

# annual report | 2014

*Relationship beyond profit*



**Bay Leasing & Investment Limited**

SECURE YOUR FUTURE<sup>®</sup>



# annual report 2014

*Relationship beyond profit*



The background features several overlapping, wavy bands in various shades of blue and purple. A prominent, light purple banner with a slight gradient curves across the middle of the page. The text 'Table of Content' is centered within this banner in a dark purple, serif font.

# *Table of Content*

# Table of Content

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## Letter of Transmittal

To  
All shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.  
Bangladesh Bank

**Subject: Annual Report for the year Dec 31, 2014.**

Dear Sir,

We are delighted to forward a copy of the Annual Report together with the Audited Financial Statement for the year ended Dec 31, 2014.

Sincerely Yours,



**Iftekhar Ali Khan**  
Managing Director

# Notice of the 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting (AGM) of the Shareholders of Bay Leasing & Investment Limited will be held on Monday June 08, 2015 at 11.00 A.M at the Institute of Diploma Engineers, Bangladesh, IDEB Bhaban, 160/A Kakrail VIP Sarak, Dhaka-1000 to transact the following business:

## Agenda

01. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st December 2014 and Balance Sheet as of that date together with the reports of the Directors and Auditors thereon.
02. To declare dividend for the Shareholders out of the profits for the year ended 31st December 2014 as recommended by the Board of Directors.
03. To elect /re-elect Directors in place of those who shall retire by rotation as per the Articles of Association of the Company.
04. To re-appoint Auditors of the Company for the year 2015 and to fix-up their remuneration.
05. Miscellaneous, if any, with the permission of the chair.

Dated, Dhaka

May 11, 2015

By Order of the Board



M. Maniruz Zaman Khan  
SVP & Company Secretary

## Notes:

01. May 13, 2015 has been fixed as "Record Date".
02. The Board of Directors have recommended 15% cash Dividend for the year ended 31st December 2014.
03. The Shareholders whose names would appear in the Depository (CDBL) on the Record Date (Wednesday May 13, 2015) 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. Shareholders (other than a company) who fails to update E-Tin in his/her BO Account before the Record Date, disbursement of dividend will be subject to deduction of Advance Income Tax (AIT) @ 15% instead of 10% as per amended Section 54 of the Income Tax Ordinance, 1984.
06. For convenience, the shareholders and proxies are requested to record their entry at the entrance of AGM venue on 8th June, 2015 between 10.00 a.m and 11.00 a.m.

**No benefit or gift in cash or kind shall be given to the shareholders for attending the 19th 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

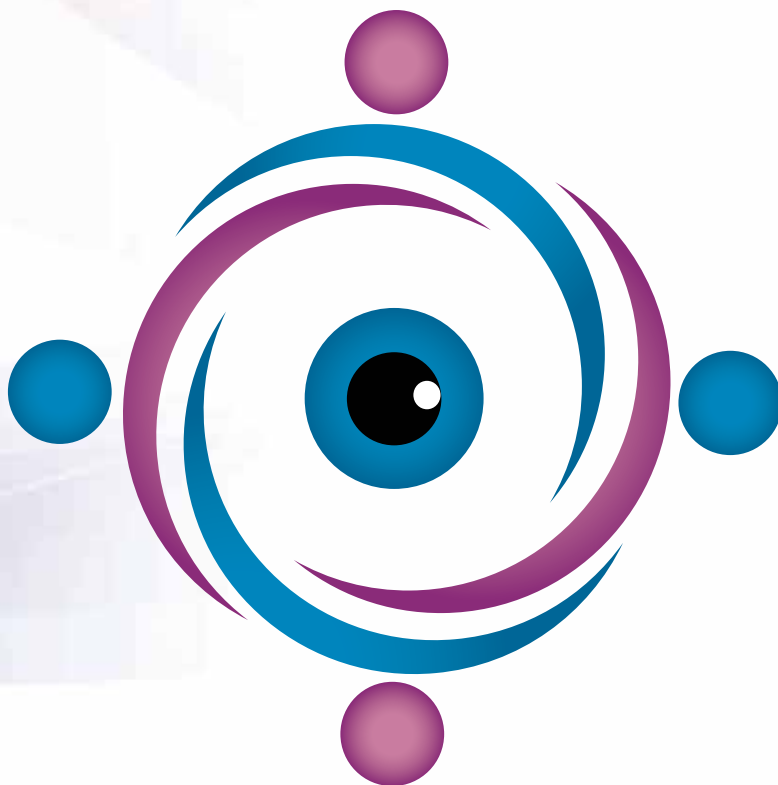
- We strive to innovate and offer a plethora of financial products and services.
- We endeavor to enrich the lives of people we touch by sharing, caring in our quest for excellence.
- We aim to build impressive economic value for our stakeholders through the strength of satisfied customers and consistently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

## Bay Leasing at a Glance

Bay Leasing & Investment Limited (BLIL) 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 operations in a professional manner under the valuable guidance and leadership of its Board of Directors. The employees have been serving the company with great loyalty, sincerity, commitment and dedication, and this is also reflected in the company's employee turnover rate which is the lowest in the industry. The customer portfolio of BLIL is strong and well-diversified. A vast number of entrepreneurs have been benefited immensely through long-term relationships with BLIL. The shares of Bay Leasing are listed and traded both in Dhaka and Chittagong Stock Exchanges and have been rated as top turnover leaders.

Bay Leasing & Investment Limited, with a view to providing excellent service has already launched a wide range of consumer products such as Profit Take Home Plan, Win-Win Plan, Double Money Plan, Triple Money Plan, Super DPS Plan, Millionaire Plan and Flexi Savings Plan. Moreover, SME Loans & Women Entrepreneur Loans are gaining momentum. In response to various types of need of the business houses of the country, BLIL provides financing such as Lease Finance, Term Loan, Working Capital, Project Finance, Bridge Finance, Mortgage Loans, Factoring etc.

BLI Securities Limited (BLISL), an associate of Bay Leasing & Investment Limited is among the top brokerage houses in Bangladesh. BLISL renders its services from its Head Office and multiples branches. The Merchant Banking Division has been separated as per regulatory suggestion in the previous year and a wholly owned subsidiary under the name BLI Capital Limited has been established and currently in operation.



BLI Securities Limited an associate concern of Bay Leasing & Investment Limited is among the top brokerage houses in Bangladesh and renders their services from its Head Office and branches.

The Merchant Banking Division has been separated as per regulatory suggestion in the previous year and a wholly owned subsidiary under the name **BLI Capital Limited** has commenced its operation in Dhaka.



## 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	: <b>Bay Leasing &amp; Investment Limited</b>
Legal Form	: A Public Limited Company incorporated in Bangladesh Under the Companies Act 1994, Listed in Dhaka Stock Exchange & Chittagong Stock Exchange. Licensed as a Non Banking Financial Institution Under the Financial Institutions Act of 1993.
Company Registration Number	: C - 30251(1477)/96
Bangladesh Bank License Number	: আঃ প্রঃ (অ-ব্যাংকিং) : বিভাগ/ঢাকা/১৩/৯৬
Trade License No	: 0411406
TIN No	: 446777288121
No. of Branch	: 01
Corporate Office	: <b>Bay Leasing &amp; Investment Limited</b> Eunoos Trade Centre, Level-18 52-53 Dilkusha C/A, Dhaka-1000.
Telephone	: +8802 9592501(Hunting), Fax: +8802 9592500
Auditor	: <b>Syful Shamsul Alam &amp; Co.</b> Chartered Accountants Paramount Heights (Level – 6) 65/2/1 Box Culvert Road Purana Palton, Dhaka – 1000
Tax Advisor	: <b>A.Wahab &amp; Co.</b> Chartered Accountants Hotel Purbani, Annex-2 (4th Floor) 1, Dilkusha C/A, Dhaka
Legal Advisor	: <b>Hasan &amp; Associates</b> DCC Building (6th Floor) 65-66 Motijheel C/A, Dhaka-1000 <b>AZAD &amp; COMPANY</b> K. R. Plaza (6th Floor) 31, Purana Paltan, Dhaka-100. <b>NAYAN &amp; ASSOCIATES</b> Meherba Plaza, Suite No. 13-E (13th Floor), 33, Topkhana Road, Palton Dhaka, Bangladesh.

Memberships	: DCCI (Dhaka Chamber of Commerce Industry) Bangladesh Leasing & Finance Companies Associations Bangladesh Association of Publicly Limited Companies Bangladesh Merchant Bankers Association
Company Email	: <b>info@blilbd.com</b>
Company Web Site	: <b>http://www.blilbd.com</b>
Bankers	: Bank Alfalah Limited Bank Asia Ltd. Dhaka Bank Limited Dutch Bangla Bank Ltd. IFIC Bank Limited Jamuna Bank Ltd. Mercantile Bank Ltd. Mutual Trust Bank Limited National Credit & Commerce Bank Ltd. NRB Global Bank Ltd. NRB Bank Ltd Premier Bank Ltd. Pubali Bank Limited Shahjalal Islami Bank Ltd South Bangla Agriculture & Commerce Bank Ltd Southeast Bank Limited Standard Bank Limited Uttara Bank Limited Prime Bank Limited
Associate Company	: <b>BLI Securities Limited.</b> Head Office 22, Bir Uttam M A Rob Sarak, 4th Floor Dhanmondi R/A, Dhaka-1205 <b>Motijheel Branch</b> Printers' building (5th & 7th Floor), 5 Rajuk Avenue, Motijheel, Dhaka-1000. <b>Dilkusha Branch</b> Eunoos Trade Centre, 52-53 Dilkusha C/A, Dhaka-1000. <b>Dhanmondi Extension Office</b> Rangs Panorama (4th floor), 80 Shatmosjid Road, Dhanmondi, Dhaka-1209
Subsidiary Company	: <b>BLI Capital Limited.</b> Eunoos Trade Centre, Level – 5 52-53 Dilkusha C/A, Dhaka-1000

# Bay Leasing Story

Bay Leasing & Investment Limited (BLIL) was incorporated as a public limited company in February 1996 and the company obtained Bangladesh Bank's license as Non-Banking Financial Institution (NBFI) in May 1996. Since its inception, guided by the Financial Institutions Act of 1993, BLIL has been running its operations in a professional manner under the valuable guidance and leadership of its Board of Directors. The employees have been serving the company with great loyalty, sincerity, commitment and dedication, and this is also reflected in the company's employee turnover rate which is the lowest in the industry. The customer portfolio of BLIL is strong and well-diversified. A vast number of entrepreneurs have been benefited immensely through long-term relationships with BLIL. The shares of Bay Leasing are listed and traded both in Dhaka and Chittagong Stock Exchanges and have been rated as top turnover leaders.

BLIL offers a wide range of deposit and lending products properly suited to fulfill the unique needs of different Individuals, Retail corporates, Development Organizations and Social Entrepreneurs. Primary focus in lending is now geared towards Small and Medium Enterprises (SME), Women Entrepreneurs and environment-friendly business units. The culture of thinking green and acting green is being emphasized in BLIL's business & working environment and at the same time being mindful and sensitive to the natural environment in our daily life.



## Company Milestones

**February 7, 1996**

Incorporation as a Public Limited Company

**May 19, 1996**

Certificate for Commencement of Business

**May 25, 1996**

Bangladesh Bank License as NBFI.

**May 27, 1996**

Commencement of Commercial Operation.

**July 03, 1996**

First Lease Agreement Signed.

**July 24, 1996**

First Annual General Meeting Held.

**June 25, 1996**

Registration of Merchant Bank Wing.

**January 09, 2002**

SEC Approval for Brokerage House-BLI Securities Limited

**December 07, 2008**

Agreement with CDBL.

**January 18, 2009**

Public Offer (IPO) opening date for subscription.

**April 12, 2009**

Listed in Stock Exchanges (DSE & CSE).

**August 04, 2010**

Approval to Issue Rights Shares.

**January 24, 2012**

Agreement with Bangladesh Bank for ADB refinance scheme.

**June 11, 2012**

Agreement with Bangladesh Bank for JICA refinance scheme.

**November 07, 2012**

SEC Approval for Merchant Bank Subsidiary -BLI Capital Limited.

**July 01, 2013**

Commencement of business operations of BLI Capital Limited as separate company from Bay Leasing & Investment Ltd.

**September 28, 2014**

Relocation of Head Office to own premise at Eunoos Trade Centre, Level-18, 52-53 Dilkusha C/A, Dhaka-1000

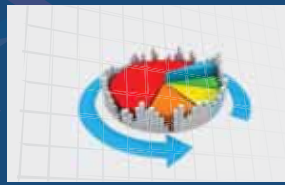
**November 02, 2014**

Bangladesh Bank approval for opening of Principal Branch.



Figures in million

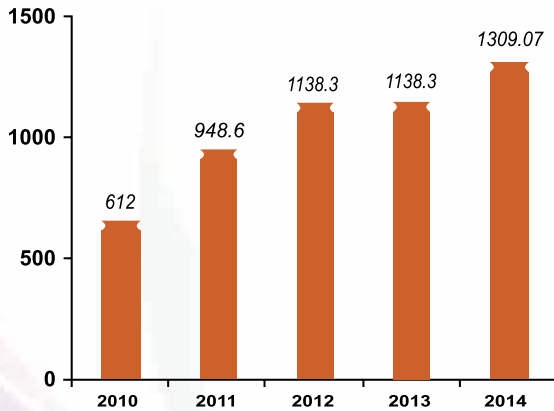
Particulars	2014	2013	2012	2011	2010
Lease, Loans & Other Finance	6,394.00	4,865.31	4,299.59	3,969.09	3,585.07
Investments	1,377.55	1,073.91	981.34	1,170.31	985.73
Fixed Assets	1,051.78	920.96	766.56	779.23	404.17
Other Assets	474.54	540.59	531.05	512.26	367.95
Total Assets	9,568.89	7,714.53	6,784.04	6,624.51	6,667.76
Term Deposits	2,760.76	1,806.51	1,436.43	1,037.97	827.97
Long Term Liabilities	1,176.56	1,103.56	713.54	907.13	1,634.35
Share Capital	1,309.07	1,138.32	1,138.32	948.60	612.00
Shareholders Equity	2,841.87	2,897.21	2,908.56	2,980.20	2,489.11
Operating Revenue	889.40	821.89	718.27	779.79	1,334.00
Financial Expenses	607.08	560.47	501.12	423.44	445.82
Operating Expenses	65.39	53.82	55.49	55.52	43.73
Profit before Taxation	185.73	189.13	119.60	300.83	709.84
Net profit after Tax	138.17	137.52	82.11	263.21	614.84
Current Ratio (Times)	1.16	1.00	1.01	1.09	1.24
Debt/Equity Ratio	1.84	1.09	1.09	1.09	1.68
Return on Equity	4.86%	4.75%	2.82%		24.70%
Return on Assets	1.94%	2.27%	1.78%	4.54%	10.65%
Dividend					
Cash	15%	17%	15%	15%	10%
Stock	-	15%	-	20%	55%
Net Asset Value per Share	21.71	25.45	25.55	31.42	407
<b>EPS</b>	<b>1.06</b>	<b>1.21</b>	<b>0.72</b>	<b>2.77</b>	<b>11.2</b>



# Key Performance Indicators

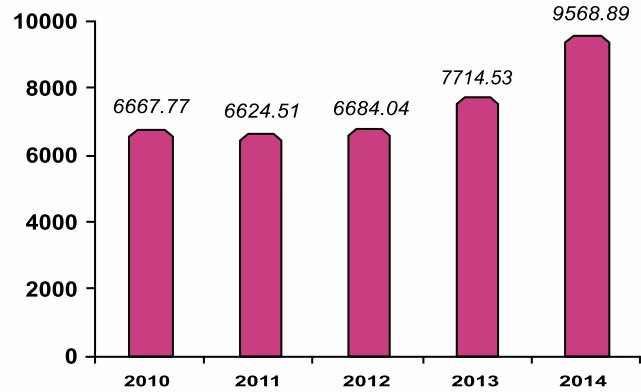
## Paid-up Capital

BDT in million



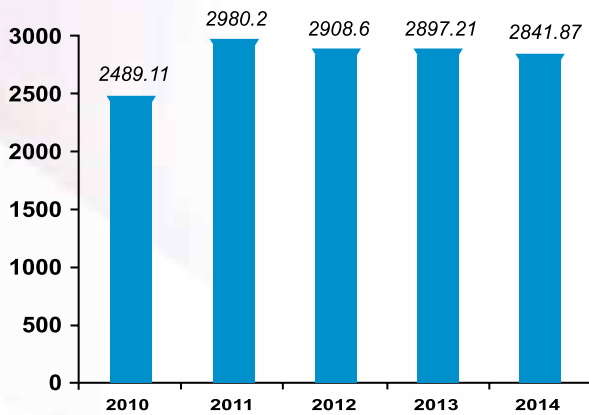
## Total Assets

BDT in million



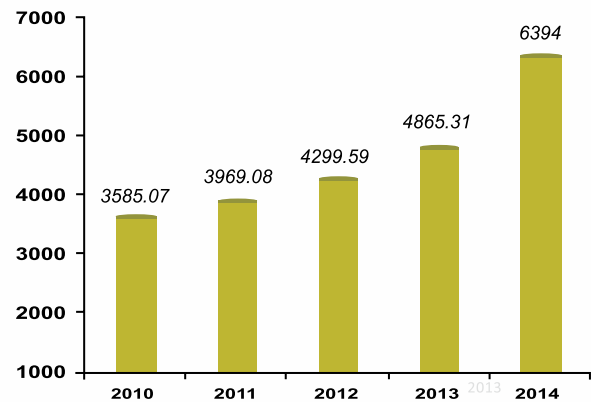
## Shareholders' Equity

BDT in million



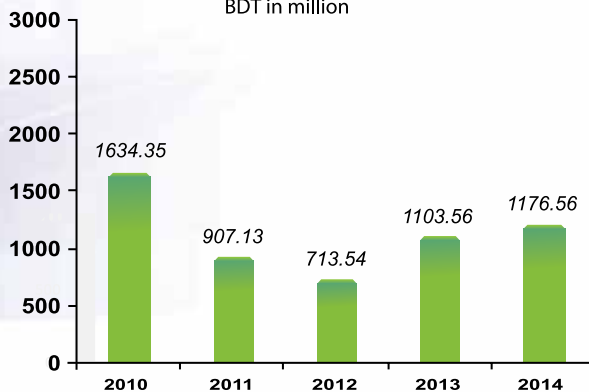
## Loan & Advances

BDT in million



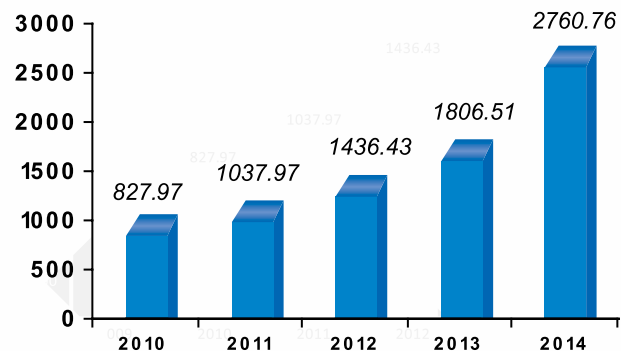
## Long Term Liabilities

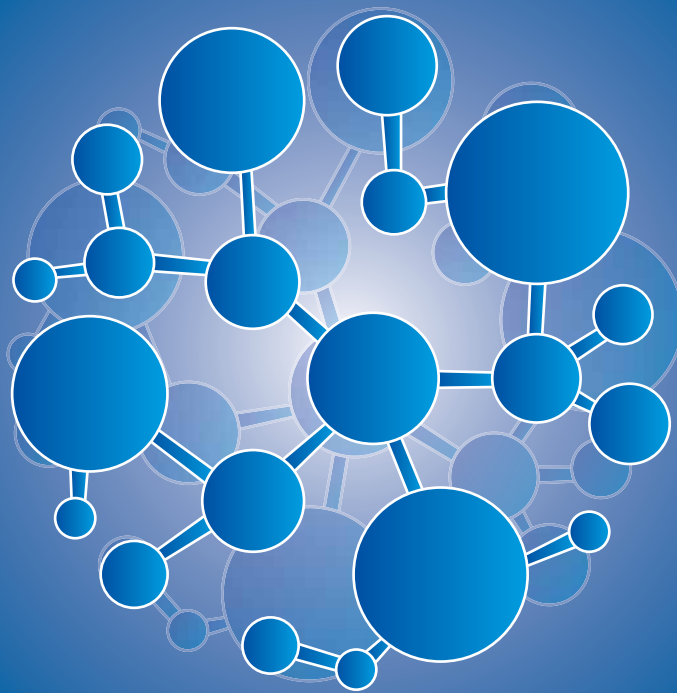
BDT in million



## Term Deposits

BDT in million





## Products & Services

### Deposit Product Range

- > **BLI** "Super DPS"
- > **BLI** "Win Win"
- > **BLI** "Flexi Savings"
- > **BLI** "Millionaire"
- > **BLI** "Profit Take Home"
- > **BLI** "Double Money"
- > **BLI** "Triple Money"
- > **BLI** "Profit Any Time"



### Asset Product Range

- > **BLI** "SME Finance"
- > **BLI** "Lease Finance"
- > **BLI** "Term Loans"
- > **BLI** "Revolving Loans"
- > **BLI** "Bridge Finance"
- > **BLI** "Project Finance"
- > **BLI** "Working Capital"
- > **BLI** "Corporate Finance"
- > **BLI** "Syndications"
- > **BLI** "Consumer Loans"
- > **BLI** "Real Estate Finance"
- > **BLI** "Auto Loans"
- > **BLI** "House Building Loans"
- > **BLI** "Women Entrepreneur Loans"

**HELP LINE**  
**019 7676 8686**



# Project Snapshots



A few snapshots of projects funded by Bay Leasing & Investment Limited.

We have diversified investments in the area of Spinning, Weaving, Dyeing, RMG, Automobile, Fast Food, Printing, Furnitures, Poultry, Real Estate, Agriculture and Shipping.



