

Fareast Finance & Investment Limited
Independent Auditor's Report
And
Financial Statement
For the year ended 31 December 2023



**Independent Auditor's Report
To the Shareholders of Fareast Finance & Investment Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Fareast Finance & Investment Limited (the "Company"), which comprise the Balance Sheet as at 31 December 2023, Statement of Profit and Loss accounts, Statement of Changes in Equity and Cash Flows Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for effect of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company and the financial position of the Company and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note no. 02 where practicable and comply with Finance Company Act 2023, the Securities and Exchanges Rules 1987, the Companies Act 1994 along with the rules & regulations issued by Bangladesh Bank and applicable rules & regulations.

Basis for Qualified Opinion

- The company holds investments in Fixed Deposit Receipts (FDR) with Bangladesh Industrial Finance Co. Ltd., FAS Finance & Investment Limited and People's Leasing and Fin. Services Ltd. amounting to BDT 100,000,000, BDT 36,116,092 and BDT 345,605,000 respectively. These investments collectively represent 55.20% of the Balance with Other Banks and Financial Institutions.

In the financial year, the company did not receive any interest income from its investments in FAS Finance and Investment Limited and People's Leasing and Fin. Services Ltd. This situation poses a significant financial risk for the company as both of these investments are non-performing.

- The Company acquired a commercial floor space measuring 5,483 square feet located at 'Simpletree Lighthouse,' Plot: 53, Road: 21, Block: B, Kemal Ataturk Avenue, Banani Model Town, Dhaka-1213, Bangladesh. Since October 2020, this property has been serving as the corporate office. However, despite its use as the corporate office, the property has not been officially registered under the name Fareast Finance & Investment Limited. Instead, it is recorded in note 11.1 as an advance paid to Spacezero Ltd. Due to the absence of legal registration and ownership, the company has refrained from charging any depreciation on the property. This approach is not in compliance with the requirements outlined in paragraph 55 of IAS 16, which states that "Depreciation of an asset begins when it is available for use," meaning when it is in the location and condition necessary to operate as intended by the management. Since the property is being used but not officially registered, depreciation should have been charged in accordance with the accounting standards.
- The company provided a loan to its associate company, namely Fareast Stocks & Bonds Limited. Based on the available documents and the CL statement of Fareast Finance & Investment Limited as of December 31, 2023, the outstanding loan amount is recorded as BDT 3,024,788,933. However, Fareast Stocks & Bonds Limited could not confirm us the loan outstanding balance. This discrepancy in the reported loan amounts raises concerns about the recoverability of the term loan, which may lead to doubts regarding the company's ability to recover the full amount and could result in additional expected credit losses. This lack of confirmation further adds to the uncertainty surrounding the loan's status and potential credit risks for the company.



- Note 11.3 Investment in Associate and Note 25.00 Other Operating Income, subhead Income from Associate report figures of BDT 597,082,019 and BDT (8,502,870), respectively. These figures are unaudited because Fareast Stocks & Bonds Limited has not yet conducted their statutory audit. Consequently, the figures are derived from the management accounts, signed by the Chief Executive Officer of the company.
- Referring to note no. 16.6, it is mentioned that as per Section-4 (Gha) of The Financial Institutions Rules, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, the minimum paid-up capital of a financial institution should be Tk. 100 crore. However, it is also specified that the sum of paid-up capital and reserves must not be less than the minimum capital required under the Risk-Based Assets of the company, as determined by the Bangladesh Bank. During the year ended December 31, 2023, the eligible capital of the company is reported as BDT (7,380,381,724). However, this amount falls short of the regulatory required capital, which amounts to BDT (8,436,279,060) compared to the minimum requirement. This indicates that the company currently has a shortfall of BDT (8,436,279,060) in meeting the minimum capital requirement set by the regulatory authorities.
- In accordance with note no. 8.1.2.1, the category of "Loan, Advance, and Leases" includes a term finance provided to Fareast Stocks & Bonds Limited, with an outstanding amount of BDT 3,024,788,933. During the 161st meeting of the Board of Directors held on 10th August 2015, the financial position of Fareast Stocks & Bonds Limited was taken into consideration. As a result of this evaluation, the board approved the abandonment of interest income on the loan facility. Subsequently, no interest has been charged on the outstanding loan amount, which stood at BDT 2,895.22 million, starting from 01st July 2015.

To comply with Bangladesh Bank's recommendations concerning the repayment of over-limit investments in subsidiaries, the company's Board of Directors convened their 185th meeting on 21st May 2018. During this meeting, they made the decision to re-fix the repayment schedule and devise a time-bound strategy to ensure complete repayment by the year 2025. Following this decision, the company submitted the time-bound repayment strategy to Bangladesh Bank, and the bank provided its approval through letter #DFIM(S)/1055/49/2018-1597, dated 23rd July 2018. Subsequently, in the company's 208th Board of Directors meeting held on 8th March 2020, it was decided to impose an interest rate of 13.90% per annum on the outstanding amount from 20th March 2020. This interest rate would apply to the remaining balance of the over-limit investments in subsidiaries to facilitate timely repayment as per the approved strategy.

The term finance provided to Fareast Stocks & Bonds Limited, with an outstanding amount of BDT 3,024,788,933, has been classified as a "bad loss." This classification indicates that the company has recognized the loan as potentially irrecoverable and has accounted for it as a loss in their financial statements. Furthermore, it's worth noting that the company has not taken any collateral security against this credit facility. This means that there is no specific asset or guarantee provided by Fareast Stocks & Bonds Limited to secure the repayment of the loan. As a result, the company is exposed to a higher level of risk, given the absence of collateral to mitigate potential losses in case of default or non-repayment.



- Term finance and lease finance are considered the core products of the company. In the current year, the outstanding amount of Loans, Advances, and Leases is BDT 8,998,413,791. Out of this total, BDT 8,767,210,759, which accounts for 97.43% of the portfolio, is classified as a loan. Within the loan portfolio, the following classifications have been made based on the level of risk: Bad/Loss: BDT 8,723,898,554, representing 96.95% of the loan portfolio. Doubtful: BDT 43,312,205, representing 0.48% of the loan portfolio. Sub-Standard: BDT 0, representing 0% of the loan portfolio. These classifications indicate the level of credit risk associated with the loans and reflect the portion of the outstanding amount that is considered to have varying degrees of uncertainty in terms of repayment. The high percentage of loans classified as bad/loss is particularly concerning, as it represents a substantial portion of the loan portfolio with a high likelihood of irrecoverable losses.
- Land and buildings were used as mortgage collateral for loans, advances, and leases without any valuation conducted by a Valuation Firm or a Third Party. Instead, the valuation was carried out by FFIL employees during the sanctioning process. The valuation amount was assumed, presented to the board, approved, and subsequently used as eligible collateral in CL.
- In accordance with note no. 46.4 the Company has made multiple requests to Fareast Stocks & Bonds Limited (FSBL) for the withdrawal of the available brokerage house ledger balance, which amounts to BDT 90,613,589 in BO Account No. 1204690000134328. However, FSBL has failed to honor the withdrawal request. Furthermore, FSBL has conducted unauthorized and fraudulent debits, deducting BDT 90,624,892 from the available ledger balance. Consequently, Fareast Finance & Investment Limited (FFIL) has not received any amount from the brokerage house ledger. In FFIL's financial statements, the company shows an entry under the sub-head "Amount receivable against shares sold" amounting to BDT 90,613,589. This amount includes the brokerage house ledger balance of BDT 0. However, due to FSBL's unauthorized debits and non-payment to FFIL, there is a reasonable apprehension that FSBL may not be able to return the deducted amount from the brokerage house ledger balance. As a result, this situation represents a financial loss for the company, and there is uncertainty regarding the recovery of the amount. In summary, FSBL's actions have led to financial loss and raised doubts about the company's ability to recover the debited amount, creating uncertainty and concerns for Fareast Finance & Investment Limited.
- The Board of Directors of the Company, in its 230th meeting, approved a plan to downsize the office space of the Chattogram branch by sharing the floor space with Fareast Stock & Bonds Limited (FSB) Chattogram branch. This move aims to reduce operating expenses. Currently, FFIL Chattogram branch is utilizing 850 sq. ft. at a rate of BDT 55 per sq. ft., and the rent agreement is currently under process. Therefore, the company has not yet implemented IFRS 16 Lease and is treating this expense as rent expense under the category of Rent, Rate, and Taxes.

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



Emphasis of Matter

- As per the quick summary report by Bangladesh Bank dated 10 June 2024 for the year ended 31 December 2023, total shortfall of BDT 27.80 Crore has arisen as a provision shortfall under the heads Loans, Advances & Leases and Investment in FDR. This shortfall that has been adjusted during the year is BDT 7.61 crore for loans, leases and advances and for investment in share of BDT 13.61 in the respected heads. The shortfall of BDT 27.80 Crore does not include the liquid eligible securities of loans, advances; and leases such as Advance Installment, Suspense Receipt, and FDR of the respective clients. Subsequently, the provision maintained against loans, advances, and leases has been considered in light of these factors.
- In the board meeting held on 11 August 2024 the Board of Directors has declared that no dividend will be distributed to the shareholders based on the financial performance of the year 2023. This decision indicates that the company's financial results for the specified period did not meet the criteria or expectations to warrant the distribution of dividends to its shareholders. As a result, no dividend payout will be made, and the retained earnings or profits will likely be retained within the company for other purposes or future investments.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2023. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

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

Risk	Our response to risk
Measurement of Provision for Leases, Loans & Advances	
The process for estimating the provision for leases, loans and advances (Investments) portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none">Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;Identification of loss events, including early warning and default warning indicators;Reviewed quarterly Classification of Loans (CL);



databases, assumptions and calculations for the provision estimates of complex design and implementation.

At year end of 2023 the Company reported total gross leases, loans and advances (Investments) of BDT 8,998,413,791 (2022: 9,438,041,064) and it represents 82.47% of total assets. Provision for leases, loans and advances was of BDT 6,592,576,991 (2022: BDT 6,513,958,266).

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- Reviewed the adequacy of the companies general and specific provisions in line with Bangladesh Bank guidelines;
- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
- Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and
- Finally compared the amount of loan provision and loan classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank.

The said BB Circular has also instructed to consider all installments payable during the period from 1 January 2020 to 31 December 2020 as deferred and reschedule the number of installment and amount from 01 January 2021. As a result, the number of installments unpaid during January to December 2020 shall be added with the revised repayment schedule. No penal interest or additional fee/charge/commission shall be imposed on these deferred installments. We have verified as compliance of above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by management in assessing recoverability of interest income may be different than the actual situation in future.

See note no 08 & 15.02 to the financial statements

Provision for diminution in value of investment in share

At the year-end of 2023 investments comprise of marketable ordinary shares of BDT 71,485,572 (2022: BDT 71,485,572) and it represents 0.66% of total assets. Provision for diminution in value of investment of BDT 18,982,236 (2022: BDT 18,821,986).

Our audit approach was a combination of test of internal control and substantive procedures.

- We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that valuation



<p>This was an area for our audit and significant audit effort was directed.</p> <p>Invested in quoted shares and unquoted shares are valued at cost. However, the company made provision for diminution in value of investment as per FID circular no 08, dated 03 August 2002.</p> <p>We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 & IAS 32 to comply the above circular of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the company.</p>	<p>policies were consistently applied by the management of the company.</p> <ul style="list-style-type: none"> We assessed the design and operating effectiveness of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets. <p>We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with FID circular no. 8 dated 3 August 2002.</p>
See note no 07 & 15.03 to the financial statements	
Deposits and Other Accounts	
<p>Term Deposit of BDT 4,560,765,879 which is decreased by 0.15% from the last year (2022: BDT 4,567,785,898)</p> <p>Significant judgment is required for Term Deposit, which has a vice-versa relation with interest income on interest expense on deposits.</p>	<p>We have tested operating effectiveness of key controls on the following:</p> <ul style="list-style-type: none"> Tested the deposit attraction policy and procedure. Identification of reinvestment rate of with the combination of deposit receiving rate. Tested the investment maturities ladder compile with deposit tenure. Conducted analysis for understanding industry practice on deposit interest rate compare to inflation rate. Tested penalty practice on early settlement of deposit. <p>Finally assess the reinvest appropriateness in against of the receiving deposit.</p>
See note no. 14 to the financial statement	
Measurement of Deferred Tax Assets	
<p>The Company reports net deferred tax assets (DTA) BDT 1,500,759 as at 31 December 2023. Deferred tax expense accounted for during the year 2023 BDT 1,103,571 (Deferred tax expense in 2022: BDT 65,527)</p> <p>Significant judgment is required in relation to deferred tax assets/ liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and have tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p>



	<p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs.</p> <p>Finally assessed the appropriateness and presentation of disclosures against "IAS-12" Income Tax.</p>
See note no: 11.4 & 39 to the financial statements	
Revenue	
<p>Interest Income of BDT 142,630,580 & Investment Income of BDT 2,222,897 is recognized in the Statement of Profit or Loss and Other Comprehensive Income of the Company. This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.</p>	<p>Our audit procedures included obtaining our understanding of the process of interest income, investment income, brokerage commission, profit on investment ascertaining the balance and the interest charged over the financial year.</p> <p>Additionally,</p> <ul style="list-style-type: none"> Carried out cut-off testing to ensure the income was recognized in correct period. Reviewed the carrying balance of the total figure. Our audit approach was a combination of test of internal control and substantive procedures. We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. In addition, we performed substantive analytical to understand how the revenue has trended over the year among other parameters, we performed a detailed testing on transactions around the year-end, ensuring revenues were recognized in the correct accounting period. We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. Evaluate the Company's work to implement "IFRS-15" and assessed whether accounting principles comply with the new accounting standard.
See note no. 21 & 23 to the financial statements	
Going Concern	
<p>The company incurred a net loss of BDT 1,123,224,372 during the year ended 31 December 2023 and as at that date, the company's liabilities exceeded its total asset by BDT 7,439,542,461 and Retained earnings of the</p>	<p>Our audit procedure included the following</p> <ul style="list-style-type: none"> We have obtained an understanding of the process of management assessment of going concern and also assessed the same.



