

National Finance Limited

**Independent Auditor's Report and
Financial Statements**

As at and for the year ended 31 December 2022

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Financial Statements
As at and for the year ended 31 December 2022**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Shareholders of National Finance Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Finance Limited (the "Company"), which comprise the balance sheet as at 31 December 2022 and the profit and loss account, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 2.

Basis for Opinion

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

Other Matter

The financial statements of National Finance Limited (NFL) for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on these financial statements on 15 November 2022. Financial Institution Inspection Department (FIID) of Bangladesh Bank upon conducting special inspection of NFL's FICL and financial statements as at 31 December 2022 has advised certain action to management vide letter no FIID (I19/02)/2023-636 dated 13 July 2023. In response, NFL has taken certain steps like maintaining required provision shortfall, approval of revised salary structure by the Board of Directors, and informed FIID about these matters along with clarifications on receivable from Premier Leasing and matters related to excess salary/benefit payments to employees on 20 November 2023. Subsequently, upon discussion with FIID, NFL Board has approved the revised salary structure with retrospective effect and this has been notified to FIID on 14 December 2023. In response, FIID has issued an NOC on 21 December 2023 for finalization of these financial statements. The said NOC referred compliance of conditions specified in its earlier letter dated 13 July 2023. NFL management has confirmed that it has complied with those instructions as notified by them vide its letters referred above and clarified during their meeting with FIID.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

Conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Finance Company Act, 2023 and the rules and regulations issued by Bangladesh Bank, we also report that

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 2023 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties which were collected and deposited in the Government treasury by the Company as per Government instructions has been found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e., 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory; effective measures have been taken to prevent possible material fraud and forgery; and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases have been found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 830 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the Finance Company Act, 2023 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, 27 December 2023
DVC No: 2312270770AS585365



Sabbir Ahmed FCA, Partner
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants



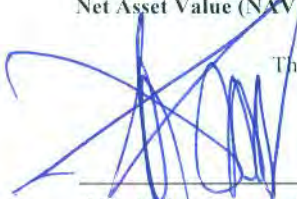
**National Finance Limited
Balance Sheet
As at 31 December 2022**

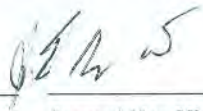
Particulars	Notes	Amount in Taka	
		31 December 2022	31 December 2021
Property and assets			
Cash	3.00	40,336,188	59,441,943
Cash in hand (including foreign currencies)	3.01	86,641	70,952
Balance with Bangladesh Bank and agent bank (including foreign currencies)	3.02	40,249,547	59,370,991
Balance with other banks and financial institutions	4.00	604,754,601	578,596,514
In Bangladesh	4.01	604,754,601	578,596,514
Outside Bangladesh	4.02	-	-
Money at call on short notice	5.00	-	-
Investments:	6.00	198,518,591	217,527,180
Government	6.01	-	-
Others	6.02	198,518,591	217,527,180
Loans and advances	7.00	6,020,257,258	6,134,039,761
Loans, advances and leases		6,020,257,258	6,134,039,761
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	8.00	128,658,043	134,772,395
Other assets	9.00	931,478,518	929,799,604
Non banking assets		-	-
Total assets		7,924,003,199	8,054,177,396
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	10.00	676,199,068	872,340,497
Deposits and other accounts	11.00	2,647,058,388	2,848,022,531
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		2,647,058,388	2,848,022,531
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	12.00	3,254,452,152	2,599,628,829
Total liabilities		6,577,709,608	6,319,991,857
Capital/shareholders' equity			
Paid-up capital	13.00	1,472,036,210	1,472,036,210
Retained earnings	14.00	(302,006,236)	85,885,712
Statutory reserve	15.00	176,263,617	176,263,617
Other reserve		-	-
Total shareholders' equity		1,346,293,591	1,734,185,539
Total liabilities and shareholders' equity		7,924,003,199	8,054,177,396

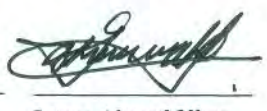
**National Finance Limited
Balance Sheet
As at 31 December 2022**

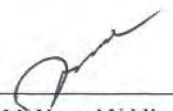
Particulars	Notes	Amount in Taka	
		31 December 2022	31 December 2021
<u>OFF BALANCE SHEET ITEMS</u>			
<u>Contingent liabilities</u>			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<u>Other commitments</u>			
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		-	-
Net Asset Value (NAV) per Share	32.00	9.15	11.78

The annexed notes from 1 to 46 form an integral part of these Financial Statements.


 Md. Abdul Mannan Bhuiyan
 Chairman


 Inamul Haq Khan
 Vice Chairman


 Irteza Ahmed Khan
 Managing Director


 Md. Kamal Uddin
 In-charge Finance & Accounts

Signed in terms of our separate report of even date annexed.



Sabbir Ahmed FCA, Partner
 ICAB Enrolment no: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

Dhaka, 27 December 2023
 DVC No: 2312270770AS585365



**National Finance Limited
Profit and Loss Account
For the year ended 31 December 2022**

Particulars	Notes	Amount in Taka	
		2022	2021
Interest income	16.00	444,305,940	465,141,364
Interest paid on deposits and borrowings etc.	17.00	(266,700,355)	(368,160,926)
Net interest income		177,605,585	96,980,438
Investment income	18.00	12,501,426	23,725,507
Commission, exchange and brokerage		-	-
Other operating income	19.00	115,125,589	60,282,453
Total operating income		305,232,600	180,988,397
Salaries and allowances	20.00	81,313,917	74,548,876
Rent, taxes, insurance, electricity, etc.	21.00	10,357,071	10,750,023
Legal & professional fees	22.00	631,757	811,645
Postage, stamp, telecommunication etc.	23.00	1,933,561	1,873,148
Stationery, printing, advertisement etc.	24.00	1,163,664	801,832
Managing director's salary and allowances	25.00	8,640,000	5,976,839
Directors' fees	26.00	560,000	728,000
Auditors' fees	27.00	287,500	287,500
Repairs, maintenance, depreciation and amortization	28.00	6,114,351	6,597,577
Other expenses	29.00	11,157,195	9,966,687
Total operating expenses		122,159,016	112,342,127
Profit before provision		183,073,584	68,646,270
Provision against loans, leases and investments	12.05	500,674,215	35,400,000
Other provisions		-	-
Total provision		500,674,215	35,400,000
Total profit before taxes		(317,600,631)	33,246,270
Provision for taxation		70,291,317	21,459,892
Current Tax	12.02.01	70,184,120	21,332,000
Deferred Tax	12.02.02	107,197	127,892
Net profit after taxation		(387,891,948)	11,786,378
Appropriations			
Statutory reserve		-	2,357,276
General reserve		-	-
Dividends		-	-
		-	2,357,276
Retained surplus		(387,891,948)	9,429,103
Earnings per share (EPS)	31.00	(2.64)	0.08

The annexed notes from 1 to 46 form an integral part of these Financial Statements.

Md. Abdul Mannan Bhuiyan
Chairman

Inamul Haq Khan
Vice Chairman

Irteza Ahmed Khan
Managing Director

Md. Kamal Uddin
In-charge Finance &
Accounts

Signed in terms of our separate report of even date annexed.

