

Fareast Finance & Investment Limited

Balance Sheet as at 31 December 2016

Particulars	Note	Amounts in Taka	
		31.12.2016	31.12.2015
PROPERTY AND ASSETS			
Cash	4	47,716,032	62,516,258
In hand (including foreign currencies)		-	2,070,560
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		47,716,032	60,445,698
Balance with other banks and financial institutions	5	1,491,110,646	711,644,689
In Bangladesh		1,491,110,646	711,644,689
Outside Bangladesh		-	-
Money at call and short notice	6	-	-
Investments	7	278,735,118	378,216,175
Government		-	-
Others		278,735,118	378,216,175
Loans, advances and leases		10,978,996,209	11,322,375,340
Loans, cash credits, overdrafts, leases, etc.	8	10,978,996,209	11,322,375,340
Bills purchased and discounted	9	-	-
Fixed assets including premises, furniture and fixtures	10	26,579,123	22,860,711
Other assets	11	1,194,766,018	999,231,983
Non-business assets	12	-	-
Total assets		14,017,903,146	13,496,845,156
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	13	4,413,677,145	3,795,651,734
Deposits and other accounts	14	6,313,014,900	6,292,635,134
Current deposits		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		6,313,014,900	6,292,635,134
Bearer certificate of deposit		-	-
Other deposits		-	-
Other liabilities	15	1,226,505,530	1,282,769,201
Total liabilities		11,953,197,575	11,371,056,069



Particulars	Note	Amounts in Taka	
		31.12.2016	31.12.2015
Capital/Shareholders' equity		2,064,705,571	2,125,789,087
Paid up capital	16	1,640,633,300	1,640,633,300
Statutory reserve	17	242,447,925	221,851,962
Revaluation reserve	11.3.1	98,743,750	98,743,750
Retained earnings	18	82,880,596	164,560,075
Total liabilities and Shareholders' equity		14,017,903,146	13,496,845,156
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	19.1	515,588,000	-
Acceptances and endorsements		-	-
Letter of guarantee		515,588,000	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments	19.2	-	-
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Spot and foreign exchange rate contract		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		515,588,000	-
Net asset value per share		12.58	12.96

The annexed notes 1 to 49 form an integral part of these financial statements.


M. A. Wahhab
Chairman


Md. Monir Hossain
Vice Chairman


Santanu Saha
Managing Director


Sheikh Khaled Zahir
Company Secretary

As per our annexed report of same date.


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, 10 April, 2017.



Fareast Finance & Investment Limited

Profit and Loss Account

for the year ended 31 December 2016

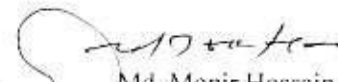
Particulars	Note	Amounts in Taka	
		2016	2015
Interest income	21	1,046,426,417	1,326,146,537
Interest expenses on borrowings, deposits, etc.	22	(1,015,504,939)	(1,036,812,658)
Net interest income		30,921,478	289,333,879
Investment income	23	4,557,349	7,334,299
Commission, exchange and brokerage	24	2,009,250	-
Other operating income	25	122,303,475	128,694,930
Total operating income		159,791,552	425,363,108
Salary and allowances	26	55,911,516	18,491,373
Rent, taxes, insurance, electricity, etc.	27	17,721,659	12,877,585
Legal expenses	28	4,489,409	2,771,894
Postage, stamp, telecommunication, etc.	29	1,448,423	972,535
Stationery, printing, advertisements, etc.	30	2,460,133	3,318,511
Managing Director's salary and allowances	31	6,820,300	6,834,400
Directors' fees	32	928,000	638,000
Auditors' fees	33	486,450	345,000
Charges on losses regarding loans, advances and leases		-	-
Depreciation and repairs of company's assets	34	7,452,474	6,932,652
Other operating expenses	35	15,760,968	16,225,044
Total operating expenses		113,479,332	69,406,994
Profit before provisions		46,312,220	355,956,114
Provisions for loans, advances and leases:	36	22,988,471	75,383,460
Provision for the diminution in the value of investments	37	(12,800,216)	37,885,840
Other provisions		-	-
Total provisions		10,188,255	113,269,300
Profit before income tax		36,123,965	242,686,814
Provision for income tax			-
Current tax	38	(66,330,573)	39,349,378
Deferred tax	38	(525,276)	(1,637,716)
		(66,855,849)	37,711,662
Net profit after income tax		102,979,814	204,975,152
Retained earnings brought forward from previous years		164,560,075	200,657,179
Profit available for appropriations		267,539,889	405,632,331



Particulars	Note	Amounts in Taka	
		2016	2015
Appropriations			
Statutory reserve	17	20,595,963	40,995,030
Cash dividend		164,063,330	160,061,786
Dividend (Bonus shares)		-	40,015,440
		184,659,293	241,072,256
Retained earnings carried to the balance sheet	18	82,880,596	164,560,075
Earnings per share	39	0.63	1.25
Weighted average number of outstanding shares		164,063,330	164,063,330

The annexed notes 1 to 49 form an integral part of these financial statements.


M. A. Wahhab
Chairman


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Vice Chairman


Santanu Saha
Managing Director


Sheikh Khaled Zahir
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Chartered Accountants

Dhaka, 10 April, 2017.




Fareast Finance & Investment Limited
Cash Flow Statement
for the year ended 31 December 2016

Particulars	Amounts in Taka	
	2016	2015
Cash flows from operating activities		
Interest received	1,053,523,118	1,393,895,363
Interest paid	(1,025,158,970)	(1,037,115,207)
Dividend received	2,508,104	4,221,435
Fees and commission received	2,009,250	-
Recoveries of loan previously written-off	600,000	16,558,421
Income taxes paid	(78,216,060)	(37,560,306)
Received from other operating activities	122,303,475	128,694,930
Payments for other operating activities	(107,178,185)	(87,269,579)
Cash generated from operating activities before changes in operating assets and liabilities	(29,609,268)	381,425,057
Increase/decrease in operating assets and liabilities		
Statutory deposit	-	-
Trading securities	-	-
Loans, advances and leases	342,894,410	(1,304,609,328)
Other assets	(145,309,943)	(128,107,656)
Deposit and other accounts	20,379,766	1,182,477,143
Net drawdown of short term loans	86,623,131	93,031,815
Other liabilities on account of customers	15,150,313	(187,088,106)
Trading liabilities	-	-
Other liabilities	17,293,223	8,881,767
	337,030,900	(335,414,365)
Net cash from operating activities	307,421,632	46,010,692
Cash flows from investing activities		
Proceeds from sale of securities	253,691,777	874,537,441
Payments for purchase of securities	(152,161,476)	(936,698,844)
Purchase of fixed assets including premises, furniture and fixtures	(10,042,238)	(5,914,161)
Proceeds from sale of fixed assets including premises, furniture and fixtures	-	-
(Increase)/decrease regarding purchase and sale of subsidiary	(1,582,914)	(8,524,703)
Net cash used in investing activities	89,905,149	(76,600,267)
Cash flows from financing activities		
Receipt of borrowings from other banks, financial institutions and agents	1,859,280,000	1,783,320,000
Repayment of borrowings from other banks, financial institutions and agents	(1,327,877,720)	(1,042,120,965)
Receipt against issue of share capital	-	-
Increase/(decrease) in revaluation reserve	-	-
Dividend paid in cash	(164,063,330)	(160,061,786)
Net cash from financing activities	367,338,950	581,137,249

Particulars	Amounts in Taka	
	2016	2015
Net increase/(Decrease) in cash and cash equivalents	764,665,731	550,547,674
Effects of exchange rate changes on cash and equivalents	-	-
Cash and cash equivalents at beginning of the year	774,160,947	223,613,273
Cash and cash equivalents at the end of the year	1,538,826,678	774,160,947
Cash and cash equivalents at the end of the year		
Cash in hand (including foreign currencies)	-	2,070,560
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	47,716,032	60,445,698
Balance with other banks and financial institutions	1,491,110,646	711,644,689
Money at call and short notice	-	-
	1,538,826,678	774,160,947


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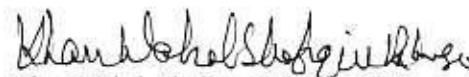

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Dhaka, 10 April, 2017.



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Fareast Finance & Investment Limited
Statement of Changes in Equity
for the year ended 31 December 2016

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance at 01 January 2015	1,600,617,860	180,856,932	98,743,750	200,657,179	2,080,875,721
Changes in accounting policy(s)	-	-	-	-	-
Restated balance	1,600,617,860	180,856,932	98,743,750	200,657,179	2,080,875,721
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	-	-	-	204,975,152	204,975,152
Dividend (Bonus shares)	40,015,440	-	-	(40,015,440)	-
Cash dividend	-	-	-	(160,061,786)	(160,061,786)
Issue of share capital	-	-	-	-	-
Appropriations during the year	-	40,995,030	-	(40,995,030)	-
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	-	-	-	-	-
Balance as at 31 December 2015	1,640,633,300	221,851,962	98,743,750	164,560,075	2,125,789,087
Balance at 01 January 2016	1,640,633,300	221,851,962	98,743,750	164,560,075	2,125,789,087
Changes in accounting policy(s)	-	-	-	-	-
Restated balance	1,640,633,300	221,851,962	98,743,750	164,560,075	2,125,789,087
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	-	-	-	102,979,814	102,979,814
Cash dividend	-	-	-	(164,063,330)	(164,063,330)
Dividend (Bonus shares)	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Appropriations during the year	-	20,595,963	-	(20,595,963)	-
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	-	-	-	-	-
Balance as at 31 December 2016	1,640,633,300	242,447,925	98,743,750	82,880,596	2,064,705,571

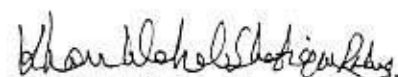

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Dhaka, 10 April, 2017.



Fareast Finance & Investment Limited
Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2016

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand (including balance with Bangladesh Bank)	47,716,032	0	0	0	0	47,716,032
Balance with other banks and financial institutions	291,110,646	400,000,000	800,000,000	0	0	1,491,110,646
Money at call and short notice	0	0	0	0	0	0
Investments	278,735,118	0	0	0	0	278,735,118
Loans, advances and leases	1,108,929,430	467,309,190	2,414,866,864	4,072,199,172	2,915,691,553	10,978,996,209
Fixed assets including premises, furniture and fixtures	8,106	0	53,328	21,013,325	5,504,364	26,579,123
Other assets	183,767,700	11,994,867	224,419,808	154,081,803	620,501,840	1,194,766,018
Non-business assets	0	0	0	0	0	0
Total assets	1,910,267,032	879,304,057	3,439,340,000	4,247,294,300	3,541,697,757	14,017,903,146
Liabilities						
Borrowings from other banks, financial institutions and agents	638,967,867	289,684,742	1,289,113,540	2,195,910,996	0	4,413,677,145
Deposits and other accounts	366,050,316	164,270,037	267,895,984	5,493,774,144	21,024,419	6,313,014,900
Provision and other liabilities	215,406,673	86,420,173	223,479,885	611,419,955	89,778,844	1,226,505,530
Total liabilities	1,220,424,856	540,374,952	1,780,489,409	8,301,105,095	110,803,263	11,953,197,575
Net liquidity gap	689,842,176	338,929,105	1,658,850,591	(4,053,810,795)	3,430,894,494	2,064,705,571


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Chairman


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As per our annexed report of same date.


