

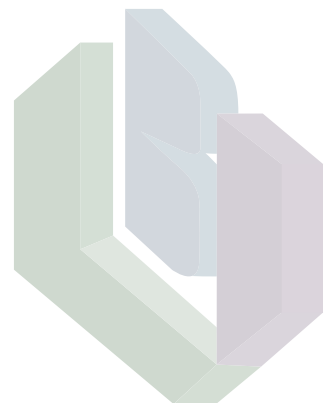


Bay Leasing & Investment Limited

SECURE YOUR FUTURE[®]



ANNUAL REPORT | 2021





Bay Leasing & Investment Limited

SECURE YOUR FUTURE[®]

ANNUAL REPORT |2021



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Letter of Transmittal

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

Subject: Annual Report for the year ended December 31, 2021.

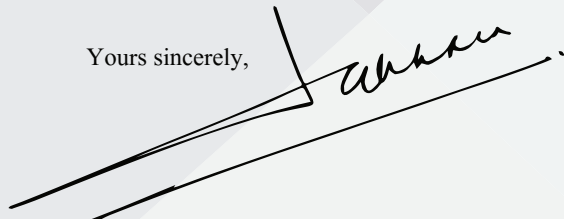
Dear Sir,

We are delighted to forward a copy of the Annual Report along with the Audited Financial Statements, Consolidated and Separate Balance Sheet as at December 31, 2021 and Income Statements, Cash Flow Statements and Statement of Changes in Equity for the year ended December 31, 2021.

Also attached are the notes of accounts of Bay Leasing and Investment Limited and its subsidiary BLI Capital Limited for your kind perusal and record.

Best regards

Yours sincerely,



Iftekhar Ali Khan
Managing Director

Notice Of The 26th Annual General Meeting

Notice is hereby given to all the Members of Bay Leasing & Investment Limited that the 26th Annual General Meeting (AGM) of the Company will be held on **October 30, 2022 (Sunday) at 11.00 a.m** through Digital Platform Link: <https://bayleasing.bdvirtualagm.com> to transact the following business:

AGENDA

01. To receive, consider and adopt the Audited Financial Statements for the year ended on 31st December, 2021 together with the Auditor's Report and Director's Report thereon.
02. To approve Dividend for the year ended on 31st December, 2021
03. To elect/re-elect Directors according to the provision of the Articles of Association of the company.
04. To appoint / Re-appoint of Statutory Auditor(s) of the Company for the year 2022 and to fix their remuneration.
05. To appoint/ Re-appoint Compliance Auditor(s) of the company for the year 2022 as per Corporate Governance Code of BSEC and to fix their remuneration.
06. To transact any other business with the permission of the chair.

Dated, Dhaka

October 8, 2022

By order of the Board



Sharmin Akhter
Company Secretary

Notes:

01. The Record Date: October 06, 2022 (For attending AGM only)
02. The Shareholders whose names appear on the Members/Depository Register of the company on the Record Date: October 06, 2022 shall be eligible to attend the 26th AGM (virtual meeting through digital platform/ online live portal). It is mentionable that Stock Dividend is subject to approval of Shareholders in the 26th AGM and subsequent approval of the Bangladesh Securities & Exchange Commission (BSEC) The Record Date for entitlement of Stock Dividend (Bonus Share) will be notified later as per notification No. BSEC/CMRRCD/2009-193/23/Admin/123, dated June 30, 2021 upon receipt of consent from Bangladesh Securities and Exchange Commission.
03. The Board of Directors recommended 5% stock Dividend for the year ended December 31, 2021 (Subject to approval Regulatory Authorities)
04. The Members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging in to the system, the Members need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity.
05. A member eligible to attend and vote in the virtual AGM, or may appoint a Proxy to participate and vote on his/her behalf. Scanned copy of the Proxy Form duly filled, signed and stamped with TK.20.00 (Revenue Stamp) must be sent through email to share @ billbd.com not later than 48 hours before commencement of the AGM.
06. The soft copy of the Annual report-2021 of the company will be sent to the shareholders respective e-mail addresses available with us as per CDBL record. However, interested shareholders may collect hard copy of the Annual Report-2021 from the Share Department of the company situated at Eunoos Trade Centre (Level-18), 52-53 Dilkusha C/A Dhaka-1000 by submitting a written request. The Annual report-2021 will be also available in the Company's official website: www.blilbd.com

No benefit or gift in cash or kind shall be given to the shareholders for attending the 26th Annual General Meeting as per Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.

To be recognized as the most preferred multi-product financial institution for the communities we serve.



Our Mission

- We strive to innovate and offer a plethora of financial products and services.
- We endeavor to enrich the lives of people we touch by sharing, caring in our quest for excellence.
- We aim to build impressive economic value for our stakeholders through the strength of satisfied customers and consistently produce superior operating results.



Bay Leasing & Investment Limited was incorporated as a public limited company in February 1996 and the company obtained Bangladesh Bank's license as a non-banking financial institution in May 1996. Since its inception, guided by the Financial Institutions Act of 1993, BLIL has been running its operation in a professional manner under the valuable guidance and leadership of its Board of Directors.

From the inception BLIL commenced its Merchant Bank wing operations and later in 2002, the Securities and Exchange Commission (SEC) approved brokerage license which was named as BLI Securities Ltd. In 2009 Bay Leasing offered shares to the public and got listed both in Dhaka and Chittagong Stock Exchange. The following year in 2010, the Company issued "Right Shares" to the Shareholders and subsequently in 2012 the Merchant Banking Wing was converted into a fully owned subsidiary named BLI Capital Limited. In order to reach to a wider community through its lending to the SME sector in Bangladesh, Bay Leasing took the initiative to participate in various re-finance schemes offered by Bangladesh Bank and signed a number of formal agreements under JICA, ADB funding programs.

These initiatives have enabled the company to facilitate the emerging SME sector to obtain funds at lower cost and improve their efficiency in operations and profitability. Over the years a significant number of business concerns including women owned enterprises, have benefited and expanded their business with the help of Bay Leasing's products and services. In the last 22 years Bay Leasing has ensured its strong presence and gained a good reputation amongst its clients for providing competitive loan and deposit products and have actively participated in the financial development of the society. The success story continued when, in September 2014, the company shifted its Corporate Head Office to its own premises at Eunoos Trade Center, considered as one of the landmark commercial buildings at the Dilkusha commercial area. In March 2015 the company inaugurated its Principal Branch at Dilkusha C/A and in October 2016, the company opened its first semi-urban branch at Mawna, Gazipur which is now being considered as an important industrial hub at the outskirts of Dhaka.

To increase the network of branches and expand the small and medium enterprise client base Bay Leasing formally opened yet another branch at its own premises at level 6 of Rupayan Trade Centre, Bangla Motor in December 2017. Plans are underway to widen the horizon and two more branches are being considered to be opened in 2018.

Core Values

Accountability

We take full responsibility of our actions that influence the lives of our customers and fellow workers.

Commitment

We are committed to roll out a wide range of products, services and other initiatives that impact the lives of both within and outside the organization.

Integrity

We strive to act with honesty and Integrity without compromising the truth.

Team Work

We believe in individual commitments to a group effort towards a common vision.

Service Excellence

We aim to provide the best quality service to our clients each passing day in our quest for excellence.



Corporate Information

Registered Name of the Company	: Bay Leasing & Investment Limited
Legal Form	A Public Limited Company Incorporated in Bangladesh Under the Companies Act 1994, Listed in Dhaka Stock Exchange & Chittagong Stock Exchange. Licensed as a Non Banking Financial Institution Under the Financial Institutions Act of 1993.
Company Registration Number	: C - 30251(1477)/96
Bangladesh Bank License Number	: আঃ প্রঃ (অ-ব্যাংকিং) : বিভাগ/ঢাকা/১৩/৯৬
Trade License No.	: 0411406
Tin No.	: 446777288121
No. of Branch	: 03
Corporate Head Office	: Bay Leasing & Investment Limited Eunoos Trade Center, Level-18 52-53 Dilkusha C/A, Dhaka-1000. Tel: 9592501-5, Fax: 9592500
Auditor	: Howladar Yunus & Co. House-14(Level 4&5) Road-16A, Gulshan, Dhaka-1212, Bangladesh Tel : +880258815247
Tax Advisor	: A.Wahab & Co. Chartered Accountants Hotel Purbani, Annex-2 (4th Floor) 1, Dilkusha C/A, Dhaka
Legal Advisors	: AZAD & COMPANY K.R.Plaza (6th Floor) 31, Purana Paltan, Dhaka-100. LexConsultium Suite No.-11/4 (11 th Floor) 67/9, Kakrail, Dhaka-1000 NAYAN'S LAW FIRM Meherba Plaza Suite No. 13-E (13th Floor), 33, Topkhana Road, Palton Dhaka, Bangladesh. NOOR-UL-MATIN Islam Chamber, 9 th Floor 125/A, Motijheel C/A, Dhaka-1000 Haque & Associates Shabbir Tower, 3/4 Purana Paltan Dhaka - 1000 NEXUS LEGAL COUNSEL City View Apartment (1st floor), Flat # C2, 23/1 Tope Khana Road Paltan, Dhaka-1000
Memberships	: DCCI (Dhaka Chamber of Commerce Industry). Bangladesh Leasing & Finance Companies Association. Bangladesh Association of Publicly Limited Company. Bangladesh Merchant Bankers Association.

Corporate Information

Company Email
Company Web Site

: info@blilbd.com
: <http://www.blilbd.com>

Bankers

: Bank Alfalah Limited
Bank Asia Ltd.
BASIC Bank Limited
Dhaka Bank Limited
Dutch Bangla Bank Ltd.
EXIM Bank Limited
Midland Bank Ltd.
Jamuna Bank Ltd.
Janata Bank Ltd.
Mercantile Bank Ltd.
Mutual Trust Bank Limited
First Security Islami Bank Ltd.
National Credit & Commerce Bank Ltd.
Sonali Bank Ltd.
Pubali Bank Limited
Shahjalal Islami Bank Ltd.
Southeast Bank Limited
Standard Bank Limited
Agrani Bank Ltd.
Uttara Bank Limited
Eastern Bank Limited
Modhumati bank Limited
Prime Bank Ltd.
United Commercial Bank Limited
Woori Bank Bangladesh
South Bangla Agriculture & Commerce Bank Ltd.

Associate Company

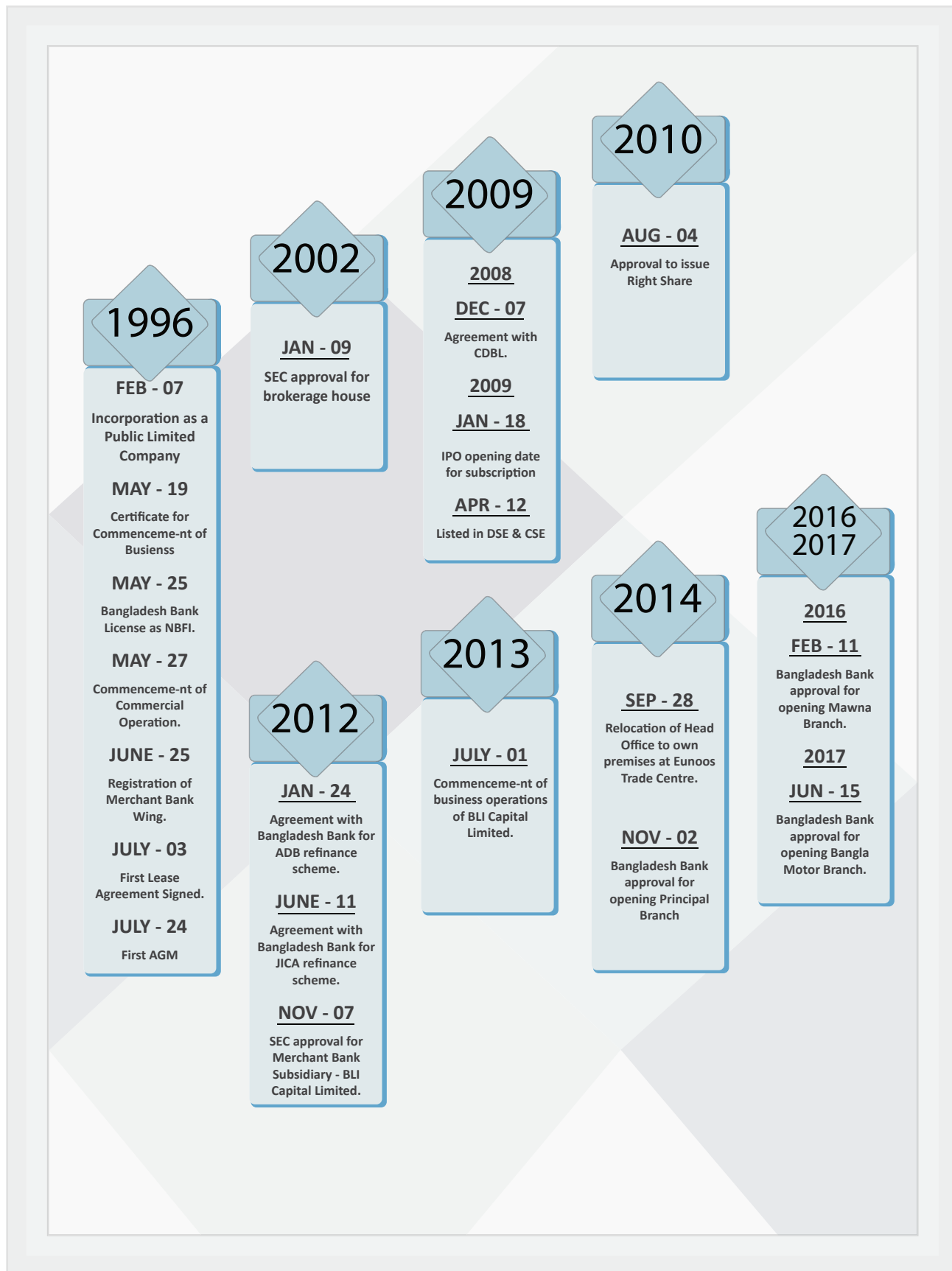
: **BLI Securities Limited**
Head Office
Rangs Panorama (4th floor),
80 Shatmosjid Road, Dhanmondi, Dhaka-1209.
Motijheel Branch
Printers' building (5th & 7th Floor),
5 rajuk Avenue, Motijheel, Dhaka-1000.
Dilkusha Branch
Eunoos Trade Centre,
52-53 Dilkusha C/A, Dhaka-1000.

Subsidiary Company

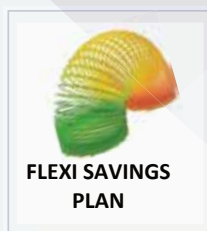
: **BLI Capital Limited.**
RupayanTrade Center, Level – 10
114 Kazi Nazrul Islam Avenue, Banglamotor, Dhaka-1000

Branch of BLIL

: **Principal Branch**
Taz Marriot, Plot-SW(I)4, 2nd floor
25 Gulshan Avenue, Dhaka-1212
Mawna Branch
Hazi Riaz Uddin Complex (1st Floor)
Mawna Chowrasta
Sreepur, Gazipur
Bangla Motor Branch
Rupayan Trade Centre, Level-06
114 Kazi Nazrul Islam Avenue , Dhaka-1000



Products & Services

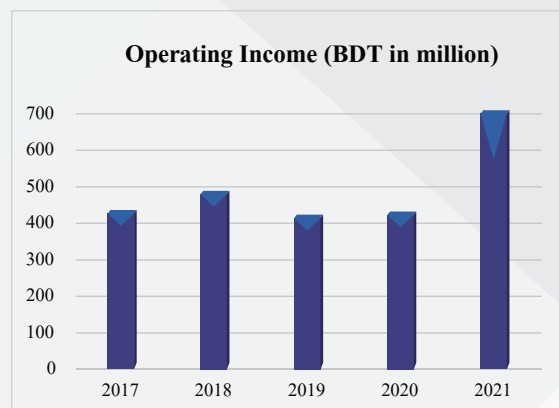
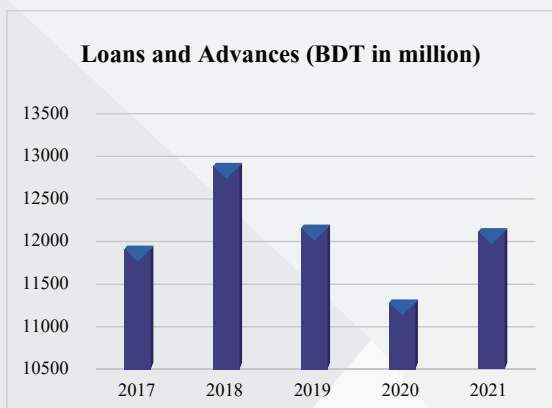
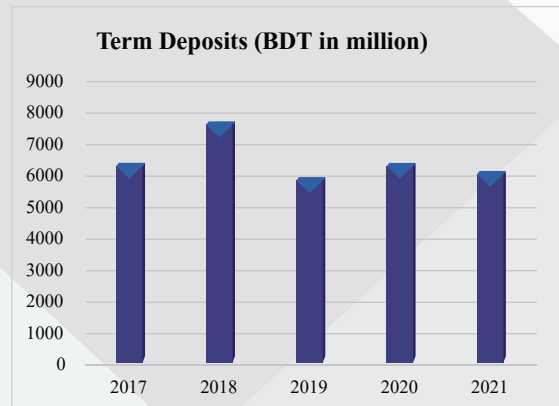
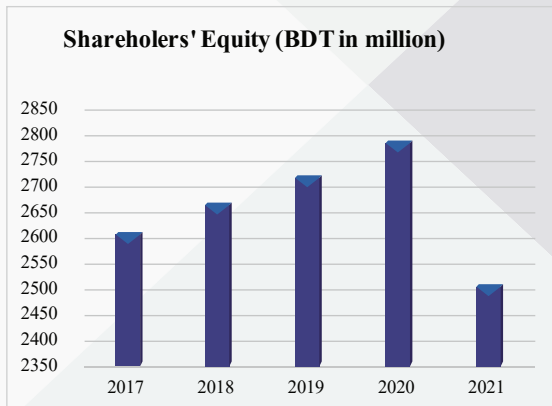
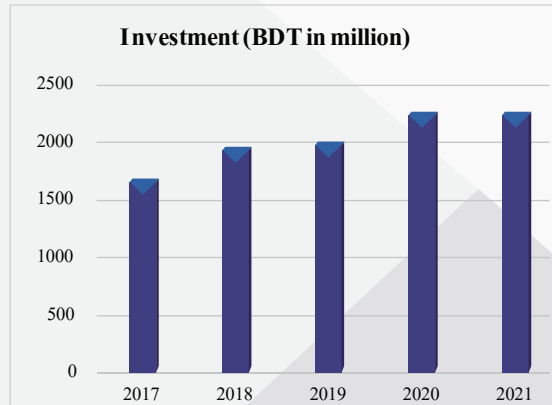


Financial Highlights

Figures in million

Particulars		2021	2020	2019	2018	2017
Lease, Term & Other Finance		12,149.78	11,323.61	12,202.48	12,922.74	11,955.53
Investments		2,081.77	2,267.06	2,009.36	1,961.69	1,681.85
Fixed Assets		1,421.03	1,432.87	1,218.29	1,213.64	1,261.38
Other Assets		419.08	563.57	792.23	635.55	487.89
Total Assets		17,190.84	16,911.51	16,972.07	18,426.49	16,325.10
Term & Other Deposits		6,311.03	6,603.29	6,181.25	8,003.56	6,424.72
Long Term Liabilities		7,252.21	6,753.22	7,059.65	6,741.18	6,352.36
Share Capital		1,408.88	1,408.88	1,374.52	1,374.52	1,309.07
Shareholders Equity		2,510.44	2,790.28	2,721.99	2,670.00	2,610.90
Operating Revenue		1,693.36	1,519.43	1,819.01	1,733.86	1,361.98
Financial Expenses		1,048.91	1,124.87	1,431.53	1,288.52	963.86
Operating Expenses		149.56	136.74	143.19	136.43	124.08
Profit/(Loss) before Taxation		(82.32)	217.81	184.93	288.43	217.60
Net profit/(Loss) after Tax		(139.17)	160.01	150.38	219.29	162.76
Current Ratio (Times)		1.29	1.30	1.18	1.05	1.03
Debt/Equity Ratio		5.40	4.79	4.86	5.52	4.89
Return on Equity		-5.54%	5.73%	5.52%	8.21%	6.23%
Return on Assets		-0.48%	1.29%	1.04%	1.66%	1.33%
Dividend	Cash	0.00%	10.00%	8%	10%	10%
	Stock	5.00%	0.00%	3%	0%	0.05
Net Asset Value per Share		17.82	19.80	19.8	19.43	19
EPS		(0.99)	1.14	1.09	1.6	1.24

Key Performance Indicators





Dr. Maswooda Ghani
Chairman

Dr. Maswooda Ghani is the Chairperson of Bay Leasing & Investment Limited. She completed her Medical Bachelor's Degree from Dhaka Medical College and held the position of CA at Obs & Gynaecology Dept. at Dhaka Medical College. Later she moved to Saudi Arabia and worked as Medical Officer in Al-Qassim Hospital for a period of 3 years. After returning from Saudi Arabia she joined Dhaka Cantonment General Hospital and held the position of Chief Medical officer for over two decades.

She is also the owner of a Medical Diagnostic Centre named "Pushpo Clinic" at Banani, Dhaka which she still runs efficiently.



Prof. Suraiya Begum
Director

Prof. Suraiya Begum, one of the Sponsors of Bay Leasing & Investment Limited, is the member of the Board Audit Committee. She did her Masters in Home Economics from University of Dhaka followed by Bachelor of Education (B.Ed.) from Mymensingh Teacher's Training College. To further her academic pursuit she completed a Diploma in Food Science & Nutrition from Wageningen University, Netherlands. Her career started as a Lecturer in Teacher's Training College, Mymensingh and subsequently Prof. Suraiya Begum held the position of Associate Professor in Home Economics College in 2001. Soon after she became Vice Principal of Jagannath College (now Jagannath University) and later Principal of Home Economics College.

In the final leg of her illustrious career she was appointed as Member of the Public Service Commission (PSC) for a period of 5 years (2007-2012).

Board of Directors



Tarik Sujat
Director

Mr. Tarik Sujat is a Director and Member of the Board Audit Committee of Bay Leasing & Investment Limited. After completing his Bachelors and Masters (MSS) in Political Science from University of Dhaka, he specialized his skills as a Graphic and Interior Designer. Mr. Sujat is also a well-known Writer and Poet and has authored and published numerous books of poems both at home and abroad. He established himself as a well-known Social and Cultural personality in addition to his being a successful entrepreneur in business. He is the CEO of Journeyman, Colors of Bangladesh & One Stop Print Shop as well as Managing Director of Media Scene Limited (The Daily Bhorer Kagoj) and I-Info Media Limited. Mr. Sujat is also a Director of Desh TV Ltd.



Zubayer Kabir
Director

Mr. Zubayer Kabir, a Sponsor Director of Bay Leasing & Investment Limited, is the Member of the Board Audit Committee. After completion of his college education from Dhaka College, he left for USA for higher studies. After returning from USA, he got involved in property business held the position of Managing Director, Erebus Properties Ltd. and later Managing Director of National Securities and Consultants Ltd. Mr. Kabir is also a Sponsor Shareholder and former Director of EXIM Bank Limited.

Board of Directors



Fatema Zahir Majumder
Director

Mrs. Fatema Zahir Majumder is a sponsor shareholder and Director of Bay Leasing and Investment Limited. She completed her Honors and Masters from Eden College and studied law at Central Law College. An active social worker, Mrs. Majumder is also a member of Gulshan Ladies Club. As a Director of Language Proficiency Centre Ltd, she is also Communicative English Language teacher and teacher trainer of the American Centre, Dhaka for the last 19 years. She has business interests too as a Chairman and Director of Tiger Tours Limited and Managing Director of Blue Flying Academy.



Prof. Shahid Uddin Ahmed, Ph.D.
Independent Director

Prof. Shahid Uddin Ahmed is an Independent Director of Bay Leasing & Investment Limited. A Masters in Management from University of Dhaka, he completed MBA (Management) and Ph.D from Brunel University, London, UK. He had an illustrious career as an Academician and reached the position of Pro Vice Chancellor and also for an interim period the Vice Chancellor of University of Dhaka. He has authored and published many books and research papers on Entrepreneurship Development and Management and also winner of distinguished Awards and Gold Medal. His doctoral research was based on “Entrepreneurship and Management Practices among Immigrants from Bangladesh in the UK”. His academic visits took him to various countries in the SAARC region, Middle East, Europe and the USA.

Board of Directors



Dr. Zaidi Sattar
Independent Director

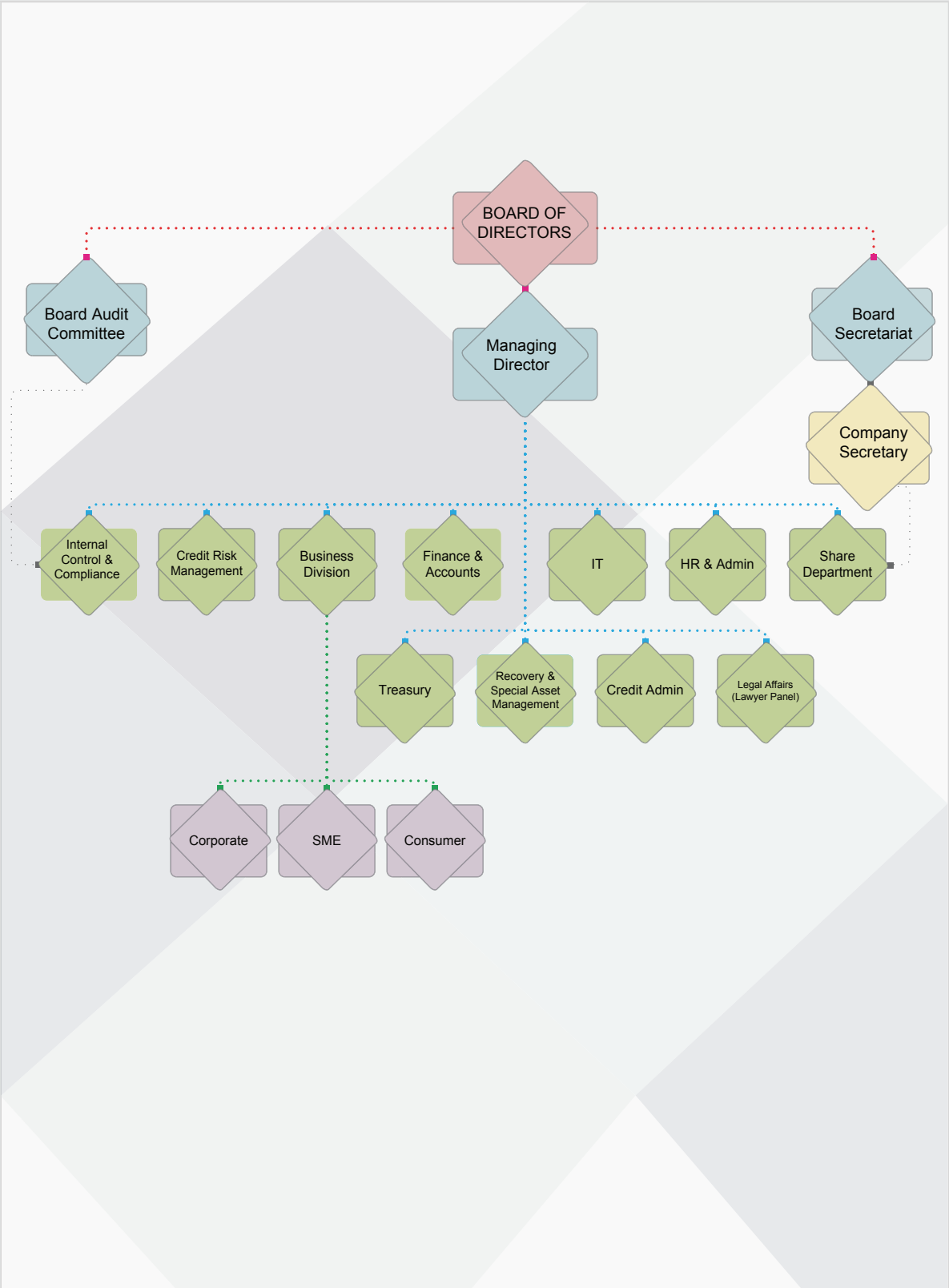
Dr. Zaidi Sattar is an Independent Director of Bay Leasing & Investment Limited. His illustrious career started after completion of B.A. (Hons) in Economics from Dhaka University in 1967 and Masters in Economics from Karachi University in 1968. After a short stint as Lecturer in Economics at Dhaka University, Dr. Sattar joined the Civil Service of Pakistan in 1969 and later held top echelon administrative positions in various districts and secretariats in Bangladesh until 1983. And part of this time he was on administrative leave and completed his second Masters in Political Economy and subsequently Ph.D in Economics from Boston University, USA. From the year 1984 until 1992 Dr. Sattar was Associate Professor at the Catholic University of America in Washington DC. He then moved to Dhaka and joined National Board of Revenue as World Bank International Advisor on Tariffs and Tax Reform until 1995 and later as Special Macroeconomic Advisor at UNDP till 1996. He continued his services at World Bank as Senior Economist and Consultant for the next 12 years until the year 2009. Dr. Zaidi Sattar is currently the Chairman of Policy Research Institute (PRI) of Bangladesh and has been holding this position since 2009.



Iftekhar Ali Khan
Managing Director

Mr. Iftekhar Ali Khan joined Bay Leasing and Investment Limited in September 2010. He started his banking career 33 years ago as a Management Trainee at ANZ Grindlays Bank where he worked for a decade and held the position of Branch Manager of Nasirabad, Chittagong and later Manager, Karwan Bazar branch. In 1994, he moved to Standard Chartered Bank as Head of Chittagong zone. Later in 1999, Mr. Khan joined EXIM Bank as SEVP and Head of Corporate. Between the years 2001 and 2006, Mr. Khan served as DMD of GSP Finance and Mutual Trust Bank respectively. From 2007 to 2009 he served as Country Head of Ceylinco Consolidated (BD) Limited, an international remittance company head quartered in Singapore. Prior to joining as the MD of Bay Leasing & Investment Limited in 2010 he held the position of Additional Managing Director of BD Finance Limited. Mr. Khan has traveled widely and attended numerous trainings and seminars at home and abroad.

Organogram



Management Committee (MANCOM)



Mr. Iftekhar Ali Khan
Managing Director
& Chairman, MANCOM



Mr. Md. Lutfur Rahman
Head of Corporate & Treasury
Member



Mrs. Sharmin Akhter
SAVP & Company Secretary
Member



Mr. Mohammad Rashedul Islam
Head of Principal Branch
Member



Mr. Rashed Al Islam
Head of Bangla Motor Branch
Member



Mr. Shabbir Minhaz Chowdhury
Head of SAM
Member



Mr. Samir Saha
Head of ICC
Member



Mr. Enayet Kabir
Incharge Accounts & Finance
Member



Mr. Faisal Bin Naser Ahmed
Head of CAD
Member



Mr. Md. Azizur Rahman Sarker
Incharge CRM
Member



Mr. Md. Mahade Hasan Bhuyan
RM Corporate
Member Secretary

MANAGEMENT COMMITTEE (MANCOM)

Mr. Iftekhar Ali Khan	- Chairman
Mr. Md. Lutfur Rahman	- Member
Mr. Mohammad Rashedul Islam	- Member
Mr. Rashed Al Islam	- Member
Mr. Shabbir Minhaz Chowdhury	- Member
Mrs. Sharmin Akhter	- Member
Mr. Samir Saha	- Member
Mr. Enayet Kabir	- Member
Mr. Faisal Bin Naser Ahmed	- Member
Mr. Md. Azizur Rahman Sarker	- Member
Mr. Md. Mahade Hasan Bhuyan	- Member Secretary

CREDIT COMMITTEE (CC)

Mr. Iftekhar Ali Khan	- Chairman
Mr. Md. Lutfur Rahman	- Member
Mr. Mohammad Rashedul Islam	- Member
Mr. Rashed Al Islam	- Member
Mr. Faisal Bin Naser Ahmed	- Member
Mr. Md. Azizur Rahman Sarker	- Member
Mr. Md. Mahade Hasan Bhuyan	- Member Secretary

CENTRAL COMPLIANCE UNIT (CCU)

Mr. Md. Lutfur Rahman	- CAMLCO
Mr. Samir Saha	- Member
Mr. Md. Arifur Rahman Badhon	- Member

BASEL IMPLEMENTATION UNIT (BIU)

Mr. Iftekhar Ali Khan	- Head of BIU
Mr. Enayet Kabir	- Member
Mr. Samir Saha	- Member

ASSET & LIABILITY MANAGEMENT COMMITTEE (ALCO)

Mr. Iftekhar Ali Khan	- Chairman
Mr. Md. Lutfur Rahman	- Member
Mr. Mohammad Rashedul Islam	- Member
Mr. Rashed Al Islam	- Member
Mr. Enayet Kabir	- Member
Mr. Samir Saha	- Member Secretary

Committees

RISK MANAGEMENT FORUM (RMF)

Mr. Iftekhar Ali Khan	- Chief Risk Officer
Mr. Md. Lutfur Rahman	- Member
Mr. Md. Azizur Rahman Sarker	- Member
Mr. Samir Saha	- Member

RISK ANALYSIS UNIT (RAU)

Mr. Shabbir Minhaz Chowdhury	- Unit Head
Mrs. Sharmin Akhter	- Member
Mr. Enayet Kabir	- Member
Mr. Md. Jashim Uddin Rajib	- Member
Mr. Md. Tanshen Parvez	- Member

INTEGRITY COMMITTEE

Iftekhar Ali Khan	Chairman
Mohammad Lutfur Rahman	Focal Point
Faisal Bin Naser Ahmed	Member
Md. Azizur Rahman Sarker	Member
Shahidul Haque Ahmed	Member

SUSTAINABLE FINANCE COMMITTEE

Mr. Md. Lutfur Rahman	- Committee Head
Mr. Mohammad Rashedul Islam	- Member
Mr. Rashed Al Islam	- Member
Mr. Shabbir Minhaz Chowdhury	- Member
Mr. Faisal Bin Naser Ahmed	- Member
Mr. Samir Saha	- Member
Mr. Shahidul Haque Ahmed	- Member
Mr. Md. Mahade Hasan Bhuyan	- Member Secretary

SUSTAINABLE FINANCE UNIT

Mr. Md. Azizur Rahman Sarker	- Unit Head
Mr. Samir Saha	- Member
Mr. Md. Mahade Hasan Bhuyan	- Focal Point Official
Mr. Shahidul Haque Ahmed	- Member
Mr. Nawshad Md. Aziz Arman	- Fallback Person
Ms. Nasrin Akhter	- Member



Dr. Maswooda Ghani
Chairman

Chairman's Message

Dear Shareholders

On behalf of the Board of Directors, I extend a warm and cordial welcome to all our respected shareholders to the 26th Annual General Meeting of Bay Leasing & Investment Limited (BLIL). I feel greatly honored and privileged to take this opportunity to brief you on the state of economy, the financial services sector and present the Annual Report for the financial year ended 31 December 2021 along with the Auditors' Report.

