



AUDITORS REPORT & FINANCIAL STATEMENTS



Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

জোহা জামান কবির রশীদ এ্যান্ড কোং
চার্টার্ড একাউন্টেন্টস

Independent Auditor's Report

To the Shareholders of Fareast Finance & Investment Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fareast Finance & Investment Limited (the "Company"), which comprise the Balance Sheet as at 31December 2021, Statement of Profit and Loss accounts, Statement of Changes in Equity and Cash Flows Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for effect of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company and the financial position of the Company and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note no. 02 where practicable and comply with Financial Institutions Act 1993, the Securities and Exchanges Rules 1987, the Companies Act 1994 along with the rules & regulations issued by Bangladesh Bank and applicable rules & regulations.

Basis for Qualified Opinion

- The Company has investment in Fixed Deposit Receipts (FDR) in Bangladesh Industrial Finance Co. Ltd., FAS Finance & Investment Limited and People's Leasing and Fin. Services Ltd. BDT 100,000,000, BDT 36,116,092 & BDT 345,605,000 respectively. This investment represents 4.18% of total assets. As per IFRS 09 "Financial Instrument" the company should recognize and measure loss allowance of financial assets equal to lifetime expected credit loss when the credit risk of financial asset has increased significantly. The Company has no provision kept against the above FDRs as there is significant uncertainty to recover these amounts from the above financial institutions.
- The Company has not received any interest income from FAS Finance and Investment Limited & People's Leasing and Fin. Services Ltd. on these investments in the audited financial year. This exposes the company to considerable financial risk as both the investments are non-performing investments.
- The Company has purchased a commercial floor space of 5,483 sft at 'Simpletree Lighthouse' Plot:53, Road:21, Block: B, Kemal Ataturk Avenue, Banani Model Town, Dhaka-1213, Bangladesh and has been using the same as its corporate office since October 2020. But this property has not still been legally registered under the name Fareast Finance & Investment Limited and it is shown in note 11.1 as advance paid to Spacezero Ltd. Therefore, in the absence of legal right of using the floor for not being registered, the company didn't charge any depreciation on the value of the property which is not complied with the requirements of the para 55 of IAS 16 which states that "Depreciation of an asset begins when its available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management."
- During the course of our audit we observed that loan, lease and advances were given to clients without any eligible securities for which we have estimated that total sanctioned amount is BDT 4,781,424,754 for against the outstanding as at 31 December 2021 stands amounting to BDT 5,795,820,244, this represents 60% of the total outstanding. This exposes the company a huge financial risk if these investments become non performing loans, advances and leases in this case they will not be able to recover any amount as they have no security or mortgage has been kept against these investments.
- The company gave loan to its associate company namely Fareast Stocks & Bonds Limited. Accordingly to the available documents & CL statement of Fareast Finance & Investment Limited as at 31December 2021 the outstanding loan amount is BDT 3,024,788,933 but Fareast Stock & Bonds Limited shows a different figure in its audited financial statements which is BDT 2,522,206,023. On the other hand, the auditor of Fareast Stocks & Bonds Limited reveals another loan outstanding amount which is BDT 3,537,768,629. Therefore, it indicates that the recover ability of Term loan amount may have cast doubt and arise additional expected credit losses of the company.
- In reference to note no. 16.6 As per Section-4(Gha) of The Financial Institutions Rules, 1994 and Bangladesh

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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, 2021 the eligible capital of the company is BDT (3,913,218,022) and the shortfall of regulatory required capital of BDT (5,273,250,658) compared to minimum requirement.

- In reference to note no. 8.1.2.1 Loan, Advance and Leases includes a term finance given to Fareast Stocks & Bonds Limited outstanding of BDT 3,024,788,933. 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 BDT 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.

The classification of this term finance is bad loss. Additionally the company has no collateral security kept against such credit facility.

- Term finance and Lease finance is said to be the core product of the company. This year the outstanding of the Loans, Advances and Leases is BDT 9,691,663,829 out of which BDT 8,171,217,142 or 89.95% of the portfolio is classified loan. (Bad/Loss: BDT 4,737,662,540 or 48.88%, Doubtful: BDT 2,981,900,318 or 30.77%, Sub-Standard: BDT 997,651,284 or 10.29%).

We conducted our audit in accordance with International Standards on Auditing (ISAs), our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

- In reference to note no. 8.9.1 Shortfall of Provisions for Loans, Advances and Leases, Other Assets and Balance with other banks and Financial Institutions. As per the request of the company, Bangladesh bank has given 5 years time from 2019 to 2023 for maintaining equal the required provision/ provision shortfall of BDT 94.57 crore as on 31 December 2019 for loans, advance 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. During the year the shortfall of BDT 189,134,800 has been adjusted and BDT 378,265,114 is yet to be adjusted in the forthcoming years 2022 & 2023.
- Events after the Reporting Period in board meeting held on 17 August 2023 the board of directors has declared no dividend to the shareholders on the financial performance of the year 2021.

Our opinion is not modified in respect of those matters mentioned above.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2021. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our

description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk	Our response to risk
Measurement of Provision for Leases, Loans & Advances	
<p>The process for estimating the provision for leases, loans and advances (Investments) portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2021 the Company reported total gross leases, loans and advances (Investments) of BDT 9,691,663,829 (2020: BDT 9,409,126,076) and it represents 84.07% of total assets. Provision for leases, loans and advances was of BDT 5,056,077,022(2020: BDT 1,419,799,322).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in FID circular no 08, dated 03 August 2002, FID circular no 03, dated 03 May 2006 and FID circular no 03 dated 29 April 2013; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; • Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates; 	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the 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 companies general and specific provisions in line with Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and • Finally compared the amount of loan provision and lone classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank. <p>The said BB Circular has also instructed to consider all installments payable during the period from 1 January 2020 to 31 December 2020 as deferred and reschedule the number of installment and amount from 01 January 2021. As a result, the number of installments unpaid during January to December 2020 shall be added with the revised repayment schedule.</p> <p>No penal interest or additional fee/charge/commission shall be imposed on these deferred installments.</p> <p>We have verified as compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by management in assessing recoverability of interest income may be different than the actual situation in future.</p>
See note no 08 & 15.02 to the financial statements	



Provision for diminution in value of investment in share	
<p>At the year-end of 2021 group investments comprise of marketable ordinary shares of BDT 94,980,084 (2020: BDT 122,478,355) and it represents 0.82% of total assets. Provision for diminution in value of investment of BDT 19,591,849 (2020: BDT 42,237,057). This was an area for our audit and significant audit effort was directed.</p> <p>Invested in quoted shares and unquoted shares are valued at cost. However, the company made provision for diminution in value of investment as per FID circular no 08, dated 03 August 2002.</p> <p>We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 & IAS 32 to comply the above circular of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the company.</p>	<p>Our audit approach was a combination of test of internal control and substantive procedures.</p> <ul style="list-style-type: none"> We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that valuation policies were consistently applied by the management of the company. We assessed the design and operating effectiveness of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets. <p>We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with FID circular no. 8 dated 3 August 2002.</p>
See note no 07 & 15.03 to the financial statements	
Deposits and Other Accounts	
<p>Term Deposit of BDT 4,628,710,858 which is decreased by 1.72% from the last year (2020: BDT 4,709,904,630) Significant judgment is required for Term Deposit, which has a vice-versa relation with interest income on interest expense on deposits.</p>	<p>We have tested operating effectiveness of key controls on the following:</p> <ul style="list-style-type: none"> Tested the deposit attraction policy and procedure. Identification of reinvestment rate of with the combination of deposit receiving rate. Tested the investment maturities ladder compile with deposit tenure. Conducted analysis for understanding industry practice on deposit interest rate compare to inflation rate. Tested penalty practice on early settlement of deposit. Finally assess the reinvest appropriateness in against of the receiving deposit.
See note no. 14 to the financial statement	
Measurement of Deferred Tax Assets	
<p>The Company reports net deferred tax assets (DTA) BDT 2,669,857 as at 31 December 2021. (2020: BDT 2,347,984). Deferred tax income accounted for during the year 2021 BDT 321,873</p>	<p>We obtained an understanding, evaluated the design and have tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p>



<p>(Deferred tax expense in 2020: BDT 823,820)</p> <p>Significant judgment is required in relation to deferred tax assets/ liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<ul style="list-style-type: none"> • 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.
<p>See note no. 11.4& 39 to the financial statements</p>	
<p>Revenue</p>	
<p>Interest Income of BDT 281,441,228 & Investment Income of BDT 4,694,255 is recognized in the Statement of Profit or Loss and Other Comprehensive Income of the Company. Revenue has decreased by 63.83% since last year. This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.</p>	<p>Our audit procedures included obtaining our understanding of the process of interest income, investment income, brokerage commission, profit on investment ascertaining the balance and the interest charged over the financial year.</p> <p>Additionally,</p> <ul style="list-style-type: none"> • Carried out cut-off testing to ensure the income was recognized in correct period. • Reviewed the carrying balance of the total figure. • Our audit approach was a combination of test of internal control and substantive procedures. • We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. • In addition, we performed substantive analytical to understand how the revenue has trended over the year among other parameters, we performed a detailed testing on transactions around the year-end, ensuring revenues were recognized in the correct accounting period. We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. • Evaluate the Company’s work to implement “IFRS-15” and assessed whether accounting principles comply with the new accounting standard.
<p>See note no. 21 & 23 to the financial statements</p>	
<p>IT systems and controls</p>	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</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 were appropriately reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems 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>Going Concern</p>	
<p>The company incurred a net loss of BDT 4,191,207,363 during the year ended 31 December 2021 and as at that date, the company's liabilities exceeded its total asset by BDT 4,009,812,602 and Retained earnings of the company shows a negative balance of BDT 8,998,895,300 based on the financial information so that under this condition, we foresee a significant risk about the company's ability to continue as going concern.</p>	<p>Our audit procedure 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. <p>We have assessed the disclosure made by the Company in relation to this matter.</p>

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 and auditors' report thereon.

