ANNUAL REPORT 2017

Growth & Sustainability



FAS Finance & Investment Limited



GROWTH & SUSTAINABILITY

FAS Finance & Investment Limited has been working together to bring its growth & sustainability for more than a decade to make powerful the industry and national economy. During the last decade, we have observed a remarkable upsurge of concern about the sustainability of economic development over the long run. As a result considerable effort has been invested in the design of an analytical framework that can be used to think about policies that promote sustainable growth. Sustainable growth is the realistically attainable growth that a company could maintain without running into problems. A business that grows too quickly may find it difficult to fund the growth. FFIL built a strong dynamic leadership to face the challenges an ensuring growth & sustainability by the way of profit maximization and moving together to achieve the company's vision.

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ABOUT FAS FINANCE & INVESTMENT LIMITED

FAS Finance & Investment Limited (FFIL) is a registered Public Limited Company established in 1997 under the Companies Act. 1994. Primarily, the company received license from Bangladesh Securities & Exchange Commission (BSEC) to act as a Merchant Bank in 1998. Subsequently the FFIL obtained license from Bangladesh Bank in 2001 as a first generation Non-Banking Financial Institution (NBFI) under the Financial Institutions Act. 1993 with the belief of innovation, integration in financial services and creation of best value to the Shareholders. FFIL is sponsored by a group of renowned & dedicated Bangladeshi industrialists and businessmen with the initial paid up capital of Tk. 21.34 million against Authorized Capital of Tk. 500 million. At present the paid up capital stands at Tk. 1290.71 million against Authorized Capital of Tk. 2100 million.

FFIL has been progressively growing over 16 years by providing prompt and high quality services to diverse group of customers within its territory. FFIL is dedicated to broaden the depth and width of its services while maintaining high asset quality. Incessant development and providing financial solutions in Industrial Finance, Transport Finance, Home Loan, SME Finance, Corporate Finance, and other potential sectors are the significant concern of FFIL since its inception. As a part of endeavors to capitalize the competitive advantages through widening the financial services, FFIL also offers factoring loan against receivables, finance to women entrepreneurs, green financing as well as lucrative deposit schemes.

FFIL is a publicly traded Company listed with Dhaka & Chittagong Stock Exchanges, and regulated by Bangladesh Securities and Exchange Commission FFIL maintains the Investor Relations Department to meet up the shareholders' complaints (if any) regarding any inconvenience. In addition to part of Money Market, FFIL is also involved with capital market through its subsidiary as "FAS Capital Management Limited" of the Country. FAS Capital Management Limited, a wholly owned subsidiary Company of FAS Finance & Investment Limited, was incorporated as Private Limited Company in Bangladesh in 2010 under the Companies Act. 1994 and received license from Bangladesh Securities and Exchange Commission in 2012. FAS Capital Management Limited provides issue management, portfolio management, and other allied services with advisory support to the investors as and when required, even any uncalled situation.

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LETTER OF TRANSMITTAL

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

Subject: Annual Report for the year ended 31 December 2017

Dear Sirs,

Enclosed please find, a copy of the Annual Report along with the Audited Financial Statements including Balance Sheet as at 31 December 2017 and Income Statements, Cash Flow Statement and Statement of Changes in Equity for the year ended 31 December 2017 along with the notes thereon of FAS Finance & Investment Limited for your kind perusal and record.

Thank you.

Sincerely yours,

Zahid Mahmud
Company Secretary

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FAS Finance & Investment Limited

Corporate Office: Suvastu Imam Square (4th & 5th Floor), 65, Gulshan Avenue, Gulshan-1, Dhaka-1212

NOTICE OF THE 21ST ANNUAL GENERAL MEETING

Notice is hereby given to all the Members of FAS Finance & Investment Limited (FFIL) that, the 21st Annual General Meeting (AGM) of the Company will be held on Wednesday, June 20, 2018 at 10:30 a.m. at RAOWA Convention Hall, Hall No. 3 (EAGLE), VIP Road, Mohakhali, Dhaka-1206 to transact the following business:

AGENDA

01: Receive and adopt the Audited Financial Statements of the Company as of and for the year ended 31 December 2017 together with the reports of the Auditors and Directors thereon;

02: Declaration of dividend for the year 2017;

03: Retirement & re-appointment of Directors;

04: Appointment of the Auditors of the Company for the year 2018 and fixation of their remuneration;

05: Appointment of Managing Director & CEO;

06: Miscellaneous if any, with the permission of the Chair.

By order of the Board,

Zahid Mahmud
Company Secretary
Dated: 31 May, 2018

NOTES

1. 19 April 2018 is the 'Record Date' to determine the Shareholders' entitlement to the dividend and their eligibility to attend and vote at the meeting.

2. The Board of Directors recommended 10% Stock Dividend subject to the approval of the shareholders.

3. A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote or abstain from voting in his/her/its/their stead. The Proxy Form duly completed and stamped must be deposited at the Registered Office of the Company no later than 72 hours before the time set for holding the meeting.

4. Members are requested to notify change of their address, bank account details, contact number and 12 digits E-TIN number (if any), through their respective Depository Participants well in advance.

5. Annual Report, Attendance Slip and Proxy Form along with the notice will be sent to all the Members by Courier Service/Post. The Shareholders may also collect the Proxy Form from the Registered Office of the Company.

SPECIAL NOTE

As per BSEC's notification dated 24 October 2013, no food box/gift/gift coupon etc. will be given at the Annual General Meeting.

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BUSINESS PHILOSOPHY

FFIL's business philosophy outlines our Vision, Mission and Strategy along with our Guiding Principles and expectations of leaders. It outlines in a simple way who we are, what we stand for and how we get things done. It's easy for employees to understand and incorporate in their day-to-day work.

Our Vision

Become a market leader by providing innovative, integrated financial services and to create best value to our Shareholders.

Our Mission

Develop the company as an ideal and unique financial institution by providing with excellent financial products and customer services to all our customers- corporate, SME and individuals.

Our Objectives

- ❑ Be one of the market leaders of the industry.
- ❑ Achieve excellence in customer service next to none and superior to all competitors.
- ❑ Provide customized financial multi-product financial services to entrepreneurs of different segments of the market.
- ❑ Maximize profitability and sustain steady growth.

Our Strategy

Based on our vision, we have chosen to give priority to our overall strategic objectives that creates the foundation for strong growth and focuses on continuous value enhancement.

- Conducting our business with the highest levels of integrity;
- Demonstrating a strong will to win in the marketplace;
- Promoting diversity in the workplace;
- Encouraging under-served and under-penetrated communities with tailor-made products and services;
- Supporting the spirit of teamwork and collaboration;
- Harnessing the power of technology to deliver better customer services.



Core Values

For our Customers:

- ❖ To provide the most courteous and efficient service in every aspect of its business.
- ❖ To be innovative in the development of new products and Services.

For our Employee:

- ❖ By promoting their well-being through attractive remuneration and fringe benefits.
- ❖ By promoting good staff morale through proper staff training and development and provision of opportunities for career development.

For our Shareholders:

- ❖ By forging ahead and consolidating its position as a stable and progressive financial institution.
- ❖ By generating profits and fair return on their investment.

For our Community:

- ❖ By assuming our role as a socially responsible corporate citizen in a tangible manner.
- ❖ By adhering closely to national policies and objectives thereby contributing towards the progress of the nation.
- ❖ By upholding ethical values and best practices constantly seeking to improve performance by aligning our goals with stakeholders' expectations.

CODE OF CONDUCT AND PROFESSIONAL ETHICS

Individuals acting in a professional capacity take on an additional ethical responsibility. For example, professional associations have codes of ethics that prescribe required behavior within the context of a professional practice such as medicine, law, accounting or engineering. These written codes provide rules of conduct and standards of behavior based on the principles of Professional Ethics, which include:

Objectivity and Independence:
The principle of our objectivity imposes the obligation to be impartial, intellectually honest and free of conflicts of interest. Independence precludes relationships that may appear to impair a member's objectivity in rendering attestation services. Our members often serve multiple interests in many different capacities and demonstrate their objectivity in varying circumstances. Members in public practice render attest, tax, and management advisory services. Other members prepare financial statements, perform internal auditing services, and serve in financial and management capacities in industry, education and government. They also educate and train those who aspire to enter into the profession. Regardless of service or capacity, our members are maintaing the integrity of their work, following objectivity and avoid any discrimination of their judgment.

Due diligence / Duty of care:
Our members also have a continuing responsibility to cooperate with each other to improve the art of accounting, maintain the public confidence and carry out the profession's special responsibilities for self-governance. The collective efforts of all members are required to maintain and enhance the traditions of the profession.

Integrity:
To maintain and broaden public confidence, members of our Company perform all professional responsibilities with the highest sense of integrity.

The Public Interest:
The members of our company have accepted the obligation to act in a way that will serve the public interest, honor the public trust and demonstrate commitment to professionalism.

Scope and Nature of Services:
Members of our Company in public practice are observing the Principles of the Code of Professional Conduct in determining the scope and nature of services to be provided.



CORPORATE DIRECTORY

Registered Name of the Company	:	FAS Finance & Investment Limited
Company Registration Number	:	C-32457
Bangladesh Bank License	:	FID(L)/27(1)/2001
Legal Form	:	Incorporated in 1997 with RJSCB as a Public Limited Company under the Companies Act. 1994 and issuer listed by securities with Dhaka Stock Exchange & Chittagong Stock Exchange.
Corporate Head Office	:	Suvastu Imam Square (4th & 5th Floor), 65, Gulshan Avenue, Gulshan-1, Dhaka-1212, Phone : +88 096 0404 6565, FAX : +88 02 9860531
Extended Head Office	:	Zahed Plaza (5th Floor), 30, Gulshan Avenue North C/A, Gulshan-2, Dhaka-1212
Company E-mail	:	info@fasbd.com
Company Website	:	www.fasbd.com
Chittagong Branch	:	Ayub Trade Center (4th Floor), 1269/B, Sk. Mujib Road, Agrabad Commercial Area Chittagong-4100, E-mail: chittagong@fasbd.com
Sylhet Branch	:	Feroz Centre (4th Floor), Chouhatta, Sylhet Sadar, Sylhet-3100 E-mail: sylhet@fasbd.com
Narsingdi Branch	:	Index Plaza (Mezzanine Floor), Station Road Bowakur, Narsingdi. E-mail: narsingdi@fasbd.com
Managing Director & CEO	:	Mr. Pritish Kumar Sarker
Chief Financial Officer	:	Mr. Md. Maniruzzaman Akan
Company Secretary	:	Mr. Zahid Mahmud
Accounting Year End	:	31 December
Authorized Capital	:	Tk. 2,100,000,000/-
Paid-up Capital	:	Tk. 1,290,713,110/-
No. of Employee	:	110
Auditors (For Financial Statements)	:	M/s. Pinaki & Company Chartered Accountants Ahsandell, 2/A Mymensingh Road (2nd Floor), Shahbag, Dhaka-1000

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Auditors (For CG Guidelines Compliances)	:	MRH DEY & CO. Chartered Accountants 95, Kazi Nazrul Islam Avenue 2nd Floor, Kawran Bazar, Dhaka-1215
TIN	:	142726239751
VAT Registration No.	:	000467229
Trade License No.	:	03-027573
Principal Bankers	:	Al-Arafah Islami Bank Ltd. Bank Asia Ltd. BASIC Bank Ltd. Dhaka Bank Ltd. Dutch Bangla Bank Ltd. Mercantile Bank Ltd. Midland Bank Ltd. Mutual Trust Bank Ltd. NCC Bank Ltd. NRB Bank Ltd. NRB Commercial Bank Ltd Prime Bank Ltd. Social Islami Bank Ltd. South Bangla Agriculture & Commerce Bank Ltd. State Bank of India The Premier Bank Ltd. Uttara Bank Ltd. Woori Bank
Stock Brokers	:	Khwaja Equity Services Limited Stock & Bond Limited KHB Securities Limited Western Securities Investment Management Ltd.
Memberships	:	Bangladesh Leasing & Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) The Institute of Bankers, Bangladesh (IBB) India-Bangladesh Chamber of Commerce and Industry (IBCCI)

PRODUCTS & SERVICES

Across our business, we offer a complete range of financial services to help clients achieve their goals. We provide strategic advice, lend money, raise capital, help manage funds and extend supports, and hold leadership positions in all of our major business areas.

As a full service financial institution, FAS Finance offers tailored product and services to meet appropriate and diverse needs of our customers, which include:

Corporate Finance

- Lease/Sale & Lease Back
  - Term Loan
  - Bridge Finance
  - Loan to procure Commercial Space
  - Loan for Real Estate Developers
- Project Finance
  - Project Financing – Fixed Assets
  - Club Financing for Relatively Larger Projects
  - Preferred Equity Investments
- Short Term Loan (Revolving)
- Specialized Products
  - Refinancing of Existing Liabilities
  - Arranging Special Funds

Structured Finance

- Fund – Raising
  - Syndication
  - Private Placement of Equity
  - Project/Infrastructure Finance
- Advisory Services
  - Merger & Acquisition
  - Joint-Venture Matchmaking
  - Feasibility Study
- Securitization of Assets

SME Finance

- Lease
- Term Loan
- Short Term Loan against Work Order
- Short Term Loan (Revolving)
- Factoring
- Women Entrepreneur Loan
- Green Finance
- Agro Finance

Retail Finance

- Home Loan
  - i) Apartment Purchase
  - ii) Building Construction
- Auto Loan
- Personal Loan
- Loan against TDR

Deposit Schemes

FFIL Term Deposit Scheme (3-12 Months)
FFIL Cumulative Profit Scheme (1 year+)
FFIL Profit Earner Scheme (Monthly/Quarterly/Half Yearly)
FFIL Earn Ahead Fixed Deposit Scheme
FFIL Double Money Program
FFIL Triple Money Program
FFIL Deposit Pension Scheme (DPS)

Treasury

- Call Money Lending & Borrowing
- Short Term Lending & Borrowing
- Term Deposit

Capital Market Services

Products

- Portfolio Management
- Margin Loan Facility

Services

- Issue Management
- Underwriting
- Corporate Advisory

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BUSINESS OPERATIONS OF
FAS FINANCE & INVESTMENT LIMITED

FAS Finance & Investment Limited operating business through its several operational wings to provide better services to its clients. The diversified operational wings of FFIL as described under:

Financing and Investment Operation

FAS Finance & Investment Limited always tried to be innovative while making any investment decision with a focus to identify and select emerging sectors for financing and maintaining quality portfolio. As a reflection of its corporate vision, the company always prefers the segmented business proposition which includes corporate, institutional clients and SMEs. SME financing is making a significant contribution to the country's economy but still there is an enormous gap between the sectors need and admittance to funds within reasonable cost. Keeping this in mind, FFIL is offering tailored financial products for the growth of SME sectors. Overall investment was slow due to lack of confidence of entrepreneur throughout the year. On the top of everything, highest priority was given and relentless effort was made to recover loans/lease at utmost level and in which the company performed well.

Diversified portfolio

Major financing activities of the company include ferm finance, lease finance and SME finance.

Lease Finance

Lease financing is one of the major fund based activities of FFIL. The Company offers full payout financial lease for financing capital machinery, equipment and vehicles. FFIL provides services to customers of different segments whice include growing companies, blue-chip companies and SMEs. Though as prudent business model the company has diversified its investment in different business segments in the year 2017.

Term Finance

Term finance continued to be a core product of FFIL. It is both long term and short term in nature. Long-term finance is available for commercial, industrial, SME sectors for a period ranging from 12 to 60 months depending on the business nature and need. To provide liquidity comfort to corporate houses in emergency situation, the short-term finance is made under the different categories i.e. direct finance for working capital, work order finance, finance against term deposits etc. As pointed out by the Central Bank term finance by NBFIs are the alternate source of capital financing for the industrial growth in this Country.

SME Finance

FFIL provides a wide range of SME products to the potential small and medium clients. SME based financial products include lease finance, term finance, working capital finance etc.

House Building Finance

The Company offers House Building loan to corporate customer as well as individuals at different tenure considering the age of the applicant. It is against purchase of flat, construction and renovation of house building.

Fund Arrangement/Syndication

Sometimes financial requirement of customer become so huge that cannot be arranged from internal sources and also due to regulatory restrictions. In such situation required funds are being raised through syndication arrangements with other financial institutions and banks.

Performance in Capital Market

In 2017, the Capital Market of Bangladesh, was more stable than 2016. DSE broad index DSEX started at 5,083.892 point on 1 January, 2017 and closed at 6,244.522 point on December 28, 2017. DSEX increased by almost 22.83 percent throughout the year. DSEX's the lowest point was 5,084 and the highest point was 6,337 which indicates that there was fluctuation of almost 1,253 points. The daily average market turnover was BDT Tk. 874.83 crore in 2017. The market price of share of FAS Finance & Investment Limited was quite stable. The highest price was recorded at BDT 24.30 on November 21, 2017 and lowest one was BDT 13.40 on 30 April 2017. FAS Finance & Investment Limited always works hard to cope up and manage the risk prudently as it holds decades of experience in capital market operations. FAS Finance & Investment Limited offers services in the area of merchant banking and portfolio management through its subsidiary namely FAS Capital Management Limited.

IPO Management

FAS Capital Management Limited (FCML) performs public issue management along with pre-IPO activities, capital structuring and capital raising services for our clients. FAS Capital Management Limited has selected as Trustee of 7 (seven) years non-convertible fully redeemable coupon bearing subordinate bond of BDT 2,000.00 (Two Thousand Million) only issued by International Leasing and Financial Services

(ILFSL). In this regard, Bangladesh Securities and Exchange Commission (BSEC) issued a Trustee Registration Certificate in favor of FCML in 2017. FCML is also acting as trustee of 7 (seven) years non-convertible coupon bearing, unsecured subordinate bond amounting Tk. 100.00 (One Hundred Crore) only issued by Reliance Finance Limited in 2015.

Underwriting

It is one of the core activities of merchant banking operation. FCML has currently underwriting obligation of the following Company:

Name of the Company	Nature of underwriting	Underwriting amount
Silco Pharmaceuticals Ltd.	IPO	2,62,50,000/-
Bashundhara Paper Mills Ltd.	IPO	5,00,00,000/-
AB Bank ltd.	Right issue	10,00,00,000/-
Total		**17,62,50,000/-**

Private Placement

FCML arranges the private placement of the debt and equity securities for companies. During the period under reporting, FCML has proceeded to raise capital through private placement for number of clients.

Corporate Financial and Advisory Services

FCML offers professional corporate financial services including customized, value added solutions for better corporate performance in terms of prolonged existence and steady growth. Project advisory services include systemic development of an idea into a plan, development of financial structure preparing feasibility report.

Portfolio Management

FCML provides portfolio management services with a margin loan facility to its clients. The transaction of portfolio accounts was made both at the discretion of the customer and the company.

Margin Loan

FAS Finance & Investment Limited provides margin loan facilities through its Subsidiary namely FAS Capital Management Limited to its portfolio customer for purchase of shares and securities. The amount of portfolio loan outstanding as on 31st December 2017 was Tk. 1377.93 million. The above amount represents the aggregate investor's portfolio loan extended to different portfolio customers for purchasing shares listed in the stock exchanges against their deposit. Loans are fully secured by way of lien on share purchased under margin loan account. FAS Capital Management Limited always maintained its loan ratio in very just and reasonable way adjusting with the market situation without taking any excessive risk for both the company and its customers.

Investment in Share and Securities

FAS Finance & Investment Limited maintains its own portfolio for investment in listed companies shares and securities. These are fully diversified with different sector of securities. The investment risk is being minimized through diversification and investing mostly in fundamentally strong securities. In 2017 the company earned 35.20 million in the form of capital gain and dividend.

Deposit Mobilization

FAS Finance & Investment Limited mobilizes term deposits from corporate and individuals through its wide range of deposit schemes with different maturity options, monthly/quarterly/half-yearly/yearly income options, double/triple money options, monthly saving options etc. The deposits base of the Company continued to register a steady growth and stood at BDT 8781.68 million as on 31 December 2017 compared to BDT 8224.27 million of the previous year, registering growth of 6.78 percent. The growth was made due to high standard products and services along with competitive interest rate offered to customers.

Call Money Transactions

As a financial Institution FAS Finance & Investment Limited actively participates in money market on a regular basis and has been dealing both borrowing and lending activities with different banks/financial institutions to manage its liquidity position in an effective way. FAS Finance & Investment Limited also maintains very high standard in money market operation and build up a strong reputation for itself.

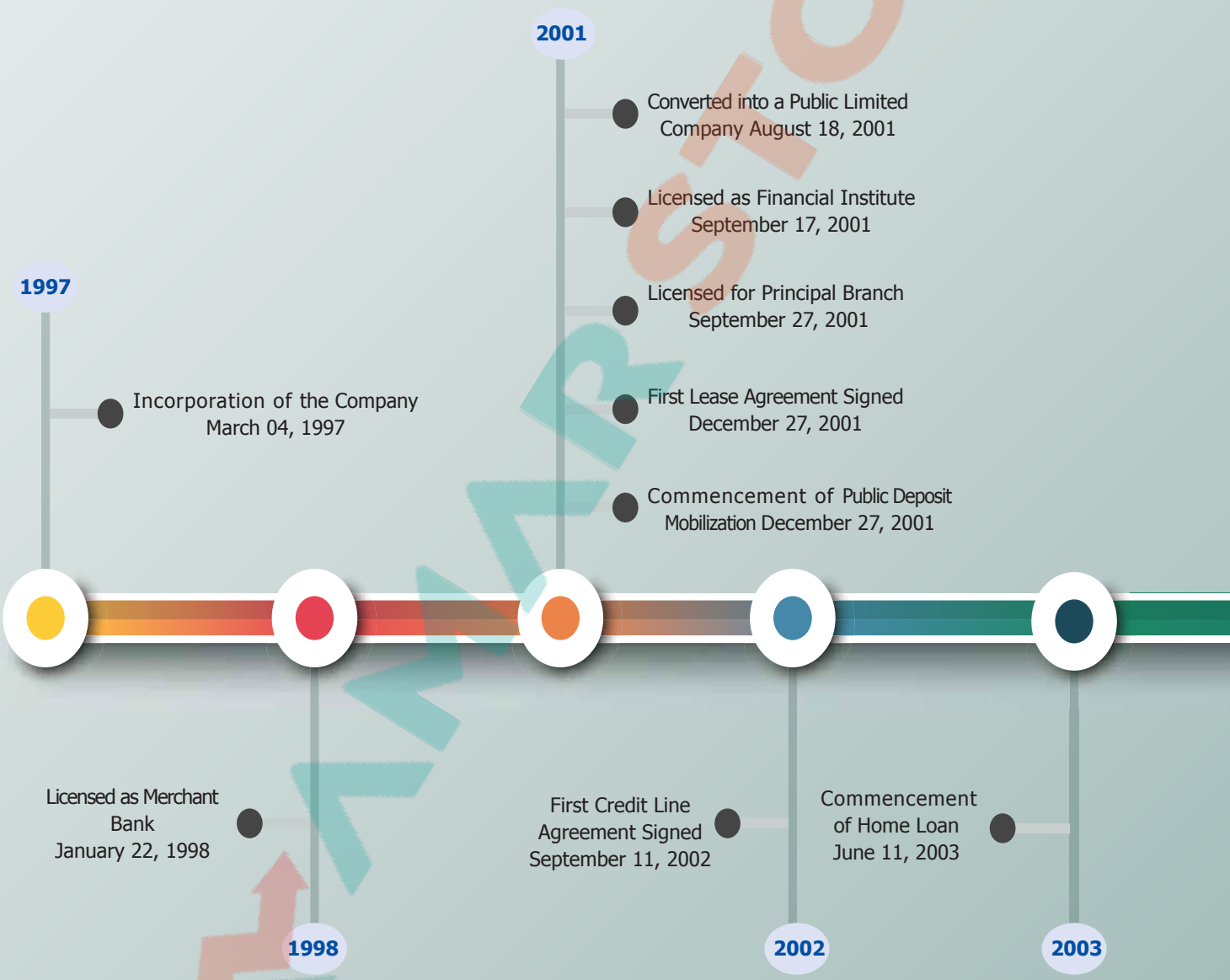
Recovery & Monitoring

As a financial Institution FAS Finance & Investment Limited has a strong team for recovery and monitoring operation. As we are financial service provider to customers, lending is the most important function like deposit collection. We are ensuring our deposit returns properly and timely as per our commitment and to maintain the commitment we need to have the lending return timely, which we have given to our clients as loans and others. For completion of collection function from our clients timely Recovery and Monitoring Department plays a vital role for timely collection of lending amount from the clients timely.

Operational Hub

FAS Finance & Investment Limited provides services through its four offices geographically diversified in the areas namely Dhaka, Chittagong, Sylhet, and Narsingdi.

HISTORY OF KEY MILESTONES



2007

- Licensed for Chittagong Branch February 14, 2007
- Credit Rating by CRAB May 03, 2007
- Licensed for Narsingdi Branch July 18, 2007
- Prospectus Date of IPO July 31, 2007
- Publication of Prospectus of IPO August 02, 2007
- Subscription Open of IPO October 28, 2007
- Subscription Close of IPO November 01, 2007
- Allotment of IPO Share December 05, 2007

2008

- Listing with DSE & CSE January 09, 2008
- First trading of shares in DSE & CSE January 16, 2008
- Licensed for Sylhet Branch July 09, 2008
- Head Office relocated at own premises at Gulshan 1 December 04, 2008

2011

- ICAB National Award 2010 (Merit) in Financial Sector (Non Banking)

2013

- Subscription Opens of 1st Right Share March 18, 2013
- Subscription Close of 1st Right Share April 04, 2013
- Allotment of 1st Rights Shares April 24, 2013

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INTEGRATED REPORT

- Message from the Chairman
- Message from the Managing Director
- Sector wise Investment
- Financial Highlights as required by Bangladesh Bank
- Five Year Financial Summary
- Graphical Presentation of Financial Indicators



MESSAGE FROM THE CHAIRMAN



Md. Siddiqur Rahman, FCS
Chairman

Dear Stakeholders,

Assalamu Alaikum

It is indeed a great pleasure for me to be here with you in the 21st Annual General Meeting (AGM) of FAS Finance and Investment Limited. On behalf of the Board of Directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for continuous support and guidance in achieving excellence in the performance of the company and to brief you on the events and developments following the close of the financial year 2017.

Years back, we had a bold dream, to become a leading Financial Institution of reference for the corporate segments of Bangladesh. We would be a unique entity with blending of entrepreneurial verve, tactical thinking, and operational excellence and a passionate commitment to success. With a view to achieving the above goal we have taken lots of steps like recruitment of highly experienced & well educated professionals, introduction of new system software, developing new products & services and so on.

The global economy had a modest growth in 2017 and Bangladesh witnessed a healthy GDP growth of 7.28%, making it among the top-performing countries of Asia and the world. While the central bank maintained the historical stable exchange rates, the liquidity position during the year was satisfactory which ultimately reduced the cost of fund for the FIs. There was also the manageable inflation rate, high foreign exchange reserve, good inward remittance flow etc. All this, for next years, eases up the realization of the growth projections.

As you know the market based economy of Bangladesh is the 44th largest in the world in nominal terms and 32nd largest by purchasing power parity; it is classified among the next eleven emerging economics. According to the IMF Bangladesh's GDP growth targeting a 7.65% in 2018 fiscal year. In this year Bangladesh qualified to be graded as a middle income country. In order to cope up with this growth & achievement we have made our plan to sustain by expanding credit facilities to the industries, SME's, agriculture sectors and semi industries with diversified portfolio.

2017 was a challenging year for FFIL as well as for the banking/financial sector of Bangladesh. Challenges included (i) An alarming rise and increase on the number of non performing loan/leases in the overall financial sector; (ii) Araising trend of deposit and lending rates with the increase of private sector credit; and (iii) Government investment in the infrastructure from local market.

Despite such economic adversities and uncertainty, FFIL was nevertheless able to maintain sustainable business growth and profitability. Some of the highlights of the performance are as follows:

- In 2017 consolidated net profit before tax was Tk. 212.69 million, which is 20.17 percent higher than the previous year. The consolidated net profit after tax was Tk. 142.78 million registering a growth of 56.23 percent over last year.

- The asset size of the company at the end of the year has been BDT 18,335.12 million which is 7.16% higher than that of the last year. FFIL could increase the loan portfolio to BDT 14,020.13 million at the end of 2017 which was BDT 13,841.66 million in 2016.

- The year was proved to be a steady growth in terms of investment portfolio. The overall investment portfolio of the Company increased by 0.94 percent, which was made possible by the relentless efforts of the management. The Board and Management exercised highest level of diligence and scrutiny prior to approving any investment. Like before, I would like to assure in the strongest possible terms that investment growth has not come at the cost of compromise on the asset quality.

We are in a good position to help our customers at the same time we need support from our customers, banks, FI's & other partners for our growth and development.

Recently Mr. Pritish Kumar Sarker, joined FFIL as its new Managing Director & CEO. Before his joining in FFIL he served Southeast Bank Limited as Deputy Managing Director. He brings along with him a wealth of experience and knowledge in banking operations. I am confident that the management of FFIL shall continue to do well under his guidance and leadership.

My appreciation goes to all employees in the FFIL who in their own way, are shaping the Company's future. In particular, I take this opportunity to specifically commend the senior management of the Company for their outstanding efforts exerted during last two months following the expiry of the service contract of our previous Managing Director.

The Board of Directors of FFIL believe in good governance, transparency and sustainable growth which seek to protect the long term interests of our stakeholders. Effective engagement with the Shareholders and FFIL's Management is an important part of my role as Chairman. In this respect, I was pleased to meet a number of shareholders at last year's Annual General Meeting (AGM), and look forward to once again meeting many of you at this year's AGM. I am also, of course, available throughout the year to meet our shareholders on an individual basis.

I thank all my colleagues on the esteemed Board of Directors for their continued faith on my leadership and support and guidance over the years. I also thank the senior management of the FFIL who created excellent culture of care and teamwork. My heartfelt thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and Central Depository Bangladesh Ltd. for their faith, trust and support to do better.

Finally, I thank my Shareholders of the FFIL for their continued support throughout the difficult periods. Your loyalty to FFIL and your guidance and feedback have always powered me with greater zeal in my endeavour to help creating a better institution with a more respectable brand.

With warm regards,

Yours faithfully,



Md. Siddiqur Rahman, FCS
Chairman

AMAR STOCK

MESSAGE FROM THE MANAGING DIRECTOR & CEO



Pritish Kumar Sarker
Managing Director & CEO

Dear Stakeholders,

I am very happy to express my sincere thanks to all of our Honorable Members of the Board for their understanding and support. It was a huge honour for me to have the privilege to lead FFIL. I always had enormous admiration for FFIL – its people, passion, and expertise. So when I was invited to come in and lead this great organization, it was an opportunity not to be missed. I arrived at a time of significant challenge. It is indeed a pleasure for me to place before you the performance of the Company and its subsidiary for the financial year ending 31 December 2017.

The year 2017 was another challenging period for the Non-banking Financial institutions (NBFI). Due to an alarming rise and increase on the number of non performing loan/leases in the overall financial sector during the year the business environment of the country was put at risk. As a result the entrepreneurs were less interested to make new investments which in turn affected the business of NBFI sector and eventually also affected our business growth during fourth quarter of the year.

As a part of the venture to ingrain any financing into the business, FFIL acts as vanguard of catering in fund mobilization. As such, sustainable finance is the yardstick of continuous economic development that magnifying the articulate harmonization and bridge up the economic, social and political milieu to be attained. Our financial sector has been facing stiff competition since last couple of years and NBFI's are still faced plagued by high cost and dearth of fund particularly from the last quarter of 2017, which remains as the main impediment to the loan growth. The credit market has become an impervious battle field and NBFIs swim against the changing ebb. Henceforth, as a safe guard, FFIL venturing its investment bucket by maintaining a balanced mix of well diversified quality portfolio.

FFIL delivered comparatively better results than last year, underpinned by the continued focus on operational efficiencies and delivering a better than expected business. Cost containment and margin improvement remained challenging, especially in light of the continued pressures in increasing trend on deposit rate and sustained lower credit growth. In some cases we had a good growth however, we increased our earnings and we strengthened our financial stability. The consolidated net profit after tax of FFIL rose by 56.23 percent to Tk. 142.77 million. Operating profit increased by 8.05 percent to Tk. 250.83 million in 2017. We have created a sound basis for continued success through constantly increased market presence, innovation and product diversification, recovery of non-performing loans and consistent efforts for enhancing revenues through cost-efficiency approach across all processes.

FFIL sees the opportunity to build deeper and more personal relationships with the stakeholders. We also see new and better ways to run our business, empower our employees and to compete in the market. In order to improve our business, performances & profitability we are now focusing on the following areas:

- More deposit mobilization by increasing customer/individual deposit base with competitive rate;
- Minimizing cost of fund by increasing low cost deposits and reducing operational expenses;
- Introduction of new-customized system software to render accurate data & speedy services;
- Introduction of customer friendly new products & services;
- Reducing NPL's by cash recovery and regularization of default loans as much as possible;
- Improving all the services by introducing more new products & place the FFIL with a good brand image;
- Improvement of recovery position from written off & bad loans;
- Expanding credit facilities to the agro-based industries, SME's and other small industries & business.

We value our customer satisfaction and continue our effort to provide them with the required services as per their need. We continued strengthening our operation system for better services delivery to the customers and maintain sustainable growth for the company. Since system development is a continuous process we shall keep continuing the same to increase the productivity of the employees for increased profitability and maintain sustainable growth for the future. FFIL is a customer-centric institution, we are guided by two commitments: to innovate with purpose and execute with speed. By doing so, we will seamlessly deliver personal, connected human experiences and advice to our customers and clients across the country.

We are recruiting experienced & well educated manpower to redesign for better running of the institution. Harnessing the diverse talents and emerging of our people is vital to our continued success. We are consistently building the right culture and developing our people's capabilities to deliver superior value to our clients, shareholders, employees and

the community. We have to face some new challenges ahead like high cost of deposit, introduction of new products and services, maintaining the growth in profit, increasing the deposit base and developing the manpower skills.

Looking ahead, the financial service industry will be further shaped by innovation & disruption. We must be prepared for increasing sophisticated fraud risks as well as involving regulatory landscapes. Customers expectations will continue to rise, just as competition from traditional & non-traditional players influences. FFIL will continue to invest in its business, people and brand to deliver customer-centric experiences and help those we serve feel more confident about their financial future. We will leverage on size and scope to create more value for our customers. FFIL, by successful implementation of all these plans & promises will protect & enrich the stakeholders interest.

I express my sincere thanks to our valued customers for maintaining a good relationship with us, which helps us to achieve a satisfactory performance in 2017. I am grateful to our honourable members of the Board of Directors for their valuable advice, guidance and support extended to the management to achieve the company's goal. I am also grateful to all our shareholders and other stake holders, who helped us to make 2017 another successful year. I take this opportunity to extend my whole hearted appreciation to the management and staff for their commitment and hard work which have resulted in such notable result.

Yours faithfully,



Pritish Kumar Sarker
Managing Director & CEO

AMAR STOCK

SECTOR WISE INVESTMENT

Taka in Lac

Sl. No.	Sector wise Investment	Investment in 2017	% in 2017
1	Agriculture	2,205.34	1.57
2	Pharmaceuticals and Chemicals	14,310.07	10.21
3	Electronics & Electrical	1,060.32	0.76
4	Food & beverage	89.57	0.06
5	Garments & Accessories	5,203.43	3.71
6	Home Loane	7,191.24	5.13
7	Housing Companies	15,274.74	10.89
8	Iron, Steel and Engineering	15.88	0.01
9	Paper, Printing and Packaging	1,420.35	1.01
10	Plastics Industries	46.07	0.03
11	Power, Gas, Water and Sanitary Service	2,002.21	1.43
12	Transport Financing	12,794.81	9.13
13	Others	78,587.25	56.06
	Total:	**140201.28**	**100**

AMAR STOCK

FINANCIAL HIGHLIGHTS AS REQUIRED BY BANGLADESH BANK

Sl. No.	Particulars		Amount in Taka	
			31-Dec-2017	31-Dec-2016
1	Paid up capital	Taka in Million	1,290.71	1,229.25
2	Total capital	Taka in Million	1,868.96	1,849.23
3	Capital surplus/deficit	Taka in Million	868.96	849.23
4	Total assets	Taka in Million	18,335.12	17,110.15
5	Total deposits	Taka in Million	8,781.68	8,224.28
6	Total loans, advances and leases	Taka in Million	14,020.13	13,841.66
7	Total contingent liabilities and commitments	Taka in Million	2,259.08	679.64
8	Credit deposit ratio	%	159.65	168.30
9	Percentage of classified loans, advances and leases	%	11.67	9.99
10	Profit after tax and provision	Taka in Million	133.12	126.05
11	Classified loans, advances and leases during the year	Taka in Million	1,636.47	1,382.79
12	Provisions kept against classified loans	Taka in Million	155.95	124.37
13	Provision surplus/deficit	Taka	29,550	-
14	Cost of fund	%	10.30	10.58
15	Interest earning assets	Taka in Million	17,395.63	16,260.49
16	Non-interest earning assets	Taka in Million	939.49	849.66
17	Return on investment (ROI)	%	1.62	1.67
18	Return on asset (ROA)	%	0.75	0.83
19	Income from investment	Taka in Million	30.39	17.21
20	Earnings per share	Taka	1.03	0.98
21	Net income per share	Taka	1.03	0.98
22	Price earning ratio (Times)	Times	21.07	14.80

FIVE YEARS FINANCIAL SUMMARY

Taka in Million

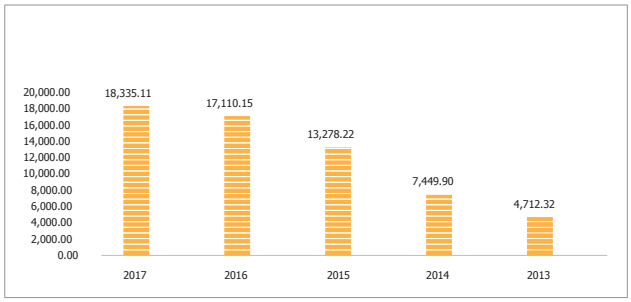
Operating Year	2017	2016	2015	2014	2013
Total Assets	18,335.12	17,110.15	13,278.22	7,449.90	4,712.32
Total Liability	16,433.84	15,341.96	11,636.12	5,822.72	3,135.22
Financial Liabilities	15,107.04	14,024.95	10,637.03	5,174.25	2,691.01
Investment Portfolio	14,560.47	14,424.50	11,989.42	6,434.23	3,822.89
Term Deposit Balance	8,781.68	8,224.28	7,049.85	2,999.10	1,251.58
Operating Income	372.89	349.54	433.75	271.50	196.35
Operating Expenses	133.48	113.15	88.29	78.29	78.84
Financial Expenses	1,494.44	1,412.45	948.78	473.35	266.13
Profit Before Tax	200.54	207.55	195.58	177.88	45.99
Net Profit After Tax	133.12	126.05	126.67	108.19	18.90
Debt to Equity (times)	8.64	8.68	7.09	3.58	1.99
Financial Expenses Coverage (Times)	1.13	1.15	1.21	1.38	1.17
ROA (%)	0.75	0.83	1.22	1.78	0.49
ROE (%)	7.26	7.39	7.75	6.75	1.46
Earnings Per Share (Tk.)	1.03	0.98	1.03	0.97	0.18
Dividend Per Share (%)	10	5	10	10	5.20
P/E Ratio (Times)	21.07	14.80	11.07	19.59	82.78
Dividend Yield (%)	0.46	0.34	0.88	0.53	0.35
Dividend Payout Ratio (%)	9.71	5.10	9.71	10.31	28.89
No. of Shares	129.07	122.93	111.75	111.75	111.75
Year End Market Price Per Share (Tk.)	21.70	14.50	11.40	19.00	14.90
NAV Per Share (Tk.)	14.73	14.38	14.69	14.56	14.11
Shareholders' Equity	1,901.27	1,768.15	1,642.10	1,627.18	1,577.10

Graphical Presentation of Financial Indicators :

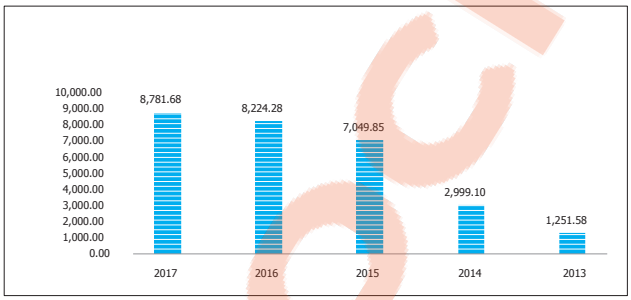
BDT In Million

Financial Performance

Total Assets

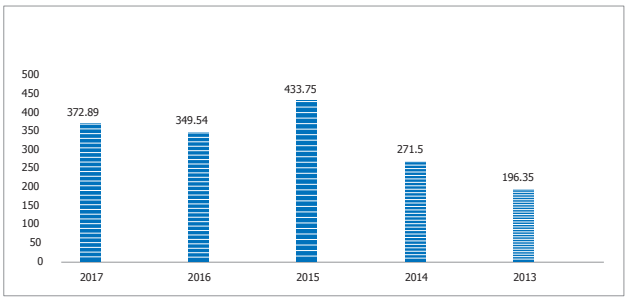


Term Deposit Balance

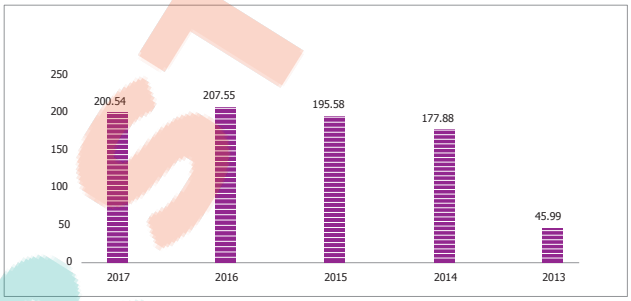


Operational Performance

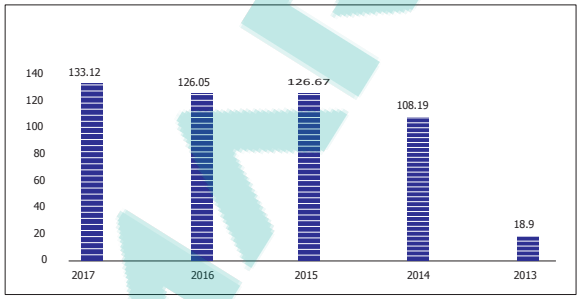
Operating Income



Profit Before Tax

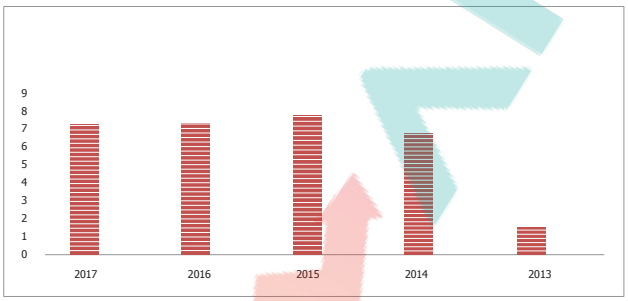


Net Profit After Tax



Financial Ratios

ROE (%)

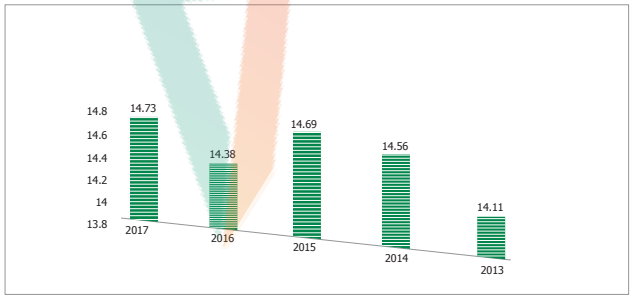


Earnings Per Share

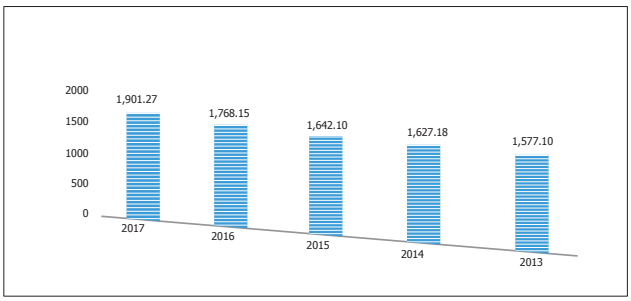


Equity Statistics

NAV Per Share



Shareholders' Equity



CORPORATE GOVERNANCE AND RISK MANAGEMENT



BOARD OF DIRECTORS



From the left

Ms. Soma Ghosh
Ms. Mahfuza Rahman Baby
Ms. Kazi Mahjaben Momtaz
Mr. Birendra Kumar Shome
Dr. Uddab Mallick
Mr. Md. Abul Shahjahan
Mr. Md. Zahangir Alam



From the left

Mr. Md. Siddiqur Rahman
Mr. Pritish Kumar Sarker
Mr. Pradip Kumar Nandi
Mr. Anjan Kumer Roy
Mr. Md. Atharul Islam
Mr. Arun Kumer Kundu
Mr. Mohammad A. Hafiz

BRIEF PROFILE OF THE DIRECTORS



Mr. Md. Siddiqur Rahman, FCS

Chairman

Mr. Md. Siddiqur Rahman is the Chairman of the Board of Directors as well as a member of the Executive Committee of FAS Finance & Investment Limited. He is also the Chairman of FAS Capital Management Limited and Simtex Textile Limited. Simultaneously, he is the Managing Director of Simtex Industries Limited, one of the Leading Manufacturers and Exporters of Sewing Thread in Bangladesh. Mr. Rahman is also a Director of Clewiston Foods and Accommodation Limited (owner Company of Radisson BLU, Cox's Bazar) and Nitol Insurance Company Limited.

Mr. Rahman has a brilliant academic career and secured many scholarships in public level examinations. Mr. Rahman did his Master in Business Administration from London Institute of Technology and Research and obtained Advance Certificate in Business Administration (ACBA) from IBA, University of Dhaka. He is also an FCS (Fellow member of The Institute of Chartered Secretaries of Bangladesh). Besides, Mr. Rahman holds a Postgraduate Diploma in Financial Management from Bangladesh Institute of Management (BIM) and has wide working experience in different private and public limited companies before starting his own business career.