You are well aware that the Non-Bank Financial Institution (NBFI) sector has been experiencing lack of stakeholders' confidence and struggling for cash flow crisis since the mid of 2019 due to liquidation of one NBFI and also the unveiling of significant irregularities in a number of other NBFIs. Not only that most of the banks, the prime sources for the fund of NBFIs, refrained themselves to extend credit facility or to provide fresh deposit to NBFIs. This resulted catastrophic impact on the sector and BLIL also faced the consequences of it and for the first time incurred financial loss in 2021. The loss incurred due to increase in provision requirements by keeping extra provisioning of some large loans and also provisioning for diminutive share investment.

I admit that the coming days might be more challenging for BLIL but we have faith and confidence to our dedicated management team to overcome this adverse situation. We are committed to utilize all source of resources and strategy to return in the path of profitability soon.

National Economic Performance

Bangladesh endured the pressures created by the pandemic and recovered much faster than its regional peers of Sub-continent. The country remained much less effected than other and posted an impressive 6.94% GDP growth in FY2021. This growth mainly came from strong consumer confidence as indicated by a 50% increase in credit card transactions and 37% growth in Mobile Financial Services (MFS) transaction amount. Also endorsed by the Private sector investment as indicated by sectoral credit growth of 10.68% in 2021.

The country registered a 5.71% growth in industrial production in 2021. The increased output improved our export performance which saw a 30% growth in 2021 over the previous year of 2020. On the other hand, imports grew by 53%. These indicate rising consumer confidence, and a movement towards economic recovery. Inflation decreased slightly to 5.56% in FY2020-21 as the COVID-19 pandemic eased up a little due to nationwide vaccinations. High remittance inflow and higher imports and exports resulted in higher foreign exchange reserves which stood at USD 46 billion level as of 31 December 2021.

Financial Sector Performance

Bangladesh Bank had adopted a supportive monetary policy since the onset of the COVID-19 pandemic, encouraging the financial services sector for financing activities that ensured production growth and price stability.

However, with the emergence of new COVID-19 variants, the financial services sector came under renewed pressure after the first quarter of 2021 and which lasted until third quarter of 2021.

Despite rising global inflation, disrupted supply chains, and downward pressure on the currency from substantial inward remittances, the Central Bank managed to keep the BDT to USD exchange rate between 84.80 and 85.80 during 2021.

Financial Position & Performance

The lease, loans and advances portfolio of the Company grew by 7.30% from BDT 11.32 billion to 12.14 billion in 2021. The asset portfolio consists of both short term revolving working capital and long term asset financing facilities.

The Company posted strong operating revenue growth of 63.33% in 2021 to BDT 644.44 million due to rise in net interest income to BDT 123.96 million and brokerage & commission income to BDT 81.52 million.

Though after having strong operating revenue growth, BLIL incurred consolidated financial loss of BDT 139.17 million with negative earnings of 0.99 per share in 2021. This loss mainly incurred due to increase in provision requirements of BDT 577.20 million comparing to BDT 40.00 million in the previous year of 2020. Total provision has been kept against lease/loans & investments was BDT 977.20 million (additional BDT 577.20 million added in 2021). Net Asset Value (NAV) decreased from BDT 19.80 to BDT 17.82 in 2021.

Borrowings from banks increased by 5.35% to BDT 6.50 billion which signifies increasing confidence in the stability of the company. Term deposits from corporate entities, organizations and individuals slightly decreased by 3.12% to BDT 6.18 billion in 2021.

Risk Management

Risk is the main cause of uncertainty in any organization. Identifying various risks and managing them is vital for any financial institution. The objective of risk management for 2021 was to continue to follow a structured and data-driven approach to managing risks and enhancing risk mitigation techniques. The Company put in place a strong early alert system to identify clients with potential cash flow difficulties for proactive account management.

Compliance & Governance

Central Bank has taken some policy measures in order to put in place good corporate governance framework for NBFIs. In line with that, Independent Internal Control and Compliance division of BLIL works to ensure the accountability and transparency along with the objective of reducing anomalies and conflicts of interest. BLIL complies with the corporate governance requirements as well. The compliance division ensures that BLIL complies with all the applicable regulations and adopts changing regulatory guidelines.

Concluding note

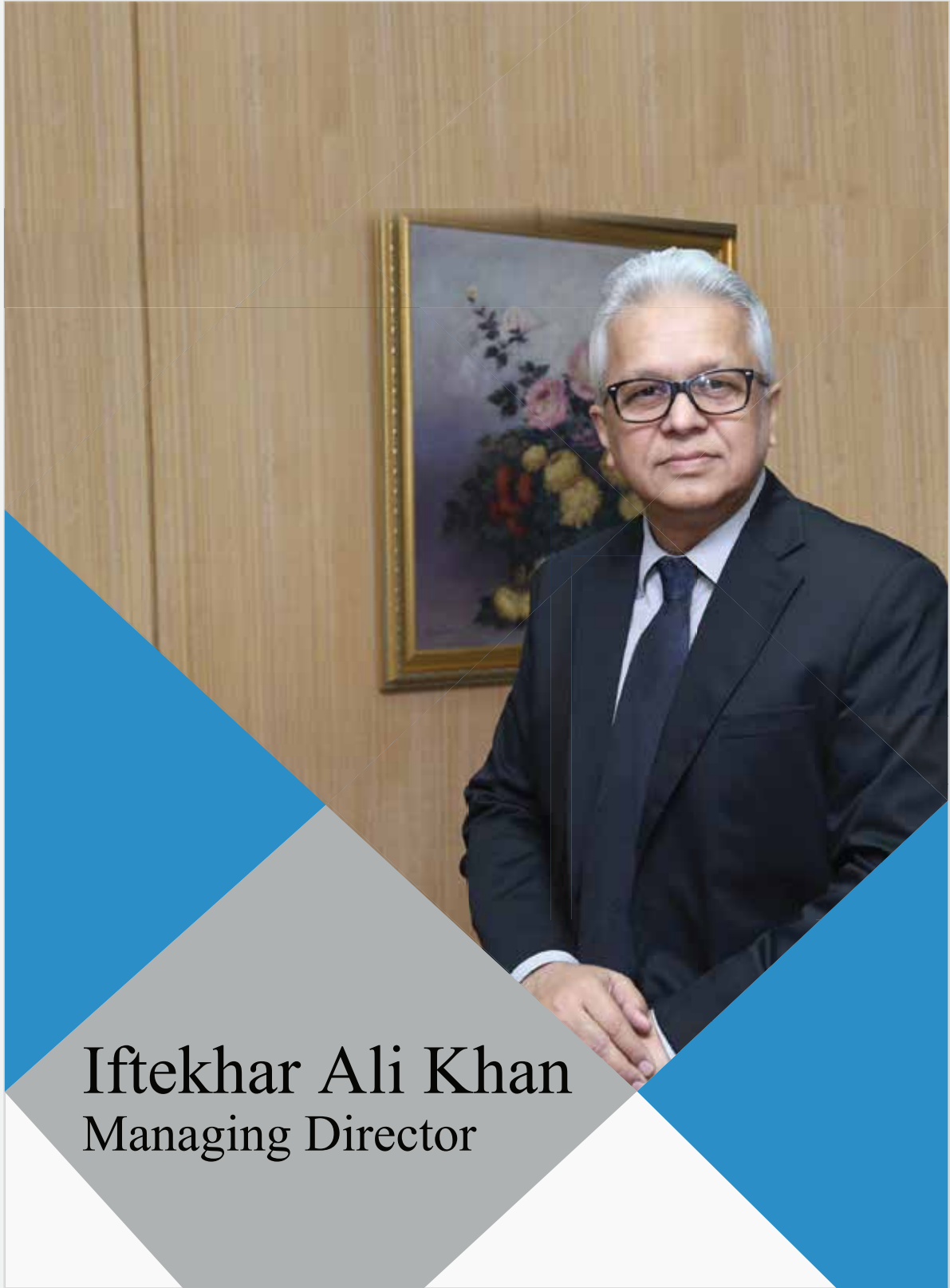
Despite different obstacles, the world economy is ready for a rebound from the slowdown of the last two years due to pandemic and emerging economies are expected to achieve new momentum from a post pandemic situation. For the country, as COVID related policy support are eased out, inherent weakness will surface leading to further challenges. Therefore, the financial sector will have to reorganize its activities to ensure their sustainability in the years ahead.

The key challenges for our Company in 2022 will be to emphasize more on increasing recovery from delinquent loan/lease portfolio by taking all sorts of conventional and non-conventional measures and also to achieve reasonable business growth side-by-side with maintaining a competitive profit margin, good asset quality and the highest standards of customer service. The Company will continue to scale up its business operations in a sustainable manner and consistent with the economic growth of Bangladesh. We will also try to reduce the operational expenses by taking all possible measures.

I again, wish to thank all my colleagues in the Board of Directors for their guidance and support and all our Shareholders and Customers for their unflinching faith on us in this vulnerable time. I also convey my sincere appreciation to the Management and staff of BLIL for their dedication and professionalism in discharging their responsibilities. We are grateful to Bangladesh Bank for their constant support and prudent guidance all the way. I am also thankful to Bangladesh Securities & Exchange Commission (BSEC), CDBL, Registrar of Joint Stock Companies and Firms (RJSC) and the DSE & CSE for their support extended to us.



Dr. Maswooda Ghani
Chairman



Iftakhar Ali Khan
Managing Director

Dear Valued Shareholders

Assalamu Alaikum,

At the outset, I wish all of you with good health & happiness. I would like to express my heartfelt gratitude and regards to all of you for continued support & inspiration that help us to continue our business operation despite facing enormous challenges throughout the year 2021. Bay Leasing has successfully completed 26 years since its incorporation in February 1996 and overall business growth and profitability has been satisfactory over the years and stakeholders received dividends consistently. The year 2021 has been unlike anything in the past, a year of uncertainty induced by post Pandemic situation all over the world. It hit the world so hard that it literally brought the world to a standstill. Besides, the toll this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world, nothing like that was ever experienced in the modern history.

In the year 2020, the borrowers enjoyed relaxation facility in classification provided by Bangladesh Bank resulting from breaking out of COVID-19 pandemic in the country. In the year 2021, although the economy started to regain from the devastating impact of corona virus because of adopting timely initiatives by the Government, but borrowers of financial sectors couldn't recover in full from their business sufferings. With a view to reviving the business sectors, in the year 2021 the central bank also extended similar installment deferral facility to the borrowers imposing a condition that borrowers can avail the facility by paying only a much reduced percentage out of total installment payable for the year 2021. Unfortunately, few large borrowers of Bay Leasing couldn't meet the criteria towards availing the facility which resulted in surge of non-performing loans in 2021. The major reasons behind recording financial loss for the year 2021 were i) keeping substantial amount of provision for- a) increasing NPL, b) additional provision for the clients who availed installment deferral facility in 2021, and c) building shortfall provision as per Bangladesh Bank guideline ii) increasing suspended interest amount resulting from poor recovery of loan/lease portfolio. Due to recording financial loss for the year 2021, almost all key financial indicators reflected negative in 2021.

This is my immense pleasure to invite you all to the **26th Annual General Meeting of Bay Leasing & Investment Limited** and glad to present the annual report, financial performances with audited financial statements for the year ended 31 December 2021.

Economy & Industry Review

The global economy posted a growth of 5.5% in 2021 after contracting 3.4% in 2020. The growth in 2021 was 1.9% higher than in 2019. In the middle of 2021, countries were forced to re-impose mobility and other restrictions due to a resurgence in COVID-19 cases, leading to severe supply chain disruptions. With higher commodity and energy prices, these disruptions triggered rapid inflation, as a result, global headline inflation rose to an estimated 5.2% in 2021 which is 2% higher than the past 10 years' inflation trend. The inflation was particularly acute in USA, EU, Latin America and the Caribbean. Despite this, international trade in commodities bounced back, surpassing the pre-pandemic level whereas the trade in services and international tourism remained subdued. Bangladesh withstood the strains created by the pandemic, recovering much faster than its regional peers. As a result, the country posted a 6.94% growth in FY21. This growth came from strong consumer confidence as indicated by a 50% increase in credit card transactions and 37% growth in Mobile Financial Services (MFS) transaction amount and uptake in the private sector investment as indicated by the sectoral credit growth of 10.68% in 2021. In terms of industrial production, the country registered a 5.71% growth. Moreover, the increased output improved our export performance which saw a 30% growth in 2021 over the previous year.

On the other hand, imports grew by 53%. These indicate rising consumer confidence, and a movement towards economic recovery. In addition, remittance inflows remained high bolstering the foreign exchange reserve to the USD 46 billion level by Dec-21. The average inflation rate stood at 5.54% at the end of 2021, 0.15% lower than in the previous year. This decrease is due to the lower non-food inflation rate, although, food inflation was higher in FY21. Bangladesh Bank had adopted a highly supportive monetary policy since the onset of the COVID-19 pandemic, encouraging the financial services sector to finance activities that ensured production growth and price stability. Reserve Money (RM) grew by 22.41%, compared to 15.67% in FY2020. This was mainly because of higher than projected growth in net foreign assets. Despite rising global inflation, disrupted supply chains, and downward pressure on the currency from substantial inward remittances, Bangladesh Bank managed to keep the BDT to USD exchange rate between 84.80 and 85.80 during 2021. On the other hand, with the emergence of new and faster-spreading COVID-19 variants, the financial services sector came under renewed pressure after the first quarter of 2021. Moreover, as a domino effect of the imposition of the single digit lending rate regime for banks, NBFIs spreads went down by 20 basis points to 3.12%.

Financial Review

Despite the post Covid-19 pandemic situation faced by the whole financial sector during the year 2021 besides reducing spread, unstable capital market, liquidity crisis, negative news on NBFIs sector, BLIL was keeping substantial amount of provision for increasing NPL, additional provision for the clients who availed installment deferral facility in 2021 & building shortfall provision as per Bangladesh Bank guideline and increasing suspended interest amount resulting from poor recovery of loan/lease portfolio unable to maintain its Balance Sheet and Profitability.

Loans and Advances has increased to BDT 9,758.82 million in 2021, which is 16.39% increase from BDT 8,384.33 million in 2020, however deposit portfolio has decreased by 3.37% to BDT 6,188.86 million in 2021. However, total Interest Income increased by 4.12% in 2021 to BDT 1,000.14 million from BDT 960.54 million in 2020. On the other hand, investment income increased by 33.07% in 2021 to BDT 376.66 million against BDT 283.05 million in 2020 mainly gained from capital market by trading of shares. Operating Profit increased by 68.36% to BDT 585.86 million in 2021 against BDT 347.98 million in 2020. Profit before provision increased by 90.28% to BDT 485.39 million in 2021 against BDT 255.10 million in 2020. But on account of high provisioning of Tk.577.20 million in 2021 against BDT 40.00 million in 2020. Net Loss after tax reflected BDT 145.10 million in 2021 against Net Profit after Tax BDT 158.99 million in 2020. The total assets of BLIL slightly increased by 4.55% to BDT 14,766.63 million in 2021 from BDT 14,122.94 million in 2020.

During the year under review, the Management emphasized on increasing recovery from loan/lease portfolio by taking all sorts of conventional and non-conventional measures. We also tried to reduce the operational expenses by taking all possible measures. The whole hearted support and guidance of the Board of Directors were always in place towards our journey. We are exerting our all-out efforts to come from the current distressed situation. In the coming days, our utmost goal will be to convert non income generating assets into income generating assets. We strongly believe that under the supervision and guidance of the Board of Directors and the Regulatory bodies, the hard-working management team will be able to come back to profitability again by resuming fresh business, maximizing recovery from default loans, mobilizing new deposits, managing and exploring avenues for procurement of funds from financial partners.

Expectation in 2022

Economic outlook in 2021 was very challenging. Russia-Ukraine war has made it more challenging in 2022, since it has put the economy of the whole country in a stressful situation due to nationwide price hiking. So, first of all we have a plan how to overcome the losses occurred from this situation at the earliest. BLIL has the capacity to cope with changing environment as well as creating new opportunities. In 2022, BLIL tried to focus on ensuring sustainability in business as well as maintaining the quality. In 2022 we will try to continue our business keeping in mind the same strategy by utilizing our financial and infrastructural strength to meet forthcoming challenges. Our first priority will be keeping NPL in a reasonable level by improving recovery. We want to give focus in driving core deposit marketing for reducing bank dependency. We will also try to increase SME/retail business, primarily focusing on home loans for taking sustainable business growth besides our corporate lending. As our regular activities we will also invest our time heavily to develop our human resources skill as well as in expanding our products and services, which, we believe, will enhance not only the scope of our operation but also contribute to the overall benefit of the company and all its shareholders.

Acknowledgement

To conclude, I would like to express my sincere gratitude to the Board of Directors, Customers and Shareholders for their trust guidance and wise counsel. I would also extend my sincere thanks to the Bangladesh Bank, BSEC, DSE, CSE, CDBL, and RJSC for their continued help and cooperation. Lastly, I take this opportunity to thank all of my colleagues for their loyalty, sincerity, commitment and relentless hard work.



Iftekhar Ali Khan
Managing Director

Bay Leasing's Risk Management and Anti-Money Laundering & Combating Terrorist Financing Initiatives

Risk management is an area that is experiencing rapid growth and it entails various perspectives and factors that are involved, how they are conducted and their uses. As a consequence of global financial crisis, regulators and financial industry leaders agree on the need for a comprehensive risk management reform in the financial field. Even though solutions may differ, most agree that the lack of an appropriate risk management system was one of the key factors in causing the financial crisis.

Banks and financial institutions assume risks during the course of conducting business for the purpose of realizing returns on investments. It is obvious that these risks can potentially eliminate expected returns and entail losses for these institutions. Some are expected while others may be unexpected. Banks and Financial Institutions typically have reserves for expected losses but unpredictable events such as economic crisis or falling interest rates cause institutions to rely on their capital to alleviate related losses. This is where the need for effective risk management frameworks in banks and financial institutions are crucial for their survival. By utilizing efficient risk management systems, these institutions will become competent in optimizing their risk return trade off.

Because taking risk is an integral part of the business, it is not surprising that financial institutions have been practicing risk management from their nascent stage. The only real change is the degree of sophistication now required to reflect the more complex and fast paced environment.

The Asian financial crisis of 1997 illustrates that ignoring basic risk management can also contribute to economy-wide difficulties. The long period of remarkable economic growth and prosperity in Asia masked weaknesses in risk management at many financial institutions. Many Asian banks did not assess risk or conduct a cash flow analysis before extending a loan, but rather lent on the basis of their relationship with the borrower and the availability of collateral, despite the fact that collateral was often hard to seize in the event of default. The result was that loan portfolio expanded faster than the ability of the borrowers to repay. Additionally, because many banks did not have or did not abide by limits on concentrations of lending to individual firms or business sectors, loans to overextended borrowers worsened the situation and Bank/FI's who indulged in this practice weakened the most.

Although avoiding failure is a principal reason for managing risk, global financial institutions also have the broader objective of maximizing their risk - adjusted rate of return on capital, or RAROC. This means not just avoiding excessive risk exposures, but measuring and managing risks relative to returns and to capital. By focusing on risk - adjusted returns on capital, global institutions avoid putting too much emphasis on activities and investments that have high expected returns but equally high or higher risk. This has led to better management decisions and more efficient allocation of capital and other resources. Indeed, bank shareholders and creditors expect to receive an appropriate risk - adjusted rate of return, with the result that banks that do not focus on risk - adjusted returns will not be rewarded by the market.

A point too often overlooked, however, is that, by focusing on risk - adjusted returns, risk management also contributes to the strength and efficiency of the economy. It does so by providing a mechanism that is designed to allocate resources, initially financial resources but ultimately real resources to their most efficient use. Projects with the highest risk adjusted expected profitability is the most likely to be financed and to succeed. The result is more rapid economic growth. The ultimate gain from risk management is higher economic growth. Without sound risk management, no economy can grow to its potential. Stability and greater economic growth, in turn, lead to greater private saving, greater retention of that saving, greater capital imports and more real investment. Without it, not only do we lose these gains, but we also incur the considerable costs of bank disruptions and failures that follow from unexpected, undesired and unmanaged risk - taking.

Definition of Risk – Our simplified view

To simplify the concept and for better risk management, we define Risk as the combination of the probability of an event and its consequences. In simple term, risks can be seen as a combination of the chance that something may happen and the degree of damage or loss that may result if it does occur. Sticking with this simplified way of defining risk, Bay Leasing & Investment Limited try to grab all the potential areas of risks considering their probability of occurrence and try to fathom its depth of damage towards our company.

Risk Management Infrastructure of Bay Leasing

In Bay Leasing & Investment Limited, the issue of risk management is considered to be one of the major key matters of the company. To ensure utmost importance as well as to comply with the requirements of Bangladesh Bank, several committees comprising of subject matter experts, have been formed to have better risk management and monitoring system. Furthermore, the teams related to compliance as well as the Board Audit Committee keenly monitor the overall risk management. The diagram attached herewith represents the teams and departments that are dealing with risk management issues:

The approval process has been designed in such a way to minimize the credit risks associated to lending. The continuous review of operational processes also been maintained to eliminate potential operational risks.

However, apart from credit risk and operational risks there have been few more risk areas that have been emerged in recent decade. Among them the risk of Money Laundering (ML) and Terrorist Financing (TF) is considered to be one of the global issues. Considering the impact of such risk areas, ML/TF has been given a special attention from our management.

Special focus on combating Money Laundering and Terrorist Financing

The international community has made the fight against money laundering and the financing of terrorism a priority. Among the goals of this effort are: protecting the integrity and stability of the international financial system, cutting off the resources available to terrorists, and making it more difficult for those engaged in crime to profit from their criminal activities.

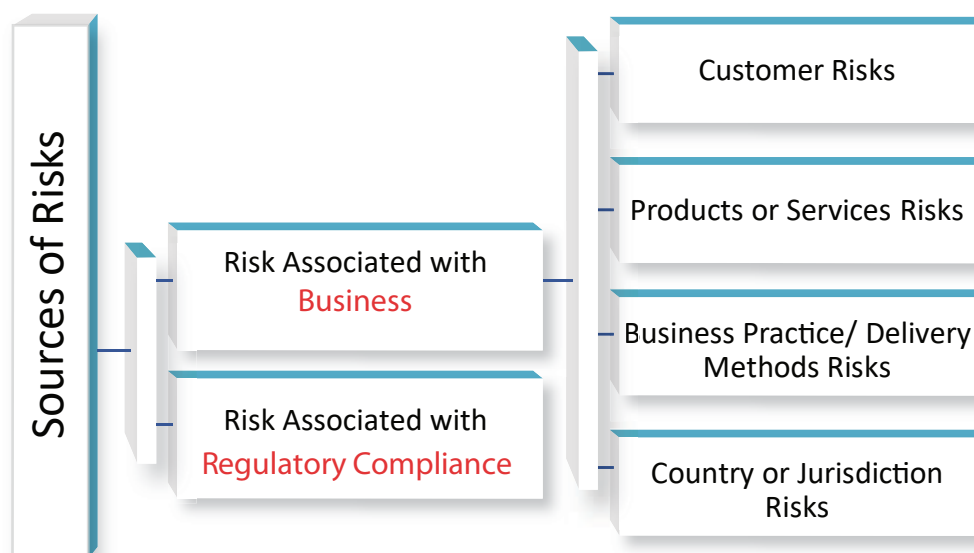
Recommendation 1 of Financial Action Task Force (FATF), the international standard setter on anti money laundering (AML) and combating terrorist financing (CFT) requires financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess and take effective action to mitigate their money laundering and terrorist financing risks. This requirement is reflected in the Money Laundering Prevention Rules (MLPR) 2013. Rule 21 of MLPR 2013 contains that every Reporting Organization-Financial Institution (RO-FI) shall conduct periodic risk assessment and forward the same to the Bangladesh Financial Intelligence Unit (BFIU) for vetting. Rule 21 also contains that RO-FI shall utilize this risk assessment report after having vetted by BFIU.

Bangladesh Bank, as the Central Bank and the governing authority of Bay Leasing & Investment Limited, has provided guideline's with instructions and indications to identify, assess the risk of ML & TF in our businesses and to take effective measures to mitigate the identified risk and monitor and review the risk management procedures and controls of ML & TF risk.

In compliance to Bangladesh Bank's guidelines strictly, Bay Leasing has prepared its risk assessment report and meticulously follow it to minimize and/or prevent the risk of money laundering and terrorist financing with utmost importance.

Risks to be managed

There are two main sources of ML/TF risks that the financial institution should take into account and to take necessary measures to mitigate this. They are:



Risk associated with Business: is the ML & TF risk that arises or generated in doing day to day business of the financial institution. Therefore, the particular term “business” of the financial institution exposed to four major categories of risks i.e. 1) Customers; 2) Products or Services; 3) Business Practice/ Delivery Methods; & 4) Country or Jurisdiction. Hence, the financial institution should have a strong measure to identify and mitigate the ML & TF risks associated with these four broader categories.

Regulatory risk: is associated with not meeting all obligations of the financial institution under the ML Prevention Act, 2012, Anti-Terrorism Act, 2009 (including all amendments), the respective Rules issues under these two Acts and instructions issued by BFIU. Regulatory Risk includes failure to report STR/SAR, unable or inappropriately verification of customers and lacking of AML and CFT program (how a business identifies and manages the ML and TF risk it may face) etc.

Risk-Based Approach (RBA)

A Risk-Based Approach (RBA) to AML/CFT means that the financial institution is expected to identify, assess and understand the ML&TF risks to which it is exposed and take AML/CFT measures adequate to those risks in order to mitigate them effectively. The RBA is not a “zero failure” approach. It is unrealistic that the financial institution would operate in a completely ML&TF risk-free environment, rather it is meant that the financial institution should properly identify the ML & TF risks it faces, and then works out the best ways to reduce and manage those risks.

Risk Management Framework

Bay Leasing & Investment Limited has constructed and tailored the risk management framework for the purpose of developing risk-based systems and controls and mitigation strategies in a manner that is most appropriate to the business structure (including financial resources and staff), the products and/or the services they provide. Such risk-based systems and controls should be proportionate to the ML&TF risk(s) a Financial Institution reasonably faces. The following principles shall be followed at all levels of the financial institution for effective management of ML and TF risks:

- Risk management contributes to the demonstrable achievement of objectives and improvement of performance, governance and reputation.
- Risk management is not a stand-alone activity that is separate from the main activities and processes of the FI. Risk management is part of the responsibilities of management and an integral part of all organizational processes, including strategic planning.
- Risk management helps decision makers making informed choices, prioritize actions and distinguish among alternative courses of action.
- Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.
- A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.
- Risk management is based on the best available information.

- Risk management is aligned with the FI's external and internal context and risk profile.
- Risk management is transparent and inclusive.
- Risk management is dynamic, iterative and responsive to change.

Following the above mentioned principles, we have developed and maintained logical, comprehensive and systematic methods to address each of the components of risks, identified our approach to ML&TF risk, planned to implement and maintain on regular basis.

Flow of Work

As per guidelines of Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank, we have tried to maintain the following work flow. This risk assessment mechanism is broadly divided into the following four segments.



- ✓ We tried to identify all the potential risk areas under the five broader category sources of risks mentioned earlier. To do so, we have involved participants from all the departments/work areas within our company and utilized different approaches i.e. group discussion, brain storming etc. to ensure the inclusion of every possible risk scenarios (referring to worksheets for details).
- ✓ Based on the best possible subjective judgement we tried to select the appropriate likelihood and impact associated with the particular risk items. In Risk Register, we also identified the risk scores based on the guideline provided from BFIU.
- ✓ We identified the required set of actions/treatments and categorized them into three major Tiers and assigned them based on the risk scores. The risk appetite has also been identified as per the guideline.
- ✓ Risk monitoring process has been identified which is to be executed and exercised on regular basis.

Tools/ Scales Used

We have meticulously followed the ML&TF Risk Guidelines while calculating the risk scores of all the potential risk factors. We used the likelihood & impact scale to identify the risk score of the particular risk items and also tried to identify the risk appetite level as per the given scale.

Likelihood Scale

Frequency	Likelihood of an ML&TF risk
Very likely	Almost certain: it will probably occur several times a year
Likely	High probability it will happen once a year
Unlikely	Unlikely, but not impossible

Consequence	Impact of an ML & TF risk
Major	Huge consequences – major damage or effect. Serious terrorist act or large-scale money laundering.
Moderate	Moderate level of money laundering or terrorism financing impact.
Minor	Minor or negligible consequences or effects.

Impact Scale

Risk Matrix

LIKELIHOOD	Very Likely	Medium	High	Extreme
	Likely	Low	Medium	High
	Unlikely	Low	Low	Medium
	What is the chance it will happen?	Minor	Moderate	Major
		How serious is the risk?		IMPACT

Risk Appetite Scale

Extreme	Unacceptable Risk
High	
Medium	Acceptable Risk

Category Selection

To identify the potential risk areas we have keenly analyzed the entire business operation of our company. We have also studied the

ML&TF Risk Guideline of BFIU. After thorough examination we have identified the following four risk group which would cover our entire operation and every possible situation exposed to ML&TF risk:



Customer:

This risk group includes all the individuals and business entities from our existing client base as well as from any potential new client base.

Products and Services

This risk group includes all our existing products and services as well as any upcoming new products.

Business Practice/ Delivery Methods or Channels

This risk group consists of our entire business practice and delivery methods or channels.

Country/ Jurisdiction

This risk group consists of our entire business practice and delivery methods or channels.

Regulatory Risk

This risk group includes all the potential risk areas related to regulatory issues.

Risk Register

The following is only the extract of the entire Risk Register of Bay Leasing covering all the above mentioned categories. The detail list of risk factor with the category of 1) Products and Services, 2) Business Practice/ Delivery Methods or Channels, 3) Country/ Jurisdiction, and 4) Regulatory Risk have not been included here.

RISK REGISTER						
Srl. No.	Risk Factor	Likelihood	Impact	Risk Score	Risk Appetite	Treatment/ Action
1	A new customer	Likely	Major	High	Unacceptable Risk	Tier 3 Action Plan
2	A new customer who wants to carry out a large transaction	Likely	Major	High	Unacceptable Risk	
3	A customer or a group of customers making lot of transactions to the same individual or group	Very likely	Major	Extreme	Unacceptable Risk	
4	A customer who has a business which involves large amounts of cash	Very likely	Moderate	High	Unacceptable Risk	
5	Customer opens account in the name of his/her family member who intends to credit large amount of deposits not consistent with the known sources of legitimate family income	Very likely	Major	Extreme	Unacceptable Risk	
6	A customer whose identification is difficult to check	Unlikely	Major	Medium	Acceptable Risk	
Customers conducting their business relationship or transactions in unusual circumstances, such as:						
7	A) Significant and unexplained geographic distance between the institution and the location of the customer	Unlikely	Major	Medium	Acceptable Risk	Tier 2 Action Plan
	B) Frequent and unexplained movement of accounts to different institutions	Unlikely	Major	Medium	Acceptable Risk	
	C) Frequent and unexplained movement of funds between institutions in various geographic locations	Unlikely	Major	Medium	Acceptable Risk	
8	A non- resident customer	Likely	Moderate	Medium	Acceptable Risk	
9	A corporate customer whose ownership structure is unusual and excessively complex	Unlikely	Major	Medium	Acceptable Risk	
10	Customers that are politically exposed persons (PEPs) or influential persons (IPs) or head of international organizations and their family members and close associates	Likely	Moderate	Medium	Acceptable Risk	
11	Customers submits account documentation showing an unclear ownership structure	Unlikely	Major	Medium	Acceptable Risk	Tier 1 Action Plan
12	A customer comes with premature encashment of fixed deposit	Likely	Moderate	Medium	Acceptable Risk	
13	Frequent Tendency of Early settlement of Loan/Lease	Unlikely	Major	Medium	Acceptable Risk	
14	Government employee having several large amounts of fixed deposit accounts	Unlikely	Major	Medium	Acceptable Risk	
15	A customer generally tries to convince for cash deposit but insists for financial instrument while withdrawing the deposit	Unlikely	Moderate	Low	Acceptable Risk	
16	A customer who brings in large amounts of used notes and/or small denominations	Unlikely	Moderate	Low	Acceptable Risk	

Risk Treatment

We have so far identified nineteen (19) treatment measures to eliminate/minimize the degree of the severity of the potential risk. To have the efficiency we have categorized these risk treatment measures into three Tiers. They are:

Tier 3	Extreme & High
Tier 2	Medium
Tier 1	Low

The list of the risk treatment measures along with the categorization is mentioned below. The mark “Y” indicates whether a particular treatment task is included in the particular Tier or not.

