



ANNUAL REPORT 2021



**FAREAST FINANCE
& INVESTMENT LIMITED**

Service with smile



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& INVESTMENT LIMITED**

Service with smile



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Letter of Transmittal

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

Subject: Annual Report for the year ended December 31, 2021

Dear Sir (s):

On behalf of the Board of Directors of Fareast Finance & Investment Limited, the undersigned is pleased to present a copy of the Annual Report for the year ended December 31, 2021 together with the Audited Financial Statements including Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity for the year ended December 31, 2021 along with notes thereon for your kind information and record.

Thanking you,

Sincerely yours,



Md. Ramzan Hossain ACS
SAVP & Company Secretary

September 12, 2023

Notice of the 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Fareast Finance & Investment Limited will be held on Wednesday, September 27, 2023 at 10:00 a.m. (as per 'Judgment & Order' of Honorable High Court Division of Supreme Court of Bangladesh under Company Matter No. 84/2023) by using Digital Platform (pursuant to BSEC Letter No. SEC/SRMIC/94-231/91 dated March 31, 2021) through the following link: <https://ffil.bdvirtualagm.com> to transact the following business:

| | |
|------------------------|---|
| Agendum # AGM202121-01 | To receive and adopt the Directors' Report to the Shareholders, Auditors' Report and Audited Financial Statements for the year ended December 31, 2021; |
| Agendum # AGM202121-02 | To declare Dividend for the year ended December 31, 2021; |
| Agendum # AGM202121-03 | To elect / re-elect Directors; |
| Agendum # AGM202121-04 | To appoint the Statutory Auditors of the Company for the year 2022 until the conclusion of the next Annual General Meeting and to fix their remuneration; and |
| Agendum # AGM202121-05 | To appoint the Corporate Governance Compliance Auditors of the Company for the year 2022 and to fix their remuneration. |

By the order of the Board



Md. Ramzan Hossain ACS
SAVP & Company Secretary

September 12, 2023

Notes:

01. The Members whose names appeared in the Register of Members of the Company and/or in the Depository Register on the "Record Date" i.e. September 10, 2023 are eligible to attend the 21st Annual General Meeting;
02. The Shareholders will join the virtual AGM through the link: <https://ffil.bdvirtualagm.com>. They will be able to submit their questions/comments electronically 24 (twenty-four) hours before holding the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) Account number or Folio number, name of respective shareholder, number of shares and mobile number or e-mail address;
03. The Shareholders may login to the system prior to starting of the meeting at 10:00 a.m. on September 27, 2023 (Wednesday). The Link will activate at 10:00 a.m. (Bangladesh Time) on September 26, 2023. For any IT related guidance and help regarding the login process, the respected members may contact at +880255033328-30 or +8801977334536 or visit FFIL website at: www.ffiibd.com;
04. Pursuant to Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMR-RCD/2006-158/208/Admin/81 dated June 20, 2018 the soft copy of the Annual Report for the year 2021 along with the Notice, Proxy Form and Attendance Slip have been forwarded to all the Members at their respective e-mail address available with us as per CDBL record. The Members may also collect the Proxy Form from the Registered Office of the Company. These are also available in the website of the Company at : www.ffiibd.com;
05. A Member may appoint a proxy to attend and vote in his/her place by filling 'Proxy Form' at this virtual AGM. The 'Proxy Form' duly filled, signed and stamped at BDT 20/-, must be deposited at the registered office or send through e-mail to mehedi@ffiibd.com not later than 48 hours before the time scheduled for holding the AGM.

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



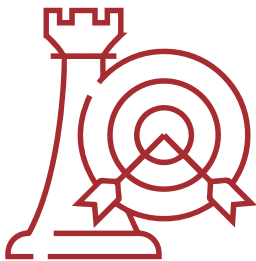
Vision

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



Mission

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



Strategic Objectives

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



Values

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

THE COMPANY AT A GLANCE

Fareast Finance & Investment Limited one of the progressive financial institutions incorporated in Bangladesh as a public limited company with limited liability, on 21 June 2001 under The Companies Act, 1994. The company was authorized to commence business in Bangladesh as per Certificate of Commencement dated 21 June 2001. The company obtained license from Bangladesh Bank as a financial institution under The Financial Institutions Act, 1993 on 3 July 2001 to operate as a leasing and financing company as provided under the relevant law. The company obtained permission from Bangladesh Bank on 20 January 2015 for opening its branch at Chattogram.

ASSOCIATE COMPANY

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

PRODUCTS AND SERVICES

FINANCIAL SEGMENTS

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

DEPOSIT SCHEMES

FFIL Sanirbhorota - You are in safe hands
FFIL Pension Plan - Live freely
FFIL Shomriddhi - Bringing your prosperity
FFIL Subidha- Smile twice in a year
Double Money Benefit Scheme - Double your dream
Triple Money Benefit Scheme - When money does matter
FFIL Lakhpati Scheme - Be a millionaire
FFIL Monthly Savings Scheme - Go with dream

FAREAST STOCKS & BONDS LIMITED

(An associate of Fareast Finance & Investment Limited)

BROKERAGE SERVICES

CDBL Services
Margin Loan Facilities
Value Added Services
Phone Trading Services
SMS Services
E-mail Services

CORPORATE INFORMATION

Registered Name of the Company

Fareast Finance & Investment Limited

License/registration/identification:

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

Head Office

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

Chattogram Branch

Ayub Trade Centre (Level-2), 1269/B Sheikh
Mujib Road, Agrabad Commercial Area,
Chattogram- 4100, Bangladesh.
Cell Phone: +88-01977334526

Website

<http://www.ffilbd.com>

Income Tax Lawyer

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

Auditors

Statutory Auditor:
Zoha Zaman Kabir Rashid & Co,
Chartered Accountants
House No. 6/B, Road No. 32,
Level- 7 & 8, Gulshan-1,
Dhaka-1212, Bangladesh

Auditor relating to Corporate Governance Code

Jasmin & Associates, Chartered Secretaries
55/B Noakhali Tower (10th Floor),
Suit: 11-F, Purana Paltan, Dhaka-1000, Bangladesh

Membership

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

Principal Bankers

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

Chairman

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

Managing Director

Mr. Muhammad Ali Zaryab

Head of Finance

Mr. Md. Anwar Hussain

Company Secretary

Mr. Md. Ramzan Hossain ACS

Business Hours

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

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Mr. Md. Ashraful Moqbul

Chairman & Independent Director

Nominated by BSEC

Mr. Ihsanul Aziz

Independent Director

Nominated by BSEC

Professor Dr. Md. Mosharraf Hossain

Independent Director

Nominated by BSEC

Sheikh Nazmul Hoque Saikot

Independent Director

Nominated by BSEC

Mr. AKM Shahiduzzaman

Independent Director

Nominated by BSEC

Mr. Muhammad Ali Zaryab

Managing Director

BRIEF PROFILE OF THE DIRECTORS

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



MR. MD. ASHARFUL MOQBUL
CHAIRMAN &
INDEPENDENT DIRECTOR

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



MR. IHSANUL AZIZ
INDEPENDENT DIRECTOR

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

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



PROFESSOR
DR. MD. MOSHARRAF HOSSAIN
INDEPENDENT DIRECTOR

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

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



SHEIKH NAZMUL HOQUE SAIKOT
INDEPENDENT DIRECTOR

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



MR. AKM SHAHIDUZZAMAN
INDEPENDENT DIRECTOR

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

A post-graduate in Finance & Banking from the University of Dhaka, Mr. Zaryab has been in the banking industry for 28 years, a career that began in January 1996 with the Eastern Bank Limited as 2nd Batch Probationary Officer.

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

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



MUHAMMAD ALI ZARYAB
MANAGING DIRECTOR

COMMITTEES OF THE BOARD & MANAGEMENT

Executive Committee (EC)

| Name of Members | Status in Company | Status in Committee |
|---------------------------------|----------------------|---------------------|
| Mr. Md. Ashraful Moqbul | Independent Director | Chairman |
| Prof. Dr. Md. Mosharraf Hossain | Independent Director | Member |
| Sheikh Nazmul Hoque Saikot | Independent Director | Member |
| Mr. AKM Shahiduzzaman | Independent Director | Member |

Board Audit Committee

| Name of Members | Status in Company | Status in Committee |
|---------------------------------|----------------------|---------------------|
| Mr. Ihsanul Aziz | Independent Director | Chairman |
| Prof. Dr. Md. Mosharraf Hossain | Independent Director | Member |
| Sheikh Nazmul Hoque Saikot | Independent Director | Member |
| Mr. AKM Shahiduzzaman | Independent Director | Member |

Management Committee (MANCOM)

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|---------------------|
| Mr. Muhammad Ali Zaryab | Managing Director | Chairman |
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Member |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member Secretary |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member |
| Mr. Md. Rafiqul Islam | Manager, Credit | Member |

Management Recruitment Committee (MRC)

| Name of Members | Status in Company | Status in Committee |
|-------------------------|------------------------------|---------------------|
| Mr. Muhammad Ali Zaryab | Managing Director | Chairman |
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Member |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member Secretary |

Risk Management Forum (RMF)

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|---------------------|
| Mr. Muhammad Ali Zaryab | Managing Director | Chairman |
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Chief Risk Officer |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member Secretary |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member |
| Mr. Md. Rafiqul Islam | Manager, Credit | Member |

Asset Liability Management Committee (ALCO)

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|---------------------|
| Mr. Muhammad Ali Zaryab | Managing Director | Chairman |
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Member |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member Secretary |
| Mr. Md. Rafiqul Islam | Manager, Credit | Member |

Risk Analysis Unit (RAU)

| Name of Members | Status in Company | Status in Committee |
|------------------------|------------------------------|---------------------|
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Chairman |
| Mr. Md. Rafiqul Islam | Manager, Credit | Member |
| Mr. Md. Rasel Al Mamun | Assistant Manager, Credit | Member |
| Mr. Md. Nazmus Sadat | Assistant Manager, Credit | Member |
| Mr. Md. Shahedul Islam | Assistant Manager, ICC | Member Secretary |

ICT Committee

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|------------------------------|---------------------|
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Chairman |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Mehedi Hasan Khan | Manager, Corporate Affairs | Member |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager, ICT (C.C.) | Member |
| Ms. MuhtasimTahiya | Senior Officer, Credit | Member |

Central Compliance Unit (CCU)

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|---------------------|
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Chairman & CAMLCO |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member Secretary |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member & DCAMLCO |
| Mr. Md. Shahedul Islam | Assistant Manager, ICC | Member |

Ethics Committee

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|----------------------|
| Mr. Muhammad Ali Zaryab | Managing Director | Chairman |
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Member & Focal Point |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member |
| Mr. Md. Mehedi Hasan Khan | Manager, Corporate Affairs | Member Secretary |

Sustainable Finance Committee

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|---------------------|
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Chairman |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member |
| Mr. Md. Rafiqul Islam | Manager, Credit | Member Secretary |
| Mr. Md. Shahedul Islam | Assistant Manager, ICC | Member |

Sustainable Finance Unit

| Name of Members | Status in Company | Status in Committee |
|---------------------------|----------------------------|----------------------|
| Mr. Md. Rafiqul Islam | Manager, Credit | Head |
| Mr. Md. Mehedi Hasan Khan | Manager, Corporate Affairs | Focal Point Official |
| Mr. Md. Rasel Al Mamun | Assistant Manager, Credit | Fallback Person |
| Mr. Md. Nazmus Sadat | Assistant Manager, Credit | Member |
| Ms. Muhtasim Tahiya | Senior Officer, Credit | Member |

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

| Name of Members | Status in Company | Status in Committee |
|-------------------------------|-------------------------------------|---------------------|
| Mr. Md. Anwar Hussain | SVP and Head of Finance & HR | Chairman |
| Mr. Ha Mim Hamidullah | SAVP and Head of ICC | Member |
| Mr. Md. Ramzan Hossain | SAVP and Company Secretary | Member |
| Mr. Md. Iqbal Haque Choudhury | Senior Manager & Treasury In-charge | Member |
| Mr. Md. Helal Uddin | Officer, Legal Affairs | Member Secretary |

SHAREHOLDING STATEMENT

Shareholding composition of the company as on 31 December 2021 was as follows:

| Sl No | Shareholders | No. of Shares | Taka | % |
|-----------------------------------|--------------------------|---------------|---------------|---------|
| Holding by Sponsors and Directors | | | | |
| 1 | Sponsors | 6,51,99,164 | 65,19,91,640 | 39.74% |
| | Sub-total | 6,51,99,164 | 65,19,91,640 | 39.74% |
| Holding by other Shareholders | | | | |
| 1 | Company | 2,81,71,432 | 28,17,14,320 | 17.17% |
| 2 | General Public | 7,06,13,608 | 70,61,36,080 | 43.04% |
| 3 | Non-Resident Bangladeshi | 79,126 | 7,91,260 | 0.05% |
| | Sub-total | 9,88,64,169 | 95,36,17,750 | 60.26% |
| | Grand Total | 16,40,63,330 | 164,06,33,300 | 100.00% |



MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim
Distinguished Shareholders:
Assalamu Alaikum,

By the grace of Almighty Allah, it is my pleasure to welcome you all here today at this 21st Annual General Meeting of Fareast Finance & Investment Limited (FFIL). I would like to express my gratitude and regards to all of you for your continued support & patronization over the years.

Like a number of non-bank financial institutions, Fareast Finance & Investment Limited has been experiencing severe liquidity crisis since 2017 followed by negative interest margin, operating losses, huge nonperforming assets resulting depletion of capital, decrease in equity, net operating cash flow, net asset value, earning per share and hence struggling for existence. Fareast Finance & Investment Limited could not give dividends to the honorable shareholders after 2016 and fell into 'Z' - category on April 19, 2018. Bangladesh Securities and Exchange Commission (BSEC) reconstituted the Board of Directors vide Letter under Reference No. SEC/SR-MIC/2021/part-Z/89 dated March 29, 2021 in order to protect the interest of the shareholders of the company.

As on December 31, 2021, Total Non-Performing Loans, Advances & Leases of FFIL stood at Taka 871,72,14,142.00 which is 89.95% of total Portfolio of Taka 969,16,63,829.00 only. Classified Loans on account of Top 10 defaulted borrowers stood at BDT 899.35 crore (including memo interest) as on 30/06/2023 against which there is collateral securities of BDT 27.24 core only. Moreover, a good number of defaulted borrowers have already left the country and their present whereabouts are not known. Loan without ample security coverage alongwithdisappearance of defaulted borrowers hold back recovery even through legal recourse and thus hindering smooth sailing of FFIL ahead.

Extending loans, leases, and advances without exercising due diligence, observing credit norms, and maintaining rules & regulations in the past caused (1) an unusually high advance-deposit ratio of 209.38%, (2) non-performing loans of 89.95% as at the close of business on 31/12/2021 and (3) severe liquidity crisis since 2017 which in turn hinders resuming normal commercial operations of the company.

Fareast Finance & Investment Limited purchased 50% shares of Fareast Stocks & Bonds Limited on 25/04/2010 but FFIL is yet to get Share Certificates from FSBL despite repeated reminders. FFIL also extended Term Loan of BDT 243.03 crore in 2010-2011 to FSBL without exercising due diligence. In the same manner, the then Board of Directors of FFIL stopped charging interest on the outstanding loan amount of FSBL in 2014-2015 which continued upto 2019 till intervention of Bangladesh Bank in 2020 and resultantly FFIL incurred loss of 137.79 crore (calculated on cost-of-fund basis).

Outstanding Loan of BDT 436.04 crore (as on June 30, 2023) lying with FSBL was classified as Bad & Loss since 31 December 2021 and FFIL had to keep provision of BDT 302.48 crore as per guidelines of Bangladesh Bank. Equity Investment in FSBL and Loan extended to FSBL, among others, are the core causes of failure of FFIL. There is practically no scope of recovering the investment and loan amount from Fareast Stocks & Bonds Limited.

The reconstituted Board of Directors together with competent management has been working relentlessly towards sustainability of the company despite the catastrophic 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 misdeeds as such.

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

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

Wishing everyone all the best,
Sincerely,



Md. Ashraful Moqbul
Chairman



Message from **THE MANAGING DIRECTOR**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Distinguished Shareholders:

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

By the grace of Allah SubhanahuWaTa'ala [the absolute one, the all-powerful and all-knowing ruler of the universe, and the creator of everything in existence], Fareast Finance & Investment Limited [FFIL] passed another critical & challenging year 2021 with constant pursuit for good governance and sustainability despite distressing impact of the 2nd wave of novel corona virus followed by countrywide complete shutdown, reconstruction of the Board of Directors by Bangladesh Securities and Exchange Commission and some unexpected & unusual legal issues.

Fareast Finance & Investment Limited has been experiencing severe liquidity crisis followed by negative interest margin, operating losses, huge nonperforming assets resulting depletion of capital, decrease in equity, net operating cash flow, net asset value, earning per share and struggling for sustainability since 2017. Fareast Finance & Investment Limited could not give dividend to the honorable shareholders after 2016 and fell into 'Z' category on April 19, 2018.

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

In 2021, Fareast Finance & Investment Limited [FFIL] recorded Net Loss after Income Tax of BDT 419.12 crore with negative earnings of BDT 25.55 per share. In 2021, total investment and loan, advances, & lease portfolio of the company stood at BDT 978.66 crore registering an increase of BDT 25.50 crore [due to deferral allowed by Bangladesh Bank as a measure to ease the impact of novel corona virus, rescheduling and charging interest for the delayed period] while it was BDT 953.16 crore at the end of 2020. BDT 110.98 crore extended to SME out of total BDT 978.66 crore. As on 31 December 2021 classified loans, advances & leases stood at 89.95 percent against 51.90 percent as on 31 December 2020 and out of 89.95 percent, 34.70 percent alone is for the loan extended in the years 2010-2011 to its associate company namely Fareast Stocks & Bonds Limited [FSBL] wherein FFIL holds 50 percent shares. Moreover, FFIL is to maintain provision against the term loan extended to FSBL as the amount has been classified by Bangladesh Bank during last comprehensive inspection and FFIL's Balance Sheet is impacted by 50 percent loss incurred/incurred by FSBL. During 2021, FFIL disbursed total BDT 0.15 crore against fresh contracts of the same amount. Total Provision for loans, advances & leases at the end of 2021 stood at BDT 505.61 crore registering an increase of BDT 363.63 crore (i.e., 256.11 percent), compared to BDT 141.98 crore the year before. As on December 31, 2021, provision kept against diminution in the value of investment in shares, available balance in BO Account maintained with FSBL, fixed deposits placed with People's Leasing & Financial Services Limited, classified loans, advances, & leases BDT 513.37 crore against requirement of BDT 513.37 crore with no deficit and Cost-of-Borrowing decreased to 9.24 percent as against 9.84 percent in 2020. Total deposits stood at BDT 462.87 crore as on 31st December 2021 registering a decrease of BDT 8.12 crore (i.e., 1.72 percent) against BDT 470.99 crore as on 31st December 2020. There is significant dependence on institutional deposits and borrowings.

FFIL incurred Loss of BDT 147.45 crore in 2019 but BDT 71.80 crore was reported as Loss after getting deferral for keeping provision of BDT 75.65 crore over the next 4 (four) at the rate of BDT 18.91 crore per year upto 2023 because of which FFIL has been recording additional loss of BDT 18.91 crore since 2020.

As on December 31, 2021, Total Non-Performing Loans, Advances & Leases of FFIL stood at Taka 871,72,14,142.00 which is 89.95% of total Portfolio of Taka 969,16,63,829.00 with Taka 473,76,62,540.00 classified as Bad & Loss, Taka 298,19,00,318.00 classified as Doubtful and Taka 99,76,51,284.00 classified as Sub-standard. Classified Loans, Advances & Leases could be more than 90% in 2020 & 2021 if deferral for installments of 2020 & 2021 would not have been allowed by Bangladesh Bank due to COVID-19 pandemic.

Top 10 defaulters holding 67.66% (77.23% with memo interest) of total portfolio and Term Loan of associate company namely Fareast Stocks & Bonds Limited represents 31.21% (36.50% with memo interest) of total portfolio and 34.70% (40.58% with memo interest) of Classified Loans.

