



ফার্স্ট ফাইন্যান্স লিমিটেড
First Finance Limited

আপনার সকল আর্থিক প্রয়োজনে . . .

ANNUAL
REPORT

2020





ফার্স্ট ফাইন্যান্স লিমিটেড
First Finance Limited

আপনার সকল আর্থিক প্রয়োজনে...

ANNUAL REPORT

2020



| CONTENT |

Contents	Page No
Letter of Transmittal	4
Notice	5
Corporate Information	6
Company Chronicles	6
Capital & Shareholding Structure	7
The Pattern of Shareholding Along with Name Wise Details	8
Code of Conduct	9
Five years' financial summary	10
Branch Contacts	11
Our Products & Services	12
The Chairman's Statement to the Shareholder	13-14
Message from the Managing Director & CEO	15-16
Board of Directors and its Committee	17
Director's Profile	18-19
Management Committee (MANCOM)	20
Directors Report to the Shareholders	21-24
Management Discussion	25-26
Corporate Governance Report	27-31
Statements of Board of Directors	32
Communication to the Shareholders	33
Redressal of Investors' Complaint	34
Declaration by CEO & Head of Finance	35
Credit Rating Report	36
Membership Certificate with Bangladesh Association of Publicly Listed Companies (BAPLC)	37
Certificate of Corporate Governance	38
Report on Compliance of BSEC's Notification on Corporate Governance	39-49
Statement of Compliance on the Good Governance Guideline issued by the Bangladesh Bank	50-51
Independent Auditors' Report to the Shareholders of First Finance Limited	54-59
Balance Sheet	60-61
Profit and Loss Accounts	62
Statement of Cash Flow	63
Statement of Changes in Shareholder's Equity	64
Statement of Liquidity Analysis	65
Notes to the Financial Statements	67-103
Proxy Form	105

| LETTER OF TRANSMITTAL |

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

ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2020

Dear Sir(s),

We forward herewith copy(s) of Annual Report 2020 of First Finance Limited along with Audited Financial Statements as on the position of December 31, 2020 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 (Current Charge)

Dhaka
6 December, 2021

| 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 28th Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting (AGM) of First Finance Limited will be held on **Thursday, December 30, 2021 at 3.00 p.m.** (Bangladesh Standard Time). The AGM will be held virtually by using digital platform through the following link: <http://ffl28agm.digitalagmbd.net> to transact the following businesses:

AGENDA

01. To confirm the proceedings of the 27th Annual General Meeting of the Company held on May 06, 2021.
02. To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statement for the year ended on December 31, 2020.
03. To declare Dividend for the year 2020 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 2021 until conclusion of 29th AGM and to fix their remuneration;
07. To appoint the Corporate Governance Compliance Auditor for the year 2021 until conclusion of 29th 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 (Current Charge)
E-mail: secretary@first-finance.com.bd

Dated: December 06, 2021

NOTES:

01. The record date was fixed on **06 December, 2021**. 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, 2020.
03. Pursuant to the Bangladesh Securities and Exchange Commission's 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 06/12/2021) and other credential as proof of their identity by visiting the link <http://ffl28agm.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 **30 December, 2021**. 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 First Finance Share Office at 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 2020 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 2020 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	: 28th June, 1993
Authorized Capital	: BDT 5,000.00 million
Paid-Up Capital	: BDT 1,185.24 million (as on 30.11.2021)
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 Shareholders	: 5,941
Number of Branches	: 6 (Six)
Number of Employees	: 178
Number of Clients	: 2,641 (Investment), 1,328 (Deposit)
Business Thrust Sectors	: SME Sector, Corporate Finance, Medium Companies, Housing, 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 as limited Company
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 5, 2014	: Change of Name of Company from First Lease Finance & Investment Limited to First Finance Limited

| CAPITAL & SHAREHOLDING STRUCTURE |

as at 31 December, 2020

CAPITAL STRUCTURE

Authorized Capital	Tk. 5,000.00 million
Issue, Subscribed & Paid-Up Capital	Tk. 1,162.20 million
Statutory Reserve	Tk. 369.94 million

SHARE HOLDING STRUCTURE

Category of Shareholders	No of Shares	Percentage of total Shares
Sponsor & Director	48,012,123	41.31
General Public Including NRB	38,189,347	32.86
Institutions	30,018,788	25.83
Foreigners	-	-
Total	116,220,258	100.00

| THE PATTERN OF SHAREHOLDING ALONG WITH NAME WISE DETAILS As at 31 December 2020 |

Name & Description of Shareholders:		No. of Shares held as on 31.12.2020	% 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, Independent Director & Chairman	0	-
	Alphabet Associates Ltd. (Represented by Mr. Masud Hossain Khan) Vice Chairman	5,670,588	4.8792
	Alphabet Systems Ltd. (Represented by Mr. Abu Zakir) Vice Chairman	5,673,868	4.8820
	Mr. AQM Faisal Ahmed Chowdhury, Director	2,721,064	2.3413
	Oparchor Trade International Ltd. (Represented by Mr. Md. Altaf Hossain)	8,321,520	7.1601
	Qasraj Trading Ltd.(Represented by Ms. Amatun Noor)	11,621,656	9.9997
	Raqas Trade International Limited (Represented by Mr. Abu Bakar Zahan Raminton Raza)	5,794,796	4.9860
	Mr. Md. Habibur Rahman, Independent Director	0	-
	Mr. Shameem Haider Patwary, MP, 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. Khandaker Monwar Hossain, SEVP & Head of CRM	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 sensible 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 not misleading, 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				
		2016	2017	2018	2019	2020
		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	1,162,202,580
2	Total Capital /equity	1,568,811,321	1,263,905,090	858,525,897	993,447,286	492,105,389
3	Total Assets	10,317,887,152	11,853,236,320	11,144,240,687	9,881,934,571	10,147,562,124
4	Total Deposit	5,535,081,811	6,313,974,028	6,867,412,827	5,883,777,929	6,076,329,721
5	Total Loan, Lease and Advance	9,139,174,021	9,554,739,490	8,794,051,760	8,606,563,501	8,862,514,386
6	Total Capital (eligible)	1,100,925,366	1,134,264,597	983,540,869	941,182,401	926,751,500
7	Surplus/(Shortage Capital)	61,277,214	27,937,983	178,661,711	221,020,179	235,451,080
8	Total Contingent Liabilities and Commitments	-	-	-	-	-
9	Credit Deposit Ratio (%)	60.56	86.12	109.92	123.22	121.67
10	Percentage of Classification of Loan (%)	33.37	32.88	48.75	34.79	35.63
11	Operating Profit	133,943,530	(166,597,684)	(394,463,848)	(226,689,300)	(353,017,573)
12	Profit after Tax and Provision	50,124,609	(304,906,230)	(405,379,193)	134,921,390	(501,341,898)
13	Amount of Classified Loan/ Lease	3,241,016,803	3,074,364,623	4,186,394,263	3,147,913,048	3,132,929,439
14	Provision kept against Classified Loan/ Lease	391,335,175	521,505,685	521,983,382	147,455,981	297,477,336
15	Provision Surplus/(Deficit)	(67,087,864)	-	(460,000,000)	(480,000,000)	(780,028,705)
16	Cost of Fund (%)	9.28	9.19	9.93	11.06	10.81
17	Interest Earning Assets	9,139,174,021	9,554,739,490	8,794,051,760	8,931,662,939	9,191,189,904
18	Non-Interest Earning Assets	1,178,713,131	2,298,496,829	2,350,188,926	950,271,632	956,372,220
19	Return on Investment (ROI) (%)	0.55	(3.19)	(4.61)	1.57	(5.66)
20	Return on Assets (ROA) (%)	0.49	(2.57)	(3.64)	1.37	(4.94)
21	Income from Investments	(131,990)	3,923,506	(904,017)	1,765	877,168
22	Earnings per Share (EPS)	0.43	(2.62)	(3.49)	1.16	(4.31)
23	Operating Profit per Share	1.15	(1.43)	(3.39)	(1.95)	(3.04)
24	Price Earnings Ratio (times)	23.19	-	-	3.62	(1.51)
25	Return on Equity (ROE)	0.03	(0.24)	(0.47)	0.14	(1.02)

| 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. Nure Alam Khondaker Cell: +880 19 5804 8111</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. Muhammad Ashrafur Islam Cell: +880 19 8700 7704</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: Mr. Mohammad Golam Mustofa Cell: +880 19 8700 7720</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. 50,000 Minimum Deposit Term : 1 year
Quarterly Profit Term Deposit	Minimum Deposit Amount : Tk. 50,000 Minimum Deposit Term : 1 year
Double Money Term Deposit	Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 90 months
Triple Money Term Deposit	Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 9 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 ❖ Term Loan ❖ Project Finance ❖ Working Capital Finance ❖ Short-Term Finance
Consumer Finance	❖ Auto/Car Loan ❖ Lease Financing For Vehicle ❖ Personal Loan ❖ Loan Against TDR/MSS
Agriculture Finance	❖ Lease Finance ❖ Term Loan ❖ Working Capital Finance ❖ Working Capital Finance ❖ Short-Term Finance
SME Finance	❖ Lease Finance ❖ Term Finance ❖ Work Order Finance ❖ SME Tailored Loan ❖ Women Entrepreneur Loan
Housing / Real Estate Finance	❖ Real Estate (Individual Consumer) ❖ Project /Commercial Housing Loan
Syndication Finance	❖ Lease Finance ❖ Term Loan ❖ Project Finance ❖ Working Capital Finance ❖ Short-Term Finance
Others	❖ Loan Against Deposit (Other Than Consumer Finance) ❖ Institutional Loan. ❖ Work Order Finance (Other Than Consumer Finance)

| THE CHAIRMAN'S STATEMENT TO THE SHAREHOLDERS |

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum and good afternoon

It is a great pleasure and honor to welcome you all at our 28th Annual General Meeting of First Finance Limited (FFL). With your support and trust, we have passed another successful but challenging year in 2020. The year 2020 was an eventful year and it was your inspiration and solidarity that has enabled us to cross the turbulent year. The ravages of COVID-19 dealt a telling blow to all categories of business at home and abroad and the effect was devastating for the economy. 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 be 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.



COVID – 19 pandemics has taken its toll throughout the World – as a consequence almost all countries of the world suffered economic slowdown since March 2020. The mayhem is still going on. Bangladesh is no exception. Our exports suffered serious setback during this period. Many business houses suffered loss of revenue due to intermittent lockdown. The entire financial industry suffered due to this pandemic.

The increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves have increased significantly. To keep the country's economy afloat in the face of the ongoing corona pandemic, extra spending on healthcare, emergency humanitarian assistance has been materialized. The government has already announced a financial package of about Tk. 1.2 lakh crore for economic recovery in different sectors, that includes industrial, service and agricultural sectors. As a result of these actions taken by the government, the economy is expected to turn around.

Being established in 1993, the Company started its business operation since its inception 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 over 178 employees and is well diversified into Corporate, SME, Industrial, Retail, Capital Market, Money Market segments.

At the end of 2020, the adjusted equity of the Company stands at Tk. 492.10 million as against Tk. 993.44 million in 2019. Capital adequacy has however been maintained at 6.12% of Risk Weighted Asset (RWA). Net interest income is Tk. (109.79) Million. Total Operating Income worked out to Tk. (80.05) million after making adjustment of 'Other Operating Income' of Tk. 28.86 million (as against Tk. 64.39 million in 2019) with the interest income. The Earning per Share (EPS) now stands at (4.31) as against 1.16 in 2019.

On the expenditure side total operating expense was Tk. 272.96 million which was Tk. 319.74 million in 2019, showing a decrease of Tk. 46.77 million mainly because of decrease of other expenses which is decreased by Tk. 35.58 million. Profit before provision was negative which is Tk. (353.38) million and Profit after Provision is Tk. (496.38) 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.

I would like to express my appreciation to the Hon'ble Governor and the deputy Governors of Bangladesh Bank and the officials at the Department of Financial Institutions and Markets for their consultative approach, cooperation and assistance extended to us throughout the year. I would also like to express my sincere gratitude to officials of the Bangladesh Securities and Exchange Commission and Stock Exchanges for their continued direction and co-operation.

We understand that the year 2021 will be a hard year for FIs. The key challenges for the Company in 2021 will be to continue to support demand for financing shrinking interest rate margins and increasing non-performing loans. It is my belief that 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.

I would once again like to express my deep appreciation to my colleagues in the Board and members of the staff for their co-operation and commitment. I also extend my heartfelt thanks to our shareholders for their trust in the Board of Directors of First Finance Limited.

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;

As Salamu Alaikum,

It is my great honor and privilege for welcoming you all at our 28th Annual General Meeting for the year ended on 31st December 2020. This auspicious ceremony provides us an opportunity to share detail information regarding the operational performances of First Finance Limited with different authorities like Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Central Depository Bangladesh Ltd., our Auditors, our valued clients and with you all.



Year 2020 was the most challenging year. The World has encountered with great uncertainty regarding impending economic activities caused by Corona Pandemic. As a consequence, the entire global economy plunged into severe crisis. Therefore, we had to reset our strategy in order to ensure smooth operation.

COVID-19 virus has claimed millions of lives across the world and forced many countries to shut down significant economic activities to protect valuable lives. Unemployment has increased sharply and numerous small business entities were wiped out of existence. With a very few exception, medium and large business entities also suffered huge loss which will take quite a long time to recover. To face the unprecedented challenges, the Government of Bangladesh provided significant support in the form of “Stimulus Packages” for individuals, businesses and communities.

Liquidity crisis in the entire financial sector contributed to the slowdown of growth with respect to fund mobilization, loan disbursement and profitability. Overall decrease in loan recovery has significantly affected the liquidity position of entire financial industry. Moreover, financial scams of some Banks & NBFIs influenced significantly towards liquidity crunch.

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 emphasis 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

The company achieved a reasonable progress in 2020 despite challenges and odds in the financial sector continued to experience prolonged slowdown in growth. Our strategy of diversifying the business conglomerate and sustained focus on hiring our low-cost deposit has helped us deliver steady performance during the year. In the year, we made great steps to focus on improving our capabilities across the businesses and enhancing our core products and services for our customers.

Oversight of the Board

I want to highlight a couple of important points. Board of Directors regularly reviews our strategy, the environment in which we are operating, and the progress we are making towards the goals we set. As a steward of the company on your behalf, the Board is focused on the active and independent oversight of management. The Board oversees risk management, our governance, and carries out other important duties in coordination with Board committees that have strong, experienced chairs and members. To enhance the Board's effectiveness, we conduct intensive and thoughtful annual self assessments, regularly evaluate our leadership structure. We are committed to engaging with shareholders, and we have made enhancements to our corporate governance practices that are informed by the feedback from our engagement. The Board also regularly evaluates the company's strategy, operating environment, performance, and the progress of your company towards its goals.

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 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.

Sustainable Growth

Sustainable growth is among the biggest challenges any business leader faces, but it is not a new problem. To overcome the problem, First Finance Limited established the sustainable growth such as, how successful companies sustain innovation; what every entrepreneur should know before taking any outside investment and adapt or demolish options in an evolving economy.

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 2020 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. 25 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. We would like to thank the Management team, Executives, Officers and Staff members for their hard work and pains taking efforts to achieve the goals of our organization. I take this opportunity to thank all of our customers for their cooperation and support over the years for their enthusiasm in embracing the changes. I express my appreciation and thanks to all the regulators for their continuous help and assistance, valuable guidelines and co-operation provided to the company from time to time.

I once again express our heartfelt thanks to all for their kind participation in our mission in achieving a successful growth in 2020 and also hope to have your support in the coming years.

Sd/-

(Mohammed Mosharaf Hossain)
Managing Director & CEO
First Finance Limited

| EXISTING BOARD 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. Raminton Raza	Nominated Director
7.	Mr. Md. Altaf Hossain	Nominated Director
8.	Mr. 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. 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 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 is a member of Bangladesh Bar Council, Dhaka Bar Association and Bangladesh Supreme Court Bar Association.

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 the 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. Raminton Raza, *Nominated Director*

Mr. 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. Mohammed Mosharaf Hossain	Managing Director
2	Mr. Md. Tuhin Reza	Additional Managing Director
3	Mr. Maksumul Mahmud	SEVP & Head of Central Operation
4	Mr. Mohammad Sabur Khan Dipu	SVP & Head of Treasury
5	Mr. Mohammad Enamur Rahman	Head of Finance
6	Mr. Wahid Adnan	VP & Head of Recovery
7	Ms. Hasina Jannat	VP & Head of Monitoring & Collections
8	Ms. Habiba Nasrin	SAVP & Head of CRM (CC)
9	Mr. Sujit Roy	SAVP & Head of CAD
10	Mr. Md. Anisur Rahman	SAVP & Head of GSD
11	Mr. Ripan Chandra Das	AVP & Head of ICCD (CC)
12	Mr. Md. Asaduzzaman	AVP & Head of ICT
13	Mr. Md. Bodiuzzaman	AVP & Head of Legal
14	Mr. Md. Jahangir Hossain	AVP & Head of Human Resources
15	Mr. Mohammad Ekramur Rahman	Company Secretary (CC)

| DIRECTORS REPORT TO THE SHAREHOLDERS |

Bismillahir 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 28th Annual General Meeting of the Company and pleased to place herewith the Annual Report for the year ended of December 31, 2020. The Report includes Audited Financial Statements for the year ended on December 31, 2020 along with the External auditors Report of the Company for the year ended December 31, 2020 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 November 14, 2021.

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.

Economic and Industry Outlook

The effects of Covid-19 lingered in 2020, though the economy remained resilient compared to many of the other countries. Timely policies by the Government, intervention by Bangladesh Bank, infusion of funds in majority of the sectors and deferment of provisioning largely controlled a downward spiral. Injection of funds in the banking sectors, with clear directives from the Central Bank to keep lending activities at a sustainable level propped up the real sector. Despite this, banks were cautious in their lending activities and their area of lending activities focused on large institution where the risk element would be minimal.

The NBFi sector in Bangladesh has faced major challenges in 2020. Loans and advances growth was mixed for NBFIs. Growth for the top ten institutions has been encouraging. However, for majority of NBFIs, liquidity remained a cause for concern with banks refusing credit facilities to NBFIs despite being awash with liquidity. Alternative borrowing platform like deposit mobilizing, sale of zero coupon bonds helped some of the NBFIs to maintain their liquidity balance. The overall growth has been lackluster and majority of NBFIs were compelled to slow down lending activities.

The year saw major outflow of funds with banks abruptly stopping lending to NBFIS and depositors withdrawing their funds prematurely ostensibly for heightened risk perception. The net result has been largely felt in the SME sector, since majority of Non-Banks were concentrating in this sector. Central Bank opened a window for NBFIs which was on reimbursement basis subject to fulfillment of conditions.

In 2020, NBFIs recorded growth in total assets, borrowings, deposits, and capital. In accordance with the Bangladesh Bank, the asset of NBFIs increased by 2.34% to Tk. 871.50 billion in 2019 from Tk. 851.60 billion in 2018. At the end of June 2020, the total assets of NBFIs increased by Tk. 860.30 billion. CMSME loan disbursement by banks and non-bank financial institutions increased by 4.25% to Tk. 1,624.27 billion in 2020 compared with Tk. 1,558.09 billion in 2018. NBFIs' investment at the end of June 2020 was 46.45% in industry, 19.41% in real estate, 2.22% in margin loan, 13.48% in trade and commerce, 3.34% in merchant banking, 2.30% in agriculture and 12.44% in other sectors. At the end of June 2020, the outstanding of loan/lease was decreased by 1.26% to Tk. 669.54 billion from Tk. 678.10 billion. In addition to decreasing loan/lease, the total NPL was also decreased by 12.51% to Tk. 70.34 billion in 2020 from Tk. 80.40 billion in 2019 respectively.

Capital Market Scenario

During 2020, the Country's Capital market remained stagnant with investors remaining in the sidelines with a wait and see policy. Outgoing year was beset with lack of confidence and poor market capitalization. However there were encouraging signs with the change of leadership and there were signs of a major thrust by the Government in the Capital market through initial public offerings, liquidity infusion to banks for encouragement in the investment activities through Stock Exchanges.

Operating and financial performance of the company

Loans, advances and leases of the company recorded at Tk. 8,862.25 Mn on 31 December 2020 registering 2.97 % increase against last year. Deposit stood at Tk. 6,076.32 Mn resulting 3.27% decrease against last year Despite COVID-19 pandemic. Equity attributable to shareholders' of the company decreased to Tk. 492.10 Mn as compared to Tk. 993.44 Mn of last year.

