



Annual Report  
**2019**



**GSP**  
FINANCE

*creating opportunities*

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**





Annual Report  
**2019**



**GSP FINANCE COMPANY (BANGLADESH) LIMITED**



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## Letter of Transmittal

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All Shareholders  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

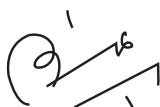
Subject: Annual Report for the year ended December 31, 2019

Dear Sir (s):

On behalf of the Board of Directors of GSP Finance Company (Bangladesh) Limited, the undersigned is pleased to present a copy of the Annual Report for the year ended December 31, 2019 together with the audited Financial Statements including consolidated and separate Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity for the year ended December 31, 2019 and along with notes thereon for your kind perusal and record.

Thanking you,

Sincerely yours,



**Md. Mizanur Rahman**  
Deputy Managing Director  
&  
Company Secretary

Date: August 12, 2020

## Notice of the 25<sup>th</sup> Annual General Meeting (Through Online Digital Platform)

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the shareholders of GSP Finance Company (Bangladesh) Limited will be held on Wednesday, September 23, 2020 at 11:00 a.m. by using Digital Platform (pursuance to BSEC Order no. SEC/SRMIC/94-231/25, dated July 08, 2020) through the following link: <https://gspfinance.bdvirtualagm.com> to transact the following business:

01. To receive and adopt the Directors' Report to the Shareholders, Auditors' Report and Audited Financial Statements for the year ended December 31, 2019.
02. To declare Dividend for the year ended December 31, 2019.
03. To elect Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company and the Companies Act. 1994.
04. To appoint the Statutory Auditors of the Company for the year 2020 until the conclusion of the next Annual General Meeting and to fix their remuneration.
05. To appoint the Corporate Governance compliance Auditors of the Company for the year 2020 and to fix their remuneration.

By order of the Board



**Md. Mizanur Rahman**  
Deputy Managing Director

&

Company Secretary

Dated: August 12, 2020

### Notes:

01. The Members whose name appeared in the Register of Members of the Company and/or in the Depository Register on the "Record date" i.e. September 03, 2020 are eligible to attend the 25<sup>th</sup> Annual General Meeting and be entitled to the dividend as approved in the AGM.
02. The shareholders will join the virtual AGM through the link: <https://gspfinance.bdvirtualagm.com> The shareholders will be able to submit their questions/comments electronically 24 (Twenty-four) hours before holding the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) Account number or Folio number, name of respective shareholder, number of shares and mobile number or e-mail address.
03. Shareholders may login to the system prior to starting of the meeting at 11:00 a.m. on September 23, 2020 (Wednesday). The Link will activate at 11:01 a.m. (Bangladesh Time) on September 22, 2020. For any IT related guidance and help regarding the login process, the respected members may contact at +880 9674306-11 or 01817 085761 or visit GSPB website at : [www.gspfinance.com](http://www.gspfinance.com)
04. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018 the soft copy of the Annual Report for the year 2019 along with the Notice , Proxy Form and Attendance Slip have been forwarded to all the Members at their respective e-mail address available with us as per CDBL record. The Members may also collect the Proxy Form from the Registered Office of the Company. These are also available in the website of the Company at : [www.gspfinance.com](http://www.gspfinance.com)
05. A Member may appoint a proxy to attend and vote in his/her place by filling proxy form at this virtual AGM. The "Proxy Form" duly filled, signed and stamped at BDT 20/-, must be deposited at the registered office or send through e-mail to [secretariat@gspfinance.com](mailto:secretariat@gspfinance.com) not later than 48 hours before the time scheduled for holding the AGM.

**N.B:** Members may please note that no gift or benefits in cash or kind shall be given at the AGM.

## VISION

To be a premier financial institution in Bangladesh with strong commitment to the development of the society and the national economy.

## MISSION

- High quality financial services with state of the art technology.
- Working closely with our clients.
- Maximizing return on equity.
- Maintaining a high standard of professional ethics.
- Securing a sustainable growth strategy.

## STRATEGIC OBJECTIVES

- Create high quality investment portfolio.
- Strengthening our position in capital market operation.
- Continuous diversification for maximization of shareholders' value.
- Maintain long-term business relationship with our clients.
- Retaining most dynamic people with good aptitude.
- Responding quickly to new opportunities.
- Balanced diversification of funding sources.
- Strengthening corporate governance practices.

## CORE VALUES

- Integrity
- Commitment
- Transparency
- Service Excellence
- Business Ethics
- Teamwork
- Prudent risk taking
- Clients Focus
- Friendly Environment
- Equal opportunity
- Trust & Respect

## THE COMPANY AT A GLANCE

GSP Finance Company (Bangladesh) Limited is a Financial Institution (FI) incorporated in Bangladesh on October 29, 1995 as a public limited company under the Companies Act 1994. The Company received its certificate of commencement of business on January 14, 1996 and its license on March 04, 1996 as required under Section 4(1) of the Financial Institutions Act 1993. The Company went into commercial operation on April 17, 1996. The Company also got a separate license from Bangladesh Securities and Exchange Commission on August 24, 1999 for working as a Merchant Bank. GSP Finance Company (Bangladesh) Limited was listed with Chittagong and Dhaka Stock Exchanges on March 14, 2012 and March 28, 2012 respectively.

## GSP INVESTMENTS LIMITED

(A Subsidiary of GSP Finance Company (Bangladesh) Limited)

Pursuant to the requirement of Bangladesh Securities and Exchange Commission, GSP Finance Company (Bangladesh) Limited formed a subsidiary in the name of " GSP Investments Limited " with a view to separate its Merchant Banking operation which was approved by Bangladesh Securities and Exchange Commission vide their letter no. SEC/Reg./MB/SUB-16/2011/113 dated August 14, 2014. GSP Investments Limited duly incorporated with the RJSC, Dhaka as a private limited company with an authorized and paid up capital of Tk. 500 million and Tk. 250 million respectively.

## PRODUCTS AND SERVICES

### Financial segments

- Lease Finance
- Term Finance
- Working Capital Finance
- Bridge/ equity finance
- Syndication finance
- SME finance
- Term Deposit

### Deposit schemes

- Monthly income deposit
- Quarterly income deposit
- Half yearly income deposit
- Yearly income deposit
- Double income deposit

## GSP Investments Limited

(A Subsidiary of GSP Finance Company (Bangladesh) Limited)

- Issue Management
- Underwriting
- Portfolio Management
- Margin Loan
- Securities Trading Services

## CORPORATE INFORMATION

### Registered Name of the Company

**GSP Finance Company (Bangladesh) Limited**

#### Legal Form

A public limited company incorporated in Bangladesh on October 29, 1995 under the Companies Act 1994. The Company licensed as Financial Institution under Financial Institutions Act 1993 on March 04, 1996 and also got a separate license from Bangladesh Securities and Exchange Commission on August 24, 1999 for working as a Merchant Bank. The Company was listed with Dhaka and Chittagong Stock Exchanges in 2012.

#### Company Registration No.

C-29591 (879) / 95

#### Bangladesh Bank License No.

আব্বাঃ(অ-ব্যাংকিং)বিভাগ/ঢাকা/১০/৯৬

#### GSP Investments Limited - License No.

(A Subsidiary of GSPB)

MB- 88/2014

#### Registered Office

1, Paribagh, Mymensingh Road,  
Dhaka-1000, Bangladesh.

Tel: +880-2-9674306, 9674425 (Auto Hunting)

Fax: +880-2-9674194

#### Website

[www.gspfinance.com](http://www.gspfinance.com)

#### Legal Advisor

Chowdhury & Hyders

Barristers, Advocates and Consultants

Room No. 6/B, Meherba Plaza (6th floor)

33, Topkhana Road, Dhaka-1000.

#### Tax Adviser

Adil & Associates

Advocates & Tax Consultants

50, Purana Paltan Line (2nd floor)

Dhaka-1000.

#### Auditors

Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

Rupayan Karim Tower, Level # 7

Suite # 7A, 80, Kakrail

Dhaka – 1000, Bangladesh

#### Membership

Bangladesh Leasing & Finance Companies Association (BLFCA)

Bangladesh Association of Publicly Listed Companies (BAPLC)

Bangladesh Merchant Bankers Association (BMBA)

Foreign Investors Chamber of Commerce & Industry (FICCI)

Bangladesh – Malaysia Chamber of Commerce and Industry (BMCCI)

#### Principal Bankers

BASIC Bank Ltd.

Commercial Bank of Ceylon PLC

Dutch- Bangla Bank Ltd.

Mutual Trust Bank Ltd.

Modhumoti Bank Ltd.

NCC Bank Ltd.

Shahjalal Islami Bank Ltd.

Southeast Bank Ltd.

Standard Bank Ltd.

The City Bank Ltd.

Union Bank Ltd.

Uttara Bank Ltd.

Woori Bank

#### Stock Brokers

Multi Securities & Services Limited

Haji Ahmed Brothers & Securities Ltd.

United Financial Trading Company Limited

#### Chairman

Mr. Feroz U. Haider

#### Managing Director & CEO (C.C.)

Mr. Mohammad Imdadul Islam

#### Company Secretary

Mr. Md. Mizanur Rahman

## BOARD OF DIRECTORS

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**Mr. Feroz U. Haider**

Chairman of the Board

**Mr. Saber Hossain Chowdhury**

Vice Chairman of the Board

Nominated by Karnaphuli Industries Limited

**Dr. ATM Shamsul Huda**

Vice Chairman of the Board

Nominated by Tai Ping Asian Investment Limited

**Mr. Moin U. Haider**

Director of the Board &

Chairman, Executive Committee

**Mr. Wolf- Peter Berthold**

Director of the Board

**Mr. Mohamed Abdul Jalil**

Director of the Board

Nominated by Tai Ping Asian Investment Limited

**Mr. Wajid Ali Khan Panni**

Independent Director of the Board &

Chairman, Audit Committee

**Ambassador F. A. Shamim Ahmed (Retd.)**

Independent Director of the Board

**Ms. Silwat A. Haider**

Director of the Board

**Mr. Mohammad Imdadul Islam**

Managing Director & CEO (C.C.)

## BRIEF PROFILE OF THE DIRECTORS



### **Mr. Feroz U. Haider**

Chairman of the Board

Mr. Feroz U. Haider is a renowned international banker with experience in very senior positions in financial institutions in South East Asia. He started his banking career in 1967 with United Bank Limited (now Janata Bank) after his graduation from University of Dhaka and worked till 1975. From 1976 to 1978 he was the General Manager of Gulf Finance Company Limited, Hong Kong. He was the Managing Director of GSP Finance Company Limited, Hong Kong and GSP International Limited, Vanuatu. From 1989 to 1996 he was the Chairman of GSP International Limited, Vanuatu, and President of Thai Prasit Insurance Company Limited, Hong Kong (now Mittare Insurance Co. Ltd.). From the date of incorporation (October 29, 1995) of GSP Finance Company (Bangladesh) Limited, he served as Chairman and Managing Director of the Company, since 2008 he is serving as Chairman.



### **Mr. Saber Hossain Chowdhury**

Vice Chairman of the Board

Nominated by Karnaphuli Industries Limited

Mr. Saber Hossain Chowdhury is a Director & Vice Chairman of GSP Finance Company (Bangladesh) limited representing Karnaphuli Industries Limited. He was elected as Member of 7<sup>th</sup> Jatio Sangsad (National Assembly), 9<sup>th</sup> Jatio Sangsad, 10<sup>th</sup> Jatio Sangsad and again he elected as Member of 11<sup>th</sup> Jatio Sangsad. He served as Deputy Minister of Shipping from December 1996 to March 1998 and thereafter as Deputy Minister of Local Government & Rural Development (LGRD) till July 2001. He was also a Member of the Parliamentary Committee for the Ministry of Sports and Cultural Affairs for the term of 1996-2001. During his tenure as the Member of the Parliament and also as the Deputy Minister, he was widely acclaimed as having acted with honesty and integrity, thereby holding high image of his constitutional positions. He is also the Managing Director of Karnaphuli Group of Companies. Mr. Chowdhury holds Bachelor degree of Political Science and Economics from London University and LL.B in Westminster University, London. Mr. Saber Hossain Chowdhury has been elected as Vice Chairman of the Board of GSP Finance Company (Bangladesh) Limited in its 195<sup>th</sup> meeting held on December 07, 2016. He was the 28<sup>th</sup> President of Inter-Parliamentary Union (IPU) having been elected to the position on 16<sup>th</sup> October 2014 for a term of 3 years. He was the first Bangladeshi to have been elected to this highest office of global parliamentary leadership. At present Mr. Saber Hossain Chowdhury is the Honorary President of Inter-Parliamentary Union (IPU).



### **Dr. ATM Shamsul Huda**

Vice Chairman of the Board

Nominated by Tai Ping Asian Investment Limited

Dr. ATM Shamsul Huda was born in 1943. He obtained his B.A (Honors) and M.A in History from the University of Dhaka and he stood 1<sup>st</sup> class 1<sup>st</sup> position in both the examination. He also earned Masters in Public Administration and PhD from Syracuse University, New York, USA in 1975 and 1979 respectively. He started his career as a teacher of the University of Dhaka in the department of History and later joined the Civil Service of Pakistan (CSP) in 1966. Prior to Independence of Bangladesh he worked extensively at field levels in both East and West Pakistan.

During his 34 years of long service with the Government, has held such positions as Member, Public Administration Training center; Chairman, Bangladesh Water Development Board; Managing Director, Bangladesh Agricultural Development Bank; Secretary, Banking Division, Ministry of Finance and Secretary, Ministry of Water Resources. He retired from Government service in 2000.

He was appointed as Chief Election Commissioner on February 05, 2007 for tenure of 5 years. He retired as CEC on 5<sup>th</sup> of February, 2012. Mr. ATM Shamsul Huda has been re-elected as Vice Chairman of the Board of GSP Finance Company (Bangladesh) Limited in its 218<sup>th</sup> meeting held on July 30, 2019.

**Mr. Moin U. Haider**

Director of the Board &  
Chairman, Executive Committee

Mr. Moin U. Haider has been a shareholder of the Company since 2000 and became a Director in 2005. He is a graduate in Business-Economics from Lewis & Clark College, Portland, Oregon, USA in 2003 and has an Associate of Occupational Studies Degree in Automotive Technology from Universal Technical Institute, Phoenix, Arizona, USA in 2004. Mr. Haider has also obtained the Canadian Securities Certification from Canadian Securities Institute, Toronto, Canada in 2012. Mr. Moin U. Haider has been elected as Chairman of the Executive Committee of the Board of GSP Finance Company (Bangladesh) Limited in 2016.

**Mr. Wolf-Peter Berthold**

Director of the Board

Mr. Berthold, a native German, has been living in Hong Kong since 1977. He established an investment firm, Deutsche Asiatische Beteiligungsgesellschaft (DBA) Ltd. in 1996. As Chairman /CEO of DBA Ltd. He oversees the firm's investment activities, including but not limited to Private Equity investments. Prior to establishing his own business, he worked for several major German Banks in Hong Kong as the head of private banking and portfolio management (AUM exceeding 1 bn USD) with regional responsibility. He is the Chairman of Sino Investment Management Services Ltd. (SIMS) and CEO/ Chairman of Helicon Enterprises Co. Ltd, a property investment company. Mr. Berthold serves as an independent director /advisor on various boards and investment committees. He is an honorary member of the Hong Kong Association of Financial Advisors (HKFA) and a licensed representative (RA6) of the HK SFC. Mr. Berthold holds a degree in business administration and economics (Diploma Kaufmann) from the University of Mannheim, Germany.

**Mr. Mohamed Abdul Jalil**

Director of the Board  
Nominated by Tai Ping Asian Investment Limited

Mr. Mohamed Abdul Jalil is a Director of GSP Finance Company (Bangladesh) Limited representing Tai Ping Asian Investment Limited. Mr. Jalil was a senior civil servant in the Government Sector. He was a Member (Taxes) Ex-officio Additional Secretary, NBR. He was involved in preparation of National Budget and Budgetary Policy and Taxation Policy. He also served as Director Finance of Petrobangla and Member Finance of BTTB. He also represented Government of Bangladesh as Director in the Board of Directors of Jamuna Oil Company Limited and National Tubes Ltd. He was General Secretary of Officers Club, Dhaka for four years and hold other positions of Officers Club for twenty five years. Meanwhile, he involved himself in various social activities. Mr. Jalil got Gold Medal for Education and Social Welfare from Bangladesh Jatiyo Shahyto Sangshad – 1993 and got another Gold Medal for Education and Social Welfare, Sher-e-Bangla Jatiyo Shishu Academy 1997. Mr. Jalil holds B.A (Hons) and M.A in (Economics) and LL.B from the University of Dhaka. He was a Director of Telephone Shilpa Sangstha and Bangladesh Cable Factory. Presently, he is Chairman of Bangladesh Unnayan Parishad, a research organization.

**Mr. Wajid Ali Khan Panni**

Independent Director of the Board &  
Chairman, Audit Committee

Mr. Wajid Ali Khan Panni is an Independent Director of GSP Finance Company (Bangladesh) Limited. Mr. Panni was born in 1944. He studied in Darjeeling, India, then Aitchison College and F.C College in Lahore. Mr. Panni was a founder Trustee of Education, Science, Technology and Cultural Development Trust (ESTD) and a member of the Governing Council of Independent University Bangladesh (IUB). He was the first Vice president (Finance and Administration) Mutwali, Wajid Ali Khan Panni Waqf Estate, Karatia, Tangail. He was elected to the parliament as an Independent Candidate in 1986, Deputy Foreign Minister from 1986 to 1988. Chairman District Council, Tangail from 1988 to 1990. He was High Commissioner of Bangladesh to Malaysia from March 1997 to December 1999. Mr. Panni is presently actively involved in IUB and the trust which he is a member and a Share holder/ Director of Shapla Technologies Ltd. Mr. Wajid Ali Khan Panni has been elected as Chairman of the Audit Committee of the Board of GSP Finance Company (Bangladesh) Limited in its 213<sup>th</sup> meeting held on November 29, 2018.

**Ambassador F. A. Shamim Ahmed (Retd.)**

Independent Director of the Board

Ambassador F.A. Shamim Ahmed (Retd.) was appointed as an Independent Director of GSP Finance Company (Bangladesh) Limited in its 213<sup>th</sup> BOD meeting held on November 29, 2018. Mr. Ahmed was born in 1948. He earned Honours and Master's degrees in Sociology from the University of Dhaka. A former career diplomat, Ambassador F. A. Shamim Ahmed has served in various capacities in the Bangladesh Foreign Ministry and Embassies abroad during his 33 years long tenure in the Foreign Service. His assignments have pertained mainly to South Asia and UN and multilateral matters.

Before his retirement in May 2007 as Ambassador Grade A and Secretary to the government, Ambassador Shamim Ahmed served as the country's High Commissioner to Pakistan for four years. Prior to that he was Bangladesh Ambassador to the Kingdom of the Netherlands and was, concurrently, Permanent Representative to the Organization for Prevention of Chemical Weapons (OPCW).

Ambassador Ahmed served as the Deputy Permanent Representative to the United Nations in New York from 1997 - 2000. He was a member of the Bangladesh's delegation to the Security Council in 2000 with the rank of Ambassador. He also served as Consul General in New York.

His other diplomatic assignments were Deputy Chief of Mission in Islamabad; Deputy Chief of Mission in Rome with accreditation as Alternate Permanent Representative to the UN FAO, World Food Programme and the International Fund for Agricultural Development.; Second / First Secretary in Tokyo and second Secretary in Nairobi with accreditation to the Headquarters of the United Nations Environment Programme. He attended a Foreign Service training programme in Canberra, Australia in 1976.



**Ms. Silwat A. Haider**

Director of the Board

Ms. Silwat A. Haider Director of GSP Finance Company (Bangladesh) Limited served as a Management Consultant with AEA Consulting London, UK from 2001 to 2003. Between 2003 to 2005 she served with Arts Council England, London, UK as a Capital Projects Officer. Ms. Haider also served as Grants Manager for Capital Projects with Big Lottery Fund London, UK; European Social Fund (ESF) Programme Coordinator with Learning and Skills Council (LSC) London, UK and Project Manager with Mouchel, Management Consultancy, London, UK. At present she is working as a Project Director of British Museum, London, UK. During her long tenure, she has worked in various areas of Arts, Culture & Economics. Ms. Haider holds a B. Sc. (Econ) International History (Hons) from London School of Economics & Political science, University of London and a M. A. in Art History and Archeology from the School of Oriental and African Studies, University of London. She is also a qualified PRINCE 2 Practitioner and MSP Practitioner.



**Mr. Mohammad Imdadul Islam**

Managing Director & CEO (C.C.)

Mr. Mohammad Imdadul Islam joined in GSP Finance Company (Bangladesh) Limited as Additional Managing Director on November 11, 2019.

A post-graduate in Management from the University of Dhaka, Mr. Islam has been in the banking industry for over 28 years, a career that began in May 1991 with the then Arab Bangladesh Bank Limited as Probationary Officer (5<sup>th</sup> Batch). During his banking career, Mr. Islam managed a number of functional areas covering Business (Corporate, SME and Retail), Risk, Operations, Credit Administration, General Banking, CBS Project implementation, Alternate Delivery Channel etc.

Prior to this assignment, Mr. Islam was the Senior Executive Vice President & Head of Retail, SME and Other Business Division of Meghna Bank Limited, where he joined in March 2013. He was the founding team member of Meghna Bank and established various business units. He also discharged various important responsibilities at Meghna Bank including that of CAMLCO. He also worked with ONE Bank Ltd., Dhaka Bank Ltd., Standard Chartered Bank, and Credit Agricole Indosuez in various responsibilities. He led the Core Banking Solution (CBS) Project - "PROJECT TURBO" of Dhaka Bank Ltd. and was also actively involved in the CBS Projects of ONE Bank Ltd. and Meghna Bank Ltd. Retail Banking Business got tremendous momentum under his leadership during his tenure with Dhaka Bank and ONE Bank.

He attended various training programs, workshops and seminars at home and abroad.

## COMMITTEES OF THE BOARD & MANAGEMENT

### Executive Committee

#### **Chairman**

Mr. Moin U. Haider

#### **Members**

Mr. Feroz U. Haider  
Mr. Saber Hossain Chowdhury  
Mr. Mohamed Abdul Jalil

### Audit Committee

#### **Chairman**

Mr. Wajid Ali Khan Panni

#### **Members**

Mr. Saber Hossain Chowdhury  
Dr. ATM Shamsul Huda  
Mr. Mohamed Abdul Jalil  
Mr. Moin U. Haider

### Management Committee (MANCOM)

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Mizanur Rahman  
Mr. Syed Sharif Zamal  
Mr. Asif Rahman  
Ms. Zeenat Alam  
Mr. Shazzad Hossain  
Mr. Wahidul Islam

### Asset-Liability Management Committee (ALCO)

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Mizanur Rahman  
Mr. Asif Rahman  
Mr. Shazzad Hossain  
Mr. Wahidul Islam

### Anti Money Laundering Compliance Committee

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Mizanur Rahman  
Mr. Shazzad Hossain  
Mr. Wahidul Islam  
Mr. Saiful Islam

### Credit Committee

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Syed Sharif Zamal  
Mr. Asif Rahman  
Ms. Zeenat Alam  
Mr. Nazmol Hossain

### BASEL Implementation Committee

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Mizanur Rahman  
Mr. Syed Sharif Zamal  
Mr. Asif Rahman  
Mr. Wahidul Islam

### Risk Management Forum

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Mizanur Rahman  
Mr. Syed Sharif Zamal  
Mr. Wahidul Islam  
Mr. Nazmol Hossain

### Integrity Committee

#### **Chairman**

Mr. Mohammad Imdadul Islam

#### **Members**

Mr. Mizanur Rahman  
Mr. Asif Rahman  
Mr. Wahidul Islam  
Mr. Ramzan Hossain

## CAPITAL AND SHAREHOLDING STRUCTURE

### Share Capital

Authorized share capital

200,000,000 ordinary shares of Tk. 10 each

Issued, Subscribed and Paid up Capital

129,221,378 ordinary shares of Tk. 10 each

Amount in Taka	
2019	2018

2,000,000,000 2,000,000,000

1,292,213,780 1,292,213,780

### Sponsors/Directors:

% of share  
holding  
2019

Amount in Taka	
2019	2018

#### A. Foreign

##### Institution:

Tai Ping Asian Investment Limited

10.42%

134,589,320

134,589,320

##### Individual:

Mr. Wolf - Peter Berthold

3.59%

46,339,260

46,339,260

Sub Total

14.01%

180,928,580

180,928,580

#### B. Domestic

##### Institution:

Karnaphuli Industries Limited

9.07%

117,218,610

117,218,610

##### Individuals:

Mr. Feroz U. Haider

8.07%

104,241,540

104,241,540

Mr. Moin U. Haider

2.00%

25,844,280

25,844,280

Ms. Silwat A. Haider

2.00%

25,844,320

25,844,320

AVM (Retd.) Altaf Hossain Choudhury Ndu. Psc

0.36%

4,675,720

4,675,720

Sub Total

21.50%

277,824,470

277,824,470

#### C. General Shareholders

64.49%

833,460,730

833,460,730

Total (A+B+C)

100.00%

1,292,213,780

1,292,213,780



## Message from The Chairman

Bismillahir Rahmanir Rahim

### Distinguished Shareholders:

Assalamu Alaikum,

It gives me immense pleasure to welcome you all at the 25<sup>th</sup> Annual General Meeting of GSP Finance Company (Bangladesh) Limited. On behalf of the Board of Directors, I would like to express my sincere thanks to the respected shareholders for their support and co-operation towards the Company during the year and I also extend my thanks to the honorable members of the Board of Directors for their presence, active support and co-operation for the growth of the company.

GSP Finance Company (Bangladesh) Limited has a long successful history of professionalism & high standard of business ethics which is based on a well developed culture of accountability, transparency, fairness and good governance. Our company has been able to build resilience power to overcome any kind of stress emanating from external & internal factors.

Good governance and sound ethical practices are strongly ingrained in our culture. GSPB maintain zero tolerance on integrity issues. We have a very strong, experienced and diverse Board with a good balance of skills and competence.

GSP Finance Company (Bangladesh) Limited maintains fair, transparent and sound management. It has well designed management structure having professional experience and relevant training with clearly defined roles for different departments and delegation of authority at different levels.

The economy of Bangladesh is a developing market economy. It's the 39<sup>th</sup> largest in the world in nominal terms and 29<sup>th</sup> largest by purchasing power parity. It is classified among the next eleven emerging market middle income economies and a frontier market. In the first quarter of 2019, Bangladesh's was the world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth.