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, 10 April, 2017.



Fareast Finance & Investment Limited

Notes to the Financial Statements and significant accounting policies
As at and for the year ended 31 December 2016
(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 Eunoos Centre (8th level), 52-53, Dilkusha Commercial Area, Dhaka-1000, Bangladesh. Company's principal office is also situated at the same address and at present, the company has also two branch offices at Chittagong and Dhaka 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 the Law.

1.5 Information regarding associate company

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. The company had started its operation from 27 April 2010. Subsequently it has been converted into public limited company on 17 October, 2012. 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, debenture stocks, foreign currencies, treasury bills/bonds and/or any financial instruments.

1.6 Number of employees of the company

The number of employees of the company was sixty five and forty nine at the end of the year 2016 and 2015 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 Generally Accepted Accounting Principles (GAAP) and after due compliance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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 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 Bangladesh 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 could 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 15.4 respectively.

2.6 Disclosure of deviations from few requirements of BAS/BFRS 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 BAS/BFRS. To comply with the Bangladesh Bank's rules and regulations, the company has departed from those contradictory requirements of BAS/BFRS.

2.7 Cash flow statement

Cash flow statement is prepared in accordance with BAS 7: "Cash Flow Statement", DFIM circular # 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 the 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 BAS 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 BAS 7 and BAS 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 BAS 1: "Presentation of Financial Statements" and DFIM Circular # 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 # 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 BAS 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-47.



2.13 Provision for income tax

BAS 12: "Income Taxes" and Income Tax ordinance 1984 have been used for the calculation of deferred tax and current tax expense 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 BAS 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 fixed assets has been charged only from the month of acquisition of the asset (if purchased on or before fifteenth day of the month) to the end of the year and in case of assets disposed off, no depreciation on the assets has been charged on the month of disposal of assets. 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 BAS 36: "Impairment of Assets" considering the current economic situations. Management concludes that there is no such indication exists.

2.16 Accounts receivable

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

2.17 Cash and cash equivalents

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

2.18 Accounting for investment in leases

As per BAS 17: "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 BAS 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 significant influence over the associate; the company has an interest in the associate's performance and as a result the return of 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 can not 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:

- Bangladesh Bank guidelines relating to classification and provisioning of loans, advances and leases.
- BAS 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 Depreciation of assets under finance lease

As per BAS 17: "Leases", the company recognizes its assets, taken on lease as its assets under fixed assets and liabilities in the Balance Sheet at amounts equal at the inception of the lease to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The depreciation policy for depreciable leased assets is consistent with that of depreciable assets owned, and the depreciation recognized is calculated on the basis set out in BAS 16: "Property, Plant and Equipment".

2.27 Investment in shares

Investment in shares are treated as financial asset as per BAS 32: "Financial Instruments: Presentation", classified as financial asset at fair value through profit and loss as per BAS 39: "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 # 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 # 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 BAS 18: "Revenue". 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.

As per BAS 17: "Leases", finance 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.

Incase 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 as per BAS 17: "Leases".

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 BAS 16: "Property, Plant and Equipment".

Income from associate has been accounted for using the equity method under BAS 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 BAS 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 the requirements of BAS 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 the requirements of BAS 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 all confirmed employees of the company starting from officers and above positions mobile phone set and monthly bill for using mobile within the limit as per Policy for Mobile Phone Facilities of the company.

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.

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 BAS 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 BAS 23: "Borrowing Costs". Interest amount represents the amount paid and accrued up to the end of the year.

2.36 Related party transactions

The managements duly identified the party/parties related to the company and disclose the transactions of the related party in note # 42 as per BAS 24: "Related Party Disclosures".

2.37 Earnings per share (EPS)

The company calculates earnings per share (EPS) in accordance with BAS 33: "Earnings Per Share" shown on the face of the profit and loss account while, the computation of EPS is stated in note-39.

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 BAS 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 Risk management

For a financial institution risk is the vital part of its daily life. Identification, measurement, management perception about those risks, their control and or countermeasures works as the life line of the institution. Most of the times only credit risk is considered as risk to be evaluated at the time of lending decision. But except credit risk there is also some more kind of risk that is also aligning in financial business sector. The major risks that are faced by Fareast Finance & Investment Limited as a financial institution are as follows:

a) Credit risk

Credit risk refers to the probability that a counter party will not repay its financial obligations in due time. As a lending institution credit risk cannot be eliminated but reduced at a minimum level and managed. The recent global financial meltdown underscored the importance of a proper credit risk management system.

Fareast Finance management has established an independent credit risk management unit who will supervise, review and undertakes multi-tier term/lease approval process, in depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario, Credit Administration ensures that all documentations are properly completed and monitor the repayment performance on regular basis, disbursement is made upon independent recommendation by the compliance department, the credit committee regularly meets to review new credit proposals as well as performance of existing portfolios.

b) Interest rate risk

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.

c) Liquidity risk

Liquidity risk management involves the ability to manage and maintain adequate financial liquidity at all times. Good liquidity risk management results Fareast Finance's position to meet all its obligations to fulfillment of commitments in due time. Sometimes critical importance is the need to avoid having to liquidate assets or to raise funds at unfavorable terms resulting in financial loss. Prudent liquidity management is of paramount importance as the ultimate cost of a lack of liquidity is being out of business.



Liquidity risk management of Fareast Finance is well managed by the Treasury Department by assessing the availability of fund to meet its investment requirement as well as to discharge short term and long term financial obligations. The purpose of managing liquidity risk is to ensure that all upcoming funding commitments and deposit encashment that can be met within due time. In addition to that the Asset Liability Management Committee (ALCO) meets frequently to review the mismatches in liquidity if any and recommends encountering and mitigating the risk.

d) Operational risk

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, rouge traders etc.

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) Market risk

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 less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks 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 imports 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. It also maintains a new spread investment plans and practical provisioning policy. Fareast Finance with its strong earning capacity, favorable credit rating and market goodwill can access to money market with a competitive rate. ■

f) Industry risk

Industry risk refers to the risk of increased competition from foreign and domestic sources leading lower revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation. Fareast Finance is operating in a highly competitive market. Some of the competitors have more resources, broader range of products, complementary lines of business etc. It is, therefore, very difficult to predict in advance the movement of the competitors in the coming years.



Fareast Finance has a sound financial base. Besides, this company has strong capital base and a successful history of sustainable growth for more than a decade. Fareast Finance always strives to provide products according to customers' needs with a personalized service. Continuous efforts for mobilizing funds at competitive prices from different sources will make the company competitive in the market.

g) Technology risk

Technology always plays an essential role in any business concern that ensures better services to the customers and reduces the cost in various aspects. Any invention of new and more cost effective technology may cause technological obsolescence and negative operational efficiency. Besides, any severe defects in the software and hardware may have an effect on productivity and profitability due to additional investment for replacement or maintenance.

As a financial institution Fareast Finance is operating within the legal framework prevailing in the country which has little scope of introducing completely new technology. However, management of the company is aware of recent development and implementation of appropriate technology and is committed to adopt new technology and keeps their employees up-to-date on those by providing necessary training.

h) Risk related to rules and regulations

Company operates under The Companies Act, 1994, The Financial Institutions Act, 1993, The Financial Institutions Regulations, 1994, Income Tax Ordinance, 1984, Income Tax Rules, 1984, Value Added Tax Act, 1991, Value Added Tax Rules, 1991, Customs Act, 1969 and other related regulations. Any abrupt change in the above Acts or of the policies made by the regulatory authorities may have unfavorable affect on the business of the company.

Unless any existing act/rule/regulation is fully cancelled or changed it may not have much negative impact or materially affect the industry as a whole and hence the business of the company is expected not to be affected significantly. Financial sector in Bangladesh is a sector with considerable local demand for differentiated product lines. Therefore, it is highly unlikely that the Government/Central Bank will initiate any fiscal measure having adverse effect on the growth of the industry.

i) Risk related to changes in global policies

Changes in the global policies can have either positive or negative impacts for the company. The performance of the company will be hindered due to unavoidable worldwide circumstances like political turmoil. Since the risk involved with the potential changes in global policies is a macro factor, it is beyond the control of Fareast Finance & Investment Limited.

The management of Fareast Finance & Investment Limited is always concerned about the prevailing and upcoming future changes in the global policies and shall response appropriately and timely to safeguard its interest. Due to maintaining a diversified portfolio in major sectors of industries in line with the country's growth scenario as well as industrial policy, the company will always endeavor to withstand the unexpected changes or any such potential threats. Nevertheless, political stability and a congenial business environment is definitely the best situation in which Fareast Finance will achieve its maximum potential.



j) Exchange rate risk

Generally this type of risk arises from exchange rate fluctuations when any institution holds foreign currency fund or raises loan in foreign currencies or deals in foreign currencies.

According to the act Fareast Finance is not authorized by Bangladesh Bank to deal in foreign currencies. Hence Fareast Finance does not borrow in foreign currencies nor it deal in foreign currencies directly except opening of letter of credit on behalf of its customers. In that case proper measures are taken to shift the risk to the customer's end. Therefore, such foreign currencies fluctuations will not have any adverse impact on the company.

k) Compliance risk

Internal control and compliance contains self-monitoring mechanisms, and actions taken to correct deficiencies as they are identified. Since financial service activities are conducted within a framework of obligations imposed by regulators, complying with such requirements is not optional but mandatory for financial institutions. The consequences of non compliance include fines, public reprimands and enforced supervision of operation or withdrawal of authorization to operate, any of which can lead to loss of reputation particularly through adverse publicity in national media.

The company has been practicing internal control system based on the guidelines framed by Bangladesh Bank. Internal control and compliance department of Fareast Finance covers all areas of company's operational activities where risk of operational losses may arise as well as to ensure that everyone understands their roles and responsibilities in this process. All employees are expected to observe the professional and institutional code of conduct.

l) Non operation of business

If the company becomes non operative for any reason, company's investment will not be returned and the shareholders will suffer huge loss.

Fareast Finance & Investment Limited does not have any history of non operation to date. The company has an independent body that is operated by its Memorandum & Articles of Association and other applicable laws implemented by the Government. Besides, the company's financial strength is satisfactory. The Company is staffed with expert management team and guided by experienced Directors to make the company more efficient and stronger in the financial sector. So, the chance of becoming non-operative for the company is very low.

Keeping in view with the divergence of skill levels and available resources, a modest beginning was focused with sensitivity and scenario analysis considering different types of risks. In light of the calculations, Fareast Finance & Investment Limited was able to maintain its capital adequacy ratio above the required level after considering highest level cumulative shock of all risks. At the same time the company was able to maintain its liquidity ratio at satisfactory level after considering highest level of liquidity shock which reflects that the company is able to keep strong position in the market for having better risk management policy.



m) Maturity gap risk

The duration of assets is larger than the duration of liabilities, the duration gap is positive. In this situation, if interest rates rise, assets will lose more value than liabilities, thus reducing the value of the firm's equity. If interest rates fall, assets will gain more value than liabilities, thus increasing the value of the firm's equity.