Fareast Finance & Investment Limited purchased 50% shares of Fareast Stocks & Bonds Limited on 25/04/2010 but FFIL is yet to get Share Certificates from FSBL. Even though 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. FFIL extended Term Loan of BDT 243.03 crore in 2010-2011 to its associate company as well as a company related to its directors namely Fareast Stocks & Bonds Limited without exercising due diligence, observing credit norms, and maintaining rules & regulations. In the same manner, the then Board of Directors of FFIL stopped charging interest on the outstanding loan amount of FSBL in 2014-2015 which continued upto 2019 till intervention of Bangladesh Bank in 2020 and resultantly FFIL incurred loss of 137.79 crore (calculated on cost-of-fund basis). Outstanding Loan of BDT 436.04 crore (as on June 30, 2023) classified as Bad & Loss since 31 December 2021 and FFIL kept provision of BDT 302.48 crore as per guidelines of Bangladesh Bank. Furthermore, despite furnishing up-to-date loan balance by FFIL to Fareast Stocks & Bonds Limited, they have been reporting less amount in their Financial Statements 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 and recording more profit or less loss in their books as a result of which FFIL's accounts [as holding fifty percentage shares and booking profit/loss on equity method] have been impacted significantly. Loan amount reported less by Taka 23.24 crore in the Financials of 2018, Taka 23.24 crore in the Financials of 2019, Taka 50.26 crore in the Financials of 2020, and Taka 101.56 crore in the Financials of 2021. There is no improvement in traditional

misreporting about the Loan availed from FFIL in the Financial Statements of FSBL. In addition to that FFIL is to take the shock of 50% liabilities of its associate company in case of winding-up which will further worsen the situation. Equity Investment in FSBL and Loan extended to FSBL, among others, are the core causes of failure of FFIL. In reality, there is no scope of recovering the investment and loan amount from Fareast Stocks & Bonds Limited.

FSBL debited Taka 4,20,00,000 by showing payment to FFIL through Cheque and Taka 4,86,24,892.91 by showing payment to FFIL through Electronic Transfer on 29/12/2022 without making actual payment and without obtaining permission whatsoever from FFIL. FFIL vide Letter No. FFIL/FI-0023/2023/11 dated 02/01/2023 requested FSBL to make necessary corrections and to return the available balance to BO ID No. 1204690000134328 but FSBL did not pay any attention to the request of FFIL. The matter was placed before the Board in its 239th Meeting held 02/02/2023 and the Board of Directors advised to appoint an Audit Firm to conduct special audit on the unresolved issues with FSBL. As advised by the Board of Directors, FFIL appointed Arun & Company, an experienced & professionally competent Chartered Accountants firm as special auditor for conducting the special audit on (1) unauthorizedly & fraudulently debiting BO account cash balance of FFIL, (2) non-transfer of outstanding shares and (3) misreporting term loan amount by its associate company Fareast Stocks & Bonds Limited. Accordingly, Arun & Company, Chartered Accountants completed the special audit and submitted their final Report dated 12/06/2023 on June 14, 2023.

The Board of Directors of FFIL in its 242nd Meeting held on 22/06/2023 resolved that the aforesaid transactions are actually embezzlement of the fund of a publicly listed non-bank financial institution and for proper investigation of the above issues the Board of Directors advised the management of FFIL to give a copy of the special Audit report to Anti Corruption Commission with supporting documents and records as per their Letter dated 19/06/2023 and also advised the management of FFIL to lodge complaint to CDBL, DSE and BSEC (the regulatory authorities) as well as Bangladesh Bank on the above unauthorized & fraudulent transactions. FFIL acted as per instructions of the Board of Directors. Finally, as per instruction of CDBL, FSBL released the share balance of BDT 5,93,41,203.68 of the BO Account of FFIL on 06/08/2023.

Different Lenders (Banks & NBFIs) have been filing CR Cases and Artha Rin Suits by making FFIL's employees (represented FFIL in the Board of Directors of FSBL from time-to-time) as defendants. FSBL had availed Loan from Lanka Bangla Finance in 2011 and they filed Artha Rin Suit against FSBL and its all Directors in 2019 for recovery of the classified loan. Artha Rin Adalat recently issued Arrest Warrant against the Directors of FSBL including Employees of FFIL (represented FFIL in the Board of FSBL) which obviously has been hampering day-to-day activities of Fareast Finance & Investment Limited.

Irregularities in loan cases including not taking any collateral, taking inadequate collaterals, taking fake & defective collaterals and non-filing of suits for recovery in due course of time as per Artha Rin Adalat Ain 2003 impede recovery of classified loans, advances & leases.

No Loan/Lease/Advance has been rescheduled in 2021 without physical visit/inspection of the business & collateral security and survey & valuation of the mortgaged property by enlisted surveyor. Classified Loans on account of Top 10 defaulted borrowers stood at BDT 899.35 crore (including memo interest) as on 30/06/2023 against which there is collateral securities of BDT 27.24 crore only. Moreover, a good number of defaulted borrowers have already left the country and their present whereabouts are not known. Extending loans without taking any collateral security and/or taking insignificant securities and disappearance of defaulted borrowers hold back recovery through legal recourse and thus smooth sailing of FFIL ahead. Extending loans, leases, and advances without exercising due diligence, observing credit norms, and maintaining rules & regulations in the past caused (1) an unusually high advance-deposit ratio of 209.38%, (2) non-performing loans of 89.95% as at the close of business on 31/12/2021 and (3) severe liquidity crisis since 2017 which in turn hinders resuming normal commercial operations of the company.

Fareast Finance & Investment Limited has been suffering from severe liquidity crisis since 2017 and not in a position to extend loan/lease due to extremely high advance-deposit ratio and total loans, advances & leases increased due to charging of interest on loans, advances & leases during the year.

Filing suits under Negotiable Instrument Act and Artha Rin Adalat Ain including lodgment of complaint to Anti Corruption Commission for recovery of stuck-up loans, leases & advances had been started afresh in the respective courts in 2021 (subsequent to restoration of normalcy after the 2nd wave of Covid-19). 645 suits have been filed under Negotiable Instrument Act 1881 for BDT 470.54 crore, 63 lawsuits have been filed for recovery of BDT 447.29 crore under Artha Rin Adalat Ain 2003 during the period upto 31/07/2023 and filing of 13 lawsuits for BDT 257.46 crore is in progress. In addition, FFIL lodged formal complaint to Anti Corruption Commission for extending Term Loan to FSBL without maintaining rules & regulations.

Short-Term and Long-Term Loans taken during the years 2009-2018 including earlier conversion of Deposits taken from Banks and NBFIs into Term Loans due to failure in honoring claims for encashments and frequent reschedulements due to failure in repaying installments of Loans along with scheme deposits (double money scheme, triple money schemes etc.) taken at much higher rate putting awful pressure on fund management at present-time. Different Lenders (Banks & NBFIs) have been filing Artha Rin Suits by making FFIL (represented by the Managing Director) and all the Members of the Board of Directors as defendants.

FFIL is focused on improving asset quality through collecting necessary documents & updating loan/lease files, strengthening recovery drive through supervision, monitoring, and filing suits. Accordingly, in an effort to improve classification status through recovery from its defaulted borrowers, FFIL has already undertaken rigorous measures including (1) finding out whereabouts of the traceless clients through physical visits/inspections, (2) collecting search and valuation reports of the mortgaged properties through enlisted surveyors, (3) regularizing collateral securities by collecting documents from concerned offices, (4) auctioning mortgaged properties in compliance with Section-12 of Artha Rin Adalat Ain, and (4) filing suits under Negotiable Instrument Act, 1881 and Artha Rin Adalat Ain, 2003.

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

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

معاسلامه

Sincere thanks & best regards,



Muhammad Ali Zaryab
Managing Director

Performance at a Glance

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

Taka in million

| Description | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------|-----------|-----------|-----------|-----------|------------|
| | Taka | Taka | Taka | Taka | Taka |
| I. Business performances | | | | | |
| Contracted | | | | | |
| Lease finance | 130.99 | 0.00 | 0.00 | 0.00 | 0.00 |
| Term finance | 3,620.62 | 5.56 | 8.30 | 6.44 | 1.50 |
| Total | 3,751.61 | 5.56 | 8.30 | 6.44 | 1.50 |
| Disbursed | | | | | |
| Lease finance | 126.91 | 3.00 | 0.00 | 0.00 | 0.00 |
| Term finance | 4,004.10 | 102.91 | 18.34 | 6.44 | 1.50 |
| Total | 4,131.01 | 105.91 | 18.34 | 6.44 | 1.50 |
| II. Financial performances | | | | | |
| Operational income | 877.09 | 1,260.42 | 771.70 | 796.01 | 285.30 |
| Operational expenses | 1,208.89 | 1,261.49 | 1,119.65 | 907.84 | 818.61 |
| Income from operation | (331.80) | (1.07) | (347.95) | (111.83) | (533.31) |
| Net profit after tax | (937.72) | 132.53 | (718.00) | (285.46) | (4,191.2) |
| Investment in leases | 449.26 | 351.83 | 283.27 | 256.00 | 254.37 |
| Term finances | 11,148.00 | 9,637.53 | 8,793.01 | 9,153.13 | 9,437.29 |
| Investment in shares | 158.82 | 150.21 | 122.16 | 122.48 | 94.98 |
| Total outstanding portfolio | 11,756.08 | 10,139.56 | 9,198.44 | 9,531.61 | 9,786.64 |
| Cumulative total assets | 13,629.57 | 11,841.55 | 10,883.98 | 11,457.87 | 11,528.24 |
| Paid up capital | 1,640.63 | 1,640.63 | 1,640.63 | 1,640.63 | 1,640.63 |
| Shareholders' equity | 1,044.95 | 1,184.86 | 466.86 | 181.39 | (4,009.81) |
| III. Financial ratios | | | | | |
| Financial expenses coverage ratio | (0.43) | 1.19 | (0.14) | 0.45 | (7.66) |
| Debt equity ratio (X) | 10.16 | 7.35 | 17.03 | 43.60 | N/A |
| Return on asset (%) | (6.78) | 1.04 | (6.32) | (2.56) | (36.47) |
| Return on average equity (%) | (60.31) | 11.89 | (86.94) | (88.07) | N/A |
| Earnings per share (%) | (57.16) | 8.08 | (43.76) | (17.40) | (255.46) |
| Dividend per share (%) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| IV. Employee performance | | | | | |
| Operational income per employee | 11.69 | 16.81 | 12.06 | 21.51 | 9.84 |
| Value added per employee | (11.50) | 2.76 | (10.19) | (6.39) | (143.39) |

Value Added Statement

For the year 2021, company's value addition to different sectors was as follows:

| Description | 2021 | 2020 |
|--|-----------------|---------------|
| | Taka | Taka |
| Value added | | |
| Operational income | 285,301,593 | 796,010,414 |
| Financial expenses | (773,985,796) | (833,257,517) |
| Provision for investments | (3,657,671,746) | (172,248,926) |
| Operational expenses excluding salary and depreciation | (11,865,387) | (26,930,804) |
| Total | (4,158,221,336) | (236,426,833) |
| Distribution of value addition | | |
| Shareholders as dividend | 0 | 0 |
| Employees as salary and allowances | 30,132,492 | 43,261,813 |
| Government as taxes | 228,073 | 1,381,660 |
| Total | 30,360,565 | 44,643,473 |
| Retained in business | | |
| As statutory reserve | 0 | 0 |
| As retained earnings | (4,191,207,363) | (285,463,115) |
| As depreciation | 2,625,462 | 4,392,809 |
| Total | (4,188,581,901) | (281,070,306) |
| Total | (4,158,221,336) | (236,426,833) |
| Employee statistics | | |
| Number of employees at the year end | 29 | 37 |
| Operational income per employee | 9,837,986 | 21,513,795 |
| Value added per employee | (143,386,943) | (6,389,914) |

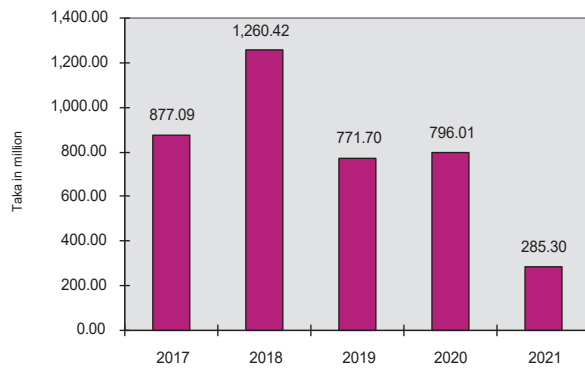
Market Value Added Statement

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

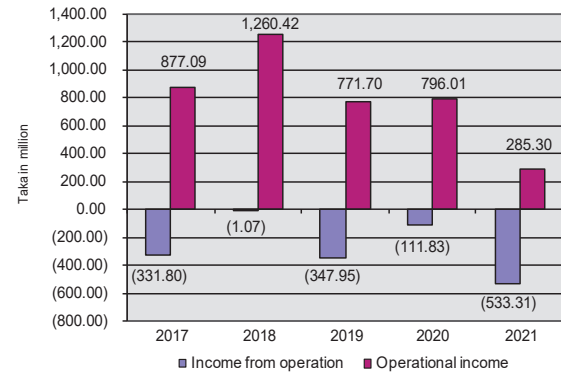
| Description | 2021 | 2020 |
|--|-----------------|-------------|
| | Taka | Taka |
| Number of Shares Outstanding at the end of the year | 164,063,330 | 164,063,330 |
| Market Value Per Share | 6.00 | 4.20 |
| Market Value of Shares Outstanding at the end of the year | 984,379,980 | 689,065,986 |
| Capital Contributed by the Shareholders at the end of the year | (4,009,812,602) | 181,394,761 |
| Market Value Added | (3,025,432,622) | 507,671,225 |

Graphical Presentation

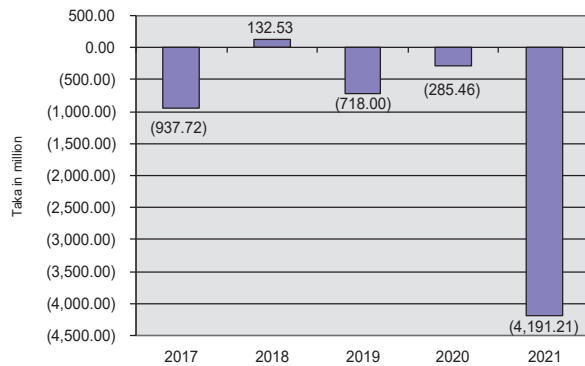
Year wise operational income



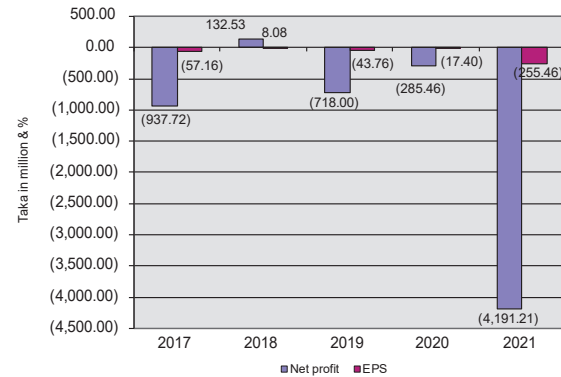
Income from operation against operational income



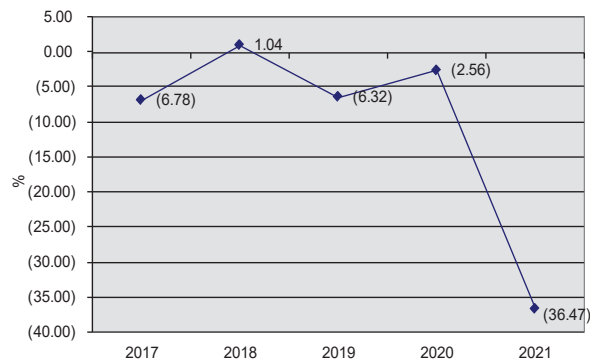
Year wise net profit after tax



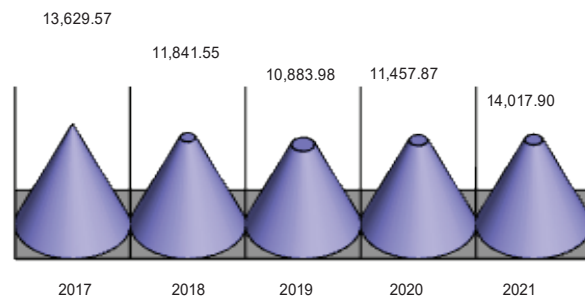
Net profit & EPS



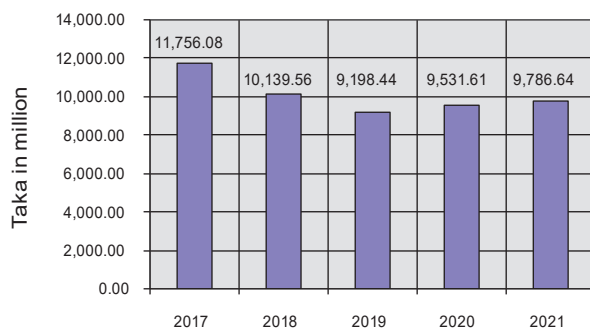
Return on Assets



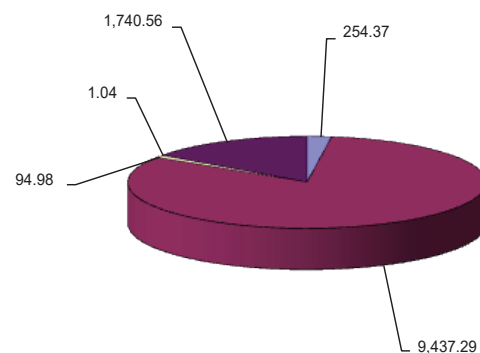
Cumulative assets



Cumulative outstanding portfolio



Asset mix as on 31 December 2021



Directors' Report

Bismillahir Rahmanir Rahim
Distinguished Shareholders,
Assalamu Alaikum

On behalf of the Board of Directors of Fareast Finance & Investment Limited, I feel privileged to welcome you all here today in this 22nd Annual General Meeting of the Company and to present the 22nd Annual Report inclusive of the audited Financial Statements of the Company for the year ended December 31, 2022 and the Auditor's Report thereon, for consideration and approval of the esteemed shareholders. Thank you all for your presence here today, and for your continued support and encouragement that is crucial to the continued existence and success of our Company.

This report has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification dated June 03, 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the guidelines provided by Bangladesh Bank and other regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors of the Company on August 17, 2023.

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

Principal Activities of the Company

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

Economic Review

World Economy: The global economy is currently experiencing a significant and unexpected slowdown, with inflation rates at their highest in several decades. This cost-of-living crisis is compounded by tightening financial conditions, Russia's invasion of Ukraine, and the ongoing COVID-19 pandemic. The International Monetary Fund (IMF) forecasts that global growth will slow down from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. These growth rates are the lowest since 2001, with the exception of the global financial crisis and the acute phase of the COVID-19 pandemic. Furthermore, global inflation is expected to rise from 4.7 percent in 2021 to 8.8 percent in 2022, before declining to 6.5 percent in 2023 and 4.1 percent by 2024. To restore price stability, monetary policy should remain consistent, while fiscal policy should aim to mitigate the cost-of-living pressures while maintaining a tight stance aligned with monetary policy. Structural reforms that boost productivity and ease supply constraints can also aid in the fight against inflation. Finally, multilateral cooperation is critical to fast-tracking the green energy transition and preventing fragmentation.

Bangladesh Economy: In the phase of global recovery from COVID-19 and worldwide demand-supply chain anomaly amid the Russia-Ukraine war, Bangladesh economy is accelerating its real GDP growth by gradually outstripping the economic catastrophe, supported by full resumption of economic activities. The potential loss of export demand and war-induced rise of the global food, fuel and commodity prices made the import cost higher which ultimately provoked inflation and exchange rate to rise. Notwithstanding the repeated wave of economic disruption, Bangladesh kept its output growth suitable where in case of other South Asian countries; the growth seemed moderated in 2021.

Inflation Rate: Global inflation is facing somewhat a turbulent trend in 2022. The global inflation has been revised up by the IMF due to the rise in food and energy prices as well as lingering supply- demand imbalances, and it is anticipated to reach 7.2 percent in advanced economies and 9.9 percent in emerging market and developing economies in this year. The point-to-point inflation rate of Bangladesh reached to 7.56 percent in June 2022 which was 5.64 percent in June 2021

Capital Market Activities: In DSE total number of listed securities has increased from 609 in June 2021 to 625 in June 2022. Total Market Capitalization of all listed securities was Tk. 5,142.8 billion in June 2021, which stands at Tk. 5,177.8 billion in June 2022, representing 0.68 percent increase. DSE Board Index increased from 6150.48 points in June 2021 to 6376.94 points in June 2022, representing 3.68 percent increase. At the end of June 2022, the total number of listed securities in Chattogram stock Exchange is 381. Towards the end of June 2022, market Capitalization of CSE was Tk. 4,484.2 billion which was increased 2.29 percent from the last fiscal year. CSE All Share Price Index was 18,727.5 points at the end of June 2022 which was 17,795.0 points in the end of June 2021.

