

# ANNUAL REPORT 2020

Secret of every  
successful relationship is  
**"TRANSPARENCY"**



## Secret of every successful relationship is transparency

All successful relationship revolve around the idea of maintaining a healthy relationship even though the feelings which contribute to it are different, but the ultimate goal continues to be the same. No matter how good things are with our partners, we always aim to be at our best when it comes to attaining our relationship goals. Always being there for our partner in times of hardship and happiness is what makes a relationship work and eventually strengthening the mutual benefits. Trust is the basic foundation of any healthy relationship and hence building a highly trustworthy bond is a primary relationship. We are committed to extending the complete array of industry-leading products and services including lending in Corporate, SME, and Retail, Saving Schemes, Deposit Schemes, and Corporate Advisory. Our focus areas of 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 is committed to delivering sustainable performance and superior service. We continuously build long-term and mutually beneficial partnerships through a Bond of Transparency.

## Letter of Transmittal

All Shareholders,  
Bangladesh Bank,  
Registrar of Joint Stock Companies and Firms

### Annual Report for the period ended on December 31, 2020

Dear Sir(s):

We are delighted to enclosed, a copy of the Annual Report 2020 together with the Audited Financial Statements including Balance Sheet as at December 31, 2020 and Profit and Loss Account, Statement of Cash Flows and Statement of Changes in Equity for the period ended on December 31, 2020 along with the notes thereon of Strategic Finance & Investments Limited for your kind information and record.

Yours Sincerely



**Mohammad Razibuzzaman Khan**  
Company Secretary &  
Deputy Chief Financial Officer



April 8, 2021

## **NOTICE OF HOLDING OF THE 1<sup>ST</sup> ANNUAL GENERAL MEETING**

Notice is hereby given to all the Shareholders of Strategic Finance & Investments Limited that the 1st Annual General Meeting (AGM) of the company to be held on Saturday, April 24, 2021 at 9:00 AM through physical and virtual (Zoom) presence in the Head Office to transact the following business. Zoom Link is as below:

Zoom Link:

<https://zoom.us/j/98737678614?pwd=NEt2RkVyVUpDcFBtbHB4NXB4NzRrZz09>

Meeting ID: 987 3767 8614

Passcode: 123456

### **AGENDA**

- |              |   |
|--------------|---|
| AGMA-01-01 : | To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the period ended December 31, 2020. |
| AGMA-01-02 : | To approve dividends out of the profits for the period ended December 31, 2020.   |
| AGMA-01-03 : | To elect the directors who are retiring in terms of the relevant provision of the Articles of Association of the Company.                       |
| AGMA-01-04 : | To appoint Auditors and to fix their remuneration for the year ended December 31, 2021.   |
| AGMA-01-05 : | To transact any other business with the permission of the Chairman.   |

By order of the Board



**Mohammad Razibuzzaman Khan**

Company Secretary &

Deputy Chief Financial Officer



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## At A Glance



### Strategic Finance & Investments Limited

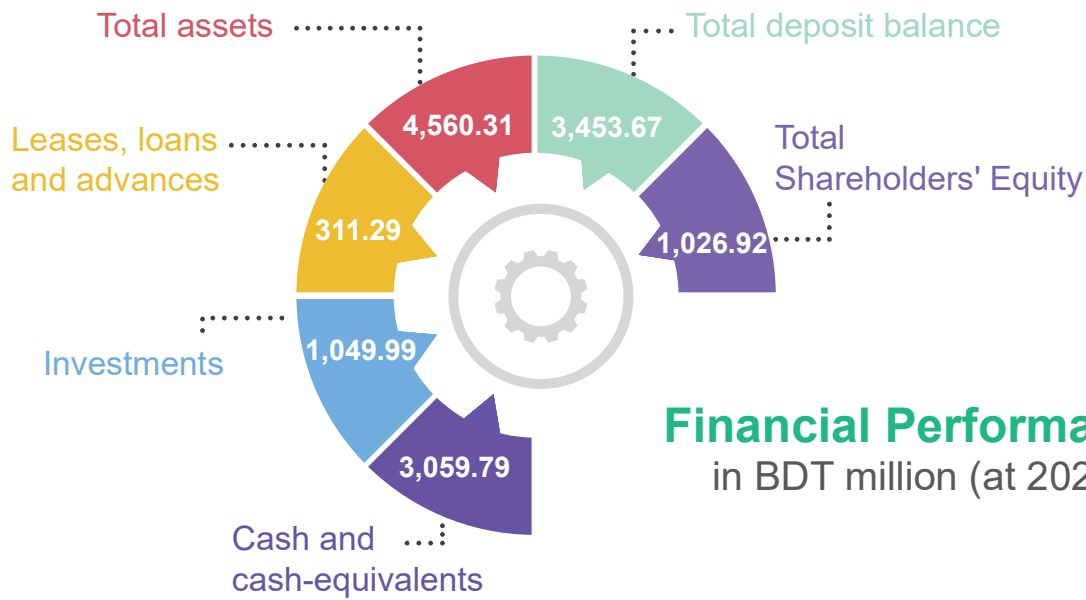
Type of Company	Public Limited Company
Type of Business	Financial Institution
Key Business Segments	Corporate Financing Retail Financing SME Financing Deposit Schemes
Company Incorporation Number	C-160166/2020
Date of Incorporation	March 9, 2020
Bangladesh Bank License Number	DFIM (L) /41
Number of Branch	02
Address of Corporate Head Office	Rangs RL Square, Level: 3, 201/1 Kha Progoti Shoroni, Dhaka-1212, Bangladesh.
Telephone	02-55055291-2
Email Address	info@sfilbd.com
Web Address	www.sfilbd.com
Auditor	Kazi Zahir Khan & Co. Chartered Accountants
Key Banking Partners	Eastern Bank Limited Premier Bank Limited Padma Bank Limited
Credit Rating Company	Emerging Credit Rating Ltd
Legal Advisers	Barrister Chowdhury Mokimuddin Barrister Shakhawat Hossain





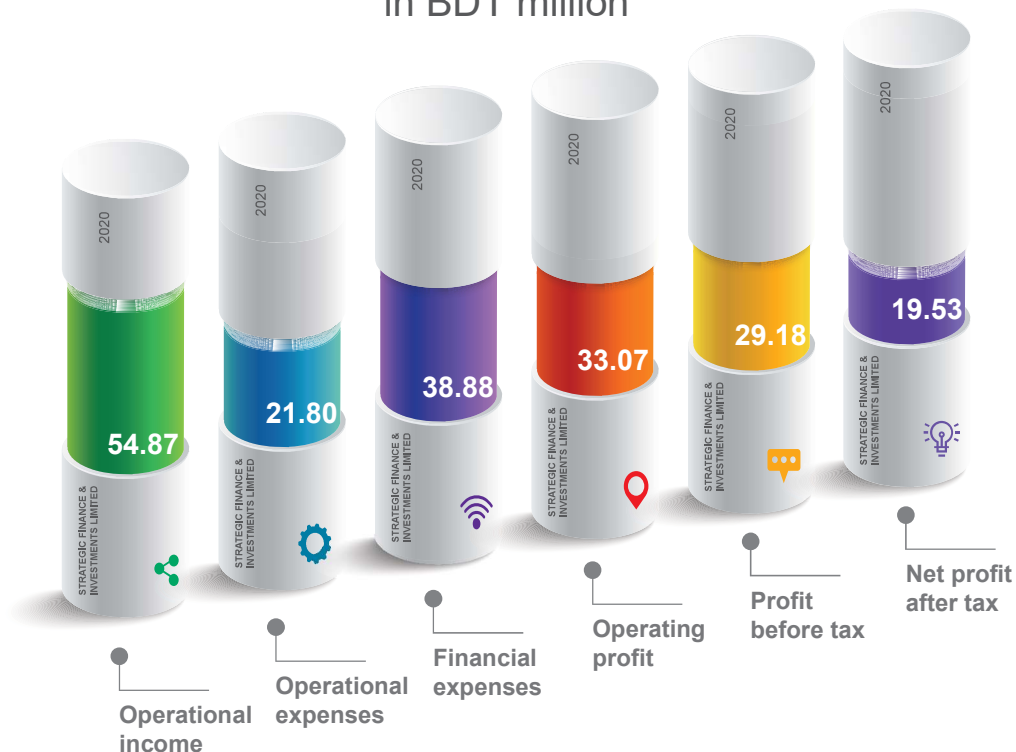
## Financial Highlights

# Financial Highlights



## Operational Performance

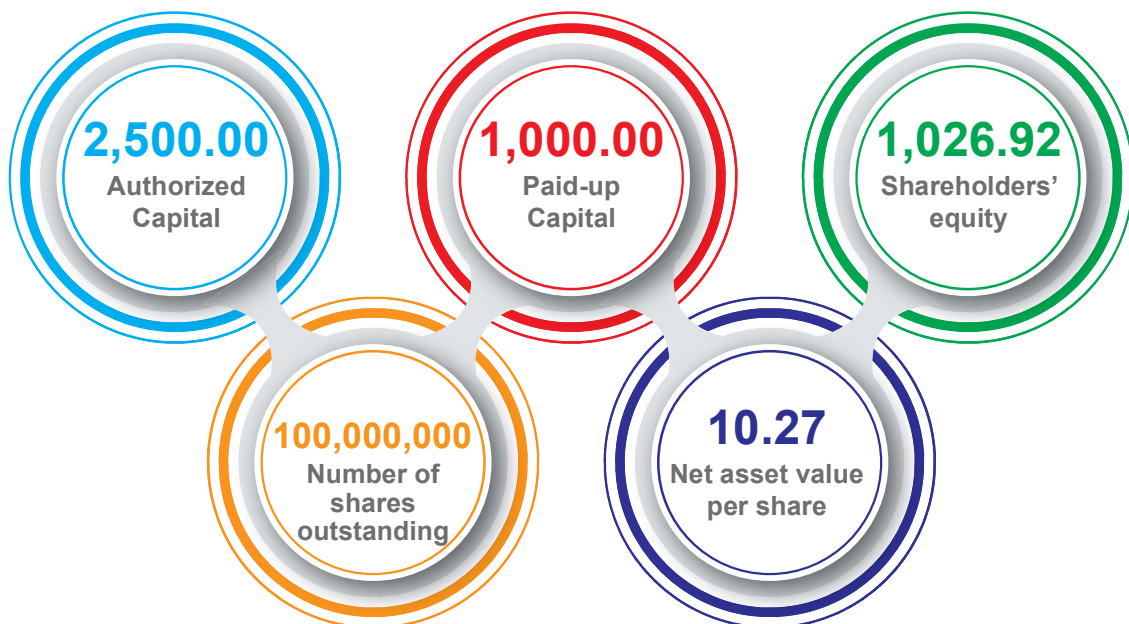
in BDT million



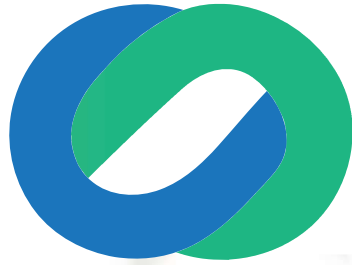
## Financial Ratios at 2020



## Equity Statistics in BDT million



# ABOUT



**STRATEGIC  
FINANCE &  
INVESTMENTS  
LIMITED**





**Strategic Finance & Investments Limited (SFIL)** is a full-service Bangladesh Bank licensed multi-product financial institution. SFIL's shareholding comprises 98% 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 USA and Canada. 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, and 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 is committed to delivering sustainable performance and superior service. We continuously build long-term and mutually beneficial partnerships through a **Bond of Transparency.**



# Mission

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

# Vision

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





## Core S.T.A.R. Values



**S**

### Service Excellence

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



**T**

### Treating fairly and with respect

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



**A**

### Accountability

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



**R**

### Responsive

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

# Services We Offer



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





## Savings & Deposits

### Savings

Monthly savings schemes  
Millionaire scheme

### Term Deposits

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

### Regular Earner Deposits

Monthly income earner  
Quarterly income earner

### Platinum Deposits



## Retail Finance

### 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

### Car loans

Brand new  
Reconditioned  
Employee car loan scheme

### Personal loans

Marriage loan  
Emergency medical loan  
Travel loan  
Education loan



## Corporate Finance

- Term loan
- Working capital finance
- Lease finance
- Sale & lease back
- Preferred equity finance
- Club finance
- Bridge Finance
- Foreign currency loan
- Access to special fund
- Agency & trustee
- Private placement of equity
- Project finance & syndicated finance



## SME Finance

### **Small and Medium Business**

- 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 Advisory

- Debt finance
- Equity finance
- Issuance of bond
- Merger acquisition
- Preference shares
- Project feasibility and Business plan
- Alternative Business Solution



## Strategic Finance & Investments Limited

### Shareholding Composition

As on December 31, 2020

Name of Shareholders	Percentage (%)	No. of Shares	Amount in BDT
<b>A. Individual Sponsors</b>			
Anjuman Ara Shahid	2%	2,000,000	20,000,000
	<b>2%</b>	<b>2,000,000</b>	<b>20,000,000</b>
<b>B. Institutional Sponsors</b>			
Canadian Maple Strategic Wealth Management LP	48%	48,000,000	480,000,000
Strategic Finance Limited	20%	20,000,000	200,000,000
Padma Bank Securities Ltd.	20%	20,000,000	200,000,000
Strategic Equity Management Ltd.	6%	6,000,000	60,000,000
Statisticker Inc.	2%	2,000,000	20,000,000
Unique Hotel & Resorts Ltd.	2%	2,000,000	20,000,000
	<b>98%</b>	<b>98,000,000</b>	<b>980,000,000</b>
<b>Total Shareholdings</b>	<b>100%</b>	<b>100,000,000</b>	<b>1,000,000,000</b>

