

ANNUAL REPORT 2021



ফাস্ট ফাইন্যান্স লিমিটেড
First Finance Limited

আপনার সকল আর্থিক প্রয়োজনে . . .

ANNUAL REPORT 2021



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| LETTER OF TRANSMITTAL |

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

ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2021

Dear Sir(s),

We forward herewith copy(s) of Annual Report 2021 of First Finance Limited along with Audited Financial Statements as on the position of December 31, 2021 including Income Statements, Cash Flow Statements along with notes thereon on the financials for your kind perusal and record.

Yours sincerely

Sd/-

(Mohammad Ekramur Rahman)
Company Secretary

Dhaka
05 September, 2022

| NOTICE |

FIRST FINANCE LIMITED

Jahangir Tower (3rd Floor), 10, Kawranbazar C/A, Dhaka-1215
Phone: (880-2) 5501 3842-43, Fax: 880 2 8189863, www.first-finance.com.bd

Notice of the 29th Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting (AGM) of First Finance Limited will be held on **Thursday, September 22, 2022 at 3.00 p.m.** (Bangladesh Standard Time). The AGM will be held virtually by using digital platform through the following link: <http://ffl29agm.digitalagmbd.net> to transact the following businesses:

AGENDA

01. To confirm the proceedings of the 28th Annual General Meeting of the Company held on December 30, 2021.
02. To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statement for the year ended on December 31, 2021.
03. To declare Dividend for the year 2021 as per the recommendation of the Board of Directors.
04. To elect/re-elect/confirm Directors in accordance with the provisions of Articles of Association of the Company.
05. To consider the appointment of Independent Directors as per the Notification of Bangladesh Securities and Exchange Commission. (No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 3 June 2018)
06. To appoint statutory auditors of the Company for the year 2022 until conclusion of 30th AGM and to fix their remuneration;
07. To appoint the Corporate Governance Compliance Auditor for the year 2022 until conclusion of 30th AGM and to fix their remuneration;
08. To transact any other business with the permission of the Chair.

By the order of the Board of Directors,

Sd/-

Mohammad Ekramur Rahman
Company Secretary
E-mail: secretary@first-finance.com.bd

Dated: 25 August, 2022

NOTES:

01. The record date was fixed on **24 August, 2022**. The Shareholders, whose names appeared in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting.
02. The Board of Directors has recommended **No Dividend** for the year ended on 31 December, 2021.
03. Pursuant to the Bangladesh Securities and Exchange Commission Order No. SEC/SRMIC/94-231/25 dated 08 July, 2020, and SEC/SRMIC/94-231/91, dated 31 March, 2021; the AGM will be virtual meeting of the Members, which will be conducted via live webcast by using digital platform.
04. The Members will be able to submit their questions/comments and vote electronically 72 hours before commencement of the AGM and during the AGM. For logging in to the system, please put your **16 digit BO ID number or 6 digit Folio number** and holding of **Share Quantity** (As on record date 24 August, 2022) and other credential as proof of their identity by visiting the link <http://ffl29agm.digitalagmbd.net>
05. We encourage the Members to log in to the system prior to the meeting start time of 3.00 p.m. (BST) on 22 September, 2022. Please allow ample time to login and establish your connectivity. The webcast will start at 3.00 pm (BST). Please contact 01987007880 for any technical difficulties in accessing the virtual meeting.
06. A shareholder eligible to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped of BDT Tk. 20.00 must be sent through email to **share@first-finance.com.bd** not later than 72 hours before commencement of the AGM.
07. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated 20 June 2018, the soft copy of the Annual Report 2021 is being sent to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository. The Members are requested to update their email addresses through their respective Depository Participant (DP). The soft copy of the Annual Report of 2021 will also be available on the Investor Relations section of the Company's website at **www.first-finance.com.bd**.

| CORPORATE INFORMATION |

| | |
|-------------------------|---|
| Date of Incorporation | : 28 th June, 1993 |
| Authorized Capital | : BDT 5,000.00 Million |
| Paid-Up Capital | : BDT 1,185.45 Million |
| Statutory Reserve | : BDT 369.94 Million |
| Registered Head Office | : Jahangir Tower (3rd Floor), 10, Kawran Bazar C/A, Dhaka-1215, Bangladesh |
| Type of Organization | : Non-banking Financial Institution |
| Nature of Business | : Lease Finance, Term Loan Financing, Real-Estate & Housing Financing, Home Loan, SME Finance, Women Entrepreneur Finance, TDR, MSS, etc. |
| Number of Directors | : 10 |
| Number of Shareholder | : 6,511 |
| Number of Branches | : 6 (Six) |
| Number of Employees | : 178 |
| Number of Clients | : 2,523 (Investment) 2,918 (Deposit) |
| Business Thrust Sectors | : SME Sector, Corporate Finance, Real Estate, Housing, Car finance, Lease finance Transportation Companies etc. |
| Business Motto | : Efficient Customer Service & Effective Financial Solutions |
| Auditor | : G. Kibria & Co., Chartered Accountants |
| Tax Advisor | : M.J. Abedin & Co., Chartered Accountants |
| E-Mail | : info@first-finance.com.bd |
| Website | : www.first-finance.com.bd |
| Facebook Fan Page | : www.facebook.com/first-finance |

| COMPANY CHRONICLES |

| | |
|-------------------|--|
| June 28, 1993 | : Commencement of Business of First Lease International Limited |
| July 18, 1996 | : Conversion into a Public Limited Company |
| October 05, 1999 | : Licensed from Bangladesh Bank under Financial Institutions Act |
| June 28, 2003 | : Consent by Bangladesh Securities and Exchange Commission to initiate Initial Public Offering (IPO) |
| October 09, 2003 | : Initiation of trading of Shares in Dhaka & Chittagong Stock Exchange |
| January 04, 2009 | : First Trading day under CDS Systems in demat format |
| April 27, 2009 | : Change of name of Company from First Lease International Limited to First Lease Finance & Investment Limited |
| February 01, 2011 | : Launching of SME Finance Scheme |
| December 04, 2011 | : Change of face value and market lot of shares in Stock Exchanges |
| June 18, 2013 | : Approval of issuance of Right Shares by Bangladesh Securities and Exchange Commission |
| August 05, 2014 | : Change of Name of Company from First Lease Finance & Investment Limited to First Finance Limited |
| October 10, 2021 | : Relocation of Gulshan Branch |
| November 01, 2021 | : Relocation of Wari Branch to Motijheel and renaming as Motijheel Branch |

| CAPITAL & SHAREHOLDING STRUCTURE |

as at 31st December, 2021

CAPITAL STRUCTURE

| | |
|------------------------------------|----------------------|
| Authorized Capital | Tk. 5,000.00 million |
| Issue Subscribed & Paid-Up Capital | Tk. 1,185.45 million |
| Statutory Reserve | Tk. 369.94 million |

SHARE HOLDING STRUCTURE

| Category of Shareholders | No of Shares | Percentage of total Shares |
|------------------------------|--------------------|----------------------------|
| Sponsor & Director | 48,972,361 | 41.31% |
| General Public Including NRB | 46,550,450 | 39.27% |
| Institutions | 23,021,852 | 19.42% |
| Foreigners | - | - |
| Total | 118,544,663 | 100.00 |

| THE PATTERN OF SHAREHOLDING ALONG WITH NAME WISE DETAILS |

As at 31 December 2021

| Name & Description of Shareholders: | | No. of Shares held as on 31.12.2021 | % of Holding |
|-------------------------------------|--|-------------------------------------|--------------|
| A. | Parent/Subsidiary/Associated Company and other related Parties | Nil | - |
| B. | Directors and their Spouses and Minor Children | | |
| | Mr. Khan Mohammad Moinul Hasan, Chairman & Independent Director | 0 | - |
| | Alphabet Associates Ltd. (Represented by Mr. Masud Hossain Khan) | 5,783,999 | 4.8792 |
| | Alphabet Systems Ltd. (Represented by Mr. Abu Zakir) | 5,787,345 | 4.8820 |
| | Mr. AQM Faisal Ahmed Chowdhury, Director | 2,775,485 | 2.3413 |
| | Oparchor Trade International Ltd. (Represented by Mr. Md. Altaf Hossain) | 8,487,950 | 7.1601 |
| | Qasraj Trading Ltd.(Represented by Ms. Amatun Noor) | 11,854,089 | 9.9997 |
| | Qasraj Trading Ltd.(Represented by Engineer Mohammed Mynul Islam) | | |
| | Raqas Trade International Limited (Represented by Mr. Abu Bakar Zahan Raminton Raza) | 5,910,691 | 4.9860 |
| | Mr. Md. Habibur Rahman, Independent Director | 0 | - |
| | Mr. Sultan Ahmed Bhuiyan, FCA, Independent Director | 0 | - |
| C. | Executives, their spouses and minor children | | |
| | Managing Director & CEO and his spouse and minor children | Nil | - |
| | Chief Financial Officer and his spouse and minor children | Nil | - |
| | Company Secretary and his spouse and minor children | Nil | - |
| | Head of Internal Control & Compliance and his spouse and minor children | Nil | - |
| D. | Executive (Top five salaried executives other than CEO, CFO, CS, HICC): | | |
| | Mr. Md. Tuhin Reza, Additional Managing Director | Nil | - |
| | Mr. Maksumul Mahmud, EVP & Head of Recovery & Monitoring | Nil | - |
| | Mr. Sabur Khan Dipu, SVP & Head of Treasury | Nil | - |
| | Mr. Shafi Uddin, SVP & Head of Agrabad Branch | Nil | - |
| | Mr. Mohammad Enamur Rahman, Head of Finance | Nil | - |
| E. | Shareholders holding ten percent (10%) or more voting interest in the company | Nil | - |

| CODE OF CONDUCT |

- ❖ The employees of First Finance Limited (FFL) shall take reasonable care about organization's confidential information to keep them secured from unauthorized disclosure and exchange. Unless asked by any lawful and competent court/ authority, exchanging or disclosing of information will be treated as a serious violation of ethical standard, and shall be treated as a breach of contract.
- ❖ An employee of FFL shall not provide any information to third party without prior approval of competent higher management. He/she shall not disclose the unpublished and price sensitive information of the institution related to its performance, strategy, system, policies etc.
- ❖ All information and communication with the media, the public and financial markets shall be reliable and correct, maintaining high professionalism and ethical standards and in accordance with established guidelines and regulations.
- ❖ FFL Employees should ensure that communications are fair, concise, clear and accurate, so that the clients are fully aware of the product features, relevant fees and associated risks for financial products and services.
- ❖ Employees should serve clients, colleagues and counterparties with due care. Respect their desires and serve them with responsibility if they asked for, or help them voluntarily.
- ❖ Employees shall never engage themselves in any activity that prohibits open and fair competition among institutions and strengthen the banking and financial environment in the country.
- ❖ No employee of FFL shall, without prior permission of the competent authority, accepts by him/herself, or permit any of his/her family member to accept any gift from any person that make him/her obligated in official position to the gift providers. If anyone sends gift items via postal or courier services may be received but will immediately be handed over to the higher management for disposal.
- ❖ The employees must avoid conflict of interest as long as they hold positions in the organization.
- ❖ Employees are expected to comply with the laws, rules and regulations governing the Organization's business vis-a-vis regulatory bodies.

| PERFORMANCE IN THE LAST FIVE YEARS |

Key operational and financial data of last five years along with the current year have been presented in summarized format as below:

| Sl. No. | Particulars | AS OF 31 DECEMBER | | | | |
|---------|---|-------------------|----------------|---------------|----------------|-----------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| | | Taka | Taka | Taka | Taka | Taka |
| 1 | Paid-up Capital | 1,162,202,580 | 1,162,202,580 | 1,162,202,580 | 1,162,202,580 | 1,185,446,630 |
| 2 | Total Capital /equity | 1,263,905,090 | 858,525,897 | 993,447,286 | 492,105,389 | (1,697,998,099) |
| 3 | Total Assets | 11,853,236,320 | 11,144,240,687 | 9,881,934,571 | 10,147,562,124 | 10,299,722,860 |
| 4 | Total Deposit | 6,313,974,028 | 6,867,412,827 | 5,883,777,929 | 6,076,329,721 | 6,291,708,346 |
| 5 | Total Loan, Lease and Advance | 9,554,739,490 | 8,794,051,760 | 8,606,563,501 | 8,862,514,386 | 8,955,353,569 |
| 6 | Total Capital (eligible) | 1,134,264,597 | 983,540,869 | 941,182,401 | 926,751,500 | 900,069,206 |
| 7 | Surplus/(Shortage Capital) | 27,937,983 | 178,661,711 | 221,020,179 | 235,451,080 | 285,377,424 |
| 8 | Total Contingent Liabilities and Commitments | - | - | - | - | - |
| 9 | Credit Deposit Ratio (%) | 86.12 | 109.92 | 123.22 | 121.67 | 119.16 |
| 10 | Percentage of Classification of Loan (%) | 32.88 | 48.75 | 34.79 | 35.63 | 86.79% |
| 11 | Operating Profit | (166,597,684) | (394,463,848) | (226,689,300) | (353,017,573) | (1,629,520,915) |
| 12 | Profit after Tax and Provision | (304,906,230) | (405,379,193) | 134,921,390 | (501,341,898) | (2,190,103,487) |
| 13 | Amount of Classified Loan/ Lease | 3,074,364,623 | 4,186,394,263 | 3,147,913,048 | 3,132,929,439 | 7,772,113,300 |
| 14 | Provision kept against Classified Loan/ Lease | 521,505,685 | 521,983,382 | 147,455,981 | 297,477,336 | 858,641,156 |
| 15 | Provision Surplus/(Deficit) | - | (460,000,000) | (480,000,000) | 780,028,705 | (1,470,129,297) |
| 16 | Cost of Fund (%) | 9.19 | 9.93 | 11.06 | 10.81 | 10.43 |
| 17 | Interest Earning Assets | 9,554,739,490 | 8,794,051,760 | 8,931,662,939 | 9,191,189,904 | 9,365,385,346 |
| 18 | Non-Interest Earning Assets | 2,298,496,829 | 2,350,188,926 | 950,271,632 | 956,372,220 | 934,337,515 |
| 19 | Return on Investment (ROI) (%) | (3.19) | (4.61) | 1.57 | (5.66) | (24.46) |
| 20 | Return on Assets (ROA) (%) | (2.57) | (3.64) | 1.37 | (4.94) | (21.26) |
| 21 | Income from Investments | 3,923,506 | (904,017) | 1,765 | 877,168 | (7,498,150) |
| 22 | Earnings per Share (EPS) | (2.62) | (3.49) | 1.16 | (4.31) | (18.47) |
| 23 | Operating Profit per Share | (1.43) | (3.39) | (1.95) | (3.04) | (13.75) |
| 24 | Price Earnings Ratio (times) | - | - | 3.62 | (1.51) | (0.35) |

| BRANCH CONTACTS |

| Corporate Branch | |
|--|---|
| <p>Jahangir Tower (3rd Floor) 10, Kawran Bazar C/A, Dhaka-1215 Telephone: (+880-2) 910 3689-90, 914 5780 Fax: (+880-2) 914 2251-2 E-mail: corporate@first-finance.com.bd</p> | <p>Head of Branch: Mr. Kazi Md. Anamul Haque Cell: +880 19 8700 7711</p> |
| Gulshan Branch | |
| <p>Plot No: 355 (1st Floor) A.K. Khandakar Sarak, Mohakhali, Dhaka-1212 Telephone: (+880-2) 2 2228 0124, 2 2228 0125 Fax: (+880-2) 988 0124 E-mail: gulshan@first-finance.com.bd</p> | <p>Head of Branch: Mr. Muhammad Ashraf Islam Cell: +880 19 8700 7704</p> |
| Motijheel Branch | |
| <p>Elite House (2nd Floor) 54, Motijheel C/A, Dhaka-1000, Telephone: (+880) 9678 888 999 E-mail: motijheel@first-finance.com.bd</p> | <p>Head of Branch: Mr. Nure Alam Khondaker Cell: +880 19 5804 8111</p> |
| Board Bazar Branch | |
| <p>Member Complex (3rd Floor) Board Bazar, Gazipur-1704, Bangladesh Telephone: (+880 2) 929 3060-61 Fax: (+880 2) 929 3059 E-mail: boardbazar@first-finance.com.bd</p> | <p>Head of Branch: Ms. Zannatul Ferdous Cell: +880 19 8700 7758</p> |
| Agrabad Branch | |
| <p>Ayub Trade Center, 5th Floor (East Side), 1269/B Sk. Mujib Road, Agrabad C/A, Chattogram Telephone: (+880 312) 51 0961, 51 0962 Fax: (+880 312) 52 9001 E-mail: agrabad@first-finance.com.bd</p> | <p>Head of Branch: Mr. Mohammad Shafi Uddin Cell: +880 19 8700 7732</p> |
| Sylhet Branch | |
| <p>HS Tower (3rd Floor), East Dargah Gate Fayzu Mansion, Sylhet Telephone: (+880 821) 71 6003, 71 9266 Fax: (+880 821) 71 6005 E-mail: sylhet@first-finance.com.bd</p> | <p>Head of Branch: Mr. Md. Jahid Hasan Sohel Cell: +880 19 8700 7852</p> |

| OUR PRODUCTS |

Deposit Products

| | |
|--------------------------------------|--|
| Cumulative Term Deposit | Minimum Deposit Amount : Tk. 10,000 Minimum Deposit Term : 3 Months |
| Monthly Profit Term Deposit | Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year |
| Quarterly Profit Term Deposit | Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year |
| Double Money Term Deposit | Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 135 months (11.25 years) |
| Triple Money Term Deposit | Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 195 months (16.25 years) |
| Earn First Deposit Scheme | Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year |
| Monthly Savings Scheme | Minimum Deposit Amount : Tk. 1,000 Minimum Deposit Term : 1 year |

Loan Products

| | | | |
|--|--|---|---------------------------|
| Corporate Finance | ❖ Lease Finance ❖ Working Capital Finance | ❖ Term Loan ❖ Short-Term Finance | ❖ Project Finance |
| Consumer Finance | ❖ Auto/Car Loan ❖ Personal Loan | ❖ Lease Financing For Vehicle ❖ Loan Against TDR/MSS | |
| Agriculture Finance | ❖ Lease Finance ❖ Working Capital Finance | ❖ Term Loan ❖ Short-Term Finance | ❖ Working Capital Finance |
| SME Finance | ❖ Lease Finance ❖ SME Tailored Loan | ❖ Term Finance ❖ Women Entrepreneur Loan | ❖ Work Order Finance |
| Housing / Real Estate Finance | ❖ Real Estate (Individual Consumer) ❖ Project /Commercial Housing Loan | | |
| Syndication Finance | ❖ Lease Finance ❖ Working Capital Finance | ❖ Term Loan ❖ Short-Term Finance | ❖ Project Finance |
| Others | ❖ Loan Against Deposit (Other Than Consumer Finance) ❖ Work Order Finance (Other Than Consumer Finance) | | ❖ Institutional Loan. |

THE CHAIRMAN'S STATEMENT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum and good afternoon



I extend a warm and gracious welcome to all our respected shareholders to the 29th Annual General Meeting of First Finance Limited (FFL) on behalf of the Board of Directors. It is a great pleasure and honor in taking this opportunity to report to you and present the Annual Report for the financial year ended on 31 December 2021 along with the Auditors' Report. On behalf of the Board of Directors and myself, I would like to express sincere thanks and gratitude for your continuous support, co-operation and for being with us. This is a great occasion where various aspects of financial matter and other affairs are to be discussed and at the same time you will have the opportunity to offer your valuable comments, opinions and guidelines that would be helpful for us in planning the future activities of the company.

The global economy posted a growth of 5.5% in 2021 after contracting 3.4% in 2020. The growth in 2021 was 1.9% higher than in 2019.

In the middle of 2021, countries were forced to re-impose mobility and other restrictions due to a resurgence in COVID-19 cases, leading to severe supply chain disruptions. With higher commodity and energy prices, these disruptions triggered rapid inflation. As a result, global headline inflation rose to an estimated 5.2% in 2021 which is 2% higher than the past 10 years' inflation trend. The inflation was particularly acute in USA, EU, Latin America and the Caribbean. Despite this, international trade in commodities bounced back, surpassing the pre-pandemic level whereas the trade in services and international tourism remained subdued.

Bangladesh withstood the strains created by the pandemic, recovering much faster than its regional peers. As a result, the country posted a 6.94% growth in FY21. This growth came from strong consumer confidence as indicated by a 50% increase in credit card transactions and 37% growth in Mobile Financial Services (MFS) transaction amount and uptake in the private sector investment as indicated by the sectoral credit growth of 10.68% in 2021.

In terms of industrial production, the country registered a 5.71 % growth. Moreover, the increased output improved our export performance which saw a 30% growth in 2021 over the previous year. On the other hand, imports grew by 53%. These indicate rising consumer confidence, and a movement towards economic recovery. In addition, remittance inflows remained high bolstering the foreign exchange reserve to the USD 46 billion level by Dec-21.

The average inflation rate stood at 5.54% at the end of 2021, 0.15% lower than in the previous year. This decrease is due to the lower non-food inflation rate, although, food inflation was higher in FY21.

Bangladesh Bank had adopted a highly supportive monetary policy since the onset of the COVID-19 pandemic, encouraging the financial services sector to finance activities that ensured production growth and price stability.

Reserve Money (RM) grew by 22.41%, compared to 15.67% in FY2020. This was mainly because of higher than projected growth in net foreign assets. Despite rising global inflation, disrupted supply chains, and downward pressure on the currency from substantial inward remittances, Bangladesh Bank managed to keep the BDT to USD exchange rate between 84.80 and 85.80 during 2021.

On the other hand, with the emergence of new and faster-spreading COVID-19 variants, the financial services sector came under renewed pressure after the first quarter of 2021. Moreover, as a domino effect of the imposition of the single digit lending rate regime for banks, NBF1 spreads went down by 20 basis points to 3.12%.

Being established in 1993, the Company started its business operation as a private Limited company with limited vicinity and gradually the company becomes one of the Financial Institutions in Bangladesh. Currently the company has been operating Lease Finance, Term Loan Finance, Home Loan, Term Deposit Receipt (TDR), Monthly Savings Scheme (MSS), Real Estate and Housing Finance, Corporate Finance, Working Capital Finance, SME Finance, Women Entrepreneur Loan, Car Loan, Hire Purchase, Bridge Finance, Equity Finance, Structured Finance, Syndicated Finance, Renewable Continuous Loan from our 6 branches in 6 different prime locations of the country with an objective to meet up all types financial needs of the clients. The company has employed 178 employees and is well diversified into Corporate, SME, Industrial, Retail, Capital Market, Money Market segments.

At the end of 2021, the adjusted equity of the Company stands at Tk. (169.79) million as against Tk. 492 million in 2020. Capital adequacy has however been maintained at (18.73) of Risk Weighted Asset (RWA). Net interest income is Tk. (1,364.02) Million. Total Operating Income worked out to Tk. (1,362.58) million after making adjustment of 'Other Operating Income' of Tk. 8.93 million (as against Tk. 28.86 million in 2020) with the interest income. The Earning per Share (EPS) now stands at (18.47) as against (4.31) in 2020.

On the expenditure side total operating expense was Tk. 266.93 million which was Tk. 272.96 million in 2020, showing a decrease of Tk. 6.03 million mainly because of decrease of other expenses which is decreased by Tk. 8.96 million. Profit before provision was negative which is Tk. (1,629.52) million and Profit after Provision is Tk. (2,190.52) million.

Despite severe handicaps in liquidity, crisis of confidence in NBFIs, the company continues in its uphill task of bringing about a change for a sustainable growth in the years to come. We made concerted efforts to increase liaison with the banks and high net worth depositors to increase the funding and stop the tide of fund outflow of the company.

Resources were scarce and despite this, Management made optimum utilization of the funds. It was a tight rope walking between resources for business growth and repayment of creditors. Despite all efforts new loans and advances took a severe hit since liquidity was constrained.

First Finance Limited continuously reviews its human resource policies and implements effective management policies and practices to enhance the productivity of the employees by promoting the sense of belongingness.

Money Laundering and Financing for Terrorism have emerged as major threats to peace and growth of economies across the globe. To prevent the criminal activities in Bangladesh, there are sufficient laws in place. Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 were enacted by the Country's Parliament which was also amended as per requirement. Apart from the above, Bangladesh Financial Intelligence Unit (BFIU) prescribes guidelines for prevention of money laundering and combating financing for terrorism. First Finance Limited complies with all the provisions of law and the regulations of the regulatory bodies. There is appropriate structure in place at company's Head Office and the branches to deal with the menace. We do not put any officer in operation without giving him training on AML and CFT. The policy and procedure are periodically reviewed and updated to accommodate new and emerging issues.

The company's disclosure control and procedures are designed to ensure that information required to be disclosed timely and with full accuracy.

The world economies appear to be poised for a rebound from the slowdown of the last two years. According to the forecast of United Nations, world economy will exceed the pre-pandemic output level by at least 7% in 2023. However, a decrease in international trade is likely in 2022 due to the Russia-Ukraine conflict. As a result, inflationary pressures will impact the developed and developing economies to varying degrees.

For Bangladesh, as COVID-related policy supports are eased out, inherent weaknesses will surface leading to further challenges. Consequently, the financial sector will have to recalibrate its activities to ensure their sustainability in the years ahead.

The World Bank has projected a GDP growth of 6.4% in 2022 and 6.9% in 2023 against the backdrop of sound infrastructure development. Bangladesh will have to balance its development and growth objectives against rising costs in the upcoming years. Inflation, particularly non-food inflation in rural and suburban areas, is expected to stay around 7%. Food inflation is also expected to increase as geopolitical tensions remain high.

Your Company will continue to scale up its business operations in a sustainable manner and consistent with the economic growth of Bangladesh. The challenge for your Company in 2022 will be to achieve reasonable business growth.

I wish to thank our valued shareholders, regulators, customers and other stakeholders for their continuous support and patronage during these uncertain times.

I would also like to thank my respected colleagues on the Board of Directors of the Company or the support rendered to me during the year in conducting the meetings of the Board of Directors. Lastly, I express my sincere appreciation to all employees of the Company for their dedication and professionalism in discharging their responsibilities during a highly challenging year.

Stay safe and stay well.

May the Almighty Allah bless us!

Sd/-

Khan Mohammad Moinul Hasan
Chairman

| MESSAGE FROM THE MANAGING DIRECTOR & CEO |

Honorable Shareholders,
Members of the Board of Directors
and invited guests;

Assalamu Alaikum Warahmatullah

It is a great honor for me to welcome you all to the 29th Annual General Meeting of First Finance Limited (FFL) scheduled to be held on 22 September 2022 through digital platform. At the very beginning I wish all of you with good health & happiness. I would like to express my heartfelt gratitude and regards to all of you for continued support & inspiration that help us to continue our business operation despite facing enormous challenges throughout the year 2021.



You are well aware that the Non-Bank Financial Institutions (NBFI) has been struggling for cash flow crisis since last 03 years' because of declining depositors' confidence on this sector arising from the news of liquidation of one of the financial institutions and also some financial scam occurred in few other NBFIs. Not only that most of the banks, another prime sources of fund for NBFIs, refrained themselves to extend credit facility or to provide fresh deposits to NBFIs.

FFL also experienced the consequences of non-confidence of its depositors and other lenders. Consequently, we couldn't mobilize deposit as expectedly whereas deposit encashment pressure increased in an unprecedented manner. Despite having acute liquidity crisis, FFL has been trying to meet up encashment demand of its depositors giving highest priority. But breaking out of Covid-19 pandemic severely hampered this cash management.

The chronic problem of default loans in financial sector kept mounting Corona Pandemic has further added fuel to this problem Loan recovery and regularization of classified and nonperforming loans (NPLs) were the top priority during this year. More emphasize was given to ensure genuine recovery from re-scheduled and default loans. Considering COVID-19 effect, Bangladesh Bank declared moratorium facility on bank loan repayments to give entrepreneurs a breathing space. Although the economic activities are slowly picking up, the health crisis is still there and uncertainties are running deep and the support is expected to continue during 2021.

Progress of First Finance

Like previous year, FFL incurred consolidated financial loss of BDT 3,230.14 million with negative earnings of BDT 18.47 per share in 2021. The total loan/lease portfolio of the Company stood at BDT 8,955.53 million in 2021. As on 31 December 2021, classified loans, advances & leases stood at 86.60 percent against 35.35 percent as on 31 December 2020. In the year 2020, the borrowers enjoyed relaxation facility in classification provided by Bangladesh Bank resulting from breaking out of COVID-19 pandemic in the country. In the year 2021, although the economy was started to regain from the devastating impact of corona virus because of adopting timely initiatives by the Government, but borrowers of financial sectors couldn't recover in full from their business sufferings. With a view to reviving the business sectors, in the year 2021 the central bank also extended similar installment deferral facility to the borrowers imposing a condition that borrowers can avail the facility by paying only 15% of total installment payable for the year 2021.

Unfortunately, few large borrowers of FFL couldn't meet the criteria towards availing the facility which resulted surge of non-performing loan in 2021 from 2020. The major reasons behind recording financial loss for the 2nd consecutive year were:

- i) Keeping substantial amount of provision for- a) increasing NPL, b) additional provision for the clients who availed installment deferral facility in 2021, and c) building shortfall provision as per Bangladesh Bank guideline.
- ii) Increasing suspended interest amount resulting from poor recovery of loan/lease portfolio.

Due to recording financial loss for consecutive 2 years, almost all key financial indicators have become negative in 2021.

