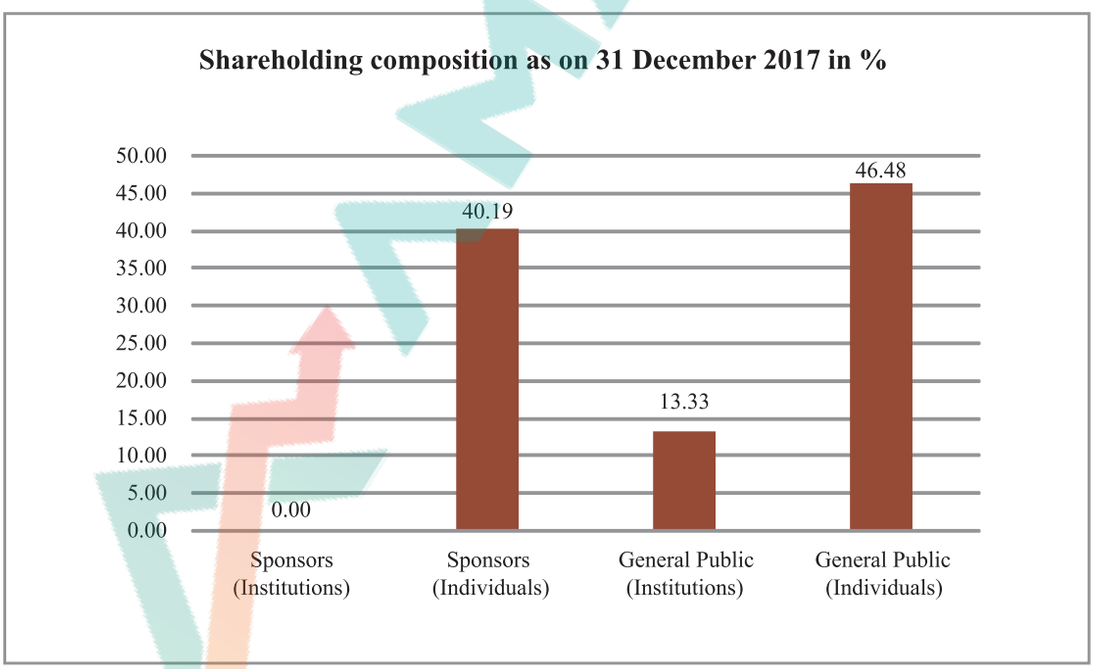

FAREAST FINANCE
& INVESTMENT LIMITED
service with smile
Annual Report
2017
Success and Support
move together

Commitment

As a member of the financial service sector, Fareast Finance & Investment Limited recognizes that economic development needs to be compatible with human welfare and a healthy environment. The company always tried to establish its brand image in the field of financial market by competing with its competitors. To retain its service quality remain the high standard Fareast Finance always committed to deliver its services with smile and with accuracy to the customers. Accuracy in service delivery is also a commitment of Fareast Finance. Continuing to maintain this image and also to enrich its goodwill, the company always committed to develop its products and services with such unique features that make the clients more comfortable with the company. Besides, the management of the company always focuses on transparency, quality and timely service to its clients, prudent risk management and good governance in the company as well as to its customers. Members of the Fareast Finance are very much committed:

- To be the market leader in the financial sector;
- To develop its products for providing highest level of satisfaction to the clients;
- To provide services through transparency, quality and in timely manner;
- To establish good governance in the company;
- To be well known to its lenders, depositors and customers as a trusted financial institution;
- To its high ethical values guided by integrity and accountability;
- To operate the organization in a professional manner;
- To be always respectful to its customers, environment, rules and regulations of the country;
- To develop its qualitative improvement in activities of the team members towards the quality documentation;
- To develop quality management system and belongingness to the institution through participation in every phase of decision-making and services; and finally;
- To provide services to its customers with Smile.



Company directory

Fareast Finance directory includes overall information of the whole business aspects under a categorical list. It mainly shows the information of legal status of the company, key personnel, under whose leadership and guidance company performs, tax consultants, auditors etc. Details of Fareast Finance's directory are presented below:

License/registration/identification #

Company registration #	C-43400(2759)/2001
Bangladesh Bank license #	FID(L)/26
Company e-TIN	791836709180
Company VAT registration #	9021092710
Company IRC #	BA125072

Managing Director
Santanu Saha
M. Com., FCA, FCMA, FCS, FMAAT

Chief Financial Officer
Mohammed Hafizour Rahman
M. Com., FCA, ACS

Assistant Company Secretary
Nazmun Nahar
MBA, ACS

Head Office and Principal Branch
Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone and fax: 88-02-9554174, 9559621, 9563253, 9572169
Cell phone: 01819245908, 01977334539, E-mail: ffil@bdcom.net

Auditors
Khan Wahab Shafique Rahman & Co.
Chartered Accountants
Rupali Bima Bhaban (5th Floor)
7, Rajuk Avenue
Motijheel, Dhaka -1000, Bangladesh

Tax consultant
A. Hossain & Co.
Chartered Accountants
Paramount Heights (Level-5)
65/2/1 Box Culvert Road
Purana Paltan, Dhaka, Bangladesh

Chittagong Branch
Ayub Trade Centre (level-2), 1269/B Sheikh Mujib Road, Agrabad
Commercial Area, Chittagong-4100. Phone: 88-031-2526976-7, Fax: 88-031-2526978
Cell Phone: 01912132051

Banani Branch
Concord Colosseum (6th floor), 156 Kemal Ataturk Avenue, Banani
Dhaka – 1213, Bangladesh.
Phone: 88-02-9859612, 9859507, 9859715 Fax: 88-02-9859987
Cell Phone: 01993313050

Web site
http://www.ffilbd.com

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

AMAR STOCK

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	2013	2014	2015	2016	2017	Growth in 2017
	Taka	Taka	Taka	Taka	Taka	%
1. Business performances						
Contracted						
Lease finance	440.68	402.85	20.83	193.76	130.99	(32.39)
Term loan	2,727.43	3,204.31	3,331.76	4,323.61	3,620.62	(16.26)
Total	**3,168.11**	**3,607.16**	**3,352.59**	**4,517.37**	**3,751.61**	**(48.65)**
Disbursed						
Lease finance	316.95	180.22	349.99	142.06	126.91	(10.67)
Term loan	3,011.72	3,277.27	3,653.48	4,166.38	4,004.10	(3.89)
Total	**3,328.67**	**3,457.49**	**4,003.47**	**4,308.44**	**4,131.01**	**(14.56)**
2. Financial performances						
Operational income	1,225.63	1,536.39	1,462.18	1,175.30	877.09	(25.37)
Operational expenses	999.34	1,067.59	1,106.22	1,128.98	1,208.88	7.08
Income from operation	226.29	468.80	355.96	46.32	(331.80)	(816.32)
Net profit after tax	(68.13)	308.45	204.98	102.98	(937.72)	(1,010.59)
Investment in leases	720.21	788.59	918.38	441.92	449.26	1.66
Term finances	7,794.54	9,229.18	10,403.99	10,540.68	11,148.00	5.76
Investment in shares	182.99	312.94	378.22	278.74	158.82	(43.02)
Total outstanding portfolio	8,697.73	10,330.71	11,700.59	11,261.34	11,756.08	4.39
Cumulative total assets	9,682.40	11,486.55	13,496.85	14,017.90	13,629.57	(2.77)
Paid up capital	1,600.62	1,600.62	1,640.63	1,640.63	1,640.63	0.00
Shareholders' equity	1,772.42	2,080.88	2,125.79	2,064.71	1,044.95	(49.39)
3. Financial ratios						
Financial expenses coverage ratio	0.87	1.56	1.33	1.17	(0.43)	(136.85)
Debt equity ratio (x)	3.85	3.88	4.75	5.20	10.16	95.39
Return on asset (%)	(0.83)	2.91	1.64	0.75	(6.78)	(1,004.46)
Return on average equity (%)	(4.31)	16.01	9.75	4.91	(60.31)	(1,328.31)
Earnings per share (%)	(5.14)	19.27	12.49	6.28	(57.16)	(1,010.19)
Dividend per share (%)	0.00	12.50	10.00	5.00	0.00	(100.00)
4. Employee performance						
Operational income per employee	28.50	36.58	29.84	18.08	11.69	(35.32)
Value added per employee	(0.46)	11.38	5.59	1.62	(11.50)	(809.88)

Economic value added statement

Economic Value Added (EVA) Statement is an estimation of company's economic profit; being the value created in excess of the required return of the company's investors. EVA is an internal management performance measurement mechanism which compares net operating profit to total cost of capital. EVA is an important tool because it is used as an indicator of how profitable company's investment is and it therefore serves as a reflection of management performance. The formula used to calculate company's EVA is net operating profit after tax minus capital charge, wherein capital charge represents capital employed multiplied by expected return of the investors. Details calculation of EVA is presented below:

Description	2017	2016
	Taka	Taka
Operating profit before provision	(331,799,266)	46,312,220
Less: Provision for tax	1,237,987	(66,855,849)
Net operating profit after tax (A)	**(333,037,253)**	**113,168,069**
Shareholder's equity	1,044,952,666	2,064,705,571
Add: Provision for loans, advances and leases	1,039,160,474	405,223,457
Add: Provision for investment in share	26,705,090	76,888,463
Capital employed	2,110,818,230	2,546,817,491
Average capital employed	2,328,817,861	2,572,507,482
Expected return of the investors	10.00%	10.00%
Capital charge (B)	**232,881,786**	**257,250,748**
Economic value added (C=A-B)	**(565,919,039)**	**(144,082,679)**

Expected return of the investors is calculated considering the opportunity cost i.e. the expected risk free return on investments plus risk premium. For calculation of the expected risk free return on investments, interest rate given by Bangladesh Government Sanchaya Patra for one year was considered. Besides, according to the Dhaka Stock Exchange rules, 10% dividend is required to be declared by the company to be qualified in "A" category trading.

Shareholding statement

Shareholding composition of the company as on 31 December 2017 was as follows:

Sl. #	Shareholders	# of shares	Taka	%
Holding by sponsors and directors				
1	Sponsor directors	17,444,837	174,448,370	10.63%
2	Shareholder directors	15,919,335	159,193,350	9.70%
3	Sponsors	48,492,519	484,925,190	29.56%
	Sub total	**81,856,691**	**818,566,910**	**49.89%**
Holding by other shareholders				
1	Company	**18,363,404**	**183,634,040**	**11.19%**
2	General public	**63,732,489**	**637,324,890**	**38.85%**
3	Non-Resident Bangladeshi	**110,746**	**1,107,460**	**0.07%**
	Sub total	**82,206,639**	**822,066,390**	**50.11%**
	Grand total	**164,063,330**	**1,640,633,300**	**100.00%**

AMARSTOCK

Board of Directors

The Board of Directors is a body of elected or appointed members to act on behalf of the shareholders to supervise the overall business activities. The board is directly accountable to the shareholders and each year the company will hold an annual general meeting at which the directors must provide a report to shareholders on the performance of the company, what its future plans and strategies are and also submit themselves for re-election to the board. Board members are the prime who steer the organization towards a sustainable future by adopting sound, ethical and legal governance and financial management policies. The board's key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders



AMAR STOCK

Board of Directors



M. A. Wahhab
Chairman



Md. Ershad Ullah
Vice Chairman



M. Mustafizur Rahman
Director

Chairman
M. A. Wahhab

Vice Chairman
Md. Ershad Ullah

Directors
M. Mustafizur Rahman
M. A. Khaleque
Md. Shamsul Islam Varosha
Umme Fatima Khaledee Jahan
Rubaiyat Khaled
Rimsha BD Limited
(Represented by Mr. Md. Ashaduzzaman)

Mohammad Shahidul Islam, FCA
(Independent Director)

Dr. M Mosharraf Hossain, FCA
(Independent Director)

Santanu Saha
Ex Officio Member



M. A. Khaleque
Director



Md. Shamsul Islam Varosha
Director



Umme Fatima Khaledee Jahan
Director



Rubaiyat Khaled
Director



Mohammad Shahidul Islam
Independent Director



Dr. M Mosharraf Hossain
Independent Director



Santanu Saha
Managing Director

Mr. Rubaiyat Khaled, Director of Fareast Finance & Investment Limited has an excellent academic record. He has obtained his BBA Degree from North South University. He is a young entrepreneur. Mr. Rubaiyat is also a Director of MAKSONS (Bangladesh) Limited, MAKSONS Associates Limited, Prime Financial Securities Ltd., Prime Finance Capital Management Limited, Fareast Stocks and Bonds Limited. He is one of the sponsor shareholders of PFI Securities Limited. Besides, he is a member of the Board of Directors of Primeasia Foundation.



Mr. Rubaiyat Khaled
Director

Mr. Mohammad Shahidul Islam is a renowned Fellow Chartered Accountant and Associate Chartered Secretary with vast experience in the field of financial sector. He has completed his BBA and MBA major in accounting from University of Dhaka.



Mohammad Shahidul Islam
Independent Director

Dr. M Mosharraf Hossain, is a renowned Fellow Chartered Accountant and have around thirty years of experience in the field of financial and insurance sector. He worked as Managing Director in Baira Life Insurance Com. Limited and Fareast Life Insurance Co. Limited. He also served his vital responsibilities in different positions in Delta Life Insurance Co. Limited, Shandhani Life Insurance Co. Limited and Homeland Life Insurance Co. Ltd. He has participated in different training sessions in home and abroad. Mr. Hossain did his PhD on Investment of Insurance Fund in Bangladesh from the University of Dhaka and obtained 1st Class 1st position in his M.Com and 1st Division (3rd position with gold medal) in his B.Com.



Dr. M Mosharraf Hossain
Independent Director

Mr. Santanu Saha is a fellow member of The Institute of Chartered Accountants of Bangladesh, The Institute of Cost and Management Accountants of Bangladesh, The Institute of Chartered Secretaries of Bangladesh and The Association of Accounting Technicians. Besides, he is also the member of the Institute of Certified Financial Consultants of Canada. At the beginning of his career, Mr. Saha joined IDLC Finance Limited the pioneer leasing company in Bangladesh in the year 1993. Then he joined Delta Life Insurance Company Limited in February 1995 and worked only for six months. In September 1995, he joined Uttara Finance and Investments Limited as Vice President and Company Secretary. There he worked as second man of the company and left in January 2002. Thereafter he joined Fareast Finance & Investment Limited as Executive Vice President and Company Secretary in January 2002. In September 2004, he was promoted to the post of Deputy Managing Director. Lastly, he joined in the position of Managing Director of the company on June 01, 2011. Besides, he attended various training on different subjects mainly on financial management provided by ICAB, ICMAB, ICSB and Small Enterprise Development Facilities etc.



Santanu Saha
Managing Director

VANAR STOCK

Board committees

In compliance with the DFIM Circular Letter # 18 dated 26 October 2011 the Board of Directors of Fareast Finance & Investment Limited constituted two committees namely Executive Committee and Board Audit Committee to assist the Board and to smoothen the pivotal functions in the interest of the stakeholders. Members of the committees are as follows:

Executive Committee

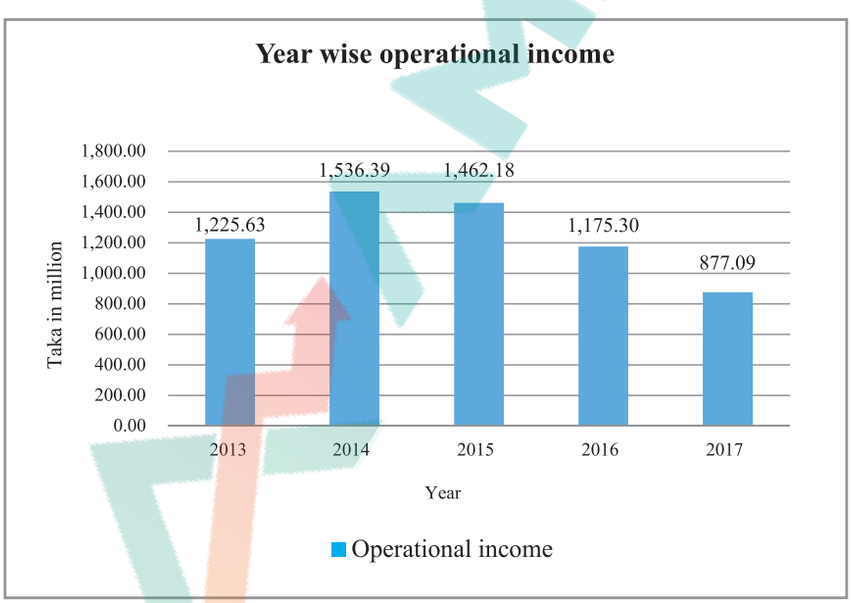
Chairman
Mr. M. A. Wahhab

Members
Mr. Md. Ershad Ullah
Mr. M. Mustafizur Rahman
Mr. Rubaiyat Khaled
Dr. M Mosharraf Hossain

Board Audit Committee

Chairman
Mr. Mohammad Shahidul Islam

Members
Mr. Md. Ershad Ullah
Mr. M. A. Khaleque
Mr. Md. Shamsul Islam Varosha
Dr. M Mosharraf Hossain



The Management

Managing Director
Mr. Santanu Saha
M. Com., FCA, FCMA, FCS, FMAAT

Deputy Managing Director and Chief Financial Officer
Mr. Mohammed Hafizour Rahman
M. Com., FCA, ACS

Vice President
Mr. Md. Anwar Hussain, MBA

Senior Assistant Vice President
Mr. Mohammad Rofiqul Alam, MBA

Assistant Vice President
Ms. Nazmun Nahar, MBA, ACS
Ms. Farhana Yeshmin, LL.M.
Mr. Biplob Saha, M. Com., C.A.-PS (AL)
Mr. Mohammad Abdullah Al Mamun, MBA

Senior Managers
Mr. Mutiul Aziz Khan, MBA
Ms. Shirina Akhter, M. Sc., MBA
Ms. Rokshana Islam, MBA
Mr. Md. Rezaul Karim, MSS, MBA
Mr. Md. Iqbal Haque Choudhury, MBA
Mr. Manoranjan Chakraborty, M. Com.

Branch Managers
Ms. Sanjida Laboni, Senior Manager, Banani Branch
Mr. Md. Rafiqul Islam, Senior Manager, Chittagong Branch



AMAR STOCK

ICT committee

The committee is responsible for overall IT operations of the company under the Guideline on ICT Security for Banks and Non-Bank Financial Institutions, May 2015, Version 3.0. Members of the committee are as follows:

Name of members	Status in company	Status in committee
Santanu Saha	Managing Director	Chairman
Mohammed Hafizour Rahman	DMD and CFO	Member
Md. Anwar Hussain	VP and Head of Finance & HR	Member
Mohammad Rofiqul Alam	SAVP and Head of Credit	Member
Farhana Yeshmin	AVP, Legal Affairs	Member
Nazmun Nahar	AVP and Assistant Company Secretary	Member Secretary

Central Compliance Unit (CCU)

Central Compliance Unit is formed to prepare and issue instructions to be followed by the branches; on the basis of combination of issues in monitoring of transactions, internal control, policies and procedures from the point of view of preventing money laundering and terrorist financing. Central Compliance Unit shall be dedicated solely to the organization's related responsibilities and perform the compliance functions. Members of the committee are as follows:

Name of members	Status in company	Status in committee
Md. Anwar Hussain	VP and Head of Finance & HR	Chairman & CAMLCO
Mohammad Rofiqul Alam	SAVP and Head of Credit	Member
Nazmun Nahar	AVP and Assistant Company Secretary	Member Secretary
Farhana Yeshmin	AVP, Legal Affairs	Member
Mohammad Abdullah Al Mamun	AVP and Head of Deposit Mobilization	Member
Md. Iqbal Haque Choudhury	Senior Manager and Treasury-in-Charge	Member & DCAMLCO

Ethical Committee

Ethical Committee is formed having the prime objective of protecting the integrity and reputation of the company, to promote ethical standards of behavior and to strengthen the company's accountability and transparency. Members of the committee are as follows:

Name of members	Status in company	Status in committee
Santanu Saha	Managing Director	Chairman
Mohammed Hafizour Rahman	DMD and CFO	Member
Mohammad Rofiqul Alam	SAVP and Head of Credit	Member
Nazmun Nahar	AVP and Assistant Company Secretary	Member
Mohammad Abdullah Al Mamun	AVP and Head of Deposit Mobilization	Member
Md. Iqbal Haque Choudhury	Senior Manager and Treasury-in-Charge	Member
Md. Anwar Hussain	VP and Head of Finance & HR	Member Secretary and Focal Point

Sustainable Finance Committee

Sustainable Finance Committee is formed with representation from different departments in the company. The Sustainable Finance Committee shall be responsible for the design, implementation and evaluation of relevant green banking issues across the organization within the stipulated timeline, as well as for periodic reporting to the FSD Department of Bangladesh Bank. Members of the committee are as follows:

Name of member	Status in company	Status in committee
Santanu Saha	Managing Director	Chairman
Mohammed Hafizour Rahman	DMD and CFO	Member
Md. Anwar Hussain	VP and Head of Finance & HR	Member
Mohammad Rofiqul Alam	SAVP and Head of Credit	Member
Nazmun Nahar	AVP and Assistant Company Secretary	Member Secretary
Farhana Yeshmin	AVP, Legal Affairs	Member
Mohammad Abdullah Al Mamun	AVP and Head of Deposit Mobilization	Member
Md. Iqbal Haque Choudhury	Senior Manager and Treasury-in-Charge	Member
Biplob Saha	AVP, Finance & HR	Member

Sustainable Finance Unit

As per Bangladesh Bank FSD Circular # 2 issued on 01 December 2016 regarding formation of Sustainable Finance Unit at head office and the following members consists the unit:

Name of members	Status in company	Status in committee
Mohammed Hafizour Rahman	DMD & CFO	Chairman
Biplob Saha	AVP, Finance & HR	Focal Point Official
Shirina Akter	Senior Manager	Fallback Person
Rokshana Islam	Senior Manager	Member
Md. Rezaul Karim	Senior Manager	Member
Md. Mehedi Hasan Khan	Assistant Manager	Member

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

Central Customer Service and Complaints Management Cell (CCS & CMC) committee is formed having the prime objective of attaining and retaining customers' satisfaction and interest protection, company's goodwill, reputation and above all financial stability. Members of the committee are as follows:

Name of members	Status in company	Status in committee
Md. Anwar Hussain	VP and Head of Finance & HR	Chairman
Mohammad Rofiqul Alam	SAVP and Head of Credit	Member
Nazmun Nahar	AVP and Assistant Company Secretary	Member
Md. Iqbal Haque Choudhury	Senior Manager and Treasury-in-Charge	Member
Md. Shohaq Khalifa	MTO, ICC	Member
Farhana Yeshmin	AVP, Legal Affairs	Member Secretary

i. That employees have a clear understanding of how they contribute to the business;
ii. Have clear personal objectives, aligned to the business strategy;
iii. Career pathways that identify key capabilities and behaviors at different Competency levels across core career paths;
iv. Personal development training and succession planning to support personal growth;
v. An annual review of performance that drives decisions about pay and career progression.

Fareast Finance & Investment Limited provides its employees with a competitive compensation package. The Company has implemented a strict performance based reward system and evaluates staff performance evaluation twice a year. The Company is a performance driven organization and career development opportunities are based on merit.

Work environment and culture at the company

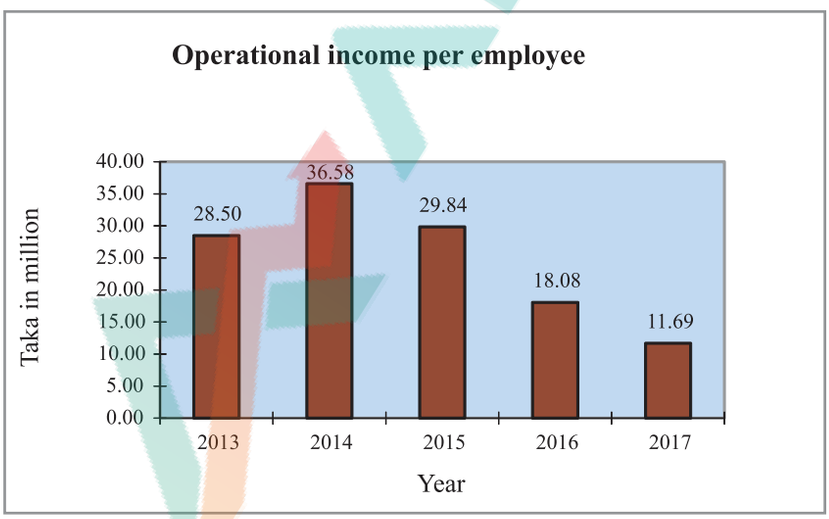
As a leading company Fareast Finance & Investment Limited cuddles diversity and admire for different cultures and local requirements. Employees of both genders from different regions, ethnic groups, generations and backgrounds contribute their skills and different perspectives to improving our solutions and delivering to our clients. Employees work in a positive, friendly and respectful environment and are able to maintain a good work life. Company aims to maintain healthy workplace and environmental conditions which permit employees to work to maximum effectiveness and to their full potential. Fareast Finance employees enjoy one of the best office premises and environments within the country.

Non-discriminatory policy and equal opportunity

Fareast Finance & Investment Limited is an equal opportunity employer. It always values employee's right and dignity. We always practice equal treatment to all existing and potential employees irrespective of their race, religion, age and gender. It is our company's policy to ensure equal opportunity in recruitment, selection, promotion, development, training and rewards.

Communication and employee satisfaction

Fareast Finance & Investment Limited recognizes that, in the current rapid changing knowledge-based business, communication is a critical ingredient for success. Within the company emphasis is given on both formal and informal communication. The relationship managers have a key role to play communication. The relationship managers are accessible, encourage collaboration and the development of ideas that contribute to business performance and continuous improvement. The company has an active program to ensure communication from executive team through a variety of media and encourage employee feedback and comment though methods including group discussions, employee surveys and email dialogue.



Employee issues

The role of employees of a company affects all aspects of the organization. Because they are most important to keep the organization rolling towards the mission and vision. Diligence and hard work are some of the factors that make up a strong work ethic of an employee. Employee whose values and work ethic match those of the organization performs best. There are some essential employee strengths that are sought after by all the company regardless of industry. An employee with a strong work ethic knows he is there to perform a job to the best of his ability. Keeping that in mind, Fareast Finance management is always moving forward for retaining its best employees. Details of employee issues regarding cadre level, age, emoluments, turnover and training for the year 2017 corresponding with the year 2016 are presented below:

Description	2017 Number	2016 Number
Cadre wise employee		
Management cadre	60	50
Non-management cadre	15	15
Total	**75**	**65**
Male	60	50
Female	15	15
Total	**75**	**65**
Average age of employees	**Year**	**Year**
Management cadre	32.40	31.79
Non-management cadre	35.74	35.01
Employee emoluments	**Taka in million**	**Taka in million**
Salary and allowances to employees other than Managing Director	59.65	55.91
Managing Director's salary and allowances	7.89	6.82
Total	**67.54**	**62.73**
Employee turnover	**Number**	**Number**
Employee at the beginning	65	49
Recruitment during the year	27	31
Departures through resignation	17	15
Employee at the end	**75**	**65**
Net change during the year	**10**	**16**
Training		
Number of training programs participated by employees	20	14
Number of employees who participated in at least one training program	25	26
Percentage of employees who participated in at least one training program	42	52
Days participated for training program	46	64
Average number of days spent in training per employee	0.91	0.81

AMARSTOCK

Social responsibilities

Social responsibility is the idea that businesses should balance profit-making activities with activities that benefit society; it involves developing businesses with a positive relationship to the society in which they operate. It is concerned with the relationship between the company and the society in which it operates its business. Corporate social responsibility also refers to the continuing commitment to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. The 'social contract' between the company and the community is of critical importance for Fareast Finance. Thus Fareast Finance has adopted corporate social responsibility practices in a formal, structured manner in line with company's vision to help the disadvantaged population of the country by taking socially responsible initiatives. Fareast Finance actively regards corporate social responsibility not a charity, but an investment in society and in its own future. The company is and always has been established on solid long-term relationships with all of its stakeholders.

In line with Bangladesh Bank rules and regulations, the company has taken different measures to comply with all of the requirements. Fareast Finance is proud to be actively involved in various fields of corporate social responsibilities. Fareast Finance designed its products and services in such a way that its business activities always pursue its commitments to sustainable development and transparent corporate conduct in social and ethical manner.

Ethical conduct
As a leading organization, Fareast Finance & Investment Limited does have a responsibility to act as a good corporate citizen all around the country. Because of ethical and public interest dimensions, Fareast Finance recognizes and performs the obligations that are towards the people, investors, customers, suppliers, competitors and the community as a whole.

Fareast Finance believes in standing together along with trust and confidence beside those with whom it deals. In order to keep the reputation and trust, Fareast Finance demands and maintains the highest ethical standards in carrying out its business activities. Its employees are encouraged to promptly report any potentially illegal, improper and/or unethical conduct that they become aware of at their workplace or in connection with their work.

Useful service
Fareast Finance & Investment Limited constantly endeavors to make certain that its employees are close to clients and available at all the time. It also ensures quick and efficient response to client's requests and quality follow-through. The company management meets at least once in every month for making continuous improvements aiming to achieve operational excellence and change internal business process through employees. This program provides rational way for bringing about significant improvements in the quality of the service delivered, while empowering employees to make necessary changes.

The employees
Fareast Finance & Investment Limited is widely considered for ensuring equal opportunities for all its employees, both during the recruitment and appraisal process irrespective of age, gender, race or religion. Care is taken to the inner qualities of the employees to assist their development, and maintain a working environment to ensure work-life balance of the employees. Fareast Finance & Investment Limited inculcates a deeper sense of responsibility and stronger ethical standards among all the staff, laboring the point that Fareast Finance & Investment Limited has a significant role to play as a leading corporate citizen of the country.

Fareast Finance actively supports the development of its staff in a number of ways including dignified employee development discussions and structured programs for personal and professional development. It is linked to the

transfer, exchange and creation of knowledge to the strategic corporate objectives and thus be the power behind ongoing innovation of company's products, services.

Commitments to employees

Fareast Finance & Investment Limited ensures to provide a workplace in which employees are respected. Besides, by practicing fair employment and taking initiatives for enhancement of employees' morale, the company provides encouragement to a management style that empowers and develops the employees.

Business partners and suppliers

Fareast Finance & Investment Limited is committed to building its business and serving its clients, while at the same time improving the communities in which it does business. This is a great opportunity that people entrust Fareast Finance & Investment Limited with their funds, and therefore, with their aspirations for their families and businesses. The company in turn endeavors to listen to and learn from its stakeholders and to take the appropriate measures where it applies, since responsible behavior towards its clients, shareholders and employees is an essential element of company's daily business.

Concerned to the helpless people

Fareast Finance & Investment Limited always extends its helping hands to the helpless people. Based on the need of the helpless people, Fareast Finance & Investment Limited always comes forward to provide them comfort in such a way that satisfies them.

Economic development

Fareast Finance & Investment Limited plays its role as an active partner of the economic development of the country. The company has extended its financial services to the wider community through SME financing, biomass processing plants (e.g. biogas plants), solar panels in rural households, for waste recycling plants in locations populated by urban poor, and for Effluent Treatment Plants (ETPs) in manufacturing establishments. At the same time for the industrialization of the country, Fareast Finance & Investment Limited provides industrial loan and related other services. Fareast Finance has always come to the aid of victims following natural calamities such as cyclone, flood and rigorous cold. In the year 2017, our total expenditure in CSR arena was Tk.417,133 only.

Ideas for future CSR

Fareast Finance & Investment Limited is open to ideas and suggestions about possible further support and assistance options in increasing the corporate social responsibility activities, which can do benefit to the people of the country.

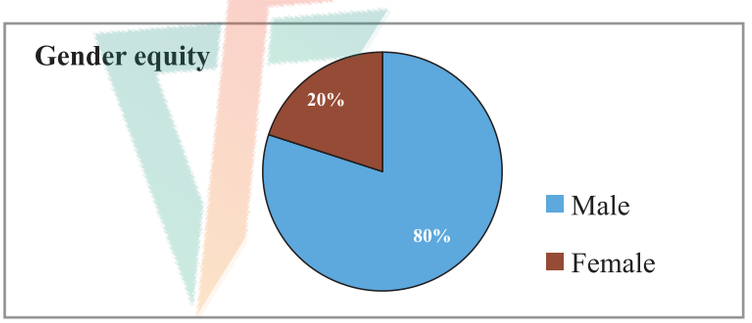
Shareholders information

The goal of the Fareast Finance & Investment Limited is to deliver clear, complete and reliable information that meets the needs of all shareholders, regardless of their level of expertise as investors. Fareast Finance & Investment Limited ranks among the few listed companies that provide the most detailed possible information on business strategy, performance.

Gender equity issues

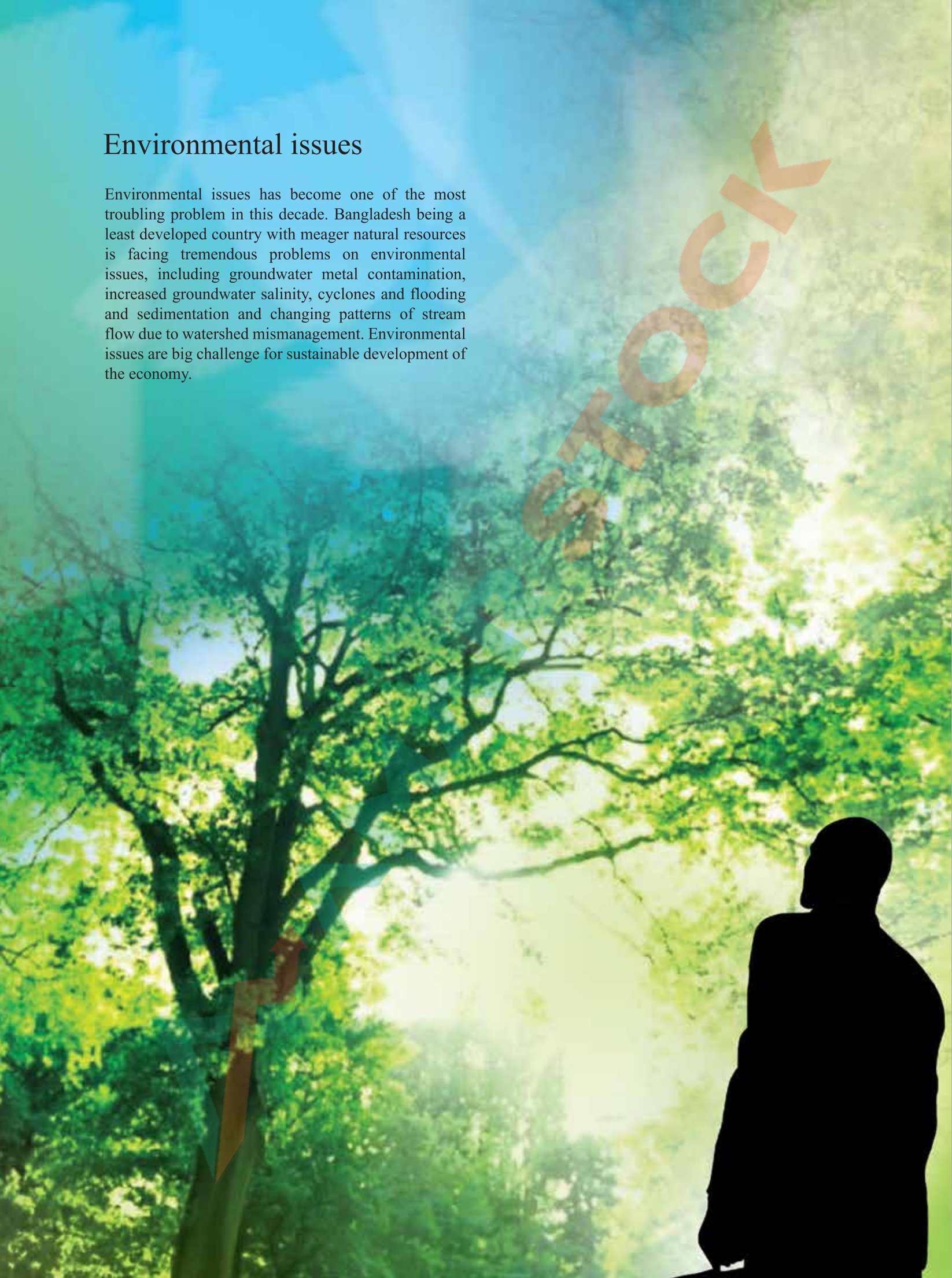
Fareast Finance & Investment Limited is conscious about to ensure professional development opportunity and empower women in the workplace, its importance for economic prosperity and social well-being. In line with the Bangladesh Bank DOS Circular # 01 dated 1 June 2008 and subsequent guidelines, Gender Equality Issues of Fareast finance & Investment Limited as on 31 December 2017 is presented below:

Sl. No.	Issue	Yes/No (where applicable)	Data	
1.	Gender diversity among members of the Board of Directors of the FI		9 male members 1 female member	
2.	Gender diversity among permanent employees		i. entry level	33 male employees 8 female employee
			ii. mid level	11 male employees 3 female employees
			iii. senior management	5 male employees 2 female employees
3.	Gender breakdown by age group for permanent employees		i. < 30 years	17 male employees 7 female employees
			ii. 30-50 years	30 male employees 6 female employees
			iii. > 50 years	2 male employees 0 female employee
4.	Is there any maternity leave policy	Yes		
5.	Is there any day-care centre in head office/branch (es)	No		
6.	Does the FI provide transportation facility for female employees working beyond usual office hours	Yes		
7.	Is there any separate toilet for female employees in head office/branch	Yes		
8.	Employee turnover by gender	Yes	i. 7 permanent male employees leaving employment in the current calendar year ii. 2 permanent female employees leaving employment in the current calendar year	
9.	Does the FI have any training on gender equality/awareness program	No		
10.	Is there any sexual harassment prevention/ awareness policy in the FI	No		
	Was there any inappropriate sexual harassment complaint made			



Environmental issues

Environmental issues has become one of the most troubling problem in this decade. Bangladesh being a least developed country with meager natural resources is facing tremendous problems on environmental issues, including groundwater metal contamination, increased groundwater salinity, cyclones and flooding and sedimentation and changing patterns of stream flow due to watershed mismanagement. Environmental issues are big challenge for sustainable development of the economy.