Money Market Scenario: Money market experienced a moderate volatility in FY22 with interbank call money rate climbing higher due to liquidity shortage in the banking sector and rebound program of the economy from the pandemic. BB raised Repo rate twice during FY22. Firstly, Repo rate was increased by 25 basis points in May 2022, from 4.75 percent to 5.00 percent. Later on, BB revised Repo rate upward by 50 basis points in June 2022 and re-fixed at 5.50 percent from 5.00 percent. In FY22, Reverse Repo rate remained unchanged at 4.00 percent.

Industry Outlook: In Bangladesh, Non-Banking Financial Institutions (NBFIs) are constituted under the Financial Institutions Act, 1993. At present 35 licensed non-bank financial institutions (NBFIs) are functioning in the country. Out of 35 NBFIs, 3 are Government owned, 13 are joint venture and the rest 19 are locally private owned. The number of branches of NBFIs stood 271 as on 30 June 2022. Among the branches, 80 are set up in the district of Dhaka and the rest 191 are located in 36 districts across the country. Total 23 numbers of NBFIs are listed with stock exchanges. NBFIs are investing in different sectors of the economy. Sector wise composition of NBFIs in investment at the end of June 2022 (provisional) was Trade and commerce 14.75 percent, agriculture 2.53 percent, housing 19.07 percent, financial corporation 6.56 percent service 6.93 percent, consumer finance 3.66 percent and others 0.77 percent. NBFIs are allowed to invest in the capital market up to 25 percent of their paid up capital and reserve as per section 16 of Financial Institutions Act, 1993. As of June 2022 NBFIs total investment in capital market stood BDT 44.86 billion which was accounted for 4.61 percent of the total assets of all NBFIs. At the end of June 2022, total deposit of NBFIs stood at BDT 478.08 billion and at the end of June 2022 total liability and equity stood at BDT 929.90 and BDT 43.34 billion respectively. The year 2020 was unpleasant for the non-banking financial institutions industry. The NBFIs are mainly dependent on banks and customer deposits for their funds. Confidence in financial sector was almost totally missing and people rushing often daily to withdraw their deposited money. Consequently in 2020 the NBFIs sector in Bangladesh went through prolonged financial crisis. The NBFIs sector started facing problems since the middle of 2017 when the banking sector felt the pinch of liquidity crisis. At the end of first half of 2022, total classified loan/lease of NBFIs stood BDT 159.36 billion which is 22.99 percent of the total loan/lease.

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

Highlights-2021

- For the year 2021, the Company suffered Net Loss after Income Tax of Taka 4,191.20 million, which was Net Loss of Taka 285.46 million at the end of 31st December 2020;
- As on December 31, 2021 the Earnings Per Share of the Company was Taka (25.55) which was Taka (1.74) at the end of the year 2020;
- As on December 31, 2021, Total Loans, Advances and Leases amounted at 9,691.66 million which was Taka 9,409.13 million as on December 31, 2020;
- Total deposits stood at Taka 4,628.71 million as on December 31, 2021 against Taka 4,709.90 million as on December 31, 2020;
- As on December 31, 2021, classified loans, advances and leases stood at Taka 8171.21 million, which was Taka 4,883.68 million at the end of the year 2020;
- As on December 31, 2021, provision kept against classified other assets (BO Account Balance), fixed deposits, loans, advances and leases was Taka 5,056.08 million against requirement of Taka 5,056.08 million with no deficit;
- Cost of Borrowing was 9.24 percent as against 9.84 percent in the previous year;
- As on December 31, 2021, Return on Assets was negative 36.47 percent, which was negative 2.56 percent at the end of the year 2020.

Product Wise Performance: As on 31st December 2021, the sector-wise outstanding position of total portfolios of the Company was as following:

| SI No | Particulars | No. of Accounts | Amount BDT in Million | Percentage (%) |
|-------|---|-----------------|-----------------------|----------------|
| 1 | Trade and Commerce | 24 | 122.44 | 1.26 |
| 2 | Industry: | 114 | 5486.29 | 56.61 |
| | A) Garments and Knitwear | 19 | 609.27 | 6.29 |
| | B) Textile | 5 | 140.64 | 1.45 |
| | C) Jute and Jute-Products | 4 | 64.42 | 0.66 |
| | D) Food Production and Processing Industry | 8 | 276.40 | 2.85 |
| | E) Plastic Industry | 2 | 35.09 | 0.36 |
| | F) Leather and Leather-Goods | 0 | 0.00 | 0.00 |
| | G) Iron, Steel and Engineering | 12 | 1398.41 | 14.43 |
| | H) Pharmaceuticals and Chemicals | 21 | 245.39 | 2.53 |
| | I) Cement and Allied Industry | 3 | 790.47 | 8.16 |
| | J) Telecommunication and Information Technology | 5 | 209.28 | 2.16 |
| | K) Paper, Printing and Packaging | 3 | 193.03 | 1.99 |
| | L) Glass, Glassware and Ceramic Industry | 2 | 269.11 | 2.78 |
| | M) Ship Manufacturing Industry | 3 | 548.74 | 5.66 |
| | N) Electronics and Electrical Products | 5 | 202.12 | 2.09 |
| | O) Power, Gas, Water and Sanitary Service | 1 | 57.29 | 0.59 |
| | P) Transport and Aviation | 21 | 446.57 | 4.61 |
| 3 | Agriculture | 8 | 204.90 | 2.11 |
| 4 | Housing | 20 | 389.28 | 4.02 |
| 5 | Others | 14 | 3488.74 | 36.00 |
| | A) Merchant Banking | 0 | 0.00 | 0.00 |
| | B) Margin Loan | 3 | 3374.09 | 34.81 |
| | C) Others | 11 | 114.65 | 1.18 |
| | Total | 180 | 9691.65 | 100.00 |

Key Operating and Financial Data: Key operating and financial information over the last five years of the Company has been presented on page no 22 in this Annual Report as per clause no.1 (5) (xix) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

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

Risk Management: Risk and uncertainties are essential elements of the financing business. To mitigate and manage these risks, Fareast Finance & Investment Limited has different committees namely, 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.

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

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

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

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

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

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

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

Board Meeting Attendance & Remuneration of Directors: During the year ended on December 31, 2021 a total number of 12 Board Meetings were held and attendances of the directors are presented in Annexure-I on page 47 and their remuneration paid during the year are given in Notes 32 in this Annual Report as per clause no.1(5)(xxii) & 1(5)(x) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

Related Party Transactions: In the ordinary course of business, a number of transactions with other entities that fall within the definition of related party contained in BAS 24: “Related Party Disclosures”. The Company extends leases/loans to related parties including its Directors and related Companies. A statement of related party transactions along with their basis has been presented in Note 46 of the Financial Statements. Besides, Directors’ name and their interest in different organizations are also disclosed in Annexure-C attached to the Financial Statements as per clause no. 1 (5) (Vi) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

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

We also enclose a statement of compliance on the good governance guidelines issued by the Bangladesh Bank as Annexure- III on page no 49 in this Annual Report.

Appropriations of Retained Earnings: According to Rule 6 of The Financial Institutions Regulation 1994, the Company required to keep 20% of its After Tax Profit as Statutory Reserve. In 2021, Fareast Finance & Investment Limited made Net Loss after Income Tax of Taka 4191.20 million. Consequently, no amount needs to be transferred to Statutory Reserve as the Company incurred loss in the year 2021.

Dividend: The Board of Directors recommended no dividend on the ordinary shares of the Company's paid up capital for the year 2021 as the Company incurred Loss. In the year 2021, Fareast Finance & Investment Limited suffered loss of Taka 4,191.20 million and at the end of 2021, retained earnings of the company was a negative figure of Taka 5,998.89 million. As per regulatory requirement, the dividend is payable only out of profits of the company. If there is no profit, there can be no distribution of dividend. Accordingly, the company cannot pay any stock dividend with its negative retained earnings.

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

Directors Resume and Line of Expertise: A brief resume of Directors are appended in page no 10 to 11 in this Annual Report which includes his/her nature of expertise and qualifications.

Directors Retirement and Re-Appointment:

As per Corporate Governance Code 2018, the rotation is not required for retirement and reappointment for any Independent Director. So, no Director will be eligible for retirement and reappointment for the 21st AGM of the Company.

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

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

Appointment/ Re-appointment of Auditors: The Company's Auditors "Zoha Zaman Kabir Rashid & Co, Chartered Accountants" have expressed their interest to be re-appointed as the Auditors of the Company. Based on the appraisal by the Audit Committee, the Board recommended for the Re-appointment of "Zoha Zaman Kabir Rashid & Co, Chartered Accountants" as the Auditors of the Company for the next Term i.e. for the year 2022 and to continue until conclusion of the 22nd AGM at a remuneration of Taka 4,00,000.00 (Taka Four Lac) only excluding VAT.

Appointment/ Re-appointment Compliance Auditors: The Corporate Governance Auditors M/s. Jasmin & Associates, Chartered Secretaries, have expressed their interest to be re-appointed as Corporate Governance Auditors of the Company. Based on the appraisal by the Audit Committee, the Board recommended for the Re-appointment of M/s. Jasmin & Associates, Chartered Secretaries, as the Corporate Governance Auditors of the Company for the next Term i.e. for the year 2022 and to continue until conclusion of the 22nd AGM at a remuneration of Taka 30,000.00 (Taka Thirty Thousand) only excluding VAT.

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

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

Thank you again.

On behalf of the Board of Directors



Md. Ashraful Moqbul

Chairman

August 17, 2023

Report of the Audit Committee

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

Composition of the Audit Committee

The Board Audit Committee comprising of the following members having adequate knowledge of the rules and regulations of Corporate & Financial Control and Reporting:

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

Scope of Work of the Audit Committee

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

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

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

Meetings of the Audit Committee

The Committee held 2 (two) meetings during the year 2021. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors.

Activities of the Audit Committee

The Audit Committee carried out the following activities:

- The Audit Committee reviewed the Annual Financial Statements and placed the same with recommendations to the Board of Directors.
- Reviewed with the external auditors and management prior to finalization of Financial Statements for the year ended December 31, 2021 as per Clause No. 2 (kha -2) of Circular Number 13, dated October 26, 2011 issued by the Department of Financial Institutions and Markets (DFIM), Bangladesh Bank.
- Reviewed the Financial Statements of Fareast Finance & Investment Limited for the year ended December 31, 2021 as per Clause No. 5.5 (f) of Corporate Governance Code (CGC) issued by Bangladesh Securities and Exchange Commission dated June 03, 2018.

- Reviewed and Recommended to the Board for appointment of external auditors for the year 2022.
- Reviewed the Report of the Audit Committee for 2021 prior to its publication in the Annual Report 2021.
- Reviewed the Compliance Status of Management Report issued by the external auditors Zoha Zaman Kabir Rashid & Co, Chartered Accountants, based on their Annual Audit of the Financial Statements of Fareast Finance & Investment Limited for the year ended December 31, 2021.

Acknowledgement

The Chairman of the Board Audit Committee would like to express sincere thanks and gratitude to the Members of the Board of Directors, Members of the Audit Committee, Management, Auditors and all employees for their co-operation, support, dedication and efforts during the year 2021.

Thank you,

On behalf of the Audit Committee



Ihsanul Aziz
Chairman
Audit Committee

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

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

August 17, 2023

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

Subject:**DECLARATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON DECEMBER 31, 2021**

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

- 1) The Financial Statements of Fareast Finance & Investment Limited for the year ended on December 31, 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the company has taken proper care in setting up a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were followed; and
- 6) Based on the financial parameters and auditors' findings & opinion, there is reasonable apprehension about the company's ability to continue as a going concern. FFIL management, under the guidance & support of the Board of Directors, has been working relentlessly towards sustainability of the company despite the unescapable impact of novel corona virus, unsolicited situations and unique & critical market and company specific challenges.

In this regard, we also certify that:

- I. We have reviewed the financial statements for the year ended December 31, 2021 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements collectively present true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- II. There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's board of directors or its members.

Sincerely yours,



Muhammad Ali Zaryab
 Managing Director



Md. Anwar Hussain
 Head of Finance & HR



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

We have examined the Compliance status to the Corporate Governance Code by Fareast Finance & Investment Limited for the year ended 31st December 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

For: Jasmin & Associates
Chartered Secretaries


.....
Jasmin Akter, FCS
Chief Executive

Place : Dhaka
Dated : August 27, 2023

Annexure-C

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

Compliance Report on Corporate Governance Code by BSEC

Status of Compliance with the Corporate Governance Code (CGC) as on December 31, 2021.
 Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006 158/207/Admin/80, dated 3 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

| Condition No. | Title | Compliance status | | Remarks (if any) |
|---------------|--|-------------------|--------------|---|
| | | Complied | Not complied | |
| 1. | Board of Directors | | | |
| 1(1) | Size of the Board of Directors: (number of the Board members- minimum 5 and maximum 20) | ✓ | | |
| 1(2) | Independent Directors | | | |
| 1(2) (a) | At least one fifth (1/5th) of the total number of directors shall be Independent Directors | ✓ | | All Independent Directors appointed by BSEC vide Letter No. SEC/SRMIC/2021/part-Z/89 dated 29/03/21 |
| 1(2)(b) | Independent Director means : | | | |
| 1(2)(b)(i) | who does not hold any share or holds less than 1% shares of the total paid-up shares of the company | ✓ | | |
| 1(2)(b)(ii) | who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company. | ✓ | | |
| 1(2)(b)(iii) | who has not been an executive of the company in immediately preceding 2 (two) financial years; | ✓ | | |
| 1(2)(b)(iv) | who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | ✓ | | |
| 1(2)(b)(v) | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | |

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

| | | | |
|------------|--|---|---|
| 1(3) (c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | J | |
| 1(3) (d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | No such deviation occurred |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | |
| 1(4)(a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | J | |
| 1(4)(b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | J | |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | J | |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | J | Such option is permitted by the Articles of the Company |
| 1(4)(e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | J | |
| 1(5) | The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994): | | |
| 1(5)(i) | Industry outlook and possible future developments in the industry; | J | |
| 1(5)(ii) | Segment-wise or product-wise performance; | J | |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | J | |
| 1(5)(iv) | Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | | N/A |
| 1(5)(v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss); | | No such item exists |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | J | |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments; | | N/A |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc. | | N/A |
| 1(5)(ix) | If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report. | J | |
| 1(5)(x) | A statement of remuneration paid to the directors including independent directors; | J | |

| | | | | |
|-------------|---|---|--|--|
| 1(5)(xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | ✓ | | |
| 1(5)(xii) | A statement that proper books of account of the issuer company have been maintained; | ✓ | | |
| 1(5)(xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | ✓ | | |
| 1(5)(xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | ✓ | | |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | ✓ | | |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | ✓ | | |
| 1(5)(xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed; | ✓ | | |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained; | ✓ | | |
| 1(5)(xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; | ✓ | | |

| | | | | |
|----------------|--|---|--|--|
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | ✓ | | In the year 2021, Fareast Finance & Investment Limited incurred loss of Taka 4,191.20 million and at the end of 31st December, 2021 the retained earnings of the company was negative Taka 5,998.89 million only. As per regulatory requirement, the dividend is payable only out of profits of the company. If there is no profit, there can be no distribution of dividend. Moreover, the company cannot pay any stock dividend with its negative retained earnings. |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | ✓ | | |
| 1(5)(xxii) | The number of Board meetings held during the year and attendance by each director shall be disclosed. | ✓ | | |
| 1(5)(xxiii) | The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- | | | |
| 1(5)(xxiii)(a) | Parent/Subsidiary/Associated Companies and other related parties (name wise details); | ✓ | | |

| | | | | |
|----------------|--|---|--|----------------------------|
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); | ✓ | | |
| 1(5)(xxiii)(c) | Executives; | ✓ | | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | ✓ | | No such shareholder exists |
| 1(5)(xxiv) | In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- | | | |
| 1(5)(xxiv) (a) | A brief resume of the director; | ✓ | | |
| 1(5)(xxiv)(b) | Nature of his/her expertise in specific functional areas; | ✓ | | |
| 1(5)(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | ✓ | | |
| 1(5)(xxv) | Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements | | | |
| 1(5)(xxv) (a) | Accounting policies and estimation for preparation of financial statements | ✓ | | |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes | ✓ | | |
| 1(5)(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof | ✓ | | |
| 1(5)(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario | ✓ | | |
| 1(5)(xxv) (e) | Briefly explain the financial and economic scenario of the country and the globe | ✓ | | |
| 1(5)(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; | ✓ | | |
| 1(5)(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | ✓ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; | ✓ | | |
| 1(5)(xxvii) | The report as well as Certificate regarding compliance of Conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C | ✓ | | |
| 1(6) | Meetings of the Board of Directors | | | |
| | Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code.; | ✓ | | |

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| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | | Same as condition # 4(ii) |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency | | Same as condition # 4(ii) |
| 2 | Governance of Board of Directors of Subsidiary Company | | |
| 2(a) | Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company. | | FFIL has no subsidiary |
| 2(b) | At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company. | | |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company. | | |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also. | | |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | | |
| 3 | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS) | | |
| 3(1) | Appointment | | |
| 3(1)(a) | The Board shall appoint a MD or CEO, CS, CFO and HIAC; | / | |
| 3(1)(b) | The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals; | / | Appointment of CFO is under process |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | / | |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | / | |
| 3(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | / | |
| 3(2) | Requirement to attend Board of Directors' Meetings: | | |
| | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters | / | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | |
| 3(3)(a) | They have reviewed financial statements for the year and that to the best of their knowledge and belief: | / | |
| 3(3)(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; | / | |
| 3(3)(a)(ii) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws. | / | |

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| 3(3)(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in this Annual Report; | ✓ | |
| 4 | Board of Directors' Committee | | |
| | The Board shall have at least following sub-committees: | | |
| | (i) Audit Committee; and | ✓ | |
| | (ii) Nomination and Remuneration Committee. | | As per Bangladesh Bank DFIM Circular Letter No. 07, dated 25.09.2007 FI's are allowed to form only Audit Committee & Executive Committee as the sub-committee of the Board. However, Bangladesh Bank has further advised through their letter ref. no. DFIM (P) 1052/27/201-2436 dated November 04, 2021 that the Financial Institutions are not allowed to form NRC. |
| 5 | AUDIT COMMITTEE: | | |
| 5(1) | Responsibility to the Board of Directors | | |
| 5(1)(a) | The company shall have an Audit Committee as a sub-committee of the Board of Directors. | ✓ | |
| 5(1)(b) | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | ✓ | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | ✓ | |
| 5(2) | Constitution of the Audit Committee | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members. | ✓ | |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director | ✓ | |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience | ✓ | |
| 5(2)(d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board | ✓ | |

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| | shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee | | | |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee | J | | |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without Independent Director | J | | |
| 5(3) | Chairman of the Audit Committee | | | |
| 5(3)(a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director | J | | |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | J | | |

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| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. | J | | |
| 5(4) | Meeting of the Audit Committee | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | J | | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | J | | |
| 5(5) | Role of Audit Committee: | | | |
| 5(5)(a) | Oversee the financial reporting process | J | | |
| 5(5)(b) | Monitor choice of accounting policies and principles | J | | |
| 5(5)(c) | Monitor Internal Control Risk management process | J | | |
| 5(5)(d) | Oversee hiring and performance of external auditors | J | | |
| 5(5)(e) | Hold the meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption | J | | |
| 5(5)(f) | Review along with the management, the annual financial statements before submission to the board for approval | J | | |
| 5(5)(g) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval | J | | |
| 5(5)(h) | Review the adequacy of internal audit function | J | | |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in this Annual Report ; | J | | |
| 5(5)(j) | Review statement of significant related party transactions submitted by the management | J | | |
| 5(5)(k) | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors | J | | |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors | J | | |