Gross interest income of the company was Tk. 690.03 Mn which was 23.13% lower than that of 2019. Other income of the company was significantly decreased than that of 2019. Operational expenses in 2020 were increased by 34.58 Mn and provision for loans, advances, leases and shares increased to Tk. 143.36 Mn.

The financial results of the Company for the year 2020 with a comparison of 2019 are summarized below

Particulars		Year	
		2020	2019
Interest Income	BDT mn	690.33	897.75
Interest Expense	BDT mn	(799.82)	(869.09)
Net Interest Income	BDT mn	(109.79)	28.65
Non-Interest Income	BDT mn	29.74	64.39
Operating Expenses	BDT mn	272.96	319.74
Profit before Provision	BDT mn	(353.01)	(226.68)
Profit before Taxes	BDT mn	(496.38)	141.13
Net Profit after Taxes (NPAT)	BDT mn	(501.34)	134.92
Earnings Per Share	BDT	(4.31)	1.16

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. 42 on page no. 98 of this Annual Report.

Dividends

At the end of 2020, the Company earned negative income of Tk. (501.34) million. Therefore, the Board of Directors has recommended no dividend for the year 2020. 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.

Directors' Responsibilities for Financial Statements

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as part of good corporate governance and to that end the directors confirm to the best of their knowledge that

1. the Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
2. proper books of account as required by the law have been maintained;
3. appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgments;
4. the Financial Statements was prepared in accordance with IAS/BASIIFRS/BFRS;
5. the system of internal control is sound in design and has been effectively implemented and monitored.

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.

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 believes in managing risk in a forward looking manner and steering credit, interest rate, liquidity, market and operational risks through establishing strategies, models and parameters.

Management Discussion & Analysis

Pursuant to the BSEC's Notification dated 03 June 2018, the management discussion and analysis report is given on page no. 25 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. 39 of this Annual Report.

Pattern of Shareholding

The pattern of Shareholding of the Company as at end of the year 2020 is shown on page no. 8 of this Annual Report.

Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2020, a total of 7 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 28th 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 Oparchor Trade International Ltd. (Represented by Mr. Md. Altaf Hossain)
3. M/S Raqas Trade International Ltd. (Represented by Mr. Abu Bakar Zahan Raminton Raza)

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. His reappointment is placed in the Annual General Meeting for approval of Shareholders.

Due to the death of Mr. Md. Israfil Alam, MP; M/S Alphabet Associates Ltd. changed their nominated representative in the Board of the Company by nominating Mr. Masud Hossain Khan in the 320th Meeting of the Board of Directors. Moreover, after sudden demise of Mr. Md. Israfil Alam, MP the position of Chairman became vacant and Mr. Khan Mohammad Moinul Hasan was elected as Chairman of the Board in 321st Meeting of the Board of Directors held on 19/08/2020.

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 No. SEC/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 Independent Directors of the company subject to approval of the shareholders in 28th 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 2020 with a fee of Tk. 2,00,000 plus VAT and they will retire in the 28th 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 Auditor 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 November 10, 2021 for the year 2021, at the same fee subject to approval of Bangladesh Bank before holding the 28th Annual General Meeting of the Company.

Appointment of Professionals for Compliance Certificate

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 and placed the matter to the 28th AGM for shareholders' approval.

Business Outlook

On the global extent, 2021 promises to be year of change. The mass vaccination against COVID-19 is raising new hope and the world economy is ready for a rebound on the back of a stable global trade condition and relative peace in the geopolitical arena. The emerging economies are expected to achieve new momentum and the new opportunities arising from a post pandemic landscape.

The Bangladesh economy is expected to embrace this momentum in the coming year, with economic activity picking up and registering a pre-COVID level of growth. The Central Bank foresees a strong credit growth in both the public and private sectors. Resumption of the large infrastructural projects by the government will generate fresh opportunities. However, the excess liquidity in the market will create challenges for financial institutions.

The key challenges for the Company in 2021 will be to continue to support demand for financing shrinking interest rate margins and increasing non-performing loans. It is my belief that 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 in the upcoming year.

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), Chittagong Stock Exchange Limited (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 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.

For and on behalf of the Board of Directors,

Sd/-

Khan Mohammad Moinul Hasan

Chairman

First Finance Limited

| MANAGEMENT DISCUSSION AND ANALYSIS |

NBFIs Industry

Presently 35 NBFIs are operating in Bangladesh under close monitoring of the Central Bank. Compared to its size, NBFIs have made impressive contribution in diverse areas like Housing, SME and has made forays into the Capital Market. In Real Estate and Housing sector, NBFIs have made an indelible mark with three companies spearheading as Specialised Housing financing companies.

NBFIs are gifted with innovative and multilayered products and services with simple paper work, quick approval, easy credit process, rapid decision-making and no excess bureaucracy to get nod for the approval of a proposal. Hence, this sector has been capable enough to capitalize the demand of existing and potential borrowers.

Strategic shift

Our main thrust in investment is still in Corporate and CMSME sectors. All the branches and the CMSME department were activated, focused on areas beyond the metropolitan cities and made penetrated into marginal areas where the needs of the SME sector were not adequately fulfilled by the banks. The immediate impact was realizing good spread and reducing Non Performance Loans.

Operational activities

Effect of COVID-19 and unstable liquidity market slowed down the investment efforts. Early during 2020, contractionary policy of the Central Bank, ostensibly to rein in inflation, had a major detrimental effect in funding in such areas as Loans and Advances, Capital Market operation and virtually stopped our quest to move into semi urban areas.

During the year total disbursement of loan was Tk. 189.04 million where almost 81% was Business working capital loan. During this time there was a marked increase in our due diligence process on account of slowdown in the economy. Continued efforts improved provisioning and Tk. 297.47 mn was kept as provision against total classified loans of 3,132.92 mn.

NPL was 35.63% in 2020 due the impact of COVID-19. Considering the pandemic situation, the loan clients were offered deferral facility by the Central Bank. Considering all the above issues, the recovery from loans in 2020 was 536.82 mn.

Financial overview

In 2020, FFL had to make adjustments in almost all spheres of its operational activities. Strategy was to continue business as usual with our existing resources, enhanced cost cutting measures and recovery drives throughout the year. The company has proved significantly to rein in the losses and resulted in marked recovery of outstanding amount from non-performing loan. In turn, the management expenses made by FFL reduced to Tk. 114.44 mn in 2020 against Tk. 149.03 mn in 2019, which registering a decrease of 34.59 mn. Besides, due to liquidity crisis, the cost of fund was slightly increased to 11.34% compared to 11.06% of 2019. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2021 shall be the better outlook for us.

COVID-19 impact

The year under review was one of the most challenging years not only for the NBFIs but for other industries, economy and the country. With the COVID-19 pandemic breaking out in waves during 2020, FFL's business inevitably faced its resulting impacts throughout the year where impacts were felt on the Company's operations and the bottom line. Despite challenges, FFL continued to steer through with resilience and reiterated its commitment to support its customers by providing sustainable solutions to navigate during this difficult time.

The focus during the year was to identify innovative solutions and business delivery methods that would enable FFL to remain relevant in a challenging environment. The Company continued to focus on innovation, coupled with a strong governance and internal controls model that ensured the financial stability of the Company. Its strong foundation, lean operating structure, cost conscious culture and the dedicated team together played key roles in helping to steer FFL forward amidst challenges.

Discussion on changes in financial statements

Accounting policies and estimation for preparation of financial statements have been applied as same as previous year. There was no change in accounting policies and estimates during the year 2020. Comparative analysis of financial performance and financial position as well as cash flows for current financial year with comparative 5 years has been given in 5 years financial summary report of this annual report. As a financial institution, the company has been coming across interest rate risk, liquidity risk, and operational risk. The company has been mitigating those risks through strategic shifting of company's business from corporate financing to SME financing with respectable margin and enhanced recovery of classified loans.

Outlook for 2021

The year 2021 will be a hard year for NBFIs and the key challenges for the company in 2021 will be to continue to support demand for financing shrinking interest rate margins and increasing non-performing loans.

As we know, in the year 2020 the entire financial sector especially NBFIs has suffered a lot due to COVID-19 pandemic and passed a difficult time with severe liquidity crunch, non-renewal of existing and new credit facilities by the banks, huge FDR encashment pressure from depositors and non-payment of installments by the borrowers on time etc, which adversely impacted the overall profitability of the industry.

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/-

Managing Director & 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 09 (Nine) 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. Barrister Shameem Haider Patwary, MP

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 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 papers on the proposals 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. 7 (Seven) Board Meetings were held during the year 2020.

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. Habibur Rahman, one of the Independent Directors, is the Chairman of the Audit Committee, possessing of vast experience. He is an Advocate of Supreme Court of Bangladesh. Among other members, Mr. A.Q.M Faisal Ahmed Chowdhury, Mr. Amatun Noor, Mr. Md. Altaf Hossain and Mr. Abu Bakar Zahan Raminton Raza also possess significant experience in finance, accounting and audit. All the members of the Committee are 'financially literate' as defined by the revised 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.

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 ICC 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 2020.

Immediate reporting to the Bangladesh Securities and Exchange Commission

No such circumstances arose during the year ended 31 December 2020.

Activities during 2020

The Committee met two (2) times during the year 2020 and carried out the following tasks:

- Reviewed draft audited financial statements of First Finance Limited for the year ended December 31, 2017 as per clause no. 3.3 (v) of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission;
- Reviewed Audit Plan of Internal Control and Compliance Department for the year 2019;
- Reviewed the internal audit reports issued by the Internal Control and Compliance department during the year 2019;

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 2020

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 2020, the Committee held 2 (Two) meetings.

A. Attendance of Directors in the Board Meetings

Sl. No.	Name of the Directors	Total no of Meeting during his/her period	Present	Absent	Gross Remuneration	AIT	Net Remuneration
1	Mr. Habibur Rahman	2	2	-	16,000	1,600	14,400
2	Mr. A.Q.M. Faisal Ahmed Chowdhury	2	1	1	8,000	800	7,200
3	Ms. Amatun Noor	2	2	-	16,000	1,600	14,400
4	Mr. Abu Bakar Zahan Raminton Raza	2	2	-	16,000	1,600	14,400
5	Mr. Altaf Hossain	2	2	-	16,000	1,600	14,400
Total					72,000	8,800	64,800

Total 2 meeting of the Audit Committee was held in the year 2020.