## Board of Directors

### **Chairman**

Dr. Maswooda Ghani

### **Directors**

Prof. Suraiya Begum

Mr. Tarik Sujat

Mr. Zubayer Kabir

Mr. Shahid Hossain (Representing Southeast Bank Ltd)

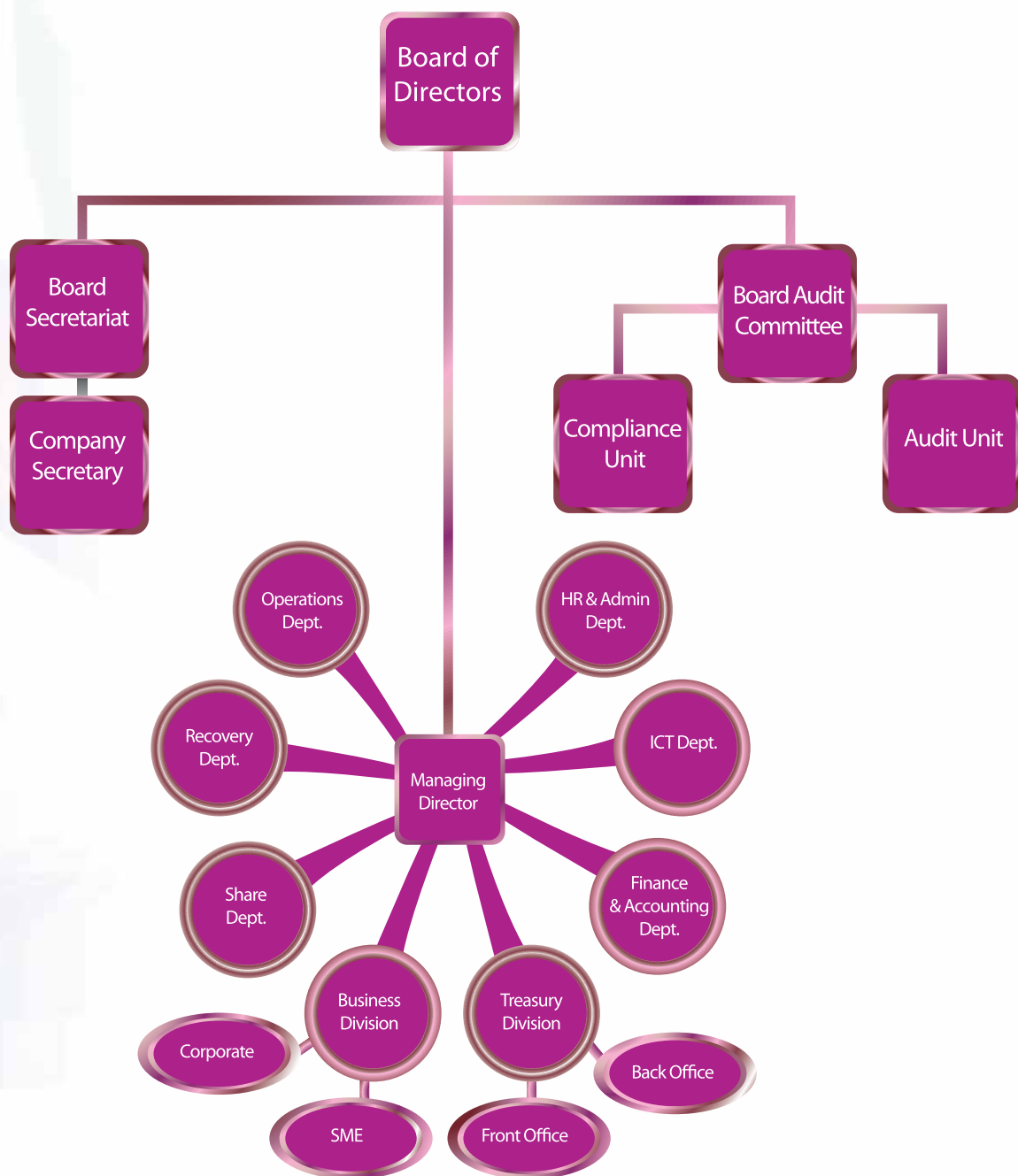
Mr. Sheikh Abdul Hafiz FCA (Independent Director)

Mr. Zakir Ahmed Khan (Independent Director)

Mr. A. H. M. Moazzem Hossain (Independent Director)

Prof. Shahid Uddin Ahmed (Ph.D) (Independent Director)

# Organogram





## The Management

<b>Iftekhar Ali Khan</b>	- Managing Director
<b>Md Lutfur Rahman</b>	- Executive Vice President Head of Business & Treasury
<b>M Maniruz Zaman Khan</b>	- Senior Vice President Head of Finance & Company Secretary
<b>Mohammad Rashedul Islam</b>	- Senior Assistant Vice President Head of SME & ICT
<b>Shabbir Minhaz Chowdhury</b>	- Assistant Vice President In-Charge, Recovery Department
<b>Ms. Sharmin Akhter</b>	- Assistant Vice President In-Charge, Share Department
<b>Senior Principal Officers</b>	
Md. Enayet Kabir	- Finance Department
Samir Saha	- ICC Department
Pronob Kumar Das	- Recovery Department
Md. Tareq Miah	- Credit Admin & Operations
Md. Zabed Miah	- Asset Administration
Ms. Aklima Akhi	- Internal Auditor
<b>Principal Officers</b>	
Md. Mahade Hasan Bhuyan	- Corporate Division
<b>Senior Officers</b>	
Ms. Nasrin Akter	- Women Entrepreneur Desk
Md. Nafi Borhan	- Treasury Department
Md. Anwar Hossan	- ICT & HR Admin
Nawshad Md. Aziz Arman	- SME Division

# The work Force



The Team of Bay Leasing & Investment Limited



The Team of BLI Capital Limited (Merchant Bank subsidiary)



# Committees

## Board Audit Committee

Mr. Sheikh Abdul Hafiz FCA	:	Chairman
Mr. Tarik Sujat	:	Member
Mr. Zubayer Kabir	:	Member
Mr. Zakir Ahmed Khan (Independent Director)	:	Member
Mr. A.H.M. Moazzem Hossain (Independent Director)	:	Member

## Management Committee

Mr. Iftekhar Ali Khan	:	Chairman
Mr. Md. Lutfur Rahman	:	Member
Mr. M. Maniruz Zaman Khan	:	Member
Mr. Mohammad Rashedul Islam	:	Member
Mr. Shabbir Minhaz Choudhury	:	Member
Ms. Sharmin Akhter	:	Member
Mr. Md. Mahade Hasan Bhuyan	:	Member Secretary

## Credit Committee

Mr. Iftekhar Ali Khan	:	Chairman
Mr. Md. Lutfur Rahman	:	Member
Mr. M. Maniruz Zaman Khan	:	Member
Mr. Mohammad Rashedul Islam	:	Member
Mr. Md. Mahade Hasan Bhuyan	:	Member Secretary

## Central Compliance Unit

Mr. Md. Lutfur Rahman	:	CAMLCO
Mr. Samir Saha	:	Member
Mr. Mohammad Nafi Borhan	:	Member

## BASEL Implementation Unit (BIU)

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

## ALCO

Mr. Iftekhar Ali Khan	:	Chairman
Mr. Md. Lutfur Rahman	:	Member
Mr. M. Maniruz Zaman Khan	:	Member
Mr. Mohammad Rashedul 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. Shabbir Minhaz Choudhury	:	Member
Mr. Samir Saha	:	Member
Mr. Mohammad Nafi Borhan	:	Member

## Risk Analysis Unit (RAU)

Mr. Md. Tareq Miah	:	Unit Head
Mr. Nawshad Md. Aziz Arman	:	Member

## Integrity Committee

Mr. M. Maniruz Zaman Khan	:	Unit Head
Mr. Md. Anwar Hossan	:	Member
Ms. Lutfun Nahar Lita	:	Member

## Green Banking Unit

Mr. Md. Lutfur Rahman	:	Head of Unit
Mr. M. Maniruz Zaman Khan	:	Member
Mr. Mohammad Rashedul Islam	:	Member
Mr. Samir Saha	:	Member
Mr. Md. Mahade Hasan Bhuyan	:	Member Secretary



Dr. Maswooda Ghani  
Chairman



# Chairman's Address

Bismillahir Rahmanir Rahim

## Dear Shareholders

This is my pleasure to welcome you all to the 19th Annual General Meeting of Bay Leasing & Investment Limited (BLIL). In spite of adverse domestic economic condition along with many challenges, BLIL has passed another year and sustained the business growth and diversifications.

## National Economy & BLIL

The year 2014 was the year of national election in Bangladesh. Different political instabilities along with sluggish business as well as slower rate of investment made the year challenging indeed. Along with long-existing global recession and slow economic growth, the domestic economic challenges made the management of BLIL practice high level of conservatism in dealing with new clients. Clients who were supposed to be less influenced by negative environmental factors were mainly considered for lending. I am happy to note that despite having different political, civil unrests, our clients managed to repay the debts timely which was positive for our business performance.

## Financial Position & Performance

In the year 2014, BLIL struggled much to cope with changing economic environment and reported a stable financial position. Reported operating income is BDT 282.33 million (consolidated) in 2014 which is a 24.20% increase compared to that of the previous year. At the end of 2014, BLIL's total investment portfolio was BDT 6,394 million reflecting a 31.42% increase compared to that of the year 2013.

## Subsidiary of BLIL

The newly formed subsidiary BLI Capital Limited was operating as a merchant banking division of BLIL until June 2013. BLI Capital reported a positive financial performance in 2014. Reported total asset of BLI Capital Limited is BDT 2,861 Million and Net Profit before provision is BDT 12 million. The financial ratios of BLI Capital Limited matched with merchant banking industry trend.

## Risk Management

Considering the importance of environmental risk BLIL has already developed an Environmental Risk Management Manual and BLIL regularly updates its core risk management manuals with a view to managing the changing risk types. 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 access 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

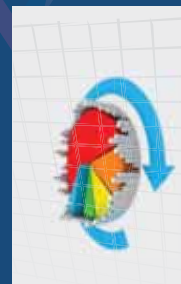
The primary sources of fund are the term deposits from individuals and institutions along with the capital components. BLIL also manages low cost of funds from various re-finance schemes from Bangladesh Bank, JICA, ADB etc.

## Compliance & Governance

BLIL also considers its social responsibility as one of the primary components to benefit society while benefitting it self. In 2014, 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 of BLIL 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. BLIL disbursed 6.58% of the total lending portfolio to the small and medium enterprises in the year 2014.





## Concluding note

Despite different obstacles, this is much encouraging that the economy of Bangladesh is growing. I expect that BLIL along with its subsidiary BLI Capital Limited will continue performing 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, 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 serving the company and its valued customers.



-----  
**Dr. Maswooda Ghani**  
Chairman



Iftekhar 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 2014. Bay Leasing has successfully completed 19 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 earning and strengthened our relationship. Our concentration on 2014 was on business expansion as well as customer diversification which enhanced the organization's scope of operation and achievements throughout the year. This is my immense pleasure to present the Annual Report 2014 of BLIL to you. I also have the pleasure to inform you that "BLI Capital" commenced its journey as the subsidiary of Bay Leasing in July 2013. Our core banking operations strengthened this year creating significant growth in loan disbursement and deposit collection resulting in higher growth in operating income. But due to continuing sluggish capital market trend, we conservatively took measures & increased provisioning quite cautiously to avoid any major business setback.

## **Economic Review 2014**

Due to significant challenges like geopolitical upheaval, the global economy is still struggling to fully recover. Bangladesh's GDP growth is already more than six percent despite civil unrest, political instability, and depressed demand of private investment. Despite all these, Bay Leasing along with BLI Capital Ltd. has been running its operation in a stable manner. Global Competitiveness Index 2014-15, developed by the World Economic Forum disclosed that Bangladesh secured the 109<sup>th</sup> position in 2014-15 whereas the position was 110<sup>th</sup> in 2013-14 and 118<sup>th</sup> in 2012-13. This marginal improvement in last year indicates that there was an impact of the shock of global crisis along with national issues like unstable political environment. Bangladesh has already been showing positive changes in infrastructure, macroeconomic stability, higher education, goods market efficiency, financial market sophistication, market size, and innovation but on the other hand is still struggling in factors like its labor market efficiency, technological readiness, etc. The year 2014 was a challenging year for the Bangladesh capital market as well. Increase in export and controlled fiscal deficit and government debt indicates good economic performance too. 2014 was an election year for Bangladesh and the post-election political unrest was one of the major reasons behind negative impact in national economy.

In order to be a middle-income country by 2021 as aspired, Bangladesh's GDP growth rate requires being 7.5 to 8 percent. Ensuring public and private investment, creating productive employment opportunities along with improved labor skills, establishing well-planned urbanization process, maintaining microeconomic stability, improving energy and infrastructure condition, adapting climate change, etc. will ensure the sustainable domestic economy as well as inclusive growth. Since Bangladesh is now in tough competition with countries like Vietnam, Myanmar and others, enhancing the country's own capacity has become imperative and pivotal issue.

## Financial Review

Analyzing the financial condition of the company we find that the consolidated operating income of BLIL for the year 2014 is BDT 282.33 million, an increase of 24.20% from that of the year 2013. Consolidated Operating Profit also increased by 4.49% compared to previous year. The Operating Profit for 2014 is BDT 216.93 million which was BDT 207.60 million in 2013. Consolidated restated Earnings Per Share (EPS) stood at BDT 1.06 in 2014, which was BDT 1.05 in 2013. At the end of the year 2014, the lending portfolio of BLIL stood at BDT 6394 million, an increase of 31.42% as compared to that of the year 2013. The deposit portfolio for 2014 is BDT 2760.76 million which was BDT 1806.51 million in 2013. This substantial growth of 52.82% in deposit base represents the confidence reposed by clients and stakeholders of BLIL.

## Risk Management

Risk management covers various measures to strengthen companies in order to face complex business environment and practices. 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. BLIL management views Money Laundering and Terrorist Financing prevention as an integral part of core risk management strategy and as a duty bound to comply with rules and regulation of money laundering prevention and practices.

## Information & Communication Technology (ICT)

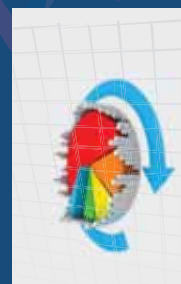
To increase the pace of work and the quality of services, BLIL upgrades its ICT resources in a timely manner. At present, the ICT Department of BLIL is working continuously to increase the efficiency and effectiveness of the ICT initiatives. In order to build own capacity, steps are already underway to place more emphasis on in-house ICT Solutions and Software programs and become less dependent gradually on external ICT vendors. We have already developed and implemented a core banking software platform which has streamlined our business process and equipped for improved Management Information System (MIS).

## Human Resource Development & Employee Turnover

We all know that employees are a company's greatest asset. 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 2014, the employees of BLIL participated in multiple training programs organized by Bangladesh Bank, JICA and IFC. 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 2014 reflecting high employee satisfaction in the company. 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 northern part of Bangladesh 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 bottle water, sharing office equipment, initiating in-house plantation programs etc.

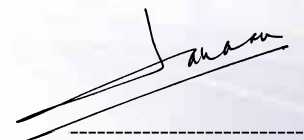
### **Expectation in 2015**

BLIL has already proven its ability to cope with changing environment as well as creating new opportunities. Although the year 2015 started with political unrest, strikes and blockades, I would like to hope that the situation will be under control very soon and the economy of Bangladesh will be more stable in upcoming days of the year. It may be noted that the scope of business activities is expanding gradually and I am optimistic that BLIL will be successful to boost up its performance trend in the year 2015.

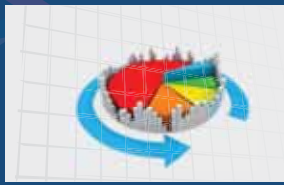
I am also hopeful about our ability to show significant progress in the industry. In 2015, we have already planned to invest heavily in expanding our products and services, which, we believe, will enhance not only the scope of our operation but also contribute to the overall benefit of the company and all its shareholders. 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, 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.



**Iftekhar Ali Khan**  
Managing Director



Shareholders' attendance at the 18<sup>th</sup> AGM



Board of Directors at the 18<sup>th</sup> AGM

# Director's Report

## Dear Shareholders

On behalf of the Board of Directors of Bay Leasing & Investment Limited, I am delighted to welcome you in the 19<sup>th</sup> Annual General Meeting of the Company. The Board of Directors of Bay Leasing & Investment Limited takes great pleasure in presenting the Annual Report 2014 of the company along with the audited financial statements and auditor's report for the year ended December 2014, for consideration and approval of the valued shareholders. The audited financial statements were approved by the Board of Directors of the company on April 30, 2014. 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 2014 was significant for Bay Leasing & Investment Ltd. In the face of political instability which prevailed during the year, downtrend of the capital market of the country, high inflation, reduced GDP growth and high interest rate, Bay Leasing & Investment Ltd managed to sustain their profit trend for the year 2014.

## Global Economy

In 2014, the global economy showed slow progress. The developed nations gained strength while the emerging economies faced decelerated growth. The central banks in the USA, Japan and Europe injected money in their economies and held their interest rates low in order to stabilize economy. India, the third largest economy and one of the important neighbors of Bangladesh, experienced decelerating growth, weak currency and inflation. In order to slow the inflation rate, the central bank of India increased its lending rate.

The global financial crisis in 2014 affected not only many developed countries, but also the emerging economies of Asia and Africa. Global growth picked up marginally to 2.6% in 2014 from 2.5% in 2013 which created disappointing growth in the developing countries and connecting with the countries' conservative domestic policy, supply-side constraints, and political instabilities, the economic situation has been journeying through a much challenging period indeed.

A noteworthy factor is the sharp fall in the oil price at the end of the year 2014 which, if continues, has the chance of global growth with much increase in real income mainly in the oil importing countries; but oil exporting companies, on the other hand, need to ensure strong financial management in order to keep their economic growth upwards. In the figure below, a comparison among the GDPs of different regions of the world in five different times has been illustrated.

Regions	GDP Growth				
	2012	2013	2014E	2015E	2016E
World	2.4	2.5	2.6	3.0	3.3
USA	2.3	2.2	2.4	3.2	3.0
Euro Area	-0.7	-0.4	0.8	1.1	1.6
Developing Countries	4.8	4.9	4.4	4.8	5.3
South Asia	5.0	4.9	5.5	6.1	6.6
Bangladesh	6.5	6.0	6.1	6.2	6.5
India	4.7	5.0	5.6	6.4	7.0
Pakistan	3.5	4.4	5.4	4.69	4.8

Source: World Bank

## Outlook 2015

Projections for FY 2015 are based on some assumptions. The central bank's monetary stance to contain inflation through the monetary policy statement will have some major impacts. The government will increase electricity and natural gas prices in order to cut subsidies and keep current spending within the budget. Finally, the weather is expected to be favorable. GDP growth in FY 2015 is projected at 6.1%. Strong remittance inflow, increased private investment, higher capital equipment imports, opening possibility of new power plants, etc. are some positive indications already. However, political unrest, continuous strikes and blockades have been affecting private investments and export activities which have been acting as

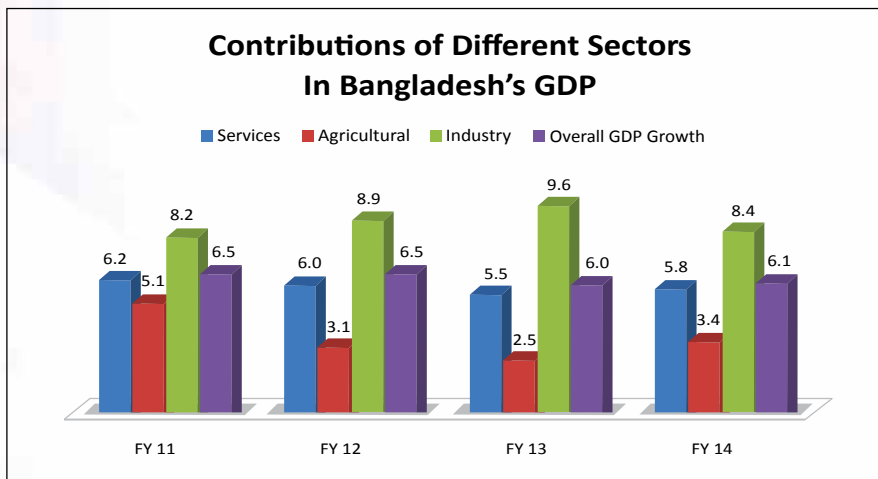
adverse to the overall economic growth prospects. Considering the unrests at the very beginning of the year 2015, there has already created an apprehension of having another strenuous year for lending since business confidence among institutions and beneficiaries has the chance of facing challenges.

## Bangladesh Economy

GDP growth of South Asian countries has the chance of experiencing different internal risks like political tensions, energy shortage, weak banking sectors, technological hindrances, etc. Bangladesh has targeted to boost its GDP in 2015 being mainly supported by agricultural growth along with growth in service sector, remittance, and private sector. But there still have chances of shortfall in revenue collection, stagnant private investment, low implementation of Annual Development Plan, and definitely, political obstacles. As history says, Bangladesh witnessed falls in real GDP growth during the election years. After reaching 6.7% in 2010-11, the election year, the GDP rate has been on a declining trend. Deep political tensions, insufficient improvements in the sector of power, gas and infrastructure were the key factors in the slow rate of growth. The financial system experienced a deep stress; and capital market was generally weak throughout the year of 2014 as the capital market activities had a declining progress in volume and market capitalization.

Bangladesh tends to experience significant violence during the periods of political transition. Another important fact is that public investment falls during election years because stagnation creates different obstacles in implementing different public investment projects. These usually bring a decline in remittances as well which cause weak consumer confidence ahead of the election and eventually slow down growth in consumer spending. Investment as a whole rose to 28.7% of GDP in FY 2014 from 28.4% in the previous year, and private investment slipped to 21.4% of GDP in 2014 from 21.8% in FY 2013.

In the chart below, the contribution of different sectors in Bangladesh's GDP has been illustrated. The chart shows that in each of the four years, industry has a major contribution to the overall GDP growth. Besides, service sector is becoming a much potential sector. Although more than half of GDP comes from the service sector, almost half of Bangladeshis are employed in the agriculture sector as rice is the single-most-important product. Garment exports, the backbone of Bangladesh's industrial sector and about 80% of total exports, surpassed \$21 billion last year, 18% of GDP.



Source: Bangladesh Bureau of Statistics

In recent years, gloomy financial sector resulted into low demand for money, excess liquidity, and increasing loan impairment in the banking institutions which even generated bigger problems like slow private investment rate, borrowers' inability to repay the loans on time, etc.

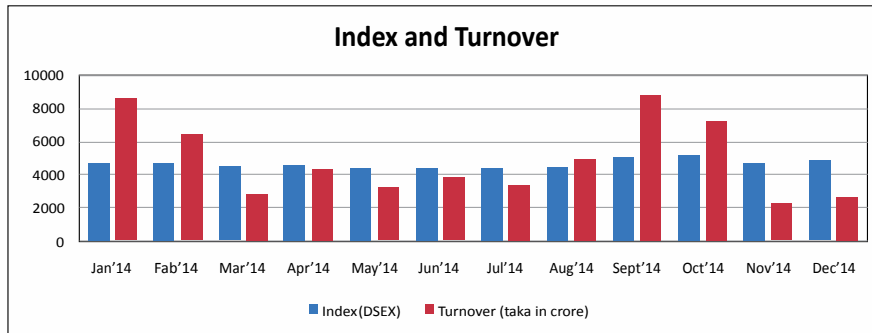
## Capital Market

2014 was a challenging year for the Bangladesh capital market and economy in general. In this year, Securities and Exchange Commission (SEC) took a number of reforms in to consideration. Seventeen new securities went public on the Dhaka Stock Exchange in 2014 which roped in about BDT 1,000 crore through initial public offerings (IPOs). The government's tax earnings from the stock market increased 70% year-on-year mainly because of an increasing trend in turnover as disclosed by Securities



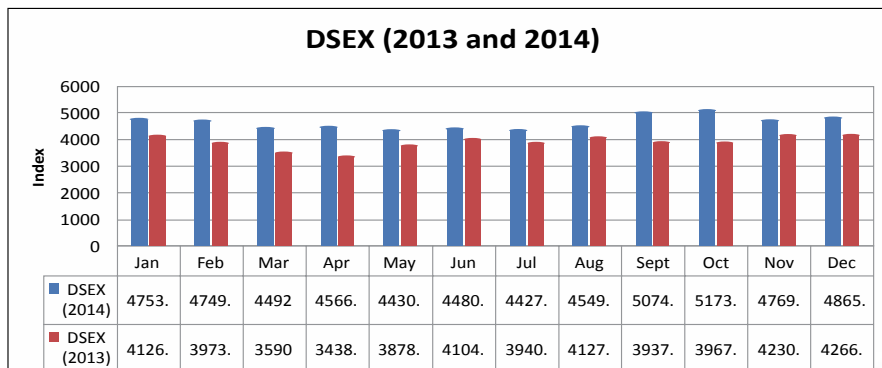


and Exchange Commission (SEC). The chart below shows the index (DSEX) and turnover.



*Source: Bangladesh Bank*

Capital market experienced shortage of liquidity due to fall in foreign investment in the late-2014. As the chart above indicates, foreign investment and investor confidence rose, and consequently, both index and turnover peaked in the beginning of year 2014. Stability along with major reforms in the capital market has helped the capital market to return to a positive situation. From the graph below, we see that DSEX has gained 14% year on year from December 2013 to December 2014.



*Source: DSE Website*

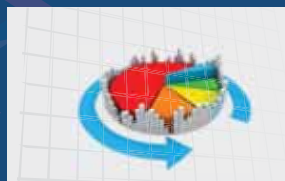
This is to be noted that earnings by sector of the companies listed in Bangladesh stock market showed a mixed trend in 2014 compared to 2013. While telecommunication had notable growth, Bank, a major index carrier, showed declining net income trends. Investment in such heterogeneous sector is risky and there is always the necessity of having careful research of individual and industry in order to avoid any unfavorable outcome.

It can be assumed that if inflation, asset quality of banking sector, FDR rates, Government bond yield, etc. go downward, DSEX may have significant growth in 2015. If everything happens positively, the year 2015 may become a good year for investors to re-allocate much portion of their assets in the Bangladesh equity market. We can also expect based on stable macro-economic conditions that Bangladesh stock market will be bullish again in the upcoming days.

## Risk management

BLIL adopts rigorous risk management process in order to minimize risk in its business process. BLIL has been maintaining a proper balance between appropriate risk management strategies and circumspect investment growth. It abides by the guidelines of Bangladesh Bank as well as its own risk management framework for the core five factors identified by Bangladesh Bank which are as follows:

1. Credit Risk
2. Environmental Risk
3. Asset – Liability management Risk
4. Internal Control and Compliance Risk
5. Money Laundering Risk.



## Financial Performance of BLIL

Despite the economic fluctuation of the national economy BLI has been able to sustain earnings and satisfactory performance in the year 2014 which are summarized below:

### Loans & Advances

The total portfolio of the company stood at BDT 6,394 Million at the end of year 2014 with a growth rate of 31.42% against the previous year.

### Sources of Funds

To reduce dependency on Banks, the company focuses on enhancing the core deposit. Consequently, the total deposit was BDT 2,760.76 million at the end of year 2014 which is 52.82% more than the previous year.