Mr. Rahman is a dynamic businessman. He established his first business venture Simtex Bangladesh Limited in a very small scale in the year 2001. Since then by the dint of his dynamic leadership and excellent entrepreneurship, he expanded his business ventures both vertically and horizontally. He is a permanent member of Kurmitola Golf Club (KGC) and Dhaka Club Limited. He is also donor member of Uttara Club Limited and All Community Club Limited.

He visited many countries of the world for studies and business purposes including UK, USA, Australia, Canada, Germany, Belgium, France, Italy, China, Malaysia, Thailand, UAE and many more. Mr. Rahman is happily married and is blessed with three sons.



Mr. Md. Zahangir Alam, FCS

Vice-Chairman

Mr. Md. Zahangir Alam, Vice-Chairman of the Company contributes his expertise as a member of the Board of FAS Finance & Investment Limited since December, 2013. Mr. Alam is also the Chairman of the Executive Committee as well as the Member of the Audit Committee of the Board of the Company. He is the Director nominated by Design & Source Limited. Mr. Alam did his M. Com. in Accounting from Dhaka College, he is also a fellow of the Institute of Chartered Secretaries of Bangladesh. He started his career as Chief Accountant and served many reputed companies, he also served as Company Secretary in a Public Limited Company. He started his business career as the Chairman of Simtex Industries Limited and later on entered in the RMG sector as an owner and Managing Director of Design & Source Ltd, Denim Processing Plant Ltd. ZA Apparels Ltd. and ZA Sweaters Ltd., Clewiston Foods and Accommodation Limited (owner Company of Radisson BLU, Cox's Bazar), Waymart Apparls Ltd. He is the Chairman of forest Hill Resort Ltd. and Director of DSL Hongkong Ltd.

Mr. Alam is now among the leading garments manufacturer and exporter in Bangladesh. He owns seven (7) garments manufacturing units with a marketing office in Hong Kong. He is in the verge of setting a state of the Art Washing Plant which is environment friendly. As a businessman he is involved in business activities and holds position in good number of business entities in the arena of garments and garments accessories and finance. Mr. Alam has traveled various countries including Saudi Arabia, U.A.E, UK, Canada, Germany, Spain, Italy, Poland, South Africa, Brazil, Sri Lanka, Malaysia, Hong Kong, Taiwan, Macau, China, Brunei, Myanmar, India, Pakistan, Nepal, Belgium and many others for business purposes. He enthusiastically takes part and contributes to various social activities as well. Mr. Alam gets a pleasant personality. He is married and blessed with one son and one daughter.



Mr. Mohammad A. Hafiz, MBA

Director

Mr. Mohammad A. Hafiz, one of the members of the Board of Directors is a prominent business personality as well as a Capital Market Professional in Bangladesh. He obtained MBA in 6th Batch from the Institution of Business Administration, University of Dhaka and having more than 40 (forty) years of extensive professional experiences in different Industrial Organizations in top level management. Mr. Hafiz carries immense experience in investment banking and widely recognized in the Merchant Banking arena of the country. He is a former President of Bangladesh Merchant Bankers' Association (BMBA) of Bangladesh. Accordingly, he has been associated with his expertise in developing the efficient, vibrant and transparent capital market in Bangladesh. Mr. Hafiz is well efficient and having maneuvering knack in managing and counseling the investment portfolio and corporate advisory in the primary and secondary market of country's Capital Market.

Besides, Mr. Hafiz is the Chairman of AAA Finance & Investment Ltd. and Director of the Board of Stock & Bond Limited, a member of DSE. Furthermore, Mr. Hafiz is a former President of Rotary Club of Banani, Dhaka and Deputy Governor of Rotary International District # 3281 for 2015-16, and Life Member of Banani Society & Banani Club Limited respectively. He is widely travelled person across the globe on business trips. Mr. Hafiz is also an honorable member of the Board of Directors of the Company, nominated by Nikita & Company Limited.

Mr. Md. Abul Shahjahan

Director

Mr. Shahjahan is a member in the Board of Directors since May, 2014 of FAS Finance & Investment Limited as nominated by P&L International Limited. He is also a member of the Audit Committee of the Board. Currently Mr. Shahjahan is working with Simtex Industries Ltd. as Executive Director. Mr. Shahjahan did his Masters in Management from the University of Dhaka and joined United Bank Limited (Now Janata Bank Limited) in the year 1970. Throughout his banking career in addition to Janata Bank Limited, he worked with Mutual Trust Bank Limited, Mercantile Bank Limited, Social Islami Bank Limited and Jamuna Bank Limited.

He retired from banking services in the year 2013 as Additional Managing Director from Jamuna Bank Ltd. after completing about 43 years. In his long career he attended a number of seminars, workshops and training courses home & abroad including one with School of Banking Citi Corp. NY USA. Mr. Shahjahan is happily married and is blessed with two sons and a daughter.





Ms. Kazi Mahjaben Momtaz

Director

Ms. Mahjaben is the Director of the Board of FAS Finance & Investment Ltd. since March, 2015. She is representing P & L Agro Farms Ltd. in the Board of FAS Finance & Investment Ltd. She is a self-motivated and resourceful person with a proven ability to develop and strengthen management teams in order to maximize company's profitability and efficiency. She is the chairman of Design & Source Ltd, ZA Apparels Ltd. and ZA Sweaters Ltd. Besides these she is actively involved with fishing and agro based activities. She is the beloved wife of Mr. Md. Zahangir Alam.

She visited many countries like India, Nepal, UK, Dubai, Saudi Arabia, Hong Kong, China, Thailand and many other countries for personal and professional purpose. Besides her professional activities, she is involved with many social activities. She is also a member of Saver Golf Club.

Ms. Mahfuza Rahman Baby

Director

Ms. Mahfuza Rahman Baby is one of the Directors of FAS Finance & Investment Limited. Simultaneously, she is the Chairman of Simtex Industries Limited, the largest Bangladeshi Sewing Thread Manufacturer which is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. She is the Managing Director of Simtex Textile Ltd. She did her graduation from Home Economics College, Dhaka. Ms. Rahman is a capable and energetic business woman having experience for pretty long time and is contributing significantly in the day to day operation of Simtex Group with her husband.

Ms. Rahman is a life member of Dhanmondi Club Limited and Gulshan Health Club and also associated with various cultural and humanitarian organizations. She visited many countries of the world for business purpose including UK, USA, Canada, European countries, China, Malaysia, Thailand, UAE and many more. Ms. Rahman is happily married and is blessed with three sons.





Ms. Soma Ghosh

Director

Ms. Soma Ghosh has been the Director of the Board of FAS Finance & Investment Limited since November, 2015. She is representing P & L International Ltd. In her educational background she did B.Ed. in Science from Rajshahi T.T College. She obtained Honour's as well as Master's degree in Geography from Rajshahi University. After that she has successfully completed a Diploma course in "Personnel Management", from Bangladesh Institute of Management, Dhaka.

She has also completed a professional course in "Geographical Information System (GIS) from the University of Dhaka. She began her career as a school teacher in the year 2000. She spent a total of Fourteen years teaching with various schools i.e. SAFS London School & Colleage, Uttara Branch, Dhaka, Kids Campus, Uttara, Dhaka, Beautiful mind and Abdul Kadir Molla International School, Narsingdi. Ms. Ghosh has visited many historical, cultural and tourist places of the country and abroad.

Mr. Arun Kumer Kundu, FCA

Director



Mr. Kundu is a member of the Board of FAS Finance & Investment Limited since March, 2014 and also a member of the Executive Committee. He is the Director nominated by Reptiles Farm Limited. Mr. Kundu is a Fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) and now he is working as a Managing Partner of "ARUN & COMPANY, Chartered Accountants". Mr. Kundu obtained his M. Com as well as B.Com (Hon's) in Accounting from Dhaka College. Mr. Kundu worked in various roles and vital positions in banking sector of Bangladesh. In his service life he joined as an Audit Assistant & Supervisor at KPMG Rahman Rahman Huq, Chartered Accountants a top rated audit and consultancy firm in the world, then he served at The City Bank Limited. He also served at ICB Islamic Bank Limited and after that he served The Premier Bank Limited. In his long career he attended a number of seminars, workshops and trainings at home as well as abroad, relating to the key areas of banking, especially in internal control & audit environment, effective audit committee, entrepreneur risk management framework, assets-liability management etc.



Dr. Uddab Mallick

Director

Dr. Mallick is a member of the Board since November, 2014 and also a member of the Executive Committee of the Board. He is the Director nominated by Reptiles Farm Limited. He completed MBBS from Rajshahi Medical College University in 1990 as well as obtained FCPS (Eye) in 2002. He did his post graduate from the International Council of Ophthalmology (ICO London) in 2006.

Presently he is practicing at Kumudini Women's Medical College & Hospital, Mirzapur, Tangail and also the In- charge of the OPTHALMOLOGY Department since 2008. Dr. Mallick is the faculty member of BCPS (Bangladesh College of Physician and Surgeons). In the journey of his fifteen years career he attended various training courses and participated in seminars and workshops on different aspects. Dr. Mallick has keen interest in music and literature and various cultures of different regions and has visited wide cultural and tourist places of national and international regions.

Mr. Md. Atharul Islam

Director

Mr. Md. Atharul Islam has been nominated as Director in the Board of FFIL from P&L Agro Farms Limited. He has completed his M.Com in Accounting from University of Rajshahi. Thereafter he has completed his Master in Business Administration from Eastern University. He started his career in 1981 at Civil Officers Training Academy, Government of Bangladesh. He also worked in various capacities holding important positions during his services and he retired as Secretary from Ministry of Civil Aviation & Tourism, Government of the People's Republic of Bangladesh. In his long career he attended a number of seminars, workshops and training both at home and abroad.





Mr. Anjan Kumer Roy, FCA

Independent Director

Mr. Roy is a member of the Board since December, 2013. He is the Independent Director of FAS Finance & Investment Limited and also a member of the Executive Committee and Chairman of the Audit Committee of the Board. Mr. Roy is a Fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) from October 2016. Mr. Roy obtained his MBA (Major in AIS) from Dept. of Accounting & Information Systems (AIS), Faculty of Business Studies from University of Dhaka. He also completed his BBA (Hons.) with distinction of "Dean Honors List' from the same University. He is a Director of Finance Accounting Management Experts (FAME) Ltd. and Nominated Director of FAS Capital Management Ltd. At present he is working as a Partner of "Mak & Co., Chartered Accountants" from November, 2016 and prior to this he was a partner of ARUN & ANJAN, Chartered Accountants of which he was a co-founder. Previously he served Dhaka Bank Limited, S.F. Ahmed & Co., Chartered Accountants and The City Bank Ltd. He also served as guest and part time faculty on accounting, corporate finance, risk management & capital adequacy for banks in different universities & institutes of our country. He attended a number of seminars, workshops and trainings relating to the key areas of banking and risk management in banking sector including risk & capital adequacy for banking sector, Basel-II implementation, Stress Testing for Financial Institution, QIS for Basel-III implementation in Bangladesh, environmental risk management, green banking etc. He is a Life Member of 'Dhaka University Accounting Alumni' from 2006. He enthusiastically takes part and contributes to various social activities as well.

Mr. Pradip Kumar Nandi, ITP

Independent Director

Mr. Nandi is a member of the Board since March, 2015. He is an Independent Director of Board of FAS Finance & Investment Limited and also a member of the Audit Committee of the Board. He obtained Bachelor's and Master's degree from University of Dhaka and completed C.A Course from a reputed Chartered Accountants firm under ICAB.

He is an enrolled Agent for practicing on Internal Revenue Service. He began his career as Income Tax Practitioner. Mr. Nandi has worked in tax field for over 30 years including in industries, companies and private practice. He has been involved with tax practitioners for several years and renders consultancy on Accounting, Company Law and Taxation Matters. He has wide exposure in the field of Audit, Accounts, Income Tax and Sales Tax.





Mr. Birendra Kumar Shome
Independent Director

Mr. Birendra Kumar Shome is a member of the Board since April, 2015. He is an Independent Director of the Board of FAS Finance & Investment Limited. He is the most recognized Bengali painter. He retired as Chief Artist from Bangladesh National Herbarium, Ministry of Environment and Forest Government of Bangladesh as well as he is the ex-designer of Directorate of Press, Publicity, Information and Broadcasting, Government of Bangladesh (Mujibnagar, 1971). Presently he is a freelance artist and designer also the General Secretary of Dhaka Art Circle (a group of contemporary artists) as well as an Executive Chairman of Potua Kamrul Hasan Art School.

Mr. Shome completed his Bachelor of Fine Arts from the Dhaka University before starting his career. For his achievement in fine arts he was awarded with the Netaji Subhas Chandra Bose award in 2008; the Poet Abu Zafar Obaidullah award in 2007 ; the Nawab Faizunnessa Gold Medal in 2007 ; the Agrani Bank Shishu Shahittay Award in 2006, the Chandraboti Gold Medal in 2004; the Aish Dipakbar Gold Medal in 2004; the palok Shishu Shahittay Award in 2004, the Honorable Award from Muktijudda Utsab Ayojok Committee in 2002; the Jatiya Grontho Kendra Award in 2002 ; the Shilpacharya Zoinul Abedin Gold Medal in 1999; the Honorable Award from Saju Art Gallery and got the first prize in water color in Inter District Art exhibition in 1962 as well as Bangladesh College of Arts and Crafts, University of Dhaka in 1966.

Mr. Shome was honored with numerous solo exhibitions and his first exhibition was a solo one in Dhaka in 1979. The artist has 13 solo exhibitions; he has participated in group exhibitions over 38 in Dhaka and other place of Bangladesh. He has 14 International Exhibition as well in various cities of the world, likewise; Kolkata, Mumbai, Delhi in India, London, Hong Kong, India, De Sao Paulo in Brazil, Berlin in Germany, Kuwait and so on.

Mr. Pritish Kumar Sarker
Managing Director & CEO

Mr. Pritish Kumar Sarker has joined in FAS Finance & Investment Limited (FFIL) as Managing Director & CEO recently. Before joining FFIL, Mr. Sarker served in Southeast Bank Limited as Deputy Managing Director. After obtaining M.Sc. in Botany from University of Dhaka, he started his career in Janata Bank in 1984 as Probationary Officer. Subsequently he did his MBA (Major in Finance) from Institute of Business Administration (IBA), University of Dhaka. In his 33 years of vast experiences in Banking, Mr. Sarker has gained expertise in Credit Risk Management, Corporate Finance, SME & Retail Finance, and Syndication Finance. He also worked in Dhaka Bank Limited during 1997-98. He is also a Diplomaed Associate of the Institute of Bankers, Bangladesh (DAIBB).

He attended several seminars, workshops & training programs at home & abroad. He visited to USA, China, Thailand, Malaysia, Hongkong and India.



CONSTITUTION OF BOARD

Board structure of FAS Finance & Investment Limited

Chaired by Mr. Md. Siddiqur Rahman, the Board of Directors determines Company's objectives and supervises their implementation. The operating procedure of the Board is governed by the internal rules and regulations of the Board of Directors. The internal rules and regulations of Board of Directors also define the composition, duties and operating procedures of the Committees established by the Board, which have their own charter of functioning. The Board is assisted by two committees as under:

- Board Audit Committee
- Executive Committee

Board configuration

The Board of FAS Finance & Investment Limited comprises of thirteen members including three Independent Directors. As per BSEC's Notification dated 07 August 2012, a listed company should have al least 5 members but not more than 20 members and should have Independent Director of at least one-fifth of total Directors. As per Articles of Association of the Company the Managing Director is an Ex-officio Director.

Board of Directors of FAS Finance & Investment Limited

The Board of FAS Finance & Investment Limited comprises of total 14 members in the Board where thirteen members are non-executive Directors including three Independent Directors and nine members who are nominated from different companies and one member is the shareholder Director. Managing Director of the Company is the executive Director who involved in the day to day activities of the Company.

Non-Executive Director

There are thirteen Non-executive Directors including three Independent Directors in the Board. None of the Directors takes part in the day to day affairs of the Company. They attend only in the Board/Committee meetings to discuss the agenda reserved for the Board/Committees.

Independent Director on the Board

There are three Independent Directors on the Board. In order for a Director to qualify as an Independent Director, the Board affirmatively determines that the Director has no material relationship with FFIL either as a partner, shareholder or officer of an organization that has a relationship with FFIL that would preclude that nominee from being an Independent Director. For the purpose of such determination, the Directors consider that the Independent Director does not hold any share or holds less than one percent shares of the total paid up capital of the Company, who is not connected with the Company's Promoters or Directors or Shareholders who holds one percent or more than one percent shares of the total paid up shares of the Company, on the basis of family relationship; who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associate companies, who is not a member, Director or Officer of any Stock Exchange and who is not a shareholder, director or officer of any stock exchange or an intermediary of the capital market. The Independent Director is appointed for a period of three years which may be extended by one term only. A person cannot be appointed as Independent Director who has already been appointed as Independent Director of three listed companies.

Tenure and retirement

As per Companies Act, the office of Non-executive Directors is subject to retirement. At least one-third of the non-executive Directors shall retire by rotation in every Annual General Meeting. The Managing Director is appointed for a minimum period of three years subject to approval of the Central Bank. The office of the Managing Director being an Ex-officio Director is not subject to retirement. The tenure of an Independent Director is three years and may be extended by another three years.

Directors' compensation

Except the Managing Director & CEO, none of the Directors holds any position of profit and receives any remuneration other than the fees for attending the Board/Committee meetings. An amount of Tk. 8,000 is paid to each Director for attending each Board/Committee meeting.

Membership of Board Committee

All the Board Committees are comprised entirely of Non-executive Directors. Membership of Directors in the Board Committees is given in their biographies on pages 30 to 37 of this Annual Report.

Sub-Committee

The Board has two sub-committees namely Board Audit Committee and Executive Committee. The Board Audit Committee comprises of four non-executive Directors. The

Executive Committee comprises of five non-executive Directors. All the Board Committees have a written Charter that describes the Committees' purposes, duties and responsibilities. The Committees roles and responsibilities are available on page 44 of this Annual Report.

Board Meeting

The Board holds at least four regularly scheduled meetings in each year. In the year 2017, the Board met fourteen times to discuss scheduled businesses.

Directors' responsibility

Each Director uses his or her best efforts to attend in all the meetings of the Board and the Board Committees to which such Director is appointed. The Directors are responsible for developing and upgrading FFIL Governance Principles, Code of Business Conduct and the Charter of each Committee on which such Director serves. For review, working papers relating to business to be transacted in the meeting are provided well in advance to the members of Board/Committees.

Communication to Director

Interested parties may communicate with any Director by sending letter to the attention of the Directors in care of the Company Secretary FAS Finance & Investment Limited, Suvastu Imam Square (4th & 5th floor), 65 Gulshan Avenue Gulshan, Dhaka-1212.

AMAR STOCK

CODE OF PRACTICE OF THE BOARD OF DIRECTORS

The Board of Directors of FAS Finance & Investment Limited has adopted the following code of business conduct and ethics for directors of the Company. In addition to complying with the Company's standards of ethics and conduct each Director shall also be responsible for complying with this Director's code.

If any director or officer believes that a prohibited act under this Directors' Code has occurred, then he or she shall promptly report such belief to the Chairman of the Board or Audit Committee. No code or policy can replace the thoughtful behavior of an ethical director.

Directors also must comply with the applicable requirements and restrictions for directors of the Securities and Exchange Commission/ Bangladesh Bank.

Conflict of Interest:

Directors have to avoid any conflict or appearance of any conflict of interest among the Directors and the Company. "Conflicts of interest" can, but are not limited, to occur when:

- A Director's personal interest is adverse to may appear to be adverse to the interests of the Company as a whole.
- A Director, or a person closely related to a Director (Director's immediate family spouse, parents, children, siblings, mothers-in-law and fathers-in-law, sons and daughters-in law, brothers and sisters-in-law, and anyone who share such person's home) receives improper personal benefits as a result of his or her position as a Director of the Company.

A Director shall also recluse him or herself from any Company Board decision involving another firm or company with which the director is affiliated.

Other examples of conflicts that directors also must avoid include:

i. Directors may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with the Company, unless such a relationship is fully disclosed by the interested Director and approved by the vote of the Directors disinterested in the transaction;

ii. Directors may not accept compensation (in any form) for services performed by the Director for the Company from any source other than the Company;

iii. Directors may not offer, give or receive gifts from persons or entities that deal with the Company in those cases where any such gift is being made in order to influence a Director's action as a member of the Company's Board, or where acceptance of the gifts could create any appearance of a conflict of interest;

iv. Directors may not use Company assets, labor or information for personal use unless approved by the disinterested directors, or as a part of compensation or expense reimbursement program available to all Directors.

Corporate Opportunities:

Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors also must not:

i. Take for themselves or their own Companies or other Companies with which they have a fiduciary relationship any opportunity that is discovered through the use of Company property, Company information or position as a Director; unless such opportunities are fully disclosed by the interested Director and approved by the vote of the disinterested Directors;

ii. Use the Company's property or information or the Director's position in the Company for personal gain; or

iii. Compete with the Company for business opportunities. However, if the Company's disinterested Directors determine in advance that the Company will not pursue an opportunity that relates to the Company's business, a Director may then do so.

Confidentiality:

Directors also must maintain the confidentiality of information entrusted to them by the Company and any other non-public information relating to the Company and it's clients that comes to them, from whatever source, in their capacity as a Director, except when disclosure is authorized or legally mandated.

Compliance with Laws, Rules and Regulations:

Directors also must comply with all regulator's laws, rules / regulations applicable to the Company, including insider trading laws and the Company's policies, including the Company's insider trading policy.

Fair Dealing:

Directors also must deal fairly with the Company's customers, suppliers, depositors, shareholders, competitors and employees.

Encouraging the reporting of any illegal or unethical behavior:

Directors should also promote ethical behavior and take steps to ensure the Company:

i. Maintains an ethics hotline to answer ethical questions when employees may be in doubt about the best course of action in a particular situation;
ii. Encourages employees to report violation of laws, rules, regulations or the Company's Code of Ethics and Business Conduct to appropriate personnel;

iii. Informs employees that the Company will not allow retaliation for reports made in good faith.

Protection and proper use of Company Assets:

All Directors must protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

Enforcement:

The Board (or the disinterested members of the Board) will review and investigate any allegation of a breach of this policy by a Director, with or without the participation of any Director who may be the subject of such report.

Any Director who is subject to such an allegation shall be informed of such allegation and be allowed ample opportunity to review the details of such allegation and respond to such allegation to the Board. If the Board determines that any such act represents a violation under the company's standards of ethics and conduct or this Directors' Code, then appropriate action as determined by a majority of the disinterested Directors will be taken and, if applicable, disclosed.

Waivers:

Any waiver of this Directors' code or the Company's standards of ethics and conduct may be made only by the board of Directors and must be disclosed to the Company's shareholders.

Committees of Board of Directors

Audit Committee of the Board of Directors



From Left

Mr. Md. Abul Shahjahan, Member

Mr. Md. Zahangir Alam, Member

Mr. Anjan Kumer Roy, Chairman

Mr. Pradip Kumar Nandi, Member

Executive Committee



From Left

Dr. Uddab Mallick, Member

Mr. Md. Zahangir Alam, Chairman

Mr. Md. Siddiqur Rahman, Member

Mr. Anjan Kumer Roy, Member

Mr. Arun Kumer Kundu, Member

ROLE AND RESPONSIBILITIES OF THE COMMITTEES OF THE BOARD OF DIRECTORS

Board Audit Committee

The Audit Committee, within the delegated authority and in fulfilling the regulatory requirements has the following terms of reference (TOR):

A. Compliance

Review the effectiveness of the Company's system for monitoring compliance with relevant laws and regulations (including internal rules) and the measures taken by the Management as a result of its investigation of material incidents of non- compliance.

B. Internal Control

- Review the implementation of key accounting policies and financial reporting;
- Evaluate the implementation of the internal control systems and the risk management process.

C. Internal Audit

- Ensure that findings and recommendations communicated by Internal Audit and Management's proposed responses are received, discussed and appropriately acted on.
- Consider the scope of work and review approve and the annual audit plan and ensure no unjustified restrictions or limitations are made;
- Review the activities, resources and organizational structure of Internal Audit;
- Review the adequacy of internal audit function;
- Contribute to the selection process for the appointment of the Head of Internal Audit; and
- Review and approve the annual audit report;

D. Relationship with the external auditor

- Review the scope of work and audit plan;
- Review Management Letters issued by the external Auditors;
- Review the Report on the annual audit of the Company;
- Consider the independence of the external auditor and any potential conflict of interest;
- Review the "Terms of Engagement" of the external auditor;
- Discuss with the external auditor any audit problem encountered in the course of audit work, including any restriction on audit scope or access to information;
- Discuss with the external auditor the appropriateness of the accounting policies applied in the company's financial reports;
- Ensure that significant findings and recommendations communicated by the external auditor and Management's proposed responses are received, discussed and appropriately acted on; and
- Review the performance of the external auditor and make recommendations to the Board of Directors for the appointment, reappointment or termination of appointment of the external auditor.

E. Reporting to the Board

- Report on the conflict of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, rules and regulations;
- Any other matters that requires immediate reporting.

F. Others

- Oversee the financial reporting process;
- Monitor choice of accounting policies and principles;
- Review the annual financial statements before submission to the Board for approval;
- Review the quarterly and half yearly financial statements;
- Review the statement of significant related party transactions submitted by the management.

Executive Committee

The Executive Committee, in fulfilling its purpose, will:

- Guide the Management in achieving the organization's vision/mission;
- Review implementation of the business policy;
- Review the proposals relating to write off loan/leases and recommend to the Board for consideration.

DIRECTORS' REPORT

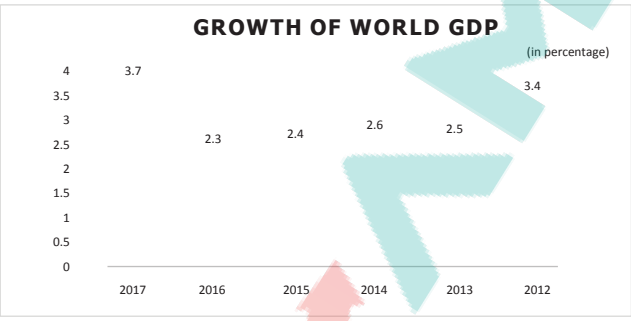
Bismilliahir Rahmanir Rahim

Dear Shareholders,
Assalamu Alaikum Wa Rahmatullah

On behalf of the Board of Directors, I am happy to present the 21st Report of the Board of Directors of the Company along with the Financial Statements (which includes Balance Sheet, Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement) for the year ended December 31, 2017. We have the pleasure to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended December 31, 2017 for your valued consideration, approval and adoption in compliance with the provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Commission Rules 1987, BSEC Notification on Corporate Governance dated 7th August, 2012 and IAS-1: Presentation of Financial Statements as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

World Economy 2017

World economy have experienced a record of 3.7 percent increase in the year 2017 due to several factors such as: accommodative global monetary policy, Chinese economy sustaining high levels and oil prices that are beginning to



drop. Europe and Japan showed notable strength, and US continued to come in strong. UK made significant progress on the Brexit agreement with EU, and equities continued to perform well, setting new highs. Despite growth predictions, inflation remained weak. US economy continued to come in strong, as the latest employment report showed tight labor conditions. Salaries of non-agricultural sector rose in November, though the unemployment rate stayed put at the 17-year low of 4.1 percent. Eurozone's performance is similar to that seen in the US, especially with recent data indicating growth picking up pace. Purchasing Managers' Index (PMI) rose to 57.5, showing solid activity across the eurozone. Brexit-related uncertainty also receded as the UK reached an agreement with the EU over Brexit divorce terms, paving the way for negotiations on the trade relationship. In Japan, Shinzo Abe's election victory appears to have coincided with an improving economy, which seems to be seeing its best performance in years, with GDP recording the longest growth streak in decades. In the US, core Consumer Price Index (CPI) inflation stood at 1.8 percent-but did not appear to be gaining momentum, adding that this was confirmed once again in November's wage growth, which despite a tight labor market was not gaining pace. The story was similar in the Eurozone with inflation reaching 0.9 percent in November. Oil prices climbed for the fifth consecutive month in November, and remained above $60, after recent OPEC agreement. Brent rose to $63 per barrel in November, up 32 percent from where it was six months ago. The recent agreement, to extend production cuts, reached between OPEC and some non-OPEC provided additional support to prices, though US production growth from Shale oil will continue to weigh on prices in the medium term, the center concluded.

This year has also seen favourable trends in major emerging economies, trends which will continue into the future. China and especially India are still showing robust growth, although the growth of the Chinese economy has been gradually weakening for several years now. India has seen a similar trend, but its economic growth is expected to increase towards 7.5% again in 2018. Both economies are expected to record stable inflation. A figure of 2% is forecasted for China, while a higher level of around 4.5% is projected for India, although this is consistent with its high pace of economic growth. The two other BRIC economies, Russia and Brazil, have performed considerably better this year. Both economies have emerged from the recessions they were suffering from, albeit for different reasons. In 2018, they are expected to record similar growth rates close to 2% (Russia) or slightly above that level (Brazil) at rates of inflation of around 4%.

Overall situation of Bangladesh economy in 2017

For Bangladesh 2017 has been a mixed year of achievements and challenges. Though some macro indicators reflect the positive trends, the overall strength of the economy is weakening due to a number of developments toward the



second half of the year. One of the major achievement of the economy has been a 7.28 percent economic growth in 2017. In this year Bangladesh qualified to be graded as a middle income country from the least developed Country. The year 2018 will be a turning point for Bangladesh in many ways. Additionally, it will continue to implement the sustainable development goals. These will hinge on a number of factors such as accelerated resource mobilisation, higher investment, efficiency in infrastructure implementation, skilled human resources and strong institutional set up.

Economic Growth

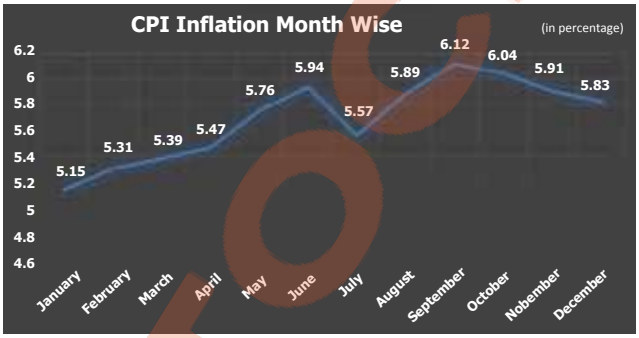
The Bangladesh economy has recorded 7.10 percent growth in 2017. The per capita income (gross national income-GNI) of the country has also risen by $8.0 to $1610 in the final calculation from that of the provisional estimation of $1602. The GDP growth at constant price has swelled by 0.14 percentage points to 7.28 per cent in the last FY2017 from 7.11 per cent in the previous FY 2016.

Savings and Investment

Savings rate and resulting investment are very closely related and foreign investors evaluate the purchasing power of the consumers based on these two concepts. The rate of domestic savings and national savings in Bangladesh are 26.06 per cent and 30.30 per cent of GDP in FY 2016-2017 which was 24.98 per cent and 30.77 per cent respectively in the preceding year. The rate of savings in relation to GDP increased 1.08 per cent in the FY 2016-2017. It would have been higher if the rate of inward remittance inflow had increased. On the other hand, the rate of investment in proportion to GDP in Bangladesh rose to 30.27 per cent which was 29.65 per cent in the previous year due to huge development work done by the public sector which accounted for 7.26 per cent of GDP and the lion's share of investment was made by the private sector which is 23.01 per cent in FY 2016-2017.

Inflation

Inflationary trends experienced a consistent upward throughout FY2017. The annual average inflation in 2017 stood at 5.7 percent. The average general inflation rate in the last fiscal year was 5.52 percent, which was 6.19 percent in fiscal year 2015, 7.00 percent in fiscal year 2014, and 7.54 percent in fiscal year 2013. In the year 2016, the inflation rate came down to lower in a decade.

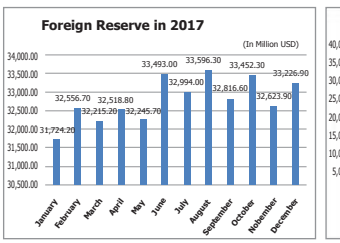


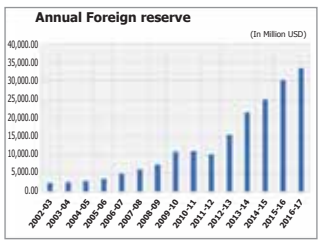
Foreign Direct Investment (FDI)

Net inflow of foreign direct investment in the country declined by 7.72 per cent in 2017. Net inflow of FDI stood at US$ 2.15 billion in 2017, down from $ 2.33 billion a year ago. The gross inflow of FDI was recorded at $ 2.68 billion in 2017, which was $2.82 billion in 2016. Divestment and repayment of loans and loss of the current multinational entities have been deducted from the gross inflow of FDI to calculate the net FDI. About 1.28 billion net FDI came as reinvested earnings in 2017. The fresh investment, also known as equity capital, declined to $ 538.90 million in the past year from $ 911.38 million in 2016. The telecom sector saw the highest inflows of $594 million, followed by textile and garment at $360.35 million and power at $334.26 million. Last fiscal year, $701 million flew in from the Singapore, $314 million from the UK, $208 million from the US, $187 million from Norway, $178 million from South Korea, $112 million from Hong Kong, $95 million from India and $90.04 million from the Netherlands.

Foreign Exchange Reserve

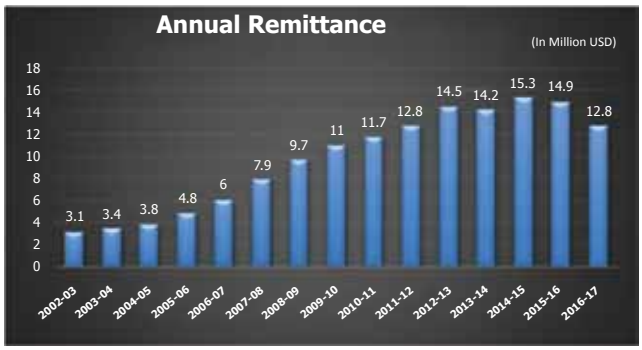
Bangladesh's foreign exchange reserves rose to $1.13 billion by the end of December 2017, $603 million more than the previous month. Where in December 2017, the reserve was $ 33.23 billion, which indicates a positive movement of foreign exchange reserve in Bangladesh.





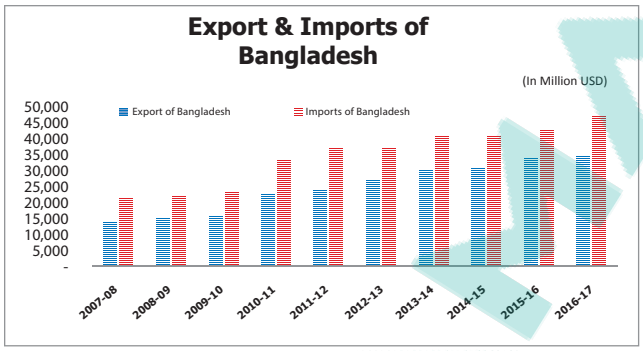
Remittance

Inward remittance in the country increased slightly in the just concluded year as expatriate Bangladeshi's sent 8.65 per cent more money in the year despite the fact that an additional 10 lakh Bangladeshi people got overseas jobs in 2017. Country's remittance inflow fallen by 0.53 percent or US$72.46 million to $13.54 billion in the year of 2017 from $13.61 billion in the previous year.

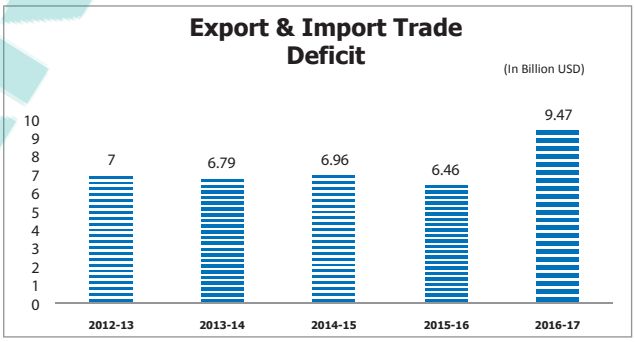


Exports and Imports

Exports rose 7.15 percent year-on-year to $17.92 billion in the first half of the fiscal year, maintaining the growth momentum largely on the back of garments, jute, jute goods and furniture. Bangladesh also beat the export target for July-December by 0.23 percent. Alone in December, exports receipts stood at $3.09 billion, up 8.42 percent over the same month in the last fiscal year. The monthly target was,

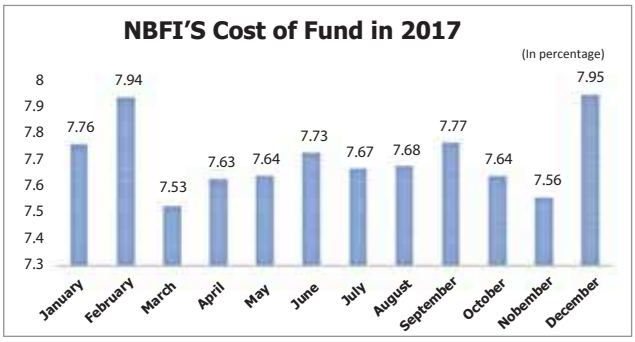


however, missed by 1.84 percent. Garments, which account for more than 80 percent of Bangladesh's total exports, logged in $14.77 billion in the first six months, up 7.75 percent from the same period a year ago. Knitwear exports went up 11.47 percent year-on-year to $7.60 billion in July-December while shipment of woven garments rose 4.08 percent to $7.18 billion. Home textiles brought in $407.73 million, growing 15.65 percent year-on-year. Exports of leather and leather goods, the second largest export earning sector after garments, fell 1.21 percent year-on-year to $620.27 million in the period. The segment was dealt a blow by a decline in leather shipment which shed 27.84 percent. Within the same category, exports of leather footwear grew 8.52 percent and leather products 2.81 percent. Export of jute and jute goods, another top earner, jumped 21.48 percent to $574.06 million. In the category, jute yarn and twine saw their earnings rise 33.31 percent while shipment of raw jute fell 19.83 percent and those of jute sacks and bags decline 6.21 percent. Export of frozen fish, live fish and shrimp increased 7.17 percent to $312.46 million in the first half of 2017-18. Pharmaceuticals raked in $50.36 million in July-December, up 11.66 percent compared to that in the same period a year ago. Furniture shipment grew 27.20 percent to $23.99 million. Agricultural products fetched $310.36 million, up 19.84 percent during the July-December period last fiscal year. Imports in Bangladesh increased to 352.60 BDT billion in October from 310.76 BDT Billion in September of 2017. Imports in Bangladesh averaged 69.91 BDT billion from 1976 until 2017, reaching an all time high of 352.60 BDT billion in October of 2017 and a record low of 0.57 BDT billion in November of 1976. Bangladesh imports mostly petroleum and oil (11 percent of the total imports); textile (10 percent) and food items (9 percent). Others include: iron and steel (7 percent), edible oil (4 percent), chemicals (4 percent), yarn and plastic and rubber articles (4 percent). In 2017, the trade deficit stood at $9.47 billion, up 46.62 percent year-on-year. These huge imports put pressure on our foreign exchange and ultimately lead to huge trade deficit.

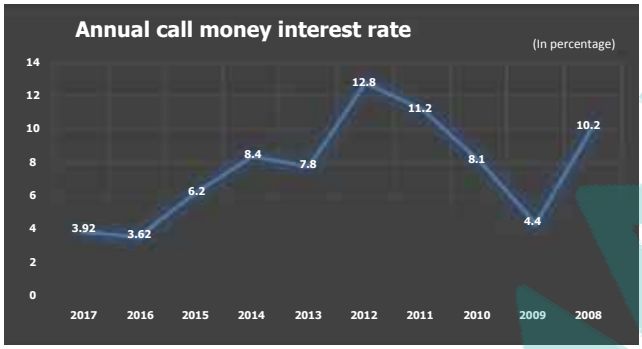


Non Banking Financial Institutions Performance in 2017

Non Banking Financial Institutions (NBFIs) are playing crucial role by providing additional financial services that cannot be usually provided by the banks. The NBFI's, with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of the customers. At the end of June 2017, assets of NBFI's increased to BDT 755.33 billion. Sector wise composition of NBFI's investments was in industry

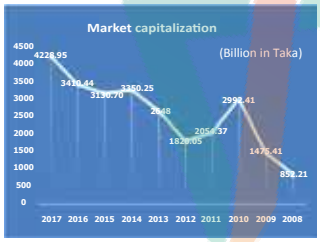


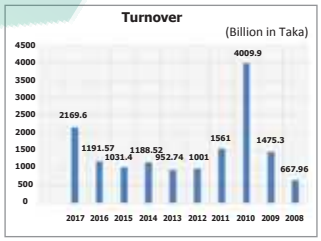
44.21 percent, real estate 17.53 percent, margin loan 2.25 percent, trade and commerce 16.68 percent, merchant banking 4.17 percent, agriculture 2.67 percent and others 12.49 percent. NBFI's total investment in capital market stood at BDT 19.90 billion. Total deposit of NBFI's increased to BDT 418.85 billion. Aggregate liability and equity increased to BDT 777.91 billion and BDT 109.63 billion respectively. In 2017, four instruments have been floated in the market namely BDT 2.45 billion "IDLC Infrastructure and SME Zero Coupon Bond" issued by IDLC Finance Limited; BDT 3.0 billion non-convertible zero coupon bonds issued by Lanka Bangla Finance Limited; BDT 1.0 billion Fixed Rate Nonconvertible Subordinated Bond issued by Reliance Finance Limited and BDT 1.5 billion zero coupon Bond issued by IPDC Finance Limited. The total outstanding of loan/lease was BDT 580.4 billion of which NPL was BDT 52.1 billion (8.97 percent). In 2017 NBFI's average deposit rate was 8.39 percent where advances rate was 11.34 percent, where we have 2.95 percent spread. As on September 2017, total loans of NBFI's was 54,938.05 crore, where SME loans was 9,126.67 crore.



Bangladesh Capital Market in 2017

The outgoing year has been phenomenal for the country's stock investors, as price index of Dhaka Stock Exchange (DSE) saw a sharp rise by 23.98% to 6244 points. As of 28 December 2017, DSEX, the key index of the DSE, ended at 6,244.52 points on the last trading day of 2017, up by 23.98% from 5,036 points on December 29 last year. 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 2017, the average daily turnover was Tk. 874.84 crore. Meanwhile, the market capitalization increased





by 23.93% to Tk. 422,894 crore, which was Tk. 341,244 crore in the previous year. Active participation of local and foreign investors and the psychological confidence were the main drivers of the market. During the year, 07 new securities were listed on the DSE, which raised about Tk. 2.19 billion. With the inclusion of the new securities, the total number of listed securities on the DSE stood at 567. The foreign investors have higher exposure now than ever before. Although the secondary market finished higher, the primary market was comparatively dull during the year as the amount of fund raised by the issuer companies hit a six-year low in the year 2017. In 2017, seven companies raised Tk. 2.19 billion from the capital market against that of Tk. 8.49 billion in the previous year.



Financial performance summary of FAS Finance & Investment Limited

Key operating and financial data of last preceding 5 (five) years is shown under the heading of Operational Highlights and Financial Highlights in the page no. 25 of this Annual Report.

Subsidiary Company

FAS Finance & Investment Limited has one fully owned subsidiary company, namely, FAS Capital Management Limited a full fledged merchant bank. FAS Capital Management Limited was incorporated on 13 October 2010. During the year 2017, FAS Finance & Investment Limited did not receive any dividend from the Subsidiary Company. Separate audited financial statements of the subsidiary company are given on pages 167 to 185 of this Annual Report.

IPO of the Company

FAS Finance & Investment Limited floated its ordinary shares through IPO in the year 2007 and raised BDT 140,635,000 at par. The net proceeds of IPO was used for Company's operational activities i.e. for investment, leasing, lending, refinancing of the Company.

Declaration of Dividend

The Board of Directors in its 198th Meeting held on March 27, 2018, recommended 10 percent stock dividend for the year ended on 31 December 2017 subject to approval of the

shareholders at 21st Annual General Meeting scheduled to be held on June 20, 2018. Details of the dividend declared during the financial year are disclosed in Note 43.03 of the Notes to the Financial Statements on page no. 161 of this annual report.

Annual General Meeting

The notice of the 21st Annual General Meeting is given on page no. 03 of this Annual Report. A summary of the agenda is given below:

Ordinary Business

- Auditors Report and Audited Financial Statements for the year 2017;
- Declaration of dividend for the year 2017;
- Re-appointment of the Directors;
- Appointment of the Auditors;
- Appointment of the Managing Director & CEO.

Special Business: Nil

Directors' Meeting, Attendance & Remuneration

During the year 2017 a total fourteen meetings were held. All of the Directors served on the Board attended more than 74.18 percent of the aggregate of the total number of meetings of the Board of Directors. The Directors including the Independent Directors are not entitled to any remuneration other than fees for attending in the Board/Committee meetings. An amount of BDT 8,000 is paid to each Director for attending each Board/Committee meeting. The details on remuneration paid to Directors in 2017 is presented on page 77 of this Annual Report.

Directors' Responsibilities of preparation of Financial Statements

As per Companies Act 1994, the Directors are responsible for preparing the Annual Report and Company's financial statements in accordance with applicable laws and regulations. The Board confirms that the Financial Statements have been prepared according to BFRS and other applicable laws and regulations.

Regulatory Compliance

FAS Finance & Investment Limited is well known for its regulatory compliance and has always followed applicable regulations rigorously. FAS Finance & Investment Limited has a dedicated compliance team for ensuring regulatory compliance across all the businesses and operations. They are responsible for identification and assessment and compliance related matters from a regulatory compliance perspective and monitoring and reporting. We ensure that these are periodically reviewed in line with the changing scenario and taking into account modifications if any in the regulatory guidelines.

