041,370	85,000,000
Current tax	12.02.01	100,000,000	82,000,000
Deferred tax	12.02.02	(1,958,630)	3,000,000
Net profit after taxation		113,520,035	104,949,388
Appropriations			
Statutory reserve		22,704,007	20,989,878
General reserve		-	-
Dividends		-	-
		22,704,007	20,989,878
Retained surplus		90,816,028	83,959,510
Earnings per share (EPS)	31.00	0.81	0.75

The annexed notes form an integral part of these financial statements.


Chairman


Director


Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka
16 April 2019




A. Qasem & Co.
Chartered Accountants

NATIONAL FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Particulars	Share Capital	Statutory Reserve	Other Reserve	Retained Earnings	Amount in Taka
					Total
Balance as at 01 January 2017	1,259,604,000	117,880,987	9,321	64,787,398	1,442,281,705
Issue of Bonus Shares (year 2016)	62,980,200	-	-	(62,980,200)	-
Net profit for the year 2017	-	-	-	104,949,388	104,949,388
Transfer to statutory reserve	-	20,989,878	-	(20,989,878)	-
Balance as at 31 December 2017	1,322,584,200	138,870,864	9,321	85,766,708	1,547,231,093
Balance as at 01 January 2018	1,322,584,200	138,870,864	9,321	85,766,708	1,547,231,093
Issue of Bonus Shares (year 2017)	79,355,050	-	-	(79,355,050)	-
Net profit for the year 2018	-	-	-	113,520,035	113,520,035
Transfer to statutory reserve	-	22,704,007	-	(22,704,007)	-
Other reserve adjustment	-	-	(9,321)	-	(9,321)
Balance as at 31 December 2018	1,401,939,250	161,574,871	-	97,227,686	1,660,741,808

The annexed notes form an integral part of these financial statements.


Chairman


Director


Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka
16 April 2019


A. Qasem & Co.
Chartered Accountants



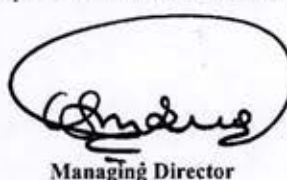
NATIONAL FINANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

Notes	Amount in Taka	
	31-Dec-18	31-Dec-2017
Cash flows from operating activities		
Interest received	819,735,516	700,479,195
Interest paid	(536,837,607)	(471,760,356)
Fees, commission and other income received	119,814,989	114,840,897
Investment income	15,596,259	57,682,655
Cash paid as Salary, Allowance & Remuneration	(71,594,443)	(68,003,655)
Cash paid to suppliers	(39,225,875)	(25,276,576)
Income taxes paid	(65,378,559)	(110,000,000)
Cash generated from operating activities before changes in operating assets and liabilities:	242,110,280	197,962,160
(Increase)/decrease in changes in operating assets & liabilities:		
Loans and advances to customers	(403,338,869)	(1,274,182,911)
Other assets	(1,586,321)	9,282,278
Deposits from customers	(565,940,173)	667,579,567
Other liabilities	31,722,445	(2,496,354)
Net cash flows from operating activities (A)	(697,032,637)	(401,855,260)
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(3,263,951)	(5,138,907)
Investment in shares	35,840,017	(46,548,785)
Advance against Investment in placement shares	-	-
Net cash used in investing activities (B)	32,576,066	(51,687,692)
Cash flows from financing activities		
Drawdown/repayment of long term loan	(299,160,445)	687,156,720
Drawdown/repayment of bank overdraft	444,766,567	826,231
Dividend paid	-	-
Net cash flow from financing activities ©	145,606,122	687,982,951
Net inflow/outflow for the year (A+B+C)	(518,850,448)	234,440,000
Opening cash and cash equivalents	1,058,836,336	824,396,337
Closing cash and cash equivalents	30.00 539,985,888	1,058,836,336
Net Operating Cash Flows per Share	33.00 (4.97)	(2.87)

The annexed notes form an integral part of these financial statements.


Chairman


Director

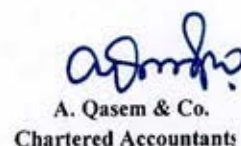

Managing Director


Company Secretary

Signed in terms of our separate report of even date annexed.


Dated, Dhaka
16 April 2019




A. Qasem & Co.
Chartered Accountants

NATIONAL FINANCE LIMITED
LIQUIDITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

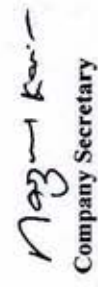
Particulars	Amount in Taka					
	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	95,860,873	-	-	-	-	95,860,873
Balance with banks and financial institutions	273,325,015	170,800,000	-	-	-	444,125,015
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	265,115,794	-	265,115,794
Loans and advances	414,520,155	1,732,525,712	3,004,936,269	1,645,212,740	958,965,784	7,756,160,660
Fixed assets including land, building, furniture and fixtures	-	-	-	149,423,943	-	149,423,943
Other assets	3,548,140	10,159,820	32,164,713	717,816,163	-	763,688,836
Total assets	787,254,183	1,913,485,532	3,037,100,982	2,777,568,639	958,965,784	9,474,375,120
Liabilities						
Borrowing from other banks, financial institutions and agents	242,562,147	397,746,915	705,155,160	277,544,025	-	1,623,008,246
Deposits and other accounts	534,742,435	1,334,016,713	1,806,910,667	596,938,020	30,872,867	4,303,480,702
Provision and other liabilities	431,756	7,042,084	368,963,398	1,493,965,757	-	1,870,402,996
Total liabilities	777,736,338	1,738,805,712	2,881,029,225	2,368,447,802	30,872,867	7,796,891,944
Net Liquidity Gap	9,517,845	174,679,820	156,071,757	409,120,837	928,092,917	1,677,483,178



Director



Managing Director


Company Secretary



National Finance Limited
Notes to the Financial Statements
For the year ended 31 December 2018

1.00 General Information

1.01 Domicile and legal form

National Finance Limited (the "Company"), previously known as Self Employment Finance Limited is a Non Banking Financial Institution (NBFI) incorporated on 30 July 2001 as a Public Limited Company in Bangladesh vide registration no. C-43690 (230)/2001. Pursuant to the certificate for commencement of business dated 30 July 2001 issued by the Registrar of Joint Stock Companies & Firms (RJSC) and license obtained from Bangladesh Bank dated 17 June 2002 the Company started its business. The Company has obtained permission from Bangladesh Bank on 09 December 2002 for opening its Principal Branch. The name of the Company has been changed to National Finance Limited, effected from 2 February 2009. The registered office of the Company is situated at Level 8, Confidence Centre, Kha-9 Pragati Sarani, Gulshan, Dhaka-1212.

1.02 Nature of operations and principal activities

The Company has been incorporated for carrying out, inter alia, the business of:

- a) Leasing and hire purchase of movable and immovable property, plants, machinery, equipment, to apparatus, instrument, air-condition, computer materials, vehicles, vessels, ships, aircraft etc.
- b) Granting loans and advances for industry, commerce, agriculture, housing or transportation;
- c) Underwriting or acquisition of, or the investment or re-investment in shares, stock, bonds, debentures, debenture-stock or securities issued by the government or any local authority;
- d) All kinds of financial investment including Islamic Financing and Schemes, bridge financing, long-term loan, working capital financing, discounting of bill of exchange locally in local currency, credit cards etc.
- e) Credit programmes at grassroots, village, union, thana, local and national level towards landless, marginal farmers, fisherman, blacksmiths, carpenters, potters, workshops, handicrafts, small traders and projects.
- f) Offer various deposit investment opportunities of predefined tenure ranging from three months to nine years

2.00 Summary of significant accounting policies and basis of preparation of the financial statements

2.01 Statement of compliance

The financial statements of the Financial Institution are prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act 1993, the Rules and Regulations issued by Bangladesh Bank, the Companies Act 1994. In case any requirement of the Financial Institutions Act 1993, and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Financial Institutions Act 1993, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRSs are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9 Investments in Shares which are actively traded on a quoted market are designated at fair value through statement of comprehensive income. Gains or losses arising from a change in the fair value of such financial assets are recognized in the statement of comprehensive income.

Bangladesh Bank: As per FID circular 08 dated 03 August 2002 investments in quoted shares and unquoted 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; otherwise investments are recognised at cost.

ii) Provision on Loans, advances and leases/ investments

IFRS: As per IAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002 and FID circular No. 3 dated 3 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue.



iii) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

iv) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Financial Institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Financial Institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognise, measure and present financial instruments differently from those prescribed in IAS 39. Consequently all the required disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

2.02 Basis of preparation of the financial statements

The financial statements have been prepared and presented under the historical cost convention, in accordance with the International Financial Reporting Standards (IFRS) and requirements of the Financial Institutions Act 1993 followed by the Financial Institutional Regulations 1994, the Bangladesh Securities & Exchange Rules 1987, Guidelines issued from Bangladesh Bank and other applicable laws and regulations.