	List of Actions	Three Action Plans		
		Tier 1	Tier 2	Tier 3
1	Know Your Customer (KYC)	Y	Y	Y
2	Customer Due Diligence (CDD)	Y	Y	
3	Extended Due Diligence (EDD)			Y
4	Know Your Employee (KYE)		Y	Y
5	Suspicious Activity Report (SAR)		Y	Y
6	Suspicious Transaction Report (STR)			Y
7	Apply/upgrade strategies, policies and procedures	Y	Y	Y
8	Putting in place systems and controls	Y	Y	Y
9	Carrying out the risk plan and AML&CFT program	Y	Y	Y
10	Setting transaction limits for high-risk products			Y
11	Having a management approval process for higher-risk products			Y
12	Not accepting customers who wish to transact with a high-risk country		Y	Y
13	Not accepting customers who already are listed under FATF or FSRB list	Y	Y	Y
14	Process to place customers in different risk categories and apply different identification and verification methods.		Y	Y
15	Ensure proper verification process in case of the services through online, internet, phone, email etc.	Y	Y	Y
16	To continue monitoring business activities of the clients relevant to ML&TF risk(s).	Y	Y	Y
17	To regularly assess the timeliness and relevance of information generated, together with its adequacy, quality and accuracy.			Y
18	To maintain the record of the documents with expiry date and to update the documents.	Y	Y	Y
19	Continuous process of arranging training sessions for the staffs on various subject matters especially on ML&TF.		Y	Y

Monitoring and Review Process

To have an effective ML&TF risk management system, we have identified the following tasks as well as their frequency that are to be executed/exercised meticulously:

Activity/Task	Frequency
Develop an effective plan of monitoring process	Yearly
Cary out the monitoring process	On regular basis
Necessary records are to be kept	On regular basis
Reviewing risk plan and AML&CFT program	Quarterly
Internal audit and assessment	Quarterly
Submission of Self-assessment report to BFIU	Half yearly
AML&CFT compliance report	On regular basis
CDD, EDD, SAR, STR (where necessary)	On regular basis

The overall Risk Management Strategies should include the following components:

- Reviews at senior management level of the FI's progress towards implementing stated ML&TF risk management objectives.
- Clearly defined management responsibilities and accountabilities regarding ML & TF risk management.
- Adequate staff resources to undertake functions associated with ML & TF risk management.
- Specified staff reporting lines from ML & TF risk management system level to board or senior management level, with direct access to the board member(s) or senior manager(s) responsible for overseeing the system.
- Procedural controls relevant to particular designated services.
- Documentation of all ML & TF risk management policies.
- A system, whether technology based or manual, for monitoring the FI's compliance with relevant controls.
- Policies to resolve identified non-compliance.
- Appropriate training program(s) for staff to develop expertise in the identification of ML & TF risk(s) across the bank's designated services.

The monitoring and review is a continuous process and would be continued round the year. The lesson learned during the monitoring process would be accumulated as a suggestions and would be used as the amendments (if needed) to the existing Risk Management Plan of our company.



Board of Directors at the 25th AGM



Director's Report

Dear Shareholders

On behalf of the Board of Directors of Bay Leasing & Investment Limited, I am delighted to welcome you to the 26th Annual General Meeting of the Company and take great pleasure in presenting to you all the Annual Report 2021 of the company along with the audited financial statements and auditor's report for the year ended December 2021 for consideration and approval of the valued shareholders. The audited financial statements were approved by the Board of Directors of the company on September 14, 2022. The Board presents this Annual Report in compliance with the Companies Act 1994, Financial Institutions Act 1993 and guidelines issued by Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities. World economy took a turn over after covid pandemic with a growth rate of 5.9 percent. But World inflation rate rose to 3.42% in 2021, a 1.5% increase from 2020. Bangladesh Government announced several stimulus packages to deal with Corona Pandemic. After corona although economy started to revolve, but recovery of the loan remains slow due to business houses' slower cash flow generation.

Global Economy

The global economic recovery is continuing, even as the pandemic resurges. The fault lines opened up by COVID-19 are looking more persistent—near-term divergences are expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps. The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percentage point lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, with limited room to maneuver.

Real GDP Growth (%)							
Economy/Region	2015	2016	2017	2018	2019	2020	2021
Economy							
Advanced economies	2.3	1.8	2.5	2.3	1.7	-4.5	5.2
Emerging and Developing Asia	6.8	6.8	6.6	6.4	5.3	-0.8	7.3
Emerging market and developing economies	4.3	4.4	4.7	4.6	3.7	-2.0	6.8
Major advanced economies (G7)	2.1	1.5	2.2	2.1	1.6	-4.9	5.1
World	3.4	3.3	3.7	3.6	2.9	-3.1	6.1
Region							
Africa (Region)	3.4	2.2	3.7	3.5	3.3	-1.6	6.9
Asia and Pacific	5.6	5.4	5.7	5.3	4.2	-1.1	6.7
Europe	1.6	1.8	2.7	2.3	2.0	-5.6	5.4
Middle East (Region)	2.0	4.9	0.6	1.3	0.9	-4.1	3.5
North Africa	3.6	3.1	5.4	4.4	4.2	-1.4	11.8
South Asia	7.4	7.6	6.6	6.5	4.0	-5.5	8.4
Sub-Saharan Africa (Region)	3.3	1.7	2.9	3.0	2.9	-1.7	4.3
European Union	2.5	2.1	3.0	2.2	2.0	-5.9	5.4
Sub-Saharan Africa	3.2	1.5	3.0	3.3	3.1	-1.7	4.5

Source: International Monetary Fund (IMF)

Asia and Pacific

The Asian outlook for 2021 has been downgraded by more than 1 percent to 6.5 percent compared with the April 2021 World Economic Outlook because of new peaks of the pandemic cycle driven by the highly contagious Delta variant. As vaccination rates accelerate, the region is expected to grow slightly faster in 2022 than anticipated earlier. Although Asia and Pacific remain the fastest growing region in the world, the divergence between Asian advanced economies and emerging market and developing economies is deepening, reflecting vaccination coverage and policy support, and medium-term output levels in emerging market and developing

economies are expected to remain below pre-pandemic trends. Risks are tilted to the downside, mainly because of uncertain pandemic dynamics, vaccine efficacy against virus variants, supply chain disruptions, and potential global financial spillovers from US monetary normalization in the presence of domestic financial vulnerabilities.

Europe

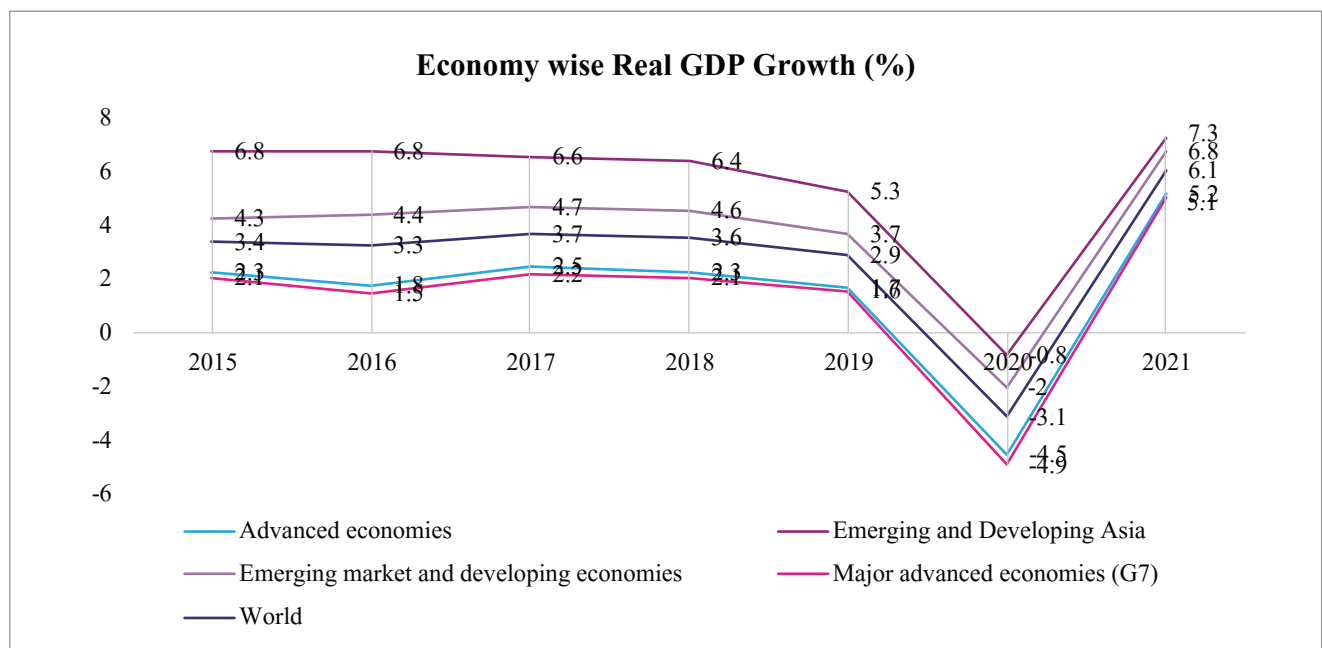
With new waves of COVID-19 infections hitting Europe, the recovery remains halting. However, vaccinations are progressing and thus Europe’s GDP growth is projected to rebound by 4.5 percent in 2021. The main priority is to quickly ramp up the production and administration of vaccines. At the same time, policymakers need to continue providing emergency support to households and firms. And they need to prepare measures to stimulate hiring and investment once the pandemic is under control. Such measures will foster a quicker and fuller recovery, by reducing scarring from unemployment, missed education and training, and low investment.

Middle East (Region)

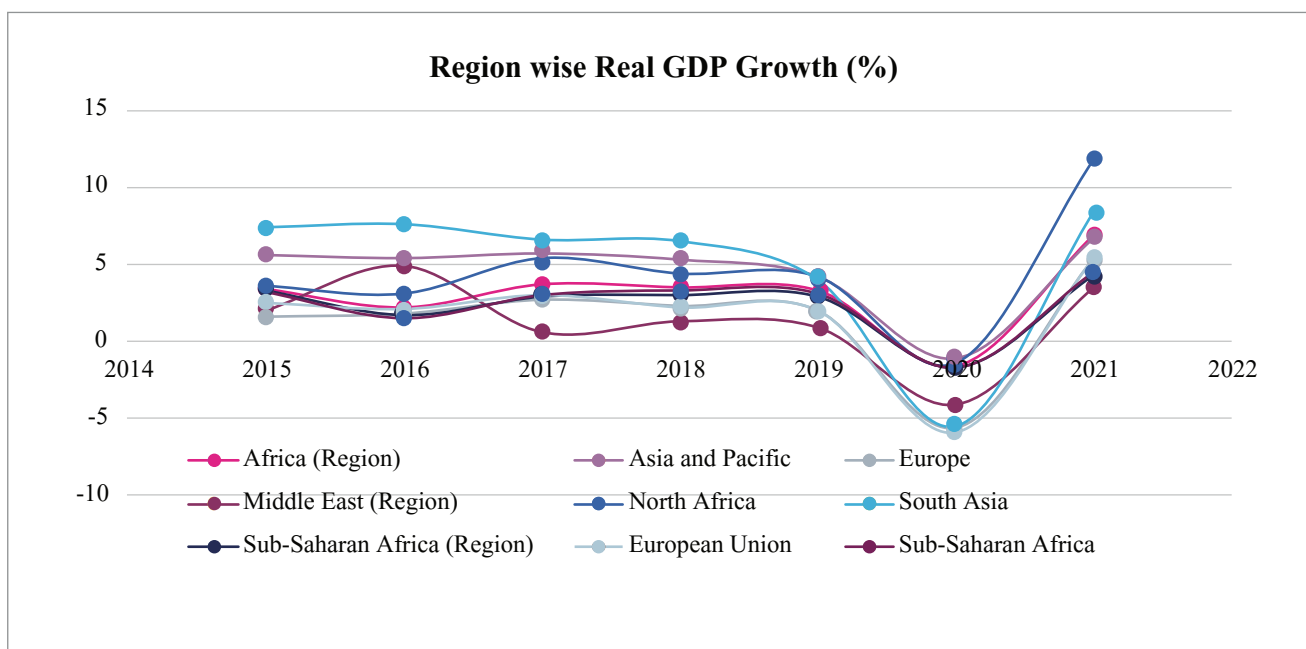
A fragile recovery continues in the Middle East and Central Asia region. The region has made good progress since the beginning of the year, but new challenges have emerged. They include a pandemic wave in countries with weak vaccination progress and rising inflation, which has contributed to declining monetary policy space, adding to the difficulties posed by limited fiscal policy space. Additionally, divergent recoveries and concerns about economic scarring persist. Inequities are also on the rise, and countries will need to tackle the pandemic’s impact on debt, labor markets, and the corporate sector. Countries will face difficult tradeoffs amid this challenging environment as they continue to manage the current crisis. Ramping up vaccine acquisition and distribution remains the most urgent short-term priority. Additional support should be well targeted, and central banks may need to raise interest rates if inflation expectations start to increase. Improving policy frameworks will be important to reduce policy tradeoffs. Preparing for a new chapter by investing in a transformational recovery will be vital to the region’s future. Important priorities include reorienting the role of the state toward health, education, and social safety nets; leveraging global trends like digitalization; and investing in climate-resilient technology.

Sub-Saharan Africa

The world remains in the grip of the COVID-19 pandemic and a seemingly accelerating pace of climate change, both of which underscore the need for increased global cooperation and dialogue. Solutions to these global problems must involve all countries and all regions, especially sub-Saharan Africa, with the world’s least vaccinated population, most promising renewable energy potential, and critical ecosystems. Sub-Saharan Africa’s economy is set to expand by 3.7 percent in 2021 and 3.8 percent in 2022. This follows the sharp contraction in 2020 and is much welcome, but still represents the slowest recovery relative to other regions.



Source: International Monetary Fund (IMF)



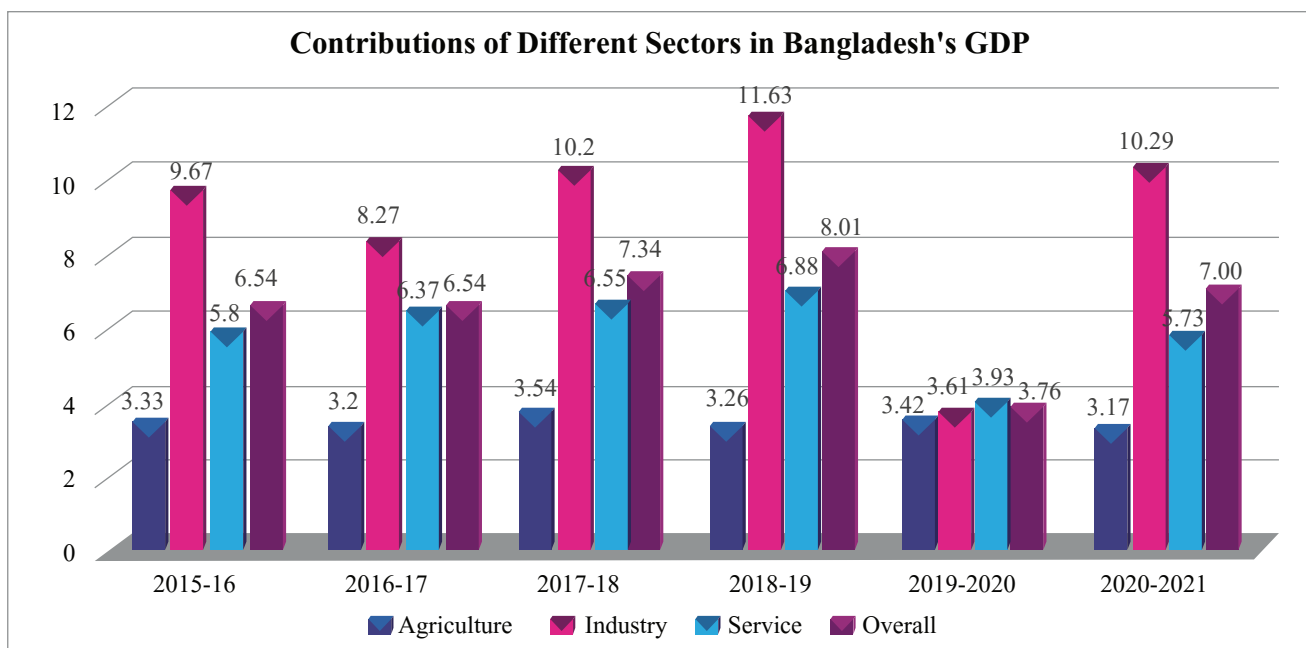
Source: International Monetary Fund (IMF)

Bangladesh Economy

In spite of the repeated shocks of COVID-19 and subsequent nationwide lockdowns to contain the pandemic, Bangladesh economy is crawling back to the recovery phase. Badly thrashed by the pandemic, regular economic activity was disrupted nevertheless the country withstood its growth path while output growth in other South Asian countries severely tumbled in 2020. Aided by appropriate policies and 28 stimulus packages worth of around BDT 1.92 trillion until 28 November 2021, Bangladesh continued to show its resiliency of sustaining real GDP growth while most of the other South Asian countries also joined the recovery phase in 2021. The estimate (according to new base FY16=100) of the Bangladesh Bureau of Statistics (BBS) indicates that real GDP recorded a growth of 6.94 percent in FY21, which was higher than 3.45 percent growth in FY20. Considering the cumulative growth of the last two years, Bangladesh is considered to be the fastest growing country in the South Asia region. Measured at current market prices, the GDP of Bangladesh is estimated at BDT 35301.85 billion for FY21 which is about 11.35 percent higher compared to the preceding year. In FY21, per capita real GDP and GNI are estimated at BDT 167579.94 and BDT 176400.54 respectively. However, per capita real GDP growth in FY21 was 5.86 percent which was almost double compared to the growth of FY20. During the same period, per capita nominal GDP and GNI were estimated at BDT 208751 (USD 2462) and BDT 219738 (USD 2591) respectively.

Selected economic indicators (%)	2015	2016	2017	2018	2019	2020	2021
GDP Growth	6.55	7.11	7.28	7.86	8.15	3.51	5.54
Inflation	6.41	5.92	5.44	5.78	5.48	5.65	5.40
Remittance Inflow growth	7.6	-2.52	-14.48	17.32	17.89	18.51	1.51
Export growth	3.35	9.77	1.72	6.4	9.1	-16.93	15.10
Import growth	11.26	5.94	9.00	25.2	1.8	-8.57	19.73

(Source: BB, Economic statistics)



Source: Bangladesh Bureau of Statistics (BBS) *Provisional.

Agriculture Sector

According to the provisional estimate of BBS, the growth of agriculture sector stood at 2.20 percent in FY 2021-22, which was 3.17 percent in previous fiscal year. During this period among the 4 sub-sectors of broad agriculture sector the growth rate of crops & horticulture and fishing has decreased while the growth rate of animal farming and forest and related services has increased compared to previous fiscal year.

Industry Sector

Due to the coronavirus pandemic, industrial production declined sharply in FY 2019-20. During the period, growth in the industrial sector slowed to 3.61 percent from 11.63 percent in the previous fiscal year. However, in FY 2020-21, the industrial sector has turned around and the growth of this sector has stood at 10.29 percent. As per provisional estimate, the growth in industry sector will stand 10.44 percent.

Service Sector

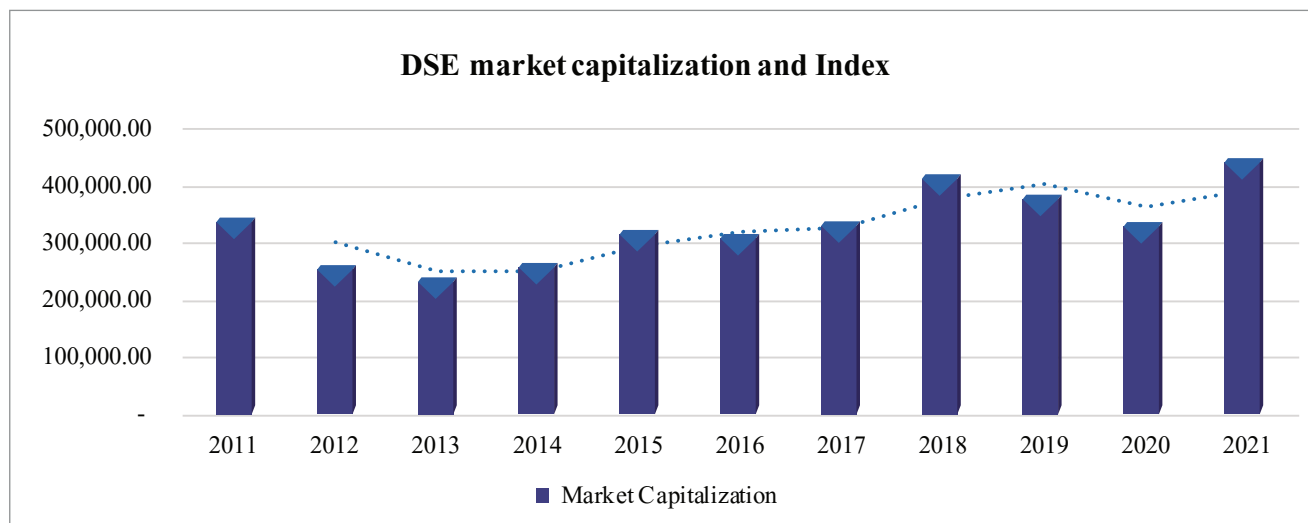
The number of sectors in the broad service sector has increased from 9 sectors in the 2005-06 base year GDP to 13 sectors in the 2015-16 base year GDP. According to the provisional data, in FY 2021-22 growth rate in broad service sector is increased by 1.80 percentage point to 5.73 percent as compared to 3.93 percent in the previous fiscal year. All sectors/subsectors of the service sector of the economy exhibited the positive growth in the current fiscal year compared with the previous fiscal year. Some of the sectors are: wholesale and retail trade (8.72%), financial and insurance activities (7.60%), human health and social work activities (9.78%), information and communication (6.15%), education (6.23%), arts, entertainment and recreation (6.07%), transportation and storage (5.70%).

Capital Market

Capital market in Bangladesh consists of two full-fledged automated stock exchanges- the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). In FY 2021-22, both stock markets (Dhaka Stock Exchange and Chattogram Stock Exchange) noticed some volatility, however, both the price index and market capitalization increased moderately. The market capitalization and the broad index of DSE increased by 4.41 percent and 6.59 percent respectively at the end of April 2022 compared to end June 2021. Similarly, the market capitalization and CSE All Share Price Index increased by 6.03 percent and 11.67 percent respectively, at the end of April, 2022, compared to end June 2021.

Annual Capital Market Developments (DSE)					
Calendar Year	Enlisted issues (Incl. Mutual Funds/Deb.)	(In Crore Taka)			General Index/ DSE/Broad Index
		Issued Capital & Debentures	Market Capitalization	Turnover during the year	
2010	445	66,436.00	347,250.20	400,991.28	8,290.41
2011	501	87,890.50	261,673.00	156,055.63	5,257.61
2012	515	94,987.60	240,356.00	100,108.49	4,219.31
2013	529	99,978.50	264,779.00	95,269.21	4,266.55
2014	546	105,492.60	325,925.00	11,885.15	4,864.96
2015	562	110,608.10	315,976.00	9,161.20	4,629.64
2016	562	114,530.00	340,466.30	17,780.21	5,036.05
2017	569	119,416.20	421,875.50	9,238.20	6,244.52
2018	578	124,293.70	387,295.28	33,116.00	5,385.64
2019	587	129,481.00	339,551.00	6,703.00	4,452.93
2020	597	137,528.00	448,230.00	21,588.00	5,402.07
2021	617	146,597.00	542,196.00	19,365.00	6,756.66

Source: Bangladesh Bank

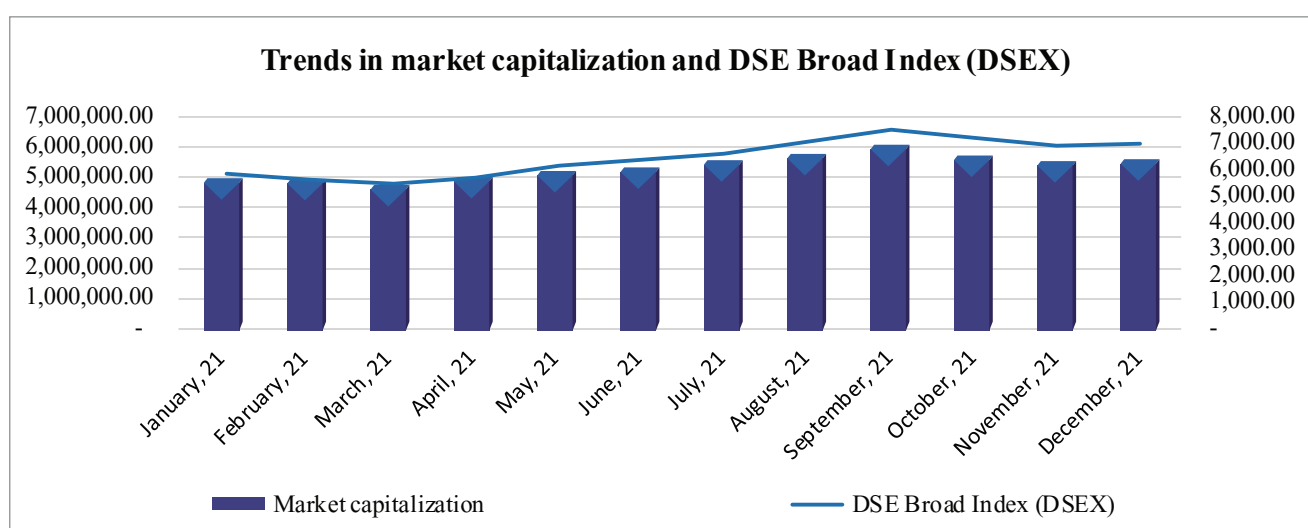


Source: DSE

Calendar Year	Market Capitalization	General Index/DSE/Broad Index
2010	347,250.20	8,290.41
2011	261,673.00	5,257.61
2012	240,356.00	4,219.31
2013	264,779.00	4,266.55
2014	325,925.00	4,864.96
2015	315,976.00	4,629.64
2016	340,466.30	5,036.05
2017	421,875.50	6,244.52
2018	387,295.28	5,385.64
2019	339,551.00	4,452.93
2020	448,230.00	5,402.07

Trends in market capitalization and DSE Broad Index (DSEX)

End Month	Market capitalization	DSE Broad Index (DSEX)
January, 21	4,790,286.48	5,649.86
February, 21	4,657,366.09	5,404.80
March, 21	4,589,023.39	5,278.16
April, 21	4,707,127.90	5,479.62
May, 21	5,038,687.67	5,990.99
June, 21	5,142,821.30	6,150.48
July, 21	5,344,048.03	6,425.26
August, 21	5,579,723.32	6,869.25
September, 21	5,815,431.23	7,329.04
October, 21	5,595,236.37	7,000.95
November, 21	5,364,946.92	6,703.26
December, 21	5,421,963.96	6,756.66



Source: DSE

Banking Sector and BLIL's Performance

World wide inflation rose in the year 2021. USD got strong against Taka which also caused price appreciation of all commodities in Bangladesh. Hence, interest rate on both deposit and lending rose this year.

Name of Banks	W. Avg. Interest Rate on Deposits	W. Avg. Interest Rate on Advances	Interest Rate Spread
PRIVATE BANKS	4.14	7.45	3.31
All Banks	3.99	7.18	3.19

Source: Statistics Department, Bangladesh Bank.

The deposit and lending also gained some growth.

Items	(Taka in Million)		Percentage Changes
	December, 2021	December, 2020	Dec, 2021 over Dec, 2020
Deposits	14,093,426	12,904,724	13.39%
Bank Credit	16,264,939	14,485,407	12.28%

Source: Statistics Department, Bangladesh Bank.

Being a Financial Institutes other than scheduled bank BLIL faced various challenges from stakeholders including Banks, Depositors as well as Borrowers. Hence, we were needed to take a conservative approach to minimize the liquidity and reputational risk.

Loans & Advances

The total portfolio of the company stood at BDT 12,149.78 million at the end of year 2021 with a growth rate of 7.30% against the previous year.

Sources of Funds

The total deposit was BDT 6,311.03 million at the end of year 2021 which is 4.43% less than then previous year and whereas total borrowing was BDT 6,501.79 million at the end of year 2021 which was 5.35% higher than the previous year.

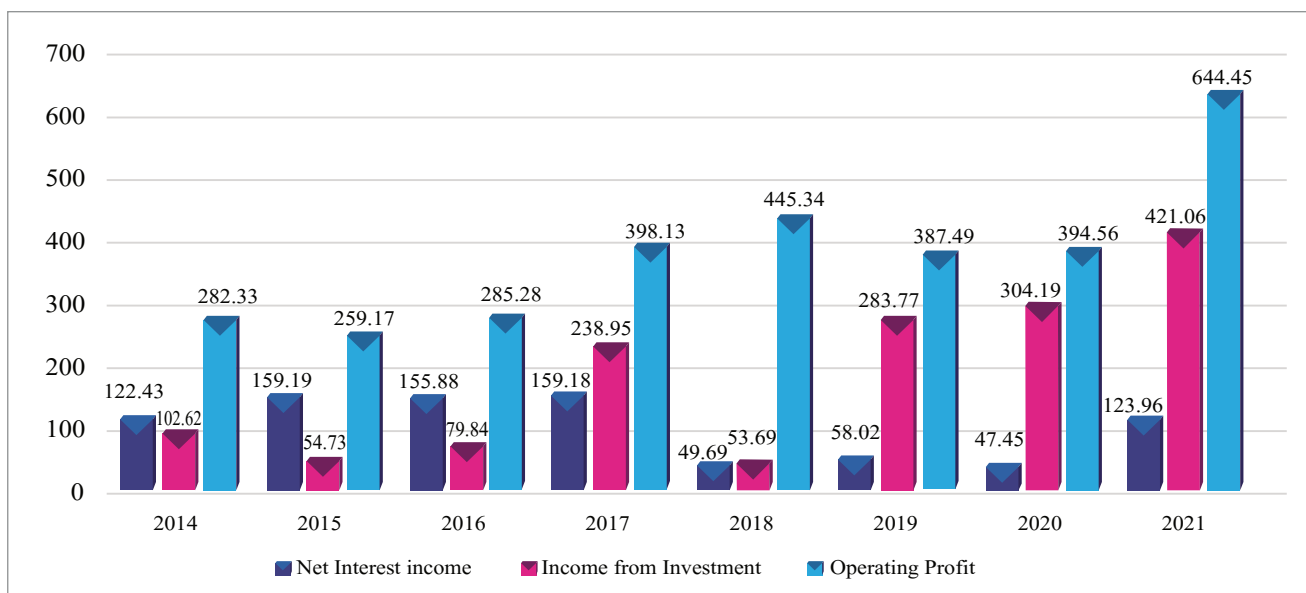
Shareholders' Equity

The Authorized Capital of the company was BDT 3000.00 million and paid-up Capital was BDT 1,408.88 million as on December 31, 2021. The Capital and Reserve of the Company in 2021 stood at Tk. 2,656.92 million. The Capital and Reserve of the Company as on 31st December, 2021 are appended below:

Particulars	BDT in Million	
	2021	2020
a) Core Capital (Tier- (Capital)		
Paid -Up Capital	1,408.88	1,408.88
Statutory Reserve	623.95	623.95
Non-Repayable Share premium account	121.12	121.12
General Reserve	111.27	111.27
Retained Earnings	(84.18)	200.12
Total Core Capital	2,181.04	2,465.34
b) Supplementary Capital [Tier- II Capital]		
General Provision for Unclassified Loan	316.57	233.53
General Provision on off - Balance Sheet Items	-	-
General Provision on off -Shore Banking Units	-	-
Revaluation gain/loss on investments	-	-
Assets Revolution Reserve	159.30	162.47
Total Supplementary Capital	475.87	396.00
Total	2656.92	2856.48

Operating Revenue & Profit

The year 2021 was quite a challenging year for Bangladesh economy and BLIL's financial and operational performance had been impacted as well. In this adverse situation we managed to increase our Interest Income, Investment Income and Operating Profit. But due to global turmoil during Covid and beyond, business houses faltered in their repayments resulting in large provisioning of a few Corporate Clients which affected our bottom line negatively. The following table depicts the scenario.



BDT in Million

BDT in Million

Years	Net interest Income	Income from Investment	Operation Profit
2014	122.43	102.62	282.33
2015	159.19	54.73	259.17
2016	155.88	79.84	285.28
2017	159.18	238.95	398.13
2018	49.69	53.69	445.34
2019	58.02	283.77	387.49
2020	47.45	304.19	394.56
2021	123.96	421.06	644.45

Provision for Tax

Provision for tax at the end of the year 2021 was BDT 56.85 million which was BDT 57.80 million in December 31, 2020.

Human Capital

BLIL recognizes that its employees are its most valuable asset. The company always tries to ensure a healthy workplace environment. It provides positive working conditions which can lead to employee satisfaction and enhanced productivity. BLIL values its employees' contributions and adopts different policies to reward them. The employee turnover ratio of BLIL is very low in comparison to the industry average. In the year 2021, employee turnover ratio for BLIL was less than 5%.

Training & Workshops

The changing nature of work and the workplace environment require a skilled, knowledgeable workforce with employees who are adaptive, flexible, dynamic, energetic, and focused on the future. We also emphasized on soft skill development to cope up with the uncertain business situation. Employees of Bay leasing & Investment Ltd. has participated both in-house and external training programs provided by BIBM, BBTA, IFC, SEDF etc. Employees are also highly encouraged to participate in various relevant workshops, seminars and fairs organized by chamber bodies and other professional institutes.