Oversight of the Board

During the year under review the Management emphasized on increasing recovery from loan/lease portfolio by taking all sorts of conventional and non-conventional measures. We also tried to reduce the operational expenses by taking all possible measures. The whole hearted support and guidance of the Board of Directors were always in place towards our journey. We have an experienced, visionary and most transparent Board of Directors. We strongly believe that under the supervision and guidance of the Board of Directors and the Regulatory bodies, the hard working management team will be able to come back to profitability again by resuming fresh business, maximizing recovery from default loans, mobilizing new deposits, settlement of existing deposit encashment demands by mutual understanding, managing to re-open credit facilities from banks and exploring all other possible avenues in this regard.

Business Sustainability

Our target is to satisfy the needs of our customers and clients by offering a rounded value proposition through a full range of products and services and thereby, we aim to achieve a smoother income stream and sustainable returns. Designated Business Model will intensify the company very strong supervisory oversight on credit disbursement and loan recovery disciplines; with particular emphasis on risk management, internal audit and internal controls, accountability and transparency.

As a financial services company, our business is to take risk in a responsible manner that serves our clients and helps the economy to grow. Whether investing in a small business, making a credit decision, or preventing fraud, nearly every aspect of our work calls for sound judgment and a commitment to doing what is right for our customers and shareholders. Our culture emphasizes that we are one team, and we have a shared responsibility to manage risk, act responsibly, have an ownership mind set, and escalate issues so they can be addressed proactively. Over the past several years, we've reduced risk significantly whether operating, credit or market risk. What is important here is how we did it by focusing our efforts on core credit worthy customers. This is at the heart of our approach to responsible growth to understand our customers and clients well and do more with them at lower risk.

Preparation of Financial Statements

The Board of Directors is responsible for ensuring good governance within the company and supervise the Management for preparation and fair presentation of the Annual Financial Statements comprising the Balance Sheet as at 31 December 2021 and the Profit and Loss Account, Cash Flow Statements, Statement of changes in equity for the year along with the notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes and the Directors' report in accordance with the Bangladesh Accounting Standard (BAS) / Bangladesh Financial Reporting Standards (BFRS).

Management's discussion & analysis have been presented on page no. 26 in this Annual Report as per clause no 1 (5) (xxv) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

Acknowledgements

In this occasion we express our profound gratitude to the Chairman and the Directors of the Board for the efforts they undertook to guide, advice and directs to help us in building quality assets and to attain the goals of organization ensuring rewards for internal and external stakeholders. On behalf of the management, my sincerest gratitude to all of our honorable shareholders, valued customers, and stakeholders for their continued support and trust in us, the regulators for their guidance and to our Board of Directors for their valuable advice and leadership. We are looking forward for a better tomorrow, In-Sha-Allah.

Sd/-

(Gaus-ul-wara Md. Mortaza)
Managing Director & CEO

| BOARD OF DIRECTORS & ITS COMMITTEES |

Present Board Members

| Sl. | Name of Directors | Designation in the Board |
|-----|-----------------------------------|------------------------------------|
| 1. | Mr. Khan Mohammad Moinul Hasan | Chairman |
| 2. | Mr. Masud Hossain Khan | Vice-Chairman & Nominated Director |
| 3. | Mr. Abu Zakir | Vice-Chairman & Nominated Director |
| 4. | Mr. A.Q.M. Faisal Ahmed Chowdhury | Director |
| 5. | Ms. Amatun Noor | Nominated Director |
| 6. | Mr. Abu Bakar Zahar Raminton Raza | Nominated Director |
| 7. | Mr. Md. Altaf Hossain | Nominated Director |
| 8. | Mr. Md. Habibur Rahman | Independent Director |
| 9. | Mr. Mohammad Maynul Islam | Nominated Director |
| 10. | Mr. Sultan Ahmed Bhuiyan, FCA | Independent Director |

Executive Committee

| Sl. | Name of Directors | Designation in the Board | Position in the Committee |
|-----|-----------------------------------|--------------------------|---------------------------|
| 01 | Mr. Md. Altaf Hossain | Nominated Director | Chairman |
| 02 | Mr. Masud Hossain Khan | Vice Chairman | Member |
| 03 | Mr. Abu Zakir | Vice Chairman | Member |
| 04 | Mr. Abu Bakar Zahar Raminton Raza | Nominated Director | Member |

Audit Committee

| Sl. | Name of Directors | Designation in the Board | Position in the Committee |
|-----|-------------------------------|--------------------------|---------------------------|
| 1. | Mr. Sultan Ahmed Bhuiyan, FCA | Independent Director | Chairman |
| 2. | Mr. Masud Hossain Khan | Vice-Chairman | Member |
| 3. | Mr. Abu Zakir | Vice-Chairman | Member |
| 4. | Ms. Amatun Noor | Nominated Director | Member |
| 5. | Mr. Md. Habibur Rahman | Independent Director | Member |

| DIRECTOR'S PROFILE |

Mr. Khan Mohammad Moinul Hasan, *Chairman & Independent Director*

Mr. Khan Mohammad Moinul Hasan completed his LL.B. (Hons.) & LL.M. from University of Dhaka. He is a member of Bangladesh Bar Council, Dhaka Bar Association and Bangladesh Supreme Court Bar Association. He deals with all types of company, contractual, commercial, banking, insurance, copyright, constitutional, criminal, land, labor matters, customs and VAT related issues at the Supreme Court of Bangladesh, Lower Courts and at various Tribunals. He earned expertise on dealing with all sorts of works with the office of RJSC in regard of incorporation of Companies. At Present he is working as a Legal Consultant of Square Group of Companies, Meghna Group and many others.

He joined the Board of First Finance Limited as an Independent Director on 21 April, 2018. He has been unanimously elected as the Chairman of the Board of First Finance Limited on August 19, 2020.

Mr. Masud Hossain Khan, *Vice Chairman & Nominated Director*

Mr. Masud Hossain Khan has been nominated as a Director in the Board of First Finance Limited from Alphabet Associates Limited since August 19, 2020. Mr. Khan is a 1st Class Contractor and the proprietor of M.H. Khan International. He obtained M.A. in Philosophy from University of Dhaka.

He has been unanimously elected as the Vice Chairman of the Board of First Finance Limited on November 17, 2020. Recently, he has been elected as the member of the Audit Committee and Executive Committee of the Company.

Mr. Abu Zakir, *Vice Chairman & Nominated Director*

Mr. Abu Zakir has been nominated as the Director in the Board of First Finance Limited from Alphabet Systems Limited. He is engaged in the business of Construction, Garments, Leather goods manufacturing and real estate. He is engaged with number of social activities.

He has been unanimously elected as the Vice Chairman of the Board of First Finance Limited on November 17, 2020. Recently he has been elected as the member of the Executive Committee and Audit Committee of the Company.

Mr. A.Q.M. Faisal Ahmed Chowdhury, *Director*

A.Q.M. Faisal Ahmed Chowdhury completed his Graduation from University of Dhaka. He is a Sponsor Director of the company. He is the Managing Director of Rakson Impex Limited and FAH Textiles Limited. He has expertise in the Textiles Sector and has been involved in export, indenting & supply of textiles machineries.

Ms. Amatun Noor, *Nominated Director*

Ms. Amatun Noor has been nominated as the Director from Qasraj Trading Ltd. in the Board of First Finance Limited. She is the Chairperson of Kheya Properties Ltd. and also the Director of New Dhaka Alliance Ltd. She is also been selected as the member of the Audit Committee of FFL.

Mr. Abu Bakar Zahar Raminton Raza, *Nominated Director*

Mr. Abu Bakar Zahar Raminton Raza has been nominated as the Director in the Board of First Finance Limited from Raqas Trade International Ltd. He has also been elected as the member of the Executive Committee of the company. He is the Chairman of Euphoria Solutions Ltd, Arshi Nagar Builders Ltd, Spider Inc. Nepal and also involved in various business organizations.

Mr. Md. Altaf Hossain, *Nominated Director*

Mr. Md. Altaf Hossain has been nominated as the Director in the Board of First Finance Limited from Oparchor Trade International Limited. He is the Managing Director of Kheya Properties Ltd., New Dhaka Alliance Ltd, and Shariatpur Agro Complex Limited. He completed his Masters in Economics. He has also been nominated as the Chairman of the Executive Committee of FFL.

Mr. Md. Habibur Rahman, *Independent Director*

Mr. Md. Habibur Rahman obtained his LL.B (Hons.) & LL.M degree from University of Dhaka. He deals with all types of company, contractual, commercial, banking, insurance, copyright, constitutional, criminal, land, labor matters, customs and VAT related issues at Supreme Court of Bangladesh, Lower Courts and at various Tribunals. He is a member of Bangladesh Bar Council, Dhaka Bar Association, and Supreme Court Bar Association. He represented Kookmin Bank, Hanvit Bank of South Korea in various civil suits. He is the Panel Lawyer of Airtel Bangladesh Limited and several Local Banks and NBFIs. He joined First Finance Limited as an Independent Director on 30th October, 2019 and also had been selected as a member of the Audit Committee of FFL.

Mr. Sultan Ahmed Bhuiyan, *FCA, Independent Director*

Mr. Sultan Ahmed Bhuiyan obtained his B. Com (Hons.) & M.Com with Major in Accounting from University of Dhaka. He is a fellow member of Institute of Chartered Accountants of Bangladesh. Presently, he is the Chief Financial Officer and Company Secretary of Grameen Telecom Trust; one of the largest social business initiatives of the Country. He joined First Finance Limited as an Independent Director on 24th June, 2021. Presently, he is the Chairman of the Audit Committee of FFL.

| MANAGEMENT COMMITTEES (MANCOM) |

Present MANCOM

| Sl. | Name | Designation |
|-----|------------------------------|---|
| 1 | Mr. Gaus-ul-wara Md. Mortaza | Managing Director & CEO |
| 2 | Mr. Maksumul Mahmud | SEVP & Chief Operating Officer |
| 3 | Mr. Mohammad Enamur Rahman | SVP & Head of Financial Administration Division |
| 4 | Mr. Wahid Adnan | VP & Head of Recovery Division |
| 5 | Ms. Hasina Jannat | VP & Head of Treasury Division |
| 6 | Mr. Sujit Roy | SAVP & Head of Credit Division |
| 7 | Mr. Ripan Chandra Das | SAVP & Head of ICCD |
| 8 | Mr. Md. Jahangir Hossain | AVP & Head of Human Resources Department |
| 9 | Mr. Mohammad Ekramur Rahman | Principal Officer & Company Secretary |

| DIRECTORS REPORT TO THE SHAREHOLDERS |

Bismilliahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum,

On behalf of the Board of Directors and the Management of First Finance Limited, I welcome you all in the 29th Annual General Meeting of the Company and pleased to place herewith the Annual Report for the year ended of December 31, 2021. The Report includes Audited Financial Statements for the year ended on December 31, 2021 along with the External auditors Report of the Company for the year ended on December 31, 2021 for consideration and approval of our honorable shareholders. This report has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification dated June 03, 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the guidelines issued by Bangladesh Bank and other regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors of the Company on July 27, 2022.

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

BANGLADESH ECONOMY OVERVIEW 2021

Bangladesh displayed a steady and high GDP growth before the COVID-19 pandemic. The GDP was reached a record 8.15 percent growth rate in FY 2018-19. But the global economy has come to a standstill due to the COVID-19 pandemic which has also had a huge negative impact on the economy of Bangladesh. The recovery of the global economy was somewhat interrupted by the imposition of fresh containment measures in response to the spread of new variants of COVID-19. But the Government of Bangladesh timely undertook a wide range of supportive policies and introduced stimulus packages to counteract the COVID-19 impacts on the economy. As a result the overall economic growth of Bangladesh recovered faster than it was estimated earlier.

Despite all the negativity due to the pandemic Bangladesh made a recovery in FY 2020-2021 and at the end of December 2021. GDP growth stood at 6.94 percent from 3.45 percent in FY2020 which is an impressive growth considering the current world affairs. Inflation decreased slightly to 5.56% in FY2020-21 to remain at this level because of uninterrupted food production and supply chains. Inward remittance grew by 36.1% to USD 24.778 million in FY2020-21. The major portion of remittance has been received from Middle East countries. Exports saw a growth of 15.1% and stood at USD 38.758 million in FY2020-21 and import also witnessed a growth of 12.0% and stood at USD 54.332 million. The rise in import and export came off from the economy starting to recover due to the reduced effects of the pandemic. Foreign exchange reserve increased significantly by 28.7% and stood at USD 46,391 million in FY2020-21. Inward remittance played a key role in boosting foreign exchange reserves. DSE Index (DSEX) closed the year at 6,757 points in 2021 against 5,402 points at the end of 2020. Similarly market capitalization increased by 21.0% to BDT 5,422 billion at the end of 2021 from BDT 4,482 billion in 2020.

NBFI SECTOR OVERVIEW 2021 AND OUTLOOK FOR 2022

Bangladesh displayed a steady and high GDP growth before the COVID-19 pandemic. The GDP was reached a record 8.15 percent growth rate in FY 2018-19. But the global economy has come to a standstill due to the COVID-19 pandemic which has also had a huge negative impact on the economy of Bangladesh. The recovery of the global economy was somewhat interrupted by the imposition of fresh containment measures in response to the spread of new variants of COVID-19. But the Government of Bangladesh timely undertook a wide range of supportive policies and introduced stimulus packages to counteract the COVID-19 impacts on the economy. As a result the overall economic growth of Bangladesh recovered faster than it was estimated earlier.

Despite all the negativity due to the pandemic Bangladesh made a recovery in FY 2020-2021 and at the end of December 2021. GDP growth stood at 6.94 percent from 3.45 percent in FY2020 which is an impressive growth considering the current world affairs. Inflation decreased slightly to 5.56% in FY2020-21 to remain at this level because of uninterrupted food production and supply chains. Inward remittance grew by 36.1% to USD 24.778 million in FY2020-21. The major portion of remittance has been

received from Middle East countries. Exports saw a growth of 15.1% and stood at USD 38.758 million in FY2020-21 and import also witnessed a growth of 12.0% and stood at USD 54.332 million. The rise in import and export came off from the economy starting to recover due to the reduced effects of the pandemic. Foreign exchange reserve increased significantly by 28.7% and stood at USD 46,391 million in FY2020-21. Inward remittance played a key role in boosting foreign exchange reserves. DSE Index (DSEX) closed the year at 6,757 points in 2021 against 5,402 points at the end of 2020. Similarly market capitalization increased by 21.0% to BDT 5,422 billion at the end of 2021 from BDT 4,482 billion in 2020.

2021 CAPITAL MARKET OVERVIEW

The Capital Market experienced a dramatic periods of ups and downs in 2021. Several Market developments in 2021, the DSEX index start with 5,618.95 on 03 January 2021. DSEX gained 1,137.70 points (20.25% YoY) to close at 6,756.65 points on 30 December 2021, while DS30 gained 453.63 points (21.82% YoY) to reach 2,532.58 points on 30 December 2021. Average daily turnover increased 127.29% YoY to BDT 14,749.11 mn in 2021, up from previous BDT 6,489 mn in 2020. P/E ratio of DSEX stood at 16.29x in 2021, from 16.53x in 2020..

Operating and financial performance of the company

Loans, advances and leases of the company recorded at Tk. 8,955.35 Mn on 31 December 2021 registering 1.02 % increase against last year. Deposit stood at Tk. 6,291.70 Mn resulting 3.54% increase against last year Despite COVID-19 pandemic. Equity attributable to shareholders' of the company decreased to Tk. (1,697.99) Mn as compared to Tk. 492.10 Mn of last year.

It is to be noted that, in the year 2021, the Company have collected Tk. 579.06 Mn as New / Fresh Deposit and Tk. 746.19 Mn as Recovery from Classified Loan, Lease, and Advances. Gross interest income of the company was Tk. (656.07) Mn which was Tk. 690.03 Mn in 2020. Other income of the company was significantly decreased than that of 2020. Operational expenses in 2020 were increased by 6.03 Mn and provision for loans, advances, leases and shares has been increased as to 2020.

The total Interest Income against Leases, Loans and Advances is BDT 432.74 Mn in the year 2021. But due to implementation of Bangladesh Bank ref: DFIM (C)/1054/42/2021-3056 dated 26-12-2021, the Company had to transfer BDT 712.2 Mn to Interest Suspense A/C on September 2021 Quarter end, and after the end of December 2021, the Interest Suspense amount stood at BDT 109.51 crore. So Interest Income for the year 2021 shows negative balance in the Financial Statement (as stated in Note 21).

The financial results of the Company for the year 2021 with a comparison of 2020 are summarized below

| Particulars | | Year | |
|-------------------------------|--------|------------|------------|
| | | 2021 | 2020 |
| Interest Income | BDT mn | 656.07 | 690.03 |
| Interest Expense | BDT mn | (707.95) | (799.82) |
| Net Interest Income | BDT mn | (1,364.02) | (1,097.95) |
| Non-Interest Income | BDT mn | 1.43 | 29.74 |
| Operating Expenses | BDT mn | 266.93 | 272.96 |
| Profit before Provision | BDT mn | (1,629.52) | (353.01) |
| Profit before Taxes | BDT mn | (2,190.52) | (496.38) |
| Net Profit after Taxes (NPAT) | BDT mn | (2,190.10) | (501.34) |
| Earnings Per Share | BDT | (18.47) | (4.31) |

Five Years Financial Summary

Key operating and financial summary of preceding 5 (Five) years of the company are the part of this report and have been submitted in page no. 10 of this annual report.

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of BAS & BFRS. A statement of related party transactions has been presented in note no. 41 on page no. 95 of this Annual Report.

Dividends

At the end of 2020, the Company earned negative income of Tk. (2,190.10) million. Therefore, the Board of Directors has recommended no dividend for the year 2021. The Board also suggested the higher management to overcome the loss and earn more profit to declare the dividend on next year based on Net Profit.

Risk and Concerns

The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance. Fundamentally, the company beliefs in managing risk in a forward looking manner and steering credit, interest rate, liquidity, market and operational risks through establishing strategies, models and parameters.

Directors' Responsibilities for Financial Statements

The Board of Directors of FFL, confirm compliance with the financial reporting framework for the following with the BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018:

- The financial statements, prepared by the management of IDLC make a fair presentation of its activities, operational details and results, cash flow information and changes in equity structure.
- Proper books and accounts of the Company have been maintained.
- Appropriate accounting policies, including International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS)/ as applicable or adopted in Bangladesh, have been consistently applied in preparation of the financial statements. Any change or deviation has been adequately disclosed.
- Accounting estimates are based on reasonable and prudent judgment.
- Internal control processes have been properly designed and effectively implemented and monitored.
- Minority shareholders have been duly protected as have effective means of redress.
- No significant doubt exists upon the Company's ability to continue as a going concern.
- Comparative analysis of significant deviations has been highlighted and reasons have been explained in the sections above.

Going Concern

The Board of Directors has reviewed the overall business plans, strategies and is optimistic that the Company has adequate resources to continue its operations. Accordingly, the financial statements of the Company are prepared based on the going concern concept.

In this connection, it is to be stated that, First Finance Limited has been doing business since long. Recently, our Loan, Lease, and Advances Classification Status (CL Ratio/Rate) has been calculated as 86.60% as on December 31, 2021. So our income reduces and the Company is facing Interest Loss as well as Operating Loss. For the current year, the Company has incurred losses of BDT 2,190,103,488 and losses for the previous year worth BDT 501,341,898. The Company has a negative Retained Earnings Balance of BDT 3,253,389,181. Despite all these difficulties, First Finance Limited is trying its best to recover from the situation. To reach desired goals, we have planned to procure more New Fresh Deposit, and give emphasis on Recovery from Classified Loan, Lease, and Advances. In this relation, it is to be noted that, in the year 2021, we have collected Tk. 579,061,554.00 as New / Fresh Deposit, and Tk. 746,193,756.00 as Recovery from Classified Loan, Lease, and Advances.

In addition to the above, we want to add that in the consequent half year of 2022, we have collected Tk. 193,938,240.00 as New / Fresh Deposit, and Tk. 300,213,016.00 as Recovery from Classified Loan, Lease, and Advances. In addition to these, we are giving all out effort for recovery of Classified Loan, Lease, and Advances and also taking extensive Legal action against the same. In this connection, we would like to add that in a reply to a letter issued from Bangladesh Bank, we have given a 'Time

Bound Action Plan' regarding up-gradation of the indicators of CAMELS Rating. Moreover, on the Other hand, it is to be noted that Bangladesh Securities Exchange Commission (BSEC) called us for a routine meeting with us as a regular meeting with the financially weak NBFIs and advised us for collection from Classified Loan, Lease, and Advances as well as procurement of New Deposit by introducing new Deposit products to attract new Customers / Depositors.

Finally we would like to point out that other financial institutions which have gone through distressed times have received financial support from Bangladesh Bank and based on the constant communication and guidance we have received from Bangladesh Bank, the Company will be able to continue as a going concern.

Compliance Supervision

FFL is in complete compliance of all applicable laws and regulations and does not adhere to any non-compliance of regulatory requirements, any loan default by the company or its directors or senior management. The internal Control and Compliance Department looks after the Compliance issues of the Company.

Management Discussion & Analysis

Pursuant to the BSEC's Notification dated 03 June 2018, the management discussion and analysis report is given on page no. 26 of this Annual Report.

Report on the Compliance of the Conditions of BSEC's Notification

In accordance with the BSEC's Notification dated 03 June 2018, the Board of Directors is required to report on the compliance of 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. A statement on the compliance with the BSEC's conditions is given on page no.45 of this Annual Report.

Pattern of Shareholding

The pattern of Shareholding of the Company as on 31 December, 2021 is shown on page no. 8 of this Annual Report.

Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2021, a total of 12 meetings of Board of Directors were held. The attendance in the Board meetings by each Director is given on page no. 31 of this Annual Report. Please note that the amount of total remuneration which has paid to the Directors including Independent Directors is given in note no. 32 in page no. 95 of this Annual Report.

Directors' Appointment and Re-appointment

As per Article 117 of the Articles of Association of the Company, one-third of the Directors of the Company required to retire by rotation at the 29th Annual General Meeting (AGM) and being eligible, the following members offered themselves for re-election as per the provisions of Article of Association of the Company:

1. M/S Alphabet Associates Ltd. (Represented by Mr. Masud Hossain Khan)
2. M/S Qasraj Trading Ltd. (Represented by Mr. Mohammad Mynul Islam)
3. Mr. A. Q. M. Faisal Ahmed Chowdhury

Biographies of the Directors (including retiring directors) and the names of the Company where they have interest are mentioned in the Page no. 18 of the Annual Report.

Approval for Appointment of Independent Directors

As per Bangladesh Securities and Exchange Commission Notification dated June 03, 2018 the Board has appointed Mr. Sultan Ahmed Bhuiyan, FCA as Independent Director of the Company on June 24, 2021 subject to approval of the shareholders in 29th AGM.

Corporate Governance

Primarily, the conduct of the company is guided by the core values, code of ethics and a commitment to openness and transparency. The Board of Directors of the Company always endeavors to provide strategic direction for the Company by applying the highest standards of corporate governance practice. To this end, we comply with all reporting regulations and requirements as defined in

the latest Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission.

We establish necessary policies and procedures to protect the Company from risk and to provide it with clear strategic direction. We work to ensure that all governance matters are transparent to shareholders as well as stakeholders through channels such as the Annual General Meeting (AGM), quarterly financial statements and this annual report. Besides, the minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

Appointment of Auditors

External auditors M/S G. Kibria & Co., Chartered Accountants, Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha C/A, Dhaka-1000, served as statutory auditor of FFL for the year 2021 with a fee of Tk. 2,00,000 plus VAT and they will retire in the 29th Annual General Meeting of the Shareholders of the Company. As per DFIM Circular no. 04 dated April 30, 2015 of Bangladesh Bank, M/S G. Kibria & Co., Chartered Accountants may continue as Statutory Auditors for a further period of 1 (one) year as agreed from time to time by the Shareholders in the Annual General Meeting. In this respect M/S G. Kibria & Co., Chartered Accountants has also shown their willingness to act as Auditor vide their letter dated 27.07.2022 for the year 2022, at a fee of Tk. 2,15,000 (Taka Two Lac Fifteen Thousand) plus subject to approval of Bangladesh Bank before holding the 29th Annual General Meeting of the Company.

Appointment of Professionals for Compliance Certificate

M/S Artisan, Chartered Accountants, expressed their interest to continue as Professionals for Compliance Certificate of First Finance Limited for the year 2021. The Board members recommended their appointment with annual fee of Tk. 27,500/= plus VAT and placed the matter to the 29th AGM for shareholders' approval.

Business Outlook

2022 is expected to be another challenging year for our economy and for us also. We recognize a number of challenges, which includes increased non-performing loan, unprecedented deposit encashment demand and collection of new deposits; resume fresh business, recovery of stuck-up deposit lying with other NBFIs, to forecast the trend of capital market etc.

We admit that next few years ahead will be more challenging for us but we are confident enough that we have the right team and strategy in place to overcome this adverse situation. 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.

Acknowledgment

The Board of Directors of First Finance Limited likes to express gratitude to all the honorable shareholders, valued clients for their profound confidence in First Finance Limited. Our sincere appreciation to Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC), Dhaka Stock Exchange Limited (DSE), Chottogram Stock Exchange PLC (CSE), Central Depository Bangladesh Limited (CDBL), National Board of Revenue (NBR), Banks and Financial Institutions, other Government Bodies, Bangladesh Leasing and Finance Companies Association (BLFCA) and Bangladesh Association of Publicly Listed Companies (BAPLC) and our statutory Auditors, Compliance Auditors, Income Tax Consultants for their constructive suggestions and co-operations. We also express our appreciation for the commitment and dedication extended by the employees at all levels of the Company. We hope similar support from all of you that will strengthen our continuous journey.

For and on behalf of the Board of Directors,

Sd/-

Khan Mohammad Moinul Hasan
Chairman

| MANAGEMENT DISCUSSION AND ANALYSIS |

Significant Accounting Policies Estimates and Assumptions

The preparation of Financial Statements requires Management to make Judgments, Estimates and Assumptions that affect the Reported amount of Assets and Liabilities, Income and Expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances. Actual result could differ from estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of Depreciable Assets and Provisions for Loans, Leases and Advances. However, Assumptions and Judgments made by Management in the application of Accounting Policies that have Significant Effect on the Financial Statements are not expected the Result in material adjustment to the carrying amounts of Assets and Liabilities in the Next year.

Risk and Uncertainty for use of estimates

The preparation of Financial Statements in conformity with International Accounting Standards (IASs) requires Management to make Estimates and Assumptions that affect the reported amounts of Revenues and Expenses, Assets and Liabilities, and disclosure requirements for Contingent Assets and Liabilities during and the date of the Financial Statements. These Financial Statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of Assets, Liabilities, Income and Expenses within the Next Financial Year. In accordance with the guidelines as prescribed by International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets, Provisions are recognized in the following situations:

- a) When the company has an obligation as a result of past events;
- b) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) Reliable estimate can be made of the amount of the obligation.

Disclosure of Deviations from few Requirements of IAS/IFRS due to Mandatory compliance of Bangladesh Bank's requirements:

Bangladesh Bank is the Prime Regulatory Body for all Non-Banking Financial Institutions in Bangladesh. Some requirements of Bangladesh Bank contradict with those of IAS/IFRS. As such the Company has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank.

Financial Performance during 2021:

Operating Profit / (Loss) in the year 2021 stood at BDT (1,629.52) million against BDT (353.02) million of 2020 which has been increased / decreased by BDT (1,276.50) million. The Profit / (Loss) before Tax in 2021 is BDT (2,190.52) million as against BDT (496.38) million in 2020. Profit / (Loss) after Tax in 2021 stood at BDT (2,190.10) million against BDT (501.34) million of 2020. Earnings per Share (EPS) of 2021 is (18.41) against previous year's EPS (4.31).

Profit & Loss account:

(Figures in million BDT)

| Particulars | 2021 | 2020 | Growth (%) |
|---|------------|------------|-------------|
| Profit on Investment | (656.07) | 690.03 | (195.08%) |
| Profit Paid on Deposits, Borrowings etc. | 707.95 | 799.83 | (11.49%) |
| Net Investment Income | (1,364.03) | (109.80) | (1,142.29%) |
| Income from Investment in Securities (Shares) | (7.50) | 0.09 | (8,433.33%) |
| Other Operating Income | 8.94 | 28.87 | (69.03%) |
| Total Operating Income | (1,362.59) | (80.05) | (1602.17%) |
| Total Operating Expense | 266.93 | 272.96 | (2.21%) |
| Operating Profit | (1,629.52) | (353.02) | 361.59% |
| Provision for Investment and Shares | 2.21 | 18.32 | (87.94%) |
| Profit Before Tax for the Year (PBT) | (2,190.52) | (496.38) | (341.30%) |
| Profit After Tax | (2,190.10) | (501.34) | (336.85%) |
| Earnings Per Share (EPS) | (18.47) | (4.31) | (328.54%) |
| Retained Earnings | (3,253.39) | (1,040.04) | (212.81%) |

Financial Position Analysis:

Investment Portfolio has stood at BDT 16.78 Million in 2021 against BDT 67.33 Million in 2020. Deposit Portfolio (other than lease deposit) has stood at BDT 6,291.71 Million in 2021 against BDT 6,076.33 Million in 2020.

Total Interest Income against Leases, Loans, and Advances is BDT 43,27,48,088/= in the year 2021. But due to implementation of BB Letter ref: DFIM(C)/1054/42/2021-3056, dated 26-12-2021, the Company was instructed to transfer BDT 71.22 crore to Interest Suspense A/C on September 2021 quarter end, and after the end of December-2021, the Interest Suspense amount stood at BDT 109.51 crore. So Interest Income for the year 2021 shows negative balance in this Financial Statement.