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the Companies Act 1994 along with the rules & regulations issued by Bangladesh Bank and 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 the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

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



- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred and payments made 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 which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Banks instructions in this regard have been followed properly;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- 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 instructions which were issued by Bangladesh Bank and 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 around 930 person hours for the audit of the books and accounts of the Company;
- xv. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvi. the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- xvii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Date: 17 August 2023

Harun-Ur-Rashid FCA

Managing Partner

Enrolment No.: 312 (ICAB)

Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

DVC: 2308200312AS252101

Fareast Finance & Investment Limited

Balance Sheet
As at 31 December 2021

Particulars	Note	Amounts in Taka	
		31.12.2021	31.12.2020
PROPERTY AND ASSETS			
Cash	4	23,211,546	24,721,914
In Hand (including Foreign Currencies)		-	20,000
Balance with Bangladesh Bank and its Agent Banks (including Foreign Currencies)		23,211,546	24,701,914
Balance with Other Banks and Financial Institutions	5	658,446,402	800,372,970
In Bangladesh		658,446,402	800,372,970
Outside Bangladesh		-	-
Money at Call and Short Notice	6	-	-
Investments	7	94,980,081	122,478,355
Government		-	-
Others		94,980,081	122,478,355
Loans, Advances and Leases		9,691,663,829	9,409,126,076
Loans, Cash Credits, Overdrafts, Leases, etc.	8	9,691,663,829	9,409,126,076
Bills Purchased and Discounted	9	-	-
Fixed Assets including Premises, Furniture and Fixtures	10	1,042,967	3,485,349
Other Assets	11	1,050,464,897	1,089,248,531
Non-Business Assets	12	8,433,997	8,433,997
Total Assets		11,528,243,719	11,457,867,192
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	13	3,170,766,328	3,199,002,134
Deposits and Other Accounts	14	4,628,710,858	4,709,904,630
Current Deposits		-	-
Bills Payable		-	-
Savings Deposits		-	-
Term Deposits		4,628,710,858	4,709,904,630
Bearer Certificate of Deposit		-	-
Other Deposits		-	-
Other Liabilities	15	7,738,579,135	3,367,565,667
Total Liabilities		15,538,056,321	11,276,472,431

Particulars	Note	Amounts in Taka	
		31.12.2021	31.12.2020
Capital/Shareholders' Equity		(4,009,812,602)	181,394,761
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	(5,998,895,300)	(1,807,687,937)
Total Liabilities and Shareholders' Equity		11,528,243,719	11,457,867,192
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities	19.1	-	-
Acceptances and Endorsements		-	-
Letter of Guarantee		-	-
Irrevocable Letter of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		-	-
Other Commitments	19.2	-	-
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		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		-	-
Net Asset Value Per Share	41	(24.44)	1.11

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
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As per our annexed report of same date.

Place: Dhaka
Date: August 17, 2023


Harun-Ur-Rashid FCA
Managing Partner
Enrolment No.: 312 (ICAB)
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants
DVC: 2308200312AS252101

Fareast Finance & Investment Limited
Profit and Loss Account
As at 31 December 2021

Particulars	Note	Amounts in Taka	
		2021	2020
Interest Income	21	281,414,228	787,887,793
Interest Expenses on Borrowings, Deposits, etc.	22	(773,985,796)	(833,257,517)
Net Interest Income		(492,571,568)	(45,369,724)
Investment Income	23	4,694,255	3,209,355
Commission, Exchange and Brokerage	24	-	-
Other Operating Income	25	(806,890)	4,913,266
Total Operating Income		(488,684,203)	(37,247,103)
Salary and Allowances	26	23,512,492	37,748,361
Rent, Taxes, Insurance, Electricity, etc.	27	141,967	15,514,647
Legal Expenses	28	2,870,127	1,713,264
Postage, Stamp, Telecommunication, etc.	29	716,514	859,972
Stationery, Printing, Advertisements, etc.	30	793,957	848,336
Managing Director's Salary and Allowances	31	6,620,000	5,513,452
Directors' Fees	32	712,800	765,600
Auditors' Fees	33	420,600	420,600
Charges on Losses regarding Loans, Advances and Leases		-	-
Depreciation and Repairs of Company's Assets	34	3,046,265	4,871,145
Other Operating Expenses	35	5,788,619	6,330,049
Total Operating Expenses		44,623,341	74,585,426
Profit/(Loss) before Provisions		(533,307,544)	(111,832,529)
Provisions for Loans, Advances and Leases:	36	3,636,277,700	173,292,244
Provision for the Diminution in the Value of Investments	37	(22,645,208)	(14,985,298)
Other Provisions	38	44,039,254	13,941,980
Total Provisions		3,657,671,746	172,248,926
Profit/(Loss) before Income Tax		(4,190,979,290)	(284,081,455)
Provision for Income Tax			
Current Tax Expense	39	549,946	557,840
Deferred Tax Expense/(Income)	39	(321,873)	823,820
		228,073	1,381,660
Net Profit/(Loss) after Income Tax		(4,191,207,363)	(285,463,115)

Particulars	Note	Amounts in Taka	
		2021	2020
Appropriations			
Statutory Reserve	17	-	-
General Reserve		-	-
		-	-
Retained Surplus	18	(4,191,207,363)	(285,463,115)
Earnings Per Share (EPS)	40	(25.55)	(1.74)

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: August 17, 2023


Harun-Ur-Rashid FCA
Managing Partner
Enrolment No.: 312 (ICAB)
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants
DVC: 2308200312AS252101

Fareast Finance & Investment Limited
Cash Flow Statement
For the year ended 31 December 2021


Particulars	Amounts in Taka	
	2021	2020
Cash Flows from Operating Activities		
Interest Received	291,775,394	786,915,524
Interest Paid	(470,669,143)	(368,878,625)
Dividend Received	2,749,732	2,839,203
Fees and Commission Received	-	-
Recoveries of Loan Previously Written-off	2,319,264	-
Income Taxes Paid	(1,746,061)	(1,281,663)
Received from Other Operating Activities	752,238	7,402,284
Payments for Other Operating Activities	(39,550,578)	(69,490,742)
Cash Generated from Operating Activities before Changes in Operating Assets and Liabilities	(214,369,154)	357,505,981
Increase/Decrease in Operating Assets and Liabilities		
Statutory Deposit	-	-
Trading Securities	-	-
Loans, Advances and Leases	(282,537,753)	(332,838,974)
Other Assets	26,612,010	32,198,770
Deposit and Other Accounts	(81,193,772)	(37,950,330)
Net Drawdown of Short Term Loans	(45,981,339)	18,249,325
Other Liabilities on Account of Customers	(8,373,880)	11,307,477
Trading Liabilities	-	-
Other Liabilities	415,401,703	253,921,228
	23,926,969	(55,112,504)
Net Cash from Operating Activities	(190,442,185)	302,393,477
Cash Flows from Investing Activities		
Proceeds from Sale of Securities	29,442,797	1,037,204
Payments for Purchase of Securities	-	(989,246)
Purchase of Fixed Assets including Premises, Furniture and Fixtures	(183,080)	(87,857)
Proceeds from Sale of Fixed Assets including Premises, Furniture and Fixtures	-	3,687,668
(Increase)/Decrease regarding Purchase and Sale of Subsidiary	-	-
Net Cash Used in Investing Activities	29,259,717	3,647,769
Cash Flows from Financing Activities		
Receipt of Borrowings from Other Banks, Financial Institutions and Agents	114,234,435	46,826,680
Repayment of Borrowings from Other Banks, Financial Institutions and Agents	(96,488,903)	(70,892,359)
Receipt against Issue of Share Capital	-	-
Increase/(Decrease) in Revaluation Reserve	-	-
Dividend Paid in Cash	-	-
Net Cash from Financing Activities	17,745,532	(24,065,679)

Particulars	Amounts in Taka	
	2021	2020
Net Increase/(Decrease) in Cash and Cash Equivalents	(143,436,936)	281,975,567
Effects of Exchange Rate Changes on Cash and Equivalents	-	-
Cash and Cash Equivalents at Beginning of the year	825,094,884	543,119,317
Cash and Cash Equivalents at the End of the year	681,657,948	825,094,884
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)	23,211,546	24,701,914
Balance with Other Banks and Financial Institutions	658,446,402	800,372,970
Money at Call and Short Notice	-	-
	681,657,948	825,094,884
Net Operating Cash Flows Per Share (NOCFPS) (Note-42)	(1.16)	1.84


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: August 17, 2023


Harun-Ur-Rashid FCA
Managing Partner
Enrolment No.: 312 (ICAB)
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants
DVC: 2308200312AS252101


Fareast Finance & Investment Limited
Statement of Changes in Equity
For the year ended 31 December 2021