Environmental issues

Ecology of the world is most vital to the survival of any business. That is why every sort of business activities should be in line with the betterment of the environment. Fareast Finance believes that each small step to "Go Green" will take Bangladesh to a long way in building a better future. Based on the guideline issued by the Bangladesh Bank through DOS Circular # 01 dated 1 June 2008 Fareast Finance & Investment Limited designed its products and service in such a way that:

- Ensure that it does not have any negative impact on the economic, social and environmental issues;
- Ensure that it mitigates the negative impacts and bolster the benevolent impacts;
- Ensure that its action programs and community investments reduces social exclusion and inequality and addresses the keys to sustainable development challenges;
- Select borrowers in scrutiny of the environmental and social impacts of their proposed undertakings.

Re-use and recycle where possible and disposing-off non-recyclable items responsibly are emphasized, which minimizes the impact on the environment. It is expected that by adopting straightforward, environment friendly initiatives, the company will raise awareness amongst stakeholders and the wider community.

The company regularly reviews its environmental policy to ensure that it reflects changes in regulations and best practices. In line with the growing global environmental consciousness, Fareast Finance & Investment Limited has always been keen on portraying a brand image that promotes environmental sustainability. Detailed due diligence is performed by company's relationship managers and credit risk analysts to identify environmental impacts of projects with possible critical environmental implications.

Client compliance with Environmental Conservation Act, 1995 and Environmental Conservation Rules, 1997 is thoroughly investigated during the project appraisal process. Besides, a report on environmental checklist prepared by the company's Internal Control and Compliance department is regularly presented before the company's risk management forum's meeting.

Contribution to national economy

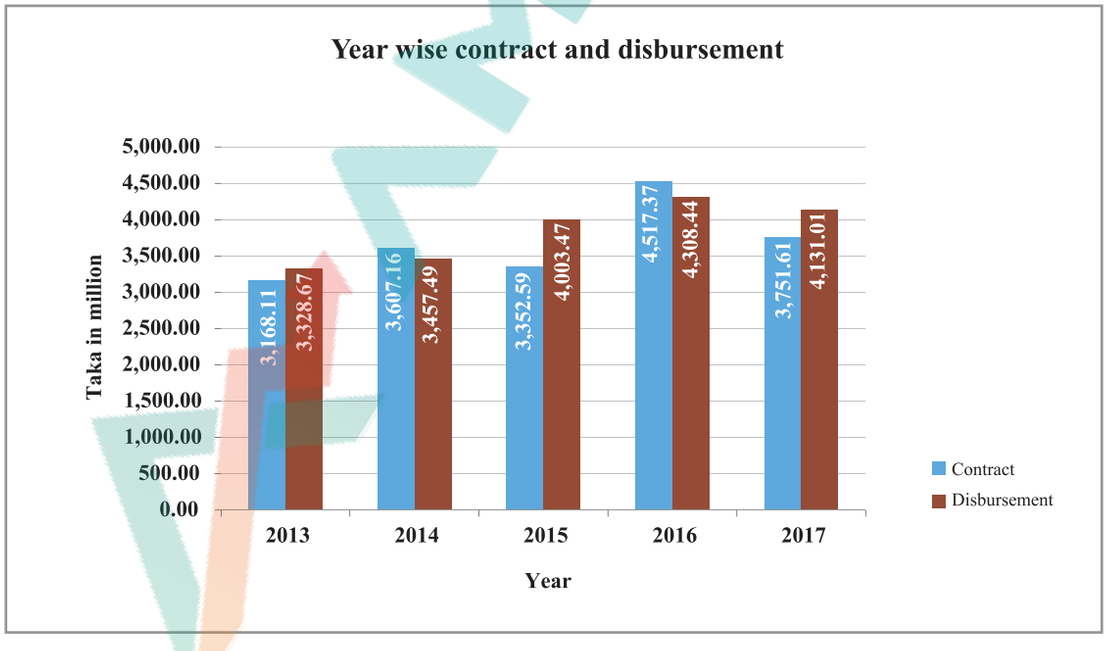
Fareast Finance & Investment Limited believes that making contribution to country's economy is the company's primary responsibility. Keeping that in view, the company contributes to the economy in various ways like financing for industrial development, adding extra value through financial services to clients, shareholders, employees and the community.

As on 31 December 2017 company's credit exposure stood at Tk.11,597.26 million. The facilities were extended mostly for importation of capital machinery, working capital and SME loan purpose. Besides, in the year 2017, Fareast Finance contributed Tk.22.69 million to the economy by paying income tax to the Government against Tk.78.18 million in the year 2016. On the other hand, during the year 2017, the company deducted income tax and VAT at sources amounting Tk.79.71 million and deposited the same to the authority. Other than above, the company is continuously making positive economic impact by creating employment. As on 31 December 2017 the company along with its associate company employed 103 employees against 97 employees as on 31 December 2016. During the year 2017 company's contribution to the economy through employees were as follows:

- Tk.173,873 was spent for training and human capital development.
- Paid a total amount of Tk.67.54 million as salaries and allowances to its employees.
- Tk.3,740,470 was paid by the employees as taxes.

Fareast Finance also plays a vital role in building charitable society through donation and sponsorship. Employees are also encouraged to participate in social and charitable programs. As a part of its social responsibility, the company contributes to various funds, flood affected people, hospitals and to the people who were affected by the natural calamities.

The company believes that sustainable economic growth and a healthy environment are inter-linked. Fareast Finance takes supportive role in terms of providing financial services by restricting and discouraging those projects that causes pollution for environment and health hazard.



Corporate governance

Fareast Finance is committed to uphold the highest standards of corporate governance in its operations. Its policies and practices are not only in line with the statutory requirement, but also reflect its commitment to operate in the best interest of its stakeholders. Good corporate governance is actually a balance of power among managers, shareholders, and boards.



Corporate governance

Corporate governance intends to increase the accountability of a company to avoid massive disasters before they occur. It's the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of company's stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Governance structures and principles identify the distribution of rights and responsibilities among different participants in the company such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders and include the rules and procedures for making decisions in corporate affairs.

Corporate governance includes the processes through which company's objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies, practices, and decisions of corporations, their agents, and affected stakeholders. Important part of the corporate governance is to disclosure of all information regarding the financial status of the company, its performance, ownership and governance status in a timely and accurate way. These disclosures help in improving the public understanding of the structure, activities and policies of the organization. Details of Fareast Finance's status of corporate governance are presented below:

Compliance of corporate governance

Pursuant to BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44: dated 7 August 2012, the Board of Directors of Fareast Finance & Investment Limited is responsible to company's shareholders for the policies and their implementation, activities regarding the effective corporate governance practices in the company. Implementation and improvement in the corporate governance is a continuous process. Keeping that in mind the Board is marching ahead with the formulation and implementation of clear structure and accountabilities supported by well understandable policies in the company. These policies define the independent role of Board of Directors, Chairman, different Board Committees, Managing Director, Company Secretary, Chief Financial Officer and Head of Internal Control & Compliance etc.

Ethics and compliance

Fareast Finance's corporate governance philosophy follows the ethical practices in the every aspect of the business mechanism involving from the Board of Directors to the employees. High level of business ethics is practiced in regulatory and legal requirement through effective supervision that enriches the value of the company. Complying with the Bangladesh Bank requirement, Ethical committee is formed having the prime objective of protecting the integrity and reputation of the company, to promote ethical standards of behavior and to strengthen the company's accountability and transparency. In line with that, Fareast Finance is performing ethically and efficiently to generate long-term value and wealth for all its stakeholders. The corporate governance principles of the company ensures that the Board remains informed, independent and involved in the company and there are ongoing efforts towards better corporate governance to mitigate "non business" risks. The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

Composition of the Board of Directors

Fareast Finance & Investment Limited has highly effective boards include a mix of members with the expertise and experience from different arena of the financials sector to fulfill their essential roles. They encompass a range of talents, skills and expertise required to provide sound and prudent guidance in respect to the operations and interests of the company. Discharging of their responsibilities as per requirement of Bangladesh Bank is within the set forth of best practices of corporate governances.

The brief profiles of the directors presented in this annual report demonstrate that the directors have a range of financial, operational and entrepreneurial experience, which ensures that the company follows the principles of different corners of the society properly. The Board also considers that its composition carries a suitable sense of equilibrium of experience and expertise in following the corporate governance in the company.

According to the requirement of Bangladesh Bank, ten members excluding the Managing Director constitute the Board of Directors of Fareast Finance, which is also within the range prescribed by BSEC. Out of ten directors; only one is the representative Director and two are Independent Directors.

The constructions of Board of Directors are as follows:

Name of Directors	Board status
M. A. Wahhab	Chairman
Md. Ershad Ullah	Vice Chairman
M. Mustafizur Rahman	Director
M. A. Khaleque	Director
Umme Fatima Khaledee Jahan	Director
Md. Shamsul Islam Varosha	Director
Rubaiyat Khaled	Director
Md. Ashaduzzaman (Representative of Rimsha BD Limited)	Director
Mohammad Shahidul Islam	Independent Director
Dr. M Mosharraf Hossain	Independent Director
Santanu Saha	Ex Officio Member

The shareholders of the company appoint the directors in the annual general meeting. Casual vacancy in the Board if any is filled up by the Board of Directors as per The Companies Act, 1994 and the Articles of Association of the company. In addition, one third of the directors retire from the Board every year in the annual general meeting who are eligible for reappointment.

Independence

Directors' Independence is an essential component of corporate governance that refers to the avoidance of being unduly influenced by a vested interest and to being free from any constraints that would prevent a correct course of action being taken. The Board of Directors of Fareast Finance & Investment Limited is committed to add value and bring independence to bear on the decision making process of the company, while meeting stakeholders' expectations of sound corporate governance practices. All the members of the Board of Directors are independent in nature, moral values, ethics and decision making.

Board meetings

For discharging the duties and responsibilities imposed by The Companies Act, 1994, the meetings of the Board of Directors of Fareast Finance & Investment Limited are held at the registered office of the company. The meetings are held frequently. Meetings are scheduled with consent of the Chairman of the Board and the Company Secretary gives the notice of each Board meeting in writing to each Director.

After obtaining approval from the Chairman, the Company Secretary prepares the detailed agenda for the meeting and sends the detailed board papers comprising, agenda, explanatory notes, memo regarding agenda and proposed resolution to each directors well before the meeting time and date. The Board members have full access to the Company Secretary for updating any information or documents. They are also free to recommend any matter for inclusion in the agenda for discussion.

Company Secretary and the Chief Financial Officer always attend the Board meetings and incase of requirement senior management is invited to clarify the matters and also to input their thoughts.

In the year 2017, the Board met eight times. In all the meetings, Chairman of the Board of Directors presided and quorum was present.

Board's responsibility

According to the Bangladesh Bank guidelines, the Board is responsible for company's overall governance, performance, administration and following of rules and regulation. The role, responsibilities and accountabilities of the Fareast Finance Board are outlined below:

- Determination of strategic mission/vision of the company.
- Fixation of business goal, growth and excellence on annual basis.
- Establish, observe and evaluate the policies, planning, management performance criteria.
- Discussion regarding change/extension/modification/up-to-date of policies.
- Regular review of the operational success and failure and point out the reason for failure.
- Determine the key performance indicator of the CFO, Senior Management of the company and regular evaluation of the same.
- The delegation of authority has been fully supervised through close supervision in different issues (such as loan/lease approval, collection, reschedule etc).
- Approval and monitor timely completion of all annual budget, capital expenditure and statutory reports of the company.
- Review on regular basis the financial statements, overdue situation, financial performance, provisioning, capital adequacy and legal steps against the default cases.
- Policy regarding purchase.
- Decision regarding purchase of land, building, vehicle.
- Policy for maintenance of bank accounts and to establish financial fairness.
- Evaluation of proposal which requires Board approval and/or suggestions.
- Appointment of CEO and increase of remuneration under approval of Bangladesh Bank.
- Ensuring the necessary skills and experience of the senior management team, to perform their responsibilities, functions effectively, in the best interest of the company.

- Appointment and promotion of only CEO, DMD and GM or equivalent position under human resource policy and service rule.
- Approval of syndicated and large loan/lease/investment proposal.
- Approval and updating of different plans, guidelines, policies etc. as per requirement of Bangladesh Bank and the corporate operations.
- Formation of different committees.
- Review of the reports of external auditor, Bangladesh Bank auditor and audit committee.
- Any other activities as required beneficial for the company.
- Ensure the adequacy of Internal Control System and regular monitoring.
- Ensure state of the art ICT system in the organization which is sufficient to operate the activities of organizations smoothly and effectively.
- Ensuring the proper decision making and accountability structure throughout the company so that the staff down the line is fully accountable to the management.

The members of the Board of Directors do not participate in the day-to-day activities of the company. Neither have they received any form of honorarium except fees for attending Board and committee meetings.

Roles of Chairman

The Chairman of the Board of Directors is elected by the directors and he has no executive role and responsibility. The current chairman has been serving as Chairman from June 2014. The Board members elected him for the first time for the role of chairman of this organization.

Executive Committee

The Executive Committee of Fareast Finance works with the policies and guidelines issued by Bangladesh Bank, Board and Regulatory authorities regarding operational and credit matters. The committee ensures properly and timely implementation of policies and guidelines through the management. The Committee recommends the lease/loan and other business proposals to the Board of Directors for approval. Management ensures due diligence, necessary professional advice, where necessary. In the year 2017 the Executive Committee met seven times. The Committee consists of the following Directors:

Name of Directors	Executive Committee
M. A. Wahhab	Chairman
Md. Ershad Ullah	Member
M. Mustafizur Rahman	Member
Rubaiyat Khaled	Member
Dr. M Mosharraf Hossain	Member

Board Audit Committee

The Board Audit Committee comprises of five members of the Board as follows:

Name of Directors	Board Audit Committee
Mohammad Shahidul Islam	Chairman
Md. Ershad Ullah	Member
M. A. Khaleque	Member
Md. Shamsul Islam Varosha	Member
Dr. M Mosharraf Hossain	Member

During the year 2017, four meetings were held by the Board Audit Committee. Functions and responsibilities of the Committee are as under:

- Examine any matter relating to the financial and other connected to the company.
- Review all internal & external Audit and inspection program of Bangladesh Bank.
- Review the efficiency of internal control systems and procedures, in place.
- Review the quality of Accounting Policies to statutory and regulatory compliance.
- Ensure that a well managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, Management and all other stakeholders.
- Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

Internal control

Internal control is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. It involves with everything that controls risks to an organization. It is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical and intangible.

The primary objective of internal control system is to help the organization to perform better through the use of its resources. Through internal control system management identifies its weaknesses and takes appropriate measures to overcome the same. The main objectives of internal control are as follows:

- Efficiency and effectiveness of activities (performance objectives).
- Reliability, completeness and timelines of financial and management information (information objectives)
- Compliance with applicable laws and regulations (compliance objectives)
- Accountability to the Board

Internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective.

Board considers that company's internal control system is so designed that the company's assets are satisfactorily safeguarded, investment proposals are properly evaluated and disbursements are made after completion of all documentation approved by the Board. The Board Audit Committee is also supervising the procedures at regular interval. The Board reviews the reports arising from the internal and external audits, Bangladesh Bank inspection and monitors the progress of the company by evaluating the results against the budget and industry performance.

According to the guidelines provided by the Bangladesh Bank, Fareast Finance Board had already approved the internal control manual and continuing to implement the same in the company.

Budgetary control

In order to achieve the long term goal, the Fareast Finance management prepares an annual budget and subsequently approved it from Board. On the basis of budget, performance is monitored; evaluated and appropriate actions are taken throughout the year. In each Board meeting, business and financial performances are reported to the Board commensurate with the budget, so that Board is updated and can take up-to-date measures to reach the goal.

Delegation of authority

Fareast Finance Board of Directors delegated financial and operational powers to the company management with set of guidelines and limits to ensure effective, prompt and growth oriented business. The management of

Fareast Finance strongly believes that accurate delegation of authority helped a lot to the organization which causes betterment of the company.

External auditors
According to The Companies Act, 1994 and the Articles of Association of the company the external auditor of the company is appointed by the shareholders in the AGM along with the fee in quantum. The appointment of auditor is subject to the approval to be obtained from Bangladesh Bank each year and as per The Financial Institutions Act, 1993, an auditor cannot be appointed for more than three consecutive years.

Financial reporting
According to The Companies Act, 1994, the Board is responsible to prepare the financial statements of the company following the applicable accounting standards, rules and regulations etc. The Board is also responsible to present the financial statements before the shareholders in the annual general meeting for getting approval.

Regarding the financial position, the Fareast Finance Board confirms the following:

- The company's financial statements has been prepared in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by ICAB, the requirements of The Companies Act, 1994, Securities and Exchange Commission Rules 1987 and The Financial Institutions Act 1993.
- The financial statements represent the fair view of the state of affairs of the company and will enable the shareholders and other users to form their independent opinion with reasonable accuracy of the financial position.

Compliance with the requirement of Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and Bangladesh Securities & Exchange Commission
In compliance with the requirement of Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Bangladesh Securities & Exchange Commission (BSEC) Fareast Finance submitted all type of shareholdings' reports to the DSE, CSE and BSEC on monthly basis. Fareast Finance follows all other compliance of the notifications, orders, rules etc. of DSE, CSE and BSEC and especially the Listing Regulations of Dhaka and Chittagong Stock Exchange Limited, 2015 for approval of quarterly accounts and publication, declaration of financial performance, publication of price sensitive information, fixation of record date, Annual General Meeting, Extra Ordinary General Meeting etc. as a best practice of the corporate governance.

Communication with shareholders
All the shareholders have the right to attend the annual general meeting and to express their views on the company's business and financial performances. If any shareholder is unable to attend the annual general meeting, he may appoint a proxy on his behalf. The shareholder can also exchange his ideas and thoughts regarding company's betterment in future. The Chairman and the Directors always makes them available in the annual general meeting, so that they can also exchange their views.

Fareast Finance Board believes that the shareholders of the company should have access to all the information of the company in complete and accurate form on timely and expressed way. Keeping that in mind, all material information and activities of the company are disclosed in the annual report and financial statements of the company, which are sent to the shareholders before the annual general meeting. Besides, all the relevant announcements are published timely for information of the shareholders. Other than above, information regarding company's activities, products and services, financial positions in the company's web site, which are regularly updated.

Compliance with guidelines on corporate governance

According to the DFIM circular # 7 dated 25 September 2007 the Board of Directors of Fareast Finance & Investment Limited has taken appropriate measures to comply with the guidelines as mentioned in the circular and implemented the same. Status report on compliance with those guidelines are as follows:

Sl. #	Particulars	Status
1	**Responsibilities and authorities of the Board of Directors**	
A	**Work-planning and strategic Management**	
1	The Board shall determine the vision/mission of the Company. Board shall also determine the strategy and work-planning for enhancement of institutional efficiency and other policy matters on annual basis. Board shall make necessary amendments on the strategies on quarterly basis.	Complied
2	The Board shall have its analytical review to be incorporated in the Annual Report as regard to the success or failure in achieving the target as set out in the annual work plan and inform the same to the shareholders in the annual general meeting.	Complied
3	Board shall determine the Key Performance Indicators for the Chief Executive Officer and other high officials and assess the performance on half yearly basis	Complied
B	**Formation of Sub-committee**	
	To facilitate the company's operation through making timely decisions sub committees can be formed from the board members and management. However alternative director shall not be included in those committees.	Complied
C	**Financial Management**	
1	Annual budget and statutory financial reports shall be authorized by the Board of Directors	Complied
2	Board shall review company's statement of income and expense, statement of loan/lease, liquidity requirement, capital adequacy, adequacy of provision, action taken for legal cases and recovery of default loan	Complied
3	The Board shall approve the procurement policy and shall accordingly approve the delegation of power for making such expenditure. The maximum delegation of power shall rest on the CEO and top management. However, decision relating to purchase of land, building, and vehicle shall remain with the Board.	Complied
4	Bank account of the Company shall be operated by a group constituted from amongst the Management.	Complied
D	**Loan/Lease/Investment Management**	
1	The policies, strategies, procedures etc. in respect of appraisal of loan/lease/investment proposal, sanction, disbursement, recovery, rescheduling, and write-off shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically delegate the power of sanction of loan/lease/investment and such delegate should desirably be made among the CEO and other top management of the company.	Complied
2	No director shall interfere directly or indirectly in the process of loan approval	Complied
3	Approval shall be taken from Board of Directors for syndicate loan/lease/ investment and large loan/lease/investment.	Complied

E	**Risk Management** Core Risk Management Guidelines shall be approved by the Board of Directors of the Company	Complied
F	**Internal Control & Compliance** Audit Committee shall be formed for effective implementation of an integrated internal control system of the Company and for keeping loan/lease/investment quality at a desired level. Board Audit Committee shall review the report provided by the Internal Control & Compliance Department, the external auditor and the Bangladesh Bank shall make comments thereon.	Complied
G	**Human Resources Management** Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, HR development etc. and service rule shall be framed and approved by the Board. The Chairman or the Board shall no way involve themselves or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the service rules. No member of the Board shall be included in the selection committees for recruitment and promotion of different levels except the positions MD, DMD and GM or equivalent.	Complied
H	**Appointment of Managing Director and increase of salaries & allowances** Board of Directors shall appoint a competent Managing Director with approval of the Bangladesh Bank. Board shall approve any increment of salaries and allowance of the Managing Director.	Complied
I	**Benefit to 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 and duties of Chairman**	
A	Chairman shall not personally possess the jurisdiction to apply policy making or executive or authority. He shall not participate in or interfere into the administrative or operational and routine affairs of the Company.	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 revision of his salaries and allowances.	Complied
3	**Responsibilities of Managing Director/CEO**	
A	Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	Complied
B	Managing Director shall ensure compliance of Financial Institutions Act 1993 and other relevant circulars of Bangladesh Bank and other regulatory authorities.	Complied
C	All recruitment/promotion/training, except recruitment/ promotion/ training of DMD & GM (as equivalent to EVP) 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 polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no.2 dated 6 January 2009 if so authorized by Managing Director.	Complied

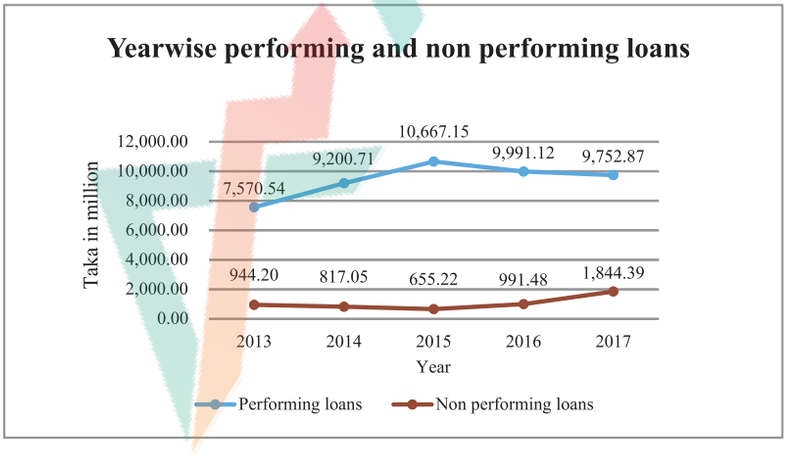
Risk Management

Risk is defined as an event that has a probability of occurring and could have either a positive or negative impact to a project if that risk occurs. A risk may have one or more causes and, if it occurs, their will be one or more impacts. Risk management is an ongoing process that continues through the life of a project. It includes processes for risk management planning, identification, analysis, monitoring and control. Essentially, risk management requirement occurs any time in a financial institution and the management takes attempts to quantify the potential for losses in an investment and then takes the appropriate action. For the overall control, Risk management is the process, whereby organizations methodically address the risks attaching to their activities with the goal of achieving sustained benefit. Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The prime responsibility of every financial institution is to manage its risk in a way that the return from business can be maximized. In a financial institution, taking risk lies at the core of its business activity and it earns return on investments through managing the risk. Therefore it is imperative that the management should understand the risk what they are going to take in order to carry out the business.

Fareast Finance & Investment Limited certainly believes that risk management is the core function that makes its business sustainable. Ability to generate profit consistently and sustainably is a function of enterprise wide risk management and the company is restlessly pursuing continuous improvement in this area. Fareast Finance's risk management strategy is based on a clear understanding of various risks, disciplined assessment, measurement and continuous monitoring of such risks.

Fareast Finance followed the risk management framework within the organization for managing company's different kind of risks. It has an effective risk management system in the right place to identify measure and manage these risks at a tolerable limit in order to ensure quality of its asset, business opportunities and our creative ventures. The mixture of the following elements builds the risk management structures successfully.

- Policies and procedures to managing the risks.
- Methodology for determining risk appetite.
- Models for measuring risk, i.e. credit risk.
- Tools for analyzing risks, i.e. spreading balance sheet.
- Take appropriate measure to deal with the risk.
- Processes for recording and approving credit requests.
- The means of delegating and monitoring the use of credit authority.
- The management of documentation and limit input.
- Tools and techniques for monitoring and reporting risk exposures.
- The structures for regularly reviewing risk exposures. e.g. risk committees.



Risk factors and management perceptions

Uncertainty of expected returns goes with the risk factors that must be managed to minimize those uncertainties regarding the expected output from every efforts of the company. There is no way for an institution in the financial market to avoid the risk factors during running its regular activities. Mitigating the risk and to maintain it in a lower level is a difficult job. Risk minimization always increases the profit margin. For a financial institution risk is the vital part of its daily life. Most of the times only credit risk is considered as risk to be evaluated at the time of lending decision. But except credit risk there is also some other kind of risks that are also aligning in financial business sector. The major risks that are dealt by Fareast Finance & Investment Limited as a financial institution are as follows:

Credit risk

Where the borrower may not be able to or willing to repay the debt owed to the financial institution, or to honor other contractual commitments. 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 and future earnings from the investment.

Management perceptions

Fareast Finance Management has taken the following steps to manage credit risk at a minimum level:

- Independent credit risk management unit.
- Multi-tier term/lease approval process.
- In depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario.
- Credit Administration ensures that all documentations are properly completed and monitor the repayment performance on regular basis.
- Disbursement is made upon independent recommendation by the compliance department.
- The credit committee regularly meets to review new credit proposals as well as performance of existing portfolios.

Interest rate risk

Fluctuations in the interest rates cause this type of risk that also results in volatility in the income or expenses of interest. This risk arises because an institution's assets usually have a significantly longer maturity than its liabilities. Management of interest rate risk is also called asset liability management (or ALM). It 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.

Management perception

Company's investments are generally structured at fixed rates for a specified term and for long run in comparison to the tenure of borrowing funds. But, in case of unusual and abrupt increase in borrowing rate, the company has a scope to increase the lending rate which could mitigate that risk. Again company always tries to reduce the interest rate risk by diversifying the borrowing from different sources at different rates.

Liquidity risk

Liquidity risk arises from funding of long-term assets by short-term liabilities, thereby making the liabilities subject to rollover or refinancing risk. Liquidity risk is usually of an individual nature, but in certain situations may compromise the liquidity of the financial system. From the 2nd half of the last year financial institutions are in huge liquidity crisis because of the fund shortage in the market. This liquidity risk being one of the reasons for financial distress cannot be ignored. Prudent liquidity management is of paramount importance as the ultimate cost of a lack of liquidity is being out of business.

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

Operational risk
Risk of losses evolves from poor or futile internal processes, people and systems or from external events. The components of operational risks are conflict of interest, excessive pay levels, breach of fiduciary duty, mismanagement, unjust enrichment of job responsibilities, waste of corporate resources, economic crimes etc. 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, rouge traders etc.

Management perception
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 and Compliance Department, independent Finance & HR Department and independent Information and Communication Technology Department for technical services to operate the organization smoothly as per Bangladesh Bank's directives.

Market risk
Market risk is the risk that arises from fluctuations in interest rates, exchange rates, and the price of instruments in the money and capital markets, which may affect the financial performance of the company. 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.

Management perceptions
The Company is less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. Fareast Finance does not have any foreign currency loan. Moreover, since it is a leasing company it imports equipment, plant & machinery etc. to lease out to the prospective clients. In case of currency fluctuation it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. To manage the market risk Fareast Finance has managed to arrange the funding facilities with competitive interest rate to match with maturity. It also maintains a new spread investment plans and practical provisioning policy. Fareast Finance with its strong earning capacity, favorable credit rating and market goodwill can access to money market with a competitive rate.

Industry risk
Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower revenues, profit margins, market share etc. which could have an adverse impact on the business, financial

condition and results of operation. Fareast Finance is operating in a highly competitive market. Some of the competitors have more resources, broader range of products, complementary lines of business etc. It is, therefore, very difficult to predict in advance the move of the competitors in the coming years.

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

Technology risk
Technology risk is any possibility for technology failures to disrupt business such as information security incidents or service outages. It refers to failure of the information technology system, backup and restores problems, the hacking of the computer network by outsiders, and the programming errors that can take place any time and can cause loss to a financial institution. Technology always plays a vital role in any business concern that ensures better services to the customers and reduces the cost in various aspects. Any invention of new and more cost effective technology may cause technological obsolescence and negative operational efficiency. Besides, any severe defects in the software and hardware may have an adverse effect on productivity and profitability due to additional investment for replacement or maintenance.

Management perception
Fareast Finance is operated inside the legitimate system winning in the nation which has little chance of presenting totally new innovation. However, management of the company is aware of recent development and implementation of appropriate technology and is committed to adopt new technology and keeps their employees up-to-date on those by providing necessary training.

Risk related to rules and regulations
Company operates under The Companies Act, 1994, The Financial Institutions Act, 1993, The Financial Institutions Regulations, 1994, Income Tax Ordinance, 1984, Income Tax Rules, 1984, Value Added Tax Act, 1991, Value Added Tax Rules, 1991, Customs Act, 1969, Securities and Exchange Ordinance, 1969, Securities and Exchange Rules, 1987, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015 and other related regulations. Any abrupt change in the above acts or of the policies made by the regulatory authorities may have unfavorable effect on the business of the company.

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

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

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

Exchange rate risk
Generally this type of risk arises from exchange rate fluctuations when any institution holds foreign currency fund or raises loan in foreign currencies or deals in foreign exchange currencies. As a financing company volatility in currency rate may indirectly affect the company's exposure due to have influence in the clients' business.

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

Compliance risk
Compliance refers to legal penalties, financial forfeiture and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices. Internal control and compliance contains self-monitoring mechanisms, and actions taken to correct deficiencies as they are identified. Since financial service activities are conducted within a framework of obligations imposed by regulators, complying with such requirements is not optional but mandatory for financial institutions.

The consequences of non compliance include fines, public reprimands and enforced supervision of operation or withdrawal of authorization to operate, any of which can lead to loss of reputation particularly through adverse publicity in media.

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

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

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

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

Maturity gap risk
It is a measurement of interest rate risk for risk-sensitive assets and liabilities. The market values at each point of maturity for both assets and liabilities are assessed, then multiplied by the change in interest rate and summed

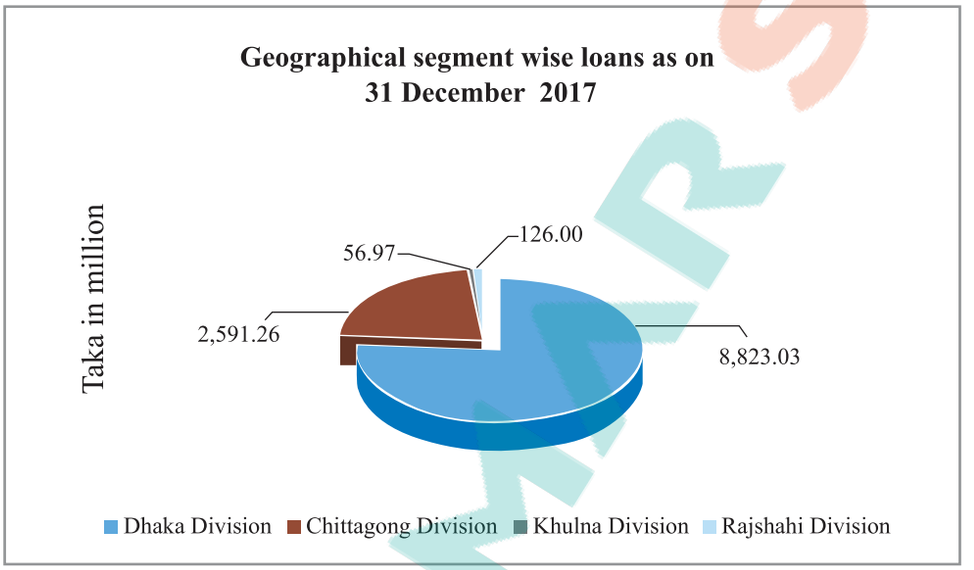
to calculate the net interest income or expense. The duration of assets is larger than the duration of liabilities, the duration gap is positive. In this situation, if interest rates rise, assets will lose more value than liabilities, thus reducing the value of the firm's equity. If interest rates fall,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

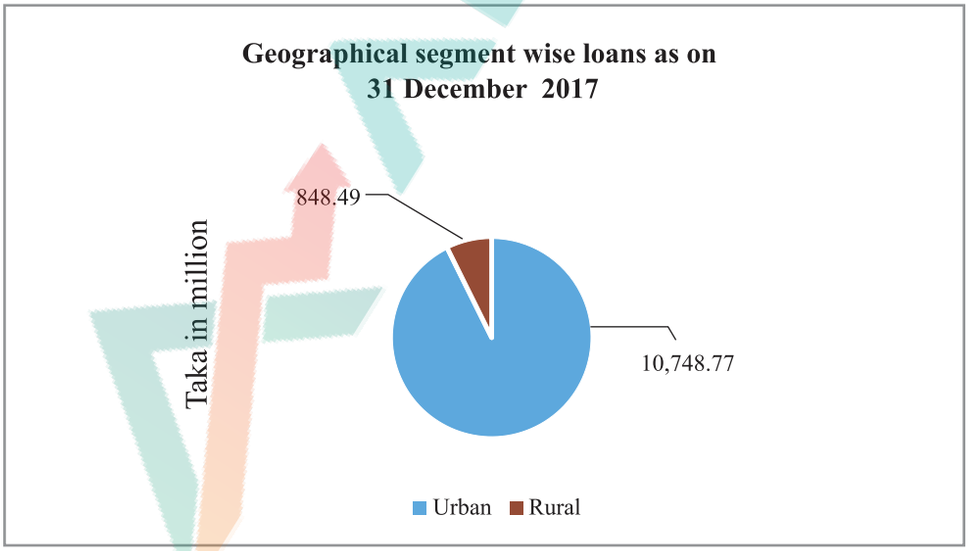
Conversely, when the duration of assets is less than the duration of liabilities, the duration gap is negative. If interest rates rise, liabilities will lose more value than assets, thus increasing the value of the firm's equity. If interest rates fall, liabilities will gain more value than assets, thus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

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

Management perception

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





Internal control review

Internal control is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risks to a financial institution. It is a means by which a Financial Institution's resources are directed, monitored and measured. It plays an important role in detecting and preventing fraud and protecting the company's resources, both physical like machinery, property etc. and intangible like reputation, goodwill etc.