Conversely, when the duration of assets is less than the duration of liabilities, the duration gap is negative. If interest rates rise, liabilities will lose more value than assets, thus increasing the value of the firm's equity. If interest rates fall, liabilities will gain more value than assets, thus reducing the value of the firm's equity.

By duration matching, that is creating a zero duration gap, the firm becomes immunized against interest rate risk. Duration has a double-facet view. It can be beneficial or harmful depending on where interest rates are headed.

To mitigate risk, the management carefully analyzes the maturity gap on varieties of levels. To deal with those sorts of risk management concentrates on the various categories of risk and their impact on different levels of the organization. To minimize the risk at a tolerable level the gap between the cash out and inflows management is closely following up and necessary measures are taken by the management.

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 BAS 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 2016
- b) a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2016
- c) Cash Flow Statement for the year ended 31 December 2016
- d) Statement of Changes in Equity for the year ended 31 December 2016
- e) Liquidity Statement as at 31 December 2016
- f) Notes to the Financial Statements and significant accounting policies.

3.3 Comparative information

As per paragraph 38 of BAS 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 BFRS and BAS

The financial statements have been prepared in compliance with the requirements of the following BFRS and BAS:

Sl. #	BFRS & BAS #	Name of BFRS and BAS	Status
1	BFRS 1	First time Adoption of International Financial Reporting Standards	Not applicable
2	BFRS 2	Share-based Payment	Not applicable
3	BFRS 3	Business Combinations	Not applicable
4	BFRS 4	Insurance Contracts	Not applicable
5	BFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
6	BFRS 6	Exploration for and Evaluation of Mineral Resources	Not applicable
7	BFRS 7	Financial Instruments: Disclosures	Applied*
8	BFRS 8	Operating Segments	Not applicable
9	IFRS 9	Financial Instruments	Not adopted
10	BFRS 10	Consolidated Financial Statements	Not applicable
11	BFRS 11	Joint Arrangements	Not applicable
12	BFRS 12	Disclosure of Interest in Other Entities	Not applicable
13	BFRS 13	Fair Value Measurement	Not applicable
14	BAS 1	Presentation of Financial Statements	Applied
15	BAS 2	Inventories	Not applicable
16	BAS 7	Cash Flow Statements	Applied
17	BAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
18	BAS 10	Events after the Reporting Period	Applied
19	BAS 11	Construction Contracts	Not applicable
20	BAS 12	Income Taxes	Applied
21	BAS 16	Property, Plant and Equipment	Applied
22	BAS 17	Leases	Applied
23	BAS 18	Revenue	Applied
24	BAS 19	Employee Benefits	Applied
25	BAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
26	BAS 21	The Effects of Changes in Foreign Exchange Rates	Applied
27	BAS 23	Borrowing Costs	Applied
28	BAS 24	Related Party Disclosures	Applied
29	BAS 26	Accounting and Reporting by Retirement Benefit Plans	Applied
30	BAS 27	Consolidated Financial Statements	Not applicable
31	BAS 28	Investments in Associates	Applied
32	BAS 31	Interests in Joint Ventures	Not applicable
33	BAS 32	Financial Instruments: Presentation	Applied*
34	BAS 33	Earnings Per Share	Applied
35	BAS 34	Interim Financial Reporting	Applied
36	BAS 36	Impairment of Assets	Applied
37	BAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied
38	BAS 38	Intangible Assets	Applied
39	BAS 39	Financial Instruments: Recognition and Measurement	Applied*
40	BAS 40	Investment Property	Not applicable
41	BAS 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, 2016 consistently.



		Amounts in Taka	
		31.12.2016	31.12.2015
4.	Cash		
4.1	Cash in hand (including foreign currencies)		
	In local currency	-	2,070,560
	In foreign currency	-	-
		<u>-</u>	<u>2,070,560</u>
4.2	Balance with Bangladesh Bank and its agent banks (including foreign currencies)		
	In local currency	47,716,032	60,445,698
	In foreign currency	-	-
		<u>47,716,032</u>	<u>60,445,698</u>
4.3	Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
	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:		
	a) Cash Reserve Requirement		
	Required reserve	44,181,536	54,841,613
	Actual reserve maintained	47,716,032	60,445,698
	Surplus/(deficit)	<u>3,534,496</u>	<u>5,604,085</u>
	b) Statutory Liquidity Ratio		
	Required reserve (including CRR)	116,794,697	141,509,412
	Actual reserve maintained (including CRR) (note-4.3.1)	1,544,173,104	779,610,028
	Surplus/(deficit)	<u>1,427,378,407</u>	<u>638,100,616</u>
4.3.1	Actual reserve maintained (including CRR)		
	Cash in hand	-	2,070,560
	Balance with Bangladesh Bank and its agent banks as per bank statement	47,716,032	60,445,698
	Balance with other banks and financial institutions as per bank statement	1,496,457,072	717,093,770
		<u>1,544,173,104</u>	<u>779,610,028</u>
5.	Balance with other banks and financial institutions		
	In Bangladesh		
	Current accounts (note-5.1)	2,830,459	2,971,359
	Short term deposit accounts (note-5.2)	8,280,187	8,673,330
	Savings accounts (note-5.3)	-	-
	Fixed deposit accounts (note-5.4)	1,480,000,000	700,000,000
		<u>1,491,110,646</u>	<u>711,644,689</u>
	Outside Bangladesh	<u>-</u>	<u>-</u>

The company does not maintain any account outside Bangladesh.



Amounts in Taka	
31.12.2016	31.12.2015

5.1 Current accounts

Bank Asia Limited	Savar Branch	16,493	-
BRAC Bank Limited	Graphics Building Branch	2,762,120	2,922,177
Jamuna Bank Limited	Moulovi Bazar Branch	34,595	35,745
Modhumoti Bank Limited	Aganagar Branch	2,330	-
National Bank Limited	Gulshan Branch	3,327	4,017
Trust Bank Limited	Dilkusha Corporate Branch	3,667	4,242
Uttara Bank Limited	Local Office	7,927	5,178
		2,830,459	2,971,359

5.2 Short term deposit accounts

Bangladesh Commerce Bank Limited	Dilkusha Branch	39,211	39,435
Bank Alfalah Limited	Main Branch	16,261	16,459
Bank Asia Limited	Principal Office Branch	1	1
BASIC Bank Limited	Dilkusha Branch	69,998	68,759
BASIC Bank Limited	Bashundhara Branch	1	1
Dhaka Bank Limited	Local Office Branch	1,031	1,258
Dutch-Bangla Bank Limited	Bashundhara Branch	9,669	385,031
Export Import Bank of Bangladesh Ltd	Motijheel Branch	1,565	2,660
Islami Bank Bangladesh Limited	Foreign Exchange Branch	33,120	33,053
Mercantile Bank Limited	Main Branch	48,242	49,772
Midland Bank Limited	Dilkusha Branch	3,055	3,055
Mutual Trust Bank Limited	Dilkusha Branch	9,164	76,614
Mutual Trust Bank Limited	Dilkusha Branch	2,076,699	2,055,962
Mutual Trust Bank Limited	Dilkusha Branch	1,136,971	-
Mutual Trust Bank Limited	Bashundhara City Branch	334,286	325,923
NCC Bank Limited	Motijheel Main Branch	-	1,220
NRB Commercial Bank Ltd.	Principal Branch	-	190
One Bank Limited	Principal Branch	3,010,944	2,226
Prime Bank Limited	IBB Dilkusha Branch	2,601	3,026
Shahjalal Islami Bank Limited	Dhaka Main Branch	-	2,524
Social Islami Bank Limited	Principal Branch	15,696	16,968
Social Islami Bank Limited	Babu Bazar Branch	933	2,596
Southeast Bank Limited	Corporate Branch	878,408	5,524,287
Southeast Bank Limited	Principal Branch	54,440	54,168
Standard Bank Limited	Principal Branch	2,260	3,180
The City Bank Limited	Principal Office	305,655	4,278
United Commercial Bank Limited	Tejgaon Branch	229,976	684
		8,280,187	8,673,330

5.3 Savings accounts

	-	-
	-	-

The company does not maintain any savings account.

5.4 Fixed deposit accounts

Bangladesh Industrial Finance Co. Ltd.	Head Office	100,000,000	-
FAS Finance & Investment Limited	Head Office	250,000,000	400,000,000
International Leasing And Fin. Ser. Ltd.	Head Office	500,000,000	-
People's Leasing and Fin. Services Ltd.	Head Office	430,000,000	200,000,000
Reliance Finance Limited	Head Office	200,000,000	100,000,000
		1,480,000,000	700,000,000

		Amounts in Taka	
		31.12.2016	31.12.2015
5.5	Maturity grouping of balance with other banks and financial institutions		
	Up to 1 month	291,110,646	161,644,689
	Over 1 month but not more than 3 months	400,000,000	50,000,000
	Over 3 months but not more than 1 year	800,000,000	500,000,000
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		<u>1,491,110,646</u>	<u>711,644,689</u>
6.	Money at call and short notice	-	-
7.	Investments		
7.1	Investment classified as per nature		
	Government securities (note-7.1.1)	-	-
	Others investments (note-7.1.2)	278,735,118	378,216,175
		<u>278,735,118</u>	<u>378,216,175</u>
7.1.1	Government securities		
	Treasury bills	-	-
	National investment bonds	-	-
	Bangladesh Bank bills	-	-
	Government notes/bonds	-	-
	Prize bonds	-	-
	Others	-	-
		<u>-</u>	<u>-</u>
7.1.2	Others investments		
	Investment in shares (Annexure-A)	278,735,118	378,216,175
	Debenture and bonds	-	-
	Other investment	-	-
	Gold, bullion etc.	-	-
		<u>278,735,118</u>	<u>378,216,175</u>
7.2	Residual maturity grouping of investments		
	Repayable on demand	278,735,118	378,216,175
	Up to 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		<u>278,735,118</u>	<u>378,216,175</u>
8.	Loans, advances and leases		
8.1	a) Inside Bangladesh		
	Investment in leases (note-8.1.1)	441,920,352	918,381,340
	Term finances (note-8.1.2)	10,537,075,857	10,403,994,000
		<u>10,978,996,209</u>	<u>11,322,375,340</u>
	b) Outside Bangladesh	-	-
	Total	<u>10,978,996,209</u>	<u>11,322,375,340</u>