2.03 Reporting period:

The financial statements of the company covers one year period ranging from 1 January 2018 to 31 December 2018.

2.04 Offsetting

Assets and Liabilities and income and expenses are not set-off unless permitted by the International Accounting Standards (IASs).

2.05 Changes in accounting policies and estimates

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, National Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8. National Finance however applied the same accounting and valuation principles in 2018 as in financial statements for 2017.



2.06 Segment reporting

In line with International Financial Reporting Standard (IFRS) 8, 'Operating Segments', an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

2.07 Departure from IAS/IFRS:

Bangladesh Bank is the prime regulatory body for all non-banking financial institutions in Bangladesh. Some requirements of Bangladesh Bank contradict with those of IAS/ 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, which are disclosed in note no. 2.30 of these financial statements.

2.08 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, the actual results could differ from estimates.

2.09 Reporting currency and level of exactitude

The figures in the financial statements have been stated in Bangladesh Taka which is the Company's functional currency and have been rounded off to the nearest integer.

2.10 Comparative information

Last year's figures and account titles have been rearranged to conform to current year's presentation in accordance with the Bangladesh Bank DFIM Circular no. 11 dated December 23, 2009.

2.11 Authorization for Issue of the Financial Statements

The Board of Directors of the Company has authorised these financial statements for issue on 15 day of may 2019.

2.12 Materiality of financial statements

Each material item, as considered by management significant, has been presented separately in the financial statements wherever applicable.

2.13 Cash flow statement

IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM Circular 11 dated 23 December 2009, cash flow is the mixture of direct and indirect methods.

2.14 Statement of changes in equity

Statement of changes in equity is prepared in accordance with IFRS - 1 "Presentation of Financial Statements" and Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 which reflects the increase and decrease in net assets or wealth.

2.15 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 on residual maturity term of assets and liabilities as on the reporting date based on the following assumptions:

- i) Balance with other Banks and financial institutions, money at call and short notice,
- ii) Investments are on the basis of their respective maturity
- iii) Lease, Loans and advances are on the basis of their repayment schedule
- iv) Fixed assets are on the basis of their useful lives
- v) Other assets are on the basis of their realization / amortization
- vi) Borrowing from other Banks, financial institutions and agents, etc are as per their maturity / repayment terms
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal.
- viii) Provisions and other liabilities are on the basis of their payment / adjustments



2.16 Assets and basis of their valuation

2.16.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held at call with banks and financial institutions and short term liquid investments that are readily convertible to known amount of cash which are unlikely to be affected by any insignificant risk of change in value.

2.16.2 Accounting for leases

Following International Accounting Standards (IAS) 17 "Leases", accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income.

The unearned lease income is amortized to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, are charged in the year in which such costs are incurred.

2.16.3 Accounting for Term Finance

Receivables against term loans including short term loan and home loan comprise of principal amounts due from customers against these loans. Accrued interest thereon are accounted for on accrual basis and shown separately.

2.16.4 Fixed assets and depreciation

Recognition

All property, plant and equipment are initially stated at cost and depreciated over their expected useful lives. The cost of acquisition of an asset is comprised of its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use inclusive of duties and non-refundable taxes.

Fixed assets acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

Subsequent cost related to property, plant and equipment is capitalised only when it increases the future economic benefit from the asset. All other expenditures are recognised as expenses as and when they are incurred.

Depreciation

Items of property, plant and equipment except office premises/building are depreciated based on reducing balance method throughout the estimated span of useful life ranging from four to ten years. Depreciation on office premises/building charged based on straight line method throughout the estimated span of useful life for fifty years. For addition to property, Plant and equipment, depreciation is charged from the month of capitalization irrespective of date and depreciation is not charged from the month of disposal. Depreciation is calculated on the cost of fixed asset in order to write off such amount over the estimated useful lives of such assets. The rates of depreciation used are as follows:

Furniture & fixture	10%
Office equipment	20%
Vehicle	20%
Telephone & Fax	10%
Office Decoration	10%
Computer	25%
Office Premises	2%

Derecognition

An item of property, plant and equipment is de-recognised on its disposal. The gain or loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.



2.16.5 Account receivable

Account receivable at the balance sheet date is stated at amounts which are considered realisable. Specific allowance is made for receivables considered to be doubtful for recovery.

2.17 Liabilities and basis of their valuation

2.17.1 Income taxes

Current tax

Current tax expense is provided on estimated taxable profit for the year at the tax rate applicable for the year. Provision has been made in accounts for the current year's income tax.

Deferred tax

Deferred taxation is provided in full for all temporary differences arising between tax bases of assets and carrying amount of assets in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Tax rate prevailing at the Balance Sheet date is used to determine deferred tax.

2.17.2 Provision for accrued expenses

Provisions have been recognized in the balance sheet as follows:

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

2.17.3 Employee benefits

Short term employee benefits

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company.

Post-employment benefits

Provident fund

A contributory Provident Fund is operated by the Company on equal participation from both parties, the Company and the employee. The Fund is recognized by the National Board of Revenue and is administered by a Board of Trustees.

Gratuity fund

A separate funded gratuity scheme is maintained by the Company to motivate its employees for long term retention. Gratuity scheme is applicable for all its permanent employees who have completed their length of service at least for five years without any break. Provision for gratuity is made annually considering all its eligible employees available at the end of the year.

Other long term benefits

The Company operates a group life insurance scheme for all of its permanent employees. It maintains a health insurance scheme for all of its permanent employees, their spouse and children.

2.17.4 Contingent liabilities and contingent assets

The contingent liability and contingent asset are not reflected in the balance sheet but the existence of contingent liability is disclosed in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognised because outflow of resources is not likely or obligation cannot be measured reliably.

2.17.5 Proposed dividend

Dividend proposed by the Board of Directors for the year shall be recognised and is accounted for after approval by the shareholders at the Annual General Meeting.



2.18 Revenue recognition

2.18.1 Interest income

Interest income comprises of interest income from lease, loans and advances and interest on placement of fund with banks and other financial institutions. Interest due is recognised on accrual basis using the effective interest method. Interest due over ninety days is not recognised as revenue rather it is recognised as interest suspense. Suspended interest is recognised as income on cash basis when it is received.

2.18.2 Lease income

The excess of gross lease rentals receivable over the cost of the leased asset represents the total unearned income at the time of execution of lease. The unearned income is allocated over the period of lease in a pattern reflecting a constant return on the net investment.

2.18.3 Income from long term and short term finance

Income from long and short term finance is recognized as revenue when the interest is due. Interest due over ninety days is not recognized as revenue rather it is recognized as interest suspense. Suspended interest is recognized as income on cash basis when it is received.

2.18.4 Income from dividend

Dividend income from investment in equity shares is recognised when the right to receive the payment is established.

2.18.5 Other Operating Income

Other operating income is recognized as and when settled the respective lease loan accounts. Such income comprises of, service charge, transfer fee, delinquent charge and miscellaneous receipts.

2.18.6 Income from bank deposits

Interests from short term deposits and fixed deposits are recognised on accrual basis taking into account the principal outstanding and the effective interest rate.

2.18.7 Interest paid on deposits, borrowing, etc.

Interest paid comprises of the interest payable on external borrowing, individual and institutional deposits and direct deposit expenses and are recognized as they accrue.

2.18.8 Impairment of assets

The carrying amounts of the property, plant and equipment and intangible assets are reviewed at each balance sheet date or whenever there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit and loss account.

2.19 Related party disclosure

The Company carried out transaction in the ordinary course of business on an arm length basis at commercial rate with its related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions have been disclosed in note 42.

2.20 Earnings per share

Earning per share has been calculated in accordance with IAS-33 "Earning Per Share" and shown on the face of Profit and Loss Account. Basic earning per share is calculated by dividing the net profit attributable to shareholders by the average number of ordinary shares during the financial year.

2.21 Events after the balance sheet date

Events after the balance sheet date are those events that occur between the balance sheet and the date when the financial statements are authorised for issue. All material events occurring after the balance sheet date have been considered in these financial statements.



2.22 Borrowing Costs

Borrowing Costs are accounted for as per IAS- 23 "Borrowing Cost" and recognized as expenses in the period in which they incur.

2.23 Foreign Currency Transaction

In accordance with IAS- 21 " The Effects of Changes in Foreign Exchange Rate" , foreign currency transactions are converted into Bangladesh Taka at exchange rates ruling on the date of transactions while monetary items representing assets and liabilities are translated at exchange rates at that date of Balance Sheet. All resulting exchange differences shall be recognized as a separate component of equity.