Sabbir Ahmed

Sabbir Ahmed FCA, Partner
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

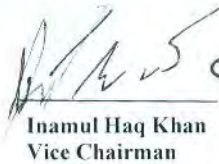
Dhaka, 27 December 2023
DVC No: 2312270770AS585365



**National Finance Limited
Statement of Changes in Equity
For the year ended 31 December 2022**

Particulars	Amount in Taka				
	Share Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total
Balance as at 01 January 2021	1,472,036,210	173,906,341	-	76,456,610	1,722,399,161
Net profit for the year 2021	-	-	-	11,786,378	11,786,378
Transfer to statutory reserve	-	2,357,276	-	(2,357,276)	-
Balance as at 31 December 2021	1,472,036,210	176,263,617	-	85,885,712	1,734,185,539
Balance as at 01 January 2022	1,472,036,210	176,263,617	-	85,885,712	1,734,185,539
Net profit for the year 2022	-	-	-	(387,891,948)	(387,891,948)
Transfer to statutory reserve	-	-	-	-	-
Balance as at 31 December 2022	1,472,036,210	176,263,617	-	(302,006,236)	1,346,293,591


Md. Abdul Mannan Bhuiyan
Chairman


Inamul Haq Khan
Vice Chairman


Irteza Ahmed Khan
Managing Director

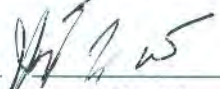

Md. Kamal Uddin
In-charge Finance & Accounts


**National Finance Limited
Cash Flows Statement
For the year ended 31 December 2022**

Particulars	Notes	Amount in Taka	
		2022	2021
Cash flows from operating activities:			
Interest received		422,084,494	111,966,426
Interest paid		(308,766,417)	(592,608,712)
Fees, commission and other income received		126,078,074	59,718,988
Investment income		12,947,538	24,425,241
Cash paid as Salary, allowance and remuneration		(87,455,769)	(77,975,844)
Cash paid to suppliers		(24,777,372)	(25,751,112)
Income taxes paid		(31,348,567)	(23,684,652)
Cash generated from operating activities before changes in operating assets and liabilities:		108,761,981	(523,909,665)
(Increase)/decrease in changes in operating assets and liabilities:			
Loans and advances to customers		116,201,760	650,125,921
Other assets		18,271,056	(4,869,574)
Deposits from customers		(200,964,143)	(359,299,054)
Other liabilities		141,914,517	291,882,489
Net cash flows from operating activities (A):		184,185,171	53,930,117
Cash flows from investing activities:			
Payment for acquisition of property, plant and equipment		-	(310,572)
Investment in shares		19,008,589	34,619,267
Net cash used in investing activities (B):		19,008,589	34,308,695
Cash flows from financing activities:			
Drawdown/(repayment) of long term loan		(170,868,053)	(261,597,535)
Drawdown/(repayment) of bank overdraft		(25,273,376)	243,583,828
Dividend paid		-	-
Net cash flow from financing activities (C):		(196,141,428)	(18,013,707)
Net inflow/outflow for the year (A+B+C):		7,052,332	70,225,104
Opening cash and cash-equivalents		638,038,457	567,813,352
Closing cash and cash equivalents	30.00	645,090,789	638,038,457
Cash in hand (including foreign currencies)		86,641	70,952
Balance with Bangladesh Bank & Agent Bank		40,249,547	59,370,991
Balance with other Banks and Financial Institutions		604,754,601	578,596,514
		645,090,789	638,038,457
Net operating cash flows per share	33.00	1.25	0.37

The annexed notes from 1 to 46 form an integral part of these Financial Statements.


Md. Abdul Mannan Bhuiyan
Chairman


Inamul Haq Khan
Vice Chairman


Irteza Ahmed Khan
Managing Director


Md. Kamal Uddin
In-charge Finance & Accounts


National Finance Limited
Liquidity Statement (Asset and Liability Maturity Analysis)
As at 31 December 2022

Amount in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	40,336,188	-	-	-	-	40,336,188
Balance with banks and financial institutions	95,425,945	509,328,656	-	-	-	604,754,601
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	-	198,518,591	-	198,518,591
Loans and advances	234,717,726	1,005,682,563	2,130,050,072	1,978,996,450	670,810,447	6,020,257,258
Fixed assets including land, building, furniture and fixtures	-	-	-	128,658,043	-	128,658,043
Other assets	1,091,809	18,419,444	25,156,526	886,810,740	-	931,478,518
Total assets:	371,571,668	1,533,430,662	2,155,206,598	3,192,983,824	670,810,447	7,924,003,199
Liabilities						
Borrowing from other banks, financial institutions and agents	108,525,200	389,061,372	158,563,340	20,049,157	-	676,199,069
Deposits and other accounts	196,585,325	687,469,354	1,012,902,982	745,685,450	4,415,277	2,647,058,388
Provision and other liabilities	132,250	208,214,298	719,639,079	2,326,466,525	-	3,254,452,152
Total liabilities:	305,242,775	1,284,745,024	1,891,105,401	3,092,201,132	4,415,277	6,577,709,609
Net Liquidity Gap	66,328,893	248,685,638	264,101,197	100,782,692	666,395,170	1,346,293,591


Md. Abdul Mannan Bhuiyan
Chairman


Inamul Haq Khan
Vice Chairman


Irteza Ahmed Khan
Managing Director


Md. Kamal Uddin
In-charge Finance & Accounts

Hoda Vasi
Chowdhury & Co

National Finance Limited
Notes to the financial statements
For the year ended 31 December 2022

1.0 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, Confidence 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, long-term loan, working capital financing, discounting of bill of exchange locally in local currency, credit cards etc.
- e) Credit programs 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 International Financial Reporting Standards (IFRSs) and the requirements of the Finance Company Act 2023, the Rules and Regulations issued by Bangladesh Bank, the Companies Act 1994. In case any requirement of the Finance Company Act 2023, and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Finance Company Act 2023, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRSs are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "Fair value through OCI" where any change in the fair value at the year-end is taken to profit and loss account or OCI 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 recognized at cost.

ii) Provision on loans and advances/ investments

IFRS: As per IFRS 9 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

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IFRS 9 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized 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 recognized 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

IFRS: As per IAS 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, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. Consequently all the required disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vi) Cash flow statement

IFRS: 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 II dated 23 December 2009, cash flow statement is the mixture of direct and indirect methods.

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

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

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

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 International Financial Reporting Standards (IFRS) and requirements of the Finance Company Act 2023 followed by the Financial Institution Regulations 1994, the Bangladesh Securities & Exchange Rules 1987, Guidelines issued from Bangladesh Bank and other applicable laws and regulations.

2.03 Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are stated in the following notes

Key estimates include the following:

- * Note 8: Depreciation of Property, Plant and Equipment
- * Note 8: ROU assets and lease liabilities
- * Note 16: Interest Income
- * Note 12: Current tax Expenses

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 authorized these financial statements for issue 27 December 2023.

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 Statement of changes in equity

Statement of changes in equity is prepared in accordance with IAS - 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.

2.09 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 on residual maturity term of assets and liabilities as on the reporting date based on the following assumptions:

- i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term
- 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 schedule.

2.10 Assets and basis of their valuation

2.10.1 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.

2.10.2 Accounting for leases

Following International Financial Reporting Standards IFRS 16 "Leases", accounting for lease transactions have been recorded under finance lease method. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income.

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.

2.10.3 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.

2.10.4 Fixed assets and depreciation

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 capitalized only when it increases the future economic benefit from the asset. All other expenditures are recognized 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:

<u>Particulars of property, plant & equipment</u>	<u>Rates</u>
Furniture and fixture	10%
Office equipment	20%
Vehicle	20%
Telephone and Fax	10%
Office decoration	10%
Computer	25%
Office premises	02%
Right of use of assets	Lease term

Derecognition

An item of property, plant and equipment is de-recognized 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.

2.10.5 Account receivable

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

2.11 Liabilities and basis of their valuation

2.11.1 Income taxes

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 recognized 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.

2.11.2 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.

2.11.3 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. Employees' provident fund shall mature 100% of both employee and employer contribution after 3 (three) years continuous service from the date of enrolment.