		Amounts in Taka	
		31.12.2016	31.12.2015
8.1.1	Investment in leases		
	Principal outstanding	367,716,232	817,740,932
	Accounts receivable	74,204,120	100,640,408
	Advance against lease finance	-	-
	Total	441,920,352	918,381,340
8.1.2	Term finances		
	Principal outstanding	9,666,241,722	9,678,919,477
	Accounts receivable	870,834,135	725,074,523
	Total	10,537,075,857	10,403,994,000
8.1.2.1	In order 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 Associate Company-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 income against the loan facility of Fareast Stock & Bonds Limited. Though the loan was allowed not as per section 14(1)(GA) of financial institution Act 1993, the Board decided to restructure the said facility for 180 installments on monthly basis under special circumstances and the related minutes have been submitted duly to the Bangladesh Bank.		
8.2	Sector wise loans, advances and leases		
	Public sector	-	-
	Co-operative sector	-	20,419,815
	Private sector	10,978,996,209	11,301,955,525
		10,978,996,209	11,322,375,340
8.3	Residual maturity grouping of loans, advances and leases		
	Repayable on demand	-	-
	Not more than 3 months	1,576,238,620	2,172,963,656
	Over 3 months but not more than 1 year	2,414,866,864	2,248,050,826
	Over 1 year but not more than 5 years	4,072,199,172	3,925,319,684
	Over 5 years	2,915,691,553	2,976,041,174
		10,978,996,209	11,322,375,340
8.4	Loans, advances and leases on the basis of significant concentration		
a)	Loans, advances and leases to Directors and organizations related to Directors	2,986,340,840	3,020,964,751
b)	Loans, advances and leases to Chief Executive Officer and other senior executives	-	-
c)	Loans, advances and leases to customer groups:		
	i) Loans	7,550,735,017	7,383,029,249
	ii) Leases	441,920,352	918,381,340
		10,978,996,209	11,322,375,340
d)	Loans, advances and leases on sector basis:		
	1. Trade and Commerce	479,045,334	215,561,549
	2. Industry:		
	i) Garments and Knitwear	602,600,858	687,743,817
	ii) Textile	322,870,516	981,914,194
	iii) Jute and Jute-Products	167,575,346	197,140,143
	iv) Food Production and Processing Industry	621,582,762	265,495,929
	v) Plastic Industry	492,701,581	290,368,401
	vi) Leather and Leather-Goods		

	Amounts in Taka	
	31.12.2016	31.12.2015
vii) Iron, Steel and Engineering	1,190,073,848	1,047,331,481
viii) Pharmaceuticals and Chemicals	268,371,191	682,482,897
ix) Cement and Allied Industry	248,758,590	246,769,837
x) Telecommunication and Information Technology	156,050,055	61,089,147
xi) Paper, Printing and Packaging	140,563,109	110,068,188
xii) Glass, Glassware and Ceramic Industry	149,875,105	148,565,544
xiii) Ship Manufacturing Industry	370,359,508	310,483,664
xiv) Electronics and Electrical Products	577,592,861	498,655,156
xv) Power, Gas, Water and Sanitary Service	407,291,788	116,213,388
xvi) Transport and Aviation	499,035,500	735,595,875
3. Agriculture	198,389,807	860,792,248
4. Housing	348,015,848	199,776,356
5. Others:		
i) Merchant Banking	-	-
ii) Margin Loan	3,319,428,968	3,488,787,635
iii) Others	418,813,634	177,539,831
Total	10,978,996,209	11,322,375,340

8.5 Details of large loans, advances and leases

Number of clients	10	9
Amount of outstanding loans, advances and leases	4,931,903,069	5,195,352,966
Amount of classified loans, advances and leases	-	-
Measures taken for recovery	Not applicable	Not applicable

The amount represents the sum of total investments to each group of customer exceeding 15% of total capital of the company. Total capital of the company was Tk.2,064,705,571 as at 31 December 2016 (Tk.2,125,789,087 as at 31 December 2015).

8.6 Loans, advances and leases on geographical basis

Inside Bangladesh		
Urban		
Dhaka Division	6,792,774,129	6,954,686,982
Chittagong Division	2,699,469,201	2,499,985,585
Khulna Division	135,162,080	147,468,700
Rajshahi Division	12,563,617	12,563,617
Barisal Division	-	-
Sylhet Division	-	-
Rangpur Division	-	-
	9,639,969,027	9,614,704,884
Rural		
Dhaka Division	1,196,326,624	864,452,573
Chittagong Division	124,247,236	839,839,744
Khulna Division	1,752,019	3,378,139
Rajshahi Division	16,701,303	-
Barisal Division	-	-
Sylhet Division	-	-
Rangpur Division	-	-
	1,339,027,182	1,707,670,456
	10,978,996,209	11,322,375,340
Outside Bangladesh		
	-	-
Total	10,978,996,209	11,322,375,340

		Amount (In Taka)	
		31.12.2016	31.12.2015
8.7	Loans, advances and leases on security basis		
	Collateral of moveable and immovable assets	4,998,706,122	1,856,544,826
	Fixed deposit receipts	1,562,168,945	1,702,259,408
	Shares of listed public limited companies	263,019,120	251,867,352
	Corporate guarantee	281,073,608	863,535,017
	Personal guarantee	479,729,351	200,599,649
	Other securities	3,394,299,063	6,447,569,088
		<u>10,978,996,209</u>	<u>11,322,375,340</u>
8.8	Classification of loans, advances and leases		
	Unclassified		
	Standard	9,392,711,056	9,731,316,448
	Special mention account	594,804,475	935,835,172
		<u>9,987,515,531</u>	<u>10,667,151,620</u>
	Classified		
	Sub-standard	293,923,920	71,998,142
	Doubtful	235,392,333	5,299,818
	Bad/Loss	462,164,425	577,925,760
		<u>991,480,678</u>	<u>655,223,720</u>
	Total	<u>10,978,996,209</u>	<u>11,322,375,340</u>
8.9	Provision for loans, advances and leases		
	Status	Base for provision	Rate (%)
	Provision for unclassified loans, advances and leases-General provision		
	Standard	9,392,711,056	0.25/1
	Special mention account	560,367,964	5
			<u>88,112,268</u>
			<u>28,018,398</u>
			<u>116,130,666</u>
	Provision for classified loans, advances and leases-Specific provision		
	Sub-standard	192,799,666	20
	Doubtful	175,488,342	50
	Bad/Loss	162,788,686	100
			<u>38,559,934</u>
			<u>87,744,171</u>
			<u>162,788,686</u>
			<u>289,092,791</u>
	Required provision for loans, advances and leases		<u>405,223,457</u>
	Total provision maintained (note-15.2)		<u>405,223,457</u>
	Excess/(short) provision as at 31 December		<u>-</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%.		
8.10	Net loans, advances and leases		
	Total loans, advances and leases (note-8.1)	10,978,996,209	11,322,375,340
	Less:		
	Non-performing loans, advances and leases (note-8.8)	991,480,678	655,223,720
	Interest suspense (note-15.5)	197,349,731	176,110,451
	Provision for loans, advances and leases (note-15.2)	405,223,457	382,719,707
		<u>1,594,053,866</u>	<u>1,214,053,878</u>
		<u>9,384,942,343</u>	<u>10,108,321,462</u>

		Amounts in Taka	
		31.12.2016	31.12.2015
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	10,218,193,250	10,258,240,674
b)	Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee	479,729,351	200,599,649
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	281,073,608	863,535,017
		<u>10,978,996,209</u>	<u>11,322,375,340</u>
d)	Loans, advances and leases adversely classified: provision not maintained there against	-	-
e)	Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other person	-	-
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	2,986,340,840	3,020,964,751
g)	Maximum total amount of loans, advances and leases, including temporary advances made at any time during the year to the directors or managing directors or officers of the financial institution or any of them either separately or jointly with any other person.	-	-
h)	Maximum total amount of loans, advances and leases, including temporary advances granted during the year to companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	-	-
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	991,480,678	655,223,720
	ii) Provision on classified loans, advances and leases	289,092,791	247,999,991
	iii) Provision kept against loans, advances and leases classified as bad debts	162,788,686	244,355,222
	iv) Interest credited to interest suspense account (note-15.5)	197,349,731	176,110,451
k)	Cumulative amount of written-off of loans, advances and leases		
	Opening balance	370,306,828	383,738,685
	Add: Amount written-off during the year	589,292	-
	Less: Adjustment against realised written-off amount	-	13,431,857
		<u>370,896,120</u>	<u>370,306,828</u>
	Amount realized against loans, advances and leases previously written-off	600,000	16,558,421
	Amount relating to written-off classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	625,284,256	574,782,524
8.12	Suites filed by the company		
	As at 31 December 2016, Farcast Finance & Investment Limited filed 32 suits against 32 clients under Artha Rin Adalat Ain 2003. Total suit amount was Tk.1,203,367,845 only.		
9.	Bills purchased and discounted		
	Payable in Bangladesh	-	-
	Payable outside Bangladesh	-	-
		<u>-</u>	<u>-</u>

As at 31 December 2016, Farcast Finance & Investment Limited was not involved in any transactions relating to bills purchase and or discount.

		Amounts in Taka	
		31.12.2016	31.12.2015
10.	Fixed assets including premises, furniture and fixtures		
	Cost		
	Balance as at 01 January	51,987,336	46,073,175
	Add: Additions during the period	10,042,238	5,914,161
	Less: Disposals/adjustments during the period	-	-
	Balance as at 31 December	62,029,574	51,987,336
	Accumulated depreciation		
	Balance as at 01 January	29,126,625	23,077,458
	Add: Charge for the period	6,323,826	6,049,167
	Less: Disposals/adjustments during the period	-	-
	Balance as at 31 December	35,450,451	29,126,625
	Net book value of the asset as at 31 December (Annexure-B)	26,579,123	22,860,711
11.	Other assets		
	Advances, Deposits and Prepayments (note-11.1)	366,352,612	239,233,921
	Interest and Commission Receivable (note-11.2)	72,308,229	80,004,930
	Investment in associate (note-11.3)	620,001,840	618,418,926
	Amount receivable against shares sold	134,441,053	60,374,684
	Deferred tax assets (note-11.4)	642,252	116,976
	Miscellaneous	1,020,032	1,082,546
		1,194,766,018	999,231,983
11.1	Advances, Deposits and Prepayments		
	Advance to employees	387,667	592,002
	Advance against car loan facility	3,608,691	4,160,691
	Advance corporate income tax	207,769,382	151,956,779
	Advance office rent	448,156	1,502,849
	Advance for annual picnic	238,600	-
	Advance to FFIL Employees' Gratuity Fund	1,083,516	-
	Advance to Spacezero Ltd.-Floor purchase for Head Office	151,200,000	80,000,000
	Advance to CDBL-Refundable security deposit	500,000	500,000
	Advance to DSE Limited-Annual subscription for 2017	600,000	-
	Advance to Mrs. Saheli Huq-Security deposit for Banani branch	500,000	500,000
	Miscellaneous	16,600	21,600
		366,352,612	239,233,921
11.2	Interest and Commission Receivable		
	Guarantee commission receivable	-	-
	Interest accrued on fixed deposit receipts	36,806,597	18,608,333
	Interest accrued on loans, advances and leases	35,501,632	61,396,597
		72,308,229	80,004,930
11.3	Investment in associate		

Considering the paragraph 11 of BAS-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. Fareas 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:

	Amounts in Taka	
	31.12.2016	31.12.2015
Balance at 01 January	618,418,926	609,894,223
Investment/(Adjustment)	-	-
Revaluation reserve	-	-
Share of profit for the year	1,582,914	8,524,703
Cash dividend	-	-
Balance at 31 December	620,001,840	618,418,926

11.3.1 Revaluation reserve

Revaluation reserve includes proportionate revaluation reserve of Fareast Stocks & Bonds Limited. In the year 2010, Fareast Stocks & Bonds Limited revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) based on the prevailing market price. In the year 2012, Fareast Stocks & Bonds Limited further reassessed its membership of DSE and CSE and hence, proportionate revaluation decrease is reduced from investment in associate. Details are as follows:

Balance as at 01 January	98,743,750	98,743,750
Increase/(decrease) in revaluation reserve	-	-
Balance as at 31 December	98,743,750	98,743,750

11.4 Deferred tax asset

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

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
Assets			
Fixed assets net of depreciation excluding land	21,094,122	22,699,752	1,605,630
Liabilities			
Total	21,094,122	22,699,752	1,605,630
Applicable tax rate			40.00%
Deferred tax asset as on 31 December 2016			642,252

11.5 Divisions of other assets

Income generating other assets	692,310,069	698,423,856
Non income generating other assets	502,455,949	300,808,127
	1,194,766,018	999,231,983

11.6 Maturity grouping of other assets

Repayable on demand	-	-
Up to 1 month	183,767,700	131,674,600
Over 1 month but not more than 3 months	11,994,867	2,306,678
Over 3 months but not more than 1 year	224,419,808	162,486,315
Over 1 year but not more than 5 years	154,081,803	83,845,464
Over 5 years	620,501,840	618,918,926
	1,194,766,018	999,231,983

12. Non-business assets

As at 31 December 2016, Fareast Finance & Investment Limited does not have any non-business assets.



