

# ANNUAL REPORT 2020



**FAREAST FINANCE  
& INVESTMENT LIMITED**

Service with smile



# ANNUAL REPORT 2020

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**FAREAST FINANCE  
& INVESTMENT LIMITED**

Service with smile

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## Letter of Transmittal

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

**Subject: Annual Report for the year ended December 31, 2020**

Dear Sir (s):

On behalf of the Board of Directors of Fareast Finance & Investment Limited, the undersigned is pleased to present a copy of the Annual Report for the year ended December 31, 2020 together with the Audited Financial Statements including Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity for the year ended December 31, 2020 along with notes thereon for your kind information and record.

Thanking you,  
Sincerely yours,



**Md. Ramzan Hossain ACS**  
SAVP & Company Secretary

14 September, 2022

## Notice of the 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of Fareast Finance & Investment Limited will be held on Thursday, September 29, 2022 at 11:00 a.m. (as per 'Judgment & Order' of Honorable High Court Division of Supreme Court of Bangladesh under Company Matter No.12/2022) by using Digital Platform (pursuant to BSEC Letter No. SEC/SRMIC/94-231/91 dated March 31, 2021) through the following link: <https://ffil.bdvirtualagm.com> to transact the following business:

- |                        |   |
|------------------------|---|
| Agendum # AGM202020-01 | To receive and adopt the Directors' Report to the Shareholders, Auditors' Report and Audited Financial Statements for the year ended December 31, 2020;       |
| Agendum # AGM202020-02 | To declare Dividend for the year ended December 31, 2020;   |
| Agendum # AGM202020-03 | To elect / re-elect Directors;  |
| Agendum # AGM202020-04 | To appoint the Statutory Auditors of the Company for the year 2021 until the conclusion of the next Annual General Meeting and to fix their remuneration; and |
| Agendum # AGM202020-05 | To appoint the Corporate Governance Compliance Auditors of the Company for the year 2021 and to fix their remuneration.                                       |

By the order of the Board



**Md. Ramzan Hossain ACS**  
SAVP & Company Secretary

14 September, 2022

### Notes:

01. The Members whose names appeared in the Register of Members of the Company and/or in the Depository Register on the "Record Date" i.e. September 11, 2022 are eligible to attend the 20th Annual General Meeting;
02. The shareholders will join the virtual AGM through the link: <https://ffil.bdvirtualagm.com> the shareholders will be able to submit their questions/comments electronically 24 (twenty-four) hours before holding the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) Account number or Folio number, name of respective shareholder, number of shares and mobile number or e-mail address;
03. The Shareholders may login to the system prior to starting of the meeting at 11:00 a.m. on September 29, 2022 (Thursday). The Link will activate at 11:00 a.m. (Bangladesh Time) on September 28, 2022. For any IT related guidance and help regarding the login process, the respected members may contact at +880255033328-30 or +8801977334536 or visit FFIL website at: [www.ffilbd.com](http://www.ffilbd.com);
04. Pursuant to Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMR-RCD/2006-158/208/Admin/81 dated June 20, 2018 the soft copy of the Annual Report for the year 2020 along with the Notice, Proxy Form and Attendance Slip have been forwarded to all the Members at their respective e-mail address available with us as per CDBL record. The Members may also collect the Proxy Form from the Registered Office of the Company. These are also available in the website of the Company at : [www.ffilbd.com](http://www.ffilbd.com);
05. A Member may appoint a proxy to attend and vote in his/her place by filling 'Proxy Form' at this virtual AGM. The 'Proxy Form' duly filled, signed and stamped at BDT 20/-, must be deposited at the registered office or send through e-mail to [mehedi@ffilbd.com](mailto:mehedi@ffilbd.com) not later than 48 hours before the time scheduled for holding the AGM.

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



## Vision

Company's vision is to become the market leader in capital investment with motivated work team, innovative ideas, quality and continuous strong revenue based product portfolio along with diversified risk and customers' satisfaction.



## Mission

Company's mission is to maximize the utility derived by its customers through their association with the company, in a manner that reflects high ethical standards and accountability, and adds value to the wealth of the nation. Management is aiming to grow with a healthy and diversified portfolio and believes that each of company's activities must provide satisfaction to the customers, as also to the employees and add to shareholders' value.



## Strategic Objectives

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



## Values

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

## THE COMPANY AT A GLANCE

Fareast Finance & Investment Limited one of the progressive financial institutions 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 on 3 July 2001 to operate as a leasing and financing company as provided under the relevant law. The company obtained permission from Bangladesh Bank on 20 January 2015 for opening its branch at Chattogram.

## ASSOCIATE COMPANY

As an integral part of corporate strategy the business diversification is for expansion of any business that enriches the company's profit and improves its growth. In line with that in the year 2010, Fareast Finance & Investment Limited acquired 50% ordinary shares of Fareast Stocks & Bonds Limited (FSBL). FSBL was incorporated as a private company limited by shares on 3 September 2009 under the Companies Act, 1994 and converted to public limited on October 10, 2012.



## PRODUCTS AND SERVICES



### **FINANCIAL SEGMENTS**

**Corporate Finance**

SME Finance

Consumer Finance

Agriculture Finance

Syndication Finance

Housing/Real Estate Finance

Equity Finance

Others

### **DEPOSIT SCHEMES**

FFIL Sanirbhorota - You are in safe hands

FFIL Pension Plan - Live freely

FFIL Shomriddhi - Bringing your prosperity

FFIL Subidha- Smile twice in a year

Double Money Benefit Scheme - Double your dream

Triple Money Benefit Scheme - When money does matter

FFIL Lakhpati Scheme - Be a millionaire

FFIL Monthly Savings Scheme - Go with dream

### **FAREAST STOCKS & BONDS LIMITED**

**(An associate of Fareast Finance & Investment Limited)**

Brokerage Services

CDBL Services

Margin Loan Facilities

Value Added Services

Phone Trading Services

SMS Services

E-mail Services



## CORPORATE INFORMATION

### Registered Name of the Company

#### Fareast Finance & Investment Limited

License/registration/identification:  
Company Registration Number C-43400(2759)/2001  
Bangladesh Bank License Number FID(L)/26  
Company E-TIN 791836709180  
Company VAT Registration 9021092710  
Company IRC BA125072

### Head Office and Principal Branch

Simpletree Lighthouse (Level-10)  
Road No. 21, Plot No. 53, Block-B  
Kemal Ataturk Avenue, Banani  
Dhaka-1213, Bangladesh  
Phone and fax: +88-02-55033328-30, 55033334  
Cell phone: +88-01977334539,  
E-mail: ffil@bdcom.net

### Chattogram Branch

Ayub Trade Centre (Level-2),  
1269/B Sheikh Mujib Road,  
Agrabad Commercial Area,  
Chattogram- 4100, Bangladesh.  
Cell Phone: +88-01977334538

### Website

<http://www.ffilbd.com>

### Income Tax Lawyer

Hadee Lutful & Co, Chartered Accountants  
House No. 77, 2nd Floor, Road No. 04,  
Block - C, Banani, Dhaka - 1213, Bangladesh

### Auditors

Statutory Auditor:  
Ahmed Zaker & Co, Chartered Accountants  
Green City Edge (Level-10),  
89 Kakrail, Dhaka -1000, Bangladesh

### Auditor relating to Corporate Governance Code

M M Yasin & Co, Chartered Accountants  
House No. 22, Road No. 12,  
Block - F, Niketon, Gulshan-1,  
Dhaka-1212, Bangladesh

### Membership

Bangladesh Leasing & Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC)  
The Institute of Bankers, Bangladesh (IBB)

### Principal Bankers

Bank Asia Limited  
BASIC Bank Limited  
Dhaka Bank Limited  
Dutch- Bangla Bank Limited  
Jamuna Bank Limited  
Midland Bank Limited  
Modhumoti Bank Limited  
Mutual Trust Bank Limited  
NCC Bank Limited  
NRB Commercial Bank Limited  
Pubali Bank Limited  
Shahjalal Islami Bank Limited  
Social Islami Bank Limited  
Southeast Bank Limited  
Standard Bank Limited  
The Premier Bank Limited  
United Commercial Bank Limited  
Uttara Bank Limited

### Chairman

Mr. Md. Ashraful Moqbul  
Nominated By Bangladesh Securities and Exchange Commission (BSEC)

### Managing Director

Mr. Muhammad Ali Zaryab

### Head of Finance

Mr. Md. Anwar Hossain

### Company Secretary

Mr. Md. Ramzan Hossain ACS

### Business Hours

10.00 a.m. to 6.00 p.m.  
(Sunday to Thursday)



## BOARD OF DIRECTORS

**Mr. Md. Ashraful Moqbul**

Chairman & Independent Director  
Nominated by BSEC

**Mr. Ihsanul Aziz**

Independent Director  
Nominated by BSEC

**Professor Dr. Md. Mosharraf Hossain**

Independent Director  
Nominated by BSEC

**Mr. Sheikh Nazmul Hoque Saikot**

Independent Director  
Nominated by BSEC

**Mr. Md. Sajib Hossain, CFA, FRM, ACCA**

Independent Director  
Nominated by BSEC

**Mr. AKM Shahiduzzaman**

Independent Director  
Nominated by BSEC

**Mr. Muhammad Ali Zaryab**

Managing Director

## BRIEF PROFILE OF THE DIRECTORS

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The Chairman, Board of Directors of Fareast Finance & Investment Limited, completed his graduation and post-graduation both in English Language and Literature from University of Dhaka. Thereafter, he got an M.S. on Interdisciplinary Studies Specializing on Project Management in 1985 from American University, Washington D.C. USA. He served the Government of the People's Republic of Bangladesh in different important positions for more than 38 years. He is the former Chairman of Board of Directors of Sonali Bank Limited [July 2016-July 2019], Senior Secretary at Bangladesh Parliament Secretariat [September 2013 to December 2015], Secretary, Ministry of Textile & Jute [July 2009-August 2013] and Chairman, Land Appeal Board [July 2008-July 2009].



**MR. MD. ASHARFUL MOQBUL**  
CHAIRMAN &  
INDEPENDENT DIRECTOR

Mr. Ihsanul Aziz, former Additional Managing Director of Social Islami Bank Limited, completed his graduation and post-graduation both in Economics from University of Dhaka. Thereafter, he got an MBA from Southeast University. He also worked in The Premier Bank Limited and Al-Arafah Islami Bank Limited as Deputy Managing Director. Mr. Aziz started his banking career with Agrani Bank Limited and served there for more than 26 years in different important roles including Deputy General Manager & Head of International Division.



**MR. IHSANUL AZIZ**  
INDEPENDENT DIRECTOR

Dr. Md. Mosharraf Hossain is presently working as a Professor of Management, University of Dhaka. Mr. Hossain completed B.Com (Hons) and M.Com in Management and PhD from University of Dhaka.

Professor Hossain has specialization in Insurance & Risk Management, Organization Development, Motivation & Leadership, Quality of Work Life, Industrial Relations, Human Resource Management and Bank Management. He is the author and co-author of the books "Insurance and Risk Management" and "Organization Development" respectively. He is also the Director of Management Consultancy Services [2017 to Present] and Secretary of Dhaka University Management Alumni Association [2016 to Present]. Professor Dr. Md. Mosharraf Hossain also acted as Vice President of Dhaka University Teachers Club [2015-2016].



**PROFESSOR**  
**DR. MD. MOSHARRAF HOSSAIN**  
INDEPENDENT DIRECTOR

Professor Hossain was awarded with "President & Chancellor [Government of the People's Republic of Bangladesh] Award (1984) for 2nd Merit Position in the Cumilla Board", "Birsresto Matiuur Rahman Shadinota Podok 2008 as Best Writer for Creative Book Shatrojibone Shofolotar Upay, 8th Biennial Lee Kuan Yew Global Business Plan Competition (Finalist) 2015, Usosi Gunijon Podok (2018). Professor Hossain attended a number of national and international conferences.

Mr. Sheikh Nazmul Hoque Saikot is a renowned journalist and media personality. He is a Member of the Executive Committee of the Bangladesh Federal Union of Journalists [BFUJ], National Press Club and Editor-in-Chief of Kingsnews24.Com. Mr. Saikot was the Head of News of My TV [a private television channel], Special Correspondent of Bangladesh Journal [a daily newspaper], Chief Reporter of ATN Bangla [first private television channel in Bangladesh] and APS of Late Sheikh Md. Abdullah, State Minister of Ministry of Religious Affairs. Mr. Saikot completed his graduation and post-graduation both in Management from Jagannath University (the then Jagannath University College).



**SHEIKH NAZMUL HOQUE SAIKOT**  
INDEPENDENT DIRECTOR

Mr. Md. Sajib Hossain, a Fulbright Scholar, is presently working as an Associate Professor of Finance, University of Dhaka. Mr. Hossain completed BBA and MBA in Finance from University of Dhaka, MS in Finance from Syracuse University USA, CFA, FRM, ACCA. He is the Founding Member of CFA Society Bangladesh and grader for CFA Level-III. Mr. Md. Sajib Hossain achieved Academic Excellence Award by Whitman School of Management, Syracuse University, Vice-Chancellor Gold Medal for outstanding performance in MBA, Deans Honors List Award, Provost Award, Deans Merit List Award for outstanding performance in BBA & MBA Program, University of Dhaka.



**MR. MD. SAJIB HOSSAIN**  
CFA, FRM, ACCA  
INDEPENDENT DIRECTOR

Mr. Hossain worked as Short Term Consultant on the project on “Financial Inclusion through Mobile Banking in Bangladesh” of IFC Dhaka Office, Deputy Head of Equity Research Team of Royal Capital Limited, and Equity Research Analyst in Eastern Bank Limited. He is an Independent Director of Emerald Oil Industries Limited.

