



AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

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Independent Auditor's Report to the Shareholders Of Fareast Finance & Investment Limited

Report on the Audit of Financial Statements

Qualified Opinion

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

In our opinion, except for the effects of the matter described in the basis for Qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), where practicable and comply with Financial Institutions Act 1993, The Securities and Exchange Rules 1987, the Companies Act 1994 along with the rules & regulations Issued by the Bangladesh Bank and other applicable rules & regulations.

Basis for Qualified Opinion

1. The company has one associate company namely Fareast Stocks & Bonds Limited audited by other auditor whose report has been furnished to us and our opinion is so far as it relates to the amounts included based on the reports. According to the available documents & CL statements of Fareast Finance & Investment Limited shown Term Loan given to Fareast Stocks & Bonds Limited amount is Tk. 3,024,788,933 but according to Auditors opinion of Fareast Stocks & Bonds Limited they have found Tk. 3,065,078,166 in the books of accounts resulting differences of Tk. 40,289,233 but Fareast Stocks and Bonds Limited reported in its Financial Statements as at 31.12.2020 Tk. 2,522,206,023. Therefore, it indicates that the recover ability of Term loan amount may have cast doubt and arise additional expected credit losses of the company.
2. In the notes # 16.6 As per Section-4(Gha) of The Financial Institutions Rules, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, the minimum paid up capital of a Financial Institution shall be Tk. 100 crore, provided that the sum of paid up capital and reserves shall not be less than the minimum capital required under the Risk Based Assets of the company, as criteria determined by the Bangladesh Bank. However, during the year ended December 31, 2020 the eligible capital of the company is Tk. 224,491,787 and the shortfall of regulatory required capital of Tk. 775,508,213 compared to minimum requirement.
3. In the notes # 5.4 shown fixed deposit accounts with Bangladesh Industrial Finance Co. Limited Tk. 100,000,000 & FAS Finance & Investment Limited Tk. 36,116,092 respectively. As per IFRS 09 “Financial Instrument” the company should measure loss allowances of financial assets equal to lifetime expected credit loss when the credit risk of financial asset has increased significantly. The company has not made any provision against above deposit amount though there is enough doubt to recover this amount from the FAS Finance & Investment Limited and Bangladesh Industrial Finance Co. Ltd.
4. In the notes # 8.1.2 Terms Finances Includes Tk. 3,024,788,933 outstanding from Fareast Stocks & Bonds Limited out of which the Board of Directors of the company in their 161th meeting held on 10 August 2015, considered the financial position of Fareast Stocks & Bonds Limited and approved abandonment of interest income against the loan facility. Based on the decision no interest has been charged on the outstanding loan amount of Tk. 2,895.22 million from 01 July 2015. In order to follow Bangladesh Bank's suggestions regarding repayment of over limit investment in subsidiaries, the Board of Directors of the company in their 185th meeting held on 21 May 2018 decided to re-fix the repayment schedule and set out a time bound strategy to complete the repayment within 2025. Subsequently the time bound strategy for repayment has been submitted to Bangladesh Bank and also provide their approval through letter #DFIM(S)/1055/49/2018-1597 dated 23 July 2018. Subsequently company's Board of Directors in their 208th meeting held on 08 March 2020 decided to impose interest rate on the outstanding amount @ 13.90% per annum from 20 March 2020. During the year the loan has classified and the company has no collateral security against such Terms Finances.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the

Financial Statements section of our report. We are independent of Fareast Finance & Investment Limited (“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 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 Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

1. We draw attention to note- 8.9.1 of the financial statements which describes the shortfall of required provision against classified loans, advances and leases, other assets and balance with other banks and financial institutions Tk. 567,399,914. The Bangladesh Bank has given an extended time span and balance for three years for maintaining the shortfall provision.
2. We draw attention to Note 2.40 in the financial statements, which indicates that the Company incurred a net loss of Tk.285,463,115 during the year ended December 31, 2020 and, as of that date, the Company’s current liabilities exceeded its total assets by Tk.410,859,132 and Retained earnings of the company shown negative balance of Tk. (1,807,687,937) As stated in Note 2.40, these events or conditions, along with other matters as set forth in Note 2.40. In connection with our audit, we have performed audit procedures to evaluate management’s assumptions as to the Company’s ability to continue as a going concern.
3. As per BSEC Notification # SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969, the Audit Committee shall immediately report to the Board on any suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements. However, the audit committee has not informed any irregularities which needed to be reported to the Board for the year ended December 31, 2020.
4. We draw attention to the notes # 51 of the financial statements, which describes about the IAS- 10 “Events after the Reporting Period”.

Our opinion is not modified in respect of those matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans, advances and leases, other assets and balance with other banks and financial institutions	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provision calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;

<p>At year end the company reported total gross loans, advances and leases of BDT 9,409,126,076 (2019: BDT 9,076,287,102) and required provision for loans, advances and leases, other assets and balance with other banks and financial institutions of BDT 1,987,199,236 but maintained for BDT 1,419,799,322 (2019:BDT 1,246,507,07).</p>	<ul style="list-style-type: none"> Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
<p>See note no 08 and 15.02 to the financial statements</p>	
<p>IT systems and controls Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Company’s IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems for appropriate approval and authorization.</p> <p>We tested the Company’s periodic review of access rights and reviewed requests of changes to system for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>
<p>Deferred Tax</p>	
<p>The Institution reports net deferred tax assets totaling Taka 2,347,984 as at 31 December 2020 (Taka 3,171,804 as at 31 December 2019)</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>The disclosures relating to Deferred Tax are included in note 11.4 to the financial statements.</p>	<ul style="list-style-type: none"> We obtained an understanding, evaluated the design and tested the operational effectiveness of the Institution’s key controls over the recognition and measurement of DTA s and the assumptions used in estimating the Company’s future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs. Finally assessed the appropriateness and presentation of disclosures against “IAS-12” Income Tax.

Going Concern	
<p>As at December 31, 2020, the Company along with its associates has incurred losses with a consequent erosion of its net worth and increases its current liabilities.</p> <p>As disclosed in note 2.40 in the financial statements, the Company has accumulated loss Tk. 1,807,687,937, current liabilities exceed its assets within one-year Tk. 410,859,132 and Shareholders equity has decreased from Tk. 466,857,876 to Tk. 181,394,761 from the year 2019 to 2020.</p> <p>Further, the Company has prepared cash flow forecast for next twelve months which involves judgment and estimation around sources of funds to meet the financial obligations and cash flow requirements over the next twelve months. Considering the above, we have identified the assessment of going concern assumption as a key audit matter considering that the Company has net current liabilities & accumulated loss.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We have obtained an understanding of the process of management assessment of going concern and also assessed the same. We read the management assessment in Note 2.40 which states: Management is taking various initiatives for reduction of debt & increases of profit. We have obtained the future cash flows of the Company. We have considered the same for our assessment of the Company's capability to meet its financial obligation falling due within next twelve months. We have assessed the disclosures made by the Company in relation to this matter.
Carrying Value of Investments in Associate(s) by the Financial Institution	
<p>The Financial Institution invested in equity shares and term loan facility of its associate Fareast Stocks & Bonds Limited as at 31 December, 2020 the carrying value of this investment is Tk. 614,299,989 & Tk. 3,024,788,933.</p> <p>At the time of conducting our audit of the financial statements of the Financial Institution we have considered the recoverable value of the Financial Institution investments in Fareast Stocks & Bonds Limited stated at cost</p>	<p>We have reviewed the recoverable value of investment in Fareast Stocks & Bonds Limited.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the carrying value, obtain balance confirmation from Fareast Stocks & Bonds Limited and audited financial statements for determination of the value shown in financial statements. But we found mismatch of the balance amount.</p>

Report on going concern

We are required to report if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of the financial statements. Though Emphasis of matter paragraph no-2 to the Auditor's Report as on December 31, 2020 described the events or matters that may cast significant doubt on the company's ability to continue as going concern, in reference of the Notes to the accounts no-2.40, Disclosure relating to Going Concern.

Reporting on Other Information

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



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

The company has one Associate namely Fareast Stocks & Bonds Limited is audited by other auditor whose report has been furnished to us and our opinion is as so far as it relates to the amounts included based on the reports.

In connection with our audit of 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 misstated materially.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), where practicable and the Financial Institutions Act 1993, The Securities and Exchange Rules 1987, the Companies Act 1994 along with the rules & regulations Issued by the Bangladesh Bank and other applicable rules & regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other legal and regulatory requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- iii. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of accounts and returns;
- iv. the expenditures incurred were for the purpose of the Company's business for the year;
- v. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the company;
- vi. The institution has maintained provision as per note- 8.9 and 8.9.1 of the financial statements;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;



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- x. 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;
- xi. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instruction which were issued by the Bangladesh Bank & other regulatory authorities have been complied properly as disclosed to us by management;
- xii. 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;
- xiii. 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;
- xiv. we have reviewed over 80% of the risk-weighted assets of the company and we have spent approximately over 960 person hours for the audit of books of accounts of the company;
- xv. the Company has complied with relevant instructions which are issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvi. all other issues which in our opinion are important for the stakeholders of the company have been adequately disclosed in the audit report; and
- xvii. the company complied with the First Schedule of the Financial Institutions Act, 1993 in preparing these financial statements.

Location: Dhaka
Date: September 11, 2022
DVC: 2209120458AS739372

AKM Mohitul Haq, FCA
Senior Partner
Enrolment No. - 458
Ahmed Zaker & Co.
Chartered Accountants



Financial Statements

Fareast Finance & Investment Limited

Balance Sheet
As at 31 December 2020

Particulars	Note	Amounts in Taka	
		31.12.2020	31.12.2019
PROPERTY AND ASSETS			
Cash	4	24,721,914	42,283,248
In hand (including foreign currencies)		20,000	-
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		24,701,914	42,283,248
Balance with other banks and financial institutions	5	800,372,970	500,836,069
In Bangladesh		800,372,970	500,836,069
Outside Bangladesh		-	-
Money at call and short notice	6	-	-
Investments	7	122,478,355	122,156,161
Government		-	-
Others		122,478,355	122,156,161
Loans, advances and leases		9,409,126,076	9,076,287,102
Loans, cash credits, overdrafts, leases, etc.	8	9,409,126,076	9,076,287,102
Bills purchased and discounted	9	-	-
Fixed assets including premises, furniture and fixtures	10	3,485,349	8,205,426
Other assets	11	1,089,248,531	1,125,778,750
Non-business assets	12	8,433,997	8,433,997
Total assets		11,457,867,192	10,883,980,753
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	13	3,199,002,134	3,204,818,490
Deposits and other accounts	14	4,709,904,630	4,747,854,960
Current deposits		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		4,709,904,630	4,747,854,960
Bearer certificate of deposit		-	-
Other deposits		-	-
Other liabilities	15	3,367,565,667	2,464,449,427
Total liabilities		11,276,472,431	10,417,122,877


Particulars	Note	Amounts in Taka	
		31.12.2020	31.12.2019
Capital/Shareholders' equity		181,394,761	466,857,876
Paid up capital	16	1,640,633,300	1,640,633,300
Statutory reserve	17	268,954,085	268,954,085
Revaluation reserve	11.3.1	79,495,313	79,495,313
Retained earnings	18	(1,807,687,937)	(1,522,224,822)
Total liabilities and Shareholders' equity		11,457,867,192	10,883,980,753
OFF-BALANCE SHEET ITEMS			
Contingent liabilities		-	-
Acceptances and endorsements	19.1	-	-
Letter of guarantee		-	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credits and short term trade related transactions	19.2	-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Spot and foreign exchange rate contract		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities	41	1.11	2.85
Net asset value per share			

The annexed notes 1 to 53 form an integral part of these financial statements.

				
Md. Ashraful Moqbul Chairman	Ihsanul Aziz Independent Director	Muhammad Ali Zaryab Managing Director	Md. Anwar Hussain Head of Finance & HR	Md. Ramzan Hossain Company Secretary

As per our annexed report of same date.

Place: Dhaka
Date: September 11, 2022
DVC: 2209120458AS739372


AKM Mohitul Haq, FCA
Senior Partner
Enrolment No. - 458
Ahmed Zaker & Co.
Chartered Accountants

Fareast Finance & Investment Limited

Profit and Loss Account For the year ended 31 December 2020

Particulars	Note	Amounts in Taka	
		31.12.2020	31.12.2019
Interest income	21	787,887,793	769,935,810
Interest expenses on borrowings, deposits, etc.	22	(833,257,517)	(1,009,617,892)
Net interest income		(45,369,724)	(239,682,082)
Investment income	23	3,209,355	2,500,988
Commission, exchange and brokerage	24	-	-
Other operating income	25	4,913,266	(732,645)
Total operating income		(37,247,103)	(237,913,739)
Salary and allowances	26	37,748,361	51,380,203
Rent, taxes, insurance, electricity, etc.	27	15,514,647	19,503,871
Legal expenses	28	1,713,264	8,042,576
Postage, stamp, telecommunication, etc.	29	859,972	1,251,462
Stationery, printing, advertisements, etc.	30	848,336	2,263,237
Managing Director's salary and allowances	31	5,513,452	8,511,000
Directors' fees	32	765,600	808,000
Auditors' fees	33	420,600	503,100
Charges on losses regarding loans, advances and leases		-	-
Depreciation and repairs of company's assets	34	4,871,145	7,495,550
Other operating expenses	35	6,330,049	10,281,019
Total operating expenses		74,585,426	110,040,018
Profit/(loss) before provisions		(111,832,529)	(347,953,757)
Provisions for loans, advances and leases:	36	173,292,244	348,958,363
Provision for the diminution in the value of investments	37	(14,985,298)	21,929,118
Other provisions	38	13,941,980	-
Total provisions		172,248,926	370,887,481
Profit/(loss) before income tax		(284,081,455)	(718,841,238)
Provision for income tax			
Current tax expense	39	557,840	407,208
Deferred tax expense/(income)	39	823,820	(1,250,854)
		1,381,660	(843,646)
Net profit/(loss) after income tax		(285,463,115)	(717,997,592)

Particulars	Note	Amounts in Taka	
		31.12.2020	31.12.2019
Appropriations			
Statutory reserve	17	-	-
General reserve		-	-
		-	-
Retained surplus	18	(285,463,115)	(717,997,592)
Earnings per share (EPS)	40	(1.74)	(4.38)


The annexed notes 1 to 53 form an integral part of these financial statements.

				
Md. Ashraful Moqbul Chairman	Ihsanul Aziz Independent Director	Muhammad Ali Zaryab Managing Director	Md. Anwar Hussain Head of Finance & HR	Md. Ramzan Hossain Company Secretary

As per our annexed report of same date.