Gratuity fund

A gratuity scheme is maintained by the Company to motivate its 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.

2.11.4 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 recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.12 Revenue recognition

2.12.1 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 recognized on accrual basis using the effective interest method. 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.

2.12.2 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.

2.12.3 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.

2.12.4 Income from dividend

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

2.12.5 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.

2.12.6 Income from bank deposits

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

2.12.7 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.

2.12.8 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 recognized whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

2.13 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.

2.14 Earning per share

Earning per share has been calculated in accordance with IAS-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.

2.15 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 authorized for issue. All material events occurring after the balance sheet date have been considered in these financial statements.

2.16 Borrowing costs

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

2.17 Foreign currency transaction

In accordance with IAS- 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.

2.18 Renewal of FDR and interest thereon

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

2.19 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.

2.20 Accounting policy for IFRS 16: leases

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

a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

b) National Finance Ltd. has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

c) National Finance Ltd. has the right to direct the use of the asset. National Finance Ltd. has the right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, National Finance Ltd. has the right to direct the use of the asset if either:

(i) National Finance Ltd. has the right to operate the asset; or

(ii) National Finance Ltd. designed the asset in a way that predetermines how and for what purpose it will be used.

National Finance Ltd. presents right of use assets in Annexure A and lease liabilities in note-12 separately.

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 optimize 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 (ALCO) 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 Department, 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) Form 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 International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS)

The institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs). 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 International Financial Reporting Standards (IFRSs)	IFRS No.	Status
First-time Adoption of Bangladesh Financial Reporting Standard	1	Not applicable
Shares Based Payment	2	Not applicable
Business Combination	3	Not applicable
Insurance Contracts	4	Not applicable
Non current Assets Held for Sale and Discontinued Operation	5	Not applicable
Exploration for and Evaluation of Mineral Resources	6	Not applicable
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Not applicable
Financial Instruments	9	Applied
Consolidated Financial Statements	10	Not applicable
Joint Arrangements	11	Not applicable
Disclosure of Interest in other Entities	12	Not applicable
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	Not applicable
Revenue from Contract with Customers	15	Applied
Leases	16	Applied

Name of the International Accounting Standards (IASs)	IAS No.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	Not applicable
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	Not applicable
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employees Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government	20	Not applicable
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

Separate Financial Statements	27	Applied
Investment in Associates	28	Not applicable
Interest in Joint Ventures	31	Not applicable
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	Not applicable
Agriculture	41	Not applicable

* 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 IAS/ IFRS as marked above. As such the Organization has departed from those contradictory requirements of IAS/IFRS 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) Finance Company Act, 2023
- c) Rules & regulations issued by Bangladesh Bank
- d) Securities & Exchange Rules, 1987
- e) Securities & Exchange Ordinance, 1969
- f) Securities & Exchange Act, 1993
- g) Income Tax Act, 2023
- h) Value Added Tax and Supplementary Duty Act, 2012

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		Amount in Taka	
		2022	2021
3.00	Cash		
3.01	Cash in hand		
	In local currency	86,641	70,952
	In foreign currency	-	-
		86,641	70,952
3.02	Balance with Bangladesh Bank and agent Bank (Including foreign currencies)		
	Bangladesh Bank		
	In local currency	40,249,547	59,370,991
	In foreign currencies	-	-
		40,249,547	59,370,991
	Sonali Bank Ltd.		
	Sonali Bank Ltd., (as an agent of Bangladesh Bank) - local currency	-	-
		40,249,547	59,370,991
		40,336,188	59,441,943
3.02.01	Cash reserve requirement (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): 1.5% of average demand and time liabilities		
	Required reserve	29,853,303	32,150,185
	Actual reserve held with Bangladesh Bank	40,556,231	40,187,606
	Surplus	10,702,929	8,037,421
	In reference of DFIM circular no. 03, dated: 21 June 2020 the cash reserve requirement (CRR) rate 1.5% instead of 2.5% in the period of COVID-19.		
3.02.03	Statutory liquidity requirement (SLR): 5% of Average demand and time liabilities		
	Required reserve	121,841,255	131,515,357
	Actual reserve held	206,372,646	189,642,663
	Surplus	84,531,391	58,127,306
4.00	Balance with other banks and financial institutions		
	Inside Bangladesh (Note - 4.01)	604,754,601	578,596,514
	Outside Bangladesh (Note- 4.02)	-	-
		604,754,601	578,596,514

		Amount in Taka	
		2022	2021
4.01	Inside Bangladesh		
	Fixed deposit account		
	Mutual Trust Bank Limited	295,512,595	281,598,475
	EXIM Bank Limited	-	21,937,091
	Southeast Bank Limited	23,110,246	-
	Uttara Bank Limited	108,932,459	104,960,896
	Bengal Commercial Bank Limited	32,008,020	30,264,223
	Modhumoti Bank Limited	49,765,335	47,920,931
		509,328,656	486,681,615
	Short term deposits/STD		
	Premier Bank Limited	219,377	196,918
	Mutual Trust Bank Limited	32,255,087	17,339,554
	Mercantile Bank Limited	52,725	277,636
	The City Bank Limited	1,295,237	2,519,909
	BRAC Bank Limited	782,728	584,668
	Comercial Bank of Ceylon	1,041	1,616
	Midland Bank	32,140	128,082
	United Comercial Bank Limited	378,998	1,132,528
	Prime Bank Limited	252,916	744
	Modhumoti Bank Limited	25,966	10,046,693
	NCC Bank Limited	36,120	36,896
	Shahjalal Islami Limited	649,419	1,108,521
	Southeast Bank Limited R.K. Mission Road Br.	2,958,889	1,384,865
	Pubali Bank Limited	701,615	402,786
	First Security Islami Bank Limited	1	1
	Dhaka Bank Limited	5,118	6,166
	Bengal Commercial Bank	243,165	247,315
	Standard Chartered Bank	419,035	-
	Southeast Bank Limited, Aganagar Br. SND Acc.	8,073	-
	Premier Leasing & Finance Limited	55,108,295	56,500,000
		95,425,945	91,914,898
		604,754,601	578,596,514
4.02	Outside Bangladesh (nostro accounts)	-	-
4.03	Maturity-wise groupings (inside and outside Bangladesh)		
	Payable on demand	-	-
	Up to 1(one) month	95,425,945	91,914,898
	Over 1(one) month but not more than 3 (three) months	509,328,656	486,681,615
	Over 3 (three) months but not more than 1 (one) year	-	-
	Over 1 (one) year but not more than 5 (five) years	-	-
	Over 5 (five) years	-	-
		604,754,601	578,596,514
5.00	Money at call and on short notice		
	Financial institutions	-	-
	Banks	-	-
		-	-
6.00	Investments in shares and government securities		
	Government security	-	-
	Other investments (Note- 6.01)	198,518,591	217,527,180
		198,518,591	217,527,180