Mr. Shahiduzzaman is the Managing Director of Business Climate, one of the prominent Business Development Consultancy Firms as well as Training Providers; working for both public, private and development sectors. Mr. Shahid during his long 26 years career worked for different national and international organizations including couple of banks, private sectors, United Nations, I/NGOs and Government organizations. He acted as consultant to the World Bank Projects while he was also Private Sector Expert as well as Business Advisor to government and non-government organizations. Mr. Shahid is an MBA from Institute of Business Administration (IBA), University of Dhaka. Currently Mr. Shahid acts as Senior Financial Analyst as well as Corporate Speaker for businesses and development projects.



**MR. AKM SHAHIDUZZAMAN**  
INDEPENDENT DIRECTOR

Mr. Muhammad Ali Zaryab joined Fareast Finance & Investment Limited as Managing Director on 31st August 2020.

A post-graduate in Finance & Banking from the University of Dhaka, Mr. Zaryab has been in the banking industry for 27 years, a career that began in January 1996 with the Eastern Bank Limited as 2nd Batch Probationary Officer.

During his banking career, Mr. Zaryab managed a number of functional areas covering Credit, Treasury, Corporate Banking, Credit Risk Management, Syndication & Structured Finance, Branch Management, Financial Administration, Bank Operations, Branding & Marketing, Law & Recovery, Trade Services, Bank Management etc.

Prior to this assignment, Mr. Zaryab was the Deputy Managing Director [DMD] at Padma Bank Limited [former The Farmers Bank Limited], Chief Risk Officer [CRO] at GSP Finance Company (Bangladesh) Limited, Head of Corporate Credit Risk Management and Syndication & Structured Finance at Premier Bank Limited, Branch Manager at One Bank's Dhanmondi Corporate Branch, Head of Financial Control & Accounts Division at Trust Bank Limited, Fund Manager, HO-FAD Treasury at EASTERN Bank Limited. He also discharged various important responsibilities in these financial institutions



**MUHAMMAD ALI ZARYAB**  
MANAGING DIRECTOR

## COMMITTEES OF THE BOARD & MANAGEMENT

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### Executive Committee

Chairman  
Mr. Md. Ashraful Moqbul

### Members

Prof. Dr. Md. Mosharraf Hossain  
Mr. Sheikh Nazmul Hoque Saikot  
Mr. Md. Sajib Hossain CFA, FRM, ACCA

### Board Audit Committee

Chairman  
Mr. Ihsanul Aziz

### Members

Prof. Dr. Md. Mosharraf Hossain  
Mr. Sheikh Nazmul Hoque Saikot  
Mr. AKM Shahiduzzaman  
Mr. Md. Sajib Hossain CFA, FRM, ACCA

### Management Committee (MANCOM)

Chairman  
Mr. Muhammad Ali Zaryab

### Members

Mr. Md. Anwar Hussain  
Mr. Ha Mim Hamidullah  
Mr. Md. Ramzan Hossain  
Mr. Md. Iqbal Haque Choudhury  
Mr. Md. Rafiqul Islam

### Management Recruitment Committee (MRC)

Chairman  
Mr. Muhammad Ali Zaryab

### Members

Mr. Md. Anwar Hussain  
Mr. Ha Mim Hamidullah  
Mr. Md. Ramzan Hossain

### Risk Management Forum (RMF)

Chairman  
Mr. Muhammad Ali Zaryab

### Members

Mr. Md. Anwar Hussain  
Mr. Ha Mim Hamidullah  
Mr. Md. Ramzan Hossain  
Mr. Md. Iqbal Haque Choudhury  
Mr. Md. Rafiqul Islam

### Asset Liability Management Committee (ALCO)

Chairman  
Mr. Muhammad Ali Zaryab

### Members

Mr. Md. Anwar Hussain  
Mr. Ha Mim Hamidullah  
Mr. Md. Ramzan Hossain  
Mr. Md. Iqbal Haque Choudhury  
Mr. Md. Rafiqul Islam

### Risk Analysis Unit (RAU)

Chairman  
Mr. Md. Anwar Hussain

### Members

Mr. Md. Rafiqul Islam  
Mr. Md. Rasel Al Mamun  
Mr. Md. Nazmus Sadat  
Mr. Md. Shahedul Islam

### ICT Committee

Chairman  
Mr. Md. Anwar Hussain

### Members

Mr. Ha Mim Hamidullah  
Mr. Md. Mehedi Hasan Khan  
Mr. Muhammad Saiful Alam  
Ms. MuhtasimTahiya

### Central Compliance Unit (CCU)

Chairman  
Mr. Md. Anwar Hussain

### Members

Mr. Ha Mim Hamidullah  
Mr. Md. Ramzan Hossain  
Mr. Md. Iqbal Haque Choudhury  
Mr. Md. Shahedul Islam

**Ethics Committee**

Chairman

Mr. Muhammad Ali Zaryab

**Members**

Mr. Md. Anwar Hussain

Mr. Ha Mim Hamidullah

Mr. Md. Ramzan Hossain

Mr. Md. Iqbal Haque Choudhury

Mr. Md. Mehedi Hasan Khan

**Sustainable Finance Committee**

Chairman

Mr. Md. Anwar Hussain

**Members**

Mr. Ha Mim Hamidullah

Mr. Md. Ramzan Hossain

Mr. Md. Iqbal Haque Choudhury

Mr. Md. Rafiqul Islam

Mr. Muhammad Saiful Alam

Mr. Md. Shahedul Islam

**Sustainable Finance Unit**

**Members**

Mr. Md. Rafiqul Islam

Mr. Md. Mehedi Hasan Khan

Mr. Md. Rasel Al Mamun

Mr. Md. Nazmus Sadat

Ms. MuhtasimTahiya

**Central Customer Service and Complaints  
Management Cell (CCS & CMC)**

Chairman

Mr. Md. Anwar Hussain

**Members**

Mr. Ha Mim Hamidullah

Mr. Md. Ramzan Hossain

Mr. Md. Iqbal Haque Choudhury

Mr. Helal Uddin



## SHAREHOLDING STATEMENT

Shareholding composition of the company as on 31 December 2020 was as follows:

Sl No	Shareholders	No. of Shares	Taka	%
Holding by Sponsors and Directors				
1	Sponsor Directors	65,62,533	6,56,25,330	4.00%
2	Shareholder Directors	35,02,391	3,50,23,910	2.14%
3	Sponsors	5,86,36,631	58,63,66,310	35.74%
	Sub-total	6,87,01,555	68,70,15,550	41.88%
Holding by other Shareholders				
1	Company	1,95,91,726	19,59,17,260	11.94%
2	General Public	7,56,34,029	75,63,40,290	46.10%
3	Non-Resident Bangladeshi	1,36,020	13,60,200	0.08%
	Sub-total	9,53,61,775	95,36,17,750	58.12%
	Grand Total	16,40,63,330	164,06,33,300	100.00%



## Message from The Chairman

Bismillahir Rahmanir Rahim

Distinguished Shareholders:

Assalamu Alaikum,

By the grace of Almighty Allah, it is my pleasure to welcome you all here today at this 20th Annual General Meeting of Fareast Finance & Investment Limited (FFIL). I would like to express my gratitude and regards to all of you for your continued support & patronization over the years.

As you are aware that NBFIs have been facing critical challenges like increasing nonperforming loans & leases leading to negative impact on cash-flow as well as liquidity, profitability & sustainability issues for last couple of years. Situation aggravated further following countrywide spread of novel corona virus since March 2020. Like a good number of non-bank financial institutions, Fareast Finance & Investment Limited has been experiencing severe liquidity crisis followed by negative interest margin, operating losses, huge nonperforming assets resulting depletion of capital, decrease in equity, net operating cash flow, net asset value, earning per share and struggling for existence since 2017 as its net liability has been exceeding its assets. Fareast Finance & Investment Limited could not give dividend to the honorable shareholders after 2016 and fell into Z category on April 19, 2018.

Statutory Auditor Ahmed Zaker & Co, Chartered Accountants had expressed their serious apprehension about continuity of operations of the company in their report titled as 'Independent Auditor's Report to the Shareholders of Fareast Finance & Investment Limited' which was adopted in the 19th Annual General Meeting held on October 29, 2020 and given 'qualified opinion' on the same issue in their report on the Audit of Financial Statements for the year ended December 31, 2020 due to uncertainty associated with recovery of term loan of Taka 302,47,88,933.00 given to the associate company, shortfall of regulatory capital to the tune of Taka 77,55,08,213.00 compared to minimum requirement, and uncertainty of recovery of Fund/Fixed Deposits placed with Bangladesh Industrial Finance Company Limited and FAS Finance & Investment Limited.

Depositors' confidence on non-bank financial institutions dwindled significantly during last few years due to operational failure of Peoples Leasing & Financial Services Limited and spreading of the news of scams that took place in a few other institutions in print & electronic media.

Overall situation aggravated further due to depositors' unwillingness to keep their money with most of the non-bank financial institutions as a result of experiencing enormous sufferings in getting their money back on maturity from many and absolute failure on the part of a few non-bank financial institutions. Fareast Finance & Investment Limited, like other institutions, experienced huge deposit withdrawal pressure since 2018. The company has not been appropriately managed & grown and the shareholders did not get dividends over the years which is detrimental to the interest of the investors of the company and totally undesirable.

In view of the aforesaid facts and circumstances, Bangladesh Securities and Exchange Commission (BSEC) reconstituted the Board of Directors vide Letter under Reference No. SEC/SRMIC/2021/part-Z/89 dated March 29, 2021 in order to protect the interest of the shareholders of the company.

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. We are 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. We are focused on good governance, reconstruction and sailing the ship ahead with a view to bringing the best for our stakeholders and the economy as a whole.

I would like to express my sincere thanks to the Government of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, National Board of Revenue and other regulatory authorities for their continued guidance, support and co-operation.

I also like to express my heartfelt appreciation to my fellow colleagues in the board of directors and members of the management team for their co-operation, support, all-out efforts and commitment for salvaging the company and protecting interest of the honorable stakeholders as well. I also extend my heartfelt thanks and gratitude to our honorable shareholders for their continued trust in the Board of Directors of Fareast Finance & Investment Limited.

With Warm regards,  
Sincerely,



**Md. Ashraf Moqbul**  
Chairman



## Message from The Managing Director

Bismillahir Rahmanir Rahim

Distinguished Shareholders:

Assalamu Alaikum Warahmatullah,

By the grace of Allah Subhanahu Wa Ta'ala [the absolute one, the all-powerful and all-knowing ruler of the universe, and the creator of everything in existence], Fareast Finance & Investment Limited [FFIL] passed another critical & challenging year 2020 with constant pursuit for good governance and sustainability.

NBFIs have been facing critical challenges like increasing nonperforming loans, advances & leases leading to negative impact on cash-flow as well as liquidity, profitability & sustainability for last couple of years. Situations intensified further following countrywide spread of novel corona virus since March 2020. Fareast Finance & Investment Limited has been experiencing severe liquidity crisis followed by negative interest margin, operating losses, huge nonperforming assets resulting depletion of capital, decrease in equity, net operating cash flow, net asset value, earning per share and struggling for sustainability since 2017 as its net liability has been exceeding its assets. Fareast Finance & Investment Limited could not give dividend to the honorable shareholders after 2016 and fell into 'Z' category on April 19, 2018.

Statutory Auditor Ahmed Zaker & Co, Chartered Accountants expressed their serious apprehension about continuity of operations of the company in their report titled 'Independent Auditor's Report to the Shareholders of Fareast Finance & Investment Limited' which had been adopted in the 19th Annual General Meeting held on October 29, 2020 and given 'qualified opinion' on the same issue in their report on the Audit of Financial Statements for the year ended December 31, 2020 due to uncertainty associated with recovery of Term Loan of Taka 302,47,88,933.00 given to the associate company Fareast Stocks & Bonds Limited, shortfall of regulatory capital to the tune of Taka 77,55,08,213.00 compared to minimum requirement, and uncertainty of recovery of Funds/Fixed Deposits placed with Bangladesh Industrial Finance Company Limited and FAS Finance & Investment Limited.

Moreover, Taka 34,56,05,000.00 placed during the year 2017-2019 as Deposit with Peoples Leasing & Financial

Services Limited had been classified as Bad & Loss by Bangladesh Bank with effect from 2019 and FFIL had to reverse the interest amount credited to income account during the year 2019 & 2020 and maintaining provisions as per approval of Bangladesh Bank. Term Loan of Taka 302,47,88,933.00 extended to Fareast Stocks & Bonds Limited had also been classified as Sub-Standard by Bangladesh Bank with effect from 2019 and 'Bad & Loss' in 2021 against which FFIL maintained provisions as per guidelines of Bangladesh Bank. Charging of Interest on Loans extended to Fareast Stocks & Bonds Limited was suspended/blocked by the Board of Directors of FFIL in 2015 and continued such suspension till intervention of Bangladesh Bank in 2020. As on December 31, 2021 Total Non-Performing Loans, Advances & Leases of FFIL stood at Taka 871,72,14,142.00 which is 89.95% of total Portfolio of Taka 969,16,63,829.00 with Taka 473,76,62,540.00 classified as Bad & Loss, Taka 298,19,00,318.00 classified as Doubtful and Taka 99,76,51,284.00 classified as Sub-standard. Classified Loans, Advances & Leases could be around 90% if deferral for installments of 2020 would not have been allowed by Bangladesh Bank. FFIL had to maintain huge provisions as most of the loans, advances & leases are not covered by collateral security as a result of which loss increased leading to significant depletion of capital. Top 10 defaulters holding 69.25% of total portfolio and Term Loan of Fareast Stocks & Bonds Limited represents 31.21% of total portfolio and 34.70% of Classified Loans. In reality, there is no scope of recovering the investment/loan amount from Fareast Stocks & Bonds Limited. Furthermore, despite furnishing up-to-date loan balance by FFIL to Fareast Stocks & Bonds Limited, they have been reporting less amount in their Financial Statements and recording more profit or less loss in their books as a result of which FFIL's accounts [as holding fifty percentage shares and booking profit/loss on equity method] have been impacted significantly. In addition to that FFIL is to take the shock of 50% liabilities of its associate company in case of winding-up which will further worsen the situation. There is also no chance to get back the balance of Taka 9,06,41,348.00 available in the BO Account No. 1204690000134328 maintained with Fareast Stocks & Bonds Limited. Statutory Auditor of Fareast Stocks & Bonds Limited have been giving 'Qualified Opinion' on the Financial Statements for last couple of years but there is no significant improvement in traditional misreporting in Financial Statements. Irregularities in other loan cases including not taking any collateral, taking inadequate collaterals, taking fake & defective collaterals and non-filing of suits for recovery in due course of time as per Artha Rin Adalat Ain 2003 impede recovery of classified loans, advances & leases. Earlier conversion of Deposits taken from Banks into Term Loans due to failure in honoring claims for encashments and frequent reschedulements due to failure in repaying installments of Loans along with scheme deposits (double money scheme, triple money schemes etc.) taken at much higher rate putting colossal pressure on fund management at present-time.

