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Letter of transmittal

All Shareholders of National Finance Limited Bangladesh Bank Bangladesh Securities and Exchange Commission (BSEC) Registrar of Joint Stock Companies & Firms

Dear Sir,

Annual Report for National Finance Limeted of the year ended 31 December 2015.

We are pleased to present before you the Annual Report 2015 of National Finance Limited alongwith the audited Financial Statements of the yearended 31 December 2015 and as on that date.

The Report includes Balance sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement, alongwith Notes thereon, of National Finance Limited for the year ended on 31st December 2015.

The Report is forwarded for your kind information and record.

Yours Sincerely,

Sd/Nazmul Karim, FCS
Company Secretary

NFL VISION

Be the Leading financial institution by being a strong catalyst in creating a better future for our customers, employees, communities and shareholders through quality, commitment, accountability, innovation and inclusion.



NFL MISSION

Combine inspired people, world-class processes, smart technologies, and superion entrepreneurial acumen to :

- Deliver a better financial future and thereby sustained peace of mind to our customers by continuously analyzing their expectations and exceeding them.
- Create and sustain a workplace where an unbiased performance-reward culture inspires openness and innovation.
- Create value for our shareholders and partners in whateved we do.
- Create value for Communities and economies in which we dwell by ensuring sustainability and inclusion.



NFL VALUES

DIETS

DYNAMIC

we strive to constantly change and progress in whatever we do.

INNOVATIVE

we strive to constantly challenge our own systems to create better solutions.

ETHICAL

we strive to constantly remain ethical and honest in whatever we do and true to our promises.

TEAM WORK ORIENTED

we strive to constantly work together as a team based on mutual respect and dignity.

SMART

we strive to constantly remain alert about the stimuli we receive in our ambience and proactively adjust our attitude.

Corporate Directory

Legal Form

National Finance Limited is a publice limited company incorporated on july 30, 2001 under the Companies Act 1994 in Bangladesh and obtained license from Bangladesh Bank (BB) on June 17, 2002. NFL was initially incorporated as Self Employment Finance Limited (SEFL) and subsequently its name was changed to National Finance Limited on February, 2009 as per certificate of RJSCF which was approved by Bangladesh Bank (BB) on February 17, 2009.

Board of Directors

Md. Abdul Mannan Bhuiyan Chairman

Inamul Haq khan Vice Chairman

Rozina Y. Kabir Saiful Kibria Roushan Akter Maruf Akter Mannan Fahima Mannan Asif Zahir Arifa Kabir

Managing Director

Mamoon Mahmood Shah

Company Secratary

Nazmul karim, FCS

Audit Committee of the Board

Chairman Maruf Akter Mannan

Member

Roushan Akter Arifa kabir Fahima Mannan Mr. Asif Zahir Secretary Nazmul karim, FCS

Executive Committee of the Board

Chairman Asif Zahir

Members

Inamul Haq Khan Maruf Akter Mannan Roushan Akter Fahima Mannan Secretary Nazmul Karim, FCS

Corporate Directory

Capital (31 December 2015)

Authorized Capital Tk. 2,000,000,000, (200,000,000 ordinary shares of Tk. 10 each)

Paid-up Capital Tk. 1,155,600,000 (115,560,000 ordinary shares of Tk. 10 each)

Accounting Year-end 31 December.

Registered Office

Confidence Center (Level-8), Kha-09 Pragatisarani, Shahjadpur, Gulshan, Dhaka-1212

Web: www.nfl.com.bd

Auditor

M/s. M.J. Abedin & Co. Chartered Accountants

Tax Consultant

K. M. Hassan & Co. Chartered Accountants

Credit Rating Agency

Credit Rating Information and Services Limited (CRISL)

Company Registration Number

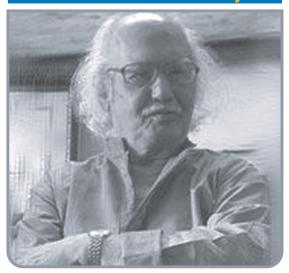
43690 Date: 30.07.2001

Bangladesh Bank License Number

FID(L)/29

Immortality is a by-product of good work, you will be immortal in our hearts forever...

National Professor Kabir Chowdhury



Mr. Abu M. F. Kabir



Late National Professor Kabir Chowdhury and **Mr. Abu M. F. Kabir**, Two of our resplendent directors of National Finance Limited. You will be remain forever in our heart for your outstanding contributionand endless generosity.





Md. Abdul Mannan Bhuiyan Chairman

Mr. Md. Abdul Mannan Bhuiyan have had his graduation from the University of Karachi, Pakistan, is a well established seasoned businessperson of the country. He has set up a successful business venture named "Overseas Marketing Corporation (Pvt.) Ltd". The company, having wide reputation in providing solutions in the field of science and technology which includes education, research & industry mining and drilling, textile and leather, survey & solution, water management, engineering software solutions etc with sales and service support. Mr. Mannan is also engaged in engineering and agricultural business. He has exposures to a wide range of cultures across countries like USA, Japan, Malaysia, Thailand, Germany, Spain, Switzerland, India, Italy, Pakistan, Nepal, etc.



Inamul Haq Khan Vice Chairman

Mr. Inamul Haq Khan, an ex-CIP, GOB (2007-2009) & former Elected Director of BGMEA is the Managing Director of Ananta Companies. He has an Experience of 20 years in the RMG Sector & has played a Leading role in the industry & the formation of the Ananta Group. In addition to several RMG companies Mr. Khan has also established a 100% Export oriented Leather Goods manufacturing company.

Mr. Khan was a student of Rajshahi Cadet College & Graduated from the Mercantile Marine Academy. He received his MEO Class 1 certification from South Tyneside College, UK. He served the Bangladesh Shipping Corporation for 15 years and retired as Chief Engineer, gathering critical experience before his debut in Business.

Mr. Khan was the Founder Member of Dhaka Mohila College, Dhanmondi. He is active in social & benevolent activities through several institutions like ORCA, Lions Clubs International & SR initiatives of the Ananta companies.



MRS. ROZINA YESMIN KABIR Director

Mrs. RozinaYesminKabir, daughter of Mr. Abul Kashem Mohammed Golam Kibria is presently staying at 26, Winchester Drive, Mutton town, NY- 11545 USA. Mrs. Kibria, a non-resident Bangladeshi and citizen of USA is involved in the business of Pharmaceuticals and Nutraceuticals in the USA and activity engaged in promoting investment in Bangladesh. She is a post graduate and has exposure to a wide range of cultures of countries like U.K, Canada, Switzerland, Germany, etc.



Mrs. Roushan Akter Director

Mrs. Roushan Akter is the wife of Mr. Md. Abdul Mannan Bhuiyan, Chairman of National Finance Limited. Mrs. Akter is the director of OMC Group of companies. She has business exposures in a multitude of areas.



SAIFUL KIBRIA Director

Mr. Saiful Kibria, son of Mr. Abul Kashem Mohammed Golam Kibria is presently staying at 29, Lisa Drive Dixhills NY- 11746, USA. Mr. Kibria, non-resident Bangladeshi and citizen of USA is involved in the business of Pharmaceuticals and Nutraceuticals in the USA and activity engaged in promoting investment in Bangladesh. He is a post graduate and is involved with many business associations abroad. He has exposure to a wide range of cultures of countries like U.K, Canada, Sweden, Germany, etc.



Fahima Mannan Director

Ms. Fahima Mannan received her graduation in Computer Science from North South University, Dhaka and completed her MBA in Finance from Hofstra University, NY, USA. She is a director of OMC Group of Companies. Fahima Mannan is serving as the Director of OMC Healthcare (Pvt.) Ltd., a medical device manufacturing company.



MARUF AKTER MANNAN
Director

Mr. Maruf Akter Mannanis the son of Mr. Md. Abdul MannanBhuiyan and is an MBA (Major in Finance) from New Jersy Institute of Science and Technology, Newark, NJ and BBA (Major in MIS) from North South University, Bangladesh. Mr. Maruf has a proprietary concern named Minimum Syndicates. He is also director of OMC Group of Companies.He has exposure to a wide range of cultures of countries like USA, Switzerland, Canada, Taiwan, India.



Arifa KabirDirector, Nominated by
M/S Overseas Marketing Ltd.

Ms. Arifa Kabir is a Director nominated by M/S Overseas Marketing Ltd. She received her BBA in International Business from North South University. She is a citizen of USA and a leading shareholder of Bengal Windsor Thermoplastics. She is energetic and dynamic business entrepreneur and has versatile professional experience and has visited Far East, India, Europe and USA in professional connections.



Asif Zahir Director

Mr. Asif Zahir is Director of Ananta Group and has been responsible for leading his family business into one of the largest and fastest growing apparel manufacturing companies in Bangladesh with a turnover of over USD 160 million and employee over 18,000 people. Asif is also serving as the Director of Vanguard Asset Management Ltd, an investment management firm. Prior to returning to Bangladesh, Mr. Asif Zahir spent several years in the USA working as a Product Manager at Google, Inc. where he focused on developing applications for the Android mobile operating platform.

Mr. Asif graduated from Stanford University, USA with a degree in Computer Science, where he was recognized as a President's Scholar and a Mayfield Fellow. Asif has also completed his Masters in Business Administration (MBA) from Harvard University, USA.

Management Committee



Standing from top:

Mr. K. M. Nasir Uddin (VP-Corporate)

Mr. Md. Didarul Azad, FCA (VP & Head of Finance)

Mr. Syed Minhaj Ahmed (Head of Corporate)

Mr. Nazmul Karim, FCS (SVP-Company Secretary)

Mr. Md. Ashek Mahmood (Head of HR)

Mr. Mamoon Mahmood Shah (Managing Director)

Mr. Malick Musfique Reza (Deputy Managing Director)



Chairman's Message



BismillahirRahmanir Rahim

Dear Valued Shareholders

AssalamuAlaikum.

Introduction:

It is indeed a great pleasure for me to be here and welcome you all in the 14thAGM of National Finance Limited. Please accept my heartfelt thanks and gratitude. It is my privilege to present your Company's audited financial statements and the Auditors' Report thereon for the year ended December 31, 2015.

At the outset, I express gratitude to Almighty Allah for enabling us to run this company successfully and attend the AGM in sound health. On this auspicious occasion I recall with profound gratitude the contribution of late National Professor KabirChowdhury in establishing this company. He was always a source of inspiration to us. I also acknowledge the contribution of our late colleague Abu MF Kabir and late Professor Din Mohammad Bhuiyan who were catalyst in founding this company. Without thier support NFL could not have been reached at this level.

We are proud to announce another successful year of NFL in 2015. Customer satisfaction remained our top priority, along with ensuring growth and profit for our valuable stakeholders.

Overview of Bangladesh Economy:

Amid global depression, Bangladesh economy has been achieving above 6% GDP growth during last few years. The target of growth in the budget for FY 2015-16 has been set at 7.0 percent which appears to be ambitious. In the FY 2015-16, the economy of Bangladesh has to deal with a number of economic bottlenecks. Inadequate savings and investment and increasing gap between these two appeared to be the major challenges. Poor infrastructure and shortage of gas and power supply are hindering industrialgrowth. Moreover, armed conflicts in the Middle- East and declining price of petroleum created a threat to our labor market abroad and remittance growth, which in turn affected the financial sector to some extent.

Chairman's Message

Business Performance of NFL:

Despite many challenges and inadequate resourcesNFL continued its business growthand reaped benefit for shareholders.NFL continued to focus on major areas namely: reduction in costs, mobilizing core deposits, increase in quality investments and proactively managing credit costs / NPLs. We have made significant progress in many of the said issues through successful execution of our strategy. Some of the key developments during the year 2015 are highlighted below:

- Loanand Lease portfolio stood at BDT 6,250million compared to BDT 5,111.62millionin previousyear(growth of 22.27%)
- Total assets increased by 23.37% to 7,811.57 million against 6,332.02 million in 2014.
- Our deposits portfolio stood at BDT 4,508.59 millioncompared to BDT 3,460.87 million (growth of 30.27%)
- Operating profit stood at BDT 356.31million marking a growth of 44.72% from BDT 246.20million in 2014
- Profit afterTaxstoodat Taka 123.54million and EPS reached to Tk1.07.