Place: Dhaka
Date: September 11, 2022

DVC: 2209120458AS739372


AKM Mohitul Haq, FCA
Senior Partner
Enrolment No. - 458
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Fareast Finance & Investment Limited

Cash Flow Statement

For the year ended 31 December 2020


Particulars	Amounts in Taka	
	31.12.2020	31.12.2019
Cash flows from operating activities		
Interest received	786,915,524	772,155,951
Interest paid	(368,878,625)	(921,221,326)
Dividend received	2,839,203	2,086,039
Fees and commission received	-	-
Recoveries of loan previously written-off	-	15,742,358
Income taxes paid	(1,281,663)	(1,885,642)
Received from other operating activities	7,402,284	5,226,591
Payments for other operating activities	(69,490,742)	(103,710,728)
Cash generated from operating activities before changes in operating assets and liabilities	357,505,981	(231,606,757)
Increase/decrease in operating assets and liabilities		
Statutory deposit	-	-
Trading securities	-	-
Loans, advances and leases	(332,838,974)	913,069,859
Other assets	32,198,770	(17,196,832)
Deposit and other accounts	(37,950,330)	(830,079,519)
Net drawdown of short term loans	18,249,325	(91,091,272)
Other liabilities on account of customers	11,307,477	(49,399,172)
Trading liabilities	-	-
Other liabilities	253,921,228	111,282,340
	(55,112,504)	36,585,404
Net cash from operating activities	302,393,477	(195,021,353)
Cash flows from investing activities		
Proceeds from sale of securities	1,037,204	39,295,378
Payments for purchase of securities	(989,246)	(10,830,494)
Purchase of fixed assets including premises, furniture and fixtures	(87,857)	(236,118)
Proceeds from sale of fixed assets including premises, furniture and fixtures	3,687,668	1,706,980
(Increase)/decrease regarding purchase and sale of subsidiary	-	-
Net cash used in investing activities	3,647,769	29,935,746
Cash flows from financing activities		
Receipt of borrowings from other banks, financial institutions and agents	46,826,680	321,741,136
Repayment of borrowings from other banks, financial institutions and agents	(70,892,359)	(161,401,486)
Receipt against issue of share capital	-	-
Increase/(decrease) in revaluation reserve	-	-
Dividend paid in cash	-	-
Net cash from financing activities	(24,065,679)	160,339,650

Particulars	Amounts in Taka	
	31.12.2020	31.12.2019
Net increase/(Decrease) in cash and cash equivalents	281,975,567	(4,745,957)
Effects of exchange rate changes on cash and equivalents	-	-
Cash and cash equivalents at beginning of the year	543,119,317	547,865,274
Cash and cash equivalents at the end of the year	825,094,884	543,119,317
Cash and cash equivalents at the end of the year		
Cash in hand (including foreign currencies)	20,000	-
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	24,701,914	42,283,248
Balance with other banks and financial institutions	800,372,970	500,836,069
Money at call and short notice	-	-
	825,094,884	543,119,317
Net Operating Cash Flows Per Share (NOCFPS) (Note: 42)	1.84	(1.19)


Md. Ashraful Moqbul
Chairman


Ihsanul Aziz
Independent Director



Muhammad Ali Zaryab
Managing Director


Md. Anwar Hussain
Head of Finance & HR


Md. Ramzan Hossain
Company Secretary

As per our annexed report of same date.

Place: Dhaka
Date: September 11, 2022
DVC: 2209120458AS739372


AKM Mohitul Haq, FCA
Senior Partner
Enrolment No. - 458
Ahmed Zaker & Co.
Chartered Accountants

Fareast Finance & Investment Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance at 01 January 2019	1,640,633,300	268,954,085	79,495,313	(804,227,230)	1,184,855,468
Changes in accounting policy(s)	-	-	-	-	-
Restated balance	1,640,633,300	268,954,085	79,495,313	(804,227,230)	1,184,855,468
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Net gains and losses not recognized in the profit and loss account	-	-	-	-	-
Net profit for the year	-	-	-	(717,997,592)	(717,997,592)
Cash dividend	-	-	-	-	-
Dividend (Bonus shares)	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Appropriations during the year	-	-	-	-	-
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	-	-	-	-	-
Balance as at 31 December 2019	1,640,633,300	268,954,085	79,495,313	(1,522,224,822)	466,857,876
Balance at 01 January 2020	1,640,633,300	268,954,085	79,495,313	(1,522,224,822)	466,857,876
Changes in accounting policy(s)	-	-	-	-	-
Restated balance	1,640,633,300	268,954,085	79,495,313	(1,522,224,822)	466,857,876
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Net gains and losses not recognized in the profit and loss account	-	-	-	-	-
Net profit for the year	-	-	-	(285,463,115)	(285,463,115)
Cash dividend	-	-	-	-	-
Dividend (Bonus shares)	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Appropriations during the year	-	-	-	-	-
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	-	-	-	-	-
Balance as at 31 December 2020	1,640,633,300	268,954,085	79,495,313	(1,807,687,937)	181,394,761

 **Md. Ashraful Moqbul**
 Chairman

 **Ihsanul Aziz**
 Independent Director


 **Muhammad Ali Zaryab**
 Managing Director

 **Md. Anwar Hussain**
 Head of Finance & HR

 **Md. Ramzan Hossain**
 Company Secretary

As per our annexed report of same date.

Place: Dhaka
 Date: September 11, 2022
 DVC: 2209120458AS739372


Ahmed Zaker
 Senior Partner
 Enrolment No.- 458
Ahmed Zaker & Co.
 Chartered Accountants

Fareast Finance & Investment Limited Liquidity Statement


(Analysis of maturity of assets and liabilities)
As at 31 December 2020

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand (including balance with Bangladesh Bank)	24,721,914	-	-	-	-	24,721,914
Balance with other banks and financial institutions	420,372,970	380,000,000	-	-	-	800,372,970
Money at call and short notice	-	-	-	-	-	-
Investments	122,478,355	-	-	-	-	122,478,355
Loans, advances and leases	1,807,939,067	275,576,444	1,278,976,745	5,674,750,984	371,882,836	9,409,126,076
Fixed assets including premises, furniture and fixtures	23,764	1,686	1,127,108	2,332,791	-	3,485,349
Other assets	117,816,413	1,677,908	354,954,221	-	614,799,989	1,089,248,531
Non-business assets	-	-	-	-	8,433,997	8,433,997
Total assets	2,493,352,483	657,256,038	1,635,058,074	5,677,083,775	995,116,822	11,457,867,192
Liabilities						
Borrowings from other banks, financial institutions and agents	540,254,986	65,596,176	973,459,850	1,245,255,072	374,436,050	3,199,002,134
Deposits and other accounts	593,495,245	98,107,256	1,606,563,063	2,409,084,066	2,655,000	4,709,904,630
Provision and other liabilities	931,788,494	14,965,923	372,294,734	1,080,756,921	967,759,595	3,367,565,667
Total liabilities	2,065,538,725	178,669,355	2,952,317,647	4,735,096,059	1,344,850,645	11,276,472,431
Net liquidity gap	427,813,758	478,586,683	(1,317,259,573)	941,987,716	(349,733,823)	181,394,761


Md. Ashraf Moqbul
Chairman


Ihsanul Aziz
Independent Director


Muhammad Ali Zaryab
Managing Director



Md. Anwar Hussain
Head of Finance & HR


Md. Ramzan Hossain
Company Secretary

As per our annexed report of same date.

Place: Dhaka
Date: September 11, 2022

DVC: 2209120458AS739372


AKM Mohitul Haq, FCA
Senior Partner
Enrolment No.- 458
Ahmed Zaker & Co.
Chartered Accountants

Fareast Finance & Investment Limited
Notes to the Financial Statements and Significant Accounting Policies
For The Year Ended 31 December 2020
(Forming an integral part of the Financial Statements)

1. Legal Status and Nature of the Company

1.1 Domicile, Legal Form, Country of Incorporation and Status of the Company

Fareast Finance & Investment Limited ("the Company") was incorporated in Bangladesh as a public limited company with limited liability on 21 June 2001 under the Companies Act, 1994. The Company was authorized to commence business in Bangladesh as per Certificate of Commencement dated 21 June 2001. The Company obtained license from Bangladesh Bank as a Financial Institution under the Financial Institutions Act, 1993 to operate as a Leasing and Financing Company on 03 July 2001.

1.2 Address of Registered Office and Place of Business of the Company

The Registered Office of the Company is at Simpletree Lighthouse (10th Floor), Plot No. 53, Road No. 21, Block-B, Kemal Ataturk Avenue, Dhaka-1213, Bangladesh. Company's Principal Office is also situated at the same address and at present, the Company has one branch office at Chattogram in Bangladesh.

1.3 Principal Activities of the Company

The Company concentrates its activities for full payout leases and term finances extended on the basis of recovering the full capital cost of the asset/finance, plus imputed interest charges. The Company eventually will seek to broaden its leasing and financing services by entering into vendor programs with asset suppliers, underwriters, brokers, leveraged leases, lease syndications, sale and lease back finances, financing for business expansions and temporarily financed assets. The Company may extend guarantees for lease/finance obligations to other institutions/companies subject to the Laws and Rules of the Government of the Peoples' Republic of Bangladesh.

1.4 Nature of Operation of the Company

The Company extends lease finance for all types of machinery, equipment, household durables including vehicles for the purpose of industrial, commercial, agricultural and personal use in Bangladesh and also term finance to its clients within the purview of law.

1.5 Information regarding Associate Company

The Company has 1 (one) associate Company namely Fareast Stocks & Bonds Limited (holding fifty percent shares), was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994 with authorized share capital of Taka 150,00,00,000 only. The company had started its operation from 27 April 2010. The main business of the company is to carry on the business as a stock broker, stock dealer in stocks and dealing in securities, commercial papers, bonds, debentures, foreign currencies, treasury bills/bonds and/or any financial instruments. Subsequently it has been converted into public limited company on 17 October 2012.

1.6 Number of Employees of the Company

The number of employees of the company was thirty-seven and sixty four at the end of the year 2020 and 2019 respectively.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

The Financial Statements have been prepared on the basis of going concern concept under historical cost conventions in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

2.2 Basis of Measurement

The Financial Statements have been prepared using the accrual basis of accounting except for the cash flow information where the material class of similar item has been presented separately. The accounting policies have been consistently applied by the company and are consistent with those of the previous year.

2.3 Statement of Compliance

The Financial Statements have been prepared in compliance with the requirements of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Ordinance 1969, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other applicable laws and regulations.

2.4 Basis of Presentation

The presentation of Financial Statements has been made in accordance with the DFIM Circular No. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. All financial information presented in Bangladesh Taka (BDT) which has been rounded off to the nearest Taka.

2.5 Uncertainties for Use of Estimates in Preparation of Financial Statements.

The preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of other information at the date of the Financial Statements and revenues and expenses during the period reported. Actual results may differ from those estimates. Estimates are used for accounting of certain items such as depreciation on fixed assets, accrued expenses and income taxes in respect of note numbers 10, 15.1 and 15.5 respectively.

2.6 Disclosure of Deviations from Few Requirements Of IAS/IFRS due to Mandatory Compliance of Bangladesh Bank's Requirements

Bangladesh Bank is the prime regulatory body for all Non-Banking Financial Institutions in Bangladesh. Some of the requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS/IFRS. To comply with Bangladesh Bank's rules and regulations, the company has departed from those contradictory requirements of IAS/IFRS.

2.7 Cash Flow Statement

Cash flow statement is prepared in accordance with IAS-7: "Cash Flow Statement", DFIM Circular No. 11 dated 23 December 2009 and as recommended by the Securities and Exchange Rules 1987. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. Cash and cash equivalents include notes and coins on hand, unrestricted balance held with Bangladesh Bank and its agent bank including balances with other commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities. According to IAS-7: "Cash Flow Statements", cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of IAS -7 and IAS -1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.

2.8 Statement of Changes in Equity

The statement of changes in equity is prepared in accordance with IAS-1: “Presentation of Financial Statements” and DFIM Circular No. 11 dated 23 December 2009.

2.9 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared in accordance with the guidelines issued by Bangladesh Bank through DFIM Circular No. 11 dated 23 December 2009 as per following bases:

- a) Balance with other banks and financial institutions are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans, advances and leases are on the basis of their repayment/maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment terms.
- f) Borrowings from other banks, financial institutions and agents as per their maturity/ repayment terms.
- g) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
- h) Other liabilities are on the basis of their settlement terms.

2.10 Contingent Liabilities and Contingent Assets

The Company does not recognize contingent liabilities and contingent asset but discloses the existence of contingent liability in the Financial Statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non- occurrence of uncertain future events not within the control of the company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.11 Proposed Dividend

Proposed dividend has not been recognized as a liability in the balance sheet in accordance with IAS-10: “Events after the Reporting Period”.

2.12 Events after the Reporting Period

All material events occurring after the reporting period has been considered and where necessary, adjusted for or disclosed in note-51.

2.13 Provision for Income Tax

IAS-12: “Income Taxes” and the Income Tax Ordinance, 1984 have been used for the calculation of deferred tax and current tax expenses respectively. Provision for income tax represents the sum of the current tax expense and deferred tax expense.

a) Current Tax Expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

b) Deferred Tax Expense

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized. Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit and loss account.

2.14 Fixed Assets

All fixed assets are stated at cost less accumulated depreciation as per IAS-16: “Property, Plant and Equipment”. The cost of acquisition of an asset comprise its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements, renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred. Depreciation on Additions of fixed assets has been charged when it is available for use and ceases when it is classified as held for sell. Depreciation on all assets is computed to write off over the estimated useful economic lives of the assets. Depreciation on fixed assets under Company’s own use is charged on straight-line method throughout the estimated useful lives of the assets.

The annual depreciation rates applicable to the class of assets are as follows:

Item of Assets	Rate (%)
Furniture	18
Office Equipment	20
Office Software	20
Office Crockery	20
Motor Vehicle	20

2.15 Impairment of Assets

In each year the management assess whether there is any indication that the assets may be impaired in accordance with IAS-36: “Impairment of Assets” considering the current economic situations. Management concludes that there is no such indication exists.

2.16 Accounts Receivable

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

2.17 Cash and Cash Equivalentents

Cash and cash equivalentents comprise cash in hand, balance with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, term deposits and investments in call loan that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

2.18 Accounting for Investment in Leases

As per IFRS-16: “Leases”, the Company recognizes leased assets in the balance sheet and presents them as receivable at an amount equal to the net investment in the lease. Under a finance lease all the risks and rewards incident to legal ownership are transferred by the Company, and thus the lease payment receivable is treated as repayment of principal and finance income to reimburse and reward for its investment and services. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

2.19 Accounting for Term Finances

As per IFRS-7: “Financial Instruments: Disclosures”, term finances given by the Company are recognized as financial asset on its balance sheet when and only when, the Company becomes a party to the contractual provisions of the finances and have a contractual right to receive cash or another financial asset from the finance. Subsequently, the financial assets are presented in the balance sheet at amortized cost using the effective interest rate method.

2.20 Accounting for Investment in Associates

An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint venture. The company's investment in associate is accounted for in the Financial Statements using the equity method in accordance with IAS-28: "Accounting for Investment in Associates". Such investments are classified as other assets in the balance sheet and the share of profit/loss of such investment is classified under other operating income in the profit and loss account.