<p>company shows a negative balance of BDT 9,428,625,159 based on the financial information so that under this condition, we foresee a significant risk about the company's ability to continue as going concern.</p> <p>Furthermore, the company has prepared cash flow forecast for the next twelve months which involves judgment and estimation around sources of funds to meet the financial obligations and cashflow requirements over the next twelve months. Considering the above, we have identified the assessment of going concern assumption as a key audit matter considering that the Company has net current liabilities & accumulated loss.</p>	<ul style="list-style-type: none"> • We read the management assessment in note 2.40 which states Management is taking various initiatives for reduction of debt & increases of profit. • We have obtained the future cash flows of the Company. We have considered the same for our assessment of the Company's capability to meet its financial obligation falling due within next twelve months. • We have assessed the disclosure made by the Company in relation to this matter.
See note no. 2.40 to the financial statement	
IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

Other Information

Management is responsible for the other information. The other information comprises of all the information in the annual report other than the financial and auditors' report thereon.

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

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



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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Finance Company Act 2023, the Securities and Exchange Rules 1987, the Companies Act 1994 along with the rules & regulations issued by Bangladesh Bank and applicable rules & regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, the Finance Company Act 2023 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- v. the financial statements of the Company have been drawn up in conformity with the Finance Company Act 2023 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Banks instructions in this regard have been followed properly;



- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- xi. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiii. the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;
- xiv. we have reviewed over 83% of the risk weighted assets of the Company and we have spent around 1930 person hours for the audit of the books and accounts of the Company;
- xv. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvi. the Company has complied with the Finance Company Act 2023 in preparing these financial statements; and
- xvii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Harun-Ur-Rashid FCA

Managing Partner, Enrolment No.: 312 (ICAB)

Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

DVC: 2408130312AS448360

Place: Dhaka

Date: 11 August 2024



Fareast Finance & Investment Limited
Balance Sheet
As at 31 December 2023

Particulars	Note	Amounts in Taka	
		31.12.2023	31.12.2022
PROPERTY AND ASSETS			
Cash	4	23,210,616	23,211,106
In Hand (including Foreign Currencies)		-	-
Balance with Bangladesh Bank and its Agent Banks (including Foreign Currencies)		23,210,616	23,211,106
Balance with Other Banks and Financial Institutions	5	872,671,646	769,445,501
In Bangladesh		872,671,646	769,445,501
Outside Bangladesh		-	-
Money at Call and Short Notice	6	-	-
Investments	7	71,485,572	71,485,572
Government		-	-
Others		71,485,572	71,485,572
Loans, Advances and Leases		8,998,413,791	9,438,041,064
Loans, Cash Credits, Overdrafts, Leases, etc.	8	8,998,413,791	9,438,041,064
Bills Purchased and Discounted	9	-	-
Fixed Assets including Premises, Furniture and Fixtures	10	1,296,747	919,147
Other Assets	11	934,881,352	1,037,003,519
Non-Business Assets	12	8,433,997	8,433,997
Total Assets		10,910,393,721	11,348,539,906
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	13	3,503,302,765	3,452,887,890
Deposits and Other Accounts	14	4,560,765,879	4,567,785,898
Current Deposits		-	-
Bills Payable		-	-
Savings Deposits		-	-
Term Deposits		4,560,765,879	4,567,785,898
Bearer Certificate of Deposit		-	-
Other Deposits		-	-
Other Liabilities	15	10,285,867,538	9,644,184,207
Total Liabilities		18,349,936,182	17,664,857,995





Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

Particulars	Note	Amounts in Taka	
		31.12.2023	31.12.2022
Capital/Shareholders' Equity		(7,439,542,461)	(6,316,318,089)
Paid up Capital	16	1,640,633,300	1,640,633,300
Statutory Reserve	17	268,954,085	268,954,085
Revaluation Reserve	11.3.1	79,495,313	79,495,313
Retained Earnings	18	(9,428,625,159)	(8,305,400,787)
Total Liabilities and Shareholders' Equity		10,910,393,721	11,348,539,906
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities	19.1	-	-
Acceptances and Endorsements		-	-
Letter of Guarantee		-	-
Irrevocable Letter of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		-	-
Other Commitments	19.2	-	-
Documentary Credits and Short Term Trade related Transactions		-	-
Forward Assets Purchased and Forward Deposits Placed		-	-
Undrawn Note Issuance and Revolving Underwriting Facilities		-	-
Spot and Foreign Exchange Rate Contract		-	-
Undrawn Formal Standby Facilities, Credit Lines and Other Commitments		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		-	-
Net Asset Value Per Share	41	(45.35)	(38.50)

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

Md. Ashraful Moqbul
Chairman & Independent Director

Ihsanul Aziz
Independent Director

Professor Dr. Md. Mosharraf Hossain
Independent Director

Muhammad Ali Zaryab
Managing Director

Md. Anwar Hussain
Head of Finance & HR

Md. Mehedi Hasan Khan
Company Secretary (CC)

As per our annexed report of same date.

Harun-Ur-Rashid FCA
Managing Partner, Enrolment No. 312
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

Place: Dhaka
Date: 11 August 2024

DVC: 2408130312AS448360





Fareast Finance & Investment Limited
Profit and Loss Account
For the year ended 31 December 2023

Particulars	Note	Amounts in Taka	
		2023	2022
Interest Income	21	142,630,580	102,827,338
Interest Expenses on Borrowings, Deposits, etc.	22	(670,356,186)	(716,268,544)
Net Interest Income		(527,725,606)	(613,441,206)
Investment Income	23	2,222,897	4,051,336
Commission, Exchange and Brokerage	24	-	-
Other Operating Income	25	(2,229,053)	(5,927,650)
Total Operating Income		(527,731,762)	(615,317,520)
Salary and Allowances	26	20,955,350	21,761,577
Rent, Taxes, Insurance, Electricity, etc.	27	1,057,951	1,481,178
Legal Expenses	28	5,007,613	1,607,370
Postage, Stamp, Telecommunication, etc.	29	623,089	521,951
Stationery, Printing, Advertisements, etc.	30	1,792,536	1,117,326
Managing Director's Salary and Allowances	31	6,620,000	6,620,000
Directors' Fees	32	492,800	774,400
Auditors' Fees	33	957,400	2,260,600
Charges on Losses regarding Loans, Advances and Leases		-	-
Depreciation and Repairs of Company's Assets	34	441,069	1,361,178
Other Operating Expenses	35	4,982,512	6,720,676
Total Operating Expenses		42,930,320	44,226,256
Profit/(Loss) before Provisions		(570,662,082)	(659,543,776)
Provisions for Loans, Advances and Leases:	36	78,618,725	1,457,881,244
Provision for the Diminution in the Value of Investments	37	160,250	(769,863)
Other Provisions	38	325,246,406	189,159,800
Total Provisions		404,025,381	1,646,271,181
Profit/(Loss) before Income Tax		(974,687,463)	(2,305,814,957)
Provision for Income Tax			
Current Tax Expense	39	147,433,338	625,003
Deferred Tax Expense/(Income)	39	1,103,571	65,527
		148,536,909	690,530
Net Profit/(Loss) after Income Tax		(1,123,224,372)	(2,306,505,487)





Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

Particulars	Note	Amounts in Taka	
		2023	2022
Appropriations			
Statutory Reserve	17	-	-
General Reserve		-	-
		-	-
Retained Surplus	18	(1,123,224,372)	(2,306,505,487)
Earnings Per Share (EPS)	40	(6.85)	(14.06)

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

Md. Ashraful Moqbul
Chairman & Independent Director

Ihsanul Aziz
Independent Director

Professor Dr. Md. Mosharraf Hossain
Independent Director

Muhammad Ali Zaryab
Managing Director

Md. Anwar Hussain
Head of Finance & HR

Md. Mehedi Hasan Khan
Company Secretary (CC)

As per our annexed report of same date.

Harun-Ur-Rashid FCA
Managing Partner, Enrolment No. 312
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

Place: Dhaka
Date: 11 August 2024





Fareast Finance & Investment Limited
Cash Flow Statement
For the year ended 31 December 2023

Particulars	Amounts in Taka	
	2023	2022
Cash Flows from Operating Activities		
Interest Received	133,808,292	104,883,033
Interest Paid	(586,228,331)	(749,461,075)
Dividend Received	2,222,897	3,125,015
Fees and Commission Received	-	-
Recoveries of Loan Previously Written-off	8,770,560	5,712,205
Income Taxes Paid	(5,938,022)	(2,039,273)
Received from Other Operating Activities	5,997,058	1,228,322
Payments for Other Operating Activities	(41,124,251)	(39,881,497)
Cash Generated from Operating Activities before Changes in Operating Assets and Liabilities	(482,491,797)	(676,433,270)
Increase/Decrease in Operating Assets and Liabilities		
Statutory Deposit	-	-
Trading Securities	-	-
Loans, Advances and Leases	439,627,273	253,622,765
Other Assets	480,547	511,252
Deposit and Other Accounts	(7,020,019)	(60,924,960)
Net Drawdown of Short Term Loans	(362,926,535)	20,502,238
Other Liabilities on Account of Customers	112,722,927	77,286,492
Trading Liabilities	-	-
Other Liabilities	(10,163,957)	211,143,544
	172,720,236	502,141,331
Net Cash from Operating Activities	(309,771,561)	(174,291,939)
Cash Flows from Investing Activities		
Proceeds from Sale of Securities	-	24,420,830
Payments for Purchase of Securities	-	-
Purchase of Fixed Assets including Premises, Furniture and Fixtures	(620,980)	(749,556)
Proceeds from Sale of Fixed Assets including Premises, Furniture and Fixtures	276,786	-
(Increase)/Decrease regarding Purchase and Sale of Subsidiary	-	-
Net Cash Used in Investing Activities	(344,194)	23,671,274
Cash Flows from Financing Activities		
Receipt of Borrowings from Other Banks, Financial Institutions and Agents	589,001,992	400,466,268
Repayment of Borrowings from Other Banks, Financial Institutions and Agents	(175,660,582)	(138,846,944)
Receipt against Issue of Share Capital	-	-
Increase/(Decrease) in Revaluation Reserve	-	-
Dividend Paid in Cash	-	-
Net Cash from Financing Activities	413,341,410	261,619,324





Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

Particulars	Amounts in Taka	
	2023	2022
Net Increase/(Decrease) in Cash and Cash Equivalents	103,225,655	110,998,659
Effects of Exchange Rate Changes on Cash and Equivalents	-	-
Cash and Cash Equivalents at Beginning of the year	792,656,607	681,657,948
Cash and Cash Equivalents at the End of the year	895,882,262	792,656,607
Cash and Cash Equivalents at the End of the year		
Cash in Hand (including Foreign Currencies)	-	-
Balance with Bangladesh Bank and its Agent Banks (including Foreign Currencies)	23,210,616	23,211,106
Balance with Other Banks and Financial Institutions	872,671,646	769,445,501
Money at Call and Short Notice	-	-
	895,882,262	792,656,607
Net Operating Cash Flows Per Share (NOCFPS) (Note-42)	(1.89)	(1.06)

Md. Ashraful Moqbul
Chairman & Independent Director

Ihsanul Aziz
Independent Director

Professor Dr. Md. Mosharraf Hossain
Independent Director

Muhammad Ali Zaryab
Managing Director

Md. Anwar Hussain
Head of Finance & HR

Md. Mehedi Hasan Khan
Company Secretary (CC)

As per our annexed report of same date.