Balance Sheet:

| Particulars | 2021 | 2020 | Growth % |
|------------------------------------|------------|-----------|-----------|
| Unclassified Investment / Loans | 1,183.24 | 5,729.58 | (79.35%) |
| Classified Investment / Loans | 7,772.11 | 3,132.93 | 148.08% |
| Total Investment / Loans Portfolio | 8,955.35 | 8,862.51 | 1.05% |
| Total Assets | 10,299.72 | 10,147.56 | 1.50% |
| NPL% | 86.60 % | 35.35 % | 144.98% |
| Borrowings from other Banks, Fls | 1,223.52 | 1,207.53 | 1.32% |
| Total Deposit | 6,291.71 | 6,076.33 | 3.54% |
| Bank & FI Deposit | 3,666.47 | 3,569.01 | 2.73% |
| Core Deposit | 2,625.24 | 2,507.32 | 4.70% |
| Total Shareholders' Equity | (1,698.00) | 492.11 | (445.04%) |
| Net Asset Value (NAV) per Share | (14.32) | 4.23 | (438.53%) |

Capital Adequacy:

Total Capital/Shareholders' Equity Increased/Decreased by BDT 492.11 million from BDT 492.11 million in 2020 to BDT (1698.00)

million in the year 2021. Capital Adequacy Ratio (CAR) in the year 2021 stood 18.73% which has been decreased by (24.85)% compared to previous year (Minimum required rate of CAR is 10%).

(Figures in Million BDT)

| Particulars | 2021 | 2020 | Growth % |
|--|------------|----------|-------------|
| Tire -I Capital (Core Capital) | (1698.00) | 492.11 | (445.05%) |
| Tire -II Capital (Supplementary Capital) | 12.16 | 74.89 | (83.76%) |
| Total Eligible Capital | (1,685.84) | 567.00 | (2,252.86%) |
| Total Risk Weighted ASSETS (RWA) | 9,000.69 | 9,267.52 | (2.88%) |
| Capital Adequacy Ratio (CAR) in % | (18.736)% | 6.12% | (24.85%) |

Financial and Economic Overview

Global Economic Condition

According to the World Bank, the global economy posted a growth rate of 5.5% in 2021, despite the effects of COVID-19. Following table presents the growth rate of different region of the world:

| Region | Growth, 2020 | Forecast, 2021 | Growth, 2021 |
|-----------------------------------|--------------|----------------|--------------|
| World | -3.4% | 4.0% | 5.5% |
| Advanced economies | -4.6% | 3.3% | 5.0% |
| USA | -3.4% | 3.5% | 5.6% |
| EU | -6.4% | 3.6% | 5.2% |
| Emerging and developing economies | -1.7% | 5.0% | 6.3% |
| China | 2.2% | 7.9% | 8.0% |
| India | -7.3% | 5.4% | 8.3% |
| Vietnam | 2.9% | 6.7% | 2.6% |
| Middle East & North Africa | -4.0% | 2.1% | 3.1% |
| Sub-Saharan Africa | -2.2% | 2.7% | 3.5% |

Source: Global Economic Prospects, WB, 2020 & 2021

The above table shows that almost all the regions have rebound strongly outpacing the forecast. However, according to the mid-2021 assessment of OECD, the world output is still 3.5% lower than the pre-pandemic output level and the recovery was uneven considering the Sub-Saharan African and Middle East & North Africa only grew by 3.5% and 3.1% in 2021 after getting shrunk by -2.2% and -4.0% respectively in 2020.

The unevenness in the recovery can be attributed to differences in the administration of vaccination drives of rich and poor countries, policy support in terms of their impacts and extents, labor market behavior and sectoral demand patterns. For example, the number of doses administered per 100 people in December 2021 was 196(China), 195(UK), 155(US), 104(India), 75(Bangladesh), 47(South Africa), and 7(Nigeria). In 2021, the world also had remarkable differences in the sectoral demand patterns with relatively strong demand for manufacturing and weak demand for in- person services. The bottlenecks in the supply chain along with shortages of gas and strong pressure on labor markets generated high inflationary pressures in the later part of the year, which will most likely have an impact on the recovery in upcoming years.

In Asian economies, exports, capital expenditure and rising productivity have shown remarkable growth in this year which allowed them to outperform other economies. Backed by rebounding global trade, the growth of Asian economies was far less dependent on stimulus and leverage while the inflationary pressures and other macroeconomic stability concerns were held at bay. In the closing months of the year, the usual driver of Asian economies, China was under pressure of demand contraction, supply shock and weakening expectations. This could bring both opportunities and threats for Asian economies outside China such as Bangladesh in future years.

Bangladesh Economy

2021 has been a year of recovery for Bangladesh. Despite high global inflation, disrupted supply chains, new variants and general uncertainty; Bangladesh has done well to contain the spread of the COVID pandemic, posting growth figures of 6.94% in FY21, up from 5.24% in the previous fiscal year. A return to normalcy in industrial manufacturing has been a key driver in this growth, with a 13% growth in average industrial production year on year.

High growth in public-sector borrowing (22% up to Nov'21) has helped infrastructure development. Government debt stood at 38% of the GDP at the end of FY21 while the tax-to-GDP of the country was 7.7%.

The Balance of Payments situation has been satisfactory, with strong remittance inflows offsetting a balance of trade deficit. Central Bank interventions have also kept the exchange rate largely stable over the course of the year.

Strong remittances (USD 18,205 million in FY20 VS USD 24,778 million in FY21) and imports (USD 50,690 million in FY20 as against USD 60,681 million in FY21) signal an increase in disposable income and consumer confidence. Though inflationary pressures have been contained well below the 6% target, the inflation rate was showing an upward trend in the final quarter of 2021.

Bangladesh Financial Sector

Over the course of the calendar year, growth in domestic credit has been 10.5%. Increased competition along with the government directives has pushed down interest rates in the financial sector. Despite this, bank spreads rose to 3.16% in 2021 from 3.07% in the previous year. Conversely, NBFIs spreads have reduced by 20 basis points year-on-year, as deposit rates fell more slowly than lending rates.

Despite policy support from Bangladesh Bank throughout the year, classified loans have resumed their upward trend, rising to 8.2% in June, 2021 from 7.7% in December, 2020. With the withdrawal of such policy support in the upcoming months, classified loans are likely to increase further.

Risks and Concerns

In 2021, the world showed resilience against COVID-19 variants like Delta but became vulnerable to new variants such as Omicron. The geopolitical tension between Russia and Ukraine, two of the biggest sources of oil and crops, will increase inflationary pressure further.

In the immediate term, removal of the loan repayment moratorium period will see an industry-wide increase in classified loans. Provisioning requirements will increase with more stringent regulatory standards. More intense competition between banks and financial institutions is expected to also lead to further cuts in the net interest margin.

In the medium term, diminishing borrowing rates and high consumer confidence may lead to a tighter liquidity market, but will also provide fresh opportunities in the consumer finance space. Graduation to middle-income country status will hasten the pace of digitization of financial services which will widen financial inclusion but increase systemic risks such as cyber security.

Although Bangladesh has responded well in terms of mitigating measures against the pandemic as well as overall post-pandemic recovery, uncertainties remain as to the full economic impact in the ensuing years.

The Way Forward

Bangladesh is primed to post stronger growth numbers in 2022. The biggest challenges will be for its institutions and infrastructure to keep pace with the greater demands arising from its higher status as a middle-income country. Also, the after effects of the Russia-Ukraine crisis will place additional pressure on the economy.

The key challenge for your Company in 2022 will be to continue to assess and manage risks, scale up operations without compromising on quality and consistently innovate to ensure the sustainability of its business.

By mirroring and drawing inspiration from the enormous strides made by Bangladesh, FFL will focus on leveraging its substantial core strengths and brand equity to create greater shareholder value in 2022.

Nonetheless, the Company will be able to deliver on its commitment to grow sustainably and generate reasonable returns by pursuing a prudent and dynamic business strategy.

Sd/-

MD & CEO

| CORPORATE GOVERNANCE REPORT |

First Finance Limited comprises carefully at corporate governance considered rules and practices by which the Board of Directors and the Management ensures accountability, fairness and transparency in the company's relationship with all its stakeholders. The aim of the Board to ensure the interest of shareholder either he/she is minority or majority with attaining the businesses sustainability.

Board of Directors

Board's Size

The number of the Board Members of First Finance Limited consisted of 10 (Ten) Directors including Three Independent Directors.

Policy on appointment of Directors

Bangladesh Bank circulars, BSEC notification regarding Code of Corporate Governance, Financial Institutions Act and Companies Act are strictly followed to appoint the Board of Directors of First Finance Limited. In order to be a member of the Board, a Director other than a nominated, Independent or alternate Director, must maintain at least two percent shares of the company. As per the Companies Act, 1994, Directors are subject to retirement. At least one-third of the Directors retire by rotation in every AGM.

The term of an Independent Director is for three years and may be lengthened by another three years. With regards to nomination, removal and casual vacancy of the Directors, FFL follows all relevant rules and regulations of the respective regulatory bodies.

Composition of the Board of Directors – Non-executive Directors and Independent Directors

All the Directors of the Board are non-executive directors and at least one-fifth is Independent.

Independent Director

As per the BSEC guidelines on Corporate Governance, at least one fifth of the total Directors should be Independent Directors. Therefore, in compliance with BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018, the Board of Directors nominated three Independent Directors so that the Board contains core skills considered appropriate in the frame work of the company. The Three Independent Directors are:

1. Mr. Khan Mohammad Moinul Hasan
2. Mr. Md. Habibur Rahman
3. Mr. Sultan Ahmed Bhuiyan, FCA

Independent Director's independence

The purpose of true independence, Board decided that its Independent Director do not hold any share of the Company; not associated with the Company's Promoters or Directors or Shareholders who maintains one percent or more of the total paid-up share of the Company; not related with the existing Directors or families; does not have any other relationship, 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 and subsequently rules of Corporate Governance.

Role and Responsibilities of the Board

The Board's responsibilities are to reviewing and approving the strategies and business plans for the various operating divisions against their respective business targets; prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of the FFL's operations; ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented; reviewing the adequacy and integrity of the Bank's internal control systems. But not limited the above mentioned the subject matter.

Code of Conduct for the Board of Directors

The Board of Directors follows a Code of Conduct which was adopted to provide guidance to the directors to carry out their duties in an honest, responsible and business-like manner and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum and Articles of Association of the Company. The Members shall act honestly, in good faith and in the best interests of the shareholders and the company. The members shall not make improper use of information acquired and shall not take improper advantage of the position as a director.

Role and Responsibilities of the Chairman

As the Chairman of the Board of Directors (or Chairman of any Committee formed by the Board of Directors) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administration or operational and routine affairs of the company. The Chairman may conduct on-site inspection of any branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to Company's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed necessary, with the approval of the Board, he shall take necessary action thereon in accordance with the set rules through the Managing Director and CEO. Besides this, the Chairman may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the company.

Non-executive Director's independence

All the Directors except the Managing Director and CEO are non-executive Directors in the Board. None of the Directors takes part in the day to day affairs of the Company. They attend only the Board Meeting, Audit Committee meeting and Executive Committee Meeting to discuss the agenda reserved for the Board and Committees.

Training Policy of Board of Directors

The Board members are encouraged the training on the Corporate Governance and other Rules, Regulations and Circular of Bangladesh Bank and BSEC. FFL is fully committed to maintain highest standards of Corporate Governance & professionalism in driving the progress on the principles of transparency and accountability.

Appraisal of the Board's performance

In a short form First Finance Limited appraised the Board's performance by analyzing the execution of the projects and proposals sanctioned by it. A periodical evaluation of classified and non-performing loans is continuously followed by the Board.

Role and Responsibilities of the Managing Director & CEO

In terms of the financial, business and administrative authorities vested upon him by the board, the Managing Director & CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative and financial management. The Managing Director & CEO shall ensure compliance of the FFL Act and other relevant laws and regulations in discharge of routine functions of the company. The Managing Director & CEO shall include information on violation of any law, rules, regulation while presenting memos before the Board or the committee formed by the board. He will provide all sorts of information to Bangladesh Bank about the violation of Financial Institutions Act, rules and regulations.

The Managing Director & CEO is appointed for a minimum period of three years subject to approval of Bangladesh Bank. The office of the Managing Director is not subject to retirement and may be extended for further three years with evaluating performance.

Board Meetings

The members of the Board meet as required discussing business strategy, financial performance, matters pertaining to compliance and governance. The Board reviews, amongst others, the financial performance of the company. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. Meeting agendas, memos and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals. In this regard, Paperless meeting has been introduced. 12 (Twelve) Board Meetings were held during the year 2021.

Role of the Company Secretary

- The Company Secretary is responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Bangladesh Bank, as well as best practices of governance.
- He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the company, prohibited to deal in securities and restricted to disclose any price-sensitive information.
- Support the Chairman in the smooth functioning of the Board. Receive agenda items from other Directors/staff and ensure appropriate agenda items are tabled at Board meetings. This is done in consultation with the Chief Executive and the Chair who is responsible for preparing Board meeting agendas.

- Besides the Secretary of the Board, company secretary has to act as the Secretary to the Executive Committee, Audit Committee.
- Make sure that the Directors have information to enable them to comply with the decisions and fulfill their responsibilities. This includes organizing the induction of new Directors also.
- Ensure that Board meetings are held in compliance with sufficient documents and arrangements for the meetings are made.
- Confirms that Annual General Meetings (AGMs) and Extra Ordinary General Meetings (EGMs) are run effectively. This includes confirmation that a quorum is present. Also make sure that agenda and minutes of AGMs and EGMs are circulated timely.
- File the annual list of members and summary of share capital together with the authenticated Balance Sheet and the Profit and Loss account. Issue Dividend Warrants, Bonus Share Certificates and make arrangement for disposal of fractional shares, if any.
- Maintain strict confidentiality of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.
- Maintain and liaise with various corporate bodies.

Audit Committee

The Audit Committee is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection reports, internal control systems and procedures, accounting policies and adherence to compliance requirements, among others.

Chairman of the Audit Committee is an independent Non-Executive Director

The Chairman of the Audit Committee is an independent Non-executive Director, who is not involved in the day to day operations of the company. He is an experienced individual and qualified to be the Chairman of the Audit Committee.

Appointment of members and composition of the Audit Committee

FFL's Audit Committee is a sub-committee of the Board formed in compliance with the requirements of DFIM Circular No. 13, dated 26 October 2011 of the Bangladesh Bank and relevant BSEC notification(s) and international best practices on corporate governance. Composition of the Audit Committee consisting of an Independent Director and Non-executive Directors In compliance with the DFIM Circular No. 13, dated 26 October 2011 of the Bangladesh Bank and Corporate Governance guidelines of BSEC, the Committee consists of 5 (Five) non-executive members of the Board including an Independent Director, who is the Chairman of the Committee.

Qualification of members including the Chairman

Mr. Sultan Ahmed Bhuiyan, FCA, one of the Independent Directors, is the Chairman of the Audit Committee, possessing of vast experience. He is a qualified Chartered Accountant. Among other members, Mr. Masud Hossain Khan, Mr. Abu Zakir, Ms. Amatun Noor and Mr. Md. Habibur Rahman also possess significant experience in finance, accounting and audit. All the members of the Committee are financially literate' as defined by the Corporate Governance Guidelines.

Head of Internal Control and Compliance's access in the Audit Committee

The Head of Internal Control and Compliance always has access to the Audit Committee and can raise his concerns whenever required.

Role of Head of Internal Control and Compliance

- Ensure proper internal control system
- Prepare annual audit plans based on the result of the risk analysis
- Check compliance to internal and external regulation
- Coordinate analysis of risk in different area of operations
- Prepare annual audit plans based on the result of the risk analysis

- Check compliance to internal and external regulation
- Prepare audit programs and approaches that meet the objectives of audit
- Prepare draft audit report and conduct exit meetings
- Prepare final audit reports and circulate the reports
- Conduct special investigation on the megaton of fraud
- Works on special projects as assigned by CEO or Audit Committee

Terms of reference of Audit Committee

- Reviewing all fraud, forgery and internal control weaknesses discovered by internal, external or regulatory auditors and thereafter keeping the Board of Directors informed of all discoveries and subsequent corrective measures.
- Reviewing whether financial statements were prepared in compliance with all directives and guidelines prescribed by the Bangladesh Bank and other applicable standards.
- Reviewing the activities and organizational structure of internal audit and ensuring that there is no barrier or limitation to the performance of an independent internal audit.
- Appraising the audit procedures and reviewing the management letter submitted by external auditors.
- Reviewing whether the rules and regulations set by regulatory authorities (Bangladesh Bank and other regulatory bodies) as well as internal policies and guidelines approved by the Board of Directors are being complied with.
- Placing quarterly reports before the Board of Directors on rectification /correction status of errors, fraud, forgery and other irregularities identified by internal auditors, external auditors and the Bangladesh Bank inspection teams.
- The Audit Committee is responsible for approving the annual Audit plan of Internal Control & Compliance Department and reviewing the plan's subsequent implementation.

Immediate reporting to the Board of Directors

The Audit Committee shall immediately report to the Board of Directors in the following cases:

- On conflict of interest
- Suspected and presumed fraud or irregularity or material defect in the internal control system
- Suspected infringement of laws, including securities-related laws, rules and regulations and
- Any other matter which should be disclosed to the Board of Directors immediately

No such issues arose at FFL during the year ended 31 December 2021.

Immediate reporting to the Bangladesh Securities and Exchange Commission

No such circumstances arose during the year ended 31 December 2021.

Activities during 2021

The Committee met 5 (Five) times during the year 2021 and carried out the following tasks:

- Reviewed Audit Plan of Internal Control and Compliance Department for the year 2021;
- Reviewed the financial statements of First Finance Limited for the year ended December 31, 2020;
- Reviewed the half yearly Anti-Money Laundering (AML) activity report of First Finance Limited for the half year ended December 31, 2020;

Quorum of the Audit Committee meetings

The number of Directors required to constitute a quorum is determined by the Board including one shall be an Independent Director. The quorum of the meeting shall not be filled until and unless the Independent Director attends the meeting. The Company Secretary may act as the secretary of the Committee.

Holding of the Audit Committee meeting during 2021

As per the Terms of Reference, the Audit Committee is required to hold at least four (4) meetings in a year. During the year ended 31 December 2021, the Committee held 5 (Five) meetings.

The Audit Committee Meeting, Attendance and Remuneration of Committee Members in 2021

| Sl. No. | Name of the Directors | Total no of Meeting during his/her period | Present | Absent | Gross Remuneration | AIT | Net Remuneration |
|--------------|-----------------------------------|---|---------|--------|--------------------|--------|------------------|
| 1 | Mr. Md. Habibur Rahman | 5 | 5 | - | 40,000 | 4,000 | 36,000 |
| 2 | Mr. A.Q.M. Faisal Ahmed Chowdhury | 2 | 2 | - | 16,000 | 1,600 | 14,400 |
| 3 | Ms. Amatun Noor | 5 | 3 | - | 24,000 | 2,400 | 21,600 |
| 4 | Mr. Raminton Raza | 2 | 2 | - | 16,000 | 1,600 | 14,400 |
| 5 | Mr. Altaf Hossain | 2 | 2 | - | 16,000 | 1,600 | 14,400 |
| 6 | Mr. Sultan Ahmed Bhuiyan, FCA | 3 | 3 | - | 24,000 | 2,400 | 21,600 |
| 7 | Mr. Masud Hossain Khan | 3 | 3 | - | 24,000 | 2,400 | 21,600 |
| 8 | Mr. Abu Zakir | 3 | 3 | - | 24,000 | 2,400 | 21,600 |
| Total | | | | | 112,000 | 11,200 | 100,800 |

Total 5 meeting of the Audit Committee was held in the year 2021.

Executive Committee (EC)

The matters related to the Company's ordinary business operations and matters that the Board of Directors, from time to time, authorize, are vested in this committee in accordance with taking prompt decisions and reacts swiftly to changes in the marketplace as they occur. The policy of the Executive Committee is outlined by the Board. The Executive Committee constitute by four members. They Are: (a) Mr. Md. Altaf Hossain; (b) Mr. Masud Hossain Khan, (c) Mr. Abu Zakir, (d) Mr. Abu Bakar Zahan Raminton Raza. Mr. Md. Altaf Hossain is the Chairman of Executive Committee.

Key Terms of Reference

Delegated authority to the Executive Committee (EC) includes the followings matters:

- To review and give approval of loan/lease proposal from the Credit Committee, if deemed to appropriate.
- To give approval on fixation of interest and any other product rate against the facilities.
- To review and monitor the recovery process particularly classified loan/leases.
- To raise the issues that may be assigned by the Board.

The Company Secretary of will act as Secretary to the Committee and ensure the followings:

- As per Terms of Reference, time to time maintenance of the records of the Committee as approved by the Board.
- Preparation of minutes of the meeting of the Committee and place the same to the following meeting of the Board on regular basis.

Meeting of the Executive Committee

No meetings of the Executive Committee were held in the year 2021.

Roles and Responsibilities of the Head of Finance

- Responsible for overall financial management
- Alerts of any irregularity concerning financial system

- Regulates, supervises and implements accounting & audit requirements
- Ensures proper tax management and compliance system
- Liaison with external auditor & oversee the audit procedure
- Prepares and circulates statutory annual report to stakeholders
- Assists in corporate tax planning & ensures effective tax management
- Statutory reporting to Bangladesh Bank
- Ensures overall accuracy of budgetary & financial control system

Disclosure of Remuneration of Directors, Chairman, Chief Executive and Senior Executives

The Directors of the Board are paid only honorarium for attending Board or Committee meetings. On the other hand, the Managing Director is paid salary and allowances as fixed by the Bangladesh Bank.

The Board of Directors Meeting, Attendance of Directors and Remuneration of Board Members in 2021

| Sl. no | Name of the Directors | Status | Total Meeting Held (during his/her period) | Number of meetings attended | Gross remuneration | TDS | Net Payment | Attendance Percentage |
|--------|-----------------------------------|--------------------------------------|--|-----------------------------|--------------------|--------|-------------|-----------------------|
| 1 | Mr. Khan Mohammad Moinul Hasan | Chairman | 12 | 12 | 96,000 | 9,600 | 86,400 | 100.00 |
| 2 | Mr. Masud Hossain Khan | Vice - Chairman & Nominated Director | 12 | 10 | 80,000 | 8,000 | 72,000 | 83.33 |
| 3 | Mr. Abu Zakir | Vice - Chairman & Nominated Director | 12 | 12 | 96,000 | 9,600 | 86,400 | 100.00 |
| 4 | Mr. A.Q.M. Faisal Ahmed Chowdhury | Director | 12 | 11 | 88,000 | 8,800 | 79,200 | 91.67 |
| 5 | Ms. Amatun Noor | Nominated Director | 12 | 9 | 72,000 | 7,200 | 64,800 | 75.00 |
| 6 | Mr. Raminton Raza | Nominated Director | 12 | 11 | 88,000 | 8,800 | 79,200 | 91.67 |
| 7 | Mr. Md. Altaf Hossain | Nominated Director | 12 | 10 | 80,000 | 8,000 | 72,000 | 83.33 |
| 8 | Mr. Md. Habibur Rahman | Independent Director | 12 | 12 | 96,000 | 9,600 | 86,400 | 100.00 |
| 9 | Mr. Shameem Haider Patwary, MP | Independent Director | 3 | 0 | - | - | - | - |
| 10 | Mr. Mohammad Mynul Islam | Nominated Director | 10 | 2 | 16,000 | 1,600 | 14,400 | 20.00 |
| 11 | Mr. Sultan Ahmed Bhuiyan, FCA | Independent Director | 6 | 5 | 40,000 | 4,000 | 36,000 | 83.33 |
| | | | | | 752,000 | 75,200 | 676,800 | |

* Total 12 Board of Directors Meeting was held in the year 2021.

| STATEMENTS OF BOARD OF DIRECTORS |

a) Director's statement regarding Adequacy of Internal Control Systems

The Board has reviewed the policies and manuals of various segments of businesses in order to establish an effective internal control system, which is adequate for achieving sustainable growth through orderly and efficient conduct of business. The directors have also checked the control procedures for ensuring the safeguarding of the company's asset, the prevention and detection of fraud and error, the adequacy and completeness of accounting records, timely preparation of financial information and the efficient management of risk.

The Board of Directors monitors the adequacy and effectiveness of Internal Control systems through the establishment of Audit Committee. While preparing the Audit Committee, all the conditions mentioned in the Bangladesh Bank guidelines, the Corporate Governance guidelines and Bangladesh Securities and Exchange Commission have been properly addressed. The committee has reviewed the system of internal control and management of core risks faced by the company. It has also reviewed the audit process, the FI's process for monitoring compliance with laws and regulations and codes of business conduct.

b) Director's statement for establishing of high level of Ethics and Compliance within the organization

The Board of Director has always been committed to establishing a high level of ethics and compliance among all employees of the institutions. They have always encouraged management to ensure that everyone maintains a high ethical standard within the company. The Board guides management on principles that should be adopted and followed by everyone in the company.

Effective corporate governance can be achieved by adopting a set of principles and best practices. A great deal depends upon fairness, honesty, integrity and the manner in which the FI conduct their affairs. First Finance must make a profit in order to survive and grow; however, the pursuit of profits must stay within ethical bounds. The company has adopted policies that include environmental protection, whistle blowing, ethical training programs and so on. Such compliance mechanisms help develop and build a corporate image and reputation, gain loyalty and trust from clients and heighten commitment to employees.

c) Director's Responsibility to establish appropriate System of Internal Control

The company needs to have in place an appropriate and effective internal control environment under which internal controls are developed, implemented and monitored. The control environment consists of the mechanisms and arrangements that ensure internal and external risks to which the company is exposed to are identified; appropriate and effective internal controls are developed and implemented to soundly and prudently manage these risks; reliable and comprehensive systems are to be put in place to appropriately monitor the effectiveness of these controls.

The Board of Directors has always been extremely active in establishing appropriate systems of internal control. The Board of Directors has no sympathy for any type of fraud in the company, and always promotes a sound and strong internal control system inside the company. The Board of Directors has always appreciated the internal controls that have been set up by management and have also given advice on any matters when required. The Board has always been very responsible and active in establishing an appropriate system of internal control.

On behalf of the Board of Directors

Sd/-

Chairman

| REPORT OF THE AUDIT COMMITTEE |

Scope of work of Audit Committee

The scope of the Audit Committee of First Finance Limited is determined by its Terms of Reference (ToR) which, in turn, are shaped by directives from its principal regulators, Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC). These include, but are not limited to, exercising oversight over:

- The internal control system of the company
- Financial reporting
- The Internal Control and Compliance department
- Compliance with regulatory requirements

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

The Committee presents a summary of its activities to shareholders and other interested parties by means of this report, and the committee Chairman attends all General Meetings of the Company's shareholders to answer any questions on the committee's activities.

Review of financial statements by the Audit Committee

The Audit Committee reviewed the Quarterly and Annual Financial Statements for the year 2021 and placed its recommendations to the Board of Directors.

Review of the activities of the Internal Control and Compliance Department (ICCD)

Major activities of the ICC department during the year were as follows:

- Execution of risk-based annual audit plan 2021
- Conducting investigations as and when required Review of internal control system
- Issuance of timely responses to inquiries by regulators and other government agencies
- Coordination of regulatory inspections and statutory external audit Coordination of management responses to the external audit and regulatory inspection reports
- Management of First Complaint Cell
- Monitoring of anti-money laundering (AML) and combating to the financing of terrorism (CFT) compliance activities
- Coordination with Risk Analysis Unit & Risk Management Forum activities in line with regulatory directives
- Continuous review of classification process and ensure proper provisioning of non-performing loans
- Facilitation of, and participating in, Audit Committee meetings

All this enables the Committee to evaluate major risk areas, issue broad level guidance for management so as to ensure effective controls are in place and to provide accurate, appropriate and timely information to the Board of Directors, regulatory bodies and shareholders.

Statutory External Auditor

G. Kibria & Co., Chartered Accountants, acted as statutory external auditors of the company for 2021.

Independence of External Auditor

As a policy, 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 also monitors the balance between audit and non-audit related functions to ensure that auditor independence can be shown to be maintained.

The external auditors are not engaged by the company on any material non-audit work such as:

- Appraisal or valuation services or fairness opinions;
- Financial information systems design and implementation;
- Book-keeping or other services related to the accounting records or financial statements;
- Broker-dealer services;
- Actuarial services; and
- Internal audit services

The Audit Committee appraised the expertise, resources, independence and objectivity of the external auditors and also reviewed their effectiveness as external auditors before reaching the recommendation to the Board that their re-election should be proposed to shareholders.

Resolutions of the Audit Committee meeting

The Committee met Five (5) times during the year 2021 and carried out the following tasks:

- Conducted discussions, with the statutory auditors and with management, on the financial statements of the company for the year ended December 31, 2020 before concluding that the financial statements provided a true and fair view;
- Reviewed Bangladesh Bank's inspection report on FICL of First Finance Limited based on the Financials as of December 31, 2020;
- Reviewed the financial statements of First Finance Limited for the year ended December 31, 2020;
- Reviewed Internal Audit Function in monitoring the classification and provisioning process;
- Recommended for re-appointment of statutory auditors for the year 2021 and fixation of their remuneration;
- Reviewed the quarterly unaudited financial statements of First Finance Limited for the year ended 31 December 2021;
- Reviewed the half yearly Anti-Money Laundering (AML) activity report of First Finance Limited for the half year ended December 31, 2020;

Based on its reviews and above mentioned discussions, the Audit Committee is of the view that the internal control and compliance system of the company is adequate for purposes of presenting a true and fair view of the activities and financial status of the company and for ensuring that its assets are safeguarded properly against business and operational risks.