2.21 Recognition of Leased Assets

Company's leased assets are stated at the gross lease receivables less the unearned lease income. Lease payments relating to the accounting period are applied against the gross investment in the lease to reduce both the principal and the unearned lease income.

2.22 Recognition of Term Finances

Term Finances are stated at the initial investment less accumulated principal amortization calculated under effective interest rate method. Initial investment represents principal finance and capitalization of interest accumulated before starting repayment and amortization rate under effective interest rate method represents the rate that exactly discounts the expected stream of future cash payments through maturity.

2.23 Recognition of Investment in Associate

Recognition of income on the basis of distributions received from associate may not be an adequate measure of the income earned by the company on an investment in an associate because the distributions received may bear little relation to the performance of the associate. Because of the company has influence over the associate; the company has an interest in the associate's performance and as a result the return on investment. The company's accounts for this interest by extending the scope of its Financial Statements to include its share of profit/loss of such an associate. As a result application of the equity methods provides more informative reporting of the net asset and profit or loss of the investor.

2.24 Provision for Loans, Advances and Leases

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations. No provision is recognized for any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or any present obligation that arises from past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimates of the amount of obligation cannot made. The company evaluates its loans, advances and leases portfolio on regular intervals and maintains its provision requirement at a level adequately considering the identifiable and unforeseen losses in the portfolio and also the quality of the portfolio commensurate with changes in the economic conditions.

The following three principles are followed to estimate the company's provision requirements:

- Bangladesh Bank guidelines relating to classification and provisioning of loans, advances and leases.
- IAS -37: "Provisions, Contingent Liabilities and Contingent Assets".
- Management consideration regarding the quality of portfolio.

Provision has been recognized as on the date of the balance sheet and charged to the profit and loss accounts on incremental basis.

2.25 Write-off

Write-off refers to an investment from which recovery becomes difficult and legal proceedings are started against the investment. Through write-off investment is removed from the company's balance sheet. Recovery against debts written off is credited to revenue.

2.26 Lease Asset and Liabilities

IFRS -16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognized for the right of use received and liabilities must be recognized for payment obligations entered into for all leases. The company currently expects to transition to IFRS-16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS-17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessees incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability.

2.27 Investment in Shares

Investment in shares are treated as financial asset as per IAS-32: "Financial Instruments: Presentation", classified as financial asset at fair value through profit and loss as per IFRS-9: "Financial Instruments: Recognition and Measurement" and are recognized as current investment and shown in the Balance Sheet under the current assets and investments head. Investment in shares has been shown at fair value considering the Bangladesh Bank guidelines and SEC notifications in this regard. Provision has been made for reduction in market price of shares as on the date of the balance sheet and charged to the profit and loss accounts on incremental basis.

2.28 Borrowings from Other Banks, Financial Institutions and Agents

In conformation to DFIM Circular No. 11 dated 23 December 2009 issued by Bangladesh Bank, borrowings from other banks, financial institutions and agents are placed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

2.29 Deposits and Other Accounts

The Company takes term deposits from banks, financial institutions and general public at various rates against issuance of fixed deposits receipts within the parameters set by Bangladesh Bank through different circulars. The Company places the deposits and other accounts into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date considering the DFIM Circular No. 11 dated 23 December 2009 issued by Bangladesh Bank.

2.30 Interest Suspense Account

According to Bangladesh Bank's guidelines relating to classification and provisioning of loans, advances and leases, interest included in the overdue having status other than standard are not recognized as income rather transferred to interest suspense account. Recovery of overdue balances credited to interest suspense account is recognized as income on cash basis.

2.31 Revenue Recognition

The revenue is recognized after satisfying all the conditions for revenue recognition as provided IFRS-15: "Revenue from Contracts with Customers". Detailed income wise policy for revenue recognition is as under:

a) Interest Income on Loans, Advances and Leases

Interest on loans is recognized as income at the time of its becoming receivable from the client. Lease income are recognized as income based on a pattern reflecting a constant periodic rate of return on

the net investment outstanding in respect of the finance lease. Interest included in the installments against the loans, advances and leases, which are in standard status as per Bangladesh Bank's guidelines relating to classification and provisioning of loans, advances and leases are recognized as income irrespective of received or not. In case of loans, advances and leases, which are in status other than standard mentioned above, interest included in the overdue installments are not recognized as income. Interest accrued on loans, advances and leases for the period from the due date in December to the balance sheet date is recognized as income (on time proportion basis).

b) Capital Gain

Capital gain on sale of shares listed in the stock exchanges is recognized on cash basis. Company does not recognize the unrealized capital gain in the profit and loss account.

c) Dividend Income

Dividend income has been accounted for when the right to receive the dividend is established.

d) Commission Income

Commission income has been accounted for on cash basis.

e) Other Operating Income

Income classified as fee has been accounted for on cash basis. Profit or loss on sale of leased assets has been accounted for on completion of sale basis at the time of sale of the respective leased asset. Profit or loss on sale of fixed assets has been accounted for on completion of sale basis at the time of sale of the respective fixed asset as per IAS-16: "Property, Plant and Equipment". Income from associate has been accounted for using the equity method under IAS -28: "Accounting for Investment in Associates".

2.32 Post Employment Benefits to the Employees

The retirement benefits accrued for the employees of the company as on the reporting date have been accounted for in accordance with the provisions of IAS-19: "Employee Benefit". Bases of enumerating the retirement benefits schemes operated by the company are outlined below:

a) Provident Fund

There is a provident fund scheme under the defined contribution plan. The fund is operated by a separate Board of Trustees. All eligible employees contribute 10% of their basic pay to the fund. The company also contributes equal of employee's contribution to the fund. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund. The Financial Statements are duly prepared for the provident fund as per requirements of IAS-26: "Accounting and Reporting by Retirement Benefit Plans".

b) Staff Gratuity

The company has a separate Board of Trustees for operating the staff gratuity fund. Employees of the company, who served the company for five years or above is entitled to get gratuity benefit at rates determined by the approved rules of the fund. The Financial Statements are duly prepared for the gratuity fund as per requirements of IAS-26: "Accounting and Reporting by Retirement Benefit Plans".

2.33 Other Benefits to The Employees

Other benefits to the employees of the company are as follows:

a) Group Life Insurance Scheme and Hospitalization Assurance Plan

The Company operates a group life insurance scheme and Hospitalization assurance plan for its permanent employees.

b) Employee Transport Facility

The Company provides car as well as car loan facility to the employee as per Transport Policy of the Company. This policy is made to provide transport facilities and transport loan and assistance to the entitled employees as per terms of employment and also to facilitate procurement and maintenance

of vehicle for the entitled employees of the company. This policy is applicable for the employees in the following three ways:

- * Vehicle Facility under Company Management.
- * Vehicle Facility under Loan Facility.
- * Vehicle Facility under Pool Service.

c) Mobile Facilities

The company provides mobile phone set and monthly bill for using mobile within the limit as per Policy for Mobile Phone Facilities to its confirmed employees starting from officers.

d) Payment of Professional Fees

The company makes payment of all kind of professional fees relating to the professional institutes to all professional degree holder employees of the Company as per Policy for payment of professional fees of the Company.

e) Home Loan Policy for the Employees

The company has home loan facilities for its permanent employees. An employee must serve the company for a continuous period of at least six years as confirmed employee to get the facility.

2.34 Foreign Currency Transaction

a) Functional and Presentational Currency

Financial Statements of the company are presented in Taka, which is the company's functional and presentational currency.

b) Foreign Currency Translation

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transaction as per IAS-21: "The Effects of Changes in Foreign Exchange Rates".

2.35 Borrowing Costs

Interest on borrowings of fund from different sources is recognized as financial expenses according to IAS-23: "Borrowing Costs". Interest amount represents the amount paid and accrued up to the end of the year.

2.36 Related Party Transactions

The management identified the party/parties related to the company and disclose the transactions of the related party in Note No. 42 as per IAS-24: "Related Party Disclosures".

2.37 Earnings Per Share (EPS)

The company calculates Earnings Per Share (EPS) in accordance with IAS 33: "Earnings Per Share" shown on the face of the profit and loss account while, the computation of EPS is stated in Note No. 40.

Basic Earnings Per Share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. For calculation of basic earnings and weighted average number of ordinary shares outstanding during the year, the following formulas have been used:

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding During the Year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary share issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days the specific shares outstanding as a proportion of the total number of days during the year.

Diluted Earnings Per Share

No diluted earnings per share are required to be calculated for the year, as there was no scope for dilution during the year under review.

2.38 Provision for Liabilities

According to IAS-37: “Provision, Contingent Liabilities and Contingent Assets” the company recognizes the provision in the balance sheet when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

2.39 Derivatives

According to IFRS-7: “Financial Instruments: Disclosures”, the Company was not a party to any derivative contract (financial instruments) at the Balance Sheet date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to lessees in future.

2.40 Going Concern

Based on the financial parameters, there is reasonable apprehension about the company’s ability to continue as a going concern. The reconstituted Board of Directors together with efficient management has been working relentlessly towards sustainability of the company despite the colossal impact of novel corona virus, unpredictable situations and unique & critical market and company specific challenges. FFIL is following zero tolerance policy to irregularities & corruption, taking administrative & disciplinary actions against the persons involved in irregularities & corruption, improving asset quality through collecting necessary documents & updating loan/lease files, strengthening recovery drive through supervision, monitoring and filing suits. FFIL is focused on good governance, reconstruction and sailing the ship ahead with a view to bringing the best for its stakeholders and the economy as a whole.

2.41 Risk Management

Risk and uncertainties are essential elements of the financing business. To mitigate and manage these risks, Fareast Finance & Investment Limited has different committees namely, Management Committee, Credit Committee (CC), Asset and Liability Committee (ALCO), Risk Management Forum, Risk Analysis Unit. The committees/units 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. The Company has also taken steps to further strengthen its Internal Control and Compliance functions.

The major risks that are faced by Fareast Finance & Investment Limited as a financial institution are as follows:

a) Credit Risk

FFIL Credit Committee, with the help & assistance of Credit Officers and Credit Admin Officers, analyzes, supervises, reviews risks associated with existing as well as potential loans, advances & lease accounts/borrowers and suggests mitigations. The committee meets regularly.

b) Market Risk

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

c) Liquidity Risk

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

d) Operational Risk

In order to monitor and manage the risk arising from all operational activities, an appropriate organizational structure is second to none. Fareast Finance's Management manages to place proper organizational structure with proper segregation of duties and delegation of authorities. Fareast Finance has independent Credit Risk Management (CRM) Department, independent Treasury Department, independent Internal Control & Compliance Department, independent Finance & HR Department and independent Information & Communication Technology Department for technical services to operate the organization smoothly as per Bangladesh Bank's directives.

e) Money Laundering and Terrorist Financing Risk

In FFIL, money laundering and terrorist financing risk takes two broad dimensions:

a) Business risk which is the risk that FFIL may be used for money laundering or for the financing of terrorism and

b) Regulatory risk which is the risk that FFIL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and the Anti-Terrorism Act, 2009 (subsequently amended in 2012 and 2013).

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

a) Internal policies, procedures and controls, which are continually updated as and when required, to identify and report instances of money laundering and terrorism financing.

b) A dedicated structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for proactively managing AML and CFT compliance.

c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU.

d) Independent audit functions, including internal and external audit, to test the programs.

e) Ongoing employee training programs.

Additional risks required to be addressed under regulatory requirements

DFIM Circular No.03 of 2016, introduced the Integrated Risk Management Guidelines for Financial Institutions ("the guidelines"). These guidelines supplement, and do not replace, existing risk management guidelines. The Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage in a more structured manner. Key among these is:

Strategic Risk

The company has a clear strategic vision as to what it wants to be and a mission statement that states what it will do to achieve its vision. Strategic issues are discussed at a variety of forums including meetings of the Management Committee and of the FFIL Board.

Compliance Risk

In general, compliance risk management is embedded in the day to day to business processes and

practices of the company. Concerned departments are kept informed of latest legal and regulatory requirements by the ICC and Corporate Affairs departments. A consideration of compliance (or any potential non-compliance) with laws and regulations is a standard part of the company's regular decision-making processes. Wherever deemed necessary, appropriate legal advice is sought from qualified internal and/ or external legal counsel.

ICT Risks

Risks arising due to system breakdown, non-availability of systems, errors and disruptions or not keeping pace with the technological changes, there was continuous monitoring of employees and users of ICT systems to ensure strict adherence to information security policies, pertaining to safeguard confidentiality of information and to secure accuracy of information.

3. Additional Information on Financial Statements

3.1 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements under Section 183 of the Companies Act 1994.

3.2 Components of the Financial Statements

Following the IAS-1: "Presentation of Financial Statements", the Company's complete set of Financial Statements include the following components:

- a) a statement of financial position (Balance Sheet) as at 31 December 2020
- b) a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2020
- c) Cash Flow Statement for the year ended 31 December 2020
- d) Statement of Changes in Equity for the year ended 31 December 2020
- e) Liquidity Statement as at 31 December 2020
- f) Notes to the Financial Statements and significant accounting policies.

3.3 Comparative Information

As per paragraph 38 of IAS-1: "Presentation of Financial Statements" the Company has disclosed comparative information in respect of the previous period for all amounts reported in the current period's Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year's Financial Statements. Figures of the previous period have been rearranged whenever considered necessary to ensure comparability with the current year.

3.4 Compliance with IFRS and IAS

The Financial Statements have been prepared in compliance with the requirements of the following IFRS and IAS:

Sl.	IFRS & IAS	Name of IFRS and IAS	Status
1	IFRS 2	Share -based Payment	Not applicable
2	IFRS 3	Business Combinations	Not applicable
3	IFRS 4	Insurance Contracts	Not applicable
4	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
5	IFRS 6	Exploration for and Evaluation of Mineral Resources	Not applicable
6	IFRS 7	Financial Instruments: Disclosures	Applied*
7	IFRS 8	Operating Segments	Not applicable
8	IFRS 9	Financial Instruments	Applied*
9	IFRS 10	Consolidated Financial Statements	Not applicable
10	IFRS 11	Joint Arrangements	Not applicable
11	IFRS 12	Disclosure of Interest in Other Entities	Not applicable
12	IFRS 13	Fair Value Measurement	Applied*
13	IFRS 14	Regulatory Deferral Accounts	Not applicable
14	IFRS 15	Revenue from Contracts with Customers	Applied
15	IFRS 16	Leases	Applied
16	IAS 1	Presentation of Financial Statements	Applied*
17	IAS 2	Inventories	Not applicable
18	IAS 7	Cash Flow Statements	Applied*
19	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
20	IAS 10	Events after the Reporting Period	Applied
21	IAS 12	Income Taxes	Applied*
22	IAS 16	Property, Plant and Equipment	Applied
23	IAS 19	Employee Benefits	Applied
24	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
25	IAS 21	The Effects of Changes in Foreign Exchange Rates	Applied
26	IAS 23	Borrowing Costs	Applied
27	IAS 24	Related Party Disclosures	Applied
28	IAS 26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
29	IAS 28	Investments in Associates	Applied
30	IAS 32	Financial Instruments: Presentation	Applied*
31	IAS 33	Earnings Per Share	Applied
32	IAS 34	Interim Financial Reporting	Applied
33	IAS 36	Impairment of Assets	Applied
34	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied
35	IAS 38	Intangible Assets	Applied
36	IAS 40	Investment Property	Not applicable
37	IAS 41	Agriculture	Not applicable

* As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank's requirements (please see note -2.6).