The banking sector is the key player of the economic activities of any countries. Banking sector has already been suffering heavily due to NPLs and unfortunately the outbreak may increase the level of NPLs in coming days.

Bangladesh money market has been volatile due to the deepening problems in the banking sector. Liquidity crisis, non-performing loans, growing gap between lending and deposit growth, widening current account deficit, a distortion in the interest rate market and a lack of skilled manpower. Upward pressure on USD has also led to a critical scenario for retaining strong liquidity of BDT. Bangladesh Bank has been more protective in bringing back stability in the banking sector. Towards the end of 2018 the liquidity situation of the majority of the banks started to deteriorate, which continue to affect the beginning of the year 2019.

In the year 2019 the entire financial sector especially NBFIs passed a difficult time with severe liquidity crunch, non-renewal of existing and new credit facilities by the banks, huge FDR encashment pressure from depositors and non-payment of installments by the borrowers on time etc. In addition, non-performing loans in the financial sector was increasing at a rapid pace, which adversely impacted the overall profitability of the industry.

The year 2019 has been a difficult year, but the performance of the company was satisfactory. In the year consolidated net profit after tax and provision stood at Tk. 188 million with earnings per share BDT 1.46. Deposits and Advances of the company stood at Tk. 2,810 million & Tk. 7,854 million as at 31st December 2019 respectively. I firmly believe that we shall be able to meet all the present & future challenges, more courageously and manage the situation in a better way.

We understand that the year 2020 will be a hard year for FIs. The key challenging factor will be to compete with Banks in securing deposits and lending at comparative rates. As FI, depositors expect higher rate of interest on deposits but while borrowing from FIs, customers demand parallel rate with Banks which is a difficult phenomenon for FIs to provide due to high cost of fund of most of the FIs. Despite that we are to survive by rendering better & quick services to our customers, both depositors & borrowers, and by harnessing new sources of fund and managing it in a judicious manner.

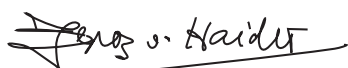
Recent Corona Pandemic has shaken the world economy which would also have negative impact on our country's overall economic growth. Many valuable lives were lost and numerous people are affected by Corona Virus attack. We pray for the eternal peace of those departed souls, early recovery of the affected people, and also pray for early disappearance of the pandemic.

GSP Finance Company (Bangladesh) Limited continuously reviews its human resource policies and implements effective management policies and practices to enhance the productivity of the employees by promoting the sense of belongingness. We believe that our human resources are our great assets in terms of their experience and professional expertise. Considering this, we provide them with adequate training and implement programs to develop and retain them.

I would like to express my sincere thanks to the Government of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and all other regulatory authorities for their continued guidelines, co-operation and positive outlook towards running the company steadfastly.

I would once again like to express my deep appreciation to my colleagues in the Board and members of the staff for their co-operation and commitment to render their level best for our stakeholders. I also extend my heartfelt thanks to our shareholders for the trust reposed in the Board of Directors of GSP Finance Company (Bangladesh) Limited.

May the Almighty Allah bless us all.



**Feroz U. Haider**  
Chairman



# Message

from The Managing Director & CEO

Bismillahir Rahmanir Rahim

**Dear Shareholders:**

Assalamu Alaikum,

The Year 2019 was a challenging year due to instability in the financial industry, policy uncertainties and visible slowdown in the economic arena of Bangladesh. Despite overall economic scenario, GSP Finance Company (Bangladesh) Limited has been able to achieve a good financial result.

Bangladesh was one of the fastest growing economies of the world with a commendable growth rate of 8.15% during FY 2018-2019 and is marching forward to become a middle-income country. Upgrading from LDC status implies that Bangladesh's per capita gross national income, human capital, and resilience to economic shocks are strong enough to facilitate sustainable economic development. In June 2019, Bangladesh's per capita income stood at \$ 1,909 compared to \$ 1,675 in June 2018.

However, from the beginning of the FY 2019- 20, the economy started facing various challenges. During the first half of the FY 2019-20 (July-December 2019), most of the indicators of the economy deteriorated. The country gradually entered the phase of economic slowdown. Tax revenue collection by Government fell behind the target. To meet up revenue deficit, the government had to borrow heavily from the banking sector. The chronic problem of default loans in banking sector kept mounting.

Liquidity crisis in the entire financial sector contributed to the deceleration of growth in respect to fund mobilization, loan disbursement and profitability. Overall reduction in loan recovery has significantly affected the liquidity position of entire financial industry. Moreover, financial scams of some Banks & NBFIs influenced significantly towards liquidity crunch.

The economic slowdown prevented large corporate business houses to perform according to their planned financials resulting in slow repayment of loans. As a consequence, non-performing loans (NPL) of the entire financial sector has increased. NPL ratio of GSP Finance Company (Bangladesh) Limited has also been affected due to slow repayment by a few large corporate clients.

Loan monitoring and recovery were streamlined to regularize and reduce non-performing loans. Growth in Net Interest Income of GSPB was restricted due to narrow spread, with deposit rates consistently rising till the third quarter of 2019.

Year 2020 will be another challenging year for the entire financial sector. Two pillars of Bangladesh economy – inward remittances by non-resident Bangladeshis & wage earners and readymade garments exports – may take inevitable hit. Already, there have been order cancellations of RMG exporters which may result in loan defaults and will have chain effect. Therefore, overall scenario will be very challenging for the financial sector. However, we are confident to overcome this adverse situation with our strong capital base and operational efficiency.

GSP Finance Company (Bangladesh) Limited is committed to cater the financial requirements of its valued clients with utmost professionalism and maintaining high level ethical standard while generating sustainable revenue and benefits for our shareholders. Our Annual Report reflects transparency for our shareholders in particular and for public in general.

GSP Finance Company (Bangladesh) Limited will continue to maintain higher ethical standard, corporate governance, statutory compliance etc. in order to honour the trust of our various stakeholders with our all out efforts and dedications.

Management's discussion & analysis of the financials have been presented on page no. 56 in this Annual Report as per clause no. 1(5) (xxv) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

I would like to express my appreciation to all the Honourable Members of the Board of Directors of GSP Finance Company (Bangladesh) Limited who have always extended their valuable guidance and strategic advices for the growth of a company.

On behalf of the Management of the Company, I also express my gratitude to all of our honorable Shareholders and valued Customers who continue to put their trust in GSP Finance Company (Bangladesh) Limited. We would like to assure that our resilience and endurance will be able to overcome the challenging economic condition of the Year 2020 and create value for all our stakeholders.

Finally, I sincerely thank the Regulatory Authorities including Bangladesh Bank, BSEC, NBR, DSE, CSE, RJSC, our Auditors for their continued support, guidance, advice/co-operation.

Sincere thanks & best regards.



**Mohammad Imdadul Islam**  
Managing Director & CEO (CC)

# Directors' Report

Bismillahir Rahmanir Rahim

**Dear Shareholders,**

Assalamu Alaikum,

On behalf of the Board of Directors of GSP Finance Company (Bangladesh) Limited, I am pleased to present the Annual Report and the Audited Financial Statements of the Company for the year ended December 31, 2019 together with the Auditors' Report thereon for consideration and approval of our honorable shareholders. This report has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification of 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the guidelines issued by Bangladesh Bank and other regulatory authorities.

Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and good governance practices. We believe that it is comprehensive enough to understand the operational procedures and overall performance of the company at a glance during the year under reporting.

## PRINCIPAL ACTIVITIES OF THE COMPANY

The Principal Activities of GSP Finance Company (Bangladesh) Limited are:

- Lease Finance
- Term Finance
- Working Capital Finance
- Syndication Finance
- Bridge / Equity Finance
- SME Finance
- Term Deposit

## OPERATIONAL PERFORMANCE OF THE COMPANY

2019 was a year of challenge for the financial sector of the country as well as for GSP Finance Company (Bangladesh) Limited. As the entire financial sector especially NBFIs are facing prolonged severe liquidity crunch, non-renewal of existing and new credit facilities, by the banks, huge FDR encashment pressure from depositors and non-payment of installments by our borrowers on time etc. have created tremendous pressure on our fund position. Our Company met the challenges through focused marketing plan, diversified products and services, taking steps towards adopting a fully automated and modern system, improving the asset quality by strengthening the recovery of non-performing assets, emphasis on human resources development program to upgrade the skill and knowledge of our personnel.

## FINANCING AND INVESTMENT OPERATION OF THE COMPANY

GSP Finance Company (Bangladesh) Limited pursues a conservative approach while making any investment decision. As a reflection of its corporate vision, the company always prefers the segmented business proposition which includes corporate and institutional clients and SME. Keeping this in mind, GSP Finance Company (Bangladesh) Limited is offering tailored financial products for the growth of various sectors of the economy.

**Lease Finance:** Lease financing is one of the major fund based activities of GSP Finance Company (Bangladesh) Limited. The Company offers fully payout financial lease for procuring capital machinery, equipment, vehicles & riverine transport. GSP Finance Company (Bangladesh) Limited provides services to customers of different segments. Through a prudent business model the company has diversified its business in other business segments in the year 2019. The investment under lease finance registered a negative growth of (6.06) % of the Company with exposure of Tk. 1,500.74 million at the end of 2019 as opposed to Tk. 1,597.59 million for the previous year.

**Term Finance:** Term finance continued to be a core product of GSP Finance Company (Bangladesh) Limited. Long-term finance is available for commercial, industrial, SME sectors for a period ranging from 12 to 60 months depending on the nature of business and need. To provide liquidity comfort to corporate houses in emergency situation, the short-term finance is made under the different categories i.e. direct finance for working capital, work order finance, bridge finance, finance against term deposits etc. As pointed out by the Bangladesh Bank, term finance by FIs are the alternate source of capital financing for the industrial growth in the country. The Company's investment under term finance registered a negative growth of (0.13) % in 2019 which stood at TK. 5,748.88 million at the end of 2019 as opposed to Tk 5,756.42 million of the previous year due to recovery and pre-payment of loans by customers who got low interest bearing loans from Banks as they reduced interest rates on investment as per Govt. policy for lending at single digit.

**Fund Arrangement/Syndication:** GSP Finance Company (Bangladesh) Limited actively participated as a co- financier in various large syndication loans in order to diversify its portfolio and reduce risks. The total commitments of the company in syndications and structured finance arrangements stood at Tk. 553.41 million as at December 31, 2019.

#### CAPITAL MARKET OPERATION OF THE COMPANY

GSP Finance Company (Bangladesh) Limited operates in the Capital market through its Subsidiary Company GSP Investments Limited.

**Investment in Share and Securities:** GSP Finance Company (Bangladesh) Limited maintains its own portfolio for investment in listed companies shares and securities as well as pre IPO & IPO placement. The risk of investment is minimized through diversification and investing mostly in fundamentally strong securities. In 2019, the Company earned Tk. 41.43 million in the form of capital gain and dividend.

**Banking Arrangement:** In 2019 the Company secured Tk. 547.43 million from banks against different form of borrowings to finance our operations and repaid Tk. 826.19 million as per terms and conditions of contracts. During the year, the cost of borrowing increased significantly due to adverse market conditions.

**Deposit Mobilization:** GSP Finance Company (Bangladesh) Limited mobilizes term deposits from corporate and individuals through its wide range of deposit schemes with different maturity options, monthly/quarterly/half-yearly/yearly income options, double money options, monthly saving options etc. The deposit base of the Company registered a negative growth and stood at Tk. 2,809.99 million as on December 31, 2019 as opposed to Tk. 3,113.84 million of December 31, 2018 due to withdrawal of corporate deposits as they were offered higher rates by some financial institutions those were in dire need of funds.

**Money Market Operations:** As a Financial Institution GSP Finance Company (Bangladesh) Limited actively participates in the money market on a regular basis and has been dealing with both borrowing and lending activities with different banks/financial institutions to manage its treasury function in a prudent way to augment its earnings. GSP Finance Company (Bangladesh) Limited also maintains a very high standard of commitment in money market operations and has built up a strong reputation for itself in the money market.

**KEY OPERATIONAL AND FINANCIAL INFORMATION:** Key operational and financial information over the last five years of the Company has been presented on page no 59 in this Annual Report as per clause no.1 (5) (xix) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

#### MANAGEMENT'S DISCUSSION & ANALYSIS

A Management's discussion & analysis of the financials have been highlighted on page no 56 in this Annual Report as per clause no. 1(5) (xxv) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

#### RISK MANAGEMENT

Risk and uncertainties are essential elements of the financing business. To mitigate and manage these risks, GSP Finance Company (Bangladesh) Limited has different committees namely, Credit Committee (CC), Asset and Liability Committee (ALCO), Risk Management Committee, Management Committee and Audit Committee. The Committees regularly meet to review the market, credit and liquidity risk related factors and recommend and implement suitable measures to counter these risks. Appropriate and effective internal control systems are also in place to address operational risks. Credit Risk Department of GSP Finance Company (Bangladesh) Limited also assists the management in building a quality credit portfolio. The Company has also taken steps to further strengthen its Internal Control and Compliance function.

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

GSP Finance Company (Bangladesh) Limited has a commitment towards all stakeholders to engage in ethical practices. As a leading financial institution, we recognize our responsibilities towards the society and participate actively in CSR activities including promotion of staff welfare activities.

#### ENVIRONMENTAL ISSUES

GSP Finance Company (Bangladesh) Limited is very concerned in the matter of environmental issues and accordingly it continuously reviews the environment related issues of our clients. It ensures that the clearance certificate from the regulators have been obtained at the time of providing lease or loan facilities wherever necessary. We are equally concerned about maintaining good environment in the office and for augmentation of this we have installed solar panel at our premises as a source of alternate energy for providing power to our office.

#### HUMAN RESOURCES OF THE COMPANY

GSP Finance Company (Bangladesh) Limited continuously reviews its human resource policies and implements effective management policies and practices to enrich its employees. We believe that our human resources possess competitive advantage in terms of their experience and professional expertise. Considering this, we strive to recruit the best suited persons for the right positions, provide them with adequate training and implement programs to develop and retain them. GSP Finance Company (Bangladesh) Limited carefully looks into the motivational aspects, health and safety of its employees. Capacity building activities are being encouraged and promoted by the Company all the year round

#### CORPORATE AND FINANCIAL REPORTING FRAME WORK

The Directors of GSP Finance Company (Bangladesh) Limited, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/ 80 dated June 3, 2018, confirms compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of GSP Finance Company (Bangladesh) Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been consistently applied in preparation of the financial statements and any departure there from has been adequately disclosed;
- Internal control process have been properly designed and effectively implemented and monitored
- There is no significant doubt upon the Company's ability to continue as a going concern.

#### CEO AND CFO'S DECLARATION CERTIFICATE

The CEO and CFO's declaration to the Board is appended on page no 29 in this Annual Report as per clause no. 1(5) (xxvi) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

#### THE PATTERN OF SHAREHOLDINGS

The Authorized Capital of GSP Finance Company (Bangladesh) Limited is Tk. 2,000,000,000 divided into 200,000,000 ordinary shares of Tk. 10 each. The present paid-up Capital of the Company is Tk. 1,292,213,780 divided into 129,221,378 ordinary shares of Tk. 10 each. The shareholding pattern of the Company as at December 31, 2019 is shown on page 15 in this Annual Report as per clause no. 1(5) (xxiii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

#### BOARD MEETING ATTENDANCE AND REMUNERATION OF DIRECTORS

During the year ended on December 31, 2019 a total number of 07 Board Meetings were held and attendance of directors are presented on page 43 and their remuneration paid during the year are given in Notes- 31 in this Annual Report as per clause no.1(5)(xxii) & 1(5)(x) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

#### RELATED PARTY TRANSACTIONS

In the ordinary course of business a number of transactions with other entities that fall within the definition of related party contained in BAS 24: Related party disclosures; The Company extends leases/loans to related parties including its Directors and related Companies. A statement of related party transactions along with their basis has been presented on page 109 in this Annual Report as per clause no.1(5)(vi) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

#### COMPLIANCE REPORT ON CORPORATE GOVERNANCE CODE

Status of the compliance of conditions of Corporate Governance Code imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, along with a certificate from a practicing Chartered Accountant has been enclosed in Annexure - B on page 30 in this Annual Report.

We also enclose a statement of compliance on the good governance guidelines issued by the Bangladesh Bank as Annexure III on page no. 45 in this Annual Report.

#### FINANCIAL RESULT AND PROPOSED APPROPRIATION

The financial results of the Company and the proposed appropriation of profit of the year 2019 are summarized below with explanations in the enclosed audited Financial Statements:

Profit after tax	Tk. 177,970,719
Retained earnings brought forward	Tk. 2,635,537
Transfer to Statutory Reserve (20% on profit after tax)	Tk. (35,594,144)
Transfer to WPPF @ 5%	Tk. (7,350,606)
Profit available for declaration of Dividend for the year 2019	Tk. 139,661,506

### DIVIDEND

The Board of Directors of the Company has recommended 10.50% dividend (6% cash dividend i.e. Tk.0.60 per share and 4.50% stock dividend i.e. 4.50 bonus shares for every 100 shares) for the year ended December 31, 2019 subject to approval of Bangladesh Bank and its shareholders in this AGM.

### INTERIM DIVIDEND

No bonus share of stock dividend has been or shall be declared as interim dividend.

### DIRECTORS RESUME AND LINE OF EXPERTISE

A brief resume of Directors are appended in page no 10 to 13 in this Annual Report which includes his/her nature of expertise and qualifications.

### FORMATION OF SUBSIDIARY FOR MERCHANT BANKING ACTIVITIES

Pursuant to the requirement of Bangladesh Securities and Exchange Commission, GSP Finance Company (Bangladesh) Limited formed a subsidiary in the name and style "GSP Investments Limited" with a view to separate its Merchant Banking operation which was approved by Bangladesh Securities and Exchange Commission vide their letter no. SEC/Reg./MB/SUB-16/2011/113 dated August 14, 2014.

### The Principal Activities of GSP Investments Limited are:

- Issue Management
- Underwriting
- Portfolio Management
- Securities Trading Services
- Margin Loan

### DIRECTORS RETIREMENT AND REAPPOINTMENT

In accordance with the section no. 91 (2) of the Companies Act 194 and Article no.116 of the Article of Association of the Company one third (1/3) directors are to retire from the Board of Directors and accordingly (1) Mr. Moin U. Haider and (2) Mr. Mohamed Abdul Jalil Director of the Company will retire and being eligible, all of them offered themselves for re-election.

### APPOINTMENT OF AUDITORS

The Company's Auditors Zoha Zaman Kabir Rashid & Co. Chartered Accountants, having address at Rupayan Karim Tower, Level- 7, Suite # 7A, 80, Kakrail, Dhaka- 1000, Bangladesh worked as Statutory Auditors of the Company for the year 2019 with a fee of Tk. 170,000/- plus VAT @ 15% only and they will retire in the 25<sup>th</sup> Annual General Meeting of the Shareholders of the Company. As per DFIM Circular no. 04 dated April 30, 2015 of Bangladesh Bank, Zoha Zaman Kabir Rashid & Co. Chartered Accountants may continue as Statutory Auditors for a further period of 1 (one) year as agreed from time to time by the Shareholders in the Annual General Meeting. In this respect Zoha Zaman Kabir Rashid & Co. Chartered Accountants has also shown their willingness to act as Auditor vide their letter dated July 27, 2020 for the year 2020, at the same fee subject to approval of Bangladesh Bank before holding the AGM.

In order to comply with the condition No. 9 of "Corporate Governance Code" the Malek Siddique Wali Chartered Accountants having address at 9-G, Motijheel C/A, Dhaka-1000 worked as Compliance Auditors on BSEC Corporate Governance Code of the Company for the year 2019 with a fee of Tk.30,000/- plus VAT @ 15% only and they will retire in the 25th Annual General Meeting of the Shareholders of the Company.

As per condition No. 9 of "Corporate Governance Code" issued by Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, Malek Siddique Wali Chartered Accountants may continue as Compliance Auditors for a further period of 1 (one) year as agreed from time to time by the Shareholders in the Annual General Meeting.

In this respect Malek Siddique Wali Chartered Accountants has also shown their willingness to act as Compliance Auditor vide their letter dated July 29, 2020 for the year 2020 at the same fee which will be approved by the shareholders in the Annual General Meeting (AGM).

#### ECONOMIC AND INDUSTRY OUTLOOK

Bangladesh Economy has observed a positive outlook in recent years. GDP growth, inflation rate, employment rate, remittance inflow and most other key macroeconomic indicators were supportive towards achieving a sustainable economic growth. Aided to this growth are also the development projects particularly the large infrastructure projects in hand that are showing the path of transformation of Bangladesh to be settled as a middle-income country before the expected span of time.

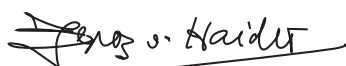
Financial Industry was catering a key role towards the above achievement, however, in the year 2019, the situation was quite challenging for NBFIs in terms of deposit mobilization and credit growth. Public confidence slumped due to different financial scams and exposure of very poor performance by few NBFIs. Resulting affect is expected to continue in 2020 which shall impact largely on the deposit mobilization and credit growth of NBFIs.

#### ACKNOWLEDGEMENT

On behalf of the Board of Directors I would like to express my sincere thanks to our valued shareholders, regulatory authorities like Bangladesh Bank, Bangladesh Securities and Exchange Commission, Stock Exchanges, RJSC and other business associates for their guidance valuable suggestions, continuous support and co-operation extended during the period under review. I would like to thank our auditor Zoha Zaman Kabir Rashid & Co. Chartered Accountants for their efforts in timely completion of the audit. I also thank our dedicated management team and employees whose hard work and firm commitment made the year a successful one. We hope to get support, advice and encouragement from all of you for our continuous and unhindered growth.

May Allah be with us throughout our journey.

On behalf of the Board of Directors



Feroz U. Haider  
Chairman

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee as a sub-committee of the Board of Directors of the Company and the Audit Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of the affairs of the Company and in ensuring a good monitoring system within the business.

### Composition of the Committee

All the members of the Audit Committee are Non-executive Directors. The committee has five members with three members forming a quorum. The Chairman of the committee is an Independent Director of the Company. During the year the Audit Committee comprised of the following Directors of the Board:

Sl	Name of members	Position in the committee	Position in the Board
1	Mr. Wajid Ali Khan Panni	Chairman	Independent Director
2	Mr. Saber Hossain Chowdhury	Member	Vice Chairman and Director
3	Dr. ATM Shamsul Huda	Member	Vice Chairman and Director
4	Mr. Mohamed Abdul Jalil	Member	Director
5	Mr. Moin U. Haider	Member	Director

### Scope of work of the Audit Committee

The scope of the Audit Committee of GSP Finance Company (Bangladesh) Limited is determined by its Terms of Reference (ToR) which, in turn, are shaped by directives from its principal regulators, Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC). These include, but are not limited to, exercising oversight over:

- The internal control system of the company
- Financial reporting
- The Internal Control and Compliance department
- Compliance with regulatory requirements

The Committee is authorized to investigate any matter within its terms of reference, access all documents and information of the company, seek information from any director or employee of the company and co-opt any resource (including external professional assistance) it sees fit in order to fulfill its duties. However, the committee has no executive function and its primary objective is to review and challenge, rather than assume responsibility for any matters within its remit.

### Meetings of the Audit Committee

The Committee held on four meetings during the year 2019. The Managing Director, Chief Financial Officer and Head of Internal Control & Compliance attend the committee meetings by invitation. The Company Secretary functions as the Secretary of the committee. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors.

### Activities of the Audit Committee

The Audit Committee carried out the following activities during the year 2019

- The Audit Committee reviewed the annual financial statements for the year 2019 and placed its recommendations to the Board of Directors.
- Reviewed with the external auditors and management prior to finalization of financial statements for the year ended December 31, 2019 as per clause no.2 (kha -2) of circular number 13, dated October 26, 2011 issued by Department of Financial Institutions and Markets (DFIM), Bangladesh Bank.

- Reviewed the financial statements of GSP Finance Company (Bangladesh) Limited for the year ended December 31, 2019 as per clause no. 5.5 (f) of Corporate Governance Code (CGC) issued by Bangladesh Securities and Exchange Commission dated June 03, 2018.
- Recommended to the Board for appointment of external auditors for the year 2020.
- Reviewed the effectiveness and independence for the external auditors.
- Reviewed report of the audit committee for 2019 prior to its publication in the annual report 2019.
- Reviewed Internal Control & Compliance report of 2019.
- Reviewed and approved annual audit plan for the year 2019.
- Reviewed the quarterly and half yearly un-audited financial statements of GSP Finance Company (Bangladesh) Limited and its subsidiaries as per clause no. 5.5 (g) of Corporate Governance Code (CGC) issued by Bangladesh Securities and Exchange Commission, dated June 03, 2018.
- Reviewed the scope of work and terms of reference (ToR) for appointment of external audit firm for carrying out Information Systems Audit and Vulnerability Assessment of GSP Finance Company (Bangladesh) Limited.
- Reviewed the compliance status of management letter issued by Zoha Zaman Kabir Rashid & Co. Chartered Accountants, external auditors of the company, based on their annual audit of financial statements of GSP Finance Company (Bangladesh) Limited for the year ended December 31, 2019.

#### Acknowledgement

The Board Audit Committee would like to express their thanks to the Members of the Board Audit Committee, management, auditors and all employees for their dedication and efforts during the year 2019.

On behalf of the Audit Committee



**Wajid Ali Khan Panni**  
Chairman, Audit Committee

## GSP Finance Company (Bangladesh) Limited Declaration by CEO and CFO

Date: August 12, 2020

The Board of Directors  
GSP Finance Company (Bangladesh) Limited  
1, Paribagh, Mymensingh Road,  
Dhaka-1000

Subject: Declaration on Financial Statements for the year ended on December 31, 2019

Dear Sir,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of GSP Finance Company (Bangladesh) Limited for the year ended on December 31, 2019 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;
- (2) 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;
- ((3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) 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 Company's ability to continue as a going concern.

In this regard, we also certify that:-


(i) We have reviewed the financial statements for the year ended on December 31, 2019 and that to the best of our knowledge and belief:

- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

  
Mohammad Imdadul Islam  
Managing Director & CEO (C.C.)

  
Md. Wahidul Islam  
Chief Financial Officer (C.C.)



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস  
৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

9-G, Motijheel C/A, 2nd Floor, Dhaka-1000, Bangladesh.

Extension Office: Property Heights, 1st Floor

12, RK Mission Road, Dhaka - 1000.

PHONE: 9513471, 9569867

PABX: 9576118-9, 9576128

FAX: +88029516236

Email: wali@satcombd.com

Web: www.msw-bd.com

Annexure-B

[Certificate as per condition No. 1(5)(xxviii)]

### Report to the Shareholders of GSP Finance Company (Bangladesh) Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **GSP Finance Company (Bangladesh) Limited** for the year ended December 31, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is satisfactory.