### Shareholders' Equity

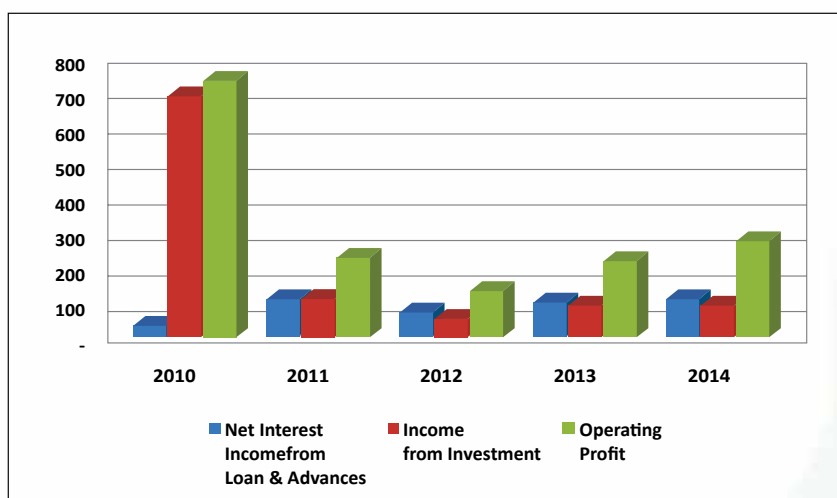
The Authorized Capital of the Company was BDT 3,000.00 million and paid-up Capital was BDT 1,309.07 million as of December 31, 2014. The Capital and Reserve of the Company in 2014 stood at BDT 2,675.82 million which is shown below:

Particulars	BDT in Million	
	2014	2013
<b>a) Core Capital (Tier-I Capital)</b>		
Paid-Up Capital	1,309.07	1,138.32
Statutory Reserve	410.97	373.97
Share premium	220.93	391.68
General Reserve	250.00	250.00
Retained Earnings	210.70	303.50
Total Core Capital	2,401.67	2,457.47
<b>b) Supplementary Capital [Tier- II Capital]</b>		
General Provision for Unclassified Loan	69.28	72.43
General Provision on off - Balance Sheet Items	-	-
General Provision on off -Shore Banking Units	-	-
Revaluation gain/loss on investments	-	-
Assets Revaluation Reserve	204.87	204.87
Total Supplementary Capital	274.16	277.30
<b>Total</b>	<b>2,675.82</b>	<b>2,734.78</b>

### Operating Revenue & Profit

As we have depicted that the year 2014 was a challenging year for Bangladesh economy and BLIL's financial and operational performances had impacts of this as well. In this adverse situation, we prudently utilized our resources and capacity to get the maximum benefits for our shareholders as well as to protect their interests from any uncertain business risks.

Since our capital market has been bearish over the past few years, our profitability has been being impacted by ongoing market behavior; however, it was better than the previous year. Our mainstream business of Loans and Advances has improved which is a positive sign for our sustainable business in the long run. The following table depicts the components of operating profit.



Years	Net Interest Income from Loan & Advances (in BDT)	Income from Investment (in BDT)	Operating Profit (in BDT)
2010	37,070,226	698,410,192	738,287,209
2011	116,734,808	113,933,616	233,259,838
2012	73,892,034	55,100,143	134,292,518
2013	108,230,367	92,515,531	227,323,145
2014	122,425,683	102,620,875	282,326,377

### Earnings Per Share (EPS)

Our EPS was 1.06 and 1.05 for the year 2014 and 2013 respectively. EPS has marginally increased this year.

### Provision for Taxes

Provision for tax at the end of the year 2014 was BDT 47.55 million which was BDT 51.61 million in December 31, 2013, a decrease of 7.87%.

### 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 extremely low in comparison to the industry average. In the year 2014, employee turnover ratio for BLIL was only 3.45%.

### 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. Bay Leasing & Investment Ltd. provides its employee extensive training programs in order to enable them to cope up with ongoing rapid changes around. Employees of Bay Leasing & Investment Ltd. participate in both In-house and external training programs provided by regulatory authorities, prominent training providers such as 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 to the employees life insurance coverage along with hospitalisation coverage.

## Information Technology

The ICT team of BLIL is continuously putting their effort to create more effective and efficient system eliminating redundancy and reducing error frequency. The core system software has been successfully running on trial basis. Data security has been ensured and to utilize software and hardware resources more efficiently. Cloud computing environment has been introduced. Our ICT team is now aiming on integrated customer service by which customer will be able to obtain required financial services in a better and faster way.

## Risk and Capital Adequacy

The BASEL-II framework was introduced to ensure that financial institutions maintain capital to cover all types of risks not just Credit Risk as required in BASEL- I. BASEL-II accord dictates that FI should maintain capital to cover Credit Risk, Market Risk and Operational Risk. The BASEL-II accord is based on three mutually reinforcing pillars.

The first pillar is about Minimum Capital Requirement (MCR), second pillar is about Supervisory Review Process (SRP) and the last is about Market Discipline. This accord outlines the level of capital required by an FI against various types of risks including Credit, Market and Operational risk based on the risk profile of the organization.

To make the FI's capital more risk sensitive as well as to build the industry more shock absorbent and stable, Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions.

The instructions regarding Minimum Capital Requirement, Supervisory Review Process (SRP) and Disclosure Requirement as stated in the CAMD guidelines have to be followed by all FI's for the purpose of statutory compliance.

### Structured of BASEL – II

#### Pillar – I (Minimum Capital Requirement)

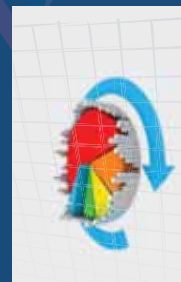
This is a calculation of the Minimum Capital Requirement (MCR) considering different risks such as Credit Risk, Market Risk and Operational Risk.

According to Bangladesh Bank's instruction, all FI's have to maintain regulatory Capital Adequacy Ratio (CAR) at minimum 10%. To give effect to the purpose, regulatory capital is categorized into three tiers.

**Tier-1 Capital:** Known as Core Capital comprises of highest quality of capital elements that consists of Paid up capital, Non repayable share premium, statutory reserve, general reserve, retained earnings, Minority interest in subsidiaries, non-cumulative irredeemable preference shares & Dividend equalization account.

**Tier- 2 Capital:** Known as Supplementary capital represents other elements which falls short of some of the characteristics of the overall strength of an FI and consists of:

- General provision up to a limit of 1.25% of Risk Weighted Assets (RWA) for Credit risk.
- Revaluation reserve for fixed assets
- Revaluation reserve for securities
- All other preference shares.





### Pillar – II (Supervisory Review Process)

This pillar is based on the principle that capital adequacy is not just a compliance matter and it is equally important that the FI should have a robust risk management framework. The pillar II has two key elements:

- a. An FI specific internal assessment and management of capital adequacy.
- b. Supervisory review of this internal capital assessment and the robustness of risk management processes, systems and controls.

### Pillar – II (Market Discipline)

Bolstering market discipline through enhanced disclosure is a fundamental part of the accord. Effective disclosure is essential to ensure that market participants can better understanding FI's risk profiles and the adequacy of their capital. The accord provides detailed guidance on the disclosure required for each of the methodology given in pillar - I.

### 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 examines 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	Senior Principal Officer	Member
03.	Md. Enayet Kabir	Senior Principal Officer	Member

### Minimum Capital Requirement (MCR) under prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)

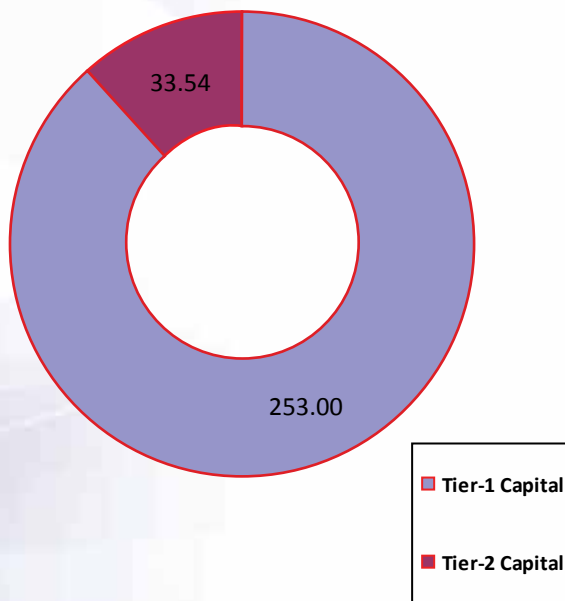
Particulars	Amount in Crore	
	2014	2013
<b>A. Eligible Capital:</b>		
1. Tier-1 Capital	253.00	258.27
2. Tier-2 Capital	33.54	30.78
<b>3. Total Eligible Capital (1+2)</b>	<b>286.54</b>	<b>289.05</b>
<b>B. Total Risk Weighted Assets (RWA)</b>	<b>1304.74</b>	<b>1068.82</b>
<b>C. Capital Adequacy Ratio (CAR) (A3/B)*100</b>	<b>21.96</b>	<b>27.04%</b>
<b>D. Crore Capital to RWA(A1/B)*100</b>	<b>19.39</b>	<b>24.16%</b>
<b>E. Supplementary Capital to RWA(A2/B)*100</b>	<b>2.57</b>	<b>2.88%</b>
<b>F. Minimum Capital Requirement (MCR) 10% of RWA or 100 Crore whichever is higher</b>	<b>130.47</b>	<b>106.88</b>



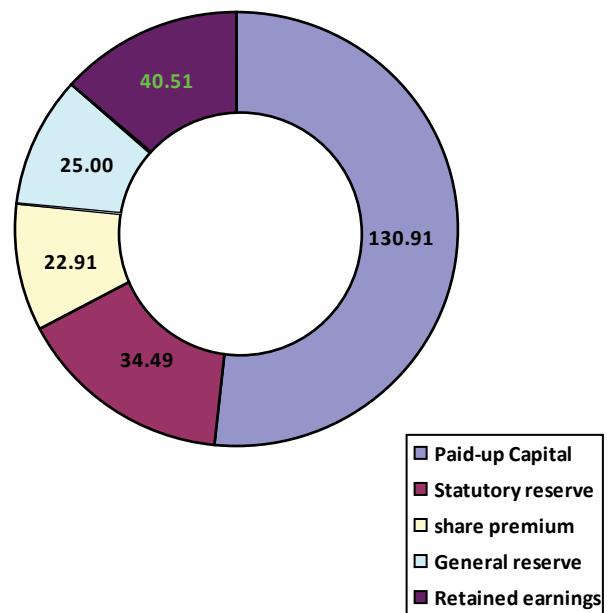
## Eligible Capital

Particulars	2014	2013
Paid up capital	130.91	113.83
Statutory reserve	40.51	37.30
Non-repayable share premium account	22.91	39.17
General reserve	25.00	25.00
Retained earnings	34.49	42.97
Minority interest in subsidiaries	-	-
Non-cumulative irredeemable preference shares	-	-
Dividend equalization account	-	-
<b>Total Tier-1 (Core Capital)</b>	<b>253.00</b>	<b>258.27</b>
<b>Deductions from Tier-1 Capital</b>	-	-
<b>Tier-2 (Supplementary Capital)</b>		
General Provision (Unclassified loans up to specified limit+SMA+off Balance Sheet exposure)	13.05	10.29
Asset Revaluation Reserves up to 50%	20.49	20.49
<b>Tier-2 Capital</b>	<b>33.54</b>	<b>30.78</b>
<b>Total eligible Capital (1+2)</b>	<b>286.54</b>	<b>289.05</b>

Consolidated Tier 1 Capital



Consolidated Total Capital



## Risk Weighted Assets (RWA)

Particulars	Amount in Crore	
	2014	2013
<b>A. Credit Risk:</b>	<b>1044.72</b>	<b>823.76</b>
On-Balance Sheet	1044.72	823.76
Off-Balance Sheet	-	-
<b>B. Market Risk</b>	<b>218.82</b>	<b>207.06</b>
<b>C. Operational Risk</b>	<b>41.20</b>	<b>38.00</b>
<b>Total Risk Weighted Assets</b>	<b>1304.74</b>	<b>1068.82</b>

### Anti-Money Laundering/Combating the Financing of Terrorism:

Money Laundering is the involvement in any one transaction or series of transactions that assists a criminal in keeping, concealing or disposing of proceeds derived from illegal activities.

Money Laundering has been identified as a major threat to the financial services community. It is important that the management of Bay Leasing views prevention of money laundering as part of their risk management strategies and not simply 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:

1. Formation of Central Compliance Unit (CCU) at Head Office headed by Chief Anti Money Laundering Compliance Officer (CAMLCO).
2. 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.
3. 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.
4. Workshops and seminars have been attended by staff to upgrade their skills on AML procedures.

### Internal Control & Compliance:

Internal Control & Compliance mechanisms and actions are taken to correct/rectify deficiencies as they are identified Internal Control & Compliance is not only for getting things done but also to assure that they have been done properly.

ICC plays a vital role in building up a culture of transparency and accountability. Internal Control & Compliance Unit of Bay Leasing is an integral part of Management and a foundation for safe and sound operation. To reduce the operational risks of the company the unit conducts regular audit/inspection on the business affairs.

The Division also ensures implementation of various instructions given by the regulatory bodies the Board of Directors, Executive Committee of the Board and the Board Audit Committee of the company.

The general and specific objectives of the ICCU are:

To find out whether the books of accounts and financial statements are properly drawn in accordance with the Financial Act 1993, IAS and BAS & other Regulatory Bodies.

To detect and prevent fraud and errors.

To detect operational weakness of the company.

To provide proper guidance to the human resources of the company in order to perform their duties well.

To provide guidance and train up personnel of the Company to detect common errors and lapses committed by them in day to day operations.

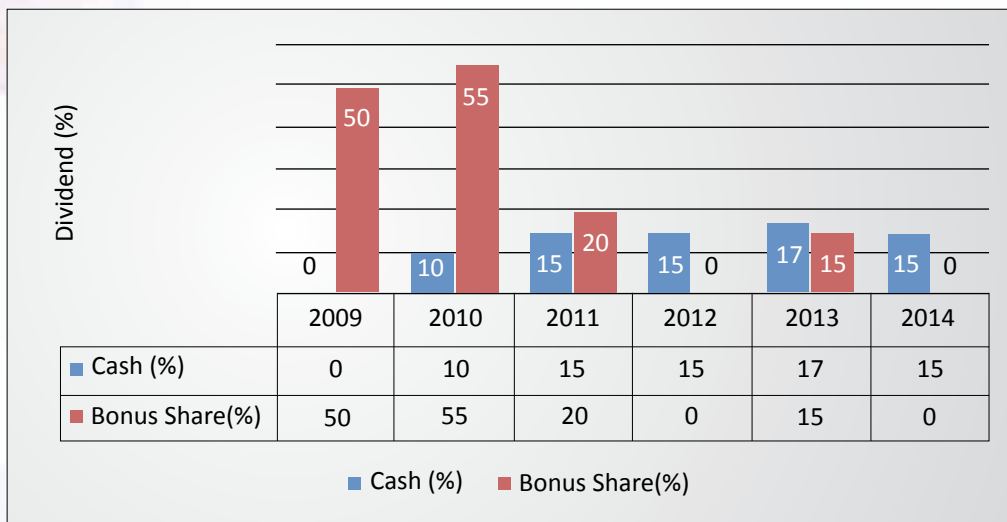
To provide information to the Board and Management whether there is any deviation from the set principals, policies & objectives.

## SME

Small and medium enterprises play a vital role in economic growth of Bangladesh. In Bangladesh, almost 90% of the entire private sector lies under the category of small and medium enterprises. SMEs play significant role in reducing unemployment rate and fostering economic growth. Bangladesh Government promotes and supports this industry to increase the effectiveness of the SME businesses. SME sector of Bangladesh contributed up to 25% of Bangladesh's GDP last year. To promote SME industry, the SME division of BLIL not only gives loans, but also provides advocacy to increase their operating efficiency. Women Entrepreneur Dedicated Desk of BLIL is focused on sanctioning loans to the women entrepreneurs and subsequently seek refinance from Bangladesh Bank at a low interest rate. BLIL disbursed 6.58% of the total lending portfolio to the small and medium enterprises in the year 2014.

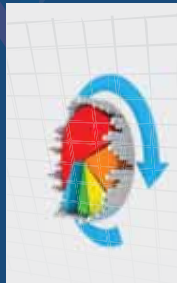
## Declaration of Dividend

The Board of Directors in its meeting held on 30th April, 2015 recommended Cash dividend of 15% for the year 2014. The shareholders of our company always received satisfactory dividends each year. The rates of Cash Dividend and Stock Dividend declared by the Company since 2009 are shown below:



## Corporate Governance

The corporate governance status of BLIL is very positive. BLIL complies with the existing corporate governance requirements applicable for the NBFIs in Bangladesh. The corporate governance compliance status is reviewed by an independent 3rd party.





### Retirement, Re-appointment and brief Resume 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 then the number nearest to one third shall retire in rotation from office. The number of Directors of the Financial Institution is 9 (nine). Therefore, 3 (three) Directors out of 9 (nine) shall retire in the 19th Annual General Meeting. Accordingly, the following 3 (three) Directors is due to retire in the 19th Annual General Meeting.

01. Dr. Maswooda Ghani
02. Mr. Tarik Sujat
03. Mr. Sheikh Abdul Hafiz FCA

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	Dr. Maswooda Ghani	Chairman	Managing Director: Pushpo Clinic
02.	Mr. Tarik Sujat	Director	CEO: Journeyman, Colors of Bangladesh, One Stop Print Shop. Managing Director: MediaScene Ltd., I- Info Media Ltd. Director: Desh Television Limited Managing Partner: Journeyman Riddi Consortium
03.	Mr. Sheikh Abdul Hafiz FCA	Independent Director	Member Governing Body: a) Bangladesh Medical College & Hospital b) Bangladesh Dental College c) Uttara Adhunik Medical College & Hospital d) Member & Past President, ICAB

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 19th Annual General Meeting of the company.

### Appointment of new Directors

Three new Directors whose names are given below were inducted in the Board of BLIL in June 2014 to comply with Bangladesh Bank's FID Circular 09/2002

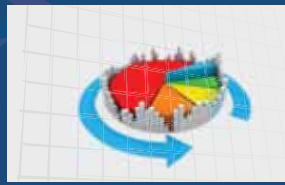
1. Prof. Suraiya Begum (approved in 118<sup>th</sup> Board meeting held on 22.06.2014)
2. Prof. Shahid Uddin Ahmed (Ph.D) (approved in 117<sup>th</sup> Board meeting held on 11.06.2014)
3. Mr. Shahid Hossain, representing Southeast Bank Limited.  
(approved in 117<sup>th</sup> Board meeting held on 11.06.2014).

### Business Ethics

BLIL believes and encourages a level playing field in its relationship and business. As BLIL is concerned about customer welfare, BLIL understands the need of customers by extending facilities to the right clients on fair terms. To increase the degree of service, a suggestion/complaint box is in place so that the customers can notify the senior/ top management about the problems they face. BLIL maintains strong relationship with corporate clients in running up the business so that all the parties remain in a win-win situation.

### Directors' Responsibilities in Preparing Financial Statements

The Directors are responsible for preparing the company's financial statements in accordance with applicable laws and regulations. The Board confirms that the financial statements have been prepared under the applicable laws and regulations as per requirements of regulatory authorities.



### **Accounting Policies & Maintenance of Books of Accounts**

The Directors considered that in preparing the financial statements, the company has used appropriate policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all international accounting standard as adopted by the institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts which have been maintained properly as required by the applicable rules and regulations.

### **Fairness of Accounts**

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, 1994. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of their profits for the year ended December 31, 2014.

### **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 and BAS/BFRS as adopted by ICAB, give a true and fair view of the assets, liabilities, financial position 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 position of the company, together with a description of the principal risks and uncertainties.

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

### **Report on the Compliance of the Conditions of BSEC's Notification**

The directors are required by the BSEC'S notification dated August 07, 2012 to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest for the investors and the capital market. A statement on the compliance with the BSEC'S conditions is given on the succeeding part of this report.

### **Appointment of External Auditor**

Syful Shamsul Alam & Co., Chartered Accountants were appointed external auditor of the company for the year 2014 at the 18th Annual General Meeting. They have audited the books of accounts for the period covering 1st January 2014 to 31st December 2014.

### **Note of Appreciation**

The undersigned and the Board of Bay Leasing & Investment Limited warmly appreciate the support and express gratitude to Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies & Firms, National Board of Revenue and Central Depository Bangladesh Limited for their continued assistance and guidance during the year.

Heartfelt appreciation goes to all our valued customers, partner banks, patrons and well wishers for their generous support and co-operation. My special thanks and sincere appreciation on behalf of the Board goes to the management and members of the staff for their hard work, dedication and loyalty towards the company.

Finally, my sincere appreciaiton and thanks to all of my colleagues of the Board and all respected shareholders for their support and trust in our efforts to enhance the wealth and economic value of Bay Leasing & Investment Limited.

Dr. Maswooda Ghani  
Chairman

# 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 of members of the Audit Committee

The Audit Committee is comprised of Non-Executive Directors including Independent Directors. An Independent Director is the Chairman of the Committee. The Committee of Bay Leasing is comprised of Mr. Sheikh Abdul Hafiz FCA, Mr. Tarik Sujat, Mr. Zubayer Kabir, Mr. Zakir Ahmed Khan and Mr. A.H.M Moazzem Hossain. This is in compliance with Bangladesh Bank Circular and BSEC's Corporate Governance Notification. The Company Secretary of Bay Leasing, Mr. M. Moniruz Zaman Khan is the Secretary to the Audit Committee. The Board has satisfied itself that the members of the Audit Committee are competent in financial matters and have relevant experience.

## Meetings of the Audit Committee:

Four meetings were held during 2014. The Managing Director of Bay Leasing attended the meetings as invitee, other invitees were the Chief Financial Officer and the relevant heads of divisions.

## Terms of Reference of the Audit Committee

- Mr. Sheikh Abdul Hafiz FCA, in his capacity as an Independent Director, shall be Chairman of the Audit Committee.
- The tenure of office of the Audit committee shall be for 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 relevant 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 systems and controls for effectiveness of internal audit function.
- Monitored independence of audit work.

## External Audit

Syful Shamsul Alam & Co, Chartered Accountants acted as external auditors of 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, during the year 2014.

## Independence of External Auditor

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 is maintained. The Chief Financial Officer is permitted to engage the external auditors on matters that do not create such conflicts.

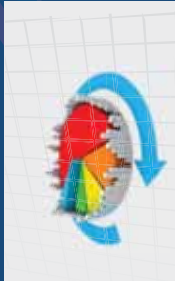
The committee considered the independence expertise and objectivity of external auditors and also reviewed their effectiveness as external auditors before submitting the recommendation to the board that their re-election could be proposed to the shareholders.