# Institutional Shareholding Details



## TORONTO BASED ONT SC LICENSED FUND

LISTED WITH ONT SECURITIES COMMISSION  
AUM OF \$500M+

MANAGES LARGE CORPORATE AND FAMILY FUNDS E.G. BRONFMAN FAMILY (VODKA), HYATT FAMILY OFFICE  
INVESTS IN INT. CAPITAL MARKETS

### NOMINATED DIRECTOR:

1. MR. WILLIAM H. DERRENGER
2. DR. MD SHAHRUKH ADNAN KHAN



## US BASED LICENSED FUND MANAGER

LISTED WITH US SEC

AUM OF \$1B+

MANAGES LARGE FAMILY FUNDS & HNWI E.G. ORTELIUS, CENTRICUS CAPITAL

HIGHLY EXPERIENCED TEAM FROM WALL STREET  
PROVIDES WEALTH MANAGEMENT & CORPORATE ADVISORY SERVICES

### NOMINATED DIRECTOR:

MR. ZAHID HOSSAIN



## LICENSED MERCHANT BANK

MERCHANT BANKING LICENSE FROM BSEC  
PORTFOLIO SIZE OF BDT 200 CRORE

OWNS 600MW POWER PLANT  
SPECIALIZED IN IPO, RPO, BOND, ISSUE MANAGEMENT AND RIGHTS

### NOMINATED DIRECTOR:

1. MR. SHAHNUL HASAN KHAN
2. MR. S.M. ARIFUZZAMAN



## LICENSED ASSET MANAGER

AMC LICENSE FROM BSEC

AIFB LICENSE FROM BSEC

AUM OF BDT 350 CRORE+

HAS 3 FUNDS LISTED WITH DSE & CSE

OWNS LIC BD

SPECIALIZED IN QUASI EQUITY MODEL

### NOMINATED DIRECTOR:

MR. EHSANUL KABIR



## LICENSED STOCK BROKER & DEALER

STOCK BROKER & DEALER LICENSE FROM BSEC

TREC FROM DSE

INVESTMENTS IN DSE SHARES, GROWTH FUND, PE, LISTED SECURITIES ETC.

(PORTFOLIO VALUE OF BDT 105 CRORE+)

MANAGES CLIENT PORTFOLIO

OF BDT 250 CRORE+

### NOMINATED DIRECTOR:

1. MR. RIADUZZAMAN RIDOY
2. MR. MOHAMMAD SHARIAT ULLAH



## US BASED HOTEL GIANT

THE WESTEN DHAKA

TALLEST 5\* HOTEL IN BD

- HIGHEST OCCUPANCY RATE

LISTED WITH DSE & CSE

- HAVE PAID-UP OF BDT 300 CRORE

AND RESERVES OF 1,500 CRORE

OWNS SHERATON BD



## Brief Profile of Board of Directors

**ANJUMAN ARA  
SHAHID**  
Chairman and  
Individual Director

Mrs. Anjuman Ara Shahid is a leading Canada-based women entrepreneur, investor and philanthropist. She is the Vice-Chairman of Canadian University of Bangladesh, Chairman of Canadian International School and Bangladesh Capital Development Ltd which operates a full-fledged merchant bank. She is actively involved in many social work. She completed her graduation from Dhaka University.

Mr. Shahnul Hasan Khan is the Director of Unique Meghnaghat Power Limited, Executive Chairman of Canadian University of Bangladesh and Director Ezzy Group. He was a seasoned banker having a successful banking career with Standard Chartered Bank and Premier Bank Limited in key leadership roles. He holds MBA in Finance & Financial Management from North South University and BBA from East West University. Strategic Finance Limited (SFL) is a new generation investment bank offering full-fledged merchant banking operations under the license from Bangladesh Securities and Exchange Commission (BSEC). The primary focus of SFL is on Investment Banking services as well as Strategic Investment in power and infrastructure sector with high growth potentials. SFL provides solutions in managing initial public offerings (IPO), rights issues, private equity placements, capital restructuring, placement of corporate bonds, loan syndication, underwriting and portfolio management.

**MR. SHAHNUL  
HASAN KHAN**  
Nominated Director,  
Strategic Finance Limited



**MR. S.M.  
ARIFUZZAMAN**  
Nominated Director,  
Strategic Finance Limited

Mr. S.M. Arifuzzaman, a renowned finance professional and a scholar devoted to the cause of financial research and investment. He has experience in business & product developments and implementing institutional policy reforms. Mr. Zaman has completed his Master's in Management (Finance), ESCP Europe, Paris and MBA in Management of Technology from Asian Institute of Technology (AIT), Thailand. He also obtained his PGDMC (Post Graduate Diploma in Management Consultancy) from Institute of Management Consultants Bangladesh (IMCB). Prior joining to AIT, he has completed his B.Sc. (Hon's.) - Computer Science & Engineering, BUET, Bangladesh.

Statisticker, Inc is a New York based full-service wealth management and corporate advisory organization that manages capital from Corporates and High Networth Individuals. Run by highly experienced financial professionals from Wall Street.

**MR. ZAHID HOSSAIN**  
Nominated Director,  
Statisticker,  
Inc. New York, USA

**MR. WILLIAM H.  
DERRENGER**  
Nominated Director of  
Canadian Maple Strategic  
Wealth LP.

Canadian Maple Strategic Wealth Management, LP is a Toronto, Canada-based multi-family office that is structured as a Limited Partnership to invest primarily in international capital markets, money markets, and private equity. The Fund was formed under the regulations of the Ontario Securities Commission. The investors in the Fund are high net-worth Canadian individuals, Canadian family offices and endowments and other Canadian financial institutions.



**DR. MD SHAHRUKH  
ADNAN KHAN**

Nominated Director of  
Canadian Maple Strategic  
Wealth LP.

Dr. MD Shahrulkh Adnan Khan is the Associate Professor & Acting Dean, School of Science & Engineering, Head of EEE department & Director of Innovation & Commercialization Center at Canadian University of Bangladesh. He graduated from the University of Nottingham (UK) with 1st Class (Hons) in Electrical & Electronic Engineering and then completed his Ph.D. from the same University as the Dean Scholar. Having more than 10 years of vast experience in Research and Academia, Dr. Khan also gained industrial exposure by working in various international platforms such as PTT Exploration & Production Public Company Ltd (PTTEP, Thailand), BJ Services (Middle East Branch) and so on. Currently acting as Editor of prestigious Inderscience publication (UK), Frontiers (Switzerland) & IET (UK), he has an outstanding career in the RnD sector with more than 40 Peer-reviewed published articles in international indexed Journals, conference proceedings & books.

Mr. Ehsanul Kabir is the CEO & MD of SEML. Before joining SEML, he worked as Head of Research in a second-generation AMC, He also served as the Head of Corporate Finance at Cosmopolitan Finance Limited (CFL), the merchant banking wing of Summit Group. He started his career with Eastern Bank Limited and gained vast experience in Structured Financial Products such as Bonds, Private Equity, Mezzanine Capital, Zero Coupon Bond customized for leading local companies. Mr. Kabir completed his MBA from the Faculty of Business Studies, Dhaka University and BA Honors - Economics from Sri Ram College of Commerce, University of Delhi, India. SEML was awarded the Asset Management Company (AMC) license from Bangladesh Securities and Exchange Commission (BSEC) in 2013. SEML has started its journey with the vision to provide unique, innovative, trustworthy solutions for both capital and money market instruments. The management team of SEML possesses world-class experience having an extensive network in the local business relationship on Investment management.

**MR. EHSANUL KABIR**  
Nominated Director,  
Strategic Equity  
Management Ltd (SEML)

**MR. RIADUZZAMAN  
RIDOY**  
Nominated Director,  
Padma Bank Securities  
Limited (PBSL)

Mr. Riaduzzaman is the Managing Director and TREC Holder Representative at Padma Bank Securities Ltd. He had previously worked as CEO of Bangladesh Capital Development Ltd., National Accounting Consultant at UNDP. He has a long working experience in the financial sector of the country. A Finance and Capital Market expert with Professional Certifications from Association of Chartered Certified Accountants (Fellow Member) and Certified Information Systems Auditor.

Mr. Mohammad Shariat Ullah is Managing Director of Task Limited and Head of IT of Padma Bank Securities Limited and Canadian University of Bangladesh, Dhaka. He is the Chairman of Ring Pay Bangladesh Limited – a renowned payment service provider in Bangladesh. He is an experienced IT professional with a proven track record of working for local and multi-national companies. He completed BSC in ETE from Atish Dipankar University of Science & Technology.

**MR. MOHAMMAD  
SHARIAT ULLAH**  
Nominated Director,  
Padma Bank Securities  
Limited (PBSL)



## Management Team



Centre

From the left

**MOHAMMAD RAZIBUZZAMAN KHAN**  
Deputy CFO & Company Secretary

**MD. SHAJEDUL HAQUE MREDHA**  
Head of Retail

**TAMIM MARZAN HUDA**  
Deputy Managing Director & Chief Risk Officer

**IRTEZA AHMED KHAN**  
Managing Director and CEO

From the right

**MD. ARIF HOSSAIN**  
Head of Brand Communication & Administration

**ALI FARHAN KHAN**  
Head of Liability and Wealth Management

**DEWAN IMTEAZ AHMED**  
Head of Credit Risk Management & Operations

## Management & Other Committees

### Management Committee

Name	Designation
Mr. Irteza Ahmed Khan	Managing Director and CEO
Mr. Tamim Marzan Huda	DMD, Chief Risk Officer
Mr. Md. Shajedul Haque Mredha	Head of Retail
Mr. Ali Farhan Khan	Head of Liability and Wealth Management
Mr. Mohammad Razibuzzaman Khan	Deputy CFO

### ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

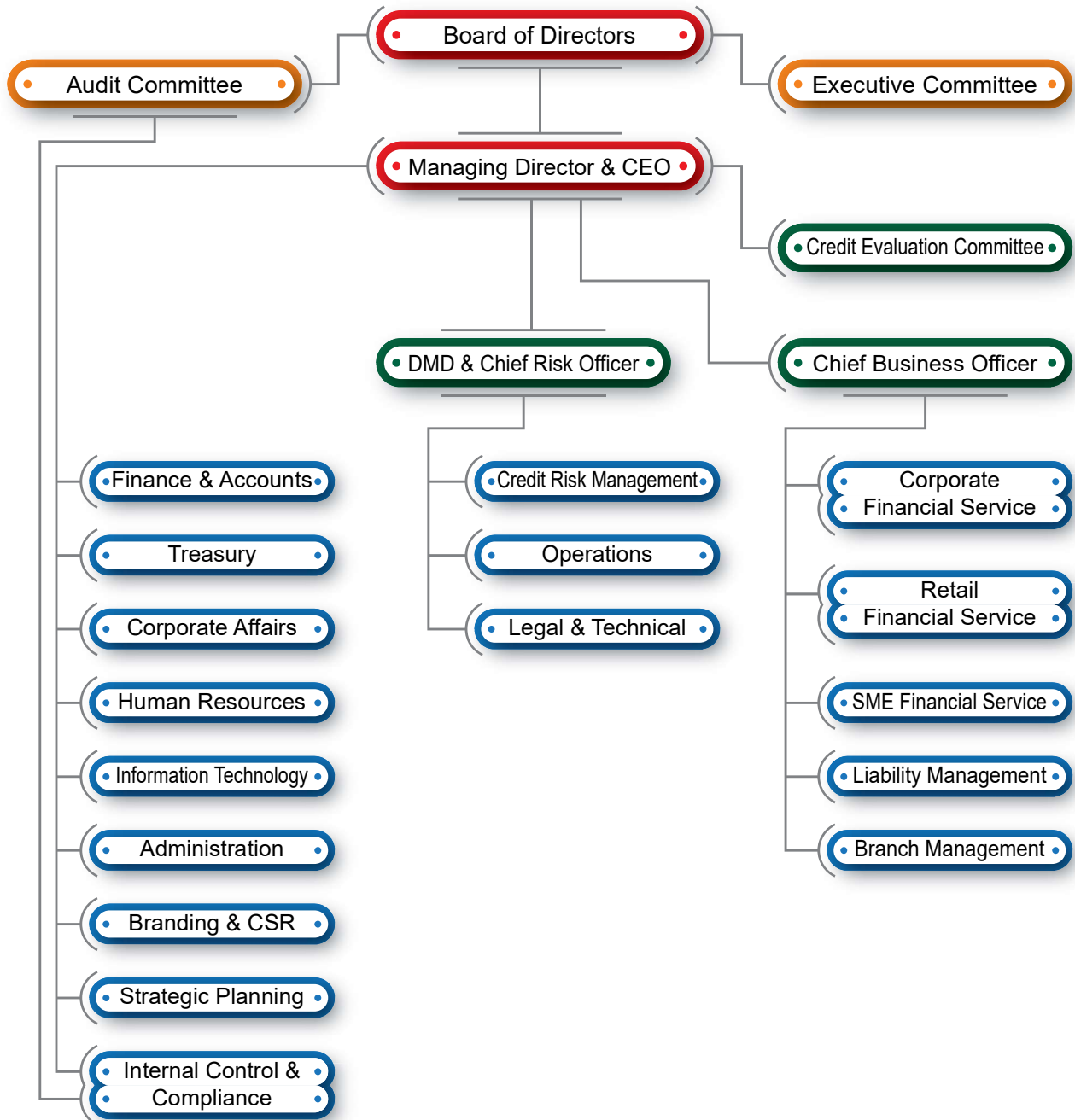
Name	Designation
Mr. Irteza Ahmed Khan	Managing Director and CEO
Mr. Tamim Marzan Huda	DMD, Chief Risk Officer
Mr. Md. Shajedul Haque Mredha	Head of Retail
Mr. Ali Farhan Khan	Head of Liability and Wealth Management
Mr. Mohammad Razibuzzaman Khan	Deputy CFO





## Strategic Finance & Investments Limited

### Corporate Organogram



## Dear Shareholders,

This is my privilege to welcome you all at the 1st Annual General Meeting of Strategic Finance & Investments Limited. It is also my pleasure to present before you the 2020 Annual Report and audited financial statements reflecting the company's performance, economic environment, regulatory issues, and strategic priorities with an outlook for the years ahead.