2.24 Renewal of FDR/TDR and Interest thereon

FDR/ TDR, if not encashed on due date, is considered automatically renewed with interest accrued and due at the equivalent current rate of interest.

2.25 Provision and accruals

Provisions have been recognized in the balance sheet when the Company has a present obligation, legal or constructive as a result of a past event and/or when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and when a reliable estimate can be made of the amount of the obligation.

2.26 Statutory reserve

Financial Institutions Regulations 1994, section 06 (1) requires NBFIs to transfer 20% of its current year's profit to reserve fund until such reserve equals to its paid up share capital.

2.27 Litigation

The Company is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans/leases repayment and against various level of tax authority regarding some disputed tax issues. The Company, however, provides adequate provisions as per guidelines of International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets.

2.28 BASEL-II and its implication

Risk based capital adequacy (BASEL-II) under the Capital Adequacy and Market Discipline (CAMD) guideline is become applicable for the Company on January 1, 2012. With a view to ensuring proper implementation of Basel Accord in the Company, Basel Implementation Unit (BIU) was formed which is headed by the Managing Director. As per the CAMD guideline of Bangladesh Bank, financial institutions are required to maintain Capital Adequacy Ratio (CAR) of minimum 10%. Details of the risk weighted assets in note 13.05 and CAR are given in note 13.04 to this financial statements.



2.29 Financial risk management policies and objectives

The Board of Directors of the Company sets the overall risk appetite and philosophy; the risk and capital framework underpins delivery of the Board's strategy.

It is the Company's policy to optimise return to shareholders while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times.

The main financial risks facing the Company and its management are as follows:

2.29.1 Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company has segregated duties for the officers involved in credit related activities. Credit evaluation, credit administration and credit monitoring and recovery functions are segregated and delegated to credit evaluation department, operations department, collection and special assets management department respectively.

Risk Review department is entrusted with the task of managing the internal risk rating model. This Internal Rating Based (IRB) approach, recommended by the Basel-II committee and also by the Bangladesh Bank in its Supervisory Review Process, coupled with the data integrity management process of monthly credit audit, helps manage asset quality and establishing a prudent credit culture within the Company that is efficient and transparent.

2.29.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The Company's liquidity policy is designed to ensure that it can at all times meet its obligations as they fall due. Liquidity management focuses on overall balance sheet structure and the control, within prudent limits, of risk arising from exposure to the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. The management of liquidity risk is carried out by Treasury department under approved policy guidelines. Compliance is monitored and coordinated by Treasury both in respect of internal policy and the regulatory requirements. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A contingency plan is in place for managing extreme situation. The risk of short term mismatch can be met by the undrawn commitment and expected renewal of deposits.

2.29.3 Market risk

Market risk is defined as the risk of loss resulting from adverse changes in risk factors such as interest rates, and equity prices together with related factors such as market volatilities. The Company is exposed to market risk because of positions held in its trading portfolios and its non-trading businesses.

Interest rate risk arises from the Company's treasury activities and lending businesses due to mismatches between the future yield and funding cost is managed daily by the Treasury department and monthly reviewed by Asset Liability Committee to monitor the interest rate movement and devise a number of alternative options to mitigate possible interest rate risks.

Equity positions can result in changes in the Company's non-trading income and reserves arising from changes in equity prices/income. Such exposure may take the form of listed and unlisted equity. The type, nature and amount of equity exposure held by the Company is not significant. The market value of the equity assets held by the Company at the balance sheet date is much higher than cost price.

2.29.4 Operational risk

Operational risk arises from inadequate process, misuse of process, from human or system error or from external factors.

The Operation Risk Management Committee is responsible for identifying operational risks and take steps to mitigate such risks. The Committee Comprises of the Head of Operation, Head of Human Resources and the Head of Information Technology. The Committee reviews operational processes and evaluates the process in terms of efficiency and adequacy of the process to ensure adequate control. Processes are re-engineered to improve efficiency without diluting the control/risk. The re-engineered process is documented and imparted among the stakeholders of the process to ensure the process delivers as expected. To prevent misuse, 'maker and checker' concept is implemented in every step of operational processes. Also appropriate trainings are arranged regularly to reduce human errors. New products are also designed with internal risk mitigating features.

2.29.5 Prevention of money laundering

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. In order to manage the risk of money laundering, the Company has set up an effective Anti-Money Laundering Program in line with Anti-Money Laundering Act and Bangladesh Bank guidelines. The Company employed a Chief Compliance Officer at Head Office and Compliance Officers at branches who independently review the transactions of the accounts to verify suspicious transactions. The Company developed manuals for prevention of money laundering and introduced Know Your Customer (KYC) program and Transaction Profile (TP) of customers at branch level and all other regulations are being complied meticulously. Continuous training is being imparted to all categories of Officers and Executives to enhance expertise for identifying suspicious activities and transactions.



2.30 Compliance report on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS). National Finance Limited has applied all the applicable of IAS and IFRS as adopted by ICAB while preparing the financial statements. Details are given below:

Name of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS)	IAS & IFRS No.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting policies, Changes in accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Revenue	18	Applied
Employees Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	N/A
Investment in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provision, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	Applied
Agriculture	41	N/A
First-time Adoption of International Financial Reporting Standard	1	N/A
Shares Based Payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	N/A
Non current Assets Held for Sale and Discontinued Operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied
Financial Instruments	9	Applied
Consolidated Financial Statement	10	N/A
Joint Arrangements	11	N/A
Disclosure of Interests in Other Entities	12	N/A
Fair Value Measurement	13	N/A
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	N/A
Leases	16	Applied*

* Bangladesh Bank is the prime regulatory body for Financial Institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with the provision of IAS / IFRS as marked above. As such the Organization has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank.

2.31 Regulatory & legal compliance

The bank has complied with the requirements of following regulatory & legal authority:

- The Companies Act, 1994
- Financial Institutions Act, 1993
- Rules & regulations issued by Bangladesh Bank
- Negotiable Instrument Act 1881
- Financial Institutions Regulations 1994
- Securities & Exchange Rules, 1987
- Securities & Exchange Ordinance, 1969
- Securities & Exchange Act, 1993
- Income Tax Ordinance, 1984.
- VAT Act, 1991.



		Amount in Taka	
		31-Dec-18	31-Dec-17
3.00	Cash		
3.01	Cash in hand	67,182	34,981
	In local currency	67,182	34,981
	In foreign currency	-	-
3.02	Balance with Bangladesh Bank and Agent Bank (Including foreign currencies)		
	Bangladesh Bank	95,793,691	97,399,271
	In local currency	95,793,691	97,399,271
	In foreign currencies	-	-
	Sonali Bank Ltd.	-	-
	Sonali Bank Ltd., (As an agent of Bangladesh Bank) - Local Currency	-	-
		95,793,691	97,399,271
		95,860,873	97,434,251
3.02.01	Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR)		
	Balance with Bangladesh Bank		
	Deposits with Bangladesh Bank is non-profit bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank in current account on all deposits taken from depositors other than Banks and Financial Institutions.		
	Balance with other commercial banks and FI's:		
	The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the demand liabilities has been maintained current account balance with Bangladesh Bank and balance with other banks and financial institutions. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:		
3.02.02	Cash Reserve Requirement (CRR): 2.5% of Average Demand and Time Liabilities		
	Required Reserve	75,539,887	81,080,425
	Actual Reserve held with Bangladesh Bank	102,317,083	104,450,814
	Surplus	26,777,196	23,370,389
3.02.03	Statutory Liquidity Requirement (SLR): 5% of Average Demand and Time Liabilities:		
	Required Reserve	172,120,391	163,764,426
	Actual Reserve held	415,580,961	685,116,540
	Surplus	243,460,570	521,352,114
4.00	Balance with Other Banks and Financial Institutions		
	Inside Bangladesh (Note - 4.01)	444,125,015	961,402,085
	Outside Bangladesh (Note- 4.02)	-	-
		444,125,015	961,402,085



4.01 Inside Bangladesh

Fixed Deposit Account

Mutual Trust Bank Limited
Reliance Finance Ltd
CAPM Finance Ltd.
Meridian Finance Ltd.
FAS Finance Ltd.
Premier Leasing & Finance Ltd.
Modhumoti Bank Ltd.
Midas Finance Ltd.