Stability:

NFL Capital Adequacy Ratio (CAR) in 2015 stood at 26.79%. Our core capital to total risk weighted Assets stood at 25.51% and continues to remain well above the statutory requirements. Total Shareholders' equity increased by 9.89% to BDT 1,372.40 million during the year, further strengthening our competitive position and enhancing stability.

Given the above context, it can be said that NFL as an industry player is in the top quality amongst its peers and well positioned to take the quantum leap in the near future.

Return to Shareholders:

The Board of Directors believes in maintaining consistent dividend policy. Accordingly, considering the overall financial performance, and capital structure as well as future business plan, the Board has recommended 9.00% stock dividend for the year 2015.

Future Plan:

The economy appears to be sluggish. But still, we look forward to a brighter future. We have already formulated short and long term business strategy focusing the challenging environment. We have the vision to be a leading NBFI, fully compliant along with high degree of corporate values and ethical standard in order to serve national economy through generation of sustainable enterprises and employment.

We have taken steps to recruit manpower and modernize IT set up. At the same time we are going to diversify our portfolio. We shall focus more on SME, Home Loan and Micro enterprise financing with cluster approach. We have also decided to increase geographical outreach by opening new branches within and outside Dhaka.

Chairman's Message

Acknowledgement:

I wish to express my gratitudeand thanks to the esteemed members of the Board of Directors and honorable shareholders for their excellent cooperation, suggestion and advice. The management of the Company efficiently met day-to-day situationand the entire team performed admirably. Though we have not been able to reach our desirable structure and target including growth & performance, still I believe we will be able to manage all the challenges to attain our goal. My sincere thanks and appreciations to regulatory bodies including Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), The Registrar of Joint Stock companies and Firms (RJSC) and National Board of Revenue (NBR) for their guidance and support. Last but not the least, I am grateful to our valued clients and depositors who have been with us with full support and patronization since inception of the Company.

As always, we look forward to your continuous support in the coming days to make NFL a market leader.

Allah Hafez.

Sd/-

Md.Abdul Mannan Bhuyian

Chairman



Dear Shareholders,

On behalf of the Board of Directors and Management of National Finance Limited, I am very happy to welcome you in 14th Annual General Meeting of the Company. We are pleased to place herewith the Directors Report and the Auditors' report together with the Audited Financial statements of the company for the year ended December 31, 2015 for your valued consideration, adoption and approval. This Annual Report has been prepared in compliance with Companies Act 1994, Financial Institutions Act 1993 and the Guidelines issued by Bangladesh Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities.

In the year 2015 National Finance Limited recordedremarkable growth in its core business with good penetration in loan productsin spiteof volatileand uncertain global economic conditions. These results continue to demonstrate that we have the right strategy and we are executing it well.

World Economy:

Global growth continued to disappoint in 2015 as resulted from continued slowing down of economic activity in emerging and developing economies amid further drops in commodity prices, restrained global trade, stretches offinancial market volatility, and weakening capital flows. In contrast, the recovery in major high-income countries gained traction last year.

Global growth is estimated to pick up at a considerably slower pace than previously projected, aiming 2.9 percent in 2016 and 3.1 percent in 2017-18. Global inflation is expected to rise moderately in 2016 as commodity prices level off, but will remain low by historical standards.

Regional Economy:

GDP growth in South Asia rose from 6.8 percent in 2014 to 7.0 percent in 2015, the fastest rate among developing regions, as recovery took place in India, and as the region benefited from lower oil prices and improved resilience to external setbacks. A moderate further acceleration in economic activity is projected, with regional growth rising to 7.3 percent in 2016, supported by strengthening investment and a broadly supportive policy environment.

Bangladesh Economy:

The target of growth in the budget for FY 2015-16 has been set at 7.0 percent which appears to be ambitious like the previous year's target growth of 7.3%. The historical track record shows that the government has not only failed to achieve such high rate of growth in its previous budgets, butalso the country has been experiencing a decelerating rate of growth in the last three fiscal years. In the FY 2015-16, the economy of Bangladesh has to deal with a number of economic bottlenecks. Inadequate savings and investment and increasing gap between these two appeared to be the major challenges in the economy. In addition, lack of any significant breakthrough in agriculture as regards innovation and technological advancement in the post-green revolution period, unsatisfactory rate of growth in manufacturing and lack of employment opportunity in the sector causing higher unemployment rate, lack of investment in skill development in the service sector has caused the real sector to decelerate.

Fiscal Management:

Budget for FY'16 has been marked high ambition with a vision of attaining the middle income goal. The budget size is BDT2,951.00 billion which is 23.1% higher compared to FY'15's revised budget. It

has revenue target of BDT 2,084.43 billion which is 27.6% higher than that of the FY15's revised budget. Gross Domestic Product (GDP) has been estimated to grow at a rate of 7% in FY'16, marked down slightly from the previous year's target of 7.3%.

Outlook for Bangladesh Economy in 2015:

The year 2015 ended with some positive notes for Bangladesh economy, though challenges continue to accompany them. 2016 will, to a large degree, be shaped on the basis of how the economy has performed and what have been achieved in 2015. The political turmoil, amidst the protest of the opposition party, demanding free and fair elections marked the beginning of the preceding year. Although, overall investment remains stable at around 28-29 percent of the GDP, private investment has been stagnant during the last five years. Reversing the stagnant private investment trend will be a key challenge for realizing not only the growth target of the FY16 budget but also that of the next years. Ensuring single digit lending rate, uninterrupted supply of electricity and gas and establishment of specialized economic zone are necessary in order to spur private investments.

Although, rational monetary policy has helped push the lending rate down but rising non-performing loans especially by the state-owned banks still act as a major impediment to realize the desired level.

Principal Activities:

The principal activities of National Finance Limited during the year 2015 were lease finance, term finance, mortgage financing, SME, factoring, consumer credits, deposit mobilization etc. There were no significant changes in the nature of principal activities of the Company during the year under review.

Corporate Governance:

In the management of the Company, the Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency.

Risk and Internal Control:

The Board considers that strong internal controls are integral part of sound management of the Company. It is committed to maintain strict financial, operational and risk management. The Directors are ultimately responsible for the Company's systems of internal control and for reviewof its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss. There is an ongoing process for identifying, recording, evaluating and managing the risks that are faced by the Company and the directors have reviewed the process through the Audit Committee. The Board of Directors is satisfied with the effectiveness of the system of the internal control for the year under review and up to the date of approval of the financial statements.

Financial Risk Management:

The Company's management has overall responsibility for the establishment and oversight of its risk management framework. The Company's management policies are established to identify and analyze the risk faced by the Company to set appropriate risk limit and controls and to monitor risk.

Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

Credit risk Liquidity risk Market risk

The Company has provided in a separate note to the financial statements the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and management of its capital.

Financial Review of 2015:

Despite the challenges posed by economic and political environment, NFL maintained a significant progress in many lines of businesses during 2015. Total assets have grown by 23.37% from BDT 6332million in 2014 to BDT 7811.57 million in 2015. Disbursement of record amount of corporate loan, significant growth in retail and SME business, and right decision on time accompanied by lowering the cost of borrowing significantly by increasing deposit from public & paying off the high cost bank borrowing and decreasing operating cost by increasing efficiency results such a significant performance for the Company. Deposit grew significantly during this period outperforming most of other players in the market. Total investment portfolio reached to BDT 6250 million in 2015 compared to BDT 5112 million in 2014. Operating profitstands at BDT 356.31million while operating expenses were incurred BDT 85.38 million. Net profit after tax is reported at BDT123.54 million. Earnings per Share (EPS) stood BDT 1.07and NPL ratio stood at 5.88% in 2015.

NFL Financial Highlights 2015

Particulars	(Figu	res in million BD	T)
	Year 2015	Year 2014	Growth %
Net Interest Income	360.27	285.45	26.21
Other operating income	81.42	35.05	132.30
Total Operating income	441.69	320.50	37.81
Total operating expense	85.38	74.29	14.93
Operating profit	356.31	246.20	44.72
Provision for loans, advances and leases	82.77	13.73	502.84
Profit before tax for the year(NPBT)	273.54	232.47	17.67
Tax provision	150	108.71	37.98
Profit after tax	123.54	123.76	(.18)
Earnings Per Share (EPS)	1.07	1.07	-
NAV per share	11.88	11.67	1.80

Future Outlook 2016:

We believe, 2016 is another challenging year for lending business as business confidence is slowly rising and current liquidity position will persist. Government borrowing from banking system will not crowd out private sector lending.

We forecast that the country's aggregate credit demand will start to grow up from the second half of 2016 and downward trendin interest rate will continue but the intensity of the falling of rate may reduce. Considering this outlook, NFL has already chalked out its strategy to put all efforts to achieve

the business volume targeted by all the departments as well as to realize the corporate objectives. Innovative and relentless marketing drive would be put in place to attract quality assets in our portfolio and to improve the quality of the existing portfolio.

In the year 2016 we would like to extend business operation through operationalizing of our Panthpath branch and opening another branch in Chittagong. We will diversify our portfolio by introducing new product-"Home loan" and strengthening SME finance as well as participating in the capital market within regulatory threshold. Meanwhile, we will be equipped with new software to support our business growth.

Related Party Disclosure:

The directors have also disclosed the transactions, if any, that could be classified as related party transactions in terms of Bangladesh Accounting Standard - 24: "Related party disclosures" which is adopted in the preparation of financial statements. Those transactions disclosed by the directors are given in the note - 42 to the financial statements.

Directors' remuneration:

Details of directors' emoluments paid during the year are given in notes -26 to the financial statements.

Material changes after Balance Sheet date (December 31, 2015):

There have been no material changes and commitments between the end of 2013 and the date of this report, affecting the financial position of the Company

Business Ethics:

Our customer welfare comes first. We ensure understanding our clients' needs, extending facilities to the right clients at fair terms. We care our clients to enjoy consistent continuous service wherever we operate. We also opened a complain box for taking care of customer complaints with highest priority. All our Board, Management and employees strictly follows regulatory guidelines, instructions and all applicable laws, rules and regulations of the country.

Contribution to National Exchequer:

With a view to assist the Government in building up revenues and thus contribute to the economic development of the Country, NFL deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits of income taxes of the Company on its income regular basis.

Corporate Social responsibility:

At NFL, we recognize that we have certain responsibilities to our clients, shareholders, employees and to the communities in general. But the biggest contribution of the company has to make the long-term sustainability of its business and to the communities where NFL serves by providing some extra focus as follows:

Helping our customers to build savings for the future

- Encouraging reasonable investment
- Promoting finance where there is minimum environmental risk
- Managing our financial performance for the benefit of all our stakeholders
- Provide full and complete financial information
- Give attractive dividend
- Provide a work place in which employees are respected

Board Meeting & Attendance:

During the year 2015, 14 nos. of Meetings of the Board of Directors were held. Attendance of the Directors is shown in the Note-37.

Auditors:

M/s. M. J.Abedin& Co., Chartered Accountants, have completed their second year as statutory auditor of the company and are eligible for re-appointment. M/s. M. J.Abedin& Co, have expressed their willingness to become the statutory auditor of the company for the year 2016. In this regard the Audit Committee has scrutinized and reviewed the proposal and recommended to the Board for appointment of M/s. M. J Abedin& Co, as external auditor of the Company for the year 2016. We have sought approval of Bangladesh Bank to appoint M/S M. J. Abedin& Co. as our auditor for the year 2016.

Additional Disclosures:

The Directors, confirm compliance with the financial reporting framework for the following;

- The financial statements prepared by the management present fairly the company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.