Place: Dhaka
Date: 11 August 2024

Harun-Ur-Rashid FCA
Managing Partner, Enrolment No. 312
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants





Fareast Finance & Investment Limited
Statement of Changes in Equity
For the year ended 31 December 2023

Particulars	Paid up Capital Taka	Statutory Reserve Taka	Revaluation Reserve Taka	Retained Earnings Taka	Total Taka
Balance at 01 January 2022	1,640,633,300	268,954,085	79,495,313	(5,998,895,300)	(4,009,812,602)
Changes in Accounting Policy(s)	-	-	-	-	-
Restated Balance	1,640,633,300	268,954,085	79,495,313	(5,998,895,300)	(4,009,812,602)
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	-	-	-	(2,306,505,487)	(2,306,505,487)
Cash Dividend	-	-	-	-	-
Dividend (Bonus Shares)	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Appropriations during the year	-	-	-	-	-
Revaluation of Fareast Stocks & Bonds Ltd. (Note-11.3.1)	-	-	-	-	-
Balance as at 31 December 2022	1,640,633,300	268,954,085	79,495,313	(8,305,400,787)	(6,316,318,089)
Balance at 01 January 2023	1,640,633,300	268,954,085	79,495,313	(8,305,400,787)	(6,316,318,089)
Changes in Accounting Policy(s)	-	-	-	-	-
Restated Balance	1,640,633,300	268,954,085	79,495,313	(8,305,400,787)	(6,316,318,089)
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	-	-	-	(1,123,224,372)	(1,123,224,372)
Cash Dividend	-	-	-	-	-
Dividend (Bonus Shares)	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Appropriations during the year	-	-	-	-	-
Revaluation of Fareast Stocks & Bonds Ltd. (Note-11.3.1)	-	-	-	-	-
Balance as at 31 December 2023	1,640,633,300	268,954,085	79,495,313	(9,428,625,159)	(7,439,542,461)

Md. Ashraful Mubul
Chairman & Independent Director

Ihsanul Aziz
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Independent Director

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Md. Anwar Hussain
Head of Finance & HR

Md. Mehedi Hasan Khan
Company Secretary (CC)

As per our annexed report of same date.

Harun-Ur-Rashid, FCA
Managing Partner, Enrolment No. 312
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

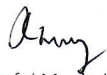
Place: Dhaka
Date: 11 August 2024







Fareast Finance & Investment Limited
Liquidity Statement
(Analysis of Maturity of Assets and Liabilities)
As at 31 December 2023


Particulars	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Above 5 Years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in Hand (including Balance with Bangladesh Bank)	-	-	23,210,616	-	-	23,210,616
Balance with Other Banks and Financial Institutions	492,671,646	-	100,000,000	280,000,000	-	872,671,646
Money at Call and Short Notice Investments	71,485,572	-	-	-	-	71,485,572
Loans, Advances and Leases	3,364,050	6,965,138	89,256,163	119,680,333	8,779,148,107	8,998,413,791
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	-	1,296,747	1,296,747
Other assets	95,794,490	1,500,000	240,004,843	-	597,582,019	934,881,352
Non-Business Assets	-	-	-	-	8,433,997	8,433,997
Total Assets	663,315,758	8,465,138	452,471,622	399,680,333	9,386,460,870	10,910,393,721
Liabilities						
Borrowings from Other Banks, Financial Institutions and Agents	2,105,076,359	63,111,099	321,418,891	633,301,689	380,394,727	3,503,302,765
Deposits and Other Accounts	3,443,473,618	630,815,219	443,259,042	42,755,000	463,000	4,560,765,879
Provision and Other Liabilities	1,335,731,306	290,675,116	127,687,470	59,120,375	8,472,653,271	10,285,867,538
Total Liabilities	6,884,281,283	984,601,434	892,365,403	735,177,064	8,853,510,998	18,349,936,182
Net Liquidity Gap	(6,220,965,525)	(976,136,296)	(439,893,781)	(335,496,731)	532,949,872	(7,439,542,461)


Md. Ashraful Moqbul
Chairman & Independent Director


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Managing Director


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Professor Dr. Md. Mosharraf Hossain
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Md. Mehedi Hasan Khan
Company Secretary (CC)

As per our annexed report of same date.

Place: Dhaka
Date: 11 August 2024


Harun-Ur-Rashid, FCA
Managing Partner, Enrolment No. 312
Zoha Zaman Kabir Rashid & Co.
Chartered Accountants





Fareast Finance & Investment Limited
Notes to the Financial Statements and Significant Accounting Policies
For the year ended 31 December 2023
(Forming an Integral Part of the Financial Statements)

1. Legal Status and Nature of the Company

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

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

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

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

1.3 Principal Activities of the Company

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

1.4 Nature of Operation of the Company

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

1.5 Information regarding Associate Company

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

1.6 Number of Employees of the Company

The number of employees of the company was thirty and twenty seven at the end of the year 2023 and 2022 respectively.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

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

2.2 Basis of Measurement

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





2.3 Statement of Compliance

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

2.4 Basis of Presentation

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

2.5 Uncertainties for Use of Estimates in Preparation of Financial Statements

The preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of other information at the date of the Financial Statements and revenues and expenses during the period reported. Actual results may differ from those estimates. Estimates are used for accounting of certain items such as depreciation on fixed assets, accrued expenses and income taxes in respect of Note No. 10, 15.1 and 15.5 respectively.

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

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

2.7 Cash Flow Statement

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

2.8 Statement of Changes in Equity

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

2.9 Liquidity Statement

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

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



2.10 Contingent Liabilities and Contingent Assets

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

2.11 Proposed Dividend

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

2.12 Events after the Reporting Period

All material events occurring after the reporting period has been considered and where necessary, adjusted for or disclosed in Note No. 51.

2.13 Provision for Income Tax

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

a) Current Tax Expense

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

b) Deferred Tax Expense

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

2.14 Fixed Assets

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

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



2.15 Impairment of Assets

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

2.16 Accounts Receivable

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

2.17 Cash and Cash Equivalents

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

2.18 Accounting for Investment in Leases

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

2.19 Accounting for Term Finances

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

2.20 Accounting for Investment in Associates

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

2.21 Recognition of Leased Assets

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

2.22 Recognition of Term Finances

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

2.23 Recognition of Investment in Associate

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



2.24 Provision for Loans, Advances and Leases

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

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

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

2.25 Write-off

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

2.26 Lease Asset and Liabilities

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

2.27 Investment in Shares

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

2.28 Borrowings from Other Banks, Financial Institutions and Agents

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

2.29 Deposits and Other Accounts

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



2.30 Interest Suspense Account

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

2.31 Revenue Recognition

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

a) Interest Income on Loans, Advances and Leases

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

b) Capital Gain

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

c) Dividend Income

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

d) Commission Income

Commission income has been accounted for on cash basis.

e) Other Operating Income

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

2.32 Post Employment Benefits to the Employees

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

a) Provident Fund

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

b) Staff Gratuity

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



2.33 Other Benefits to The Employees

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

a) Group Life Insurance Scheme and Hospitalization Assurance Plan

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

b) Employee Transport Facility

The Company provides car as well as car loan facility to the employee as per Transport Policy of the Company. This policy is made to provide transport facilities and transport loan and assistance to the entitled employees as per terms of employment and also to facilitate procurement and maintenance of vehicle for the entitled employees of the company. This policy is applicable for the employees in the following three ways:

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

c) Mobile Facilities

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

d) Payment of Professional Fees

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

e) Home Loan Policy for the Employees

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

2.34 Foreign Currency Transaction

a) Functional and Presentational Currency

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

b) Foreign Currency Translation

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

2.35 Borrowing Costs

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

2.36 Related Party Transactions

The management identified the party/parties related to the company and disclose the transactions of the related party in Note No. 46 as per IAS-24: "Related Party Disclosures".

2.37 Earnings Per Share (EPS)

The company calculates Earnings Per Share (EPS) in accordance with IAS 33: "Earnings Per Share" shown on the face of the profit and loss account while, the computation of EPS is stated in Note-40.

Basic Earnings Per Share

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



Basic Earnings

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

Weighted Average Number of Ordinary Shares Outstanding During the Year

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

Diluted Earnings Per Share

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

2.38 Provision for Liabilities

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

2.39 Derivatives

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

2.40 Going Concern

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

2.41 Risk Management

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

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

a) Credit Risk

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

b) Market Risk

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



c) *Liquidity Risk*

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

d) *Operational Risk*

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

e) *Money Laundering and Terrorist Financing Risk*

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

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

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

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

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

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

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

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

e) Ongoing employee training programs.

Additional risks required to be addressed under regulatory requirements

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

Strategic Risk

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

Compliance Risk

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

ICT Risks

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

3. Additional Information on Financial Statements

3.1 Responsibility for Preparation and Presentation of Financial Statements

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

3.2 Components of the Financial Statements

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

- a statement of financial position (Balance Sheet) as at 31 December 2023
- a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2023
- Cash Flow Statement for the year ended 31 December 2023
- Statement of Changes in Equity for the year ended 31 December 2023
- Liquidity Statement as at 31 December 2023
- Notes to the Financial Statements and significant accounting policies.

3.3 Comparative Information

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

3.4 Compliance with IFRS and IAS

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

Sl. No.	IFRS & IAS	Name of IFRS and IAS	Status
1	IFRS 2	Share-based Payment	Not applicable
2	IFRS 3	Business Combinations	Not applicable
3	IFRS 4	Insurance Contracts	Not applicable
4	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
5	IFRS 6	Exploration for and Evaluation of Mineral Resources	Not applicable
6	IFRS 7	Financial Instruments: Disclosures	Applied*
7	IFRS 8	Operating Segments	Not applicable
8	IFRS 9	Financial Instruments	Applied*
9	IFRS 10	Consolidated Financial Statements	Not applicable
10	IFRS 11	Joint Arrangements	Not applicable
11	IFRS 12	Disclosure of Interest in Other Entities	Not applicable
12	IFRS 13	Fair Value Measurement	Applied*
13	IFRS 14	Regulatory Deferral Accounts	Not applicable
14	IFRS 15	Revenue from Contracts with Customers	Applied
15	IFRS 16	Leases	Applied
16	IAS 1	Presentation of Financial Statements	Applied*
17	IAS 2	Inventories	Not applicable
18	IAS 7	Cash Flow Statements	Applied*
19	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied



Sl. No.	IFRS & IAS	Name of IFRS and IAS	Status
20	IAS 10	Events after the Reporting Period	Applied
21	IAS 12	Income Taxes	Applied*
22	IAS 16	Property, Plant and Equipment	Applied
23	IAS 19	Employee Benefits	Applied
24	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
25	IAS 21	The Effects of Changes in Foreign Exchange Rates	Applied
26	IAS 23	Borrowing Costs	Applied
27	IAS 24	Related Party Disclosures	Applied
28	IAS 26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
29	IAS 28	Investments in Associates	Applied
30	IAS 32	Financial Instruments: Presentation	Applied*
31	IAS 33	Earnings Per Share	Applied
32	IAS 34	Interim Financial Reporting	Applied
33	IAS 36	Impairment of Assets	Applied
34	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied
35	IAS 38	Intangible Assets	Applied
36	IAS 40	Investment Property	Not applicable
37	IAS 41	Agriculture	Not applicable

*As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank's requirements (please see Note No. 2.6).

3.5 Reporting Period

Financial Statements of the Company cover one calendar year from 01 January to 31 December 2023 consistently.





Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

		Amounts in Taka	
		31.12.2023	31.12.2022
4.	Cash		
4.1	Cash in Hand (including Foreign Currencies)		
	In local currency	-	-
	In foreign currency	-	-
		<u>-</u>	<u>-</u>
4.2	Balance with Bangladesh Bank and its Agent Banks (including Foreign Currencies)		
	In local currency	23,210,616	23,211,106
	In foreign currency	-	-
		<u>23,210,616</u>	<u>23,211,106</u>
4.3	Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
	Cash Reserve Requirement @ 1.5% and Statutory Liquid Ratio @ 5% have been calculated and maintained in accordance with DFIM Circular No. 03 dated 21 June 2020 and FID Circular No. 06 dated 31 May 2001 respectively. Details calculation are as follows:		
	a) Cash Reserve Requirement		
	Required reserve	17,977,567	19,062,693
	Actual reserve maintained	23,210,616	23,211,106
	Surplus/(deficit)	<u>5,233,049</u>	<u>4,148,413</u>
	b) Statutory Liquidity Ratio		
	Required reserve (including CRR)	164,947,287	160,240,033
	Actual reserve maintained (including CRR) (Note-4.3.1)	692,247,312	705,324,940
	Surplus/(Deficit)	<u>527,300,025</u>	<u>545,084,907</u>
4.3.1	Actual Reserve Maintained (including CRR)		
	Cash in hand	-	-
	Balance with Bangladesh Bank and its agent banks as per bank statement	23,210,616	23,211,106
	Balance with other banks and financial institutions as per bank statement	669,036,696	682,113,834
		<u>692,247,312</u>	<u>705,324,940</u>
5.	Balance with Other Banks and Financial Institutions		
	In Bangladesh		
	Current accounts (Note-5.1)	1,100,820	5,029,989
	Short term deposit accounts (Note-5.2)	389,849,734	282,694,420
	Savings accounts (Note-5.3)	-	-
	Fixed deposit accounts (Note-5.4)	481,721,092	481,721,092
		<u>872,671,646</u>	<u>769,445,501</u>
	Outside Bangladesh	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	The company does not maintain any account outside Bangladesh.		
5.1	Current Accounts		
	Bank Asia Limited	Savar Branch	347 (348)
	BRAC Bank Limited	Graphics Building Branch	1,002,503 995,253
	Jamuna Bank Limited	Moulovi Bazar Branch	28,960 29,650
	National Bank Limited	Gulshan Branch	3,118 3,808
	Southeast Bank Limited	R. K. Mission Road Branch	62,818 3,999,507
	Southeast Bank Limited	Motijheel Branch (Islamic Banking)	2,105 -
	Uttara Bank Limited	Local Office	969 2,119
		<u>1,100,820</u>	<u>5,029,989</u>
5.2	Short Term Deposit Accounts		
	Bangladesh Commerce Bank Limited	Dilkusha Branch	36,062 36,772
	Bank Asia Limited	Principal Office Branch	1 1
	BASIC Bank Limited	Dilkusha Branch	78,820 77,755
	BASIC Bank Limited	Bashundhara Branch	52,001 52,001
	Dutch-Bangla Bank Limited	Bashundhara Branch	1,406 2,492





		Amounts in Taka	
		31.12.2023	31.12.2022
Export Import Bank of Bangladesh Ltd	Motijheel Branch	-	-
Islami Bank Bangladesh Limited	Foreign Exchange Branch	31,647	32,017
Jamuna Bank Limited	Elephant Road Branch	841	1
Mercantile Bank Limited	Main Branch	37,563	39,303
Midland Bank Limited	Dilkusha Corporate Branch	26,214	-
Mutual Trust Bank Limited	Dilkusha Branch	581,161	2,306,106
Mutual Trust Bank Limited	Dilkusha Branch	110,469	1,001,876
Mutual Trust Bank Limited	Dilkusha Branch	139,919	700,420
Mutual Trust Bank Limited	Dilkusha Branch	102	4,958
NCC Bank Ltd.	Motijheel Main Branch	1,307,695	-
NRB Commercial Bank Ltd.	Principal Branch	(37,734)	1,576
One Bank Limited	Principal Branch	382,652,023	273,531,391
One Bank Limited	Principal Branch	-	-
Prime Bank Limited	IBB Dilkusha Branch	-	-
Social Islami Bank Limited	Principal Branch	7,945	9,082
Social Islami Bank Limited	Babu Bazar Branch	1	1
Southeast Bank Limited	Corporate Branch	267,628	409,581
Southeast Bank Limited	Principal Branch	53,265	53,844
Standard Bank Limited	Principal Branch	3	3
The City Bank Limited	Principal Office	4,501,957	4,435,239
United Commercial Bank Limited	Tejgaon Branch	745	1
		389,849,734	282,694,420
5.3 Savings Accounts		-	-
The company does not maintain any savings account.		-	-
5.4 Fixed Deposit Accounts			
Bangladesh Industrial Finance Co. Ltd.	Head Office	100,000,000	100,000,000
FAS Finance & Investment Limited	Head Office	36,116,092	36,116,092
People's Leasing and Fin. Services Ltd.	Head Office	345,605,000	345,605,000
		481,721,092	481,721,092
5.5 Maturity Grouping of Balance with Other Banks and Financial Institutions			
Up to 1 month		492,671,646	389,445,501
Over 1 month but not more than 3 months		-	-
Over 3 months but not more than 1 year		100,000,000	100,000,000
Over 1 year but not more than 5 years		280,000,000	280,000,000
Over 5 years		-	-
		872,671,646	769,445,501
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)		71,485,572	71,485,572
		71,485,572	71,485,572
7.1.1 Government Securities			
Treasury bills		-	-
National investment bonds		-	-
Bangladesh Bank bills		-	-
Government notes/bonds		-	-
Prize bonds		-	-
Others		-	-
		-	-



		Amounts in Taka	
		31.12.2023	31.12.2022
7.1.2	<i>Others Investments</i>		
	Investment in shares (Annexure-A)	71,485,572	71,485,572
	Debenture and bonds	-	-
	Other investment	-	-
	Gold, bullion etc.	-	-
		71,485,572	71,485,572
7.2	<i>Residual Maturity Grouping of Investments</i>		
	Repayable on demand	71,485,572	71,485,572
	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	-	-
		71,485,572	71,485,572
8.	Loans, Advances and Leases		
8.1	<i>a) Inside Bangladesh</i>		
	Investment in Leases (Note-8.1.1)	234,805,465	243,890,069
	Term Finances (Note-8.1.2)	8,763,608,326	9,194,150,995
		8,998,413,791	9,438,041,064
	<i>b) Outside Bangladesh</i>		
	Total	8,998,413,791	9,438,041,064
8.1.1	<i>Investment in Leases</i>		
	Principal outstanding	137,211,096	141,604,057
	Accounts receivable	97,594,369	102,286,012
	Advance against lease finance	-	-
	Total	234,805,465	243,890,069
8.1.2	<i>Term Finances</i>		
	Principal outstanding	5,668,094,397	6,038,484,131
	Accounts receivable	3,095,513,929	3,155,666,864
	Total	8,763,608,326	9,194,150,995
8.1.2.1	<p>The Board of Directors of the company in their 161th meeting held on 10 August 2015, considered the financial position of Fareast Stocks & Bonds Limited and approved abandonment of interest income against the loan facility. Based on the decision no interest has been charged on the outstanding loan amount of Tk.2,895.22 million from 01 July 2015.</p> <p>In order to follow Bangladesh Bank's suggestions regarding repayment of over limit investment in subsidiaries, the Board of Directors of the company in their 185th meeting held on 21 May 2018 decided to re-fix the repayment schedule and set a time bound strategy to complete the repayment within 2025. Subsequently the time bound strategy for repayment has been duly submitted to Bangladesh Bank and they also provide their approval through letter #DFIM(S)/1055/49/2018-1597 dated 23 July 2018. Subsequently, Company's Board of Directors in their 208th meeting held on 08 March 2020 decided to impose interest rate on the outstanding amount @ 13.90% per annum from 20 March 2020 and onward.</p>		
8.2	<i>Sector Wise Loans, Advances and Leases</i>		
	Public sector	-	-
	Co-operative sector	-	-
	Private sector	8,998,413,791	9,438,041,064
		8,998,413,791	9,438,041,064
8.3	<i>Residual Maturity Grouping of Loans, Advances and Leases</i>		
	Repayable on demand	-	-
	Not more than 3 months	10,329,188	65,486,424
	Over 3 months but not more than 1 year	89,256,163	196,142,520
	Over 1 year but not more than 5 years	119,680,333	272,041,263
	Over 5 years	8,779,148,107	8,904,370,857
		8,998,413,791	9,438,041,064



8.4 *Loans, Advances and Leases on the Basis of Significant Concentration*

Amounts in Taka		
	31.12.2023	31.12.2022
a) Loans, advances and leases to Directors and organizations related to Directors	3,160,598,019	3,160,598,019
b) Loans, advances and leases to Chief Executive Officer and other senior executives	3,406,279	2,534,515
c) Loans, advances and leases to customer groups:		
i) Loans	5,599,604,028	6,031,018,461
ii) Leases	234,805,465	243,890,069
	8,998,413,791	9,438,041,064
d) Loans, Advances and Leases on Sector Basis:		
1. Trade and Commerce	103,599,409	114,612,530
2. Industry:		
i) Garments and Knitwear	521,525,643	546,879,075
ii) Textile	142,793,805	142,793,805
iii) Jute and Jute-Products	64,426,120	64,426,120
iv) Food Production and Processing Industry	299,501,302	299,501,302
v) Plastic Industry	35,183,086	35,183,086
vi) Leather and Leather-Goods	-	-
vii) Iron, Steel and Engineering	1,004,008,671	1,016,716,818
viii) Pharmaceuticals and Chemicals	206,899,159	229,177,495
ix) Cement and Allied Industry	819,649,791	819,649,791
x) Telecommunication and Information Technology	241,335,557	237,285,854
xi) Paper, Printing and Packaging	151,607,421	183,212,321
xii) Glass, Glassware and Ceramic Industry	287,839,814	287,839,814
xiii) Ship Manufacturing Industry	586,111,765	586,111,765
xiv) Electronics and Electrical Products	224,542,093	219,612,405
xv) Power, Gas, Water and Sanitary Service	57,291,789	57,291,789
xvi) Transport and Aviation	439,716,764	449,401,069
3. Agriculture	12,603,617	154,633,777
4. Housing	626,123,146	819,350,566
5. Others:		
i) Merchant Banking	-	-
ii) Margin Loan	3,024,788,933	3,024,788,933
iii) Others	148,865,906	149,572,749
Total	8,998,413,791	9,438,041,064

8.5 *Details of Large Loans, Advances and Leases*

Number of clients	6	6
Amount of outstanding loans, advances and leases	5,331,916,627	5,331,916,627
Amount of classified loans, advances and leases	5,331,916,627	5,331,916,627

Measures taken for recovery:

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

The amount represents the sum of total investments to each group of customer exceeding 15% of Total Capital (Paid up Capital and Reserves) of the Company. Total Capital (Paid up Capital and Reserves) of the Company was Tk.1,989,082,698 as at 31 December 2023 (Tk.1,989,082,698 as at 31 December 2022).

8.6 *Loans, Advances and Leases on Geographical Basis*

Inside Bangladesh

Urban

Dhaka Division	6,411,523,140	6,836,332,300
Chattogram Division	2,101,741,857	2,119,597,938
Khulna Division	116,222,451	116,222,451
Rajshahi Division	12,563,617	12,563,617
Barishal Division	-	-
Sylhet Division	-	-
Rangpur Division	-	-
Mymensingh Division	-	-
	8,642,051,065	9,084,716,306





		Amounts in Taka	
		31.12.2023	31.12.2022
Rural			
Dhaka Division		258,960,483	254,246,525
Chattogram Division		39,939,522	41,615,512
Khulna Division		-	-
Rajshahi Division		57,462,721	57,462,721
Barishal Division		-	-
Sylhet Division		-	-
Rangpur Division		-	-
Mymensingh Division		-	-
		356,362,726	353,324,758
		8,998,413,791	9,438,041,064
Outside Bangladesh			
Total		8,998,413,791	9,438,041,064
8.7 Loans, Advances and Leases on Security Basis			
Collateral of moveable and immovable assets		2,813,577,707	2,641,079,505
Fixed deposit receipts		1,070,958,503	1,207,565,497
Shares of listed public limited companies		6,504,202	14,512,311
Corporate guarantee		86,388,913	56,731,366
Personal guarantee		315,256,481	405,134,927
Other securities		4,705,727,985	5,113,017,458
		8,998,413,791	9,438,041,064
8.8 Classification of Loans, Advances and Leases			
Unclassified			
Standard		150,807,656	8,473,617
Special mention account		80,395,376	525,851,422
		231,203,032	534,325,039
Classified			
Sub-standard		-	60,963,799
Doubtful		43,312,205	351,089,877
Bad/Loss		8,723,898,554	8,491,662,349
		8,767,210,759	8,903,716,025
Total		8,998,413,791	9,438,041,064
8.9 Provision for Loans, Advances and Leases			
Status	Base for Provision	Rate (%)	
<i>Provision for unclassified loans, advances and leases-General provision</i>			
Standard	150,807,656	0.25/1	1,508,076
Special mention account	77,033,090	5	3,851,654
			5,359,730
Special provision			11,442,573
<i>Provision for classified loans, advances and leases-Specific provision</i>			
Sub-standard	-	20	-
Doubtful	13,571,409	50	6,785,705
Bad/Loss	6,568,988,983	100	6,568,988,983
			6,575,774,688
Required provision for loans, advances and leases			6,592,576,991
Total provision maintained (Note-15.2)			6,592,576,991
Excess/(short) provision as at 31 December			-

According to Bangladesh Bank's DFIM Circular Letter No.-33 dated 19 December 2021 and DFIM Letter having reference No.-DFIM(P)1052/27/2022-12 dated 2 January 2022, 2% special provision amounting Tk.11,442,573 was maintained against loans, advances and leases.