Report on the compliance of the conditions of BSEC's Notification of 2012

As per BSEC Notification dated August 07, 2012 the Directors are required to report on the compliance on certain conditions. The Notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The Directors confirm that we have complied with all the conditions stipulated in the Notification. A statement on the compliance with the conditions is given on pages 68 to 73 of this Annual Report.

Report on the compliance on the guidelines of Bangladesh Bank

Bangladesh Bank has issued guidelines on certain issues for the NBFIs to be complied with. The Board of FAS Finance & Investment Limited confirms that we have complied with all the conditions of the guidelines. A statement on the compliance with the conditions is given on pages 74-76 of this Annual Report.

Certificate from the practicing professional on the compliance of conditions on corporate governance

As a measure of good corporate governance practice, and as required by BSEC, the Company has appointed MRH Dey & Co., Chartered Accountants, 95, Kazi Nazrul Islam Avenue, (2nd Floor), Kawran Bazar, Dhaka to conduct Audit on the compliance status of FAS Finance & Investment Limited as to the conditions on the corporate governance as stipulated in BSEC Notification dated August 7, 2012. The professional firm is required to give a certificate after review on the practices by FAS Finance & Investment Limited. MRH Dey & Co., Chartered Accountants, 95, Kazi Nazrul Islam Avenue, (2nd Floor), Kawran Bazar, Dhaka has given a compliance certificate for the year ended December 31, 2017 which is available on page 67 in the Annual Report. The Report confirms that the Company has complied with all the conditions stipulated in the BSEC Notification on Corporate Governance.

Going Concern

Companies and other entities are experiencing the impact of difficult or uncertain economic conditions in varying degrees. The effects of such economic conditions may be significant

in the area of financial reporting, in particular, the Directors' assessment of the Company's ability to continue as a going concern. Going concern is a fundamental principle underlying the preparation of the financial statements of a listed company. Bangladesh Accounting Standards require Directors to consider whether there are material uncertainties that would lead to significant doubt about a company's ability to continue for foreseeable period. BSEC requires the listed companies to make adequate disclosures in the financial report about the going concern of a listed company. The financial statements of the FAS Finance & Investment Limited have been prepared on a going concern basis. Inmaking this assessment, the Directors have considered a wide range of information relating to present and future conditions covering principal activities, strategic directions and challenges and uncertainties together with a review of the income statement, financial position and risk profile. In addition the Directors have considered the future projections of profitability, cash flows, asset quality, the outcome of various stress tests and capital resources in making their assessment. After assessment, the Directors are satisfied that the Company has adequate resources to continue its operation for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Directors to Retire and Re-Appointment

As per Article 104 of the Articles of Association of the Company, the following Directors will retire in the 21st Annual General Meeting and being eligible offered themselves for reappointment:

- Mr. Md. Zahangir Alam
- Mr. Mohammad A. Hafiz
- Ms. Kazi Mahjaben Momtaz
- Dr. Uddab Mallick
- Mr. Birendra Kumar Shome

The Companies Act, 1994 requires that any Director appointed by the Board since last Annual General Meeting shall retire in the next Annual General Meeting. Accordingly, Mr. Md. Abul Shahjahan, Director; Mr Anjan Kumer Roy, Independent Director and Mr. Pradip Kumar Nandi, Independent Director will retire in the 21st Annual General Meeting and eligible for re-appointment. Full biographical detail of the Company's Directors at the date of this report are given on pages 30 to 37 of this report.

Contribution to National Economy

Since inception FAS Finance engaged in the development of country's financial and capital market. The Company is constantly emphasizing investment in sectors that contributes to the national economy. FFIL deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from payments and also deposits of corporate income taxes. We also encourage our employees to participate in social and charitable programs.

Audit Information

The Directors who held office at the date of this Director's Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The Directors have taken all the steps that they them selves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the Company's Auditors are aware of that information.

Appointment of Auditors

The Company's Auditors M/S. Pinaki & Co., Chartered Accountants, AHSANDELL, 2/A, Mymensingh Road (2nd Floor) Shahbag, Dhaka -1000 will retire in the 21st Annual General Meeting. Being eligible under Section 212 of the Company's Act, 1993, the Auditors have expressed their-willingness to continue their office for the financial year 2018. The Auditors have completed their second year of audit and hence eligible for re-appointment. In this regard the Audit Committee scrutinized and reviewed their proposals and recommended to the Board to re-appoint M/S. Pinaki & Co., Chartered Accountants as the external auditor of the Company for the year 2018 with an audit fee of BDT 125,000/- plus VAT. The Broad in its meeting held on March 27, 2018 recommended the shareholders to re-appoint M/S. Pinaki & Co., Chartered Accountants at a remuneration of BDT 125,000/- plus VAT for the year 2018 subject to approval of Bangladesh Bank. The Bangladesh Bank has given its consent regarding appointment of external Auditor for the year 2018 vide its letter number DFIM (C) 1054/38/2018-862 dated April 17, 2018.

Future Outlook

2018 is expected to be another challenging year for our economy and FAS Finance & Investment Limited as well. The GDP growth forecast for FY2018 is revised somewhat higher still with the expectation that exports will grow with continued economic recovery in the US and the euro area, strong expansion in remittances will boost consumption demand,

private and public investment will pick up as the business climate improves under a stabilizing political situation, and spending will increase under the annual development program. Export growth in FY-2018 aims to earn $37.50 billion as economic growth in the euro area and the US strengthens. We are carefully monitoring economic conditions in Bangladesh where we are getting mixed signals from the various economic indicators. On an underlying basis, the business is still growing of course at a slower rate. While the business of capital market is uncertain and volatile in nature, at this stage we are hopping to make progress in 2018. In addition, we recognize a number of more challenges, which includes increased competition, and slow recovery due to adverse investment climate. Because of involvement of banks in leasing business, competitiveness in leasing has been intensified further. Some banks are also offering capital market related products like brokerage services, portfolio management etc. Moreover, Banks are charging higher interest for NBFIs comparing to their other corporate clients. Another big challenge for NBFIs is payment of tax on interest suspense account. High corporate tax on NBFIs is another challenge for us. NBFIs are taxed at the rate of 40 percent (in case of listed companies) and at the rate of 42.5 percent (in case of non listed companies). While financial products and capital market expected to remain dominant in the long run, we expect to see continued growth in demand for our products and services in the short-run as well, which will require further strengthening our existing services, specially as our clients move into more comfortable operating environment. We have adequate capital and we are quite large in terms of providing a full range of financial services.

Our presence in the market is growing steadily and we have improved our presence in all areas of operations. We have professionals with profound managerial talents and perhaps most importantly, we have a hard earned reputation as one of the top service providers in our industry.

We are confident that we have the right team and the strategy in place to achieve our goal. While there has certainly been a challenging few years for FAS Finance & Investment Limited, we feel good about where we are going.

Acknowledgement

The Directors wish to place on record their appreciation for the co-operation and support received from Bangladesh Bank, Bangladesh Securities and Exchange Commission and Stock Exchanges.

We would like to express our sincere gratitude to all the shareholders for their confidence in the Company. The Board also places on record its appreciation for continued support provided by the esteemed customers, bankers, financial institutions, regulators and depositors. The Directors also acknowledge the hard work, dedication and commitment of the employees. Their enthusiasm and unstinting efforts have enabled the Company to grow better than before. We hope similar support from all of you that will underpin our continuous growth.

On behalf of the Board of Directors,



Md. Siddiqur Rahman, FCS
Chairman

AUDIT COMMITTEE REPORT

Role of Audit Committee

The Audit Committee play a vital role on behalf of the Board of Directors attempts to ensure effective implementation of the processes set out in the business plan and policies. Major role of the Audit Committee is to monitor and review the effectiveness of internal control system. The Audit Committee is also responsible to ensure the integrity of the Financial Statements so that it provides a true and fair view of the state of affairs of the Company. In addition, the Audit Committee reviews and, when appropriate, makes recommendations to the Board on business risks, internal control and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information that proper and satisfactory internal controls systems are in place to identify the risks so that Company's business is conducted in a sound manner.

Purpose of the Audit Committee

The Audit Committee is a sub-committee formed by the Board of Directors of the Company. The Committee will consider the internal control and effectiveness within the organization. Terms of reference of the Audit Committee are fixed by the Board. The main purpose of the Audit Committee is to assist the Board of Directors on the following matters:

- Evaluates performance of the Company's internal control functions;
- Ensures compliance of the Company with legal and regulatory requirements;
- Makes recommendations on the reporting, control and compliance aspects of the Company;
- Provides independent monitoring, guidance and, if necessary, to challenge executive Management;
- Performs independent review to ensure control over financial reporting and all other operational matters; and
- Evaluates whether the Financial statements reflect true and fair view of the affairs of the Company and have been prepared as per the regulatory guidelines.

Key functions and responsibilities of the Committee

The key functions and responsibilities of the Committee as outlined in the Charter are to:

- Assist the Board of Directors in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied in the day-to-day management of its business;
- Review the implementation of key accounting policies and financial reporting;
- Evaluate the implementation of the internal control systems and the risk management process;
- Review the adequacy of internal audit function;
- Consider the scope of work and review and approve the annual audit plan and ensure no unjustified restrictions or limitations are made;
- Review and approve the annual audit report;
- Review the activities, resources and organizational structure of Internal Audit;
- Contribute to the selection process for the appointment of the Head of Internal Audit;
- Review the scope of work and audit plan;
- Review Management Letters issued by external Auditors;
- Review the Report on the annual audit of the company;
- Consider the independence of the external auditor and any potential conflicts of interest;
- Review the "Terms of Engagement" of the external auditor;
- Discuss with the external auditor any audit problems encountered in the course of audit work, including any restriction on audit scope or access to information;
- Discuss with the external auditor the appropriateness of the accounting policies applied in the company's financial reports;
- Report on the conflict of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, rules and regulations;
- Oversee the financial reporting process;
- Monitor choice of accounting policies and principles;
- Review the annual financial statements before submission to the Board for approval;
- Review the quarterly and half yearly financial statements;
- Review the statement of significant related party transactions submitted by the management.

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The Committee confirms that it regulates its affairs in compliance with its Charter and discharges its responsibilities as contained herein.

Structure of Audit Committee

The Audit Committee of the Company has been formed pursuant to the Bangladesh Bank guideline on Internal Control and Compliance framework vide DFIM circular no 13, dated October 26, 2011 and the Guidelines on Corporate Governance issued by Bangladesh Securities and Exchange Commission (BSEC) dated August 7, 2012. The Audit Committee of the Company comprises of the following members:

Name	Status with the Committee	Status with the Board
Mr. Anjan Kumer Roy	Chairman	Independent Director
Mr. Md. Zahangir Alam	Member	Director
Mr. Md. Abul Shahjahan	Member	Director
Mr. Pradip Kumar Nandi	Member	Director

Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibilities of the Audit Committee. The Terms of Reference is reviewed and revised with the concurrence of the Board of Directors. The Audit Committee is responsible to place its point of view before the Board of Directors for kinde persual. Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the 'Conditions on Corporate Governance' issued by the Bangladesh Securities and Exchange Commission and the relevant guidelines issued by Bangladesh Bank.

Internal Audit

The Audit Committee reviews the internal audit plans to satisfy itself about the consistency and coverage of the risk management framework of the Company. The Committee reviews the following activities:

- Review and satisfy itself that the Internal Audit department has the competency and qualifications to maintain its mandates;
- Review the status report from the Internal Audit department and ensure that appropriate actions have been taken to implement its recommendations;
- Recommend any broader review deemed necessary as a consequence of any issues that may have been identified;
- Request and review any special audit when deemed necessary.

External Auditor

Pinaki & Co., Chartered Accounts were appointed as statutory external auditors of the Company at the 20th Annual General Meeting held on June 15, 2017. As a part of ensuring highest level of corporate governance, the Committee prohibits the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The Committee has ascertained that the external auditors of the Company have not been engaged in any one of the following material non-audit services:

- Appraisal or valuation services or fairness opinions;
- Financial information system design and implementation;
- Book-Keeping or other services related to the accounting records or Financial Statements;
- Actuarial services; and
- Internal Audit Services.



Anjan Kumer Roy, FCA
Chairman
Board Audit Committee

STATEMENT OF ETHICS AND COMPLIANCE

Good governance and sound ethical practices are deeply embedded in our culture. We will continue to strengthen our position to remain as a highly-compliant and well-governed financial institution in Bangladesh.

Our Approach

As governance and regulatory requirements in the financial industry continues unabated, financial institutions are coming under intense pressure to implement good governance practices and manage compliance risk while pushing for improvements to the bottom-line. Compliance risk within the FFIL Financial Group is defined as the risk of impairment to the organization's business model, reputation and financial condition from failure to meet laws and regulations, internal policies and the expectations of stakeholders.

The Group upholds the adoption and infusion of good corporate governance principles and best practices as a basic tenet of running and growing its business. The compliance principles remain an important guide for the Group as it continuously evolves to meet the growing demands of compliance best practices.

Compliance Governance

At the apex of Compliance is the Board, which oversees and provides strategic direction for compliance in the Group. The Risk Management Committee is the management committee wherein the Group's state of compliance with laws, regulations, internal policies and procedures is reported.

Monitoring Compliance

Compliance against code of conduct and ethics is embedded in our employment contracts, recruitment and performance management activities. All new employees joining FFIL as well as existing employees are required to read the 'Code of Conduct' and duly sign a statement of compliance attesting that they have read, understood and provided their personal commitment to comply with the applicable laws, regulations and corporate ethics. They will also be held accountable for carrying out compliance responsibilities and acknowledge that ignorance of the rules and regulations outlined in the code cannot be an excuse for Non-compliance. Any breach of this code may lead to disciplinary action. Above all, FFIL practices a reward and recognition program which is designed to reward employees who demonstrate ethical principles and uphold the core values of integrity and morality in the code of conduct and ethical standard. Such recognition serves to validate the ethical actions of the concerned employees, encourages repeat behavior and helps to create a culture of transparency, accountability and integrity.

Scope of Compliance

The scope of compliance covers the areas of credit, operations, anti-money laundering and terrorist financing (AML/TF), treasury, insurance, financing operations and investment management, including subsidiaries. The Internal Control team was set-up to assist in managing internal control compliance and risk issues. The team also assists in the identification of issues at ground level that may affect compliance and the escalation of the same. This also creates expertise at operational level for compliance processes. Division and Department Heads are continuously engaged to ensure they continue to inculcate compliance awareness and discharge their duties effectively to ensure their respective units comply with regulatory and internal requirements.

Anti-Money Laundering and Terrorist Financing

As one of the forerunners of the Government and Bangladesh Bank initiatives to prevent the financial system from being used for illicit and laundering activities, the Group has established the following processes and infrastructure:

- Accountability of each level of employee for anti- money laundering detection and prevention;
- Education and training in preventing and detecting money laundering; and
- Extensive procedures covering customer identification, account opening, record keeping and recognition and reporting of suspicious transactions.

The AML/TF measures continue to focus on ensuring the effectiveness of reporting by all business and operating units to Compliance Division.

AML/TF self-compliance assessments continue to provide an avenue for the Compliance Division to gauge the understanding of business and operating units on AML/TF and act as tools to enhance future measures. In addition, various learning initiatives are offing to raise awareness among employees on the important role that they play in ensuring the Group does not become a conduit for money laundering.

Board's Commitment

The FFIL Board acknowledges its responsibility for ensuring that the Company's business activities are conducted in accordance with the highest standards of ethics and compliance. The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to underline its commitment to high standards of ethical behavior:

- Setting down standards of expected behavior through the formulation and communication of a Code of Conduct.
- Installing a system of internal controls, which is reviewed evaluated and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities and processes.
- Establishing a clearly-defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same tie ensuring accountability for individual actions.
- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the audit committee.
- Ensuring instant action with zero tolerance for identified instances of unethical and/or non-compliant behavior.

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Disclosures under Pillar-III Market Discipline

A) Scope of application

Qualitative Disclosures:

(a) The name of the top corporate entity in the group to which this guidelines applies.

FAS Finance & Investment Limited (FFIL)

(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

The FFIL has one subsidiary: FAS Capital Management Ltd. which is fully consolidated.

(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

Not applicable.

Quantitative Disclosures:

(d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.

Not applicable.

B) Capital structure

Qualitative Disclosures

(a)Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

Tier 2 capital includes:

i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;

ii) Revaluation reserves:
50% Revaluation reserve for fixed assets;
45% Revaluation reserve for securities;

iii) All other preference shares.

Conditions for maintaining regulatory capital:

The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:

i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

ii) 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

Quantitative Disclosures:

(b) The amount of Tier 1 capital, with separate disclosure of:

Particulars	Crore Taka
Paid up capital	129.07
Non-repayable share premium account	0.00
Statutory reserve	18.18
General reserve	0.03
Retained earnings	19.29
Minority interest in subsidiaries	0.68
Non-cumulative irredeemable preference shares	0.00
Dividend equalization account	0.00
Total Tier 1 capital	**167.25**

(c)	The total amount of Tier 2 capital	28.56
(d)	Other deductions from capital	0.00
(e)	Total eligible capital	195.81

C) Capital Adequacy

Qualitative Disclosures

(a) A summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.

Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

FFIL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

Strategy to achieve the required Capital Adequacy:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy Using benefit of credit risk mitigation by taking eligible collaterals against transactions.
- Focusing more to increase the spread on SME loan and thus increasing retained earnings
- Raise fresh capital by issuing bonus share/ right issue.

Quantitative Disclosures

Amount in crore Taka

(b) Capital requirement for Credit Risk	1,665.86
(c) Capital requirement for Market Risk	199.38
(d) Capital requirement for Operational Risk	63.06

(e) Total and Tier 1 capital ratio:

For consolidated group

CAR on Total capital basis (%)	10.15
CAR on Tier 1 capital basis (%)	8.67

For stand alone

CAR on Total capital basis (%)	10.99
CAR on Tier 1 capital basis (%)	9.84

D) Credit Risk

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk, including:

Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

Description of approaches followed for specific and general allowances and statistical methods;

General provisions are maintained according to the relevant Bangladesh Bank Guideline and Specific provisions are maintained as per FFIL's internal policy which is much more conservative than Bangladesh Bank Guidelines.

Discussion of the FI's credit risk management policy.

Implementation of various strategies to minimize risk:

To encounter and mitigate credit risk, the following control measures are taken place at FFIL:

- Vigorous monitoring and follow up by fully dedicated recovery and collection team
- Strong follow up of compliance of credit policies by appraiser and credit department Taking collateral, performing valuation and legal vetting on the proposed collateral by members of our own dedicated technical and legal department

Seeking legal opinion from external lawyers for any legal issues if required

Regular review of market situation and industry exposures

- Insurance coverage for funded assets.

In addition to the best industry practices for assessing, identifying and measuring risks, FFIL also considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks.

Separation of Corporate/SME Department & CRM Department

As a structured financial institution FFIL has separate Corporate/SME Financing Department & CRM Department and doing their responsibilities and duties independently. While Corporate/SME Department originates the credit proposal with all formalities & finding, the CRM Department assesses the risk areas and its mitigating factors. CRM Department of the company also place their findings & observations before the relationship manager of the Corporate/SME Department before taking approval from the concerned authority. Corporate/SME Department takes steps immediately according to the recommendation of the CRM Department & places the memo to the EC/Board for approval/decision.

Credit Administration Department

An independent Credit Administration Department is in place, at FFIL, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans.

Recovery and Legal Affairs Department

FFIL has a strong team of recovery & monitoring operation and follow up of court cases. For managing NPL cases the loan files are placed to Recovery & Legal affairs Department to directly monitor, put into action and intensify recovery and settlement drives through dedicated internal recovery officers. In case of need suits are filed in Artho Rin Adalat as well as under NI act to expedite the recovery drive.

Independent Internal Compliance Department

Appropriate internal control measures are in place at FFIL. An Internal Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

Credit Evaluation

To mitigate credit risk, FFIL search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

Quantitative Disclosures

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Crore Taka
Loans	1368.26
Leases	33.75
Total	**1402.01**

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Area	Crore Taka
Dhaka	1386.23
Chittagong	14.66
Sylhet	1.12
Total	**1402.01**

(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Sector	Crore Taka
Agriculture	22.05
Chemicals & Pharmaceuticals	143.10
Electronics & Electrical	10.60
Food & Beverage	0.90
Garments & Accessories	52.03
Home loan	71.91
Housing companies	152.75
Iron, Steel & Engineering	0.16
Paper, Printing & Packaging	14.20
Plastic Industries	0.46
Power, Gas, Water & Sanitary Services	20.02
Transport	127.95
Others	785.88
Total	**1402.01**

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Crore Taka
Repayment on demand	0.00
Not more than 3 months	282.71
Over 3 months but not more than 1 year	751.01
Over 1 year but not more than 5 years	287.68
Over 5 years	80.61
Total	**1402.01**

(f) Gross Non Performing Assets (NPAs)

Non Performing Assets (NPAs) to Outstanding Loans & advances

Movement of Non Performing Assets (NPAs)

Particulars	Crore Taka
Opening balance	138.28
Additions	25.37
Reductions	0.00
Closing balance	163.65

Movement of specific provisions for NPAs

Particulars	Crore Taka
Opening balance	12.44
Additions	8.24
Reductions	5.08
Closing balance	15.60

E) Equities: Banking book positions

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority.

Mutual funds have been valued at 85% of latest published NAV available as on December, 2017. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures

(b)Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share values where share price is materially different from fair value.

(Amount in Crore)

Particulars	Cost Price	Market Price
Quoted shares	108.26	97.30
Unquoted shares	2.39	2.39

Quantitative Disclosures

(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

Particulars	Crore Taka
Cumulative realized gains (losses)	9.28

(d)

Total unrealized gains (losses)	10.96
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital.	-

(e) Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Specific Risk- Market value of investment in equities is BDT 99.69 crore. Capital Requirement is 10% of the said value which stand to BDT 9.97crore.

General Risk- Market value of investment in equities is BDT 99.69 crore. Capital Requirement is 10% of the said value which stand to BDT 9.97 crore.

F) Interest rate in the banking book

Qualitative Disclosures

(a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

FFIL measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate

Quantitative Disclosures

(b)The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

Maturity wise Distribution of Assets-Liabilities

(Amount in BDT Crore)

Particulars	1 to 30/31 day (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities (A)	86.55	145.09	95.56	434.51	441.56
B. Total Rate Sensitive Assets (B)	71.77	127.82	105.37	421.73	449.72
C. Mismatch	-14.77	-17.27	9.81	-12.78	8.16
D. Cumulative Mismatch	-14.77	-32.04	-22.24	-35.02	-26.86
E. Mismatch (%)	-17.07%	-11.90%	10.26%	-2.94%	1.85%

Interest Rate Risk - Increase in Interest Rate

Interest Rate Risk			
Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio	0.00	0.00	0.00
Net Interest Income	-0.54	-1.07	-1.61
Revised Regulatory Capital	195.53	195.00	194.46
Risk Weighted Assets	1926.54	1926.54	1926.54
Revised CAR (%)	10.15%	10.12%	10.09%

G) Market risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

Methods used to measure Market risk

Market Risk is the probability of losing assets in balance sheet and off- balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardized (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately.

Market Risk Management system

Policies and processes for mitigating market risk

A Policy for managing Market Risk has been set out by the Board of Directors of the company where clear instructions has been given on Loan Deposit Ratio, Whole Sale Borrowing Guidelines, Medium Term Funding, Maximum Cumulative Outflow, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation / Action Plan etc. Treasury manages the Market Risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following fashion:

Interest Risk Management

Treasury Division reviews the risks of changes in income of the Company as a result of movements in market interest rates. In the normal course of business, FFIL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

Market analysis

Market analysis over interest rate movements are reviewed by the Treasury of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

GAP analysis

ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

Continuous Monitoring

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

Equity Risk Management

Equity Risk is the risk of loss due to adverse change in market price of equities held by the Company. Equity Risk is managed by the following fashion:

FFIL minimizes the Equity Risks by Portfolio diversification as per investment policy of the company. The entire portfolio is managed by FFIL Investments Limited.

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Particulars	Crore Taka
Interest rate risk	-
Equity position risk	19.94
Foreign Exchange Position and Commodity risk (if any).	-

H) Operational Risk:

Qualitative disclosure:

(a)Views of Board on system to reduce Operational Risk

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to MANCOM members as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

Performance gap of executives and staffs

FFIL's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the FFIL family. We aim to foster a sense of pride in working for FFIL and to be the employer of choice. As such there exists no performance gap in FFIL.

Potential external events

No such potential external event exists to raise operational risk of FFIL at the time of reporting.

Policies and procedures for mitigating operational risk:

FFIL has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and mange operational risk.

Approach for calculating capital charge for operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. FFIL uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

Quantitative Disclosures:

(b) Capital requirement for operational risk:

Particulars	Crore Taka
Capital requirement for operational risk:	6.30

CEO AND CFO'S DECLARATION

In accordance with the notification of Bangladesh Securities and Exchange Commission dated 07, August, 2012 we declare that-

We have reviewed accompanying financial statements of FAS Finance & Investment Limited which comprise the Balance Sheet as at December 31, 2017 Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement for the year ended December 31, 2017 and notes to the Financial Statements.

These financial statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

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 & Compliance Department of the Company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Based on the internal control system of the Company and our review of these financial statements, we certify that to the best of our knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
iii) No transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct;
iv) Proper books of account as required by law have been kept by the Company.

Md. Maniruzzaman Akan
VP & Chief Financial Officer

Pritish Kumar Sarker
Managing Director & CEO

AMARSTOCK

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

How we govern ourselves as a Financial Institution is as important as anything else we do. Being an ethical company is about much more than simply adhering to the letter of the law. But it's an important step. We aim to achieve and maintain the highest standards of business integrity, ethics and professionalism across all of our activities.

The Board is accountable to the Company's shareholders for the good conduct of the Group's affairs. This report explains how the Group applies the Corporate Governance issued by the BSEC and Bangladesh Bank.

The Directors are committed to maintaining the highest standards of corporate governance, which they believe are fundamental in discharging their stewardship responsibilities.

The Board confirms that the Company has, throughout the period under review, complied with all provisions set out in corporate governance guidelines.

As part of its commitment to sustainable operations at every level, FAS Finance & Investment Limited operates within a clearly defined governance framework that defines all governance and compliance aspects of the Company.

The Board of Directors strongly believes in the importance of good Corporate Governance in maintaining Company's reputation and solid foundation. The Board will continue to ensure good Corporate Governance to provide the requisite leadership, policy, strategy and internal controls in order to continue to deliver and sustain company's value propositions. This benefits our stakeholders while at the same time ensuring continuing momentum towards reaching FAS Finance & Investment Limited aspirations to be a leading financial institution.

FAS Finance & Investment Limited is committed to the principles of excellence in corporate governance and ethics. This commitment is evidenced by the following practices that are in place at FAS Finance & Investment Limited:

- A Board with all non-executive members being independent of Management;
- Clear separation of the role of the Chairman of the Board and the Managing Director & CEO;
- The Audit Committee and Executive Committee comprises solely of Non-Executive Directors;
- Inclusion of the Independent Directors in the Board Audit Committee;
- An Independent Director is in the Chair of the Audit Committee;
- A code of ethics and business conduct;
- Maintaining the basic principles of Corporate Governance;
- Published Charter for the Board and all of its Committees;
- Certification from an independent professional on the compliance of the conditions of BSEC's Notification of 7 August 2012;
- A set of corporate values - integrity, trust, teamwork, openness, transparency, excellence and resilience- communicated to all employees;
- The members of the Board Audit Committee possesses knowledge on internal control, financial and administrative matters;
- The Audit Committee meets regularly with/without the presence of the Executive Management;
- An established system of internal control with appropriate check and balance;
- Ensure transparency in financial reporting and adequate disclosures.

For FAS Finance & Investment Limited, Corporate Governance is not a mere statement of compliance. We aim to achieve and maintain the highest standards of business integrity, ethics and professionalism across the Group.

We believe that good governance, in its broadest sense, is a competitive advantage. To maximize shareholders' value on a sustainable basis, principles of good governance must extend beyond the Board of Directors into every segment of business activities. Indeed, a foundation of ethics, integrity and good governance guides all of our activities across our diverse operations.

Thank you.



Md. Siddiqur Rahman, FCS
Chairman

CORPORATE GOVERNANCE DISCLOSURE

We believe good governance depends on the exercise of sound, objective and independent judgment by the Board. The Board assesses the independence of Directors against legal and regulatory criteria. All Directors are Independent except for the Managing Director & CEO of the company who is an Ex-officio Director.

Corporate Governance Framework

Our corporate governance policies and procedures form the basis of a sound corporate governance framework and refer to other documents that regulate certain aspects of corporate governance in greater detail.

Articles of Association (AoA): define the purpose of the business, the powers and duties of the Directors and the basic organizational framework.

Code of Conduct: defines the FFIL's ethical values and professional standards that the Board and all employees are required to follow, including an emphasis that employees must adhere to all relevant laws, regulations, and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking.

Organizational Guidelines and Regulations: define the responsibilities and sphere of authority of the various bodies within the company, as well as the relevant reporting procedures.

Corporate Governance Guidelines: summarize certain principles promoting the function of the Board and its committees and the effective governance of the company.

Board of Directors Charter: outlines the organization and responsibilities of the Board.

Board Committee Charters: define the organization and responsibilities of the Committees.

As part of its commitment to sustainable operations at every level, FFIL operates within a governance framework that defines all governance and compliance aspects of the organization. This governance framework entails far more than compliance with legislation, and has been developed with the aim of enabling FFIL to attain a number of very clear objectives and goals, which include:

- Maximizing efficiency and profitability within acceptable risk parameters;
- Implementing group's strategy within defined compliance requirements;
- Adhering to correct and proper corporate behaviors;
- Balancing, within a framework of effective accountability, the interests of shareholders and other stakeholders who may be affected by the conduct of directors or executives of the group;
- Minimizing or avoiding conflicts of interest between the business interests of the group and personal interests of directors or executives;
- Disclosing matters that are material to the business of the group or the interests of stakeholders timely and accurately;
- Ensuring efficient and effective functioning of the Risk Management Framework;
- Complying in substance, not just in form, with the provisions of the Code of Corporate Governance and regulations affecting the financial services industry.

Company's Policy on Appointment of Directors

In relation to the selection and appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree to the process to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of Association of FFIL;
- The Managing Director & CEO is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM) and approval of Bangladesh Bank;
- Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the Stock Exchanges.

Representation of Non-Executive Directors & Independent Directors

FFIL's Board comprises thirteen (13) Non-Executive Directors (NEDs) including (3) three Independent Directors. (9) nine Directors are nominated by their respective institutions except (1) one Shareholding Director. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. As per Bangladesh Securities and Exchange Commission (BSEC), Notification No. SEC/CMRRCD/2006-158/129/Admin/44, dated 07 August 2012, at least one-fifth of the total directors of the Board shall be Independent Directors. Thus, in compliance with the guideline, three (3) Directors out of the total thirteen (13) Directors are independent, having no share or interest in FFIL. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure.

Separation of Duties between CEO and Chairman

The Chairman of the Board is not the Chief Executive of the Company and are independent of each other, and their roles are autonomous and separate, in accordance with the DFIM Circular No. 07, dated 25.09.2007 and BSEC's Notification dated 07 August, 2012 section 1.4.

Roles and Responsibilities of the Chairman and independence of Non-Executive Directors

Role of the Chairman

The Chairman runs the Board. The Chairman serves as the primary link between the Board and the management and works with the Managing Director and CEO and the Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board. The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairman is appointed by the Board. The principal features of the role of the Chair comprise the followings:

- Providing leadership to the Board;
- Taking responsibility for the Board's composition and development;
- Ensuring sufficient provision of information available to the Board;
- Planning and conducting Board meetings effectively;
- Getting all Directors involved in the Board's work;
- Ensuring the Board's focus on key tasks;
- Engaging the Board in assessing and improving its performance;
- Overseeing the induction and development of Directors;
- Supporting the Managing Director and CEO.

Responsibilities of the Chairman

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors and provides leadership to the Board for all aspects of the Board's functions. He will:

- Ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;
- Ensure effective communication with shareholders, host Governments and other relevant constituencies and ensure that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making;
- Ensure that all Board Committees are properly established, composed and operated;
- Support the Managing Director and CEO in strategy formulation more broadly provide support and give advice;
- Ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance;
- Establish a harmonious and open relationship with the Managing Director and CEO;
- Ensure that Board Committees are properly structured and all corporate governance matters are fully addressed;
- Encourage active engagement by all members of the Board.

Independence of Non-Executive Directors

The Non-Executive Directors do not have executive responsibility of running day-to-day affairs of the company; they do not put undue influence in taking operating decision of the company.

Disclosure of Policy on Annual Evaluation of the CEO by the Board

The Board of Directors evaluates the Managing Director and CEO based on the goals set for him considering the company vision and mission at the beginning of each year. The Board does the performance assessment of CEO annually based on the specific targets as set forth in Annual Budget and long term strategic goals. The annual financial budget and other

job objectives are discussed, reviewed and finalized by the Board at the start of each fiscal year. The Board considers both financial and non-financial goals in both short term and long term while setting targets and doing the performance assessment.

Compliance with Corporate Governance Regulation by Bangladesh Bank and Bangladesh Securities and Exchange Commission

In compliance with the conditions of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012, MRH Dey & Co., Chartered Accountants examined the compliance with the said conditions of Corporate Governance and certified that FAS Finance & Investment Limited has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC's notification dated 07 August 2012. The company also provides the compliance checklist as required by Bangladesh Bank.

Communications to Shareholders and Stakeholders

It is the company's policy that all external communication by the Company will:

- Be factual and subject to internal vetting and authorization;
- Not omit material information;
- Express information in a timely, clear and objective manner.

FFIL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives.

Communication through Quarterly Reports

The company reports to its shareholders four times a year through quarterly and half-yearly reports and a detailed Annual Report.

Communication through AGM

All shareholders have the right to attend the Annual General Meeting (AGM) where they can meet and communicate with the Directors and express their views regarding the Company's business, prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, appoint proxies in that special cases.

Process of Communicating the Schedule

Send all notices of the Annual General Meeting (AGM)/ Extraordinary General Meeting (EGM) to the Exchange and simultaneously to the shareholders at least 14 days prior to AGM and 21 days prior to EGM. Hard copies of the Annual Report to the shareholders are also sent as least 14 days before the Annual General Meeting. Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Bangladesh Securities and Exchange Commission (BSEC), online newspaper and print media. The notice of the AGM is also made available on the company website.

Communication during the AGM

The shareholders, who attend the AGM, have the option to ask questions and give suggestions to the Board members during the AGM. The Managing Director and CEO, on behalf of the Board, answers the queries of the shareholders.

Communication through Website

The Company's website displays, inter-alia, the Annual Reports, half-yearly reports, quarterly reports, product offerings, recent announcements, presentations and event updates. Price Sensitive Information (PSI) are made publicly available as required by the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE) and the Chittagong Stock Exchange Limited (CSE) and the Bangladesh Bank. In addition to ensuring timely compliance, this also enables dissemination of information to all stakeholders and the public through print and online media.

Remuneration of Directors and Senior Managers

Directors are not entitled to any remuneration other than attending the meeting of the Board and its committees. Bangladesh Bank vide its DFIM Circular No.13 dated November 30, 2015, fixed the maximum remuneration limit to BDT 8,000 per attendance. The Board of FFIL complies with the regulation.

Managing Director's remuneration is set by the Central Bank. Remuneration for senior executives is market-based and competitive to attract, motivate and retain skilled and competent employees. The total remuneration package of senior executives comprises basic pay, car benefits, allowances, performance bonus, retirement benefits (Gratuity and Provident Fund) and other benefits as per company's policies.

Code of Ethics and Business Conduct

The Board promotes ethical and responsible decision making. FFIL has in place a Code of Ethics and Business Conduct that is applicable to all its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities.

The Code of Ethics enhance the standard of corporate governance and promote ethical conduct with a view to achieving the following objectives:

- to establish a uniform ethical standard emphasizing conduct free from conflicts of interest; and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

MRH DEY & CO.
Chartered Accountants
Since 1982

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF FAS FINANCE AND INVESTMENT LIMITED

Introduction:

We have examined the compliances of Corporate Governance requirements by FAS Finance and Investment Limited (FFIL) for the year ended December 31, 2017 as stipulated under clause 7(i) of the Bangladesh Securities & Exchange Commission (BSEC) notification SEC/CMRRCD/2006-158/134/ADMIN/44 dated on 7 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

Scope:

The compliance with the conditions and reporting the status thereof is the responsibility of the management of the Company. Our responsibility is to certify whether the company is in compliance with the said conditions of corporate governance based on our examination which for the purpose of issuing this certificate was limited to the verification of the procedures as adopted by the Management of the Company for ensuring compliance of the conditions of Corporate Governance Guidelines and reporting the implementations status thereof.

Conclusion:

We certify that, to the best of our information and according to the explanations given to us , the company's status on compliance with corporate governance requirements (See Annexure-A) appears to be satisfactory and its report under condition 7(ii) of said notification appropriately reflects the company's compliance with the conditions of Corporate Governance Guidelines of BSEC applicable for listed companies.

Our review for this certification is confined to the aspect for the year ended December 31, 2017; we also state that such compliance is neither an assurance as to the future viability of the company nor a certification on the efficiency or effectiveness which the management has conducted the affairs of the Company.

Dated, Dhaka;
April 21, 2018

MRH DEY & CO. DHAKA Chartered Accounts

MRH DEY & CO.
Chartered Accountants

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REPORT ON COMPLIANCE OF BSEC'S NOTIFICATION ON CORPORATE GOVERNANCE

Status of compliance with the conditions of Corporate Governance Guidelines as set by Bangladesh Securities & Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07 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;

Report Under Condition # 7

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	**Board of Directors:**			
1.1	Board Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty).	√		
1.2	**Independent Directors:**			
1.2 (i)	At least one fifth(1/5) of the total number of Director in the Company's Board shall be Independent Director.	√		
1.2 (ii)	For the purpose of this clause "Independent Director" means.	√		
1.2 (ii) (a)	"Independent Director" means a director -who either does not hold any share in the Company or holds less than one percent (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 shareholders. Director or officer of any member of stock exchange or any 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.	√		
1.2 (iii)	The Independent Director(s)shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting(AGM).	√		Three Independent Directors are re-appointed in Board Of Directors and to be approved in the 21st AGM

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.2 (iv)	The post of Independent Director(s)cannot remain vacant for more than 90 (ninety) days.	√		
1.2 (v)	The Board shall lay down a Code of Conduct of all Board Members and Annual compliance of the code to be recorded.	√		
1.2 (vi)	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)	The person should be a Business Leader / Corporate Leader /Bureaucrat/University Teacher with economics or Business studies or law background /professional like Chartered Accountants . Cost & Management Accounts 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 positions of the Chairman of the Board and Chief Executive Officer of the Companies shall be filled by different individuals. The Chairman of the Company 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.	-	-	Not applicable
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	-	-	Not applicable
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	-	-	Not applicable
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	-	-	Not applicable
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance on their Annual Report.	-	-	No such variances occurred and accordingly not reported
1.5(x)	Remuneration to directors including independent directors.	√		
1.5 (xi)	The financial statements prepared by the management of the Issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (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 is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There arc no significant doubts upon the issuer company's ability to continue as a going concern. If the Issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	-	-	Not Applicable
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	-	-	Not Applicable
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi)	**The pattern of Shareholding shall be reported to disclose the aggregate number of Shares (along with name wise details where stated below) held by:**			
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1.5 (xxi) (b)	Share held by 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)	Share held by executives; (Top 5 salaried).	√		
1.5 (xxii) (d)	Share held by 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 (CS):**			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
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 (iil)	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.	√		
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 experience.	√		
3.1 (iv)	Filling of Casual Vacancy in Committee.	√		
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 1 (one) member of the Audit Committee (AC) to be 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 (AGM).	√		
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 along with the management, 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 statement of significant related party transactions submitted by the management.	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/ Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. 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 Director:	√		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	**Immediate reporting of the Audit Committee to the Board on the following issues (if any):**			
3.4.1(11) (a)	Report on conflicts of interests.	-	-	No such events occurred and accordingly not reported
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	-	-	Not Applicable
3.4.1 (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations.	-	-	No such events occurred and accordingly not reported
3.4.1 (II) (d)	Any other matter which shall be disclosed to the Board of Directors immediately.	-	-	Not Applicable
3.4.2	Reporting to the Authorities.	-	-	No such matters to report
3.5	Reporting to the Shareholders and General Investors.	√		
4.	**External /Statutory Auditors:**			
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 service on compliance of Corporate Governance.	√		
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.	√		FAS Capital Management Limited.
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.	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(iii)	The minutes of fhe Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding 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.	√		
5(v)	The Audit Committee of the holding company shall also review the financial statements. In particular the investments made by the subsidiary company.	√		
6.	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
6(i)	The CEO and CFO shall certify to the Board that 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.	√		
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 of 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 Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission 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.	√		

COMPLIANCE REPORT ON BANGLADESH BANK'S GUIDELINES ON CORPORATE GOVERNANCE

The Statement of compliance with the good governance guidelines issued by the Bangladesh Bank vides DFIM Circular No. 7, dated 25 September 2007 regarding the policies on the responsibility & accountability of the Board of Directors, Chairman & Chief Executive of financial institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines. A status report on compliance with those guidelines is stated below:

Sl. No.	Particulars Status of Compliance	Status of Compliance
1.	**Responsibilities and authorities of the Board of Directors:**	
	(a) Work-planning and strategic management:	
	(i)The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis. The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	(b) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
	(c) Financial management:	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recover overdue loan/lease.	Complied
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(d) Management of loan/lease/investments:	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied

Sl. No.	Particulars Status of Compliance	Status of Compliance
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any large loan/lease/investment proposal must be approved by the Board.	Complied
	(e) Risk management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(f) Internal control and compliance management:	
	An Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditors, external auditors and Bangladesh Bank Inspection team as well.	Complied
	(g) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. The Chairman and directors of the Board shall not interfere on the administrative job in line with the approved Service Rule. Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board incompliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	(h) Appointment of CEO:	
	The Board shall appoint a competent CEO for the institution with the prior approval of the Bangladesh Bank and shall approve the proposal for increment of his salary and allowances.	Complied
	(i) Benefits offer to the Chairman:	
	For the interest of the business, the Chairman may be offered an office room, a personal secretary, a telephone at the office and a vehicle subject to the approval of the Board.	Complied
2.	**Responsibilities of the Chairman of the Board of Directors:**	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(c) The Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
3.	**Responsibilities of Managing Director:**	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(c) All recruitment/promotion, except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the institution;	Complied

Sl. No.	Particulars Status of Compliance	Status of Compliance
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary action shall vest to the Managing Director.	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 06 January 2009 if so authorized by the MD.	Complied

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Compliance of Meeting & Remuneration

Board Meeting held during 2017 and attendance of each Director

Sl. No.	Name	Total No. of Board Meeting		Remuneration
		Held	Attended	
1	Mr. Md. Siddiqur Rahman	14	13	93,600.00
2	Mr. Md. Zahangir Alam	14	11	79,200.00
3	Mr. Mohammad A Hafiz	14	7	50,400.00
4	Mr. Md. Abul Shahjahan	14	12	86,400.00
5	Mr. Atharul Islam	14	12	86,400.00
6	Ms. Mahfuza Rahman Baby	14	12	86,400.00
7	Ms. Kazi Mahjaben Momtaz	14	11	79,200.00
8	Ms. Soma Ghosh	14	9	64,800.00
9	Mr. Arun Kumer Kundu	14	11	79,200.00
10	Dr. Uddab Mallick	14	13	93,600.00
11	Mr. Md. Mostain Billah*	5	3	21,600.00
12	Mr. Anjan Kumer Roy (Independent Director)	14	12	86,400.00
13	Mr. Pradip Kumar Nandi (Independent Director)	14	9	64,800.00
14	Mr. Birendra Kumar Shome (Independent Director)	14	10	72,000.00
				1,044,000.00

* Continued as Director of Board up to 06.06.2017

Note: Directors who could not attend meeting were granted leave of absence by the Board.

Executive Committee (EC) meeting held during 2017 and attendance of each Member

Sl. No.	Name	Total No. of Executive Committee Meeting		Remuneration
		Held	Attended	
1	Mr. Md. Zahangir Alam	-	-	
2	Mr. Md. Siddiqur Rahman	-	-	
3	Mr. Anjan Kumer Roy	-	-	
4	Mr. Arun Kumer Kundu	-	-	
5	Dr. Uddab Mallick	-	-	

Audit Committee (AC) meeting held during 2017 and attendance of each Member

Sl. No.	Name	Total No. of Audit Committee Meeting		Remuneration
		Held	Attended	
1	Mr. Anjan Kumer Roy	5	5	36,000.00
2	Mr. Md. Zahangir Alam	5	2	14,400.00
3	Mr. Md. Abul Shahjahan	5	5	36,000.00
4	Mr. Pradip Kumar Nandi	5	5	36,000.00
5	Mr. Md. Mostain Billah*	3	3	21,600.00
	Total			**144,000.00**

* Continued as Member of Audit Committee up to 06.06.2017

Note: Member who could not attend meeting were granted leave of absence by the Committee.

Shareholder's Information

Distribution of Shareholdings

December 31, 2017

Category	Number of Share	% of total Paid up Capital
Sponsor/Director	42,363,585	32.82
Govt.	0	0
Institute	21,722,452	16.83
Foreign	0	0
General Public	64,985,274	50.35

Shareholdings of the Directors

Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit.