Place: Dhaka

Date: August 10, 2020

**Malek Siddiqui Wali**

Chartered Accountants

**Md. Waliullah, FCA**  
Managing Partner

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE CODE BY BSEC

### Status of Compliance with the Corporate Governance Code (CGC) as on December 31, 2019

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006 158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

#### (Report under Condition No. 9)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
<b>1</b>	<b>Size of the Board of Directors:</b>			
1(1)	The total number of members of the company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty);	√		Annexure-C The number of Board members of the Company is 9 (nine) including 2 (two) Independent Directors.
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one-fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of Independent Director(s);	√		
1(2)(b)	Criteria of "Independent Director"			
1(2)(b) (i)	who either does not hold share in the company or holds less than one (1%) shares of the total paid up shares of the company	√		
1(2)(b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years	√		
1(2)(b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary / associated companies;	√		
1(2)(b) (v)	Who is not a member or TREC holder, director or officer of any stock exchange;	√		
1(2)(b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this code;	√		
1(2)(b) (viii)	who shall not be an independent director in more than 5 (five) listed companies;	√		
1(2)(b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI); and	√		
1(2)(b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
1(2)(c)	Independent Director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1(3)(b)(i)	Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b)(iii)	Former official of government in the position not below 5th Grade of the national pay scale and educational background of bachelor degree in economics or commerce or business or law; or	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; or	√		
1(3)(c)	The independent director must have at least 10 (ten) years of in any field mentioned in clause (b);	√		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			No such deviation occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and / or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and / or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and / or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	<b>The Directors' Report to Shareholders</b>			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1(5)(i)	Industry outlook and possible future developments in the industry;	√		
1(5)(ii)	Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			Not applicable
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss)			Not applicable
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			Not applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Not applicable
1(5)(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not applicable
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of accounts of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		Not applicable, as the company declared 10.50% dividend ( 6% cash dividend i.e. Tk. 0.60 per share and 4.50% stock dividend i.e. 4.50 bonus shares for every 100 shares) for the year ended December 31,2019
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1(5)(xxiii)	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-</b>			
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)	<b>In case of the appointment / re-appointment of a director the company shall disclose the following information to the shareholders:-</b>			
1(5)(xxiv)(a)	A brief resume of the director;	√		Information regarding the Directors' are disclosed in brief profile of the Directors' on page no.10 to 13 of this Annual Report
1(5)(xxiv)(b)	Nature of his / her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1(5)(xxv)	<b>Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements</b>			
1(5)(xxv) (a)	Accounting policies and estimation for preparation of financial statements	√		Refer to the Financial Capital: Analysis with the Management Committee on page no. 56 of this Annual Report
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly page no. 81- 86 of this Annual Report describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
1(5)(xxv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		
1(5)(xxv) (e)	Briefly explain the financial and economic scenario of the country and the globe			
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code.;	√		
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			Reference to the Corporate Governance Report on page no. 30 of this Annual Report.
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency			Reference to the Corporate Governance Report on page no. 30 of this Annual Report.
2	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
2(b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	√		
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC	√		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	<b>Requirement to attend Board of Directors' Meetings:</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board			
	Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters	√		
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in this Annual Report ;	√		
<b>4</b>	<b>Board of Directors' Committee</b>			
	For ensuring good governance in the company, the Board shall have at least following sub-committees;			
	(i) Audit Committee; and	√		
	(ii) Nomination and Remuneration Committee.			As per Bangladesh Bank guidelines, GSP Finance Company (Bangladesh) Limited being a Financial Institution (FI) can only form two subcommittees of the Board: Audit Committee and Executive Committee. No other subcommittee of the Board is permitted by Bangladesh Bank.  However, to comply with this clause of CGC of BSEC, we have addressed the issue with Bangladesh Bank through Bangladesh Leasing and Finance Companies Association (BLFCA). Till the date of reporting, we have not received any direction in this regard.

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
<b>5</b>	<b>Audit Committee</b>			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee:</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) Independent Director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			No such event occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without Independent Director;	√		
<b>5(3)</b>	<b>Chairman of the Audit Committee</b>			
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM). Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM;	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	√		
	Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must;	√		
5(5)	Role of Audit Committee:			
	The Audit Committee shall : -			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Control Risk management process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in this Annual Report ;	√		
5(5)(j)	review statement of significant related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:  Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:  Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in this Annual Report along with the comments of the Audit Committee.			Not applicable

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
5(6)	Reporting of the Audit Committee:			
5(6) (a)	Reporting to Board of Directors:			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	Report on conflicts of interests;			No such event occurred
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect in the internal control system;			No such event occurred
5(6)(a)(ii)(c)	suspected infringement of laws, including securities related laws, rules and regulations;			No such event occurred
5(6)(a)(ii)(d)	any other matter which shall be disclosed to the Board of Directors immediately;			No such event occurred
5(6)(b)	Reporting to the Authorities:			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any reflection is necessary and if the Audit Committee finds that such reflection has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such event occurred
5(7)	Reporting to the Shareholders and General Investors			
	Report on the activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year , shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC)			As per Bangladesh Bank guidelines, GSP Finance Company (Bangladesh) Limited being a Financial Institution (FI) can only form two subcommittees of the Board: Audit Committee and Executive Committee. No other subcommittee of the Board is permitted by Bangladesh Bank.  However, to comply with this clause of CGC of BSEC, we have addressed the issue with Bangladesh Bank through Bangladesh Leasing and Finance Companies Association (BLFCA). Till the date of reporting, we have not received any direction in this regard.
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and / or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and / or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee.			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;			
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	the proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
<b>7</b>	<b>External or Statutory Auditors</b>			
7(1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	√		
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	any other service that creates conflict of interest.			
7(2)	no partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not complied	
	Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		
7(3)	representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange;	√		
8(2)	The company shall keep the website functional from the date of listing;	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s);	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in this Annual Report .	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		The agenda will be placed in the 25 <sup>th</sup> Annual General Meeting. Refer to the notice of the AGM, on page no. 5 of this Annual Report
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

### Compliance of Section 1(5)(xxii)

Meeting of the Board of Directors and its Sub- Committees held during the year and attendance by each Director:-

Name of Directors	Board of Directors Meeting		Executive Committee Meeting		Audit Committee Meeting	
	Meeting held	Attended	Meeting held	Attended	Meeting held	Attended
Mr. Feroz U. Haider	7	7	3	2	-	-
Mr. Saber Hossain Chowdhury	7	4	3	2	4	2
Dr. ATM Shamsul Huda	7	5	-	-	4	2
Mr. Moin U. Haider	7	4	3	2	4	3
Mr. Wolf-Peter Berthold	7	7	-	-	-	-
Mr. Mohamed Abdul Jalil	7	5	3	2	4	3
Mr. Wajid Ali Khan Panni	7	5			4	2
Ambassador F. A. Shamim Ahmed (Retd.)	7	6	-	-	-	-
Ms. Silwat A. Haider	7	7	-	-	-	-

#### Notes:

- Directors who could not attend the meetings were granted leave of absence by the Board.

## Compliance of Section 1(5)(xxiii)

## THE PATTERN OF SHAREHOLDING:

a) Parent or Subsidiary or Associated Companies and other related party:

Name	Relation	Shares held
Nil		Nil

b) Directors, Chief Executive Officer/Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:

Name	Relation	Shares held (nos.)
Mr. Feroz U. Haider	Chairman & Director	10,424,154
Mr. Saber Hossain Chowdhury	Vice Chairman & Director Representing : Karnaphuli Industries Limited	11,721,861
Dr. ATM Shamsul Huda	Vice Chairman & Director Representing : Tai Ping Asian Investment Limited	13,458,932
Mr. Mohamed Abdul Jalil	Director Representing: Tai Ping Asian Investment Limited	
Mr. Wolf-Peter Berthold	Director	4,633,926
Mr. Moin U. Haider	Director	2,584,428
Ms. Silwat A. Haider	Director	2,584,432
Mr. Wajid Ali Khan Panni	Independent Director	None
Ambassador F.A. Shamim Ahmed (Retd.)	Independent Director	None
Mr. Mohammad Imdadul Islam	Managing Director & CEO (C.C)	None
Mr. Mizanur Rahman	DMD & Company Secretary	None
Mr. Wahidul Islam	Chief Financial Officer (C.C.)	None
Mr. K M Shaimul Islam	Head of Internal Audit and Compliance (C.C.)	None

c) Executives (Top five salaried employees of the Company, other than Directors, CEO, CFO, Company Secretary and Head of Internal Audit Compliance):

Designation	Name	Shares held
Chief Business Officer (CBO)	Mr. Syed Sharif Zamal	None
General Manager (Marketing)	Mr. Asif Rahman	None
Deputy General Manager ( Sales)	Mr. Shazzad Hossain	None
Deputy General Manager ( Marketing)	Ms. Zeenat Alam	None
Assistant General Manager & DCS	Mr. Ramzan Hossain	None

d) Shareholders holding ten percent (10%) or more voting interest in the company:

Name of Shareholder	Percentage	Shares held (nos.)
Tai Ping Asian Investment Limited	10.42%	13,458,932

## Statement of Compliance with Good Governance Guideline issued by the Bangladesh Bank

In terms of DFIM Circular No.7 dated September 25, 2007 of Bangladesh Bank, Financial Institutions are required to comply with the policy on role and responsibility of the Board of Directors, Chairman & Chief Executive Officer. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines and implemented the same.

A status report on compliance with those guidelines is given below:

Sl. No.	Particulars	Compliance Status
1.	<b>(a) Work-planning and strategic management:</b>	
	(i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the Managing Director / CEO and other senior executives and will evaluate half yearly / yearly basis.	Complied
	<b>(b) Formation of sub-committee:</b>	
	Executive Committee may be formed in combination with directors (excluding any alternate Directors) of the Company only for rapid settlement of emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities.	Complied
	<b>(c) Financial Management:</b>	
	(i) Annual Budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget to the maximum extend.	Complied
	(iv) The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures.	Complied

	<b>(d) Management of loan/lease/investments:</b>	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	<b>(e) Risk Management:</b>	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	<b>(f) Internal control and compliance management:-</b>	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
	<b>(g) Human resource management:</b>	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and Director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	<b>h) Appointment of Managing Director / CEO:</b>	
	The Board shall appoint a competent Managing Director / CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	<b>(i) Benefits offer to the Chairman:</b>	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
<b>2.</b>	<b>Responsibilities of the Chairman of the Board of Directors:</b>	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board Meetings shall be signed by the Chairman;	Complied
	(c) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied

3.	<b>Responsibilities of Managing Director:</b>	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied
	(c) All recruitment/promotion/training, except recruitment/promotion/training of DMD / GM, shall be vested upon the Managing Director. He shall act such in accordance with the approved HR policy of the Company;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Managing Director may take disciplinary actions against the employees except DMD / GM;	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no.2 dated 06 January 2009 if so authorized by the Managing Director.	Complied

# DISCLOSURES UNDER PILLAR III- MARKET DISCIPLINE

## A) Scope of application

### Qualitative Disclosures:

- a) The name of the Financial Institutions
  - GSP Finance Company (Bangladesh) Limited
- b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).
  - The GSPB has one wholly owned subsidiary: GSP Investments Limited which is fully consolidated.
- c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.
  - **Not applicable.**

### Quantitative Disclosures:

- d) The aggregate amount of capital deficiencies in subsidiary not included in the consolidation that are deducted and the name(s) of such subsidiary.
  - **Not applicable.**

## B) Capital structure

### Qualitative Disclosures

- a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.
  - **Tier 2 capital includes:**
    - i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
    - ii) Revaluation reserves:
      - 50% Revaluation reserve for fixed assets;
      - 45% Revaluation reserve for securities;
    - iii) All other preference shares.

### Conditions for maintaining regulatory capital:

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

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

### Quantitative Disclosures:

#### b) The amount of Tier 1 capital, with separate disclosure of:

Particulars	Amount in BDT
Paid up capital	1,292,213,780
Non-repayable share premium account	-
Statutory reserve	474,781,602
General reserve	-
Retained earnings	147,012,112
Minority interest in subsidiaries	-
Non-cumulative irredeemable preference shares	-
Dividend equalization account	-
<b>Total Tier 1 capital</b>	<b>1,914,007,494</b>

<b>(c)</b>	<b>The total amount of Tier 2 capital</b>	<b>584,821,326</b>
<b>(d)</b>	<b>Other deductions from capital</b>	<b>-</b>
<b>(e)</b>	<b>Total eligible capital</b>	<b>2,498,828,819</b>

### C) Capital Adequacy

#### Qualitative Disclosures

- (a) A summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.
- Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)  
GSPB has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.
  - Strategy to achieve the required Capital Adequacy:

#### Operational level:

##### Immediate measures:

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

##### Continuous measures:

- Concentrating on SME clients having exposure up to BDT 1 crore as this will carry 75% fixed risk weight (for regular contracts only);
- Financing clients having good credit rating;
- Using benefit of credit risk mitigation by taking eligible financial collaterals against transactions;
- Focusing more on booking high spread earning assets and thus increasing retained earnings.

#### Strategic level:

- Injecting fresh capital by issuing right shares, if required.

	Quantitative Disclosures	Amount in BDT
(b)	Capital requirement for Credit Risk On-Balance Sheet Off-Balance Sheet	10,118,121,083
(c)	Capital requirement for Market Risk	593,893,100
(d)	Capital requirement for Operational Risk	1,576,205,550

#### (e) Total and Tier 1 capital ratio:

- For the consolidated group; and
- For stand alone

Particular	Consolidated	Stand Alone
CAR on Total capital basis (%)	19.90	20.34
CAR on Tier 1 capital basis (%)	15.34	15.58

### D) Credit Risk

#### Qualitative Disclosures

- (a) The general qualitative disclosure requirement with respect to credit risk, including:

- Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

➤ **Description of approaches followed for specific and general allowances and statistical methods;**

Specific and General provisions are maintained according to the relevant Bangladesh Bank guideline. For Example, 0.25% provision is maintained against SME-Standard loan/ lease, 1% provision is maintained against good loans (other than SME-Standard loan/ lease, 5% against SMA loan/ lease, 20% against sub-standard loan/ lease, 50% against doubtful loan/ lease and 100% against bad/loss loan/ lease after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

- Discussion of the FI's credit risk management policy.
- Implementation of various strategies to minimize risk:
- To encounter and mitigate credit risk the following control measures are taken place at GSPB:
- Looking into payment performance of customer before financing;
- Annual review of clients;
- Adequate insurance coverage for funded assets;
- Vigorous monitoring and follow up by Special Assets Management and collection Team;
- Strong follow up of compliance of credit policies by Credit Administration Department;
- Taking collateral and performing valuation and legal vetting on the proposed collateral;
- Seeking legal opinion from internal and external lawyer for any legal issues;
- Maintaining neutrality in politics and following arm's length approach in related party transactions;
- Regular review of market situation and industry exposure;
- Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets

In addition to the industry best practices for assessing, identifying and measuring risks GSPB also considers Guidelines for Managing Core Risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank; vide FID Circular No. 10 dated September 18, 2005 for management of risks.

➤ **Approved Credit Policy by the Board of Directors**

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

➤ **Separate Credit Risk Management (CRM) Department**

An independent Credit Risk Management (CRM) Department is in place, at GSPB, 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. Research team of CRM regularly reviews market situation and exposure of GSPB in various industrial sub-sectors. CRM has been segregated from Credit Administration Department in line with Central Bank's Guidelines. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate security documents are in place before disbursement.

➤ **Special Assets Management and Collection Team**

A strong Law and Recovery Team monitors the performance of the loans & advances, identify early signs of delinquencies in portfolio, and take corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

➤ **Independent Internal Control and Compliances Department (ICC)**

Appropriate internal control measures are in place at GSPB. GSPB has also established Internal Control and Compliances Department (ICC) to ensure, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control and documentation procedures. ICC frames and implements policies to encounter such risks.

➤ **Credit Evaluation**

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 considering the current global financial crisis and its probable impact on the project.

Risk Grading Model (RGM) helps a Financial Institution to understand the various dimensions of risks involved in transactions related to small business clients who are plying their businesses in various geographical locations across the country. GSPB has been developing and managing RGM to promote the safety and soundness of the Company by facilitating informed decision-making. This model measures credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows management and examiners to monitor changes and trends in risk levels. The process also allows the management to manage risk to optimize returns.

To mitigate credit risk, GSPB search for credit report from the Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by CRM and CEC to understand the liability condition and repayment behavior of the client. Depending on the report, banker's opinions are taken from client's banks. Suppliers' and buyers' opinion are taken to understand the market position and reputation of our proposed customers.

#### ➤ **Credit Approval Process**

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system. Depending on the size of the loan, a multilayer approval system is designed. As smaller loans are very frequent and comparatively less risky, lower sanctioning authority is set to improve the turnaround time and associated risk. Bigger loans require more scrutiny as the associated risk is higher. So sanctioning authority is higher as well.

#### ➤ **Credit Quality and Portfolio Diversification**

GSPB believes in diversification in terms of products as well as sectors. To mitigate the Credit Risk, the company diversifies its loan exposure to different sectors confirming the Central Bank's requirements. Threshold limit is set for any sector so that any adverse impact on any industry has minimum effect on GSPB's total return. Central Bank's instructions are strictly followed in determining Single Borrower/Large Loan limit. Significant concentration of credit in terms of groups or geographical location is carefully avoided to minimize risk.

#### ➤ **Early Warning System**

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It enables the company to grow its credit portfolio with ultimate objective to protect the interest of stakeholders.

#### ➤ **NPL Management**

GSPB measures its loan portfolio in terms of payment arrears. The impairment levels on the loans and advances are monitored regularly.

#### **As per FID Circular No.3 dated March 15, 2007:**

1. Loan/Lease, classified as bad/loss and with 100% provision, can only be written-off.
2. Approval from the Board of Directors has to be taken before write-off.
3. The financial institutions should constantly try to recover the loan/lease written-off amount. If legal action has not been taken against the client, legal charges should be placed before the write off.
4. To expedite the legal settlement or collection of the due amount, third party agents can be appointed by the financial institutions.
5. A separate ledger should be maintained for the written off loans/leases and the accumulated written off value should be disclosed separately under the heading of "notes to the account" in the annual report/balance sheet of the financial institutions.
6. Even if the loan/lease has been written off, the client should be classified as defaulter and reported to CIB accordingly.

Detail records for all such write off accounts are meticulously maintained and followed up.

#### ➤ **Counter-party Credit Rating**

GSPB is taking initiatives to rate the Corporate Clients of the company immediately by the External Credit Assessment Institutions (ECAIs)/Rating Agencies duly recognized by the Central Bank.

**Methods used to measure Credit Risk**

As per the directives of Bangladesh Bank, 'The Standardized approach' is applied by the company to measure its Credit Risk.

**Quantitative Disclosures**

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Amount in BDT
Leasing	1,500,741,168
Term finance	3,864,108,639
Margin loan to portfolio investors	1,884,773,562
<b>Total</b>	<b>7,249,623,369</b>

(a) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Area	Amount in BDT
Dhaka	6,871,288,004
Chittagong	378,335,365
<b>Total</b>	<b>7,249,623,369</b>

(b) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Sector	Amount in BDT
Agriculture	39,887,265
Electronics and Electrical Products	-
Food Production and Processing Ind.	420,949,505
Garments and Knitwear	234,403,739
Glass, Glassware and Ceramic Industries	-
Housing	-
Iron, Steel and Engineering	186,299,706
Paper, Printing and Packaging	253,548,780
Pharmaceuticals and Chemicals	443,688,946
Plastic Industry	-
Power & Energy	117,100,209
Telecommunication and IT	138,391,867
Textile	301,922,712
Transport and Aviation	466,922,302
Service	1,192,853,624
Others	3,453,654,714
<b>Total</b>	<b>7,249,623,369</b>

(a) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Amount in BDT
Repayable on demand	-
Up to 1 month	515,448,222
Over 1 month but not more than 3 months	1,089,573,590
Over 3 months but not more than 1 year	807,301,359
Over 1 year but not more than 5 years	4,837,300,198
Over 1 year but not more than 5 years	-
<b>Total</b>	<b>7,249,623,369</b>

**(a) Gross Non Performing Assets ( NPAs)**

Non Performing Assets ( NPAs) to Outstanding Loans & advances Movement of Non Performing Assets (NPAs)

Particulars	Amount in BDT
Sub-standard	-
Doubtful	-
Bad/Loss	1,371,163,478
<b>Total</b>	<b>1,371,163,478</b>

**Movement of specific provisions for NPAs**

Particulars	Amount in BDT
Opening balance	297,761,027
Provisions made during the period	131,032,952
Write-off	-
Write-back of excess provisions	-
Closing balance	428,793,978

**E) Equities: Banking book positions****Qualitative Disclosures**

The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and

➤ **Total equity shares holdings are for capital gain purpose.**

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

- Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and condition of regulatory authority. On the other hand, unquoted share is valued at cost price or book value as per latest audited accounts.

**Quantitative Disclosures**

- b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

Particulars	Cost Price	Market Price
Quoted shares	443,022,383	296,947,138
Unquoted shares	63,053,450	63,053,450

**c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.**

- **Capital Gain on sale of Share BDT 8,698,142**

Particulars	Amount in BDT
Total unrealized gains (losses)	(146,075,245)
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital.	-

- e) Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

- Specific Risk Market value of investment in equities is BDT 29.70crore. Capital Requirement is 10% of the said value which stand to BDT 2.97crore.

- General Risk Market value of investment in equities is BDT 29.70crore. Capital Requirement is 10% of the said value which stand to BDT 2.97crore.

All requirements are 10% of the said value, which stand to BDT 5.94crore.

**F) Interest rate in the banking book****Qualitative Disclosures**

- a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis GSPB measure the Interest Rate Risk by calculation Duration Gap i.e. a positive Duration Gap affect company's profitability adversely with the increment of interest rate and a negative Duration Gap increase the company's profitability with the reduction of interest rate.

#### Quantitative Disclosures

- b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

#### Maturity wise Distribution of Assets-Liabilities

Particulars	1 to 30/31 day (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
1	2	3	4	5	6
A. Total Rate Sensitive Liabilities (A)	58.29	55.84	70.41	82.58	116.28
B. Total Rate Sensitive Assets (B)	37.06	50.01	68.14	82.00	73.88
C. Mismatch	-21.23	-5.83	-2.27	-0.58	-42.39
D. Cumulative Mismatch	-21.23	-27.06	-29.34	-29.92	-72.31
E. Mismatch (%)	-36.43	-10.45	-3.23	-0.71	-36.46

#### Interest Rate Risk - Increase in Interest Rate Amount in crore BDT

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio	0.00	0.00	0.00
Net Interest Income	-1.45	-2.89	-4.34
Revised Regulatory Capital	255.58	254.13	252.69
Risk Weighted Assets	1217.66	1217.66	1217.66
Revised CAR (%)	20.99	20.87	20.75

#### G) Market risk

##### Qualitative Disclosures (a)

##### Views of BOD on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

##### Methods used to measure Market risk

Market Risk is the probability of losing assets in balance sheet and off- balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardized (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately.

##### Market Risk Management system

Policies and processes for mitigating market risk

A Policy for managing Market Risk has been set out by the Board of Directors of the company where clear instructions have been given on Loan Deposit Ratio, Whole Sale Borrowing Guidelines, Medium Term Funding, Maximum Cumulative Outflow, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation / Action Plan etc. Treasury manages the Market Risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following fashion:

##### Interest Risk Management

Treasury Division reviews the risks of changes in income of the Company as a result of movements in market interest rates. In the normal course of business GSPB tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

##### Market analysis

Market analysis over interest rate movements are reviewed by the Treasury of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

**GAP analysis**

ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

**Continuous Monitoring**

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

**Equity Risk Management**

Equity Risk is the risk of loss due to adverse change in market price of equities held by the Company. Equity Risk is managed

**by the following fashion:**

GSPB minimizes the Equity Risks by Portfolio diversification as per investment policy of the company. The entire portfolio is managed by GSPB Investments Limited.

**Quantitative Disclosures (b)****The capital requirements for Market Risk:**

Particular	Amount in crore BDT
Interest rate risk	-
Equity position risk	5.94
Foreign Exchange Position and Commodity risk (if any).	-

**H) Operational Risk:****Qualitative disclosure (a)****Views of Board on system to reduce Operational Risk:**

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to ManCom members as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

**Performance gap of executives and staffs**

GSPB's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the GSPB family. We aim to foster a sense of pride in working for GSPB and to be the employer of choice. As such there exists no performance gap in GSPB.

**Potential external events**

No such potential external event exist to rise operational risk of GSPB at the time of reporting.

**Policies and procedures for mitigating operational risk:**

GSPB has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

**Approach for calculating capital charge for operational risk:**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. GSPB uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

**Quantitative Disclosures (b)****Capital requirement for operational risk:**

Particular	Amount in crore BDT
Capital requirement for operational risk:	15.76

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital

Despite a challenging year, GSP Finance Company (Bangladesh) Limited remains well capitalized, as capital adequacy ratio remains well above the Basel II minimum regulatory capital requirements and GSP Finance Company (Bangladesh) Limited (GSPB)'s CAR reached to 20.34% in 2019 from 20.29% in 2018. At GSPB, Capital Management policy sets out the principles and guidelines for effective and prudent capital planning, usage and management.

Tier I Core Capital of GSPB as at 31 December 2019 were BDT 1,914 million. On solo basis, GSPB's core capital decreased by 2.77% in 2019 compared to that of 2018 because retained earnings reduced of BDT 233 million through cash dividend and by moderate financial performance by means of Net Profit after tax of BDT 178 million.

Tier II Supplementary capital of the company comprises of General Provision for leases and loans and assets revaluation reserve as a part of Tier II capital. Supplementary capital of the GSPB decreased by 0.38% in 2019 to BDT 585 million from BDT 587 million of 2018.

GSPB's total eligible capital decreased by 2.22% to BDT 2,499 million in 2019 compared to BDT 2,556 million of 2018. Compared to 2018, on solo basis, GSPB's risk weighted assets decrease by 2.45% in 2019 and so does our capital requirement. We not only maintained the required level of capital, we had a good surplus. The surplus eligible capital of the company at the close of business on 31 December 2019 were BDT 292 million.

Our strong capital base created opportunity for us to grow further in coming days.

