



**Bay Leasing & Investment Limited**

SECURE YOUR FUTURE<sup>©</sup>

# Annual Report 2018

Resilient in tough times





# Annual Report 2018





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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, 2018.

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, 2018 and Income Statements, Cash Flow Statements and Statement of Changes in Equity for the year ended December 31, 2018.

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 23<sup>rd</sup> Annual General Meeting

Notice is hereby given to all the Members of Bay Leasing & Investment Limited that the 23<sup>rd</sup> Annual General Meeting (AGM) of the Company will be held on **June 30, 2019 (Sunday)** at **11.00 a.m** at the Institution of Diploma Engineers, Bangladesh, IDEB Bhaban, 160/A Kakrail Dhaka-1000 to transact the following business:

## AGENDA

01. Adoption of Director's Report, Auditor's Report and Audited Financial Statements for the year ended 31st December 2018.
02. Declaration of Dividend for the year ended 31st December 2018 as recommended by the Board of Directors.
03. Election/re-election of Directors and confirmation of appointment of one new Director of the Company.
04. Re-appointment of External Auditor(s) of the Company for the year 2019 and to fix-up their remuneration.
05. To appoint Compliance Auditor(s) for Corporate Governance Code(CGC) for 2019 issued by Bangladesh Securities and Exchange Commission (BSEC).
06. To transact any other business with the permission of the chair.

Dated, Dhaka

June 09, 2019

By order of the Board

M. Maniruz Zaman Khan

EVP & Company Secretary

### Notes:

01. June 13, 2019 is the "Record Date" for entitlement of Dividend.
02. The Board of Directors have recommended 10% cash dividend for the year ended 31st December 2018.
03. The Shareholders whose names would appear in the Depository (CDBL) on the Record Date (Thursday, June 13, 2019) shall be entitled to the dividend and attend the AGM.
04. A shareholder of the company is entitled to attend and vote in the AGM or may appoint a Proxy to attend the meeting and vote in his/her/their behalf. The Proxy Form duly completed and stamped with TK.20.00 (Revenue Stamp) must be submitted at the registered office of the company at least 48 hours before the time fixed for the meeting.
05. Honorable Shareholders are requested to update mailing Address, E mail, Bank Account no, Branch routing no, 12 Digits Tax Payers identification Number (e-TIN), Signature and other related information of their BO Account before record date.
06. Merchant Banks and Depository Participants (DPs) are requested to provide the list of their margin clients who hold the shares of the Company as on 'Record Date' to the Share Division of the Company Situated at Eunoos Trade Centre (Level-18), 52-53 Dilkusha C/A, Dhaka-1000
07. For convenience, the shareholders and proxies are requested to record their entry at the entrance of the AGM venue on 30<sup>th</sup> June, 2019 between 10.30 a.m and 11.00 a.m.

**No benefit or gift in cash or kind shall be given to the shareholders for attending the 23rd Annual General Meeting as per Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.**

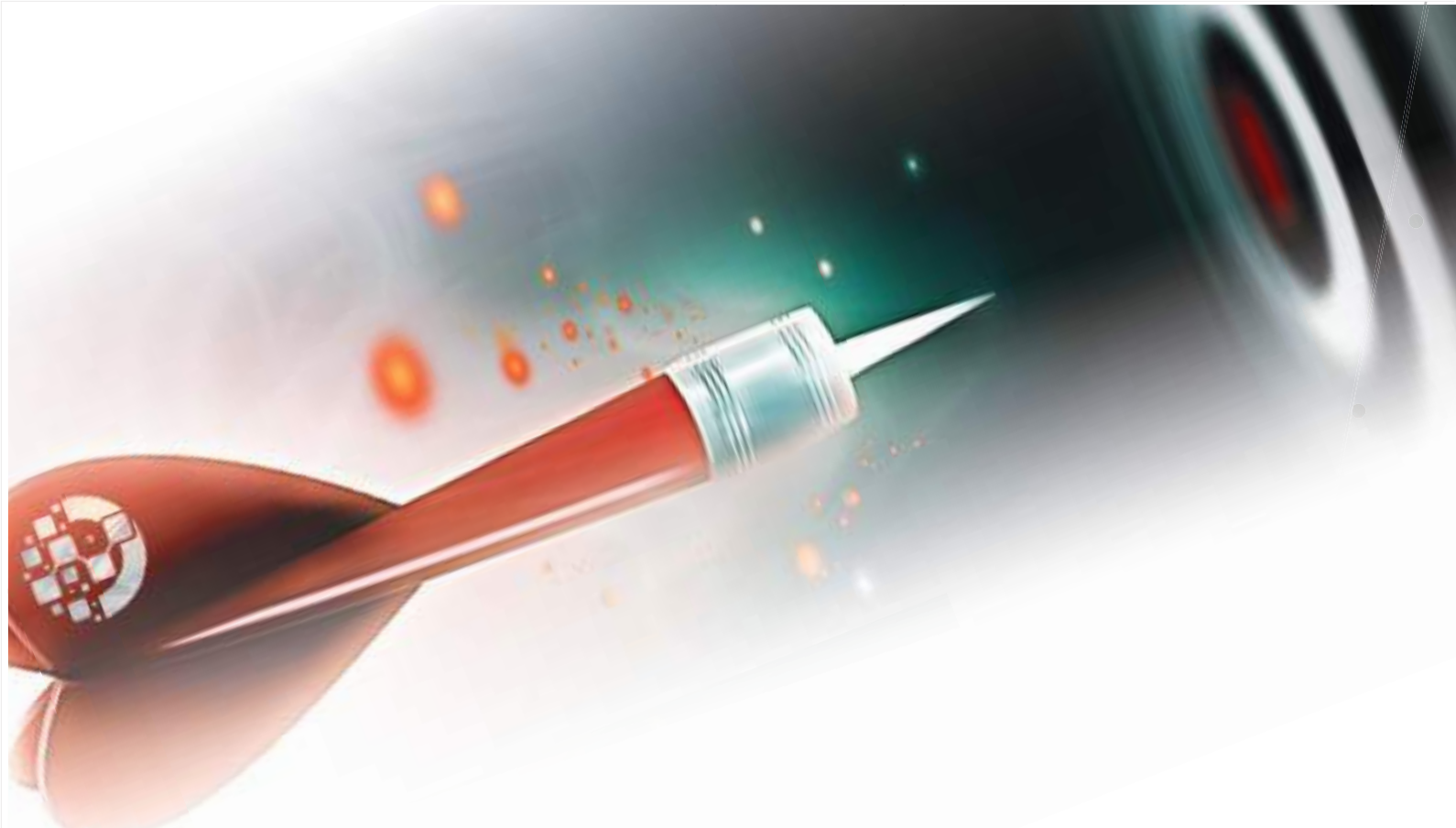




# Our Vision

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 Story

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 Legal Form	: <b>Bay Leasing &amp; Investment Limited</b> 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	: <b>Bay Leasing &amp; Investment Limited</b> Eunoos Trade Center, Level-18 52-53 Dilkusha C/A, Dhaka-1000. Tel: 9592501-5, Fax: 9592500
Auditor	: <b>Pinaki &amp; Company</b> AHSANDELL 2/A, Mymanshingh Road (2nd Floor) Shahbag, Dhaka-1000 Tel : 9660944, 9665095 Fax: 88-02-967272
Tax Advisor	: <b>A.Wahab &amp; Co.</b> Chartered Accountants Hotel Purbani, Annex-2 (4th Floor) 1, Dilkusha C/A, Dhaka
Legal Advisors	: <b>AZAD &amp; COMPANYY</b> K.R.Plaza (6th Floor) 31, Purana Paltan, Dhaka-100.  <b>LexConsultium</b> Suite No.-11/4 (11 <sup>th</sup> Floor) 67/9, Kakrail, Dhaka-1000  <b>NAYAN &amp; ASSOCIATES</b> Meherba Plaza Suite No. 13-E (13th Floor), 33, Topkhana Road, Palton Dhaka, Bangladesh.  <b>NOOR-UL-MATIN</b> Islam Chamber, 9 <sup>th</sup> Floor 125/A, Motijheel C/A, Dhaka-1000  <b>Haque &amp; Associates</b> Shabbir Tower, 3/4 Purana 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.



Company Email  
Company Web Site

: [info@blilbd.com](mailto: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  
22, Bir Uttam M A Rob Sarak, 4th Floor  
Dhanmondi R/A, Dhaka-1205

**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.

**Dhanmondi Extension Office**  
Rangs Panorama (4th floor),  
80 Shatmosjid Road, Dhanmondi, Dhaka-1209.

Subsidiary Company

: **BLI Capital Limited.**  
Eunoos Trade Center, Level – 18  
52-53 Dilkusha C/A, Dhaka-1000

Branch of BLIL

: **Principal Branch**  
Eunoos Trade Centre, Level-18  
52-53 Dilkusha C/A, Dhaka-1000.

**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





**2002**

**2009**

**2010**

**FEB - 07**

Incorporation as a Public Limited Company

**MAY - 19**

Certificate for Commencement of Business

**MAY - 25**

Bangladesh Bank License as NBFIL

**MAY - 27**

Commencement of Commercial Operation.

**JUNE - 25**

Registration of Merchant Bank Wing.

**JULY - 03**

First Lease Agreement Signed.

**JULY - 24**

First AGM

**JAN - 09**

SEC approval for brokerage house

**2008**

**DEC - 07**

Agreement with CDBL.

**2009**

**JAN - 18**

IPO opening date for subscription

**APR - 12**

Listed in DSE & CSE

**AUG - 04**

Approval to issue Right Share

**2012**

**2013**



**JAN - 24**

Agreement with Bangladesh Bank for ADB refinance scheme.

**JUNE - 11**

Agreement with Bangladesh Bank for JICA refinance scheme.

**NOV - 07**

SEC approval for Merchant Bank Subsidiary - BLI Capital Limited.

**JULY - 01**

Commencement of business operations of BLI Capital Limited.

**SEP - 28**

Relocation of Head Office to own premises at Eunoos Trade Centre.

**NOV - 02**

Bangladesh Bank approval for opening Principal Branch

**2016**

**FEB - 11**

Bangladesh Bank approval for opening Mawna Branch.

**2017**

**JUN - 15**

Bangladesh Bank approval for opening Bangla Motor Branch.





# Products & Services



**CORPORATE FINANCE**



**SME FINANCE**



**HOME LOAN**



**LEASE FINANCE**



**AUTO LOAN**



**WOMEN  
ENTREPRENEUR LOAN**



**PLAIN TDR**



**PROFIT TAKE  
HOME**



**FLEXI SAVINGS  
PLAN**



**SUPER DPS PLAN**



**WEALTH  
PLAN**



**DOUBLE  
MONEY PLAN**





# Financial Highlights

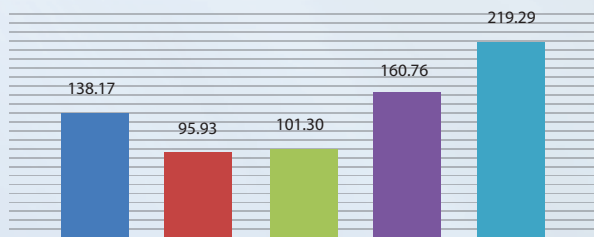
Figures in million

Particulars		2018	2017	2016	2015	2014
Lease, Term & Other Finance		12,922.74	11,955.53	10,023.09	7,869.13	6,394.00
Investments		1,961.69	1,681.85	1,646.00	1,620.24	1,377.55
Fixed Assets		1,213.64	1,261.38	1,246.35	1,043.18	1,051.78
Other Assets		635.55	487.89	321.40	347.99	474.54
Total Assets		18,426.49	16,325.10	13,551.49	11,189.73	9,568.89
Term & Other Deposits		8,003.56	6,424.72	4,938.63	3,695.32	2,760.76
Long Term Liabilities		6,741.18	6,352.36	5,147.56	3,032.62	1,176.56
Share Capital		1,374.52	1,309.07	1,309.07	1,309.07	1,309.07
Shareholders Equity		2,670.00	2,610.90	2,642.58	2,737.63	2,841.87
Operating Revenue		1,733.86	1,361.98	1,042.86	959.15	889.40
Financial Expenses		1,288.52	963.86	757.58	699.98	607.08
Operating Expenses		136.43	124.08	95.95	77.76	65.39
Profit before Taxation		288.43	217.60	167.63	162.77	185.73
Net profit after Tax		219.29	162.76	101.30	95.93	138.17
Current Ratio (Times)		1.05	1.03	1.01	1.14	1.16
Debt/Equity Ratio		5.52	4.89	3.82	2.82	1.84
Return on Equity		8.21%	6.23%	3.83%	3.50%	4.86%
Return on Assets		1.66%	1.33%	1.36%	1.64%	1.94%
Dividend	Cash	10%	10%	15%	15%	15%
	Stock	0%	5%	-	-	-
Net Asset Value per Share		19.43	19	20.19	20.91	21.71
EPS		1.6	1.24	0.77	0.73	1.06



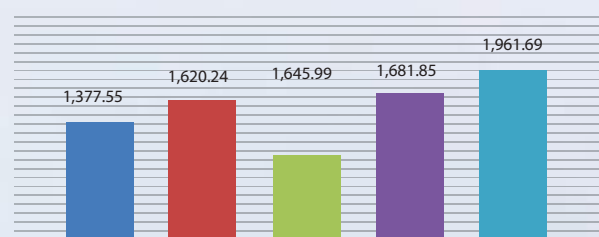


# Key Performance Indicators



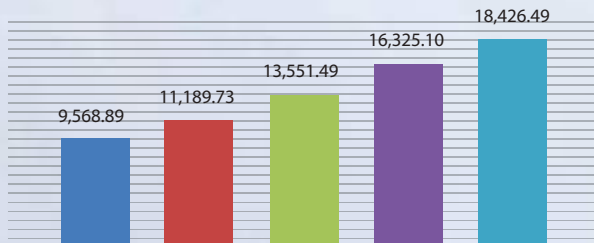
NET PROFIT AFTER TAX (BDT in million)

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



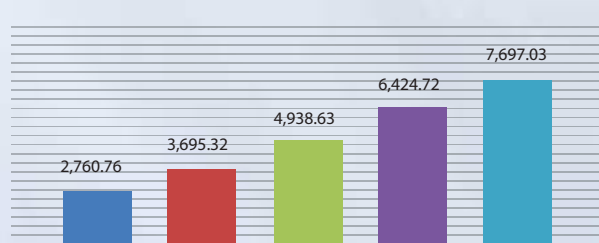
INVESTMENT (BDT in million)

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



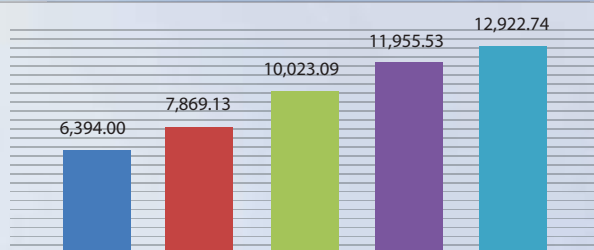
TOTAL ASSET (BDT in million)

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



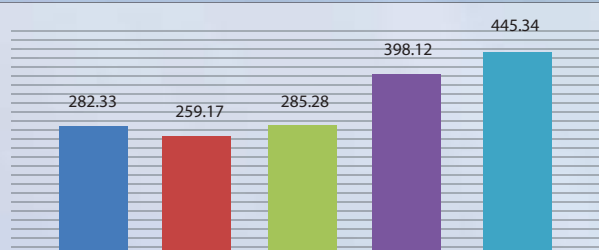
TERM DEPOSIT (BDT in million)

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



LOANS & ADVANCES (BDT in million)

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



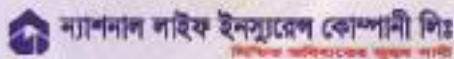
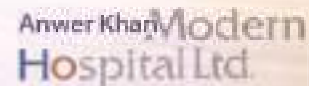
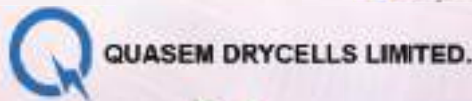
OPERATING INCOME (BDT in million)

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018





# Some Of Our Valued Clients





# Calendar 2019

## 12 Oldest Financial Institutions of the World



### BANCA MONTE DEI PASCHI DI SIENA

Founded: 1472 AD  
Location: ITALY



Banca Monte dei Paschi di Siena S.p.A. (BMPS) is the oldest surviving bank in the world and the Italian third largest commercial and retail bank by total assets. Founded in 1472 by the magistrate of the city state of Siena, Italy, this bank has been operating ever since.

## January 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
							1	2	3	4	5		
6	7	8	9	10	11	12	13	14	15	16	17	18	19
20	21	22	23	24	25	26	27	28	29	30	31		



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email: info@bilbd.com, www.bilbd.com

## 12 Oldest Financial Institutions of the World



### BERENBERG BANK

Founded: 1590 AD  
Location: GERMANY



Joh. Berenberg, Gossler & Co. KG, commonly known as Berenberg Bank and branded as Berenberg, is a Hamburg-based multinational investment banking and private banking company, founded by the Belgian-originated Berenberg family in 1590. It is the world's second oldest bank and the oldest merchant bank.

## February 2019

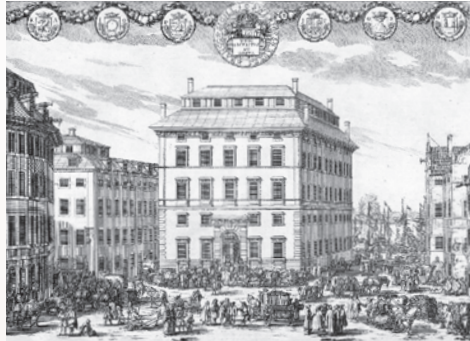
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24	25	26	27	28									



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## 12 Oldest Financial Institutions of the World



### SVERIGES RIKSBANK

Founded: 1668 AD  
Location: SWEDEN



Sveriges Riksbank, or simply Riksbanken, is the central bank of Sweden. It is the world's oldest central bank and the 3rd oldest bank still in operation. It is sometimes called the Swedish National Bank or the Bank of Sweden.

## March 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2	3	4	5	6	7	8	9
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24	25	26	27	28	29	30	31						



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## 12 Oldest Financial Institutions of the World



### C. HOARE & CO

Founded: 1672 AD  
Location: ENGLAND



C. Hoare & Co. is an English private bank. It is the oldest bank in the United Kingdom and the world's fourth oldest bank. Founded in 1672 by Sir Richard Hoare, C. Hoare & Co. remains family-owned and is currently managed by the 10th and 11th generations of Hoare's direct descendants.

## April 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
							1	2	3	4	5	6	
7	8	9	10	11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30				



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# Calendar 2019

## 12 Oldest Financial Institutions of the World



### METZLER BANK

 Founded: 1674 AD  
Location: Germany



The B. Metzler seel. Sohn & Co. KGaA is a private banking company in Frankfurt, Germany. Metzler traces its origins to a trading company established 1674 by Benjamin Metzler in Frankfurt and is Germany's second oldest bank (after Berenberg Bank) and the world's 5th oldest.

### May 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4	5	6	7	8	9	10	11
12	13	14	15	16	17	18	19	20	21	22	23	24	25
26	27	28	29	30	31								



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## 12 Oldest Financial Institutions of the World



### BARCLAYS

 Founded: 1690 AD  
Location: ENGLAND



Barclays is a British multinational banking and financial services company headquartered in London. Barclays traces its origins to a goldsmith banking business established in the City of London in 1690. According to a study, Barclays was the most powerful transnational corporation in terms of ownership and corporate control over global financial stability and market competition.

### June 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
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9	10	11	12	13	14	15	16	17	18	19	20	21	22
23	24	25	26	27	28	29	30						



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## 12 Oldest Financial Institutions of the World



### COUTTS

 Founded: 1692 AD  
Location: ENGLAND



Coutts is a private bank and wealth manager, founded in 1692. It is the seventh oldest bank in the world and its international arm was recently sold to Union Bancaire Privée. It is owned by the Royal Bank of Scotland Group (RBS) since 2000, when RBS purchased its parent, NatWest. At present, Coutts has been operating their business with the same name but as a subsidiary of RBS Group.

### July 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
							1	2	3	4	5	6	
7	8	9	10	11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30	31			



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## 12 Oldest Financial Institutions of the World



### BANK OF ENGLAND

 Founded: 1694 AD  
Location: ENGLAND



The Bank of England is the central bank of the United Kingdom and the model on which most modern central banks have been based. Established in 1694, it is the second oldest central bank in the world, after the Sveriges Riksbank, and the world's 8th oldest bank.

### August 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18	19	20	21	22	23
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# Calendar 2019

## 12 Oldest Financial Institutions of the World



**BANK OF SCOTLAND**  
 Founded: 1695 AD  
 Location: SCOTLAND



The Bank of Scotland plc is a commercial and clearing bank based in Edinburgh, Scotland. With a history dating to the 17th century, is the only commercial institution created by the Parliament of Scotland to remain in existence. It was one of the first banks in Europe to print its own banknotes and it continues to print its own sterling banknotes under legal arrangements which allow Scottish banks to issue currency.

### September 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
							1	2	3	4	5	6	7
8	9	10	11	12	13	14	15	16	17	18	19	20	21
22	23	24	25	26	27	28	29	30					



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## 12 Oldest Financial Institutions of the World



**CAJA MADRID (now BANKIA)**  
 Founded: 1702 AD  
 Location: SPAIN



Caja Madrid, headquartered in Madrid is the oldest of the Spanish savings banks. It was founded as Monte de Piedad de Madrid by Francisco Piqués, an Aragonese priest. Caja Madrid is the regional-owned bank of the Community of Madrid.

### October 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
										1	2	3	4	5
6	7	8	9	10	11	12	13	14	15	16	17	18	19	
20	21	22	23	24	25	26	27	28	29	30	31			



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## 12 Oldest Financial Institutions of the World



**BANCO ETXHEVERRIA**  
 Founded: 1702 AD  
 Location: SPAIN



Banco Etxeверria was founded in Betanzos, A Coruña (Spain) in 1717 by Juan Etxeверria, a French businessman established in Galicia who also created a tanning factory. His family inherited and continued the bank business through generations; the primitive Etxeверria transformed into Etxeверria to adapt to Spanish spelling.

### November 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18	19	20	21	22	23
24	25	26	27	28	29	30							



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## 12 Oldest Financial Institutions of the World



**DRUMMONDS BANK**  
 Founded: 1717 AD  
 Location: United Kingdom



Messrs. Drummond is a British private banking house founded in 1717 by Scottish goldsmith Andrew Drummond. The bank is part of The Royal Bank of Scotland Group. The bank remained within the Drummonds family until 1924 when the bank was purchased by The Royal Bank of Scotland.

### December 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat			
										1	2	3	4	5	6	7
8	9	10	11	12	13	14	15	16	17	18	19	20	21			
22	23	24	25	26	27	28	29	30	31							



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## Board of Directors



**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).





**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.





**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.



**Sheikh Abdul Hafiz, FCA**  
Independent Director

Mr. Hafiz is a Partner of Rahman Rahman Huq (RRH), a leading firm of Chartered Accountants in Bangladesh. RRH is a Member Firm of KPMG International, one of the “Big 4” Accounting Firms in the World. Mr. Hafiz is a Senior Member of the Institute of Chartered Accountants of Bangladesh (ICAB). He is a Life Member of the Institute of Chartered Accountants in England & Wales (ICAEW).

Mr. Hafiz was a member of the National Gas Utilization Committee. He was a Director of Sonali Bank Limited for over six years. He was also a Director and Chairman of the Audit Committee of Agrani Bank Ltd.

Mr. Hafiz was President at the Institute of Chartered Accountants of Bangladesh. He was also President of South Asian Federation of Accountants (SAFA) with permanent secretariat in New Delhi. SAFA represents all the Institutes of Chartered Accountants as well as the Institutes of Cost and Management Accountants of all the SAARC countries.

Mr. Hafiz is a dedicated social worker and is associated with many social organizations in various capacities. He is the President of the Governing Body of Dhanmondi Rotary Club Girls High School at Savar. He is the President of the Management Committee of Baitul Aman Govt. Mosque at Road – 7, Dhanmondi R/A, Dhaka. He is a Life Member and Executive Council Member of the Bangladesh Medical Studies and Research Institute comprising Bangladesh Medical College, Uttara Adhunik College and Bangladesh Dental College.



**Zakir Ahmed Khan**  
Independent Director

Mr. Zakir Ahmed Khan is a member of Audit Committee of Bay Leasing & Investment Limited. Mr. Khan completed Masters in Economics from University of Dhaka and he later undertook Graduate Study in Development Economics as a Hubert Humphrey North-South Fellow at the Colorado State University, USA, and MBA from Vrije Universiteit Brussels, Belgium. Mr. Khan has had an extensive career as a technocrat and held important assignments at home and abroad; such as Alternate Executive Director, Board of Directors of the World Bank Group, Finance Secretary, Secretary, Internal Resources Division and Chairman, National Board of Revenue of the Government of Bangladesh. Earlier he also served as Economic Minister, Embassy of Bangladesh in Brussels.



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

Prof. Shahiduddin 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.