### Economic Environment

The world economy went through a great pause during the middle of the year. Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to remain 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth.

Over the past decade Bangladesh's economic growth has steadily increased from 6 percent to 8 percent. The global novel Coronavirus (COVID-19) pandemic has adversely affected the economy of Bangladesh. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), GDP growth in FY2019-20 stood at 5.24 percent, compared to 8.15 percent in the previous fiscal year. Growth in export and import in FY2019-20 is negative. However, remittance inflows grew by 10.87 percent has reduced the current account deficit compared to the



## Note from Chairman

previous fiscal year. At the same time, the increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves increased significantly. As of June 30, 2020 the foreign exchange reserve stood at US\$ 36.04 billion, the highest ever. During this period, a marginal depreciation in exchange rate of Taka with the US dollar is being observed. To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on



healthcare, emergency humanitarian assistance has been materialized. The government has already announced a financial package of about Tk. 1.2 lakh crore for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to targeted people, formulate various funds for the agricultural sector. As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around. (Source: Bangladesh Economic Review 2020, Ministry of Finance)

### **Our Performance**

We have tried to demonstrate the right strategy and the right culture and the right geographical footprint to deliver consistent and sustained value for our shareholders. The year 2020 was an opening year for SFIL to create its strong position in the NBFi fraternity with remarkable growth on its core business operations while setting its backbone and team structure to cater the service needs of its different client base.

SFIL demonstrated high resilience in achieving its key performance indicators. The loan portfolio stood as BDT 311.29 million with Zero percentage classified loan ratio. On the other hand, SFIL managed to build a strong deposit portfolio consists of both institutional (Bank & Corporate) and individual clients of BDT 3,453.67 million. SFIL was able to maintain average spread of 3.81%, earned after tax net profit of BDT 19.53 million in 2020, meeting or exceeding all financial and operational objectives. Return on Equity stands at 1.90% at the end of December 31, 2020. Besides notable results in 2020, we have taken few important steps towards achieving our long term strategic objectives and continued to build our organizational capabilities & competence for the future. This has been only possible due to the strong mandate given to us by our valued shareholders. The performance outlines our strength and capabilities to deliver a sustainable growth ensuring growing returns to our shareholders and stakeholders. We are also committed to ourselves in meeting up our goals and being accountable to our stakeholders for our actions.

### **Corporate Governance & Transparency**

SFIL has always believed that effective Corporate Governance forms the bedrock of Business Excellence in an organization. The importance of this goes beyond mere adherence to rules & regulations. Good governance and sound ethical practices are deeply embedded in our culture. The Company pursue and adhere to best



compliance culture and practices. We have significantly strengthened our risk management framework, control procedures and audit processes and set a very high compliance standard for sustainable growth. We operate our business activities at leaner way, in environment friendly and socially sustainable manner in line with the company's vision and mission statement. The Board of Directors remains committed to ensure highest standard of corporate governance & transparency throughout the organization with the objective of safeguarding the interest of all stakeholders and enhancing the shareholders' value. During the year under review, the Board of Directors had the opportunity to engage with senior management during various Board/Committee meetings. These provided the Board with an opportunity to understand the strength of the Company's leadership and guide them to ensure long-term sustenance of business strategy while keeping in mind customer requirements. We have established ourselves as one of the most compliant NBFIs in the industry and will continue to strengthen our position to remain as a highly-compliant and well-governed financial institution in Bangladesh.

### **Our Commitment**

We are committed to build relationships with the community within which we operate. SFIL is widening its networks in its bid to reaching out to the different segments of customers. In this way, we get

closer to our customers and are able to identify their needs and serve them better with tailor-made products and services to cater to their requirements. For us, our people are our standard-bearers who interact with our customers closely, convey our image and convince them that we are always ready to cater their needs. This is how we have built mutually rewarding sustainable relationships with all our stakeholders and created value for the society and environment.

### **The Way Forward**

Our success truly portrays that we keep a watchful eye on our business to identify and grab the opportunities as and when they arise, embracing technological change and innovation, and continuing to develop attractive value propositions for our clients. The board also focuses on sustaining resilience by enhancing our brand image and viable performance.

### **Proposed Dividend**

The Board has decided to propose no cash & stock dividend to our shareholders for the period 2020. We always give utmost importance to fulfil the needs of the shareholders taking into account the issues like organizational capacity, earnings outlook, regulatory requirements, and prospects to grow the business.

### **In Conclusion**

SFIL is a full-service Bangladesh Bank licensed multi-product financial institution and the board has every confidence that the company will continue to provide



innovative financial services throughout the pandemic and that it will remain sound, profitable and sustainable throughout this difficult period.

### Acknowledgements

I take this opportunity to express my profound gratitude and extend appreciation to our valued shareholders, clients, bankers, depositors, lenders, business partners, regulators, auditor, service providers and other stakeholders for their continued patronage and support and cooperation. My 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 like to express gratitude to my colleagues on the board for their constant guidance, supervision and timely decision to address challenges we have faced over the years.

I am grateful to our Managing Director & CEO for his dynamic leadership and agility to steer the Company into right direction. I would also like to thank to the employees of Strategic Finance & Investments Limited for their dedication and commitment to make the year 2020 a successful one and look forward to make the year 2021 even better in every terms. It has been my privilege to serve as the Chairman and I am confident that the Board along with the dedicated employees of the company will continuously work together for a better future.

We will also keep our eyes open to find new business solutions to play a catalyst in further growth opportunities in the long run.

Sincerely,



**Anjuman Ara Shahid**  
Chairman



## Dear Shareholders & Stakeholders,

2020 has been a challenging year for global pandemic. Your company has completed just four months operation and made significant progress towards achieving its organizational capabilities and reaching out to the customers with strong commitment of service delivery.

### Economy & Industry Review

Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing

economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade gradually improve, supported by ongoing vaccination.

Over the past decade Bangladesh's economic growth has steadily increased from 6 percent to 8 percent. The global novel Coronavirus (COVID-19) pandemic has adversely affected the economy of Bangladesh. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), GDP growth in FY2019-20 stood at 5.24 percent, compared to 8.15 percent in the previous fiscal year. Growth in export and import in FY2019-20 is negative. However, remittance inflows grew by 10.87 percent has reduced the current account deficit compared to the previous



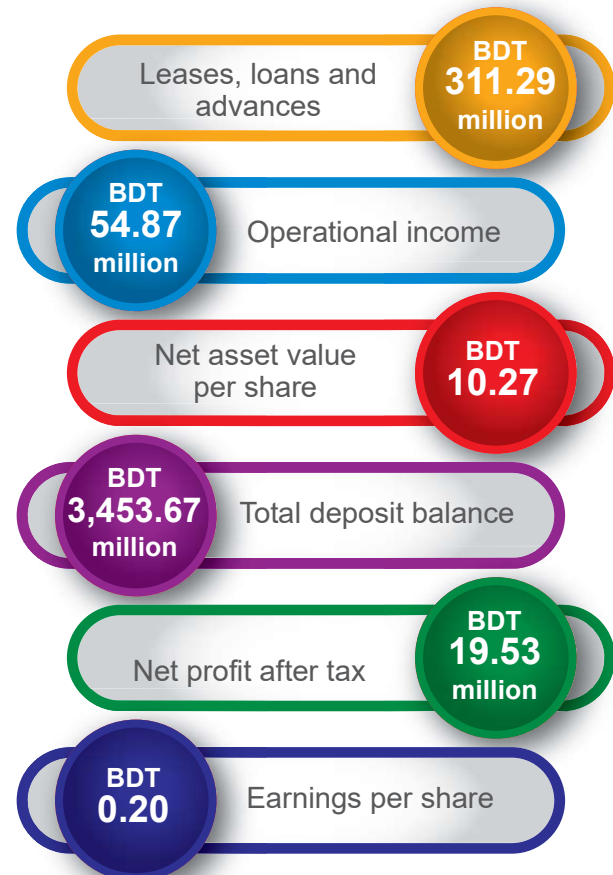
fiscal year. At the same time, the increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves have increased significantly. As of June 30, 2020 the foreign exchange reserve stood at US\$ 36.04 billion, the highest ever. During this period, a marginal depreciation in exchange rate of Taka with the US dollar is being observed. To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been materialized. The government has already announced a financial package of about Tk. 1.2 lakh crore for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to targeted people, formulate various funds for the agricultural sector. As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around. (Source: Bangladesh Economic Review 2020, Ministry of Finance).

Thanks to the relentless contribution of the migrant workers, remittance inflow was at an all-time high which played a significant role in keeping the economy intact. Additionally, the Government announced stimulus packages were effective to reduce the impact of the pandemic on the economy and society.

### SFIL in 2020

In 2020, SFIL was meticulously focused in all key areas like better recruitment, policy adopt, managing risks, revenue, capital adequacy, quality portfolio growth, and liquidity.

### Financial Highlights



During the year 2020, lease, loan and advances of SFIL was BDT 311.29 million. Due to the severe impact of pandemic on life, livelihood, business and economy as well as first year of operation SFIL, 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 are normalized.

Total deposit was BDT 3,453.67 million during the period 2020. 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.

Operational income in 2020 amounted to BDT 54.87 million. Income from treasury and capital gains from listed shares played a vital role to attain this operating profit. The company secured profit after tax amounted to BDT 19.53 million within 4 months of its operation. NAV & EPS stood at BDT 10.27 and BDT 0.20 respectively at the end of year 2020.

### **Strategic Business Model**

SFIL see major opportunities in the smaller ticket arenas in retail segments. Retail Finance is the important sectors in its business strategy and intend to increase its focus to maintain a quality portfolio that facilitates and supports good service to customers as well as provide adequate return to stakeholders. In the backdrop of

current macroeconomic and financial industry's outlook, SFIL has shifted the business focus from corporate book to consumer book. SFIL plan to expand its horizon on the back of Fintech Solution to reach out to the segments of clients with value base solution and service.

### **Spreading Touch Points**

SFIL has two office (Head office & Principal branch) in the location of Rangs RL Square, Level: 3, 201/1 Kha, Bir Uttam Rafiqul Islam Avenue, Progoti Shoroni, Dhaka-1212, Bangladesh. We have plan to introduce sales center networks in the potential areas of the Dhaka City to cater the service to our customers.

### **Management of NPL**

Our intense focus on quality loans has driven the Company to achieve an NPL ratio of ZERO% at the end of 2020. Although asset quality was successfully maintained, as the overdue virtually remained Zero during the period. 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.

### **Human Resource 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 their continuous training and development and retention critical resources.

SFIL enabling most of the employees to work from home, ensuring their health & safety during lockdown and motivate to maintain social distancing.

### **Service First Policy**

We value our customers, both internal and external, and are committed to offer best-in-class service experience for them. 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.

### **Technology Platform**

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.

### **Recognitions**

We have been independently rated by Emerging Credit Rating Limited (ECRL) for the performance year 2020. Our assigned ratings are in Long Term: "A" and for Short Term: ST-3. This represents SFIL has adequate capacity to meet financial commitment with satisfactory level of liquidity, internal fund generation and access to alternative sources of funds.

### **Looking Forward**

The year 2021 is expected to be challenging taking into consideration growing demand of prudent liquidity management, revised regulatory framework, and socio political agenda due to COVID-19 pandemic. 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. We plan to launch Core Financial Solutions for better management of financial data.

Besides many, the key priorities for 2021 are enumerated below:

- Integrated market communication (IMC) to aware SFIL
- Build up a strong retail sales channel

- Concerted marketing efforts to acquire low cost deposits from individuals and institutions
- Issuance of coupon bearing bond
- Open up a Subsidiary Brokerage Service Company to access to capital market operation
- Improving Net Interest Margin (NIM)
- Managing & Controlling NPL & PAR to ensure Asset Quality
- Taking benefit of the technology platform and to manage business efficiently
- Shifting focus from Corporate to Retail Finance
- Open up more sales centre
- Hire, develop and retain the critical people
- Increase shareholders return on investments

Our aim is to offer and treat every customer's experience as unique in all possible ways. We hope to carry forward the values-based product and services to our customers.

### **A Note of Thanks**

I express my appreciation and thanks to the Government of the People's Republic of Bangladesh, Governor and other officials of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue, and Registrar of Joint Stock Companies and Firms for their continuous support and assistance, guidelines and cooperation provided to us from time to time. Thanks to

fellow banks & NBFIs for their support and co-operation. We are thankful to our customers for the continued trust they have placed in our products and services.

We would also like to express our appreciation to the management and employees for their loyalty, commitment and hard work, enabling us to reach where we are today. Finally, I would extend my gratitude to the Chairman & the Board of Directors for their invaluable guidance and support which greatly assisted us to overcome many challenges.

We are committed to realizing the SFIL full potential. And I am optimistic about the future and look forward to grow sustainably. Our hearts go out to any of our stakeholders who have been affected by this pandemic. As we move into 2021, we feel more confident and positive.

Sincerely,



**Irteza Ahmed Khan**  
Managing Director & CEO



## Responsibility Statement of Managing Director & Chief Executive Officer and CFO

The Financial Statements of Strategic Finance & Investments Limited for the period ended on December 31, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed.

The formats used in the preparation of the Financial Statements and disclosures made comply with the formats prescribed by the Bangladesh Bank, the Central Bank of Bangladesh.

