

CONTINUOUS PROGRESSION



ANNUAL REPORT | 2023



STRATEGIC
FINANCE &
INVESTMENTS
LIMITED IS NOW

**SFIL
FINANCE
PLC.**

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At A Glance

| | |
|---------------------------------------|---|
| Type of Company | Public Limited Company |
| Type of Business | Financial Institution |
| Key Business Segments | Retail Financing SME Financing Corporate Financing & Advisory Deposits & Savings |
| Company Incorporation Number | C-160166/2020 |
| Date of Incorporation | March 09, 2020 |
| Bangladesh Bank License Number | DFIM (L) /41 |
| Number of Branch | 02 |
| Address of Head Office | Finance Square, Level: 15 Holding No-22/A, Road No-102 & 103 Gulshan-2, Dhaka-1212, Bangladesh |
| Address of Principal Branch | Rangs RL Square, Level: 13 201/1 Kha, Bir Uttam Rafiqul Islam Avenue Progoti Shoroni, Dhaka-1212, Bangladesh |
| Telephone | +88 09612223322 |
| Email Address | info@sfilbd.com |
| Web Address | www.sfilbd.com |
| Auditor | Howladar Yunus & Co. Chartered Accountants Member firm of Grant Thornton International Ltd. |
| Key Banking Partners | Standard Chartered Bank Eastern Bank PLC. Premier Bank PLC. Padma Bank PLC. NRB Bank PLC. Standard Bank PLC. Export Import Bank of Bangladesh PLC. Southeast Bank PLC. |
| Credit Rating Company | Emerging Credit Rating Limited |
| Legal Advisers | Barrister Chowdhury Mokimuddin Barrister Shakhawat Hossain |
| Tax Advisers | Adil & Associates Snehasish Mahmud & Co. |
| Subsidiary | SFIL Securities Limited (DSE & CSE TREC Holder) |
| Wing/Division | SFIL Islamic Finance Wing |

November 07, 2024

NOTICE OF HOLDING OF THE 4TH ANNUAL GENERAL MEETING

Notice is hereby given that to all the Shareholders of SFIL Finance PLC. that the 4th Annual General Meeting (AGM) of the company to be held on Sunday, November 24, 2024 at 3:00 PM through physical and virtual (Zoom) presence in the Head Office to transact the following business. Zoom Link is as below:

Zoom link: <https://us06web.zoom.us/j/82543742935?pwd=STWFiQ1zb7JxhSbsn8lhDzsZa2O7FU.1>

Meeting ID: 825 4374 2935

Passcode: 504247

AGENDA

- | | | |
|-------------------|---|---|
| AGMA-04-01 | : | To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2023; |
| AGMA-04-02 | : | To approve dividends out of the profits for the year ended December 31, 2023; |
| AGMA-04-03 | : | To elect the directors who are retiring in terms of relevant provision of the Articles of Association of the Company; |
| AGMA-04-04 | : | To appoint Auditors and to fix their remuneration for the year ended December 31, 2024; |
| AGMA-04-05 | : | To transact any other business with the permission of the Chairman. |

Your attendance in the meeting will be highly appreciated.

By the order of the Board



Tanvir Mahmud
Company Secretary

Notes:

- The record date was fixed on November 24, 2024 (Sunday). The shareholders, whose name will appear in the Share Register of the company at the close of business on the record date, will be eligible to attend the meeting and get dividend.
- The Board of Directors has recommended no dividend.

Financial and Operational Performance 2023

SFIL Finance PLC. Financial Highlights (Consolidated)

BDT in million

| Financial Performance | 2023 | 2022 |
|----------------------------|-------|-------|
| Cash and cash-equivalents | 1,821 | 2,873 |
| Investments | 1,740 | 1,479 |
| Leases, loans and advances | 1,385 | 1,221 |
| Total assets | 5,312 | 5,888 |
| Total deposit balance | 3,832 | 4,572 |
| Total Shareholders' Equity | 1,132 | 1,115 |

SFIL Finance PLC. Operational Highlights (Consolidated)

BDT in million

| Operational Performance | 2023 | 2022 |
|-------------------------------|------|------|
| Gross Operating income | 514 | 528 |
| Financial expenses | 363 | 370 |
| Operating expenses | 107 | 107 |
| Profit before provision & tax | 44 | 50 |
| Profit before tax | 41 | 47 |
| Net profit after tax | 16 | 21 |

ABOUT SFIL

SFIL Finance PLC. is a full-service Bangladesh Bank licensed multi-product financial institution. SFIL's shareholding comprises 96% institutional investments which exerts a key strength in terms of Operation, Internal Control & Compliance, and Corporate Governance. A significant portion of its institutional shareholdings is from renowned foreign fund managers from the Canada and USA. This foreign collaboration helps SFIL to attract foreign funds in both equity and debt form into Bangladesh. Moreover, the foreign collaboration also allows us to bring international best practices into the company.

We are committed to extending the complete array of industry-leading products and services including lending in Corporate, SME, Retail, Term Deposit, Saving Schemes, and Corporate Advisory. Our focus areas for investments are Infrastructure, Manufacturing, SMEs, Cluster-based financial inclusion, Retail, Exports, Green projects, Agro, Emerging industries, Technology, and Innovation. We are passionate about constant improvement and innovation.

SFIL Islamic has introduced products and services as per Shariah guideline of Bangladesh Bank to meet the requirements of customers. We are providing attractive profit margin with contemporary product to our valuable client through Islamic Finance wing. SFIL Islamic Wing is governed and supervised by independent and experienced Shariah Committee. The Shariah Supervisory Committee members are well known Islamic Scholar, researcher, educationist and pioneer in Islamic Banking industry in Bangladesh. The financial products and services are fully compliant by the Shariah laws and regulations and guideline of Bangladesh Bank.

SFIL Securities Limited (SFILSL) is a 99.99% owned subsidiary of SFIL Finance PLC. SFILSL obtained DSE, CSE, Stock broker, Stock Dealer and DP License from BSEC. SFILSL is extending share sale and buy services to its clients. The company started its trading activities on April 28, 2022. As a newly established brokerage we are focusing on building a strong client base to increase income from trading commissions- the main source of income of brokerage firms.

We are passionate about constant improvement and innovation. SFIL is committed to delivering sustainable performance and superior service. We continuously build long-term and mutually beneficial partnerships through a Bond of Transparency.

OUR CSR INITIATIVES



To ensure access of clean and safe drinking water, SFIL Finance PLC. has donated in coastal area of Bangladesh to established a tubewell.



'Prime Minister's Education Assistance Trust' is a Bangladesh government trust fund under the Ministry of Education responsible for providing scholarships to underprivileged students based on merit. SFIL Finance PLC. has donated to the 'Prime Minister's Education Assistance Trust' to support the education of underprivileged students.



SFIL Finance PLC. has donated to National Institution of Burn & Plastic Surgery to ensure the better medical treatment for the underprivileged patients of "National Institution of Burn & Plastic Surgery".



To protect the winter effected underprivileged people of the country, SFIL Finance PLC. has donated blankets to "The Zakat Welfare Foundation" for distributing the blankets to the winter affected peoples of Bangladesh.

CORPORATE HIGHLIGHTS



SFIL participated in the Hyundai campaign held in the playground of Biddhaniketon School & College.

Corporate agreement signed with Bangladesh Specialized Hospital to extend exclusive treatment services for the clients & staffs.



Corporate agreement signed with E-zone.

Honorable DMD Mr. Tamim Marzan Huda is delivering speech in the Fair Technology.



Employee Engagements



Majestic ceremony was organized on the occasion of SFIL 3rd Year Anniversary.



Deposit Campaign Award 2023



Performance Recognition & Promotion 2023



Eid Celebration 2023

VISION

To be the most preferred financial partner in our chosen markets excelling in customer service with transparency and smart use of technology.

MISSION

We seek to help our customers achieve their financial goals and dreams through: Personal Connections, Simple Solutions and Lifetime Relationships.



OUR CORE S.T.A.R. VALUES

Treating Fairly with Respect

We commit to provide a safe working environment which offers diversity, inclusion and free from any discrimination and harassment.



Service Excellence

Fundamental to our values would be the safeguard of our customers and treating their needs fairly.



Accountability

We value the ability to our staff and organization to honor our commitments to clients and to each other.



Responsive

We are responsive to our clients and demonstrate exemplary effectiveness with our approach to enhance their perception of us.



CONVENTIONAL SERVICES

- Savings & Deposits
- Retail Finance
- SME Finance
- Corporate Finance
- Corporate Advisory

ISLAMIC SERVICES

- Mudarabah Savings & Term Deposit
- Hire Purchase Under Shirkatul Meelk (HPSM)
- Bai-Murabaha
- Bai Muajjal



CONVENTIONAL SERVICES

Savings & Deposits

Savings

- Monthly Savings schemes
- Millionaire scheme

Regular Earner Deposits

- Monthly income earner
- Quarterly income earner

Term Deposits

- Flexible term deposits
- Cumulative term deposits
- Annual income term deposit
- Easy deposits
- Profit first
- Double money / Triple money

Retail Finance

Car Loans

- Brand new
- Reconditioned
- Employee car loan scheme

Personal Loans

- Marriage loan
- Emergency medical loan
- Travel loan
- Education loan

Home Loans

- Apartment purchase loan
- House purchase loan
- Home equity loan
- Construction extension loan
- Group construction loan
- Commercial purchase loan
- Affordable home construction loan
- Semi pakka construction loan

SME Finance

- Term loan
- Lease finance
- Working capital finance
- Women entrepreneur loan
- Supplier finance

- Seasonal loan
- Short-term loan
- Commercial vehicle loan
- Startup loan
- Commercial housing loan

Corporate Finance

- Term loan
- Lease finance
- Working capital finance
- Sale & lease back
- Preferred equity finance
- Club finance

- Bridge finance
- Access to special fund
- Agency & trustee
- Private placement of equity
- Project finance
- Syndicated finance

Corporate Advisory

- Debt finance
- Equity finance
- Issuance of bond
- Merger acquisition

- Preference shares
- Project feasibility and
- Business plan
- Alternative Business Solution

ISLAMIC SERVICES

Mudarabah Savings & Term Deposit

- Mudaraba Term Deposits (MTD)
- Mudaraba Hajj Savings Scheme (MHSS)
- Mudaraba Children Education Savings Scheme (MCESS)
- Mudaraba Medical Emergency Savings Scheme (MMESS)
- Mudaraba Travel Plan Savings Scheme (MTPS)

Hire Purchase under Shirkatul Meelk (HPSM)

- SFIL Islamic Apartment Purchase Finance
- SFIL Islamic House Construction Finance
- SFIL Islamic Vehicle Purchase Finance
- SFIL Islamic Machineries Purchase Finance
- SFIL Islamic Doctors Investment

Bai-Murabaha

- Business Expansion Investment
- Agricultural Investment
- Women Entrepreneurs Investment
- Small Business Investment
- Working Capital Investment

Bai-Muajjal

- Business Expansion Investment
- Agricultural Investment
- Women Entrepreneurs Investment
- Small Business Investment
- Working Capital Investment

SHAREHOLDING COMPOSITION

| Name of Shareholders: | Percentage (%) | No. of Shares | Amount in BDT |
|--|----------------|--------------------|----------------------|
| A. Local Shareholders: | | | |
| Individual Sponsors | | | |
| Ms. Anjuman Ara Shahid | 2% | 2,111,500 | 21,115,000 |
| Mr. Raheeb Safwan Sarafat Chowdhury | 2% | 2,111,500 | 21,115,000 |
| | 4% | 4,223,000 | 42,230,000 |
| Institutional Sponsors | | | |
| Strategic Finance Limited | 20% | 21,115,000 | 211,150,000 |
| Padma Bank Securities Ltd. | 20% | 21,115,000 | 211,150,000 |
| Strategic Equity Management Ltd. | 6% | 6,334,500 | 63,345,000 |
| | 46% | 48,564,500 | 485,645,000 |
| Total Local Share Capital | 50% | 52,787,500 | 527,875,000 |
| B. Foreign Shareholders: | | | |
| Institutional Sponsors | | | |
| Canadian Maple Strategic Wealth Management LP. | 48% | 50,676,000 | 506,760,000 |
| Statisticker Inc. | 2% | 2,111,500 | 21,115,000 |
| Total Foreign Share Capital | 50% | 52,787,500 | 527,875,000 |
| Total Shareholdings (A+B) | 100% | 105,575,000 | 1,055,750,000 |

INSTITUTIONAL SHAREHOLDING DETAILS



Canadian Maple Strategic Wealth Management LP

Canadian Maple Strategic Wealth Management LP, Limited Partnership based in Ontario, Canada. The firm actively invests in international capital markets, money markets, and private equity.



Padma Bank Securities Limited

Padma Bank Securities Limited is a stock brokerage licensed under Bangladesh Securities and Exchange Commission (BSEC). The company is a member of Dhaka Stock Exchange PLC. and Chittagong Stock Exchange PLC.



Strategic Equity Management Limited

Strategic Equity Management Limited (SEML) is an Asset Management Company under the license of Bangladesh Securities and Exchange Commission (BSEC). A highly capable professionals came together to form the core team of SEML.



Strategic Finance Limited

Strategic Finance Limited started its journey as full-fledged merchant Bank licensed from Bangladesh Securities and Exchange Commission in 2018. Strategic Finance Limited (SFL) is strive to develop an unparalleled understanding of its clients and the markets, and offer best-in-class, solutions to its clients. Solid shareholder base and highly experienced team enable SFL to capitalized on the growing demand for Investment Banking and provide a "Signature of Excellence".



Statisticker Inc.

Statisticker, Inc.

Statisticker, Inc., based in New York, is a wealth management and corporate advisory firm specializing in managing capital for corporations and high-net-worth individuals. The organization is led by a team of seasoned financial professionals with extensive experience from the Wall Street.

DIRECTORS PROFILE



EHSANUL KABIR

Chairman & Nominated Director
Strategic Equity Management Ltd. (SEML)

Mr. Ehsanul Kabir is the MD & CEO of Strategic Equity Management Limited (SEML). He is highly experienced and seasoned professional with expertise in Capital Market and Investment Banking. He is the representative Director of SEML, a renowned Asset Management Company operate under the license from Bangladesh Securities and Exchange Commission (BSEC).

ARIF KHAN FCMA, CFA Independent Director

Mr. Arif Khan, FCMA, CFA, MBA has been appointed as Independent Director in SFIL Finance PLC. Arif Khan has been working in the financial services sector for more than thirty (30) years and is currently engaged in fund management business.



RIADUZZAMAN RIDOY, FCCA, ACA Nominated Director Padma Bank Securities Ltd. (PBSL)

Mr. Riaduzzaman Ridoy is the Managing Director and TREC Holder Representative at Padma Bank Securities Ltd.

MD. SHORIFUL ISLAM

Chairman of Executive Committee &
Nominated Director, Strategic Finance Limited

Mr. Md. Shoriful Islam serves as a nominated director from Strategic Finance Limited at the SFIL Finance PLC. (SFIL) Board. As a certified Public Accountant (CPA) and an MBA graduate majoring in finance and banking, he combines his technical proficiency with a strong educational background.



WILLIAM H. DERRENGER

Nominated Director
Canadian Maple Strategic Wealth Management LP.

Mr. William H. Derrenger is the nominated director of Canadian Maple Strategic Wealth Management LP.

**ZAHID HOSSAIN**

Nominated Director
Statisticker, Inc.



Mr. Zahid Hossain is the nominated director of Statisticker, Inc. New York, USA. He was a renowned government bureaucrat and served government of Bangladesh for many years.

MD. RIDHWANUL HAQ, Ph.D

Independent Director

Mr. Md. Ridhwanul Haq, Ph.D., has been appointed as an Independent Director on the Board of SFIL Finance PLC. He is a Professor at the Institute of Business Administration (IBA) at Dhaka University.

**MASHIUR RAHMAN**

Independent Director
Chairman, Audit Committee



Mr. Mashiur Rahman has been appointed as an Independent Director in the Board of SFIL Finance PLC. Mr. Rahman has completed his B.Sc & M.Sc Engineering from Bangladesh University of Engineering & Technology (BUET).

ANUPAM HAYAT PUNAM

Independent Director

Mr. Anupam Hayat Punam has been appointed as an Independent Director on the Board of SFIL Finance PLC.





Dr. Mohammad Manzur-e-Elahi
Chairman

Dr. Mohammad Manzur-e-Elahi is a researcher, educationist, Islamic scholar and writer at the same time well-known media personality. He is known nationally and internationally through Islamic research, propagation of Islam and discussions on TV/YouTube channels. He continues to serve as an Associate Professor in the Department of Islamic Studies at the National University.

Dr. Mohammad Manzur-e-Elahi has completed his Bachelor's, Master's and PhD degree from the Faculty of Shari'ah of The Islamic University of Madinah. He is also associated with Shariah Committee of different Islamic banks in Bangladesh.

He has established different Islamic institutions with the aim of spreading pure knowledge and education of Islam.

Mawlana Mufti Dr. Mohd. Haroon Rashid
Member

Mawlana Mufti Dr. Mohd. Haroon Rashid is a researcher, educationist, Islamic scholar and writer. Currently he is a Director of Bangla Academy and working with Bangla Academy since 1995. Mawlana Mufti Dr. Mohd. Haroon Rashid has completed his PhD and Graduation from Department of Arabic and Islamic Studies, Aligarh Muslim University, India. He is also visiting professor of Southeast University, International Islamic University, Asian University of Bangladesh and Bangladesh Islami University.



Dr. A.K.M Muhibbullah
Member

Dr. A.K.M Muhibbullah is a researcher, educationist, Islamic scholar and writer. He has completed his PhD and Graduation from Department of Arabic and Islamic Studies, Aligarh Muslim University, India.

MANAGEMENT PROFILE



Asit Kumar Chakravorty
Managing Director and CEO

Mr. Asit Kumar Chakravorty is the Managing Director and CEO of SFIL Finance PLC. Prior to joining in SFIL, he was the Chief Executive Officer at ICB Capital Management Limited and General Manager at Investment Corporation of Bangladesh which is a state-owned Financial Institution of Government of the People's Republic of Bangladesh. During his tenure in ICB, he served in different key positions and gained comprehensive understanding on Investment, Credit, Underwriting and regulatory compliance.

Mr. Chakravorty completed the graduation and post-graduation in Statistics and MBA in Banking from University of Dhaka. He further honed his expertise by completing the Banking Diploma from the Institute of Bankers, Bangladesh (IBB). His professional career is decorated with numerous awards and notable professional accreditation.

Tamim Marzan Huda
Deputy Managing Director

Tamim Marzan Huda is the Deputy Managing Director at SFIL since 2020, Tamim has a career span of more than 23 years and served in various Banks and Financial Institutions including Standard Chartered Bank, ICB Islamic Bank and Argus Credit Rating Services Limited. During his career, he served in various senior level positions and gained a comprehensive understanding and expertise in underwriting Loans and Credit, Process reengineering, Strategic Planning, Control and compliance etc. He Obtained MBA degree from East West University and also attended many International Seminars and Training Programs at home and abroad.



MD. MONIRUZZAMAN
EVP, Credit Risk Management

Md. Moniruzzaman, Executive Vice President (EVP) presently works as Head of Credit Risk Management department of SFIL Finance PLC since May 2021. Prior to his current role, he was the Senior Vice President at SFIL. Before joining, he served The Premier Bank Limited, Banani. Mr. Moniruzzaman is a seasoned professional banker who brings in 20 years of experience in Banking Sector.

Mr. Moniruzzaman completed his B.Com (Hons.) and M.Com from Dhaka University. During his professional career, he attended various training, workshops on Risk Management & Asset Liability Management.

MOHAMMAD RAZIBUZZAMAN KHAN
VP & Deputy CFO

Mohammad Razibuzzaman Khan started his career at SFIL Finance PLC. in 2020. He has extensive competencies and experiences in Strategic Planning & Forecasting, Process design and Productivity improvement, Financial Governance & Modelling, Financial Reporting & Financial Management, Treasury Management, and Company Secretarial work. He obtained his Master's degree in Accounting. He also completed the Chartered Accountancy Professional Stage (Application Level) from The Institute of Chartered Accountants of Bangladesh (ICAB). During his professional career, he has various training exposure from various renowned institutions.



LEADERSHIP TEAM



Imran Parvez

Head of Operations &
Islamic Finance Division



Md. Monirul Hasan

First Assistant Vice President
Legal Division



Hasan Ahmed Imran

Branch Manager



Mohammad Ismail Hossain

Head of ICC Department



Tanvir Mahmud

Company Secretary



Md. Motaleb Hossain

In-Charge,
SME & Emerging Corporate



Khandakar Muhitur Rahman

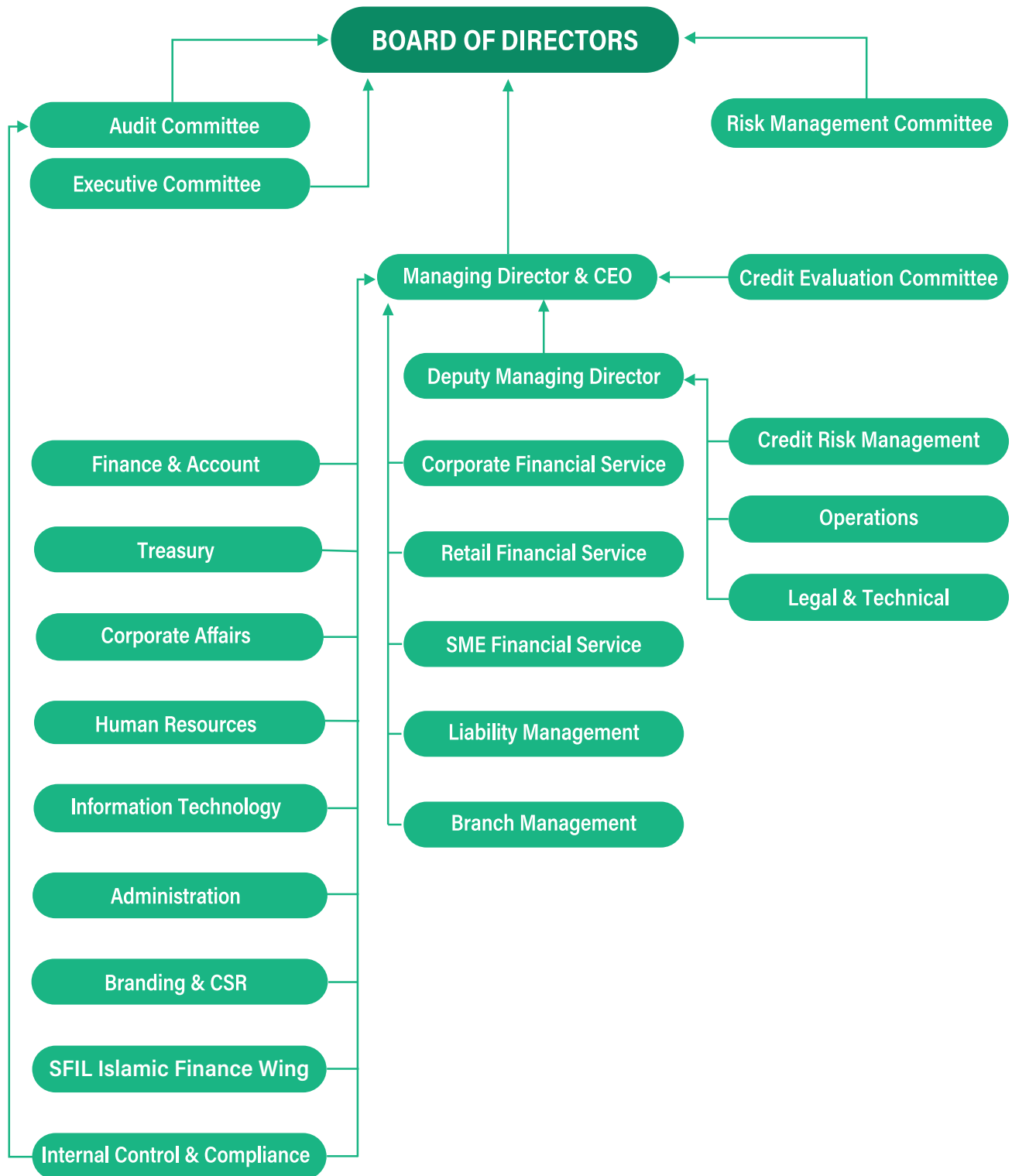
Head of Retail-Liability



Md. Sabbir Islam

Assistant Vice President
Information Technology (IT)

CORPORATE ORGANOGRAM





STATEMENT FROM The Managing Director & CEO

In 2023, Bangladesh's economic performance showcased a mix of growth and challenges. The country's nominal GDP reached approximately USD 431 billion, with a GDP per capita of USD 2,528. The real GDP growth rate for the year was estimated at around 6%, continuing the trend of robust economic growth despite a deceleration to 3.8% year-on-year in the fourth quarter, mainly due to strikes in the garment sector and diminished growth in services.

The agriculture sector, contributing 11.2% to GDP, saw a slowdown in growth to 2.61% from the previous year's 3.05%. The industrial sector, which includes the pivotal textile and garment industry, experienced a decrease in growth from 9.86% to 8.18%. The services sector, accounting for over half of the GDP, remained strong, supported by advancements in telecommunications and IT.

Inflation remained a significant issue, averaging 9.0% in 2023, driven by global supply chain disruptions and domestic economic factors. In terms of trade, Bangladesh improved its position in the World Bank's Logistics Performance Index, rising 12 places to 88th out of 139 countries, indicating better efficiency in customs and international shipments. Exports and remittances also saw positive trends, contributing to economic stability despite a persistent trade deficit.

Financial institutions (FIs) have continued to face a rising trend in non-performing loans and loan loss provisioning due to poor governance and major irregularities. Bad loans influenced the sector's performance to the point that it was in its worst condition in a decade last year, according to the financial stability report of the Bangladesh Bank.

Highlights of 2023

SFIL has secured a solid performance in all the key performance indicators. SFIL earned "Long Term: A+ and for Short Term: ST-2" Credit Rating status by Emerging Credit Rating Limited (ECRL) which symbolize its resiliency. We have also improved our brand equity and visibility. The company was meticulously focused in all key areas starting from better recruitment, policy and process implementation, managing risks, revenue, capital adequacy, quality portfolio growth, and liquidity.

Portfolio: Our asset portfolio has increased by 13.36% compared to BDT 1,221.36 million in 2022. To build the portfolio, SME & Corporate accounts contributed significantly. Along with our SME & Corporate portfolio, Retail Finance portfolio has also increased from last year.

Credit Quality and NPL: Though the Central Bank has relaxed the loan provisioning criteria but without considering the criteria, our asset quality remains very good considering the regular payment performance of our customers. Our intense focus on quality loans has driven the Company to achieve an NPL ratio of 0.53% at the end of 2023. We prioritize cash flow and goodwill of the borrowing companies when approving loans. Our thrust for diversifying our portfolio as well as strengthening our monitoring has remained very much on. And,

in the coming days, “No compromise in quality” would be the guiding principle to manage credit portfolio of the Company.

Liquidity Management: The Capital Adequacy Ratio (CAR) for the year 2023 stood at 25.05%, exemplifying that we are well above Bangladesh Bank’s requirements for a minimum 10% CAR and outlining the fact that the Company has been able to weather any storm as it already has in such bleak times for the past few years.

Fund under Management (FUM): During 2023, our Funds Under Management (FUM) decreased from BDT 10,096 million to BDT 8,773 million. This decline was primarily attributed to institutional deposit withdrawal pressures, a key factor influenced by market conditions. Despite this temporary challenge, we successfully demonstrated our commitment to prioritizing client needs and maintaining operational resilience. Our proactive approach to adapting to evolving market dynamics underscores our ability to manage changes effectively while continuing to deliver value for our stakeholders.

Communal Engagement: As a part of our CSR program SFIL took some initiatives by donating PM Education Assistance Trust, National Institute of Burn & Plastic Surgery, distribute blankets to the winter affected people and set up a tube well in coastal area of Bangladesh.

Sectoral Exposure: SFIL has increased exposure in MFI to help out the marginal people and under privilege people. The end user of the loans are marginal farmers, woman entrepreneurs, small business and others. After pandemic, these group of people need more financial assistance.

SFIL Strategies for changing economic scenario and onward: The year 2024 is expected to be challenging taking into consideration growing demand of prudent liquidity management, revised regulatory framework, and socio-political agenda. Our strategy is to continue the business that we do well. Better management of BS, P&L and our exposure through rigorous monitoring & follow ups and diversification of portfolio are our main priorities. Our focus will be to structure and build up a strong team, deploy performance management, simplify operational process, strengthen operation control and improve efficiency & productivity of existing resources.

Technology Development: Technological leadership is an absolute necessity for the delivery of value to all our stakeholders amidst rapidly changing life styles and paradigms. We are committed to place superior technology platform at the forefront of our delivery channels and operations. For core financial solutions, SFIL will implement a proven technology platform to better serve our processes and purposes. Our endeavor to continuously upgrade our technology platform to bring efficiency to its operations and ensure continuous customer satisfaction.

Human Resources Management: Many factors contribute to being successful in business. Having a sound strategy, having a marketable product or service, and having efficient processes are all important. But it falls to the people within the organization to actually execute on the strategies, plans, and processes to make a business successful. We believe that our investments in People Development are keys to sustainable growth. We invest on our people for continuous training, development and retention of critical resources.

Service First Policy: We value our customers, both internal and external, and are committed to offer best-in-class service experience. This is our philosophy to win the heart of our customers. Our focus has always been to understand customers’ perspectives and develop service and products accordingly.

Brand Positioning: SFIL has successfully gained the trust of the people which is our great achievement. We are continuously improving our Customer Relationship Management to increase operational efficiency. In our pursuit to emerge as the most passionate brand in financial industry, we maintained strong visible presence in social, print, and electronic media through various campaigns, sponsorships, promotions and other events through-out the year.

Besides many, the key priorities for 2024 are enumerated below:

- Introduce new Products and Services
- Concerted marketing efforts to acquire low-cost deposits from individuals and institutions
- Taking benefit of the technology platform and to manage business efficiently

- Shifting focus from Corporate to Retail Finance & SME
- Integrated market communication (IMC) to promote SFIL brand, develop and retain the critical people
- Increase shareholders return on investments
- Staff training & development
- Staff engagement
- Continue of CSR activities
- Conduct financial literacy program
- Onboard Islamic Finance System

By ensuring unrelenting focus on our valued clients, we enter 2024 with a new hope, with a sense of anticipation. Our commitment to build a "better tomorrow" is reflected in our financial results and underpins our investments for the future — in our organization growth potential as well as in our communities as we strive to foster a more inclusive, sustainable economy.

Acknowledgements:

I would like to acknowledge and thank the Chairman and all the members of the Board of Directors for their valuable support, guidance and input to the management in our endeavors. I also thank the Bangladesh Bank, Bangladesh Securities & Exchange Commission, external auditors and other regulatory authorities for their time-to-time prudent support and guidance. Thank our external stakeholders for their continued willingness to partner with SFIL in its long-term growth journey. By looking after our customers, and building on the strong foundations we have created through the pandemic, we will in return continue to create value for shareholders. We want to assure to everyone that our resilience will take us ahead, and we will be able to overcome the challenging economic climate and be able to create value for all our stakeholders.

In the end, I convey sincere gratitude and appreciation to our valued shareholders, directors, clients, bankers, depositors, lenders, business partners, regulators, service providers and other stakeholders for their continued patronage and support and cooperation. Also I acknowledge our employees for their hard work, dedication and commitment.

At SFIL, we look forward to your continued support and goodwill as we march ahead in our quest for resilient growth. I wish you peace, prosperity and good health.

Sincerely,



Asit Kumar Chakravorty

Managing Director & CEO

DIRECTORS' REPORT TO THE SHAREHOLDERS OF SFIL FINANCE PLC.

Dear Shareholders,

The Board of Directors of SFIL Finance PLC. cordially welcome you in the 4th Annual General Meeting of the Company.

On behalf of the Board of Director of SFIL, I have the pleasure in presenting the Directors' Report on the operational and financial activities of your Company, audited financial statements for the year ended December 31st, 2023; the auditor's report together with company's performance which includes reports on business strategy review, risk management, corporate governance, financial and operational highlights for your consideration, approval and adoption. This report has been prepared in accordance with the Companies Act, 1994, Finance Company Act, 2023 and the guidelines issued by Bangladesh Bank and other relevant regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors in its 70th Board Meeting held on June 09, 2024.

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine all weigh heavily on the outlook.

ECONOMIC OUTLOOK

World Economic Outlook

The 2023 World Economic Outlook (WEO) by the International Monetary Fund (IMF) provides a comprehensive analysis of the global economic landscape, detailing projections and key economic issues. Here are the main points from the report.

Global Growth and Divergences

Global Growth: The IMF projects global growth to slow from 3.5% in 2022 to 3.0% in 2023 and 2024. This is a modest improvement over previous forecasts, reflecting resilience in early 2023 but remains below historical trends (2000-2019 average of 3.8%).

Regional Divergences: Advanced economies are expected to see significant slowdowns, with growth declining from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024. Emerging markets and developing economies will see a slight decline in growth from 4.1% in 2022 to 4.0% in both 2023 and 2024.

Inflation

Global Inflation: Inflation is projected to decline from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, driven by tighter monetary policies and lower international commodity prices. Core inflation (excluding volatile food and energy prices) is expected to decline more gradually (IMF).

Policy Responses

Monetary Policy: Central banks are advised to maintain restrictive monetary policies until there are clear signs of sustained disinflation. Clear communication and a commitment to reducing inflation are critical to managing inflation expectations and minimizing the cost to output.

Fiscal Policy: Governments are encouraged to rebuild fiscal buffers while ensuring targeted support for vulnerable populations. Structural reforms to enhance supply-side efficiency can facilitate fiscal consolidation and support the disinflation.

Risks and Uncertainties

Downside Risks: Potential risks include persistent high inflation, further tightening of monetary policies, financial market volatility, and slower growth in China. Geoeconomic fragmentation and climate-related disruptions could also undermine global growth.

Mitigating Risks: Decisive actions by authorities to contain banking sector turmoil in the US and Switzerland have reduced immediate financial stability risks. However, the balance of risks remains tilted to the downside.