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. Executive Committee constitute by four members. They Are: (a) Mr. Md. Altaf Hossain; (b) Mr. Abu Zakir, (c) 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

1 (One) meeting of the Executive Committee were held in the year 2020.

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 2020

Sl. no	Name of the Directors	Status	Total Meeting Held (during his/her	Number of meetings	Gross remuneration	TDS	Net Payment	Attendance Percentage
1	Mr. Md. Israfil Alam, MP	Chairman	4	4	32,000	3,200	28,800	100
2	Mr. A.Q.M. Faisal Ahmed Chowdhury	Director	7	5	40,000	4,000	36,000	71.43
3	Mr. Khan Mohammad Moinul Hasan	Chairman & Independent Director	7	7	56,000	5,600	50,400	100.00
4	Mr. Md. Abu Zakir	Vice - Chairman & Nominated Director	7	5	40,000	4,000	36,000	71.43
5	Ms. Amatun Noor	Nominated Director	7	6	48,000	4,800	43,200	85.71
6	Mr. Raminton Raza	Nominated Director	7	7	56,000	5,600	50,400	100.00
7	Mr. Md. Altaf Hossain	Nominated Director	7	6	48,000	4,800	43,200	85.71
8	Mr. Md. Habibur Rahman	Independent Director	7	6	48,000	4,800	43,200	85.71
9	Mr. Shameem Haider Patwary, MP	Independent Director	5	1	8,000	800	7,200	20.00
10	Dr. Lokiat Ullah	Independent Director	4	1	8,000	800	7,200	25.00
11	Mr. Ataul Huq	Independent Director	2	0	-	-	-	-
12	Mr. Masud Hossain Khan	Vice-Chairman & Nominated Director	3	2	16,000	1,600	14,400	66.67

* Total 7 Board of Directors Meeting was held in the year 2020.

| 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

Chairman

| COMMUNICATION TO THE SHAREHOLDERS |

Principles governing shareholder communication

FFL is committed to promoting effective and open communication with all shareholders, ensuring consistency and clarity of disclosure at all times. We aim to engage with our shareholders transparently and regularly in order to facilitate a mutual understanding of our respective objectives. We strive to be accessible to both institutional and private investors, and proactively encourage all shareholders to participate at our Annual General Meeting (AGM).

Early Notification of Annual General Meeting

The Company issues the notice for holding of the AGM at least two weeks in advance of the scheduled date of the Annual General Meeting to shareholders in order to enable them to have sufficient time to deliberate on the proposed Agenda of Items.

AGM participation

FFL understand the importance of communicating effectively with shareholders and are committed to the constructive use of the AGM for the Chairman and Directors to meet with shareholders, hear their views and to answer their questions. We proactively encourage shareholder participation in the AGM, both by attending the meeting and voting, either in person or by proxy.

Information available on the website

FFL provides updated information in its website regularly for the shareholders and other stakeholders of the Institutions.

Information through the newspapers:

According to DSE Listing Regulation 2015, the notice and PSI about AGM should be published in One English and One Bengali newspaper. Besides any other PSI have been published during 2020 and complied with this rule.

Posting of Financial Statements in the Website [Section 21 of DSE Listing Rules]

The detail of the published Financial Statements is available in the Website of the First Finance Limited. The address of the Website is www.first-finance.com.bd

Communication with Shareholders and Other Stakeholders

The Share Department, Company Secretariat of FFL, plays an instrumental role in ensuring effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of FFL may contact this department during office hours for any information and queries. The share department performs all kinds of share related tasks, e.g. allotment of bonus and right shares, process of share transfer, monitoring share movement through CDBL, share re-materialization & de-materialization, distribution of fractional dividend, conducting AGM, etc. In addition to that, the department corresponds with various Regulatory and Government bodies from time to time on matters related to the 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

Jahangir Tower (3rd Floor)
10, Kawran Bazar, Dhaka – 1215
Phone: 02 5501 3842-43

| REDRESSAL OF INVESTORS' COMPLAINT |

First Finance Limited (FFL) is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, or institutional investors. To ensure equal treatment of all shareholders the FI created various mechanisms, such as:

- Shareholders who are unable to attend the shareholders' meeting, FFL provide proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the standard format, are sent through E-mail to the shareholders and are also available in the company's website.
- The shareholders' meetings proceed 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 FI'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;
- We have 2 designated persons look after the investor grievances in due time;
- The full detail of the written complaint must be passed onto the concerned department and inform the compliance officer of the Company 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.
- 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 director 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

November 14, 2021

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

Subject: Declaration on Financial Statements for the year ended on 31 December 2020.

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 2020 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 2020 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= "BBB"

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 2019.

| 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 |



We have examined the compliance status to the Corporate Governance Code by First Finance Limited for the year ended on 31 December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission or not complied (if not complied, specify non-compliances);
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws or not complied (if not complied, specify non compliances); and
- (d) The Governance of the company is satisfactory.

Dated, Dhaka;
29 November, 2021

Sd/-

Arun Kumer Kundu, FCA
Managing Partner
Arun & Company
Chartered Accountants

| Report on Compliance of BSEC's Notification on Corporate Governance |

COMPLIANCE STATUS OF THE CODE

Annexure-C

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

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRC/2006-158/134/Admin/44 dated 07 August 2012 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 to be less than 5 (five) and more than 20 (twenty).	√		The number of Board member of the Company is 9 (Nine) 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 Independent Directors out of 09, all are appointed by the board
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;	√	-	-
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√	-	-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated	√	-	-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√	-	-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	-	-
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√	-	-
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	√	-	-

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBF);	√	-	-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√	-	-
1(2)(c)	The independent director(s) shall be appointed by the board 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;	N/A	-	-
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	√	-	-
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;	√	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;		-	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;	√	-	-
1(3)(c)	The independent director(s) shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	√		-
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

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
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.	√	-	-
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;		-	Not applicable
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);		-	Not applicable
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;	√	-	-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;		-	Not applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights 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;		-	Not applicable
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√	-	-
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;	√	-	-

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√	-	-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√	-	-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√	-	-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√	-	-
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as 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;	√	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√	-	-
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;	√	-	-
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);	√	-	-
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	√	-	-
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.			

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
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:	√	-	Explained in the MD's Message and in the Directors' Report 2020
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	√	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√	-	-
1(6)	Meetings of the Board of Directors			
	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;			Code of Conduct has been laid down by the Board
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company			Code of Conduct as laid down by the Board shall be posted on the Website
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;	N/A	-	No subsidiary company

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
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;	N/A	-	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.	N/A	-	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;	N/A	-	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.	N/A	-	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);	√	-	-
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).		-	N/A
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:	√	-	-
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;	√	-	-
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;	√	-	-
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.	√	-	-

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
4.	Board of Director's Committee			
4(i)	Audit Committee;	√	-	-
4(ii)	Nomination and Remuneration Committee		-	Explained under condition no. 6(1)
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;	√	-	-
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;	√	-	-
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;	√	-	-
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 2020.
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√	-	-
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	-	-

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√	-	-
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;	√	-	-
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;	√	-	-
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√	-	-
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	-	-
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.	√		-
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;	N/A	-	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.

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	N/A	-	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;	N/A	-	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.	N/A	-	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.	N/A	-	No such event occurred.
6.	Nomination and remuneration Committee (NRC)			
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;			Pursuant to DFIM circular letter no. 18 dated on 26 October, 2011, no other subcommittee 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)(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.			

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
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)	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;			

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
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.			
7.	External or Statutory Auditors			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely :-			
7(1) (i)	Appraisal or valuation services or fairness opinions;	√	-	-
7(1) (ii)	Financial information 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.	√	-	-
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 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.	√	-	
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 ON THE GOOD GOVERNANCE GUIDELINE |

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)	The 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)	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)	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/ 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
(d)	Chief Executive Officer may re-schedule job responsibilities of employees;	Complied
(e)	Chief Executive Officer may take disciplinary actions against the employees except Sr. Executive Vice President,	Complied
(f)	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 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 2020 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 2020, 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 FRC Circular no-146/FRC/2020/01 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 receipts amount to BDT 159,916 but didn't convert to share which is a violation of said circular.
2. As per Labour law 2006 (Amendment 2013) Sec-234, a company must maintain WPPF but the Company did not comply with said law.
3. 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 holding tax payable worth BDT 156,683,083 as at December 31, 2020. 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 30,302,736 which the Company has not recognized on the Profit & Loss Account for the year ended 31 December 2020.
4. The Company has recognized BDT 195,987,070 worth Non-Banking Assets on the Balance Sheet as at 31 December 2020. Out of this asset class, there are several assets which have been impaired which the Company has not recorded for. The details are provide below:
 - a. The Company has two properties worth BDT 19,310,338 whose recoverable amount has reduced by BDT 13,310,338 based on the auctions where these properties have been put for sale. The Company has not recognized this reduction in recoverable amount as an impairment loss which is a violation of paragraph 59 of IAS 36.
 - b. The Company has four properties worth BDT 16,074,661 for which the Company is currently going through a litigation process. The legal proceedings have been going on for a significant number of years and there are significant indications that these assets have been impaired. The Company has not performed an estimate to calculate the recoverable amount which is a violation of paragraph 9 of IAS 36. It is not possible to quantify the financial impact on this regard based on the information available on hand.