Short Term Deposits/STD

Premier Bank Limited
BASIC Bank Limited
Mutual Trust Bank Limited
Mercantile Bank Limited
The City Bank Limited
BRAC Bank Limited
Comercial Bank of Ceylon
Southeast Bank
Midland Bank
United Comercial Bank Limited
Prime Bank Limited
Shahjalal Islami Limited
Modhumoti Bank Ltd.
NCC Bank Ltd.
Shahjalal Islami Limited, Pragati Sarani Br.
Southeast Bank Ltd. R.K. Mission Road Br.
Pubali Bank Ltd. Panthapath Br.
First Security Islami Bank Ltd. STD Acc.
Midland Bank OD A/C
Mutual Trust Bank OD A/C
First Finance Ltd
ILFSL
Fareast Finance Ltd
Premier Leasing & Finance Ltd.

Short Term Lending with Bank & FI

4.02 Outside Bangladesh (Nostro Accounts)

4.03 Maturity-wise Groupings (Inside and Outside Bangladesh)

Payable on Demand
Up to 1(one) Month
Over 1(one) Month but not more than 3 (three) Months
Over 3 (three) Months but not more than 1 (one) Year
Over 1 (one) Year but not more than 5 (five) Years
Over 5 (five) Years

Amount in Taka		
31-Dec-18	31-Dec-17	
324,435,759	714,696,645	
234,435,759	274,696,645	
-	100,000,000	
50,000,000	100,000,000	
-	30,000,000	
-	50,000,000	
-	100,000,000	
40,000,000	-	
-	60,000,000	
119,689,256	246,705,440	
215,916	3,690,217	
10,346	10,346	
19,108,380	44,631,550	
28,618	140,769	
1,784,915	1,222,198	
891,360	79,129	
3,696	4,846	
8,411	9,353	
119,753	439,648	
4,713,057	2,177,837	
129,402	813,165	
146,996	148,296	
52,825	19,980,831	
532,841	145,014	
5,309,229	91,999	
4,232,529	102,800,509	
1,581,102	-	
3,893	-	
15,986	-	
-	319,733	
-	40,000,000	
3,200,000	-	
13,600,000	-	
64,000,000	30,000,000	
444,125,015	961,402,085	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
444,125,015	961,402,085	



		Amount in Taka	
		31-Dec-18	31-Dec-17
5.00	Money at call on Short Notice		
	Financial Institutions	-	-
	Banks	-	-
		-	-
6.00	Investments in Shares and Government Securities		
	Government Security	-	-
	Other Investments (Note- 6.01)	265,115,794	311,668,258
		265,115,794	311,668,258
6.01	Other investments		
	Unquoted shares	-	53,000,000
	Quoted shares	262,678,868	256,231,333
	Mutual funds	2,436,925	2,436,925
		265,115,794	311,668,258
	Details are shown in Annexure-B		
6.02	Maturity Grouping of Investments		
	Payable on Demand	-	-
	Up to 1(one) Month	-	-
	Over 1(one) Month but not more than 3 (three) Months	-	-
	Over 3 (three) Months but not more than 1 (one) Year	-	-
	Over 1 (one) Year but not more than 5 (five) Years	265,115,794	311,668,258
	Over 5 (five) Years	-	-
		265,115,794	311,668,258
7.00	Loans, advances and leases		
	Leases Finance (Note: 7.01.01)	2,242,008,293	2,443,556,264
	Term Finance (Note: 7.01.02)	5,514,152,366	4,850,564,413
		7,756,160,659	7,294,120,677
7.01.01	Lease finance		
	Lease Finance	3,146,931,816	3,399,925,677
	Receivable Lease rental	62,225,304	83,675,701
	Less: Accumulated Depreciation	(967,148,827)	1,040,045,114
	Net Investment in leases	2,242,008,293	2,443,556,264
7.01.02	Term finance- net of current maturity		
	Term Loan	5,093,476,974	4,510,040,532
	Receivables	420,675,392	340,523,881
		5,514,152,366	4,850,564,413
7.02	Bills Purchased and Discounted		
	Payable in Bangladesh	-	-
	Payable outside Bangladesh	-	-
		-	-



		Amount in Taka	
		31-Dec-18	31-Dec-17
7.03	Maturity Grouping of Loans, Advances and Leases		
	Repayable on demand	-	-
	Up to 1(one) Month	414,520,155	150,248,751
	Over 1(one) Month but not more than 3 (three) Months	1,732,525,712	1,050,746,253
	Over 3 (three) Months but not more than 1 (one) Year	3,004,936,269	2,952,736,261
	Over 1 (one) Year but not more than 5 (five) Years	1,645,212,740	2,436,589,745
	Over 5 (five) Years	958,965,784	703,799,667
		<u>7,756,160,660</u>	<u>7,294,120,677</u>
7.04	Investments (Broad Categories)		
	In Bangladesh		
	General Investments	7,756,160,659	7,294,120,677
	Outside Bangladesh	-	-
		<u>7,756,160,659</u>	<u>7,294,120,677</u>
7.05	Significant Concentration		
	Investments to allied concern of Directors	205,384,133	-
	Investments to Executives/Officers	21,613,521	12,884,301
	Investments to Customer Groups	7,529,163,006	7,281,236,376
	Industrial Investment	-	-
	Others	-	-
		<u>7,756,160,660</u>	<u>7,294,120,677</u>
7.06	Geographical Location-wise break-up		
	Urban		
	Dhaka Division	6,529,882,660	6,117,771,677
	Chattagram Division	955,265,000	882,236,000
	Rajshahi Division	83,799,000	109,751,000
	Khulna Division	-	-
	Sylhet Division	187,214,000	184,362,000
		<u>7,756,160,660</u>	<u>7,294,120,677</u>
7.07	Sector wise break-up of General Investments		
	Trade and Commerce Industry	4,633,169,736	4,643,601,747
	Garments and Knitwear	401,641,998	100,605,930
	Textile	976,075,204	1,057,424,000
	Agriculture	507,823,471	500,344,000
	Housing	291,490,832	103,247,000
	Food Production and Processing Industry	945,959,419	888,898,000
		<u>7,756,160,660</u>	<u>7,294,120,677</u>
7.08	Investments allowed to each customer exceeding 15% of FI's total capital		
	Total Loans, Advances and Leases	1,589,439,883	3,809,112,219
	No. of Customers	4	10
	Classified amount thereon	281,787,885	456,118,857



7.09 General Investments Classified as per Bangladesh Bank Circular

Standard
Special Mentioned Account (SMA)
Sub-standard
Doubtful
Bad & Loss

Amount in Taka	
31-Dec-18	31-Dec-17
6,472,824,942	6,136,561,204
27,737,928	73,181,584
310,488,015	1,875,192
-	528,222,421
945,109,775	554,280,276
7,756,160,660	7,294,120,677

7.10 Particulars of lease, loans and advances

i)	Leases and loans considered good in respect of which the Company is fully secured.	7,756,160,660	7,294,120,677
ii)	Leases and loans considered good in respect of which the Company is partially secured.	-	-
iii)	Loans considered good against which the Company holds no security other than the debtors' personal guarantee.	-	-
iv)	Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	-	-
v)	Classified loans against which no provision has been made.	<u>7,756,160,660</u>	<u>7,294,120,677</u>
vi)	Loans due from Directors either separately or jointly with any other persons.	<u>-</u>	<u>-</u>
vii)	Loans due from Officers either separately or jointly with any other persons.	<u>21,613,521</u>	<u>12,884,301</u>
viii)	Loans due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	<u>205,384,133</u>	<u>-</u>
ix)	Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers either separately or jointly with any other person.	<u>-</u>	<u>-</u>
x)	Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	<u>-</u>	<u>-</u>
xi)	Due from banking companies and other financial institutions.		
xii)	Classified lease, loans and advances		
a)	Classified lease, loans and advances on which interest has not been charged.	-	-
b)	Increase/(decrease) of specific provision.	46,687,600	13,747,492
c)	Amount of loan written off.	13,754,215	80,067,122
d)	Amount realized against loan previously written off.	-	-
e)	Provision kept against loans on the date of preparing the balance sheet.	352,050,239	302,000,000
f)	Interest credited to Interest Suspense account.	(33,116,263)	1,747,539