3.5 Reporting Period

Financial Statements of the Company cover one calendar year from 01 January to 31 December 2020 consistently.

		Amounts in Taka	
		31.12.2020	31.12.2019
4. Cash			
4.1 Cash in hand (including foreign currencies)			
In local currency		20,000	-
In foreign currency		-	-
		<u>20,000</u>	<u>-</u>
4.2 Balance with Bangladesh Bank and its agent banks (including foreign currencies)			
In local currency		24,701,914	42,283,248
In foreign currency		-	-
		<u>24,701,914</u>	<u>42,283,248</u>
4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)			
<i>Cash Reserve Requirement @ 2.5% and Statutory Liquid Ratio @ 5% have been calculated and maintained in accordance with FID Circular # 02 and 06 dated 10 November 2004 and 31 May 2001 respectively. Details calculation are as follows:</i>			
a) Cash Reserve Requirement			
Required reserve		23,025,600	40,166,981
Actual reserve maintained		24,701,914	42,283,248
Surplus/(deficit)		<u>1,676,314</u>	<u>2,116,267</u>
b) Statutory Liquidity Ratio			
Required reserve (including CRR)		132,457,220	120,662,426
Actual reserve maintained (including CRR) (note-4.3.1)		742,698,634	550,110,314
Surplus/(deficit)		<u>610,241,414</u>	<u>429,447,888</u>
4.3.1 Actual reserve maintained (including CRR)			
Cash in hand		20,000	-
Balance with Bangladesh Bank and its agent banks as per bank statement		24,701,914	42,283,248
Balance with other banks and financial institutions as per bank statement		717,976,720	507,827,066
		<u>742,698,634</u>	<u>550,110,314</u>
5. Balance with other banks and financial institutions			
In Bangladesh			
Current accounts (note-5.1)		1,316,239	985,917
Short term deposit accounts (note-5.2)		317,335,639	22,869,263
Savings accounts (note-5.3)		-	-
Fixed deposit accounts (note-5.4)		481,721,092	476,980,889
		<u>800,372,970</u>	<u>500,836,069</u>
Outside Bangladesh		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
The company does not maintain any account outside Bangladesh.			

		Amounts in Taka	
		31.12.2020	31.12.2019
5.1 Current accounts			
Bank Asia Limited	Savar Branch	18,018	-
BRAC Bank Limited	Graphics Building Branch	955,062	764,104
Jamuna Bank Limited	Moulavi Bazar Branch	31,950	31,950
National Bank Limited	Gulshan Branch	5,533	6,108
Southeast Bank Limited	R. K. Mission Road Branch	301,212	178,602
Trust Bank Limited	Dilkusha Corporate Branch	102	446
Uttara Bank Limited	Local Office	4,362	4,707
		1,316,239	985,917
5.2 Short term deposit accounts			
Bangladesh Commerce Bank Limited	Dilkusha Branch	38,032	38,307
Bank Asia Limited	Principal Office Branch	1	1
BASIC Bank Limited	Dilkusha Branch	75,144	73,586
BASIC Bank Limited	Bashundhara Branch	2,111	3,999,115
Dutch-Bangla Bank Limited	Bashundhara Branch	6,656	77,026
Export Import Bank of Bangladesh Ltd	Motijheel Branch	496	485
Islami Bank Bangladesh Limited	Foreign Exchange Branch	32,988	33,083
Jamuna Bank Limited	Elephant Road Branch	1,212	1,212
Mercantile Bank Limited	Main Branch	43,412	44,102
Mutual Trust Bank Limited	Dilkusha Branch	2,265,783	2,220,916
Mutual Trust Bank Limited	Dilkusha Branch	984,059	964,171
Mutual Trust Bank Limited	Dilkusha Branch	688,943	675,370
Mutual Trust Bank Limited	Dilkusha Branch	500,326	5,663
NCC Bank Ltd.	Motijheel Main Branch	-	685
NRB Commercial Bank Ltd.	Principal Branch	208,125	206,818
One Bank Limited	Principal Branch	297,359,199	-
One Bank Limited	Principal Branch	2,218	483
Prime Bank Limited	IBB Dilkusha Branch	1,402	1,747
Social Islami Bank Limited	Principal Branch	11,382	12,532
Social Islami Bank Limited	Babu Bazar Branch	1	1
Southeast Bank Limited	Corporate Branch	14,645,577	14,329,481
Southeast Bank Limited	Principal Branch	54,681	54,651
Standard Bank Limited	Principal Branch	1	498
The City Bank Limited	Principal Office	413,890	115,992
United Commercial Bank Limited	Tejgaon Branch	-	13,338
		317,335,639	22,869,263
5.3 Savings accounts			
		-	-
		-	-
The company does not maintain any savings account.			
5.4 Fixed deposit accounts			
Bangladesh Industrial Finance Co. Ltd.	Head Office	100,000,000	100,000,000
FAS Finance & Investment Limited	Head Office	36,116,092	31,375,889
People's Leasing and Fin. Services Ltd.	Head Office	345,605,000	345,605,000
		481,721,092	476,980,889
5.5 Maturity grouping of balance with other banks and financial institutions			
Up to 1 month		420,372,970	120,836,069
Over 1 month but not more than 3 months		380,000,000	380,000,000
Over 3 months but not more than 1 year		-	-
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		800,372,970	500,836,069
6. Money at call and short notice			
		-	-
		-	-

		Amounts in Taka	
		31.12.2020	31.12.2019
7.	Investments		
7.1	<i>Investment classified as per nature</i>		
	Government securities (note-7.1.1)	-	-
	Others investments (note-7.1.2)	122,478,355	122,156,161
		<u>122,478,355</u>	<u>122,156,161</u>
7.1.1	<i>Government securities</i>		
	Treasury bills	-	-
	National investment bonds	-	-
	Bangladesh Bank bills	-	-
	Government notes/bonds	-	-
	Prize bonds	-	-
	Others	-	-
		<u>-</u>	<u>-</u>
7.1.2	<i>Others investments</i>		
	Investment in shares (Annexure-A)	122,478,355	122,156,161
	Debenture and bonds	-	-
	Other investment	-	-
	Gold, bullion etc.	-	-
		<u>122,478,355</u>	<u>122,156,161</u>
7.2	<i>Residual maturity grouping of investments</i>		
	Repayable on demand	122,478,355	122,156,161
	Up to 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 1year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		<u>122,478,355</u>	<u>122,156,161</u>
8.	Loans, advances and leases		
8.1	<i>a) Inside Bangladesh</i>		
	Investment in leases (note-8.1.1)	255,995,482	283,273,327
	Term finances (note-8.1.2)	9,153,130,594	8,793,013,775
		<u>9,409,126,076</u>	<u>9,076,287,102</u>
	<i>b) Outside Bangladesh</i>	-	-
	Total	<u>9,409,126,076</u>	<u>9,076,287,102</u>
8.1.1	<i>Investment in leases</i>		
	Principal outstanding	176,355,982	193,784,272
	Accounts receivable	79,639,500	89,489,055
	Advance against lease finance	-	-
	Total	<u>255,995,482</u>	<u>283,273,327</u>
8.1.2	<i>Term finances</i>		
	Principal outstanding	7,557,380,819	7,662,373,529
	Accounts receivable	1,595,749,775	1,130,640,246
	Total	<u>9,153,130,594</u>	<u>8,793,013,775</u>

8.1.2.1 "The Board of Directors of the company in their 161th meeting held on 10 August 2015, considered the financial position of Fareast Stocks & Bonds Limited and approved abandonment of interest income against the loan facility extended earlier. Based on the decision no interest has been charged on the outstanding loan amount of Tk.2,895.22 million from 01 July 2015.

In order to follow Bangladesh Bank's suggestions regarding repayment of over limit investment in subsidiaries, the Board of Directors of the company in their 185th meeting held on 21 May 2018 decided to re-fix the repayment schedule and set a time bound strategy to complete the repayment within 2025. Subsequently the time bound strategy for repayment has been duly submitted to Bangladesh Bank and they have also provided their approval through letter #DFIM(S)/1055/49/2018-1597 dated 23 July 2018. Subsequently company's Board of Directors in their 208th meeting held on 08 March 2020 decided to impose interest rate on the outstanding amount @ 13.90% per annum from 20 March 2020 and onward."

		Amounts in Taka	
		31.12.2020	31.12.2019
8.2	<i>Sector wise loans, advances and leases</i>		
	Public sector	-	-
	Co-operative sector	-	-
	Private sector	9,409,126,076	9,076,287,102
		<u>9,409,126,076</u>	<u>9,076,287,102</u>
8.3	<i>Residual maturity grouping of loans, advances and leases</i>		
	Repayable on demand	-	-
	Not more than 3 months	2,083,515,511	1,227,929,562
	Over 3 months but not more than 1year	1,278,976,745	89,603,621
	Over 1 year but not more than 5 years	5,674,750,984	4,037,944,118
	Over 5 years	371,882,836	3,720,809,801
		<u>9,409,126,076</u>	<u>9,076,287,102</u>
8.4	<i>Loans, advances and leases on the basis of significant concentration</i>		
a)	Loans, advances and leases to Directors and organizations related to Directors	3,160,598,019	2,904,012,514
b)	Loans, advances and leases to Chief Executive Officer and other senior executives	3,911,085	7,477,692
c)	Loans, advances and leases to customer groups:		
	i) Loans	5,988,621,490	5,881,523,569
	ii) Leases	255,995,482	283,273,327
		<u>9,409,126,076</u>	<u>9,076,287,102</u>
d)	Loans, advances and leases on sector basis:		
	1. Trade and Commerce	128,149,563	150,552,069
	2. Industry:		
	i) Garments and Knitwear	602,022,561	622,362,863
	ii) Textile	135,370,319	130,821,062
	iii) Jute and Jute-Products	152,332,859	142,109,649
	iv) Food Production and Processing Industry	279,056,404	268,216,697
	v) Plastic Industry	34,845,558	34,638,413
	vi) Leather and Leather-Goods	-	-
	vii) Iron, Steel and Engineering	885,698,342	782,432,782
	viii) Pharmaceuticals and Chemicals	288,724,695	291,645,742
	ix) Cement and Allied Industry	742,676,057	659,916,979
	x) Telecommunication and Information Technology	192,784,202	185,868,264
	xi) Paper, Printing and Packaging	169,690,996	146,636,261
	xii) Glass, Glassware and Ceramic Industry	236,234,492	203,813,762
	xiii) Ship Manufacturing Industry	501,251,337	436,320,354
	xiv) Electronics and Electrical Products	181,684,591	210,359,829
	xv) Power, Gas, Water and Sanitary Service	57,291,789	357,226,261
	xvi) Transport and Aviation	425,202,062	411,133,020
	3. Agriculture	197,636,456	185,169,376
	4. Housing	371,255,501	352,285,442
	5. Others:		
	i) Merchant Banking	-	-
	ii) Margin Loan	3,324,017,410	3,004,851,633
	iii) Others	503,200,882	499,926,644
	Total	<u>9,409,126,076</u>	<u>9,076,287,102</u>

Amounts in Taka	
31.12.2020	31.12.2019

8.5 Details of large loans, advances and leases

Number of clients	7	6
Amount of outstanding loans, advances and leases	5,227,915,530	4,440,093,056
Amount of classified loans, advances and leases	3,024,788,933	691,893,940
Measures taken for recovery:		

The management of Fareast Finance & Investment Limited has undertaken all possible timely and judicious steps to recover the large classified loans/advances/leases by expediting the pace of monitoring, lawsuits and deploying third party recovery agent if necessary. Fareast Finance & Investment Limited has filed several law suits under the Negotiable Instruments Act 1881 and Artha Rin Ain 2003 against the classified borrowers. Besides regular business premises visit along with continuous verbal and written communication is the continuous process of Fareast Finance & Investment Limited against the classified borrowers.

The amount represents the sum of total investments to each group of customer exceeding 15% of Total Capital (Paid up Capital and Reserves) of the Company. Total Capital (Paid up Capital and Reserves) of the Company was Tk.1,989,082,698 as at 31 December 2020 (Tk.1,989,082,698 as at 31 December 2019).

8.6 Loans, advances and leases on geographical basis

Inside Bangladesh

Urban

Dhaka Division	6,962,229,314	6,748,768,601
Chattogram Division	1,879,407,734	1,716,333,675
Khulna Division	116,222,451	117,123,306
Rajshahi Division	12,563,617	12,563,617
Barishal Division	-	-
Sylhet Division	-	-
Rangpur Division	-	-
Mymensingh Division	-	-
	<u>8,970,423,116</u>	<u>8,594,789,199</u>

Rural

Dhaka Division	318,289,938	345,396,713
Chattogram Division	62,950,301	80,000,497
Khulna Division	-	-
Rajshahi Division	57,462,721	56,100,693
Barishal Division	-	-
Sylhet Division	-	-
Rangpur Division	-	-
Mymensingh Division	-	-
	<u>438,702,960</u>	<u>481,497,903</u>

9,409,126,076 9,076,287,102

Outside Bangladesh

Total

9,409,126,076 9,076,287,102

8.7 Loans, advances and leases on security basis

Collateral of moveable and immovable assets	2,422,244,218	2,437,773,108
Fixed deposit receipts	1,084,300,202	1,352,182,693
Shares of listed public limited companies	29,741,290	149,234,754
Corporate guarantee	175,214,441	210,946,893
Personal guarantee	221,247,951	219,188,214
Other securities	5,476,377,974	4,706,961,440
	<u>9,409,126,076</u>	<u>9,076,287,102</u>

8.8 Classification of loans, advances and leases

Unclassified

Standard	4,282,338,902	3,017,903,408
Special mention account	243,103,226	919,900,392
	<u>4,525,442,128</u>	<u>3,937,803,800</u>

Classified

Sub-standard	3,410,883,230	3,535,836,389
Doubtful	120,860,736	279,688,672
Bad/Loss	1,351,939,982	1,322,958,241
	<u>4,883,683,948</u>	<u>5,138,483,302</u>

Total

9,409,126,076 9,076,287,102

Amounts in Taka	
31.12.2020	31.12.2019

8.9 Provision for loans, advances and leases

Status	Base for provision	Rate (%)		
Provision for unclassified loans, advances and leases-General provision				
Standard	4,282,338,902	0.25/1	166,752,112	73,963,051
Special mention account	232,809,755	5	11,640,488	42,598,473
			178,392,600	116,561,524
Provision for classified loans, advances and leases-Specific provision				
Sub-standard	2,906,800,072	20	581,360,014	656,751,738
Doubtful	52,624,977	50	26,312,489	69,857,062
Bad/Loss	778,829,765	100	778,829,765	737,567,100
			1,386,502,268	1,464,175,900
Required provision for loans, advances and leases			1,564,894,868	1,580,737,424
Total provision maintained (note-15.2)			1,419,799,322	1,246,507,078
Excess/(short) provision as at 31 December			(145,095,546)	(334,230,346)

According to Bangladesh Bank letter # DFIM(S)1055/44(EDW-1)/2013-725 dated 11 June 2013, rate of general provision for standard facilities under SME sector loans, advances and leases is 0.25% and other than SME sector loans, advances and leases is 1%.