In 2020, Fareast Finance & Investment Limited [FFIL] recorded Net Loss after Income Tax of Taka 285.46 million with negative earnings of Taka 1.74 per share. In 2020, total investment and loan, advances, & lease portfolio of the company stood at Taka 9,531.60 million registering an increase of Taka 333.16 million [due to deferral allowed by Bangladesh Bank as a measure to ease the impact of novel corona virus, rescheduling and charging interest for the delayed period] while it was Taka 9,198.44 million at the end of 2019. Taka 1,164.50 million extended to SME out of total Taka 9,531.60 million. As on 31 December 2020 classified loans, advances & leases stood at 51.90 percent against 56.61 percent as on 31 December 2019 and out of 51.90 percent, 32.15 percent is for the loan extended in 2010-2012 to its associate company namely Fareast Stocks & Bonds Limited [FSBL] wherein FFIL holds 50 percent shares. Moreover, FFIL is to maintain provision against the term loan extended to FSBL as the amount has been classified by Bangladesh Bank during last comprehensive inspection and FFIL's Balance Sheet is impacted by 50 percent loss incurred/incurred by FSBL. During 2020, FFIL disbursed total Taka 6.44 million against fresh contracts of Taka 6.44 million. Total Provision for loans, advances & leases at the end of 2020 stood at Taka 1,419.80 million registering an increase of Taka 173.29 million (i.e.13.90 percent), compared to Taka 1,246.51 million the year before. Total deposits stood at Taka 4,709.90 million as on 31st December 2020 registering decrease of Taka 37.75 million (i.e. 0.80 percent) against Taka 4,747.85 million as on 31st December 2019. There is significant dependence on institutional deposits and borrowings.

In addition to the facts & circumstances mentioned hereinabove, depositors' confidence on non-bank financial institutions dwindled significantly during last few years due to operational failure of Peoples Leasing & Financial Services Limited and spreading of the news of scams that took place in a few other institutions in

print & electronic media.

Overall situation aggravated further due to depositors' unwillingness to keep their money with most of the non-bank financial institutions as a result of experiencing enormous sufferings in getting their money back on maturity from many and absolute failure on the part of a few non-bank financial institutions. Fareast Finance & Investment Limited, like other institutions, has been experiencing huge deposit withdrawal pressure since 2018. The company has not been appropriately managed & grown and the shareholders did not get dividends over the years which is detrimental to the interest of the investors of the company and totally undesirable.

In view of the aforesaid facts and circumstances, Bangladesh Securities and Exchange Commission (BSEC) reconstituted the Board of Directors vide Letter under Reference No. SEC/SRMIC/2021/part-Z/89 dated March 29, 2021 in order to protect the interest of the shareholders of the company.

FFIL Management under the able guidance of the reconstituted Board of Directors has been working relentlessly towards sustainability of the company despite the unescapable impact of novel corona virus, unsolicited situations and unique & critical market and company specific challenges. FFIL Management 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 Management is focused on good governance, transparency and sailing the ship ahead with a view to bringing the best for honorable stakeholders and the economy as a whole.

I thankfully acknowledge that all of my colleagues have been working hard and continued their efforts for survival and bravely encountering the difficulties they are facing.

I would like to express my gratitude to all the Members of the Board of Directors of FFIL who have always extended their valuable guidance and strategic advices. On behalf of Management of the Company, I also express my gratitude to all our Honorable Shareholders and Valued Customers for their continued trust and support. We would like to express our firm commitment to overcome the challenges. Finally, I would like to take the privilege to express my sincere thanks and gratitude to the Regulatory Authorities including Bangladesh Bank, BSEC, NBR, DSE, CSE, RJSC&F and our Auditors for their continued support, guidance, advice and co-operation.

Sincere thanks & best regards,



**Muhammad Ali Zaryab**  
Managing Director

## Performance at a Glance

Company's performances over the last five years are presented below to know the company in a nutshell:

(Taka in Million)

Description	2016	2017	2018	2019	2020
	Taka	Taka	Taka	Taka	Taka
<b>I. Business Performances</b>					
<b>Contracted:</b>					
Lease Finance	193.76	130.99	0.00	0.00	0.00
Term Finance	4,323.61	3,620.62	5.56	8.30	6.44
<b>Total</b>	<b>4,517.37</b>	<b>3,751.61</b>	<b>5.56</b>	<b>8.30</b>	<b>6.44</b>
<b>Disbursed:</b>					
Lease Finance	142.06	126.91	3.00	0.00	0.00
Term Finance	4,166.38	4,004.10	102.91	18.34	6.44
<b>Total</b>	<b>4,308.44</b>	<b>4,131.01</b>	<b>105.91</b>	<b>18.34</b>	<b>6.44</b>
<b>II. Financial Performances</b>					
Operational Income	1,175.30	877.09	1,260.42	771.70	796.01
Operational Expenses	1,128.98	1,208.89	1,261.49	1,119.65	907.84
Income from Operation	46.32	(331.80)	(1.07)	(347.95)	(111.83)
Net Profit after Tax	102.98	(937.72)	132.53	(718.00)	(285.46)
Investment in Leases	441.92	449.26	351.83	283.27	256.00
Term Finances	10,540.68	11,148.00	9,637.53	8,793.01	9,153.13
Investment in Shares	278.74	158.82	150.21	122.16	122.48
Total Outstanding Portfolio	11,261.34	11,756.08	10,139.56	9,198.44	9,531.61
Cumulative Total Assets	14,017.90	13,629.57	11,841.55	10,883.98	11,457.87
Paid up Capital	1,640.63	1,640.63	1,640.63	1,640.63	1,640.63
Shareholders' Equity	2,064.71	1,044.95	1,184.86	466.86	181.39
<b>III. Financial Ratios</b>					
Financial Expenses Coverage Ratio	1.17	(0.43)	1.19	(0.14)	0.45
Debt Equity Ratio (X)	5.20	10.16	7.35	17.03	43.60
Return on Asset (%)	0.75	(6.78)	1.04	(6.32)	(2.56)
Return on Average Equity (%)	4.91	(60.31)	11.89	(86.94)	(88.07)
Earnings Per Share (%)	6.28	(57.16)	8.08	(43.76)	(17.40)
Dividend Per Share (%)	5.00	0.00	0.00	0.00	0.00
<b>IV. Employee Performance</b>					
Operational Income Per Employee	18.08	11.69	16.81	12.06	21.51
Value Added Per Employee	1.62	(11.50)	2.76	(10.19)	(6.39)



## Value Added Statement

For the year 2020, company's value addition to different sectors was as follows:

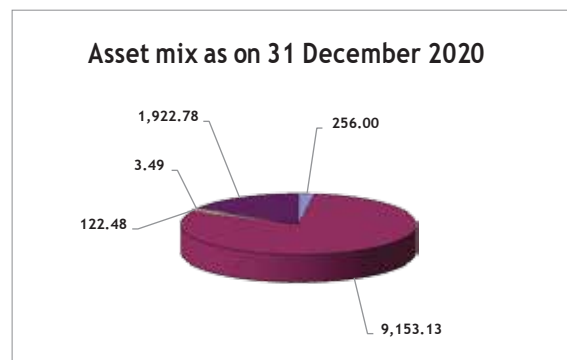
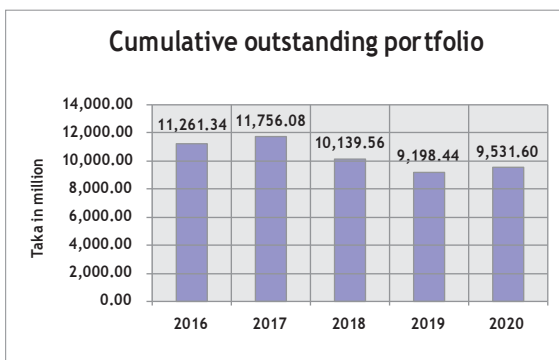
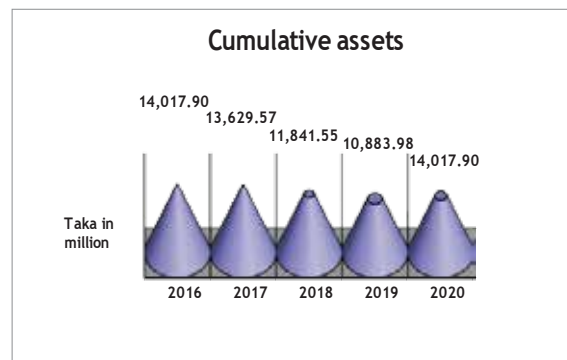
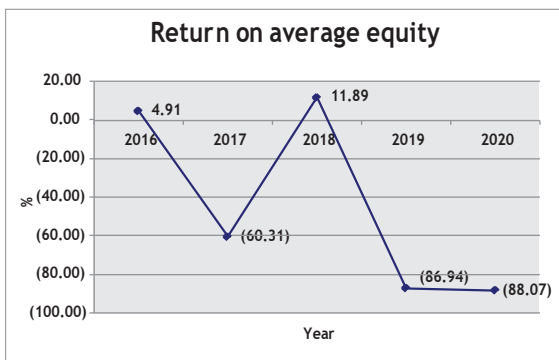
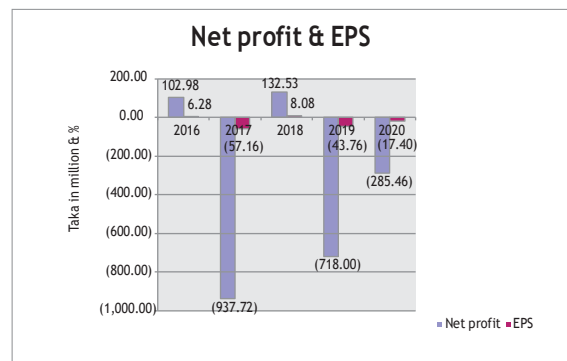
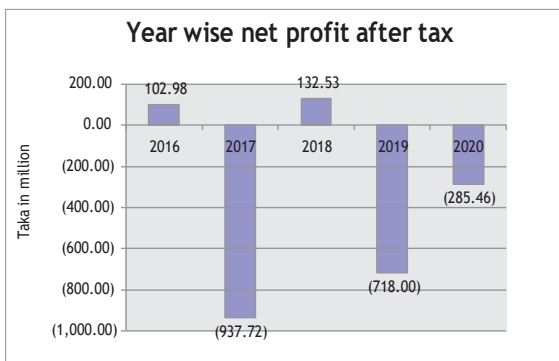
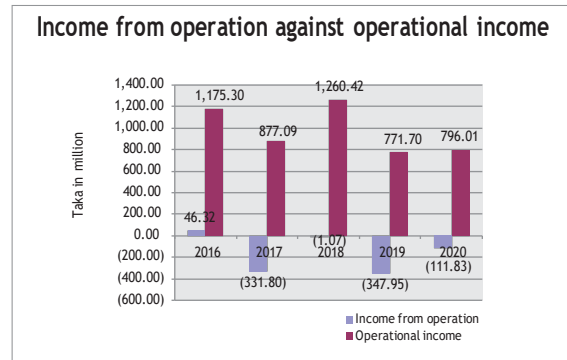
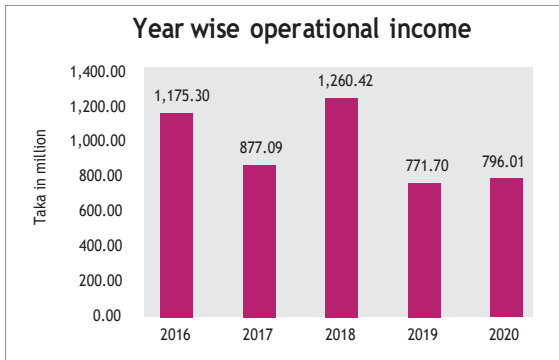
Description	2020	2019
	Taka	Taka
<b>Value Added</b>		
Operational Income	796,010,414	771,704,153
Financial Expenses	(833,257,517)	(1,009,617,892)
Provision for Investments	(172,248,926)	(370,887,481)
Operational Expenses excluding Salary and Depreciation	(26,930,804)	(43,504,742)
<b>Total</b>	<b>(236,426,833)</b>	<b>(652,305,962)</b>
<b>Distribution of Value Addition</b>		
Shareholders as Dividend	0	0
Employees as Salary and Allowances	43,261,813	59,891,203
Government as Taxes	1,381,660	(843,646)
<b>Total</b>	<b>44,643,473</b>	<b>59,047,557</b>
<b>Retained in Business</b>		
As Statutory Reserve	0	0
As Retained Earnings	(285,463,115)	(717,997,592)
As Depreciation	4,392,809	6,644,073
<b>Total</b>	<b>(281,070,306)</b>	<b>(711,353,519)</b>
<b>Total</b>	<b>(236,426,833)</b>	<b>(652,305,962)</b>
<b>Employee Statistics</b>		
Number of Employees at the year end	37	64
Operational Income Per Employee	21,513,795	12,057,877
Value added Per Employee	(6,389,914)	(10,192,281)

### Market Value Added Statement

The difference between the market value of outstanding shares and the equity describes the contribution to the investor's value. Market Value Added (MAV) statement is a reflection of the market through company's share's market price. It is a tool that is used to measure the management's performance. Positive MVA is a sign that the company has added value to its investors and the negative one indicates that the company has destroyed the investor's value. MVA of Fareast Finance & Investment Limited for the last two years is presented below:

Description	2020	2019
	Taka	Taka
Number of Shares Outstanding at the end of the year	164,063,330	164,063,330
Market Value Per Share	4.20	3.10
Market Value of Shares Outstanding at the end of the year	689,065,986	508,596,323
Capital Contributed by the Shareholders at the end of the year	181,394,761	466,857,876
Market Value Added	507,671,225	41,738,447





# Directors' Report

Bismillahir Rahmanir Rahim  
Distinguished Shareholders,  
Assalamu Alaikum

On behalf of the Board of Directors of Fareast Finance & Investment Limited, I feel privileged to welcome you all here today in this 20th Annual General Meeting of the Company and to present the 20th Annual Report inclusive of the audited Financial Statements of the Company for the year ended December 31, 2020 and the Auditor's Report thereon, for consideration and approval of the esteemed shareholders. Thank you all for your presence here today, and for your continued support and encouragement that is crucial to the continued existence and success of our Company.