Sd/-

(Sultan Ahmed Bhuiyan, FCA)

Chairman, Audit Committee

| COMMUNICATION TO THE SHAREHOLDERS |

Principles governing shareholder communication

Transparent reporting on our operations and performance is the key to the credibility of our public reporting and Investor Relations activities. We are, committed to keep the market informed of relevant information, allowing both existing and potential shareholders to evaluate our business, performance and prospects. We believe this commitment to communicating with the public not only reinforce investors' understanding of the Company and its development, but also enhance shareholders value.

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:

- **Annual and Interim Reports;**
- **Online Annual Report; and**
- **Press releases on business activities.**

Integrated online report

Our online annual report database 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 keys to the credibility of our investor relations activities. The Quarterly financial statements are also available in the website. The Annual and Quarterly financial statements are also available in the official website of the company www.first-finance.com.bd

Communication with Shareholders and Other Stakeholders

The Share Department of the Company plays an instrumental role in ensuring effective communication with its shareholders. Shareholders contact this department during office hours for any information and queries. The Share Department performs all kinds of share related tasks. In addition to that, the department corresponds with various Regulatory and Government bodies from time to time on matters related to the shareholders.

Protection of Minority Shareholders:

In compliance with Corporate Governance Code by BSEC, FFL strives to establish accountability, transparency as well as protect the interest of minority shareholders. The shareholders have voting rights in proportion to the number of shares. The shareholders are entitled to dividend and paid if declared.

FFL protects the interest of minority shareholders by providing flow of information towards and keep them updated through necessary means. The Code of Compliance followed by the company ensures the affairs of company being conducted or the power of directors are being exercised in a manner that is not prejudicial to any of the shareholders vis-a-vis minority shareholders.

Investors' inquiries

Any queries relating to shareholdings for example transfer of shares, changes of name and address, and payment of dividend should be sent to the following address:

Share Department

First Finance Limited

Jahangir Tower (3rd Floor)

10, Kawran Bazar, Dhaka – 1215

Phone: +880255013842, +880255013843

E-mail: share@first-finance.com.bd

Fax: +88028189863

| REDRESSAL OF INVESTORS' COMPLAINT |

First Finance Limited (FFL) is strongly committed to equitable treatment of every shareholder, irrespective of their holding quantity of shares. To ensure equal treatment of all shareholders the Company has created various mechanisms, such as:

- Shareholders who are unable to attend the shareholders' meeting are entitled to nominate a proxy to vote on his/her behalf. The proxy form, which in accordance with the standard format, is sent through E-mail to the shareholders and are also available in the company website.
- The shareholders' meetings proceeds according to the order of the agenda, without adding new and uniformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making a decision. Moreover, there are no changes to the important information in the shareholders' meeting.
- FFL provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's Annual General Meeting of Shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of Director.

Complaint redressal is supported by a review mechanism, to minimize the recurrence of similar issues in future.

FFL's Grievance Redressal policy follows the following principles

- Investors must be treated fairly at all times without biasness;
- All issues raised by investors must be dealt with courtesy and in a timely manner;
- Investors are informed of avenues to raise their complaints within the organization;
- Complaints are treated efficiently and fairly;
- Towards the interests of the investors, FFL employees work in good faith and without prejudice.

Way to Redress Investor Complaints

- Investor can complain through email **share@first-finance.com.bd** (designated email account for investor grievance);
- An investor can also make a written complaint through letter, or complaint box of Head office;
- 2 designated officials are assigned to look after the investor grievances in due time;
- Details of the written complaint is passed to the concerned department and the Compliance Officer of the Company is informed as soon as it is received;
- A letter or mail must be written to all the investors who have submitted written complaints by the designated person or compliance officer acknowledging receipt of the complaint and informing them it will be dealt with due diligence.
- Compliance Department will obtain all information available on the complaint which is considered necessary for a proper investigation and resolve the same as soon as possible.
- There is standing policy of the company to resolve the investor complaint within seven days of the receipt of the same except cases which are complicated in nature.
- A serious complaint (where the written response does not settle the issue) must be referred to the MD & CEO and the Board of Directors (if required) of the company.
- The compliance officer of the company shall review the investor complaint register on a weekly basis to find out whether complaint has been resolved within time or not.

FFL continues to have regular communication with the shareholders through periodic updates of performance and at any other time when it believes it to be in the best interest of shareholders generally..

| DECLARATION BY CEO AND HEAD OF FINANCE |

Annexure-A

[As per condition No. 1(5) (xxvi)]

First Finance Limited

Declaration by CEO and Head of Finance

July 28, 2022

The Board of Directors
First Finance Limited
Jahangir Tower (3rd Floor),
10, Kawran Bazar
Dhaka- 1215

Subject: Declaration on Financial Statements for the year ended on 31 December 2021.

Dear Sir,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. SEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of First Finance Limited for the year ended on 31 December 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the financial institute state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the bank were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the bank ability to continue as a going concern.

In this regard, we also certify that:

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

Sincerely yours,

Sd/-
(Mohammed Mosharaf Hossain)
Managing Director & CEO

Sd/-
(Mohammad Enamur Rahman)
Head of Finance

| CREDIT RATING REPORT |

A credit rating evaluates the credit worthiness of business institutions. It is an evaluation made by a credit rating agency of the debtor's ability to pay back the debt and the likelihood of default. The credit rating represents the credit rating agency's evaluation of qualitative and quantitative information for a company or government; including non-public information obtained by the credit rating agencies analysts. Credit ratings are not based on mathematical formulas. Instead, credit rating agencies use their judgment and experience in determining what public and private information should be considered in giving a rating to a particular company.

First Finance Limited has been taking the Credit Rating from a reputed and renowned Credit Rating Agency of Bangladesh every year with prior consent and approval of the company's Board of Directors. The Board of Directors believes that Credit Rating can bring transparency; confirm the compliance of rules and regulations of both the Company and Regulatory Authorities; protect the Company and can open the door for achieving excellence.

| | | |
|--------------------------|---|---------------|
| Long term Rating | = | "BBB2" |
| Short term Rating | = | "ST-3" |
| Outlook | = | Stable |

This rating was prepared by 'WASO Credit Rating Company (BD) Ltd.' based on the Audited Financial Statements up to 31st December 2020.

| MEMBERSHIP CERTIFICATE WITH BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES (BAPLC) |

First Finance Limited submitted a renewal copy of membership certificate with Bangladesh Association Of Publicly Listed Companies (Baplc) to the Exchange and published through the Annual Report.



CERTIFICATE OF CORPORATE GOVERNANCE



REPORT TO THE SHAREHOLDERS OF

FIRST FINANCE LIMITED ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code of **First Finance Limited** for the year ended on 31 December 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006 158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- The company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission.
- The company has complied with the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institution of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is modest in nature.

Place: Dhaka
Dated: 24 August, 2022


Md. Selim Reza, FCA FCS
PARTNER
ARTISAN-Chartered Accountants

REPORT ON COMPLIANCE OF BSEC'S NOTIFICATION ON CORPORATE GOVERNANCE

COMPLIANCE STATUS ON CORPORATE GOVERNANCE CODE BY BSEC

Annexure-C

[As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No.9.00)

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|---|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 1 | Board of Directors | | | |
| 1(1) | Size of the Board of Directors | | | |
| | The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty). | √ | - | The number of Board member of the Company is 10 (Ten) including 3 (Three) Independent Directors. |
| 1(2) | Independent Directors | | | |
| 1(2)(a) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s); | √ | | 03 (Three) Independent Directors out of 10 (Ten) Board members. Refer to FFL's Corporate Governance Report on Page no.30-34 of this Annual Report. |
| 1(2)(b)(i) | 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; | √ | | Independent Directors does not hold any shares of total paid up capital. |
| 1(2)(b)(ii) | Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company; | √ | - | None of the Independent Directors have such connections as stated. |
| 1(2)(b)(iii) | Who has not been an executive of the company in immediately preceding 2 (two) financial years; | √ | - | None of the Independent Directors is a former employee of the Company. |
| 1(2)(b)(iv) | Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | √ | - | The Independent Directors have submitted declarations about their compliances |
| 1(2)(b)(v) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;; | √ | - | |
| 1(2)(b)(vi) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;; | √ | - | |
| 1(2)(b)(vii) | Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | √ | - | |
| 1(2)(b)(viii) | Who is not an independent director in more than 5 (five) listed companies; | √ | - | |
| 1(2)(b)(ix) | Who has not been convicted for a criminal offence involving moral turpitude. | √ | - | |
| 1(2)(c) | The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | √ | - | - |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|---|-------------------|--------------|--|
| | | Complied | Not Complied | |
| 1(2)(c)(ii) | The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | √ | - | |
| 1(2)(d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days. | √ | - | No such vacancy |
| 1(2)(e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | √ | - | - |
| 1(3) | Qualification of Independent Director (ID) | | | |
| 1(3)(a) | 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)(b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; | - | - | Not Applicable |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; | √ | - | Not Applicable |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; | √ | - | Not Applicable |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; | N/A | - | Not applicable |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;; | √ | - | Not Applicable |
| 1(3)(c) | The independent director(s) shall have at least 10(ten) years of experiences in any field mentioned in clause (b); | √ | - | Reference to the Directors Profile of this Annual report |
| 1(3)(d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | - | No such deviation occurred |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | | |
| 1(4)(a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | √ | - | - |
| 1(4)(b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | √ | - | - |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | √ | - | - |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer; | √ | - | - |
| 1(4)(e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | - | - | No such situation occurred in the reporting year. |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|---|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 1(5) | The Directors' Report to the Shareholders | | | |
| 1(5)(i) | An industry outlook and possible future developments in the industry; | √ | - | |
| 1(5)(ii) | The Segment-wise or product-wise performance; | √ | - | |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | √ | - | |
| 1(5)(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | - | - | Being a Financial Institution such formation of P&L is not followed by FFL; rather format prescribed by Bangladesh Bank is followed |
| 1(5)(v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss); | - | - | No such item exists |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | √ | - | No such issue occurred |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments; | - | - | No such issue occurred |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc.; | - | - | Not applicable |
| 1(5)(ix) | An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements; | - | - | |
| 1(5)(x) | A statement of remuneration paid to the directors including independent directors; | √ | - | Note 30 of the Annual Report |
| 1(5)(xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | √ | - | |
| 1(5)(xii) | A statement that proper books of account of the issuer company have been maintained; | √ | - | |
| 1(5)(xiii) | A state ment that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | √ | - | |
| 1(5)(xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | √ | - | |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | √ | - | |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | √ | - | explained in the Communication to Shareholders |
| 1(5)(xvii) | A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed; | √ | - | |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained; | √ | - | |
| 1(5)(xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; | √ | - | Page 10 of the Annual Report |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | Complied | - | |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|----------------|---|-------------------|--------------|--|
| | | Complied | Not Complied | |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | √ | - | |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each director; | √ | - | Refer to Corporate Governance Report |
| 1(5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:- | | | |
| 1(5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details); | √ | - | Refer to page 8 of the Annual Report |
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name-wise details); | √ | - | |
| 1(5)(xxiii)(c) | Executives; | √ | - | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details). | - | - | |
| 1(5)(xxiv) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:- | | | |
| 1(5)(xxiv)(a) | a brief resume of the director | √ | - | Refer to Page 18 of the Annual Report |
| 1(5)(xxiv)(b) | nature of his/her expertise in specific functional areas; | √ | - | |
| 1(5)(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | √ | - | |
| 1(5)(xxv) | A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on: | | | |
| 1(5)(xxv)(a) | Accounting policies and estimation for preparation of financial statements; | √ | - | Refer to management Discussion and Analysis in page no. 26 |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | N/A | - | |
| 1(5)(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | √ | - | |
| 1(5)(xxv)(d) | compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | √ | - | |
| 1(5)(xxv)(e) | briefly explain the financial and economic scenario of the country and the globe; | √ | - | |
| 1(5)(xxv)(f) | risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | √ | - | |
| 1(5)(xxv)(g) | future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | √ | - | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and | √ | - | Refer to Page no. 38 of the Annual Report |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | √ | - | Please refer to Page no. - of the Annual Report |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|--|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 1(6) | Meetings of the Board of Directors | | | |
| | The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | √ | - | - |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | - | - | Refer to Corporate Governance Report at Page no. 30-34 |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company | | | |
| 2 | Governance of Board of Directors of Subsidiary Company | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company; | - | - | No subsidiary company |
| 2(b) | At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company; | - | - | No subsidiary company |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company. | - | - | No subsidiary company |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also; | - | - | No subsidiary company |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | - | - | No subsidiary company |
| 3. | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS) | | | |
| 3(1)(a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | √ | - | Mohammad Enamur Rahman, Head of FAD is working CFO of FFL. For other compliances refer to Corporate Governance Report at page no. 30-34 |
| 3(1)(b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | √ | - | |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | √ | - | |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | √ | - | |
| 3(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | - | - | No such instance occurred |
| 3(2) | Requirement to attend Board of Director's Meetings | | | |
| | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: | √ | - | - |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|---|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| 3(3)(a) | The MD or 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: | | | |
| 3(3)(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; | √ | - | Refer to the 'Report of the CEO & MD and CFO to the Board' on page no. 38 of this Annual Report |
| 3(3)(a)(ii) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; | √ | - | |
| | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member; | √ | - | |
| 3(3)(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member; | √ | - | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | | | |
| 4. | Board of Director's Committee | | | |
| 4(i) | Audit Committee; | √ | - | - |
| 4(ii) | Nomination and Remuneration Committee | | - | Pursuant to Bangladesh Bank circular letter no. 18 dated on 26 October, 2011, no other sub-committee of the Board is permitted except Executive Committee and Audit Committee of a Financial Institution. Moreover, as per DFIM, Bangladesh Bank letter dated 04 November, 2021; the financial institutions are restrained form formulating Nomination and Remuneration Committee. |
| 5. | Audit Committee | | | |
| 5(1) | Responsibility to the Board of Directors | | | |
| 5(1)(a) | The company shall have an Audit Committee as a sub-committee of the Board; | √ | - | Refer to Corporate Governance Report at page no. 30-34 |
| 5(1)(b) | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business; | √ | - | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | √ | - | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members; | √ | - | Refer to Corporate Governance Report at page no. 30-34 |
| 5(2)(b) | The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director; | √ | - | |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten)years of such experience; | √ | - | |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|--|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 5(2)(d) | When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | - | - | No casual vacancy was created during 2021. |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee. | √ | - | Refer to Corporate Governance Report at page no. 30-34 |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | √ | - | |
| 5(3)(a) | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director; | √ | - | |
| 5(3)(b) | In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes. | N/A | - | |
| 5(3)(a) | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director; | √ | - | |
| 5(3)(b) | In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes. | N/A | - | |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): | √ | - | Refer to Corporate Governance Report at page no. 30-34 |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | √ | - | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | √ | - | |
| 5(5) | The Audit Committee shall:- | | | |
| 5(5)(a) | Oversee the financial reporting process; | √ | - | Refer to Corporate Governance Report at page no. 30-34- |
| 5(5)(b) | Monitor choice of accounting policies and principles; | √ | - | |
| 5(5)(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report; | √ | - | |
| 5(5)(d) | Oversee hiring and performance of external auditors. | √ | - | |
| 5(5)(e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | √ | - | |
| 5(5)(f) | Review along with the management, the annual financial statements before submission to the board for approval; | √ | - | Conducted the Review on 76th Meeting of the Audit Committee held on July 27, 2022 |
| 5.5(g) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval; | √ | - | |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|----------------|---|-------------------|--------------|--|
| | | Complied | Not Complied | |
| 5.5(h) | Review the adequacy of internal audit function; | √ | - | |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | √ | - | |
| 5(5)(j) | Review statement of all related party transactions submitted by the management; | √ | - | |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors. | √ | - | |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; | √ | - | |
| 5(5)(m) | Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission: | N/A | - | No such issue occurred |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a) | Reporting to the Board of Directors | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board. | √ | - | Refer to Corporate Governance Report at page no. 30-34 |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- | | | |
| 5(6)(a)(ii)(a) | report on conflicts of interests; | - | - | No such event occurred. |
| 5(6)(a)(ii)(b) | suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system; | N/A | - | No such event occurred. |
| 5(6)(a)(ii)(c) | suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; | - | - | No such event occurred. |
| 5(6)(a)(ii)(d) | any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | - | - | No such event occurred. |
| 5(6)(b) | Reporting to the Authorities:- | | | |
| | If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | - | - | No such event occurred. |
| 5(7) | Reporting to the Shareholders and General Investors | | | |
| | Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6) (a) (ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | - | - | No such event occurred. |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|--|-------------------|--------------|--|
| | | Complied | Not Complied | |
| 6. | Nomination and remuneration Committee (NRC) | | | Pursuant to Bangladesh Bank circular letter no. 18 dated on 26 October, 2011, no other sub-committee of the Board is permitted except Executive Committee and Audit Committee of a Financial Institution. Moreover, as per DFIM, Bangladesh Bank letter dated 04 November, 2021; the financial institutions are restrained from formulating Nomination and Remuneration Committee. |
| 6(1) | Responsibility to the Board of Directors | | | |
| 6(1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | | | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | | | |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b). | | | |
| 6(2) | Constitution of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an independent director; | | | |
| 6(2)(b) | All member of the Committee shall be non-executive directors; | | | |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board; | | | |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee; | | | |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | | | |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | | | |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee; | | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | | | |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | | | |
| 6(3) | Chairperson of the NRC | | | |
| 6(3)(a) | The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|--|-------------------|--------------|------------------|
| | | Complied | Not Complied | |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders; | | | |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year; | | | |
| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | | | |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No.6(2)(h); | | | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | | | |
| 6(5) | Role of the NRC | | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |
| 6(5)(b)(i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | |
| 6(5)(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | | | |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | | | |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | | | |
| 6(5)(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | | | |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | | | |
| 6(5)(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | | | |
| 6(5)(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | | | |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board; | | | |
| 6(5)(b)(v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; | | | |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies; | | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | | | |

| Condition No. | Title | Compliance Status | | Remarks (IF ANY) |
|---------------|---|-------------------|--------------|------------------|
| | | Complied | Not Complied | |
| 7. | External or Statutory Auditors | | | |
| 7(1) (i) | Appraisal or valuation services or fairness opinions; | | | |
| 7 (1) (ii) | Financial information system design and implementation; | √ | - | - |
| 7 (1) (iii) | Book-keeping or other services related to the accounting records or financial statement; | √ | - | - |
| 7 (1) (iv) | Broker –dealer services; | √ | - | - |
| 7 (1) (v) | Actuarial services; | √ | - | - |
| 7 (1) (vi) | Internal audit services or special audit services; | √ | - | - |
| 7 (1) (vii) | Any services that the Audit Committee determines. | √ | - | - |
| 7 (1) (viii) | Audit or certification services on compliance of corporate governance as required under condition No.9(1); | √ | - | - |
| 7 (1) (ix) | Any other service that creates conflict of interest | √ | - | - |
| 7(2) | No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company; | √ | - | - |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | √ | - | - |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | √ | - | - |
| 8. | Maintaining a website by the Company | √ | - | - |
| 8(1) | The Company shall have an official website linked with the website of the stock exchange. | √ | - | - |
| 8(2) | The company shall keep the website functional from the date of listing. | √ | - | - |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s) | √ | - | - |
| 9. | Reporting and Compliance of Corporate Governance | | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | √ | - | |
| 9(2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting. | √ | - | |
| | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | √ | - | |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | | | |

| STATEMENT OF COMPLIANCE REPORT ON THE GOOD GOVERNANCE GUIDELINES ISSUED BY BANGLADESH BANK |

Issued by Bangladesh Bank vides DFIM Circular No. 7, dated 25 September 2007 regarding the policies on the responsibility & accountability of the Board of Directors, Chairman, and Chief Executive Officer 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 | Compliance Status |
|------------|---|-------------------|
| 1. | Responsibilities and authorities of the Board of Directors: | |
| (a) | Work-planning and strategic management: | |
| (i) | The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issue relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests development of implementation of the work-plans. | Complied |
| (ii) | The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on the 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 evaluate half yearly/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 statement 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 the recovery of overdue loan/ lease. | Complied |
| (iii) | Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Chief Executive Officer and among other top executives for approval of expenditure within budget to the maximum extend. | 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 especially to management preferably on Chief Executive Officer and other top executives. | Complied |
| (ii) | No Director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal. | Complied |
| (iii) | Any syndicated loan/lease/investment proposal must be approved by the Board. | Complied |

| Sl. No. | Particulars | Compliance Status |
|-----------|--|-------------------|
| (e) | Risk Management | |
| | Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly. | Complied |
| (f) | Internal Control and Compliance Management: | |
| | A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team. | Complied |
| (g) | Human Resource Management | |
| | Board shall approve the policy on Human Resource Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule. | Complied |
| | Only the authority for the appointment and promotion of the Managing Director & Chief Executive Officer/ Additional Managing Director/ Deputy Managing Director/ Sr. Executive Vice President/ Executive Vice President and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others. | Complied |
| (h) | Appointment of Managing Director & CEO | |
| | The Board shall appoint a component Managing Director & CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his/her salary and allowances. | Complied |
| (i) | Benefits offer to the Chairman | |
| | Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board. | Complied |
| 2. | Responsibilities of the Chairman of the Board of Directors: | |
| (a) | Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power; | Complied |
| (b) | he minutes of the Board meetings shall be signed by the Chairman; | Complied |
| (c) | Chairman shall sign-off the proposal for appointment of Chief Executive Officer and increment of his salaries & allowances; | Complied |
| 3. | Responsibilities of Chief Executive Officer: | |
| (a) | The Managing Director or Chief Executive Officer 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 administrative and financial management; | Complied |
| (b) | The Managing Director or Chief Executive Officer shall ensure compliance of Financial Institution Act 1993 and other relevant Circulars of Bangladesh Bank and other regulatory authorities; | Complied |
| (c) | All recruitment/promotion except recruitment/ promotion of Additional Managing Director, Deputy Managing Director, Sr. Executive Vice President & Executive Vice President and other equivalent position shall be vested upon the Chief Executive. He shall act such in accordance with the approved HR Policy of the Company. | Complied |
| (a) | The Chief Executive Officer may re-schedule job responsibilities of employees; | Complied |
| (b) | The Chief Executive Officer may take disciplinary actions against the employees except the AMD, DMD, Sr. Executive Vice President & Executive Vice President or equivalent positions; | Complied |
| (c) | The Chief Executive Officer shall sign all the letters/statements relating to compliance of policies and guidelines. However, Department/Unit heads may join daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so, authorized by the Managing Director and CEO. | Complied |



**Auditors Report
&
Financial Statements**

| INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIRST FINANCE LIMITED |

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of FIRST FINANCE LIMITED (the “financial institution”) which comprise the balance sheets as at 31 December 2021 and the profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information.

In our opinion, except for the effect of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, Profit and loss and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), International Standards on Auditing (ISAs), the Companies Act 1994, financial institution act 1993, Rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Qualified Opinion

1. As per Labour Law 2006 (Amendment 2013) Sec-234, a company must maintain WPPF but the Company did not comply with said law.
2. In accordance with Section 59 of Income Tax Ordinance 1983, all sums collected or deducted as taxes should be remitted to the government within the prescribed time. The Company has recorded BDT holding tax payable worth BDT 211,179,765 as at December 31, 2021. These amounts represent unpaid taxes which have been collected and deducted by the Company. As per Section 57 of Income Tax Ordinance 1983, failure to remit collected or deducted taxes can result in additional penalty of 2% per month. Unpaid taxes collected by the Company will result in additional penalty of BDT 75,196,706 which the Company has not recognized on the Profit & Loss Account for the year ended 31 December 2021.
3. The Company has a Non-Banking Assets worth BDT 14,908,131.00 as at 31 December 2021 which is now under sale process BDT 11,675,000.00. The Company has not recognized this reduction in recoverable amount as an impairment loss BDT 3,233,131.00. Therefore, total asset is overstated and expense is understated for the same amount as at 31 December 2021.
4. Based on the Company's internal records which we audited, the total Term Deposit liability as at 31 December 2021 was BDT 6,262,537,066 while the liability presented on the Balance Sheet as at 31 December 2021 is BDT 6,259,397,346. Therefore, the total liabilities for the Company present on the Balance Sheet as at 31 December 2021 is understated by BDT 3,139,720.
5. We draw your attention to Note 07 to the financial statements which describe the effect of a difference BDT 19,873,962.00 as at 31 December 2021 in the balance of leases, loans and advances between the FICL statement and the amount reported on the financial statements after adjusting previous difference. The FICL Statement is a mandatory regulatory submission, and this shortfall was also identified by the respective regulatory authority (Bangladesh Bank). Due to the sheer volume of the transactions involved and lack of available information, we were unable to quantify the amount of misstatement that has occurred due to this issue. However, we have concluded, based on our audit procedures that, possible effects on the financial statements of this undetected misstatement could be material. Therefore, in line with Paragraph 7 of ISA 705, we have expressed a qualified opinion.

6. We draw your attention to Note 7.08 to the financial statements which describe the effect of a provision shortfall against Leases, Loans and Advances. The provision recorded by the Company as at 31 December 2021 has a shortfall of BDT 1,692,113,395 which the Company has obtained permission from Bangladesh Bank (through letter no DFIM(c) 1054/31/2022-1980 dated 06 July 2022) to adjustment over a period of 7 years from 2021-2027. After making the necessary adjustments for the current year, the current provision against leases, loans and advances is understated by BDT 1,450,382,910.
7. We draw your attention to Note 10.01 to the financial statements which describe the effect of a provision shortfall against Other Assets. To comply with the DFIM no. 10 dated 03.10.2021, the provision required by the Company as at 31 December 2021 is BDT 25,885,201 which the Company has obtained permission from Bangladesh Bank (through letter no DFIM(c) 1054/31/2022-1980 dated 06 July 2022) to adjustment over a period of 7 years from 2021-2027. After making the necessary adjustments for the current year, the current provision against Other Assets is understated by BDT 19,746,387.
8. The Company has a Capital Adequacy Ratio of (18.73)% which is below the minimum 10% threshold as set by Bangladesh Bank. Details of the calculations are provided in Note 15.06 to the Financial Statements.
9. We draw your attention to BB Circular DFIM no. 08 dated 17.08.2021, which states that the Financial Institution should collect updated DVC enclosed Statutory Audit Report from the clients and preserve in loan file. As per our audit procedures, we have noted that the Company has not been able to maintain the requirements of this circular.