In many organizations, internal control is defined as internal audit but the scope of internal control is not limited to audit work only. It is the built in check and balance system. Instilled in the processes and procedures affected by a company's Board of Directors and management designed to provide with reasonable assurance regarding the achievement of objectives and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

Control framework
Fareast Finance & Investment Limited has established a sophisticated organizational structure to establish and maintain strong control culture by implementing and strengthening policy guidelines of internal controls.

Responsibility to internal control systems
To ensure the responsibility, the company has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The internal control and compliance department of the company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed.

Opinion of the external auditors
The auditors of the company, Khan Wahhab Shafique Rahman & Co. Chartered Accountants, have carried out annual audits to review on the system of internal controls, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the management together with all the financial records, related data, minutes of shareholders and Board meetings, relevant policies and expressed their opinion.

Internal control procedure
Fareast Finance believes on the principle of decentralization of authority and responsibility. Consequently, responsibility for the implementation of appropriate internal control and compliance with legislation is delegated to the managers of each department of the company.

To ensure the consistency of company's procedures with each department, senior management, relies on the functional department to draw up the procedures necessary for the proper operation of the controls, issue instructions regarding their implementation and ensure compliance with the said instructions.

The key operations and the internal control procedures applicable to them are described below:

Internal control procedures in respect of financial and accounting information
Financial and accounting information is prepared centrally on the basis of financial statement generated from the software application that is used by different departments and is in compliance with the IAS and IFRS as adopted by the ICAB.

Reports are produced monthly and prepared in the following month to which they relate where as full accounting consolidation are produced quarterly and prepared within the following month to which they relate. The preparation of the annual financial statements is the responsibility of the management under the control of the audit committee and companies auditor.

Cash position and financing
Responsibility for cash management is delegated to the treasury department by means of well defined procedures and delegation. Any departure from general rules requires the prior authorization of ALCO.

Responsibility for borrowings and investment with a fixed term is delegated to the treasury departments, which are required to comply with specific procedures, position of the banks involved, risk free investment and monitoring of financial transactions. Borrowings and investment are monitored on monthly basis by means of report produced by the treasury and finance and accounts department and submitted to senior management.

Control mechanism procedure
With the objective of producing high quality financial and accounting information, Fareast Finance has introduced procedures and instructions tailored to every section. These procedures are grouped by topic and deal mainly with accounting, treasury, regulatory and reporting issues. The internal control and compliance department is independent from management. It audits the activities and systems of different departments in accordance with an audit plan, particularly in order to assess and improve the accuracy and reliability of the accounting and financial information.

The internal control and compliance department coordinates relations with external auditors.

Verification of documentation
Fareast Finance strongly maintains that without proper documentation no business or investment is made. Every Investment proposal passes through the Management Committee to the approving authority depending on the size of investment. The authorities are Executive Committee and the Board of Directors. The sanction limit for each level is defined and distinct. Before passing the proposal different risk points for the proposal and their mitigation are analyzed with proper documentation under the signature of the senior management.

Relationship with client
Fareast Finance has developed a procedure for managing clients' risk, limit in respect of credit, delegation of authority, security, insurance and documentation. The legal department analyses the legal provisions applicable to financing agreements executed between Fareast Finance and clients. Fareast Finance has standard documents defining the conditions with which the agreements should comply in order to reduce the level of risk. These standard documents are regularly reviewed by the concerned department.

Human capital
In this industry Fareast Finance has some finest employees through successful implementation of the policies in respect of human resources. Industry information regarding human resource position as well as the company status is regularly reported to the senior management. It also ensures that information for management reports is obtained and circulated.

Information technology
The information technology department is responsible for integrating and ensuring the consistency of the hardware and software used. In Fareast Finance, most data processing is carried out by means of integrated software packages. Back up of the database is stored in a safe custody on daily basis at outside business premises.

Credit rating information

Credit rating of a financial institution reflects its ability to pay back the debt by making timely interest payments and likelihood of default. Credit rating gives an idea to the investors about the credibility of the company and the risk factor attached to a particular instrument. On the basis of the report investors can decide whether to invest in such companies or not. Higher the rating the more will be the willingness to invest in the instruments and vice-versa.

According to Board's approval provided under agendum # BM2015009164-32, EMERGING Credit Rating Ltd. (ECRL) completed the credit rating of Fareast Finance & Investment Limited based on the audited financial statements for the year ended on December 31, 2016 and unaudited financial statements up to September 30, 2017 and the rating provided is as follows:

Description	Information
Entity rating	
Long Term	A-
Short Term	ST-3
Out Look	Stable
Date of Rating	December 18, 2017
Methodology	ECRL's financial institution rating methodology

The above ratings have been assigned after due consideration to its fundamentals such as good equity base, sound profile of Board of Directors, sound corporate structure, experienced management team etc. The above factors are however constrained to some extent by moderate asset quality, low profitability, moderate operating efficiency, performance of rescheduled assets is yet to arrive at satisfactory level, exposure to capital market risk, portfolio concentration on few clientele base, small operational network etc.

For a financial institution, Rating A- and ECRL-3 represents the following:

Long term Rating A-
An institution rated A- has a strong capacity to meet its financial commitments but is somewhat more susceptible to adverse developments in the economy and to business and other external conditions than institutions in higher-rated categories. Some minor weakness may exist, but these are moderated by other positive factors.

Short Term Rating ECRL-3
An institution rated ECRL-3 has an adequate capacity to meet its financial commitments in a timely manner; however, the institution's capacity to meet its financial obligations is more likely to be weakened by adverse changes in the economy, and in business and other external conditions than higher-rated institutions.

Rating Outlook Stable
ECRL also placed the entity under 'Stable Outlook' which indicates that a rating is likely to remain unchanged considering that the company might be able to maintain the above fundamentals during the rating validity period.

Going concern

A company is a perpetual entity that exhibits it will continue to exist long enough to carry out its business, objectives and commitments and will not liquidate in the foreseeable future. If the company's financial situation is such that the company will not be able to continue on, concept of going concern reflects adverse statement. The principle of going concern is a fundamental assumption in the preparation of financial statements. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, unless the going concern assumption is inappropriate in the circumstances of the entity, assets and liabilities are recorded on the basis that the entity will be able to realize its assets, discharge its liabilities and obtain refinancing (if necessary) in the normal course of business.

The factor that may create threats to the company's going concern status is required to be disclosed. It is the auditor's duty to determine whether or not the company is still a going concern. The auditor is also required to disclose any negative trends in the company's business operations. In case of negative trends, the auditor should issue a "going concern opinion."

For ascertaining the going concern status, the following indicators were considered by the management of Fareast finance & Investment Limited:

Performance of the company
In the year 2017, the company did not make any profit and bear a negative figure of TK. 937.72 million for loss. But the company has good track record and reputation in settlement of its obligations with its lenders/depositors on or before the due dates. This helped the company to have easy access to the funding sources, which is considered to be continued in future.

Maintenance of sufficient capital
As on 31 December 2017, Fareast Finance's paid up capital is Tk.1,640.63 million which is more than the required capital of Tk.1,000.00 million as set by the Bangladesh Bank as per the DFIM circular No. 05, dated 24 July 2011. Again, the company also complied with the capital requirement as mentioned in the BASEL II accord.

Positive net current assets
Net current assets of the company as on 31 December 2017 was Tk.479.11 million, which signifies company's ability to meet its short-term obligations out of short-term assets.

Less reliance on short term borrowing
Total short term borrowing of the company at the end of 2017 was Tk.832.12 million representing 7.84% of total borrowing. This indicates that the company is least reliance on short term borrowings.

Fixed term debt with realistic renewal
At the end of the year 2017 company's total fixed term borrowing was Tk.9,784.75 million. Based on past experience it is opined by the management that major part of the above debt will be renewed further.

Credibility in payment of obligations
Over the last decade company has strong credibility in terms of payment of its obligations to all its suppliers and creditors. This habit of payment positioned the company in a right track of getting services from its suppliers in right time.

Average employee service length
At the end of the year 2017, average length of services of an employee in the company decreased to 4.37 years from 4.49 years. Report on human resources of the company has been given in this Annual Report separately.

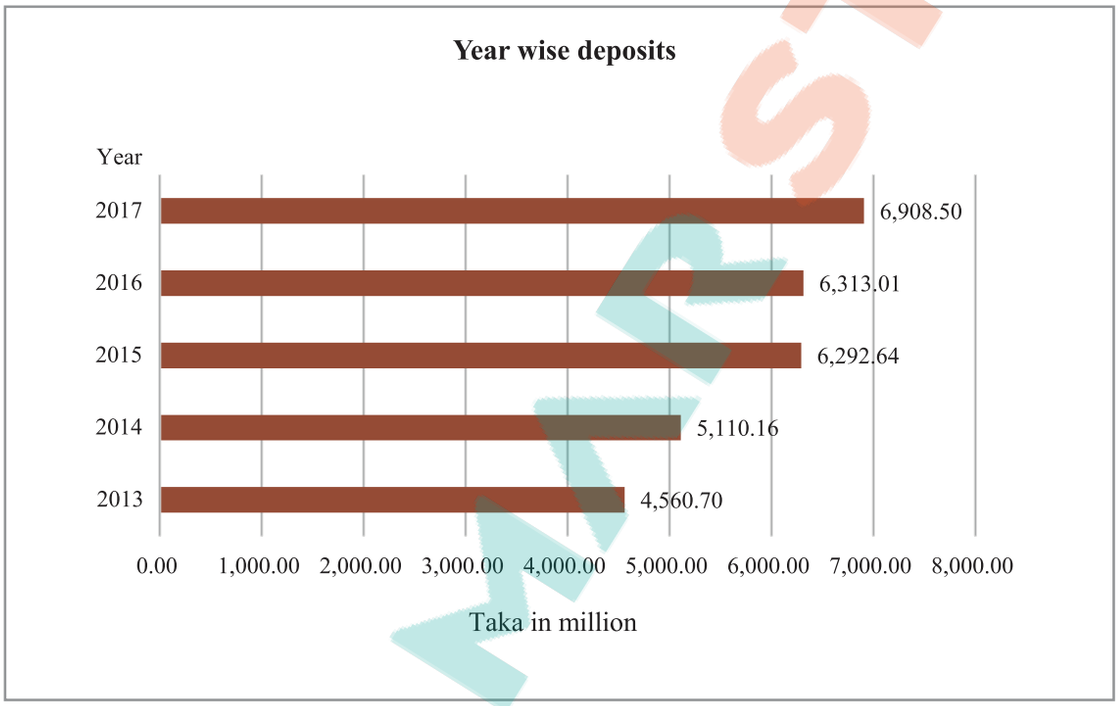
Credit rating

EMERGING Credit Rating Limited rated the company in long term rating at "A-" and short term rating at "ST-3". This rating has been assigned in consideration of its fundamentals like good equity base with considerable business growth, good liquidity, sound profile of Board of Directors, sound corporate structure, experienced management team etc.

Changes in Government policy

Management of the company anticipates no significant material change in legislation or government policy, which may materially affect the business of the company.

On the basis of above indicators, the company has adopted the going concern concept for the year 2017 and all kinds of adequate disclosures have been made in the financial statements and different sections of the annual report.



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. In line with that and following the best practices in the world, Bangladesh Bank issued a road map in August 2010 on Implementation of Basel Accord in the FIs. Being well pursuant with the road map guidelines namely 'Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)' had been introduced from January 01, 2011 on test basis. During the test process, several quantitative impact studies were conducted, which validated the well of position of the FIs for implementing Basel Accord. As per the Road Map and as per the preparedness of the FIs, Basel Accord regime has been started and the guidelines on CAMD came fully into force from January 01, 2012.

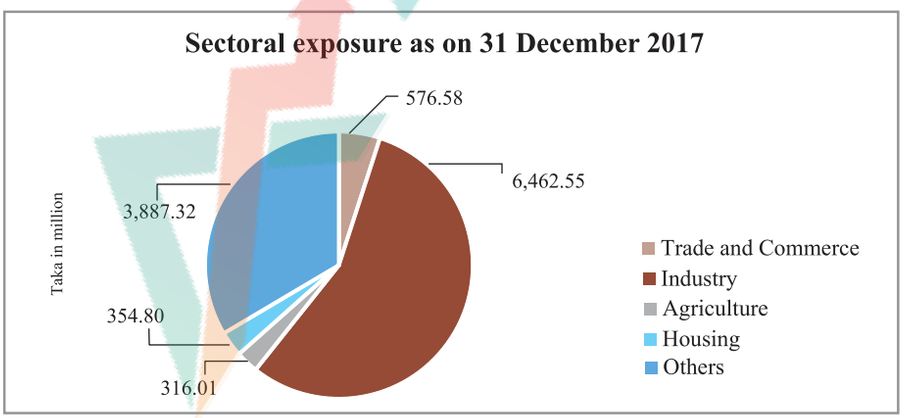
From the very beginning of BASEL II implementation Fareast Finance & Investment Limited played pivotal role. The Chief Financial Officer of Fareast Finance & Investment Limited was one of the members of BASEL II working group constituted by Bangladesh Bank. Fareast Finance & Investment Limited already established a BASEL II implementation committee and submitted its quarterly report to Bangladesh Bank within the stipulated time frame.

According to BASEL II accord, capital adequacy ratio (CAR) of Fareast Finance stood at 10.82% as well as Tier-1 (Core Capital) was Tk.954.69 million and Tier-2 (Supplementary Capital) was Tk.124.46 million. The capital adequacy ratio exhibits our capital strength in terms of maintaining adequate capital for minimum capital requirement.

Impact of changes in business environment

Strategies and ideas for the days coming as stated in this annual report in different stages are based on some forward looking expectations and beliefs. Those strategies and ideas involve uncertainties that may result in difference in actual achievement from expectations due to changes in the business environment. Some of the factors behind those deviations are as follows:

- Volatility in money market especially in liquidity position;
- Adverse change in country's general economic condition;
- Natural calamities;
- Political unsoundness;
- Increase in price level through inflation;
- Volatility in capital market;
- Reduction in foreign direct investment;
- Changes in corporate income tax rate and VAT;
- Increase in provisioning requirements;
- Increase in statutory liquidity reserves and cash reserve requirements by Bangladesh Bank;
- Changes in capital market regulations; etc.



Directors' responsibility

Responsibility of the Board of Directors of a company starts with ensuring the functioning of the company in an efficient and effective manner. Directors must discharge his duties in such a way that the company can run smoothly and make profit for the shareholders at the end of the year. They also have responsibilities to the company's employees, its business partners and the state too. Directors have wide powers to promote the company. In addition to the oversight responsibilities, the Board of Directors has to ensure that the financial statements of the company has been prepared in accordance with Bangladesh financial reporting standards (including Bangladesh accounting standards), The Companies Act, 1994, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Bangladesh Securities and Exchange Commission (BSEC) Rules 1987 and the listing rules of the two stock exchanges.

Directors must act honestly, in what they believe to be the best interests of the company and with such care as may reasonably be expected of them in all the circumstances. They must not carry on the business in a manner likely to create a substantial risk of serious loss to the company's stakeholders.

In terms of The Companies Act, 1994, Directors are also required to prepare and place a report before the shareholders in the annual general meeting, which would include the following:

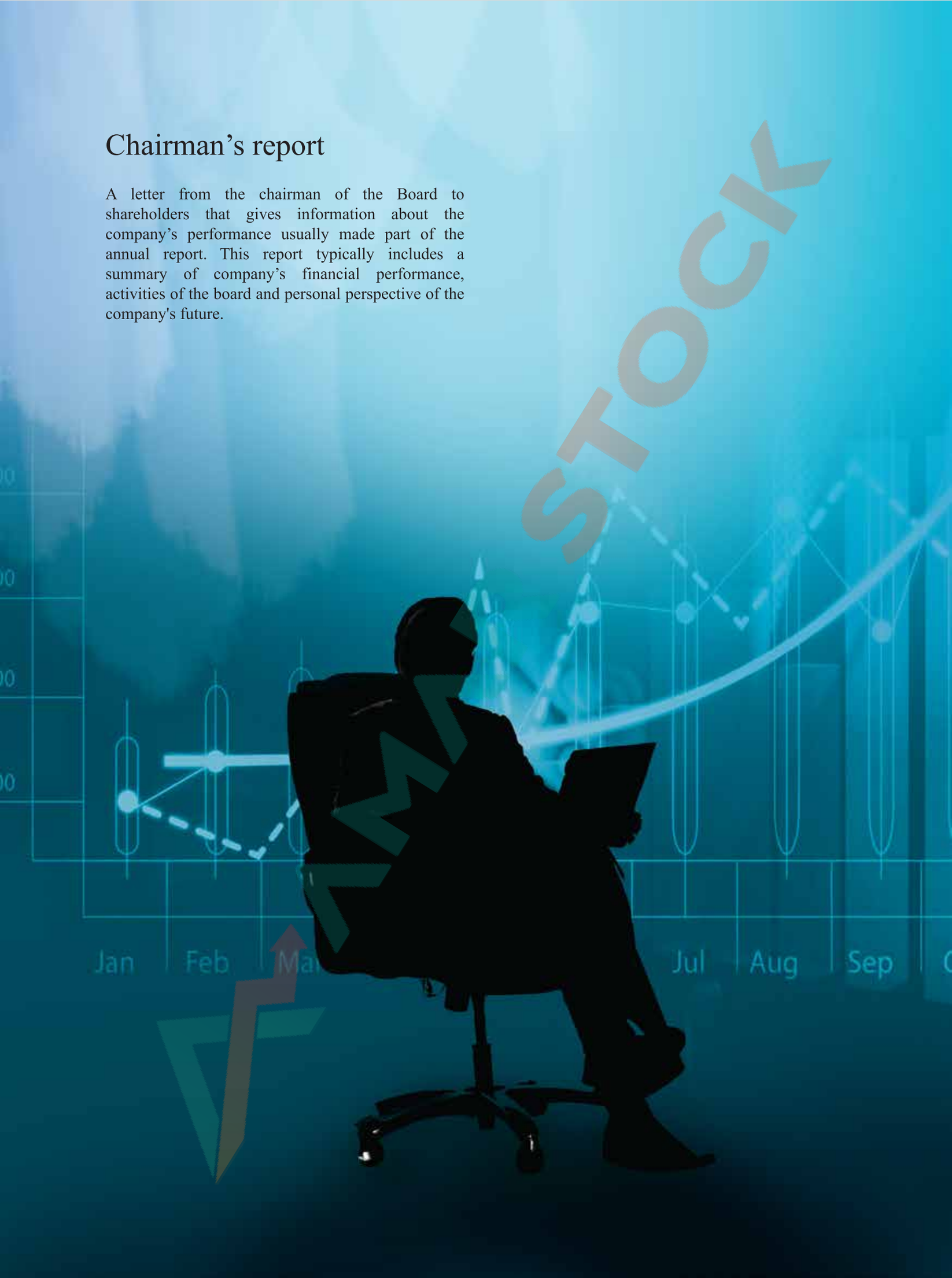
- The financial statements present company's fair state of affairs, result of its operation, cash flow and changes in equity.
- The company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of the financial
- statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- Company's internal control system is sound, effectively implemented and monitored in regular interval.
- Directors are confident that in future company shall continue as a going concern. If there is any doubt, disclosure in detail.
- Significant deviations from last year's operating results are highlighted and explained.
- Key operating and financial data of the last three preceding years in summarized form.
- If dividend is not declared for that year, reasons in detail.
- The number of board meetings and attendance by each director.
- Pattern of shareholders in specific groups.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the company and enable them to ensure that its financial statements comply with The Companies Act, 1994. Under applicable laws and regulations, the Directors are also responsible for preparing a Director's report that complies with that laws and regulations.

The financial statements have been audited by chartered accountant firm, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and committees of the board as well as in the minutes of the annual general meeting. The Directors believes that all representations made to the independent external auditors during their audit were valid and appropriate.

Chairman’s report

A letter from the chairman of the Board to shareholders that gives information about the company’s performance usually made part of the annual report. This report typically includes a summary of company’s financial performance, activities of the board and personal perspective of the company's future.



Chairman's report



All esteemed Shareholders,

Welcome to the 17th Annual General Meeting of Fareast Finance & Investment Limited. Last year, in fact was an unpleasant time for our Company. In the year 2017, Company made net profit/(Loss) of Tk.(937,721,240) only and profit/(Loss) before provision was Tk.(331,799,266) only. Net profit declined in 2017, due largely to interest block on outstanding loan of Tk.2,895,218,768 only allowed to the associate company and the turmoil situation in the capital market. The Board of Directors of the Company in their 161st meeting held on August 10, 2015 considered the financial position of Associate Company-Fareast Stocks & Bonds Limited and took decision not to charge any interest on outstanding loan to enable them to make timely repayment to Fareast Finance & Investment Limited. Your Company also disbursed Tk.4,131,011,825 only during the year 2017 against contracted amount of Tk.3,751,614,000 only. Special focus is given to SME (Small and Medium Enterprise) finance as there is large business segmentation in the SME Sector in the Country. Regarding capital market investment the Company sold out maximum losing shares whose prices were decreasing rapidly in comparison with the cost price and during the year 2017 the notional profit/(Loss) from investment in capital market was Tk.(40,289,958) only.

The Company was in difficulties for new investment and to repay debt in better way due to shortage of fund. The main reason for difficulties of getting fund for the company was reduction in call loan limit. Deposit Mobilization Dept. provided 19.67% of total fund requirement of the Company. Management did its job without incurring excessive risk and took adequate measures to protect depositors' money and stakeholder's interest. Small size of cash generating portfolio on account of interest block, increase in provision for loans and advances and a crucial downturn in capital market made a negative impact on the profitability of the Company.

After a long period of stagnation, the world economy is finally strengthening. In 2017, global economic growth is estimated to have reached 3.70%, a significant acceleration compared to growth of just 2.40% in 2016, and the highest rate of global growth recorded since 2011. At the global level, growth is expected to remain steady at 3.90% in 2018 and 2019. The Bangladesh Economy has been able to maintain sustained economic growth. The Economy grew at the rate of 7.28% in FY2016-17, satisfactorily up from 7.11% growth in FY2015-16. The per capita national income reached US$1,610 in FY2016-17, up by US$145 a year earlier. Inflation in FY2016-17 slide down to 5.44% from 5.92% in FY2015-16. The GDP under the Medium-Term Macroeconomic Framework has been projected to grow at the rate of 7.40% in FY2017-18 which is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious Monetary Policy, appropriate management of expenditure, sound implementation of the reform activities. Growth of global trade volume is expected to reach 4.20% in 2017, up from 2.40% in 2016. The World Bank has painted a brighter picture for Bangladesh's Economy for the next two fiscal years, pinning hopes on strong domestic demand, exports, investment and remittance. The growth remained strong in Bangladesh despite disruptions related to floods. The

Country also witnessed a falling growth rate in remittance until 2016-17; yet it was 6.60% lower than the similar period in 2015-16.

In a service business we know that without the best people we cannot be the best organization. Our experience shows that if we serve our clients well, our own success will follow. We have no room for those who put their personal interests ahead of the interests of the Company and clients. Integrity and honesty are at the heart of our business. Of course, our most important long term competitive advantage is our people. In December, we welcomed two new members to our Board of Directors. Mr. M. A. Khaleque, an accomplished business leader who had a variety of experience in this financial sector, including as chairman and vice chairman and Mr. Md. Ashaduzzaman, representative of Rimsha BD Limited, is also a well-known business entrepreneur. We are confident that their long and varied experience in business and as a Member of Board will add great value to our Board of Directors.

We often say that no one has a crystal ball. Market's change takes place at a moment's notice and in response to factors no one can predict with any certainty. Cycles come and cycles go. But if we manage our business with discipline and preserve our flexibility for upside, we can put ourselves in the best position to meet the needs of our clients and to grow our business. Regardless of the tough environment remains in the industry, we are in action to meet these challenges and see many reasons for optimism. Our cost saving effort in 2017 were part of a broader focus on efficiencies. Took all possible measures to minimize bank dependency and borrowing cost as much as can do. We have placed our highest effort for recovery from delinquent clients. We have a clear plan to get a positive financial performance over the next two years.

Our management team and employees have built an exceptional organization that is one of the most trusted and respected financial institutions in the economy and it fills me with tremendous pride. Your Company also got credit rating of A- for long term and ST-3 for short term on the audited financial statements for the year ended on December 31, 2016 and unaudited financial statements up to September 30, 2017 which indicated that the Company has a strong capacity to meet its financial commitments but is somewhat more susceptible to adverse developments in the economy and to business and other external conditions than institutions in higher-rated categories. Some minor weakness may exist, but these are moderated by other positive factors. Overall position is stable. We remain committed to better financial reporting, compliance and risk management practices.

Fareast Finance always committed to do its best for the society, environment and customers. The company has always come to the aid of victims following natural calamities such as cyclone, flood and rigorous cold. In the year 2017, the Company expended Tk.417,133 only in the CSR arena.

I would like to express my gratitude towards my respected members of the Board of Directors for their valuable advice and kind support for all times. My sincere thanks go to all the employees of Fareast Finance & Investment Limited for their hard work and commitment. I express my gratitude and sincere thanks to the Governor of Bangladesh Bank, his team members and especially to the Department of Financial Institutions and Markets for their continued support and unwavering co-operation. Besides, I am also very glad to present the Annual Report for the year 2017 of Fareast Finance & Investment Limited along with the Audited Financial Statements and Auditors' Report thereon for the year ended 31 December 2017 before you.

Finally, I would like to express my heartfelt gratitude also to the regulators, sponsors, shareholders, stakeholders, management, clients and all well-wishers for their support they have been rendering to us during the year 2017. We know that the dividend is important to you, our shareholders. Our goal is to maintain the dividend but at the same time we must secure the future by investing wisely. I hope the Company will be able to restore its footing on a positive side within the shortest possible period.

Let me now look to the future.
Thank you.

M. A. Wahhab
Chairman, Board of Directors
17 April 2018

Board Audit Committee's report

The Audit Committee acting on behalf of the Board of Directors of Fareast Finance & Investment Limited oversees the company's financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting. The audit committee reviews significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the quarterly un-audited and yearly audited financial statements with related issues including of the accounting principles; the reasonableness of significant accounting treatment; and the clarity of disclosures in the financial statements. The Committee is governed by a board approved terms of reference prepared in accordance with the Bangladesh Bank's circular. The Committee members are included from members of the company's board of directors, with a Chairman selected from among the committee members. A qualifying audit committee is required in a publicly listed company in accordance with the BSEC Notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012. An Audit committee is typically empowered to acquire the consulting resources and expertise deemed necessary to perform their responsibilities. Main purposes of the Board Audit Committee of Fareast Finance & Investment Limited are to assist the Board in its oversight of:

a) The performance of the Company's internal compliance functions
b) Compliance by the Company with legal and regulatory requirements
c) The qualifications, independence and performance of the Company's independent auditor and
d) The financial statements, whether it reflects true and fair view of the state of affairs of the Company.

Reporting to the Shareholders and General Investors

As per clause 3.5 of BSEC Notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, this Board Audit Committees' report is placed before the Shareholders and general investors through the Annual Report 2017.

Composition

The Board of Directors of Fareast Finance & Investment Limited formed the Board Audit Committee in accordance with the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vide their DFIM Circular No. 13, dated October 26, 2011 and Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012. The terms of reference of the Board Audit Committee is approved by the Board. The Board also selected 1 (one) member of the Audit Committee as Chairman of the Committee who is an independent director. Present composition of the Board Audit Committee is as follows:members Committee Status in the Company

Sl. #	Name of committee members	Status in the Board Audit Committee	Status in the Company
1	Mr. Mohammad Shahidul Islam, FCA, ACS	Chairman	Independent Director
2	Mr. Md. Ershad Ullah	Member	Vice Chairman
3	Mr. M. A. Khaleque	Member	Director
4	Mr. Md. Shamsul Islam Varosha	Member	Director
5	Dr. M. Mosharraf Hossain	Member	Independent Director

According to the BSEC Notification # SEC/CMRRCD/2006-158/134/Admin/44 and the Bangladesh Bank guidelines the Audit Committee of the Board of Directors of a financial institution shall be composed of at least 5 (Five) members. Mr. Khorshed Alam Khan, member of the Audit Committee resigned from the post of Director of Fareast Finance & Investment with effect from December 11, 2017. Subsequently, Mr. M. A. Khaleque, Director of the company has been appointed as a member of the Board Audit Committee with effective from February 05, 2018.

The committee reports to the Board of Directors directly. The Managing Director and the Chief Financial Officer attend the committee meetings on invitation basis and the company secretary functions as secretary to the committee. The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.

Meeting

During the year under review the Committee held four meetings. A quorum of members of the committee shall be three. The Board Audit Committee reviews the financial reporting process, the system of internal control and management of financial and operational risks through the audit process. The committee reviewed all the three quarters' financial statements along with annual financial statements for the year 2017 and recommended to place before the Board for approval. Minutes of all meetings has been properly recorded and sent to Bangladesh Bank with in stipulated time. The chairman of the Committee's meeting shall be an independent director. Details of the committee meetings were held as under:

Meeting number	Meeting date	Total member	Attendee
75	29 March, 2017	4	3
76	8 May, 2017	5	3
77	23 July, 2017	5	4
78	25 October, 2017	5	4

Terms of reference

The Board of Directors of Fareast Finance & Investment Limited in its 125th meeting held on 5 December 2011 adopted the terms of reference of the Board Audit Committee. The Terms of reference is prepared in compliance with the Securities and Exchange Commission notification # SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and Bangladesh Bank Circular # 13 dated 26 October 2011. The Committee will be perpetual in nature. However, in case of exigency, the Board of Directors will have the right to reconstruct the committee at any time as they think proper.

Scope of work

According to the delegation of the Board of Directors, the committee shall seek any information or investigate in any manner to satisfy itself, by means of suitable steps and appropriate information that proper and satisfactory internal control systems are in place. Specific areas of work of the committee are as follows:

1. Whether efficient and effective internal control do exist in the company's operation;
2. Whether adequacy of internal audit functions are existed;
3. Whether effective computerization and MIS system do exist in the company's operation;
4. Whether risk management procedure is working efficiently and effectively;
5. Whether information disclosed in the financial statements are proper, correct and adequate;
6. Reviewing the quarterly and half yearly financial statement before submission to the Board for approval;
7. To bring before the board of directors any matters reported by the regulators, external auditors, internal auditors that required Board's attention;
8. Monitor the choice of accounting policies and principles are in ordered;
9. Receives a periodic report on the results of the internal auditors' work;
10. Implementation of internal audit;
11. Independence and procedure of the work of external auditor;
12. Implementation practice of the acts, rules and regulations in the company; and
13. Safeguarding of the assets of the company.

Authority
The committee is authorized for the followings:

1. To review all activities adopted under the terms of reference of the committee;
2. To seek any information auditing in nature if it requires from any director or member of the management, and all employees are obliged to co-operate with any request made by the committee.
3. To obtain independent professional advice from any outside source regarding any legal matter; and
4. To secure the attendance of any outsider with relevant experience and expertise regarding any legal matter if deemed necessary.
5. To review the company's internal control and compliance department's report submitted to them directly.
6. To invite the Managing Director and Chief Financial Officer in meetings for discussion regarding the internal control and compliance department's report.
7. To meet with the Head of Internal Audit at least once a year without the presence of management.

Roles, responsibilities and functions
In line with the Board's decision, details roles, responsibilities and functions of the committee are presented below:

Internal control

1. To examine the existence of culture for internal control and risk management; executive's responsibilities and functions and controlling of their jobs.
2. To examine management initiative regarding Computerization and MIS management of the Company.
3. To examine the management consideration on various recommendation provided by the Internal/External Auditor for developing internal control procedure/structure.
4. To examine the Risk Management procedure for implementation of work and control.
5. To examine the forgery, weakness of internal control etc. found by internal or external auditor or regulatory authority along with their recommendation to eliminate them and accordingly inform the Board regularly.

Publication of the financial statements

1. To verify that all the information is correctly and properly disclosed in the annual financial statements of the company and the financial statements are prepared on the basis of guidelines issued by Bangladesh Bank and other guidelines relating to the preparation of the financial statements.
2. To discuss with the management and the external auditor before finalization of the financial Bangladesh statements of the company.
3. The Chairman of the Board Audit Committee will present before the shareholders in the annual general meeting for answering the questions regarding the financial statements and audit of the financial statements.

Internal audit

1. To observe the functions of internal audit department and its structure and confirm that no barrier/limitation prepare hindrance against the work of the internal audit department.
2. To examine the capabilities and effectiveness of internal audit department.
3. To observe the management's function regarding the implementation/elimination of the recommendations/ errors/irregularities etc. found by the internal audit department.
4. To submit their recommendation to the Board of Directors regarding the change of any accounting principle if they think necessary.

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External audit

1. To examine the audit report and audit procedure of the External Auditor of the company.
2. To examine the implementation/elimination of the recommendation/observation/irregularities as provided by the external auditor in their report by the management properly.
3. To submit their recommendation to the Board of Directors regarding appointment of external auditor of the company.

Implementation/existence of practice of acts, rules and regulations

To examine the implementation/existence of practice of the acts, rules and regulation enforced by the Regulatory Authority like Bangladesh Bank and other organizations and also adopted by the Board of Directors of the company on regular basis.

Miscellaneous

1. To submit a report to the Board on quarterly basis regarding the implementation/elimination of errors/forgery/irregularities etc. in the company found by the Internal Auditor, External Auditor and or Bangladesh Bank Inspection Team.
2. To perform other duties as and when vested by the Board and judge their own performance appraisal on regular basis.

Internal control and risk management

Reviewing the quarterly operation report, the Board Audit Committee controlled the effective management of risks for the safeguard of sustainable shareholder value, protection of company's reputation and establishment of good corporate governance. The Committee has reviewed the ongoing effectiveness of the Company's risk management processes as part of its wider review of the effectiveness of internal controls.

Reporting to the Authorities

If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Bangladesh Securities & Exchange Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

Activities

During the year 2017, the Board Audit Committee carried out the following activities:

1. Verify the disclosures and information provided in the financial statements and ensures that financial statements are understandable, transparent, and reliable.
2. Examination of audit procedure of the financial statements of the company;
3. Review the quarterly financial statements
4. Review the yearly draft financial statements
5. Review the financial data such as profit before tax and provision, profit after tax, earning per share (EPS), net operating cash flow per share (NOCFPS), net asset value (Taka) and Net asset value per share (Taka) for the shareholders.
6. Appointment of external auditor of the Company;
7. Review Quarterly Operations Report;
8. Review the CAMELS rating of Fareast Finance & Investment Limited prepared by Bangladesh Bank;
9. Review the functions of internal control and risk management of the company;
10. Examine the forgery and weakness of internal control;
11. Review of computerization and information database and reporting status within the company;
12. Review of existence of practice of the acts, rules and regulation in the company and the investigation of misconduct and fraud;

13. Monitor the internal control system of the company and its compliance;
14. Review of the delinquent portfolio against which litigation started by the company; and recommendation to the Board against delinquent clients for starting litigation;
15. Review of the company's overdue position with the objective of reduction in amount and quality.