Sectoral and Regional Analysis

Advanced Economies: Growth in advanced economies is slowing due to higher interest rates and reduced fiscal support. The US, Euro area, and other advanced economies face varying degrees of economic challenges, with policy responses tailored to domestic conditions.

Emerging Markets and Developing Economies: These economies show resilience but face headwinds from global financial conditions and slower external demand. Specific regions, such as sub-Saharan Africa and Latin America, face unique challenges and opportunities.

Long-Term Challenges

Medium-Term Prospects: Medium-term growth prospects have declined, with potential output growth projected to be lower than pre-pandemic trends. Structural reforms and investments in human capital and infrastructure are essential to boost long-term growth.

Global Cooperation: Strengthening global cooperation on climate policies, international trade, and debt restructuring is critical to addressing common challenges and supporting sustainable growth.

BANGLADESH ECONOMY

In 2023, Bangladesh's economy faced a range of challenges and opportunities, reflecting a complex economic environment influenced by both domestic and global factors.

Economic Growth and Performance

GDP Growth:

Bangladesh's GDP growth for FY2023 was projected at 5.3%, a reduction from previous years. This slowdown was primarily due to subdued domestic demand and weaker export performance, influenced by slow global growth following the Russian invasion of Ukraine and other global economic uncertainties.

Inflation: Inflation accelerated significantly in 2023, expected to reach 8.7%, up from 6.2% in FY2022. This increase was driven by rising global prices and domestic cost pressures, including higher energy prices and supply chain disruptions.

Current Account Deficit:

The current account deficit was anticipated to narrow from 4.1% of GDP in FY2022 to 1.6% of GDP in FY2023. This improvement was due to reduced import demand and growth in remittances.

Key Challenges and Risks

Financial Sector Vulnerabilities:

The financial sector in Bangladesh continued to face significant vulnerabilities, including issues of non-performing loans and the need for deeper financial sector reforms.

External Pressures:

The economy was pressured by global economic uncertainties, including geopolitical tensions and potential economic slowdowns in key export markets.

Reforms and Development Strategies

Public Financial Management:

Strengthening public financial management and enhancing domestic resource mobilization were highlighted as critical areas for sustaining economic growth and stability.

Energy Sector and Sustainability:

Accelerating the expansion of domestic renewable energy sources was emphasized to reduce dependence on fossil fuels and enhance resilience against global energy market volatility.

Structural Reforms:

The government continued to focus on structural reforms, including improving the competitiveness of the private sector, promoting job creation, and managing fiscal policies to address revenue shortfalls and public investment challenges.

Outlook and Projections

Looking ahead, Bangladesh is expected to navigate through these challenges by implementing key reforms and leveraging its strengths. The medium-term growth prospects remain positive, with projections of GDP growth at 6.1% in 2024 and 6.6% in 2025, contingent on global economic conditions and successful implementation of domestic reforms.

SFIL's Performance Snapshot

The year 2023 was fourth year for SFIL to create its strong foothold in the FI fraternity with reasonable growth on its core business operations while setting its backbone and team structure to cater the service needs of its different client base. In the backdrop of low credit appetite, mounting pressure on constant deposit withdrawal, lack of confidence of depositors in banks and FIs and decreasing lending rate, SFIL demonstrated high resilience in achieving its key performance indicators. The loan portfolio stood as high as BDT 1,385 million which is 13% higher than the last year. SFIL has successfully built a quality asset book with 0.53% classified loan ratio. On the other hand, SFIL maintained the deposit portfolio consists of both institutional (Banks & Corporate) and individual clients of BDT 3,868 million in 2023 against BDT 4,572 million in 2022 despite huge withdrawal pressure especially from institutional depositors throughout the year. SFIL earned after tax net profit of BDT 24.32 million in 2023 against BDT 34.04 million in 2022. Profit was significantly impacted in 2023 due to many uncontrollable factors which include but not limited to Bangladesh Bank's lending rate cap of 11% p.a. for FIs with effect from July 1, 2022, absence of return from Capital Market Investments, provision for the unrealized loss in investments in shares, shrinking Net Interest Margin (NIM), increasing cost of borrowed fund, increase of the balance of Non-Interest Earning Assets etc. Return on Equity stands at 2.11% at the end of December 31, 2023.

SFIL has received the license for opening its Islamic Finance Wing from Bangladesh Bank in 2022 and accordingly launched the Islamic Wing operation.

The overall performance outlines our resilience, strength and capabilities to deliver a sustainable growth ensuring growing returns to our shareholders and stakeholders.

Business & Operational Activities

SFIL has emerged as a multi-product financial service provider having major focus in Retail Financing, Corporate Financing, SME Financing, Factoring & Work Order Financing, Corporate Advisory Services and Deposit products. It provides a high standard of professional and personalized services to its diverse set of clients maintaining strict compliance and highest ethical standards. The Company's strategy is to build up a well-diversified credit portfolio across different sectors to manage risk prudently. As of 2023, the credit portfolio represents of 75.63% Corporate Finance, 5.95% SME Finance and 18.41% Consumer Finance respectively.

PERFORMANCE HIGHLIGHTS

Financial Performance

2023

(BDT in Million)

Leases, loans and advances

1,385

Total assets

5,362

Total deposit balance

3,868

Total Shareholders' Equity

1,151

Operational Performance

2023

(BDT in Million)

Gross Operating income

511

Financial expenses

364

Operating expenses

95

Operating Profit

51

Profit before tax

48

Net profit after tax

24

Financial Ratios

2023

| | |
|------------------------------------|-------|
| Gross Profit Ratio (%) | 28.68 |
| Operating Profit Ratio (%) | 10.01 |
| Capital Adequacy Ratio (%) | 25.05 |
| Return on total assets (%) | 0.45 |
| Return on shareholders' equity (%) | 2.11 |
| Earnings per share (BDT) | 0.23 |

Equity Statistics

2023

| | |
|---------------------------------------|-------------|
| Authorized Capital (BDT in Million) | 2,500 |
| Paid-up Capital (BDT in Million) | 1,056 |
| Shareholders' equity (BDT in Million) | 1,151 |
| Number of shares outstanding | 105,575,000 |
| Net asset value per share (BDT) | 10.90 |

During the year 2023, lease, loan and advances of SFIL was BDT 1,384.58 million. Due to the severe impact of Political instability on life, livelihood, business and global economy, the Board and the management took a conscious decision to ensure quality balance sheet growth. However, SFIL plans to continue its sustainable growth once business environment of the country is normalized.

SFIL operates through three major segments in lending business: Corporate, Retail & SME. The classified loan ratio was 0.53% during the year 2023.

Total deposit was BDT 3,867.70 million at the end of 2023. This was made possible by strong efforts of the management team and liability team as well as attractive deposit products. The Company launched innovative campaigns focusing on deposit mobilization during the year.

Operating profit in 2023 amounted to BDT 51.14 million. Interest Income and Income from Treasury played a vital role to attain this operating profit. Profit before tax was amounted to BDT 47.94 million. The company secured profit after tax amounted to BDT 24.32 million during the year 2023. Besides, there was 0.77 million suspense during the period. However, the company has sufficient provision against portfolio and income tax. NAV stood at BDT 10.90 at the end of year 2023 against 10.67 of last year.

Funding

Credit Lines from Government Bank are conventional source of funding for the newly established FI but we have initiated a number of steps during the year 2023 to create visibility & promote SFIL as a licensed deposit taking FI. Our treasury team demonstrated outstanding performance in managing liquidity and keeping the cost of fund low. Continued emphasis was placed to onboard to get cheaper sources of deposits from Individual and Institutions. As of 2023, deposit balance represents of 65.41% from Bank & FI, 19.57% from Corporate and 15.02% from Individuals. The Company maintained its average cost of fund to the level of 8.45% for the year end 2023.

Asset Quality

During the year 2023, the lending portfolio grew at a steady rate during the period, asset quality was successfully maintained. Vigorous follow up and monitoring of client's loan account performance paid off in managing 0.53% NPL at the end of 2023.

Human Resources Management

We have been moderately successful in attracting talents during the period and made a blended mix of quality human capital with dynamism, agility and experience. Our talents have built up the foundations and confidence for organic growth as we continue to proceed ahead to embark upon new challenges. SFIL strongly believes that its human resources are its most precious assets and recognizes them as building blocks for the Company to perform sustainably. SFIL continues to develop and implement proper human resource policies to motivate its employees and ensures their optimum contribution towards the achievement of common goals. As our resources represent a significant competitive edge, the Company continues its policy of recruiting the best professionals and implementing diverse training and motivational programs to develop and retain high-quality, performance-oriented personnel.

SFIL's Contribution to the Society

The Company is strictly committed to contribute for the economic and social development of the country. Besides our core activities, we give utmost priority to increase the standard of living condition of our clients and our employees and directly contribute to the exchequer in the form of various tax, excise duty and VAT during the year. Details are given later in this report in Statement of Contribution to Government Exchequer section.

Risk Management & Control Environment

High quality management of risk is one of SFIL's hallmarks and thus a priority in its activity. It has combined prudence in risk management with use of advanced risk management techniques, which have proven to be decisive in generating recurrent and balanced earnings and creating shareholder value. The activity of risks is governed by the following principles, which are aligned with SFIL's strategy and business model and take into account the recommendations of the supervisory bodies, regulators and the market's best practices.

These are:

- A culture of risks integrated throughout the organization. It embraces a series of attitudes, values, skills and ways of acting toward risks that are integrated into all processes, including taking decisions on change management and strategic and business planning.
- Independence of the risk function, covering all risks and providing an adequate separation between the risk generating units and those responsible for its control and supervision, and having the sufficient authority and direct access to the management and governance bodies which are responsible for setting and supervising the risk strategy and policies.

- Comprehensive approach to all risks as the objective for adequate management and control of them, including risks directly as well as indirectly originated but which can affect it. It is vital to have the capacity to draw up an all-comprehensive view of the risks assumed, understand the relations between them and facilitate their overall assessment, without detriment to the differences of nature, degree of evolution and real possibilities of management and control of each type of risk, adapting the organization, processes, reports and tools to the features of each one.

SFIL has different risk management team to manage and control all types of risks (i.e. Credit risk, concentration risk, market risk, operation risk, liquidity risk, market risk, compliance risk, reputation risk, environment and social risk, related party exposure risk, competition risk, Legal risk, ICT risk, Strategic risk etc.) prudently. The committees are as follows:

- Credit Evaluation Committee (CEC)
- Credit Risk Management Committee (CRM)
- Asset & Liability Management Committee (ALCO)
- Central Compliance Unit (CCU)
- Risk Management Forum
- Internal Control Committee
- HR & Compensation Committee
- Corporate Governance Committee
- National Integrity Strategy (NIS) Committee
- Women Help Desk
- ICT Risk Management Committee

We are committed to manage the risks and ensure delivery of service to our stakeholders maintaining effective Risk Management System which pays off between risk and return.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Bangladesh and the Bangladesh Securities and Exchange Commission has adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Details about going concern assessment of SFIL is presented in Assessment report on the Going Concern Status of SFIL Finance PLC. later in this report.

Credit Rating

Emerging Credit Rating Limited (ECRL) has assigned A+ (Pronounced as "A Plus") long term credit rating and ST-2 short term credit rating to SFIL Finance PLC. based on audited financial statements for the year of 2023 and other available information up to the date of rating declaration. The outlook on the rating is Stable.

The rating reflects the strengths of the Company which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

Corporate and Financial Reporting Framework

Financial Statements have been prepared in conformity with the requirements of the International Financial Reporting Standards (IFRSs), the Companies Act, 1994, Finance Company Act, 2023 and amendments thereto, Bangladesh Bank's Guidelines and Corporate Governance Code.

Senior Management

Disclosure of all senior management personnel have been accounted in this Report.

Related Party Transactions

Disclosure of all related party transactions, including basis for such transactions, has been provided in the Notes 37 to the Financial Statements.

Insider Trading

The members of the Board of SFIL, or its sub-committee, or its senior management and their family members did not involve in any insider trading and did not violate the provision with regard to insider trading.

Directors Meeting and Remuneration

During the year of 2023, Nineteen (19) Board of Directors' Meetings were held. All meeting fulfilled the quorum of required directors. The Board has two sub-committee: Executive Committee (0 meeting held in 2023) and Audit Committee (4 meetings held in 2023).

Appointment / Re-appointment of Directors

As per the Companies Act, 1994 and also as per Article No. 125 of Articles of Associations of SFIL Finance PLC, at the First Annual General Meeting of the Company, all of the Directors shall retire from office. At the Annual General Meetings in every subsequent year one-third of the Directors for the time being or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office who shall however be eligible for re-election.

Furthermore, Article 126 & 127 of Articles of SFIL also states that the directors to retire by rotation every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those who are to retire shall, unless they otherwise agree among themselves, be determined by lottery. A retiring director shall be eligible for re-election in 4th Annual General Meeting and they seek re-appointment.

Status of Compliance & Corporate Governance

Details are given in the next section of the report in Statement of Directors' Responsibility for Corporate Governance.

Statutory Auditors

On the basis of the proposal of the Board's Audit Committee, the Board in its 76th meeting held on November 5, 2024 recommended the shareholders to appoint Arun & Company, Chartered Accountants as the Auditors of SFIL for the year ended December 31, 2024 with a fee of BDT 150,000 (excluding Tax and VAT). SFIL will take approval from Bangladesh Bank to appoint Arun & Company, Chartered Accountants until completion of conclusion of the 5th AGM. As far as the Directors are aware, the Auditors do not have any relationship with or interest with the Company that in their judgments, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Bangladesh (ICAB), applicable on the date of this report. The Auditors, Arun & Company, Chartered Accountants have expressed their willingness to conduct audit of the Company. They come up for appointment at the Annual General Meeting, with the recommendation of the Audit Committee and the Board of Directors. In accordance with the Companies Act, a resolution proposing the appointment of Arun & Company, Chartered Accountants as Auditors is being proposed at the 4th Annual General Meeting.

Internal Control System

The Directors of the Company have taken reasonable steps open to them to safeguard the assets of the Company and to prevent and detect frauds and any other irregularities. For this purpose, the Directors have instituted effective and comprehensive systems of internal controls for identifying, recording, evaluating and managing the risks faced by the Company throughout the year and it is being regularly reviewed by the Board of Directors. This comprises internal reviews, internal audit and the whole system of financial and other controls required to carry on the operations in an orderly manner, safeguard the assets, prevent and detect frauds and other irregularities and secure, as far as practicable, the accuracy and reliability of the records.

Dividend

Considering the overall environment of financial market and current financial strength of the Company, the Directors recommended that 0% cash dividend and 0% stock dividend to be paid for the year ended December 31st, 2023. The dividend is subject to approval of the shareholders at the 4th Annual General Meeting.

Acknowledgements

The Board of Directors would take this opportunity to express their profound gratitude and extend appreciation to our valued shareholders, directors, clients, bankers, depositors, lenders, business partners, regulators, service providers and other stakeholders for their continued patronage and support and cooperation.

The Board offers it's sincere thanks to the Bangladesh Bank, Bangladesh Security Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Ministry of Finance and other Government authorities for their support and cooperation.

I would also like to thank to the employees of SFIL for their dedication and commitment to make the year 2023 a successful one and look forward to make the year 2024 even better in every terms.

For and on behalf of the Board of Directors.

Sd/=

Mr. Ehsanul Kabir

Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING, CORPORATE GOVERNANCE AND INTERNAL CONTROL

Responsibility for Financial Reporting

Board of Directors is always committed towards self-controlled environment which is reflected by ensuring proper entries in books of accounts for each financial year that gives a true and fair view of the State of Affairs of the company and by accepting responsibility for the integrity and objectivity of the financial statements. In preparing financial statement, the Board of Directors ensures the followings

- Select relevant accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- Comply with applicable Financial Reporting Standards
- Prepare the financial statements on going concern basis
- Comply with applicable Bangladesh Bank circular on financial reporting

The considerations set out above are also required to be addressed by the Directors in preparing the financial statements. The Board of Directors confirms that the International Financial Reporting Standard (IFRSs) which are adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed meticulously subject to any material departure due to compliance with Bangladesh Bank being disclosed and explained in the notes to the financial statements.

The Board also confirms that the Company keeps accounting records, which disclose with reasonable accuracy, the financial position of the Company and which enables it to ensure that the financial statements comply with the sufficient requirements of the Companies Act, 1994, Securities Exchange Rules 1987 and Finance Company Act, 2023.

Responsibility for Corporate Governance

The Board ensures key decision making and execution within a clear governance framework. A primary task is the governance and oversight of business models which sets out consistent delivery of stake holder value in an uncertain and challenging environment. The Board primary role is to provide leadership, ensure that it is appropriately managed and deliver long-term shareholder value. It also sets the company strategic objectives and provides direction as a whole. A number of key decisions are reserved for and may only be made by the Board, which enables it and the executive management to operate within a clear governance framework.

Responsibility for Internal Control

The Board of Directors is also responsible for proper establishment and maintenance of an effective internal control system that safeguards shareholders' investments and assets of the company through prevention and detection of fraud and irregularities. The Board ensures that statutory and regulatory requirements are met and responds to changes in the Company's internal and external environment and conditions. The Board is responsible for ensuring that an adequate and effective internal control system exists in the organization and that all members of the top management of the Company are maintaining and monitoring the performance of that system. The Board and management must make sure that the Company's information systems produce pertinent and timely information in a form that enables employees, auditors, regulators, shareholders etc. to get the required data and information. The Company has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis.

ASSESSMENT REPORT ON THE GOING CONCERN STATUS OF SFIL FINANCE PLC.

Going concern is a fundamental accounting concept that underlies the preparation of financial statements of companies. Under the going concern concept, it is assumed that a Company will continue in operation and that there is neither the intent nor the need to either liquidate it or to cease trading. The purpose of this going concern statement is to bring together the requirements of Company law, accounting standards. The management of SFIL has made this assessment based on the accounting year ended on or after December 31, 2023. The management's assessment of whether the company is a going concern involves making appropriate inquiries including review of budgets and future outcome of inherent risks involved in the business. Considering the following major indicators, SFIL management has reached the conclusion that the financial statement for the year 2023 is prepared based on going concern assumption.

Financial Indications

At the close of financial year 2023, total borrowing from other banks and financial institutions was BDT 84.71 million. At the end of 2023, total deposits were BDT 3,867.70 million, representing the Company was able to increase the level of confidence of depositors. As on 31 December 2023, total equity of SFIL stands at BDT 1,150.86 million.

Positive Key Financial Ratios

SFIL financial ratios indicate sound financial strength and prospects and are evident from financial highlights given on this Annual Report.

Continuous Support by Depositors

The company enjoys a good reputation in the settlement of its obligation with its depositors. The company was able to increase the level of confidence of depositors, which resulted in total deposit of BDT 3,867.70 million.

Expansion of Business

SFIL has committed to expand its segment geographically by opening new branches & sales centre in different places considering the economic significance. Currently SFIL has Head office & Principle branch, Islamic Finance Wing and one fully owned subsidiary company SFIL Securities Limited.

Credibility in Payment of Obligations

SFIL has strong credibility in terms of payment of its obligations to lenders. The Company is particular in fulfilling the terms of loan agreements and has never defaulted, even in terms of convenience.

Increasing Trend of Investment Portfolio and Performance Growth

SFIL has reported excellent growth in its operating performance. SFIL loan portfolio has increased by 13.36% in 2023 compared with year 2022. The Company's investment in long term finance, short-term finance, real estate finance and car loans stood out excellent performance as a youngest FI in 2023.

Strengthening of Human Capital

During the year 2023, the company has recruited 16 employees, which resulted in a net headcount to 53 at the end of year 2023, in comparison to 71 at the end of the year 2022.

Corporate Environment and Employee Satisfaction

There exists a healthy corporate environment in the Company. This is reflected in our Statement of Corporate Governance.

Maintenance of Capital Adequacy Ratio (CAR)

As per the DFIM Circular Number 14, dated December 28, 2011 of the Bangladesh Bank prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions has come into force from January 01, 2012. As per the guidelines, Financial Institutions (FIs) are required to maintain a minimum CAR @ 10%. CAR of SFIL at the end of 2023 is 25.05% which is significantly higher than the requirement

Changes in Government Policy

The management anticipates no significant changes in legislation or government policy, which may materially affect the business of the Company.

Monitoring Compliance

Compliance with our Code of Conduct and Ethics is embedded in our employment contracts, recruitment and performance management activities. We have set explicit targets for compliance, commencing at executive management level. All employees are required to comply with our Code of Conduct and Ethics and report conduct that may be in breach of the law, the Code or policy. Advice on SFIL policies, practices and management systems is available via our Human Resources department. Any employee, contractor or consultant can confidentially report concerns about conduct, practices or issues to our HR department.

Compliance is a Key Result Area examined as part of our Performance Management Process and failure to complete required compliance training can be a factor in determining the employee's entitlement to performance based remuneration and could lead to termination of employment in serious cases. Additionally, employees are required to undertake issue specific training for topics such as anti-money laundering and combating terrorist financing, fraud, corruption and privacy. Our 'HR Manual' and 'Employee Handbook' covers our Code of Conduct and Ethics, standards and behaviors and important policies and procedures such as our Anti-Bribery Policy and Fraud and Corruption Policy.

DISCLOSURE UNDER PILLAR III ON CAPITAL ADEQUACY AND MARKET DISCIPLINE

As on December 31, 2023

Background of Capital Adequacy

Capital is the foundation of any business. In a Financial Institution, capital is a prime factor to consider when assessing the safety and soundness. It acts as a cushion in case the value of the bank's assets declines and liability rises. Maintaining a minimum capital level is of paramount importance for a Financial Institution so that adequate protection against risk can be ensured. A strong Capital Management Policy protects an organization by identifying and mitigating risks, as well as establishes a base of confidence by depositors, creditors, and other stakeholders.

Capital Adequacy gives a view on a Financial Institution's financial strength and stability. Adequate capital provides assurance to the stakeholders on the company's ability to provide consistent services.

Capital Adequacy is a basis for measurement of the amount of capital that the FI needs to hold to ensure that no excess leverage is taken that would lead to insolvency. Capital Adequacy is best expressed as the Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio. CAR is a measure of a FI's core capital expressed as a percentage of its risk weighted asset. The objective of CAR is built around the Market Discipline, whereby depositors' get a standardized measurement on the extent to which their wealth is exposed to risk, and thereby establish confidence on the Financial Institution's operations. The CAR measurement is also directed towards making a FI's capital more risk sensitive and shock absorbent.

The following detailed qualitative and quantitative disclosures are provided in accordance with "Prudential Guidelines on Capital Adequacy and Market Discipline" for Financial Institutions which has been published on December 2011.

The disclosures are made on the basis of consolidated along with its separate audited financial statements of SFIL Finance PLC. and its subsidiary as at and for the year ended December 31, 2023 prepared under International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

| Basel II | | |
|-----------------------------------|----------------------------|--------------------------------|
| Pillar I | Pillar II | Pillar III |
| Minimum Capital Requirement (MCR) | Supervisory Review Process | Disclosure & Market Discipline |

Scope of Application

Qualitative Disclosures:

The framework applies to SFIL Finance PLC. on "Consolidated Basis" on the reporting date December 31, 2023 and "Solo Basis" information has been presented beside those of "Consolidated Basis" to facilitate comparison. The SFIL Group has a wholly owned subsidiary: SFIL Securities Limited, which is fully consolidated.

Quantitative Disclosures:

Not Applicable.

Capital Structure

Qualitative Disclosures:

As per Basel II guidelines, regulatory capital consists of Tier - 1 : Core Capital and Tier – 2 : Supplementary Capital.

The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:

- i) Tier 2 Capital amount will be limited to 100% of the amount of Tier 1 Capital.
- ii) 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

Tier 2 capital includes:

- i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk.
- ii) Revaluation reserves for equity instruments up to 10%.
- iii) Subordinated bond in Tier 2 capital can be maximum 30% of the Tier 1 Capital.

Quantitative Disclosures:

Core Capital of SFIL is as follows:

Figures in BDT Million

| Particulars | Solo | | Consolidated | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Fully paid-up capital/capital lien with BB | 1,055.75 | 1,025.00 | 1,055.75 | 1,025.00 |
| Statutory reserve | 30.17 | 25.31 | 30.17 | 25.31 |
| Other Reserve | - | - | - | - |
| Capital Reserve | - | - | 0.11 | 0.11 |
| Non-repayable share premium account | - | - | - | - |
| General reserve | - | - | - | - |
| Retained Earnings | 64.94 | 76.23 | 45.52 | 64.74 |
| Minority interest in subsidiaries | - | - | 0.003 | 0.003 |
| Non-cumulative irredeemable preference shares | - | - | - | - |
| Dividend equalization account | - | - | - | - |
| Other (if any item approved by Bangladesh Bank) | - | - | - | - |
| Less Shortfall in provisions required against investment in shares | - | - | - | - |
| Total | 1,150.86 | 1,126.54 | 1,131.56 | 1,115.17 |

Supplementary Capital of SFIL is as follows:

Figures in BDT Million

| Particulars | Solo | | Consolidated | |
|---|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure) | 13.41 | 11.71 | 13.41 | 11.71 |
| 50% of Asset Revaluation Reserve | - | - | - | - |
| 45% of Securities Revaluation Reserve | - | - | - | - |
| All other Preference Shares | - | - | - | - |
| Other (if any item approved by Bangladesh Bank) | - | - | - | - |
| Total | 13.41 | 11.71 | 13.41 | 11.71 |

Capital Adequacy

Qualitative Disclosures:

SFIL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is

determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

Strategy to achieve the required Capital Adequacy:

- Asking unrated corporate clients to have credit rating from External Credit Assessment Institutions (ECAIs) recognized by Bangladesh Bank.
- Rigorous monitoring of overdue contracts to bring those under 90 days overdue.
- Financing clients having good credit rating.
- Assessing incremental effect of capital charge over the expected net income from financing before sanctioning any appraisal, which could be one of the criteria for taking financing decision.

Quantitative Disclosures:

Figures in BDT Million

| SFIL Group | Solo | | Consolidated | |
|--|----------|----------|--------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Capital requirement for Credit Risk | 1,446.60 | 1,585.63 | 1,383.66 | 1,563.32 |
| Capital requirement for Market Risk | 2,964.49 | 2,925.87 | 2,986.38 | 2,946.65 |
| Capital requirement for Operational Risk | 236.75 | 182.83 | 236.75 | 182.83 |
| Capital Adequacy Ratio (CAR) | 25.05% | 24.25% | 24.85% | 24.01% |

Risk Management

At SFIL, disciplined risk management is considered as the key to organizational success. With that objective in mind, strong management structure and risk management system, along with robust policies, are developed to allow the company to manage the internal and external, and regulatory environments. A robust risk management framework is built to effectively cover the necessary requirements of managing risk. Establishment and oversight of the Company's risk management framework lies with the Company's Board of Directors. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk control standards, and to monitor the risks and adhere to defined policies. Protocols and responsibilities are clearly delineated such that decision making with regards to risk management are taken positively. SFIL contemplate on having the industry practices of identifying, measuring and controlling risks. The Risk management policies and systems are reviewed regularly to reflect changes in market conditions and operations. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

By implementing rigorous risk management policy, risk adjusted returns are maximized, while ensuring that the company remains within its desired risk appetite. Emphasis is given on establishing a risk management culture which takes into account the underlying assertions:

- Risk considered must be in line with the company's goals, and also must support the company's risk appetite.
- Responsibility of identifying and taking risks within the organization lies with every employee. The company carries the overall responsibility of ensuring that the risk-taking within the organization is disciplined and focused.
- Accountability is ensured by taking risk agreed by the respective company authorities and also assuring that the risks taken are transparent, controlled, reported and falls within the appropriate infrastructure and resource.
- Future risk emergence is identified and necessary steps taken to anticipate its impacts.
- Effective Risk Management Policy and Controls are founded to use the risk as a competitive advantage.
- Continuous improvement of the risk management approaches and methodologies to enhance current risk policies.

- Analyze and establish any new or improved policy to strengthen the company's risk management position.
- Ensuring consistent statutory compliance with regards to capital adequacy and risk management

In accordance with the Basel II guidelines, SFIL takes precautionary methods against credit, equity, market, operational, and liquidity risks.

- Credit Risk is effectively measured and managed through a framework of policies and procedures. All credit exposures undergo proper approving authority as a mean of effective management of counterparty credit risk. A defined structure is established for delegation of credit approval authority and for monitoring compliance with appetite.

Proper due diligence is applied to review the credit applications. Defined processes and procedures are used to support credit underwriting activities at levels of the business. As a part of proper underwriting standards, appropriate valuations of collaterals are done for secured credits.

A counterparty is also required to have an approved limit in place, prior to drawdown of funds. Every credit party is subject to credit rating, and the rating is actively monitored as a part of effective credit risk management. Account level activity along with limit utilization monitoring is set as a part of risk trigger mechanisms. This helps to identify early alert situations based on which the company can take proper actions. Potential problem accounts are identified, investigated, controlled and monitored.

The Board of Directors has approved the Credit Policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been described/stated in detail. Credit Policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.

An independent Credit Risk Management (CRM) Department is in place, at SFIL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high-quality credit portfolio and maximize returns from risk assets.

Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations. The Company writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Company Credit determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

The table below gives details of Credit Risk for 2023:

Figures in BDT Million

| Distribution of risk exposure by claims | Solo | | Consolidated | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cash and Cash Equivalents | 0.10 | 0.10 | 0.13 | 0.13 |
| Claims on Bangladesh Govt. and Bangladesh Bank | 27.02 | 32.61 | 27.02 | 32.61 |
| Claims on NBFIs and Banks | 1,791.85 | 2,835.14 | 1,793.59 | 2,840.46 |
| Claims on Corporate | 1,009.49 | 924.16 | 1,009.49 | 924.16 |
| Claims categorized as retail portfolio & Small Enterprise | 73.09 | 66.93 | 73.09 | 66.93 |
| Consumer finance | 51.44 | 38.60 | 51.44 | 38.60 |
| Claims fully secured by residential property | 140.69 | 171.76 | 140.69 | 171.76 |
| Claims fully secured by commercial real estate | 20.30 | - | 20.30 | - |
| Past Due Claims | 6.73 | - | 6.73 | - |
| All other assets | 579.45 | 301.83 | 492.24 | 252.81 |
| Total | 3,700.16 | 4,371.13 | 3,614.72 | 4,327.46 |

Figures in BDT Million

| Particulars | Solo | | Consolidated | |
|--|-------------|------|--------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Gross Non Performing Loans (NPLs) | 7.28 | - | 7.28 | - |
| Non Performing Loans (NPLs) to outstanding loan and advance | 0.53% | - | 0.53% | - |
| Movement of Non Performing Loans (NPLs) | | | | |
| Opening balance | - | - | - | - |
| Add/Less Net movement during the year | 7.28 | - | 7.28 | - |
| Closing Balance of Non Performing Loans (NPLs) | 7.28 | - | 7.28 | - |
| Movement of specific provision for (NPLs) | | | | |
| Opening balance of Specific Provision | - | - | - | - |
| Less Written off during the year | - | - | - | - |
| Recovers during the period | - | - | - | - |
| Add Provision made during the period | 0.55 | - | 0.55 | - |
| Closing Balance of specific provision for (NPAs) | 0.55 | - | 0.55 | - |

- Equity Risk including Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision is maintained as per terms and condition of regulatory authority.

Figures in BDT Million

| Particulars | Solo | | Consolidated | |
|---------------|------------|--------------|--------------|--------------|
| | Cost Price | Market Price | Cost Price | Market Price |
| Quoted shares | 263.64 | 257.59 | 274.80 | 268.54 |

- Market Risk management is set as per the parameters defined in the policy. The objective of the Company's market risk management is to manage and control market risk exposures set within the acceptable parameters, thereby ensuring solvency while optimizing the Company's risk return strategy.

Sufficient oversight and reporting are conducted for management of market risk profile. Overall authority for market risk rests with the ALCO. Setting market liquidity as the primary factor for determining the level of limits for portfolio trading, ALCO provides limits for each type of risk in aggregate and for individual portfolios.

The table below gives details of Market Risk for 2023:

Figures in BDT Million

| Capital Requirements | Solo | | Consolidated | |
|-----------------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest rate risk | - | - | - | - |
| Equity position risk | 296.45 | 292.59 | 298.64 | 295.72 |
| Foreign exchange risk | - | - | - | - |
| Commodity risk | - | - | - | - |
| Total | 296.45 | 292.59 | 298.64 | 295.72 |

- Operational Risk framework is designed to ensure operational risk identification, assessment, control and monitoring at business and group level. Management of operational risks is an integral part of the roles played by business and the functional teams.

The Risk Management Division oversees whether the operational risk exposures fall within the policy. Defined standards of measurement are also outlined which plays one of the critical roles of ensuring that the risks are managed within the acceptable tolerance limits. The policies and standards are also reviewed periodically to keep the framework updated.

The types of events that could result in material operational risk loss or business disruptions are as follows:

- Internal and external fraud
- Damage to physical assets
- Business process disruptions and system failures
- Failure in service executions and deliveries, as well as process management
- Liquid Risk is managed by the ALCO team within the pre-defined liquidity limits set by and in compliance with the policies and regulatory requirements. The Treasury division oversees the implementation of policies and other controls relating to liquidity risks while managing the liquidity position of the company on a day to day basis.

RWA figure is calculated on the basis of credit, market, and operational risks. Total RWA is determined by first multiplying the amount of capital charge for market risk and operational risk with the reciprocal of the minimum CAR.