The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the SFIL. There are no departures from the prescribed Accounting Standards in their adoption except for as mentioned in note number 2.3 of the Audited Financial Statements.

The estimates and judgments related to the Financial Statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view.

The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its Financial Statements. To ensure this, SFIL has taken proper and adequate care in installing a system of internal control and maintenance of accounting records. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

The management's use of the going concern basis of accounting in preparing the Financial Statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the SFIL ability to continue as a going concern.

The Financial Statements of SFIL were audited by Kazi Zahir Khan & Co., Chartered Accountants, the External Auditors.

Sincerely yours,



**Irteza Ahmed Khan**  
Managing Director & CEO



**Md. Razibuzzaman Khan**  
Deputy Chief Financial Officer



# Directors' Report to the Shareholders of Strategic Finance & Investments Limited

## Dear Shareholders,

The Board of Directors of Strategic Finance & Investments Limited cordially welcome you in the 1st Annual General Meeting of the Company.

On behalf of the Board of Directors 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 period ended 31st December 2020; 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, Financial Institutions Act 1993 and the guidelines issued by Bangladesh Bank and other relevant regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors on March 20, 2021.

Global outbreak of Covid-19 made the year 2020 a far more challenging year. The pandemic caused tremendous loss of human life, social disruptions, health crisis and adversely impacted the global economy as the entire world entered in lockdown during the early months of the outbreak.

However, despite the all the negativity due to pandemic, SFIL started its operation from September 2020 and delivered a remarkable bottom line growth considering the current world affairs.

## Economic Outlook

### World Economic Outlook

World Economy Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in Emerging Market and Developing Economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption and trade gradually improve, supported by ongoing vaccination.



After an estimated 3.5 percent contraction in 2020, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 growth forecast is revised up 0.3 percentage point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The upgrade is particularly large for the advanced economy group, reflecting additional fiscal support—mostly in the United States and Japan—together with expectations of earlier widespread vaccine availability compared to the emerging market and developing economy group. Consistent with recovery in global activity, global trade volumes are forecast to grow about 8 percent in 2021, before moderating to 6 percent in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere. Even with the anticipated recovery in 2021–22, output gaps are not expected to close until after 2022. Consistent with persistent negative output gaps, inflation is expected to remain subdued during 2021–22. In advanced economies it is projected to remain generally below central bank targets at 1.5 percent. Among emerging market and developing economies inflation is projected just over 4 percent, which is lower than the historical average of the group.

### **Bangladesh Economy**

Over the past decade Bangladesh's economic growth has steadily increased from 6 percent to 8 percent. The global novel Coronavirus (COVID-19) pandemic has adversely affected the economy of Bangladesh. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), GDP growth in

FY2019-20 stood at 5.24 percent, compared to 8.15 percent in the previous fiscal year. Growth in export and import in FY2019-20 is negative. However, remittance inflows grew by 10.87 percent has reduced the current account deficit compared to the previous fiscal year. At the same time, the increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves have increased significantly. As of June 30, 2020 the foreign exchange reserve stood at US\$ 36.04 billion, the highest ever. During this period, a marginal depreciation in exchange rate of Taka with the US dollar is being observed. To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been materialized. The government has already announced a financial package of about Tk. 1.2 lakh crore for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to targeted people, formulate various funds for the agricultural sector. As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around. (Source: Bangladesh Economic Review 2020, Ministry of Finance)

### **SFIL's Performance Snapshot**

The year 2020 was first year for SFIL to create

its strong foothold in the NBF1 fraternity with remarkable 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 and decreasing lending rate, SFIL demonstrated high resilience in achieving its key performance indicators. The loan portfolio stood as high as BDT 311.29 million with Zero percentage classified loan ratio. On the other hand, SFIL managed to build a strong deposit portfolio consists of both institutional (Banks & Corporate) and individual clients of BDT 3,453.67 million. SFIL earned after tax net profit of BDT 19.53 million in 2020, mitigating or exceeding all financial and operational objectives. Return on Equity stands at 1.90% at the end of December 31, 2020. The performance outlines our strength and capabilities to deliver a sustainable growth ensuring growing returns to our shareholders and stakeholders.

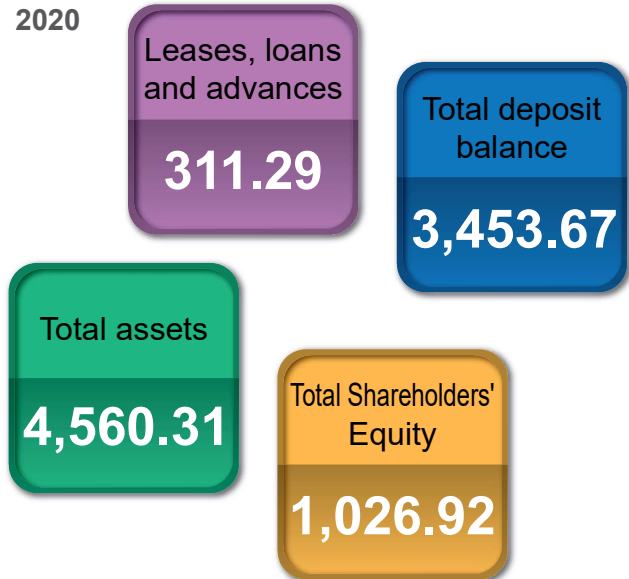
### Business & Operational Activities

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 client 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 2020, the credit portfolio represents of 81% Corporate Finance, 10% SME Finance and 9% Consumer Finance respectively.

## Performance Highlights

### Financial Performance

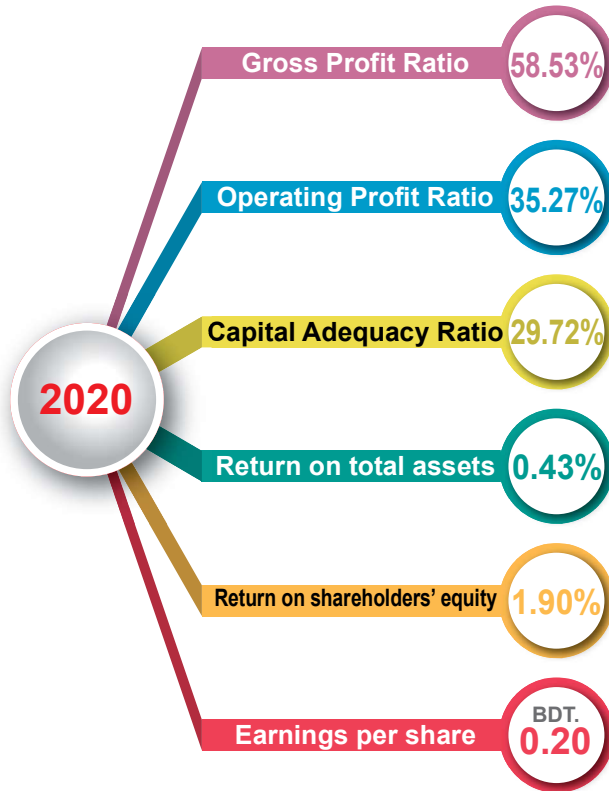
2020



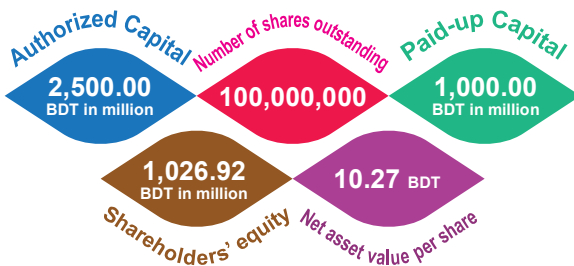
### Operational Performance



## Financial Ratios



## Equity Statistics



During the year 2020, lease, loan and advances of SFIL was BDT 311.29 million. Due to the severe impact of pandemic on life, livelihood, business and economy as well as first year of operation SFIL, 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 are normalized.

SFIL operates through three major segments in lending business: Corporate, Retail & SME. The classified loan ratio was Nil during the year 2020.

Total deposit was BDT 3,453.67 million during the period 2020. 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 2020 amounted to BDT 33.07 million. Income from treasury and capital gains from listed shares played a vital role to attain this operating profit. Profit before tax was amounted to BDT 29.18 million. The company secured profit after tax amounted to BDT 19.53 million within 4 months of its operation. Besides, there was no interest suspense during the period. However, the company has sufficient provision against portfolio and income tax. NAV stood at BDT 10.27 at the end of year 2020.

## Funding

Credit Lines from Government Bank are conventional source of funding for the newly established NBFIL but we have initiated a number of steps during first four months operation to create visibility & promote SFIL as a licensed deposit taking NBFIL. 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 2020, deposit balance represents of 59% from Bank & NBFIL, 30% from Corporate and 1% from Individuals. The Company maintained its average cost of fund to the level of 8.47% for the period end 2020.

## Asset Quality

Although this was the first four months operation, the lending portfolio grew at a steady rate during the period, asset quality was successfully maintained, as the overdue remained zero during the period. Vigorous follow up and monitoring of client's loan account performance paid off in managing Zero NPL during the period 2020.

## 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 has 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;
- Integrity Committee;
- Risk Analysis Unit;
- SFIL's Ladies Forum;
- Anti-Money Laundering & ICT 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.

### **Capital Expenditure**

SFIL incurred BDT 37.04 million as capital expenditure mainly for interior decoration of its head office & branch, furniture & fixtures, office equipment, Office equipment, IT equipment, Motor Vehicle and Leased assets. The details of capital expenditure are shown under the head Property, Plant and Equipment Schedule in the Notes to the Financial Statements.

### **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 ICAB and the BSEC 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 Strategic Finance & Investments Limited later in this report.

### **Credit Rating**

Emerging Credit Rating Limited (ECRL) has assigned A (Pronounced as "Single A") long term credit rating and ST-3 short term credit rating to Strategic Finance & Investments Limited based on audited financial statements for the period of 2020 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, Financial Institutions Act 1993 and amendments thereto, Bangladesh Bank's Guidelines and Corporate Governance Code.

## **Responsibility Statement of Managing Director & CEO and Deputy CFO**

The details of responsibility statement of Managing Director & CEO and Deputy CFO is shown later in this Report.

## **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 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 period of 2020, Eight (8) Board of Directors' Meetings were held. All meeting fulfilled the quorum of required directors. The Board has two sub-committee: Executive Committee (3 meetings held in 2020) and Audit Committee (2 meetings held in 2020).

## **Appointment / Re-appointment of Directors**

As per the Companies Act 1994 and also as per Article No. 125 of Articles of Associations of Strategic Finance & Investments Limited, 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 Associations 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. Anjuman Ara Shahid, Mr. Zahid Hossain, Mr. William H. Derrenger, Mr. Ehsanul Kabir, Mr. Riaduzzaman Ridoy, Mr. Mohammad Shariat Ullah, Mr. S.M. Arifuzzaman, Mr. Shahnul Hasan Khan and Mr. Md Shahrukh Adnan Khan will be retired in 1st Annual General Meeting and they seek reappointment.

## **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**

The Board in its 14th meeting held on April 10, 2021 recommended the shareholders to appoint Hoda Vasi Chowdhury & Co., Chartered Accountants as the Auditors of SFIL for the year ended December 31, 2021 with a fee of BDT 100,000 (excluding VAT). SFIL has also taken prior approval from Bangladesh Bank to appoint Hoda Vasi Chowdhury & Co., Chartered Accountants, until completion of conclusion of the 2nd Annual General Meeting. 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, Hoda Vasi Chowdhury & Co., 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 Hoda Vasi Chowdhury & Co., Chartered Accountants, as Auditors is being proposed at the 1st 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 no cash & stock dividend to be paid for the period ended 31 December 2020. The dividend is subject to approval of the shareholders at the Annual General Meeting.

### **Acknowledgements**

The Board of Directors would take this opportunity to express their profound gratitude and extend appreciation to our valued shareholders, 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 period 2020 a successful one and look forward to make the year 2021 even better in every terms.

For and on behalf of the Board of Directors.



**Anjuman Ara Shahid**  
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

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) and International Accounting Standards (IASs) 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 Financial Institution Act 1993.

### 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 stakeholder 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 Strategic Finance & Investments Limited

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 period ended on or after December 31, 2020. 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 2020 is prepared based on going concern assumption:

### Financial Indications

At the close of financial year 2020, total borrowing from other banks and financial institutions was BDT 25.50 million. At the end of 2020, total deposits were BDT 3,453.67 million, representing the Company was able to increase the level of confidence of depositors. As on 31 December 2020, total equity of SFIL stands at BDT 1,026.92 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.

### Expansion of Business

SFIL continues 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 and initiatives have been taken to open new sales centre in 2021 at different places across Dhaka.

### 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. The Company's investment in long term finance, short-term finance, real estate finance and car loans stood out excellent performance as a new company in 2020.



## **Strengthening of Human Capital**

The Company has started to recruit new employees for different department during the year 2020.

## **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 2020 is 29.72% 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, 2020

### Significance 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 FI's assets decline 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.

### Basel II guidelines are formed on three features as follows:

- (1) Minimum capital requirements to be maintained by a FI against credit, market and operational risks.
- (2) Process for assessing the overall capital adequacy aligned with risk profile of a FI as well as capital growth plan.
- (3) Framework of public disclosure on the position of a FI's risk profiles, capital adequacy and risk management system. This forms the basis of Market Discipline.

### The three tiers of regulatory capital are as follows:

- Tier 1 Capital, also called the 'Core Capital', is the core measure of a FI's financial strength from a regulator's point of view. FIs have to maintain at least 50% of required capital as Tier 1 capital.
- Tier 2 Capital is called the 'Supplementary Capital' and represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a FI.