## Funding and Liquidity

Although FY 2019 was very tight from liquidity perspective, GSPB has shown decrease its deposit portfolio and at the same time decreased bank borrowing. Due to high attrition rate of corporate and Institutional deposits and bank borrowing. Portfolio of Retail TDR, Corporate TDR, Bank & FIs TDR is decreased by BDT 304 million in 2019 and borrowings from banks and other financial institutions decreased by total BDT 279 million in 2019 and lease, loan portfolio also decreased by BDT 104 million compared to 2018.

Despite the liquidity shortage in 2019, we have been able to maintain our liquidity position well in excess of prudential liquidity requirements.

## Profitability Position:

Although GSP Finance Company (Bangladesh) Limited went through a challenging phase during 2019. Performances of the Company slightly decrease in profitability in 2019 compared to 2018. Increase in provision for diminution in investment of shares and provision for leases, loans and advances affected the Company. GSP Finance Company (Bangladesh) Limited profit before provision was BDT 537 million compared to BDT 557 million in 2018. GSP Finance Company (Bangladesh) Limited net profit after tax were BDT 177 million and compared to BDT 294 million in 2018.

## Interest Income

Interest income is the core component of revenue for GSP Finance Company (Bangladesh) Limited. Though loan portfolio of the Company decreased by 1.42% in 2018, interest income decreased by 3.76% to BDT 902 million in 2019, which was BDT 937 million for the year 2018. GSPB Interest income slightly decrease due to decrease of loan portfolio in 2019 compared to 2018.

## Interest Expenses

In the year 2019 GSPB interest expenses increased by 9.28% to BDT 462 million from BDT 423 million of 2018. Though total deposit and borrowings experienced a negative growth of 11.12%, growth of interest expenses is higher than last year. Liquidity crunch and its effect in money market escalated the cost of fund in 2019 compared to 2018.

## Investment Income

It was a difficult year for the capital market due to bearish capital market condition. Transaction volume in DSE decreased compared to last year. On the other hand, liquidity shortage of money market also affected the capital market. In this situation GSPB investment income experienced a significant increase by 136.13% compared to 2018. Out of investment income, income from share trading increased by 155.10% and dividend income increased by 117.46%. Moreover, provision for diminution in value of investment has increased by BDT 104 million for 2019.

### Operating Expenses

Efficient control over operating expenses has kept the growth to 8.56% in 2019 from 2018. GSPB growth in salary and allowance around 19.54% reflect the continuous investment in human resource to enrich human capital.

Amount in BDT

Operating Expense	2019	2018	Y-O-Y Growth	
			Amount	%
Salary & Allowance	48,914,351	40,919,656	7,994,695	19.54%
Rent, taxes, insurance, electricity, etc	1,355,719	1,487,144	(131,425)	-8.84%
Legal expenses	140,000	182,000	(42,000)	-23.08%
Postage, stamp, telecommunication, etc	435,514	548,261	(112,747)	-20.56%
Stationery, printing, advertisement	1,589,238	1,609,839	(20,601)	-1.28%
Managing Director's salary & allowances	6,600,000	6,504,662	95,338	1.47%
Director's Fees	520,000	824,000	(304,000)	-36.89%
Audit Fees	195,500	195,500	-	0.00%
Depreciation and repairs of company's assets	3,228,198	4,883,806	(1,655,608)	-33.90%
Other Operating expenses	9,714,357	9,807,429	(93,072)	-0.95%
<b>Total Operating Expense</b>	<b>72,692,877</b>	<b>66,962,296</b>	<b>5,730,581</b>	<b>8.56%</b>

### Revenue

Revenue for 2019 has been BDT 1,071.77 million which shows a growth rate of 0.86% from the previous year, of which 84% was from interest earning products, 4% from investment income and rest 12% from other operating income sources.

### Profitability

As the capital market was bearish and financial industry suffered liquidity crisis and increased provision for leases, loans and advances & investments GSPB experienced 39.16% negative growth of profitability. Pre-tax profit was recorded at BDT 286.72 million for the year 2019, which was BDT 471.25 million in the previous year.

### Portfolio

Lease, Loans & Advances Portfolio of GSPB shows a negative growth of 1.42% from BDT 7,354.01 million in 2018 to BDT 7,249.62 million in 2019.

### Credit Quality and NPL

GSP Finance Company (Bangladesh) Limited NPL Ratio has increased to 18.91% in 2019.

### Liquidity and Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) at the end of 2019 stood at 20.34% against the Bangladesh Bank's stipulation of 10% which was 20.29% in 2018. This shows the strength of Capital and the level of compliance of GSPB with the regulatory requirements and to ensure a sustainable growth.

### Share Performance

Market price of our share had shown fluctuation throughout the year in between BDT 26.00 and BDT 13.60 and finally settled at BDT 15.20 at the end of 2019.

### ROA

For the year 2019, our Return on Assets (ROA) was 1.88% compared to 3.06% of 2018.

### ROE

GSPB's Return on Equity (ROE) was 6.23% in 2019. and its five-years cumulative average negative growth rate was 0.09%.

### EPS

Earnings per Share (EPS) for 2019 stood at BDT 1.38 compared to BDT 2.27 in 2018. Due to liquidity crunch in banking sector, continued bearish capital market throughout 2019 and increase non-performing loan provision, our bottom line result has been greatly affected as profitability decreased.

### Total Asset

In terms of Asset negative Growth, GSPB's total assets reduce from 2018 to 2019. From the year 2018 to 2019 asset decreased by 1.46% GSPB's total assets BDT 9,450.98 million in 2019 where 2018 was BDT 9,591.34 million.

### Total Deposit

Total Deposit of GSPB mainly sourced through Term Deposits. GSPB maintains a well-diversified term deposit portfolio with a good number of products depending on depositors' preference.

### Outlook for 2020

We are delighted that in spite of the challenging market environment, we continued to receive strong support of clients. This unequivocal support gives us reason to be confident as we deal with upcoming challenges in the industry in 2020 and beyond.

Our priorities for 2020 will be to launch dedicated digital platforms for SME financing, retailer and consumer. Financing, diversify funding basket, increase presence in the newer market through expansion of communication channels and maintaining our industry leading portfolio quality.

## FINANCIAL HIGHLIGHTS

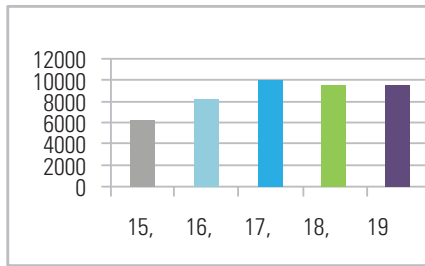
Operational Performance	2015	2016	2017	2018	2019
Operating revenue	744,674,276	922,101,313	1,038,570,606	1,047,456,390	1,071,766,750
Financial expenses	356,800,194	311,603,594	379,714,179	422,564,307	461,775,809
Operating expenses	64,854,010	63,698,887	65,560,469	66,962,296	72,692,877
Profit before taxation	315,285,976	480,310,705	513,340,910	471,250,389	286,719,104
Net Profit after tax	188,561,860	286,252,109	307,099,348	293,678,772	177,970,719

Financial performance	2015	2016	2017	2018	2019
Lease & term finance	3,650,715,603	4,791,656,232	6,627,994,210	5,734,165,448	5,364,849,807
Investor's portfolio loan	1,039,235,154	1,345,966,755	1,442,570,276	1,619,839,926	1,884,773,562
Investment	230,841,294	245,856,625	309,186,018	507,040,024	506,075,833
Other assets	345,895,783	341,886,709	364,812,748	365,550,895	354,225,009
Current assets	2,914,782,413	3,310,697,748	3,732,765,320	3,302,774,377	3,366,821,587
Total asset	6,244,266,308	8,134,124,311	9,961,488,185	9,591,342,540	9,450,979,967
Term deposits	2,954,368,170	3,689,298,401	4,177,070,229	3,113,838,775	2,809,991,267
Current liabilities	2,525,563,033	2,829,211,791	3,029,386,585	2,782,619,965	2,485,509,434
Long term liabilities	1,993,323,519	2,790,173,832	4,340,455,493	3,923,397,696	4,134,773,415
Total Liabilities	4,518,886,552	5,619,385,623	7,369,842,078	6,706,017,661	6,620,282,849

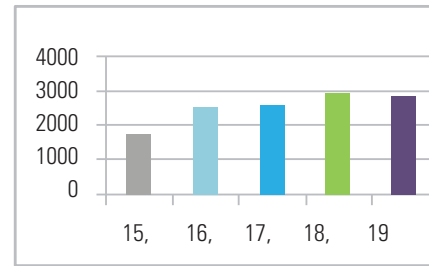
Financial ratios	2015	2016	2017	2018	2019
Current ratio (Times)	1.15	1.17	1.23	1.19	1.35
Financial expense coverage (Times)	1.88	2.54	2.35	2.12	1.62
Debt/Equity (Times)	2.19	1.84	2.32	2.02	1.64
Equity Multiplier	3.62	3.23	3.84	3.70	3.34
Net interest margin %	5.39	7.61	6.36	5.44	4.63
Net profit margin (%)	25.32	31.04	29.57	28.04	16.61
Return on equity (%)	11.56	13.50	12.03	11.50	6.23
Return on assets (%)	3.02	3.52	3.08	3.06	1.88
Rate of Dividend (%)	15.50	22.00	23.50	18.00	10.50
Price earnings ratio (Times)	8.32	8.37	10.46	8.98	11.01
Dividend (%)	15.50	22.00	23.50	18.00	10.50
Financial expense to total expenses (%)	84.62	83.03	85.28	86.32	86.40
Operating expense to operating revenue (%)	8.71	6.91	6.31	6.39	6.78
EPS (TK.)	1.80	2.74	2.94	2.27	1.38

Equity statistics	2015	2016	2017	2018	2019
Authorized capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Number of shares	104,632,695	104,632,695	104,632,695	129,221,378	129,221,378
Paid up Capital	1,046,326,950	1,046,326,950	1,046,326,950	1,292,213,780	1,292,213,780
Year end market price	15.00	22.90	30.70	20.40	15.20
Net asset value per share	16.49	24.03	24.77	22.33	21.91

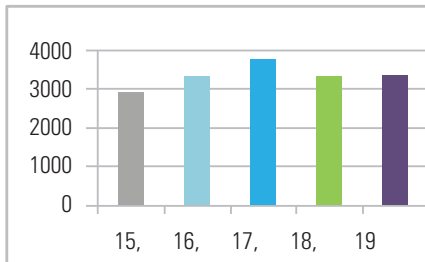
**Total asset**  
BDT in million



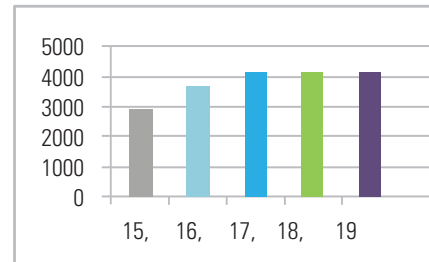
**Shareholder's equity**  
BDT in million



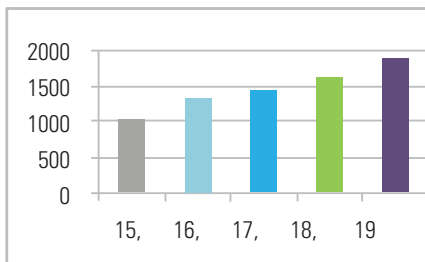
**Current asset**  
BDT in million



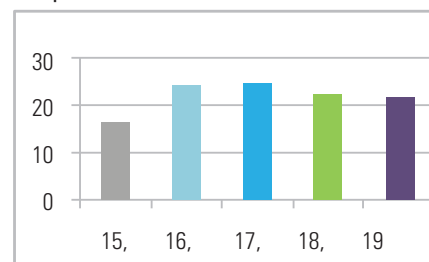
**Term deposit**  
BDT in million



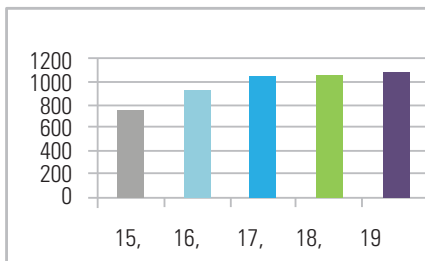
**Investor's portfolio loan**  
BDT in million



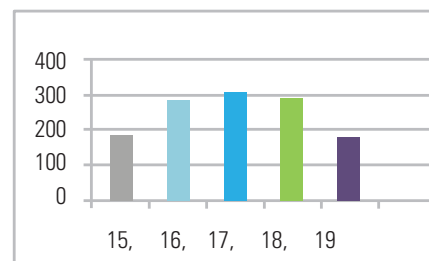
**Net asset value per share**  
BDT per share



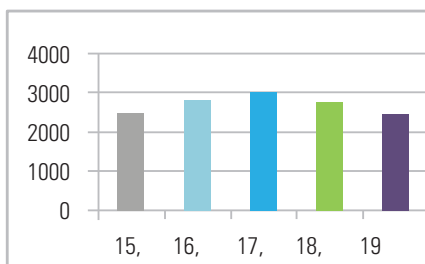
**Operating revenue**  
BDT in million



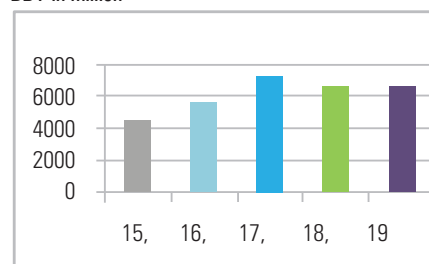
**Net profit after tax**  
BDT in million



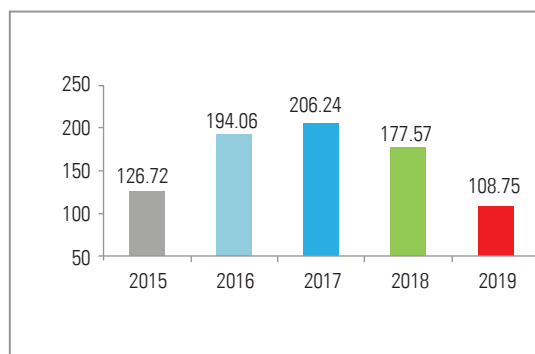
**Current liabilities**  
BDT in million



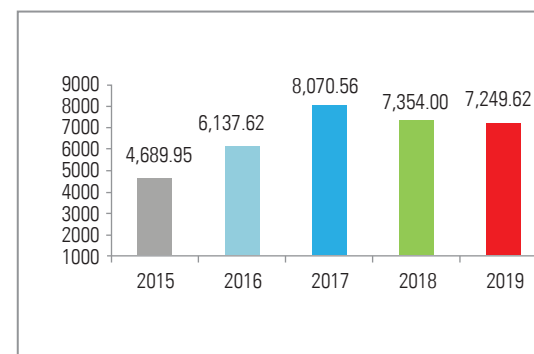
**Total liabilities**  
BDT in million



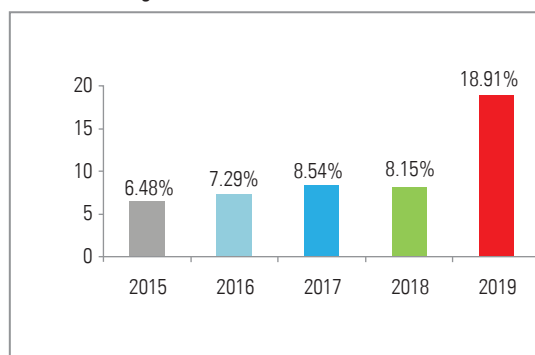
**Provision for Income Tax** in BDT mn



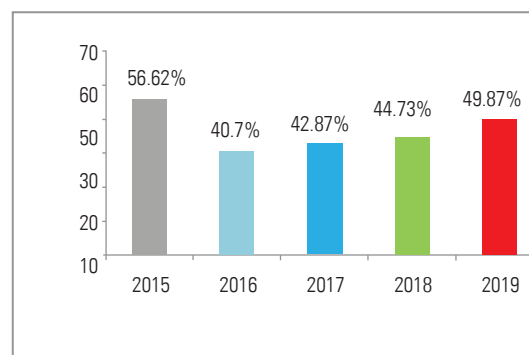
**Total Lease/ Loan Portfolio** in BDT mn



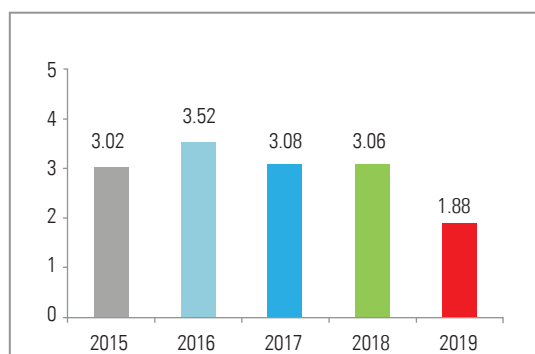
**Non Performing Lease/ Loan (%)**



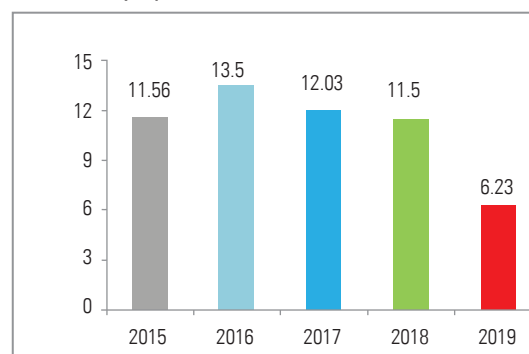
**Cost to Income Ratio**



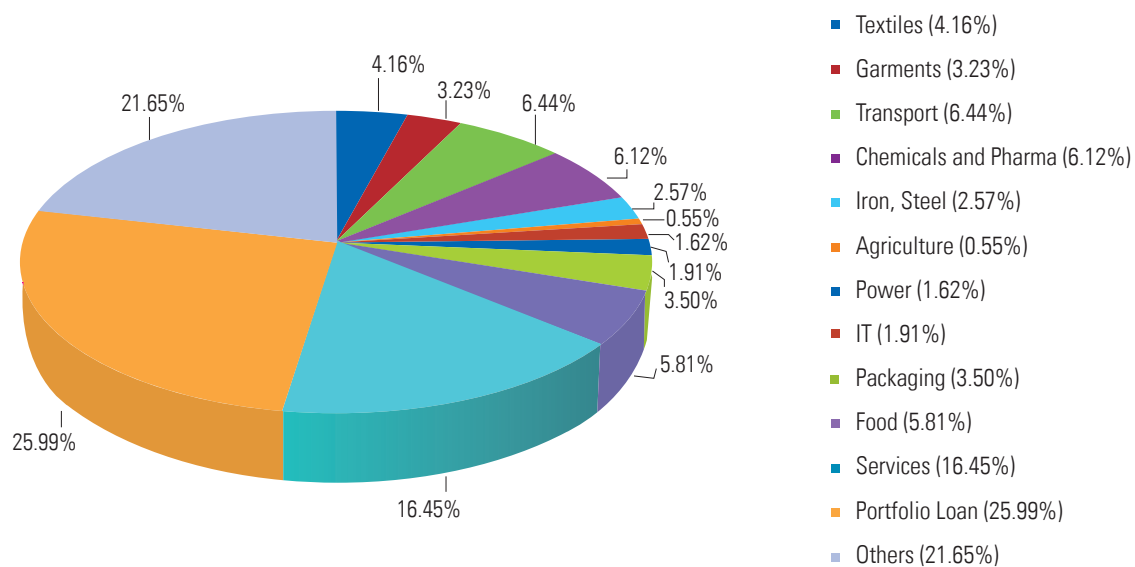
**Return of Assest**



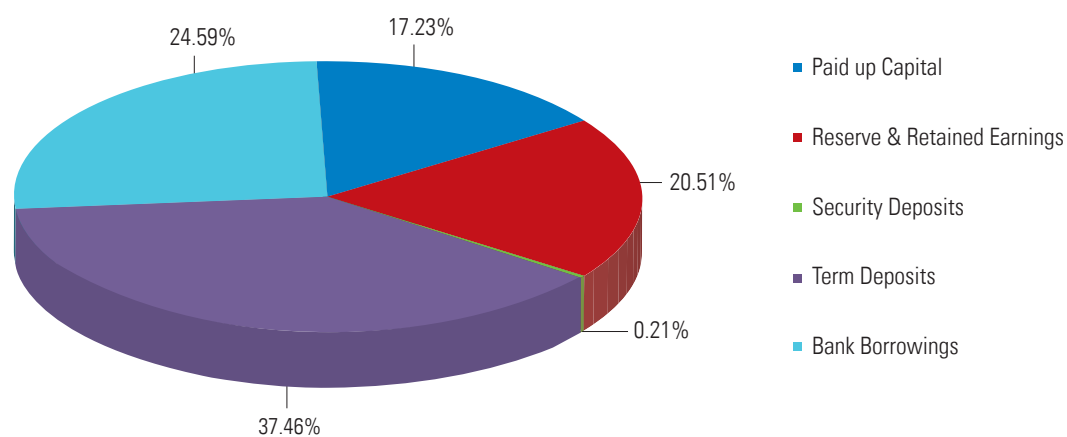
**Return on Equity**



## Sectorwise Leases, Loans & Advances



## Capitalization





জোহা জামান কবির রশীদ এ্যান্ড কোং  
চার্টার্ড একাউন্টেন্টস  
**Zoha Zaman Kabir Rashid & Co.**  
*Chartered Accountants*

**Independent Auditor's Report**  
**To the shareholders of GSP Finance company (Bangladesh) Limited**  
**Report on the audit of the consolidated and separate financial statements**

**Opinion**

We have audited the consolidated financial statements of GSP Finance Company (Bangladesh) Limited and its subsidiary (the "Group") as well as the separate financial statements of GSP Finance Company (Bangladesh) Limited (the "Company"), which comprise the consolidated and separate balance sheet as at 31 December 2019, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Company as at 31 December 2019, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and 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 the audit of the financial statements for 2019. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk	Our response to the risk
<b>1. Measurement of provision for Lease, loans and advances</b>	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following:
For the individual analysis, these provisions consider the estimates of future business	<ul style="list-style-type: none"> <li>Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> </ul>

Zoha Zaman Kabir Rashid & Co., partnership firm registered in Bangladesh and member firm of MSI Global Alliance, a leading international association of independent legal and accounting firms.

Rupayan Karim Tower, Level # 7, Suite # 7A, 80 Kakrail, Dhaka-1000, Bangladesh  
Phone: +880 2 9339732, +880 2 - 9339725, +880 2 48313128, Fax: 880 2 831 3128  
E-mail: info@zzkrca.com. Web: www.zzkrca.com

A member of





জোহা জামান কবির রশীদ এ্যান্ড কোং  
চার্টার্ড একাউন্টেন্টস  
**Zoha Zaman Kabir Rashid & Co.**  
*Chartered Accountants*

<p>performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2019 the Group reported total gross loans and advances of BDT 7,853,714,909 (2018: BDT 7,875,000,741) and it represents 79.71% of total assets. Provision for loans and advances was of BDT 525,394,754 (2018: BDT 378,358,776)</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events in accordance with criteria set out in 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;</li> <li>• For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> <li>• Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates;</li> </ul>	<ul style="list-style-type: none"> <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 companies general and specific provisions;</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>
<b>See note no07 &amp; 14.2 to the financial statements</b>	
<b>2. Measurement of deferred tax liabilities</b>	
<p>The Company reports net deferred tax liabilities (DTL) amounted to BDT 12,063,078 as at 31<sup>st</sup> December 2019. (2018: BDT 10,834,357). Deferred tax expense accounted for during the year 2019 BDT 1,228,721. (2018: BDT 852,721)</p> <p>Significant judgment is required in relation to deferred tax assets/liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Groups future taxable income.</p> <ul style="list-style-type: none"> <li>• We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>• We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</li> </ul>
<b>See note no 36.2 to the financial statements</b>	

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Rupayan Karim Tower, Level # 7, Suite # 7A, 80 Kakrail, Dhaka-1000, Bangladesh  
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#### Other information

The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditor's report thereon. We obtained Director's report and performance analysis with the management committee prior to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 the auditor's 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 consolidated and separate financial statements and internal controls**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the Management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group's and the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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. Misstatement 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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*Chartered Accountants*

- 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 Groups and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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:

- 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;
- 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;
- the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Banks instructions in this regard have been followed properly;
- 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;

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**Zoha Zaman Kabir Rashid & Co.**  
*Chartered Accountants*

- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Group & Company and we have spent around 930 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dated, Dhaka  
12 August 2020

**Zoha Zaman Kabir Rashid & Co.**  
Chartered Accountants

Md. Iqbal Hossain FCA  
Enrolment no: 596 (ICAB)

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**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT DECEMBER 31, 2019**

	Notes	Amount in Taka	
		2019	2018
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>37,081,005</b>	<b>40,978,965</b>
In hand (including foreign currencies)	3.1(a)	138,437	206,051
Balance with Bangladesh Bank and its agents bank(s) (including foreign currencies )	3.2(a)	36,942,568	40,772,914
<b>Balance with other banks and financial institutions</b>	4(a)	<b>338,274,623</b>	<b>364,783,293</b>
In Bangladesh		338,274,623	364,783,293
Outside Bangladesh		-	-
<b>Money at call and short notice</b>	5(a)	-	-
<b>Investments</b>	6(a)	<b>544,420,369</b>	<b>548,446,773</b>
Government		-	-
Others		544,420,369	548,446,773
		<b>7,853,714,909</b>	<b>7,875,000,741</b>
Leases ,loans and advances	7(a)	7,853,714,909	7,875,000,741
Bills purchased and discounted	8(a)	-	-
<b>Fixed assets including premises, furniture and fixtures</b>	9(a)	<b>972,680,657</b>	<b>966,371,853</b>
<b>Other Assets</b>	10(a)	<b>105,754,915</b>	<b>116,608,621</b>
<b>Non-business assets</b>	11	-	-
<b>Total Assets</b>		<b>9,851,926,478</b>	<b>9,912,190,246</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from banks ,other financial institutions and agents:	12(a)	1,844,314,930	2,123,072,837
<b>Deposits and other accounts</b>	13(a)	<b>2,809,991,267</b>	<b>3,113,838,775</b>
Current deposits		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		2,809,991,267	3,113,838,775
Bearer certificate of deposit		-	-
Other deposits		-	-
<b>Other liabilities</b>	14(a)	<b>2,290,804,196</b>	<b>1,723,996,530</b>
<b>Total Liabilities</b>		<b>6,945,110,393</b>	<b>6,960,908,142</b>
<b>Capital / Shareholders' Equity</b>			
Paid up capital	15.2	1,292,213,780	1,292,213,780
Statutory reserve	16	474,781,602	439,187,458
Other reserve	17	916,689,624	916,689,624
Retained earnings:			
Retained earnings balance	18(a)	223,131,030	303,191,195
Total equity attributable to equity holders of the company		<b>2,906,816,036</b>	<b>2,951,282,057</b>
<b>Non-controlling interest</b>		<b>49</b>	<b>47</b>
<b>Total liabilities and Shareholders' equity</b>		<b>9,851,926,478</b>	<b>9,912,190,246</b>