Sl. No.	Name	Shares Hold	% of Holding
1	Mr. Md. Siddiqur Rahman	6,058,552	4.69
2	Mr. Md. Zahangir Alam	2,743,811	2.13
3	Mr. Mohammad A. Hafiz	8,019,308	6.21
4	Ms. Soma Ghosh	6,930,000	5.37
5	Mr. Md. Abul Shahjahan		
6	Ms. Kazi Mahjaben Momtaz	8,500,467	6.59
7	Ms. Mahfuza Rahman Baby		
8	Mr. Md. Atharul Islam		
9	Mr. Arun Kumer Kundu	10,111,447	7.83
10	Dr. Uddab Mallick		
11	Mr. Anjan Kumer Roy	-	Nil
12	Mr. Pradip Kumar Nandi	-	Nil
13	Mr. Birendra kumar Shome	-	Nil

Sl. No.	Designation	Name	Share Hold	% of Holding
1	Managing Director & CEO	Mr. Pritish Kumar Sarker	Nil	Nil
2	Company Secretary	Mr. Zahid Mahmud	Nil	Nil
3	Chief Financial Officer	Mr. Md. Maniruzzaman Akan	Nil	Nil
4	Head of Internal Audit	Mr. Md. Munir Hossain	Nil	Nil

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Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit):

Sl. No.	Designation	Name	Share Hold	% of Holding
1	Senior Executive Vice President	Mr. Md. Nurul Haque Gazi	Nil	Nil
2	Head of Credit Administration	Mr. Pran Gouranga Dey	Nil	Nil
3	Head of Recovery & Legal Affairs	Mr. Md. Mosharraf Hossain	Nil	Nil
4	Head of HR & Admin	Mr. S. M. Nure Alam	Nil	Nil
5	In-Charge, Corporate Finance	Mr. Md. Ahsan Rakib	Nil	Nil

Shareholders holding ten percent or more voting interest in the company: Nil

Range of Shareholdings as on 31 December 2017 was as under:

Shareholding Range as on December 31	Number of holders		% of total holding	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
1-500	2,164	2,424	0.22	0.26
501-5,000	2,319	2,554	3.43	3.72
5,001-10,000	400	420	2.43	2.60
10,001-20,000	258	251	3.02	3.04
20,001-30,000	133	116	2.59	2.35
30,001-40,000	79	40	2.20	1.14
40,001-50,000	60	41	2.19	1.56
50,001-100,000	87	69	5.15	3.97
100,001-1,000,000	91	64	19.67	11.23
1,000,001 and above	22	21	59.10	70.12
Total	**5,613**	**6,000**	**100.00**	**100.00**

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CREDIT RISK MANAGEMENT (CRM)

Credit Risk Management department plays a vi tal role and acts as backbone of any NBFI by taking effective measures to bring the credit discipline and underpinned to establish corporate governance by ensuring compliance with the more stringent regulatory requirements and mitigating potential risk associated with proposals. FAS Finance and Investment Ltd. (FFIL) has introduced an independent CRM department to address the credit risk properly and triggering to capture the quality portfolio by mixing of both corporate and SME investment bucket. Credit risk management filter the moot problem of risk factor and excavate the problem flawlessly because wrong assessment at any stage can have consequential adverse effect in smooth continuation and create dire impact which leveraging the NPL conundrum in entire loan portfolio. A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. CRM is keeping continuous effort on identifying, measuring, monitoring and mitigating the credit risk in both pre-sanction as well as post sanction stage and the goal of CRM is to maximize an FI's risk adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Bank and NBFIs need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credit or transactions. Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Banks should also consider the relationships between credit risk and other risks. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any bank & financial institution. While the credit decision is relatively straightforward in principle (a lender must decide whether to give credit or refuse credit to a potential client), in practice it involves experience, judgment and a range of analytic and evaluative techniques that are designed to determine the likelihood that money will be repaid or, equally, that the money will be lost by the credit not being able to repay.

Major Duties and Responsibilities:



Risk management is embedded in the organizational structure, culture, operations, systems and process. Business risks across the Company are addressed in a structured and systematic way through a predefined risk management framework. The Board updates policies to strike a balance between risk and growth. While the Board sets the policies, management is responsible for executing those polices across the organization.

Risk Management Principles

The following principles guide our management of risk:

- Effective balancing of risk and reward by aligning risk appetite with business strategy diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties.
- Shared responsibility for risk management as business segments are responsible for active management of their risks, with direction and oversight provided by risk management department and other business units.
- Business decisions are based on an understanding of risk as we perform rigorous assessment of risks in relationships, products, transactions and other business activities.
- Avoid activities that are not consistent with our values, code of conduct or policies, which contributes to the protection of our reputation.

- Proper focus on clients reduces our risks by knowing our clients and ensuring that all products and transactions are suitable for, and understood by our clients.
- Use of judgment and common sense in order to manage risk throughout the organization.

In evaluation of credit risk, following areas are considered-

Borrower risk Analysis: The majority shareholders, management team and group or affiliate companies are assessed. Cash flow is the blood line of any business. Revenue generates either in cash based or credit due to nature of any business that refers to the collection, concentration, and disbursement of cash. The goal is to manage the cash balances of an enterprise in such a way as to maximize the availability of cash not invested in fixed assets or inventories and to do so in such a way as to avoid the risk of insolvency. Factors monitored as a part of cash management include a company's level of liquidity, its management of cash balances, and its short-term investment strategies.

Industry risk Analysis: This is another paramount key risk factors of the borrower's rival industry, any issues regarding the borrower's position vis-à-vis rivalry position in the homogeneous industry, overall industry concerns or competitive forces are addressed and the strengths and weaknesses of the borrower relative to its competition, macro environment element, political imbroglio, foreign currency exchange rate etc. should be considered in industry risk.

Supplier/Buyer Analysis: Customer or supplier concentration of borrower is addressed. The demand and supply side, diversification of product, create supply chain, establish distribution network, successor planning, customer base, geographical footprints and outreach capability, established relationship with key suppliers/ key customers lead to stability of supply and demand retain policy, strength of business model to be reflected in proven growth rate of sales/EBITDA/net profit etc.

Historical Financial Analysis: Analysis of minimum 3 years historical financial statements of the borrower is in practice. Business financial statements, the quality and sustainability of earnings, cash flow, leverage, productivity, liquidity, safety cushion against liability, coverage position as well as inventory, receivable and payable position, profitability and the strengths of the borrower's balance sheet are also analyzed.

Projected Financial Performance: projection of the borrower's future financial performance is also made. The financial analysis will judge the sufficiency of cash flow to service debt repayments.

Credit Background: Reflection of credit background in CIB is a major criterion for evaluation.

Account Conduct: For existing borrowers, the historic performance in meeting repayment obligations (trade payments, cheques, interest and principal payments, etc.) is assessed. The main constraints faced by SMEs clients include paucity of freehold land; absence of owned premise, fragmented market, low entry barrier, deficient infrastructure and utility services, weak legal and regulatory framework, inadequate access to finance, lack of skilled workforce, poor business support services, risk associated with potential supply disruption for natural calamity or political imbroglio, import dependency, limited internal fund generation capacity due to weaker bottom-line profitability, weaker retained earnings which limits the growth funding capability of the firm by its own, Limited capacity utilization and further capacity enhancement planning may give rise to external borrowing and hike the leverage position while lower the adequate coverage against increased financial cost. etc.

Mitigating Factors: Mitigating factors for identified risks in the credit assessment are explored. Possible risks include, but are not limited to: margin sustainability and/or volatility, high debt load (leverage/gearing), overstocking or debtor issues; rapid growth, acquisition or expansion; new business line/product expansion; management changes or succession issues; customer or supplier concentrations; and lack of transparency or industry issues.

Facility Structure: The amounts and tenors of proposed credit facilities are justified based on the projected repayment ability and facility purpose as excessive tenor or amount relative to business needs increases the risk of fund diversion and may adversely impact the borrower's repayment ability.

Purpose of Credit: It is required to ensure that the credit is used for the purpose it was borrowed. In case of corporate facilities, where borrower owns group of companies, such diligence becomes more important.

Security: Current valuation of collateral is obtained and the quality and priority of security being proposed are assessed internally and preferably by a third party. Facilities are not granted based solely on security. Adequacy and the extent of

the insurance coverage are also assessed. The entire amount of loan facilities should be covered the value of collateral. Additionally, the guarantors information should scrutiny in subtle way for safety cushion of credit.

Credit Information Bureau (CIB)

Credit Information Bureau (CIB) is an important tool for credit risk management as it helps us to understand the various dimensions of risk involved in different credit transactions. As a part of the venture to ingrain any financing into the business, practices of banks and FIs, to expand the risk management horizon of them, to properly address the link between probabilities of default with the vulnerabilities of entity, CIB (Credit information bureau) report is indispensable. The CIB report is especially useful when lending institutions make decisions regarding individuals and SME's. While lending to large companies, a detailed analysis of the potential borrower's financial standing and payment history is found to be a sufficiently good predictor of the probability of default of those companies. The expert advised that the CIB report helps to reduce the ex-ante cost and time of loan processing and the ex-post rate of default, which encourages banks to report credit information to the CIB database. The CIB was set up in Bangladesh Bank aiming to improve credit risks and reduce the extent of default loan in the country's banking system by providing the participants with timely reports on credit information based on the enquiry/request about the loan applicants so as to facilitate credit risk analysis by the banks/FIs and decide promptly on the loan applications. In practice, banks are usually more willing to lend to clients based on their borrowing capacity and good repayment histories. The goal of CIB is also to ease problems arising between borrowers and lenders. Formal information exchanges help lenders to identify good borrowers, thus reducing the incidence of adverse selection. The practical consequence is better risk management, which enables banks and FIs to avoid risky large loans and increase their lending volume to small and medium-sized enterprises (SME) thus contributing to economic growth, employment generation and poverty alleviation.

Types of Risks:

Liquidity risk:

Liquidity risk is the risk that either does not have sufficient financial resources available to meet our obligations as they fall due, or can only access these financial resources at excessive cost.

Liquidity risk management involves not only analyzing on and off-balance sheet positions to forecast future cash flows but also how the funding requirement would be met. The later involves identifying the funding market in which an FI has access, understanding the nature of those markets, evaluating FIs current and future use of the market and monitoring signs of confidence erosion.

The formality and sophistication of risk management process established to manage liquidity risk reflect the nature, size and complexity of FFIL's activities. We have a thorough understanding of the factors that could give rise to liquidity risk and put in place the mitigating controls. Our liquidity risk management procedures are comprehensive and holistic. At the minimum, we should cover formulation of overall liquidity strategy, risk identification, measurement, and monitoring and control process.

FFIL have an agreed liquidity strategy for the day-to- day management of liquidity. This strategy addresses FFIL's goal of protecting financial strength and the ability to withstand stressful events in the market.

Operational Risk:

Operational risk comprises of risk of loss inherent in day to day operation of the organization and caused by inadequate or inappropriate internal processes, inadequate or inappropriate systems, absence of right people at right place, mistakes of people whether such mistakes are deliberate, accidental or natural and by any other external reason.

Strategic Risk:

Business needs a comprehensive, well-thought-out business plan. But it's also a fact of life that things change, and the best-laid plans can sometimes come to look very outdated, very quickly.

Strategic Risk Management (SRM) is a process performed by management for identifying, assessing and managing risks and uncertainties, affected by internal and external events, scenarios and risks that could impede the organization's ability to achieve its strategy and strategic objectives.

Compliance Risk:

Compliance risk is exposure 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.

Financial Risk:

Financial risk is the possibility that shareholders will lose

money when they invest in a company that has debt, if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors are repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.

There are many types of financial risks. The most common ones include credit risk, liquidity risk, asset backed risk, foreign investment risk, equity risk and currency risk.

Credit risk is also referred to as default risk. This type of risk is associated with people who borrowed money and who are unable to pay for the money they borrowed. As such, these people go into default. Investors affected by credit risk suffer from decreased income and lost principal and interest, or they deal with a rise in costs for collection.

Liquidity risk involves securities and assets that cannot be purchased or sold fast enough to cut losses in a volatile market. Asset-backed risk is the risk that asset-backed securities may become volatile if the underlying securities also change in value. The risks under asset-backed risk include prepayment risk and interest rate risk. Changes in prices because of market differences, political changes, natural calamities, diplomatic changes or economic conflicts may cause volatile foreign investment conditions that may expose businesses and individuals to foreign investment risk. Equity risk covers the risk involved in the volatile price changes of shares of stock.

Investors holding foreign currencies are exposed to currency risk because different factors, such as interest rate changes and monetary policy changes, can alter the value of the asset that investors are holding.

Market risk

Market risk can be defined as the potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Our exposure to market risk arises principally from customer-driven transactions. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements.

The primary categories of market risk are:

- Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options
- Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options
- Commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agriculture
- Equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options

Credit Risk Mitigation

Managing Problem Credit

Identifying problem credit ahead of time, when there may be more options available for remedial measures is crucial for any financial organization. Once the credit is identified as a problem, it is managed in FFIL under a dedicated remedial process. Our credit risk policies clearly set out how we will manage problem credits. Responsibility for problem credits is assigned to the originating business function, a specialized workout section, or a combination of both, depending upon the size and nature of the credit and the reason for its problems.

A problem credit management process encompasses the following basic elements.

a. Negotiation & follow up: A proactive effort is taken in dealing with borrowers to implement remedial plans by maintaining frequent contact and internal records of follow-up actions. Rigorous efforts at an early stage may prevent us from litigations and loan losses.

b. Workout remedial strategies: Sometimes appropriate remedial strategies such as restructuring of the credit facility, enhancement in credit limits, or reduction in interest rates help improve the borrower's repayment capacity. However, it depends upon business conditions, the nature of problems being faced and most importantly the borrower's commitment and willingness to repay the credit. While such remedial strategies often bring up positive results, we exercise great caution in adopting such measures and ensure that such a policy must not encourage borrowers to default intentionally. FFIL's interest should be the primary consideration in case of any such workout plans. Before implementation, the workout plan is always approved by competent authority.

c. Reviewing collateral and security documents: It is prepon derant to ascertain the credit recoverable amount by updating the values of available collateral with formal valuation. Security documents are also reviewed to ensure

the completeness as well as enforceability of contracts and collateral/ guarantee.

d. Status report and review: Problem credits are subject to more frequent review and monitoring. The review should update the status and development of the credit accounts and progress of the remedial plans. Progress made on problem credit is reported to the senior management.

Managing Credit Concentration Risk

Strategies to manage or mitigate the concentration risk may vary. Depending on the current status of the portfolio, we design our short and long term plans to deal with the credit concentration risk. While setting the limits on lending in each group elements, we consider the followings:

a. Current exposure must be within the prescribed limit set by the regulators (if any);

b. Credit quality of that group element;

c. Profitability of that group element;

d. Current economic trend and prospects as well as risks of that group element; and

e. Expertise and professionalism to manage that group element.

Depending on such analysis, we set the overall risk appetite for our portfolio. A continuous monitoring on the above issues is in place to assess whether to redefine the strategies.

Credit Risk Transfer (CRT)

Over the last decade, a variety of financial tools have been developed for transferring credit risk between financial institutions. Following are some of the tools used for CRT:

a. Loan Sale: The simplest CRT mechanism, the loan sale, in which a lender sells all of its obligations and future payments from a commercial loan to a third party.

b. Syndication: In a typical syndication, the lead arranger and the borrower agree on the terms of the loan, and the lead arranger then assembles a syndicate of lenders. In syndication more lenders participate in financing which reduces the risk of individual lender.

c. Securitization: Although more widely used for retail lending (such as through residential mortgage-backed securities), securitization is used increasingly for corporate lending. A traditional securitization involves transferring a pool of loans or other debt obligations to a third party, typically a corporate entity established just to own the loan pool, which then issues securities that are claims against the pool's interest and principal payments.

d. Credit derivatives: These are financial instruments that transfer some or all of the credit risk of an underlying debt obligation or a borrower (or groups of obligations or borrowers) from one party to another without necessarily transferring the underlying asset.

In credit management, it is conventional that proposals of credit facilities must be supported by a complete analysis of the proposed credit. More importance should be given on refund of loans out of funds generated by the borrower from their business activities (cash flow) instead of realization of money by disposing of the securities held against the advance, which is very much uncertain in present context of Bangladesh, where a number of creditors are willful defaulters.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR)

Corporate Social Responsibility "CSR" is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. Corporate Social Responsibility (CSR) being an integral part of the long term sustainable strategy has now emerged as a growing practice. A strong perception has developed in recent years among the management that they need to manage their organizations in a socially responsible way for economic viability and long term sustainability in the competitive market place. CSR practices not only improve our own standards but also affect the socially responsible behaviors of other businesses.

The management believes that successful CSR program cannot be achieved individually. CSR includes the participation of the society, nature and ethics in making strategy that can improve the competitive position of the company. CSR takes care of the interest of all stakeholders rather than that of the stockholders only. By incurring CSR expenditure, FFIL can strengthen its competitiveness, counter the risk of losing the existing market shares and establish its presence in emerging ones. Instead of thinking CSR as a regulatory or discretionary cost, the management sees it as an investment that brings long-term benefits for the company.

As a part of CSR, in 2017 FFIL distributed blankets among the shivering people of Lalmonirhaat, Dinajpur and Nilphamari in winter season. Senior officials of FFIL along with the local administration distributed about 1,200 blankets which lessened the adversity of people to some extent. Besides, FFIL arranges a motivational program each year for its corporate officials.

The government of Bangladesh has introduced CSR guidelines for organizations to spend a portion of their profit on social activities under certain bindings and FFIL's CSR programmers are guided by those policies.



MANAGEMENT COMMITTEE



Sitting

Mr. Pran Gouranga Dey, Head of CAD

Standing from the left

Mr. Md. Ahasan Rakib, In-Charge, Corp. Finance

Mr. Md. Munir Hossain, Head of ICC

Mr. Md. Saidul Islam, Head of IT

Ms. Shejuty Mondal, Treasury-In-Charge



Sitting from the left

Mr. Pritish Kumar Sarker, Managing Director & CEO

Mr. Md. Nurul Haque Gazi, Senior Executive Vice President

Standing from the left

Mr. Md. Mosharraf Hossain, Head of Recovery & Legal Affairs

Mr. S. M. Nure Alam, Head of HR & Administration

Mr. Mir Imdadul Haque, Head of CRM

Mr. Md. Maniruzzaman Akan, Chief Financial Officer

Mr. Zahid Mahmud, Company Secretary

MANAGEMENT COMMITTEES

Management Committee (MANCOM)

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Member
03	Mr. Pran Gouranga Dey	Head of CAD	Member
04	Mr. Md. Mosharraf Hossain	Head of Recovery & Legal Affairs	Member
05	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
06	Mr. Md. Munir Hossain	Head of ICC	Member
07	Mr. Zahid Mahmud	Company Secretary	Member
08	Mr. Md. Saidul Islam	Head of IT	Member
09	Mr. S. M. Nure Alam	Head of HR & Admin	Member Secretary
10	Mr. Md. Ahasan Rakib	In-Charge, Corporate Finance	Member
11	Mr. Mir Imdadul Haque	Head of CRM	Member
12	Ms. Shejuty Mondal	Treasury-In-Charge	Member

Human Resources Committee:

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Member
03	Mr. Pran Gouranga Dey	Head of CAD	Member
04	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
05	Mr. S. M. Nure Alam	Head of HR & Admin	Member

National Integrity Strategy Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Chairman
02.	Mr. Md. Munir Hossain	Head of ICC	Member
03.	Mr. A.K.M Shamsher Ali	Manager, Finance & Accounts	Member
04.	Mr. S. M. Nure Alam	Head of HR & Admin	Focal Point
05.	Mr. Abdulla Al Kafi	Deputy Manager, IT	Member

National Integrity Strategies (NIS) Implementation Cell:

Sl. No.	Name	Designation	Position
01.	Mr. Pran Gouranga Dey	Head of CAD	Head of Unit
02.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
03.	Ms. Shamrita Akter	Senior Officer, CS	Member
04.	Mr. Kollins Purification	Messenger, Admin	Member

Assets Liability Management (ALM) Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Member
03.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
04.	Mr. Md. Ahasan Rakib	In-Charge, Corporate Finance	Member
05.	Mr. Mir Imdadul Haque	Head of CRM	Member

Purchase Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Chairman
02.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
03	Mr. Md. Saidul Islam	Head of IT	Member
04.	Mr. S. M. Nure Alam	Head of HR & Admin	Member
05.	Mr. Dipak Shaha	Deputy Manager, Finance & Accounts	Member

Anti Money Laundering (AML) or CCU Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Pran Gouranga Dey	Head of CAD	CAMELCO
02.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Deputy CAMELCO
03.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Member
04.	Mr. A.K.M Shamsher Ali	Manager, Finance & Accounts	Member
05.	Mr. Abdulla Al Kafi	Deputy Manager, IT	Member
06	Ms. Ferdousi Sultana	Senior Officer, Liability Operation	Member

Credit Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Pran Gouranga Dey	Head of CAD	Chairman
02	Mr. Md. Mosharraf Hossain	Head of Recovery & Legal Affairs	Member
03.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
04.	Mr. Mir Imdadul Haque	Head of CRM	Member
05.	Mr. Md. Ahasan Rakib	In-Charge, Corporate Finance	Member

Credit Risk Management Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Md. Nururl Haque Gazi	Senior Executive Vice President	Chairman
02.	Mr. Pran Gouranga Dey	Head of CAD	Member
03.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
04.	Mr. Mir Imdadul Haque	Head of CRM	Member

Internal Control & Compliance (ICC) Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Md. Munir Hossain	Head of ICC	Chairman
02.	Mr. A.K.M Shamsher Ali	Manager, Finance & Accounts	Member
03.	Mr. S. M. Nure Alam	Head of HR & Admin	Member
04.	Mr. Md. Shahab Uddin	Senior Officer, ICC	Member

Information & Communication Technology (ICT) Development Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Member
03.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
04	Mr. Md. Saidul Islam	Head of IT	Member

Management Information Systems (MIS) Committee:

Sl. No.	Name	Designation	Position
01.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Chairman
02.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
03.	Mr. Md. Munir Hossain	Head of ICC	Member
04.	Mr. S. M. Nure Alam	Head of HR & Admin	Member
05.	Mr. Md. Saidul Islam	Head of IT	Member

Basel-II Committee

Sl. No.	Name	Designation	Position
01.	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Member
03.	Mr. Pran Gouranga Dey	Head of CAD	Member
04.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
05.	Mr. Md. Ahasan Rakib	In-Charge, Corporate Finance	Member
06.	Mr. Mir Imdadul Haque	Head of CRM	Member

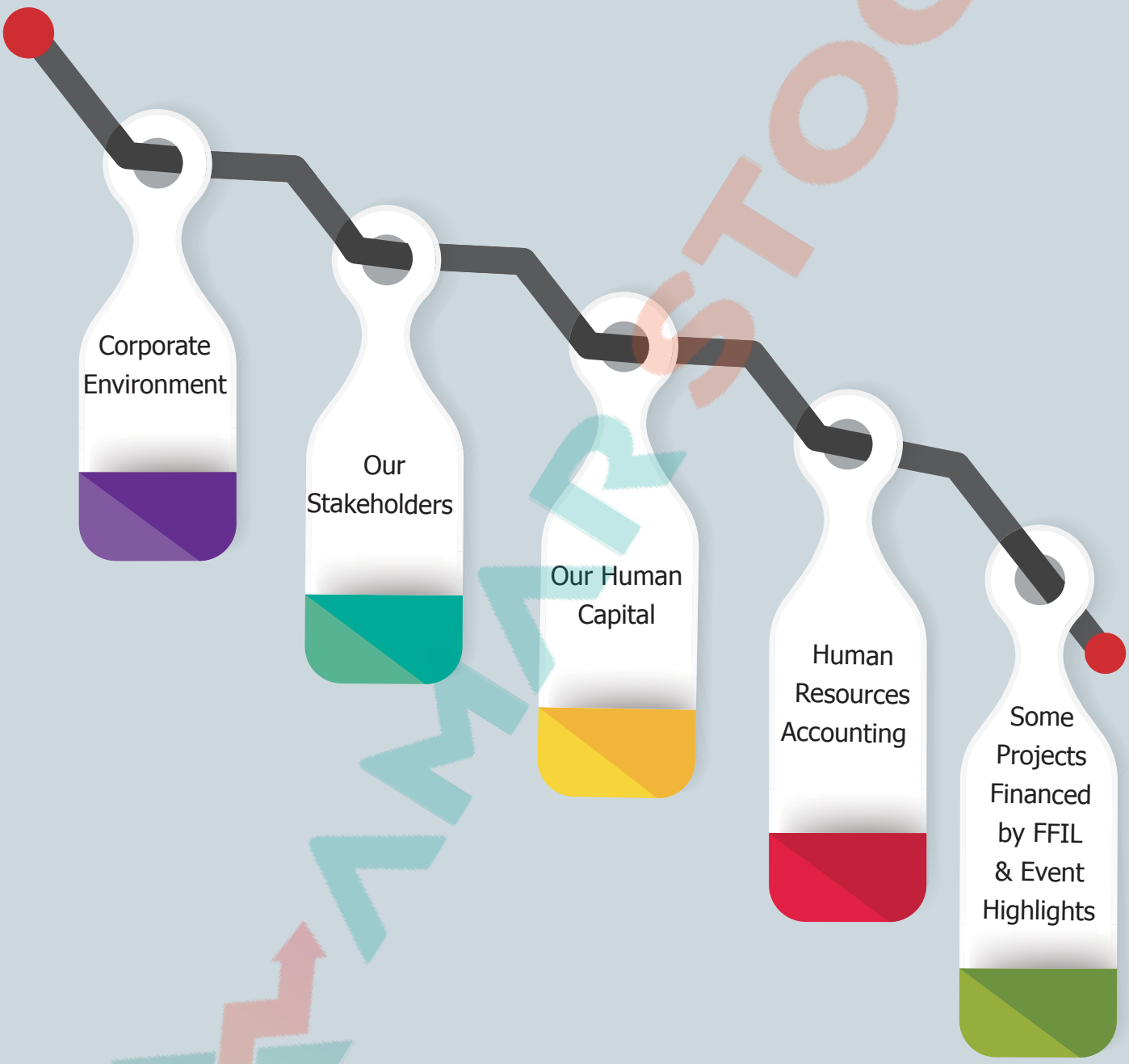
Sustainable Finance Committee (SFC):

Sl. No.	Name	Designation	Position
01.	Mr. Md. Nurul Haque Gazi	Senior Executive Vice President	Chairman
02.	Mr. Pran Gouranga Dey	Head of CAD	Member
03.	Mr. Md. Maniruzzaman Akan	Chief Financial Officer	Member
04.	Mr. Md. Munir Hossain	Head of ICC	Member
05.	Mr. S. M. Nure Alam	Head of HR & Admin	Member
06.	Mr. Md. Ahasan Rakib	In-Charge, Corporate Finance	Member
07.	Mr. Mir Imdadul Haque	Head of CRM	Member

Sustainable Finance Unit (SFU):

Sl. No.	Name	Designation	Position
01.	Mr. Mir Imdadul Haque	Head of CRM	Head of this Unit
02.	Mr. Dipak Saha	Deputy Manager, Finance & Accounts	Member
03.	Mr. Tanveer Ahmed Komol	Assistant Manager, SME Finance	Member
04.	Mr. Md. Shahab Uddin	Senior Officer, ICC	Member
05.	Mr. Md. Shakiluzzaman	Senior Officer, HR & Admin	Member

Sustainability Development Report



CORPORATE ENVIRONMENT

Corporate Environment has an immense impact on FFIL's human resources through knowledge acquisition, job development, training, communication and leading to job satisfaction. In this environment important is placed on effective management, a clear definition of responsibility, straightforward work processes with minimum bureaucracy. In this way FFIL is able to serve its customers at the best helping to achieve their goals.

In order to ensure that our customers are getting the best possible service, we have organized the tenets of its culture into following business principles and these principles are undertaken by all FFIL's operations.

Welcoming change: The business environment is constantly undergoing changes, bringing the company up against new challenges. In order to assist clients in gaining a competitive advantage, we need to keep ourselves abreast of changing business practices and seeks to implement changes ahead of the competition.

Intelligent risk taking: FFIL uses its expertise to advise its clients on the risks they face and enable them to make informed decisions. Up to date information and qualified personnel ensure intelligent risk assessment and decision-making.

Efficient decisions: Effective service to the customers is based on effective and efficient decision-making. This is achieved through the devolution of power and open communication. This also makes for an exciting and highly motivating work environment that attracts talents and qualified candidates.

Long-term relationships: FFIL's main objective is to develop and maintain long-term relationships with its clients. Their needs and interests are made a priority, since their success consequently fuels our success, thus establishing a common goal.

Teamwork: The best results are achieved only when the employees of FFIL and its customers work together as a team. Effective co-operation and proper communication ensure quick and professional service and provides the basis for efficient teamwork.

Identifying opportunities: By identifying opportunities where others see business as usual, FFIL is able to advise its clients effectively and provide them with exceptional choices. We are confident that our employees are able to perform this task by providing customers building their confidence and encouraging their initiative.

Rewarding talent: To ensure that our clients receive superior services, we reward those employees who perform most successfully. Our greatest resource is our employees and it places great emphasis on retaining good employees, that is, those who provide the greatest benefits to our customers.

OUR STAKEHOLDERS

At FFIL, being a stakeholder-centric enterprise, our relationship with our stakeholder ecosystem has a direct and indirect impact on our reputation, our business activities and on our license to operate. Our stakeholders include customers, shareholders, employees, suppliers (of finance and credit), the central bank and other government regulators and the communities and societies in which we operate.

We are proactive in our stakeholder responses in the sense that while our individual teams are responsible to engage with each specific stakeholder group with the emergence of material developments, our centralized stakeholder reporting is supervised by the senior management team. As a Company that is bound by regulatory frameworks, we are also proactive in issuing material notifications to the central bank, regulatory authorities and the exchanges as and when they happen.

Stakeholder Management

Safety of Deposits: As a frontline financial services entity with strong controls and governance standards, we enjoy an unmatched reputation with a robust brand recall of being trusted, credible and dependable.

Timely Loan disbursement: A large number of customers, especially SME clients, require speedy loan disbursals. In this context, we are increasingly leveraging technology and service orientation to deliver industry-leading loan turnaround times.

Ensuring Process Simplification: Fostering a culture in which our customers find it convenient to engage with us, we provide a number of options that eases the customer in securing the loan including near paper-less transactions, minimal visits to our offices as well as the contractual agreement that is easy to read and understand.

Investors

Industry Potential: As a Company that is focused on unlocking the developmental potential of Bangladesh, we are closely linked with the growth prospects of the country. While the nation's population stands at about 165-million with attractive demographics, the penetration of financial services is extremely low, which together represent sustainable and structural growth opportunities. Inspired by our legacy and shareholding structure, as mostly represented by the Design & Source Ltd., Nikita & Co. Ltd., P & L International Ltd., P & L Agro Farms Ltd. & Reptiles Farm Ltd., we are in a better position to ride the developmental wave that will bring a larger population into the umbrella of formal finance.

Investment Stage of the Company: With the strategic transformation helping financial revival, the Company is still in investment mode, securing IT upgradation and recruiting a large number of resources to drive its business aspirations and growth. However, these investments are made one-time, but will generate sustainable and repeatable benefits in the long-term.

Employees

Well-defined Career Progression Opportunities: With a sustained focus on succession planning, talent development for critical senior management roles and skills development, we constantly provide our employees training opportunities that enable them to progress through their careers. Being a meritocratic organization, we focus on attitude and work ethics above anything else.

Talent Attraction: As an enterprise that is well-known among the country, we are getting hundreds of thousands of applications for job postings. With a well-structured and rigorous screening and selection process, we ensure that we attract the right talent to take forward our corporate goals and aspirations.

Suppliers

Timely Return of Capital: We adhere to our contracts and commitments through the timely disbursement of capital (with interest), which helps us with the smooth access to credit as and when we require it.

Continual Engagement: We continuously engage with our banking channel partners for access to lower-cost credit and for demand projections that strengthens our ability to increasingly balance our assets and liabilities.

Central Bank and other Government Regulators

Engagement in Upcoming Regulations: We engage with the regulators to help them draft policies or comment on upcoming guidelines which help in the development of a more vibrant industry.

Inspire Confidence: As a well-established Company with a strong heritage, we inspire the confidence of our regulators in meeting policy requirements and in fostering a culture that places the highest emphasis on governance and transparency.

OUR HUMAN CAPITAL - OUR CORE STRENGTH

Human capital - our core strength

Effective human resource management has proven to be a critical component in the success of a business. FFIL is focused on recruiting the best resources and implementing programs to develop and retain high quality human resources. FFIL continues to implement human resource management policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. Effective human resources have also been linked to superior Company performance. FFIL believes that its human resources are sophisticated in building and running the Company. Each and every employee is considered, developed and motivated to contribute optimally towards the achievement of corporate goals.

Staffing Level	**2017**	**2016**
Permanent Employees	65	58
Contractual Employees	29	34
Service Staff	16	25
Total Work force		
Male	87	88
Female	23	29
Average Age of Employees		
Sr. Management	44	39
Ex. Management	30	28
Service Staff	30	27
Change in Staffing Level		
Total employee at beginning	117	103
Recruitment during year	26	22
Departures (retirement/resignation)	33	11
Changes during the year	110	114
Training		
Average number of days in training per employee	0.36	0.48
% of employees who participated in at least one	30.6	33.5
No. of employees who participated in at least one	19	20
Training program during the year	23	27

Our Human Resources Department (HRD) mission

FFIL's HRD is committed to work strategically with diverse business segments in identifying and responding to the evolving business needs. As a strategic business partner, FFIL's HRD creates a work environment that thrives on diversity, high individual and organizational productivity and performance, continuous improvement and exceptional customer service.

We are dedicated to construct an outstanding service-oriented culture as well as maintain a strong work-life balance. Moreover, by encouraging employee engagement, we foster the spirit of teamwork and collaboration with a strong focus on quality in our day-to-day operations.

Our resources are precious to us

At FFIL, we are powered by talents. We consider our human resources as the most important asset and mobilize people and teams by engaging them in cutting-edge financial industry practices. As an attractive employer, we offer a broad spectrum of opportunities for both professional and personal development as well as encourage a work environment that is characterized by respect, trust, co-operation and collaboration. We do so because the skills and enthusiasm of our employees are a major force that helps us to achieve sustainable results.

The right people in the right place at the right time

While the goal is to provide the best candidate for the Company's needs, it is also important that we place people in the right positions at the right time. This requires us to emphasize on the efficiency of our hiring and staffing processes even as we continue to look for ways to create efficiencies in our hiring methodologies. We also recognize the need to use further analytics in our recruitment efforts to enable us to understand our workforce needs, levels and the effectiveness of our recruitment strategies. The purpose of FFIL's merit-based recruitment and selection process is to ensure that vacancies are filled by the most competent incumbents. FFIL provides equal employment opportunities to all applicants without any bias to race, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country. Recruitment and selection is based solely on job-related criteria. The recruitment and selection process is consistently applied and promotes fairness, diversity and transparency. The process complies with all state laws, regulations and policies.

Performance appraisal

Performance appraisals can benefit employees and organizations by clarifying goals and expectations, and creating an environment of open communication. The best performance appraisals offer positive feedback and advice for improvement and typically consist of a conversation between the management and the employees. FFIL is a performance-driven

Company. Our performance appraisal is the single-most important tool that enables the Company to measure the performance of an individual and plan his/ her career progression accordingly. At FFIL, the sole motive of the performance appraisal system is to maximize efficiency of the Company's objectives with the guidance to achieve each member's career aspirations. The performance appraisal system is fully structured to assess the competency of all full-time employees. This extensive process starts with the circulation of appraisal forms, approved by the management.

Promotion

Promotion opportunities are the life-blood of staffing and retention. Without the proper use of incentives and coaching, employees are likely to refrain from maintaining relationships with a business for an extended period of time. Competitors take the best talent from other companies by offering individuals enhanced pay and benefits. Promotions and bonuses to the personnel help in ensuring that they do not feel the need to leave their employers. At FFIL, promotions signify our management's commitment to recognize and reward outstanding performers. It motivates employees to aspire for advancement opportunities within the Company. It also contributes to employee satisfaction and retention. Employee promotion is made by examining all factors necessary to determine the best qualities and capabilities to fill the position.

HR Committee

FFIL's HR Committee is a forum for the discussion of various HR-related issues of the Company. The main role and function of the Committee is to assist HRD in developing and administering a fair and transparent procedure for setting policies on the overall human resources strategy of the Company.

The Committee's responsibility is to ensure that the Company has a wide scope for equal opportunity and transparency in terms of:

- Suitable recruitment;
- Compensation on the basis of merit, qualification and competence;
- Adequate training and development facilities;
- Performance appraisal and promotions based on individual performance and contribution;
- In addition, the Committee looks into any other benefits-related issues regarding the Company's operating results and comparable market statistics.

Fostering a healthy workplace

One of our goals is to move towards a comprehensive approach to creating a healthier workplace. This is in our best interests as individual and the institution as a whole. Employees enjoy favourable working hours so that they can ensure a balance between professional and personal interests. FFIL ensures that the workplace health and safety complies with internal health and safety policies and procedures. It also develops, co-ordinates and implements strategies to prevent workplace injuries and illnesses and sets standards for health and safety training. In this regard, it organizes training on fire fighting and vaccination programs. FFIL covers hospitalization insurance to ensure holistic medical security of its employees and also, group life insurance schemes cover the unforeseen risk of death as well. Moreover, special accidental issues related to the employee and his/ her family members are reviewed by the HR Committee to compensate them in any way possible.

Human Resources Accounting

Human dimension is the key to organization's success. Several initiatives for development of human resources to meet new challenges in the competitive business environment have gained momentum. FFIL acknowledges the value of its human assets who are committed to achieve excellence in all spheres. The Human resource profile given below in table shows that FFIL has a mix of energetic youth and experienced seniors who harmonize the efforts to achieve the company's goals.

Age	21-30	31-40	41-50	50>	Total
No. of employees	51	45	10	4	110
Permanent employees	19	32	10	3	64
Contractual employees	18	11	-	1	30
Service staff	14	2	-	-	16
Average age					29.72

Objectives and benefits

The aim of HR accounting is to depict the potential of the employees in monetary terms which mainly helps in decision making of ascertaining how much investment the company has made on its employees and how much return it can expect from this investment. It furnishes cost/value information for making management decision about acquiring, allocating, developing and maintaining human resources in order to attain cost effectiveness. It allows management personnel to monitor and effectively use human resources. And it also provides valuable information to the investors interested in making long term investments in service sectors companies.

Human resource accounting practice in Bangladesh

In Bangladesh the concept of Human Resources Accounting has not yet been introduced as a requirement by any statutory authority or any regulatory bodies. However, as opposed to external financial reporting, managerial reporting does not require adherence to a strict set of globally accepted Accounting Standards in specific financial statements in acceptable format reported to the public.

As a result, disclosure of such information has become voluntary to our business management.

AMARSTOCK

Some Projects Financed by FAS FINANCE & INVESTMENT LIMITED



Textile Industry



Energy Industry



Chemical Industry



Shipping Service Industry

Some Projects Financed by FAS FINANCE & INVESTMENT LIMITED



Pharmacitical Industry



Cable Industry



Power Industry



Jute Industry

EVENT HIGHLIGHTS





20th Annual General Meeting



Family Dayout



Board of Directors & Management of the Company welcomeing the newly appointed Managing Director & CEO



Participated in a Rally for Bangladesh qualified to be graded as middle income Country



Day Long Workshop

EVENT HIGHLIGHTS



Farewell ceremony for the Company employees



Sports Day



Distributing blanket among the shivering people



Annual Picnic 2018



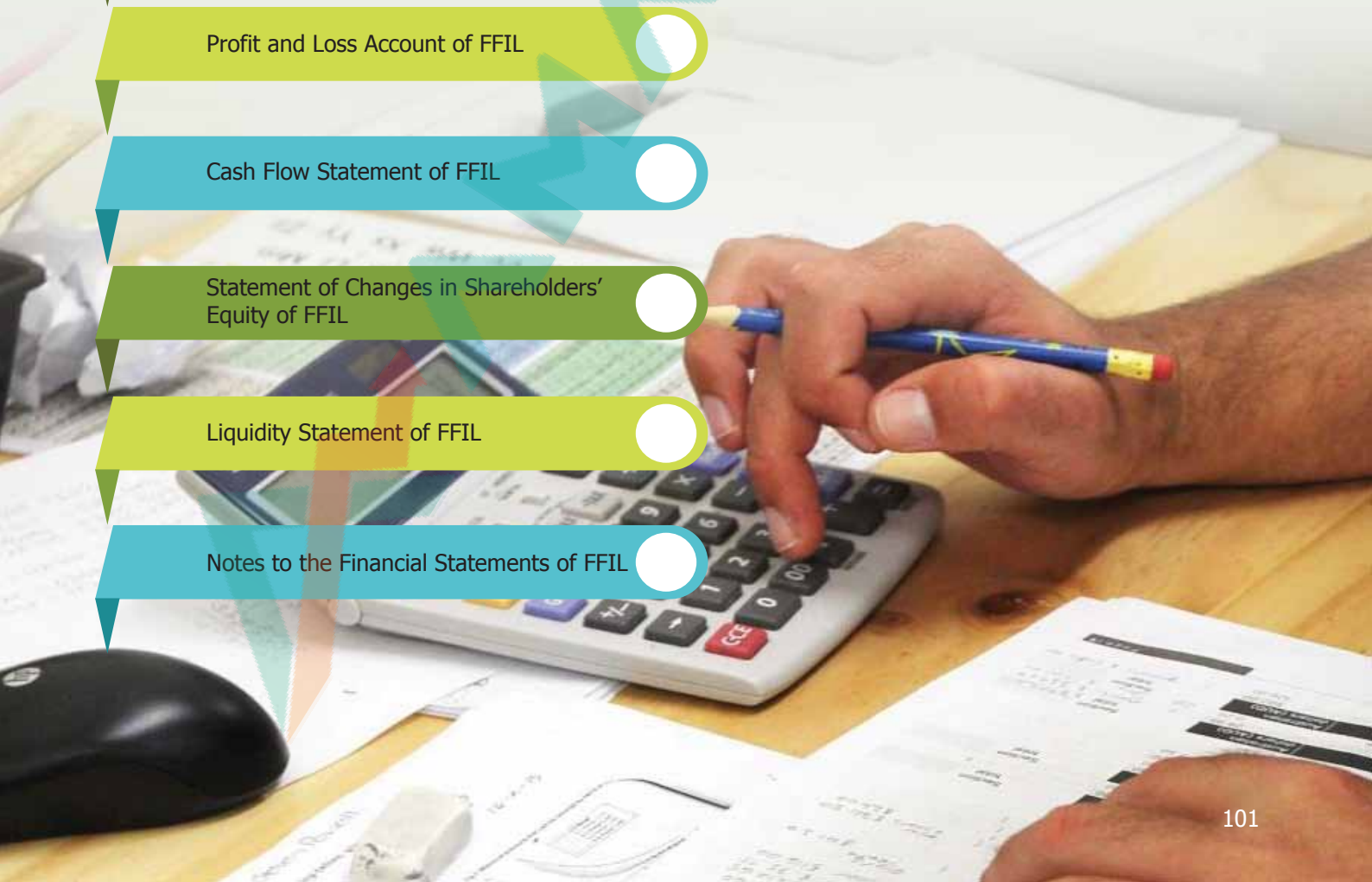
Distributing blanket among the Poor Students



Cultural Event

FINANCIAL STATEMENTS OF THE FAS FINANCE & INVESTMENT LIMITED

- Auditors' Report to the Shareholder
- Consolidated Balance Sheet
- Consolidated Profit and Loss Account
- Consolidated Cash Flow Statement
- Consolidated Statement of Changes in Shareholders' Equity
- Balance Sheet of FFIL
- Profit and Loss Account of FFIL
- Cash Flow Statement of FFIL
- Statement of Changes in Shareholders' Equity of FFIL
- Liquidity Statement of FFIL
- Notes to the Financial Statements of FFIL



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AUDITORS' REPORT TO **THE SHAREHOLDERS OF** FAS FINANCE & INVESTMENT LIMITED

We have audited the accompanying Financial Statements of FAS FINANCE & INVESTMENT LIMITED and its Subsidiary as well as the separate Financial Statements of FAS FINANCE & INVESTMENT LIMITED which comprise the Consolidated and the separate Balance Sheet as at 31 December 2017, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Shareholders' Equity and Liquidity Statement for the year then ended 31 December 2017 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, 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 opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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.

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

In our opinion, the Financial Statements along with notes thereon of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of state of the company's affairs as at 31 December 2017, and of the results of its operations and cash flows for the year then ended and comply with 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.

Matter of Emphasis:

Without qualifying our opinion we draw attention to the matter that inadequate provision on the balance of margin loan (adjusted) was made as per circular no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and the latest circular number SEC/CMRRCD/2009-193/203 dated 28 December 2017 of Bangladesh Securities and Exchange Commission (BSEC) due to unusual negative balance of collateral security arising out of fall in market value.

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 purpose of our audit and made due verification thereof;

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 Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts;

d) The Financial Statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the Accounting Rules and Regulations issued by the Bangladesh Bank to the extent applicable to the company;

e) The expenditure incurred and payments made were for the purposes of the company's business;

f) Adequate provisions (subject to Note 6.a.i.) have been made for loans and advances, investments and other assets which are, in our opinion, doubtful of recovery;

g) The company have complied with the relevant laws pertaining to reserves and maintenance of liquid assets;

h) The information and explanations required by us has been received and found satisfactory;

i) As far as it was revealed from our test checks, the existing rules and regulations for loan/advance and lease sanctioning and disbursements as well as classification, provisioning and suspension of interest have been followed properly;

j) Adequate capital of the company, as required by law, has been maintained during the year under audit;

k) It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable fraud and forgeries;

l) 80 percent of the risk weighted assets have been reviewed spending over 1,350 person hours.