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

Material Uncertainty related to Going Concern

We draw attention to Note 2.02.01 in the financial statements, which indicates that the Company incurred a net loss of BDT (2,190,103,488.00) during the year ended 31st December 2021, and, as of that date, the Company's Retained Earnings is a negative BDT 3,253,389,181.00. As stated in Note 2.02.01, these events or conditions, along with other matters as set forth in Note 2.02.01, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

1. We draw your attention to Note 4.01 which lists the Company's investment in Fixed Deposits with People's Leasing and Financial Services Limited and International Leasing and Financial Services Limited. The Company has obtained permission from Bangladesh Bank to record no provision against these investments up to the year ended 31 December 2021. Our audit opinion is not qualified on this matter.
2. We draw your attention to Note 2.01 which states the difference between IFRS and accounting guidelines set out by Bangladesh Bank. Our audit opinion is not qualified on this matter.
3. We draw attention to Note 14 which states that the Company has transferred BDT 594,530 to the designated dividend accounts in order to remain compliant with the said BSEC Directive BSEC/CMRRCD/2021-386/03 Dated 14.01.21 and subsequently on 12 June 2022 Company transfer the amount to Capital Market Stabilization Fund of Bangladesh Securities & Exchange Commission.
4. As per FRC Circular no-146/FRC/2020101 dated 11-02-2020, any amount received as share money deposit must be converted to share capital within 6 months from the receiving date. The Company had received amount to BDT 159,916 which was not converted to shares within the stipulated six months. Subsequent to year-end, but before the finalization of the financial statements, the Company has transferred the outstanding amount to Capital Market Stabilization Fund of Bangladesh Securities & Exchange Commission.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| Measurement of Provision for leases, loans and advances | |
| <p>The process for estimating the provision for customer loan and advances associated with credit risk is significant and complex. For the individual customers, the analysis involves future business performance estimates and assessing the client's future ability to repay these loans. On a collective level, the overall magnitude of these assets are highly making them very significant for the users of the financial statements.</p> <p>Overall, due to the magnitude of these provisions and their impact on profitability and the level of estimation involved, this area is considered a key item for our audit.</p> | <p>We tested the design and operating effectiveness of the key controls focusing on testing the credit appraisals, investment disbursements procedures and monitoring and provision processes. We also reviewed identification of loss events including early warning and default warning indicators.</p> <p>In addition, we performed the following substantive work:</p> <ul style="list-style-type: none"> ❖ Review adequacy of company specific and general provisions. ❖ Reviewed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information. ❖ Assessed the appropriateness of presentation and disclosures against relevant accounting standards and Bangladesh Bank guidelines and Financial Institution Act 1993. |
| Refer to Note 7 and 14 to the financial statements for more details. | |

| | |
|--|---|
| Measurement of Interest on TDS | |
| <p>In 2021, the Company has reported interest expense on deposits amounting Tk. 594,976,552 (693,986,207 in 2020). Calculation of interest expense on deposits involve complex calculations and involvement of IT. This is also an area where misstatements have occurred in the past leading to involvement and direction from Bangladesh Bank. This is also the most significant area of expenses for the Company which has a significant impact on the Company's profitability and liquidity.</p> | <p>We tested the design and operating effectiveness of the key controls focusing calculation of interest by the IT systems and posting of Journal Entries into the system. In addition, we performed the following substantive work:</p> <ul style="list-style-type: none"> ❖ Review interest calculation, rate of interest, maturity dates etc. ❖ Tested the lien and pre-mature encashment and renewal process and withdrawal features. ❖ Assessed the methodologies on which the provision for accrued interest amount is based, recalculated the interest expense and tested the completeness and accuracy of the underlying information. ❖ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh bank guidelines |
| Refer to Note 22 to the financial statements for more details. | |

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in Note 2.00, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred were for the purpose of the Company's business for the year;
- v. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- xi. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

- xiv. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 620 person hours for the audit of the books and accounts of the Company;
- xvi. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii. the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- xviii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Sd/-

Date: 27 July 2022
Dhaka, Bangladesh
DVC: 2207270392AS964955

A. K. Gulam Kibria, FCA, Partner (#392)
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants

First Finance Limited Balance Sheet

As at 31 December 2021

| Particulars | Notes | Amount in BDT | |
|--|-----------|-------------------------------|------------------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| PROPERTY AND ASSETS | | | |
| Cash | 3.00 | 47,811,758 | 42,123,208 |
| In hand (including foreign currencies) | | 74,902 | 50,546 |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | | - | - |
| | | 47,736,856 | 42,072,662 |
| Balance with Other Banks and Financial Institutions | 4.00 | 415,029,084 | 330,784,861 |
| Inside Bangladesh | 4.01 | 415,029,084 | 330,784,861 |
| Outside Bangladesh | 4.02 | - | - |
| Money at call and on short notice | 5.00 | - | - |
| Investments | 6.00 | 16,781,580 | 67,326,259 |
| Government | | - | - |
| Others | | 16,781,580 | 67,326,259 |
| Leases, Loans and Advances | | 8,955,353,569 | 8,862,514,386 |
| Loans, Cash Credits, Overdrafts, etc. | 7.00 | 8,955,353,569 | 8,862,514,386 |
| Bills Purchased and Discounted | 8.00 | - | - |
| Fixed assets including premises, furniture and fixtures | 9.00 | 102,191,440 | 119,504,380 |
| Other assets | 10.00 | 566,567,359 | 529,321,960 |
| Non-banking assets | 11.00 | 195,988,070 | 195,987,070 |
| Total Assets | | <u>10,299,722,860</u> | <u>10,147,562,124</u> |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from Other Banks, Financial Institutions and Agents | 12.00 | 1,223,525,351 | 1,207,526,127 |
| Deposits and Other Accounts | | | |
| Current Deposits and Other Accounts | 13.00 | 6,291,708,346 | 6,076,329,721 |
| Bills Payable | - | - | - |
| Savings Bank Deposits | - | - | - |
| Fixed / Term Deposits | | 6,259,397,346 | 6,052,008,721 |
| Monthly Savings Scheme | | 32,311,000 | 24,321,000 |
| Bearer Certificate of Deposit | - | - | - |
| Other Deposits | - | - | - |
| Other Liabilities | 14.00 | 4,482,487,262 | 2,371,600,887 |
| Total Liabilities | | <u>11,997,720,959</u> | <u>9,655,456,735</u> |
| Capital/ Shareholders' Equity | | | |
| Paid-up capital | 15.00 | 1,185,446,630 | 1,162,202,580 |
| Statutory reserve | 16.00 | 369,944,452 | 369,944,452 |
| General reserve | 17.00 | - | - |
| Retained earnings | 18.00 | (3,253,389,181) | (1,040,041,643) |
| Total Shareholders' Equity | | <u>(1,697,998,099)</u> | <u>492,105,389</u> |
| Total Liabilities and Shareholders' Equity | | <u>10,299,722,860</u> | <u>10,147,562,124</u> |

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------|--------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| Off-Balance Sheet Items | | | |
| Contingent liabilities | 19.00 | | |
| Acceptances and endorsements | | - | - |
| Letters of guarantee | 19.01 | - | - |
| Irrevocable letters of credit | | - | - |
| Bills for collection | | - | - |
| Other contingent liabilities | | - | - |
| | | - | - |
| Commitments | 19.02 | | |
| 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 | | - | - |
| | | - | - |
| Total off-Balance Sheet items including contingent liabilities | | - | - |
| Net Asset Value per Share (NAV) | | (14.32) | 4.23 |

The accompanying notes form an integral part of this financial statement.

| | | | | |
|--|--|--|---|---|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| Mohammad Ekramur Rahman Company Secretary (CC) | Mohammad Enamur Rahman Head of Finance | Md. Mosharaf Hossain Managing Director & CEO | Masud Hossain Khan Vice Chairman & Director | Khan Mohammad Moinul Hasan Chairman |

Signed in terms of our report of even date annexed

Date: 27 July 2022
Dhaka, Bangladesh
DVC: 2207270392AS964955

Sd/-

A. K. Gulam Kibria, FCA (0392), Partner
G. Kibria & Co.
Chartered Accountants

First Finance Limited
Profit and Loss Accounts
For the Year ended 31 December 2021

| Particulars | Notes | January 01 to December 31 | |
|--|-------|---------------------------|------------------------|
| | | 2021 (BDT) | 2020 (BDT) |
| Interest income | 21.00 | (656,074,256) | 690,033,907 |
| Interest paid on deposits, borrowings, etc. | 22.00 | (707,952,453) | (799,829,521) |
| Net interest income | | (1,364,026,709) | (109,795,614) |
| Investment income | 23.00 | (7,498,150) | 877,168 |
| Commission, exchange and brokerage | 24.00 | - | - |
| Other operating income | 25.00 | 8,938,069 | 28,865,450 |
| Total operating income | | 1,439,919 | 29,742,618 |
| | | (1,362,586,790) | (80,052,996) |
| Salary and Allowances | 26.00 | 112,919,874 | 115,792,070 |
| Rent, Taxes, Insurance, Electricity, etc. | 27.00 | 4,322,788 | 3,778,405 |
| Legal Expenses | 28.00 | 814,575 | 265,000 |
| Postage, Stamps, Telecommunication, etc. | 29.00 | 2,311,711 | 1,633,942 |
| Stationery, Printing, Advertisement, etc. | 30.00 | 6,031,946 | 3,386,960 |
| Chief Executive Officer's Salary and Fees | 31.00 | 3,025,806 | - |
| Directors' Fees | 32.00 | 952,000 | 440,000 |
| Auditors' Fee | 33.00 | 200,000 | 200,000 |
| Depreciation and Repair of Company's Assets | 34.00 | 30,872,623 | 33,018,630 |
| Other Expenses | 35.00 | 105,482,803 | 114,449,571 |
| Total Operating Expenses | | 266,934,126 | 272,964,577 |
| Profit before provision | | (1,629,520,915) | (353,017,573) |
| Provision against leases, loans and advances | 36.00 | 573,771,601 | 150,021,355 |
| Provision for diminution in value of investments | 37.00 | (16,113,475) | (6 656 178) |
| Other provision | | 3,343,307 | - |
| Total provision | | 561,001,433 | 143,365,178 |
| Profit before taxation | | (2,190,522,348) | (496,382,751) |
| Provision for taxation | | | |
| Current tax | 14.04 | 53,628 | 4,318,659 |
| Deferred tax | 14.05 | (472,489) | 640,488 |
| | | (418,860) | 4,959,148 |
| Profit after taxation | | (2,190,103,487) | (501,341,898) |
| Retained earnings, brought forward | | (1,040,041,643) | (538,699,745) |
| Profit available for appropriation | | (3,230,145,131) | (1,040,041,643) |
| Appropriations: | | | |
| Statutory reserve | | - | - |
| General reserve | | - | - |
| Bonus shares | | 23,244,050 | - |
| Cash dividend | | - | - |
| | | - | - |
| Retained earnings, carried forward | | (3,253,389,181) | (1,040,041,644) |
| Earnings Per Share (EPS) | | (18.47) | (4.31) |

The accompanying notes form an integral part of this financial statement.

| | | | | |
|--------------------------------|-------------------------------|-----------------------------|---------------------------|-----------------------------------|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| Mohammad Ekramur Rahman | Mohammad Enamur Rahman | Md. Mosharaf Hossain | Masud Hossain Khan | Khan Mohammad Moinul Hasan |
| Company Secretary (CC) | Head of Finance | Managing Director & CEO | Vice Chairman & Director | Chairman |

Signed in terms of our report of even date annexed

Date: 27 July 2022
Dhaka, Bangladesh
DVC: 2207270392AS964955

Sd/-
A. K. Gulam Kibria, FCA(0392), Partner
G. Kibria & Co.
Chartered Accountants

First Finance Limited
Statement of Cash Flows
For the Year ended 31 December 2021

| Particulars | Notes | Amount in BDT | |
|--|-------|----------------------|----------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| A) Cash Flows from Operating Activities | | | |
| Interest Received | | 439,002,623 | 663,049,417 |
| Interest Paid | | (655,835,010) | (758,576,146) |
| Dividend Received | | 344,216 | 722,303 |
| Paid to Employees | | (115,945,680) | (115,792,070) |
| Income taxes paid | | (7,878,546) | (1,406,059) |
| Received from other Operating Activities | | 1,095,704 | 28,936,044 |
| Paid for other Operating Activities | | (140,140,840) | (143,502,220) |
| "Cash generated from operating activities before changes in operating assets and liabilities" | | (479,357,534) | (326,568,731) |
| Increase/(decrease) in operating assets liabilities | | | |
| Leases, Loans and Advances to Customers | | (92,839,183) | (255,950,885) |
| Other Assets (Excluding AIT) | | (29,366,853) | (2,663,884) |
| Deposit from Customers | | 215,378,624 | 192,551,792 |
| Other Liabilities | | 413,632,657 | 277,550,695 |
| | | 506,805,244 | 211,487,718 |
| Net cash from/(used in) operating activities | | 27,447,710 | (115,081,014) |
| B) Cash Flows from Investing Activities | | | |
| Purchase of Fixed Assets | | (4,057,841) | (157,888) |
| Proceeds from Sale of Vehicle | | - | 1,500,100 |
| Proceeds from Other Investments | | 50,544,679 | (19,762,920) |
| Proceeds from Sale of non Financial Institutional Assets | | (1,000) | (31,711) |
| Net Cash from/(used in) Investing Activities | | 46,485,838 | (18,452,419) |
| C) Cash Flows from Financing Activities | | | |
| Dividend Paid | | - | - |
| Receipt from Borrowing and Issuance of Debt Securities | | 15,999,224 | 106,583,820 |
| Net Cash from/(used in) Financing Activities | | 15,999,224 | 106,583,820 |
| D) Net increase in cash and cash equivalents (A+B+C) | | 89,932,773 | (26,949,613) |
| E) Effect of exchange rate changes on cash and cash equivalents | | - | - |
| F) Cash and cash equivalents at beginning of the year | | 372,908,069 | 399,857,681 |
| G) Cash and cash equivalents at end of the year (D+E+F) | | 462,840,842 | 372,908,068 |
| Cash and cash equivalents at end of the year: | | | |
| Cash in hand | | 74,902 | 50,546 |
| Balance with Bangladesh Bank and its agents bank(s) | | 47,736,856 | 42,072,662 |
| Balance with other banks and financial institutions | | 415,029,084 | 330,784,861 |
| | | 462,840,842 | 372,908,069 |
| Net operating cash flow per share | 39.02 | 0.23 | (0.99) |

The accompanying notes form an integral part of this financial statement.

| | | | | |
|--------------------------------|-------------------------------|-----------------------------|---------------------------|-----------------------------------|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| Mohammad Ekramur Rahman | Mohammad Enamur Rahman | Md. Mosharaf Hossain | Masud Hossain Khan | Khan Mohammad Moinul Hasan |
| Company Secretary (CC) | Head of Finance | Managing Director & CEO | Vice Chairman & Director | Chairman |

Signed in terms of our report of even date annexed

Date: 27 July 2022
Dhaka, Bangladesh
DVC: 2207270392AS964955

Sd/-
A. K. Gulam Kibria, FCA(0392), Partner
G. Kibria & Co.
Chartered Accountants

First Finance Limited
Statement of changes in shareholders' equity
For the Year ended 31 December 2021

Amount in BDT

| Particulars | Paid-up Capital | Share Money Deposit | Statutory Reserve | General Reserve | Retained Surplus | Total |
|---|----------------------|---------------------|--------------------|-----------------|------------------------|------------------------|
| | Taka | Taka | Taka | Taka | Taka | Taka |
| Balance as on 31 December 2020 | 1,162,202,580 | | 369,944,453 | - | (538,699,747) | 993,447,286 |
| Net Profit for the year ended 31 December, 2020 | - | | - | - | (501,341,898) | (501,341,898) |
| Addition made during the year | - | | - | - | - | - |
| Balance as on 31 December 2020 | 1,162,202,580 | - | 369,944,453 | - | (1,040,041,645) | 492,105,389 |
| Balance as on 01 January 2021 | 1,162,202,580 | | 369,944,453 | - | (1,040,041,645) | 492,105,389 |
| Net Profit for the year ended 31 December, 2021 | - | | - | - | (2,190,103,487) | (2,190,103,487) |
| Less: Bonus share issued for 2019 | 23,244,050 | - | - | - | (23,244,050) | - |
| Balance as on 31 December 2021 | 1,162,202,580 | - | 369,944,453 | - | (3,253,389,182) | (1,697,998,099) |

The accompanying notes form an integral part of this financial statement.

| | | | | |
|--|--|--|---|---|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| <u>Mohammad Ekramur Rahman</u> Company Secretary (CC) | <u>Mohammad Enamur Rahman</u> Head of Finance | <u>Md. Mosharaf Hossain</u> Managing Director & CEO | <u>Masud Hossain Khan</u> Vice Chairman & Director | <u>Khan Mohammad Moinul Hasan</u> Chairman |

Signed in terms of our report of even date annexed

Date: 27 July 2022
Dhaka, Bangladesh
DVC: 2207270392AS964955

Sd/-
A. K. Gulam Kibria, FCA(0392), Partner
G. Kibria & Co.
Chartered Accountants

First Finance Limited
Statement of Liquidity Analysis
For the Year ended 31 December 2021

Amount in BDT

| Particulars | Up to 1 month maturity | "1 - 3 months maturity" | "3 - 12 months maturity" | "1 - 5 years maturity" | More than 5 years maturity | Total |
|---|------------------------|-------------------------|--------------------------|------------------------|----------------------------|------------------------|
| Assets | | | | | | |
| Cash | 74,902 | - | - | - | - | 74,902 |
| Balance with Bangladesh Bank and its Agent Bank(s) | - | - | 47,736,856 | - | - | 47,736,856 |
| Balance with Other Banks and Financial Institutions | 4,997,307 | 64,957,078 | 345,074,699 | - | - | 415,029,084 |
| Money at Call and on Short Notice | - | - | - | - | - | - |
| Investments | - | - | 16,781,580 | - | - | 16,781,580 |
| Leases, Loans and Advances | 492,232,543 | 483,642,489 | 1,309,745,680 | 3,682,275,322 | 2,987,457,535 | 8,955,353,569 |
| Fixed Assets including Assets taken on Lease | - | - | - | - | 102,191,440 | 102,191,440 |
| Other Assets | - | - | - | - | 566,567,359 | 566,567,359 |
| Non-Banking Assets | - | - | - | - | 195,988,070 | 195,988,070 |
| Total Assets | 497,304,752 | 548,599,567 | 1,719,338,815 | 3,682,275,322 | 3,852,204,405 | 10,299,722,860 |
| Liabilities | | | | | | |
| Borrowings from Bangladesh Bank, Other Banks, Financial Institutions and Agents | 353,100,000 | - | 655,050,261 | 215,375,091 | - | 1,223,525,351 |
| Deposits and Other Accounts | 173,980,142 | 148,752,599 | 181,808,732 | 5,638,945,912 | 148,220,960 | 6,291,708,346 |
| Provision and Other Liabilities | - | - | 301,013,241 | 543,231,757 | 3,638,242,265 | 4,482,487,262 |
| Total Liabilities | 527,080,142 | 148,752,599 | 1,137,872,234 | 6,397,552,759 | 3,786,463,225 | 11,997,720,959 |
| Net Liquidity Excess/ (Shortage) | (29,775,390) | 399,846,967 | 581,466,581 | (2,715,277,437) | 65,741,180 | (1,697,998,099) |

The accompanying notes form an integral part of this financial statement.

| | | | | |
|--|--|--|---|---|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| Mohammad Ekramur Rahman Company Secretary (CC) | Mohammad Enamur Rahman Head of Finance | Md. Mosharaf Hossain Managing Director & CEO | Masud Hossain Khan Vice Chairman & Director | Khan Mohammad Moinul Hasan Chairman |

Signed in terms of our report of even date annexed

Date: 27 July 2022
Dhaka, Bangladesh
DVC: 2207270392AS964955

Sd/-
A. K. Gulam Kibria, FCA(0392), Partner
G. Kibria & Co.
Chartered Accountants



**Notes to the
Financial Statements**
For the Year ended 31 December 2021

1.00 The Company and Its Activities:

First Finance Limited (“the Company”) was incorporated in Bangladesh as a private limited company on 28 June, 1993 in the name of First Lease International Limited and was subsequently converted into a public limited company on 18 July, 1996. The Company obtained license from Bangladesh Bank on 05 October, 1999 under the Financial Institutions Act 1993. The Company is listed with both Dhaka and Chittagong Stock Exchanges of Bangladesh. The name of the company was renamed to First Lease Finance and Investment Limited on 22 February, 2009 and thereafter again the name of the company was renamed to First Finance Limited on 29 June, 2014.

The registered office of the Company is situated at Jahangir Tower (3rd Floor), 10 Kawran Bazar, Dhaka-1215. At present the company operates its business operation through six (6) branches each at Corporate Branch (Kawran Bazar), Gulshan Branch, Agrabad Branch, Sylhet Branch, Board Bazar Branch & Wari Branch.

1.01 Objective of the Company:

The Company provides lease finance for capital machinery, equipment, vehicle etc. both for industrial and commercial purposes. It also provides other loans like term finance, house finance, etc.

2.00 Summary of Significant Accounting Policies and basis of preparation of Financial Statements:

2.01 Statement of compliance

The financial statements of the Financial Institution have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994. In case any requirement of the Financial Institutions Act 1993 and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the financial Institutions Act 1993, and provisions and circulars issued by Bangladesh Bank has been prevailed. Material departures from the requirements of IFRS are as follows.

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9 ‘Financial instruments’, all equity investments (shares and mutual funds) are to be measured at fair value with value changes recognized in statement of profit or loss and other comprehensive income for the period, except for those equity investments for which the entity has elected to present value changes in ‘other comprehensive income (OCI)’. If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it through OCI with only dividend income recognized in profit or loss account.

Bangladesh Bank: As per FID circular 08 dated 03 August, 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

ii) Provision on loans and advances/investments

IFRS: As per IFRS 9 Financial instruments, Leases, loans and advances shall be recognized and measured at amortized cost (net of any write down for impairment). When any objective evidence of impairment (a loss allowance for expected credit losses) exists for such financial assets, impairment assessment should be undertaken individually or portfolio basis (when assets are not individually significant).

Bangladesh Bank: As per FID circular No. 8 dated 03 August 2002, FID circular No.3 dated 03 May 2006, DFIM circular No. 03, dated 29 April 2013, DFIM circular No. 04, dated 26 July 2021 and DFIM circular No. 33, dated 19 December 2021 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub standard loans, doubtful loans and bad losses loans has to be provided at 20%, 50% and 100% respectively (Note-2.5) for loans and advances depending on the duration of time installments are overdue and also for a instruction to keep special provision of 2% for deferred customers outstanding balance.

iii) Recognition of interest in suspense

IFRS: Leases, loans and advances to customers are generally classified as Non-derivative Financial assets measured at amortized cost as per IFRS 9 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit & loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular No.8 dated 03 August 2002 and DFIM circular no. 04 dated 26 July 2021, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

iv) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Financial Institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Financial Institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments-presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 7 Financial Instruments - disclosure and IFRS 9 Financial Instruments. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in financial statements.

vi) Cash and cash equivalents

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Cash and cash equivalent items such as prize bond is not shown as cash and cash equivalent. Prize bond is shown in investments.

vii) Statement of cash flows

IFRS: The statement of cash flows can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM Circular 11 dated 23 December 2009, cash flow is the mixture of direct and indirect methods.

viii) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

2.02 Basis of preparation of the financial statements

The financial statements and notes thereon have been prepared in accordance with Bangladesh Bank DFIM circular no. 11 dated 23 December 2009 on a going concern concept under historical cost convention and basically on accrual basis of accounting in accordance with International Accounting Standards/International Financial Reporting Standards so far adopted in Bangladesh as International Accounting Standards/International Financial Reporting Standards by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994 and other applicable laws and regulations.

2.02.01 **Going Concern:**

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

In this connection, it is to be stated that, First Finance Limited has been doing business since long. Recently, our Loan, Lease, and Advances Classification Status (CL Ratio/Rate) has been calculated as 86.60% as on December 31, 2021. So our income reduces and the Company is facing Interest Loss as well as Operating Loss. For the current year, the Company has incurred losses of BDT 2,190,103,488 and losses for the previous year worth BDT 501,341,898. The Company has a negative Retained Earnings Balance of BDT 3,253,389,181.

Despite all these difficulties, First Finance Limited is trying its best to recover from the situation. To reach desired goals, we have planned to procure more New Fresh Deposit, and give emphasis on Recovery from Classified Loan, Lease, and Advances. In this relation, it is to be noted that, in the year 2021, we have collected Tk. 579,061,554.00 as New / Fresh Deposit, and Tk. 746,193,756.00 as Recovery from Classified Loan, Lease, and Advances. In addition to the above, we want to add that in the consequent half year of 2022, we have collected Tk. 193,938,240.00 as New / Fresh Deposit, and Tk. 300,213,016.00 as Recovery from Classified Loan, Lease, and Advances. In addition to these, we are giving all out effort for recovery of Classified Loan, Lease, and Advances and also taking extensive Legal action against the same.

In this connection, we would like to add that in a reply to a letter issued from Bangladesh Bank, we have given a 'Time Bound Action Plan' regarding up-gradation of the indicators of CAMELS Rating. Moreover, on the Other hand, it is to be noted that Bangladesh Securities Exchange Commission (BSEC) called us for a routine meeting with us as a regular meeting with the financially weak NBF1 and advised us for collection from Classified Loan, Lease, and Advances as well as procurement of New Deposit by introducing new Deposit products to attract new Customers / Depositors.

Finally we would like to point out that other financial institutions which have gone through distressed times have received financial support from Bangladesh Bank and based on the constant communication and guidance we have received from Bangladesh Bank, the Company will be able to continue as a going concern.

That being said, it is important to point out that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

2.02.02 **Functional Currency and Presentation Currency:**

The financial statements have been prepared and presented in Bangladesh Currency (Taka), which is the Company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

2.02.03 **Use of estimates and judgments:**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and contingent liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statement in line with the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when-

- the Company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

In particular, information about significant areas of assumptions, estimations and judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes

| | |
|--------------|---|
| Note 2.02.01 | Going Concern |
| Note 2.03.01 | IFRS 16: Leases |
| Note 9 | Depreciation and useful life duration of assets |
| Note 14.05 | Deferred tax asset/liability |
| Note 14.04 | Provision for corporate tax |
| Note 45.03 | Contingent Liabilities |
| Note 7.08 | Provision for Loans and Other Assets |

2.02.04 Materiality and Aggression:

Each material item considered by management as significant has been presented separately in financial statements. No amount has been set off unless the company has a legal right to set off the amount and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards..

2.02.05 Foreign Currency Translation:

Transactions in foreign currencies are translated to Bangladesh Taka at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities are converted at the rates prevailing at the Balance Sheet date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction.

2.02.06 Reporting Period:

The financial statements cover one year from 01 January, 2021 to 31 December, 2021.

2.03 Revenue recognition:

2.03.01 Accounting for leases (IFRS 16)

Starting 1st January 2020, IFRS 16 has been adopted and all leasing arrangements except those having less than 12 months of useful life and underlying asset values considered low value when new, have been capitalized as “right to use” assets with a corresponding financial liability on the balance sheet.

Leased assets are capitalized from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest entered in the asset master data. Low value and short term leases (<12months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.

The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

The ROU Asset has been recognized as an Asset as part of Property, Plant & Equipment and details are provided in Annexure A and Note 9. The Lease Liability has been recognized under other liability and details are provided in Note 14.07.01

2.03.02 Accounting for term loan

This consists of short-term finance, long-term finance and house finance, books of account where for are maintained based on accrual method of accounting. Outstanding loans along with interest accrued thereon for short-term finance and unrealized principal for long-term finance and house finance are accounted for as finance assets of the Company. Interest earns from such loan is recognized as operational revenue periodically.

2.03.03 Interest on bank deposit

Interest income on balances with other banks and financial institutions are recorded on accrual basis of accounting.

2.03.04 Other operational income

Other operational income is recognized as and when accrued. Such income comprises of service charge, transfer fee, income during construction period (IDCP), delinquent charge and miscellaneous receipts.

2.03.05 Accounting for investment in marketable securities

These securities are bought and held primarily for the purpose of selling in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the Profit & Loss Account. But provision for diminution in value of investment is provided in the financial statements which market price is below the cost price of investment as per Bangladesh Bank guideline (note-14.3).

2.04 Books of accounts

The Company maintained books of account for main business electronically through soft automation.

2.05 Property, plant and equipment

Own financed-assets

Property, plant and equipment (fixed assets) acquired under own finance of the Company are stated at cost less accumulated depreciation. The cost of an item of fixed assets comprising its purchase price and any directly attributable costs associated with bringing the asset to its working condition for its intended use as per IAS - 16 "property, plant and equipment."

Subsequent expenditure on property, plant and equipment

Subsequent expenditure is capitalized only when it increases the future economic benefits from the assets. All other expenditures are recognized as an expense as and when they are incurred.

Depreciation on fixed asset

Fixed assets are reflected in the financial statements at cost less depreciation. Depreciation on fixed assets under the Company's own use is charged consistently on reducing balance method at various rates throughout the estimated useful lives of the assets.

The rates of depreciation on various classes of fixed assets are as under:

| Sl # | Category of fixed assets | Rate |
|-------------|---------------------------------|-------------|
| 1 | Land and building | Nil |
| 2 | Motor vehicles | 20% |
| 3 | Furniture and fixtures | 10% |
| 4 | Office equipment | 15% |

2.06 Provision for bad and doubtful debts/investment

Provisions for leased assets have been made on the basis of Bangladesh Bank FID circular nos. 14, 08 and 01, dated 26 June 2000, 03 August 2002 respectively FID Circular No.11 of 2005, FID Circular No. 03 of 2006,

03 January 2007 and DFIM circular No. 03, dated 29 April 2013, DFIM circular No. 04, dated 26 July 2021 and DFIM circular No. 33, dated 19 December 2021 issued by Bangladesh Bank. The provision made up to Balance Sheet date is considered adequate in the opinion of management to meet any probable losses..

The provision rates are given below:

General Provision on: Rate

| | |
|---------------------------------|-------|
| Unclassified (SME) | 0.25% |
| Unclassified (Term Loan) | 1% |
| Special Mentioned Account (SMA) | 5% |
| Sub Standard | 20% |
| Doubtful | 50% |
| Bad/loss | 100% |

2.07 Income tax

Current tax

- a) Provision for corporate income tax is made in the accounts after considering taxable allowances, disallowances and previous assessed loss (if any) as per income tax laws. The rate of corporate income tax applicable for the Company is 37.50%. However, any short/ excess provision, if any, is accounted for the year of finalization of assessment.

Deferred tax

Deferred tax liabilities are the amount of income tax payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. 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 account of changes in the deferred tax assets and liabilities has also been recognized in Profit and Loss Account as per IAS-12 "Income Taxes".

2.08 Non-banking assets

This represents assets acquired by the company as per judgment of Honorable court against leases, loans and advances.

2.09 Employee benefit obligation

The Company has a recognized provident fund scheme for its employees. The fund consists of contributions both from employees and the employer at a predetermined rate. The fund is approved as a recognized Provident Fund by NBR within the meaning of section 2(52), and read with the provision of part –B of the first schedule of Income Tax Ordinance 1984. The recognition took effect from 31 August 2008. The fund is administered by a Board of Trustees and invested separately from the Company's assets. The Company also operates a Group Insurance Policy for its permanent employees.

2.10 Liabilities and provisions

All material liabilities and provisions have been included in these financial statements when the Company has a present obligation, legal or constructive result of a past event and it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate can be made thereof.

2.11 Interest on bank loan

Interest on bank loan is accounted for on an accrual basis and charged to Profit & Loss Account under the head "Interest paid on deposits, borrowing etc." at the implicit rate of interest.

2.12 Statement of Cash Flows

Statement of Cash Flows has been prepared in accordance with IAS-7 (direct method) following the format given by the Bangladesh Bank vide DFIM Circular No-11 dated 23 December 2009.

A reconciliation of net profit with cash flows from operating activities making adjustment for non-cash items, for non-operating items and for the net changes in operating accruals has been presented in Note-40.00 in compliance with clause 5(2)(e) of the BSEC notification (No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20.06.2018).

2.13 Compliance of International Financial Reporting Standards (IFRS)

| SI | Name of IAS/IFRS |
|----|--|
| 1 | IAS 1: Presentation of Financial Statements |
| 2 | IAS 7: Statement of Cash Flows |
| 3 | IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors |
| 4 | IAS 10: Events after the Reporting Period |
| 5 | IAS 12: Income Taxes |
| 6 | IAS 16: Property, Plant & Equipment |
| 7 | IAS 19: Employee Benefits |
| 8 | IAS 23: Borrowing Costs |
| 9 | IAS 24: Related Party Disclosures |
| 10 | IAS 32: Financial Instruments: Presentation |
| 11 | IAS 33: Earnings per Share |
| 12 | IAS 34: Interim Financial Reporting |
| 13 | IAS 36: Impairment of Assets |
| 14 | IAS 37: Provisions, Contingent Liabilities and Contingent Assets |
| 15 | IAS 38: Intangible Assets |
| 16 | IFRS 7: Financial Instruments: Disclosures |
| 17 | IFRS 8: Operating Segments |
| 18 | IFRS 9: Financial Instruments |
| 19 | IFRS 13: Fair Value Measurement |
| 19 | IFRS 15: Revenue from Contracts with Customers |
| 21 | IFRS 16: Leases |

2.14 Consolidation procedure for Branch Accounting.

A separate set of records for consolidation of the Financial statements of the branches are maintained at Head Office of the Company at Dhaka from which these accounts are drawn up.