		Amount in Taka	
		31-Dec-18	31-Dec-17
8.00	Fixed Assets Including Premises, Furniture And Fixtures At cost less accumulated depreciation (Annexure-A)		
	Cost		
	Opening balance	186,715,255	181,576,348
	Addition during the year	5,583,951	5,138,907
	Disposal during the year	(2,320,000)	-
	Closing balance at cost	189,979,206	186,715,255
	Depreciation		
	Opening balance	35,883,170	28,868,578
	Addition during the year	6,647,463	7,014,592
	Adjustment on disposal during the year	(1,975,369)	-
	Accumulated Depreciation	40,555,263	35,883,170
	Carrying value	149,423,943	150,832,085
	Details are shown in Annexure-A		
9.00	Other Assets		
	Trade receivables (Note-9.01)	10,159,820	6,006,012
	Advances (Note 9.02)	719,015,669	648,068,017
	Accrued interest income	31,974,471	11,231,366
	Receivable-Govt. Duties	72,842	136,842
	Receivable-Dividend on shares	2,435,134	2,085,000
	Security deposit-Telephone line	30,900	25,900
	Advance against Share	-	-
		763,688,836	667,553,137
9.01	Trade receivables		
	Cheque dishonor charges	454,795	638,795
	Sale of Share	3,718,915	1,273,905
	Delinquent charges	3,117,021	3,138,237
	Sundry Debtors (Others)	2,869,089	955,075
		10,159,820	6,006,012
9.02	Advances		
	Printing & stationary	69,000	300,697
	Legal fee	17,500	17,500
	Advance income tax	717,816,163	646,599,818
	Advance against Expenses	423,000	-
	Advance office rent (Ctg. Br.)	690,006	1,150,002
		719,015,669	648,068,017
10.00	Borrowings from Other Banks, Financial Institutions and Agents		
		1,623,008,246	1,470,508,009
	Inside Bangladesh	-	-
	Outside Bangladesh	1,623,008,246	1,470,508,009
10.01	Inside Bangladesh		
	Bank overdraft (Note-10.02)	515,211,083	70,176,680
	Long term loan (Note-10.03)	897,797,163	1,190,331,329
	Call Loan	210,000,000	210,000,000
		1,623,008,246	1,470,508,009



		Amount in Taka	
		31-Dec-18	31-Dec-17
10.02	Bank overdraft		
	Mutual Trust Bank Ltd.	322,534,437	43,128,076
	Modhumoti Bank Ltd.	93,412,536	10,191,259
	Southeast Bank Ltd. Kamrangirchar Br.	50,138,833	7,146,686
	Midland Bank Ltd.	-	231,599
	Shahjalal Islami Ltd.	-	9,125,000
	Southeast Bank Ltd. R.K. Mission Road Br.	49,125,277	354,059
		<u>515,211,083</u>	<u>70,176,680</u>
10.03	Long term loan		
	Bangladesh Bank (under re-finance)	22,196,890	33,038,736
	Mutual Trust Bank Ltd.	279,031,348	402,155,829
	Southeast Bank Ltd.	115,359,495	159,295,262
	Modhumoti Bank Ltd.	235,922,941	277,110,441
	NCC Bank Ltd.	59,279,719	80,935,408
	Midland Bank Ltd.	110,970,488	135,773,459
	UBICO Ltd.	-	10,140,928
	Shahjalal Islami Ltd.	75,036,282	91,881,266
		<u>897,797,163</u>	<u>1,190,331,329</u>
Bank borrowings are secured by			
First ranking pari passu charge on present and future fixed and floating assets of National Finance Limited with the future and existing lenders.			
Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements, etc.)			
Funds required for the operation of business are primarily obtained from various banks and financial institutions. Secured loans are covered by way of first priority floating charge with full title guarantee ranking pari-passu among all the lenders of the company. The company has offered corporate guarantee in some cases as demanded by the lending institutions. The rates of long term borrowing varies between 9% to 14% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years.			
10.04	Security wise grouping		
	Secured Borrowing	1,623,008,246	1,470,508,008
	Unsecured Borrowing	-	-
		<u>1,623,008,246</u>	<u>1,470,508,008</u>
10.05	Nature of repayment		
	Repayable on Demand	-	-
	Repayable within 01 Month	242,562,146	156,502,750
	Repayable over 01 (one) Month but within 03 (three) Months	397,746,915	529,508,250
	Repayable over 03 (three) Months but within 01 (one) Year	705,155,160	588,864,430
	Repayable over 01 (one) Year but within 05 (five) Years	277,544,025	195,632,578
	Repayable over 05 (five) Years	-	-
		<u>1,623,008,246</u>	<u>1,470,508,008</u>
11.00	Deposits and Other Accounts		
	Current deposits	-	-
	Bills payable	-	-
	Savings bank deposits	-	-
	Term deposits	4,303,480,702	4,869,420,875
	Bearer certificates of deposit	-	-
	Other deposits	-	-
		<u>4,303,480,702</u>	<u>4,869,420,875</u>



		Amount in Taka	
		31-Dec-18	31-Dec-17
11.01	Maturity Analysis		
	Repayable on Demand	-	-
	Repayable within 01 Month	534,742,435	302,154,210
	Repayable over 01 (one) Month but within 03 (three) Months	1,334,016,713	598,965,204
	Repayable over 03 (three) Months but within 01 (one) Year	1,806,910,667	1,804,520,367
	Repayable over 01 (one) Year but within 05 (five) Years	596,938,020	2,046,831,094
	Repayable over 05 (five) Years	30,872,867	116,950,000
		4,303,480,702	4,869,420,875
11.02	Deposits Under Schemes		
	Short Term(3 Months)	1,079,633,154	765,029,055
	Half-Yearly(6 Months)	549,724,350	1,312,555,761
	Short Term(9 Months)	-	-
	Yearly	2,196,254,061	2,400,486,564
	Monthly Earner	72,450,000	13,800,000
	Quarterly Earner	34,100,000	51,850,000
	Double Money	364,884,648	325,201,235
	Triple Money	-	-
	MDS	3,721,000	295,000
	MSS	2,713,489	203,260
		4,303,480,702	4,869,420,875
12.00	Other Liabilities		
	Interest payable on term deposits	339,475,104	254,842,211
	Interest payable on term loan	0	6,626,278
	Accrued expenses (Note- 12.01)	1,308,473	287,500
	Advance receipt against leases	26,973,955	16,572,558
	Sundry TDS & VDS Payable	7,042,084	5,222,299
	Sundry Deposit-TDR	1,650,051	1,667,371
	Sundry Creditors	537,179	290,516
	Dividend payable	1,205,866	1,205,866
	Provision for taxation (Note-12.02)	835,311,357	739,343,470
	Interest suspense on loans & Lease Finance (Note-12.03)	189,208,450	222,324,713
	Provision for lease, loans and advances (Note-12.04)	352,050,239	302,000,000
	Other Provision	5,730,000	5,730,000
	Provision for Investment in Stocks	35,300,000	-
	Lease rental advance	90,919,850	39,737,468
	Staff provident fund	431,756	265
		1,887,144,365	1,595,850,516
12.01	Accrued expenses		
	Utility bills payable	-	-
	Gratuity payable	882,973	-
	Audit fees payable	287,500	287,500
	Office Rent payable	138,000	-
		1,308,473	287,500
12.02	Provision for taxation		
	Current Tax (Note-12.2.01)	814,175,462	716,248,944
	Deferred Tax (Note-12.02.02)	21,135,895	23,094,526
		835,311,357	739,343,470



		Amount in Taka	
		31-Dec-18	31-Dec-17
12.02.01	Current Tax		
	Balance as at 01 January	716,248,944	634,248,944
	Provision for the year	97,926,518	82,000,000
	Income Tax expenses during the year	100,000,000	82,000,000
	Income Tax adjustment for prior year	(2,073,482)	-
		814,175,462	716,248,944
12.02.02	Deferred Tax		
	Balance as at 01 January	23,094,525	20,094,526
	Provision for the year	(1,958,630)	3,000,000
		21,135,895	23,094,526
	Adjusted during the year	-	-
		21,135,895	23,094,526
12.03	Interest suspense on Loans & Lease Finance		
	Balance as on 1 January	222,324,713	220,577,174
	Add: Transferred during the period	(33,116,263)	1,747,539
	Less: Amount of interest suspense recovered	-	-
	Less: Write off during the year	-	-
		189,208,450	222,324,713
12.04	Provision for loans, advances and leases		
	Opening balance	302,000,000	270,000,000
	Add: Provision made during the year	63,804,454	110,738,985
	Less: Loan written off (Note : 12.04.01)	(13,754,215)	(80,067,122)
	Add: Other Provision adjusted		1,328,137
	Closing balance	352,050,239	302,000,000
	Provision required at the end of the year	332,394,000	301,305,000
	Provision maintained at the end of the year	352,050,239	302,000,000
	Provision surplus/(shortfall)	19,656,239	695,000
	General provision	64,728,249	61,365,610
	Specific provision	287,321,990	240,634,390
		352,050,239	302,000,000
12.04.01	Write - off :		
	This represents write off of one term loan account of Protik Distribution Ltd. which was fully classified as bad & loss and upon which adequate provision was made earlier.	13,754,215	80,067,122
13.00	Capital		
	Authorised Capital		
	200,000,000 ordinary shares of Taka 10 each.	2,000,000,000	2,000,000,000
13.01	Issued, Subscribed and Fully Paid-up Capital		
	96,000,000 Ordinary shares of Tk. 10 each issued for cash	960,000,000	960,000,000
	4,000,000 Bonus shares of Tk. 10 each issued for 2010	40,000,000	40,000,000
	7,000,000 Bonus shares of Tk. 10 each issued for 2013	70,000,000	70,000,000
	8,560,000 Bonus shares of Tk. 10 each issued for 2014	85,600,000	85,600,000
	10,400,400 Bonus shares of Tk. 10 each issued for 2015	104,004,000	104,004,000
	6,298,020 Bonus shares of Tk. 10 each issued for 2016	62,980,200	62,980,200
	7,935,505 Bonus shares of Tk. 10 each issued for 2017	79,355,050	
	140,193,925	1,401,939,250	1,322,584,200