The resulting figure is added to the sum of the Risk Weighted Assets for credit risk. *Figures in BDT Million*

| Particulars | Solo | | Consolidated | |
|----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Credit Risk | | | | |
| 1. On Balance Sheet | 1,446.60 | 1,585.63 | 1,383.66 | 1,563.32 |
| 2. Off Balance Sheet | - | - | - | - |
| Market Risk | 2,964.49 | 2,925.87 | 2,986.38 | 2,946.65 |
| Operational Risk | 236.75 | 182.83 | 236.75 | 182.83 |
| Total RWA | 4,647.84 | 4,694.33 | 4,606.79 | 4,692.80 |

Based on the data derived, the Capital Adequacy Ratio (CAR) is calculated. SFIL follows the standard CAR measurement method.

$$\text{Capital Adequacy Ratio (CAR)} = \frac{\text{Core Capital} + \text{Supplementary Capital}}{\text{Risk Weighted Assets}}$$

Figures (except percentage) in BDT Million

| Particulars | Solo | | Consolidated | |
|---|----------|----------|--------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Core Capital | 1,150.86 | 1,126.54 | 1,131.56 | 1,115.17 |
| Supplementary Capital | 13.41 | 11.71 | 13.41 | 11.71 |
| Total Eligible Capital | 1,164.27 | 1,138.25 | 1,144.97 | 1,126.87 |
| Risk Weighted Asset (RWA) | 4,647.84 | 4,694.33 | 4,606.79 | 4,692.80 |
| Capital Adequacy Ratio (CAR) | 25.05% | 24.25% | 24.85% | 24.01% |
| Core Capital to RWA | 24.76% | 24.00% | 24.56% | 23.76% |
| Supplementary Capital to RWA | 0.29% | 0.25% | 0.29% | 0.25% |
| Minimum Capital Requirement (Higher of 10% of RWA or 100 crore) | 1,000 | 1,000 | 1,000 | 1,000 |
| Excess Capital over Regulatory Requirement | 164.27 | 138.25 | 144.97 | 126.87 |

The CAR figure of SFIL Finance PLC. can be seen to be comfortably above the Bangladesh Bank's CAR requirement of 10%. This is in line with the institution's approach to being compliant, establish investors' confidence, and demonstrate company stability.



RISK MANAGEMENT STRATEGY

Risk Management & Control Environment

Strong risk management capabilities are vital to the success of a well-managed financial Institution. The Risk Management function is the central resource for driving such capabilities in SFIL and complements the risk and control activities of other functions including Internal Audit & Compliance. The key components of SFIL risk management approach are: strong risk Governance; robust and comprehensive processes to identify, measure, monitor, control and Report risks; sound assessments of capital adequacy relative to risks; and a rigorous system of Internal control reviews involving internal and external auditors.

Risk Types:

In SFIL, risk is the potential of creating loss for the company as well as for its stakeholders. Such Loss is not necessarily quantifiable. A wrong doing does not necessarily make an instant effect on Organizational reputation and financial picture. Sometimes an error affects the financials of more than the year of occurrence. Thus, risks are diverse in term of its effect. Risks are also diversified in term of their source. A loss may occur due to poor selection of borrower. A loss might be caused by the absence of strong collection force. Thus, SFIL runs the risk of creating diversified losses for itself or for its stakeholders during its day-to-day operations.

Credit Risk:

Credit risk is the potential for loss arising from the failure of a client, its counter-party or related parties to meet their contractual obligations. Such loss can have impact on the financial profitability of the organization as well as the community and stakeholders of SFIL.

In SFIL, credit risk may arise on account of the following:

- Default risk
- Credit concentration risk
- Recovery risk
- Counter-party risk
- Related-party risk
- Environmental risk

Market Risk:

Market risk is the risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads. For ease of management and in keeping with regulatory requirements, market risk of SFIL is further categorized into interest rate risk and equity risk.

Liquidity and Funding Risk:

Liquidity risk is the risk of being unable to meet our payment obligations on maturity, due to liquidity crisis. Risk of loss caused by the failure to borrow funds from the market at an acceptable price to fund actual or proposed commitments is recognized as funding risk.

Operational Risk:

Operational risk comprises of risk of loss inherent in day to day operation of the organization and caused by inadequate or inappropriate internal processes, inadequate or inappropriate systems, absence of right people at right place, mistakes of people whether such mistakes

are deliberate, accidental or natural and by any other external reason. The following diagram presents operational risk of SFIL in a simple manner:

People Risk - The risk of loss intentionally or unintentionally caused by an employee, for example an error or a misdeed or involving employees such as disputes.

System Risk - The risk of loss caused by piracy, theft, failure, breakdown or disruption in technology, data or information.

Process Risk - The risk related to execution & maintenance of transactions and the various aspects of running a business.

External Risk - The risk of loss on account of damage to physical property or assets from natural or unnatural.

This category includes the risk presented by actions of external parties such as the perpetration of fraud or in the case of the regulators the execution of change that would alter the Company's ability to continue operating in certain markets.

Risk Management in SFIL:

We believe that sound risk management is essential to ensuring success in our risk-taking activities. Our philosophy is to ensure risks and returns remain consistent with our established risk appetite. To achieve this, we regularly refine our risk management approaches to ensure we thoroughly understand the risks we are taking to identify any emerging portfolio threats at an early stage and to develop timely and appropriate risk-response strategies. The key elements of enterprise-wide risk management strategy are:

Risk Appetite - The Board of Directors approves the Company's risk appetite and risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.

Risk Frameworks - The Company's risk management frameworks for all risk types are documented, comprehensive and consistent.

Holistic Risk Management - Risks are managed holistically, with a view to understand the potential interactions among risk types.

Qualitative and Quantitative Evaluations - Risks are evaluated both qualitatively and with appropriate quantitative analysis and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective. The Board of Directors and senior management provide the direction to the Company's effective risk management that emphasizes well-considered risk-taking and proactive risk management. This is reinforced with appropriate risk management staff, ongoing investments in risk systems, regular review and enhancement of risk management policies and procedures for consistent application, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is jointly owned among customer-facing and product business units, dedicated functional risk management units, as well as other support units such as Operations and Technology. Internal Audit also provides independent assurance that the Company's risk management system, control and governance processes are adequate and effective. Rigorous portfolio management tools such as stress testing and scenario analysis identify possible events or market conditions that could adversely affect the Company. These results are taken into account in the Company's capital adequacy assessment.

Risk Governance and Organization:

The Board of Directors establishes the Company's risk appetite and risk principles. The Audit Committee of the Board that oversees the Company's risk management. It reviews and approves the Company's overall risk management philosophy; risk management frameworks, major risk

policies and risk models. The Audit Committee of the Board also oversees the establishment and operation of the risk management systems and receives regular reviews as to their effectiveness. The Company's various risk exposures, risk profiles, risk concentrations and trends are regularly reported to the Board of Directors and senior management for discussion and appropriate action. The Audit Committee of the Board is supported by Risk Management Division, which has functional responsibility on a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity and other key risks. Within the division, risk officers are dedicated to establishing Company-wide policies, risk measurement and methodology, as well as monitoring the Company's risk profiles and portfolio concentrations. The Company's risk management and reporting systems are designed to ensure that risks are comprehensively captured in order to support well-considered decision making and that the relevant risk information is effectively conveyed to the appropriate senior management executives for those risks to be addressed and risk response strategies to be formulated. To ensure the objectivity of the risk management functions, compensation of risk officers is determined independently of other business areas and is reviewed regularly to ensure compensation remains competitive with market levels. Credit officers are involved in transaction approvals and personal approval authority limits are set based on the relevant experience of the officers and portfolio coverage. Representatives from the division also provide expertise during the design and approval process for new products offered by the Company. This ensures that new or emerging risks from new products are adequately identified, measured and managed within existing risk systems and processes.

Risk Management Forum in SFIL:

Risk Management Forum (RMF) and Risk Analysis Unit (RAU) of SFIL Finance PLC. has been established in compliance with the Bangladesh Bank's DFIM Circular No, 01 of 07 April, 2013. Headed by DMD and CRO and Secretary is one official from CRM department, all the business and operational heads are the members of the RMF. The main responsibility of the Risk Management Forum is includes the following:

- The Risk Management Forum members will parameterize the Internal Environment of the Company including risk appetite, integrity and ethical values and the environment in which it is operated.
- The MANCOM must form the Objectives so that they can identify potential events affecting the achievement unenthusiastically and consistent with its risk appetite.
- The management will identify the internal and external events affecting company's achievement and distinguish between risks and opportunities.
- It is the management responsibility to assess and measure the potential risks.
- The management selects risk responses-avoiding, accepting, reducing or sharing risk-developing a set of actions to align risks with the company's risk tolerances and risk appetite.
- The management will take policies and procedures and implement it to help ensure the risk responses are effectively carried out.
- The managerial authority will identify generate and communicate the relevant information in a form and time-frame that enable people to carry out their responsibilities.
- The entirety of enterprise risk management will be monitored and it will be accomplished through ongoing management activities.
- Ensure roles and responsibilities are agreed and clearly understood by all management levels.
- Ensure all staff, in business and support functions is aware of their responsibilities for company's overall Risk management.

- Ensure there are structured processes at each department level to report control failures to designated individuals and escalate material issues to RME.
- Establish workable Business Continuity Plans (including Disaster Recovery and Crisis Management procedures) to minimize the impact of unplanned events on business operations and customer service.

Credit Risk Measurement in General:

Ongoing active monitoring and management of credit risk positions: CRM's research team regularly reviews market conditions and our exposure to various industrial sub-sectors. Thus, we aim to proactively identify Counter-parties that highlight the likelihood of problems well in advance in order to effectively manage credit exposure and maximize recovery. Also, collection team and relationship manager provide negative feedback of business condition and payment status of a particular client via early warning report. Ongoing active monitoring and management of credit risk positions is an integral part of our credit risk management activities.

Stress Testing:

SFIL embraces stress- testing guidelines issued by the Bangladesh Bank. Stress-testing quantifies exposures to plausible, yet extreme and unusual market movements and enables us to identify, understand and manage our potential vulnerabilities and risk concentrations. SFIL deploys regular stress-tests to calculate credit exposures, including potential concentrations that would result from applying shocks to credit risk factors (interest rates and equity prices for instance). These shocks include a wide range of moderate and extreme market movements. Stress tests are regularly conducted jointly with the firm's market and liquidity risk functions and are reported quarterly to the Bangladesh Bank. The suggested recommendations from the test are in implementation and are modified and monitored regularly and thoroughly.

Risk Mitigation Methodology:

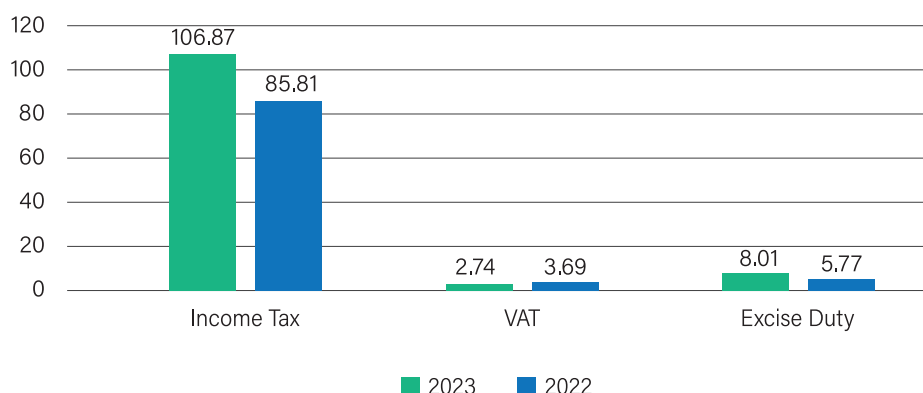
SEIL employs various credit risk mitigation techniques to organize credit exposure and reduce losses. These techniques are used consistently and reviewed periodically to meet operational management risk associated with their legal, practical and timely enforcement. A key focus of SFIL credit risk management approach is to avoid undue concentrations in the credit portfolio whether in terms of counter-party, groups, sectors or products. The Company's portfolio management supports a comprehensive assessment of concentrations within its credit risk portfolio for provision of subsequent risk-mitigating actions and diversification across geographical boundaries, sectors, borrower groups and products. The analysis is also used to determine strategies for both portfolio and individual counterparties within the portfolio based on their risk/ reward profile and potential. The usage and approach to credit risk mitigation varies by product type, customer and business strategy. Mitigation techniques used include.

STATEMENT OF CONTRIBUTION TO GOVERNMENT EXCHEQUER

For the year ended 31 December 2023

Government is considered as one of the most important stakeholders which play a critical role in the economic development of the country. Being a legitimate and ethical company, SFIL Finance PLC. contributes to the Government Exchequer when the necessary amounts fall due. For the year 2023, SFIL Finance PLC. made a handsome contribution to Government Exchequer of an amount equal to BDT 117.61 million, composed of income tax, withholding tax, VAT, withholding VAT and excise duty. This is in comparison to BDT 95.26 million in 2022, reflecting its fair and consistent commitment towards national contribution.

| Forms of Contribution | 2023 | 2022 |
|---|--------------------|-------------------|
| Income Tax | 106,871,844 | 85,805,769 |
| Salary | 3,748,143 | 4,520,159 |
| Interest on savings deposit | 39,044,634 | 37,115,411 |
| Payment of Supplier | 923,177 | 1,314,847 |
| Advance Corporate Tax | 63,155,890 | 42,855,352 |
| VAT | 2,736,738 | 3,689,663 |
| Processing, Documentation Fee etc. | 343,417 | 321,624 |
| Procurement of goods and services | 2,393,321 | 3,368,039 |
| Excise Duty | 8,006,250 | 5,774,550 |
| Collection of excise duty from clients | 3,928,250 | 2,812,900 |
| Excise duty deducted by bank | 4,078,000 | 2,961,650 |
| Total Contribution to Government Exchequer | 117,614,832 | 95,269,982 |



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SFIL FINANCE PLC.

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Opinion

We have audited the accompanying consolidated financial statements of SFIL Finance PLC. and its Subsidiary (the "Group") as well as the separate financial statements of SFIL Finance PLC. (the "Company") which comprise the Consolidated and Separate Balance Sheet as at 31 December 2023 and Consolidated and Separate Profit or Loss Account, Consolidated and Separate Statement of Changes in Equity and Consolidated and Separate Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information disclosed in Notes 1 to 40 to the Consolidated and Separate Financial Statements.

In our opinion, the accompanying Consolidated Financial Statements of the Group and Separate Financial Statements of the Company present fairly, in all material respects, the financial position of the Group and Company as at December 31, 2023 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSS), the Companies Act, 1994 (amended on 2020) and other applicable laws and regulations.

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 Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with 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 Information

Management is responsible for the other information. Our opinion on the financial statements does not cover 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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended on 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context. All key audit matters are applicable to both the Group and the Company.

| Risk | Our response to the risk |
|---|---|
| 1. Measurement of Lease, Loans, and advances | |
| <p>A high volume of loan origination and payment We tested the design and operating activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances.</p> <p>At year end the Company reported total loan of Taka 1,384,578,015 (2022: Taka 1,221,363,067) and provision for loans of Taka 14,906,067 (2022: Taka 12,707,905).</p> <p>We have focused on the measurement of the provision, which is dependent on the valuation of securities available and could give rise to material misstatement or management bias.</p> | <p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances.</p> <p>We have performed procedure to check whether the company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date.</p> <p>Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p> |
| See note #7 & 12.6 to the financial statements | |
| 2. Measurement of deferred tax liabilities | |
| <p>The company reports net deferred tax liabilities amounting Taka 3,084,660 as at 31 December 2023.</p> <p>Significant judgement is required in relation to deferred tax liabilities as their adjustability is dependent on forecasts of future profitability over a number of years.</p> | <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally, we assessed the appropriateness and presentation of disclosure against IAS 12 Income Tax.</p> |
| See note # 12.3 to the financial statements | |
| 3. IT systems and controls | |
| <p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuing IT dependent and application-based controls are operating effectively.</p> | <p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application. layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p> |

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSS, the Companies Act, 1994 (amended on 2020) and other applicable laws and regulations 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 judgment and maintain professional skepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 (amended on 2020), Securities Exchange Commission. Rules 1987, Finance Company Act. 2023 and other rules and regulations as issued by Bangladesh Bank from time to time, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

- c) The consolidated and separate balance sheet and profit and loss account together with the annexed notes dealt with by the report is in agreement with the books of account and returns;
- d) the expenditures incurred were for the purpose of the Company's business for the year;
- e) the financial statements of the Company have been drawn up in conformity with the Finance Company Act, 2023 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- f) 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;
- g) 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;
- h) the records and statements which were submitted by the branch have been properly maintained and recorded in the financial statements;
- i) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- j) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- k) 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;
- l) 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;
- m) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- n) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- o) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1600 person hours for the audit of the books and accounts of the Company;
- p) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- q) the Company has complied with the 'First Schedule' of the Finance Company Act. 2023 in preparing these financial statements; and
- r) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Howladar Yunus & Co.

Chartered Accountants

Firm Registration No: N/A

**Farhana Sultana FCA**

Enrolment No: 1619

Dated: 12 JUN 2024

Dhaka

DVC No: 2406 121619AS471523

SFIL Finance PLC. and its Subsidiary
Consolidated Balance Sheet
As at 31 December 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------------|----------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| PROPERTY AND ASSETS | | | |
| Cash | 3 | 27,152,986 | 32,744,509 |
| In hand (including foreign currencies) | 3.1 | 130,000 | 130,000 |
| Balance with Bangladesh Bank and its agent (including foreign currencies) | 3.2 | 27,022,986 | 32,614,509 |
| Balance with other Banks and Financial Institutions | 4 | 1,793,591,361 | 2,840,458,989 |
| Inside Bangladesh | | 1,793,591,361 | 2,840,458,989 |
| Outside Bangladesh | | - | - |
| Money at call and short notice | 5 | - | - |
| Investments | 6 | 1,739,703,609 | 1,478,620,279 |
| Government securities | | 240,247,447 | - |
| Others investments | | 1,499,456,161 | 1,478,620,279 |
| Leases, loans and advances | 7 | 1,384,578,015 | 1,221,363,067 |
| Loans, cash credit, overdraft and leases etc. | | 1,384,578,015 | 1,221,363,067 |
| Bills purchased and discounted | | - | - |
| Fixed Assets including Land, Building, Furniture & Fixtures | 8 | 118,430,628 | 66,739,116 |
| Other assets | 9 | 248,164,568 | 248,436,620 |
| Non-banking assets | | - | - |
| TOTAL PROPERTY AND ASSETS | | 5,311,621,167 | 5,888,362,580 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 10 | 84,714,689 | 47,273,343 |
| Deposits & other accounts | 11 | 3,835,422,450 | 4,573,444,887 |
| Current deposits and other accounts etc. | | - | - |
| Bills payable | | - | - |
| Saving bank deposit | | - | - |
| Term deposits | 11.1 | 3,832,204,935 | 4,571,918,295 |
| Bearer certificate of deposits | | - | - |
| Other deposits | 11.2 | 3,217,515 | 1,526,592 |
| Other liabilities | 12 | 259,925,995 | 152,479,127 |
| Total liabilities | | 4,180,063,133 | 4,773,197,357 |
| Capital/Shareholders' Equity | | | |
| Paid up Capital | 13 | 1,055,750,000 | 1,025,000,000 |
| Statutory reserves | 14 | 30,171,513 | 25,307,562 |
| Capital Reserves | | 114,809 | 114,809 |
| Retained earnings | 15 | 45,519,180 | 64,740,163 |
| Total Equity attributable to equity holders of the company | | 1,131,555,503 | 1,115,162,534 |
| Non-controlling interest | 16 | 2,531 | 2,690 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 5,311,621,167 | 5,888,362,580 |


SFIL Finance PLC. and its Subsidiary
Consolidated Balance Sheet
As at 31 December 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|------------------|--------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| OFF-BALANCE SHEET ITEMS | | | |
| Contingent liabilities | | - | - |
| Acceptances and endorsements | | - | - |
| Letter of guarantee | | - | - |
| Irrevocable letters of credit | | - | - |
| Bill for collection | | - | - |
| Other contingent liabilities | | - | - |
| Other commitments | | 5,300,000 | - |
| 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 | | - | - |
| Undisbursed contracted loans and leases | 16 | 5,300,000 | - |
| Total Off-Balance Sheet Items including Contingent Liabilities | | 5,300,000 | - |
| Net Asset Value (NAV) per share | 36 | 10.72 | 10.56 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Chairman | Director | Director | Managing Director & CEO | Company Secretary |

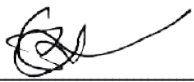
Signed in terms of our separate report of even date annexed.


Farhana Sultana FCA, Enrolment No. 1619
Partner
Howladar Yunus & Co., Chartered Accountants
DVC: 2406121619AS471523
Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC. and its Subsidiary
Consolidated Profit and Loss Account
For the year ended 31 December 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|--------------------|--------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| Interest income | 18 | 373,920,277 | 412,998,384 |
| Interest on deposits and borrowings etc. | 19 | 363,096,499 | 370,117,661 |
| Net interest income | | 10,823,778 | 42,880,724 |
| Income from investment | 20 | 134,460,520 | 112,168,568 |
| Commission, Exchange and Brokerage | 21 | 1,483,673 | 578,549 |
| Other operating income | 22 | 4,157,097 | 1,851,823 |
| Total Operating Income | | 150,925,068 | 157,479,663 |
| Salary and allowances | 23 | 58,299,488 | 59,561,910 |
| Rent, taxes, insurance, electricity etc. | 24 | 2,386,751 | 1,688,928 |
| Legal and professional fees | 25 | 814,011 | 1,424,745 |
| Postage, stamp, telecommunication etc. | 26 | 752,235 | 670,957 |
| Stationery, printing, advertisement etc. | 27 | 1,916,737 | 1,751,234 |
| Managing director's salary and allowances | 28 | 7,736,000 | 10,554,000 |
| Directors' fees | 29 | 87,389 | 87,214 |
| Auditors' fees | 30 | 303,025 | 247,250 |
| Charges on loan losses | | - | - |
| Depreciation and repair of Company's assets | 31 | 17,556,182 | 11,548,946 |
| Other expenses | 32 | 17,173,866 | 19,774,295 |
| Total Operating Expenses | | 107,025,684 | 107,309,480 |
| Profit before provision | | 43,899,383 | 50,170,184 |
| Provisions for leases, loans & investments | 33 | 3,221,398 | 2,944,404 |
| Provision for leases, loans and advances | | 2,198,161 | 1,046,135 |
| Provision for diminution in value of investments | | 970,237 | 2,508,269 |
| Other provisions | | 53,000 | (610,000) |
| Profit before tax and reserve | | 40,677,985 | 47,225,780 |
| Provision for taxation | 34 | 24,285,175 | 25,744,212 |
| Current tax expense/ (income) | | 22,660,181 | 25,448,331 |
| Deferred tax expense/ (income) | | 1,624,993 | 295,881 |
| Net Profit/(Loss) after taxation | | 16,392,811 | 21,481,568 |
| Attributable to: | | | |
| Shareholders of the Company | | 16,392,969 | 21,481,911 |
| Non-controlling interest | | (159) | (343) |
| | | 16,392,811 | 21,481,568 |
| Appropriations: | | | |
| Statutory reserve | | 4,863,952 | 6,808,900 |
| Retained earnings | | 11,528,859 | 14,672,668 |
| Dividend | | - | - |
| | | 16,392,811 | 21,481,568 |
| Earnings Per Share (EPS) | 35 | 0.16 | 0.20 |

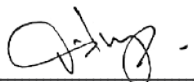
The annexed notes from 1 to 40 form an integral part of these financial statements.



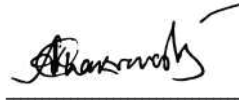
Chairman



Director



Director



Managing Director & CEO



Company Secretary

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



Farhana Sultana FCA, Enrolment No. 1619
Partner
Howladar Yunus & Co., Chartered Accountants
DVC: 2406121619AS471523
Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC. and its Subsidiary
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

| Particulars | Attributable to equity holders of the company | | | | | Non-controlling interest | Total Equity |
|--|---|--------------------|------------------|-------------------|----------------------|--------------------------|----------------------|
| | Share Capital | Statutory Reserves | Capital Reserves | Retained Earnings | Total | | |
| | BDT | BDT | BDT | BDT | BDT | BDT | BDT |
| Balance as on January 1, 2023 | 1,025,000,000 | 25,307,562 | 114,809 | 64,740,163 | 1,115,162,534 | 2,690 | 1,115,165,224 |
| Prior year adjustment | - | - | - | - | - | - | - |
| Net Profit /(Loss) for the year | - | - | - | 16,392,969 | 16,392,969 | (159) | 16,392,811 |
| Appropriation to statutory reserve | - | 4,863,952 | - | (4,863,952) | - | - | - |
| Transfer to capital reserve | - | - | - | - | - | - | - |
| 3.0% Stock Dividend | 30,750,000 | - | - | (30,750,000) | - | - | - |
| Balance as on December 31, 2023 | 1,055,750,000 | 30,171,513 | 114,809 | 45,519,180 | 1,131,555,503 | 2,531 | 1,131,558,034 |

For the year ended 31 December 2022

| Particulars | Attributable to equity holders of the company | | | | | Non-controlling interest | Total Equity |
|--|---|--------------------|------------------|-------------------|----------------------|--------------------------|----------------------|
| | Share Capital | Statutory Reserves | Capital Reserves | Retained Earnings | Total | | |
| | BDT | BDT | BDT | BDT | BDT | BDT | BDT |
| Balance as on January 1, 2022 | 1,000,000,000 | 18,498,661 | - | 75,142,739 | 1,093,641,400 | 3,031 | 1,093,644,431 |
| Prior year adjustment | - | - | - | 39,223 | 39,223 | 1 | 39,224 |
| Net Profit /(Loss) for the year | - | - | - | 21,481,911 | 21,481,911 | (343) | 21,481,568 |
| Appropriation to statutory reserve | - | 6,808,900 | - | (6,808,900) | - | - | - |
| Transfer to capital reserve | - | - | 114,809 | (114,809) | - | - | - |
| 2.50% Stock Dividend | 25,000,000 | - | - | (25,000,000) | - | - | - |
| Balance as on December 31, 2022 | 1,025,000,000 | 25,307,562 | 114,809 | 64,740,163 | 1,115,162,534 | 2,690 | 1,115,165,224 |


Chairman


Director


Director


Managing Director & CEO


Company Secretary

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

Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC. and its Subsidiary
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

| Particulars | Amount in BDT | |
|--|------------------------|----------------------|
| | 31-Dec-2023 | 31-Dec-2022 |
| A) Cash flows from operating activities | | |
| Interest received | 454,530,100 | 369,485,879 |
| Interest paid | (337,398,297) | (373,403,541) |
| Fees and commission received | 3,788,579 | 1,843,193 |
| Received from other operating activities | 1,085,152 | 8,630 |
| Income from investment | 123,729,150 | 110,273,529 |
| Dividend received | 11,187,884 | 1,647,489 |
| Cash paid to employees (including directors) | (67,846,856) | (68,479,127) |
| Cash paid to suppliers & Others (including office rent) | (10,042,048) | 671,802 |
| Income taxes paid | (71,794,783) | (43,128,949) |
| Paid for other operating activities | (17,173,866) | (19,774,295) |
| Cash generated from operating activities before changes in operating assets and liabilities | 90,065,016 | (20,855,390) |
| Increase/ (decrease) in operating assets & liabilities | | |
| Leases, Loans and advances to customers | (163,513,825) | (210,865,489) |
| Other assets | (16,860,974) | 23,848,399 |
| Deposits from customers | (738,022,437) | (246,898,416) |
| Other liabilities | (765,711) | 76,641 |
| | (919,162,948) | (433,838,865) |
| Net Cash from Operating Activities | (829,097,932) | (454,694,255) |
| B) Cash flows from investing activities | | |
| Changes in investment in securities | (261,083,330) | (320,610,669) |
| Purchase of property, plant and equipment | (10,178,623) | (18,922,337) |
| Disposal of property, plant and equipment | 10,459,389 | - |
| Net Cash used in Investing Activities | (260,802,564) | (339,533,007) |
| C) Cash flows from financing activities | | |
| Drawdown of Term Loan, OD and REPO | 37,441,346 | 42,690,036 |
| Net Cash used in Financing Activities | 37,441,346 | 42,690,036 |
| D) Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C) | (1,052,459,150) | (751,537,226) |
| E) Opening cash and cash-equivalents | 2,873,203,498 | 3,624,740,724 |
| F) Closing cash and cash-equivalents (D+E)* | 1,820,744,347 | 2,873,203,498 |
| * Closing cash and cash-equivalents | | |
| Cash in hand | 130,000 | 130,000 |
| Balance with Bangladesh Bank and its agent bank(s) | 27,022,986 | 32,614,509 |
| Balance with other Banks and Financial Institutions | 1,793,591,361 | 2,840,458,989 |
| | 1,820,744,347 | 2,873,203,498 |



Chairman



Director



Director



Managing Director & CEO



Company Secretary

Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC.
Balance Sheet
As at 31 December 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------------|----------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| PROPERTY AND ASSETS | | | |
| Cash | 3 | 27,122,986 | 32,714,509 |
| In hand (including foreign currencies) | 3.1 | 100,000 | 100,000 |
| Balance with Bangladesh Bank and its agent (including foreign currencies) | 3.2 | 27,022,986 | 32,614,509 |
| Balance with other Banks and Financial Institutions | 4 | 1,791,845,687 | 2,835,139,096 |
| Inside Bangladesh | | 1,791,845,687 | 2,835,139,096 |
| Outside Bangladesh | | - | - |
| Money at call and short notice | 5 | - | - |
| Investments | 6 | 1,728,541,115 | 1,468,028,162 |
| Government securities | | 240,247,447 | - |
| Others investments | | 1,488,293,668 | 1,468,028,162 |
| Leases, loans and advances | 7 | 1,384,578,015 | 1,221,363,067 |
| Loans, cash credit, overdraft and leases etc. | | 1,384,578,015 | 1,221,363,067 |
| Bills purchased and discounted | | - | - |
| Fixed Assets including Land, Building, Furniture & Fixtures | 8 | 94,506,594 | 41,091,813 |
| Other assets | 9 | 335,379,520 | 297,456,162 |
| Non-banking assets | | - | - |
| TOTAL PROPERTY AND ASSETS | | 5,361,973,918 | 5,895,792,808 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 10 | 84,714,689 | 47,273,343 |
| Deposits & other accounts | 11 | 3,870,922,450 | 4,573,444,887 |
| Current deposits and other accounts etc. | | - | - |
| Bills payable | | - | - |
| Saving bank deposit | | - | - |
| Term deposits | 11.1 | 3,867,704,935 | 4,571,918,295 |
| Bearer certificate of deposits | | - | - |
| Other deposits | 11.2 | 3,217,515 | 1,526,592 |
| Other liabilities | 12 | 255,479,213 | 148,536,771 |
| Total liabilities | | 4,211,116,351 | 4,769,255,000 |
| Capital/Shareholders' Equity | | 1,150,857,567 | 1,126,537,808 |
| Paid up Capital | 13 | 1,055,750,000 | 1,025,000,000 |
| Statutory reserves | 14 | 30,171,513 | 25,307,562 |
| Retained earnings | 15 | 64,936,054 | 76,230,246 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 5,361,973,918 | 5,895,792,808 |


SFIL Finance PLC.
Balance Sheet
As at 31 December 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|------------------|--------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| OFF-BALANCE SHEET ITEMS | | | |
| Contingent liabilities | | - | - |
| Acceptances and endorsements | | - | - |
| Letter of guarantee | | - | - |
| Irrevocable letters of credit | | - | - |
| Bill for collection | | - | - |
| Other contingent liabilities | | - | - |
| Other commitments | | 5,300,000 | - |
| 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 | | - | - |
| Undisbursed contracted loans and leases | 16 | 5,300,000 | - |
| Total Off-Balance Sheet Items including Contingent Liabilities | | 5,300,000 | - |
| Net Asset Value (NAV) per share | 36 | 10.90 | 10.67 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Chairman | Director | Director | Managing Director & CEO | Company Secretary |



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


Farhana Sultana FCA, Enrolment No. 1619
Partner
Howladar Yunus & Co., Chartered Accountants
DVC: 2406121619AS471523
Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC.
Profit and Loss Account
For the year ended 31 December 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|--------------------|--------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| Interest income | 18 | 372,953,382 | 411,642,573 |
| Interest on deposits and borrowings etc. | 19 | 364,324,170 | 369,991,411 |
| Net interest income | | 8,629,212 | 41,651,162 |
| Income from investment | 20 | 133,724,460 | 112,163,268 |
| Commission, Exchange and Brokerage | 21 | - | - |
| Other operating income | 22 | 4,143,767 | 1,843,193 |
| Total Operating Income | | 146,497,438 | 155,657,622 |
| Salary and allowances | 23 | 51,242,488 | 52,537,397 |
| Rent, taxes, insurance, electricity etc. | 24 | 2,117,676 | 1,434,592 |
| Legal and professional fees | 25 | 776,972 | 1,383,278 |
| Postage, stamp, telecommunication etc. | 26 | 413,473 | 405,411 |
| Stationery, printing, advertisement etc. | 27 | 1,796,790 | 1,646,204 |
| Managing director's salary and allowances | 28 | 7,736,000 | 10,554,000 |
| Directors' fees | 29 | 87,389 | 87,214 |
| Auditors' fees | 30 | 214,475 | 166,750 |
| Charges on loan losses | | - | - |
| Depreciation and repair of Company's assets | 31 | 15,622,933 | 10,076,968 |
| Other expenses | 32 | 15,344,315 | 14,978,892 |
| Total Operating Expenses | | 95,352,511 | 93,270,705 |
| Profit before provision | | 51,144,927 | 62,386,917 |
| Provisions for leases, loans & investments | 33 | 3,206,722 | 2,741,097 |
| Provision for leases, loans and advances | | 2,198,161 | 1,046,135 |
| Provision for diminution in value of investments | | 955,561 | 2,304,962 |
| Other provisions | | 53,000 | (610,000) |
| Profit before tax and reserve | | 47,938,205 | 59,645,820 |
| Provision for taxation | 34 | 23,618,446 | 25,601,318 |
| Current tax expense/ (income) | | 21,840,010 | 25,359,016 |
| Deferred tax expense/ (income) | | 1,778,435 | 242,302 |
| Net Profit/(Loss) after taxation | | 24,319,759 | 34,044,502 |
| Appropriations: | | | |
| Statutory reserve | | 4,863,952 | 6,808,900 |
| Retained earnings | | 19,455,807 | 27,235,601 |
| Dividend | | - | - |
| | | 24,319,759 | 34,044,502 |
| Earnings Per Share (EPS) | 35 | 0.23 | 0.32 |

The annexed notes from 1 to 40 form an integral part of these financial statements.