Dhaka
Dated: 27 Mar 2018

Pinaki & Company
Chartered Accountants

AMAR STOCK

FAS Finance & Investment Limited

Consolidated Balance Sheet

As at 31 December 2017

Particulars	Notes	Amount in Taka	
		31-Dec-2017	31-Dec-2016
PROPERTY AND ASSETS			
Cash	2 (a)	**52,386,564**	**69,026,418**
In hand (including foreign currencies)		86,654	35,114
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		52,299,910	68,991,304
Balance with other banks and financial institutions	3 (a)	**2,786,900,934**	**1,806,481,383**
In Bangladesh		2,786,900,934	1,806,481,383
Outside Bangladesh		-	-
Money at call and on short notice	4 (a)	-	-
Investments	5 (a)	**1,106,527,427**	**868,751,915**
Government		-	-
Others		1,106,527,427	868,751,915
Loans, advances and leases		**13,979,799,394**	**14,018,369,557**
Loans, cash credits, overdrafts, and leases etc.	6 (a)	13,979,799,394	14,018,369,557
Bills purchased and discounted	7 (a)	-	-
Fixed assets including premises, furniture and fixtures Annexture-1 (a)	8 (a)	**331,700,916**	**340,820,249**
Other assets	9 (a)	**596,675,714**	**518,257,576**
Non-Financial assets-held for sale	10 (a)	**44,665,893**	**44,665,893**
Total Assets		**18,898,656,842**	**17,666,372,991**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11 (a)	**6,715,356,511**	**6,191,382,346**
Deposits and other accounts	12 (a)	**8,781,681,956**	**8,224,278,625**
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed deposits	12.1	8,781,681,956	8,224,278,625
Bearer certificates of deposit		-	-
Other deposits		-	-
Others liabilities	13 (a)	**1,500,866,108**	**1,508,535,977**
Total Liabilities		**16,997,904,575**	**15,924,196,948**
Capital/Shareholders' Equity		**1,893,962,884**	**1,736,099,363**
Paid-up capital	14	1,290,713,110	1,229,250,580
Statutory reserve	15	181,811,273	155,186,770
Other reserve	16	315,000	315,000
Revaluation reserve	17	228,221,449	235,792,859
Retained earnings	18 (a)	192,902,052	115,554,154
Non-Controlling Interest		**6,789,383**	**6,076,680**
Total Liabilities and Shareholders' Equity		**18,898,656,842**	**17,666,372,991**
Net asset value per share		**14.67**	**14.12**

AMAR STOCK

FAS Finance & Investment Limited
Consolidated Balance Sheet
As at 31 December 2017

Particulars	Notes	Amount in Taka	
		31-Dec-2017	31-Dec-2016
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments		**2,259,084,889**	**679,637,582**
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments	19 (a)	2,259,084,889	679,637,582
		-	
Total		**2,259,084,889**	**679,637,582**
Other memorandum items	20 (a)	**510,042,679**	**799,499,117**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS Chairman	**Anjan Kumer Roy, FCA** Independent Director	**Pritish Kumar Sarker** Managing Director & CEO	**Md. Maniruzzaman Akan** Chief Financial Officer

Zahid Mahmud
Company Secretary

Pinaki & Company
Chartered Accountants

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited

Consolidated Profit and Loss Account

For the year ended 31 December 2017

Particulars	Notes	Amount in Taka	
		01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
OPERATING INCOME			
Interest income	22 (a)	1,781,803,118	1,773,845,307
Less: Interest paid on deposits and borrowings, etc.	23 (a)	1,494,442,654	1,461,495,946
Net interest income		**287,360,464**	**312,349,361**
Investment income	24 (a)	111,755,254	41,717,238
Commission, exchange and brokerage	25 (a)	150,000	300,000
Other operating income	26 (a)	7,020,540	11,577,362
		118,925,794	**53,594,600**
Total operating income (a)		**406,286,258**	**365,943,961**
OPERATING EXPENSES			
Salary and allowances	27 (a)	76,383,364	69,236,034
Rent, taxes, insurance, electricity, etc.	28 (a)	22,397,998	12,781,099
Legal expenses	29 (a)	1,380,559	878,736
Postage, stamps, telecommunication, etc.	30 (a)	3,642,261	2,597,283
Stationery, printings, advertisements, etc.	31 (a)	5,804,528	4,154,636
Chief executive's salary & fees		4,212,500	3,900,000
Directors' fees	32 (a)	1,659,450	1,223,600
Auditors' fees	33 (a)	764,000	214,475
Charge on loan losses		-	-
Depreciation and repairs of FI's assets	34 (a)	21,097,163	22,544,837
Other expenses	35 (a)	18,117,078	16,273,390
Total operating expenses (b)		**155,458,901**	**133,804,090**
Profit before provision (c=a-b)		**250,827,357**	**232,139,871**
Provision against loans, advances and leases	36 (a)	52,804,701	67,535,635
Provision for diminution in value of investments	37 (a)	(14,671,038)	(12,395,965)
Other provisions		-	-
Total provision (d)		**38,133,663**	**55,139,670**
Profit before taxation (c-d)		**212,693,694**	**177,000,201**
Provision for taxation	38 (a)	**69,914,894**	**85,612,963**
Current tax		69,715,333	81,970,697
Deferred tax		199,561	3,642,266
Net profit after taxation		**142,778,800**	**91,387,238**
Attributable:		**142,778,800**	**91,387,238**
Shareholders of the company		142,508,424	92,357,788
Non-Controlling Interest		270,376	(970,550)
Appropriations		**26,624,503**	**25,209,945**
Statutory reserve	15	26,624,503	25,209,945
General reserve		-	-
Dividend, etc.		-	-
Retained surplus		**115,883,921**	**67,147,843**
Earnings per share-EPS (Last year restated)	40 (a)	**1.10**	**0.72**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS
Chairman

Anjan Kumer Roy, FCA
Independent Director

Pritish Kumar Sarker
Managing Director & CEO

Md. Maniruzzaman Akan
Chief Financial Officer

Zahid Mahmud
Company Secretary

Pinaki & Company
Chartered Accountants

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2017

Particulars	Amount in Taka	
	01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
Cash flows from operating activities		
Interest receipts	1,719,071,570	1,761,919,087
Interest payments	(1,406,639,340)	(1,227,729,222)
Dividend receipts	25,455,948	22,180,992
Fee and commission receipts	150,000	300,000
Recoveries on loans previously written off	2,646,062	-
Payments to employees	(79,593,534)	(73,602,363)
Payments to suppliers	-	-
Income taxes paid	(86,247,896)	(71,292,938)
Receipts from other operating activities	97,282,756	25,220,233
payment for other operating activities	(75,078,934)	(50,106,602)
Operating profit before changes in operating assets & liabilities	**197,046,632**	**386,889,187**
Increase/decrease in operating assets and liabilities		
Statutory deposit	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to FI's	-	-
Loans, advances and leases to customers	75,299,754	(2,158,486,831)
Other assets	(4,670,374)	(10,881,012)
Deposit from other FI's	(150,078,972)	720,892,500
Deposit from customers	707,482,303	438,632,253
Other liabilities to customer	(37,515,865)	29,062,201
Trading liabilities (short-term borrowing)	243,690,514	1,768,093,263
Other liabilities	2,710,266	449,426
	836,917,626	**787,761,800**
Net cash from/(used in) operating activities (a)	**1,033,964,258**	**1,174,650,987**
Cash flows from investing activities		
Purchase/sale of government securities	-	-
Purchase/sale of trading securities, shares, bonds, etc.	(200,483,999)	(173,083,760)
Purchase/sale of property, plant and equipment	(9,161,132)	(14,411,795)
Purchase/sale of Subsidiaries	-	1,000,000
Net cash used in investing activities (b)	**(209,645,131)**	**(186,495,555)**
Cash flows from financing activities		
Increase/(decrease) of long-term borrowings	139,482,298	282,782,597
Dividend paid	(21,728)	12,196
Net cash flow from financing activities (c)	**139,460,570**	**282,794,793**
Net increase/(decrease) in cash (a+b+c)	**963,779,697**	**1,270,950,225**
Effects of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at beginning of the year	1,875,507,801	604,557,576
Cash and cash equivalents at end of the year*	**2,839,287,498**	**1,875,507,801**
***Cash and cash equivalents at end of the year**		
Cash in hand and balance with Bangladesh Bank	52,386,564	69,026,418
Balance with other banks	2,786,900,934	1,806,481,383
Money at call and short	-	-
Treasury bills	-	-
Prize bond	-	-
	2,839,287,498	**1,875,507,801**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS
Chairman

Anjan Kumer Roy, FCA
Independent Director

Pritish Kumar Sarker
Managing Director & CEO

Md. Maniruzzaman Akan
Chief Financial Officer

Zahid Mahmud
Company Secretary

Pinaki & Company
Chartered Accountants

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Total	Non Controlling Interest	Total
Balance as at 01 January 2017	1,229,250,580	155,186,770	235,792,859	315,000	115,554,154	1,736,099,363	6,076,680	1,742,176,043
Prior year adjustment for tax provision and non-controlling interest	-	-	-	-	15,355,097	15,355,097	442,327	15,797,424
Restated Balance	**1,229,250,580**	**155,186,770**	**235,792,859**	**315,000**	**130,909,251**	**1,751,454,460**	**6,519,007**	**1,757,973,467**
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the Profit and Loss Account	-	-	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	142,508,424	142,508,424	270,376	142,778,800
Transfer to statutory reserve	-	26,624,503	-	-	(26,624,503)	-	-	-
Stock dividend-2016	61,462,530	-	-	-	(61,462,530)	-	-	-
Transfer of depreciation charged to profit & loss account	-	-	(7,571,410)	-	7,571,410	-		-
Issue of share capital	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	**1,290,713,110**	**181,811,273**	**228,221,449**	**315,000**	**192,902,052**	**1,893,962,884**	**6,789,383**	**1,900,752,267**
Balance as at 31 December 2016	**1,229,250,580**	**155,186,770**	**235,792,859**	**315,000**	**115,554,154**	**1,736,099,363**	**6,076,680**	**1,742,176,043**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS
Chairman

Anjan Kumer Roy, FCA
Independent Director

Pritish Kumar Sarker
Managing Director & CEO

Md. Maniruzzaman Akan
Chief Financial Officer

Zahid Mahmud
Company Secretary

Date: Dhaka, 27 March 2018

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FAS Finance & Investment Limited
Balance Sheet
As at 31 December 2017

Particulars	Notes	Amount in Taka	
		31-Dec-2017	31-Dec-2016
PROPERTY AND ASSETS			
Cash	2	**52,345,461**	**69,019,467**
In hand (including foreign currencies)	2.1	45,551	28,163
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2.2	52,299,910	68,991,304
Balance with other banks and financial institutions	3	**2,782,812,721**	**1,766,972,484**
In Bangladesh	3.1	2,782,812,721	1,766,972,484
Outside Bangladesh		-	-
Money at call and on short notice	4	**-**	**-**
Investments	5	**297,338,840**	**339,840,072**
Government	5.1	-	-
Others	5.2	297,338,840	339,840,072
Loans, advances and leases		**14,020,128,589**	**13,841,656,643**
Loans, cash credits, overdrafts, and leases etc.	6	14,020,128,589	13,841,656,643
Bills purchased and discounted	7	-	-
Fixed assets including premises, furniture and fixtures (Annexture-1)	8	**322,293,292**	**330,575,936**
Other assets	9	**815,531,092**	**717,416,872**
Non-Financial assets-held for sale	10	**44,665,893**	**44,665,893**
Total Assets		**18,335,115,888**	**17,110,147,367**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	**6,325,356,511**	**5,800,671,976**
Deposits and other accounts	12	**8,781,681,956**	**8,224,278,625**
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed deposits	12.1	8,781,681,956	8,224,278,625
Bearer certificates of deposit		-	-
Other deposits		-	-
Others liabilities	13	**1,326,803,150**	**1,317,045,010**
Total Liabilities		**16,433,841,617**	**15,341,995,611**
Capital/Shareholders' Equity		**1,901,274,271**	**1,768,151,756**
Paid-up capital	14	1,290,713,110	1,229,250,580
Statutory reserve	15	181,811,273	155,186,770
Other reserve	16	315,000	315,000
Revaluation reserve	17	228,221,449	235,792,859
Retained earnings	18	200,213,439	147,606,547
Total Liabilities and Shareholders' Equity		**18,335,115,888**	**17,110,147,367**
Net asset value per share		**14.73**	**14.38**

AMAR STOCK

FAS Finance & Investment Limited

Balance Sheet

As at 31 December 2017

Particulars	Notes	Amount in Taka	
		31-Dec-2017	31-Dec-2016
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments		**2,259,084,889**	**679,637,582**
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments	19	2,259,084,889	679,637,582
		-	
Total		**2,259,084,889**	**679,637,582**
Other memorandum items	20	**-**	**-**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS Chairman	**Anjan Kumer Roy, FCA** Independent Director	**Pritish Kumar Sarker** Managing Director & CEO	**Md. Maniruzzaman Akan** Chief Financial Officer
Zahid Mahmud Company Secretary		**Pinaki & Company** Chartered Accountants	

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited
Profit and Loss Account
For the year ended 31 December 2017

Particulars	Notes	Amount in Taka	
		01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
OPERATING INCOME			
Interest income	22	1,833,696,003	1,743,271,504
Less: Interest paid on deposits and borrowings, etc.	23	1,494,442,654	1,412,451,653
Net interest income		**339,253,349**	**330,819,851**
Investment income	24	30,386,127	17,208,327
Commission, exchange and brokerage	25	-	-
Other operating income	26	3,254,431	1,515,379
		33,640,558	**18,723,706**
Total operating income (a)		**372,893,907**	**349,543,557**
OPERATING EXPENSES			
Salary and allowances	27	63,909,645	58,395,390
Rent, taxes, insurance, electricity, etc.	28	17,043,155	6,200,535
Legal expenses	29	1,204,443	795,936
Postage, stamps, telecommunication, etc.	30	3,198,267	2,185,232
Stationery, printings, advertisements, etc.	31	5,497,268	3,692,033
Chief executive's salary & fees		4,212,500	3,900,000
Directors' fees	32	1,518,000	1,140,800
Auditors' fees	33	718,000	166,750
Charge on loan losses		-	-
Depreciation and repairs of FI's assets	34	19,425,495	21,197,883
Other expenses	35	16,748,774	15,479,055
Total operating expenses (b)		**133,475,547**	**113,153,614**
Profit before provision (c=a-b)		**239,418,360**	**236,389,943**
Provision against loans, advances and leases	36	52,804,701	67,535,635
Provision for diminution in value of investments	37	(13,929,542)	(38,698,651)
Other provisions		-	-
Total provision (d)		**38,875,159**	**28,836,984**
Profit before taxation (c-d)		**200,543,201**	**207,552,959**
Provision for taxation	38	**67,420,686**	**81,503,236**
Current tax	13.2	66,751,700	78,850,709
Deferred tax	13.3	668,986	2,652,527
Net profit after taxation		**133,122,515**	**126,049,723**
Appropriations		**26,624,503**	**25,209,945**
Statutory reserve	15	26,624,503	25,209,945
General reserve		-	-
Dividend, etc.		-	-
Retained surplus		**106,498,012**	**100,839,778**
Earnings per share-EPS (Last year restated)	40	**1.03**	**0.98**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS
Chairman

Anjan Kumer Roy, FCA
Independent Director

Pritish Kumar Sarker
Managing Director & CEO

Md. Maniruzzaman Akan
Chief Financial Officer

Zahid Mahmud
Company Secretary

Pinaki & Company
Chartered Accountants

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited

Cash Flow Statement

For the year ended 31 December 2017

Particulars	Amount in Taka	
	01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
Cash flows from operating activities		
Interest receipts	1,728,792,246	1,725,948,970
Interest payments	(1,406,993,229)	(1,179,532,654)
Dividend receipts	10,352,428	10,553,648
Fee and commission receipts	-	-
Recoveries on loans previously written off	2,646,062	-
Payments to employees	(68,147,850)	(62,761,719)
Payments to suppliers	-	-
Income taxes paid	(81,251,963)	(64,638,951)
Receipts from other operating activities	26,718,186	5,159,425
payment for other operating activities	(69,002,395)	(38,020,380)
Operating profit before changes in operating assets & liabilities	**143,113,485**	**396,708,339**
Increase/decrease in operating assets and liabilities		
Statutory deposit	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to FI's	-	-
Loans, advances and leases to customers	(106,164,110)	(2,461,094,029)
Other assets	(5,953,020)	(4,404,000)
Deposit from other FI's	(150,078,972)	720,892,500
Deposit from customers	707,482,303	438,632,253
Other liabilities to customer	(37,515,865)	29,062,201
Trading liabilities (short-term borrowing)	288,400,884	1,893,992,582
Other liabilities	72,051	(2,973)
	696,243,271	**617,078,534**
Net cash from/(used in) operating activities (a)	**839,356,756**	**1,013,786,873**
Cash flows from investing activities		
Purchase/sale of government securities	-	-
Purchase/sale of trading securities, shares, bonds, etc.	72,868,752	43,937,269
Purchase/sale of property, plant and equipment	(8,519,847)	(8,306,240)
Purchase/sale of Subsidiaries	-	1,000,000
Net cash used in investing activities (b)	**64,348,905**	**36,631,029**
Cash flows from financing activities		
Increase/(decrease) of long-term borrowings	95,482,298	216,782,597
Dividend paid	(21,728)	12,196
Net cash flow from financing activities (c)	**95,460,570**	**216,794,793**
Net increase/(decrease) in cash (a+b+c)	**999,166,231**	**1,267,212,695**
Effects of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at beginning of the year	**1,835,991,951**	**568,779,256**
Cash and cash equivalents at end of the year*	**2,835,158,182**	**1,835,991,951**
***Cash and cash equivalents at end of the year**		
Cash in hand and balance with Bangladesh Bank	52,345,461	69,019,467
Balance with other banks	2,782,812,721	1,766,972,484
Money at call and short notice	-	-
Treasury bills	-	-
Prize bond	-	-
	2,835,158,182	**1,835,991,951**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

Md. Siddiqur Rahman, FCS
Chairman

Anjan Kumer Roy, FCA
Independent Director

Pritish Kumar Sarker
Managing Director & CEO

Md. Maniruzzaman Akan
Chief Financial Officer

Zahid Mahmud
Company Secretary

Pinaki & Company
Chartered Accountants

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Total
Balance as at 01 January 2017	1,229,250,580	155,186,770	235,792,859	315,000	147,606,547	1,768,151,756
Effects of changes in accounting policy	-	-	-	-	-	-
Restated Balance	**1,229,250,580**	**155,186,770**	**235,792,859**	**315,000**	**147,606,547**	**1,768,151,756**
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the Profit and Loss Account	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	133,122,515	133,122,515
Transfer to statutory reserve	-	26,624,503	-	-	(26,624,503)	-
Stock dividend-2016	61,462,530	-	-	-	(61,462,530)	-
Transfer of depreciation charged to profit & loss account	-	-	(7,571,410)	-	7,571,410	-
Issue of share capital	-	-	-	-	-	-
Balance as at 31 December 2017	**1,290,713,110**	**181,811,273**	**228,221,449**	**315,000**	**200,213,439**	**1,901,274,271**
Balance as at 31 December 2016	**1,229,250,580**	**155,186,770**	**235,792,859**	**315,000**	**147,606,547**	**1,768,151,756**

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

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Zahid Mahmud
Company Secretary

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited

Liquidity Statement
(Asset and Liability Maturity Analysis)

As at 31 December 2017

Particulars	Amount in Taka					
	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	9,165,215	-	43,180,246	-	-	52,345,461
Balance with other banks and financial institution	1,073,610,283	809,202,438	900,000,000	-	-	2,782,812,721
Money at call and on short notice	-	-	-	-	-	-
Investments	1,000,000	2,000,000	9,000,000	285,338,840	-	297,338,840
Loan, advances and leases	246,560,777	2,580,564,364	7,510,095,591	2,876,782,061	806,125,796	14,020,128,589
Fixed assets including premises, furniture and fixture	-	-	-	-	322,293,292	322,293,292
Other assets	506,300	4,117,525	200,710,310	315,405,361	294,791,596	815,531,092
Non-Financial assets-held for sale	-	-	44,665,893	-	-	44,665,893
Total assets	**1,330,842,575**	**3,395,884,327**	**8,707,652,040**	**3,477,526,262**	**1,423,210,684**	**18,335,115,888**
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	51,048,906	435,476,869	4,191,399,898	1,647,430,838	-	6,325,356,511
Deposits and other accounts	1,225,289,267	2,918,310,365	4,222,838,512	368,051,518	47,192,294	8,781,681,956
Provision and other liabilities	29,537,399	28,364,915	273,577,715	995,323,121	-	1,326,803,150
Total liabilities	**1,305,875,572**	**3,382,152,149**	**8,687,816,125**	**3,010,805,477**	**47,192,294**	**16,433,841,617**
Net liquidity excess/(shortage)	**24,967,003**	**13,732,178**	**19,835,915**	**466,720,785**	**1,376,018,390**	**1,901,274,271**

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

1.00 Legal status and Nature of the Company

FAS Finance & Investment Limited (formerly named as Fidelity Assets & Securities Company Limited) is a Non-Banking Financial Institution (NBFI) formed under the Financial Institutions Act, 1993. The Company was also registered as a Merchant Bank with the Bangladesh Securities and Exchange Commission on 22 January 1998. FAS Finance & Investment Limited (FFIL) was incorporated as a Private Limited Company on 04 March 1997 under the Companies Act, 1994 and was converted into Public Limited Company on 18 August 2001. It started lease financing operation after obtaining license from Bangladesh Bank on 17 September 2001. FFIL obtained license for principal branch vide Bangladesh Bank letter dated September 26, 2001 and 1st lease agreement & commencement of public deposit mobilization commenced on December 27, 2001. FFIL obtained license for Chittagong, Narsingdi and Sylhet branches under section 4(1) of the Financial Institution Act, 1993 on 14 February 2007, 18 July 2007 and 09 July 2008 respectively. The Company is listed with both Dhaka and Chittagong Stock Exchanges (09 January 2008). It launched its first trading of shares in Dhaka and Chittagong Stock Exchange on 16 January 2008.

The Head Office of FAS Finance & Investment Limited (FFIL) is situated at Suvastu Imam Square (4th & 5th floor), 65 Gulshan Avenue, Gulshan, Dhaka-1212.

Subsidiary Company

FAS Finance & Investment Ltd. (Former Fidelity Assets & Securities Co. Ltd.) started its activity as a Merchant Bank in 1997. In the year 2010 BSEC (letter No. SEC/Reg/MD- Policy/Part-VI/2008/286 Dated 26 July 2010) instructed to form a separate subsidiary company for Merchant Banking alone with in 30th September, 2010. Accordingly the management formed a separate subsidiary Merchant Banking Company named as FAS Capital Management Ltd (FCML). Due to formulation of a new Merchant Banking Company FAS Finance and Investment Ltd. transferred the entire investment portfolio amounting Tk. 97.20 crore to FAS Capital Management Ltd. The FAS Capital Management Ltd. applied on 26.09.10 to BSEC in order to transfer the Merchant Banking license in favor of the newly formed subsidiary company and got the license from BSEC on 16 May 2012.

The company acquired 97.20% shares of "FAS Capital Management Limited" (formerly Fidelity Assets & Securities Company Limited) (24,300,000 shares of Tk. 10 each). The subsidiary is a private limited company, incorporated with the Registrar of Joint Stock Companies vide registration no. C-87541/10 dated 13th October 2010 under the companies Act, 1994.

1.01 Financial Activities

(a) Lease financing

FFIL provide lease finance under simple terms and conditions for acquisition of capital machineries for industrial undertakings, industrial equipments, office equipments, medical equipments and construction equipments etc.

(b) Transport financing

FFIL have a significant presence in Commercial Transport Sector. We provide various trade & commercial entities to procure vehicles to operate commercially. Also we provide corporate financing to the reputed Dealer or Distributor of the commercial vehicle to their operators. Besides this corporate clients may also apply to acquire vehicles for official purpose under the scheme.

(c) Term financing

FFIL provides loan to the customers within the period of series from one year to five years in the manufacturing industries. The Company also extends financing in the processing industries of the agricultural products depending on the nature of a product, profitability of the project and socioeconomic factors. The range of finance can be between one year to five years or more (negotiable).

(d) Project financing

FFIL offers financing of long term infrastructure and industrial projects based upon a complex financial structure under its project financing scheme where the projects seem to be financially sound. FFIL contributes as sponsor or syndicate member of the projects.

(e) House financing (Real Estate Finance)

The clients are indulgenced in FFIL regardless of their professions and occupations. FFIL provide competitive interest rate in construction of house both land owner & developer, purchase of flat & renovation of existing house/flat. At present, the Company is providing loan facility to the client for a maximum period of fifteen years as decided by management. FFIL also provide financing for the construction of a project.

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

(f) Small and Medium Enterprise (SME) refinancing

FFIL provide refinance in the SME sectors after compliance with the terms and conditions of the Company. It also encourages women entrepreneurs by providing loan facilities under this scheme as per the rules and regulations given by Bangladesh Bank as per ACSPD circular no. 08, dated 26 May 2008.

(i) Manufacturing and Service Sector:

Cottage Industry:

As per SMESPD Circular no.02 on 29.06.2017, Cottage Industry means those industries which are controlled by own family members and value of fixed assets including establishment costs except organization own land & factory Bhaban below 10 Lac and workforces are not more than 15 persons. However, if a factory is treated as "Cottage industry" on the basis of any one set criteria and it may be included as "Micro Industry" on the basis of other criterion.
Maximum Tk.10.00 lac may be financed to a borrower under cottage Industry.

Micro Industry:

For Manufacturing Micro Industry

As per SMESPD Circular no.02 on 29.06.2017, Manufacturing Micro Industry means those industries where value of fixed assets including establishment costs except land & factory Bhaban are between Tk. 10.00 Lac to Tk.75.00 Lac or workforce of the factory is 16-30 people or less than 16-30.

For Service providing Micro Industry

As per SMESPD Circular no.02 on 29.06.2017, Service providing Micro Industry means those industries where value of fixed assets including establishment costs except land & factory Bhaban below 10.00 Lac or workforce of the factory is maximum 15 persons.

However, if a factory is treated as Micro Industry on the basis of any one criterion, it may also be a "Cottage Industry" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Cottage industry".

Maximum Tk.100.00 lac may be financed to a borrower of Micro Industry under manufacturing sector and Maximum Tk.25.00 lac may be financed to a borrower of Micro Industry under Service Sector.

(ii) Small Industry

For manufacturing concern

As per SMESPD Circular no.02 on 29.06.2017, Small Industry means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Tk. 75.00 Lac to 1,500.00 Lac or workforce of the factory is 31-120 persons.

For Service Industry concern

As per SMESPD Circular no.02 on 29.06.2017, Small Industry means those industries where value of fixed assets including establishment costs except land & factory Bhaban Tk. 10.00 Lac to 200.00 Lac or workforce of the factory is 16-50 persons.

However, if a factory is treated as "Small Industry" on the basis of any one criterion, it is it may also be a "Cottage Industry" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Small Industry".
This provision is not applicable for Garment Industry/Labor Oriented industry.

Maximum Tk. 2,000.00 lac may be financed to a borrower of Small Industry under manufacturing sector and Tk. 5,00.00 lac may be financed to a borrower of Medium Industry under Service Industry.

(iii) Medium Industry

For manufacturing concern

As per SMESPD Circular no.02 on 29.06.2017, Medium Industry means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is above Tk. 1,500.00 Lac to 5,000.00 Lac or workforce of the factory is 121-300 persons.

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

For Service Industry concern

As per SMESPD Circular no.02 on 29.06.2017, Small Industry means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Taka. 200.00 Lac to 3,000.00 Lac or workforce of the factory is 51-120 persons.

However, if a factory is treated as Medium Industry on the basis of any one criterion, it may also be a "Large Industry" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Large Industry".

Maximum Tk. 7,500.00 lac may be financed to a borrower of Small Industry under manufacturing Medium sector and Tk. 5,000.00 lac may be financed to a borrower of Medium Industry under Service Industry sector as per circular. But FFIL is allowing loan under Medium & large Industry in favor of a single client maximum 30% of our company total capital i.e Taka 5700 lac for complying prudential guideline for FIs.

(iv) Trading/Business Sector

As per SMESPD Circular no.02 on 29.06.2017, Micro Entrepreneurship means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Taka. 10.00 lac or workforce of the factory is maximum 15 persons or annual turnover is Tk. 100.00 lac.

As per SMESPD Circular no.02 on 29.06.2017, Micro Entrepreneurship means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Taka. 10.00 lac-200 Lac or workforce of the factory is maximum 16-50 persons or annual turnover is above Tk. 100 lac but not exceeding 1200.00 Lac.

However, if a factory is treated as Lower Level Sector on the basis of any one criterion, it may also be a "Higher level Sector" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Higher level Sector".

Maximum Tk. 25.00 lac may be financed to a borrower of Micro Entrepreneurship business under Trading/Business Sector and Tk. 500.00 lac may be financed to a borrower of Small Entrepreneurship business under Trading/Business Sector as per circular.

(g) Working capital financing

Working capital gives investors an idea of the companies underlying operational efficiency. Upon measuring the company's efficiency & its short-term financial needs FFIL provides working capital to some selective business enterprise to meet-up their both short & long term liabilities. By availing this finance from FFIL the borrower company is able to pay off their short & long term liability which keeps the business running smoothly.

(h) Factoring

FFIL is offering to purchase accounts receivable (i.e. invoice) at discount under its purchasing option of financial assets.

(i) Deposit mobilization

FFIL provide attractive interest rate among firms, companies, financial institutions and individual clients.

1.02 Significant accountings policies and basis of preparation of financial statements

1.02.1 Statement of compliance

The financial statements have been prepared on the basis of going concern concept under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with Bangladesh Financial Reporting Standards (BFRSs).

1.02.2 Basis of consolidation

The Consolidated Financial Statements include the Financial Statements of FAS Finance and Investment Ltd and its Subsidiary, FAS Capital Management Ltd. made up to end of the reporting year. The consolidated Financial Statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated Financial Statements and Accounting for Investment in Subsidiaries. The Consolidated Financial Statements are prepared to a common reporting year ended 31 December 2017.

1.02.3 Compliance with local laws

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Financial Institution Act 1993, Guidelines from Bangladesh Bank, the Bangladesh Securities and Exchange Ordinance 1969, the Bangladesh Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchange and other relevant local laws and regulations as applicable for its operation.

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

1.02.4 Materiality of financial statements

Each material item as considered by management significant has been presented separately in the financial statements wherever applicable.

1.02.5 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with BAS-7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by the Bangladesh Securities and Exchange Rules, 1987 and the considering the provisions of Paragraph 18(b) of BAS which prescribed that Enterprise of changes encourage to report Statement of Cash Flows from operating activities using the direct method.

1.02.6 Statement of Changes in Equity

Statement of Changes in Equity is prepared principally in accordance with BAS-1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank's DFIM Circular No. 11 dated December 23, 2009.

1.02.7 Liquidity statements

The liquidity statement of assets and liabilities as on the reporting date has been prepared on the following basis:

a) Cash in hand (including balance with Bangladesh Bank)
b) Balance with other banks and financial institution
c) Money at call and on short notice
d) Investments
e) Loan, advances and leases
f) Fixed assets including premises, furniture and fixture
g) Other assets
h) Non-banking assets
i) Borrowings from Bangladesh Bank, other banks, financial institutions and agents
j) Deposits and other accounts
k) Provision and other liabilities

1.02.8 Basis of measurement

The financial statements have been prepared on the historical cost basis.

1.02.9 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimate and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1.02.10 Current maturity

Current maturity of long term debts, lease receivables, term financing and house financing has been shown in the financial statements.

1.02.11 Reporting period

These financial statements cover for the period from 01 January 2017 to 31 December 2017.

1.02.12 Director of the Company

At the end of the year under audit, there were thirteen Directors in the Board of Directors of the Company excluding the Managing Director. The Managing Director is the Chief Executive and Ex-officio Director of the Company.

1.02.13 Comparative information

Comparative information has been disclosed in respect of the year 2016 for all numerical information in the financial statements for understanding of current year financial statements.

1.02.14 Presentational and reporting currency

The presentation of financial statements has been made in accordance with the DFIM No. 11 dated 23 December 2009 of Bangladesh Bank. These financial statements have been prepared in Bangladesh Taka (BDT) which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka. The financial statements are stated in Taka unless or otherwise signified.

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

1.03 Assets and basis of their valuations:

1.03.1 Fixed assets

Fixed assets are capitalized at cost of acquisition and subsequently stated at cost/ valuation less accumulated depreciation in compliance with the Benchmark treatment of BAS-16 "Property, Plant and Equipment". The cost of acquisition of assets comprises purchase price and any direct attributable cost of bringing the assets within the operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes; if any.

1.03.2 Subsequent cost of fixed assets

The cost of replacing a part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. Maintenance expenses of the fixed assets are recognized in the profit and loss account as incurred.

An item of fixed asset is derecognized on its disposal. The gain/loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any the carrying amount of the item.

1.03.3 Depreciation on fixed assets

Fixed assets are depreciated based on diminishing balance method at different rates varying from 5% to 20% per annum.

Additions of fixed assets are depreciated when it is available for use at the applicable rates and depreciation is charged up to the date of disposal.

Rates of depreciation applied are shown below:

Sl. No.	Category of assets	Rate of depreciation
1	Office buildings	5%
2	Furniture and fixtures	10%
3	Office decoration	10%
4	Office equipment	15%
5	Motor vehicles	20%
6	Electrical installation	15%
7	Computer	15%
8	Telephone line & PABX system	15%
9	Software	15%

1.03.4 Investment

Investment is carried in Financial Statement at cost. Provision is made for diminishing in value of investment.

1.03.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at bank, that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

10.3.6 Off balance sheet exposures

Under general operating transactions, liabilities against acceptance and endorsements, Letters of guarantee, irrevocable letters of credit, Bills for collection-other contingent liabilities & Commitments have been given and claims exist there against, have been shown as off balance sheet items.

1.04 Share capital

1.04.1 Authorized Share capital

Authorized Capital is the maximum amount of Share Capital that the Company is authorized by its Memorandum and Article of Association to issue to shareholders.

1.04.2 Paid up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in fully by the ordinary shareholders. Holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meeting.

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

1.05 Revenue recognition

The revenue during the year is recognized as follows complying with all the conditions of revenue recognition as provided in BAS-18.

(a) Accounting for lease financing

Leased equipments under the possession of lessee are accounted for as receivable of the Company. The interest portion accrued is recognized as revenue as per BAS–17.

(b) Accounting for term financing

Term finance operation consists of long term, short term and working capital financing, for which books of account are maintained based on accrual method of accounting. Interest earnings from term financing are recognized as operational revenue periodically.

(c) Accounting for house financing

The interest income from house finance is recognized when interest accrued.

(d) Accounting for overdue interest

The overdue interest on lease, term & house finance is recognized when interest is received.

(e) Other operational income

Other operational income is recognized whenever these are received. Such income comprises of the following components of the FFIL;

i) Appraisal and documentation fees;
ii) Service charges;
iii) Processing fees;
iv) Miscellaneous.

(f) Dividend income from shares

Dividend income from shares is recognized during the year in which they are declared and ascertained.

1.06 Revaluation reserve

Revaluation reserve arises from the revaluation of property, plant and equipment, when the market price of property, plant and equipment increased significantly from the carrying value. When an asset's carrying amount is increased as a result of revaluation, the increase amount should be credited directly to equity under the heading of revaluation surplus/reserve as per BAS-16 "Property, Plant and Equipment". The Company revalued its land and building during the year 2010 and there arises revaluation surplus of Tk. 313,888,244. The revaluation was done by G.K. Adjusters Ltd.

1.07 Liabilities and Provisions and basis of their valuation

1.07.1 Borrowings from other banks, financial institutions and agents

Bank and financial institution borrowings include interest bearing borrowings, which are brought to account at gross value of the outstanding as on 31 December 2017.

1.07.2 Provision for taxation

Provision for current year income tax has been made @ 40% as prescribed in the Finance Act, 2017. The accounting profit has made by the company after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12. Assessments completed up to 2017-2018 but some years are in different stages for some legal issues. In assessment year: 1998-1999 to 2003-2004 tax clearance certificates have been issued in favor of FAS Finance & Investment Limited. Assessment year: 2004-2005, 2005-2006 & 2008-2009 are pending at appeal stage. High Court Order already received for the assessment year: 2006-2007, 2007-2008, 2009-2010, 2010-2011, 2011-2012. Assessment year: 2012-2013, 2013-2014, 2014-2015, 2015-2016 are pending at High Court stage. Assessment for the year 2016-2017 & 2017-2018 has been completed under section 82BB.

1.07.3 Deferred taxation

Deferred tax is recognized on temporary (taxable and deductible) differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

account of changes in the deferred tax assets and liabilities is recognized in the profit and loss account as per BAS-12 "Income Taxes" at the year end. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

1.07.4 Non-controlling Interest:

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly to parent. As per BAS-27 'Consolidated and Separate Financial Statements' company presents Non-controlling Interest separately in Financial Statements.

1.07.5 Provision on lease, house loan and term finance

Provision has been made at an estimated rate on outstanding exposures based on lease receivables and other financing(s) against aging of receivables as per FID circular no. 08, dated 03 August 2002 and subsequent to the time it is revised in FID circular no. 03, dated 03 May 2006 and in FID circular no. 06, dated 20 August 2006 and DFIM circular no. 03, dated 29 April 2013 of Bangladesh Bank. The provision is considered adequate to meet probable losses. These have been shown under other liabilities in the balance sheet with corresponding effect given in the revenue account over the years. The FID circular's terms and conditions are stated as under;

(i) Leases and term financing running overdue for 6 months and above have been treated as substandard, doubtful and bad & loss depending on non-payment status of rentals or installments;

(ii) Investments and interests which include overdue rentals and installments have not been taken into income and shall remain suspended till recovery; and

(iii) Basis of classification and rate of percentages for provision thereon.

Lease or Loan up to 5 years

Limit of overdue rentals & installments	Classification	Provision of percentage
1-2 rentals/installments (up to 2 months) for SME	Standard	0.25%
1-2 rentals/installments (up to 2 months) other than SME	Standard	1%
3-5 rentals/installments (up to 5 months)	SMA	5%
6-11 rentals/installments (6 to 11 months)	Substandard	20%
12-17 rentals/installments (12 to 17 months)	Doubtful	50%
18 and above rentals/installments (18 months and above)	Bad and loss	100%

Lease or Loan above 5 years

Limit of overdue rentals & installments	Classification	Provision of percentage
1-5 rentals/installments (up to 5 months) for SME	Standards	0.25%
1-5 rentals/installments (up to 5 months) other than SME	Standards	1%
6-11 rentals/installments (up to 11 months)	SMA	5%
12-17 rentals/installments (12 to 17 months)	Substandard	20%
18-23 rentals/installments (18 to 23 months)	Doubtful	50%
24 and above rentals/installments (24 months and above)	Bad and loss	100%

House Loan up to 5 years

Limit of overdue rentals & installments	Classification	Provision of percentage
1-8 rentals/installments (up to 8 months) for SME	Standards	0.25%
1-8 rentals/installments (up to 8 months) other than SME	Standards	1%
9-11 rentals/installments (up to 11 months)	SMA	5%
12-17 rentals/installments (12 to 17 months)	Substandard	20%
18-23 rentals/installments (18 to 23 months)	Doubtful	50%
24 and above rentals/installments (24 months and above)	Bad and loss	100%

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

House Loan above 5 years

Limit of overdue rentals & installments	Classification	Provision of percentage
1-8 rentals/installments (up to 8 months) for SME	Standards	0.25%
1-8 rentals/installments (up to 8 months) other than SME	Standards	1%
9-17 rentals/installments (up to 17 months)	SMA	5%
18-23 rentals/installments (18 to 23 months)	Substandard	20%
24-35 rentals/installments (24 to 35 months)	Doubtful	50%
36 and above rentals/installments (36 months and above)	Bad and loss	100%

1.07.6 Provision for diminution in value of investment in shares and bonds

Provision has been made for diminution in value of investment in shares and bonds.

1.07.7 Interest suspense account

Income outstanding over ninety days is not recognized as revenue rather it is recognized as interest suspense account as per FID circular no. 08, dated 03, August 2002 and FID circular no. 03, dated 03 May 2006 of Bangladesh Bank. Suspended interest is recognized as revenue when it is received.

1.07.8 Liabilities and provisions

All material liabilities and provisions have been included in the financial statements

(i) When the company has a present obligation, legal or constructive result of a past event;
(ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
(iii) When a reliable estimate can be made of the amount of the obligation.

1.08 Risk management

Risk is defined as the possibility of losses, financial or otherwise. Risk management of the Company covers core risk areas of Companies credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk and equity risk, operational risk and reputation risk arising from operational inefficiencies. The prime objective of the risk management is that the Company evaluates and takes well calculative business risks and thereby safeguarding the Company's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Company. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Company's credit risk management activities have been designed to address all these issues.

The Company has segregated duties of the officers / executives involved in credit related activities. Separate Corporate / SME / Retail divisions have been formed at Head Office which is entrusted with the duties of maintaining effective relationship with customers, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Risk Management (CRM) Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending, sanctioning credit, formulating policy / strategy for lending operation, etc.

A thorough risk assessment is done before sanction of any credit facility at risk management units. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the credit facility etc. The assessment process starts at the relationship level and ends at Credit Risk Management Unit when it is approved / declined by the competent authority.

FAS Finance & Investment Limited
Notes to the Financial Statements
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Liquidity risk

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under the leadership of the Chief Financial Officer (CFO) as per approved policy guidelines.

Market risk

The exposure of market risk of the Company is restricted to interest rate risk and equity risk.

Interest rate risk

Interest rate risk may arise either from trading portfolio and non-trading portfolio. The trading portfolio of the Company consists of Government treasury bills and bonds of different maturities. Interest rate risk arises from mismatches between the future yield of an asset and their funding cost.

Portfolio risk

Portfolio risk arises from movement in market value of equities held.

Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Company. Internal Control and Compliance Division undertakes year call and special audit of the Company for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

Implementation of BASEL -II

To comply with International Best Practice and to make the Company's Capital more risk-sensitive as well as to build the Financial Industry more shock absorbent and stable , Bangladesh Bank provide revised regulatory capital framework "Risk Based Capital Adequacy" for Company's which is effected from January 2012.

a. Standardized Approach for calculating Risk weighted Assets (RWA) against Credit Risk;

b. Standardized (Rule Based) Approach for calculating Risk weighted Assets (RWA) against Market Risk;

c. Basic Indicator Approach for calculating Risk weighted Assets (RWA) against Operational Risk;

Under the Standard Approach of the Risk Based Capital Adequacy Framework (BASEL-II) credit rating is to be determined on the basis of risk profile assessed by the External Credit Assessment Institutions (ECAIs).

As per CAMD guideline, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10% of Risk Weighted Assets (RWA).

Internal Capital Adequacy Assessment Process (ICAAP)

Internal Capital Adequacy Assessment Process (ICAAP) represents the Company's own assessment of its internal capital requirements. The Company's approach to calculating its own internal capital requirement has been to take the minimum capital required for credit risk, market risk and operational risk under Pillar-I as the starting point, assess whether this is sufficient to cover those risks and then identify other risks (Pillar-II) and assess prudent level of capital to meet them.

The assessment is undertaken using time series of data and Bangladesh Bank's guidelines on Risk Based Capital Adequacy for Company to assess the likelihood of occurrence and potential impact. Purposes of Internal Capital Adequacy Assessment Process are to:

i) inform the Board of Directors about:

- assessing risks
- initiatives to mitigate identified risks
- capital requirement to support the operations in light of identified risks.

ii) comply with Bangladesh Bank's requirement.

1.09 Statutory reserve

This represents 20% of net profit after tax which is set aside in compliance with clause 6 of the Financial Institution Regulations, 1994.

1.10 Employees benefits

There were two benefit schemes for FFIL employees, provident fund and gratuity fund. Both of these benefit plans are operated in compliance with BAS-19 "Employees Benefits" and stated as under;

FAS Finance & Investment Limited
Notes to the Financial Statements
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1.10.01 Provident fund

The Company operates a contributory provident fund scheme for its employees, which is recognized by the National Board of Revenue under Clause 2(1) of the First Schedule Part B of the Income tax Ordinance, 1984 of (XXXVI) effective from 31 August 2008. Both the company and employees are contributing to the fund.

1.10.02 Gratuity fund

The Company extends gratuity benefits to its employees, which is recognized by the National Board of Revenue (NBR) under clause 2(1) of the First Schedule Part-B of the Income tax Ordinance, 1984 of (XXXVI) effective from 25 November 2008. The gratuity is paid on the basis of the last two basic pay and is payable at the rate of two month's basic pay for every completed year of service.

1.11 Earnings per share (BAS -33)

Basic earnings per share

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

In computing the basic earnings per share during the year January 1, 2017 to December 31, 2017, the total number of shares including the said bonus shares has been considered as the weighted average no. of shares outstanding during the year January 1, 2017 to December 31, 2017 as per BAS 33 "Earnings per Share".

1.12 Related party disclosure (BAS -24)

The Company transacts with related parties. Parties are considered to be related if one party has the ability to control the other or exercise significant influence in making the financial and operating decisions.

1.13 Impairment of assets (BAS-36)

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit or loss.

1.14 Cash Reserve Requirements and Statutory Liquidity Requirements

The Company maintains cash reserve requirements and statutory liquidity reserve with the Bangladesh Bank current account as per FID circular no. 06, dated 06 November 2003 and subsequent in FID circular no. 02, dated 10 November 2004 for statutory cash reserve requirements. The Company meets the terms of CRR and SLR in a satisfactory way in accordance with Section-19 of the Financial Institutions Act 1993 and Clause-05 of the Financial Institution Regulations 1994.

1.15 Foreign currency transaction (BAS-21)

Translation in foreign currencies are translated in Bangladesh Taka and recorded at the ruling exchange rates applicable on the date of transaction and in accordance with BAS-21 "The Effects of Changes in Foreign Exchange Rates"

1.16 Events after the reporting period (BAS -10)

As per BAS -10 "Events after the reporting period" Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that is indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

There were no materials events have occurred after the reporting period which could affect the values stated in the financial statements.

1.17 General

a. These financial statements are presented in Taka, which is the Company's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b. Figures of previous year have been rearranged whenever necessary to conform to current year presentation.

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	 31-Dec-2016
2	**Cash**			
	Cash in hand (including foreign currency)	2.1	45,551	28,163
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	2.2	52,299,910	68,991,304
			52,345,461	**69,019,467**
2.1	**Cash in hand (including foreign currency)**			
	Local currency		45,551	28,163
	Foreign currency		-	-
			45,551	**28,163**
2.2	**Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)**			
	Balance with Bangladesh Bank			
	Local currency		52,299,910	68,991,304
	Foreign currency		-	-
			52,299,910	**68,991,304**
	Agent Bank of Bangladesh Bank		**-**	**-**
			52,299,910	**68,991,304**

2.3 Statutory deposits

2.3.1 Cash reserve requirement (CRR) and statutory liquidity reserve (SLR)

Cash reserve requirement and statutory liquidity reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 & Financial Institution Regulations 1994 and FID circular number 06 dated November 06, 2003 and FID circular number 02 dated November 10, 2004.