### Contingent liabilities

Letter of guarantee

Irrevocable letter of credit

Bills for collection

Other contingent liabilities

## Documentary credits and short term trade and related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

Others

Total off-balance sheet items including contingent liabilities

Net Assets Value (NAV) per share

Amount in Taka	
2019	2018
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<b>22.49</b>	<b>22.84</b>

Company Secretary

M. J. A. H.  
Director

  
Managing Director & CEO (C.C)

Signed as per our annexed report of even date

Dated, Dhaka  
August 12, 2020

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

		Amount in Taka	
		2019	2018
	<b>Notes</b>		
Interest income from leases, loans and advances	20(a)	983,366,986	1,018,644,311
Interest expenses on borrowings, deposits, etc	21(a)	(461,775,809)	(422,564,307)
<b>Net interest income</b>		<b>521,591,177</b>	<b>596,080,004</b>
Investment income	22(a)	44,568,688	24,109,131
Commission, exchange and brokerage	23(a)	6,590,832	8,361,342
Other operating income	24(a)	128,045,457	93,716,530
<b>Total operating income</b>		<b>700,796,154</b>	<b>722,267,007</b>
Salary and allowances	25(a)	53,609,358	46,942,346
Rent, taxes, insurance, electricity, etc.	26(a)	1,355,719	1,487,144
Legal expenses	27(a)	140,000	182,000
Postage, stamp, telecommunication, etc.	28(a)	441,434	554,921
Stationery, printing, advertisements, etc.	29(a)	1,617,786	1,647,772
Managing Director's salary and allowances	30(a)	8,847,742	11,986,111
Directors' fees	31(a)	768,000	1,176,000
Audit fees	32(a)	218,500	218,500
Charges on loan losses		-	-
Depreciation and repairs of company's assets	33(a)	4,369,237	5,680,612
Other operating expenses	34(a)	10,917,382	10,877,473
<b>Total operating expenses</b>		<b>82,285,158</b>	<b>80,752,878</b>
<b>Profit before provision</b>		<b>618,510,996</b>	<b>641,514,129</b>
Provision for leases, loans and advances & investments	35(a)	315,533,105	143,350,336
Other provision		-	-
<b>Total provision</b>		<b>315,533,105</b>	<b>143,350,336</b>
<b>Total profit before income tax</b>		<b>302,977,891</b>	<b>498,163,793</b>
Provision for income tax			
Current Tax		113,616,709	186,811,423
Deferred tax		1,228,721	852,721
<b>Total Provision for income tax</b>	36(a)	<b>114,845,430</b>	<b>187,664,144</b>
<b>Net profit after income tax</b>		<b>188,132,461</b>	<b>310,499,649</b>
<b>Attributable to</b>			
Shareholders of the company		<b>188,132,459</b>	<b>310,499,647</b>
Non-controlling interest		<b>2</b>	<b>2</b>
Retained earnings brought forward from previous year		303,191,195	297,314,132
		<b>491,323,656</b>	<b>607,813,782</b>
<b>Appropriations:</b>			
Statutory reserve	16	35,594,144	58,735,754
Dividend paid from Retained earnings for the year 2018		232,598,480	245,886,830
		<b>268,192,624</b>	<b>304,622,585</b>
<b>Retained earnings carried to the balance sheet</b>	18(a)	<b>223,131,030</b>	<b>303,191,195</b>
<b>Earnings per share</b>	38(a)	<b>1.46</b>	<b>2.40</b>

The accompanying notes form an integral part of these financial statements

  
Company Secretary

  
Director

  
Managing Director & CEO (C.C)  
Signed as per our annexed report of even date

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

Dated, Dhaka  
August 12, 2020

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Amount in Taka	
	2019	2018
<b>Cash flows from operating activities:</b>		
Interest receipt in cash	956,349,058	1,009,432,503
Interest payment	(446,886,300)	(406,204,585)
Dividend receipts	20,037,036	9,786,619
Commission, Exchange and brokerage	6,590,832	8,361,342
Recoveries of loan previously written-off	-	-
Income taxes paid	(13,183,990)	(25,698,340)
Receipts from other operating activities	152,577,109	105,604,042
Payments for other operating activities	(77,662,921)	(74,887,966)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>597,820,824</b>	<b>626,393,615</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Statutory deposit	-	-
Trading securities	-	-
Leases, loans and advances	21,285,832	637,451,907
Other assets	49,455,624	34,374,399
	(303,847,508)	(1,063,231,454)
Other liabilities on account of customers	-	-
Trading liabilities	-	-
Other liabilities	121,286,623	(161,582,047)
	(111,819,429)	(552,987,195)
<b>Net cash flow from operating activities</b>	<b>486,001,395</b>	<b>73,406,419</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of securities	140,919,845	24,740,551
Payments for purchases of securities	(136,893,441)	(223,289,072)
Purchase of fixed assets	(10,678,042)	(3,416,300)
Proceeds from sale of fixed assets	1,600,000	2,435,000
Payment against lease obligation	-	-
<b>Net cash used by investing activities</b>	<b>(5,051,638)</b>	<b>(199,529,821)</b>
<b>Cash flows from financing activities:</b>		
Receipts of borrowings from banks, other financial institutions and agents	547,431,635	971,485,345
Repayment of borrowings from banks, other financial institutions and agents	(826,189,542)	(694,134,059)
Receipts against issue of share capital	-	-
Dividend paid in cash	(232,598,480)	-
<b>Net cash flow/used by financing activities</b>	<b>(511,356,387)</b>	<b>277,351,286</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(30,406,630)</b>	<b>151,227,884</b>
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	405,762,258	254,534,374
<b>Cash and cash equivalents at the end of the year</b>	<b>375,355,628</b>	<b>405,762,258</b>

**Cash and cash equivalents at the end of the year**  
cash in hand (including foreign currencies)  
Balance with Bangladesh Bank and its agent bank(s)  
(including foreign currencies)  
Balance with banks and other financial institutions  
Money at call and short notice

**Net Operating Cash Flow per share**

Amount in Taka	
2019	2018

138,437	206,051
36,942,568	40,772,914
338,274,623	364,783,293
-	-
<b>375,355,628</b>	<b>405,762,258</b>
<b>3.76</b>	<b>0.57</b>

  
Company Secretary

  
Director

  
Managing Director & CEO (C.C)

Signed as per our annexed report of even date

Dated, Dhaka  
August 12, 2020

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED DECEMBER 31, 2019

Particulars	Attributable to equity holders of the company					Non-controlling interest (Tk.)	Total equity (Tk.)
	Paid up capital (Tk.)	Capital Reserve (Tk.)	Statutory Reserve (Tk.)	Retained Earnings (Tk.)	Total (Tk.)		
Balance as at January 01, 2018	1,046,326,950	916,689,624	380,451,704	297,314,132	2,640,782,410	45	2,640,782,455
Issue of share Capital						-	-
Net profit after tax for the year 2018				310,499,647	310,499,647	2	310,499,649
Transferred to statutory reserve	-	-	58,735,754	(58,735,754)	-	-	-
Issue of share Capital						-	-
Transferred to provision for Tax				-	-	-	-
Dividend paid (2017)	245,886,830	-	-	(245,886,830)	-	-	-
Revaluation of properties							
Balance as at 31st December 2018	1,292,213,780	916,689,624	439,187,458	303,191,195	2,951,282,057	47	2,951,282,104
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	1,292,213,780	916,689,624	439,187,458	303,191,195	2,951,282,058	47	2,951,282,105
Surplus/deficit on account of revaluation of properties		-	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	-	-	-	-	-	-
Issue of share Capital	-	-	-	-	-	-	-
Dividend paid (2018)	-	-	-	(232,598,480)	(232,598,480)	-	(232,598,480)
Net profit after tax for the year	-	-	-	188,132,459	188,132,459	2	188,132,460
Transferred to statutory reserve	-	-	35,594,144	(35,594,144)	-	-	-
Balance as at 31st December 2019	1,292,213,780	916,689,624	474,781,602	223,131,030	2,906,816,036	49	2,906,816,085

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

  
 Company Secretary

  
 Director

  
 Managing Director & CEO (C.C.)

Signed as per our annexed report of even date

Dated, Dhaka  
 August 12, 2020

  
 Zoha Zaman Kabir Rashid & Co.  
 Chartered Accountants

# GSP FINANCE COMPANY (BANGLADESH) LIMITED

## BALANCE SHEET

AS AT DECEMBER 31, 2019

		Amount in Taka	
		2019	2018
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	37,064,007	40,949,690
In hand (including foreign currencies)		121,439	176,776
Balance with Bangladesh Bank and its agents bank(s) (including foreign currencies )		36,942,568	40,772,914
<b>Balance with other banks and financial institutions</b>	4	336,015,735	363,244,486
In Bangladesh		336,015,735	363,244,486
Outside Bangladesh		-	-
<b>Money at call and short notice</b>	5	-	-
<b>Investments</b>	6	506,075,833	507,040,024
Government		-	-
Others		506,075,833	507,040,024
		7,249,623,369	7,354,005,374
Leases , loans and advances	7.1	7,249,623,369	7,354,005,374
Bills purchased and discounted	8	-	-
<b>Fixed assets including premises, furniture and fixtures</b>	9	967,976,014	960,552,071
<b>Other Assets</b>	10	354,225,009	365,550,895
<b>Non-business assets</b>	11	-	-
<b>Total Assets</b>		9,450,979,967	9,591,342,540
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from banks ,other financial institutions and agents:	12	1,844,314,930	2,123,072,837
<b>Deposits and other accounts</b>	13	2,809,991,267	3,113,838,775
Current deposits		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		2,809,991,267	3,113,838,775
Bearer certificate of deposit		-	-
Other deposits		-	-
<b>Other liabilities</b>	14	1,965,976,652	1,469,106,049
<b>Total Liabilities</b>		6,620,282,849	6,706,017,661
<b>Capital / Shareholders' Equity</b>		2,830,697,118	2,885,324,879
Paid up capital	15.2	1,292,213,780	1,292,213,780
Statutory reserve	16	474,781,602	439,187,458
Other reserve	17	916,689,624	916,689,624
Retained earnings:			
Retained earnings balance	18	147,012,112	237,234,017
<b>Total liabilities and Shareholders' equity</b>		9,450,979,967	9,591,342,540

**OFF-BALANCE SHEET ITEMS :**

**Contingent liabilities**

Acceptances and endorsements  
Letter of guarantee  
Irrevocable letter of credit  
Bills for collection  
Other contingent liabilities

18.1

Amount in Taka	
2019	2018

-	-
-	-
-	-
-	-
-	-

**Other commitments**

Documentary credits and short term trade and related transactions  
Forward assets purchased and forward deposits placed  
Undrawn note issuance and revolving underwriting facilities  
Undrawn formal standby facilities, credit lines and other commitments  
Others

18.2

-	-
-	-
-	-
-	-
-	-

**Total off-balance sheet items including contingent liabilities**

-	-
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**Net assets value (NAV) per share**

<b>21.91</b>	<b>22.33</b>
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The accompanying notes form an integral part of these financial statements.

  
Company Secretary

  
Director

  
Managing Director & CEO (C.C.)  
Signed as per our annexed report of even date

Dated, Dhaka  
August 12, 2020

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	Amount in Taka	
		2019	2018
Interest income from leases, loans and advances	20	902,367,717	937,579,061
Interest expenses on borrowings, deposits, etc	21	(461,775,809)	(422,564,307)
<b>Net interest income</b>		<b>440,591,908</b>	<b>515,014,754</b>
Investment income	22	41,426,126	17,544,059
Commission, exchange and brokerage	23	-	-
Other operating income	24	127,972,907	92,333,270
<b>Total operating income</b>		<b>609,990,941</b>	<b>624,892,083</b>
Salary and allowances	25	48,914,351	40,919,656
Rent, taxes, insurance, electricity, etc.	26	1,355,719	1,487,144
Legal expenses	27	140,000	182,000
Postage, stamp, telecommunication, etc.	28	435,514	548,261
Stationery, printing, advertisements, etc.	29	1,589,238	1,609,839
Managing Director's salary and allowances	30	6,600,000	6,504,662
Directors' fees	31	520,000	824,000
Audit fees	32	195,500	195,500
Charges on loan losses		-	-
Depreciation and repairs of company's assets	33	3,228,198	4,883,806
Other operating expenses	34	9,714,357	9,807,429
<b>Total operating expenses</b>		<b>72,692,877</b>	<b>66,962,296</b>
<b>Profit before provision</b>		<b>537,298,064</b>	<b>557,929,787</b>
Provision for leases, loans and advances & investments	35	250,578,960	86,679,399
Other provision		-	-
<b>Total provision</b>		<b>250,578,960</b>	<b>86,679,399</b>
<b>Total profit before income tax</b>		<b>286,719,104</b>	<b>471,250,389</b>
<b>Provision for income tax</b>			
Current Tax	36	107,519,664	176,718,896
Deferred tax	36	1,228,721	852,721
<b>Total Provision for income tax</b>		<b>108,748,385</b>	<b>177,571,617</b>
<b>Net profit after income tax</b>		<b>177,970,719</b>	<b>293,678,772</b>
Retained earnings brought forward from previous year		237,234,017	248,177,829
		<b>415,204,736</b>	<b>541,856,602</b>
<b>Appropriations:</b>			
Statutory reserve	16	35,594,144	58,735,754
Dividend paid from Retained earnings for the year 2018		232,598,480	245,886,830
		<b>268,192,624</b>	<b>304,622,585</b>
<b>Retained earnings carried to the balance sheet</b>	18	<b>147,012,112</b>	<b>237,234,017</b>
<b>Earning per share (EPS)</b>	38	<b>1.38</b>	<b>2.27</b>

The accompanying notes form an integral part of these financial statements

  
Company Secretary

  
Director

  
Managing Director & CEO (C.C.)  
Signed as per our annexed report of even date

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

Dated, Dhaka  
August 12, 2020

## GSP FINANCE COMPANY (BANGLADESH) LIMITED

### CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Amount in Taka	
	2019	2018
<b>Cash flows from operating activities:</b>		
Interest receipt in cash	883,595,196	929,654,774
Interest payment	(455,644,725)	(406,204,585)
Dividend receipts	19,236,754	8,845,917
Recoveries of loan previously written-off	-	-
Income taxes paid	(12,965,646)	(25,396,719)
Receipts from other operating activities	129,950,872	100,381,413
Payments for other operating activities	(69,234,679)	(61,917,190)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>494,937,772</b>	<b>545,363,610</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Statutory deposit	-	-
Trading securities	-	-
Leases, loans and advances	104,382,005	716,559,113
Other assets	61,675,461	32,582,859
Deposit and other accounts	(303,847,508)	(1,063,231,454)
Other liabilities on account of customers	-	-
Trading liabilities	-	-
Other liabilities	131,182,174	(158,750,487)
	(6,607,868)	(472,839,969)
<b>Net cash flow from operating activities</b>	<b>488,329,904</b>	<b>72,523,641</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of securities	137,430,123	20,669,784
Payments for purchases of securities	(136,465,932)	(218,523,790)
Purchase of fixed assets	(10,652,142)	(115,310)
Proceeds from sale of fixed assets	1,600,000	650,000
Payment against lease obligation	-	-
<b>Net cash used by investing activities</b>	<b>(8,087,951)</b>	<b>(197,319,316)</b>
<b>Cash flows from financing activities:</b>		
Receipts of borrowings from banks, other financial institutions and agents	547,431,635	971,485,345
Repayment of borrowings from banks, other financial institutions and agents	(826,189,542)	(694,134,059)
Dividend paid in cash	(232,598,480)	-
<b>Net cash flow/used by financing activities</b>	<b>(511,356,387)</b>	<b>277,351,286</b>
Net increase / (decrease) in cash and cash equivalents	(31,114,434)	152,555,611
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	404,194,176	251,638,565
<b>Cash and cash equivalents at the end of the year</b>	<b>373,079,742</b>	<b>404,194,176</b>

**Cash and cash equivalents at the end of the year**

cash in hand (including foreign currencies)  
 Balance with Bangladesh Bank and its agent bank(s)  
 (including foreign currencies)  
 Balance with banks and other financial institutions  
 Money at call and short notice

**Net Operating Cash Flow per share**

Amount in Taka	
2019	2018
121,439	176,776
36,942,568	40,772,914
336,015,735	363,244,486
-	-
<b>373,079,742</b>	<b>404,194,176</b>
<b>3.78</b>	<b>0.56</b>



Company Secretary



Director



Managing Director & CEO (C.C.)  
 Signed as per our annexed report of even date

Dated, Dhaka  
 August 12, 2020



Zoha Zaman Kabir Rashid & Co.  
 Chartered Accountants

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Particulars	Paid up capital (Tk.)	Capital Reserve(Tk.)	Statutory Reserve(Tk.)	Retained Earnings (Tk.)	Total (Tk.)
Balance as at January 01, 2018	1,046,326,950	916,689,624	380,451,704	248,177,829	2,591,646,107
Surplus/deficit on account of revaluation of properties					-
Profit for the year				471,250,389	471,250,389
Transferred to statutory reserve	-	-	58,735,754	(58,735,754)	-
Transferred to provision for Tax				(177,571,617)	(177,571,617)
Dividend paid (2017)	245,886,830	-	-	(245,886,830)	-
Revaluation of properties		-		-	-
Balance as at 31st December 2018	1,292,213,780	916,689,624	439,187,458	237,234,017	2,885,324,879
Changes in accounting policy	-	-	-	-	-
Restated balance	1,292,213,780	916,689,624	439,187,458	237,234,017	2,885,324,879
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	-	-	-	-
Issue of share Capital (including premium)	-	-	-	-	-
Dividend paid (2018)	-	-	-	(232,598,480)	(232,598,480)
Net profit after tax for the year	-	-	-	177,970,719	177,970,719
Transferred to statutory reserve	-	-	35,594,144	(35,594,144)	-
Balance as at 31st December 2019	1,292,213,780	916,689,624	474,781,602	147,012,112	2,830,697,118

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

  
Company Secretary

  
Director

  
Managing Director & CEO (C.C)  
Signed as per our annexed report of even date

Dated, Dhaka  
August 12, 2020


  
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Chartered Accountants

## GSP FINANCE COMPANY (BANGLADESH) LIMITED


### LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)  
FOR THE YEAR ENDED DECEMBER 31, 2019

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets :</b>						
Cash in hand	121,439	-	-	-	-	121,439
Balance with Bangladesh Bank and its agents	36,942,568	-	-	-	-	36,942,568
Balance with banks and other financial institutions	48,298,635	4,000,000	283,717,100	-	-	336,015,735
Money at call and short notice	-	-	-	-	-	-
Investments	443,022,383	-	60,484,000	-	2,569,450	506,075,833
Leases, loans and advances	515,448,222	1,089,573,590	807,301,359	4,837,300,198	-	7,249,623,369
Fixed assets including premises, furniture and fixtures	-	-	7,926,286	5,274,919	954,774,809	967,976,014
Other assets	-	-	69,986,004	34,239,045	249,999,960	354,225,009
Non-business assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>1,043,833,248</b>	<b>1,093,573,590</b>	<b>1,229,414,749</b>	<b>4,876,814,162</b>	<b>1,207,344,219</b>	<b>9,450,979,967</b>
<b>Liabilities :</b>						
Borrowings from banks, other financial institutions and agents	261,128,763	110,526,735	134,340,000	1,338,319,432	-	1,844,314,930
Deposits and other accounts	502,671,749	865,160,622	611,681,565	670,834,138	159,643,193	2,809,991,267
Provision and other liabilities	-	-	-	1,965,976,652	-	1,965,976,652
<b>Total liabilities (B)</b>	<b>763,800,512</b>	<b>975,687,357</b>	<b>746,021,565</b>	<b>3,975,130,223</b>	<b>159,643,193</b>	<b>6,620,282,849</b>
<b>Net liquidity gap (A - B)</b>	<b>280,032,736</b>	<b>117,886,233</b>	<b>483,393,184</b>	<b>901,683,939</b>	<b>1,047,701,026</b>	<b>2,830,697,118</b>

  
Company Secretary

  
Director

  
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Chartered Accountants

Dated, Dhaka  
August 12, 2020

# GSP FINANCE COMPANY (BANGLADESH) LIMITED

## NOTES TO THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2019

#### 1.0 CORPORATE INFORMATION:

##### 1.1 Legal Status

GSP Finance Company (Bangladesh) Limited is a Financial Institution (FI) incorporated in Bangladesh on October 29, 1995 as a Public Limited Company under the Companies Act, 1994. The Company offers lease finance of all types of plant, machinery, equipment and vehicles both for industrial and commercial use. The Company received its certificate of commencement of business on January 14, 1996 and its license on March 04, 1996 as required under Section 4(1) of the Financial Institutions Act, 1993. The Company went into commercial operation on April 17, 1996. The Company was listed with Chittagong and Dhaka Stock Exchanges on March 14, 2012 and March 28, 2012 respectively.

The registered office of the Company is situated at 1, Paribagh, Mymensingh Road, Dhaka-1000.

- 1.2 The Company also got a separate license from Bangladesh Securities and Exchange Commission on August 24, 1999 for working as a Merchant Bank. But pursuant to the requirement of Bangladesh Securities and Exchange Commission, GSP Finance Company (Bangladesh) Limited formed a subsidiary in the name of "GSP Investments Limited" with a view to separate its existing Merchant Banking operation which was approved by Bangladesh Securities and Exchange Commission vide their letter no. SEC/Reg./MB/SUB-16/2011/113 dated August 14, 2014. GSP Investments Limited is duly incorporated with the Registrar of Joint Stock Companies and Firms (RJSC) as a private limited company with authorised and paid up capital are Tk. 50 crore and Tk.25 crore respectively.

The principal activities of GSP Investments Limited are:

- Issue Management
- Underwriting
- Portfolio Management
- Corporate Advisory Services
- Securities Trading Services
- Margin Loan

##### 1.3 Nature of Business

The Company carries out the following types of business:

- Lease Financing
- Term Finance
- Acceptance of Term Deposits
- Working Capital Finance
- Syndication Finance
- Money Market Operation

#### 2.00 SIGNIFICANT ACCOUNTING POLICIES :

##### 2.1 Basis of Accounting

These Financial Statements have been prepared under historical cost convention following accrual basis of accounting and in compliance with the requirements of Companies Act 1994, International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and Financial Institution Act 1993.

##### 2.1.1 Basis of consolidation of operation of subsidiary

The Financial Statements of the Company and its subsidiary have been consolidated in accordance with International Accounting Standards 27 "Consolidated and Separate Financial Statements". The consolidation of the financial statement has been made after eliminating all material Inter Company balances, income and expenses arising from inter Company transactions.

##### 2.1.2 Statement of compliance

The consolidated financial statements and separate financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), except the circumstances where local regulations differ, and the Companies Act,

1994, the Financial Institutions Act, 1993, Securities and Exchange Rules 1987, the Listing Regulations of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations. The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements.

## 2.2 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated 23 December 2009):

- a) Consolidated and Separate Balance Sheet as at 31 December 2019;
- b) Consolidated and Separate Profit and Loss Account for the year ended 31 December 2019;
- c) Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2019;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2019;
- e) Liquidity Statement of the Company for the year ended 31 December 2019 and
- f) Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2019.

## 2.3 Directors' responsibility statement

The Board of Directors' takes the responsibility for the preparation and presentation of these financial statements.

## 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most critical estimates and judgments are applied to the following:

- \* Provision for impairment of loans, leases and investments
- \* Gratuity
- \* Useful life of depreciable assets

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 recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

### Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Interest is recognized as and when it is accrued. Lease interest outstanding over 2 months are recognized as interest suspense and not as revenue. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

## 2.5 Separate Books of Accounts

The company maintains separate office and books of accounts for its subsidiary as required under the regulations of Bangladesh Securities and Exchange Commission.

## 2.6 Investment in securities

Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost or intrinsic value whichever is lower. Full provision for diminution in value of shares as on closing of the year on an aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012.

## 2.7 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which those are incurred in accordance with benchmark treatment of IAS 23.

## 2.8 Revenue Recognition

As per IAS 18, revenue is recognized when it is expected that the economic benefits associated with the transaction will flow to Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.8.1 Lease Financing

Interest is recognized as and when it is accrued. Lease interest outstanding over 2 months are recognized as interest suspense and not as revenue. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

### 2.8.2 Interest on Direct Finance

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrear for more than 2 months. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

## 2.9 Changes in significant accounting policies - IFRS 16 Leases

### As a Lessee

GSP Finance Company (Bangladesh) Limited does not have any rented premises or lease assets under definition of IFRS 16. However if GSPB availed any lease assets under IFRS 16 then GSPB will treat the mater under IFRS 16.

### As a lessor

GSPB is not required to make any adjustments on transitions to IFRS 16 for leases in which it acts as a lessor.

## 2.10 Accounting for Direct Finance

Direct finance consisting of short term & long term finance are maintained based on the accrual method of accounting. Outstanding amount of long term loans has been shown in the balance sheet as assets under the head of Direct finance. Interest earnings are recognized as operational revenue.

## 2.11 Property and equipment

### i) Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per Bangladesh Accounting Standard (IAS) 16: "Property, Plant and Equipment".

### ii) Subsequent expenditure on fixed assets

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

## 2.12 Depreciation

Fixed Assets for Company's own use are depreciated at different ranges from 10% to 20% applying straight line method throughout the estimated span of useful life ranging from five to ten years. Rate of depreciation is as follows:

Type of Assets	Rate
Land & Land Development	0%
Office Building	10%
Furniture & Fixtures	10%
Telephone System	20%
Motor Vehicles	20%
Electrical Goods & Installation	20%
Office Equipment	20%
Generator & Installation	20%
House Property	10%

## 2.13 Provisions for Doubtful loss on Leases and Direct Finance

Provisions for classified and unclassified leases and direct finance receivables have been made as per guidelines of Bangladesh Bank through FID circular no. 08 of 2002 , FID circular no.03 ,May 03 of 2006 and other directives as applicable as follows:

1 to 2	Unclassified (SME)	0.25%
1 to 2	Unclassified	1%
3 to 5	SMA	5%
6 to 11	Sub-standard	20%
12 to 17	Doubtful	50%
18 and over	Bad or Loss	100%

## **2.14 Employees Benefits Scheme**

### **2.14.1 Defined Contribution Plan**

#### **2.14.1.1 Provident fund**

The Company operates a contributory provident fund for its permanent employees. This is a funded one and duly approved by NBR. Provident fund is administered by a Board of Trustees and is funded by contributions equally from the employees and from the company at a predetermined rate. The fund is handled & invested separately by the Board of Trustees.