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Chairman | Director | Director | Managing Director & CEO | Company Secretary |

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



Farhana Sultana FCA, Enrolment No. 1619
Partner
Howladar Yunus & Co., Chartered Accountants
DVC: 2406121619AS471523
Dated: 12 JUN 2024
Dhaka


SFIL Finance PLC.
Statement of Changes in Equity
For the year ended 31 December 2023

| Particulars | Share Capital | Statutory Reserves | Retained Earnings | Total |
|--|----------------------|--------------------|-------------------|----------------------|
| | BDT | BDT | BDT | BDT |
| Balance as on January 1, 2023 | 1,025,000,000 | 25,307,562 | 76,230,246 | 1,126,537,808 |
| Net Profit /(Loss) for the year | - | - | 24,319,759 | 24,319,759 |
| Appropriation to statutory reserve | - | 4,863,952 | (4,863,952) | - |
| 3.0% Stock Dividend | 30,750,000 | - | (30,750,000) | - |
| Balance as on December 31, 2023 | 1,055,750,000 | 30,171,514 | 64,936,053 | 1,150,857,567 |


For the year ended 31 December 2022


| Particulars | Share Capital | Statutory Reserves | Retained Earnings | Total |
|--|----------------------|--------------------|-------------------|----------------------|
| | BDT | BDT | BDT | BDT |
| Balance as on January 1, 2022 | 1,000,000,000 | 18,498,661 | 73,994,645 | 1,092,493,306 |
| Net Profit /(Loss) for the year | - | - | 34,044,502 | 34,044,502 |
| Appropriation to statutory reserve | - | 6,808,900 | (6,808,900) | - |
| 2.50% Stock Dividend | 25,000,000 | - | (25,000,000) | - |
| Balance as on December 31, 2022 | 1,025,000,000 | 25,307,562 | 76,230,246 | 1,126,537,808 |


Chairman


Director


Director


Managing Director & CEO


Company Secretary

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

Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC.
Statement of Cash Flows
For the year ended 31 December 2023

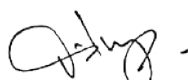
| Particulars | Amount in BDT | |
|--|------------------------|----------------------|
| | 31-Dec-2023 | 31-Dec-2022 |
| A) Cash flows from operating activities | | |
| Interest received | 453,563,205 | 368,130,068 |
| Interest paid | (338,097,920) | (373,259,846) |
| Fees and commission received | 2,304,906 | 1,843,193 |
| Received from other operating activities | 1,071,822 | - |
| Income from investment | 123,424,390 | 110,273,529 |
| Dividend received | 10,756,584 | 1,642,189 |
| Cash paid to employees (including directors) | (60,789,856) | (61,454,614) |
| Cash paid to suppliers & Others (including office rent) | (9,214,840) | (227,099) |
| Income taxes paid | (71,136,854) | (42,855,862) |
| Paid for other operating activities | (15,344,315) | (14,978,892) |
| Cash generated from operating activities before changes in operating assets and liabilities | 96,537,121 | (10,887,334) |
| Increase/ (decrease) in operating assets & liabilities | | |
| Leases, Loans and advances to customers | (163,621,839) | (210,865,489) |
| Other assets | (55,833,788) | 23,179,922 |
| Deposits from customers | (702,522,437) | (246,898,416) |
| Other liabilities | (765,711) | 76,641 |
| | (922,743,775) | (434,507,342) |
| Net Cash from Operating Activities | (826,206,654) | (445,394,676) |
| B) Cash flows from investing activities | | |
| Changes in investment in securities | (260,512,954) | (310,018,552) |
| Purchase of property, plant and equipment | (10,066,058) | (12,914,410) |
| Disposal of property, plant and equipment | 10,459,389 | - |
| Net Cash used in Investing Activities | (260,119,623) | (322,932,962) |
| C) Cash flows from financing activities | | |
| Drawdown of Term Loan, OD and REPO | 37,441,346 | 42,690,036 |
| Issuance of ordinary share | - | - |
| Net Cash used in Financing Activities | 37,441,346 | 42,690,036 |
| D) Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C) | (1,048,884,931) | (725,637,602) |
| E) Opening cash and cash-equivalents | 2,867,853,605 | 3,593,491,207 |
| F) Closing cash and cash-equivalents (D+E)* | 1,818,968,674 | 2,867,853,605 |
| * Closing cash and cash-equivalents | | |
| Cash in hand | 100,000 | 100,000 |
| Balance with Bangladesh Bank and its agent bank(s) | 27,022,986 | 32,614,509 |
| Balance with other Banks and Financial Institutions | 1,791,845,687 | 2,835,139,096 |
| | 1,818,968,674 | 2,867,853,605 |



Chairman



Director



Director



Managing Director & CEO



Company Secretary

Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC. Liquidity Statement

For the year ended 31 December 2023

| Particulars | Not more than 1 month term | 1-3 months term | 3-12 months term | 1-5 years term | above 5 years term | Total |
|--|-------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | BDT | BDT | BDT | BDT | BDT | BDT |
| Assets | | | | | | |
| Cash in hand (including foreign currencies) | 100,000 | - | - | - | - | 100,000 |
| Balance with Bangladesh Bank and its agent (including foreign currencies) | - | - | - | - | 27,022,986 | 27,022,986 |
| Balance with other banks and financial institutions | 501,345,687 | 474,500,000 | 816,000,000 | - | - | 1,791,845,687 |
| Money at call and short notice | - | - | - | - | - | - |
| Investments | - | 141,544,289 | 256,886,025 | 996,777,467 | 333,333,333 | 1,728,541,115 |
| Leases, Loans and advances | 7,252,443 | 4,308,163 | 268,262,931 | 938,279,529 | 166,474,948 | 1,384,578,015 |
| Fixed assets including land, building, furniture and fixtures | 1,268,826 | 2,537,652 | 11,401,778 | 47,812,744 | 31,485,594 | 94,506,594 |
| Other assets | 17,656,884 | 16,357,312 | 55,703,901 | 95,567,335 | 150,094,088 | 335,379,520 |
| Non-banking assets | - | - | - | - | - | - |
| Total Assets | 527,623,841 | 639,247,416 | 1,408,254,636 | 2,078,437,076 | 708,410,950 | 5,361,973,918 |
| Liabilities | | | | | | |
| Borrowings from other banks, financial institutions and agents | 52,046,070 | - | 7,261,897 | 25,406,723 | - | 84,714,689 |
| Deposits | 393,681,103 | 1,136,767,290 | 1,324,725,040 | 1,012,442,035 | 89,466 | 3,867,704,935 |
| Other accounts | - | 474,606 | - | 2,742,909 | - | 3,217,515 |
| Provision and other liabilities | 31,485,903 | 29,056,660 | 73,297,246 | 77,953,644 | 43,685,760 | 255,479,213 |
| Total Liabilities | 477,213,075 | 1,166,298,556 | 1,405,284,183 | 1,118,545,311 | 43,775,226 | 4,211,116,351 |
| Net Liquidity Surplus/(Gap) | 50,410,766 | (527,051,140) | 2,970,453 | 959,891,765 | 664,635,724 | 1,150,857,567 |



Chairman



Director



Director



Managing Director & CEO



Company Secretary

Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC. and its Subsidiary
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2023

1. Legal status and nature of the company

1.1 Domicile, legal form and country of operation

SFIL Finance PLC. (hereinafter referred to as "SFIL" or "the Company") formally known as "Strategic Finance and Investments Limited" is a full-service Bangladesh Bank licensed multi product financial institution, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-160166/2020 dated 9 March 2020 as a Limited Company under the Companies Act, 1994. The company changed its name in November 28, 2023 at RJSC and get permission in January 10, 2024 from Bangladesh Bank. It started commercial operations after obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993 and Finance Company Act. 2023. The registered address of the company is situated at Finance Square, Level-15, Holding-22/A, Road-102 & 103, Gulshan-2, Dhaka - 1212, Bangladesh relocated from Rangs RL Square, Level: 3, Kha 201/1, 203, 205/1, 205/3, Bir Uttam Rafiqul Islam Avenue, Progoti Shoroni, Dhaka-1212, Bangladesh on July 2, 2023. Currently the company has one branch office located at Rangs RL Square, Level: 13, Kha 201/1, 203, 205/1, 205/3, Bir Uttam Rafiqul Islam Avenue, Progoti Shoroni, Dhaka-1212, Bangladesh.

Consequently the company has acquired the following Licenses and legal approvals:

| Sl. No. | Name of License | Registration No. | Date of License | Renewed up to |
|---------|--|-----------------------|-----------------|---------------|
| 1 | Certificate of Incorporation | C-160166/2020 | 9-Mar-20 | N/A |
| 2 | Certificate for Commencement of Business | 92815 | 9-Mar-20 | N/A |
| 3 | Bangladesh Bank License | DFIM(L)/41 | 19-Mar-20 | N/A |
| 4 | Tax Identification Number (TIN) | 225704900074 | 24-Aug-20 | N/A |
| 5 | Value Added Tax Registration Certificate | 003315458-0101 | 2-Nov-20 | N/A |
| 6 | Trade License | TRAD/DNCC/032617/2022 | 25-Sep-23 | 30-Jun-24 |

1.2 Company's activities

SFIL specializes in providing Long term Finance and Short term Finance, Lease Finance, Loan Against Deposit, Personal Loan, Work Order Finance, Receivable Finance, Mortgage Finance, Equity Finance, Syndication Finance, CMSME Finance and Corporate advisory. The company offers attractive savings and deposits products to both institutions and individual clients.

1.3 Islamic Division

1.3.1 SFIL Islamic Finance Wing

SFIL got license from Department of Financial Institutions and Markets (DFIM), Bangladesh Bank as on December 22, 2022 (circular # DFIM(L)/1053/104/2022-3747) to open Islamic Shariah Based Wing. SFIL Islamic Finance Wing (IFW) is supervised by independent and experienced Shariah Supervisory Committee. SFIL Islamic Finance Wing offers Mudaraba Term Deposits, Mudaraba Hajj Savings Scheme, Hire Purchase Under Shirkatul Melk and Bai-Murabaha. Islamic Wing maintains its books of account separately. Separate Balance Sheet and Profit & Loss account of SFIL Islamic Finance Wing are given in annexure D.1 and D.2 respectively.

1.4 Subsidiary Company

1.4.1 SFIL Securities Limited (SFILSL)

SFIL Securities Limited (hereinafter referred to as "SFILSL" or "the company") a wholly owned subsidiary company (99.99%) of SFIL Finance PLC., was incorporated with the Registrar of Joint Stock Companies

and Firms (RJSCF) vide registration # C-170009/2021 dated March 21, 2021 as a private limited company under the Companies Act, 1994. The Company is a Trading Right Entitlement Certificate (TREC) holder of both Dhaka Stock Exchange PLC. (276) and Chittagong Stock Exchange PLC. (154). The principal activities of SFIL Securities Limited are to act as a TREC holder of stock exchanges and to carry on the business of broker, jobbers or dealers in stocks, shares, securities, bonds, debentures. The Company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of company in shares, stocks and fixed income securities, etc.

2. Basis for preparation and significant accounting policies

2.1 Statement of compliance

The financial statements of SFIL have been prepared on a going concern basis following accrual basis of accounting except for cash flows statement as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Markets of Bangladesh Bank with reference to the provisions of Financial Institutions Act, 1993 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with International Financial Reporting Standards (IFRSs), Finance Company Act. 2023 and the Companies Act, 1994.

In several cases, the laws, circulars, guidelines or directives of Bangladesh Bank differ from those of financial reporting standards as promulgated by International Accounting Standards Board (IASB) and as adopted by national standard setter, i.e., The Institute of Chartered Accountants of Bangladesh (ICAB), the requirements of Bangladesh Bank prevails and these financial statements have been prepared by departing from those requirements of IFRSs with a view to comply with the regulatory requirements .

The Company has consistently applied the accounting policies to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards have been considered.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in note - 2.3

However, these departures with IFRSs have been made by following all of the relevant provisions of IAS 1 and detail disclosures are given in note - 2.3 by following the provision of Para 20 of IAS 1 : Presentation of Financial Statements.

2.2 Presentation of financial statements

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

2.3 Disclosure of departure from few requirements of IAS/IFRS due to mandatory compliance of Bangladesh Bank's requirements.

| SL. | Nature of Departure | Title of IAS/IFRS | Treatment of IAS/IFRS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Departure |
|-----|---|---------------------------------|--|---|---|
| 1 | Measurement of provision for leases, loans and advances (financial assets measured at amortized cost) | IFRS-9 "Financial Instruments" | An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall measure the amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. | As per DFIM Circular No. 04 dated July 26, 2021, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue. | In Financial Statements, as at 31 December 2023, accumulated provision for leases, loans and advances stand at BDT 14.91 million. |
| 2 | Valuation of Investments in quoted and unquoted shares | IFRS-9 "Financial Instruments" | Investment in shares falls either under "at fair value through statement of comprehensive income" or under "available for sale" where any change in the fair value (as measured as per IFRS 13: "Fair Value") at the year-end is taken to statement of comprehensive income or revaluation reserve respectively. | As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only. | During this year total market value of all shares are less than the cost price of all shares. As on December 31, 2023 there was BDT 6.26 million and BDT 6.05 million unrealized loss on consolidated and separate investment in marketable securities respectively. |
| 3 | Recognition of interest income for SMA and classified lease, loans and advances | IFRS-9 "Financial Instruments" | Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount. | As per DFIM Circular No. 04 dated July 26, 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account. | As at 31 December 2023, in Financial Statements interest suspense on Leases, Loans and Advances was BDT 0.67 million. Additionally interest suspense on investment on bond was BDT 0.10 million. |
| 4 | Presentation of cash and cash equivalent | IAS 7 "Statement of Cash Flows" | Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations. | Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs. The templates of financial statements provided detail presentation for statement of cash flows. | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. |

| SL. | Nature of Departure | Title of IAS/IFRS | Treatment of IAS/IFRS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Departure |
|-----|---|--|---|--|--|
| 5 | Measurement of deferred tax asset | IAS 12 "Income Taxes" | A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. | As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances. | During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against the provision for leases, loans and advances. |
| 6 | Presentation and disclosure of Financial Statements and Financial Instruments | IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" IFRS 7 "Financial Instruments: Disclosure" | 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. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments. | Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts. | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. |
| 7 | Preparation of "Statement of Cash Flows" | IAS 7 "Statement of Cash Flows" | 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. | As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method. | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. |
| 8 | Current/ Non-current distinction | IAS-1 "Presentation of Financial Statement" | As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position. | As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained. |
| 9 | Off-balance sheet items | IAS 1 "Presentation of Financial Statements" | There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet. | As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet. | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. |

| SL. | Nature of Departure | Title of IAS/IFRS | Treatment of IAS/IFRS | Treatment Adopted as per Bangladesh Bank | Financial or Presentation Effect of the Departure |
|-----|---|--|---|---|--|
| 10 | Impairment of Margin Loan (Loans and receivables) | IFRS-9 "Financial Instruments" | Measurement after initial recognition at amortized cost and recording of changes through profit and loss. | As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2016. | There is no such impact for this. |
| 11 | Complete set of financial statements | IAS 1 "Presentation of Financial Statements" | As per IAS 1:10: "Presentation of Financial Statements" complete set of financial statements are i) a statement of financial position, ii) a statement of profit or loss and other comprehensive income, iii) a statement of changes in equity, iv) a statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement. | As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) liquidity statement, vi) notes, comprising significant accounting policies and other explanatory information. | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements. |
| 12 | Intangible asset | IAS 1 "Presentation of Financial Statements" | As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets. | As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A and annexure-B as separate line item. | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements. |
| 13 | Other comprehensive income | IAS 1 "Presentation of Financial Statements" | As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement. | Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single 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. | Financial Statements for 2023 have been prepared as per the guideline and templates issued by Bangladesh Bank. There is no financial impact for this departure in the financial statements. |
| 14 | Disclosure of presentation of profit | N/A | There is no requirement to show appropriation of profit in the face of statement of comprehensive income. | As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account | Financial Statements for 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements. |

2.4 Components of the financial statements

The financial statements comprise of (As per DFIM Circular-11, Dated 23 December 2009) and as per the Para 1.10 of IAS-1: Presentation of Financial Statements:

- a) Consolidated and Separate Balance Sheet as at 31 December 2023;
- b) Consolidated and Separate Profit and Loss account for the year ended 31 December 2023;
- c) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2023;
- d) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2023;
- e) Liquidity Statement for the year ended 31 December 2023;
- f) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2023.

2.5 Presentation and functional currency and level of precision

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

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statements in line with the International Accounting Standards (IASs)-37: "Provisions, Contingent Liabilities and Contingent Assets" when

- the Company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.7 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statement. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.8 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.9 Directors' responsibility statement

The Board of Directors are responsible for the preparation and presentation of these financial statements.

2.10 Statement of Cash flows

The statement of cash flows is prepared using the mixture of direct and indirect method as stipulated in International Accounting Standard (IAS) 7: "Cash Flow Statements", and in accordance with the instruction of Bangladesh Bank.

2.11 Liquidity statement

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the period as per following bases:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- b) Investments are on the basis of their residual maturity term.
- c) Leases, loans and advances are on the basis of their repayment or maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions as per their maturity or repayment term.
- g) Deposits and other accounts are on the basis of their maturity period and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

2.12 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.13 Branch accounting

The Company has one branch, with no overseas branches as on 31 December 2023. Accounts of the branch is maintained at the head office from which these accounts are drawn up.

2.14 Revenue recognition

Revenue is only recognized when it meets the following five steps model framework as per IFRS-15: "Revenue from Contracts with Customers"

- a) identify the contract(s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognize revenue when (or as) the entity satisfies a performance obligation.

2.14.1 Interest income on leases, loans and advances

Interest income is recognized when interest is accrued. No interest on loan (except mortgage loan) is accounted for as revenue where any portion of capital or interest is in arrears for more than 2 months for the loan tenure of which is Short Term Finance within 1 years, interest is in arrears for more than 3 months for the loan tenure of which is within 5 years or in arrears for more than 6 months for the loan tenure of which is more than 5 years. In case of mortgage loan, no interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 9 months. Moreover, the amounts that were previously recognized as revenue in respect of such outstanding loans are also transferred from leases, loans and advances income to interest suspense account.

2.14.2 Fee based income

Fees on services rendered by the company are recognized as and when service are rendered.

2.14.3 Income from investment

Capital gain or loss on investment in shares

Capital gain or loss arising from the sale of investment in shares is accounted on monthly basis.

Dividend income

Dividend is recognized as income when the right to receive income is established.

Income from Coupon bearing Bond

Interest income on coupon bearing bond is recognized as revenue on an accrual basis.

2.15 Operating expenses

Major component of operating expenses other than salary and allowances are office rent, printing and stationery, postage and stamp, telecommunication, legal and professional fees and other miscellaneous expenses. All expenses are recognized on accrual basis of accounting.

2.15.1 Salary and allowances

Salary and allowances comprise basic salary, house rent, conveyance allowance, festival bonus, leave fare assistance etc. All expenses related to salary and allowances are recognized on accrual basis of accounting.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits that are readily convertible to a known amount of cash and that are not subject to significant risk of change in value.

2.17 Investments

2.17.1 Investment in Government Treasury bill

Investment in Government Treasury Bill classified as "Held to Maturity" are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to Held to Maturity (HTM).

As per IFRS-9, Financial assets are classified as either:

- (i) amortized cost;
- (ii) fair value through profit or loss;
- (iii) fair value through other comprehensive income.

In case of valuation of investment in Government Bills, SFIL followed amortized cost method, as it meets both the business model assessment and contractual cash flow assessment.

2.17.2 Investment in marketable shares

Investment in listed securities are carried at cost. Adequate provision has been made for excess of cost over market value of the shares. Unrealized gain are not recognized in the profit and loss account.

2.18 Recognition and measurement of fixed assets

2.18.1 Assets acquired under own finance

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the IAS-16, "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost attributable to bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

2.18.2 Depreciation on fixed assets

Depreciation on fixed assets is charged using straight-line method in accordance with IAS-16: "Property, Plant and Equipment". No depreciation is charged from the month of disposal. Asset category wise depreciation rate are as follows:

| Name of Assets | Useful Life (Years) | Rate (%) |
|------------------------|---------------------|----------|
| Furniture & Fixture | 5 | 20.00% |
| Office Decoration | 6 | 16.67% |
| Office Equipment | 5 | 20.00% |
| IT Equipment | 5 | 20.00% |
| Motor Vehicle | 8 | 12.50% |
| Right of Use of Assets | Lease Term | - |

Lease Term and Consideration changed for Right of Use of Assets and Lease Liability for new rental agreement of Head Office. The gain or loss arising for this change is recognized in the profit and loss account.

2.18.3 Intangible Assets

Intangible assets comprise the value of software and license. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

2.18.4 Amortization on Intangible Assets

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of 2 or 5 years.

2.19 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity as per DFIM circular # 11 dated: December 23, 2009 and Provisions will be calculated as per DFIM circular # 10 dated: October 3, 2021.

2.20 Contingent asset and contingent liability

The Company does not recognize any Contingent Asset and Contingent Liability; but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from the past events and whose existence will be confirmed by the occurrence of uncertain future events beyond the control of the Company or a present obligation that is not recognized because of outflow of resources is not likely or obligation cannot be measured reliably.

2.21 Borrowing costs

Borrowing costs are recognized as expenses in the period in which they incur in accordance with IAS 23 "Borrowing cost".

2.22 Conversion of foreign currency transactions

Foreign currency transactions are translated into BDT at rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the year are reported at the rates prevailing on the balance sheet date.

2.23 Provision for leases, loans and advances

Generally, provision against classified leases, loans and advances is made on the basis of quarter end review by the management and instruction contained in DFIM Circular No. 04, dated 26 July 2021. However, at the discretion of management, provision against classified loans and advances may be made on monthly basis. The provisions rates are given below

| Particulars | Rates |
|--|-------|
| General Provision on: | |
| Unclassified of leases, loans and advances except SME | 1% |
| Unclassified of Cottage, Micro, Small and Medium Enterprise(CMSME) | 0.25% |
| Unclassified of Brokerage House, Merchant Bans and Stock Dealers | 2% |
| Special Mention Account of leases, loans and advances | 5% |
| Off-Balance Sheet Exposures | 1% |
| Specific Provision on: | |
| Sub-Standard of leases, loans and advances (SS) | 20% |

2.24 Interest Suspense account

In compliance with DFIM Circular No. 04, dated 26 July 2021, interests on leases, loans and advances overdue beyond two months period (in case of loan duration is within 1 year), overdue beyond three months period (in case of loan duration is within 5 years) and overdue beyond six months period (in case of loan duration is more than 5 years) are not recognized as revenue and credited to interest suspense account.

Interests on mortgage finance overdue beyond nine months period are not recognized as revenue and credited to interest suspense account.

2.25 Corporate Tax

a. Current tax

Provision for current income tax is normally made as prescribed in Finance Act, 2023 on the profit made by the company considering major taxable allowances and disallowances and the same is understated or overstated to that extent. Any shortfall or excess provision will be duly adjusted after final assessment. For the purpose of these financial statements, management has assumed that the existing tax rates will be applicable for income year 2023 as well, which are mentioned below:

| Regular Business Tax Rate | Rates |
|---|-------|
| SFIL Finance PLC. - Financial Institution | 40% |
| SFIL Securities Limited - Private Limited Company | 27.5% |

| Other Business Tax Rate | Rates |
|---|-------|
| Dividend Income | 20% |
| Capital gain on sale of marketable securities | 10% |

b. Deferred tax

The Company accounts for deferred tax as per International Accounting Standards (IASs) 12: "Income Taxes". Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements.

The Company provides disclosures based on the classes of assets and liabilities related to the temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are recognized for all taxable temporary differences and it is probable that temporary differences will not reverse in the foreseeable future. Both the Deferred tax assets and liabilities are reviewed at each reporting date considering the probability of benefit or detriment realizable. Deferred tax assets and liabilities are not offset and are presented separately as per Bangladesh Bank directive.

2.26 Employees benefit obligation

2.26.1 Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the Company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

2.26.2 Defined benefit plan

The Company also operates a funded gratuity scheme (which is a defined benefit scheme as specified in IAS 19). Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. Employees are entitled to gratuity benefit after completion of minimum years of service with the company.

2.27 Term deposits

Term Deposits by customers and Banks/FI are recognized when the Company enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

2.28 Write-off

Write-off describes a reduction in recognized value. It refers to the recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus cancelled and removed from ("written-off") the Company's balance sheet.

Recovery against debts written off or provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities, properties or advances.

2.29 Provision for liabilities

A provision is recognized in profit and loss account when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS - 37: "Provisions, Contingent Liabilities and Contingent Assets".

2.30 Statutory reserves

As per clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of its profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Share Premium Account (if any) and Statutory Reserves is less than the paid up capital of that financial institution. Accordingly, 20% of current year's profit after tax has been transferred to Statutory Reserves Account.

2.31 Earnings per Share (EPS)

SFIL calculates EPS in accordance with the requirement of IAS - 33: "Earnings Per Share", which has been shown on the face of the profit and loss account (Note - 35).

2.32 Minority interest in subsidiaries

A minority interest, which is also referred to as non-controlling interest (NCI) is ownership of less than 50% of a company's equity by an investor or another company. Minority interest shows on the balance sheet of companies with a majority interest in a company representing the proportion of its subsidiaries owned by minority shareholders. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to minority shareholders.

2.33 Capital reserve

As per Bangladesh Securities and Exchange Commission's (BSEC) notification no. BSEC/CMRRCD/2017-357/221/Admin/89 dated May 22 2019, SFIL Securities Limited has maintained 10% provision on the last year's profit after tax as Capital Reserve and the full amount of such reserve shall be accounted for in computing total capital.

2.34 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustments / disclosures have been made in the consolidated and separate financial statements.

2.35 Financial risk management

SFIL always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity, operations and anti-money laundering. In addition to the industry best practices for assessing, identifying and measuring risks, SFIL also considers guidelines for managing core risks of financial institutions issued by the Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005, DFIM Circular No. 07, dated 4 October 2012 for management of risks and more recently, DFIM Circular No. 03 dated January 24, 2016.

Credit Risk

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum exposure limit of sector or groups, policy for customers' assets maximum exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, adequate insurance coverage for funded assets, vigorous monitoring and follow up by Special Assets Management Team, strong follow up of compliance of credit policies by Internal Control and Compliance Department (ICCD), taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, etc.

The Credit Evaluation Committee (CEC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CEC critically reviews projects from risk point of view. An independent Credit Risk Management Department is in place, at SFIL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets.

Liquidity Risk

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and credit spreads will affect the income or the value of financial instruments.

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rates, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

SFIL objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the reputation with overall cost effectiveness and innovation.

The Board of Directors has delegated responsibility for operational risk to Management Committee which is responsible for the development and implementation of controls to address operational risk.

SFIL has also established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

Money Laundering and Terrorist Financing Risk

To mitigate the risks, SFIL, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), put in place a strict compliance program consisting of the following components:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing;
- b) A dedicated structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU) for proactively managing AML and CFT compliance;
- c) Appointment of a Chief Anti Money Laundering Compliance Officer (CAMLCO) to lead AML/CFT efforts throughout the company;
- d) Independent audit functions including internal and external audit function to test the programs;
- e) Ongoing employee training programs.

2.36 General Notes

- (i) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (ii) Figures of the year 2022 have been rearranged whenever considered necessary to ensure comparability with the current year.
- (iii) Figures in these notes and annexed financial statements have been rounded off to the nearest Taka / BDT.

2.37 Status of Compliance of International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS)

In addition to compliance with local regulatory requirements in preparing consolidated and separate financial statements, SFIL applied following IFRS and IAS:

| Name of IFRS | IFRS No. | Status |
|---|----------|----------|
| First-time Adoption of Bangladesh Financial Reporting Standards | IFRS-1 | N/A |
| Share Based Payment | IFRS-2 | N/A |
| Business Combinations | IFRS-3 | N/A |
| Insurance Contracts | IFRS-4 | N/A |
| Non-current Assets Held for Sale and Discontinued Operations | IFRS-5 | N/A |
| Exploration for and Evaluation of Mineral Resources | IFRS-6 | N/A |
| Financial Instruments: Disclosures | IFRS-7 | *Applied |
| Operating Segments | IFRS-8 | N/A |
| Financial Instruments | IFRS-9 | *Applied |
| Consolidated Financial Statements | IFRS-10 | Applied |
| Joint Arrangements | IFRS-11 | N/A |
| Disclosure of Interests in Other Entities | IFRS-12 | N/A |
| Fair Value Measurement | IFRS-13 | *Applied |
| Regulatory Deferral Accounts | IFRS-14 | N/A |
| Revenue from Contracts with Customers | IFRS-15 | Applied |
| Leases | IFRS-16 | Applied |
| Insurance Contracts | IFRS-17 | N/A |

| Name of IAS | IAS No. | Status |
|--|---------|----------|
| Presentation of Financial Statements | IAS-1 | *Applied |
| Inventories | IAS-2 | N/A |
| Statement of Cash Flows | IAS-7 | *Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | IAS-8 | Applied |
| Events After the Reporting Period | IAS-10 | Applied |
| Income Taxes | IAS-12 | Applied |
| Property, Plant and Equipment | IAS-16 | Applied |
| Employee Benefits | IAS-19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | IAS-20 | N/A |
| The Effects of Changes in Foreign Exchange Rates | IAS-21 | Applied |
| Borrowing Cost | IAS-23 | Applied |
| Related Party Disclosures | IAS-24 | Applied |
| Accounting and Reporting by Retirement Benefit Plans | IAS-26 | N/A |
| Separate Financial Statements | IAS-27 | Applied |
| Investments in Associates and Joint Ventures | IAS-28 | N/A |
| Financial Reporting in Hyperinflationary Economies | IAS-29 | N/A |
| Earnings per Share | IAS-33 | Applied |
| Interim Financial Reporting | IAS-34 | Applied |
| Impairment of Assets | IAS-36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | IAS-37 | Applied |
| Intangible Assets | IAS-38 | Applied |
| Investment Property | IAS-40 | N/A |
| Agriculture | IAS-41 | N/A |