- Tier 3 Capital is called the 'Additional Supplementary Capital' and consists of short-term subordinated debt. This capital base is solely for the purpose of meeting a proportion of capital requirements for market risk.

**The computation of the three capital grades are subject to the following conditions:**

- (1) Tier 2 Capital amount will be limited to 100% of the amount of Tier 1 Capital.
- (2) 50% of revaluation reserves for fixed assets and securities and 10% of revaluation reserves for equity instruments are eligible for Tier 2 Capital.
- (3) Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.
- (4) A minimum of around 28.5% of market risk needs to be supported by the Tier 1 capital. Market risk must be supported by Tier 3 capital up to a maximum of 250% of Tier 1 capital, available after meeting the necessary credit risk capital requirement.

**Common capital ratios as per the regulatory requirements are as follows:**

Capital Ratios	Statutory Limits
Core Capital ratio = $\frac{\text{Core Capital}}{\text{Risk-adjusted assets}}$	> = 5%
Total Capital (Core and Supplementary Capital) ratio = $\frac{\text{Total Capital (Core + Supplementary)}}{\text{Risk-adjusted assets}}$	> = 10%

Effective risk management is considered as a central part of the financial and operational management of any company, whereby company sustainability and consistent profit generation are ensured. Only by adopting and strengthening risk management measures can the company deal with the complex and dynamic business environment.

Group Risks are managed on an integrated basis. Risk management is incorporated in the Group decision making with regards to strategic planning. The diagram below illustrates this concept.



The risks which form the basis for effective risk management are: credit, market, operational, and liquidity risks.

- > Credit Risk is a risk that the FI will not be able to recover the money it has owed. It occurs due to failure of the counterparty to meet its obligations to pay the company in accordance with the agreed terms. The risk depends on the financial strength of the party owing to the bank as well as market factors that affect the value of assets used as lien against the loan.

Credit risk calculation recognizes and adjusts for two factors:

- On Balance Sheet credit exposures refer to the credit risks that the various assets in the balance sheet are exposed to. These assets are weighted according to the degree of the risks exposed.
  - Off Balance Sheet credit exposures refer to the credit risks on the credit equivalent amounts of the various off balance sheet items.
- > Market Risk is the potential for loss in earnings or in economic value of the FI's asset portfolio due to adverse changes in financial market rates or prices. The preferred approach to calculating this risk is VaR (Value at Risk).
  - > Operational Risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. The risk can be deliberate, accidental or natural. The FI's objective is to minimize the operational risk exposure within a framework of policies and procedures.
  - > Liquidity Risk is the potential risk of failure to meet all the financial obligations of the FI as they fall due, resulting from insufficient liquid financial resources.

Risk Weighted Assets (RWA) is a Financial Institution's assets or off-balance-sheet exposures, weighted according to risk. By adjusting the amount of each asset for an estimate of how risky it is, a rough measurement of the company's financial stability can be determined.

## **Capital Adequacy Details of Strategic Finance & Investments Limited (SFIL).**

### **Capital Adequacy**

At SFIL, Capital Management Policy sets out the principles and guidelines for effective and prudent capital planning, usage and management. The policy delineates the minimum criteria for ensuring that adequate capital is met and effective management is performed. Capital Adequacy is explicitly followed in adherence to the statutory compliance and regulatory requirements of Basel II guidelines, affected by Bangladesh Bank from 1st January 2010. The guidelines are prudently followed to safeguard the SFIL ability to continue as a going concern, by establishing a strong capital base and to maintain high credit rating as well as the confidence of the investors and creditors.

At SFIL, capital planning is done in alignment with the company's risk appetite and profile. Capital goals are set to incorporate both normal and stressful business conditions. As such, the goals take into considerations current and future regulatory requirements and economic conditions and the expectations of stakeholders.

Capital targets accommodate forward looking viewpoints on economic outlook, company's current financial condition and future uncertainties inherent in capital planning.

In line with this objective, capital base is set at a level (0.5% to 1%) higher than the regulatory requirement, while capital target will be 1% to 2% higher than the minimum CAR. This ensures full compliance as well as a buffer against capital loss during stressful situations.

The company emphasizes on strong capital management through the followings:

- Oblige to regulatory requirements of capital base maintenance.
- Supply and demand forecast of capital to support business strategy and continuity.
- Incorporate rolling capital plan covering a time horizon of two to three years.
- Internal Controls and Governance to manage company's risk, performance and capital.

Capital strategies are periodically reviewed to ensure that strong governance and process framework are in place for effective risk management. Material capital risk is assessed periodically which supports the company's internal capital adequacy requirements.

The scope of application of such guidelines applies to 'Solo' basis.

- 'Solo Basis' refers to all position of the FI and its local and overseas branches/offices.

The guidelines apply only 'Solo' basis.

Breakdown of each category of eligible capital is given below.

- > **Core Capital** of SFIL is as follows:

Particulars	Figures in BDT Million	
	Solo	2020
Fully paid-up capital/capital lien with BB	1,000.00	
Statutory reserve	3.91	
Other Reserve	7.39	
Non-repayable share premium account	-	
General reserve	-	
Retained Earnings	15.62	
Minority interest in subsidiaries	-	
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	-	
<b>Total</b>	<b>1,026.92</b>	



> **Supplementary Capital** of SFIL is as follows:

Particulars	Figures in BDT Million	
	Solo 2020	
General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	2.89	
50% of Asset Revaluation Reserve	-	
45% of Securities Revaluation Reserve	-	
All other Preference Shares	-	
Other (if any item approved by Bangladesh Bank)	-	
Total	2.89	

> SFIL does not have any **Additional Supplementary Capital**.

## 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 assertion:

- 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, 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.

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.



# 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 analyses 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 analyses 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 Strategic Finance & Investments Limited 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 RMF.
- 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

SFIL 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 period ended 31 December 2020

Government is considered as one of the most important stakeholders which play a critical role in the economic development of the country. Strategic Finance & Investments Limited contributes to the Government Exchequer when the necessary amounts fall due. First four months in operation, Strategic Finance & Investments Limited made contribution to Government Exchequer of an amount equal to BDT 3.66 million, composed of advance income tax, withholding tax, VAT, withholding VAT and excise duty.

Forms of Contribution	2020
<b>Income Tax</b>	<b>3,010,419</b>
Salary	941,630
Payment of Supplier	91,229
Advance Corporate Tax	1,877,060
Payment for Professional & Technical Services	100,500
<b>VAT</b>	<b>554,464</b>
Processing, Documentation Fee etc.	31,115
Procurement of goods and services	296,399
Legal, Professional & Technical Fees	150,750
Others	76,200
<b>Excise Duty</b>	<b>98,000</b>
Excise duty deducted by bank	98,000
<b>Total Paid to Government Exchequer</b>	<b>3,662,883</b>





# Auditors' Report & Audited Financial Statements

# **Auditor's Report to the Shareholders of Strategic Finance and Investments Limited Report on the Audit of the Financial Statements**

## **Opinion**

We have audited the financial statements of Strategic Finance and Investments Limited which comprise the balance sheet as at 31st December 2020 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.3.

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

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.



Description of key matters	Our response to key audit matters
Measurement of provision for loans, advances and leases	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex. For the individual analysis for large exposure, provision calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous, databases, assumptions and estimates. As At 31st December 2020 the Company reported total gross loans, advances and leases of BDT 311,290,310 and provision for loans and advances of BDT 3,889,691.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>
See note no 7 and 12.03 to the financial statements	

## Implementation of IFRS16 Leases

IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contrast term. With respect to operating leases of premises used by the Company, at inception of the lease, the less or receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.

In responding to the identified key audit matter, we completed the following audit procedures: Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the discount rates applied in determining discount rates applied in determining lease liabilities; Verified the accuracy of the underlying lease data by agreeing to original contrast and checked the discount accuracy of the IFRS 16 calculations through recalculation of the expected IFRS16 adjustment; Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.

See notes no 2.15.2,8.02,10.01,12.01.02, 12.02, 18.02,30.00 to the Financial statements

## Reporting on other information

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

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

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

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Companying accordance with IFRSs as explained in note 2.3 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 these 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 Statement**

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 statement.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.



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

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

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

### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- 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 balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- d) the expenditures incurred were for the purpose of the Company's business for the year;
- e) the financial statement of the Company have been drawn up in conformity with the Financial Institution Act, 1993 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 has 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 collect to be 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) 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;
- m) 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;
- n) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 350 person hours for the audit of the books and accounts of the Company;
- o) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- p) the Company has complied with the 'First Schedule' of Financial Institution Act, 1993 in preparing these financial statements; and
- q) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dated: Dhaka  
20 March 2021



**KAZI ZAHIR KHAN & CO.**  
Chartered Accountants  
DVC: 2103240240AS212167  
**Nurul Hossain Khan, FCA**  
Managing Partner

# Strategic Finance & Investments Limited

## Balance Sheet

As at 31 December 2020

	Notes	Amount in BDT 31 Dec 2020
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>	3	<b>21,586,310</b>
In hand (including foreign currencies)	3.01	100,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.02	21,486,310
<b>Balance with other Banks and Financial Institutions</b>	4	<b>3,038,208,660</b>
Inside Bangladesh		3,038,208,660
Outside Bangladesh		-
Money at call and short notice	5	-
<b>Investments</b>	6	<b>1,049,994,253</b>
Government		-
Others		1,049,994,253
<b>Leases, loans and advances</b>	7	<b>311,290,310</b>
Loans, cash credit, overdraft and leases etc.		311,290,310
Bills purchased and discounted		-
Fixed Assets including Land, Building, Furniture and Fixtures	8	34,654,214
Other assets	9	104,580,912
Non-business assets		-
<b>TOTAL PROPERTY AND ASSETS</b>		<b>4,560,314,659</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Borrowings from other banks, financial institutions and agents</b>	10	<b>25,498,818</b>
<b>Deposits &amp; other accounts</b>	11	<b>3,453,665,875</b>
Current deposits and other accounts etc.		-
Bills payable		-
Saving bank deposit		-
Term deposits	11.01	3,453,665,875
Bearer certificate of deposits		-
Other deposits		-
<b>Other liabilities</b>	12	<b>54,231,399</b>
<b>Total liabilities</b>		<b>3,533,396,091</b>
<b>Capital/Shareholders' Equity</b>		
<b>Paid up Capital</b>	13	<b>1,000,000,000</b>
Statutory reserves	14	3,906,114
Other reserves	15	7,388,000
Retained earnings	16	15,624,454
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,560,314,659</b>



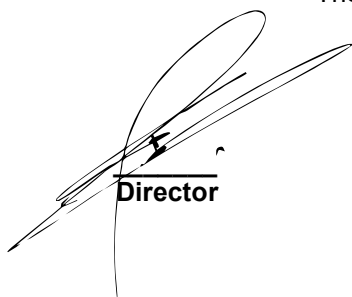
## Strategic Finance & Investments Limited

### Balance Sheet

As at 31 December 2020

	Notes	Amount in BDT 31 Dec 2020
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>Contingent liabilities</b>		
Acceptances and endorsements		-
Letter of guarantee		-
Irrevocable letters of credit		-
Bill for collection		-
Other contingent liabilities		-
		<b>26,260,000</b>
<b>Other commitments</b>		
Documentary credits and short term trade-related transactions		-
Forward assets purchased and forward deposits placed		-
Undrawn note issuance and revolving underwriting facilities		-
Undrawn formal standby facilities, credit lines		-
Undisbursed contracted loans and leases		26,260,000
		<b>26,260,000</b>
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>		<b>26,260,000</b>
<b>Net Asset Value (NAV) per share</b>		<b>10.27</b>

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



Director



Director



Managing Director & CEO



Company Secretary

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

Dated: Dhaka  
20 March 2021



**KAZI ZAHIR KHAN & CO**  
Chartered Accountants  
DVC: 2103240240AS212167  
Nurul Hossain Khan, FCA  
Managing Partner

# Strategic Finance & Investments Limited

## Profit and Loss Account

For the period from 09 March 2020 to 31 December 2020

	Notes	Amount in BDT 31 Dec 2020
Interest income	17	75,334,735
Interest on deposits and borrowings etc.	18	38,875,117
<b>Net interest income</b>		<b>36,459,619</b>
Income from investment	19	17,850,111
Commission, Exchange and Brokerage	20	-
Other operating income	21	563,518
<b>Total Operating Income</b>		<b>54,873,248</b>
Salary and allowances	22	7,440,514
Rent, taxes, insurance, electricity etc.	23	191,954
Legal and professional fees	24	1,695,667
Postage, stamp, telecommunication etc.	25	34,164
Stationery, printing, advertisement etc.	26	496,711
Managing director's salary and allowance	27	3,028,000
Directors' fees	28	-
Auditors' fees	29	57,500
Charges on loan losses		-
Depreciation and repair of Company's assets	30	2,583,687
Other expenses	31	6,275,508
<b>Total Operating Expenses</b>		<b>21,803,705</b>
<b>Profit before provision</b>		<b>33,069,543</b>
<b>Provisions for leases, loans &amp; investments</b>	32	<b>3,889,691</b>
Provision for leases, loans and advances		3,889,691
Provision for diminution in value of investments		-
Other provisions		-
<b>Profit before tax and reserve</b>		<b>29,179,851</b>
<b>Provision for taxation</b>	33	<b>9,649,284</b>
Current tax expense/ (income)		8,420,171
Deferred tax expense/ (income)		1,229,113
<b>Net Profit/(Loss) after taxation</b>		<b>19,530,568</b>
<b>Appropriations to:</b>		
Statutory reserves		3,906,114
Retained earnings		15,624,454
Dividend		-
		<b>19,530,568</b>
<b>Earning Per Share (EPS)</b>		<b>0.20</b>