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





Amounts in Taka	
31.12.2023	31.12.2022

8.9.1 Shortfall of Provision for Loans, Advances and Leases, Other Assets and Balance with Other Banks and Financial Institutions

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

Provision for loans, advances and leases	-	-
Other assets	-	-
Balance with other banks and financial institutions	-	189,130,314
Total	-	189,130,314

8.10 Net Loans, Advances and Leases

Total loans, advances and leases (Note-8.1)	8,998,413,791	9,438,041,064
Less:		
Non-performing loans, advances and leases (Note-8.8)	8,767,210,759	8,903,716,025
Interest suspense (Note-15.5)	1,318,436,337	1,338,162,534
Provision for loans, advances and leases (Note-15.2)	6,592,576,991	6,513,958,266
	16,678,224,087	16,755,836,825
	(7,679,810,296)	(7,317,795,761)

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	8,596,768,397	8,976,174,771
b) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee	315,256,481	405,134,927
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	86,388,913	56,731,366
	8,998,413,791	9,438,041,064
d) Loans, advances and leases adversely classified: provision not maintained there against	-	-
e) Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other person	3,406,279	2,534,515
f) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	3,160,598,019	3,160,598,019
g) Maximum total amount of loans, advances and leases, including temporary advances made at any time during the year to the directors or managing directors or officers of the financial institution or any of them either separately or jointly with any other person	-	-
h) Maximum total amount of loans, advances and leases, including temporary advances granted during the year to companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	-	-
i) Due from banks and other financial institutions	-	-
j) Classified loans, advances and leases:		
i) Classified loans, advances and leases on which no interest has been charged	8,767,210,759	8,903,716,025
ii) Provision on classified loans, advances and leases	6,575,774,688	6,471,004,697
iii) Provision kept against loans, advances and leases classified as bad debts	6,568,988,983	6,323,977,553
iv) Interest credited to interest suspense account (Note-15.5)	1,318,436,337	1,338,162,534
k) Cumulative amount of written-off of loans, advances and leases		
Opening balance	396,334,445	396,334,445
Add: Amount written-off during the year	-	-
Less: Adjustment against realised written-off amount	-	-
	396,334,445	396,334,445
Amount realized against loans, advances and leases previously written-off	8,770,560	5,712,205
Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	5,321,595,338	1,665,577,270



Amounts in Taka	
31.12.2023	31.12.2022

8.12 Suits Filed by the Company

As at 31 December 2023, Fareast Finance & Investment Limited filed 62 suits against 62 clients under Artha Rin Adalat Ain 2003. Total suit amount was Tk.7,038,132,162 only.

9. Bills Purchased and Discounted

Payable in Bangladesh

Payable outside Bangladesh

-	-
-	-
-	-

As at 31 December 2023, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchase and or discount made.

10. Fixed Assets including Premises, Furniture and Fixtures

Cost

Balance as at 01 January

36,831,934 36,082,378

Add: Additions during the period

620,980 749,556

Less: Disposals/adjustments during the period

7,019,085 -

Balance as at 31 December

30,433,829 36,831,934

Accumulated Depreciation

Balance as at 01 January

35,912,787 35,039,411

Add: Charge for the period

243,353 873,376

Less: Disposals/adjustments during the period

7,019,058 -

Balance as at 31 December

29,137,082 35,912,787

Net Book Value of the Asset as at 31 December (Annexure-B)

1,296,747 919,147

11. Other Assets

Advances, Deposits and Prepayments (Note-11.1)

240,587,684 332,631,591

Interest and Commission Receivable (Note-11.2)

1,325,925 1,274,197

Investment in associate (Note-11.3)

597,082,019 605,584,889

Amount receivable against shares sold

90,631,990 90,650,737

Deferred tax assets (Note-11.4)

1,500,759 2,604,330

Right of use of assets (Note-11.5)

- -

Miscellaneous

3,752,975 4,257,775

934,881,352 1,037,003,519

11.1 Advances, Deposits and Prepayments

Advance corporate income tax

86,904,084 178,990,991

Advance to Spacezero Ltd.-Floor purchase for Head Office

151,600,000 151,600,000

Advance to CDBL-Refundable security deposit

500,000 500,000

Advance to Charu Kaj-Interior works of Company's Head Office

1,500,000 1,500,000

Miscellaneous

83,600 40,600

240,587,684 332,631,591

11.2 Interest and Commission Receivable

Guarantee commission receivable

- -

Interest accrued on fixed deposit receipts

- -

Interest accrued on loans, advances and leases

1,325,925 1,274,197

1,325,925 1,274,197

11.3 Investment in associate

Considering the IAS-28: "Investment in associates", investment in associate is recorded under the equity method. As per the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the company's share of net assets of the associate. Losses in excess of the cost of the investment in an associate are recognised when the company has incurred obligations on its behalf. Profit and loss account reflects the company's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Fareast Finance & Investment Limited has got one associate under its umbrella namely Fareast Stocks & Bonds Limited (having 50% shareholding) on the date of reporting.



Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

Amounts in Taka	
31.12.2023	31.12.2022
Movement of investment in associate is as follows:	
Balance at 01 January	605,584,889
Investment/(Adjustment)	-
Revaluation reserve	-
Prior year adjustment	-
Share of profit/(loss) for the year (Un-audited)	(8,502,870)
Cash dividend	-
Balance at 31 December	597,082,019

11.3.1 Revaluation Reserve

Revaluation reserve includes proportionate revaluation reserve of Fareast Stocks & Bonds Limited (FSBL). In the year 2010, FSBL revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) based on the prevailing market price. In the year 2012, FSBL again reassessed its membership of DSE and CSE. In the year 2018, FSBL further adjusted the revaluation reserve and hence, proportionate revaluation decrease is reduced from investment in associate. Details are as follows:

Balance as at 01 January	79,495,313	79,495,313
Increase/(decrease) in revaluation reserve	-	-
Balance as at 31 December	79,495,313	79,495,313

11.4 Deferred Tax Asset

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

Particulars	Carrying Amount at Balance Sheet	Tax Base	(Taxable)/Deductible Temporary Difference
Assets			
Fixed assets net of depreciation excluding land	1,296,747	5,298,771	4,002,024
Liabilities			
Total	1,296,747	5,298,771	4,002,024
Applicable tax rate			37.50%
Deferred Tax Asset as on 31 December 2023			1,500,759

11.5 Right of Use of Assets

Balance at 01 January	-	-
Less: Amortization/expenses on right of use of assets	-	-
Balance as at 31 December	-	-

11.6 Divisions of Other Assets

Income generating other assets	598,407,944	606,859,086
Non income generating other assets	336,473,408	430,144,433
	934,881,352	1,037,003,519

11.7 Maturity Grouping of Other Assets

Repayable on demand	-	-
Up to 1 month	95,794,490	-
Over 1 month but not more than 3 months	1,500,000	153,640,600
Over 3 months but not more than 1 year	240,004,843	22,710,098
Over 1 year but not more than 5 years	-	-
Over 5 years	597,582,019	860,652,821
	934,881,352	1,037,003,519

12. Non-Business Assets

Name of the Clients	Possession Date		
Pick & Drop Cargo Services ¹	29-Sep-2011	5,485,000	5,485,000
Patriot Fashion Limited ²	8-Aug-2018	2,948,997	2,948,997
		8,433,997	8,433,997

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





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

		Amounts in Taka	
		31.12.2023	31.12.2022
13.	Borrowings from Other Banks, Financial Institutions and Agents		
	In Bangladesh (Note-13.1)	3,503,302,765	3,452,887,890
	Outside Bangladesh (Note-13.2)	-	-
		3,503,302,765	3,452,887,890
13.1	In Bangladesh		
	Long Term Loans:		
	Bangladesh Bank	-	-
	Bank Asia Limited	123,874,478	110,060,824
	BASIC Bank Limited	162,831,503	161,793,678
	Dutch-Bangla Bank Limited	189,077,735	213,742,088
	Dhaka Bank Limited	27,467,533	29,078,109
	Jamuna Bank Limited	36,795,407	35,386,840
	Midland Bank Limited	170,408,544	261,624,810
	Modhumoti Bank Limited	236,920,389	213,281,996
	Mutual Trust Bank Limited	309,937,716	11,698,601
	NCC Bank Limited	112,361,507	100,492,033
	NRB Commercial Bank Limited	188,503,327	144,290,072
	Shahjalal Islami Bank Limited	405,920,991	418,148,136
	Social Islami Bank Limited	236,170,698	221,289,279
	Southeast Bank Limited	122,571,848	109,487,838
	Standard Bank Limited	37,673,053	34,466,811
	The Premier Bank Limited	361,431,644	267,577,073
	United Commercial Bank Limited	145,762,222	131,108,928
	Uttara Bank Limited	89,325,766	80,165,835
	Total Long Term Loans	2,957,034,361	2,543,692,951
	Short Term and Call Loans:		
	Short Term Loans:		
	Mutual Trust Bank Limited	-	286,618,138
	National Housing Finance and Investment Limited	12,000,000	12,000,000
	NRB Bank Limited	122,100,000	122,100,000
	NRB Commercial Bank Limited	45,900,000	69,481,588
	Pubali Bank Limited	100,907,542	100,907,542
	South Bangla Agriculture & Commerce Bank Limited	37,500,000	37,500,000
	The Premier Bank Limited	-	52,726,809
	United Commercial Bank Limited	(39,138)	(39,138)
	Total	318,368,404	681,294,939
	Call Loans:		
	NRB Bank Limited	81,100,000	81,100,000
	Sonali Bank Limited	146,800,000	146,800,000
	Total	227,900,000	227,900,000
	Total Short Term and Call Loans	546,268,404	909,194,939
	Total Borrowings	3,503,302,765	3,452,887,890
13.2	Outside Bangladesh	-	-

As at 31 December 2023, the company does not have any borrowing from outside Bangladesh.





		Amounts in Taka	
		31.12.2023	31.12.2022
13.3	<i>Security against Borrowings from Other Banks, Financial Institutions and Agents</i>		
	Secured	3,275,402,765	3,224,987,890
	Unsecured	227,900,000	227,900,000
		3,503,302,765	3,452,887,890
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	<i>Maturity Grouping of Borrowings from Other Banks, Financial Institutions and Agents</i>		
	Payable on demand	227,900,000	227,900,000
	Up to 1 month	1,877,176,359	718,034,651
	Over 1 month but not more than 3 months	63,111,099	-
	Over 3 month but not more than 1 year	321,418,891	463,794,939
	Over 1 year but not more than 5 years	633,301,689	1,419,034,699
	Over 5 years	380,394,727	624,123,601
		3,503,302,765	3,452,887,890
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)	4,560,765,879	4,567,785,898
	Bearer certificate of deposit (Note-14.5)	-	-
	Other deposits (Note-14.6)	-	-
		4,560,765,879	4,567,785,898
14.1	<i>Current Deposits</i>	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account.			
14.2	<i>Bills Payable</i>	-	-
As at 31 December 2023, the company does not have any bills payable.			
14.3	<i>Savings Deposits</i>	-	-
To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.			
14.4	<i>Term Deposits</i>		
	Deposits from other banks and financial institutions (Note-14.4.1)	3,385,354,061	3,328,615,142
	Deposits from customers (Note-14.4.2)	1,175,411,818	1,239,170,756
		4,560,765,879	4,567,785,898
14.4.1	<i>Deposits from Other Banks and Financial Institutions</i>		
	Agrani Bank Limited	600,000,000	600,000,000
	Bangladesh Infrastructure Finance Fund Limited	424,567,756	405,119,048
	Investment Corporation of Bangladesh	742,286,305	703,496,094
	Janata Bank Limited	400,000,000	400,000,000
	Midland Bank Limited	288,500,000	290,000,000
	NRB Commercial Bank Limited	50,000,000	50,000,000
	Rupali Bank Limited	400,000,000	400,000,000
	Sonali Bank Limited	150,000,000	150,000,000
	South Bangla Agriculture & Commerce Bank Limited	220,000,000	220,000,000
	United Finance Limited	110,000,000	110,000,000
		3,385,354,061	3,328,615,142
14.4.2	<i>Deposits from Customers</i>		
	Deposits from General Public	368,242,618	369,032,373
	Deposits from Companies	807,169,200	870,138,383
		1,175,411,818	1,239,170,756