8.9.1 Shortfall of provision for loans, advances and leases, other assets and balance with other banks and financial institutions

According to the company's request, Bangladesh Bank has given 5 (five) years time limit i.e. 2019, 2020, 2021, 2022 and 2023 for maintaining equally the required provision/provision shortfall of Tk.94.57 crore as on 31 December 2019 for loans, advances and leases, other assets and balance with other banks and financial institutions as per the letter # DFIM(C)1054/09/2020-1420 dated 25 August 2020. Details of shortfall of provision as on 31 December 2020 are as follows:

Provision for loans, advances and leases	145,095,546	334,230,346
Other assets	76,699,368	76,699,368
Balance with other banks and financial institutions	345,605,000	345,605,000
Total	567,399,914	756,534,714

8.10 Net loans, advances and leases

Total loans, advances and leases (note-8.1)	9,409,126,076	9,076,287,102
Less:		
Non-performing loans, advances and leases (note-8.8)	4,883,683,948	5,138,483,302
Interest suspense (note-15.5)	711,087,744	448,411,980
Provision for loans, advances and leases (note-15.2)	1,419,799,322	1,246,507,078
	7,014,571,014	6,833,402,360
	2,394,555,062	2,242,884,742

8.11 Particulars of loans, advances and leases

a) Loans, advances and leases considered good in respect of which the financial institution is fully secured	9,012,663,684	8,646,151,995
b) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee	221,247,951	219,188,214
c) Loans, advances and leases considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors	175,214,441	210,946,893
	9,409,126,076	9,076,287,102

		Amounts in Taka	
		31.12.2020	31.12.2019
d)	Loans, advances and leases adversely classified: provision not maintained there against	-	-
e)	Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other person	3,911,085	7,477,692
f)	Loans, advances and leases 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	3,160,598,019	2,904,012,514
g)	Maximum total amount of loans, advances and leases, including temporary advances made at 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	-	1,440,000
h)	Maximum total amount of loans, advances and leases, 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 loans, advances and leases:		
	i) Classified loans, advances and leases on which no interest has been charged	4,883,683,948	5,138,483,302
	ii) Provision on classified loans, advances and leases	1,386,502,268	1,464,175,900
	iii) Provision kept against loans, advances and leases classified as bad debts	778,829,765	737,567,100
	iv) Interest credited to interest suspense account (note-15.5)	711,087,744	448,411,980
k)	Cumulative amount of written-off of loans, advances and leases		
	Opening balance	396,334,445	396,334,445
	Add: Amount written-off during the year	-	-
	Less: Adjustment against realised written-off amount	-	-
		396,334,445	396,334,445
	Amount realized against loans, advances and leases previously written-off	-	15,742,358
	Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	1,345,207,771	1,306,722,387
8.12	<i>Legal Suit filed by the company against clients</i>		
	As at 31 December 2020, Fareast Finance & Investment Limited filed 36 legal suit against 36 defaulters clients under Artha Rin Adalat Ain 2003. Total recoverable amount was Tk.1,832,757,530 only.		
9.	Bills purchased and discounted		
	Payable in Bangladesh	-	-
	Payable outside Bangladesh	-	-
		-	-
		-	-
	As at 31 December 2020, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchased and or discount made.		
10.	Fixed assets including premises, furniture and fixtures		
	Cost		
	Balance as at 01 January	55,833,427	58,197,309
	Add: Additions during the period	87,857	236,118
	Less: Disposals/adjustments during the period	20,021,986	2,600,000
	Balance as at 31 December	35,899,298	55,833,427
	Accumulated depreciation		
	Balance as at 01 January	47,628,001	43,583,927
	Add: Charge for the period	4,392,809	6,644,073
	Less: Disposals/adjustments during the period	19,606,861	2,599,999
	Balance as at 31 December	32,413,949	47,628,001
	Net book value of the asset as at 31 December (Annexure-B)	3,485,349	8,205,426

		Amounts in Taka	
		31.12.2020	31.12.2019
11. Other assets			
	Advances, Deposits and Prepayments (note-11.1)	353,848,255	381,986,394
	Interest and Commission Receivable (note-11.2)	21,722,527	20,750,258
	Investment in associate (note-11.3)	614,299,989	620,061,550
	Amount receivable against shares sold	90,706,317	91,572,471
	Deferred tax assets (note-11.4)	2,347,984	3,171,804
	Right of use of assets (11.5)	1,067,442	2,134,886.00
	Miscellaneous	5,256,017	6,101,387
		<u>1,089,248,531</u>	<u>1,125,778,750</u>
11.1 Advances, Deposits and Prepayments			
	Advance corporate income tax	175,205,657	173,923,994
	Advance to Spacezero Ltd.-Floor purchase for Head Office	176,600,000	206,600,000
	Advance to CDBL-Refundable security deposit	500,000	500,000
	Advance to Charu Kaj-Interior works of Company's Head Office	1,500,000	-
	Advance to Mrs.Saheli Huq- Security Deposit for Banani Branch	-	500,000
	Miscellaneous	42,598	462,400
		<u>353,848,255</u>	<u>381,986,394</u>
11.2 Interest and Commission Receivable			
	Guarantee commission receivable	-	-
	Interest accrued on fixed deposit receipts	-	-
	Interest accrued on loans, advances and leases	21,722,527	20,750,258
		<u>21,722,527</u>	<u>20,750,258</u>
11.3 Investment in associate			
	Considering the paragraph 11 of IAS-28: "Investment in associates", investment in associate is recorded under the equity method. As per the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the company's share of net assets of the associate. Losses in excess of the cost of the investment in an associate are recognised when the company has incurred obligations on its behalf. Profit and loss account reflects the company's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Fareast Finance & Investment Limited has got one associate under its umbrella namely Fareast Stocks & Bonds Limited (having 50% shareholding) on the date of reporting.		
	Movement of investment in associate is as follows:		
	Balance at 01 January	620,061,550	627,727,765
	Investment/(Adjustment)	-	-
	Revaluation reserve	-	-
	Prior year adjustment	-	-
	Share of profit/(loss) for the year	(5,761,561)	(7,666,215)
	Cash dividend	-	-
	Balance at 31 December	<u>614,299,989</u>	<u>620,061,550</u>
11.3.1 Revaluation reserve			
	Revaluation reserve includes proportionate revaluation reserve of Fareast Stocks & Bonds Limited (FSBL). In the year 2010, FSBL revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) based on the prevailing market price in 2012. FSBL again reassessed its membership of DSE and CSE. In the year 2018 and further adjusted the revaluation reserve and hence, proportionate revaluation decrease is reduced from investment in associate. Details are as follows:		
	Balance as at 01 January	79,495,313	79,495,313
	Increase/(decrease) in revaluation reserve	-	-
	Balance as at 31 December	<u>79,495,313</u>	<u>79,495,313</u>

Amounts in Taka	
31.12.2020	31.12.2019

11.4 Deferred tax asset

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of BAS 12: "Income Taxes". Deferred tax asset is arrived at as follows:

Particulars	Carrying amount at balance sheet	Tax base (Taxable)/deductible temporary difference	
Assets			
Fixed assets net of depreciation excluding land	3,485,349	9,746,639	6,261,290
Liabilities			
Total	<u>3,485,349</u>	<u>9,746,639</u>	<u>6,261,290</u>
Applicable tax rate			37.50%
Deferred tax asset as on 31 December 2020			<u>2,347,984</u>

11.5 Right of use of assets

Balance at 01 January		2,134,886	3,202,329
Less: Amortization/expenses on right of use of assets		1,067,444	1,067,443
Balance as at 31 December		<u>1,067,442</u>	<u>2,134,886</u>

11.6 Divisions of other assets

Income generating other assets		636,022,516	640,811,808
Non income generating other assets		453,226,015	484,966,942
		<u>1,089,248,531</u>	<u>1,125,778,750</u>

11.7 Maturity grouping of other assets

Repayable on demand		-	-
Up to 1 month		117,816,413	118,886,516
Over 1 month but not more than 3 months		1,677,908.00	-
Over 3 months but not more than 1year		354,954,221	384,195,798
Over 1 year but not more than 5 years		0	2,134,886
Over 5 years		614,799,989	620,561,550
		<u>1,089,248,531</u>	<u>1,125,778,750</u>

12. Non-business assets

Name of the clients	Possession date		
Pick & Drop Cargo Services	29-Sep-2011	5,485,000	5,485,000
Patriot Fashion Limited	8-Aug-2018	2,948,997	2,948,997
		<u>8,433,997</u>	<u>8,433,997</u>

1 The purchase value of 366.00 decimals of land located at Sherpur, Bogura was adjusted against the liabilities of Pick & Drop Cargo Services, which was subsequently informed to Artha Rin Adalat. Purchase value along with related costs is considered as the book value of the property.

2 Fareast Finance & Investment Limited (FFIL) had booked properties of 16.50 decimals at Joydevpur, Gazipur as it's non-business assets which the honorable court had given the ownership of mortgage properties of Patriot Fashion Limited in accordance with section 33(7) of the Artha Rin Adalat Ain 2003. Subsequently FFIL muted the properties in it's name and update the government rent. For booking the non-business assets in the financial statement FFIL considered the mouza value or decreetal amount in Artha Rin Suit whichever is minimum.

13. Borrowings from other banks, financial institutions and agents

In Bangladesh (note-13.1)	3,199,002,134	3,204,818,490
Outside Bangladesh (note-13.2)	-	-
	<u>3,199,002,134</u>	<u>3,204,818,490</u>

Amounts in Taka	
31.12.2020	31.12.2019

13.1 In Bangladesh

Long term loans:

Bangladesh Bank	1,060,313	4,555,478
Bank Asia Limited	103,600,905	96,352,022
BASIC Bank Limited	114,386,170	118,385,170
Dutch-Bangla Bank Limited	202,871,798	234,938,726
Dhaka Bank Limited	27,096,354	27,564,468
Jamuna Bank Limited	36,211,706	38,516,237
Midland Bank Limited	232,757,956	232,757,956
Modhumoti Bank Limited	193,529,417	198,120,417
Mutual Trust Bank Limited	19,937,041	20,882,705
NCC Bank Limited	107,605,086	84,041,288
NRB Commercial Bank Limited	127,499,537	127,499,537
Shahjalal Islami Bank Limited	392,704,247	393,528,335
Social Islami Bank Limited	166,244,414	166,244,414
Southeast Bank Limited	104,931,331	104,503,351
Standard Bank Limited	32,600,035	32,600,035
The Premier Bank Limited	198,952,547	203,981,570
United Commercial Bank Limited	128,624,558	128,624,558
Uttara Bank Limited	73,714,679	75,297,508
Total long term loans	<u>2,264,328,094</u>	<u>2,288,393,775</u>

Short term and call loans:

Short term loans:

Industrial and Infrastructure Development Finance Company Limited	-	6,400,000
Mutual Trust Bank Limited	293,446,715	268,423,169
National Housing Finance and Investment Limited	12,800,000	16,000,000
NRB Bank Limited	122,100,000	121,600,000
NRB Commercial Bank Limited	72,704,801	70,129,205
Pubali Bank Limited	102,458,322	101,148,525
South Bangla Agriculture & Commerce Bank Limited	37,500,000	41,100,000
The Premier Bank Limited	60,803,340	53,962,954
United Commercial Bank Limited	(39,138)	(39,138)
Total	<u>701,774,040</u>	<u>678,724,715</u>

Call loans:

NRB Bank Limited	81,100,000	86,200,000
Sonali Bank Limited	151,800,000	151,500,000
Total	<u>232,900,000</u>	<u>237,700,000</u>

Total short term and call loans

Total borrowings

<u>934,674,040</u>	<u>916,424,715</u>
<u>3,199,002,134</u>	<u>3,204,818,490</u>

13.2 Outside Bangladesh

-	-
<u>-</u>	<u>-</u>

As at 31 December 2020, the company does not have any borrowing from outside Bangladesh.

13.3 Security against borrowings from other banks, financial institutions and agents

Secured	2,965,041,821	2,962,563,012
Unsecured	233,960,313	242,255,478
	<u>3,199,002,134</u>	<u>3,204,818,490</u>

Borrowings from other banks, financial institutions and agents are secured by floating charges on all movable and immovable assets of the company ranking Pari-Passu among the lenders.

13.4 Maturity grouping of borrowings from other banks, financial institutions and agents

Payable on demand	232,900,000	237,700,000
Up to 1 month	307,354,986	776,611,603
Over 1 month but not more than 3 months	65,596,176	143,684,753
Over 3 month but not more than 1year	973,459,850	724,540,981
Over 1 year but not more than 5 years	1,245,255,072	1,084,866,235
Over 5 years	374,436,050	237,414,918
	<u>3,199,002,134</u>	<u>3,204,818,490</u>

14. Deposits and other accounts	Amounts in Taka	
	31.12.2020	31.12.2019
Current deposits (note-14.1)	-	-
Bills payable (note-14.2)	-	-
Savings deposits (note-14.3)	-	-
Term deposits (note-14.4)	4,709,904,630	4,747,854,960
Bearer certificate of deposit (note-14.5)	-	-
Other deposits (note-14.6)	-	-
	<u>4,709,904,630</u>	<u>4,747,854,960</u>
14.1 Current deposits	-	-
	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account.		
14.2 Bills payable	-	-
	-	-
As at 31 December 2020, the company does not have any bills payable.		
14.3 Savings deposits	-	-
	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.		
14.4 Term deposits		
Deposits from other banks and financial institutions (note-14.4.1)	3,209,840,128	3,202,000,000
Deposits from customers (note-14.4.2)	1,500,064,502	1,545,854,960
	<u>4,709,904,630</u>	<u>4,747,854,960</u>
14.4.1 Deposits from other banks and financial institutions		
Agrani Bank Limited	600,000,000	600,000,000
Bangladesh Infrastructure Finance Fund Limited	359,740,128	350,000,000
Investment Corporation of Bangladesh	614,200,000	615,000,000
Janata Bank Limited	400,000,000	400,000,000
Midland Bank Limited	290,000,000	290,000,000
NRB Commercial Bank Limited	50,000,000	50,000,000
Rupali Bank Limited	400,000,000	400,000,000
Sonali Bank Limited	150,000,000	150,000,000
South Bangla Agriculture & Commerce Bank Limited	220,000,000	220,000,000
United Finance Limited	125,900,000	127,000,000
	<u>3,209,840,128</u>	<u>3,202,000,000</u>
14.4.2 Deposits from customers		
Deposits from general public	641,371,012	602,399,800
Deposits from companies	858,693,490	943,455,160
	<u>1,500,064,502</u>	<u>1,545,854,960</u>
14.4.3 Rate of interest		
Rate of interest on term deposit receipts ranges from 6.00% to 13.50%.		
14.5 Bearer certificate of deposit	-	-
	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit.		
14.6 Other deposits	-	-
	-	-
As at 31 December 2020, the company does not have any other deposit account.		