Particulars	Paid up Capital	Statutory Reserve	Revaluation Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka
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
Balance at 01 January 2021	1,640,633,300	268,954,085	79,495,313	(1,807,687,937)	181,394,761
Changes in Accounting Policy(s)	-	-	-	-	-
Restated Balance	1,640,633,300	268,954,085	79,495,313	(1,807,687,937)	181,394,761
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	-	-	-	(4,191,207,363)	(4,191,207,363)
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 2021	1,640,633,300	268,954,085	79,495,313	(5,998,895,300)	(4,009,812,602)


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: August 17, 2023


Harun-Ur-Rashid FCA
 Managing Partner
 Enrolment No.: 312 (ICAB)
 Zoha Zaman Kabir Rashid & Co.
 Chartered Accountants
 DVC: 2308200312AS252101


Fareast Finance & Investment Limited
Liquidity Statement
(Analysis of Maturity of Assets and Liabilities)
As at 31 December 2021

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)	23,211,546	-	-	-	-	23,211,546
Balance with Other Banks and Financial Institutions	278,446,402	380,000,000	-	-	-	658,446,402
Money at Call and Short Notice	-	-	-	-	-	-
Investments	94,980,081	-	-	-	-	94,980,081
Loans, Advances and Leases	2,714,076,786	181,096,277	825,368,247	5,845,348,766	125,773,753	9,691,663,829
Fixed Assets including Premises, Furniture and Fixtures	8,973	-	701,937	332,057	-	1,042,967
Other assets	104,502,461	1,500,000	331,233,331	-	613,229,105	1,050,464,897
Non-Business Assets	-	-	-	-	8,433,997	8,433,997
Total Assets	3,215,226,249	562,596,277	1,157,303,515	5,845,680,823	747,436,855	11,528,243,719
Liabilities						
Borrowings from Other Banks, Financial Institutions and Agents	1,390,700,098	67,054,470	245,021,728	1,246,852,007	221,138,025	3,170,766,328
Deposits and Other Accounts	908,254,270	85,310,702	210,005,293	3,422,907,593	2,233,000	4,628,710,858
Provision and Other Liabilities	927,284,624	457,181,694	315,886,936	2,497,832,578	3,540,393,303	7,738,579,135
Total Liabilities	3,226,238,992	609,546,866	770,913,957	7,167,592,178	3,763,764,328	15,538,056,321
Net Liquidity Gap	(11,012,743)	(46,950,589)	386,389,558	(1,321,911,355)	(3,016,327,473)	(4,009,812,602)


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: August 17, 2023


Harun-Ur-Rashid FCA
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Fareast Finance & Investment Limited

Notes to the Financial Statements and Significant Accounting Policies

For the year ended 31 December 2021

(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-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 twenty nine and thirty seven at the end of the year 2021 and 2020 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 accor

dance 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 Equivalents

Cash and cash equivalents 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's 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 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. 46 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-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 are:

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 2021
- b) a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2021
- c) Cash Flow Statement for the year ended 31 December 2021
- d) Statement of Changes in Equity for the year ended 31 December 2021
- e) Liquidity Statement as at 31 December 2021
- 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. No.	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 2021 consistently.

		Amounts in Taka	
		31.12.2021	31.12.2020
4. Cash			
4.1 Cash in Hand (including Foreign Currencies)			
In local currency		-	20,000
In foreign currency		-	-
		-	20,000
4.2 Balance with Bangladesh Bank and its Agent Banks (including Foreign Currencies)			
In local currency		23,211,546	24,701,914
In foreign currency		-	-
		23,211,546	24,701,914
4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)			
Cash Reserve Requirement @ 1.5% and Statutory Liquid Ratio @ 5% have been calculated and maintained in accordance with DFIM Circular No. 03 dated 21 June 2020 and FID Circular No. 06 dated 31 May 2001 respectively. Details calculation are as follows:			
a) Cash Reserve Requirement			
Required reserve		20,103,129	23,025,600
Actual reserve maintained		23,211,546	24,701,914
Surplus/(deficit)		3,108,417	1,676,314
b) Statutory Liquidity Ratio			
Required reserve (including CRR)		150,488,248	132,457,220
Actual reserve maintained (including CRR) (Note-4.3.1)		575,575,646	742,698,634
Surplus/(Deficit)		425,087,398	610,241,414
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		23,211,546	24,701,914
Balance with other banks and financial institutions as per bank statement		552,364,100	717,976,720
		575,575,646	742,698,634
5. Balance with Other Banks and Financial Institutions			
In Bangladesh			
Current accounts (Note-5.1)		3,699,280	1,316,239
Short term deposit accounts (Note-5.2)		173,026,030	317,335,639
Savings accounts (Note-5.3)		-	-
Fixed deposit accounts (Note-5.4)		481,721,092	481,721,092
		658,446,402	800,372,970
Outside Bangladesh		-	-
		-	-
The company does not maintain any account outside Bangladesh.			
5.1 Current Accounts			
Bank Asia Limited	Savar Branch	(350)	18,018
BRAC Bank Limited	Graphics Building Branch	986,471	955,062
Jamuna Bank Limited	Moulovi Bazar Branch	31,950	31,950
National Bank Limited	Gulshan Branch	5,533	5,533
Southeast Bank Limited	R. K. Mission Road Branch	2,672,522	301,212
Trust Bank Limited	Dilkusha Corporate Branch	-	102
Uttara Bank Limited	Local Office	3,154	4,362
		3,699,280	1,316,239
5.2 Short Term Deposit Accounts			
Bangladesh Commerce Bank Limited	Dilkusha Branch	37,474	38,032
Bank Asia Limited	Principal Office Branch	1	1
BASIC Bank Limited	Dilkusha Branch	76,586	75,144
BASIC Bank Limited	Bashundhara Branch	52,001	2,111
Dutch-Bangla Bank Limited	Bashundhara Branch	3,523	6,656

		Amounts in Taka	
		31.12.2021	31.12.2020
Export Import Bank of Bangladesh Ltd	Motijheel Branch	273	496
Islami Bank Bangladesh Limited	Foreign Exchange Branch	32,477	32,988
Jamuna Bank Limited	Elephant Road Branch	630	1,212
Mercantile Bank Limited	Main Branch	41,019	43,412
Mutual Trust Bank Limited	Dilkusha Branch	2,287,329	2,265,783
Mutual Trust Bank Limited	Dilkusha Branch	993,568	984,059
Mutual Trust Bank Limited	Dilkusha Branch	695,104	688,943
Mutual Trust Bank Limited	Dilkusha Branch	507,573	500,326
NCC Bank Ltd.	Motijheel Main Branch	290	-
NRB Commercial Bank Ltd.	Principal Branch	196,387	208,125
One Bank Limited	Principal Branch	136,078,878	297,359,199
One Bank Limited	Principal Branch	33	2,218
Prime Bank Limited	IBB Dilkusha Branch	367	1,402
Social Islami Bank Limited	Principal Branch	11,382	11,382
Social Islami Bank Limited	Babu Bazar Branch	1	1
Southeast Bank Limited	Corporate Branch	29,344,186	14,645,577
Southeast Bank Limited	Principal Branch	54,681	54,681
Standard Bank Limited	Principal Branch	157	1
The City Bank Limited	Principal Office	2,611,586	413,890
United Commercial Bank Limited	Tejgaon Branch	524	-
		173,026,030	317,335,639
5.3	<i>Savings Accounts</i>	-	-
	The company does not maintain any savings account.	-	-
5.4	<i>Fixed Deposit Accounts</i>		
Bangladesh Industrial Finance Co. Ltd.	Head Office	100,000,000	100,000,000
FAS Finance & Investment Limited	Head Office	36,116,092	36,116,092
People's Leasing and Fin. Services Ltd.	Head Office	345,605,000	345,605,000
		481,721,092	481,721,092
5.5	<i>Maturity Grouping of Balance with Other Banks and Financial Institutions</i>		
Up to 1 month		278,446,402	420,372,970
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		-	-
		658,446,402	800,372,970
6.	Money at Call and Short Notice	-	-
7.	Investments		
7.1	<i>Investment Classified as per Nature</i>		
Government securities (Note-7.1.1)		-	-
Others investments (Note-7.1.2)		94,980,081	122,478,355
		94,980,081	122,478,355
7.1.1	<i>Government Securities</i>		
Treasury bills		-	-
National investment bonds		-	-
Bangladesh Bank bills		-	-
Government notes/bonds		-	-
Prize bonds		-	-
Others		-	-
		-	-