		Amounts in Taka	
		31.12.2016	31.12.2015
13.	Borrowings from other banks, financial institutions and agents		
	In Bangladesh (note-13.1)	4,413,677,145	3,795,651,734
	Outside Bangladesh (note-13.2)	-	-
		<u>4,413,677,145</u>	<u>3,795,651,734</u>
13.1	In Bangladesh		
	Long term loans:		
	Bangladesh Bank	50,588,440	67,626,137
	Bank Asia Limited	162,979,632	196,298,153
	BASIC Bank Limited	223,337,907	273,323,652
	Dutch-Bangla Bank Limited	611,632,994	215,515,716
	Dhaka Bank Limited	128,416,157	196,308,317
	IDLC Finance Limited	4,904,053	6,263,257
	International Leasing And Financial Services Limited	-	5,177,095
	Midland Bank Limited	275,071,680	-
	Modhumoti Bank Limited	149,979,471	185,190,023
	Mutual Trust Bank Limited	226,688,021	378,169,002
	NCC Bank Limited	162,200,258	95,068,889
	NRB Commercial Bank Limited	64,432,009	100,503,236
	Pubali Bank Limited	59,490,048	79,899,645
	Shahjalal Islami Bank Limited	531,584,476	94,991,491
	Social Islami Bank Limited	-	31,507,570
	Southeast Bank Limited	223,352,218	232,535,906
	Standard Bank Limited	116,766,811	170,662,217
	The Premier Bank Limited	69,457,342	107,477,312
	United Commercial Bank Limited	108,294,760	171,534,900
	Uttara Bank Limited	348,175,087	377,896,566
	Total long term loans	<u>3,517,351,364</u>	<u>2,985,949,084</u>
	Short term and call loans:		
	Short term loans:		
	Bangladesh Development Bank Limited	100,000,000	-
	Mutual Trust Bank Limited	105,326,365	17,700,319
	National Bank Limited	7,216	5,316
	NRB Commercial Bank Limited	29,244	175,772
	Pubali Bank Limited	100,491,396	311,864
	The Premier Bank Limited	40,320,613	1,063,545
	United Commercial Bank Limited	90,150,947	20,445,834
	Total	<u>436,325,781</u>	<u>39,702,650</u>
	Call loans:		
	Agrani Bank Limited	40,000,000	-
	BASIC Bank Limited	150,000,000	200,000,000
	Dutch-Bangla Bank Limited	50,000,000	250,000,000
	Modhumoti Bank Limited	-	30,000,000
	Mutual Trust Bank Limited	90,000,000	60,000,000
	Pubali Bank Limited	-	40,000,000
	Standard Bank Limited	-	150,000,000
	Sonali Bank Limited	130,000,000	-
	United Commercial Bank Limited	-	40,000,000
	Total	<u>460,000,000</u>	<u>770,000,000</u>
	Total short term and call loans	<u>896,325,781</u>	<u>809,702,650</u>
	Total borrowings	<u>4,413,677,145</u>	<u>3,795,651,734</u>

		Amounts in Taka	
		31.12.2016	31.12.2015
13.2	Outside Bangladesh	-	-
As at 31 December 2016, the company does not have any borrowing from outside Bangladesh.			
13.3	Security against borrowings from other banks, financial institutions and agents		
	Secured	3,903,088,705	2,958,025,597
	Unsecured	510,588,440	837,626,137
		<u>4,413,677,145</u>	<u>3,795,651,734</u>
Borrowings from other banks, financial institutions and agents are secured by floating charges on all movable and immovable assets of the company ranking Pari-Passu among the lenders.			
13.4	Maturity grouping of borrowings from other banks, financial institutions and agents		
	Payable on demand	460,000,000	770,000,000
	Up to 1 month	178,967,867	77,577,755
	Over 1 month but not more than 3 months	289,684,742	187,871,804
	Over 3 month but not more than 1 year	1,289,113,540	812,917,045
	Over 1 year but not more than 5 years	2,195,910,996	1,947,285,130
	Over 5 years	-	-
		<u>4,413,677,145</u>	<u>3,795,651,734</u>
14.	Deposits and other accounts		
	Current deposits (note-14.1)	-	-
	Bills payable (note-14.2)	-	-
	Savings deposits (note-14.3)	-	-
	Term deposits (note-14.4)	6,313,014,900	6,292,635,134
	Bearer certificate of deposit (note-14.5)	-	-
	Other deposits (note-14.6)	-	-
		<u>6,313,014,900</u>	<u>6,292,635,134</u>
14.1	Current deposits	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account.			
14.2	Bills payable	-	-
As at 31 December 2016, the company does not have any bills payable.			
14.3	Savings deposits	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.			
14.4	Term deposits		
	Deposits from other banks and financial institutions (note-14.4.1)	4,640,000,000	4,237,083,750
	Deposits from customers (note-14.4.2)	1,673,014,900	2,055,551,384
		<u>6,313,014,900</u>	<u>6,292,635,134</u>

		Amounts in Taka	
		31.12.2016	31.12.2015
14.4.1	Deposits from other banks and financial institutions		
	Agrani Bank Limited	550,000,000	300,000,000
	Bangladesh Commerce Bank Limited	300,000,000	-
	BRAC Bank Limited	100,000,000	100,000,000
	Dutch-Bangla Bank Limited	200,000,000	250,000,000
	Investment Corporation of Bangladesh	540,000,000	727,083,750
	Janata Bank Limited	400,000,000	-
	Midland Bank Limited	300,000,000	-
	Modhumoti Bank Limited	150,000,000	100,000,000
	Mutual Trust Bank Limited	100,000,000	100,000,000
	NRB Bank Limited	250,000,000	50,000,000
	NRB Commercial Bank Limited	300,000,000	250,000,000
	Prime Finance & Investment Limited	-	10,000,000
	Rupali Bank Limited	600,000,000	700,000,000
	Shahjalal Islami Bank Limited	100,000,000	200,000,000
	Social Islami Bank Limited	150,000,000	150,000,000
	Sonali Bank Limited	250,000,000	600,000,000
	South Bangla Agriculture & Commerce Bank Limited	-	150,000,000
	Southeast Bank Limited	-	100,000,000
	The City Bank Limited	-	300,000,000
	United Commercial Bank Limited	100,000,000	-
	United Finance Limited	250,000,000	150,000,000
		<u>4,640,000,000</u>	<u>4,237,083,750</u>
14.4.2	Deposits from customers		
	Deposits from general public	496,857,576	599,202,756
	Deposits from companies	1,176,157,324	1,456,348,628
		<u>1,673,014,900</u>	<u>2,055,551,384</u>
14.4.3	Rate of interest		
	Rate of interest on term deposit receipts ranges from 6.5% to 14.5%.		
14.5	Bearer certificate of deposit	-	-
	To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit.		
14.6	Other deposits	-	-
	As at 31 December 2016, the company does not have any other deposit account.		
14.7	Maturity grouping of deposits and other accounts		
	Payable on demand	-	-
	Up to 1 month	366,050,316	300,762,622
	Over 1 month but not more than 6 months	303,370,678	721,543,046
	Over 6 month but not more than 1 year	128,795,343	187,863,442
	Over 1 year but not more than 5 years	5,493,774,144	4,908,867,054
	Over 5 years but not more than 10 years	21,024,419	173,598,970
	Over 10 years	-	-
		<u>6,313,014,900</u>	<u>6,292,635,134</u>

		Amounts in Taka	
		31.12.2016	31.12.2015
15.	Other liabilities		
	Expenditure and other payables (note-15.1)	307,944,136	317,620,847
	Provision for loans, advances and leases (note-15.2)	405,223,457	382,719,707
	Provision for the diminution in the value of investments (note-13.3)	76,888,463	89,688,679
	Provision for income tax (note-15.4)	125,594,851	214,328,881
	Interest suspense account (note-15.5)	197,349,731	176,110,451
	Advance rental/installment against loans, advances and leases	67,231,087	57,301,665
	Received from clients against partial rental/installment	40,264,764	35,043,873
	Unpaid dividend	2,869,385	1,784,743
	Income Tax, VAT and Excise Duty deducted at source	3,139,656	8,170,355
		1,226,505,530	1,282,769,201
15.1	Expenditure and other payables		
	Accrual of leave encashment	1,963,795	1,399,299
	Accrued interest on borrowings from other banks, financial institutions and agents	33,588,963	33,316,716
	Accrued interest on deposits and other accounts	271,514,207	281,440,485
	Salary and allowances	129,319	126,970
	Auditors' fee	481,850	333,500
	Office rent	-	824,677
	Office utilities	60,000	84,250
	Office security	8,050	32,200
	Professional fee	102,222	-
	Advertisement and publicity	7,500	-
	Telephone and mobile bill	85,250	62,750
	Others	2,980	-
		307,944,136	317,620,847
15.2	Provision for loans, advances and leases		
	This represents the amount arrived at after calculation as per circulars issued by the Bangladesh Bank in this context in order to cover all the required provisions of the company as at 31 December 2016. Total provision is made up as follows:		
	General provision on unclassified loans, advances and leases	116,130,666	134,719,716
	Specific provision on classified loans, advances and leases	289,092,791	247,999,991
	Balance at 31 December	405,223,457	382,719,707
	Movements in general provision on unclassified loans, advances and leases		
	Balance at 01 January	134,719,716	99,538,682
	Add: Provision made during the year	(18,589,050)	35,181,034
	Balance at 31 December	116,130,666	134,719,716
	Movements in specific provision on classified loans, advances and leases		
	Balance at 01 January	247,999,991	207,797,565
	Less: Fully provided debts written-off during the year	484,721	-
	Add: Recoveries of amount previously written-off	-	-
	Add: Provision made during the year	41,577,521	40,202,426
	Less: Provision no longer required	-	-
	Add: Net charge to profit and loss account	41,577,521	40,202,426
	Balance at 31 December	289,092,791	247,999,991
	Total	405,223,457	382,719,707

Amounts in Taka	
31.12.2016	31.12.2015

15.3 Provision for the diminution in the value of investments

Balance at 01 January	89,688,679	51,802,839
Add: Provision made during the year	(12,800,216)	37,885,840
Balance at 31 December (Annexure-A for detail)	76,888,463	89,688,679

15.4 Provision for income tax

The company calculated its tax liability considering the BAS 12: "Income Taxes". Details calculation of tax liability as at 31 December 2016 is as follows:

Balance at 01 January	214,328,881	174,979,503
Add: Provision made during the year (note-38)	(66,330,573)	39,349,378
Less: Settlement of previous years' tax liability	22,403,457	-
Balance at 31 December	125,594,851	214,328,881

Current tax liability represents tax calculated @ 40% on profit before tax less advance tax paid.