This report has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification dated June 03, 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the guidelines provided by Bangladesh Bank and other regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors of the Company on September 21, 2022.

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

## Principal Activities of the Company

- Corporate Finance
- SME Finance
- Consumer Finance
- Agriculture Finance
- Syndication Finance
- Housing/Real Estate Finance
- Equity Finance
- Others

## Economic Review

**World Economy:** The global economy recovery is facing significant headwinds amid new waves of COVID-19 infections, commodities price hike, lingering supply -chain challenges and rising inflationary pressures. Despite the robust recovery in 2021- driven by assumed strong consumer spending and some uptake in investment, with trade in goods surpassing pre-pandemic levels, the momentum for growth- especially in China, the United States and the European Union- slowed considerably by the end of 2021. After expanding by 5.5 percent in 2021, the global output is projected to grow by only 4.0 percent in 2022 according to the United Nations World Economic Situation and Prospects (WESP) 2022.

**Bangladesh Economy:** Before the COVID-19 pandemic, Bangladesh exhibited a steady and high GDP growth, averaging 7.4 percent per year during FY 2015-2016 to FY 2018-2019 and reached a record 8.15 percent growth rate in FY 2018-2019. The global economy however came to a standstill due to the COVID-19 pandemic which has also had a huge negative impact on the economy of Bangladesh. Due to the impact of pandemic in Bangladesh real GDP growth rate declined to 3.45 percent (after recent rebasing from FY 06 to FY 16 by BBS) in FY 2019-2020 from a growth of 8.15 percent in FY 2018-2019. However, Bangladesh made a recovery in FY 2020-2021 and the annual GDP growth rose to 5.47 percent (BBS provisional estimate) GDP growth stood at 6.94 percent at the end of December 2021.

**Inflation Rate:** In FY 2019-2020, the inflation rate stood at 5.65 percent, which is slightly higher than the target (5.50%). In this case, food inflation increased to 5.60 percent and non-food inflation stood at 5.85 percent. Despite the stagnation in the economy due to Coronavirus, inflation in FY-2020-2021 is slightly high (5.56%) than the target (5.4%) as a result of interruption in food production and supply chains. Inflation rate increased at the end of December 2021 and stood at 6.05 percent.

**Capital Market Activities:** In DSE total number of listed securities has increased from 589 in June 2020 to 609 in June 2021. Total Market Capitalization of all listed securities was Tk. 3119.7 billion in June 2020, which stands at Tk. 5142.8 billion in June 2021, representing 64.85 percent increase. DSE Board Index increased from 3,989.09 points in June 2020 to 6150.48 points in June 2021, representing 54.18 percent increase. At the end of June 2021, the total number of listed securities in Chattogram stock Exchange is 348. Towards the end of June 2021, market Capitalization of CSE was Tk. 4183.7 billion which was increased 79 percent from the last fiscal year. CSE All Share Price Index was 17,795 points at the end of June 2021 which was 11,332.59 points in the end of June 2020.

**Money Market Scenario:** Due to BB's expansionary and accommodative monetary policy stance, board money (M2) growth accelerated in FY 21 to 13.61 percent from 12.66 percent in FY 20 but remained slightly short from the monetary policy of 15.0 percent for the year FY 21. Net foreign assets increased by 27.45 percent in FY 21 against programmed growth of 20.10 percent mainly due to record level of foreign exchange reserve of USD 46.4 billion.

**Industry Outlook:** In Bangladesh, Non-Banking Financial Institutions (NBFIs) are constituted under the Financial Institutions Act, 1993. At present 35 licensed non-bank financial institutions (NBFIs) are functioning in the country. Out of 35 NBFIs, 3 are Government owned, 13 are joint venture and the rest 19 are locally private owned. Total 23 numbers of NBFIs are listed with stock exchanges. The year 2020 was unpleasant for the non-banking financial institutions industry. The NBFIs are mainly dependent on banks and customer deposits for their funds. Confidence in financial sector was almost totally missing and people rushing often daily to withdraw their deposited money. Consequently in 2020 the NBFIs sector in Bangladesh went through prolonged financial crisis. The NBFIs sector started facing problems since the middle of 2017 when the banking sector felt the pinch of liquidity crisis. At the end of first half of 2021, total classified loan/lease of NBFIs stood Tk.10,328 crore which is 15.39 percent of the total loan/lease. Slow growth in loans & advances, deposit collections and huge fall in operating earnings throughout the year 2020 accelerated the distress of the overall business performance of NBFIs.

**Company's Overview:** Fareast Finance & Investment Limited was established on June 21, 2001 as a non-banking financial institution. Now the company's Head Office is situated at Simpletree Lighthouse (10th Floor), Plot No. 53, Road No. 21, Block-B, Kemal Ataturk Avenue, Banani, Dhaka-1213 Bangladesh and it has one branch office at Chattogram.

### Highlights-2020

- For the year 2020, the Company suffered Net Loss after Income Tax of Taka 285.46 million, which was Net Loss of Taka 718 million at the end of 31st December 2019;
- As on December 31, 2020 the Earnings Per Share of the Company was Taka (1.74) which was Taka (4.38) at the end of the year 2019;
- As on December 31, 2020, Total Loans, Advances and Leases amounted at 9,409.13 million which was Taka 9076.29 million as on December 31, 2019;
- During the year 2020, Company disbursed total Taka 6.44 million against contract amount of Taka 6.44 million;
- Total deposits stood at Taka 4,709.90 million as on December 31, 2020 against Taka 4,747.85 million as on December 31, 2019. 2020;
- As on December 31, 2020, classified loans, advances and leases stood at Taka 4,883.68 million, which

## Fareast Finance & Investment Limited

was Taka 5,138.48 million at the end of the year 2019;

- As on December 31, 2020, provision kept against classified other assets (BO Account Balance), fixed deposits, loans, advances and leases was Taka 1419.80 million against requirement of Taka 1987.20 million with a deficit of Taka 567.40 million against which deferral has been allowed by Bangladesh Bank;
- Cost of Borrowing was 9.84 percent as against 11.94 percent in the previous year;
- As on December 31, 2020, Return on Assets was negative 2.56 percent, which was negative 6.32 percent at the end of the year 2019.

Product Wise Performance: As on 31st December 2020, the sector-wise outstanding position of total portfolios of the Company was as following:

SI No	Particulars	No. of Accounts	Amount BDT in Million	Percentage (%)
1	Trade and Commerce	29	128.15	1.36
2	Industry:	122	4884.84	51.91
	A) Garments and Knitwear	19	602.02	6.40
	B) Textile	5	135.37	1.44
	C) Jute and Jute -Products	5	152.33	1.62
	D) Food Production and Processing I Industry	9	279.06	2.97
	E) Plastic Industry	2	34.85	0.37
	F) Leather and Leather -Goods	0	0.00	0.00
	G) Iron, Steel and Engineering	12	885.69	9.41
	H) Pharmaceuticals and Chemicals	23	288.72	3.07
	I) Cement and Allied Industry	4	742.68	7.89
	J)Telecommunication and Information Technology	5	192.78	2.05
	K) Paper, Printing and Packaging	2	169.69	1.80
	L) Glass, Glassware and Ceramic Industry	2	236.23	2.51
	M) Ship Manufacturing Industry	3	501.25	5.32
	N) Electronics and Electrical Products	5	181.68	1.93
	O) Power, Gas, Water and Sanitary Service	1	57.29	0.61
	P) Transport and Aviation	25	425.20	4.52
3	Agriculture	9	197.64	2.10
4	Housing	20	371.26	3.95
5	Others	15	3827.22	40.67
	A) Merchant Banking	0	0.00	0.00
	B) Margin Loan	3	3,324.02	35.33
	C) Others	12	503.20	5.34
	<b>Total</b>	<b>195</b>	<b>9409.126</b>	<b>100.00</b>

**Key Operating and Financial Data:** Key operating and financial information over the last five years of the Company has been presented on page no 21 in this Annual Report as per clause no.1 (5) (xix) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

**Management Discussion and Analysis:** Management discussion and analysis has been highlighted in the Managing Director's statement in page no 18 of this annual report.

**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, Credit Committee (CC), Asset and Liability Committee (ALCO), Risk Management Committee, Management Committee and Audit Committee. The Committees regularly meet to review the market, credit and liquidity risk related factors and recommend and implement suitable measures to counter these risks. Appropriate and effective internal control systems are also in place to address operational risks. The Company has also taken steps to further strengthen its Internal Control and Compliance functions.

**Corporate Social Responsibility (CSR):** Fareast Finance & Investment Limited has a commitment towards all stakeholders to engage in ethical practices. As a financial institution, we recognize our responsibilities towards the society and participate actively in CSR activities including promotion of staff-welfare activities.

**Environmental Issues:** Fareast Finance & Investment Limited is very concerned regarding environmental issues and accordingly it continuously reviews the environment related issues. It ensures that the clearance certificate from the regulators have been obtained at the time of providing lease or loan facilities wherever necessary. We are equally concerned about maintaining good environment in the office.

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

**Corporate & Financial Reporting Framework:** The Directors of Fareast Finance & Investment Limited, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/ 80 dated June 3, 2018, confirms compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of Fareast Finance & Investment Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been applied in preparation of the financial statements and any departure from there are adequately disclosed;
- Internal Control Process have been properly designed and effectively implemented and monitored;
- Based on the financial parameters and auditors' findings & opinion, there is reasonable apprehension about the company's ability to continue as a going concern.

**Managing Director and Head of Finance's Declaration Certificate:** The Managing Director and Head of Finance's declaration to the Board is enclosed in Annexure - A on page no 33 in this Annual Report as per clause no. 1(5) (xxvi) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

**The Pattern of Shareholding :** The Authorized Capital of Fareast Finance & Investment Limited is Taka 2,000,000,000 divided into 200,000,000 ordinary shares of Taka 10 each. The present Paid-up Capital of the Company is Taka 1,640,633,300 divided into 164,063,330 ordinary shares of Taka 10 each. The shareholding pattern of the Company as on December 31, 2020 is shown on page 15 in this Annual Report as per clause no. 1(5) (xxiii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

**Board Meeting Attendance & Remuneration of Directors:** During the year ended on December 31, 2020 a total number of 10 Board Meetings were held and attendances of the directors are presented in Annexure-I on page 46 and their remuneration paid during the year are given in Notes 32 in this Annual Report as per clause no.1(5)(xxii) & 1(5)(x) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

**Related Party Transactions:** In the ordinary course of business, a number of transactions with other entities that fall within the definition of related party contained in BAS 24: "Related Party Disclosures". The Company extends leases/loans to related parties including its Directors and related Companies. A statement of related party transactions along with their basis has been presented in Note 46 of the Financial Statements. Besides, Directors' name and their interest in different organizations are also disclosed in Annexure-C attached to the

Financial Statements as per clause no. 1 (5) (Vi) of the BSEC Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80 dated June 03, 2018.

**Compliance Report on Corporate Governance Code:** Status of the compliance of the conditions of Corporate Governance Code imposed by Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80 dated June 03, 2018, along with a Certificate from a practicing Chartered Accountant has been enclosed in Annexure- B on page 34 in this Annual Report.

We also enclose a statement of compliance on the good governance guidelines issued by the Bangladesh Bank as Annexure- III on page no 48 in this Annual Report.

**Appropriations of Retained Earnings:** According to Rule 6 of The Financial Institutions Regulation 1994, the Company required to keep 20% of its After Tax Profit as Statutory Reserve. In 2020, Fareast Finance & Investment Limited made Net Loss After Income Tax of Taka 285.46 million. Consequently, no amount needs to be transferred to Statutory Reserve as the Company incurred loss in the year 2020.

**Dividend:** The Board of Directors recommended no dividend on the ordinary shares of the Company's paid up capital for the year 2020 as the Company incurred Loss. In the year 2020, Fareast Finance & Investment Limited suffered loss of Taka 285.46 million and at the end of 2020, retained earnings of the company was a negative figure of Taka 1807.69 million. As per regulatory requirement, the dividend is payable only out of profits of the company. If there is no profit, there can be no distribution of dividend. Accordingly, the company cannot pay any stock dividend with its negative retained earnings.