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| 5(5)(m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in this Annual Report along with the comments of the Audit Committee. | | | N/A |
| 5(6) | Reporting of the Audit Committee: | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board of Directors. | ✓ | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- | | | |
| 5(6)(a)(ii)(a) | Report on conflicts of interests; | ✓ | | No such event occurred |
| 5(6)(a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect in the internal control system; | ✓ | | No such event occurred |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, including securities related laws, rules and regulations; | ✓ | | No such event occurred |
| 5(6)(a)(ii)(d) | Any other matter which shall be disclosed to the Board of Directors immediately. | ✓ | | No such event occurred |
| 5(6)(b) | Reporting to the Authorities Reported to the Board of Directors about anything which has material impact on the financial condition | ✓ | | No such event occurred |

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| 5(7) | Reporting to the Shareholders and General Investors Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition #5(6)(a)(ii) | J | | No such event occurred |
| 6 | Nomination and Remuneration Committee (NRC) | | | Refer to condition # 4(ii) |
| 6(1) | Responsibility to the Board of Directors | | | |
| 6(1)(a) | Nomination and Remuneration Committee (NRC) as a sub-committee of the Board | | | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | | | |
| 6(1)(c) | ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b); | | | |

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| 6(2) | Constitution of the NRC | Refer to condition # 4(ii) | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an independent director; | | | |
| 6(2)(b) | All members of the Committee shall be non-executive directors; | | | |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board; | | | |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee | | | |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee | | | |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee | | | |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee | | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director | | | |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company | | | |
| 6(3) | Chairperson of the NRC | | | |
| 6(3)(a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director | | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders | | | |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year | | | |

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| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC | | | |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h) | | | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC; | | | |
| 6(5) | Role of the NRC | | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders | | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |
| 6(5)(b)(i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | |
| 6(5)(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | | | |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; | | | |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | | | |
| 6(5)(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | | | |
| 6(5)(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board | | | |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board | | | |
| 6(5)(b)(v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria | | | |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies | | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report | | | |

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| 7 | External or Statutory Auditors | | | |
| 7(1) | The issuer Company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | ✓ | | |
| 7(1)(i) | appraisal or valuation services or fairness opinions | ✓ | | |
| 7(1)(ii) | financial information systems design and implementation | ✓ | | |
| 7(1)(iii) | book-keeping or other services related to the accounting records or financial statements; | ✓ | | |
| 7(1)(iv) | Broker-dealer services; | ✓ | | |
| 7(1)(v) | Actuarial services; | ✓ | | |
| 7(1)(vi) | Internal audit services or special audit services; | ✓ | | |
| 7(1)(vii) | Any service that the Audit Committee determines; | ✓ | | |
| 7(1)(viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and | ✓ | | |
| 7(1)(ix) | Any other service that creates conflict of interest. | ✓ | | |
| 7(2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | ✓ | | |

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| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | J | | |
| 8 | Maintaining a website by the Company | | | |
| 8(1) | The company shall have an official website linked with the website of the stock exchange; | J | | |
| 8(2) | The company shall keep the website functional from the date of listing; | J | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s); | J | | |
| 9 | Reporting and Compliance of Corporate Governance | | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in this Annual Report . | J | | |
| 9(2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | J | | The agenda will be placed in the 21st Annual General Meeting Refer to the notice of the AGM on page no 04 of this Annual report. |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | J | | |

Annexure - I

Compliance of Section 1(5) (xxii)

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

| Name of Directors | Board of Directors Meeting | | Executive Committee Meeting | | Audit Committee Meeting | |
|--|----------------------------|----------|-----------------------------|----------|-------------------------|----------|
| | Meeting held | Attended | Meeting held | Attended | Meeting held | Attended |
| Mr. Md. Ashraful Moqbul, Independent Director & Chairman (Nominated by BSEC) | 12 | 11 | - | - | - | - |
| Mr. Ihsanul Aziz, Independent Director (Nominated by BSEC) | 12 | 11 | - | - | 2 | 1 |
| Sheikh Nazmul Hoque Saikot, Independent Director (Nominated by BSEC) | 12 | 11 | - | - | 2 | 1 |
| Mr. Md. Sajib Hossain, CFA, FRM, Independent Director (Nominated by BSEC) | 12 | 08 | | | 2 | 1 |
| Mr. AKM Shahiduzzaman, Independent Director (Nominated by BSEC) | 12 | 11 | | | 2 | 1 |
| Professor Dr. Md. Mosharraf Hossain Independent Director (Nominated by BSEC) | 12 | 09 | | | 2 | 1 |
| Mr. Md. Shamsul Islam Varosha | 12 | 03 | - | - | | |
| Dr. Khadiza Waheeda Jahan represented by Mr. Abdullah Al Faruque as Alternate Director | 12 | 01 | | | | |
| Rimsha BD Limited represented by Mr. Md. Ashaduzzaman as Nominated Director | 12 | 04 | - | - | | |

Notes:

- BSEC vide Letter No. SEC/SRMIC/2021/part-Z/89 dated 29/03/21 reconstituted the Board of FFIL.
- Mr. Khandoker Motaher Uddin Ahmed, Mr. Muhammad Muhibbullahil Baqi & Mr. Farzul Ekram were present only one Board meeting & one Board Audit Committee Meeting before reconstituted the Board.
- Directors who could not attend the meetings were granted leave of absence by the Board.
- Mr. Md. Shamsul Islam Varosha, Dr. Khadiza Waheeda Jahan & Mr. Md. Ashaduzzaman was absent in the Board of Directors Meetings of FFIL without leave of absence.

Compliance of Section 1(5) (xxiii)**The Pattern of Shareholding:**

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

| Name | Relation | Shares held |
|------|----------|-------------|
| Nil | | Nil |

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

| Name | Relation | Shares Held (nos) |
|--|---|-------------------|
| Mr. Md. Shamsul Islam Varosha | Director | 32,85,839 |
| Dr. Khadiza Waheeda Jahan represented by Mr. Abdullah Al Faruque as Alternate Director | Director | 32,81,267 |
| Rimsha BD Limited represented by Mr. Md. Ashaduzzaman as Nominated Director | Director | 35,02,391 |
| Mr. Md. Ashraful Moqbul | Chairman & Independent Director Nominated by BSEC | None |
| Mr. Ihsanul Aziz | Independent Director Nominated by BSEC | None |
| Professor Dr. Md. Mosharraf Hossain | Independent Director Nominated by BSEC | None |
| Sheikh Nazmul Hoque Saikot | Independent Director Nominated by BSEC | None |
| Mr. Md. Sajib Hossain, CFA, FRM, ACCA | Independent Director Nominated by BSEC | None |
| Mr. AKM Shahiduzzaman | Independent Director Nominated by BSEC | None |
| Mr. Muhammad Ali Zaryab | Managing Director | None |
| Mr. Md. Anwar Hussain | SVP & Head of Finance & HR | None |
| Mr. Ha Mim Hamidullah | Head of Internal Audit and Compliance | None |
| Mr. Md. Ramzan Hossain | SVP & Company Secretary | None |

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

| Designation | Name | Shares Held |
|---------------------------------------|-------------------------------|-------------|
| Senior Manager and Treasury In-charge | Mr. Md. Iqbal Haque Choudhury | None |
| Manager | Mr. Md. Rafiqul Islam | None |
| Manager | Mr. Md. Mehedi Hasan Khan | None |
| Assistant Manager | Mr. Md. Shahedul Islam | None |
| Assistant Manager | Mr. Md. Rasel Al Mamun | None |

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

| Name of Shareholder | Percentage | Shares held (nos.) |
|---------------------|------------|--------------------|
| | | |

Annexure- III

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

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

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

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

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

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

Dividend Distribution Policy

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

Disclosures on CAMD of FFIL

Capital Adequacy in accordance with BASEL II

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

All the disclosures are made on the basis of the audited financial statements of Fareast Finance & Investment Limited as at and for the year ended December 31, 2021 prepared under relevant accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh and related circulars/instructions issued by Bangladesh Bank from time to time.

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

A. Scope of Application

| | | |
|--------------------------|----|--|
| Qualitative Disclosures | a) | Fareast Finance & Investment Limited incorporated in Bangladesh as a public limited company with limited liability, on 21 June 2001 under The Companies Act, 1994. The company was authorized to commence business in Bangladesh as per Certificate of Commencement dated 21 June 2001. The company obtained license from Bangladesh Bank as a financial institution under The Financial Institutions Act, 1993 on 3 July 2001 to operate as a leasing and financing company as provided under the relevant law. |
| | b) | The company obtained permission from Bangladesh Bank on 20 January 2015 for opening its Chattogram and Banani Branches. Fareast Finance & Investment Limited applies "Solo Basis" framework as there is no subsidiary of the company. Fareast Finance & Investment Limited has an associate company named Fareast Stocks and Bonds Limited which is a brokerage house having membership of both Dhaka and Chittagong Exchanges in Bangladesh. |
| | c) | Fareast Finance and Investment Limited is following latest Bangladesh Bank circular in determining maximum amount of finance to all clients of the company. |
| Quantitative Disclosures | d) | Not Applicable. |

B. Capital Structure

| | | |
|-------------------------|----|--|
| Qualitative Disclosures | a) | As per "PRUDENTIAL GUIDELINES ON CAPITAL ADEQUACY AND MARKET DISCIPLINE FOR FINANCIAL INSTITUTIONS" introduced by Bangladesh Bank, Tier-1 and Tier-2 capital consisted as follows: Tier - 1 Capital (Core): i) Paid up Capital, ii) Non-repayable Share Premium Account, iii) Statutory Reserve vi) General Reserve, v) Retained Earnings, vi) Minority Interest in Subsidiaries vii) Non-cumulative Irredeemable Preference Shares, viii) Dividend Equalization Account. Tier - 2 Capital (Supplementary): i) General Provision up to a Limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk ii) 50% of Revaluation Reserves for Fixed Assets and 45% of Revaluation Reserves for Securities, Revaluation Reserve for Equity Instruments up to 10% Eligible for Tier 2 Capital, iii) All other Preference Shares. Fareast Finance & Investment Limited complied with Bangladesh Bank's directives as per guidelines, the amount of Tier 2 Capital limited to 100% of the amount of Tier 1 Capital. FFIL maintains capital to RWA Ratio CAR (28.77) % where Minimum capital to RWA Ratio (CAR) required 10% as per guidelines. |
|-------------------------|----|--|

| | | | |
|--------------------------|----|--|----------|
| Quantitative Disclosures | b) | Fully Paid up Capital | 164.06 |
| | | Statutory Reserve | 26.89 |
| | | Non-repayable Share Premium Account | |
| | | General Reserve | |
| | | Retained Earnings | (599.88) |
| | | Minority Interest in Subsidiaries | |
| | | Non-Cumulative Irredeemable Preferences Shares | |
| | | Dividend Equalization Account | |
| | | Other (if any item approved by Bangladesh Bank) | |
| | | Tier 1 Capital | (408.93) |
| | c) | Tier 2 Capital | 17.61 |
| | d) | Other deductions from Capital | |
| | e) | Total Eligible Capital | (391.32) |

C. Capital Adequacy

| | | | |
|--------------------------|----|---|-----------|
| Qualitative Disclosures | a) | <p>It is mentionable that for assessing Capital Adequacy, Fareast Finance & Investment Limited (FFIL) has adopted standardized approach for credit risk measurement, standardized approach for market risk measurement and basic indicator approach for operational risk measurement. FFIL focused on strengthening risk management and control surroundings rather than increasing capital to cover up weak risk management and control practices.</p> <p>According to BASEL II accord, capital adequacy ratio (CAR) of Fareast Finance stood at (28.77) % as well as Tier-1 (Core Capital) was (408.93) crore and Tier-2 (Supplementary Capital) was Taka 17.61 crore. The capital adequacy ratio exhibits our capital strength which is not up to the mark in terms of maintaining adequate capital for minimum capital requirement.</p> | |
| Quantitative Disclosures | b) | Capital requirement for Credit Risk Taka 1,345.12 crore | |
| | c) | Capital requirement for Market Risk Taka 14.91 crore | |
| | d) | Capital requirement for Operational Risk Taka 0.00 crore | |
| | e) | Tier-1 (Core Capital) Taka (408.93) crore | |
| | | Tier-2 (Supplementary Capital) Taka 17.61 crore | |
| | | Total eligible Capital Taka (391.32) crore | |
| | | Total Risk Weighted Assets (RWA): Taka 1,360.03 crore | |
| | | Capital Ratio | |
| | | Capital Adequacy Ratio (CAR) | (28.77) % |
| | | Core Capital to RWA | (30.07) % |
| | | Supplementary Capital to RWA | 1.29 % |

D. Credit Risk

| | | |
|-------------------------|----|--|
| Qualitative Disclosures | a) | <p>Credit risk is the probability that counterparty fails to meet obligation in accordance with agreed terms. It includes both uncertainty involved in repayment of the dues and repayment of dues on time. The default usually occurs because of inadequate income or business failure. But often it may be willful because the borrower is unwilling to meet its obligations despite having adequate income. Credit risk also denotes the volatility of losses on credit exposures in two forms- the loss in the credit asset's value and the loss in the current & future earnings from the credit.</p> <p>Fareast Finance & Investment Limited (FFIL) maintains classification and provisioning as per Bangladesh Bank circulars issued from time-to-time. In this regard, all the loans and advances/investments are grouped: Lease (Less than 5 years), Lease (More than 5 years), Term Loan (Less than 5 years), Term Loan (More than 5 years), Housing Loan, Others Loan, and Investment in Shares.</p> <p>The FI follows Bangladesh Bank circular and guidelines to define past due and impairment. It may be necessary to account for a loan that is considered to be impaired for risk mitigation. Specific provisions for classified loans and general provisions for unclassified loans are measured following BB prescribed provisioning rates as mentioned below:</p> |
|-------------------------|----|--|

| | | <div>Unclassified Standard Loans and Advances (except SME) 1.00%</div> <div>Unclassified Standard Loans to SME 0.25%</div> <div>Unclassified SMA Loans and Advances 5.00%</div> <div>Substandard Loans and Advances 20.00%</div> <div>Doubtful Loans and Advances 50.00%</div> <div>Bad & Loss Loans and Advances 100.00%</div> <div>Fareast Finance management has taken the following steps to manage credit risk at a minimum level:</div> <div><div><div>• Independent Credit Risk Management Unit;</div><div>• Multi-tier Term/Lease Approval Process;</div><div>• In depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario;</div><div>• Credit Department ensures that all documentations are properly completed and monitor the repayment performance on regular basis;</div><div>• Disbursement is made upon independent recommendation by the compliance department;</div><div>• The Credit Committee regularly meets to review new credit proposals as well as performance of existing portfolios.</div></div></div> | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|---|--|---------------|----------------------|-------------------------|------|--|------|--------------------------|-------|---------------------|-------|----------------------------------|-------|---|------|------------------|------|-----------------|----------|------------------|--------|--------|----------|
| Quantitative Disclosures | b) | <div>Total Gross Credit Risk Exposures broken down by major types of Credit Exposure (Risk Weighted):</div> <table><tr><th>Exposure Type</th><th>RWA Taka in Crore</th></tr><tr><td>Cash & Cash Equivalents</td><td>0.00</td></tr><tr><td>Claims on Bangladesh Govt. & Bangladesh Bank</td><td>0.00</td></tr><tr><td>Claims on Banks and NBFi</td><td>11.13</td></tr><tr><td>Claims on Corporate</td><td>55.20</td></tr><tr><td>Claims on Corporate Retail & SME</td><td>41.77</td></tr><tr><td>Claims fully secured by Residential & Commercial Property</td><td>0.00</td></tr><tr><td>Consumer Finance</td><td>0.00</td></tr><tr><td>Past Due Claims</td><td>1,136.77</td></tr><tr><td>All other assets</td><td>100.25</td></tr><tr><td>Total:</td><td>1,345.12</td></tr></table> | Exposure Type | RWA Taka in Crore | Cash & Cash Equivalents | 0.00 | Claims on Bangladesh Govt. & Bangladesh Bank | 0.00 | Claims on Banks and NBFi | 11.13 | Claims on Corporate | 55.20 | Claims on Corporate Retail & SME | 41.77 | Claims fully secured by Residential & Commercial Property | 0.00 | Consumer Finance | 0.00 | Past Due Claims | 1,136.77 | All other assets | 100.25 | Total: | 1,345.12 |
| | Exposure Type | RWA Taka in Crore | | | | | | | | | | | | | | | | | | | | | | |
| | Cash & Cash Equivalents | 0.00 | | | | | | | | | | | | | | | | | | | | | | |
| | Claims on Bangladesh Govt. & Bangladesh Bank | 0.00 | | | | | | | | | | | | | | | | | | | | | | |
| | Claims on Banks and NBFi | 11.13 | | | | | | | | | | | | | | | | | | | | | | |
| | Claims on Corporate | 55.20 | | | | | | | | | | | | | | | | | | | | | | |
| | Claims on Corporate Retail & SME | 41.77 | | | | | | | | | | | | | | | | | | | | | | |
| | Claims fully secured by Residential & Commercial Property | 0.00 | | | | | | | | | | | | | | | | | | | | | | |
| | Consumer Finance | 0.00 | | | | | | | | | | | | | | | | | | | | | | |
| | Past Due Claims | 1,136.77 | | | | | | | | | | | | | | | | | | | | | | |
| | All other assets | 100.25 | | | | | | | | | | | | | | | | | | | | | | |
| | Total: | 1,345.12 | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|----|---|--|
| c) | Geographical Distribution of exposures, broken down in significant areas by major types of Credit Exposure: | |
| | Name of Divisions | Total Portfolio (without netting eligible collateral) |
| | | Taka in Crore |
| | Dhaka | 741.91 |
| | Chattogram | 208.63 |
| | Khulna | 11.62 |
| | Rajshahi | 7.00 |
| | Barisal | 0 |
| | Sylhet | 0 |
| | Rangpur | 0 |
| | Mymensingh | 0 |
| | Total | 969.16 |
| d) | Industry or Counterparty type Distribution of exposures, broken down by major types of Credit Exposure: | |
| | Particulars | Taka in Crore |
| | Trade and Commerce | 12.24 |
| | Industry: | |
| | a) Garments and Knitwear | 60.93 |
| | b) Textile | 14.07 |
| | c) Jute and Jute-Products | 6.44 |
| | d) Food Production and Processing Industry | 27.64 |
| | e) Plastic Industry | 3.51 |
| | f) Leather and Leather-Goods | 0.00 |
| | g) Iron, Steel and Engineering | 139.84 |
| | h) Pharmaceuticals and Chemicals | 24.54 |
| | i) Cement and Allied Industry | 79.05 |
| | j) Telecommunication and IT | 20.93 |
| | k) Paper, Printing and Packaging | 19.30 |
| | l) Glass, Glassware and Ceramic Industry | 26.91 |
| | m) Ship Manufacturing Industry | 54.87 |
| | n) Electronics and Electrical Products | 20.21 |
| | o) Power, Gas, Water and Sanitary Service | 5.73 |
| | p) Transport and Aviation | 44.66 |
| | Agriculture | 20.49 |
| | Housing | 38.93 |
| | Others | |
| | a) Merchant Banking | 0.00 |
| | b) Margin Loan | 337.41 |
| | c) Others | 11.46 |
| | Total | 969.16 |
| e) | Residual Contractual Maturity break down of the whole portfolios, broken down by major types of credit exposure of Fareast Finance and Investment Limited as follows: | |
| | Particulars | Taka in Crore |
| | Repayable on Demand | 0.00 |
| | Not more than 3 months | 289.52 |
| | Over 3 month but not more than 1 year | 82.54 |
| | Over 1 year but not more than 5 years | 584.53 |
| | Over 5 years | 12.57 |
| | Total | 969.16 |
| f) | General Provision Taka 2.70 crore and Specific provision 502.91 crore as on December 31, 2021 | |

| | | | |
|--|----|--|---------------|
| | g) | Movement of Non-Performing Assets (NPAs) | |
| | | Particulars | Taka in Crore |
| | | Opening Balance | 488.37 |
| | | Addition during the year | 383.35 |
| | | Reduction during the year | |
| | | Closing Balance | 871.72 |
| | | Movement of Specific Provision for (NPAs) | |
| | | Particulars | Taka in Crore |
| | | Opening balance | 124.14 |
| | | Provision made during the year | 378.77 |
| | | Write-off | 0 |
| | | Write-back of Excess Provisions | 0 |
| | | Closing Balance | 502.91 |