Employee welfare & facilities

BLIL offers its employees a highly competitive remuneration package. It provides its employees various facilities such as Home Loan, Car Loan, and Personal Loan to raise their standard of living. It also provides provident fund and gratuity to its employees to

create an efficient, healthy and loyal working force for the company. We also adopted a comprehensive insurance policy to protect the employees from any health accidental hazards.

Compliance and conviction

BLIL is in compliance of all applicable laws and regulations and does not adhere to any non-compliance of regulatory requirements, any loan default by the company or its directors or senior management.

Managing Director and CFO's declaration certificate

The Managing Director and CFO's declaration to the Board is appended on page no. 78

Senior Management

Disclosure of senior management personnel have been accounted for in page no. 75

Related Party Transaction

Disclosure of all related party transactions, including basis such transactions, has been provided in note 39, on page no. 131 & 74

Insider Trading

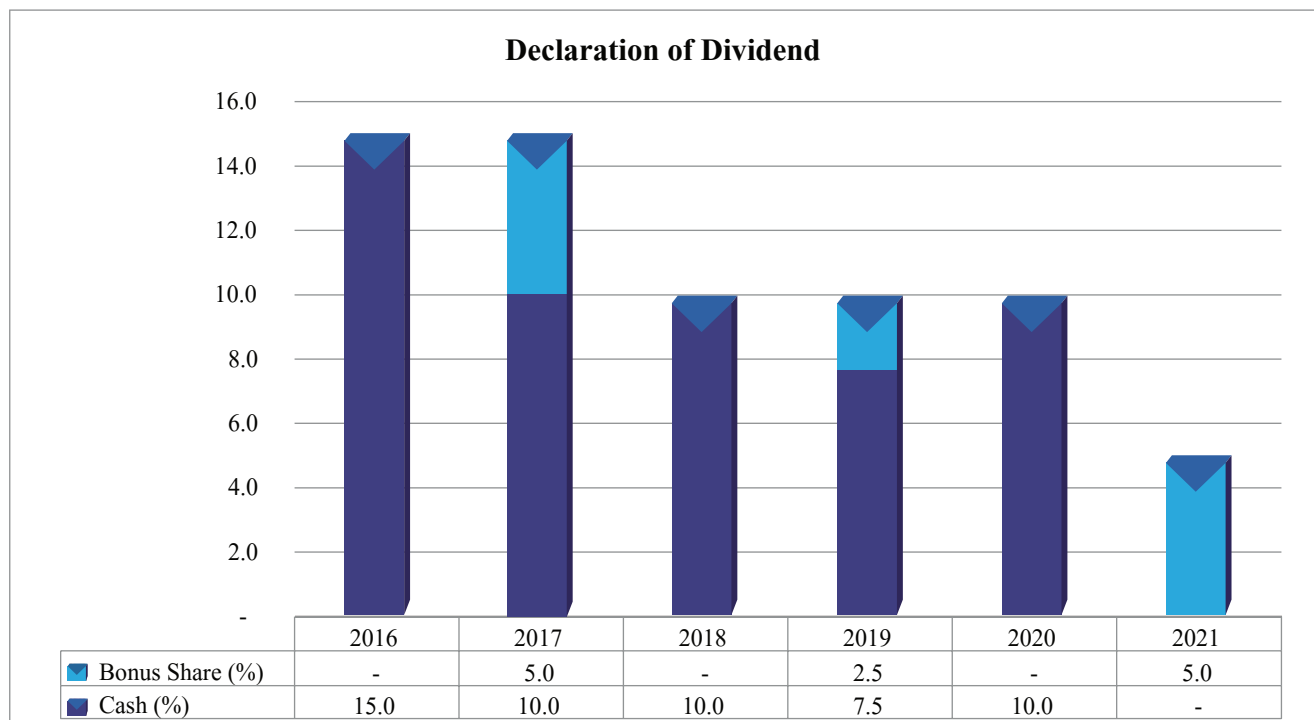
The members of the board of BLIL, or its sub-committee, or its senior management and the family members did not involve in any insider trading and did not violate the provision with regard to insider trading.

Shareholding pattern

BLIL's shareholding pattern as on December 31, 2021 is disclosed as per the new CGC of BSEC in Annexure -1 of this annual report, Page no. 74

Board Meetings and Attendance

During the year 2021, a total of ten meetings of the Board were held. Attendance by the Directors and remuneration to the directors has been summarized in Annexure-II , page no. 75



Directors

A brief resume of the directors are appended in page no- 15 which include his/her nature of expertise and qualifications. An analysis of the directors' experience and expertise and its impact on the corporate governance of the company is included in the Corporate Governance Report.

Related entities with the Directors

The names of the company in which the directors hold director ship and member ship of committees of the board are included in the note related party transaction of financial statements page no. 131

Retirement and Re-election of Directors

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

01. Dr. Maswooda Ghani
02. Mr. Tarik Sujat
03. Mrs. Fatema Zahir Majumder

As Per Article 128 of the articles of association, of the Company the retiring directors are eligible for re-election, hence the Board recommends for re-appointment of the retiring directors in the 26th Annual General Meeting of the Company.

External Auditors

M/s. Howladar Yunus & Co. Chartered Accountants have successfully completed their first year and their eligible for reappointment for three consecutive years. The Board recommended the reappointment of M/s. Howladar Yunus & Co. Chartered Accountants as the auditors of the company for the year 2022.

Anti-Money Laundering/Combating the Financing of Terrorism:

Money Laundering has been identified as a major threat to the financial services community. It is important that the management of Bay Leasing consider the prevention of money laundering as part of their core risk management strategies and not simply treat it as a stand-alone requirement that is being imposed by the legislation.

As financial organizations are committed to the prevention of money laundering, the management of BLIL has taken the following program: Formation of Central Compliance Unit (CCU) at Corporate Office headed by Chief Anti Money Laundering Compliance Officer (CAMLCO). Formation of Branch Compliance Unit (BCU) at Principal Branch headed by Branch Anti Money Laundering Compliance Officer (BAMLCO). Know Your Customer (KYC) have now become an integral part of an account relationship. They are mandatory and a vital reference point to all account relationships.

Appropriate customer identification, record keeping and primary points of consideration. The company has a policy to keep all related documents/records for a minimum of five years even after closure of account.

Workshops and seminars have been attended by the staffs to upgrade their skills on AML procedures.

Directors Statements Pursuant to the Disclosure and Transparency

The Directors confirms that to the best of each director's knowledge and belief:

The financial statements, prepared in accordance with IAS/IFRS as adopted by ICAB, give a true and fair view of the assets, liabilities, financial positions and result of the company and,

The management report contained in the operational and financial review includes a fair review of the development and performance of the business and positions of the company, together with a description of the principal risks and uncertainties that my face.

The internal control system is properly designed, implemented and effectively monitored.

Status of Compliance

Status of the compliance of conditions of Corporate Governance code imposed by the Bangladesh Security and Exchange Commission's Notification No. SEC/CMRRC/2006-158/207Admin/80 dated 03 June, 2018 along with a certificate from a Chartered Accountant Firm has been enclosed on page no.59

We also enclose a statement of compliance on the good governance guidelines issued by the Bangladesh bank on page no.70



DR. Maswoodi Ghani
Chairman

Disclosures under Pillar III- Market Discipline

For the year ended 31st December 2021

Overview

The Basel-II disclosures presented in these documents are related to BLIL for the year ended December 31, 2021. These disclosures have been made in accordance with Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions introduced by Department of Financial Institutions and Markets. The Basel-II framework consists of the following three pillars:

Pillar-I: Minimum Capital Requirement

Banks must hold minimum regulatory capital against Credit, Market and Operational Risk inherent with Banking Business.

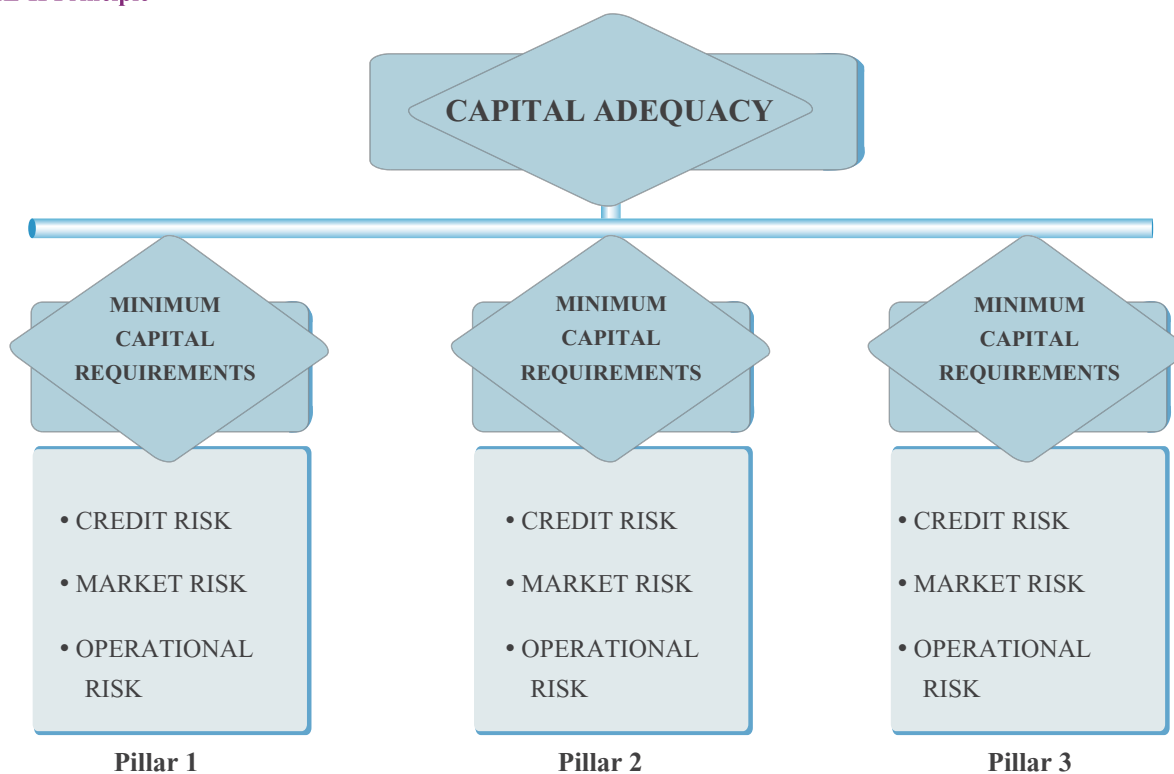
Pillar-II: Supervisory Review Process (SRP)

SRP basically deals with other risks faced by a bank but not covered in pillar-I. The key principle of SRP is that banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level. The assessment of adequate capital would be the outcome of the dialogue to be held between the bank's SRP and Bangladesh Bank's SREP team.

Pillar-III: Market Discipline

The purpose of Market Discipline in the Revised Capital Adequacy Framework is to complement the minimum capital requirement and the supervisory review process. The aim of introducing Market Discipline in the revised capital framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

BASEL-II Principle



1) Scope of Application

Qualitative Disclosures:

The name of the corporate entity in the group to which the guidelines applies.

- Bay Leasing & Investment Limited

The financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS).

Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

- Not applicable

2) Capital Structure

Qualitative Disclosure

The assets, liabilities, revenue and expenses of all profit centre divisions are related in BLIL's audited financial statement as of year ended December 31, 2021.

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

Tier 2 capital includes:

- General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
- Revaluation reserves;
- 50% Revaluation reserve for fixed assets;
- All other preference shares;

Conditions for maintaining regulatory capital:

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

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

Formation of Basel Implementation Unit (BIU)

The Basel Implementation Unit (BIU) of Bay Leasing & Investment Limited has been formed as per Basel – II Guideline of Bangladesh Bank. The Basel Implementation Unit (BIU) at Head Office will be headed by Managing Director. He will examine the report received from the Basel Implementation Desk (BID) of the Risk Management Department who manages the Basel activities.

The Basel Implementation Unit (BIU) consisting of three members has been formed at Head office headed by Managing Director. The members of the unit are:

Sl.	Name	Designation	Designation (CCU)
01.	Mr. Iftekhar Ali Khan	Managing Director	Head of BIU
02.	Mr. Samir Saha	Asst. Vice President	Member
03.	Md. Enayet Kabir	Asst. Vice President	Member

Quantitative Disclosure

Amount in

Particulars	Amount in Crore
Paid up capital	140.89
Statutory reserve	62.40
Non-repayable share premium account	12.11
General reserve	11.13
Retained earnings	(8.42)
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
Total Tier-1 (Core Capital)	218.11
Deductions from Tier-1 Capital	-
Tier-2 (Supplementary Capital)	
General Provision (Unclassified loans up to specified limit+SMA+off Balance Sheet exposure)	14.00
Asset Revaluation Reserves up to 50%	15.93
Tier-2 Capital	29.93
Total Eligible Capital (1+2)	248.04

Risk Weighted Assets (RWA)

Particulars	2021
A. Credit Risk:	1147.44
On-Balance sheet	1126.04
Off-Balance sheet	21.40
B. Market Risk	206.64
C. Operational Risk	63.40
Total Risk Weighted Assets	1417.48

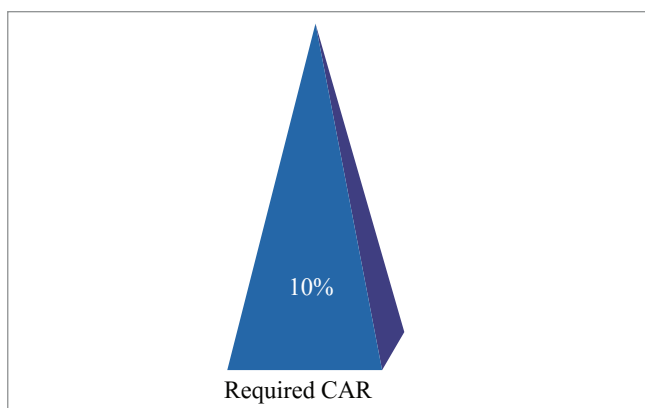
3) Capital Adequacy

Qualitative Disclosure

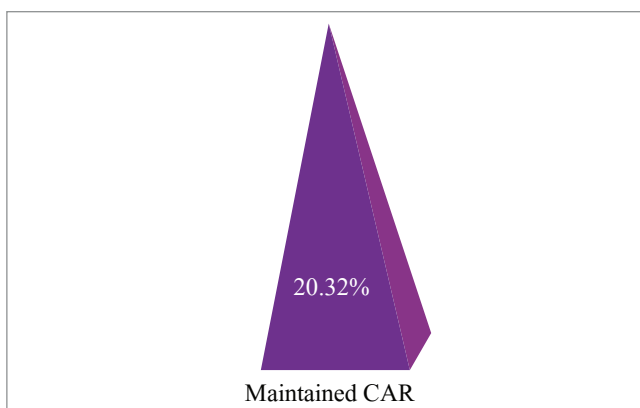
Bay Leasing & Investment Limited with its focused strategy on risk management has always been consistent in maintaining capital adequacy ratio above the regulatory requirements. BLIL has been successfully managing the incremental growth of the Risk Weighted Assets by ensuring diversification of the portfolio in SME, Retail and Corporate segments. However, RWA is also managed by taking collaterals against its loans. BLIL strives to extend our relationship with corporate clients having good credit ratings. While computing the capital adequacy, BLIL has applied Standardized Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk.

Quantitative Disclosure

Particulars	Amount in Crore	
	2021	2020
A. Eligible Capital:		
1. Tier-1 Capital	218.11	246.05
2. Tier-2 Capital	29.93	29.55
3. Total Eligible Capital (1+2)	248.04	275.60
B. Total Risk Weighted Assets (RWA)	1417.48	1356.41
C. Capital Adequacy Ratio (CAR) (A3/B)*100	17.50%	20.32%
D. Core Capital to RWA (A1/B)*100	15.93%	18.14%
E. Supplementary Capital to RWA (A2/B)*100	2.11%	2.18%
F. Minimum Capital Requirement (MCR) 10% of RWA	141.75	135.64



CAR as on December 31, 2021



4) Credit Risk

Qualitative Disclosure

Credit Risk: Credit risk is the risk of financial losses resulting from the failure by a client or counterparty to meet its contractual obligations to the Company. Credit risk arises from the Company's dealings with or lending to corporate, individuals, and other banks or financial institutions.

Corporate Credit Policy: BLIL is managing its Credit Risk through a Board directed and approved Corporate Credit Policy in line with the Bangladesh Bank Core Risk Management Guidelines, which outlined robust processes and procedures to ensure the quality of its assets portfolio. The Credit Policy also contains the general principles to govern the implementation of detailed lending procedures and risk grading systems of the borrowers. And, as such, it specifically addresses the areas of (a) Loan Originating; (b) Credit Approval; (c) Credit Administration; (d) Risk Management; and (e) Monitoring, Collection and Recovery activities.

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

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

Quantitative Disclosure

Industry- wise distribution of exposures, broken down by types of credit exposure

Amount in Crore

Sector	2021	2020
Agricultural Sector	12.65	19.82
Textile	63.79	46.06
Garments	105.59	89.98
Jute and jute products	0.29	0.29
Food production/processing industry	25.43	25.21
Plastic industry	13.29	7.89
Leather & leather products	2.03	-
Ship Manufacturing Industry	3.64	4.24
Chemical & Pharmaceutical	1.40	5.09

Sector	2021	2020
Cement/Concrete and allied industry	50.06	59.00
Service Industry	59.13	-
Paper, printing and packaging industry	41.62	42.69
Wood, Furniture & Fixtures	10.80	-
Glass and ceramic industry	-	-
Electronics and electrical industry	10.22	10.22
Iron, Steel & Engineering	21.99	
Trade and commerce	86.80	102.19
Power, Gas, water and sanitary service	2.69	1.58
Transport & Communication	-	2.50
Real Estate & Housing	292.47	312.89
Merchant Banking	99.31	24.71
Consumer Finance	14.89	-
Others	59.97	93.91
Total	975.88	838.43

Geographical distribution of exposures, broken down by major types of credit exposure

Area	Amount in crore
Dhaka Division	971.16
Chittagong Division	-
Khulna Division	-
Rajshahi Division	2.12
Rangpur Division	0.59
Barishal Division	-
Sylhet division	-
Mymanshing	2.01
Total	975.88

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

Particulars	Amount in crore
On demand	-
Up to 1 month	27.77
Over 1 month but not more than 3 months	84.34
Over 3 months but not more than 1 year	298.55
Over 1 year but not more than 5 years	449.62
Over 5 years	115.60
Total	975.88

5) Equities: Banking Book Positions

Qualitative Disclosure

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

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and Total equity shares holdings are for capital gain purpose.

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

Shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and condition of regulatory authority.

Quantitative Disclosure

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

Particular	Market Value
Ordinary Shares	103.32

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

Specific Risk- Market value of investment in equities is BDT 103.32 crore. Capital Requirement is 10% of the said value which stand to BDT 10.33 crore

General Risk- Market value of investment in equities is BDT 103.32 crore. Capital Requirement is 10% of the said value which stand to BDT 10.33 crore.

6) Market Risk

Qualitative Disclosure

Market Risk: Market risk is defined as the risk of losses arising from movements in market prices reported in and Off- Balance Sheet positions. BLIL is exposed to Market Risk mostly stemming from the risks pertaining to interest rate related instruments and equities in the trading book.

Methods Used to Measure Market Risk: We use Standardized (Rule Based) Approach to measure the market risk as per the guidelines of Bangladesh Bank where, for Interest Rate Risk and Equity Risk both General and Specific risk factors are applied for calculating required capital charges against Market Risk.

Market Risk Management System:

Asset Liability Management: Changes in market liquidity and or interest rate exposes company's business to the risk of loss, which may in extreme cases, threaten the survival of the institution. Bangladesh Bank to control and limit these risks and proper resources are available for the evaluation and control of these risks. The Asset Liability Committee

(ALCO) of the company monitors Balance Sheet and liquidity risk of the company. This Committee also reviews country's overall economic position, company's liquidity position, ALM ratios, Interest Rate Risk, Capital Adequacy, Deposit Advance Growth, Cost of Deposit, Market Interest Rate, Loan Loss Provision adequacy, deposit and lending pricing strategy.

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

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

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

Quantitative Disclosure

Particulars	Amount in crore
Interest rate risk	-
Equity positions risk	206.64
Foreign exchange positions and commodity risk (if any)	-

7) Interest rate in the banking book

Qualitative Disclosure

The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. BLIL measure the Interest Rate Risk by calculation Duration Gap i.e. a positive Duration Gap affect company's profitability adversely with the increment of interest rate and a negative Duration Gap increase the company's profitability with the reduction of interest rate.

8) Operational Risk

Qualitative Disclosure

Operational Risk: Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and system or from external events. This definition includes legal risk, but excludes strategic or reputation risk. The Board of Directors (BOD) of BLIL and its Management firmly believe that efficient management of operational risks always contribute to personnel, we have developed user friendly Operations Manual enclosed with functional processes for all employees who are the end users of these processes.

This is a critical initiative for the company because having a mapped out process enables users to operate more efficiently, enhances knowledge amongst staff and fills in the holes in operations. We ensure that all the policies and processes address clear responsibilities and accountabilities of the cross functional departments including the employees.

Performance gap of executives and staffs: BLIL's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the BLIL family. We aim to foster a sense of pride in working for BLIL and to be the employer of choice.

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

Potential external events: No potential external event exists to raise operational risk of BLIL at the time of reporting.

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

Approach for Calculating Capital Charges for Operational Risk: We follow the Basic Indicator Approach (BIA) for calculating the capital charges for Operational Risk as per the guidelines of Bangladesh Bank. As per BIA, the capital charge for Operations Risk is a fixed percentage denoted by α (alpha) of average positive gross annual income of the bank over the past three years.

Quantitative Disclosure

Particulars	Amount in crore
Capital requirement for operational risk	63.40

Report of the Audit Committee

The Board Audit Committee of Bay Leasing is one of the sub-committee of the Board of Directors. The Audit Committee acts as the core administrator of the company for protecting and safeguarding stakeholders' interests. The role and terms of reference of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of Bay Leasing's financial statements, risk management and internal control, internal and external audit functions, compliance with laws and regulations and the external auditors' performance and independence.

Composition and members of the Audit Committee

The present members of the committee are as follows:

Name	Status in the Committee	Status in the Board
Dr. Zaidi Sattar	Chairman	Independent Director
Prof. Suraiya Begum	Member	Director
Mr. Tarik Sujat	Member	Director
Mr. Zubayer Kabir	Member	Director
Mrs. Fatema Zahir Majumder	Member	Director

As per regulatory guidelines the Company Secretary of Bay Leasing Mrs. Sharmin Akhter is the secretary of the Audit Committee.

Meetings of the Audit Committee

Four meetings were held in the year 2021. The Managing Director, CFO and other Division Heads of Bay Leasing attended the meetings on invitation.

Terms of Reference of the Audit Committee

- Dr. Zaidi Sattar, in his capacity as the Independent Director shall be the Chairman of the Audit Committee.
- The tenure of office of the Audit Committee shall be 3 (three) years.
- The Company Secretary shall act as Secretary to the Audit Committee.
- The terms of reference of the Audit Committee shall also be as specified in the DFIM Circular and BSEC's Notification.

Internal Audit

- Received reports from the internal auditors.
- Review the efficiency and effectiveness of the internal audit function.
- Review the annual internal audit plan and approve the same.
- Review the appropriate system and controls in place for effectiveness of internal audit function.
- Review the findings and recommendations made by the internal audit.

Other Reviews

- Review the management's discussion and analysis before disclosing in the Annual Report
- Review statement of significant related party transactions submitted by the management

External Audit

Howladar Yunus & Co, Chartered Accountants acted as external auditors to the company for the year. The external auditors are not engaged by the company on any non-audit work.

Reporting of the Audit Committee

The Audit Committee reported its findings/observations to the Board of Directors according to BSEC Notification.

Independence of External Auditors and appointment of Statutory Auditors

As a policy, the committee prohibits the external auditors from performing any work that they may subsequently need to audit or which might otherwise create a conflict of interest. The committee also monitors the balance between audit and non-audit related functions to ensure that the auditors' independence are maintained. The Chief Financial Officer is permitted to engage the external auditors on matters that do not create such conflicts.

The committee considered the independence, expertise and objectivity of external auditors and also reviewed their effectiveness as external auditors before submitting its recommendation to the Board that their reappointment could be proposed to the shareholders.

Acknowledgement

The members of the Audit Committee expressed their thanks to the Board of Directors and the Management for their cooperation while performing their duties and responsibilities.



Dr. Zaidi Sattar

Chairman, Audit Committee

Status of Compliance on Corporate Governance

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

(Report Under Condition No. 9)

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Size of the Board of Directors			
1 (1)	The total number of members of a company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty).	\checkmark		--
1 (2)	Independent Directors			
1 (2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	\checkmark		
1 (2) (b)	For the purpose of this clause "independent director" means a director:			
1 (2) (b)(i)	who does not hold any share or holds less than one percent (1%) shares of total paid up shares of the company;	\checkmark		--
1 (2) (b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	\checkmark		--
1 (2) (b)(iii)	who has not been an executive in the company in immediately preceding 2 (two) financial years;	\checkmark		--
1 (2) (b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	\checkmark		--
1 (2) (b)(v)	who is not a member or TREC holder, director or officer of any stock exchange;	\checkmark		--
1 (2) (b)(vi)	Who is not the shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an Intermediary of the capital market;	\checkmark		--
1 (2) (b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	\checkmark		--
1 (2) (b)(viii)	Who is not the independent director in more than 5 (five) listed companies;	\checkmark		--
1 (2) (b)(ix)	who is not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non-bank financial institution (NBFI);	\checkmark		--
1 (2) (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	\checkmark		--
1 (2) (c)	The independent director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM);	\checkmark		--
1 (2) (d)	The post of independent directors cannot remain vacant for more than 90 days; and	\checkmark		No Vacancy Occurred
1 (2) (e)	The tenure of office of an Independent Directors shall be for a period of 3 (three) years which may be extended for 1 (one) tenure only.	\checkmark		--
1 (3)	Qualification of Independent Director (ID)			
1 (3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	\checkmark		--
1(3) (b)	Independent director must have the following qualifications:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		--
1 (3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or			N/A
1 (3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	✓		--
1 (3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		--
1(3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		--
1 (3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		--
1(3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1 (4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		--
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the equivalent or same position in another listed company;	✓		--
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		--
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		--
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
1 (5)	The Director's Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1 (5) (i)	Industry outlook and possible future developments in the industry;	✓		--
1 (5) (ii)	Segment-wise or product-wise performance;	✓		--
1 (5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;			N/A
1 (5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		--

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (5) (v)	A discussion on continuity of any Extra-Ordinary activities and implications (gain or loss);			N/A
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party nature of transactions and basis of transactions of all related party transactions;	√		--
1 (5) (vii)	A statement of utilization of proceeds from public issues, right issues and/ or through any others instruments;			N/A
1 (5) (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.			N/A
1 (5) (ix)	An explanation if significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
1 (5) (x)	Remuneration to the directors including independent directors;	√		--
1 (5) (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		--
1 (5) (xii)	Proper books of account of the company have been maintained;	√		--
1 (5) (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		--
1 (5) (xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		--
1 (5) (xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		--
1 (5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		--
1 (5) (xvii)	There are no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		--
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		--
1 (5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		--
1 (5) (xx)	An explanation on the reasons if the company has not declared dividend (cash or stock) for the year, the reasons there of shall be given;			N/A
1 (5) (xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend;			N/A
1 (5) (xxii)	The number of Board meetings held during the year and attendance by each director shall be disclosed;	√		--
1 (5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1(5) (xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		--
1(5) (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		--
1(5) (xxiii)(c)	Executives; and	√		--

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);			N/A
1 (5) (xxiv)	In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:			
1(5)(xxiv) (a)	a brief resume of the Director;	\checkmark		--
1(5)(xxiv) (b)	nature of his/her expertise in specific functional areas; and	\checkmark		--
1(5)(xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board;	\checkmark		--
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv) (a)	accounting policies and estimation for preparation of financial statements;	\checkmark		--
1(5)(xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	\checkmark		--
1(5)(xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	\checkmark		--
1(5)(xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	\checkmark		--
1(5)(xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	\checkmark		--
1(5)(xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	\checkmark		--
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	\checkmark		--
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	\checkmark		--
1 (6)	Meetings of the Board of Directors:			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	\checkmark		--
1 (7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			N/A
1(7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			N/A

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2	Governance of Board of Directors of Subsidiary Company.			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;		\checkmark	Total number of members in Board of Directors is less than five
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;		\checkmark	No Director Board of the Subsidiary Company is Independent Director of the holding Company
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	\checkmark		--
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	\checkmark		--
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	\checkmark		--
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)-			
3 (1)	Appointment:			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	\checkmark		--
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	\checkmark		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	\checkmark		--
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	\checkmark		--
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	\checkmark		--
3 (2)	Requirement to attend Board of Directors' Meetings:			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that the CS, CFO and/or HIAC shall not attend such part of a meeting of the Board which involved consideration of an agenda item relating to their personal matter:	\checkmark		--
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3 (3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		--
3 (3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		--
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		--
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		--
4.	Board of Directors' Committee:			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee; and	✓		--
4 (ii)	Nomination and Remuneration Committee.			Bangladesh Bank through its Letter No. DFIM (P)1052/27/2021-2436, Dated: 04 November 2021 as restricted the NBFIs to from Nomination and Remuneration Committee of the Board.
5	Audit Committee:			
5 (1)	Responsibility to the Board of Directors:			
5 (1) (a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		--
5 (1) (b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	✓		--
5 (1) (c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		--
5 (2)	Constitution of the Audit Committee			
5 (2) (a)	The Audit Committee shall be composed of at least 3 members;	✓		--
5 (2) (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		--
5 (2) (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		--
5 (2) (d)	Filling of casual vacancy in committee immediately and not later than 1 (one) month from the date of vacancy;			N/A
5 (2) (e)	The Company Secretary shall act as the secretary of the Committee.	✓		--
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 independent director.	✓		--
5 (3)	Chairman of the Audit Committee			
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		--
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		--

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (3) (c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	\checkmark		--
5 (4)	Meeting of the Audit Committee			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	\checkmark		--
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	\checkmark		--
5 (5)	Role of Audit Committee			
	The audit committee shall: -			
5 (5) (a)	Oversee the financial reporting process;	\checkmark		--
5 (5) (b)	monitor choice of accounting policies and principles;	\checkmark		--
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	\checkmark		--
5 (5) (d)	oversee hiring and performance of external auditors;	\checkmark		--
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	\checkmark		--
5 (5) (f)	review along with the management, the annual financial statements before submission to the board for approval;	\checkmark		--
5 (5) (g)	review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval;	\checkmark		--
5 (5) (h)	review the adequacy of internal audit function;	\checkmark		--
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	\checkmark		--
5 (5) (j)	review statement of significant related party transactions submitted by the management.	\checkmark		--
5 (5) (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	\checkmark		--
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	\checkmark		--
5 (5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.			N/A
5 (6)	Reporting of the Audit Committee			
5 (6) (a)	Reporting to the Board of Directors			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board of Directors.	\checkmark		--
5 (6) (a) (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
5 (6) (a) (ii) (a)	report on conflicts of Interests.			N/A
5 (6) (a) (ii) (b)	suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
5 (6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5 (6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board of Directors immediately;			N/A
5(6) (b)	Reporting to the Authorities			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5 (7)	Reporting to the Shareholders and General Investors.			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A
6	Nomination and Remuneration Committee (NRC).	Bangladesh Bank through its Letter No. DFIM (P)1052/27/2021-2436, Dated: 04 November 2021 as restricted the NBFIs to from Nomination and Remuneration Committee of the Board.		
6 (1)	Responsibility to the Board of Directors			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			N/A
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and to level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			N/A
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b).			N/A
6 (2)	Constitution of the NRC			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;			N/A
6 (2) (b)	All members of the Committee shall be non-executive directors;			N/A
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;			N/A
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;			N/A
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			N/A
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			N/A
6 (2) (g)	The company secretary shall act as the secretary of the Committee;			N/A
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			N/A
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6 (3)	Chairperson of the NRC			
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			N/A
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			N/A
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;			N/A
6 (4)	Meeting of the NRC			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;			N/A
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			N/A
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			N/A
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			N/A
6 (5)	Role of the NRC			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			N/A
6 (5) (b)	NRC shall oversee, the following matters and make report with recommendation to the Board:			
6 (5) (b) (i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6 (5) (b) (i) (a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company, successfully;			N/A
6 (5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			N/A
6 (5) (b) (i) (c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			N/A
6 (5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			N/A
6 (5) (b) (iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			N/A
6 (5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;			N/A
6 (5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			N/A
6 (5) (b) (vii)	developing, recommending and reviewing annually the company's human resources and training policies;			N/A
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			N/A

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7.	External/Statutory Auditors should not be engaged in:			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
7 (1) (i)	appraisal or valuation services or fairness opinions;	\checkmark		--
7 (1) (ii)	Financial information systems design and implementation.	\checkmark		--
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements.	\checkmark		--
7 (1) (iv)	Broker-dealer services.	\checkmark		--
7 (1) (v)	Actuarial services.	\checkmark		--
7 (1) (vi)	Internal audit services.	\checkmark		--
7 (1) (vii)	Any other service that the Audit Committee determines.	\checkmark		--
7 (1) (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	\checkmark		--
7 (1) (ix)	any other service that creates conflict of interest.	\checkmark		--
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	\checkmark		--
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	\checkmark		--
8	Maintaining a website by the Company.			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	\checkmark		--
8 (2)	The company shall keep the website functional from the date of listing.	\checkmark		--
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	\checkmark		--
9	Reporting and Compliance of Corporate Governance:			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	\checkmark		--
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			25 th AGM 04-11-2021
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	\checkmark		--