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		Amount in Taka	
		2022	2021
6.01	Other investments		
	Unquoted shares	-	-
	Quoted shares	198,518,591	217,527,180
	Mutual funds	-	-
		198,518,591	217,527,180
	Details are shown in Annexure-B		
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	198,518,591	217,527,180
	Over 5 (five) years	-	-
		198,518,591	217,527,180
7.00	Loans, advances and leases		
	Leases finance (Note: 7.01.01)	1,392,469,588	1,648,140,298
	Term finance (Note: 7.01.02)	4,627,787,670	4,485,899,463
		6,020,257,258	6,134,039,761
7.01.01	Lease finance		
	Lease finance	1,698,179,285	1,990,555,701
	Add: receivable lease rental	132,422,577	173,893,195
		1,830,601,862	2,164,448,896
	Less: accumulated depreciation	438,132,274	516,308,598
	Net investment in leases	1,392,469,588	1,648,140,298
7.01.02	Term finance- net of current maturity		
	Term loan	3,856,037,560	3,777,841,417
	Receivables	771,750,110	708,058,046
		4,627,787,670	4,485,899,463
7.02	Bills purchased and discounted		
	Payable in Bangladesh	-	-
	Payable outside Bangladesh	-	-
		-	-
7.03	Maturity grouping of loans, advances and leases		
	Repayable on demand	-	-
	Up to 1(one) month	234,717,726	234,717,726
	Over 1(one) month but not more than 3 (three) months	1,005,682,563	1,085,682,563
	Over 3 (three) months but not more than 1 (one) year	2,130,050,072	2,160,050,072
	Over 1 (one) year but not more than 5 (five) years	1,978,996,450	1,982,778,952
	Over 5 (five) years	670,810,447	670,810,448
		6,020,257,258	6,134,039,761
7.04	Investments (broad categories)		
	In Bangladesh		
	General investments	6,020,257,258	6,134,039,761
	Outside Bangladesh	-	-
		6,020,257,258	6,134,039,761

		Amount in Taka	
		2022	2021
7.05	Significant concentration		
	Investments to allied concern of directors	250,002,023	152,129,008
	Investments to executives/officers	20,684,226	23,945,490
	Investments to customer groups	5,749,571,009	5,957,965,263
	Industrial investment	-	-
	Others	-	-
		6,020,257,258	6,134,039,761
7.06	Geographical location-wise break-up		
	Urban		
	Dhaka Division	5,019,202,580	5,194,290,107
	Chattogram Division	910,332,225	852,924,625
	Rajshahi Division	-	24,526,454
	Khulna Division	50,000,000	-
	Mymensingh	5,068,560	15,334,652
	Sylhet Division	35,653,893	46,963,922
		6,020,257,258	6,134,039,761
7.07	Sector wise break-up of general investments		
	Trade and commerce industry	3,489,107,419	3,871,238,970
	Garments and knitwear	105,849,366	148,047,551
	Textile	870,287,474	868,100,814
	Agriculture	921,916,714	472,719,081
	Housing	236,290,863	324,718,095
	Food production and processing industry	396,805,422	449,215,249
		6,020,257,258	6,134,039,761
7.08	Investments allowed to each customer exceeding 15% of FI's total capital		
	Total loans, advances and leases	709,462,829	992,898,364
	No. of customers	2	3
	Classified amount thereon	455,147,093	-
7.09	Particulars of lease, loans and advances		
	i) Leases and loans considered good in respect of which the company is fully secured.	2,444,591,624	2,606,776,673
	ii) Leases and loans considered good in respect of which the company is partially secured.	2,592,090,187	3,527,263,088
	iii) Loans considered good against which the company holds no security other 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.	983,575,447	-
	v) Classified loans against which no provision has been made	-	-
		6,020,257,258	6,134,039,761
	vi) Loans due from directors either separately or jointly with any other persons.	-	-
	vii) Loans due from officers either separately or jointly with any other persons.	20,684,226	23,945,489
	viii) Loans due from companies or firms in which the directors have interest as directors, partners or managing agents companies, as members.	219,084,377	185,629,008
	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.	-	-

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		Amount in Taka	
		2022	2021
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.	-	-
xi)	Due from banking companies and other financial institutions.	-	-
xii)	Classified lease, loans and advances		
	a) Classified lease, loans and advances on which interest has not been charged.	1,629,299,058	882,088,733
	b) Increase/(decrease) of specific provision.	-	-
	c) Amount of loan written off.	-	-
	d) Amount realized against loan previously written off.	5,250,000	5,250,000
	e) Provision kept against loans on the date of preparing the balance sheet.	886,272,027	405,400,000
	f) Interest credited to Interest suspense account.	1,085,516,226	934,602,883
8.00	Fixed assets including premises, furniture and fixtures		
	At cost less accumulated depreciation (Annexure-A)		
	Cost		
	Opening balance	196,254,162	195,993,164
	Addition during the year	-	317,072
	Disposal during the year	-	(56,074)
	Closing balance at cost	196,254,162	196,254,162
	Depreciation		
	Opening balance	61,481,769	54,933,764
	Addition during the year	6,114,351	6,563,260
	Adjustment on disposal during the year	-	(15,257)
	Accumulated Depreciation	67,596,119	61,481,767
	Carrying value	128,658,043	134,772,395
	Details are shown in Annexure-A		
9.00	Other assets		
	Trade receivables (Note-9.01)	18,419,444	14,575,158
	Advances (Note 9.02)	886,967,240	855,568,672
	Accrued interest income	25,039,126	35,991,612
	Receivable-govt. duties	-	127,842
	Receivable-dividend on shares	1,021,809	1,467,921
	Security deposit-telephone line	30,900	30,900
	Advance against share	-	22,037,500
		931,478,518	929,799,604
9.01	Trade receivables		
	Cheque dishonor charges	413,795	413,795
	Sale of share	8,721,230	6,588,945
	Delinquent charges	3,046,511	3,046,511
	Sundry debtors (Others)	6,237,907	4,525,907
		18,419,444	14,575,158
9.02	Advances		
	Printing & stationary	69,000	69,000
	Legal fee	17,500	17,500
	Advance income tax	886,120,740	854,772,172
	Advance against expenses	70,000	20,000
	Advance office rent (Ctg. Br.)	690,000	690,000
		886,967,240	855,568,672

		Amount in Taka	
		2022	2021
10.00	Borrowings from other Banks, Financial institutions and agents		
	Inside Bangladesh	676,199,068	872,340,497
	Outside Bangladesh	-	-
		<u>676,199,068</u>	<u>872,340,497</u>
10.01	Inside Bangladesh		
	Bank overdraft (Note-10.02)	669,805,319	635,078,694
	Long term loan (Note-10.03)	6,393,750	177,261,803
	Call loan	-	60,000,000
		<u>676,199,068</u>	<u>872,340,497</u>
10.02	Bank overdraft		
	Mutual Trust Bank Limited	338,090,477	327,000,805
	Modhumoti Bank Ltd.	136,820,736	132,424,482
	Southeast Bank Ltd.	45,768,679	39,973,019
	Uttara Bank Ltd.	102,006,839	92,027,565
	Southeast Bank Ltd. R.K. Mission Road Br.	47,118,588	43,652,823
		<u>669,805,319</u>	<u>635,078,694</u>
10.03	Long term loan		
	Bangladesh Bank (under re-finance)	6,393,750	34,457,083
	Mutual Trust Bank Limited	-	37,891,184
	Southeast Bank Ltd.	-	13,331,266
	Modhumoti Bank Ltd.	-	63,734,926
	Midland Bank Ltd.	-	15,640,478
	Shahjalal Islami Limited	-	12,206,865
		<u>6,393,750</u>	<u>177,261,803</u>
	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 9% 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	676,199,068	872,340,497
	Unsecured borrowing	-	-
		<u>676,199,068</u>	<u>872,340,497</u>
10.05	Nature of repayment		
	Repayable on demand	-	-
	Repayable within 01 month	108,525,200	146,227,508
	Repayable over 01 (one) month but within 03 (three) months	389,061,372	517,507,509
	Repayable over 03 (three) months but within 01 (one) year	158,563,340	188,556,323
	Repayable over 01 (one) year but within 05 (five) years	20,049,157	20,049,157
	Repayable over 05 (five) years	-	-
		<u>676,199,069</u>	<u>872,340,497</u>
11.00	Deposits and other accounts		
	Current deposits	-	-
	Bills payable	-	-
	Savings bank deposits		
	Term deposits	2,647,058,388	2,848,022,531
	Bearer certificates of deposit	-	-
	Other deposits	-	-
		<u>2,647,058,388</u>	<u>2,848,022,531</u>