Appointment of the external auditor
The committee has recommended to the Board of Directors that Ahmed Zaker & Co., Chartered Accountants to be appointed for the financial year ending 31 December 2018, subject to the prior approval of the Bangladesh Bank and approval of the shareholders at the ensuing annual general meeting.

Opinion
In view of the above activities, the committee is in the opinion of the followings:

1. Procedures followed by the management for internal control of the company's activities under the manual set by the management in line with Bangladesh Bank's guidelines are satisfactory;
2. Overdue and litigation position of the company as stated by the management presents a true and fair view;
3. Effective computerization and MIS system exists in the company's operation;
4. Risk for different investment is properly identified, measured, disclosed and mitigated;
5. Information in the financial statements is adequate and properly disclosed;
6. External auditor is independent and their work procedure is standard;
7. All the acts, rules and regulations are properly followed by the management;
8. Company's assets are safeguarded;
9. The minutes of the Board Audit Committee meetings are placed before the Board for ratification on regular basis.

The committee is also in the opinion that in the year 2017 the company did not allow any credit facility to any of its Directors in their name or in the name of an Institution/Firm/Company/Organization where they have interest as a Director/Partner/Proprietor or guarantor as the case may be in individual capacity or jointly. For this purpose, Directors included wife, husband, father, mother, son, daughter, son-in-law, son's wife, father-in-law and mother-in-law of the Director.

Acknowledgement
Based on the above review and obtaining of the standards, the Board Audit Committee is of the opinion that the preparation and reporting of the financial statements with adequate disclosures for the year 2017 are in order and also very helpful for the company's shareholders. Besides the existence of internal control and compliance procedures in the company are adequate enough to present a true and fair view of the activities of the company that ensure that its assets are safeguarded properly. The Board Audit Committee also expresses its sincere thanks to the members of the Board of Directors, management and the auditors for extending excellent support in carrying out the duties and responsibilities of the committee satisfactorily during the year 2017.

Sincerely yours,

On behalf of the committee,



Mohammad Shahidul Islam, FCA
Chairman
Board Audit Committee

17 April 2018

Executive Committee's report

The Executive Committee of Fareast Finance & Investment Limited has been formed by the Board of Directors in fulfilling its oversight responsibilities in investment matters by recommending or not recommending to the Board for approval. The Committee also empowered to provide approval within the sanctioning amount as approved by the Board. Mainly, the Committee works as a catalyst to Board's decision by observing all the policies, rules and regulations and guidelines issued by Bangladesh Bank regarding credit matters. It was established by the Board within its defined scope of responsibilities that the Board has delegated to the Committee to act on behalf of the Board, thereby enabling the Board to conduct business within a limitation of financing amount. Notwithstanding this grant of authority, the Committee does not have the authority of the Board with respect to certain key actions and the Board does not delegate to the Committee any of its core oversight obligations. The Committee shall report its actions to the full Board on regularly basis.

The Committee was constituted in accordance with DFIM Circular Letter # 18 dated 26 October 2011 of Bangladesh Bank and comprises of five members nominated by the Board headed by Mr. M. A. Wahhab, Chairman of the company.

Composition of the Executive Committee
In line with DFIM Circular Letter # 18 dated 26 October 2011 of Bangladesh Bank, as on report date the members of the Executive Committee are as follows:

Sl. #	Name of committee members	Status in the Board Audit Committee	Status in the Company
1	Mr. M. A. Wahhab	Chairman	Chairman
2	Mr. Md. Ershad Ullah	Member	Vice Chairman
3	Mr. M. Mustafizur Rahman	Member	Director
4	Mr. Rubaiyat Khaled	Member	Director
5	Dr. M. Mosharraf Hossain	Member	Independent Director

The Board of Directors shall appoint the members in the Executive Committee. The Board shall determine the number of directors to serve on the Executive Committee, which cannot be more than 5 (five) members. The Board elects the Chairman of the Executive Committee. Mr. Md. Monir Hossain, member of the Executive Committee resigned from the post of Director of Fareast Finance & Investment with effect from December 11, 2017. Subsequently, Mr. Md. Ershad Ullah, Director and Vice Chairman of the Company has been appointed as a member of the Executive Committee with effective from February 05, 2018.

Meeting of the Executive Committee
In the year 2017 the Committee met seven times. . A quorum of members of the Committee shall be three. Minutes of all meetings have been properly recorded and sent to Bangladesh Bank within stipulated time. Details of the committee meetings were as follows:

Meeting number	Meeting date	Total member	Attendee
107	2 February, 2017	5	4
108	9 March, 2017	5	4
109	2 April, 2017	5	4
110	8 May, 2017	5	4
111	23 July, 2017	5	3
112	27 August, 2017	5	3
113	7 December, 2017	5	3

Functional areas of the Committee
Committee's functional area is to scrutinize and evaluate the credit facility proposals to be considered by Fareast Finance & Investment Limited properly, through in-depth analysis in terms of financial viability. Committee is

empowered not to recommend any proposals to the Board. In that case, the proposal will be treated as cancelled. Committee has been enjoying the sanctioning power up to Tk.50,000,000 of credit facilities subject to observation of all the rules and regulations of Bangladesh Bank and other regulatory authorities in that respect along with ensuring all due diligence of the management according to Board's decision adopted in the 154th meeting held on 08 December 2014.

During the period under review, the Executive Committee approved total 26 credit facilities amounting to Tk. 558,944,000 only. Besides, the Committee recommended total 14 credit facilities amounting to Tk. 2,424,200,000 only to the Board for approval.

Authority

The Executive Committee of Fareast Finance & Investment Limited exercises the following authority:

- The Executive Committee acts as an advisor to the Board and reviews, assesses and makes recommendations to the Board of Directors on the business investment.
- The Executive Committee has the authority to take decisions as per the limits indicated in the delegation of authority by the Board. However, the Committee has the mandate to review and recommend to the Board on the matters that have been placed before them for approval.
- The Executive Committee may engage and pay vital role in business investment issues, if the Board required so.
- All recommendations to be made to the Board of Directors are to be taken by a simple majority.

Reporting

Minutes of discussions, recommendations and actions by the Committee will be taken and recorded. Copies of these minutes were maintained by the Committee Secretary, and be timely provided to the Bangladesh Bank within a stipulated time.

Opinion

Committee is in the opinion that over the year 2017 management pursued and observed the following:

- Oversight of the investment and credit policies and take decisions as per the delegation of authority and recommend to the Board the specific investment and credit related decisions of the company;
- All the rules and regulations issued by Bangladesh Bank in respect of the credit facilities;
- The Financial Institutions Act, 1993 and all the clauses mentioned in the memorandum and articles of association of the company;
- According to the management declaration, Company's employees relating to the processing, preparation and supervision of the appraisal and also approval of the proposal have no family/financial/business relation with the client or any of his business in their individual capacity; and
- In the year 2017, the Company did not allow any unsecured credit facility to any of its Directors in their name or in the name of an Institution/Firm/Company/Organization where they have interest as a Director/Partner/Proprietor or Guarantor as the case may be in individual capacity or jointly. For this purpose, Directors included wife, husband, father, mother, son, daughter, son-in-law, son's wife, father-in-law and mother-in-law of the Director.

Acknowledgement

The members of the Executive Committee express their gratitude and thanks to the members of the Board of Directors, Management and all the stakeholders of Fareast Finance & Investment Limited for their cooperation while performing the duties and responsibilities over the year 2017.

Sincerely yours,

On behalf of the Committee

M. A. Wahhab
Chairman, Executive Committee
17 April 2017

Managing Director and Chief Financial Officer's report

We the undersigned duly report that the financial statements of Fareast Finance & Investment Limited for the year ended 31 December 2017 have been prepared and presented fairly in accordance with Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards, the Financial Institutions Act, 1993, the rules and regulations issued by the Bangladesh Bank in that respect, the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations of the land.

In accordance with the clause 6 of the Bangladesh Securities and Exchange Commission notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 we certify that:

(i) We have reviewed the financial statements for the year ended 31 December 2017 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 together present a 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 violation of the company's code of conduct.

Mohammed Hafizour Rahman
FCA, ACS
Chief Financial Officer

Santanu Saha
M. Com., FCA, FCMA, FCS, FMAAT
Managing Director

10 April 2018

Directors' report to the Shareholders

Dear Shareholders,

Assalamu Alaikum,

The Board of Directors of Fareast Finance & Investment Limited take this opportunity to thank the shareholders, customers, creditors, business partners/associates and regulators for their continuous support and encouragement to the company. I am pleased on behalf of the Board of Directors of Fareast Finance & Investment Limited to present the seventeenth Annual Report inclusive of the audited financial statements of the Company for the year ended on 31 December 2017 and the Auditors' Report thereon, for consideration and approval of the esteemed Shareholders. Beside, the Board also extends a warm welcome to each one of you to the seventeenth Annual General Meeting of Fareast Finance & Investment Limited.

This report included essential information to give a detailed picture of the company's financial position and it will be useful for shareholders to make informed decisions regarding their investment in the company. In 2017, Fareast Finance & Investment Limited experienced huge financial challenges and the company made net profit/(loss) after income tax Tk.(937.72) million only with earnings per share of Tk.(5.72) indicating a negative growth for the company. Net profit declined in 2017, mostly because of interest block on outstanding loan of Tk.2,895.22 million only allowed to the associate company-Fareast Stocks & Bonds Limited and the turmoil situation in the capital market.

This report has been prepared in compliance with The Companies Act, 1994, BSEC Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Listing Regulations of Dhaka and Chittagong Stock Exchanges, 2015 and other applicable rules and regulations. Other than the requirements mentioned in above regulations, this report also contains some other information and disclosures as was deemed relevant and important by the Board of Directors as well as to ensure good governance and transparency to the stakeholders.

Company's overview

Your company was established in June 21, 2001 as a non banking financial institution. Now the company's head office is situated at Eunoos Center (Level-8), 52-53 Dilkusha C/A, Dhaka-1000, Bangladesh and it has two branch offices at Chittagong and Banani. Today, it is one of the top non banking financial institutions in Bangladesh.

Business and Financial Performance Highlights-2017

- For the year 2017, the company generated net profit/(loss) after income tax Tk.(937.72) million only with earnings per share of Tk.(5.72) indicating a negative growth for the company.

- As on 31 December 2017, total loans, advances and leases amounted at Tk.11,597.26 million which was Tk.10,982.60 million as on 31 December 2016 is a good sign of improvement in operational efficiency

- During the year 2017, company disbursed total loan of Tk.4,131.01 million, whereas in the year 2016 the disbursed amount was Tk.4,308.44 million. In the second half of the year 2017, the company passed through huge financial crisis for new investment.

- Total deposits stood at Tk.6,908.50 million as on 31 December 2017 against Tk.6,313.01 million as on 31 December 2016. During the year, the Deposit Mobilization Dept. conferred their highest effort and collected Tk.2,960.43 million of total deposits of the company.

- As on 31 December 2017, classified loans, advances and leases stood at Tk.1,844.39 million which was Tk.991.48 million at the end of the year 2016. The main reason for increase in provision was despite of the stay order of Honorable High Court we had to make provision for loans, advances and leases for nine numbers of client amounting to Tk.265.11 million instead of Tk.4.59 million only, representing excess amount of provision Tk.260.52 only.

- As on 31 December 2017, provision kept against classified loans, advances and leases was Tk.786.95 million, the company has no provision surplus/deficit.

- During the year 2017 the capital market scenario was vulnerable and the company incurred loss of Tk.12.64 million from it's own investment in capital market.

- Cost of borrowing fund was 9.51%, the company attempted to collect deposit mostly from general public and enterprises to reduce dependency on high cost bank borrowings.

- Return on assets was (6.78)%, negative figure shows the company require to improve efficiency and net profit.

- For 2017, two branches made total profit of Tk.3.88 million only.

Global Economy

Towards the end of 2016, global economic activity began to see a modest pickup, which extended into 2017. In 2017, global economic growth approached 3.70 percent a significant acceleration compared to growth of just 2.4 percent in 2016, and the highest rate of global growth recorded since 2011. The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008-2009, followed by the European sovereign debt crisis of 2010-2012 and the global commodity price realignments of 2014-2016.

As crisis-related fragilities and the adverse effects of other recent shocks gradually subside and notable rise in investment, trade and industrial production coupled with enhanced business and consumer confidence, the world economy has strengthened. It needs private investment to sustain growth into 2019 and growth is expected to remain steady at 3.90 percent in 2018 and 2019. At the global level, the euro area, Japan, China, emerging Europe and Russia in upward direction and that of the United States, the United Kingdom and India in downward direction in its World Economic Outlook.

Major Economic Status

Global growth for 2017 is now estimated at 3.7 percent, 0.1 percentage point higher than projected in the early of 2017. The cyclical upswing underway since mid-2016 has continued to strengthen. The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9 percent for both years. All the major fears about 2017 that dominated the later stages of 2016 - a market crash in the event of a Trump presidency, a Brexit-triggered recession in the UK, and a collapse of the eurozone following the implosion of the Italian banking system - have failed to materialize. The economic story of the year has largely been one of positive growth and rising stocks. As growth started to improve though, we saw a wave of economic policy uncertainty after the US elections and ahead of elections in a number of European countries.

Economy of United States

The growth forecast for the United States has been revised up given stronger than expected activity in 2017. Accelerated economic growth in US is supported by higher projected external demand, higher investment, the expected macroeconomic impact of the tax reform, in particular the reduction in corporate tax rates and the temporary allowance for full expensing of investment. The tax reform is therefore anticipated to stimulate near-term activity in the United States. As a by-product, stronger domestic demand is projected to increase imports and widen the current account deficit. In the United States, manufacturing activity will likely rebound,

contributing to a mild pickup in growth. The new policy path would also have implications for inflation and asset prices. A tightening of U.S. financial conditions - whether due to faster-than-expected U.S. Federal Reserve Policy tightening or other reasons - would be felt across global financial markets, and could have adverse effects on emerging and developing economies that rely heavily on external financing. Overall, the policy changes are projected to add to growth through 2020, so that U.S. real GDP is 1.2 percent higher by 2020 than in a projection without the tax policy changes. The U.S. growth forecast has been raised from 2.3 percent to 2.7 percent in 2018, and from 1.9 percent to 2.5 percent in 2019.

Economy of Japan

The Economy of Japan is a highly developed and market oriented economy. It is the third-largest in the world by nominal GDP and the fourth-largest by purchasing power parity and is the world's second largest developed economy. Japan is a member of the G7. Japan had been struggling with falling prices and sluggish growth for decades. In 2017, Japan's long suffering economy is firmly on the road to recovery. The Economy of Japan hasn't seen such sustained growth since 2006, and analysts largely anticipate more good news. Stronger private consumption, investment and external demand bolstered overall growth momentum of Japan at 1.5 percent in 2017. But the pace of expansion is expected to slow down to 0.7 percent in 2018 due to higher imports and slower growth in foreign demand. The Japanese yen has depreciated by 5 percent on widening interest differentials. In Japan, supportive monetary and, to a lesser extent, fiscal policies should help support activity this year.

Economy of China

China's Economy grew by 6.9% in 2017 - the first time in seven years, the pace of growth has picked up. Significant improvement in the investment situation and increased investment in China's infrastructure and housing sector also contributed to this advancement. China is deeply integrated into the world economy, so the better-than-expected data is likely to cheer investors around the world. It is the world's largest manufacturing economy and exporter of goods. China is also the world's fastest-growing consumer market and second-largest importer of goods. Its imports account for one-tenth of global imports, its output makes up one-tenth of the global total, and its investment accounts for one-fifth of world investment. China’s growth model has traditionally been strongly reliant on investments and exports. The Chinese leadership is becoming increasingly aware that this growth model is not sustainable. High investment growth, often credit-financed, has created overcapacity in heavy industries such as mining and steel. At the same time, the share of consumption in GDP remained comparatively low. China's debt has risen significantly in recent years, with worrying numbers around local government loans, corporate and household debt and non-performing bank loans. To guide economic development, the Chinese central government adopts "five-year plans" that detail its economic priorities and essential policies. The Thirteenth Five-Year Plan (2016-2020) is currently being implemented.

Economy of Euro Area

With its strongest growth in a decade, the euro area was also seen outpacing other major developed economies this year and was up on previous forecasts. The euro zone has been the star performer in 2017. Growth rates for many of the euro area economies have been marked up, especially for Germany, Italy, and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand. These reflect a favorable external environment, with easy financial conditions and stronger export demand from the euro area. On the euro area, recovery is expected to gain strength in 2017, with a projected growth of 2.1 percent in 2017 and 1.9 percent in 2018. The UK economy has been remarkably resilient since the vote to leave the EU, but one year on, growth is being increasingly challenged. In 2017, the UK economy is resilient but slowing slightly due to lower consumption and investment. The pound sterling has depreciated about 14 percent relative to the euro and USD compared to 2016, with most of the adjustment taking place directly after the referendum. Consumer-oriented sectors account for a much larger share of the total economy – services account for about 80 percent of GDP with industry covering only 20 percent. We expect that the current trends will continue and even increase through the remainder of the year.

2017 is a major election year in Europe. After the Dutch elections in March, voters in France, Germany, and possibly Italy will also go to the ballot box. In emerging and developing Europe, where growth in 2017 is now estimated to have exceeded 5 percent, activity in 2018 and 2019 is projected to remain stronger than previously anticipated, lifted by a higher growth forecast for Poland and especially Turkey. Furthermore, in 2017 consumer credit conditions are expected to tighten for the first time in six years. In terms of economic and financial linkages to the UK, Ireland, the Netherlands, and Belgium are the most vulnerable. These countries are followed by France, Germany and Spain.

Economy of East Asia and Pacific Region

Growth for 2017 remains positive for developing East Asia and the Pacific Region. Improved global growth and continued strong domestic demand strengthen a positive outlook for the developing economies of East Asia and the Pacific. Stronger growth in advanced economies, a moderate recovery in commodity prices, and a strengthening of global trade growth, are the favorable external factors that will support the economies of developing East Asia and Pacific to expand by 6.4 percent for 2017. Growth in the region is expected to slow slightly to 6.2 percent in 2018 primarily reflecting China's gradual slowdown. The uptick in growth in 2017 relative to earlier expectations reflects stronger than expected growth in China, at 6.7 percent, the same pace as in 2016. In the rest of the region, including the large Southeast Asian economies, growth in 2017 will be slightly faster at 5.1 percent in 2017 and 5.2 percent in 2018, up from 4.9 percent in 2016. Several external and domestic risks could impact this positive outlook. Uncertainty remains about economic policies in some advanced economies, and escalating geopolitical tensions could have adverse economic impacts. Many countries in the region also have vulnerabilities in their financial sectors with high levels of private sector debt or deteriorating asset quality. Advanced Asia is benefitting strongly from the global upturn in international trade. The region's growth outlook for 2017-19 remains broadly positive. Poverty has continued to decline in most countries and is projected to fall further.

Economy of Latin America and the Caribbean

In Latin America, the GDP is expected to strengthen, with growth of 1.9 percent in 2018 and 2.6 percent in 2019. This change primarily reflects an improved outlook for Mexico, benefiting from stronger U.S. demand, a stronger recovery in Brazil, and favorable effects of stronger commodity prices and easier financing conditions on some commodity-exporting countries. These upward revisions more than offset further downward revisions for Venezuela. Stronger-than-expected growth in Brazil was offset by a deeper-than-anticipated recession in República Bolivariana de Venezuela. Brazil is estimated to have grown 1 percent following a deep two-year-long recession, supported primarily by recovering private consumption. Argentina recovered from recession and expanded at an estimated 2.7 percent rate, driven by a strong rebound in investment and rising private consumption. Subdued oil prices and oil field maturation affected Colombia, labor strikes reduced mining output sharply in Chile early in the year, and policy uncertainty was a drag on growth in Chile and Peru. Major floods early in the year set back Peru's growth. Mexico expanded by a slightly stronger-than-expected 1.9 percent in 2017. Hurricane-related infrastructure damage and reduced tourism had a severe economic impact on several Caribbean countries in the second half of the year 2017 and growth for the Caribbean sub-region is estimated to have moderated to 2.3 percent, from 3.3 percent expected in June.

Economy of Middle East and North Africa

The weak position in investment, manufacturing industry and trade sector during the second half of 2015 and the first half of 2016 was strengthened in late 2016 and early 2017. During this period production of both consumer durable and capital goods increased. Growth in the Middle East and North Africa region was in satisfactory level is also expected to pick up in 2018 and 2019, but remains subdued at around 3.50 percent. While stronger oil prices are helping a recovery in domestic demand in oil exporters, including Saudi Arabia, the fiscal adjustment that is still needed is projected to weigh on growth prospects. However, regional insecurity and geopolitical risks in parts of the Middle East still weighed on economic activity.

Economy of South Asia

Most countries in South Asia have improved their competitiveness over the course of the year 2017. Emerging and developing Asia will grow at around 6.5 percent over 2018-19, broadly the same pace as in 2017. India's economy might be slower in 2017-2018 due to the lingering impact of the currency exchange initiative introduced in November 2016 and the uncertainty related to the mid-year introduction of the country-wide Goods and Services Tax in July 2017.The Malaysian ringgit has rebounded by about 7.0 percent on an improved growth outlook and stronger commodity prices. China is a key driver of the global economy and so the better-than-expected data is likely to cheer investors around the world. China's economy grew 6.9 percent in 2017. Taking the figures at face value, the 2017 growth rate is China's highest in two years. And it represents the first time the economy has expanded faster than the previous year since 2010. The growth forecast for Japan has been revised up for 2018 and 2019, reflecting upward revisions to external demand.

Global business trends

The world has changed dramatically over the last decade, and measuring the factors that determine competitiveness continues to be a highly complex process. After the shock of the Brexit vote and the U.S. presidential election, the year 2017 entered with a global geopolitical landscape that's more uncertain and potentially more disruptive to businesses than 2016. Organizations continue to realize the benefits of process automation to reduce costs, improve customer service, and address talent shortages.

Global trade

Global trade indicators such as export and import were up in the year 2017, suggesting stronger trade growth for the year. Stronger global trade growth in 2017 was attributed to a resurgence of Asian trade flows as intra-regional shipments picked up and as import demand in North America recovered after stalling in 2016. GDP growth accelerated in most major economies in the second quarter, most notably in China where quarter-on-quarter growth rose from 1.3 percent in Q1 (equivalent to an annual rate of around 5.3 percent) to 1.7 percent in Q2 (around 7.0 percent annualized). Growth also strengthened in the United States from 1.2 percent annualized in Q1 to 3.0 percent in Q3) and the euro area (from 2.2 percent in Q1 to 2.6 percent in Q2). Stronger growth particularly in China and the United States boosted demand for imports, which spurred intra-Asia-trade as demand was transmitted through regional supply chains. The rapid pace of trade growth in 2017 is unlikely to be sustained next year for a number of reasons. First, trade growth in 2018 will not be measured against a weak base year, as is the case this year. Second, monetary policy is expected to tighten in developed countries as the Federal Reserve gradually raises interest rates in the United States and the European Central Bank looks to phase out quantitative easing in the euro area. Third, fiscal expansion and easy credit in China are likely to be reined in to prevent the economy from overheating. All of these factors should contribute to a moderation of trade growth in 2018 to around 3.2 percent (the full range of the estimate being from 1.4 percent to 4.4 percent).

Financial markets

In 2017 the financial markets grow "below average. This year corporate earnings picked up across the board, inflation remained same, and nearly all global economies were firmly in growth mode. Overall, economies did not change its scenario from a year ago. Global equity markets produced strong gains in 2017. Strong economic growth and continued easy monetary policy supported Europe and Japan stock markets. Constructive political developments and surprisingly strong European economic growth lifted European equity markets. 2017 has been a busy year with numerous financial sub-plots. The crypto currency boom was evident and felt all across the globe. On the other hand, more "traditional" trading instruments like Gold, Oil and Natural Gas have shown increased volatility. Expecting 2018 to be another positive year for financial markets.

Commodities

Commodity prices were mixed in 2017; it was a mix of a pick-up in demand and supply-side consolidation that paved the way for a bull market in commodities in 2017. Prices of industrial commodities continued to strengthen in the third quarter, while most agricultural prices remained broadly stable. In the oil market,

inventories continue to fall amid strong demand, OPEC production restraint and stabilizing U.S. shale oil production. Crude oil prices were average $53 per barrel (bbl) in 2017 (up from $43/bbl in 2016) and expected to rise to $56/bbl in 2018. Metal's prices are expected to surge 22 percent in 2017 due to strong demand and supply constraints. With the exception of iron ore, metals prices are expected to increase moderately in 2018. Agricultural prices are seen broadly unchanged in 2017 and are anticipated to gain marginally in 2018. Most food markets are well-supplied and the stocks-to-use ratios of some grains are forecast to reach multi-year highs. Natural gas prices in Europe and liquefied natural gas (LNG) in Asia, which are partly linked to oil, were steady. Beverage prices increased modestly due to an advance in coffee prices. Raw materials prices slipped marginally. Fertilizer prices edged up 2 percent, with rises mainly in urea due to strong demand in Brazil and production out ages in North Africa and Middle East.

Global Inflation Rate

Inflation rate is defined as the annual percent change in consumer prices compared with the previous year's consumer prices. Global economy has suffered immensely since the global financial crisis in 2008 and that has caused global inflation to increase. In 2017, the inflation rate worldwide amounted to approximately 3.15 percent compared to the previous year. The global economic upswing that began around mid-2016 has become broader and stronger. Due to economical progress following the global financial crisis, developed countries in the European Union and the euro area set forth economic strategies to strengthen their economy and maintain a stable economy.

Exchange Rates and Capital Flows

Throughout the year 2017, the U.S. dollar and the euro remain close in real effective terms. The Japanese yen has depreciated by 5.0 percent on widening interest differentials, while the sterling has appreciated by close to 4.0 percent as the Bank of England raised interest rates in November and as expectations of a Brexit deal rose. Across emerging market currencies, the Malaysian ringgit has rebounded by about 7.0 percent on an improved growth outlook and stronger commodity prices, and the South African rand by close to 6.0 percent on perceptions of reduced political uncertainty. In contrast, the Mexican peso has depreciated by 7.0 percent owing to renewed uncertainty associated with the ongoing NAFTA negotiations and the Turkish lira by 4.5 percent on higher inflation readings. Capital flows to emerging economies have remained resilient through the third quarter of 2017, with continued strength in non-resident portfolio inflows.

Monetary Policy and Financial Conditions

The year 2017 seemed likely to mark a turning-point for global monetary policy. A key role of central banks is to conduct monetary policy to achieve price stability and to help manage economic fluctuations. Central banks in Canada, the euro area, the United Kingdom, New Zealand, and elsewhere have introduced an explicit inflation target. Many low-income countries are also making a transition from targeting a monetary aggregate to an inflation targeting framework. The monetary policy normalization process in developed economies has the potential to trigger a sudden adjustment in global financial conditions. In October 2017, the European Central Bank announced a scale-back of its bond buying program from 60 billion Euros to 30 billion euros a month. Nevertheless, the European Central Bank's decision to taper the pace of its asset purchases and eventually cease expansion of its balance sheet will have some dampening effect, contributing to a slight downtick in growth to 1.9 per cent in 2019. At present developing countries are better prepared to navigate sudden changes in global financial conditions than in previous decades. Managing the ongoing monetary policy normalization in the United States - and then in Europe - encompasses significant challenges not only for the authorities that decide on the pace and timing of decisions, but also for policymakers in developing countries that could face abrupt shifts in financing conditions. The expansionary monetary policy stance will also continue to underpin business investment and construction activity.

Global GDP Growth

The Gross Domestic Product (GDP) refers to the market value of all final goods and services produced within a country in a given period. The GDP includes all goods and services produced in a country regardless of their

purpose. It aggregates all private and public consumption, investment, government outlays and net exports. Mostly calculated on an annual basis, the GDP is one of the most commonly used indicators of economic activity. World trade has grown strongly in 2017, supported by pickup in investment and consumption. The cyclical upswing underway since mid-2016 has continued to strengthen. Among advanced economies, growth in the third quarter of 2017 was higher than projected, notably in Germany, Japan, Korea, and the United States. Key emerging market and developing economies, including Brazil, China, and South Africa, also experienced a stronger growth than forecasted.

Currently, the United States is ranked first in the world GDP ranking. Real GDP increased 2.3 percent in 2017 compared with an increase of 1.5 percent in 2016. The U.S. GDP increased to about 19.39 trillion U.S. dollars in 2017.

The aggregate GDP of European Union countries is expanded by 4.2 percent in 2017. As in 2016, Romania remains the fastest-growing European economy over the region, with GDP growth around 6.0 percent in 2017. The economy in the European Union has been largely driven by the robust export performance of the manufacturing sector in Eastern Europe, and also a recovery of investment following the earlier slump (in particular, in construction activity) in 2015-2016 that was related to the interval between EU funding cycles.

The Economy of the United Kingdom is highly developed and market oriented. Gross Domestic Product of United Kingdom grew 1.8 percent in 2017 compared to last year. The GDP figure in 2017 was $2,627,140 million. The service sector dominates the UK economy, contributing around 80 percent of GDP, the financial service industry is particularly important, and London is the world's largest financial centre.

Taking a closer look, in emerging and developing Asia as a whole, growth remains robust, despite the downward revision of India's growth. The ASEAN-5 region (Indonesia, Malaysia, Philippines, Vietnam and Thailand) slightly accelerates its growth, despite Thailand's setback after a temporary dip in tourism and consumption in late 2016. GDP in Emerging Asia is expected to grow by 6.4 percent in 2017, unchanged from the 2016 rate. Growth in ASEAN and China is on a steeper upward trajectory in 2017 on the strength of the trade rebound and resilience of domestic consumption, whereas India's growth in 2017 appears to be retreating as the economy wobbles due to the effects of demonetisation and the impact of tax changes.

The GDP growth rate for Latin America and the Caribbean is 1.3 percent in 2017. Improved terms of trade, a more supportive external environment and less volatile macroeconomic conditions, including tapering inflation and stabilized exchange rates, have created a more favorable environment for the region's economies. The economy of Latin America and the Caribbean is gradually emerging from recession, but to secure strong and inclusive growth going forward the region needs to address gaps in infrastructure, improve education outcomes, strengthen the business environment, and tackle corruption.

In 2017, GDP growth of Russia was at 1.5 percent, compared with a 0.2 percent contraction in 2016. The weaker expansion was mainly due to a decline in manufacturing, mining and agriculture output. On the production side, services are the biggest sector of the economy and account for 58 percent of GDP, industry constitutes 40 percent to total output and agriculture accounts for the remaining 2 percent.

Japan is the world's second largest developed economy and is a member of the G7. In 2017, real GDP growth for Japan was 1.5 percent. Though real GDP growth of Japan fluctuated substantially in recent years, it tended to increase through 1998 - 2017 period ending at 1.5 percent in 2017.

Growth in the Middle East is estimated to have slowed sharply to 1.8 percent in 2017 from 5 percent the year before. The slowdown in growth among oil exporters, driven by oil production cuts and continued geopolitical tensions, has more than offset a pickup among oil-importing economies. Fiscal adjustments also held back growth among both oil-importing and oil-exporting economies in the region. Growth in Saudi Arabia fell to 0.3 percent in 2017 from 1.7 last year, growth in the Islamic Republic of Iran, United Arab Emirates and Qatar were moderated in 2017, contributing sizably to the moderation in regional growth.

Emerging and developing economies

Emerging market and developing economies have become increasingly important in the global economy in recent years. They now account for more than 75 percent of global growth in output and consumption, almost double the share of just two decades ago. According to World Bank, Ethiopia is the fastest-growing economy in 2017. Emerging-market and developing economies are anticipated to grow 4.1 percent far faster than advanced economies. Ethiopia's GDP is estimated to grow by 8.3 percent in 2017. Many emerging market economies have high levels of public debt, and the World Bank says it is concerned about this because it could drag down growth.

Bangladesh economic scenario in 2017

In 2017, the economy of Bangladesh continues to show resilience, despite lingering obstacles such as the effects of country-wide flooding in August, volatile export growth, political uncertainties in the run up to elections in 2019, delays in fiscal reforms, industrial unrests, rising energy prices and the ongoing accommodation of Rohingya refugees in the east. This year 2017 economy was supported by upbeat exports and remittance inflows. Exports increased 7.4 percent year-on-year in the July-to-February period. In the same period, annual remittance inflows rose 16.6 percent compared to the same period in the previous fiscal year. Meanwhile, on 1 March, the governments of Bangladesh, India and Russia signed an agreement to work closely together on the ongoing construction of Bangladesh's first nuclear power plant. The plant's completion, expected by the mid-2020s, would give an important boost to electricity production in Bangladesh. The Government promotes the Digital Bangladesh scheme as part of its efforts to develop the country's growing information technology sector.

GDP growth rate

The GDP growth rate of the Bangladesh Economy was 7.28 percent in the FY 2017 and was increased by only 0.3 percent from FY2016. The percentage of GDP rate exceeded the planned target of 7.2 percent for the FY 2017. Growth was primarily driven by an increased contribution from the services sector. In particular, from the wholesale and retail trades sector. Contribution from financial intermediations also improved substantially despite deteriorating performance of the banking sector. Industries' contribution dropped due to lower contribution by both manufacturing and electricity sectors. Contribution of agriculture was lower than the provisional estimates, indicative of the substantial loss of crop due to flash flood in haorareas in August 2017. Poverty reduced in absolute level but pace of poverty reduction has slowed down. In East-West region of Bangladesh poverty scenario appears to have reappeared. The Eastern Divisions (Chittagong, Dhaka and Sylhet) have traditionally fared well compared to their Western counterparts (Barisal, Khulna, Rajshahi) in terms of poverty incidence.

Incremental Contribution to GDP Growth in the Last Five Years are as follows:

Sectors	FY13	FY14	FY15	FY16	FY17
Agriculture	0.41	0.70	0.53	0.40	0.44
Industries	2.59	2.27	2.74	2.95	3.10
Manufacturing	1.80	1.60	1.93	1.99	2.21
Services	2.88	2.92	3.00	3.44	3.41
Public administration and defense	0.21	0.22	0.32	0.53	0.32
Education	0.13	0.16	0.17	0.30	0.26
Health and social works	0.09	0.09	0.09	0.15	0.13
Wholesale and retail trade	0.28	0.23	0.25	0.21	0.99
Financial intermediations	0.28	0.29	0.29	0.29	0.30
GDP	**6.01**	**6.06**	**6.55**	**7.10**	**7.28**

Inflation

Since mid-2017, Bangladesh, along with other South Asian countries, has experienced a rise in inflation because of consecutive floods in Bangladesh, and other natural disasters across the region. The annual average inflation in 2017 was 5.4 percent well contained within the target of 5.8 percent. Non-food inflation started to drop from 7.5 percent in September 2016 and stayed at 4.6 percent in June 2017. On the other hand, food inflation started to rise from 4.5 percent in December 2016 and reached 6.0 percent in June 2017. The haor flash flood in April caused significant loss of boro crops. This, coupled with government's failure to achieve procurement targets of food grains and inability to ensure timely import of rice, resulted in high food inflation.

Foreign Exchange Reserve and its Import Coverage

Bangladesh's foreign exchange reserves rose to $33.23 billion at the end of December 2017. The reserves were up nearly 3.4 percent from a year earlier, and are sufficient to cover about 10 months' worth of imports for the country of 160 million people.

Wage Earners' Remittance

In the year 2017, Bangladesh's key source of foreign currency was 0.53 percent lower than that of 2016 when migrant workers remitted $13.6 billion, according to data from the Bangladesh Bank. Remittance dropped to a six-year low in 2017 as many expatriate Bangladeshis sent money home through illegal channels.

Industrial Production

The Industrial Production Index measures the joint progress in both quantity and quality, without taking into account the influence of prices. It indicates changes in volume of the portion of the Gross Internal Product which is derived from industry. It is used as an indicator of activity, both from the supply and the demand side and it used by the central bank to measure inflation, as high levels of industrial production can lead to uncontrolled levels of consumption and rapid inflation. Bangladesh's Industrial production growth rate was 8.2 percent in 2017.