		Amounts in Taka	
		31.12.2021	31.12.2020
7.1.2	<i>Others Investments</i>		
	Investment in shares (Annexure-A)	94,980,081	122,478,355
	Debenture and bonds	-	-
	Other investment	-	-
	Gold, bullion etc.	-	-
		94,980,081	122,478,355
7.2	<i>Residual Maturity Grouping of Investments</i>		
	Repayable on demand	94,980,081	122,478,355
	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	-	-
		94,980,081	122,478,355
8.	Loans, Advances and Leases		
8.1	<i>a) Inside Bangladesh</i>		
	Investment in Leases (Note-8.1.1)	254,372,602	255,995,482
	Term Finances (Note-8.1.2)	9,437,291,227	9,153,130,594
		9,691,663,829	9,409,126,076
	<i>b) Outside Bangladesh</i>	-	-
	Total	9,691,663,829	9,409,126,076
8.1.1	<i>Investment in Leases</i>		
	Principal outstanding	156,713,372	176,355,982
	Accounts receivable	97,659,230	79,639,500
	Advance against lease finance	-	-
	Total	254,372,602	255,995,482
8.1.2	<i>Term Finances</i>		
	Principal outstanding	6,905,962,379	7,557,380,819
	Accounts receivable	2,531,328,848	1,595,749,775
	Total	9,437,291,227	9,153,130,594
8.1.2.1	<p>"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.</p> <p>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 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 and onward."</p>		
8.2	<i>Sector Wise Loans, Advances and Leases</i>		
	Public sector	-	-
	Co-operative sector	-	-
	Private sector	9,691,663,829	9,409,126,076
		9,691,663,829	9,409,126,076
8.3	<i>Residual Maturity Grouping of Loans, Advances and Leases</i>		
	Repayable on demand	-	-
	Not more than 3 months	2,895,173,063	2,083,515,511
	Over 3 months but not more than 1year	825,368,247	1,278,976,745
	Over 1 year but not more than 5 years	5,845,348,766	5,674,750,984
	Over 5 years	125,773,753	371,882,836
		9,691,663,829	9,409,126,076

		Amounts in Taka	
		31.12.2021	31.12.2020
8.4	Loans, Advances and Leases on the Basis of Significant Concentration		
	a) Loans, advances and leases to Directors and organizations related to Directors	3,160,598,019	3,160,598,019
	b) Loans, advances and leases to Chief Executive Officer and other senior executive	3,025,075	3,911,085
	c) Loans, advances and leases to customer groups:		
	i) Loans	6,273,668,133	5,988,621,490
	ii) Leases	254,372,602	255,995,482
		9,691,663,829	9,409,126,076
	d) Loans, Advances and Leases on Sector Basis:		
	1. Trade and Commerce	126,563,016	128,149,563
	2. Industry:		
	i) Garments and Knitwear	598,019,034	602,022,561
	ii) Textile	140,646,356	135,370,319
	iii) Jute and Jute-Products	64,426,120	152,332,859
	iv) Food Production and Processing Industry	276,403,379	279,056,404
	v) Plastic Industry	35,091,818	34,845,558
	vi) Leather and Leather-Goods	-	-
	vii) Iron, Steel and Engineering	979,473,568	885,698,342
	viii) Pharmaceuticals and Chemicals	245,398,270	288,724,695
	ix) Cement and Allied Industry	790,472,722	742,676,057
	x) Telecommunication and Information Technology	206,051,299	192,784,202
	xi) Paper, Printing and Packaging	188,917,858	169,690,996
	xii) Glass, Glassware and Ceramic Industry	269,111,662	236,234,492
	xiii) Ship Manufacturing Industry	548,746,559	501,251,337
	xiv) Electronics and Electrical Products	202,126,026	181,684,591
	xv) Power, Gas, Water and Sanitary Service	57,291,789	57,291,789
	xvi) Transport and Aviation	446,577,604	425,202,062
	3. Agriculture	204,900,425	197,636,456
	4. Housing	389,277,856	371,255,501
	5. Others:		
	i) Merchant Banking	-	-
	ii) Margin Loan	3,374,093,215	3,324,017,410
	iii) Others	548,075,253	503,200,882
	Total	9,691,663,829	9,409,126,076
8.5	Details of Large Loans, Advances and Leases		
	Number of clients	8	7
	Amount of outstanding loans, advances and leases	5,834,962,218	5,227,915,530
	Amount of classified loans, advances and leases	5,834,962,218	3,024,788,933
	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 2021 (Tk.1,989,082,698 as at 31 December 2020).		
8.6	Inside Bangladesh		
	Urban		
	Dhaka Division	7,172,623,624	6,962,229,314
	Chattogram Division	2,044,148,915	1,879,407,734
	Khulna Division	116,222,451	116,222,451
	Rajshahi Division	12,563,617	12,563,617
	Barishal Division	-	-
	Sylhet Division	-	-
	Rangpur Division	-	-
	Mymensingh Division	-	-
		9,345,558,607	8,970,423,116

		Amounts in Taka	
		31.12.2021	31.12.2020
Rural			
	Dhaka Division	246,474,686	318,289,938
	Chattogram Division	42,167,815	62,950,301
	Khulna Division	-	-
	Rajshahi Division	57,462,721	57,462,721
	Barishal Division	-	-
	Sylhet Division	-	-
	Rangpur Division	-	-
	Mymensingh Division	-	-
		346,105,222	438,702,960
Outside Bangladesh		-	-
Total		9,691,663,829	9,409,126,076
8.7	Loans, Advances and Leases on Security Basis		
	Collateral of moveable and immovable assets	2,510,622,447	2,422,244,218
	Fixed deposit receipts	1,214,628,884	1,084,300,202
	Shares of listed public limited companies	25,268,989	29,741,290
	Corporate guarantee	125,371,949	175,214,441
	Personal guarantee	319,800,809	221,247,951
	Other securities	5,495,970,751	5,476,377,974
		9,691,663,829	9,409,126,076
8.8	Classification of Loans, Advances and Leases		
	Unclassified		
	Standard	974,294,847	4,282,338,902
	Special mention account	154,840	243,103,226
		974,449,687	4,525,442,128
	Classified		
	Sub-standard	997,651,284	3,410,883,230
	Doubtful	2,981,900,318	120,860,736
	Bad/Loss	4,737,662,540	1,351,939,982
		8,717,214,142	4,883,683,948
Total		9,691,663,829	9,409,126,076
8.9	Provision for Loans, Advances and Leases		
	Status	Base for Provision	Rate (%)
	<i>Provision for unclassified loans, advances and leases-General provision</i>		
	Standard	78,923,594	0.25/1/2
	Special mention account	149,652	5
		9,044,304	178,392,600
	Special provision	895,371,253	2
	<i>Provision for classified loans, advances and leases-Specific provision</i>		
	Sub-standard	756,498,716	20
	Doubtful	2,220,217,286	50
	Bad/Loss	3,767,716,907	100
		5,029,125,293	1,386,502,268
Required provision for loans, advances and leases		5,056,077,022	1,564,894,868
Total provision maintained (Note-15.2)		5,056,077,022	1,419,799,322
Excess/(short) provision as at 31 December		0	(145,095,546)

According to Bangladesh Bank's DFIM Circular Letter No.-33 dated 19 December 2021 and DFIM Letter having reference No.-DFIM(P)1052/27/2022-12 dated 2 January 2022, 2% special provision amounting Tk.17,907,425 was maintained against loans, advances and leases.

According to Bangladesh Bank's DFIM Circular No.-04 dated 26 July 2021, rate of general provision for standard facilities under CMSMEF sector loans, advances and leases is 0.25%, financing to the Subsidiaries and/or Sister Concerns/Brokerage House/Merchant Banks/Stock Dealers is 2% and all other loans/leases/housing finances/staff loans is 1%.

		Amounts in Taka	
		31.12.2021	31.12.2020
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 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 2021 are as follows:		
	Provision for loans, advances and leases	0	145,095,546
	Other assets	32,660,114	76,699,368
	Balance with other banks and financial institutions	345,605,000	345,605,000
	Total	378,265,114	567,399,914
8.10	<i>Net Loans, Advances and Leases</i>		
	Total loans, advances and leases (Note-8.1)	9,691,663,829	9,409,126,076
	Less:		
	Non-performing loans, advances and leases (Note-8.8)	8,717,214,142	4,883,683,948
	Interest suspense (Note-15.5)	1,112,640,202	711,087,744
	Provision for loans, advances and leases (Note-15.2)	5,056,077,022	1,419,799,322
		<u>14,885,931,366</u>	<u>7,014,571,014</u>
		<u>(5,194,267,537)</u>	<u>2,394,555,062</u>
8.11	<i>Particulars of Loans, Advances and Leases</i>		
a)	Loans, advances and leases considered good in respect of which the financial institution is fully secured	9,246,491,071	9,012,663,684
b)	Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee	319,800,809	221,247,951
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	125,371,949	175,214,441
		<u>9,691,663,829</u>	<u>9,409,126,076</u>
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	3,025,075	3,911,085
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	3,160,598,019
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	-	-
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	-	-

	Amounts in Taka	
	31.12.2021	31.12.2020
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	8,717,214,142	4,883,683,948
ii) Provision on classified loans, advances and leases	5,029,125,293	1,386,502,268
iii) Provision kept against loans, advances and leases classified as bad debts	3,767,716,907	778,829,765
iv) Interest credited to interest suspense account (Note-15.5)	1,112,640,202	711,087,744
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	2,319,264	-
Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	1,491,102,558	1,345,207,771

8.12 Suites Filed by the Company

As at 31 December 2021, Fareast Finance & Investment Limited filed 37 suits against 37 clients under Artha Rin Adalat Ain 2003. Total suit amount was Tk.2,134,569,178 only.

9. Bills Purchased and Discounted

Payable in Bangladesh	-	-
Payable outside Bangladesh	-	-
	-	-

As at 31 December 2021, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchase and or discount made.