15.5 Interest suspense account

This represents interest on loans and lease income not recognized as income according to Bangladesh Bank's FID circular # 03 of 2006. Details are as follows:

Balance at 01 January	176,110,451	172,105,849
Add: Amount transferred to interest suspense account during the year	21,343,851	4,004,602
Less: Amount recovered from interest suspense account during the year	-	-
Less: Amount written-off during the year	104,571	-
Balance at 31 December	197,349,731	176,110,451

15.5.1 Details of interest suspense account

Interest suspense for unclassified loans, advances and leases

Standard	-	-
Special mention account	34,436,511	44,582,534
	34,436,511	44,582,534

Interest suspense for classified loans, advances and leases

Sub-standard	39,437,263	7,407,086
Doubtful	23,979,805	468,280
Bad/Loss	99,496,152	123,652,551
	162,913,220	131,527,917
Total	197,349,731	176,110,451

15.6 Maturity grouping of other liabilities

Repayable on demand	-	-
Up to 1 month	215,406,673	217,114,119
Over 1 month but not more than 3 months	86,420,173	94,335,612
Over 3 months but not more than 1 year	223,479,885	359,352,254
Over 1 year but not more than 5 years	611,419,955	552,090,291
Over 5 years	89,778,844	59,876,925
	1,226,505,530	1,282,769,201



Amounts in Taka	
31.12.2016	31.12.2015

16.	Share capital		
16.1	Authorized capital		
	200,000,000 ordinary shares of Tk.10 each	2,000,000,000	2,000,000,000
16.2	Issued, subscribed and fully paid up capital		
	164,063,330 ordinary shares of Tk.10 each	1,640,633,300	1,640,633,300
		<u>1,640,633,300</u>	<u>1,640,633,300</u>

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

16.3 Raising of share capital

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

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

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

The shares were listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. on 15 September 2013 and quoted at Tk.12.30 and Tk.12.40 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively at 31 December 2016.

16.4 Composition of shareholders by shareholding as at 31 December 2016

Particulars	No. of holders	Holding (%)
Sponsors (Institutions)	-	-
Sponsors (Individuals)	11	40.74
General Public (Institutions)	180	17.35
General Public (Individuals)	10,904	41.91
Total	<u>11,095</u>	<u>100.00</u>

16.5 Distribution of shareholders by shareholding as at 31 December 2016

Holding of shares	No. of holders	Holding (%)
Less than 500 shares	1,145	0.14
500 to 5,000 shares	9,051	4.47
5,001 to 10,000 shares	412	1.86
10,001 to 20,000 shares	207	1.79
20,001 to 30,000 shares	89	1.34
30,001 to 40,000 shares	31	0.67
40,001 to 50,000 shares	35	1.00
50,001 to 100,000 shares	46	2.10
100,001 to 1,000,000 shares	47	7.79
Over 1,000,000 shares	32	78.81
Total	<u>11,095</u>	<u>100.00</u>



		Amounts in Taka	
		31.12.2016	31.12.2015
16.6	Capital adequacy requirement		
	As per Section-4(Gha) of The Financial Institutions Rules, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, company's capital adequacy is as under:		
	Paid up capital	1,640,633,300	1,640,633,300
	Required minimum capital	1,000,000,000	1,169,757,708
	Capital surplus/(deficit)	640,633,300	470,875,592
	Capital under Capital Adequacy and Market Discipline (CAMD)		
	A. Eligible Capital		
	1. Tier-1 (Core Capital)	1,879,008,550	2,027,045,336
	2. Tier-2 (Supplementary Capital)	115,023,270	137,462,426
	3. Total Eligible Capital (1+2)	1,994,031,820	2,164,507,762
	B. Total Risk Weighted Assets (RWA)	9,701,706,983	11,697,577,085
	C. Capital Adequacy Ratio (CAR) (A3/B)*100	20.55	18.50
	D. Core Capital to RWA (A1/B)*100	19.37	17.33
	E. Supplementary Capital to RWA (A2/B)*100	1.19	1.18
	F. Minimum Capital Requirement (MCR) (10% of Total RWA)	1,000,000,000	1,169,757,708
17.	Statutory reserve		
	According to the Rule 6 of The Financial Institutions Regulation, 1994, the company transfers 20% of its net profit for the respective year to statutory reserve. Detailed movement of the reserve is as follows:		
	Balance at 01 January	221,851,962	180,856,932
	Add: Transferred during the year	20,595,963	40,995,030
	Balance at 31 December	242,447,925	221,851,962
18.	Retained earnings		
	Balance at 01 January	164,560,075	200,657,179
	Less: Cash dividend paid	164,063,330	160,061,786
	Less: Issue of bonus shares	-	40,015,440
	Add: Net profit for the year	102,979,814	204,975,152
	Less: Transfer to statutory reserve	20,595,963	40,995,030
	Balance at 31 December	82,880,596	164,560,075
19.	Contingent liabilities and commitments		
19.1	Contingent liabilities		
	Acceptances and endorsements	-	-
	Letter of guarantee (note-19.1.1)	515,588,000	-
	Irrevocable letter of credit	-	-
	Bills for collection	-	-
	Other contingent liabilities	-	-
		515,588,000	-
19.1.1	Letters of guarantee		
	Claims lodged with the company which is not recognized as loan	-	-
	Money for which the company is contingently liable in respect of the following:		
	Directors	-	-
	Government	-	-
	Banks and other financial institutions	-	-
	Others	515,588,000	-
		515,588,000	-
19.2	Other commitments		
	Documentary credits and short term trade related transactions	-	-
	Forward assets purchased and forward deposits placed	-	-
	Undrawn note issuance and revolving underwriting facilities	-	-
	Spot and foreign exchange rate contract	-	-
	Undrawn formal standby facilities, credit lines and other commitments	-	-

		Amounts in Taka	
		2016	2015
20.	Income statement		
	Income		
	Interest, discount and similar income (note-20.1)	1,048,475,662	1,329,259,401
	Dividend income (note-23)	2,508,104	4,221,435
	Commission, exchange and brokerage (note-24)	2,009,250	-
	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)	122,303,475	128,694,930
	Profit less losses on interest rate changes	-	-
		1,175,296,491	1,462,175,766
	Expenses		
	Interest expenses on deposits, borrowings, etc. (note-22)	1,015,504,939	1,036,812,658
	Charges on losses regarding loans, advances and leases	-	-
	Administrative expenses (note-20.2)	91,394,538	47,132,783
	Other operating expenses (note-35)	15,760,968	16,225,044
	Depreciation on company's fixed assets (note-34)	6,323,826	6,049,167
		1,128,984,271	1,106,219,652
		46,312,220	355,956,114
20.1	Interest, discount and similar income		
	Interest income (note-21)	1,046,426,417	1,326,146,537
	Capital gain on sale of shares (note-23)	2,049,245	3,112,864
		1,048,475,662	1,329,259,401
20.2	Administrative expenses		
	Salary and allowances (note-26)	55,911,516	18,491,373
	Rent, taxes, insurance, electricity, etc. (note-27)	17,721,659	12,877,585
	Legal expenses (note-28)	4,489,409	2,771,894
	Postage, stamp, telecommunication, etc. (note-29)	1,448,423	972,535
	Stationery, printing, advertisement, etc. (note-30)	2,460,133	3,318,511
	Managing Director's salary and allowances (note-31)	6,820,300	6,834,400
	Directors' fees (note-32)	928,000	638,000
	Auditors' fees (note-33)	486,450	345,000
	Repairs of company's fixed assets (note-34)	1,128,648	883,485
		91,394,538	47,132,783
21.	Interest income		
	Interest on term finances	848,654,590	1,144,303,592
	Lease income	79,700,867	149,705,676
	Interest during grace period	-	250,157
	Interest on call loans	-	-
	Total interest income on loans, advances and leases	928,355,457	1,294,259,425
	Interest on balance with banks and other financial institutions	118,070,960	31,887,112
		1,046,426,417	1,326,146,537

Amounts in Taka	
2016	2015

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 income against this loan facility of Fareast Stock & Bonds Limited.

22. Interest expenses on borrowings, deposits, etc.		
a) Interest expenses on borrowings		
Interest on term loans	392,854,097	369,650,576
Interest on call loans	35,817,181	60,632,417
Interest on secured overdrafts	5,578,969	6,051,085
Interest on margin accounts	8,193	1,433
Bank charges	849,298	903,191
	<u>435,107,738</u>	<u>437,238,702</u>
b) Interest expenses on deposits	<u>580,397,201</u>	<u>599,573,956</u>
Total	<u><u>1,015,504,939</u></u>	<u><u>1,036,812,658</u></u>
23. Investment income		
Capital gain on sale of shares	2,049,245	3,112,864
Dividend income	2,508,104	4,221,435
	<u>4,557,349</u>	<u>7,334,299</u>
24. Commission, exchange and brokerage		
Guarantee commission	2,000,000	-
Realization of L/C commission	9,250	-
	<u>2,009,250</u>	<u>-</u>
25. Other operating income		
Income from associate	1,582,914	8,524,703
Documentation fees	3,506,054	1,069,839
Early settlement fees	7,578,236	-
Realization of late payment interest	107,169,361	114,711,958
Profit/(loss) on disposal of leased assets	539,757	394,780
Miscellaneous earnings	1,927,153	3,993,650
	<u>122,303,475</u>	<u>128,694,930</u>
26. Salary and allowances		
	<u>55,911,516</u>	<u>18,491,373</u>
Salary and allowances include company's contribution to recognized provident fund and approved gratuity fund amounting Tk.1,854,073 and Tk.4,454,571 respectively.		
27. Rent, taxes, insurance, electricity, etc.		
Rent, rate and taxes	15,773,747	10,657,899
Insurance	434,564	336,642
Power and electricity	1,513,348	883,044
	<u>17,721,659</u>	<u>12,877,585</u>
28. Legal expenses		
Professional fees	3,175,189	2,297,593
Other charges	1,314,220	474,301
	<u>4,489,409</u>	<u>2,771,894</u>



		Amounts in Taka	
		2016	2015
29.	Postage, stamp, telecommunication, etc.		
	Postage	100,140	153,094
	Telegram, telex, fax, and e-mail	3,600	700
	Data communication	443,020	198,130
	Telephone-office	890,043	608,609
	Telephone-residence	11,620	12,002
		<u>1,448,423</u>	<u>972,535</u>
30.	Stationery, printing, advertisement, etc.		
	Office stationery	481,383	445,052
	Computer consumable stationery	68,665	54,240
	Publicity and advertisement	1,910,085	2,819,219
		<u>2,460,133</u>	<u>3,318,511</u>
31.	Managing Director's salary and allowances		
	Basic pay	2,160,000	2,160,000
	Allowances	3,340,800	3,340,800
	Bonus	720,000	720,000
	Company's contribution to recognized provident fund	216,000	216,000
	Approved gratuity fund	360,000	360,000
	Annual membership subscription paid to professional bodies	23,500	37,600
		<u>6,820,300</u>	<u>6,834,400</u>

Besides, total perquisites of Tk.284,258 in the year 2016 (Tk.316,087 in the year 2015) was paid in relation to the Managing Director of the company.