5. Based on the Company's internal records which we audited, the total Term Deposit liability as at 31 December 2020 was BDT 6,057,308,657 while the liability presented on the Balance Sheet as at 31 December 2020 is BDT 6,052,008,721. Therefore the total liabilities for the Company present on the Balance Sheet as at 31 December 2020 is understated by BDT 5,299,936.
6. We draw your attention to Note 07 to the financial statements which describe the effect of a difference in the balance of leases, loans and advances between the FICL statement and the amount reported on the financial statements. A difference of BDT 205,804,139 existed in the leases, loans and advances balance between the FICL and financial statements as 31 December 2018 for which the Company obtained permission from Bangladesh Bank (through letter no FIID/I-10/2018/1182 dated November 13, 2018) to adjust over three (3) years starting from March 2019. During the year, the Company adjusted an amount of BDT 68,600,000 leading to a final difference between their FICL statement and the financial statements of BDT 68,604,139.
7. The leases, loans and advances balance recognized on the Balance Sheet includes two (2) loans for which the Company has overstated the Eligible Security amount on their books by BDT 19,739,860. Due to this this overstatement, the overall required provision recognized by the Company is understated and the net income recognized for the period has been overstated by the same said amount.
8. We draw your attention to Note 7.08 to the financial statements which describe which describe the effect of a provision shortfall against leases, loans and advances. The provision recorded by the Company as at 31 December 2020 has a shortfall of BDT 984,100,000 which the Company has obtained permission from Bangladesh Bank (through letter no DFIM(c) 1054/42/2021-2396 dated 02 November 2021) to adjustment over a period of 7 years from 2020-2026. After making the necessary adjustments for the current year, the current provision against leases, loans and advances is understated by BDT 740,181,212.
9. The Company has a Capital Adequacy Ratio of 6.12% which is below the below the minimum 10% threshold as set by Bangladesh Bank. Details of the calculations are provide in Note 15.06 to the financial statements.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2022. 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.

Other Matter

The financial statements for the Company as at 31 December 2019 was audited by Rahman Mostafa Alam & Co. who expressed a qualified opinion for the audit of the financial statements for the said year.

Key Audit Matters

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

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 2020, the Company has reported interest expense on deposits amounting Tk. 693,986,207 (737,284,299 in 2019). 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 (as specified in Note 10.03). 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.</p> <p>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 consolidated and separate 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 consolidated and separate 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 Consolidated and Separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred 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 650 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.

Date: 14 November, 2021
Dhaka, Bangladesh
DVC: 2111200392AS207122

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

First Finance Limited Balance Sheet

As at 31 December 2020

Particulars	Notes	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
PROPERTY AND ASSETS			
Cash	3	42,123,208	71,956,561
In hand (including foreign currencies)		50,546	90,891
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-	-
		42,072,662	71,865,670
Balance with Other Banks and Financial Institutions	4.00	330,784,861	327,901,120
Inside Bangladesh	4.01	330,784,861	327,901,120
Outside Bangladesh	4.02	-	-
Money at call and on short notice	5.00	-	-
Investments	6.00	67,326,259	47,563,339
Government		-	-
Others		67,326,259	47,563,339
Leases, Loans and Advances		8,862,514,386	8,606,563,501
Loans, Cash Credits, Overdrafts, etc.	7.00	8,862,514,386	8,606,563,501
Bills Purchased and Discounted	8.00	-	-
Fixed assets including premises, furniture and fixtures	9.00	119,504,380	106,742,674
Other assets	10.00	529,321,960	525,252,017
Non-banking assets	11.00	195,987,070	195,955,359
Total Assets		<u>10,147,562,124</u>	<u>9,881,934,571</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	12.00	1,207,526,127	1,100,942,307
Deposits and Other Accounts	13.00	6,076,329,721	5,883,777,929
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed/term deposits		6,052,008,721	5,853,159,929
Monthly Savings Scheme		24,321,000	30,618,000
Bearer certificate of deposit		-	-
Other deposits		-	-
Other Liabilities	14.00	2,371,600,887	1,903,767,048
Total Liabilities		<u>9,655,456,735</u>	<u>8,888,487,285</u>
Capital/ Shareholders' Equity			
Paid-up capital	15.00	1,162,202,580	1,162,202,580
Statutory reserve	16.00	369,944,452	369,944,451
General reserve	17.00	-	-
Retained earnings	18.00	(1,040,041,643)	(538,699,745)
Total Shareholders' Equity		<u>492,105,389</u>	<u>993,447,286</u>
Total Liabilities and Shareholders' Equity		<u>10,147,562,124</u>	<u>9,881,934,571</u>

Particulars	Notes	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
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		-	-
		<u>-</u>	<u>-</u>
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		-	-
		<u>-</u>	<u>-</u>
Total off-Balance Sheet items including contingent liabilities		<u>-</u>	<u>-</u>
Net Asset Value per Share (NAV)		4.23	8.55

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
_____ Company Secretary (CC)	_____ Head of Finance	_____ Managing Director & CEO	_____ Director	_____ Chairman

Signed in terms of our report of even date annexed

DVC: 2111200392AS207122
Dated, Dhaka
14 November, 2021

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 2020

Particulars	Notes	January 01 to December 31	
		2020 (BDT)	2019 (BDT)
Interest income	21	690,033,907	897,753,917
Interest paid on deposits, borrowings, etc.	22	(799,829,521)	(869,096,895)
Net interest income		(109,795,614)	28,657,022
Investment income	23	877,168	1,765
Commission, exchange and brokerage	24	-	-
Other operating income	25	28,865,450	64,395,778
Total operating income		29,742,618	64,397,543
		(80,052,996)	93,054,565
Salary and allowances	26	115,792,070	119,130,461
Rent, taxes, insurance, electricity, etc.	27	3,778,405	19,856,209
Legal expenses	28	265,000	859,000
Postage, stamps, telecommunication, etc.	29	1,633,942	2,280,828
Stationery, printing, advertisement, etc.	30	3,386,960	2,066,960
Chief Executive Officer's salary and fees	31	-	5,353,226
Directors' fees	32	440,000	680,000
Auditors' fee	33	200,000	150,000
Charges on loan losses		-	-
Depreciation and repair of company's assets	34	33,018,630	20,333,363
Other expenses	35	114,449,571	149,033,819
Total operating expenses		272,964,577	319,743,865
Profit before provision		(353,017,573)	(226,689,300)
Provision against leases, loans and advances	36	150,021,355	(374,527,401)
Provision for diminution in value of investments	37	(6 656 178)	5,745,840
Other provision		-	960,507
Total provision		143,365,178	(367,821,055)
Profit before taxation		(496,382,751)	141,131,755
Provision for taxation			
Current tax	14.04	4,318,659	5,772,909
Deferred tax	14.05	640,488	437,456
		4,959,148	6,210,365
Profit after taxation		(501,341,898)	134,921,390
Retained earnings, brought forward		(538,699,745)	(646,636,858)
Profit available for appropriation		(1,040,041,644)	(511,715,468)
Appropriations:			
Statutory reserve		-	26,984,277
General reserve		-	-
Bonus shares		-	-
Cash dividend		-	-
		-	26,984,277
Retained earnings, carried forward		(1,040,041,644)	(538,699,745)
Earnings Per Share (EPS)		(4.31)	1.16

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Company Secretary (CC)	Head of Finance	Managing Director & CEO	Director	Chairman

Signed in terms of our report of even date annexed

DVC: 2111200392AS207122
Dated, Dhaka
14 November, 2021

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 2020

Particulars	Notes	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
A) Cash Flows from Operating Activities			
Interest received		663,049,417	821,101,470
Interest paid		(758,576,146)	(774,101,904)
Dividend received		722,303	217,504
Paid to employees		(115,792,070)	(124,483,686)
Income taxes paid		(1,406,059)	(2,950,748)
Received from other operating activities		28,936,044	64,397,543
Paid for other operating activities		(143,502,220)	(75,214,734)
"Cash generated from operating activities before changes in operating assets and liabilities"		(326,568,731)	(91,034,555)
Increase/(decrease) in operating assets liabilities			
Leases, loans and advances to customers		(255,950,885)	187,488,259
Other assets (Excluding AIT)		(2,663,884)	60,426,911
Deposit from customers		192,551,792	(983,634,898)
Other liabilities		277,550,695	(162,143,403)
		211,487,718	(897,863,131)
Net cash from/(used in) operating activities		(115,081,014)	(988,897,687)
B) Cash Flows from Investing Activities			
Purchase of fixed assets		(157,888)	5,733,506
Proceeds from sale of vehicle		1,500,100	2,927,900
Proceeds from other investments		(19,762,920)	(1,326,591)
Proceeds from sale of non financial institutional assets		(31,711)	(229,227)
Net cash from/(used in) investing activities		(18,452,419)	7,105,588
C) Cash Flows from Financing Activities			
Dividend paid		-	-
Receipt from borrowing and issuance of debt securities		106,583,820	(32,261,585)
Net cash from/(used in) financing activities		106,583,820	(32,261,585)
D) Net increase in cash and cash equivalents (A+B+C)		(26,949,613)	(1,014,053,684)
E) Effect of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		399,857,681	1,413,911,365
G) Cash and cash equivalents at end of the year (D+E+F)		372,908,068	399,857,681
Cash and cash equivalents at end of the year:			
Cash in hand		50,546	90,891
Balance with Bangladesh Bank and its agents bank(s)		42,072,662	71,865,670
Balance with other banks and financial institutions		330,784,861	327,901,120
		372,908,069	399,857,681
Net operating cash flow per share	39.02	(0.99)	(8.51)

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Company Secretary (CC)	Head of Finance	Managing Director & CEO	Director	Chairman

Signed in terms of our report of even date annexed

DVC: 2111200392AS207122
Dated, Dhaka
14 November, 2021

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 2020

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 01 January 2019	1,162,202,580		342,960,175	-	(646,636,858)	858,525,897
Net Profit for the year ended 31 December, 2019	-		-	-	134,921,390	134,921,390
Addition made during the year	-		26,984,278	-	(26,984,278)	-
Balance as on 31 December 2019	1,162,202,580		369,944,453	-	(538,699,746)	993,447,287
Balance as on 01 January 2020	1,162,202,580		369,944,453	-	(538,699,746)	993,447,287
Net Profit for the year ended 31 December, 2020	-		-	-	(501,341,898)	(501,341,898)
Balance as on 31 December 2020	1,162,202,580		369,944,453	-	(1,040,041,645)	492,105,388

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

Sd/- Sd/- Sd/- Sd/- Sd/-
Company Secretary (CC) Head of Finance Managing Director & CEO Director Chairman