E. Equities: Banking Book Positions

| | | | | |
|--------------------------|----|--|------------|--------------|
| Qualitative Disclosures | a) | Investment in equity securities are broadly categorized into two parts: i) Quoted Securities (Common or Preference Shares & Mutual Fund) and ii) Unquoted Securities include Shares of Central Depository Bangladesh Limited (CDBL) Fareast Finance & Investment Limited (FFIL) invests in the securities mentioned above for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained as per Bangladesh Bank directives if the prices fall below the cost price. | | |
| | | Amount in Crore | | |
| Quantitative Disclosures | b) | Particulars | Cost Price | Market Price |
| | | Total Equity Investment in Unquoted Share | 22.90 | 0.00 |
| | | Total Investment in Quoted Share excluding Director Equity Shares | 9.50 | 7.48 |
| | | Total Equity Investment in Unquoted Share as Director Share | 0.00 | 0.00 |
| | | | | |
| | c) | The cumulative realized gains (losses) arising from sales and liquidations in the reporting period: Taka 0.47 crore. | | |
| | d) | Total Unrealized Gains (Losses): Taka (1.96) crore | | |
| | | Total Latent Revaluation Gains (Losses) : Taka Nil | | |
| | e) | Any amounts of the above included in Tier 2 Capital : Taka Nil | | |
| | | Capital Charges for Specific Risk (10% of market value of shares) Taka 0.75 crore | | |
| | | Capital Charge for General Market Risk (10% of market value of shares) Taka 0.75 crore | | |

F. Interest Rate Risk in the Banking Book Position

| | | |
|-------------------------|----|---|
| Qualitative Disclosures | a) | Interest Rate Risk is concerned with borrowed funds of short term and long term maturity. Volatility in money market and increased demand for loan/investment raise the rate of interest. Increase in interest rate of borrowings could narrow or eliminate the spread, or result in a negative spread and could adversely affect the business and future financial performance resulting from high cost of fund of a company. Company's investments are generally structured at fixed rates for a specified term. But, in case of exigency like unusual and abrupt increase in borrowing rate, the company has a scope to increase the lending rate which mitigates the risk. Again company always tries to reduce the interest rate risk by diversifying the borrowing from different sources at different rates. |
|-------------------------|----|---|

| | | | | | | | |
|--------------------------|---|--|----------------|-----------------|-----------------|------------------|-------------------------|
| Quantitative Disclosures | b) | Amount in Crore | | | | | |
| | | Particulars | 1 to 30/31 day | Over 1-2 months | Over 2-3 months | Over 3- 6 months | Over 6 months to 1 year |
| | | Total Rate Sensitive Liabilities (RSL) | 32.68 | 3.19 | 5.14 | 27.33 | 74.69 |
| | | Total Rate Sensitive Assets (RSA) | 23.75 | 18.24 | 20.40 | 30.00 | 0.00 |
| | | Mismatch | -8.93 | 15.05 | 15.26 | 2.67 | -74.69 |
| | | Cumulative Mismatch | -8.93 | 6.12 | 21.38 | 24.04 | -50.65 |
| | | Mismatch (%) | -27.32% | 471.29% | 296.83% | 9.76% | -100.00% |
| | Interest Rate Risk | | | | | | |
| | Magnitude of Shock | Minor | Moderate | | Major | | |
| | | 2% | 4% | | 6% | | |
| | Changes in the Value of Bond Portfolio (BDT in crore) | | 0.00 | 0.00 | | 0.00 | |
| | Net Interest Income (BDT in Crore) | | -1.01 | -2.03 | | -3.04 | |
| | Revised Regulatory Capital (BDT in Crore) | | -399.43 | -400.44 | | -401.46 | |
| | Risk Weighted Assets (BDT in Crore) | | 792.32 | 792.32 | | 792.32 | |
| | Revised CAR (%) | | -50.41% | -50.54% | | -50.67% | |

G. Market Risk

| | | | | | |
|--------------------------|----|---|---|--|--------------------------------------|
| Qualitative Disclosures | a) | Market risk is the risk that may hamper Fareast Finance's earnings and capital due to changes in the market level of interest rates, securities, equities as well as the volatilities of those prices. Volatility of money market, which ultimately imposes upward pressure on interest rate structure, may erode the Company's profitability. Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversely. Inability to offer on to a proactive and competitive posture due to lack of market access and inability to offer competitive products will hinder the Company's growth potential. The company is trying to be less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks or other sources for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. Fareast Finance does not have any foreign currency loan. Moreover, since it is a leasing company it can import equipment, plant & machinery etc. to lease out to the prospective clients. In case of currency fluctuation it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. To manage the market risk, Fareast Finance has managed to arrange the funding facilities with competitive interest rate to match with maturity. Fareast Finance with its strong earning capacity, favorable credit rating and market goodwill can access to money market with a competitive rate. | | | |
| Quantitative Disclosures | b) | Amount in Crore | | | |
| | | Details | Capital Charges for Specific Risk (10% of market value of shares) | Capital Charge for General Market Risk (10% of market value of shares) | Total Capital Charge for Market Risk |
| | | 1 | 2 | 3 | 4=(2+3) |
| | | A. Interest Rate Related Instruments | 0.00 | 0.00 | 0.00 |
| | | B. Equities | 0.75 | 0.75 | 1.50 |
| | | C. Foreign Exchange Position | 0.00 | 0.00 | 0.00 |
| | | Total (A+B+C): | | | 1.50 |

H. Operational Risk

| Qualitative Disclosures | a) | <p>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk, but excludes strategic and reputation risk. Operational risk occurs in all day to day company’s activities. This risk arises in almost all the department of a financial institution like credit, investment, treasury, information technology etc. Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. Some more operational events are including operational errors, non-compliance with internal regulations, non-compliance of legal requirements, launching new products without adequate operational support etc.</p> <p>In order to monitor and manage the risk arising from all operational activities, an appropriate organizational structure is second to none. The Board of Directors (BoD) sets policies and delegates authority to the management for setting procedures, which together has structured the risk management framework in the FI. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the FI. Fareast Finance’s Management manages to place proper organizational structure with proper segregation of duties and delegation of authorities. Fareast Finance has independent Credit Risk Management (CRM) Department, independent Treasury Department, independent Compliance Department, independent Finance & Administration Department and independent Information technology Department for technical services to operate the organization smoothly as per Bangladesh Bank’s directives.</p> <p>Fareast Finance & Investment Limited always believes that overcoming the challenges are not a hard works for the company rather depends on the move forward collectively. Existence of the correlation of the human capital of the company from top to bottom level is the strength of Fareast Finance & Investment Limited which will produce quality business for the shareholders, increase the assets of the company.</p> | | | | | | | | | | | | | | | | | | | |
|---|---------|--|---------|----------------|--|--|---|--|--|--|--|------------------|------|------|------|----------------|--------------|---------|-------|---------|---|
| Quantitative Disclosures | b) | <table><tr><th colspan="5">Capital Charge on Operational Risk: Taka in Crore</th></tr><tr><th>Operational Risk</th><th>2019</th><th>2020</th><th>2021</th><th>Capital Charge</th></tr><tr><td>Gross Income</td><td>(12.59)</td><td>16.10</td><td>(91.65)</td><td>-</td></tr></table> <p>Fareast Finance & Investment Limited measures the capital charge for operational risk with a fixed percentage (denoted by alpha) of average positive annual gross income of the FI over the past three years under the Basic Indicator Approach (BIA). Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average. The capital charge may be expressed as follows:</p> $K = [(GI_1 + GI_2 + GI_3) * \alpha] / n$ <p>Where,</p> <p>K = capital charge under the Basic Indicator Approach</p> <p>GI = only positive annual gross income over the previous three years (i.e. negative or zero gross income if any shall be excluded)</p> <p>α = 15%, n = number of the previous three years for which gross income is positive.</p> <p>Gross income: Gross Income (GI) is defined as “Net interest income” plus “net noninterest income”. It is intended that this measure should -</p> <ul style="list-style-type: none">a) be gross of any provisions (includes interest suspense)b) be gross of operating expenses, including fees paid to outsourcing service providersc) exclude realized profits/losses from the sale of securities held to maturity in the banking book.d) exclude extraordinary or irregular items as well as categorizee) exclude income derived from insurance. | | | | | Capital Charge on Operational Risk: Taka in Crore | | | | | Operational Risk | 2019 | 2020 | 2021 | Capital Charge | Gross Income | (12.59) | 16.10 | (91.65) | - |
| Capital Charge on Operational Risk: Taka in Crore | | | | | | | | | | | | | | | | | | | | | |
| Operational Risk | 2019 | 2020 | 2021 | Capital Charge | | | | | | | | | | | | | | | | | |
| Gross Income | (12.59) | 16.10 | (91.65) | - | | | | | | | | | | | | | | | | | |



AUDITORS REPORT & FINANCIAL STATEMENTS



Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

জোহা জামান কবির রশীদ এ্যান্ড কোং
চার্টার্ড একাউন্টেন্টস

Independent Auditor's Report

To the Shareholders of Fareast Finance & Investment Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Qualified Opinion

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

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Zoha Zaman Kabir Rashid & Co., partnership firm registered in Bangladesh and member firm of MSI Global Alliance, a leading international association of independent legal and accounting firms.
Corporate Office : House 6/B, Road 32, Level 7 & 8, Gulshan 1, Dhaka 1212, Bangladesh.
Tax Office : Rupayan Karim Tower, 80 Kakrail, Level -7, Suite # 7A, Dhaka-1000, Bangladesh
T: +8809609-006260, E-mail: info@zzkrca.com. Web: www.zzkrca.com





Bank's DFIM Circular # 5 dated 24 July 2011, the minimum paid up capital of a Financial Institution shall be Tk.100 crore, provided that the sum of paid up capital and reserves shall not be less than the minimum capital required under the Risk Based Assets of the company, as criteria determined by the Bangladesh Bank. However, during the year ended December 31, 2021 the eligible capital of the company is BDT (3,913,218,022) and the shortfall of regulatory required capital of BDT (5,273,250,658) compared to minimum requirement.

- In reference to note no. 8.1.2.1 Loan, Advance and Leases includes a term finance given to Fareast Stocks & Bonds Limited outstanding of BDT 3,024,788,933. The Board of Directors of the company in their 161th meeting held on 10 August 2015, considered the financial position of Fareast Stocks & Bonds Limited and approved abandonment of interest income against the loan facility. Based on the decision no interest has been charged on the outstanding loan amount of BDT 2,895.22 million from 01 July 2015.

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

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

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

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

Emphasis of Matter

- In reference to note no. 8.9.1 Shortfall of Provisions for Loans, Advances and Leases, Other Assets and Balance with other banks and Financial Institutions. As per the request of the company, Bangladesh bank has given 5 years time from 2019 to 2023 for maintaining equal the required provision/ provision shortfall of BDT 94.57 crore as on 31 December 2019 for loans, advance and leases, other assets and balance with other banks and financial institutions as per the letter #DFIM(C)1054/09/2020-1420 dated 25 August 2020. During the year the shortfall of BDT 189,134,800 has been adjusted and BDT 378,265,114 is yet to be adjusted in the forthcoming years 2022 & 2023.
- Events after the Reporting Period in board meeting held on 17 August 2023 the board of directors has declared no dividend to the shareholders on the financial performance of the year 2021.

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

Key Audit Matters

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



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

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



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



| | |
|---|---|
| <p>(Deferred tax expense in 2020: BDT 823,820)</p> <p>Significant judgment is required in relation to deferred tax assets/ liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p> | <ul style="list-style-type: none"> • We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. • We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs. • Finally assessed the appropriateness and presentation of disclosures against “IAS-12” Income Tax. |
| See note no. 11.4& 39 to the financial statements | |
| Revenue | |
| <p>Interest Income of BDT 281,441,228 & Investment Income of BDT 4,694,255 is recognized in the Statement of Profit or Loss and Other Comprehensive Income of the Company. Revenue has decreased by 63.83% since last year. This was an area of focus for our audit and significant audit effort was directed. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.</p> | <p>Our audit procedures included obtaining our understanding of the process of interest income, investment income, brokerage commission, profit on investment ascertaining the balance and the interest charged over the financial year.</p> <p>Additionally,</p> <ul style="list-style-type: none"> • Carried out cut-off testing to ensure the income was recognized in correct period. • Reviewed the carrying balance of the total figure. • Our audit approach was a combination of test of internal control and substantive procedures. • We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. • In addition, we performed substantive analytical to understand how the revenue has trended over the year among other parameters, we performed a detailed testing on transactions around the year-end, ensuring revenues were recognized in the correct accounting period. We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. • Evaluate the Company’s work to implement “IFRS-15” and assessed whether accounting principles comply with the new accounting standard. |
| See note no. 21 & 23 to the financial statements | |
| 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> |
| Going Concern | |
| <p>The company incurred a net loss of BDT 4,191,207,363 during the year ended 31 December 2021 and as at that date, the company's liabilities exceeded its total asset by BDT 4,009,812,602 and Retained earnings of the company shows a negative balance of BDT 8,998,895,300 based on the financial information so that under this condition, we foresee a significant risk about the company's ability to continue as going concern.</p> | <p>Our audit procedure included the following</p> <ul style="list-style-type: none"> We have obtained an understanding of the process of management assessment of going concern and also assessed the same. We read the management assessment in note 2.40 which states Management is taking various initiatives for reduction of debt & increases of profit. We have obtained the future cash flows of the Company. We have considered the same for our assessment of the Company's capability to meet its financial obligation falling due within next twelve months. <p>We have assessed the disclosure made by the Company in relation to this matter.</p> |

Other Information

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

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

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

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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



Zoha Zaman Kabir Rashid & Co.
Chartered Accountants

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- v. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Banks instructions in this regard have been followed properly;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- xi. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiii. the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;
- xiv. we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 930 person hours for the audit of the books and accounts of the Company;
- xv. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvi. the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- xvii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Date: 17 August 2023


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



Fareast Finance & Investment Limited

Balance Sheet
As at 31 December 2021

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

| Particulars | Note | Amounts in Taka | |
|---|--------|------------------------|-----------------------|
| | | 31.12.2021 | 31.12.2020 |
| Capital/Shareholders' Equity | | (4,009,812,602) | 181,394,761 |
| Paid up Capital | 16 | 1,640,633,300 | 1,640,633,300 |
| Statutory Reserve | 17 | 268,954,085 | 268,954,085 |
| Revaluation Reserve | 11.3.1 | 79,495,313 | 79,495,313 |
| Retained Earnings | 18 | (5,998,895,300) | (1,807,687,937) |
| Total Liabilities and Shareholders' Equity | | 11,528,243,719 | 11,457,867,192 |
| OFF-BALANCE SHEET ITEMS | | | |
| Contingent Liabilities | 19.1 | - | - |
| Acceptances and Endorsements | | - | - |
| Letter of Guarantee | | - | - |
| Irrevocable Letter of Credit | | - | - |
| Bills for Collection | | - | - |
| Other Contingent Liabilities | | - | - |
| Other Commitments | 19.2 | - | - |
| Documentary Credits and Short Term Trade related Transactions | | - | - |
| Forward Assets Purchased and Forward Deposits Placed | | - | - |
| Undrawn Note Issuance and Revolving Underwriting Facilities | | - | - |
| Spot and Foreign Exchange Rate Contract | | - | - |
| Undrawn Formal Standby Facilities, Credit Lines and Other Commitments | | - | - |
| Total Off-Balance Sheet Items including Contingent Liabilities | | - | - |
| Net Asset Value Per Share | 41 | (24.44) | 1.11 |

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

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

As per our annexed report of same date.

Place: Dhaka
Date: August 17, 2023


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

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

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

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

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

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

As per our annexed report of same date.

Place: Dhaka
Date: August 17, 2023


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

Fareast Finance & Investment Limited

Cash Flow Statement

For the year ended 31 December 2021


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

| Particulars | Amounts in Taka | |
|---|--------------------|--------------------|
| | 2021 | 2020 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (143,436,936) | 281,975,567 |
| Effects of Exchange Rate Changes on Cash and Equivalents | - | - |
| Cash and Cash Equivalents at Beginning of the year | 825,094,884 | 543,119,317 |
| Cash and Cash Equivalents at the End of the year | 681,657,948 | 825,094,884 |
| Cash and Cash Equivalents at the End of the year | | |
| Cash in Hand (including Foreign Currencies) | - | 20,000 |
| Balance with Bangladesh Bank and its Agent Banks (including Foreign Currencies) | 23,211,546 | 24,701,914 |
| Balance with Other Banks and Financial Institutions | 658,446,402 | 800,372,970 |
| Money at Call and Short Notice | - | - |
| | 681,657,948 | 825,094,884 |
| Net Operating Cash Flows Per Share (NOCFPS) (Note-42) | (1.16) | 1.84 |


Md. Ashraful Moqbul
Chairman


Ihsanul Aziz
Independent Director


Muhammad Ali Zaryab
Managing Director


Md. Anwar Hussain
Head of Finance & HR


Md. Ramzan Hossain
Company Secretary

As per our annexed report of same date.

Place: Dhaka
Date: August 17, 2023


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


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

| Particulars | Paid up Capital Taka | Statutory Reserve Taka | Revaluation Reserve Taka | Retained Earnings Taka | Total Taka |
|--|----------------------------|------------------------------|--------------------------------|------------------------------|------------------------|
| Balance at 01 January 2020 | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,522,224,822) | 466,857,876 |
| Changes in Accounting Policy(s) | - | - | - | - | - |
| Restated Balance | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,522,224,822) | 466,857,876 |
| Surplus/Deficit on Account of Revaluation of Properties | - | - | - | - | - |
| Surplus/Deficit on Account of Revaluation of Investments | - | - | - | - | - |
| Currency Translation Differences | - | - | - | - | - |
| Net Gains and Losses not Recognized in the Profit and Loss Account | - | - | - | - | - |
| Net Profit for the year | - | - | - | (285,463,115) | (285,463,115) |
| Cash Dividend | - | - | - | - | - |
| Dividend (Bonus Shares) | - | - | - | - | - |
| Issue of Share Capital | - | - | - | - | - |
| Appropriations during the year | - | - | - | - | - |
| Revaluation of Fareast Stocks & Bonds Ltd. (Note-11.3.1) | - | - | - | - | - |
| Balance as at 31 December 2020 | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,807,687,937) | 181,394,761 |
| Balance at 01 January 2021 | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,807,687,937) | 181,394,761 |
| Changes in Accounting Policy(s) | - | - | - | - | - |
| Restated Balance | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,807,687,937) | 181,394,761 |
| Surplus/Deficit on Account of Revaluation of Properties | - | - | - | - | - |
| Surplus/Deficit on Account of Revaluation of Investments | - | - | - | - | - |
| Currency Translation Differences | - | - | - | - | - |
| Net Gains and Losses not Recognized in the Profit and Loss Account | - | - | - | - | - |
| Net Profit for the year | - | - | - | (4,191,207,363) | (4,191,207,363) |
| Cash Dividend | - | - | - | - | - |
| Dividend (Bonus Shares) | - | - | - | - | - |
| Issue of Share Capital | - | - | - | - | - |
| Appropriations during the year | - | - | - | - | - |
| Revaluation of Fareast Stocks & Bonds Ltd. (Note-11.3.1) | - | - | - | - | - |
| Balance as at 31 December 2021 | 1,640,633,300 | 268,954,085 | 79,495,313 | (5,998,895,300) | (4,009,812,602) |

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

As per our annexed report of same date.