2.15 Statement of liquidity

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of assets and liabilities at 31 December 2021.

2.16 Consistency

In accordance with the International Financial Reporting Standards framework for the presentation of financial statements together with IAS- 1 “Presentation of Financial Statements” and IAS - 8 “Accounting Policies, Changes in Accounting Estimates and Errors,” the Company applies the accounting principles and disclosure consistently from one period to the next..

2.17 Risk management

The Company has taken initiative to bring down business risk at an acceptable level by implementing the risk management guidelines covering the following risk areas.

2.17.01 Asset/Liability management

The Company has an Asset-Liability Committee (ALCO) to monitor financial risk and liquidity risk of the Company. The financial risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews the liquidity requirement, the maturity of assets and liabilities, deposits and lending pricing strategy and the liquidity contingency plan on a regular basis.

2.17.02 Credit risk management

Credit risk is one of the major risks of the Company that may be simply defined as the potential that a borrower or counter party will fail to meet its obligation in accordance with the agreed terms and

conditions. To assess and mitigate the credit risk, the management has implemented Credit Risk Management (CRM) manual. Accordingly Company's credit risk management activities have been designed to identify measure, monitor and control all these issues in line with basic principles of credit management. All the instructions of Bangladesh Bank relating to credit are strictly followed while sanctioning a credit. Loans/leases are classified as per Bangladesh Bank guidelines and provisions are maintained as per those guidelines.

2.17.03 Prevention of money laundering

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. In order to manage the risk of money laundering, the Company has an effective Anti-Money Laundering Program in line with Anti-Money Laundering Act and Bangladesh Bank guidelines. The Company employed a Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Head Office and Compliance Officers (BAMLCO) at branches who independently review the transactions of the accounts to verify suspicious transactions. The Company developed manuals for prevention of money laundering and introduced Know Your Customer (KYC) program and Transaction Profile (TP) of customers at branch level and all other regulations are being complied meticulously. Continuous training is being imparted to all categories of Officers and Executives to enhance expertise for identifying suspicious activities and transactions..

2.18 Head Office and Branches

The Company's Head Office is located at Jahangir Tower (3rd Floor), 10 Kawran Bazar, Dhaka- 1215. The branches are located at:

i. Corporate Branch:

Jahangir Tower (3rd Floor), 10 Kawran Bazar, Dhaka-1215.

ii. Agrabad Branch:

Ayub Trade Center (5th Floor), 1269/B, Sheikh Mujib Road, Agrabad, Chittagong.

iii. Gulshan Branch :

Gulshan Bhaban, Plot No. 355 (Ground Floor), A.K. Khandaker Sarak, Mohakhali, Dhaka-1212.

iv. Sylhet Branch :

H S Tower (2nd Floor), Fayzu Manson, East Dargah Gate, Sylhet.

v. Board Bazar Branch

Member Complex (3rd & 4th Floor), Board Bazar, Gazipur-1704.

vi. Motijheel Branch

Elite House (10th Floor), 54 Motijheel C/A, Dhaka-1000.

2.19 Components of financial statements

These financial statements consist of Balance Sheet, Profit & Loss Account, Statement of Cash Flows, Statement of changes in shareholders' equity and notes thereto.

2.20 Regulatory and legal compliance

The Company complied with the requirements of applicable laws and regulations.

| Notes | Particulars | Amount in BDT | |
|----------------|---|---------------------------|---------------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 3.00 | Cash | | |
| | Cash in hand (including foreign currencies) | | |
| | In local currency | 74,902 | 50,546 |
| | In foreign currency | - | - |
| | | <u>74,902</u> | <u>50,546</u> |
| | Balance with Bangladesh Bank and its agent bank(s) | | |
| | (including foreign currencies) | | |
| | In local currency | 47,736,856 | 42,072,662 |
| | In foreign currency | - | - |
| | | <u>47,736,856</u> | <u>42,072,662</u> |
| | | <u>47,811,758</u> | <u>42,123,208</u> |
| 3.01 | Statutory deposits | | |
| 3.01.01 | Cash reserve requirement (CRR) and statutory liquidity ratio (SLR) | | |
| | Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, rule 5 of the Financial Institutions Rules 1994 and FID circular no. 6 dated 06 November 2003. | | |
| (a) | Cash reserve requirement (CRR) | | |
| | Required reserve (1.5% of Term and Other Deposits) | 40,003,616 | 38,196,016 |
| | Actual reserve maintained | <u>47,736,856</u> | <u>42,072,662</u> |
| | Surplus | <u>7,733,241</u> | <u>3,876,646</u> |
| (b) | Statutory liquidity ratio (SLR) | | |
| | Required reserve (5% of Total Liabilities) | 257,143,827 | 235,753,110 |
| | Actual reserve maintained | 462,840,842 | 372,908,069 |
| | Cash in hand | <u>74,902</u> | <u>50,546</u> |
| | Balance with Bangladesh Bank and its agent bank(s) | <u>47,736,856</u> | <u>42,072,662</u> |
| | Balance with other banks and financial institutions | <u>415,029,084</u> | <u>330,784,861</u> |
| | Surplus | <u>205,697,014</u> | <u>137,154,959</u> |
| | Total required reserve | 297,147,443 | 273,949,126 |
| | Total actual reserve maintained | <u>462,840,842</u> | <u>372,908,069</u> |
| | Total surplus | <u>165,693,399</u> | <u>98,958,943</u> |

During the year 2020 an amount of BDT 30.00 Lac was kept as provision for penalty for CRR shortfall with Bangladesh bank and subsequently BDT 20.00 Lac has been deducted by Bangladesh bank for penalty for the period from April-2020 to September-2020.

| Notes | Particulars | Amount in BDT | |
|-------------|---|--------------------|--------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 4.00 | Balance with Other Banks and Financial Institutions | | |
| | Inside Bangladesh (note 4.01) | 415,029,084 | 330,784,861 |
| | Outside Bangladesh (note 4.02) | - | - |
| | | 415,029,084 | 330,784,861 |
| 4.01 | Inside Bangladesh | | |
| | Current Accounts with: | | |
| | National Bank Limited, Kawran Bazar Branch, Dhaka | 46,055 | 46,745 |
| | Bangladesh Development Bank Limited, Principal Branch, Dhaka | 3,762 | 4,452 |
| | South Bangla Agricultural Bank Limited, Principal Branch, Dhaka | 40,260 | 40,260 |
| | One Bank Limited, Kawran Bazar Branch, Dhaka | 322,758 | 153,878 |
| | Social Islami Bank Limited, Mouchak Branch, Dhaka | 12 | 1,431 |
| | Midland Bank Limited, Principal Branch, Dhaka | 28,374 | 29,064 |
| | IFIC Bank Limited, Kawran Bazar Branch, Dhaka | 900 | 455,643 |
| | IFIC Bank Limited, Ambarkhana Branch, Sylhet | 18,062 | 2,156 |
| | Prime Bank Limited, Wari Branch, Dhaka | 59,449 | 77,629 |
| | Bank Asia Limited, Kawran Bazar Branch, Dhaka | 2,417,351 | 405,970 |
| | Bank Asia Limited, Kawran Bazar Branch, Dhaka | 718,927 | 705,958 |
| | Bank Asia Limited, Kawran Bazar Branch, Dhaka | 829,623 | 21,193 |
| | Southeast Bank Limited, R.K Mission Road, Dhaka | 511,775 | 164,965 |
| | Sub-total | 4,997,307 | 2,109,343 |
| | Short-term deposit accounts with: | | |
| | United Commercial Bank Limited, Kawran Bazar Branch, Dhaka | 884,724 | 875,184 |
| | IFIC Bank Limited, Dhanmondi Branch, Dhaka | 3,870 | 6,024 |
| | IFIC Bank Limited, Dhanmondi Branch, Dhaka | 2,393,948 | 2,360,599 |
| | ICB Islami Bank Limited, Kawran Bazar Branch, Dhaka | 10,325 | 10,555 |
| | Shajalal Islami Bank Limited, Kawran Bazar Branch, Dhaka | 529,784 | 36,069 |
| | Uttara Bank Limited, Local Office, Dhaka | 66 | 66 |
| | United Commercial Bank Limited, Kawran Bazar Branch, Dhaka | 1,359,613 | 944,621 |
| | IFIC Bank Limited, Sheikh Mujib Road Branch, Chittagong | 434,899 | 245,269 |
| | Bank Asia Limited, Mohakhali Branch, Dhaka | 296,293 | 4,188 |
| | Bank Asia Limited, Sylhet Main Branch, Sylhet | 3,578,521 | 1,655,132 |
| | IFIC Bank Limited, Gulshan Branch, Dhaka | 1,399,763 | 55,515 |
| | IFIC Bank Limited, Kawranbazar Branch, Dhaka | 9,189,705 | 537,922 |
| | NRB Commercial Bank Limited, Principal Branch, Dhaka | 1,400 | 2,550 |
| | One Bank Limited, Kawranbazar Branch, Dhaka | 398,124 | 50,011 |
| | Mutual Trust Bank Limited, Principal Branch, Dhaka | 372,250 | 369,364 |
| | Mutual Trust Bank Limited, Principal Branch, Dhaka | 64,164 | 64,584 |
| | Premier Bank Limited, Board Bazar Branch | 123,324 | 489,354 |
| | BRAC Bank Limited, Asadgate Branch, Dhaka | 61,659 | 61,659 |
| | Eastern Bank Limited, Sonargoan Road Branch, Dhaka | 20,035,326 | 576,940 |
| | IFIC Bank Limited, Motijheel Branch, Dhaka | 209,750 | 246,369 |
| | Bank Asia Limited, Corporate Branch, Dhaka | 1,645,860 | 2,201,654 |
| | Mutual Trust Bank Limited, Panthapath Branch, Dhaka | 1,537,942 | 933,599 |
| | City Bank Limited, Pallabi Branch, Dhaka | 358,893 | 6,022 |
| | Bank Asia Limited, Kawran Bazar Branch, Dhaka | 12,049,630 | 757,665 |
| | Bank Asia Limited, Tongi Branch | 6,020 | 7,371 |
| | Bank Asia Limited, Principal Office, Dhaka | 6,057 | 870 |
| | Bank Asia Limited, Agrabad Branch | 2,598,378 | 1,968,932 |
| | Southeast Bank Limited, R.K Mission Road, Dhaka | 5,406,792 | 17,974 |
| | Sub-total | 64,957,078 | 14,486,061 |

| Notes | Particulars | Amount in BDT | |
|----------------|--|--------------------|--------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| | Fixed deposit accounts with: | | |
| | People's Leasing and Financial Services Limited | 100,000,000 | 100,000,000 |
| | International Leasing and Financial Services Limited | 86,900,967 | 86,900,967 |
| | Mutual Trust Bank Limited | 127,513,917 | 121,910,576 |
| | IFIC Bank Limited, Kawranbazar Branch, Dhaka | 30,659,814 | 5,377,914 |
| | Sub-total | 345,074,699 | 314,189,457 |
| | Grand Total | 415,029,084 | 330,784,861 |
| 4.02 | Outside Bangladesh | - | - |
| 4.03 | Maturity grouping of balances with other banks and financial institutions | | |
| | On demand | 69,954,385 | 16,595,404 |
| | Up to 3 months | - | - |
| | Over 3 months but up to 1 year | 345,074,699 | 314,189,457 |
| | | 415,029,084 | 330,784,861 |
| 5.00 | Money at Call and on Short Notice | - | - |
| 6.00 | Investments | | |
| 6.01 | Government securities | | |
| | Treasury Bills | - | - |
| | National Investment Bond | - | - |
| | Bangladesh Bank Bill | - | - |
| | Government Notes/Bonds | - | - |
| | Prize Bonds | - | - |
| | Others | - | - |
| | | - | - |
| 6.02 | Other Investments (note 6.02.01) | 16,781,580 | 67,326,259 |
| | | 16,781,580 | 67,326,259 |
| 6.02.01 | Other Investments - in Shares and Debentures | | |

| Sector | Quantity | | Cost Price (Taka) | |
|------------------------|----------------|------------------|-------------------|-------------------|
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Bank | 185,000 | 2,027,155 | 3,175,405 | 31,017,491 |
| Cement | 10,220 | - | 719,590 | - |
| Chemicals | 260,000 | 234,917 | 7,873,607 | 2,417,098 |
| Engineering | - | 91,446 | - | 4,116,030 |
| Financial Institutions | - | 239,511 | - | 11,731,606 |
| Fuel & Power | - | 64,429 | - | 3,320,473 |
| Insurance | - | 67,896 | - | 5,777,309 |
| IT | - | 37,089 | - | 2,136,332 |
| Miscellaneous | - | 30,750 | - | 1,280,171 |
| Paper & Printing | - | 30,000 | - | 2,312,336 |
| Telecommunication | 125,000 | - | 5,012,978 | - |
| Textile | - | 71,484 | - | 3,217,413 |
| Total | 580,220 | 2,894,677 | 16,781,580 | 67,326,259 |

| Notes | Particulars | Amount in BDT | |
|-------|-------------|---------------|--------------|
| | | Dec 31, 2021 | Dec 31, 2020 |

6.03 Valuation of investments

Government securities:

| Valuation of investments | Quantity | | Cost Price (Taka) | |
|-----------------------------|-------------|-------------|-------------------|-------------|
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Treasury Bills | | | - | - |
| Government bonds | | | - | - |
| T & T Bonds & Prize Bonds | | | - | - |
| Debentures - House Building | | | - | - |
| Finance Corporation | | | - | - |

Others: Shares (quoted)

| Sector | 31 Dec 2021 | |
|-------------------|-------------------|-------------------|
| | Cost value | Market value |
| Bank | 3,175,405 | 2,866,500 |
| Cement | 719,590 | 726,642 |
| Chemicals | 7,873,607 | 6,656,000 |
| Telecommunication | 5,012,978 | 4,325,000 |
| Total | 16,781,580 | 14,574,142 |

Total market value of quoted shares is less than cost price against which provision was made for Taka 22,07,438/= (note 14.03).

7.00

Leases, Loans and Advances

Inside Bangladesh

| | | |
|----------------------------|----------------------|----------------------|
| Lease Finance | 1,215,576,709 | 1,391,472,131 |
| Term Finance | 7,735,765,151 | 7,466,411,096 |
| Home Loan Refinance Scheme | 4,011,709 | 4,631,159 |
| | 8,955,353,569 | 8,862,514,386 |

Outside Bangladesh

| | | |
|--|----------------------|----------------------|
| | - | - |
| | 8,955,353,569 | 8,862,514,386 |

In respect of the above balance, there was a difference between the figure presented above with the figure shown in Financial Institution Classified Loan (FICL) of Tk. 205,804,139. The Company has obtained permission from Bangladesh Bank vide letter no. FIID/I-10/2018-1182 dated 13 November 2018 for adjusting the difference amount within next three (03) years from 1st quarter of 2019. The Company started adjusting the difference amount from March'19 quarter for Taka 17,150,000 each quarter. Details are as follows:

| | | |
|----------------------------------|------------|-------------------|
| Opening Balance | 68,604,139 | 137,204,139 |
| Less: Adjustment during the year | 68,604,139 | 68,600,000 |
| | - | 68,604,139 |

The company has full and finally adjusted the difference amount as per Bangladesh Bank Letter no: FIID/I-10/2018-1182 dated 13 November 2018 during this year 2021 and now a new differences arises for BDT 1,98,73,962/= in 2021. The balances is excess in CL than GL (see note: 7.00, 7.03,7.05,7.07 & 7.08).

7.01 Maturity grouping of Leases, Loans and Advances Repayable

| | | |
|---|----------------------|----------------------|
| - on demand | 492,232,543 | 299,497,274 |
| - over 1 month but not more than 3 months | 483,642,489 | 354,426,181 |
| - over 3 months but not more than 1 year | 1,309,745,680 | 1,215,491,573 |
| - over 1 year but not more than 5 years | 3,682,275,322 | 3,582,322,328 |
| - over 5 years | 2,987,457,535 | 3,410,777,030 |
| | 8,955,353,569 | 8,862,514,386 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|----------------------|----------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 7.02 | Significant concentration of Leases, Loans and Advances | | |
| | Advance to allied Concerns of Directors | - | - |
| | Advance to the Chief Executive | - | - |
| | Advance to other Senior Executives | - | - |
| | | - | - |
| 7.03 | Sector-wise distribution | | |
| | Chemical and pharmaceuticals | 172,549,568 | 89,472,424 |
| | Textile industry | 26,627,214 | 59,211,562 |
| | Telecommunication and IT industry | 137,486,856 | 165,862,919 |
| | Jute and jute related goods | 141,765,226 | 126,003,402 |
| | Steel | 933,229,623 | 696,821,037 |
| | Paper | 119,086,809 | 122,612,928 |
| | Shipping and ship building industry | 160,202,273 | 146,458,645 |
| | Transport and communication | 391,189,773 | 235,369,507 |
| | Power, gas, water and sanitary | - | 74,690,220 |
| | Agriculture sector | 83,013,329 | 324,405,684 |
| | Readymade garments | 507,469,827 | 836,635,255 |
| | Food and allied | 435,494,043 | 613,557,832 |
| | Housing | 1,851,522,616 | 2,297,838,290 |
| | Trade & commerce | 2,180,767,461 | 2,377,586,512 |
| | Others | 1,834,822,913 | 695,988,169 |
| | Total | 8,975,227,531 | 8,862,514,386 |
| 7.04 | Advances to customers for more than 10% of total Capital of the Company | | |
| | Number of clients to whom leases, loans and advances were sanctioned more than 10% of total Capital of the Company during the year: | | |
| | Number of Clients | 11 | 42 |
| | Amount of Outstanding Advances | 1,686,740,266 | 4,404,509,703 |
| | Amount of Classified Advances | 1,567,693,214 | 1,075,320,575 |
| | Amount of Recovery/Rescheduling thereon | 1,092,830,645 | 3,381,359,568 |
| | | 4,347,264,136 | 8,861,189,888 |
| 7.05 | Geographical location-wise Leases, Loans and Advances | | |
| | In Bangladesh: | | |
| | Dhaka Division | 6,077,893,839 | 6,250,366,764 |
| | Chittagong Division | 2,749,579,256 | 2,411,311,788 |
| | Sylhet Division | 147,754,436 | 200,835,834 |
| | | 8,975,227,531 | 8,862,514,386 |
| | Outside Bangladesh | - | - |
| | | 8,975,227,531 | 8,862,514,386 |

| Notes | Particulars | Amount in BDT | |
|---|---|---------------|---------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 7.06 Particulars of Leases, Loans and Advances | | | |
| | (i) Financing considered good in respect of which the Company is fully secured; | 1,126,709,326 | 7,658,000,828 |
| | (ii) Financing considered good against which the Company holds no security other than the debtors' personal security; | 7,828,644,243 | 1,204,513,558 |
| | (iii) Financing considered good secured by the personal undertaking of one or more parties in addition to the personal security of the debtors; | - | - |
| | (iv) Financing adversely classified but provision not maintained there against; | - | - |
| | (v) Financing due by directors or employees of the Company or any of them either separately or jointly with any other persons; | - | - |
| | (vi) Financing due from companies or firms in which the directors of the Company 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 any time during the year to directors or employees of the Company or any of them either separately or jointly with any other persons; | - | - |
| | (viii) Maximum total amount of advances, including temporary advances approved during the year to companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members; | - | - |
| | (ix) Amount due from banking companies and other financial institutions at the end of the year | - | - |
| | (x) Amount of classified leases, loans and advances on which interest has not been credited to income | 7,772,113,300 | 3,132,929,439 |
| | (a) Increase/decrease in provision (Specific): | | |
| | Amount of loans written off | - | - |
| | Amount realized against loans previously written off | - | - |
| | (b) Provision kept against loans classified as bad/loss on the date of settlement of financial position | 846,480,862 | 222,582,902 |
| | (c) Interest charged to interest suspense account | 1,929,724,972 | 834,648,096 |
| | (xi) Written off leases, loans and advances | - | - |
| | During the year | - | - |
| | Cumulative to-date | - | - |
| | Amount realized against loans previously written off | - | - |
| | Total amount of written off leases, loans and advances for which lawsuits filed | - | - |

| Notes | Particulars | Amount in BDT | | | | |
|-------------|--|---------------------------|----------------------|------------------------|----------------------|--|
| | | Dec 31, 2021 | Dec 31, 2020 | | | |
| 7.07 | Classification of Loans and Advances | | | | | |
| | Unclassified | | | | | |
| | Standard | 1,145,410,296 | 5,061,046,288 | | | |
| | Special mention account | 57,703,935 | 668,538,659 | | | |
| | | 1,203,114,231 | 5,729,584,947 | | | |
| | Classified | | | | | |
| | Substandard | 301,728,898 | 114,553,454 | | | |
| | Doubtful | 1,508,726,814 | 202,006,996 | | | |
| | Bad/Loss | 5,961,657,588 | 2,816,368,989 | | | |
| | | 7,772,113,300 | 3,132,929,439 | | | |
| | | 8,975,227,531 | 8,862,514,386 | | | |
| 7.08 | Particulars of required Provision for Loans and Advances | | | | | |
| | | | | | | |
| | Status of Classification | Base for Provision | Rate | Amount in BDT | | |
| | | | | Dec 31, 2021 | Dec 31, 2020 | |
| | Unclassified (General Provision) | | | | | |
| | Standard | 1,145,410,296 | 0.25% & 1% | 9,918,577 | 46,672,864 | |
| | Special Mention Account | 44,834,333 | 5% | 2,241,717 | 28,221,569 | |
| | | | | 12,160,293 | 74,894,433 | |
| | Classified (Specific Provision) | | | | | |
| | Sub-Standard | 168,612,723 | 20% | 33,722,545 | 52,326,592 | |
| | Doubtful | 567,307,613 | 50% | 283,653,807 | 50,408,876 | |
| | Bad/Loss | 1,979,487,421 | 100% | 1,979,487,421 | 860,028,647 | |
| | | | | 2,296,863,773 | 962,764,115 | |
| | Required provision for Loans and Advances | | | 2,309,024,066 | 1,037,658,548 | |
| | Total provision maintained (notes 14.01.01 and 14.01.02) | | | 858,641,156 | 297,477,336 | |
| | Excess / (Short) Provision | | | (1,450,382,910) | (740,181,212) | |
| | There is a Provision Shortfall for BDT 171.51 Crore (where's for Loan Lease and Advances is BDT 169.21 Crore and BDT 2.30 Crore for Other Assets Disclosed in Note no. 14.08) for the year ended 31 December 2021. The Company has obtained permission from Bangladesh Bank through Letter No. DFIM(C)1054/31/2022-1980 dated 06 July 2022 for adjustment of such Shortfall Amount within 07 years starting from the year 2021. So for this year, the charged amount is BDT 24,50,21,549/= that is included in Loan Lease and Advances. More over, Provision charged to PL A/C is BDT 57,37,71,601/= | | | | | |
| 8.00 | Bills Purchased and Discounted | | | | | |
| | Inside Bangladesh | | | - | - | |
| | Outside Bangladesh | | | - | - | |
| | | | | - | - | |
| 9.00 | Fixed assets including Premises, Furniture and Fixtures (excluding Accumulated Depreciation) | | | | | |
| | Cost | | | | | |
| | Office equipment | | | 116,546,418 | 114,904,134 | |
| | Motor vehicles | | | 32,876,728 | 32,876,728 | |
| | Furniture and fixtures | | | 88,903,985 | 86,788,468 | |
| | Software | | | 13,880,040 | 13,580,000 | |
| | Right of use assets | | | 52,468,019 | 28,974,335 | |
| | | | | 304,675,190 | 277,123,666 | |
| | Less: Accumulated depreciation | | | 202,483,750 | 157,619,286 | |
| | Net book value at the end of the year | | | 102,191,440 | 119,504,380 | |
| | Details are shown in Annex-A . | | | | | |

| Notes | Particulars | Amount in BDT | |
|--------------|--|--------------------|--------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 10.00 | Other assets | | |
| | Income generating | | |
| | Investment in shares of subsidiary companies: | | |
| | Inside Bangladesh | - | - |
| | Outside Bangladesh | - | - |
| | | - | - |
| | Others | | |
| | Interest receivable on FDR | 27,230,259 | 28,095,943 |
| | | 27,230,259 | 28,095,943 |
| | Non-income generating | | |
| | Advance Office Rent | 1,543,417 | 4,962,192 |
| | Advance Parking Rent | 75,000 | 75,000 |
| | Security Deposit | 800,000 | 800,000 |
| | Others (note 10.01) | 536,918,683 | 495,388,825 |
| | | 539,337,100 | 501,226,017 |
| | | 566,567,359 | 529,321,960 |
| 10.01 | Others | | |
| | Advance Income Tax - Note 10.02 | 449,370,212 | 441,491,666 |
| | Receivable Others (Legal expenses for Clients) | 22,822,315 | 17,259,377 |
| | Receivable from BLI Securities Limited | 43,937,825 | 99 |
| | Advance against Expenses | 13,050,592 | 26,166,131 |
| | Receivable from Sheltech Brokerage Limited | 38,137 | 2,781,166 |
| | Receivable for NBA | 11,950 | - |
| | Receivable from Employees | 7,589,460 | 7,589,460 |
| | Deferred interest Expenses - Note 10.03 | - | - |
| | Other Assets | 98,193 | 100,926 |
| | | 536,918,683 | 495,388,825 |

As per Bangladesh Bank, the Company should record a provision worth BDT 2,58,32,958 against Other Assets. Specifically Bangladesh Bank has noted the Company should have provision against Receivable from Employees, Advance against Expenses and Receivable Other Legal Expense for Clients. The Company currently has a provision shortfall of BDT 1,97,46,387 as explained in Note 14.08. The Company has obtained permission from Bangladesh Bank to catch up on their provision shortfall by the year 2027 (details in Note 7.08).