**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.

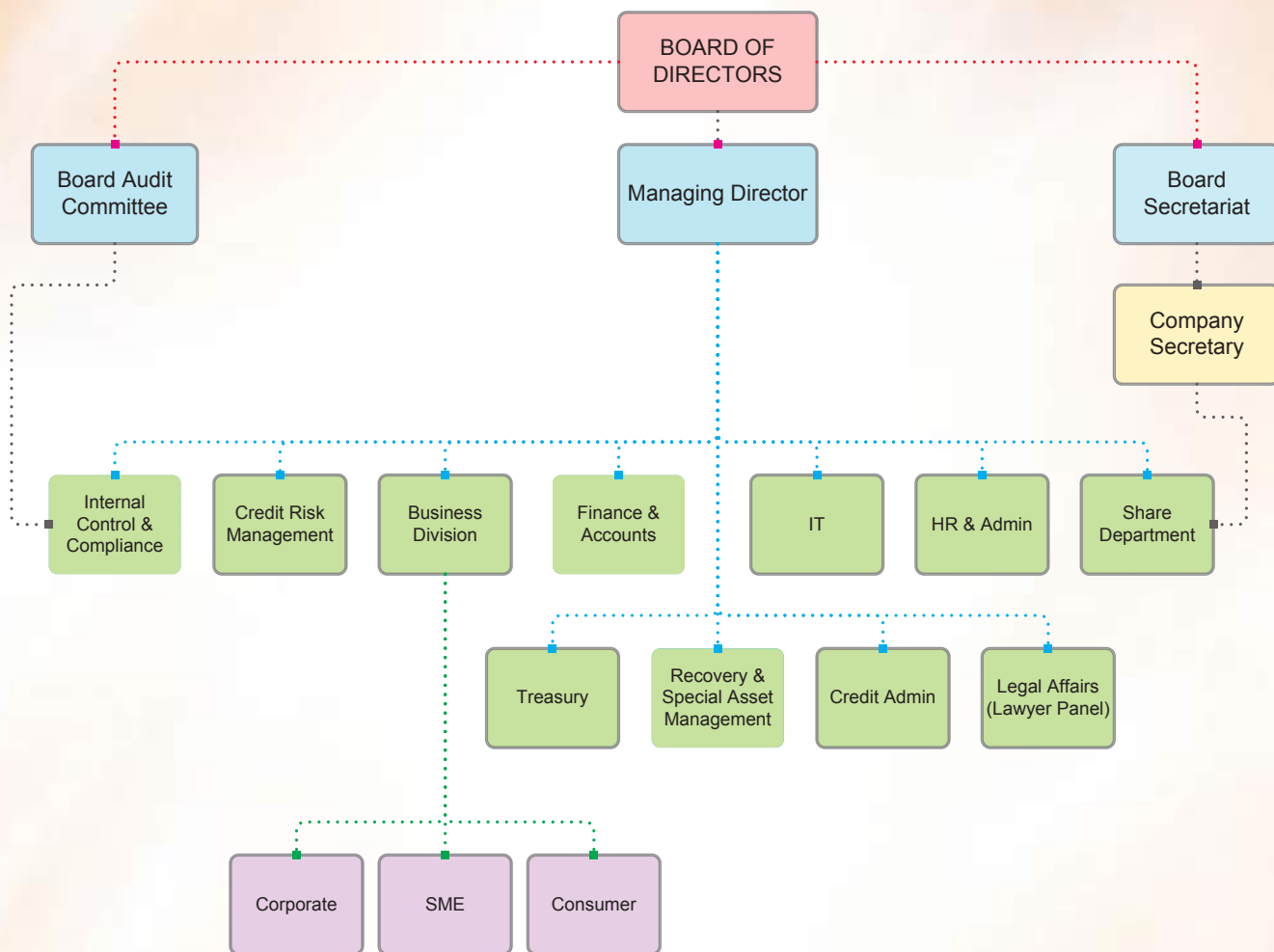


**Iftekhar Ali Khan**  
Managing Director

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, MANCOM



**Mr. M. Maniruz Zaman Khan**  
Head of Finance &  
Company Secretary  
Member, MANCOM



**Mr. Mohammad Rashedul Islam**  
Head of Principal Branch  
Member, MANCOM



**Mr. Rashed Al Islam**  
Head of Bangla Motor Branch  
Member, MANCOM



**Mr. Shabbir Minhaz Chowdhury**  
Head of SAM  
Member, MANCOM



**Mrs. Sharmin Akhter**  
Head of Share Department  
Member, MANCOM



**Mr. Samir Saha**  
Head of ICC  
Member, MANCOM



**Mr. Enayet Kabir**  
Sr. Manager, Finance & Accounts  
Member, MANCOM



**Mr. Faisal Bin Naser Ahmed**  
Head of CAD  
Member, MANCOM



**Mr. Md. Mahade Hasan Bhuyan**  
RM, Corporate  
Member Secretary, MANCOM





# Committees

## MANAGEMENT COMMITTEE (MANCOM)

Mr. Iftekhar Ali Khan	- Chairman
Mr. Md. Lutfur Rahman	- Member
Mr. M. Maniruz Zaman Khan	- 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. Mahade Hasan Bhuyan	- Member Secretary

## CREDIT COMMITTEE (CC)

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

## CENTRAL COMPLIANCE UNIT (CCU)

Mr. Md. Lutfur Rahman	- CAMCLO
Mr. Samir Saha	- Member
Mr. Md. Nafi Borhan	- 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. M. Maniruz Zaman Khan	- Member
Mr. Mohammad Rashedul Islam	- Member
Mr. Rashed Al Islam	- Member
Mr. Enayet Kabir	- Member
Mr. Samir Saha	- Member Secretary



### **RISK MANAGEMENT FORUM (RMF)**

Mr. Iftekhar Ali Khan	- Chief Risk Officer
Mr. Md. Lutfur Rahman	- Member
Mr. Mohammad Rashedul Islam	- Member
Mr. Rashed Al Islam	- Member

### **RISK ANALYSIS UNIT (RAU)**

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

### **INTEGRITY COMMITTEE**

Mr. Md. Lutfur Rahman	- Committee Head
Mr. M. Maniruz Zaman Khan	- Focal Point
Mr. Md. Shahidul Haque Ahmed	- Member
Mr. Md. Arifur Rahman Badhon	- Member

### **SUSTAINABLE FINANCE COMMITTEE**

Mr. Md. Lutfur Rahman	- Committee Head
Mr. M. Maniruz Zaman Khan	- Member
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. Faisal Bin Naser Ahmed	- Unit Head
Mr. Md. Zabed Miah	- Member
Mr. Md. Arifur Rahman Badhon	- Focal Point
Mr. Nawshad Md. Aziz Arman	- Fallback Person





**Dr. Maswooda Ghani**  
Chairman





## Chairman's Message

### Dear Shareholders

With blessings of The Almighty, Bay Leasing has passed another successful year holding its ground and ensuring sustainable and accelerated pace in business despite the ongoing challenges faced by the financial sector in the last year. Irrespective of facing all the hurdles throughout the year, Bay Leasing successfully managed to maintain its overall stability by providing dividend to its honorable shareholders consistently at the same level. On behalf of the Board of Directors, I welcome you to the 23<sup>rd</sup> Annual General Meeting of Bay Leasing & Investment Limited. I take this opportunity to brief you on the state of the economy, the financial services sector and the performance of the Company during 2018.

### Global Economic Conditions

In the year of 2018 the global economy witnessed the strengthening of US dollar, increased financial market volatility and rising risk premiums. This caused significant capital outflows and pressures on exchange rates for some large emerging and developing economies. This pressure was substantial for countries where there was significant import growth like Bangladesh. Energy prices have fluctuated mainly due to supply factors with sharp falls towards the end of 2018. With fiscal stimulus, the economic activities remained solid in the USA throughout 2018. In contrast, activity in the Euro area was weaker than previously expected, due to slowing net exports. The growth in advanced economies decelerated to 2.2% in 2018. Similarly the growth in emerging and developing economies edged down to an estimated 4.2%.

### National Economy & Industry Review

The GDP growth rate of Bangladesh was 7.86% in 2018, the highest ever for the country, which is mainly driven by strong domestic demand and continued investment in large-scale public projects and in construction sectors. The per capita national income increased by 8.14%; while inflationary pressures have been contained below 6%. As per the data of NBR, net tax receipts have grown by 15% which leaves the government in a good position to support the large infrastructure and development projects in its pipeline. Also in 2018 Bangladesh has become eligible for the graduation from the least developed country (LDC) to developing country as per the statement by UN Committee for Development Policy (CDP).

Despite a worsening of net exports, steady flow of inward remittances have buoyed the country's foreign reserves. In 2018, the total remittance inflow was BDT 1,297 billion, up from BDT 1,089 billion in the previous year. This 19% increase shows that the income inflows from the Middle East are recovering after a slowdown in the previous year. Despite this improvement, the gross reserves stood at USD 31,956 million at the end of 2018, down from 33,105 million in the previous year and also Balance of Payment remained under pressure due to surge in import in the second half of the year. The economy is projected to grow at an even faster pace as new economic reforms and Government's mega infrastructure projects come into light.

The financial sector passed a stressful time during 2018 as banks and financial institutions were facing challenges to grow their balance sheet and maintain spread. However, a prudent monetary policy with controlled interest rates and expansion in money supply through other policy measures and ensuring credit flows to priority sectors (agriculture, manufacturing and SMEs) have enabled the financial services sector to manage the overall challenges during the course of this year. In addition, Non-performing loans in the industry increased despite preventive measures taken by the regulators, which adversely affected the overall profitability of the industry. The gross non-performing loans at the end of 2018 was 10.4%. Domestic credit grew by 14.6%, below the targeted growth of 15.8% for 2018 but higher than the actual growth of 10.7% in 2017, mainly resulted from the negative growth of credit to the public sector from the banking system and strong growth of private sector credit. However, hopefully the investment climate would improve and the industry would rebound strongly in 2019.



## Financial Position & Performance

In the year 2018, BLIL again delivered a strong performance against the backdrop of a challenging year which adversely affected the overall performance of the industry. The asset portfolio witnessed a growth of 8.09% and stood at BDT 12,922.74 million (consolidated) as of 31 December 2018. This portfolio consists of both short term revolving working capital and long term asset financing facilities. The Company registered 27.30% growth in operating revenue over 2017. This growth has contributed to a 34.73% increase in growth in the net profit of your Company despite fierce competition and volatile market conditions. Deposits grew by 24.57% and stood at 8,003.56 million, Profit After Tax was BDT 219.29 million, a growth of 34.73% with Earning per Share (EPS) increasing to BDT 1.60 in 2018 from BDT 1.24 in 2017.

## Risk Management

Risk is the main cause of uncertainty in any organization. Focusing and identifying various risks and managing them is vital in any financial institution. BLIL has lately developed an Environmental Risk Management Manual and regularly updates its core risk management manuals with a view to managing the changing risk types. The company's risk management guidelines are revised and updated inclining with the updated guidelines and circulars of Bangladesh Bank. BLIL's strong information systems as well as highly qualified personnel ensure efficient risk assessment, risk management, and prompt decision making. The Credit Committee members are equipped with training and experiences in order to assess the risks of the proposals. BLIL management always keeps their focus on secured lending to the right borrowers and furthermore, the loan default rate has been kept low over the year.

## Sources of Fund

The primary sources of fund are term deposits from individuals and institutions along with borrowing from commercial banks. Bay Leasing manages low cost of funds from various re-finance schemes from Bangladesh Bank, JICA, ADB. However the cost of deposits increased for all banks and financial institutions and sourcing and retention of deposits was a major challenge for all FI's in 2018. The interest expense of the Company increased by 33.68% against an increase in interest income of 19.16%.

## Compliance & Governance

BLIL also considers its social responsibility as one of the primary components to benefit society while benefitting itself. In 2018, BLIL completed several activities in order to support different communities which have been reported in the CSR Report. 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.

## Promoting SME and Women Entrepreneurs

Almost 90% of the entire private sector of Bangladesh falls under the category of small and medium enterprises. SMEs play much significant role in reducing unemployment rate and fostering economic growth. Every year, SME sector of Bangladesh contributes a good portion in Bangladesh's GDP. Access to finance is vital to the development of SME sector. To promote SME industry, the SME division of BLIL not only gives loans, but also provides advocacy to increase the beneficiaries' capacity as well as operating efficiency. Women Entrepreneur Dedicated Desk of BLIL has been dedicated in sanctioning loans to the women entrepreneurs being subsequently refinanced by Bangladesh Bank at a low interest rate. As of December 2018, the 4.13% of the total lending portfolio falls under SME category.



## Technology

Technological innovation is reshaping the industry and we want to stay at the forefront of it to take advantage of any market opportunities. By 2019 we are going to implement a new core banking system to support the growth trajectory of the company.

## Corporate Social Responsibility (CSR) Initiatives

The financial uncertainty has brought about some dramatic consequences for our economy and society and we are still witnessing a fragile recovery. The financial sector has been broadly held at least partly responsible for the financial crisis, albeit in the context of regulatory failure and borrower short-sightedness. The question of sources of responsibility for the crisis has drawn attention to the concept of corporate social responsibility (CSR) and its relationship with the recession. CSR is a contested and cluster concept which in essence refers to the expectations that business is i) responsible for its impacts on society and the environment, ii) accountable for these impacts, iii) conducted in a responsible fashion and iv) managed within the corporation-society interface. CSR is conventionally associated with the responsibility of business for society (in the sense of avoiding, reducing or at best compensating for negative externalities and contributing to social welfare) and to society. CSR is also overlapping with other related concepts such as business ethics, corporate governance, community investment, corporate citizenship and sustainable development.

Bay Leasing & Investment Limited, in keeping the importance of CSR activity in its vision, has been keenly investing in CSR initiatives. This includes donating warm clothes to underprivileged section of the society, investing in development of education of street children etc. Apart from this, recently Bay Leasing also extended financial assistance to an association of disabled and mute people who are involved in producing organic food items. All these initiatives shall continue over the period of time as the company grows further.

## Concluding note

Despite different obstacles, it is encouraging to note that the economy of Bangladesh is growing. I expect that BLIL along with its subsidiary BLI Capital Limited will continue to perform better in the years ahead. I would like to express my sincere appreciation to the Governor of the Central Bank of Bangladesh and the officials at the Department of Financial Institutions and Markets, for their continued support. I would also like to take this opportunity to thank my fellow members of the Board of Directors for their guidance, support and prudent counsel, all our esteemed shareholders for their unflinching faith on the Board and the Management, and the BSEC, DSE, CSE, CDBL, RJSC for their continuous support. It has always been a privilege to work with the board, the management team, and all the employees along with the business partners. I would like to extend my thanks to everyone for their contribution to BLIL and for their sincere commitment towards the betterment of the company and its valued customers.

*M. Ghani*

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**Dr. Maswooda Ghani**  
Chairman





**Iftkhar Ali Khan**  
Managing Director





# Managing Director's Message

## Dear Valued Shareholders

### Assalamu Alaikum.

At the outset, I would like to express my deepest thanks to you for your continuous support to our organization and I am pleased to present a brief summary of Bay Leasing and Investment Ltd. (BLIL) and our major achievements along with overall performance during the year 2018. Bay Leasing has successfully completed 23 years since its incorporation in February 1996. Every year is a challenge and this year was no different as well. However, despite significant challenges, we have spent another year with sustained earnings and strengthened our relationship. Our concentration on 2018 was on business expansion as well as customer diversification which enhanced the organization's scope of operation and achievements throughout the year. Our core banking operations strengthened this year creating significant growth in loan disbursements and deposit collection resulting in higher growth in operating income. But due to ongoing challenges faced by the financial sector related to capital adequacy ratio, rising trend in cost of deposit and non-performing loans, we took prudent measures to avoid any major business setback.

This is my immense pleasure to invite you all to the 23<sup>rd</sup> 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 2018.

## Economy & Industry Review

The Bangladesh economy experienced an impressive growth in 2018, fostered by strong domestic and external demand, as reflected in buoyant public and private investment and consumption, driven by higher exports, remittances and private credit growth. During the period, a good harvest of food production may off set some inflation risks from the pass-through effects of global oil and commodity prices.

Bangladesh has achieved a recorded GDP growth of 7.9% in 2018, up from 7.3% in 2017. The robust growth mainly propelled by industry, agriculture and service sectors' activities. The key sectors, industry, services and agriculture grew by 12.1%, 6.4% and 4.2% respectively. The data of Bangladesh Bureau of Statistics (BBS) showed that GDP at current market price was BDT 22,504.8 billion for the year 2018 which was 13.9% higher than that of the preceding year. In 2018, per capita real GDP and GNI were estimated at BDT 62,477 and BDT 65,326 respectively. During the same period, per capita nominal GDP and GNI were estimated at BDT 137,518 (USD 1675) and 143,789 (USD 1751) respectively. The growth in agriculture sector increased to 4.2% in 2018 from 3.0% in 2017. This growth in agriculture sector mainly aided by favorable weather, higher crop prices, and timely supply of inputs and finance.

The industry sector, constituting around one-third of gross value-added (GVA) in the economy, grew by around 12.1% in 2018, up from 10.2% in 2017, led mainly by manufacturing and construction activities.

The Growth in large and medium scale industry increased to 14.3% in 2018 from 11.2% in 2017, growth in electricity, gas and water supply increased to 9.2% in 2018 from 8.5% in 2017 and growth in construction increased to 9.9% in 2018 from 8.8% in 2017. The construction sector received a boost from the government's mega projects implementation. Growth in manufacturing sub-sector increased to 13.4% from 11.0% over the same period.

Despite some moderation, the service sector, comprising more than half of GVA, registered a modest growth of 6.4 % in 2018. Within the sector, larger growth impulse primarily came from the wholesale and retail trade, transport and financial intermediation. The sub-sectors viz. wholesale and retail trade, transport and financial intermediation grew by 7.5, 6.6 and 7.9 % in 2018 compared to 7.4, 6.8 and 9.1 % in 2017, respectively.

Gross Domestic Savings (GDSs) at current market price stood at 22.83 % of GDP in 2018, lower than 25.3 % of GDP in the previous fiscal year. Gross National Savings (GNSs) decelerated to 27.42 % of GDP in 2018 from 29.6 % in 2017. Investment as a % of GDP accelerated to 31.23 % in 2018 from 30.5 % in 2017. Public investment to GDP ratio increased to 8.0 % in 2018 from 7.4% in 2017. The ratio of private investment to GDP increased to 23.26 in 2018 from 23.1 in 2017. It may be noted that private and public investment increased by 14.7% and 22.5 % respectively in 2018 compared to in 2017. The current account registered a deficit of USD 9.78 billion in 2018, which is the largest deficit in the country's history and 3.6% of GDP. So, it will be usual to have a deficit in the current account balance in 2019 with a bit of a lower figure as we expect lower imports of food grains in 2019, which contributed a large part to the current account deficit in 2018.

## Overview of the Financial Sector

The Financial Sector passed through a stressful time during the year 2018 due to tight liquidity situation that started in the beginning of the year, followed by the initiative to lower the interest rate on loans and deposits. Bangladesh Bank mulls to tighten credit supply and curb excessive lending due to prospective inflationary pressure on economy. The ADR of all banks has been re-fixed by Bangladesh



Bank at 83.50% for conventional banks from June 2018 to check any possible liquidity pressure. This directive has put pressure on banks to attract more deposits in 2018 and expected to continue in 2019. As the competition in collecting fund rises in the financial industry, borrowing cost has risen gradually in 2018 which will be continued in 2019. As a result, Spread of Banks and NBFIS remained under pressure. Additionally, non-performing loans in the financial sector is increasing at an alarming rate, leading to a large provisioning requirement, which adversely impacted the overall profitability of the industry. Most of the Banks and NBFIS have recorded negative or modest profit and balance sheet growth in the first three quarter, on Year over Year (YoY) basis. Public confidence in financial sector has been further shaken up with few financial institutions failing to meet their liability obligations.

Against the backdrop, the Central Bank relaxed its regulation on Asset Deposit (AD) ratio to boost lending capacity and stabilize the liquidity position. However, as the year 2018 approached to an end, both the investment community and financial sector remained very cautious. Hopefully, the investment climate would improve in 2019, which would fuel up the lending growth. On funding side, deposit mobilization could be a challenge with more industry players coming into the market and Government increasing its borrowing through banking system as well as national savings certificates. In addition to this, sustained pressure on reducing Interest Rate could further narrow-down the spread. In such a situation, unless Banks and NBFIS manage to search new and cheap sources of fund and find ways to reduce the classified loan trend, managing desired margin could be a major hurdle.

### **Financial Review**

Despite the tough condition faced by the whole financial sector during the year 2018, BLIL achieved strong Balance Sheet and Profitability growth. Loans and Advances has grown to BDT 12,922.74 million, up by 8.09% from 2017 whereas deposits have grown by 24.6% to BDT 8,003.56 million in 2018 from BDT 6,424.72 million in 2017. This substantial growth in deposit base represents the confidence reposed by clients and stake holders of BLIL.

Non-Interest Income increased significantly by 1308% in 2018 and stood at BDT 318.35 million against BDT 22.61 million in 2017 mainly due to gain on sale of fixed assets of 446.80 decimal land. Operating Revenue increasing by 27.30% in 2018 to BDT 1,733 from BDT 1,331 million.

Operating Profit recorded a growth of 11.86% bringing the figure to BDT 445.34 in 2018 against BDT 398.13 in the previous year. Overall, Profit After Tax increased to BDT 219.29 million in 2018 from BDT 162.75 million, up by 34.73%, on year-on-year basis. Increase in profit over the past years was largely driven by balance sheet growth.

Return on Asset stood at 1.66% in 2018 against 1.33% in the previous year. The total assets of BLIL grew to BDT 18,426 million in 2018 from BDT 16,325 million in 2017 which up by 12.87%. ROE continues to show an upward trend and ended with 8.24% in 2018 from 6.23% in the previous year.

### **Risk Management**

Every financial institution, big or small, diverse or focused, assumes risk as part of their essential activity as an enterprise. In fact, the capability of foreseeing risk and taking preventive actions are one of the key terms that brings success to these organizations, and thereby carries a lot of value. BLIL is committed to ensure that all risk management policies and practices are ingrained in its business operations. The credit risk management addresses areas of market, credit and operational risk and seeks to minimize the risks generated by the activities of the company. Guidelines of core risk areas are in place and updated periodically. Appropriate internal control measures have been implemented overseen by the Internal Control and Compliance (ICC) department. The Asset Liability Management Committee (ALCO) conducts periodic reviews to assess prevailing market conditions, re-price products and revise interest rates. Company's policies/guidelines on Credit Risk Management and Money Laundering & Terrorist Financing prevention have been updated based on latest guidelines and circulars of Bangladesh Bank. A separate Risk Assessment Report has been prepared to identify every possible risk areas and to get them included in the Risk Register. Under the guideline of Bangladesh Bank, all these risk factors have been assigned with appropriate risk score, risk appetite level and applicable treatment/action plans. BLIL management views Money Laundering and Terrorist Financing prevention as an integral part of core risk management strategy and is duty bound to comply with rules and regulations of money laundering prevention and practices.

### **Information & Communication Technology (ICT)**

To increase the pace of work and the quality of services, BLIL upgrades its ICT resources in a timely manner. At present, the ICT Department of BLIL is working continuously to increase the efficiency and effectiveness of the ICT initiatives. In order to achieve higher operational capacity and to ensure more accuracy, our management has approved to adopt the core banking software solution named "BankUltimus" from one of the leading IT Company in Bangladesh. Upon completion of this large scale IT project by 2019, our company will surely be able to reach to another height in customer service excellence while streamlining our business process and equipping for improved Management Information System (MIS). We have also made plans to significantly improve and expand our IT infrastructure through expansion of our data center and disaster recovery site.



## Human Resource Development & Employee Turnover

We all know that employees are a company's greatest asset. It's my pleasure to inform that we have recently updated our HR policy under the title "Human Resource Policy of Bay Leasing & Investment Limited" to try to accommodate all the possible HR related aspects to establish a workplace with better corporate governance. The employees of BLIL are highly trained to perform their job responsibilities. As a part of human resource development, BLIL arranges in-house training programs at a regular basis in order to enhance employees' capacity and potential. In the year 2018, the employees of BLIL participated in multiple training programs organized by Bangladesh Bank, BIBM and BIAC. Trained, highly satisfied and motivated employees of BLIL play a vital role in BLIL's success. The employee turnover ratio was below 5% in the year 2018 reflecting high employee satisfaction in the company. Moreover, efficient personnel have been recruited during the year 2018 to strengthen the overall capacity of our workforce. BLIL puts much emphasis on retaining and rewarding good employees.

## Social Responsibility

Considering social responsibility as a major duty, BLIL has already been helping the underprivileged section of the populace. To note a few, BLIL employees distributed warm clothes to the people living in rural parts of the country to protect them from adverse weather in winter and distributed funds to poor in rural areas as charity.

## Green Initiatives

BLIL encourages the reduction of carbon footprint. Before disbursing loans to the clients, BLIL management tries to ensure that proper measures are taken by the client in order to reduce any negative effect on the environment. The management also scrutinizes critically the chances of businesses falling under the red category according to the Environment Conservation Rules, 1997. Therefore, environmental risk management system is properly integrated with the credit risk management system in the process of disbursing loans to the clients. This is to be noted that the employees of BLIL have gained awareness regarding environmental issues. Considering environmental responsibilities, BLIL has already adopted initiatives like recycling office inventories, installing power efficient technology, avoiding bottled water, sharing office equipment, initiating in-house plantation programs etc.

## Expectation in 2019

BLIL has already proven its ability to cope with changing environment as well as creating new opportunities. In 2018, BLIL tried to focus on ensuring sustainability in business as well as maintaining the quality. For us, 2019 is going to be an exciting year to utilize our financial and infrastructural strength to meet forthcoming challenges. We believe that the Government's ambitious infrastructure development program supported by a fast-track implementation will help our nation to achieve higher growth in the near future. In this backdrop, we will enjoy higher credit growth to support private sector activities linked with those developments as a financier. In 2018, we have already planned to invest heavily in our human resources 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. In 2019, we expect to obtain approval for opening a couple of new branches which would also widen our horizon to grab more business opportunities. We believe that our new products and services will fulfill demand of more people and help us enhancing the diversity of our customer portfolio.

## 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 at all times. Lastly, I take this opportunity to thank all of my colleagues for their loyalty, sincerity, commitment and relentless hard work.



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**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.

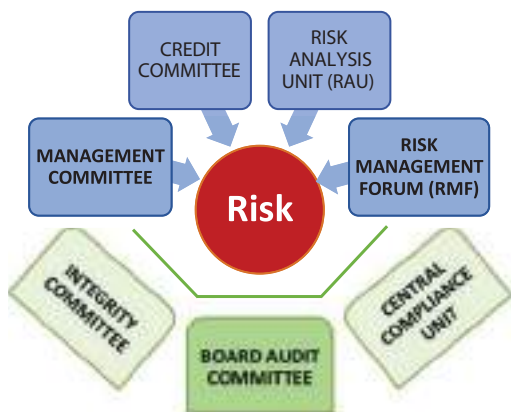
### **Definition of Risk – Our simplified view**

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.

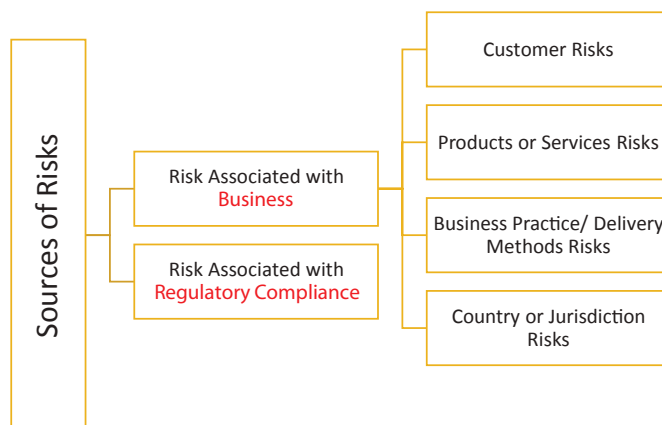
Recommendation 1 of Financial Action Task Force (FATF), the international standard setter on anti money laundering (AML) and combating terrorist financing (CFT) requires financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess and take effective action 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:

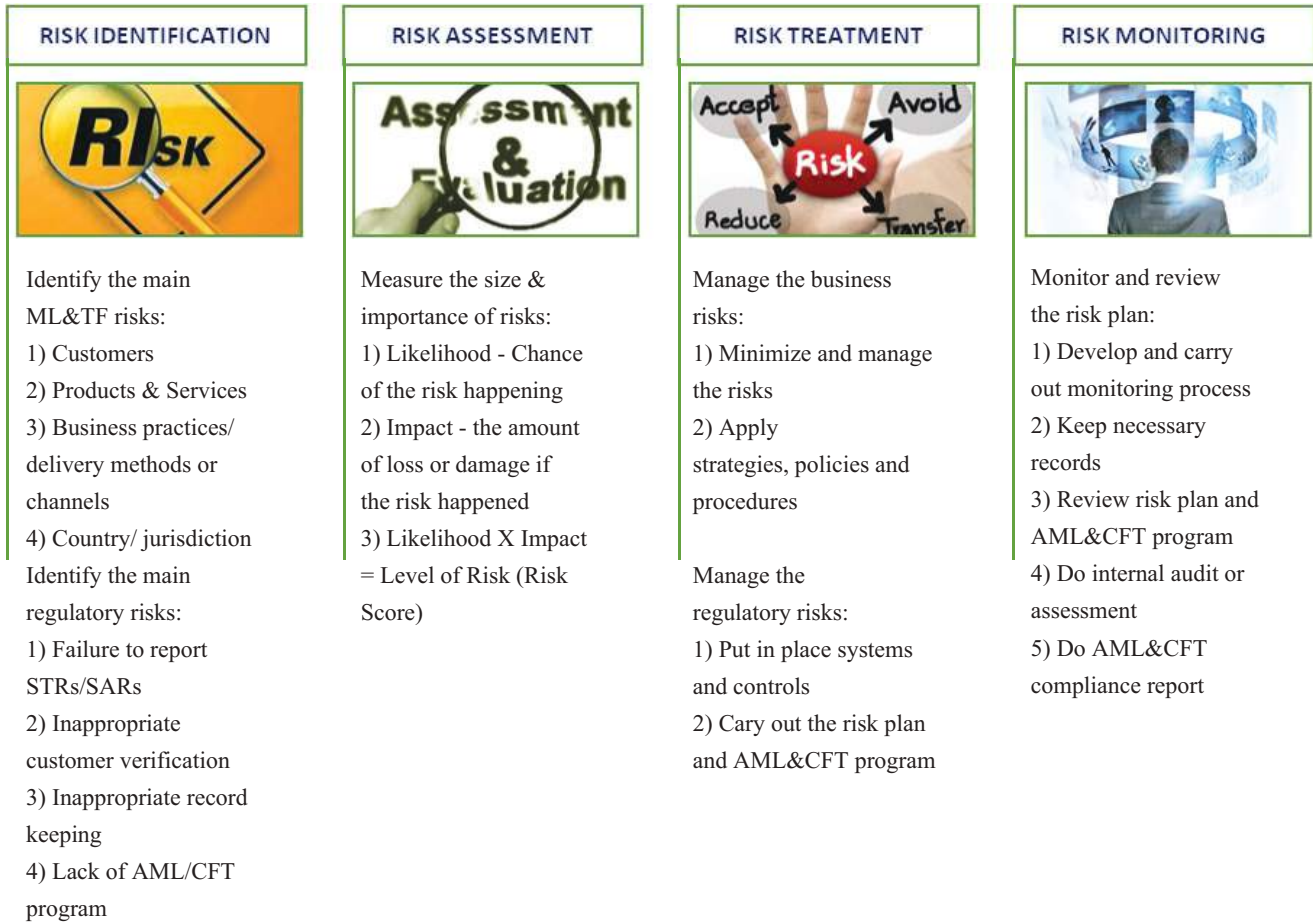
- Risk management contributes to the demonstrable achievement of objectives and improvement of performance, governance and reputation.
- Risk management is not a stand-alone activity that is separate from the main activities and processes of the FI. Risk management is part of the responsibilities of 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

LI K EL I H O O D	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? <b>IMPACT</b>		

#### Risk Appetite Scale

Extreme	<b>Unacceptable Risk</b>
High	
Medium	<b>Acceptable Risk</b>



## 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	
<b>CUSTOMER</b>							
1	A new customer	Likely	Major	High	Unacceptable Risk	<b>Tier 3 Action Plan</b>	
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	<b>Tier 2 Action Plan</b>	
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		
	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		
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		<b>Tier 1 Action Plan</b>
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

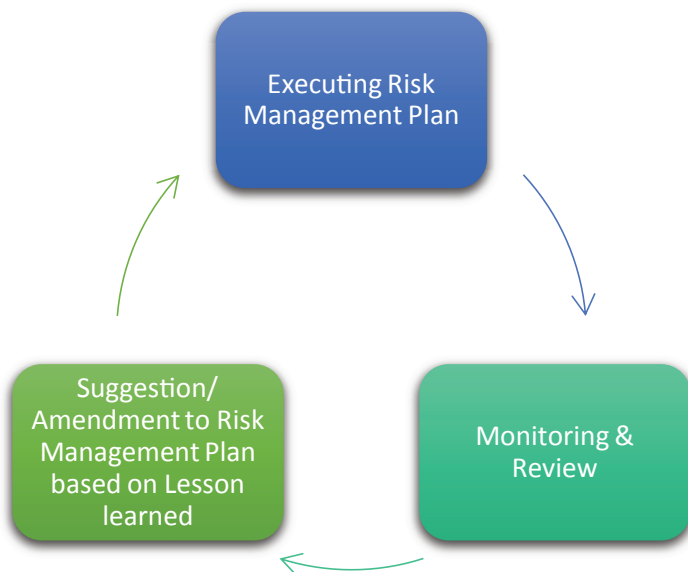
## Monitoring and Review Process

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 22<sup>nd</sup> AGM*



*Shareholders' attendance at the 22<sup>nd</sup> AGM*

## Dear Shareholders

On behalf of the Board of Directors of Bay Leasing & Investment Limited, I am delighted to welcome you to the 23rd Annual General Meeting of the Company and take great pleasure in presenting to you all the Annual Report 2018 of the company along with the audited financial statements and auditor's report for the year ended December 2018 for consideration and approval of the valued shareholders. The audited financial statements were approved by the 167th meeting of the Board of Directors of the company on May 18, 2018. 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. Year 2018 was a year of national election and serious liquidity crunches. Bay Leasing and Investment Ltd. still posted significant growth in net profit reflecting core strength of the company and effort to maximize value of the shareholders.