Dividend Information:

The Board of Director in its 130th Meeting held on June05, 2016 has recommended 9% stock dividend for the year ended December 31, 2015 for placement before shareholder at 14thAnnual General Meeting of the company scheduled to be held on June 25, 2016.

Acknowledgement:

The Board of Directors takes this opportunity of expressing its heart-felt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deep gratitude to Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. The Board also thanks M/s M.J.Abedin& Co., the Auditors of the Company, for their efforts for timely completion of audits. National Finance Limited has recorded rapid and consistent growth, outperforming its competitors. One of the major reasons for this success was possible with a strong work ethic which has improved productivity at all levels. My high and sincere appreciation, on behalf of the Board of Directors, is due to the management and all members of staff of the company, for their outstanding efforts, loyalty, sincere services and dedication. I would like to take this opportunity to thank my colleagues on Board, who have extended all sorts of cooperation, in the face of adverse internal and external conditions, and made the year 2015 another year of success for the company. Finally, the Board of Directors thank the respected shareholders and assure them that they will continue to add to maximize the shareholders' wealth through further strengthening and development of the company in which they have placed their trust and confidence. Let us work together inspirit of open and honest partnership. The Board's pledge to you is that we will listen to your criticisms carefully, take those very seriously at all times and make clear cut decisions for the greater interest of the company.

For and on behalf of the Board of Directors

Sd/-

Abdul MannanBhyuian

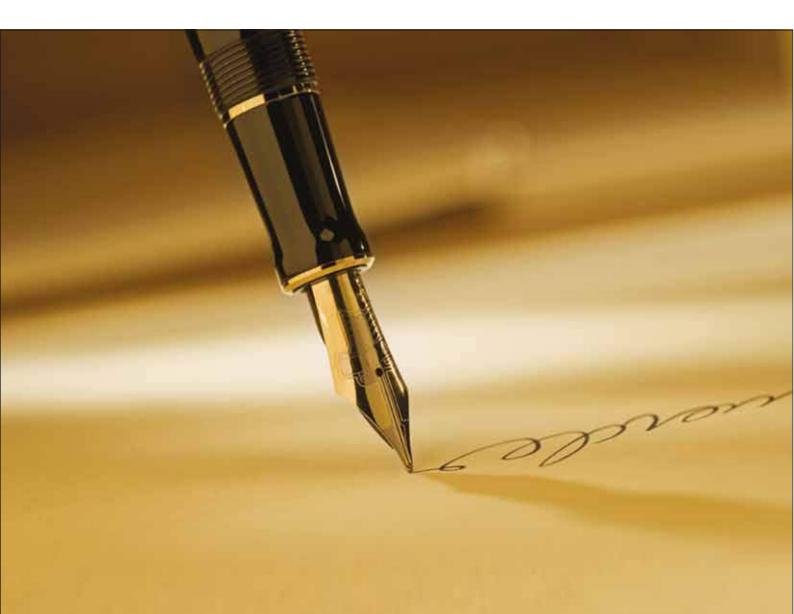
Chairman

Corporate Social Responsibility

As a socially responsible company, National Finance Ltd believes that business has a key role to play in helping society to achieve the sustainable balance of economic growth, environmental protection and social progress. Our business motivation is conducting transparent business operations based on market mechanism within the legal, ethical and social framework with aims to attain the mission reflected by our vision. Being a socially responsible corporate citizen, we engage in CSR activities from our commitment towards the society, environment and the nation.







Auditors' Report &

Financial Statements, 2015

Auditors' Report

এম, জে, আবেদীন এন্ড কোং চার্টার্ড একাউন্টেন্টস্ M. J. Abedin & Co Chartered Accountants

Auditors' Report
To the Shareholders
of
National Finance Limited

We have audited the accompanying Financial Statements of **National Finance Limited**, which comprises the Balance Sheet as at 31 December 2015 and the Profit & Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements of the company (National Finance Ltd.) that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01 and for such internal control as management determines is necessary to enable the preparation of financial statements of the company that are free from material misstatement, whether due to fraud or error.

Auditors' 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 (BSAs). 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 auditors' 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.

An independent member of



Auditors' Report

Opinion

In our opinion, the Financial Statements present fairly, in all material respects the financial position of the company as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

In accordance with the Company's Act 1994, Securities and Exchange Rules 1987, Financial Institutions Act 1993 and Rules and Regulations issued by Bangladesh Bank, we also report the following:

- (i) we have obtained all the information and explanations 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 accounts as required by law have been kept by National Finance Limited so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (iii) National Finance Limited's Balance Sheet and Profit & Loss Account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the financial statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;
- (v) the expenditure incurred and payment made were for the purpose of the National Finance limited's business:
- (vi) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by the Bangladesh Bank;
- (vii) adequate provisions have been made for lease, advances and other assets which are, in our opinion, doubtful of recovery;
- (viii) National Finance Limited has followed the instructions issued by Bangladesh Bank in matters of loan/advance classification, provisioning and suspension of interest;
- (ix) the information and explanations required by us have been received and found satisfactory; and
- (x) National Finance Limited has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and maintenance of liquid assets.
- (xi) we have Reviewed over 80% of the risk weighted assets of the institution and we have spent around 1300 person hours for the audit of the books and accounts of the institution

Dated, Dhaka June 06, 2016 M. J. ABEDIN & CO
Chartered Accountants

Balance Sheet

For the year ended 31 December 2015

		Amount in	n Taka
	Notes	31-Dec-2015	31-Dec-2014
PROPERTY AND ASSETS			
Cash	3.00	74,981,989	60,219,390
Cash in hand (including foreign currencies)	3.01	141,805	93,590
Balance with Bangladesh Bank & Agent Bank (Including foreign currencies)	3.02	74,840,184	60,125,800
Balance with other Banks and Financial Institutions	4.00	799,294,477	560,998,670
In Bangladesh	4.01	799,294,477	560,998,670
Outside Bangladesh	4.02	-	-
Money at Call on Short Notice	5.00	-	-
Investment in Shares and Securities	6.00	128,000,000	53,000,000
Government	6.01	-	<u>-</u>
Others	6.02	128,000,000	53,000,000
Loans, advances and leases	7.00	6,251,109,891	5,111,622,059
Lease portfolio		2,048,361,903	2,255,110,677
Term finance		4,202,747,987	2,856,511,382
Bills purchased and discounted		-	<u>-</u>
Fixed Assets including Premises, Furniture and Fixtures	8.00	159,686,147	163,665,185
Other Assets	9.00	398,495,958	382,511,224
Non banking Assets		7,811,568,462	6,332,016,528
LIABILITIES AND CAPITAL		7,811,308,402	0,332,010,328
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	10.00	870,869,026	945,214,656
Deposits and Other Accounts	11.00	4,508,594,029	3,460,869,649
Current deposits		-	-
Bills payable		-	-
Savings bank deposits Term deposits		4 500 504 020	2 460 960 640
Bearer certificates of deposit Other		4,508,594,029	3,460,869,649
deposits		-	-
Other Liabilities	12.00	1,059,708,735	677,077,817
Total Liabilities		6,439,171,790	5,083,162,122

Balance Sheet

For the year ended 31 December 2015

		Amount in	ı Taka
	Notes	31-Dec-2015	31-Dec-2014
Capital/Shareholders' Equity			
Share capital	13.00	1,155,600,000	1,070,000,000
Retained earnings	14.00	112,883,371	99,649,559
Statutory reserve	15.00	103,903,980	79,195,527
Other reserve		9,321	9,321
Total Shareholders' Equity		1,372,396,671	1,248,854,406
Total Liabilities & Shareholders' Equity OFF		7.811.568.462	6.332.016.528
BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		-	-
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	=
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities			-
The annexed notes form an integral part of these Financial Statements.			

Sd/-	Sd/-	Sd/-	Sd/-	
Chairman	Director	Managing Director	Company Secretary	

As per our separate report of even date annexed.

Sd/-

M. J. ABEDIN & CO
Chartered Accountants

Profit & Loss Account

For the year ended 31 December 2015

	Notes	Amount in	Taka
	Notes	31.12.2015	31.12.2014
Interest income	16.00	951,336,635	755,257,229
Interest paid on deposits & borrowings	17.00	(591,069,555)	(469,810,530)
Net interest income		360,267,080	285,446,699
Investment income	18.00	40,482,876	7,062,534
Commission, exchange and brokerage		-	-
Other operating income	19.00	40,937,034	27,993,237
Total operating income		441,686,990	320,502,470
Salaries and allowances	20.00	42,784,352	34,193,146
Rent, taxes, insurance, electricity, etc.	21.00	7,539,713	5,830,170
Legal & Professional fees	22.00	2,868,399	644,474
Postage, stamp, telecommunication etc.	23.00	1,159,182	728,300
Stationery, printing, advertisement	24.00	4,259,712	4,017,083
Managing director's salary & allowances	25.00	9,300,000	8,569,355
Directors' fees	26.00	620,000	345,000
Auditors' fees	27.00	138,000	138,000
Repairs, maintenance, depreciation and amortization	28.00	7,475,196	8,218,939
Other expenses	29.00	9,234,171	11,609,956
Total operating expenses		85,378,725	74,294,423
Profit before provision		356,308,265	246,208,048
Provision against loans, advances and leases	12.04	77,266,000	13,733,999
Provision for diminution in value of investments		-	-
Other provisions		5,500,000	-
Total provision		82,766,000	13,733,999
Total Profit before taxes		273,542,265	232,474,049
Provision for Tax :		150,000,000	108,708,195
Current Tax	12.02.01	140,000,000	106,386,854
Deferred Tax	12.02.02	10,000,000	2,321,341
Net profit after taxation		123,542,265	123,765,854
Appropriations			
Statutory reserve General		24,708,453	24,753,171
reserve		-	-
Dividends		-	-
		24,708,453	24,753,171
Retained surplus		98,833,812	99,012,683
Earnings per share (EPS)	31.00	1.07	1.07

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

Sd/-Sd/-Sd/-ChairmanDirectorManaging DirectorCompany Secretary

As per our separate report of even date annexed.

Sd/-

M. J. ABEDIN & CO
Chartered Accountants

National Finance Limited

Statement Of Changes In Equity For the year ended 31 December 2015

					Amount in Taka
Particulars	Share Capital	Statutory Reserve Other Reserve	Other Reserve	Retained Earnings	Total
Balance as at 01 January 2014	1,000,000,000	54,442,356	9,321	70,636,875	1,125,088,552
Issue of Bonus Shares (year 2013)	70,000,000	1	1	(70,000,000)	1
Net profit for the year 2014	1	1	1	123,765,854	123,765,854
Transfer to statutory reserve	1	24,753,171	ı	(24,753,171)	1
Balance as at 31 December 2014	1,070,000,000	79,195,527	9,321	99,649,558	1,248,854,406
Balance as at 01 January 2015	1,070,000,000	79,195,527	9,321	99,649,558	1,248,854,406
Issue of Bonus Shares (year 2014)	85,600,000	1	1	(85,600,000)	ı
Net profit for the year 2015	ı	ı	ı	123,542,265	123,542,265
Transfer to statutory reserve	1	24,708,453	ı	(24,708,453)	Ī
Balance as at 31 December 2015	1,155,600,000	103,903,980	9,321	112,883,370	1,372,396,672