## 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 Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 august, 2012 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

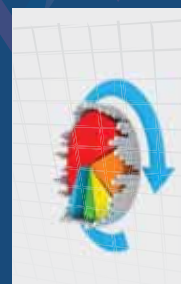
Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors (BoD)</b>			
1.1	<b>Board's Size:</b> Board's Size(number of board members-minimum 5 and maximum 20)	√		
1.2	<b>Independent Directors</b>			
1.2(i)	At least one fifth (1/5) of the total number of directors shall be Independent directors	√		
1.2(ii)	<b>Independent Director means a director</b>			
1.2(ii) (a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		
1.2(ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	√		
1.2(ii) (c)	Who does not have any other relationship whether pecuniary or otherwise with the company or its subsidiary/associated companies	√		
1.2(ii) (d)	Who is not a member, director or officer of any stock exchange	√		
1.2(ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2(ii) (f)	Who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the companies statutory audit firm	√		
1.2(ii) (g)	Who shall not been an independent director in more than 3 (three) listed companies	√		
1.2(ii) (h)	Who has not been 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(ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude	√		
1.2(iii)	Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting(AGM)	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90(ninety)days	--	--	No vacancy occurred
1.2(v)	The Board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded	√		
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		
1.3	<b>Qualification of Independent director(ID)</b>			
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial regulatory and corporate laws and can make meaningful contribution to business	√		
1.3(ii)	Independent Director should be Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or law background/ Professional like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12(twelve) years of corporate management/ professional experiences	√		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of commission	-	-	Not applicable
1.4	<b>The Chairman of the board and the Chief executive officer:</b> The Chairman of the board and the Chief executive officer (CEO) shall be different individuals. The chairman shall be elected from the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	√		
1.5	<b>The directors' report shall include the following additional statements 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)	Risk and concerns	√		
1.5(iv)	A discussion on Cost of goods sold, Gross profit Margin and Net Profit Margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	--	--	Not applicable

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, right issues and/or through any other instruments			Not applicable
1.5(viii)	An explanations if the financial results deteriorate after the company goes for Initial Public Offering(IPO)			Not applicable
1.5(ix)	If significant variance occurs between quarterly financial performance and annual financial statements the management shall explain about the variance	√		
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	The financial statements present fairly its state of affairs , the result of its operations, cash flows and changes in equity	√		
1.5(xii)	Proper books of account have been maintained	√		
1.5(xiii)	Adaption of appropriate accounting policies & estimates	√		
1.5(xiv)	IAS/BAS/IFRS/BFRS as applicable in Bangladesh have been followed and adequate disclosure for any departure	√		
1.5(xv)	The system of internal control is sound in design and has been effective implemented and monitored	√		
1.5(xvi)	Going Concern (ability to continue as a going concern)	√		
1.5(xvii)	Highlight and explain significant deviations from the last years operating results	√		
1.5(xviii)	Key operating and financial data of at least preceding 5(five) years shall be summarized	√		
1.5(xix)	Reason for non declaration of dividend	-	-	Not applicable
1.5(xx)	The number of board meeting held during the year and attendance by each director	√		
1.5(xxi)	<b>Pattern of shareholding and name wise details (disclosing aggregate number of shares)</b>	√		
1.5(xxi)(a)	Parent/Subsidiary/Associate Companies and other related parties	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5(xxi)(b)	Directors, Chief Executive Officer(CEO), Company Secretary(CS), Chief Financial Officer(CFO), Head of Internal Audit(HIA) and their spouses and minor children	√		
1.5(xxi)(c)	Top five executives other than mentioned above			Not applicable
1.5(xxi)(d)	Shareholders holding ten percent(10%) or more voting interest in the company			Not applicable
1.5(xxii)	<b>In case of the appointment/re-appointment of a director, disclose</b>			
1.5(xxii)(a)	A brief resume of the director	√		
1.5(xxii)(b)	Nature of his/her expertise in specific functional areas	√		
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2.	<b>Chief Financial Officer(CFO) Head of Internal Audit and Company Secretary(CS):</b>			
2.1	<b>Appointment:</b> Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties		√	CFO, CS is the same persons. Segregation is under process
2.2	<b>Requirement to attend the Board Meetings:</b> The CFO and the CS shall attend the meeting of the board of directors	√		
3	<b>Audit Committee</b>			
3(i)	The company shall have an Audit Committee as a sub-committee of the BoD	√		
3(ii)	The Audit Committee shall assist the BoD 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	√		
3(iii)	The Audit Committee shall be responsible to the Bod. The duties of the audit committee shall be clearly set forth in writing	√		
3.1	<b>Constitution of the Audit Committee</b>			
3.1(i)	The Audit Committee shall be composed of at least( 3)three members	√		
3.1(ii)	The BoD shall appoint members of the audit committee who shall be directors of the company and shall include at least 1(one) Independent Director	√		





Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.1(iii)	All members of the audit committee should be “financially literate” and at least 1(one) member shall have accounting or related financial management experience	√		
3.1(iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy(ies) by the board not later than 1(one) month from the date of vacancy(ies)	-	-	No vacancy occurred
3.1(v)	The company secretary shall act as the secretary of the committee	√		
3.1(vi)	The quorum of the audit committee meeting shall not constitute without at least 1(one) independent director	√		
3.2	<b>Chairman of the Audit committee</b>			
3.2(i)	The BoD shall select the chairman of the Audit Committee who shall be an independent director	√		
3.2(ii)	Chairman of the audit committee shall remain present in the AGM	--	--	Will be ensured
3.3	<b>Role of Audit Committee</b>			
3.3(i)	Oversee the financial reporting process	√		
3.3(ii)	Monitor choice accounting policies and principles	√		
3.3(iii)	Monitor Internal Control Risk management process	√		
3.3(iv)	Oversee hiring and performance of external auditors	√		
3.3(v)	Review the annual financial statements before submission to the board for approval	√		
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board approval	√		
3.3(vii)	Review the adequacy of internal audit function	√		
3.3(viii)	Review statements of significant related party transactions submitted by the management	√		Management Report
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.3(x)	Disclosure to the audit committee about the uses / applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital etc) on a quarterly basis, as a part of their quarterly declaration of financial results. Further on an annual basis shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus	--	--	Not applicable
3.4	<b>Reporting the Audit Committee</b>			
3.4.1	<b>Reporting to the Board of Directors</b>			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings if any:-			
3.4.1(ii)(a)	Reporting on conflicts of interest	None		
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	None		
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations	None		
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately	None		
3.4.2	<b>Reporting to the Authorities</b>			
3.4.2	Reporting to BSEC(if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	None		
3.5.	<b>Reporting to the shareholders and General Investor:</b> Reporting to the shareholders of audit committee activities, which shall be signed by the chairman and disclosed in the annual report	√		
4.00	<b>External/Statutory Auditors</b>			
4(i)	Non-engagement in appraisal or valuation services or fairness opinion	√		
4(ii)	Non-engagement in designing and implementation of Financial information systems	√		
4(iii)	Non-engagement in book keeping or other services related to the accounting records or financial statements	√		
4(iv)	Non-engagement in Broker – dealer services	√		
4(v)	Non-engagement in actuarial services	√		
4(vi)	Non-engagement in internal audit services	√		
4(vii)	Non-engagement in any other services that the audit committee determines	√		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5.00	<b>Subsidiary Company</b>			
5(i)	Provision relating to the composition of the BoD of the holding company shall be made applicable to the composition of the BoD of the subsidiary company	√		
5(ii)	At least 1(one) independent director on the BoD of the holding company shall be a director on the BoD of the subsidiary company		√	Process of compliance already taken up & expected to be complete by Sept. 2015
5(iii)	The minutes of the board meeting of the subsidiary company shall be placed for review at the following board meeting of the holding company	√		
5(iv)	The minutes of the respective board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	√		
5(v)	The audit committee of the holding company shall also review the financial statements, in particular the investment made by the subsidiary company	√		
6	<b>The 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>			
6(i)(a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
6(i)(b)	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	√		
6(ii)	There are to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent , illegal or violation of the company's code of conduct	√		
7(i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	√		
7(ii)	Directors statements in the directors report whether the company has complied with these conditions	√		



## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES

We have examined the compliance of conditions of corporate governance guidelines of Bangladesh Securities And Exchange Commission (BSEC) by Bay Leasing & Investment Limited as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006 – 158/134/admin/44 dated August 07, 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013 (the “conditions of corporate governance guidelines”) for the year ended 31<sup>st</sup> December 2014.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the company’s management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

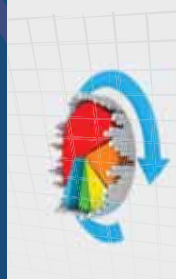
According to the information and explanations provided by the company, we hereby certify that in our opinion, the company has complied with all the conditions of Corporate Governance Guidelines issued by BSEC.

*Pinaki Das*  
Pinaki Das, FCA  
Senior Partner  
ICAB Enrolment No. 151  
For Pinaki & Company  
Chartered Accountants.

Dhaka, May 11, 2015

An Independent Associate Member of Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi, India.

Dhaka : AHSANDELL, 2/A, Mymensingh Road (2nd Floor), Shahbag, Dhaka-1000, Bangladesh  
Tel # 966-0944, 966-5095, E-mail : pinaki\_co@yahoo.com Fax # 88-02-9672726, Mobile # 01711-364850, 01711-106302





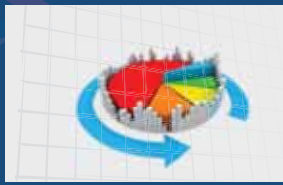
## Shareholding Pattern As On December 31, 2014

### A) Directors Shareholding position

Sl. No.	Name of Directors	No. of Shares	% of Holdings
01.	Dr. Maswooda Ghani	7,914,300	6.05
02.	Prof. Suraiya Begum	2,808,700	2.15
03.	Mr. Tarik Sujat	2,731,530	2.09
04.	Mr. Zubayer Kabir	2,618,550	2.00
05.	Mr. Shahid Hossain, Nominee Director of SEBL	18,854,231	14.39
06.	Mr. Zakir Ahmed Khan	Nil	0.00
07.	Mr. Sheikh Abdul Hafiz FCA	Nil	0.00
08.	Mr. A.H.M Moazzem Hossain	Nil	0.00
09.	Prof. Shahid Uddin Ahmed	Nil	0.00

### B) Senior Executives Shareholding position

SL #	Name of Shareholders	Designation	Number of Shares	% of Holdings
1.	Iftekhhar Ali Khan	Managing Director	-	-
2.	Md. Lutfur Rahman	Executive Vice President	-	-
3.	M. Maniruz Zaman Khan	Senior Vice President	-	-
4.	Mohammad Rashedul Islam	Senior Assistant Vice President	-	-



## Attendance In The Board Of Directors Meetings During The Year 2014

Sl. No.	Name of Directors	Position	Total Meeting	Attended	Remarks
01.	Dr. Maswooda Ghani	Chairman	10	9	The Directors who could not attend any meeting were granted leave of absence
02.	Prof. Suraiya Begum	Director	4	3	
03.	Mr. Tarik Sujat	Director	10	10	
04.	Mr. Zubayer Kabir	Director	10	4	
05.	Mr. Shahid Hossain	Nominee Director of SEBL	5	3	
06.	Mr. Zakir Ahmed Khan	Independent Director	10	9	
07.	Mr. Sheikh Abdul Hafiz, FCA	Independent Director	10	10	
08.	Mr. A.H.M Moazzem Hossain	Independent Director	10	10	
09.	Mr. Md. Abdul Wadud	Independent Director	2	2	
10.	Prof. Shahid Uddin Ahmed (Ph.D)	Independent Director	5	2	

# GREEN BANKING



## Green Banking Initiatives

Society is facing most complicated issues of climate change. People nowadays are more conversant with global warming and its inherent consequences on human life. So change is the need of the hour for the survival and continuous efforts should be made for the environmental management in a sustainable manner. It is not only the concern of the government and the direct polluters but also of other stakeholders like

financial institutions such as NBFIs, which are playing a fundamental role in the development of the society. Banking activities are not physically related to the environment, but the external impact of their customer activities is substantial. So NBFIs adopted green strategies into their operations, buildings, investments and financing strategies.

“Green Bank is like a normal bank, which considers all the social and environmental / ecological factors with an aim to protect the environment and conserve natural resources”. It is also known as ethical bank or sustainable bank.

Green is becoming a symbol of Eco consciousness in the world. In response to increasing awareness over

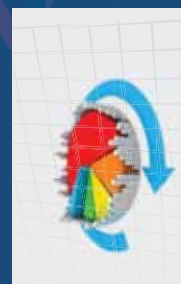


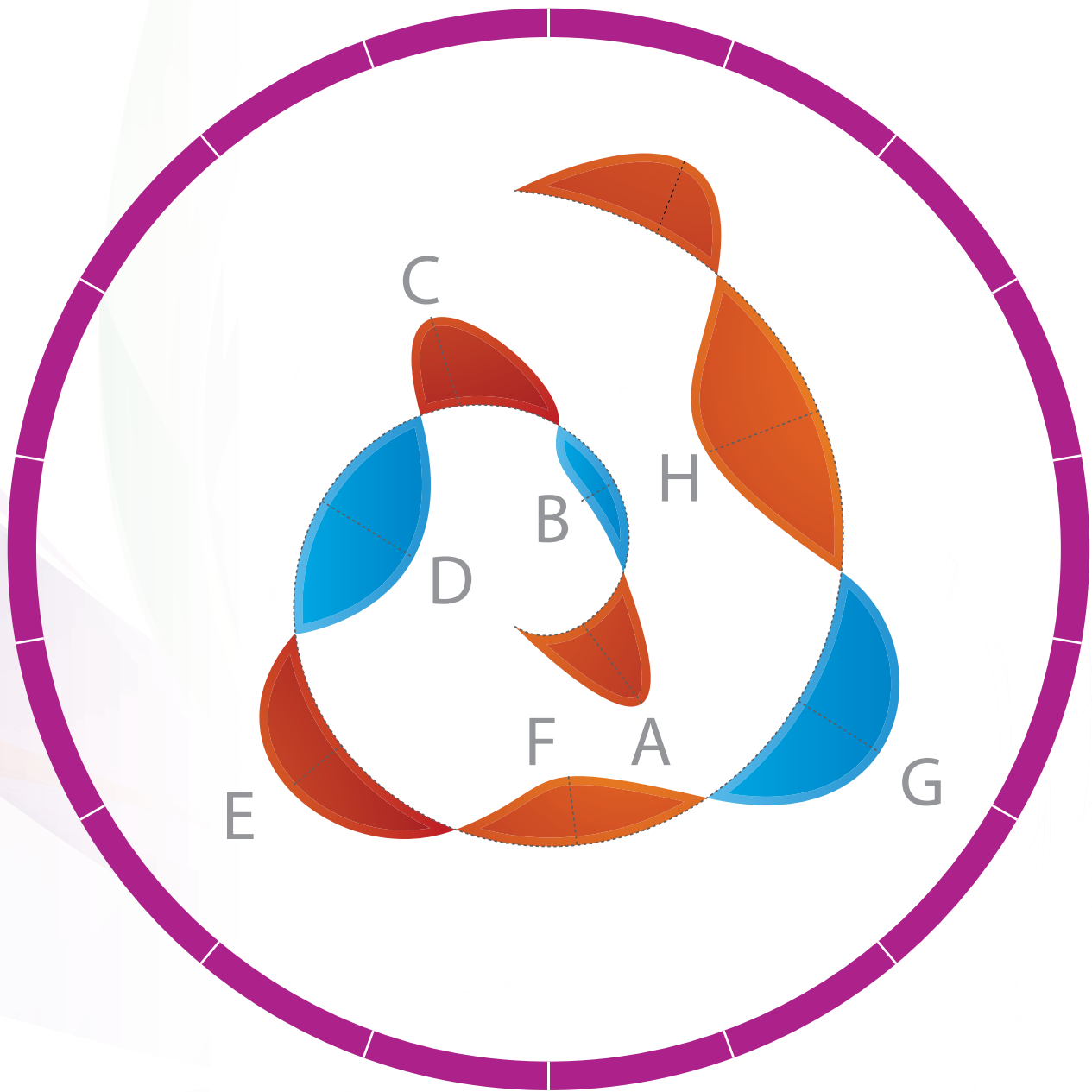
the climate change, environmental degradation, urgent measures for sustainable development and as per instruction of Bangladesh Bank Bay Leasing & Investment Ltd. has already established its “Green Banking Policy” and “Green Banking Unit” with the responsibility of developing policies, planning and administering the green banking initiatives of the Bay Leasing & Investment Ltd. Some aspects across the organization are as follows:

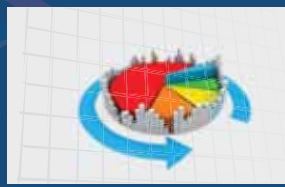


**Bay Leasing & Investment Limited (Consolidated)**  
**Some Pertinent Highlights as on December 31, 2014**

Sl No.	Particulars	31-12-2014 (Taka)	31-12-2013 (Taka)
1	Authorized Capital	3,000,000,000	3,000,000,000
2	Paid-up capital	1,309,068,000	1,138,320,000
3	Total Shareholder's Equity	2,841,867,782	2,897,222,659
4	Capital Surplus/(deficit)	1,607,001,332	1,665,956,242
5	Total Liabilities	6,727,010,022	4,817,309,454
6	Total Assets	9,568,889,010	7,714,532,113
7	Deposits & other Accounts	2,874,213,000	1,959,160,635
8	Total Loans and advances	6,393,997,999	4,865,306,550
9	Income from Investment	102,620,875	92,515,531
10	Net Profit after Tax	138,170,729	137,519,616
11	Percentage of Classified Investment against Total Investments	5.08%	5.10%
12	Provision Kept against classified Investments	102,719,134	82,570,186
13	Provision Surplus/(deficit)	1,095,176	14,939,087
14	Total Contingent Liabilities and Commitment	-	-
15	Investment Deposit Ratio	2.22	2.48
16	Cost of Fund	12.07%	12.93%
17	Interest earning Assets	6,617,441,859	5,179,075,628
18	Non-Interest earning Assets	2,951,447,151	2,535,456,485
19	Net Asset Value Per Share	21.71	22.13
20	Return on equity	4.86%	4.75%
21	Return on Average Assets	1.94%	2.45%
22	Cost/Income Ratio	0.76	0.75
23	Capital Adequacy Ratio	25.04%	25.59%
24	Dividend Cover Ratio	7.07	3.78
25	Earning Per Share	1.06	1.05
26	Price earning Ratio (P/E Ratio)	28.21	35.12







## Independent Auditors' Report To the shareholders' of Bay Leasing & Investment Limited and its subsidiary

We have audited the accompanying 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 & Investments Limited (the "Company"), which comprises the consolidated and separate Balance sheet as at 31 December 2014, consolidated and separate Profit & Loss account, consolidated and separate Statement of Changes in Equity and consolidated and separate Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also the separate financial statements of the Company that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.3, the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements of the Group and also the separate financial statements of the Company 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Company. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Company, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Group and the separate financial statements of the Company that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements of the Group and the 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 2014, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS)

as explained in note 2.3 and comply with the Financial Institution Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### Report on Other Legal and Regulatory Requirements

We also report that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the Company and its subsidiaries so far as it appeared from our examination of those books;
- iii) Financial statements of subsidiary Company of the entity namely BLI Capital Limited has been audited by Pinaki & Company, Chartered Accountants and issued an unqualified opinion;
- iv) The Company's consolidated and separate Balance sheet and consolidated and separate Profit & Loss account together with the annexed notes 1 to 37 dealt with by the report are in agreement with the books of account and returns;
- v) The expenditure incurred and payment made were for the purpose of the Group and the Company's business;
- vi) The consolidated and separate financial statements of the Group and those of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.3 as well as guideline, circulars issued by Bangladesh Bank;
- vii) The records and statements submitted by the parent company and the subsidiary company have been properly maintained and consolidated in the financial statements;
- viii) Adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;
- ix) The information and explanations required by us have been received and found satisfactory;
- x) The consolidated and separate financial statements of the company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;
- xi) We have reviewed over 80% of the risk weighted assets of the Company during the course of our audit and we have spent over 1,280 person-hours for the audit of books and accounts of the Company.

Place : Dhaka

Dated: 30 April, 2015



**Syful Shamsul Alam & Co.**

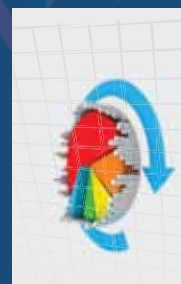
**Chartered Accountants**

## Bay Leasing & Investment Limited

### Consolidated Balance Sheet

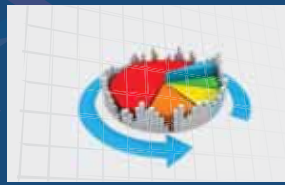
as at December 31, 2014

PROPERTY AND ASSETS	Notes	(Amount in Taka)	
		31-12-2014	31-12-2013
<b>Cash</b>		<b>47,576,093</b>	<b>43,903,267</b>
In hand (including foreign currencies)	3 a	244,846	409,411
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.02	47,331,247	43,493,856
<b>Balance with banks and other financial institutions</b>	4 a	<b>223,443,860</b>	<b>269,865,811</b>
In Bangladesh		223,443,860	269,865,811
Outside Bangladesh		-	-
Money at call and short notice	5.00	-	-
<b>Investments</b>	6 a	<b>1,377,550,275</b>	<b>1,073,905,048</b>
Government		-	-
Others		1,377,550,275	1,073,905,048
<b>Lease, loans and advances</b>	7 a	<b>6,393,997,999</b>	<b>4,865,306,550</b>
Lease, loans and advances		6,393,997,999	4,865,306,550
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	8 a	1,051,782,756	920,961,940
Other assets	9 a	474,538,027	540,589,497
Non - financial institutional assets		-	-
<b>Total Assets</b>		<b>9,568,889,010</b>	<b>7,714,532,113</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowing from banks, other financial institutions and agents	10.01 a	3,207,516,291	2,237,955,231
Deposits and other accounts	11 a	2,874,213,000	1,959,160,635
Other liabilities	12 a	645,280,731	620,193,588
<b>Total liabilities</b>		<b>6,727,010,022</b>	<b>4,817,309,454</b>





	Notes	(Amount in Taka)	
		31-12-2014	31-12-2013
<b>Capital / Shareholders' equity</b>			
Paid- up capital	13.02	1,309,068,000	1,138,320,000
Statutory reserve	14.00	410,968,000	373,970,000
Share premium	15.00	220,932,000	391,680,000
General reserve	16.00	250,000,000	250,000,000
Assets Revaluation reserve	17.00	409,749,806	409,749,806
Retained surplus	18 a	241,149,976	333,492,490
<b>Total equity attributable to the equity holders of the company</b>		<b>2,841,867,782</b>	<b>2,897,212,296</b>
Non-Controlling Interest	19.00	11,206	10,363
		<b>2,841,878,988</b>	<b>2,897,222,659</b>
Total liabilities and Shareholders' equity		<b>9,568,889,010</b>	<b>7,714,532,113</b>



## Bay Leasing & Investment Limited

### OFF-BALANCE SHEET ITEMS

as at December 31, 2014

Notes	(Amount in Taka)	
	31-12-2014	31-12-2013
Contingent liabilities	-	-
Acceptances and endorsements	-	-
Letters of guarantee	-	-
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>	-	-

*The annexed notes 1 to 37 form an integral part of these financial statements.*

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

As per our report of same date.

Dhaka, 30 April 2015



Syful Shamsul Alam & Co.  
Chartered Accountants

## Bay Leasing & Investment Limited

### Consolidated Profit & Loss Accounts

For the year ended December 31, 2014

	Notes	(Amount in Taka)	
		31-12-2014	31-12-2013
Interest Income	21 (a)	729,502,214	612,459,514
Interest paid on Deposit, Borrowing etc.	22 (a)	(607,076,531)	(504,229,147)
<b>Net Interest Income</b>		<b>122,425,683</b>	<b>108,230,367</b>
Investment Income	23 (a)	102,620,875	92,515,531
Commission, Exchange and Brokerage Income	24 (a)	36,771,812	20,865,193
Other Operating Income	25 (a)	20,508,007	5,712,054
<b>Total Operating Income (A)</b>		<b>282,326,377</b>	<b>227,323,145</b>
salary and allowances	26.00	26,868,587	21,362,279
Rent, taxes, insurance, electricity, etc	27 a	4,204,840	2,998,329
Legal expenses		156,190	144,860
Postage, stamp, telecommunication, etc	28 (a)	1,307,997	490,521
Stationery, Printing, advertisement, etc.	29 (a)	2,349,773	2,093,908
Managing Director's salary and benefits		7,442,094	4,555,170
Director's fees	30.00	395,000	300,000
Auditor's fees	31.00	182,250	176,500
Depreciation and repairs of assets	32 (a)	13,526,667	12,742,541
Other expenses	33 (a)	8,960,839	7,002,365
<b>Total operating expenses (B)</b>		<b>65,394,237</b>	<b>51,866,473</b>
<b>Profit on Merchant Banking Operation (C)</b>		<b>-</b>	<b>32,142,462</b>
<b>Profit before provision (D=A-B+C)</b>		<b>216,932,140</b>	<b>207,599,134</b>
Provision against lease, loans, advances & diminution in value of Investment	34 (a)	31,206,541	18,465,705
Other Provision		-	-
<b>Total Provision (E)</b>		<b>31,206,541</b>	<b>18,465,705</b>
<b>Total Profit before taxes (F=D-E)</b>		<b>185,725,599</b>	<b>189,133,429</b>
<b>Provision For Tax</b>	35 (a)	<b>47,554,870</b>	<b>51,613,813</b>
<b>Net Profit after taxation</b>		<b>138,170,729</b>	<b>137,519,616</b>
<b>Net profit after tax attributable to:</b>			
Equity holders of the Company		138,170,723	137,519,253
Non Controlling Interest		6	363
		<b>138,170,729</b>	<b>137,519,616</b>
<b>Appropriations</b>			
Statutory reserve	14	36,998,000	35,034,000
General reserve		-	-
Non-Controlling Interest		6	363
		<b>36,998,006</b>	<b>35,034,363</b>
<b>Retained Surplus</b>		<b>101,172,723</b>	<b>102,485,253</b>
<b>Earning Per Share (EPS)</b>	36 (a)	<b>1.06</b>	<b>1.05</b>

Re-stated

*The annexed notes 1 to 37 form an integral part of these financial statements.*

*M. Ghan:*

Chairman

*[Signature]*

Director

*[Signature]*

Managing Director

*[Signature]*

Company Secretary

As per our report of same date.