Imports and Exports

For Bangladesh 2017 has been a mixed year of achievements and challenges. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8.0 percent. A glimmer of hope is in the horizon with both RMG and total exports picking up during July-December of FY 2017-18. However, imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18.

Interest Rate Spread

The interest rate spread has been considered as an important determinant of the efficiency of the financial system. The IRS is expected to decline over time with the development of the financial sector. The weighted average spread between lending and deposit rates offered by the banks came down to 4.40 per cent in November 2017 from 4.50 per cent in the previous month. The weighted average rate on deposits rose to 4.90 per cent in November from 4.89 per cent in the previous month, while interest on lending dropped to 9.30 per cent from 9.39 per cent, according to the Bangladesh Bank statistics.

Exchange Rate

Exchange rate of BDT against USD crossed the 80 BDT/USD mark in May 2017, marking a depreciation of 2.8 percent. Following protracted stability, spanning over three years, BDT started to experience some depreciation since second quarter of FY2017. This continued in the early months of FY2018. Monthly average nominal exchange rate in the first half of FY2017 was USD/BDT 82.57. Real effective exchange rate has declined in the first five months of FY2017 from 153.4 in July to 150.7 in November 2017.

Balance of Payments

Current account balance was negative $(3,311) million for the July-October period of FY2018. While the balance was negative for the corresponding period of FY2017, this was only $(44) million. This downward pull was mainly driven by the negative trade balance of $(5,791) million which was $(2,774) million for the corresponding period of FY2017. As was noted above, during this period there was significant growth i.e. 28.7 percent of import payments. Although growth in export earnings picked up by 7.0 percent, it relatively subdued compared to that of import payments. In July-December of 2017 export growth marginally increased to 7.2 percent while the growth of L/C opening for import payments for July-November of 2017 was nearly 30 percent.

Foreign exchange reserve

At the end of June 2017, forex reserves stood at USD 33.4 billion. The forex reserve is likely to fall further as the growth of incoming sources of foreign funds may not be substantially picked up to balance the high growth of import payments. This depletion of forex reserve can be explained by the high growth of import payments, relatively lower export growth and sluggish recovery of growth in remittance.

Credit to the Government by the Banking System

The Government borrows from two domestic sources: banking system through Treasury Bills (T-Bills) & Bonds and the non-banking system mainly through National Savings Directorate. At the end of FY2017, Government's net borrowing from the banking system was Tk.(8,515) crore indicating net repayment of earlier borrowing.

Banking sector performance

In FY2017 the share of banking sector in GDP was 2.91 percent, the banking sector of Bangladesh exposed weaknesses through major indicators such as rise of non-performing loans, lower capital adequacy and the overall lack of governance in the sector. Though the period of BASEL III implementation is approaching in 2019, most banks are not prepared. The government has been recapitalising the state-owned banks for their loss every year without any fruition. This has been an unfortunate example of using public money towards compensating for the greed of bank defaulters. The proposed law allowing more members of the same family to be directors of the privately-owned banks and extension of their tenure are apprehended to further deteriorate the governance in private banks. Despite the central bank's attempt to improve performance of the banking sector, improvements are not visible yet. The independence of the central bank has been gradually diminishing due to political influence. If reform measures are not taken, the crisis of the banking sector will have serious implications for the economy.

Performance of the banking sector of Bangladesh has been quite disappointing in recent times. Track record of many of the banks has been unsatisfactory. The amount of defaulted loans in the banking sector at the end of September, 2017 stood at Tk.80,307 crore, while the amount at the end of December, 2016 was Tk.62,172 crore. Which indicates that default loans amounting to around Tk.18,135 crore was accumulated during the nine months of 2017. This has posed serious threats to the sustainability of the sector. State owned Commercial Banks performed miserably with a dismal record of large non-performing loans, bad governance, and embarrassing recapitalisation. The setback from several major financial scams was taking a heavy toll on both the health and reputation of State Owned Commercial Banks. The fourth generation banks (9 newly approved commercial banks) are beset with large amounts of non-performing loans and are making losses. Very recently, the fourth generation banks that emerged, allegedly on political considerations, quickly became a burden on the government. Two of these new banks-the Farmers Bank and the NRB Commercial Bank, were found entangled in irregularities, and contributed in destabilising the entire banking industry.

The Farmers Bank has been facing liquidity crisis and the depositors are now seriously concerned over getting back their deposits. Capital adequacy was still below BASEL III requirements for some banks, and the prospects of full BASEL III implementation by 2019 seem bleak. Two detrimental amendments of dubious nature have been proposed to the Banking Company Act which undermined the cause of good governance. Major changes

were made to Islami Bank management, which had already been suffering from poor governance, on allegations of terror financing and political violence. A bank once known to be a high performer in the banking sector was now in disarray.

DSE Performance and Index Movement

2017 was a phenomenal year for country's stock market, as price index of Dhaka Stock Exchange (DSE) saw a sharp rise by 23.98 percent to 6244 points. In the outgoing year, the DSE's average turnover value stood at Tk.874.83 crore, the highest since the stock market witnessed a crash in 2010. In 2016, the average daily turnover was Tk.494.43 crore. Meanwhile, the market capitalization increased by 23.93 percent to Tk.422,894 crore, which was Tk.341,244 crore in the previous year.

Price/Earnings (P/E) Ratio

The Price/Earnings ratio or P/E ratio is one of the most widely-used stock analysis tools used by investors and analysts for determining stock valuation. The Price-to-Earnings Ratio or P/E ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings. As on 31st December 2017, Weighted Average Market Price Earnings (PE) Ratio for domestic listed companies was trailing at 20.42 times compared with the PE trailing of 13.67 times as of 30th September 2017.

Challenges and structural reforms

Bangladesh still has a long road ahead. Large infrastructure projects have progressed in FY17, but key reforms in taxation and the financial sector have stagnated. Excess liquidity and non-performing loans (NPLs) in banks pose risks to macroeconomic stability. Both private and public investment is necessary for increasing productivity and employment. The country must take advantage of the global recovery to undertake institutional and market reforms, which can help sustain growth in the long term.

Sectoral Turnover

Industry sector is boosted by the manufacturing sector despite lower growth of export earnings. A number of large scale industries posted significant growth in FY2017 including leather and leather related products (53.4 percent growth) in spite of the production dislocation due to shifting of factories from the Hazaribagh area, textile (21.2 percent), pharmaceuticals and medicinal chemical manufacturer (32.1 percent) and manufacture of other non-metalic mineral products (32.3 percent). Combined weight of these four industries was about one-third of the total industrial production. However, this high growth recorded by large scale industrial production failed to get reflected in the export figures. Indeed, export earnings eventually registered only 1.7 percent growth in FY2017 and in particular the RMG exports posted only 0.2 percent growth. It is also pertinent to note that, in FY2017, export earnings of leather and leather products increased by only 6.3 percent.

Industry outlook

In Bangladesh, Non Banking Financial Institutions (NBFIs) are constituted under the Financial Institutions Act, 1993. Presently, out of 34 NBFIs, 3 are Government owned, 12 are joint venture and the rest 19 are locally private owned.

The NBFIs with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demand of the customers. In FY2017 the contribution of financial institutions including non-banking financial institutions and insurances was only 0.5 per cent of GDP. However, in 2017, the country's financial sector faced a severe governance crisis, which caused the industry to face a record increase in non-performing loans (NPL), financial scams and liquidity shortages.

The NBFIs are still plagued by high cost and dearth of fund, which remains the main impediment to their credit growth. Bangladesh Bank cuts NBFIs' borrowing limit from Call Money Market.

Private credit growth at around 15-16 percent is at a three-year high, with strong demand coming from trade, construction, and Small and Medium Enterprise (SME) sector. Non-bank financial institutions (NBFIs) are mounting up their SMEs bucket to capture quality portfolio. In 2017, NBFIs showed strong performance in terms of growth in asset and deposit. At present the minimum paid up capital requirement for NBFIs is BDT 1.0 billion as per the Financial Institution Regulation 1994.

The asset of NBFls increased substantially by 16.83 percent to 713.87 billion in December 2016 from BDT 611.04 billion in 2015. At the end of June 2017, assets of NBFls increased to BDT 755.33 billion. NBFls are investing in different sectors of the economy, but their investments are mostly concentrated in industrial sector. Sector-wise composition of NBFls' investment at the end of June 2017 was as follows: industry 44.21 percent, real estate 17.53 percent, margin loan 2.25 percent, trade and commerce 16.68 percent, merchant banking 4.17 percent, agriculture 2.67 percent and others 12.49 percent.

NBFls are allowed to invest in the capital market up to 25 percent of paid up capital and reserve as per section 16 of Financial lnstitutions Act, 1993. ln December 2016, all NBFls' total investment in capital market was BDT 20.55 billion compared to BDT 19.35 billion in December 2015.lnvestment in capital market accounted for 2.88 percent of the total assets of all NBFls. As of 30 June 2017, NBFls' total investment in capital market stood at BDT 19.90 billion.

Total deposits of the NBFls in December 2016 went up to BDT 382.43 billion (63.05 percent of total liabilities) from BDT 318.06 billion (62.48 percent of total liabilities) in 2015 showing an overall increase of 20.24 percent. At the end of June 2017, total deposit of NBFls
increased to BDT 418.85 billion.

Like banks, the performance of NBFls is also evaluated through the CAMELS rating which involves analysis and evaluation of the six crucial dimensions. The six indicators used in the rating system are capital adequacy, asset quality, management eficiency, earnings, liquidity and sensitivity to market risk. Capital adequacy focuses on the total position of NBFls' capital and protects the depositors from the potential shocks of losses that a NBFl might incur. lt helps absorb major financial risks related to credit, market, interest rate, etc. NBFls in Bangladesh have been instructed under the Basel-lll Accord to maintain Capital Adequacy Ratio (CAR) of not less than 10.0 percent with at least 5.0 percent in core capital. At the end of June 2017, out of 34 NBFls, (two NBFls are yet to come under this operation) 3 were evaluated as "1 or Strong", 17 were "2 or Satisfactory", 10 were "3 or Fair", 1 were "4 or Marginal" and 1 were "5 or unsatisfactory" in the capital adequacy component of the CAMELS rating.

Basel-ll has been implemented in the NBFls since 1 January 2012. Prudential guidelines on capital adequacy and market discipline (CAMD) has been issued to promote international best practices and to make the capital of NBFls more risk-based as well as more shock resilient. NBFls have to follow the guidelines as statutory compliance. ln this regard, a high-level Steering Committee (SC) headed by a Deputy Governor of BB comprising NBFls' Chief Executive Oficers has been formed for working on policy decisions. Furthermore, a Working Group (WG) headed by an Executive Director of BB has been assisting the SC in decision-making.

NBFls have been conducting stress testing on quarterly basis since 2010. A new financial position indicator, insolvency ratio (lR), artificial intelligence to auto-generate recommended action plan, rating scale of 1 to 5, zonal positioning (Green, Yellow & Red) through weighted average resilience- weighted insolvency ratio (WAR- WlR) matrix have been included in the revised guideline for NBFls. As per the new guideline, NBFls carry out stress testing on quarterly basis. As of June 2017, out of 34 NBFls 4 were in Green Zone, 17 were in Yellow Zone and the rest 12 were in the Red Zone. (The remaining one NBFl is yet to come under this rating).

At present the financial sector has to go through huge financial crisis and a number of serious challenges, which could threaten the progress in the future.

Product wise performance

During the year 2017 company has entered into total contract of Tk.3,751.61 million representing 48.65 percent negative growth over the year 2016. Among this Tk.130.99 million was contracted as lease finance and Tk.3,620.62 million was contracted as term finance. Besides, in the year 2017, total Tk.4,131.01 million was disbursed representing 14.56 percent negative growth over the year 2016.

Risk management and internal control

Because of the diversification of risk in the financial market, the Company is committed to identify the risk and monitor regularly for pre capturing the risk and always works to manage the risks associated with its business. To control the risk, Fareast Finance designed its risk management program in a structured way that can easily identifying, measuring, monitoring and controlling the risk. To do so, Fareast Finance established the following must existed elements:

- Active board and senior management oversight;
- Adoption of adequate policies, procedures and limits;
- Establishment of adequate risk measurement, monitoring and management information system; and
- Existence of comprehensive internal control steam.

Besides the business, Fareast Finance always overseeing the following areas for managing and minimizing the risk:

- Credit risk management
- Market risk management
- Liquidity risk management
- Operational risk management
- Reputation risk management
- Strategic risk management
- Compliance risk management
- Money laundering risk management
- Environmental risk management
- Capital risk management and
- IT risks management.

Fareast finance has “Asset Liability Management Committee (ALCO) constituted by the senior officials of the Company for overseeing the increase/decrease risk in any area or product line, concentration in assets and liabilities status, deterioration in quantity of credit portfolio, decrease in earnings performance or projections, rapid asset growth funded by volatile large deposit, etc. .Besides, Company’s Internal Control and Compliance Department is engaged for detection of operational risk and its management. This ensures the employees’ performances at optimum level with zero tolerance.

For each credit facilities over Tk.10 million, management calculates the credit risk grade in line with the model provided by Bangladesh Bank and places before the Board to facilitate the decision making. Besides, management analyses the market scenario related to that industry, which also helps to quantify the credit risk inherent to that particular business. For better sustainability and in line with Bangladesh Bank’s guidelines, four manuals regarding credit risk, asset liability management, IT risk and internal control were prepared and implemented in the Company. The Board periodically reviews those manuals and their effectiveness and makes revisions/amendments for betterment of the Company. Bangladesh Bank through their on sight supervision also inspects the manuals and their implementations in the Company and provides rating. According to the latest rating your Company obtained “Fair”. Details of Company’s risks and management perception about those risks are discussed in the “Risk factors and management perception” on page 62.

To safeguard the Company's assets, the Board constituted an Audit Committee comprising five Directors who reviews/supervises the internal control process and procedures that are working within the Company at regular interval. At the end of each year, the Committee reports regarding the existing internal control system and its effectiveness is at par with the satisfactory level or not. The details report is placed on page 77.

Cost of goods sold and profit margin

Fareast Finance & Investment Limited is a financial institution and hence cost of goods sold and gross profit margin concept is not appropriate for the company. Rather total operating income and profit before provisions is the main concern for sustainability and growth of a financial institution. In the year 2017 Company's total operating income was Tk.877.09 million. Besides, in the year 2017 Fareast Finance was able to post Tk.937.72 million as net loss against the previous year's profit of Tk.102.98 million. We believe in the year 2018, the company will restore its footing in positive side.

Continuity of any extra-ordinary gain or loss

In the year 2017 there was no extra ordinary activities and hence there was no continuation of extra ordinary gain or loss in the current year.

Basis of related party transaction

According to the Bangladesh Accounting Standard-24 "Related Party Disclosures" and DFIM circular # 11 dated 23 December 2009, related party disclosure was made in note # 42 of the financial statements. Besides, Directors' name and their interest in different organizations are also disclosed in annexure-C attached to the financial statements.

Utilization IPO proceeds

In line with the Bangladesh Securities & Exchange Commission's approval, Fareast Finance & Investment Limited completed its IPO and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 17 September 2013. Utilization of IPO proceeds were entirely completed and communicated to the Bangladesh Securities & Exchange Commission in the year 2014. So nothing is obligatory in the year 2017.

Explanation for deterioration in financial results after IPO

Continuing from the year 2014, the company post profitability for the year 2015 and 2016, hence there is no such matter to report.

Appropriations of Retained earnings

According to Rule 6 of The Financial Institutions Regulation 1994, the company required to keep 20 percent of the after tax profit as statutory reserve. In 2017, Fareast Finance & Investment Limited made net profit/(Loss) after income tax of Tk.(937.72) million only. Consequently no amount needs to be transferred to Statutory Reserve as the company is in loosing position in the year 2017.

Variance between quarterly and annual financial performance

Up to 30 September 2017 company's net profit/(loss) after income tax was Tk.(837.45) million, which was at the end of the year 2017stood at Tk.(937.72) million only. Low amount of income generating portfolio, fund crisis for new investment, increased overdue amount and consequently increased amount of provision required for loans, advances and leases etc. were the main reasons for destroying the profit situation. We believe, positive results will come in the year 2018.

Remuneration to directors including independent directors

According to Bangladesh Bank's guidelines Directors are not empowered to take any remuneration other than attendance fee. In line with that no remuneration except meeting attendance fee has been given to any Director in the year 2017. Till date no remuneration was also given to any independent director except the attendance fee.

Corporate and financial reporting framework

In conformity of the BSEC Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012; the directors confirm 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 account of the issuer company have been maintained.
- 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.
- International Accounting Standards and International Financial Reporting Standards as applicable in Bangladesh along with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.

Significant deviations from the last year's operating result

The company earned profit of Tk.102.98 million and operating profit was Tk. 46.32 million in the year 2016. In the year 2017, the company earned net loss of Tk.937.72 million and operating loss is Tk.331.80 million. The company earns loss in the year 2017, whereas the company was in profit in the year 2016, so can say significant deviation is arisen comparing with the last year's operating profit.

Key operating and financial data

Key operating and financial data of preceding five years is shown under the heading of Performance at a glance in the annual report on page 22.

Dividend

For the year 2017 the Board of Directors recommended no dividend on the ordinary shares of the company's paid up capital for the year 2017.

Director's meeting

During the year 2017 eight board meetings were held. The attendance in the board meetings by each director is attached as annex-A.

Shareholding pattern

According to the clause 1.5 (xxi) of the BSEC's Notification No. SEC/CMRRCD/2006 158/134/Admin/44 dated 7 August 2012 shareholding pattern is attached as annex-B.

Directors' appointment and re-appointment

As per Article 61 of the Articles of Association of the Company, subject to these presents, the Directors shall have power at any time and from time to time to fill up a casual vacancy either from the existing qualified

members or legal heir nominee of the original directors having requisite qualification and duly registered as member of the company as an addition to the Board but the total number of Directors shall not at any time exceed the maximum number to be determined from time to time. Any Director so appointed shall hold office only until the next following ordinary general meeting of the company but shall be eligible for re-election. While making such appointment, the proportion of Directors appointed or nominated by the Company and categories of shareholders shall be maintained.

In line with Article 61, Mr. Khorshed Alam Khan and Mr. Md. Monir Hossain retired from the post of Director with effect from December 11, 2017. Subsequently Mr. M. A. Khaleque and Mr. Md. Ashaduzzaman, representative of Rimsha BD Limited, have been appointed as Directors of the company with effect from December 11, 2017.

As per Article 67 of the Articles of Association of the Company, in every year other than first year, one-third of the Directors for the time being or if their number is not three or multiples of three then the number nearest to one-third are required to retire from office. Till date number of Directors in the Company's Board is ten and hence four Directors will retire on 5 June 2018 from their office.

In line with Article 67 of the Articles of Association of the Company, Directors, namely, Mr. Md. Shamsul Islam, Mrs. Umme Fatima Khaledee Jahan, Mr. Md. Ershad Ullah and Mr. Rubaiyat Khaled will retire on 5 June 2017 from their office. According to Article 69 of the Articles of Association of the company, all of them are eligible for re-election.

Mr. Mohammad Shahidul Islam was reappointed as Independent Director on 17 April 2018. As per clause 1.2 (vi) of BSEC notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.

Detailed disclosure in this regard is stated under the heading of brief profile of Directors in the annual report on page 29.

(a) Brief resume of the Directors;
(b) Nature of the expertise of the Directors;
(c) Name of the Directors and entities in which they have interest as Directors are disclosed in annex-C attached to the financial statements.

Besides, name of the Directors who are the members of the Committees is disclosed under the heading of Board Committees in the annual report on page 32.

Compliance status

Compliance status of the clause 7(ii) of the BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 is attached as annex-D.

Company's overall status other than above

A. Going concern

The going concern is the assumption that an entity will remain in business for the foreseeable future. By making this assumption, the accountant is justified in deferring the recognition of certain expenses until a later period, when the entity will presumably still be in business and using its assets in the most effective manner possible. The going concern assumption is a fundamental assumption in the preparation of financial statements. The auditor evaluates an entity's ability to continue as a going concern for a period not less than one year following the date of the financial statements being audited (a longer period may be considered if the auditor believes such extended period to be relevant). The auditor considers such items as negative trends in operating results, loan

defaults, denial of trade credit from supplier's uneconomical long-term commitments, and legal proceedings in deciding if there is a substantial doubt about an entity's ability to continue as a going concern. If so, the auditor must draw attention to the uncertainty regarding the entity's ability to continue as a going concern, in their auditor's report. Criteria for classification of assets and liabilities into current and non-current is whether they are realized/settled within normal course of business should be reflected in concept of going concern. A detailed disclosure regarding company's going concern status is disclosed under the name going concern in the annual report on page 70.

B. Corporate governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community etc.. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Governance structures and principles identify the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and otherstakeholders) and includes the rules and procedures for making decisions in corporate affairs. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company. In a listed company, corporate governance is the part of the legal system as corporate governance code applies to accounting year. A detailed corporate governance compliance report is disclosed under the name Corporate Governance in the annual report on page 53.

Besides, a certificate issued by FAMES & R, a practicing Chartered Accountants firm regarding compliance of corporate governance is attached as annex-C.

C. Corporate social responsibility

Fareast Finance & Investment Limited always extends its hand to the underprivileged, poor and hapless people of the society as a part of corporate social responsibility. Likewise previous year, Fareast Finance & Investment Limited disbursed total Tk.417,133 only in the following sector:

Health:

Tk.10,000 only distributed for treatment of a burnt patient was admitted in burnt unit of Dhaka Medical College Hospital.

Environment:

1,000 pieces blankets with a cost of Tk.376,133 (Taka three hundred seventy six thousand one hundred and thirty three) only among the cold-stricken poor people at Kuakata in Bangladesh.

Cultural Welfare:

Tk.31,000 only distributed for various cultural functions.

D. Business plan for the year 2018

Predicting that in the year 2018, political situation of the country will be business friendly throughout the year and a stable money market, management of Fareast Finance focusing on the SME sector for financing. Fareast Finance would strengthen its deposit collection scheme and gradually will reduce the dependency on bank

borrowing, initiatives will be taken for opening new branches, if Bangladesh bank approved, and enlarge the market segment in different areas of the Country. Considering that, company's forecasted portfolio for the year 2018 will be around Tk.15,000 million.

E. Human resources

The most important long term competitive advantage of Fareast Finance & Investment Limited is its people. Commitment for attracting and retaining the most talented people in the company is of vital importance and the perennial foundation of its success. More broadly, employees continue to see the value of a long term career at Fareast Finance & Investment Limited. Board approved service rules are reviewed time to time, if required, fulfilment of the best practice of HR especially focusing on the employee benefits design, employee recruitment, training and development, performance appraisal and rewarding, managing pay and benefit systems etc. We also believe in equal employment opportunities regardless of age, gender, disability, religion, race, cast or any other factors. A detailed disclosure regarding company's human resource position is made under the name Human Resource Status in the annual report on page 45.

F. Treasury operation

During the period under review the company meet its fund requirement through deposit mobilization, term loan and overdraft facilities from banks. Deposit Mobilization department provided 19.67 percent of total fund requirment of the Company. On the other hand, continuous efforts are there to reduce the average cost of borrowing and it came to 9.51 percent. Concentration was always made diversifying the sources of fund. From the year 2014 company shifted its strategy for liability management through diminishing dependence on conventional sources of funding. In the year 2017 this activity will be continued.

G. Information technology

Fareast Finance & Investment Limited has a fully functional ICT infrastructure based on Bangladesh Bank's latest ICT Security Guideline to serve the daily official purposes of the employees. The ICT infrastructure of Fareast Finance has several servers through which all access to any kind of information is being authenticated and served. Two branches of Fareast Finance have been connected to central data center 24x7 through WAN. All office premises of Fareast Finance are being monitored using surveillance cameras. Video conference facilities have been setup for audio visual communications between offices. Beside these, three online disaster recovery sites have been developed in three different geographical locations that are able to act as the data recovery servers in the event of any disaster. And last but not the least; Fareast Finance is opening internet and email facilities to all employees gradually to perform official activities in faster and effective ways.

H. Auditors

The shareholders in their sixteenth Annual General Meeting appointed Khan Wahab Shafique Rahman & Co., Chartered Accountants as the Company's Auditor for the year 2017 with the annual remuneration of Tk.375,000 excluding VAT for the third time. They completed the audit satisfactorily and submitted their report. The Board in its 184th meeting recommended for appointing Ahmed Zaker & Co., Chartered Accountants for the year 2018 with the annual remuneration of Tk375,000 only excluding VAT for the first time. It may be noted here that according to section 24(1) of The Financial Institutions Act, 1993, appointment of auditors will be made subject to approval of Bangladesh Bank. In line with that a letter was sent to Bangladesh Bank on 18 April 2018 for seeking their permission. Bangladesh Bank through their letter # DFIM(C)1054/38/2018-932 dated 26 April 2018 provided their permission to make appointment of Ahmed Zaker & Co., Chartered Accountants as external auditor for the year 2018 for the first time. Besides, Ahmed Zaker & Co., Chartered Accountants is the approved audit firm of the panel of auditors of Bangladesh Securities & Exchange Commission. Now the appointment is placed before the seventeenth Annual General Meeting for shareholders approval.

Acknowledgement

The Board of Directors take this opportunity to convey its profound gratitude and heartfelt thanks to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) for their cordial help and support, valuable guidance and advices extended to the Fareast Finance & Investment Limited from time to time, has helped the company to face challenging times.

The Board of Directors do also highly appreciate the contribution of the honorable founder members, sponsors, and shareholders, patrons and well wishers for their invaluable continuous support and co-operation in the company and also to the management and all members of the company for their skillful service with utmost sincerity and dedication for the company.

The Board also provided thanks to all customers for their continued patronage and the opportunity given to us to serve them and further our business relationship. I, on behalf of the Board of Directors of Fareast Finance & Investment Limited, thank you all for reposing your trust and confidence in the Board and Management team of the company throughout these years. We continue to rely on the valuable support and encouragement of all our stakeholders as we strive to effectively take forward. It is our firm expectation that such confidence will remain unflinching in the coming years also.

Thank you.

On behalf of the Board of Directors,

M. A. Wahhab
Chairman
Board of Directors

17 April 2018

AMARSTOCK

Annex-A

Directors' attendance in board meetings in the year 2017

Name of Directors	Status	Relevant meetings	Attendance	
		Number	Number	%
M. A. Wahhab	Chairman	8	8	100
Md. Ershad Ullah	Vice Chairman	8	8	100
M. Mustafizur Rahman	Director	8	1	13
M.A. Khaleque	Director	1	1	100
Md. Shamsul Islam Varosha	Director	8	7	88
Khandker Mohammad Rakib Hasan	Alternate Director	8	0	0
Rubaiyat Khaled	Director	8	6	75
Md. Ashaduzzaman (Representive of Rimsha BD Limited)	Director	1	0	0
Mohammad Shahidul Islam	Independent Director	8	6	75
Dr. M. Mosharraf Hossain	Independent Director	8	8	100

AMARSTOCK

Annex-B

Shareholding pattern of Fareast Finance & Investment Limited as on 31 December 2017 is presented below:

Sl. #	Shares held by	No. of shareholding	Shareholding %
A.	Parent/Subsidiary/Associate Companies and other related parties	0	0
B.1	Directors		
	M. A. Wahhab	5,774,601	3.52
	Md. Ershad Ullah	5,797,190	3.53
	M. Mustafizur Rahman	5,085,115	3.10
	M.A. Khaleque	3,281,266	2.00
	Md. Shamsul Islam Varosha	3,281,266	2.00
	Umme Fatima Khaledee Jahan	3,281,266	2.00
	Rubaiyat Khaled	3,361,077	2.05
	Md. Ashaduzzaman (Representive of Rimsha BD Limited)	3,502,391	2.13
	Mohammad Shahidul Islam	0	0.00
	Dr. M. Mosharraf Hossain	0	0.00
B.2	Executive officers		
	Santanu Saha, Managing Director	0	0
	Mohammed Hafizour Rahman, Chief Financial Officer	0	0
	Nazmun NaharAssistant Company Secretary	0	0
c.	Executives		
	Md. Anwar Hussain, Vice President	0	0
	Mohammad Rofiqul Alam, Senior Assistant Vice President	0	0
	Mr. Biplob Saha, Assistant Vice President	0	0
	Mr. Mohammad Abdullah Al Mamun, Assistant Vice President	0	0
	Mr. Mutiul Aziz Khan, Senior Manager	0	0
	Ms. Shirina Akter, Senior Manager	0	0
	Ms. Rokshana Islam, Senior Manager	0	0
	Mr. Md. Rezaul Karim, Senior Manager	0	0
	Mr. Md. Iqbal Haque Choudhury, Senior Manager	0	0
	Ms. Sanjida Laboni, Senior Manager	0	0
	Mr. Md. Rafiqul Islam, Senior Manager	0	0
D.	Shareholders holding 10% or more voting right	0	0

Annex-C

Compliance of corporate governance

FAMES & R
CHARTERED ACCOUNTANTS

House # 424 (4th floor), Road # 30, Mohakhali DOHS
Dhaka-1206, Phone: 9884049, 9587531
Mobile : 01715-001622, 01783294818, 01706446010
Email : fames1622@gmail.com
shahadatrashid67@gmail.com

H-3/1 & 3/2 (Flat-A2), Bijoynagar, Dhaka-1000
Mobile : 01819496565, 01819207889, 01731925302

Certificate on compliance of conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the shareholders of Fareast Finance & Investment Limited

We have examined the Compliance of Corporate Governance Guidelines by Fareast Finance & Investment Limited for the year ended 31 December 2017, as set by Bangladesh Securities & Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006-158/134/ADMIN/44 dated 7 August 2012 and subsequently amended through their notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

The compliance of conditions of Corporate Governance Guidelines is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Notification.

We further state that such compliance is neither an assurance as the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Dated: 11 April, 2018
Place: Dhaka

FAMES & R
Chartered Accountants

Annex-D

Compliance status with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 is as follows:

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.	**Board of Directors**			
1.1	Board's size: (number of the Board members– minimum 5 and maximum 20)	√		
1.2	**Independent Director**			
1.2 (i)	At least one fifth (1/5th) of the total number of directors shall be Independent Directors	√		
Independent director means a director				
1.2 (ii) a)	who does not hold any share or holds less than 1% shares of the total paid-up shares of the company	√		
1.2 (ii) b)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	√		
1.2 (ii) c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2 (ii) d)	who is not a member, director or officer of any stock exchange	√		
1.2 (ii) e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2 (ii) f)	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	√		
1.2 (ii) g)	who shall not be an independent director in more than 3 (three) listed companies	√		
1.2 (ii) h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non bank financial institution (NBFI)	√		
1.2 (ii) i)	who has not been convicted for a criminal offence involving moral turpitude	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.2 (ii) j)	who shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)	√		
1.2 (ii) k)	the post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		
1.2 (ii) l)	the Board shall lay down a code of conduct of all board members and annual compliance of the cod e to be recorded	√		
1.2 (ii) m)	the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		
1.3	**Qualification of Independent Director**			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1.3 (ii)	Independent Director should be a Business/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants/Cost & Management Accountants/ Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/professional experiences	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	--	--	Not applicable
1.4	**Chairman of the Board and Chief Executive Officer**			
	The Chairman of the Board and the Chief Executive Officer shall be filled by different individuals. The Chairman shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5	**The Directors' Report to Shareholders**			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment -wise or product -wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra - Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transactions -- a statement of all related party transactions should be disclosed	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.5 (viii)	An explanation if the financial results deteriorate afer the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	√		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance	√		
1.5 (x)	Remuneration to directors including independent directors	√		
1.5 (xi)	The financial statements present fairly its state of affairs, the result of its operation, cash flows and changes in equity	√		
1.5 (xii)	proper books of account of the issuer company have been maintained	√		
1.5 (xiii)	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)	IAS/BAS/IFRS/BFRS, 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)	The system of internal control i s sound in design and has been effectively implemented and monitored	√		
1.5 (xvi)	Going concern (ability to continue as Going Concern)	√		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons there of should be explained	√		
1.5 (xviii)	Presentation of key operating and financial data for at least last five years	√		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	√		Dividend for the year 2016 is recommended for declaration, hence not applicable for the company
1.5 (xx)	The number of Board meetings held during the year and directors attendance	√		
1.5 (xxi)	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 (xxi) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.5 (xxi) 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 (xxi) c	Executives;	√		
1.5 (xxi) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		
1.5 (xxii)	In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5 (xxii) a	a brief resume of the directors	√		
1.5 (xxii) b	nature of his/her expertise in specific functional areas;	√		
1.5 (xxii) c	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.	**CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY:**			
2.1	Appointment of Chief Financial Officer, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	√		The post of Head of Internal Audit was vacant from 14 December, 2016
2.2	The Chief Financial Officer and the Company Secretary shall attend the meetings of the Board of Directors	√		
3.	**AUDIT COMMITTEE:**			
3.(i)	The company shall have an Audit Committee as a sub - committee of the Board of Directors	√		
3.(ii)	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	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	√		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experiences	√		
3.1 (iv)	When the term of service of the Committee members expires or any Committee member to be unable to hold office, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) within 1 month from the date of vacancy(ies) that the number of Committee members never be lower than the prescribed number of 3 (three) persons to ensure continuity of the performance of work of the Audit Committee.	-	-	Not applicable
3.1 (v)	The company secretary shall act as the secretary of the Committee	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	√		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	The Board of Directors shall select chairman of the Audit Committee who shall be an Independent Director	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting	√		
3.3	**Role of Audit Committee**			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval	√		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review the statement of significant related party transactions submitted by the management	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
3.3 (x)	The uses/applications of fund raised through IPO/RPO/Right issue etc. shall be disclosed by the company to the Audit Committee on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus	-	-	Not applicable
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii)(a)	report on conflicts of interests;	-	-	No such matters indentified by the Audit Committee to report
3.4.1 (ii)(b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	-	-	No such matters indentified by the Audit Committee to report
3.4.1 (ii)(c)	suspected infringement of laws, including securities related laws, rules and regulations;	-	-	No such matters indentified by the Audit Committee to report
3.4.1 (ii)(d)	any other matter which shall be disclosed to the Board of Directors immediately	-	-	No such matters indentified by the Audit Committee to report
3.4.2	**Reporting to the Authorities**			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporti ng of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	-	-	No such matters indentified by the Audit Committee to report
3.5	**Reporting to the Shareholders and General Investors**			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
4	**EXTERNAL/STATUTORY AUDITORS:**			
	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-			
4.(i)	Appraisal or valuation services or fairness opinions	√		
4.(ii)	Financial information systems design and implementation	√		
4.(iii)	Book - keeping or other services related to the accounting records or financial statements	√		
4.(iv)	Broker-dealer services	√		
4.(v)	Actuarial services	√		
4.(vi)	Internal audit services	√		
4.(vii)	Any other service that the Audit Committee determines	√		
4.(viii)	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	√		
4(ix)	Audit/Certification services on compliance of Corporate Governance as required under clause (i) of the condition no.7	√		
5.	**SUBSIDIARY COMPANY:**			
5.(i)	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	-	-	There is no subsidiary company, hence not applicable for the company
5.(ii)	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	-	-	There is no subsidiary company, hence not applicable for the company
5.(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	-	-	There is no subsidiary company, hence not applicable for the company
5.(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	-	-	There is no subsidiary company, hence not applicable for the company
5.(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	There is no subsidiary company, hence not applicable for the company
6.	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):**			
	The CEO and CFO shall certify to the Board that:			
6.(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6.(i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
6.(i) (b)	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	√		
6.(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 violation of the company's code of conduct.	√		
7.	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost & Management accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commis sion and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

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Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Partners:
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Auditors' Report to the Shareholders of Fareast Finance & Investment Limited

We have audited the accompanying financial statements of Fareast Finance & Investment Limited (the "Company") which comprise the balance sheet as at 31 December 2017, profit and loss account, statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements of the company in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of these financial statements of the company that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an independent opinion on these financial statements of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements of the company, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the company give a true and fair view of the financial position of the company as at 31 December, 2017, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of Financial Institution Act, 1993, the rules and regulations issued by Bangladesh Bank, the companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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Report on other legal and regulatory requirements

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found satisfactory;

b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

c) the balance sheet and profit and loss account of the Company together with annexed notes from 1 to 49 dealt with by the report are in agreement with the books of account;

d) the expenditure incurred was for the purpose of the company's business;

e) the financial statements of the Company have been drawn up in conformity with the Financial Institution Act, 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;

f) the records and accounts of the branches have been properly maintained and consolidated in the financial statements;

g) FFIL has no subsidiary company and thus its consolidation does not arise during the year under audit;

h) adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instruction in this regard have been followed properly;

i) statements sent to Bangladesh Bank has been checked on sample basis and no inaccuracy has come to our attention;

j) taxes and other duties collected and deposited to Government treasury by the company as per Government instructions found satisfactory;

k) 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 & liabilities;

l) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank & other regulatory authorities have been found complied ;

m) the internal control and compliance of the company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed;

n) the Company has complied with relevant laws pertaining to capital, reserve & net worth, cash & liquid assets and procedure for sanctioning & disbursing loans/leases found satisfactory;

o) the financial statements of the company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;

p) we have reviewed over 80% of the risk weighted assets of the company during the course of our audit and we have spent over 1,350 person-hours for the audit of books and accounts of the company;

q) All other matters which are important for the stakeholders of the company have been adequately disclosed in the audit report.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, April 18, 2018

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Financial Statements

Financial statements present a company's financial performance over a specific accounting period. Financial statements are used by shareholders, executives, employees, investors, potential lenders and any other person or institution that needs to analyze a company.