	Amounts in Taka	
	31.12.2020	31.12.2019
14.7 Maturity grouping of deposits and other accounts		
Payable on demand	-	-
Up to 1 month	593,495,245	1,077,844,674
Over 1 month but not more than 6 months	577,676,439	236,692,117
Over 6 month but not more than 1year	1,126,993,880	88,366,269
Over 1 year but not more than 5 years	2,409,084,066	3,341,518,900
Over 5 years but not more than 10 years	2,655,000	3,433,000
Over 10 years	-	-
	4,709,904,630	4,747,854,960
15. Other liabilities		
Expenditure and other payables (note-15.1)	1,048,037,424	582,956,655
Provision for loans, advances and leases (note-15.2)	1,419,799,322	1,246,507,078
Provision for the diminution in the value of investments (note-15.3)	42,237,057	57,222,355
Provision for other assets (note-15.4)	13,941,980	0
Provision for income tax (note-15.5)	62,169,733	61,611,893
Interest suspense account (note-15.6)	711,087,744	448,411,980
Advance rental/installment against loans, advances and leases	27,862,000	29,517,137
Received from clients against partial rental/installment	36,042,604	23,079,990
Unpaid dividend	3,199,067	3,199,067
Lease liability (note-15.7)	766,495	1,292,094.00
Income Tax, VAT and Excise Duty deducted at source	2,422,241	10,651,178
	3,367,565,667	2,464,449,427
15.1 Expenditure and other payables		
Accrual of leave encashment	1,280,554	1,157,075
Accrued interest on borrowings from other banks, financial institutions and agents	318,415,610	138,176,065
Accrued interest on deposits and other accounts	726,092,521	441,953,174
Salary and allowances	1,212,534	995,046
Auditors' fee	471,200	506,850
Office utilities	365,429	65,000
Servicing and repairing of office motor vehicle	150,000	-
Telephone and mobile bill	49,576	74,545
Office security service bill	0	26,400
Others	0	2,500
	1,048,037,424	582,956,655
15.2 Provision for loans, advances and leases		
This represents the amount arrived at after calculation as per circulars issued by the Bangladesh Bank in this context in order to cover all the required provisions of the company as at 31 December 2020. Total provision is made up as follows:		
General provision on unclassified loans, advances and leases	178,392,600	116,561,524
Specific provision on classified loans, advances and leases	1,241,406,722	1,129,945,554
Balance at 31 December	1,419,799,322	1,246,507,078
Movements in general provision on unclassified loans, advances and leases		
Balance at 01 January	116,561,524	129,613,691
Add: Provision made during the year	61,831,076	(13,052,167)
Balance at 31 December	178,392,600	116,561,524

	Amounts in Taka	
	31.12.2020	31.12.2019
Movements in specific provision on classified loans, advances and leases		
Balance at 01 January	1,129,945,554	767,935,024
Less: Fully provided debts written-off during the year	-	-
Add: Recoveries of amount previously written-off	-	-
Add: Provision made during the year	111,461,168	362,010,530
Less: Provision no longer required	-	-
Add: Net charge to profit and loss account	111,461,168	362,010,530
Balance at 31 December	1,241,406,722	1,129,945,554
Total	1,419,799,322	1,246,507,078
15.3 Provision for the diminution in the value of investments		
Balance at 01 January	57,222,355	35,293,237
Add: Provision made during the year	(14,985,298)	21,929,118
Balance at 31 December (Annexure-A for detail)	42,237,057	57,222,355
15.4 Provision for other assets		
Balance at 01 January	-	-
Add: Provision made during the year	13,941,980	-
Balance at 31 December	13,941,980	-
15.5 Provision for income tax		
The company calculated its tax liability considering the BAS 12: "Income Taxes". Details calculation of tax liability as at 31 December 2020 is as follows:		
Balance at 01 January	61,611,893	61,204,685
Add: Provision made during the year (note-39)	557,840	407,208
Less: Settlement of previous years' tax liability	-	-
Balance at 31 December	62,169,733	61,611,893
Current tax liability represents tax calculated @ 37.50% on profit before tax less advance tax paid.		
15.6 Interest suspense account		
This represents interest on loans and lease income not recognized as income according to Bangladesh Bank's FID circular # 03 of 2006. Details are as follows:		
Balance at 01 January	448,411,980	336,439,889
Add: Amount transferred to interest suspense account during the year	320,053,236	203,008,372
Less: Amount recovered from interest suspense account during the year	57,377,472	91,036,281
Less: Amount written-off during the year	-	-
Balance at 31 December	711,087,744	448,411,980
Amount recovered from interest suspense account during the year is also included in interest income(Note-21)		
15.6.1 Details of interest suspense account		
Interest suspense for unclassified loans, advances and leases		
Standard	97,889,382	18,789,023
Special mention account	10,293,471	67,930,933
	108,182,853	86,719,956
Interest suspense for classified loans, advances and leases		
Sub-standard	345,681,619	84,110,179
Doubtful	18,039,221	40,657,409
Bad/Loss	239,184,051	236,924,436
	602,904,891	361,692,024
Total	711,087,744	448,411,980

Amounts in Taka		
31.12.2020	31.12.2019	
Balance at 01 January	1,292,094	1,767,873
Add: Interest charge on lease obligation	105,553	155,373
	<u>1,397,647</u>	<u>1,923,246</u>
Less: Payment and advances adjusted	631,152	631,152
Balance at 31 December	<u>766,495</u>	<u>1,292,094</u>

15.7 Lease liability

15.7 Maturity grouping of other liabilities

Repayable on demand	-	-
Up to 1 month	931,788,494	436,208,023
Over 1 month but not more than 3 months	14,965,923	23,050,748
Over 3 months but not more than 1 year	372,294,734	274,550,256
Over 1 year but not more than 5 years	1,080,756,921	1,285,356,273
Over 5 years	967,759,595	445,284,127
	<u>3,367,565,667</u>	<u>2,464,449,427</u>

16. Share capital

16.1 Authorized capital

200,000,000 ordinary shares of Tk.10 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>
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16.2 Issued, subscribed and fully paid up capital

Ordinary shares: 164,063,330 ordinary shares of Tk.10 each	1,640,633,300	1,640,633,300
Share premium	-	-
Preference shares	-	-
Total	<u>1,640,633,300</u>	<u>1,640,633,300</u>

The company did not issue any share other than cash on the basis of any agreement.

16.3 Raising of share capital

Fareast Finance & Investment Limited raised its share capital as follows:

Date of issue	Type of issue of paid up capital	Number of share	Face value per share	Value of share	Cumulative paid up capital
21-Jun-2001	Opening capital	500,000	100	50,000,000	50,000,000
25-May-2004	Bonus share	75,000	100	7,500,000	57,500,000
12-Aug-2004	Right share	875,001	100	87,500,100	145,000,100
23-Apr-2006	Bonus share	290,000	100	29,000,000	174,000,100
24-Jul-2007	Bonus share	217,500	100	21,750,000	195,750,100
23-Sep-2010	Bonus share	1,174,500	100	117,450,000	313,200,100
23-Nov-2010	Right share	5,000,000	10	50,000,000	363,200,100
23-Dec-2010	Right share	50,848,010	10	508,480,100	871,680,200
29-Mar-2011	Bonus share	17,433,604	10	174,336,040	1,046,016,240
16-May-2012	Bonus share	10,460,162	10	104,601,620	1,150,617,860
14-Aug-2013	IPO share	45,000,000	10	450,000,000	1,600,617,860
25-Mar-2015	Bonus share	4,001,544	10	40,015,440	1,640,633,300
Total		<u>164,063,330</u>		<u>1,640,633,300</u>	

Face value of the share has been denominated to Tk.10 from Tk.100 per share by the shareholders in their third Extra Ordinary General Meeting held on 20 October 2010.

The shares were listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. on 15 September 2013 and quoted at Tk.4.20 and Tk.4.40 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively at 30 December 2020.

		Amounts in Taka	
		31.12.2020	31.12.2019
16.4	<i>Composition of shareholders by shareholding as at 31 December 2020</i>		
	Particulars	No. of holders	Holding (%)
	Sponsors (Institutions)	-	-
	Sponsors (Individuals)	11	39.74
	General Public (Institutions)	90	14.07
	General Public (Individuals)	8,962	46.19
	Total	9,063	100.00
16.5	<i>Distribution of shareholders by shareholding as at 31 December 2020</i>		
	Holding of shares	No. of holders	Holding (%)
	Less than 500 shares	1,337	0.15
	500 to 5,000 shares	6,165	4.24
	5,001 to 10,000 shares	596	2.82
	10,001 to 20,000 shares	440	4.00
	20,001 to 30,000 shares	167	2.54
	30,001 to 40,000 shares	91	1.94
	40,001 to 50,000 shares	63	1.77
	50,001 to 100,000 shares	113	5.07
	100,001 to 1,000,000 shares	66	12.78
	Over 1,000,000 shares	25	64.69
	Total	9,063	100.00
16.6	<i>Capital adequacy requirement</i>		
	As per Section-4(Gha) of The Financial Institutions Rules, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, the minimum paid up capital of a Financial Institution shall be Tk.100 crore; provided that the sum of paid up capital and reserves shall not be less than the minimum capital required under the Risk Based Assets of the company, criteria determined by the Bangladesh Bank. Details are as follows:		
	A. Tier-1 (Core Capital)	101,899,448	387,362,563
	Paid up capital (note-16.2)	1,640,633,300	1,640,633,300
	Statutory reserve (note-17)	268,954,085	268,954,085
	Retained earnings (note-18)	(1,807,687,937)	(1,522,224,822)
	B. Tier-2 (Supplementary Capital)	122,592,339	124,526,386
	General provision maintained against unclassified loans, advances and leases up to specified limit as per Bangladesh Bank guideline	114,642,808	116,576,855
	Revaluation reserve up to 10% of equity instruments	7,949,531	7,949,531
	C. Total Eligible Capital (A+B)	224,491,787	511,888,949
	D. Total Risk Weighted Assets (RWA)	9,511,806,827	9,636,995,952
	E. Required capital based on RWA (10% of D)	951,180,683	963,699,595
	F. Minimum Capital Requirement (MCR)	1,000,000,000	1,000,000,000
	G. Capital surplus/(deficit) (C-F)	(775,508,213)	(488,111,051)
	H. Capital Adequacy Ratio (CAR) (C/D)*100	2.36	5.31
	I. Core Capital to RWA (A/D)*100	1.07	4.02
	J. Supplementary Capital to RWA (B/D)*100	1.29	1.29
17.	Statutory reserve		
	According to the Rule 6 of The Financial Institutions Regulation, 1994, the company transfers 20% of its net profit for the respective year to statutory reserve. Detailed movement of the reserve is as follows:		
	Balance at 01 January	268,954,085	268,954,085
	Add: Transferred during the year	-	-
	Balance at 31 December	268,954,085	268,954,085
18.	Retained earnings		
	Balance at 01 January	(1,522,224,822)	(804,227,230)
	Less: Cash dividend paid	-	-
	Less: Issue of bonus shares	-	-
	Add: Net profit for the year	(285,463,115)	(717,997,592)
	Less: Transfer to statutory reserve	-	-
	Add: Prior year adjustment of Fareast Stocks & Bonds Ltd. (note-11.3)	-	-
	Balance at 31 December	(1,807,687,937)	(1,522,224,822)

	Amounts in Taka	
	31.12.2020	31.12.2019
19. Contingent liabilities and commitments		
<i>19.1 Contingent liabilities</i>		
Acceptances and endorsements	-	-
Letter of guarantee (note-19.1.1)	-	-
Irrevocable letter of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
	<u>-</u>	<u>-</u>
<i>19.1.1 Letters of guarantee</i>		
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	-	-
	<u>-</u>	<u>-</u>
<i>19.2 Other commitments</i>		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Spot and foreign exchange rate contract	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
	<u>-</u>	<u>-</u>

		Amounts in Taka	
		31.12.2020	31.12.2019
20.	Income statement		
	Income		
	Interest, discount and similar income (note-20.1)	788,257,945	770,350,759
	Dividend income (note-23)	2,839,203	2,086,039
	Commission, exchange and brokerage (note-24)	-	-
	Gains less losses arising from dealing in securities	-	-
	Gains less losses arising from investment in securities	-	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from non-business assets	-	-
	Other operating income (note-25)	4,913,266	(732,645)
	Profit less losses on interest rate changes	-	-
		796,010,414	771,704,153
	Expenses		
	Interest expenses on deposits, borrowings, etc. (note-22)	833,257,517	1,009,617,892
	Charges on losses regarding loans, advances and leases	-	-
	Administrative expenses (note-20.2)	63,862,568	93,114,926
	Other operating expenses (note-35)	6,330,049	10,281,019
	Depreciation on company's fixed assets (note-34)	4,392,809	6,644,073
		907,842,943	1,119,657,910
		(111,832,529)	(347,953,757)
20.1	Interest, discount and similar income		
	Interest income (note-21)	787,887,793	769,935,810
	Capital gain on sale of shares (note-23)	370,152	414,949
		788,257,945	770,350,759
20.2	Administrative expenses		
	Salary and allowances (note-26)	37,748,361	51,380,203
	Rent, taxes, insurance, electricity, etc. (note-27)	15,514,647	19,503,871
	Legal expenses (note-28)	1,713,264	8,042,576
	Postage, stamp, telecommunication, etc. (note-29)	859,972	1,251,462
	Stationery, printing, advertisement, etc. (note-30)	848,336	2,263,237
	Managing Director's salary and allowances (note-31)	5,513,452	8,511,000
	Directors' fees (note-32)	765,600	808,000
	Auditors' fees (note-33)	420,600	503,100
	Repairs of company's fixed assets (note-34)	478,336	851,477
		63,862,568	93,114,926
21.	Interest income		
	Interest on term finances	766,115,018	753,053,131
	Lease income	16,547,214	27,201,357
	Total interest income on loans, advances and leases	782,662,232	780,254,488
	Interest on balance with banks and other financial institutions	5,225,561	(10,318,678)
		787,887,793	769,935,810

To reduce single borrower exposure limit with subsidiary and associate company, as was prescribed by Bangladesh Bank vide the DFIM circular letter no. 14 dated 31st December, 2013, the Board of Directors of the company in their 161st meeting held on August 10, 2015 considered the financial position of Fareast Stocks & Bonds Limited and approved not to charge any interest on outstanding loan of Tk.2,895.21 million from July 25, 2015 and decided for abandonment of interest income against this loan facility extended to Fareast Stocks & Bonds Limited. Subsequently company's Board of Directors in their 208th meeting held on 08 March 2020 decided to impose interest rate on the outstanding amount @ 13.90% per annum from 20 March 2020.