## Global Economy

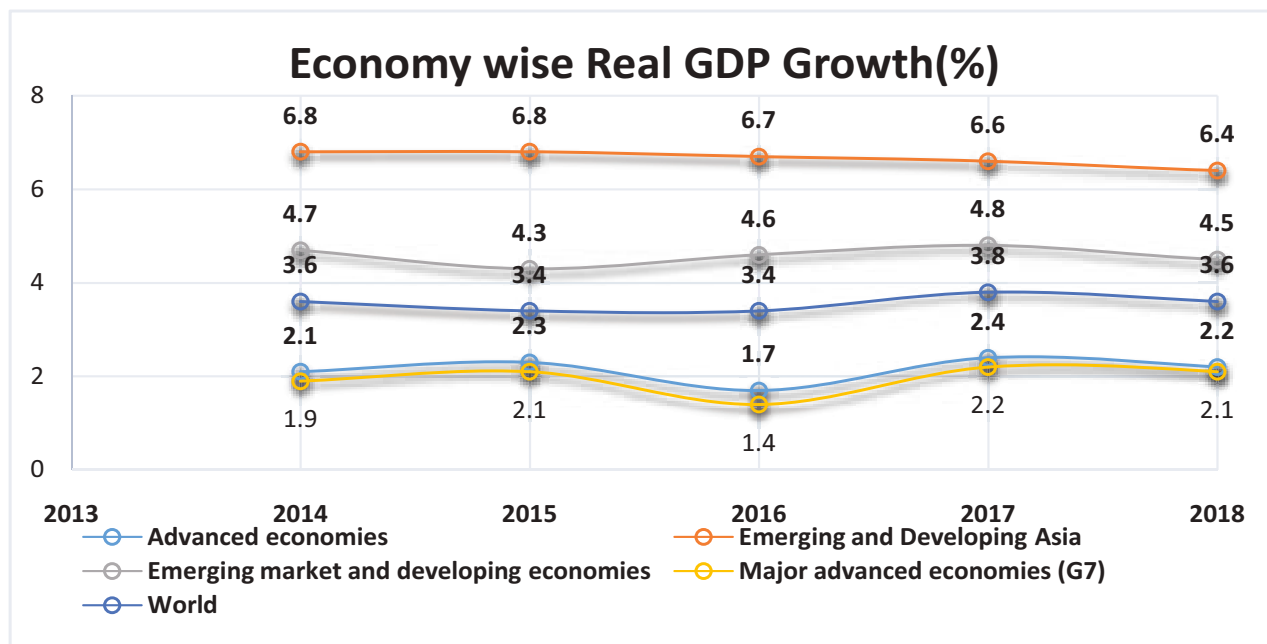
After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal, but they remain slightly more restrictive than in the fall.

Economy wise Real GDP Growth (%)						
Economy/Region	2014	2015	2016	2017	2018	2019f
Economy						
Advanced economies	2.1	2.3	1.7	2.4	2.2	1.8
Emerging and Developing Asia	6.8	6.8	6.7	6.6	6.4	6.3
Emerging market and developing economies	4.7	4.3	4.6	4.8	4.5	4.4
Major advanced economies (G7)	1.9	2.1	1.4	2.2	2.1	1.6
World	3.6	3.4	3.4	3.8	3.6	3.3
Region						
Africa (Region)	3.9	3.3	2.1	3.6	3.4	3.6
Asia and Pacific	5.6	5.6	5.4	5.8	5.3	5.1
Europe	1.6	1.4	1.8	2.5	2.2	1.6
Middle East (Region)	3	2	6	0.8	0.4	0.3
Southeast Asia	4.7	4.8	4.8	5.3	5	5
World	3.6	3.4	3.4	3.8	3.6	3.3

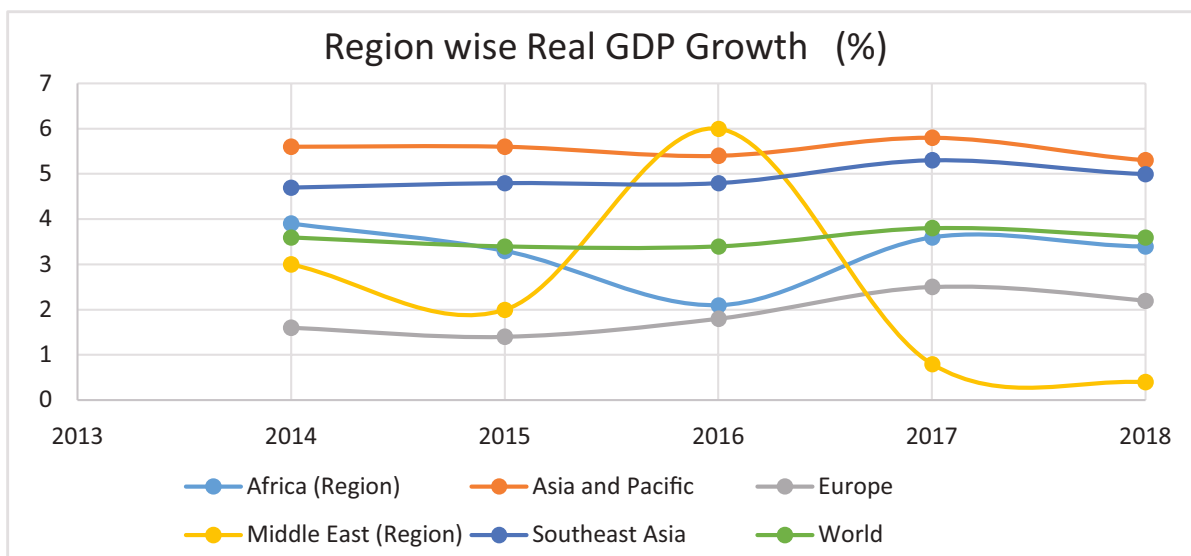
Source: International Monetary Fund (IMF)



Source: International Monetary Fund (IMF)



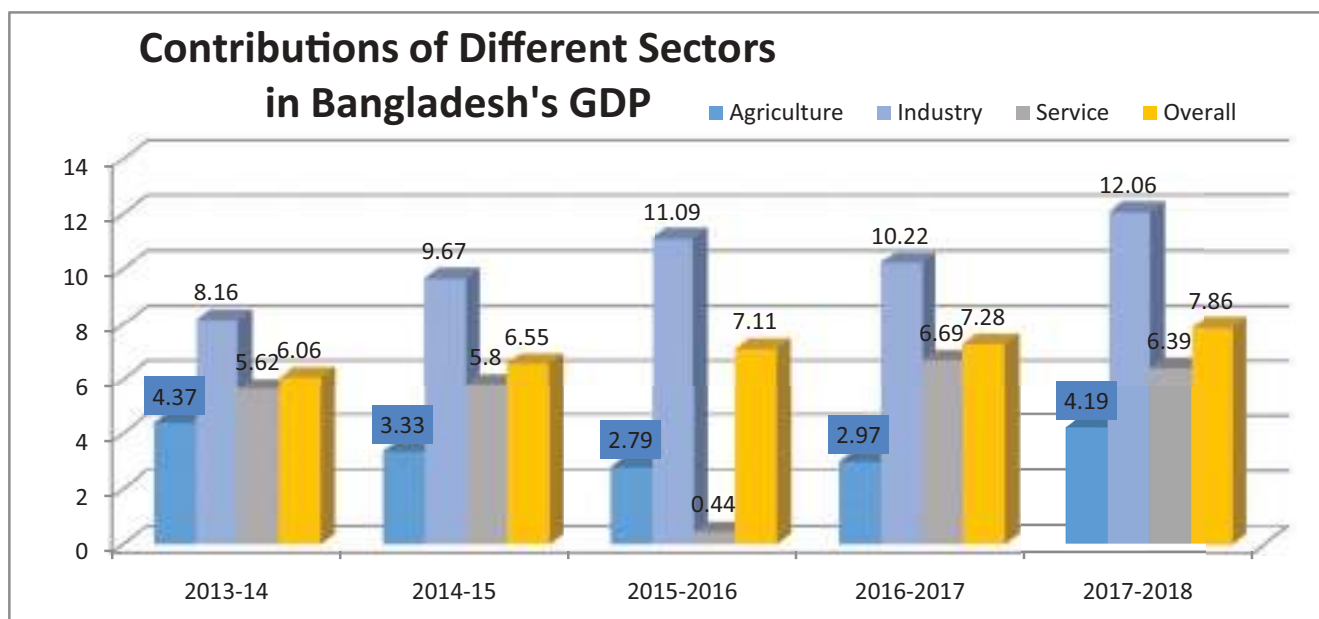
Source: International Monetary Fund (IMF)



### Bangladesh Economy

The market-based economy of Bangladesh is the 42nd largest in the world in nominal terms, and 31st largest by purchasing power parity; it is classified among the Next Eleven emerging market middle income economies and a Frontier market. The recent economic outlook of Bangladesh presents that, despite of lots of challenges, the economic growth of Bangladesh sustained. According to Bangladesh Bureau of Statistics (BBS), the current GDP growth rate raised to 7.85% from 7.28% though the world economy growth rate decreased over the last year. Based on the current outlook of Bangladesh economy, it is assumed that the economy will continue to grow in the following year. In the preceding fiscal year, both service and manufacturing sectors has grown. PricewaterhouseCoopers, in its global economic projection for 2050, estimates that Bangladesh can potentially become the world’s 28th largest economy by 2030, surpassing countries like Australia, Spain, South Africa, and Malaysia in economic growth.

Selected economic indicators (%)	2016	2017	2018	2019(forecasted)
GDP Growth	7.11	7.28	7.86	7.90
Inflation	5.92	5.44	5.78	5.55



Source: Bangladesh Bureau of Statistics

The last year the financial sector experienced serious liquidity crisis and also slow private investment rare due to national election, adjustment of Asset to Deposit (AD) ratio etc. These resulted lower investment growth and higher asset quality deterioration in the sector.

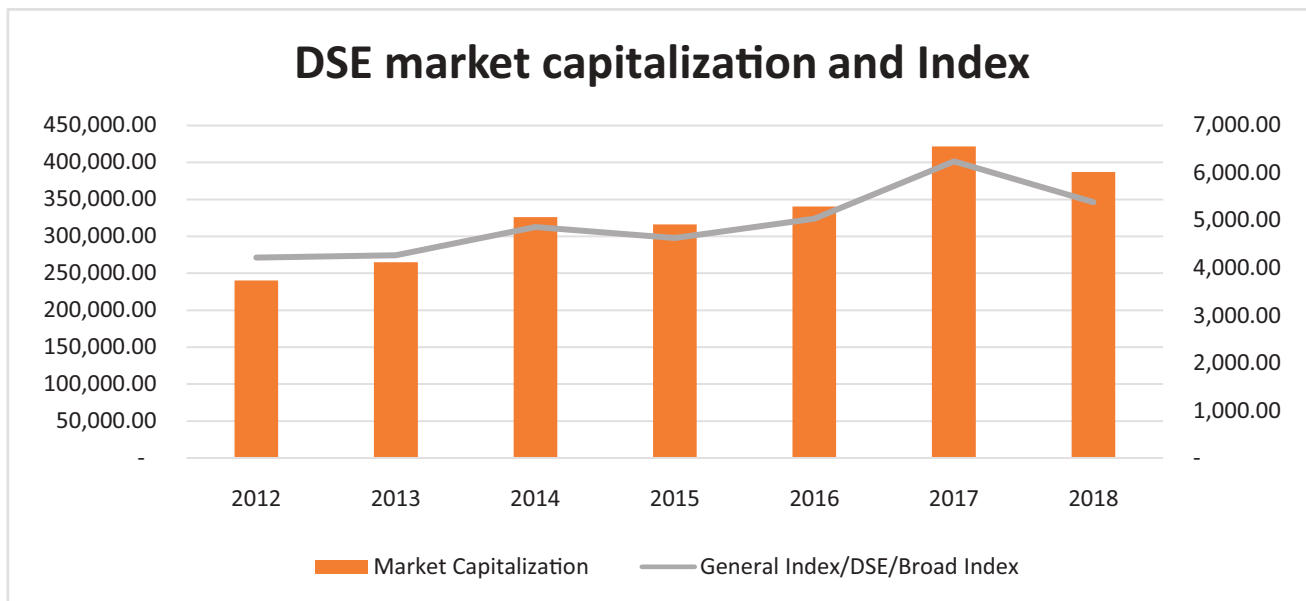
## Capital Market

Capital market of Bangladesh experienced bearish trend in the year 2018. The number of listed securities (including mutual funds and debenture) of Dhaka Stock Exchange (DSE) increased from 569 at the end of 2017 to 578 at the end of 2018. But Market Capitalization decreased from Tk.421,875.50 crore to Tk.387,295.28 crore. Issued Capital and Debenture posted nominal growth of 4.08% from Tk.119,416.20 crore (2017) to Tk.124,293.70 crore (2018). DSE Broad index has steadily rose over the whole year of 2017.

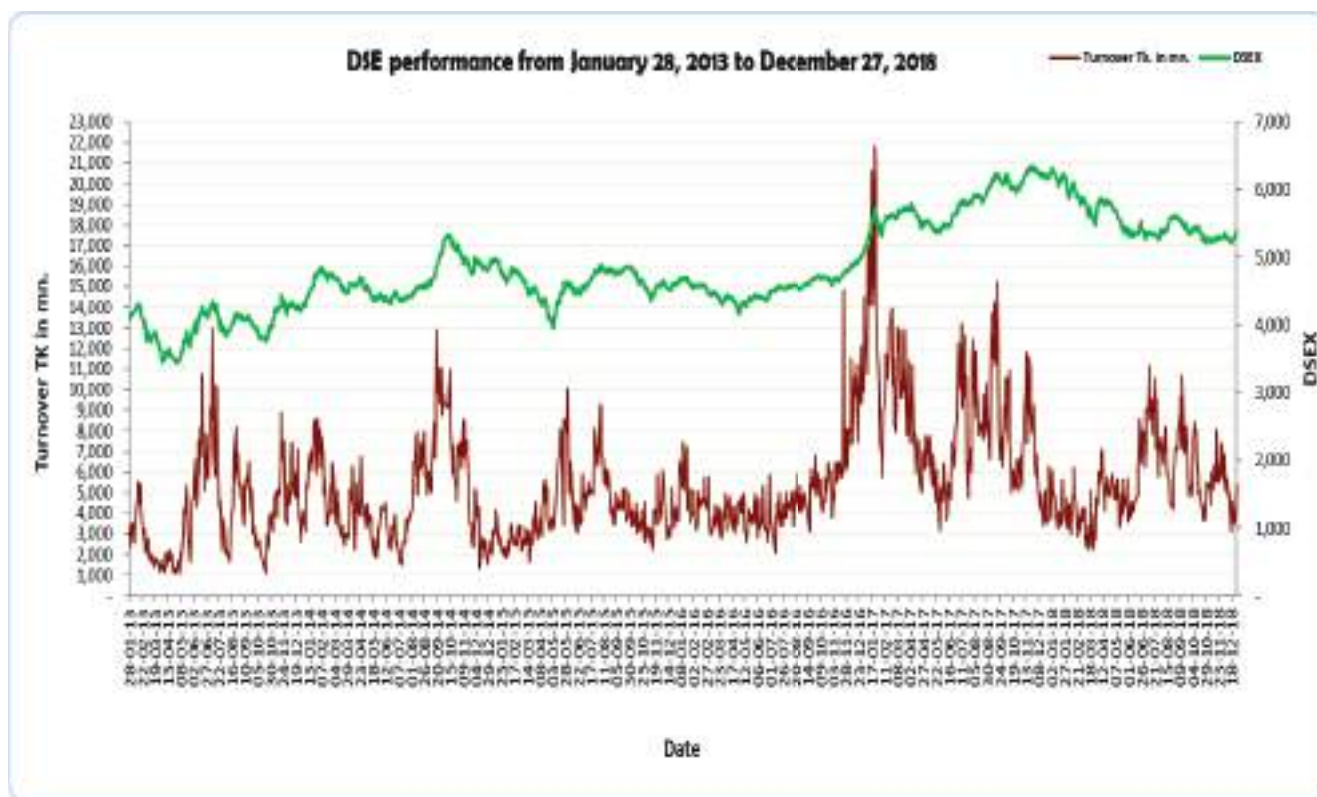
Annual Capital Market Developments (DSE)				
Calendar Year	Enlisted issues (Incl. Mutual Funds/Deb.)	(In Crore Taka)		General Index/DSE/ Broad Index
		Issued Capital & Debentures	Market Capitalization	
2010	445	66,436.00	347,250.20	8,290.41
2011	501	87,890.50	261,673.00	5,257.61
2012	515	94,987.60	240,356.00	4,219.31
2013	529	99,978.50	264,779.00	4,266.55
2014	546	105,492.60	325,925.00	4,864.96
2015	562	110,608.10	315,976.00	4,629.64
2016	562	114,530.00	340,466.30	5,036.05
2017	569	119,416.20	421,875.50	6,244.52
2018	578	124,293.70	387,295.28	5,385.64



Source : DSE



Source : DSE



Source : DSE

## Banking Sector

For banking sector the year 2018 was a tough year. Both Deposit and Lending rate rose pretty sharp.

Name of Banks	W. Avg. Interest Rate on Deposits	W. Avg. Interest Rate on Advances	Interest Rate Spread
PRIVATE BANKS	5.82	10.27	4.45
All Banks	5.26	9.49	4.23
Source: Statistics Department, Bangladesh Bank, Head Office.			

In the year 2018 the growth of lending gained nominal rate.

Deposits	(Taka in Millions)		Percentage Changes
Items	December, 2018	December, 2017	Dec' 18 over Dec' 17
Deposits	10,099,810	9,261,793	9.05%
Bank Credit	11,360,843	10,082,407	12.68%

BLIL's Performance

## Loans & Advances

The total portfolio of the company stood at BDT.12922.74 Million at the end of year 2018 with a growth rate of 8.09 % against the previous year.

## Sources of Funds

To achieve of our business growth the company had to increase both core deposits & bank borrowings. Consequently, the total deposit was BDT. 8003.56 million at the end of year 2018 which is 24.57% more than the previous year and total borrowing was BDT. 6741.18 million at the end of year 2018 which was 6.12% more than the previous year.

## Shareholders' Equity

The Authorized Capital of the company was BDT.3000.00 million and paid-up Capital was BDT.1374.52 million as on December 31, 2018. The Capital and Reserve of the Company in 2018 stood at Tk. 2670.00 million. The Capital and Reserve of the Company as on 31st December, 2018 are appended below:

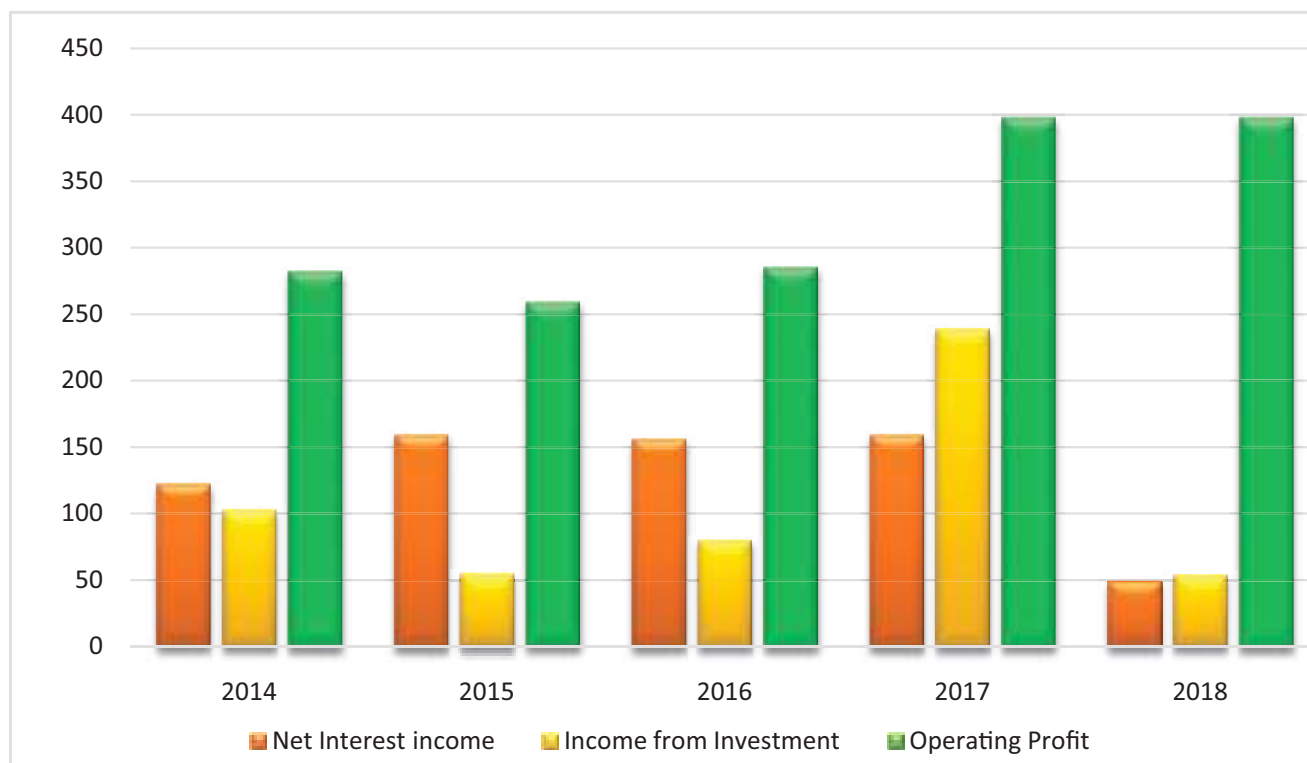
Particulars	BDT in Million	
	2018	2017
<b>a) Core Capital (Tier- (Capital)</b>		
Paid -Up Capital	1374.52	1309.07
Statutory Reserve	562.40	518.84
Share premium	155.48	220.93
General Reserve	60.45	60.45
Retained Earnings	179.06	139.31
<b>Total Core Capital</b>	<b>2331.91</b>	<b>2248.60</b>
<b>b) Supplementary Capital [Tier- II Capital)</b>		
General Provision for Unclassified Loan	150.03	113.02
General Provision on off - Balance Sheet Items	-	-
General Provision on off -Shore Banking Units	-	-
Revaluation gain/loss on investments	-	-
Assets Revolution Reserve	169.04	181.15
Total Supplementary Capital	319.07	294.17
<b>Total</b>	<b>2650.98</b>	<b>2542.77</b>



## Operating Revenue & profit

Despite significant growth in both Assets and Deposits, our earnings did not grow pro rata basis due to fierce competition in the financial sector reduced our Net Interest Margin (NIM).

On the other hand, since capital market get better than the past few years, our income from investment also increased accordingly. This balance portfolio mix resulted steady growth in our operating Revenue and Profit.



BDT in Million

Years	Net interest Income	Income from Investment	Operating 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

## Earnings Per share (EPS)

Our EPS was 1.60 and 1.18 for the year 2018 and 2017 respectively. EPS has significantly increased this year.

## Provision for Tax

Provision for tax at the end of the year 2018 was BDT.69.13 million which was BDT. 54.84 million in December 31, 2017.

## 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 2018, 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 employee profit sharing scheme, 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. 81

## **Senior Management**

Disclosure of senior management personnel have been accounted for in page no. 78

## **Related Party Transaction**

Disclosure of all related party transactions, including basis such transactions, has been provided in note 39.03, on page no. 132

## **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, 2018 is disclosed as per the new CGC of BSEC in Annexure -1 of this annual report, Page no. 78

## **Board Meetings and Attendance**

During the year 2018, a total of eleven meetings of the Board were held. Attendance by the Directors and remuneration to the directors has been summarized in Annexure-II , page no. 79

## **Dividend**

The board has proposed cash dividend: 10% for the year 2018.

## **Directors**

A brief resume of the directors are appended in page no- 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.

## Election and Re-election of Directors

In terms of Article 126 of the Articles of Association, one third of the Directors for the time being or if their number is not three or multiples of three (3) then the number nearest to one third (1/3 rd) shall retire in rotation from office. The number of Directors of the financial institute is 9 (nine) including 4 (four) independent directors. So, two (2) Directors being nearest one-third of five shall retire in the forthcoming Annual General Meeting. Accordingly, the following two (2) Directors is due to retire in the 23<sup>rd</sup> Annual General Meeting.

01. Mrs. Suraiya Begum

02. Mr. Zubayer Kabir

In compliance of Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07, August 2012 of Bangladesh Securities and Exchange Commission (BSEC) a brief is appended below about them.

Sl no.	Name	Designation	Entities Where they have interest
01	Mrs. Suraiya Begum	Director	
02.	Mr. Zubayer Kabir	Director	1. Erebus Properties Limited 2. National Securities and Consultants Ltd.

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 23<sup>rd</sup> Annual General Meeting of the Company.

## Appointment of new Directors

One new Independent Director Mrs. Fatema Zahir Majumder has been inducted in the Board of BLIL in its 160<sup>th</sup> Board meeting.

## External Auditors

M/s. Pinaki & Company, Chartered Accountants have successfully completed their second year. As per the stipulation of FID Circular No.03, dated March 02, 1999, they are eligible for appointment for three consecutive years. The Board recommended the reappointment of M/s. Pinaki & Company, Chartered Accountants as the auditors of the company for the year 2019.

## 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/CMRRCD/2006-158/207Admin/80 dated 03 June, 2018 along with a certificate from a Chartered Accountant Firm has been enclosed on page no.