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

  
Director

  
Director

  
Managing Director & CEO

  
Company Secretary

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

Dated: Dhaka  
20 March 2021

  
**KAZI ZAHIR KHAN & CO.**  
Chartered Accountants  
DVC: 2103240240AS212167  
Nurul Hossain Khan, FCA  
Managing Partner



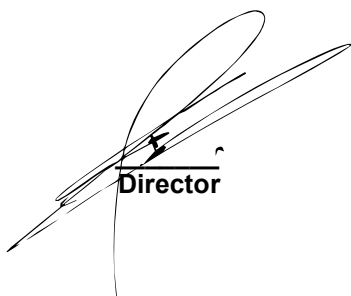
## Strategic Finance & Investments Limited

### Statement of Changes in Equity

For the period from 09 March 2020 to 31 December 2020

Amount in BDT

Particulars	Paid up Capital	Statutory Reserves	Other reserves	Retained earnings	Total equity
Balance as on March 9, 2020	-	-	-	-	-
Issue of share capital during the period	1,000,000,000	-	-	-	1,000,000,000
Net Profit /(Loss) for the period	-	-	-	19,530,568	19,530,568
Appropriation to statutory reserve	-	3,906,114	-	(3,906,114)	-
Cash Dividend	-	-	-	-	-
Unrealized Foreign Currency Gain for the period	-	-	7,388,000	-	7,388,000
<b>Balance as on December 31, 2020</b>	<b>1,000,000,000</b>	<b>3,906,114</b>	<b>7,388,000</b>	<b>15,624,454</b>	<b>1,026,918,568</b>



Director



Director



Managing Director & CEO



Company Secretary

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

Dated: Dhaka  
20 March 2021



**KAZI ZAHIR KHAN & CO.**  
Chartered Accountants  
DVC: 2103240240AS212167  
Nurul Hossain Khan, FCA  
Managing Partner

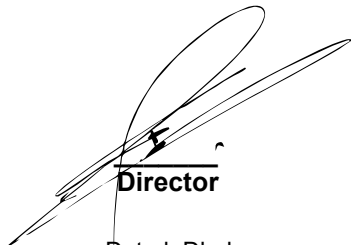


# Strategic Finance & Investments Limited

## Statement of Cash Flows

For the period from 09 March 2020 to 31 December 2020

	Amount in BDT 31 Dec 2020
<b>A) Cash flows from operating activities</b>	
Interest received	7,888,978
Interest paid	(246,025)
Fees and commission received	563,518
Income from investment	17,850,111
Cash paid to employees (including directors)	(10,468,514)
Cash paid to suppliers & Others (including office rent)	(606,973)
Income taxes paid	(1,877,060)
Paid for other operating activities	(6,275,508)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>6,828,527</b>
<b>Increase/ (decrease) in operating assets &amp; liabilities</b>	
Leases, Loans and advances to customers	(311,290,310)
Other assets	(35,258,095)
Deposits from customers	3,453,665,875
Other liabilities	7,388,000
	<b>3,114,505,470</b>
<b>Net Cash from Operating Activities</b>	<b>3,121,333,997</b>
<b>B) Cash flows from investing activities</b>	
Changes in investment in securities	(1,049,994,253)
Purchase of property, plant and equipment	(17,115,666)
<b>Net Cash used in Investing Activities</b>	<b>(1,067,109,918)</b>
<b>C) Cash flows from financing activities</b>	
Drawdown of Term Loan, OD and REPO	5,570,891
Issuance of ordinary share	1,000,000,000
<b>Net Cash used in Financing Activities</b>	<b>1,005,570,891</b>
<b>D) Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>3,059,794,970</b>
<b>E) Opening cash and cash-equivalents</b>	-
<b>F) Closing cash and cash-equivalents (D+E)*</b>	<b>3,059,794,970</b>
<b>* Closing cash and cash-equivalents</b>	
Cash in hand	100,000
Balance with Bangladesh Bank and its agent bank(s)	21,486,310
Balance with other Banks and Financial Institutions	3,038,208,660
	<b>3,059,794,970</b>



Director



Director



Managing Director & CEO



Company Secretary

Dated: Dhaka  
20 March 2021



## Strategic Finance & Investments Limited

### Liquidity Statement

For the period from 09 March 2020 to 31 December 2020

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5 years term	Total
<b>Assets</b>						
Cash in hand (including foreign currencies)	100,000	-	-	-	-	100,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	-	-	-	-	21,486,310	21,486,310
Balance with banks and financial institutions	20,003,662	1,930,000,000	1,088,204,998	-	-	3,038,208,660
Money at call and short notice	-	-	-	-	-	-
Investments	49,994,253	-	-	275,000,000	725,000,000	1,049,994,253
Leases, Loans and advances	4,392,075	12,502,158	147,028,525	132,664,821	14,702,732	311,290,310
Fixed assets including land, building, furniture and fixtures	608,009	1,216,018	5,472,082	26,959,580	398,525	34,654,214
Other assets	38,374,129	50,349,167	11,758,333	4,099,282	-	104,580,912
Non-business assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>113,472,128</b>	<b>1,994,067,343</b>	<b>1,252,463,939</b>	<b>438,723,683</b>	<b>761,587,567</b>	<b>4,560,314,659</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	1,359,352	682,274	3,206,341	20,250,851	-	25,498,818
Deposits	666,180,000	704,589,875	2,082,896,000	-	-	3,453,665,875
Other accounts	-	-	-	-	-	-
Provision and other liabilities	15,676,583	4,264,302	22,799,816	11,306,981	183,716	54,231,399
<b>Total Liabilities</b>	<b>683,215,936</b>	<b>709,536,451</b>	<b>2,108,902,157</b>	<b>31,557,832</b>	<b>183,716</b>	<b>3,533,396,091</b>
<b>Net Liquidity Surplus/(Gap)</b>	<b>(569,743,808)</b>	<b>1,284,530,892</b>	<b>(856,438,218)</b>	<b>407,165,851</b>	<b>761,403,851</b>	<b>1,026,918,568</b>

  
Director

  
Managing Director & CEO

  
Company Secretary

Dated: Dhaka  
20 March 2021

# Strategic Finance & Investments Limited

## Notes to the Financial Statements

For the period from 09 March 2020 to 31 December 2020

### 1 Legal status and nature of the company

#### 1.1 Domicile, legal form and country of operation

Strategic Finance and Investments Limited (hereinafter referred to as “SFIL” or “the Company”), 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 in the name of “Strategic Finance and Investments Limited”. It started commercial operations after obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. The registered address of the company is situated at Rangs RL Square, Level: 3, 201/1 Kha, 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	09 March 2020	N/A
2	Certificate for Commencement of Business	92815	09 March 2020	N/A
3	Bangladesh Bank License	DFIM(L)/41	19 March 2020	N/A
4	Trade License	179512	30 June 2020	2020-21
5	Tax Identification Number (TIN)	225704900074	24 August 2020	N/A
6	Value Added Tax Registration Certificate	003315458-0101	02 November 2020	N/A

#### 1.2 Company's activities

SFIL specializes in providing Long term and Short term Finance, Lease Finance, Term Finance, Hire Purchase, Work Order Finance, Receivable Finance, Mortgage Finance, Equity Finance, Syndication Finance, Small and Medium Enterprise Finance and Corporate advisory. The company offers attractive savings and deposits products to both institutions and individual clients.

### 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), Financial Institutions Act 1993 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 Body (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.

## 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 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 FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 , a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained 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 2020, accumulated provision for leases, loans and advances stand at BDT 3.89 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	As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are	During this period total market value of all shares are higher than the cost price of all shares. In Financial

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
			income” or under “available for sale” where any change in the fair value (as measured as per BFRS 13 “Fair Value”) at the period-end is taken to statement of comprehensive income or revaluation reserve respectively.	revalued at the period 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.	Statement, as at 31 December 2020, no provision made for diminution in value of investments.
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 FID circular No. 03, dated 03 May 2006, 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 2020, in Financial Statements interest suspense account was zero.
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 2020 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 period there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against 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 banks and NBFIs.  The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to 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 2020 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
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 2020 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 2020 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 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
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	There is no such impact for this.



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
11	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are  i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) 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.	quarter for the five quarters starting from December 2016.  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) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements for 2020 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 as separate line item.	Financial Statements for 2020 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	Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The	Financial Statements for 2020 have been prepared as per the guideline and templates issued by 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
			financial statements or the elements of OCI are to be included in a single OCI statement.	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.	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 2020 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:

- Balance sheet as at 31 December 2020;
- Profit and loss account for the period from 9 March 2020 to 31 December 2020;
- Statement of Changes in Equity for the period from 9 March 2020 to 31 December 2020;
- Statement of Cash Flows for the period from 9 March 2020 to 31 December 2020;
- Liquidity Statement for the period ended 31 December 2020;
- Notes to the Financial Statements.

## 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 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 statement in line with the International Accounting Standard (IAS)-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 Cash flows Statement**

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

## **2.11 Books of account**

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

## **2.12 Branch accounting**

The Company has one branch, with no overseas branches as on 31 December 2020. Accounts of the branch is maintained at the head office from which these accounts are drawn up.

## **2.13 Revenue recognition**

Revenue is only recognised 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) recognise revenue when (or as) the entity satisfies a performance obligation.

### **2.13.1 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 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 lease income to interest suspense account. Fees based income and delinquent charges from loan operations are accounted when they arise.

### 2.13.2 Fees and commission based income

Fees and commission based income arising on services provided by the company are recognized when the performance obligations are satisfied and the amount of the transaction price is allocated to the performance obligations.

### 2.13.3 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 recognised as revenue on an accrual basis.

### 2.14 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.

#### 2.14.1 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.

### 2.15 Recognition and measurement of fixed assets

#### 2.15.1 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.

#### 2.15.2 Depreciation on fixed assets

Depreciation on fixed assets is charged using straight-line method at the following rates starting from the date of acquisition of assets:

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	5	20.00%
Right of Use of Assets	Lease Term	-



## 2.16 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Company.

## 2.17 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.

## 2.18 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.

## 2.19 Borrowing costs

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

## 2.20 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.

## 2.21 Cash and cash equivalent

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

## 2.22 Provision for leases, loans and advances

Generally, provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, FID Circular No. 03, dated 3 May 2006, FID Circular No. 06, dated 20 August 2006 and DFIM Circular No. 03, dated 29 April 2013. 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
<b>General Provision on:</b>	
Unclassified of leases, loans and advances except SME	1%
Unclassified of Small and Medium Enterprise(SME)	0.25%
Special Mention Account of leases, loans and advances	5%



## 2.23 Corporate tax

### a. Current tax

Provision for current income tax is normally made as prescribed in Finance Act 2020 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.

### b. Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred tax is recognised 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 recognised 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.

## 2.24 Term deposits and other deposits accounts

### 2.24.1 Term Deposits

Term Deposits by customers and Banks/NBFI 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.

## 2.25 Write-off

Write-off describes a reduction in recognised 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.

## 2.26 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".

## 2.27 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.

## 2.28 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.



## 2.29 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 financial statements.

## 2.30 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 instructions 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 rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk.

### **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 behaviour.

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) Independent audit function including internal and external audit function to test the programs;
- c) Ongoing employee training programs.

#### 2.31 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 in these notes and annexed financial statements have been rounded off to the nearest Taka / BDT.



### 3.00 Cash in hand

Cash in hand (including foreign currencies) (Note-3.01)  
Balance with Bangladesh Bank and its agent (including foreign currencies)  
(Note-3.02)

Amount in BDT	
31 December 2020	
	100,000
	21,486,310
	<b>21,586,310</b>

### 3.01 Cash in hand (including foreign currencies)

Local Currency  
Foreign Currency

	100,000
	-
	<b>100,000</b>

### 3.02 Balance with Bangladesh Bank and its agent (including foreign currencies)

Local Currency  
Foreign Currency

	21,486,310
	-
	<b>21,486,310</b>

### 3.03 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 & Financial Institution Regulations, 1994 and FID Circular No. 06, dated November 06, 2003, FID Circular No. 02, dated November 10, 2004, FID Circular No. 01, dated January 12, 2017 and DFIM Circular No. 03, dated June 21, 2020.

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 is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and Financial Institutions, unencumbered treasury bill, treasury bond and any other assets approved by Government Circular issued by Gazate or by Bangladesh Bank.