**Interim Dividend:** No bonus share or stock dividend has been or shall be declared as interim dividend.

**Directors Resume and Line of Expertise:** A brief resume of Directors are appended in page no 10 to 12 in this Annual Report which includes his/her nature of expertise and qualifications.

**Directors Retirement and Re-Appointment:** This is to be mentioned here that Bangladesh Securities & Exchange Commission (BSEC) vide their Letter No: SEC/SRMIC/2021/part-Z/89 dated March 29, 2021 reconstituted the Board of the Company with 06 new Independent Directors and 3 previous Board Members or Shareholder Directors in the Board. As per Section 91(2) of the Companies Act 1994 and as per Article 67 of the Articles of Association of the Company, in every year other than first year, one-third of the Directors for the time being or if their number is not three or multiples of three then the number nearest to one-third are required to retire from office. Till date number of Shareholder Directors of the Company's Board is zero due to casual vacancy of the Directors. The reasons of the casual vacancies are stated below:

Mr. Md. Shamsul Islam Varosha one of the Shareholder Director of the Board of the Company having been consecutively absent in 5 [five] Board Meetings since 28.07.2021, makes his post of Directorship vacant as per Section 108(1) (f) of the Companies Act 1994. In this regard, letters have already been sent to Bangladesh Securities and Exchange Commission and Bangladesh Bank informing the Casual Vacancy dated November 22, 2021.

Dr. Khadiza Waheeda Jahan, another Shareholder Director having been consecutively absent in 10 [ten] Board Meetings since 01.04.2021, makes her post of Directorship vacant as per Section 108(1)(f) of the Companies Act 1994. In this regard, letters have already been sent to Bangladesh Securities and Exchange Commission and Bangladesh Bank informing the Casual Vacancy dated November 22, 2021.

Mr. Md. Ashaduzzaman, representing Rimsha BD Limited Director of the previous Board having been consecutively absent in 3 [three] Board Meetings since 29.09.2021 and being the Director of both of a Financial Institution and an Insurance Company simultaneously makes his post of Directorship vacant as per Section 108(1)(f) of the Companies Act 1994 and Section(f)-75 of the Insurance Act, 2010 violation of the Insurance Act, 2010



reported by Bangladesh Bank in its Detailed Inspection Report vide memo no. FIID/I-08/01/2021-895 dated December 28, 2021]. In this regard, letters have already been sent to Bangladesh Securities and Exchange Commission and Bangladesh Bank informing the Casual Vacancy dated February 06, 2022.

Beside that as per Corporate Governance Code 2018, the rotation is not required for retirement and reappointment for any Independent Director. So, no Director will be eligible for retirement and reappointment for the 20th AGM of the Company.

**Board Sub-committees:** In compliance with the requirements of Bangladesh Bank DFIM Circular No. 13, dated 26 October 2011 and Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80 dated 3 June 2018; the Board of Fareast Finance formed 2 (two) sub-committees named Executive Committee and Audit Committee.

**Going Concern:** Based on the financial parameters and auditors' findings & opinion, 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 our stakeholders and the economy as a whole.

**Auditors:** Ahmed Zaker & Co. Chartered Accountants having address at Green City Edge (Level-10), 89 Kakrail Dhaka -1000, Bangladesh worked as Statutory Auditors of the Company for a consecutive period of 3 (three) years and will retire in the 20th Annual General Meeting (AGM) of the Company and not eligible for re-appointment as per Notification No. BSEC/CMRCD/2006-158/208/Admin/81 dated June 20, 2018 of Bangladesh Securities and Exchange Commission (BSEC) and as per Regulations No. 15 of the Dhaka & Chittagong Stock Exchanges Listing Regulations 2015. In this respect the Board of Directors of the Company in its 235th meeting recommended for approval the appointment of "Zoha Zaman Kabir Rashid & Co, Chartered Accountants" having address at Rupayan Karim Tower, Level- 7, Suite No. 7A, 80, Kakrail, Dhaka- 1000, Bangladesh as Statutory Auditors of the Company for the year 2021 at a fee of Taka 3,00,000/- (Taka Three Lac ) only excluding VAT subject to approval of Bangladesh Bank before holding the 20th AGM of the Company as per DFIM Circular No. 4 dated 30th April, 2015 and Section 24(1) of Financial Institutions Act 1993 "Zoha Zaman Kabir Rashid & Co, Chartered Accountants" has also shown their willingness to act as Auditor for the year 2021 vide their letter dated June 30, 2022. Bangladesh Bank vide their Letter No. DFIM (C) 1054/38/2022-2412 dated August 28, 2022 accorded approval for appointment of Zoha Zaman Kabir Rashid & Co, Chartered Accountants.

**Compliance Auditors:** In order to comply with the Condition No. 9 of "Corporate Governance Code" M M Yasin & Co, Chartered Accountants having address at House No. 22, Road No. 12, Block - F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh worked as Compliance Auditors on BSEC Corporate Governance Code of the Company for the year 2020 with a fee of Taka 20,000.00 excluding VAT only and they will retire in the 20th Annual General Meeting of the Shareholders of the Company and M M Yasin & Co, Chartered Accountants showed their unwillingness to act as Corporate Governance Auditors for the year 2021. The Board of Directors of the Company in its 235th meeting recommended for approval the appointment of Jasmin & Associates Chartered Secretaries & Corporate Affairs Consultants having address at 55/B, Noakhali Tower, 10th Floor, Suite No. 11-F, Purana Paltan, Dhaka-1000, Bangladesh as Compliance Auditors of the Company for the year 2021 at a fee of Taka 30,000.00 (Taka Thirty Thousand) only excluding VAT. In this respect, Jasmin & Associates Chartered Secretaries & Corporate Affairs Consultants has also shown their willingness to act as Compliance Auditor vide their Letter No. J&A/CA/2022/614 dated August 10, 2022 for the year 2021.

**Acknowledgement:**

The Board of Directors of the Company would like to extend sincere thanks and gratitude to its Stakeholders, Customers, Financiers, Government of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, National Board of Revenue and other regulatory authorities for their continued guidance, co-operation and support.

The Board of Directors of the Company also likes to express appreciation to the employees for their co-operation, all-out efforts and commitment for salvaging the company and protecting interest of the honorable stakeholders as well. I also extend my heartfelt thanks and gratitude to our honorable shareholders for their trust in the Board of Directors of Fareast Finance & Investment Limited.

Thank you again.

On behalf of the Board of Directors



**Md. Ashraf Moqbul**

Chairman

August 21, 2022



# Report of the Audit Committee

The Audit Committee as a Sub- Committee of the Board of Directors of the Company assists the Board of Directors to ensure that standard of corporate reporting, control and compliance are achieved through effective implementation of the procedure and policies as per regulations. The most significant role of Audit Committee is to monitor and review the effectiveness of the internal control system. The Committee is also responsible to ensure that the financial statements reflect true and fair view of the state of affairs of the Company. The roles and functions of the Audit Committee are regulated by the rules and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank from time to time.

## Composition of the Audit Committee

The Board of Directors in its 218th meeting held on May 31, 2021 appointed the Audit Committee comprising of the following members having adequate knowledge of the rules and regulations of Corporate & Financial Control and Reporting:

Sl	Name of the Members	Position in the Committee	Position in the Board
1	Mr. Ihsanul Aziz	Chairman	Independent Director
2	Prof. Dr. Md. Mosharraf Hossain	Member	Independent Director
3	Mr. Sheikh Nazmul Hoque Saikot	Member	Independent Director
4	Mr. AKM Shahiduzzaman	Member	Independent Director
5	Mr. Md. Sajib Hossain, CFA, FRM	Member	Independent Director

## Scope of Work of the Audit Committee

The scope of the Audit Committee of Fareast Finance & Investment Limited is determined by its Terms of Reference (TOR) which, in turn, are shaped by the directives from Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). These include, but are not limited to, overseeing the followings:

- The Internal Control System of the Company
- Corporate and Financial Reporting
- The Internal Control and Compliance Department
- Compliance with Regulatory Requirements

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

## Meetings of the Audit Committee

The then Committee held 2 (two) meetings during the year 2020. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors.

## Activities of the Audit Committee

The Audit Committee carried out the following activities:

- The Audit Committee reviewed the Annual Financial Statements and placed the same with recommendations to the Board of Directors.
- Reviewed with the external auditors and management prior to finalization of Financial Statements for the year ended December 31, 2020 as per Clause No. 2 (kha -2) of Circular Number 13, dated October 26, 2011 issued by the Department of Financial Institutions and Markets (DFIM), Bangladesh Bank.

## Fareast Finance & Investment Limited

- Reviewed the Financial Statements of Fareast Finance & Investment Limited for the year ended December 31, 2020 as per Clause No. 5.5 (f) of Corporate Governance Code (CGC) issued by Bangladesh Securities and Exchange Commission dated June 03, 2018.
- Reviewed and Recommended to the Board for appointment of external auditors for the year 2021.
- Reviewed the Report of the Audit Committee for 2020 prior to its publication in the Annual Report 2020.
- Reviewed the Compliance Status of Management Report issued by the external auditors Ahmed Zaker & Co, Chartered Accountants, based on their Annual Audit of the Financial Statements of Fareast Finance & Investment Limited for the year ended December 31, 2020.

### Acknowledgement

The Chairman of the Board Audit Committee would like to express sincere thanks and gratitude to the Members of the Board of Directors, Members of the Audit Committee, Management, Auditors and all employees for their co-operation, support, dedication and efforts during the year 2020.

Thank you,

On behalf of the Audit Committee



**Ihsanul Aziz**  
Chairman  
Audit Committee

[Certificate as per Condition No. 1(5) (xxvi)]

**Fareast Finance & Investment Limited**  
**Declaration by Managing Director and Head of Finance**

August 21, 2022

The Board of Directors  
 Fareast Finance & Investment Limited  
 Head Office  
 Simpletree Lighthouse (10th Floor)  
 Plot No. 53, Road No. 21, Block-B  
 Kemal Ataturk Avenue  
 Banani, Dhaka-1213  
 Bangladesh

Subject:

**DECLARATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON DECEMBER 31, 2020**

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

- 1) The Financial Statements of Fareast Finance & Investment Limited for the year ended on December 31, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the company has taken proper care in setting up a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were followed; and
- 6) Based on the financial parameters and auditors' findings & opinion, there is reasonable apprehension about the company's ability to continue as a going concern. FFIL management, under the guidance & support of the Board of Directors, has been working relentlessly towards sustainability of the company despite the unescapable impact of novel corona virus, unsolicited situations and unique & critical market and company specific challenges.

**In this regard, we also certify that:**

- I. We have reviewed the financial statements for the year ended December 31, 2020 and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements collectively present true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- II. There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's board of directors or its members.

Sincerely yours,



**Muhammad Ali Zaryab**  
 Managing Director



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



### Certificate as per condition No. 1(5) (xxvii)

#### Report to the Shareholders of Fareast Finance & Investment Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Fareast Finance & Investment Limited for the year ended on 31<sup>st</sup> December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place: Dhaka  
Dated: 31.08.2022

Md. Yasin Miah FCA  
Principal & CEO  
M M Yasin  
Chartered Accountants

**[Certificate as per Condition No. 1(5) (xxvii)]**  
**Compliance Report on Corporate Governance Code by BSEC**

Status of Compliance with the Corporate Governance Code (CGC) as on December 31, 2020. Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006 158/207/Admin/80, dated 3 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969:

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

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.	Board of Directors			
1(1)	Size of the Board of Directors: (number of the Board members- minimum 5 and maximum 20)	√		
1(2)	Independent Directors			
1(2) (a)	At least one fifth (1/5th) of the total number of directors shall be Independent Directors	√		
1(2)(b)	Independent director means :			
1(2)(b)(i)	who does not hold any share or holds less than 1% shares of the total paid-up shares of the company	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company.	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		

1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓	
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓	
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓	
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓	
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓	
1(3)	Qualification of Independent Director		
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓	
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or		N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓	
1(3) (b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	✓	
1(3) (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓	
1(3) (b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;		N/A

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1(3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			No such deviation occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of	✓		



1(5)	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):		
1(5)(i)	Industry outlook and possible future developments in the industry;	✓	
1(5)(ii)	Segment-wise or product-wise performance;	✓	
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓	
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;		N/A
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);		No such item exists
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓	
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;		N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.		N/A
1(5)(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓	
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓	
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓	
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓	
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓	

1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
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Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		<i>In the year 2020, Fareast Finance &amp; Investment Limited incurred loss of Taka 285.46 million and at the end of 31st December, 2020 the retained earnings of the company was negative Taka 1807.69 million only. As per regulatory requirement, the dividend is payable only out of profits of the company. If there is no profit, there can be no distribution of dividend. Moreover, the company cannot pay any stock dividend with its negative retained earnings.</i>
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1(5)(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		No such shareholder exists
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			
1(5)(xxiv) (a)	A brief resume of the director;	✓		



Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of Conditions of this code as required under condition No. 9 shall be disclosed as per Annexure -B and Annexure -C.	✓		
1(6)	Meetings of the Board of Directors			
	Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code.;	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	✓		
2	Governance of Board of Directors of Subsidiary Company			FFIL has no subsidiary
2(a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			
2(b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for			

3(2)	Requirement to attend Board of Directors' Meetings:			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in this Annual Report;	✓		
4	Board of Directors' Committee			
	The Board shall have at least following sub-committees:			
	(i) Audit Committee; and (ii) Nomination and Remuneration Committee.	✓		As per Bangladesh Bank DFIM Circular Letter No.18 , dated 26.10.2011 FI's are allowed to form only Audit Committee & Executive Committee as the sub-committee of the Board.  However, Bangladesh Bank has further advised through their letter ref. no. DFIM (P) 1052/27/2021-2436 dated November 04, 2021 that the Financial Institutions are not allowed to form NRC.
5	AUDIT COMMITTEE:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
5(1)(c)	The Audit Committee shall be	✓		