Place: Dhaka
Date: August 17, 2023


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


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

| Particulars | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Above 5 Years | Total |
|--|----------------------|---------------------|----------------------|------------------------|------------------------|------------------------|
| | Taka | Taka | Taka | Taka | Taka | Taka |
| Assets | | | | | | |
| Cash in Hand (including Balance with Bangladesh Bank) | 23,211,546 | - | - | - | - | 23,211,546 |
| Balance with Other Banks and Financial Institutions | 278,446,402 | 380,000,000 | - | - | - | 658,446,402 |
| Money at Call and Short Notice | - | - | - | - | - | - |
| Investments | 94,980,081 | - | - | - | - | 94,980,081 |
| Loans, Advances and Leases | 2,714,076,786 | 181,096,277 | 825,368,247 | 5,845,348,766 | 125,773,753 | 9,691,663,829 |
| Fixed Assets including Premises, Furniture and Fixtures | 8,973 | - | 701,937 | 332,057 | - | 1,042,967 |
| Other assets | 104,502,461 | 1,500,000 | 331,233,331 | - | 613,229,105 | 1,050,464,897 |
| Non-Business Assets | - | - | - | - | 8,433,997 | 8,433,997 |
| Total Assets | 3,215,226,249 | 562,596,277 | 1,157,303,515 | 5,845,680,823 | 747,436,855 | 11,528,243,719 |
| Liabilities | | | | | | |
| Borrowings from Other Banks, Financial Institutions and Agents | 1,390,700,098 | 67,054,470 | 245,021,728 | 1,246,852,007 | 221,138,025 | 3,170,766,328 |
| Deposits and Other Accounts | 908,254,270 | 85,310,702 | 210,005,293 | 3,422,907,593 | 2,233,000 | 4,628,710,858 |
| Provision and Other Liabilities | 927,284,624 | 457,181,694 | 315,886,936 | 2,497,832,578 | 3,540,393,303 | 7,738,579,135 |
| Total Liabilities | 3,226,238,992 | 609,546,866 | 770,913,957 | 7,167,592,178 | 3,763,764,328 | 15,538,056,321 |
| Net Liquidity Gap | (11,012,743) | (46,950,589) | 386,389,558 | (1,321,911,355) | (3,016,327,473) | (4,009,812,602) |


Md. Ashraful Moqbul
 Chairman


Ihsanul Aziz
 Independent Director



Muhammad Ali Zaryab
 Managing Director


Md. Anwar Hussain
 Head of Finance & HR


Md. Ramzan Hossain
 Company Secretary

As per our annexed report of same date.

 Place: Dhaka
 Date: August 17, 2023


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

Fareast Finance & Investment Limited

Notes to the Financial Statements and Significant Accounting Policies

For the year ended 31 December 2021

(Forming an Integral Part of the Financial Statements)

1. Legal Status and Nature of the Company

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

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

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

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

1.3 Principal Activities of the Company

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

1.4 Nature of Operation of the Company

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

1.5 Information regarding Associate Company

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

1.6 Number of Employees of the Company

The number of employees of the company was twenty nine and thirty seven at the end of the year 2021 and 2020 respectively.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

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

2.2 Basis of Measurement

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

2.3 Statement of Compliance

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

2.4 Basis of Presentation

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

2.5 Uncertainties for Use of Estimates in Preparation of Financial Statements

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

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

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

2.7 Cash Flow Statement

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

2.8 Statement of Changes in Equity

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

2.9 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared in accor

dance with the guidelines issued by Bangladesh Bank through DFIM Circular No. 11 dated 23 December 2009 as per following bases:

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

2.10 Contingent Liabilities and Contingent Assets

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

2.11 Proposed Dividend

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

2.12 Events after the Reporting Period

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

2.13 Provision for Income Tax

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

a) Current Tax Expense

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

b) Deferred Tax Expense

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

2.14 Fixed Assets

All fixed assets are stated at cost less accumulated depreciation as per IAS-16: "Property, Plant and

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

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

2.15 Impairment of Assets

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

2.16 Accounts Receivable

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

2.17 Cash and Cash Equivalents

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

2.18 Accounting for Investment in Leases

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

2.19 Accounting for Term Finances

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

2.20 Accounting for Investment in Associates

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

2.21 Recognition of Leased Assets

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

2.22 Recognition of Term Finances

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

2.23 Recognition of Investment in Associate

Recognition of income on the basis of distributions received from associate may not be an adequate measure of the income earned by the company on an investment in an associate because the distributions received may bear little relation to the performance of the associate. Because of the company 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) a statement of financial position (Balance Sheet) as at 31 December 2021
- b) a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2021
- c) Cash Flow Statement for the year ended 31 December 2021
- d) Statement of Changes in Equity for the year ended 31 December 2021
- e) Liquidity Statement as at 31 December 2021
- f) Notes to the Financial Statements and significant accounting policies.

3.3 Comparative Information

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

3.4 Compliance with IFRS and IAS

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

| Sl. No. | IFRS & IAS | Name of IFRS and IAS | Status |
|---------|------------|--|----------------|
| 1 | IFRS 2 | Share-based Payment | Not applicable |
| 2 | IFRS 3 | Business Combinations | Not applicable |
| 3 | IFRS 4 | Insurance Contracts | Not applicable |
| 4 | IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | Not applicable |
| 5 | IFRS 6 | Exploration for and Evaluation of Mineral Resources | Not applicable |
| 6 | IFRS 7 | Financial Instruments: Disclosures | Applied* |
| 7 | IFRS 8 | Operating Segments | Not applicable |
| 8 | IFRS 9 | Financial Instruments | Applied* |
| 9 | IFRS 10 | Consolidated Financial Statements | Not applicable |
| 10 | IFRS 11 | Joint Arrangements | Not applicable |
| 11 | IFRS 12 | Disclosure of Interest in Other Entities | Not applicable |
| 12 | IFRS 13 | Fair Value Measurement | Applied* |
| 13 | IFRS 14 | Regulatory Deferral Accounts | Not applicable |
| 14 | IFRS 15 | Revenue from Contracts with Customers | Applied |
| 15 | IFRS 16 | Leases | Applied |
| 16 | IAS 1 | Presentation of Financial Statements | Applied* |
| 17 | IAS 2 | Inventories | Not applicable |
| 18 | IAS 7 | Cash Flow Statements | Applied* |
| 19 | IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | Applied |
| 20 | IAS 10 | Events after the Reporting Period | Applied |
| 21 | IAS 12 | Income Taxes | Applied* |
| 22 | IAS 16 | Property, Plant and Equipment | Applied |
| 23 | IAS 19 | Employee Benefits | Applied |
| 24 | IAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | Not applicable |
| 25 | IAS 21 | The Effects of Changes in Foreign Exchange Rates | Applied |
| 26 | IAS 23 | Borrowing Costs | Applied |
| 27 | IAS 24 | Related Party Disclosures | Applied |
| 28 | IAS 26 | Accounting and Reporting by Retirement Benefit Plans | Not applicable |
| 29 | IAS 28 | Investments in Associates | Applied |
| 30 | IAS 32 | Financial Instruments: Presentation | Applied* |
| 31 | IAS 33 | Earnings Per Share | Applied |
| 32 | IAS 34 | Interim Financial Reporting | Applied |
| 33 | IAS 36 | Impairment of Assets | Applied |
| 34 | IAS 37 | Provisions, Contingent Liabilities and Contingent Assets | Applied |
| 35 | IAS 38 | Intangible Assets | Applied |
| 36 | IAS 40 | Investment Property | Not applicable |
| 37 | IAS 41 | Agriculture | Not applicable |

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

3.5 Reporting Period

Financial Statements of the Company cover one calendar year from 01 January to 31 December 2021 consistently.

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

| | | Amounts in Taka | |
|--|---|--------------------|--------------------|
| | | 31.12.2021 | 31.12.2020 |
| Export Import Bank of Bangladesh Ltd | Motijheel Branch | 273 | 496 |
| Islami Bank Bangladesh Limited | Foreign Exchange Branch | 32,477 | 32,988 |
| Jamuna Bank Limited | Elephant Road Branch | 630 | 1,212 |
| Mercantile Bank Limited | Main Branch | 41,019 | 43,412 |
| Mutual Trust Bank Limited | Dilkusha Branch | 2,287,329 | 2,265,783 |
| Mutual Trust Bank Limited | Dilkusha Branch | 993,568 | 984,059 |
| Mutual Trust Bank Limited | Dilkusha Branch | 695,104 | 688,943 |
| Mutual Trust Bank Limited | Dilkusha Branch | 507,573 | 500,326 |
| NCC Bank Ltd. | Motijheel Main Branch | 290 | - |
| NRB Commercial Bank Ltd. | Principal Branch | 196,387 | 208,125 |
| One Bank Limited | Principal Branch | 136,078,878 | 297,359,199 |
| One Bank Limited | Principal Branch | 33 | 2,218 |
| Prime Bank Limited | IBB Dilkusha Branch | 367 | 1,402 |
| Social Islami Bank Limited | Principal Branch | 11,382 | 11,382 |
| Social Islami Bank Limited | Babu Bazar Branch | 1 | 1 |
| Southeast Bank Limited | Corporate Branch | 29,344,186 | 14,645,577 |
| Southeast Bank Limited | Principal Branch | 54,681 | 54,681 |
| Standard Bank Limited | Principal Branch | 157 | 1 |
| The City Bank Limited | Principal Office | 2,611,586 | 413,890 |
| United Commercial Bank Limited | Tejgaon Branch | 524 | - |
| | | 173,026,030 | 317,335,639 |
| 5.3 | <i>Savings Accounts</i> | - | - |
| | | - | - |
| The company does not maintain any savings account. | | | |
| 5.4 | <i>Fixed Deposit Accounts</i> | | |
| Bangladesh Industrial Finance Co. Ltd. | Head Office | 100,000,000 | 100,000,000 |
| FAS Finance & Investment Limited | Head Office | 36,116,092 | 36,116,092 |
| People's Leasing and Fin. Services Ltd. | Head Office | 345,605,000 | 345,605,000 |
| | | 481,721,092 | 481,721,092 |
| 5.5 | <i>Maturity Grouping of Balance with Other Banks and Financial Institutions</i> | | |
| Up to 1 month | | 278,446,402 | 420,372,970 |
| Over 1 month but not more than 3 months | | 380,000,000 | 380,000,000 |
| Over 3 months but not more than 1 year | | - | - |
| Over 1 year but not more than 5 years | | - | - |
| Over 5 years | | - | - |
| | | 658,446,402 | 800,372,970 |
| 6. | Money at Call and Short Notice | - | - |
| | | - | - |
| 7. | Investments | | |
| 7.1 | <i>Investment Classified as per Nature</i> | | |
| Government securities (Note-7.1.1) | | - | - |
| Others investments (Note-7.1.2) | | 94,980,081 | 122,478,355 |
| | | 94,980,081 | 122,478,355 |
| 7.1.1 | <i>Government Securities</i> | | |
| Treasury bills | | - | - |
| National investment bonds | | - | - |
| Bangladesh Bank bills | | - | - |
| Government notes/bonds | | - | - |
| Prize bonds | | - | - |
| Others | | - | - |
| | | - | - |

| | | Amounts in Taka | |
|---------|---|----------------------|----------------------|
| | | 31.12.2021 | 31.12.2020 |
| 7.1.2 | <i>Others Investments</i> | | |
| | Investment in shares (Annexure-A) | 94,980,081 | 122,478,355 |
| | Debenture and bonds | - | - |
| | Other investment | - | - |
| | Gold, bullion etc. | - | - |
| | | 94,980,081 | 122,478,355 |
| 7.2 | <i>Residual Maturity Grouping of Investments</i> | | |
| | Repayable on demand | 94,980,081 | 122,478,355 |
| | Up to 1 month | - | - |
| | Over 1 month but not more than 3 months | - | - |
| | Over 3 months but not more than 1year | - | - |
| | Over 1 year but not more than 5 years | - | - |
| | Over 5 years | - | - |
| | | 94,980,081 | 122,478,355 |
| 8. | Loans, Advances and Leases | | |
| 8.1 | <i>a) Inside Bangladesh</i> | | |
| | Investment in Leases (Note-8.1.1) | 254,372,602 | 255,995,482 |
| | Term Finances (Note-8.1.2) | 9,437,291,227 | 9,153,130,594 |
| | | 9,691,663,829 | 9,409,126,076 |
| | <i>b) Outside Bangladesh</i> | - | - |
| | Total | 9,691,663,829 | 9,409,126,076 |
| 8.1.1 | <i>Investment in Leases</i> | | |
| | Principal outstanding | 156,713,372 | 176,355,982 |
| | Accounts receivable | 97,659,230 | 79,639,500 |
| | Advance against lease finance | - | - |
| | Total | 254,372,602 | 255,995,482 |
| 8.1.2 | <i>Term Finances</i> | | |
| | Principal outstanding | 6,905,962,379 | 7,557,380,819 |
| | Accounts receivable | 2,531,328,848 | 1,595,749,775 |
| | Total | 9,437,291,227 | 9,153,130,594 |
| 8.1.2.1 | <p>"The Board of Directors of the company in their 161th meeting held on 10 August 2015, considered the financial position of Fareast Stocks & Bonds Limited and approved abandonment of interest income against the loan facility. Based on the decision no interest has been charged on the outstanding loan amount of Tk.2,895.22 million from 01 July 2015.</p> <p>In order to follow Bangladesh Bank's suggestions regarding repayment of over limit investment in subsidiaries, the Board of Directors of the company in their 185th meeting held on 21 May 2018 decided to re-fix the repayment schedule and set a time bound strategy to complete the repayment within 2025. Subsequently the time bound strategy for repayment has been duly submitted to Bangladesh Bank and they also provide their approval through letter #DFIM(S)/1055/49/2018-1597 dated 23 July 2018. Subsequently company's Board of Directors in their 208th meeting held on 08 March 2020 decided to impose interest rate on the outstanding amount @ 13.90% per annum from 20 March 2020 and onward."</p> | | |
| 8.2 | <i>Sector Wise Loans, Advances and Leases</i> | | |
| | Public sector | - | - |
| | Co-operative sector | - | - |
| | Private sector | 9,691,663,829 | 9,409,126,076 |
| | | 9,691,663,829 | 9,409,126,076 |
| 8.3 | <i>Residual Maturity Grouping of Loans, Advances and Leases</i> | | |
| | Repayable on demand | - | - |
| | Not more than 3 months | 2,895,173,063 | 2,083,515,511 |
| | Over 3 months but not more than 1year | 825,368,247 | 1,278,976,745 |
| | Over 1 year but not more than 5 years | 5,845,348,766 | 5,674,750,984 |
| | Over 5 years | 125,773,753 | 371,882,836 |
| | | 9,691,663,829 | 9,409,126,076 |

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

| Amounts in Taka | | |
|---|----------------------|----------------------|
| | 31.12.2021 | 31.12.2020 |
| a) Loans, advances and leases to Directors and organizations related to Directors | 3,160,598,019 | 3,160,598,019 |
| b) Loans, advances and leases to Chief Executive Officer and other senior executive | 3,025,075 | 3,911,085 |
| c) Loans, advances and leases to customer groups: | | |
| i) Loans | 6,273,668,133 | 5,988,621,490 |
| ii) Leases | 254,372,602 | 255,995,482 |
| | 9,691,663,829 | 9,409,126,076 |
| d) Loans, Advances and Leases on Sector Basis: | | |
| 1. Trade and Commerce | 126,563,016 | 128,149,563 |
| 2. Industry: | | |
| i) Garments and Knitwear | 598,019,034 | 602,022,561 |
| ii) Textile | 140,646,356 | 135,370,319 |
| iii) Jute and Jute-Products | 64,426,120 | 152,332,859 |
| iv) Food Production and Processing Industry | 276,403,379 | 279,056,404 |
| v) Plastic Industry | 35,091,818 | 34,845,558 |
| vi) Leather and Leather-Goods | - | - |
| vii) Iron, Steel and Engineering | 979,473,568 | 885,698,342 |
| viii) Pharmaceuticals and Chemicals | 245,398,270 | 288,724,695 |
| ix) Cement and Allied Industry | 790,472,722 | 742,676,057 |
| x) Telecommunication and Information Technology | 206,051,299 | 192,784,202 |
| xi) Paper, Printing and Packaging | 188,917,858 | 169,690,996 |
| xii) Glass, Glassware and Ceramic Industry | 269,111,662 | 236,234,492 |
| xiii) Ship Manufacturing Industry | 548,746,559 | 501,251,337 |
| xiv) Electronics and Electrical Products | 202,126,026 | 181,684,591 |
| xv) Power, Gas, Water and Sanitary Service | 57,291,789 | 57,291,789 |
| xvi) Transport and Aviation | 446,577,604 | 425,202,062 |
| 3. Agriculture | 204,900,425 | 197,636,456 |
| 4. Housing | 389,277,856 | 371,255,501 |
| 5. Others: | | |
| i) Merchant Banking | - | - |
| ii) Margin Loan | 3,374,093,215 | 3,324,017,410 |
| iii) Others | 548,075,253 | 503,200,882 |
| Total | 9,691,663,829 | 9,409,126,076 |

8.5 *Details of Large Loans, Advances and Leases*

| | | |
|--|---------------|---------------|
| Number of clients | 8 | 7 |
| Amount of outstanding loans, advances and leases | 5,834,962,218 | 5,227,915,530 |
| Amount of classified loans, advances and leases | 5,834,962,218 | 3,024,788,933 |

Measures taken for recovery:

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

The amount represents the sum of total investments to each group of customer exceeding 15% of Total Capital (Paid up Capital and Reserves) of the Company. Total Capital (Paid up Capital and Reserves) of the Company was Tk.1,989,082,698 as at 31 December 2021 (Tk.1,989,082,698 as at 31 December 2020).

8.6

Inside Bangladesh**Urban**

| | | |
|---------------------|----------------------|----------------------|
| Dhaka Division | 7,172,623,624 | 6,962,229,314 |
| Chattogram Division | 2,044,148,915 | 1,879,407,734 |
| Khulna Division | 116,222,451 | 116,222,451 |
| Rajshahi Division | 12,563,617 | 12,563,617 |
| Barishal Division | - | - |
| Sylhet Division | - | - |
| Rangpur Division | - | - |
| Mymensingh Division | - | - |
| | 9,345,558,607 | 8,970,423,116 |

| | | | Amounts in Taka | |
|--|---------------------------|-----------------|----------------------|----------------------|
| | | | 31.12.2021 | 31.12.2020 |
| Rural | | | | |
| Dhaka Division | | | 246,474,686 | 318,289,938 |
| Chattogram Division | | | 42,167,815 | 62,950,301 |
| Khulna Division | | | - | - |
| Rajshahi Division | | | 57,462,721 | 57,462,721 |
| Barishal Division | | | - | - |
| Sylhet Division | | | - | - |
| Rangpur Division | | | - | - |
| Mymensingh Division | | | - | - |
| | | | 346,105,222 | 438,702,960 |
| Outside Bangladesh | | | 9,691,663,829 | 9,409,126,076 |
| Total | | | 9,691,663,829 | 9,409,126,076 |
| 8.7 Loans, Advances and Leases on Security Basis | | | | |
| Collateral of moveable and immovable assets | | | 2,510,622,447 | 2,422,244,218 |
| Fixed deposit receipts | | | 1,214,628,884 | 1,084,300,202 |
| Shares of listed public limited companies | | | 25,268,989 | 29,741,290 |
| Corporate guarantee | | | 125,371,949 | 175,214,441 |
| Personal guarantee | | | 319,800,809 | 221,247,951 |
| Other securities | | | 5,495,970,751 | 5,476,377,974 |
| | | | 9,691,663,829 | 9,409,126,076 |
| 8.8 Classification of Loans, Advances and Leases | | | | |
| Unclassified | | | | |
| Standard | | | 974,294,847 | 4,282,338,902 |
| Special mention account | | | 154,840 | 243,103,226 |
| | | | 974,449,687 | 4,525,442,128 |
| Classified | | | | |
| Sub-standard | | | 997,651,284 | 3,410,883,230 |
| Doubtful | | | 2,981,900,318 | 120,860,736 |
| Bad/Loss | | | 4,737,662,540 | 1,351,939,982 |
| | | | 8,717,214,142 | 4,883,683,948 |
| Total | | | 9,691,663,829 | 9,409,126,076 |
| 8.9 Provision for Loans, Advances and Leases | | | | |
| Status | Base for Provision | Rate (%) | | |
| <i>Provision for unclassified loans, advances and leases-General provision</i> | | | | |
| Standard | 78,923,594 | 0.25/1/2 | 9,036,821 | 166,752,112 |
| Special mention account | 149,652 | 5 | 7,483 | 11,640,488 |
| | | | 9,044,304 | 178,392,600 |
| Special provision | 895,371,253 | 2 | 17,907,425 | 0 |
| <i>Provision for classified loans, advances and leases-Specific provision</i> | | | | |
| Sub-standard | 756,498,716 | 20 | 151,299,743 | 581,360,014 |
| Doubtful | 2,220,217,286 | 50 | 1,110,108,643 | 26,312,489 |
| Bad/Loss | 3,767,716,907 | 100 | 3,767,716,907 | 778,829,765 |
| | | | 5,029,125,293 | 1,386,502,268 |
| Required provision for loans, advances and leases | | | 5,056,077,022 | 1,564,894,868 |
| Total provision maintained (Note-15.2) | | | 5,056,077,022 | 1,419,799,322 |
| Excess/(short) provision as at 31 December | | | 0 | (145,095,546) |

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

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

| Amounts in Taka | |
|-----------------|------------|
| 31.12.2021 | 31.12.2020 |