10.02 Advance Income Tax

Accounting Year:

| | | |
|-----------|--------------------|--------------------|
| 2006-2009 | 32,374,484 | 32,374,484 |
| 2010 | 32,862,206 | 32,862,206 |
| 2011 | 43,309,552 | 43,309,552 |
| 2012 | 63,552,300 | 63,552,300 |
| 2013 | 87,672,246 | 87,672,246 |
| 2014 | 64,148,371 | 64,148,371 |
| 2015 | 44,679,572 | 44,679,572 |
| 2016 | 55,377,498 | 55,377,498 |
| 2017 | 6,759,784 | 6,759,784 |
| 2018 | 6,398,847 | 6,398,847 |
| 2019 | 2,950,748 | 2,950,748 |
| 2020 | 1,406,059 | 1,406,059 |
| 2021 | 7,878,546 | - |
| | 449,370,212 | 441,491,666 |

| Notes | Particulars | Amount in BDT | |
|--------------|---|----------------------|----------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 10.03 | Deferred interest expenses | - | - |
| | The Company had under-accrued Interest Expense worth BDT 24.15 Crore as at 31st December 2016. The Company has obtained permission from Bangladesh Bank through letter no. DFIM(C) 1058/42/2017 to adjust this difference over Three (03) years starting June 2017. As detailed in Note 10.03, FFL has created a Deferred Interest Expenses Asset in the Balance Sheet which is being amortized since then. The Total Interest Expense amortized in 2019 was BDT 8,08,00,000 which was charged as expense in 2019 and the rest BDT 21,94,924 has been amortized in 2020 as expense in 2020. | | |
| | Opening balance | | 2,194,924 |
| | Less: Adjustment during the year | | 2,194,924 |
| | | - | - |
| 10.04 | Classification | | |
| | Standard | 505,430,615 | 452,742,825 |
| | Bad/Loss | 31,488,068 | 42,646,000 |
| | | 536,918,683 | 495,388,825 |
| 11.00 | Non-Banking Assets | 195,988,070 | 195,987,070 |
| | This represents Assets Acquired by the Company as per Judgment of Honorable Court against Loan/Lease The above Assets are Non-Earning Assets. | | |
| 12.00 | Borrowings from Other Banks, Financial Institutions and Agents | | |
| | Inside Bangladesh (note 12.01) | 1,223,525,351 | 1,207,526,127 |
| | Outside Bangladesh | - | - |
| | | 1,223,525,351 | 1,207,526,127 |
| 12.01 | Inside Bangladesh | | |
| | Social Islami Bank Limited | 613,456,341 | 572,898,598 |
| | Uttara Bank Limited | 36,498,690 | 44,561,481 |
| | Bangladesh Bank Refinance scheme | 5,095,230 | 6,633,202 |
| | Mutual Trust Bank Limited | 112,511,480 | 114,889,973 |
| | Mercantile Bank Limited | 102,863,611 | 106,702,990 |
| | IFIC Bank Limited | - | 2,839,883 |
| | Bangladesh Development Bank Limited | 149,000,000 | 136,000,000 |
| | Sonali Bank Limited | 79,100,000 | 98,000,000 |
| | Agrani Bank Limited | 90,000,000 | 90,000,000 |
| | Janata Bank Limited | 35,000,000 | 35,000,000 |
| | | 1,223,525,351 | 1,207,526,127 |
| 12.02 | Analysis by security | | |
| | Secured | 1,223,525,351 | 1,207,526,127 |
| | Unsecured | - | - |
| | | 1,223,525,351 | 1,207,526,127 |
| 12.03 | Repayment pattern | | |
| | - on demand | 204,100,000 | 223,000,000 |
| | - within one month | 149,000,000 | 136,000,000 |
| | - more than one month but less than six months | - | - |
| | - more than six months but less than one year | 655,050,261 | 626,933,163 |
| | - more than one year but less than five years | 215,375,091 | 221,592,964 |
| | - more than five years but less than ten years | - | - |
| | - more than ten years | - | - |
| | | 1,223,525,351 | 1,207,526,127 |

| Notes | Particulars | Amount in BDT | |
|--------------|---|----------------------|----------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 13.00 | Deposit and other accounts | | |
| | Term deposit | 6,259,397,346 | 6,052,008,721 |
| | Fixed deposit | - | - |
| | Short term deposit | - | - |
| | Staff security deposit | - | - |
| | Deposit pension scheme | - | - |
| | Monthly savings scheme | 32,311,000 | 24,321,000 |
| | | 6,291,708,346 | 6,076,329,721 |
| 13.01 | Maturity Analysis of Deposits | | |
| | From banks, financial institutions and other institutions : | | |
| | - on demand | - | - |
| | - within one month | 122,637,105 | 792,734,420 |
| | - more than one month but less than six months | 286,153,244 | 1,849,713,646 |
| | - more than six months but less than one year | 4,037,581,538 | 1,399,391,297 |
| | - more than one year but less than five years | 741,830,010 | 1,076,609,967 |
| | - more than five years but less than ten years | - | - |
| | - unclaimed deposits for ten years or more | - | - |
| | | 5,188,201,897 | 5,118,449,330 |
| | Other than banks, financial institutions and other institutions: | | |
| | - on demand | - | - |
| | - within one month | 51,343,037 | 49,628,787 |
| | - more than one month but less than six months | 44,408,087 | 59,061,502 |
| | - more than six months but less than one year | 756,958,441 | 620,947,182 |
| | - more than one year but less than five years | 102,575,923 | 53,269,435 |
| | - more than five years but less than ten years | 148,220,960 | 174,983,486 |
| | - unclaimed deposits for ten years or more | - | - |
| | | 1,103,506,449 | 957,890,391 |
| | | 6,291,708,346 | 6,076,339,721 |
| 14.00 | Other Liabilities | | |
| | Provision for Loans and Advances | Note 14.01 | 858,641,156 |
| | Special provision for differed Loan/Lease | Note 14.01.03 | 12,607,781 |
| | Interest Suspense Account | Note 14.02 | 1,929,724,972 |
| | Provision for Investment | Note 14.03 | 2,207,438 |
| | Provision for Income Tax | Note 14.04 | 311,158,437 |
| | Provision for Other Assets | Note 14.08 | 6,138,814 |
| | Deferred Tax Liability/(assets) | Note 14.05 | (2,328,897) |
| | Lease Deposit | | 29,440,751 |
| | Unclaimed Dividend | | 594,530 |
| | Share Money Deposit | | 159,918 |
| | Interest Payable | Note 14.06 | 342,594,355 |
| | Sundry Creditors | Note 14.07 | 991,548,008 |
| | | | 4,482,487,262 |
| | | | 2,371,600,887 |
| | | | 6,854,088,149 |
| | | | 6,447,940,608 |
| | | | 4,106,487,375 |
| | | | 3,073,339,231 |
| | | | 1,033,148,144 |
| | | | 76,858,531 |
| | | | (1,964,097) |
| | | | - |
| | | | - |
| | Closing balance | | 12,160,293 |
| | | | 74,894,434 |

The company has comply the Directives of BSEC; Directive no- SEC/SRMIC/2021-386/03, dated 14 January, 2021 and Directive No- SEC/SRMIC/165-2020/306 dtd 24 November, 2021; and deposited to the "Capital Market Stabilization Fund" accordingly for undistributed Share Money Deposit and Unclaimed / Undistributed Dividend.

14.01 Provision for Loans and Advances

14.01.01 Provision for Unclassified Loans and Advances

| | | |
|---|-------------------|-------------------|
| Opening balance | 74,894,434 | 76,858,531 |
| Add: Provision for the year | (62,734,141) | (1,964,097) |
| Less: Transferred to provision for other assets during the year | - | - |
| General provision for the year | - | - |
| Closing balance | 12,160,293 | 74,894,434 |

| Notes | Particulars | Amount in BDT | |
|-------|---|----------------------|--------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| | 14.01.02 Provision against Classified Loans and Advances | | |
| | Opening balance | 222,582,902 | 70,597,450 |
| | Less: Interest fully waived during the year | - | - |
| | Add: Recovery of advances previously written off | - | - |
| | Add: Specific provision for the year | 623,897,960 | 151,985,452 |
| | Closing balance | 846,480,862 | 222,582,902 |
| | | 858,641,156 | 297,477,336 |
| | The Company has kept Provision Shortfall against Loan Lease advances BDT 169.21 Crore in the year ended 31 December 2021 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 7.08. The shortfall will be adjusted by 2027. | | |
| | 14.01.03 Provision against Deferred Loans, Lease and Advances | | |
| | Opening balance | - | - |
| | Less: Interest fully waived during the year | - | - |
| | Add: Recovery of advances previously written off | - | - |
| | Add: Specific provision for the year | 12,607,781 | - |
| | Closing Balance | 12,607,781 | - |
| | The special provision has been kept as per Bangladesh Bank DFIM circular letter no. 33, dated 19 December 2021, Clause-04 against differed facilitated clients. | | |
| | 14.02 Interest Suspense Account | | |
| | Opening balance | 834,648,096 | 861,632,587 |
| | Addition during the year | 1,095,076,876 | (26,984,490) |
| | Recovered during the year | - | - |
| | Closing balance | 1,929,724,972 | 834,648,096 |
| | 14.03 Provision for Investment | | |
| | Opening balance | 18,320,913 | 24,977,091 |
| | Add: Provision for the year | (16,113,475) | (6,656,178) |
| | Less: Adjustment during the year | - | - |
| | Closing balance | 2,207,438 | 18,320,913 |
| | 14.04 Provision for Income Tax | | |
| | Opening balance | 311,104,809 | 306,786,149 |
| | Add: Provision made during the year | 53,628 | 4,318,659 |
| | | 311,158,437 | 311,104,809 |
| | Less: Settlement during the year | - | - |
| | Closing balance | 311,158,437 | 311,104,809 |
| | 14.04.01 Current Tax | | |
| | The Company recognizes the Current Tax @ 0.60% of the Gross Receipts in the Financial Statements complying with Section 82C. Minimum Tax; Sub-Section-4 of Income Tax Ordinance 1984. | | |
| | Gross receipts: | | |
| | (i) Interest Income | (656,074,256) | 690,033,907 |
| | (ii) Investment Income | (7,498,150) | 877,168 |
| | (iii) Other Operating Income | 8,938,069 | 28,865,450 |
| | Total | (654,634,336) | 719,776,525 |
| | Minimum Tax @ | 0.60% | 0.60% |
| | Current tax | 53,628 | 4,318,659 |
| | Add: Provision made for Previous Year | - | - |
| | | 53,628 | 4,318,659 |

| Notes | Particulars | Amount in BDT | |
|-------|--|--------------------|--------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| | 14.04.02 Yearly breakup of Provision for Income Tax | | |
| | Accounting Year: | | |
| | 2006-2009 | 114,000,000 | 114,000,000 |
| | 2010 | (11,000,000) | (11,000,000) |
| | 2011 | 34,500,000 | 34,500,000 |
| | 2012 | - | - |
| | 2013 | 40,000,000 | 40,000,000 |
| | 2014 | 48,064,000 | 48,064,000 |
| | 2015 | 27,224,242 | 27,224,242 |
| | 2016 | 33,416,406 | 33,416,406 |
| | 2017 | 10,290,115 | 10,290,115 |
| | 2018 | 4,518,478 | 4,518,478 |
| | 2019 | 5,772,909 | 5,772,909 |
| | 2020 | 4,318,659 | 4,318,659 |
| | 2021 | 53,628 | - |
| | | 311,158,437 | 311,104,809 |
| | Tax status is stated in Table-D. | | |
| | 14.05 Deferred Tax Liability/(Assets) | | |
| | Opening balance | (1,856,409) | (2,496,897) |
| | Less: Adjustment during the year | (472,489) | 640,488 |
| | Closing balance | (2,328,897) | (1,856,409) |
| | 14.05.01 Deferred tax | | |
| | Carrying amount of Fixed Assets | 81,969,480 | 90,530,044 |
| | Tax base value of Fixed Assets | 88,179,873 | 95,480,467 |
| | Deductible temporary difference | (6,210,393) | (4,950,423) |
| | Tax Rate | 37.50% | 37.50% |
| | | (2,328,897) | (1,856,409) |
| | Detailed calculation of Deferred Tax Liability is included in Annexure B | | |
| | 14.06 Interest Payable | 342,594,355 | 292,247,711 |
| | 14.07 Sundry Creditors | | |
| | Income Tax Payable | 211,179,757 | 156,683,083 |
| | VAT Payable | 2,104,153 | 1,479,311 |
| | Salary & Allowance Payable | 1,163,988 | 1,061,438 |
| | Office Rent Payable | 816,800 | 2,860,890 |
| | Utility Payable | 421,255 | 803,498 |
| | Audit Fee Payable | 380,000 | 330,000 |
| | Other Payable | 23,963,083 | 27,834,096 |
| | Sundry Accounts (Party) | 324,216,382 | 302,918,111 |
| | Sundry Accounts (Others) | 8,796,787 | 3,396,287 |
| | Excise Duty Payable | 3,596,070 | 1,766,870 |
| | Sundry Account (Documents) | 1,286,557 | 1,277,556 |
| | Security Money Payable (Vendor/Supplier) | 364,949 | 160,830 |
| | Telephone and Internet Bill Payable | 286,312 | 216,170 |
| | Delinquent Charge Suspense Account | 82,942,878 | 40,907,242 |
| | IDCP Charge Suspense Account | 35,074,840 | 468,846 |
| | Premature Charge Suspense Account | 3,029,645 | 1,436,226 |
| | Additional Interest - Suspense Account | 189,861,729 | 12,323,005 |
| | Sundry Accounts (MSS) | 629,579 | 515,770 |
| | Employees P.F. Payable A/C | 65,438 | 450,296 |
| | Interest Payable on Bank Borrowing | 190,147 | 272,333 |
| | Lease Liability: IFRS 16 (Note 14.07.01) | 20,221,960 | 28,974,335 |
| | Earnest Money Agst. Non-Banking Asset (Auction) | 2,770,000 | - |
| | TDR Payable (Institution) | 77,885,699 | - |
| | Security Money-Rental Advance (Mr. Masbaul Haque-Riverside) | 300,000 | 100,000 |
| | | 991,548,008 | 586,236,192 |

| Notes | Particulars | Amount in BDT | |
|-------|--|-------------------|-------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| | 14.07.01 Lease Liability IFRS 16 | | |
| | Opening Balance | 28,974,335 | - |
| | Addition during the year | 7,189,805 | 45,278,214 |
| | Accretion Interest | 1,770,799 | 1,284,401 |
| | Less: Liability adjustment during the year | (17,712,980) | (17,588,280) |
| | | 20,221,960 | 28,974,335 |
| | 14.08 Provision for Other Assets | | |
| | Provision Required | 25,885,201 | 42,643,000 |
| | Provision Kept | 6,138,814 | 2,795,507 |
| | Short fall of Provision | 19,746,387 | 39,847,493 |

The Company has kept Provision Shortfall against Other Assets 1.97 Crore in the year ended 31 December 2021 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 14.08. The shortfall will be adjusted by 2027.

15.00 Share Capital

15.01 Authorized Capital

500,000,000 Shares of Taka 10 each **5,000,000,000** **5,000,000,000**

15.02 Issued, Subscribed and Paid-up Capital

| | | |
|--|----------------------|----------------------|
| 10,000,000 ordinary shares of Taka 10 each issued for cash | 100,000,000 | 100,000,000 |
| 1,000,000 bonus shares of Taka 10 each issued for 2003 | 10,000,000 | 10,000,000 |
| 1,100,000 bonus shares of Taka 10 each issued for 2004 | 11,000,000 | 11,000,000 |
| 2,420,000 bonus shares of Taka 10 each issued for 2005 | 24,200,000 | 24,200,000 |
| 2,904,000 bonus shares of Taka 10 each issued for 2006 | 29,040,000 | 29,040,000 |
| 3,484,800 bonus shares of Taka 10 each for 2007 | 34,848,000 | 34,848,000 |
| 2,090,880 bonus shares of Taka 10 each issued for 2008 | 20,908,800 | 20,908,800 |
| 17,249,760 bonus shares of Taka 10 each issued for 2009 | 172,497,600 | 172,497,600 |
| 10,062,360 bonus shares of Taka 10 each issued for 2010 | 100,623,600 | 100,623,600 |
| 10,062,360 bonus shares of Taka 10 each issued for 2011 | 100,623,600 | 100,623,600 |
| 15,093,540 bonus shares of Taka 10 each issued for 2012 | 150,935,400 | 150,935,400 |
| 25,155,900 Right shares of Taka 10 each issued for 2013 | 251,559,000 | 251,559,000 |
| 1,00,62,360 bonus shares of Taka 10 each issued for 2013 | 100,623,600 | 100,623,600 |
| 55,34,298 bonus shares of Taka 10 each issued for 2014 | 55,342,980 | 55,342,980 |
| 23,24,405 bonus shares of Taka 10 each issued for 2019 | 23,244,050 | - |
| | 1,185,446,630 | 1,162,202,580 |

15.03 Percentage of shareholding

| Category | As at 31 December | | | |
|------------------------------|--------------------|-------------|--------------------|-------------|
| | 2021 | | 2020 | |
| | No. of shares | % | No. of shares | % |
| Sponsors | 48,972,361 | 41.31% | 48,012,123 | 41.31% |
| General Public including NRB | 46,550,450 | 39.27% | 38,189,347 | 32.86% |
| Financial institutions | 23,021,852 | 19.42% | 30,018,788 | 25.83% |
| Investment Companies | - | 0.00% | - | 0.00% |
| Foreigners | - | 0.00% | - | 0.00% |
| Total | 118,544,663 | 100% | 116,220,258 | 100% |

| | | | |
|-------|-------------|---------------|--------------|
| Notes | Particulars | Amount in BDT | |
| | | Dec 31, 2021 | Dec 31, 2020 |

15.04 Classification of shareholders by holding

| Holding | No. of shareholders | | Total holding percentage (%) | |
|-------------------|---------------------|-------------|------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Less than 5000 | 5069 | 4807 | 4.903309734 | 4.270949046 |
| 5001 to 50,000 | 1263 | 974 | 15.42658736 | 11.82437833 |
| 50,001 to 100000 | 78 | 68 | 4.64433983 | 3.976977921 |
| 100001 to 200000 | 51 | 44 | 5.727013624 | 5.287564411 |
| 200001 to 300000 | 13 | 10 | 2.451194281 | 2.076287767 |
| 300001 to 400000 | 5 | 5 | 1.391131375 | 1.516708042 |
| 400001 to 500000 | 7 | 6 | 2.71138904 | 2.32853639 |
| 500001 to 1000000 | 11 | 11 | 6.443842183 | 6.683383029 |
| Over 1,000,001 | 14 | 16 | 56.30119257 | 62.03521507 |
| Total | 6511 | 5941 | 100 | 100 |

15.05 Name of Directors and their shareholdings

| Sl. | Name | Status | 2021 | 2020 |
|-----|--|------------------------------------|---|------------|
| 1 | Mr. Khan Mohammad Moinul Hasan | Independent Director & Chairman | - | - |
| 2 | "Mr. Abu Zakir (Represents of Alphabet Systems Ltd)" | Nominated Director & Vice Chairmen | 5,787,345 | 5,673,868 |
| 3 | "Mr. Masud Hossain Khan (Represents of Alphabet Associates Limited)" | Nominated Director & Vice Chairman | 5,783,999 | 5,670,588 |
| 4 | Mr. AQM Faisal Ahmed Chowdhury | Sponsor Director | 27,754,85 | 2,721,064 |
| 5 | "Mr. Md. Altaf Hossain (Represents of Oparchor Trade International Ltd.)" | Nominated Director | 8,487,950 | 8,321,520 |
| 6 | "Mrs. Amatun Noor (Represents of Qasraj Trading Ltd.)" | Nominated Director | 11,854,089 | 11,621,656 |
| 7 | " Mr. Mohammad Mynul Islam (Represents of Qasraj Trading Ltd.)" | Nominated Director | | |
| 8 | "Mr.Abu Bakar Zahan Raminton Raza (Represents of Raqas Trade International Limited)" | Nominated Director | 5,910,691 | 5,794,796 |
| 9 | Mr. Md. Habibur Rahman | Independent Director | - | - |
| 10 | Mr. Sultan Ahmed Bhuiyan | Independent Director | Appointed as Independent Director since 24.06.2021 in the Composition of the Board of the company | - |

| Notes | Particulars | Amount in BDT | |
|--------------------------------------|--|------------------------|----------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 15.06 Capital adequacy Ratio: | | | |
| | Capital adequacy ratio has been calculated as per circular issued by Bangladesh Bank. | | |
| | Tier-1 (Core Capital) | (1,697,998,099) | 492,105,389 |
| | Paid-up Capital | 1,185,446,630 | 1,162,202,580 |
| | Statutory Reserve | 369,944,452 | 369,944,452 |
| | General Reserve | - | - |
| | Retained Surplus | (3,253,389,181) | (1,040,041,643) |
| | Tier-2 (Supplementary Capital): | 12,160,293 | 74,894,434 |
| | General Provision maintained against Unclassified Loans | 12,160,293 | 74,894,434 |
| | Other Reserves | - | - |
| | Total Capital Held (Tier 1 + Tier 2) | (1,685,837,805) | 566,999,823 |
| | Total Risk Weighted Assets (Note 15.06.01) | 9,000,692,061 | 9,267,515,000 |
| | Required capital (10% of risk-weighted assets or Tk. 100.00 Crore whichever is higher) | 900,069,206 | 926,751,500 |
| | Total Capital Held | (1,685,837,805) | 566,999,823 |
| | Capital Adequacy Ratio | (18.73) | 6.12 |
| | Core Capital | (18.87) | 5.31 |
| | Supplementary Capital | 0.14 | 0.81 |

Minimum Capital Adequacy Ratio requirement as per Bangladesh Bank Guideline is 10% on RWA.

Gross Risk-Weighted Assets (RWA) of 2021 in the various categories of risk weights are detailed below :

15.06.01 Total Risk Weighted Assets

(a) Risk Weights for Credit Risk

| Risk Weights (both B/S & Off-B/S) | As at 31 December 2021 | |
|-----------------------------------|------------------------|----------------------|
| | Principal | Risk Weighted |
| 0% | 494,737,484 | - |
| 20% | 415,503,120 | 83,100,624 |
| 50% | 1,330,525,283 | 665,262,642 |
| 75% | 204,736,834 | 153,552,626 |
| 100% | 7,143,774,967 | 7,143,774,967 |
| 125% | 289,890,799 | 362,363,499 |
| 150% | 412,610,612 | 618,915,918 |
| Total | 10,291,779,099 | 9,026,970,276 |

(b) Risk Weights for Market Risk 29,148,284

(c) Risk Weights for Operational Risk (55,426,498)

Total Risk Weighted Assets (a+b+c) 9,000,692,061

| Notes | Particulars | Amount in BDT | |
|--------------|--|------------------------|------------------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 16.00 | Statutory reserve | | |
| | Opening balance | 369,944,452 | 369,944,452 |
| | Addition during the year | - | - |
| | Closing balance | 369,944,452 | 369,944,452 |
| | This was created in terms of clause- 6 of Financial Institution Regulation 1994, as 20% of net profit after tax. | | |
| 17.00 | General reserve | - | - |
| 18.00 | Retained earnings | | |
| | Opening balance | (1,040,041,643) | (538,699,745) |
| | Addition during the year | (2,190,103,487) | (501,341,898) |
| | Less: Transfer to statutory reserve | - | - |
| | Less: Issue of bonus shares 2019 | (23,244,050) | - |
| | Closing balance | (3,253,389,181) | (1,040,041,643) |
| 19.00 | Contingent liabilities and commitments | | |
| | 19.01 Letters of guarantee | | |
| | Money for which the Company is contingently liable in respect of guarantee given favoring: | | |
| | Directors | - | - |
| | Government | - | - |
| | Banks and other financial institutions | - | - |
| | Letter of credit | - | - |
| | | - | - |
| | 19.02 Commitments | | |
| | i Documentary credit and short term business transactions | - | - |
| | ii Forward assets purchased and forward deposits placed | - | - |
| | iii Existing facilities, loan facilities and other commitments not accounted for: | | |
| | Less than one year | - | - |
| | More than one year | - | - |
| | iv Spot and forward foreign exchange contracts | - | - |
| | v Other exchange contracts | - | - |
| | | - | - |
| 20.00 | Profit and Loss Statement | | |
| | Income | | |
| | Interest, discount and similar income | (656,074,256) | 690,033,907 |
| | Dividend income | 344,216 | 722,303 |
| | Fees, commission and brokerage | - | - |
| | Gains less losses arising from dealing securities | - | - |
| | Gains less losses arising from investment securities | (7,842,365) | 154,865 |
| | Gains less losses arising from dealings in foreign currencies | - | - |
| | Income from non-company's assets | - | - |
| | Other operating income | 8,938,069 | 28,865,450 |
| | Profit less losses on interest rate changes | - | - |
| | | (654,634,336) | 719,776,525 |
| | Expenses | | |
| | Interest, fees and commission | 707,952,453 | 799,829,521 |
| | Losses on loans and advances | - | - |
| | Administrative expenses | 130,578,700 | 125,496,376 |
| | Other operating expenses | 105,482,803 | 114,449,571 |
| | Depreciation on banking assets | 30,872,623 | 33,018,630 |
| | | 974,886,579 | 1,072,794,098 |
| | Profit/(loss) Before Provision | (1,629,520,915) | (353,017,573) |

The company is in trend to loss because huge amount of classified Loan, Lease and Advances that is fully non-income generating and required increasing of interest suspense and provision. Interest income going down because interest income generating Loan Lease and Advances is 13.40% of Total Portfolio but Interest Expenses on Deposit & Borrowing need to be paid and provisioning to be made accordingly.

| Notes | Particulars | January 01 to December 31 | |
|--------------|---|---------------------------|--------------------|
| | | 2021 (BDT) | 2020 (BDT) |
| 21.00 | Interest Income | | |
| | Interest on Leases, Loans and Advances: | | |
| | Lease Finance | (33,518,034) | 100,401,802 |
| | Term Finance | 465,899,260 | 580,258,342 |
| | Home Loan / Margin Loan | 366,862 | 440,700 |
| | | 432,748,088 | 681,100,844 |
| | Interest Suspense on Leases, Loans and Advances: | | |
| | Lease Finance | 98,008,757 | - |
| | Term Finance | 996,980,461 | - |
| | Home Loan / Margin Loan | 87,658 | - |
| | | 1,095,076,876 | - |
| | Net Interest Income adjusting Suspense | (662,328,788) | 681,100,844 |
| | Interest on: | | |
| | Accounts with Foreign Banks | - | - |
| | Balances with Other Banks and Financial Institutions | 6,254,532 | 8,933,063 |
| | | (656,074,256) | 690,033,907 |
| | Total Interest Income against Leases, Loans, and Advances is BDT 43,27,48,088/= in the year 2021. But due to implementation of BB Letter ref: DFIM (C)/1054/42/2021-3056 dtd 26-12-2021, it was instructed to transferred BDT 71.22 crore to Interest Suspense A/C on September-2021 quarter end, and after the end of December-2021, the Interest Suspense amount stood at BDT 109.51 crore. So Interest Income for the year 2021 shows negative balance in this Financial Statement . | | |
| 22.00 | Interest Paid on Deposits, Borrowings, etc. | | |
| | Interest on deposits: | | |
| | Fixed/Term Deposits | 592,990,485 | 690,401,324 |
| | Savings Deposits | 1,986,067 | 3,584,883 |
| | | 594,976,552 | 693,986,207 |
| | Interest on Borrowings: | | |
| | Local banks including Bangladesh Bank | 111,205,102 | 104,558,913 |
| | Interest on Lease Rent (IFRS 16) | 1,770,799 | 1,284,401 |
| | Foreign Banks | - | - |
| | | 707,952,453 | 799,829,521 |
| 23.00 | Investment Income | | |
| | Dividend on shares | 344,216 | 722,303 |
| | Gain on Sale of Marketable Securities | (7,842,365) | 154,865 |
| | | (7,498,150) | 877,168 |
| 24.00 | Commission, Exchange and Brokerage | | |
| | Commission on trading security | - | - |
| | Exchange gains/losses arising from dealings in foreign currencies | - | - |
| | | - | - |
| 25.00 | Other Income | | |
| | Interest during construction period | 1,815,987 | 22,934,158 |
| | Delinquent charge | 6,520,946 | 4,557,698 |
| | Documentation and processing fee including stamp charge | 459,009 | 757,986 |
| | Transfer fee | 800,400 | 138,750 |
| | Other Operating Income | (658,273) | 476,858 |
| | | 8,938,069 | 28,865,450 |

| Notes | Particulars | January 01 to December 31 | |
|--------------|---|---------------------------|--------------------|
| | | 2021 (BDT) | 2020 (BDT) |
| 26.00 | Salary and Allowances | | |
| | Salary and Allowance | 98,813,184 | 99,690,262 |
| | Provident Fund Contribution | 4,113,931 | 5,371,069 |
| | Festival Bonus | 9,992,759 | 10,370,082 |
| | Overtime | - | 357,436 |
| | Medical & Welfare Expenses | - | 3,221 |
| | | 112,919,874 | 115,792,070 |
| 27.00 | Rent, Taxes, Insurance, Lighting, etc. | | |
| | Rent, Rates and Taxes (Note 27.01) | 375,315 | 266,640 |
| | Utilities | 3,696,271 | 3,296,779 |
| | Insurance | 251,202 | 214,986 |
| | | 4,322,788 | 3,778,405 |
| | 27.01 Disclosure related to Rent, rate and taxes: | | |
| | Actual rental Expenses | 18,088,295 | 17,854,920 |
| | Less: Reclassification of rent expenses (as per IFRS 16: Leases) | 17,712,980 | 17,588,280 |
| | Rent Expenses as reported | 375,315 | 266,640 |
| 28.00 | Legal Expenses | | |
| | L Legal Expenses | 514,575 | 265,000 |
| | Consultancy Fees | 300,000 | - |
| | | 814,575 | 265,000 |
| 29.00 | Postage, Stamps, Telecommunication, etc. | | |
| | Phone, Fax and Internet | 2,219,766 | 1,520,632 |
| | Court Fees and Stamps | 20,795 | 41,180 |
| | Postage and Courier | 71,150 | 72,130 |
| | | 2,311,711 | 1,633,942 |
| 30.00 | Stationery, Printing, Advertisements, etc | | |
| | Advertisement | 4,104,762 | 800,800 |
| | Stationery and printing | 1,927,184 | 2,586,160 |
| | | 6,031,946 | 3,386,960 |
| 31.00 | Chief Executive Officer's Salary and Fees | | |
| | Basic salary | 1,635,484 | - |
| | Allowances | 1,090,322 | - |
| | Festival Bonus | 300,000 | - |
| | | 3,025,806 | - |
| 32.00 | Directors' Fees | | |
| | Taka 8,000 per Director per meeting | 952,000 | 440,000 |
| | | 952,000 | 440,000 |
| | Directors' fees for attending each board meeting during the year was Taka 8,000 for each board member as per Bangladesh Bank DFIM circular no. 13, dated 30 November 2015. No other fees/remuneration were paid to the Directors for any special services rendered. | | |
| 33.00 | Auditors' Fees | 200,000 | 150,000 |

| Notes | Particulars | January 01 to December 31 | |
|--------------|---|---------------------------|--------------------|
| | | 2021 (BDT) | 2020 (BDT) |
| 34.00 | Depreciation and Repairs of Company's Assets | | |
| | Repairs | | |
| | Furniture and fixtures and equipments | 1,166,880 | 671,787 |
| | Vehicles | 1,145,157 | 1,088,276 |
| | Software development | - | - |
| | | 2,312,037 | 1,760,063 |
| | Depreciation | | |
| | Office equipment | 5,444,257 | 6,223,841 |
| | Motor vehicles | 1,855,517 | 2,673,354 |
| | Furniture and fixtures | 3,906,284 | 4,319,231 |
| | Right of use assets | 15,942,181 | 16,303,879 |
| | | 27,148,239 | 29,520,305 |
| | Amortization of software | 1,412,346 | 1,738,262 |
| | | 30,872,623 | 33,018,630 |
| 35.00 | Other Expenses | | |
| | Share issue expenses | 1,302,572 | 1,170,882 |
| | AGM expenses | 1,300,305 | - |
| | Vehicle expenses | 3,618,378 | 3,999,488 |
| | Entertainment | 984,523 | 831,890 |
| | Bank charges and excise duty | 579,715 | 460,635 |
| | Travelling expenses | 748,181 | 1,100,705 |
| | Office maintenance | 1,000,070 | 775,716 |
| | Books and periodicals | 10,762 | 22,445 |
| | Miscellaneous expenses | 913,339 | 871,009 |
| | Commission on TDR | 19,743,685 | 25,465,446 |
| | VAT paid | 4,230,231 | 3,633,366 |
| | Fees, fine and subscription | 2,386,820 | 5,544,871 |
| | Income tax expense | 61,081 | 1,178,253 |
| | Lunch Subsidy | (1,000) | 794,866 |
| | Charge for FICL and GL gap | 68,604,140 | 68,600,000 |
| | | 105,482,803 | 114,449,571 |
| 36.00 | Provision against leases, loans and advances | | |
| | Provision against unclassified leases, loans and advances | 12,160,293 | 74,894,434 |
| | Provision against classified leases, loans and advances | 846,480,863 | 222,582,902 |
| | | 858,641,156 | 297,477,336 |
| | Less: Provision as on 31 December of previous year | | |
| | Provision against unclassified leases, loans and advances | 74,894,434 | 76,858,531 |
| | Provision against classified leases, loans and advances | 222,582,902 | 70,597,450 |
| | | 297,477,336 | 147,455,981 |
| | Provision made during the year (General) | 561,163,820 | 150,021,355 |
| | Special Provision for Deferred Leases, Loans and Advances | 12,607,781 | - |
| | Total provision for Leases, Loans and Advances for the year | 573,771,601 | 150,021,355 |
| 37.00 | Provision for diminution in value of investments | | |
| | Provision for investment | 2,207,438 | 18,320,913 |
| | Less: Provision as on 31 December of previous year | 18,320,913 | 24,977,091 |
| | Provision made/(adjustment) during the year | (16,113,475) | (6,656,178) |

| Notes | Particulars | January 01 to December 31 | |
|--------------|---|---------------------------|----------------------|
| | | 2021 (BDT) | 2020 (BDT) |
| 38.00 | Earnings per Share | | |
| | Earnings Attributable to the Ordinary Shareholders (Net profit after tax) | (2,190,103,487) | (501,341,898) |
| | Number of ordinary shares outstanding during the year | 118,544,663 | 116,220,258 |
| | Earnings per share | (18.47) | (4.31) |
| | Operating loss has been increased from BDT (35.30) crore in 2020 to BDT (162.95) crore in 2021 mainly because of transferring the Interest Amount charged against CL Loans to interest Suspense Account due to increasing of the Classified Loan, Lease and Advances. Therefore the EPS of FFL deceased from (4.31) to (16.41). | | |
| | 38.01 No diluted Earnings Per Share is required to be calculated for the year as there was no dilution during the year. | | |
| 39.00 | Net Operating Cash Flow per Share (NOCFPS) | | |
| 39.01 | Operating profit before changes in operating assets and liabilities | (479,357,534) | (326,568,731) |
| | Number of ordinary shares outstanding during the year | 118,544,663 | 116,220,258 |
| | Net operating profit before changes in operating assets and liabilities | (4.04) | (2.81) |
| 39.02 | Net cash used in operating activities | 27,447,710 | (115,081,014) |
| | Number of ordinary shares outstanding during the year | 118,544,663 | 116,220,258 |
| | Net operating cash flow per share | 0.23 | (0.99) |
| | Net Operating Cash Flow per Share (NOCFPS) for the period ended 31 December 2021 is 0.23 whereas the same period of earlier year was (0.99). Mainly the reason behind for Increase in Cash Flow as the Other Liability increases. | | |
| 40.00 | Reconciliation of cash flows from operating activities | | |
| | Net Profit after Tax | (2,190,103,487) | (501,341,898) |
| | Add: Income Tax Provision | 53,628 | 4,318,659 |
| | Less: Income Tax paid | (7,878,546) | (1,406,059) |
| | Add: Depreciation (excluding IFRS 16) | 12,618,405 | 14,954,688 |
| | Less: Profit on Sale of Fixed Assets | - | (84,271) |
| | Add: Provision for Leases, Loans & Advances | 573,771,601 | 150,021,355 |
| | Change in Leases, Loans & Advances | (92,839,183) | (255,950,885) |
| | Change in Deposit and Other Accounts | 215,378,624 | 192,551,792 |
| | Change in Other Liabilities (excluding Taxes, Provisions) | 1,545,813,521 | 284,519,489 |
| | Change in Other Assets (excluding AIT) | (29,366,853) | (2,663,884) |
| | Cash Flows from Operating Activities | 27,447,709 | (115,081,014) |
| 41.00 | Net asset value per share | | |
| | Net Assets | (1,697,998,099) | 492,105,389 |
| | Number of ordinary shares outstanding | 118,544,663 | 116,220,258 |
| | Net asset value per share | (14.32) | 4.23 |
| 42.00 | Related party transactions | | |