10. Fixed Assets including Premises, Furniture and Fixtures

Cost		
Balance as at 01 January	35,899,298	55,833,427
Add: Additions during the period	183,080	87,857
Less: Disposals/adjustments during the period	-	20,021,986
Balance as at 31 December	36,082,378	35,899,298
Accumulated Depreciation		
Balance as at 01 January	32,413,949	47,628,001
Add: Charge for the period	2,625,462	4,392,809
Less: Disposals/adjustments during the period	-	19,606,861
Balance as at 31 December	35,039,411	32,413,949
Net Book Value of the Asset as at 31 December (Annexure-B)	1,042,967	3,485,349

11. Other Assets

Advances, Deposits and Prepayments (Note-11.1)	330,589,318	353,848,255
Interest and Commission Receivable (Note-11.2)	9,042,097	21,722,527
Investment in associate (Note-11.3)	612,740,861	614,299,989
Amount receivable against shares sold	90,700,299	90,706,317
Deferred tax assets (Note-11.4)	2,669,857	2,347,984
Right of use of assets (Note-11.5)	-	1,067,442
Miscellaneous	4,722,465	5,256,017
	1,050,464,897	1,089,248,531

	Amounts in Taka	
	31.12.2021	31.12.2020
11.1 Advances, Deposits and Prepayments		
Advance corporate income tax	176,951,718	175,205,657
Advance to Spacezero Ltd.-Floor purchase for Head Office	151,600,000	176,600,000
Advance to CDBL-Refundable security deposit	500,000	500,000
Advance to Charu Kaj-Interior works of Company's Head Office	1,500,000	1,500,000
Miscellaneous	37,600	42,598
	330,589,318	353,848,255
11.2 Interest and Commission Receivable		
Guarantee commission receivable	-	-
Interest accrued on fixed deposit receipts	-	-
Interest accrued on loans, advances and leases	9,042,097	21,722,527
	9,042,097	21,722,527

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	614,299,989	620,061,550
Investment/(Adjustment)	-	-
Revaluation reserve	-	-
Prior year adjustment	-	-
Share of profit/(loss) for the year	(1,559,128)	(5,761,561)
Cash dividend	-	-
Balance at 31 December	612,740,861	614,299,989

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 the year 2012, FSBL again reassessed its membership of DSE and CSE. In the year 2018, FSBL 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	79,495,313	79,495,313

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	1,042,967	8,162,585	7,119,618
Liabilities	-	-	-
Total	1,042,967	8,162,585	7,119,618
Applicable tax rate			37.50%
Deferred Tax Asset as on 31 December 2021			2,669,857

		Amounts in Taka	
		31.12.2021	31.12.2020
11.5	<i>Right of Use of Assets</i>		
	Balance at 01 January	1,067,442	2,134,886
	Less: Amortization/expenses on right of use of assets	1,067,442	1,067,444
	Balance as at 31 December	-	1,067,442
11.6	<i>Divisions of Other Assets</i>		
	Income generating other assets	621,782,958	636,022,516
	Non income generating other assets	428,681,939	453,226,015
		1,050,464,897	1,089,248,531
11.7	<i>Maturity Grouping of Other Assets</i>		
	Repayable on demand	-	-
	Up to 1 month	104,502,461	117,816,413
	Over 1 month but not more than 3 months	1,500,000.00	1,677,908.00
	Over 3 months but not more than 1 year	331,233,331	354,954,221
	Over 1 year but not more than 5 years	-	-
	Over 5 years	613,229,105	614,799,989
		1,050,464,897	1,089,248,531
12.	Non-Business Assets		
	Name of the Clients	Possession Date	
	Pick & Drop Cargo Services ¹	29-Sep-2011	5,485,000
	Patriot Fashion Limited ²	8-Aug-2018	2,948,997
			8,433,997
			8,433,997
13.	Borrowings from Other Banks, Financial Institutions and Agents		
	In Bangladesh (Note-13.1)	3,170,766,328	3,199,002,134
	Outside Bangladesh (Note-13.2)	-	-
		3,170,766,328	3,199,002,134
13.1	<i>In Bangladesh</i>		
	Long Term Loans:		
	Bangladesh Bank	-	1,060,313
	Bank Asia Limited	106,396,897	103,600,905
	BASIC Bank Limited	118,543,539	114,386,170
	Dutch-Bangla Bank Limited	213,742,089	202,871,798
	Dhaka Bank Limited	26,708,357	27,096,354
	Jamuna Bank Limited	36,265,181	36,211,706
	Midland Bank Limited	251,412,431	232,757,956
	Modhumoti Bank Limited	209,805,112	193,529,417
	Mutual Trust Bank Limited	12,988,327	19,937,041
	NCC Bank Limited	103,569,465	107,605,086
	NRB Commercial Bank Limited	138,448,718	127,499,537
	Shahjalal Islami Bank Limited	373,794,934	392,704,247
	Social Islami Bank Limited	153,062,662	166,244,414
	Southeast Bank Limited	106,872,417	104,931,331
	Standard Bank Limited	34,744,611	32,600,035
	The Premier Bank Limited	196,864,823	198,952,547
	United Commercial Bank Limited	125,819,693	128,624,558
	Uttara Bank Limited	73,034,371	73,714,679
	Total Long Term Loans	2,282,073,627	2,264,328,094

¹ The purchase value of 366.00 decimals of land 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 booking 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.

		Amounts in Taka	
		31.12.2021	31.12.2020
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account.			
14.2	<i>Bills Payable</i>	-	-
		-	-
As at 31 December 2021, the company does not have any bills payable.			
14.3	<i>Savings Deposits</i>	-	-
		-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.			
14.4	<i>Term Deposits</i>		
	Deposits from other banks and financial institutions (Note-14.4.1)	3,315,981,870	3,209,840,128
	Deposits from customers (Note-14.4.2)	1,312,728,988	1,500,064,502
		4,628,710,858	4,709,904,630
14.4.1	<i>Deposits from Other Banks and Financial Institutions</i>		
	Agrani Bank Limited	600,000,000	600,000,000
	Bangladesh Infrastructure Finance Fund Limited	386,170,120	359,740,128
	Investment Corporation of Bangladesh	699,811,750	614,200,000
	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	120,000,000	125,900,000
		3,315,981,870	3,209,840,128
14.4.2	<i>Deposits from Customers</i>		
	Deposits from General Public	422,262,552	641,371,012
	Deposits from Companies	890,466,436	858,693,490
		1,312,728,988	1,500,064,502
14.4.3	<i>Rate of Interest</i>		
	Rate of interest on term deposit receipts ranges from 6.00% to 12.50%.		
14.5	<i>Bearer Certificate of Deposit</i>	-	-
		-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit.			
14.6	<i>Other Deposits</i>	-	-
		-	-
As at 31 December 2021, the company does not have any other deposit account.			
14.7	<i>Maturity Grouping of Deposits and Other Accounts</i>		
	Payable on demand	-	-
	Up to 1 month	908,254,270	593,495,245
	Over 1 month but not more than 6 months	110,404,150	577,676,439
	Over 6 month but not more than 1year	184,911,845	1,126,993,880
	Over 1 year but not more than 5 years	3,422,907,593	2,409,084,066
	Over 5 years but not more than 10 years	2,233,000	2,655,000
	Over 10 years	-	-
		4,628,710,858	4,709,904,630

	Amounts in Taka	
	31.12.2021	31.12.2020
Other Liabilities		
Expenditure and other payables (Note-15.1)	1,353,801,377	1,048,037,424
Provision for loans, advances and leases (Note-15.2)	5,056,077,022	1,419,799,322
Provision for the diminution in the value of investments (Note-15.3)	19,591,849	42,237,057
Provision for other assets (Note-15.4)	57,981,234	13,941,980
Provision for income tax (Note-15.5)	62,719,679	62,169,733
Interest suspense account (Note-15.6)	1,112,640,202	711,087,744
Advance rental/installment against loans, advances and leases	26,036,505	27,862,000
Received from clients against partial rental/installment	29,494,219	36,042,604
Unpaid dividend	3,199,067	3,199,067
Lease liability (Note-15.7)	-	766,495
Income Tax, VAT and Excise Duty deducted at source	17,037,981	2,422,241
	7,738,579,135	3,367,565,667
15.1 Expenditure and Other Payables		
Accrual of leave encashment	1,128,681	1,280,554
Accrued interest on borrowings from other banks, financial institutions and agents	432,018,981	318,415,610
Accrued interest on deposits and other accounts	915,805,803	726,092,521
Salary and allowances	1,504,411	1,212,534
Auditors' fee	891,800	471,200
Office utilities	1,969,757	365,429
Servicing and repairing of office motor vehicle	100,000	150,000
Telephone and mobile bill	33,184	49,576
Annual report printing bill	292,600	-
Others	56,160	-
	1,353,801,377	1,048,037,424
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 2021.		
Total provision is made up as follows:		
General provision on unclassified loans, advances and leases	26,951,729	178,392,600
Specific provision on classified loans, advances and leases	5,029,125,293	1,241,406,722
Balance at 31 December	5,056,077,022	1,419,799,322
Movements in General Provision on Unclassified Loans, Advances and Leases		
Balance at 01 January	178,392,600	116,561,524
Add: Provision made during the year	(151,440,871)	61,831,076
Balance at 31 December	26,951,729	178,392,600
Movements in Specific Provision on Classified Loans, Advances and Leases		
Balance at 01 January	1,241,406,722	1,129,945,554
Less: Fully provided debts written-off during the year	-	-
Add: Recoveries of amount previously written-off	-	-
Add: Provision made during the year	3,787,718,571	111,461,168
Less: Provision no longer required	-	-
Add: Net charge to profit and loss account	3,787,718,571	111,461,168
Balance at 31 December	5,029,125,293	1,241,406,722
Total	5,056,077,022	1,419,799,322