Dhaka, 30 April 2015

*[Signature]*

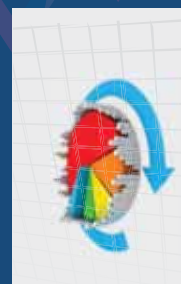
Syful Shamsul Alam & Co.  
Chartered Accountants

## Bay Leasing & Investment Limited

### Consolidated Cash Flow Statements

For the year ended December 31, 2014

	(Amount in Taka)	
	31-12-2014	31-12-2013
<b>A) Cash flows from operating activities</b>		
Interest receipts in cash	751,249,867	739,099,462
Interest payments	(685,901,450)	(528,405,622)
Dividend receipts	49,011,230	48,696,269
Fees and commission receipts in cash	36,771,812	20,865,193
Cash payments to employees	(34,310,681)	(25,917,449)
Cash payments to suppliers	(2,349,773)	(2,093,908)
Receipts from other operating activities	18,862,697	4,916,454
Payments for other operating activities	(13,482,405)	(12,909,731)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>119,851,297</b>	<b>244,250,668</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Other assets	212,983,742	(149,992,103)
Lease, loans and advances to customers	(1,340,088,546)	(750,394,923)
Margin Loan	(128,325,658)	(468,920,039)
Margin Deposit	(37,586,649)	97,556,263
Deposits from other banks / borrowings	760,000,000	150,000,000
Deposits from customers	194,248,202	220,083,307
Payment as Call Loan	(43,700,000,000)	(8,850,000,000)
Receipt as Call Loan	43,690,000,000	8,850,000,000
Other liabilities account of customers	(88,477,317)	29,601,658
	(437,246,226)	(872,065,837)
<b>Net cash used in operating activities</b>	<b>(317,394,929)</b>	<b>(627,815,169)</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	129,779,000	88,159,136
Payments for purchases of securities	(382,314,582)	(135,334,357)
Proceeds from sale of Fixed Assets	1,913,299	582,909
Purchase of property, plant and equipment	(308,843,789)	(167,055,385)
<b>Net cash used in investing activities</b>	<b>(559,466,072)</b>	<b>(213,647,697)</b>





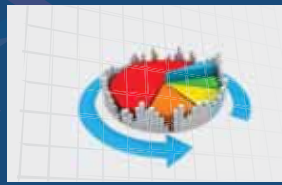
**C) Cash flows from financing activities**

Receipts of long term loan	
Repayment of long term loan	
Share Money Deposit	
Receipts from share issue	
Net draw down/(payment) of short term loan	
Dividend paid	
<b>Net Cash from financing activities</b>	
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	
<b>F) Cash and cash equivalents at beginning of the year</b>	
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	

(Amount in Taka)	
31-12-2014	31-12-2013
1,335,317,712	846,154,503
(754,762,060)	(706,337,982)
(11,788)	(54,604)
-	10,000
433,442,129	979,626,980
(179,874,117)	(169,661,232)
<b>834,111,876</b>	<b>949,737,665</b>
(42,749,125)	108,274,799
-	-
313,769,078	205,494,279
<b>271,019,953</b>	<b>313,769,078</b>

**Bay Leasing & Investment Limited**  
**Consolidated Statement of Changes in Equity**  
**For the year ended December 31, 2014**

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	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at January 01, 2014	1,138,320,000	391,680,000	373,970,000	250,000,000	409,749,806	333,492,490	2,897,212,296	10,363	2,897,222,659									
Previous year adjustment	-	-	-	-	-	(837)	(837)	-	-	-	-	837	-	-	-	-	-	-
<b>Restated balance</b>	<b>1,138,320,000</b>	<b>391,680,000</b>	<b>373,970,000</b>	<b>250,000,000</b>	<b>409,749,806</b>	<b>333,491,653</b>	<b>2,897,211,459</b>	<b>11,200</b>	<b>2,897,222,659</b>									
Net profit after taxation for the year	-	-	-	-	-	138,170,729	138,170,729	-	138,170,729	-	(6)	6	-	-	-	-	-	-
Transfer from Profit & Loss A/c	170,748,000	(170,748,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Bonus shares)	-	-	-	-	-	(193,514,400)	(193,514,400)	-	(193,514,400)	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	36,998,000	-	-	(36,998,000)	(36,998,000)	-	(36,998,000)	-	-	-	-	-	-	-	-	-
Appropriation made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2014</b>	<b>1,309,068,000</b>	<b>220,932,000</b>	<b>410,968,000</b>	<b>250,000,000</b>	<b>409,749,806</b>	<b>241,149,976</b>	<b>2,841,867,782</b>	<b>11,206</b>	<b>2,841,878,988</b>									



## Bay Leasing & Investment Limited

### Balance Sheet

as at December 31, 2014

PROPERTY AND ASSETS	Notes	(Amount in Taka)	
		31-12-2014	31-12-2013
<b>Cash</b>	3.00	<b>47,568,370</b>	<b>43,896,078</b>
In hand (including foreign currencies)		237,123	402,222
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		47,331,247	43,493,856
<b>Balance with banks and other financial institutions</b>	4.00	<b>167,781,967</b>	<b>219,663,686</b>
In Bangladesh		167,781,967	219,663,686
Outside Bangladesh		-	-
Money at call and short notice	5.00	-	-
<b>Investments</b>	6.00	<b>1,067,030,976</b>	<b>946,360,551</b>
Government		-	-
Others		1,067,030,976	946,360,551
<b>Lease, loans and advances</b>	7.00	<b>5,083,234,224</b>	<b>3,648,431,711</b>
Lease, loans and advances		5,083,234,224	3,648,431,711
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	8.00	866,224,466	755,744,222
Other assets	9.00	1,332,513,571	941,914,584
Non - financial institutional assets		-	-
<b>Total Assets</b>		<b>8,564,353,574</b>	<b>6,556,010,832</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowing from banks, other financial institutions and agents	10.00	2,399,813,482	1,304,035,680
Deposits and other accounts	11.00	2,777,704,647	1,825,065,633
Other liabilities	12.00	575,420,076	559,688,188
<b>Total liabilities</b>		<b>5,752,938,205</b>	<b>3,688,789,501</b>
<b>Capital / Shareholders' equity</b>			
Paid- up capital	13.02	1,309,068,000	1,138,320,000
Statutory reserve	14.00	410,968,000	373,970,000
Share premium	15.00	220,932,000	391,680,000
General reserve	16.00	250,000,000	250,000,000
Assets Revaluation reserve	17.00	409,749,806	409,749,806
Retained surplus	18.00	210,697,563	303,501,525
		<b>2,811,415,369</b>	<b>2,867,221,331</b>
<b>Total liabilities and Shareholders' equity</b>		<b>8,564,353,574</b>	<b>6,556,010,832</b>

## Bay Leasing & Investment Limited

### OFF-BALANCE SHEET ITEMS

as at December 31, 2014

	Notes	(Amount in Taka)	
		31-12-2014	31-12-2013
Contingent liabilities		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>		-	-

***The annexed notes 1 to 37 form an integral part of these financial statements.***

*M. Ghani*  
Chairman

*[Signature]*  
Director

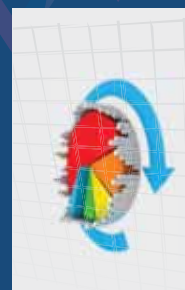
*[Signature]*  
Managing Director

*[Signature]*  
Company Secretary

***As per our report of same date.***

Dhaka, 30 April 2015

*[Signature]*  
Syful Shamsul Alam & Co.  
Chartered Accountants





## Bay Leasing & Investment Limited

### Profit & Loss Accounts

For the year ended December 31, 2014

	Notes	(Amount in Taka)	
		31-12-2014	31-12-2013
Interest Income	21	610,345,840	517,783,562
Interest paid on Deposit, Borrowing etc.	22	(457,767,854)	(426,203,200)
<b>Net Interest Income</b>		<b>152,577,986</b>	<b>91,580,362</b>
Investment Income	23	87,656,037	91,211,388
Commission, Exchange and Brokerage Income	24	2,483,203	247,694
Other Operating Income	25	14,363,210	5,700,054
<b>Total Operating Income (A)</b>		<b>257,080,436</b>	<b>188,739,498</b>
Salary and allowances		19,711,887	17,454,423
Rent, taxes, insurance, electricity, etc	27	3,586,990	2,998,329
Legal & Professional fees		156,190	144,860
Postage, stamp, telecommunication, etc	28	298,214	352,812
Stationery, Printing, advertisement, etc.	29	2,078,645	1,790,096
Managing Director's salary and benefits		7,442,094	4,555,170
Director's fees	30	395,000	300,000
Auditor's fees	31	132,250	126,500
Depreciation and repairs of assets	32	12,956,415	12,450,521
Other expenses	33	5,495,296	5,543,849
<b>Total operating expenses (B)</b>		<b>52,252,981</b>	<b>45,716,560</b>
<b>Profit on Merchant Banking Operation (C)</b>		<b>-</b>	<b>32,142,462</b>
<b>Profit before provision (D=A-B+C)</b>		<b>204,827,455</b>	<b>175,165,400</b>
Provision against lease, loans, advances & diminution in value of Investment	34	19,841,521	-
Other Provision		-	-
<b>Total Provision (E)</b>		<b>19,841,521</b>	<b>-</b>
<b>Total Profit before taxes (F=D-E)</b>		<b>184,985,934</b>	<b>175,165,400</b>
Provision For Tax	35	47,277,496	46,725,110
<b>Net Profit after taxation</b>		<b>137,708,438</b>	<b>128,440,290</b>
<b>Appropriations</b>			
Statutory reserve	14	36,998,000	35,034,000
General reserve		-	-
		<b>36,998,000</b>	<b>35,034,000</b>
<b>Retained Surplus</b>		<b>100,710,438</b>	<b>93,406,290</b>
<b>Earning Per Share (EPS)</b>	<b>36</b>	<b>1.05</b>	<b>0.98</b>

Re-stated

The annexed notes 1 to 37 form an integral part of these financial statements.

*M. Ghani*

Chairman

*S. R. P. P.*

Director

*J. M. M.*

Managing Director

*M. R. Khan*

Company Secretary

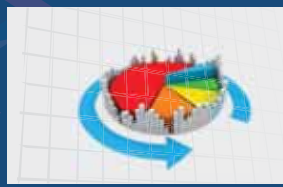
As per our report of same date.

*Syful Shamsul Alam & Co.*

Syful Shamsul Alam & Co.

Chartered Accountants

Dhaka, 30 April 2015



## Bay Leasing & Investment Limited

### Cash Flow Statements

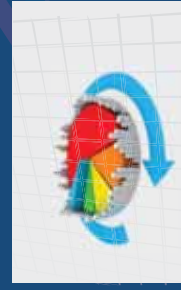
For the year ended December 31, 2014

	(Amount in Taka)	
	31-12-2014	31-12-2013
<b>A) Cash flows from operating activities</b>		
Interest receipts in cash	544,043,180	611,011,507
Interest payments	(448,542,460)	(450,379,675)
Dividend receipts	34,046,392	47,392,126
Fees and commission receipts in cash	2,483,203	247,694
Cash payments to employees	(27,153,981)	(22,009,593)
Cash payments to suppliers	(2,078,645)	(1,790,096)
Receipts from other operating activities	12,717,900	4,904,454
Payments for other operating activities	(7,927,245)	(10,971,486)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>107,588,344</b>	<b>178,404,931</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Other assets	(407,864,814)	(108,535,792)
Lease, loans and advances to customers	(1,340,088,546)	184,474,187
Margin Deposit	-	(36,538,739)
Deposits from other banks / borrowings	760,000,000	150,000,000
Deposits from customers	194,248,202	220,083,307
Payment as Call Loan	(43,700,000,000)	(8,850,000,000)
Receipt as Call Loan	43,690,000,000	8,850,000,000
Other liabilities account of customers	(86,190,178)	(7,549,333)
	(889,895,336)	401,933,630
<b>Net cash used in operating activities</b>	<b>(782,306,992)</b>	<b>580,338,561</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	129,779,000	88,159,136
Payments for purchases of securities	(199,339,780)	(7,789,860)
Proceeds from sale of Fixed Assets	1,913,299	582,909
Purchase of property, plant and equipment	(124,146,850)	(1,837,666)
<b>Net cash used in investing activities</b>	<b>(191,794,331)</b>	<b>79,114,519</b>



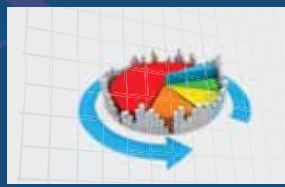
**Bay Leasing & Investment Limited**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2014**

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, 2014	1,138,320,000	391,680,000	373,970,000	250,000,000	409,749,806	303,501,525	2,867,221,331
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	-	-	-
Share Premium	170,748,000	(170,748,000)	-	-	-	137,708,438	137,708,438
Dividends (Bonus shares)	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	(193,514,400)	(193,514,400)
Appropriation made during the year	-	-	36,998,000	-	-	(36,998,000)	-
Balance as at December 31, 2014	1,309,068,000	220,932,000	410,968,000	250,000,000	409,749,806	210,697,563	2,811,415,369



**Bay Leasing & Investment Limited**  
**Liquidity Statement**  
**(Analysis of Maturity of Assets & Liabilities)**  
**as at December 31, 2014**

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	237,123	-	-	-	-	237,123
Balance with Bangladesh Bank and its agent	47,331,247	-	-	-	-	47,331,247
Balance with banks and other financial institutions	38,522,656	61,195,488	68,063,823	-	-	167,781,967
Money at call and short notice	-	-	-	-	-	-
Investments	75,565,422	201,455,272	497,264,629	-	292,745,653	1,067,030,976
Leases, loans and advances	145,122,668	395,588,204	1,325,144,226	2,387,766,322	829,612,804	5,083,234,224
Fixed assets including premises, furniture and fixtures	-	-	-	-	866,224,466	866,224,466
Other assets	-	-	152,537,560	306,564,189	873,411,822	1,332,513,571
Non banking assets	-	-	-	-	-	-
<b>Total assets (A):</b>	<b>306,779,116</b>	<b>658,238,964</b>	<b>2,043,010,238</b>	<b>2,694,330,511</b>	<b>2,861,994,745</b>	<b>8,564,353,574</b>
<b>Liabilities:</b>						
Borrowings from banks, other financial institutions and agents	176,522,441	302,475,113	697,562,330	677,731,936	545,521,662	2,399,813,482
Deposits & Other Accounts	71,122,112	195,462,553	1,045,562,885	1,349,032,762	116,524,335	2,777,704,647
Provision and other liabilities	10,119,557	34,522,652	42,365,241	112,422,628	375,989,999	575,420,077
Total liabilities (B):	257,764,110	532,460,318	1,785,490,456	2,139,187,326	1,038,035,996	5,752,938,206
<b>Net liquidity gap (A - B):</b>	<b>49,015,006</b>	<b>125,778,646</b>	<b>257,519,782</b>	<b>555,143,185</b>	<b>1,823,958,749</b>	<b>2,811,415,368</b>



## Notes to the financial statements as at and for the year ended December 31, 2014

### 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 Eunoos Trade Center, Level-5 (4<sup>th</sup> Floor), 52-53 Dilkusha C/A, Dhaka-1000.

#### 1.4 Associate Company

Bay Leasing & Investment Limited has two Associate Companies namely Lucky Feed Limited and BLI Securities Limited. Investments in these associates are recognized at cost consistently.

### 2. Basis of preparation and significant accounting policies

#### 2.1 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, 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.

The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

#### 2.2 Basis of measurement

This financial statement has been prepared on the basis of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and inflationary factors were not considered in

the financial statements. 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 BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements**

In order to comply with the rules and regulations of Bangladesh Bank, the company has departed from some requirement of Bangladesh Financial Reporting Standards (BFRS). These departures are as follows.

**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 recognises investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. In order to comply with the requirement specified in DFIM Circular No. 11, the company has charged the incremental amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of BAS 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.

**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 BAS 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 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 authorised this financial statements on 30<sup>th</sup> April, 2015 in the 125<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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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 recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by BAS 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**

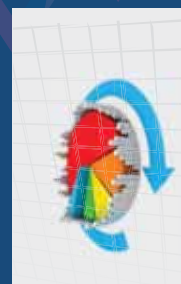
The financial statements of the Company and its subsidiaries have been consolidated in accordance with Bangladesh Financial Reporting Standard 10 “Consolidated Financial Statements”. The consolidation of the financial statement has been made after eliminating all material inter-company balances, income 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 BAS-17. In accordance with the said standard, the aggregate lease receivable including unguaranteed 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 Presentation and functional currency and level of precision**

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





### 2.11 Reporting period:

The financial statements of the company cover one calendar year from 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014.

### 2.12 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.

### 2.13 Merchant banking operation

As per Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996, the services of issue management, portfolio management, underwriting of shares and securities advisory services fall under the purview of merchant banking operation. Accordingly, profit and loss account of merchant banking operation includes revenue from issue management, underwriting and portfolio management services and the Company maintains separate books of accounts for the merchant banking operation as required under the regulations of Securities and Exchange Commission.

### 2.14 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 Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipments".

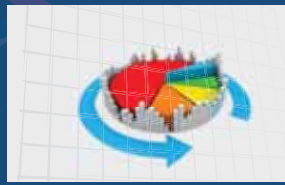
### 2.15 Subsequent expenditure on property and equipment

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.

### 2.16 Depreciation

Depreciation is charged to amortize the cost of assets, over their estimated useful lives, using the reducing balance method in accordance with BAS-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.

Depreciation methods, useful lives and residual values, if any are reviewed at the balance sheet date.

### **2.17 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 Bangladesh Accounting Standard (BAS) 18 : Revenue unless otherwise mentioned or otherwise guided by the separate BAS/BFRS. 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/off loaded.

### **2.18 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.

### **2.19 Borrowing cost**

Borrowing costs are recognised as expense in the year in which they are incurred unless capitalisation is permitted under Bangladesh Accounting Standard (BAS) 23 “Borrowing Costs”.

### **2.20 Cash flow statements**

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

### **2.21 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 recognised as income or expense for the year after netting off.

### **2.22 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 has created a provision following the circular published by Bangladesh Bank. Investment in non-marketable shares has been valued at cost. Company also maintaining provision against diminution value of investment in share to net off the gain & loss as per DFIM circular/02, date 31-01-2012.

### **2.23 Write off**

Write-off describes a reduction in recognised 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 item's potential return 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.

## 2.24 Employees benefit obligation

Bay Leasing & Investment Limited offers a number of benefit plans which includes contributory provident fund & gratuity plan.

During the year, the company also granted an special allowance to the Managing Director for performing treatment of his wife which is included under the head "Managing Director's salaries and benefits".

## 2.25 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.

## 2.26 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)
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.

## 2.27 Taxation

Tax expense comprises current and deferred tax.

## 2.28 Deferred tax

The Company accounts for deferred tax as per Bangladesh Accounting Standard (BAS) 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.

## 2.29 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.

## 2.30 Cash and cash Equivalents

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

## 2.31 Statutory Reserve:

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

## 2.32 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.

### 2.33 Earning per share (EPS)

The Company calculates earning per share in accordance with “Bangladesh Accounting Standards (BAS) 33 “Earnings Per Share” which has been shown in the face of the Profit and Loss Account and the computation is stated in note 36.

### 2.34 Related party disclosure

As per Bangladesh Accounting Standards (BAS) 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 37.

### 2.35 Events after the Reporting Period (BAS-10)

The board of directors in its 125<sup>th</sup> Board meeting held on 30-04-2015.

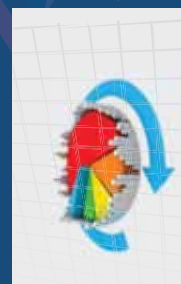
Recommended:

#### Proposed Dividend:

The Board of Directors, in its 125<sup>th</sup> meeting, held on 30-04-2015 has recommended 15% Cash dividend for the year 2014. The above is subject to approval of the shareholders in the 19<sup>th</sup> Annual General Meeting, scheduled to be held on 08th June 2015 at 11.00 a.m. at Institution of Diploma Engineers, Bangladesh (IDEB), IDEB Bhaban, 160/A Kakrail, Dhaka-1000.

### 2.36 Compliance of Bangladesh Financial Reporting Standards (BFRS)

Sl #	Name of BAS/BFRS	Status
01	<b>BAS 1:</b> Presentation of Financial Statements	Partially Departed
02	<b>BAS 2:</b> Inventories	Not Applicable
03	<b>BAS 7:</b> Statements of Cash Flows	Partially Departed
04	<b>BAS 8:</b> Accounting Policies, Changes in Accounting Estimates and Errors	Complied
05	<b>BAS 10:</b> Events after the Reporting Period	Complied
06	<b>BAS 11:</b> Construction Contracts	Not Applicable
07	<b>BAS 12:</b> Income Taxes	Complied
08	<b>BAS 16:</b> Property, Plant and Equipments	Complied
09	<b>BAS 17:</b> Leases	Complied
10	<b>BAS 18:</b> Revenue	Complied
11	<b>BAS 19:</b> Employee Benefits	Complied
12	<b>BAS 20:</b> Accounting for Govt. Grants and disclosures of Govt. Assistances	Not Applicable
13	<b>BAS 21:</b> The Effects of Changes in Foreign Exchange Rates	Complied
14	<b>BAS 23:</b> Borrowing Costs	Complied
15	<b>BAS 24:</b> Related Party Disclosures	Complied
16	<b>BAS 26:</b> Accounting and Reporting by Retirement Benefit Plan	Not Applicable
17	<b>BAS 27:</b> Separate Financial Statements	Complied
18	<b>BAS 28:</b> Investments in Associates	Complied
19	<b>BAS 32:</b> Financial Instruments: Presentation	Partially Departed
20	<b>BAS 33:</b> Earnings Per Share	Complied
21	<b>BAS 34:</b> Interim Financial Reporting	Complied





22	<b>BAS 36:</b> Impairment of Assets	<b>Complied</b>
23	<b>BAS 37:</b> Provisions, Contingent Liabilities and Contingent Assets	<b>Complied</b>
24	<b>BAS 38:</b> Intangible Assets	<b>Complied</b>
25	<b>BAS 39:</b> Financial Instrument: Recognition and Measurement	<b>Partially Departed</b>
26	<b>BAS 40:</b> Investment Property	<b>Not Applicable</b>
27	<b>BAS 41:</b> Agriculture	<b>Not Applicable</b>
28	<b>BFRS 1:</b> First-time adoption of International financial Reporting Standards	<b>Not Applicable</b>
29	<b>BFRS 2:</b> Share-based Payment	<b>Not Applicable</b>
30	<b>BFRS 3:</b> Business Combinations	<b>Complied</b>
31	<b>BFRS 4:</b> Insurance Contracts	<b>Not Applicable</b>
32	<b>BFRS 5:</b> Non-current Assets Held for Sale and Discontinued Operations	<b>Not Applicable</b>
33	<b>BFRS 6:</b> Exploration for and Evaluation of Mineral Resources	<b>Not Applicable</b>
34	<b>BFRS 7:</b> Financial Instruments: Disclosures	<b>Partially Departed</b>
35	<b>BFRS 8:</b> Operating Segments	<b>Complied</b>
36	<b>BFRS 10:</b> Consolidated Financial Statements	<b>Complied</b>
37	<b>BFRS 11:</b> Joint Arrangements	<b>Not Applicable</b>
38	<b>BFRS 12:</b> Disclosure of Interests in Other Entities	<b>Complied</b>
39	<b>BFRS 13:</b> Fair Value Measurement	<b>Complied</b>
<p><b>Partially Departed</b> standards are those requirements of which are different from those of Bangladesh Bank. Note – 1 contains details about such departure from BFRS requirements to comply with Bangladesh Bank.</p>		

### 2.37 Financial risk management

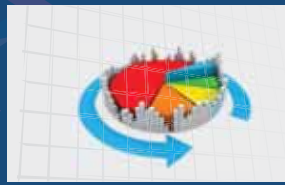
Bay Leasing & Investment Ltd. always concentrates on delivering high value to its stakeholders through appropriate trade off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity and operations. 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.