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



DR. Maswoodi Ghani  
Chairman



## Disclosures under Pillar III- Market Discipline

For the year ended 31<sup>st</sup> December 2018

### Overview

The Basel-II disclosures presented in these documents are related to BLIL for the year ended December 31, 2018. 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.

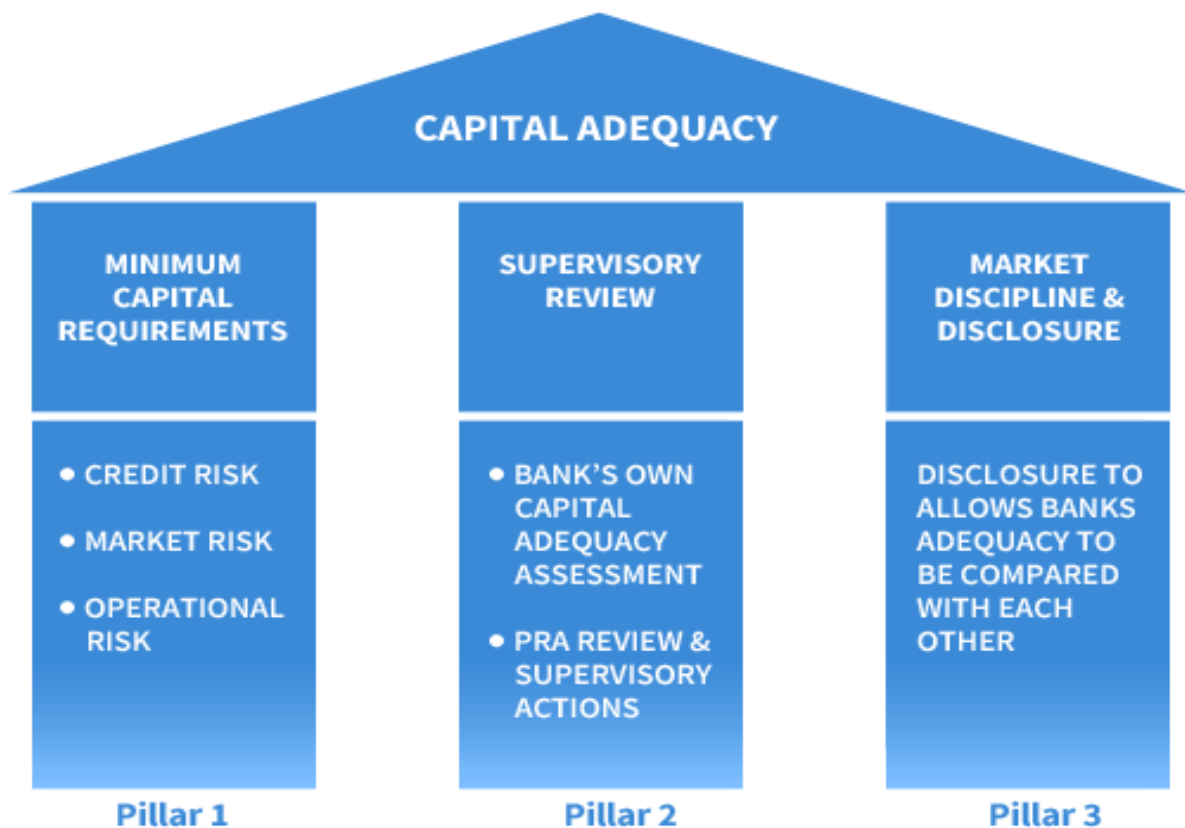
#### Pillar-II: Supervisory Review Process (SRP)

SRP basically deals with other risks faced by a bank but not covered in pillar-1. 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, 2018.

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:

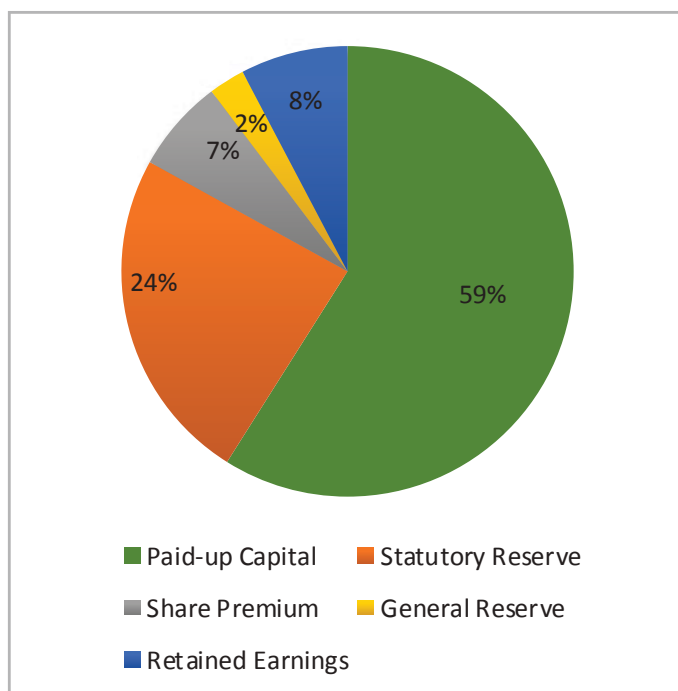
Sl.	Name	Designation	Designation (CCU)
01.	Mr. Iftekhar Ali Khan	Managing Director	Head of BIU
02.	Mr. Samir Saha	Asst. Vice President	Member
03.	Md. Enayet Kabir	Asst. Vice President	Member



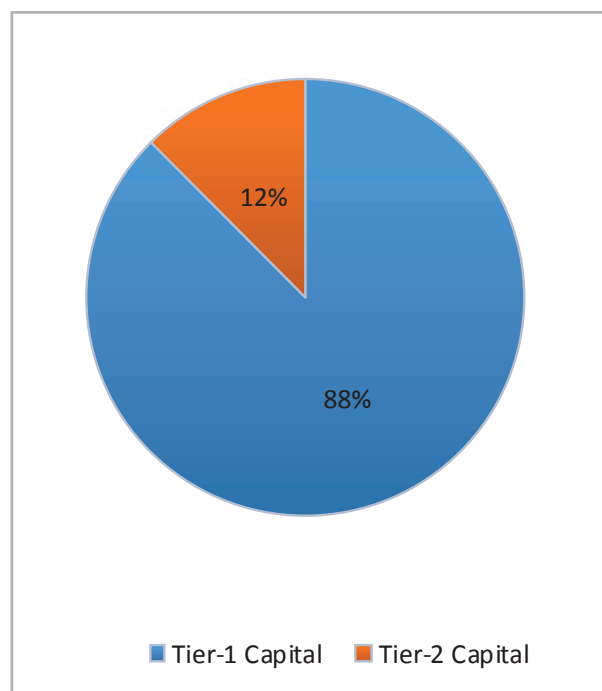
### Quantitative Disclosure amount in

Particulars	Amount in Crore
Paid up capital	137.45
Statutory reserve	56.24
Non-repayable share premium account	15.55
General reserve	6.04
Retained earnings	17.91
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
<b>Total Tier-1 (Core Capital)</b>	<b>233.19</b>
Deductions from Tier-1 Capital	-
Tier-2 (Supplementary Capital)	
General Provision (Unclassified loans up to specified limit+SMA+off Balance Sheet exposure)	15.00
Asset Revaluation Reserves up to 50%	18.12
<b>Tier-2 Capital</b>	<b>33.12</b>
<b>Total Eligible Capital (1+2)</b>	<b>266.31</b>

Tier -1 (Core Capital)



Consolidated Total Capital



## Risk Weighted Assets (RWA)

Particulars	2018
A. Credit Risk:	1421.32
<b>On-Balance sheet</b>	1421.32
<b>Off-Balance sheet</b>	6.00
B. Market Risk	332.34
C. Operational Risk	55.00
Total Risk Weighted Assets	1814.66

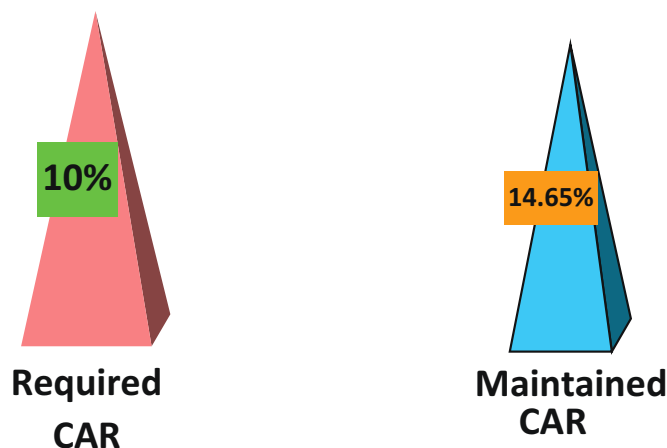
## 3) Capital Adequacy

### 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	
	2018	2017
<b>A. Eligible Capital:</b>		
1. Tier-1 Capital	233.19	224.86
2. Tier-2 Capital	33.12	29.42
<b>3. Total Eligible Capital (1+2)</b>	<b>266.31</b>	<b>254.28</b>
<b>B. Total Risk Weighted Assets (RWA)</b>	<b>1814.66</b>	<b>1569.32</b>
<b>C. Capital Adequacy Ratio (CAR) (A3/B)*100</b>	<b>14.68%</b>	<b>16.41%</b>
<b>D. Core Capital to RWA (A1/B)*100</b>	<b>12.85%</b>	<b>14.33%</b>
<b>E. Supplementary Capital to RWA (A2/B)*100</b>	<b>1.83%</b>	<b>2.08%</b>
<b>F. Minimum Capital Requirement (MCR) 10% of RWA</b>	<b>181.47</b>	<b>156.93</b>



CAR as on December 31, 2018

## 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

Sector	Amount in Crore
Agricultural Sector	27.81
Textile	37.01
Garments	85.73
Jute and jute products	0.45
Food production/processing industry	54.76
Plastic industry	9.60
Ship Manufacturing Industry	3.85
Chemical & Pharmaceutical	46.99
Cement/Concrete and allied industry	135.72
Paper, printing and packaging industry	32.86
Glass and ceramic industry	0.39
Electronics and electrical industry	1.38
Trade and commerce	199.53
Power, Gas, water and sanitary service	0.50
Transport & Communication	42.12
Real Estate & Housing	270.85
Merchant Banking	26.27
Others	40.92
<b>Total</b>	<b>1016.75</b>



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

Area	Amount in crore
Dhaka Division	999.91
Chittagong Division	7.07
Khulna Division	-
Rajshahi Division	5.28
Rangpur Division	0.94
Barishal Division	-
Sylhet division	-
Mymanshing	3.55
<b>Total</b>	<b>1016.75</b>

### 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	27.73
Over 1 month but not more than 3 months	86.90
Over 3 months but not more than 1 year	270.50
Over 1 year but not more than 5 years	423.76
Over 5 years	207.86
<b>Total</b>	<b>1016.75</b>

## 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	166.17



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 166.17 crore. Capital Requirement is 10% of the said value which stand to BDT 16.62 crore

General Risk- Market value of investment in equities is BDT 166.17 crore. Capital Requirement is 10% of the said value which stand to BDT 16.62 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	332.34
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  $\alpha$  (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	55.00





# Report of the Audit Committee

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

In compliance with Bangladesh Bank circular dated October 26, 2011 and Corporate Governance Notification issued by BSEC on 07 August 2012, the Audit Committee was constituted. The present members of the committee are as follows:

Name	Status in the Committee	Status in the Board
Mr. Sheikh Abdul Hafiz FCA	Chairman	Independent Director
Prof. Suraiya Begum	Member	Director
Mr. Tarik Sujat	Member	Director
Mr. Zubayer Kabir	Member	Director
Mr. Zakir Ahmed Khan	Member	Independent Director

As per regulatory guidelines the Company Secretary of Bay Leasing Mr. M. Maniruz Zaman Khan is the secretary of the Audit Committee.

## Meetings of the Audit Committee

Four meetings were held during 2018. The Managing Director, CFO and other Division Heads of Bay Leasing attended the meetings on invitation.

## Terms of Reference of the Audit Committee

Mr. Sheikh Abdul Hafiz FCA, 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 of 2012.

## Internal Audit

- Received reports from the internal auditors.
- Monitored the performance of the internal audit function.
- Reviewed the internal audit plan.
- Reviewed the appropriate system and controls in place for effectiveness of internal audit function.
- Monitoring independence of audit work.

## External Audit

Pinaki & Company, 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 express their thanks to the Board of Directors and the Management for their cooperation while performing its duties and responsibilities.



Sheikh Abdul Hafiz FCA  
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 ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1</b>	<b>Size of the Board of Directors</b>			
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).	✓		--
<b>1 (2)</b>	<b>Independent Directors</b>			
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);	✓		
<b>1 (2) (b)</b>	<b>For the purpose of this clause "independent director" means a director:</b>			
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;	✓		--
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;	✓		--
1 (2) (b)(iii)	who has not been an executive in the company in immediately preceding 2 (two) financial years;	✓		--
1 (2) (b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		--
1 (2) (b)(v)	who is not a member or TREC holder, director or officer of any stock exchange;	✓		--
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;	✓		--
1 (2) (b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		--
1 (2) (b)(viii)	Who is not the independent director in more than 5 (five) listed companies;	✓		--
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);	✓		--
1 (2) (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		--
1 (2) (c)	The independent director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM);	✓		--
1 (2) (d)	The post of independent directors cannot remain vacant for more than 90 days; and	✓		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.	✓		--
<b>1 (3)</b>	<b>Qualification of Independent Director (ID)</b>			
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;	✓		--
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
<b>1 (4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:</b>			
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
<b>1 (5)</b>	<b>The Director's Report to Shareholders</b>			
	<b>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):</b>			
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;	✓		--
1 (5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		--
1 (5) (v)	A discussion on continuity of any Extra-Ordinary activities and 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;	✓		--



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		--
1 (5) (x)	A statement of remuneration paid to the directors including independent directors;	√		--
1 (5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		--
1 (5) (xii)	A statement that proper books of account of the issuer company have been maintained;	√		--
1 (5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		--
1 (5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		--
1 (5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		--
1 (5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		--
1 (5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		--
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		--
1 (5) (xix)	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 issuer company has not declared dividend (cash or stock) for the year;			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 total number of Board meetings held during the year and attendance by each director;	√		--
<b>1 (5) (xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b>			
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	√		--
1(5) (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);			N/A
<b>1 (5) (xxiv)</b>	<b>In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:</b>			
1(5)(xxiv) (a)	a brief resume of the Director;	√		--
1(5)(xxiv) (b)	nature of his/her expertise in specific functional areas; and	√		--
1(5)(xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board;	√		--



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1(5)(xxv)</b>	<b>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:</b>			
1(5)(xxv) (a)	accounting policies and estimation for preparation of financial statements;	√		--
1(5)(xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		--
1(5)(xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		--
1(5)(xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		--
1(5)(xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	√		--
1(5)(xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		--
1(5)(xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		--
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		--
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	√		--
<b>1 (6)</b>	<b>Meetings of the Board of Directors:</b>			
	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.	√		--
<b>1 (7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:</b>			
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
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company.</b>			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		--
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		--
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		--
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		--
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		--
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)-</b>			



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>3 (1)</b>	<b>Appointment:</b>			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		--
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;		✓	CFO & CS is the same persons. Segregation is under process.
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		--
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		--
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		--
<b>3 (2)</b>	<b>Requirement to attend Board of Directors' Meetings:</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		--
<b>3 (3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>			
<b>3 (3) (a)</b>	<b>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:</b>			
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.	✓		--
<b>4.</b>	<b>Board of Directors' Committee:</b>			
	<b>For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			
4 (i)	Audit Committee; and	✓		--
4 (ii)	Nomination and Remuneration Committee.			N/A
<b>5</b>	<b>Audit Committee:</b>			
<b>5 (1)</b>	<b>Responsibility to the Board of Directors:</b>			
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.	✓		--
<b>5 (2)</b>	<b>Constitution of the Audit Committee</b>			
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;	✓		--



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			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.	✓		--
<b>5 (3)</b>	<b>Chairman of the Audit Committee</b>			
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		--
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		--
5 (3) (c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	✓		--
<b>5 (4)</b>	<b>Meeting of the Audit Committee</b>			
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;	✓		--
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.	✓		--
<b>5 (5)</b>	<b>Role of Audit Committee</b>			
	<b>The audit committee shall: -</b>			
5 (5) (a)	Oversee the financial reporting process;	✓		--
5 (5) (b)	monitor choice of accounting policies and principles;	✓		--
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		--
5 (5) (d)	oversee hiring and performance of external auditors;	✓		--
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		--
5 (5) (f)	review along with the management, the annual financial statements before submission to the board for approval;	✓		--
5 (5) (g)	review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval;	✓		--
5 (5) (h)	review the adequacy of internal audit function;	✓		--
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		--
5 (5) (j)	review statement of significant related party transactions submitted by the management.	✓		--
5 (5) (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	✓		--
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		--
5 (5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.			N/A



Condition No.	Title	Compliance Status (Put $\checkmark$ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>5 (6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5 (6) (a)</b>	<b>Reporting to the Board of Directors</b>			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	$\checkmark$		--
<b>5 (6) (a) (ii)</b>	<b>The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:</b>			
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 immediately;			N/A
<b>5(6) (b)</b>	<b>Reporting to the Authorities</b>			
	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
<b>5 (7)</b>	<b>Reporting to the Shareholders and General Investors.</b>			
	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
<b>6</b>	<b>Nomination and Remuneration Committee (NRC).</b>			
<b>6 (1)</b>	<b>Responsibility to the Board of Directors</b>			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			N/A  As per Bangladesh Bank DFIM Circular Letter No. 07 Dt: 25.09.2007 FI's are allowed to form only Audit Committee & Executive Committee as the sub-Committee of the Board
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and 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



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>6 (2)</b>	<b>Constitution of the NRC</b>			
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
<b>6 (3)</b>	<b>Chairperson of the NRC</b>			
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
<b>6 (4)</b>	<b>Meeting of the NRC</b>			
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
<b>6 (5) (b)</b>	<b>NRC shall oversee, the following matters and make report with recommendation to the Board:</b>			
<b>6 (5) (b) (i)</b>	<b>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:</b>			
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



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



**Report to the Shareholders of Bay Leasing & Investment Limited  
on compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by Bay Leasing & Investment Limited for the year ended on 31 December 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by 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.
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.

**Dated, Dhaka:  
29 May 2019**

**For Syful Shamsul Alam & Co.  
Chartered Accountants**



**Md. Syful Islam FCA, FCMA  
Managing Partner**

# 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	<b>A. Work Planning and Strategic Management</b>			
	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>B. Formation of sub-committee</b>			
	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.	√		
	<b>C. Financial Management</b>			
	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	<b>A. Management of loan/lease/investments</b>			
	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>B. Risk Management</b>			
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	√		
	<b>C. Internal Control and Compliance</b>			
	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.	√		
	<b>D. Human Resources Management</b>			
	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.	√		
	<b>E. Appointment of the Managing Director and Increase of Salaries &amp; Allowances</b>			
	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.	√		
<b>F. Benefit to the Chairman</b>				
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.	√			
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;	√		



Condition No.	Particulars	Compliance Status		Remarks
		Complied	Not Complied	
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 Directors

SL No	Name of Sponsor Directors	Status	No.of shares	% of total No. of Paid-up Shares
1	Dr. Maswooda Ghani	Chairman	8,625,015	6.27%
2	Prof.Suraiya Begum	Director	2,949,135	2.15%
3	Mr. Tarik Sujat	Director	2,868,106	2.09%
4	Mr. Zubayer Kabir	Director	2,749,477	2.00%
5	Mrs. Fatema Zahir Majumder	Director	2,750,391	2.00%
6	Mr. Sheikh Abdul Hafiz	Independent Director	-	0.00%
7	Mr.Zakir Ahmed khan	Independent Director	-	0.00%
8	Prof.Shahid Uddin Ahmed	Independent Director	-	0.00%
9	Dr. Zaidi Sattar	Independent Director	-	0.00%
	<b>Total</b>		<b>19,942,124</b>	<b>14.51%</b>



## 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. M. Maniruz Zaman Khan	Executive Vice President	-	-
4.	Mr. Mohammad Rashedul Islam	Vice President	-	-
5.	Mr. Rashed Al Islam	Vice President	-	-
6.	Mr. Shabbir Minhaz Chowdhury	Senior Assistant Vice President	-	-
7.	Ms. Sharmin Akhter	Senior Assistant Vice President	-	-





## Attendance in the Board of Directors meeting during the year 2018



SL No	Name of Sponsor Directors/ Shareholders	Status	Total Meeting	Attended	Attended Fee (Tk)	Remarks
1	Dr. Maswooda Ghani	Chairman	11	11	88,000	The Directors who could not attend any meeting were granted leave of absence
2	Prof. Suraiya Begum	Director	11	9	72,000	
3	Mr. Tarik Sujat	Director	11	8	64,000	
4	Mr. Zubayer Kabir	Director	11	8	64,000	
5	Mrs. Fatema Zahir Majumder	Director	11	3	24,000	
6	Mr.Zakir Ahmed khan	Independent Director	11	10	80,000	
7	Mr. Sheikh Abdul Hafiz	Independent Director	11	11	88,000	
8	Dr. Zaidi Sattar	Independent Director	11	8	64,000	
9	Prof Shahid Hossain	Independent Director	11	3	24,000	

### Audit Committee Meeting and Attendance of Directors during the year 2018

SL No	Name of Sponsor Directors/ Shareholders	Status	Total Meeting	Attended	Attended Fee (Tk)	Remarks
1	Mr. Sheikh Abdul Hafiz	Chairman	4	4	32,000	The Director who could not attend the meeting were granted leave of absence
2	Prof. Suraiya Begum	Director	4	3	24,000	
3	Mr. Tarik Sujat	Director	4	4	32,000	
4	Mr. Zubayer Kabir	Director	4	2	16,000	
5	Mr.Zakir Ahmed khan	Independent Director	4	3	24,000	





## Green Finance Initiatives

While economic growth is regarded as a prerequisite for poverty reduction, traditional economic development processes are exerting significant pressure on the environment, thus undermining the natural basis for future development. Climate change and environmental degradation constitute two of the biggest challenges of our time. In order to meet these challenges, new ecologically sustainable development strategies, that lead to economic growth and increased social equity while preserving the environment and responding to the rapidly increasing problems related to climate change, must be pursued. The financial sector with its various actors plays a key role in supporting such Green Growth strategies that induce the required transformation process towards low-carbon and resource-efficient economies



and that can tap substantial progression potential in developing and newly industrialized countries. Empirical evidence shows that especially in developing and emerging economies ecologically sustainable and resource-efficient investments are often constrained by a lack of available funds which results in the financing of ecologically problematic projects and leads to an underestimation of environment-associated credit risks. Furthermore, the provision of appropriate financial instruments for the mitigation of climate risks is insufficient in many countries at present. Pursuing Green Finance as a strategic



approach to overcome existing shortcomings in relation to financing and risk mitigation allows the financial sector to make a major contribution in the transformation process towards Green Economies, and in the context of adaptation to climate change.

Green is becoming a symbol of Eco consciousness in the world. In response to increasing awareness over the climate change, environmental degradation, urgent measures for sustainable development and as per instruction of Bangladesh Bank Bay Leasing & Investment Ltd. has already established its “Green Banking Policy” and “Green Banking Unit” with the responsibility of developing policies, planning and administering the green banking initiatives of the Bay Leasing & Investment Ltd.





# Declaration of the Managing Director and the Chief Financial Officer

Date: May 18, 2019

The Board of Director  
Bay Leasing & Investment Ltd.  
Eunoos Trade Centre (level -18)  
52-53 Dilkusha C/A,  
Dhaka – 1000

Subject : Declaration on financial statement for the year ended December 31, 2018

Dear Sir,

Pursuant to the condition NO. 1(5) (xxvi) imposed vide the commission notification no. BSeC/CMRRCD/52006-158-207/Admin/80 dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do declare that:

The financial statement of BLIL for the year ended December 31, 2018 have been prepared in compliance with international accounting standard (IAS) or international financial reporting standards (IFRS), as applicable in Bangladesh and any departure therefrom has been adequately disclosed.

The estimates and judgment 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.

The form and substance of transaction and the companies state of affairs have been reasonably and fairly presented in its financial statements

For ensuring the above the company has taken proper and adequate care in installing a system of internal control and maintenance of accounting record

Our Internal Auditors have conducted period audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed; and

The management's use of the going concern basis of accounting in preparing the financial statement is appropriate and there exists no material uncertainty related to event or conditions that may cast significant doubt on the company to continue as a going concern.

In this regard, we also certify that:

We have reviewed the financial statements for the year ended on December 31, 2018 and to the best of our knowledge belief that:

These statement do not contain any materially untrue statement or any material fact omitted or statements that might be misleading.

These statements collectively present true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws

There are, to the best of knowledge and belief, no transaction entered into the company during the year which are fraudulent illegal or in violation of the code of conduct relating to the company's Board of Directors or its members.

Sincerely yours,

Sd/-

Managing Director

Sd/-

Chief Financial Officer (CFO)



# 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 (the “Company”) 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 2018 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 Balance sheet of the Group and the separate Balance sheet of the Company as at 31 December 2018, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We remained 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 was tailored to address these specific areas.

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

### Key audit matters

(i) Provision for loans and advances:

As of the reporting date, the Group reports loans & advances/investments BDT 1292.27 crore represents 70.13 % of total assets and provisions regarding loan & advances of BDT 5.63 crore representing 13 % of total Operating income.

→ Refer to note no 7.00,33.00 & 33.00a to the financial statements.

### Risks

The financial statement risk arises particularly from estimation uncertainties in the calculation of individually assessed provision on loan which are based on assumptions and scenarios i.e. probability of default, ability to repossess collateral and recovery etc. As part of our risk assessment, we identified the following significant judgments and estimates which could give rise to material misstatement or management bias:

- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows
- Completeness and timing of recognition of provision of loans in accordance with criteria set out in FID circular no. 08.

### Our responses

We established our audit approach over the individual provision including control and substantive testing:

- the accuracy of data input into the system used for credit grading and the approval of credit facilities
- the ongoing monitoring and identification of loans displaying indicators of provision and whether they are migrating, on a timely basis including generation of days past due reports.

We tested the design and operating effectiveness of key controls focusing on the following:

- Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;
- Identification of loss events, including early warning and default warning indicators;

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- Reviewed the adequacy of the company's 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;

**Our Results:** Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.



### Key Audit Matters:

(ii) Measurement of deferred tax assets/liabilities:

The deferred tax liabilities amounting to BDT 77.36 Lac was shown in the financial statements as at 31 December 2018.

For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax liabilities.

We refer to note number 2.26 and 12.05 of the consolidated financial statements.

### Risks:

Recognition and measurement of deferred tax assets contain judgment and objective estimates regarding future taxable profit and the usability of unused tax losses and tax credits.

The significant risk arises from estimation of future usability of the benefits. Such estimation required in relation to deferred tax assets as their recoverability is dependent on forecasts of profitability available in near future.

### Our Responses:

We conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:

- evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with IAS 12.
- test of design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax assets.
- the computation of deferred tax liabilities/assets by applying appropriate provisions of tax law to scheduled reversals particularly the potential tax rates applicable at the time of expected reversals.
- the strategy's compliance with the tax laws.

**Our Result:** Based on the results of our key controls testing and substantive audit procedures we consider recognition and measurement of deferred tax liabilities in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.

### Key Audit Matters:

(iii) ) Carrying value of investments in subsidiary by the Company:

The Company has invested in equity shares of its subsidiary BLI Capital Limited (in Bangladesh) is BDT 174.99 crore which represents 9.50% of the Company's total assets.

→ Refer to note no 9.01 to the consolidated financial statements.

### Risks:

Recoverability of the investment is not considered a high risk of significant misstatement or subject to significant judgment. However, due to the materiality of the investment in the context of the parent company financial statements, this is considered to be the area that had the greatest focus of our overall parent company audit.

### Our responses:

We focused on the appropriateness of the application of value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.

We compared the carrying amount of the total investment balance with the relevant subsidiary's balance sheet to identify whether their net assets were in excess of their carrying amount and assessed historical financial performance.

**Our results:** We considered the company's assessment of the recoverability of the investment in subsidiaries to be acceptable.