#### **2.14.1.2 Other long term benefits**

The Company operates a group term life insurance scheme for all of its permanent employees. It maintains a health insurance for hospitalisation of all of its permanent employees, which include their spouses.

### **2.14.2 Defined benefit Plan**

#### **2.14.2.1 Gratuity**

The Company operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit after completion of minimum ten years continuous and uninterrupted service in the company. The gratuity payment is calculated on the basis of Actuarial Report. The proposal for funding facilities of the gratuity fund is under consideration of NBR.

## **2.15 Corporate Tax**

### **2.15.1 Current Tax**

Provision for Taxation for the Company has been sufficiently kept and the company has sufficient fund to meet taxation liabilities arising out of tax refunds of previous years.

### **2.15.2 Deferred Tax**

The Company has conducted an exercise to find out deferred tax asset/(liability) based on temporary differences arising from the carrying amount of an asset or (liability) in the balance sheet and its tax base. Accordingly deferred tax is recognized as per IAS-12.

## **2.16 Trade Receivables**

Trade receivables at the balance sheet date are stated at amounts which are considered realizable.

## **2.17 Payable and Accruals**

Liabilities are recognized for the amounts to be paid in future for goods and services received.

## **2.18 Provisions**

A provision is recognized in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## **2.19 Statutory reserves**

As per Financial Institutions Regulation 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year's profit to the fund until such reserve fund equals to its paid up share capital and share premium (if any). In conformity with the above requirement, GSPB transfers 20% of net profit to statutory reserve before declaration of dividend.

## **2.20 General**

### **Comparative Information**

Comparative information has been disclosed in respect of the year 2018 for all numerical information in the Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current year's Financial Statements.

Previous year figures have been rearranged wherever considered necessary to conform to current year's presentation.

### **2.21 Renewal of FDR and interest thereon**

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

### **2.22 Rounding off**

Monetary figures in the financial statements have been rounded off to the nearest Taka.

2.23 In addition to compliance with local regulatory requirements, in preparing the Consolidated Financial Statements and Separate Financial Statements, GSPB applied following IASs and IFRSs:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
Name of the IFRS	IFRS No.	Status
Share Based payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied
Operating Segments	8	Applied
Financial Instruments	9	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	Applied
Revenue from Contracts with customers	15	Applied
Lease	16	Applied

N/A= Not Applicable

## 2.24 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, term deposits and investment in call loan that are readily convertible to a known amount of cash (with less than three months maturity) and that are subject to an insignificant risk of change in value.

## 2.25 Earnings Per Share (EPS)

The Company calculates earnings per share in accordance with International Accounting Standards (IAS) 33: "Earnings Per Share" which has been shown in the face of the Profit and Loss Account and the computation is stated in note 38.

		Amount in Taka	
		2019	2018
<b>3.00 CASH</b>			
3.1 Cash in hand			
In local currency	121,439	176,776	
In foreign currency	-	-	
	<b>121,439</b>	<b>176,776</b>	
3.1(a) Cash in hand (consolidated)			
GSP Finance Company (Bangladesh) Limited	121,439	176,776	
GSP Investments Limited	16,998	29,275	
	<b>138,437</b>	<b>206,051</b>	
3.2 Balance with Bangladesh Bank and its agents Bank(s)			
In local currency	36,942,568	40,772,914	
In foreign currency	-	-	
	<b>36,942,568</b>	<b>40,772,914</b>	
3.2(a) Balance with Bangladesh Bank and its agents Bank(s) (consolidated)			
GSP Finance Company (Bangladesh) Limited	36,942,568	40,772,914	
GSP Investments Limited	-	-	
	<b>36,942,568</b>	<b>40,772,914</b>	
3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)			
Cash Reserve Requirement @ 2.5% and Statutory Liquidity Reserve @ 5% have been calculated and maintained in accordance with FID Circular # 02 and 06 dated 10 November 2004 and 31 May 2001 respectively.			
a) Cash Reserve Requirement			
Required Reserve	23,254,400	30,280,121	
Actual Reserve maintained (note- 3.2 )	36,942,568	40,772,914	
Surplus / (deficit)	<b>13,688,168</b>	<b>10,492,793</b>	
b) Statutory Liquidity Reserve			
Required Reserve	147,440,095	146,428,574	
Actual Reserve maintained (note-3.1, 3.2 and 4)	373,079,742	404,194,176	
Surplus / (deficit)	<b>225,639,647</b>	<b>257,765,601</b>	

		Amount in Taka	
		2019	2018
<b>4</b>	<b>Balance with banks and other financial institutions</b>		
	In Bangladesh (note -4.1)	336,015,735	363,244,486
	Outside Bangladesh	-	-
		<b>336,015,735</b>	<b>363,244,486</b>
	The company does not maintain any account outside of Bangladesh		
<b>4(a)</b>	<b>Balance with banks and other financial institutions (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	336,015,735	363,244,486
	GSP Investments Limited	2,258,888	1,538,807
		<b>338,274,623</b>	<b>364,783,293</b>
<b>4.1</b>	<b>Current deposits</b>		
	Nationalised Commercial Bank	-	-
	Private Commercial Bank	-	-
	Foreign Commercial Bank	-	-
		<b>-</b>	<b>-</b>
	<b>Short-term deposits</b>		
	Nationalised Commercial Bank	-	-
	Private Commercial Bank	50,378,977	59,416,386
	Foreign Commercial Bank	4,958	7,475
		<b>50,383,935</b>	<b>59,423,861</b>
	<b>Fixed deposits (FDR)</b>		
	Nationalised Commercial Bank	-	-
	Private Commercial Bank	172,798,547	183,820,625
	Foreign Commercial Bank	-	-
	Financial Institutions	112,833,253	120,000,000
		<b>285,631,800</b>	<b>303,820,625</b>
		<b>336,015,735</b>	<b>363,244,486</b>
<b>4.2</b>	<b>Maturity grouping of balance with banks and other financial institutions</b>		
	On demand	48,298,635	59,423,861
	Up to 1 month	4,000,000	4,000,000
	Over 1 month but not more than 3 months	-	5,095,625
	Over 3 months but not more than 1 year	283,717,100	294,725,000
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		<b>336,015,735</b>	<b>363,244,486</b>

		Amount in Taka	
		2019	2018
<b>5</b>	<b>Money at call and short notice:</b>	-	-
		-	-
<b>5(a)</b>	<b>Money at call and short notice (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	-	-
	GSP Investments Limited	-	-
		-	-
<b>6</b>	<b>Investments</b>		
	Investment classified as per nature:		
	Government (note -6.1)	-	-
	Others (note-6.2)	506,075,833	507,040,024
		506,075,833	507,040,024
<b>6(a)</b>	<b>Investments (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	506,075,833	507,040,024
	GSP Investments Limited	38,344,536	41,406,749
		544,420,369	548,446,773
<b>6.1</b>	<b>Government Securities:</b>		
	Treasury bills	-	-
	National investment bonds	-	-
	Bangladesh Bank bills	-	-
	Government notes / bonds	-	-
	Prize bonds	-	-
	Others	-	-
		-	-
<b>6.2</b>	<b>Other investments:</b>		
	Investment in shares (Annexure-A)	506,075,833	507,040,024
	Debenture and bonds	-	-
	Other investment	-	-
	Gold etc.	-	-
		506,075,833	507,040,024
<b>6.3</b>	<b>Maturity grouping of investments:</b>		
	On demand	443,022,383	400,787,636
	Up to 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 1 year	60,484,000	103,682,938
	Over 1 year but not more than 5 years	-	-
	Over 5 years	2,569,450	2,569,450
		506,075,833	507,040,024
<b>6.4</b>	<b>Other investments:</b>		
	Investment in quoted Shares	443,022,383	440,786,034
	Investment in unquoted Shares	63,053,450	66,253,990
		506,075,833	507,040,024

		Amount in Taka	
		2019	2018
<b>7</b>	<b>Leases , Loans and advances :</b>		
7.1	a) Inside Bangladesh		
	Leases (note -7.2)	1,500,741,168	1,597,590,262
	Loans	5,748,882,201	5,756,415,111
	Cash credits	-	-
	Overdrafts	-	-
		<b>7,249,623,369</b>	<b>7,354,005,374</b>
	b) outside Bangladesh	-	-
		<b>7,249,623,369</b>	<b>7,354,005,374</b>
7.1.1	<b>Lease Finance</b>		
	Principal Outstanding	1,218,848,856	1,236,336,526
	Account receivable	281,892,312	361,253,736
	Total	<b>1,500,741,168</b>	<b>1,597,590,262</b>
	<b>Principal Outstanding</b>		
	Gross lease rental receivable	1,563,192,684	1,576,314,460
	Unearned lease income	344,343,828	339,977,934
	Total	<b>1,218,848,856</b>	<b>1,236,336,526</b>
7.2	Leases	1,500,741,168	1,597,058,250
	Advances for leases (note -7.2.1)	-	532,012
		<b>1,500,741,168</b>	<b>1,597,590,262</b>
7.2.1	Advance for leases		
	These represent disbursements made to clients for procuring assets under lease and on execution advances are transferred to lease finance.	-	532,012
		-	<b>532,012</b>
7.3	Sector wise leases, loans and advances		
	Public sector	-	-
	Co-operative sector	378,899,580	413,135,855
	Private sector	6,870,723,789	6,940,869,519
		<b>7,249,623,369</b>	<b>7,354,005,374</b>
7.4	Residual maturity grouping of leases,loans and advances		
	On demand	-	-
	Up to 1 month	515,448,222	447,262,256
	Over 1 month but not more than 3 months	1,089,573,590	1,062,083,331
	Over 3 months but not more than 1 year	807,301,359	806,851,750
	Over 1 year but not more than 5 years	4,837,300,198	5,037,808,037
	Over 5 years	-	-
		<b>7,249,623,369</b>	<b>7,354,005,374</b>

		Amount in Taka	
		2019	2018
7.5	Leases, loans and advances on the basis of significant concentration		
	a) Leases, loans and advances to Directors and organizations related to Directors (fully secured)	14,766,373	20,451,708
	b) Leases, loans and advances to Chief Executive Officer and other senior executives	-	1,885,990
	c) Leases, loans and advances to customers groups:	-	-
	i) Leases	1,485,974,795	1,577,138,555
	ii) Loans	5,748,882,201	5,754,529,121
		<b>7,249,623,369</b>	<b>7,354,005,374</b>
	<b>d) Leases, loans and advances on sector basis:</b>		
	i) Textiles	301,922,712	347,292,924
	ii) Garments and Accessories	234,403,739	545,754,396
	iii) Transport (including Marin Transport)	466,922,302	465,699,601
	iv) Chemicals and pharmaceuticals	443,688,946	311,060,256
	v) Iron, Steel and Engineering	186,299,706	275,269,628
	vi) Agricultural Equipments and Agro Industries	39,887,265	46,240,840
	vii) Power and Energy	117,100,209	117,100,209
	viii) Electronics and Electrical	-	-
	ix) Information technology (IT)	138,391,867	154,026,563
	x) Paper printing and Packaging	253,548,780	245,338,040
	xi) Plastic	-	-
	xii) Real Estate and Housing	-	-
	xiii) Food and Beverage	420,949,505	584,298,250
	xiv) Glass and Ceramics	-	-
	xv) Services	1,192,853,624	1,134,507,186
	xvi) Others	3,453,654,714	3,127,417,481
		<b>7,249,623,369</b>	<b>7,354,005,374</b>
7.6	Leases, loans and advances on geographical basis:		
	<b>Inside Bangladesh:</b>		
	<b>Urban :</b>		
	Dhaka Division	6,871,288,004	7,238,022,818
	Chittagong Division	378,335,365	115,982,556
	Khulna Division	-	-
	Rajshahi Division	-	-
	Barisal Division	-	-
	Sylhet Division	-	-
		<b>7,249,623,369</b>	<b>7,354,005,374</b>
	<b>Rural :</b>		
	Dhaka Division	-	-
	Chittagong Division	-	-
	Khulna Division	-	-
	Rajshahi Division	-	-
	Barisal Division	-	-
	Sylhet Division	-	-
		<b>-</b>	<b>-</b>
	<b>Outside Bangladesh:</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>7,249,623,369</b>	<b>7,354,005,374</b>

		Amount in Taka	
		2019	2018
7.7	Classification of Leases, loans and advances :		
	<b>Unclassified :</b>		
	Standard	5,023,537,120	6,661,149,989
	Special mention account	854,922,771	93,774,951
		<b>5,878,459,891</b>	<b>6,754,924,940</b>
	<b>Classified :</b>		
	Sub-standard	-	25,364,222
	Doubtful	-	117,100,209
	Bad/Loss	1,371,163,478	456,616,003
		<b>1,371,163,478</b>	<b>599,080,434</b>
	<b>Total</b>	<b>7,249,623,369</b>	<b>7,354,005,374</b>
7.8	Net Leases ,loans and advances :		
	Total Leases , loans and advances (note- 7.1)	7,249,623,369	7,354,005,374
	<b>Less :</b>		
	Non-performing leases, loans and advances (note-7.7)	1,371,163,478	599,080,434
	Interest suspenses (note-14.5)	225,734,391	91,097,514
	Provision for leases, loans and advances	525,394,754	378,358,776
		<b>2,122,292,623</b>	<b>1,068,536,724</b>
		<b>5,127,330,746</b>	<b>6,285,468,650</b>
7.9	Particulars of Leases, loans and advances:		
	a) Lease, loans and advances considered good and in respect of which the financial institution is fully secured	3,987,292,853	3,986,606,313
	b) Lease , loans and advances considered good against which the financial institution holds no security other than the debtors personal guarantee	-	-
		2,182,861,596	2,142,221,765
	c) Lease , loans and advances considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
		1,079,468,920	1,225,177,295
	d) Lease , loans and advances adversely classified : provision not maintained there	-	-
	e) Lease , loans and advances due by directors or officers of the financial institution or any of them either separately or jointly with any other person	-	-
	f) Lease , loans and advances due from companies or firms in which the directors of the financial institution have interest as directors, partners,managing agents or in case of the private companies , as members	-	-
	g) Maximum total amount of leases , loans and advances including temporary advances made in any time during the year to the directors or managing directors or officers of the financial institution or any of them either separately or jointly with any other person	-	-
	h) Maximum total amount of leases, loans and advances including temporary advances granted during the year to companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	-	-
	i) Due from banks and other financial institutions	-	-
	j) Classified leases , loans and advances:		
	i) Classified leases, loans and advances on which no interest has been charged	1,371,163,478	599,080,434
	ii) Provision on classified leases , loans and advances	428,793,978	297,761,027
	iii) Provision kept against leases, loans and advances classified as bad debts	93,525,222	274,269,169
	iv) Interest credited to interest suspense account (note-14.5)	225,734,391	91,097,514

		Amount in Taka	
		2019	2018
k) Cumulative amount of written-off leases, loans and advances:			
Opening balance		-	-
Amount written -off during the year		-	-
Amount realized against leases, loans and advances		-	-
The amount of written-off / classified leases, loans and advances for which law suites has been filed		-	-
7.10 Suits filed by the Company :			
As at 31 December 2019 , GSP Finance Company (Bangladesh) Limited filed 17 suits against 10 clients under Artha Rin Adalat Ain -2003, Total suit amount was Tk. 102,54,91,493/-			
<b>7(a) Leases ,Loans and advances (consolidated)</b>			
GSP Finance Company (Bangladesh) Limited		7,249,623,369	7,354,005,374
GSP Investments Limited		2,488,865,102	2,140,835,293
		9,738,488,471	9,494,840,667
Less: Inter company transaction		1,884,773,562	1,619,839,926
		7,853,714,909	7,875,000,741
<b>8 Bills purchased and discounted</b>			
Payable in Bangladesh		-	-
Payable outside Bangladesh		-	-
		-	-
<b>8(a) Bills purchased and discounted (consolidated)</b>			
GSP Finance Company (Bangladesh) Limited		-	-
GSP Investments Limited		-	-
		-	-
<b>9 Fixed assets including premises, furniture and fixtures:</b>			
<b>Cost:</b>			
Opening Balance		1,040,521,501	1,041,874,991
Addition during the year		10,652,142	115,310
Revaluation surplus during the year		-	-
		1,051,173,643	1,041,990,301
Adjustment during the year		7,485,846	1,468,800
Closing Balance (A)		1,043,687,797	1,040,521,501
Less : Accumulated Depreciation :			
Opening Balance		79,969,430	76,588,623
Charged during the year:		3,228,198	4,849,606
		83,197,628	81,438,229
Adjustment during the year		7,485,845	1,468,799
Closing Balance (B)		75,711,783	79,969,430
<b>Written Down Value (A-B) (Annexure -C )</b>		<b>967,976,014</b>	<b>960,552,071</b>

		Amount in Taka	
		2019	2018
9(a)	Fixed assets including premises, furniture and fixtures (consolidated)		
	GSP Finance Company (Bangladesh) Limited	967,976,014	960,552,071
	GSP Investments Limited	4,704,643	5,819,782
	Written Down Value (Annexure -B )	972,680,657	966,371,853
10	Other assets		
	Corporate Tax paid in advance and Tax at source	86,207,287	73,241,641
	Advance, Deposits and Prepayments	28,450	28,450
	Sundry Debtors	17,989,312	42,280,843
	Investment in Subsidiary : GSP Investments Limited	249,999,960	249,999,960
		354,225,009	365,550,895
10(a)	Other assets (consolidated)		
	GSP Finance Company (Bangladesh) Limited	354,225,009	365,550,895
	GSP Investments Limited	1,529,866	1,057,686
		355,754,875	366,608,581
	Less: Inter company transaction	249,999,960	249,999,960
		105,754,915	116,608,621
11	Non-business assets	-	-
		-	-
	As at 31 December 2019, GSP Finance Company (Bangladesh) Limited does not have any non-business assets.		
12	Borrowings from banks ,other financial institutions and agents:		
	In Bangladesh (note-12.1)	1,844,314,930	2,123,072,837
	Outside Bangladesh (note-12.2)	-	-
		1,844,314,930	2,123,072,837
12.1	In Bangladesh		
	<u>Call borrowing</u>		
	Nationalised Commercial Bank	83,800,000	180,000,000
	Private Commercial Bank	92,000,000	140,000,000
		175,800,000	320,000,000
	<u>Term loan</u>		
	Nationalised Commercial Bank	-	-
	Private Commercial Bank	1,059,395,325	1,125,950,156
	Foreign Commercial Bank	271,022,337	320,103,889
	Bangladesh Bank (Refinance)	338,097,268	357,018,792
		1,668,514,930	1,803,072,837
		1,844,314,930	2,123,072,837
12.2	Outside Bangladesh	-	-
		-	-
	As at December 31, 2019 the Company does not have any borrowing from outside of Bangladesh.		

		Amount in Taka	
		2019	2018
12.3	Analysis by Security against borrowing from banks, other financial institutions and agents.		
	Secured	1,330,417,662	1,446,054,045
	Unsecured	513,897,268	677,018,792
		<b>1,844,314,930</b>	<b>2,123,072,837</b>
	Borrowing from banks, other financial institutions and agents are secured by floating charges with R.J.S.C on all moveable and immovable assets of the Company ranking Pari-Passu security sharing agreement among the lenders.		
12.4	Maturity grouping of borrowings from banks, other financial institutions and agents.		
	Repayable on demand	175,800,000	320,000,000
	Up to 1 month	85,328,763	63,603,342
	Over 1 month but not more than 3 months	110,526,735	93,301,518
	Over 3 months but not more than 1 year	134,340,000	150,000,000
	Over 1 year but not more than 5 years	1,338,319,432	1,496,167,977
	Over 5 years	-	-
		<b>1,844,314,930</b>	<b>2,123,072,837</b>
12(a)	<b>Borrowings from banks ,other financial institutions and agents (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	1,844,314,930	2,123,072,837
	GSP Investments Limited	1,884,773,562	1,619,839,926
		<b>3,729,088,492</b>	<b>3,742,912,763</b>
	Less: Inter company transaction	<b>1,884,773,562</b>	<b>1,619,839,926</b>
		<b>1,844,314,930</b>	<b>2,123,072,837</b>
13	<b>Deposits and other accounts:</b>		
	Current deposits (note-13.1)	-	-
	Bills payable (note-13.2)	-	-
	Savings deposits (note-13.3)	-	-
	Term deposits ( note-13.4)	2,809,991,267	3,113,838,775
	Bearer certificate of deposit ( note-13.5)	-	-
	Other deposits ( note-13.6)	-	-
		<b>2,809,991,267</b>	<b>3,113,838,775</b>
13.1	Current deposits	-	-
	To confirm the Bangladesh Bank's guidelines regarding deposits, the Company does not operate any current deposit account.		
13.2	Bills payable	-	-
	As at 31 December 2019 the company does not have any bills payable		
13.3	Savings deposits	-	-
	To conform with the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.		

		Amount in Taka	
		2019	2018
13.4	Term deposits		
	Deposits from banks and other financial institutions	1,907,500,000	2,220,000,000
	Deposits from other than banks and financial institutions	902,491,267	893,838,775
		<b>2,809,991,267</b>	<b>3,113,838,775</b>
13.4.1	Deposits from banks and other financial institutions		
	Nationalised Commercial Bank	800,000,000	800,000,000
	Private Commercial Bank	1,057,500,000	1,370,000,000
	Financial Institutions	50,000,000	50,000,000
		<b>1,907,500,000</b>	<b>2,220,000,000</b>
13.4.2	Deposits from other than banks and financial institutions		
	Deposits from general public	606,564,381	610,298,903
	Deposits from companies	295,926,886	283,539,871
		<b>902,491,267</b>	<b>893,838,775</b>
13.5	Bearer certificate of deposit	-	-
	To conform with the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit.		
13.6	Other deposits	-	-
	As at 31 December 2019 , the company does not have any other deposit account.		
13.7	Maturity grouping of deposits and other accounts:		
	Repayable on demand	-	-
	Up to 1 month	502,671,749	546,213,096
	Over 1 month but not more than 6 months	865,160,622	947,898,298
	Over 6 months but not more than 1 year	611,681,565	661,603,711
	Over 1 year but not more than 5 years	670,834,138	770,404,967
	Over 5 years but not more than 10 years	159,643,193	187,718,703
	Over 10 years	-	-
		<b>2,809,991,267</b>	<b>3,113,838,775</b>
<b>13(a)</b>	<b>Deposits and other accounts (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	2,809,991,267	3,113,838,775
	GSP Investments Limited	-	-
		<b>2,809,991,267</b>	<b>3,113,838,775</b>

		Amount in Taka	
		2019	2018
<b>14 Other liabilities</b>			
Expenditure and other payable (note-14.1)	23,390,806	21,349,772	
Provision for leases,loans and advances (note-14.2)	525,394,754	378,358,776	
Provision for investment in share (note-14.3)	146,075,245	42,532,263	
Provision for income tax (note-14.4)	1,026,464,433	917,716,048	
Interest suspense account (note-14.5)	225,734,391	91,097,514	
Advance rental / installment against leases, loans and advances	15,917,023	16,551,677	
Provision for gratuity	3,000,000	1,500,000	
	<b>1,965,976,652</b>	<b>1,469,106,049</b>	
<b>14.1 Expenditure and other payable</b>			
Sundry Creditors	34,500	4,124,550	
Accrued interest on deposits	22,490,806	16,359,722	
Audit Fee	195,500	195,500	
Security Deposit (Tenancy -BCDL)	500,000	500,000	
Security Deposit (Tenancy- GH)	170,000	170,000	
	<b>23,390,806</b>	<b>21,349,772</b>	
<b>14.2 Provision for leases,loans and advances</b>			
Bangladesh Bank This represents the amount calculated as per circular issued by the in this regard to cover all the required provision of the company as at 31 December 2019.			
Total provision is made up as follows:			
<b>Movements in provision on classified leases,loans and advances (A)</b>			
Balance on 01 January	297,761,027	222,207,650	
Provision made during the year	131,032,952	75,553,377	
Balance at 31 December	<b>428,793,978</b>	<b>297,761,027</b>	
<b>Movements in provision on unclassified leases,loans and advances (B)</b>			
Balance at 01 January	80,597,749	112,003,990	
Provision made during the year	16,003,027	(31,406,241)	
Balance at 31 December	<b>96,600,776</b>	<b>80,597,749</b>	
<b>Total (A+B)</b>	<b>525,394,754</b>	<b>378,358,776</b>	
<b>14.3 Provision for investment in shares</b>			
Balance at 01 January	42,532,263	-	
Provision made / (adjustment) during the year	103,542,982	42,532,263	
Balance at 31 December (Annexure -A for detail)	<b>146,075,245</b>	<b>42,532,263</b>	
<b>14.4 Provision for income tax:</b>			
Balance at 01 January	917,716,048	822,821,627	
Provision made during the year	108,748,385	177,571,617	
	<b>1,026,464,433</b>	<b>1,000,393,244</b>	
Adjustment for the year	-	82,677,196	
Balance at 31 December	<b>1,026,464,433</b>	<b>917,716,048</b>	
This is arrived as at under:			

Year	Opening balance	Current tax provision	Adjusted as per assessment/reversal	Closing balance
Year ended 2001	-	32,578,393	28,338,015	4,240,378
Year ended 2002	4,240,378	42,882,847	10,506,502	36,616,723
Year ended 2003	36,616,723	-	793,103	35,823,620
Year ended 2004	35,823,620	-	-	35,823,620
Year ended 2005	35,823,620	-	-	35,823,620
Year ended 2006	35,823,620	23,049,759	30,526,868	28,346,511
Year ended 2007	28,346,511	13,860,932	5,906,787	36,300,656
Year ended 2008	36,300,656	12,810,773	-	49,111,429
Year ended 2009	49,111,429	19,936,977	2,490,200	66,558,206
Year ended 2010	66,558,206	55,954,412	2,010,128	120,502,490
Year ended 2011	120,502,490	30,011,498	-	150,513,988
Year ended 2012	150,513,988	73,814,410	21,356,557	202,971,841
Year ended 2013	202,971,841	65,873,374	8,197,378	260,647,837
Year ended 2014	260,647,837	80,428,947	4,599,991	336,476,792
Year ended 2015	336,476,792	126,724,116	10,485,823	452,715,085
Year ended 2016	452,715,085	194,058,596	30,193,616	616,580,065
Year ended 2017	616,580,065	206,241,562	-	822,821,627
Year ended 2018	822,821,627	177,571,617	82,677,196	917,716,048
Year ended 2019	917,716,048	108,748,385	-	1,026,464,433

The company's tax assessment has been completed upto Assessment Year 2018-2019. Sufficient provision for taxation has been made for the year.