#### **2.38 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 31-12-2014.
- 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 (30 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, 2014

**3.00 Cash :**

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Cash in hand	237,123	402,222
Balance with Bangladesh Bank and its agent bank(s)	47,331,247	43,493,856
<b>Total:</b>	<b>47,568,370</b>	<b>43,896,078</b>

**3.01 Cash in hand:**

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
In local currency	237,123	402,222
In foreign currency	-	-
<b>Total:</b>	<b>237,123</b>	<b>402,222</b>

**3 a) Consolidated Cash in Hand**

Bay Leasing & Investment Ltd.	237,123	402,222
BLI Capital Ltd.	7,723	7,189
<b>Total:</b>	<b>244,846</b>	<b>409,411</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
In local currency with Bangladesh Bank	47,331,247	43,493,856
In foreign currency	-	-
<b>Total:</b>	<b>47,331,247</b>	<b>43,493,856</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	41,739,000	41,739,000
Actual reserve maintained	47,568,370	43,896,078
Surplus/(deficit)	<b>5,829,370</b>	<b>2,157,078</b>

**b) Statutory Liquidity Reserve:**

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Required reserve (including CRR)	94,298,000	94,298,000
Actual reserve maintained including CRR (note-2.04)	215,350,337	263,559,764
Surplus/(deficit)	<b>121,052,337</b>	<b>169,261,764</b>

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

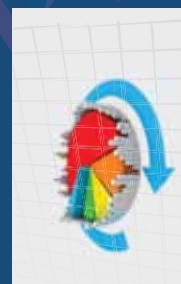
The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Cash in hand	237,123	402,222
Balance with Bangladesh Bank and its agent bank(s)	47,331,247	43,493,856
Balance with Banks and other financial institutions (note-4)	167,781,967	219,663,686
<b>Total:</b>	<b>215,350,337</b>	<b>263,559,764</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
In Bangladesh (4.01)	167,781,967	219,663,686
Outside Bangladesh	-	-
<b>Total:</b>	<b>167,781,967</b>	<b>219,663,686</b>





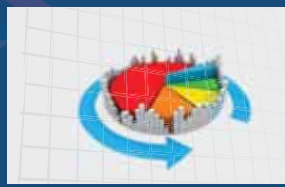
#### 4.01 In Bangladesh:

Current Deposits:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Bank Alfalah Limited	215,278	288,952
BASIC Bank Limited	9,836	10,556
Bank Asia Ltd	301	-
Dutch Bangla Bank Ltd.	69,818	102,319
EXIM Bank Limited	28,876	31,176
First Security Bank Ltd.	19,086	20,236
Janata Bank Ltd.	13,532	14,682
Modhomoti Bank Limited	2,940	-
Mutual Trust Bank Limited	4,425	
National Bank Limited	390	390
Premier Bank Ltd	1,572	3,002
Social Investment Bank Ltd	5,000	
Southeast Bank Limited	109,686	3,820
Standard Bank Limited	2,710	6,731
The City Bank Limited	31,666	32,476
Trust Bank Limited	11,545	12,695
Uttara Bank Limited	66	66
<b>Sub Total:</b>	<b>526,727</b>	<b>527,101</b>
<b>Short-term deposits/SND:</b>		
<b>In Local Currency:</b>		
Jamuna Bank Limited	35,296	314,414
Mutual Trust Bank Limited	-	183,833
Southeast Bank Limited	2,379,811	5,087,006
Shahjalal Bank Limited	15,100	29,023
	<b>2,430,207</b>	<b>5,614,276</b>
<b>In Foreign Currency:</b>		
Southeast Bank Limited	1,276,416	1,288,204
<b>Sub Total:</b>	<b>3,706,623</b>	<b>6,902,480</b>

Particulars	Amount	Exchange rate	Taka
Dollar	\$13,326.70	77.80	1,036,817
Euro	€ 1,432.90	93.70	134,257
Pound	£873.98	120.53	105,342
			<b>1,276,416</b>



**Fixed deposits:**

Dhaka Bank Ltd.	50,000,000	50,000,000
Mercantile Bank Ltd	66,092,353	66,092,353
National Credit & Commerce Bank Ltd.	21,000,000	21,000,000
Southeast Bank Ltd.	26,456,264	75,141,752
<b>Sub Total:</b>	<b>163,548,617</b>	<b>212,234,105</b>
<b>Grand Total:</b>	<b>167,781,967</b>	<b>219,663,686</b>

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

Bay Leasing & Investment Ltd.	167,781,967	219,663,686
BLI Capital Ltd.	55,661,893	50,202,125
	<b>223,443,860</b>	<b>269,865,811</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
On demand	-	15,465,232
Up to 1 month	38,522,656	25,968,420.00
Over 1 month but not more than 3 months	61,195,488	64,956,522
Over 3 months but not more than 1 year	68,063,823	113,273,512
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
<b>Total:</b>	<b>167,781,967</b>	<b>219,663,686</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:**

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Investment classified as per nature:		
Government securities	-	-
Other investment (Note-6.01)	1,067,030,976	946,360,551
<b>Total:</b>	<b>1,067,030,976</b>	<b>946,360,551</b>

## 6.01 Other investment

Particulars	31-12-2014	31-12-2013
Listed Securities	1,065,461,526	942,291,101
Unlisted Securities	1,569,450	4,069,450
Preference Share	-	-
<b>Total:</b>	<b>1,067,030,976</b>	<b>946,360,551</b>
<b>6 a) Consolidated Investment:</b>		
Bay Leasing & Investment Ltd.	1,067,030,976	946,360,551
BLI Capital Ltd.	310,519,299	127,544,497
	<b>1,377,550,275</b>	<b>1,073,905,048</b>

## 6.02 Maturity grouping of investments:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
On demand	-	15,264,652
Up to 1 month	75,565,422	66,187,971
Over 1 month but not more than 3 months	201,455,272	211,465,321
Over 3 months but not more than 1 year	497,264,629	651,873,157
Over 1 year but not more than 5 years	-	-
Over 5 years	292,745,653	-
<b>Total:</b>	<b>1,067,030,976</b>	<b>944,791,101</b>

## 6.03 Investment in shares:

The above balance is made up as follows:

Listed Securities

Name of the Company	Qty.	Cost Price	Market price per share on 31-12-2014	Market Price	Provision
Asia Insurance Ltd	156898	5,842,596	22.50	3,530,205	(2,312,391)
Exim Bank Ltd.	3034133	67,375,231	11.10	33,678,876	(33,696,355)
Fas Finance	17	4,072	19.00	323	(3,749)
Janata Insurance	1046	10,000	16.30	17,050	7,050
Khulna Power Plant	265781	18,910,601	57.00	15,149,517	(3,761,084)
Maksons Spinning Mills Ltd	570	11,275	13.20	7,524	(3,751)
Meghna Petroleum Ltd.	109	12,680	211.00	22,999	10,319
Metro Spinnig Limited	1118	8,055	12.20	13,640	5,585
National Life Insurance Co. Ltd.	2792452	323,475,227	235.20	656,784,710	333,309,483
Power Grid Ltd	63250	5,797,598	40.40	2,555,300	(3,242,298)
Southeast Bank Ltd.	7982305	282,224,282	19.40	154,856,717	(127,367,565)
Summit Power	992981	54,465,447	38.30	38,031,172	(16,434,275)
Titas Gas	525000	53,789,915	79.70	41,842,500	(11,947,415)

Prime Bank Ltd	2637624	116,458,302	19.60	51,697,430	(64,760,872)
Pragati General Insurance	72225	8,388,556	41.30	2,982,893	(5,405,664)
Pragati Life Insurance	46099	14,586,250	100.50	4,632,950	(9,953,301)
United Air	773055	19,743,664	8.90	6,880,190	(12,863,475)
IDLC	239800	17,972,423	74.70	17,913,060	(59,363)
Phonix Finance	67500	1,939,025	26.90	1,815,750	(123,275)
Delta Life Insurance	171550	34,471,898	149.90	25,715,345	(8,756,553)
Lafarge Surma	82000	11,191,086	123.00	10,086,000	(1,105,086)
Square Pharma	83460	23,575,617	258.50	21,574,410	(2,001,207)
Aci	11000	5,207,723	389.90	4,288,900	(918,823)
<b>Total</b>		<b>1,065,461,523</b>		<b>1,094,077,460</b>	<b>28,615,937</b>

#### Unlisted securities

	31-12-2014	31-12-2013
Central Depository Bangladesh	1,569,450	1,569,450
Jago Corporation Ltd	-	2,500,000
<b>Total:</b>	<b>1,569,450</b>	<b>4,069,450</b>

All investments in marketable securities are valued on cost price at the balance sheet date. Provision has maintained after net off gain/loss from market price of shares as per DFIM Circular # 02; date: 31.01.2012.

#### 7.00 Lease, loans and advances

Broad category-wise break up:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
<b>Inside Bangladesh</b>		
Lease Finance (note-7.01)	1,139,287,261	1,193,917,410
Term Finance (note-7.02)	3,938,215,999	2,447,705,930
Housing Finance ( note-7.03)	5,730,964	6,808,371
	<b>5,083,234,224</b>	<b>3,648,431,711</b>
<b>Outside Bangladesh</b>	-	-
<b>Total:</b>	<b>5,083,234,224</b>	<b>3,648,431,711</b>

#### 7 a) Consolidated Lease, Loans & advances

Bay Leasing & Investment Ltd.

BLI Capital Ltd.

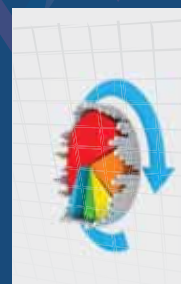
Less: Inter company balance eliminated

	5,083,234,224	3,648,431,711
	1,974,896,206	1,846,570,548
	<b>7,058,130,430</b>	<b>5,495,002,259</b>
	664,132,431	629,695,709
<b>Total:</b>	<b>6,393,997,999</b>	<b>4,865,306,550</b>

#### 7.01 Lease Finance:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance Principal	960,727,254	1,034,412,693
Rental Receivable	178,560,007	159,504,717
<b>Total:</b>	<b>1,139,287,261</b>	<b>1,193,917,410</b>





Details are given below:

<b>Particulars</b>	<b>31-12-2014</b>	<b>31-12-2013</b>
Opening Balance	1,193,917,410	1,260,955,535
Add: Disbursement during the year	68,451,830	95,417,326
Add: Interest and other charges during the year	139,979,455	162,841,090
	<b>1,402,348,695</b>	<b>1,519,213,951</b>
Less: Write-off during the year	-	-
Realization during the year	(263,061,434)	(325,296,541)
<b>Total:</b>	<b>1,139,287,261</b>	<b>1,193,917,410</b>

#### **Movement of Balance Principal:**

<b>Particulars</b>	<b>31-12-2014</b>	<b>31-12-2013</b>
Gross lease receivable	2,419,752,305	2,419,752,305
Less: Unearned finance income	1,459,025,051	1,385,339,612
<b>Balance Principal</b>	<b>960,727,254</b>	<b>1,034,412,693</b>

#### **7.02 Term Finance:**

The above balance is made up as follows:

<b>Particulars</b>	<b>31-12-2014</b>	<b>31-12-2013</b>
Principal Outstanding	3,766,773,809	2,337,629,852
Interest Receivable	171,442,190	110,076,078
<b>Total:</b>	<b>3,938,215,999</b>	<b>2,447,705,930</b>

Details are given below:

Movement of Outstanding Balance

<b>Particulars</b>	<b>31-12-2014</b>	<b>31-12-2013</b>
Opening Balance	2,447,705,930	1,653,910,730
Add: Disbursement during the year	1,392,470,000	351,995,645
Add: Interest and other charges during the year	1,050,944,318	782,529,431
	<b>4,891,120,248</b>	<b>2,788,435,806</b>
Less: Write-off during the year	-	-
Realization during the year	(952,904,249)	(340,729,876)
<b>Total:</b>	<b>3,938,215,999</b>	<b>2,447,705,930</b>

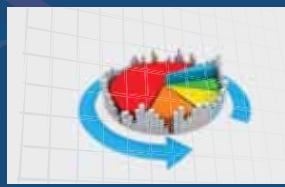
#### **7.03 Housing Finance:**

The above balance is made up as follows:

<b>Particulars</b>	<b>31-12-2014</b>	<b>31-12-2013</b>
Principal Outstanding	5,672,335	6,605,377
Interest Receivable	58,629	202,994
<b>Total:</b>	<b>5,730,964</b>	<b>6,808,371</b>

Movement of Outstanding Balance

<b>Particulars</b>	<b>31-12-2014</b>	<b>31-12-2013</b>
Balance at January 01	6,808,371	7,075,365
Addition during the year	-	-
Realization during the year	(1,077,407)	(266,994)
<b>Balance at December 31</b>	<b>5,730,964</b>	<b>6,808,371</b>



#### 7.04 Classification wise Lease, Loans & Advances

Particulars	31-12-2014	31-12-2013
Unclassified:		
Standard	4,244,882,523	2,837,963,173
Special Mention Account (SMA)	580,086,000	624,223,158
	<b>4,824,968,523</b>	<b>3,462,186,331</b>
Classified:		
Sub-Standard	73,845,532	29,192,067
Doubtful	65,390,615	94,460,692
Bad/Loss	119,029,554	62,592,621
	<b>258,265,701</b>	<b>186,245,380</b>
<b>Total:</b>	<b>5,083,234,224</b>	<b>3,648,431,711</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
On demand	-	-
Up to 1 month	145,122,668	129,342,687
Over 1 month but not more than 3 months	395,588,204	346,591,868
Over 3 months but not more than 1 year	1,325,144,226	835,564,255
Over 1 year but not more than 5 years	2,387,766,322	964,565,956
Over 5 years	829,612,804	1,372,366,945
<b>Total:</b>	<b>5,083,234,224</b>	<b>3,648,431,711</b>

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

Lease, loans and advances to companies or firms in which the Directors of the Company have interests	-	-
Lease, loans and advances to Chief Executive and other Senior Executives	1,230,000	2,538,434

#### 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 2,811.41 million as at December 31, 2014 & Tk 2,867.22 million in 2013) of the Company is as follows:

Number of clients	1	2
Amount of outstanding advances	1,244,132,433	629,695,709
Amount of classified advances	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable

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

1. Agricultural sector	94,790,864	99,178,750
2. Industrial sector:		
a) Textile	557,835,905	657,114,032
b) Garments	563,131,428	450,696,653
c) Jute and jute products	-	-
d) Food production/processing industry	152,457,368	125,456,248
e) Plastic industry	35,012,344	35,006,131
f) Leather & leather products	-	-
g) Iron, Steel & Engineering industry	-	-
h) Chemical & Pharmaceutical	-	-
i) Cement/Concrete and allied industry	27,742,387	46,648,755
j) Service industry	-	-
k) Paper, Printing and packaging industry	334,469,909	296,748,367
l) Telecommunication/information Technology	-	-
m) Glass and ceramic industry	24,589,826	35,900,224
n) Electronics and electrical industry	498,060	573,925
3. Trade & Commerce	338,667,065	320,711,869
4. Power, Gas, Water and sanitary service	44,756,418	72,483,422
5. Transport & Communication	216,032,254	209,974,126
6. Real Estate & Housing	1,135,590,482	482,176,222
7. Margin Loan	-	-
8. Others	1,557,659,914	815,762,987
<b>Total:</b>	<b>5,083,234,224</b>	<b>3,648,431,711</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
<b>Inside Bangladesh</b>		
Urban		
Dhaka Division	5,022,034,224	3,637,389,347
Chittagong Division	61,200,000	-
Khulna Division	-	-
Rajshahi Division	-	11,042,364
Rangpur Division	-	-
Barisal Division	-	-
Sylhet Division	-	-
	<b>5,083,234,224</b>	<b>3,648,431,711</b>
<b>Outside Bangladesh</b>	-	-
<b>Total:</b>	<b>5,083,234,224</b>	<b>3,648,431,711</b>

## 7.10 Particulars of Lease, Loans and Advances

	31-12-2014	31-12-2013
i. Classified loans, advances and leases		
a) Classified loans, advances and leases on which interest has not been credited to income	258,265,701	186,245,380
b) Provision on doubtful leases, loans and advances	69,280,866	72,429,814
Provision on bad loans, advances and leases	102,719,134	82,570,186
<b>Total specific provisions</b>	<b>172,000,000</b>	<b>155,000,000</b>
c) Amount of written off lease, loans and advances	341,521	-
Total amount realised against loans and leases previously written off	476,545	-
d) Provision kept against loans and advances classified as bad debts	77,838,335	45,247,272
e) Interest credited to Interest Suspense Account	55,328,000	43,841,000

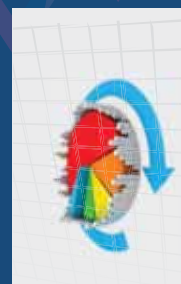
## 7.11 Cumulative amount of written off loans, advances & leases

Opening Balance	136,668,926	136,668,926
Amount written off during the year	341,521	-
<b>The amount of written off loans, advances and leases</b>	<b>137,010,447</b>	<b>136,668,926</b>

## 7.12 Particulars of Required provision for lease, loans & advances

Required provision has been made on the overdue as per Bangladesh Bank guidelines.

Status	Base for Provision	Rate	Provision	
			31-12-2014	31-12-2013
<b>Unclassified- General Provision</b>				
Standard	-	0.25% to 1.00%	41,026,590	27,356,326
Special Mention Account (SMA)	543,182,000	5.00%	27,159,100	30,134,400
			<b>68,185,690</b>	<b>57,490,726</b>
<b>Classified- Specific provision</b>				
Sub-Standard	52,111,828	20.00%	10,422,366	4,662,932
Doubtful	28,916,867	50.00%	14,458,434	32,659,983
Bad/Loss	77,838,335	100.00%	77,838,335	45,247,272
			<b>102,719,134</b>	<b>82,570,186</b>
<b>Required provision for lease, loans &amp; advances</b>			<b>170,904,824</b>	<b>140,060,913</b>
<b>Total provision maintained for lease, loans &amp; advances</b>			<b>172,000,000</b>	<b>155,000,000</b>
<b>Excess provision for lease, loans &amp; advances</b>			<b>1,095,176</b>	<b>14,939,087</b>





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

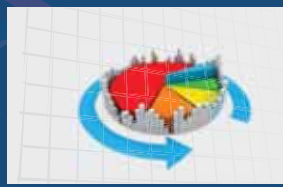
The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Cost & Revaluation		
Furniture and fixtures	11,534,257	3,113,240
Office equipment	11,932,780	7,635,756
Office Decoration	18,155,639	5,348,426
Motor Vehicles	10,604,646	13,871,265
Electrical Goods	595,450	595,450
Building	409,675,000	409,675,000
Construction WIP	114,863,400	106,839,100
Land	343,523,396	253,088,500
	<b>920,884,568</b>	<b>800,166,737</b>
Less: Accumulated depreciation	54,660,102	44,422,516
<b>Net book value at the end of the year (Schedule-1)</b>	<b>866,224,466</b>	<b>755,744,221</b>
<b>8 a) Consolidated Fixed Assets</b>		
Bay Leasing & Investment Ltd.	866,224,466	755,744,221
BLI Capital Ltd.	185,558,290	165,217,719
	<b>1,051,782,756</b>	<b>920,961,940</b>

## 9.00 Other Assets:

The above balance is made up as follows:

Particulars	Notes	31-12-2014	31-12-2013
<b>Income generating:</b>			
Investment in associate & Subsidiaries	9.01	787,115,000	287,115,000
Interest receivable		5,043,132	7,530,509
Advance against lease finance		-	14,778,450
Receivable from BLI Capital Ltd		442,781,399	442,781,399
Other receivable		350,500	81,653,521
<b>Non-income generating:</b>			
Advance, deposit and Prepaid expenses		5,310,670	62,856,725
Advance corporate tax	9.02	91,886,415	45,194,024
Stamp in hand		26,455	4,956
		<b>1,332,513,571</b>	<b>941,914,584</b>
<b>Outside Bangladesh</b>		-	-
<b>Total:</b>		<b>1,332,513,571</b>	<b>941,914,584</b>



## 9 a) Consolidated Other Assets :

Particulars	31-12-2014	31-12-2013
Income generating:		
Investment in associate/ Subsidiaries	37,125,000	37,125,000
Interest receivable	5,043,132	7,530,509
Advance against lease finance	-	14,778,450
Other receivable	18,517,271	373,099,832
Non-income generating:		
Advance, deposit and Prepaid expenses	315,253,365	62,856,725
Advance corporate tax	98,572,804	45,194,024
Stamp in hand	26,455	4,956
<b>Total:</b>	<b>474,538,027</b>	<b>540,589,497</b>

### 9.01 Investment in Associate / Subsidiaries:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
BLI Securities Limited	10,125,000	10,125,000
Lucky Feed Limited	27,000,000	27,000,000
BLI Capital Ltd	749,990,000	249,990,000
<b>Total:</b>	<b>787,115,000</b>	<b>287,115,000</b>

### 9.02 Advance corporate tax:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance as on January 01	45,194,024	144,499,993
Addition during the year	46,692,391	53,884,425
Adjustment of previous years' tax liabilities	-	(153,190,394)
<b>Balance as on December 31</b>	<b>91,886,415</b>	<b>45,194,024</b>
<b>Consolidated Advance income tax</b>		
Bay Leasing & Investment Ltd.	91,886,415	45,194,024
BLI Capital Ltd.	6,686,389	50,202,125
	<b>98,572,804</b>	<b>95,396,149</b>

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

The above balance is made up as follows:

Particulars	Note	31-12-2014	31-12-2013
In Bangladesh	10.01	2,399,813,482	1,304,035,680
Outside Bangladesh		-	
<b>Total:</b>		<b>2,399,813,482</b>	<b>1,304,035,680</b>

### 10.01 In Bangladesh:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Bank overdraft		
National Credit & Commerce Bank Ltd.	19,020,233	12,371,912
Southeast Bank Ltd.	224,979,663	24,996,319
Dhaka Bank Ltd.	97,037,669	32,595,523
Mercantile Bank Ltd.	66,903,930	19,496,231
Mutual Trust Bank Ltd.	219,437,001	448,344
IFIC Bank Ltd	67,754,725	80,002,743
<b>Sub Total (a)</b>	<b>695,133,221</b>	<b>169,911,072</b>
Short term loan/Call Money		
Southeast Bank Ltd.	150,000,000	150,000,000
Dutch Bangla Bank Ltd	40,000,000	50,000,000
<b>Sub Total (b)</b>	<b>190,000,000</b>	<b>200,000,000</b>
Long term loan		
Mutual Trust Bank Ltd	101,477,600	-
Mercantile Bank Ltd.	92,924,250	26,673,685
Dutch Bangla Bank Limited	183,405,445	
Premier Bank Ltd.	60,381,995	101,118,908
Modhumoti Bank Limited	45,378,674	-
Bank Asia Ltd	178,189,012	100,252,261
Pubali Bank Limited	66,912,214	113,867,488
Jamuna Bank Ltd	-	445,745
Southeast Bank Ltd.	-	116,783,825
Uttara Bank Limited	466,813,192	304,058,231
Shahjalal Islami Bank Ltd	194,073,709	90,452,400
Standard Bank Ltd	35,469,751	50,122,242
The UAE-Bangladesh Investment Co.Ltd.	50,503,473	11,839,189
<b>Sub Total (c)</b>	<b>1,475,529,315</b>	<b>915,613,974</b>
<b>Bangladesh Bank refinancing</b>		
Bangladesh Bank	39,150,946	18,510,634
<b>Sub Total (d)</b>	<b>39,150,946</b>	<b>18,510,634</b>
<b>Total (a+b+c+d)</b>	<b>2,399,813,482</b>	<b>1,304,035,680</b>
<b>10.01 a Consolidated Borrowing from Banks &amp; Other FI's</b>		
Bay Leasing & Investment Ltd.	2,399,813,482	1,304,035,680
BLI Capital Ltd.	1,471,835,240	1,563,615,260
	3,871,648,722	2,867,650,940
Less: Inter company balance eliminated	664,132,431	629,695,709
<b>Total:</b>	<b>3,207,516,291</b>	<b>2,237,955,231</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Secured (assets pledged as security for liabilities)	1,991,871,987	1,214,575,695
Unsecured	407,941,495	89,459,985
<b>Total:</b>	<b>2,399,813,482</b>	<b>1,304,035,680</b>

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

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
On demand		
Up to 1 month	176,522,441	166,969,230
Over 1 month but within 3 months	302,475,113	288,521,262
Over 3 months but within 1 year	697,562,330	501,564,236
Over 1 year but within 5 years	677,731,936	254,412,387
Over 5 years	545,521,662	92,568,565
<b>Total:</b>	<b>2,399,813,482</b>	<b>1,304,035,680</b>

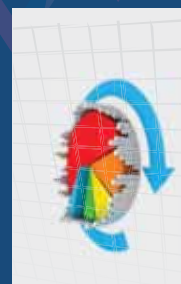
## 11.00 Deposits and other accounts:

The above balance is made up as follows:

Particulars	Notes	31-12-2014	31-12-2013
Term deposits	11.01	2,745,775,742	1,800,597,540
Flexi Savings		12,000	25,000
Super DPS		5,565,000	3,622,000
Double Money Plan		9,405,000	2,265,000
Bearer certificates of deposit		-	-
Other deposits	11.02	16,946,905	18,556,093
<b>Total:</b>		<b>2,777,704,647</b>	<b>1,825,065,633</b>

## 11 a) Consolidated Deposits and other accounts:

Bay Leasing & Investment Ltd.	2,777,704,647	1,825,065,633
BLI Capital Ltd.	96,508,353	134,095,002
<b>Total:</b>	<b>2,874,213,000</b>	<b>1,959,160,635</b>





### 11.01 Term deposits:

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	940,000,000	180,000,000
Deposits from other than banks and financial institutions	1,805,775,742	1,620,597,540
<b>Total:</b>	<b>2,745,775,742</b>	<b>1,800,597,540</b>

#### 11.1.1 Sector-wise break-up of term deposits:

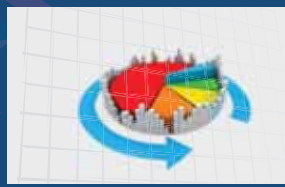
The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Government	-	-
Banks and financial institutions	940,000,000	180,000,000
Other public	717,310,593	663,973,411
Private	1,088,465,149	956,624,129
<b>Total:</b>	<b>2,745,775,742</b>	<b>1,800,597,540</b>

#### 11.1.2 Maturity analysis of term deposits:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
<b>a) Maturity analysis of deposits from Banks &amp; Financial Institutions</b>		
Payable on demand	-	-
Up to 1 month	30,000,000	30,000,000
Over 1 month but within 3 months	80,000,000	50,000,000
Over 3 months but within 1 year	150,000,000	100,000,000
Over 1 year but within 5 years	680,000,000	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
<b>Sub Total:</b>	<b>940,000,000</b>	<b>180,000,000</b>
<b>b) Maturity Analysis of Deposits from other than Banks and Financial Institutions</b>		
Payable on demand	-	-
Up to 1 month	38,614,522	48,614,522
Over 1 month but within 3 months	111,945,455	199,825,455
Over 3 months but within 1 year	887,545,659	1,187,545,659
Over 1 year but within 5 years	666,454,474	184,611,904
Over 5 years but within 10 years	101,215,632	-
Over 10 years	-	-
<b>Sub Total:</b>	<b>1,805,775,742</b>	<b>1,620,597,540</b>
<b>Grand Total:</b>	<b>2,745,775,742</b>	<b>1,800,597,540</b>



### 11.02 Other deposits:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Security deposit	5,900,700	6,696,300
Sundry Deposit (11.2.1)	11,046,205	11,859,793
<b>Total:</b>	<b>16,946,905</b>	<b>18,556,093</b>

### 11.2.1 Sundry Deposits:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Lease Advance	6,849,557	7,651,357
Share money deposit	4,196,648	4,208,436
<b>Total:</b>	<b>11,046,205</b>	<b>11,859,793</b>