Fareast Finance & Investment Limited

Balance Sheet
as at 31 December 2017

Particulars	Note	Amounts in Taka	
		31.12.2017	31.12.2016
PROPERTY AND ASSETS			
Cash	4	**65,809,804**	**47,716,032**
In hand (including foreign currencies)		0	0
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		65,809,804	47,716,032
Balance with other banks and financial institutions	5	**672,472,341**	**1,491,110,646**
In Bangladesh		672,472,341	1,491,110,646
Outside Bangladesh		0	0
Money at call and short notice	6	**0**	**0**
Investments	7	**158,821,312**	**278,735,118**
Government		0	0
Others		158,821,312	278,735,118
Loans, advances and leases		**11,597,258,428**	**10,982,604,900**
Loans, cash credits, overdrafts, leases, etc.	8	11,597,258,428	10,982,604,900
Bills purchased and discounted	9	0	0
Fixed assets including premises, furniture and fixtures	10	**27,226,486**	**26,579,123**
Other assets	11	**1,107,983,257**	**1,191,157,327**
Non-business assets	12	**0**	**0**
Total assets		**13,629,571,628**	**14,017,903,146**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	13	**3,708,371,507**	**4,413,677,145**
Deposits and other accounts	14	**6,908,499,802**	**6,313,014,900**
Current deposits		0	0
Bills payable		0	0
Savings deposits		0	0
Term deposits		6,908,499,802	6,313,014,900
Bearer certificate of deposit		0	0
Other deposits		0	0
Other liabilities	15	**1,967,747,653**	**1,226,505,530**
Total liabilities		**12,584,618,962**	**11,953,197,575**

AMAR STOCK

Particulars	Note	Amounts in Taka	
		31.12.2017	31.12.2016
Capital/Shareholders' equity		**1,044,952,666**	**2,064,705,571**
Paid up capital	16	1,640,633,300	1,640,633,300
Statutory reserve	17	242,447,925	242,447,925
Revaluation reserve	11.3.1	98,743,750	98,743,750
Retained earnings	18	(936,872,309)	82,880,596
Total liabilities and Shareholders' equity		**13,629,571,628**	**14,017,903,146**
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	19.1	**0**	**515,588,000**
Acceptances and endorsements		0	0
Letter of guarantee		0	515,588,000
Irrevocable letter of credit		0	0
Bills for collection		0	0
Other contingent liabilities		0	0
Other commitments	19.2	**0**	**0**
Documentary credits and short term trade related transactions		0	0
Forward assets purchased and forward deposits placed		0	0
Undrawn note issuance and revolving underwriting facilities		0	0
Spot and foreign exchange rate contract		0	0
Undrawn formal standby facilities, credit lines and other commitments		0	0
Total off-balance sheet items including contingent liabilities		**0**	**515,588,000**
Net asset value per share		**6.37**	**12.58**

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

M. A. Wahhab	Md. Ershad Ullah	Santanu Saha	Nazmun Nahar
Chairman	Vice Chairman	Managing Director	Assistant Company Secretary

As per our annexed report of same date.

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Dhaka, 18 April 2018

Fareast Finance & Investment Limited

Profit and Loss Account
for the year ended 31 December 2017

Particulars	Note	Amounts in Taka	
		2017	2016
Interest income	21	798,911,680	1,046,426,417
Interest expenses on borrowings, deposits, etc.	22	(1,092,066,735)	(1,015,504,939)
Net interest income		**(293,155,055)**	**30,921,478**
Investment income	23	(12,637,743)	4,557,349
Commission, exchange and brokerage	24	0	2,009,250
Other operating income	25	90,811,357	122,303,475
Total operating income		**(214,981,441)**	**159,791,552**
Salary and allowances	26	59,643,892	55,911,516
Rent, taxes, insurance, electricity, etc.	27	17,702,482	17,721,659
Legal expenses	28	2,891,851	4,489,409
Postage, stamp, telecommunication, etc.	29	1,463,718	1,448,423
Stationery, printing, advertisements, etc.	30	2,068,862	2,460,133
Managing Director's salary and allowances	31	7,892,000	6,820,300
Directors' fees	32	720,000	928,000
Auditors' fees	33	481,850	486,450
Charges on losses regarding loans, advances and leases		0	0
Depreciation and repairs of company's assets	34	7,982,065	7,452,474
Other operating expenses	35	15,971,105	15,760,968
Total operating expenses		**116,817,825**	**113,479,332**
Profit/(loss) before provisions		**(331,799,266)**	**46,312,220**
Provisions for loans, advances and leases:	36	654,867,360	22,988,471
Provision for the diminution in the value of investments	37	(50,183,373)	(12,800,216)
Other provisions		0	0
Total provisions		**604,683,987**	**10,188,255**
Profit/(loss) before income tax		**(936,483,253)**	**36,123,965**
Provision for income tax			
Current tax	38	976,968	(66,330,573)
Deferred tax	38	261,019	(525,276)
		1,237,987	**(66,855,849)**
Net profit/(loss) after income tax		**(937,721,240)**	**102,979,814**
Retained earnings brought forward from previous years		82,880,596	164,560,075
Profit/(loss) available for appropriations		**(854,840,644)**	**267,539,889**

Particulars	Note	Amounts in Taka	
		2017	2016
Appropriations			
Statutory reserve	17	0	20,595,963
Cash dividend		82,031,665	164,063,330
Dividend (Bonus shares)		0	0
		82,031,665	**184,659,293**
Retained earnings carried to the balance sheet	18	**(936,872,309)**	**82,880,596**
Earnings per share	39	**(5.72)**	**0.63**
Weighted average number of outstanding shares		**164,063,330**	**164,063,330**

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

M. A. Wahhab	Md. Ershad Ullah	Santanu Saha	Nazmun Nahar
Chairman	Vice Chairman	Managing Director	Assistant Company Secretary

As per our annexed report of same date.

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Dhaka, 18 April 2018

Fareast Finance & Investment Limited

Cash Flow Statement
for the year ended 31 December 2017

Particulars	Amounts in Taka	
	2017	2016
Cash flows from operating activities		
Interest received	826,576,028	1,053,523,118
Interest paid	(1,033,461,559)	(1,025,158,970)
Dividend received	4,884,839	2,508,104
Fees and commission received	0	2,009,250
Recoveries of loan previously written-off	2,114,540	600,000
Income taxes paid	(22,690,631)	(78,216,060)
Received from other operating activities	90,811,357	122,303,475
Payments for other operating activities	(110,040,178)	(107,178,185)
Cash generated from operating activities before changes in operating assets and liabilities	**(241,805,604)**	**(29,609,268)**
Increase/decrease in operating assets and liabilities		
Statutory deposit	0	0
Trading securities	0	0
Loans, advances and leases	(635,583,871)	342,894,410
Other assets	9,718,088	(145,309,943)
Deposit and other accounts	595,484,902	20,379,766
Net drawdown of short term loans	(64,209,306)	86,623,131
Other liabilities on account of customers	(20,917,237)	15,150,313
Trading liabilities	0	0
Other liabilities	185,010,822	17,293,223
	69,503,398	**337,030,900**
Net cash from operating activities	**(172,302,206)**	**307,421,632**
Cash flows from investing activities		
Proceeds from sale of securities	269,145,304	253,691,777
Payments for purchase of securities	(166,754,080)	(152,161,476)
Purchase of fixed assets including premises, furniture and fixtures	(7,287,110)	(10,042,238)
Proceeds from sale of fixed assets including premises, furniture and fixtures	2	0
(Increase)/decrease regarding purchase and sale of subsidiary	(218,446)	(1,582,914)
Net cash used in investing activities	**94,885,670**	**89,905,149**
Cash flows from financing activities		
Receipt of borrowings from other banks, financial institutions and agents	754,145,000	1,859,280,000
Repayment of borrowings from other banks, financial institutions and agents	(1,395,241,332)	(1,327,877,720)
Receipt against issue of share capital	0	0
Increase/(decrease) in revaluation reserve	0	0
Dividend paid in cash	(82,031,665)	(164,063,330)
Net cash from financing activities	**(723,127,997)**	**367,338,950**

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Particulars	Amounts in Taka	
	2017	2016
Net increase/(Decrease) in cash and cash equivalents	(800,544,533)	764,665,731
Effects of exchange rate changes on cash and equivalents	0	0
Cash and cash equivalents at beginning of the year	1,538,826,678	774,160,947
Cash and cash equivalents at the end of the year	**738,282,145**	**1,538,826,678**
Cash and cash equivalents at the end of the year		
Cash in hand (including foreign currencies)	0	0
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	65,809,804	47,716,032
Balance with other banks and financial institutions	672,472,341	1,491,110,646
Money at call and short notice	0	0
	738,282,145	**1,538,826,678**

M. A. Wahhab	Md. Ershad Ullah	Santanu Saha	Nazmun Nahar
Chairman	Vice Chairman	Managing Director	Assistant Company Secretary

As per our annexed report of same date.

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Dhaka, 18 April 2018

Fareast Finance & Investment Limited

Statement of Changes in Equity
for the year ended 31 December 2017

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance at 01 January 2016	1,640,633,300	221,851,962	98,743,750	164,560,075	2,125,789,087
Changes in accounting policy(s)	0	0	0	0	0
Restated balance	**1,640,633,300**	**221,851,962**	**98,743,750**	**164,560,075**	**2,125,789,087**
Surplus/deficit on account of revaluation of properties	0	0	0	0	0
Surplus/deficit on account of revaluation of investments	0	0	0	0	0
Currency translation differences	0	0	0	0	0
Net gains and losses not recognized in the profit and loss account	0	0	0	0	0
Net profit for the year	0	0	0	102,979,814	102,979,814
Cash dividend	0	0	0	(164,063,330)	(164,063,330)
Dividend (Bonus shares)	0	0	0	0	0
Issue of share capital	0	0	0	0	0
Appropriations during the year	0	20,595,963	0	(20,595,963)	0
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	0	0	0	0	0
Balance as at 31 December 2016	**1,640,633,300**	**242,447,925**	**98,743,750**	**82,880,596**	**2,064,705,571**
Balance at 01 January 2017	1,640,633,300	242,447,925	98,743,750	82,880,596	2,064,705,571
Changes in accounting policy(s)	0	0	0	0	0
Restated balance	**1,640,633,300**	**242,447,925**	**98,743,750**	**82,880,596**	**2,064,705,571**
Surplus/deficit on account of revaluation of properties	0	0	0	0	0
Surplus/deficit on account of revaluation of investments	0	0	0	0	0
Currency translation differences	0	0	0	0	0
Net gains and losses not recognized in the profit and loss account	0	0	0	0	0
Net profit for the year	0	0	0	(937,721,240)	(937,721,240)
Cash dividend	0	0	0	(82,031,665)	(82,031,665)
Dividend (Bonus shares)	0	0	0	0	0
Issue of share capital	0	0	0	0	0
Appropriations during the year	0	0	0	0	0
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	0	0	0	0	0
Balance as at 31 December 2017	**1,640,633,300**	**242,447,925**	**98,743,750**	**(936,872,309)**	**1,044,952,666**

M. A. Wahhab
Chairman

Md. Ershad Ullah
Vice Chairman

Santanu Saha
Managing Director

Nazmun Nahar
Assistant Company Secretary

As per our annexed report of same date.

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Dhaka, 18 April 2018

Fareast Finance & Investment Limited

Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2017

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)	65,809,804	0	0	0	0	65,809,804
Balance with other banks and financial institutions	92,472,341	580,000,000	0	0	0	672,472,341
Money at call and short notice	0	0	0	0	0	0
Investments	158,821,312	0	0	0	0	158,821,312
Loans, advances and leases	1,494,745,835	450,656,557	2,304,532,801	4,324,983,325	3,022,339,910	11,597,258,428
Fixed assets including premises, furniture and fixtures	189	4,264	49,899	21,687,134	5,485,000	27,226,486
Other assets	102,347,908	13,211,562	370,269,042	1,434,459	620,720,286	1,107,983,257
Non-business assets	0	0	0	0	0	0
Total assets	**1,914,197,389**	**1,043,872,383**	**2,674,851,742**	**4,348,104,918**	**3,648,545,196**	**13,629,571,628**
Liabilities						
Borrowings from other banks, financial institutions and agents	746,365,025	245,431,736	1,045,149,909	1,671,424,837	0	3,708,371,507
Deposits and other accounts	770,652,259	504,698,525	1,404,186,519	4,142,225,416	86,737,083	6,908,499,802
Provision and other liabilities	182,283,838	62,346,930	192,694,572	1,319,407,826	211,014,487	1,967,747,653
Total liabilities	**1,699,301,122**	**812,477,191**	**2,642,031,000**	**7,133,058,079**	**297,751,570**	**12,584,618,962**
Net liquidity gap	**214,896,267**	**231,395,192**	**32,820,742**	**(2,784,953,161)**	**3,350,793,626**	**1,044,952,666**

M. A. Wahhab
Chairman

Md. Ershad Ullah
Vice Chairman

Santanu Saha
Managing Director

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Assistant Company Secretary

As per our annexed report of same date.

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Dhaka, 18 April 2018

Fareast Finance & Investment Limited

Notes to the Financial Statements and significant accounting policies for the year ended 31 December 2017 (forming an integral part of the financial statements)

1. Legal status and nature of the company

1.1 Domicile, legal form, country of incorporation and status of the company

Fareast Finance & Investment Limited ("the company") was incorporated in Bangladesh as a public limited company with limited liability on 21 June 2001 under the Companies Act, 1994. The company was authorized to commence business in Bangladesh as per Certificate of Commencement dated 21 June 2001.

The company obtained license from Bangladesh Bank as a Financial Institution under the Financial Institutions Act, 1993 to operate as a leasing and financing company on 03 July 2001.

1.2 Address of registered office and place of business of the company

The registered office of the company is at Eunoos Centre (8th level), 52-53, Dilkusha Commercial Area, Dhaka-1000, Bangladesh. Company's principal office is also situated at the same address and at present, the company has also two branch offices at Chittagong and Dhaka in Bangladesh.

1.3 Principal activities of the company

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

1.4 Nature of operation of the company

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

1.5 Information regarding associate company

The company has 1 (one) associate company namely Fareast Stocks & Bonds Limited (fifty percent shareholding), was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994 with authorized share capital of Tk.1,500,000,000. The company had started its operation from 27 April 2010. The main business of the company is to carry on the business as a stock broker, stock dealer in stocks and dealing in securities, commercial papers, bonds, debenture stocks, foreign currencies, treasury bills/bonds and/or any financial instruments.

1.6 Number of employees of the company

The number of employees of the company was seventy five and sixty five at the end of the year 2017 and 2016 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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

2.2 Basis of measurement

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

2.3 Statement of compliance

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

2.4 Basis of presentation

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

2.5 Uncertainties for use of estimates in preparation of financial statements

The preparation of financial statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of other information at the date of the financial statements and revenues and expenses during the period reported. Actual results 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 15.4 respectively.

2.6 Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements

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

2.7 Cash flow statement

Cash flow statement is prepared in accordance with BAS 7: "Cash Flow Statement", DFIM circular # 11 dated 23 December 2009 and as recommended by the Securities and Exchange Rules 1987. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. Cash and cash equivalents include notes and coins on hand, unrestricted balance held with the Bangladesh Bank and its agent bank including balances with other commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities.

According to BAS 7: "Cash Flow Statements", cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of BAS 7 and BAS 1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.

2.8 Statement of changes in equity

The statement of changes in equity is prepared in accordance with BAS 1: "Presentation of Financial Statements" and DFIM Circular # 11 dated 23 December 2009.

2.9 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared in accordance with the guidelines issued by Bangladesh Bank through DFIM circular # 11 dated 23 December 2009 as per following bases:

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

2.10 Contingent Liabilities and contingent assets

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

2.11 Proposed dividend

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

2.12 Events after the Reporting Period

All material events occurring after the reporting period has been considered and where necessary, adjusted for or disclosed in note-47.

2.13 Provision for income tax

BAS 12: "Income Taxes" and Income Tax ordinance 1984 have been used for the calculation of deferred tax and current tax expense respectively. Provision for income tax represents the sum of the current tax expense and deferred tax expense.

a) Current tax expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible.

The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

b) Deferred tax expense

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit and loss account.

2.14 Fixed assets

All fixed assets are stated at cost less accumulated depreciation as per BAS 16: "Property, Plant and Equipment". The cost of acquisition of an asset comprise its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements, renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

Depreciation on fixed assets has been charged only from the month of acquisition of the asset (if purchased on or before fifteenth day of the month) to the end of the year and in case of assets disposed off, no depreciation on the assets has been charged on the month of disposal of assets. Depreciation on all assets is computed to write off over the estimated useful economic lives of the assets.

Depreciation on fixed assets under company's own use is charged on straight-line method throughout the estimated useful lives of the assets.

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

Item of assets	Rate (%)
Furniture	18
Office equipment	20
Office software	20
Office crockery	20
Motor vehicle	20

2.15 Impairment of assets

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

2.16 Accounts receivable

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

2.17 Cash and cash equivalents

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

2.18 Accounting for investment in leases

As per BAS 17: "Leases", the company recognizes leased assets in the balance sheet and presents them as receivable at an amount equal to the net investment in the lease. Under a finance lease all the risks and rewards incident to legal ownership are transferred by the company, and thus the lease payment receivable is treated as repayment of principal and finance income to reimburse and reward for its investment and services. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

2.19 Accounting for term finances

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

2.20 Accounting for investment in associates

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

2.21 Recognition of leased assets

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

2.22 Recognition of term finances

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

2.23 Recognition of investment in associate

Recognition of income on the basis of distributions received from associate may not be an adequate

measure of the income earned by the Company on an investment in an associate because the distributions received may bear little relation to the performance of the associate. Because of the company has significant influence over the associate; the company has an interest in the associate's performance and as a result the return of investment. The company's accounts for this interest by extending the scope of its financial statements to include its share of profit/loss of such an associate. As a result application of the equity methods provides more informative reporting of the net asset and profit or loss of the investor.

2.24 Provision for loans, advances and leases

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

No provision is recognized for any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or any present obligation that arises from past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimates of the amount of obligation can not made.

The company evaluates its loans, advances and leases portfolio on regular intervals and maintains its provision requirement at a level adequately considering the identifiable and unforeseen losses in the portfolio and also the quality of the portfolio commensurate with changes in the economic conditions.

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

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

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

2.25 Write- off

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

2.26 Depreciation of assets under finance lease

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

2.27 Investment in shares

Investment in shares are treated as financial asset as per BAS 32: "Financial Instruments: Presentation", classified as financial asset at fair value through profit and loss as per BAS 39: "Financial Instruments: Recognition and Measurement" and are recognized as current investment and shown in the Balance Sheet under the current assets and investments head.

Investment in shares has been shown at fair value considering the Bangladesh Bank guidelines and SEC notifications in this regard.

Provision has been made for reduction in market price of shares as on the date of the balance sheet and charged to the profit and loss accounts on incremental basis.

2.28 Borrowings from other banks, financial institutions and agents

In conformation to DFIM circular # 11 dated 23 December 2009 issued by Bangladesh Bank, borrowings from other banks, financial institutions and agents are placed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

2.29 Deposits and other accounts

The company takes term deposits from banks, financial institutions and general public at various rates against issuance of fixed deposits receipts within the parameters set by Bangladesh Bank through different circulars.

The company places the deposits and other accounts into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date considering the DFIM circular # 11 dated 23 December 2009 issued by Bangladesh Bank.

2.30 Interest suspense account

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

2.31 Revenue recognition

The revenue is recognized after satisfying all the conditions for revenue recognition as provided BAS 18: "Revenue". Detailed income wise policy for revenue recognition is as under:

a) Interest income on loans, advances and leases

Interest on loans is recognized as income at the time of its becoming receivable from the client.

As per BAS 17: "Leases", finance income are recognized as income based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Interest included in the installments against the loans, advances and leases, which are in standard status as per Bangladesh Bank's guidelines relating to classification and provisioning of loans, advances and leases are recognized as income irrespective of received or not.

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 as per BAS 17: "Leases".

Profit or loss on sale of fixed assets has been accounted for on completion of sale basis at the time of sale of the respective fixed asset as per BAS 16: "Property, Plant and Equipment".

Income from associate has been accounted for using the equity method under BAS 28: "Accounting for investment in associates".

2.32 Post employment benefits to the employees

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

a) Provident fund

There is a provident fund scheme under the defined contribution plan. The fund is operated by a separate Board of Trustees. All eligible employees contribute 10% of their basic pay to the fund. The company also contributes equal of employee's contribution to the fund. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund.

The financial statements are duly prepared for the provident fund as per the requirements of BAS 26: "Accounting and Reporting by Retirement Benefit Plans".

b) Staff gratuity

The company has a separate Board of Trustees for operating the staff gratuity fund. Employees of the company, who served the company for five years or above is entitled to get gratuity benefit at rates determined by the approved rules of the fund.

The financial statements are duly prepared for the gratuity fund as per the requirements of BAS 26: "Accounting and Reporting by Retirement Benefit Plans".

2.33 Other benefits to the employees

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

a) Group life insurance scheme and Hospitalization assurance plan

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

b) Employee transport facility

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

- Vehicle facility under company management.
- Vehicle facility under loan facility.
- Vehicle facility under pool service.

c) Mobile facilities

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

d) Payment of professional fees

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

2.34 Foreign currency transaction

a) Functional and presentational currency

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

b) Foreign currency translation

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

2.35 Borrowing costs

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

2.36 Related party transactions

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

2.37 Earnings per share (EPS)

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

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

For calculation of basic earnings and weighted average number of ordinary shares outstanding during the year, the following formulas have been used:

Basic earnings

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

Weighted average number of ordinary shares outstanding during the year

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

Diluted earnings per share

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

2.38 Provision for liabilities

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

2.39 Derivatives

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

2.40 Risk management

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

a) Credit risk

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

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

b) Interest rate risk

Interest rate risk is concerned with borrowed funds of short term and long term maturity. Volatility in money market and increased demand for loan/investment raise the rate of interest. Increase in interest rate of borrowings could narrow or eliminate the spread, or result in a negative spread and could adversely affect the business and future financial performance resulting from high cost of fund of a company.

Company's investments are generally structured at fixed rates for a specified term. But, in case of exigency like unusual and abrupt increase in borrowing rate, the company has a scope to increase the lending rate which mitigates the risk. Again company always tries to reduce the interest rate risk by diversifying the borrowing from different sources at different rates.

c) Liquidity risk

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

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

d) Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. Some more operational events are including operational errors, non compliance with internal regulations, non-compliance of legal requirements, launching new products without adequate operational support, rouge traders etc.

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

e) Market risk

Market risk is the risk that may hamper Fareast Finance's earnings and capital due to changes in the market level of interest rates, securities, equities as well as the volatilities of those prices. Volatility of money

market, which ultimately imposes upward pressure on interest rate structure, may erode the Company's profitability. Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversely. Inability to offer on to a proactive and competitive posture due to lack of market access and inability to offer competitive products will hinder the Company's growth potential.

The Company is less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. Fareast Finance does not have any foreign currency loan. Moreover, since it is a leasing company it imports equipment, plant & machinery etc. to lease out to the prospective clients. In case of currency fluctuation it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. To manage the market risk Fareast Finance has managed to arrange the funding facilities with competitive interest rate to match with maturity. It also maintains a new spread investment plans and practical provisioning policy. Fareast Finance with its strong earning capacity, favorable credit rating and market goodwill can access to money market with a competitive rate.

f) Industry risk

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

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

g) Technology risk

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

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

h) Risk related to rules and regulations

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

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

i) Risk related to changes in global policies

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

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

j) Exchange rate risk

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

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

k) Compliance risk

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

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

l) Non operation of business

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

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

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

m) Maturity gap risk

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

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

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

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

3. Additional information on financial statements

3.1 Responsibility for preparation and presentation of financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements under section 183 of the Companies Act 1994.

3.2 Components of the financial statements

Following the BAS 1: "Presentation of Financial Statements", the company's complete set of financial statements include the following components:

a) a statement of financial position (Balance Sheet) as at 31 December 2017
b) a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2017
c) Cash Flow Statement for the year ended 31 December 2017
d) Statement of Changes in Equity for the year ended 31 December 2017
e) Liquidity Statement as at 31 December 2017
f) Notes to the Financial Statements and significant accounting policies.

3.3 Comparative information

As per paragraph 38 of BAS 1: "Presentation of Financial Statements" the company has disclosed comparative information in respect of the previous period for all amounts reported in the current period's financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the previous period have been rearranged whenever considered necessary to ensure comparability with the current year.

3.4 Compliance with BFRS and BAS

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

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

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

3.5 Reporting period

Financial statements of the company cover one calendar year from 01 January to 31 December 2017 consistently.

		Amounts in Taka	
		31.12.2017	31.12.2016
4	**Cash**		
4.1	***Cash in hand (including foreign currencies)***		
	In local currency	0	0
	In foreign currency	0	0
		0	**0**
4.2	***Balance with Bangladesh Bank and its agent banks (including foreign currencies)***		
	In local currency	65,809,804	47,716,032
	In foreign currency	0	0
		65,809,804	**47,716,032**

4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement @ 2.5% and Statutory Liquid Ratio @ 5% have been calculated and maintained in accordance with FID Circular # 02 and 06 dated 10 November 2004 and 31 May 2001 respectively. Details calculation are as follows:

a) Cash Reserve Requirement

Required reserve	62,382,002	44,181,536
Actual reserve maintained	65,809,804	47,716,032
Surplus/(deficit)	**3,427,802**	**3,534,496**

b) Statutory Liquidity Ratio

Required reserve (including CRR)	154,363,128	116,794,697
Actual reserve maintained (including CRR) (note-4.3.1)	744,756,285	1,544,173,104
Surplus/(deficit)	**590,393,157**	**1,427,378,407**

4.3.1 Actual reserve maintained (including CRR)

Cash in hand	0	0
Balance with Bangladesh Bank and its agent banks as per bank statement	65,809,804	47,716,032
Balance with other banks and financial institutions as per bank statement	678,946,481	1,496,457,072
	744,756,285	**1,544,173,104**

5. Balance with other banks and financial institutions

In Bangladesh		
Current accounts (note-5.1)	3,188,833	2,830,459
Short term deposit accounts (note-5.2)	39,283,508	8,280,187
Savings accounts (note-5.3)	0	0
Fixed deposit accounts (note-5.4)	630,000,000	1,480,000,000
	672,472,341	**1,491,110,646**
Outside Bangladesh	0	0
	0	**0**

The company does not maintain any account outside Bangladesh.

			Amounts in Taka	
			31.12.2017	31.12.2016
5.1	***Current accounts***			
	Bank Asia Limited	Savar Branch	11,882	16,493
	BRAC Bank Limited	Graphics Building Branch	3,125,229	2,762,120
	Jamuna Bank Limited	Moulovi Bazar Branch	34,020	34,595
	Modhumoti Bank Limited	Aganagar Branch	0	2,330
	National Bank Limited	Gulshan Branch	8,408	3,327
	Trust Bank Limited	Dilkusha Corporate Branch	2,517	3,667
	Uttara Bank Limited	Local Office	6,777	7,927
			3,188,833	**2,830,459**
5.2	***Short term deposit accounts***			
	Bangladesh Commerce Bank Limited	Dilkusha Branch	38,957	39,211
	Bank Alfalah Limited	Main Branch	16,553	16,261
	Bank Asia Limited	Principal Office Branch	1	1
	BASIC Bank Limited	Dilkusha Branch	70,867	69,998
	BASIC Bank Limited	Bashundhara Branch	1	1
	Dhaka Bank Limited	Local Office Branch	1,312	1,031
	Dutch-Bangla Bank Limited	Bashundhara Branch	8,152	9,669
	Export Import Bank of Bangladesh Ltd	Motijheel Branch	453	1,565
	Islami Bank Bangladesh Limited	Foreign Exchange Branch	33,109	33,120
	Jamuna Bank Limited	Elephant Road Branch	3,562	0
	Mercantile Bank Limited	Main Branch	46,862	48,242
	Midland Bank Limited	Dilkusha Branch	2,135	3,055
	Mutual Trust Bank Limited	Dilkusha Branch	6,164	9,164
	Mutual Trust Bank Limited	Dilkusha Branch	2,101,068	2,076,699
	Mutual Trust Bank Limited	Dilkusha Branch	1,092,491	1,136,971
	Mutual Trust Bank Limited	Dilkusha Branch	658,314	0
	Mutual Trust Bank Limited	Bashundhara City Branch	6,222	334,286
	NCC Bank Limited	Motijheel Main Branch	0	0
	NRB Commercial Bank Ltd.	Principal Branch	744	0
	One Bank Limited	Principal Branch	791,039	3,010,944
	Prime Bank Limited	IBB Dilkusha Branch	0	2,601
	Shahjalal Islami Bank Limited	Dhaka Main Branch	1,944	0
	Social Islami Bank Limited	Principal Branch	14,683	15,696
	Social Islami Bank Limited	Babu Bazar Branch	1	933
	Southeast Bank Limited	Corporate Branch	5,553,259	878,408
	Southeast Bank Limited	Principal Branch	54,597	54,440
	Standard Bank Limited	Principal Branch	1,052	2,260
	The City Bank Limited	Principal Office	56,816	305,655
	United Commercial Bank Limited	Tejgaon Branch	28,723,150	229,976
			39,283,508	**8,280,187**
5.3	***Savings accounts***		0	0
			0	**0**

The company does not maintain any savings account.

		Amounts in Taka	
		31.12.2017	31.12.2016
5.4	***Fixed deposit accounts***		
	Bangladesh Industrial Finance Co. Ltd. Head Office	100,000,000	100,000,000
	FAS Finance & Investment Limited Head Office	50,000,000	250,000,000
	International Leasing And Fin. Ser. Ltd. Head Office	100,000,000	500,000,000
	People's Leasing and Fin. Services Ltd. Head Office	380,000,000	430,000,000
	Reliance Finance Limited Head Office	0	200,000,000
		630,000,000	**1,480,000,000**
5.5	***Maturity grouping of balance with other banks and financial institutions***		
	Up to 1 month	92,472,341	291,110,646
	Over 1 month but not more than 3 months	580,000,000	400,000,000
	Over 3 months but not more than 1year	0	800,000,000
	Over 1 year but not more than 5 years	0	0
	Over 5 years	0	0
		672,472,341	**1,491,110,646**
6.	**Money at call and short notice**	0	0
		0	**0**
7.	**Investments**		
7.1	***Investment classified as per nature***		
	Government securities (note-7.1.1)	0	0
	Others investments (note-7.1.2)	158,821,312	278,735,118
		158,821,312	**278,735,118**
7.1.1	***Government securities***		
	Treasury bills	0	0
	National investment bonds	0	0
	Bangladesh Bank bills	0	0
	Government notes/bonds	0	0
	Prize bonds	0	0
	Others	0	0
		0	**0**
7.1.2	***Others investments***		
	Investment in shares (Annexure-A)	158,821,312	278,735,118
	Debenture and bonds	0	0
	Other investment	0	0
	Gold, bullion etc.	0	0
		158,821,312	**278,735,118**

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		Amounts in Taka	
		31.12.2017	31.12.2016
7.2	***Residual maturity grouping of investments***		
	Repayable on demand	158,821,312	278,735,118
	Up to 1 month	0	0
	Over 1 month but not more than 3 months	0	0
	Over 3 months but not more than 1year	0	0
	Over 1 year but not more than 5 years	0	0
	Over 5 years	0	0
		158,821,312	**278,735,118**
8.	**Loans, advances and leases**		
8.1	*a)* ***Inside Bangladesh***		
	Investment in leases (note-8.1.1)	449,262,455	441,920,352
	Term finances (note-8.1.2)	11,147,995,973	10,540,684,548
		11,597,258,428	**10,982,604,900**
	b) Outside Bangladesh	0	0
	Total	**11,597,258,428**	**10,982,604,900**
8.1.1	***Investment in leases***		
	Principal outstanding	349,437,487	367,716,232
	Accounts receivable	99,824,968	74,204,120
	Advance against lease finance	0	0
	Total	**449,262,455**	**441,920,352**
8.1.2	***Term finances***		
	Principal outstanding	9,937,713,248	9,669,850,413
	Accounts receivable	1,210,282,725	870,834,135
	Total	**11,147,995,973**	**10,540,684,548**

8.1.2.1 In order to reduce single borrower exposure limit with subsidiary and associate company, as was prescribed by Bangladesh Bank vide the DFIM circular letter no. 14 dated 31st December, 2013, the Board of Directors of the company in their 161st meeting held on August 10, 2015 considered the financial position of Associate Company-Fareast Stock & Bonds Limited and approved not to charge any interest on outstanding loan of Tk.2,895.21 million from July 25, 2015 and decided for abandonment of income against the loan facility of Fareast Stocks & Bonds Limited. Though the loan was allowed not as per section 14(1)(GA) of Financial Institution Act, 1993, the Board decided to restructure the said facility for 180 installments on monthly basis under special circumstances and the related minutes have been submitted duly to the Bangladesh Bank.