Signed in terms of our report of even date annexed

DVC: 2111200392AS207122
Dated, Dhaka
14 November, 2021

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 2020

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	50,546	-	-	-	-	50,546
Balance with Bangladesh Bank and its agent bank(s)	-	-	42,072,662	-	-	42,072,662
Balance with other banks and financial institutions	76,945,771	61,560,209	192,278,881	-	-	330,784,861
Money at call and on short notice	-	-	-	-	-	-
Investments	-	-	67,326,259	-	-	67,326,259
Leases, loans and advances	299,497,274	354,426,181	1,215,491,573	3,582,322,328	3,410,777,030	8,862,514,386
Fixed assets including assets taken on lease	-	-	-	-	119,504,380	119,504,380
Other assets	-	-	-	-	529,321,960	529,321,960
Non-Banking assets	-	-	-	-	195,987,070	195,987,070
Total Assets	376,493,591	415,986,390	1,517,169,375	3,582,322,328	4,255,590,440	10,147,562,124
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	359,000,000	-	626,933,163	221,592,964	-	1,207,526,127
Deposits and other accounts	842,363,206	858,944,317	1,049,820,832	3,150,217,881	174,983,486	6,076,329,721
Provision and other liabilities	-	-	299,764,296	421,583,570	1,650,253,020	2,371,600,887
Total Liabilities	1,201,363,206	858,944,317	1,976,518,291	3,793,394,415	1,825,236,506	9,655,456,735
Net Liquidity Excess/ (Shortage)	(824,869,615)	(442,957,927)	(459,348,916)	(211,072,087)	2,430,353,934	492,105,389

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

Sd/- Sd/- Sd/- Sd/- Sd/-
Company Secretary (CC) Head of Finance Managing Director & CEO Director Chairman

Signed in terms of our report of even date annexed

DVC: 2111200392AS207122
Dated, Dhaka
14 November, 2021

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



**Notes to the
Financial Statements**
For the Year ended 31 December 2020

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 IAS 39 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

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 IAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular No. 8 dated 03 August 2002, FID circular No.3 dated 03 May 2006 and DFIM circular No. 03, dated 29 April 2013 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.

iii) Recognition of interest in suspense

IFRS: Leases, loans and advances to customers are generally classified as ‘loans and receivables’ as per IAS 39 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, 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 IAS 39. 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.

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 recognised in the consolidated 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, 2020 to 31 December, 2020.

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 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	Status
1	IAS 1: Presentation of Financial Statements	Partially Complied
2	IAS 2: Inventories	Not Applicable
3	IAS 7: Statement of Cash Flows	Partially Complied
4	IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	IAS 10: Events after the Reporting Period	Complied
6	IAS 11: Construction Contracts	Not Applicable
7	IAS 12: Income Taxes	Partially Complied
8	IAS 16: Property, Plant & Equipment	Complied
9	IAS 17: Leases	Complied
10	IAS 18: Revenue (Replaced by IFRS-15)	Not Applicable
11	IAS 19: Employee Benefits	Complied
12	IAS 20: Accounting of Government Grants and Disclosure of Government Assistance	Not Applicable
13	IAS 21: The Effects of Changes in Foreign Exchange Rates	Not Applicable
14	IAS 23: Borrowing Costs	Complied
15	IAS 24: Related Party Disclosures	Complied
16	IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	IAS 27: Separate Financial Statements	Not Applicable
18	IAS 28: Investments in Associates and Joint Ventures	Not Applicable
19	IAS 29: Financial Reporting in Hyperinflationary Economics	Not Applicable

SI	Name of IAS/IFRS	Status
20	IAS 31: Interest in Joint Ventures	Not Applicable
21	IAS 32: Financial Instruments: Presentation	Partially Complied
22	IAS 33: Earnings per Share	Complied
23	IAS 34: Interim Financial Reporting	Complied
24	IAS 36: Impairment of Assets	Complied
25	IAS 37: Provisions, Contingent Liabilities and Contingent Assets	Complied
26	IAS 38: Intangible Assets	Complied
27	IAS 39: Financial Instruments: Recognition and Measurement	Partially Complied
28	IAS 40: Investment Property	Not Applicable
29	IAS 41: Agriculture	Not Applicable
30	IFRS 1: First-time adoption of International Financial Reporting Standards	Not Applicable
31	IFRS 2: Share Based Payment	Not Applicable
32	IFRS 3: Business Combinations	Not Applicable
33	IFRS 4: Insurance Contracts	Not Applicable
34	IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
35	IFRS 6: Exploration for and Evaluation of Mineral Resources	Not Applicable
36	IFRS 7: Financial Instruments: Disclosures	Partially Complied
37	IFRS 8: Operating Segments	Complied
38	IFRS 9: Financial Instruments	Partially Complied
39	IFRS 10: Consolidated Financial Statements	Not Applicable
40	IFRS 11: Joint Arrangements	Not Applicable
41	IFRS 12: Disclosure of Interests in other Entities	Not Applicable
42	IFRS 13: Fair Value Measurement	Complied
43	IFRS 14: Regulatory Deferral Accounts	Not Applicable
44	IFRS 15: Revenue from Contracts with Customers	Complied

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 2020.

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. Wari Branch

Bakul Tola Complex (2nd Floor), Plot No-6, Folder Street, Wari, Dhaka-1203.

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, 2020	Dec 31, 2019
3.00	Cash		
	Cash in hand (including foreign currencies)		
	In local currency	50,546	90,891
	In foreign currency	-	-
		<u>50,546</u>	<u>90,891</u>
	Balance with Bangladesh Bank and its agent bank(s)		
	(including foreign currencies)		
	In local currency	42,072,662	71,865,670
	In foreign currency	-	-
		<u>42,072,662</u>	<u>71,865,670</u>
		<u>42,123,208</u>	<u>71,956,561</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)	38,196,016	64,315,737
	Actual reserve maintained	42,072,662	67,111,273
	Surplus	<u>3,876,646</u>	<u>2,795,535</u>
(b)	Statutory liquidity ratio (SLR)		
	Required reserve (5% of Total Liabilities)	235,753,110	254,678,579
	Actual reserve maintained	372,908,069	399,857,681
	Cash in hand	50,546	90,891
	Balance with Bangladesh Bank and its agent bank(s)	42,072,662	71,865,670
	Balance with other banks and financial institutions	330,784,861	327,901,120
	Surplus	<u>137,154,959</u>	<u>145,179,102</u>
	Total required reserve	273,949,126	318,994,316
	Total actual reserve maintained	372,908,069	399,857,681
	Total surplus	<u>98,958,943</u>	<u>80,863,365</u>

During the months January to March 2020, the Company had shortages in daily CRR balances for which they were penalized BDT 39,970,324. The Company applied for relief from these fines in return for a token payment of BDT 1,000,000 which was accepted by Bangladesh bank.

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019

Bangladesh Bank has further penalized the Company amounting Tk. 10.80 Crore for the shortfall of daily CRR balances for the month of April to December 2020. The company has however applied to Bangladesh Bank for condonation and recorded a provision of Tk. 30 Lac against this penalty based on previous settlement amounts with Bangladesh Bank related to similar violations. The details of penalty has mention below:

Sl No	Name of Month	Deficits	Penalty Imposed	Penalty Condon	Date of payment	Comments
01	Jan to Feb-2020	2,128,145,485	21,281,455	1,000,000	1/Mar/21	Applied Bangladesh Bank to waive the full amount of penalty.
02	Mar-2020	1,868,886,871	18,688,869			
03	Apr to May-2020	3,814,343,680	38,143,437			
04	Jun-20	1,130,004,524	11,300,045			
05	Jul to Aug-2020	2,238,248,501	22,382,485			
06	Sep-20	1,068,623,410	10,686,234			
07	Oct-20	947,565,371	9,475,654			
08	Nov to Dec-2020	1,608,322,854	16,083,229			

4.00 Balance with Other Banks and Financial Institutions

Inside Bangladesh (note 4.01)	330,784,861	327,901,120
Outside Bangladesh (note 4.02)	-	-
	<u>330,784,861</u>	<u>327,901,120</u>

4.01 Inside Bangladesh

Current accounts with:

National Bank Limited, Kawran Bazar Branch, Dhaka	46,745	47,435
Bangladesh Development Bank Limited, Principal Branch, Dhaka	4,452	5,142
South Bangla Agricultural Bank Limited, Principal Branch, Dhaka	40,260	40,950
One Bank Limited, Kawran Bazar Branch, Dhaka	153,878	152,943
Social Islami Bank Limited, Mouchak Branch, Dhaka	1,431	1,511
Midland Bank Limited, Principal Branch, Dhaka	29,064	30,674
IFIC Bank Limited, Kawran Bazar Branch, Dhaka	455,643	50,621
IFIC Bank Limited, Ambarkhana Branch, Sylhet	2,156	7,508
Prime Bank Limited, Wari Branch, Dhaka	77,629	90,401
Bank Asia Limited, Kawran Bazar Branch, Dhaka	405,970	5,703
Bank Asia Limited, Kawran Bazar Branch, Dhaka	705,958	2,231,355
Bank Asia Limited, Kawran Bazar Branch, Dhaka	21,193	94,235
Southeast Bank Limited, R.K Mission Road, Dhaka	164,965	43,205
Sub-total	<u>2,109,343</u>	<u>2,801,683</u>

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
	Short-term deposit accounts with:		
	United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	875,184	860,257
	IFIC Bank Limited, Dhanmandi Branch, Dhaka	6,024	6,980
	IFIC Bank Limited, Dhanmandi Branch, Dhaka	2,360,599	2,262,734
	ICB Islami Bank Limited, Kawran Bazar Branch, Dhaka	10,555	10,785
	Shajalal Islami Bank Limited, Kawran Bazar Branch, Dhaka	36,069	135,146
	Uttara Bank Limited, Local Office, Dhaka	66	611
	United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	944,621	567,810
	IFIC Bank Limited, Sheikh Mujib Road Branch, Chittagong	245,269	1,874,092
	Bank Asia Limited, Mohakhali Branch, Dhaka	4,188	184,008
	Bank Asia Limited, Sylhet Main Branch, Sylhet	1,655,132	214,799
	IFIC Bank Limited, Gulshan Branch, Dhaka	55,515	589,774
	IFIC Bank Limited, Kawranbazar Branch, Dhaka	537,922	1,181,310
	NRB Commercial Bank Limited, Principal Branch, Dhaka	2,550	3,700
	One Bank Limited, Kawranbazar Branch, Dhaka	50,011	2,505
	Mutual Trust Bank Limited, Principal Branch, Dhaka	369,364	363,208
	Mutual Trust Bank Limited, Principal Branch, Dhaka	64,584	64,138
	Premier Bank Limited, Board Bazar Branch	489,354	425,056
	BRAC Bank Limited, Asadgate Branch, Dhaka	61,659	62,322
	Eastern Bank Limited, Sonargoan Road Branch, Dhaka	576,940	2,920,588
	IFIC Bank Limited, Motijheel Branch, Dhaka	246,369	425,075
	Bank Asia Limited, Corporate Branch, Dhaka	2,201,654	3,793,192
	Mutual Trust Bank Limited, Panthapath Branch, Dhaka	933,599	569,259
	City Bank Limited, Pallabi Branch, Dhaka	6,022	224,988
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	757,665	201,414
	Bank Asia Limited, Tongi Branch	7,371	8,722
	Bank Asia Limited, Principal Office, Dhaka	870	21,323
	Bank Asia Limited, Agrabad Branch	1,968,932	2,549,226
	Southeast Bank Limited, R.K Mission Road, Dhaka	17,974	216,552
	Sub-total	14,486,061	19,739,575
	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	121,910,576	113,458,896
	IFIC Bank Limited, Kawranbazar Branch, Dhaka	5,377,914	5,000,000
	Sub-total	314,189,457	305,359,863
	Grand Total	330,784,861	327,901,120
4.02	Outside Bangladesh	-	-
4.03	Maturity grouping of balances with other banks and financial institutions		
	On demand	16,595,404	22,541,257
	Up to 3 months	-	-
	Over 3 months but up to 1 year	314,189,457	305,359,863
		330,784,861	327,901,120