N/A - Not Applicable

* As the regulatory requirements differ with the Standards, relevant disclosures have been made in accordance with Bangladesh Bank requirements (please see note - 2.3)

| | | SFIL | | SFIL Group | |
|--|--|----------------------|----------------------|----------------------|----------------------|
| | | Amount in BDT | | Amount in BDT | |
| | | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 3 | Cash in hand | | | | |
| | Cash in hand (including foreign currencies) (Note-3.1) | 100,000 | 100,000 | 130,000 | 130,000 |
| | Balance with Bangladesh Bank and its agent (including foreign currencies) (Note-3.2) | 27,022,986 | 32,614,509 | 27,022,986 | 32,614,509 |
| | | 27,122,986 | 32,714,509 | 27,152,986 | 32,744,509 |
| 3.1 | Cash in hand (including foreign currencies) | | | | |
| | Local Currency | 100,000 | 100,000 | 130,000 | 130,000 |
| | Foreign Currency | - | - | - | - |
| | | 100,000 | 100,000 | 130,000 | 130,000 |
| 3.2 | Balance with Bangladesh Bank and its agent (including foreign currencies) | | | | |
| | Local Currency | 27,022,986 | 32,614,509 | 27,022,986 | 32,614,509 |
| | Foreign Currency | - | - | - | - |
| | | 27,022,986 | 32,614,509 | 27,022,986 | 32,614,509 |
| 3.3 | Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) | | | | |
| Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with Financial Institution Act, 1993, Finance Company Act. 2023, Financial Institution Regulations, 1994, and FID Circular No. 06, dated November 06, 2003, FID Circular No. 02, dated November 10, 2004. DFIM Circular No. 01, dated January 12, 2017, DFIM Circular No. 03, dated June 21, 2020, DFIM Circular No. 27, dated August 23, 2021. | | | | | |
| Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. Total Term Deposit means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposit, received from individuals and institutions (except Bank & financial Institutions). | | | | | |
| Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 1.5% on total Term Deposit. SLR maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other banks and Financial Institutions, unencumbered treasury bill and treasury bond and any other assets approved by Government Circular issued by Gazette or Bangladesh Bank. | | | | | |
| a) | Cash Reserve Requirement (CRR) | | | | |
| | Required reserve | 20,323,646 | 29,526,680 | 20,323,646 | 29,526,680 |
| | Actual reserve maintained | 45,243,041 | 32,352,969 | 45,243,041 | 32,352,969 |
| | Surplus / (deficit) | 24,919,396 | 2,826,290 | 24,919,396 | 2,826,290 |
| b) | Statutory Liquidity Reserve (SLR) | | | | |
| | Required reserve (including CRR) | 82,229,815 | 107,516,533 | 82,229,815 | 107,516,533 |
| | Actual reserve maintained (including CRR) (Note-3.3(i)) | 1,856,980,285 | 2,837,840,524 | 1,856,980,285 | 2,837,840,524 |
| | Surplus / (deficit) | 1,774,750,470 | 2,730,323,991 | 1,774,750,470 | 2,730,323,991 |
| 3.3(i) | Actual Reserve maintained (including CRR) | | | | |
| | Cash In Hand | 100,000 | 100,000 | 100,000 | 100,000 |
| | Bangladesh Bank | 28,031,986 | 32,825,675 | 28,031,986 | 32,825,675 |
| | Padma Bank PLC. | 968,753 | 1,652,116,033 | 968,753 | 1,652,116,033 |
| | Eastern Bank PLC. | 516,019,384 | 90,322 | 516,019,384 | 90,322 |
| | The Premier Bank PLC | 380,032,939 | 1,151,405,348 | 380,032,939 | 1,151,405,348 |
| | Standard Chartered Bank | 1,648,719 | 1,290,495 | 1,648,719 | 1,290,495 |
| | NRB Bank PLC. | 32,044 | 12,651 | 32,044 | 12,651 |
| | Export Import Bank of Bangladesh PLC. | 235,589,617 | - | 235,589,617 | - |
| | Southeast Bank PLC. | 380,032,193 | - | 380,032,193 | - |
| | Standard Bank PLC. | 314,524,649 | - | 314,524,649 | - |
| | | 1,856,980,285 | 2,837,840,524 | 1,856,980,285 | 2,837,840,524 |

| | SFIL | | SFIL Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 4. Balance with other Banks and Financial Institutions | | | | |
| A. Inside of Bangladesh | | | | |
| Local Currency (Note - 4.1) | 1,791,845,687 | 2,835,139,096 | 1,793,591,361 | 2,840,458,989 |
| Foreign Currency (Note - 4.2) | - | - | - | - |
| | 1,791,845,687 | 2,835,139,096 | 1,793,591,361 | 2,840,458,989 |
| 4.1 Local Currency | | | | |
| Interest bearing SND/HPA account (Note - 4.1.1) | 20,083,969 | 54,360,152 | 21,829,642 | 59,680,045 |
| Fixed Deposit Receipt account (Note - 4.1.2) | 1,756,000,000 | 2,780,300,000 | 1,756,000,000 | 2,780,300,000 |
| Mobile Financial Services - Nagad | - | 3,032 | - | 3,032 |
| Export Import Bank of Bangladesh PLC. - MSND (Islamic) | 1,261,719 | 475,912 | 1,261,719 | 475,912 |
| Standard Bank PLC.-Mudaraba Term Deposit (Islamic) | 14,500,000 | - | 14,500,000 | - |
| | 1,791,845,687 | 2,835,139,096 | 1,793,591,361 | 2,840,458,989 |
| 4.1.1 Interest bearing SND/HPA account | | | | |
| Padma Bank PLC. | 1,962,815 | 29,975,267 | 1,981,870 | 33,437,179 |
| Eastern Bank PLC. | 17,159 | 90,181 | 25,273 | 90,181 |
| The Premier Bank PLC | 2,393,694 | 20,503,509 | 2,393,694 | 20,503,509 |
| Standard Chartered Bank | 566,153 | 3,729,450 | 566,153 | 3,729,450 |
| NRB Bank PLC. | 17,092 | 61,745 | 17,092 | 61,745 |
| Export Import Bank of Bangladesh PLC. | 14,637,557 | - | 14,637,557 | - |
| Southeast Bank PLC. | 37,845 | - | 285,554 | - |
| Standard Bank PLC. | 451,654 | - | 451,654 | - |
| IFIC Bank PLC. | - | - | 1,470,796 | 1,857,981 |
| | 20,083,969 | 54,360,152 | 21,829,642 | 59,680,045 |
| 4.1.2 Fixed Deposit Receipt account | | | | |
| The Premier Bank PLC | 380,000,000 | 1,150,300,000 | 380,000,000 | 1,150,300,000 |
| Padma Bank PLC. | - | 1,630,000,000 | - | 1,630,000,000 |
| Export Import Bank of Bangladesh PLC. | 170,000,000 | - | 170,000,000 | - |
| Southeast Bank PLC. | 380,000,000 | - | 380,000,000 | - |
| Standard Bank PLC. | 310,000,000 | - | 310,000,000 | - |
| Eastern Bank PLC. | 516,000,000 | - | 516,000,000 | - |
| | 1,756,000,000 | 2,780,300,000 | 1,756,000,000 | 2,780,300,000 |
| 4.2 Foreign Currency | - | - | - | - |
| 4.3 Maturity grouping of balance with other banks and financial institutions | | | | |
| Up to 1 month | 501,345,687 | 484,363,184 | 503,091,361 | 487,250,464 |
| Over 1 month but not more than 3 months | 474,500,000 | 1,160,475,912 | 474,500,000 | 1,162,908,525 |
| Over 3 months but not more than 6 months | 240,000,000 | 990,300,000 | 240,000,000 | 990,300,000 |
| Over 6 months but not more than 1 year | 576,000,000 | 100,000,000 | 576,000,000 | 100,000,000 |
| Over 1 year but not more than 5 years | - | 100,000,000 | - | 100,000,000 |
| Over 5 years | - | - | - | - |
| | 1,791,845,687 | 2,835,139,096 | 1,793,591,361 | 2,840,458,989 |
| 5. Money at call and short notice | - | - | - | - |
| 6. Investments | | | | |
| Government Securities | | | | |
| Treasury Bills | 240,247,447 | - | 240,247,447 | - |
| Treasury Bonds | - | - | - | - |
| | 240,247,447 | - | 240,247,447 | - |

| | | SFIL | | SFIL Group | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | Amount in BDT | | Amount in BDT | |
| | | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| Other Investments | | | | | |
| Investment in marketable securities (Note - 6.1) | | 263,638,112 | 258,028,162 | 274,800,605 | 268,620,279 |
| Investment in bond - SFL (Note - 6.2) | | 1,224,655,556 | 1,210,000,000 | 1,224,655,556 | 1,210,000,000 |
| | | 1,488,293,668 | 1,468,028,162 | 1,499,456,161 | 1,478,620,279 |
| | | 1,728,541,115 | 1,468,028,162 | 1,739,703,609 | 1,478,620,279 |
| 6.1 Investment in marketable securities | | | | | |
| Details of marketable securities are given below: | | | | | |
| Business segments | SFIL | | SFIL Group | | |
| | Cost Price | Market Price | Cost Price | Market Price | |
| Food & Allied | 2,471,134 | 2,463,825 | 2,766,326 | 2,738,736 | |
| Telecommunication | 2,513,436 | 2,353,175 | 2,513,436 | 2,353,175 | |
| Bank | 208,867,105 | 204,507,503 | 218,833,934 | 214,328,223 | |
| Textile | 2,586,966 | 2,560,800 | 2,586,966 | 2,560,800 | |
| Pharmaceuticals & Chemicals | 22,553,421 | 22,084,834 | 22,553,421 | 22,084,834 | |
| Fuel & Power | 9,771,049 | 8,746,223 | 9,771,049 | 8,746,223 | |
| Travel & Leisure | 14,875,000 | 14,875,000 | 15,445,376 | 15,407,980 | |
| Corporate Bond | - | - | 330,097 | 315,900 | |
| | 263,638,112 | 257,591,359 | 274,800,605 | 268,535,870 | |
| All investments in marketable securities are valued on an aggregate portfolio basis, at cost value, at the Balance Sheet date. As on December 31, 2023 there was BDT 6,264,735 unrealized loss on consolidated investment in marketable securities and BDT 6,046,753 unrealized loss on investment by SFIL Finance PLC. in marketable securities. | | | | | |
| 6.2 Investment in bond - Strategic Finance Limited (SFL) | | | | | |
| Opening balance | 1,210,000,000 | 1,100,000,000 | 1,210,000,000 | 1,100,000,000 | |
| Add: Interest capitalized during the year | 121,000,000 | 110,000,000 | 121,000,000 | 110,000,000 | |
| Less: Received during the year | (106,344,444) | - | (106,344,444) | - | |
| Closing balance | 1,224,655,556 | 1,210,000,000 | 1,224,655,556 | 1,210,000,000 | |
| As per Bangladesh Bank No Objection Certificate (Circular no.: DFIM(BS)1057/35/2020-2116, dated: November 29, 2020), SFIL Finance PLC. invested BDT 100 Crore to Non-Convertible Redeemable Coupon Bearing Bond which is issued by Strategic Finance Limited and approved by Bangladesh Securities and Exchange Commission (BSEC). | | | | | |
| 6.3 Maturity grouping of Investments | | | | | |
| On demand | - | - | - | - | |
| Up to 1 month | - | - | - | - | |
| Over 1 month but within 3 months | 141,544,289 | - | 141,544,289 | - | |
| Over 3 months but within 1 year | 256,886,025 | 493,028,162 | 256,886,025 | 493,028,162 | |
| Over 1 year but within 5 years | 996,777,467 | 525,000,000 | 1,007,939,961 | 535,592,118 | |
| Over 5 years | 333,333,333 | 450,000,000 | 333,333,333 | 450,000,000 | |
| | 1,728,541,115 | 1,468,028,162 | 1,739,703,609 | 1,478,620,279 | |
| 7. Leases, loans and advances | | | | | |
| A. Inside Bangladesh | | | | | |
| Corporate Finance | | | | | |
| Lease Finance | 198,638,636 | 205,730,030 | 198,638,636 | 205,730,030 | |
| Loan Finance | 850,895,323 | 719,964,749 | 850,895,323 | 719,964,749 | |
| | 1,049,533,958 | 925,694,779 | 1,049,533,958 | 925,694,779 | |
| Consumer Finance | | | | | |
| House Finance | 170,027,166 | 186,612,303 | 170,027,166 | 186,612,303 | |
| Car Lease | 51,444,979 | 38,604,751 | 51,444,979 | 38,604,751 | |
| Loan Against Deposit | 29,666,807 | 2,069,349 | 29,666,807 | 2,069,349 | |
| Personal Loan | 3,826,377 | 4,371,447 | 3,826,377 | 4,371,447 | |
| | 254,965,329 | 231,657,850 | 254,965,329 | 231,657,850 | |
| SME Finance | | | | | |
| Lease Finance, SMALL | 16,990,753 | 21,578,660 | 16,990,753 | 21,578,660 | |
| Loan Finance, SMALL | 34,856,103 | 6,588,207 | 34,856,103 | 6,588,207 | |
| Lease Finance, MID | 3,774,085 | 8,665,675 | 3,774,085 | 8,665,675 | |
| Loan Finance, MID | 24,457,787 | 27,177,897 | 24,457,787 | 27,177,897 | |
| | 80,078,727 | 64,010,438 | 80,078,727 | 64,010,438 | |
| Total (Inside Bangladesh) | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 | |

| | SFIL | | SFIL Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| B. Outside Bangladesh | - | - | - | - |
| Total (Outside Bangladesh) | - | - | - | - |
| | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |
| 7.1 Maturity wise grouping | | | | |
| On Demand | 7,252,443 | - | 7,252,443 | - |
| Not more than 3 months | 4,308,163 | 115,206,034 | 4,308,163 | 115,206,034 |
| More than 03 Months to 01 Year | 268,262,931 | 152,097,380 | 268,262,931 | 152,097,380 |
| More than 01 Year to 05 Years | 938,279,529 | 747,447,670 | 938,279,529 | 747,447,670 |
| More than 05 Years | 166,474,948 | 206,611,983 | 166,474,948 | 206,611,983 |
| | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |
| 7.2 Leases, Loans and advances on the basis of significant concentration | | | | |
| a) Leases, Loans and advances to the institutions in which Directors have interest | - | - | - | - |
| b) Leases, Loans and advances to Chief Executive and other senior executives | 8,526,264 | 6,099,998 | 8,526,264 | 6,099,998 |
| c) Leases, Loans and advances to customer groups: | | | | |
| i) House finance | 142,431,124 | 182,699,908 | 142,431,124 | 182,699,908 |
| ii) Car Loan | 48,846,590 | 36,606,889 | 48,846,590 | 36,606,889 |
| iii) Personal loan | 2,008,331 | 4,181,706 | 2,008,331 | 4,181,706 |
| iv) Loan against deposits (LAD) | 29,267,321 | 2,069,349 | 29,267,321 | 2,069,349 |
| v) Small and medium enterprises | 82,393,236 | 70,018,265 | 82,393,236 | 70,018,265 |
| vi) Special program loan (BB refinancing scheme) | - | - | - | - |
| vii) Staff loan | - | - | - | - |
| viii) Industrial Leases, Loans and advances (Note-7.2(d)) | 1,071,105,150 | 919,686,952 | 1,071,105,150 | 919,686,952 |
| ix) Other loans and advances | - | - | - | - |
| | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |
| d) Details of Industrial Leases, Loans and advances | | | | |
| i) Agriculture Industries | 2,720,139 | 3,603,072 | 2,720,139 | 3,603,072 |
| ii) Garments and Knitwear | 26,586,264 | 31,993,539 | 26,586,264 | 31,993,539 |
| iii) Textile | 117,260,784 | 197,831,170 | 117,260,784 | 197,831,170 |
| iv) Food Production and Processing industry | 34,883,649 | 72,709,320 | 34,883,649 | 72,709,320 |
| v) Leather and Leather Goods | 9,878,594 | 12,440,725 | 9,878,594 | 12,440,725 |
| vi) Iron, Steel and Engineering | 5,623,388 | 9,158,717 | 5,623,388 | 9,158,717 |
| vii) Ship Manufacturing Industry | 115,908,132 | 59,066,498 | 115,908,132 | 59,066,498 |
| viii) Electronics and Electrical Products | 2,655,273 | 3,430,669 | 2,655,273 | 3,430,669 |
| ix) Transport and Aviation | 23,128,909 | - | 23,128,909 | - |
| x) Other Industries | 732,460,019 | 529,453,242 | 732,460,019 | 529,453,242 |
| | 1,071,105,150 | 919,686,952 | 1,071,105,150 | 919,686,952 |
| 7.3 Leases, Loans and advances-geographical location wise | | | | |
| Dhaka Division | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |
| | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |

7.4 Classification wise leases, loans and advances

Unclassified

Standard

Special Mention Accounts (SMA)

Classified

Sub-standard

Doubtful

Bad/loss

| SFIL | | SFIL Group | |
|----------------------|----------------------|----------------------|----------------------|
| Amount in BDT | | Amount in BDT | |
| 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| | | | |
| 1,373,600,862 | 1,221,363,067 | 1,373,600,862 | 1,221,363,067 |
| 3,692,985 | - | 3,692,985 | - |
| 1,377,293,847 | 1,221,363,067 | 1,377,293,847 | 1,221,363,067 |
| | | | |
| 7,284,168 | - | 7,284,168 | - |
| - | - | - | - |
| - | - | - | - |
| 7,284,168 | - | 7,284,168 | - |
| | | | |
| 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |

7.5 Particulars of required provision Leases, Loans and Advances

| Status | Base for Provision | Percentage (%) of Provision Required | | | | |
|--|--------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Provision | | | 13,355,999 | 11,707,905 | 13,355,999 | 11,707,905 |
| Standard | 1,298,491,794 | 1.00% | 12,984,918 | 11,513,448 | 12,984,918 | 11,513,448 |
| Standard - SME | 74,929,153 | 0.25% | 187,323 | 172,273 | 187,323 | 172,273 |
| Standard - Brokerage | 179,915 | 2.00% | 3,598 | 22,185 | 3,598 | 22,185 |
| Special Mention Accounts (SMA) | 3,603,190 | 5.00% | 180,160 | - | 180,160 | - |
| Specific provision | | | 550,068 | - | 550,068 | - |
| Sub-standard | 2,750,339 | 20.00% | 550,068 | - | 550,068 | - |
| Doubtful | - | 50.00% | - | - | - | - |
| Bad/loss | - | 100.00% | - | - | - | - |
| Required provision for leases, loans and advances | | | 13,906,067 | 11,707,905 | 13,906,067 | 11,707,905 |
| Other provision | | | 53,000 | - | 53,000 | - |
| Off-Balance Sheet | 5,300,000 | 1.00% | 53,000 | - | 53,000 | - |
| Other Asset | - | 100.00% | - | - | - | - |
| Required provision for diminution in value of investments | | | 6,046,753 | 5,091,192 | 6,264,735 | 5,294,499 |
| Total provision required | | | 20,005,819 | 16,799,097 | 20,223,802 | 17,002,404 |
| Total provision maintained (Note-12.6) | | | 21,005,819 | 17,799,097 | 21,223,802 | 18,002,404 |
| Excess/(short) provision at 31 December | | | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 7.6 Details of large loan | | | | | | |
| i) Number of client to whom Leases, Loans and Advances (15% or above of the company's total capital) | | | 1 | 1 | 1 | 1 |
| ii) Amount of outstanding Leases, Loans and Advances (To the client mentioned above) | | | 293,109,146 | 181,165,556 | 293,109,146 | 181,165,556 |
| iii) Amount of classified Leases, Loans and Advances (Out of the amount as mentioned above) | | | - | - | - | - |

Total capital of the financial institution was BDT 1,150,857,567 as at 31 December 2023 and was BDT 1,126,537,808 as at 31 December 2022.

7.7 Particulars of Leases, Loans and advances

| | SFIL | | SFIL Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| i) Leases, Loans and advances considered good in respect of which the Bank/ FI is fully secured. | 694,241,580 | 498,707,195 | 694,241,580 | 498,707,195 |
| ii) Leases, Loans and advances considered good for which the Bank/FI holds no other security than the debtor's personal security. | 132,043,327 | 138,289,621 | 132,043,327 | 138,289,621 |
| iii) Leases, Loans and advances considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors. | 520,668,447 | 576,086,441 | 520,668,447 | 576,086,441 |
| iv) Loan adversely classified; for which no provision is created. | - | - | - | - |
| v) Leases, Loans and advances due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons. | 37,624,660 | 8,279,811 | 37,624,660 | 8,279,811 |
| vi) Leases, Loans and advances due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members. | - | - | - | - |
| vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors and managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons. | - | - | - | - |
| viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank/ FI have interests as directors, partners or managing agents or, in case of private companies as members. | - | - | - | - |
| ix) Due from other Bank and Financial Institution companies | - | - | - | - |
| | 1,384,578,015 | 1,221,363,067 | 1,384,578,015 | 1,221,363,067 |
| x) Information in respect of classified Leases, Loans and advances: | | | | |
| a) Classified Leases, Loans and advances for which interest/ profit not credited to income | 7,284,168 | - | 7,284,168 | - |
| b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date | - | - | - | - |
| c) Amount of interest credited to the interest suspense account | 668,623 | - | 668,623 | - |
| xi) Cumulative amount of written off Leases, Loans and advances: | | | | |
| Opening Balance | - | - | - | - |
| Amount written off during the period | - | - | - | - |
| Amount received off during the period | - | - | - | - |
| Balance of written off loans and advances yet to be recovered | - | - | - | - |
| The amount of written off Leases, Loan and advances for which law suits have been filed | - | - | - | - |

8. Fixed Assets including Land, Building, Furniture and Fixtures

| | | | | |
|-------------------------------|-------------------|-------------------|--------------------|-------------------|
| Freehold Assets (Note- 8.1) | 17,943,879 | 18,175,234 | 20,994,028 | 17,810,966 |
| Lease Hold Assets (Note- 8.2) | 66,611,552 | 10,170,227 | 67,278,043 | 15,799,467 |
| Intangible Assets (Note-8.3) | 9,951,163 | 12,746,351 | 30,158,558 | 33,128,684 |
| | 94,506,594 | 41,091,813 | 118,430,628 | 66,739,116 |

Details are given in **Annexure-A** and **Annexure-B**

8.1 Freehold assets**A. Cost**

Opening Balance

Add : Addition during the year

Less: Adjustment / Disposal during the year

B. Accumulated depreciation

Opening Balance

Add : Charged during the year

Less: Adjustment / Disposal during the year

C. Written down value (A-B)**8.2 Lease Hold Assets****A. Cost**

Opening Balance

Add : Addition during the year

Less: Adjustment / Disposal during the year

B. Accumulated depreciation

Opening Balance

Add : Charged during the year

Less: Adjustment / Disposal during the year

C. Written down value (A-B)**8.3 Intangible Assets****A. Cost**

Opening Balance

Add : Addition during the year

Less: Adjustment / Disposal during the year

B. Accumulated depreciation

Opening Balance

Add : Charged during the year

Less: Adjustment / Disposal during the year

C. Written down value (A-B)

| SFIL | | SFIL Group | |
|-------------------|-------------------|-------------------|-------------------|
| Amount in BDT | | Amount in BDT | |
| 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| | | | |
| 27,825,086 | 26,924,301 | 32,357,204 | 26,924,301 |
| 10,066,058 | 900,785 | 10,178,623 | 5,432,903 |
| 37,891,145 | 27,825,086 | 42,535,828 | 32,357,204 |
| (10,459,389) | - | (10,459,389) | - |
| 27,431,756 | 27,825,086 | 32,076,439 | 32,357,204 |
| | | | |
| 9,649,852 | 5,395,320 | 10,383,280 | 5,395,320 |
| 4,749,762 | 5,248,007 | 5,610,868 | 5,981,435 |
| 14,399,614 | 10,643,327 | 15,994,148 | 11,376,755 |
| (4,911,738) | (993,475) | (4,911,738) | (993,475) |
| 9,487,877 | 9,649,852 | 11,082,411 | 10,383,280 |
| | | | |
| 17,943,879 | 18,175,234 | 20,994,028 | 21,973,924 |
| | | | |
| | | | |
| 12,394,965 | 19,927,926 | 14,522,636 | 21,104,654 |
| 68,947,830 | - | 68,947,830 | 950,943 |
| 81,342,795 | 19,927,926 | 83,470,466 | 22,055,597 |
| (10,228,294) | (7,532,961) | (10,228,294) | (7,532,961) |
| 71,114,500 | 12,394,965 | 73,242,171 | 14,522,636 |
| | | | |
| 2,224,737 | 5,314,114 | 2,886,127 | 5,379,487 |
| 5,687,643 | 3,885,398 | 6,487,433 | 4,481,414 |
| 7,912,380 | 9,199,511 | 9,373,560 | 9,860,901 |
| (3,409,431) | (6,974,774) | (3,409,431) | (6,974,774) |
| 4,502,949 | 2,224,737 | 5,964,129 | 2,886,127 |
| | | | |
| 66,611,552 | 10,170,227 | 67,278,043 | 11,636,508 |
| | | | |
| | | | |
| 13,633,955 | 1,620,330 | 34,158,821 | 21,620,330 |
| - | 16,812,768 | - | 17,337,634 |
| 13,633,955 | 18,433,098 | 34,158,821 | 38,957,964 |
| - | (4,799,143) | - | (4,799,143) |
| 13,633,955 | 13,633,955 | 34,158,821 | 34,158,821 |
| | | | |
| 887,604 | 17,064 | 1,030,138 | 17,064 |
| 2,795,188 | 870,540 | 2,970,126 | 1,013,073 |
| 3,682,792 | 887,604 | 4,000,264 | 1,030,138 |
| - | - | - | - |
| 3,682,792 | 887,604 | 4,000,264 | 1,030,138 |
| | | | |
| 9,951,163 | 12,746,351 | 30,158,558 | 33,128,684 |

| | SFIL | | SFIL Group | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 9. Other assets | | | | |
| <u>Non income generating assets</u> | | | | |
| Advances, Deposits and prepayments (Note-9.1) | 123,294,772 | 44,760,598 | 185,975,974 | 105,773,400 |
| Deferred tax asset | - | - | 119,475 | - |
| <u>Income generating assets</u> | | | | |
| Interest and other receivables (Note-9.2) | 62,035,207 | 142,645,030 | 62,035,207 | 142,645,030 |
| Receivable with Brokerage House | 52,542 | 53,534 | 33,913 | 18,190 |
| Investment in Subsidiary Company - SFILSL (Note-9.3) | 149,997,000 | 109,997,000 | - | - |
| | 335,379,520 | 297,456,162 | 248,164,568 | 248,436,620 |
| 9.1 Advances, Deposits and Prepayments | | | | |
| Advance Income Tax (Note-9.1.1) | 106,011,752 | 42,855,862 | 107,269,601 | 43,455,782 |
| Advance to Supplier & Others | 317,826 | 320,199 | 317,826 | 320,199 |
| Security Deposit - Office Rent | 15,822,000 | - | 16,002,000 | 180,000 |
| Prepayment for Stamp Expense | 52,220 | 51,123 | 52,220 | 51,123 |
| Receivable from Provident Fund Account | 18 | - | 18 | - |
| Dividend Receivable | 1,076,900 | 1,533,414 | 1,076,900 | 1,533,414 |
| Receivable from Client | 14,056 | - | 14,056 | - |
| Receivable from Broker (Dealer Account) | - | - | 21,597 | 7,882 |
| Receivable from clients (CDBL charge) | - | - | 10,350 | - |
| Receivable from DSE & CSE | - | - | 986,407 | - |
| Security Deposit with Stock Exchange & others (Note-9.1.2) | - | - | 60,225,000 | 60,225,000 |
| | 123,294,772 | 44,760,598 | 185,975,974 | 105,773,400 |
| 9.1.1 Advance Income Tax | | | | |
| Opening balance | 42,855,862 | 44,890,143 | 43,455,782 | 45,256,199 |
| Addition during the year | 63,155,890 | 42,855,862 | 63,813,819 | 43,211,744 |
| Adjustment during the year | - | 44,890,143 | - | 45,012,162 |
| Closing balance | 106,011,752 | 42,855,862 | 107,269,601 | 43,455,782 |
| The amount of advance income tax are (a) Payment made through payment order under section 154 of the Income Tax Act, 2023 and (b) Tax deduction at source (TDS). TDS mainly deduction of tax at sources (i) By FI on income arisen from deposits (TDR) (ii) Against interest income on bank balances (iii) from Dividend income and (iv) Payment order under section 153 of the Income Tax Act, 2023. | | | | |
| 9.1.2 Security Deposit with Stock Exchange & others | | | | |
| Security Deposit - DSE | - | - | 30,000,000 | 30,000,000 |
| Security Deposit - CSE | - | - | 30,000,000 | 30,000,000 |
| Security Deposit - CDBL | - | - | 200,000 | 200,000 |
| Clearing House Deposit - CSE | - | - | 25,000 | 25,000 |
| | - | - | 60,225,000 | 60,225,000 |
| 9.2 Interest and other receivables | | | | |
| Interest receivables-Fixed Deposit | 59,025,486 | 139,769,298 | 59,025,486 | 139,769,298 |
| Interest receivables- MSND, SND & HPA account | 191,175 | 186,843 | 191,175 | 186,843 |
| Interest receivables-Non-Convertible Bond | 2,818,545 | 2,688,889 | 2,818,545 | 2,688,889 |
| | 62,035,207 | 142,645,030 | 62,035,207 | 142,645,030 |
| 9.3 Investment in Subsidiary Company- SFIL Securities Limited (SFILSL) | | | | |
| Out of the total of 15,000,000 Ordinary shares issued as paid up, SFIL Finance PLC. holds 14,999,700 Ordinary shares of BDT 10 each. | | | | |
| 10. Borrowings from other banks, financial institutions and agents | | | | |
| Inside Bangladesh (Note-10.1) | 84,714,689 | 47,273,343 | 84,714,689 | 47,273,343 |
| Outside Bangladesh | - | - | - | - |
| | 84,714,689 | 47,273,343 | 84,714,689 | 47,273,343 |

| | SFIL | | SFIL Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 10.1 Inside Bangladesh | | | | |
| <u>Unsecured Lease Liability</u> | | | | |
| Vehicle Lease - IDLC Finance PLC. | - | 3,478,772 | - | 3,478,772 |
| | - | 3,478,772 | - | 3,478,772 |
| <u>Unsecured Short Term Loan</u> | | | | |
| Overdraft - NRB Bank Limited | 49,752,034 | 14,997 | 49,752,034 | 14,997 |
| | 49,752,034 | 14,997 | 49,752,034 | 14,997 |
| <u>Secured Long Term Loan</u> | | | | |
| NRB Bank Limited | 34,962,655 | 43,779,574 | 34,962,655 | 43,779,574 |
| | 34,962,655 | 43,779,574 | 34,962,655 | 43,779,574 |
| Total Borrowings | 84,714,689 | 47,273,343 | 84,714,689 | 47,273,343 |
| 10.2 Maturity grouping of borrowings from other banks, financial institutions & agents | | | | |
| Payable on demand | - | - | - | - |
| Up to 1 month | 52,046,070 | 2,251,760 | 52,046,070 | 2,251,760 |
| Over 1 month but within 3 months | - | 186,918 | - | 186,918 |
| Over 3 months but within 1 year | 7,261,897 | 7,598,171 | 7,261,897 | 7,598,171 |
| Over 1 year but within 5 years | 25,406,723 | 37,236,494 | 25,406,723 | 37,236,494 |
| Over 5 years | - | - | - | - |
| | 84,714,689 | 47,273,343 | 84,714,689 | 47,273,343 |
| 11. Deposits and other accounts | | | | |
| Term deposits (Note-11.1) | 3,867,704,935 | 4,571,918,295 | 3,832,204,935 | 4,571,918,295 |
| Other deposits (Note-11.2) | 3,217,515 | 1,526,592 | 3,217,515 | 1,526,592 |
| | 3,870,922,450 | 4,573,444,887 | 3,835,422,450 | 4,573,444,887 |
| 11.1 Term deposits | | | | |
| Regular Term Deposit (Note-11.1.1) | 1,098,780,528 | 1,878,702,764 | 1,063,280,528 | 1,878,702,764 |
| Regular Day Wise Deposit (Note-11.1.2) | 1,623,551,826 | 1,646,895,378 | 1,623,551,826 | 1,646,895,378 |
| Monthly Saving Scheme - Individual | 5,022,934 | 4,256,354 | 5,022,934 | 4,256,354 |
| Millionaire Deposit Scheme - Individual | 4,767,362 | 3,213,541 | 4,767,362 | 3,213,541 |
| Insured Millionaire Scheme - Individual | - | 50,258 | - | 50,258 |
| Monthly Earner Deposit (Note-11.1.3) | 111,100,000 | 31,800,000 | 111,100,000 | 31,800,000 |
| Quarterly Earner Deposit (Note-11.1.4) | 1,008,000,000 | 1,007,000,000 | 1,008,000,000 | 1,007,000,000 |
| Mudaraba Term Deposit - Islamic (Note-11.1.5) | 16,372,286 | - | 16,372,286 | - |
| Mudaraba Scheme Deposit - Islamic | 110,000 | - | 110,000 | - |
| | 3,867,704,935 | 4,571,918,295 | 3,832,204,935 | 4,571,918,295 |
| 11.1.1 Regular Term Deposit | | | | |
| Regular Term Deposit - Corporate | 653,323,276 | 1,368,905,978 | 617,823,276 | 1,368,905,978 |
| Regular Term Deposit - Individual | 445,457,251 | 509,796,785 | 445,457,251 | 509,796,785 |
| | 1,098,780,528 | 1,878,702,764 | 1,063,280,528 | 1,878,702,764 |
| 11.1.2 Regular Day Wise Deposit | | | | |
| Regular Day Wise Deposit - Bank & FI | 1,530,000,000 | 1,590,000,000 | 1,530,000,000 | 1,590,000,000 |
| Regular Day Wise Deposit - Corporate | 5,782,778 | 2,154,804 | 5,782,778 | 2,154,804 |
| Regular Day Wise Deposit - Individual | 87,769,048 | 54,740,575 | 87,769,048 | 54,740,575 |
| | 1,623,551,826 | 1,646,895,378 | 1,623,551,826 | 1,646,895,378 |
| 11.1.3 Monthly Earner Deposit | | | | |
| Monthly Earner Deposit - Corporate | 90,000,000 | 11,700,000 | 90,000,000 | 11,700,000 |
| Monthly Earner Deposit - Individual | 21,100,000 | 20,100,000 | 21,100,000 | 20,100,000 |
| | 111,100,000 | 31,800,000 | 111,100,000 | 31,800,000 |

| | SFIL | | SFIL Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 11.1.4 Quarterly Earner Deposit | | | | |
| Quarterly Earner Deposit - Bank & FI | 1,000,000,000 | 1,000,000,000 | 1,000,000,000 | 1,000,000,000 |
| Quarterly Earner Deposit - Individual | 8,000,000 | 7,000,000 | 8,000,000 | 7,000,000 |
| | 1,008,000,000 | 1,007,000,000 | 1,008,000,000 | 1,007,000,000 |
| 11.1.5 Mudaraba Term Deposit - Islamic | | | | |
| Mudaraba Term Deposit - Corporate | 7,656,201 | - | 7,656,201 | - |
| Mudaraba Term Deposit - Individual | 8,716,084 | - | 8,716,084 | - |
| | 16,372,286 | - | 16,372,286 | - |
| 11.1.6 Group-wise break -up of term deposits | | | | |
| Government | - | - | - | - |
| Bank | 2,530,000,000 | 2,590,000,000 | 2,530,000,000 | 2,590,000,000 |
| Insurance | 23,068,211 | 20,552,000 | 23,068,211 | 20,552,000 |
| Other institutions | 733,694,045 | 1,362,208,782 | 698,194,045 | 1,362,208,782 |
| Individuals | 580,942,679 | 599,157,513 | 580,942,679 | 599,157,513 |
| | 3,867,704,935 | 4,571,918,295 | 3,832,204,935 | 4,571,918,295 |
| 11.1.7 Maturity analysis of Term deposits | | | | |
| Payable on demand | - | - | - | - |
| Up to 1 month | 393,681,103 | 572,404,108 | 358,181,103 | 572,404,108 |
| Over 1 month but within 6 months | 1,328,446,872 | 1,822,215,585 | 1,328,446,872 | 1,822,215,585 |
| Over 6 months but within 1 year | 1,133,045,458 | 1,163,904,449 | 1,133,045,458 | 1,163,904,449 |
| Over 1 year but within 5 years | 1,012,442,035 | 1,013,364,659 | 1,012,442,035 | 1,013,364,659 |
| Over 5 years but within 10 years | 89,466 | 29,494 | 89,466 | 29,494 |
| Over 10 years | - | - | - | - |
| | 3,867,704,935 | 4,571,918,295 | 3,832,204,935 | 4,571,918,295 |
| 11.2 Other deposits | | | | |
| Non-Interest Bearing Security Deposit | 3,217,515 | 1,526,592 | 3,217,515 | 1,526,592 |
| | 3,217,515 | 1,526,592 | 3,217,515 | 1,526,592 |
| 12. Other liabilities | | | | |
| Withholding Tax payable | 18,902,350 | 9,994,341 | 18,947,670 | 10,045,440 |
| Withholding VAT payable | 1,211,013 | 263,029 | 1,226,452 | 277,127 |
| Excise Duty | 2,083,150 | 2,762,650 | 2,083,150 | 2,762,650 |
| Interest payable- (Note - 12.1) | 86,849,403 | 60,623,154 | 86,321,355 | 60,623,154 |
| Audit fee payable | 145,475 | 132,250 | 234,025 | 212,750 |
| Payable for CIB Fee | 26,840 | 26,490 | 26,840 | 26,490 |
| Payable for Client's Legal Fees | 688,759 | 647,714 | 688,759 | 647,714 |
| Payable for Stamp Charge | 64,979 | 35,332 | 64,979 | 35,332 |
| Payable to suppliers and others | 2,564,532 | 6,012,381 | 4,945,634 | 7,387,407 |
| Provision for current tax (Note - 12.2) | 49,334,811 | 35,475,765 | 50,794,297 | 36,115,079 |
| Deferred Tax Liability (Note - 12.3) | 3,084,660 | 1,306,225 | 3,084,660 | 1,340,192 |
| Unearned Revenue | 282,942 | 235,277 | 282,942 | 235,277 |
| Provision for CSR Climate Fund | 19,000 | - | 19,000 | - |
| Interest Suspense (Note-12.4) | 765,711 | - | 765,711 | - |
| Employees Gratuity Fund | - | 1,723,997 | - | 1,723,997 |
| Lease Liability - Right of Use of Assets (Note-12.5) | 68,449,768 | 11,499,070 | 69,216,720 | 13,044,115 |
| Provision for doubtful accounts and future losses (Note-12.6) | 21,005,819 | 17,799,097 | 21,223,802 | 18,002,404 |
| | 255,479,213 | 148,536,771 | 259,925,995 | 152,479,127 |

| | SFIL | | SFIL Group | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 12.1 Interest payable | | | | |
| Regular Term Deposit (Note-12.1.1) | 44,788,257 | 44,069,908 | 44,184,757 | 44,069,908 |
| Regular Day Wise Deposit (Note-12.1.2) | 14,338,336 | 11,720,479 | 14,338,336 | 11,720,479 |
| Monthly Earner Deposit (Note-12.1.3) | 324,929 | 83,276 | 324,929 | 83,276 |
| Quarterly Earner Deposit (Note-12.1.4) | 26,267,952 | 3,796,670 | 26,267,952 | 3,796,670 |
| Profit Payable on Mudaraba Term Deposits - Islamic (Note-12.1.5) | 262,902 | - | 262,902 | - |
| Profit Payable on Mudaraba Saving Deposits - Islamic | 3,839 | - | 3,839 | - |
| Unsecured Lease Liability - Motor Vehicle | - | 6,087 | - | 6,087 |
| Long Term Loan | 863,189 | 946,733 | 863,189 | 946,733 |
| Consolidated Customer Account | - | - | 75,452 | - |
| | 86,849,403 | 60,623,154 | 86,321,355 | 60,623,154 |
| 12.1.1 Regular Term Deposit | | | | |
| Regular Term Deposit - Corporate | 25,462,509 | 24,713,267 | 24,859,009 | 24,713,267 |
| Regular Term Deposit - Individual | 19,325,748 | 19,356,641 | 19,325,748 | 19,356,641 |
| | 44,788,257 | 44,069,908 | 44,184,757 | 44,069,908 |
| 12.1.2 Regular Day Wise Deposit | | | | |
| Regular Day Wise Deposit - Bank & FI | 12,313,050 | 10,103,125 | 12,313,050 | 10,103,125 |
| Regular Day Wise Deposit - Corporate | 51,642 | 25,714 | 51,642 | 25,714 |
| Regular Day Wise Deposit - Individual | 1,973,643 | 1,591,640 | 1,973,643 | 1,591,640 |
| | 14,338,336 | 11,720,479 | 14,338,336 | 11,720,479 |
| 12.1.3 Monthly Earner Deposit | | | | |
| Monthly Earner Deposit - Corporate | 238,150 | 14,040 | 238,150 | 14,040 |
| Monthly Earner Deposit - Individual | 86,779 | 69,236 | 86,779 | 69,236 |
| | 324,929 | 83,276 | 324,929 | 83,276 |
| 12.1.4 Quarterly Earner Deposit | | | | |
| Quarterly Earner Deposit - Bank & FI | 26,250,000 | 3,777,778 | 26,250,000 | 3,777,778 |
| Quarterly Earner Deposit - Individual | 17,952 | 18,892 | 17,952 | 18,892 |
| | 26,267,952 | 3,796,670 | 26,267,952 | 3,796,670 |
| 12.1.5 Profit Payable on Mudaraba Term Deposits - Islamic | | | | |
| Mudaraba Term Deposits - Corporate | 122,110 | - | 122,110 | - |
| Mudaraba Term Deposits - Individual | 140,792 | - | 140,792 | - |
| | 262,902 | - | 262,902 | - |
| 12.2 Provision for current tax | | | | |
| Opening balance | 35,475,765 | 55,006,891 | 36,115,079 | 55,556,891 |
| Add: Additional during the year | 21,840,010 | 27,494,801 | 22,660,181 | 27,584,116 |
| Adjustment during the year | (7,980,964) | (47,025,928) | (7,980,964) | (47,025,928) |
| Closing balance | 49,334,811 | 35,475,765 | 50,794,297 | 36,115,079 |
| 12.3 Deferred tax liability | | | | |