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		Amounts in Taka	
		31.12.2017	31.12.2016
8.2	***Sector wise loans, advances and leases***		
	Public sector	0	0
	Co-operative sector	0	0
	Private sector	11,597,258,428	10,982,604,900
		11,597,258,428	**10,982,604,900**
8.3	***Residual maturity grouping of loans, advances and leases***		
	Repayable on demand	0	0
	Not more than 3 months	1,945,402,392	1,576,586,617
	Over 3 months but not more than 1year	2,304,532,801	2,415,910,855
	Over 1 year but not more than 5 years	4,324,983,325	4,074,415,875
	Over 5 years	3,022,339,910	2,915,691,553
		11,597,258,428	**10,982,604,900**
8.4	***Loans, advances and leases on the basis of significant concentration***		
a)	Loans, advances and leases to Directors and organizations related to Directors	2,927,174,044	2,986,340,840
b)	Loans, advances and leases to Chief Executive Officer and other senior Executives	5,713,022	3,608,691
c)	Loans, advances and leases to customer groups:		
	i) Loans	8,215,108,907	7,550,735,017
	ii) Leases	449,262,455	441,920,352
		11,597,258,428	**10,982,604,900**
d)	Loans, advances and leases on sector basis:		
	1. Trade and Commerce	576,578,478	479,045,334
	2. Industry:		
	i) Garments and Knitwear	769,841,887	602,600,858
	ii) Textile	196,166,058	322,870,516
	iii) Jute and Jute-Products	158,557,162	167,575,346
	iv) Food Production and Processing Industry	777,114,973	621,582,762
	v) Plastic Industry	231,032,761	492,701,581
	vi) Leather and Leather-Goods	0	0
	vii) Iron, Steel and Engineering	970,744,478	1,190,073,848
	viii) Pharmaceuticals and Chemicals	328,810,108	268,371,191
	ix) Cement and Allied Industry	660,368,318	248,758,590
	x) Telecommunication and Information Technology	246,254,222	156,050,055
	xi) Paper, Printing and Packaging	126,245,871	140,563,109
	xii) Glass, Glassware and Ceramic Industry	155,530,896	149,875,105
	xiii) Ship Manufacturing Industry	386,088,588	370,359,508
	xiv) Electronics and Electrical Products	427,126,160	577,592,861
	xv) Power, Gas, Water and Sanitary Service	525,381,936	407,291,788
	xvi) Transport and Aviation	503,284,625	499,035,500
	3. Agriculture	316,014,650	198,389,807
	4. Housing	354,797,430	348,015,848
	5. Others:		
	i) Merchant Banking	0	0
	ii) Margin Loan	3,232,645,404	3,319,428,968
	iii) Others	654,674,423	422,422,325
	Total	**11,597,258,428**	**10,982,604,900**

AMARSTOCK

	Amounts in Taka	
	31.12.2017	31.12.2016

8.5 *Details of large loans, advances and leases*

Number of clients	39	10
Amount of outstanding loans, advances and leases	8,015,506,182	4,931,903,069
Amount of classified loans, advances and leases	178,424,686	0
Measures taken for recovery	Not applicable	Not applicable

The amount represents the sum of total investments to each group of customer exceeding 15% of total capital of the company. Total capital of the company was Tk.1,044,952,666 as at 31 December 2017 (Tk.2,064,705,571 as at 31 December 2016).

8.6 *Loans, advances and leases on geographical basis*

Inside Bangladesh		
Urban		
Dhaka Division	8,137,018,600	6,796,382,820
Chittagong Division	2,473,192,602	2,699,469,201
Khulna Division	12,563,617	135,162,080
Rajshahi Division	125,998,413	12,563,617
Barisal Division	0	0
Sylhet Division	0	0
Rangpur Division	0	0
	10,748,773,232	**9,643,577,718**
Rural		
Dhaka Division	686,011,865	1,196,326,624
Chittagong Division	118,070,843	124,247,236
Khulna Division	44,402,488	1,752,019
Rajshahi Division	0	16,701,303
Barisal Division	0	0
Sylhet Division	0	0
Rangpur Division	0	0
	848,485,196	**1,339,027,182**
	11,597,258,428	**10,982,604,900**
Outside Bangladesh	**0**	**0**
Total	**11,597,258,428**	**10,982,604,900**

8.7 *Loans, advances and leases on security basis*

Collateral of moveable and immovable assets	5,386,829,137	4,998,706,122
Fixed deposit receipts	1,648,607,927	1,562,168,945
Shares of listed public limited companies	457,418,049	263,019,120
Corporate guarantee	450,240,299	281,073,608
Personal guarantee	349,711,605	483,338,042
Other securities	3,304,451,411	3,394,299,063
	11,597,258,428	**10,982,604,900**

8.8 *Classification of loans, advances and leases*

Unclassified		
Standard	5,685,893,068	9,396,319,747
Special mention account	4,066,972,329	594,804,475
	9,752,865,397	**9,991,124,222**
Classified		
Sub-standard	340,995,522	293,923,920
Doubtful	156,911,425	235,392,333
Bad/Loss	1,346,486,084	462,164,425
	1,844,393,031	**991,480,678**
Total	**11,597,258,428**	**10,982,604,900**

	Amounts in Taka	
	31.12.2017	31.12.2016

8.9 *Provision for loans, advances and leases*

Status	Base for provision	Rate (%)		
Provision for unclassified loans, advances and leases-General provision				
Standard	5,685,893,068	0.25/1	52,851,843	88,112,268
Special mention account	3,987,211,548	5	199,360,577	28,018,398
			252,212,420	**116,130,666**
Provision for classified loans, advances and leases-Specific provision				
Sub-standard	250,506,341	20	50,101,268	38,559,934
Doubtful	137,019,888	50	68,509,944	87,744,171
Bad/Loss	668,336,842	100	668,336,842	162,788,686
			786,948,054	**289,092,791**
Required provision for loans, advances and leases			1,039,160,474	405,223,457
Total provision maintained (note-15.2)			1,039,160,474	405,223,457
Excess/(short) provision as at 31 December			0	0

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

8.10 *Net loans, advances and leases*

Total loans, advances and leases (note-8.1)	11,597,258,428	10,982,604,900
Less:		
Non-performing loans, advances and leases (note-8.8)	1,844,393,031	991,480,678
Interest suspense (note-15.5)	370,361,611	197,349,731
Provision for loans, advances and leases (note-15.2)	1,039,160,474	405,223,457
	3,253,915,116	1,594,053,866
	8,343,343,312	**9,388,551,034**

8.11 *Particulars of loans, advances and leases*

a) Loans, advances and leases considered good in respect of which the financial institution is fully secured	10,797,306,524	10,218,193,250
b) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee	349,711,605	483,338,042
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	450,240,299	281,073,608
	11,597,258,428	**10,982,604,900**
d) Loans, advances and leases adversely classified: provision not maintained there against	0	0
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	5,713,022	3,608,691
f) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	2,927,174,044	2,986,340,840

		Amounts in Taka	
		31.12.2017	31.12.2016
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	0	0
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	0	0
i)	Due from banks and other financial institutions	0	0
j)	Classified loans, advances and leases:		
	i) Classified loans, advances and leases on which no interest has been charged	1,844,393,031	991,480,678
	ii) Provision on classified loans, advances and leases	786,948,054	289,092,791
	iii) Provision kept against loans, advances and leases classified as bad debts	668,336,842	162,788,686
	iv) Interest credited to interest suspense account (note-15.5)	370,361,611	197,349,731
k)	Cumulative amount of written-off of loans, advances and leases		
	Opening balance	370,896,120	370,306,828
	Add: Amount written-off during the year	25,438,325	589,292
	Less: Adjustment against realised written-off amount	0	0
		396,334,445	370,896,120
	Amount realized against loans, advances and leases previously written-off	2,114,540	600,000
	Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	1,190,255,901	889,798,790

8.12 Suites filed by the company

As at 31 December 2017, Fareast Finance & Investment Limited filed 37 suits against 37 clients under Artha Rin Adalat Ain 2003. Total suit amount was Tk.1,681,352,479 only.

9. Bills purchased and discounted

Payable in Bangladesh	0	0
Payable outside Bangladesh	0	0
	0	**0**

As at 31 December 2017, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchase and or discount.

10. Fixed assets including premises, furniture and fixtures

Cost		
Balance as at 01 January	62,029,574	51,987,336
Add: Additions during the period	7,287,110	10,042,238
Less: Disposals/adjustments during the period	5,784,938	0
Balance as at 31 December	**63,531,746**	**62,029,574**
Accumulated depreciation		
Balance as at 01 January	35,450,451	29,126,625
Add: Charge for the period	6,639,745	6,323,826
Less: Disposals/adjustments during the period	5,784,936	0
Balance as at 31 December	**36,305,260**	**35,450,451**
Net book value of the asset as at 31 December (Annexure-B)	**27,226,486**	**26,579,123**

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	Amounts in Taka	
	31.12.2017	31.12.2016

11. Other assets

Advances, Deposits and Prepayments (note-11.1)	372,175,920	362,743,921
Interest and Commission Receivable (note-11.2)	42,529,341	72,308,229
Investment in associate (note-11.3)	620,220,286	620,001,840
Amount receivable against shares sold	68,762,396	134,441,053
Deferred tax assets (note-11.4)	381,233	642,252
Miscellaneous	3,914,081	1,020,032
	1,107,983,257	**1,191,157,327**

11.1 Advances, Deposits and Prepayments

Advance to employees	346,750	387,667
Advance corporate income tax	164,134,861	207,769,382
Advance office rent	2,077,709	448,156
Advance for annual picnic	0	238,600
Advance to FFIL Employees' Gratuity Fund	0	1,083,516
Advance to Spacezero Ltd.-Floor purchase for Head Office	204,600,000	151,200,000
Advance to CDBL-Refundable security deposit	500,000	500,000
Advance to DSE Limited-Annual subscription for 2017	0	600,000
Advance to Mrs. Saheli Huq-Security deposit for Banani branch	500,000	500,000
Miscellaneous	16,600	16,600
	372,175,920	**362,743,921**

11.2 Interest and Commission Receivable

Guarantee commission receivable	0	0
Interest accrued on fixed deposit receipts	15,535,278	36,806,597
Interest accrued on loans, advances and leases	26,994,063	35,501,632
	42,529,341	**72,308,229**

11.3 Investment in associate

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

Movement of investment in associate is as follows:

Balance at 01 January	620,001,840	618,418,926
Investment/(Adjustment)	0	0
Revaluation reserve	0	0
Share of profit for the year	218,446	1,582,914
Cash dividend	0	0
Balance at 31 December	**620,220,286**	**620,001,840**

	Amounts in Taka	
	31.12.2017	31.12.2016

11.3.1 *Revaluation reserve*

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

Balance as at 01 January	98,743,750	98,743,750
Increase/(decrease) in revaluation reserve	0	0
Balance as at 31 December	**98,743,750**	**98,743,750**

11.4 *Deferred tax asset*

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

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
Assets			
Fixed assets net of depreciation excluding land	21,741,486	22,694,569	953,083
Liabilities	0	0	0
Total	**21,741,486**	**22,694,569**	**953,083**
Applicable tax rate			40.00%
Deferred tax asset as on 31 December 2017			**381,233**

11.5 *Divisions of other assets*

Income generating other assets	662,749,627	692,310,069
Non income generating other assets	445,233,630	498,847,258
	1,107,983,257	**1,191,157,327**

11.6 *Maturity grouping of other assets*

Repayable on demand	0	0
Up to 1 month	102,347,908	183,651,701
Over 1 month but not more than 3 months	13,211,562	11,762,869
Over 3 months but not more than 1year	370,269,042	223,375,817
Over 1 year but not more than 5 years	1,434,459	151,865,100
Over 5 years	620,720,286	620,501,840
	1,107,983,257	**1,191,157,327**

12. Non-business assets

	0	0
	0	**0**

As at 31 December 2017, Fareast Finance & Investment Limited does not have any non-business assets.

13. Borrowings from other banks, financial institutions and agents

In Bangladesh (note-13.1)	3,708,371,507	4,413,677,145
Outside Bangladesh (note-13.2)	0	0
	3,708,371,507	**4,413,677,145**

13.1 In Bangladesh

	Amounts in Taka	
	31.12.2017	31.12.2016
Long term loans:		
Bangladesh Bank	33,883,634	50,588,440
Bank Asia Limited	125,652,792	162,979,632
BASIC Bank Limited	165,938,579	223,337,907
Dutch-Bangla Bank Limited	370,245,986	611,632,994
Dhaka Bank Limited	52,319,525	128,416,157
IDLC Finance Limited	3,357,018	4,904,053
Jamuna Bank Limited	44,012,718	0
Midland Bank Limited	224,470,332	275,071,680
Modhumoti Bank Limited	242,295,812	149,979,471
Mutual Trust Bank Limited	82,558,862	226,688,021
NCC Bank Limited	114,051,966	162,200,258
NRB Commercial Bank Limited	139,956,203	64,432,009
Pubali Bank Limited	39,079,449	59,490,048
Shahjalal Islami Bank Limited	401,017,035	531,584,476
Social Islami Bank Limited	188,635,572	0
Southeast Bank Limited	150,670,463	223,352,218
Standard Bank Limited	56,181,710	116,766,811
The Premier Bank Limited	256,023,058	69,457,342
United Commercial Bank Limited	38,011,382	108,294,760
Uttara Bank Limitec	147,892,936	348,175,087
Total long term loans	**2,876,255,032**	**3,517,351,364**
Short term and call loans:		
Short term loans:		
Bangladesh Development Bank Limited	0	100,000,000
Mutual Trust Bank Limited	551,020	105,326,365
National Bank Limited	0	7,216
NRB Commercial Bank Limited	106,754	29,244
Prime Finance Capital Management Ltd.	38,378	0
Pubali Bank Limited	72,437,746	100,491,396
South Bangla Agriculture & Commerce Bank Limited	100,000,000	0
The Premier Bank Limited	59,532	40,320,613
United Commercial Bank Limited	98,923,045	90,150,947
Total	**272,116,475**	**436,325,781**
Call loans:		
Agrani Bank Limited	50,000,000	40,000,000
BASIC Bank Limited	0	150,000,000
Dutch-Bangla Bank Limited	0	50,000,000
Janata Bank Limited	180,000,000	0
Mutual Trust Bank Limited	140,000,000	90,000,000
Sonali Bank Limited	190,000,000	130,000,000
Total	**560,000,000**	**460,000,000**
Total short term and call loans	**832,116,475**	**896,325,781**
Total borrowings	**3,708,371,507**	**4,413,677,145**

		Amounts in Taka	
		31.12.2017	31.12.2016
13.2	***Outside Bangladesh***	0	0
		0	**0**

As at 31 December 2017, the company does not have any borrowing from outside Bangladesh.

13.3	***Security against borrowings from other banks, financial institutions and agents***		
	Secured	3,114,487,873	3,903,088,705
	Unsecured	593,883,634	510,588,440
		3,708,371,507	**4,413,677,145**

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	560,000,000	460,000,000
	Up to 1 month	186,365,025	178,967,867
	Over 1 month but not more than 3 months	245,431,736	289,684,742
	Over 3 month but not more than 1year	1,045,149,909	1,289,113,540
	Over 1 year but not more than 5 years	1,671,424,837	2,195,910,996
	Over 5 years	0	0
		3,708,371,507	**4,413,677,145**

14.	**Deposits and other accounts**		
	Current deposits (note-14.1)	0	0
	Bills payable (note-14.2)	0	0
	Savings deposits (note-14.3)	0	0
	Term deposits (note-14.4)	6,908,499,802	6,313,014,900
	Bearer certificate of deposit (note-14.5)	0	0
	Other deposits (note-14.6)	0	0
		6,908,499,802	**6,313,014,900**
14.1	***Current deposits***	0	0
		0	**0**

To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account.

14.2	***Bills payable***	0	0
		0	**0**

As at 31 December 2017, the company does not have any bills payable.

14.3	***Savings deposits***	0	0
		0	**0**

To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.

14.4	***Term deposits***		
	Deposits from other banks and financial institutions (note-14.4.1)	4,436,000,000	4,640,000,000
	Deposits from customers (note-14.4.2)	2,472,499,802	1,673,014,900
		6,908,499,802	**6,313,014,900**

		Amounts in Taka	
		31.12.2017	31.12.2016
14.4.1	***Deposits from other banks and financial institutions***		
	Agrani Bank Limited	550,000,000	550,000,000
	Bangladesh Infrastructure Finance Fund Limited	350,000,000	0
	Bangladesh Commerce Bank Limited	100,000,000	300,000,000
	BRAC Bank Limited	0	100,000,000
	Dutch-Bangla Bank Limited	0	200,000,000
	GSP Finance Company (Bangladesh) Limited	6,000,000	0
	Investment Corporation of Bangladesh	300,000,000	540,000,000
	Janata Bank Limited	400,000,000	400,000,000
	Midland Bank Limited	400,000,000	300,000,000
	Modhumoti Bank Limited	500,000,000	150,000,000
	Mutual Trust Bank Limited	0	100,000,000
	National Housing Finance and Investment Limited	100,000,000	0
	NRB Bank Limited	330,000,000	250,000,000
	NRB Commercial Bank Limited	250,000,000	300,000,000
	Rupali Bank Limited	400,000,000	600,000,000
	Shahjalal Islami Bank Limited	0	100,000,000
	Social Islami Bank Limited	0	150,000,000
	Sonali Bank Limited	250,000,000	250,000,000
	South Bangla Agriculture & Commerce Bank Limited	300,000,000	0
	United Commercial Bank Limited	0	100,000,000
	United Finance Limited	150,000,000	250,000,000
	Uttara Finance & Investment Limited	50,000,000	0
		4,436,000,000	**4,640,000,000**
14.4.2	***Deposits from customers***		
	Deposits from general public	767,748,998	496,857,576
	Deposits from companies	1,704,750,804	1,176,157,324
		2,472,499,802	**1,673,014,900**
14.4.3	***Rate of interest***		
	Rate of interest on term deposit receipts ranges from 5.0% to 14.5%.		
14.5	***Bearer certificate of deposit***	0	0
		0	**0**
	To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of deposit.		
14.6	***Other deposits***	0	0
		0	**0**
	As at 31 December 2017, the company does not have any other deposit account.		
14.7	***Maturity grouping of deposits and other accounts***		
	Payable on demand	0	0
	Up to 1 month	770,652,259	366,050,316
	Over 1 month but not more than 6 months	937,691,198	303,370,678
	Over 6 month but not more than 1year	971,193,846	128,795,343
	Over 1 year but not more than 5 years	4,142,225,416	5,493,774,144
	Over 5 years but not more than 10 years	86,737,083	21,024,419
	Over 10 years	0	0
		6,908,499,802	**6,313,014,900**

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		Amounts in Taka	
		31.12.2017	31.12.2016
15.	**Other liabilities**		
	Expenditure and other payables (note-15.1)	366,687,214	307,944,136
	Provision for loans, advances and leases (note-15.2)	1,039,160,474	405,223,457
	Provision for the diminution in the value of investments (note-15.3)	26,705,090	76,888,463
	Provision for income tax (note-15.4)	60,246,667	125,594,851
	Interest suspense account (note-15.5)	370,361,611	197,349,731
	Advance rental/installment against loans, advances and leases	68,117,528	67,231,087
	Received from clients against partial rental/installment	18,461,086	40,264,764
	Unpaid dividend	3,383,537	2,869,385
	Income Tax, VAT and Excise Duty deducted at source	14,624,446	3,139,656
		1,967,747,653	**1,226,505,530**
15.1	***Expenditure and other payables***		
	Accrual of leave encashment	2,030,877	1,963,795
	Accrued interest on borrowings from other banks, financial institutions and agents	32,612,419	33,588,963
	Accrued interest on deposits and other accounts	331,095,927	271,514,207
	Salary and allowances	298,891	129,319
	Auditors' fee	481,850	481,850
	Office utilities	65,000	60,000
	Office security	0	8,050
	Professional fee	0	102,222
	Advertisement and publicity	0	7,500
	Telephone and mobile bill	102,250	85,250
	Others	0	2,980
		366,687,214	**307,944,136**

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 2017. Total provision is made up as follows:

General provision on unclassified loans, advances and leases	252,212,420	116,130,666
Specific provision on classified loans, advances and leases	786,948,054	289,092,791
Balance at 31 December	**1,039,160,474**	**405,223,457**
Movements in general provision on unclassified loans, advances and leases		
Balance at 01 January	116,130,666	134,719,716
Add: Provision made during the year	136,081,754	(18,589,050)
Balance at 31 December	**252,212,420**	**116,130,666**
Movements in specific provision on classified loans, advances and leases		
Balance at 01 January	289,092,791	247,999,991
Less: Fully provided debts written-off during the year	20,930,343	484,721
Add: Recoveries of amount previously written-off	0	0
Add: Provision made during the year	518,785,606	41,577,521
Less: Provision no longer required	0	0
Add: Net charge to profit and loss account	518,785,606	41,577,521
Balance at 31 December	**786,948,054**	**289,092,791**
Total	**1,039,160,474**	**405,223,457**

		Amounts in Taka	
		31.12.2017	31.12.2016
15.3	***Provision for the diminution in the value of investments***		
	Balance at 01 January	76,888,463	89,688,679
	Add: Provision made during the year	(50,183,373)	(12,800,216)
	Balance at 31 December (Annexure-A for detail)	**26,705,090**	**76,888,463**
15.4	***Provision for income tax***		
	The company calculated its tax liability considering the BAS 12: "Income Taxes". Details calculation of tax liability as at 31 December 2017 is as follws:		
	Balance at 01 January	125,594,851	214,328,881
	Add: Provision made during the year (note-38)	976,968	(66,330,573)
	Less: Settlement of previous years' tax liability	66,325,152	22,403,457
	Balance at 31 December	**60,246,667**	**125,594,851**
	Current tax liability represents tax calculated @ 40% on profit before tax less advance tax paid.		
15.5	***Interest suspense account***		
	This represents interest on loans and lease income not recognized as income according to Bangladesh Bank's FID circular # 03 of 2006. Details are as follows:		
	Balance at 01 January	197,349,731	176,110,451
	Add: Amount transferred to interest suspense account during the year	195,339,593	36,644,580
	Less: Amount recovered from interest suspense account during the year	17,819,731	15,300,729
	Less: Amount written-off during the year	4,507,982	104,571
	Balance at 31 December	**370,361,611**	**197,349,731**
15.5.1	***Details of interest suspense account***		
	Interest suspense for unclassified loans, advances and leases		
	Standard	0	0
	Special mention account	79,760,781	34,436,511
		79,760,781	34,436,511
	Interest suspense for classified loans, advances and leases		
	Sub-standard	47,866,119	39,437,263
	Doubtful	14,123,261	23,979,805
	Bad/Loss	228,611,450	99,496,152
		290,600,830	162,913,220
	Total	**370,361,611**	**197,349,731**
15.6	***Maturity grouping of other liabilities***		
	Repayable on demand	0	0
	Up to 1 month	182,283,838	215,406,673
	Over 1 month but not more than 3 months	62,346,930	86,420,173
	Over 3 months but not more than 1year	192,694,572	223,479,885
	Over 1 year but not more than 5 years	1,319,407,826	611,419,955
	Over 5 years	211,014,487	89,778,844
		1,967,747,653	**1,226,505,530**

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		Amounts in Taka	
		31.12.2017	31.12.2016
16.	**Share capital**		
16.1	***Authorized capital***		
	200,000,000 ordinary shares of Tk.10 each	**2,000,000,000**	**2,000,000,000**
16.2	***Issued, subscribed and fully paid up capital***		
	164,063,330 ordinary shares of Tk.10 each	1,640,633,300	1,640,633,300
		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:

Year	Type of issue of paid up capital	Number of share	Face value per share	Value of share	Cumulative paid up capital
2001	Opening capital	500,000	100	50,000,000	50,000,000
2004	Bonus share	75,000	100	7,500,000	57,500,000
2004	Right share	875,001	100	87,500,100	145,000,100
2006	Bonus share	290,000	100	29,000,000	174,000,100
2007	Bonus share	217,500	100	21,750,000	195,750,100
2010	Bonus share	1,174,500	100	117,450,000	313,200,100
2010	Right share	5,000,000	10	50,000,000	363,200,100
2010	Right share	50,848,010	10	508,480,100	871,680,200
2011	Bonus share	17,433,604	10	174,336,040	1,046,016,240
2012	Bonus share	10,460,162	10	104,601,620	1,150,617,860
2013	IPO share	45,000,000	10	450,000,000	1,600,617,860
2015	Bonus share	4,001,544	10	40,015,440	1,640,633,300
Total		**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.11.20 and Tk.11.20 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively at 31 December 2017.

16.4 Composition of shareholders by shareholding as at 31 December 2017

Particulars	No. of holders	Holding (%)
Sponsors (Institutions)	0	0
Sponsors (Individuals)	11	40.19
General Public (Institutions)	100	13.33
General Public (Individuals)	10,350	46.48
Total	**10,461**	**100.00**

16.5 Distribution of shareholders by shareholding as at 31 December 2017

Holding of shares	No. of holders	Holding (%)
Less than 500 shares	1,314	0.17
500 to 5,000 shares	7,669	4.93
5,001 to 10,000 shares	679	3.19
10,001 to 20,000 shares	386	3.47
20,001 to 30,000 shares	150	2.33
30,001 to 40,000 shares	59	1.29
40,001 to 50,000 shares	52	1.47
50,001 to 100,000 shares	77	3.53
100,001 to 1,000,000 shares	50	9.56
Over 1,000,000 shares	25	70.06
Total	**10,461**	**100.00**

		Amounts in Taka	
		31.12.2017	31.12.2016
16.6	***Capital adequacy requirement***		
	As per Section-4(Gha) of The Financial Institutions Rules, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, company's capital adequacy is as under:		
	Paid up capital	1,640,633,300	1,640,633,300
	Required minimum capital	1,000,000,000	1,000,000,000
	Capital surplus/(deficit)	**640,633,300**	**640,633,300**
	Capital under Capital Adequacy and Market Discipline (CAMD)		
	A. Eligible Capital		
	1. Tier-1 (Core Capital)	954,691,729	1,879,008,550
	2. Tier-2 (Supplementary Capital)	124,456,751	115,023,270
	3. Total Eligible Capital (1+2)	**1,079,148,480**	**1,994,031,820**
	B. Total Risk Weighted Assets (RWA)	**9,974,672,890**	**9,701,706,983**
	C. Capital Adequacy Ratio (CAR) (A3/B)*100	**10.82**	**20.55**
	D. Core Capital to RWA (A1/B)*100	**9.57**	**19.37**
	E. Supplementary Capital to RWA (A2/B)*100	**1.25**	**1.19**
	F. Minimum Capital Requirement (MCR) (10% of Total RWA)	**1,000,000,000**	**1,000,000,000**
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	242,447,925	221,851,962
	Add: Transferred during the year	0	20,595,963
	Balance at 31 December	**242,447,925**	**242,447,925**
18.	**Retained earnings**		
	Balance at 01 January	82,880,596	164,560,075
	Less: Cash dividend paid	82,031,665	164,063,330
	Less: Issue of bonus shares	0	0
	Add: Net profit for the year	(937,721,240)	102,979,814
	Less: Transfer to statutory reserve	0	20,595,963
	Balance at 31 December	**(936,872,309)**	**82,880,596**
19.	**Contingent liabilities and commitments**		
19.1	***Contingent liabilities***		
	Acceptances and endorsements	0	0
	Letter of guarantee (note-19.1.1)	0	515,588,000
	Irrevocable letter of credit	0	0
	Bills for collection	0	0
	Other contingent liabilities	0	0
		0	**515,588,000**
19.1.1	***Letters of guarantee***		
	Claims lodged with the company which is not recognized as loan	0	0
	Money for which the company is contingently liable in respect of the following:		
	Directors	0	0
	Government	0	0
	Banks and other financial institutions	0	0
	Others	0	515,588,000
		0	**515,588,000**
19.2	***Other commitments***		
	Documentary credits and short term trade related transactions	0	0
	Forward assets purchased and forward deposits placed	0	0
	Undrawn note issuance and revolving underwriting facilities	0	0
	Spot and foreign exchange rate contract	0	0
	Undrawn formal standby facilities, credit lines and other commitments	0	0
		0	**0**

		Amounts in Taka	
		2017	2016
20.	**Income statement**		
	Income		
	Interest, discount and similar income (note-20.1)	781,389,098	1,048,475,662
	Dividend income (note-23)	4,884,839	2,508,104
	Commission, exchange and brokerage (note-24)	0	2,009,250
	Gains less losses arising from dealing in securities	0	0
	Gains less losses arising from investment in securities	0	0
	Gains less losses arising from dealing in foreign currencies	0	0
	Income from non-business assets	0	0
	Other operating income (note-25)	90,811,357	122,303,475
	Profit less losses on interest rate changes	0	0
		877,085,294	**1,175,296,491**
	Expenses		
	Interest expenses on deposits, borrowings, etc. (note-22)	1,092,066,735	1,015,504,939
	Charges on losses regarding loans, advances and leases	0	0
	Administrative expenses (note-20.2)	94,206,975	91,394,538
	Other operating expenses (note-35)	15,971,105	15,760,968
	Depreciation on company's fixed assets (note-34)	6,639,745	6,323,826
		1,208,884,560	**1,128,984,271**
		(331,799,266)	**46,312,220**
20.1	***Interest, discount and similar income***		
	Interest income (note-21)	798,911,680	1,046,426,417
	Capital gain on sale of shares (note-23)	(17,522,582)	2,049,245
		781,389,098	**1,048,475,662**
20.2	***Administrative expenses***		
	Salary and allowances (note-26)	59,643,892	55,911,516
	Rent, taxes, insurance, electricity, etc. (note-27)	17,702,482	17,721,659
	Legal expenses (note-28)	2,891,851	4,489,409
	Postage, stamp, telecommunication, etc. (note-29)	1,463,718	1,448,423
	Stationery, printing, advertisement, etc. (note-30)	2,068,862	2,460,133
	Managing Director's salary and allowances (note-31)	7,892,000	6,820,300
	Directors' fees (note-32)	720,000	928,000
	Auditors' fees (note-33)	481,850	486,450
	Repairs of company's fixed assets (note-34)	1,342,320	1,128,648
		94,206,975	**91,394,538**

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		Amounts in Taka	
		2017	2016
21.	**Interest income**		
	Interest on term finances	640,214,973	848,654,590
	Lease income	34,906,874	79,700,867
	Interest during grace period	0	0
	Interest on call loans	0	0
	Total interest income on loans, advances and leases	675,121,847	928,355,457
	Interest on balance with banks and other financial institutions	123,789,833	118,070,960
		798,911,680	**1,046,426,417**

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 of Fareast Stocks & Bonds Limited.

22.	**Interest expenses on borrowings, deposits, etc.**		
	a) Interest expenses on borrowings		
	Interest on term loans	405,724,340	392,854,097
	Interest on call loans	22,204,445	35,817,181
	Interest on secured overdrafts	18,434,205	5,578,969
	Interest on margin accounts	5,909	8,193
	Bank charges	1,008,665	849,298
		447,377,564	**435,107,738**
	b) Interest expenses on deposits	**644,689,171**	**580,397,201**
	Total	**1,092,066,735**	**1,015,504,939**
23.	**Investment income**		
	Capital gain/(loss) on sale of shares	(17,522,582)	2,049,245
	Dividend income	4,884,839	2,508,104
		(12,637,743)	**4,557,349**
24.	**Commission, exchange and brokerage**		
	Guarantee commission	0	2,000,000
	Realization of L/C commission	0	9,250
		0	**2,009,250**
25.	**Other operating income**		
	Income from associate	218,446	1,582,914
	Documentation fees	3,871,258	3,506,054
	Early settlement fees	3,321,475	7,578,236
	Realization of late payment interest	82,456,721	107,169,361
	Profit/(loss) on disposal of leased assets	166,700	539,757
	Miscellaneous earnings	776,757	1,927,153
		90,811,357	**122,303,475**
26.	**Salary and allowances**		
		59,643,892	**55,911,516**

Salary and allowances include company's contribution to recgnized provident fund and approved gratuity fund amounting Tk.1,940,989 and Tk.4,712,714 respectively (Tk.1,854,073 and Tk.4,454,571 respectively in the year 2016).

		Amounts in Taka	
		2017	2016
27.	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rate and taxes	15,877,111	15,773,747
	Insurance	509,070	434,564
	Power and electricity	1,316,301	1,513,348
		17,702,482	**17,721,659**
28.	**Legal expenses**		
	Professional fees	1,451,813	3,175,189
	Other charges	1,440,038	1,314,220
		2,891,851	**4,489,409**
29.	**Postage, stamp, telecommunication, etc.**		
	Postage	87,245	100,140
	Telegram, telex, fax, and e-mail	3,990	3,600
	Data communication	449,482	443,020
	Telephone-office	915,647	890,043
	Telephone-residence	7,354	11,620
		1,463,718	**1,448,423**
30.	**Stationery, printing, advertisement, etc.**		
	Office stationery	772,428	481,383
	Computer consumable stationery	77,905	68,665
	Publicity and advertisement	1,218,529	1,910,085
		2,068,862	**2,460,133**
31.	**Managing Director's salary and allowances**		
	Basic pay	3,000,000	2,160,000
	Allowances	3,492,000	3,340,800
	Bonus	780,000	720,000
	Company's contribution to recgnized provident fund	300,000	216,000
	Approved gratuity fund	300,000	360,000
	Annual membership subscription paid to professional bodies	20,000	23,500
		7,892,000	**6,820,300**

Besides, total perquisites of Tk.362,894 in the year 2017 (Tk.284,258 in the year 2016) was paid in relation to the Managing Director of the company.

32.	**Directors' fees**		
	Fees		
	Board of Directors	408,000	520,000
	Board Audit Committee	112,000	104,000
	Executive Committee	200,000	304,000
		720,000	**928,000**
	Other benefits	**0**	**0**
		720,000	**928,000**

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	Amounts in Taka	
	2017	2016

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

a) In the year 2017 the following meetings were held:

Name of meetings	Number of meetings	
Board of Directors	8	10
Board Audit Committee	4	4
Executive Committee	7	10

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%	453,100	457,700
Auditors' certificate fees	28,750	28,750
	481,850	**486,450**

34. Depreciation and repairs of company's assets

Depreciation on company's fixed assets (Annexure-B)	6,639,745	6,323,826
Repairs of company's fixed assets	1,342,320	1,128,648
	7,982,065	**7,452,474**

35. Other operating expenses

Office maintenance	4,526,418	3,913,694
Travel and conveyance	611,919	396,269
Motor vehicle expenses	5,030,266	5,526,409
Meeting expenses	319,252	435,895
Training expenses	173,873	238,500
Books and periodicals	54,858	42,076
Share business expense	411,958	367,104
Subscription	1,676,000	1,570,000
Entertainment and public relation	590,013	602,559
Annual General Meeting	2,576,548	2,668,462
	15,971,105	**15,760,968**

Tk.1,154,395 was spent for the year 2017 (Tk.1,241,699 for the year 2016) for the vehicle used by the Chairman following of Bangladesh Banks' guidelines.

36. Provision for loans, advances and leases

General provision on unclassified loans, advances and leases (note-15.2)	136,081,754	(18,589,050)
Specific provision on classified loans, advances and leases (note-15.2)	518,785,606	41,577,521
	654,867,360	**22,988,471**

	Amounts in Taka	
	2017	2016

37. Provision for investment in shares

Balance at 01 January	76,888,463	89,688,679
Add: Provision made during the year (note-15.3)	(50,183,373)	(12,800,216)
Balance at 31 December (Annexure-A for detail)	**26,705,090**	**76,888,463**

38. Provision for income tax

This represents amount provided for income tax on profit before tax for the year ended 31 December 2017. The amount has arrived as follows:

Amount provided on current year's profit	976,968	204,925
Less: Excess provision of income tax	0	66,535,498
Amount provided for current tax	**976,968**	**(66,330,573)**
Amount provided for deferred tax	261,019	(525,276)
Total	**1,237,987**	**(66,855,849)**

39. Earning per share (EPS)

Net profit after tax for the year	(937,721,240)	102,979,814
Weighted average number of ordinary shares at 31 December	164,063,330	164,063,330
Restated weighted average number of ordinary shares	164,063,330	164,063,330
Earnings per share (Basic)	(5.72)	0.63
Earnings per share (restated 2016)	(5.72)	0.63

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

40. Number of employees

At the end of the year the number of employees drawing Tk.3,000 or above per month was seventy five (sixty five in 2016).

41. Assets pledged as security for liabilities

As at 31 December 2017, all the fixed and floating assets of the company were pledged as security under pari-passu security sharing agreement with lenders.

42. Related party disclosures

42.1 Name of directors and their interest in different organizations

According to the Bangladesh Accounting Standard-24 "Related Party Disclosures" and DFIM circular # 11 dated 23 December 2009, directors' name and their interest in different organizations are presented in Annexure-C.

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

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

Name of directors	Shareholding % in the company	Shareholding % in FSB
Mr. M. A. Wahhab	3.52	10.00
Mr. M. A. Khaleque	2.00	7.24
Mr. Rubaiyat Khaled	2.05	2.76

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

Till 31 December 2017, no shares were issued to the directors and executives of the company without having any consideration or at a discount.

42.4 *Related party transactions*

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

Name of related party	Related directors	Nature of transactions	Taka
Fareast Stocks & Bonds Limited	Mr. M. A. Wahhab	Investments	620,220,286
	Mr. M. A. Khaleque	Term loan given	2,802,218,768
	Mr. Rubaiyat Khaled		**3,422,439,054**
PFI Properties Limited	Mr. M. A. Khaleque	Term loan given	**124,955,276**
	Dr. M Mosharraf Hossain		
Prime Islami Life Insurance Limited	Mr. M. A. Khaleque	Deposit taken	**222,944,508**

42.5 *Status of transactions done with related parties*

As at 31 December 2017, there is no balance outstanding to the related parties other than disclosed in note-42.4.