Amount in Taka	
31-Dec-18	31-Dec-17

13.02 Particulars of Fully Paid-up Share Capital

	2017 No. of Shares	2018 No. of Shares	2017 (%)	2018 (%)
Sponsor	132,258,420	140,193,925	100	100.00
Institutions	-	-	-	-
General Public	-	-	-	-
	132,258,420	140,193,925	100	100.00

13.03 Shareholding Position as on 31 December 2018

Sl. No.	Name of	No. Shares	Amount	Percentage (%)
1	Mr. Md. Abdul Mannan Bhuiyan	3,819,308	38,193,080	3%
2	Late Mr. Abu M.F. Kabir	15,528,605	155,286,050	11%
3	Mr. Saiful Kibria	20,053,722	200,537,220	14%
4	Mrs. Rozina Y. Kabir	12,718,063	127,180,630	9%
5	Mrs. Roushan Akter	3,736,999	37,369,990	3%
6	Mr. Maruf Akter Mannan	3,925,430	39,254,300	3%
7	Mr. Sharif Zahir	7,051,272	70,512,720	5%
8	Mr. Inamul Haq Khan	3,905,790	39,057,900	3%
9	Mr. Humayun Kabir	5,745,100	57,451,000	4%
10	M/s. Overseas Marketing Corporation (Pvt.) Limited	3,161,121	31,611,210	2%
11	Mr. Asif Zahir	4,247,396	42,473,960	3%
12	KABCO Pharmaceuticals Inc., USA	35,308,335	353,083,350	25%
13	Ms. Fahima Mannan	3,654,896	36,548,960	3%
14	Mr. Abu M. Shamsul Kabir	2,824,666	28,246,660	2%
15	Mr. Ridwan Zahir Khan	3,311,132	33,111,320	2%
16	Meher Kabir	138,265	1,382,650	0%
17	Shaheen Mahbuba Kabir	13,438	134,380	0%
18	Nayeema Kabir	13,437	134,370	0%
19	Selim Jahan	3,101	31,010	0%
20	Nadia Selim	4,135	41,350	0%
21	Nasheeba Selim	4,135	41,350	0%
22	Mr. Rizwan Mannan	3,650,000	36,500,000	3%
23	Ms. Maisha Farizma Khan	3,375,579	33,755,790	2%
24	Ms. Arifa Kabir	4,000,000	40,000,000	3%
		140,193,925	1,401,939,250	100%



Amount in Taka	
31-Dec-18	31-Dec-17

13.04 Capital adequacy Ratio

This disclosure is comply with DFIM circular 14/2011 under the para 7.4 (a) of "Prudential Guidelines on Capital Adequacy Market Discipline for Financial Institutions."

Capital adequacy ratio has been calculated as per circular issued by Bangladesh Bank.

Tier-1 (Core Capital)	1,660,741,807	1,547,231,094
Paid-up Capital	1,401,939,250	1,322,584,200
Statutory Reserve	161,574,870	138,870,864
General Reserve		
Other Reserve	-	9,321
Retained Surplus	97,227,687	85,766,709
Tier-2 (Supplementary Capital):	59,400,000	63,900,000
General provision maintained against unclassified loans	59,400,000	63,900,000
Other Reserves	-	-
Total Capital Held (Tier 1 + Tier 2)	1,720,141,807	1,611,131,094
Total Risk Weighted Assets (Note 13.05)	5,805,310,454	6,002,900,000
Required capital	1,000,000,000	1,000,000,000
(10% of risk-weighted assets or Tk. 100.00 crore whichever is higher)		
Total Capital Held	1,720,141,807	1,611,131,094
Capital adequacy ratio	29.63	26.84
Core capital	28.61	25.77
Supplementary capital	1.02	1.06

Minimum Capital Adequacy Ratio requirement as per Bangladesh Bank Guideline is 10% on RWA.

Gross Risk-Weighted Assets (RWA) of 2018 in the various categories of risk weights are detailed below :

13.05 Total Risk Weighted Assets

(a) Risk Weights for Credit Risk	4,750,960,454	4,777,600,000
(b) Risk Weights for Market Risk	459,600,000	605,100,000
(c) Risk Weights for Operational Risk	594,750,000	620,200,000
Total Risk Weighted Assets (a+b+c)	5,805,310,454	6,002,900,000



		Amount in Taka	
		31-Dec-18	31-Dec-17
14.00 Retained earnings			
Retained earnings as at 01 January		85,766,709	64,787,399
Add: Net Profit for the year 2018		113,520,035	104,949,388
		199,286,744	169,736,787
Less: Transfer to statutory reserve		22,704,007	20,989,878
Less: Bonus shares issued /Dividend paid		79,355,050	62,980,200
		<u>97,227,687</u>	<u>85,766,709</u>
15.00 Statutory reserve			
Opening balance		138,870,864	117,880,987
Add: Profit transferred to statutory reserve @ 20% for the year		22,704,006	20,989,878
		<u>161,574,870</u>	<u>138,870,864</u>
16.00 Interest income			
Leases		304,946,050	316,173,908
Term finance		573,490,581	454,552,421
		<u>878,436,631</u>	<u>770,726,329</u>
Total Interest Income includes Tk. 42,769,287 which has been transferred to interest income from interest suspense account of rescheduling accounts and during the year we received Tk. 5,795,868 as downpayment from those accounts.			
17.00 Interest paid on deposits & borrowings			
Interest on borrowing from banks		152,941,457	131,869,091
Interest on term deposits		461,902,764	412,845,391
		<u>614,844,221</u>	<u>544,714,481</u>
18.00 Investment income			
Dividend income		5,710,933	6,580,287
Gain on sale of Share		18,518,256	47,297,452
		<u>24,229,189</u>	<u>53,877,739</u>
19.00 Other operating income			
Service charges		4,009,212	1,888,941
Delinquent charges		55,497,255	32,439,508
Other income		3,651,686	1,938,293
Gain on Sale of Fixed Assets		1,005,368	-
On fixed and short term deposits with Banks & FI's		76,189,357	83,436,093
		<u>140,352,878</u>	<u>119,702,834</u>
20.00 Salaries and allowances			
Salaries		56,280,718	49,836,394
Bonus		5,968,633	5,143,152
Gratuity		882,973	3,250,000
Leave Encashment		2,378,512	1,774,109
		<u>65,510,836</u>	<u>60,003,655</u>
21.00 Rent, taxes, insurance, electricity, etc.			
Insurance premium		3,031,672	2,439,980
Utilities		2,490,814	1,828,989
Car lease rental		5,516,764	2,958,939
Office Rent		1,679,460	966,000
		<u>12,718,710</u>	<u>8,193,908</u>



		Amount in Taka	
		31-Dec-18	31-Dec-17
22.00 Legal & Professional fees			
Legal & professional fees		1,810,312	1,002,183
		<u>1,810,312</u>	<u>1,002,183</u>
23.00 Postage, stamp, telecommunication etc.			
Postage & courier		433,887	67,956
Stamp charges		1,166,312	816,485
Telephone bill		870,636	594,655
		<u>2,470,835</u>	<u>1,479,096</u>
24.00 Stationery, printing, advertisement			
Printing & stationery		3,451,414	2,184,784
Advertisement		2,246,436	423,210
		<u>5,697,850</u>	<u>2,607,994</u>
25.00 Managing director's salary & allowance			
Salary & allowances		5,383,607	7,000,000
Bonus		700,000	1,000,000
		<u>6,083,607</u>	<u>8,000,000</u>
26.00 Directors' fees			
		928,000	936,000
		<u>928,000</u>	<u>936,000</u>
27.00 Auditors' fees			
		287,500	287,500
		<u>287,500</u>	<u>287,500</u>
28.00 Repairs, maintenance, depreciation and amortization			
Depreciation		6,647,463	7,014,592
		<u>6,647,463</u>	<u>7,014,592</u>
29.00 Other expenses			
Travel & Conveyance		788,798	2,563,926
Fuel Expenses		1,557,382	1,433,790
Entertainment		8,018,136	2,542,971
Casual Labor, Security & Cleaners		1,197,718	717,336
Subscription Fee		644,400	505,000
Donation		186,087	200,000
Periodicals		25,826	-
Training		347,135	30,006
Bank Charge & Excise Duty		2,071,998	1,288,063
Business Commission		516,025	98,028
		<u>15,353,505</u>	<u>9,379,120</u>



30.00 Closing cash and cash-equivalents

	Amount in Taka	
	31-Dec-18	31-Dec-17
Cash in hand (local currency)	67,182	34,981
Balance with Bangladesh Bank	95,793,691	97,399,271
Balance with other Banks and Financial Institutions	444,125,015	961,402,085
	539,985,888	1,058,836,336

31.00 Earning Per Share (EPS)

Net Profit after Tax	113,520,035	104,949,388
Number of Ordinary Shares outstanding	140,193,925	140,193,925
Earning Per Share (EPS)	0.81	0.75

Earning per share has been calculated in accordance with IAS-33 "Earning per share". Previous year's EPS has been adjusted for bonus shares issued for 2017.