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		Amount in Taka	
		2022	2021
11.01	Nature of repayment		
	Repayable on demand	-	-
	Repayable within 01 month	196,585,325	220,220,124
	Repayable over 01 (one) month but within 03 (three) months	687,469,354	760,420,976
	Repayable over 03 (three) months but within 01 (one) year	1,012,902,982	1,098,436,800
	Repayable over 01 (one) year but within 05 (five) years	745,685,450	768,033,741
	Repayable over 05 (five) years	4,415,277	910,890
		<u>2,647,058,388</u>	<u>2,848,022,531</u>
11.02	Deposits under schemes		
	Short term(3 months)	234,407,066	221,030,569
	Half-yearly(6 months)	410,220,216	424,817,028
	Short term(9 months)	-	-
	Yearly	1,636,150,005	1,938,406,573
	Monthly earner	50,350,000	49,256,444
	Quarterly earner	600,000	29,227,882
	Double money	123,304,141	150,514,046
	Triple money	2,000,000	-
	MDS	20,686,000	23,006,000
	MSS	12,640,961	11,763,990
	FDS	156,700,000	-
		<u>2,647,058,388</u>	<u>2,848,022,531</u>
12.00	Other liabilities		
	Interest payable on term deposits	188,726,255	230,792,318
	Accrued expenses (Note- 12.01)	6,026,047	3,527,899
	Advance receipt against leases	45,910,083	46,724,382
	Sundry TDS & VDS payable	8,214,298	7,625,677
	Sundry deposit-TDR	5,397,614	4,241,261
	Sundry creditors	3,299,890	1,986,513
	Dividend payable	208,217	208,217
	Provision for taxation (Note-12.02)	970,428,314	900,136,997
	Interest suspense on loans & lease finance (Note-12.03)	1,085,516,226	934,602,883
	Provision for lease, loans and advances (Note-12.04)	886,272,027	405,400,000
	Other provision	5,730,000	5,730,000
	Provision for investment in stocks	18,500,000	18,500,000
	Lease liability on office rent (Note-12.06)	646,628	2,103,440
	Lease rental advance	29,576,552	38,049,242
		<u>3,254,452,152</u>	<u>2,599,628,829</u>
12.01	Accrued expenses		
	Gratuity payable	5,606,297	3,108,149
	Audit fees payable	287,500	287,500
	Others payable	132,250	132,250
		<u>6,026,047</u>	<u>3,527,899</u>
12.02	Provision for taxation		
	Current tax (Note-12.2.01)	946,191,582	876,007,462
	Deferred tax (Note-12.02.02)	24,236,731	24,129,534
		<u>970,428,314</u>	<u>900,136,997</u>
12.02.01	Current tax		
	Balance as at 01 January	876,007,462	854,675,462
	Provision for the year	70,184,120	21,332,000
	Income tax expenses during the year	70,184,120	21,332,000
	Income tax adjustment for prior year	-	-
		<u>946,191,582</u>	<u>876,007,462</u>

		Amount in Taka	
		2022	2021
12.02.02	Deferred tax		
	Balance as at 01 January	24,129,534	24,001,642
	Provision for the year	107,197	127,892
		24,236,731	24,129,534
	Adjusted during the year	-	-
		24,236,731	24,129,534
	Taxable temporary difference		
	Carrying value of depreciable fixed assets	128,080,427	132,808,497
	TAX base value	(61,882,301)	(69,376,513)
		66,198,126	63,431,985
	Taxable temporary difference		
	Book value of gratuity payable	(5,606,297)	(3,108,149)
	Net taxable temporary differences	60,591,829	60,323,836
	Applicable tax rate	40%	40%
	Deferred tax liabilities	24,236,731	24,129,534
	Closing deferred tax liabilities (excluding gratuity fund)	24,236,731	24,129,534
	Opening deferred tax liabilities	24,129,534	24,001,642
	Deferred tax expenses for the year	107,197	127,892
12.03	Interest suspense on loans & lease finance		
	Balance as on 1 January	934,602,883	646,709,431
	Add: addition during the period	150,913,343	287,893,452
	Less: amount of interest suspense recovered	-	-
	Less: write off during the year	-	-
		1,085,516,226	934,602,883
12.04	Provision for loans, advances and leases		
	Opening balance	405,400,000	320,000,000
	Add: provision required during the year	544,283,452	85,400,000
		949,683,452	405,400,000
	Less: deferral provision for next three years 2023-2025	43,609,237	-
	Provision addition during the year 2022	906,074,215	405,400,000
	Less: adjustment during the year	19,802,188	-
	Closing balance	886,272,027	405,400,000
	Provision required at the end of the year	886,272,027	405,400,000
	Provision maintained at the end of the year	886,272,027	405,400,000
	Provision surplus/(shortfall)	-	-
	As per BB DIFM Letter DFIM(C)1054/9/2022-2423 Date.29/08/2022 NFL has deferred the required provision for Unilliance Textile (TL12014 & TL20015), S.M. Steel Re Rolling Mill Ltd. (TL14114), Dr. Sirajul Islam Medical College & Hospital Ltd. (TL15414) and M. Brothers & Communication Co. Ltd (TL15714) equally for 5 years from 2021 to 2025.		
	Break down for deferral provision		
	Provision required	144,329,000	144,329,000
	Provision maintained	100,719,763	86,183,351
	Deferral provision	43,609,237	58,145,649
	Remaining provision for next three years 2023-2025	82,943,000	82,943,000
	Less: maintained upto the year	39,333,763	24,797,351
	Remaining provision for next three years 2023-2025	43,609,237	58,145,649
	Break down of provision:		
	General provision	24,617,359	31,923,684
	Special provision as per DFIM Circular No. 33, dated december 19, 2021	6,989,865	24,860,620
	Specific provision	854,664,803	348,615,696
		886,272,027	405,400,000

		Amount in Taka	
		2022	2021
12.05	Provision against loans, leases and investments		
	Loan/ Lease Provision adjusted during the year	500,674,215	85,400,000
	Less: Investment Provision made during the year	-	50,000,000
	Provision against loans, leases and investments during the year	500,674,215	35,400,000

The above amount of provision against loans, leases and Investments has been come from off-setting the amount of provision against loan lease and provision against investment.

12.06 Lease liabilities on office rent derived from present value of all rental payments for our Ctg. branch. when measuring lease liabilities, National Finance Ltd. discounted lease payments using its incremental borrowing rate (9%).