## **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 Bank in accordance with IFRSs as explained in note 2.34 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, Companies Act, 1994, the Securities and Exchange Rules 1987 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank'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 Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

### **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 Bank'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 Bank 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 1987, 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) 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;
- (x) 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;
- (xi) 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;
- (xii) 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;
- (xiii) The Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xiv) We have reviewed over 80% of the risk weighted assets of the Company and we have spent around 915 person hours for the audit of the books and accounts of the Company;
- (xv) The Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvi) The Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- (xvii) All other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

*Pinaki Das*

Pinaki Das, FCA  
Pinaki & Company  
Chartered Accountants  
Dhaka.



**Bay Leasing & Investment Limited**  
**Consolidated Balance Sheet**  
as at December 31, 2018

Particulars	Notes	(Amount in Taka)	
		31-12-2018	31-12-2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>84,001,860</b>	<b>72,301,873</b>
In hand (including foreign currencies)	3 a	468,398	1,491,951
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.02	83,533,462	70,809,922
<b>Balance with banks and other financial institutions</b>	4 a	<b>1,608,858,969</b>	<b>866,154,978</b>
In Bangladesh		1,608,858,969	866,154,978
Outside Bangladesh		-	-
<b>Money at call and short notice</b>	5.00	-	-
<b>Investments</b>	6 a	<b>1,961,694,855</b>	<b>1,681,846,423</b>
Government		-	-
Others		1,961,694,855	1,681,846,423
<b>Lease, loans and advances</b>	7 a	<b>12,922,742,624</b>	<b>11,955,528,509</b>
Lease, loans and advances		12,922,742,624	11,955,528,509
Bills purchased and discounted		-	-
<b>Fixed assets including premises, furniture and fixtures</b>	8 a	<b>1,213,643,075</b>	<b>1,261,379,270</b>
<b>Other assets</b>	9 a	<b>635,545,720</b>	<b>487,891,041</b>
<b>Non - financial institutional assets</b>		-	-
<b>Total Assets</b>		<b><u>18,426,487,104</u></b>	<b><u>16,325,102,094</u></b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from banks, other financial institutions and agents</b>	10.01 a	<b>6,741,176,887</b>	<b>6,352,355,663</b>
<b>Deposits and other accounts</b>	11 a	<b>8,003,558,148</b>	<b>6,424,722,858</b>
Current Accounts & Other Accounts etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		7,741,773,638	6,140,705,448
Bearer Certificates of Deposits		-	-
Other Deposits		261,784,510	284,017,410
<b>Other liabilities</b>	12 a	<b>1,011,738,242</b>	<b>937,110,789</b>
<b>Total Liabilities</b>		<b><u>15,756,473,277</u></b>	<b><u>13,714,189,310</u></b>
<b>Capital / Shareholders' equity</b>			
Paid- up capital	13.02	1,374,521,400	1,309,068,000
Statutory Reserve	14.00	562,401,000	518,843,000
Share premium	15.00	155,478,600	220,932,000
General reserve		60,449,854	60,449,854
Assets Revaluation reserve	16.00	338,089,740	362,302,776
Retained surplus	17 a)	179,063,220	139,307,149
<b>Total equity attributable to the equity holders of the company</b>		<b><u>2,670,003,814</u></b>	<b><u>2,610,902,779</u></b>
Non-Controlling Interest	18.00	10,013	10,004
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>18,426,487,104</u></b>	<b><u>16,325,102,094</u></b>



**Bay Leasing & Investment Limited**  
**Off-Balance Sheet Items**  
**as at December 31, 2018**

	Notes	(Amount in Taka)	
		31-12 -2018	31-12-2017
<b>Contingent liabilities</b>	37.01	<b>300,000,000</b>	<b>300,000,000</b>
Acceptances and endorsements		-	-
Corporate guarantee		300,000,000	300,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>		-	-
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		-	-
<b>Total Off-Balance Sheet items including Contingent Liabilities</b>		<b>300,000,000</b>	<b>300,000,000</b>

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

  
**Chairman**

  
**Director**

  
**Managing Director**

  
**Company Secretary**

*As per our report of same date.*

Place: Dhaka  
Dated: May 22, 2019

  
**Pinaki & Company**  
Chartered Accountants



**Bay Leasing & Investment Limited**  
**Consolidated Profit & Loss Accounts**  
**For the year ended December 31, 2018**

	Notes	(Amount in Taka)	
		31-12-2018	31-12-2017
Interest Income	20 a)	1,338,201,964	1,123,043,151
Interest paid on Deposit, Borrowing etc.	21 a)	(1,288,516,256)	(963,863,482)
<b>Net Interest Income</b>		<b>49,685,708</b>	<b>159,179,669</b>
Investment Income	22 a)	53,686,035	179,884,841
Commission, Exchange and Brokerage Income	23 a)	23,621,687	36,457,853
Other Operating Income	24 a)	318,351,048	22,605,921
<b>Total Operating Income</b>		<b>445,344,478</b>	<b>398,128,284</b>
Salary and allowances	25.00	69,138,367	60,792,186
Rent, taxes, insurance, electricity, etc	26 a)	9,811,207	7,654,302
Legal expenses		403,147	894,100
Postage, stamp, telecommunication, etc	27 a)	1,421,942	3,616,318
Stationery, Printing, advertisement, etc.	28 a)	3,271,917	2,691,934
Managing Director's salary and benefits		6,355,437	6,682,848
Director's fees	29.00	800,400	818,800
Auditor's fees	30.00	299,000	281,750
Charges on Loan Losses		-	-
Depreciation and repairs of assets	31 a)	30,795,304	27,512,797
Other expenses	32 a)	14,132,650	13,131,532
<b>Total operating expenses</b>		<b>136,429,371</b>	<b>124,076,567</b>
<b>Profit before provision</b>		<b>308,915,107</b>	<b>274,051,717</b>
Provision against lease, loans, advances	33 a)	56,380,338	20,558,662
Provision against diminution in value of Investment	34 a)	(35,891,822)	35,891,822
Other Provision		-	-
<b>Total Provision</b>		<b>20,488,516</b>	<b>56,450,484</b>
<b>Total Profit before taxes</b>		<b>288,426,591</b>	<b>217,601,233</b>
<b>Provision For Tax</b>	35 a)	69,134,678	54,844,125
<b>Net Profit after taxation</b>		<b>219,291,913</b>	<b>162,757,108</b>
<b>Net profit after tax attributable to:</b>			
Equity holders of the Company		219,291,904	162,757,091
Non Controlling Interest		9	17
		<b>219,291,913</b>	<b>162,757,108</b>



**Bay Leasing & Investment Limited**  
**Consolidated Profit & Loss Accounts**  
**For the year ended December 31, 2018**

<b>Appropriations</b>	Note	31.12.18	31.12.17
Statutory reserve	14	43,558,000	42,579,000
General reserve		-	-
Non-Controlling Interest		9	17
		<b>43,558,009</b>	<b>42,579,017</b>
<b>Retained Surplus</b>		<b>175,733,904</b>	<b>120,178,091</b>
<b>Earning Per Share (EPS)</b>	36 a)	<b>1.60</b>	<b>1.18</b>


re-stated

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

  
**Chairman**

  
**Director**

  
**Managing Director**

  
**Company Secretary**

*As per our report of same date.*

Place: Dhaka  
Dated: May 22, 2019

  
**Pinaki & Company**  
Chartered Accountants



**Bay Leasing & Investment Limited**  
**Consolidated Cash Flow Statements**  
**For the year ended December 31, 2018**

	(Amount in Taka)	
	31-12-2018	31-12-2017
<b>A) Cash flows from operating activities</b>		
Interest receipts	1,361,932,737	847,044,762
Interest payments	(1,249,269,319)	(943,284,811)
Dividend receipts	23,206,784	95,216,732
Fees and commission receipts	23,621,687	36,457,853
Payments to employees	(75,493,804)	(67,475,034)
Payments to suppliers	(3,271,917)	(2,691,934)
Receipts from other operating activities	23,892,096	21,810,321
Payments for other operating activities	(61,524,940)	(54,812,776)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>43,093,324</b>	<b>(67,734,887)</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Other assets	(332,003,695)	(84,272,499)
Lease, loans and advances to customers	(560,572,150)	(1,561,670,208)
Margin Loan	(324,683,331)	(438,109,645)
Margin Deposit	(20,582,350)	118,541,457
Deposits from other banks / borrowings	999,267,542	1,230,857,206
Deposits from customers	601,800,648	137,014,487
Payment as Call Loan	(174,200,000,000)	(143,000,000,000)
Receipt as Call Loan	174,410,000,000	143,690,000,000
Other liabilities account of customers	(808,762)	2,501,706
	572,417,902	94,862,504
<b>Net cash from operating activities</b>	<b>615,511,226</b>	<b>27,127,617</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	33,863,233	1,077,882,732
Payments for purchases of securities	(283,232,414)	(1,029,062,337)
Proceeds from sale of Fixed Assets	337,502,900	-
Receive from BLI Capital against advance	31,980,000	29,520,000
Purchase of property, plant and equipment	(41,561,113)	(40,572,111)
<b>Net cash from investing activities</b>	<b>78,552,606</b>	<b>37,768,284</b>
<b>C) Cash flows from financing activities</b>		
Receipts of long term loan	729,183,411	2,723,198,904
Repayment of long term loan	(1,875,303,960)	(2,041,858,103)
Share Money Deposit	358	71,232
Net draw down/(payment) of short term loan	1,323,679,744	97,440,140
Dividend paid	(117,219,407)	(219,945,810)
<b>Net Cash from financing activities</b>	<b>60,340,146</b>	<b>558,906,363</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>754,403,978</b>	<b>623,802,264</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>938,456,851</b>	<b>314,654,587</b>
<b>G) Cash and cash equivalents at end of the year</b>	<b>1,692,860,829</b>	<b>938,456,851</b>
<b>Cash and cash equivalents at end of the year</b>		
Cash in hand (including foreign currencies)	468,398	1,491,951
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	83,533,462	70,809,922
Balance with banks and other financial institutions (notes 4 (b))	1,608,858,969	866,154,978
<b>Total</b>	<b>1,692,860,829</b>	<b>938,456,851</b>



## Bay Leasing & Investment Limited

### Consolidated Statement of Changes in Equity

For the year ended December 31, 2018

Particulars	Paid-up capital		Share premium		Statutory reserve		General reserve		Assets Revaluation Reserve		Retained earnings		Total		Non-Controlling Interest		Total	
	Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka	
Balance as at January 01, 2018 (Note-39)	1,309,068,000		220,932,000		518,843,000		60,449,854		362,302,776		139,307,149		2,610,902,779		10,004		2,610,912,783	
Prior period error adjustment	-		-		-		-		-		-		-		-		-	
Short provision of Tax	-		-		-		-		-		(10,640,614)		(10,640,614)		-		(10,640,614)	
<b>Restated balance as at January 01, 2018</b>	<b>1,309,068,000</b>		<b>220,932,000</b>		<b>518,843,000</b>		<b>60,449,854</b>		<b>362,302,776</b>		<b>128,666,535</b>		<b>2,600,262,165</b>		<b>10,004</b>		<b>2,600,272,169</b>	
Surplus / deficit on account of revaluation of properties	-		-		-		-		-		-		-		-		-	
Surplus / deficit on account of revaluation of investments	-		-		-		-		-		-		-		-		-	
Transferred during the year (Note-2.36)	-		-		-		-		(6,830,563)		6,830,563		-		-		-	
Net gains and losses not recognized in the income statement	-		-		-		-		-		-		-		-		-	
Net profit after taxation for the year	-		-		-		-		-		219,291,904		219,291,904		9		219,291,913	
Transfer ( Sale Of Assets)	-		-		-		-		(17,382,474)		-		(17,382,474)		-		(17,382,474)	
Dividends (Bonus shares)	65,453,400		(65,453,400)		-		-		-		-		-		-		-	
Cash Dividend	-		-		-		-		-		(132,167,782)		(132,167,782)		-		(132,167,782)	
Appropriation made during the year	-		-		43,558,000		-		-		(43,558,000)		-		-		-	
<b>Balance as at December 31, 2018</b>	<b>1,374,521,400</b>		<b>155,478,600</b>		<b>562,401,000</b>		<b>60,449,854</b>		<b>338,089,740</b>		<b>179,063,220</b>		<b>2,670,003,814</b>		<b>10,013</b>		<b>2,670,013,825</b>	
<b>Balance as at December 31, 2017</b>	<b>1,309,068,000</b>		<b>220,932,000</b>		<b>518,843,000</b>		<b>60,449,854</b>		<b>362,302,776</b>		<b>139,307,149</b>		<b>2,610,902,779</b>		<b>10,004</b>		<b>2,610,912,783</b>	



# Bay Leasing & Investment Limited

## Balance Sheet

as at December 31, 2018

Particulars	Notes	(Amount in Taka)	
		31-12-2018	31-12-2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3.00	<b>83,851,443</b>	<b>72,221,883</b>
In hand (including foreign currencies)		317,981	1,411,961
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		83,533,462	70,809,922
<b>Balance with banks and other financial institutions</b>	4.00	<b>1,606,764,543</b>	<b>865,230,000</b>
In Bangladesh		1,606,764,543	865,230,000
Outside Bangladesh		-	-
<b>Money at call and short notice</b>	5.00	-	-
<b>Investments</b>	6.00	<b>987,889,115</b>	<b>991,273,096</b>
Government		-	-
Others		987,889,115	991,273,096
<b>Lease, loans and advances</b>	7.00	<b>10,167,476,261</b>	<b>9,527,068,023</b>
Lease, loans and advances		10,167,476,261	9,527,068,023
Bills purchased and discounted		-	-
<b>Fixed assets including premises, furniture and fixtures</b>	8.00	<b>847,874,022</b>	<b>894,679,262</b>
<b>Other assets</b>	9.00	<b>2,436,128,737</b>	<b>2,439,766,940</b>
<b>Non - financial institutional assets</b>		-	-
<b>Total Assets</b>		<b>16,129,984,122</b>	<b>14,790,239,204</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from banks, other financial institutions and agents</b>	10.00	<b>4,740,219,077</b>	<b>5,152,410,007</b>
<b>Deposits and other accounts</b>	11.00	<b>7,767,831,442</b>	<b>6,168,413,802</b>
Current Accounts & Other Accounts etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		7,741,773,638	6,140,705,448
Bearer Certificates of Deposits		-	-
Other Deposits		26,057,804	27,708,354
<b>Other liabilities</b>	12.00	<b>954,130,807</b>	<b>859,211,455</b>
<b>Total Liabilities</b>		<b>13,462,181,326</b>	<b>12,180,035,264</b>
<b>Capital / Shareholders' equity</b>			
Paid- up capital	13.02	1,374,521,400	1,309,068,000
Statutory reserve	14.00	562,401,000	518,843,000
Share premium	15.00	155,478,600	220,932,000
General reserve		60,449,854	60,449,854
Assets Revaluation reserve	16.00	338,089,740	362,302,776
Retained surplus	17.00	176,862,202	138,608,309
<b>Total Liabilities and Shareholders' Equity</b>		<b>16,129,984,122</b>	<b>14,790,239,204</b>



# Bay Leasing & Investment Limited

## OFF-BALANCE SHEET ITEMS

as at December 31, 2018

	Notes	(Amount in Taka)	
		31-12-2018	31-12-2017
<b>Contingent liabilities</b>	37.00	<b>300,000,000</b>	<b>300,000,000</b>
Acceptances and endorsements		-	-
Letters of guarantee		300,000,000	300,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>		-	-
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		-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>300,000,000</b>	<b>300,000,000</b>
<b>Net asset value per share</b>		<b>19.41</b>	<b>18.99</b>

re-stated

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

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

As per our report of same date.

Place: Dhaka  
Dated: May 22, 2019

  
Pinaki & Company  
Chartered Accountants



# Bay Leasing & Investment Limited

## Profit & Loss Accounts

For the year ended December 31, 2018

	Notes	(Amount in Taka)	
		31-12-2018	31-12-2017
Interest Income	20	1,212,204,614	1,014,088,769
Interest paid on Deposit, Borrowing etc.	21	(1,121,342,068)	(832,653,212)
<b>Net Interest Income</b>		<b>90,862,546</b>	<b>181,435,557</b>
Investment Income	22	15,711,798	133,361,163
Commission, Exchange and Brokerage Income	23	1,000,000	768,285
Other Operating Income	24	312,611,727	15,489,623
<b>Total Operating Income</b>		<b>420,186,071</b>	<b>331,054,628</b>
Salary and allowances	25	51,739,980	47,645,859
Rent, taxes, insurance, electricity, etc	26	3,910,887	2,762,593
Legal & Professional fees		403,147	894,100
Postage, stamp, telecommunication, etc	27	354,559	688,380
Stationery, Printing, advertisement, etc.	28	2,539,359	2,527,862
Managing Director's salary and benefits		6,355,437	6,682,848
Director's fees	29	800,400	818,800
Auditor's fees	30	235,750	224,250
Charges on Loan Losses		-	-
Depreciation and repairs of assets	31	17,364,313	15,505,681
Other expenses	32	10,988,456	8,113,340
<b>Total operating expenses</b>		<b>94,692,288</b>	<b>85,863,713</b>
<b>Profit before provision</b>		<b>325,493,783</b>	<b>245,190,915</b>
Provision against lease, loans, advances	33	56,380,338	20,558,662
Provision against diminution in value of Investment	34	(11,741,338)	11,741,338
Other Provision		-	-
<b>Total Provision</b>		<b>44,639,000</b>	<b>32,300,000</b>
<b>Total Profit before taxes</b>		<b>280,854,783</b>	<b>212,890,915</b>
Provision For Tax	35	63,065,057	53,077,756
<b>Net Profit after taxation</b>		<b>217,789,726</b>	<b>159,813,159</b>



# Bay Leasing & Investment Limited

## Profit & Loss Accounts

For the year ended December 31, 2018

	Note	31.12.18	31.12.17
<b>Appropriations</b>			
Statutory reserve	14	43,558,000	42,579,000
General reserve		-	-
Dividends		-	-
		<b>43,558,000</b>	<b>42,579,000</b>
<b>Retained Surplus</b>		<b>174,231,726</b>	<b>117,234,159</b>
<b>Earning Per Share (EPS)</b>	36	<b>1.58</b>	<b>1.16</b>

re-stated

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

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

As per our report of same date.

Place: Dhaka

Dated: May 22, 2019

  
Pinaki & Company  
Chartered Accountants



# Bay Leasing & Investment Limited

## Cash Flow Statements

For the year ended December 31, 2018

	(Amount in Taka)	
	31-12-2018	31-12-2017
<b>A) Cash flows from operating activities</b>		
Interest receipts	1,107,431,411	800,656,294
Interest payments	(1,055,084,581)	(795,863,763)
Dividend receipts	15,580,653	87,084,227
Fees and commission receipts	1,000,000	768,285
Payments to employees	(58,095,417)	(54,328,707)
Payments to suppliers	(2,539,359)	(2,527,862)
Receipts from other operating activities	18,152,775	14,694,023
Payments for other operating activities	(14,732,035)	(9,525,550)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>11,713,447</b>	<b>40,956,947</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Other assets	(111,197,387)	(481,964,075)
Lease, loans and advances to customers	(560,572,150)	(1,561,670,208)
Deposits from other banks / borrowings	999,267,542	1,230,857,206
Deposits from customers	601,800,648	137,014,487
Payment as Call Loan	(174,200,000,000)	(143,000,000,000)
Receipt as Call Loan	174,410,000,000	143,690,000,000
Other liabilities account of customers	(808,762)	2,501,706
	1,138,489,891	16,739,116
<b>Net cash flows from operating activities</b>	<b>1,150,203,338</b>	<b>57,696,063</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	3,515,127	191,850,602
Payments for purchases of securities	-	(112,110,083)
Proceeds from sale of Fixed Assets	337,502,900	-
Purchase of property, plant and equipment	(30,627,283)	(35,438,411)
Receive from BLI Capital against advance	31,980,000	29,520,000
<b>Net cash from investing activities</b>	<b>342,370,744</b>	<b>73,822,108</b>
<b>C) Cash flows from financing activities</b>		
Receipts of long term loan	729,183,411	2,723,198,904
Repayment of long term loan	(1,875,303,960)	(2,041,858,103)
Share Money Deposit	358	71,232
Net draw down/(payment) of short term loan	523,929,619	68,002,206
Dividend paid	(117,219,407)	(184,945,810)
<b>Net Cash from financing activities</b>	<b>(739,409,979)</b>	<b>564,468,429</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>753,164,103</b>	<b>695,986,600</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>937,451,883</b>	<b>241,465,283</b>
<b>G) Cash and cash equivalents at end of the year</b>	<b>1,690,615,986</b>	<b>937,451,883</b>
<b>Cash and cash equivalents at end of the year</b>		
Cash in hand (including foreign currencies)	317,981	1,411,961
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	83,533,462	70,809,922
Balance with banks and other financial institutions (notes 4 (b))	1,606,764,543	865,230,000
<b>Total</b>	<b>1,690,615,986</b>	<b>937,451,883</b>



# Bay Leasing & Investment Limited

## Statement of Changes in Equity

For the year ended December 31, 2018

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, 2018	1,309,068,000		220,932,000		518,843,000		60,449,854		362,302,776		138,608,309		2,610,203,939	
Prior period error adjustment (Note- 2.36)	-		-		-		-		-		-		-	
Short provision of Tax	-		-		-		-		-		(10,640,614)		(10,640,614)	
<b>Restated balance at January 01, 2018</b>	<b>1,309,068,000</b>		<b>220,932,000</b>		<b>518,843,000</b>		<b>60,449,854</b>		<b>362,302,776</b>		<b>127,967,695</b>		<b>2,599,563,325</b>	
Surplus / deficit on account of revaluation of properties	-		-		-		-		-		-		-	
Surplus / deficit on account of revaluation of investments	-		-		-		-		-		-		-	
Prior period error adjustment (Note- 2.36)	-		-		-		-		(6,830,563)		6,830,563		-	
Net gains and losses not recognized in the income statement	-		-		-		-		-		-		-	
Net profit after taxation for the year	-		-		-		-		-		217,789,726		217,789,726	
Transfer ( Sale Of Assets)	-		-		-		-		(17,382,474)		-		(17,382,474)	
Bonus Share	65,453,400		(65,453,400)		-		-		-		-		-	
Cash Dividend	-		-		-		-		-		(132,167,782)		(132,167,782)	
Appropriation made during the year	-		-		43,558,000		-		-		(43,558,000)		-	
<b>Balance as at December 31, 2018</b>	<b>1,374,521,400</b>		<b>155,478,600</b>		<b>562,401,000</b>		<b>60,449,854</b>		<b>338,089,740</b>		<b>176,862,202</b>		<b>2,667,802,795</b>	
<b>Balance as at December 31, 2017</b>	<b>1,309,068,000</b>		<b>220,932,000</b>		<b>518,843,000</b>		<b>60,449,854</b>		<b>362,302,776</b>		<b>138,608,308</b>		<b>2,610,203,938</b>	



# Bay Leasing & Investment Limited

## Liquidity Statement

### (Analysis of Maturity of Assets & Liabilities)

For the year ended December 31, 2018

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	317,981	-	-	-	-	317,981
Balance with Bangladesh Bank and its agent	83,533,462	-	-	-	-	83,533,462
Balance with banks and other financial institutions	60,315,254	157,792,463	1,388,656,826	-	-	1,606,764,543
Money at call and short notice	-	-	-	-	-	-
Investments	59,254,633	168,071,190	248,474,262	182,283,430	329,805,600	987,889,115
Leases, loans and advances	277,328,422	869,011,043	2,704,966,312	4,237,622,444	2,078,548,040	10,167,476,261
Fixed assets including premises, furniture and fixtures	-	-	-	-	847,874,022	847,874,022
Other assets	-	-	128,142,309	954,965,700	1,353,020,728	2,436,128,737
Non banking assets	-	-	-	-	-	-
<b>Total assets (A):</b>	<b>480,749,752</b>	<b>1,194,874,696</b>	<b>4,470,239,709</b>	<b>5,374,871,574</b>	<b>4,609,248,390</b>	<b>16,129,984,122</b>
<b>Liabilities:</b>						
Borrowings from banks, other financial institutions and agents	100,922,364	257,648,052	831,799,834	2,648,778,822	901,070,005	4,740,219,077
Deposits & Other Accounts	317,393,147	799,632,011	2,993,010,423	3,288,752,637	369,043,224	7,767,831,442
Provision and other liabilities	15,497,097	63,418,777	157,466,312	161,176,032	556,572,589	954,130,807
<b>Total liabilities (B):</b>	<b>433,812,608</b>	<b>1,120,698,840</b>	<b>3,982,276,569</b>	<b>6,098,707,491</b>	<b>1,826,685,818</b>	<b>13,462,181,326</b>
<b>Net liquidity gap (A - B):</b>	<b>46,937,144</b>	<b>74,175,856</b>	<b>487,963,140</b>	<b>(723,835,917)</b>	<b>2,782,562,572</b>	<b>2,667,802,796</b>



# Bay Leasing & Investment Limited

## Notes to the financial statements

as at and for the year ended December 31, 2018

### 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 13<sup>th</sup> day of March 2011 under the Companies Act 1994. Registered office of the company is situated at Rupayan Trade Center, 10<sup>th</sup> 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

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; and

Other applicable laws and regulations.

## 2.2 Basis of measurement

This financial statement have 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.

## 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 Directors' responsibility statement

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

## 2.5 Date of authorization

The Board of directors has authorized this financial statements on May 18, 2019 in the 167<sup>th</sup> 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 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018.

## 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 Equipments’’.

## 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:

	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 167<sup>th</sup> meeting, held on May 18, 2019 has recommended 10% cash dividend for the year 2018. The above is subject to approval of the shareholders in the 23<sup>rd</sup> Annual General Meeting, scheduled to be held on 30<sup>th</sup> June, 2019 at 11:00 a.m. at Institution of Diploma Engineers, Bangladesh (IDEB), IDEB Bhaban, 160/A Kakrail, Dhaka-1000.



## 2.34 Compliance of International Financial Reporting Standards (IFRS)

Sl #	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 Equipments	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

\*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 2018;
- b) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2018;
- c) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2018;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2018;
- e) Liquidity Statement for the year ended 31 December 2018 and
- f) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2018.

### 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 31-12-2018 except which are disclosed in note- 38 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 (57 nos.) engaged for the whole year or Part.



# Bay Leasing & Investment Limited

## Notes to the financial statements

as at and for the year ended December 31, 2018

### 3.00 Cash :

Particulars	31-12-2018	31-12-2017
Cash in hand	317,981	1,411,961
Balance with Bangladesh Bank and its agent bank(s)	83,533,462	70,809,922
<b>Total:</b>	<b>83,851,443</b>	<b>72,221,883</b>

### 3.01 Cash in hand:

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
In local currency	317,981	1,411,961
In foreign currency	-	-
<b>Total:</b>	<b>317,981</b>	<b>1,411,961</b>

### 3 a) Consolidated Cash in Hand

Bay Leasing & Investment Ltd.  
BLI Capital Ltd.