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

-/ps	Company Secretary
-/pS	Managing Director
-/pS	Director
-/pS	Chairman

Statement Of Cash Flows

For the year ended 31 December 2015

Ter the year ended of Becomber 2010		Amount in	n Taka
	Notes	31-Dec-15	31-Dec-2014
Cash flows from operating activities:			
Interest received		945,339,990	736,126,108
Interest paid		(421,980,489)	(457,254,844)
Fees, commission and other income received		40,937,034	30,264,049
Investment income		40,482,876	-
Cash paid as Salary, Allowance & Remuneration		(33,484,352)	(43,107,502)
Cash paid to suppliers		(25,248,242)	(22,829,983)
Income taxes paid		(90,864,172)	(87,719,428)
Cash generated from operating activities before changes in operating assets and liabilities:		455,182,646	155,478,401
(Increase)/decrease in Changes in operating assets &			
Loans and advances to customers		(1,139,487,832)	(1,725,187,434)
Other assets		(15,984,733)	(108,304,834)
Deposits from customers		1,047,724,379	1,489,184,773
Other liabilities		60,566,849	203,046,302
Net cash flows from operating activities (A):		408,001,308	14,217,209
Cash flows from investing activities:			
Payment for acquisition of property, plant and equipment		-	(30,921,388)
Investment in shares (Sales)		(75,000,000)	12,600,000
Advance against Investment in placement shares		<u> </u>	(34,504,000)
Net cash used in investing activities (B):		(75,000,000)	(52,825,388)
Cash flows from financing activities			
Drawdown/repayment of long term loan		(85,558,560)	99,320,426
Drawdown/repayment of bank overdraft		5,615,657	143,113,960
Dividend paid		-	-
Net cash flow from financing activities (C):		(79,942,903)	242,434,386
Net inflow/outflow for the year (A+B+C):		253,058,406	203,826,206
Opening cash and cash-equivalents		621,218,060	417,391,854
Closing cash and cash equivalents	30.00		621,218,060

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Managing Director	Company Secretary

Liquidity StatementFor the year ended 31 December 2015

Amount in Taka

ing balance with Bangladesh Bank) and financial institutions oort notice	31,989					
Bank)	31,989		-		-	
		ı	ı	•	•	74,981,989
	34,477	520,000,000	1	•	1	799,294,477
	ı	1	ı	1	1	1
	ı	ı	1	128,000,000	1	128,000,000
Loans and advances	133,297,370	499,892,110	2,466,271,070	2,065,383,591	1,085,148,710	6,249,992,851
Fixed assets including land, building, furniture and fixtures	ı	ı	•	159,686,147	•	159,686,147
Other assets	,	5,996,645	13,876,386	378,622,926	1	398,495,957
Total assets: 487,573,836		1,025,888,755	2,480,147,456	2,731,692,664	1,085,148,710	7,810,451,421
Liabilities						
Borrowing from other banks, financial institutions and agents 74,939	74,939,869	284,819,608	315,476,971	195,632,578	1	870,869,026
Deposits and other accounts 385,487,021	87,021	473,823,429	1,753,322,414	1,779,011,165	116,950,000	4,508,594,029
Provision and other liabilities 2,609	2,609,888	169,089,066	201,243,165	686,766,616	ı	1,059,708,736
Total liabilities: 463,036,778	6,778	927,732,103	2,270,042,550	2,661,410,359	116,950,000	6,439,171,791
Net Liquidity Gap 24,53.	24,537,058	98,156,652	210,104,906	70,282,305	968,198,710	1,371,279,631

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

-/pS	Company Secretary
-/ps	Managing Director
-/ps	Director
-/ps	Chairman

Notes to the Financial Statements 2015



National Finance Limited

Notes to the Financial Statements

For the year ended 31 December 2015

1.00 General Information

1.01 Domicile and legal form

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

1.02 Nature of operations and principal activities

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

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

2.00 Summary of significant Accounting Policies and basis of preparation of the financial statements:

2.01 Statement of compliance

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

i) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally 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.

Bangladesh Bank: As per FID circular 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

ii) Provision on loans and advances/ investments

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

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

iii) Recognition of interest in suspense

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

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

iv) Other comprehensive income

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

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

v) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognise, measure and present financial instruments differently from those prescribed in BAS 39. Consequently all the required disclosure

and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

vi) Cash flow statement

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

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

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

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

2.02 Basis of preparation of the financial statements

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

2.03 Use of Estimates

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

2.04 Reporting currency and level of exactitude

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

2.05 Comparative information

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

2.06 Authorization for Issue of the Financial Statements

The Board of Directors of the Company has authorised these financial statements for issue on June 06, 2016.

2.07 Materiality of financial statements

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

2.08 Cash flow statement

Cash flow statement is prepared in accordance with BAS - 7 "Cash Flow Statement" and Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 under the direct method for the period, classified by operating, investing and financing activities in cash and cash equivalents during the financial year.

2.09 Statement of changes in equity

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

2.10 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with Bangladesh Bank DFIM Circular No - 11 dated December

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

2.11 Assets and basis of their valuation

2.11.1 Cash and cash equivalents

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

2.11.2 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17 "Leases", accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially

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

2.11.3 Accounting for Term Finance

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

Following Bangladesh Accounting Standards (BAS) 17 "Leases", accounting for lease transactions have been

2.11.4 Fixed assets and depreciation Recognition

Recognition

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

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

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

Depreciation

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

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

Derecognition

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

2.11.5 Account receivable

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

2.12 Liabilities and basis of their valuation Income taxes

2.12.1 Current tax

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

Deferred tax

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

2.12.2 Provision for accrued expenses

Provisions have been recognized in the balance sheet as follows:

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

2.12.3 Employee benefits

Short term employee benefits

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

Post-employment benefits

Provident fund

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

Gratuity fund

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

Other long term benefits

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

2.12.4 Contingent liabilities and contingent assets

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

2.12.5 Proposed dividend

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

2.13 Revenue recognition Interest income

2.13.1 Interest income

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

2.13.2 Lease income

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

2.13.3 Income from long term and short term finance

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

2.13.4 Income from dividend

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

2.13.5 Other Operating Income

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

2.13.6 Income from bank deposits

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

2.13.7 Interest paid on deposits, borrowing, etc.

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

2.13.8 Impairment of assets

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

2.14 Related party disclosure

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

2.15 Earning per share

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

2.16 Events after the balance sheet date

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

2.17 Borrowing Costs

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

2.18 Foreign Currency Transaction

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

2.19 Renewal of FDR and Interest thereon

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

2.20 Provision and accruals

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

2.21 Financial risk management policies and objectives

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

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

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

2.21.1 Credit risk

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

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

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

2.21.2 Liquidity risk

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

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

2.21.3 Market risk

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

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

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

2.21.4 Operational risk

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

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

2.21.5 Prevention of money laundering

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

2.22. Compliance report on Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRS)

The institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS).

National Finance Limited has applied all the applicable of IAS and IFRS as adopted by ICAB while preparing the financial statements. Details are given below:

Name of the Bangladesh Accounting Standards (BASs)	BAS	Status
	No.	
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting policies, Changes in accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	N/A
Revenue	18	Applied
Employees Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	Applied
Investment in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earning per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provision, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	Applied
Agriculture	41	N/A
First-time Adoption of Bangladesh Financial Reporting Standard	1	N/A
Shares Based Payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	N/A
Non current Assets Held for Sale and Discontinued Operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied

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

2.23 Regulatory & legal compliance

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

- a) The Companies Act, 1994
- b) Financial Institutions Act, 1993
- g) Income Tax Ordinance, 1984.
- h) VAT Act, 1991.

		Amount	in Taka
		31-Dec-2015	31-Dec-2014
3.00	Cash		
3.01	Cash in hand	141,805	93,590
	In local currency In	141,805	93,590
	foreign currency	-	-
3.02	Balance with Bangladesh Bank and Agent Bank (Including foreign currencies)		
	Bangladesh Bank	74,840,184	60,125,800
	In local currency In foreign currencies	74,840,184	60,125,800
	Sonali Bank Ltd.		-
	Sonali Bank Ltd., (As an agent of Bangladesh Bank) - Local Currency	-	-
		74,840,184	60,125,800
		74,981,989	60,219,390

3.02.01 Cash Reserve Requirment (CRR) and Statutory Liquidity Requirement (SLR)

Balance with Bangladesh Bank

Deposits with Bangladesh Bank is non-profit bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank in current account on all deposits taken from depositors other than Banks and Financial Institutions.

Balance with other commercial banks and FI's:

The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the demand liabilities has been maintained current account balance with Bangladesh Bank and balance with other banks and financial institutions. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:

3.02.02 Cash Reserve Requirement (CRR): 2.5% of Average Demand and Time Liabilities

	Required Reserve	64,267,000	59,044,000
	Actual Reserve held with Bangladesh Bank	75,650,000	59,443,000
	Surplus	11,383,000	399,000
3.02.03	Statutory Liquidity Requirement (SLR): 5% of Average Demand and Time Liabilities:		
	Required Reserve	129,637,000	118,088,000
	Actual Reserve held	839,891,000	132,776,000
	Surplus	710,254,000	14,688,000
4.00	Balance with Other Banks and Financial Institutions		
	Inside Bangladesh (Note - 4.01)	799,294,477	560,998,670
	Outside Bangladesh (Note- 4.02)	-	-
		799,294,477	560,998,670
4.01	Inside Bangladesh		
	Fixed Deposit Account	768,064,406	418,620,602
	Mutual Trust Bank Limited	248,064,406	183,620,602
	Shahjalal Islami Bank Limited	-	35,000,000
	PLFSL	300,000,000	-
	First Finance Ltd	100,000,000	-
	Reliance Finance Ltd	120,000,000	100,000,000
	FAS Finance Ltd	-	100,000,000

		Amount in Taka	
		31-Dec-2015	31-Dec-2014
	Short Term Deposits/STD	31,230,071	142,378,068
	Premier Bank Limited	96,544	1,220,327
	BASIC Bank Limited	10,346	10,879
	Mutual Trust Bank Limited	22,732,866	131,243,353
	Mercantile Bank Limited	116,725	852,882
	Trust Bank Limited	-	-
	The City Bank Limited	94,742	2,388,114
	BRAC Bank Limited	3,119,322	2,132,832
	Comercial Bank of Ceylon	156,502	2,399,899
	Southeast Bank	532,528	55,374
	Midland Bank	433,662	434,237
	United Comercial Bank Limited	838,997	1,615,769
	Prime Bank Limited	244,492	17,920
	Shahjalal Islami Limited	2,791,203	6,482
	Modhumoti Bank Ltd.	39,874	-
	Prime Bank Limited OD A/C	15,686	
	Southeast Bank OD A/C	6,583	
		799,294,477	560,998,670
4.02	Outside Bangladesh (Nostro Accounts)		
1.02	Catoline Banganacon (croose recounts)		
4.03	Maturity-wise Groupings (Inside and Outside Bangladesh)		
	Payable on Demand	-	-
	Up to 1(one) Month	279,294,477	-
	Over 1(one) Month but not more than 3 (three) Months	520,000,000	142,378,068
	Over 3 (three) Months but not more than 1 (one) Year	-	418,620,602
	Over 1 (one) Year but not more than 5 (five) Years	-	-
	Over 5 (five) Years		
		799 294 477	560 998 670
5.00	Money at call on Short Notice		
	Financial Institutions	-	-
	Banks	-	-
6.00	Investments in Shares and Government Securities		
	Government Security	=	-
	Other Investments (Note- 6.01)	128,000,000	53,000,000
		128,000,000	53,000,000
6.01	Other investments		
	Ordinary share		
	Listed Securities (Note-6.01.01) Non Listed Securities (Note-6.01.02)	128,000,000	53,000,000
	Non Listed Securities (Note-0.01.02)	128,000,000	53,000,000
6 01 0°	Investment in listed securities repesents	120/000/000	00,000,000
	-		
6.01.02	Investment in non listed securities repesents:		
	Investment in shares of Bengal Poly & Paper Sack Ltd. 2,120,000 share @ Tk.2		
	Investment in Shares of Aamra Network Ltd. 1,000,000 IPO Placement share Investment in Vanguard AML BD. Finance Mutual Fund 5,000,000 Units @ T.	0	*
6.02		k.10 each thiough ii O	piacement.
6.02	Maturity Grouping of Investments Payable on Demand		_
	Up to 1(one) Month		
	Over 1(one) Month but not more than 3 (three) Months		
	Over 3 (three) Months but not more than 1 (one) Year	_	
	Over 1 (one) Year but not more than 5 (five) Years	128,000,000	53,000,000
	Over 5 (five) Years	-	-
		128,000,000	53,000,000
			- 5,000,000