		Amounts in Taka	
		31.12.2023	31.12.2022
14.4.3	Rate of Interest		
	Rate of interest on term deposit receipts ranges from 5.00% to 12.50%.		
14.5	Bearer Certificate of Deposit		
	To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit.		
14.6	Other Deposits		
	As at 31 December 2023, 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	3,443,473,618	3,873,285,379
	Over 1 month but not more than 6 months	706,495,007	485,397,784
	Over 6 month but not more than 1 year	367,579,254	146,447,885
	Over 1 year but not more than 5 years	42,755,000	62,275,850
	Over 5 years but not more than 10 years	463,000	379,000
	Over 10 years	-	-
		4,560,765,879	4,567,785,898
15.	Other Liabilities		
	Expenditure and other payables (Note-15.1)	1,409,770,800	1,324,080,229
	Provision for loans, advances and leases (Note-15.2)	6,592,576,991	6,513,958,266
	Provision for the diminution in the value of investments (Note-15.3)	18,982,236	18,821,986
	Provision for other assets (Note-15.4)	572,387,440	247,141,034
	Provision for income tax (Note-15.5)	112,753,091	63,344,682
	Interest suspense account (Note-15.6)	1,318,436,337	1,338,162,534
	Advance rental/installment against loans, advances and leases	24,740,885	25,583,205
	Received from clients against partial rental/installment	220,799,258	107,234,011
	Unpaid dividend	-	3,199,067
	Lease liability (Note-15.7)	-	-
	Income Tax, VAT and Excise Duty deducted at source	15,420,500	2,659,193
		10,285,867,538	9,644,184,207
15.1	Expenditure and Other Payables		
	Accrual of leave encashment	1,530,313	1,260,777
	Accrued interest on borrowings from other banks, financial institutions and agents	278,828,357	190,458,262
	Accrued interest on deposits and other accounts	1,119,931,751	1,124,173,991
	Salary and allowances	1,408,730	1,387,916
	Auditors' fee	2,562,200	2,782,400
	Office utilities	4,123,413	3,534,832
	Office rent	701,250	291,390
	Servicing and repairing of office motor vehicle	-	150,000
	Telephone and mobile bill	24,934	27,661
	Subscription	600,000	-
	Others	59,852	13,000
		1,409,770,800	1,324,080,229
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 2023. Total provision is made up as follows:		
	General provision on unclassified loans, advances and leases	10,371,012	36,313,456
	Specific provision on classified loans, advances and leases	6,582,205,979	6,477,644,810
	Balance at 31 December	6,592,576,991	6,513,958,266
	Movements in General Provision on Unclassified Loans, Advances and Leases		
	Balance at 01 January	36,313,456	26,951,729
	Add: Provision made during the year	(25,942,444)	9,361,727
	Balance at 31 December	10,371,012	36,313,456



		Amounts in Taka	
		31.12.2023	31.12.2022
Movements in Specific Provision on Classified Loans, Advances and Leases			
Balance at 01 January		6,477,644,810	5,029,125,293
Less: Fully provided debts written-off during the year		-	-
Add: Recoveries of amount previously written-off		-	-
Add: Provision made during the year		104,561,169	1,448,519,517
Less: Provision no longer required		-	-
Add: Net charge to profit and loss account		104,561,169	1,448,519,517
Balance at 31 December		6,582,205,979	6,477,644,810
Total		6,592,576,991	6,513,958,266
15.3	<i>Provision for the Diminution in the Value of Investments</i>		
Balance at 01 January		18,821,986	19,591,849
Add: Provision made during the year		160,250	(769,863)
Balance at 31 December (Annexure-A for detail)		18,982,236	18,821,986
15.4	<i>Provision for Other Assets</i>		
Balance at 01 January		247,141,034	57,981,234
Add: Provision made during the year		325,246,406	189,159,800
Balance at 31 December		572,387,440	247,141,034
15.5	<i>Provision for Income Tax</i>		
The company calculated its tax liability considering the BAS 12: "Income Taxes". Details calculation of tax liability as at 31 December 2023 is as follows:			
Balance at 01 January		63,344,682	62,719,679
Add: Provision made during the year (Note-39)		147,433,338	625,003
Less: Settlement of previous years' tax liability		98,024,929	-
Balance at 31 December		112,753,091	63,344,682
Current tax liability represents tax calculated @ 37.50% on profit before tax less advance tax paid.			
15.6	<i>Interest Suspense Account</i>		
This represents interest on loans and lease income not recognized as income according to Bangladesh Bank's FID Circular No. 03 of 2006. Details are as follows:			
Balance at 01 January		1,338,162,534	1,112,640,202
Add: Amount transferred to interest suspense account during the year		17,153,514	285,318,935
Less: Amount recovered from interest suspense account during the year		36,879,711	59,796,603
Less: Amount written-off during the year		-	-
Balance at 31 December		1,318,436,337	1,338,162,534
Amount recovered from interest suspense account during the year is also included in interest income (Note-21).			
15.6.1	<i>Details of Interest Suspense Account</i>		
Interest Suspense for Unclassified Loans, Advances and Leases			
Standard		1,362,324	-
Special mention account		3,362,286	21,563,167
		4,724,610	21,563,167
Interest Suspense for Classified Loans, Advances and Leases			
Sub-standard		-	4,342,227
Doubtful		3,487,937	41,757,815
Bad/Loss		1,310,223,790	1,270,499,325
		1,313,711,727	1,316,599,367
Total		1,318,436,337	1,338,162,534
15.7	<i>Lease Liability</i>		
Balance at 01 January		-	-
Add: Interest charge on lease obligation		-	-
		-	-
Less: Payment and advances adjusted		-	-
Balance at 31 December		-	-



- 15.8 *Maturity Grouping of Other Liabilities*
Repayable on demand
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

Amounts in Taka	
31.12.2023	31.12.2022
-	-
1,335,731,306	1,650,871,463
290,675,116	280,461,643
127,687,470	113,862,192
59,120,375	41,135,895
8,472,653,271	7,557,853,014
10,285,867,538	9,644,184,207

16. Share Capital

- 16.1 *Authorized Capital*
200,000,000 ordinary shares of Tk.10 each
- 16.2 *Issued, Subscribed and Fully Paid up Capital*
Ordinary shares: 164,063,330 ordinary shares of Tk.10 each
Share premium
Preference shares
Total

2,000,000,000	2,000,000,000
1,640,633,300	1,640,633,300
-	-
-	-
1,640,633,300	1,640,633,300

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

- 16.3 *Raising of Share Capital*
Foreast Finance & Investment Limited raised its share capital as follows:

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

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 Taka 5.90 and Taka 6.00 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively at 28 December 2023.

- 16.4 *Composition of Shareholders by Shareholding as at 31 December 2023*

Particulars	No. of Holders	Holding (%)
Sponsors (Institutions)	-	-
Sponsors (Individuals)	11	39.74
General Public (Institutions)	37	16.14
General Public (Individuals)	7,271	44.12
Total	7,319	100.00

- 16.5 *Distribution of Shareholders by Shareholding as at 31 December 2023*

Holding of Shares	No. of Holders	Holding (%)
Less than 500 shares	1,221	0.13
500 to 5,000 shares	4,933	3.57
5,001 to 10,000 shares	481	2.26
10,001 to 20,000 shares	298	2.73
20,001 to 30,000 shares	136	2.07
30,001 to 40,000 shares	64	1.36
40,001 to 50,000 shares	36	1.00
50,001 to 100,000 shares	69	3.06
100,001 to 1,000,000 shares	55	10.41
Over 1,000,000 shares	26	73.41
Total	7,319	100.00





16.6 Capital Adequacy Requirement

As per Section-4(Gha) of The Financial Institutions Rules, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, the minimum paid up capital of a Financial Institution shall be Tk.100 crore; provided that the sum of paid up capital and reserves shall not be less than the minimum capital required under the Risk Based Assets of the company, criteria determined by the Bangladesh Bank. Details are as follows:

		Amounts in Taka	
		31.12.2023	31.12.2022
A. Tier-1 (Core Capital)		(7,519,037,774)	(6,395,813,402)
Paid up capital (Note-16.2)		1,640,633,300	1,640,633,300
Statutory reserve (Note-17)		268,954,085	268,954,085
Retained earnings (Note-18)		(9,428,625,159)	(8,305,400,787)
B. Tier-2 (Supplementary Capital)		138,656,050	147,296,669
General provision maintained against unclassified loans, advances and leases up to specified limit as per Bangladesh Bank guideline		130,706,518	139,347,137
Revaluation reserve up to 10% of equity instruments		7,949,531	7,949,531
C. Total Eligible Capital (A+B)		(7,380,381,724)	(6,248,516,733)
D. Total Risk Weighted Assets (RWA)		10,558,973,360	11,250,781,013
E. Required Capital based on RWA (10% of D)		1,055,897,336	1,125,078,101
F. Minimum Capital Requirement (MCR)		1,055,897,336	1,125,078,101
G. Capital Surplus/(Deficit) (C-F)		(8,436,279,060)	(7,373,594,835)
H. Capital Adequacy Ratio (CAR) (C/D)*100		(69.90)	(55.54)
I. Core Capital to RWA (A/D)*100		(71.21)	(56.85)
J. Supplementary Capital to RWA (B/D)*100		1.31	1.31
17. Statutory Reserve			
According to the Rule 6 of The Financial Institutions Regulation, 1994, the company transfers 20% of its net profit for the respective year to statutory reserve. Detailed movement of the reserve is as follows:			
Balance at 01 January		268,954,085	268,954,085
Add: Transferred during the year		-	-
Balance at 31 December		268,954,085	268,954,085
18. Retained Earnings			
Balance at 01 January		(8,305,400,787)	(5,998,895,300)
Less: Cash dividend paid		-	-
Less: Issue of bonus shares		-	-
Add: Net profit for the year		(1,123,224,372)	(2,306,505,487)
Less: Transfer to statutory reserve		-	-
Add: Prior year adjustment of Fareast Stocks & Bonds Ltd. (Note-11.3)		-	-
Balance at 31 December		(9,428,625,159)	(8,305,400,787)
19. Contingent Liabilities and Commitments			
19.1 Contingent Liabilities			
Acceptances and endorsements		-	-
Letter of guarantee (Note-19.1.1)		-	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
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		-	-
		-	-
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		-	-
		-	-



20. Income Statement

Income

	Amounts in Taka	
	2023	2022
Interest, discount and similar income (Note-20.1)	142,630,580	103,753,659
Dividend income (Note-23)	2,222,897	3,125,015
Commission, exchange and brokerage (Note-24)	-	-
Gains less losses arising from dealing in securities	-	-
Gains less losses arising from investment in securities	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-business assets	-	-
Other operating income (Note-25)	(2,229,053)	(5,927,650)
Profit less losses on interest rate changes	-	-
	142,624,424	100,951,024

Expenses

Interest expenses on deposits, borrowings, etc. (Note-22)	670,356,186	716,268,544
Charges on losses regarding loans, advances and leases	-	-
Administrative expenses (Note-20.2)	37,704,455	36,632,204
Other operating expenses (Note-35)	4,982,512	6,720,676
Depreciation on company's fixed assets (Note-34)	243,353	873,376
	713,286,506	760,494,800
	(570,662,082)	(659,543,776)

20.1 Interest, Discount and Similar Income

Interest income (Note-21)	142,630,580	102,827,338
Capital gain on sale of shares (Note-23)	-	926,321
	142,630,580	103,753,659

20.2 Administrative Expenses

Salary and allowances (Note-26)	20,955,350	21,761,577
Rent, taxes, insurance, electricity, etc. (Note-27)	1,057,951	1,481,178
Legal expenses (Note-28)	5,007,613	1,607,370
Postage, stamp, telecommunication, etc. (Note-29)	623,089	521,951
Stationery, printing, advertisement, etc. (Note-30)	1,792,536	1,117,326
Managing Director's salary and allowances (Note-31)	6,620,000	6,620,000
Directors' fees (Note-32)	492,800	774,400
Auditors' fees (Note-33)	957,400	2,260,600
Repairs of company's fixed assets (Note-34)	197,716	487,802
	37,704,455	36,632,204

21. Interest Income

Interest on term finances	115,590,841	77,208,667
Lease income	15,187,833	13,974,220
Total interest income on loans, advances and leases	130,778,674	91,182,887
Interest on balance with banks and other financial institutions	11,851,906	11,644,451
	142,630,580	102,827,338

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

As per Bangladesh Bank's Instruction through Letter # FIID/I-08(02)/2019/2020-324 dated 23 June 2020, interest receivable on fixed deposit accounts with other financial institutions amounting Tk.312,868,309 was reversed from interest income.