13.00 Capital

Authorised capital

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

	No. of Shares		
Ordinary shares of Tk. 10 each issued for cash	96,000,000	960,000,000	960,000,000
Bonus shares of Tk. 10 each issued for 2010	4,000,000	40,000,000	40,000,000
Bonus shares of Tk. 10 each issued for 2013	7,000,000	70,000,000	70,000,000
Bonus shares of Tk. 10 each issued for 2014	8,560,000	85,600,000	85,600,000
Bonus shares of Tk. 10 each issued for 2015	10,400,400	104,004,000	104,004,000
Bonus shares of Tk. 10 each issued for 2016	6,298,020	62,980,200	62,980,200
Bonus shares of Tk. 10 each issued for 2017	7,935,505	79,355,050	79,355,050
Bonus shares of Tk. 10 each issued for 2018	7,009,696	70,096,960	70,096,960
	147,203,621	1,472,036,210	1,472,036,210

13.02 Particulars of fully paid-up share capital

	2022 No. of shares	2021 No. of shares	2022 (%)	2021 (%)
Sponsor	147,203,621	147,203,621	100	100
Institutions	-	-	-	-
General public	-	-	-	-
	147,203,621	147,203,621	100	100

13.03 Shareholding position as at 31 december 2022

Sl. No.	Name of Shareholders	No. Shares	Amount	Percentage(%)
1	Mr. Md. Abdul Mannan Bhuiyan	4,050,432	40,504,320	2.75%
2	Mr. Saiful Kibria	21,056,408	210,564,080	14.30%
3	Mrs. Rozina Y. Kabir	15,392,095	153,920,950	10.46%
4	Mrs. Roushan Akter	3,980,464	39,804,640	2.70%
5	Mr. Maruf Akter Mannan	4,121,701	41,217,010	2.80%
6	Mr. Sharif Zahir	7,403,836	74,038,360	5.03%
7	Mr. Inamul Haq Khan	4,101,079	41,010,790	2.79%
8	Mr. Humayun Kabir	6,032,355	60,323,550	4.10%
9	M/s. Overseas Marketing Corp.(Pvt.) Ltd.	3,319,177	33,191,770	2.25%
10	Mr. Asif Zahir	4,459,766	44,597,660	3.03%
11	KABCO Pharmaceuticals Inc., USA	37,073,752	370,737,520	25.19%
12	Ms. Fahima Mannan	3,837,641	38,376,410	2.61%
13	Mr. Abu M. Shamsul Kabir	3,079,128	30,791,280	2.09%
14	Mr. Ridwan Zahir Khan	3,476,689	34,766,890	2.36%
15	Mrs. Meher Kabir	145,178	1,451,780	0.10%
16	Mr. Rizwan Mannan	3,832,500	38,325,000	2.60%
17	Ms. Maisha Farizma Khan	3,544,358	35,443,580	2.41%

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		Amount in Taka		
		2022	2021	
18	Ms. Arifa Kabir	4,200,000	42,000,000	2.85%
19	Ms. Fariha Nazah Kabir	5,435,012	54,350,120	3.69%
20	Ms. Nabiha Sabah Kabir	5,435,012	54,350,120	3.69%
21	Mrs. Momtaz Begum	2,717,506	27,175,060	1.85%
22	Mr. Abu Mohammad Mazharul Kabir	113,229	1,132,290	0.08%
23	Mr. Abu Md.Humayun Kabir	113,229	1,132,290	0.08%
24	Mr. Abu Nurul Kabir	113,229	1,132,290	0.08%
25	Mrs. Bilkis Jahangir	56,615	566,150	0.04%
26	Mrs. Akter Mst.Monju	56,615	566,150	0.04%
27	Mrs. Ferdous Akter	56,615	566,150	0.04%
Total		147,203,621	1,472,036,210	100%

Amount in Taka	
2022	2021

13.04 Capital adequacy ratio

This disclosure is comply with DFIM circular I4/2011 under the para 7.4 a of "prudential guidelines on capital adequacy market discipline for financial institutions"

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

Tier-1 (core capital)

Paid-up capital	1,472,036,210	1,472,036,210
Statutory reserve	176,263,617	176,263,617
General reserve	-	-
Other reserve	-	-
Retained surplus	(302,006,236)	85,885,712
	1,346,293,591	1,734,185,539

Tier-2 (supplementary capital)

General provision maintained against unclassified loans	886,272,027	405,400,000
Other reserves	-	-
	886,272,027	405,400,000

Total capital held (Tier 1 + Tier 2)

	2,232,565,618	2,139,585,538
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Total risk weighted assets (note 13.05)

	4,867,800,000	5,454,100,000
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Required capital

	1,000,000,000	1,000,000,000
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(10% of risk-weighted assets or Tk. 100.00 Core whichever is higher)

Total capital held

	2,232,565,618	2,139,585,538
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Capital adequacy ratio	45.86	39.23
Core capital	27.66	31.80
Supplementary capital	18.21	7.43

Minimum capital adequacy ratio requirement as per Bangladesh Bank guideline is 10% on RWA.

Gross risk-weighted assets (RWA) of 2022 in the various categories of risk weights are detailed below :

13.05 Total risk weighted assets

(a) Risk weights for credit risk	4,173,600,000	4,769,800,000
(b) Risk weights for market risk	360,400,000	398,600,000
(c) Risk weights for perational risk	333,800,000	285,700,000
Total risk weighted assets (a+b+c)	4,867,800,000	5,454,100,000

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	Amount in Taka	
	2022	2021
14.00 Retained earnings		
Opening balance	85,885,713	76,456,610
Add: Net profit for the year	(387,891,948)	11,786,378
	(302,006,236)	88,242,988
Less: Transfer to statutory reserve	-	2,357,276
Less: Bonus shares issued /dividend paid	-	-
	(302,006,236)	85,885,713
15.00 Statutory reserve		
Opening balance	176,263,617	173,906,341
Add: Profit transferred to statutory reserve @ 20% for the year	-	2,357,276
	176,263,617	176,263,617
16.00 Interest income		
Leases	139,417,440	144,688,991
Term finance	304,888,500	320,452,373
	444,305,940	465,141,364
17.00 Interest paid on deposits & borrowings		
Interest on borrowing from banks	52,867,354	65,583,977
Interest on term deposits	213,702,812	302,321,821
Interest on lease liability	130,189	255,128
	266,700,355	368,160,926
18.00 Investment income		
Dividend income	6,115,701	3,659,910
Gain on sale of share	6,385,725	20,065,597
	12,501,426	23,725,507
19.00 Other operating income		
Service charges	2,381,529	1,708,806
Delinquent charges	56,627,737	27,227,774
Other income	13,549,768	6,596,993
NFL employee's provident fund forfeiture account	560,690	588,117
On fixed and short term deposits with Banks & FI's	42,005,865	24,160,763
	115,125,589	60,282,453
20.00 Salaries and allowances		
Salaries	71,497,044	64,434,055
Bonus	5,891,663	4,995,219
Gratuity	2,498,148	3,108,149
Leave encashment	1,427,062	2,011,453
	81,313,917	74,548,876
21.00 Rent, taxes, insurance, electricity, etc.		
Insurance premium	2,011,584	2,312,875
Utilities	2,667,591	2,759,252
Car lease rental	5,677,896	5,677,896
Office rent	-	-
	10,357,071	10,750,023

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		Amount in Taka	
		2022	2021
22.00	Legal & professional fees		
	Legal & professional fees	631,757	811,645
		<u>631,757</u>	<u>811,645</u>
23.00	Postage, stamp, telecommunication etc.		
	Postage & courier	99,645	49,784
	Stamp charges	582,547	620,177
	Telephone bill	1,251,369	1,203,187
		<u>1,933,561</u>	<u>1,873,148</u>
24.00	Stationery, printing, advertisement		
	Printing & stationery	1,021,167	667,287
	Advertisement	142,497	134,545
		<u>1,163,664</u>	<u>801,832</u>
25.00	Managing director's salary & allowance		
	Salary & allowances	7,740,000	5,526,839
	Bonus	900,000	450,000
		<u>8,640,000</u>	<u>5,976,839</u>
26.00	Directors' fees	560,000	728,000
		<u>560,000</u>	<u>728,000</u>
27.00	Auditors' fees	287,500	287,500
		<u>287,500</u>	<u>287,500</u>
28.00	Repairs, maintenance, depreciation and amortization		
	Depreciation	6,114,351	6,563,260
	Loss on sale of fixed assets	-	34,317
		<u>6,114,351</u>	<u>6,597,577</u>
29.00	Other expenses		
	Travel & conveyance	1,200,074	714,721
	Fuel expenses	4,417,118	3,725,413
	Entertainment	2,122,253	1,743,487
	Business development	75,911	165,750
	Casual labor, security & cleaners	1,477,869	1,819,753
	Subscription fee	500,000	200,000
	Donation	98,251	364,031
	Periodicals	15,688	4,140
	Training	-	31,250
	Bank charge & excise duty	1,250,031	1,063,142
	Business commission	-	135,000
		<u>11,157,195</u>	<u>9,966,687</u>