As per Bangladesh Bank's instruction through letter # FIID/I-08(02)/2019/2020-324 dated 23 June 2020, interest receivable on fixed deposit accounts with other financial institutions amounting Tk.122,923,107 was reversed from interest income.

Interest income includes amount recovered from interest suspense account during the year (Note-15.6)

		Amounts in Taka	
		31.12.2020	31.12.2019
22.	Interest expenses on borrowings, deposits, etc.		
	a) Interest expenses on borrowings		
	Interest on term loans	259,562,862	365,861,494
	Interest on call loans	12,606,939	13,827,311
	Interest on secured overdrafts	51,127,173	62,004,853
	Interest charge on lease obligation	105,553	-
	Bank charges	541,881	447,707
		<u>323,944,408</u>	<u>442,141,365</u>
	b) Interest expenses on deposits	<u>509,313,109</u>	<u>567,476,527</u>
	Total	<u><u>833,257,517</u></u>	<u><u>1,009,617,892</u></u>
23.	Investment income		
	Capital gain/(loss) on sale of shares	370,152	414,949
	Dividend income	2,839,203	2,086,039
		<u>3,209,355</u>	<u>2,500,988</u>
24.	Commission, exchange and brokerage		
	Guarantee commission	-	-
	Realization of L/C commission	-	-
		<u>-</u>	<u>-</u>
25.	Other operating income		
	Income from associate	(5,761,561)	(7,666,215)
	Documentation fees	2,000	21,000
	Early settlement fees	6,223,055	4,838,802
	Profit/(loss) on disposal of fixed assets	3,272,543	1,706,979
	Profit/(loss) on disposal of leased assets	55,000	166,500
	Miscellaneous earnings	1,122,229	200,289
		<u>4,913,266</u>	<u>(732,645)</u>
26.	Salary and allowances	<u>37,748,361</u>	<u>51,380,203</u>
	Salary and allowances include company's contribution to recognized provident fund and approved gratuity fund amounting Tk.1,340,486 and Tk.0 respectively (Tk.1,858,199 and Tk.106,685 respectively in the year 2019).		
27.	Rent, taxes, insurance, electricity, etc.		
	Rent, rate and taxes	13,919,455	17,682,407
	Insurance	157,372	271,974
	Power and electricity	1,437,820	1,549,490
		<u>15,514,647</u>	<u>19,503,871</u>
28.	Legal expenses		
	Professional fees	1,072,974	6,670,873
	Other charges	640,290	1,371,703
		<u>1,713,264</u>	<u>8,042,576</u>
29.	Postage, stamp, telecommunication, etc.		
	Postage	16,638	20,295
	Telegram, telex, fax, and e-mail	-	-
	Data communication	393,178	460,176
	Telephone-office	448,718	768,267
	Telephone-residence	1,438	2,724
		<u>859,972</u>	<u>1,251,462</u>

	Amounts in Taka	
	31.12.2020	31.12.2019
30. Stationery, printing, advertisement, etc.		
Office stationery	321,458	521,106
Computer consumable stationery	51,800	73,900
Publicity and advertisement	475,078	1,668,231
	<u>848,336</u>	<u>2,263,237</u>
31. Managing Director's salary and allowances		
Basic pay	2,508,065	3,600,000
Allowances	2,548,387	3,600,000
Bonus	300,000	600,000
Company's contribution to recognized provident fund	150,000	360,000
Approved gratuity fund	-	300,000
Annual membership subscription paid to professional bodies	7,000	51,000
	<u>5,513,452</u>	<u>8,511,000</u>
Besides, total perquisites of Tk.399,617 in the year 2020 (Tk.518,454 in the year 2019) was paid in relation to the Managing Director of the company.		
32. Directors' fees		
Fees		
Board of Directors	677,600	696,000
Board Audit Committee	88,000	112,000
Executive Committee	-	-
	<u>765,600</u>	<u>808,000</u>
Other benefits	-	-
	<u>765,600</u>	<u>808,000</u>
Other disclosures regarding the Board and Committee meetings are as follows:		
a) In the year 2020 the following meetings were held:		
Name of meetings	Number of meetings	
Board of Directors	10	13
Board Audit Committee	2	4
Executive Committee	-	-
b) Directors did not take any honorarium from the company during the year.		
c) No amount of money was expended by the company for compensating any member of the Board for special services rendered.		
d) Tk.8,000 per person per meeting was paid to the Directors of the company as attendance fee.		
33. Auditors' fees		
Auditors' fees including VAT @ 15.00%	399,350	481,850
Auditors' certificate fees	21,250	21,250
	<u>420,600</u>	<u>503,100</u>
34. Depreciation and repairs of company's assets		
Depreciation on company's fixed assets (Annexure-B)	4,392,809	6,644,073
Repairs of company's fixed assets	478,336	851,477
	<u>4,871,145</u>	<u>7,495,550</u>

Amounts in Taka		
31.12.2020	31.12.2019	
35. Other operating expenses		
Office maintenance	2,917,162	2,892,973
Travel and conveyance	85,700	239,019
Motor vehicle expenses	1,110,680	4,056,151
Meeting expenses	57,800	333,123
Training expenses	2,000	61,000
Books and periodicals	14,880	47,351
Share business expense	7,112	56,836
Subscription	1,556,000	1,560,000
Entertainment and public relation	137,290	560,177
Annual General Meeting	441,425	474,389
	6,330,049	10,281,019

Tk.214,519 was spent for the year 2020 (Tk.512,518 for the year 2019) for the vehicle used by the Chairman following of Bangladesh Bank's guidelines.

36. Provision for loans, advances and leases

General provision on unclassified loans, advances and leases (note-15.2)	61,831,076	(13,052,167)
Specific provision on classified loans, advances and leases (note-15.2)	111,461,168	362,010,530
	173,292,244	348,958,363

37. Provision for investment in shares

Balance at 01 January	57,222,355	35,293,237
Add: Provision made during the year (note-15.3)	(14,985,298)	21,929,118
Balance at 31 December (Annexure-A for detail)	42,237,057	57,222,355

38. Provision for other assets

Balance at 01 January	-	-
Add: Provision made during the year (note-15.4)	13,941,980	-
	13,941,980	-

39. Provision for income tax

This represents amount provided for income tax on profit before tax for the year ended 31 December 2020. The amount has arrived as follows:

Amount provided on current year's profit	557,840	407,208
Less: Excess provision of income tax	-	-
Amount provided for current tax	557,840	407,208
Amount provided for deferred tax	823,820	(1,250,854)
Total	1,381,660	(843,646)

40. Earning per share (EPS)

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

Basic earnings per share

Basic earnings per share is calculated based on weighted average number of ordinary shares outstanding for the period ended 31 December 2020 and profit for the same period.

Net profit/(loss) after income tax (A)	(285,463,115)	(717,997,592)
Weighted average number of outstanding shares (B)	164,063,330	164,063,330
Earnings per share (Basic) (A/B)	(1.74)	(4.38)

Diluted earnings per share

No diluted earnings per share are required to be calculated for the period ended 31 December 2020, as there was no scope for dilution during the period under review.

	Amounts in Taka	
	31.12.2020	31.12.2019
41. Net Asset Value (NAV) Per Share		
Net asset (total assets less total liabilities) (A)	181,394,761	466,857,876
Total number of ordinary shares outstanding (B)	164,063,330	164,063,330
Net Asset Value (NAV) Per Share (A/B)	<u>1.11</u>	<u>2.85</u>
42. Net Operating Cash Flows Per Share (NOCFPS)		
Net cash flows from operating activities (A)	302,393,477	(195,021,353)
Total number of ordinary shares outstanding (B)	164,063,330	164,063,330
Net Operating Cash Flows Per Share (NOCFPS) (A/B)	<u>1.84</u>	<u>(1.19)</u>

The major reasons for having deviation of net profit/(loss), EPS, NAV and NOCFPS between two years are the provisions for loans, advances and leases and interest suspense which was made following the FID circular # 08 dated 03 August 2002 issued by Bangladesh Bank in this regard and interest spread.

43. Reconciliation of profit/(loss) before income tax with cash flows from operating activities		
Profit/(loss) before income tax	(284,081,455)	(718,841,238)
Less: Profit from sale of shares of securities	(370,152)	(414,949)
Less: Income taxes paid	(1,281,663)	(1,885,642)
Add: Adjustments for non-cash items:		
Depreciation of company's assets	4,392,809	6,644,073
Provisions for loans, advances and leases	173,292,244	348,958,363
Provision for the diminution in the value of investments	(14,985,298)	21,929,118
Provision for other assets	13,941,980	0
(Increase)/decrease in loans, advances and leases	(332,838,974)	913,069,859
(Increase)/decrease in other assets	32,198,770	(17,196,832)
Increase/(decrease) in deposit and other accounts	(37,950,330)	(830,079,519)
Increase/(decrease) in net drawdown of short term loans	18,249,325	(91,091,272)
Increase/(decrease) in other liabilities on account of customers	11,307,477	(49,399,172)
Increase/(decrease) in other liabilities	253,921,228	111,282,340
Increase/(decrease) in accruals	466,597,516	112,003,518
Net cash flows from operating activities	<u>302,393,477</u>	<u>(195,021,353)</u>

- 44. Number of employees**
At the end of the year the number of employees drawing Tk.3,000 or above per month was thirty seven (sixty four in 2019).
- 45. Assets pledged as security for liabilities**
As at 31 December 2020, all the fixed and floating assets of the company were pledged as security under pari-passu security sharing agreement with lenders.
- 46. Related party disclosures**
- 46.1 Name of directors and their interest in different organizations**
According to the International Accounting Standard-24 "Related Party Disclosures" and DFIM circular # 11 dated 23 December 2009, directors' name and their interest in different organizations are presented in Annexure-C.
- 46.2 Significant contracts where company is a party and wherein directors have interest**
The company has 1 (one) associate company namely Fareast Stocks & Bonds Limited (fifty percent shareholding), was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994 with authorized share capital of Tk.1,500,000,000.
- 46.3 Shares issued to directors and executives without consideration or at a discount**
Till 31 December 2020, no shares were issued to the directors and executives of the company without having any consideration or at a discount.
- 46.4 Related party transactions**
As per International Accounting Standard-24 "Related Party Disclosures" and DFIM circular # 11 dated 23 December 2009, no transaction was made with the related parties and on balance sheet date there is no balance outstanding excluding the following transactions in the ordinary course of business at normal commercial interest rate:

Name of related party	Nature of transactions	Amounts in Taka	
		31.12.2020	31.12.2019
Fareast Stocks & Bonds Limited	Investments	614,299,989	620,061,550
	Term loan given	3,024,788,933	2,754,580,768
	Receivable against shares sold	90,641,348	91,263,902
		3,729,730,270	3,465,906,220
PFI Properties Limited	Housing finance given	135,809,086	135,809,086
M/S. Neha Trading	SME Finance-Term finance given	-	13,622,660
Prime Insurance Company Limited	Term deposit received	5,512,500	5,512,500
Fareast Islami Properties Limited	Term deposit received	33,780,052	30,748,000
Shahriar Khaled Rousseau	Term deposit received	6,244,480	5,975,473
Rubaiyat Khaled Tashfin	Term deposit received	3,084,922	3,084,922
Sarwat Khaled Simin	Term deposit received	5,000,000	5,000,000
Sabiha Khaleque	Term deposit received	1,250,000	1,250,000
Bangladesh Institute for Prof. Dev. Ltd.	Term deposit received	12,597,594	12,138,124

N.B.: Despite repeated requests of FFIL for withdrawal of the available ledger balance of Taka 9,06,41,348.00 in the BO Account No. 1204690000134328 maintained with Fareast Stocks & Bonds Limited, FSBL is yet to honor the claim for withdrawal and there is reasonable apprehension that FSBL will not be able to return the amount.

46.5 *Status of transactions done with related parties*

As at 31 December 2020, there is no balance outstanding to the related parties other than disclosed in note-46.4 as stated above.

46.6 *Business with related parties*

As at 31 December 2020, there is no balance outstanding to the related parties other than disclosed in note-46.4 as stated above.

46.7 *Transactions with the securities of related parties*

As at 31 December 2020, the company holds the shares of the following related parties:

Name of related party	Number of shares
Fareast Stocks & Bonds Limited	45,479,437

46.8 *Transaction with key management personnel*

As per paragraph 16 and 17 of IAS: 24 "Related Party Disclosures", the compensation of key management personnel are given below:

46.8.1 *Compensation of key management personnel*

a) Short-term employee benefits		
Basic pay and allowances	14,783,890	22,050,523
Bonus	1,198,314	1,996,282
Annual leave encashment	199,310	799,518
Motor vehicle expenses	946,813	2,797,965
Telephone, mobile and other allowances	116,873	182,466
	17,245,200	27,826,754
b) Post-employment benefits		
Company's contribution to provident fund	639,996	1,094,329
Retirement benefit and gratuity	753,426	1,542,204
	1,393,422	2,636,533
c) Other long-term benefits	-	-
d) Termination benefits	-	-
e) Share-based payments	-	-
Total	18,638,622	30,463,287

46.8.2 Other transactions with key management personnel

Home loan and vehicle loan given under “Home loan policy for the employees” and “Transport Policy for Employees”

Amounts in Taka	
31.12.2020	31.12.2019
3,911,085	5,226,861

47. Disclosure on Board Audit Committee**47.1 Particulars of Board Audit Committee**

According to the guidelines of Bangladesh Bank, the Board of Directors of Fareast Finance & Investment Limited (FFIL) constituted the Board Audit Committee of the company. Details of the Committee members are as follows:

Name of committee members	Status with FFIL	Status with committee	Educational qualification
Mr. Md. Rafiqul Islam	Independent Director	Chairman	MA
Mr. Md. Ashaduzzaman	Representative Director	Member	M. Com.
Mr. Khandoker Motaher Uddin Ahmed	Independent Director	Member	BA
Mr. Muhammad Muhibullahil Baqi	Independent Director	Member	MSS
Mr. Farzul Ekram	Independent Director	Member	BA

47.2 Meetings held by the committee during the year

In the year 2020 the Committee met two times.