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of these transactions and their total value have been set out below:

| Name of related parties | Relationship | Value of transactions | "Receivable at 31 Dec 2021" | "Receivable at 31 Dec 2020" |
|-------------------------|--------------|-----------------------|-----------------------------|-----------------------------|
| NIL | | | NIL | NIL |
| | | - | - | - |

| Notes | Particulars | January 01 to December 31 | |
|-------|-------------|---------------------------|------------|
| | | 2021 (BDT) | 2020 (BDT) |

43.00 Board Meeting

During the year under reporting, Twelve (12) board meetings were held.

44.00 Audit Committee

(as on 31.12.2021)

| Name of committee member | Status with the Company | Status with the Committee | Educational Qualification |
|-------------------------------|-------------------------|---------------------------|---------------------------|
| Mr. Sultan Ahmed Bhuiyan, FCA | Independent Director | Chairman | M.COM |
| Mr. Masud Hossain Khan | Nominated Director | Member | M.A |
| Mr. Md. Habibur Rahman | Independent Director | Member | LLM |
| Mr. Abu Zakir | Nominated Director | Member | B.A |
| Ms. Amatun Noor | Nominated Director | Member | Masters in Sociology |

During the year 2021 the audit committee has performed the following activities:

- review of the company's draft financial statements for the year ended 31 December 2021 for their presentation to the board for approval;
- recommendation on the appointment of external auditors for the year ending 31 December 2020 and their remuneration;
- review of quarterly financial statements for their presentation to the board for approval;
- review of internal auditor report as issued by the internal auditors for its presentation to board meeting;
- review of internal audit plan for the year 2021; and
- review of Bangladesh Bank Inspection Report along with company's reply for its presentation to the board meeting for approval and onward submission to Bangladesh Bank.

Five (05) meetings of audit committee were held during the year 2021 where CEO, Head of Internal Control & Compliance and HOF were invited to participate.

45.00 Others
45.01 Contracts and disbursements

| | | |
|------------------------|-------------|-------------|
| Contract/Sanction | 154,804,684 | 93,440,000 |
| Execution/Disbursement | 178,880,553 | 189,040,000 |

45.02 Credit facility not availed

There was no such credit facility available to the Company as on 31 December 2021 except trade credit available in the ordinary course of business.

45.03 Contingent liabilities

The National Board of Revenue (NBR) has demanded an additional BDT 450,584,210/= in taxes from the Company for the years 2006-2021. The Company is currently in the process of appealing these rulings and these appeals are currently in various stages of the appeals process. Details of these assessments are provide in **Annexure D**.

45.04 Payment in foreign currency

During the year 2021, no amount was paid for import of capital machinery for lease. No payment has been made in foreign currency on account of royalty, technical know-how and professional advisor fees, interest, dividend, etc..

45.05 Authorization for issue of the financial statements

The Board of Directors of the Company has authorized these Financial Statements for issue on July 27, 2022.

| Notes | Particulars | January 01 to December 31 | |
|--------------|---|---------------------------|------------|
| | | 2021 (BDT) | 2020 (BDT) |
| 45.06 | Number of employees During the year 177 employees have been given Taka 9,000 or more (monthly) as salary and allowances. | | |
| 45.07 | Subsequent event There is no material adjusting or non-adjusting events after the balance sheet date.. | | |
| 46.00 | The Board of Directors' in its 343th Meeting held on July 27, 2022 decided to declared no dividends on the financial statements of 2021. This declaration is subject to approval of the Shareholders. | | |
| 47.00 | Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.. | | |
| 48.00 | Previous year's figures have been rearranged wherever considered necessary in order to conform to current year's presentation, without creating any impact on the profit/loss) and value of assets and liabilities as reported in the financial statements. | | |
| 49.00 | These notes form an integral part of these financial statements and accordingly are to be read in conjunction therewith.. | | |

| | | | | |
|--|--|--|---|---|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| Mohammad Ekramur Rahman Company Secretary (CC) | Mohammad Enamur Rahman Head of Finance | Md. Mosharaf Hossain Managing Director & CEO | Masud Hossain Khan Vice Chairman & Director | Khan Mohammad Moinul Hasan Chairman |

First Finance Limited
Schedule of Fixed Assets
As at 31 December 2021

Annexure-A

| Particulars | Cost | | | Rate | Depreciation | | | Written down value as at 31 Dec 2021 | |
|--------------------------------|----------------------------|--------------------------|-------------------------------|--------------------|----------------------------|---------------------|---------------------------------|--------------------------------------|----------------------------|
| | Balance as at 01 Jan, 2021 | Addition during the year | Disposal made during the year | | Balance as at 31 Dec, 2021 | Charge for the year | Adjustment made during the year | | Balance as at 31 Dec, 2021 |
| Office equipment | 114,904,134 | 1,642,284 | - | 116,546,418 | 15% | 5,444,257 | - | 84,935,530 | 31,610,888 |
| Motor vehicles | 32,876,728 | - | - | 32,876,728 | 20% | 1,855,517 | - | 25,454,659 | 7,422,069 |
| Furniture and fixtures | 86,788,468 | 2,115,517 | - | 88,903,985 | 10% | 3,906,284 | - | 51,808,203 | 37,095,782 |
| Sub Total | 234,569,330 | 3,757,801 | - | 238,327,131 | | 11,206,058 | - | 162,198,392 | 76,128,738 |
| Software in Progress | 13,580,000 | 300,040 | - | 13,880,040 | 20% | 1,412,346 | - | 8,039,298 | 5,840,742 |
| As at December 31, 2021 | 248,149,330 | 4,057,841 | - | 252,207,171 | | 12,618,405 | - | 170,237,691 | 81,969,480 |
| As at December 31, 2020 | 253,061,442 | 157,888 | 5,070,000 | 248,149,330 | | 14,954,688 | 3,654,171 | 157,619,286 | 90,530,044 |

IFRS: 16-Right of use assets

| Particulars | Cost | | | Rate | Depreciation | | | "Written down value as at 31 Dec 2021" |
|-------------------------|----------------------------|--------------------------|-------------------------------|--------------------|----------------------------|---------------------|---------------------------------|--|
| | Balance as at 01 Jan, 2021 | Addition during the year | Disposal made during the year | | Balance as at 31 Dec, 2021 | Charge for the year | Adjustment made during the year | |
| Right of use Assets | Taka 45,278,214 | Taka 7,189,805 | Taka - | Taka 52,468,019 | Taka 15,942,181 | Taka - | Taka 32,246,060 | Taka 20,221,960 |
| Total Taka: 2021 | 45,278,214 | 7,189,805 | - | 52,468,019 | 15,942,181 | - | 32,246,060 | 20,221,960 |
| Total Taka: 2020 | - | 45,278,214 | - | 45,278,214 | 16,303,879 | - | 16,303,879 | 28,974,335 |
| Grand Total | 293,427,544 | 11,247,646 | - | 304,675,190 | 28,560,586 | - | 202,483,750 | 102,191,440 |

First Finance Limited Schedule of Fixed Assets based on Income Tax Ordinance 1984

As at 31 December 2021

Annexure-B

| Particulars | Balance as at 01 Jan 2021 | Addition during the year | Disposal made during the year | Balance as at 31 Dec, 2021 | Rate | Depreciation charged for the year | "Written down value as at 31 Dec 2021" |
|------------------------|---------------------------|--------------------------|-------------------------------|----------------------------|------|-----------------------------------|--|
| Office Equipment | 49,353,864 | 1,642,284 | - | 50,996,148 | 10% | 5,099,615 | 45,896,533 |
| Motor Vehicles | 6,055,882 | - | - | 6,055,882 | 20% | 1,211,176 | 4,844,706 |
| Furniture and Fixtures | 38,373,221 | 2,115,517 | - | 40,488,738 | 10% | 4,048,874 | 36,439,864 |
| Software | 1,697,500 | 300,040 | - | 1,997,540 | 50% | 998,770 | 998,770 |
| Total | 95,480,467 | 4,057,841 | - | 99,538,308 | | 11,358,435 | 88,179,873 |

Written Down Value at 31 December 2021 as per Accounts (a)

81,969,480

Written Down Value at 31 December 2021 as per Income Tax Ordinance 1984 (b)

88,179,873

Difference (c=a-b)

(6,210,393)

Deferred Tax Liability / (Asset) as at 31 December 2021

(2,328,897)

First Finance Limited Details of Highlights

As at 31 December 2021

Annexure-C

| Sl. | Particulars | Amount in BDT | |
|-----|---|-----------------|----------------|
| | | Dec 31, 2021 | Dec 31, 2020 |
| 1 | Paid-up Capital | 1,185,446,630 | 1,162,202,580 |
| 2 | Total Capital /Equity | (1,697,998,099) | 492,105,389 |
| 3 | Total Assets | 10,299,722,860 | 10,147,562,124 |
| 4 | Total Deposit | 6,291,708,346 | 6,076,329,721 |
| 5 | Total Loan, Lease and Advance | 8,955,353,569 | 8,862,514,386 |
| 6 | Total Contingent Liabilities and Commitments | - | - |
| 7 | Credit Deposit Ratio (%) | 119.16 | 121.67 |
| 8 | Percentage of Classified Loan (%) | 86.60% | 35.35% |
| 9 | Operating Profit | (1,629,520,915) | (353,017,573) |
| 10 | Profit after Tax and Provision | (2,190,103,487) | (501,341,898) |
| 11 | Amount of Classified Loan, Lease and Advance | 7,772,113,300 | 3,132,929,439 |
| 12 | Provision kept against Classified Loan, Lease and Advance | 858,641,156 | 297,477,336 |
| 13 | Provision Surplus / (Deficit) | (1,470,129,297) | (780,028,705) |
| 14 | Cost of Fund (%) | 10.43 | 10.81 |
| 15 | Interest Earning Assets | 9,365,385,346 | 9,191,189,904 |
| 16 | Non-Interest Earning Assets | 934,337,515 | 956,372,220 |
| 17 | Return on Investment (ROI) (%) | (24.46) | (5.66) |
| 18 | Return on Assets (ROA) (%) | (21.26) | (4.94) |
| 19 | Income from Investments | (7,498,150) | 877,168 |
| 20 | Earning per Share (EPS) | (18.47) | (4.31) |
| 21 | Operating Profit per Share | (13.75) | (3.04) |
| 22 | Price Earning Ratio (times) | (0.35) | (1.51) |

First Finance Limited
Statement of Year wise details of Corporate Tax Assessment from 2007-2008 to 2021-2022

As at 31 December 2021

Annexure-D

| Accounting Year | Income Year | Assessment year | Tax Paid as Per IT-30 | Tax paid but not Credited by Department | Total Tax Paid | Tax Claim as Per IT-30 | Tax Payable / (Refundable) as Per IT 30 | Tax Payable / (Refundable) as Per total tax paid | Provision made as per FS | Provision required as per Assessment Order | Remarks |
|-----------------|--------------|-----------------|-----------------------|---|--------------------|------------------------|---|--|--------------------------|--|---|
| 2006 | 2006-2007 | 2007-2008 | 10,665,000 | - | 10,665,000 | 1,050,081 | (9,614,919) | (9,614,919) | - | 1,050,081 | |
| 2007 | 2007-2008 | 2008-2009 | 7,428,363 | - | 7,428,363 | - | (7,428,363) | (7,428,363) | 9,292,014 | (9,292,014) | |
| 2008 | 2008-2009 | 2009-2010 | 4,132,500 | 197,500 | 4,330,000 | 5,000 | (4,127,500) | (4,325,000) | 30,707,986 | (30,702,986) | Have got the Order from High Court but Tax Department filed Appeal against the Order. |
| 2009 | 2009-2010 | 2010-2011 | 9,011,752 | 15,245,000 | 24,256,752 | 5,000 | (9,006,752) | (24,251,752) | 43,000,000 | (42,995,000) | |
| 2010 | 2010-2011 | 2011-2012 | 10,538,745 | 22,789,000 | 33,327,745 | 11,088,521 | 549,776 | (22,239,224) | 20,000,000 | (8,911,479) | |
| 2011 | 2011-2012 | 2012-2013 | 34,932,960 | 8,503,866 | 43,436,826 | 58,441,988 | 23,509,028 | 15,005,162 | 34,500,000 | 23,941,988 | Assessment as per Appellate Tribunal |
| 2012 | 2012-2013 | 2013-2014 | 30,707,483 | 17,718,000 | 48,425,483 | 80,327,004 | 49,619,521 | 31,901,521 | - | 80,327,004 | Assessment as per Appellate Tribunal |
| 2013 | 2013-2014 | 2014-2015 | 21,326,246 | 66,496,000 | 87,822,246 | 140,818,673 | 119,492,427 | 52,996,427 | 40,000,000 | 100,818,673 | Assessment as per Appellate Tribunal |
| 2014 | 2014-2015 | 2015-2016 | 63,278,620 | 1,019,751 | 64,298,371 | 102,231,155 | 38,952,535 | 37,932,764 | 48,064,000 | 54,167,155 | Assessment as per Appellate Tribunal |
| 2015 | 2015-2016 | 2016-2017 | 40,952,072 | 3,877,500 | 44,829,572 | 108,401,075 | 67,449,003 | 63,571,503 | 27,224,242 | 81,176,833 | Assessment as per Appellate Tribunal |
| 2016 | 2016-2017 | 2017-2018 | 55,377,498 | 150,000 | 55,527,498 | 69,046,327 | 13,688,829 | 13,518,829 | 33,416,406 | 35,629,921 | Assessment as per Appellate Tribunal |
| 2017 | 2017-2018 | 2018-2019 | 6,772,452 | 3,006,000 | 9,778,452 | 38,669,044 | 31,896,592 | 28,890,592 | 10,290,115 | 28,378,930 | Assessment as per Appellate Tribunal |
| 2018 | 2018-2019 | 2019-2020 | 6,398,848 | 3,201,000 | 9,599,848 | 151,658,779 | 145,259,931 | 142,058,931 | 4,518,478 | 147,140,301 | 1st appeal done & Appeal submitted to Appellate Tribunal |
| 2019 | 2019-2020 | 2020-2021 | - | 5,772,909 | 5,772,909 | - | - | (5,772,909) | 5,772,909 | (5,772,909) | Return submitted (with all relevant documents) & Assessment under process |
| 2020 | 2020-2021 | 2021-2022 | - | 4,318,659 | 4,318,659 | - | - | (4,318,659) | 4,318,659 | (4,318,659) | Return submitted (with all relevant documents) & Assessment under process |
| 2021 | 2021-2022 | 2022-2023 | - | 1,150,923 | 1,150,923 | - | - | (1,150,923) | 53,628 | (53,628) | Audit under process |
| | Total | | 301,522,539 | 153,446,108 | 454,968,647 | 761,742,647 | 460,220,108 | 306,774,000 | 311,158,437 | 450,584,210 | |

| PROXY FORM |

FIRST FINANCE LIMITED

Registered Office: Jahangir Tower (3rd Floor), 10, Kawran Bazar C/A, Dhaka - 1215.
E-mail: share@first-finance.com.bd

I/We.....
ofbeing a
Member of First Finance Limited and entitled to vote, do hereby appoint Mr./Mrs.
..... of
..... as my/our proxy to attend and vote on my/our behalf at the
29th Annual General Meeting of the Company to be held on **22nd September, 2022 at 3.00 p.m.** virtually by using digital platform
through the link: **<http://ffl29agm.digitalagmbd.net>** and at any adjournment thereof.

Signed this day of, 2022

Signature of Shareholder(s)

Signature of Proxy

| | | | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|--|--|
| Folio No. | | | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|--|--|

or

| | | | | | | | | | | | | | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| BO ID No. | | | | | | | | | | | | | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

No. of shares held on Record Date i.e. **24 August, 2022**

Note:

A Member entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and on a poll to vote on his/her behalf. Proxy Form duly stamped must be sent through email: **share@first-finance.com.bd** at least 72 (seventy two) hours before the time fixed for the meeting otherwise Proxy Form will not be treated as valid. Signature of the Shareholder(s) should agree with the specimen signature. The Shareholders are advised to contact **01987007880** for any query in this regard.



আপনার সকল আর্থিক প্রয়োজনে . . .

Head Office:

Jahangir Tower (3rd Floor),
10, Kawran Bazar C/A, Dhaka-1215, Bangladesh
Telephone: (+880-2) 8189070-1, 55013842-3, Fax: +880-2 8189863
E-mail: info@first-finance.com.bd
Web: www.first-finance.com.bd

Hotline: +880 9678 888 999

**The Minutes of 28th Annual General Meeting
of First Finance Limited held on
30th December, 2021
at 3.00 p.m. through Virtual Platform.**

Registered Office

Jahangir Tower (3rd Floor), 10, Kawran Bazar C/A, Dhaka-1215.
Telephone: (+8802) 9145487-9, 8153489, 8189676-7, Fax: (+8802) 9142374
E-mail: info@first-finance.com.bd

| THE MINUTES OF 28th ANNUAL GENERAL MEETING |

Mr. Khan Mohammad Moinul Hasan, Chairman of the Company presided over the meeting. As quorum for holding the meeting was present, the Chairman called the meeting in order to commencing the proceeding.

Representatives of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited attended the AGM as Observer of the Stock Exchanges through Digital platform.

Attendance of Shareholders in the 28th Annual General Meeting is enclosed.

At the beginning, Mr. Khan Mohammad Moinul Hasan, the Chairman of the Company delivered the welcome speech. He thanked all the Hon'ble shareholders, members of the Board and the Officials of the Company for their all-out support till today.

After the welcome speech of the Hon'ble Chairman, with his consent, the Company Secretary (Current Charge) invited the Managing Director & CEO to deliver his welcome speech.

Thereafter, the comments made by the Hon'ble shareholders were read before the meeting and answers were given by the MD & CEO to the questions made by the Hon'ble shareholders.

Agenda – 1

To confirm the proceedings of the 27th Annual General Meeting of the Company held on 06 May, 2021.

With the consent of the Hon'ble Chairman, the Company Secretary (Current Charge) Mr. Mohammad Ekramur Rahman placed the Agenda no. 1. He informed the meeting that all the Agenda(s) were placed for voting before 72 hours of initiation of the AGM. A total of 6,13,33,970 votes were casted for this agenda; of which 6,13,30,742 votes were in favour of this agenda and 3,228 votes were against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 1 has been passed based on majority of the votes in favour of the Agenda.

“Resolved that the Minutes of 27th Annual General Meeting of the Shareholders of First Finance Limited be and are hereby confirmed.”

Agenda – 2

To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statement for the year ended on December 31, 2020.

With the consent of the Hon'ble Chairman, the Company Secretary (Current Charge) placed the Agenda no. 2. A total of 6,13,33,977 votes were casted for this agenda; of which 6,13,30,643 votes were in favour of this agenda and 3,334 votes were against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 2 have been passed based on majority of the votes in favour of the Agenda.

“Resolved that the Directors Report on the activities of the Company and the Audited Accounts of the Company for the year ended 31st December, 2020 together with Auditors Report thereon be and are hereby received and adopted by the Shareholders of the Company.”

Agenda – 3

To declare dividend for the year 2020;

With the consent of the Hon'ble Chairman, the Company Secretary (Current Charge) placed the Agenda no. 3. He informed that considering the profit after tax and the Company's paid-up capital, the Board of Directors has recommended No Dividend, for the year ended December 31, 2020 to the shareholders whose names appeared in the record day. He also informed that based on the Loss after keeping Income Tax Provision and retained earnings of Tk. 104.00 Crore as per Audited Financial Statements of 2020, the 333rd Board has been proposed by the Management to consider declaring of No Dividend.

A total of 6,13,32,275 votes were casted for this agenda; of which 6,13,29,048 votes were in favour of this agenda and 3,227 votes were against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 3 have been passed based on majority of the votes in favour of the Agenda.

“Resolved that No Dividend to be disbursed for the year ended December 31, 2020 to the shareholders whose names appeared in the record day be and is hereby approved.”

Agenda – 4

To elect/re-elect/confirm Directors in accordance with the provision of Articles of Association of the Company;

In accordance with the Article 117 of the Articles of Association of the company, two Directors are to retire by rotation in the 28th Annual General Meeting. As per Companies Act, each year one-third of the Directors retire from office at the AGM and if eligible, may offer themselves for re-election by shareholders at the Annual General Meeting. In line with the requirement of Companies Act, 1994, the following Directors will retire at the 27th AGM with seniority basis:

1. Mr. Masud Hossain Khan (Representing Alphabet Associates Ltd.)
2. Mr. Md. Altaf Hossain (Representing Oparchor Trade International Ltd.)
3. Mr. Abu Bakar Zahan Raminton Raza (Representing Oparchor Trade International Ltd.)

The above directors are eligible for re-election for their next term. Being eligible both of them offered themselves for re-election in pursuant to Article 118 of the Articles of Association of the Company. The first tenure (3 Years) of Mr. Khan Mohammad Moinul Hasan as Independent Director expired on 20th April, 2021. Accordingly, the Board of Directors reappointed him as Independent Director for a further period of 3years with effect from 21st April, 2021.

Due to death of Mr. Md. Israfil Alam, MP; Alphabet Associates Ltd. changed their nominated representative by nominating Mr. Masud Hossain Khan in the Board. Moreover, Mr. Khan Mohammad Moinul Hasan, Independent Director & Vice-Chairman have been unanimously elected as the Chairman of the Company in the 321st meeting of the Board.

A total of 6,13,33,752 votes were casted for this agenda; of which 6,13,30,525 votes were in favour of this agenda and 3,227 votes were against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 4 have been passed based on majority of the votes in favour of the Agenda.

“RESOLVED that 1) Mr. Masud Hossain Khan (Representing Alphabet Associates Ltd.), 2) Mr. Md. Altaf Hossain (Representing Oparchor Trade International Ltd.) and 3) Mr. Abu Bakar Zahan Raminton Raza (Representing Raqas Trade International Ltd.) will retire. Being eligible all of them offered themselves for reelection as per Article 118 of Articles of Association of the Company. On the basis of majority of votes, the offer for re-election is approved. The reappointment of Mr. Khan Mohammad Moinul Hasan for the 2nd term for 3 years has also been approved.

Due to death of Mr. Md. Israfil Alam, MP; Alphabet Associates Ltd. changed their nominated representative by nominating Mr. Masud Hossain Khan in the Board. Moreover, Mr. Khan Mohammad Moinul Hasan, Independent Director and Vice-Chairman have been unanimously elected as the Chairman of the Board in the 321st Meeting of the Board. On the basis of majority of votes, the agenda is offer for re-election is approved.”

Agenda – 5

To consider the appointment of Independent Directors as per the Notification of Bangladesh Securities and Exchange Commission. (No. BSEC/2006-158/ 207/Admin/80; dated June 03, 2018);

As per Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 the Board has appointed Mr. Shameem Haider Patwary, MP, Barrister at Law and Dr. Lokiat Ullah, as the Independent Director of the Company subject to approval of the shareholders in the 28th AGM.

A total of 6,13,33,721 votes were casted for this agenda; of which 6,13,30,494 votes were in favour of this agenda and 3,227 votes were against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 5 have been passed based on majority of the votes in favour of the Agenda.

“Resolved that as per Bangladesh Securities and Exchange Commission Notification No. BSEC/2006-158/207/Admin/80; dated June 03, 2018; the Board’s decision regarding the appointment of Mr. Shameem Haider Patwary, MP, Barrister-at-Law and Dr. Lokiat Ullah, as independent Directors to fill up the vacant position thereon be and is hereby adopted by the Shareholders of the Company.”

Agenda – 6

To appoint statutory auditors of the Company for the year 2021 until conclusion of 29th AGM and to fix their remuneration;

External auditors M/S G. Kibria & Co., Chartered Accountants were appointed as Statutory Auditor for the year 2020, and accordingly, they have completed their audit work. The Board of Directors has proposed to re-appoint M/S G. Kibria & Co., Chartered Accountants as Statutory Auditor for 2021 for a remuneration of Tk. 2,00,000/-(including Tax & excluding VAT) only.

A total of 6,13,33,721 votes were casted for this agenda; of which 6,13,30,494 votes were in favour of this agenda and 3,227 votes were casted against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 6 have been passed based on majority of the votes in favour of the Agenda.

“Resolved that M/S G. Kibria & Co., Chartered Accountants being eligible, be and are hereby appointed as the Statutory Auditor of the Company for the year ended on 31 December, 2021 is hereby approved at a remuneration of Tk. 2,00,000.00 (Taka Two Lac) only including Tax and excluding VAT subject to approval of Bangladesh Bank.”

Agenda – 7

To appoint the Corporate Governance Compliance Auditor for the year 2021 until conclusion of 29th AGM and to fix their remuneration;

M/S Artisan, Chartered Accountants, expressed their interest as Professionals for Compliance Certificate of First Finance Limited for the year 2021. The Board members recommended their appointment with annual fee of Tk. 27,500/= plus VAT.

A total of 6,13,28,067 votes were casted for this agenda; of which 6,13,24,840 votes were in favour of this agenda and 3,227 votes were against of this agenda. Therefore, the Company Secretary (Current Charge) declared that the Agenda no. 7 have been passed based on majority of the votes in favour of the Agenda.

“Resolved that the Board’s decision regarding the appointment of M/S Artisan, Chartered Accountants as company’s Compliance Auditors for the year 2021 is hereby approved at a remuneration of Tk. 27,500.00 (Taka Twenty Seven Thousand Five Hundred) only including Tax and excluding VAT.”

Agenda – 8 (Miscellaneous)

To transact any other business with the permission of the Chair.

Sd/-

(Khan Mohammad Moinul Hasan)
Chairman