#### a) Cash Reserve Requirement (CRR)

Required reserve  
Actual reserve maintained  
Surplus / (deficit)

	10,551,521
	13,970,483
	<b>3,418,962</b>

#### b) Statutory Liquidity Reserve (SLR)

Required reserve (including CRR)  
Actual reserve maintained (including CRR)  
Surplus / (deficit)

	36,120,233
	3,044,289,038
	<b>3,008,168,805</b>

			<b>Amount in BDT</b>
			<b>31 December 2020</b>
<b>4.00 Balance with other Banks and Financial Institutions</b>			
<b>Inside of Bangladesh</b>			
Local Currency (Note - 4.01)			2,550,003,662
Foreign Currency (Note - 4.02)			488,204,998
			<b>3,038,208,660</b>
<b>4.01 Local Currency</b>			
Short term deposit accounts (Note - 4.01.01)			20,003,662
Fixed deposit accounts (Note - 4.01.02)			2,530,000,000
			<b>2,550,003,662</b>
<b>4.01.01 Short term deposit accounts</b>			
Padma Bank Limited			17,695,198
Eastern Bank Ltd.			1,432,746
The Premier Bank Limited			875,718
			<b>20,003,662</b>
<b>4.01.02 Fixed deposit accounts</b>			
The Premier Bank Limited			1,100,000,000
Padma Bank Limited			1,430,000,000
			<b>2,530,000,000</b>
<b>4.02 Foreign Currency</b>			
<b>Interest bearing short term foreign currency deposit account</b>			
	<b>USD (\$)</b>	<b>Exchange Rate</b>	
Padma Bank Limited	5,757,134	BDT 84.80	<b>488,204,998</b>
<b>4.03 Maturity grouping of balance with other banks and financial institutions</b>			
Up to 1 month			20,003,662
Over 1 month but not more than 3 months			1,930,000,000
Over 3 months but not more than 6 months			1,088,204,998
Over 6 months but not more than 1 year			-
Over 1 year but not more than 5 years			-
Over 5 years			-
			<b>3,038,208,660</b>
<b>5.00 Money at call and short notice</b>			
			-
			-
<b>6.00 Investment</b>			
<b>Government Securities</b>			
			-
<b>Other Investments</b>			
Investment in marketable securities (Note - 6.01)			49,994,253
Investment in bond - Strategic Finance Limited (Note - 6.02)			1,000,000,000
			<b>1,049,994,253</b>
			<b>1,049,994,253</b>



**Amount in BDT**  
**31 December 2020**

### 6.01 Investment in marketable securities

Details of marketable securities are given below:

Business Segments	No. of Shares	Cost Price	Market Price
Pharmaceuticals & Chemicals	100,000	17,866,780	19,050,000
Bank	1,000,000	14,531,801	15,200,000
Telecommunication	271,253	2,712,530	8,083,339
Miscellaneous	310,000	14,883,142	17,670,000
		<u>49,994,253</u>	<u>60,003,339</u>

### 6.02 Investment in bond - Strategic Finance Limited

As per Bangladesh Bank No Objection Certificate (Ref no.: DFIM(BS)1057/35/2020-2116, dated: November 29, 2020), Strategic Finance & Investments Limited invest 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).

### 7.00 Leases, Loans and Advances

#### Corporate Finance

Lease Finance	3,801,055
Loan Finance	249,137,561
	<b>252,938,616</b>

#### Consumer Finance

House Finance	23,922,963
Car Lease	4,667,144
	<b>28,590,108</b>

#### SME Finance

Lease Finance, SMALL	25,070,993
Lease Finance, MID	4,690,593
	<b>29,761,586</b>

**311,290,310**

### 7.01 Maturity Wise Grouping

On Demand	-
Not more than 3 months	16,894,233
More than 03 Months to 01 Year	147,028,525
More than 01 Year to 05 Years	132,664,821
More than 05 Years	14,702,732
	<b>311,290,310</b>



## 7.02 Classification wise leases, loans and advances/ investments

### Unclassified

Standard	311,290,310
Special Mention Accounts (SMA)	-
	<b>311,290,310</b>

### Classified

Sub-Standard	-
Doubtful	-
Bad / Loss	-
	-
	<b>311,290,310</b>

## 7.03 Leases, loans, advances on the basis of significant concentration

a) Leases, loans, advances to the institutions in which Directors have interest	4,690,593
b) Leases, loans, advances to Chief Executive and other senior executives	3,476,181
c) Leases, loans, advances to customer groups:	
i) House finance	23,922,963
ii) Car Loan	30,063,011
iii) Personal loan	-
iv) Loan against deposits (LAD)	-
v) Small and medium enterprises	-
vi) Special program loan (BB refinancing scheme)	-
vii) Staff loan	-
viii) Industrial Loans, advances and leases ((Note-7.03 (d))	249,137,561
ix) Other loans and advances	-
	<b>311,290,310</b>
d) Details of Industrial loans, advances and leases	
1. Trade and Commerce	-
2. Industries	
i) Garments and Knitwear	-
ii) Textile	148,018,117
iii) Jute and Jute -products	-
iv) Food Production and Processing industry	-
v) Plastic Industry	-
vi) Leather and Leather Goods	-
vii) Iron, Steel and Engineering	-
viii) Pharmaceuticals and Chemicals	-
ix) Cement and Allied Industry	-
x) Telecommunication and IT	-
xi) Paper, printing and Packaging	-
xii) Glass, Glassware and Ceramic Industry	-
xiii) Ship Manufacturing Industry	-
xiv) Electronics and Electrical Products	-
xv) Power, Gas, water and Sanitary Service	-
xvi) Transport and Aviation	-
3. Agriculture	-
4. House Finance	101,119,444
5. Others	-
i) Loan to Subsidiaries Companies	-
ii) Others	-
	<b>249,137,561</b>



#### 7.04 Loans, advances and leases-geographical location wise

Dhaka

**Amount in BDT**  
**31 December 2020**

311,290,310

**311,290,310**

#### 7.05 Particulars of loans, advances and leases

i)	Loans, advances and leases considered good in respect of which the Bank/ FI is fully secured.	48,993,957
ii)	Loans, advances and leases considered good for which the Bank/FI holds no other security than the debtor's personal security.	-
iii)	Loans, advances and leases considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	252,938,616
iv)	Loan adversely classified; for which no provision is created.	-
v)	Loans, advances and leases due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	9,357,738
vi)	Loans, advances and leases 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.	-
		<b>311,290,310</b>
x)	Information in respect of classified loans, advances and leases:	
	a) Classified loans, advances and leases for which interest/ profit not credited to income	-
	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	-
		-
		-
xi)	Cumulative amount of written off loans, advances and leases:	
	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 loans, advances and leases for which law suits have been filed	-

	Amount in BDT 31 December 2020
<b>8.00 Fixed Assets including Land, Building, Furniture and Fixtures</b>	
Freehold assets (Note- 8.01)	10,570,083
Lease Hold Assets (Note- 8.02)	24,084,131
	<b>34,654,214</b>
Details are given in <b>Annexure-A</b>	
<b>8.01 Freehold Assets</b>	
<b>A. Cost</b>	
Opening Balance	-
Add : Addition during the period	11,235,666
	11,235,666
Less: Sales/ adjustment during the period	-
	11,235,666
<b>B. Accumulated depreciation</b>	
Opening Balance	-
Add : Charged during the period	665,582
	665,582
Less: Adjustment during the period	-
	665,582
<b>C. Written down value (A-B)</b>	<b>10,570,083</b>
<b>8.02 Lease hold Assets</b>	
<b>A. Cost</b>	
Opening Balance	-
Add : Addition during the year	25,807,926
	25,807,926
Less: Adjustment / Disposal during the year	-
	25,807,926
<b>B. Accumulated depreciation</b>	
Opening Balance	-
Add : Charged during the period	1,723,795
	1,723,795
Less: Adjustment during the period	-
	1,723,795
<b>C. Written down value (A-B)</b>	<b>24,084,131</b>
<b>9.00 Other Assets</b>	
<b>Non income generating assets</b>	
Advances, Deposits and prepayments (Note-9.01)	2,067,266
<b>Income generating assets</b>	
Interest and other receivables (Note-9.02)	67,445,757
Receivable with Padma Bank Securities Ltd.	35,067,888
	<b>104,580,912</b>
<b>9.01 Advances, Deposits and Prepayments</b>	
Advance Income Tax (Note - 9.01.01)	1,877,060
Advance to Supplier & Others	176,348
Prepayment for Stamp Expense	13,858
	<b>2,067,266</b>



**Amount in BDT**  
**31 December 2020**

### 9.01.01 Advance Income Tax

The amount of advance income tax are (a) Payment made through payment order under section 64 of the Income Tax Ordinance 1984 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 and (iii) Tax deduction at source (TDS) made through payment order under section 52K of the Income Tax Ordinance 1984.

### 9.02 Interest and other receivables

Interest receivables-Fixed Deposit	62,107,500
Interest receivables-HPA	3,116,035
Interest receivables-Non-Convertible Bond	2,222,222
	<b>67,445,757</b>

### 10.00 Borrowings from Bangladesh bank, other banks and financial institutions

Inside Bangladesh (Note-10.01)	25,498,818
Outside Bangladesh	-
	<b>25,498,818</b>

### 10.01 Inside Bangladesh

#### Unsecured Lease Liability

Vehicle Lease - IDLC Finance Limited	5,570,891
Right of Use of Assets (Note-10.01.01)	19,927,926
	<b>25,498,818</b>

### 10.01.01 Right of Use of Assets

Lease liability - Right of Use of Assets derived from present value of all rental payments for corporate head office and principal branch. When measuring lease liabilities, SFIL discounted lease payments using its incremental borrowing rate (9%).

### 10.02 Maturity grouping of borrowings from other banks, financial institutions & agents

Payable on demand	1,022,210
Up to 1 month	337,142
Over 1 month but within 3 months	682,274
Over 3 months but within 1 year	3,206,341
Over 1 year but within 5 years	20,250,851
Over 5 years	-
	<b>25,498,818</b>

### 11.00 Deposits and other accounts

Term deposits (Note-11.01)	3,453,665,875
Other deposits	-
	<b>3,453,665,875</b>

### 11.01 Term deposits

Short Term Deposit (Note-11.01.01)	3,453,665,875
	<b>3,453,665,875</b>

		Amount in BDT
		31 December 2020
<b>11.01.01 Short Term Deposit</b>		
Short Term Deposit - Bank & NBF		2,048,056,000
Short Term Deposit - Corporate		1,364,000,000
Short Term Deposit - Individual		41,609,875
		<b>3,453,665,875</b>
<b>11.01.02 Group-wise break-up of term deposits</b>		
Government		-
Bank		2,048,056,000
Insurance		-
Other institutions		1,364,000,000
Individuals		41,609,875
		<b>3,453,665,875</b>
<b>11.01.03 Maturity analysis of Term deposits</b>		
Payable on demand		-
Up to 1 month		666,180,000
Over 1 month but within 6 months		708,509,875
Over 6 months but within 1 year		2,078,976,000
Over 1 year but within 5 years		-
Over 5 years but within 10 years		-
Over 10 years		-
		<b>3,453,665,875</b>
<b>12.00 Other Liabilities</b>		
Withholding Tax payable		482,371
Withholding VAT payable		753,038
Excise Duty		2,500
Interest payable (Note - 12.01)		38,629,091
Audit fee payable		57,500
Payable for CIB Fee		45
Payable for Stamp Charge		5,458
Payable to suppliers		705,601
Provision for current tax		8,420,171
Sundry Creditors		20,850
Other Payable		35,970
Deferred Tax Liability (Note - 12.02)		1,229,113
Provision for doubtful accounts and future losses (Note-12.03)		3,889,691
		<b>54,231,399</b>
<b>12.01 Interest Payable</b>		
Short Term Deposit (Note-12.01.01)		38,032,468
Unsecured Lease Liability (Note-12.01.02)		596,623
		<b>38,629,091</b>
<b>12.01.01 Short Term Deposit</b>		
Short Term Deposit - Bank & NBF		20,331,330
Short Term Deposit - Corporate		17,009,889
Short Term Deposit - Individual		691,249
		<b>38,032,468</b>



**Amount in BDT  
31 December 2020**
**12.01.02 Unsecured Lease Liability**

Lease Liability - Motor Vehicle	10,213
Lease Liability - Right of Use of Assets	586,410
	<b>596,623</b>

**12.02 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
<b>Deferred tax liability is arrived at as follows:</b>			
Fixed assets net of depreciation as on 31 December 2020			
Furniture and Fixture	1,886,431	1,814,607	71,823
Office Decoration	3,195,029	3,040,429	154,600
Office Equipment	3,099,779	2,982,148	117,631
IT Equipments	2,388,844	1,769,378	619,466
Motor Vehicle	5,484,733	4,704,000	780,733
<b>Taxable Temporary Difference (A)</b>	<b>16,054,817</b>	<b>14,310,563</b>	<b>1,744,254</b>

Lease liability	19,927,926
Right of Use of Assets	18,599,398
<b>Taxable Temporary Difference (B)</b>	<b>1,328,528</b>
<b>Total (A+B)</b>	<b>3,072,782</b>
Deferred tax liability at 31 December 2020 @ 40%	<b>1,229,113</b>

**12.03 Provision for doubtful accounts and future losses**

General provision (Note-12.03(i))	3,889,691
Specific provision	-
Provision for diminutions in value of investments	-
Other Provisions	-
	<b>3,889,691</b>

**12.03 (i) Product wise break up of provision**

Corporate Finance (12.03.01)	3,529,386
Consumer Finance (12.03.02)	285,901
SME Finance (12.03.03)	74,404
	<b>3,889,691</b>

**12.03.01 Corporate Finance**

Lease Finance	38,011
Loan Finance	3,491,376
	<b>3,529,386</b>



### 12.03.02 Consumer Finance

House Finance  
Car Lease

#### Amount in BDT 31 December 2020

239,230  
46,671  
**285,901**

### 12.03.03 SME Finance

Lease Finance, SMALL  
Lease Finance, MID

62,677  
11,726  
**74,404**

### 13.00 Share Capital

#### Authorized

250,000,000 ordinary shares of BDT 10/- each

**2,500,000,000**

#### Issued, subscribed and paid up

100,000,000 ordinary shares of BDT 10/- each

**1,000,000,000**

Details of shares holding position are as under:

Sponsor Shareholders	Percentage (%)	No. of Shares	Amount in BDT
<b>A. Individual Sponsors</b>			
Ms. Anjuman Ara Shahid	2%	2,000,000	20,000,000
	<b>2%</b>	<b>2,000,000</b>	<b>20,000,000</b>
<b>B. Institutional Sponsors</b>			
Canadian Maple Strategic Wealth Management LP	48%	48,000,000	480,000,000
Strategic Finance Limited	20%	20,000,000	200,000,000
Padma Bank Securities Ltd.	20%	20,000,000	200,000,000
Strategic Equity Management Ltd.	6%	6,000,000	60,000,000
Statisticker Inc.	2%	2,000,000	20,000,000
Unique Hotel & Resorts Ltd.	2%	2,000,000	20,000,000
	<b>98%</b>	<b>98,000,000</b>	<b>980,000,000</b>
<b>Total Shareholdings</b>	<b>100%</b>	<b>100,000,000</b>	<b>1,000,000,000</b>

### 13.01 Capital Adequacy Ratio (CAR)

As per section 4(GHA) of the Financial Institution Rule 1994 and subsequently updated vide 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 company at the close of business on 31 December 2020 were Taka 2.98 crore.