Report to the Shareholders of Bay Leasing & Investment Limited on Compliance of Corporate Governance Guidelines

We have examined the compliance status to the Corporate Governance Code by [Issued under condition # 1(5) (xxvii) of Corporate Governance Code of BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018]

We have examined the compliance status to the Corporate Governance Code by “Bay Leasing & Investment Limited” for the year ended on 31 December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Date: 26 September, 2022


Pinaki Das, FCA
Senior Partner
Pinaki & Company
Chartered Accountants

Compliance Report on Bangladesh Bank’s Guidelines on Corporate Governance

Bangladesh Bank requires the Financial Institutions to comply with the guidelines on Corporate Governance as per the DFIM Circular no. 7 dated September 25, 2007 taking appropriate steps to comply with the guidelines and implemented the same. Status report on compliance with those guidelines is given below:

Condition No.	Particulars	Compliance Status		Remarks
		Complied	Not Complied	
Responsibilities and authorities of Board of Directors	A. Work Planning and Strategic Management			
	i. The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	√		
	ii. The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	√		
	iii. The Board will set the Key Performance Indicators (KPIs) for the CEO and other senior executives and will evaluate half yearly / yearly basis.	√		
	B. Formation of sub-committee			
	To expedite the process of making timely decision on key operational issues, Executive Committee and Audit Committee may be formed. No alternative director shall be included in this committee.	√		
	C. Financial Management			
	i. Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	√		
	ii. Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	√		
	iii. Board shall approve the procurement policy and shall accordingly the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and top management. However, decision relating to purchase of land, building and vehicles shall remain with the Board.	√		
iv. The Board shall adopt the operation of bank accounts. Groups maybe formed among the management to operate bank accounts under joint signatures.	√			

Condition No.	Particulars	Compliance Status		Remarks
		Complied	Not Complied	
Responsibilities and authorities of Board of Directors	A. Management of loan/lease/investments			
	i. Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	√		
	ii. No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	√		
	iii. Any syndicated loan/lease/investment proposal must be approved by the Board.	√		
	B. Risk Management			
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	√		
	C. Internal Control and Compliance			
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	√		
	D. Human Resources Management			
	i. Board shall approve the policy on Human Resources Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	√		
	ii. Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	√		
	E. Appointment of the Managing Director and Increase of Salaries & Allowances			
	The Board shall appoint a competent CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	√		
F. Benefit to the Chairman				
Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	√			

Condition No.	Particulars	Compliance Status		Remarks
		Complied	Not Complied	
Responsibilities and authorities of the Chairman	i. Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	√		
	ii. The minutes of the Board meetings shall be signed by the Chairman;	√		
	iii. Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	√		
Responsibilities of Managing Director	i. Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	√		
	ii. Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	√		
	iii. All recruitment/ promotion/ training, except recruitment/ promotion/ training of DMD, shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company;	√		
	iv. Managing Director may re-schedule job responsibilities of employees;	√		
	v. Managing Director may take disciplinary actions against the employees except DMD and General Manager;	√		
	vi. Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by the Managing Director.	√		

Shareholding of the sponsors/Directors as on 31st December, 2021

SL No	Name of Directors	Position	No. of share	% of share holdings
01.	DR. MASWOODA GHANI	CHAIRMAN	88,40,640	6.27
02.	TARIK SUJAT	DIRECTOR	30,39,808	2.16
03.	ZUBAYER KABIR	DIRECTOR	28,18,213	2.00
04	SURAIYA BEGUM	DIRECTOR	33,73,728	2.40
05	MRS FATEMA ZAHIR MAJUMDER	DIRECTOR	29,69,150	2.11
06	PROF. SHAHID UDDIN AHMED	INDEPENDENT DIRECTOR	0	0
07	DR.ZAIDI SATTAR	INDEPENDENT DIRECTOR	0	0
08	MR.A.K.M AZIZUR RAHMAN	SPONSOR SHAREHOLDER	10,77,381	0.76
09	MRS HAMIDA HOSSAIN	SPONSOR SHAREHOLDER	7,48,181	0.53
10	ABDUL MATLUB AHMAD	SPONSOR SHAREHOLDER	1,74,32,633	12.37
11	RAIYAN KABIR	SPONSOR SHAREHOLDER	13,26,008	0.94
12	QUAMRUNNESSA RATNA	SPONSOR SHAREHOLDER	51,487	0.04
13	FARHANA KABIR	SPONSOR SHAREHOLDER	6,86,916	0.49
14.	IFTEKHAR ALI KHAN	MANAGING DIRECTOR	0	0
		Total	4,23,64,145	30.07

Senior Executives Shareholding position

SL #	Name of Shareholders	Designation	Number of Shares	% of Holdings
1.	Mr. Iftekhar Ali Khan	Managing Director	-	-
2.	Mr. Mohammad Lutfur Rahman	Senior Executive Vice President	-	-
3.	Mr. Mohammad Rashedul Islam	Vice President	-	-
4.	Mr. Rashed Al Islam	Vice President	-	-
5.	Mr. Shabbir Minhaz Chowdhury	Senior Assistant Vice President	-	-
6.	Ms. Sharmin Akhter	Senior Assistant Vice President	-	-

Associates and Subsidiaries Shareholding as on 31 December, 2021

SL No	Name of Directors	Relationship	No. of shares	% of holding
01.	BLI Capital Ltd	Subsidiary Company	-	-
02	BLI Securities Ltd.	Associate Company	-	-
03.	Lucky Feed Ltd.	Associate Company	-	-

Pattern of Shareholdings as on 31st December, 2021

SL No	Name of Directors	Position	No. of share	% of share holdings
01.	DR. MASWOODA GHANI	CHAIRMAN	88,40,640	6.27
02.	TARIK SUJAT	DIRECTOR	30,39,808	2.16
03.	ZUBAYER KABIR	DIRECTOR	28,18,213	2.00
04	SURAIYA BEGUM	DIRECTOR	33,73,728	2.40
05	MRS FATEMA ZAHIR MAJUMDER	DIRECTOR	29,69,150	2.11
06	PROF. SHAHID UDDIN AHMED	INDEPENDENT DIRECTOR	0	0
07	DR.ZAIDI SATTAR	INDEPENDENT DIRECTOR	0	0

Shareholding 10% or more

Abdul Matlub Ahmad	1,74,32,633	12.37
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Shareholding 5% or more

01. SOUTHEAST BANK LIMITED	1,40,12,405	9.93
02. SOUTHEAST BANK CAPITAL SERVICES LIMITED	1,15,00,000	8.16

Shareholding Composition as on 31st December 2021

Sl. No.	Shareholder's Group	No. of Shares Held	% of Total Shares	No. of Shareholders
1	Sponsors & Directors			
	I. Local (Individual + Corp. Body)	42,364,145	30.07	11
2	Corporate Bodies			
	I.Local	42,765,189	30.35	202
	II. Foreign	579	0.00	1
3	General Investors			
	I. Local Individual	55,631,925	39.49	7,904
	II Non Resident Bangladeshis (NRBs)	126,605	0.09	59
	Total	140,888,443	100.00	8,177

Attendance by the Directors at the Board Meetings during the year-2021

SL. No	Name of Sponsor Directors/ Shareholders	Status	Total Meeting	Attended	Attended Fee	Remarks
1	Dr. Maswooda Ghani	Chairman	8	6	48,000	The Directors who could not attend any meeting were granted leave of absence
2	Prof. Suraiya Begum	Director	8	8	64,000	
3	Mr. Tarik Sujat	Director	8	8	64,000	
4	Mr. Zubayer Kabir	Director	8	6	48,000	
5	Mrs. Fatema Zahir Majumder	Director	8	8	64,000	
6	Dr. Zaidi Sattar	Independent Director	8	8	64,000	
7	Prof Shahid Hossain	Independent Director	8	2	16,000	
	Total Remuneration Paid				368,000	

Audit Committee Meeting and attendance of Directors during the year-2021

"SL No"	Name of Sponsor Directors/ Shareholders	Status	Total Meeting	Attended	Attended Fee	Remarks
1	Dr. Zaidi Sattar	Chairman	4	4	32,000	Nil
2	Prof. Suraiya Begum	Member	4	4	32,000	
3	Mr. Tarik Sujat	Member	4	4	32,000	
4	Mr. Zubayer Kabir	Member	4	4	32,000	
5	Mrs. Fatema Zahir Majumder	Member	4	4	32,000	
	Total Remuneration Paid				160,000	

Transactions with Senior Executives

SL No	Name of Sr. Executives	Designation	Remuneration/Salary	Loan Outstanding
1	Mr. Iftekhar Ali Khan	Managing Director	5,889,362	
2	Mohammad Lutfur Rahman	Senior Executive Vice Predident	3,505,152	5,324,554
3	M.Maniruz Zaman Khan	Executive Vice Predident	2,311,680	5,047,004
4	Mohammad Rashedul Islam	Vice Predident	2,350,662	6,725,569
5	Mr. Rashed Al Islam	Vice Predident	2,345,956	1,130,987
6	Mr. Shabbir Minhaz Chowdhury	Senior Assistant Vice Predident	1,727,046	-
7	Ms. Sharmin Akhter	Senior Assistant Vice Predident	1,653,120	701,070

Sustainable Finance Initiatives

SUSTAINABLE INITIATIVES

Environmental sustainability considers environmental factors along with financial priorities with an aim to protect the environment and assist economic development in a more environment friendly way. BLIL focused on environmental sustainability as a key part of social responsibility.

Since BLIL is committed to the environment and combating climate changes, BLIL have sketched environmental sustainability policies, goals and practices that help their activities inside and out and reduce both its direct impact, through the use of natural resources by its internal operations, and its indirect impact through its financial activity.

Environment Friendly Loan Financing

BLIL have incorporated sustainability principles into day-to-day activities of the Company aiming to do best to ensure that the credits BLIL extend to the customers are utilized for environmentally sound and sustainable purposes. BLIL observes with environmental standard while financing. Projects with likely adverse impact on environment are strongly discouraged by BLIL. As an environment responsive Financial Institution, BLIL ensures that the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. BLIL has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects BLIL's strong commitment in ensuring environmental and social safeguard



of the projects, while creating a sense of accountability for the borrowers. BLIL also encourages it's borrowers to have solar panel in their project at the time of appraising and granting housing loan facilities. In future the company aims to enhance



the effort on preserving ecosystem, land, air and water, in line with broad corporate mission of the Company.

Plantation

We humans would not be able to exist on this beautiful planet without trees. To give back to the creation which has facilitated life from the inception of life is what can be claimed humane now. BLIL planted trees in the areas near to our branch location and be a part of the solution to climate breakdown.

In-house Environmental sustainability practices

BLIL is maintaining a balanced initiative and supporting activity to contain things that may adversely affect the environment. BLIL encourages rational use of energy in the office and promotes the spirit of environment sustainability action plans. Reduced utilization of electricity and minimum uses of utilities and office stationaries have become mandatory for the officials are as following:

Energy Conservation: BLIL substituted all inefficient older light bulbs with compact fluorescent light (CFL) or Light Emitting Diode (LED) bulbs. All employee use screen savers for their computers and turned off computers after work and when idle for more than 30 minutes.

Paper Reduction: BLIL encourages to use of both sides of the paper on lengthy documents, electronically mail to interoffice memoranda and reports, process documents electronically using the scan option on a copier when appropriate rather than printing hard copies, print documents in small fonts, with wide margins and reduced spacing, use letter-sized paper, files and pouches rather than legal sized items whenever possible.



Green Procurement Policies: The purchase of environmentally-sustainable office equipment in a viable way in which offices can reduce electricity demand, save money, and help the office reduce its direct and indirect impact on the environment through the purchase of energy-efficient products. Green procurement is the purchase of products and services that have a minimal or reduced environmental and human health impact. In addition to improved environmental performance, many environmentally preferred products work as well or better than traditional products.

In-house Education Program: BLIL organize programs to train staff in its capabilities and explain how they can help protect the environment. It is equally important to train new staff in the environmental systems office introduces.

Fuel Conservation

Expanding every day, BLIL is much known for its collaborations with valuable partners for the good of all the parties. Such collaborations call for several meetings which in turn brings a lot of fuel emission for travelling back and forth to office premises. Hence, that brings video conferencing in the picture to be used instead of face to face meetings with partners.

Environmental Due Diligence (EDD)

Environmental Due Diligence is maintained by BLIL at the time of processing proposal before placing the same to Management. Few clients of BLIL have found applicable for EDD and after conducting Environmental Risk Rating (EnvRR) it is found that few clients have been fallen in the category of low risk and in moderate risk level.

Environmental and Social Obligations

The obligation of any business to protect and serve public interest is known as social responsibility of business. According to the concept of social responsibility the objective of managers for taking business decisions is not merely to maximize profits or shareholders' value but to serve and protect the interest of the society such as workers, consumers and the community as a whole.

Important component of corporate responsibility is environmental reporting, which describes the systematic and complete disclosure to stakeholders of an institution, environmental performance encompassing its impacts on the environment and its actions to reduce adverse effects on ecosystems or restore environmental conditions.

Business can report on their environmental impact in two contexts. For voluntary reporting, a business can disclose environmental information such as greenhouse gas emission, waste generation, energy consumption use of transport for business travel in the context of social responsibility. For mandatory reporting, business industrialized countries are required to report their greenhouse gas emission; this is mainly help the government understand the total industry situation and to use the information as the basis for policies related to controlling the emissions. Both types of reporting improve the transparency of corporate activities and their impact toward reducing environmental impacts.

BLIL aims to report its obligations to the stakeholders voluntarily. As a part of its environmental and social obligations, BLIL keep them abeyance from financing to an environment hazardous industries and/or investors and operates a separate department for financing to the clean development mechanism projects and energy efficiency projects. BLIL will always try to ensure meeting environment and social obligations to fulfill demand of the present era.

Declaration of CEO and CFO to the Board of Directors

Date: September 12, 2022

The Board of Directors
Bay Leasing & Investment Limited

Subject: Declaration on Financial Statements for the year ended on 31st December, 2021

Dear Sirs,

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

1. The Financial Statements of Bay Leasing & Investment Limited for the year ended on 31st December, 2021 have been prepared in compliance with International Accounting Standard (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimate and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31st December, 2021 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. This statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely Yours,


Iftekhar Ali Khan
Managing Director


Enayet Kabir

Incharge Accounts & Finance

Auditors' Report

Bay Leasing & Investment Limited



Independent Auditor's Report

To the Shareholders of Bay Leasing & Investment Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion:

We have audited the consolidated financial statements of Bay Leasing & Investment Limited and its subsidiary (the “Group”) as well as the separate financial statements of Bay Leasing & Investment Limited (the “Company”), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2021 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 1 and 2.

Basis for Opinion:

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

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. We summarize below the

key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters are discussed below together with an explanation of how the risk and our audit response were tailored to address these specific areas.

All key audit matters are applicable to both the group and parent company.

1. Measurement of provision for Leases, loans and advances

See Notes 7.a, 7.13 to the Financial Statements.

The key audit matter	How the matter was addresses in our audit
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>As at 31 December 2021, the Group reported total gross loans, advances and leases of BDT 12,149,783,248 (2020: BDT 11,323,608,964) and provision for loans and advances of BDT 977,203,235 (2020: BDT 400,000,000).</p> <p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in FID Circular no 08, dated 03 August 2002, FID Circular no 03, dated 03 May 2006, FID Circular no 03 dated 29 April 2013 and DFIM Circular no-04, dated 26 July 2021; and • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flow; provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>We tested the design and operating effectiveness of key controls. focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. <p>We have selected samples to check compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future.</p>

2. Measurement of deferred tax Assets

We refer to note number 12 & 12.05 of the consolidated financial statements.

The key audit matter	How the matter was addresses in our audit
<p>The company reports net deferred tax Assets to totaling BDT (14,711,322) as at 31 December 2021.</p> <p>Significant judgment is required in relation to deferred tax Assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no 2.26 of the consolidated financial statements “Significant Accounting Policies” (Section “Tax Expenses”)</p>	<p>We obtained an understanding, evaluated the design, and tested the operational effectiveness of the Company’s key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company’s future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition, and measurement of DTA’s. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

3. Lease, Loans, and advances

See Note 7 to the Financial Statements

The key audit matter	How the matter was addresses in our audit
<p>A high volume of loan origination and payment activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances.</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances.</p> <p>We have performed procedure to check whether the company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company’s policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date.</p> <p>Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p>

4. Interest Income on Lease, loans, and advances

See Notes 20 and 20a to the financial statements.

The key audit matter	How the matter was addresses in our audit
<p>Recognition of interest income has significant and wide influence on financial statements.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances.</p>
<p>Recognition and measurement of interest income have been involvement of complex IT environment.</p>	<p>We performed test of operating effectiveness on automated control in place to measure and recognize interest income.</p>
<p>We have identified recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the company and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.</p>	<p>We have also performed substantive procedure to check whether interest income is recognized completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</p>

5. IT systems and controls

The key audit matter	How the matter was addresses in our audit
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Company’s IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company’s periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

Other Information:

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Company.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 2.3, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institution Act, 1993 and the Bangladesh Bank Regulations 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.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements:

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Financial Institution Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- III. The consolidated balance sheet and consolidated profit and loss account together with the annexed notes 1 to 39 dealt with by the report are in agreement with the books of account and returns;

- IV. The expenditures incurred were for the purpose of the Company's business for the year;
- V. The financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- VI. Adequate provisions have been made for loans, advances, leases, investment, and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- VII. The financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- VIII. The records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- IX. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- X. Taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- XI. Nothing has come to our attention that the Company has adopted any unethical means to inflate the profit and mismatch between the maturity of assets and liabilities;
- XII. Proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- XIII. Based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- XIV. The Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- XV. We have reviewed over 80% of the risk weighted assets of the Company and we have spent around 567 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 Bank Companies Act, 1991 in preparing these financial statements;
- XVIII. All other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report. And,
- XIX. The Company has maintained Capital to Risk-weighted Asset Ratio (CRAR) as explained in note 13.03.

Howladar Yunus & Co.
Chartered Accountants
Firm Registration No: N/A



Md. Jahidur Rahman FCA
Partner
Enrollment No: 860

Dated: Dhaka: 20 Sep 2022
DVC No: 2209200860AS778723

Bay Leasing & Investment Limited

Consolidated Balance Sheet

as at 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
PROPERTY AND ASSETS			
Cash		49,572,503	58,365,728
In hand (including foreign currencies)	3 a	146,561	295,430
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.02	49,425,942	58,070,298
Balance with banks and other financial institutions	4 a	1,069,605,324	1,266,027,809
In Bangladesh		1,069,605,324	1,266,027,809
Outside Bangladesh		-	-
Money at call and short notice	5	-	-
Investments	6 a	2,081,767,353	2,267,059,115
Government		-	-
Others		2,081,767,353	2,267,059,115
Lease, loans and advances	7 a	12,149,783,248	11,323,608,964
Lease, loans and advances		12,149,783,248	11,323,608,964
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	8 a	1,421,031,952	1,432,874,999
Other assets	9 a	419,075,162	563,574,543
Non - financial institutional assets		-	-
Total Assets		17,190,835,542	16,911,511,158
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from banks, other financial institutions and agents	10.01 a	6,501,787,633	6,171,769,492
Deposits and other accounts	11 a	6,311,026,240	6,603,290,534
Current Accounts & Other Accounts etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		6,187,006,005	6,386,120,571
Bearer Certificates of Deposits		-	-
Other Deposits		124,020,235	217,169,963
Other liabilities	12 a	1,867,575,439	1,346,161,513
Total Liabilities		14,680,389,312	14,121,221,539
Capital / Shareholders' equity			
Paid- up capital	13.02	1,408,884,435	1,408,884,435
Statutory Reserve	14	623,950,000	623,950,000
Share premium	15	121,115,565	121,115,565
General reserve		111,271,431	111,271,431
Assets Revaluation reserve	16	318,605,669	324,936,639
Retained surplus	17 a	(73,390,930)	200,121,521
Total equity attributable to the equity holders of the company		2,510,436,169	2,790,279,591
Non-Controlling Interest	18	10,061	10,028
Total Liabilities and Shareholders' Equity		17,190,835,542	16,911,511,158

Bay Leasing & Investment Limited
Off-Balance Sheet Items
as at 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Contingent Liabilities	38	1,070,000,000	200,000,000
Acceptances and endorsements		-	-
Corporate guarantee		1,070,000,000	200,000,000
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		1,070,000,000	200,000,000
Net asset value per share		17.82	19.80

The annexed notes 1 to 39 form an integral part of these financial statements.

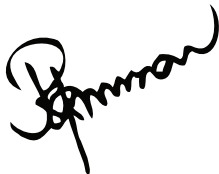

M. Ghan
Chairman


Director


Managing Director


Company Secretary

Signed in terms of our separate report of even date



Md. Jahidur Rahman FCA
Partner, Enrollment No 860
Howladar Yunus & Co.
Chartered Accountants
Dated: Dhaka: 20 Sep 2022
DVC No.: 2209200860AS778723

Bay Leasing & Investment Limited
Consolidated Profit & Loss Account
For the year ended 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Interest Income	20 a	1,172,872,415	1,172,321,882
Interest paid on Deposit, Borrowing etc.	21 a	(1,048,910,918)	(1,124,868,720)
Net Interest Income		123,961,497	47,453,162
Investment Income	22 a	421,064,686	304,189,146
Commission, Exchange and Brokerage Income	23 a	81,526,847	5,426,002
Other Operating Income	24 a	17,891,991	37,489,801
Total Operating Income		644,445,021	394,558,111
Salary and allowances	25	72,692,133	69,372,696
Rent, taxes, insurance, electricity, etc	26 a	10,245,666	9,660,379
Legal expenses		1,240,793	239,890
Postage, stamp, telecommunication, etc	27 a	1,094,748	1,239,630
Stationery, Printing, advertisement, etc.	28 a	2,141,313	2,946,580
Managing Director's salary and benefits		5,889,362	5,969,350
Directors' fees	29	607,200	528,000
Auditor's fees	30	317,750	327,750
Charges on Loan Losses		-	-
Depreciation and repairs of assets	31 a	37,061,081	37,980,794
Other expenses	32 a	18,273,877	8,479,444
Total operating expenses		149,563,923	136,744,513
Profit before provision		494,881,098	257,813,598
Provision against lease, loans, advances	33 a	380,746,305	29,473,695
Provision against diminution in value of Investment	34 a	196,456,930	10,526,305
Other Provision		-	-
2209200860AS778723		577,203,235	40,000,000
Net Profit/(Loss) before taxes		(82,322,137)	217,813,598
Provision For Tax	35 a	56,851,332	57,796,939
Net Profit/(Loss) after taxation		(139,173,469)	160,016,660
Net profit after tax attributable to:			
Equity holders of the Company		(139,173,502)	160,016,654
Non Controlling Interest		33	6
		(139,173,469)	160,016,660

Bay Leasing & Investment Limited
Consolidated Profit & Loss Account
For the year ended 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Appropriations			
Statutory reserve	14	-	31,799,000
General reserve		-	-
Non-Controlling Interest		33	6
		33	31,799,006
Retained Surplus	36 a	(139,173,502)	128,217,654
Earning Per Share (EPS)		(0.99)	1.14

The annexed notes 1 to 39 form an integral part of these financial statements.


Chairman


Director


Managing Director


Company Secretary

Signed in terms of our separate report of even date



Md. Jahidur Rahman FCA

Partner, Enrollment No 860

Howladar Yunus & Co.

Chartered Accountants

Dated: Dhaka: 20 Sep 2022

DVC No.: 2209200860AS778723

Bay Leasing & Investment Limited

Consolidated Cash Flow Statement

For the year ended 31 December 2021

Particulars	Amount in Taka	
	31-12-2021	31-12-2020
A) Cash flows from operating activities		
Interest receipts	1,659,990,025	1,300,756,309
Interest payments	(1,100,378,292)	(1,134,129,818)
Dividend receipts	40,648,290	43,437,209
Fees and commission receipts	1,601,875	135,000
Payments to employees	(72,692,133)	(75,342,046)
Payments to suppliers	(34,018,003)	(2,946,580)
Receipts from other operating activities	78,816,827	40,731,194
Payments for other operating activities	(4,367,999)	(22,083,379)
Cash generated from operating activities before changes in operating assets and liabilities	569,600,590	150,557,889
Increase / decrease in operating assets and liabilities		
Other assets	(80,193,073)	229,573,248
Lease, loans and advances to customers	(543,350,726)	931,429,780
Margin Loan	(85,409,449)	(97,200,096)
Margin Deposit	(76,079,717)	9,786,224
Deposits from other banks / borrowings	(270,213,848)	220,782,431
Deposits from customers	71,099,282	192,992,300
Payment as Call Loan	(209,580,000,000)	(163,216,300,000)
Receipt as Call Loan	209,935,000,000	162,466,300,000
Other liabilities account of customers	(8,842,317)	(51,564,311)
Net cash from operating activities	(68,389,258)	836,357,465
B) Cash flows from investing activities		
Proceeds from sale of securities	918,726,522	379,844,811
Payments for purchases of securities	(397,419,722)	(382,091,513)
Proceeds from sale of Fixed Assets	119,200	1,916,000
Receive from BLI Capital against advance	277,961,399	22,140,000
Purchase of property, plant and equipment	(24,015,319)	(251,002,400)
Net cash from investing activities	775,372,080	(229,193,102)
C) Cash flows from financing activities		
Receipts of long term loan	565,331,161	286,575,096
Repayment of long term loan	(646,602,637)	(447,914,006)
Net draw down/(payment) of short term loan	(680,561,514)	222,069,291
Dividend paid	(150,365,542)	(93,213,628)
Net Cash from financing activities	(912,198,532)	(32,483,247)
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	(205,215,710)	574,681,116
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	1,324,393,537	749,712,421
G) Cash and cash equivalents at end of the year	1,119,177,827	1,324,393,537
Cash and cash equivalents at end of the year		
	146,561	295,430
Cash in hand (including foreign currencies)	49,425,942	58,070,298
Balance with banks and other financial institutions (notes 4 (b))	1,069,605,324	1,266,027,809
Total	1,119,177,827	1,324,393,537

Bay Leasing & Investment Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Paid-up capital	Share premium	Statutory reserve	General reserve	Assets Revaluation Reserve	Retained earnings	Total	Non-Controlling Interest	Total
Balance as at January 01, 2021 (Note-39)	Taka 1,408,884,435	Taka 121,115,565	Taka 623,950,000	Taka 111,271,431	Taka 324,936,639	Taka 200,121,521	Taka 2,790,279,591	Taka 10,028	Taka 2,790,289,619
Prior period error adjustment	-	-	-	-	-	218,522	218,522	-	218,522
Restated balance as at January 01, 2021	1,408,884,435	121,115,565	623,950,000	111,271,431	324,936,639	200,340,043	2,790,498,113	10,028	2,790,508,141
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-	-	-	-
Transferred during the year (Note-2.36)	-	-	-	-	(6,330,971)	6,330,971	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	-	(139,173,502)	(139,173,502)	33	(139,173,469)
Transfer (Sale Of Assets)	-	-	-	-	-	-	-	-	-
Dividends (Bonus shares)	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	(140,888,443)	(140,888,443)	-	(140,888,443)
Appropriation made during the year	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2021	1,408,884,435	121,115,565	623,950,000	111,271,431	318,605,669	(73,390,931)	2,510,436,169	10,061	2,510,446,229
Balance as at December 31, 2020	1,408,884,435	121,115,565	623,950,000	111,271,431	324,936,639	200,121,521	2,790,279,591	10,028	2,790,289,619

Bay Leasing & Investment Limited

Balance Sheet

as at 31 December 2021

Particulars	Notes	(Amount in Taka)	
		31-12-2021	31-12-2020
PROPERTY AND ASSETS			
Cash	3.00	49,481,096	58,320,544
In hand (including foreign currencies)		55,154	250,246
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		49,425,942	58,070,298
Balance with banks and other financial institutions	4.00	1,068,799,320	1,247,464,380
In Bangladesh		1,068,799,320	1,247,464,380
Outside Bangladesh		-	-
Money at call and short notice	5.00	-	-
Investments	6.00	1,033,152,510	1,169,881,251
Government		-	-
Others		1,033,152,510	1,169,881,251
Lease, loans and advances	7.00	9,758,828,111	8,384,333,005
Lease, loans and advances		9,758,828,111	8,384,333,005
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	8.00	851,134,237	848,703,425
Other assets	9.00	2,005,238,839	2,414,238,176
Non - financial institutional assets		-	-
Total Assets		14,766,634,112	14,122,940,781
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from banks, other financial institutions and agents	10.00	4,306,074,650	3,681,415,051
Deposits and other accounts	11.00	6,188,862,040	6,405,046,617
Current Accounts & Other Accounts etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		6,187,006,005	6,386,120,571
Bearer Certificates of Deposits		-	-
Other Deposits		1,856,035	18,926,046
Other liabilities	12.00	1,772,048,236	1,251,058,922
Total Liabilities		12,266,984,926	11,337,520,590
Capital / Shareholders' equity			
Paid- up capital	13.02	1,408,884,435	1,408,884,435
Statutory reserve	14.00	623,950,000	623,950,000
Share premium	15.00	121,115,565	121,115,565
General reserve		111,271,431	111,271,431
Assets Revaluation reserve	16.00	318,605,669	324,936,639
Retained surplus	17.00	(84,177,913)	195,262,122
Total Liabilities and Shareholders' Equity		14,766,634,112	14,122,940,781

Bay Leasing & Investment Limited
Off-Balance Sheet Items
as at 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Contingent Liabilities	38.00	1,070,000,000	200,000,000
Acceptances and endorsements		-	-
Letters of guarantee		1,070,000,000	200,000,000
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		1,070,000,000	200,000,000
Net asset value per share		17.74	19.77

The annexed notes 1 to 39 form an integral part of these financial statements.

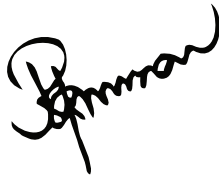

Chairman


Director


Managing Director


Company Secretary

Signed in terms of our separate report of even date



Md. Jahidur Rahman FCA
Partner, Enrollment No 860
Howladar Yunus & Co.
Chartered Accountants
Dated: Dhaka: 20 Sep 2022
DVC No.: 2209200860AS778723

Bay Leasing & Investment Limited
Profit & Loss Account
For the year ended 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Interest Income	20	1,000,148,568	960,542,831
Interest paid on Deposit, Borrowing etc.	21	(804,649,316)	(916,827,961)
Net Interest Income		195,499,252	43,714,870
Investment Income	22	376,663,327	283,059,985
Commission, Exchange and Brokerage Income	23	1,601,875	135,000
Other Operating Income	24	12,104,391	21,075,676
Total Operating Income		585,868,845	347,985,531
Salary and allowances	25	55,306,753	54,059,289
Rent, taxes, insurance, electricity, etc	26	4,147,181	3,454,423
Legal & Professional fees		559,475	239,890
Postage, stamp, telecommunication, etc	27	646,095	531,285
Stationery, Printing, advertisement, etc.	28	1,666,626	2,035,138
Managing Director's salary and benefits		5,889,362	5,969,350
Directors' fees	29	607,200	528,000
Auditor's fees	30	254,500	264,500
Charges on Loan Losses		-	-
Depreciation and repairs of assets	31	19,519,246	19,398,200
Other expenses	32	11,875,495	6,404,315
Total operating expenses		100,471,933	92,884,390
Profit before provision		485,396,912	255,101,141
Provision against lease, loans, advances	33	380,746,305	29,473,695
Provision against diminution in value of Investment	34	196,456,930	10,526,305
Other Provision		-	-
Total Provision		577,203,235	40,000,000
Net Profit/(Loss) before taxes		(91,806,323)	215,101,141
Provision For Tax	35	53,294,762	56,107,720
Net Profit/(Loss) after taxation		(145,101,085)	158,993,422

Bay Leasing & Investment Limited
Profit & Loss Account
For the year ended 31 December 2021

Particulars	Notes	Amount in Taka	
		31-12-2021	31-12-2020
Appropriations			
Statutory reserve	14	-	31,799,000
General reserve		-	-
Dividends		-	-
		-	31,799,000
Retained Surplus		(145,101,085)	127,194,422
Earning Per Share (EPS)	36	(1.03)	1.13

The annexed notes 1 to 39 form an integral part of these financial statements.