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS)-12: Income Taxes.

| Particulars | Accounting Base Carrying Amount | Tax Base Carrying Amount | Taxable/ (Deductible) temporary difference |
|---|---------------------------------|--------------------------|--|
| Deferred tax liability is arrived at as follows: | | | |
| Fixed assets net of depreciation as on 31 December 2023 | | | |
| Furniture & Fixture | 3,712,436 | 4,004,061 | (291,625) |
| Office Decoration | 4,133,891 | 4,409,809 | (275,918) |
| Office Equipment | 2,923,543 | 3,399,435 | (475,892) |
| IT Equipment | 3,746,051 | 2,688,029 | 1,058,022 |
| Motor Vehicle | 3,427,958 | 2,709,504 | 718,454 |
| IT Software | 9,951,163 | 5,354,345 | 4,596,818 |
| Taxable Temporary Difference (A) | 27,895,042 | 22,565,182 | 5,329,860 |
| Taxable Temporary Difference for 2022 (A) | | | 6,553,678 |

| | SFIL |
|---|-------------------|
| Lease liability | (68,449,768) |
| Right of Use of Assets | 71,114,500 |
| | 2,664,733 |
| Unearned Revenue | (282,942) |
| Gratuity Provision | - |
| Deductible Temporary Difference (B) | 2,381,791 |
| Total (A+B) | 7,711,650 |
| Deferred tax liability at 31 December 2023 | 3,084,660 |
| Deferred tax liability at 31 December 2022 | 1,306,225 |
| | SFIL Group |
| Deferred tax liability at 31 December 2023 | 3,084,660 |
| Deferred tax liability at 31 December 2022 | 1,340,192 |
| | SFIL |
| Applicable tax rate for Business or Profession (2023) | 40% |
| | SFILSL |
| | 27.50% |

| | SFIL | | SFIL Group | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 12.4 Interest Suspense | | | | |
| Interest Suspense on Leases, Loans & Advances | 668,623 | - | 668,623 | - |
| Interest Suspense on Investment in Bond | 97,088 | - | 97,088 | - |
| | 765,711 | - | 765,711 | - |
| 12.5 Lease Liability - Right of Use of Assets | | | | |
| As per IFRS 16, Lease liability - Right of Use of Assets derived from present value of all rental payments for corporate head office and principal branch. SFIL Finance PLC. has leased commercial office space for corporate head office at Finance Square (Level-15), Gulshan-2, covering area of 4,395 square feet and for principal branch office at Rangs RL Square (Level-3), Progoti Saroni, covering area of 943 square feet. When measuring lease liabilities, SFIL discounted lease payments using its incremental borrowing rate. | | | | |
| 12.6 Provision for doubtful accounts and future losses | | | | |
| General provision (Note-12.6(i)) | 14,355,999 | 12,707,905 | 14,355,999 | 12,707,905 |
| Specific provision | 550,068 | - | 550,068 | - |
| Provision for diminutions in value of investments | 6,046,753 | 5,091,192 | 6,264,735 | 5,294,499 |
| Other Provisions | 53,000 | - | 53,000 | - |
| | 21,005,819 | 17,799,097 | 21,223,802 | 18,002,404 |
| 12.6 (i) Product wise break up of general provision | | | | |
| Corporate Finance (12.6.1) | 11,618,841 | 10,211,889 | 11,618,841 | 10,211,889 |
| Consumer Finance (12.6.2) | 2,549,653 | 2,316,579 | 2,549,653 | 2,316,579 |
| SME Finance (12.6.3) | 187,505 | 179,438 | 187,505 | 179,438 |
| | 14,355,999 | 12,707,905 | 14,355,999 | 12,707,905 |
| 12.6.1 Corporate Finance | | | | |
| Lease Finance | 1,966,658 | 2,021,969 | 1,966,658 | 2,021,969 |
| Loan Finance | 9,652,183 | 8,189,920 | 9,652,183 | 8,189,920 |
| | 11,618,841 | 10,211,889 | 11,618,841 | 10,211,889 |
| 12.6.2 Consumer Finance | | | | |
| House Finance | 1,700,272 | 1,866,123 | 1,700,272 | 1,866,123 |
| Car lease | 514,450 | 386,048 | 514,450 | 386,048 |
| Loan Against Deposit | 296,668 | 20,694 | 296,668 | 20,694 |
| Personal Loan | 38,264 | 43,714 | 38,264 | 43,714 |
| | 2,549,653 | 2,316,579 | 2,549,653 | 2,316,579 |

12.6.3 SME Finance

Lease Finance, SMALL

Loan Finance, SMALL

Lease Finance, MID

Loan Finance, MID

| SFIL | | SFIL Group | |
|----------------------|----------------------|----------------------|----------------------|
| Amount in BDT | | Amount in BDT | |
| 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| | | | |
| 45,625 | 73,358 | 45,625 | 73,358 |
| 87,140 | 16,471 | 87,140 | 16,471 |
| 11,805 | 21,664 | 11,805 | 21,664 |
| 42,934 | 67,945 | 42,934 | 67,945 |
| 187,505 | 179,438 | 187,505 | 179,438 |
| | | | |
| 2,500,000,000 | 2,500,000,000 | 2,500,000,000 | 2,500,000,000 |
| | | | |
| 1,055,750,000 | 1,025,000,000 | 1,055,750,000 | 1,025,000,000 |

13. Share capital

Authorized

250,000,000 ordinary shares of Tk.10/- each

Issued, subscribed and paid up

105,575,000 ordinary shares of Tk.10/- each

The Shareholders of the company approved 3.0% stock dividend for the year ended on December 31, 2022 in the 3rd Annual General Meeting (AGM) held on 30 May 2023 and 2.50% stock dividend for the year ended on December 31, 2021 in the 2nd Annual General Meeting (AGM) held on May 28, 2022. Accordingly, after completion of all the regulatory formalities duly, the number of Ordinary Shares of the company stands at 105,575,000 and the paid-up capital stands at BDT 1,055,750,000.

Given below the history of raising of Share Capital of SFIL Finance PLC.

| Year of Allotment | Particulars of allotment | Number of Shares issue | | Paid up Share (Cumulative) | Amount of Shares Capital (BDT) | Amount of Shares Capital (BDT) (Cumulative) |
|-------------------|--------------------------|------------------------|-------------|----------------------------|--------------------------------|---|
| | | Bonus | Cash | | | |
| 2020 | In time of Incorporation | - | 100,000,000 | 100,000,000 | 1,000,000,000 | 1,000,000,000 |
| 2022 | 2.5% Stock Dividend | 2,500,000 | - | 102,500,000 | 25,000,000 | 1,025,000,000 |
| 2023 | 3.0% Stock Dividend | 3,075,000 | - | 105,575,000 | 30,750,000 | 1,055,750,000 |

Details of shares holding position are as under:

| Sponsor Shareholders: | | 31-Dec-2023 | | 31-Dec-2022 |
|--|--|----------------|--------------------|----------------------|
| | | Percentage (%) | No. of Shares | BDT |
| A. Local Shareholders | | | | |
| Individual Sponsors | | | | |
| Ms. Anjuman Ara Shahid | | 2% | 2,111,500 | 21,115,000 |
| Mr. Raheeb Safwan Sarafat Chowdhury | | 2% | 2,111,500 | 21,115,000 |
| | | 4% | 4,223,000 | 42,230,000 |
| Institutional Sponsors | | | | |
| Strategic Finance Limited | | 20% | 21,115,000 | 211,150,000 |
| Padma Bank Securities Ltd. | | 20% | 21,115,000 | 211,150,000 |
| Strategic Equity Management Ltd. | | 6% | 6,334,500 | 63,345,000 |
| | | 46% | 48,564,500 | 485,645,000 |
| Total Local Share Capital | | 50% | 52,787,500 | 527,875,000 |
| B. Foreign Shareholders | | | | |
| Institutional Sponsors | | | | |
| Canadian Maple Strategic Wealth Management LP. | | 48% | 50,676,000 | 506,760,000 |
| Statisticker Inc. | | 2% | 2,111,500 | 21,115,000 |
| Total Foreign Share Capital | | 50% | 52,787,500 | 527,875,000 |
| Total Shareholdings (A+B) | | 100% | 105,575,000 | 1,055,750,000 |

| | SFIL | | SFIL Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 13.1 Capital Adequacy Ratio (CAR) | | | | |
| As per section 4(GHA) of the Financial Institution Rule 1994, Finance Company Act. 2023 and DFIM Circular No. 5, dated July 24, 2011, the minimum paid up capital of the Financial Institution (FI) shall be Taka 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the company. The surplus eligible capital of the SFIL at the close of business on 31 December 2023 were Taka 69.95 crore and 31 December 2022 were taka 66.88 crore respectively. | | | | |
| Core Capital (Tier-I) / Shareholders' Equity | | | | |
| Paid-up capital (Note-13) | 1,055,750,000 | 1,025,000,000 | 1,055,750,000 | 1,025,000,000 |
| Share premium | - | - | - | - |
| Statutory reserves (Note-14) | 30,171,513 | 25,307,562 | 30,171,513 | 25,307,562 |
| Other Reserve | - | - | - | - |
| Capital Reserve | - | - | 114,809 | 114,809 |
| General reserves | - | - | - | - |
| Dividend equalization reserves | - | - | - | - |
| Retained earnings (Note-15) | 64,936,054 | 76,230,246 | 45,519,180 | 64,740,163 |
| Non-controlling interest | - | - | 2,531 | 2,690 |
| Sub-Total | 1,150,857,567 | 1,126,537,808 | 1,131,558,034 | 1,115,165,224 |
| Supplementary Capital (Tier -II) | | | | |
| General Provision (Unclassified loans up to specified limit + SMA + Off Balance Sheet exposure) | 13,408,999 | 11,707,905 | 13,408,999 | 11,707,905 |
| Assets Revaluation Reserves up to 50% | - | - | - | - |
| Revaluation Reserve for Securities up to 45% | - | - | - | - |
| All others preference shares | - | - | - | - |
| Others (if any other item approved by Bangladesh Bank) | - | - | - | - |
| Sub-Total | 13,408,999 | 11,707,905 | 13,408,999 | 11,707,905 |
| A) Total capital | 1,164,266,566 | 1,138,245,713 | 1,144,967,033 | 1,126,873,129 |
| Total assets including off -balance sheet exposures | 5,367,273,918 | 5,895,792,808 | 5,316,921,167 | 5,888,362,580 |
| B) Total risk weighted assets | 4,647,844,706 | 4,694,329,080 | 4,606,791,945 | 4,692,798,442 |
| C) Required capital based on risk weighted assets (10% on B) | 464,784,471 | 469,432,908 | 460,679,195 | 469,279,844 |
| D) Surplus (A-C) | 699,482,095 | 668,812,805 | 684,287,838 | 657,593,285 |
| E) Capital Adequacy Ratio (%) | 25.05% | 24.25% | 24.85% | 24.01% |
| F) Core Capital to RWA (%) | 24.76% | 24.00% | 24.56% | 23.76% |
| G) Supplementary Capital to RWA (%) | 0.29% | 0.25% | 0.29% | 0.25% |
| 14. Statutory reserves | | | | |
| Opening balance | 25,307,562 | 18,498,661 | 25,307,562 | 18,498,661 |
| Add: Transferred from profit | 4,863,952 | 6,808,900 | 4,863,952 | 6,808,900 |
| Closing balance | 30,171,513 | 25,307,562 | 30,171,513 | 25,307,562 |
| In compliance with Finance Company Act, 2023 and Financial Institution regulations 1994, transfer to statutory reserve at least 20% of it's profit after tax and before appropriation of dividend in a particular year. | | | | |
| 15. Retained earnings | | | | |
| Opening balance | 76,230,246 | 73,994,645 | 64,740,163 | 75,142,739 |
| Add: Prior year adjustment | - | - | - | 39,223 |
| Add: Profit/(loss) for the year | 24,319,759 | 34,044,502 | 16,392,969 | 21,481,911 |
| Less: Appropriation to statutory reserve | (4,863,952) | (6,808,900) | (4,863,952) | (6,808,900) |
| Less: Transfer to capital reserve | - | - | - | (114,809) |
| Less: Stock Dividend | (30,750,000) | (25,000,000) | (30,750,000) | (25,000,000) |
| Closing balance | 64,936,054 | 76,230,246 | 45,519,180 | 64,740,163 |

| SFIL | | SFIL Group | |
|---------------|-------------|---------------|-------------|
| Amount in BDT | | Amount in BDT | |
| 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |

16. Other commitments

In the normal course of business, the company makes various contract, controls and disbursements. No material losses are anticipated as a result of these transactions. During the year 2023, undisbursed sanctioned loan and leases amount was BDT 5,300,000 as off balance sheet item under the head of other commitments.

17. Particulars of profit and loss account

Income

| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Interest income (Note - 18) | 372,953,382 | 411,642,573 | 373,920,277 | 412,998,384 |
| Income from investment (Note - 20) | 133,724,460 | 112,163,268 | 134,460,520 | 112,168,568 |
| Commission, Exchange and Brokerage (Note - 21) | - | - | 1,483,673 | 578,549 |
| Other operating income (Note - 22) | 4,143,767 | 1,843,193 | 4,157,097 | 1,851,823 |
| | 510,821,608 | 525,649,034 | 514,021,566 | 527,597,324 |

Expenses

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Interest on deposits and borrowings etc. (Note - 19) | 364,324,170 | 369,991,411 | 363,096,499 | 370,117,661 |
| Salary and allowances (Note - 23) | 51,242,488 | 52,537,397 | 58,299,488 | 59,561,910 |
| Rent, taxes, insurance, electricity etc. (Note - 24) | 2,117,676 | 1,434,592 | 2,386,751 | 1,688,928 |
| Legal and professional fees (Note - 25) | 776,972 | 1,383,278 | 814,011 | 1,424,745 |
| Postage, stamp, telecommunication etc. (Note - 26) | 413,473 | 405,411 | 752,235 | 670,957 |
| Stationery, printing, advertisement etc. (Note - 27) | 1,796,790 | 1,646,204 | 1,916,737 | 1,751,234 |
| Managing director's salary and allowances (Note - 28) | 7,736,000 | 10,554,000 | 7,736,000 | 10,554,000 |
| Directors' fees (Note - 29) | 87,389 | 87,214 | 87,389 | 87,214 |
| Auditors' fees (Note - 30) | 214,475 | 166,750 | 303,025 | 247,250 |
| Depreciation and repair of Company's assets (Note - 31) | 15,622,933 | 10,076,968 | 17,556,182 | 11,548,946 |
| Other expenses (Note - 32) | 15,344,315 | 14,978,892 | 17,173,866 | 19,774,295 |
| | 459,676,682 | 463,262,116 | 470,122,183 | 477,427,140 |
| Profit before provision | 51,144,927 | 62,386,917 | 43,899,383 | 50,170,184 |

18. Interest income

Corporate Finance

| | | | | |
|---------------|--------------------|--------------------|--------------------|--------------------|
| Lease Finance | 22,847,583 | 11,042,124 | 22,847,583 | 11,042,124 |
| Loan Finance | 79,136,034 | 94,345,968 | 79,136,034 | 94,345,968 |
| | 101,983,617 | 105,388,092 | 101,983,617 | 105,388,092 |

Consumer Finance

| | | | | |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| House Finance | 19,173,120 | 12,109,502 | 19,173,120 | 12,109,502 |
| Car lease | 5,105,479 | 2,827,868 | 5,105,479 | 2,827,868 |
| Loan against Deposit | 708,062 | 101,318 | 708,062 | 101,318 |
| Personal Loan | 416,763 | 467,849 | 416,763 | 467,849 |
| | 25,403,424 | 15,506,536 | 25,403,424 | 15,506,536 |

SME Finance

| | | | | |
|----------------------|------------------|------------------|------------------|------------------|
| Lease Finance, SMALL | 2,275,049 | 2,668,029 | 2,275,049 | 2,668,029 |
| Loan Finance, SMALL | 2,586,186 | 375,354 | 2,586,186 | 375,354 |
| Lease Finance, MID | 743,052 | 569,655 | 743,052 | 569,655 |
| Loan Finance, MID | 2,881,237 | 4,914,407 | 2,881,237 | 4,914,407 |
| | 8,485,524 | 8,527,445 | 8,485,524 | 8,527,445 |

Channel Finance

| | | | | |
|---------------------|--------------------|--------------------|--------------------|--------------------|
| Work Oder Financing | - | 680,374 | - | 680,374 |
| | - | 680,374 | - | 680,374 |
| | 135,872,565 | 130,102,448 | 135,872,565 | 130,102,448 |

| | SFIL | | SFIL Group | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| Treasury | | | | |
| Fixed deposit accounts | 228,605,849 | 278,270,927 | 229,367,099 | 278,898,459 |
| SND / HP Account | 7,383,701 | 2,731,113 | 7,589,346 | 3,459,391 |
| BO Accounts | 33,351 | 536,384 | 33,351 | 536,384 |
| Profit on Mudaraba Fixed Deposit - Islamic | 1,011,719 | - | 1,011,719 | - |
| Profit on Mudaraba SND account - Islamic | 46,196 | 1,702 | 46,196 | 1,702 |
| | 237,080,817 | 281,540,125 | 238,047,712 | 282,895,936 |
| | 372,953,382 | 411,642,573 | 373,920,277 | 412,998,384 |
| 19. Interest on deposits and borrowings etc. | | | | |
| Interest on Regular Term deposit (Note-19.1) | 120,267,485 | 126,487,716 | 118,931,797 | 126,487,716 |
| Interest on Regular Day Wise deposit (Note-19.2) | 135,731,629 | 117,957,583 | 135,731,629 | 117,957,583 |
| Interest Expense on Monthly Saving Scheme - Individual | 308,406 | 203,922 | 308,406 | 203,922 |
| Interest Expense Millionaire Deposit Scheme - Individual | 260,525 | 155,960 | 260,525 | 155,960 |
| Interest Expense Insured Millionaire Scheme - Individual | 6,200 | 302 | 6,200 | 302 |
| Interest Expense on Monthly Earner Deposit (Note-19.3) | 6,400,378 | 1,304,690 | 6,400,378 | 1,304,690 |
| Interest Expense on Quarterly Earner deposit (Note-19.4) | 92,669,465 | 117,937,588 | 92,669,465 | 117,937,588 |
| Profit paid on Mudaraba Term Deposits-Islamic (Note-19.5) | 1,063,797 | - | 1,063,797 | - |
| Profit paid on Mudaraba Savings Deposits - Islamic | 3,839 | - | 3,839 | - |
| Unsecured Lease Liability (Note- 19.6) | 3,485,341 | 1,600,790 | 3,593,357 | 1,727,039 |
| Interest Expense on Bank Overdraft | 426,016 | 305,516 | 426,016 | 305,516 |
| Interest Expense on Long Term Loan | 3,701,092 | 4,037,344 | 3,701,092 | 4,037,344 |
| | 364,324,170 | 369,991,411 | 363,096,499 | 370,117,661 |
| 19.1 Interest on regular term deposit | | | | |
| Regular Term Deposit - Corporate | 86,443,969 | 99,994,416 | 85,108,281 | 99,994,416 |
| Regular Term Deposit - Individual | 33,823,516 | 26,493,301 | 33,823,516 | 26,493,301 |
| | 120,267,485 | 126,487,716 | 118,931,797 | 126,487,716 |
| 19.2 Interest on regular day wise deposit | | | | |
| Regular Day Wise Deposit - Bank & FI | 131,910,620 | 102,890,625 | 131,910,620 | 102,890,625 |
| Regular Day Wise Deposit - Corporate | 189,647 | 11,206,913 | 189,647 | 11,206,913 |
| Regular Day Wise Deposit - Individual | 3,631,362 | 3,860,045 | 3,631,362 | 3,860,045 |
| | 135,731,629 | 117,957,583 | 135,731,629 | 117,957,583 |
| 19.3 Interest Expense on Monthly Earner Deposit | | | | |
| Monthly Earner deposit - Corporate | 4,800,441 | 435,240 | 4,800,441 | 435,240 |
| Monthly Earner deposit - Individual | 1,599,937 | 869,450 | 1,599,937 | 869,450 |
| | 6,400,378 | 1,304,690 | 6,400,378 | 1,304,690 |
| 19.4 Interest Expense on Quarterly Earner Deposit | | | | |
| Quarterly Earner Deposit - Bank & FI | 91,972,222 | 117,508,333 | 91,972,222 | 117,508,333 |
| Quarterly Earner Deposit - Individual | 697,242 | 429,254 | 697,242 | 429,254 |
| | 92,669,465 | 117,937,588 | 92,669,465 | 117,937,588 |
| 19.5 Profit paid on Mudaraba Term Deposits - Islamic | | | | |
| Profit paid on Mudaraba Term Deposits - Corporate | 622,503 | - | 622,503 | - |
| Profit paid on Mudaraba Term Deposits - Individual | 441,294 | - | 441,294 | - |
| | 1,063,797 | - | 1,063,797 | - |
| 19.6 Unsecured Lease Liability | | | | |
| Vehicle Lease - IDLC Finance Limited | 207,097 | 366,886 | 207,097 | 366,886 |
| Right of Use of Assets | 3,278,244 | 1,233,903 | 3,386,260 | 1,360,153 |
| | 3,485,341 | 1,600,790 | 3,593,357 | 1,727,039 |
| 20. Income from investment | | | | |
| Capital gain on sale of marketable securities | 1,641,439 | 29,085 | 1,925,529 | 29,085 |
| Dividend Income - Marketable securities | 10,300,070 | 1,889,739 | 10,731,370 | 1,895,039 |
| Income from Non-Convertible Bond (Note-20.1) | 121,032,568 | 110,244,444 | 121,032,568 | 110,244,444 |
| Income from Corporate Bond | - | - | 20,670 | - |
| Income from Government Treasury Bill | 750,382 | - | 750,382 | - |
| | 133,724,460 | 112,163,268 | 134,460,520 | 112,168,568 |

| | SFIL | | SFIL Group | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 20.1 Income from Non-Convertible Bond | | | | |
| During the year 2023 BDT 121,032,568 was recognized as interest income from investment in Non-Convertible Bond and it will be undistributed income as per Bangladesh Bank letter no- DFIM (BS)1057/35/2023-4282 dated 26 Dec 2023. | | | | |
| 21. Commission, Exchange and Brokerage | | | | |
| Commission & Brokerage | - | - | 1,483,673 | 578,549 |
| | - | - | 1,483,673 | 578,549 |
| 22. Other operating income | | | | |
| Fees and documentations (Note-22.1) | 2,304,906 | 1,843,193 | 2,304,906 | 1,843,193 |
| Supervision Fees (Note-22.2) | 767,038 | - | 767,038 | - |
| Gain/(Loss) on Lease Assets | 1,071,822 | - | 1,071,822 | - |
| Account opening & BO account maintenance fee | - | - | 13,100 | 8,500 |
| IPO service charge | - | - | 230 | 130 |
| | 4,143,767 | 1,843,193 | 4,157,097 | 1,851,823 |
| 22.1 Fees and documentations | | | | |
| Corporate finance | | | | |
| Lease Finance | 284,115 | 487,930 | 284,115 | 487,930 |
| Loan Finance | 564,387 | 199,217 | 564,387 | 199,217 |
| | 848,502 | 687,147 | 848,502 | 687,147 |
| Consumer Finance | | | | |
| House Finance | 855,810 | 670,004 | 855,810 | 670,004 |
| Car lease | 223,247 | 199,890 | 223,247 | 199,890 |
| | 1,079,057 | 869,893 | 1,079,057 | 869,893 |
| SME Finance | | | | |
| Lease Finance, SMALL | 5,333 | 103,236 | 5,333 | 103,236 |
| Loan Finance, SMALL | 299,000 | 146,630 | 299,000 | 146,630 |
| Lease Finance, MID | 15,514 | 36,287 | 15,514 | 36,287 |
| Loan Finance, MID | 57,500 | - | 57,500 | - |
| | 377,347 | 286,153 | 377,347 | 286,153 |
| | 2,304,906 | 1,843,193 | 2,304,906 | 1,843,193 |
| 22.2 Supervision Fees | | | | |
| Loan Finance, MID | 127,732 | - | 127,732 | - |
| Lease Finance, MID | 40,049 | - | 40,049 | - |
| Loan Finance, SMALL | 204,244 | - | 204,244 | - |
| Lease Finance, SMALL | 109,080 | - | 109,080 | - |
| Car Lease | 273,982 | - | 273,982 | - |
| Personal Loan | 11,951 | - | 11,951 | - |
| | 767,038 | - | 767,038 | - |
| 23. Salary and allowances | | | | |
| Salary and allowances | 45,431,616 | 46,044,951 | 51,934,616 | 52,583,214 |
| Festival bonus | 3,663,944 | 3,605,713 | 4,217,944 | 4,091,963 |
| Provident fund contribution | 1,317,593 | 1,512,736 | 1,317,593 | 1,512,736 |
| Gratuity Fund | 829,335 | 1,373,997 | 829,335 | 1,373,997 |
| | 51,242,488 | 52,537,397 | 58,299,488 | 59,561,910 |
| 24. Rent, taxes, insurance, electricity etc. | | | | |
| Office rent | - | - | - | - |
| Insurance | 89,996 | 141,837 | 89,996 | 141,837 |
| Utilities | 2,027,680 | 1,292,755 | 2,296,755 | 1,547,091 |
| | 2,117,676 | 1,434,592 | 2,386,751 | 1,688,928 |

Actual office rent was BDT 7,384,691 (Including VAT) during the year 2023. As adoption of IFRS 16, office rent expenses has been charged through depreciation of right of use of assets and interest on lease liability.

| | SFIL | | SFIL Group | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 25. Legal and professional fees | 776,972 | 1,383,278 | 814,011 | 1,424,745 |
| 26. Postage, stamp, telecommunication etc. | | | | |
| Postage and courier | 13,718 | 2,364 | 13,718 | 2,364 |
| Stamp charges | - | 6,300 | 5,300 | 19,782 |
| Telephone bill | 42,155 | 38,814 | 69,917 | 68,523 |
| Internet & Connectivity | 357,600 | 357,933 | 663,300 | 580,288 |
| | 413,473 | 405,411 | 752,235 | 670,957 |
| 27. Stationery, printing, advertisement etc. | | | | |
| Printing and stationery | 565,558 | 530,794 | 591,146 | 635,824 |
| Advertisement | 1,231,232 | 1,115,410 | 1,325,591 | 1,115,410 |
| | 1,796,790 | 1,646,204 | 1,916,737 | 1,751,234 |
| 28. Managing director's salary and allowances | | | | |
| Basic Salary | 2,800,000 | 4,200,000 | 2,800,000 | 4,200,000 |
| Allowances | 3,256,000 | 4,884,000 | 3,256,000 | 4,884,000 |
| Festival Bonus | 700,000 | 700,000 | 700,000 | 700,000 |
| Provident fund contribution | 280,000 | 420,000 | 280,000 | 420,000 |
| Gratuity Fund | 700,000 | 350,000 | 700,000 | 350,000 |
| | 7,736,000 | 10,554,000 | 7,736,000 | 10,554,000 |
| 29. Directors' fees | 87,389 | 87,214 | 87,389 | 87,214 |
| 30. Auditors' fees | 214,475 | 166,750 | 303,025 | 247,250 |
| 31. Depreciation and repair of Company's assets | | | | |
| Repairs and maintenance | 642,336 | 400,075 | 650,501 | 400,075 |
| Software maintenance | 1,748,003 | 666,424 | 1,837,253 | 666,424 |
| Depreciation & Amortization | 13,232,594 | 9,010,469 | 15,068,427 | 10,482,448 |
| | 15,622,933 | 10,076,968 | 17,556,182 | 11,548,946 |
| 32. Other expenses | | | | |
| Training | 29,173 | 68,587 | 38,437 | 81,365 |
| Renewal & Registration fees | 251,106 | 409,390 | 699,472 | 3,613,190 |
| Employee Engagement Program | 252,667 | 827,648 | 252,667 | 827,648 |
| Conveyance | 391,532 | 313,316 | 421,652 | 345,861 |
| Travelling Expenses | 15,323 | 36,600 | 15,323 | 36,600 |
| Business Development Expense | 570,140 | 1,077,778 | 570,140 | 1,103,653 |
| Computer accessories | 238,369 | 171,366 | 248,677 | 208,079 |
| Fuel expense | 358,170 | 372,500 | 358,170 | 372,500 |
| Vehicle maintenance/Registration | 5,051,302 | 5,197,434 | 5,591,302 | 5,735,982 |
| Office maintenance | 1,793,136 | 1,336,089 | 2,088,886 | 1,621,667 |
| Entertainment | 235,260 | 153,455 | 251,037 | 188,112 |
| Bank charges | 44,944 | 105,286 | 49,821 | 113,584 |
| Excise duty | 4,036,000 | 2,961,650 | 4,072,150 | 3,009,650 |
| Business Promotion Expenses | 626,098 | 611,688 | 626,098 | 611,688 |
| Security Guard Services | 521,570 | 323,400 | 838,370 | 640,200 |
| Recruitment Expenses | 55,893 | 32,760 | 55,893 | 32,760 |
| CSR Expenses | 199,990 | 110,000 | 199,990 | 110,000 |
| BO Maintenance | 68,513 | 23,785 | 68,513 | 23,785 |
| Verification fee | 6,818 | 7,986 | 6,818 | 7,986 |
| Marketing Expense | 485,989 | 710,473 | 485,989 | 710,473 |
| Meeting expense | 112,324 | 127,701 | 112,324 | 127,701 |
| CDBL Charges | - | - | 6,788 | 6,546 |
| Howla and Laga Charge | - | - | 115,232 | 45,144 |
| Contribution to Investor's protection fund | - | - | 119 | 200,120 |
| | 15,344,315 | 14,978,892 | 17,173,866 | 19,774,295 |

| | SFIL | | SFIL Group | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| 33. Provisions for leases, loans & investments | | | | |
| Provision for leases, loans and advances | 2,198,161 | 1,046,135 | 2,198,161 | 1,046,135 |
| General provision | 1,648,093 | 1,046,135 | 1,648,093 | 1,046,135 |
| Specific provision | 550,068 | - | 550,068 | - |
| Provision for diminution in value of investments | 955,561 | 2,304,962 | 970,237 | 2,508,269 |
| Other provisions | 53,000 | (610,000) | 53,000 | (610,000) |
| | 3,206,722 | 2,741,097 | 3,221,398 | 2,944,404 |
| 34. Provision for taxation | | | | |
| Current tax expense/ (income) (Note - 34.1) | 21,840,010 | 25,359,016 | 22,660,181 | 25,448,331 |
| Deferred tax expense/ (income) (Note - 34.2) | 1,778,435 | 242,302 | 1,624,993 | 295,881 |
| | 23,618,446 | 25,601,318 | 24,285,175 | 25,744,212 |
| 34.1 Current tax expense/ (income) | | | | |
| Current tax expense/ (income) | 21,840,010 | 27,494,801 | 22,660,181 | 27,584,116 |
| Revised tax expense/ (income) for the year 2020 | - | (821,842) | - | (821,842) |
| Revised tax expense/ (income) for the year 2021 | - | (1,313,943) | - | (1,313,943) |
| | 21,840,010 | 25,359,016 | 22,660,181 | 25,448,331 |

34.2 Deferred Tax Expense / (Income)

| Particulars | 31-Dec-2023 | 31-Dec-2022 | Deferred Tax Expense/ (Income) |
|---|------------------|------------------|--------------------------------|
| Deferred Tax Liability | 3,084,660 | 1,306,225 | 1,778,435 |
| Deferred Tax Assets | - | - | - |
| Deferred Tax Expense/ (Income) of SFIL | 3,084,660 | 1,306,225 | 1,778,435 |

| | 31-Dec-2023 | 31-Dec-2022 |
|--|-------------|-------------|
| Deferred Tax Expense/ (Income) of SFILSL | (153,442) | 53,579 |

35. Earnings Per Share (EPS)

Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard (IAS) 33: "Earnings Per Share".

| | SFIL | | SFIL Group | |
|---------------------------------------|---------------|-------------|---------------|-------------|
| | Amount in BDT | | Amount in BDT | |
| | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| Net Profit After Tax | 24,319,759 | 34,044,502 | 16,392,811 | 21,481,568 |
| Number of ordinary shares outstanding | 105,575,000 | 105,575,000 | 105,575,000 | 105,575,000 |
| Earnings Per Share (EPS) | 0.23 | 0.32 | 0.16 | 0.20 |

Previous year EPS has been restated by the current year's outstanding shares.