		Amount in Taka	
		31-Dec-2015	31-Dec-2014
7.00 Loa 1	ns, advances and leases	6,251,109,891	5,111,622,059
Gen	eral Invesmtents (Note 7.01)	6,251,109,891	5,111,622,059
	Purchased and Discounted (Note 7.02)	-	-
7.01	General Invesmtents Leases Finance (Note: 7.01.01)	2,048,361,903	2,255,110,677
	Term Finance (Note: 7.01.02)	4,202,747,987	2,856,511,382
7.01.01	Lease finance	6,251,109,891	5,111,622,059
7.01.01	Lease Finance	3,144,987,420	3,238,876,903
	Receivable Lease rental	97,485,767	89,793,657
	Less: Accumulated Depreciation	1,194,111,283	1,073,559,883
	Net Investment in leases	2,048,361,903	2,255,110,677
7.01.02	Term finance- net of current maturity		
	Term Loan	4,058,135,508	2,751,061,307
	Receivables	144,612,479	105,450,075
7.02	Bills Purchased and Discounted	4,202,747,987	2,856,511,382
7.02	Payable in Bangladesh Payable	-	-
	outside Bangladesh		-
7.03	Maturity Grouping of Loans, Advances and Leases		-
7.03	Repayable on demand Up	-	-
	to 1(one) Month	133,297,370	95,125,783
	Over 1(one) Month but not more than 3 (three) Months	499,892,110	285,377,349
	Over 3 (three) Months but not more than 1 (one) Year	2,466,271,070	1,046,383,613
	Over 1 (one) Year but not more than 5 (five) Years	2,066,500,631	3,467,980,474
	Over 5 (five) Years	1,085,148,710 6,251,109,891	216,754,840 5,111,622,059
7.04	Investments (Broad Categories)		3,111,011,003
	In Bangladesh		
	General Investments Outside Bangladesh	6,251,109,891	5,111,622,059
	Outside Baligiadesii	6 351 100 801	F 111 622 0F0
7.05	Significant Concentration	6,251,109,891	5,111,622,059
	Investments to allied concern of Directors	1,739,656	95,749,721
	Investments to Executives/Officers	17,752,382	19,737,924
	Investments to Customer Groups	6,231,617,853	4,996,134,414
	Industrial Investment Others	-	-
		6,251,109,891	5,111,622,059
7.06	Geographical Location-wise break-up		_
	Urban	5,304,914,610	2 945 296 579
	Dhaka Division Chittagong Division	946,195,281	3,845,286,578 1,265,270,619
	Rajshahi Division Khulna	-	-
	Division Sylhet Division	-	-
		6 251 100 901	1,064,862
7.07	Sector wise break-up of General Investments:	6,251,109,891	5,111,622,059
	Trade and Commerce Industry	4,657,592,080	4,140,228,435
	Garments and Knitwear	77,354,162	1,391,868
	Textile Agriculture	531,159,362 191,635,316	390,695,591 99,920
	Housing	550,652,998	272,126,182
	Food Production and Processing Industry	242,715,973	307,080,063
		6,251,109,891	5,111,622,059

		Amount in Taka	
		31-Dec-2015	31-Dec-2014
7.08	Investments allowed to each customer exceeding 15% of FI's total capital		
,,,,,	Total Loans, Advances and Leases	2,392,758,249	2,709,376,220
	No. of Customers	8	11
	Classified amount thereon	159,576,848	12,300,134
	Measures taken for recovery	N/A	N/A
7.09	General Investments Classified as per Bangladesh Bank Circular		
	Standard	5,624,467,624	4,823,743,957
	Special Mentioned Account (SMA)	258,845,024	181,190,675
	Sub-standard	192,604,023	80,414,316
	Doubtful	163,226,068	15,490,367
	Bad & Loss	11,967,152	10,782,744
		6,251,109,891	5,111,622,059
7.10	Particulars of lease, loans and advances		
i)	Leases and loans considered good in respect of which the Company is fully		
	secured.	6,251,109,891	5,111,622,059
ii)	Leases and loans considered good in respect of which the Company is partially		
	secured.	-	-
iii)	Loans considered good against which the Company holds no security other		
111)	than the debtors' personal guarantee.	-	_
iv)	Loans considered good secured by the personal undertaking of one or more		
	parties in addition to the personal guarantee of the debtors.	-	-
	v) Classified loans against which no provision has been made		
	v) Classified fourts against which no provision has been made	6,251,109,891	5,111,622,059
vi)	Loans due from Directors either separately or jointly with any other persons.		
		690,104	95,749,721
vii)	Loans due from Officers either separately or jointly with any other persons.		
ŕ		17,752,382	19,737,924
•••			
viii)	Loans due from Companies or firms in which the Directors have interest as	1 040 552	140 740 721
	Directors, Partners or managing agents Companies, as members.	1,049,552	148,749,721
ix)	Maximum total amount of advances, including temporary advances made at any time		
,	during the year to Directors or Managers or Officers either separately or jointly with		
	any other person.		
x)	Maximum total amount of advances, including temporary advances granted during the		
~)	year to the Companies or firms in which the Directors have interest as Directors,		
	Partners or Managing agents or in the case of private Companies, as members.		
			2,500,000
xi)	Due from banking companies and other financial institutions.		
ŕ			
xii)	Classified lease, loans and advances		
	a) Classified lease, loans and advances on which interest has not	-	-
	been charged. b) Increase/(decrease) of specific provision.	- 67,192,313	(3,430,387)
	c) Amount of loan written off .	07,132,313	(3,430,387)
	d) Amount realized against loan previously written off.	_	_
	e) Provision kept against loans classified as bad/loss on the date	_	_
	of preparing the balance sheet.	- -	- -
	f) Interest credited to Interest Suspense account.	94,798,069	11,132,275
xiii)	Written off lease, loans and advances		
	Opening Balance	-	-
	During the year	-	-

		Amount in Taka	
		31-Dec-2015	31-Dec-2014
	Cumulative to-date The amount of written-off leases, loans and advances for which law suits have been filed	- - -	- - -
8.00	Fixed Assets Including Premises, Furniture And Fixtures At cost less accumulated depreciation (Annexure-A)		
	Cost Opening balance Addition during the year	179,435,583 3,496,158	148,514,195 30,921,388
	Disposal during the year Closing balance at cost Depreciation	182,931,741	179,435,583
	Opening balance Addition during the year Adjustment on disposal during the year	15,770,398 7,475,196 -	7,551,459 8,218,939 -
	Accumulated Depreciation	23,245,594	15,770,398
	Carrying value	159,686,147	163,665,185
	Details are shown in Annexure-A		
9.00	Other Assets		
	Trade receivables (Note-9.01)	5,996,645	53,793,492
	Advances (Note 9.02)	378,941,123	324,682,110
	Accrued interest on Fixed Deposit Receivable-Govt. Duties	12,027,639 1,504,650	4,009,722
	Receivable-Govt. Duties Receivable-Dividend on shares	1,304,630	_
	Security deposit-Telephone line	25,900	25,900
		398,495,957	382,511,224
9.01	Trade receivables:		
	Lease installment Cheque	_	_
	dishonor charges	931,795	875,296
	Sale of Share	446,892	19,679,200
	Delinquent charges	4,214,727	32,683,216
	Sundry Debtors (Others)	403,231 5,996,645	555,780 53,793,492
9.02	Advances:	3,990,043	33./33.432
	Printing & stationary	300,697	300,697
	Legal fee	17,500	17,500
	New Coporate Head office decoration and office item supply	-	2,101,158
	Advance against investment placement Share of UPGCL.	-	9,504,000 25,000,000
	Advance against investment placement Share of Aamra Network Ltd. Advance income tax	- 378,622,926	287,758,755
		378,941,123	324,682,110
10.00	Borrowings from Other Banks,		
	Financial Institutions and Agents		
	Inside Bangladesh Outside Bangladesh	870,869,026	945,214,656
	Cutside Bungladesh	870,869,026	945.214.656
40.55			
10.01	Inside Bangladesh		
	Bank overdraft (Note-10.02)	54,939,869	143,726,939
	Long term loan (Note-10.03)	715,929,157	801,487,717
	Call Loan	100,000,000 870,869,026	945,214,656
10.02	Bank overdraft:		
	Mutual Trust Bank Limited	54,939,869	115,690,913

		Amour	ıt in Taka
		31-Dec-2015	31-Dec-2014
	Shahjalal Islami Bank Ltd. Prime	-	28,036,026
	Bank Ltd.	-	
	Modhumoti Bank Ltd. Southeast	-	
	Bank Ltd.	-	
		54,939,869	143,726,939
10.03	Long term loan		
	Bangladesh Bank (under re-finance)	59,429,810	29,154,450
	Mutual Trust Bank Limited	384,096,850	524,929,931
	Trust Bank Ltd.	-	9,772,573
	Commercial Bank of Ceylon	25,871,400	43,119,000
	Prime Bank Ltd.	80,197,443	96,613,345
	Southeast Bank	75,684,080	97,898,417
	Modhumoti Bank	44,553,446	-
	UBICO Ltd.	46,096,128	-
		715,929,157	801,487,717

Bank borrowings are secured by:

First ranking pari passu charge on present and future fixed and floating assets of National Finance Limited with the future and existing lenders.

Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements, etc.)

Funds required for the operation of business are primarily obtained from various banks and financial institutions. Secured loans are covered by way of first priority floating charge with full title guarantee ranking pari-passu among all the lenders of the company. The company has offered corporate guarantee in some cases as demanded by the lending institutions. The rates of long term borrowing varies between 11% to 15% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years.

10.04	Security wise grouping		
	Secured Borrowing	870,869,026	801,487,717
	Unsecured Borrowing	-	-
		870,869,026	801,487,717
10.05	Nature of repayment		
	Repayable on Demand		-
	Repayable within 01 Month	74,939,869	27,550,657
	Repayable over 01 (one) Month but within 03 (three) Months	284,819,608	82,651,971
	Repayable over 03 (three) Months but within 01 (one) Year	315,476,971	104,228,974
	Repayable over 01 (one) Year but within 05 (five) Years Repayable	195,632,578	587,056,115
	over 05 (five) Years		-
		870,869,026	801,487,717
11.00	Deposits and Other Accounts		
	Current deposits Bills	-	-
	payable	-	-
	Savings bank deposits Term	-	-
	deposits	4,508,594,029	3,460,869,649
	Bearer certificates of deposit Other	-	-
	deposits	-	-
		4,508,594,029	3,460,869,649
11.01	Maturity Analysis		
	Repayable on Demand	-	-
	Repayable within 01 Month	385,487,021	82,563,248
	Repayable over 01 (one) Month but within 03 (three) Months	473,823,429	283,520,157
	Repayable over 03 (three) Months but within 01 (one) Year	1,753,322,414	1,013,980,845
	Repayable over 01 (one) Year but within 05 (five) Years	1,779,011,165	2,080,805,399
	Repayable over 05 (five) Years	116,950,000	-
		4,508,594,029	3,460,869,649