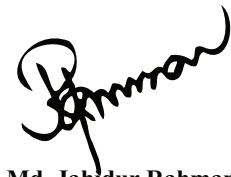

Chairman


Director


Managing Director


Company Secretary

Signed in terms of our separate report of even date



Md. Jahidur Rahman FCA
Partner, Enrollment No 860
Howladar Yunus & Co.
Chartered Accountants
Dated: Dhaka: 20 Sep 2022
DVC No.: 2209200860AS778723

Bay Leasing & Investment Limited

Cash Flow Statement

For the year ended 31 December 2021

Particulars	Amount in Taka	
	31-12-2021	31-12-2020
A) Cash flows from operating activities		
Interest receipts	1,380,815,409	1,056,889,337
Interest payments	(812,282,561)	(899,165,930)
Dividend receipts	40,648,290	27,611,817
Fees and commission receipts	1,601,875	135,000
Payments to employees	(61,196,115)	(60,028,639)
Payments to suppliers	(1,666,626)	(2,035,138)
Receipts from other operating activities	11,319,536	19,561,850
Payments for other operating activities	(16,066,115)	(11,750,662)
Cash generated from operating activities before changes in operating assets and liabilities	543,173,693	131,217,635
Increase / decrease in operating assets and liabilities		
Other assets	(93,654,516)	16,872,274
Lease, loans and advances to customers	(543,350,726)	931,429,780
Deposits from other banks / borrowings	(270,213,848)	220,782,431
Deposits from customers	71,099,282	192,992,300
Payment as Call Loan	(209,580,000,000)	(163,216,300,000)
Receipt as Call Loan	209,935,000,000	162,466,300,000
Other liabilities account of customers	1,669,643	(25,923,432)
	(479,450,165)	586,153,353
Net cash flows from operating activities	63,723,528	717,370,988
B) Cash flows from investing activities		
Proceeds from sale of securities	870,163,501	379,844,811
Payments for purchases of securities	(397,419,722)	(369,188,977)
Proceeds from sale of Fixed Assets	119,200	946,000
Purchase of property, plant and equipment	(21,346,466)	(9,973,955)
Receive from BLI Capital against advance	277,961,399	22,140,000
Net cash from investing activities	729,477,912	23,767,879
C) Cash flows from financing activities		
Receipts of long term loan	565,331,161	286,575,096
Repayment of long term loan	(646,602,637)	(447,914,006)
Net draw down/(payment) of short term loan	(749,068,930)	71,963,224
Dividend paid	(150,365,542)	(93,213,628)
Net Cash from financing activities	(980,705,948)	(182,589,314)
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	(187,504,508)	558,549,553
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	1,305,784,924	747,235,371
G) Cash and cash equivalents at end of the year	1,118,280,416	1,305,784,924
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	55,154	250,246
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	49,425,942	58,070,298
Balance with banks and other financial institutions (notes 4 (b))	1,068,799,320	1,247,464,380
Total	1,118,280,416	1,305,784,924

Bay Leasing & Investment Limited

Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Paid-up capital	Share premium	Statutory reserve	General reserve	Assets Revaluation Reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at January 01, 2021	1,408,884,435	121,115,565	623,950,000	111,271,431	324,936,639	195,262,122	2,785,420,192
Prior period error adjustment	-	-	-	-	-	218,522	218,522
Restated balance at January 01, 2020	1,408,884,435	121,115,565	623,950,000	111,271,431	324,936,639	195,480,644	2,785,638,714
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-	-
Prior period adjustment (Note- 2.36)	-	-	-	-	(6,330,971)	6,330,971	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	-	(145,101,085)	(145,101,085)
Bonus Share	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	(140,888,443)	(140,888,443)
Appropriation made during the year	-	-	-	-	-	-	-
Balance as at December 31, 2021	1,408,884,435	121,115,565	623,950,000	111,271,431	318,605,669	(84,177,913)	2,499,649,186
Balance as at December 31, 2020	1,408,884,435	121,115,565	623,950,000	111,271,431	324,936,639	195,262,122	2,785,420,192

Bay Leasing & Investment Limited

Liquidity Statement

(Analysis of Maturity of Assets & Liabilities)

For the year ended 31 December 2021

(Amount in BDT)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	55,154	-	-	-	-	55,154
Balance with Bangladesh Bank and its agent	49,425,942	-	-	-	-	49,425,942
Balance with banks and other financial institutions	51,249,188	91,425,362	926,124,770	-	-	1,068,799,320
Money at call and short notice	-	-	-	-	-	-
Investments	56,233,689	190,242,387	328,604,044	149,862,090	308,210,300	1,033,152,510
Leases, loans and advances	277,745,910	843,459,877	2,985,461,002	4,496,210,709	1,155,950,613	9,758,828,111
Fixed assets including premises, furniture and fixtures	-	-	-	-	851,134,237	851,134,237
Other assets	-	-	196,237,483	814,020,304	994,981,052	2,005,238,839
Non banking assets	-	-	-	-	-	-
Total assets (A):	434,709,883	1,125,127,626	4,436,427,299	5,460,093,103	3,310,276,202	14,766,634,112
Liabilities:						
Borrowings from banks, other financial institutions and agents	90,682,495	290,654,725	783,292,193	2,094,033,421	1,047,411,816	4,306,074,650
Deposits & Other Accounts	280,749,823	743,123,572	2,284,960,803	2,537,893,077	342,134,765	6,188,862,040
Provision and other liabilities	14,982,146	46,352,945	127,653,174	197,848,006	1,385,211,965	1,772,048,236
Total liabilities (B):	386,414,464	1,080,131,242	3,195,906,170	4,829,774,504	2,774,758,546	12,266,984,926
Net liquidity gap (A - B):	48,295,419	44,996,384	1,240,521,129	630,318,599	535,517,656	2,499,649,186

Bay Leasing & Investment Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2021

1. Company and its activities

1.1 Legal status and nature of the Company

Bay Leasing & Investment Limited, a Public Limited Company was incorporated in Bangladesh on 7th February 1996 under the Companies Act 1994 and Bangladesh Bank granted license to the Company on 25-05-1996 to function as a Non-Banking Financial Institution under the Financial Institutions Act 1993 and the Financial Institutions Regulation of 1994.

The Company also registered itself as a Merchant Bank with the Securities & Exchange Commission on June 25, 1998.

The registered office of the Company is located at Eunoos Trade Centre, Level-18. 52-53 Dilkusha C/A, Motijheel C/A, Dhaka-1000.

1.2 Principal activities and nature of operation

The Company extends lease financing as its core business for all types of machinery and equipment including vehicles for industrial, commercial and private purposes. It has also expanded its activities into term finance, housing finance etc.

1.3 Subsidiary Company

BLI Capital Limited a subsidiary company of The Bay Leasing & Investment Limited Originally being incorporated as a Public Limited Company on 13th day of March 2011 under the Companies Act 1994. Registered office of the company is situated at Rupayan Trade Center, 10th Floor 114, Kazi Nazrul Islam Avenue, Banglamotor, Dhaka-1000.

1.4 Associate Company

Bay Leasing & Investment Limited has two Associate Companies namely Lucky Feed Limited and BLI Securities Limited.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

- a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 1994 and other applicable laws and regulations. The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank.
- b) Other regulatory compliance
- c) As required BLI Capital Limited also complies with the applicable provisions of the following major laws/ statutes:
 - Securities and Exchange Rules, 1987;
 - Securities and Exchange Commission Act, 1993;
 - Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representatives) Rules, 2000;
 - Income Tax Ordinance, 1984;
 - Income Tax Rules, 1984;
 - Negotiable Instruments Act, 1881; andOther applicable laws and regulations.

2.2 Basis of measurement

This financial statement has been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS). The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year (except IFRS 16: Lease, See Note- 8, 9,12,21,26 & 31).

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

- 2.3.1** As per FID circular No. 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. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value for quoted shares and book value for unquoted shares including investment in associate are higher than the cost. However as per requirements of IAS 39 investment in shares falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively. But as per IAS 28 investment in associate need to be accounted for using equity method.
- 2.3.2** As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03 dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However, such general provision cannot satisfy the conditions of provision as per IAS 39.
- 2.3.3** Bangladesh Bank has issued templates for financial statements which shall strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank differ from **IAS 1: Presentation of Financial Statements** so long the templates do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to be included in the Single Comprehensive Income (SCI) Statement. As such the company does not prepare the other comprehensive income statement. However, the company does not have any elements of OCI to be presented.

2.4 Accounting policy for IFRS 16: Leases

BLIL has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 as Operating Lease.

Policy applicable from 1 January 2019

At inception of a contract, BLIL assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, BLIL assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
 - BLIL has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
 - BLIL has the right to direct the use of the asset. BLIL has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, BLIL has the right to direct the use of the asset if either:
 - (i) BLIL has the right to operate the asset; or
 - (ii) BLIL designed the asset in a way that predetermines how and for what purpose it will be used.
- The policy is applied to contracts entered into, or changed, on or after 1 January 2019.

BLIL as a lessee

BLIL recognizes a right of use asset and a lease liability from the beginning of 2019. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight-line methods from the commencement date (from the beginning of 2019) to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date (from the beginning of 2019), discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and BLIL's incremental borrowing rate. The lease liability is measured at amortized cost using the effective

interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in BLIL's estimate of the amount expected to be payable under a residual value guarantee, or if BLIL changes its assessment of whether it will exercise purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

BLIL presents right of use assets in Annexure-A and lease liabilities in note-12.0 separately.

BLIL as a lessor

When BLIL acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, BLIL makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, BLIL considers certain indicators such as whether the lease is for the major part of the economic life of the asset. If an arrangement contains lease and non-lease components, BLIL applies IFRS 15 to allocate the consideration in the contract. BLIL recognizes lease payments received under operating leases as income over the lease term.

2.5 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

2.5.1 Date of authorization

The Board of directors has authorized these financial statements on September 14, 2022 in the 191st Board of Directors meeting.

2.6 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

2.7 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. The most critical estimates and judgments are applied to the following:

- Provision for impairment of loans, leases and investments
- Gratuity
- Useful life of depreciable assets

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

Provisions:

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent Liability:

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

Contingent Assets:

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognized; rather they are disclosed in the financial statements when they arise.

2.8 Basis of consolidation of operations of subsidiaries

The financial statements of the Company and its subsidiaries have been consolidated in accordance with International Financial Reporting Standard 10 “Consolidated Financial Statements”. The consolidation of the financial statement has been made after eliminating all material inter-company balances, income and expenses arising from inter-company transactions. The total profits of the Company and its subsidiary are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as ‘Non-controlling Interest’. All assets and liabilities of the Company and of its subsidiary are shown in the consolidated balance sheet. The interest of non-controlling shareholders of the subsidiary are shown separately in the consolidated balance sheet under the heading ‘Non-controlling Interest’.

2.9 Accounting for leases

The Company has been following Finance Method of accounting for lease transactions as per IAS-17. In accordance with the said standard, the aggregate lease receivable including un-guaranteed residual value are recorded as gross lease receivable while the excess of gross lease receivable over the total acquisition cost, including interest thereon for acquiring the lease equipment, constitutes the unearned lease income being usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period.

2.10 Reporting period:

The reporting period of the company cover one calendar year from 1st January 2021 to 31st December 2021.

2.11 Accounting for direct finance

Books of accounts for direct finance operation are maintained on the basis of accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for term finance, and unrealized principal for long-term finance, real estate finance, car loans and other finances are accounted for as direct finance assets of the Company. Interest earnings are recognized as operational revenue periodically.

**2.12 Property, Plant and Equipment
Recognition and measurement****Owned assets**

Items of own property and equipments are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per International Accounting Standard (IAS) 16 “Property, Plant and Equipment’s”.

2.13 Subsequent expenditure on property and equipment

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

2.14 Depreciation

Depreciation is charged to amortize the cost of assets, over their estimated useful lives, using the reducing balance method in accordance with IAS-16 “Property, Plant and Equipment”. Full depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged from the month of disposal. Asset category wise depreciation rates are as follows:

Particulars	Rates
Furniture and fixtures	10.00%
Building	2.50%
Electrical Goods	20.00%
Office equipment	15.00%
Office decoration	20.00%
Motor vehicles	20.00%

The difference between the sale proceeds and the carrying amount of an asset is recognized in the profit and loss account as gain or loss on disposal or retirement of an asset.

2.15 Revenue recognition

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will follow to the company and in accordance with International Accounting Standard (IAS) 18 : Revenue unless otherwise mentioned or otherwise guided by the separate IAS/IFRS. Interest income from loans and other sources is recognized on an accrual basis of accounting.

Dividend income and profit or loss on sale of securities:

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

2.16 Accounts receivable

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

2.17 Borrowing cost

Borrowing costs are recognized as expense in the year in which they are incurred unless capitalization is permitted under International Accounting Standard (IAS) 23 “Borrowing Costs”.

2.18 Cash flow statements

The cash flow statement is prepared using the direct method as stipulated in International Accounting Standard (IAS) 7 “Cash Flow Statements” as prescribed by DFIM circular no. 11 dated December 23, 2009.

2.19 Conversion of foreign currency transactions

Foreign currency transactions are translated into Taka at rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the year are reported at the rates prevailing on the balance sheet date. Exchange gains or losses arising out of the said conversions are recognized as income or expense for the year after netting off as per **IAS 21: The Effects of Changes in Foreign Exchange Rates**.

2.20 Investment in securities

Investment in marketable ordinary shares has been shown at cost. As per DFIM Circular No-02 dated 31-01-2012 provision against loss on investment in Securities Market may be made by netting off gain & loss. As such Bay Leasing & Investment Calculated the provision requirement as per the circular DFIM circular/02, date 31-01-2012 published by Bangladesh Bank. Investment in non-marketable shares has been valued at cost.

2.21 Write off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The items recognize value is thus canceled and removed from (“written off”) the Company’s balance sheet. Recovery against debts written off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

2.22 Employees benefit obligation

Bay Leasing & Investment Limited offers a number of benefit plans which includes contributory provident fund, gratuity plan, Group Insurance & Employees Real Estate/Home Loan as per IAS 19: Employee Benefits.

2.23 Contributory Provident Fund

The company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustee and is funded by equal contribution from the company and

the employees. This fund is invested separately from the company's assets. Provident Funds are invested in Fixed Deposit with other Banks and to the Government Sanchaypatra. Interest earned from the investments is credited to the members' account on yearly basis.

2.24 Gratuity Scheme

Bay Leasing & Investment Limited has a funded gratuity for the qualifying officers and staff member on the retirement from the service of the company at the following rates:

i)	Those who have put in 1-7 years of service	-	One Basic pay (last basic pay) for each year of service.
ii)	Those who have put in 8-15 years of service	-	One and half basic pay (last basic pay drawn) for each year of service.
iii)	Those who have put in service of 16 years and above	-	Two basic pay (last basic pay drawn) for each year of service.

Other Benefits obligation

The Company operates a group life insurance scheme for its permanent employees.

The Company also has real estate loan for its permanent employees.

2.25 Taxation

Tax expense comprises current and deferred tax.

2.26 Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12 "Income Taxes". Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base (as per assessment) of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

2.27 Current Tax

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereto from time to time.

2.28 Cash and cash Equivalents

This represents cash in hand and cash at bank, the details of which is given in the note No.3.

2.29 Statutory Reserve:

This represents 20% of Profit before tax set aside in compliance with Clause 6 of the Financial Institutions Regulation, 1994.

2.30 Provision for doubtful leases and loan:

The provision has been made at an estimated rate of outstanding exposures based on rental receivable on Lease and Installment Receivable on Loan against Receivable as per Department of Financial Institutions and Markets (DFIM) Circular-08 dated 03-08-2002 of Bangladesh Bank. The Provision is considered adequate to meet probable losses.

2.31 Earning per share (EPS)

The Company calculates earning per share in accordance with "International Accounting Standards (IAS) 33 "Earnings per Share" which has been shown in the face of the Profit and Loss Account and the computation is stated in note 37.

2.32 Related party disclosure

As per International Accounting Standards (IAS) 24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 38.

2.33 Events after the Reporting Period (IAS-10)

Recommended:

Proposed Dividend:

The Board of Directors, in its 191st meeting, held on September 14, 2022 has recommended 5% stock dividend for the year 2021. The above is subject to approval of regulatory authorities and shareholders in the 26th Annual General Meeting, scheduled to be held on 30th October 2022 at 11:00 a.m at Digital Platform.

2.34 Compliance of International Financial Reporting Standards (IFRS)

Sl no	Name of IAS/IFRS	Status
01	IAS 1: Presentation of Financial Statements	*Partially Departed
02	IAS 2: Inventories	Not Applicable
03	IAS 7: Statements of Cash Flows	*Partially Departed
04	IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
05	IAS 10: Events after the Reporting Period	Complied
06	IAS 11: Construction Contracts	Not Applicable
07	IAS 12: Income Taxes	*Partially Departed
08	IAS 16: Property, Plant and Equipment's	Complied
09	IAS 17: Leases	Complied
10	IAS 18: Revenue	Complied
11	IAS 19: Employee Benefits	Complied
12	IAS 20: Accounting for Govt. Grants and disclosures of Govt. Assistances	Not Applicable
13	IAS 21: The Effects of Changes in Foreign Exchange Rates	Complied
14	IAS 23: Borrowing Costs	Complied
15	IAS 24: Related Party Disclosures	Complied
16	IAS 26: Accounting and Reporting by Retirement Benefit Plan	Not Applicable
17	IAS 27: Separate Financial Statements	Complied
18	IAS 28: Investments in Associates	*Partially Departed
19	IAS 32: Financial Instruments: Presentation	*Partially Departed
20	IAS 33: Earnings Per Share	Complied
21	IAS 34: Interim Financial Reporting	Complied
22	IAS 36: Impairment of Assets	Complied
23	IAS 37: Provisions, Contingent Liabilities and Contingent Assets	Complied
24	IAS 38: Intangible Assets	Not Applicable
25	IAS 39: Financial Instrument: Recognition and Measurement	*Partially Departed
26	IAS 40: Investment Property	Not Applicable
27	IAS 41: Agriculture	Not Applicable
28	IFRS 1: First-time adoption of International financial Reporting Standards	Not Applicable
29	IFRS 2: Share-based Payment	Not Applicable
30	IFRS 3: Business Combinations	Not Applicable
31	IFRS 4: Insurance Contracts	Not Applicable
32	IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
33	IFRS 6: Exploration for and Evaluation of Mineral Resources	Not Applicable
34	IFRS 7: Financial Instruments: Disclosures	Not Applicable
35	IFRS 8: Operating Segments	Complied
36	IFRS 10: Consolidated Financial Statements	Complied
37	IFRS 11: Joint Arrangements	Not Applicable
38	IFRS 12: Disclosure of Interests in Other Entities	Complied
39	IFRS 13: Fair Value Measurement	Complied
40	IFRS 16: Leases	Complied

*Partially Departed standards are those requirements of which are different from those of Bangladesh Bank. Note – 1 contains details about such departure from IFRS requirements to comply with Bangladesh Bank.

2.35 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated 23 December 2009):

- a) Consolidated and Separate Balance Sheet as at 31 December 2021;
- b) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2021;
- c) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2021;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2021;
- e) Liquidity Statement for the year ended 31 December 2021 and
- f) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021.

2.36 Financial risk management

Bay Leasing & Investment Ltd. always concentrates on delivering high value to its stakeholders through appropriate trade off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, Bay Leasing & Investment Ltd. also considers guidelines for managing core risks of financial instructions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks.

Credit risk

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum sector and group exposure limit, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by Special Assets Management Team, strong follow up of compliance of credit policies by Operational Risk Management Department, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc. The Credit Evaluation Committee (CEC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks.

Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. Bay Leasing & Investment Ltd. has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

Liquidity Risk

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Operational Risk

Appropriate internal control measures are in place, Bay Leasing & Investment Ltd, to address operational risks. BLIL has also established an internal control and compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk. The function of ICCD is to constant vigilance against leakage of Shareholders value by identify, assess, measure, manage and transfer operational risk resulting from inadequate or failed internal processes, people and system or from external events.

2.37 Others:

- a) There is no claim against the company, which has not been acknowledged as debt in the Balance sheet.
- b) There exist no commitments except those already entered into agreement and are in the process of execution.
- c) There was no contingent liability as on 31-12-2021 except which are disclosed in note- 39 of financial statements.
- d) The figures appearing in these accounts have been rounded off to the nearest taka.
- e) Figures of the previous year have been rearranged, wherever considered necessary to conform to current year's presentation.
- f) The number of employees (61 nos.) engaged for the whole year or Part.

3.00 Cash :		
Particulars	31-12-2021	31-12-2020
Cash in hand	55,154	250,246
Balance with Bangladesh Bank and its agent bank(s)	49,425,942	58,070,298
Total:	49,481,096	58,320,544
3.01 Cash in hand:		
Particulars	31-12-2021	31-12-2020
In local currency	55,154	250,246
In foreign currency	-	-
Total:	55,154	250,246
3 a) Consolidated Cash in Hand		
Bay Leasing & Investment Ltd.	55,154	250,246
BLI Capital Ltd.	91,407	45,184
	146,561	295,430
3.02 Balance with Bangladesh Bank and its agent bank(s):		
Particulars	31-12-2021	31-12-2020
In local currency with Bangladesh Bank	49,425,942	58,070,298
In foreign currency	-	-
Total:	49,425,942	58,070,298
3.03 Statutory Deposits:		
Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR):		
Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, rule 5 of the Financial Institutions Rules 1994 and FID circular no. 6 dated November 06,2003 and FID Circular No. 02 dated November 10, 2004.		
The cash reserve requirement (CRR) has been calculated at the rate of 2.5% on the Company's time deposits which is preserved in current account maintained with Bangladesh Bank. Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5% on total liabilities, Including CRR and has been maintained in the form of balance with bank's and other Financial Institutions, call money deposit etc. Total Time Deposits means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks and FI's). Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:		
a)	Cash Reserve Requirement:	
	Required reserve	43,320,965
	Actual reserve maintained	49,425,942
	Surplus/(deficit)	6,104,977
b)	Statutory Liquidity Reserve:	
	Particulars	31-12-2021
	Required reserve (including CRR)	154,322,933
	Actual reserve maintained including CRR (note-3.04)	353,244,260
	Surplus/(deficit)	198,921,327
3.04 Actual reserve maintained (including CRR):		
Particulars	31-12-2021	31-12-2020
Cash in hand	55,154	250,246
Balance with Bangladesh Bank and its agent bank(s)	49,425,942	58,070,298
Balance with banks and other financial institutions	303,763,164	1,247,464,380
Total:	353,244,260	1,305,784,924

4.00 Balance with banks and other financial institutions:

Particulars	31-12-2021	31-12-2020
In Bangladesh (4.01)	1,068,799,320	1,247,464,380
Outside Bangladesh	-	-
Total:	1,068,799,320	1,247,464,380

4.01 In Bangladesh:

Current Deposits:

Particulars	31-12-2021	31-12-2020
Bank Alfalah Limited	265,598	266,668
BASIC Bank Limited	1	1
Dutch Bangla Bank Ltd.	210,306	211,146
Midland Bank Ltd	1,757	2,102
EXIM Bank Limited	15,076	16,686
First Security Bank Ltd.	47,589	102,361
Janata Bank Ltd.	6,632	7,322
Modhomoti Bank Limited	-	-
NCC Bank Limited	13,451	1,393
Prime Bank Ltd	19,327	-
Southeast Bank Limited	11,257,005	3,525,699
Standard Bank Ltd	503,370	504,789
The City Bank Limited	26,536	27,226
Trust Bank Limited	4,415	5,105
Uttara Bank Limited	66	66
Sub Total:	12,371,129	4,670,564

Short-term deposits/SND:

In Local Currency:

Jamuna Bank Limited	28,920	29,804
Mutual Trust Bank Ltd.	10,688	15,175
Southeast Bank Limited	21,248,073	17,635,363
Total:	21,287,681	17,680,342

In Foreign Currency:

Southeast Bank Limited	1,390,510	1,363,474
Sub Total:	22,678,191	19,043,816

Particulars	Amount	Exchange rate	Taka
Dollar	\$13,326.70	85.85	1,144,097
Euro	€ 1,432.90	99.80	143,003
Pound	£873.98	118.32	103,409
Total:			1,390,510

Fixed deposits:

Mercantile Bank Ltd.	168,750,000	168,750,000
National Credit & Commerce Bank Ltd.	20,000,000	20,000,000
Southeast Bank Limited	695,000,000	885,000,000
Midland Bank Ltd	50,000,000	50,000,000
Uttara Bank Limited	100,000,000	100,000,000
Sub Total:	1,033,750,000	1,223,750,000
Grand Total:	1,068,799,320	1,247,464,380

4 a)	Consolidated Balance with banks and other financial institutions:		
	Bay Leasing & Investment Ltd.	1,068,799,320	1,247,464,380
	BLI Capital Ltd.	806,005	18,563,429
		1,069,605,324	1,266,027,809

4.02 Maturity grouping of balance with banks and other financial institutions:

Particulars	31-12-2021	31-12-2020
On demand	-	-
Up to 1 month	51,249,188	53,142,228
Over 1 month but not more than 3 months	91,425,362	87,899,382
Over 3 months but not more than 1 year	926,124,770	1,106,422,770
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
Total:	1,068,799,320	1,247,464,380

5.00 Money at call and short notice:

i) Investments are as follows:

	-	-
Total:	-	-

6.00 Investments for BLIL:

Particulars	31-12-2021	31-12-2020
Government securities	-	-
Treasury Bills	-	-
National Investment Bonds	-	-
Bangladesh Bank Bill	-	-
Govt. notes/bonds	-	-
Prize Bonds	-	-
Others	-	-
Other investment	1,033,152,510	1,169,881,251
Investment in non marketable ordinary shares (note-6.01)	76,569,450	76,569,450
Investment in Preference Shares	-	-
Investment in debenture and bond	-	-
Investment in marketable Securities (note-6.03)	956,583,060	1,093,311,801
Total:	1,033,152,510	1,169,881,251

6.01 Investment in non marketable ordinary shares

Particulars	31-12-2021	31-12-2020
Central Depository Bangladesh	1,569,450	1,569,450
EM Power Ltd	75,000,000	75,000,000
Total:	76,569,450	76,569,450

6.02 Investment in marketable securities:

Listed Securities

(170,195,047)

Name of the Company	Qty.	Cost Price	Market price per share on 31-12-2021	Market Price	Provision
Appollo Ispat Ltd	169,950	3,345,066	8.40	1,427,580	(1,917,486)
Asia Insurance Ltd	956,898	31,980,087	115.00	110,043,270	78,063,183
Exim Bank Ltd.	2,283,729	53,914,233	12.70	29,003,358	(24,910,875)
BSRM Ltd	27,500	2,556,394	71.10	1,955,250	(601,144)
National Life Ins. Co. Ltd.	55,848	12,326,119	220.60	12,320,069	(6,050)
Power Grid Ltd	63,250	5,797,598	59.60	3,769,700	(2,027,898)
Southeast Bank Ltd.	27,950,000	521,989,334	15.50	433,225,000	(88,764,334)
Titas Gas	525,000	53,789,915	36.30	19,057,500	(34,732,415)
Prime Bank Ltd	8,130,095	251,140,650	21.50	174,797,043	(76,343,608)
United Air	935,396	19,743,664	1.60	1,496,634	(18,247,030)
NCCBL	289	-	15.30	4,422	4,422
Total		956,583,060		787,099,825	(169,483,235)

6 a) Consolidated Investment:

Bay Leasing & Investment Ltd.

BLI Capital Ltd.

	31-12-2021	31-12-2020
Bay Leasing & Investment Ltd.	1,033,152,510	1,169,881,251
BLI Capital Ltd.	1,048,614,843	1,097,177,864
Total	2,081,767,353	2,267,059,115

All investments in marketable securities are valued on cost price at the balance sheet date. Provision has not required after net off gain/loss from market price of shares as per DFIM Circular # 02; date: 31.01.2012.

6.03 Maturity grouping of investments:

Particulars	31-12-2021	31-12-2020
On demand	-	-
Up to 1 month	56,233,689	61,411,327
Over 1 month but not more than 3 months	190,242,387	198,475,602
Over 3 months but not more than 1 year	328,604,044	430,635,820
Over 1 year but not more than 5 years	149,862,090	159,208,725
Over 5 years	308,210,300	320,149,777
Total	1,033,152,510	1,169,881,251

7.00 Lease, loans and advances

Broad category-wise break up:

Particulars	31-12-2021	31-12-2020
Inside Bangladesh		
Lease Finance (note-7.01)	824,692,206	691,609,213
Term Finance (note-7.02)	6,168,941,792	4,696,012,962
Housing Finance (note-7.03)	2,765,194,113	2,996,710,830
	9,758,828,111	8,384,333,005
Outside Bangladesh	-	-
Total:	9,758,828,111	8,384,333,005

7 a) Consolidated Lease, Loans & advances		9,754,050,278	(4,777,833)
Bay Leasing & Investment Ltd.		9,758,828,111	8,384,333,005
BLI Capital Ltd.		3,271,859,453	3,186,450,004
		13,030,687,564	11,570,783,009
Less: Inter company balance eliminated		880,904,316	247,174,045
	Total:	12,149,783,248	11,323,608,964

7.01 Lease Finance:

Particulars	31-12-2021	31-12-2020
Principal Outstanding	669,900,134	457,979,787
Interest Receivable	154,792,072	233,629,426
	Total:	691,609,213

Details are given below:

Particulars	31-12-2021	31-12-2020
Opening Balance	691,609,213	1,801,808,474
Add: Disbursement during the year	24,550,000	72,890,711
Add: Interest and other charges during the year	116,929,768	241,890,306
	833,088,981	2,116,589,491
Less: Write-off during the year	(952,579)	-
Realization during the year	(7,444,196)	(1,424,980,278)
	Total:	691,609,213

Movement of Balance Principal:

Particulars	31-12-2021	31-12-2020
Gross lease receivable	1,150,466,730	1,728,429,379
Less: Unearned finance income	480,566,596	1,270,449,592
Balance Principal	669,900,134	457,979,787

7.02 Term Finance:

Particulars	31-12-2021	31-12-2020
Principal Outstanding	5,823,508,300	4,349,780,431
Interest Receivable	345,433,492	346,232,531
	Total:	4,696,012,962

Details are given below:

Movement of Outstanding Balance

Particulars	31-12-2021	31-12-2020
Opening Balance	4,696,012,962	5,639,966,514
Add: Disbursement during the year	1,721,717,089	166,757,865
Add: Interest and other charges during the year	573,132,580	463,683,798
	6,990,862,631	6,270,408,177
Less: Write-off during the year	(906,230)	(78,073,155)
Realization/adjustment during the year	(821,014,609)	(1,496,322,060)
	Total:	4,696,012,962

7.03 Housing Finance:

Particulars	31-12-2021	31-12-2020
Principal Outstanding	2,723,575,101	2,765,872,591
Interest Receivable	41,619,012	230,838,239
	Total:	2,996,710,830

Movement of Outstanding Balance

Particulars	31-12-2021	31-12-2020
Balance at January 01	2,996,710,830	1,911,679,262
Add: Disbursement during the year	57,130,000	90,125,678
Add: Interest and other charges during the year	241,372,585	196,974,127
	3,295,213,415	2,198,779,067
Realization/adjustment during the year	(530,019,302)	797,931,763
Balance at December 31	2,765,194,113	2,996,710,830

7.04 Classification wise Lease, Loans & Advances

Particulars	31-12-2021	31-12-2020
Unclassified:		
Standard	7,409,111,641	6,698,808,795
CMSMEF	371,416,616	121,642,839
Other than CMSMEF	7,037,695,025	6,577,165,956
Special Mention Account (SMA)	1,380,887,966	894,346,233
	8,789,999,607	7,593,155,028
Classified:		
Sub-Standard	113,678,476	64,289,308
Doubtful	162,548,911	3,128,972
Bad/Loss	692,601,117	723,759,697
	968,828,504	791,177,977
Total:	9,758,828,111	8,384,333,005

7.05 Maturity grouping of lease, loans and advances:

Particulars	31-12-2021	31-12-2020
On demand	-	-
Up to 1 month	277,745,910	250,684,122
Over 1 month but not more than 3 months	843,459,877	792,849,100
Over 3 months but not more than 1 year	2,985,461,002	2,684,211,834
Over 1 year but not more than 5 years	4,496,210,709	4,117,692,444
Over 5 years	1,155,950,613	538,895,505
Total:	9,758,828,111	8,384,333,005

7.06 Lease, loans and advances on the basis of significant concentration

Lease, loans and advances to:

Directors of the Company have interests	-	-
Chief Executive and other Senior Executives	27,810,783	29,627,743
Customers groups	9,731,017,328	8,354,705,262
	9,758,828,111	8,384,333,005

7.07 Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital (Total capital of the Company was Taka 2,499.65 million as at December 31, 2021 & Tk 2,785.42 million in 2020) of the Company is as follows:

Number of clients	4	3
Amount of outstanding advances	2,388,082,928	943,483,232
Amount of classified advances	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable

7.08 Details of large Lease, loans and advances

As per section 14 (1) (Ga) of the Financial Institutions Act 1993, a financial institution can not sanction any loan exceeding 30% of its capital and reserve with out permission of Bangladesh Bank. During the year 2021 BLIL has not disbursed large Lease, loans and advances;

Number of clients	2	-
Amount of outstanding advances	1,731,453,550	-
Amount of classified advances	-	-
Measures taken for recovery	Not applicable	Not applicable

7.09 Industry-wise distribution of lease, loans and advances

	31-12-2021	31-12-2020
1. Agricultural sector	126,514,702	198,160,611
2. Industrial sector:		
a) Textile	637,953,612	460,637,088
b) Garments	1,055,898,126	899,818,681
c) Jute and jute products	2,871,170	2,910,315
d) Food production/processing industry	254,257,192	252,065,350
e) Plastic industry	132,868,662	78,873,316
f) Leather & leather products	20,268,551	-
g) Ship manufacturing Industry	36,387,800	42,423,950
h) Chemical & Pharmaceutical	14,011,587	50,868,190
i) Cement/Concrete and allied industry	500,561,207	590,048,257
j) Service industry	591,275,269	-
k) Paper, Printing and packaging industry	416,197,789	426,944,002
l) Wood, Furniture & Fixture	108,000,989	-
m) Glass and ceramic industry	-	-
n) Electronics and electrical industry	80,679,071	3,796,386
o) Iron, Steel & Engineering	219,869,186	-
3. Trade & Commerce	867,954,105	1,021,937,687
4. Power, Gas, Water and sanitary service	26,873,926	15,768,991
5. Transport & Communication	-	24,968,910
6. Real Estate & Housing	2,924,692,734	3,128,854,377
7. Merchant Banking	993,075,940	247,174,045
8. Consumer Finance	148,915,334	-
9. Others	599,701,161	939,082,849
Total:	9,758,828,111	8,384,333,005

7.10 Geographical location-wise lease, loans and advances:

Particulars	31-12-2021	31-12-2020
Inside Bangladesh		
Urban		
Dhaka Division	9,711,613,750	8,347,254,592
Chittagong Division	-	-
Khulna Division	-	-
Rajshahi Division	21,208,538	18,138,206
Rangpur Division	5,944,814	6,479,666
Barisal Division	-	-
Mymensingh Division	20,061,009	12,460,541
Sylhet Division	-	-
	9,758,828,111	8,384,333,005
Outside Bangladesh	-	-
Total:	9,758,828,111	8,384,333,005

7.11 Particulars of Lease, Loans and Advances

	31-12-2021	31-12-2020
i) Lease, loans and advances considered good in respect of the FI is fully secured	4,766,564,359	4,743,487,317
ii) Lease, loans and advances considered good in respect of the FI holds no security other than the debtors personal guarantee	1,049,721,126	966,003,551
iii) Lease, loans and advances considered good secured by the personal undertakings of one or more parties in addition to the debtors personal guarantee	3,942,542,626	2,674,842,136
	9,758,828,111	8,384,333,005
iv) Lease, loans & advances adversely classified; provision not maintained there against	-	-
v) Lease, loans & advances due by directors or officers of the company or any of them either separately or jointly with any other persons	27,810,783	29,627,743
vi) Lease, loans & advances due from companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the financial institution or any of them either separately or jointly with any other person.	-	-
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies, as member.	-	-
ix) Due from bank and financial institutions	554,672,686	548,812,405
x) Classified loans, advances and leases		
a) Classified loans, advances and leases on which interest has not been charged	968,828,504	791,177,977
b) Provision on doubtful loans, advances and leases	53,083,002	3,755,854
Provision on bad loans, advances and leases	400,567,034	152,185,425
Total provisions charged during the year	453,650,036	155,941,279
c) Amount of written off loans, advances and leases	216,942,411	215,083,602
Total amount realized against loans and leases previously written off	10,701,365	10,511,365
d) Provision kept against loans and advances classified as bad debts	400,567,034	152,185,425
e) Interest credited to Interest Suspense Account	344,789,833	240,590,888
xi) Cumulative amount of written off loans, advances and leases		
Opening Balance	215,083,602	137,010,447
Amount written off the year	1,858,809	78,073,155
	216,942,411	215,083,602

7.12 Cumulative amount of written off loans, advances & leases

As per FID Circular no.03 dated 15 March 2007 of Bangladesh Bank, a financial institution should write-off loans/ lease to clean-up its financial statements subject to fulfilment of the following criteria:

- Loans /leases classified as Bad and Losses against which 100% provision has been made;
- Approval from the Board of Directors is required;
- Best endeavors shall be made to recover the written-of loans/ leases and legal process should be initiated if not started before.