		Amounts in Taka	
		31.12.2021	31.12.2020
15.3	Provision for the Diminution in the Value of Investments		
	Balance at 01 January	42,237,057	57,222,355
	Add: Provision made during the year	(22,645,208)	(14,985,298)
	Balance at 31 December (Annexure-A for detail)	19,591,849	42,237,057
15.4	Provision for Other Assets		
	Balance at 01 January	13,941,980	0
	Add: Provision made during the year	44,039,254	13,941,980
	Balance at 31 December	57,981,234	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 2021 is as follows:		
	Balance at 01 January	62,169,733	61,611,893
	Add: Provision made during the year (Note-38)	549,946	557,840
	Less: Settlement of previous years' tax liability	-	-
	Balance at 31 December	62,719,679	62,169,733
	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 No. 03 of 2006. Details are as follows:		
	Balance at 01 January	711,087,744	448,411,980
	Add: Amount transferred to interest suspense account during the year	415,385,308	320,053,236
	Less: Amount recovered from interest suspense account during the year	13,832,850	57,377,472
	Less: Amount written-off during the year	-	-
	Balance at 31 December	1,112,640,202	711,087,744
	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
	Special mention account	5,188	10,293,471
		5,188	108,182,853
	Interest Suspense for Classified Loans, Advances and Leases		
	Sub-standard	118,767,156	345,681,619
	Doubtful	412,888,537	18,039,221
	Bad/Loss	580,979,321	239,184,051
		1,112,635,014	602,904,891
	Total	1,112,640,202	711,087,744
15.7	Lease Liability		
	Balance at 01 January	766,495	1,292,094
	Add: Interest charge on lease obligation	86,047	105,553
		852,542	1,397,647
	Less: Payment and advances adjusted	852,542	631,152
	Balance at 31 December	-	766,495

		Amounts in Taka	
		31.12.2021	31.12.2020
15.8	<i>Maturity Grouping of Other Liabilities</i>		
	Repayable on demand	-	-
	Up to 1 month	927,284,624	931,788,494
	Over 1 month but not more than 3 months	457,181,694	14,965,923
	Over 3 months but not more than 1 year	315,886,936	372,294,734
	Over 1 year but not more than 5 years	2,497,832,578	1,080,756,921
	Over 5 years	3,540,393,303	967,759,595
		<u>7,738,579,135</u>	<u>3,367,565,667</u>
16.	Share Capital		
16.1	<i>Authorized Capital</i>		
	200,000,000 ordinary shares of Tk.10 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>
16.2	<i>Issued, Subscribed and Fully Paid up Capital</i>		
	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.6.00 and Tk.5.90 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively at 30 December 2021.

16.4 *Composition of Shareholders by Shareholding as at 31 December 2021*

Particulars	No. of Holders	Holding (%)
Sponsors (Institutions)	-	-
Sponsors (Individuals)	11	39.74
General Public (Institutions)	68	17.17
General Public (Individuals)	7,721	43.09
Total	<u>7,800</u>	<u>100.00</u>

16.5 *Distribution of Shareholders by Shareholding as at 31 December 2021*

Holding of Shares	No. of Holders	Holding (%)
Less than 500 shares	1,321	0.14
500 to 5,000 shares	5,306	3.78
5,001 to 10,000 shares	494	2.32
10,001 to 20,000 shares	298	2.69
20,001 to 30,000 shares	117	1.78
30,001 to 40,000 shares	69	1.48
40,001 to 50,000 shares	41	1.15
50,001 to 100,000 shares	78	3.39
100,001 to 1,000,000 shares	48	8.83
Over 1,000,000 shares	28	74.44
Total	7,800	100.00

16.6 *Capital Adequacy Requirement*

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:

	Amounts in Taka	
	31.12.2021	31.12.2020
A. Tier-1 (Core Capital)	(4,089,307,915)	101,899,448
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)	(5,998,895,300)	(1,807,687,937)
B. Tier-2 (Supplementary Capital)	176,089,893	122,592,339
General provision maintained against unclassified loans, advances and leases up to specified limit as per Bangladesh Bank guideline	168,140,361	114,642,808
Revaluation reserve up to 10% of equity instruments	7,949,531	7,949,531
C. Total Eligible Capital (A+B)	(3,913,218,022)	224,491,787
D. Total Risk Weighted Assets (RWA)	13,600,326,359	9,511,806,827
E. Required Capital based on RWA (10% of D)	1,360,032,636	951,180,683
F. Minimum Capital Requirement (MCR)	1,000,000,000	1,000,000,000
G. Capital Surplus/(Deficit) (C-E)	(5,273,250,658)	(775,508,213)
H. Capital Adequacy Ratio (CAR) (C/D)*100	(28.77)	2.36
I. Core Capital to RWA (A/D)*100	(30.07)	1.07
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

		Amounts in Taka	
		31.12.2021	31.12.2020
18.	Retained Earnings		
	Balance at 01 January	(1,807,687,937)	(1,522,224,822)
	Less: Cash dividend paid	-	-
	Less: Issue of bonus shares	-	-
	Add: Net profit for the year	(4,191,207,363)	(285,463,115)
	Less: Transfer to statutory reserve	-	-
	Add: Prior year adjustment of Fareast Stocks & Bonds Ltd. (Note-11.3)	-	-
	Balance at 31 December	(5,998,895,300)	(1,807,687,937)
19.	Contingent Liabilities and Commitments		
19.1	Contingent Liabilities		
	Acceptances and endorsements	-	-
	Letter of guarantee (Note-19.1.1)	-	-
	Irrevocable letter of credit	-	-
	Bills for collection	-	-
	Other contingent liabilities	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
19.1.1	Letters of Guarantee		
	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>
		<u>-</u>	<u>-</u>
19.2	Other Commitments		
	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>
		<u>-</u>	<u>-</u>

	Amounts in Taka	
	31.12.2021	31.12.2020
20. Income Statement		
Income		
Interest, discount and similar income (Note-20.1)	283,358,751	788,257,945
Dividend income (Note-23)	2,749,732	2,839,203
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)	(806,890)	4,913,266
Profit less losses on interest rate changes	-	-
	285,301,593	796,010,414
Expenses		
Interest expenses on deposits, borrowings, etc. (Note-22)	773,985,796	833,257,517
Charges on losses regarding loans, advances and leases	-	-
Administrative expenses (Note-20.2)	36,209,260	63,862,568
Other operating expenses (Note-35)	5,788,619	6,330,049
Depreciation on company's fixed assets (Note-34)	2,625,462	4,392,809
	818,609,137	907,842,943
	(533,307,544)	(111,832,529)
20.1 Interest, Discount and Similar Income		
Interest income (Note-21)	281,414,228	787,887,793
Capital gain on sale of shares (Note-23)	1,944,523	370,152
	283,358,751	788,257,945
20.2 Administrative Expenses		
Salary and allowances (Note-26)	23,512,492	37,748,361
Rent, taxes, insurance, electricity, etc. (Note-27)	141,967	15,514,647
Legal expenses (Note-28)	2,870,127	1,713,264
Postage, stamp, telecommunication, etc. (Note-29)	716,514	859,972
Stationery, printing, advertisement, etc. (Note-30)	793,957	848,336
Managing Director's salary and allowances (Note-31)	6,620,000	5,513,452
Directors' fees (Note-32)	712,800	765,600
Auditors' fees (Note-33)	420,600	420,600
Repairs of company's fixed assets (Note-34)	420,803	478,336
	36,209,260	63,862,568
21. Interest Income		
Interest on term finances	265,047,791	766,115,018
Lease income	6,009,403	16,547,214
Total interest income on loans, advances and leases	271,057,194	782,662,232
Interest on balance with banks and other financial institutions	10,357,034	5,225,561
	281,414,228	787,887,793

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.186,636,737 was reversed from interest income.