317,981	1,411,961
150,417	79,990
<b>468,398</b>	<b>1,491,951</b>

### 3.02 Balance with Bangladesh Bank and its agent bank(s):

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
In local currency with Bangladesh Bank	83,533,462	70,809,922
In foreign currency	-	-
<b>Total:</b>	<b>83,533,462</b>	<b>70,809,922</b>

### 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	71,820,965	65,365,533
Actual reserve maintained	83,533,462	70,809,922
Surplus/(deficit)	<b>11,712,497</b>	<b>5,444,389</b>

#### b) Statutory Liquidity Reserve:

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
Required reserve (including CRR)	155,141,674	137,968,073
Actual reserve maintained including CRR (note-3.04)	1,690,615,986	937,451,883
Surplus/(deficit)	<b>1,535,474,312</b>	<b>799,483,810</b>

### 3.04 Actual reserve maintained (including CRR):

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
Cash in hand	317,981	1,411,961
Balance with Bangladesh Bank and its agent bank(s)	83,533,462	70,809,922
Balance with Banks and other financial institutions (note-4)	1,606,764,543	865,230,000
<b>Total:</b>	<b>1,690,615,986</b>	<b>937,451,883</b>

### 4.00 Balance with banks and other financial institutions:

Particulars	31-12-2018	31-12-2017
In Bangladesh (4.01)	1,606,764,543	865,230,000
Outside Bangladesh	-	-
<b>Total:</b>	<b>1,606,764,543</b>	<b>865,230,000</b>

### 4.01 In Bangladesh:

#### Current Deposits:

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
Bank Alfalah Limited	269,326	270,626
BASIC Bank Limited	1	2,312
United Commercial Bank Ltd	17,291,092	-
Dutch Bangla Bank Ltd.	27,754	10,018,370
Midland Bank Ltd	-	596
EXIM Bank Limited	19,446	21,746
First Security Bank Ltd.	10,396	15,006
Janata Bank Ltd.	8,932	10,082
Modhomoti Bank Limited	943	2,102
NCC Bank Limited	666	2,323
Prime Bank Ltd	23,935	4,425
Southeast Bank Limited	39,504,961	5,537,751
Standard Bank Ltd	507,860	509,740
The City Bank Limited	28,606	29,296
Trust Bank Limited	6,830	7,980
Uttara Bank Limited	66	66
<b>Sub Total:</b>	<b>57,700,814</b>	<b>16,432,421</b>

#### Short-term deposits/SND:

In Local Currency:

Jamuna Bank Limited	30,530	33,532
Southeast Bank Limited	35,997,180	6,433,386
<b>Sub Total:</b>	<b>36,027,710</b>	<b>6,466,918</b>

In Foreign Currency:

Southeast Bank Limited	1,331,019	1,330,661
<b>Sub Total:</b>	<b>37,358,729</b>	<b>7,797,579</b>

Particulars	Amount	Exchange rate	Taka
Dollar	\$13,326.70	82.95	1,105,450
Euro	€ 1,432.90	93.68	134,240
Pound	£873.98	104.50	91,330
			<b>1,331,019</b>

#### Fixed deposits:

Dhaka Bank Ltd.	500,000,000	50,000,000
Mercantile Bank Ltd.	168,750,000	-
National Credit & Commerce Bank Ltd.	21,080,000	41,000,000
Jamuna Bank Limited	400,000,000	700,000,000
Southeast Bank Limited	268,750,000	-
Modhomoti Bank Limited	100,000,000	-
Midland Bank Ltd	53,125,000	50,000,000
<b>Sub Total:</b>	<b>1,511,705,000</b>	<b>841,000,000</b>
<b>Grand Total:</b>	<b>1,606,764,543</b>	<b>865,230,000</b>



**4 a) Consolidated Balance with banks and other financial institutions:**

Bay Leasing & Investment Ltd.	1,606,764,543	865,230,000
BLI Capital Ltd.	2,094,426	924,978
	<b>1,608,858,969</b>	<b>866,154,978</b>

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

Particulars	31-12-2018	31-12-2017
On demand	-	-
Up to 1 month	60,315,254	59,256,184
Over 1 month but not more than 3 months	157,792,463	117,014,230
Over 3 months but not more than 1 year	1,388,656,826	688,959,586
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
<b>Total:</b>	<b>1,606,764,543</b>	<b>865,230,000</b>

**5.00 Money at call and short notice:**

i) Investments are as follows:

	-	-
<b>Total:</b>	<b>-</b>	<b>-</b>

**6.00 Investments for BLIL:**

Particulars	31-12-2018	31-12-2017
<b>Government securities</b>	-	-
Treasury Bills	-	-
National Investment Bonds	-	-
Bangladesh Bank Bill	-	-
Govt. notes/bonds	-	-
Prize Bonds	-	-
Others	-	-
<b>Other investment</b>	<b>987,889,115</b>	<b>991,273,096</b>
Investment in non marketable ordinary shares (note-6.01)	1,569,450	1,569,450
Investment in Preference Shares	-	-
Investment in debenture and bond	-	-
Investment in marketable Securities (note-6.03)	986,319,665	989,703,646
<b>Total:</b>	<b>987,889,115</b>	<b>991,273,096</b>

**6.01 Investment in non marketable ordinary shares**

Particulars	31-12-2018	31-12-2017
Central Depository Bangladesh	1,569,450	1,569,450
<b>Total:</b>	<b>1,569,450</b>	<b>1,569,450</b>

## 6.02 Investment in marketable securities:

### Listed Securities

Name of the Company	Qty.	Cost Price	Market price per share on 31-12-2018	Market Price	Provision
Apolo Ispat Ltd	165,000	3,345,066	8.20	1,353,000	(1,992,066)
Asia Insurance Ltd	156,898	5,842,596	17.50	2,745,715	(3,096,881)
Exim Bank Ltd.	2,228,029	53,914,233	11.80	26,290,742	(27,623,491)
Beacon Pharma Ltd	100,000	2,484,900	16.20	1,620,000	(864,900)
BSRM Ltd	27,500	2,556,394	59.90	1,647,250	(909,144)
GPH Ispat Ltd	98,700	3,749,180	35.00	3,454,500	(294,680)
Unique Hotel & Resorts Ltd	24,288	1,460,671	52.80	1,282,406	(178,265)
National Life Insurance Co. Ltd.	4,010,559	303,355,298	216.20	867,082,856	563,727,558
Power Grid Ltd	63,250	5,797,598	48.00	3,036,000	(2,761,598)
Southeast Bank Ltd.	9,179,650	282,224,281	15.60	143,202,540	(139,021,741)
Summit Power	1,105,187	54,465,448	39.40	43,544,368	(10,921,080)
Titas Gas	525,000	53,789,915	36.40	19,110,000	(34,679,915)
Prime Bank Ltd	2,901,386	116,458,302	18.10	52,515,087	(63,943,215)
Pragati General Insurance	79,627	8,388,555	27.90	2,221,593	(6,166,962)
Pragati Life Insurance	62,294	14,586,250	114.70	7,145,122	(7,441,128)
United Air	935,396	19,743,664	2.90	2,712,648	(17,031,016)
Popular Life 1st Mutual Fund	339,116	2,344,340	4.20	1,424,287	(920,053)
Delta Life Insurance	171,550	34,471,898	109.80	18,836,190	(15,635,708)
Lafarge Surma	153,090	17,341,076	43.50	6,659,415	(10,681,661)
<b>Total</b>		<b>986,319,665</b>		<b>1,205,883,720</b>	<b>219,564,055</b>

### 6 a) Consolidated Investment:

Bay Leasing & Investment Ltd.  
BLI Capital Ltd.

	31-12-2018	31-12-2017
Bay Leasing & Investment Ltd.	987,889,115	991,273,096
BLI Capital Ltd.	973,805,740	690,573,327
<b>Total</b>	<b>1,961,694,855</b>	<b>1,681,846,423</b>

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	31-12-2018	31-12-2017
On demand	-	-
Up to 1 month	59,254,633	71,482,133
Over 1 month but not more than 3 months	168,071,190	172,218,496
Over 3 months but not more than 1 year	248,474,262	457,424,696
Over 1 year but not more than 5 years	182,283,430	-
Over 5 years	329,805,600	290,147,771
<b>Total</b>	<b>987,889,115</b>	<b>991,273,096</b>



## 7.00 Lease, loans and advances

Broad category-wise break up:

Particulars	31-12-2018	31-12-2017
<b>Inside Bangladesh</b>		
Lease Finance (note-7.01)	2,104,097,555	2,057,048,387
Term Finance (note-7.02)	6,109,072,339	5,574,229,317
Housing Finance ( note-7.03)	1,954,306,367	1,895,790,319
	<b>10,167,476,261</b>	<b>9,527,068,023</b>
<b>Outside Bangladesh</b>	-	-
<b>Total:</b>	<b>10,167,476,261</b>	<b>9,527,068,023</b>

## 7 a) Consolidated Lease, Loans & advances

Bay Leasing & Investment Ltd.	10,167,476,261	9,527,068,023
BLI Capital Ltd.	3,017,992,656	2,693,309,325
	13,185,468,917	12,220,377,348
Less: Inter company balance eliminated	262,726,293	264,848,839
<b>Total:</b>	<b>12,922,742,624</b>	<b>11,955,528,509</b>

## 7.01 Lease Finance:

Particulars	31-12-2018	31-12-2017
Balance Principal	1,790,616,126	1,767,523,892
Rental Receivable	313,481,429	289,524,495
<b>Total:</b>	<b>2,104,097,555</b>	<b>2,057,048,387</b>

Details are given below:

Particulars	31-12-2018	31-12-2017
Opening Balance	2,057,048,387	1,576,400,427
Add: Disbursement during the year	491,836,562	864,225,990
Add: Interest and other charges during the year	216,560,659	267,117,995
	<b>2,765,445,608</b>	<b>2,707,744,412</b>
Less: Write-off during the year	-	-
Realization during the year	(661,348,053)	(650,696,025)
<b>Total:</b>	<b>2,104,097,555</b>	<b>2,057,048,387</b>

### Movement of Balance Principal:

Particulars	31-12-2018	31-12-2017
Gross lease receivable	3,973,599,051	3,695,947,675
Less: Unearned finance income	2,182,982,925	1,928,423,783
<b>Balance Principal</b>	<b>1,790,616,126</b>	<b>1,767,523,892</b>

## 7.02 Term Finance:

Particulars	31-12-2018	31-12-2017
Principal Outstanding	5,782,125,591	5,275,795,746
Interest Receivable	326,946,748	298,433,571
<b>Total:</b>	<b>6,109,072,339</b>	<b>5,574,229,317</b>

Details are given below:

Movement of Outstanding Balance

Particulars	31-12-2018	31-12-2017
Opening Balance	5,574,229,317	4,846,413,165
Add: Disbursement during the year	1,458,558,713	2,186,241,160
Add: Interest and other charges during the year	686,521,663	516,407,876
	<b>7,719,309,693</b>	<b>7,549,062,201</b>
Less: Write-off during the year	-	-
Realization during the year	(1,610,237,354)	(1,974,832,884)
<b>Total:</b>	<b>6,109,072,339</b>	<b>5,574,229,317</b>

### 7.03 Housing Finance:

Particulars	31-12-2018	31-12-2017
Principal Outstanding	1,848,980,442	1,817,830,371
Interest Receivable	105,325,925	77,959,948
<b>Total:</b>	<b>1,954,306,367</b>	<b>1,895,790,319</b>
Movement of Outstanding Balance		
Particulars	31-12-2018	31-12-2017
<b>Balance at January 01</b>	1,895,790,319	1,345,072,929
Add: Disbursement during the year	248,617,047	799,705,076
Add: Interest and other charges during the year	194,976,323	194,976,323
	<b>2,339,383,689</b>	<b>2,339,754,328</b>
Realization during the year	(385,077,322)	(443,964,009)
<b>Balance at December 31</b>	<b>1,954,306,367</b>	<b>1,895,790,319</b>

### 7.04 Classification wise Lease, Loans & Advances

Particulars	31-12-2018	31-12-2017
Unclassified:		
<b>Standard</b>	<b>8,464,986,448</b>	<b>8,000,435,151</b>
SME	187,474,169	223,351,514
Other than SME	8,277,512,279	7,777,083,637
Special Mention Account (SMA)	740,526,691	726,717,394
	<b>9,205,513,139</b>	<b>8,727,152,545</b>
Classified:		
Sub-Standard	9,565,201	455,651,510
Doubtful	54,988,572	12,402,095
Bad/Loss	897,409,349	331,861,873
	<b>961,963,122</b>	<b>799,915,478</b>
<b>Total:</b>	<b>10,167,476,261</b>	<b>9,527,068,023</b>

### 7.05 Maturity grouping of lease, loans and advances:

Particulars	31-12-2018	31-12-2017
On demand	-	-
Up to 1 month	277,328,422	250,471,228
Over 1 month but not more than 3 months	869,011,043	825,461,330
Over 3 months but not more than 1 year	2,704,966,312	2,614,699,788
Over 1 year but not more than 5 years	4,237,622,444	3,841,929,330
Over 5 years	2,078,548,040	1,994,506,347
<b>Total:</b>	<b>10,167,476,261</b>	<b>9,527,068,023</b>

### 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	31,445,856	28,768,214
Customers groups	10,136,030,405	9,498,299,809
	<b>10,167,476,261</b>	<b>9,527,068,023</b>

### 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 2,667,80 million as at December 31, 2018 & Tk 2,610.20 million in 2017) of the Company is as follows:

Number of clients	5	5
Amount of outstanding advances	2,260,235,167	2,423,983,073
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 2018 BLIL has not disbursed large Lease, loans and advances;

Number of clients	-	-
Amount of outstanding advances	-	-
Amount of classified advances	-	-
Measures taken for recovery	Not applicable	Not applicable

### 7.09 Industry-wise distribution of lease, loans and advances

	31-12-2018	31-12-2017
1. Agricultural sector	278,145,055	254,219,718
2. Industrial sector:		
a) Textile	370,070,488	403,849,966
b) Garments	857,278,780	808,768,612
c) Jute and jute products	4,506,650	5,299,754
d) Food production/processing industry	547,563,802	465,766,652
e) Plastic industry	95,994,226	123,297,699
f) Leather & leather products	-	-
g) Ship manufacturing Industry	38,482,868	37,723,696
h) Chemical & Pharmaceutical	469,927,558	587,854,189
i) Cement/Concrete and allied industry	1,357,150,477	678,330,140
j) Service industry	-	-
k) Paper, Printing and packaging industry	328,607,226	346,489,939
l) Telecommunication/information Technology	-	-
m) Glass and ceramic industry	3,943,912	9,918,601
n) Electronics and electrical industry	13,778,952	26,164,332
3. Trade & Commerce	1,995,347,111	1,247,552,568
4. Power, Gas, Water and sanitary service	4,997,734	6,810,717
5. Transport & Communication	421,192,467	410,120,006
6. Real Estate & Housing	2,708,523,058	1,924,896,511
7. Merchant Banking	262,726,293	-
8. Others	409,239,604	2,190,004,923
<b>Total:</b>	<b>10,167,476,261</b>	<b>9,527,068,023</b>

### 7.10 Geographical location-wise lease, loans and advances:

Particulars	31-12-2018	31-12-2017
<b>Inside Bangladesh</b>		
Urban		
Dhaka Division	9,999,063,019	9,332,819,868
Chittagong Division	70,772,477	72,494,323
Khulna Division	-	-
Rajshahi Division	52,768,689	53,450,000
Rangpur Division	9,364,331	9,898,384
Barisal Division	-	-
Mymensingh Division	35,507,745	58,405,448
Sylhet Division	-	-
	<b>10,167,476,261</b>	<b>9,527,068,023</b>
<b>Outside Bangladesh</b>	-	-
<b>Total:</b>	<b>10,167,476,261</b>	<b>9,527,068,023</b>

## 7.11 Particulars of Lease, Loans and Advances

	31-12-2018	31-12-2017
i) Lease, loans and advances considered good in respect of the FI is fully secured	4,236,812,632	4,111,128,334
ii) Lease, loans and advances considered good in respect of the FI holds no security other than the debtors personal guarantee	1,547,740,551	1,291,187,512
iii) Lease, loans and advances considered good secured by the personal undertakings of one or more parties in addition to the debtors personal guarantee	4,382,923,078	4,124,752,177
	<b>10,167,476,261</b>	<b>9,527,068,023</b>
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	31,445,856	28,768,214
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	752,860	3,072,054
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	2,023,612	5,550,257
x) Classified loans, advances and leases		
a) Classified loans, advances and leases on which interest has not been charged	961,963,122	799,915,478
b) Provision on doubtful loans, advances and leases	3,228,499	59,335,053
Provision on bad loans, advances and leases	176,228,059	71,906,089
<b>Total provisions charged during the year</b>	<b>179,456,558</b>	<b>131,241,142</b>
c) Amount of written off loans, advances and leases	137,010,447	137,010,447
Total amount realized against loans and leases previously written off	8,795,000	2,945,000
d) Provision kept against loans and advances classified as bad debts	176,228,059	71,906,089
e) Interest credited to Interest Suspense Account	133,376,132	101,528,223
xi) Cumulative amount of written off loans, advances and leases		
Opening Balance	137,010,447	137,010,447
Amount written off the year	-	-
	<b>137,010,447</b>	<b>137,010,447</b>

## 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:

- (i) Loans /leases classified as Bad and Losses against which 100% provision has been made;
- (ii) Approval from the Board of Directors is required;



(iii) Best endeavors shall be made to recover the written-of loans/ leases and legal process should be initiated if not started before.

Opening Balance	137,010,447	137,010,447
Amount written off during the year	-	-
<b>The amount of written off loans, advances and leases</b>	<b>137,010,447</b>	<b>137,010,447</b>

### 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	Classification status	Provision (%)
Below 3 months	Standard (SME)	0.25
Below 3 months	Standard (other than SME)	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 (SME)	0.25
Below 6 months	Standard (other than SME)	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

Status	Base for Provision	Rate	Provision	
			31-12-2018	31-12-2017
<b>Unclassified- General Provision</b>				
<b>Standard</b>	<b>8,464,986,448</b>		<b>83,243,808</b>	<b>78,329,215</b>
SME	187,474,169	0.25%	468,685	558,379
Other than SME	8,277,512,279	1.00%	82,775,123	77,770,836
Special Mention Account (SMA)	697,957,050	5.00%	34,897,853	34,518,921
			<b>118,141,661</b>	<b>112,848,136</b>
<b>Classified- Specific provision</b>				
Sub-Standard	825,952	20.00%	165,190	58,552,863
Doubtful	6,126,617	50.00%	3,063,309	782,190
Bad/Loss	176,228,059	100.00%	176,228,059	71,906,089
			<b>179,456,558</b>	<b>131,241,142</b>
<b>Required provision for lease, loans &amp; advances</b>			<b>297,598,219</b>	<b>244,089,278</b>
<b>Total provision maintained for lease, loans &amp; advances</b>			<b>298,000,000</b>	<b>244,258,662</b>
<b>Excess provision for lease, loans &amp; advances</b>			<b>401,781</b>	<b>169,384</b>

### 8.00 Fixed assets including premises, furniture and fixtures:

Particulars	31-12-2018	31-12-2017
<b>Cost &amp; Revaluation</b>		
Furniture and fixtures	20,115,262	13,960,644
Office equipment	14,410,938	14,146,173
Office Decoration	24,724,726	22,201,192
Motor Vehicles	18,794,956	18,811,456
Electrical Goods	616,796	616,796
Building	461,107,440	461,107,440
Construction WIP	80,079,800	80,079,800
Land	342,881,930	382,768,112
	<b>962,731,848</b>	<b>993,691,613</b>
Less: Accumulated depreciation	114,857,826	99,012,351
<b>Net book value at the end of the year (Schedule-1)</b>	<b>847,874,022</b>	<b>894,679,262</b>

### 8 a) Consolidated Fixed Assets

Bay Leasing & Investment Ltd.	847,874,022	894,679,262
BLI Capital Ltd.	365,769,053	366,700,008
	<b>1,213,643,075</b>	<b>1,261,379,270</b>

### 9.00 Other Assets:

Particulars	Notes	31-12-2018	31-12-2017
<b>Income generating:</b>			
Investment in associate & Subsidiaries	9.01	1,787,115,000	1,787,115,000
Interest receivable		63,076,054	6,291,030
Receivable from BLI Capital Ltd		329,621,399	361,601,399
Other receivable		629,000	8,162,992
<b>Non-income generating:</b>			
Advance, deposit and Prepaid expenses		84,356,594	17,392,000
Advance corporate tax	9.02	171,243,738	259,128,992
Advance Office Rent		-	-
Stationery & Stamp in hand		52,692	45,777
Security Deposit		34,260	29,750
Advance against Decoration, Preliminary Exp, Development		-	-
Branch Adjustment		-	-
Suspense Account		-	-
		<b>2,436,128,737</b>	<b>2,439,766,940</b>
<b>Outside Bangladesh</b>		-	-
<b>Total:</b>		<b>2,436,128,737</b>	<b>2,439,766,940</b>

### 9 a) Consolidated Other Assets :

Particulars	31-12-2018	31-12-2017
Bay Leasing & Investment Limited	2,436,128,737	2,439,766,940
BLI Capital Limited	279,028,382	159,715,500
Adjustment for dealing with Subsidiary	(2,079,611,399)	(2,111,591,399)
<b>Total:</b>	<b>635,545,720</b>	<b>487,891,041</b>
	<b>1,787,115,000</b>	<b>1,787,115,000</b>

### 9.01 Investment in Associate / Subsidiaries:

The above balance is made up as follows:

Investment in Associate	31-12-2018	31-12-2017
BLI Securities Limited	10,125,000	10,125,000
Lucky Feed Limited	27,000,000	27,000,000
<b>Total:</b>	<b>37,125,000</b>	<b>37,125,000</b>
Investment in Subsidiaries:	31-12-2018	31-12-2017
BLI Capital Ltd	1,749,990,000	1,749,990,000
<b>Total:</b>	<b>1,749,990,000</b>	<b>1,749,990,000</b>

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:

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
Balance as on January 01	259,128,992	184,390,466
Addition during the year	51,755,360	74,738,526
Adjustment of previous years' tax liabilities	(139,640,614)	-
<b>Balance as on December 31</b>	<b>171,243,738</b>	<b>259,128,992</b>

**Consolidated Advance income tax**

Bay Leasing & Investment Ltd.	171,243,738	259,128,992
BLI Capital Ltd.	13,651,380	13,651,380
	<b>184,895,118</b>	<b>272,780,372</b>

**10.00 Borrowing from banks, other financial institutions and agents:**

Particulars	Note	31-12-2018	31-12-2017
In Bangladesh	10.01	4,740,219,077	5,152,410,007
Outside Bangladesh		-	-
<b>Total:</b>		<b>4,740,219,077</b>	<b>5,152,410,007</b>

**10.01 In Bangladesh:**

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
<b>Bank overdraft</b>		
National Credit & Commerce Bank Ltd.	19,044,862	35,479,049
Dhaka Bank Ltd.	-	55,728,136
Mercantile Bank Ltd.	154,393,397	-
Mutual Trust Bank Ltd.	162,091,449	204,743,363
Eastern Bank Ltd	21,122,946	20,803,689
United Commercial Bank Ltd	97,174,620	184,849,607
Midland Bank Ltd	90,874,612	89,488,965
Basic Bank Ltd	149,700,561	143,129,598
First Security Bank Ltd.	317,894,256	-
Woori Bank Ltd	164,333,386	-
Uttara Bank Limited	81,521,937	-
<b>Sub Total (a)</b>	<b>1,258,152,026</b>	<b>734,222,407</b>
<b>Short term loan/Call Money</b>		
Agrani Bank Ltd	70,000,000	-
Sonali Bank Ltd- Call Money	180,000,000	200,000,000
Southeast Bank Ltd- Call Money	410,000,000	340,000,000
South Bangla Agriculture & Commerce Bank Ltd- STL	40,000,000	-
Southeast Bank Ltd- STL	200,000,000	150,000,000
<b>Sub Total b)</b>	<b>900,000,000</b>	<b>690,000,000</b>
<b>Long term loan</b>		
Mutual Trust Bank Ltd	256,330,981	359,311,464
United Commercial Bank Ltd	142,900,601	67,174,380
Basic Bank Ltd	184,106,272	252,947,969
Dutch Bangla Bank Limited	148,244,357	317,411,442
Modhumoti Bank Limited	147,742,634	197,094,768
Midland Bank Ltd	206,223,828	490,112,986
Bank Asia Ltd	144,775,863	226,367,118
Jamuna Bank Ltd	139,987,459	183,541,371
Mercantile Bank Ltd	476,164,657	279,295,216
Pubali Bank Limited	117,381,554	194,219,910
Prime Bank Ltd	225,044,544	332,565,681
NCC Bank Ltd	110,731,144	183,256,663
Uttara Bank Limited	69,294,947	275,072,735
Shahjalal Islami Bank Ltd	137,868,036	238,047,435
Eastern Bank Ltd	43,089,381	100,648,385
<b>Sub Total (c)</b>	<b>2,549,886,258</b>	<b>3,697,067,523</b>
<b>Bangladesh Bank refinancing</b>		
Bangladesh Bank	32,180,793	31,120,077
<b>Sub Total d)</b>	<b>32,180,793</b>	<b>31,120,077</b>
<b>Total (a+b+c+d)</b>	<b>4,740,219,077</b>	<b>5,152,410,007</b>



**10.01 a Consolidated Borrowing from Banks & Other FI's**

Bay Leasing & Investment Ltd.	4,740,219,077	5,152,410,007
BLI Capital Ltd.	2,263,684,103	1,464,794,495
	7,003,903,180	6,617,204,502
Less: Inter company balance eliminated	262,726,293	264,848,839
<b>Total:</b>	<b>6,741,176,887</b>	<b>6,352,355,663</b>

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

<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Secured (assets pledged as security for liabilities)	173,438,259	91,207,185
Unsecured	4,566,780,818	5,061,202,822
<b>Total:</b>	<b>4,740,219,077</b>	<b>5,152,410,007</b>

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**

<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
On demand	-	-
Up to 1 month	100,922,364	116,973,122
Over 1 month but within 3 months	257,648,052	270,199,664
Over 3 months but within 1 year	831,799,834	869,121,008
Over 1 year but within 5 years	2,648,778,822	2,994,266,943
Over 5 years	901,070,005	901,849,270
<b>Total:</b>	<b>4,740,219,077</b>	<b>5,152,410,007</b>

**11.00 Deposits and other accounts:**

<b>Particulars</b>	<b>Notes</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Current Accounts & Other Accounts etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits	11.01	7,741,773,638	6,140,705,448
Bearer Certificates of Deposits		-	-
Other deposits	11.02	26,057,804	27,708,354
<b>Total:</b>		<b>7,767,831,442</b>	<b>6,168,413,802</b>

**11 a) Consolidated Deposits and other accounts:**

Bay Leasing & Investment Ltd.	7,767,831,442	6,168,413,802
BLI Capital Ltd.	235,726,706	256,309,056
<b>Total:</b>	<b>8,003,558,148</b>	<b>6,424,722,858</b>

**11.01 Term deposits:**

<b>Particulars</b>	<b>Notes</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Plain Term Deposits	11.1.2	7,697,030,638	6,076,055,819
Flexi Savings		414,000	545,500
Super DPS		28,024,000	19,960,000
Double Money Plan		16,305,000	44,144,129
<b>Total:</b>		<b>7,741,773,638</b>	<b>6,140,705,448</b>



**11.1.1** These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than six months for institutions and one year for individuals.

Deposits from banks and financial institutions	4,575,223,030	3,575,955,488
Deposits from other than banks and financial institutions	3,166,550,608	2,564,749,960
<b>Total:</b>	<b>7,741,773,638</b>	<b>6,140,705,448</b>

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

Particulars	31-12-2018	31-12-2017
Government	-	-
Banks and financial institutions	4,575,223,030	3,575,955,488
Other public	913,810,969	766,204,626
Private	2,207,996,639	1,733,895,705
<b>Total:</b>	<b>7,697,030,638</b>	<b>6,076,055,819</b>

**11.1.3 Maturity analysis of term deposits:**

Particulars	31-12-2018	31-12-2017
<b>a) Maturity analysis of deposits from Banks &amp; Financial Institutions</b>		
Payable on demand	-	-
Up to 1 month	204,512,000	190,200,000
Over 1 month but within 3 months	482,921,400	471,100,000
Over 3 months but within 1 year	1,837,671,600	1,703,235,488
Over 1 year but within 5 years	1,765,046,000	1,211,420,000
Over 5 years but within 10 years	285,072,030	-
Over 10 years	-	-
<b>Sub Total:</b>	<b>4,575,223,030</b>	<b>3,575,955,488</b>
<b>b) Maturity Analysis of Deposits from other than Banks and Financial Institutions</b>		
Payable on demand	-	-
Up to 1 month	96,840,132	92,328,499
Over 1 month but within 3 months	307,946,035	301,121,330
Over 3 months but within 1 year	1,141,520,302	1,091,312,170
Over 1 year but within 5 years	1,559,103,122	1,034,366,605
Over 5 years but within 10 years	61,141,017	45,621,356
Over 10 years	-	-
<b>Sub Total:</b>	<b>3,166,550,608</b>	<b>2,564,749,960</b>
<b>Grand Total:</b>	<b>7,741,773,638</b>	<b>6,140,705,448</b>

**11.02 Other deposits:**

Particulars	31-12-2018	31-12-2017
Security deposit	2,718,300	3,513,900
Sundry Deposit (11.2.1)	23,339,504	24,194,454
<b>Total:</b>	<b>26,057,804</b>	<b>27,708,354</b>

**11.2.1 Sundry Deposits:**

Particulars	31-12-2018	31-12-2017
Lease Advance	19,100,753	19,956,061
Share money deposit	4,238,751	4,238,393
<b>Total:</b>	<b>23,339,504</b>	<b>24,194,454</b>

## 12.00 Other liabilities:

Particulars	Notes	31-12-2018	31-12-2017
Interest suspense account	12.01	133,376,132	101,528,223
Accrued expenses and payables	12.02	279,211,144	209,792,133
Provision for lease, loans and advances	12.03	300,639,000	256,000,000
Provision for income tax	12.04	182,070,439	252,000,000
Deferred Tax Liability	12.05	7,736,112	3,741,494
Dividend payable		51,097,980	36,149,605
<b>Total:</b>		<b>954,130,807</b>	<b>859,211,455</b>

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.	954,130,807	859,211,455
BLI Capital Ltd.	57,607,435	77,899,334
<b>Total:</b>	<b>1,011,738,242</b>	<b>937,110,789</b>

## 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	31-12-2018	31-12-2017
Balance on January 01	101,528,223	114,001,616
Add: Amount trans. to “interest suspense” account during the year	31,847,909	-
Less: Amount recovered from “interest suspense” account during the year	-	(12,473,393)
Less: Amount written-off during the year	-	-
Balance as on December 31	<b>133,376,132</b>	<b>101,528,223</b>

## 12.02 Accrued expenses and payables:

Particulars	Notes	31-12-2018	31-12-2017
Liabilities For Financial expenses	12.02.1	250,082,454	183,824,967
Liabilities for accrued expenses	12.02.2	795,643	676,696
Liabilities for Provident Fund		-	-
Liabilities for Gratuity Fund		20,793,330	17,797,299
Others		7,539,717	7,493,171
Payable			
<b>Total:</b>		<b>279,211,144</b>	<b>209,792,133</b>

### 12.02.1 Liabilities For Financial expenses:

Particulars	31-12-2018	31-12-2017
Interest Payable on Term Deposits	235,875,052	159,496,668
Interest Payable on Other Deposit	14,207,402	24,328,299
<b>Total:</b>	<b>250,082,454</b>	<b>183,824,967</b>

### 12.02.2 Liabilities for accrued expenses:

Particulars	31-12-2018	31-12-2017
Audit Fee	201,250	201,250
Telephone bill	20,554	9,985
Utlity Bill	157,683	144,970
Office Maintenance	30,944	-
Credit Rating Fee	287,500	287,500
Salary	39,752	32,991
Office Rent	57,960	-
<b>Total:</b>	<b>795,643</b>	<b>676,696</b>

### 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 leases. Adequate provision has been kept as per BB circular to cover possible future losses.