### 11.2.2 Maturity analysis of Super DPS, Flexi Savings, Double Money Plan & other deposits:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Payable on demand	-	-
Up to 1 month	2,507,590	5,941,374
Over 1 month but within 3 months	3,517,098	7,698,784
Over 3 months but within 1 year	8,017,226	7,020,296
Over 1 year but within 5 years	2,578,288	3,807,639
Over 5 years but within 10 years	15,308,703	-
Over 10 years	-	-
<b>Total:</b>	<b>31,928,905</b>	<b>24,468,093</b>

### 12.00 Other liabilities:

The above balance is made up as follows:

Particulars	Notes	31-12-2014	31-12-2013
Interest suspense account	12.01	55,328,000	43,841,000
Accrued expenses and payables	12.02	190,001,977	263,674,868
Provision for lease, loans and advances	12.03	172,000,000	155,000,000
Provision for income tax	12.04	113,000,000	68,000,000
Deffered Tax Liability	12.05	3,114,064	836,568
Dividend payable		41,976,035	28,335,752
<b>Total:</b>		<b>575,420,076</b>	<b>559,688,188</b>

### 12 a) Consolidated Other Liabilities

Bay Leasing & Investment Ltd.	575,420,076	559,688,188
BLI Capital Ltd.	69,860,655	60,505,400
	<b>645,280,731</b>	<b>620,193,588</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	31-12-2014	31-12-2013
Balance on January 01, 2013	43,841,000	49,657,000
Add: Amount trans. to "interest suspense" account during the year	11,487,000	(5,816,000)
Less: Amount recovered from "interest suspense" account during the year	-	-
Less: Amount written-off during the year	-	-
Balance as on December 31, 2013	<b>Total: 55,328,000</b>	<b>43,841,000</b>

### 12.02 Accrued expenses and payables:

The above balance is made up as follows:

Particulars	Notes	31-12-2014	31-12-2013
Liabilities For Financial expenses	12.02.1	146,508,884	137,283,490
Liabilities for accrued expenses	12.02.2	464,018	360,971
Liabilities for Provident Fund		6,658,464	5,138,198
Liabilities for Gratuity Fund		6,389,380	5,522,600
Liabilities other than expenses		29,981,231	115,369,609
	<b>Total:</b>	<b>190,001,977</b>	<b>263,674,868</b>

#### 12.02.1 Liabilities For Financial expenses:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Interest Payable on Term Deposits	144,556,167	136,578,935
Interest Payable on Other Deposit	1,952,717	704,555
	<b>Total: 146,508,884</b>	<b>137,283,490</b>

#### 12.02.2 Liabilities for accrued expenses:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Audit Fee	132,250	126,500
Telephone bill	28,603	8,319
Electricity bill	68,640	26,152
Credit Rating Fee	172,500	200,000
Legal & Professional Fee	15,000	-
Service Charges	39,025	-
Office Maintenance	8,000	-
	<b>Total: 464,018</b>	<b>360,971</b>

### 12.03 Provision for lease, loans, advances & Investments:

Particulars	31-12-2014	31-12-2013
Specific provision on classified lease, loans and advances		
Balance on January 01, 2014	82,570,186	45,919,082
Fully provided debts written off during the year	(2,841,521)	-
Recovery of amounts previously written off	-	-
Provision made for the year	22,990,469	36,651,104
Recoveries and provision no longer required	-	-
Net charge to Profit and Loss Account	-	-
<b>Total provision on classified lease, loans and advances (a)</b>	<b>102,719,134</b>	<b>82,570,186</b>

#### General provision on unclassified lease, loans and advances

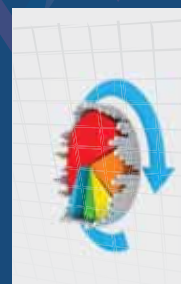
Balance on January 01, 2014	72,429,814	109,080,918
Provision made for the year	(4,244,124)	(51,590,191)
Provision required on unclassified lease, loans and advances (b)	<b>68,185,690</b>	<b>57,490,726</b>
<b>Total provision required on lease, loans and advances (a + b)</b>	<b>170,904,824</b>	<b>140,060,913</b>

Provision surplus/(shortage)	Required	Maintained	Maintained
On classified lease, loans and advances	102,719,134	102,719,134	82,570,186
On un-classified lease, loans	68,185,690	69,280,866	72,429,814
	170,904,824	172,000,000	155,000,000
<b>Total surplus/(Shortage)</b>		<b>1,095,176</b>	<b>14,939,087</b>

### 12.04 Provision for Income Tax:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance on January 01	68,000,000	177,154,981
Add: Provision made for the year 2013	-	45,000,000
Provision made for the year 2014	45,000,000	-
Less: Settlement of previous years' tax liabilities	-	(154,154,981)
	<b>113,000,000</b>	<b>68,000,000</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 Bangladesh Accounting Standard (BAS) 12 "Income Taxes" and DFIM circular- 07; dated 31-07-2011.

Particulars	Carrying Amount at Balance Sheet	Tax Base	Taxable/ deductible temporary difference
Gratuity	6,389,380	-	(6,389,380)
Fixed Assets Less revaluation	479,736,681	466,020,091	13,716,590
<b>Total</b>	<b>486,126,061</b>	<b>466,020,091</b>	<b>7,327,210</b>
Applicable Tax Rate			42.50%
Deferred Tax Liability as on December 31, 2014			3,114,064
Deferred Tax Liability as on December 31, 2013			836,568
Deferred tax Expenses accounted for during the year			<b>2,277,496</b>

### 13.00 Share Capital:

#### 13.01 Authorized capital

300,000,000 ordinary shares of Taka 10 each

31-12-2014

31-12-2013

3,000,000,000

3,000,000,000

#### 13.02 Issued, subscribed and fully paid-up capital

113,832,000 ordinary shares of Taka 10 each

1,309,068,000

1,138,320,000

#### 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, 2014 was Taka 1,068,820,000 as against available Core Capital (Tier-I) of Taka 2,401,665,563 and Supplementary Capital (Tier-II) of Taka 274,155,769 making a Total Eligible Capital of Taka 2,675,821,332 thereby showing a Surplus capital/equity of Taka 1,607,001,332 at that date. Details are shown below:

#### Core capital (Tier-I)

Fully paid-up Capital/Capital lien with B B  
Statutory Reserve  
Non-repayable Share premium account  
General Reserve  
Retained Earnings

1,309,068,000

1,138,320,000

410,968,000

373,970,000

220,932,000

391,680,000

250,000,000

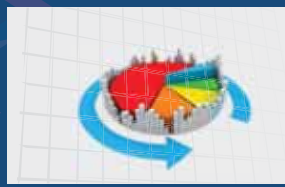
250,000,000

210,697,563

303,501,525

**2,401,665,563**

**2,457,471,525**



### Supplementary capital (Tier-II)

General provision maintained against Unclassified loan	-	-
General provision on off-balance sheet items	69,280,866	72,429,814
General provision on off-shore Banking Units	-	-
Revaluation gain / loss on investments	-	-
Assets revaluation reserve	204,874,903	204,874,903
	<b>274,155,769</b>	<b>277,304,717</b>
<b>A. Eligible Capital:</b>	Amount	
1. Tier-1 Capital	2,401,665,563	2,457,471,525
2. Tier-2 Capital	274,155,769	277,304,717
<b>3. Total eligible Capital (1+2)</b>	<b>2,675,821,332</b>	<b>2,734,776,242</b>
<b>B. Total Risk Weighted Assets (RWA)</b>	<b>10,688,200,000</b>	<b>10,688,200,000</b>
<b>C. Capital Adequacy Ratio</b>	<b>25.04%</b>	<b>25.59%</b>
<b>D. Core Capital to RWA (A1/B)*100</b>	<b>22.47%</b>	<b>22.99%</b>
<b>E. Supplementary Capital to RWA (A2/B)*100</b>	<b>2.57%</b>	<b>2.59%</b>
<b>F. Minimum Capital Requirement (MCR) 10% of RWA =B11x10%</b>	<b>1,068,820,000</b>	<b>1,068,820,000</b>
<b>G) Surplus (A-F)</b>	<b>1,607,001,332</b>	<b>1,665,956,242</b>

### 13.04 Percentage of shareholding at the closing date:

	No. of shares		Percentage	
	2014	2013	2014	2013
(i) Sponsors & Director				
Foreign	-	-	-	-
Domestic	70,350,656	44,993,676	53.74	39.53
	<b>70,350,656</b>	<b>44,993,676</b>	<b>53.74</b>	<b>39.53</b>
(ii) Corporate Bodies				
Foreign	276,690	241,104	0.21	0.21
Domestic	14,844,546	21,471,050	11.34	18.86
	<b>15,121,236</b>	<b>21,712,154</b>	<b>11.55</b>	<b>19.07</b>
(iii) General public				
Foreign	-	-	-	-
NRB	-	520,765	-	0.46
Domestic	45,434,908	46,605,405	34.71	40.94
	<b>45,434,908</b>	<b>47,126,170</b>	<b>34.71</b>	<b>41.40</b>
<b>Total:</b>	<b>130,906,800</b>	<b>113,832,000</b>	<b>100.00</b>	<b>100.00</b>

### 13.05 Shareholding range on the basis of shareholding as at December 31, 2014

No. of shares	Number of Shareholders	Total number	Percentage of
		of shares	total holdings
Less than 5000	10613	14,701,576	11.23%
5,001 to 10,000	850	6,064,587	4.63%
10,001 to 20,000	476	6,507,644	4.97%
20,001 to 30,000	162	3,986,218	3.05%
30,001 to 40,000	52	1,772,828	1.35%
40,001 to 50,000	42	1,883,490	1.44%
50,001 to 100,000	85	6,012,176	4.59%
100,001 to 1,000,000	47	14,001,085	10.70%
1,000,001 to 10,000,000	21	75,977,196	58.04%
	<b>12,348</b>	<b>130,906,800</b>	<b>100.00%</b>

### 14.00 Statutory Reserve:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance as at January 01, 2014	373,970,000	338,936,000
Addition during the year	36,998,000	35,034,000
Balance as at December 31, 2014	<b>410,968,000</b>	<b>373,970,000</b>

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, at least 20% of pre-tax profit or Tk. 36,998,000 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:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance as at January 01, 2014	391,680,000	391,680,000
Addition during the year	-	-
Less: Premium use against stock dividend	(170,748,000)	-
Balance as at December 31, 2014	<b>220,932,000</b>	<b>391,680,000</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 which is adjusting against share premium.

### 16.00 General reserve:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance as at January 01, 2014	250,000,000	250,000,000
Appropriation from current year's profit	-	-
Balance as at December 31, 2014	<b>250,000,000</b>	<b>250,000,000</b>

### 17.00 Assets Revaluation Reserve:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance as at January 01, 2014	409,749,806	409,749,806
Revaluation during the year	-	-
Adjustment during the year	-	-
Balance as at December 31, 2014	<b>409,749,806</b>	<b>409,749,806</b>

## 18.00 Adjusted Retained Earnings Balance

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance as at January 01, 2014	303,501,525	379,878,647
Dividend for last year	(193,514,400)	(170,748,000)
Short provision of Tax	-	964,588
<b>Sub total (a)</b>	<b>109,987,125</b>	<b>210,095,235</b>
Net profit after taxation for the year	137,708,438	128,440,290
Appropriation from current years profit:		
Transfer to statutory reserve	(36,998,000)	(35,034,000)
Transfer to General Reserve	-	-
<b>Sub total (b)</b>	<b>100,710,438</b>	<b>93,406,290</b>
<b>Balance as at December 31, 2014</b>	<b>Grand total (a + b)</b>	<b>Grand total (a + b)</b>
	<b>210,697,563</b>	<b>303,501,525</b>

## 18 a) Consolidated Retained Earnings

Particulars	31-12-2014	31-12-2013
Balance as at January 01, 2014	333,492,490	379,878,647
Less: Previous year's adjustment	(837)	-
Restated balance as at January 01	333,491,653	379,878,647
Dividend for last year	(193,514,400)	(170,748,000)
Income before separation of BLI Capital	-	20,912,002
Short provision of Tax	-	964,588
<b>Sub total (a)</b>	<b>139,977,253</b>	<b>231,007,237</b>
Net profit after taxation for the year	138,170,729	137,519,616
Appropriation from current years profit:		
Transfer to statutory reserve	(36,998,000)	(35,034,000)
Non-Controlling Interest	(6)	(363)
<b>Sub total (b)</b>	<b>101,172,723</b>	<b>102,485,253</b>
<b>Balance as at December 31, 2014</b>	<b>Grand total (a + b)</b>	<b>Grand total (a + b)</b>
	<b>241,149,976</b>	<b>333,492,490</b>

## 19.00 Non-Controlling Interest

Particulars	31-12-2014	31-12-2013
Opening balance	10,363	-
Add: Previous year's adjustment	837	-
Restated opening balance	11,200	-
Add: addition during the year	6	10,363
<b>Closing balance</b>	<b>11,206</b>	<b>10,363</b>
Share Capital	10,000	10,000
Retained Earnings	1,206	363
	<b>11,206</b>	<b>10,363</b>

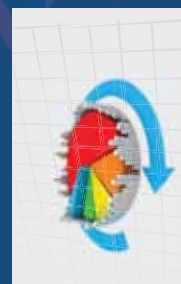
## 20.00 Net asset value per share

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Total asset	8,564,353,574	6,556,010,832
Total liabilities	5,752,938,205	3,688,789,501
	2,811,415,369	2,867,221,331
Number of share outstanding	130,906,800	130,906,800
<b>Net asset value per share</b>	<b>21.48</b>	<b>21.90</b>

## 20 (a) Consolidated Net asset value per share

Total asset	10,233,021,441	8,344,227,822
Total liabilities	7,391,153,659	5,447,015,526
	2,841,867,782	2,897,212,296
Number of share outstanding	130,906,800	130,906,800
<b>Consolidated Net asset value per share</b>	<b>21.71</b>	<b>22.13</b>





## 21.00 Interest Income:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Interest from Lease	169,483,456	238,111,368
Interest from Lease Advance	-	-
Interest from Term Finance	421,913,776	258,797,873
Interest on Fixed Deposits with Banks and Other FI's	18,687,224	20,573,430
Interest on balance with Banks	261,384	300,891
Interest on Call Loan	-	-
<b>Total:</b>	<b>610,345,840</b>	<b>517,783,562</b>

## 21 (a) Consolidated Interest Income

Bay Leasing & Investment Ltd.	610,345,840	517,783,562
BLI Capital Ltd.	207,206,687	94,675,952
	<b>817,552,527</b>	<b>612,459,514</b>
Less: Inter company balance eliminated	88,050,313	-
<b>Total:</b>	<b>729,502,214</b>	<b>612,459,514</b>

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

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Interest on Call Loan	46,526,430	38,087,153
Interest on Over Draft	29,126,357	12,915,570
Interest on Term Deposits	264,026,139	244,553,259
Interest on Other Deposits	1,461,160	479,694
Interest on Term Loan	116,627,768	130,167,524
<b>Total:</b>	<b>457,767,854</b>	<b>426,203,200</b>

## 22 (a) Consolidated Interest paid on Deposit, Borrowing etc.

Bay Leasing & Investment Ltd.	457,767,854	426,203,200
BLI Capital Ltd.	237,358,990	78,025,947
	<b>695,126,844</b>	<b>504,229,147</b>
Less: Inter company balance eliminated	88,050,313	-
<b>Total:</b>	<b>607,076,531</b>	<b>504,229,147</b>

## 23.00 Investment Income:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Dividend Income	34,046,392	47,392,126
Gain on Investment on Share	53,609,645	43,819,262
<b>Total:</b>	<b>87,656,037</b>	<b>91,211,388</b>

## 23 (a) Consolidated Investment Income

Bay Leasing & Investment Ltd.	87,656,037	91,211,388
BLI Capital Ltd.	14,964,838	1,304,143
<b>Total:</b>	<b>102,620,875</b>	<b>92,515,531</b>

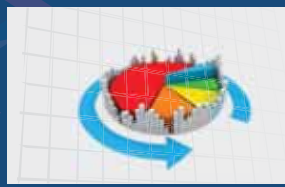
## 24.00 Commission, Exchange and Brokerage Income:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Income from L/C Commission	2,483,203	247,694
<b>Total:</b>	<b>2,483,203</b>	<b>247,694</b>

## 24 (a) Consolidated Commission, Exchange and Brokerage Income:

Bay Leasing & Investment Ltd.	2,483,203	247,694
BLI Capital Ltd.	34,288,609	20,617,499
<b>Total:</b>	<b>36,771,812</b>	<b>20,865,193</b>



## 25.00 Other Operating Income:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Service Charge	2,574,905	916,620
Gain on sale of Fixed Assets	849,710	-
Up Front Charge	-	-
Opportunity cost	4,640,002	128,684
Documentation Fee	1,534,277	578,105
Rental Income	3,978,000	3,978,000
Miscellaneous Income	786,316	98,645
<b>Total:</b>	<b>14,363,210</b>	<b>5,700,054</b>
<b>25 (a) Consolidated Other Operating Income</b>		
Bay Leasing & Investment Ltd.	14,363,210	5,700,054
BLI Capital Ltd.	6,144,797	12,000
<b>Total:</b>	<b>20,508,007</b>	<b>5,712,054</b>

## 26.00 Consolidated Salary and allowances

Particulars	31-12-2014	31-12-2013
Bay Leasing & Investment Ltd.	19,711,887	17,454,423
BLI Capital Ltd.	7,156,700	3,907,856
<b>Total:</b>	<b>26,868,587</b>	<b>21,362,279</b>

## 27.00 Rent, Taxes, Insurance & Electricity:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Office Rent	2,426,340	2,426,340
Rates & Taxes	317,617	-
Utility	786,598	467,543
Insurance Premium	56,435	104,446
<b>Total:</b>	<b>3,586,990</b>	<b>2,998,329</b>
<b>27 (a) Consolidated Rent, Taxes, Insurance &amp; Electricity</b>		
Bay Leasing & Investment Ltd.	3,586,990	2,998,329
BLI Capital Ltd.	617,850	-
<b>Total:</b>	<b>4,204,840</b>	<b>2,998,329</b>

## 28.00 Postage, stamp, telecommunication, etc

Particulars	31-12-2014	31-12-2013
Postage & stamp	98,146	352,812
Telecommunication	200,068	-
<b>Total:</b>	<b>298,214</b>	<b>352,812</b>
<b>28 (a) Consolidated Postage, stamp, telecommunication, etc</b>		
Bay Leasing & Investment Ltd.	298,214	352,812
BLI Capital Ltd.	1,009,783	137,709
<b>Total:</b>	<b>1,307,997</b>	<b>490,521</b>

## 29.00 Stationery, Printing, advertisement, etc.

Particulars	31-12-2014	31-12-2013
Stationery & Printing	1,208,010	1,109,066
Advertisement	870,635	681,030
<b>Total:</b>	<b>2,078,645</b>	<b>1,790,096</b>

**29 (a) Consolidated Stationery, Printing, advertisement, etc.**

Bay Leasing & Investment Ltd.	2,078,645	1,790,096
BLI Capital Ltd.	271,128	303,812
<b>Total:</b>	<b>2,349,773</b>	<b>2,093,908</b>

**30.00 Directors Fee:**

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Directors Fee	395,000	300,000
<b>Total:</b>	<b>395,000</b>	<b>300,000</b>

**31.00 Consolidated Auditor's Fees**

Particulars	31-12-2014	31-12-2013
Bay Leasing & Investment Ltd.	132,250	126,500
BLI Capital Ltd.	50,000	50,000
<b>Total:</b>	<b>182,250</b>	<b>176,500</b>

**32.00 Depreciation and repairs of assets**

Particulars	31-12-2014	31-12-2013
Depreciation	12,603,017	12,074,184
Repair of assets	353,398	376,337
<b>Total:</b>	<b>12,956,415</b>	<b>12,450,521</b>

**32 (a) Consolidated Depreciation and repairs of assets**

Bay Leasing & Investment Ltd.	12,956,415	12,450,521
BLI Capital Ltd.	570,252	292,020
<b>Total:</b>	<b>13,526,667</b>	<b>12,742,541</b>

**33.00 Other Expenses**

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Bank Charges	265,508	179,292
Conveyances & Travelling	39,256	17,921
Credit Rating Fees	172,500	312,500
Office Maintenance	1,098,861	782,832
Entertainment Expenses	844,812	254,043
Listing & Other Regulatory Fees	983,360	381,277
AGM & EGM Expenses	707,844	2,213,976
Subscription & Donation	1,270,000	1,397,000
Misc. Expenses	5,000	-
Newspaper & Periodicals	6,815	5,008
Training Fee	101,340	-
<b>Total:</b>	<b>5,495,296</b>	<b>5,543,849</b>

**33 (a) Consolidated Other Expenses**

Bay Leasing & Investment Ltd.	5,495,296	5,543,849
BLI Capital Ltd.	3,465,543	1,458,516
<b>Total:</b>	<b>8,960,839</b>	<b>7,002,365</b>

#### 34.00 Provision against lease, loans and advances & investment in Share:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
On classified loans	22,990,469	36,651,104
On un-classified loans	(3,148,948)	(36,651,104)
<b>Total:</b>	<b>19,841,521</b>	<b>-</b>

#### 34.01 Provision for Diminution in Value of Investment in Shares:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance 01-01-2014	-	(24,566,292)
Less: Balance 31-12-2014	-	-
<b>Total:</b>	<b>-</b>	<b>24,566,292</b>

#### 34.02 Provision for Doubtful Leases:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance 01-01-2014	(72,429,814)	(84,514,626)
Less: Balance 31-12-2014	(69,280,866)	(72,429,814)
Less: write off Adjustment	(2,841,521)	-
<b>Total:</b>	<b>307,427</b>	<b>12,084,812</b>

#### 34.03 Provision for Loan:

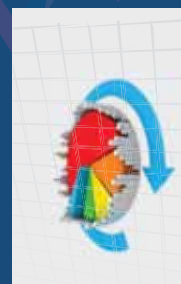
The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Balance 01-01-2014	(82,570,186)	(45,919,082)
Less: Balance 31-12-2014	(102,719,134)	(82,570,186)
<b>Sub Total:</b>	<b>(20,148,948)</b>	<b>(36,651,104)</b>
<b>Grand Total:</b>	<b>(19,841,521)</b>	<b>-</b>

#### 34 (a) Consolidated Provision against lease, loans and advances & investment in Share:

Bay Leasing & Investment Ltd.	19,841,521	-
BLI Capital Ltd.	11,365,020	18,465,705
<b>Total:</b>	<b>31,206,541</b>	<b>18,465,705</b>

The above incremental provision is on the basis of Company's provisioning policy of maintaining provision for unclassified leases and loans to the extent of 1% of the outstanding receivables and full provision against leases and loans in case of payments outstanding for over six months irrespective of the status of classification. The Company also maintains special provision for regular leases and loans where management has doubt about recovery. The Company is already adequately provisioned as per Bangladesh Bank FID circular no. 14 dated June 26, 2000 & Company also maintaining provision against diminution value of investment in share to net off the gain & loss as per DFIM circular/02, date 31-01-2012.





### 35.00 Provision for Tax:

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Current Year Tax	45,000,000	45,000,000
Deferred Tax	2,277,496	1,725,110
<b>Total:</b>	<b>47,277,496</b>	<b>46,725,110</b>
<b>35 (a) Consolidated Provision for Tax:</b>		
Bay Leasing & Investment Ltd.	47,277,496	46,725,110
BLI Capital Ltd.	277,374	4,888,703
<b>Total:</b>	<b>47,554,870</b>	<b>51,613,813</b>

### 36.00 Earnings per share (EPS):

The above balance is made up as follows:

Particulars	31-12-2014	31-12-2013
Net profit after tax	137,708,438	128,440,290
Number of ordinary shares outstanding	130,906,800	130,906,800
<b>Earnings per share</b>	<b>1.05</b>	<b>0.98</b>
<b>36 (a) Consolidated Earnings per share (EPS):</b>		
Net profit after tax	138,170,729	137,519,616
Number of ordinary shares outstanding	130,906,800	130,906,800
<b>Earnings per share</b>	<b>1.06</b>	<b>1.05</b>

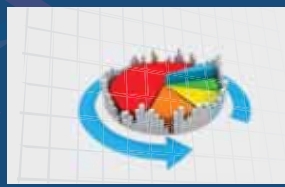
Re-stated

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on December 31, 2014 as per Bangladesh Accounting Standard (BAS) -33.