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
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)	67,326,259	47,563,339
		67,326,259	47,563,339

6.02.01 Other Investments - in Shares and Debentures

Sector	Quantity		Cost Price (Taka)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Bank	2,027,155	353,479	31,017,491	9,618,260
Cement	-	35,000	-	1,679,343
Chemicals	234,917	234,917	2,417,098	2,417,098
Engineering	91,446	129,275	4,116,030	5,337,222
Financial Institutions	239,511	187,447	11,731,606	11,379,385
Fuel & Power	64,429	27,429	3,320,473	1,592,680
Insurance	67,896	84,896	5,777,309	6,815,161
IT	37,089	17,089	2,136,332	1,210,483
Miscellaneous	30,750	37,000	1,280,171	1,578,878
Paper & Printing	30,000	30,000	2,312,336	2,312,336
Textile	71,484	80,484	3,217,413	3,622,493
Total	2,894,677	1,217,016	67,326,259	47,563,339

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019

6.03 Valuation of investments

Valuation of investments	Quantity		Cost Price (Taka)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Government securities:			-	-
Treasury Bills			-	-
Government bonds			-	-
T & T Bonds & Prize Bonds			-	-
Debentures - House Building			-	-
Finance Corporation			-	-

Valuation of investments	Quantity		Cost Price (Taka)	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Others: Shares (quoted)				
Sector				
Bank			31,017,491	26,022,834
Chemicals			2,417,098	1,409,502
Engineering			4,116,030	3,277,156
Financial Institutions			11,731,606	5,492,341
Fuel & Power			3,320,473	2,681,029
Insurance			5,777,309	4,271,717
IT			2,136,332	1,676,423
Miscellaneous			1,280,171	919,425
Paper & Printing			2,312,336	1,332,000
Textile			3,217,413	1,922,920
Total			67,326,259	49,005,346

Total market value of quoted shares is less than cost price against which provision was made for Taka 1,83,20,913.00 (note 14.03).

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
7.00	Leases, Loans and Advances		
	Inside Bangladesh		
	Lease Finance	1,391,472,131	1,443,722,413
	Term Finance	7,466,411,096	7,155,746,513
	Home Loan Refinance Scheme	4,631,159	7,094,575
		8,862,514,386	8,606,563,501
	Outside Bangladesh	-	-
		8,862,514,386	8,606,563,501
	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	137,204,139	205,804,139
	Less: Adjustment during the year	68,600,000	68,600,000
		68,604,139	137,204,139
7.01	Maturity grouping of Leases, Loans and Advances Repayable		
	- on demand	299,497,274	299,497,274
	- over 1 month but not more than 3 months	354,426,181	354,426,181
	- over 3 months but not more than 1 year	1,215,491,573	1,215,491,573
	- over 1 year but not more than 5 years	3,582,322,328	3,582,322,328
	- over 5 years	3,410,777,030	3,154,826,145
		8,862,514,386	8,606,563,501
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	89,472,424	80,260,000
	Textile industry	59,211,562	57,747,000
	Telecommunication and IT industry	165,862,919	148,905,171
	Jute and jute related goods	126,003,402	111,885,000
	Steel	696,821,037	650,723,000
	Paper	122,612,928	104,096,000
	Shipping and ship building industry	146,458,645	131,363,000
	Transport and communication	235,369,507	387,326,129
	Power, gas, water and sanitary	74,690,220	74,690,000
	Agriculture sector	324,405,684	365,694,000
	Readymade garments	836,635,255	524,113,000
	Food and allied	613,557,832	706,036,431
	Housing	2,297,838,290	2,247,614,000
	Trade & commerce	2,377,586,512	2,330,484,871
	Others	695,988,169	685,625,899
	Total	8,862,514,386	8,606,563,501

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
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	-	-
	Amount of Outstanding Advances	-	-
	Amount of Classified Advances	-	-
	Amount of Recovery/Rescheduling thereon	-	-
		<u>-</u>	<u>-</u>
7.05	Geographical location-wise Leases, Loans and Advances		
	In Bangladesh:		
	Dhaka Division	6,250,366,764	6,043,416,018
	Chittagong Division	2,411,311,788	2,382,711,649
	Sylhet Division	200,835,834	180,435,834
		8,862,514,386	8,606,563,501
	Outside Bangladesh	-	-
		8,862,514,386	8,606,563,501
7.06	Particulars of Leases, Loans and Advances		
(i)	Financing considered good in respect of which the Company is fully secured;	7,658,000,828	7,565,598,302
(ii)	Financing considered good against which the Company holds no security other than the debtors' personal security;	1,204,513,558	1,040,965,199
(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	-	-

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
(x)	Amount of classified leases, loans and advances on which interest has not been credited to income	3,132,929,439	3,147,913,048
(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	222,582,902	70,597,450
(c)	Interest charged to interest suspense account	834,648,096	861,632,587
(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	-	-

7.07 Classification of Loans and Advances

Unclassified

Standard

5,061,046,288

4,613,564,071

Special mention account

668,538,659

845,086,382

5,729,584,947

5,458,650,453

Classified

Substandard

114,553,454

149,117,155

Doubtful

202,006,996

272,230,588

Bad/Loss

2,816,368,989

2,726,565,305

3,132,929,439

3,147,913,048

8,862,514,386

8,606,563,501

7.08 Particulars of required Provision for Loans and Advances

Status of Classification	Base for Provision	Rate	Amount in BDT	
			Dec 31, 2020	Dec 31, 2019
Unclassified (General Provision)				
Standard	5,061,046,288	0.25% & 1%	46,672,864	38,213,325
Special Mention Account	564,431,379	5%	28,221,569	38,645,205
			74,894,433	76,858,530
Classified (Specific Provision)				
Sub-Standard	261,632,961	20%	52,326,592	48,843,867
Doubtful	100,817,751	50%	50,408,876	53,656,554
Bad/Loss	860,028,647	100%	860,028,647	428,097,030
			962,764,115	530,597,451
Required provision for Loans and Advances			1,037,658,548	607,455,981
Total provision maintained (notes 14.01.01 and 14.01.02)			297,477,336	147,455,981
Excess / (Short) Provision			(740,181,212)	(460,000,000)

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
	There is a provision shortfall against leases, loans & advances for Taka 98.41 crore (including Taka 4.26 crore for other assets disclosed in note no. 14.08) for the year ended 31 December 2020. The Company has obtained permission from Bangladesh Bank through letter no. DFIM(C)1054/42/2021-2396 dated 02 November 2021 for adjustment of such shortfall amount within 07 years starting from the year 2020. So for this year, the charged amount is Tk. 14,05,85,714/=.		
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	114,904,134	114,759,684
	Motor vehicles	32,876,728	37,946,728
	Furniture and fixtures	86,788,468	86,775,030
	Software	13,580,000	13,580,000
	Right of use assets	28,974,335	-
		277,123,665	253,061,442
	Less: Accumulated depreciation	157,619,286	146,318,768
	Net book value at the end of the year	119,504,380	106,742,674
	Details are shown in Annex-A.		
10.00	Other assets		
	Income generating		
	Investment in shares of subsidiary companies:		
	Inside Bangladesh	-	-
	Outside Bangladesh	-	-
		-	-
	Others		
	Interest receivable on FDR	28,095,943	29,404,300
		28,095,943	29,404,300
	Non-income generating		
	Advance Office Rent	4,962,192	8,339,157
	Advance Parking Rent	75,000	75,000
	Security Deposit	800,000	800,000
	Others (note 10.01)	495,388,825	486,633,561
		501,226,017	495,847,718
		529,321,960	525,252,017
10.01	Others		
	Advance Income Tax - Note 10.02	441,491,666	440,085,607
	Receivable Others (Legal expenses for Clients)	17,259,377	15,957,358
	Receivable from BLI Securities Limited	99	99
	Advance against Expenses	26,166,131	20,129,243
	Receivable from Sheltech Brokerage Limited	2,781,166	8,195
	Receivable from Employees	7,589,460	7,589,460
	Deferred interest Expenses - Note 10.03	-	2,194,924
	Other Assets	100,926	-
	Recovery agent Commissions Receivable	-	668,674
		495,388,825	486,633,561

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
	As per Bangladesh Bank, the Company should record a provision worth BDT 42,643,000 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 39,847,493 as explained in Note 14.08. The Company has obtained permission from Bangladesh Bank to catch up on their provision shortfall by the year. 2026 (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	-
		441,491,666	440,085,607
10.03	Deferred interest expenses	-	2,194,924
	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	82,994,924
	Less: Adjustment during the year	2,194,924	80,800,000
		-	2,194,924
10.04	Classification		
	Standard	452,742,825	463,838,054
	Bad/Loss	42,646,000	22,795,507
		495,388,825	486,633,561
11.00	Non-Banking Assets	195,987,070	195,955,359
	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)	1,207,526,127	1,100,942,307
	Outside Bangladesh	-	-
		1,207,526,127	1,100,942,307