Particulars	31-12-2018	31-12-2017
General provision on unclassified lease, loans and advances	118,543,442	113,017,520
Specific provision on classified lease, loans and advances	182,095,558	131,241,142
Provision against Investment in Shares	-	11,741,338
<b>Provision as on 31 December</b>	<b>300,639,000</b>	<b>256,000,000</b>
<b>Movement of General provision;</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Balance on January 01	113,017,520	103,202,244
Add: Provision made during the year	5,525,922	9,815,277
Less: Provision released during the year	-	-
<b>Provision as on 31 December</b>	<b>118,543,442</b>	<b>113,017,520</b>
<b>Movement of Specific provision ;</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Balance on January 01	131,241,142	120,497,756
Add: Provision made during the year	48,215,416	10,743,385
Add: Provision made on other assets	2,639,000	-
Less: Provision released during the year	-	-
<b>Provision as on 31 December</b>	<b>182,095,558</b>	<b>131,241,142</b>

### 12.04 Provision for Income Tax:

Particulars	31-12-2018	31-12-2017
Balance on January 01	252,000,000	197,000,000
Add: Provision made for the year 2017	-	55,000,000
Provision made for the year 2018	59,070,439	-
Short provision for the year 2015	6,433,261	-
Short provision for the year 2016	4,207,353	-
Less: Settlement of previous years' tax liabilities (f/y- 2015 & 2016)	(139,640,614)	-
	<b>182,070,439</b>	<b>252,000,000</b>

### 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	20,793,330	-	20,793,330
Fixed Assets	507,159,896	465,736,934	(41,422,962)
<b>Total</b>	<b>527,953,226</b>	<b>465,736,934</b>	<b>(20,629,632)</b>
Applicable Tax Rate			37.50%
Deferred Tax Asset as on December 31, 2018			(7,736,112)
Deferred Tax Asset as on December 31, 2017			(3,741,494)
<b>Deferred tax Expense for the year 2018</b>			<b>3,994,618</b>
<b>Total Liability against Deferred Tax</b>			<b>7,736,112</b>

	31-12-2018	31-12-2017
<b>13.00 Share Capital:</b>		
<b>13.01 Authorized capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
300,000,000 ordinary shares of Taka 10 each		
<b>13.02 Issued, subscribed and fully paid-up capital</b>		
137,452,140 ordinary shares of Taka 10 each	<b>1,374,521,400</b>	<b>1,309,068,000</b>

**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, 2018 was Taka 1,638,170,000 as against available Core Capital (Tier-I) of Taka 2,329,713,056 and Supplementary Capital (Tier-II) of Taka 287,588,312 making a Total Eligible Capital of Taka 2,617,301,368 thereby showing a Surplus capital/equity of Taka 979,131,368 at that date. Details are shown below:

**Core capital (Tier-I)**

Fully paid-up Capital	1,374,521,400	1,309,068,000
Statutory Reserve	562,401,000	518,843,000
Non-repayable Share premium account	155,478,600	220,932,000
General Reserve	60,449,854	60,449,854
Retained Earnings	176,862,202	138,608,309
	<b>2,329,713,056</b>	<b>2,247,901,163</b>

**Supplementary capital (Tier-II)**

General provision maintained against Unclassified loan	118,543,442	113,017,520
General provision on off-balance sheet items	-	-
General provision on off-shore Banking Units	-	-
Revaluation gain / loss on investments	-	-
Assets revaluation reserve	169,044,870	181,151,388
	<b>287,588,312</b>	<b>294,168,909</b>

**A. Eligible Capital:**

1. Tier-1 Capital	2,329,713,056	2,247,901,163
2. Tier-2 Capital	287,588,312	294,168,909

**3. Total eligible Capital (1+2)**

<b>3. Total eligible Capital (1+2)</b>	<b>2,617,301,368</b>	<b>2,542,070,071</b>
<b>B. Total Risk Weighted Assets (RWA)</b>	<b>16,381,700,000</b>	<b>14,378,600,000</b>
<b>C. Capital Adequacy Ratio</b>	<b>15.98%</b>	<b>17.68%</b>
<b>D. Core Capital to RWA (A1/B)*100</b>	<b>14.22%</b>	<b>15.63%</b>
<b>E. Supplementary Capital to RWA (A2/B)*100</b>	<b>1.76%</b>	<b>2.05%</b>
<b>F. Minimum Capital Requirement (MCR) 10% of RWA =Bx10%</b>	<b>1,638,170,000</b>	<b>1,437,860,000</b>

**G) Surplus (A-F)**

	<b>979,131,368</b>	<b>1,104,210,071</b>
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**13.04 Percentage of shareholding at the closing date:**

	No. of shares		Percentage	
	2018	2017	2018	2017
(i) Sponsors & Director				
Foreign	-	-	-	-
Domestic	38,846,842	47,456,515	28.26	36.25
	<b>38,846,842</b>	<b>47,456,515</b>	<b>28.26</b>	<b>36.25</b>
(ii) Corporate Bodies				
Foreign	291,103	277,269	0.21	0.21
Domestic	51,339,918	46,438,950	37.35	35.47
	<b>51,631,021</b>	<b>46,716,219</b>	<b>37.56</b>	<b>35.69</b>
(iii) General public				
Foreign	-	-	-	-
NRB	205,156	240,048	0.15	0.18
Domestic	46,769,121	36,494,018	34.03	27.88
	<b>46,974,277</b>	<b>36,734,066</b>	<b>34.18</b>	<b>28.06</b>
<b>Total:</b>	<b>137,452,140</b>	<b>130,906,800</b>	<b>100.00</b>	<b>100.00</b>



### 13.05 Shareholding range on the basis of shareholding as at December 31, 2018

No. of shares	Number of	Total number	Percentage of
	Shareholders	of shares	total holdings
Less than 5000	5760	8,580,777	6.24%
5,001 to 10,000	560	3,856,762	2.81%
10,001 to 20,000	331	4,376,857	3.18%
20,001 to 30,000	118	2,812,260	2.05%
30,001 to 40,000	51	1,740,656	1.27%
40,001 to 50,000	17	766,627	0.56%
50,001 to 100,000	55	3,672,030	2.67%
100,001 to 1,000,000	59	15,425,997	11.22%
1,000,001 to 10,000,000	24	96,220,174	70.00%
	<b>6,975</b>	<b>137,452,140</b>	<b>100.00%</b>

### 14.00 Statutory Reserve:

Particulars	31-12-2018	31-12-2017
Balance as at January 01	518,843,000	476,264,000
Addition during the year	43,558,000	42,579,000
<b>Balance as at December 31</b>	<b>562,401,000</b>	<b>518,843,000</b>

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. 43,558,000** 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	31-12-2018	31-12-2017
Balance as at January 01	220,932,000	220,932,000
Addition during the year	-	-
Less: Premium use against stock dividend	(65,453,400)	-
<b>Balance as at December 31</b>	<b>155,478,600</b>	<b>220,932,000</b>

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 which is adjusting against share premium.

### 16.00 Assets Revaluation Reserve:

Particulars	31-12-2018	31-12-2017
Balance as at January 01	362,302,776	369,308,482
Sale of Assets	(17,382,474)	-
Transferred to Retained Earnings (Note- 2.36)	(6,830,563)	(7,005,705)
<b>Balance as at December 31</b>	<b>338,089,740</b>	<b>362,302,776</b>

## 17.00 Adjusted Retained Earnings Balance

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
Balance as at January 01	138,608,309	110,611,142
Dividend for last year	(130,906,800)	(93,360,200)
Short provision of Tax	(10,640,614)	(2,882,498)
Previous year adjustment	(1,260,982)	-
Transfer from Revaluation reserve (Note- 2.36)	6,830,563	7,005,705
<b>Sub Total (a)</b>	<b>2,630,476</b>	<b>21,374,150</b>
Net profit after taxation for the year	217,789,726	159,813,159
Appropriation from current years profit:		
Transfer to statutory reserve	(43,558,000)	(42,579,000)
Transfer to General Reserve	-	-
<b>Sub Total (b)</b>	<b>174,231,726</b>	<b>117,234,159</b>
<b>Balance as at December 31</b>	<b>176,862,202</b>	<b>138,608,309</b>

## 17 a) Consolidated Retained Earnings

	31-12-2018	31-12-2017
Bay Leasing & Investment Ltd.	176,862,202	138,608,309
BLI Capital Ltd.	2,201,018	698,840
Last year adjustment Non-controlling interest	-	-
<b>Balance as at December 31</b>	<b>179,063,220</b>	<b>139,307,149</b>

## 18.00 Non-Controlling Interest

Persuant 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	31-12-2018	31-12-2017
Opening balance	10,004	10,243
Add: Previous year's adjustment	-	(56)
Restated opening balance	<b>10,004</b>	<b>10,187</b>
Less: Interim Dividend	-	(200)
Add: addition during the year	9	17
<b>Closing balance</b>	<b>10,013</b>	<b>10,004</b>
Share Capital	10,000	10,000
Retained Earnings	13	4
	<b>10,013</b>	<b>10,004</b>

## 19.00 Net asset value per share

Particulars	31-12-2018	31-12-2017
Total asset	16,129,984,122	14,790,239,204
Total liabilities	13,462,181,326	12,180,035,264
	2,667,802,796	2,610,203,939
Number of share outstanding	137,452,140	137,452,140
<b>Net asset value per share</b>	<b>19.41</b>	<b>18.99</b>

## 19 a) Consolidated Net asset value per share

Total asset	18,426,487,104	16,325,102,094
Total liabilities	15,756,473,277	13,714,189,310
	2,670,013,827	2,610,912,783
Number of share outstanding	137,452,140	137,452,140
<b>Consolidated Net asset value per share</b>	<b>19.43</b>	<b>19.00</b>
		re-stated

## 20.00 Interest Income:

Particulars	31-12-2018	31-12-2017
Interest from Lease	216,560,659	267,117,995
Interest from Term Finance	881,497,986	711,384,199
Interest on Fixed Deposits with Banks and Other FI's	84,940,709	30,608,352
Interest on balance with Banks	500,147	353,193
Interest on Overdue	28,705,113	4,625,030
<b>Total:</b>	<b>1,212,204,614</b>	<b>1,014,088,769</b>
<b>20 a) Consolidated Interest Income</b>		
Bay Leasing & Investment Ltd.	1,212,204,614	1,014,088,769
BLI Capital Ltd.	153,007,900	125,165,160
	<b>1,365,212,514</b>	<b>1,139,253,929</b>
Less: Inter company balance eliminated	27,010,550	16,210,778
<b>Total:</b>	<b>1,338,201,964</b>	<b>1,123,043,151</b>

## 21.00 Interest paid on Deposit, Borrowing etc.:

Particulars	31-12-2018	31-12-2017
Interest on Call Loan & STL	65,420,103	25,086,972
Interest on Over Draft	99,251,149	36,046,763
Interest on Term Deposits	612,109,901	408,631,030
Interest on Other Deposits	933,207	9,530,631
Interest on Term Loan	343,627,708	353,357,816
<b>Total:</b>	<b>1,121,342,068</b>	<b>832,653,212</b>
<b>21 a) Consolidated Interest paid on Deposit, Borrowing etc.</b>		
Bay Leasing & Investment Ltd.	1,121,342,068	832,653,212
BLI Capital Ltd.	194,184,738	147,421,048
	<b>1,315,526,806</b>	<b>980,074,260</b>
Less: Inter company balance eliminated	27,010,550	16,210,778
<b>Total:</b>	<b>1,288,516,256</b>	<b>963,863,482</b>

## 22.00 Investment Income:

Particulars	31-12-2018	31-12-2017
Dividend Income	15,580,653	87,084,227
Gain on Investment on Share	131,145	46,276,936
<b>Total:</b>	<b>15,711,798</b>	<b>133,361,163</b>
<b>22 a) Consolidated Investment Income</b>		
Bay Leasing & Investment Ltd.	15,711,798	133,361,163
BLI Capital Ltd.	37,974,237	46,523,678
<b>Total:</b>	<b>53,686,035</b>	<b>179,884,841</b>

## 23.00 Commission, Exchange and Brokerage Income:

Particulars	31-12-2018	31-12-2017
Income from Commission	1,000,000	768,285
<b>Total:</b>	<b>1,000,000</b>	<b>768,285</b>
<b>23 a) Consolidated Commission, Exchange and Brokerage Income:</b>		
Bay Leasing & Investment Ltd.	1,000,000	768,285
BLI Capital Ltd.	22,621,687	35,689,568
<b>Total:</b>	<b>23,621,687</b>	<b>36,457,853</b>

#### 24.00 Other Operating Income:

Particulars	31-12-2018	31-12-2017
Service Charge	3,579,816	5,143,669
Gain on sale of Fixed Assets	293,663,352	-
Early settlement charge	2,302,718	1,443,012
Documentation Fee	1,180,638	2,583,519
Rental Income	5,928,000	5,616,000
Recovery from Write Off	5,850,000	650,000
Miscellaneous Income	107,203	53,423
<b>Total:</b>	<b>312,611,727</b>	<b>15,489,623</b>

#### 24 a) Consolidated Other Operating Income

Bay Leasing & Investment Ltd.	312,611,727	15,489,623
BLI Capital Ltd.	5,739,321	7,116,298
<b>Total:</b>	<b>318,351,048</b>	<b>22,605,921</b>

#### 25.00 Consolidated Salary and allowances

Particulars	31-12-2018	31-12-2017
Bay Leasing & Investment Ltd.	51,739,980	47,645,859
BLI Capital Ltd.	17,398,387	13,146,327
<b>Total:</b>	<b>69,138,367</b>	<b>60,792,186</b>

#### Salaries and allowances

Salaries and allowances of Bay Leasing & Investment Limited include annual contribution of BDT 1,588,043/- to Provident Fund and BDT 2,996,031/- to Gratuity Fund. consolidated Salaries and allowances include annual contribution of BDT 2,200,597/- to Provident Fund and BDT 4,113,583/- 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	31-12-2018	31-12-2017
Office Rent	695,520	695,520
Rates & Taxes	428,355	-
Utility	2,686,335	1,946,738
Insurance Premium	100,677	120,335
<b>Total:</b>	<b>3,910,887</b>	<b>2,762,593</b>

#### 26 a) Consolidated Rent, Taxes, Insurance & Electricity

Bay Leasing & Investment Ltd.	3,910,887	2,762,593
BLI Capital Ltd.	5,900,320	4,891,709
<b>Total:</b>	<b>9,811,207</b>	<b>7,654,302</b>

#### 27.00 Postage, stamp, telecommunication, etc

Particulars	31-12-2018	31-12-2017
Postage & stamp	57,307	429,481
Telecommunication	297,252	258,899
<b>Total:</b>	<b>354,559</b>	<b>688,380</b>



<b>27 a) Consolidated Postage, stamp, telecommunication, etc</b>		
Bay Leasing & Investment Ltd.	354,559	688,380
BLI Capital Ltd.	1,067,383	2,927,938
<b>Total:</b>	<b>1,421,942</b>	<b>3,616,318</b>

<b>28.00 Stationery, Printing, advertisement, etc.</b>		
<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Stationery & Printing	982,331	1,429,404
Advertisement	1,557,028	1,098,458
<b>Total:</b>	<b>2,539,359</b>	<b>2,527,862</b>

<b>28 a) Consolidated Stationery, Printing, advertisement, etc.</b>		
Bay Leasing & Investment Ltd.	2,539,359	2,527,862
BLI Capital Ltd.	732,558	164,072
<b>Total:</b>	<b>3,271,917</b>	<b>2,691,934</b>

<b>29.00 Directors Fee:</b>		
<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Directors Fee	800,400	818,800
<b>Total:</b>	<b>800,400</b>	<b>818,800</b>

Each Director is paid TK. 8,000/- per meeting per attendance.

<b>30.00 Consolidated Auditor's Fees</b>		
<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Bay Leasing & Investment Ltd.	235,750	224,250
BLI Capital Ltd.	63,250	57,500
<b>Total:</b>	<b>299,000</b>	<b>281,750</b>

<b>31.00 Depreciation and repairs of assets</b>		
<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Depreciation	16,055,125	14,589,366
Fuel & Repair of assets	1,309,188	916,315
<b>Total:</b>	<b>17,364,313</b>	<b>15,505,681</b>

<b>31 a) Consolidated Depreciation and repairs of assets</b>		
Bay Leasing & Investment Ltd.	17,364,313	15,505,681
BLI Capital Ltd.	13,430,991	12,007,116
<b>Total:</b>	<b>30,795,304</b>	<b>27,512,797</b>

<b>32.00 Other Expenses</b>		
<b>Particulars</b>	<b>31-12-2018</b>	<b>31-12-2017</b>
Bank Charges	885,890	731,739
Conveyances & Travelling	408,950	107,732
Credit Rating Fees	287,500	287,500
Office Maintenance	4,818,870	2,055,414
Entertainment Expenses	900,312	1,096,799
Listing & Other Regulatory Fees	2,018,181	1,259,628
AGM & EGM Expenses	714,408	766,350
Subscription & Donation	793,200	1,234,000
Surveyors fee	116,825	465,373
Newspaper & Periodicals	12,070	15,805
Training Fee	32,250	93,000
<b>Total:</b>	<b>10,988,456</b>	<b>8,113,340</b>

**32 a) Consolidated Other Expenses**

Bay Leasing & Investment Ltd.	10,988,456	8,113,340
BLI Capital Ltd.	3,144,194	5,018,192
<b>Total:</b>	<b>14,132,650</b>	<b>13,131,532</b>

**33.00 Provision against lease, loans and advances:**

Particulars	31-12-2018	31-12-2017
On classified loans and other advances (Note-12.03)	50,854,416	10,743,385
On un-classified loans (Note-12.03)	5,525,922	9,815,277
<b>Total:</b>	<b>56,380,338</b>	<b>20,558,662</b>

**33 a) Consolidated Provision against lease, loans and advances:**

Bay Leasing & Investment Ltd.	56,380,338	20,558,662
BLI Capital Ltd.	-	-
<b>Total:</b>	<b>56,380,338</b>	<b>20,558,662</b>

**34.00 Provision for Diminution in Value of Investment in Shares:**

Particulars	31-12-2018	31-12-2017
Balance 01-01-2018	11,741,338	-
(Adjustment)/Addition during the year	-	11,741,338
<b>Total:</b>	<b>(11,741,338)</b>	<b>11,741,338</b>

**34 a) Consolidated Provision for Diminution in Value of Investment in Shares:**

Bay Leasing & Investment Ltd.	(11,741,338)	11,741,338
BLI Capital Ltd.	(24,150,484)	24,150,484
<b>Total:</b>	<b>(35,891,822)</b>	<b>35,891,822</b>

**35.00 Provision for Tax:**

Particulars	31-12-2018	31-12-2017
Current Year Tax	59,070,439	55,000,000
Deferred Tax	3,994,618	(1,922,244)
<b>Total:</b>	<b>63,065,057</b>	<b>53,077,756</b>

**35 a) Consolidated Provision for Tax:**

Bay Leasing & Investment Ltd.	63,065,057	53,077,756
BLI Capital Ltd.	6,069,621	1,766,369
<b>Total:</b>	<b>69,134,678</b>	<b>54,844,125</b>

**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, 2018 as per International Accounting Standard (IAS) -33.

The above balance is made up as follows:

Particulars	31-12-2018	31-12-2017
Net profit after tax	217,789,726	159,813,159
Number of ordinary shares outstanding	137,452,140	137,452,140
<b>Earnings per share</b>	<b>1.58</b>	<b>1.16</b>
		re-stated

**36 a) Consolidated Earnings per share (EPS):**

Net profit after tax	219,291,913	162,757,108
Number of ordinary shares outstanding	137,452,140	137,452,140
<b>Earnings per share</b>	<b>1.60</b>	<b>1.18</b>
		re-stated



### 37.00 Net Operating Cash Flows Per Share (NOCFPS)

Net cash flows from operating activities	1,150,203,338	57,696,063
No. of Shares outstanding	137,452,140	137,452,140
	<b>8.37</b>	<b>0.42</b>

### 37.01 Reconciliation of Net Profit with Cash Flows from Operating Activities

<b>Total Profit before taxes</b>	<b>280,854,783</b>	<b>212,890,915</b>
<b>Adjustments:</b>		
Depreciation	16,055,125	14,589,366
Gain on sale of Fixed Assets	(293,663,352)	-
Gain on Investment on Share	(131,145)	(46,276,936)
Provision for lease, loans, advances & Investments:	44,639,000	32,300,000
	<b>47,754,411</b>	<b>213,503,345</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Other assets	(116,227,051)	(410,673,337)
Lease, loans and advances to customers	(640,408,238)	(1,759,181,502)
Deposits from customers	1,601,068,190	1,367,871,693
Payment as Call Loan	(174,200,000,000)	(143,000,000,000)
Receipt as Call Loan	174,410,000,000	143,690,000,000
Other liabilities account of customers	99,771,386	30,914,390
Income Tax paid	(51,755,360)	(74,738,526)
<b>Net cash flows from operating activities</b>	<b>1,150,203,338</b>	<b>57,696,063</b>

### 38.00 Contingent liabilities

	31-12-2018	31-12-2017
Corporate Guarantee	300,000,000	300,000,000
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>300,000,000</b>	<b>300,000,000</b>

### 38.01 Corporate Guarantee

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

Dhaka Stock Exchange	<b>300,000,000</b>	<b>300,000,000</b>
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### 39.00 Related Party Disclosures

#### 39.01 Particulars of Directors of the Company as on December 31, 2018

Sl.no	Name of Directors	Designation	Shareholding status
1	Dr. Maswooda Ghani	Chairman	6.27%
2	Mr. Tarik Sujat	Director	2.09%
3	Mr. Zubayer Kabir	Director	2.00%
4	Prof.Suraiya Begum	Director	2.15%
5	Mrs. Fatema Zahir Majumder	Director	2.00%
6	Mr. Zakir Ahmed Khan	Independent Director	0.00%
7	Mr. Sheikh Abdul Hafiz	Independent Director	0.00%
8	Prof. Shahid Uddin Ahmed	Independent Director	0.00%
9	Dr. Zaidi Sattar	Independent Director	0.00%
	<b>Total</b>		<b>14.51%</b>

### 39.02 Name of Directors and their interest in different entities as on December 31, 2018

Sl.no	Name of Directors	Designation	Entities Where they have interest
1	Dr. Maswooda Ghani	Chairman Director	<b>Managing Director:</b> Pushpo Clinic
2	Prof. Suraiya Begum	Director	N/A
3	Mr. Tarik Sujat	Director	<b>CEO</b> Colors of Bangladesh One Stop Print Shop <b>Managing Director:</b> MediaScene Ltd. (Daily Bhorer Kagoj) I- Info Media Ltd. <b>Director</b> Desh Television Limited
4	Mr. Zubayer Kabir	Director	<b>Managing Director:</b> 1. National Securitis & Consultants Ltd. 2. Erebus Properties Ltd.
5	Mrs. Fatema Zahir Majumder	Director	1. Tiger Tours Ltd 2. Blue Flying Academy 3. Language Proficiency Centre Ltd
6	Mr. Zakir Ahmed Khan	Independent Director	<b>Advisor:</b> SouthEast Bank Ltd.
7	Mr. Sheikh Abdul Hafiz	Independent Director	<b>Member Governing Body:</b> a) Bangladesh Medical College b) Bangladesh Dental College c) Uttara Adhunik Medical College d) Past President, ICAB and South Asian Federation of Accountants (SAFA)
8	Prof. Shahid Uddin Ahmed (Ph.D)	Independent Director	<b>Independent Director:</b> Argon Denim Fabrics Ltd.
9	Dr. Zaidi Sattar	Independent Director	<b>Chairman</b> Policy Research Institute

### 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, 2018 were as follows:**

Name of the related party	Relationship	Nature of transaction	Transaction amount /Outstanding receivable/(Payable)	
			2018	2017
BLI Capital Ltd	Subsidiary Company	Receivable	329,621,399	361,601,399
		Loan	262,726,293	264,848,839
BLI Securities Ltd	Associate Company	Term Deposit	48,340,825	45,129,033
		Contingent Liability	300,000,000	300,000,000
Lucky Feed Ltd	Associate Company	Term Deposit	7,654,310	143,143
		Term Finance	73,139,131	71,569,143

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

As on 31 December 2018 no such contract exists.