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





		Amounts in Taka	
		2023	2022
22.	Interest Expenses on Borrowings, Deposits, etc.		
a)	Interest Expenses on Borrowings		
	Interest on term loans	287,701,119	249,036,092
	Interest on call loans	16,342,851	12,130,927
	Interest on secured overdrafts	35,770,203	42,824,392
	Interest charge on lease obligation	-	-
	Bank charges	983,531	345,105
		340,797,704	304,336,516
b)	Interest Expenses on Deposits	329,558,482	411,932,028
	Total	670,356,186	716,268,544
23.	Investment Income		
	Capital gain/(loss) on sale of shares	-	926,321
	Dividend income	2,222,897	3,125,015
		2,222,897	4,051,336
24.	Commission, Exchange and Brokerage		
	Guarantee commission	-	-
	Realization of L/C commission	-	-
		-	-
25.	Other Operating Income		
	Income from associate (Un-audited)	(8,502,870)	(7,155,972)
	Documentation fees	1,000	-
	Early settlement fees	4,776,113	95,896
	Profit/(loss) on disposal of fixed assets	276,759	-
	Profit/(loss) on disposal of leased assets	197,000	40,000
	Miscellaneous earnings	1,022,945	1,092,426
		(2,229,053)	(5,927,650)
	N.B.:		
	Fareast Finance & Investment Limited follows equity method in recognizing results (profit/loss) of its associate company. Typically, this time too, the only associate company, namely, Fareast Stocks & Bonds Limited, wherein Fareast Finance & Investment Limited holds 50% shares, is not yet submitted their Audited Financial Statements. As a result, the company incorporated the proportionate share of profit/(loss) of its associate company, based on Un-audited Financial Statements for the same period in its Financial Statements.		
26.	Salary and Allowances		
		20,955,350	21,761,577
	Salary and allowances include company's contribution to recognized provident fund and approved gratuity fund amounting Tk.816,288 and Tk.0 respectively (Tk.803,471 and Tk.0 respectively in the year 2022).		
27.	Rent, Taxes, Insurance, Electricity, etc.		
	Rent, rate and taxes	583,671	899,729
	Insurance	-	-
	Power and electricity	474,280	581,449
		1,057,951	1,481,178
28.	Legal Expenses		
	Professional fees	3,031,861	1,364,450
	Other charges	1,975,752	242,920
		5,007,613	1,607,370
29.	Postage, Stamp, Telecommunication, etc.		
	Postage	13,559	14,425
	Telegram, telex, fax, and e-mail	-	-
	Data communication	399,892	302,088
	Telephone-office	209,638	205,438
	Telephone-residence	-	-
		623,089	521,951
30.	Stationery, Printing, Advertisement, etc.		
	Office stationery	336,755	264,369
	Computer consumable stationery	44,915	54,155
	Publicity and advertisement	1,410,866	798,802
		1,792,536	1,117,326



Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

31. Managing Director's Salary and Allowances

Amounts in Taka	
2023	2022
Basic pay	3,000,000
Allowances	3,120,000
Bonus	500,000
Company's contribution to recognized provident fund	-
Approved gratuity fund	-
Annual membership subscription paid to professional bodies	-
6,620,000	6,620,000

Besides, total perquisites of Tk.183,314 in the year 2023 (Tk.468,897 in the year 2022) was paid in relation to the Managing Director of the company.

32. Directors' Fees

Fees	
Board of Directors	352,000
Board Audit Committee	140,800
Executive Committee	-
492,800	774,400
Other Benefits	
-	-
492,800	774,400

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

a) In the year 2023 the following meetings were held:

Name of Meetings	Number of Meetings	
Board of Directors	9	12
Board Audit Committee	4	5
Executive Committee	-	-

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

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

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

33. Auditors' Fees

Auditors' fees including VAT @ 15.00%	880,900	2,235,600
Auditors' certificate fees	76,500	25,000
	<u>957,400</u>	<u>2,260,600</u>

34. Depreciation and Repairs of Company's Assets

Depreciation on company's fixed assets (Annexure-B)	243,353	873,376
Repairs of company's fixed assets	197,716	487,802
	<u>441,069</u>	<u>1,361,178</u>

35. Other Operating Expenses

Office maintenance	1,675,845	3,985,064
Travel and conveyance	226,129	95,942
Motor vehicle expenses	572,174	635,037
Meeting expenses	39,604	59,693
Training expenses	-	19,998
Books and periodicals	6,994	5,524
Share business expense	18,747	12,488
Subscription	1,996,900	1,526,300
Entertainment and public relation	51,069	59,080
Annual General Meeting	395,050	321,550
	4,982,512	6,720,676

Tk.349,562 was spent for the year 2023 (Tk.472,941 for the year 2022) for the vehicle used by the Chairman following of Bangladesh Bank's guidelines.





		Amounts in Taka	
		2023	2022
36. Provision for Loans, Advances and Leases			
General provision on unclassified loans, advances and leases (Note-15.2)	(19,719,349)	9,603,484	
Special provision	(6,223,095)	(241,757)	
Specific provision on classified loans, advances and leases (Note-15.2)	104,561,169	1,448,519,517	
	78,618,725	1,457,881,244	
Special provision maintained as per Bangladesh Bank's DFIM Circular Letter No.-33 dated 19 December 2021 and DFIM Letter having reference No.-DFIM(P)1052/27/2022-12 dated 2 January 2022.			
37. Provision for Investment in Shares			
Balance at 01 January	18,821,986	19,591,849	
Add: Provision made during the year (Note-15.3)	160,250	(769,863)	
Balance at 31 December (Annexure-A for detail)	18,982,236	18,821,986	
38. Provision for Other Assets			
Balance at 01 January	247,141,034	57,981,234	
Add: Provision made during the year (Note-15.4)	325,246,406	189,159,800	
	572,387,440	247,141,034	
39. Provision for Income Tax			
This represents amount provided for income tax on profit before tax for the year ended 31 December 2023. The amount has arrived as follows:			
Amount provided on current year's profit	869,121	625,003	
Add: Shortfall of provision for income tax	146,564,217	-	
Amount Provided for Current Tax	147,433,338	625,003	
Amount provided for deferred tax	1,103,571	65,527	
Total	148,536,909	690,530	
Shortfall of Provision for Income Tax represents cumulative shortfall amount due to not making provision by debiting "Expenses for Income Tax" during the previous years and/or debiting Provision and crediting the amount to "Expenses for Income Tax". Insignificant amount of shortfall took place in 2020-2022 due to assessment and submission of returns at actual basis rather than minimum tax basis. Accounting Effect has been given in 2023 for the cumulative shortfall amount (Taka 146,564,217) of previous years in accordance with "Para-36 of IAS-8: Accounting Policies, Changes in Accounting Estimates and Errors".			
40. Earning Per Share (EPS)			
Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard (IAS) -33: "Earnings Per Share (EPS)".			
Basic Earnings Per Share			
Basic earnings per share is calculated based on weighted average number of ordinary shares outstanding for the period ended 31 December 2023 and profit for the same period.			
Net profit/(loss) after income tax (A)	(1,123,224,372)	(2,306,505,487)	
Weighted average number of outstanding shares (B)	164,063,330	164,063,330	
Earnings Per Share (Basic) (A/B)	(6.85)	(14.06)	
Diluted Earnings Per Share			
No diluted earnings per share are required to be calculated for the period ended 31 December 2023, as there was no scope for dilution during the period under review.			
Reason for changes in Earning Per Share (EPS)			
Earning Per Share (EPS) of the Company for the period ended 31 December 2023 is Taka (5.49), which was Taka (14.06) in the same period of previous year. The primary reason behind this deviation is the proportionate decrease in provisions for loans, advances and leases (decreased by Taka 1,455,363,415). On the other hand, increase in provision for income tax (increased by Taka 147,854,552).			
41. Net Asset Value (NAV) Per Share			
Net asset (total assets less total liabilities) (A)	(7,439,542,461)	(6,316,318,089)	
Total number of ordinary shares outstanding (B)	164,063,330	164,063,330	
Net Asset Value (NAV) Per Share (A/B)	(45.35)	(38.50)	





42. Net Operating Cash Flows Per Share (NOCFPS)

Net cash flows from operating activities (A)
Total number of ordinary shares outstanding (B)
Net Operating Cash Flows Per Share (NOCFPS) (A/B)

Amounts in Taka	
2023	2022
(309,771,561)	(174,291,939)
164,063,330	164,063,330
(1.89)	(1.06)

Reason for changes in Net Operating Cash Flows Per Share (NOCFPS)

Net Operating Cash Flows Per Share (NOCFPS) of the Company for the period ended 31 December 2023 is Taka (1.89), which was Taka (1.06) in the same period of previous year. The primary reason behind this deviation is the proportionate decrease in Interest Payment by Taka 163,232,744, increase in Loans, Advances and Leases by Taka 187,366,832, decrease in Net Drawdown of Short Term Loans by Taka 383,428,773 and decrease in Other Liabilities by Taka 222,669,825.

43. Reconciliation of Profit/(Loss) before Income Tax with Cash Flows from Operating Activities

Profit/(loss) before income tax	(974,687,463)	(2,305,814,957)
Less: Profit from sale of shares of securities	-	(926,321)
Less: Income taxes paid	(5,938,022)	(2,039,273)
Add: Adjustments for non-cash items:		
Depreciation of company's assets	243,353	873,376
Provisions for loans, advances and leases	78,618,725	1,457,881,244
Provision for the diminution in the value of investments	160,250	(769,863)
Provision for other assets	325,246,406	189,159,800
(Increase)/decrease in loans, advances and leases	439,627,273	253,622,765
(Increase)/decrease in other assets	480,547	511,252
Increase/(decrease) in deposit and other accounts	(7,020,019)	(60,924,960)
Increase/(decrease) in net drawdown of short term loans	(362,926,535)	20,502,238
Increase/(decrease) in other liabilities on account of customers	112,722,927	77,286,492
Increase/(decrease) in other liabilities	(10,163,957)	211,143,544
Increase/(decrease) in accruals	93,864,954	(14,797,276)
Net cash flows from operating activities	(309,771,561)	(174,291,939)

44. Number of Employees

At the end of the year the number of employees drawing Tk.3,000 or above per month was thirty (twenty seven in 2022).

45. Assets Pledged as Security for Liabilities

As at 31 December 2023, all the fixed and floating assets of the company were pledged as security under pari-passu security sharing agreement with lenders.

46. Related Party Disclosures

46.1 Name of Directors and Their Interest in Different Organizations

According to the International Accounting Standard-24 "Related Party Disclosures" and DFIM Circular No. 11 dated 23 December 2009, directors' name and their interest in different organizations are presented in Annexure-C.

46.2 Significant Contracts where Company is a Party and wherein Directors have Interest

The company has 1 (one) associate company namely Fareast Stocks & Bonds Limited (fifty percent shareholding), was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994 with authorized share capital of Tk.1,500,000,000.

46.3 Shares Issued to Directors and Executives without Consideration or at a Discount

Till 31 December 2023, no shares were issued to the directors and executives of the company without having any consideration or at a discount.

46.4 Related Party Transactions

As per International Accounting Standard-24 "Related Party Disclosures" and DFIM Circular No. 11 dated 23 December 2009, no transaction was made with the related parties and on balance sheet date there is no balance outstanding excluding the following transactions in the ordinary course of business at normal commercial interest rate:

Name of Related Party	Nature of Transactions		
Fareast Stocks & Bonds Limited	Investments	597,082,019	605,584,889
	Term loan given ¹	3,024,788,933	3,024,788,933
	Receivable against shares sold ²	90,613,589	90,625,337
		3,712,484,541	3,720,999,159
PFI Properties Limited	Housing finance given	135,809,086	135,809,086



Prime Insurance Company Limited	Term deposit received
Fareast Islami Properties Limited	Term deposit received
Shahriar Khaled Rousseau	Term deposit received
Rubaiyat Khaled Tashfin	Term deposit received
Sarwat Khaled Simin	Term deposit received
Sabiha Khaleque	Term deposit received
Bangladesh Institute for Prof. Dev. Ltd.	Term deposit received

Amounts in Taka	
2023	2022
5,596,342	4,512,500
42,651,536	37,109,277
6,244,480	6,244,480
3,084,922	3,084,922
5,000,000	5,000,000
1,250,000	1,250,000
14,197,040	14,197,040

¹ Fareast Stocks & Bonds Limited (FSBL) reported less (by Taka 1,546,259,997) Term Loan amount taken from Fareast Finance & Investment Limited (FFIL) in the Financial Statements for the year ended on 31 December 2022 despite the fact that the Managing Director of FFIL, as a representative Director in the Board of Directors of FSBL, repeatedly raised the issue in the Board Meetings since appointed by BSEC on 30/05/2021.

Besides, as advised by Bangladesh Bank, the Board of Directors of Fareast Finance & Investment Limited in its 208th meeting approved charging interest on outstanding Term Loan Balance of Taka 2,754,580,768 (as on 31/12/2019) @ 13.90% p.a. (cost of fund plus 1%) with effect from 20/03/2020 which had been duly informed to the Chief Executive Officer of FSBL vide Letter No. FFIL/F-10(A)/2020/657 dated 11/03/2020 (duly received).

Despite furnishing up-to-date loan balance by FFIL to Fareast Stocks & Bonds Limited, they have been knowingly reporting less amount of Term Loan Outstanding in their Financial Statements and recording more profit or less loss in their books for last couple of years. As a result of such misreporting, FFIL's accounts [as holding 50 percent shares and booking profit/loss on equity method] have been impacted significantly.