Cash reserve requirement (CRR) has been calculated at the rate of 2.50% on total term deposits which is preserved in current account maintained with Bangladesh Bank. 'Total term deposit' means term or fixed deposit, security deposit against lease/loan and other term deposits, received from individuals and institutions (except banks & financial institutions).

Statutory liquidity reserve (SLR) has been calculated at the rate of 5.00% on total liabilities (except banks & financial institutions), including CRR of 2.50% on total term deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and financial institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate & any other assets approved by Bangladesh Bank.

(a) Cash reserve requirement (CRR)

The Company requires to maintain cash with Bangladesh Bank current account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institutions.

Required reserve	43,180,246	65,037,561
Actual reserve maintained	43,302,267	77,136,113
Surplus	**122,021**	**12,098,552**

(b) Statutory liquidity reserve (SLR)

The Company requires to maintain SLR equivalent to 5.00% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.

Required reserve (Including CRR)	127,913,554	175,742,682
Actual reserve maintained (Including CRR)	2,246,363,682	1,794,327,524
Surplus	2,118,450,128	1,618,584,842
Total required reserve	127,913,554	175,742,682
Total actual reserve maintained	2,246,363,682	1,794,327,524
Surplus	**2,118,450,128**	**1,618,584,842**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at	
			31-Dec-2017	31-Dec-2016
2 (a) Consolidated Cash				
i. Cash in hand (including foreign currency)				
FAS Finance & Investment Limited		2.1	45,551	28,163
FAS Capital Management Limited			41,103	6,951
			86,654	**35,114**
ii. Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)				
FAS Finance & Investment Limited		2.2	52,299,910	68,991,304
FAS Capital Management Limited			-	-
			52,299,910	**68,991,304**
			52,386,564	**69,026,418**
3 Balance with other banks and financial institutions				
In Bangladesh		3.1	2,782,812,721	1,766,972,484
Outside Bangladesh			-	-
			2,782,812,721	**1,766,972,484**
3.1 In Bangladesh				
Current deposits				
Al-Arafah Islami Bank Ltd., VIP Road Branch, Nayapaltan, Dhaka	CD-0141020041903		1,059,503	34,982
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	CD-010111100028541		604,549	606,429
Islami Bank Bangladesh Ltd., Foreign Ex. Cor. Br., Dhaka	AWCA-1090100819116		92,932	95,647
Islami Bank Bangladesh Ltd., Foreign Ex. Cor.Br., Dhaka	AWCA-1090100870618		1,081	2,490
Mercantile Bank Ltd., Main Branch, Dhaka	CD-010111100086641		-	-
Pubali Bank Ltd., Mohakhali Branch , Dhaka	CD-3677901015917		1,449,431	74,587
Southeast Bank Ltd., Gulshan Branch, Dhaka	CD-001011100017141		1,539	2,689
Standard Bank Ltd., Gulshan Branch, Dhaka	CD-00933010415		2,410	4,825
State Bank of India, Gulshan Branch , Dhaka	CD-05420232420001		-	-
The Premier Bank Ltd., Gulshan Branch, Dhaka	CD-014911100000194		-	-
Uttara Bank Ltd., Corporate Branch, Dhaka	CD-154512200212029		395,631	158,181
Woori Bank, Dhaka Branch, Dhaka	CDA-923915855		3,207	7,957
			3,610,283	**987,787**
Special notice deposit accounts				
Bank Asia Ltd., Paltan Branch, Dhaka	SND-04936000058		44,121	81,875
Bank Asia Ltd., Sonargaon-Janapath Road Branch, Dhaka	SND-07536000033		57,484	60,917
Bangladesh Commerce Bank Ltd., Principal Branch, Dhaka	SND-00232000082		101,659	100,971
BASIC Bank Limited, Bangshal Branch, Dhaka	SND-0616-01-0000635		41,847	3,047
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka	SND-1161200000974		973,217	4,740,538
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka	SND-1161200003865		11,786,402	864,605
Dutch Bangla Bank Ltd., CDA Avenue Branch, Chittagong	SND-1291200000707		1,781	2,902
EXIM Bank Ltd., Gulshan Branch, Dhaka	SND-00713100065009		23,165	23,871
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	SND-010113100001512		356,109	350,559
First Security Islami Bank Ltd., Ring Road Branch, Dhaka	SND-013313100000056		222,907	191,832
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	SND-010113100002301		6,729	7,609
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	SND-13100009342		474,416	477,761
Mercantile Bank Ltd., Main Branch, Dhaka	SND-110113110196932		14,802,028	24,223
Midland Bank Ltd., Dilkusha Corporate Branch, Dhaka	SND-0001-1090000296		1,273	4,873

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

		Amount in Taka as at	
		31-Dec-2017	31-Dec-2016
Mutual Trust Bank Ltd., Gulshan Branch, Dhaka	SND-0022-0320001041	2,155	28,934
Mutual Trust Bank Ltd., Gulshan Branch, Dhaka	SND-0022-0320000131	385,935	638,756
Mutual Trust Bank Ltd., CDA Avenue Branch, CTG	SND-0009-0320000889	236,087	1,582,417
Mutual Trust Bank Ltd., Sylhet Branch , Sylhet	SND-0023-0320000578	2,385,167	65,230
NCC Bank Ltd., Bashundhara Branch, Dhaka	SND-0096-0325000017	1,751	15,206
NCC Bank Ltd., Gulshan Branch, Dhaka	SND-0012-0325000802	59,722	59,356
NRB Bank Ltd., Bhulta Branch, Dhaka	SND-1131030002531	241,086	-
NRB Commercial Bank Ltd., Principal Branch, Dhaka	SND-010136000000012	25,862	1,059
One Bank Limited, Ganakbari Branch, Savar	SND-0053000000323	16,840	9,859
Prime Bank Limited, Dhanmondi Branch, Dhaka	SND-14631090025594	196,235	61,498
Pubali Bank Ltd., Narsingdi Branch, Narsingdi	SND-0722102000518	96,631	151,626
Shahjalal Islami Bank Ltd., Mohakhali Brach, Dhaka	SND-403813100000009	-	-
Social Islami Bank Ltd., Begum Rokeya Sarani Br., Dhaka	SND-0131360001027	20,040,088	2,869,439
South Bangla Agriculture & Commerce Bank Ltd., Gulshan Br., Dhaka	SND-01130000097627	5,785	61,757
The Farmers Bank, Motijheel Branch, Dhaka	SND-0113000007464	172,271	166,030
The Premier Bank Limited, Gulshan Circle-2 Branch, Dhaka	SND-13100000070	10,266	27,274
The Premier Bank Limited, Tejgaon Link Road Br., Dhaka	SND-13100000020	11,220	36,601
Uttara Bank Ltd., Corporate Branch, Dhaka	SND-154514100041132	8,738	28,555
Woori Bank, Dhaka Branch, Dhaka	NDA-923000195	24,486,711	7,509,517
		77,275,688	**20,248,697**
Savings deposits		**-**	**-**
Fixed deposits			
ICB Islami Bank Limited		-	20,736,000
International Leasing and Financial Services Limited		400,000,000	200,000,000
National Bank of Pakistan		100,000,000	100,000,000
Peoples Leasing & Financial Services Limited		970,000,000	1,070,000,000
Premier Leasing & Finance Limited		400,000,000	-
Social Islami Bank Limited		300,000,000	325,000,000
Union Bank Ltd.		500,000,000	-
Woori Bank Limited		31,926,750	30,000,000
		2,701,926,750	**1,745,736,000**
		2,782,812,721	**1,766,972,484**

3.1.a Account-wise/grouping of balance with other banks and financial institutions

Current deposits	3,610,283	987,787
Special notice deposit accounts	77,275,688	20,248,697
Savings deposits	-	-
Fixed deposits	2,701,926,750	1,745,736,000
	2,782,812,721	**1,766,972,484**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

		Amount in Taka as at	
		31-Dec-2017	31-Dec-2016
3.1.b Maturity grouping of balance with other banks			
Repayable-on demand		3,610,283	987,787
-up to 3 months		1,879,202,438	1,295,248,697
-over 3 months but within 1 year		900,000,000	470,736,000
-over 1 year but within 5 years		-	-
-over 5 years		-	-
		2,782,812,721	**1,766,972,484**
3 (a) Consolidated balance with other banks and financial institutions			
i. In Bangladesh:			
FAS Finance & Investment Limited	3.1	2,782,812,721	1,766,972,484
FAS Capital Management Limited	3 (a)i	4,088,213	39,508,899
		2,786,900,934	**1,806,481,383**
ii. Outside Bangladesh:			
FAS Finance & Investment Limited		-	-
FAS Capital Management Limited		-	-
		-	-
		2,786,900,934	**1,806,481,383**
3 (a)i Bank balance of FAS Capital Management Limited			
Current deposits			
State Bank of India	CD-05420271520201	1,648	2,798
Woori Bank, Dhaka Branch, Dhaka	CDA-923920015	146,465	-
		148,113	**2,798**
Special notice deposit accounts			
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka	SND-116.120.1505	372,885	84,829
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka-LRHR	SND-116.120.4323	555,857	-
Mutual Trust Bank Ltd., Gulshan Branch, Dhaka	SND-0022-0320000793	76,591	45,660
Prime Bank Ltd., Mohakhali Branch, Dhaka	SND-11031050015284	1	1
Prime Bank Ltd., Gulshan Branch, Dhaka	SND-11831060023968	-	-
Social Islami Bank Ltd., Gulshan Branch, Dhaka	SND-0081360000649	164,776	665
The City Bank Ltd., Gulshan Branch, Dhaka	6002-PIAA	14,282	190,697
The City Bank Ltd., Gulshan Branch, Dhaka	SND-3101221156001	196,791	6,813,156
The City Bank Ltd., Gulshan Branch, Dhaka	SND-3101221156003	1,911,832	-
Woori Bank, Dhaka Branch, Dhaka	NDA-923000208	647,085	8,593
		3,940,100	**7,143,601**
Fixed deposits			
The City Bank Limited		-	32,362,500
		-	32,362,500
Total		**4,088,213**	**39,508,899**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	 31-Dec-2016
4	**Money at call and on short notice**			
	With banks		-	-
	With financial institutions		-	-
			-	**-**
4 (a)	**Consolidated money at call and on short notice**			
	FAS Finance & Investment Limited	4	-	-
	FAS Capital Management Limited		-	-
			-	-
5	**Investments**		**297,338,840**	**339,840,072**
5.1	**In Government securities**			
	Treasury bills		-	-
	National investment bonds		-	-
	Bangladesh bank bills		-	-
	Government notes/bonds		-	-
	Prize bonds		-	-
	Others		-	-
			-	**-**
5.2	**Other investments**			
	Preference shares		-	-
	Ordinary shares (Quoted and Unquoted)	5.2.a	297,338,840	339,840,072
	Debentures		-	-
	Bonds		-	-
	Zero Coupon Bond		-	-
	Other investments		-	-
	Gold, etc.		-	-
			297,338,840	**339,840,072**
			297,338,840	**339,840,072**
5.2.a	**Ordinary shares (Quoted and Unquoted)**			
	Quoted			
	Aamra Network Limited		118,560	-
	AB Bank Limited		3,651,505	-
	Active Fine Chemical Limited		5,946,772	1,386,530
	ACI Limited		4,921,608	39,675,574
	Al-Arafah Islami Bank Limited		10,115,300	-
	Aman Feed Limited		1,696,508	-
	Appollo Ispat Complex Limited		12,165,364	-
	Bangladesh Submarine Cable Company Limited		-	1,223,505
	Baraka Power Limited		25,317,725	-
	CVO Petrochemical Refinery Limited		5,842,063	17,479,858
	Delta Life Insurance Company Limited		4,922,595	8,171,665
	First Security Islami Bank limited		6,711,740	-
	Fortune Shoes Limited		15,674,549	407,718
	Generation Next Fashions Limited		-	13,457,186

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

	Amount in Taka As at 31-Dec-2017	Amount in Taka As at 31-Dec-2016
Golden Son Limited	38,308,079	22,921,582
GPH Ispat Limited	28,948,302	-
Grameen Phone Limited	-	21,770,015
Investment Corporation of Bangladesh	2,486,318	-
ICB AMCL Second Mutual Fund	2,412,064	-
ICB Islamic Bank Limited	-	2,435,882
Ifad Autos Limited	-	348,327
International Leasing and Financial Services Limited	23,793,118	-
Jamuna Oil Company Limited	-	11,613,814
Khulna Printing & Packaging Limited	-	3,324,630
Linde Bangladesh Limited	2,039,384	-
Malek Spinning Mills Limited	3,491,105	-
Marico Bangladesh Limited	-	4,383,436
Meghna Life Insurance Company Limited	-	7,596,297
Meghna Petroleum Limited	-	22,848,990
Mercantile Bank Limited	17,236,270	-
Miracle Industries Limited	-	1,521,449
Mozaffar Hossain Spining Mills Limited	-	18,195,127
Nahee Aluminum Composite Panel Limited	62,247	-
National Housing Finance & Investment Limited	3,946,724	-
National Polymer Industries Limited	440,505	-
National Tubes Limited	-	1,912,347
Niloy Cement Industries Limited	67,845	67,845
Oimex Electrode Limited	64,800	-
Olympic Accessories Limited	-	566,095
Orion Infusions Limited	-	3,993,557
Padma Oil Company Limited	-	49,295,973
Paramount Textiles Limited	-	19,047,328
Quasem Drycell Limited	7,247,466	-
Ratanpur Steel Re-R Mills Limited	-	2,557,264
Reckitt Benckiser (BD) Limited	-	14,337,845
Saif Powertec Limited	20,577,782	772,980
Sandhaani Life Insurance Company Limited	-	9,546,296
Shajibazar Power Company Limited	15,942,534	28,970,581
Union Capital Limited	18,476,528	-
Yeakin Polymer Limited	-	10,376
	282,625,360	**329,840,072**
Unquoted		
Achia Sea Foods Limited	10,000,000	10,000,000
Aman Cotton Fibrous Ltd.	1,255,400	-
Bashundhara Paper Mills Ltd.	3,458,080	-
	14,713,480	**10,000,000**
	297,338,840	**339,840,072**

(A schedule of investments in share is given in annexure-2)

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka	
			As at	
			31-Dec-2017	31-Dec-2016
5.3	**Maturity grouping**			
	Repayable-on demand		-	-
	-up to 3 months		3,000,000	5,000,000
	-over 3 months but within 1 year		9,000,000	50,000,000
	-over 1 year but within 5 years		285,338,840	284,840,072
	-over 5 years		-	-
			297,338,840	**339,840,072**
5 (a)	**Consolidated Investments**			
	i. In Government securities			
	FAS Finance & Investment Limited		-	-
	FAS Capital Management Limited		-	-
			-	-
	ii. Other Investments			
	FAS Finance & Investment Limited	5.2	297,338,840	339,840,072
	FAS Capital Management Limited	5 (a)i	809,188,587	528,911,843
			1,106,527,427	**868,751,915**
			1,106,527,427	**868,751,915**
5 (a)i	**Ordinary shares (Quoted and Unquoted) of FAS Capital Management Limited**			
	Quoted			
	Aamra Network Limited		118,560	-
	AB Bank Limited		17,124,531	-
	ACI Limited		24,440,619	35,361,052
	ACI Formulation Limited		-	27,650,014
	Active Fine Chemicals Limited		1,899,983	2,597,653
	Al-Arafah Islami Bank Limited		37,249,675	-
	Alif Manufacturing Company Limited		8,241,884	-
	Aman Feed Limited		13,741,480	-
	Appollo Ispat Complex Limited		28,407,473	1,166,401
	Bangladesh Building System Limited		22,262,588	262,786
	Bangladesh Shipping Corporation		21,349,856	-
	Baraka Power Limited		37,385,961	-
	BRAC Bank Limited		-	2,281,494
	Bangladesh Submarine Cable Company Limited		-	1,804,491
	Bangladesh Steel Re-rolling Mills Limited		-	2,431,948
	CVO Petrochemical Refinery Limited		326,320	18,143,871
	Delta BRAC Housing Limited		-	13,670,020
	Delta Life Insurance Company Limited		-	2,665,675
	Far Chemical Industries Limited		-	23,067,904
	First Security Islami Bank limited		20,321,571	-
	Foutune Shoes Limited		7,805,615	745,762
	Gemini Sea Food Limited		-	759,442
	Glaxo Smithkline Bangladesh		20,876,534	14,468,213
	GPH Ispat Limited		56,486,653	-
	Grameen Phone Limited		4,757,425	17,954,392

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

	Amount in Taka As at 31-Dec-2017	Amount in Taka As at 31-Dec-2016
IDLC Finance Limited	6,768,445	-
IFIC Bank Limited	12,932,599	-
International Leasing and Financial Services Limited	28,658,691	-
ICB AMCL Second Mutual Fund	1,802,675	-
Ifad Autos Limited	128,812	-
Investment Corporation of Bangladesh	11,790,200	-
KDS Accessories Limited	16,412,335	-
Khan Brothers PP Waven Bag Industries Limited	206,590	-
Lanka Bangla Finance Limited	18,339,681	-
Malek Spinning Mills Limited	25,750,991	-
Marico BD Limited	-	1,345,053
Meghna Petroleum Limited	-	32,019,419
Mercantile Bank Limited	77,354,174	-
Miracle Industries Limited	-	1,548,587
MJL Bangladesh Limited	3,472,335	-
Mithun Knitting & Dyeing Limited	-	2,001,890
Mozaffar Hossain Spining Mills Limited	-	18,599,228
Nahee Aluminum Composite Panel Limited	62,247	-
National Housing Finance & Investment Limited	13,828,496	-
National Polymer Industries Limited	1,071,324	-
National Tubes Limited	127,156	3,439,824
NCC Bank 1st Mutual Fund	1,740,075	-
NLI 1st Mutual Fund	35,410,506	-
Oimex Electrode Limited	64,800	-
One Bank Limited	9,684,868	-
Orion Infusion Limited	-	4,595,702
Padma Oil Company Limited	-	36,483,467
Peoples Leasing and Financial Services Limited	-	75,050,736
PHP 1st Mutual Fund	10,593,621	-
Popular 1st Mutual Fund	9,472,446	-
Pragati Life Insurance Company Limited	-	3,246,456
Quasem Drycells Limited	9,671,389	2,829,062
Renata Limited	-	1,106,749
Saif Powertec Limited	30,304,164	1,029,190
SEML Lacture E.Management Fund	6,475,460	-
Shahjibazar Power Company Limited	51,915,043	54,315,189
Simtex Industries Limited	1,934,527	71,001,779
Southest Bank 1st MF	28,110,052	-
Square Pharma Limited	956,227	7,451,046
Summit Power Company Limited	-	8,043,307
The City Bank Limited	7,986,860	-
The IBN Sina Pharma LTd.	3,697,139	-
Union Capital Limited	50,454,451	-
United Airways (BD) Limited	-	1,299,687
Western Marine Shipyard Ltd.	-	3,945,303
Yeakin Polymer Ltd.	-	29,051
	799,975,107	**494,411,843**

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

		Amount in Taka As at 31-Dec-2017	Amount in Taka As at 31-Dec-2016
	Unquoted		
	Aman Cotton Fibrous Ltd.	1,255,400	-
	Bashundhara Paper Mills Ltd.	3,458,080	-
	Indo-Bangla Pharmaceuticals Ltd.	4,500,000	4,500,000
	Pacific Denims Ltd	-	30,000,000
		9,213,480	**34,500,000**
	Total	**809,188,587**	**528,911,843**
		-	**-**
6	**Loans, advances and leases**	**14,020,128,589**	**13,841,656,643**
6.1	**Maturity wise grouping's**		
	Repayable-on demand	-	-
	-not more than 3 months	2,827,125,141	1,630,000,000
	-more than 3 months but not more than 1 year	7,510,095,591	4,615,000,000
	-more than 1 year but not more than 5 years	2,876,782,061	6,855,000,000
	-more than 5 years	806,125,796	741,656,643
		14,020,128,589	**13,841,656,643**
6.2	**Loans, cash credits, overdrafts, and leases etc**		
	In Bangladesh		
	Loans-General	13,682,603,305	13,401,144,112
	Cash credits	-	-
	Overdrafts	-	-
	Leases	337,525,284	440,512,531
		14,020,128,589	**13,841,656,643**
		-	
	Outside Bangladesh	**-**	**-**
		14,020,128,589	**13,841,656,643**
6.3	**Loans, advances & leases on the Basis of Significant**		
	Advance to allied concerns of Directors	-	-
	Advance to chief executive officer, other executives and staffs	782,184	27,192
	Advances to industries	8,918,972,550	12,839,870,936
	Advance to customer groups	5,100,373,855	1,001,758,515
		14,020,128,589	**13,841,656,643**
6.4	**Industry-wise loans, advances and leases**		
	Agriculture	220,534,104	145,105,296
	Chemicals & pharmaceuticals	1,431,006,853	1,349,700,332
	Electronics & electrical	106,032,258	105,577,980
	Food & beverage	8,957,341	34,992,770
	Garments & accessories	520,343,418	546,939,762
	Home loan	719,123,929	815,966,208
	Housing companies	1,527,473,812	1,290,176,370
	Information technology	-	1,390,645
	Iron, steel & engineering	1,588,249	52,842,699
	Paper, printing & packaging	142,034,985	127,840,959
	Plastics industries	4,606,856	15,787,620
	Power, gas, water and sanitary service	200,221,164	209,909,169
	Transport financing	1,279,481,266	1,570,113,747
	Others	7,858,724,354	7,575,313,086
		14,020,128,589	**13,841,656,643**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

		Amount in Taka As at	
		31-Dec-2017	31-Dec-2016
6.5	**Geographical Location-wise (Division)**		
	In Bangladesh		
	Dhaka	13,862,289,030	13,674,500,111
	Chittagong	146,628,956	155,900,866
	Sylhet	11,210,603	11,255,666
		14,020,128,589	**13,841,656,643**
6.6	**Classification of loans, advances and leases**		
	Unclassified		
	Standard	12,171,768,431	11,947,051,535
	Special mention account	211,891,258	511,815,858
	Total unclassified loans, advances and leases	**12,383,659,689**	**12,458,867,393**
	Classified		
	Sub-standard	104,010,354	260,156,372
	Doubtful	472,490,331	508,805,318
	Bad/Loss	1,059,968,215	613,827,560
	Total classified loans, advances and leases	**1,636,468,900**	**1,382,789,250**
		14,020,128,589	**13,841,656,643**
6.7	**Particulars of loans, advances and leases**		
	i) Loans considered good in respect of which the FI's is fully secured	7,636,386,708	7,983,194,085
	ii) Loans considered good against which the FI's holds no security other than the debtors' personal guarantee	5,553,622,942	4,942,672,512
	iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	830,118,939	915,790,046
	iv) Loans adversely classified but provision not maintained there against	-	-
		14,020,128,589	**13,841,656,643**
	v) Loans due by directors or officers of the FI's or any of them either separately or jointly with any other persons	782,184	27,192
	vi) Loans due from companies or firms in which the directors of the FI's are interested as Directors, partners or Managing agents or, in case of private companies, as members	-	-
	vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the FI's or any of them either separately or jointly with any other persons	994,361	200,868
	viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the FI's are interested as Directors, partners or managing agents or, in the case of private companies, as members	-	-
	ix) Due from other FI's	-	-
	x) Amount of classified loans on which interest has not been charged:		
	a) Increase/decrease of provision (specific)	(3,413,147)	19,589,651
	b) Amount of loan written off	64,461,217	26,769,277
	c) Amount realized against loan previously written off	2,646,062	-
	d) Provision kept against loans classified as bad/loss on the date preparing the balance sheet	79,160,824	82,573,971
	e) Interest creditable to interest suspense account	73,061,744	48,603,127
	xi) Written off loan		
	Opening Balance	164,520,655	137,751,378
	During the year	64,461,217	26,769,277
	Cumulative to date (as per Bangladesh Bank guidelines)	226,335,810	164,520,655
	The amount of written off loans for which lawsuits have been filed for its recovery	226,335,810	164,520,655

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

		Amount in Taka	
		As at	
		31-Dec-2017	31-Dec-2016
6 (a) Consolidated loans, cash credits, overdrafts, and leases etc			
i. In Bangladesh			
FAS Finance & Investment Limited	6.2	14,020,128,589	13,841,656,643
FAS Capital Management Limited		1,377,932,183	1,553,339,389
		15,398,060,772	**15,394,996,032**
Less: Loan to FAS Capital Management Limited		(1,418,261,378)	(1,376,626,475)
		13,979,799,394	14,018,369,557
ii. Outside Bangladesh			
FAS Finance & Investment Limited		-	-
FAS Capital Management Limited		-	-
		-	-
		13,979,799,394	**14,018,369,557**

6(a).i Due to unusual/unexpected fall in the share market, the market value of collateral securities at the year ended reduced by the receivable amount of Tk. 837,687,563 against which the company has made provision for Tk. 89,668,773 i.e. equivalent to 10.70% of the net unrealized loss of outstanding margin loan to client instead of required provision of its negative equity balance for each five quarter from 31 December 2017 to 31 December 2018 @ 20% as per BSEC Circular no. SEC/CMRRCD/2009-193/196 dt. 28/12/2016 and SEC/CMRRCD/2009-193/203 dt. 28/12/2017.

7 Bills purchased and discounted			
In Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
7.1 Maturity grouping			
-payable within 1 month		-	-
-over 1 month but less than 3 months		-	-
-over 3 months but less than 6 months		-	-
-6 months or more		-	-
		-	-
7 (a) Consolidated bills purchased and discounted			
FAS Finance & Investment Limited	7	-	-
FAS Capital Management Limited		-	-
		-	-
8 Fixed assets including premises, furniture and fixtures		**Annexture-1**	
Cost:			
Land		86,527,860	86,527,860
Office building		309,082,807	309,082,807
Furniture & fixture		6,746,893	6,130,110
Office decoration		6,647,205	6,647,205
Office equipment		8,641,345	6,184,837
Motor vehicles		37,801,608	33,227,768
Electrical installation		1,959,142	1,942,299
Computer		5,580,073	5,444,423
Telephone line & PABX system		812,763	784,413
Software		638,421	638,421
		464,438,117	**456,610,143**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	 31-Dec-2016
	Less: Accumulated depreciation:			
	Office building		110,196,221	99,728,506
	Furniture & fixture		3,274,087	2,919,101
	Office decoration		3,201,046	2,818,139
	Office equipment		4,428,826	3,828,148
	Motor vehicles		15,894,196	12,254,692
	Electrical installation		1,349,621	1,242,801
	Computer		3,130,154	2,709,466
	Telephone line & PABX system		431,549	364,693
	Software		239,125	168,661
			142,144,825	**126,034,207**
	Written down value at the end of the year		**322,293,292**	**330,575,936**
8 (a)	**Consolidated fixed assets including premises, furniture and fixtures**		**Annexture-1 (a)**	
	FAS Finance & Investment Limited	8	322,293,292	330,575,936
	FAS Capital Management Limited		9,407,624	10,244,313
			331,700,916	**340,820,249**
9	**Others assets**			
	Income generating			
	i) Investment in Shares of subsidiary companies			
	-In Bangladesh	9.1	243,000,000	243,000,000
	-Outside Bangladesh		-	-
			243,000,000	**243,000,000**
	Non-income generating			
	ii) Stationery, stamps, printing, materials, etc.		230,693	213,599
	iii) Advance rent and advertisement		28,253,600	5,278,850
	iv) Interest accrued on investment but not collected, commission & brokerage receivable on shares and debenture and income receivable		171,892,896	152,855,026
	v) Security deposit		503,300	503,300
	vi) Preliminary, formation and organization expenses, renovation/development and prepaid expenses		24,030,021	17,835,258
	vii) Branch adjustment (net reconciled)		-	-
	viii) Suspense account		-	-
	ix) Silver		-	-
	x) Advance corporate income tax	9.2	293,227,361	211,975,398
	xi) Accounts receivable		3,104,925	4,467,145
	xii) Deferred tax asset	13.3	-	-
	xiii) others		51,288,296	81,288,296
			572,531,092	**474,416,872**
			815,531,092	**717,416,872**
9.1	**Investment in Shares of subsidiary companies**			
	In Bangladesh	9.1.a	243,000,000	243,000,000
	Outside Bangladesh		-	-
			243,000,000	**243,000,000**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	 31-Dec-2016
9.1.a	**Investment in Shares of subsidiary companies-In Bangladesh**			
	FAS Capital Management Limited		243,000,000	243,000,000
			243,000,000	**243,000,000**
	Out of the total of 25,000,000 ordinary shares issued and paid up, FAS Finance & Investment Limited holds 24,300,000 ordinary shares of Tk. 10 each.			
9.2	**Advance corporate income tax**			
	Advance income tax on bank interest		15,904,172	11,044,521
	Advance income tax on dividend		5,913,085	3,886,346
	Advance income tax (LTU)		265,080,130	190,901,888
	Advance income tax on motor vehicle		432,643	245,312
	Advance income tax on share placement		5,620,000	5,620,000
	Advance income tax (source Tax)		277,331	277,331
			293,227,361	**211,975,398**
9.2 (a)	**Consolidated advance corporate income tax**			
	FAS Finance & Investment Limited	9.2	293,227,361	211,975,398
	FAS Capital Management Limited		6,947,972	12,851,676
			300,175,333	**224,827,074**
9 (a)	**Consolidated others assets**			
	i. Income generating			
	FAS Finance & Investment Limited	9	243,000,000	243,000,000
	FAS Capital Management Limited		-	-
			243,000,000	**243,000,000**
	Less: Investment in subsidiary companies		(243,000,000)	(243,000,000)
	(FAS Capital Management Limited)		-	-
	ii. Non-income generating			
	FAS Finance & Investment Limited	9	572,531,092	474,416,872
	FAS Capital Management Limited		24,699,334	44,886,723
			597,230,426	**519,303,595**
	Less: Inter company transaction		(554,712)	(1,046,019)
			596,675,714	**518,257,576**
			596,675,714	**518,257,576**
10	**Non-Financial assets-held for sale**			
	Land & Building		44,665,893	44,665,893
			44,665,893	**44,665,893**
10 (a)	**Consolidated Non-Financial assets-held for sale**			
	FAS Finance & Investment Limited	10	44,665,893	44,665,893
	FAS Capital Management Limited		-	-
			44,665,893	**44,665,893**
11	**Borrowings from other banks, financial institutions and agents**			
	In Bangladesh	11.1	6,325,356,511	5,800,671,976
	Outside Bangladesh		-	-
			6,325,356,511	**5,800,671,976**

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	 31-Dec-2016
11.1	**In Bangladesh**			
	SME Refinancing Loan		1,662,857	6,950,179
	Agrani Bank Limited		50,000,000	-
	Al-Arafah Islami Bank Limited		383,994,770	402,481,333
	Bangladesh Development Bank Limited		170,000,000	170,000,000
	Bangladesh Infrastructure Finance Fund Limited (BIFFL)		30,000,000	-
	Bank Asia Limited		157,977,929	214,884,314
	BASIC Bank Limited		380,569,511	370,963,019
	Dhaka Bank Limited		99,446,630	102,640,346
	ICB Islamic Bank Limited		120,000,000	20,000,000
	International Leasing and Financial Services Limited		437,000,000	740,000,000
	Mercantile Bank Limited		1,443,013,366	567,255,114
	Meridian Finance & Investment Limited		-	200,000,000
	Midland Bank Limited		226,124,574	264,848,924
	Mutual Trust Bank Limited		308,618,302	424,602,129
	NCC Bank Limited		92,349,975	-
	NRB Bank Limited		261,259,694	-
	NRB Commercial Bank Limited		185,722,439	235,184,242
	One Bank Limited		137,956,574	-
	Prime Bank Limited		338,708,012	358,600,074
	Social Islami Bank Limited		94,933,317	228,508,036
	Sonali Bank Limited		70,000,000	70,000,000
	South Bangla Agriculture & Commerce Bank Limited		515,763,378	206,076,373
	State Bank of India		77,047,738	77,314,536
	The Premier Bank Limited		386,970,044	427,720,701
	UAE-Bangladesh Investment Company Limited		24,581,898	41,982,627
	Uttara Bank Limited		241,655,503	604,660,029
	Woori Bank Limited		90,000,000	66,000,000
			6,325,356,511	**5,800,671,976**
11.2	**Security against Borrowings from other banks, financial institutions and agents**			
	Secured		6,323,693,654	5,793,721,797
	Unsecured		1,662,857	6,950,179
			6,325,356,511	**5,800,671,976**
11.3	**Maturity grouping's**			
	Repayable-on demand		-	-
	-up to 3 months		486,525,775	387,747,368
	-over 3 months but within 1 year		4,191,399,898	2,234,614,857
	-over 1 year but within 5 years		1,647,430,838	3,178,309,751
	-over 5 years		-	-
			6,325,356,511	**5,800,671,976**
11 (a)	**Consolidated borrowings from other banks, financial institutions and agents**			
	FAS Finance & Investment Limited	11	6,325,356,511	5,800,671,976
	FAS Capital Management Limited		1,808,261,378	1,767,336,845
			8,133,617,889	**7,568,008,821**
	Less: Loan from FAS Finance & Investment Limited		(1,418,261,378)	(1,376,626,475)
			6,715,356,511	**6,191,382,346**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka	
			As at	
			31-Dec-2017	31-Dec-2016
12	**Deposits and other accounts**			
	Current deposits and other accounts		-	-
	Bills payable		-	-
	Savings bank deposits		-	-
	Fixed deposits	12.1	8,781,681,956	8,224,278,625
	Bearer certificates of deposit		-	-
	Others deposits		-	-
			8,781,681,956	**8,224,278,625**
12.1	**Fixed deposits**			
	Deposit from FI's-inside Bangladesh		5,820,815,030	5,970,892,500
	Other than FI's-inside Bangladesh		2,960,866,926	2,253,386,125
			8,781,681,956	**8,224,278,625**
12.1.a	**Maturity analysis of Fixed Deposits**			
	Deposit from FI's-inside Bangladesh			
	Repayable-on demand		-	-
	-within 1 month		1,159,386,450	1,350,000,000
	-over 1 month but within 6 months		3,391,428,580	2,450,000,000
	-over 1 year but within 1 year		1,270,000,000	2,170,892,500
	-over 1 year but within 5 years		-	-
	-over 5 years but within 10 years		-	-
			5,820,815,030	**5,970,892,500**
	Other than FI's-inside Bangladesh			
	Repayable-on demand		-	-
	-within 1 month		65,902,817	228,736,700
	-over 1 month but within 6 months		1,176,782,833	1,082,772,806
	-over 1 year but within 1 year		1,302,937,464	554,950,683
	-over 1 year but within 5 years		368,051,518	383,744,402
	-over 5 years but within 10 years		47,192,294	3,181,534
			2,960,866,926	**2,253,386,125**
			8,781,681,956	**8,224,278,625**
12 (a)	**Consolidated deposits and other accounts**			
	FAS Finance & Investment Limited			
	Current deposits and other accounts		-	-
	Bills payable		-	-
	Savings bank deposits		-	-
	Fixed deposits	12.1	8,781,681,956	8,224,278,625
	Bearer certificates of deposit		-	-
	Others deposits		-	-
			8,781,681,956	**8,224,278,625**
	FAS Capital Management Limited			
	Current deposits and other accounts		-	-
	Bills payable		-	-
	Savings bank deposits		-	-
	Fixed deposits		-	-
	Bearer certificates of deposit		-	-
	Others deposits		-	-
			-	-
			8,781,681,956	**8,224,278,625**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	31-Dec-2016
13	**Others liabilities**			
	Accumulated provision against loans, advances and leases	13.1	237,778,210	235,754,559
	Provision for current tax	13.2	362,757,807	296,006,107
	Deferred tax liabilities	13.3	8,509,328	7,840,342
	Interest suspense account	13.4	339,563,509	296,114,223
	Accounts payable		85,884	13,833
	Accrued expenses		1,866,310	402,506
	Provision for gratuity	13.5	-	-
	Provision against investments	13.6	42,571,974	56,501,516
	Provision for other assets		2,421,126	2,421,126
	Provident fund	13.7	-	-
	Leases advance		1,721,167	4,902,466
	Advance installment		33,365,549	21,126,185
	Unclaimed dividend		1,273,927	1,295,655
	Salary tax		124,193	149,898
	Interest payable		272,153,073	319,340,860
	Tax deduction at source		8,946,038	15,034,140
	VAT payable		481,023	383,632
	Sundry deposit		13,184,032	59,757,962
			1,326,803,150	**1,317,045,010**
13.1	**Accumulated provision for loans, advances and leases**			
	Provision for classified loans, advances and leases			
	Opening balance		124,370,441	82,412,472
	Fully provided debts written off during the year	(-)	(50,781,050)	(22,616,736)
	Recovery of amounts previously written off	(+)	-	-
	Specific provision made for the year	(+)	82,365,302	64,574,705
	Recoveries and provision no longer required	(-)	-	-
	Net charge to profit and loss statement	(+)	-	-
	Total Provision for classified loans, advances and leases		**155,954,693**	**124,370,441**
	Provision for unclassified loans, advances and leases			
	Opening balance		111,384,118	108,423,188
	Provision for the year		(29,560,601)	2,960,930
	Adjustment during the year		-	-
	Total provision for unclassified loans, advances and leases		**81,823,517**	**111,384,118**
	Total provision against loans, advances and leases		**237,778,210**	**235,754,559**

Provision for	**Required**	**Maintained**	**Excess/(Shortage)**
Classified loans, advances & leases	155,954,693	155,954,693	-
Un-classified loans, advances & leases	81,793,967	81,823,517	29,550
	237,748,660	**237,778,210**	**29,550**

13.1 (a) Consolidated provision against loans, advances and leases			
FAS Finance & Investment Limited	13.1	237,778,210	235,754,559
FAS Capital Management Limited		89,668,773	89,668,773
		327,446,983	**325,423,332**

FAS Finance & Investment Limited
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		Amount in Taka As at 31-Dec-2017	31-Dec-2016
13.2	**Provision for current tax**		
	Opening balance	296,006,107	217,155,398
	Add: Provision made during the year	66,751,700	78,850,709
	Less: Adjustment during the year	-	-
		362,757,807	**296,006,107**

Income tax provision has been made as per Income Tax Ordinance 1984 and as amended for the time being.

13.2 (a)	**Consolidated provision for current tax**			
	FAS Finance & Investment Limited	13.2	362,757,807	296,006,107
	FAS Capital Management Limited		6,083,621	29,817,050
			368,841,428	**325,823,157**

13.3 Deferred tax

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 Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

Deferred tax liability is arrived at as follows:

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
	Taka	Taka	Taka
Assets:			
Fixed assets net off depreciation as on December 31, 2017 (Excluding revaluation reserve)	91,908,644	70,635,323	(21,273,321)
Total:	**91,908,644**	**70,635,323**	**(21,273,321)**
Applicable tax rate			**40%**
Deferred tax liability as on December 31, 2017			**(8,509,328)**
Deferred tax liability as on December 31, 2016			**(7,840,342)**
Deferred tax expenses accounted for during the year			**(668,986)**

Deferred tax asset is arrived at as follows:

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
	Taka	Taka	Taka
Liabilities:			
Employee gratuity as on December 31, 2017	-	-	-
Total:	-	-	-
Applicable tax rate for employees' gratuity			-
Deferred tax asset as on December 31, 2017			-
Deferred tax asset as on December 31, 2016			-
Deferred tax income accounted for during the year			-
Net deferred tax expense			**(668,986)**

13.3 (a)	**Consolidated deferred tax liabilities**			
	FAS Finance & Investment Limited	13.3	8,509,328	7,840,342
	FAS Capital Management Limited		(55,494)	413,931
			8,453,834	**8,254,273**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	Amount in Taka As at 31-Dec-2016
13.4	**Interest suspense account**			
	Opening balance		296,114,223	210,054,602
	Transfer during the year	(+)	463,004,938	232,481,766
	Recovery during the year	(-)	(405,875,485)	(142,269,604)
	Written off during the year	(-)	(13,680,167)	(4,152,541)
			339,563,509	**296,114,223**
13.5	**Provision for gratuity**			
	Opening balance		-	-
	Add: Provision made during year		1,658,699	5,486,388
	Less: Adjustment during the year		(1,658,699)	(5,486,388)
			-	**-**
13.6	**Provision against investments**			
	Opening balance		56,501,516	95,200,167
	Add: Provision made during the year		-	-
	Less: Adjustment during the year		(13,929,542)	(38,698,651)
			42,571,974	**56,501,516**
13.6 (a)	**Consolidated provision against investments**			
	FAS Finance & Investment Limited	13.6	42,571,974	56,501,516
	FAS Capital Management Limited		67,038,025	67,779,521
			109,609,999	**124,281,037**
13.7	**Provident fund**			
	Opening balance		-	-
	Add: Provision made during the year		3,820,682	3,165,891
	Less: Adjustment during the year		(3,820,682)	(3,165,891)
			-	**-**
13. (a)	**Consolidated other liabilities**			
	FAS Finance & Investment Limited	13	1,326,803,150	1,317,045,010
	FAS Capital Management Limited		174,617,670	192,536,986
			1,501,420,820	**1,509,581,996**
	Less: Inter company transaction		(554,712)	(1,046,019)
			1,500,866,108	**1,508,535,977**
14	**Share Capital**		**1,290,713,110**	**1,229,250,580**
14.1	**Authorized Capital**			
	210,000,000 ordinary shares of Taka 10 each		**2,100,000,000**	**2,100,000,000**
14.2	**Issued, subscribed and paid-up Capital**			
	39,065,700 ordinary shares of Taka 10 each issued for cash		390,657,000	390,657,000
	5,859,850 bonus shares of Taka 10 each issued for dividend for 2009		58,598,500	58,598,500
	6,738,830 bonus shares of Taka 10 each issued for dividend for 2010		67,388,300	67,388,300
	2,583,219 bonus shares of Taka 10 each issued for dividend for 2011		25,832,190	25,832,190
	3,254,855 bonus shares of Taka 10 each issued for dividend for 2012		32,548,550	32,548,550
	11,175,005 bonus shares of Taka 10 each issued for dividend for 2015		111,750,050	111,750,050
	6,146,253 bonus shares of Taka 10 each issued for dividend for 2016		61,462,530	-
	54,247,599 right shares of Taka 10 each issued		542,475,990	542,475,990
			1,290,713,110	**1,229,250,580**

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FAS Finance & Investment Limited
Notes to the Financial Statements
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14.3 Percentage of shareholding

Group	Percentage of Share		No. of Shares	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
Sponsors/Directors	32.82	36.05	42,363,585	44,308,493
Government	-	-	-	-
Institutions	16.83	26.92	21,722,452	33,093,487
Foreign	-	-	-	-
General public	50.35	37.03	64,985,274	45,523,078
Total	**100.00**	**100.00**	**129,071,311**	**122,925,058**

14.4 Classification of Shareholders by holding of share

Shareholding range as on December 31	Number of holders		% of total holding	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
1-500	2,164	2,424	0.22%	0.26%
501-5,000	2,319	2,554	3.43%	3.72%
5,001-10,000	400	420	2.43%	2.60%
10,001-20,000	258	251	3.02%	3.04%
20,001-30,000	133	116	2.59%	2.35%
30,001-40,000	79	40	2.20%	1.15%
40,001-50,000	60	41	2.19%	1.56%
50,001-100,000	87	69	5.15%	3.97%
100,001-1000,000	91	64	19.67%	11.23%
1,000,001 and above	22	21	59.10%	70.12%
Total	**5,613**	**6,000**	**100.00%**	**100.00%**

No. of Shares		Value of Shares	
31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
281,071	325,634	2,810,710	3,256,340
4,433,458	4,573,139	44,334,580	45,731,390
3,136,143	3,195,581	31,361,430	31,955,810
3,898,366	3,739,479	38,983,660	37,394,790
3,347,038	2,885,831	33,470,380	28,858,310
2,835,285	1,400,067	28,352,850	14,000,670
2,825,266	1,921,081	28,252,660	19,210,810
6,642,442	4,882,566	66,424,420	48,825,660
25,388,889	13,810,133	253,888,890	138,101,330
76,283,353	86,191,547	762,833,530	861,915,470
129,071,311	**122,925,058**	**1,290,713,110**	**1,229,250,580**

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14.5 Name of the Directors and their shareholding (including holdings of sponsors shareholders and general public) as on 31 December 2017

Sl. No.	Name	Position	Total Nos. of Share	Value of Shares	% of Shareholding
1	Mr. Md. Siddiqur Rahman	Chairman	6,058,552	60,585,520	4.69%
2	Mr. Md. Zahangir Alam (Nominated by Design & Source Ltd.)	Vice -Chairman	2,743,811	27,438,110	2.13%
3	Mr. Mohammad A Hafiz (Nominated by Nikita & Company Ltd.)	Director	8,019,308	80,193,080	6.21%
4	Ms. Soma Ghosh (Nominated by P & L International Ltd.)	Director	6,930,000	69,300,000	5.37%
5	Mr. Md. Abul Shahjahan (Nominated by P & L International Ltd.)	Director			
6	Ms. Kazi Mahjaben Momtaz (Nominated by P & L Agro Farms Ltd.)	Director	8,500,467	85,004,670	6.59%
7	Ms. Mahfuza Rahman Baby (Nominated by P & L Agro Farms Ltd.)	Director			
8	Mr. Md. Atharul Islam (Nominated by P & L Agro Farms Ltd.)	Director			
9	Mr. Arun Kumer Kundu (Nominated by Reptiles Farm Ltd.)	Director	10,111,447	101,114,470	7.83%
10	Dr. Uddab Mallick (Nominated by Reptiles Farm Ltd.)	Director			
11	Mr. Anjan Kumer Roy	Independent Director	-	-	-
12	Mr. Pradip Kumar Nandi	Independent Director	-	-	-
13	Mr. Birendra Kumar Shome	Independent Director	-	-	-
14	Mr. Pritish Kumar Sarker	Managing Director (Ex-Officio)	-	-	-
15	Institutions		21,722,452	217,224,520	16.83%
16	General public		64,985,274	649,852,740	50.35%
Total			**129,071,311**	**1,290,713,110**	**100.00%**