	<b>Amount in BDT</b>
	<b>31 December 2020</b>
<b>Core Capital ( Tier-1) / Shareholders' Equity</b>	
Paid-up capital (Note-13)	1,000,000,000
Share premium	-
Statutory reserves (Note-14)	3,906,114
Other Reserves (Note-15)	7,388,000
General reserves	-
Dividend equalization reserves	-
Retained earnings (Note-16)	15,624,454
Non-controlling interest	-
<b>Sub-Total</b>	<b>1,026,918,568</b>
<b>Supplementary Capital (Tier -II)</b>	
General Provision (Unclassified loans up to specified limit + SMA + Off Balance Sheet exposure)	2,889,691
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)	-
<b>Sub-Total</b>	<b>2,889,691</b>
<b>A) Total Capital</b>	<b>1,029,808,259</b>
<b>Total assets including off -balance sheet exposures</b>	<b>4,586,574,659</b>
<b>B) Total risk weighted assets</b>	3,465,051,414
<b>C) Required capital based on risk weighted assets (10% on B)</b>	346,505,141
<b>D) Surplus (A-C)</b>	683,303,118
<b>E) Capital Adequacy Ratio (%)</b>	29.72%
<b>F) Core Capital to RWA (%)</b>	29.64%
<b>G) Supplementary Capital to RWA (%)</b>	0.08%
<b>14.00 Statutory reserve</b>	
Opening balance	-
Add: Transferred from profit	3,906,114
<b>Closing balance</b>	<b>3,906,114</b>
<b>15.00 Other Reserve</b>	
<b>Foreign Exchange Reserve</b>	
Opening balance	-
Add: Foreign exchange Gain/(loss) for the period	7,388,000
<b>Closing balance</b>	<b>7,388,000</b>
Foreign exchange gain/(loss) occurs when recorded to the local currency for reporting purpose as on reporting date.	
<b>16.00 Retained earnings</b>	
Opening balance	-
Add: Profit/(loss) for the period	19,530,568
Less: Appropriation to statutory reserve	(3,906,114)
Less: Cash Dividend	-
<b>Closing balance</b>	<b>15,624,454</b>

	<b>Amount in BDT</b>
	<b>31 December 2020</b>
<b>17.00 Interest income</b>	
<b>Corporate Finance</b>	
Lease Finance	1,055
Loan Finance	2,506,957
	<b>2,508,012</b>
<b>Consumer Finance</b>	
House Finance	557,287
Car Lease	97,754
	<b>655,042</b>
<b>SME Finance</b>	
Lease Finance, SMALL	70,993
Lease Finance, MID	45,387
	<b>116,380</b>
<b>Treasury</b>	
Fixed deposit accounts	62,107,500
Short notice deposit accounts	3,784,380
High Performance account	3,124,201
Foreign Currency account	816,998
Non-Convertible Bond	2,222,222
	<b>72,055,301</b>
	<b>75,334,735</b>
<b>18.00 Interest expenses on deposits and borrowings</b>	
Interest on short term deposit (Note-18.01)	38,076,218
Unsecured Lease Liability (Note- 18.02)	798,898
	<b>38,875,117</b>
<b>18.01 Interest on short term deposit</b>	
Short Term Deposit - Bank & NBF1	20,331,330
Short Term Deposit - Corporate	17,009,889
Short Term Deposit - Individual	734,999
	<b>38,076,218</b>
<b>18.02 Unsecured Lease Liability</b>	
Vehicle Lease - IDLC Finance Limited	212,489
Right of Use of Assets	586,410
	<b>798,898</b>
<b>19.00 Income from Investment</b>	
Capital gain on sale of marketable securities	17,850,111
	<b>17,850,111</b>
<b>20.00 Commission, Exchange and Brokerage Income</b>	-
<b>21.00 Other operational income</b>	
Fees and documentations (Note-21.01)	533,699
Miscellaneous Income	29,819
	<b>563,518</b>



		<b>Amount in BDT</b>
		<b>31 December 2020</b>
<b>21.01 Fees and documentations</b>		
<b>Corporate Finance</b>		
Lease Finance		17,200
Loan Finance		201,970
		<b>219,170</b>
<b>Consumer Finance</b>		
House Finance		79,652
Car Lease		10,000
		<b>89,652</b>
<b>SME Finance</b>		
Lease Finance, SMALL		224,877
		<b>224,877</b>
		<b>533,699</b>
<b>22.00 Salary and allowances</b>		
Salary and allowances		7,269,692
Festival bonus		170,822
		<b>7,440,514</b>
<b>23.00 Rent, taxes, insurance, electricity etc.</b>		
Office rent		-
Insurance		-
Utilities		191,954
		<b>191,954</b>
		<b>1,695,667</b>
<b>24.00 Legal and professional fees</b>		
<b>25.00 Postage, stamp, telecommunication etc.</b>		
Postage and courier		17,860
Stamp charges		8,005
Telephone bill		8,299
		<b>34,164</b>
<b>26.00 Stationery, printing, advertisement</b>		
Printing and stationery		464,108
Advertisement		32,603
		<b>496,711</b>
<b>27.00 Managing director's salary and allowance</b>		
Basic Salary		1,400,000
Allowances		1,628,000
		<b>3,028,000</b>
<b>28.00 Directors' fees</b>		
		-
<b>29.00 Auditors' fees</b>		
		<b>57,500</b>

	<b>Amount in BDT</b>
	<b>31 December 2020</b>
<b>30.00 Depreciation and repair of Company's assets</b>	
Repairs and maintenance	194,309
Software maintenance	-
Depreciation & Amortization	2,389,377
	<b>2,583,687</b>
<b>31.00 Other expenses</b>	
Renewal & Registration fees	3,004,633
Employee Engagement Program	4,516
Conveyance	62,315
Business Development Expense	24,975
Internet and e-mail	23,333
Computer accessories	43,202
Fuel expense	70,935
Vehicle maintenance/Registration	1,649,158
Office maintenance	611,116
Entertainment	110,739
Bank charges	8,175
Excise duty	98,000
Branding	365,500
Security Guard Services	100,320
Recruitment Expenses	40,058
Meeting expense	58,532
	<b>6,275,508</b>
<b>32.00 Provisions for leases, loans &amp; investments</b>	
<b>Provision for leases, loans and advances</b>	<b>3,889,691</b>
General provision	3,889,691
Specific provision	-
Provision for diminution in value of investments	-
Other provisions	-
	<b>3,889,691</b>
<b>33.00 Provisions for taxation</b>	
Current tax expense/ (income)	8,420,171
Deferred tax expense/ (income)	1,229,113
	<b>9,649,284</b>



### 34.00 Related party transactions

Details of transactions with related parties and balances with them as at December 31, 2020 were as follows:

Sl. No.	Name of the Related Party	Transaction Nature	Relationship	Balance as at 09 Mar 2020	Addition	Adjustment	Balance as at 31 Dec 2020
1	Tamim Marzan Huda	Vehicle lease	Director of Shareholding Company	-	2,412,018	153,408	2,258,610
2	Tamim Marzan Huda	Term Deposit	Director of Shareholding Company	-	1,500,000	-	1,500,000
3	Ezzy Automation Ltd.	Vehicle lease	Director Concern	-	1,758,054	74,794	1,683,260
4	News bangla Media Ltd.	Vehicle lease	Director Concern	-	3,007,333	-	3,007,333
5	Borak Real Estate Limited	Revolving Short Term Loan	Concern of Shareholding Company	-	101,119,444	-	101,119,444
6	Strategic Finance Limited	Investment in Bond	Shareholding Company	-	1,002,222,222	-	1,002,222,222
<b>Total</b>				-	<b>1,112,019,072</b>	<b>12,228,202</b>	<b>1,111,790,870</b>

### 31 December 2020

### 35.00 Employees' Details

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

-  
23  
**23**

### 36.00 Disclosure of Audit Committee

#### 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 # 13, dated: October 26, 2011.

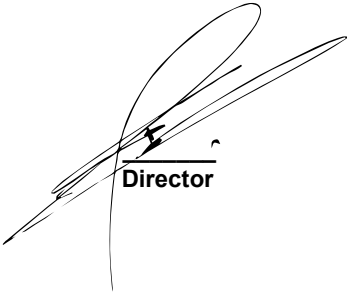
The Audit Committee consisted of the following members of the Board:

Name	Status at the Company
Mr. Riaduzzaman Ridoy	Nominee Director of Padma Bank Securities Ltd.
Mr. William H. Derrenger	Nominee Director of Canadian Maple Strategic Wealth Management LP.
Mr. S.M. Arifuzzaman	Nominee Director of Strategic Finance Ltd.
Mr. Ehsanul Kabir	Nominee Director of Strategic Equity Management Ltd.
Mr. Mohammad Shariat Ullah	Nominee Director of Padma Bank Securities Ltd.



### 37.00 Event after the Reporting Period

- A) The Board of Directors in its 12<sup>th</sup> meeting held on March 20, 2021 has approved the financial statements and authorized the same for issue.
- B) The Board of Directors in its 12<sup>th</sup> meeting held on March 20, 2021 has recommended no cash and stock dividend to the shareholders for the period ended December 31, 2020.
- C) No other adjusting event had occurred till date of signing the financial statements which recognize adjustment under IAS -10 "Events after Reporting Period".



Director



Director



Managing Director & CEO



Company Secretary

Dated: Dhaka  
20 March 2021



**Annexure-A**
**Strategic Finance & Investments Limited**
**Schedule of Fixed Assets including land, building, furniture and fixtures**
**As at 31 December 2020**

Particulars	COST					DEPRECIATION					Written down value as at 31.12.2020
	Balance as at 09.03.2020	Addition during the period	Adjustment / (Disposal) the period	Balance as at 31.12.2020	Rate (%)	Balance as at 09.03.2020	Charged during the period	Adjustment / (Disposal) the period	Balance as at 31.12.2020		
<b>Freehold Assets</b>	-	<b>11,235,666</b>	-	<b>11,235,666</b>		-	<b>665,582</b>	-	<b>665,582</b>	<b>10,570,083</b>	
Furniture & Fixture	-	2,016,231	-	2,016,231	20.00	-	129,800	-	129,800	1,886,431	
Office Decoration	-	3,378,254	-	3,378,254	16.67	-	183,225	-	183,225	3,195,029	
Office Equipment	-	3,313,498	-	3,313,498	20.00	-	213,719	-	213,719	3,099,779	
IT Equipments	-	2,527,683	-	2,527,683	20.00	-	138,838	-	138,838	2,388,844	
<b>Lease Hold Assets</b>	-	<b>25,807,926</b>	-	<b>25,807,926</b>		-	<b>1,723,795</b>	-	<b>1,723,795</b>	<b>24,084,131</b>	
Motor Vehicle	-	5,880,000	-	5,880,000	20.00	-	395,267	-	395,267	5,484,733	
Right of Use of Assets	-	19,927,926	-	19,927,926	-	-	1,328,528	-	1,328,528	18,599,398	
<b>Total as at December 31, 2020</b>	<b>-</b>	<b>37,043,592</b>	<b>-</b>	<b>37,043,592</b>		<b>-</b>	<b>2,389,377</b>	<b>-</b>	<b>2,389,377</b>	<b>34,654,214</b>	

## Strategic Finance & Investments Limited

### Financial Highlights

As at 31 December 2020

		Amount in BDT (mn)
SI. NO.	Key Indicators	2020
1	Paid-up capital	1,000.00
2	Total capital	1,026.92
3	Capital surplus	683.30
4	Total assets	4,560.31
5	Total term deposits	3,453.67
6	Total loans, advances and leases	311.29
7	Total contingent liabilities and commitments	26.26
8	Credit deposit ratio	0.09
9	Percentage of classified loans against total loan & advance	0.00%
10	Profit after tax and provision	19.53
11	Amount of classified loans during current period	-
12	Provisions kept against classified loans	-
13	Provision surplus against classified loan	-
14	Cost of fund	8.47%
15	Interest earnings assets	3,349.50
16	Non-interest earnings assets	1,210.82
17	Return on investment (ROI)	1.90%
18	Return on assets (ROA)	0.43%
19	Income from investment	17.85
20	Earnings Per Share (EPS)	0.20
21	Net income per share	0.36
22	Market price per share	-
23	Price Earnings (P/E) ratio	-





# Strategic Finance & Investments Limited

## 1st Annual General Meeting

# Proxy Form

Affix revenue stamp of Tk. 20.00

I / We ..... of ..... being a member of Strategic Finance & Investments Limited and a holder of ..... shares hereby appoint Mr./Ms ..... of ..... as my / our proxy to vote for me / us and on my / our behalf at the 1st Annual General Meeting of the Company to be held on April 24, 2021 (Saturday) and at any adjournment thereof.

Signed this \_\_\_\_\_ day of April 2021

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

NOTE :

- a) 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.
- b) Signature of the shareholders should agree with the specimen signature registered with the Company and Depository Register.



## 1st Annual General Meeting

# Attendance Slip

I hereby record my attendance at the 1st Annual General Meeting of Strategic Finance & Investments Limited as a holder of ..... shares of the Company.

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

NOTE :

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





**STRATEGIC  
FINANCE &  
INVESTMENTS  
LIMITED**

STRATEGIC FINANCE & INVESTMENTS LTD.

Corporate Head Office & Principal Branch  
Rangs RL Square, Level 3  
201/1 Kha, Bir Uttam Rafiqul Islam Avenue  
Progoti Shoroni, Dhaka 1212.

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