5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director	✓		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without Independent Director	✓		
5(3)	Chairman of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
<b>5(5)</b>	<b>Role of Audit Committee:</b>			
5(5)(a)	Oversee the financial reporting process	✓		
5(5)(b)	Monitor choice of accounting policies and principles	✓		
5(5)(c)	Monitor Internal Control Risk management	✓		

5(5)(d)	Oversee hiring and performance of external auditors	✓	
5(5)(e)	Hold the meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓	
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval	✓	
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓	
5(5)(h)	Review the adequacy of internal audit function	✓	
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in this Annual Report ;	✓	
5(5)(j)	Review statement of significant related party transactions submitted by the management	✓	
5(5)(k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓	
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓	
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in this Annual Report along with the comments of the Audit Committee.		N/A
<b>5(6)</b>	Reporting of the Audit Committee:		
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓	
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-		
5(6)(a)(ii)(a)	Report on conflicts of interests;	✓	No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	✓	No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	✓	No such event occurred
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓	No such event occurred
5(6)(b)	Reporting to the Authorities - Reported to the Board of Directors about anything which has material impact on the financial condition and results of operation	✓	No such event occurred

5(7)	Reporting to the Shareholders and General Investors Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition #5(6)(a)(ii)	√		No such event occurred
6	Nomination and Remuneration Committee (NRC)			Refer to condition # 4(ii)
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	Nomination and Remuneration Committee (NRC) as a subcommittee of the Board			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b);			
Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
6(2)	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			
6(2)(g)	The company secretary shall act as the secretary of the Committee			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of			

6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC;			
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;			
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			
Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
7	External or Statutory Auditors			
7(1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	✓		
7(1)(i)	appraisal or valuation services or fairness opinions	✓		
7(1)(ii)	financial information systems design and implementation	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker-dealer services;	✓		
7(1)(v)	Actuarial services;	✓		
7(1)(vi)	Internal audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of	✓		

7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓	
8	Maintaining a website by the Company		
8(1)	The company shall have an official website linked with the website of the stock exchange;	✓	
8(2)	The company shall keep the website functional from the date of listing;	✓	
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s);	✓	
9	Reporting and Compliance of Corporate Governance		
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in this Annual Report .	✓	
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓	The agenda will be placed in the 20th Annual General Meeting. Refer to the notice of the AGM, on page no.4 of this Annual Report.
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓	



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

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

Name of Directors	Board of Directors Meeting		Executive Committee Meeting		Audit Committee Meeting	
	Meeting held	Attended	Meeting held	Attended	Meeting held	Attended
Mr. Md. Shamsul Islam Varosha	10	9	-	-	-	-
Dr. Khadiza Waheeda Jahan <i>represented by Mr. Abdullah Al Faruque as Alternate Director</i>	10	10	-	-	-	-
Rimsha BD Limited <i>represented by Mr. Md. Ashaduzzamanas Nominated Director</i>	10	9	-	-	2	2
Mr. Md. Rafiqul Islam Independent Director	10	9	-	-	2	2
Mr. Khandoker Motaher Uddin Ahmed Independent Director	10	10			2	2
Mr. Muhammad Muhibullahil Baqi Independent Director	10	8	-	-	2	2
Mr. Farzul Ekram Independent Director	10	7	-	-	2	2

Notes:

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

## Annexure - II

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

## The Pattern of Shareholding:

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

Name	Relation	Shares held
Nil		Nil

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

Name	Relation	Shares Held (nos)
Mr. Md. Shamsul Islam Varosha	Chairman & Director	32,85,839
Dr. Khadiza Waheeda Jahan <i>represented by Mr. Abdullah Al Faruque as Alternate Director</i>	Director	32,81,267
Rimsha BD Limited <i>represented by Mr. Md. Ashaduzzaman as Nominated Director</i>	Director	35,02,391
Mr. Md. Rafiqul Islam	Independent Director	None
Mr. Khandoker Motaher Uddin Ahmed	Independent Director	None
Mr. Muhammad Muhibullahil Baqi	Independent Director	None
Mr. Farzul Ekram	Independent Director	None
Mr. Muhammad Ali Zaryab	Managing Director	None
Mr. Md. Anwar Hussain,	SVP & Head of Finance & HR	None
Mr. Hamim Hamidullah	Head of Internal Audit and Compliance	None
Mr. Md. Ramzan Hossain	SAVP & Company Secretary	None

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

Designation	Name	Shares Held
Senior Manager and Treasury In-charge	Mr. Md. Iqbal Haque Choudhury	None
Manager	Mr. Md. Rafiqul Islam	None
Manager	Mr. Muhammad Saiful Alam	None
Assistant Manager	Mr. Md. Shahedul Islam	None
Assistant Manager	Mr. ChalanKanti Roy	None

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

Name of Shareholder	Percentage	Shares held (nos.)
N/A	N/A	N/A

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

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

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

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

	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied
	(e) Risk Management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(f) Internal Control and Compliance Management:	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
	(g) Human Resource Management:	
	Board shall approve the policy on Human Resources Management and Service Rule. Chairman and Director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(h) Appointment of Managing Director / CEO:	
	The Board shall appoint a competent Managing Director / CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
	(i) Benefits offer to the Chairman:	
	Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
2.	Responsibilities of the Chairman of the Board of Directors:	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board Meetings shall be signed by the Chairman;	Complied
	(c) Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
3.	Responsibilities of Managing Director:	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities;	Complied

	(c) All recruitment/promotion/training, except recruitment/promotion/training of DMD / GM, shall be vested upon the Managing Director. He shall act such in accordance with the approved HR policy of the Company;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Managing Director may take disciplinary actions against the employees except DMD / GM (as equivalent to EVP);	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM Circular No. 2 dated 06 January 2009 if so authorized by the Managing Director.	Complied

### Dividend Distribution Policy

Fareast Finance & Investment Limited has formulated a Dividend Distribution Policy in line with the Directive of Bangladesh Securities and Exchange Commission (BSEC) vide No. BSEC/CMMR-RCD/2021-386/03 dated on January 14, 2021 and this policy seeks to lay down a broad framework for the distribution of dividend by the company to its shareholders. It includes the details of preface, objectives and scope of the policy, mode of dividend, determinates of dividend policy, impact of key financials, process of dividend declaration, tax calculation and deduction, utilization of retained earnings, unclaimed dividend distribution and compliance, review and amendment in line with the said directives of Bangladesh Securities and Exchange Commission (BSEC). In addition, Fareast Finance & Investment Limited ensures timely adaption of any directive and circular stipulated by Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges regarding dividend distribution and management from time to time.

## Disclosures on CAMD of FFIL

### Capital Adequacy in accordance with BASEL II

Basel accords are the international standards for creating regulations about how much capital is needed to put aside to guard against the types of financial and operational risks that Financial Institutions (FIs) face. According to Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions, Fareast Finance & Investment Limited discloses the framework of the company containing the key information on the assets, risk exposures, risk assessment processes, capital adequacy through qualitative as well as quantitative measures.

All the disclosures are made on the basis of the audited financial statements of Fareast Finance & Investment Limited as at and for the year ended December 31, 2020 prepared under relevant accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh and related circulars/instructions issued by Bangladesh Bank from time to time.

The disclosures are made to present relevant information on adequacy of capital in relation to overall risk exposures of the company; so that the market participants can assess the position and direction of the company in making economic decisions.

#### A. Scope of Application

Qualitative Disclosures	a)	Fareast Finance & Investment Limited 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 on 3 July 2001 to operate as a leasing and financing company as provided under the relevant law.
	b)	The company obtained permission from Bangladesh Bank on 20 January 2015 for opening its Chattogram and Banani Branches. Fareast Finance & Investment Limited applies "Solo Basis" framework as there is no subsidiary of the company. Fareast Finance & Investment Limited has an associate company named Fareast Stocks and Bonds Limited which is a brokerage house having membership of both Dhaka and Chittagong Exchanges in Bangladesh.
	c)	Fareast Finance and Investment Limited is following latest Bangladesh Bank circular in determining maximum amount of finance to all clients of the company.
Quantitative Disclosures	d)	Not Applicable.

#### B. Capital Structure

Qualitative Disclosures	a)	<p>As per "PRUDENTIAL GUIDELINES ON CAPITAL ADEQUACY AND MARKET DISCIPLINE FOR FINANCIAL INSTITUTIONS" introduced by Bangladesh Bank, Tier-1 and Tier-2 capital consisted as follows:</p> <p><b>Tier - 1 Capital (Core):</b> i) Paid up Capital, ii) Non-repayable Share Premium Account, iii) Statutory Reserve vi) General Reserve, v) Retained Earnings, vi) Minority Interest in Subsidiaries vii) Non-cumulative Irredeemable Preference Shares, viii) Dividend Equalization Account.</p> <p><b>Tier - 2 Capital (Supplementary):</b> i) General Provision up to a Limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk ii) 50% of Revaluation Reserves for Fixed Assets and 45% of Revaluation Reserves for Securities, Revaluation Reserve for Equity Instruments up to 10% Eligible for Tier 2 Capital, iii) All other Preference Shares.</p> <p>Fareast Finance &amp; Investment Limited complied with Bangladesh Bank's directives as per guidelines, the amount of Tier 2 Capital limited to 100% of the amount of Tier 1 Capital. FFIL maintains capital to RWA Ratio (CAR) 2.36% where Minimum capital to RWA Ratio (CAR) required 10% as per guidelines.</p>
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Quantitative Disclosures	b)	Fully Paid up Capital	164.06
		Statutory Reserve	26.90
		Non-repayable Share Premium Account	
		General Reserve	
		Retained Earnings	-180.77
		Minority Interest in Subsidiaries	
		Non-Cumulative Irredeemable Preferences Shares	
		Dividend Equalization Account	
		Other ( if any item approved by Bangladesh Bank)	
		Tier 1 Capital	10.19
c)	Tier 2 Capital	12.26	
d)	Other deductions from Capital		
e)	Total Eligible Capital	22.45	

**C. Capital Adequacy**

Qualitative Disclosures	a)	It is mentionable that for assessing Capital Adequacy, Fareast Finance & Investment Limited (FFIL) has adopted standardized approach for credit risk measurement, standardized approach for market risk measurement and basic indicator approach for operational risk measurement. FFIL focused on strengthening risk management and control surroundings rather than increasing capital to cover up weak risk management and control practices. According to BASEL II accord, capital adequacy ratio (CAR) of Fareast Finance stood at 2.36% as well as Tier-1 (Core Capital) was 10.19 crore and Tier-2 (Supplementary Capital) was Taka 12.26 crore. The capital adequacy ratio exhibits our capital strength which is not up to the mark in terms of maintaining adequate capital for minimum capital requirement.
Quantitative Disclosures	b)	Capital requirement for Credit Risk Taka 917.14 crore
	c)	Capital requirement for Market Risk Taka 15.83 crore
	d)	Capital requirement for Operational Risk Taka 18.21 crore
	e)	Tier-1 (Core Capital) Taka 10.19 crore Tier-2 (Supplementary Capital) Taka 12.26 crore Total eligible Capital Taka 22.45 crore Total Risk Weighted Assets (RWA): Taka 951.18 crore
		Capital Ratio Capital Adequacy Ratio (CAR) 2.36% Core Capital to RWA 1.07% Supplementary Capital to RWA 1.29%

**D. Credit Risk**

Qualitative Disclosures	a)	<p>Credit risk is the probability that counterparty fails to meet obligation in accordance with agreed terms. It includes both uncertainty involved in repayment of the dues and repayment of dues on time. The default usually occurs because of inadequate income or business failure. But often it may be willful because the borrower is unwilling to meet its obligations despite having adequate income. Credit risk also denotes the volatility of losses on credit exposures in two forms- the loss in the credit asset's value and the loss in the current &amp; future earnings from the credit.</p> <p>Fareast Finance &amp; Investment Limited (FFIL) maintains classification and provisioning as per Bangladesh Bank circulars issued from time-to-time. In this regard, all the loans and advances/investments are grouped: Lease (Less than 5 years), Lease (More than 5 years), Term Loan (Less than 5 years), Term Loan (More than 5 years), Housing Loan, Others Loan, and Investment in Shares.</p> <p>The FI follows Bangladesh Bank circular and guidelines to define past due and impairment. It may be necessary to account for a loan that is considered to be impaired for risk mitigation. Specific provisions for classified loans and general provisions for unclassified loans are measured following BB prescribed provisioning rates as mentioned below:</p>
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	<p>Rate of Provision:</p> <p>Unclassified Standard Loans and Advances (except SME) 1.00%</p> <p>Unclassified Standard Loans to SME 0.25%</p> <p>Unclassified SMA Loans and Advances 5.00%</p> <p>Substandard Loans and Advances 20.00%</p> <p>Doubtful Loans and Advances 50.00%</p> <p>Bad &amp; Loss Loans and Advances 100.00%</p> <p>Fareast Finance management has taken the following steps to manage credit risk at a minimum level:</p> <ul style="list-style-type: none"> <li>• Independent Credit Risk Management Unit;</li> <li>• Multi-tier Term/Lease Approval Process;</li> <li>• In depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario;</li> <li>• Credit Department ensures that all documentations are properly completed and monitor the repayment performance on regular basis;</li> <li>• Disbursement is made upon independent recommendation by the compliance department;</li> <li>• The Credit Committee regularly meets to review new credit proposals as well as performance of existing portfolios.</li> </ul>
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Quantitative Disclosures	b)	Total Gross Credit Risk Exposures broken down by major types of Credit Exposure (Risk Weighted):	
		Exposure Type	RWA Taka in Crore
		Cash & Cash Equivalents	0.00
		Claims on Bangladesh Govt. & Bangladesh Bank	0.00
		Claims on Banks and NBFIs	13.97
		Claims on Corporate	342.37
		Claims on Corporate Retail & SME	2.87
		Claims fully secured by Residential & Commercial Property	4.86
		Consumer Finance	0.83
		Past Due Claims	450.19
	All other assets	102.05	
	Total:	917.14	
	c)	Geographical Distribution of exposures, broken down in significant areas by major types of Credit Exposure:	
		Name of Divisions	Total Portfolio (without netting eligible collateral)
		Taka in Crore	
		Dhaka	728.05
		Chattogram	194.24
		Khulna	11.62
		Rajshahi	7.00
		Barisal	0
		Sylhet	0
		Rangpur	0
		Mymensingh	0
		Total	940.91
Industry or Counterparty type Distribution of exposures, broken down by major types of Credit Exposure:			
<b>Particulars</b>		<b>Taka in Crore</b>	
		Trade and Commerce	12.81
		Industry	
	a)	Garments and Knitwear	60.20
	b)	Textile	13.54
	c)	Jute and Jute-Products	15.23
	d)	Food Production and Processing Industry	27.91