Opening Balance	215,083,602	137,010,447
Amount written off during the year	1,858,809	78,073,155
The amount of written off loans, advances and leases	216,942,411	215,083,602

7.13 Particulars of Required provision for lease, loans & advances

Required provision has been made as per Bangladesh Bank guidelines. As per BB guidelines, provision at the following rates have been made in the financial statements depending on the status of classification (exclusive method).

Investment up to 5 years term Below 3 months	Classification status Standard (CMSMEF)	Provision (%) 0.25
Below 3 months	Std. (other than CMSMEF)	1
3 to 6 months	SMA	5
6 to 11 months	SS	20
12 to 18 months	DF	50
18 months and above	BL	100
Investment up to 5 years term	Classification status	Provision (%)
Below 6 months	Standard (CMSMEF)	0.25
Below 6 months	Standard (other than CMSMEF)	1
6 to 12 months	SMA	5
12 to 18 months	SS	20
18 to 24 months	DF	50
24 months and above	BL	100
Loan to Subsidiary, Sister Concern etc	Standard	2
Prov. Against Off Balance Sheet Exposure		1
Additional Provision for Deferral as per BB Circular	BL	2

Status	Base for Provision	Rate	Provision	
			31-12-2021	31-12-2020
Unclassified- General Provision				
Standard	7,409,111,641		71,305,492	66,075,767
CMSMEF	371,416,616	0.25%	928,542	304,107
Other than CMSMEF	7,037,695,025	1.00%	70,376,950	65,771,660
Special Mention Account (SMA)	1,266,897,343	5.00%	63,344,867	41,093,739
Prov. On OFF B/S Exposure	1,070,000,000	1.00%	10,700,000	-
Additional Prov. for Loan to Subs.	880,864,315	1.00%	8,808,643	-
Prov. has been kept for conditional reschedule			100,799,370	
Additional Prov. for Deferral	3,080,174,798	2.00%	61,603,496	-
			316,561,868	107,169,506
Classified- Specific provision				
Sub-Standard	16,204,956	20.00%	3,240,991	2,714,248
Doubtful	99,684,021	50.00%	49,842,011	1,041,606
Bad/Loss	400,567,034	100.00%	400,567,034	152,185,425
			453,650,036	155,941,279
Required provision for lease, loans & advances			770,211,904	263,110,785
Total provision maintained for lease, loans & advances			770,220,000	400,000,000
Excess provision for lease, loans & advances			8,096	126,362,910

8.00 Fixed assets including premises, furniture and fixtures:

Particulars	31-12-2021	31-12-2020
Cost & Revaluation		
Furniture and fixtures	22,370,199	22,437,199
Office equipment	17,009,504	16,856,038
Office Decoration	28,786,304	32,986,362
Right of Use Assets	11,221,940	11,221,940
Motor Vehicles	16,976,656	17,138,656
Electrical Goods	-	616,796
Intangible Assets	7,500,000	7,500,000
Building	461,107,440	461,107,440
Construction WIP	80,079,800	80,079,800
Land	367,109,515	345,939,515
	<u>1,012,161,358</u>	<u>995,883,746</u>
Less: Accumulated depreciation	161,027,121	147,180,321
Net book value at the end of the year (Schedule-1)	<u>851,134,237</u>	<u>848,703,425</u>
8 a Consolidated Fixed Assets		
Bay Leasing & Investment Ltd.	851,134,237	848,703,425
BLI Capital Ltd.	569,897,715	584,171,574
	<u>1,421,031,952</u>	<u>1,432,874,999</u>

9.00 Other Assets:

Particulars	Notes	31-12-2021	31-12-2020
Income generating:			
Investment in associate & Subsidiaries	9.01	1,787,115,000	1,787,115,000
Interest receivable		17,056,628	24,668,904
Receivable from BLI Capital Ltd		-	277,961,399
Other receivable		88,529,900	41,717,830
Non-income generating:			
Advance, deposit and Prepaid expenses		1,766,444	9,818,012
Advance corporate tax	9.02	110,717,582	272,903,675
Advance Office Rent		-	-
Stationery & Stamp in hand		16,075	16,146
Security Deposit		37,210	37,210
Advance against Decoration, Preliminary Exp, Development		-	-
Branch Adjustment		-	-
Suspense Account		-	-
		<u>2,005,238,839</u>	<u>2,414,238,176</u>
Outside Bangladesh		-	-
	Total:	<u>2,005,238,839</u>	<u>2,414,238,176</u>

9 a Consolidated Other Assets :

Particulars	31-12-2021	31-12-2020
Bay Leasing & Investment Limited	2,005,238,839	2,414,238,176
BLI Capital Limited	163,826,323	177,287,766
Adjustment for dealing with Subsidiary	(1,749,990,000)	(2,027,951,399)
	<u>419,075,162</u>	<u>563,574,543</u>
	Total:	<u>563,574,543</u>

9.01 Investment in Associate / Subsidiaries:		1,787,115,000	1,787,115,000
Investment in Associate		31-12-2021	31-12-2020
BLI Securities Limited		10,125,000	10,125,000
Lucky Feed Limited		27,000,000	27,000,000
	Total:	37,125,000	37,125,000
Investment in Subsidiaries:		31-12-2021	31-12-2020
BLI Capital Ltd		1,749,990,000	1,749,990,000
	Total:	1,749,990,000	1,749,990,000

BLIL has one subsidiary company as on reporting date. Consolidated financial statements has been prepared for subsidiary following the requirements of International Financial Reporting Standard (IFRS) 10; 'Consolidated Financial Statements'

9.02 Advance corporate tax:

Particulars	31-12-2021	31-12-2020
Balance as on January 01	272,903,675	232,597,023
Addition during the year	54,575,309	40,306,652
Adjustment of previous years' tax liabilities	(216,761,402)	-
Balance as on December 31	110,717,582	272,903,675
Consolidated Advance income tax		
Bay Leasing & Investment Ltd.	110,717,582	272,903,675
BLI Capital Ltd.	-	20,711,506
	110,717,582	293,615,181

10.00 Borrowing from banks, other financial institutions and agents:

Particulars	Note	31-12-2021	31-12-2020
In Bangladesh	10.01	4,306,074,650	3,681,415,051
Outside Bangladesh		-	-
	Total:	4,306,074,650	3,681,415,051

10.01 In Bangladesh:

Particulars	31-12-2021	31-12-2020
Bank overdraft		
National Credit & Commerce Bank Ltd.	17,214,325	18,427,421
Mercantile Bank Ltd.	149,191,624	154,414,838
Mutual Trust Bank Ltd.	219,060,908	135,812,836
United Commercial Bank Ltd	99,778,181	98,057,001
Midland Bank Ltd	99,036,086	96,913,406
Basic Bank Ltd	150,160,893	145,432,021
First Security Bank Ltd.	396,290,000	372,505,225
Woori Bank Ltd	133,695,839	133,992,938
Uttara Bank Limited	423,022,248	180,963,348
	Sub Total (a)	1,336,519,034
Short term loan/Call Money		
Sonali Bank Ltd- Call Money	70,000,000	100,000,000
Southeast Bank Ltd- Call Money	750,000,000	620,000,000
NCC Bank- Call Money	80,000,000	-
Uttara Bank Limited - Call Money	140,000,000	-
Southeast Bank Ltd- STL	35,000,000	-
	Sub Total (b)	720,000,000

Long term loan		
United Commercial Bank Ltd	90,458,397	108,465,847
Basic Bank Ltd	115,285,037	137,210,931
Modhumoti Bank Limited	74,622,823	97,031,268
Midland Bank Ltd	125,280,136	153,747,398
Bank Asia Ltd	99,885,642	114,694,870
Jamuna Bank Ltd	38,176,799	95,394,619
Mercantile Bank Ltd	330,407,387	382,867,229
Pubali Bank Limited	55,971,695	66,672,580
Prime Bank Ltd	51,448,196	94,049,512
NCC Bank Ltd	17,536,379	46,965,141
Uttara Bank Limited	333,654,334	100,125,000
Shahjalal Islami Bank Ltd	55,457,897	66,312,757
Mutual Trust Bank Ltd	113,386,347	133,819,021
	Sub Total (c)	1,501,571,069
		1,597,356,173
Bangladesh Bank refinancing		
Bangladesh Bank	42,053,477	27,539,844
	Sub Total (d)	42,053,477
	Total (a+b+c+d)	4,306,074,650
		3,681,415,051
10.01 a Consolidated Borrowing from Banks & Other FI's		
Bay Leasing & Investment Ltd.	4,306,074,650	3,681,415,051
BLI Capital Ltd.	3,076,617,299	2,737,528,486
	7,382,691,949	6,418,943,537
Less: Inter company balance eliminated	880,904,316	247,174,045
	Total:	6,501,787,633
		6,171,769,492

10.02 Analysis by security against borrowing from banks, other financial institutions and agents:

Particulars	31-12-2021	31-12-2020
Secured (assets pledged as security for liabilities)	1,119,414,036	860,303,770
Unsecured	3,186,660,614	2,821,111,281
Total:	4,306,074,650	3,681,415,051

The loans are secured by first charge on all present and future floating assets of the Company ranking pari passu among the lenders.

10.03 Maturity grouping of borrowing from banks, other financial institutions and agents

Particulars	31-12-2021	31-12-2020
On demand	-	-
Up to 1 month	90,682,495	83,221,437
Over 1 month but within 3 months	290,654,725	213,942,700
Over 3 months but within 1 year	783,292,193	675,230,146
Over 1 year but within 5 years	2,094,033,421	1,792,268,283
Over 5 years	1,047,411,816	916,752,485
Total:	4,306,074,650	3,681,415,051

11.00 Deposits and other accounts:

Particulars	Notes	31-12-2021	31-12-2020
Current Accounts & Other Accounts etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits	11.01	6,187,006,005	6,386,120,571
Bearer Certificates of Deposits		-	-
Other deposits	11.02	1,856,035	18,926,046
Total:		6,188,862,040	6,405,046,617

11 a Consolidated Deposits and other accounts:

Bay Leasing & Investment Ltd.	6,188,862,040	6,405,046,617
BLI Capital Ltd.	122,164,200	198,243,917
Total:	6,311,026,240	6,603,290,534

11.01 Term deposits:

Particulars	Notes	31-12-2021	31-12-2020
Plain Term Deposits	11.1.2	5,865,719,824	6,334,683,797
Flexi Savings		1,410,694	321,000
Super DPS		44,447,765	41,104,000
BLIL Wealth Plan		80,574	-
Profit Take Home Plan		269,218,429	
BLI Chamak		1,212,664	711,774
Double Money Plan		4,916,055	9,300,000
Total:		6,187,006,005	6,386,120,571

11.1.1 This represents deposits received from individuals and institutions for a period not less than three months.

Deposits from banks and financial institutions	2,748,548,440	3,018,762,288
Deposits from other than banks and financial institutions	3,438,457,565	3,367,358,283
Total:	6,187,006,005	6,386,120,571

11.1.2 Sector-wise break-up of plain term deposits:

Particulars	31-12-2021	31-12-2020
Government	-	-
Banks and financial institutions	2,748,548,440	3,018,762,288
Individual	1,027,294,174	1,124,159,003
Other Institutions	2,089,877,210	2,191,762,506
Total:	5,865,719,824	6,334,683,797

11.1.3 Maturity analysis of term deposits:

Particulars	31-12-2021	31-12-2020
a) Maturity analysis of deposits from Banks & Financial Institutions		
Payable on demand	-	-
Up to 1 month	187,241,553	201,122,605
Over 1 month but within 3 months	442,514,947	442,514,947
Over 3 months but within 1 year	752,275,001	1,008,607,797
Over 1 year but within 5 years	1,123,642,739	1,123,642,739
Over 5 years but within 10 years	242,874,200	242,874,200
Over 10 years	-	-
Sub Total:	2,748,548,440	3,018,762,288

b) Maturity Analysis of Deposits from other than Banks and Financial Institutions

Payable on demand	-	-
Up to 1 month	93,508,270	101,124,591
Over 1 month but within 3 months	300,608,625	334,437,930
Over 3 months but within 1 year	1,532,685,802	1,316,520,972
Over 1 year but within 5 years	1,412,394,303	1,496,016,517
Over 5 years but within 10 years	99,260,565	119,258,273
Over 10 years	-	-
Sub Total:	3,438,457,565	3,367,358,283
Grand Total:	6,187,006,005	6,386,120,571

11.02 Other deposits:

Particulars	31-12-2021	31-12-2020
Security deposit	331,500	1,127,100
Lease Advance & Others	1,524,535	17,798,946
Total:	1,856,035	18,926,046

12.00 Other liabilities:

Particulars	Notes	31-12-2021	31-12-2020
Interest suspense account	12.01	344,789,833	240,590,888
Accrued expenses and payables	12.02	299,708,843	284,901,673
Provision for lease, loans and advances	12.03	977,203,235	400,000,000
Provision for income tax	12.04	107,000,000	266,986,846
Deferred Tax Liability	12.05	5,516,746	8,996,540
Lease Liability		4,128,595	5,848,642
Dividend payable		33,700,984	43,734,333
Total:		1,772,048,236	1,251,058,922

Bangladesh Bank FID circular no.3 of 2006 requires that interest on classified loans/ lease will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various facilities as SMA, SS ,DF and BL has been set-aside in the interest suspense account.

12 a Consolidated Other Liabilities

Bay Leasing & Investment Ltd.	1,772,048,236	1,251,058,922
BLI Capital Ltd.	95,527,203	95,102,591
	1,867,575,439	1,346,161,513

12.01 Interest suspense account:

This represents interest receivable on lease, hire purchase, term finance and short term finance outstanding over ninety days as per Bangladesh Bank guidelines.

Particulars	31-12-2021	31-12-2020
Balance on January 01	240,590,888	181,470,005
Add: Amount trans. to "interest suspense" account during the year	104,371,344	73,722,240
Less: Amount recovered from "interest suspense" account during the year	-	-
Less: Amount written-off during the year	(172,399)	(14,601,357)
Balance as on December 31	344,789,833	240,590,888

12.02 Accrued expenses and payables:

Particulars	Notes	31-12-2021	31-12-2020
Liabilities For Financial expenses	12.02.1	231,643,447	239,810,005
Liabilities for accrued expenses	12.02.2	553,250	792,340
Liabilities for Gratuity Fund		29,759,091	26,477,102
Others Payable		37,753,055	17,822,226
	Total:	299,708,843	284,901,673

12.02.1 Liabilities For Financial expenses:

Particulars	31-12-2021	31-12-2020
Interest Payable on Term Deposits	226,652,113	226,545,332
Interest Payable on Other Deposit	4,991,334	13,264,673
	Total:	231,643,447

12.02.2 Liabilities for accrued expenses:

Particulars	31-12-2021	31-12-2020
Audit Fee	284,500	465,750
Telephone bill	-	57,840
Credit Rating Fee	268,750	268,750
	Total:	553,250

12.03 Provision for lease, loans, advances & Investments:

Management, on the basis of guidelines issued by Bangladesh Bank has computed provisions for loans, advances and leasas. Adequate provision has been kept as per BB circular to cover possible future losses.

Particulars	31-12-2021	31-12-2020
General provision on unclassified lease, loans and advances	316,569,964	233,532,416
Specific provision on classified lease, loans and advances	453,650,036	155,941,279
Provision against Investment in Shares	206,983,235	10,526,305
Provision as on 31 December	977,203,235	400,000,000
Movement of General provision;	31-12-2020	31-12-2020
Balance on January 01	233,532,416	107,853,315
Add: Provision made during the year	83,037,548	125,679,101
Less: Provision released during the year	-	-
Provision as on 31 December	316,569,964	233,532,416
Movement of Specific provision ;	31-12-2020	31-12-2020
Balance on January 01	155,941,279	252,146,685
Add: Provision made during the year	299,395,159	-
Add: Provision made on other assets	-	-
Less: Provision released during the year	(1,686,402)	(96,205,406)
Provision as on 31 December	453,650,036	155,941,279

12.04 Provision for Income Tax:

Particulars	31-12-2021	31-12-2020
Balance on January 01	266,986,846	214,070,439
Add: Provision made for the year 2021	49,000,000	-
Provision made for the year 2020	-	26,000,000
Short provision for the year 2012	8,834,613	-
Short provision for the year 2017	(1,060,057)	12,916,407
Short provision for the year 2014	-	14,000,000
Less: Settlement of previous years' tax liabilities	(216,761,402)	-
	107,000,000	266,986,846

Reconciliation of Effective Tax Rate:

	2021	
	%	Taka
Profit before income tax as per profit and loss account		(91,806,323)
Applicable Tax rate as per Income Tax rules	37.50%	(34,427,371)
Factors affecting the tax changed in current year:		
On non deductible expenses	-7.67%	7,044,642
Tax exempted Income	0.00%	-
Tax savings from reduced tax rates (on dividend, Gain on sale of shares)	45.46%	(41,731,162)
Total income tax expenses	75.28%	(69,113,891)
	2020	
	%	Taka
Profit before income tax as per profit and loss account		215,101,141
Applicable Tax rate as per Income Tax rules	37.50%	80,662,928
Factors affecting the tax changed in current year:		
On non deductible expenses	8.64%	18,584,425
Tax exempted Income	0.00%	-
Tax savings from reduced tax rates (on dividend, Gain on sale of shares)	-14.44%	(31,067,180)
Total income tax expenses	31.70%	68,180,172

12.05 Deferred Tax Liability

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12 “Income Taxes” and DFIM circular- 07; dated 31-07-2011.

Particulars	Carrying Amount at Balance Sheet	Tax Base	Taxable/ deductible temporary difference
Gratuity	29,759,091	-	29,759,091
Fixed Assets	529,904,183	485,433,770	(44,470,413)
Total	559,663,274	485,433,770	(14,711,322)

Applicable Tax Rate	37.50%
Deferred Tax Asset as on December 31, 2021	(5,516,746)
Deferred Tax Asset as on December 31, 2020	(8,996,540)
Deferred tax Expense for the year 2020	(3,479,794)
Total Liability against Deferred Tax	5,516,746

13.00 Share Capital:

13.01 Authorized capital

300,000,000 ordinary shares of Taka 10 each

13.02 Issued, subscribed and fully paid-up capital

140,888,443.5 ordinary shares of Taka 10 each

	31-12-2021	31-12-2020
Authorized capital	3,000,000,000	3,000,000,000
Issued, subscribed and fully paid-up capital	1,408,884,435	1,408,884,435

13.03 Capital adequacy ratio:

In terms of Bangladesh Bank DFIM circulars no. 08 and 14 dated August 02, 2010 and December 28, 2011 respectively; required implementation of Basel Accord Minimum Capital Requirement (MCR) of the Company at the close of business on December 31, 2021 was Taka 1,445,900,000 as against available Core Capital (Tier-I) of Taka 2,181,043,518 and Supplementary Capital (Tier-II) of Taka 475,872,799 making a Total Eligible Capital of Taka 2,656,916,316 thereby showing a Surplus capital/equity of Taka 1,211,016,316 at that date. Details are shown below:

Core capital (Tier-I)		
Fully paid-up Capital	1,408,884,435	1,408,884,435
Statutory Reserve	623,950,000	623,950,000
Non-repayable Share premium account	121,115,565	121,115,565
General Reserve	111,271,431	111,271,431
Retained Earnings	(84,177,913)	195,262,122
	2,181,043,518	2,460,483,553
Supplementary capital (Tier-II)		
General provision maintained against Unclassified loan	316,569,964	233,532,416
General provision on off-balance sheet items	-	-
General provision on off-shore Banking Units	-	-
Revaluation gain / loss on investments	-	-
Assets revaluation reserve	159,302,834	162,468,320
	475,872,799	396,000,735
A. Eligible Capital:	Amount	Amount
1. Tier-1 Capital	2,181,043,518	2,460,483,552
2. Tier-2 Capital	475,872,799	396,000,735
3. Total eligible Capital (1+2)	2,656,916,316	2,856,484,287
B. Total Risk Weighted Assets (RWA)	14,459,000,000	13,580,400,000
C. Capital Adequacy Ratio	18.38%	21.37%
D. Core Capital to RWA (A1/B)*100	15.08%	18.12%
E. Supplementary Capital to RWA (A2/B)*100	3.29%	2.92%
F. Minimum Capital Requirement (MCR) 10% of RWA =Bx10%	1,445,900,000	1,358,040,000
G) Surplus (A-F)	1,211,016,316	1,498,444,287

13.04 Percentage of shareholding at the closing date:

	No. of shares		Percentage	
	2021	2020	2021	2020
(i) Sponsors & Director				
Foreign	-	-	-	-
Domestic	42,364,145	42,364,145	30.07	30.07
	42,364,145	42,364,145	30.07	30.07
(ii) Corporate Bodies				
Foreign	579	579	0.00	0.00
Domestic	42,765,189	59,148,383	30.35	41.98
	42,765,768	59,148,962	30.35	41.98
(iii) General public				
Foreign	-	-	-	-
NRB	126,605	180,333	0.09	0.13
Domestic	55,631,925	39,195,003	39.49	27.82
	55,758,530	39,375,336	39.58	27.95
Total:	140,888,443	140,888,443	100.00	100.00

13.05 Shareholding range on the basis of shareholding as at December 31, 2021

No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
Less than 5000	6459	9,571,082	6.79%
5,001 to 10,000	736	5,548,966	3.94%
10,001 to 20,000	465	6,723,559	4.77%
20,001 to 30,000	174	4,348,140	3.09%
30,001 to 40,000	84	2,953,718	2.10%
40,001 to 50,000	50	2,353,560	1.67%
50,001 to 100,000	114	8,212,186	5.83%
100,001 to 1,000,000	76	18,244,427	12.95%
1,000,001 to 10,000,000	19	82,932,805	58.86%
	8,177	140,888,443	100.00%

14.00 Statutory Reserve:

Particulars	31-12-2021	31-12-2020
Balance as at January 01	623,950,000	592,151,000
Addition during the year	-	31,799,000
Balance as at December 31	623,950,000	623,950,000

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, at least 20% on profit after tax of Tk. 31,799,000 has to be transferred to Statutory Reserve Fund. During the year the Company has transferred same to the statutory reserved fund.

15.00 Share Premium:

Particulars	31-12-2021	31-12-2020
Balance as at January 01	121,115,565	155,478,600
Addition during the year	-	-
Less: Premium use against stock dividend	-	(34,363,035)
Balance as at December 31	121,115,565	121,115,565

This represents a premium of Tk.150 per share for issuance of 10,20,000 shares in 2009 amounting to Tk. 153,000,000 & Tk.250 per share over the per value of Tk.100 per share received against the issue of 30,60,000 right shares in 2010 amounting to Tk. 765,000,000. Stock dividend declare @20% on 2011, @15% on 2013, @5% on 2017 & @2.5% on 2019 which is adjusting against share premium.

16.00 Assets Revaluation Reserve:

Particulars	31-12-2021	31-12-2020
Balance as at January 01	324,936,639	331,429,942
Sale of Assets	-	-
Transferred to Retained Earnings (Note- 2.36)	(6,330,971)	(6,493,303)
Balance as at December 31	318,605,669	324,936,639

17.00 Adjusted Retained Earnings Balance

Particulars	31-12-2021	31-12-2020
Balance as at January 01	195,262,122	164,826,849
Dividend for last year	(140,888,443)	(103,089,105)
Previous year adjustment	218,522	(163,348)
Transfer from Revaluation reserve (Note- 2.36)	6,330,971	6,493,303
	60,923,172	68,067,700
Net profit after taxation for the year	(145,101,085)	158,993,422

Appropriation from current years profit:

Transfer to statutory reserve	-	(31,799,000)
Transfer to General Reserve	-	-
	(145,101,085)	127,194,422
Balance as at December 31, Grand total (a + b)	(84,177,913)	195,262,122

17 a Consolidated Retained Earnings	31-12-2021	31-12-2020
Bay Leasing & Investment Ltd.	(84,177,913)	195,262,121
BLI Capital Ltd.	10,786,983	4,859,400
Last year adjustment Non-controlling interest	-	-
Balance as at December 31	(73,390,930)	200,121,521

18.00 Non-Controlling Interest

Pursuant to the International Financial Reporting Standard (IFRS) 10, ‘ Consolidated Financial Statements’, non-controlling interest has been presented in the consolidated Balance Sheet within equity, separately from the equity of the owners of the parent. Non controlling interest is made up as follows:

Particulars	31-12-2021	31-12-2020
Opening balance	10,028	10,022
Less: Interim Dividend	-	-
Add: addition during the year	33	6
Closing balance	10,061	10,028
Share Capital	10,000	10,000
Retained Earnings	59.00	28
	10,059	10,028

19.00 Net asset value per share

Particulars	31-12-2021	31-12-2020
Total asset	14,766,634,112	14,122,940,781
Total liabilities	12,266,984,926	11,337,520,590
	2,499,649,186	2,785,420,192
Number of share outstanding	140,888,443	140,888,443
Net asset value per share	17.74	19.77

20.00 Interest Income:

Particulars	31-12-2021	31-12-2020
Interest from Lease	116,929,768	241,890,306
Interest from Lease Advance	-	-
Interest from Term Finance	814,505,165	660,657,925
Interest on Fixed Deposits with Banks and Other FI's	64,342,717	52,650,217
Interest on balance with Banks	742,082	721,333
Interest on Overdue	3,628,836	4,623,050
Total:	1,000,148,568	960,542,831

20 a Consolidated Interest Income

Bay Leasing & Investment Ltd.	1,000,148,568	960,542,831
BLI Capital Ltd.	216,557,976	238,702,180
	1,216,706,544	1,199,245,011
Less: Inter company balance eliminated	43,834,129	26,923,129
Total:	1,172,872,415	1,172,321,882

21.00	Interest paid on Deposit, Borrowing etc.:		
	Particulars	31-12-2021	31-12-2020
	Interest on Deposits:		
	Interest on Term Deposits	432,677,150	583,097,242
	Interest on Other Deposits	32,864,050	6,362,110
	Interest on Borrowings:		
	Interest on Call Loan & STL	43,453,322	73,051,608
	Interest on Over Draft	120,947,932	109,306,954
	Interest on Term Loan & BB refinance	174,173,549	144,593,974
	Interest on Lease Rent	533,313	416,073
	Total:	804,649,316	916,827,961
21 a	Consolidated Interest paid on Deposit, Borrowing etc.		
	Bay Leasing & Investment Ltd.	804,649,316	916,827,961
	BLI Capital Ltd.	288,095,731	234,963,888
		1,092,745,047	1,151,791,849
	Less: Inter company balance eliminated	43,834,129	26,923,129
	Total:	1,048,910,918	1,124,868,720
22.00	Investment Income:		
	Particulars	31-12-2021	31-12-2020
	Dividend Income	40,648,290	27,611,817
	Gain on Investment on Share	336,015,037	255,448,168
	Total:	376,663,327	283,059,985
22 a	Consolidated Investment Income		
	Bay Leasing & Investment Ltd.	376,663,327	283,059,985
	BLI Capital Ltd.	44,401,359	21,129,161
	Total:	421,064,686	304,189,146
23.00	Commission, Exchange and Brokerage Income:		
	Particulars	31-12-2021	31-12-2020
	Income from Commission	1,601,875	135,000
	Total:	1,601,875	135,000
23 a	Consolidated Commission, Exchange and Brokerage Income:		
	Bay Leasing & Investment Ltd.	1,601,875	135,000
	BLI Capital Ltd.	79,924,972	5,291,002
	Total:	81,526,847	5,426,002
24.00	Other Operating Income:		
	Particulars	31-12-2021	31-12-2020
	Service Fees	4,797,264	643,090
	Gain on sale of Fixed Assets	(10,745)	710,726
	Early settlement charge	2,313,204	8,769,638
	Documentation Fee	32,459	328,334
	Rental Income	4,258,800	5,323,500
	Recovery from Write Off	190,000	240,000
	Income from Transfer Fee	327,356	4,914,454
	Miscellaneous Income	196,053	145,934
	Total:	12,104,391	21,075,676

24 a	Consolidated Other Operating Income		
	Bay Leasing & Investment Ltd.	12,104,391	21,075,676
	BLI Capital Ltd.	5,787,600	16,414,125
	Total:	17,891,991	37,489,801

25.00 Consolidated Salary and allowances

Particulars

	31-12-2021	31-12-2020
Bay Leasing & Investment Ltd.	55,306,753	54,059,289
BLI Capital Ltd.	17,385,380	15,313,407
Total:	72,692,133	69,372,696

Salaries and allowances

Salaries and allowances of Bay Leasing & Investment Limited include annual contribution of BDT 1,818,628/- to Provident Fund and BDT 3,281,989/- to Gratuity Fund. consolidated Salaries and allowances include annual contribution of BDT 11,17,200/- to Provident Fund and BDT 39,38,512/- to Gratuity Fund.

25.01 Employee benefits

Bay Leasing & Investment Limited operates a funded gratuity scheme (which is a defined benefit scheme as specified in IAS 19). Employees are entitled to gratuity benefit after completion of minimum years of service with the Company. The Company is contributing to the fund as prescribed rate/amount.

26.00 Rent, Taxes, Insurance & Electricity:

Particulars

	31-12-2021	31-12-2020
Office Rent	406,404	410,940
Rates & Taxes	248,650	249,912
Utility	3,406,993	2,702,777
Insurance Premium	85,134	90,794
Total:	4,147,181	3,454,423

26 a Consolidated Rent, Taxes, Insurance & Electricity

Bay Leasing & Investment Ltd.	4,147,181	3,454,423
BLI Capital Ltd.	6,098,485	6,205,956
Total:	10,245,666	9,660,379

27.00 Postage, stamp, telecommunication, etc.

Particulars

	31-12-2021	31-12-2020
Postage & stamp	4,895	4,255
Telecommunication	641,200	527,030
Total:	646,095	531,285

27 a Consolidated Postage, stamp, telecommunication, etc.