# Bay Leasing & Investment Limited

## Schedule of Fixed Assets

as at December 31, 2018

### Schedule-1

Particulars	Cost as on 01.01.2018	Revaluation as on 01-01-2018	Addition during the year	Disposals/ Adjustments during the year	Balance as on 31.12.2018			Depreciation						W.D.Y. as on 31.12.2018			
					Cost	Revaluation	Total	Charged during the Year		Adjustment for Disposals	Balance as on 31.12.2018		Total				
								Rate of Depreciation	Cost		Revaluation	Cost			Revaluation		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Furniture and Fixtures	13,960,644	-	6,154,618	-	20,115,262	-	20,115,262	10%	5,228,949	-	1,277,843	-	-	-	6,506,792	-	13,608,470
Office Equipment	14,146,173	-	602,765	338,000	14,410,938	-	14,410,938	15%	8,498,095	-	916,913	-	195,526	-	9,219,482	-	5,191,456
Office Decoration	22,201,192	-	2,523,534	-	24,724,726	-	24,724,726	20%	12,122,562	-	2,262,460	-	-	-	14,385,022	-	10,339,704
Motor Vehicles	18,811,456	-	153,000	169,500	18,794,956	-	18,794,956	20%	10,670,540	-	1,612,408	-	14,125	-	12,268,823	-	6,526,133
Electrical Goods	616,796	-	-	-	616,796	-	616,796	20%	589,941	-	5,371	-	-	-	595,312	-	21,484
Building	140,437,900	320,669,540	-	-	140,437,900	320,669,540	461,107,440	2.50%	14,455,235	47,447,030	3,149,567	6,830,563	-	17,604,802	54,277,593	71,882,395	389,225,045
Construction WIP	80,079,800	-	-	-	80,079,800	-	80,079,800	0%	-	-	-	-	-	-	-	-	80,079,800
Land	291,063,460	91,704,652	21,193,366	61,079,548	268,559,751	74,322,179	342,881,930	0%	-	-	-	-	-	-	-	-	342,881,930
<b>Total</b>	<b>581,317,421</b>	<b>412,374,192</b>	<b>30,627,283</b>	<b>61,587,048</b>	<b>567,740,129</b>	<b>394,991,719</b>	<b>962,731,848</b>		<b>51,565,322</b>	<b>47,447,030</b>	<b>9,224,562</b>	<b>6,830,563</b>	<b>209,651</b>	<b>60,580,233</b>	<b>54,277,593</b>	<b>114,857,826</b>	<b>847,874,022</b>
<b>2017</b>	<b>545,879,010</b>	<b>412,374,192</b>	<b>86,870,851</b>	<b>51,432,440</b>	<b>581,317,421</b>	<b>412,374,192</b>	<b>993,691,613</b>		<b>43,981,661</b>	<b>40,441,324</b>	<b>7,583,661</b>	<b>7,005,705</b>	<b>-</b>	<b>51,565,322</b>	<b>47,447,030</b>	<b>99,012,351</b>	<b>894,679,262</b>



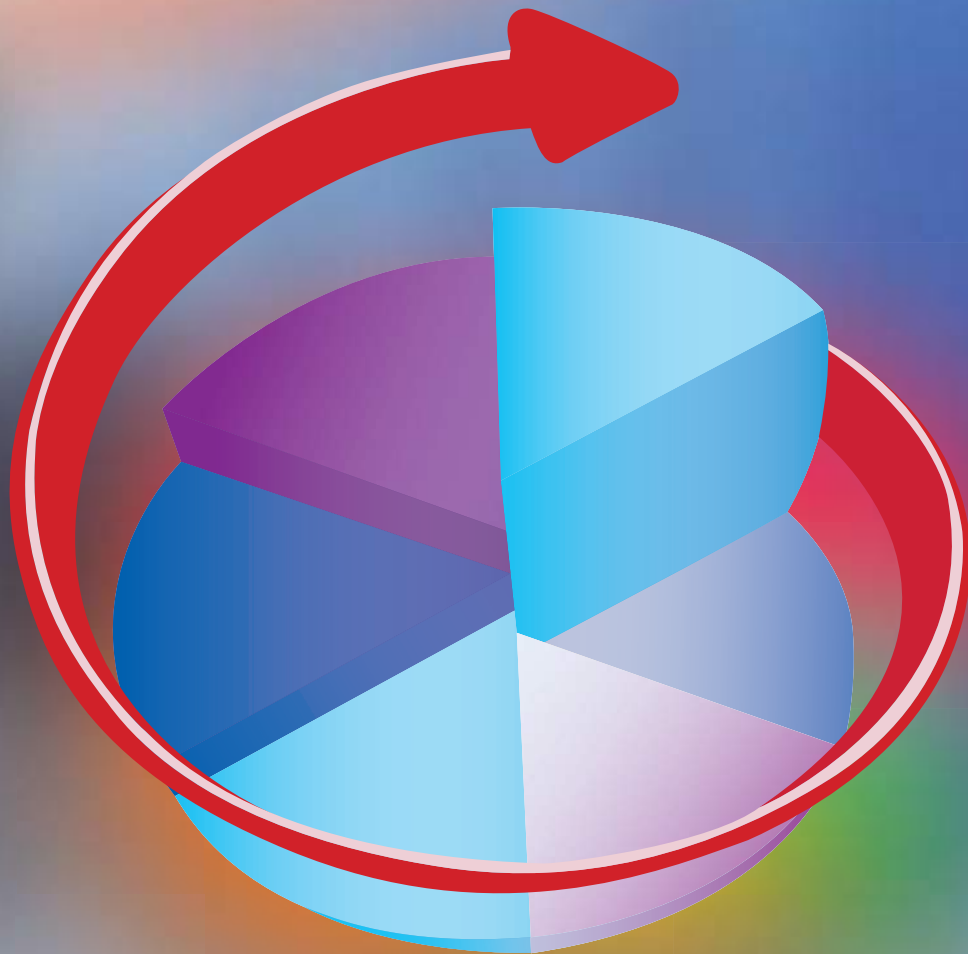
**Bay Leasing & Investment Limited**  
**Some Pertinent Highlights**  
**as on December 31, 2018**

SI No.	Particulars	31-12-2018 (Taka)	31-12-2017 (Taka)
1	Paid-up capital	1,374,521,400	1,309,068,000
2	Total Shareholder's Equity	2,667,802,795	2,610,203,939
3	Capital Surplus/(deficit)	979,131,368	1,104,210,071
4	Total Assets	16,129,984,122	14,790,239,204
5	Total Deposits	7,767,831,442	6,168,413,802
6	Total Loans and advances	10,167,476,261	9,527,068,023
7	Total Contingent Liabilities and Commitment	300,000,000	300,000,000
8	Investment Deposit Ratio	1.31	1.54
9	Percentage of Classified Investment against Total Investments	9.46	8.40%
10	Net Profit after Tax	217,789,726	159,813,159
11	Total Classified Investments	961,963,122	799,915,478
12	Provision Kept against classified Investments	182,095,558	131,241,142
13	Provision Surplus/(deficit)	401,781	169,384
14	Cost of Fund	10.23%	9.35%
15	Interest earning Assets	11,774,240,804	10,392,298,023
16	Non-Interest earning Assets	4,355,743,318	4,397,941,181
17	Return on equity	8.16%	6.12%
18	Return on Average Assets	1.82%	1.60%
19	Income from Investment	15,711,798	133,361,163
20	Income Per Share	1.58	1.16
21	Earning Per Share	1.58	1.16
22	Price earning Ratio (P/E Ratio)	12.97	22.46



# 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** which comprise the statement of financial position as at 31 December 2018 and the Statement of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying give true and fair view, in all material respects, of the financial position of the company as at 31 December 2018 and of its financial performance and cash flows for the year then ended and 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 remained independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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.

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 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 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, 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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

## Report on other Legal and Regulatory Requirements

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 and so far as it appeared from our examination of those books;
- iii. The Company's Financial Position as at 31 December 2018 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;



**PINAKI & COMPANY**

Chartered Accountants

Dhaka

Dated: April 29, 2019

**BLI CAPITAL LIMITED**  
Statement of Financial Position  
as at 31 December 2018

		TAKA	
		31-12-2018	31-12-2017
<b>PROPERTY AND ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	Note-4	365,769,053	366,700,007
<b>CURRENT ASSETS</b>			
Advance Deposit and Pre-Payments	Note-5	246,708,688	25,902,380
Accounts Receivable	Note-6	32,319,694	133,813,120
Investment In Share	Note-7	973,805,740	690,573,327
Margin Loan		3,017,992,656	2,693,309,325
Cash and cash equivalent	Note-8	2,244,843	1,004,968
<b>TOTAL</b>		<b>4,638,840,674</b>	<b>3,911,303,127</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL &amp; RESERVE</b>			
Shareholders equity	Note-9	1,750,000,000	1,750,000,000
Retained Earnings	Note-10	2,201,031	698,844
<b>NON-CURRENT LIABILITIES</b>			
Loan From Bank & Financial Institution	Note-11	827,160,232	263,988,322
<b>CURRENT LIABILITIES</b>			
Short Term Loan SEBL		1,436,523,871	1,199,945,656
Margin Deposit		235,726,706	256,309,056
Other Payable	Note-12	333,002,727	368,054,279
Provision for Tax	Note-13	35,760,402	29,690,781
Provision against Unrealized loss in Investment in Share		-	24,150,484
Provision against Unrealized loss in Margin Loan		18,465,705	18,465,705
<b>TOTAL</b>		<b>4,638,840,674</b>	<b>3,911,303,127</b>

  
Managing Director

  
Director

  
Director

  
PINAKI & COMPANY  
Chartered Accountants



**BLI CAPITAL LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 31 December 2018**

	<b>TAKA</b>	
	<b>01-01-2018 to 31-12-2018</b>	<b>01-01-2017 to 31-12-2017</b>
<b>Income :</b>		
Issue Management Fees	560,000	
Brokerage Settlement Charges	15,589,711	24,813,429
Gain on Investment in Share	30,348,106	38,391,173
Dividend Income	7,626,131	8,132,505
Interest Income	153,007,900	125,165,160
Documentation Fee	163,500	121,000
Underwriting Commission	-	202,500
Other Income	5,575,821	6,995,297
Portfolio management Fee	6,471,976	10,673,639
	Note-14	
<b>TOTAL</b>	<b>219,343,145</b>	<b>214,494,703</b>
<b>Expenses :</b>		
Salary & Allowance	17,398,387	13,146,327
Office Rent	4,469,130	4,222,800
Registration & Renewal Fee	364,970	3,680,512
Printing & Stationary	555,908	164,072
Entertainment	645,221	228,318
Internet & Network Charge	154,500	95,535
CDBL Charges	1,114,398	2,794,593
Credit Rating Fees	38,000	-
Repair & Maintenance	661,269	309,972
Software maintenance Fee	230,000	240,000
Conveyance	28,952	8,885
Newspaper	15,340	9,523
Electricity Bill	663,240	443,614
WASA Bill	203,992	72,295
Courier	2,925	380
Telephone & Mobile bill	314,988	161,511
Advertisement Expenses	176,650	-
Car maintenance	416,573	305,337
Fuel & Lubricants	488,364	435,210
Service Charge	563,958	153,000
Legal & Other Charges	-	364,280
Training & Conference	-	25,000
Audit Fees	63,250	57,500
Bank Charge	192,800	337,593
Bank Interest	194,184,738	147,421,048
Miscellaneous Expenses	105,310	-
Business Development Expenses	1,004,173	-
Depreciation	11,864,785	10,956,597
<b>Total Expenses</b>	<b>235,921,821</b>	<b>185,633,902</b>
<b>Net Profit/loss Before Provision</b>	<b>(16,578,676)</b>	<b>28,860,801</b>
Provision for Investment In Share	24,150,484	(24,150,484)
	<b>7,571,808</b>	<b>4,710,317</b>
Provision for Tax	6,069,621	1,766,369
<b>Net profit Transfer to Retained Earnings</b>	<b>1,502,187</b>	<b>2,943,948</b>

  
**Managing Director**

  
**Director**

  
**Director**

  
**PINAKI & COMPANY**  
Chartered Accountants



**BLI CAPITAL LIMITED**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2018**

Particulars	Share Capital	Retained Earnings	Total
Balance as at January 01, 2018	1,750,000,000	698,844	1,750,698,844
Profit During the year	-	1,502,187	1,502,187
Balance as at December 31, 2018	<b>1,750,000,000</b>	<b>2,201,031</b>	<b>1,752,201,031</b>

**Statement of Changes in Equity**  
**for the year ended 31 December 2017**

Particulars	Share Capital	Retained Earnings	Total
Balance as at January 01, 2017	1,350,000,000	32,754,896	1,382,754,896
During the year	400,000,000	2,943,948	402,943,948
Interim Dividend	-	(35,000,000)	(35,000,000)
Balance as at December 31, 2017	<b>1,750,000,000</b>	<b>698,844</b>	<b>1,750,698,844</b>

  
**Managing Director**

  
**Director**

  
**Director**



# BLI CAPITAL LIMITED

## Statement of Cash Flows for the year ended 31 December 2018

	TAKA	
	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
<b>A. Cash Flow from operating activities</b>		
Cash receipt from Customer	254,501,326	46,388,468
Cash Received from Others	66,335,245	89,329,543
Cash paid to Suppliers and Others	(64,731,050)	(57,895,752)
Advance Deposit & Pre-Payment	(218,945,895)	(234,000)
Income Tax Paid	(1,860,413)	(2,074,424)
Bank Charge	(192,800)	(701,873)
Bank Interest	(194,184,738)	(147,421,048)
Net Cash flow from operating activities	<b>(159,078,325)</b>	<b>(72,609,086)</b>
<b>B. Cash Flow from investment activities</b>		
Acquisition of Asset	(10,933,830)	(5,133,700)
Investment in Share	(283,232,414)	(69,311,296)
Net Cash flow from investment activities	<b>(294,166,244)</b>	<b>(74,444,996)</b>
<b>C. Cash Flow from financing activities</b>		
Shareholders equity	-	400,000,000
Mergin Deposit	(20,582,350)	118,541,457
Divident Paid	-	(35,000,000)
Mergin Loan	(324,683,331)	(438,109,645)
Loan From Bank & Financial Institutes	799,750,125	29,437,934
Net Cash flow from financing activities	<b>454,484,444</b>	<b>74,869,746</b>
<b>D. Net Cash inflow/outflow for the year (A+B+C)</b>	<b>1,239,875</b>	<b>(72,184,336)</b>
<b>E. Opening Cash and Bank balance</b>	<b>1,004,968</b>	<b>73,189,304</b>
<b>F. Closing Cash and Bank balance (D+E)</b>	<b>2,244,843</b>	<b>1,004,968</b>

# BLI CAPITAL LIMITED

## Notes to the Financial Statements

as at 31 December 2018

### 1. Legal status and nature of the Company

BLI CAPITAL LIMITED (hereinafter referred to as “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-91999/11.

#### 1.1 Address of the registered office

The company operates its activities from Rupayan Trade Centre (10<sup>th</sup> Floor) 114, Kazi Nazrul Islam Avenue, Banglamotor, Dhaka-1000, Bangladesh.

#### 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 International Accounting Standards (IAS) and International 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 International 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 International 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 2018

No.	Particulars	Taka	
		31-12-2018	31-12-2017
<b>4.</b>	<b>Property, Plant and Equipment</b>		
	Details of Property, Plant and Equipment and Depreciation as on December 31, 2018 are shown in the annexed Schedule - A. This is arrived at as follows:		
	Written Down Value (a-b)	<b>365,769,053</b>	<b>366,700,007</b>
	Opening Balance - At Cost	388,833,972	383,700,272
	Add: Addition during the year ( At Cost)	10,933,830	5,133,700
		399,767,802	388,833,972
	Less : Adjustment during the year	-	-
	Closing Balance (a)	399,767,802	388,833,972
	Accumulated Depreciation		
	Opening Balance	22,133,964	11,177,368
	Add: Charged during the year	11,864,785	10,956,597
		33,998,748	22,133,965
	Less : Adjustment during the year	-	-
	Closing Balance (b)	33,998,748	22,133,965
<b>5.</b>	<b>Advance Deposit and Pre-Payments</b>	<b>246,708,688</b>	<b>25,902,380</b>
	Advance Income Tax	Note-5.1 15,511,793	13,651,380
	Advance against Office Rent	Note-5.2 3,901,500	6,273,000
	Floor Space Rupayan Housing	226,832,000	-
	Other Advance	183,600	5,978,000
	Advance Against Salary	279,795	
<b>5.1</b>	<b>Advance Income Tax</b>	<b>15,511,793</b>	<b>13,651,380</b>
	As per Last Account	13,651,380	11,576,956
	Add: During the Year	1,860,413	2,074,424
<b>5.2</b>	<b>Advance against Office Rent</b>	<b>3,901,500</b>	<b>6,273,000</b>
	As per Last Account	6,273,000	8,109,000
	Add: During the Year	-	-
	Less: Adjustment During the year	(2,371,500)	(1,836,000)
<b>6.</b>	<b>Accounts Receivable</b>	<b>32,319,694</b>	<b>133,813,120</b>
	BLI Securities Ltd.	29,793,196	8,372,602
	Other Receivable		125,440,518
	National Securities Ltd.	2,526,498	-
<b>7.</b>	<b>Investment in shares:</b>	<b>973,805,740</b>	<b>690,573,327</b>
	1. Investment in Quated Shares	Note-7.1 772,103,590	525,737,864
	2. Investment in Placement Shares	198,000,000	160,000,000
	3. Investment for IPO	3,702,150	4,835,463

No.

Particulars

Taka

31-12-2018

31-12-2017

**7.1 Investment in Quoted shares:**

The above balance is made up as follows:

Name of the Company	Qty.	Cost Price	Market Price	Unrealized Gain
AB Bank Limited	600,000	10,560,700	7,200,000	(3,360,700)
Bd. Welding Electrodes	147,972	3,036,290	2,367,552	(668,738)
BSCCL	125,000	14,421,865	11,687,500	(2,734,365)
C & A Textiles Limited	1,000,000	6,703,232	4,100,000	(2,603,232)
CVO Petrochemical Refi.	20,000	3,931,934	3,090,000	(841,934)
Eastern Lubricants	6,500	8,958,986	8,742,500	(216,486)
Emerald Oil Ind. Ltd	50,000	764,906	755,000	(9,906)
Familytex Ltd.	10,000	57,705	48,000	(9,705)
Golden Son Limited	200,000	2,408,636	2,140,000	(268,636)
Indo-Bangla Pharmaceuticals Ltd.	12,794	423,589	397,906	(25,683)
Kattali Textile Ltd.	11,070	100,640	280,081	179,441
LafargeHolcim Bangladesh Limited	800,000	53,500,069	34,800,000	(18,700,069)
M.L.Dyeing Limited	4,229	35,242	125,601	90,360
Metro Spinning	102,000	1,237,470	816,000	(421,470)
NATIONAL FEED MILL LIMITED	367,500	6,639,104	4,079,250	(2,559,854)
Padma Life Insurance Ltd.	50,000	1,296,692	1,250,000	(46,692)
Regent Textile Mills Limited	5,000	82,029	78,000	(4,029)
Rupali Bank	51,336	2,349,807	1,837,829	(511,979)
S.S. Steel Limited	6,745	67,450	67,450	-
SK Trims & Industries Limited	5,546	50,420	256,789	206,369
Standard Bank	550,000	7,487,743	5,995,000	(1,492,743)
Summit Alliance Port Ltd.	330,000	11,944,831	8,349,000	(3,595,831)
Tallu Spinning	100,000	1,117,020	600,000	(517,020)
The Dacca Dyeing & Manu.Co. Ltd.	50,000	515,178	275,000	(240,178)
Tung Hai Knitting & Dyeing	100,000	804,506	540,000	(264,506)
ZAHINTEX INDUSTRIES LTD.	700,000	10,656,075	7,700,000	(2,956,075)
ACI Limited	55,890	21,558,733	18,231,318	(3,327,415)
AFC Agro Biotech Ltd.	373,750	14,004,280	11,548,875	(2,455,405)
Alif Industries Limited	110,000	10,382,616	7,007,000	(3,375,616)
Alif Manufacturing Company Ltd.	1,100,000	13,543,035	10,010,000	(3,533,035)
Aman Cotton Fibrous Limited	7,846	313,840	330,317	16,477
Asia Insurance Ltd	766,803	17,534,762	13,419,053	(4,115,709)
Bangladesh Building Systems Ltd.	330,000	11,113,726	9,240,000	(1,873,726)
Bashundhara Paper Mills Limited	10,807	864,560	905,627	41,067
BBS Cables Ltd	26,500	2,704,501	2,551,950	(152,551)
Delta Life Ins.	250,000	41,288,439	27,450,000	(13,838,439)
DESCO	250,000	14,316,625	10,100,000	(4,216,625)
Dhaka Bank	168,750	3,489,919	2,396,250	(1,093,669)
Golden Harvest Agro Ind. Ltd.	55,000	1,939,478	1,611,500	(327,978)
IFAD AUTOS LIMITED.	110,000	13,093,294	11,924,000	(1,169,294)
Intraco Refueling	420,267	18,695,630	11,263,148	(7,432,482)
IPDC	50,000	2,315,969	1,905,000	(410,969)
Islamic Finance & Inv.	200,000	4,671,096	3,420,000	(1,251,096)
Miracle Industries	108,000	5,122,151	3,855,600	(1,266,551)
Mozaffar Hossain Spinning Mills Ltd.	420,000	5,974,175	5,166,000	(808,175)
National Life Ins.	2,500,000	346,450,113	540,500,000	194,049,887
Olympic Industries	25,000	6,259,112	5,405,000	(854,112)
Pragati Life Insurance	50,000	5,891,199	5,735,000	(156,199)
Prime Bank Limited	200,000	3,532,791	3,620,000	87,209
Shahjibazar Power Co.Ltd.	77,250	7,760,926	7,323,300	(437,626)
Silva Pharmaceuticals Limited	5,009,194	50,091,940	150,776,739	100,684,799
VFS Thread Dyeing Limited	4,223	38,388	244,072	205,684
<b>Total</b>		<b>772,103,590</b>	<b>973,518,206</b>	<b>201,414,790</b>



No.	Particulars	Taka	
		31-12-2018	31-12-2017
<b>8. Cash and Cash Equivalent</b>		<b>2,244,843</b>	<b>1,004,968</b>
Cash in Hand		150,417	79,990
Cash at bank :	Note-8.1	2,094,426	924,978
<b>8.1 Cash at bank :</b>		<b>2,094,426</b>	<b>924,978</b>
Southeast Bank Ltd.		1,973,829	282,328
First Security Islami Bank Ltd.		23,314	552,612
Social Islamic Bank Ltd.		17,750	9,125
Mercantile Bank Ltd.		79,533	80,913
<b>9. Shareholders equity</b>			
Authorized Capital			
20,00,00,000 shares of Tk. 10/-each		<b>2,000,000,000</b>	<b>2,000,000,000</b>
Issued, Subscribed and Paid Up Capital			
17,50,00,000 shares of Tk. 10/-each		<b>1,750,000,000</b>	<b>1,750,000,000</b>
<b>10. Retained Earnings</b>		<b>2,201,031</b>	<b>698,844</b>
As per last account		698,844	32,754,896
Add: Profit During the year		1,502,187	2,943,948
Less: Interim Dividend		-	(35,000,000)
<b>11. Loan From Bank &amp; Financial Institution</b>		<b>827,160,232</b>	<b>263,988,322</b>
ICB		82,908,262	-
Social Islamic Bank Ltd.		481,525,677	-
Bay Leasing & Investment Ltd.		262,726,293	263,988,322
<b>12. Other Payable</b>		<b>333,002,727</b>	<b>368,054,279</b>
Bay Leasing & Investment Ltd.		329,621,397	361,601,397
Interest Payable Bay Leasing & Investment Ltd.			860,516
Interest Payable ICB		744,250	
Dividend payable		700	700
Creditor for Expenses		95,380	155,816
Service Charge		-	122,850
Advance Received against Office Rent	Note-12.1	2,541,000	5,313,000
<b>12.1 Advance Received against Office Rent</b>		<b>2,541,000</b>	<b>5,313,000</b>
As per Last Account		5,313,000	8,085,000
Less: Adjustment During the year		(2,772,000)	(2,772,000)
<b>13. Provision for Tax</b>		<b>35,760,402</b>	<b>29,690,781</b>
As per Last Account		29,690,781	27,924,412
Add: During the year		6,069,621	1,766,369
<b>14. Other Income</b>		<b>5,575,821</b>	<b>6,995,297</b>
Interest Income From FDR		-	1,744,727
Interest Income From STD A/C		31,821	91,570
Rental Income		5,544,000	5,159,000

**BLI CAPITAL LIMITED**  
Notes to the Financial Statements  
as on December 31, 2018

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 01.01.18	Addition	Bal.as.on 31.12.2018	Rate	Bal.as.on 01.01.18	Charged	Bal.as.on 31.12.2018	Bal.as.on 31.12.2018
		Taka	Taka	Taka	%	Taka	Taka	Taka	Taka
Computer	Equipment	1,133,690	470,400	1,604,090	15.00	443,421	174,100	617,522	986,568
UPS	Equipment	9,800	16,400	26,200	15.00	1,470	3,710	5,180	21,021
Monitor	Equipment	6,300		6,300	15.00	945	803	1,748	4,552
Fax Machine	Equipment	26,000		26,000	15.00	19,724	941	20,665	5,335
Chair	Furniture	73,201		73,201	10.00	38,783	3,442	42,225	30,976
Cookeries	Equipment	7,850	21,530	29,380	15.00	2,129	4,088	6,216	23,164
Telephone Set	Equipment	39,400	17,100	56,500	15.00	19,236	5,590	24,826	31,674
Internet Modem	Equipment	44,755		44,755	15.00	27,326	2,614	29,940	14,815
Vacuum Cleaner	Equipment	17,320		17,320	15.00	11,047	941	11,988	5,332
Software	Equipment	2,319,903		2,319,903	15.00	571,891	262,202	834,092	1,485,811
Website	Equipment	64,880		64,880	15.00	23,037	6,276	29,313	35,567
Micro Oven	Equipment	7,200	9,900	17,100	15.00	5,140	1,794	6,934	10,166
Refrigerator	Equipment	35,000	48,320	83,320	15.00	5,994	11,599	17,593	65,727
File Cabinet	Furniture	95,465		95,465	10.00	38,986	5,648	44,633	50,832
Fan	Equipment	26,200	3,850	30,050	10.00	12,998	1,705	14,703	15,347
Printer	Equipment	56,800	33,000	89,800	15.00	26,857	9,441	36,298	53,502
Networking Switch	Equipment	41,100		41,100	15.00	13,415	4,153	17,568	23,532
Photocopier	Equipment	80,000	65,000	145,000	15.00	48,810	14,428	63,239	81,761
Scanner	Equipment	4,350	4,850	9,200	15.00	2,250	1,043	3,292	5,908
Office Decoration	Furniture	6,837,547	7,089,000	13,926,547	10.00	1,260,056	1,266,649	2,526,705	11,399,842
Access Control	Equipment	22,000	19,700	41,700	15.00	6,105	5,339	11,444	30,256
Water Cooler	Equipment	13,500	8,200	21,700	15.00	3,746	2,693	6,439	15,261
PABX System	Equipment	45,600	45,460	91,060	15.00	10,997	12,010	23,006	68,054
Furniture & Fixtures	Furniture	153,520		153,520	10.00	29,169	12,435	41,604	111,916
Server Cabinet	Furniture	14,000		14,000	10.00	2,660	1,134	3,794	10,206
Krone Rack & Network Con Plate	Equipment	51,410	70,200	121,610	15.00	12,084	16,429	28,513	93,097
Television	Equipment	-	394,170	394,170	15.00	-	59,126	59,126	335,045
Tea Maker	Equipment	2,900		2,900	15.00	805	314	1,119	1,781
Car DM-GA-25-0900	Vehicle	901,000		901,000	20.00	439,688	92,262	531,950	369,050
Car DM-GA-27-1411	Vehicle	902,000		902,000	20.00	440,176	92,365	532,541	369,459
Car DM-GA-26-6541	Vehicle	2,403,600		2,403,600	20.00	480,720	384,576	865,296	1,538,304
Car DM-GA-34-6784	Vehicle	-	2,616,750	2,616,750	20.00	-	523,350	523,350	2,093,400
Floor Space Rupayan Housing	Property	190,597,176		190,597,176	2.50	4,764,929	4,645,806	9,410,736	181,186,440
Floor Space Eunus Trade Centre	Property	182,800,505	-	182,800,505	2.50	13,369,371	4,235,778	17,605,149	165,195,356
		<b>388,833,972</b>	<b>10,933,850</b>	<b>399,767,802</b>		<b>22,133,964</b>	<b>11,864,785</b>	<b>33,998,748</b>	<b>365,769,053</b>



# Bay Leasing & Investment Limited

SECURE YOUR FUTURE®

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

Authorized Officer Signature

## PROXY FORM

I/We.....

Registered BO ID :

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

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 **23<sup>rd</sup> Annual General Meeting** of the Company to be held on by **June 30, 2019 (Sunday) at 11.00 a.m** at the Institution of Diploma Engineers, Bangladesh IDEB Bhaban, 160/A Kakrail VIP Sarak, Dhaka-1000

Signed this.....day of 2019.....

\_\_\_\_\_  
**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 23<sup>rd</sup> 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 deposited at the Registered Office of the Company at least 48 hours before the time fixed for the meeting.



# 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 **23<sup>rd</sup> Annual General Meeting** of the Company to be held on by **June 30, 2019 (Sunday) at 11.00 a.m** at the Institution of Diploma Engineers, Bangladesh, IDEB Bhaban 160/A Kakrail VIP Sarak, Dhaka-1000

\_\_\_\_\_  
**SIGNATURE OF THE PROXY**

\_\_\_\_\_  
**SIGNATURE OF THE SHAREHOLDER**

**N.B.:**

- i) Please present this Slip at the Reception Desk.
- ii) Please note that Annual General Meeting can only be attended by the honourable Shareholders or Properly Constituted Proxy/Attorney/Representative therero of, any friend or children accompanying with honourable shareholder or Proxy/Attorney/Representative will not be allowed to the meeting.







**Corporate Office: Eunoos Trade Centre (Level 18), 52-53, Dilkusha C/A, Dhaka -1000, Bangladesh**  
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