42.6 *Business with related parties*

As at 31 December 2017,the company does not have any business with related parties under section 18(2) of the Bank Companies Act 1991.

42.7 *Transactions with the securities of related parties*

As at 31 December 2017, the company holds the shares of the following related parties:

Name of related party	Related directors	Number of shares
Fareast Stocks & Bonds Limited	Mr. M. A. Wahhab	45,479,437
	Mr. M. A. Khaleque	
	Mr. Rubaiyat Khaled	
Fareast Islami Life Insurance Co. Limited	Mr. Rubaiyat Khaled	23,805

42.8 *Transaction with key management personnel*

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

42.8.1 *Compensation of key management personnel*

		Amounts in Taka	
		2017	2016
a)	Short-term employee benefits		
	Basic pay and allowances	20,509,267	18,060,912
	Bonus	2,686,345	2,758,597
	Annual leave encashment	1,243,315	1,077,651
	Motor vehicle expenses	2,954,019	3,012,562
	Telephone and mobile allowances	288,893	133,370
		27,681,839	**25,043,092**
b)	Post-employment benefits		
	Company's contribution to provident fund	1,015,423	864,574
	Retirement benefit and gratuity	4,490,678	2,253,872
		5,506,101	**3,118,446**
c)	Other long-term benefits	0	0
d)	Termination benefits	0	0
e)	Share-based payments	0	0
Total		**33,187,940**	**28,161,538**

42.8.2 *Other transactions with key management personnel*

Home loan and vehicle loan given under "Home loan policy for the employees" and "Transport Policy for Employees"	**3,543,013**	**2,348,689**

43. Disclosure on Board Audit Committee

43.1 *Particulars of Board Audit Committee*

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

Name of committee members	Status with FFIL	Status with committee	Educational qualification
Mr. Mohammad Shahidul Islam	Independent Director	Chairman	MBA, FCA, ACS
Mr. Md. Shamsul Islam Varosha	Director	Member	M. Com. (Management)
Mr. Md. Ershad Ullah	Director	Member	BBA (Management)
Dr. M Mosharraf Hossain	Independent Director	Member	FCA

43.2 *Meetings held by the committee during the year*

In the year 2017 the Committee met four times.

Meeting number	Held on
75th	29-Mar-2017
76th	8-May-2017
77th	23-Jul-2017
78th	25-Oct-2017

43.3 *Activities of the audit committee during the year*

In the year 2017 the Board Audit Committee carried out the following activities:

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

b) Reviewed that apprpriate disclosures and information presented in the financial statements.

c) Reviewed quarterly and halh yearly financial statements and recommended to place the same before the Board for approval as per requirement of Bangladesh Securities and Exchange Commission's notifications no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

d) Reviewed the draft financial statements and audit report thereon.

e) Examine the audit procedure of the financial statements of the company.

f) Regular monitoring of the company's portfolio.

g) Reviewed and recommendation to the Board regarding the delinquent portfolio against which litigation started by the company.

h) Reviewed the company's overdue position with the objective of reduction in amount and quality.

i) Reviewed the Quarterly Operations Reports prepared by the Internal Control and Compliance Department of the company.

j) Monitored the internal control system of the company and its compliance.

k) Reviewed the procedure of appointment of external auditor of the company.

l) Reviewed the existence of practice of the acts, rules and regulation within the company.

m) Reviewed the computerization and MIS status in the company.

n) Reviewed the implementation of Bangladesh Bank's report focusing on loans/lease against whom suit filed by the company and suit filed against the company.

o) Reviewed the CAMELS rating of Fareast Finance & Investment Limited prepared by Bangladesh Bank.

43.4 Effective internal control and security documentation of the company

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

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

b) Company's assets are reasonably safeguarded through proper documentation preserving under safe custody and the financial position of the company is sound enough.

c) The management presented the overdue and litigation position of the company reflects the true and fair view.

d) Quarterly operations report prepared by the Internal Control and compliance department directly submitted to the Board Audit Committee for reporting the overall effective internal control system.

44. Disclosure on Executive Committee

To conform the Bangladesh Bank guidelines, the Board of Directors of Fareast Finance & Investment Limited constituted the Executive Committee of the company comprising members from the Board and management of the company. In the year 2017 the committee met seven times.

45. Disclosure regarding branch

As at 31 December 2017, the company has three branches in Bangladesh.

46. Highlights

Highlights of the company for the year 2017 and 2016 is presented below:

Sl. #	Particulars	Amounts in Taka	
		2017	2016
1	Paid up capital	1,640,633,300	1,640,633,300
2	Total capital	1,981,824,975	1,981,824,975
3	Capital surplus/(deficit)	640,633,300	640,633,300
4	Total assets	13,629,571,628	14,017,903,146
5	Total deposits	6,908,499,802	6,313,014,900
6	Total loans, advances and leases	11,597,258,428	10,982,604,900
7	Total contingent liabilities and commitments	0	515,588,000
8	Credit deposit ratio (%)	167.87	173.97
9	% of classified loans, advances and leases against total loans, advances and leases	15.90	9.03
10	Profit after provisions and income tax	(937,721,240)	102,979,814
11	Classified loans, advances and leases	1,844,393,031	991,480,678
12	Provision kept against classified loans, advances and leases	786,948,054	289,092,791
13	Provision surplus/(deficit)	0	0
14	Cost of borrowing fund (%)	9.51	9.34
15	Interest earning assets	13,091,301,708	13,444,760,733
16	Non-interest earning assets	538,269,920	573,142,413
17	Return on investments (ROI) (%)	1.34	9.74
18	Return on assets (ROA) (%)	(6.78)	0.75
19	Income from investments	(12,637,743)	4,557,349
20	Earnings per share (restated)	(5.72)	0.63
21	Net income per share	(5.72)	0.63
22	Price earnings ratio (times)	(1.96)	19.60

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

No material events occurred after the reporting date, non-disclosure of which could affect the ability of the users of this financial statement to make proper evaluation and decision.

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

a) Management believes that the fair value of all the assets and liabilities approximate their carrying value.

b) As on Balance Sheet date, the company has no borrowing in foreign currency and hence there is no rate fluctuation risk.

c) The company made its investment in a wide range of portfolios and the management believes that concentration of investment risk is negligible.

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49. General

49.1 Business

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

	2017		2016	
Description	**Contracted Taka**	**Disbursed Taka**	**Contracted Taka**	**Disbursed Taka**
Term finances	3,620,620,000	4,004,103,000	4,323,604,688	4,166,379,492
Leases	130,994,000	126,908,825	193,761,246	142,061,246
Total	**3,751,614,000**	**4,131,011,825**	**4,517,365,934**	**4,308,440,738**

49.2 Interim financial statements

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

49.3 Office space

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

Fareast Finance & Investment Limited entered into an agreement on 26 May, 2015 with Spacezero Limited having its office at House # 106, Road # 25, Block-A, Banani Model Town, Dhaka-1213 to buy office space at 9th and 10th floor of the multi-storied Commercial Building at House # 53, Road # 21, Block-B, Kemal Ataturk Avenue, Banani, Dhaka-1213 measuring approximately 5,403 square feet (considering 3 car parks for ground and 1st floor each and balance car parks equally distributed into all other floors) and 5,483 square feet (considering 3 car parks for Ground & 1st floor each and balance car parks equally distributed into all other floors) respectively at a rate of Tk.27,000 per square feet.

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

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

49.4 Declarations

The Board of Directors of Fareast Finance & Investment Limited adopted the Financial Statements of the company for the year ended 31 December 2017 in their 184th meeting held on 17 April 2018 and recommended to the shareholders for approval.

M. A. Wahhab	Md. Ershad Ullah	Santanu Saha	Nazmun Nahar
Chairman	Vice Chairman	Managing Director	Assistant Company Secretary

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Annexure-A

Fareast Finance & Investment Limited

Investment in shares as at 31 December 2017

Sl. #	Name of the company	Type of shares	Face value	# of shares	Cost/present value of holdings	Average cost	Quoted rate per share as at 31 Dec. 2017	Total market value as at 31 Dec. 2017	Estimated commission on sale of shares	Fair value as at 31 Dec. 2017	Provision required as at 31 Dec. 2017
			Taka		Taka	Taka	Taka	Taka	Taka	Taka	Taka
1	AIBL 1st Islamic Mutual Fund	A	10	100,734	794,219	7.88	8.00	805,872	2,418	803,454	0
2	Asian Tiger Sandhani Life Growth Fund	A	10	86,947	984,284	11.32	12.00	1,043,364	3,130	1,040,234	0
3	Baraka Power Limited	A	10	101,421	3,853,998	38.00	34.40	3,488,882	10,467	3,478,416	375,582
4	Bengal Windsor Thermoplastic Limited	A	10	197,337	12,133,644	61.49	39.10	7,715,877	23,148	7,692,729	4,440,915
5	BSRM Steels Limited	A	10	45,869	4,627,953	100.90	78.50	3,600,717	10,802	3,589,914	1,038,038
6	Envoy Textiles Limited	A	10	92,754	4,514,910	48.68	34.80	3,227,839	9,684	3,218,156	1,296,754
7	Evince Textile Limited	A	10	55,000	1,120,900	20.38	16.40	902,000	2,706	899,294	221,606
8	EXIM Bank Limited	A	10	22,966	505,022	21.99	17.20	395,015	1,185	393,830	111,192
9	FAR Chemical Industries Limited	A	10	33,000	1,161,000	35.18	19.50	643,500	1,931	641,570	519,430
10	Fareast Islami Life Insurance Co. Limited	A	10	23,805	1,704,912	71.62	71.50	1,702,058	5,106	1,696,951	7,961
11	First BD Fixed Income Fund	A	10	676,000	3,981,417	5.89	5.70	3,853,200	11,560	3,841,640	0
12	Green Delta Mutual Fund	A	10	100,000	1,000,000	10.00	9.20	920,000	2,760	917,240	0
13	IDLC Finance Limited	A	10	49,000	4,275,640	87.26	85.30	4,179,700	12,539	4,167,161	108,479
14	IFAD Autos Limited	A	10	18,375	2,603,921	141.71	126.00	2,315,250	6,946	2,308,304	295,617
15	IFIC Bank Limited	A	10	135,000	2,730,524	20.23	18.00	2,430,000	7,290	2,422,710	307,814
16	Khulna Power Co. Limited	A	10	70,000	5,494,097	78.49	58.50	4,095,000	12,285	4,082,715	1,411,382
17	Lafarge Surma Cement Limited	A	10	27,000	3,321,756	123.03	69.90	1,887,300	5,662	1,881,638	1,440,118
18	MJL Bangladesh Limited	A	10	108,524	13,228,677	121.90	109.10	11,839,968	35,520	11,804,448	1,424,228
19	Mozaffar Hossain Spin. Mills Limited	A	10	774,382	22,457,078	29.00	19.10	14,790,696	44,372	14,746,324	7,710,754
20	N.C.C. Bank Limited	A	10	95,042	1,677,497	17.65	17.70	1,682,243	5,047	1,677,197	300
21	Nahee Aluminum Composite Panel Limited	A	10	1,141	9,505	8.33	73.40	83,749	251	83,498	(73,994)
22	Oimex Electrode Limited	A	10	648	0	0.00	65.20	42,250	127	42,123	(42,123)
23	Popular Life 1st Mutual Fund	A	10	1,118,587	7,286,339	6.51	6.20	6,935,239	20,806	6,914,434	0
24	R.N. Spinning Mills Limited	A	10	432,014	10,014,085	23.18	16.50	7,128,231	21,385	7,106,846	2,907,238
25	RAK Ceramic Industries Limited	A	10	83,291	5,562,906	66.79	59.90	4,989,131	14,967	4,974,164	588,742
26	Shahjibazar Power Co. Limited	A	10	30,780	4,001,708	130.01	116.10	3,573,558	10,721	3,562,837	438,870
27	Southeast Bank Limited	A	10	30,000	696,082	23.20	22.20	666,000	1,998	664,002	32,080
28	Square Pharmaceuticals Limited	A	10	40,069	11,778,904	293.97	301.80	12,092,824	36,278	12,056,546	(277,642)
29	Summit Alliance Port Limited	A	10	32,340	2,412,858	74.61	34.30	1,109,262	3,328	1,105,934	1,306,924
30	The ACME Laboratories Limited	A	10	141,000	16,042,394	113.78	114.00	16,074,000	48,222	16,025,778	16,616
31	The City Bank Limited	A	10	76,500	3,820,588	49.94	53.20	4,069,800	12,209	4,057,591	(237,002)
32	Unique Hotel & Resort Limited	A	10	40,000	2,276,188	56.90	56.80	2,272,000	6,816	2,265,184	11,004
33	United Airways Limited	Z	10	123,057	1,976,743	16.06	5.60	689,119	2,067	687,052	1,289,691
34	Western Marine Shipyard Limited	A	10	25,231	771,564	30.58	29.30	739,268	2,218	737,050	34,513
34	**Total as at 31 December 2017**			**4,987,814**	**158,821,312**			**131,982,914**	**395,949**	**131,586,965**	**26,705,090**
	Total as at 31 December 2016			**5,633,939**	**278,735,118**			**201,706,482**	**605,119**	**201,101,363**	**76,888,463**

Annexure-B

Fareast Finance & Investment Limited

Schedule of fixed assets
As at 31 December 2017

Particulars	Cost				Depreciation				Net book value as at 31 December 2017
	Opening balance as at 01 January 2017	Additions during the year	Disposals/ adjustments during the year	Total balance as at 31 December 2017	Opening balance as at 01 January 2017	Charge for the year	Disposals/ adjustments during the year	Total balance as at 31 December 2017	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Owned assets									
Land	5,485,000	0	0	5,485,000	0	0	0	0	5,485,000
Furniture and fixture	15,903,918	0	0	15,903,918	10,952,086	1,131,001	0	12,083,087	3,820,831
Office equipment	14,767,563	747,110	0	15,514,673	10,784,883	1,169,016	0	11,953,899	3,560,774
Office software	1,826,725	0	0	1,826,725	1,750,037	39,996	0	1,790,033	36,692
Crockeries	61,430	0	0	61,430	38,503	5,724	0	44,227	17,203
Motor vehicle	16,384,938	6,540,000	5,784,938	17,140,000	8,631,609	2,774,008	5,784,936	5,620,681	11,519,319
Sub total	**54,429,574**	**7,287,110**	**5,784,938**	**55,931,746**	**32,157,118**	**5,119,745**	**5,784,936**	**31,491,927**	**24,439,819**
Leasehold assets									
Motor vehicle	7,600,000	0	0	7,600,000	3,293,333	1,520,000	0	4,813,333	2,786,667
Sub total	**7,600,000**	**0**	**0**	**7,600,000**	**3,293,333**	**1,520,000**	**0**	**4,813,333**	**2,786,667**
Total as at 31 December 2017	**62,029,574**	**7,287,110**	**5,784,938**	**63,531,746**	**35,450,451**	**6,639,745**	**5,784,936**	**36,305,260**	**27,226,486**
Total as at 31 December 2016	**51,987,336**	**10,042,238**	**0**	**62,029,574**	**29,126,625**	**6,323,826**	**0**	**35,450,451**	**26,579,123**

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Annexure-C

Fareast Finance & Investment Limited

Name of directors and their interest in different organizations

Sl. #	Name of Directors	Status in FFIL	Entities where they have interest	Status in interested entities	% of holding/interest in the concern as 31 Dec. 2017
1	Mr. M. A. Wahhab	Chairman	MAWSONS Limited	Managing Director	53
			Fareast Stocks & Bonds Limited	Director	10
			PFI Securities Limited	Chairman	5.13
			Prime Prudential Fund Limited	Director	10
			Primeasia University	Member, Board of Trustee	7.7
2	Mr. Md. Ershad Ullah	Vice Chairman	Ershad Enterprize	Proprietor	100
			M/S Ershad Shipping Line	Proprietor	100
			Diganta Paribahan (Pvt) Limited	Managing Director	50
			Ahsan Ullah Commercial Complex	Proprietor	100
3	Mr. M. Mustafizur Rahman	Director	Credit Rating Agency of Bangladesh Ltd.	Director	8.17
4	Mr. M. A. Khaleque	Director	Maksons Bangladesh Limited	Chairman	50
			Maksons Associates Limited	Chairman	50
			Prime Islami Life Insurance Limited	Chairman	0.36
			GETCO Limited	Director	37.5
			GETCO Agro Vision Limited	Director	27.5
			GETCO Agri Technologies Limited	Director	40
			GETCO Elevator Company Limited	Director	30
			GETCO On Line Limited	Director	32
			HRC Technologies Limited	Director	40
			Prime Property Holdings Limited	Chairman	20
			PFI Properties Limited	Chairman	10
			PFI Securities Limited	Chairman	0.18
			Prime Prudential Fund Limited	Chairman	10
			Prime Financial Securities Limited	Chairman	20
			Fareast Stocks & Bonds Limited	Chairman	7.24
5	Mr. Md. Shamsul Islam Varosha	Director	Karim Chemicals	Proprietor	100
			JSA Autos	Proprietor	100
			K. V Industies Ltd.	Shareholder	10
			JSA Multitrade & Products Ltd.	Managing Director	70
			R.K. Metal Industies Ltd.	Shareholder	0.5
6	Mrs. Umme Fatima Khaledee Jahan	Director	GETCO Agro Vision Limited	Director	15
			KBZ Properties Limited	Director	11
7	Mr. Rubaiyat Khaled	Director	MAKSONS (Bangladesh) Limited	Director	15
			MAKSONS Associates Limited	Director	15
			MAKSONS Bay Limited	Director	25
			Prime Financial Securities Limited	Director	15
			Prime Finance Capital Management Limited	Chairman	3.85
			Prime Property Holdings Limited	Director	25
			Fareast Stocks & Bonds Limited	Director	2.76
			Fareast Islami Life Insurance Co. Limited	Director	2
			Bangladesh Institute for Professional Development (BIPD)	Director	15
			Primeasia University	Member, Board of Trustee	7.7
8	Rimsha BD Limited (Represented by Mr. Md. Ashaduzzaman)	Director	Fareast Islami Properties Ltd.	Director	7
			Bangladesh Institute for Professional Development (BIPD)	Director	10
			Prime Insurance Company Ltd.	Nominated Director	0
9	Mr. Mohammad Shahidul Islam	Independent Director	Nil.		
10	Dr. M Mosharraf Hossain	Independent Director	PFI Properties Limited	Nominated Director	0
			United Media Limited	Nominated Director	0
			Bangladesh Institute for Professional Development (BIPD)	Director	10
11	Mr. Santanu Saha	Managing Director	Fareast Stocks & Bonds Limited	Nominated Director	0

Meeting Papers

To convey a corporate meeting effectively, one of the integral elements is the notice of the meeting including all papers containing all agendum and notes to be discussed for resolution. These papers are provided to all the members before the meeting for the better preparation and participation in the meeting.



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Notice of the Seventeenth Annual General Meeting

Notice is hereby given that the seventeenth Annual General Meeting of Fareast Finance & Investment Limited will be held on Tuesday 5 June 2018, at 10:00 a.m. at International Convention City Bashundhara (ICCB), Rajdarshan (Hall-3), Kuril Bishwa Road (Next to 300 ft. Road) Purbachal Express Highway, Dhaka-1229, Bangladesh to transact the following business:

Agendum # AGM201717-01	Receive, consider and adoption of audited financial statements for the year ended 31 December 2017 together with the report of the Directors' and the Auditors' thereon
Agendum # AGM201717-02	Declaration of dividend
Agendum # AGM201717-03	Election of Directors
Agendum # AGM201717-04	Appointment of Auditor and fixation of their remuneration

By the order of the Board,

Nazmun Nahar ACS
Assistant Vice President and
Assistant Company Secretary

Date: 17 May 2018

Notes:

1. The record date of the company was 15 May 2018 and the name of Shareholders in the depository register on the record date will be eligible to attend the meeting.
2. A member may appoint a proxy to attend and vote on his/her behalf by filling the attached proxy form as per Article 47 of the Articles of Association of the company. The proxy form, duly completed, must be affixed with stamp and deposited at the registered office of the company 48 hours before the time of holding the meeting.
3. According to article 48 of the Articles of Association of the company a corporate body being a member of the company may appoint its representative any person whether a member of the company or not through resolution.
4. Admission to the hall will be only on production of the attendance slip sent with the notice.

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Explanatory notes and proposed resolution

Agendum # AGM201717-01
Receive, consider and adoption of audited financial statements for the year ended 31 December 2017 together with the report of the Directors' and the Auditors' thereon

Attachment: Audited financial statements for the year ended 31 December 2017 together with the report of the Directors' and the Auditors' thereon.

Notes:

1. Section 183 of the Companies Act, 1994 requires the Directors to submit before the general meeting a Balance Sheet and Profit and Loss Account along with the Auditors' Report thereon.

2. Section 184 of the said Act requires a Directors' Report on the state of the company's affairs along with their recommendations for appropriations to be attached to the Balance Sheet.

Proposed resolution:
As proposed by .....(BO ID:.....)
and seconded by.....(BO ID:.....)
audited financial statements for the year ended 31 December 2017 together with the report of the Directors' and the Auditors' thereon were received, considered and adopted.

Agendum # AGM201717-02
Declaration of dividend

Attachment: Nil

Notes:

1. As per Article 106 of the Articles of Association, the Board of Directors of the Company may recommend dividend, as they deem fit.
2. As per clause 96 of Schedule-1 of The Companies Act, 1994 the dividend shall not exceed the amount recommended by the Board of Directors of the Company.
3. As per regulation 19 of the Dhaka Stock Exchange (Listing) Regulations, 2015 and Chittagong Stock Exchange (Listing) Regulations, 2015 and BSEC notification # SEC/CMRRCD/2009-193/Admin/03-31 dated 1 June 2009 the decision about recommending or not recommending dividend and entitlement for such dividend, if recommended, cannot be changed prior to holding of the annual general meeting.
4. During the year 2017 company could not earn profit and hence no amount was transferred to the statutory reserve as per Rule 6 of The Financial Institutions Regulations 1994.
5. The Board in their 184th meeting held on 17 April 2018 recommended no dividend for the year ended 31 December 2017 for approval.

Proposed resolution:
As proposed by.....(BO ID:.....)
and seconded by .....(BO ID:.....)
as recommended by the Board of Directors of the company, the shareholders approved no dividend on the ordinary shares of the company's paid up capital for the year 2017, subject to the approval of competent regulatory authorities if required.

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Agendum # AGM201717-03
Election of Directors

Attachment: Nil

Notes:

1. As per Article 61 of the Articles of Association of the company, the Directors shall have power at any time and from time to time to fill up a casual vacancy either from the existing qualified members or legal heir nominee of the original directors having requisite qualification and duly registered as member of the company as an addition to the Board but the total number of Directors shall not at any time exceed the maximum number to be determined from time to time. Any Director so appointed shall hold office only until the next following ordinary general meeting or the company but shall be eligible for re-election. While making such appointment, the proportion of Directors appointed or nominated by the company and categories of shareholders shall be maintained.

   In line with Article 61 of the Articles of Association of the company, following directors who were appointed by the Board to fill up the casual vacancy will retire on 5 June 2018 and are eligible for re-election:

SL#	Name of Directors
i)	Mr. M. A. Khaleque
ii)	Mr. Md. Ashaduzzaman (Representative of Rimsha BD Limited)

3. As per Article 67 of the Articles of Association of the company, in every year other than first year, one-third of the Directors for the time being or if their number is not three or multiples of three, then the number nearest to one-third shall retire from office. Till date number of Directors in the company's Board is ten and hence four Directors will retire on 5 June 2018 from their office.

4. Article 69 of the Articles of Association of the company states that a retiring Director is eligible for re-election.

5. In line with Article 67 of the Articles of Association of the company, Directors, namely, Mr. Md. Shamsul Islam, Mrs. Umme Fatima Khaledee Jahan, Mr. Md. Ershad Ullah and Mr. Rubaiyat Khaled will retire on 5 June 2018 from their office. According to Article 68 of the Articles of Association of the company, all of them are eligible for re-election.

6. According to BSEC notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012, the tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. Mr. Mohammad Shahidul Islam was appointed as independent director of the Company on February 11, 2015 and his tenure expired on February 10, 2018. Subsequently, the Board of Directors of Fareast Finance & Investment Limited in their 184th meeting held on 17 April 2018 reappointed Mr. Mohammad Shahidul Islam FCA, as the Independent Director of the company.

Proposed resolution:
As proposed by.....(BO ID:.....)
and seconded by.....(BO ID:.....)
the shareholders of Fareast Finance & Investment Limited -

A. approved the appointment of the following directors who were appointed earlier by the Board of Directors to fill up the casual vacancy effective from the respective dates:

SL#	Name of Directors
1	Mr. M. A. Khaleque
2	Mr. Md. Ashaduzzaman (Representative of Rimsha BD Limited)

B. noted the resignation of the following Directors from the Board of Directors effective from 5 June 2018:

SL#	Name of Directors
1	Mr. Md. Shamsul Islam
2	Mrs. Umme Fatima Khaledee Jahan
3	Mr. Md. Ershad Ullah
4	Mr. Rubaiyat Khaled
5	Mr. M. A. Khaleque
6	Mr. Md. Ashaduzzaman (Representative of Rimsha BD Limited)

C. elected the following Directors in the Board of Directors of the company effective from 5 June 2018:

SL#	Name of Directors
1	
2	
3	
4	
5	
6	

D. approved the reappointment of Mr. Mohammad Shahidul Islam FCA as independent director in the Board of Directors of Fareast Finance & Investment Limited with effect from 17 April 2018.

Agendum # AGM201717-04
Appointment of auditor and fixation of their remuneration

Attachment: Nil

Notes:

1. According to Article 115 of the Articles of Association of the company and section 210 of The Companies Act, 1994, in the each ordinary annual general meeting, members of the company shall appoint an auditor for the company to hold office until the next ordinary general meeting.

2. According to section 24(1) of The Financial Institutions Act, 1993, financial institutions shall appoint an auditor on yearly basis subject to Bangladesh Bank's approval in this regard. This shall supersede all other rules of The Companies Act, 1994 in this regard.

3. Appointment of external auditor will be followed to DFIM circular # 04 dated 30 April 2015.

4. According to FID Circular # 04 dated 30 April 2015 a Chartered Accountant firm cannot be appointed as auditor for more than three consecutive years.

5. According to clause 1(a) of Bangladesh Securities and Exchange Commission's notification dated 04 January, 2000 financial statements shall be audited by a partnership firm of Chartered Accountants within the meaning of Bangladesh Chartered Accountants Order (P. O. 2 of 1972) consisting of not less than two partners in practice for a minimum of seven years.

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6. The Shareholders on their sixteenth Annual General Meeting appointed Khan Wahab Shafique Rahman & Co., Chartered Accountants as the company's auditor for the year 2017 with the annual remuneration of Tk.375,000 excluding VAT for the third time. They completed the audit satisfactorily and submitted their report.

7. Ahmed Zaker & Co., Chartered Accountants expressed their willingness for appointment as the auditor of the company for the year 2018.

8. Ahmed Zaker & Co., Chartered Accountants is the approved audit firm of the panel of auditors of Bangladesh Securities & Exchange Commission.

9. The Board of Directors in their 184th meeting recommended to appoint Ahmed Zaker & Co., Chartered Accountants as the company's auditor for the year 2018 with the annual remuneration of Tk.375,000 excluding VAT.

10. Bangladesh Bank through their letter # DFIM(C)1054/38/2018-932 dated 26 April 2018 provided their approval for the appointment of Ahmed Zaker & Co., Chartered Accountants as external auditor of the Company for the year 2018.

Proposed resolution:

As proposed by .....(BO ID:…….....)
and seconded by .....…….(BO ID:.....……..…….……..)
……., Chartered Accountants be and are hereby appointed as auditor of Fareast Finance & Investment Limited for the year 2018 with the remuneration of Tk.....……..... excluding VAT.

Fareast Finance & Investment Limited

Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area, Dhaka-1000, Bangladesh

Affix revenue stamp of Tk.20.00

Proxy form

I……
of……
being a member of Fareast Finance & Investment Limited hereby appoint Mr./Ms.....
.....of……
…….....(or failing him)…….....
.....of …….....
……..... as my proxy to attend and vote for me and on my behalf at the seventeenth Annual General Meeting of the company to be held on Tuesday 5 June 2018 at 10.00 a. m. and at any adjournment thereof.

Signed this .....day of…..... 2018

Detail of proxy	Detail of member
Signature:	Signature:
Name:	Name:
BO ID # (if any):	BO ID #:

Notes:

1. Proxy form duly completed must be deposited at the registered office of the company 48 hours before the time appointed for the meeting.
2. Signature of the member should agree with the specimen signature registered with the company.

Attendance Slip

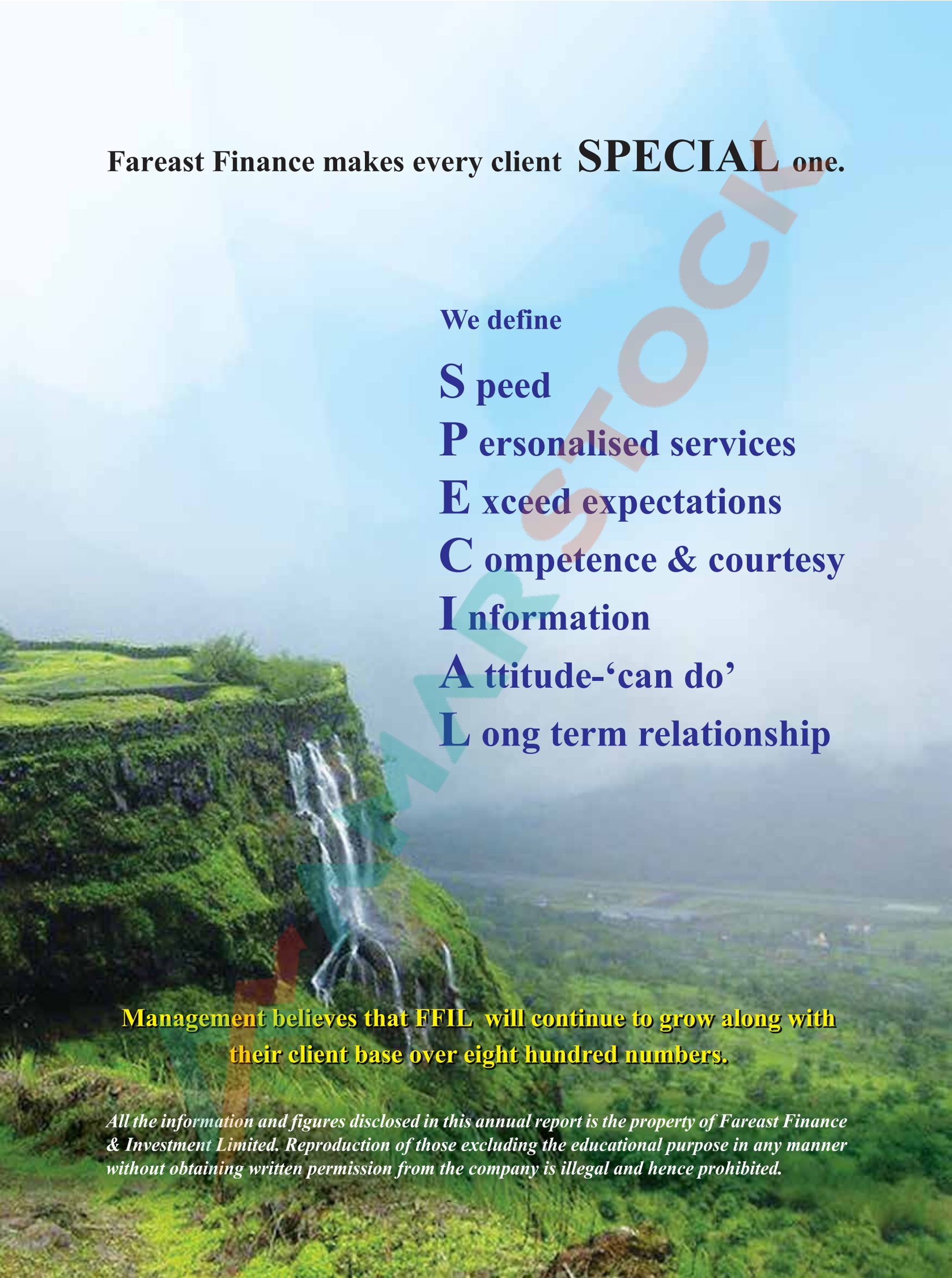
Detail of proxy	Detail of member
Signature:	Signature:
Name:	Name:
BO ID # (if any):	BO ID #:

I/we hereby record my/our presence at the seventeenth Annual General Meeting of Fareast Finance & Investment Limited held on Tuesday, 5 June 2018 at 10.00 a.m. at International Convention City Bashundhara (ICCB), Rajdarshan (Hall-3), Kuril Bishwa Road (Next to 300 ft. Road) Purbachal Express Highway, Dhaka-1229, Bangladesh.

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Glossary

Terms	Explanation
Associate Company	An enterprise in which an investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
Bank rate	The rate at which Bangladesh Bank discounts approved securities, treasury bills etc. Bank rate is used by Bangladesh Bank as a means of regulating the money on demand and checking the growth of inflation in the country.
Business risk	Business risk arises from the specific business activities of a company and the effects these could have on its earnings.
Book Value per share	Book value of shareholders equity divided by the number of ordinary shares outstanding.
CAMELS Rating	It is a measure for examining a financial institution or bank - the five things to examine are: ▪ Capital adequacy ▪ Asset quality ▪ Management quality ▪ Earnings ▪ Liquidity ▪ Sensitivity
Cash Reserve Requirement (CRR)	CRR is a statutory requirement of maintaining cash balance with Bangladesh Bank applicable for banks and financial institutions. An NBFI is required to maintain @ 2.5% of its average balance of term deposits with Bangladesh Bank current account. Deposits taken from banks and financial institutions are not considered in determining CRR.
Credit and counterparty risk	Credit and counterparty risk is the potential for loss due to the failure of a borrower, endorser, guarantor or counterparty to repay a loan or honor another predetermined financial obligation.
Collateral	Assets pledged as security for a loan or other obligation. Collateral is generally cash or a highly rated security.
Contingent liabilities	A situation existing at reporting date, where past events have led to a possible obligation the outcome of which depends on uncertain future events, but the outcome is not sufficiently probable or reliably measurable to warrant recognizing the liability at this reporting date.
Default risk	The risk that a client may be unable to make payments of rentals/installments on time.
Diversification	Distribution of investments among various sectors and geographic region to minimize risk.
Earning Assets	Those assets of a bank or financial institution which earn an income for the institution i.e. loans and leases, advances and money at call & short notice to banks etc.
Efficiency ratio	Non interest expenses (management expenses) expressed as a percentage of total operating revenue net of financial expenses. Used as a measure of productivity and for comparison with peers.
Equity method	Accounting method, under which the value of an investment in a company is recorded at the acquisition price and adjusted annually to reflect the proportionate share of net assets; the prorate share of annual profit or loss in the relevant company is recognized to the income statement.
Equity ratio/Capital ratio	Indicator showing the relation of equity to total assets.
Fair value	The amount of consideration that would be exchanged in an arm's length transaction between knowledgeable and willing parties, under no compulsion to act.



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Note

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Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area, Dhaka-1000, Bangladesh
Phone and fax: 88-02-9554174, 9559621, 9563253, 9572169
Cell phone: 01819245908, 01977334539, E-mail: ffil@bdcom.net

Chittagong Branch
Ayub Trade Centre (level-2)
1269/B Sheikh Mujib Road, Agrabad Commercial Area, Chittagong-4100.
Phone: 88-031-2526976-7, Fax: 88-031-2526978
Cell Phone: 01912132051

Banani Branch
Concord Colosseum (6th floor),
156 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh.
Phone: 88-02-9859612, 9859507, 9859715 Fax: 88-02-9859987
Cell Phone: 01993313050

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