

**Independent Auditors' Report
and Audited Financial Statements**

of

National Finance Limited

as at and for the year ended 31 December 2016

এম,জে, আবেদীন এন্ড কোং
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**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 2016 and the Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information and annexures.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements of the company (National Finance Limited) that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.01, The Financial Institution Act 1993, The Companies Act 1994, The Securities and Exchange Rules 1987, The rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of the Financial statements of the company that are free from material misstatements, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Finance Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.1.

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 Ltd. 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 branch not visited by us;
- (iii) National Finance Ltd.'s the Balance Sheet and the Profit & Loss Accounts 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 Ltd.'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 and advances which are, in our opinion, doubtful of recovery;
- (viii) National Finance Ltd. 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;
- (x) National Finance Ltd. has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and maintenance of liquid assets and
- (xi) we have reviewed over 80% of the risk weighted assets of the institution and we have spent around 1,300 person hours for the audit of the books and accounts of the institution.

Dated: May 21, 2017
Dhaka

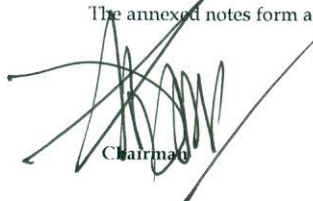


M. J. ABEDIN & CO.
Chartered Accountants

NATIONAL FINANCE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2016

Notes	Amount in Taka		
	31-Dec-16	31-Dec-15	
PROPERTY AND ASSETS			
Cash	3.00	88,539,654	74,981,989
Cash in hand (including foreign currencies)	3.01	54,263	141,805
Balance with Bangladesh Bank & Agent Bank (Including foreign currencies)	3.02	88,485,391	74,840,184
Balance with other Banks and Financial Institutions	4.00	735,856,683	799,294,477
In Bangladesh	4.01	735,856,683	799,294,477
Outside Bangladesh	4.02	-	-
Money at Call on Short Notice	5.00	-	-
Investment in Shares and Securities	6.00	265,119,473	128,000,000
Government	6.01	-	-
Others	6.02	265,119,473	128,000,000
Loans, advances and leases	7.00	5,961,761,567	6,251,109,891
Lease portfolio		1,947,417,655	2,048,361,903
Term finance		4,014,343,912	4,202,747,987
Bills purchased and discounted		-	-
Fixed Assets including Premises, Furniture and Fixtures	8.00	152,707,770	159,686,147
Other Assets	9.00	565,778,394	398,495,957
Non banking Assets		-	-
		<u>7,769,763,541</u>	<u>7,811,568,461</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	10.00	702,942,494	870,869,026
Deposits and Other Accounts	11.00	4,201,841,308	4,508,594,029
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		4,201,841,308	4,508,594,029
Bearer certificates of deposit		-	-
Other deposits		-	-
Other Liabilities	12.00	1,422,698,033	1,059,708,735
Total Liabilities		<u>6,327,481,835</u>	<u>6,439,171,790</u>
Capital/Shareholders' Equity			
Share capital	13.00	1,259,604,000	1,155,600,000
Retained earnings	14.00	64,787,398	112,883,370
Statutory reserve	15.00	117,880,987	103,903,980
Other reserve		9,321	9,321
Total Shareholders' Equity		<u>1,442,281,706</u>	<u>1,372,396,671</u>
Total Liabilities & Shareholders' Equity		<u>7,769,763,541</u>	<u>7,811,568,461</u>
OFF BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		-	-
		-	-
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		-	-

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


Chairman


Director


Managing Director


Company Secretary

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, May 21, 2017