36. Net Asset Value (NAV) per share

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Net Assets (total assets less total liabilities) | 1,150,857,567 | 1,126,537,808 | 1,131,558,034 | 1,115,165,224 |
| Number of ordinary shares outstanding | 105,575,000 | 105,575,000 | 105,575,000 | 105,575,000 |
| Net Asset Value (NAV) per share | 10.90 | 10.67 | 10.72 | 10.56 |

Previous year NAV per share has been restated by the current year's outstanding shares.

37. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The Company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: "Related Party Disclosures."

Details of transactions with related parties and balances with them as at 31 December, 2023 were as follows:

| Sl No. | Name of the Related Party | Transaction nature | Relationship | Balance as at 31 Dec 2022 | Addition | Adjustment | Balance as at 31 Dec 2023 |
|--------------|--|----------------------------|---|---------------------------|--------------------|--------------------|---------------------------|
| 1 | Tamim Marzan Huda | Vehicle lease | Deputy Managing Director | 1,448,395 | 137,784 | 616,632 | 969,547 |
| 2 | Tamim Marzan Huda | Loan Against Deposit | Deputy Managing Director | - | 308,294 | 100 | 308,194 |
| 3 | Tamim Marzan Huda | Monthly Saving Scheme | Deputy Managing Director | 123,855 | 194,617 | 318,473 | - |
| 4 | Tamim Marzan Huda | Millionaire Deposit Scheme | Deputy Managing Director | 545,115 | 584,741 | 1,000 | 1,128,855 |
| 5 | Strategic Finance Investments Limited Employees Provident Fund | Term Deposit | Provident Fund of Strategic Finance & Investments Limited | 8,448,486 | 3,628,068 | 43,951 | 12,032,604 |
| 6 | SFIL Securities Limited | Term Deposit | Subsidiary | - | 36,232,188 | 732,188 | 35,500,000 |
| 7 | Strategic Finance Limited | Investment in Bond | Shareholding Company | 1,212,688,889 | 121,032,568 | 106,344,444 | 1,227,377,013 |
| Total | | | | 1,223,254,740 | 162,118,260 | 108,056,787 | 1,277,316,213 |

38. Employees' details

No. of employee received BDT 3,000 per month

No. of employee received more than BDT 3,000 per month

| SFIL | | SFIL Group | |
|---------------|-------------|---------------|-------------|
| Amount in BDT | | Amount in BDT | |
| 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2023 | 31-Dec-2022 |
| - | - | - | - |
| 53 | 71 | 59 | 78 |
| 53 | 71 | 59 | 78 |

39. Disclosure of Audit Committee

A. Particulars of audit committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the Bangladesh Bank's DFIM circular # 1, dated: February 29, 2024.

The Audit Committee of the Board of Directors consisted of the following members according to 65th Board of Directors' meeting held on March 25, 2024:

| Name | Status at the Company | Status at Committee | Educational Qualification |
|-----------------------|--|---------------------|---------------------------|
| Mr. Mashiur Rahman | Independent Director | Chairman | M.Sc (EEE) |
| Mr. Ehsanul Kabir | Nominee Director of Strategic Equity Management Ltd. | Member | MBA |
| Mr. Riaduzzaman Ridoy | Nominee Director of Padma Bank Securities Ltd. | Member | FCCA |

B. Meeting held by the committee during the year by date

| SL | Meeting No | Held on | Number of Presence |
|----|----------------------|-------------------|--------------------|
| 1 | 17th Audit Committee | March 30, 2023 | 4 |
| 2 | 18th Audit Committee | April 16, 2023 | 4 |
| 3 | 19th Audit Committee | June 15, 2023 | 4 |
| 4 | 20th Audit Committee | December 27, 2023 | 4 |

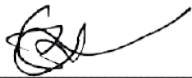
Note: Directors who could not attend meetings were granted leave of absence.

40. Events after the Reporting Period


A) The board of directors in its 70th meeting held on June 09, 2024 has approved the financial statements and authorized the same for issue.

B) The board of directors in its 70th Meeting held on June 09, 2024 has recommended to the shareholders at 0% of Cash Dividend and 0% Stock Dividend for the year ended 31 December 2023.

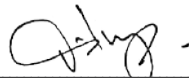
C) No other adjusting event had occurred till date of signing the financial statements which recognize adjustment under IAS -10: "Events after Reporting Period".



Chairman




Director



Director



Managing Director & CEO



Company Secretary

Dated: 12 JUN 2024
Dhaka

SFIL Finance PLC. and its Subsidiary

Consolidated Schedule of Fixed Assets including land, building, furniture and fixtures

As at 31 December 2023

Amount in BDT

| Particulars | C O S T | | | D E P R E C I A T I O N | | | | | Written down value as at 31.12.2023 | |
|--------------------------------------|--------------------------|--------------------------|-----------------------------------|--------------------------|----------|--------------------------|-------------------------|----------------------------------|-------------------------------------|--------------------------|
| | Balance as at 01.01.2023 | Addition during the year | Adjustment / Disposal in the year | Balance as at 31.12.2023 | Rate (%) | Balance as at 01.01.2023 | Charged during the year | Adjustment/ Disposal in the year | | Balance as at 31.12.2023 |
| Freehold Assets | 32,357,204 | 10,178,623 | (10,459,389) | 32,076,439 | | 10,383,280 | 5,610,868 | (4,911,738) | 11,082,411 | 20,994,028 |
| Furniture & Fixture | 4,673,555 | 3,506,362 | (2,978,806) | 5,201,110 | 20.00 | 1,802,595 | 869,209 | (1,482,444) | 1,189,360 | 4,011,750 |
| Office Decoration | 8,851,018 | 3,617,253 | (5,633,608) | 6,834,663 | 16.67 | 2,677,881 | 1,299,012 | (2,383,701) | 1,593,192 | 5,241,471 |
| Office Equipment | 4,229,907 | 2,652,924 | (1,846,974) | 5,035,857 | 20.00 | 1,684,499 | 923,897 | (1,045,593) | 1,562,803 | 3,473,054 |
| IT Equipment | 8,722,724 | 402,085 | - | 9,124,809 | 20.00 | 2,501,264 | 1,783,751 | - | 4,285,015 | 4,839,795 |
| Motor Vehicle | 5,880,000 | - | - | 5,880,000 | 12.50 | 1,717,042 | 735,000 | - | 2,452,042 | 3,427,958 |
| Lease Hold Assets | 14,522,636 | 68,947,830 | (10,228,294) | 73,242,171 | | 2,886,127 | 6,487,433 | (3,409,431) | 5,964,129 | 67,278,043 |
| Right of Use of Assets | 14,522,636 | 68,947,830 | (10,228,294) | 73,242,171 | - | 2,886,127 | 6,487,433 | (3,409,431) | 5,964,129 | 67,278,043 |
| Intangible Assets | 34,158,821 | - | - | 34,158,821 | | 1,030,138 | 2,970,126 | - | 4,000,264 | 30,158,558 |
| Registration fee - DSE & CSE | 20,000,000 | - | - | 20,000,000 | - | - | - | - | - | 20,000,000 |
| IT Software | 14,158,821 | - | - | 14,158,821 | 20.00 | 1,030,138 | 2,970,126 | - | 4,000,264 | 10,158,558 |
| Total as at December 31, 2023 | 81,038,661 | 79,126,454 | (20,687,683) | 139,477,432 | - | 14,299,545 | 15,068,427 | (8,321,169) | 21,046,803 | 118,430,628 |
| Total as at December 31, 2022 | 69,649,285 | 23,721,480 | (12,332,104) | 81,038,661 | - | 10,791,872 | 11,475,923 | (7,968,249) | 14,299,545 | 66,739,116 |

SFIL Finance PLC.
Schedule of Fixed Assets including land, building, furniture and fixtures
As at 31 December 2023

Amount in BDT

| Particulars | COST | | | | DEPRECIATION | | | | Written down value as at 31.12.2023 |
|--------------------------------------|--------------------------|--------------------------|-----------------------------------|--------------------------|--------------|--------------------------|-------------------------|----------------------------------|-------------------------------------|
| | Balance as at 01.01.2023 | Addition during the year | Adjustment / Disposal in the year | Balance as at 31.12.2023 | Rate (%) | Balance as at 01.01.2023 | Charged during the year | Adjustment/ Disposal in the year | Balance as at 31.12.2023 |
| Freehold Assets | 27,825,086 | 10,066,058 | (10,459,389) | 27,431,756 | | 9,649,852 | 4,749,762 | (4,911,738) | 9,487,877 |
| Furniture & Fixture | 4,330,301 | 3,423,627 | (2,978,806) | 4,775,122 | 20.00 | 1,748,708 | 796,421 | (1,482,444) | 1,062,685 |
| Office Decoration | 7,328,587 | 3,587,423 | (5,633,608) | 5,282,401 | 16.67 | 2,488,232 | 1,043,980 | (2,383,701) | 1,148,510 |
| Office Equipment | 3,376,461 | 2,652,924 | (1,846,974) | 4,182,411 | 20.00 | 1,551,253 | 753,208 | (1,045,593) | 1,258,868 |
| IT Equipment | 6,909,737 | 402,085 | - | 7,311,822 | 20.00 | 2,144,618 | 1,421,153 | - | 3,565,772 |
| Motor Vehicle | 5,880,000 | - | - | 5,880,000 | 12.50 | 1,717,042 | 735,000 | - | 2,452,042 |
| Lease Hold Assets | 12,394,965 | 68,947,830 | (10,228,294) | 71,114,500 | | 2,224,737 | 5,687,643 | (3,409,431) | 4,502,949 |
| Right of Use of Assets | 12,394,965 | 68,947,830 | (10,228,294) | 71,114,500 | - | 2,224,737 | 5,687,643 | (3,409,431) | 4,502,949 |
| Intangible Assets | 13,633,955 | - | - | 13,633,955 | | 887,604 | 2,795,188 | - | 3,682,792 |
| IT Software | 13,633,955 | - | - | 13,633,955 | 20.00 | 887,604 | 2,795,188 | - | 3,682,792 |
| Total as at December 31, 2023 | 53,854,006 | 79,013,889 | (20,687,683) | 112,180,212 | - | 12,762,193 | 13,232,594 | (8,321,169) | 17,673,618 |
| Total as at December 31, 2022 | 48,472,557 | 17,713,553 | (12,332,104) | 53,854,006 | - | 10,726,498 | 10,003,944 | (7,968,249) | 12,762,193 |

SFIL Finance PLC.
Financial Highlights
As at 31 December 2023

Annexure - C

Amount in BDT (mn)

| Sl No. | Key Indicators | 2023 | 2022 |
|--------|---|----------|----------|
| 1 | Paid-up capital | 1,055.75 | 1,025.00 |
| 2 | Total capital | 1,150.86 | 1,126.54 |
| 3 | Capital surplus | 699.48 | 668.81 |
| 4 | Total assets | 5,361.97 | 5,895.79 |
| 5 | Total term deposits | 3,867.70 | 4,571.92 |
| 6 | Total loans, advances and leases | 1,384.58 | 1,221.36 |
| 7 | Total contingent liabilities and commitments | 5.30 | - |
| 8 | Credit deposit ratio | 0.36 | 0.27 |
| 9 | Percentage of classified loans against total loan & advance | 0.53% | 0.00% |
| 10 | Profit after tax and provision | 24.32 | 34.04 |
| 11 | Amount of classified loans during current year | 7.28 | - |
| 12 | Provisions kept against classified loans | 0.55 | - |
| 13 | Provision surplus against classified loan | - | - |
| 14 | Cost of fund | 8.45% | 7.53% |
| 15 | Interest earnings assets | 4,641.33 | 5,266.50 |
| 16 | Non-interest earnings assets | 720.65 | 629.29 |
| 17 | Return on investment (ROI) | 2.11% | 3.02% |
| 18 | Return on assets (ROA) | 0.45% | 0.58% |
| 19 | Income from investment | 133.72 | 112.16 |
| 20 | Earnings Per Share (EPS) | 0.23 | 0.32 |
| 21 | Net income per share | 0.08 | 0.39 |
| 22 | Market price per share | N/A | N/A |
| 23 | Price Earnings (P/E) ratio | N/A | N/A |

SFIL Finance PLC.
Balance Sheet
Islamic Finance Wing
As at 31 December 2023

Annexure - D.1

| Particulars | Amount in BDT | |
|---|--------------------|-----------------|
| | 31-Dec-2023 | 31-Dec-2022 |
| PROPERTY AND ASSETS | | |
| Cash | - | - |
| In hand (including foreign currencies) | - | - |
| Balance with Bangladesh Bank and its agent (including foreign currencies) | - | - |
| Balance with other Banks and Financial Institutions | 15,761,719 | 475,912 |
| Inside Bangladesh | 15,761,719 | 475,912 |
| Outside Bangladesh | - | - |
| Placement with Bank & other Financial Institutions | - | - |
| Investments in Shares and Securities | - | - |
| Government | - | - |
| Others | - | - |
| Investment | - | - |
| General Investments | - | - |
| Bills Purchased and Discounted | - | - |
| Fixed Assets including Land, Building, Furniture & Fixtures | - | - |
| Other assets | 400,757 | 511 |
| Non-banking assets | - | - |
| TOTAL PROPERTY AND ASSETS | 16,162,475 | 476,422 |
| LIABILITIES AND CAPITAL | | |
| Liabilities | | |
| Placement from Bank & Other Financial Institutions | - | - |
| Deposits & other accounts | 16,482,286 | - |
| Mudaraba Term Deposits | 16,372,286 | - |
| Mudaraba Scheme Deposits | 110,000 | - |
| Other Mudaraba Deposits | - | - |
| Other deposits | - | - |
| Other liabilities | 776,957 | 504,999 |
| Total liabilities | 17,259,243 | 504,999 |
| Capital/Shareholders' Equity | (1,096,767) | (28,577) |
| Paid up Capital | - | - |
| Statutory reserves | (219,353) | (5,715) |
| Other Reserves | - | - |
| Retained earnings | (877,414) | (22,861) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 16,162,475 | 476,422 |

SFIL Finance PLC.
Profit and Loss Account
Islamic Finance Wing
For the year ended 31 December 2023

Annexure - D.2

| Particulars | Amount in BDT | |
|---|--------------------|-----------------|
| | 31-Dec-2023 | 31-Dec-2022 |
| Investment income | 1,057,915 | 1,702 |
| Profit Paid on Deposits | 1,067,635 | - |
| Net Investment Income | (9,720) | 1,702 |
| Income from investment in Shares & Securities | - | - |
| Commission, Exchange and Brokerage Income | - | - |
| Other operating income | - | - |
| Total Operating Income | (9,720) | 1,702 |
| Salary and allowances | 365,400 | - |
| Rent, taxes, insurance, electricity etc. | - | - |
| Legal and professional fees | 25,556 | - |
| Postage, stamp, telecommunication etc. | 100 | - |
| Stationery, printing, advertisement etc. | 53,515 | - |
| Managing director's salary and allowances | - | - |
| Directors' fees | - | - |
| Auditors' fees | - | - |
| Charges on loan losses | - | - |
| Depreciation and repair of Company's assets | - | - |
| Other expenses | 613,900 | 30,279 |
| Total Operating Expenses | 1,058,470 | 30,279 |
| Profit/(Loss) before provision | (1,068,191) | (28,577) |
| Appropriations: | | |
| Statutory reserve | (213,638) | (5,715) |
| Retained earnings | (854,553) | (22,861) |
| | (1,068,191) | (28,577) |



About **SFIL Securities Limited**

SFIL Securities Limited (SFILSL), a wholly owned subsidiary of SFIL Finance PLC., was incorporated on March 21, 2021 as a private limited company under the Companies Act, 1994. SFIL is a renowned Finance Company licensed by Bangladesh Bank having institutional investors from Canada, USA and Bangladesh.

SFILSL is a Stock Broker & Stock Dealer licensed by Bangladesh Securities and Exchange Commission (BSEC). The Company started its brokerage operation in April 28, 2022. The main objective of the Company is to act as a TREC Holder of stock exchanges to operate the Central Depository System (CDS) and to carry on the business of brokers, jobbers or dealers in stocks, shares, securities, commodities, commercial papers, bonds, obligations and debentures etc.

The Company has been committed to providing superior brokerage services with a view to bringing positive changes in the capital market by utilizing state-of-the-art technology and applying good corporate governance. It's a TREC Holder of both the stock exchanges in Bangladesh - Dhaka Stock Exchange Limited (TREC # 276) and Chittagong Stock Exchange PLC (TREC # 154). It's also a full-service Depository Participant (DP) of Central Depository Bangladesh Limited (CDBL). As a consortium of international institutional investor-originated organizations, it is devoted to catering brokerage services with the utmost professionalism through smooth operational process, flawless technological support, uncompromising regulatory compliance, corporate governance, and international best practices within the company.

Stock Broker

**Dhaka Stock Exchange Limited (DSE)
&
Chittagong Stock Exchange PLC (CSE)**

Our services:

- ▶ Opening of BO account
- ▶ Full depository services
- ▶ Easy IPO application (Online)
- ▶ Buy-sell of securities traded in the secondary market
- ▶ Online trading of securities in the secondary market
- ▶ Fund deposit and withdrawal facilities through online (BEFTN, RTGS etc.)
- ▶ Trading of open-end mutual funds/unit funds
- ▶ Access of daily market recap and all market research of our research team
- ▶ Daily portfolio statement through email
- ▶ SMS alert system



S. M. Ferdaus Hussain

Managing Director & CEO (Current Charge)

Mr. Hussain has joined SFIL Securities on January 2022. Prior to his joining, he was the Head of Finance, Operations, and Company Secretary at UniCap Securities Limited. He started his career as a Trainee Executive at Union Capital Limited back in 2008. He also played a pivotal role as a part of the senior management team at Sheltech Brokerage Limited. He completed his EMBA in Accounting & Information Systems (AIS) from the University of Dhaka. He also achieved his BBA major in Finance from East West University with a Magna Cum Laude award in Convocation 2008. He also completed an Advanced Certificate in Business Administration (ACBA) from IBA, University of Dhaka. He has participated different training programs related with corporate governance, compliance, portfolio management and capital market operations.

Directors' Report to the Shareholders' of

SFIL Securities Limited (SFILSL)

It is with immense pleasure and a privilege on behalf of SFILSL's Board of Directors to present the Directors' Report and Auditor's Report, along with the Audited Financial Statements of SFIL Securities Limited, for the year ended 31 December, 2023.

As a newly established brokerage, SFILSL is primarily focused on capacity building, process development, strengthening internal control & compliance, and digitalization of trading services. It's exploring new business avenues and continuously hunting for potential customers both at individual and institutional levels throughout the year. In the year the company posted a Net Loss after Tax of BDT 7.93 million due to floor price imposition and negativity in the overall capital market. Going forward, we are focusing on building a strong client base targeting different segments of the market to optimize the Asset Under Management and building for a sustainable business model covering all relevant risk factors.

Capital market performance in 2023

Blemished by the macro-economic challenges, the DSEX index decreased by 8.1% and daily average turnover dropped by 34.9% YoY. The regulator re-imposed the floor price in March 2023 to break the free fall of the market. This restrictive measure on price movement of stocks affected the liquidity scenario in the market. Eventually, the turnover in the prime Bourse declined significantly. Furthermore, the potential extremity stemming from the geo-political uncertainty ahead of national election untied the investors' confidence in the market. As the majority of the large cap stocks were stuck on their floors, the trading activities were centered on the micro and small cap speculative stocks in 2023. Moreover, the rising yield of treasury securities incentivized the investors to get away from the equity market. Overall, the market remained flat in 2023 with 0.6% change in DSEX index.

The performance of Bangladesh's capital market remained broadly unresponsive in FY23, despite various supportive measures taken by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank. It continued recovering from the pandemic shock until October 2021 with the economy's recovery. The performance of the market has followed a downward trend with volatility amid some unfavourable developments in the domestic and global economy, such as falling liquidity in the banking system, substantial depreciation of the exchange rates, quick erosion of the foreign exchange reserve, tight global financial condition, slowdown of global economic growth and economic uncertainties emerged from the war in Ukraine, among others.

The DSE broad index, the benchmark index of the country's leading stock exchange, remained unchanged with some deviations since November 2023 amid lingering economic uncertainties emanating from the war in Ukraine, supported by various measures taken by BSEC, including the enactment of unconventional floor prices since July 2022.

Despite the central bank adopting tightening monetary policy in line with global interest hike to tackle the adverse spill-over effect of global economic slowdown, banks were discouraged from investing more in the stock market because of a liquidity crunch arising from substantial depreciation of the exchange rate. Although DSE index maintained steady pace during the last couple of months, the values of the index were much lower than that of a year ago. This index declined by 8.15 percent at the end of March 2023 compared to March 2022.

The DSE's market capitalization reached BDT 7,623.66 billion at the end of March 2023, compared to BDT 5,177.81 billion in June 2022. However, market capitalization increased to 17.1 percent of GDP in March 2023 from 13.0 percent in June 2022 due to increased shares outstanding.

The worldwide financial markets were under stress because of the Fed's tighter monetary policies. Although co-movements between the MSCI emerging market and the DSE index have shown a correlation in performance over the past few years, this correlation began to detangle from the beginning of the fiscal year and continued till March 2023.

Outlook and way forward for 2024

Looking ahead, the growth momentum is expected to accelerate in the period ahead by the favourable effects of improving global supply situation, fiscal supports, and ongoing cautiously accommodative monetary policy ensuring sufficient low-cost credit to the productive sectors. However, the future path of the economy would crucially be conditioned upon the improvement of the country's BOP position. The financial account of the BOP, which turned into a deficit from a substantial surplus, is expected to return to its normal course in the near term with the inflow of foreign assistance in the form of budget support and development project aids. The current account deficit has already been reduced significantly, driven mainly by the slowdown of imports. Given the import dependence on raw materials, capital machinery, and fuel

energy, containing imports for an extended period could impair the future growth momentum. Therefore, sustaining the improvement in the current account balance would depend on picking up exports and remittance inflow growth. However, downside export risks might emerge from the growth slowdown in major export destinations. In addition, high export concentration in terms of both export basket and export destination could amplify the risk.

In prediction of capital market outlook, we can outline the following events:

- The higher yields make treasury bills and bonds attractive investment instruments and Bank/FIs can access more deposits from capital market investors due to higher interest rates;
- It is expected that the market liquidity will increase in 2024 over 2023 following withdrawal of floor price, thereby improving market turnover;
- As the rise in interest rates generally comforts the inflationary pressure and stabilize the exchange rate vulnerability, the equity market will open up windows of return opportunities when the inflation and interest rate slides down from its peak.

Books of Accounts

The Financial Statements of the company have been prepared in accordance with the International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) and other applicable rules and regulations. The appropriate accounting policies have been consistently applied in preparing financial statements and accounting estimates based on reasonable and prudent judgment. In preparing financial statements, information has been obtained from the books of accounts which have been maintained properly.

Auditors Appointment

The shareholders of SFIL Securities Limited at its 2nd AGM appointed Howladar Yunus & Co. (Grant Thornton Bangladesh), Chartered Accountants, as the auditors of the Company for the year 2023. Accordingly, the auditors of the Company, Howladar Yunus & Co. Chartered Accountants, has completed the first year as auditor of the Company. They are eligible for re-appointment as the auditors of the Company for the year ended on 31 December 2024 and they have also offered themselves for re-appointment. The Board of Directors in its 25th Meeting has recommended Howladar Yunus & Co. Chartered Accountants, as the auditors of the Company for the year 2024 that was approved by the shareholders at the 3rd AGM of the Company. Meanwhile, the Auditor informed the Company that due to unavoidable circumstances they will not be able to act as the external auditor of the Company for the year 2024. In response to that the Board has recommended Arun & Company, Chartered Accountants for the appointment as the external auditor of the Company for the year 2024 that need to approved by the shareholders in its 2nd Extra-Ordinary General Meeting (EGM).

Going Concern

There are no significant doubts upon SFIL Securities Limited's ability to continue as a going concern.

Acknowledgment

I would like to thank the honorable shareholders board members and employees for their continuous support and generous cooperation. Though we have passed a hard time in terms of business, the efforts of our colleagues were exceptional. Amid passing through major difficulties, they continued to deliver the highest standards of service to our clients and also adhering to the compliance of rules and regulations.

Special thanks to our parent company, SFIL Finance PLC. for providing full support as and when required for the company to grow and expand.

On behalf of the Board of Directors, I would also like to thank the Bangladesh Securities and Exchange Commission (BSEC), the Dhaka Stock Exchange Limited (DSE), the Chittagong Stock Exchange PLC (CSE), and the Central Depository Bangladesh Limited (CDBL), who were involved in the journey of our Company by providing exemplary cooperation, support, and guidance. I am expressing my heartiest gratitude to our loyal customers for their trust and extending hands towards us.

Sd/=

Tamim Marzan Huda
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SFIL SECURITIES LIMITED

Howladar Yunus & Co.
House - 14 (Level 4 & 5)
Road - 16A, Gulshan - 1
Dhaka - 1212
Bangladesh
T: +880 2 58815247

Opinion

We have audited the accompanying Financial Statements of SFIL Securities Limited which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information disclosed in Note 1 to 41 to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other applicable laws and regulations.

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 Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Byelaws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Our opinion on the financial statements does not cover 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 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements 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

Chartered Accountants

Member firm of Grant Thornton International Ltd

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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 judgment and maintain professional skepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books.
- c) The statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income, dealt with by the report is in agreement with the books of account and returns.

Howladar Yunus & Co.

Chartered Accountants

Firm Registration No: N/A



Farhana Sultana FCA

Enrolment No: 1619

Dated: 30 APR 2024

Dhaka

DVC No: 2404301619AS268398

SFIL Securities Limited
Statement of Financial Position
As at 31 December 2023

| Particulars | Notes | Amount in BDT | |
|--|-------|--------------------|--------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant & equipment | 4.00 | 3,050,149 | 3,798,690 |
| Intangible assets | 5.00 | 20,207,395 | 20,382,332 |
| Right of use assets | 6.00 | 666,491 | 1,466,281 |
| Deferred tax assets | 17.00 | 119,475 | - |
| Security deposits with stock exchanges | 7.00 | 60,000,000 | 60,000,000 |
| Total non-current assets (A) | | 84,043,510 | 85,647,304 |
| Current assets | | | |
| Advances, deposits and prepayments | 8.00 | 405,000 | 405,000 |
| Advance income tax | 9.00 | 1,257,848 | 599,920 |
| Investment | 10.00 | 46,662,494 | 10,592,118 |
| Accounts receivable | 11.00 | 1,621,854 | 7,882 |
| Cash and cash equivalents | 12.00 | 1,775,674 | 5,349,893 |
| Total current assets (B) | | 51,722,869 | 16,954,813 |
| Total assets (A+B) | | 135,766,379 | 102,602,116 |
| Equity & liabilities | | | |
| Capital & reserves | | | |
| Share capital | 13.00 | 150,000,000 | 110,000,000 |
| Retained earnings | 14.00 | (19,417,345) | (11,490,396) |
| Capital reserve | 15.00 | 114,813 | 114,813 |
| Shareholders equity (C) | | 130,697,467 | 98,624,416 |
| Non-current liabilities | | | |
| Lease liabilities - Non current portion | 16.00 | - | 766,958 |
| Deferred tax liabilities | 17.00 | - | 33,967 |
| Total non-current liabilities (D) | | - | 800,925 |
| Current liabilities | | | |
| Accounts payable | 18.00 | 2,488,281 | 1,490,870 |
| Lease liabilities - Current portion | 19.00 | 766,952 | 778,087 |
| Provision for taxation | 20.00 | 1,459,486 | 639,315 |
| Provision for diminution in value of investments | 21.00 | 217,983 | 203,307 |
| Other liabilities | 22.00 | 136,211 | 65,197 |
| Total current liabilities (E) | | 5,068,911 | 3,176,775 |
| Total equity & liabilities (C+D+E) | | 135,766,379 | 102,602,116 |

The annexed notes form an integral part of these financial statements



Director



Director



Director



Managing Director & CEO
(Current charge)

Signed in terms of our separate report of even date annexed



Farhana Sultana FCA, Enrolment No. 1619
Partner
Howladar Yunus & Co., Chartered Accountants
DVC: 2404301619AS268398

Dated: 30 APR 2024
Dhaka

SFIL Securities Limited
Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December 2023

| Particulars | Notes | Amount in BDT | |
|--|-------|---------------------|---------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| Operating income | | | |
| Brokerage commission income | 23.00 | 1,483,673 | 578,549 |
| Brokerage commission expenses | 24.00 | (122,139) | (251,811) |
| Net brokerage commission income | | 1,361,535 | 326,738 |
| Interest income | 25.00 | 2,302,582 | 1,355,811 |
| Interest expenses | 26.00 | (108,016) | (126,249) |
| Net interest income | | 2,194,566 | 1,229,562 |
| Other operational income | 27.00 | 13,330 | 8,630 |
| Income from investment | 28.00 | 736,060 | 5,300 |
| Total operating income | | 4,305,491 | 1,570,230 |
| Operating expenses | | (11,551,034) | (13,786,964) |
| Salary and allowances | 29.00 | 7,057,000 | 7,024,513 |
| Utility expenses | 30.00 | 269,075 | 254,337 |
| Legal & professional fees | 31.00 | 37,039 | 41,467 |
| Postage & telephone expense | 32.00 | 338,762 | 265,546 |
| Stationery, printing, advertisement | 33.00 | 119,947 | 105,030 |
| Audit fee | 34.00 | 88,550 | 80,500 |
| Repairs, maintenance and depreciation | 35.00 | 1,933,249 | 1,471,978 |
| Other expenses | 36.00 | 1,707,413 | 4,543,593 |
| Operating profit/(loss) before provisions & tax | | (7,245,543) | (12,216,733) |
| Other provisions | | (14,676) | (203,307) |
| Provision for diminution in value of investment | | 14,676 | 203,307 |
| Profit/(loss) before tax (PBT) | | (7,260,219) | (12,420,040) |
| Income tax | 37.00 | (666,729) | (142,894) |
| Current tax expense | | 820,171 | 89,315 |
| Deferred tax expense | | (153,442) | 53,579 |
| Profit/(loss) after tax (PAT) | | (7,926,949) | (12,562,933) |
| Earnings Per Share (EPS) | | | |
| Basic | 39.00 | (0.57) | (1.14) |

The annexed notes form an integral part of these financial statements



Director



Director



Director



Managing Director & CEO
(Current charge)

Signed in terms of our separate report of even date annexed



Farhana Sultana FCA, Enrolment No. 1619

Partner

Howladar Yunus & Co., Chartered Accountants

DVC: 2404301619AS268398

Dated: 30 APR 2024

Dhaka

SFIL Securities Limited
Statement of Changes in Equity
For the year ended 31 December 2023

| Particulars | Share Capital | Capital Reserve | Retained Earnings | Total Equity |
|---|--------------------|-----------------|---------------------|--------------------|
| Balance at January 01, 2022 | 110,000,000 | - | 1,148,125 | 111,148,125 |
| Prior year adjustment | - | - | 39,224 | 39,224 |
| Total comprehensive income for the year | - | - | (12,562,933) | (12,562,933) |
| Transfer to capital reserve | - | 114,813 | (114,813) | - |
| Balance at December 31, 2022 | 110,000,000 | 114,813 | (11,490,397) | 98,624,416 |
| Changes in equity for 2023 | | | | |
| Prior year adjustment | - | - | - | - |
| Issuance of share capital | 40,000,000 | - | - | 40,000,000 |
| Total comprehensive income for the year | - | - | (7,926,949) | (7,926,949) |
| Transfer to capital reserve | - | - | - | - |
| Balance at December 31, 2023 | 150,000,000 | 114,813 | (19,417,345) | 130,697,467 |

The annexed notes form an integral part of these financial statements



Director



Director



Director



Managing Director & CEO
(Current charge)

SFIL Securities Limited
Statement of Cash Flows
For the year ended 31 December 2023

| Particulars | Amount in BDT | |
|--|---------------|--------------|
| | 31-Dec-2023 | 31-Dec-2022 |
| Cash flows from operating activities: | | |
| Interest received | 1,719,752 | 1,355,811 |
| Commission received | 1,700,000 | - |
| Dividend received | 431,300 | 4,240 |
| Paid to employees | (6,534,388) | (6,468,215) |
| Client deposits/(withdrawals) | 38,527,893 | 31,546,340 |
| DSE/CSE (payment)/received | (39,093,786) | (29,717,036) |
| Paid for other operating expenses | (4,206,109) | (7,216,244) |
| | (7,455,337) | (10,495,104) |
| Other operating activities: | | |
| Security deposit | - | (315,000) |
| Income tax paid | (427,513) | (143,488) |
| | (427,513) | (458,488) |
| Net cash used in operating activities | (7,882,849) | (10,953,592) |
| Cash flows from investing activities: | | |
| Investment in shares | (91,370) | (10,568,274) |
| Acquisition of assets | (100,000) | (4,377,757) |
| Investment in FDRs | (35,500,000) | - |
| Net cash used in investing activities | (35,691,370) | (14,946,031) |
| Cash flows from financing activities: | | |
| Issuance of share capital | 40,000,000 | - |
| Net cash flow from financing activities | 40,000,000 | - |
| Net increase in cash and cash Equivalents | (3,574,219) | (25,899,624) |
| Cash & cash equivalent at the beginning of the year | 5,349,893 | 31,249,517 |
| Cash & cash equivalent at the end of the year | 1,775,674 | 5,349,893 |

The annexed notes form an integral part of these financial statements



Director



Director



Director



Managing Director & CEO
(Current charge)

SFIL Securities Limited
Notes to the Financial Statements
For the year ended 31 December 2023

1.00 Company and its activities

1.01 Legal status of the company

SFIL Securities Limited (herein after referred to as "SFILSL" or "the company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration # C-170009/2021 dated March 21, 2021 as a private limited company, limited by shares having its registered address at Ranges RL Square, Level - 3, Plot - Kha 201/1, 203, 205/3, Bir Uttam Rafiqul Islam Avenue, Badda, Dhaka-1212, Bangladesh under the Companies Act, 1994. Later on, the company in its 22nd Board of Directors Meeting held on October 22, 2023 has changed its registered office at Finance Square, Level- 15, Holding # 22/A, Road No # 102 and 103, Area # CEN(D), Ward # 19, Gulshan-2, Dhaka – 1212. The Company is a Trading Right Entitlement Certificate (TREC) holder of both Dhaka Stock Exchange PLC. (276) and Chittagong Stock Exchange PLC. (154). The company is a wholly owned subsidiary of SFIL Finance PLC. (Formerly, named as Strategic Finance & Investments Limited), a Non-Banking Financial Institution incorporated in Bangladesh under the Bangladesh Bank.