32.	Directors' fees		
	Fees		
	Board of Directors	520,000	348,000
	Board Audit Committee	104,000	110,000
	Executive Committee	304,000	180,000
		<u>928,000</u>	<u>638,000</u>
	Other benefits	<u>0</u>	<u>0</u>
		<u>928,000</u>	<u>638,000</u>

Other disclosures regarding the Board and Committee meetings are as follows:

a) In the year 2016 the following meetings were held:

Name of meetings	Number of meetings	
Board of Directors	10	9
Board Audit Committee	4	6
Executive Committee	10	9

b) Directors did not take any honorarium from the company during the year.

c) No amount of money was expended by the company for compensating any member of the Board for special services rendered.

d) Tk.8,000 per person per meeting was paid to the Directors of the company as attendance fee.

33.	Auditors' fees		
	Auditors' fees including VAT @ 15.00%	457,700	316,250
	Auditors' certificate fees	28,750	28,750
		<u>486,450</u>	<u>345,000</u>



		Amounts in Taka	
		2016	2015
34.	Depreciation and repairs of company's assets		
	Depreciation on company's fixed assets (Annexure-B)	6,323,826	6,049,167
	Repairs of company's fixed assets	1,128,648	883,485
		<u>7,452,474</u>	<u>6,932,652</u>
35.	Other operating expenses		
	Office maintenance	3,913,694	4,209,131
	Travel and conveyance	396,269	178,799
	Motor vehicle expenses	5,526,409	5,473,852
	Meeting expenses	435,895	330,902
	Training expenses	238,500	229,380
	Books and periodicals	42,076	34,685
	Share business expense	367,104	893,448
	Subscription	1,570,000	675,000
	Entertainment and public relation	602,559	544,902
	Annual General Meeting	2,668,462	3,302,445
	Extra ordinary General Meeting	0	352,500
		<u>15,760,968</u>	<u>16,225,044</u>

Tk.1,241,699 was spent for the year 2016 (Tk.1,307,663 for the year 2015) for the vehicle used by the Chairman following of Bangladesh Bank's guidelines.

36.	Provision for loans, advances and leases		
	General provision on unclassified loans, advances and leases	(18,589,050)	35,181,034
	Specific provision on classified loans, advances and leases	41,577,521	40,202,426
		<u>22,988,471</u>	<u>75,383,460</u>

37.	Provision for investment in shares		
	Balance at 01 January	89,688,679	51,802,839
	Add: Provision made during the year	(12,800,216)	37,885,840
	Balance at 31 December (Annexure-A for detail)	<u>76,888,463</u>	<u>89,688,679</u>

38. Provision for income tax
This represents amount provided for income tax on profit before tax for the year ended 31 December 2016. The amount has arrived as follows:

Amount provided on current year's profit	204,925	105,278,262
Less: Excess provision of income tax	66,535,498	65,928,884
Amount provided for current tax	<u>(66,330,573)</u>	<u>39,349,378</u>
Amount provided for deferred tax	(525,276)	(1,637,716)
Total	<u>(66,855,849)</u>	<u>37,711,662</u>

Excess provision of income tax represents amount provided in previous years as tax expenses in the financial statements which is excess of tax settlement by the tax authority. For this excess amount an accounting effect has been given in accordance with para 36 of BAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors".

39.	Earning per share (EPS)		
	Net profit after tax for the year	102,979,814	204,975,152
	Weighted average number of ordinary shares at 31 December	164,063,330	164,063,330
	Restated weighted average number of ordinary shares	164,063,330	164,063,330
	Earnings per share (Basic)	0.63	1.25
	Earnings per share (restated 2015)	0.63	1.25

Earnings per share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".

Amounts in Taka	
2016	2015

40. **Number of employees**

At the end of the year the number of employees drawing Tk.3,000 or above per month was sixty five (forty nine in 2015).

41. **Assets pledged as security for liabilities**

As at 31 December 2016, all the fixed and floating assets of the company were pledged as security under pari-passu security sharing agreement with lenders.

42. **Related party disclosures**

42.1 Name of directors and their interest in different organizations

According to the Bangladesh 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.

42.2 Significant contracts where company is a party and wherein directors have interest

Fareast Finance & Investment Limited holds 50% of ordinary share capital of Fareast Stocks & Bonds Limited. The following shareholder of Fareast Finance & Investment Limited is also the sponsor shareholders of Fareast Stocks & Bonds Limited:

Name of directors	Shareholding % in the company	Shareholding % in FSB
Mr. M. A. Wahhab	3.52	10.00
Mr. Rubaiyat Khaled	2.05	2.76

42.3 Shares issued to directors and executives without consideration or at a discount

Till 31 December 2016, no shares were issued to the directors and executives of the company without having any consideration or at a discount.

42.4 Related party transactions

As per Bangladesh 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	Related directors	Nature of transactions	Taka
Fareast Stocks & Bonds Limited	Mr. M. A. Wahhab	Investments	620,001,840
	Mr. Rubaiyat Khaled	Term loan given	2,847,218,768
			<u>3,467,220,608</u>
PFI Properties Limited	Mr. Nazim Asadul Haque	Term loan given	139,122,072
	Dr. M Mosharraf Hossain		

42.5 Status of transactions done with related parties

As at 31 December 2016, there is no balance outstanding to the related parties other than disclosed in note-42.4.

42.6 Business with related parties

As at 31 December 2016, the company does not have any business with related parties under section 18(2) of the Bank Companies Act 1991.

42.7 Transactions with the securities of related parties

As at 31 December 2016, the company holds the shares of the following related parties:

Name of related party	Related directors	Number of shares
Fareast Stocks & Bonds Limited	Mr. M. A. Wahhab Mr. Rubaiyat Khaled	<u>41,344,943</u>



Amounts in Taka	
2016	2015

42.8 Transaction with key management personnel

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

42.8.1 Compensation of key management personnel

a) Short-term employee benefits

Basic pay and allowances	18,060,912	15,363,480
Bonus	2,758,597	2,344,508
Annual leave encashment	1,077,651	793,676
Motor vehicle expenses	3,012,562	3,444,179
Telephone and mobile allowances	133,370	149,387
	<u>25,043,092</u>	<u>22,095,230</u>

b) Post-employment benefits

Company's contribution to provident fund	864,574	725,745
Retirement benefit and gratuity	2,253,872	1,138,360
	<u>3,118,446</u>	<u>1,864,105</u>

c) Other long-term benefits

d) Termination benefits	0	0
e) Share-based payments	0	0

Total

	<u>28,161,538</u>	<u>23,959,335</u>
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42.8.2 Other transactions with key management personnel

There is no transaction other than compensation with key management personnel.

43. Disclosure on Board Audit Committee

43.1 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. Mohammad Shahidul Islam	Independent Director	Chairman	MBA, FCA, ACS
Mr. Nazim Asadul Haque (Representative of Asian Gate Limited)	Director	Member	Graduate in Accounting & Finance
Mr. Md. Shamsul Islam Varosha	Director	Member	M. Com. (Management)
Mr. Md. Ershad Ullah	Director	Member	BBA (Management)
Mr. Khorshed Alam Khan	Director	Member	M. Com.

43.2 Meetings held by the committee during the year

In the year 2016 the Committee met four times.

Meeting number	Held on
71st	20-Apr-2016
72nd	27-Jul-2016
73rd	10-Oct-2016
74th	14-Dec-2016

43.3 Activities of the audit committee during the year

In the year 2016 the Board Audit Committee carried out the following activities:

- a) Reviewed the financial reporting system ensuring that the appropriate accounting policies were applied as per requirement of Bangladesh Accounting Standards and Bangladesh Bank and the true and fair financial information were provided to the stakeholders.

Amounts in Taka	
2016	2015

- b) Reviewed that appropriate disclosures and information presented in the financial statements.
- c) 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. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.
- d) Reviewed the draft financial statements and audit report thereon.
- e) Examine the audit procedure of the financial statements of the company.
- f) Regular monitoring of the company's portfolio.
- g) Reviewed and recommendation to the Board regarding the delinquent portfolio against which litigation started by the company.
- h) Reviewed the company's overdue position with the objective of reduction in amount and quality.
- i) Reviewed the Quarterly Operations Reports prepared by the Internal Control and Compliance Department of the company.
- j) Monitored the internal control system of the company and its compliance.
- k) Reviewed the procedure of appointment of external auditor of the company.
- l) Reviewed the existence of practice of the acts, rules and regulation within the company.
- m) Reviewed the computerization and MIS status in the company.
- n) Reviewed the implementation of Bangladesh Bank's report focusing on loans/lease against whom suit filed by the company and suit filed against the company.
- o) Reviewed the CAMELS rating of Fareast Finance & Investment Limited prepared by Bangladesh Bank.

43.4 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.

44. 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 2016 the committee met ten times.

45. Disclosure regarding branch

As at 31 December 2016, the company has three branches in Bangladesh.

46. Highlights

Highlights of the company for the year 2016 and 2015 is presented below:

Sl. # Particulars

1	Paid up capital	1,640,633,300	1,640,633,300
2	Total capital	1,981,824,975	1,961,229,012



Amounts in Taka	
2016	2015

Sl. #	Particulars	2016	2015
3	Capital surplus/(deficit)	640,633,300	470,875,592
4	Total assets	14,017,903,146	13,496,845,156
5	Total deposits	6,313,014,900	6,292,635,134
6	Total loans, advances and leases	10,978,996,209	11,322,375,340
7	Total contingent liabilities and commitments	515,588,000	0
8	Credit deposit ratio (%)	173.91	179.93
9	% of classified loans, advances and leases against total loans, advances and leases	9.03	5.79
10	Profit after provisions and income tax	102,979,814	204,975,152
11	Classified loans, advances and leases	991,480,678	655,223,720
12	Provision kept against classified loans, advances and leases	289,092,791	247,999,991
13	Provision surplus/(deficit)	0	0
14	Cost of borrowing fund (%)	9.34	10.18
15	Interest earning assets	13,441,152,042	13,110,660,060
16	Non-interest earning assets	576,751,104	386,185,096
17	Return on investments (ROI) (%)	9.74	13.35
18	Return on assets (ROA) (%)	0.75	2.91
19	Income from investments	4,557,349	7,334,299
20	Earnings per share (restated)	0.63	1.25
21	Net income per share	0.63	1.25
22	Price earnings ratio (times)	19.60	7.92

47. Subsequent events-disclosure under BAS-10 "Events after the Reporting Period"

As per paragraph 13 of BAS: 10 "Events after the Reporting Period" and paragraph 137 of BAS: 1 "Presentation of Financial Statements", the Board of Directors at the 177th board meeting held on 10 April, 2017, recommended to the shareholders a cash Dividend @ 5% i.e. Tk. 0.50 per share (amounting to Tk. 82,031,665). This will be considered for approval by the shareholders at the 16th Annual General Meeting (AGM) to be held on 11 June, 2017.

48. 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.