Bay Leasing & Investment Ltd.	646,095	531,285
BLI Capital Ltd.	448,653	708,345
Total:	1,094,748	1,239,630

28.00 Stationery, Printing, advertisement, etc.

Particulars

	31-12-2021	31-12-2020
Printing	386,087	551,227
Stationery	221,561	177,481
Advertisement	1,058,978	1,306,430
Total:	1,666,626	2,035,138

Re- Arranged

28 a	Consolidated Stationery, Printing, advertisement, etc.		
	Bay Leasing & Investment Ltd.	1,666,626	2,035,138
	BLI Capital Ltd.	474,687	911,442
	Total:	2,141,313	2,946,580
29.00	Directors Fee:		
	Particulars	31-12-2021	31-12-2020
	Directors Fee	607,200	528,000
	Total:	607,200	528,000
	Each Director is paid TK. 8,000/- per meeting per attendance.		
30.00	Consolidated Auditor's Fees		
	Particulars	31-12-2021	31-12-2020
	Bay Leasing & Investment Ltd.	254,500	264,500
	BLI Capital Ltd.	63,250	63,250
	Total:	317,750	327,750
31.00	Depreciation and repairs of assets		
	Particulars	31-12-2021	31-12-2020
	Depreciation	18,785,711	18,584,425
	Fuel & Repair of assets	733,535	813,775
	Total:	19,519,246	19,398,200
31 a	Consolidated Depreciation and repairs of assets		
	Bay Leasing & Investment Ltd.	19,519,246	19,398,200
	BLI Capital Ltd.	17,541,835	18,582,594
	Total:	37,061,081	37,980,794
32.00	Other Expenses		
	Particulars	31-12-2021	31-12-2020
	Bank Charges	1,578,592	828,432
	Conveyances & Travelling	134,695	122,734
	Credit Rating Fees	268,750	268,750
	Office Maintenance	5,267,121	1,805,831
	Entertainment Expenses	525,849	557,068
	Listing & Other Regulatory Fees	1,176,681	1,481,860
	Subscription & Donation	470,000	1,300,000
	Surveyors fee	17,250	-
	Newspaper & Periodicals	12,730	6,640
	VAT Expense	2,423,827	-
	Training Fee	-	33,000
	Total:	11,875,495	6,404,315
32 a	Consolidated Other Expenses		
	Bay Leasing & Investment Ltd.	11,875,495	6,404,315
	BLI Capital Ltd.	6,398,382	2,075,129
	Total:	18,273,877	8,479,444
33.00	Provision against lease, loans and advances:		
	Particulars	31-12-2021	31-12-2020
	On classified loans and other advances (Note-12.03)	297,708,757	(96,205,406)
	On un-classified loans (Note-12.03)	83,037,548	125,679,101
	Total:	380,746,305	29,473,695

33 a	Consolidated Provision against lease, loans and advances:		
	Bay Leasing & Investment Ltd.	380,746,305	29,473,695
	BLI Capital Ltd.	-	-
	Total:	380,746,305	29,473,695
34.00	Provision for Diminution in Value of Investment in Shares:		
	Particulars	31-12-2021	31-12-2020
	Balance 01-01-2021	10,526,305	-
	(Adjustment)/Addition during the year	206,983,235	10,526,305
	Total:	196,456,930	10,526,305
34 a	Consolidated Provision for Diminution in Value of Investment in Shares:		
	Bay Leasing & Investment Ltd.	196,456,930	10,526,305
	BLI Capital Ltd.	-	-
	Total:	196,456,930	10,526,305
35.00	Provision for Tax:		
	Particulars	31-12-2021	31-12-2020
	Current Year Tax	49,000,000	26,000,000
	Previous year Tax (2012, 2014)	7,774,556	26,916,407
	Deferred Tax	(3,479,794)	3,191,313
	Total:	53,294,762	56,107,720
35 a	Consolidated Provision for Tax:		
	Bay Leasing & Investment Ltd.	53,294,762	56,107,720
	BLI Capital Ltd.	3,556,570	1,689,219
	Total:	56,851,332	57,796,939
36.00	Earnings per share (EPS):		
	Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on December 31, 2021 as per International Accounting Standard (IAS) -33.		
	Particulars	31-12-2021	31-12-2020
	Net profit after tax	(145,101,085)	169,519,727
	Number of ordinary shares outstanding	140,888,443	140,888,443
	Earnings per share	(1.03)	1.20
36 a	Consolidated Earnings per share (EPS):		
	Net profit after tax	(139,173,469)	170,542,965
	Number of ordinary shares outstanding	140,888,443	140,888,443
	Earnings per share	(0.99)	1.21
37.00	Net Operating Cash Flows Per Share (NOCFPS)		
	Net cash flows from operating activities	63,723,528	717,370,988
	No. of Shares outstanding	140,888,443	140,888,443
		0.45	5.09

37.01 Reconciliation of Net Profit with Cash Flows from Operating Activities

Particulars	31-12-2021	31-12-2020
Total Profit before taxes	(91,806,323)	225,627,447
Adjustments:		
Depreciation	16,609,664	16,260,898
Gain on sale of Fixed Assets	10,745	(710,726)
Gain on Investment on Share	(336,015,037)	(255,448,168)
Provision for lease, loans, advances & Investments:	577,203,235	29,473,695
	166,002,284	15,203,145
Increase / decrease in operating assets and liabilities		
Other assets	(30,692,155)	56,705,584
Lease, loans and advances to customers	(274,495,106)	969,121,245
Deposits from customers	(216,184,577)	412,259,103
Payment as Call Loan	(209,580,000,000)	(163,216,300,000)
Receipt as Call Loan	209,935,000,000	162,466,300,000
Other liabilities account of customers	119,443,167	54,388,563
Income Tax paid	(55,350,085)	(40,306,652)
Net cash flows from operating activities	63,723,528	717,370,988
	31-12-2021	31-12-2020
Corporate Guarantee	1,070,000,000	200,000,000
Total Off-Balance Sheet items including contingent liabilities	1,070,000,000	200,000,000

38.01 Corporate Guarantee

The Company is contingently liable on behalf of BLI Securities Ltd and BLI Capital Ltd. for the guarantee given below in favour of:

Dhaka Stock Exchange- BLI Securities Ltd	1,000,000,000	200,000,000
ICB- BLI Capital Ltd	70,000,000	-
Total:	1,070,000,000	200,000,000

39.00 Related Party Disclosures**39.01 Particulars of Directors of the Company as on December 31, 2021**

Sl.no	Name of Directors	Designation	Shareholding status
1	Dr. Maswooda Ghani	Chairman	6.27%
2	Mr. Tarik Sujat	Director	2.16%
3	Mr. Zubayer Kabir	Director	2.00%
4	Prof.Suraiya Begum	Director	2.40%
5	Mrs. Fatema Zahir Majumder	Director	2.11%
6	Prof. Shahid Uddin Ahmed	Independent Director	0.00%
7	Dr. Zaidi Sattar	Independent Director	0.00%
	Total		14.94%

39.02 Name of Directors and their interest in different entities as on December 31, 2021

Sl.no	Name of Directors	Position with BLIL	Entities Where they have interest	
			Name	Position
1	Dr. Maswooda Ghani	Chairman	Pushpo Clinic	Owner
2	Prof. Suraiya Begum	Director	N/A	
3	Mr. Tarik Sujat	Director	Asia Insurance Ltd.	Nominated Director of BLIL
			Colors of Bangladesh	CEO
			One Stop Print Shop	CEO
			MediaScene Ltd. (Daily Bhorer Kagoj)	MD
			I- Info Media Ltd.	MD
			Desh Television Limited	Director
4	Mr. Zubayer Kabir	Director	BLI Securities Limited	Director
			Erebus Properties Ltd	MD
5	Mrs. Fatema Zahir Majumder	Director	Tiger Tours Ltd	Chairman
			Blue Flying Academy	Director
			Language Proficiency Centre Ltd	Director
6	Prof. Shahid Uddin Ahmed (Ph.D)	Independent Director	N/A	
7	Dr. Zaidi Sattar	Independent Director	Asia Insurance Ltd.	Independent Director
			Policy Research Institute	Chairman

39.03 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The Company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per International Accounting Standard 24: “ Related Party Disclosures.” Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials and do not involve more than a normal risk.

Details of transactions with related parties and balances with them as at December 31, 2021 were as follows:

Name of the related party	Relationship	Nature of transaction	Transaction amount /Outstanding receivable/ (Payable)	
			2021	2020
BLI Capital Ltd	Subsidiary Company	Receivable	-	277,961,399
		Loan	880,904,316	247,174,045
		Contingent Liability	70,000,000	-
BLI Securities Ltd	Associate Company	Term Deposit	180,053,956	74,445,359
		Contingent Liability	1,000,000,000	200,000,000
Lucky Feed Ltd	Associate Company	Term Finance	85,530,435	83,914,101

39.04 Significant contract where FI is party and wherein Directors have interest

As on 31 December 2021 no such contract exists.

Bay Leasing & Investment Limited

Schedule of Fixed Assets As at December 31, 2021

Schedule-1

Particulars	Balance as on 31.12.2021					Depreciation							W.D.V. as on 31.12.2021				
	Cost as on 01.01.2021	Revaluation as on 01-01-2021	Addition during the year	Revaluation during the year	Disposals/ Adjustments during the year	Balance as on 01.01.2021		Charged during the Year		Adjustment for Disposals		Balance as on 31.12.2021					
						Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost		Revaluation	Cost	Revaluation	Total
1	2	3	4	5	(1+3-5)=6	(2+4)-7	(6+7)-8	9	10	11	12	13	14	(10+12-14)=15	(11+13)=16	17	(8-17)=18
Furniture and Fixtures	22,437,199	-	23,000	-	90,000	22,370,199	-	22,370,199	10%	8,978,249	1,347,812	-	44,856	10,281,205	-	10,281,205	12,088,994
Office Equipment	16,856,038	-	153,466	-	-	17,009,504	-	17,009,504	15%	10,108,720	1,024,323	-	-	11,133,043	-	11,133,043	5,876,461
Office Decoration	32,986,362	-	-	-	4,200,058	28,786,304	-	28,786,304	20%	19,527,146	2,691,843	-	4,188,935	18,030,054	-	18,030,054	10,756,250
Right of Use Assets	11,221,940	-	-	-	-	11,221,940	-	11,221,940	-	3,719,298	2,176,047	-	-	5,895,345	-	5,895,345	5,326,595
Motor Vehicles	17,138,656	-	-	-	162,000	16,976,656	-	16,976,656	20%	13,143,480	795,510	-	102,073	13,836,917	-	13,836,917	3,139,739
Electrical Goods	616,796	-	-	-	616,796	-	-	-	20%	603,046	-	-	603,046	-	-	-	-
Intangible Assets	7,500,000	-	-	-	-	7,500,000	-	7,500,000	-	-	1,500,000	-	-	1,500,000	-	1,500,000	6,000,000
Building	140,437,900	320,669,540	-	-	-	140,437,900	320,669,540	461,107,440	2.50%	23,669,686	2,919,205	6,330,971	-	26,588,891	73,761,665	100,350,557	360,756,883
Construction WIP	80,079,800	-	-	-	-	80,079,800	-	80,079,800	0%	-	-	-	-	-	-	-	80,079,800
Land	271,617,336	74,322,179	21,170,000	-	-	292,787,336	74,322,179	367,109,515	0%	-	-	-	-	-	-	-	367,109,515
Total	600,892,027	394,991,719	21,346,466	-	5,068,854	617,169,639	394,991,719	1,012,161,358		79,749,626	12,454,740	6,330,971	4,938,910	87,265,456	73,761,665	161,027,121	851,134,237
2020	594,482,372	394,991,719	9,973,955	-	3,564,300	600,892,027	394,991,719	995,883,746		70,987,531	12,091,121	6,493,303	3,329,026	79,749,626	67,430,694	147,180,321	848,703,425

Bay Leasing & Investment Limited
Highlights on the overall Activities
as on 31 December 2021

SI No.	Particulars	Currency	31-12-2021	31-12-2020
1	Paid-up capital	Taka	1,408,884,435	1,408,884,435
2	Total Shareholder's Equity	Taka	2,499,649,186	2,785,420,192
3	Capital Surplus/(deficit)	Taka	1,211,016,316	1,498,444,287
4	Total Assets	Taka	14,766,634,112	14,122,940,781
5	Total Deposits	Taka	6,188,862,040	6,405,046,617
6	Total Loans and advances	Taka	9,758,828,111	8,384,333,005
7	Total Contingent Liabilities and Commitment	Taka	1,070,000,000	200,000,000
8	Investment Deposit Ratio		1.74	1.49
9	Percentage of Classified Investment against Total Investments		9.93	9.44
10	Net Profit after Tax	Taka	(145,101,085)	158,993,422
11	Total Classified Investments	Taka	968,828,504	791,177,977
12	Provision Kept against classified Investments	Taka	453,650,036	155,941,279
13	Provision Surplus/(deficit)	Taka	8,096	115,836,605
14	Cost of Fund		8.59%	9.42%
15	Interest earning Assets	Taka	10,827,627,431	9,631,797,385
16	Non-Interest earning Assets	Taka	3,939,006,682	4,491,143,396
17	Return on equity		-3.67%	7.72%
18	Return on Average Assets		-1.00%	1.12%
19	Income from Investment	Taka	376,663,327	283,059,985
20	Income Per Share		(1.03)	1.13
21	Earning Per Share		(1.03)	1.13
22	Price earning Ratio (P/E Ratio)	Times	(30.10)	20.09



Auditors' Report

BLI Capital Limited



Independent Auditor's Report

To The Shareholders of BLI CAPITAL LIMITED

Report on The Audit of The Financial Statements

Opinion

We have audited the financial statements of BLI CAPITAL LIMITED (the Company), which comprise the statement of Financial position as at 31 December 2021, and the Statement of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting standards (IFRS), the Companies Act 1994, and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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 gives a true and fair view

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence*, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements We also report that:

- 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;
- In our opinion, proper books of accounts as required by law have been kept by the Company and so far as it appeared from our examination of those books;
- The Company's Financial Position as at 31 December 2021 and Statement of Profit or Loss and Other Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;

Dhaka.

Dated: 30 May, 2022

Pinaki Das

Pinaki Das, FCA

Senior Partner

Enrollment No:0151

Pinaki & Company

Chartered Accountants

DVC: 2205300151AS748566

BLI CAPITAL LIMITED
Statement of Financial Position
as at 31 December 2021

		Amount in Taka	
		31 December 2021	31 December 2020
PROPERTY AND ASSETS			
NON-CURRENT ASSETS		569,897,715	584,171,574
Property, Plant and Equipment	Note-4	569,897,715	584,171,574
CURRENT ASSETS		4,485,198,031	4,479,524,247
Advance Deposit and Pre-Payments	Note-5	145,539,119	152,794,851
Accounts Receivable	Note-6	18,287,204	24,492,915
Investment In Share	Note-7	1,048,614,843	1,097,177,864
Margin Loan	Note-8	3,271,859,453	3,186,450,004
Cash and cash equivalent	Note-9	897,412	18,608,613
TOTAL		5,055,095,746	5,063,695,821
EQUITY AND LIABILITIES			
CAPITAL & RESERVE		1,760,787,044	1,754,859,428
Shareholders equity	Note-10	1,750,000,000	1,750,000,000
Retained Earnings	Note-11	10,787,044	4,859,428
NON-CURRENT LIABILITIES		909,452,003	567,252,339
Loan From Bank & Financial Institution	Note-12	909,452,003	567,252,339
CURRENT LIABILITIES		2,384,856,699	2,741,584,054
Short Term Loan Southeast Bank Limited		1,590,665,296	1,863,857,544
Short Term Loan Social Islami Bank Limited		576,500,000	577,000,000
Margin Deposit		122,164,200	198,243,917
Other Payable	Note-13	31,575,985	42,087,945
Provision for Tax	Note-14	45,485,513	41,928,943
Provision against Unrealized loss in Margin Loan		18,465,705	18,465,705
TOTAL		5,055,095,746	5,063,695,821


Managing Director


Director


Director


Pinaki Das, FCA
Senior Partner
Enrollment No:0151
Pinaki & Company
Chartered Accountants

Dhaka.
Dated: 30May,2022

DVC: 2205300151AS748566

BLI CAPITAL LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 december 2021

Particulars	NoteS	Amount in Taka	
		01 January 2021 to 31 December 2021	01 January 2020 to 31 December 2020
Interest Income	15	216,557,976	220,088,850
Interest paid on deposit,borrowing etc	16	(288,095,731)	(234,963,888)
Net Interest Income		(71,537,755)	(14,875,038)
Investment income	17	44,401,359	5,303,769
Commision ,exchange and brokerage income	18	79,924,972	39,907,224
Other operaing income	19	5,787,600	16,236,625
Total operaing income		130,113,931	61,447,618
Salary and allowances	20	17,385,380	15,313,407
Rent ,taxes,insurances,electricity etc	21	6,098,485	5,540,787
Legal expenses	22	681,318	230,427
Postage ,stamp,telecommunication.etc	23	448,653	475,938
Stationery ,printing,advertisement,etc	24	474,687	911,442
Audit fee		63,250	63,250
Depreciation and repairs of assets	25	17,541,835	18,288,594
Others expenses	26	6,398,382	3,036,278
Total Operating expenses		49,091,989.98	43,860,124
Profit before Provisison		9,484,186	2,712,456
Provision for Tax		3,556,570	1,689,219
Net profit Tansfer to Retained Earnings		5,927,616	1,023,237


Managing Director


Director


Director



Pinaki Das, FCA

Senior Partner

Enrollment No:0151

Pinaki & Company

Chartered Accountants

DVC: 2205300151AS748566

Dhaka.

Dated: 30May,2022

BLI CAPITAL LIMITED
Statement of Changes in Equity
for the year ended 31 December 2021

Particulars	Share Capital	Retained Earnings	Total
Balance as at January 01, 2021	1,750,000,000	4,859,428	1,754,859,428
Profit During the year	-	5,927,616	5,927,616
Balance as at December 31, 2021	1,750,000,000	10,787,044	1,760,787,044

BLI CAPITAL LIMITED
Statement of Changes in Equity
for the year ended 31 December 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as at January 01, 2020	1,750,000,000	3,836,191	1,753,836,191
During the year	-	1,023,237	1,023,237
Balance as at December 31, 2020	1,750,000,000	4,859,428	1,754,859,428



Managing Director



Director



Director

BLI CAPITAL LIMITED
Statement of Cash Flows
for the year ended 31 December 2021

	Amount in Taka	
	01 January 2021 to 31 December 2021	01 January 2020 to 31 December 2020
A. Cash Flow from operating activities		
Cash receipt from Customer	279,174,616	243,866,972
Cash Received from Others	67,497,291	36,994,736
Cash paid to Suppliers and Others	(31,876,690)	(26,375,962)
Advance Deposit & Pre-Payment	7,255,732	225,398,322
Accounts Receivable	6,205,711	(7,815,520)
Income Tax Paid	-	(4,881,828)
Bank Charge	(272,588)	(181,604)
Bank Interest	(288,095,731)	(234,963,888)
Net Cash flow from operating activities	39,888,341	232,041,228
B. Cash Flow from investment activities		
Acquisition of Asset	(2,668,853)	(241,028,445)
Sales of fixed Assets	-	970,000
Investment in Share	48,563,021	(12,902,536)
Net Cash flow from investment activities	45,894,168	(252,960,981)
C. Cash Flow from financing activities		
Mergin Deposit	(76,079,717)	9,786,224
Other Payable	(10,511,960)	(25,640,879)
Mergin Loan	(85,409,449)	(97,200,096)
Loan From Bank & Financial Institutes	68,507,416	150,106,067
Net Cash flow from financing activities	(103,493,710)	37,051,316
D. Net Cash inflow/outflow for the year (A+B+C)	(17,711,201)	16,131,563
E. Opening Cash and Bank balance	18,608,613	2,477,050
F. Closing Cash and Bank balance (D+E)	897,412	18,608,613


Managing Director


Director


Director

BLI CAPITAL LIMITED

Notes to the Financial Statements

as at 31 December 2021

1. Legal status and nature of the Company

BLI CAPITAL LIMITED (hereinafter referred to as o'the Company") was incorporated in Bangladesh as a public limited company on 13.04.2011 under the Companies Act 1994 and granted registration number C-9 1999 111.

1.1 Address of the registered office

The company operates its activities from Rupayan Trade Centre (10tr Floor) 114,Kazi Nazrul Islam Avenue, B anglamotor, Dhaka- 1 000, B angladesh.

1.2 Nature of Business Activities:

The main object of BLI CAPITAL LIMITED is to carry on the business of merchant banking under the Securities and Exchange (Merchant Banking and Portfolio Management) Regulation 1996.

2. Significant accounting policies

2.1 Statement of Compliance

The Financial Statements of BLI CAPITAL LIMITED have been prepared in accordance with the Intemational Accounting Standards (IAS) and Intemational Financial Reporting Standards (IFRS), Companies Act 1994 and other applicable laws and regulations.

2.2 Measurement bases used in preparing the Financial Statements

The elements of financial statements have been measured on "Historical Cost" basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the Intemational Accounting Standard Board (IASB).

2.3 Going Concern

Financial statements have been prepared on going concern basis as there was no significant doubt or uncertainty to continue the operation of the company in the foreseeable future.

2.4 Components of financial statements:

According to Intemational Accounting Standard (IAS) - 1, "Presentation of Financial Statements "The Complete Set of Financial Statements Includes the Following Components:

- i) Statement of Financial Position
- ii) Statement of Profit or Loss and Other Comprehensive Income.
- iii) Statement of Changes in Equity
- iv) Statement of Cash flows and
- v) Notes to the Financial Statements.

3. Principal Accounting Policies:

3.1 Cash flow Statement

Cash Flow Statement is prepared in accordance with IAS 7 "Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of IAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method". Change in advance deposit & prepayment is shown in operating activities instead of financing activities.

3.2 Reporting Currency and Level of Precision:

The figures in the Financial Statements represent Bangladesh Currency (Taka), which have been rounded-off to the nearest Taka.

3.3 Others :

Figures of the previous year have been rearranged, wherever considered necessary to conform to current year's presentation.

BLI CAPITAL LIMITED
Notes to the Financial Statements
as at 31 December 2021

No.	Particulars	Amount in Taka	
		31 Decemebr 2021	31 December 2020
4.	Written Down Value (a-b)	569,897,715	584,171,574
	Opening Balance - At Cost	646,781,051	406,653,606
	Add: Addition during the year (At Cost)	2,668,853	241,028,445
		649,449,904	647,682,051
	Less : Adjustment during the year	-	-
	Closing Balance (a)	649,449,904	647,682,051
	Less : Adjustment during the year	-	901,000
		646,781,051	646,781,051
	Accumulated Depreciation		
	Opening Balance	62,609,477	45,912,679
	Add: Charged during the year	16,942,712	17,302,557
		79,552,189	63,215,236
	Less : Adjustment during the year	-	605,760
	Closing Balance (b)	79,552,189	62,609,477
5.	Advance Deposit and Pre-Payments	145,539,119	152,794,851
	Advance Income Tax	Note-5.1	29,327,327
	Floor Space Rupayan Housing	Note-5.2	91,400,000
	House Building Loan		9,546,057
	National Securities Ltd.		14,894,223
	Advance Against Salary		371,512
5.1	Advance Income Tax	29,327,327	25,593,334
	Opening Balance	20,711,506	20,711,506
	Add: During the Year	8,615,821	4,881,828
5.2	Floor Space Rupayan Housing	91,400,000	101,400,000
	Opening Balance	101,400,000	275,825,920
	Add: During the Year	-	188,036,720
		101,400,000	463,862,640
	Less: Adjustment during the year	10,000,000	122,932,000
		91,400,000	340,930,640
	Less:Adjustment with fixed Assets	-	239,530,640
6.	Accounts Receivable	18,287,204	24,492,915
	BLI Securities Ltd.	16,154,002	15,488,343
	City Brokerage Ltd.	2,040,747	-
	National Securities & Consultant Ltd.	92,455	9,004,572

No.	Particulars	Amount in Taka	
		31 Decemabr 2021	31 December 2020
7.	Investment in shares:	1,048,614,843	1,097,177,864
	i. Investment in Shares	834,864,843	883,427,864
	ii. Investment in Placement Shares	213,750,000	213,750,000
8.	Margin Loan	3,271,859,453	3,186,450,004
	Opening Balance	3,186,450,004	3,089,249,909
	Add: During the year	2,331,791,818	1,139,033,280
		5,518,241,822	4,228,283,189
	Less : Adjustment during the year	2,246,382,369	1,041,833,185
9.	Cash and Cash Equivalent	897,412	18,608,613
	Cash in Hand	91,407	45,184
	Cash at bank : Note-9.1	806,005	18,563,429
9.1	Cash at bank :	806,005	18,563,429
	First Security Islami Bank Ltd. A/C No.-28921	18,830	20,210
	Social Islamic Bank Ltd.A/C No.-01583	49,595	125,055
	Mercantile Bank Ltd.A/C No.-83047	75,968	77,347
	Southeast Bank Ltd. A/C No.-7470	16,106	15,030,287
	Southeast Bank Ltd. A/C No.-0783	131,511	2,714,478
	Southeast Bank Ltd. A/C No.-8157	42,010	27,231
	Southeast Bank Ltd. A/C No.-0029	167,652	568,821
	Southeast Bank Ltd. A/C No.-0071	3,742	-
	Southeast Bank Ltd. A/C No.-0059	300,590	-
10.	Shareholders equity		
	Authorized Capital		
	20,00,00,000 shares of Tk. 10/-each	2,000,000,000	2,000,000,000
	Issued, Subscribed and Paid Up Capital	1,750,000,000	1,750,000,000
	17,50,00,000 shares of Tk. 10/-each		
11.	Retained Earnings	10,787,044	4,859,428
	Opening Balance	4,859,428	3,836,191
	Add: Profit During the year	5,927,616	1,023,237
12.	Loan From Bank & Financial Institution	909,452,003	567,252,339
	Investment corporation of Bangladesh (ICB)	28,736,114	56,424,944
	Bay Leasing & Investment Ltd.(Term Loan) Monthly Payment	248,441,399	270,581,397
	Bay Leasing (Term Loan) Monthly Payment	392,027,274	-
	Bay Leasing & Investment Ltd. (Interest Basis)	240,247,216	240,245,998

No.	Particulars	Amount in Taka	
		31 Decembr 2021	31 December 2020
13.	Other Payable	31,575,985	42,087,945
	Interest Payable Investment corporation of Bangladesh (ICB)	324,270	130,617
	Interest Payable Social Islami Bank Limited (SIBL)	22,661,765	2,596,500
	Interest Payable Bay Leasing	-	14,175,263
	Advance Received against Office Rent	7,921,200	11,088,000
	Payable to National Securities & Consultant Ltd.	-	13,630,415
	Dividend payable	700	700
	Audit fees	63,250	63,250
	Service Charge	604,800	403,200
14.	Provision for Tax	45,485,513	41,928,943
	Opening Balance	41,928,943	40,239,724
	Add: During the year	3,556,570	1,689,219
15.	Interest Income	216,557,976	220,088,850
	Interest Income	216,557,976	220,088,850
16.	Interest paid on deposits, borrowings, etc	288,095,731	234,963,888
	Bank Inetest	288,095,731	234,963,888
17.	Investment income	44,401,359	5,303,769
	Gain on Investment in Share	44,401,359	5,303,769
18.	Commission, Exchange and Brokerage Income	79,924,972	39,907,224
	Dividend income	17,023,416	15,825,392
	Brokerage settlement charges	54,248,078	18,613,330
	Underwriting Commision	284,916	300,000
	IPO Processing Fee	2,910	3,710
	Corporate advisor	100,000	-
	Portfolio management fee	8,046,152	4,987,292
	Documentation Fee	219,500	177,500
19.	Other Operating income	5,787,600	16,236,625
	Rental income	5,787,600	5,136,600
	Interest income from house Loan	-	10,425,265
	Gain on Car Sale	-	674,760
20.	Salary and allowances	17,385,380	15,313,407
	Salary allowances	17,385,380	15,313,407
21.	Rent, Taxes, Insurance & Electricity:	6,098,485	5,540,787
	Office rent	4,645,080	4,690,962
	Insurance	-	14,543
	Holding Tax	-	50,605
	Fuel & Lubricants	340,124	-
	Water Bill	61,577	62,713
	Electricity Bill	774,993	561,153
	WASA Bill	276,711	160,811

No.	Particulars	Amount in Taka	
		31 Decemehr 2021	31 December 2020
22	Legal Expenses	681,318	230,427
	Registration & Renewal Fee	681,318	230,427
23	Postage, stamp, telecommunication, etc	448,653	475,938
	Internet & Network Charge	174,800	202,800
	Telephone & Mobile Bill	259,391	262,028
	Domain & Hosting	14,462	11,110
24	Stationery, Printing, advertisement, etc.	474,687	911,442
	Printing & Stationary	224,687	220,942
	Advertisement Expenses	250,000	690,500
25	Depreciation & repairs of assets	17,541,835	18,288,594
	Repair & Maintenance	432,586	484,324
	Car maintenance	166,537	501,713
	Depreciation	16,942,712	17,302,557
26	Others expenses	6,398,382	3,036,278
	Entertainment	543,173	275,344
	CDBL Charges	3,306,668	1,091,828
	Credit Rating Fees	50,000	53,750
	Software maintenance Fee	210,000	294,000
	Conveyance	30,113	18,495
	Newspaper	18,850	8,280
	Courier	4,710	3,900
	Service Charge	830,630	665,169
	Hand Sanitizer	-	2,455
	Training & Conference	-	1,058
	Bank Charge	272,588	181,604
	Miscellaneous Expenses	123,400	21,700
	Business Development Expenses	1,008,250	418,695

BLI CAPITAL LIMITED
Schedule of Fixed Assets

Schedule - A

Particulars	Category	C O S T				D E P R E C I A T I O N				W.D.V			
		Bal.as.on		Addition		Dur.		Bal.as.on		Bal.as.on			
		01.01.21	Taka	Dur. Year	Taka	31.12..21	Rate	01.01.21	Charged	Dur. Year	Taka	31.12.21	Taka
Computer	Equipment	2,109,950	218,000	218,000	2,327,950	15.00	986,983	201,145	1,188,128	1,139,822			
UPS	Equipment	29,100		29,100	11,817	15.00	2,592		14,410	14,690			
Monitor	Equipment	6,300		6,300	3,011	15.00	493		3,505	2,795			
Fax Machine	Equipment	26,000		26,000	22,146	15.00	578		22,724	3,276			
Chair	Furniture	73,201		73,201	48,110	10.00	2,509		50,620	22,581			
Cookeries	Equipment	50,110	7,440	57,550	17,029	15.00	6,078		23,107	34,443			
Telephone Set	Equipment	56,500	2,800	59,300	33,616	15.00	3,853		37,468	21,832			
Internet Modem	Equipment	44,755		44,755	34,051	15.00	1,606		35,657	9,098			
Vacuum Cleaner	Equipment	17,320		17,320	13,468	15.00	578		14,046	3,274			
Software	Equipment	2,319,903	672,000	2,991,903	1,246,405	15.00	261,825		1,508,230	1,483,673			
Website	Equipment	74,060		74,060	41,731	15.00	4,849		46,580	27,480			
Micro Oven	Equipment	29,700		29,700	10,228	15.00	2,921		13,148	16,552			
Refrigerator	Equipment	128,720		128,720	37,535	15.00	13,678		51,213	77,507			
File Cabinet	Furniture	95,465		95,465	54,291	10.00	4,117		58,409	37,056			
Fan	Equipment	38,550	5,000	43,550	17,903	10.00	2,565		20,468	23,082			
Printer	Equipment	146,700		146,700	66,935	15.00	11,965		78,900	67,800			
Networking Switch	Equipment	41,100		41,100	24,098	15.00	2,550		26,649	14,451			
Photocopier	Equipment	145,000		145,000	85,928	15.00	8,861		94,788	50,212			
Scanner	Equipment	13,800		13,800	6,208	15.00	1,139		7,347	6,453			
Office Decoration	Furniture	21,221,786	1,602,193	22,823,979	5,992,085	10.00	1,683,189		7,675,274	15,148,705			
Access Control	Equipment	61,900		61,900	20,851	15.00	6,157		27,008	34,892			
Water Cooler	Equipment	25,200		25,200	10,761	15.00	2,166		12,927	12,273			
PABX System	Equipment	209,060		209,060	56,641	15.00	22,863		79,504	129,556			
Furniture & Fixtures	Furniture	308,520		308,520	66,743	10.00	24,178		90,920	217,600			
Server Cabinet	Furniture	14,000		14,000	5,733	10.00	827		6,560	7,440			
Krone Rack & Network Con Plate	Equipment	121,610		121,610	54,347	15.00	10,089		64,437	57,173			
Television	Equipment	519,170	161,420	680,590	170,850.35	15.00	76,461		247,311	433,279			
Tea Maker	Equipment	2,900		2,900	1,616	15.00	193		1,809	1,091			
Car DM-GA-27-1411	Vehicle	902,000		902,000	665,546	20.00	47,291		712,837	189,163			
Car DM-GA-26-6541	Vehicle	2,403,600		2,403,600	1,419,085	20.00	196,903		1,615,988	787,612			
Car DM-GA-34-6784	Vehicle	2,616,750		2,616,750	2,000	20.00	267,955		1,544,929	1,071,821			
Floor Space Rupayan Housing	Property	190,597,176		190,597,176	18,356,816	2.50	4,306,009		22,662,825	167,934,351			
Floor Space Eunost Trade Centre	Property	182,800,505		182,800,505	25,761,670	2.50	3,925,971		29,687,641	153,112,864			
Floor Space Rupayan Housing (2nd)	Property	239,530,640		239,530,640	5,988,266.00	2.50	5,838,559		11,826,825.35	227,703,815			
		646,781,051	2,668,85	649,449,904	62,609,477		16,942,712		79,552,189	569,897,715			



Bay Leasing & Investment Limited

SECURE YOUR FUTURE[©]

Proxy No:.....Date:.....

Authorized Officer Signature

PROXY FORM

I/We.....

Registered BO ID :

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of.....

being a shareholder of **Bay Leasing & Investment Limited** ("the Company") do hereby appoint Mr./Mrs./Ms.

of.....

as my/our proxy to attend and vote for my/us on my/our behalf at the **26th Annual General Meeting** of the Company to be held on by **October 30, 2022(Sunday) at 11.00 a.m** virtually by using digital platform through the link <http://bayleasing.bdvirtualagm.com> and any adjournment thereof.

Signed this..... day of 2021.....

SIGNATURE OF THE PROXY



SIGNATURE OF THE SHAREHOLDER

Note:

- i) Signature of the shareholder must be in accordance with specimen signature registered with Depository Participant(s)/Company.
- ii) A Member of the Company entitled to attend and vote at the **26th Annual General Meeting** may appoint as a Proxy to attend and vote on his/her/their behalf. The Proxy Form duly signed and stamped must be through email to share@blilbd.com not later than 48 hours before commencement of the AGM.



Bay Leasing & Investment Limited

SECURE YOUR FUTURE[©]

ATTENDANCE SLIP

Name of Shareholder/Proxy.....

Registered BO ID :

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I hereby record my attendance at the **26th Annual General Meeting** of the Company to be held on by **October 30, 2022(Sunday) at 11.00 a.m** virtually by using digital platform through the link <http://bayleasing.bdvirtualagm.com>

SIGNATURE OF THE PROXY

SIGNATURE OF THE SHAREHOLDER