		Amount in Taka	
		2022	2021
30.00	Closing cash and cash-equivalents		
	Cash in hand (local currency)	86,641	70,952
	Balance with Bangladesh Bank	40,249,547	59,370,991
	Balance with other Banks and financial institutions	604,754,601	578,596,514
		<u>645,090,789</u>	<u>638,038,457</u>
31.00	Earning per share(EPS)		
	Net profit after tax	(387,891,948)	11,786,378
	Number of ordinary shares outstanding	147,203,621	147,203,621
	Earning per share (EPS)	<u>(2.64)</u>	<u>0.08</u>
	Earning per share has been calculated in accordance with IAS-33 "Earning per share".		
32.00	Net asset value (NAV) per share		
	Total assets	7,924,003,199	8,054,177,396
	Total liabilities	(6,577,709,608)	(6,319,991,857)
	Net asset value (NAV)	<u>1,346,293,591</u>	<u>1,734,185,539</u>
	Number of ordinary shares outstanding	147,203,621	147,203,621
	Net asset value (NAV) per share	<u>9.15</u>	<u>11.78</u>
33.00	Net operating cash flow per share(re-arranged)		
	Cash flow from operating activities as per Statement of cash flows	<u>184,185,171</u>	<u>53,930,117</u>
	Number of Ordinary Shares outstanding	147,203,621	147,203,621
	Net operating cash flow-per share	<u>1.25</u>	<u>0.37</u>

34.00 Salaries/perquisites to MD,directors & officers

The aggregate amounts paid/provided during the year in respect of managing director,directors and officers of the company as defined in the securities and exchange rules ,1987 are disclosed below:

Particulars	MD	Directors	Officers
Board meeting fees	-	560,000	-
Remuneration/salaries & allowance	7,200,000	-	68,653,859
Bonus	900,000	-	5,891,663
Company's contribution to provident fund	540,000	-	6,768,395

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 71 number of employees in the company (2021: 70 employees)

37.00 Board meeting and directors' remuneration

In the year 2022, 06 (Six) board meetings were held. each director was paid Tk 8,000 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-C**.

Amount in Taka	
2022	2021

38.00 The company had no receivable from the directors on 31.12.2022.

39.00 Appropriation during the year

In accordance with IAS 1 "presentation of financial statements", 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-D**.

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-E.

45.00 Income tax status shown in Annexure -F.

46.00 Financial highlights shown in Annexure -G.




Md. Abdul Mannan Bhuiyan
Chairman



Inamul Haq Khan
Vice Chairman



Irteza Ahmed Khan
Managing Director



Md. Kamal Uddin
In-charge Finance & Accounts

National Finance Limited
Schedule of Fixed Asset
For the year ended 31 December 2022

Amount in BDT

Particulars	COST				Rate (%)	DEPRECIATION				Written down value as at 31.12.2022	Written down value as at 31.12.2021
	Balance as at 01.01.2022	Addition during the Year	Sales/ Adjustment	Balance as at 31.12.2022		Balance as at 01.01.2022	Charged during the Year	Adjustment	Balance as at 31.12.2022		
A. Tangible Assets											
Furniture & Fixtures	12,058,306	-	-	12,058,306	10%	6,281,519	577,679	-	6,859,198	5,199,108	5,776,787
Office Equipment	8,661,680	-	-	8,661,680	20%	6,710,383	390,259	-	7,100,642	1,561,038	1,951,297
Telephone and Fax	622,358	-	-	622,358	10%	343,747	27,861	-	371,608	250,750	278,611
Office Decoration	18,113,159	-	-	18,113,159	10%	9,901,473	821,169	-	10,722,641	7,390,518	8,211,686
Computer	12,359,778	-	-	12,359,778	25%	9,841,080	629,675	-	10,470,755	1,889,024	2,518,698
Office Premises(UTC)	45,543,955	-	-	45,543,955	2%	8,926,979	732,340	-	9,659,319	35,884,636	36,616,976
Office Premises(Confidence centre)	94,089,458	-	-	94,089,458	2%	16,635,016	1,549,089	-	18,184,105	75,905,353	77,454,442
Total Tangible Assets (A)	191,448,694	-	-	191,448,694		58,640,197	4,728,071	-	63,368,267	128,080,427	132,808,497
B. Lease Hold Assets											
Right to use of Asset	4,805,468	-	-	4,805,468		2,841,572	1,386,280	-	4,227,852	577,616	1,963,896
Total Lease Hold Assets (B):	4,805,468	-	-	4,805,468		2,841,572	1,386,280	-	4,227,852	577,616	1,963,896
Total 2022 (A+B):	196,254,162	-	-	196,254,162		61,481,769	6,114,351	-	67,596,119	128,658,043	134,772,394

National Finance Limited
Details of investment in shares
as at December 31, 2022

Unquoted shares:

Amount in BDT

Name of the Company	No. of share	Cost per share	Cost price	NAV per share		Gain/(loss)
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Quoted shares:

Name of the Company	No. of share	Cost per share	Cost price	Mkt. Price per share	Total value	Gain/(loss)
ACTIVEFINE	100,000	30.09	3,008,550	19.30	1,930,000	(1,078,550)
APOLOISPAT	357,304	17.32	6,189,142	8.20	2,929,893	(3,259,250)
BARKAPOWER	243,639	34.80	8,477,673	21.30	5,189,511	(3,288,163)
GHAIL	198,000	24.43	4,836,702	17.50	3,465,000	(1,371,702)
MIDASFIN	70,119	32.96	2,310,929	12.90	904,535	(1,406,394)
CITYBANK	391,791	42.54	16,666,969	21.80	8,541,044	(8,125,925)
DESCO	135,000	57.74	7,794,890	36.60	4,941,000	(2,853,890)
IDLC	118,616	80.81	9,585,426	46.50	5,515,644	(4,069,782)
ISLAMIBANK	250,000	44.48	11,119,183	33.00	8,250,000	(2,869,183)
LANKABAFIN	457,143	41.49	18,968,693	26.00	11,885,718	(7,082,975)
LHBL	557,790	80.14	44,698,753	64.80	36,144,792	(8,553,961)
MERCANBANK	289,021	18.52	5,352,723	13.60	3,930,686	(1,422,038)
SOUTHEASTB	202,272	16.19	3,274,305	13.80	2,791,354	(482,951)
SQURPHARMA	60,107	236.54	14,646,766	209.80	12,610,449	(2,036,317)
OLYMPIC	32,000	227.41	7,276,968	124.00	3,968,000	(3,308,968)
SONALILIFE	17	10.00	170	59.60	1,013	843
ACTIVEFINE	1,000	28.67	28,672	19.30	19,300	(9,372)
BARKAPOWER	10,500	29.09	305,491	21.30	223,650	(81,841)
IFADAUTOS	77,416	74.41	5,760,786	44.10	3,414,046	(2,346,740)
AAMRANET	1,168,650	21.39	25,000,000	51.40	60,068,610	35,068,610
BPML	1,037	138.76	143,891	75.60	78,397	(65,494)
RINGSHINE	131,995	7.62	1,005,300	9.80	1,293,551	288,251
UNIONBANK	197,863	10.00	1,978,630	9.30	1,840,126	(138,504)
ICICI	8,798	10.00	87,980	28.10	247,224	159,244
Total			198,518,591		180,183,541	(18,335,050)
Total Provision required						(18,335,050)
Total Provision maintained						18,500,000
Excess/(Shortfall)						164,950