49. General

49.1 Business

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

Description	2016		2015	
	Contracted Taka	Disbursed Taka	Contracted Taka	Disbursed Taka
Term finances	4,323,604,688	4,166,379,492	3,331,759,038	3,653,477,802
Leases	193,761,246	142,061,246	20,830,000	349,992,900
Total	4,517,365,934	4,308,440,738	3,352,589,038	4,003,470,702



Amounts in Taka	
2016	2015

49.2 Interim financial statements

The company publishes its interim financial statements quarterly as per the Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2008-183/Admin/03-34 dated 27 September 2009.

49.3 Office space

The company is using 7,500 sft at its registered address @ Tk.60 per sft. The property is owned by Eunoos Trade Centre Limited. The lease agreement signed with the company was effective from 01 December 2009 to 30 November 2021. The rate of rent shall be valid for a period of 2 years commencing from 01 December 2009 up to 30 November 2011 and thereafter the rent shall increase @ 15% after expiry of every 2 years on the then existing rate.

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.

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

The company entered into an agreement with Mrs. Saheli Huq, owner of the premises at Banani, Dhaka on 21 June 2015 for renting 2,687 sft area on the 6th floor of the building for a period of 3 years starting from 01 August 2015 to 31 July 2018 @ Tk.283,050 per month to open a branch office.

49.4 Declarations

The Board of Directors of Fareast Finance & Investment Limited adopted the Financial Statements of the company for the year ended 31 December 2016 in their 177th meeting held on 10 April, 2017 and recommended to the shareholders for approval.


M. A. Wahhab
Chairman


Md. Monir Hossain
Vice Chairman


Santanu Saha
Managing Director


Sheikh Khaled Zahir
Company Secretary



Fareast Finance & Investment Limited
Investment in shares as at 31 December 2016

Annexure-A

Sl. No.	Name of the company	Type of shares	Face value	No of shares	Cost/present value of holdings		Average cost	Quoted rate per share as at 31 Dec. 2016		Total market value as at 31 Dec. 2016	Estimated commission on sale of shares	Fair value as at 31 Dec. 2016		Provision required as at 31 Dec. 2016	
					Taka	Taka		Taka	Taka			Taka	Taka	Taka	Taka
1	Active Fire Chemical	A	10	65,000	2,847,650	43.81	43.30	2,814,500	8,444	2,806,057	41,594				
2	AB Bank Limited	A	10	63,950	1,479,107	23.13	22.30	1,426,085	4,278	1,421,807	57,300				
3	Bengal Windsor Thermoplastic Ltd.	A	10	1,329,544	88,319,115	66.43	48.80	64,881,747	194,645	64,687,102	23,632,013				
4	Delta Life Insurance Co. Ltd.	A	10	120,350	30,624,815	254.46	103.60	12,107,210	36,322	12,070,888	18,555,926				
5	Envooy Textiles Ltd.	A	10	429,268	21,302,232	49.62	38.80	16,655,598	49,967	16,605,632	4,696,600				
6	EXIM Bank Ltd.	A	10	22,966	505,022	21.99	11.70	268,702	806	267,896	237,126				
7	FAR Chemical Industries Ltd.	A	10	30,000	1,161,000	38.70	23.90	717,000	2,151	714,849	446,151				
8	Fareast Islami Life Insurance Co. Ltd.	A	10	19,838	1,704,912	85.94	67.70	1,343,060	4,029	1,339,031	365,882				
9	Golden Harvest Agro Ltd.	A	10	6,600	251,859	38.16	53.50	353,100	1,059	352,041	(100,182)				
10	Greenen Phone Ltd.	A	10	36,000	12,391,229	344.20	284.10	10,227,600	30,683	10,196,917	2,194,312				
11	Green Delta Mutual Fund	A	10	100,000	1,000,000	10.00	7.30	730,000	2,190	727,810	102,400				
12	IDLC Finance Ltd.	A	10	201,863	12,670,214	62.77	57.00	11,506,191	34,519	11,471,672	1,198,541				
13	IFAD Autos Ltd.	A	10	12,466	1,123,935	90.16	100.20	1,249,093	3,747	1,245,346	(21,411)				
14	Khulna Power Co. Ltd.	A	10	70,000	5,494,097	78.49	62.50	4,375,000	13,125	4,361,875	1,132,222				
15	Lafarge Surma Cement	A	10	27,000	3,321,756	123.03	82.10	2,216,700	6,650	2,210,050	1,111,706				
16	Matin Spinning Mills Ltd.	A	10	58,087	2,391,808	41.18	40.20	2,335,097	7,005	2,328,092	63,716				
17	Mozaffar Hossain Spin. Mills Ltd.	B	10	1,236,704	37,657,637	30.45	21.20	26,218,125	78,654	26,139,470	11,518,166				
18	Popular Life 1st Mutual Fund	A	10	264,588	1,999,991	7.56	5.40	1,428,775	4,286	1,424,489	0				
19	R.N Spinning Mills Ltd.	Z	10	300,010	10,013,254	33.38	25.10	7,530,251	22,591	7,507,660	2,505,594				
20	RAK Ceramic Industries Ltd.	A	10	52,015	3,809,579	73.24	61.90	3,219,729	9,659	3,210,069	599,509				
21	Reckit Benckiser (BD) Ltd.	A	10	450	721,339	1,602.98	1,530.00	697,500	2,093	695,408	25,931				
22	Sarf Powertec Ltd.	A	10	232,677	12,676,243	54.48	50.60	11,773,456	35,320	11,738,136	938,107				
23	Summit Alliance Port Ltd.	Z	10	32,340	2,412,858	74.61	51.80	1,665,510	4,997	1,660,513	752,345				
24	United Airways Ltd.	Z	10	123,037	1,976,743	16.06	6.90	849,093	2,547	846,546	1,130,197				
25	Yeak-in Plymer Limited	N	10	1,141	10,372	9.09	30.40	34,686	104	34,582	(24,211)				
26	Zahcen Spinning Ltd.	A	10	798,025	20,868,354	26.15	18.90	15,082,673	45,248	15,037,424	5,830,929				
26	Total as at 31 December 2016			5,633,939	278,735,118			201,706,482	605,119	201,101,363	76,888,463				
	Total as at 31 December 2015			12,145,698	378,216,175			283,429,440	850,288	282,579,151	89,688,679				



Fareast Finance & Investment Limited

Schedule of Fixed Assets
As at 31 December 2016

Annexure-B

Particulars	Cost				Rate of Dep.	Depreciation			Net book value as at 31 December 2016
	Opening balance as at 01 January 2016	Additions during the year	Disposals/ adjustments during the year	Total balance as at 31 December 2016		Charge for the year	Disposals/ adjustments during the year	Total balance as at 31 December 2016	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	
Owned assets									
Land	5,485,000	-	-	5,485,000	0.0%	-	-	-	5,485,000
Furniture and fixture	13,295,507	2,608,411	-	15,903,918	18%	1,712,676	-	10,952,086	4,951,832
Office equipment	12,962,386	1,805,177	-	14,767,563	20%	1,091,685	-	10,784,883	3,982,680
Office software	1,826,725	-	-	1,826,725	20%	39,996	-	1,750,037	76,688
Crockeries	32,780	28,650	-	61,430	20%	5,724	-	38,503	22,927
Motor vehicle	10,784,938	5,600,000	-	16,384,938	20%	1,953,745	-	8,631,609	7,753,329
Sub total	44,387,336	10,042,238	-	54,429,574		4,803,826	-	32,157,118	22,272,456
Leasehold assets									
Motor vehicle	7,600,000	-	-	7,600,000	20%	1,520,000	-	3,293,333	4,306,667
Sub total	7,600,000	-	-	7,600,000		1,520,000	-	3,293,333	4,306,667
Total as at 31 December 2016	51,987,336	10,042,238	-	62,029,574		6,323,826	-	35,450,451	26,579,123
Total as at 31 December 2015	46,073,175	5,914,161	-	51,987,336		6,049,167	-	29,126,625	22,860,711



Forecast Finance & Investment Limited

Name of directors and their interest in different organizations

Annexure-C

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. 2016
1	Mr. M. A. Wahhab	Chairman	MAWSONS Limited	Managing Director	53
			Fareast Stocks & Bonds Limited	Director	10
			PFI Securities Limited	Chairman	5.13
			Prime Prudential Fund Limited	Director	10
			Primeasia University	Member, Board of Trustee	7.7
2	Mr. Md. Monir Hossain	Vice Chairman	Fariha Spinning Mills Limited	Managing Director	63.93
			Fahim Textile Mills Limited	Managing Director	16.12
			Fariha Homes & Fashion Limited	Managing Director	50
			Fair Banks Properties Limited	Managing Director	40
			Wari Golden Hospital	Director	10
			Fahim Poultry & Dairy Farm	Proprietor	100
			Fahim Fish Farm	Proprietor	100
			Fahim Foods & Beverage	Proprietor	100
3	Mr. M. Mustafizur Rahman	Director	Credit Rating Agency of Bangladesh Ltd	Director	8.17
4	Mrs. Umme Fatima Khaledee Jahan	Director	GETCO Agro Vision Limited	Director	15
			KBZ Properties Limited	Director	11
5	Mr. Nazim Asadul Haque Representative of Asian Gate Limited	Director	Bangla Trac Communications Limited	Chairman	50
			Asian Gate Limited	Managing Director	20
			ACORN Limited	Director	25
			ACORN Infrastructure Services Limited	Chairman	14.5
			Prime Finance Capital Management Limited	Director	6
			PFI Properties Limited	Nominated Director	10
6	Mr. Md. Ershad Ullah	Director	Ershad Enterprize	Proprietor	100
			M/S Ershad Shipping Line	Proprietor	100
			Diganta Paribahan (Pvt) Limited	Managing Director	50
			Ahsan Ullah Commercial Complex	Proprietor	100
7	Mr. Md. Shamsul Islam Varosha	Director	Karim Chemicals	Proprietor	100
			JSA Autos	Proprietor	100
			K. V Industries Ltd	Shareholder	10
			JSA Multitrade & Products Ltd	Managing Director	70
			R.K. Metal Industries Ltd	Shareholder	0.5
8	Mr. Rubayat Khaled	Director	MAKSONS (Bangladesh) Limited	Director	15
			MAKSONS Associates Limited	Director	15
			MAKSONS Bay Limited	Director	25
			Prime Financial Securities Limited	Director	15
			Prime Finance Capital Management Limited	Chairman	3.85
			Prime Property Holdings Limited	Director	25
			Fareast Stocks & Bonds Limited	Director	2.76
			Fareast Islami Life Insurance Co. Limited	Director	2
			Bangladesh Institute for Professional Development (BIPD)	Director	15
			Primeasia University	Member, Board of Trustee	7.7
9	Mr. Khorshed Alam Khan	Director	Modern Diagnostic Centre Limited	Director	1
10	Mr. Mohammad Shahidul Islam	Independent Director	Nil		
11	Dr. M Mosharrar Hossain	Independent Director	PFI Properties Limited	Nominated Director	10
			Unned Media Limited	Nominated Director	0
			Bangladesh Institute for Professional Development (BIPD)	Director	10
12	Mr. Santanu Saha	Managing Director	Fareast Stocks & Bonds Limited	Nominated Director	50