e) Plastic Industry	3.48
f) Leather and Leather-Goods	0.00
g) Iron, Steel and Engineering	88.57
h) Pharmaceuticals and Chemicals	28.87
i) Cement and Allied Industry	74.27
j) Telecommunication and IT	19.28
k) Paper, Printing and Packaging	16.97
l) Glass, Glassware and Ceramic Industry	23.62
m) Ship Manufacturing Industry	50.13
n) Electronics and Electrical Products	18.17
o) Power, Gas, Water and Sanitary Service	5.73
p) Transport and Aviation	42.52
Agriculture	19.76
Housing	37.13
Others	
a) Merchant Banking	0.00
b) Margin Loan	332.40
c) Others	50.32
<b>Total</b>	<b>940.91</b>
Residual Contractual Maturity break down of the whole portfolios, broken down by major types of credit exposure of Fareast Finance and Investment Limited as follows:	
Particulars	Taka in Crore
Repayable on Demand	0.00
Not more than 3 months	208.35
Over 3 month but not more than 1 year	127.90
Over 1 year but not more than 5 years	567.47
Over 5 years	37.19
<b>Total</b>	<b>940.91</b>
General Provision Taka 17.84 crore and Specific provision 124.14 crore as on December 31, 2020	
Movement of Non-Performing Assets (NPAs)	
Particulars	Taka in Crore
Opening Balance	513.84
Addition during the year	0.00
Reduction during the year	(25.47)
Closing Balance	488.37
Movement of Specific Provision for NPAs	
Particulars	Taka in Crore
Opening balance	112.99

**E. Equities: Banking Book Positions.**

Qualitative Disclosures	a)	Investment in equity securities are broadly categorized into two parts: i) Quoted Securities (Common or Preference Shares & Mutual Fund) and ii) Unquoted Securities include Shares of Central Depository Bangladesh Limited (CDBL) Fareast Finance & Investment Limited (FFIL) invests in the securities mentioned above for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained as per Bangladesh Bank directives if the prices fall below the cost price.		
Quantitative Disclosures	b)	Amount in Crore		
		Particulars	Cost Price	Market Price
		Total Equity Investment in Unquoted Share	22.90	61.94
		Total Investment in Quoted Share excluding Director Equity Shares	12.25	7.92
		Total Equity Investment in Unquoted Share as Director Share	0.00	0.00
	c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period: Taka 0.32 crore.		
	d)	Total Unrealized Gains (Losses): Taka (4.22) crore Total Latent Revaluation Gains (Losses) : Taka Nil Any amounts of the above included in Tier 2 Capital : Taka Nil		
	e)	Capital Charges for Specific Risk (10% of market value of shares) Taka 0.79 crore Capital Charge for General Market Risk (10% of market value of shares) Taka 0.79 crore		

**F. Interest Rate Risk in the Banking Book Position**

Qualitative Disclosures	a)	Interest Rate Risk is concerned with borrowed funds of short term and long term maturity. Volatility in money market and increased demand for loan/investment raise the rate of interest. Increase in interest rate of borrowings could narrow or eliminate the spread, or result in a negative spread and could adversely affect the business and future financial performance resulting from high cost of fund of a company. Company's investments are generally structured at fixed rates for a specified term. But, in case of exigency like unusual and abrupt increase in borrowing rate, the company has a scope to increase the lending rate which mitigates the risk. Again company always tries to reduce the interest rate risk by diversifying the borrowing from different sources at different rates.					
Quantitative Disclosures	b)	Amount in Crore					
		<i>Particulars</i>	<i>1 to 30/31 day</i>	<i>Over 1-2 months</i>	<i>Over 2-3 months</i>	<i>Over 3- 6 months</i>	<i>Over 6 months to 1 year</i>
		Total Rate Sensitive Liabilities (RSL)	29.57	30.35	31.98	48.40	94.18
		Total Rate Sensitive Assets (RSA)	68.77	53.72	38.39	56.70	90.45
		Mismatch	39.21	23.37	6.41	8.30	-3.73
		Cumulative Mismatch	39.21	62.58	68.99	77.29	73.56
		Mismatch (%)	132.62%	77.00%	20.06%	17.14%	-3.97%
		Interest Rate Risk					
		Magnitude of Shock	Minor	Moderate	Major		
			2%	4%	6%		
		Changes in the Value of Bond Portfolio (BDT in crore)	0.00	0.00	0.00		
		Net Interest Income (BDT in Crore)	1.47	2.94	4.41		
		Revised Regulatory Capital (BDT in Crore)	11.21	12.68	14.15		
Risk Weighted Assets (BDT in Crore)	951.18	951.18	951.18				
Revised CAR (%)	1.18%	1.33%	1.49%				

**G. Market Risk**

Qualitative Disclosures	a)	Market risk is the risk that may hamper Fareast Finance's earnings and capital due to changes in the market level of interest rates, securities, equities as well as the volatilities of those prices. Volatility of money market, which ultimately imposes upward pressure on interest rate structure, may erode the Company's profitability. Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversely. Inability to offer on to a proactive and competitive posture due to lack of market access and inability to offer competitive products will hinder the Company's growth potential. The company is trying to be less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks or other sources for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. Fareast Finance does not have any foreign currency loan. Moreover, since it is a leasing company it can import equipment, plant & machinery etc. to lease out to the prospective clients. In case of currency fluctuation it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. To manage the market risk, Fareast Finance has managed to arrange the funding facilities with competitive interest rate to match with maturity. Fareast Finance with its strong earning capacity, favorable credit rating and market goodwill can access to money market with a competitive rate.
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H. Operational Risk

Qualitative Disclosures	<p>a) Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk, but excludes strategic and reputation risk. Operational risk occurs in all day to day company’s activities. This risk arises in almost all the department of a financial institution like credit, investment, treasury, information technology etc. Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. Some more operational events are including operational errors, non-compliance with internal regulations, non-compliance of legal requirements, launching new products without adequate operational support etc.</p> <p>In order to monitor and manage the risk arising from all operational activities, an appropriate organizational structure is second to none. The Board of Directors (BoD) sets policies and delegates authority to the management for setting procedures, which together has structured the risk management framework in the FI. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the FI. 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 Compliance Department, independent Finance &amp; Administration Department and independent Information technology Department for technical services to operate the organization smoothly as per Bangladesh Bank’s directives.</p> <p>Fareast Finance &amp; Investment Limited always believes that overcoming the challenges are not a hard works for the company rather depends on the move forward collectively. Existence of the correlation of the human capital of the company from top to bottom level is the strength of Fareast Finance &amp; Investment Limited which will produce quality business for the shareholders, increase the assets of the company.</p>										
Quantitative Disclosures	<p>b) Capital Charge on Operational Risk: <span style="float: right;">Taka in Crore</span></p> <table border="1" data-bbox="436 949 1397 1010"> <thead> <tr> <th>Operational Risk</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>Capital Charge</th> </tr> </thead> <tbody> <tr> <td>Gross Income</td> <td>8.17</td> <td>(12.59)</td> <td>16.10</td> <td>1.82</td> </tr> </tbody> </table> <p>Fareast Finance &amp; Investment Limited measures the capital charge for operational risk with a fixed percentage (denoted by alpha) of average positive annual gross income of the FI over the past three years under the Basic Indicator Approach (BIA). Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average. The capital charge may be expressed as follows:  <math display="block">K = [(GI_1 + GI_2 + GI_3) * \alpha] / n</math>                     Where,                      K = capital charge under the Basic Indicator Approach                      GI = only positive annual gross income over the previous three years (i.e. negative or zero gross income if any shall be excluded)  <math>\alpha = 15\%</math>, n = number of the previous three years for which gross income is positive.                      Gross income: Gross Income (GI) is defined as “Net interest income” plus “net noninterest income”. It is intended that this measure should -                      a) be gross of any provisions (includes interest suspense)                      b) be gross of operating expenses, including fees paid to outsourcing service providers                      c) exclude realized profits/losses from the sale of securities held to maturity in the banking book.                      d) exclude extraordinary or irregular items as well as categorize                      e) exclude income derived from insurance.</p>	Operational Risk	2018	2019	2020	Capital Charge	Gross Income	8.17	(12.59)	16.10	1.82
Operational Risk	2018	2019	2020	Capital Charge							
Gross Income	8.17	(12.59)	16.10	1.82							



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

### Report on the Audit of Financial Statements

**Qualified Opinion**

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

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

**Basis for Qualified Opinion**

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

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



Financial Statements section of our report. We are independent of Fareast Finance & Investment Limited (“the Company”) in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Emphasis of Matter

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

**Our opinion is not modified in respect of those matters.**

#### Key Audit Matters

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

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

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



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

#### Report on going concern

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

#### Reporting on Other Information

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

#### **Report on other legal and regulatory requirements**

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

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



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E-mail: [azebangladesh@ahmed-zaker.com](mailto:azebangladesh@ahmed-zaker.com)  
Phone: +88-02-8300501-8, Fax: +88-02-8300509

- x. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xi. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instruction which were issued by the Bangladesh Bank & other regulatory authorities have been complied properly as disclosed to us by management;
- xii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiii. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xiv. we have reviewed over 80% of the risk-weighted assets of the company and we have spent approximately over 960 person hours for the audit of books of accounts of the company;
- xv. the Company has complied with relevant instructions which are issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvi. all other issues which in our opinion are important for the stakeholders of the company have been adequately disclosed in the audit report; and
- xvii. the company complied with the First Schedule of the Financial Institutions Act, 1993 in preparing these financial statements.

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

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



# Financial Statements



## Fareast Finance &amp; Investment Limited

Balance Sheet  
As at 31 December 2020

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


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

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

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

As per our annexed report of same date.

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

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



**Fareast Finance & Investment Limited**  
**Profit and Loss Account**  
For the year ended 31 December 2020

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


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

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

  
Md. Ashraful Moqbul  
Chairman

  
Ihsanul Aziz  
Independent Director

  
Muhammad Ali Zaryab  
Managing Director

  
Md. Anwar Hussain  
Head of Finance & HR


  
Md. Ramzan Hossain  
Company Secretary

As per our annexed report of same date.

Place: Dhaka

Date: September 11, 2022

DVC: 2209120458AS739372

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

## Fareast Finance & Investment Limited

### Cash Flow Statement

For the year ended 31 December 2020


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

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

  
Md. Ashraful Moqbul  
Chairman

  
Ihsanul Aziz  
Independent Director


  
Muhammad Ali Zaryab  
Managing Director

  
Md. Anwar Hussain  
Head of Finance & HR

  
Md. Ramzan Hossain  
Company Secretary

As per our annexed report of same date.

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

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


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

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

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

As per our annexed report of same date.

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

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

## Fareast Finance & Investment Limited Liquidity Statement


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

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

  
Md. Ashraful Moqbul  
Chairman

  
Ihsanul Aziz  
Independent Director


  
Muhammad Ali Zaryab  
Managing Director

  
Md. Anwar Hussain  
Head of Finance & HR

  
Md. Ramzan Hossain  
Company Secretary

As per our annexed report of same date.

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

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

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

**1. Legal Status and Nature of the Company**

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

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

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

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

**1.3 Principal Activities of the Company**

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

**1.4 Nature of Operation of the Company**

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

**1.5 Information regarding Associate Company**

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

**1.6 Number of Employees of the Company**

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



## **2. Basis of Preparation and Significant Accounting Policies**

### **2.1 Basis of Preparation**

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

### **2.2 Basis of Measurement**

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

### **2.3 Statement of Compliance**

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

### **2.4 Basis of Presentation**

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

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

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

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

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

### **2.7 Cash Flow Statement**

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

## 2.8 Statement of Changes in Equity

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

## 2.9 Liquidity Statement

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

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

## 2.10 Contingent Liabilities and Contingent Assets

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

## 2.11 Proposed Dividend

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

## 2.12 Events after the Reporting Period

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

## 2.13 Provision for Income Tax

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

### a) Current Tax Expense

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

### b) Deferred Tax Expense

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

## 2.14 Fixed Assets

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

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

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

## 2.15 Impairment of Assets

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

## 2.16 Accounts Receivable

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

## 2.17 Cash and Cash Equivalentents

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

## 2.18 Accounting for Investment in Leases

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

## 2.19 Accounting for Term Finances

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

## 2.20 Accounting for Investment in Associates

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

## 2.21 Recognition of Leased Assets

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

## 2.22 Recognition of Term Finances

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

## 2.23 Recognition of Investment in Associate

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

## 2.24 Provision for Loans, Advances and Leases

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

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

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

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

### 2.25 Write-off

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

### 2.26 Lease Asset and Liabilities

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

### 2.27 Investment in Shares

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

### 2.28 Borrowings from Other Banks, Financial Institutions and Agents

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

### 2.29 Deposits and Other Accounts

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

### 2.30 Interest Suspense Account

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

### 2.31 Revenue Recognition

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

a) Interest Income on Loans, Advances and Leases

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

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

**b) Capital Gain**

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

**c) Dividend Income**

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

**d) Commission Income**

Commission income has been accounted for on cash basis.