		Amount in Taka	
		2019	2018
14.5	Interest suspense account		
This represents interest on lease and loans income not recognized as income according to Bangladesh Bank's FID circular # 03 of 2006. Details are as follows:			
Balance at 01 January		91,097,514	143,810,981
Add: Amount transferred to interest suspense account during the year		147,262,598	3,545,954
Less: Amount recovered from interest suspense account during the year		(12,625,721)	(56,259,421)
Balance at 31 December		<b>225,734,391</b>	<b>91,097,514</b>
14.5.1	Details of interest suspense account		
Interest suspense for unclassified leases , loans and advances (A)			
Standard		68,785,819	27,205,739
Special mention account		59,355,530	1,546,064
		<b>128,141,349</b>	<b>28,751,803</b>
Interest suspense for classified leases , loans and advances (B)			
Sub - standard		-	-
Doubtful		-	-
Bad/Loss		97,593,042	62,345,711
		<b>97,593,042</b>	<b>62,345,711</b>
<b>Total (A+B)</b>		<b>225,734,391</b>	<b>91,097,514</b>
14(a)	Other liabilities (consolidated)		
GSP Finance Company (Bangladesh) Limited		1,965,976,652	1,469,106,049
GSP Investments Limited		324,827,544	254,890,481
		<b>2,290,804,196</b>	<b>1,723,996,530</b>
Less: Inter company transaction		-	-
		<b>2,290,804,196</b>	<b>1,723,996,530</b>
15	Share Capital:		
15.1	Authorized capital		
200,000,000 Ordinary shares of Tk. 10 each		<b>2,000,000,000</b>	<b>2,000,000,000</b>
15.2	Issued, Subscribed & Paid up Capital :		
129,221,378 Ordinary shares of Tk.10 each		<b>1,292,213,780</b>	<b>1,292,213,780</b>
		% of share holding 2019	
Domestic Shareholding Position		83.24%	1,007,926,750
Foreign Shareholding Position		16.76%	284,287,030
		<b>100.00%</b>	<b>1,292,213,780</b>

### 15.3 Raising of share capital

GSP Finance Company (Bangladesh) Limited raised its share capital as follows:

Year	Type of issue of paid up capital	No. of shares	Value of shares	Cumulative paid up capital
1995	Opening capital	22,505	2,250,500	2,250,500
1995	Allotment	25,000	2,500,000	4,750,500
1996	Allotment	1,429,177	142,917,700	147,668,200
1997	Allotment	23,318	2,331,800	150,000,000
2000	Allotment	100,000	10,000,000	160,000,000
2001	Allotment	100,000	10,000,000	170,000,000
2005	Bonus	170,000	17,000,000	187,000,000
2007	Bonus	187,000	18,700,000	205,700,000
2008	Bonus	102,850	10,285,000	215,985,000
2010	Bonus	6,047,580	60,475,800	276,460,800
2012	Allotment (IPO)	20,000,000	200,000,000	476,460,800
2012	Bonus	4,764,608	47,646,080	524,106,880
2013	Bonus	7,861,603	78,616,030	602,722,910
2014	Bonus	7,232,675	72,326,740	675,049,650
2015	Bonus	37,127,730	371,277,300	1,046,326,950
2017	Bonus	24,588,683	245,886,830	1,292,213,780

### 15.4 Holding of shares as on 31 December 2019 classified by number of shares as follows:

Range of share Quantity	Number of Shares	Number of Holders	Holding Position in %	Amount Tk.
Less than 500 shares	515,870	2694	0.40%	5,158,700
501 to 5000 shares	8,420,668	4601	5.44%	84,206,680
5001 to 10000 shares	5,291,327	688	4.09%	52,913,270
10001 to 20000 shares	7,324,250	481	5.67%	73,242,500
20001 to 30000 shares	4,450,673	177	3.44%	44,506,730
30001 to 40000 shares	3,288,183	94	2.54%	32,881,830
40001 to 50000 shares	3,121,087	67	2.42%	31,210,870
50001 to 100000 shares	7,748,047	106	6.00%	77,480,470
100001 to 1000000 shares	19,702,378	86	15.25%	197,023,780
Above 1000000 shares	69,358,895	13	53.67%	693,588,950
<b>Total</b>	<b>129,221,378</b>	<b>9007</b>	<b>100%</b>	<b>1,292,213,780</b>

### 15.5 Capital adequacy requirement

As per Clause 4(Gha) of The Financial Institutions Regulations 1994 and Bangladesh Bank's circulars in this regard, status of the company's capital adequacy is as under:

#### A. Eligible Capital :

	2019	2018
1.Tier-1 Capital	1,914,007,494	1,968,635,255
2.Tier-2 Capital	584,821,326	587,044,795
3.Total Eligible Capital (1+2)	2,498,828,820	2,555,680,050
B. Total Risk Weighted Assets (RWA)	12,288,219,733	12,596,533,276
C. Capital Adequacy Ratio (CAR) (A3/B)*100	20.34	20.29
D. Core Capital to RWA (A1/B)*100	15.58	15.63
E. Supplementary Capital to RWA (A2/B)*100	4.76	4.66
F. Minimum Capital Requirement Based on Risk Weighted Assets (10% of B)	1,228,821,973	1,259,653,328
Surplus/(Deficit) (A3-F)	1,270,006,847	1,296,026,722

Surplus/(Deficit) (as per DFIM Circular No.-5 dated 24 July 2011 and Circular No.-9 dated 04 November 2009)

#### Tier-1 (Core Capital):

Paid up Capital	1,292,213,780	1,292,213,780
Statutory Reserve	474,781,602	439,187,458
Share Premium	-	-
Non-Controlling interest	-	-
Retained Earnings	147,012,112	237,234,017
	1,914,007,494	1,968,635,255

		Amount in Taka	
		2019	2018
Tier-2 (Supplementary Capital):			
General Provision (Unclassified loans upto specified limit+SMA+off Balance Sheet Exposure)		126,476,514	128,699,983
Assets Revaluation Reserve upto 50%		458,344,812	458,344,812
		584,821,326	587,044,795
Risk Weighted Assets (RWA)			
A. Credit Risk			
On-Balance Sheet		10,118,121,083	10,295,998,619
Off-Balance Sheet		-	-
B. Market Risk		593,893,100	796,506,462
C. Operational Risk		1,576,205,550	1,504,028,195
		12,288,219,733	12,596,533,276
15.5.1	Capital adequacy requirement (Consolidated)		
As per Clause 4(Gha) of The Financial Institutions Regulations 1994 and Bangladesh Bank's circulars in this regard, status of the company's capital adequacy is as under:			
A. Eligible Capital :			
1.Tier-1 Capital		1,990,126,461	2,034,592,480
2.Tier-2 Capital		592,375,443	593,282,085
3.Total Eligible Capital (1+2)		2,582,501,904	2,627,874,565
B. Total Risk Weighted Assets (RWA)		12,974,749,096	13,329,434,273
C. Capital Adequacy Ratio (CAR) (A3/B)*100		19.90	19.71
D. Core Capital to RWA (A1/B)*100		15.34	15.26
E. Supplementary Capital to RWA (A2/B)*100		4.57	4.45
F. Minimum Capital Requirement Based on Risk Weighted Assets (10% of B)		1,297,474,910	1,332,943,427
Surplus/(Deficit) (A3-F)		1,285,026,994	1,294,931,138
Surplus/(Deficit) (as per DFIM Circular No.-5 dated 24 July 2011 and Circular No.-9 dated 04 November 2009)		292,213,780	292,213,780
<b>Tier-1 (Core Capital)</b>			
Paid up Capital		1,292,213,780	1,292,213,780
Statutory Reserve		474,781,602	439,187,458
Share Premium		-	-
Non-Controlling interest		49	47
Retained Earnings		223,131,030	303,191,195
		1,990,126,461	2,034,592,480
<b>Tier-2 (Supplementary Capital)</b>			
General Provision (Unclassified loans upto specified limit+SMA+off Balance Sheet Exposure)		134,030,631	134,937,273
Assets Revaluation Reserve upto 50%		458,344,812	458,344,812
		592,375,443	593,282,085
<b>Risk Weighted Assets (RWA)</b>			
A. Credit Risk			
On-Balance Sheet		10,722,450,446	10,794,981,847
Off-Balance Sheet		-	-
B. Market Risk		501,093,100	853,289,338
C. Operational Risk		1,751,205,550	1,681,163,088
		12,974,749,096	13,329,434,273

		Amount in Taka	
		2019	2018
<b>16</b>	<b>Statutory reserve</b>		
	Balance at 01 January	439,187,458	380,451,704
	Add: Transferred during the year	35,594,144	58,735,754
	Balance at 31 December	<b>474,781,602</b>	<b>439,187,458</b>
<b>17</b>	<b>Other Reserve:</b>		
	<b>Capital Reserve/ Revaluation Reserve :</b>		
	Balance at 01 January	916,689,624	916,689,624
	Add: Addition during the year	-	-
	<b>Balance at 31 December</b>	<b>916,689,624</b>	<b>916,689,624</b>
<b>18</b>	<b>Retained earnings</b>		
	Balance at 01 January	237,234,017	248,177,829
	Less: Dividend paid for the year 2018	(232,598,480)	(245,886,830)
	Add: Net profit for the year 2019	177,970,719	293,678,772
		182,606,256	295,969,771
	Less: Transfer to statutory reserve	(35,594,144)	(58,735,754)
	<b>Balance at 31 December</b>	<b>147,012,112</b>	<b>237,234,017</b>
	<b>Apportionment:</b>		
	Retained earnings balance	147,012,112	237,234,017
	<b>Note: Retained earnings balance includes WPPF @ 5% ie Tk.7,350,606/=</b>	<b>147,012,112</b>	<b>237,234,017</b>
<b>18(a)</b>	<b>Retained earnings (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	147,012,112	237,234,017
	GSP Investments Limited (Note 18aa)	76,118,918	65,957,178
		<b>223,131,030</b>	<b>303,191,195</b>
<b>18(aa)</b>	<b>Retained earnings of subsidiary</b>		
	Balance at 01 January	65,957,178	49,136,303
	Add: Net profit for the year	10,161,740	16,820,875
		<b>76,118,918</b>	<b>65,957,178</b>
<b>18.1</b>	<b>Contingent liabilities</b>		
	Acceptances and endorsements	-	-
	Letter of guarantee (18.1.1)	-	-
	Irrevocable letter of credit	-	-
	Bills for collection	-	-
	Other contingent liabilities	-	-
		<b>-</b>	<b>-</b>
<b>18.1.1</b>	<b>Letter of guarantee</b>		
	Claims lodged with the company which is not recognized as loan	-	-
	Money for which the company is contingently liable in respect of the following:	-	-
	Directors	-	-
	Government	-	-
	Banks and other financial institutions	-	-
	others	-	-
		<b>-</b>	<b>-</b>
<b>18.2</b>	<b>Other commitments</b>		
	Documentary credits and short term trade and related transactions	-	-
	Forward assets purchased and forward deposits placed	-	-
	Undrawn note issuance and revolving underwriting facilities	-	-
	Undrawn formal standby facilities, credit lines and other commitments	-	-
	Others	-	-
		<b>-</b>	<b>-</b>
As at 31 December 2019, the Company does not have any liabilities , which was not shown in the accounts.			

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**Income statement****Income :**

Interest, discount and similar income (note-19.1)	
Dividend income	
Commission, exchange and brokerage (note-23)	
Gains less losses arising from dealing in securities	
Gains less losses arising from dealing in foreign currencies	
Other operating income (note-24)	
Profit less losses on interest rate changes	

**Expenses:**

Interest expenses on deposits, borrowings, etc. (note-21)	
Charges on losses regarding leases, loans and advances	
Administrative expenses (note-19.2)	
Other operating expenses (note-34)	
Depreciation and repair of company's fixed assets (note-33)	

**Surplus of income over expenditure**

19(a)

**Income statement (Consolidated)****Income :**

Interest, discount and similar income	
Dividend income	
Commission, exchange and brokerage	
Gains less losses arising from dealing in securities	
Gains less losses arising from dealing in foreign currencies	
Other operating income	
Profit less losses on interest rate changes	

**Expenses:**

Interest expenses on deposits, borrowings, etc.	
Charges on losses regarding leases, loans and advances	
Administrative expenses	
Other operating expenses	
Depreciation and repair of company's fixed assets	

**Surplus of income over expenditure**

19.1

Interest, discount and similar income	
Interest income on leases, loans and advances (note-20)	
Investment income (note-22)	

19.2

Administrative expenses	
Salary and allowances (note-25)	
Rent, taxes, insurance, electricity, etc. (note-26)	
Legal expenses (note-27)	
Postage, stamp, telecommunication etc. (note-28)	
Stationery, printing, advertisement etc. (note-29)	
Managing Director's salary and allowances (note-30)	
Directors' fees (note-31)	
Audit fees (note-32)	

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**Interest income on leases, loans and advances:**

Lease income	
Interest on loans	
Interest during grace period	
Total interest income on leases, loans and advances	
Interest on balance with banks and other financial institutions	

Amount in Taka	
2019	2018
943,793,843	955,123,119
-	-
-	-
-	-
-	-
127,972,907	92,333,270
-	-
1,071,766,750	1,047,456,389
461,775,809	422,564,307
-	-
59,750,322	52,271,062
9,714,357	9,807,429
3,228,198	4,883,806
534,468,686	489,526,603
537,298,065	557,929,787
1,027,935,674	1,042,753,441
-	-
6,590,832	8,361,342
-	-
-	-
128,045,457	93,716,530
-	-
1,162,571,963	1,144,831,313
461,775,809	422,564,307
-	-
66,998,539	64,194,794
10,917,382	10,877,473
4,369,237	5,680,612
544,060,967	503,317,185
618,510,996	641,514,129
902,367,717	937,579,061
41,426,126	17,544,059
943,793,843	955,123,119
48,914,351	40,919,656
1,355,719	1,487,144
140,000	182,000
435,514	548,261
1,589,238	1,609,839
6,600,000	6,504,662
520,000	824,000
195,500	195,500
59,750,322	52,271,062
130,079,822	137,353,796
771,437,839	800,056,452
-	-
901,517,661	937,410,248
850,056	168,813
902,367,717	937,579,061

		Amount in Taka	
		2019	2018
<b>20(a)</b>	<b>Interest income on leases, loans and advances (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	902,367,717	937,579,061
	GSP Investments Limited	373,998,885	320,232,104
		<b>1,276,366,602</b>	<b>1,257,811,165</b>
	Less: Inter company transaction	<b>292,999,616</b>	<b>239,166,854</b>
		<b>983,366,986</b>	<b>1,018,644,311</b>
<b>21</b>	<b>Interest expenses on deposits, borrowings, etc. :</b>		
	<b>a) Interest expenses on borrowings :</b>		
	Interest on term loans	165,382,943	66,142,675
	Interest on call loans	7,000,177	7,411,111
	Interest on Bank over draft	25,016,357	4,648,887
	Bank charges	748,286	610,717
		<b>198,147,763</b>	<b>78,813,390</b>
	<b>b) Interest expenses on deposits :</b>	<b>263,628,046</b>	<b>343,750,917</b>
	<b>Total</b>	<b>461,775,809</b>	<b>422,564,307</b>
<b>21(a)</b>	<b>Interest expenses on deposits, borrowings, etc. (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	461,775,809	422,564,307
	GSP Investments Limited	292,999,616	239,166,854
		<b>754,775,425</b>	<b>661,731,161</b>
	Less: Inter company transaction	<b>292,999,616</b>	<b>239,166,854</b>
		<b>461,775,809</b>	<b>422,564,307</b>
<b>22</b>	<b>Investment income:</b>		
	Dividend on Share	19,236,754	8,845,917
	Profit on Share Trading	22,189,372	8,698,142
		<b>41,426,126</b>	<b>17,544,059</b>
<b>22(a)</b>	<b>Investment income (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	41,426,126	17,544,059
	GSP Investments Limited	3,142,562	6,565,072
		<b>44,568,688</b>	<b>24,109,131</b>
<b>23</b>	<b>Commission , exchange and brokerage</b>		
	Commission , exchange and brokerage	-	-
		<b>-</b>	<b>-</b>
<b>23(a)</b>	<b>Commission , exchange and brokerage (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	-	-
	GSP Investments Limited	6,590,832	8,361,342
		<b>6,590,832</b>	<b>8,361,342</b>
<b>24</b>	<b>Other operating income:</b>		
	Income from FDR	18,320,047	9,317,375
	Documentation charge	29,230	1,055,780
	Delinquent interest	104,768,036	78,398,547
	Service charge	379,150	1,338,000
	Transfer price on lease finance	461,150	25,264
	Processing fees	162,240	671,305
	Income from house property	1,692,000	877,000
	Profit on sale of fixed assets	1,599,998	649,999
	Miscellaneous earnings	561,056	-
		<b>127,972,907</b>	<b>92,333,270</b>

		Amount in Taka	
		2019	2018
<b>24(a)</b>	<b>Other operating income (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	127,972,907	92,333,270
	GSP Investments Limited	72,550	1,383,260
		<b>128,045,457</b>	<b>93,716,530</b>
<b>25</b>	<b>Salary and allowances:</b>		
	Basic pay and allowances	42,635,721	35,641,559
	Bonus (note-25.1)	3,214,563	2,664,850
	Company's contribution to provident fund	1,564,067	1,413,247
	Retirement benefit and gratuity	1,500,000	1,200,000
		<b>48,914,351</b>	<b>40,919,656</b>
<b>25.1</b>	<b>Bonus</b>		
	Festival	3,214,563	2,664,850
	Performance	-	-
		<b>3,214,563</b>	<b>2,664,850</b>
<b>25(a)</b>	<b>Salary and allowances(consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	48,914,351	40,919,656
	GSP Investments Limited	4,695,007	6,022,690
		<b>53,609,358</b>	<b>46,942,346</b>
<b>26</b>	<b>Rent, taxes, insurance, electricity, etc.:</b>		
	Rent, rate and taxes	77,184	25,487
	Insurance	139,768	263,108
	Power and electricity	1,138,767	1,198,549
		<b>1,355,719</b>	<b>1,487,144</b>
<b>26(a)</b>	<b>Rent, taxes, insurance, electricity, etc.(consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	1,355,719	1,487,144
	GSP Investments Limited	-	-
		<b>1,355,719</b>	<b>1,487,144</b>
<b>27</b>	<b>Legal expenses :</b>		
	Legal expenses	140,000	182,000
		<b>140,000</b>	<b>182,000</b>
<b>27(a)</b>	<b>Legal expenses (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	140,000	182,000
	GSP Investments Limited	-	-
		<b>140,000</b>	<b>182,000</b>
<b>28</b>	<b>Postage,stamp,telecommunication etc.:</b>		
	Postage and courier	11,834	74,823
	Telephone, fax, internet and mobile	367,830	380,740
	Stamp and court fee	55,850	92,698
		<b>435,514</b>	<b>548,261</b>
<b>28(a)</b>	<b>Postage,stamp,telecommunication etc.(consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	435,514	548,261
	GSP Investments Limited	5,920	6,660
		<b>441,434</b>	<b>554,921</b>

		Amount in Taka	
		2019	2018
<b>29</b>	<b>Stationery, printing, advertisement, etc.:</b>		
	Printing and stationery	492,643	552,341
	Advertisement and publicity	1,096,595	1,057,498
		<b>1,589,238</b>	<b>1,609,839</b>
<b>29(a)</b>	<b>Stationery, printing, advertisement, etc.(consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	1,589,238	1,609,839
	GSP Investments Limited	28,548	37,933
		<b>1,617,786</b>	<b>1,647,772</b>
<b>30</b>	<b>Managing Director's salary and allowances :</b>		
	Remuneration	6,200,000	6,200,004
	Other benefits	400,000	304,658
		<b>6,600,000</b>	<b>6,504,662</b>
<b>30(a)</b>	<b>Managing Director's salary and allowances (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	6,600,000	6,504,662
	GSP Investments Limited	2,247,742	5,481,449
		<b>8,847,742</b>	<b>11,986,111</b>
<b>31</b>	<b>Directors' fees :</b>		
	Directors fees	520,000	824,000
		520,000	824,000
	<b>Other benefits</b>	-	-
		<b>520,000</b>	<b>824,000</b>
<b>31(a)</b>	<b>Directors' fees (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	520,000	824,000
	GSP Investments Limited	248,000	352,000
		<b>768,000</b>	<b>1,176,000</b>
<b>32</b>	<b>Audit fees:</b>	195,500	195,500
		<b>195,500</b>	<b>195,500</b>
<b>32(a)</b>	<b>Audit fees (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	195,500	195,500
	GSP Investments Limited	23,000	23,000
		<b>218,500</b>	<b>218,500</b>
<b>33</b>	<b>Depreciation and repairs of company's assets:</b>		
	Depreciation on company's fixed assets (Annexure-C)	3,228,198	4,849,606
	Repairs of companies fixed assets	-	34,200
		<b>3,228,198</b>	<b>4,883,806</b>
<b>33(a)</b>	<b>Depreciation and repairs of company's assets (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	3,228,198	4,883,806
	GSP Investments Limited	1,141,039	796,806
		<b>4,369,237</b>	<b>5,680,612</b>

		Amount in Taka	
		2019	2018
<b>34</b>	<b>Other operating expenses:</b>		
	Office maintenance	2,318,236	2,488,965
	Travelling and conveyances	523,790	589,042
	Motor vehicle running expenses	958,325	920,711
	Fees and subscriptions	2,922,577	3,006,594
	Staff welfare expenses	206,321	218,972
	Newspaper, books and periodicals	32,658	24,876
	Staff training and education	68,000	60,000
	Entertainment expenses	510,020	699,500
	Business promotion	806,000	729,470
	Commission on TDR	211,817	164,127
	Annual General Meeting Expenses (34.1)	1,126,613	882,172
	CSR Expenses (34.2)	30,000	23,000
		<b>9,714,357</b>	<b>9,807,429</b>
<b>34.1</b>	<b>Annual General Meeting Expenses</b>		
	Rent for venue and Decoration	435,600	57,500
	Printing of Annual Reports and data base	559,923	698,227
	Publication of Notice	33,600	47,955
	Others	97,490	78,490
		<b>1,126,613</b>	<b>882,172</b>
<b>34.2</b>	<b>CSR Expenses</b>		
	Dhaka Metropolitan Police	30,000	23,000
		<b>30,000</b>	<b>23,000</b>
<b>34(a)</b>	<b>Other operating expenses(consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	9,714,357	9,807,429
	GSP Investments Limited	1,203,025	1,070,044
		<b>10,917,382</b>	<b>10,877,473</b>
<b>35</b>	<b>Provision for leases, loans and advances &amp; investments:</b>		
	Provision for classified leases, loans and advances	131,032,952	75,553,377
	Provision for unclassified leases, loans and advances	16,003,027	(31,406,241)
	Provision for Investment in Share	103,542,982	42,532,263
		<b>250,578,960</b>	<b>86,679,399</b>
<b>35(a)</b>	<b>Provision for leases, loans and advances &amp; investments (consolidated)</b>		
	GSP Finance Company (Bangladesh) Limited	250,578,960	86,679,399
	GSP Investments Limited	64,954,145	56,670,937
		<b>315,533,105</b>	<b>143,350,336</b>

		Amount in Taka	
		2019	2018
<b>36</b>	<b>Provision for income tax:</b>		
	Current tax (36.1)	107,519,664	176,718,896
	Deferred tax (36.2)	1,228,721	852,721
		<b>108,748,385</b>	<b>177,571,617</b>

36.1 Provisions for current tax has been made on the basis of the profit for the year in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 37.50% on taxable income.