Meeting number	Held on
88th	14-Sep-2020
89th	29-Oct-2020

47.3 Activities of the audit committee during the year

In the year 2020 the Board Audit Committee carried out the following activities:

- Reviewed the financial reporting system ensuring that the appropriate accounting policies were applied as per requirement of International Accounting Standards and Bangladesh Bank and the true and fair financial information were provided to the stakeholders.
- Reviewed that appropriate disclosures and information presented in the financial statements.
- Reviewed quarterly and half yearly financial statements and recommended to place the same before the Board for approval as per requirement of Bangladesh Securities and Exchange Commission's notifications no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.
- Reviewed the draft financial statements and audit report thereon.
- Examine the audit procedure of the financial statements of the company.
- Regular monitoring of the company's portfolio.
- Reviewed and recommendation to the Board regarding the delinquent portfolio against which litigation started by the company.
- Reviewed the company's overdue position with the objective of reduction in amount and quality.
- Reviewed the Quarterly Operations Reports prepared by the Internal Control and Compliance Department of the company.
- Monitored the internal control system of the company and its compliance.
- Reviewed the procedure of appointment of external auditor of the company.
- Reviewed the existence of practice of the acts, rules and regulation within the company.
- Reviewed the computerization and MIS status in the company.
- Reviewed the implementation of Bangladesh Bank's report focusing on loans/lease against whom suit filed by the company and suit filed against the company.
- Reviewed the CAMELS rating of Fareast Finance & Investment Limited prepared by Bangladesh Bank.

47.4 Effective internal control and security documentation of the company

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

- a) The management followed the procedure and activities for internal control of the company were within the manual set by the management in line with Bangladesh Bank's guidelines are satisfactory.
- b) Company's assets are reasonably safeguarded through proper documentation preserving under safe custody and the financial position of the company is sound enough.
- c) The management presented the overdue and litigation position of the company reflects the true and fair view.
- d) Quarterly operations report prepared by the Internal Control and compliance department directly submitted to the Board Audit Committee for reporting the overall effective internal control system.

48. Disclosure on Executive Committee

To conform the Bangladesh Bank guidelines, the Board of Directors of Fareast Finance & Investment Limited constituted the Executive Committee of the company comprising members from the Board and management of the company. In the year 2020, no executive committee meeting was held.

49. Disclosure regarding branch

As at 31 December 2020, the company has two branches in Bangladesh.

50. Highlights

Highlights of the company for the year 2020 and 2019 is presented below:

Sl. # Particulars	Amounts in Taka	
	31.12.2020	31.12.2019
1 Paid up capital	1,640,633,300	1,640,633,300
2 Total capital	1,989,082,698	1,989,082,698
3 Capital surplus/(deficit)	(775,508,213)	(488,111,051)
4 Total assets	11,457,867,192	10,883,980,753
5 Total deposits	4,709,904,630	4,747,854,960
6 Total loans, advances and leases	9,409,126,076	9,076,287,102
7 Total contingent liabilities and commitments	-	-
8 Credit deposit ratio (%)	199.77	191.17
9 % of classified loans, advances and leases against total loans, advances and leases	51.90	56.61
10 Profit after provisions and income tax	(285,463,115)	(717,997,592)
11 Classified loans, advances and leases	4,883,683,948	5,138,483,302
12 Provision kept against classified loans, advances and leases	1,241,406,722	1,129,945,554
13 Provision surplus/(deficit)	(145,095,546)	(334,230,346)
14 Cost of borrowing fund (%)	9.84	11.95
15 Interest earning assets	10,967,999,917	10,340,091,140
16 Non-interest earning assets	489,867,275	543,889,613
17 Return on investments (ROI) (%)	5.86	3.01
18 Return on assets (ROA) (%)	(2.56)	(6.32)
19 Income from investments	3,209,355	2,500,988
20 Earnings per share (restated)	(1.74)	(4.38)
21 Net income per share	(1.74)	(4.38)
22 Price earnings ratio (times)	(2.41)	(0.71)

51. Subsequent events-disclosure under IAS-10 "Events after the Reporting Period"

The Board of Directors of Fareast Finance & Investment Limited in its 235th meeting held on 21 August 2022 recommended to the shareholders no dividend based on financial performance of the year 2020.

The Inspection team of Bangladesh Bank classified Fareast Stocks & Bonds Limited having outstanding loan amount Taka 3,024,788,933 and Aman Cement Mills Unit-2 Limited having outstanding loan amount Taka 750,533,201 as Bad/Loss and Doubtful respectively based on 31 December 2021 due to non-payment and uncertainty of recovery and hence, requirement of provision for loans, advances and leases increased by Taka 2,371,647,010 which will affect the profitability for the year 2021. As on 31 December 2021, classified loans, advances and leases stood at Taka 8,717,214,142 representing 89.95% against total loans, advances and leases whereas as on 31 December 2020, classified loans, advances and leases was Taka 4,883,683,948 representing 51.90% against total loans, advances and leases.

Bangladesh Securities and Exchange Commission (BSEC) reconstituted the Board of Directors of the Company through Letter No. SEC/SRMIC/2021/part-Z/89 dated 29 March 2021 as the Company and its Board of Directors fails to declare dividend since 2017 and for that the Company placed/transferred in the "Z-category" w.e.f. 19 April 2018. The Commission hereby nominated 6 (six) distinguished persons/individulas as Independent Directors and 3 (three) Sponsor shareholders as Directors of the Company.

4 (four) Key Management Personnel (AVP and above) were released/dismissed from service of the Company and 1 (one) Key Management Personnel (AVP and above) joined the Company.

External Auditor MABS & J Partners, Chartered Accountants given 'Qualified Opinion' on the Financial Statements of Fareast Stocks & Bonds Limited (FSBL) due to, among others, mismatches in the reported outstanding of Term Loan availed from Fareast Finance & Investment Limited. BSEC vide Letter No. BSEC/S-RI/DSE/226/2021/500 dated 30 May 2021 reconstituted the Board of Directors of FSBL wherein the Managing Director of FFIL included as representative Director. The Managing Director raised the issue of reporting incorrect Loan outstanding in the Financial Statements of FSBL since joining the Board and informed that FSBL has been overstating Profit and understating Loss for the last couple of years by reporting loan outstanding much lower than the actual outstanding which is significantly impacting the Financials of FFIL as FFIL is giving treatment of Profit/Loss of FSBL in its Financial Statements on 'Equity Method'. As a result of raising the issue in several meetings, the Board has given assurance to report actual loan outstanding in their Financial Statements of 2022.

52. Risk factors-disclosure under IFRS-7 "Financial Instruments: Disclosures"

- Management believes that the fair value of all the assets and liabilities approximate their carrying value.
- As on Balance Sheet date, the company has no borrowing in foreign currency and hence there is no rate fluctuation risk.
- The company made its investment in a wide range of portfolios and the management believes that concentration of investment risk is negligible.

53. General

53.1 Business

The detail of businesses done by the company are as follows:

Description	2020		2019	
	Contracted Taka	Disbursed Taka	Contracted Taka	Disbursed Taka
Term finances	6,440,000	6,440,000	8,300,000	18,340,000
Leases	-	-	-	-
Total	6,440,000	6,440,000	8,300,000	18,340,000

53.2 Interim financial statements

The company publishes its interim financial statements quarterly as per the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018.

53.3 Office space

Fareast Finance & Investment Limited entered into an agreement on 26 May, 2015 with Spacezero Limited having its office at House # 106, Road # 25, Block-A, Banani Model Town, Dhaka-1213 to buy office space at 9th and 10th floor of the multi-storied Commercial Building at House # 53, Road # 21, Block-B, Kemal Ataturk Avenue, Banani, Dhaka-1213 measuring approximately 5,403 square feet (considering 3 car parks for ground and 1st floor each and balance car parks equally distributed into all other floors) and 5,483 square feet (considering 3 car parks for Ground & 1st floor each and balance car parks equally distributed into all other floors) respectively at a rate of Tk.27,000 per square feet. Subsequently, on 06 August 2019, Fareast Finance & Investment Limited signed a Deed of Cancellation Agreement with Spacezero Limited regarding (i) to cancel the allotment of 9th floor, (ii) to adjust Tk.148,041,000 only out of the payment made by the company as full and final payment against the allotment of 10th floor, and (iii) to refund the remaining amount of Tk.58,559,000 only. Subsequently during the year FFIL received back TK. 30,000,000 and remain Tk. 28,559,000 is under realisation as shown in note # 11.1.

The company entered into an agreement with Mr. Mohammed Ayub, Proprietor of Ayub Trade Center Agrabad, Chittagong on 29 December 2016 for renting 1,374 sft area on the 2nd floor of the building for a period of 5 years starting from 01 January 2017 to 31 December 2021 @ Tk.58 per sft to operate Chittagong branch office and thereafter the rent shall increase @ 16% after expiry of every 2 years on the then existing rate.


53.4 Declarations

The Board of Directors of Fareast Finance & Investment Limited adopted the Financial Statements of the company for the year ended 31 December 2020 in its 235th meeting held on 21 August 2022 and recommended to the shareholders for approval.


Md. Ashraful Moqbul
Chairman


Ihsanul Aziz
Independent Director


Muhammad Ali Zaryab
Managing Director


Md. Anwar Hussain
Head of Finance & HR


Md. Ramzan Hossain
Company Secretary

Fareast Finance & Investment Limited
Investment in shares as at 31 December 2020

Sl. #	Name of the company	Type of shares	Face value	Number of shares		Cost/present value of holdings		Average cost		Quoted rate per share as at 31 Dec. 2020		Total market value as at 31 Dec. 2020		Estimated commission on sale of shares		Fair value as at 31 Dec. 2020		Provision required as at 31 Dec. 2020	
				Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka	
1	BSRM Steels Limited	A	10	120,691	9,205,453	76.27	42.50	5,129,368	15,388	5,113,979	4,091,473								
2	Envoy Textiles Ltd.	A	10	76,353	3,675,494	48.14	24.60	1,878,284	3,757	1,874,527	1,800,966								
3	EXIM Bank Ltd.	A	10	22,966	505,022	21.99	11.80	270,999	813	270,186	234,837								
4	FAR Chemical Industries Ltd.	A	10	39,930	1,161,000	29.08	9.80	391,314	1,174	390,140	770,860								
5	Fareast Islami Life Insurance Co. Ltd.	A	10	1,197	85,728	71.62	46.40	55,541	111	55,430	30,298								
6	Golden Harvest Agro	A	10	112,320	2,729,233	24.30	16.70	1,875,744	5,627	1,870,117	859,116								
7	Green Delta Mutual Fund	A	10	100,000	1,000,000	10.00	7.70	770,000	1,540	768,460	256,250								
8	IDLC Finance Ltd.	A	10	61,000	4,753,902	77.93	63.40	3,867,400	11,602	3,855,798	898,104								
9	IFAD Autos Ltd.	A	10	11,220	1,309,550	116.72	47.20	529,584	1,589	527,995	781,555								
10	IFC Bank Ltd.	A	10	249,502	3,385,742	13.57	15.20	3,792,430	11,377	3,781,053	(395,311)								
11	LR Global BD Mutual Fund One	A	10	319,200	2,588,956	8.11	6.60	2,106,720	6,320	2,100,400	0								
12	MBL 1st Mutual Fund	A	10	184,100	1,605,773	8.72	7.50	1,380,750	4,142	1,376,608	0								
13	MJL Bangladesh Ltd.	A	10	182,227	19,942,923	109.44	76.90	14,013,256	42,040	13,971,217	5,971,706								
14	Mozaffar Hossain Spin. Mills Ltd.	B	10	799,680	21,655,334	27.08	14.70	11,755,296	35,266	11,720,030	9,935,304								
15	New Line Clothing Ltd.	N	10	3,944	37,570	9.53	17.00	67,048	201	66,847	(29,277)								
16	Popular Life 1st Mutual Fund	A	10	299,086	1,999,873	6.69	5.40	1,615,064	3,230	1,611,834	0								
17	RAK Ceramic Industries Ltd.	A	10	100,782	5,562,662	55.19	26.10	2,630,410	7,891	2,622,519	2,940,143								
18	Runner Automobiles Ltd.	N	10	7,566	540,450	71.43	50.90	385,109	1,155	383,954	156,496								
19	Southeast Bank Ltd.	A	10	38,898	696,082	17.90	12.50	486,225	1,459	484,766	211,316								
20	Square Pharmaceuticals Ltd.	A	10	9,315	2,232,368	239.65	219.50	2,044,643	6,134	2,038,509	193,859								
21	Summit Alliance Port Ltd.	A	10	34,305	2,412,858	70.34	31.00	1,063,455	3,190	1,060,265	1,352,593								
22	The ACME Laboratories Ltd.	A	10	214,945	23,290,342	108.35	74.70	16,056,392	48,169	16,008,222	7,282,119								
23	The City Bank Ltd.	A	10	283,556	10,125,303	35.71	24.80	7,032,189	21,097	7,011,092	3,114,211								
24	United Airways Ltd.	Z	10	123,057	1,976,739	16.06	1.60	196,891	591	196,301	1,780,438								
24	Total as at 31 December 2020			3,395,840	122,478,355			79,394,112	233,863	79,160,248	42,237,057								
	Total as at 31 December 2019			3,336,666	122,156,161			63,585,540	186,770	63,398,770	57,222,355								

Fareast Finance & Investment Limited
Schedule of fixed assets
As at 31 December 2020

Particulars	Cost				Depreciation				Net book value as at 31 December 2020
	Opening balance as at 01 January 2020	Additions during the year	Disposals/ adjustments during the year	Total balance as at 31 December 2020	Opening balance as at 01 January 2020	Charge for the year	Disposals/ adjustments during the year	Total balance as at 31 December 2020	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Owned assets									
Land	-	-	-	-	-	-	-	-	-
Furniture and fixture	15,903,918	-	7,309,835	8,594,083	14,307,547	1,013,052	7,309,828	8,010,771	583,312
Office equipment	15,901,354	87,857	4,912,151	11,077,060	14,294,712	1,132,695	4,870,354	10,557,053	520,007
Office software	1,826,725	-	-	1,826,725	1,826,696	-	-	1,826,696	29
Crockeries	61,430	-	-	61,430	55,683	5,722	-	61,405	25
Motor vehicle	22,140,000	-	7,800,000	14,340,000	17,143,363	2,241,340	7,426,679	11,958,024	2,381,976
Total as at 31 December 2020	55,833,427	87,857	20,021,986	35,899,298	47,628,001	4,392,809	19,606,861	32,413,949	3,485,349
Total as at 31 December 2019	58,197,309	236,118	2,600,000	55,833,427	43,583,927	6,644,073	2,599,999	47,628,001	8,205,426

Annexure-C

Fareast Finance & Investment Limited

Name of directors and their interest in different organizations

Sl. #	Name of Directors	Status in FFIL	Entities where they have interest	Status in interested entities	% of holding/interest in the concern as 31 Dec. 2020
1	Mr. Md. Shamsul Islam Varosha	Chairman	Nil.		
2	Rimsha BD Limited (Represented by Mr. Md. Ashaduzzaman)	Director	Fareast Islami Properties Ltd. Bangladesh Institute for Professional Development (BIPD)	Director Director	7 10
3	Dr. Khadiza Waheeda Jahan	Director	Prime Insurance Company Ltd. Nil.	Nominated Director	-
4	Mr. Md. Rafiqul Islam	Independent Director	Fareast Stocks & Bonds Limited	Consultant	-
5	Mr. Khandoker Motaher Uddin Ahmed	Independent Director	Nil.		
6	Mr. Muhammad Muhibullahil Baqi	Independent Director	Nil.		
7	Mr. Farzul Ekram	Independent Director	Nil.		