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

| | | |
|---|--------------------|--------------------|
| Provision for loans, advances and leases | 0 | 145,095,546 |
| Other assets | 32,660,114 | 76,699,368 |
| Balance with other banks and financial institutions | 345,605,000 | 345,605,000 |
| Total | 378,265,114 | 567,399,914 |

8.10 *Net Loans, Advances and Leases*

| | | |
|--|-------------------------------|-----------------------------|
| Total loans, advances and leases (Note-8.1) | 9,691,663,829 | 9,409,126,076 |
| Less: | | |
| Non-performing loans, advances and leases (Note-8.8) | 8,717,214,142 | 4,883,683,948 |
| Interest suspense (Note-15.5) | 1,112,640,202 | 711,087,744 |
| Provision for loans, advances and leases (Note-15.2) | 5,056,077,022 | 1,419,799,322 |
| | <u>14,885,931,366</u> | <u>7,014,571,014</u> |
| | <u>(5,194,267,537)</u> | <u>2,394,555,062</u> |

8.11 *Particulars of Loans, Advances and Leases*

| | | |
|---|----------------------|----------------------|
| a) Loans, advances and leases considered good in respect of which the financial institution is fully secured | 9,246,491,071 | 9,012,663,684 |
| b) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee | 319,800,809 | 221,247,951 |
| c) Loans, advances and leases considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors | 125,371,949 | 175,214,441 |
| | <u>9,691,663,829</u> | <u>9,409,126,076</u> |
| d) Loans, advances and leases adversely classified: provision not maintained there against | - | - |
| e) Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other person | 3,025,075 | 3,911,085 |
| f) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members | 3,160,598,019 | 3,160,598,019 |
| g) Maximum total amount of loans, advances and leases, including temporary advances made at any time during the year to the directors or managing directors or officers of the financial institution or any of them either separately or jointly with any other person | - | - |
| h) Maximum total amount of loans, advances and leases, including temporary advances granted during the year to companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members | - | - |

| | | Amounts in Taka | |
|--|--|-----------------|---------------|
| | | 31.12.2021 | 31.12.2020 |
| i) | Due from banks and other financial institutions | - | - |
| j) | Classified loans, advances and leases: | | |
| i) | Classified loans, advances and leases on which no interest has been charged | 8,717,214,142 | 4,883,683,948 |
| ii) | Provision on classified loans, advances and leases | 5,029,125,293 | 1,386,502,268 |
| iii) | Provision kept against loans, advances and leases classified as bad debts | 3,767,716,907 | 778,829,765 |
| iv) | Interest credited to interest suspense account (Note-15.5) | 1,112,640,202 | 711,087,744 |
| k) | Cumulative amount of written-off of loans, advances and leases | | |
| Opening balance | | 396,334,445 | 396,334,445 |
| Add: Amount written-off during the year | | - | - |
| Less: Adjustment against realised written-off amount | | - | - |
| | | 396,334,445 | 396,334,445 |
| | Amount realized against loans, advances and leases previously | 2,319,264 | - |
| | Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges | 1,491,102,558 | 1,345,207,771 |
| 8.12 Suites Filed by the Company | | | |
| As at 31 December 2021, Fareast Finance & Investment Limited filed 37 suits against 37 clients under Artha Rin Adalat Ain 2003. Total suit amount was Tk.2,134,569,178 only. | | | |
| 9. Bills Purchased and Discounted | | | |
| Payable in Bangladesh | | - | - |
| Payable outside Bangladesh | | - | - |
| | | - | - |
| As at 31 December 2021, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchase and or discount made. | | | |
| 10. Fixed Assets including Premises, Furniture and Fixtures | | | |
| Cost | | | |
| Balance as at 01 January | | 35,899,298 | 55,833,427 |
| Add: Additions during the period | | 183,080 | 87,857 |
| Less: Disposals/adjustments during the period | | - | 20,021,986 |
| Balance as at 31 December | | 36,082,378 | 35,899,298 |
| Accumulated Depreciation | | | |
| Balance as at 01 January | | 32,413,949 | 47,628,001 |
| Add: Charge for the period | | 2,625,462 | 4,392,809 |
| Less: Disposals/adjustments during the period | | - | 19,606,861 |
| Balance as at 31 December | | 35,039,411 | 32,413,949 |
| Net Book Value of the Asset as at 31 December (Annexure-B) | | 1,042,967 | 3,485,349 |
| 11. Other Assets | | | |
| Advances, Deposits and Prepayments (Note-11.1) | | 330,589,318 | 353,848,255 |
| Interest and Commission Receivable (Note-11.2) | | 9,042,097 | 21,722,527 |
| Investment in associate (Note-11.3) | | 612,740,861 | 614,299,989 |
| Amount receivable against shares sold | | 90,700,299 | 90,706,317 |
| Deferred tax assets (Note-11.4) | | 2,669,857 | 2,347,984 |
| Right of use of assets (Note-11.5) | | - | 1,067,442 |
| Miscellaneous | | 4,722,465 | 5,256,017 |
| | | 1,050,464,897 | 1,089,248,531 |

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

11.3 Investment in associate

Considering the paragraph 11 of IAS-28: "Investment in associates", investment in associate is recorded under the equity method. As per the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the company's share of net assets of the associate. Losses in excess of the cost of the investment in an associate are recognised when the company has incurred obligations on its behalf. Profit and loss account reflects the company's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Fareast Finance & Investment Limited has got one associate under its umbrella namely Fareast Stocks & Bonds Limited (having 50% shareholding) on the date of reporting.

Movement of investment in associate is as follows:

| | | |
|-------------------------------------|--------------------|--------------------|
| Balance at 01 January | 614,299,989 | 620,061,550 |
| Investment/(Adjustment) | - | - |
| Revaluation reserve | - | - |
| Prior year adjustment | - | - |
| Share of profit/(loss) for the year | (1,559,128) | (5,761,561) |
| Cash dividend | - | - |
| Balance at 31 December | 612,740,861 | 614,299,989 |

11.3.1 Revaluation Reserve

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

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

11.4 Deferred Tax Asset

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

| Particulars | Carrying Amount at Balance Sheet | Tax Base (Taxable)/Deductible Temporary Difference | |
|--|----------------------------------|--|------------------|
| Assets | | | |
| Fixed assets net of depreciation excluding land | 1,042,967 | 8,162,585 | 7,119,618 |
| Liabilities | - | - | - |
| Total | 1,042,967 | 8,162,585 | 7,119,618 |
| Applicable tax rate | | | 37.50% |
| Deferred Tax Asset as on 31 December 2021 | | | 2,669,857 |

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

| | | Amounts in Taka | |
|---|--|----------------------|----------------------|
| | | 31.12.2021 | 31.12.2020 |
| Short Term and Call Loans: | | | |
| <i>Short Term Loans:</i> | | | |
| Mutual Trust Bank Limited | | 261,150,928 | 293,446,715 |
| National Housing Finance and Investment Limited | | 12,500,000 | 12,800,000 |
| NRB Bank Limited | | 122,100,000 | 122,100,000 |
| NRB Commercial Bank Limited | | 68,272,463 | 72,704,801 |
| Pubali Bank Limited | | 103,880,830 | 102,458,322 |
| South Bangla Agriculture & Commerce Bank Limited | | 37,500,000 | 37,500,000 |
| The Premier Bank Limited | | 55,427,618 | 60,803,340 |
| United Commercial Bank Limited | | (39,138) | (39,138) |
| Total | | 660,792,701 | 701,774,040 |
| <i>Call Loans:</i> | | | |
| NRB Bank Limited | | 81,100,000 | 81,100,000 |
| Sonali Bank Limited | | 146,800,000 | 151,800,000 |
| Total | | 227,900,000 | 232,900,000 |
| Total Short Term and Call Loans | | 888,692,701 | 934,674,040 |
| Total Borrowings | | 3,170,766,328 | 3,199,002,134 |
| 13.2 Outside Bangladesh | | - | - |
| As at 31 December 2021, the company does not have any borrowing from outside Bangladesh. | | | |
| 13.3 Security against Borrowings from Other Banks, Financial Institutions and Agents | | | |
| Secured | | 2,942,866,328 | 2,965,041,821 |
| Unsecured | | 227,900,000 | 233,960,313 |
| | | 3,170,766,328 | 3,199,002,134 |
| Borrowings from other banks, financial institutions and agents are secured by floating charges on all movable and immovable assets of the company ranking Pari-Passu among the lenders. | | | |
| 13.4 Maturity Grouping of Borrowings from Other Banks, Financial Institutions and Agents | | | |
| Payable on demand | | 227,900,000 | 232,900,000 |
| Up to 1 month | | 1,162,800,098 | 307,354,986 |
| Over 1 month but not more than 3 months | | 67,054,470 | 65,596,176 |
| Over 3 month but not more than 1year | | 245,021,728 | 973,459,850 |
| Over 1 year but not more than 5 years | | 1,246,852,007 | 1,245,255,072 |
| Over 5 years | | 221,138,025 | 374,436,050 |
| | | 3,170,766,328 | 3,199,002,134 |
| 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) | | 4,628,710,858 | 4,709,904,630 |
| Bearer certificate of deposit (Note-14.5) | | - | - |
| Other deposits (Note-14.6) | | - | - |
| | | 4,628,710,858 | 4,709,904,630 |
| 14.1 Current Deposits | | - | - |
| | | - | - |

| | | Amounts in Taka | |
|--|---|----------------------|----------------------|
| | | 31.12.2021 | 31.12.2020 |
| To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account. | | | |
| 14.2 | <i>Bills Payable</i> | - | - |
| | | - | - |
| As at 31 December 2021, the company does not have any bills payable. | | | |
| 14.3 | <i>Savings Deposits</i> | - | - |
| | | - | - |
| To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account. | | | |
| 14.4 | <i>Term Deposits</i> | | |
| Deposits from other banks and financial institutions (Note-14.4.1) | | 3,315,981,870 | 3,209,840,128 |
| Deposits from customers (Note-14.4.2) | | 1,312,728,988 | 1,500,064,502 |
| | | 4,628,710,858 | 4,709,904,630 |
| 14.4.1 | <i>Deposits from Other Banks and Financial Institutions</i> | | |
| Agrani Bank Limited | | 600,000,000 | 600,000,000 |
| Bangladesh Infrastructure Finance Fund Limited | | 386,170,120 | 359,740,128 |
| Investment Corporation of Bangladesh | | 699,811,750 | 614,200,000 |
| Janata Bank Limited | | 400,000,000 | 400,000,000 |
| Midland Bank Limited | | 290,000,000 | 290,000,000 |
| NRB Commercial Bank Limited | | 50,000,000 | 50,000,000 |
| Rupali Bank Limited | | 400,000,000 | 400,000,000 |
| Sonali Bank Limited | | 150,000,000 | 150,000,000 |
| South Bangla Agriculture & Commerce Bank Limited | | 220,000,000 | 220,000,000 |
| United Finance Limited | | 120,000,000 | 125,900,000 |
| | | 3,315,981,870 | 3,209,840,128 |
| 14.4.2 | <i>Deposits from Customers</i> | | |
| Deposits from General Public | | 422,262,552 | 641,371,012 |
| Deposits from Companies | | 890,466,436 | 858,693,490 |
| | | 1,312,728,988 | 1,500,064,502 |
| 14.4.3 | <i>Rate of Interest</i> | | |
| Rate of interest on term deposit receipts ranges from 6.00% to 12.50%. | | | |
| 14.5 | <i>Bearer Certificate of Deposit</i> | - | - |
| | | - | - |
| To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit. | | | |
| 14.6 | <i>Other Deposits</i> | - | - |
| | | - | - |
| As at 31 December 2021, the company does not have any other deposit account. | | | |
| 14.7 | <i>Maturity Grouping of Deposits and Other Accounts</i> | | |
| Payable on demand | | - | - |
| Up to 1 month | | 908,254,270 | 593,495,245 |
| Over 1 month but not more than 6 months | | 110,404,150 | 577,676,439 |
| Over 6 month but not more than 1year | | 184,911,845 | 1,126,993,880 |
| Over 1 year but not more than 5 years | | 3,422,907,593 | 2,409,084,066 |
| Over 5 years but not more than 10 years | | 2,233,000 | 2,655,000 |
| Over 10 years | | - | - |
| | | 4,628,710,858 | 4,709,904,630 |

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

| | | Amounts in Taka | |
|--------|---|----------------------|--------------------|
| | | 31.12.2021 | 31.12.2020 |
| 15.3 | <i>Provision for the Diminution in the Value of Investments</i> | | |
| | Balance at 01 January | 42,237,057 | 57,222,355 |
| | Add: Provision made during the year | (22,645,208) | (14,985,298) |
| | Balance at 31 December (Annexure-A for detail) | 19,591,849 | 42,237,057 |
| 15.4 | <i>Provision for Other Assets</i> | | |
| | Balance at 01 January | 13,941,980 | 0 |
| | Add: Provision made during the year | 44,039,254 | 13,941,980 |
| | Balance at 31 December | 57,981,234 | 13,941,980 |
| 15.5 | <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 2021 is as follows: | | |
| | Balance at 01 January | 62,169,733 | 61,611,893 |
| | Add: Provision made during the year (Note-38) | 549,946 | 557,840 |
| | Less: Settlement of previous years' tax liability | - | - |
| | Balance at 31 December | 62,719,679 | 62,169,733 |
| | Current tax liability represents tax calculated @ 37.50% on profit before tax less advance tax paid. | | |
| 15.6 | <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 | 711,087,744 | 448,411,980 |
| | Add: Amount transferred to interest suspense account during the year | 415,385,308 | 320,053,236 |
| | Less: Amount recovered from interest suspense account during the year | 13,832,850 | 57,377,472 |
| | Less: Amount written-off during the year | - | - |
| | Balance at 31 December | 1,112,640,202 | 711,087,744 |
| | Amount recovered from interest suspense account during the year is also included in interest income (Note-21). | | |
| 15.6.1 | <i>Details of Interest Suspense Account</i> | | |
| | Interest Suspense for Unclassified Loans, Advances and Leases | | |
| | Standard | - | 97,889,382 |
| | Special mention account | 5,188 | 10,293,471 |
| | | 5,188 | 108,182,853 |
| | Interest Suspense for Classified Loans, Advances and Leases | | |
| | Sub-standard | 118,767,156 | 345,681,619 |
| | Doubtful | 412,888,537 | 18,039,221 |
| | Bad/Loss | 580,979,321 | 239,184,051 |
| | | 1,112,635,014 | 602,904,891 |
| | Total | 1,112,640,202 | 711,087,744 |
| 15.7 | <i>Lease Liability</i> | | |
| | Balance at 01 January | 766,495 | 1,292,094 |
| | Add: Interest charge on lease obligation | 86,047 | 105,553 |
| | | 852,542 | 1,397,647 |
| | Less: Payment and advances adjusted | 852,542 | 631,152 |
| | Balance at 31 December | - | 766,495 |

| | | Amounts in Taka | |
|------|--|----------------------|----------------------|
| | | 31.12.2021 | 31.12.2020 |
| 15.8 | Maturity Grouping of Other Liabilities | | |
| | Repayable on demand | - | - |
| | Up to 1 month | 927,284,624 | 931,788,494 |
| | Over 1 month but not more than 3 months | 457,181,694 | 14,965,923 |
| | Over 3 months but not more than 1 year | 315,886,936 | 372,294,734 |
| | Over 1 year but not more than 5 years | 2,497,832,578 | 1,080,756,921 |
| | Over 5 years | 3,540,393,303 | 967,759,595 |
| | | 7,738,579,135 | 3,367,565,667 |
| 16. | Share Capital | | |
| 16.1 | Authorized Capital | | |
| | 200,000,000 ordinary shares of Tk.10 each | 2,000,000,000 | 2,000,000,000 |
| 16.2 | Issued, Subscribed and Fully Paid up Capital | | |
| | Ordinary shares: 164,063,330 ordinary shares of Tk.10 each | 1,640,633,300 | 1,640,633,300 |
| | Share premium | - | - |
| | Preference shares | - | - |
| | Total | 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**

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

| Date of Issue | Type of Issue of Paid up Capital | Number of Share | Face Value per Share | Value of Share | Cumulative Paid up Capital |
|---------------|----------------------------------|--------------------|----------------------|----------------------|----------------------------|
| 21-Jun-2001 | Opening capital | 500,000 | 100 | 50,000,000 | 50,000,000 |
| 25-May-2004 | Bonus share | 75,000 | 100 | 7,500,000 | 57,500,000 |
| 12-Aug-2004 | Right share | 875,001 | 100 | 87,500,100 | 145,000,100 |
| 23-Apr-2006 | Bonus share | 290,000 | 100 | 29,000,000 | 174,000,100 |
| 24-Jul-2007 | Bonus share | 217,500 | 100 | 21,750,000 | 195,750,100 |
| 23-Sep-2010 | Bonus share | 1,174,500 | 100 | 117,450,000 | 313,200,100 |
| 23-Nov-2010 | Right share | 5,000,000 | 10 | 50,000,000 | 363,200,100 |
| 23-Dec-2010 | Right share | 50,848,010 | 10 | 508,480,100 | 871,680,200 |
| 29-Mar-2011 | Bonus share | 17,433,604 | 10 | 174,336,040 | 1,046,016,240 |
| 16-May-2012 | Bonus share | 10,460,162 | 10 | 104,601,620 | 1,150,617,860 |
| 14-Aug-2013 | IPO share | 45,000,000 | 10 | 450,000,000 | 1,600,617,860 |
| 25-Mar-2015 | Bonus share | 4,001,544 | 10 | 40,015,440 | 1,640,633,300 |
| | Total | 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 Tk.6.00 and Tk.5.90 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively at 30 December 2021.