FAS Finance & Investment Limited
Notes to the Financial Statements
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		Amount in Taka As at 31-Dec-2017
14.06	**Capital adequacy ratio (CAR) As per BASEL-II**	
a.	In terms of Bangladesh Bank DFIM circular no. 05 dated 24 July 2011, required paid up capital of the Company at 31 December 2012 should be of Taka 1,000,000,000 against which the paid up capital of the company as at 31.12.17 was Tk. 1,290,713,110.	
Consolidated - Capital adequacy ratio :		
b.	In terms of Bangladesh Bank DFIM circular no. 14 dated 28 December 2011, required capital of the Company on consolidated basis at the close of business on 31 December 2017 is TK. 1,000,000,000 as against available core capital of Tk.: 1,672,530,818 and supplementary capital of Tk. 285,575,465 making a total of Tk. 1,958,106,283 thereby showing surplus capital/equity of Tk. 958,106,283 at that date. Details are shown below:	
14.06.01	**Core capital (Tier-I)**	
	Paid-up capital	1,290,713,110
	Statutory reserve	181,811,273
	Non-repayable Share premium account	-
	General reserve	315,000
	Retained earnings	192,902,052
	Non-Controlling Interest in Subsidiaries	6,789,383
	Non-Cumulative irredeemable Preferences shares	-
	Dividend Equalization account	-
	Other (if any item approved by BB)	-
	Total	**1,672,530,818**
	Deductions from Tier-I (Core Capital)	
	Book value of Goodwill and Value of any contingent assets which are shown as assets	-
	Shortfall in provisions required against classified assets irrespective of any relaxation allowed	-
	Shortfall in provision required against investment in shares	-
	Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities	-
	Any investment exceeding the approved limited	-
	Investment in subsidiaries which are not consolidated	-
	Increase in equity capital resulting from a securitization exposure	-
	Others if any	-
	Total	**-**
	Total Eligible Tier-1 Capital	**1,672,530,818**
14.06.02	**Supplementary capital (Tier II)**	
	General provision on unclassified loans and advances	171,464,740
	Provision for off-balance sheet exposure	-
	Exchange equalization account	-
	Asset revaluation reserves (Up to 50%)	114,110,725
	"Revaluation loss on investment - held to maturity (HTM)(Up to 50% of the revaluation loss)"	-
	Sub total	**285,575,465**
	Applicable Deductions if any	-
	Total Eligible Tier-2 Capital	**285,575,465**
	(A) Total Eligible Capital (Tier-1 + Tier-2)	**1,958,106,283**
	Total assets including off- balance Sheet items	**21,157,741,731**
	Total risk -weighted assets(RWA)	**19,283,105,509**
	(B) Total Required Capital (10% of Total RWA or MCR, whichever is higher)	**1,000,000,000**
	(C) Surplus / (Shortfall) (A-B)	**958,106,283**
	Capital adequacy ratio	**10.15%**

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FAS Finance & Investment Limited
Notes to the Financial Statements
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	Amount in Taka As at 31-Dec-2017
Risk weighted assets (RWA)	
A. Credit Risk	
On-Balance sheet	16,658,623,279
Off-Balance sheet	-
	16,658,623,279
B. Market Risk	1,993,834,860
C. Operational Risk	630,647,370
Total RWA (A+B+C)	**19,283,105,509**
A. Credit Risk	
	Risk weighted assets
On-Balance sheet	
Exposure type	
a) Cash and Cash Equivalents	-
b) Claims on Bangladesh Government and Bangladesh Bank	-
c) Claims on other Sovereigns & Central bank's	-
d) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
e) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
f) Claims on Public Sector Entities (other than Government) in Bangladesh	-
(Membership in Stock Exchange)	-
g) Claims on Banks/NBFI	-
i) Maturity over 3 months	865,963,375
ii) Maturity less than 3 months	210,994,837
h) Claims on Corporate (excluding equity exposure)	4,345,283,253
i) Claims under Credit Risk Mitigation	-
j) Claims categorized as retail portfolio & small enterprise (excluding consumer investment)*	4,514,338,888
k) Consumer investment (Loan)	40,647,432
l) Claims fully secured by residential property	295,604,663
m) Claims fully secured by commercial real estate	-
n) Past Due Claims (Risk weights are to be assigned net of specific provision):	-
The claim (other than claims secured by eligible residential property) that is past due for more than 90 days and/or impaired will attract risk weight as follows:	-
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim.	1,419,913,303
Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim.	111,775,724
Where specific provisions are more than 50 percent of the outstanding amount of the past due claim.	3,389,925
Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	1,071,196,865
Investments and claims fully secured against residential property that are past due by 90 days and/or impaired and specific provision held there-against is not less than 20% of outstanding amount	1,231,547
o) Investments in Capital Market Exposures	3,105,574,513
p) Investments in venture capital	-
q) Unlisted equity investments and regulatory capital instruments issued by other FIS (other those deducted from capital) held in the banking book	-

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	Amount in Taka As at 31-Dec-2017
r) Investments in premises, plant and equipment and all other fixed assets	331,700,916
s) Claims on all fixed assets under operating lease	-
t) All other assets	-
i) Claims on Gob & BB (advance income tax , reimbursement of patirakha/shanchy patra	-
ii) Staff Loan / Investment	3,449
iii) Cash items in process of collection	-
iv) other assets	341,004,590
Risk weighted assets(RWA)	**16,658,623,279**
Off-Balance Sheet	
Exposures types	
a) Claims on Bangladesh Government and Bangladesh Bank (Outward/Inward Bill Lodged)	-
b) Claims on other Sovereigns & Central bank's	-
c) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
d) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
e) Claims on Public Sector Entities (other than Government) in Bangladesh	-
f) Claims on NBFI	-
i) Maturity over 3 months	-
ii) Maturity less than 3 months	-
g) Claims on Corporate (excluding equity exposure)	-
h) Against retail portfolio & Small Enterprise (excluding consumer investment)	-
i) Consumer Investment	-
j) All other assets	-
Risk weighted assets (RWA)	**-**
Total Risk weighted assets (RWA)	**16,658,623,279**

B. Market Risk

	Capital Charges for Specific Ris	Capital Charge for General Market Risk	Total Capital Charge for Market Risk
A Interest Rate Related Instruments	-	-	-
B Equities	99,691,743	99,691,743	199,383,486
C Foreign Exchange Position	-	-	-
Total(A+B+C)	99,691,743	99,691,743	199,383,486
Risk weighted assets (RWA)	**996,917,430**	**996,917,430**	**1,993,834,860**

C. Operational Risk

Gross income	1,261,294,744
Average gross income	420,431,581
Capital charge for operational risk (15% of Average gross income)	63,064,737
Risk Weighted Assets	**630,647,370**

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For the company (Solo)- Capital adequacy ratio:

In terms of Bangladesh Bank DFIM circular no. 14 dated 28 December 2011, required capital of the Company on solo basis at the close of business on 31 December 2017 is Tk. 1,000,000,000 as against available core capital of Tk. 1,673,052,822 and supplementary capital of Tk. 195,906,692 making a total of Tk. 1,868,959,514 thereby showing surplus capital/equity of Tk. 868,959,514 at that date. Details are shown below:

	Amount in Taka As at 31-Dec-2017
Core capital (Tier I)	
Paid-up capital	1,290,713,110
Statutory reserve	181,811,273
Non-repayable Share premium account	-
General reserve	315,000
Retained earnings	200,213,439
Non-Controlling Interestin Subsidiaries	-
Non-Cumulative irredeemable Preferences shares	-
Dividend Equalization account	-
Other (if any item approved by BB)	-
Total	**1,673,052,822**
Deductions from Tier-1 (Core Capital)	
Book value of Goodwill and Value of any contingent assets which are shown as assets	-
Shortfall in provisions required against classified assets irrespective of any relaxation allowed	-
Shortfall in provision required against investment in shares	-
Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities	-
Any investment exceeding the approved limited	-
Investment in subsidiaries which are not consolidated	-
Increase in equity capital resulting from a securitization exposure	-
Others if any	-
Total	**-**
Total Eligible Tier-1 Capital	**1,673,052,822**
Supplementary capital (Tier II)	
General provision on unclassified loans and advances	81,795,967
Provision for off-balance sheet exposure	-
Exchange equalization account	-
Asset revaluation reserves (Up to 50%)	114,110,725
"Revaluation loss on investment - held to maturity (HTM)(Up to 50% of the revaluation loss)"	-
Sub total	**195,906,692**
Applicable Deductions if any	**-**
Total Eligible Tier-2 Capital	**195,906,692**
(A) Total Eligible Capital (Tier-1 + Tier-2)	**1,868,959,514**
Total assets including off- balance Sheet items	**20,594,200,777**
Total risk -weighted assets(RWA)	**17,010,806,113**
(B) Total Required Capital (10% of Total RWA or MCR, whichever is higher)	**1,000,000,000**
(C) Surplus /(Shortfall)(A-B)	**868,959,514**
Capital adequacy ratio	**10.99%**

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	Amount in Taka As at 31-Dec-2017
Risk weighted assets(RWA)	
A. Credit Risk	
On-Balance sheet	15,973,877,123
Off-Balance sheet	-
	15,973,877,123
B. Market Risk	**509,533,740**
C. Operational Risk	**527,395,250**
Total RWA (a+b+c)	**17,010,806,113**
A. Credit Risk	
On-Balance sheet	
	Risk weighted assets
Exposure type	
a) Cash and Cash Equivalents	-
b) Claims on Bangladesh Government and Bangladesh Bank	-
c) Claims on other Sovereigns & Central bank's	-
d) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
e) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
f) Claims on Public Sector Entities (other than Government) in Bangladesh	-
(Membership in Stock Exchange)	-
g) Claims on Banks/NBFI	-
i) Maturity over 3 months	865,963,375
ii) Maturity less than 3 months	210,177,194
h) Claims on Corporate (excluding equity exposure)	4,345,283,253
i) Claims under Credit Risk Mitigation	-
j)Claims categorized as retail portfolio & small enterprise (excluding consumer investment)*	4,514,338,888
k) Consumer investment (Loan)	40,647,432
l) Claims fully secured by residential property	295,604,663
m) Claims fully secured by commercial real estate	-
n) Past Due Claims (Risk weights are to be assigned net of specific provision):	-
The claim (other than claims secured by eligible residential property) that is past due for more than 90 days and/or impaired will attract risk weight as follows:	-
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim.	1,419,913,303
Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim.	111,775,724
Where specific provisions are more than 50 percent of the outstanding amount of the past due claim.	3,389,925
Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	1,071,196,865
Investments and claims fully secured against residential property that are past due by 90 days and/or impaired and specific provision held there-against is not less than 20% of outstanding amount	1,231,547
o) Investments in Capital Market Exposures	2,448,250,273
p) Investments in venture capital	-

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	Amount in Taka As at 31-Dec-2017
q) Unlisted equity investments and regulatory capital instruments issued by other FIS	
(other those deducted from capital) held in the banking book	-
r) Investments in premises, plant and equipment and all other fixed assets	322,293,292
s) Claims on all fixed assets under operating lease	-
t) All other assets	-
i) Claims on Gob & BB (advance income tax , reimbursement of patirakha/shanchy patra	-
ii) Staff Loan / Investment	3,449
iii) Cash items in process of collection	-
iv) other assets	323,807,940
Risk weighted assets (RWA)	**15,973,877,123**
Off-Balance Sheet	
Exposures types	
a) Claims on Bangladesh Government and Bangladesh Bank (Outward/Inward Bill Lodged)	-
b) Claims on other Sovereigns & Central bank's	-
c) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
d) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
e) Claims on Public Sector Entities (other than Government) in Bangladesh	-
f) Claims on NBFI	-
i) Maturity over 3 months	-
ii) Maturity less than 3 months	-
g) Claims on Corporate (excluding equity exposure)	-
h) Against retail portfolio & Small Enterprise (excluding consumer investment)	-
i) Consumer Investment	-
j) All other assets	-
Risk weighted assets (RWA)	-
Total Risk weighted assets (RWA)	**15,973,877,123**

B. Market Risk

	Capital Charges for Specific Ris	Capital Charge for General Market Risk	Total Capital Charge for Market Risk
A Interest Rate Related Instruments	-	-	-
B Equities	25,476,687	25,476,687	50,953,374
C Foreign Exchange Position	-	-	-
Total (A+B+C)	25,476,687	25,476,687	50,953,374
Risk weighted assets (RWA)	254,766,870	254,766,870	**509,533,740**

C. Operational Risk

Gross income	1,054,790,503
Average gross income	351,596,834
Capital charge for operational risk (15% of Average gross income)	52,739,525
Risk Weighted Assets	**527,395,250**

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka As at 31-Dec-2017	 31-Dec-2016
15	**Statutory reserve**			
	Opening balance		155,186,770	129,976,825
	Add: Addition during the year		26,624,503	25,209,945
			181,811,273	**155,186,770**
16	**Other reserve**			
	Capital reserve	16.1	315,000	315,000
			315,000	**315,000**
16.1	**Capital reserve**			
	Opening balance		315,000	315,000
	Add: Addition during the year		-	-
			315,000	**315,000**
17	**Revaluation Reserve**			
	Land	17.1	84,364,660	84,364,660
	Office building	17.2	143,856,789	151,428,199
			228,221,449	**235,792,859**
17.1	**Revaluation reserve-Land**			
	Opening balance		84,364,660	84,364,660
	Add: Addition during the year		-	-
			84,364,660	**84,364,660**
17.2	**Revaluation reserve-Office building**			
	Opening balance		151,428,199	159,398,104
	Add: Addition during the year		-	-
			151,428,199	159,398,104
	Less: Depreciation on increased value due to revaluation		(7,571,410)	(7,969,905)
			143,856,789	**151,428,199**
18	**Retained earnings**			
	Opening balance		147,606,547	150,546,914
	Net profit after taxation		133,122,515	126,049,723
	Transfer to statutory reserve		(26,624,503)	(25,209,945)
	Stock dividend paid-2015		-	(111,750,050)
	Stock dividend paid-2016		(61,462,530)	-
	Add: Depreciation on increased value due to revaluation		7,571,410	7,969,905
			200,213,439	**147,606,547**
18 (a)	**Consolidated retained earnings**			
	Opening balance		115,554,154	151,427,518
	Prior year adjustment for tax provision & Non-Controlling Interest		15,355,097	758,938
	Consolidated net profit after taxation		142,508,424	92,357,788
	Transfer to statutory reserve		(26,624,503)	(25,209,945)
	Stock dividend paid-2015		-	(111,750,050)
	Stock dividend paid-2016		(61,462,530)	-
	Add: Depreciation on increased value due to revaluation		7,571,410	7,969,905
			192,902,052	**115,554,154**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka	
			As at	
			31-Dec-2017	31-Dec-2016
19	**Undrawn formal standby facilities, credit lines and other commitments**			
	Leases, loans & advances commitments outstanding		2,259,084,889	679,637,582
			2,259,084,889	**679,637,582**
19 (a)	**Consolidated undrawn formal standby facilities, credit lines and other commitments**			
	FAS Finance & Investment Limited	19	2,259,084,889	679,637,582
	FAS Capital Management Limited		-	-
			2,259,084,889	**679,637,582**
20	**Other memorandum items**			
	Customers' stocks of securities-Merchant Banking Wing		-	-
			-	-
20 (a)	**Consolidated other memorandum items**			
	FAS Finance & Investment Limited	20	-	-
	FAS Capital Management Limited	20 (a)i	510,042,679	799,499,117
			510,042,679	**799,499,117**
20 (a)i	**Other memorandum items of FAS Capital Management Limited**			
	Customers' stocks of securities-Merchant Banking Wing		510,042,679	799,499,117
			510,042,679	**799,499,117**

This amount consists of portfolio investors' investment at cost price.

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

Particulars		Amount in Taka	
		01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
21	**Profit and loss account**		
	Income		
	Interest, discount and similar income	1,833,696,003	1,743,271,504
	Dividend income	4,126,141	13,564,281
	Fee, commission and brokerage	-	-
	Gains less losses arising from investment securities	26,259,986	3,644,046
	Gains less losses arising from dealing in foreign currencies	-	-
	Other operating income	3,254,431	1,515,379
	Gains less losses arising from dealing securities	-	-
	Income from Non-FI's assets	-	-
	Profit less losses on interest rate changes	-	-
		1,867,336,561	**1,761,995,210**
	Expenses		
	Interest, fee and commission	1,494,442,654	1,412,451,653
	Losses on loans, leases and advances	-	-
	Administrative expenses	99,779,413	79,815,603
	Other operating expenses	16,748,774	15,479,055
	Depreciation on FI's assets	16,947,360	17,858,956
		1,627,918,201	**1,525,605,267**
		239,418,360	**236,389,943**
22	**Interest income**		
	Interest on loans, advances and leases	1,628,416,942	1,599,681,287
	Interest on placement with other banks and financial institutions	205,279,061	143,590,217
	Interest on foreign currency balance	-	-
		1,833,696,003	**1,743,271,504**
22 (a)	**Consolidated interest income**		
	FAS Finance & Investment Limited	22 1,833,696,003	1,743,271,504
	FAS Capital Management Limited	59,742,018	155,781,053
		1,893,438,021	**1,899,052,557**
	Less: Inter company transaction	(111,634,903)	(125,207,250)
		1,781,803,118	**1,773,845,307**
23	**Interest paid on deposits, borrowings, etc.**		
	Interest on deposits	683,825,362	848,276,690
	Interest on borrowings	810,617,292	564,174,963
	Interest on foreign bank accounts	-	-
		1,494,442,654	**1,412,451,653**
23 (a)	**Consolidated interest paid on deposits, borrowings, etc.**		
	FAS Finance & Investment Limited	23 1,494,442,654	1,412,451,653
	FAS Capital Management Limited	111,634,903	174,251,543
		1,606,077,557	**1,586,703,196**
	Less: Inter company transaction	(111,634,903)	(125,207,250)
		1,494,442,654	**1,461,495,946**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

	Particulars		Amount in Taka	
			01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
24	**Investment income**			
	Gain/(loss) on sale of shares		26,259,986	3,644,046
	Dividend on shares		4,126,141	13,564,281
			30,386,127	**17,208,327**
24 (a)	**Consolidated investment income**			
	FAS Finance & Investment Limited	24	30,386,127	17,208,327
	FAS Capital Management Limited		81,369,127	24,508,911
			111,755,254	**41,717,238**
25	**Commission, exchange and brokerage**			
	Commission		-	-
	Exchange gain/(loss)		-	-
	Brokerage		-	-
			-	**-**
25 (a)	**Consolidated Commission, exchange and brokerage**			
	FAS Finance & Investment Limited	25	-	-
	FAS Capital Management Limited		150,000	300,000
			150,000	**300,000**
26	**Other operating income**			
	Gain on sale of fixed assets		144,869	-
	Misc. Income		6,000	-
	Processing fees		457,500	1,022,171
	Recovery against written off		2,646,062	-
	Residual value		-	319,950
	Service charge		-	173,258
			3,254,431	**1,515,379**
26 (a)	**Consolidated Other operating income**			
	FAS Finance & Investment Limited	26	3,254,431	1,515,379
	FAS Capital Management Limited		5,361,269	11,879,523
			8,615,700	**13,394,902**
	Less: Inter company transaction		(1,595,160)	(1,817,540)
			7,020,540	**11,577,362**
27	**Salary and allowances**			
	Basic salary, provident fund contribution and all other allowances		53,787,573	50,210,624
	Festival and incentive bonus		10,122,072	8,184,766
			63,909,645	**58,395,390**
27 (a)	**Consolidated salary and allowances**			
	FAS Finance & Investment Limited	27	63,909,645	58,395,390
	FAS Capital Management Limited		12,473,719	10,840,644
			76,383,364	**69,236,034**

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

Particulars		Amount in Taka	
		01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
28	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rates and taxes	12,637,133	2,325,559
	Insurance premium	1,056,965	1,750,888
	Electricity, gas and water, etc	3,349,057	2,124,088
		17,043,155	**6,200,535**
28 (a)	**Consolidated rent, taxes, insurance, electricity, etc.**		
	FAS Finance & Investment Limited	17,043,155	6,200,535
	FAS Capital Management Limited	5,354,843	6,580,564
		22,397,998	**12,781,099**
	Less: Inter company transaction	-	-
		22,397,998	**12,781,099**
29	**Legal expenses**		
	Professional & legal fees	1,204,443	795,936
		1,204,443	**795,936**
29 (a)	**Consolidated legal expenses**		
	FAS Finance & Investment Limited	1,204,443	795,936
	FAS Capital Management Limited	176,116	82,800
		1,380,559	**878,736**
30	**Postage, stamps, telecommunication, etc.**		
	Telephone & fax	884,410	748,814
	Internet	1,392,964	1,079,742
	Postage and stamp	920,893	356,676
		3,198,267	**2,185,232**
30 (a)	**Consolidated postage, stamps, telecommunication, etc.**		
	FAS Finance & Investment Limited	3,198,267	2,185,232
	FAS Capital Management Limited	443,994	412,051
		3,642,261	**2,597,283**
31	**Stationery, printings, advertisements, etc.**		
	Printing	3,579,125	2,189,144
	Stationery & Photocopy	155,883	133,884
	Publicity and advertisement	1,762,260	1,369,005
		5,497,268	**3,692,033**
31 (a)	**Consolidated stationery, printings, advertisements, etc.**		
	FAS Finance & Investment Limited	5,497,268	3,692,033
	FAS Capital Management Limited	307,260	462,603
		5,804,528	**4,154,636**
32	**Directors' fees**		
	Directors' fees	1,518,000	1,140,800
		1,518,000	**1,140,800**
32 (a)	**Consolidated Directors' fees**		
	FAS Finance & Investment Limited	1,518,000	1,140,800
	FAS Capital Management Limited	141,450	82,800
		1,659,450	**1,223,600**

FAS Finance & Investment Limited
Notes to the Financial Statements
for the Year ended 31 December 2017

Particulars		Amount in Taka	
		01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
33 Auditors' fees			
Audit fees		718,000	166,750
		718,000	**166,750**
33 (a) Consolidated Auditors' fees			
FAS Finance & Investment Limited	33	718,000	166,750
FAS Capital Management Limited		46,000	47,725
		764,000	**214,475**
34 Depreciation and repairs of FI's assets			
Depreciation			
Office building		10,467,715	11,018,647
Furniture & fixture		354,986	356,779
Office decoration		382,907	425,452
Office equipment		600,678	402,236
Motor vehicles		4,476,246	4,974,336
Electrical installation		106,820	123,441
Computer		420,688	407,601
Telephone line & PABX system		66,856	67,565
Software		70,464	82,899
		16,947,360	**17,858,956**
Repairs			
Fixed assets repair and maintenance		2,478,135	3,338,927
		2,478,135	**3,338,927**
		19,425,495	**21,197,883**
34 (a) Consolidated Depreciation and repairs of assets			
FAS Finance & Investment Limited	34	19,425,495	21,197,883
FAS Capital Management Limited		1,671,668	1,346,954
		21,097,163	**22,544,837**
35 Other expenses			
A.G.M. expenses		145,419	76,080
Bank charge and excise duty		2,627,846	2,465,273
Books, newspaper and periodicals		32,200	29,087
Business promotion		433,973	601,859
CDBL charge		16,857	39,427
Corporate social responsibility		491,743	377,260
Entertainment		1,285,716	999,536
Fees, subscription and donation		2,116,463	2,128,246
Fine		-	30,000
Fuel, oil and lubricants		1,688,150	1,291,002
Office maintenance		1,678,660	1,858,912
Picnic		2,328,317	1,495,858
Portfolio management fees		1,595,160	1,817,540
Registration and renewal		188,367	92,342
Security service		1,339,884	837,180
Staff welfare, training and education		144,160	340,090
TA & DA		530,346	925,850
Uniform & Liveries		105,513	73,513
		16,748,774	**15,479,055**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

Particulars		Amount in Taka	
		01 Jan 2017 to 31 Dec 2017	01 Jan 2016 to 31 Dec 2016
35 (a) Consolidated Other expenses			
FAS Finance & Investment Limited	35	16,748,774	15,479,055
FAS Capital Management Limited		2,963,464	2,611,875
		19,712,238	**18,090,930**
Less: Inter company transaction		(1,595,160)	(1,817,540)
		18,117,078	**16,273,390**
36 Provision against loans, advances and leases			
On un-classified loans		(29,560,601)	2,960,930
On classified loans		82,365,302	64,574,705
		52,804,701	**67,535,635**
36 (a) Consolidated provision against loans, advances and leases			
FAS Finance & Investment Limited	36	52,804,701	67,535,635
FAS Capital Management Limited		-	-
		52,804,701	**67,535,635**
37 Provision for diminution in value of investments			
In quoted shares		(13,929,542)	(38,698,651)
		(13,929,542)	**(38,698,651)**
37 (a) Consolidated provision for diminution in value of investments			
FAS Finance & Investment Limited	37	(13,929,542)	(38,698,651)
FAS Capital Management Limited		(741,496)	26,302,686
		(14,671,038)	**(12,395,965)**
38 Provision for taxation			
Current tax		66,751,700	78,850,709
Deferred tax		668,986	2,652,527
		67,420,686	**81,503,236**
			-
38 (a) Consolidated provision for taxation			
Current tax			
FAS Finance & Investment Limited	38	66,751,700	78,850,709
FAS Capital Management Limited		2,963,633	3,119,988
		69,715,333	**81,970,697**
Deferred tax			
FAS Finance & Investment Limited		668,986	2,652,527
FAS Capital Management Limited		(469,425)	989,739
		199,561	3,642,266
		69,914,894	**85,612,963**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

		Amount in Taka As at 31-Dec-2017	Amount in Taka As at 31-Dec-2016
39	**Appropriations**		
	Retained earnings-brought forward	147,606,547	150,546,914
	Less: Adjustment for prior year	-	-
	Add: Post-tax profit for the year	133,122,515	126,049,723
		280,729,062	**276,596,637**
	Add: Depreciation on increased value due to revaluation	**7,571,410**	**7,969,905**
	Less: Stock dividend-2015	**-**	**(111,750,050)**
	Less: Stock dividend-2016	**(61,462,530)**	**-**
	Transferred to:	**(26,624,503)**	**(25,209,945)**
	Statutory reserve	(26,624,503)	(25,209,945)
	General reserve	-	-
	Proposed dividend	-	-
		200,213,439	**147,606,547**

		Amount in Taka for the year ended 01 Jan 2017 to 31 Dec 2017	Amount in Taka for the year ended 01 Jan 2016 to 31 Dec 2016
40	**Earnings per share**		
	Earning attributable to ordinary shareholders (Net profit after tax)	133,122,515	126,049,723
	Weighted average number of ordinary shares outstanding	129,071,311	129,071,311
	Earnings per share-EPS (Adjusted)	**1.03**	**0.98**

Earning per share as shown in the face of the profit and loss account is calculated in accordance with BAS-33: Earning per share (EPS).

40 (a)	**Consolidated earnings per share**		
	Earning attributable to ordinary shareholders (Net profit after tax & Non-Controlling Interest)	142,508,424	92,357,788
	Weighted average number of ordinary shares outstanding	129,071,311	129,071,311
	Earnings per share-EPS (Adjusted)	**1.10**	**0.72**

Earning per share as shown in the face of the consolidated profit and loss account is calculated in accordance with BAS-33: Earning per share (EPS).

		Amount in Taka As at 31-Dec-2017	Amount in Taka As at 31-Dec-2016
41	**Net asset value per share**		
	Total assets	18,335,115,888	17,110,147,367
	Total liabilities	16,433,841,617	(15,341,995,611)
		1,901,274,271	1,768,151,756
	Number of share outstanding	129,071,311	122,925,058
	Net asset value per share	**14.73**	**14.38**
41 (a)	**Consolidated net asset value per share**		
	Total assets	18,898,656,842	17,666,372,991
	Total liabilities	(17,004,693,958)	(15,930,273,628)
	Borrowings from other banks, financial institutions, and agents	(6,715,356,511)	(6,191,382,346)
	Deposits and other accounts	(8,781,681,956)	(8,224,278,625)
	Others liabilities	(1,500,866,108)	(1,508,535,977)
	Non-Controlling Interest	(6,789,383)	(6,076,680)
		1,893,962,884	1,736,099,363
	Number of share outstanding	129,071,311	122,925,058
	Net asset value per share	**14.67**	**14.12**

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

42 Related Party Disclosure

a. Particulars of Directors and their interest in different entities:

Sl. No.	Name of Director	Status in FAS Finance & Investment Limited	Name of the firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
1	Mr. Md. Siddiqur Rahman	Chairman	Simtex Industries Limited (Managing Director) Simtex Textile Limited (Chairman) Clewiston Foods & Accommodation Limited (Director) Nitol Insurance Company Limited (Director) FAS Capital Management Limited (Chairman)
2	Mr. Md. Zahangir Alam	Vice -Chairman (Nominated by Design & Source Limited)	Design & Source Ltd (Managing Director) ZA Apparels Limited (Managing Director) ZA Sweaters Limited (Managing Director) DSL Hongkong Limited (Director) Clewiston Foods & Accommodation Ltd. (Managing Director) Waymart Apparels Ltd (Managing Director) Denim Processing Plant Ltd (Managing Director) Forest Hill Resort Ltd (Chairman)
3	Mr. Mohammad A Hafiz	Director (Nominated by Nikita & Company Limited)	Stock & Bond Limited (Director) AAA Finance & Investment Limited (Chairman)
4	Ms. Mahfuza Rahman Baby	Director (Nominated by P&L Agro Farms Limited)	Simtex Textile Limited (Managing Director) Simtex Industries Limited (Chairman)
5	Ms. Kazi Mahjaben Momtaz	Director (Nominated by P&L Agro Farms Limited)	Design & Source Limited (Chairman) ZA Apparels Limited (Chairman) ZA Sweaters Limited (Chairman) Waymart Apparels Limited (Chairman)
6	Mr. Md. Atharul Islam	Director (Nominated by P&L Agro Farms Limited)	N/A
7	Mr. Md. Abul Shahjahan	Director (Nominated by P&L International Limited)	N/A
8	Ms. Soma Ghosh	Director (Nominated by P&L International Limited)	N/A
9	Mr. Arun Kumer Kundu	Director (Nominated by Reptiles Farm Limited)	ARUN & Co. Chartered Accountants (Managing Partner) PLFS Investments Limited (Nominated Director)
10	Dr. Uddab Mallick	Director (Nominated by Reptiles Farm Limited)	N/A
11	Mr. Anjan Kumer Roy	Independent Director	Finance Accounting Management Experts (FAME) Ltd. (Director) Mak & Co. Chartered Accountants (Partner) FAS Capital Management Limited (Nominated Director)
12	Mr. Pradip Kumar Nandi	Independent Director	N/A
13	Mr. Birendra Kumar Shome	Independent Director	N/A
14	Mr. Pritish Kumar Sarker	Managing Director & Ex-Officio	FAS Capital Management Limited (Nominated Director)

FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

b. Related Party Transaction

The company carried out a number of transactions with related parties in the normal course of business. The nature of transactions and their values are shown below:

Name of the Related Party	Transaction Nature	Relationship	Balance as at 01-Jan-2017	Addition	Adjustment	Balance as at 31-Dec-2017
			Taka	Taka	Taka	Taka
FAS Capital Management Limited	Loan	Subsidiary Company	1,376,626,475	111,634,903	70,000,000	1,418,261,378
FAS Capital Management Limited	Equity Investment	Subsidiary Company	243,000,000	-	-	243,000,000

c. Share issued to Directors and Executives without consideration or exercisable at a discount - Nil

d. Lending policy to related parties

Related parties are allowed loans and advances as per General loan policy of the Company.

e. Loans, advances & leases to Directors & their related concern

Name of the Related Party	Transaction Nature	Classification Status	Outstanding Balance	Provision Kept	Security Amount
Nil	Nil	Nil	Nil	Nil	Nil

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FAS Finance & Investment Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

43 General

43.01 Expenditure incurred on employees

	31-Dec-2017 Number of Employees	
Salary Range	**Permanent Basis**	**Contractual Basis**
Below Tk. 3,000	-	-
Above Tk. 3,000	60	48

Includes all types of benefits paid and provided both in cash and kind other than the re-imbursement of expenses incurred for the company's business.

	Amount in Taka	
	31-Dec-2017	31-Dec-2016
43.02 Claims		
(a) Claim against the company acknowledge as debts.	115,589,382	100,193,035
(b) Claim by the company not acknowledge as receivable.	92,582,266	92,582,266

43.03 Proposal of dividend

The Board of Directors 198th Board meeting, agenda no. 05 held on 27 March 2018 recommended for the shareholders stock dividend @ 10% on 129,071,311 shares. This will be considered for approval of the shareholders at the 21st Annual General Meeting to be held on 20th June 2018.

43.04 Figures of the previous year have been rearranged, where necessary, to conform to current year presentation.

43.05 Approval of the Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the company's board of directors on 27 March 2018 on its 198th Board Meeting.

Md. Siddiqur Rahman, FCS
Chairman

Anjan Kumer Roy, FCA
Independent Director

Pritish Kumar Sarker
Managing Director & CEO

Md. Maniruzzaman Akan
Chief Financial Officer

Zahid Mahmud
Company Secretary

Pinaki & Company
Chartered Accountants

Date: Dhaka, 27 March 2018

FAS Finance & Investment Limited

Fixed Assets Schedule

As on December 31, 2017

a. Cost

Annexture-1

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2017
	Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017		Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017	
Land	2,163,200	-	-	2,163,200		-	-	-	-	2,163,200
Office building	79,559,223	-	-	79,559,223	5%	21,633,121	2,896,305	-	24,529,426	55,029,797
Furniture & fixture	6,130,110	616,783	-	6,746,893	10%	2,919,101	354,986		3,274,087	3,472,806
Office decoration	6,647,205	-	-	6,647,205	10%	2,818,139	382,907	-	3,201,046	3,446,159
Office equipment	6,184,837	2,456,508	-	8,641,345	15%	3,828,148	600,678	-	4,428,826	4,212,519
Motor vehicles	33,227,768	5,632,625	1,058,785	37,801,608	20%	12,254,692	4,476,246	836,742	15,894,196	21,907,412
Electrical installation	1,942,299	16,843	-	1,959,142	15%	1,242,801	106,820	-	1,349,621	609,521
Computer	5,444,423	135,650	-	5,580,073	15%	2,709,466	420,688	-	3,130,154	2,449,919
Telephone line & PABX system	784,413	28,350	-	812,763	15%	364,693	66,856	-	431,549	381,214
Software	638,421	-	-	638,421	15%	168,661	70,464	-	239,125	399,296
Total	**142,721,899**	**8,886,759**	**1,058,785**	**150,549,873**		**47,938,822**	**9,375,950**	**836,742**	**56,478,030**	**94,071,843**

b. Revaluation

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2017
	Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017		Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017	
Land	84,364,660	-	-	84,364,660		-	-	-	-	84,364,660
Office building	229,523,584	-	-	229,523,584	5%	78,095,385	7,571,410	-	85,666,795	143,856,789
Total	**313,888,244**	**-**	**-**	**313,888,244**		**78,095,385**	**7,571,410**	**-**	**85,666,795**	**228,221,449**
Total (a+b) at 31 December 2017	**456,610,143**	**8,886,759**	**1,058,785**	**464,438,117**		**126,034,207**	**16,947,360**	**836,742**	**142,144,825**	**322,293,292**
Balance at 31 December 2016	**448,303,903**	**8,306,240**	**-**	**456,610,143**		**108,175,251**	**17,858,956**	**-**	**126,034,207**	**330,575,936**

Note: Depreciation on fixed assets has been charged at rates varying from 5% to 20% on diminishing balance method.

FAS Finance & Investment Limited

Consolidated Fixed Assets Schedule

As on December 31, 2017

a. Cost

Annexture-1 (a)

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2017
	Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017		Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017	
Land	2,163,200	-	-	2,163,200		-	-	-	-	2,163,200
Office building	79,559,223	-	-	79,559,223	5%	21,633,121	2,896,305	-	24,529,426	55,029,797
Furniture & fixture	9,073,248	672,853	-	9,746,101	10%	3,939,432	552,874	-	4,492,306	5,253,795
Office decoration	8,306,769	-	-	8,306,769	10%	3,359,271	494,750	-	3,854,021	4,452,748
Office equipment	11,906,832	2,942,308	-	14,849,140	15%	4,692,844	1,402,143	-	6,094,987	8,754,153
Motor vehicles	33,227,768	5,632,625	1,058,785	37,801,608	20%	12,254,692	4,476,246	836,742	15,894,196	21,907,412
Electrical installation	1,942,299	16,843	-	1,959,142	15%	1,242,801	106,820	-	1,349,621	609,521
Computer	7,317,171	224,365	-	7,541,536	15%	3,510,854	594,699	-	4,105,553	3,435,983
Telephone line & PABX system	1,057,763	31,550	-	1,089,313	15%	488,531	89,763	-	578,294	511,019
Software	2,897,171	7,500	-	2,904,671	15%	1,302,508	240,324	-	1,542,832	1,361,839
Total	**157,451,444**	**9,528,044**	**1,058,785**	**165,920,703**		**52,424,054**	**10,853,924**	**836,742**	**62,441,236**	**103,479,467**

b. Revaluation

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2017
	Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017		Balance as on 01.01.2017	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2017	
Land	84,364,660			84,364,660		-	-	-	-	84,364,660
Office building	229,523,584			229,523,584	5%	78,095,385	7,571,410	-	85,666,795	143,856,789
Total	**313,888,244**	**-**	**-**	**313,888,244**		**78,095,385**	**7,571,410**	**-**	**85,666,795**	**228,221,449**
Total (a+b) at 31 December 2017	**471,339,688**	**9,528,044**	**1,058,785**	**479,808,947**		**130,519,439**	**18,425,334**	**836,742**	**148,108,031**	**331,700,916**
Balance at 31 December 2016	**457,436,893**	**15,331,795**	**1,429,000**	**471,339,688**		**112,632,507**	**18,950,420**	**1,063,488**	**130,519,439**	**340,820,249**

Note: **Depreciation on fixed assets has been charged at rates varying from 5% to 20% on diminishing balance method.**

FAS Finance & Investment Limited

Investments in Shares and Bonds

As on December 31, 2017

Annexture-2

Shares (quoted)

Name of Share	Number of Share	Market Price Per Share	Market Value	Cost of Share	Provision Amount
Aamra Networks Limited	3,040	97.70	297,008	118,560	(178,448)
AB Bank Limited	150,000	22.10	3,315,000	3,651,505	336,505
ACI Limited	10,000	459.80	4,598,000	4,921,608	323,608
Active Fine Chemical Limited	155,000	35.20	5,456,000	5,946,772	490,772
Al-Arafah Islami Bank Limited	400,000	24.10	9,640,000	10,115,300	475,300
Aman Feed Limited	24,300	69.82	1,545,480	1,696,508	151,028
Appollo Ispat Complex Limited	605,000	16.50	9,982,500	12,165,364	2,182,864
Baraka Power Limited	632,500	34.40	21,758,000	25,317,725	3,559,725
CVO Petrochemical Refinery Limited	25,028	207.00	5,180,952	5,842,063	661,111
Delta Life Insurance Company Limited	39,000	126.22	4,196,400	4,922,595	726,195
First Security Islami Bank limited	400,000	15.30	6,120,000	6,711,740	591,740
Fortune Shoes Limited	344,520	39.70	13,677,444	15,674,549	1,997,105
Golden Son Limited	430,000	12.80	18,304,000	38,308,079	20,004,079
GPH Ispat Limited	661,500	38.80	25,666,200	28,948,302	3,282,102
Investment Corporation of Bangladesh	15,000	160.00	2,400,000	2,486,318	86,318
ICB AMCL Second Mutual Fund	250,000	8.20	2,050,000	2,412,064	362,064
International Leasing and Financial Services Limited	1,050,000	22.10	23,205,000	23,793,118	588,118
Linde Bangladesh Limited	1,600	1,284.70	2,055,520	2,039,384	(16,136)
Malek Spinning Mills Limited	150,000	19.70	2,955,000	3,491,105	536,105
Mercantile Bank Limited	625,000	26.40	16,500,000	17,236,270	736,270
Nahee Aluminum Composite Panel Limited	6,847	73.40	502,584	62,247	(440,337)
Niloy Cement Industries Limited	500	49.90	24,950	67,845	42,895
National Housing Finance & Investment Limited	80,000	47.20	3,776,000	3,946,724	170,724
National Polymer Industries Limited	5,000	86.80	434,000	440,505	6,505
Oimex Electrode Limited	7,128	65.20	464,746	64,800	(399,946)
Quasem Drycell Limited	90,000	77.50	6,975,000	7,247,466	272,466
Shajibazar Power Company Limited	124,900	116.10	14,500,890	15,942,534	1,441,644
Saif Powertec Limited	572,160	33.20	18,995,712	20,577,782	1,582,070
Union Capital Limited	770,000	20.10	15,477,000	18,476,528	2,999,528
			240,053,386	**282,625,360**	**42,571,974**

Shares (quoted)

Name of Share	Number of Share	Market Price Per Share	Market Value	Cost of Share	Provision Amount
Achia Sea Food Limited	1,000,000	10.00	10,000,000	10,000,000	-
Aman Cotton Fibrous Ltd	31,385	40.00	1,255,400	1,255,400	-
Bashundhora Paper Mills Ltd	43,226	80.00	3,458,080	3,458,080	-
			14,713,480	**14,713,480**	**-**
Grand Total:			**254,766,866**	**297,338,840**	**42,571,974**

FAS Finance & Investment Limited
Financial Highlights
As on December 31, 2017

Annexture-3

Sl. No.	Particulars	Amount in Taka		
		31-Dec-2017	31-Dec-2016	Change in %
1	Paid up capital	1,290,713,110	1,229,250,580	5.00
2	Total capital	1,868,959,514	1,849,225,986	1.07
3	Capital surplus/deficit	868,959,514	849,225,986	2.32
4	Total assets	18,335,115,888	17,110,147,367	7.16
5	Total deposits	8,781,681,956	8,224,278,625	6.78
6	Total loans, advances and leases	14,020,128,589	13,841,656,643	1.29
7	Total contingent liabilities and commitments	2,259,084,889	679,637,582	232.40
8	Credit deposit ratio	159.65%	168.30%	(5.14)
9	Percentage of classified loans, advances and leases	11.67%	9.99%	16.84
10	Profit after tax and provision	133,122,515	126,049,723	5.61
11	Classified loans, advances and leases during the year	1,636,468,900	1,382,789,250	18.35
12	Provisions kept against classified loans	155,954,693	124,370,441	25.40
13	Provision surplus/deficit	29,550	-	-
14	Cost of fund	10.30%	10.58%	(2.65)
15	Interest earning assets	17,395,625,611	16,260,488,666	6.98
16	Non-interest earning assets	939,490,277	849,658,701	10.57
17	Return on investment (ROI)	1.62%	1.67%	(2.83)
18	Return on asset (ROA)	0.75%	0.83%	(9.50)
19	Incomes from investment	30,386,127	17,208,327	76.58
20	Earning per share	1.03	0.98	5.10
21	Net income per share	1.03	0.98	5.10
22	Price earning ration (Times)	21.07	14.80	42.39

FINANCIAL STATEMENTS OF
FAS CAPITAL MANAGEMENT LIMITED

- Auditors' Report to the Shareholder
- Statement of Financial Position
- Statement of Profit or Loss & Other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements



AMR STOCK

AUDITORS' REPORT TO **THE SHAREHOLDERS OF** FAS CAPITAL MANAGEMENT LIMITED

We have audited the accompanying Financial Statements of **FAS CAPITAL MANAGEMENT LIMITED** which comprise the Statement of Financial Position as at 31 December 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended 31 December 2017 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, 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 opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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.

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

In our opinion, the financial statements along with notes thereon of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of state of the company's affairs as at 31 December 2017, and of the results of its operations and cash Flows for the year then ended and comply with the Rules and Regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

Matter of Emphasis:

Without qualifying our opinion we draw attention to the matter that inadequate provision on the balance of margin loan (adjusted) was made as per circular no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and the latest circular no. SEC/CMRRCD/2009-193/203 dated 28 December 2017 of Bangladesh Securities and Exchange Commission (BSEC) due to unusual negative balance of collateral security arising out of fall in market value.

AMARSTOCK

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 purpose of our audit and made due verification thereof;

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 Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of accounts;

d) The expenditure incurred and payments made were for the purposes of the company's business;

e) The information and explanations required by us has been received and found satisfactory;

f) Adequate provisions (Subject to Note 5.01) have been made for loans and advances, investments and other assets which are, in our opinion, doubtful of recovery; and

g) The records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements.