Deposits Under Schemes			Amount i	n Taka
Haff Yearhyle Months)	11.02	Deposits Under Schemes	1.1	
Short Termily Months		Short Term(3 Months)	365,228,699	343,369,309
Nearly 1,834,118,934 1,241,411,555 1,500,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000,000 1,000,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000,000 1,000,000		Half-Yearly(6 Months)	1,877,677,830	1,732,988,247
Monthly Camers				-
Quarfor/Earmer		•		
Double Money		·		
Triple Money		•		
		·		-
Interest payable on term deposits			4,508,594,029	3,460,869,649
Accrued expenses (Note- 12.01)	12.00	Other Liabilities		
Advance receipt against leases		Interest payable on term deposits	169,089,066	125,061,058
Sundry TDS & VDS Payable 7,103,006 4,415,174 Sundry Deposit-TDR 1,650,001 1,650,001 Dividend Payable 1,205,866 1,205,866 Provision for taxation (Note-12,02) 524,500,285 374,500,285 Interest suspense on Joans & Lease Finance (Note-12,03) 130,540,880 33,742,281 Provision for lease, Joans and advances (Note-12,04) 1,050,500,000 67,234,000 Other Provision 5,500,000 55,302,773 1,04 Staff provident fund 351,773 104 4,000 1,059,708,735 67,077,817 10.00 Gratuity payable 2,026,597 2,712,344 Gratuity payable 2,026,597 2,712,344 Audit fees payable 502,248,944 362,248,944 Locate Current Tax (Note-12,2,01) 502,248,944 362,248,944 Deferred Tax (Note-12,2,02) 2,275,1341 1,251,341 1,000,00 36,386,284 1,000,00 10,386,854 1,000,00 10,036,86,854 1,000,00 10,386,854 1,000,00 10,06,633 1,06,286,854		Accrued expenses (Note- 12.01)	2,176,953	2,862,700
Sundry Deposit-TOR				
Sundry Creditors		·		
Dividend payable		, ,		
Provision for taxation (Note-12.02) \$24,500,288 \$374,500,285 \$374,500,285 \$374,500,285 \$374,2811 \$700 vision for lease, loans and advances (Note-12.04) \$144,500,000 \$67,234,000 \$010 vibro Provision \$6,500,000 \$1,5		,		
Provision for lease, loans and advances (Note-12.04)				
Cher Provision 5,500,000 1,000,000		Interest suspense on loans & Lease Finance (Note-12.03)	130,540,880	35,742,811
Lease rental advance			144,500,000	67,234,000
Staff provident fund 351,775 104 1,059,708,735 677,077,817 12.01 1,059,708,735 677,077,817 12.01 1,059,708,735 677,077,817 12.01 1,059,708,735 1,059,708,735 1,059,708,735 1,059,707,818 1,059,708,735 1,0				-
1,059,708,735 677,077,817 12.01 Accrued expenses: Utility bills payable				
Utility bills payable 2,026,575 2,712,344 2,026,575 2,712,344 2,026,575 2,712,344 2,026,575 2,712,344 2,026,577 2,712,344 2,026,577 2,712,344 2,026,577 2,712,344 2,026,577 2,712,344 2,026,577 2,712,344 2,026,577 2,02				677,077,817
Caratuity payable	12.01			
Audit fees payable			-	-
12.02 Provision for taxation: Current Tax (Note-12.2.01) 502,248,944 362,248,944 22,251,341 12,251,341 32,				
12.02 Provision for taxation:		Addit rees payable		
Current Tax (Note-12.2.01) Deferred Tax (Note-12.02.02) 502,248,944 22,251,341 22,251,341 12,251,341 12.02.01 Current Tax Balance as at 01 January 362,248,944 255,862,090 Provision for the year 140,000,000 106,386,854 Income Tax expenses during the year Income Tax expenses for prior year 502,248,944 255,862,090 100,601,633 Income Tax expenses for prior year 502,248,944 362,248,944 10,000,000 10,601,633 Income Tax expenses for prior year 70,000,000 10,601,				<u> </u>
Deferred Tax (Note-12.02.02)	12.02			
12.02.01 Current Tax Balance as at 01 January 362,248,944 255,862,090 Provision for the year 140,000,000 106,386,854 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000 100,000,833 110,000,000 100,000				
12.02.01 Current Tax Balance as at 01 January 362,248,944 255,862,090 Provision for the year 140,000,000 106,386,854 Income Tax expenses during the year 140,000,000 101,601,633 Income Tax expenses for prior year 502,248,944 362,248,944 12.02.02 Deferred Tax Balance as at 01 January 12,251,341 9,930,000 Provision for the year 10,000,000 2,321,341 22,251,341 1		Deferred Tax (Note-12.02.02)		
Provision for the year 140,000,000 106,386,854 Income Tax expenses during the year Income Tax expenses for prior year 140,000,000 101,601,633 12.02.02 Deferred Tax 502,248,944 362,248,944 12.02.02 Deferred Tax 12,251,341 9,930,000 Provision for the year 10,000,000 2,321,341 Adjusted during the year 22,251,341 12,251,341 Taxable Temporary Difference: 22,251,341 12,251,341 Carrying Value of Depreciable Fixed Assets 159,686,147 163,665,185 TAX Base Value (122,147,726) (132,126,157) Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 9,930,000	12.02.01	Current Tax		0, 1,000,000
Provision for the year 140,000,000 106,386,854 Income Tax expenses during the year Income Tax expenses for prior year 140,000,000 101,601,633 12.02.02 Deferred Tax 502,248,944 362,248,944 12.02.02 Deferred Tax 12,251,341 9,930,000 Provision for the year 10,000,000 2,321,341 Adjusted during the year 22,251,341 12,251,341 Taxable Temporary Difference: 22,251,341 12,251,341 Carrying Value of Depreciable Fixed Assets 159,686,147 163,665,185 TAX Base Value (122,147,726) (132,126,157) Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 9,930,000		Balance as at 01 January	362 248 944	255 862 090
1.00.00 1.00		•		
12.02.02 Deferred Tax Balance as at 01 January 12,251,341 9,930,000 2,321,341 10,000,000 2,321,341 10,000,000 2,321,341 12,251		Income Tax expenses during the year	140,000,000	101,601,633
Deferred Tax Balance as at 01 January 12,251,341 9,930,000 2,321,341 12,251,341 12		Income Tax expenses for prior year	-	4,785,221
Balance as at 01 January 12,251,341 9,930,000 Provision for the year 10,000,000 2,321,341 Adjusted during the year 22,251,341 12,251,341 Taxable Temporary Difference: 2 2 Carrying Value of Depreciable Fixed Assets 159,686,147 163,665,185 TAX Base Value (122,147,726) (132,126,157) Deductable Temporary Difference: 37,538,421 31,539,028 Deductable Temporary Difference: 2 (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 12,251,341 12,251,341	12.02.02	Deferred Tax	502,248,944	362,248,944
Provision for the year 10,000,000 2,321,341 2,321,341 Adjusted during the year 22,251,341 12,251,341 Taxable Temporary Difference: 22,251,341 12,251,341 Carrying Value of Depreciable Fixed Assets 159,686,147 (132,126,157) 163,665,185 (132,126,157) TAX Base Value (122,147,726) (132,126,157) 37,538,421 31,539,028 Deductable Temporary Difference : 8 42,50% 42,50% Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42,50% 42,50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 12,251,341 9,930,000			12,251,341	9,930,000
Adjusted during the year 22,251,341 12,251,341 Taxable Temporary Difference: Carrying Value of Depreciable Fixed Assets TAX Base Value (122,147,726) (132,126,157) Deductable Temporary Difference: Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Opening Deferred TAX Liabilities 29,930,000 10,0		·		
Taxable Temporary Difference: 22,251,341 12,251,341 Carrying Value of Depreciable Fixed Assets 159,686,147 (163,665,185 (132,126,157) TAX Base Value (122,147,726) (132,126,157) Deductable Temporary Difference : Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 19,930,000 Opening Deferred TAX Liabilities 1,321,341		Adjusted during the year	22,251,341	12,251,341
Carrying Value of Depreciable Fixed Assets 159,686,147 (122,147,726) 163,665,185 (132,126,157) TAX Base Value 37,538,421 31,539,028 Deductable Temporary Difference : Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 1,251,341 9,930,000		Adjusted during the year	22,251,341	12,251,341
TAX Base Value (122,147,726) (132,126,157) 37,538,421 31,539,028 Deductable Temporary Difference : Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 1,251,341 9,930,000 10,000,000 1,231,241,241		Taxable Temporary Difference:		
37,538,421 31,539,028 37,538,421 31,539,028 37,538,421 31,539,028 37,538,421 31,539,028 37,538,421 31,539,028 31,539,028 31,539,028 31,539,028 31,539,028 31,539,028 32,712,344 32,826,684 32,551,824 32,551,824 32,551,824 32,551,824 32,551,341 32,251,341 32,		Carrying Value of Depreciable Fixed Assets	159,686,147	163,665,185
Deductable Temporary Difference : Book Value of Gratuity Payable (2,026,597) (2,712,344) Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 11,251,341 9,930,000 10,000,000 13,000,000 2,231,241		TAX Base Value	,	
Net Taxable temporary differences 35,511,824 28,826,684 Applicable TAX Rate 42.50% 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 11,251,341 9,930,000 10,000,000 13,321,341		Deductable Temporary Difference:	37,538,421	31,539,028
Applicable TAX Rate 42.50% Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 12,251,341 9,930,000 10,000,000 10,000,000 2,321,341		Book Value of Gratuity Payable	(2,026,597)	(2,712,344)
Deferred TAX Liabilities 15,092,525 12,251,341 Closing Deferred TAX Liabilities 22,251,341 12,251,341 Opening Deferred TAX Liabilities 12,251,341 9,930,000 10,000,000 10,000,000 10,000,000		Net Taxable temporary differences	35,511,824	28,826,684
Closing Deferred TAX Liabilities 22,251,341 12,251,341 12,251,341 12,251,341 12,251,341 12,251,341 12,251,341 12,251,341 12,251,341		• •		
Opening Deferred TAX Liabilities 12,251,341 9,930,000				
10,000,000			I FI	
			10,000,000	2,321,341

				Amount	ш така
				31-Dec-2015	31-Dec-2014
			_	<u> </u>	
12.03	Interest suspense on Loans & Lease Finance				
	Balance as on 1 January			35,742,811	24,610,536
	Add: Transferred during the year			94,798,069	11,132,275
	Less: Amount of interest suspense recovered			- ·,· · - ·, ·	,
	Less: Write off during the year			_	_
	Lessi White on during the year		_		
			=	130,540,880	35,742,811
12.04	Provision for loans, advances and leases				
	Opening balance			67,234,000	53,500,001
	Provision made during the year			77,266,000	13,733,999
	Adjustment for loan written off/waiver			-	-
	Closing balance		_	144,500,000	67,234,000
			_	, ,	,
	Provision required at the end of the year			141,870,000	65,651,000
	Provision maintained at the end of the year			144,500,000	67,234,000
	Provision surplus/(shortfall)		_	2,630,000	1,583,000
			_	_,000,000	1,555,550
	General provision			56,244,676	46,170,989
	Specific provision			88,255,324	21,063,011
			_	144,500,000	67,234,000
			_		
13.00	Capital				
	Authorised Capital				
	200,000,000 ordinary shares of Taka 10 each.			2,000,000,000	2,000,000,000
	200,000,000 Ordinary Shares of Taka 10 Each.			2,000,000,000	2,000,000,000
13.01	Issued, Subscribed and Fully Paid-up Capital				
	96,000,000 Ordinary shares of Tk. 10 each iss	sued for cash		960,000,000	960,000,000
	4,000,000 Bonus shares of Tk. 10 each issue	d for 2010		40,000,000	40,000,000
	7,000,000 Bonus shares of Tk. 10 each issue	d for 2013		70,000,000	70,000,000
	8,560,000 Bonus shares of Tk. 10 each issue	d for 2014		85,600,000	
	115,560,000			1,155,600,000	1,070,000,000
13.02	Particulars of Fully Paid-up Share Capital				
		2014	2015	2014	2015
		No. of Shares	No. of Shares	(%)	(%)
	Sponsor	107,000,000	115,560,000	100.00	100.00
	Institutions	-	-	-	-
	General Public		-	-	
		107,000,000	115,560,000	100.00	100.00
13.03	Shareholding Position as on 31 December 2015				
	SI. No. Name of Shareholders		No. Shares	Amount	Percentage (%)
	1 Late National Professor Kabir Ch	owdhury	670,919	6,709,190	0.58%
	2 Mr. Md. Abdul Mannan Bhuiyan		5,458,088	54,580,880	4.72%
	3 Late Mr. Abu M.F. Kabir		12,800,024	128,000,240	11.08%
	4 Mr. Saiful Kibria		16,530,018	165,300,180	14.30%
	5 Mrs. Rozina Y. Kabir 6 Mrs. Roushan Akter		10,483,331 3,492,503	104,833,310 34,925,030	9.07% 3.02%
	7 Mr. Maruf Akter Mannan		3,492,503	34,925,030 32,356,800	2.80%
	8 Mr. Sharif Zahir		5,812,270	58,122,700	5.03%
	9 Mr. Inamul Haq Khan		6,125,579	61,255,790	5.30%
	10 Mr. Humayun Kabir		8,032,758	80,327,580	6.95%
	11 M/s. Overseas Marketing Corpora	ation (Pvt.) L	2,605,671	26,056,710	2.25%
	12 Mr. Asif Zahir	•	3,501,072	35,010,720	3.03%
	13 Ms. Fahima Mannan		2,600,539	26,005,390	2.25%
	14 KABCO Pharmaceuticals Inc., USA	Ą	29,104,194	291,041,940	25.19%