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

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

16.5 Distribution of Shareholders by Shareholding as at 31 December 2021

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

16.6 Capital Adequacy Requirement

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

| Amounts in Taka | | |
|---|------------------------|----------------------|
| | 31.12.2021 | 31.12.2020 |
| A. Tier-1 (Core Capital) | (4,089,307,915) | 101,899,448 |
| Paid up capital (Note-16.2) | 1,640,633,300 | 1,640,633,300 |
| Statutory reserve (Note-17) | 268,954,085 | 268,954,085 |
| Retained earnings (Note-18) | (5,998,895,300) | (1,807,687,937) |
| B. Tier-2 (Supplementary Capital) | 176,089,893 | 122,592,339 |
| General provision maintained against unclassified loans, advances and leases up to specified limit as per Bangladesh Bank guideline | 168,140,361 | 114,642,808 |
| Revaluation reserve up to 10% of equity instruments | 7,949,531 | 7,949,531 |
| C. Total Eligible Capital (A+B) | (3,913,218,022) | 224,491,787 |
| D. Total Risk Weighted Assets (RWA) | 13,600,326,359 | 9,511,806,827 |
| E. Required Capital based on RWA (10% of D) | 1,360,032,636 | 951,180,683 |
| F. Minimum Capital Requirement (MCR) | 1,000,000,000 | 1,000,000,000 |
| G. Capital Surplus/(Deficit) (C-E) | (5,273,250,658) | (775,508,213) |
| H. Capital Adequacy Ratio (CAR) (C/D)*100 | (28.77) | 2.36 |
| I. Core Capital to RWA (A/D)*100 | (30.07) | 1.07 |
| J. Supplementary Capital to RWA (B/D)*100 | 1.29 | 1.29 |

17. Statutory Reserve

According to the Rule 6 of The Financial Institutions Regulation, 1994, the company transfers 20% of its net profit for the respective year to statutory reserve. Detailed movement of the reserve is as follows:

| | | |
|----------------------------------|--------------------|--------------------|
| Balance at 01 January | 268,954,085 | 268,954,085 |
| Add: Transferred during the year | - | - |
| Balance at 31 December | 268,954,085 | 268,954,085 |

| | | Amounts in Taka | |
|---|------------------------|------------------------|------------|
| | | 31.12.2021 | 31.12.2020 |
| 18. Retained Earnings | | | |
| Balance at 01 January | (1,807,687,937) | (1,522,224,822) | |
| Less: Cash dividend paid | - | - | |
| Less: Issue of bonus shares | - | - | |
| Add: Net profit for the year | (4,191,207,363) | (285,463,115) | |
| Less: Transfer to statutory reserve | - | - | |
| Add: Prior year adjustment of Fareast Stocks & Bonds Ltd. (Note-11.3) | - | - | |
| Balance at 31 December | (5,998,895,300) | (1,807,687,937) | |
| 19. Contingent Liabilities and Commitments | | | |
| 19.1 Contingent Liabilities | | | |
| Acceptances and endorsements | - | - | |
| Letter of guarantee (Note-19.1.1) | - | - | |
| Irrevocable letter of credit | - | - | |
| Bills for collection | - | - | |
| Other contingent liabilities | - | - | |
| | - | - | |
| 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 | |
|--|------------------------|-------------------|
| | 31.12.2021 | 31.12.2020 |
| Interest, discount and similar income (Note-20.1) | 283,358,751 | 788,257,945 |
| Dividend income (Note-23) | 2,749,732 | 2,839,203 |
| Commission, exchange and brokerage (Note-24) | - | - |
| Gains less losses arising from dealing in securities | - | - |
| Gains less losses arising from investment in securities | - | - |
| Gains less losses arising from dealing in foreign currencies | - | - |
| Income from non-business assets | - | - |
| Other operating income (Note-25) | (806,890) | 4,913,266 |
| Profit less losses on interest rate changes | - | - |

| | | |
|--|--------------------|--------------------|
| | 285,301,593 | 796,010,414 |
|--|--------------------|--------------------|

Expenses

| | | |
|---|-------------|-------------|
| Interest expenses on deposits, borrowings, etc. (Note-22) | 773,985,796 | 833,257,517 |
| Charges on losses regarding loans, advances and leases | - | - |
| Administrative expenses (Note-20.2) | 36,209,260 | 63,862,568 |
| Other operating expenses (Note-35) | 5,788,619 | 6,330,049 |
| Depreciation on company's fixed assets (Note-34) | 2,625,462 | 4,392,809 |

| | | |
|--|--------------------|--------------------|
| | 818,609,137 | 907,842,943 |
|--|--------------------|--------------------|

| | | |
|--|----------------------|----------------------|
| | (533,307,544) | (111,832,529) |
|--|----------------------|----------------------|

20.1 Interest, Discount and Similar Income

| | | |
|--|-------------|-------------|
| Interest income (Note-21) | 281,414,228 | 787,887,793 |
| Capital gain on sale of shares (Note-23) | 1,944,523 | 370,152 |

| | | |
|--|--------------------|--------------------|
| | 283,358,751 | 788,257,945 |
|--|--------------------|--------------------|

20.2 Administrative Expenses

| | | |
|---|------------|------------|
| Salary and allowances (Note-26) | 23,512,492 | 37,748,361 |
| Rent, taxes, insurance, electricity, etc. (Note-27) | 141,967 | 15,514,647 |
| Legal expenses (Note-28) | 2,870,127 | 1,713,264 |
| Postage, stamp, telecommunication, etc. (Note-29) | 716,514 | 859,972 |
| Stationery, printing, advertisement, etc. (Note-30) | 793,957 | 848,336 |
| Managing Director's salary and allowances (Note-31) | 6,620,000 | 5,513,452 |
| Directors' fees (Note-32) | 712,800 | 765,600 |
| Auditors' fees (Note-33) | 420,600 | 420,600 |
| Repairs of company's fixed assets (Note-34) | 420,803 | 478,336 |

| | | |
|--|-------------------|-------------------|
| | 36,209,260 | 63,862,568 |
|--|-------------------|-------------------|

21. Interest Income

| | | |
|---|-------------|-------------|
| Interest on term finances | 265,047,791 | 766,115,018 |
| Lease income | 6,009,403 | 16,547,214 |
| Total interest income on loans, advances and leases | 271,057,194 | 782,662,232 |
| Interest on balance with banks and other financial institutions | 10,357,034 | 5,225,561 |

| | | |
|--|--------------------|--------------------|
| | 281,414,228 | 787,887,793 |
|--|--------------------|--------------------|

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

As per Bangladesh Bank's instruction through letter # FIID/I-08(02)/2019/2020-324 dated 23 June 2020, interest receivable on fixed deposit accounts with other financial institutions amounting Tk.186,636,737 was reversed from interest income.

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

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

| | | Amounts in Taka | |
|--|------------------|------------------|------------|
| | | 31.12.2021 | 31.12.2020 |
| 31. Managing Director's Salary and Allowances | | | |
| Basic pay | 3,000,000 | 2,508,065 | |
| Allowances | 3,120,000 | 2,548,387 | |
| Bonus | 500,000 | 300,000 | |
| Company's contribution to recognized provident fund | - | 150,000 | |
| Approved gratuity fund | - | - | |
| Annual membership subscription paid to professional bodies | - | 7,000 | |
| | 6,620,000 | 5,513,452 | |

Besides, total perquisites of Tk.348,746 in the year 2021 (Tk.399,617 in the year 2020) was paid in relation to the Managing Director of the company.

| | | | |
|----------------------------|----------------|----------------|--|
| 32. Directors' Fees | | | |
| Fees | | | |
| Board of Directors | 633,600 | 677,600 | |
| Board Audit Committee | 79,200 | 88,000 | |
| Executive Committee | - | - | |
| | 712,800 | 765,600 | |
| Other Benefits | - | - | |
| | 712,800 | 765,600 | |

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

a) In the year 2021 the following meetings were held:

| Name of Meetings | Number of Meetings | |
|-----------------------|--------------------|----|
| Board of Directors | 12 | 10 |
| Board Audit Committee | 2 | 2 |
| Executive Committee | - | - |

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

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

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

| | | | |
|---------------------------------------|----------------|----------------|--|
| 33. Auditors' Fees | | | |
| Auditors' fees including VAT @ 15.00% | 395,600 | 395,600 | |
| Auditors' certificate fees | 25,000 | 25,000 | |
| | 420,600 | 420,600 | |

| | | | |
|---|------------------|------------------|--|
| 34. Depreciation and Repairs of Company's Assets | | | |
| Depreciation on company's fixed assets (Annexure-B) | 2,625,462 | 4,392,809 | |
| Repairs of company's fixed assets | 420,803 | 478,336 | |
| | 3,046,265 | 4,871,145 | |

| | | | |
|-------------------------------------|------------------|------------------|--|
| 35. Other Operating Expenses | | | |
| Office maintenance | 3,108,966 | 2,917,162 | |
| Travel and conveyance | 70,846 | 85,700 | |
| Motor vehicle expenses | 701,633 | 1,110,680 | |
| Meeting expenses | 48,778 | 57,800 | |
| Training expenses | 500 | 2,000 | |
| Books and periodicals | 10,125 | 14,880 | |
| Share business expense | 7,373 | 7,112 | |
| Subscription | 1,406,000 | 1,556,000 | |
| Entertainment and public relation | 141,798 | 137,290 | |
| Annual General Meeting | 292,600 | 441,425 | |
| | 5,788,619 | 6,330,049 | |

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

| | | Amounts in Taka | |
|--|----------------------|--------------------|------------|
| | | 31.12.2021 | 31.12.2020 |
| 36. Provision for Loans, Advances and Leases | | | |
| General provision on unclassified loans, advances and leases (Note-15.2) | (169,348,296) | 61,831,076 | |
| Special provision | 17,907,425 | 0 | |
| Specific provision on classified loans, advances and leases (Note-15.2) | 3,787,718,571 | 111,461,168 | |
| | 3,636,277,700 | 173,292,244 | |

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 | 42,237,057 | 57,222,355 | |
| Add: Provision made during the year (Note-15.3) | (22,645,208) | (14,985,298) | |
| Balance at 31 December (Annexure-A for detail) | 19,591,849 | 42,237,057 | |

| | | | |
|---|-------------------|-------------------|--|
| 38. Provision for Other Assets | | | |
| Balance at 01 January | 13,941,980 | 0 | |
| Add: Provision made during the year (Note-15.4) | 44,039,254 | 13,941,980 | |
| | 57,981,234 | 13,941,980 | |

| | | | |
|---|--|--|--|
| 39. Provision for Income Tax | | | |
| This represents amount provided for income tax on profit before tax for the year ended 31 December 2021. The amount has arrived as follows: | | | |

| | | | |
|--|----------------|------------------|--|
| Amount provided on current year's profit | 549,946 | 557,840 | |
| Less: Excess provision of income tax | - | - | |
| Amount Provided for Current Tax | 549,946 | 557,840 | |
| Amount provided for deferred tax | (321,873) | 823,820 | |
| Total | 228,073 | 1,381,660 | |

| | | | |
|--|--|--|--|
| 40. Earning Per Share (EPS) | | | |
| Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard (IAS) -33: "Earnings Per Share (EPS)". | | | |

Basic Earnings Per Share

Basic earnings per share is calculated based on weighted average number of ordinary shares outstanding for the period ended 31 December 2021 and profit for the same period.

| | | | |
|---|-----------------|---------------|--|
| Net profit/(loss) after income tax (A) | (4,191,207,363) | (285,463,115) | |
| Weighted average number of outstanding shares (B) | 164,063,330 | 164,063,330 | |
| Earnings Per Share (Basic) (A/B) | (25.55) | (1.74) | |

Diluted Earnings Per Share

No diluted earnings per share are required to be calculated for the period ended 31 December 2021, as there was no scope for dilution during the period under review.

| | | Amounts in Taka | |
|--|--|-----------------|-------------|
| | | 31.12.2021 | 31.12.2020 |
| 41. Net Asset Value (NAV) Per Share | | | |
| Net asset (total assets less total liabilities) (A) | | (4,009,812,602) | 181,394,761 |
| Total number of ordinary shares outstanding (B) | | 164,063,330 | 164,063,330 |
| Net Asset Value (NAV) Per Share (A/B) | | (24.44) | 1.11 |
| 42. Net Operating Cash Flows Per Share (NOCFPS) | | | |
| Net cash flows from operating activities (A) | | (190,442,185) | 302,393,477 |
| Total number of ordinary shares outstanding (B) | | 164,063,330 | 164,063,330 |
| Net Operating Cash Flows Per Share (NOCFPS) (A/B) | | (1.16) | 1.84 |

The major reasons for having deviation of net profit/(loss), EPS, NAV and NOCFPS between two years are the provisions for loans, advances and leases and interest suspense which was made following the DFIM Circular No. 04 dated 26 July 2021 issued by Bangladesh Bank in this regard and interest spread.

| | | |
|--|----------------------|--------------------|
| 43. Reconciliation of Profit/(Loss) before Income Tax with Cash Flows from Operating Activities | | |
| Profit/(loss) before income tax | (4,190,979,290) | (284,081,455) |
| Less: Profit from sale of shares of securities | (1,944,523) | (370,152) |
| Less: Income taxes paid | (1,746,061) | (1,281,663) |
| Add: Adjustments for non-cash items: | | |
| Depreciation of company's assets | 2,625,462 | 4,392,809 |
| Provisions for loans, advances and leases | 3,636,277,700 | 173,292,244 |
| Provision for the diminution in the value of investments | (22,645,208) | (14,985,298) |
| Provision for other assets | 44,039,254 | 13,941,980 |
| (Increase)/decrease in loans, advances and leases | (282,537,753) | (332,838,974) |
| (Increase)/decrease in other assets | 26,612,010 | 32,198,770 |
| Increase/(decrease) in deposit and other accounts | (81,193,772) | (37,950,330) |
| Increase/(decrease) in net drawdown of short term loans | (45,981,339) | 18,249,325 |
| Increase/(decrease) in other liabilities on account of customers | (8,373,880) | 11,307,477 |
| Increase/(decrease) in other liabilities | 415,401,703 | 253,921,228 |
| Increase/(decrease) in accruals | 320,003,512 | 466,597,516 |
| Net cash flows from operating activities | (190,442,185) | 302,393,477 |

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

45. Assets Pledged as Security for Liabilities
As at 31 December 2021, all the fixed and floating assets of the company were pledged as security under pari-passu security sharing agreement with lenders.

46. Related Party Disclosures

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

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

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

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

Till 31 December 2021, no shares were issued to the directors and executives of the company without having any consideration or at a discount.

46.4 Related Party Transactions

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

| | | Amounts in Taka | |
|--|--------------------------------|------------------------|----------------------|
| | | 31.12.2021 | 31.12.2020 |
| Name of Related Party | Nature of Transactions | | |
| Fareast Stocks & Bonds Limited | Investments | 612,740,861 | 614,299,989 |
| | Term loan given | 3,024,788,933 | 3,024,788,933 |
| | Receivable against shares sold | 90,634,966 | 90,641,348 |
| | | 3,728,164,760 | 3,729,730,270 |
| PFI Properties Limited | Housing finance given | 135,809,086 | 135,809,086 |
| Prime Insurance Company Limited | Term deposit received | 5,512,500 | 5,512,500 |
| Fareast Islami Properties Limited | Term deposit received | 37,109,277 | 33,780,052 |
| Shahriar Khaled Rousseau | Term deposit received | 6,244,480 | 6,244,480 |
| Rubaiyat Khaled Tashfin | Term deposit received | 3,084,922 | 3,084,922 |
| Sarwat Khaled Simin | Term deposit received | 5,000,000 | 5,000,000 |
| Sabiha Khaleque | Term deposit received | 1,250,000 | 1,250,000 |
| Bangladesh Institute for Prof. Dev. Ltd. | Term deposit received | 14,197,040 | 12,597,594 |

N.B.: Despite repeated requests of FFIL for withdrawal of the available ledger balance of Taka 90,634,966 in the BO Account No. 1204690000134328 maintained with Fareast Stocks & Bonds Limited, FSBL is yet to honor the claim for withdrawal and there is reasonable apprehension that FSBL will not be able to return the amount.

46.5 Status of Transactions done with Related Parties

As at 31 December 2021, there is no balance outstanding to the related parties other than disclosed in Note-46.4.

46.6 Business with Related Parties

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

46.7 Transactions with the Securities of Related Parties

As at 31 December 2021, the company holds the shares of the following related parties:

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

46.8 Transaction with Key Management Personnel

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

| Amounts in Taka | |
|-----------------|------------|
| 31.12.2021 | 31.12.2020 |

46.8.1 Compensation of Key Management Personnel

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

46.8.2 Other Transactions with Key Management Personnel

| | | |
|--|------------------|------------------|
| Home loan and vehicle loan given under "Home loan policy for the employees" and "Transport Policy for Employees" | 3,025,075 | 3,911,085 |
|--|------------------|------------------|

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

47.2 Meetings held by the Committee during the year

In the year 2021 the Committee met two times.

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

47.3 Activities of the Audit Committee during the year

In the year 2021 the Board Audit Committee carried out the following activities:

- Reviewed the financial reporting system ensuring that the appropriate accounting policies were applied as per requirement of International Accounting Standards and Bangladesh Bank and the true and fair financial information were provided to the stakeholders.
- Reviewed that appropriate disclosures and information presented in the financial statements.
- Reviewed quarterly and half yearly financial statements and recommended to place the same before the Board for approval as per requirement of Bangladesh Securities and Exchange Commission's notifications no. BSEC/CMRRC-D/2006-158/207/Admin/80 dated 03 June 2018.
- Reviewed the draft financial statements and audit report thereon.

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

47.4 Effective Internal Control and Security Documentation of the Company

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

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

48. Disclosure on Executive Committee

To conform the Bangladesh Bank guidelines, the Board of Directors of Fareast Finance & Investment Limited constituted the Executive Committee of the company comprising members from the Board and management of the company. In the year 2021, no executive committee meeting was held.

49. Disclosure regarding Branch

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

50. Highlights

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

| Sl. # | Particulars | Amounts in Taka | |
|-------|---------------------------|-----------------|-----------------|
| | | 31.12.2021 | 31.12.2020 |
| 1 | Paid up capital | 1,640,633,300 | 1,640,633,300 |
| 2 | Total capital | 1,989,082,698 | 1,989,082,698 |
| 3 | Capital surplus/(deficit) | (5,273,250,658) | (1,028,781,180) |
| 4 | Total assets | 11,528,243,719 | 11,457,867,192 |

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

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

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

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

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

53. **General**

53.1 **Business**

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

| Description | 2021 | | 2020 | |
|---------------|------------------|------------------|------------------|------------------|
| | Contracted Taka | Disbursed Taka | Contracted Taka | Disbursed Taka |
| Term finances | 1,503,553 | 1,503,553 | 6,440,000 | 6,440,000 |
| Leases | - | - | - | - |
| Total | 1,503,553 | 1,503,553 | 6,440,000 | 6,440,000 |

53.2 **Interim Financial Statements**

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

53.3 Office Space

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

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

53.4 Declarations

The Board of Directors of Fareast Finance & Investment Limited adopted the Financial Statements of the company for the year ended 31 December 2021 in their 244th meeting held on 17 August 2023 and recommended to the shareholders for approval.

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

Fareast Finance & Investment Limited
Investment in Shares
As at 31 December 2021

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

Fareast Finance & Investment Limited

Annexure-B

Schedule of Fixed Assets As at 31 December 2021

| Particulars | Cost | | | | Depreciation | | | | Net Book Value as at 31 December 2021 |
|-------------------------------------|--|---------------------------------|---|---|--|------------------------|---|---|--|
| | Opening Balance as at 01 January 2021 | Additions during the year | Disposals/ Adjustments during the year | Total Balance as at 31 December 2021 | Opening Balance as at 01 January 2021 | Charge for the year | Disposals/ Adjustments during the year | Total Balance as at 31 December 2021 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| Land | . | . | . | . | . | . | . | . | . |
| Furniture and fixture | 8,594,083 | 69,080 | . | 8,663,163 | 8,010,771 | 593,635 | . | 8,604,406 | 58,757 |
| Office equipment | 11,077,060 | . | . | 11,077,060 | 10,557,053 | 282,925 | . | 10,839,978 | 237,082 |
| Office software | 1,826,725 | 114,000 | . | 1,940,725 | 1,826,696 | 20,900 | . | 1,847,596 | 93,129 |
| Crockeries | 61,430 | . | . | 61,430 | 61,405 | . | . | 61,405 | 25 |
| Motor vehicle | 14,340,000 | . | . | 14,340,000 | 11,958,024 | 1,728,002 | . | 13,686,026 | 653,974 |
| Total as at 31 December 2021 | 35,899,298 | 183,080 | - | 36,082,378 | 32,413,949 | 2,625,462 | - | 35,039,411 | 1,042,967 |
| Total as at 31 December 2020 | 55,833,427 | 87,857 | 20,021,986 | 35,899,298 | 47,628,001 | 4,392,809 | 19,606,861 | 32,413,949 | 3,485,349 |

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

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

Shareholders' Note :



**FAREAST FINANCE
& INVESTMENT LIMITED**
Service with smile

Head Office & Principal Branch: Simpletree Lighthouse
(10th Floor), Plot No- 53, Road No-21, Block-B
Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh

PROXY FORM

I/We.....

of.....being a shareholder

of Fareast Finance & Investment Limited do hereby appoint

Mr./Mrs

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

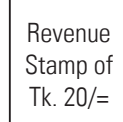
Mr./Mrs.....

of.....as my/our Proxy

to attend and vote on my/our behalf at the 21st Annual General Meeting of the Company to be held on Wednesday, September 27, 2023 at 10:00 a.m. by using Digital Platform (pursuant to BSEC Letter no. SEC/SRMIC/94-231/91, dated March 31, 2021) through the following link <https://ffil.bdvirtualagm.com> or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this.....day of September, 2023

.....
Signature of the proxy



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

BO ID No.....

No of shares being held.....

Notes:

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



**FAREAST FINANCE
& INVESTMENT LIMITED**
Service with smile

Head Office & Principal Branch: Simpletree Lighthouse
(10th Floor), Plot No- 53, Road No-21, Block-B
Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh

ATTENDANCE SLIP

to attend and vote on my/our behalf at the 21st Annual General Meeting of the Company to be held on Wednesday, September 27, 2023 at 10:00 a.m. by using Digital Platform (pursuant to BSEC Letter no. SEC/SRMIC/94-231/91, dated March 31, 2021) through the following link <https://ffil.bdvirtualagm.com>

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

BO ID No.....

No of shares being held.....

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

Date:.....

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

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



FAREAST FINANCE & INVESTMENT LIMITED

S e r v i c e w i t h s m i l e

- ▶ **Head Office & Principal Branch:** Simpletree Lighthouse (10th Floor), Plot No- 53, Road No-21, Block-B
Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh
Phone & Fax: +88 02 55033328-30, 55033334
Mobile: +88 01977334539
E-mail: ffil@bdcom.net, website: www.ffilbd.com
- ▶ **Chattogram Branch :** Ayub Trade Centre (Level-2)
1269/B Sheikh Mujib Road, Agrabad Commercial Area
Chattogram- 4100, Bangladesh
Cell Phone: +88-01977334538