Consequently the company has acquired the following Licenses and legal approvals:

| Sl. No. | Name of License | Registration No. | Date of Issuance |
|---------|------------------------------|----------------------|------------------|
| 1 | Certificate of Incorporation | C-170009/2021 | 21-Mar-21 |
| 2 | TIN Certificate | 639890182391 | 21-Mar-21 |
| 3 | VAT registration Certificate | 003882195-0101 | 09-Jun-21 |
| 4 | TREC Certificate - DSE | DSE TREC No. 276 | 01-Sep-21 |
| 5 | TREC Certificate - CSE | CSE TREC No. 154 | 19-Sep-21 |
| 6 | Stock Broker - DSE | 3.1/DSE-276/2022/611 | 27-Mar-22 |
| 7 | Stock Dealer - DSE | 3.1/DSE-276/2022/612 | 27-Mar-22 |
| 8 | Stock Broker - CSE | 3.2/CSE-154/2022/345 | 27-Mar-22 |
| 9 | DP - CDBL | CDBL-DP-472 | 10-Apr-22 |

1.02 Principal activities of the company

The principal activities of SFIL Securities Limited are to act as a TREC holder of stock exchanges and to carry on the business of broker, dealers in stocks, shares, securities, bonds, debentures. The Company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of company in shares, stocks and fixed income securities, etc.

2.00 Basis of preparation of financial statements

2.01 Components of the financial statements

The financial statements comprise of :

- Statement of Financial Position as at 31 December 2023;
- Statement of Profit or Loss and other Comprehensive Income for the year from 01 January 2023 to 31 December 2023;
- Statement of Changes in Equity for the year from 01 January 2023 to 31 December 2023;
- Statement of Cash Flows for the year from 01 January 2023 to 31 December 2023; and
- Notes to the Financial Statements.

2.02 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules 1987, Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representatives) Rules, 2000 and other applicable laws and regulations.

2.03 Basis of measurement

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs).

2.04 Functional and presentation currency

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

2.05 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the year end. Provisions and accrued expenses are recognized in the financial statements in line with International Accounting Standard (IAS) 37: "Provisions, Contingent Liabilities and Contingent Assets" when

- i. The Company has a legal or constructive obligation as a result of past event.
- ii. It is probable that an outflow of economic benefit will be required to settle the obligation.
- iii. A reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the year in which the estimates are revised.

2.06 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the Directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.07 Reporting year

The financial year of the Company has been determined to be from 01 January to 31 December each year. These financial statements cover the period from 01 January 2023 to 31 December 2023.

2.08 Date of authorization

These financial statements have been authorized for issue by the Board of Directors on April 23, 2024.

2.09 Statement of cash flows

Cash and cash equivalents consist of cash in hand, bank balances and short-term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the International Accounting Standards (IASs) 7, "Cash flow statement" under direct method.

2.10 Comparative information

Accounting policies have been consistently applied by the company and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.

2.11 Capital reserves

As per clause (i) of (e) of Part B [rule (1) (b), rule 5(2)] of the Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy), Rules, 2019, each registered entity have to maintain a mandatory provision at least @ 10% of profit after tax of last year as 'capital reserve' and the full amount of such reserve shall be accounted for in computing total capital. Since the company incurred loss in the last financial year, therefore, such provision has not been made for the year.

3.00 Significant accounting policies

3.01 Property, plant & equipment

i) Recognition and measurement

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per "IAS 16: Property, plant and equipment". The cost of acquisition of an asset comprises its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

ii) Depreciation

Depreciation is calculated using 'Straight Line Method' at the following rates so as to write off the assets over their expected useful life. Depreciation is charged based on the month of the year of acquisition while no depreciation is charged in the month of disposal.

| Category of Assets | Useful Life | Rate % |
|------------------------|-------------|--------|
| Furniture & Fixtures | 5 | 20% |
| Office Decoration | 6 | 16.67% |
| Office Equipment | 5 | 20% |
| IT Equipment | 5 | 20% |
| Right of Use of Assets | Lease Term | - |

3.02 Intangible assets and amortization of intangible assets

"An intangible asset shall only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization. Software & License is amortized over a period of three (03) years.

3.03 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year and in accordance with the IFRS-15 "Revenue from Contracts with Customers".

i) Brokerage commission

Brokerage commission is recognized as income when a selling or buying order executed.

ii) Interest income

Interest income on bank deposit which is recognized as it accrues, using the effective interest method.

iii) Dividend income and gain/(loss) on sale of marketable securities

Dividend income is recognized when the right to receive or payment is established whereas gain or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.04 Investment in securities

Investments in listed securities are carried at cost. Adequate provision has been made considering accumulated unrealized loss of investments (where market price is less than cost) as guided by BSEC. No gains are recognized in the profit and loss account.

3.05 Leases

The Company has adopted IFRS 16. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Under IFRS 16, the company recognizes right-of-use assets and lease liabilities for all leases.

3.06 Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 41.

3.07 Provision for expenses

Provision for expenses is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate of the amount can be made.

3.08 Provision for tax

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, in accordance with provisions of Income Tax Act, 2023. It is measured using tax rates enacted or substantively enacted at the reporting date. Applicable tax rate for the Company for the year 2023 is declared by Finance Act, 2023.

Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements.

3.09 Earnings Per Share

This has been calculated in compliance with the requirements of "IAS 33: Earnings Per Share" by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

4.00 Property, plant & equipment

Reconciliation of carrying amount

| In taka | Furniture & Fixtures | Office Decoration | Office Equipment | IT Equipment | Total |
|------------------------------------|----------------------|-------------------|------------------|------------------|------------------|
| Cost | | | | | |
| Balance at 01 January 2022 | - | - | - | - | - |
| Additions | 343,254 | 1,522,432 | 853,446 | 1,812,987 | 4,532,119 |
| Disposal | - | - | - | - | - |
| Balance at 31 December 2022 | 343,254 | 1,522,432 | 853,446 | 1,812,987 | 4,532,119 |
| Cost | | | | | |
| Balance at 01 January 2023 | 343,254 | 1,522,432 | 853,446 | 1,812,987 | 4,532,119 |
| Additions | 82,735 | 29,830 | - | - | 112,565 |
| Disposal | - | - | - | - | - |
| Balance at 31 December 2023 | 425,989 | 1,552,262 | 853,446 | 1,812,987 | 4,644,684 |
| Accumulated depreciation | | | | | |
| Balance at 01 January 2022 | - | - | - | - | - |
| Depreciation | 53,887 | 189,649 | 133,246 | 356,646 | 733,428 |
| Disposal | - | - | - | - | - |
| Balance at 31 December 2022 | 53,887 | 189,649 | 133,246 | 356,646 | 733,428 |
| Accumulated depreciation | | | | | |
| Balance at 01 January 2023 | 53,887 | 189,649 | 133,246 | 356,646 | 733,428 |
| Depreciation | 72,787 | 255,032 | 170,689 | 362,597 | 861,106 |
| Disposal | - | - | - | - | - |
| Balance at 31 December 2023 | 126,675 | 444,681 | 303,935 | 719,243 | 1,594,535 |
| Carrying amounts | | | | | |
| At 01 January 2022 | - | - | - | - | - |
| At 31 December 2022 | 289,367 | 1,332,783 | 720,200 | 1,456,341 | 3,798,690 |
| At 31 December 2023 | 299,314 | 1,107,581 | 549,511 | 1,093,743 | 3,050,149 |

5.00 Intangible assets

Reconciliation of carrying amount

| In taka | TREC License | Software & License | Total |
|------------------------------------|-------------------|--------------------|-------------------|
| Cost | | | |
| Balance at 01 January 2022 | 20,000,000 | - | 20,000,000 |
| Additions | - | 524,866 | 524,866 |
| Disposal | - | - | - |
| Balance at 31 December 2022 | 20,000,000 | 524,866 | 20,524,866 |
| Cost | | | |
| Balance at 01 January 2023 | 20,000,000 | 524,866 | 20,524,866 |
| Additions | - | - | - |
| Disposal | - | - | - |
| Balance at 31 December 2023 | 20,000,000 | 524,866 | 20,524,866 |
| Accumulated depreciation | | | |
| Balance at 01 January 2022 | - | - | - |
| Depreciation | - | 142,534 | 142,534 |
| Disposal | - | - | - |
| Balance at 31 December 2022 | - | 142,534 | 142,534 |
| Accumulated depreciation | | | |
| Balance at 01 January 2023 | - | 142,534 | 142,534 |
| Depreciation | - | 174,938 | 174,938 |
| Disposal | - | - | - |
| Balance at 31 December 2023 | - | 317,471 | 317,471 |
| Carrying amounts | | | |
| At 01 January 2022 | 20,000,000 | - | 20,000,000 |
| At 31 December 2022 | 20,000,000 | 382,332 | 20,382,332 |
| At 31 December 2023 | 20,000,000 | 207,395 | 20,207,395 |

6.00 Right of use assets

Reconciliation of carrying amount

| In taka | Total |
|------------------------------------|------------------|
| Cost | |
| Balance at 01 January 2022 | 1,176,728 |
| Additions | 950,943 |
| Disposal | - |
| Balance at 31 December 2022 | 2,127,671 |
| Cost | |
| Balance at 01 January 2023 | 2,127,671 |
| Additions | - |
| Disposal | - |
| Balance at 31 December 2023 | 2,127,671 |
| Accumulated depreciation | |
| Balance at 01 January 2022 | 65,374 |
| Depreciation | 596,016 |
| Disposal | - |
| Balance at 31 December 2022 | 661,390 |
| Accumulated depreciation | |
| Balance at 01 January 2023 | 661,390 |
| Depreciation | 799,790 |
| Disposal | - |
| Balance at 31 December 2023 | 1,461,180 |
| Carrying amounts | |
| At 01 January 2022 | 1,111,354 |
| At 31 December 2022 | 1,466,281 |
| At 31 December 2023 | 666,491 |

This represents the lease agreement for the office premises and presented as per IFRS 16. At present, The entity has finance lease for office premises where agreement is more than 1 year. As such the amount is recognized as right of use asset for the year as per IFRS 16 and modified restatement policy is followed during initial recognition of IFRS 16.

For details please find Annexure-A

| | Notes | Amount | |
|--|-------|-------------------|-------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| 7.00 Security deposits with stock exchanges | | | |
| Security deposit-DSE | | 30,000,000 | 30,000,000 |
| Security deposit-CSE | | 30,000,000 | 30,000,000 |
| | | 60,000,000 | 60,000,000 |
| 8.00 Advances, deposits and prepayments | | | |
| Advances | | | |
| Advance against office interior works | | - | - |
| | | - | - |
| Deposits | | | |
| Security deposit for office rent | | 180,000 | 180,000 |
| Security deposit - CDBL | | 200,000 | 200,000 |
| Clearing house deposit - CSE | | 25,000 | 25,000 |
| | | 405,000 | 405,000 |
| | | 405,000 | 405,000 |

The company deposited taka 30,000,000 both in DSE and CSE as security deposit as a requirement for acquiring of TREC certificate from both the exchanges.

| | Notes | Amount | |
|--|-------|-------------------|-------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| 9.00 Advance income tax | | | |
| Opening balance | | 599,920 | 366,057 |
| Addition: | | | |
| Advance tax paid during the year | | - | 104,325 |
| Advance tax deducted at source | | 427,513 | 162,242 |
| Tax deducted at source on turnover | | 230,416 | 89,315 |
| | | 657,929 | 355,882 |
| | | 1,257,848 | 721,939 |
| Less: Adjustment during the year | | - | 122,019 |
| | | 1,257,848 | 599,920 |
| 10.00 Investment | | | |
| Investment in listed securities - Dealer account | 10.01 | 11,162,494 | 10,592,118 |
| Investment in Fixed Deposit Receipt (FDR) | 10.02 | 35,500,000 | - |
| | | 46,662,494 | 10,592,118 |

All investments in marketable securities are valued on an aggregate portfolio basis at cost price at the balance sheet date. Sufficient provision has been maintained as per BSEC guidelines against this unrealized loss. Please see the note 10.01 for details.

10.01 Investment in listed securities - Dealer account

| Particulars | Cost Price | Market Price as on 31.12.2023 | Unrealized Gain/(Loss) |
|------------------|-------------------|-------------------------------|------------------------|
| Bank | 9,966,829 | 9,820,720 | (146,109) |
| Corporate Bond | 330,097 | 315,900 | (14,197) |
| Food & Allied | 295,192 | 274,911 | (20,281) |
| Travel & Leisure | 570,376 | 532,980 | (37,396) |
| | 11,162,494 | 10,944,511 | (217,983) |

10.02 Investment in Fixed Deposit Receipt (FDR)

| Name of the Institutions | FDR # | | |
|--------------------------|---------------|-------------------|----------|
| SFIL Finance PLC. | 1114000000095 | 5,500,000 | - |
| SFIL Finance PLC. | 1114000000096 | 5,000,000 | - |
| SFIL Finance PLC. | 1114000000097 | 5,000,000 | - |
| SFIL Finance PLC. | 1114000000098 | 5,000,000 | - |
| SFIL Finance PLC. | 1114000000099 | 5,000,000 | - |
| SFIL Finance PLC. | 1114000000100 | 5,000,000 | - |
| SFIL Finance PLC. | 1114000000101 | 5,000,000 | - |
| | | 35,500,000 | - |

11.00 Accounts receivable

| | | |
|---|------------------|--------------|
| Interest receivable | 603,500 | - |
| Receivable from DSE | 837,129 | - |
| Receivable from CSE | 149,279 | - |
| Receivable from clients (CDBL charge) | 10,350 | - |
| Receivable from Broker (Dealer Account) | 21,597 | 7,882 |
| | 1,621,854 | 7,882 |

12.00 Cash and cash equivalents

| | | |
|--------------|------------------|------------------|
| Cash in hand | 30,000 | 30,000 |
| Cash at bank | 1,745,674 | 5,319,893 |
| | 1,775,674 | 5,349,893 |

12.01 Cash at bank

| | | |
|---|------------------|------------------|
| Padma Bank PLC. (A/C No.: 0059130000097) | 19,055 | 3,461,912 |
| IFIC Bank PLC (CCA) (A/C No.: 0190060624041) | 1,443,382 | 1,825,553 |
| IFIC Bank PLC (Dealer) (A/C No.: 0190060601021) | 27,414 | 32,429 |
| Southeast Bank PLC. (A/C No.: 1013100001703) | 247,709 | - |
| Eastern Bank PLC. (A/C No.: 1221070001367) | 8,115 | - |
| IFIC Bank PLC (ICB Fund) (A/C No.: 0210216214041) | - | - |
| IFIC Bank PLC (G-Sec) (A/C No.: 0100100567041) | - | - |
| | 1,745,674 | 5,319,893 |

| | | | Notes | Amount | |
|-------|---|---------------------------------|--------------------------|---|--------------|
| | | | | 31-Dec-2023 | 31-Dec-2022 |
| 13.00 | Share capital | | | | |
| | Authorized capital | | | | |
| | 25,000,000 ordinary shares of Taka 10 each | | | 250,000,000 | 250,000,000 |
| | Issued, subscribed and paid-up capital | | | | |
| | 15,000,000 ordinary shares of Taka 10 each fully paid | | | 150,000,000 | 110,000,000 |
| | Detail of shareholding position of the company | | | | |
| | Name of the shareholders | No. of Shares | % of share holding | 31-Dec-2023 | 31-Dec-2022 |
| | SFIL Finance PLC. | 14,999,700 | 99.9980000 | 149,997,000 | 109,997,000 |
| | Mr. Mohammad Shajedul Haque Mredha | - | - | - | 1,000 |
| | Mr. Mohammad Razibuzzaman Khan | 100 | 0.0006667 | 1,000 | 1,000 |
| | Mr. Md. Alimul Razi | 200 | 0.0013333 | 2,000 | 1,000 |
| | | 15,000,000 | 100.00 | 150,000,000 | 110,000,000 |
| 14.00 | Retained earnings | | | | |
| | Opening balance | | | (11,490,396) | 1,148,125 |
| | Add: Prior year adjustment | | | - | 39,224 |
| | | | | (11,490,396) | 1,187,350 |
| | Add: Profit during the year | | | (7,926,949) | (12,562,933) |
| | | | | (19,417,345) | (11,375,584) |
| | Less: Transfer to capital reserve | | | - | (114,813) |
| | Closing balance | | | (19,417,345) | (11,490,396) |
| 15.00 | Capital reserve | | | | |
| | Opening balance | | | 114,813 | - |
| | Add: Addition during the year | | | - | 114,813 |
| | | | | 114,813 | 114,813 |
| | Less: Adjustment during the year | | | - | - |
| | Closing balance | | | 114,813 | 114,813 |
| | As per Risk Based Capital Adequacy Rules, 2019, Part B [rule (1)(b); rule 5(2)] shall maintain a mandatory provision at least @ 10% of profit after tax of last year as capital reserve. | | | | |
| 16.00 | Lease liabilities - Non current portion | | | | |
| | Opening balance | | | 766,958 | 772,526 |
| | Add: Addition during the year | | | - | 950,943 |
| | | | | 766,958 | 1,723,469 |
| | Less: Conversion to short term | | | 766,958 | 956,511 |
| | Closing balance | | | - | 766,958 |
| | Lease liabilities derived from present value of all rental payments for office. When measuring lease liabilities, SFIL Securities Limited discounted lease payments using its incremental borrowing rate (9%). | | | | |
| 17.00 | Deferred tax liabilities/asset | | | | |
| | Deferred tax has been calculated based on deductible / taxable temporary difference arising due to difference in the carrying amount of the assets / liabilities and its tax base in accordance with the provision of International Accounting Standards (IAS)-12 : Income Taxes. | | | | |
| | Particulars | Accounting Base Carrying Amount | Tax Base Carrying Amount | Taxable/(deductible) temporary difference | |
| | Deferred tax liability/asset is arrived as follows: | | | | |
| | Fixed assets net of depreciation | 3,257,543 | 3,591,537 | (333,994) | |
| | Lease liabilities | (766,952) | - | (766,952) | |
| | Right of use Assets | 666,491 | - | 666,491 | |
| | Total | 3,157,083 | 3,591,537 | (434,454) | |
| | Applicable tax rate | | | 27.50% | |
| | Deferred tax asset as on 31 December 2023 | | | (119,475) | |
| | Deferred tax liability as on 31 December 2022 | | | 33,967 | |
| | Deferred tax income accounted as on 31 December 2023 | | | 153,442 | |

| | | Notes | Amount | |
|-------|--|-------|-------------|-------------|
| | | | 31-Dec-2023 | 31-Dec-2022 |
| 18.00 | Accounts payable | | | |
| | Payable to clients | 18.01 | 2,340,684 | 279,187 |
| | Payable to DSE & CSE | 18.02 | 850 | 1,078,496 |
| | Liabilities for expenses | 18.03 | 146,746 | 133,187 |
| | | | 2,488,281 | 1,490,870 |
| 18.01 | Payable to clients | | | |
| | Broker | | 2,219,087 | 271,305 |
| | Dealer | | 21,597 | 7,882 |
| | Client payable-IPO | | 100,000 | |
| | | | 2,340,684 | 279,187 |
| 18.02 | Payable to DSE & CSE | | | |
| | DSE-Broker | | 850 | 1,078,496 |
| | DSE-Dealer | | - | - |
| | CSE-Broker | | - | - |
| | | | 850 | 1,078,496 |
| 18.03 | Liabilities for expenses | | | |
| | Accrued expenses | | 52,087 | 50,784 |
| | Audit fees payable | | 88,550 | 80,500 |
| | CDBL | | 6,109 | 1,903 |
| | | | 146,746 | 133,187 |
| 19.00 | Lease liabilities - Current portion | | | |
| | Opening Balance | | 778,087 | 404,202 |
| | Add: Conversion from long term | | 766,958 | 956,511 |
| | | | 1,545,045 | 1,360,713 |
| | Less: Paid during the year | | 778,093 | 582,626 |
| | Closing balance | | 766,952 | 778,087 |
| 20.00 | Provision for taxation | | | |
| | Opening Balance | | 639,315 | 550,000 |
| | Add: Provision during the year | | 820,171 | 89,315 |
| | | | 1,459,486 | 639,315 |
| | Less: Adjustment during the year | | - | - |
| | Closing balance | | 1,459,486 | 639,315 |
| 21.00 | Provision for diminution in value of investments | | | |
| | Opening Balance | | 203,307 | - |
| | Add: Provision during the year | | 14,676 | 203,307 |
| | | | 217,983 | 203,307 |
| | Less: Adjustment during the year | | - | - |
| | Closing balance | | 217,983 | 203,307 |
| 22.00 | Other liabilities | | | |
| | Withholding Tax payable | | 45,320 | 51,099 |
| | Withholding VAT payable | | 15,439 | 14,098 |
| | Interest payable - Consolidated Customer Account | | 75,452 | - |
| | | | 136,211 | 65,197 |
| 23.00 | Brokerage commission income | | | |
| | DSE-Broker | | 1,442,245 | 546,513 |
| | DSE-Dealer | | 14,050 | 31,937 |
| | CSE-Broker | | 27,379 | 99 |
| | | | 1,483,673 | 578,549 |
| 24.00 | Brokerage commission expenses | | | |
| | Service charge paid to CDBL | | 6,788 | 6,546 |
| | Laga charges | 24.01 | 115,032 | 44,644 |
| | Howla charges | 24.02 | 200 | 500 |
| | Contribution to investor's protection fund | | 119 | 200,120 |
| | | | 122,139 | 251,811 |

| | Notes | Amount | |
|--|-------|------------------|------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| 24.01 Laga charges | | | |
| DSE-Broker | | 112,112 | 42,081 |
| DSE-Dealer | | 952 | 2,558 |
| CSE-Broker | | 1,968 | 6 |
| | | 115,032 | 44,644 |
| 24.02 Howla charges | | | |
| DSE-Broker | | 200 | 100 |
| DSE-Dealer | | - | 400 |
| CSE-Broker | | - | - |
| | | 200 | 500 |
| 25.00 Interest income | | | |
| Interest on SND account | | 205,645 | 728,279 |
| Interest on FDR | | 2,096,937 | 627,532 |
| | | 2,302,582 | 1,355,811 |
| 26.00 Interest expenses | | | |
| Interest on loan | | - | - |
| Interest on lease liability | | 108,016 | 126,249 |
| | | 108,016 | 126,249 |
| 27.00 Other operational income | | | |
| Account opening fee | | 6,000 | 5,700 |
| BO account maintenance fee | | 7,100 | 2,800 |
| IPO service charge | | 230 | 130 |
| | | 13,330 | 8,630 |
| 28.00 Income from investment | | | |
| Capital gain | | 284,090 | - |
| Income from corporate bond | | 20,670 | - |
| Dividend income | | 431,300 | 5,300 |
| | | 736,060 | 5,300 |
| 29.00 Salary and allowances | | | |
| Salary and allowances | | 6,503,000 | 6,538,263 |
| Festival bonus | | 554,000 | 486,250 |
| | | 7,057,000 | 7,024,513 |
| 30.00 Utility expenses | | | |
| Utilities | | 269,075 | 254,337 |
| | | 269,075 | 254,337 |
| 31.00 Legal & professional fees | | | |
| Legal and professional fees | | 37,039 | 41,467 |
| | | 37,039 | 41,467 |
| 32.00 Postage & telephone expense | | | |
| Stamp | | 5,300 | 13,482 |
| Telephone and mobile bill | | 27,762 | 29,709 |
| Internet & email | | 305,700 | 222,355 |
| | | 338,762 | 265,546 |
| 33.00 Stationery, printing, advertisement | | | |
| Printing and stationery | | 25,588 | 105,030 |
| Advertisement | | 94,359 | - |
| | | 119,947 | 105,030 |
| 34.00 Audit fee | | | |
| Audit fee | | 88,550 | 80,500 |
| | | 88,550 | 80,500 |
| 35.00 Repairs, maintenance and depreciation | | | |
| Repairs and maintenance | | 8,165 | - |
| Software maintenance | | 89,250 | - |
| Depreciation and amortization | | 1,835,834 | 1,471,978 |
| | | 1,933,249 | 1,471,978 |

| | Notes | Amount | |
|---|-------|------------------|------------------|
| | | 31-Dec-2023 | 31-Dec-2022 |
| 36.00 Other expenses | | | |
| Training | | 9,264 | 12,778 |
| Conveyance | | 30,120 | 32,545 |
| Renewal & registration | | 448,366 | 3,203,800 |
| Entertainment | | 15,777 | 34,657 |
| Computer accessories | | 10,308 | 36,713 |
| Vehicle maintenance & registration | | 540,000 | 538,548 |
| Office security service | | 316,800 | 316,800 |
| Office cleaning service | | 154,440 | 145,258 |
| Office maintenance | | 134,594 | 125,428 |
| Business development | | - | 25,875 |
| Books & periodicals | | - | 2,030 |
| Bank charges | | 4,878 | 8,299 |
| Excise duty | | 36,150 | 48,000 |
| Overtime | | 6,716 | 12,862 |
| | | 1,707,413 | 4,543,593 |
| 37.00 Income tax | | | |
| Current tax expense | | 820,171 | 89,315 |
| Deferred tax expense | | (153,442) | 53,579 |
| | | 666,729 | 142,894 |
| 38.00 Employee details | | | |
| No. of employee received below than BDT 3,000 per month and BDT 36,000 annually | | - | - |
| No. of employee received more than BDT 3,000 per month and BDT 36,000 annually | | 6 | 7 |
| | | 6 | 7 |
| 39.00 Earnings Per Share (EPS) | | | |
| Net profit after Tax | | (7,926,949) | (12,562,933) |
| Weighted average number of ordinary shares outstanding | | 13,838,356 | 11,000,000 |
| Earnings Per Share (EPS) | | (0.57) | (1.14) |

Earnings per Share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".

40.00 Events after the reporting period

- The Board of Directors in its 24th meeting held on April 23, 2024 has approved the financial statements and authorized the same for issue.
- The Board of Directors in 24th its th meeting held on April 23, 2024 has recommended no cash and stock dividend to the shareholders for the period ended December 31, 2022.
- No other adjusting event had occurred till date of signing the financial statements which recognize adjustment under IAS -10 "Events after Reporting Period".

41.00 Related party disclosures

The names of the related parties and nature of these transactions have been set out in accordance with the provision of IAS 24: Related Party Disclosures.

| Name of related party | Country | Nature of relationship | Nature of transaction | Balance outstanding as at 31 December | |
|-----------------------|------------|------------------------|-----------------------|---------------------------------------|--------|
| | | | | 2023 | 2022 |
| SFIL Finance PLC. | Bangladesh | Parent Company | Term Deposit | 35,500,000 | - |
| | | | BO Account | 18,629 | 35,344 |

Director

Director

Director

Managing Director & CEO
(Current charge)

SFIL Securities Limited

As at and for the year ended 31 December 2023

Annexure - A

Leases

See accounting policy in Note 3.05

A. Leases as lessee (IFRS 16)

SFIL Securities Limited has leased two commercial office space in Century Centre, Pragati Shoroni measuring 1,700 square feet from Century Reality Limited under operating lease. Lease period covers 2 years 4 months, with an option to renew for further on expiry of present period. The details of leased property is as follows:

| Demised property | Address | Effective date of agreement | Expiry date of agreement | Area (Sq. F) |
|-------------------------|--|-----------------------------|--------------------------|--------------|
| Commercial office space | 8th Floor, Century Centre, Kha-225, Pragati Sharani, Dhaka | 1-Jul-2022 | 31-Oct-2024 | 1,700 |

SFIL Security Limited provides 3 months advance of BDT 180,000 of three months rent as security deposit to lessors that is refundable at the end of the lease agreement.

The Company is restricted from entering into any sublease arrangements. Previously this lease was classified as operating lease under IAS 17. Information about lease for which the entity is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as Right-of-use assets.

| In taka | Total |
|-----------------------------------|----------------|
| 2023 | |
| Balance at 1 January | 1,466,281 |
| Addition during the year | - |
| Depreciation charge for the years | 799,790 |
| Balance at 31 December | 666,491 |

(ii) Amount recognised in profit and loss

2023-Leases under IFRS 16

| | |
|-------------------------------|---------|
| Interest on lease liabilities | 108,016 |
|-------------------------------|---------|

(iii) Amount recognised in statement of cash flow

| | |
|-------------------------------|---------|
| Total cash outflow for leases | 886,107 |
|-------------------------------|---------|

B. Leases as lessor

SFIL Securities Limited did not provide any lease facility to other entity.

SFIL Finance PLC.

NOTES

SFIL Finance PLC.

Finance Square, Level-15, Holding-22/A
Road-102&103, Gulshan-2, Dhaka-1212, Bangladesh

Affix
Revenue
Stamp of
Tk. 20.00

4th Annual General Meeting**PROXY FORM**

I/We _____ of _____
_____ being a member of SFIL
Finance PLC. and a holder of _____ shares hereby appoint Mr./Ms. _____
_____ of _____
_____ as my/our proxy to vote for me/us and on me/our behalf at the 4th Annual General Meeting
of the company to be held on November 24, 2024 (Sunday) at 3:00 pm and at any adjournment thereof.

Signed this _____ day of November, 2024

| Detail of Proxy | Detail of Member |
|-----------------|------------------|
| Signature: | Signature: |
| Name: | Name: |
| | Folio Number: |

NOTE:

- This form of proxy, duly completed, must be deposited at least 72 hours before the meeting at the Company's registered office. Proxy is invalid if not signed and stamped as explained above.
- Signature of the shareholders should agree with the specimen signature registered with the Company and Depository Register.

**SFIL Finance PLC.**

Finance Square, Level-15, Holding-22/A
Road-102&103, Gulshan-2, Dhaka-1212, Bangladesh

4th Annual General Meeting**ATTENDANCE SLIP**

I hereby record my attendance at the 4th General Annual Meeting of SFIL Finance PLC. being held on November 24, 2024 (Sunday) at 3:00 pm. as a holder of _____ shares of the Company

| Detail of Proxy | Detail of Member |
|-----------------|------------------|
| Signature: | Signature: |
| Name: | Name: |
| | Folio Number: |

NOTE:

Signature of the shareholder should agree with the specimen signature registered with the Company and Depository Register.



Bond of Transparency


SFIL Finance PLC.

Head Office

Finance Square, Level 15, Holding- 22/A
Road-102 & 103, Gulshan-2, Dhaka 1212.

Principal Branch

Rangs RL Square, Level 13, 201/1 Kha
Bir Uttam Rafiqul Islam Avenue, Dhaka 1212.

 +88 096 1222 3322, +88 018 2555 5500

 info@sfilbd.com  www.sfilbd.com

SFIL Securities Limited

Head Office

Century Centre, Level 8, Kha 225,
Progoti Shoroni, Dhaka 1212, Bangladesh

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