Amount in Taka

			Amount	in Taka
			31-Dec-2015	31-Dec-2014
15	Mr. Abu M. Shamsul Kabir	2,328,335	23,283,350	2.01%
16	Dr. Nayeema Kabir	173,340	1,733,400	0.15%
17	Mr. Ridwan Zahir Khan	2,605,679	26,056,790	2.25%
		115,560,000	1,155,600,000	100%

13.04 Capital adequacy Ratio:

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

Tier-1 (Core Capital)	1,372,396,671	1,248,854,406
Paid-up Capital	1,155,600,000	1,070,000,000
Statutory Reserve	103,903,980	79,195,527
General Reserve		
Other Reserve	9,321	9,321
Retained Surplus	112,883,371	99,649,559
Tier-2 (Supplementary Capital):	68,500,000	57,200,000
General provision maintained against unclassified loans	68,500,000	57,200,000
Other Reserves	-	-
Total Capital Held (Tier 1 + Tier 2)	1,440,896,671	1,306,054,406
Total Capital Held (Tier 1 + Tier 2) Total Risk Weighted Assets (Note 13.05)	1,440,896,671 5,366,500,000	1,306,054,406 4,556,655,230
		:
Total Risk Weighted Assets (Note 13.05)	5,366,500,000	4,556,655,230
Total Risk Weighted Assets (Note 13.05) Required capital	5,366,500,000	4,556,655,230
Total Risk Weighted Assets (Note 13.05) Required capital (10% of risk-weighted assets or Tk. 100.00 Core whichever is higher)	5,366,500,000 1,000,000,000	4,556,655,230 1,000,000,000
Total Risk Weighted Assets (Note 13.05) Required capital (10% of risk-weighted assets or Tk. 100.00 Core whichever is higher)	5,366,500,000 1,000,000,000	4,556,655,230 1,000,000,000
Total Risk Weighted Assets (Note 13.05) Required capital (10% of risk-weighted assets or Tk. 100.00 Core whichever is higher) Total Capital Held	5,366,500,000 1,000,000,000 1,440,896,671	4,556,655,230 1,000,000,000 1,306,054,406

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

Weighted Assets (RWA) of 2015 in the various categories of risk weights are detailed below :

13.05 Total Risk Weighted Assets

(a) Risk Weights for Credit Risk	4,836,700,000	4,172,555,230
(1) 2: 1 W : 1 . (A4 1 . 2: 1		
(b) Risk Weights for Market Risk	-	-
(c) Risk Weights for Operational Risk	529,800,000	384,100,000
Total Risk Weighted Assets (a+b+c)	5,366,500,000	4,556,655,230

	Amount in	Taka
	31-Dec-2015	31-Dec-2014
14.00 Retained earnings:		
Retained earnings as at 01 January	99,649,559	70,636,876
Add: Net Profit for the year 2015	123,542,265	123,765,854
	223,191,824	194,402,730
Less: Transfer to statutory reserve	24,708,453	24,753,171
Less: Bonus shares issued /Dividend paid	85,600,000	70,000,000
	112,883,371	99,649,559
15.00 Statutory reserve:		
Opening balance	79,195,527	54,442,356
Add: Profit transferred to statutory reserve @ 20% for the	24,708,453	24,753,171
, -	103,903,980	79,195,527
16.00 Interest income:		
Leases	389,667,868	365,328,585
Term finance	520,978,701	327,928,874
On fixed and short term deposits with Banks & FI's	40,690,066	61,999,771
	951,336,635	755,257,229
17.00 Interest paid on deposits & borrowings:		
Interest on borrowing from banks	114,922,562	104,758,315
Interest on term deposits	476,146,994	365,052,215
	591,069,555	469,810,530
18.00 Investment income		
Dividend income	2,888,880	782,000
Gain on sale of Share	37,593,996	6,280,534
	40,482,876	7,062,534
19.00 Other operating income		
Service charges	2,438,000	330,606
Delinquent charges	35,320,658	18,761,156
Other income	3,178,376	8,901,475
	40,937,034	27,993,237
20.00 Salaries and allowances		
Salaries	36,152,756	27,107,982
Bonus	4,595,560	4,162,220
Gratuity	2,026,597	2,852,744
Leave Encashment	9,439	70,200
	42,784,352	34,193,146
21.00 Rent, taxes, insurance, electricity, etc.		
Rent of Garage	-	25,000
Insurance premium	1,809,233	1,424,763
Utilities	1,831,118	1,734,567
Car lease rental	3,899,362	2,645,840
	7,539,713	5,830,170

	Amount in	Taka
22.00 Local C Professional Con-	31-Dec-2015	31-Dec-2014
22.00 Legal & Professional fees:	_	_
Legal & professional fees	2,868,399	644,474
	2,868,399	644,474
23.00 Postage, stamp, telecommunication etc.:		
Postage & courier	10,633	23,350
Stamp charges	501,792	302,230
Telephone bill	646,757	402,720
	1,159,182	728,300
24.00 Stationery, printing, advertisement:		
Printing & stationery	2,948,456	1,694,908
Advertisement	1,311,256	2,322,175
	4,259,712	4,017,083
25.00 Managing director's salary & allowance:		
Salary & allowances	7,800,000	7,569,355
Bonus	1,500,000	1,000,000
	9,300,000	8,569,355
26.00 Directors' fees	620,000	345,000
2000 200000 1000	620,000	345,000
	130,000	120,000
27.00 Auditors' fees	138,000 138,000	138,000 138,000
28.00 Repairs, maintenance, depreciation and amortization:		
Depreciation	7,475,196	8,218,939
	7,475,196	8,218,939
29.00 Other expenses:		
Travel & Conveyance	400,334	398,357
Fuel Expenses	1,157,045	915,608
Entertainment	2,111,348	1,980,421
Casual Labor, Security & Cleaners	187,590	579,012
Subscription Fee	533,500	667,000
Donation	1,501,900	1,237,144
Periodicals	5,490	40,000
Training	281,357	94,000
Bank Charge & Excise Duty	773,673	406,222
Business Commission	2,281,934	5,292,192
	9,234,171	11,609,956

		Amount i	n Taka
		31-Dec-2015	31-Dec-2014
30.00	Closing cash and cash-equivalents		
	Cash in hand (local currency)	141,805	93,590
	Balance with Bangladesh Bank	74,840,184	60,125,800
	Balance with other Banks and Financial Institutions	799,294,477	560,998,670
		874,276,467	621,218,060
31.00	Earning Per Share(EPS)		
	Net Profit after Tax	123,542,265	123,765,854
	Number of Ordinary Shares outstanding	115,560,000	115,560,000
	Earning Per Share (EPS)	1.07	1.07
	Earning per share has been calculated in accordance with BAS-33 "E has been adjusted for bonus shares issued for 2014.	arning per share". P	revious year's EPS
32.00	Net Asset Value (NAV) per Share		
	Total Assets	7,811,568,462	6,332,016,528
	Total Liabilities	(6,439,171,790)	(5,083,162,122)
	Net Asset Value (NAV)	1,372,396,671	1,248,854,406
	·····		

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

Number of Ordinary Shares outstanding

Net Asset Value (NAV) per Share

 Cash flow from operating activities as per
 408,001,309
 14,217,209

 Statement Of Cash flows
 115,560,000
 107,000,000

 Net Operating Cash Flow-Per Share
 3.53
 0.13

107,000,000

11.67

115,560,000

11.88

34.00 Salaries/Perquisites To MD, Directors & Officers:

and officers of the company as defined in the Securities and Exchange Rules ,1987 are disclosed below:

Particulars	MD	Directors	Officers
Board Meeting Fees	-	620,000	-
Remuneration/salaries & allowance	7,200,000	-	36,809,280
Bonus	1,500,000	-	4,595,560
Company's Contribution To Provident Fund	600,000	-	1,379,512

35.00 Provisions & liabilities

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

36.00 Number of Employees

During the year under audit there were 34 number of employees in the company (2014:31 employees)

37.00 Board Meeting and Directors' remuneration

In the year 2015 forteen board meetings were held. Each director was paid Tk 5,000 for attending each board meeting. No remuneration or special payment was paid to the directors for attending board meetings. Details of board meeting attendance shown in **Annexure-B**

38.00 The company had no receivable from the directors on 31.12.2015

39.00 Appropriation during the year

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

40.00 Claims against the company not acknowledged as debt

There was no claim at the balance sheet date.

41.00 Contingent Liabilities

There was no Contingent Liabilities at the balance sheet date.

42.00 Related Party Disclosure

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

43.00 Reporting Currency

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

44.00 Directors engagement with other entities are shown in Annexure-D

45.00 Income tax status shown in Annexure -E

46.00 Financial Highlights shown in Annexure -F

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Managing Director	Company Secretary

Dated: Dhaka June 06, 2016 Annexure -A

National Finance Limited Schedule of Fixed Assets As at 31 December 2015

		COST	TS				DEPRECIATION	IATION		Written down	Written down
Particulars	Balance as at 01.01.2015	Addition during the Year	Sales/ Adjustment	Balance as at 31.12.2015	Rate (%)	Balance as at 01.01.2015	Charged during the Year	Adjustment	Balance as at 31.12.2015	value as at 31.12.2015	value as at 31.12.2014
A. Tangible Assets											
Furniture & Fixtures	7,350,512	2,101,158	,	9,451,670	10%	1,086,462	836,521	1	1,922,983	7,528,687	6,264,050
Office Equipment	8,338,253			8,338,253	20%	2,100,533	1,247,544	1	3,348,077	4,990,176	6,237,720
Vehicle	2,320,000		•	2,320,000	%07	1,528,108	158,378	1	1,686,486	633,514	791,892
Telephone and Fax	450,847			450,847	10%	111,794	33,905	1	145,699	305,148	339,053
Office Decoration	14,056,464	1,383,000		15,439,464	10%	1,949,235	1,210,723	-	3,159,958	12,279,506	12,107,229
Computer	7,286,094	12,000		7,298,094	25%	2,516,268	1,195,457	1	3,711,724	3,586,370	4,769,826
Office Premises(UTC)	45,543,955		1	45,543,955	7%	2,714,420	910,879	1	3,625,299	41,918,656	42,829,535
Office Premises(Con. centre)*	94,089,458		ı	94,089,458	2%	3,763,578	1,881,789	-	5,645,367	88,444,091	90,325,880
Total Tangible Assets (A)	179,435,583	3,496,158	•	182,931,741		15,770,398	7,475,196	•	23,245,594	159,686,147	163,665,185

3. Intangible Assets											
ystems and softwares	<u> </u>	-	1	1	20%	1	1	-	1	1	1
Total Intangible Assets (B):		-	-				-	-	-	-	•
Total 2014 (A+B):	179,435,583	3,496,158	•	182,931,741			7,475,196	•	23,245,594	159,686,147	163,665,185

Note: Office decoration during the year was Tk. 13,83,000 for Panthpath branch which was completed on October, 2015 since no depreciation was chaeged on this addition for the year 2015.