**36.2 Deferred tax asset/(liabilities)**

Deferred tax has been calculated based on deductible/(taxable) 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".  
Deferred tax asset/(liabilities) is arrived at as follows:

	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
	Taka	Taka	Taka
<b>Assets:</b>			
Fixed assets net off depreciation	967,976,014	932,807,806	(35,168,208)
<b>Liabilities:</b>			
Employee gratuity	3,000,000	-	3,000,000
<b>Total</b>	<b>970,976,014</b>	<b>932,807,806</b>	<b>(32,168,208)</b>
Applicable tax rate			37.50%
Deferred tax asset/(liabilities) as on December 31, 2019			(12,063,078)
Deferred tax asset/(liabilities) as on December 31, 2018			(10,834,357)
Deferred tax income/(expenses) accounted for during the year			<b>(1,228,721)</b>

**36(a) Provision for income tax (consolidated)**

GSP Finance Company (Bangladesh) Limited	108,748,385	177,571,617
GSP Investments Limited	6,097,045	10,092,527
	<b>114,845,430</b>	<b>187,664,144</b>

**37 Dividend :**

6% Cash dividend and 4.50% Stock dividend for the year 2019 has been proposed by the Board of Directors in its 222<sup>nd</sup> meeting held on August 12, 2020

**38 Earning per share :**

Earning per share (EPS) is calculated in accordance with International Accounting Standard No. 33. Earning per share has been calculated as follows:

Net profit after tax	177,970,719	293,678,772
Number of ordinary shares outstanding	129,221,378	129,221,378
<b>Earning per share</b>	<b>1.38</b>	<b>2.27</b>

		Amount in Taka	
		2019	2018
<b>38(a)</b>	<b>Earning per share (Consolidated) :</b>		
	Net profit after tax	188,132,461	310,499,649
	Number of ordinary shares outstanding	129,221,378	129,221,378
	Earning per share	<b>1.46</b>	<b>2.40</b>
	No diluted EPS is required to be calculated for the year since there was no scope of dilution of share during the year under review.		
<b>39</b>	<b>Net Asset Value per share (NAV):</b>		
	Total Shareholders' equity	2,830,697,118	2,885,324,879
	Number of shares outstanding	129,221,378	129,221,378
	<b>NAV per share</b>	<b>21.91</b>	<b>22.33</b>
<b>39(a)</b>	<b>Net Asset Value per share (NAV) (Consolidated):</b>		
	Total Shareholders' equity	2,906,816,085	2,951,282,104
	Number of shares outstanding	129,221,378	129,221,378
	<b>NAV per share</b>	<b>22.49</b>	<b>22.84</b>
<b>40</b>	<b>Net Operating Cash Flow per share:</b>		
	Net cash flow from operating activities	488,329,904	72,523,641
	Number of shares outstanding	129,221,378	129,221,378
	<b>NOCFPS</b>	<b>3.78</b>	<b>0.56</b>
<b>40(a)</b>	<b>Net Operating Cash Flow per share (Consolidated):</b>		
	Net cash flow from operating activities	486,001,395	73,406,419
	Number of shares outstanding	129,221,378	129,221,378
	<b>NOCFPS</b>	<b>3.76</b>	<b>0.57</b>
<b>41</b>	<b>Composition of Shareholders' Equity :</b>		
	Paid up capital	1,292,213,780	1,292,213,780
	Statutory reserve	474,781,602	439,187,458
	Other reserve	916,689,624	916,689,624
	Retained earnings	147,012,112	237,234,017
	<b>Total:</b>	<b>2,830,697,118</b>	<b>2,885,324,879</b>
<b>41(a)</b>	<b>Composition of Shareholders' Equity (Consolidated):</b>		
	Paid up capital	1,292,213,780	1,292,213,780
	Statutory reserve	474,781,602	439,187,458
	Other reserve	916,689,624	916,689,624
	Retained earnings	223,131,030	303,191,195
	Non-controlling interest	49	47
		<b>2,906,816,085</b>	<b>2,951,282,104</b>

**\*Date of issue & other information:**

Date	Types of Paid up Capital	No. of Shares	Face Value Per Share	Taka
01-10-1995	Promoter Share	22,505	100	2,250,500
29-11-1995	Allotment	25,000	100	2,500,000
15-06-1996	Allotment	1,429,177	100	142,917,700
26-02-1997	Allotment	23,318	100	2,331,800
06-07-2000	Allotment	100,000	100	10,000,000
15-02-2001	Allotment	100,000	100	10,000,000
23-04-2006	Bonus @ 10%	170,000	100	17,000,000
26-04-2008	Bonus @ 10%	187,000	100	18,700,000
12-04-2009	Bonus @ 5%	102,850	100	10,285,000
	<b>Before Split</b>	<b>2,159,850</b>		<b>215,985,000</b>
	<b>After Split</b>	<b>21,598,500</b>	10	<b>215,985,000</b>
15-02-2011	Bonus @ 28%	6,047,580	10	60,475,800
02-04-2012	IPO	20,000,000	10	200,000,000
13-05-2012	Bonus @ 10%	4,764,608	10	47,646,080
08-06-2013	Bonus @ 15%	7,861,603	10	78,616,030
20-02-2014	Bonus @ 12%	7,232,675	10	72,326,740
23-02-2015	Bonus @ 55%	37,127,730	10	371,277,300
14-03-2018	Bonus @ 23.50%	24,588,682	10	245,886,830
<b>Total</b>		<b>129,221,378</b>		<b>1,292,213,780</b>

**42 Reconciliation of Operating Activities of Cash Flows:**

Net Profit After Tax  
Depreciation  
Provision for lease and loans  
Provision for taxation  
Increase in lease and loans  
Income tax paid  
Increase in deposit and other accounts  
Increase in other liabilities  
Increase in other assets

**Cash flows from operating activities**

Amount in Taka	
2019	2018
177,970,719	293,678,772
3,228,198	4,849,606
250,578,960	86,679,399
108,748,385	177,571,617
104,382,005	716,559,113
(12,965,646)	(25,396,719)
(303,847,508)	(1,063,231,454)
98,559,329	(150,769,552)
61,675,461	32,582,859
<b>488,329,904</b>	<b>72,523,641</b>

**42(a) Reconciliation of Operating Activities of Cash Flows (Consolidated):**

Net Profit After Tax  
Depreciation  
Provision for lease and loans  
Provision for taxation  
Increase in lease and loans  
Income tax paid  
Increase in deposit and other accounts  
Increase in other liabilities  
Increase in other assets

**Cash flows from operating activities**

188,132,461	310,499,649
4,369,237	5,646,412
315,533,105	143,350,336
114,845,430	187,664,144
21,285,832	637,451,907
(13,183,990)	(25,698,340)
(303,847,508)	(1,063,231,454)
109,411,204	(156,650,633)
49,455,624	34,374,399
<b>486,001,395</b>	<b>73,406,419</b>

**43**

**Related party disclosures :**

**a. Particulars of Directors and their interest in different entities**

Sl no	Name of the Director	Status in GSPB	Entities where they have interest	Status in interested entity
01	Mr. Feroz U. Haider	Chairman	1.GSP Investments Limited 2. Republic Insurance Company Ltd. 3. S.F. Haider Foundation Ltd.	1. Chairman 2. Director 3. Chairman
02	Mr. Saber Hossain Chowdhury	Director & Vice Chairman	1.GSP Investments Limited 2. Karnaphuli Group of Companies. Republic Insurance Company Ltd.	1. Director 2. Managing Director 3. Director
03	Dr. ATM Shamsul Huda	Director & Vice Chairman		
04	Mr. Wolf-Peter Berthold	Director		
05	Ms. Silwat A. Haider	Director		
06	Mr. Moin U. Haider	Director & Chairman EC	GSP Investments Ltd.	Director
07	Mr. Mohamed Abdul Jalil	Director		
08	Mr. Wajid Ali Khan Panni	Independent Director		
09	Mr. F. A. Shamim Ahmed	Independent Director		

**b. Significant contract where the Company is party and wherein Directors have interest - Nil**

**c. Related party transactions**

The Company in normal course of business carried out a number of transactions with other parties that fall within the definition of related party as per IAS 24:Related Party Disclosures.These related party loans/Leases were made at the competitive terms including interest rates and collateral requirements, as those offered to other customers of similar terms & conditions.

Name of the related party	Relationship	Nature of Transaction	Closing Balance 2019	Closing Balance 2018
Container & Terminal service Ltd	Common Directors	Loan and Advances	14,766,373	20,451,708
GSP Investments Limited	Subsidiary Company	Loan and Advances	1,884,773,562	1,619,839,926
			<b>1,899,539,935</b>	<b>1,640,291,634</b>

**d. Share issued to Directors and executives without consideration or exercisable at a discount - Nil**

**e. Lending policy to related parties**

Related parties are allowed Loans and Advances as per General Loan Policy of the Company.

**f. Investment in the Securities of Directors and their related concern - Nil**

**g. Receivable from Directors-Nil**

**44 Unacknowledged debt :**

The Company had no claim against it, which has not been acknowledged as debt at the balance sheet date.

**45 Number of employees :**

The total number of full time employees of the Company and their remuneration above Tk.48,000/- per annum were 53.

There were no employees earning less than Tk. 48,000/- per year.

**46 Number of Board meeting and remuneration for attending thereof :**

Total number of 7 (seven) Board of directors meetings were held during the year and directors remuneration for attending the board meeting was paid as per Company Law and Bangladesh Bank guidelines. No director has been paid any remuneration for any special service rendered.

**47 Receivable from directors :**

No amount is due from any of the directors of the Company.

**48 Disclosure regarding branch :**

As at December 31, 2019, the company has no branch in or outside of Bangladesh.

**49 Disclosure of Executive Committee :**

To conform with the Bangladesh Bank guidelines, the Board of Directors of GSP Finance Company (Bangladesh) Limited constituted the Executive Committee of the Board comprising members from the Board and the committee met 3 (three) times during the year 2019

**50 Disclosure on Audit Committee:**

**50.1 Particulars of Audit Committee**

According to the guidelines of Bangladesh Bank, the Board of Directors of GSP Finance Company (Bangladesh) Limited constituted the Audit Committee of the Board. Details of the committee members are as follows:

Name	Status in the company	Status with the committee
Mr. Wajid Ali Khan Panni	Independent Director	Chairman
Mr. Saber Hossain Chowdhury	Director	Member
Dr. ATM Shamsul Huda	Director	Member
Mr. Mohamed Abdul Jalil	Director	Member
Mr. Moin U. Haider	Director	Member

**50.2 Activities of the audit committee during the year.**

In the year 2019 the Audit Committee carried out the following activities:

- Reviewed the financial and other systems including internal control and its reporting procedure;
- Reviewed the duties, responsibilities, functions, degree of independence, due diligence with due care, objectivity and staffing of internal audit department;
- Recommend to the Board regarding appointment of the external auditors and their terms of appointment;
- Reviewed all the operational policies before being approved by the Board;
- Reviewed the effectiveness and independence for the statutory auditors;
- Reviewed along with the management, the quarterly and the half yearly financial statements before submission to the Board for approval;
- Reviewed along with the management, the annual financial statements before submission to the Board for approval;
- Ensured Strict adherence and compliance of the Bangladesh Accounting Standards and recommended the best accounting practices;
- Reviewed the delinquent portfolio and provided suitable guidelines;

**50.3 Effective internal control and security documentation of the Company:**

Having assessed the internal financial controls, information system and reporting models, the committee is of the opinion that:

- Procedures followed by the management for internal control of the company's activities under the manual set by the management in line with Bangladesh Bank's guidelines are satisfactory.
- Company's assets are reasonably safeguarded and the financial position of the company is on sound footing.
- Overdue and litigation position of the company as stated by the management presents a true and fair view.

**51 Subsequent events :**

No material events occurred after the balance sheet date, non disclosure of which could affect the ability of the users of the financial statements to make proper evaluation and decisions.

**52 Highlights on the overall activities :**

Sl no.	Particulars	Amount in Taka	
		2019	2018
1	Paid up capital	1,292,213,780	1,292,213,780
2	Total eligible capital (note - 15.5.A)	2,498,828,820	2,555,680,050
3	Capital surplus / (deficit)	292,213,780	292,213,780
4	Total assets	9,450,979,967	9,591,342,540
5	Total deposits	2,809,991,267	3,113,838,775
6	Total leases, loans and advances	7,249,623,369	7,354,005,374
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio	2.58	2.36
9	Percentage of classified leases, loans and advances against total leases, loans and advances	18.91	8.15
10	Profit after provisions and income tax	177,970,719	293,678,772
11	Leases, loans and advances classified for the year ended	1,371,163,478	599,080,434
12	Provision kept against classified leases, loans and advances	428,793,978	297,761,027
13	Provision surplus / (deficit)	4,740,971	1,706,340
14	Cost of fund	11.25	10.90
15	Interest earning assets	8,091,714,937	8,224,289,883
16	Non-interest earning assets	1,359,265,030	1,367,052,656
17	Return on assets (ROA) %	1.88	3.06
18	Return on investment (ROI) %	10.13	16.33
19	Income from investment	41,426,126	17,544,059
20	Earnings per share	1.38	2.27
21	Net Income per share	1.38	2.27
22	Price earnings ratio (times)	11.01	8.98

  
Company Secretary

  
Director

  
Managing Director & CEO (C.C)



জোহা জামান কবির রশীদ এ্যান্ড কোং  
চার্টার্ড একাউন্টেন্টস  
**Zoha Zaman Kabir Rashid & Co.**  
*Chartered Accountants*

**Independent Auditor's Report  
To the shareholders of GSP investments Limited  
Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of GSP investments Limited, which comprise the Statement of Financial Position as at December 31, 2019, Statement of Profit, Loss, and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of the company give a true and fair view of the financial position of the company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**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. 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.

**Responsibilities of management and those charged with governance for the financial statements and internal controls**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, Companies Act 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

Zoha Zaman Kabir Rashid & Co., partnership firm registered in Bangladesh and member firm of MSI Global Alliance, a leading international association of independent legal and accounting firms.

Rupayan Karim Tower, Level # 7, Suite # 7A, 80 Kakrail, Dhaka-1000, Bangladesh  
Phone: +880 2 9339732, +880 2 - 9339725, +880 2 48313128, Fax: 880 2 831 3128  
E-mail: info@zzkrca.com. Web: www.zzkrca.com

A member of





জোহা জামান কবির রশীদ এ্যান্ড কোং  
চার্টার্ড একাউন্টেন্টস  
**Zoha Zaman Kabir Rashid & Co.**  
*Chartered Accountants*

- 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.

**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:

- 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;
- in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- the Financial Position and profit and Statement of Profit and Loss and Other Comprehensive Income together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred were for the purpose of the company's business for the year;
- the information and explanation required by us have been received and found satisfactory;

Dated, Dhaka  
10 August 2020

**Zoha Zaman Kabir Rashid & Co.**  
Chartered Accountants

Md. Iqbal Hossain FCA  
Enrolment no: 596 (ICAB)

Zoha Zaman Kabir Rashid & Co., partnership firm registered in Bangladesh and member firm of MSI Global Alliance, a leading international association of independent legal and accounting firms.

Rupayan Karim Tower, Level # 7, Suite # 7A, 80 Kakrail, Dhaka-1000, Bangladesh  
Phone: +880 2 9339732, +880 2 - 9339725, +880 2 48313128, Fax: 880 2 831 3128  
E-mail: info@zzkrca.com. Web: www.zzkrca.com

A member of



**GSP INVESTMENTS LIMITED**  
**BALANCE SHEET**  
AS AT DECEMBER 31, 2019

	Amount in Taka	
	Dec. 31, 2019	Dec. 31, 2018
<b>ASSETS</b>		
<b>Non Current Assets:</b>	<b>4,704,643</b>	<b>5,819,782</b>
Property, plant and equipments	4,704,643	5,819,782
<b>Investment in Share</b>	<b>38,344,536</b>	<b>41,406,749</b>
<b>Current assets:</b>	<b>2,492,670,854</b>	<b>2,143,461,062</b>
Margin loan to portfolio clients	2,488,865,102	2,140,835,293
Accounts Receivable	469,701	215,866
Advance Income Tax	1,060,165	841,821
Cash & cash equivalents	2,275,886	1,568,082
<b>Total</b>	<b>2,535,720,033</b>	<b>2,190,687,593</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders equity:</b>	<b>326,118,926</b>	<b>315,957,184</b>
Share Capital	250,000,000	250,000,000
Retained Earnings	76,118,926	65,957,184
<b>Current Liabilities:</b>	<b>2,209,601,107</b>	<b>1,874,730,409</b>
Borrowing from Banks & Financial Institutions	1,884,773,562	1,619,839,926
Portfolio investors' fund	1,884,033	2,501,111
Accounts payable	156,800	-
Provision for diminution in value of investments	21,627,347	9,661,723
Provision for Margin Loan	255,316,610	202,328,089
Provision for Income Tax	45,671,359	39,574,314
Other Liabilities	171,396	825,246
<b>Total</b>	<b>2,535,720,033</b>	<b>2,190,687,593</b>
<b>Net assets value (NAV) per share</b>	<b>13.04</b>	<b>12.64</b>

  
Company Secretary

  
Director

  
CEO/Managing Director (C.C)

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

Dated, Dhaka  
August 10, 2020

**GSP INVESTMENTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**OPERATING INCOME**

Interest Income  
Less: Interest expenses  
**Net Interest Income**

Investment Income  
Commission, exchange and brokerages  
Other operating income

**Total operating income(a)**

**OPERATING EXPENSES**

Salary and allowances  
Postage & stamps  
Printing & Stationary  
Directors' fees  
MD's Salary & allowances  
Depreciation on property, plant and equipments  
Other Operating expenses

**Total operating expenses(b)**

**Profit before provision (c=a-b)**

Provision for diminution in value of investments  
Provision for Margin Loan

**Total profit before tax**

Provision for income tax

**Net profit after tax**

Other comprehensive income

**Earning per share (EPS)**

Amount in Taka	
2019	2018
373,998,885	320,232,104
292,999,616	239,166,854
<b>80,999,269</b>	<b>81,065,250</b>
3,142,562	6,565,072
6,590,832	8,361,342
72,550	1,383,260
<b>9,805,944</b>	<b>16,309,674</b>
<b>90,805,213</b>	<b>97,374,924</b>
4,695,007	6,022,690
5,920	6,660
28,548	37,933
248,000	352,000
2,247,742	5,481,449
1,141,039	796,806
1,226,025	1,093,044
<b>9,592,281</b>	<b>13,790,582</b>
<b>81,212,932</b>	<b>83,584,342</b>
11,965,624	<b>7,443,792</b>
52,988,521	49,227,145
16,258,787	26,913,405
6,097,045	10,092,527
<b>10,161,742</b>	<b>16,820,878</b>
-	-
10,161,742	16,820,878
<b>0.41</b>	<b>0.67</b>

  
Company Secretary

  
Director

  
CEO/Managing Director (C.C)

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

Dated, Dhaka  
August 10, 2020

# GSP FINANCE COMPANY (BANGLADESH) LIMITED

## INVESTMENT IN SHARES AS AT 31 DECEMBER 2019

### ANNEXURE - A

Sl. No.	Name of the issuer company	No. of Shares	Cost price as at 31 Dec. 2019 (Tk)	Market Price as at 31 Dec. 2019 (Tk.)	Provision required as at 31 Dec. 2019 (Tk.)
<b>Investment in quoted shares:</b>					
1	ACME Laboratories Ltd.	186,237	9,684,324	11,341,833	1,657,510
2	AFTABAUTO	694,400	50,390,408	16,943,360	(33,447,048)
3	BRAC Bank Ltd.	126,500	8,418,949	7,223,150	(1,195,799)
4	BSRMLTD	20,086	2,033,736	980,197	(1,053,539)
5	BSRMSTEEL	95,023	8,343,847	3,724,902	(4,618,946)
6	Copper Tech Ltd.	4,978	47,410	116,983	69,573
7	DELTASPINN	253,673	2,096,480	1,014,692	(1,081,788)
8	Esquire Knit Composite	20,890	940,050	591,187	(348,863)
9	Exim Bank Ltd.	6,490	72,740	65,549	(7,191)
10	First Security Islami Bank Ltd.	60,500	816,304	586,850	(229,454)
11	Grameen Phone	132,768	55,163,244	37,945,094	(17,218,150)
12	Heidelberg Cement Ltd.	58,360	27,783,136	9,617,728	(18,165,408)
13	IDLC	270,896	18,055,789	12,298,678	(5,757,110)
14	KEYACOSMET	98,687	1,166,509	305,930	(860,579)
15	LANKABAFIN	2,312,554	59,996,263	41,625,972	(18,370,291)
16	LAFARGE HOLCIM BD LTD	335,157	21,002,081	11,261,275	(9,740,806)
17	METROSPIN	76,576	1,934,376	490,086	(1,444,289)
18	NBL	2,359,344	21,711,011	19,110,686	(2,600,325)
19	New Line Clothing	4,282	37,570	63,374	25,804
20	Olympic Industries	183,375	47,449,941	30,256,875	(17,193,066)
21	PLFSL	181,498	6,838,382	544,494	(6,293,888)
22	RAK Ceramics BD Ltd	13,533	654,995	388,397	(266,598)
23	Runner Automobiles Ltd.	7,566	540,450	450,177	(90,273)
24	Silco Pharma	4,376	36,470	132,593	96,123
25	Shahjalal Islami Bank Ltd.	2,200,000	49,280,000	51,480,000	2,200,000
26	SQUAR PHARMA	113,257	27,722,068	21,518,830	(6,203,238)
27	SUMITPOWER	440,000	18,578,018	15,972,000	(2,606,018)
28	Titas Gas Transmission & Distribution Ltd.	16,200	762,478	500,580	(261,898)
29	UNIONCAP	62,804	1,465,354	395,665	(1,069,689)
<b>Investment in unquoted shares:</b>					
30	ADN Telecom Ltd.	700,000	10,500,000	10,500,000	-
31	CDBL	571,181	2,569,450	2,569,450	-
32	Energypac Power Generation Ltd.	1,192,800	49,984,000	49,984,000	-
<b>Total</b>			<b>506,075,833</b>	<b>360,000,588</b>	<b>(146,075,245)</b>

\*Investment in quoted shares  
\*Investment in unquoted shares

**Total:**

#### Cost Price

443,022,383

63,053,450

**506,075,833**

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**SCHEDULE OF FIXED ASSETS (CONSOLIDATED)**

AS AT 31 DECEMBER 2019

ANNEXURE - B

SL No.	Particulars	COST					Rate %	DEPRECIATION				Written Down Value as on 31.12.19
		Opening Balance on 01.01.19	Addition during the year	Revaluation during the year	Adjustment during the year	Closing Balance as on 31.12.19		Opening Balance on 01.01.19	Charged during the year	Adjustment During the year	Closing Balance as on 31.12.19	
1	Land & Land Development	953,437,500	-	-	-	953,437,500	-	-	-	-	-	953,437,500
2	Office Building	20,535,533	-	-	-	20,535,534	10	18,256,603	666,364	-	18,922,967	1,612,566
3	Office Equipment	22,565,240	8,395,992	-	-	30,961,233	20	18,975,228	1,739,444	-	20,714,671	10,246,560
4	Furniture & Fixtures	8,715,217	19,750	-	-	8,734,967	10	7,515,263	302,957	-	7,818,220	916,747
5	Software	1,340,000	-	-	-	1,340,000	20	1,123,424	43,315	-	1,166,739	173,261
6	Office Decoration	695,534	-	-	-	695,534	10	479,718	21,582	-	501,300	194,234
7	Telephone Systems	1,194,691	2,300	-	-	1,196,991	20	1,163,442	26,187	-	1,189,629	7,362
8	Motor Vehicle	15,158,571	2,260,000	-	7,485,846	9,932,725	20	9,870,850	1,455,293	7,485,845	3,840,298	6,092,426
9	Electrical Goods & Installation	4,095,278	-	-	-	4,095,278	20	3,981,182	114,095	-	4,095,277	2
10	Generator & Installation	1,128,896	-	-	-	1,128,896	20	1,128,896	-	-	1,128,896	-
11	House Property	20,950,712	-	-	-	20,950,712	10	20,950,711	-	-	20,950,711	1
AS AT 31 DECEMBER 2019		1,049,817,172	10,678,042	-	7,485,846	1,053,009,368		83,445,315	4,369,237	7,485,845	80,328,706	972,680,657
AS AT 31 DECEMBER 2018		1,049,100,904	3,416,300	-	2,700,033	1,049,817,172		80,006,443	5,646,412	2,207,539	83,445,315	966,371,853

**GSP FINANCE COMPANY (BANGLADESH) LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
**AS AT 31 DECEMBER 2019**

**ANNEXURE - C**

SL No.	Particulars	COST					Rate %	DEPRECIATION				Written Down Value as on 31.12.19
		Opening Balance on 01.01.19	Addition during the year	Revaluation during the year	Adjustment during the year	Closing Balance as on 31.12.19		Opening Balance on 01.01.19	Charged during the year	Adjustment During the year	Closing Balance as on 31.12.19	
1	Land & Land Development	953,437,500	-	-	-	953,437,500	-	-	-	-	-	953,437,500
2	Office Building	20,535,533	-	-	-	20,535,533	10	18,256,603	666,364	-	18,922,967	1,612,566
3	Office Equipment	21,629,417	8,370,092	-	-	29,999,509	20	18,291,302	1,686,554	-	19,977,856	10,021,651
4	Furniture & Fixtures	8,633,632	19,750	-	-	8,653,382	10	7,472,144	299,110	-	7,771,254	882,127
5	Telephone Systems	1,194,691	2,300	-	-	1,196,991	20	1,163,442	26,187	-	1,189,629	7,362
6	Motor Vehicle	8,915,846	2,260,000	-	7,485,846	3,690,000	20	8,725,152	435,888	7,485,845	1,675,195	2,014,805
7	Electrical Goods & Installation	4,095,278	-	-	-	4,095,278	20	3,981,181	114,095	-	4,095,276	2
8	Generator & Installation	1,128,896	-	-	-	1,128,896	20	1,128,896	-	-	1,128,896	-
9	House Property	20,950,712	-	-	-	20,950,712	10	20,950,711	-	-	20,950,711	1
<b>AS AT 31 DECEMBER 2019</b>		<b>1,040,521,501</b>	<b>10,652,142</b>	<b>-</b>	<b>7,485,846</b>	<b>1,043,687,797</b>		<b>79,969,430</b>	<b>3,228,198</b>	<b>7,485,845</b>	<b>75,711,783</b>	<b>967,976,014</b>
<b>AS AT 31 DECEMBER 2018</b>		<b>1,041,874,991</b>	<b>115,310</b>	<b>-</b>	<b>1,468,800</b>	<b>1,040,521,501</b>		<b>76,588,623</b>	<b>4,849,606</b>	<b>1,488,799</b>	<b>79,969,430</b>	<b>960,552,071</b>







**GSP Finance Company (Bangladesh) Limited**

1, Paribagh, Mymensingh Road,  
Dhaka-1000.

## PROXY FORM

I/We.....  
of.....being a shareholder  
of GSP Finance Company (Bangladesh) Limited do hereby appoint  
Mr./Mrs.....  
of.....  
(or failing his/her)  
Mr./Mrs.....  
of.....as my/our Proxy  
to attend and vote on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday,  
September 23, 2020 at 11:00 a.m. by using Digital Platform (pursuance to BSEC Order no. SEC/SRMIC/94-231/25, dated  
July 08, 2020) through the following link <https://gspfinance.bdvirtualagm.com> or at any adjournment thereof or any ballot to  
be taken in consequence thereof.

Signed this.....day of September, 2020

.....  
Signature of the proxy

BO ID No.....

No of shares being held.....

Revenue  
Stamp of  
Tk. 20/=

.....  
Signature of the shareholder(s)

### Notes:

- I). This Form of Proxy, duly completed must be deposited at least 48 hours before the meeting of the Company's Registered Office. Proxy is invalid if not signed and stamped as indicated above.
- II). Signature of the Shareholder should agree with the specimen signature registered with the Company.



**GSP Finance Company (Bangladesh) Limited**

1, Paribagh, Mymensingh Road,  
Dhaka-1000.

## ATTENDANCE SLIP

I/We hereby record my/our attendance at the 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday,  
September 23, 2020 at 11:00 a.m. by using Digital Platform (pursuance to BSEC Order no. SEC/SRMIC/94-231/25, dated  
July 08, 2020) through the following link <https://gspfinance.bdvirtualagm.com>

Name of the shareholder(s) / Proxy (in Block Letters).....

BO ID No.....

No of shares being held.....

.....

Date: .....

Signature of the shareholder(s)/proxy

A Member may appoint a proxy to attend and vote in his/her place by filling proxy at this virtual AGM. The "Proxy Form" duly filled, signed and stamped at BDT 20/-, must be deposited at the registered office or send through e-mail to [secretariat@gspfinance.com](mailto:secretariat@gspfinance.com) not later than 48 hours before the time scheduled for holding the AGM.

**Members may please note that no gift or benefits in cash or kind shall be given at the AGM.**





**GSP FINANCE COMPANY (BANGLADESH) LIMITED**

1, Paribagh, Mymensingh Road, Dhaka-1000.

PABX : (880-2) 9674306, 9674425, FAX : (880-2) 9674194

E-mail : [info@gspfinance.com](mailto:info@gspfinance.com), Web : [www.gspfinance.com](http://www.gspfinance.com)