**e) Other Operating Income**

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

**2.32 Post Employment Benefits to the Employees**

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

**a) Provident Fund**

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

**b) Staff Gratuity**

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

**2.33 Other Benefits to The Employees**

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

**a) Group Life Insurance Scheme and Hospitalization Assurance Plan**

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

**b) Employee Transport Facility**

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



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

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

**c) Mobile Facilities**

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

**d) Payment of Professional Fees**

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

**e) Home Loan Policy for the Employees**

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

**2.34 Foreign Currency Transaction**

**a) Functional and Presentational Currency**

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

**b) Foreign Currency Translation**

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

**2.35 Borrowing Costs**

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

**2.36 Related Party Transactions**

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

**2.37 Earnings Per Share (EPS)**

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

**Basic Earnings Per Share**

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

**Basic Earnings**

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



**Weighted Average Number of Ordinary Shares Outstanding During the Year**

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

**Diluted Earnings Per Share**

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

**2.38 Provision for Liabilities**

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

**2.39 Derivatives**

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

**2.40 Going Concern**

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

**2.41 Risk Management**

Risk and uncertainties are essential elements of the financing business. To mitigate and manage these risks, Fareast Finance & Investment Limited has different committees namely, Management Committee, Credit Committee (CC), Asset and Liability Committee (ALCO), Risk Management Forum, Risk Analysis Unit. The committees/units regularly meet to review the market, credit and liquidity risk related factors and recommend and implement suitable measures to counter these risks. Appropriate and effective internal control systems are also in place to address operational risks. The Company has also taken steps to further strengthen its Internal Control and Compliance functions.

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

**a) Credit Risk**

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

**b) Market Risk**

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

**c) Liquidity Risk**

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

**d) Operational Risk**

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

**e) Money Laundering and Terrorist Financing Risk**

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

- a) Business risk which is the risk that FFIL may be used for money laundering or for the financing of terrorism and
- b) Regulatory risk which is the risk that FFIL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and the Anti-Terrorism Act, 2009 (subsequently amended in 2012 and 2013).

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

- a) Internal policies, procedures and controls, which are continually updated as and when required, to identify and report instances of money laundering and terrorism financing.
- b) A dedicated structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for proactively managing AML and CFT compliance.
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU.
- d) Independent audit functions, including internal and external audit, to test the programs.
- e) Ongoing employee training programs.

**Additional risks required to be addressed under regulatory requirements**

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

**Strategic Risk**

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

**Compliance Risk**

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

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

#### **ICT Risks**

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

### **3. Additional Information on Financial Statements**

#### **3.1 Responsibility for Preparation and Presentation of Financial Statements**

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

#### **3.2 Components of the Financial Statements**

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

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

#### **3.3 Comparative Information**

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

### 3.4 Compliance with IFRS and IAS

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

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

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

### 3.5 Reporting Period

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

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

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

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

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

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



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

Amounts in Taka	
31.12.2020	31.12.2019

8.5 Details of large loans, advances and leases

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

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

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

8.6 Loans, advances and leases on geographical basis

**Inside Bangladesh**

**Urban**

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

**Rural**

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

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

**Outside Bangladesh**

**Total**

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

8.7 Loans, advances and leases on security basis

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

8.8 Classification of loans, advances and leases

**Unclassified**

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

**Classified**

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

**Total**

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

Amounts in Taka	
31.12.2020	31.12.2019

8.9 Provision for loans, advances and leases

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

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

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

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

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

8.10 Net loans, advances and leases

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

8.11 Particulars of loans, advances and leases

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

	Amounts in Taka	
	31.12.2020	31.12.2019
d) Loans, advances and leases adversely classified: provision not maintained there against	-	-
e) Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other person	3,911,085	7,477,692
f) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	3,160,598,019	2,904,012,514
g) Maximum total amount of loans, advances and leases, including temporary advances made at any time during the year to the directors or managing directors or officers of the financial institution or any of them either separately or jointly with any other person	-	1,440,000
h) Maximum total amount of loans, advances and leases, including temporary advances granted during the year to companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	-	-
i) Due from banks and other financial institutions	-	-
j) Classified loans, advances and leases:		
i) Classified loans, advances and leases on which no interest has been charged	4,883,683,948	5,138,483,302
ii) Provision on classified loans, advances and leases	1,386,502,268	1,464,175,900
iii) Provision kept against loans, advances and leases classified as bad debts	778,829,765	737,567,100
iv) Interest credited to interest suspense account (note-15.5)	711,087,744	448,411,980
k) Cumulative amount of written-off of loans, advances and leases		
Opening balance	396,334,445	396,334,445
Add: Amount written-off during the year	-	-
Less: Adjustment against realised written-off amount	-	-
	396,334,445	396,334,445
Amount realized against loans, advances and leases previously written-off	-	15,742,358
Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	1,345,207,771	1,306,722,387

8.12 *Legal Suit filed by the company against clients*

As at 31 December 2020, Fareast Finance & Investment Limited filed 36 legal suit against 36 defaulters clients under Artha Rin Adalat Ain 2003. Total recoverable amount was Tk.1,832,757,530 only.

9. **Bills purchased and discounted**

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

As at 31 December 2020, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchased and or discount made.

10. **Fixed assets including premises, furniture and fixtures**

<b>Cost</b>		
Balance as at 01 January	55,833,427	58,197,309
Add: Additions during the period	87,857	236,118
Less: Disposals/adjustments during the period	20,021,986	2,600,000
<b>Balance as at 31 December</b>	<b>35,899,298</b>	<b>55,833,427</b>
<b>Accumulated depreciation</b>		
Balance as at 01 January	47,628,001	43,583,927
Add: Charge for the period	4,392,809	6,644,073
Less: Disposals/adjustments during the period	19,606,861	2,599,999
<b>Balance as at 31 December</b>	<b>32,413,949</b>	<b>47,628,001</b>
<b>Net book value of the asset as at 31 December (Annexure-B)</b>	<b>3,485,349</b>	<b>8,205,426</b>

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

Amounts in Taka	
31.12.2020	31.12.2019

#### 11.4 Deferred tax asset

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

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

#### 11.5 Right of use of assets

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

#### 11.6 Divisions of other assets

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

#### 11.7 Maturity grouping of other assets

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

#### 12. Non-business assets

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

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

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

#### 13. Borrowings from other banks, financial institutions and agents

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



Amounts in Taka	
31.12.2020	31.12.2019

13.1 In Bangladesh

**Long term loans:**

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

**Short term and call loans:**

*Short term loans:*

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

*Call loans:*

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

**Total short term and call loans**

**Total borrowings**

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

13.2 Outside Bangladesh

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

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

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

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

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

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

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



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

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

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

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

15.7 Lease liability

15.7 Maturity grouping of other liabilities

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

16. Share capital

16.1 Authorized capital

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

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

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
<b>Total</b>		<b><u>164,063,330</u></b>		<b><u>1,640,633,300</u></b>	

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

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

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

	Amounts in Taka	
	31.12.2020	31.12.2019
<b>19. Contingent liabilities and commitments</b>		
<i>19.1 Contingent liabilities</i>		
Acceptances and endorsements	-	-
Letter of guarantee (note-19.1.1)	-	-
Irrevocable letter of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
	<u>-</u>	<u>-</u>
<i>19.1.1 Letters of guarantee</i>		
Claims lodged with the company which is not recognized as loan	-	-
Money for which the company is contingently liable in respect of the following:		
Directors	-	-
Government	-	-
Banks and other financial institutions	-	-
Others	-	-
	<u>-</u>	<u>-</u>
<i>19.2 Other commitments</i>		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Spot and foreign exchange rate contract	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
	<u>-</u>	<u>-</u>

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

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

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

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



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

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

		Amounts in Taka	
		31.12.2020	31.12.2019
<b>35. Other operating expenses</b>			
Office maintenance		2,917,162	2,892,973
Travel and conveyance		85,700	239,019
Motor vehicle expenses		1,110,680	4,056,151
Meeting expenses		57,800	333,123
Training expenses		2,000	61,000
Books and periodicals		14,880	47,351
Share business expense		7,112	56,836
Subscription		1,556,000	1,560,000
Entertainment and public relation		137,290	560,177
Annual General Meeting		441,425	474,389
		<b>6,330,049</b>	<b>10,281,019</b>
<p>Tk.214,519 was spent for the year 2020 (Tk.512,518 for the year 2019) for the vehicle used by the Chairman following of Bangladesh Bank's guidelines.</p>			
<b>36. Provision for loans, advances and leases</b>			
General provision on unclassified loans, advances and leases (note-15.2)		61,831,076	(13,052,167)
Specific provision on classified loans, advances and leases (note-15.2)		111,461,168	362,010,530
		<b>173,292,244</b>	<b>348,958,363</b>
<b>37. Provision for investment in shares</b>			
Balance at 01 January		57,222,355	35,293,237
Add: Provision made during the year (note-15.3)		(14,985,298)	21,929,118
<b>Balance at 31 December (Annexure-A for detail)</b>		<b>42,237,057</b>	<b>57,222,355</b>
<b>38. Provision for other assets</b>			
Balance at 01 January		-	-
Add: Provision made during the year (note-15.4)		13,941,980	-
		<b>13,941,980</b>	<b>-</b>
<b>39. Provision for income tax</b>			
<p>This represents amount provided for income tax on profit before tax for the year ended 31 December 2020. The amount has arrived as follows:</p>			
Amount provided on current year's profit		557,840	407,208
Less: Excess provision of income tax		-	-
<b>Amount provided for current tax</b>		<b>557,840</b>	<b>407,208</b>
Amount provided for deferred tax		823,820	(1,250,854)
<b>Total</b>		<b>1,381,660</b>	<b>(843,646)</b>
<b>40. Earning per share (EPS)</b>			
<p>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)".</p>			
<b>Basic earnings per share</b>			
<p>Basic earnings per share is calculated based on weighted average number of ordinary shares outstanding for the period ended 31 December 2020 and profit for the same period.</p>			
Net profit/(loss) after income tax (A)		(285,463,115)	(717,997,592)
Weighted average number of outstanding shares (B)		164,063,330	164,063,330
<b>Earnings per share (Basic) (A/B)</b>		<b>(1.74)</b>	<b>(4.38)</b>
<b>Diluted earnings per share</b>			
<p>No diluted earnings per share are required to be calculated for the period ended 31 December 2020, as there was no scope for dilution during the period under review.</p>			

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

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

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

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

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

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

46.5 *Status of transactions done with related parties*

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

46.6 *Business with related parties*

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

46.7 *Transactions with the securities of related parties*

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

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

46.8 *Transaction with key management personnel*

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

46.8.1 *Compensation of key management personnel*

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

**46.8.2 Other transactions with key management personnel**

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

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

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

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

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

**47.2 Meetings held by the committee during the year**

In the year 2020 the Committee met two times.

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

**47.3 Activities of the audit committee during the year**

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

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

**47.4 Effective internal control and security documentation of the company**

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

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

**48. Disclosure on Executive Committee**

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

**49. Disclosure regarding branch**

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

**50. Highlights**

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

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

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

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



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

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

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

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

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

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

## 53. General

### 53.1 Business

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

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

### 53.2 Interim financial statements

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

### 53.3 Office space

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

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


### 53.4 Declarations

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

  
Md. Ashraful Moqbul  
Chairman

  
Ihsanul Aziz  
Independent Director

  
Muhammad Ali Zaryab  
Managing Director

  
Md. Anwar Hussain  
Head of Finance & HR

  
Md. Ramzan Hossain  
Company Secretary

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

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

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

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

Annexure-C

## Fareast Finance & Investment Limited

Name of directors and their interest in different organizations

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





**PROXY FORM**

I/We.....

of.....being a shareholder  
of Fareast Finance & Investment Limited do hereby appoint

Mr./Mrs .....

of.....(or failing his/her)

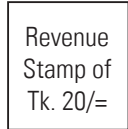
Mr./Mrs.....

of.....as my/our Proxy

to attend and vote on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, September 29, 2022 at 11:00 a.m. by using Digital Platform (pursuant to BSEC Letter no. SEC/SRMIC/94-231/91, dated March 31, 2021) through the following link <https://ffil.bdvirtualagm.com> or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this.....day of September, 2022

.....  
Signature of the proxy



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

BO ID No.....

No of shares being held.....

**Notes:**

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



**ATTENDANCE SLIP**

to attend and vote on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, September 29, 2022 at 11:00 a.m. by using Digital Platform (pursuant to BSEC Letter no. SEC/SRMIC/94-231/91, dated March 31, 2021) through the following link <https://ffil.bdvirtualagm.com>

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

BO ID No.....

No of shares being held.....

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

Date:.....

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

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









## **FAREAST FINANCE & INVESTMENT LIMITED**

Service with smile

- ▶ **Head Office & Principal Branch:** Simpletree Lighthouse (10th Floor), Plot No- 53, Road No-21, Block-B Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh  
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Mobile: +88 01977334539  
E-mail: [ffil@bdcom.net](mailto:ffil@bdcom.net), website: [www.ffilbd.com](http://www.ffilbd.com)
- ▶ **Chattogram Branch :** Ayub Trade Centre (Level-2)  
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