32.00 Net Asset Value (NAV) per Share

Total Assets	9,474,375,120	9,483,010,493
Total Liabilities	(7,813,633,313)	(7,935,779,399)
Net Asset Value (NAV)	1,660,741,807	1,547,231,094
Number of Ordinary Shares outstanding	140,193,925	140,193,925
Net Asset Value (NAV) per Share	11.85	11.04

33.00 Net Operating Cash flow Per Share(Re-Arranged)

Cash flow from operating activities as per Statement Of Cash flows	(697,032,637)	(401,855,260)
Number of Ordinary Shares outstanding	140,193,925	140,193,925
Net Operating Cash Flow-Per Share	(4.97)	(2.87)

34.00 Salaries/Perquisites To MD,Directors & Officers

The aggregate amounts paid/provided during the year in respect of managing director,directors and officers of the company as defined in the Securities and Exchange Rules ,1987 are disclosed below:

Particulars	MD	Directors	Officers
Board Meeting Fees	-	928,000	-
Remuneration/salaries & allowance	5,034,290	-	59,542,203
Bonus	700,000	-	5,968,633
Company's Contribution To Provident Fund	349,317		2,053,491



35.00 Provisions & liabilities

All provisions for expenses and liabilities have been considered and appropriately recognised in preparing these Financial Statements.

36.00 Number of Employees

During the year under audit there were 105 number of employees in the company (2017:53 employees)

37.00 Board Meeting and Directors' remuneration

In the year 2018 twelve board meetings were held. Each director was paid Tk 8,000 for attending each board meeting. No remuneration or special payment was paid to the directors for attending board meetings. Details of board meeting attendance shown in **Annexure-C**.

38.00 The company had no receivable from the directors on 31.12.2018.

39.00 Appropriation during the year

In accordance with IAS 1 "Presentation of Financial Statement", the appropriations for the year is reflected in the statement of changes in equity.

40.00 Claims against the company not acknowledged as debt

There was no claim at the balance sheet date.

41.00 Contingent Liabilities

There was no Contingent Liabilities at the balance sheet date.

42.00 Related Party Disclosure

Name of Directors and their interest in the FI and different entities-shown in **Annexure-D**.


43.00 Reporting Currency

The figure in financial statements represents Bangladesh Currency (Taka), which has been rounded off to the nearest Taka wherever necessary.

44.00 Directors engagement with other entities are shown in **Annexure-E**.

45.00 Income tax status shown in **Annexure -F**.

46.00 Financial Highlights shown in **Annexure -G**.



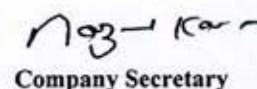
Chairman



Director



Managing Director



Company Secretary

National Finance Limited
Schedule of Fixed Assets
As at 31 December 2018

Particulars	COST			Rate (%)	DEPRECIATION			Written down value as at 31.12.2018	Written down value as at 31.12.2017
	Balance as at 01.01.2018	Addition during the Year	Sales/ Adjustment	Balance as at 31.12.2018	Charged during the Year	Adjustment	Balance as at 31.12.2018		
A. Tangible Assets									
Furniture & Fixtures	10,243,318	1,633,278	-	11,876,596	703,685	-	4,139,170	7,737,426	6,807,833
Office Equipment	7,927,505	634,383		8,561,888	856,722		4,915,630	3,646,258	3,868,597
Vehicle	2,320,000	-	2,320,000	-	60,818	1,975,369	0	(0)	405,449
Telephone and Fax	501,083	69,300	-	570,383	31,438	-	241,244	329,139	291,277
Office Decoration	17,033,997	1,079,162	-	18,113,159	1,196,324	-	6,848,841	11,264,318	11,381,480
Computer	9,055,939	2,167,828	-	11,223,767	1,005,808	-	6,761,707	4,462,061	3,300,041
Office Premises(UTC)	45,543,955	-	-	45,543,955	910,879	-	6,357,936	39,186,019	40,096,898
Office Premises(Con. centre)	94,089,458	-	-	94,089,458	1,881,789	-	11,290,735	82,798,723	84,680,512
Total Tangible Assets (A)	186,715,255	5,583,951	2,320,000	189,979,206	6,647,463	1,975,369	40,555,264	149,423,942	150,832,085
B. Intangible Assets									
Systems and softwares	-	-	-	-	-	-	-	-	-
Total Intangible Assets (B):	-	-	-	-	-	-	-	-	-
Total (A+B):	186,715,255	5,583,951	2,320,000	189,979,206	6,647,463	1,975,369	40,555,264	149,423,942	150,832,085



National Finance Limited
Details of investment in shares
as at December 31, 2018

Name of the Company	No. of share	Cost per share	Cost price	Mkt. Price per share	Total value	Gain/(loss)
Unquoted shares	-	-	-	-	-	-
	-	-	-	-	-	-
Name of the Company	No. of share	Cost per share	Cost price	Mkt. Price per share	Total value	Gain/(loss)
Quoted shares						
APOLOISPAT	357,304	17	6,188,505	8.20	2,929,893	(3,258,612)
BAYLEASING	161,494	27	4,286,051	20.50	3,310,627	(975,424)
BSCCL	60,000	118	7,063,200	93.50	5,610,000	(1,453,200)
LANKABAFIN	435,375	45	19,528,746	22.90	9,970,088	(9,558,658)
LHBL	557,790	80	44,701,291	43.50	24,263,865	(20,437,426)
MIDASFIN	64,469	36	2,311,214	24.90	1,605,278	(705,936)
PLFSL	55,000	14	750,200	5.60	308,000	(442,200)
ACMELAB	50,000	94	4,708,500	85.90	4,295,000	(413,500)
BARKAPOWER	227,700	37	8,477,271	28.00	6,375,600	(2,101,671)
BEXIMCO	165,375	31	5,191,121	23.50	3,886,313	(1,304,809)
CITYBANK	315,882	53	16,665,934	30.20	9,539,636	(7,126,298)
DAFODILCOM	300,000	49	14,646,000	43.60	13,080,000	(1,566,000)
DESCO	100,000	62	6,189,000	40.40	4,040,000	(2,149,000)
FEKDIL	202,400	20	4,052,048	15.00	3,036,000	(1,016,048)
IDLC	107,589	89	9,585,104	69.70	7,498,953	(2,086,151)
ISLAMIBANK	250,000	44	11,120,000	24.20	6,050,000	(5,070,000)
ISLAMICFIN	475,000	24	11,499,750	17.10	8,122,500	(3,377,250)
MERCANBANK	217,104	25	5,353,785	18.00	3,907,872	(1,445,913)
NCCBANK	75,000	17	1,301,250	15.90	1,192,500	(108,750)
RAK CERAMIC	165,000	60	9,918,150	39.00	6,435,000	(3,483,150)
SOUTHEASTB	172,500	19	3,274,050	15.60	2,691,000	(583,050)
SQURPHARMA	53,500	266	14,217,625	254.20	13,599,700	(617,925)
SUMITPOWER	140,000	43	1,259,259	39.40	5,516,000	(509,259)