### 37.00 Related Party Disclosures

#### 37.01 Particulars of Directors of the Company as on December 31, 2014

Sl.no	Name of Directors	Designation	Shareholding status
1	Dr. Maswooda Ghani	Chairman	6.05%
2	Mr. Tarik Sujat	Director	2.09%
3	Mr. Zubayer Kabir	Director	2.00%
4	Prof. Suraiya Begum	Director	2.15%
5	Mr. Shahid Hossain	Nominee Director of SEBL	14.39%
6	Mr. Zakir Ahmed Khan	Independent Director	0.00%
7	Mr. Sheikh Abdul Hafiz FCA	Independent Director	0.00%
8	Mr. A.H.M Moazzem Hossain	Independent Director	0.00%
9	Prof. Shahid Uddin Ahmed (Ph.D)	Independent Director	0.00%
		<b>Total</b>	<b>26.68%</b>



### 37.02 Name of Directors and their interest in different entities as on December 31, 2014

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	
3	Mr. Tarik Sujat	Director	<b>CEO</b> Journeyman Colors of Bangladesh One Stop Print Shop <b>Managing Director:</b> MediaScene Ltd. I- Info Media Ltd. <b>Director</b> Desh Television Limited <b>Managing Partner:</b> Journeyman Riddi Consortium
4	Mr. Zubayer Kabir	Director	<b>Managing Director:</b> 1. National Securitiss & Consultants Ltd. 2. Erebus Properties Ltd.
5	Mr. Shahid Hossain	Nominee Director of SEBL	<b>Managing Director &amp; CEO:</b> SouthEast Bank Ltd.
6	Mr. Zakir Ahmed Khan	Independent Director	<b>Advisor:</b> SouthEast Bank Ltd.
7	Mr. Sheikh Abdul Hafiz FCA	Independent Director	<b>Member Governing Body:</b> a) Bangladesh Medical College & Hospital b) Bangladesh Dental College c) Uttara Adhunik Medical College & Hospital d) Member & Past President, ICAB
8	Mr. A.H.M Moazzem Hossain	Independent Director	<b>Editor:</b> The Financial Express <b>Independent Director:</b> SouthEast Bank Ltd. <b>Director:</b> ICB Securities Trading Co.Ltd.
9	Prof. Shahid Uddin Ahmed (Ph.D)	Independent Director	<b>Independent Director:</b> Argon Denim Fabrics Ltd.

### 37.03 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 Bangladesh 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, 2014 were as follows:

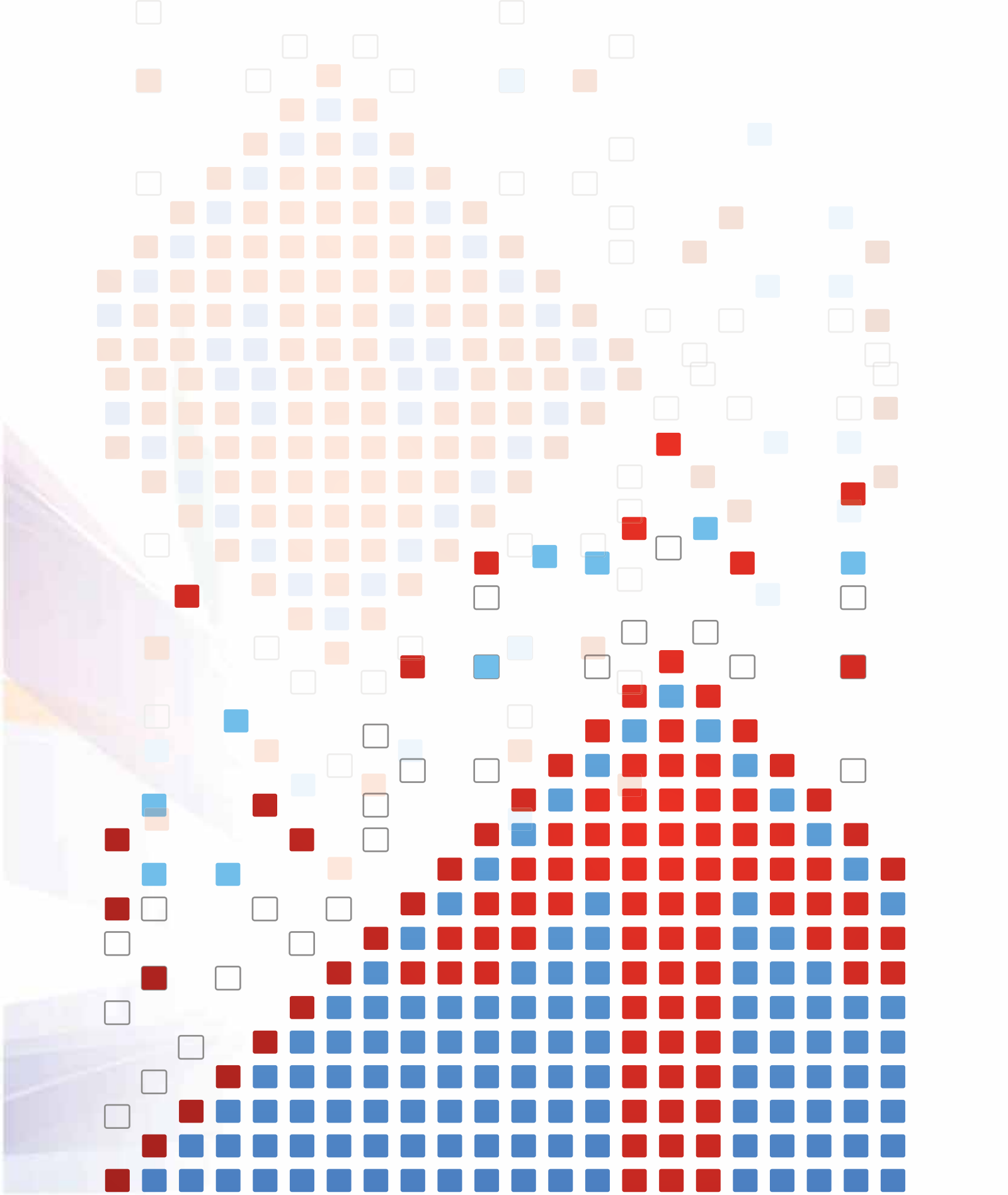
Name of the related party	Relationship	Nature of transaction	Outstanding receivable/(Payable)	
			2014	2013
BLI Capital Limited	Subsidiary Company	Term Finance	664,132,431	629,695,709
		Receivable	442,781,399	442,781,399
BLI Securities Ltd	Associate Company	Term Deposit	30,295,646	18,119,606
Lucky Feed Ltd	Associate Company	Term Deposit	115,348	103,501
		Term Finance	81,569,225	85,728,612

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

As on 31 December 2014 no such contract exists.

**Bay Leasing & Investment Limited**  
**Schedule of Fixed Assets**  
**as at December 31, 2014**  
**Schedule-1**

Particulars	Cost as on 01.01.2014	Revaluation as on 01-01-2014	Addition during the year	Disposals/ Adjustments during the year	Balance as on 31.12.2014			Depreciation						W.D.V.as on 31.12.2014				
					Cost	Revaluation	Total	Balance as on 01.01.2014		Charged during the Year		Adjustment for Disposals	Balance as on 31.12.2014					
								Cost	Revaluation	Cost	Revaluation		Cost		Revaluation	Total		
	1	2	3	5	(1+3-5)=6	(2+4)=7	(6+7)=8	Rate of Depreciation	10	11	12	13	14	(10+12-14)=15	(11+13)=16	17	(8-17)=18	
Furniture and Fixtures	3,113,240	-	8,421,017	-	11,534,257	-	11,534,257	10%	2,220,670	-	299,967	-	-	-	2,520,637	-	2,520,637	9,013,620
Office Equipment	7,635,756	-	4,297,024	-	11,932,780	-	11,932,780	15%	5,123,807	-	550,225	-	-	-	5,674,032	-	5,674,032	6,258,748
Office Decoration	5,348,426	-	12,807,213	-	18,155,639	-	18,155,639	20%	5,018,770	-	706,292	-	-	-	5,725,062	-	5,725,062	12,430,577
Motor Vehicles	13,871,265	-	162,400	3,429,019	10,604,646	-	10,604,646	20%	6,643,789	-	1,422,052	-	2,365,430	-	5,700,411	-	5,700,411	4,904,235
Electrical Goods	595,450	-	-	-	595,450	-	595,450	20%	577,698	-	3,550	-	-	-	581,248	-	581,248	14,202
Building	89,005,460	320,669,540	-	-	89,005,460	320,669,540	409,675,000	2.50%	6,509,915	18,327,865	2,062,389	7,558,542	-	-	8,572,304	25,886,407	34,458,711	375,216,289
Construction WIP	106,839,100	-	8,024,300	-	114,863,400	-	114,863,400	0%	-	-	-	-	-	-	-	-	-	114,863,400
Land	161,383,848	91,704,652	90,434,896	-	251,818,744	91,704,652	343,523,396	0%	-	-	-	-	-	-	-	-	-	343,523,396
<b>Total</b>	<b>387,792,545</b>	<b>412,374,192</b>	<b>124,146,850</b>	<b>3,429,019</b>	<b>508,510,376</b>	<b>412,374,192</b>	<b>920,884,568</b>		<b>26,094,650</b>	<b>18,327,865</b>	<b>5,044,475</b>	<b>7,558,542</b>	<b>2,365,430</b>	<b>25,886,407</b>	<b>28,773,695</b>	<b>25,886,407</b>	<b>54,660,102</b>	<b>866,224,466</b>
2013	386,804,489	412,374,192	1,837,666	849,610	387,792,545	412,374,192	800,166,737		22,039,517	10,575,515	4,321,834	7,752,351	266,701	18,327,865	26,094,650	18,327,865	44,422,516	755,744,222



# Auditors' Report

BLI Capital Limited



## AUDITOR'S REPORT TO THE SHAREHOLDERS

OF

### BLI CAPITAL LIMITED

We have audited the accompanying financial statements of BLI CAPITAL LIMITED which comprises the Statement of Financial Position as at December 31, 2014, and Statement of Comprehensive Income and the related statement of cash flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting standards (BFRS), the companies Act 1994, and other applicable laws and regulations, This responsibility includes designing, implementing, and maintaining internal control relevant to 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting standards (BFRS), give a true and fair view of the state of the company's affairs as at December 31, 2014 and its cash flows for the year then ended and comply with the companies Act 1994 and other applicable laws and regulations.

#### We also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iii) The Company's Financial Position as at December 31, 2014, and Statement of Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the company's business;

Dhaka  
Dated: 23.04.2015

  
**Pinaki & Company**  
Chartered Accountants

**BLI CAPITAL LIMITED.**  
**Statement of Financial Position**  
**as at December 31, 2014**

			TAKA	TAKA
			31-12-2014	31-12-2013
<b>PROPERTY AND ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed Asset	Note-4		185,558,290	165,217,719
<b>CURRENT ASSETS</b>				
Advance Deposit and Pre-Payments	Note-5		316,629,084	272,698,055
Accounts Receivable	Note-6		18,166,771	18,748,253
Investment In Share	Note-7		310,519,299	127,544,497
Margin Loan			1,974,896,206	1,846,570,549
Cash and cash equivalent	Note-8		55,669,616	50,209,314
<b>TOTAL</b>			<b>2,861,439,266</b>	<b>2,480,988,387</b>
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL &amp; RESERVE</b>				
Shareholders equity	Note-9		750,000,000	250,000,000
Retained Earnings	Note-10		30,453,618	29,991,328
<b>NON-CURRENT LIABILITIES</b>				
Loan From Bank & Financial Institution	Note-12		629,695,709	629,695,709
<b>CURRENT LIABILITIES</b>				
Short Term Loan	Note-13		807,702,809	933,919,551
Margin Deposit			96,508,354	134,095,002
Other Payable	Note-14		490,946,736	458,797,151
Provision for Tax	Note-15		26,301,315	26,023,941
Provision against Unrealized loss in Investment In Share			11,365,020	-
Provision against Unrealized loss in Margin Loan			18,465,705	18,465,705
<b>TOTAL</b>			<b>2,861,439,266</b>	<b>2,480,988,387</b>

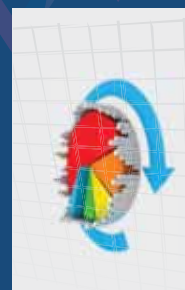
*Signed in terms of our separate report of even date*

  
 Managing Director

  
 Director

  
 Director

  
 PINAKI & COMPANY  
 Chartered Accountants





**BLI CAPITAL LIMITED.**  
**Statement of Comprehensive Income**  
**for the year ended December 31, 2014**

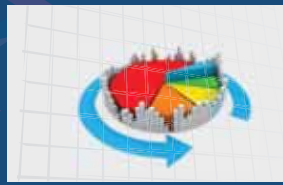
		TAKA
Income		31-12-2014
Brokerage Settlement Charges		21,243,454
Gain on Investment in Share		12,828,945
Dividend Income		2,135,893
Interest Income		207,206,687
Documentation Fee		127,000
Underwriting Commission		255,585
Other Income	Note-11	6,017,797
Portfolio management Fee		12,789,570
<b>TOTAL</b>		<b>262,604,931</b>
<b>Expenses</b>		
Salary & Allowance		7,156,700
Rent		617,850
Registration & Renewal Fee		334,010
Printing & Stationary		271,128
Entertainment		188,292
Internet & Network Charge		159,789
CDBL Charges		2,989,054
Interest Waiver for Affected Small Investors Scheme		10,306,348
Repair & Maintenance		51,860
Software maintenance Fee		428,571
Conveyance		2,180
Newspaper		5,205
Courier		1,190
Telephone & Mobile bill		86,223
Awareness Programme		18,200
Car maintenance		254,115
Fuel & Lubricants		106,009
Depreciation		158,268
Audit Fees		50,000
Bank Charge		262,612
Bank Interest		227,052,642
<b>Total Expenses</b>		<b>250,500,246</b>
<b>Net Profit Before Provision</b>		<b>12,104,685</b>
Provision for Unrealized loss in Investment In Share		11,365,020
		<b>739,664</b>
Provision for Tax		277,374
<b>Net profit Transfer to Retained Earnings</b>		<b>462,290</b>

Managing Director

Director

Director

**PINAKI & COMPANY**  
 Chartered Accountants



**BLI CAPITAL LIMITED.**  
**Statement of Cash Flow**  
**for the year ended December 31, 2014**

	TAKA
<b>A. Cash Flow from operating activities</b>	
Cash receipt from Customer	229,031,623
Cash Received from Others	34,154,789
Cash paid to Suppliers and Others	9,122,861
Bank Charge	(262,612)
Bank Interest	(227,052,642)
Shareholders equity	500,000,000
Net Cash flow from operating activities	<b>544,994,020</b>
<b>B. Cash Flow from investment activities</b>	
Acquisition of Asset	(184,696,939)
Investment in Share	(182,974,802)
	<b>(367,671,741)</b>
<b>C. Cash Flow from financing activities</b>	
Mergin Deposit	(37,586,649)
Mergin Loan	(128,325,657)
Advance Deposit & Pre-Payment	120,267,071
Loan From Bay Leasing & Investment LTD.	(126,216,742)
Net Cash flow from financing activities	<b>(171,861,977)</b>
<b>D. Net Cash inflow/outflow for the year (A+B+C)</b>	<b>5,460,302</b>
<b>E. Opening Cash and Bank balance</b>	<b>50,209,314</b>
<b>F. Closing Cash and Bank balance (D+E)</b>	<b>55,669,616</b>

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

  
Managing Director

  
Director

  
Director

  
PINAKI & COMPANY  
Chartered Accountants

**BLI CAPITAL LIMITED.**  
**Statement of Changes in Equity**  
**for the year ended December 31, 2014**

Particulars	Share Capital	Retained Earnings	Total
Balance as at December 31, 2013	250,000,000	29,991,328	279,991,328
During the year	500,000,000	462,290	500,462,290
Balance as at December 31, 2014	750,000,000	30,453,618	780,453,618

*The annex notes form an integral part of these financial statements*

**Signed in terms of our separate report of even date**



Managing Director



Director



Director



PINAKI & COMPANY  
Chartered Accountants

**BLI CAPITAL LIMITED.**  
**Notes to the Financial Position**  
**as at December 31, 2014**

## **1.0 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 Eunoos Trade Center, Level – 5 (4<sup>th</sup> Floor), 52/53 Dilkusha C/A, Dhaka-1000.

### **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 of Exchange (Merchant Banking and Portfolio Management) Regulation 1996.

## **2.0 Significant accounting policies**

### **2.1 Statement of Compliance**

The financial statements of BLI CAPITAL LIMITED have been prepared in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), 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, as adopted by ICAB as BAS – 1 “presentation of financial statements” the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Comprehensive Income.
- iii) Cash flow statement
- iv) Statement of Changes in Equity and
- v) Notes to the Financial Statements.

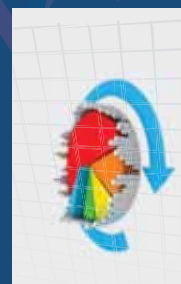
## **3.0 Principal Accounting Policies:**

### **3.1 Cash flow Statement**

Cash Flow Statement is prepared in accordance with BAS 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 BAS-7 which provides that “Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method”.

### **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.



**BLI CAPITAL LIMITED.**  
Notes to the Financial Position  
as at December 31, 2014

**4 FIXED ASSETS**

Particulars	C O S T			D E P R E C I A T I O N				W.D.V	
	Bal.as.on	Addition	Adjustment	Bal.as.on	Rate	Bal.as.on	Charged	Bal.as.on	Bal.as.on
	01.01.14			31.12.14		01.01.14		'31.12.14	'31.12.14
	Taka	Taka		Taka	%	Taka	Taka	Taka	Taka
Computer	511,950	46,500	-	558,450.0	15	168,719	56,716	225,435	333,015
Fax Machine	26,000	-	-	26,000.0	15	13,979	1,803	15,782	10,218
Chair	73,201	-	-	73,201.0	10	20,743	5,246	25,989	47,212
Telephone Set	21,500	-	-	21,500.0	15	8,416	1,963	10,379	11,121
Internet Modem	37,055	3,600	-	40,655.0	15	14,207	3,742	17,949	22,706
Vacuum Cleaner	17,320	-	-	17,320.0	15	5,303	1,803	7,106	10,214
Software	463,749	96,154	-	559,903.0	15	70,403	61,406	131,809	428,094
Website	16,700	15,000	-	31,700.0	15	7,556	1,934	9,490	22,210
Micro Oven	7,200	-	-	7,200.0	15	3,253	592	3,845	3,355
File Cabinet	53,285	42,180	-	95,465.0	10	11,334	6,656	17,989	77,476
Fan	25,050	-	-	25,050.0	10	6,505	1,854	8,360	16,690
Printer	38,600	-	-	38,600.0	15	10,874	4,159	15,033	23,567
Networking Switch	8,400	-	-	8,400.0	15	2,872	829	3,701	4,699
Photocopier	80,000	-	-	80,000.0	15	20,250	8,963	29,213	50,788
Scanner	4,350	-	-	4,350.0	15	326	604	930	3,420
Car DM-GA-25-0900	-	901,000	-	901,000.0	15	-	-	-	901,000
Car DM-GA-27-1411	-	902,000	-	902,000.0	15	-	-	-	902,000
Floor Space	164,198,100	182,690,505	164,198,100	182,690,505.0	15	-	-	-	182,690,505
	<b>165,582,460</b>	<b>184,696,939</b>	<b>164,198,100</b>	<b>186,081,299</b>		<b>364,741</b>	<b>158,268</b>	<b>523,009</b>	<b>185,558,290</b>

\*Delay in handover led to transfer of the head of asset under advance for office space arising out of extension of handover time by one year for political unrest



**BLI CAPITAL LIMITED.**  
**Notes to the Financial Position**  
**as at December 31, 2014**

No.	Particulars				Taka
<b>5.00</b>	<b>Advance Deposit and Pre-Payments</b>				<b>316,629,084</b>
	Advance Income Tax	Note-5.1	6,686,389		
	Advance for Office Space	Note-5.2	309,647,695		
	Advance Against Salary		295,000		
<b>5.1</b>	<b>Advance Income Tax</b>				<b>6,686,389</b>
	For Assessment year 2012-2013		2,875,466		
	For Assessment year 2013-2014		2,822,589		
	For Assessment year 2014-2015		988,334		
<b>5.2</b>	<b>Advance for Office Space</b>				<b>309,647,695</b>
	As per Last Account		266,950,000		
	Add: Adjustment vide Fixed Asset		164,198,100		
			431,148,100		
	Less: Adjustment During the year		121,500,405		
<b>6.00</b>	<b>Accounts Receivable</b>				<b>18,166,771</b>
	BLI Securities Ltd.		18,128,125		
	National Securities & Consultants Ltd.		9,698		
	Platinum Securities Ltd		28,948		
<b>7.0</b>	<b>Investment in shares:</b>				<b>310,519,299</b>
	The above balance is made up as follows:				
	Name of the Company	Qty.	Cost Price	Market Price	Unrealise Gain
	BSCCL	5,000	594,687	583,500	(11,187)
	Summit Alliance Port Ltd.	233,000	16,907,562	19,315,750	2,408,188
	Barakatullah Ele.Dy. Ltd.	50,000	1,860,714	1,650,000	(210,714)
	Delta Life Ins.	150,000	29,495,518	22,485,000	(7,010,518)
	DESCO	50,000	3,623,487	3,475,000	(148,487)
	Eastern Housing	24,800	1,282,736	1,150,720	(132,016)
	Fareast Islami Life Ins.	50,000	4,517,016	3,755,000	(762,016)
	Khulna Power Com. Ltd.	240	16,961	13,691	(3,270)
	LankaBangla Finance Limited	200,000	10,784,426	8,800,000	(1,984,426)
	National Life Ins.	919,518	216,433,762	216,270,634	(163,144)
	Paramount Textile Ltd.	115,000	3,683,313	2,656,500	(1,026,813)
	Phoenix Finance & Inv. Ltd.	175,000	5,084,290	4,707,500	(376,790)
	Quasem Drycells	50,000	3,669,636	3,590,000	(79,636)
	Saiham Textile	220,000	7,289,792	6,116,000	(1,173,792)
	Summit Power Limited	50,000	1,988,619	1,915,000	(73,619)
	The Peninsula Chittagong Limited	100,000	3,286,780	2670000	(616,780)
	<b>TOTAL</b>		<b>310,519,299</b>	<b>299,154,295</b>	<b>(11,365,020)</b>

No.	Particulars		Taka
<b>8.00</b>	<b>Cash and Cash Equivalent</b>		<b>55,669,616</b>
	Cash at bank :	55,661,893	
	Cash in Hand	<u>7,723</u>	
<b>8.1</b>	<b>Cash at bank :</b>		<b>55,661,893</b>
	Southeast Bank Ltd	624,043	
	Modhumoti Bank Ltd	3,440	
	Mercantile bank Ltd.	4,045	
	FDR Southeast Bank Ltd.	<u>55,030,365</u>	
<b>9.00</b>	<b>Shareholders equity</b>		
	Authorised Capital		<u>2,000,000,000</u>
	20,00,00,000 shares of Tk. 10/-each		
	Issued, Subscribd and Paid Up Capital		750,000,000
	7,50,00,000 shares of Tk. 10/-each		
<b>9.1</b>	<b>Share holding position</b>		
		<b>No of shares</b>	<b>% of shareholdings</b>
	Bay Leasing & Investment Limited	74,999,000	99.996%
	BLI Securities Limited	100	0.001%
	Mrs. Jahan Ara Begum	100	0.001%
	Mrs. Rizwana K. Riza	100	0.001%
	Mr. Dr. Maswooda Ghani	100	0.001%
	Mr. Tarik Sujat	100	0.001%
	Mr. Zubayer Kabir	100	0.001%
	Mr. Shabbir Kabir	100	0.001%
	Mr. Minhaz Mannan Emon	100	0.001%
	Mrs. Hasnat Ara Haque	100	0.001%
	Mr. Tanveer Harun	100	0.001%
	<b>Total</b>	<b><u>75,000,000</u></b>	<b>100.00%</b>
<b>10.0</b>	<b>Retained Earnings</b>		<b>30,453,618</b>
	As per last account	29,991,328	
	Add: Profit During the year	<u>462,290</u>	
<b>11.0</b>	<b>Other Income</b>		<b>6,017,797</b>
	Interest Income From FDR	5,605,961	
	Interest Income From SEBL-STD A/C	8,095	
	IPO Commission Income	890	
	Rental Income	385,000	
	Service Charge	<u>17,850</u>	
<b>12.0</b>	<b>Loan From Bank &amp; Financial Institution</b>		<b>629,695,709</b>
	Bay Leasing & Investment Ltd.	<u>629,695,709</u>	
<b>13.0</b>	<b>Short Term Loan</b>		<b>807,702,809</b>
	South East Bank LTD	<u>807,702,809</u>	
<b>14.0</b>	<b>Other Payable</b>		<b>490,946,736</b>
	Bay Leasing & Investment Ltd.	442,781,397	
	Devidend payable	500	
	Pinaki & Company	80,000	
	Rent received in Advance	13,629,000	
	Creditor for Expenses	19,115	
	Interest Payable to Bay Leasing	<u>34,436,724</u>	
<b>15.0</b>	<b>Provision for Tax</b>		<b>26,301,315</b>
	As per Last Account	26,023,941	
	Add: During the year	<u>277,374</u>	





# 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 **19th Annual General Meeting** of the Company to be held on by Monday, June 8, 2015 at 11.00 am at Institute of Diploma Engineers, Bangladesh (IDEB), IDEB Bhaban , Dhaka-1000

Signed this.....day of 2015.....

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

Revenue  
stamp @ 20/-

\_\_\_\_\_  
**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 19th 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 ©

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

Authorized Officer Signature

## ATTENDANCE SLIP

Name of Shareholder/Proxy.....

Registered BO ID :

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

I hereby record my attendance at the **19th Annual General Meeting** of the Company to be held on by Monday June 8, 2015 at 11.00 am at Institute of Diploma Engineers, Bangladesh (IDEB), IDEB Bhaban , 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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