**National Finance Limited
Directors Meeting & Attendance
As at 31 December 2022**

Name of the Directors	No. of Meeting held during his/her tenure	Meeting Attended	%
Mr. Md. Abdul Mannan Bhuiyan	6	6	100%
Mr. Inamul Haq Khan	6	6	100%
Mr. Saiful Kibria	5	4	80%
Mrs. Rozina Y. Kabir	6	5	83%
Mr. Maruf Akter Mannan	6	6	100%
Mrs. Roushan Akter	6	6	100%
Ms. Fahima Mannan	6	5	83%
Mr. Asif Zahir	6	4	67%
Ms. Arifa Kabir	6	5	83%
Mr. Yawer Sayeed (Independent Director)	6	4	67%

National Finance Limited
Particulars of Related Parties Transaction
Directors and their interest in the FI and different entities
As at 31 December 2022

Sl. No.	Particulars	Name of the Related Party	Relationship	Sanction	Recovery During 2022	Balance Amount
1	LS08319	Bengal Windsor Thermoplastics Ltd.	Mr. Humayun Kabir, who is Director of Bengal Windsor Thermoplastics Ltd., is spouse of Ms. Arifa Kabir, Director of NFL	158,313,140	-	141,394,521
2	LS08334	Bengal Media Corporation Ltd.	Mr. Humayun Kabir, who is Director of Bengal Media Corporation Ltd., is spouse of Ms. Arifa Kabir, Director of NFL	17,000,000	-	17,000,000
3	LS08353	Bengal Media Corporation Ltd. Employees Provident Fund	Mr. Humayun Kabir, who is Director of Bengal Media Corporation Ltd., is spouse of Ms. Arifa Kabir, Director of NFL	33,500,000	-	54,189,856
4	LS08359	Bengal Media Corporation Ltd.	Mr. Humayun Kabir, who is Director of Bengal Media Corporation Ltd., is spouse of Ms. Arifa Kabir, Director of NFL	6,500,000	-	6,500,000
Total						219,084,377

**National Finance Limited
Statement of Directors' Involvement in other Companies
As at 31st December 2022**

Name of Director	Position in NFL	Involvement in other Companies	Position
Mr. Md. Abdul Mannan Bhuiyan	Chairman	OMC Limited	Managing Director
		OMC HealthCare (Pvt) Ltd.	Chairman
		OTS (Pvt) Ltd.	Chairman
		OMC Footwear Limited	Chairman
		OMC Holdings Limited	Chairman
		Lab Quest Limited	Chairman
		OMC Steel Limited	Chairman
		Intellect Holdings Limited	Chairman
		Dawn Engineering & Technical Supplies	Proprietor
Mr. Inamul Haq Khan	Vice Chairman	Ananta Garments Ltd.	Managing Director
		Ananta Sportswear Ltd	Managing Director
		Ananta Jeanswear Ltd.	Managing Director
		Confidence Industries Ltd.	Chairman
		Paradise Washing Plan Ltd.	Managing Director
		Thread & Thread Industries Ltd.	Managing Director
		Tunic Fashions Ltd.	Managing Director
		Ananta Leather Collections Ltd.	Managing Director
		ABM Fashions Ltd.	Managing Director
Mrs. Roushan Akter	Director	OMC Limited	Director
		OMC Health Care (Pvt) Ltd.	Director
		OTS (Pvt) Ltd.	Director
		OMC Holding Limited	Director
		OMC Footwear Limited	Director
		OMC Steel Limited	Director
		Global Instruments Supply Co.	Proprietor
Mr. Maruf Akter Mannan	Director	OMC HealthCare (Pvt) Ltd.	Director
		OTS (Pvt) Ltd.	Managing Director
		Intellect Technologies (Pvt) Ltd.	Managing Director
		OMC Footwear Limited	Managing Director
		OMC Holding Limited	Managing Director
		Athena International Ltd.	Chairman
		OMC Steel Limited	Director
		Lab Quest Limited	Lab Quest Limited
		Intellect Holdings Limited	Managing Director
Millennium Syndicates	Proprietor		
Ms. Fahima Mannan	Director	OMC HealthCare (Pvt) Ltd.	Director
		OMC Footwear Limited	Director
		OMC Holding Limited	Director
		OMC Steel Limited	Director
		Intellect Technologies (Pvt) Ltd.	Director
Mr. Saiful Kibria	Director	Not involved in any other company incorporated in Bangladesh except National Finance Ltd.	
Alternative Director: Mr. A.M.M. Jahangir Alam			
Mrs. Rozina Y. Kabir	Director	Not involved in any other company incorporated in Bangladesh except National Finance Ltd.	
Alternative Director: Mr. Khaja Abu Musa			

Name of Director	Position in NFL	Involvement in other Companies	Position
Ms. Arifa Kabir	Director	Not holding Director Position in any other Company.	
Mr. Asif Zahir	Director	Ananta Apparels Ltd.	Director
		Ananta Properties Ltd.	Director
		Ananta Energy Resources Ltd.	Director
		Vanguard Power Generation Ltd.	Director
		Ananta Group Ltd.	Director
		Ananta Knitwear Ltd.	Nominee Director
		Ananta Developments Ltd.	Director
		Zero Gravity Ventures Ltd.	Nominee Director (Managing Director)
		Fast Fleet Logistics Ltd.	Nominee Director
		Universal Menswear Ltd.	Nominee Director
		Ananta Huaxiang Ltd.	Nominee Director
		Ananta Hotels & Resorts Limited	Director
		Z & Z Intimates Limited	Nominee Director (Chairman)
		Ananta Real Estate Limited	Director
		Ananta Clothing Limited	Director
		Creative Vision Ltd.	Director
		Sindabad.com Ltd.	Managing Director
		Kiksha.com Ltd.	Managing Director
Z & Z Lingeri Ltd.	Director		

National Finance Ltd.
TIN-673166997674
Tax Status
As on 31 December 2022

Income Year	Assessment year	Tax Provision (as per Accounts)	Tax Assessed by Tax Authority	Level of Assessment	Remarks
2018	2019-2020	100,000,000	115,449,710	DCT	Will be pay by installment.
2019	2020-2021	16,500,000	34,958,086	Appeal	Appeal filed at the level of Before The Commissioner of Taxes.
2020	2021-2022	24,000,000	-	-	Return filed under 82BB.
2021	2022-2023	21,332,000	-	-	Return filed under 82BB.
2022	2023-2024	70,242,686	-	-	Return not yet due for submission.

**National Finance Limited
Overall Performance Highlights
As at 31 December 2022**

SL	Particulars	Amount in Taka	
		2022	2021
1	Paid- up Capital	1,472,036,210	1,472,036,210
2	Share holders equity	1,346,293,591	1,734,185,539
3	Total Assets	7,924,003,199	8,054,177,396
4	Total Deposits	2,647,058,388	2,848,022,531
5	Total Loans & Advances	6,020,257,258	6,134,039,761
6	Loan Deposit Ratio (%)	128.93	109.68
7	Operating Profit	183,073,584	68,646,270
8	Profit after Tax	(387,891,948)	11,786,378
9	Return on Investment(ROI) [PAT/(Shareholders' equity + Borrowings)]	(19.18)	0.45
10	Return on Assets (ROA)	(4.90)	0.15
11	Interest Earning Assets	6,823,530,450	6,930,163,455
12	Other Assets	931,478,518	929,799,604
13	Earnings per Share (EPS)	(2.64)	0.08
14	Net Asste value (NAV) per share	9.15	11.78
15	Net Operating Cash Flow(NOCF) per share	1.25	0.37