Name of the Company	No. of share	Cost per share	Cost price	Mkt. Price per	Total value	Gain/(loss)
Quoted shares						
AAMRANET	1,000,000	25	25,000,000	58.80	58,800,000	33,800,000
ADVENT	345	10	3,450	40.90	14,111	10,661
BPML	1,037	139	143,894	83.80	86,901	(56,994)
IBP	294	10	2,940	31.10	9,143	6,203
KTIL	12,076	8	100,593	25.30	305,523	204,930
MLDYEING	4,229	10	42,290	29.70	125,601	83,311
QUEENSOUTH	268	10	2,680	38.10	10,211	7,531
SILVAPHL	9,194	10	91,940	30.10	276,739	184,799
SKTRIMS	4,436	10	44,360	46.30	205,387	161,027
VFSTDIL	4,222	10	42,220	57.80	244,032	201,812
INTRACO	5,600	10	56,000	26.80	150,080	94,080
SSSTEEL	13,492	20	269,840	10.00	134,920	(134,920)
Glaxo SmithKline Bd.	200	1,539	307,896	1,450.20	290,040	(17,856)
Information Technology Co	3,000	46	138,750	45.60	136,800	(1,950)
Baraka Power Limited	6,500	27	177,580	28.00	182,000	4,420
BBS Cables Ltd.	109,419	103	11,229,672	96.30	10,537,050	(692,622)
Jamuna Bank Ltd.	60,000	18	1,071,000	17.60	1,056,000	(15,000)
Maksons Spinning Mills Ltd	10,500	8	87,360	7.50	78,750	(8,610)
The City Bank Ltd.	115,000	32	3,732,900	30.20	3,473,000	(259,900)
Unique Hotel & Resorts Lim	55,000	56	3,079,450	52.80	2,904,000	(175,450)
			262,678,868.31		226,284,112	(36,394,757)



Annexure-C

National Finance Limited
Directors Meeting & Attendance
As at 31 December 2018

Name of the Directors	No. of Meeting held during his/her tenure	Meeting Attended	%	Changed during 2018
Mr. Md. Abdul Mannan Bhuiyan	12	12	100%	
Mr. Inamul Haq Khan	12	12	100%	
Mr. Saiful Kibria	12	12	100%	
Mrs. Rozina Y. Kabir	12	12	100%	
Mr. Maruf Akter Mannan	12	10	83%	
Mrs. Roushan Akter	12	12	100%	
Ms. Fahima Mannan	12	11	92%	
Mr. Asif Zahir	12	8	67%	
Ms. Arifa Kabir	12	10	83%	



National Finance Limited
Particulars of Related Parties Transaction
Directors and their interest in the FI and different entities
As at 31 December 2018

SLNo	Particulars	Name of the Related Party	Relationship	Sanction	Recovery during 2018	Balance Amount
1	LE26613	Ananta Apparels Limited	Director of the Company Mr. Asif Zahir is also the Director of Ananta Apparels Limited	17,156,030	4,540,164	457,240
2	LS08318	Humayun Kabir	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir	9,826,548	199,990	9,426,568
3	LS08319	Bengal Windsor Thermoplastics Ltd.	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir who is the Director of Bengal Windsor Thermoplastics Ltd.	100,000,000	11,999,735	83,500,325
4	LS08334	Bengal Media Corporation Ltd.	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir who is the Director of Bengal Media Corporation Ltd.	17,000,000	-	17,000,000
5	LS08341	Humayun Kabir	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir.	7,500,000	-	7,500,000
6	LS08350	Rozina Y. Kabir	Director of the Company	44,000,000	-	44,000,000
7	LS08353	Bengal Media Corporation Ltd. Employees Provident Fund	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir who is the Managing Director of Bengal Media Corporation Ltd.	33,500,000	-	33,500,000
8	LS08359	Bengal Media Corporation Ltd.(Rtv)	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir who is the Managing Director of Bengal Media Corporation Ltd.	6,500,000	-	6,500,000
9	LS08360	Humayun Kabir	Nominated Director of the Company Ms. Arifa Kabir is spouse of Mr. Humayun Kabir who is the Director of Bengal Windsor Thermoplastics Ltd.	3,500,000	-	3,500,000



National Finance Limited
As At 31st December 2018
Directors' Involvement in other Companies as on 31st December 2018

Name of Director	Position in NFL	Involvement in other Companies	Position
Mr. Md. Abdul Mannan Bhuiyan	Chairman	Overseas Marketing Corporation (Pvt.) Ltd.	Managing Director
		OMC HealthCare (Pvt) Ltd.	Chairman
		OTS (Pvt) Ltd.	Chairman
		OMC Footwear Limited	Chairman
		Dawn Engineering & Technical Supplies	Proprietor
Mr. Inamul Haq Khan	Vice Chairman	Ananta Garments Ltd.	Managing Director
		Ananta Sportswear Ltd	Managing Director
		Ananta Jeanswear Ltd.	Managing Director
		Confidence Industries Ltd.	Chairman
		Paradise Washing Plan Ltd.	Managing Director
		Thread & Thread Industries Ltd.	Managing Director
		Tunic Fashions Ltd.	Managing Director
		Ananta Leather Collections Ltd.	Chairman
		ABM Fashions Ltd.	Managing Director
Mrs. Roushan Akter	Director	Overseas Marketing Corporation (Pvt.) Ltd.	Director
		OMC HealthCare (Pvt) Ltd.	Director
		OTS (Pvt) Ltd.	Director
		OMC Footwear Limited	Director
		Global Instruments Supply Co.	Proprietor
Mr. Maruf Akter Mannan	Director	OMC HealthCare (Pvt) Ltd.	Director
		OTS (Pvt) Ltd.	Managing Director
		Intellect Technologies (Pvt) Ltd.	Managing Director
		OMC Footwear Limited	Managing Director
		Millennium Syndicates	Proprietor
Ms. Fahima Mannan	Director	OMC HealthCare (Pvt) Ltd.	Director
		OMC Footwear Limited	Director
		Intellect Technologies (Pvt) Ltd.	Director
Mr. Saiful Kibria	Director	Not involved in any other company incorporated in Bangladesh except National Finance Ltd.	
Alternative Director: Mr. A.M.M. Jahangir Alam			
Mrs. Rozina Y. Kabir	Director	Not involved in any other company incorporated in Bangladesh except National Finance Ltd.	
Alternative Director: Mr. Khaja Abu Musa			
Ms. Arifa Kabir	Nominee Director	Not holding Director Position in any other Company.	
Mr. Asif Zahir	Director	Ananta Apparels Ltd.	Director
		Ananta Properties Ltd.	Director
		Ananta Energy Resources Ltd.	Director
		Vanguard Asset Management Ltd.	Nominee Director
		Vanguard Power Generation Ltd	Director
		Ananta Group Ltd.	Director
		Ananta Knitwear Ltd.	Nominee Director
		Ananta Developments Ltd.	Director
		Zero Gravity Ventures Ltd.	Managing Director
		Fast Fleet Logistics Ltd.	Nominee Director
		Universal Menswear Ltd.	Nominee Director
		Ananta Huaxiang Ltd.	Nominee Director
		Ananta Hotels & Resorts Limited	Director
		Z & Z Intimates Limited	Nominee Director
		Ananta Real Estate Limited	Director
		Ananta Clothing Limited	Director
		Creative Vision Ltd	Director



Annexure -F

National Finance Ltd.

TIN-673166997674

Tax Status

As on 31 December 2018

Income Year	Assessment year	Tax Provision (as per Accounts)	Tax Assessed by Tax Authority	Level of Assessment	Remarks
2015	2016-2017	150,000,000	-	-	Return filed under 82BB.
2016	2017-2018	129,843,185	-	-	Return filed under 82BB.
2017	2018-2019	82,000,000	-	-	Return filed under 82BB.
2018	2019-2020	100,000,000	-	-	Return not yet due for submission.
		-	-	-	



Annexure -G

National Finance Limited
Overall Performance Highlights
As at 31 December 2018

SL	Particulars	Amount in Taka	
		2018	2017
1	Paid- up Capital	1,401,939,250	1,322,584,200
2	Share holders equity	1,660,741,807	1,547,231,094
3	Total Assets	9,474,375,120	9,483,010,493
4	Total Deposits	4,303,480,702	4,869,420,875
5	Total Loans & Advances	7,756,160,659	7,294,120,677
6	Loan Deposit Ratio (%)	102.23	92.48
7	Operating Profit	310,665,859	300,688,373
8	Profit after Tax	113,520,035	104,949,388
9	Return on Investment(ROI) [PAT/(Shareholders' equity + Borrowings)]	3.46	3.48
10	Return on Assets (ROA)	1.20	1.11
11	Interest Earning Assets	8,465,401,468	8,567,191,020
12	Other Assets	763,688,836	667,553,137
13	Earnings per Share (EPS)	0.81	0.75
14	Net Asste value (NAV) per share	11.85	11.04
15	Net Operating Cash Flow(NOCF) per share	(4.97)	(2.87)