Dhaka
Dated: 27-03-2018

Pinaki & Company
Chartered Accountants

AMARSTOCK

FAS Capital Management Limited
Statement of Financial Position
As at 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka
PROPERTY AND ASSETS:			
Current Assets :			
Cash:		**41,103**	**6,951**
In hand	2	41,103	6,951
Balance with bank(s)		-	-
Cash at Bank		**4,088,213**	**7,146,399**
In Bangladesh	3	4,088,213	7,146,399
Outside Bangladesh		-	-
Investment		**809,188,587**	**561,274,343**
Share Investment	4	809,188,587	528,911,843
Other (FDR)		-	32,362,500
Loans and advances	5	**1,377,932,183**	**1,553,339,389**
Others assets	6	**24,699,334**	**44,886,723**
Total Current Assets :		**2,215,949,420**	**2,166,653,805**
Fixed Assets	7	**9,407,624**	**10,244,313**
TOTAL ASSETS		**2,225,357,044**	**2,176,898,118**
LIABILITIES AND CAPITAL:			
LIABILITIES:			
Borrowings from other banks, financial institutions and agents	8	**1,808,261,378**	**1,767,336,845**
Current Liabilities		**174,617,670**	**192,536,987**
Liability for Expenses	9	1,630,850	174,503
Provision for Income Tax	10	6,028,127	30,230,981
Sundry Creditors	11	10,251,895	4,683,209
Others liabilities	12	156,706,798	157,448,294
TOTAL LIABILITIES		**1,982,879,048**	**1,959,873,832**
CAPITAL/SHAREHOLDERS' EQUITY		**242,477,996**	**217,024,286**
Paid-up Capital	13	250,000,000	250,000,000
Retained earnings	14	(7,522,004)	(32,975,714)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,225,357,044**	**2,176,898,118**

Signed as per annexed report on even date

AMAR STOCK

FAS Capital Management Limited
Statement of Financial Position
As at 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities		-	-
Acceptances and endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of credit		-	-
Bills for Collection		-	-
Other contingent Liabilities		-	-
		-	-
Others commitments			
Documentary credits and short term trade-related transaction		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, Credit lines and other commitments		-	-
Total			
Other Memorandum Items		**510,042,679**	**799,499,117**

Md. Yeasin Ali
Chief Executive Officer, C.C

Anjan Kumer Roy, FCA
Director

Md. Siddiqur Rahman, FCS
Chairman

Pinaki & Company
Chartered Accountants

Date: 27-03-208

AMAR STOCK

FAS Capital Management Limited

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka
OPERATING INCOME:			
Interest Income	15	59,742,018	155,781,053
Less: Interest paid on deposit and borrowings, etc.	16	111,634,903	174,251,543
		(51,892,885)	**(18,470,490)**
Investment income	17	81,369,127	24,508,911
Commission, exchange and brokerage	18	150,000	300,000
Other operating income	19	5,361,269	11,879,523
		86,880,396	**36,688,434**
Total operating income (a)		**34,987,511**	**18,217,944**
OPERATING EXPENSES			
Salary and allowances	20	12,473,719	10,840,644
Rent, taxes, insurance, electricity, etc.	21	5,354,843	6,580,564
Postage, stamps, telecommunication, etc.	22	443,994	412,051
Printing ,Stationery & Advertisement	23	307,260	462,603
Audit Fees		46,000	47,725
Directors Fees		141,450	82,800
Legal Expenses		176,116	82,800
Depreciation on Fixed Assets	07	1,477,974	1,091,464
Repair of Fixed Assets	24	193,694	255,490
Other expenses	25	2,963,464	2,611,875
Total operating expenses (b)		**23,578,514**	**22,468,016**
Profit before provision (c=a-b)		**11,408,997**	**(4,250,072)**
Provision for diminution in value of investments		(741,496)	26,302,686
Provision on Margin Loan		-	-
Other Provision		-	-
Total provision (d)		**(741,496)**	**26,302,686**
Profit before taxation(c-d)		**12,150,493**	**(30,552,758)**
Provision for taxation		**2,494,208**	**4,109,727**
Current Tax	10	2,963,633	3,119,988
Deferred Tax		(469,425)	989,739
Net profit after taxation		**9,656,285**	**(34,662,486)**
Earning Per Share	26	**0.39**	**(1.39)**

Md. Yeasin Ali
Chief Executive Officer, C.C

Anjan Kumer Roy, FCA
Director

Md. Siddiqur Rahman, FCS
Chairman

Pinaki & Company
Chartered Accountants

Date: 27-03-208

FAS Capital Management Limited
Statement of Cash Flows
For the year ended 31 December 2017

Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka
Cash Flows From Operating Activities			
Interest receipts		59,742,018	155,781,053
Interest payments		(111,634,903)	(174,251,543)
Investment Income		81,369,127	24,508,911
Commission, exchange and brokerage		150,000	300,000
Payments to employees		(12,473,719)	(10,840,644)
Other operating income		5,361,269	11,879,523
Payment for other operating activities		(20,526,458)	(18,395,073)
Operating profit before changes in operating Assets & Liabilities		**1,987,334**	**(11,017,773)**
Increase/Decrease in operating assets and liabilities			
Margin loan to client		175,407,206	308,488,068
Other Assets (Receivable)		20,133,420	(8,837,074)
Others Assets(Staff loan)		53,969	(53,969)
Deposit from customers		5,568,687	(10,049,175)
Browing from other Bank & Financial Institute		40,924,533	(53,844,344)
Liabilities for Expenses		1,456,347	(84,051)
		243,544,162	**235,619,455**
Net cash from/ (used in) operating activities (a)		**245,531,496**	**224,601,682**
Cash Flows From Investing Activities			
Purchase/Sale of trading securities, shares, bonds, etc.		(280,276,744)	(215,267,597)
Others Investment (FDR)		32,362,500	(2,362,500)
Purchase/Sale of property, plant and equipment		(641,285)	(5,596,555)
Net cash used in investing activities (b)		**(248,555,529)**	**(223,226,652)**
Cash Flows from Financing Activities			
Proceeds from issue of ordinary share		-	-
Net cash flow from financing activities (c)		-	-
Net increase/(decrease) in cash (a+b+c)		**(3,024,034)**	**1,375,030**
Effects of exchange rate changes on cash and cash equivalents			
Cash and cash equivalents at beginning of the Year		7,153,350	5,778,320
Cash and cash equivalents at end of the year		**4,129,316**	**7,153,350**

Md. Yeasin Ali
Chief Executive Officer, C.C

Anjan Kumer Roy, FCA
Director

Md. Siddiqur Rahman, FCS
Chairman

Date: 27-03-208

FAS Capital Management Limited
Statement of Changes in Equity
For the year ended 31 December 2017

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total
Opening Balance as on 01.01.2017	250,000,000	(32,975,714)	217,024,286
Net Profit after Taxation for the year	-	9,656,285	9,656,285
Prior Adjustment (Short Provision on AIT-2013)	-	(2,134,859)	(2,134,859)
Prior Adjustment (Provision on AIT-2014)	-	3,435,317	3,435,317
Prior Adjustment (Provision on AIT-2015)	-	14,496,967	14,496,967
Balance as on 31 December 2017	**250,000,000**	**(7,522,004)**	**242,477,996**
Balance as on 31 December 2016	**250,000,000**	**(32,975,714)**	**217,024,286**

Particulars	Share Capital	Retained Earnings	Total
Opening Balance as on 01.01.2016	250,000,000	481,102	250,481,102
Net Profit after Taxation for the year	-	(34,662,486)	(34,662,486)
Prior Adjustment (Provision on AIT)	-	1,205,670	1,205,670
Balance as on 31 December 2016	**250,000,000**	**(32,975,714)**	**217,024,286**
Balance as on 31 December 2015	**250,000,000**	**481,102**	**250,481,102**

Md. Yeasin Ali
Chief Executive Officer, C.C

Anjan Kumer Roy, FCA
Director

Md. Siddiqur Rahman, FCS
Chairman

Pinaki & Company
Chartered Accountants

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

01 Significant Accounting Policies and Other Material Information :

a. Legal Form of the Enterprise :

FAS Capital Management Limited is a subsidiary of FAS Finance & Investment Limited, Incorporated in Bangladesh on 13th October 2010 as a Private Limited company under the Companies Act,1994. FAS finance & Investment Limited stared its activity as a Merchant Bank in 1997. The Company (Subsidiary) was incorporated as per instruction of BSEC (Letter No. BSEC/Reg./MD-Policy/Part-VI/2008/286 Dated 26 July 2010) to FAS Capital Management Ltd. to form a separate subsidiary company for Merchant Banking alone within 30th September,2010. Accordingly the then management formed a separate subdiary-Merchant Banking named as FAS Capital Management Ltd. and applied on 26.09.2010 to BSEC in order to transfer the Merchant Banking License in favor of the newly formed subsidiary company. Simultaneously the management of the FAS Finance & Investment Ltd. transferred the entire investor's portfolio amounting Tk.97.20 crore to FAS Capital Management ltd. Since then the FAS Capital Management Ltd. has been working as a full-pledged Merchant Bank with capital of Tk. 25.00 crore.

It may be mentioned here that FCML has received the merchant Banking license from BSEC in its own name on 16.05.2012

b. Nature of Business Activities :

The Main Objectives of the company for which it was established are to carry out the busness of full-pledged merchant banking activities like issue management, portfolio management, Underwriting, corporate advisory services, etc.

c. Basis of Presentation Financial statements :

The following underlying assumptions, measurement base, laws, rules, regulations and Accounting pronouncements have been considered in preparing and presenting the financial statements:

Going Concern;

Accrual; except statement of cash flow;

Historical Cost Convention;

Bangladesh Accounting Standards (BAS's);

BSEC (Merchant Bankers & Portfolio Manager) Ordinance 1996;

BSEC Rules 1987.

d. Depreciation Policy :

Depreciation is charged on fixed assets from during the year of acquisition following reducing balance method for full year at the rate varying from 10% to 20% depending on the nature of assets.

e. Statement of Cash Flows :

Statement of Cash Flows (Direct Method) has been prepared as per requirement of BAS-07.

f Investment :

Investment is carried in Financial Statement at cost. Provision is made for diminishing in value of investment.

g Taxation:

The Applicable tax rate for Merchant Bank is 37.50 %. The assessment for the assessment year 2017-2018 return has been submitted under Universal Self-Assessment and accordingly, income tax clearance certificates have also been obtained.

h Reporting Period:

These financial statement cover for the year from 01 January 2017 to 31 December 2017.

i Gratuity Fund:

Gratuity fund provision has been made as per organization's policy .

j Provident Fund:

Provident fund provision has been made as per organization's policy .

k General:

All financial information is presented in taka has been rounded off to the nearest taka. Comparative figures for balance have been given.

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at	
			31.12.2017	31.12.2016
02	**Cash in hand :**			
	Cash in Hand		41,103	6,951
		Total	**41,103**	**6,951**
03	**Cash at Bank :**	Account No.		
	Dutch Bangla Bank Ltd. Gulshan Branch	SND-116.120.1505	372,885	84,829
	Dutch Bangla Bank Ltd. Gulshan Branch-LRHR	SND-116.120.4323	555,857	-
	Mutual Trust Bank Ltd. Gulshan Branch	SND-0022-0320000793	76,591	45,660
	Prime Bank Ltd. Mohakhali Branch	SND-11031050015284	1	1
	Social Islami Bank Ltd. Gulshan Branch	SND-0081360000649	164,776	665
	State Bank of India.	SND-05420271540203	-	-
	State Bank of India.	CD-05420271520201	1,648	2,798
	The City Bank Ltd. Gulshan Branch	SND-3101221156001	196,791	6,813,156
	The City Bank Ltd. Gulshan Branch	SND-3101221156003	1,911,832	-
	The City Bank Ltd. Gulshan Branch	6002-PIAA	14,282	190,697
	Woori Bank -Dhaka Br.	NDA-923000208	647,085	8,593
	Woori Bank -Dhaka Br.	CDA-923920015	146,465	-
		Total	**4,088,213**	**7,146,399**
04	**Share Investment :**			
	Bank:			
	AB Bank Ltd.		17,124,531	-
	Al-Arafah Islami Bank Ltd.		37,249,675	-
	BRAC Bank Ltd.		-	2,281,494
	First Security Islami Bank Ltd.		20,321,571	-
	IFIC Bank Ltd.		12,932,599	-
	Mercantile Bank Ltd.		77,354,174	-
	One Bank Ltd.		9,684,868	-
	The City Bank Ltd.		7,986,860	-
			182,654,278	**2,281,494**
	Insurance:			
	Delta Life Insurance Company Ltd.		-	2,665,675
	Pragati Life Insurance Co.Ltd.		-	3,246,456
			-	**5,912,131**
	Finance:			
	Investment Corporation of Bangladesh (ICB)		11,790,200	-
	IDLC Finance Ltd.		6,768,445	-
	International Leasing & Financial Services Ltd. (ILFSL)		28,658,691	-
	LankaBangla Finance Ltd.		18,339,681	-
	National Housing Finance & Inv.Ltd.		13,828,496	-
	PLFS Limited		-	75,050,736
	Union Capital Ltd.		50,454,451	-
			129,839,964	**75,050,736**
	Textile:			
	Alif Manufacturing Co.Ltd.		8,241,884	
	Malek Spinning Mills Ltd.		25,750,991	-
	Mithun Knitting Mills Ltd.		-	2,001,890
	Mozaffar Hossain Spinning Mills Ltd.		18,599,228	
	Simtex Industries Ltd.		1,934,527	71,001,779
	Yeakin Polymer Ltd.		-	29,051
			35,927,402	**91,631,948**

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

	Amount in Taka as at	
	31.12.2017	31.12.2016
Fuel & Power:		
BARAKA Power Ltd.	37,385,961	-
Meghna Petroleum Ltd.	-	32,019,419
MJL BD Ltd.	3,472,335	-
Padma Oil Company Ltd.	-	36,483,467
Quasem Drycells Ltd.	9,671,389	2,829,062
Shahjibazar Bazaar Power Co. Ltd.	51,915,043	54,315,189
Summit Power Co.Ltd.	-	8,043,307
	102,444,728	**133,690,444**
Mutual Fund:		
ICB-AMCL-2nd MF	1,802,675	-
NLI 1st MF	35,410,506	-
NCC Bank 1st MF	1,740,075	-
PHP 1st MF	10,593,621	-
Popular 1st MF	9,472,446	-
SEML Lacture E.Management Fund	6,475,460	-
Southest Bank 1st MF	28,110,052	-
	93,604,835	**-**
Enginering:		
Appollo Ispat Complex Ltd.	28,407,473	1,166,401
Bangladesh Building System	22,262,588	262,786
Bangladesh Submarine cable Company Ltd. (BSCCL)	-	1,804,491
Miracle Indust.Ltd	-	1,548,587
Bangladesh steel Re- Rolling Mills Limited (BSRM)	-	2,431,948
GPH Ispat Ltd.	56,486,653	-
KDS Accessories Ltd.	16,412,335	-
IFAD Autos Ltd.	128,812	-
Saif Powertec Ltd.	30,304,164	1,029,190
National Polymer Industries Ltd.	1,071,324	-
Nahee Aluminum Composite Panel Ltd.	62,247	-
Oimex Electrode Limited	64,800	-
Western Marine Shipyard Ltd.	-	3,945,303
	155,200,396	**12,188,706**
Pharmaceutical:		
ACI Formulation Limited	-	27,650,014
ACI Limited	24,440,619	35,361,052
Active Fine Ltd.	1,899,983	2,597,653
CVO Petro.Ref.Ltd	326,320	18,143,871
Far Chemical Industries Ltd.	-	23,067,904
Orion Infisusion Ltd.	-	4,595,702
Ranata Pharma Ltd.	-	1,106,749
Square Pharma Ltd.	956,227	7,451,046
The IBN Sina Pharma LTd.	3,697,139	-
	31,320,288	**119,973,991**
Others:		
Aamra Networks Ltd	118,560	-
Aman Feed Limited	13,741,480	-
Bangladesh Shipping Corporation	21,349,856	-
Fortune Shoes Ltd.	7,805,615	745,762
Gemini Sea Food Ltd.	-	759,442

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at	
			31.12.2017	31.12.2016
	Delta Brac Housing Finance Corporation Ltd.		-	13,670,020
	Grameenphone Ltd.		4,757,425	17,954,392
	Khan Brothers PP Waven Bag Ind.Ltd.		206,590	-
	National Tubes Ltd.		127,156	3,439,824
	Glaxo Smithkline Bangladesh		20,876,534	14,468,213
	Marico BD Ltd.		-	1,345,053
	United Airways (BD) Ltd.		-	1,299,687
			68,983,216	**53,682,393**
	Share Application:			
	Aman Cotton Fibrous Ltd.		1,255,400	-
	Bashundhara Paper Mills Ltd.		3,458,080	-
	Indo-Bangla Pharmaceuticals Ltd.		4,500,000	4,500,000
	Pacific Denims Ltd.		-	30,000,000
			9,213,480	**34,500,000**
		Total	**809,188,587**	**528,911,843**
			Total Margin Loan	**Total Margin Loan**
05	**Margin Loan to Client :**			
	Be Rich Ltd.		193,921,155	204,003,668
	Eminent Securities Ltd.		-	19,418,180
	International Leasing Security Ltd.		39,609,698	44,173,233
	KHB Securities Ltd.		143,688,661	49,589,908
	Khwaja Equity Services Ltd.		96,507,526	171,464,259
	Mika Securities Ltd.		-	88,255,157
	Royal Capital Ltd.		472,463,461	486,687,308
	Shah Mohammad Sagir & Co. Ltd.		149,860,355	168,136,736
	Stock & Bond Ltd.		244,124,165	300,560,991
	Western Securities Investment Mag.Ltd.		2,648,146	1,600,615
	Discretionary A/C-LRHR Secure A/c		1,173,330	-
	Discretionary A/C-General A/c		33,935,686	19,449,334
		Total	**1,377,932,183**	**1,553,339,389**

5.01 Due to unusual/unexpected fall in the share market, the market value of collateral securities as on 31 December 2017 fell below the receivable amount by Tk. 837,687,563 against which the company made provison for Tk. 89,668,773 which is equivalent to 10.7% of the net unrealized loss of outstanding margin loan to client. As per circular number SEC/CMRRCD/2009-193/196 dated 28 December 2016 and the latest circular number SEC/CMRRCD/2009-193/203 dated 28 December 2017 of Bangladesh Securities & Exchange Commision (BSEC) the company need be kept provison 20% of it's negative equity balance for each five quarter from 31 December 2017 to 31 December 2018.

06	**Others Assets :**			
	Accounts Receivable	06.01	511,620	11,017,976
	Advances, Deposits and Prepayments		12,237,096	15,137,796
	Advance Income Tax (AIT)	06.02	6,947,972	12,851,676
	Loan to Staff		-	53,969
	Receivable Interest on FDR		-	537,306
	Receivable Dividend Income		5,002,646	5,288,000
			24,699,334	**44,886,723**
06.01	**Accounts Receivable :**			
	Brokerage House	06.01.01	21,850	10,018,060
	Receivable Work station		-	247,500
	Receivable From FFIL		271,360	
	Receivable-CDBL-All Broker		218,410	752,416
		Total	**511,620**	**11,017,976**

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at 31.12.2017	Amount in Taka as at 31.12.2016
06.01.01	**Brokerage House :**			
	Be Rich Ltd.		-	29,944
	Discretionary A/C-BD-0003		-	1,002,956
	International Leasing Securities Ltd.		-	32,477
	KHB Securities Ltd.-Own		-	2,366,597
	Khwaja Equity Ltd.-Own		-	1,482,262
	Mika Securities Ltd.		-	1,542
	Khwaja Equity Services Ltd.		21,850	1,815,086
	Royal Capital Ltd.		-	969
	Shah Mohammad Sagir & Co. Ltd.		-	15,092
	Stock & Bond Ltd.		-	82,443
	Western Securities Investment Management Ltd.		-	2,149,753
	Western Securities Investment Management Ltd.Own		-	1,038,939
		Total	**21,850**	**10,018,060**
06.02	**Advance Income Tax (AIT):**			
	Opening Balance		12,851,676	12,993,366
	Add: Addition during the year		4,995,933	6,653,987
			17,847,609	19,647,353
	Less: Adjustment during the year		10,899,637	6,795,677
		Total	**6,947,972**	**12,851,676**
07	**Fixed Assets :**			
	Cost:			
	Opening Balance		14,729,545	9,132,990
	Add: Addition during the year		641,285	7,025,555
			15,370,830	16,158,545
	Less:Disposal of Fixed Assets		-	1,429,000
			15,370,830	**14,729,545**
	Accumulated Depreciation			
	Opening Balance		4,485,232	4,457,256
	Add: Charged during the year		1,477,974	1,091,464
			5,963,206	**5,548,720**
	Less:Disposal of Fixed Assets		-	1,063,488
			5,963,206	**4,485,232**
			9,407,624	**10,244,313**
	(Details of the Fixed Assets are shown in Annexure-1)			
08	**Borrowings from other banks, financial institutions and agents :**			
	Bank	8.01	30,000,000	74,710,370
	Financial institution	8.02	1,778,261,378	1,692,626,475
		Total	**1,808,261,378**	**1,767,336,845**
8.01	**Borrowings from other financial institutions :**			
	Social Islami Bank Ltd.		-	19,392,541
	Woori Bank (Time Loan)		30,000,000	30,000,000
	Woori Bank (SOD)		-	25,317,829
			30,000,000	**74,710,370**
8.02	**Short Term Portion of Long Term Loan :**			
	FAS Finance & Investment Ltd.		1,418,261,378	1,376,626,475
	International Leasing & Financial Services Ltd.		360,000,000	316,000,000
			1,778,261,378	**1,692,626,475**
			1,808,261,378	**1,767,336,845**

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FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at	
			31.12.2017	31.12.2016
09	**Liability for Expenses :**			
	Audit Fees		46,000	34,500
	CDBL Charges		172,926	140,003
	Arthasochok		30,000	-
	IDCP-International Leasing & Financial Services Ltd.		353,889	-
	Gratuity Fund-FCML		1,028,035	-
		Total	**1,630,850**	**174,503**
10	**Provision for Income Tax :**			
	Provision for Current Tax	10.01	6,083,621	9,817,050
	Provision for Deferred Tax	10.02	(55,494)	413,931
			6,028,127	**30,230,981**
10.01	**Provision for Current Tax:**			
	Opening Balance		29,817,050	34,698,409
	Add:Provision during the year		2,963,633	3,119,988
			32,780,683	37,818,397
	Less:Adjustment during the year		26,697,062	8,001,347
		Total	**6,083,621**	**29,817,050**
10.02	**Provision for Deferred Tax:**			
	Opening Balance		413,931	-
	Add:Deffered Tax Assets during the year		(469,425)	413,931
			(55,494)	413,931
	Less:Adjustment during the year			-
		Total	**(55,494)**	**413,931**
11	**Sundry Creditors :**			
	All Broker-Cash Account		5,259,993	2,621,778
	International Leasing Securities Ltd.		116,564	-
	Discretionary A/C-BD-0001		493,903	102,138
	Discretionary A/C-BD-0002		28,682	718,274
	Discretionary A/C-BD-0003		5,169	-
	Discretionary A/C-BD-0004		26,958	1,228,563
	Discretionary A/C-LRHR-Confident		1,158,654	12,456
	Mika Securities Ltd.		9,256	-
	KHB Securities Ltd.		624,982	-
	KHB Securities Ltd.-Own		598,753	-
	Western Securities Investment Management Ltd.Own		1,928,749	-
	Stock & Bond Ltd.		232	-
		Total	**10,251,895**	**4,683,209**
12	**Others Liabilities :**			
	Provision against Share Investment	12.01	67,038,025	67,779,521
	Provision against Margin loan	12.02	89,668,773	89,668,773
		Total	**156,706,798**	**157,448,294**
12.01	**Provision for Share Investment**:			
	Opening Balance		67,779,521	41,476,835
	Add: Provision during the year		-	26,302,686
			67,779,521	67,779,521
	Less: Adjustment during the year		741,496	-
		Total	**67,038,025**	**67,779,521**

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at 31.12.2017	Amount in Taka as at 31.12.2016
12.02	**Provision against Margin loan:**			
	Opening Balance		89,668,773	89,668,773
	Add: Provision during the year		-	-
			89,668,773	89,668,773
	Less: Adjustment during the year		-	-
		Total	**89,668,773**	**89,668,773**
13	**Share Capital :**			
13.01	**Authorized Capital :**			
	100,000,000 Ordinary Shares of Tk. 10.00 each		**1,000,000,000**	**1,000,000,000**
13.02	**Paid Up Capital :**			
	Paid Up Capital		250,000,000	250,000,000
	25,000,000 Ordinary Shares of Tk. 10.00 each		**250,000,000**	**250,000,000**

13.03 Percentage of Shareholding

	2017(%)	Taka	2016(%)	Taka
Sponsors	2.80	7,000,000	2.80	7,000,000
Financial Institutions	97.20	243,000,000	97.20	243,000,000
	100	**250,000,000**	**100**	**250,000,000**

13.04 Name of directors, Sponsors Shareholders & their shareholding

	Number of Share	Total Value	%
Mr. Abdul Matlub Ahmad	100,000	1,000,000	0.40
Mr. Abdul Halim	100,000	1,000,000	0.40
Mr.Sudir Chandra Sarker	100,000	1,000,000	0.40
Mr.Uzzal Kumer Nandi	100,000	1,000,000	0.40
Mr.Md.Ensan Ali Sheikh	100,000	1,000,000	0.40
Mrs. Hafiza Khanam	100,000	1,000,000	0.40
Mr.Sheikh Md.Rezvi Newaz	100,000	1,000,000	0.40
FAS Finance & Investment Ltd.	24,300,000	243,000,000	97.20
	25,000,000	**250,000,000**	**100**

14	**Retained earnings :**			
	Opening balance		(32,975,714)	481,102
	prior year adjustment (Provision on AIT-Income Year-2013)		(2,134,859)	1,205,670
	prior year adjustment (Provision on AIT-Income Year-2014)		3,435,317	-
	prior year adjustment (Provision on AIT-Income Year-2015)		14,496,967	-
	Net Profit after Tax		9,656,285	(34,662,486)
		Total	**(7,522,004)**	**(32,975,714)**
15	**Interest Income :**			
	Interest on Margin Loan	15.01	58,586,056	155,201,508
	Bank Interest-SND A/c		1,151,179	566,824
	Interest on Staff Loan		4,783	12,721
		Total	**59,742,018**	**155,781,053**
15.01	**Interest on Margin Loan :**			
	Be Rich Ltd.		209,991	14,865,398
	Discretionary-General A/c		3,365,576	1,933,080
	Eminent Securities Ltd.		8,290	754,870
	International Leasing Securities Ltd.		52,825	4,054,491
	International Security Co. Ltd.		-	832,442
	KHB Securities Ltd.		52,625,041	14,028,353
	Khwaja Equity Services Ltd.		1,344,140	42,466,059
	Mika Securities Ltd.		-	5,176,268
	Royal Capital Ltd.		441,869	30,191,536

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at	
			31.12.2017	31.12.2016
	Stock & Bond Ltd.		367,756	23,323,558
	Shah Mohammad Sagir & Co. Ltd.		170,568	14,993,684
	S.R. Capital Ltd.		-	2,056,045
	Western Securities Investment Mgt. Ltd.		-	525,724
		Total	**58,586,056**	**155,201,508**
16	**Interest paid on deposit and borrowing etc. :**			
	Bank		-	4,262,484
	Financial Institution		111,634,903	169,989,059
		Total	**111,634,903**	**174,251,543**
17	**Investment Income :**			
	Capital Gain on Share Investment	17.01	66,550,961	10,800,813
	Dividend on Share Investment		14,818,166	13,708,098
		Total	**81,369,127**	**24,508,911**
17.01	Capital Gain on Share Investment		118,475,069	-
	Less:Interest paid on outside borrowing for Investment		51,924,108	-
		Total	**66,550,961**	**-**
18	**Commission, Exchange and Brokerage :**			
	Trustee Fee		-	300,000
	Underwriting Commission		150,000	-
		Total	**150,000**	**300,000**
19	**Other Operating Income :**			
	Portfolio Management Fees	19.01	3,364,488	7,868,099
	Documentation Fee		110,400	74,000
	Interest on FDR		1,404,444	2,435,936
	Issue Managemnet Fees		-	250,000
	Gain on sale of Fixed Assets		-	554,488
	Other Income		51,937	
	Work Station Rent		430,000	697,000
		Total	**5,361,269**	**11,879,523**
19.01	**Portfolio Management Fees :**			
	Be Rich Ltd.		39,680	297,998
	Eminent Securities Ltd.		764	279,643
	KHB Securities Ltd.		1,038,217	388,773
	International Leasing Securities Ltd.		10,491	101,997
	International Security Co. Ltd.		-	8,161
	Khwaja Equity Services Ltd.		188,607	1,445,175
	Mika Securities Ltd.		-	321,200
	Royal Capital Ltd.		66,548	1,036,715
	Stock & Bond Ltd.		56,504	1,091,116
	Discretionary-General A/c		-	437,593
	Discretionary-LRHR A/c		31,747	925
	Shah Mohammad. Sagir & Co. Ltd.		27,982	377,211
	Western Securities Investment Mgt. Ltd.		308,788	-
	S.R. Capital Ltd.		-	264,052
	FAS Finance & Investment Ltd.		1,595,160	1,817,540
		Total	**3,364,488**	**7,868,099**
20	**Salary and Allowances :**			
	Basic Salary and all other allowances		8,842,080	8,010,993
	Provident Fund		443,477	402,109
	Festival Bonus		909,227	820,755
	Incentive Bonus		817,336	372,884
	Leave fare assistance		373,564	307,750
	Gratuity Fund		1,088,035	926,153
		Total	**12,473,719**	**10,840,644**

FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

			Amount in Taka as at 31.12.2017	Amount in Taka as at 31.12.2016
21	**Rent, Taxes, Insurance, Electricity, etc :**			
	Office Rent		4,907,307	6,031,872
	Electric Bill		439,933	540,984
	Generator Bill		7,603	6,544
	Insurance Premium		-	1,164
		Total	**5,354,843**	**6,580,564**
22	**Postage, Stamps, Telecommunication :**			
	Internet Bill		179,215	195,650
	Telephone & Mobile Bill		259,534	205,691
	Postage & Courier		5,245	10,710
		Total	**443,994**	**412,051**
23	**Printing, Stationery & Advertisement**			
	Dhaka (Head Office)		306,517	462,603
	Chittagong (Branch Office)		743	-
		Total	**307,260**	**462,603**
24	**Repairs**			
	Software Maintenance		153,454	135,454
	Vehicle Maintenance		-	70,206
	Repair & Maintenance		40,240	49,830
		Total	**193,694**	**255,490**
25	**Other Expenses :**			
	Bank Charge & Commission		155,336	104,640
	Conveyance allowance		100,420	72,920
	Cookeries		16,980	29,650
	Cleaning service bill		127,907	97,500
	Entertainment		315,202	287,891
	Earn Leave Expenses		105,644	171,818
	Fees & Subscription		73,500	8,000
	Fuel & Lubricants		1,703	215,961
	Garage Rent		-	23,000
	Medical Allowance		4,850	-
	Newspaper & Periodicals		9,160	9,495
	Office Maintenance		164,702	222,905
	Registration Fees		77,000	30,000
	Renewal Fees		203,450	244,750
	Security Service Bill		588,488	618,083
	Service Charge		305,268	327,981
	Share Transfer Expenses		400	37,346
	Spare & Accessories		31,640	30,785
	Stamp & Notary		3,075	11,493
	TA/DA-Head Office		60,582	24,800
	Tour & Travels		556,849	10,175
	Training & Development Exp.		40,200	4,000
	Wasa Bill		21,108	28,682
			2,963,464	**2,611,875**
26	**Basic earning per share (EPS) discloser under BAS-33**			
	Net Profit for the year		9,656,285	(34,662,486)
	Weighted average number of ordinary shares		25,000,000	25,000,000
	Basic earning per share (EPS)		**0.39**	**(1.39)**

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FAS Capital Management Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2017

27. Related Party Disclosure

a. Particulars of Directors and their Interest in different entities :

Sl No.	Name of Director	Status in FAS Capital Management Limited	Name of the firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
1	Md. Siddiqur Rahman	Chairman (Nominated by FAS Finance & Investment Ltd.)	Managing Director,Simtex Industries Limited. Chairman, Simtex Textile Limited. Director,Clewiston Foods & Accommodation Limited. Director, Nitol Insurance Company Limited.
2	Mr. Anjan Kumer Roy	Director (Nominated by FAS Finance & Investment Ltd.)	Partner, Mak & Co, Chartered Accountants. Director, Finance Accounting Management Experts (FAME) Ltd.
3	Md. Ensan Ali Sheikh	Director	Director,Simtex Industries Limited.
4	Hafiza Khanam	Director	Director,Simtex Industries Limited.
5	Shaikh Md.Rezvi Newaz	Director	N/A
6	Md. Yeasin Ali	Chief Executive Officer, C.C	N/A

b. Related Party Transaction

The company carried out a number of transactions with related parties in the normal course of business.
The nature of transactions and their values are shown below:

Sl.No.	Name of the Related Party	Transaction Nature	Balance as at 01-Jan-2017	Addition	Adjustment	Balance as at 31-December-2017
			Taka	Taka	Taka	Taka
1	FAS Finance & Investment Limited	Loan	1,376,626,475	111,634,903	70,000,000	1,418,261,378
2	FAS Finance & Investment Limited	Paid up capital	243,000,000	-	-	243,000,000

FAS Capital Management Limited

Fixed Assets Schedule

As at 31 December 2017

Annexure-1

Paticulars	Cost					Depreciation				Written Down Value as on 31.12.2017
	Balance as on 01.01.2017	Addition during the year	Adjustment/ disposal during the year	Balance as on 31.12.2017	Rate (%)	Balance as on 01.01.2017	Addition during the year	Adjustment/ disposal during the year	Balance as on 31.12.2017	
Computer & Accessories	1,872,748	88,715	-	1,961,463	15	801,388	174,011	-	975,399	986,064
Furniture & Fixture	2,943,138	56,070	-	2,999,208	10	1,020,331	197,888	-	1,218,219	1,780,989
Motor Vehicle	-	-	-	-	20	-	-	-	-	-
Office Decoration	1,659,564	-	-	1,659,564	10	541,132	111,843	-	652,975	1,006,589
Office Equipment	5,721,995	485,800	-	6,207,795	15	864,696	801,465	-	1,666,161	4,541,634
Software	2,258,750	7,500	-	2,266,250	15	1,133,847	169,860	-	1,303,707	962,543
Telephone & PABX	273,350	3,200	-	276,550	15	123,838	22,907	-	146,745	129,805
Balance as on 31 December 2017	**14,729,545**	**641,285**	**-**	**15,370,830**		**4,485,232**	**1,477,974**	**-**	**5,963,206**	**9,407,624**
Balance as on 31 December 2016	**9,132,990**	**7,025,555**	**1,429,000**	**14,729,545**		**4,457,256**	**1,091,464**	**1,063,488**	**4,485,232**	**10,244,313**

AMARSTOCK

FAS Capital Management Limited

Provision against Company's Own Investment

As at 31 December 2017

Annexure-2

Sl	Company Name	Total	Saleable	Average	Total Cost	Market	Market Value	Unrealized
1	Aamra Networks Limited	3,040	0	39.00	118,560	97.70	297,008	178,448
2	Ab Bank Ltd.	687,500	687,500	24.91	17,124,531	22.10	15,193,750	(1,930,781)
3	Aci Limited	49,500	49,500	493.75	24,440,619	459.80	22,760,100	(1,680,519)
4	Active Fine Chemical Ltd	50,000	50,000	38.00	1,899,983	35.20	1,760,000	(139,983)
5	Al-Arafah Islami Bank	1,500,000	1,500,000	24.83	37,249,675	24.10	36,150,000	(1,099,675)
6	Alif Manufacturing Com.L	300,000	300,000	27.47	8,241,885	25.10	7,530,000	(711,885)
7	Aman Feed Limited.	200,000	185,000	68.71	13,741,480	63.60	12,720,000	(1,021,480)
8	Appollo Ispat Co.Ltd	1,402,500	1,275,000	20.25	28,407,473	16.50	23,141,250	(5,266,223)
9	Bangladesh Shipping Cor.	428,000	428,000	49.88	21,349,856	46.70	19,987,600	(1,362,256)
10	Baraka Power Limited.	926,000	926,000	40.37	37,385,961	34.40	31,854,400	(5,531,561)
11	Bd Building System Ltd	480,000	440,000	46.38	22,262,588	38.20	18,336,000	(3,926,588)
12	Cvo Petrochemical Re.Ltd	1,427	0	228.61	326,320	207.00	295,476	(30,844)
13	First Security Bank Ltd	1,200,000	1,200,000	16.93	20,321,572	15.30	18,360,000	(1,961,572)
14	Fortune Shoes Limited	175,000	119,644	44.60	7,805,615	39.70	6,947,500	(858,115)
15	Glaxosmithkline (Bd) Ltd	12,150	12,150	1,718.23	20,876,535	1,550.80	18,842,220	(2,034,315)
16	Gph Ispat Ltd.	1,271,102	1,271,102	44.44	56,486,653	38.80	49,318,758	(7,167,895)
17	Grameenphone Ltd.	10,000	10,000	475.74	4,757,425	470.80	4,708,000	(49,425)
18	Icb	70,000	68,000	168.43	11,790,200	160.00	11,200,000	(590,200)
19	Icb Amcl 2Nd Mf	200,000	200,000	9.01	1,802,675	8.20	1,640,000	(162,675)
20	Idlc Finance Ltd.	75,000	70,000	90.25	6,768,445	85.30	6,397,500	(370,945)
21	Ifad Autos Ltd.	1,000	0	128.81	128,812	126.00	126,000	(2,812)
22	Ific Bank Ltd.	650,000	650,000	19.90	12,932,599	18.00	11,700,000	(1,232,599)
23	Int. Leasing & Fin.Serv.	1,280,000	1,280,000	22.39	28,658,691	22.10	28,288,000	(370,691)
24	Kds Accessories Limited	225,000	225,000	72.94	16,412,335	66.60	14,985,000	(1,427,335)
25	Khan Brothers Pp Woven B	10,000	0	20.66	206,590	17.80	178,000	(28,590)
26	Lankabangla Finance Ltd.	365,000	327,500	50.86	18,339,681	47.80	17,447,000	(892,681)
27	Malek Spinning Mills Ltd	1,100,000	1,100,000	23.41	25,750,991	19.70	21,670,000	(4,080,991)
28	Mercantile Bank Limited	2,800,000	2,800,000	27.63	77,354,174	26.40	73,920,000	(3,434,174)
29	Mjl Bangladesh Limited	30,000	30,000	115.74	3,472,334	109.10	3,273,000	(199,334)
30	Nahee Al.Com.Pa.Ltd	6,847	0	9.09	62,247	73.40	502,584	440,337
31	National Housing Fin.& I	270,000	270,000	51.22	13,828,495	47.20	12,744,000	(1,084,495)
32	National Polymer Ind. Lt	12,000	0	89.28	1,071,324	86.80	1,041,600	(29,724)
33	National Tubes Ltd.	1,000	0	127.16	127,156	132.30	132,300	5,144
34	Nccbl Mutual Fund-1.	190,300	160,000	9.14	1,740,075	8.90	1,693,670	(46,405)
35	Nli First Mutual Fund	2,330,801	2,330,801	15.19	35,410,506	15.10	35,195,095	(215,411)
36	Oimex Electrode Limited	7,128	0	9.09	64,800	65.20	464,746	399,946
37	One Bank Limited	400,000	350,000	24.21	9,684,868	24.00	9,600,000	(84,868)
38	Php First Mutal Fund	1,500,000	1,500,000	7.06	10,593,621	6.40	9,600,000	(993,621)
39	Popular Life First Mf	1,400,000	1,400,000	6.77	9,472,446	6.20	8,680,000	(792,446)
40	Quasem Drycell Ltd.	120,122	120,122	80.51	9,671,389	77.50	9,309,455	(361,934)
41	Saif Powertec Ltd	846,000	650,000	35.82	30,304,164	33.20	28,087,200	(2,216,964)
42	Seml Lecture Eq.Man.Fund	705,000	705,000	9.19	6,475,460	7.50	5,287,500	(1,187,960)
43	Shahjibazar Power Co.Ltd	400,000	353,240	129.79	51,915,043	116.10	46,440,000	(5,475,043)
44	Simtex Industries Limite	65,500	65,000	29.53	1,934,527	29.40	1,925,700	(8,827)
45	Southeast Bank 1St Mf	2,000,000	2,000,000	14.06	28,110,052	14.20	28,400,000	289,948
46	Square Pharma	3,150	3,150	303.56	956,227	301.80	950,670	(5,557)
47	The City Bank Ltd.	150,000	125,000	53.25	7,986,859	53.20	7,980,000	(6,859)
48	The Ibn Sina Phar.In. Lt	15,000	15,000	246.48	3,697,139	244.40	3,666,000	(31,139)
49	Union Capital Limited	2,100,000	2,100,000	24.03	50,454,451	20.10	42,210,000	(8,244,451)
	Sub Total				**799,975,107**			
	Quoted Share:							
50	Indo-Bangla Pha.Ltd.(Pla	450,000	0	10.00	4,500,000	10.00	4,500,000	0
51	Aman Cotton Fiborus Ltd.	31,385	0	40.00	1,255,400	40.00	1,255,400	0
52	Basundhrara Paper Mills Ltd.	43,226	0	80.00	3,458,080	80.00	3,458,080	0
	Total :				**809,188,587**		**742,150,562**	**(67,038,025)**

Required Share Provision 31.12.2017	67,038,025
Less:Share Provision Last Year	67,779,521
Share Provision made during the year	**(741,496)**

DISCLOSURES AND OTHER RELATED INFORMATION

Questions form for Annual General Meeting

Form of Proxy & Attendance Slip

Investor Relations

AMARSTOCK

Questions form for Annual General Meeting

AMAR STOCK

FAS Finance & Investment Limited

Corporate Office: Suvastu Imam Square (4th & 5th Floor)
65, Gulshan Avenue, Gulshan-1, Dhaka-1212

Proxy Form

I.....of.....

.....being member of **FAS Finance & Investment Limited**, hereby appoint

Mr/Ms.....

of..... as my proxy to attend and vote for me and on my behalf at the 21st Annual General Meeting of the Company to be held on Wednesday, 20 June 2018 at 10:30 a.m. at RAOWA Convention Hall, Hall No. 3 (EAGLE), VIP Road, Mohakhali, Dhaka-1206 or at any adjustment thereof.

Signed this..... Signature of Proxy.....

Day of.....2018

Revenue Stamp of Tk 20/-

Signature of Shareholder

BO ID:																

No. of Shares.....

N.B. Important

1. This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the shareholders should agree with the specimen signature registered with the Company.

.....

FAS Finance & Investment Limited

Corporate Office: Suvastu Imam Square (4th & 5th Floor)
65, Gulshan Avenue, Gulshan-1, Dhaka-1212

Attendance Slip

I hereby record my attendance at the 21st Annual General Meeting of the Company being held on Wednesday, 20 June 2018 at 10:30 a.m. at RAOWA Convention Hall, Hall No. 3 (EAGLE), VIP Road, Mohakhali, Dhaka-1206.

Name of Member/Proxy .....

BO ID:																

Signature..... Date.....

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the registration counter on the day of the meeting.

AMAR STOCK

Notes to Form of Proxy

Summary of the rights of a shareholder to be represented by proxy as contained in Section 85 of the Companies Act, 1994 and notes to the form of proxy.

1. Each holder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, participate in, speak and vote or abstain from voting in place of that holder at the Annual General Meeting.

2. A proxy appointment must be in writing, dated and signed by the holder appointing the proxy.

3. A holder's instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable by that holder in the appropriate box provided. Failure to comply with this will be deemed to vote in favour of the ordinary resolutions at the Annual General Meeting.

4. A holder or his/her/its/their proxy is not obliged to vote in respect of all the ordinary shares held by such holder or repre sented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the holder or his/her/its/their proxy is entitled.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the Company Secretary. Examples of satisfactory identification include a valid National ID card, a valid driving licence or a valid passport.

6. Any alterations or corrections to this form of proxy must be initialed by the authorized signatory/signatories.

7. The completion and lodging of this form of proxy will not preclude the original shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so, in which case this proxy will be suspended accordingly.

8. Form of Proxy have to be lodged with or posted to the Company Secretary FAS Finance & Investment Limited, Suvastu Imam Square (4th Floor), 65 Gulshan, Avenue Gulshan, Dhaka-1212 before a proxy may exercise any voting rights of a holder at the Annual General Meeting. The Form of Proxy is requested to be received no later than 6:00 p.m. on 14 June 2018.

9. Holders attending the Annual General Meeting will be offered the opportunity of putting questions to the Directors and Management.

AMAR STOCK

Investor Relations

Investor Relation and Corporate Communications

Transparent reporting on our operations and performance is the key to the credibility of our public reporting and investor relation's activities. We are therefore committed to keeping the market informed of relevant information, allowing both existing and potential shareholders to evaluate our business, our performance and our prospects. We believe this commitment to communicating with the public not only reinforce investors' understanding of FFIL and its development, but also enhance shareholder value. Our Shareholder Communications Policy is available on our website and is regularly reviewed to ensure its effectiveness.

Stakeholder Engagement

At a broad level, the Company proactively engages with institutional and retail investors as well as media and other interested groups. Our stakeholders have easy access to our Online Annual Report and we revamped our website to better reach to our investors, customers and other stakeholders.

Communication Channels

We believe that the transparency encouraged by active stakeholder engagement builds recognition of our brand and ultimately enhances shareholders value. We facilitate engagement through the following channels:

Financial Reporting

- Annual and Quarter Reports;
- Online Annual Report;
- Press releases on business activities.

Shareholder Meetings and Hotlines

- Group and one-on-one meetings;
- Shareholder hotline and e-mail:

  Tel: +88 09604-046565

  E-mail: investorrelation@fasbd.com

Investor Perception Studies

We consulted investors and analysts for feedback on our group strategy, executive management team, Annual Report and our corporate communications, investor relations and corporate governance issues by way of telephone and one to one discussion.

Introducing our first ever integrated online report

Our HTML-based online annual report offers our stakeholders an alternative format for accessing our annual report with downloadable data in an environmentally friendly manner that a growing number of people find more convenient. This initiative reflects another evolution in the transparency and accessibility of our reporting, which are key to the credibility of our investor relations activities. Advantages of our online report:

- Downloadable financial data tables and other information in spreadsheet format.
- Hyperlinks to key supporting figures, breakdown analyses and further explanations.
- Environmentally-friendly medium.

Company Website

Our corporate website and external communications now complement our intergraded reporting format. Information includes:

- Profiles of Group's main businesses;
- Board and senior management biographical data;
- Corporate Governance;
- Risk Management and CSR;
- Board Committees' Terms of Reference;
- Financial information

Head Office
Suvastu Imam Square (4th & 5th Floor)
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Extended Head Office
[Liability Marketing Unit]
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E-mail: Info@fasbd.com
Web: www.fasbd.com

Narsingdi Branch
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E-mail: narsingdi@fasbd.com

Subsidiary
FAS Capital Management Limited
(A Full-Fledged Merchant Bank)
Zahed Plaza (5th Floor)
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Dhaka-1212
Phone: +88-02-8834253-4

Production
Galaxy Corporation
Phone : 7192877

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