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

		Amounts in Taka	
		31.12.2021	31.12.2020
22.	Interest Expenses on Borrowings, Deposits, etc.		
	a) Interest Expenses on Borrowings		
	Interest on term loans	272,847,247	259,562,862
	Interest on call loans	12,286,473	12,606,939
	Interest on secured overdrafts	40,832,373	51,127,173
	Interest charge on lease obligation	86,047	105,553
	Bank charges	338,031	541,881
		326,390,171	323,944,408
	b) Interest Expenses on Deposits	447,595,625	509,313,109
	Total	773,985,796	833,257,517
23.	Investment Income		
	Capital gain/(loss) on sale of shares	1,944,523	370,152
	Dividend income	2,749,732	2,839,203
		4,694,255	3,209,355
24.	Commission, Exchange and Brokerage		
	Guarantee commission	-	-
	Realization of L/C commission	-	-
		-	-
25.	Other Operating Income		
	Income from associate	(1,559,128)	(5,761,561)
	Documentation fees	2,750	2,000
	Early settlement fees	586,988	6,223,055
	Profit/(loss) on disposal of fixed assets	-	3,272,543
	Profit/(loss) on disposal of leased assets	20,000	55,000
	Miscellaneous earnings	142,500	1,122,229
		(806,890)	4,913,266
26.	Salary and Allowances	23,512,492	37,748,361
	Salary and allowances include company's contribution to recognized provident fund and approved gratuity fund amounting Tk.921,910 and Tk.0 respectively (Tk.1,340,486 and Tk.0 respectively in the year 2020).		
27.	Rent, Taxes, Insurance, Electricity, etc.		
	Rent, rate and taxes	-	13,919,455
	Insurance	-	157,372
	Power and electricity	141,967	1,437,820
		141,967	15,514,647
28.	Legal Expenses		
	Professional fees	2,433,356	1,072,974
	Other charges	436,771	640,290
		2,870,127	1,713,264
29.	Postage, Stamp, Telecommunication, etc.		
	Postage	19,680	16,638
	Telegram, telex, fax, and e-mail	-	-
	Data communication	499,455	393,178
	Telephone-office	197,379	448,718
	Telephone-residence	-	1,438
		716,514	859,972
30.	Stationery, Printing, Advertisement, etc.		
	Office stationery	297,969	321,458
	Computer consumable stationery	75,548	51,800
	Publicity and advertisement	420,440	475,078
		793,957	848,336

		Amounts in Taka	
		31.12.2021	31.12.2020
31. Managing Director's Salary and Allowances			
Basic pay		3,000,000	2,508,065
Allowances		3,120,000	2,548,387
Bonus		500,000	300,000
Company's contribution to recognized provident fund		-	150,000
Approved gratuity fund		-	-
Annual membership subscription paid to professional bodies		-	7,000
		<u>6,620,000</u>	<u>5,513,452</u>
Besides, total perquisites of Tk.348,746 in the year 2021 (Tk.399,617 in the year 2020) was paid in relation to the Managing Director of the company.			
32. Directors' Fees			
Fees			
Board of Directors		633,600	677,600
Board Audit Committee		79,200	88,000
Executive Committee		-	-
		<u>712,800</u>	<u>765,600</u>
Other Benefits		-	-
		<u>712,800</u>	<u>765,600</u>
Other disclosures regarding the Board and Committee meetings are as follows:			
a)	In the year 2021 the following meetings were held:		
	Name of Meetings	Number of Meetings	
	Board of Directors	12	10
	Board Audit Committee	2	2
	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%		395,600	395,600
Auditors' certificate fees		25,000	25,000
		<u>420,600</u>	<u>420,600</u>
34. Depreciation and Repairs of Company's Assets			
Depreciation on company's fixed assets (Annexure-B)		2,625,462	4,392,809
Repairs of company's fixed assets		420,803	478,336
		<u>3,046,265</u>	<u>4,871,145</u>
35. Other Operating Expenses			
Office maintenance		3,108,966	2,917,162
Travel and conveyance		70,846	85,700
Motor vehicle expenses		701,633	1,110,680
Meeting expenses		48,778	57,800
Training expenses		500	2,000
Books and periodicals		10,125	14,880
Share business expense		7,373	7,112
Subscription		1,406,000	1,556,000
Entertainment and public relation		141,798	137,290
Annual General Meeting		292,600	441,425
		<u>5,788,619</u>	<u>6,330,049</u>

Tk.438,562 was spent for the year 2021 (Tk.214,519 for the year 2020) for the vehicle used by the Chairman following of Bangladesh Bank's guidelines.

		Amounts in Taka	
		31.12.2021	31.12.2020
36. Provision for Loans, Advances and Leases			
General provision on unclassified loans, advances and leases (Note-15.2)	(169,348,296)	61,831,076	
Special provision	17,907,425	0	
Specific provision on classified loans, advances and leases (Note-15.2)	3,787,718,571	111,461,168	
	<u>3,636,277,700</u>	<u>173,292,244</u>	
Special provision maintained as per Bangladesh Bank's DFIM Circular Letter No.-33 dated 19 December 2021 and DFIM Letter having reference No.-DFIM(P)1052/27/2022-12 dated 2 January 2022.			
37. Provision for Investment in Shares			
Balance at 01 January	42,237,057	57,222,355	
Add: Provision made during the year (Note-15.3)	(22,645,208)	(14,985,298)	
Balance at 31 December (Annexure-A for detail)	<u>19,591,849</u>	<u>42,237,057</u>	
38. Provision for Other Assets			
Balance at 01 January	13,941,980	0	
Add: Provision made during the year (Note-15.4)	44,039,254	13,941,980	
	<u>57,981,234</u>	<u>13,941,980</u>	
39. Provision for Income Tax			
This represents amount provided for income tax on profit before tax for the year ended 31 December 2021. The amount has arrived as follows:			
Amount provided on current year's profit	549,946	557,840	
Less: Excess provision of income tax	-	-	
Amount Provided for Current Tax	<u>549,946</u>	<u>557,840</u>	
Amount provided for deferred tax	(321,873)	823,820	
Total	<u>228,073</u>	<u>1,381,660</u>	
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 2021 and profit for the same period.			
Net profit/(loss) after income tax (A)	(4,191,207,363)	(285,463,115)	
Weighted average number of outstanding shares (B)	164,063,330	164,063,330	
Earnings Per Share (Basic) (A/B)	<u>(25.55)</u>	<u>(1.74)</u>	
Diluted Earnings Per Share			
No diluted earnings per share are required to be calculated for the period ended 31 December 2021, as there was no scope for dilution during the period under review.			

Amounts in Taka	
31.12.2021	31.12.2020

41. Net Asset Value (NAV) Per Share		
Net asset (total assets less total liabilities) (A)	(4,009,812,602)	181,394,761
Total number of ordinary shares outstanding (B)	164,063,330	164,063,330
Net Asset Value (NAV) Per Share (A/B)	(24.44)	1.11
42. Net Operating Cash Flows Per Share (NOCFPS)		
Net cash flows from operating activities (A)	(190,442,185)	302,393,477
Total number of ordinary shares outstanding (B)	164,063,330	164,063,330
Net Operating Cash Flows Per Share (NOCFPS) (A/B)	(1.16)	1.84

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 DFIM Circular No. 04 dated 26 July 2021 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	(4,190,979,290)	(284,081,455)
Less: Profit from sale of shares of securities	(1,944,523)	(370,152)
Less: Income taxes paid	(1,746,061)	(1,281,663)
Add: Adjustments for non-cash items:		
Depreciation of company's assets	2,625,462	4,392,809
Provisions for loans, advances and leases	3,636,277,700	173,292,244
Provision for the diminution in the value of investments	(22,645,208)	(14,985,298)
Provision for other assets	44,039,254	13,941,980
(Increase)/decrease in loans, advances and leases	(282,537,753)	(332,838,974)
(Increase)/decrease in other assets	26,612,010	32,198,770
Increase/(decrease) in deposit and other accounts	(81,193,772)	(37,950,330)
Increase/(decrease) in net drawdown of short term loans	(45,981,339)	18,249,325
Increase/(decrease) in other liabilities on account of customers	(8,373,880)	11,307,477
Increase/(decrease) in other liabilities	415,401,703	253,921,228
Increase/(decrease) in accruals	320,003,512	466,597,516
Net cash flows from operating activities	(190,442,185)	302,393,477

44. Number of Employees
At the end of the year the number of employees drawing Tk.3,000 or above per month was twenty nine (thirty seven in 2020).

45. Assets Pledged as Security for Liabilities
As at 31 December 2021, 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 No. 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 share-holding), 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 2021, 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 No. 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:

		Amounts in Taka	
		31.12.2021	31.12.2020
Name of Related Party	Nature of Transactions		
Fareast Stocks & Bonds Limited	Investments	612,740,861	614,299,989
	Term loan given	3,024,788,933	3,024,788,933
	Receivable against shares sold	90,634,966	90,641,348
		3,728,164,760	3,729,730,270
PFI Properties Limited	Housing finance given	135,809,086	135,809,086
Prime Insurance Company Limited	Term deposit received	5,512,500	5,512,500
Fareast Islami Properties Limited	Term deposit received	37,109,277	33,780,052
Shahriar Khaled Rousseau	Term deposit received	6,244,480	6,244,480
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	14,197,040	12,597,594

N.B.: Despite repeated requests of FFIL for withdrawal of the available ledger balance of Taka 90,634,966 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 2021, there is no balance outstanding to the related parties other than disclosed in Note-46.4.

46.6 Business with Related Parties

As at 31 December 2021, the company does not have any business with related parties under section 18(2) of the Bank Companies Act 1991.

46.7 Transactions with the Securities of Related Parties

As at 31 December 2021, 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:

Amounts in Taka	
31.12.2021	31.12.2020

46.8.1 Compensation of Key Management Personnel

a) Short Term Employee Benefits		
Basic pay and allowances	13,481,774	14,783,890
Bonus	1,012,937	1,198,314
Annual leave encashment	296,116	199,310
Motor vehicle expenses	408,722	946,813
Telephone, mobile and other allowances	51,632	116,873
	15,251,181	17,245,200
b) Post-Employment Benefits		
Company's contribution to provident fund	353,499	639,996
Retirement benefit and gratuity	222,959	753,426
	576,458	1,393,422
c) Other Long Term Benefits	-	-
d) Termination Benefits	-	-
e) Share-based Payments	-	-
Total	15,827,639	18,638,622

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"	3,025,075	3,911,085
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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. Ihsanul Aziz [Nominated by BSEC]	Independent Director	Chairman	MBA, MA in Economics
Professor Dr. Md. Mosharraf Hossain [Nominated by BSEC]	Independent Director	Member	PhD., M.Com.
Mr. Sheikh Nazmul Hoque Saikot [Nominated by BSEC]	Independent Director	Member	M.Com.
Associate Prof. Mr. Md. Sajib Hossain CFA, FRM [Nominated by BSEC]	Independent Director	Member	MS in Finance, MBA in Finance
Mr. AKM Shahiduzzaman [Nominated by BSEC]	Independent Director	Member	MBA (IBA)

47.2 Meetings held by the Committee during the year

In the year 2021 the Committee met two times.