National Finance Limited Directors

Meeting & Attendance As at 31 December 2015

	No. of Meeting held during	Meeting		Changed
Name of the Directors	his/her tenure	Attended	%	during 2015
Mr. Md. Abdul Mannan Bhuiyan	14	14	100%	
Mr. Inamul Haq Khan	14	12	86%	
Mr. Saiful Kibria	14	14	100%	
Mrs. Rozina Y. Kabir	14	13	93%	
Mr. Maruf Akter Mannan	14	13	93%	
Mrs. Roushan Akter	14	13	93%	
Ms. Fahima Mannan	14	12	86%	
Mr. Asif Zahir	14	13	93%	
Ms. Arifa Kabir	14	11	79%	

National Finance Limited

Particulars of Related Parties Transaction

Directors and their interest in the FI and different entities

As at 31 December 2015

Annexure - C

 Particulars	Name of the Related Party	Relationship	Sanction	Recovery during 2015	Balance Amount
 LE19012	DNA Solution Ltd.	Chairman of the Company Mr. Md. Abdul Mannan Bhuiyan is also the Director of DNA Solution Ltd.	000'000'9	2,229,540	1,049,552
LE28213	OTS (Pvt.) Ltd.	Chairman of the Company Mr. Md. Abdul Mannan Bhuiyan is also the Director of OTS (Pvt.) Ltd.	1,750,000	759,240	690,104
 Investment in stock/ shares-Mutual fund	Vanguard AML BD Finance Mutual Fund One	Director of the Company Mr. Asif Zahir is also Director of Asset Management company of the fund namely Vanguard AML.	1	1	20,000,000

SI.No

National Finance Limited As At 31stDecember 2015

Directors' Involvement in other Companies as on 31st December 2015

Name of Director	Position in NFL	Involvement in other Companies	Position	
		Overseas Marketing Corporation (Pvt.) Ltd.	Managing Director	
Mr. Md. Abdul Mannan Phuiyan	Chairman	OMC HealthCare (Pvt) Ltd.	Chairman	
Mr. Md. Abdul Mannan Bhuiyan	Chairman	OTS (Pvt) Ltd.	Chairman	
		Dawn Engineerging & Technical Supplies	Proprietor	
	Vice Chairman	Ananta Garments Ltd.	Managing Director	
		Ananta Sportswear Ltd	Managing Director	
		Ananta Jeanswear Ltd.	Managing Director	
		Confidence Industries Ltd.	Chairman	
Mr. Inamul Haq Khan		Paradise Washing Plan Ltd.	Managing Director	
Wii. mamur riaq Krian				
		Thread & Thread Industries Ltd.	Managing Director	
		Tunic Fashions Ltd.	Managing Director	
		Ananta Leather Collections Ltd.	Chairman	
		ABM Fashions Ltd.	Managing Director	
		Overseas Marketing Corporation (Pvt.) Ltd.	Director	
Mrs. Roushan Akter	Director	OMC HealthCare (Pvt) Ltd.	Director	
		OTS (Pvt) Ltd.	Director	
		Global Instruments Supply Co.	Proprietor	
		OMC HealthCare (Pvt) Ltd.	Director	
Mr. Maruf Akter Mannan	Director	OTS (Pvt) Ltd.	Managing Director	
ivii. Marui Akter Mariilan		Intellect Technologies (Pvt) Ltd.	Managing Director	
		Millennium Syndicates	Proprietor	
Ms. Fahima Mannan	Director	OMC HealthCare (Pvt) Ltd.	Director	
	Director	Intellect Technologies (Pvt) Ltd.	Director	
Mr. Saiful Kibria	Dinastan	Not involved in any other company incorpo	orated in Bangladesh	
Alternative Director: A.M.M. Jahangir Alam	Director	except National Finance Ltd.		
Mrs. Rozina Y. Kabir		Not involved in any other company incorpo	orated in Bangladesh	
Alternative Director: Mr. Khaja Abu Musa	Director	Not involved in any other company incorporated in Bangladesh except National Finance Ltd.		
Ms. Arifa Kabir	Nominee Director	Bengal Windsor Thermoplastics Ltd.	Director	
		Ananta Apparels Ltd.	Director	
	Director	Ananta Casual wear Ltd.	Director	
		Ananta Denim Technology Ltd.	Director	
		DNV Clothing Ltd.	Director	
		Ananta Properties Ltd.	Director	
		Ananta Energy Resources Ltd.	Director	
		Vanguard Asset Management Ltd.	Director	
Mr. Asif Zahir		Confidence Industries Ltd.	Director	
		Ananta Group Ltd.	Director	
		Ananta Knitwear Ltd.	Director	
		Ananta Fashion Ltd.	Director	
		Ananta Developments Ltd.	Director	
		Zero Gravity Ventures Ltd.	Managing Director	
		Fast Fleet Logistics Ltd.	Director	
		Universal Menswear Ltd.	Director	
		Ananta Huaxiang Ltd.	Director	

Annexure -E

National Finance Ltd. TIN-673166997674

Tax Status

As on 31 December 2015

Income Year	Assessment year	Tax Provision (as per Accounts)	Tax Assessed by Tax Authority	Level of Assessment	Remarks
2011	2012-2013	42,421,324	47,344,772	DCT,CT (appeal)	Appeal filed at the level of TAT against CT assessment order.
2012	2013-2014	65,000,000	-	DCT,CT (appeal)	Application filed to the ADR against DCT assessment order
2013	2014-2015	96,430,000	-	DCT-82BB	Retun filed under 82BB.
2014	2015-2016	108,708,195	-	-	Retun filed under 82BB.
2015	2016-2017	150,000,000	-	_	Return not yet due for submission.

Annexure -F

National Finance Limited Overall Performance Highlights As at 31 December 2015

SL	Particulars	Amount in Taka		
	rarticulars	2015	2014	
1	Paid- up Capital	1,155,600,000	1,070,000,000.00	
2	Share holders equity	1,372,396,671	1,373,965,476	
3	Total Assets	7,811,568,461	6,332,016,528	
4	Total Deposits	4,508,594,029	3,460,869,649	
5	Total Loans & Advances	6,251,109,891	5,111,622,059	
6	Non Performing Loan (NPL) (%)	5.88	2.09	
7	Loan Deposit Ratio (%)	138.65	147.70	
8	Operating Profit	356,308,265	246,208,047	
9	Profit after Provision and taxation	123,542,265	125,111,069	
10	Non Performing Loan	367,797,243	106,687,427	
11	Return on Investment(ROI) [PAT/(Shareholders' equity + Borrowings]	5.51	5.60	
12	Return on Assets (ROA)	1.58	1.95	
13	Interest Earning Assets	7,178,404,368	5,672,620,729	
14	Other Assets	398,495,957	382,511,224	
15	Earnings per Share (EPS)	1.07	1.07	
16	Net Asste value (NAV) per share	11.88	11.67	
17	Net Operating Cash Flow(NOCF) per share	3.53	0.13	



Photo of Holding of 14th Annual General Meeting NFL

Credit Rating Report



Credit Rating Report Credit Rating Information and Services Limited Founder Member. Association of Credit Risting Agencies in Asia (ACRAA), Marries, Philippine

on of Credit Risting Agencies in Asia (ACRAA), Manila, Philippines Joint Venture with JCR-VB Credit Rating Company Ltd. Pakishar www.smithLebr

CREDIT RATING REPORT On NATIONAL FINANCE LIMITED

REPORT: RR/6632/15

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL long-term rating is valid for only one year and short term rating for six months from the date of rating. After the above periods, these risings will not carry any valididty unless the financial institution goes for rating surveillance. CRISL fellowed Bank/FI Rating Methodology published in CRISL website website <a href="m

	Long Term	Short Term	
Entity Rating	Α-	ST-3	
Outlook	Stable		
Date of Rating: June 14, 2015	Valid up to: June 13, 2016		

1.0 RATIONALE

CRISL has reaffirmed 'A-' (pronounced as single A minus) rating in the Long Term and 'ST-3' rating in the Short Term to National Finance Limited (NFL) based on its financials up to December 31, 2014 as well as other relevant qualitative and quantitative information up-to the date of rating. The above ratings have been assigned after due consideration to its fundamentals such as good financial performance, good capital base, good liquidity, above average asset quality, sound profile of Board of Directors etc. The above factors are however constrained to some extent by high infection ratio, significant large loan exposure, small market share, capital adequacy sensitive to top 10 borrowers, small operational network, IT at developing stage etc.

Financial Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. Short term rating signifies good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to and financial capital markets is coost.

CRISL also placed the entity under 'Stable outlook' considering that the company might be able to maintain the above fundamentals during the rating validity period.

Address

CRISI Naishi Hames (4° & 5° Floor) 6/1A, Segunbagicha, Dhaka-1000 Fel: 9530991-4 Fax: 88-02-9530995 Email: crisidhi:@crisibd.com

Analysts: Tancirul Islam

Md. Anowar Hossain anowar@crisibal.com

Entity Rating Long Term: A Short Term: ST 3

Outlook: Stable

NATIONAL FINANCE LIMITED

DATE OF INCORPORATION JULY 30, 2001

CHAIRMAN Md. Abdul Mannan Bhuyan

MANAGING Mamoon Mahmood Shah

EQUITY TK.1,248.85 million

PAID-UP CAPITAL Tk. 1,070.00 million

TOTAL ASSETS TK 6,332.02 million

PORTFOLIO SIZE Tk.5,111.62 million

Page 1 of 14

2.0 CORPORATE PROFILE

2.1 The Genesis

National Finance Limited (NFL), a full-fledged Non-Banking Financial Institution (NBFI) in Bangladesh, was incorporated on July 30, 2001 as a Public Limited Company under the Companies Act, 1994 and obtained license from Bangladesh Bank (BB) on June 17, 2002. The initiative of the company was taken by Late National Professor Mr. Kabir Chowdhury (Ex-Chairman). Currently, the company is Chaired by Mr. Md. Abdul Mannan Bhuiyan having around 41 year business experiences in different sector and he is also the founder of OMC (Overseas Marketing Corporation) Group. NFL was initially incorporated as Self Employment Finance Limited (SEFL) and subsequently its name was changed to National Finance Limited on February, 2009 as per certificate of RJSCF which was approved by Bangladesh Bank (BB) on February 17, 2009. However, the company cummented its business on June 17, 2002 with paid-up capital of Tk.55.00 million against authorized capital of Tk.500.00 million. Subsequently, with the injection of fresh capital in the form of right share issue and bonus shares, currently, the company has been operating with paid up capital of Tk.1,070.00 million against authorized capital of Tk.2,000.00 million as on December 31, 2014 with the vision "to be the leading financial institution by being a strong catalyst in creating a better future for our customers, employees, communities and shareholders through quality, commitment, accountability, innovation and inclusion". The products of the company include lease finance, sale & leaseback, term finance, personal loan, home loan, auto loan, factoring, different deposit schemes etc. Currently, the credit portfolio increased to Tk.5,111.62 million as on December 31, 2014 from Tk.3,386.43 million as on December 31, 2013. Subsequently, the total asset size of NFL also increased to Tk.6,332.02 million as on December 31, 2014 against Tk.4,269.88 million as on December 31, Proposition of NFL is located at Confidence Centre (Level-8), Kha-09, Pragati Sarani, Shahjadpur, Gulshan, Dhaka-1212.

For President & CEO
Sarwat Amina
Executive Vice President



- Head Office:
 - Confidence Center (Level-8), Kha-09, Pragati Sarani, Shahjadpur, Gulshan Dhaka-1212.
- **88-02-55048350**, 88-02-55048351, 88-02-55048352, 88-02-55048354
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