² Despite repeated requests of Fareast Finance & Investment Limited (FFIL) for withdrawal of the available ledger balance of Taka 90,613,589 in the BO Account No. 1204690000134328 maintained with Fareast Stocks & Bonds Limited (FSBL), FSBL is yet to honor the claim for withdrawal. Moreover, on 29 December 2022 FSBL unauthorizedly and fraudulently debited by Taka 42,000,000 and Taka 48,624,892.91 from the available ledger balance of the BO Account of FFIL without making any payment to FFIL. Hence, there is reasonable apprehension that FSBL will not be able to return the amount.

46.5 Status of Transactions done with Related Parties

As at 31 December 2023, there is no balance outstanding to the related parties other than disclosed in Note-46.4.

46.6 Business with Related Parties

As at 31 December 2023, the company does not have any business with related parties under section 18(2) of the Bank Companies Act 1991.

46.7 Transactions with the Securities of Related Parties

As at 31 December 2023, the company holds the shares of the following related parties:

Name of Related Party	Number of Shares
Fareast Stocks & Bonds Limited	45,479,437

46.8 Transaction with Key Management Personnel

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

46.8.1 Compensation of Key Management Personnel

a) Short Term Employee Benefits		
Basic pay and allowances	13,351,404	12,994,905
Bonus	1,148,151	1,055,794
Annual leave encashment	369,849	279,170
Motor vehicle expenses	172,153	460,028
Telephone, mobile and other allowances	52,517	47,475
	15,094,074	14,837,372
b) Post-Employment Benefits		
Company's contribution to provident fund	344,053	303,931
Retirement benefit and gratuity	183,066	183,066
	527,119	486,997





Amounts in Taka	
2023	2022

- c) Other Long Term Benefits
- d) Termination Benefits
- e) Share-based Payments

Total

15,621,193 **15,324,369**

46.8.2 Other Transactions with Key Management Personnel

Home loan given under "Home loan policy for the employees of FFIL"

3,406,279 **2,534,515**

47. Disclosure on Board Audit Committee

47.1 Particulars of Board Audit Committee

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

Name of Committee Members	Status with FFIL	Status with Committee	Educational Qualification
Mr. Ihsanul Aziz [Nominated by BSEC]	Independent Director	Chairman	MBA, MA in Economics
Professor Dr. Md. Mosharraf Hossain [Nominated by BSEC]	Independent Director	Member	PhD., M.Com.
Mr. Sheikh Nazmul Hoque Saikot [Nominated by BSEC]	Independent Director	Member	M.Com.
Mr. AKM Shahiduzzaman [Nominated by BSEC]	Independent Director	Member	MBA (IBA)

47.2 Meetings held by the Committee during the year

In the year 2023 the Committee met four times.

Meeting Number	Held on
97th	15-Mar-2023
98rd	22-Jun-2023
99th	17-Aug-2023
100th	23-Oct-2023

47.3 Activities of the Audit Committee during the year

In the year 2023 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 International Accounting Standards and Bangladesh Bank and the true and fair financial information were provided to the stakeholders.
- 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. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.
- 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.

47.4 Effective Internal Control and Security Documentation of the Company

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

- a) The management followed the procedure and activities for internal control of the company were within the manual set by the management in line with Bangladesh Bank's guidelines are satisfactory.





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

48. Disclosure on Executive Committee

To conform the Bangladesh Bank guidelines, the Board of Directors of Fareast Finance & Investment Limited constituted the Executive Committee of the company comprising members from the Board and management of the company. In the year 2023, no executive committee meeting was held.

49. Disclosure regarding Branch

As at 31 December 2023, the company has two branches in Bangladesh.

50. Highlights

Highlights of the company for the year 2023 and 2022 is presented below:

Sl. #	Particulars	Amounts in Taka	
		2023	2022
1	Paid up capital	1,640,633,300	1,640,633,300
2	Total capital	1,989,082,698	1,989,082,698
3	Capital surplus/(deficit)	(8,436,279,060)	(7,373,594,835)
4	Total assets	10,910,393,721	11,348,539,906
5	Total deposits	4,560,765,879	4,567,785,898
6	Total loans, advances and leases	8,998,413,791	9,438,041,064
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio (%)	197.30	206.62
9	% of classified loans, advances and leases against total loans, advances and	97.43	94.34
10	Profit after provisions and income tax	(1,123,224,372)	(2,306,505,487)
11	Classified loans, advances and leases	8,767,210,759	8,903,716,025
12	Provision kept against classified loans, advances and leases	6,582,205,979	6,477,644,810
13	Provision surplus/(deficit)	-	-
14	Cost of borrowing fund (%)	9.61	8.96
15	Interest earning assets	10,540,978,953	10,885,831,223
16	Non-interest earning assets	369,414,768	462,708,683
17	Return on investments (ROI) (%)	(3.28)	(16.48)
18	Return on assets (ROA) (%)	(10.09)	(20.16)
19	Income from investments	2,222,897	4,051,336
20	Earnings per share	(6.85)	(14.06)
21	Net income per share	(6.85)	(14.06)
22	Price earnings ratio (times)	(0.86)	(0.43)

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

The Board of Directors of Fareast Finance & Investment Limited in its 253rd meeting held on 11 August 2024 recommended to the shareholders no dividend based on financial performance of the year 2023.

52. Risk Factors Disclosure under IFRS-7 "Financial Instruments: Disclosures"

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

53. General

53.1 Business

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

Description	2023		2022	
	Contracted Taka	Disbursed Taka	Contracted Taka	Disbursed Taka
Term finances	-	-	280,000	280,000
Leases	-	-	-	-
Total	-	-	280,000	280,000





53.2 Interim Financial Statements

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

53.3 Office Space

Fareast Finance & Investment Limited entered into an agreement on 26 May, 2015 with Spacezero Limited having its office at House # 106, Road # 25, Block-A, Banani Model Town, Dhaka-1213 to buy office space at 9th and 10th floor of the multi-storied Commercial Building at House # 53, Road # 21, Block-B, Kemal Ataturk Avenue, Banani, Dhaka-1213 measuring approximately 5,403 square feet (considering 3 car parks for ground and 1st floor each and balance car parks equally distributed into all other floors) and 5,483 square feet (considering 3 car parks for Ground & 1st floor each and balance car parks equally distributed into all other floors) respectively at a rate of Tk.27,000 per square feet. Subsequently, on 06 August 2019, Fareast Finance & Investment Limited signed a Deed of Cancellation Agreement with Spacezero Limited regarding (i) to cancel the allotment of 9th floor, (ii) to adjust Tk.148,041,000 only out of the payment made by the company as full and final payment against the allotment of 10th floor, and (iii) to refund the remaining amount of Tk.58,559,000 only. Subsequently, FFIL received back TK. 55,000,000 and remained Tk.3,559,000 is under realisation as shown in Note-11.1.

The Board of Directors of the Company in its 230th meeting held on 31 March 2022 approved the proposal for downsizing the office space of FFIL Chattogram Branch by way of sharing with FSBL Chattogram Branch in view of reducing operating expenses. In line with Board's decision, on October 2022 FFIL Chattogram Branch has been shifted by way of sharing with FSBL Chattogram Branch premises at Ayub Trade Center (2nd Floor) at Agrabad, Chattogram. The FFIL Chattogram Branch is using 850 sft @ Taka 55 per sft.

53.4 Declarations

The Board of Directors of Fareast Finance & Investment Limited adopted the Financial Statements of the company for the year ended 31 December 2023 in their 253rd meeting held on 11 August 2024 and recommended to the shareholders for approval.

Md. Ashraful Moqbul
Chairman & Independent Director

Ihsanul Aziz
Independent Director

Professor Dr. Md. Mosharraf Hossain
Independent Director

Muhammad Ali Zaryab
Managing Director

Md. Anwar Hussain
Head of Finance & HR

Md. Mehedi Hasan Khan
Company Secretary (CC)



Annexure-A

Fareast Finance & Investment Limited
Investment in Shares
As at 31 December 2023

Sl. No.	Name of the Company	Type of Shares	Face Value		Number of Shares	Cost/Present Value of Holdings		Average Cost	Quoted Rate Per Share as at 31 Dec. 2023		Total Market Value as at 31 Dec. 2023		Estimated Commission on Sale of Shares		Fair Value as at 31 Dec. 2023		Provision Required as at 31 Dec. 2023	
			Taka			Taka			Taka		Taka		Taka		Taka		Taka	
1	Golden Harvest Agro Ind. Ltd.	A	10		112,320	2,729,197		24.30	17.50		1,965,600		4,952		1,960,648		768,549	
2	IDLC Finance Ltd.	A	10		23,152	1,636,615		70.69	46.50		1,076,568		3,230		1,073,338		563,277	
3	IFAD Autos Ltd.	A	10		11,781	1,309,576		111.16	44.10		519,542		1,559		517,983		791,592	
4	LR Global BD Mutual Fund One	A	10		68,000	552,452		8.12	6.40		435,200		1,306		433,894		0	
5	MBL 1st Mutual Fund	A	10		184,100	1,605,352		8.72	6.70		1,233,470		3,700		1,229,770		20,159	
6	MJL Bangladesh Ltd.	A	10		182,227	19,942,923		109.44	86.70		15,799,081		47,397		15,751,684		4,191,239	
7	Runner Automobiles Ltd.	A	10		7,566	540,439		71.43	48.40		366,194		1,099		365,096		175,344	
8	The ACME Laboratories Ltd.	A	10		214,945	23,291,180		108.36	85.00		18,270,325		54,339		18,215,986		5,075,194	
9	The City Bank Ltd.	A	10		341,647	10,126,417		29.64	21.40		7,311,246		21,934		7,289,312		2,837,105	
10	Green Delta Mutual Fund	A	10		100,000	1,000,000		10.00	6.90		690,000		1,380		688,620		150,000	
11	Popular Life 1st Mutual Fund	A	10		299,086	1,999,958		6.69	5.10		1,525,339		3,051		1,522,288		0	
12	EXIM Bank Ltd.	A	10		23,540	504,933		21.45	10.40		244,816		367		244,449		260,484	
13	Summit Alliance Port Ltd.	A	10		34,305	2,413,014		70.34	27.20		933,096		1,400		931,696		1,481,317	
14	United Airways Limited	Z	10		123,057	1,976,295		16.06	1.90		233,808		351		233,458		1,742,838	
15	FAR Chemical Ind. Ltd.	A	10		13,310	1,161,000		87.23	28.20		375,342		1,126		374,216		786,784	
16	Southeast Bank Ltd.	A	10		42,071	696,219		16.55	13.30		559,544		1,679		557,866		138,354	
16	Total as at 31 December 2023				1,781,107	71,485,572					51,539,171		148,868		51,390,304		18,982,236	
	Total as at 31 December 2022				1,799,411	71,485,572					51,654,081		149,068		51,505,012		18,821,986	



Annexure-B

Fareast Finance & Investment Limited
Schedule of Fixed Assets
As at 31 December 2023

Particulars	Cost			Depreciation			Net Book Value as at 31 December 2023
	Opening Balance as at 01 January 2023	Additions during the year	Disposals/ Adjustments during the year	Total Balance as at 31 December 2023	Opening Balance as at 01 January 2023	Charge for the year	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land	-	-	-	-	-	-	-
Furniture and fixture	9,164,771	-	3,742,591	5,422,180	8,650,984	102,693	411,091
Office equipment	11,325,008	-	3,272,494	8,052,514	10,990,005	107,510	227,470
Office software	1,940,725	-	4,000	1,936,725	1,870,396	22,800	47,528
Crockeries	61,430	-	-	61,430	61,405	-	25
Motor vehicle	14,340,000	620,980	-	14,960,980	14,339,997	10,350	610,633
Total as at 31 December 2023	36,831,934	620,980	7,019,085	30,433,829	35,912,787	243,353	1,296,747
Total as at 31 December 2022	36,082,378	749,556	-	36,831,934	35,039,411	873,376	919,147





Annexure-C

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

Sl. No.	Name of Directors	Status in FFIL	Entities where They have Interest	Status in Interested Entities	% of Holding/Interest in the Concern as 31 Dec. 2023
1	Mr. Md. Ashraful Moqbul [Nominated by BSEC]	Chairman & Independent Director	Nil.		
2	Mr. Ihsanul Aziz [Nominated by BSEC]	Independent Director	Nil.		
3	Professor Dr. Md. Mosharraf Hossain [Nominated by BSEC]	Independent Director	Nil.		
4	Mr. Sheikh Nazmul Hoque Saikot [Nominated by BSEC]	Independent Director	Nil.		
5	Mr. AKM Shahiduzzaman MBA (IBA, DU) [Nominated by BSEC]	Independent Director	Nil.		