Meeting Number	Held on
88th	15-Mar-2021
89th	14-Sep-2021

47.3 Activities of the Audit Committee during the year

In the year 2021 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/CMRRC-D/2006-158/207/Admin/80 dated 03 June 2018.
- Reviewed the draft financial statements and audit report thereon.

- e) Examine the audit procedure of the financial statements of the company.
- f) Regular monitoring of the company's portfolio.
- g) Reviewed and recommendation to the Board regarding the delinquent portfolio against which litigation started by the company.
- h) Reviewed the company's overdue position with the objective of reduction in amount and quality.
- i) Reviewed the Quarterly Operations Reports prepared by the Internal Control and Compliance Department of the company.
- j) Monitored the internal control system of the company and its compliance.
- k) Reviewed the procedure of appointment of external auditor of the company.
- l) Reviewed the existence of practice of the acts, rules and regulation within the company.
- m) Reviewed the computerization and MIS status in the company.
- n) 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.
- o) 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 2021, no executive committee meeting was held.

49. Disclosure regarding Branch

As at 31 December 2021, the company has two branches in Bangladesh.

50. Highlights

Highlights of the company for the year 2021 and 2020 is presented below:

Sl. #	Particulars	Amounts in Taka	
		31.12.2021	31.12.2020
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)	(5,273,250,658)	(1,028,781,180)
4	Total assets	11,528,243,719	11,457,867,192

	Amounts in Taka	
	31.12.2021	31.12.2020
5 Total deposits	4,628,710,858	4,709,904,630
6 Total loans, advances and leases	9,691,663,829	9,409,126,076
7 Total contingent liabilities and commitments	-	-
8 Credit deposit ratio (%)	209.38	199.77
9 % of classified loans, advances and leases against total loans, advances and leases	89.95	51.90
10 Profit after provisions and income tax	(4,191,207,363)	(285,463,115)
11 Classified loans, advances and leases	8,717,214,142	4,883,683,948
12 Provision kept against classified loans, advances and leases	5,029,125,293	1,241,406,722
13 Provision surplus/(deficit)	0	(145,095,546)
14 Cost of borrowing fund (%)	9.24	9.84
15 Interest earning assets	11,066,873,270	10,967,999,917
16 Non-interest earning assets	461,370,449	489,867,275
17 Return on investments (ROI) (%)	(35.38)	5.86
18 Return on assets (ROA) (%)	(36.47)	(2.56)
19 Income from investments	4,694,255	3,209,355
20 Earnings per share	(25.55)	(1.74)
21 Net income per share	(25.55)	(1.74)
22 Price earnings ratio (times)	(0.23)	(2.41)

51. The Board of Directors of Fareast Finance & Investment Limited in its 244th meeting held on 17 August 2023 recommended to the shareholders no dividend based on financial performance of the year 2021.

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/SRI/D-SE/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	2021		2020	
	Contracted Taka	Disbursed Taka	Contracted Taka	Disbursed Taka
Term finances	1,503,553	1,503,553	6,440,000	6,440,000
Leases	-	-	-	-
Total	1,503,553	1,503,553	6,440,000	6,440,000

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, FFIL received back TK. 55,000,000 and remained Tk.3,559,000 is under realisation as shown in Note-11.1.

The company entered into an agreement with Mr. Mohammed Ayub, Proprietor of Ayub Trade Center at 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 2021 in their 244th meeting held on 17 August 2023 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 2021

Sl. No.	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. 2021		Total Market Value as at 31 Dec. 2021	Estimated Commission on Sale of Shares		Fair Value as at 31 Dec. 2021	Provision Required as at 31 Dec. 2021
				Taka		Taka			Taka			Taka			
1	BSRM Steels Limited	A	10	69,791	5,323,162	76.27	71.10	4,962,140	14,886	4,947,254	375,908				
2	EXIM Bank Ltd.	A	10	23,540	505,022	21.45	12.70	298,958	897	298,061	206,961				
3	FAR Chemical Ind. Ltd.	A	10	39,930	1,161,000	29.08	11.20	447,216	1,342	445,874	715,126				
4	Fareast Islami Life Insurance Co. Ltd.	A	10	1,197	85,728	71.62	53.70	64,279	129	64,150	21,577				
5	Golden Harvest Agro Industries Ltd.	A	10	112,320	2,729,233	24.30	16.50	1,853,280	5,560	1,847,720	881,512				
6	Green Delta Mutual Fund	A	10	100,000	1,000,000	10.00	7.40	740,000	1,480	738,520	49,700				
7	IDLC Finance Ltd.	A	10	22,050	1,636,551	74.22	60.30	1,329,615	3,989	1,325,626	310,925				
8	IFAD Autos Ltd.	A	10	11,220	1,309,598	116.72	47.30	530,706	1,592	529,114	780,484				
9	LR Global BD Mutual Fund One	A	10	68,000	552,452	8.12	6.90	469,200	1,408	467,792	0				
10	MBL 1st Mutual Fund	A	10	184,100	1,604,966	8.72	7.90	1,454,390	4,363	1,450,027	0				
11	MJL Bangladesh Ltd.	A	10	182,227	19,942,923	109.44	88.30	16,090,644	48,272	16,042,372	3,900,551				
12	Mozaffar Hossain Spin. Mills Ltd.	B	10	462,469	12,523,661	27.08	25.20	11,654,219	34,963	11,619,256	904,404				
13	Popular Life 1st Mutual Fund	A	10	299,086	1,999,958	6.69	5.40	1,615,064	3,230	1,611,834	0				
14	RAK Ceramic Industries Ltd.	A	10	100,782	5,562,662	55.19	44.40	4,474,721	13,424	4,461,297	1,101,365				
15	Runner Automobiles Ltd.	A	10	7,566	540,450	71.43	51.30	388,136	1,164	386,971	153,479				
16	Southeast Bank Ltd.	A	10	38,898	696,082	17.90	15.50	602,919	1,809	601,110	94,972				
17	Summit Alliance Port Ltd.	A	10	34,305	2,412,858	70.34	24.50	840,473	2,521	837,951	1,574,907				
18	The ACME Laboratories Ltd.	A	10	214,945	23,291,133	108.36	86.50	18,592,743	55,778	18,536,964	4,754,169				
19	The City Bank Ltd.	A	10	297,733	10,125,899	34.01	27.30	8,128,111	24,384	8,103,727	2,022,173				
20	United Airways Ltd.	Z	10	123,057	1,976,743	16.06	1.90	233,808	701	233,107	1,743,636				
20	Total as at 31 December 2021			2,393,216	94,980,081			74,770,621	221,893	74,548,729	19,591,849				
	Total as at 31 December 2020			3,395,840	122,478,355			79,394,112	233,863	79,160,248	42,237,057				

Annexure-B

Fareast Finance & Investment Limited

Schedule of Fixed Assets As at 31 December 2021

Particulars	Cost				Depreciation				Net Book Value as at 31 December 2021
	Opening Balance as at 01 January 2021	Additions during the year	Disposals/ Adjustments during the year	Total Balance as at 31 December 2021	Opening Balance as at 01 January 2021	Charge for the year	Disposals/ Adjustments during the year	Total Balance as at 31 December 2021	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Land
Furniture and fixture	8,594,083	69,080	.	8,663,163	8,010,771	593,635	.	8,604,406	58,757
Office equipment	11,077,060	.	.	11,077,060	10,557,053	282,925	.	10,839,978	237,082
Office software	1,826,725	114,000	.	1,940,725	1,826,696	20,900	.	1,847,596	93,129
Crockeries	61,430	.	.	61,430	61,405	.	.	61,405	25
Motor vehicle	14,340,000	.	.	14,340,000	11,958,024	1,728,002	.	13,686,026	653,974
Total as at 31 December 2021	35,899,298	183,080	-	36,082,378	32,413,949	2,625,462	-	35,039,411	1,042,967
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

Fareast Finance & Investment Limited
Name of Directors and their Interest in Different Organizations

Sl. No.	Name of Directors	Status in FFIL	Entities where They have Interest	Status in Interested Entities	% of Holding/Interest in the Concern as 31 Dec. 2021
1	Mr. Md. Ashraful Moqbul [Nominated by BSEC]	Chairman & Independent Director	Nil.		
2	Mr. Ihsanul Aziz [Nominated by BSEC]	Independent Director	Nil.		
3	Professor Dr. Md. Mosharraf Hossain [Nominated by BSEC]	Independent Director	Nil.		
4	Mr. Sheikh Nazmul Hoque Saikot [Nominated by BSEC]	Independent Director	Nil.		
5	Associate Prof. Mr. Md. Sajib Hossain CFA, FRM [Nominated by BSEC]	Independent Director	Nil.		
6	Mr. AKM Shahiduzzaman MBA (IBA, DU) [Nominated by BSEC]	Independent Director	Nil.		