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
12.01	Inside Bangladesh		
	Social Islami Bank Limited	572,898,598	510,835,455
	Uttara Bank Limited	44,561,481	42,896,575
	Bangladesh Bank Refinance scheme	6,633,202	10,280,719
	Mutual Trust Bank Limited	114,889,973	101,680,399
	Mercantile Bank Limited	106,702,990	100,764,498
	IFIC Bank Limited	2,839,883	3,784,660
	Bangladesh Development Bank Limited	136,000,000	137,000,000
	Sonali Bank Limited	98,000,000	94,700,000
	Agrani Bank Limited	90,000,000	60,000,000
	Janata Bank Limited	35,000,000	39,000,000
		1,207,526,127	1,100,942,307
12.02	Analysis by security		
	Secured	1,207,526,127	1,100,942,307
	Unsecured	-	-
		1,207,526,127	1,100,942,307
12.03	Repayment pattern		
	- on demand	223,000,000	193,700,000
	- within one month	136,000,000	137,000,000
	- more than one month but less than six months	-	-
	- more than six months but less than one year	626,933,163	596,125,284
	- more than one year but less than five years	221,592,964	174,117,023
	- more than five years but less than ten years	-	-
	- more than ten years	-	-
		1,207,526,127	1,100,942,307
13.00	Deposit and other accounts		
	Term deposit	6,052,008,721	5,853,159,929
	Fixed deposit	-	-
	Short term deposit	-	-
	Staff security deposit	-	-
	Deposit pension scheme	-	-
	Monthly savings scheme	24,321,000	30,618,000
		6,076,329,721	5,883,777,929
13.01	Maturity Analysis of Deposits		
	From banks, financial institutions and other institutions :		
	- on demand	-	-
	- within one month	792,734,420	1,452,433,553
	- more than one month but less than six months	1,849,713,646	3,195,344,825
	- more than six months but less than one year	1,399,391,297	219,369,784
	- more than one year but less than five years	1,076,609,967	33,319,373
	- more than five years but less than ten years	-	-
	- unclaimed deposits for ten years or more	-	-
		5,118,449,330	4,900,467,535
	Other than banks, financial institutions and other institutions :		
	- on demand	-	-
	- within one month	49,628,787	155,333,754
	- more than one month but less than six months	59,051,502	485,333,754
	- more than six months but less than one year	620,947,182	215,356,934
	- more than one year but less than five years	53,269,435	107,881,152
	- more than five years but less than ten years	174,983,486	19,404,800
	- unclaimed deposits for ten years or more	-	-
		957,880,392	983,310,394
		6,076,329,721	5,883,777,929

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
14.00	Other Liabilities		
	Provision for Loans and Advances	297,477,336	147,455,981
	Interest Suspense Account	834,648,096	861,632,587
	Provision for Investment	18,320,913	24,977,091
	Provision for Income Tax	311,104,809	306,786,149
	Provision for Other Assets	2,795,507	2,795,507
	Deferred Tax Liability/(assets)	(1,856,409)	(2,496,897)
	Lease Deposit	29,872,285	30,376,605
	Unclaimed Dividend	594,530	594,530
	Share Money Deposit	159,916	159,916
	Interest Payable	292,247,711	252,278,737
	Sundry Creditors	586,236,192	279,206,841
		2,371,600,887	1,903,767,048
14.01	Provision for Loans and Advances		
	14.01.01 Provision for Unclassified Loans and Advances		
	Opening balance	76,858,531	83,895,165
	Add: Provision for the year	(1,964,097)	(7,036,634)
	Less: Transferred to provision for other assets during the year	-	-
	General provision for the year	-	-
	Closing balance	74,894,434	76,858,531
	14.01.02 Provision against Classified Loans and Advances		
	Opening balance	70,597,450	438,088,217
	Less: Interest fully waived during the year	-	-
	Add: Recovery of advances previously written off	-	-
	Add: Specific provision for the year	151,985,452	(367,490,767)
	Closing balance	222,582,902	70,597,450
		297,477,336	147,455,981
14.02	Interest Suspense Account		
	Opening balance	861,632,587	938,285,033
	Addition during the year	(26,984,490)	(76,652,447)
	Recovered during the year	-	-
	Closing balance	834,648,096	861,632,587
14.03	Provision for Investment		
	Opening balance	24,977,091	19,231,251
	Add: Provision for the year	(6,656,178)	5,745,840
	Less: Adjustment during the year	-	-
	Closing balance	18,320,913	24,977,091
14.04	Provision for Income Tax		
	Opening balance	306,786,149	301,013,241
	Add: Provision made during the year	4,318,659	5,772,909
		311,104,809	306,786,149
	Less: Settlement during the year	-	-
	Closing balance	311,104,809	306,786,149

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
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	690,033,907	897,753,917
	(ii) Investment Income	877,168	1,765
	(iii) Other Operating Income	28,865,450	64,395,778
	Total	719,776,525	962,151,460
	Minimum Tax @	0.60%	0.60%
	Current tax	4,318,659	5,772,909
	Add: Provision made for Previous Year	-	-
		4,318,659	5,772,909
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	-
		311,104,809	306,786,149
14.05	Deferred Tax Liability/(Assets)		
	Opening balance	(2,496,897)	(2,934,353)
	Less: Adjustment during the year	640,488	437,456
	Closing balance	(1,856,409)	(2,496,897)
14.05.01	Deferred tax		
	Carrying amount of Fixed Assets	90,530,044	106,693,111
	Tax base value of Fixed Assets	95,480,467	113,351,503
	Deductible temporary difference	(4,950,423)	(6,658,392)
	Tax Rate	37.50%	37.50%
		(1,856,409)	(2,496,897)

Detailed calculation of Deferred Tax Liability is included in Annexure B

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
14.06	Interest Payable	292,247,711	252,278,737
	As per Bangladesh Bank Letter No. DFIM(C)/1054/42/2017 dated 14 June 2017, Taka 8.08 crore has been accounted for as Interest Expense for the Four Quarter (Taka 2.02 crore in each quarter of March, June, September and December) for the year 2016, 2017, 2018 to 2019 and the rest amount i.e. Taka 2,194,924.00 has been charged for the year 2020.		
14.07	Sundry Creditors		
	Income Tax Payable	156,683,083	89,897,091
	VAT Payable	1,479,311	440,874
	Salary & Allowance Payable	1,061,438	-
	Office Rent Payable	2,860,890	437,750
	Utility Payable	803,498	369,791
	Audit Fee Payable	330,000	150,000
	Other Payable	27,834,096	27,653,635
	Sundry Accounts (Party)	302,918,111	81,012,539
	Sundry Accounts (Others)	3,396,287	25,848,175
	Excise Duty Payable	1,766,870	425,750
	Sundry Account (Documents)	1,277,556	1,313,707
	Security Money Payable (Vendor/Supplier)	160,830	160,830
	Telephone and Internet Bill Payable	216,170	241,283
	Delinquent Charge Suspense Account	40,907,242	48,858,335
	IDCP Charge Suspense Account	468,846	430,735
	Premature Charge Suspense Account	1,436,226	1,368,037
	Additional Interest - Suspense Account	12,323,005	-
	Sundry Accounts (MSS)	515,770	325,976
	Employees P.F. Payable A/C	450,296	-
	Interest Payable on Bank Borrowing	272,333	272,333
	Lease Liability: IFRS 16 (Note 14.07.01)	28,974,335	-
	Security Money-Rental Advance (Mr. Masbaul Haque-Reverside)	100,000	-
		586,236,192	279,206,841
14.07.01	Lease Liability IFRS 16		
	Opening Balance	-	-
	Addition during the year	45,278,214	-
	Accretion Interest	1,284,401	-
	Less: Liability adjustment during the year	(17,588,280)	-
		28,974,335	-
14.08	Provision for Other Assets		
	Provision Required	42,643,000	22,795,507
	Provision Kept	2,795,507	2,795,507
	Short fall of Provision	39,847,493	20,000,000
	The Company has kept Provision Shortfall against Other Assets 3.98 Crore in the year ended 31 December 2020 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 7.08. The shortfall will be adjusted by 2026.		
15.00	Share Capital		
15.01	Authorized Capital		
	500,000,000 Shares of Taka 10 each	5,000,000,000	5,000,000,000

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019

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
	1,162,202,580	1,162,202,580

15.03 Percentage of shareholding

Category	As at 31 December			
	2020		2019	
	No. of shares	%	No. of shares	%
Sponsors	48,012,123	41.31%	48,012,123	41.31%
General Public including NRB	38,189,347	32.86%	45,594,741	39.23%
Financial institutions	30,018,788	25.83%	22,613,394	19.46%
Investment Companies	-	0.00%	-	0.00%
Foreigners	-	0.00%	-	0.00%
Total	116,220,258	100%	116,220,258	100%

15.04 Classification of shareholders by holding

Holding	No. of shareholders		Total holding percentage (%)	
	2020	2019	2020	2019
Less than 5000	4,807	5,218	4.27	4.78
5001 to 50,000	974	1,160	11.82	14.45
50,001 to 100000	68	81	3.98	4.85
100001 to 200000	44	52	5.29	6.26
200001 to 300000	10	10	2.08	2.09
300001 to 400000	5	7	1.52	2.25
400001 to 500000	6	5	2.33	1.97
500001 to 1000000	11	12	6.68	7.39
Over 1,000,001	16	14	62.04	55.96
Total	5,941	6,559	100	100

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019

15.05 Name of Directors and their shareholdings

Sl.	Name	Status	2020	2019
1	Mr. Khan Mohammad Moinul Hasan	Independent Director & Chairman	-	-
2	Mr. Abu Zakir (Represents of Alphabet Systems Ltd)	Nominated Director & Vice Chairmen	5,673,868	5,673,868
3	Mr. Masud Hossain Khan (Represents of Alphabet Associates Limited)	Nominated Director & Vice Chairman	5,670,588	5,670,588
4	Mr. AQM Faisal Ahmed Chowdhury	Sponsor Director	2,721,064	2,721,064
5	Mr. Md. Altaf Hossain (Represents of Oparchor Trade International Ltd.)	Nominated Director	8,321,520	8,321,520
6	Mrs. Amatun Noor (Represents of Qasraj Trading Ltd.)"	Nominated Director	11,621,656	11,621,656
7	Mr. Abu Bakar Zahan Raminton Raza (Represents of Raqas Trade International Limited)	Nominated Director	5,794,796	5,794,796
8	Mr. Md. Habibur Rahman	Independent Director	-	-
9	Barrister Shameem Haider Patwary, MP Appointed as Independent Director since 11-Mar-2020 in the Composition of the Board of the company	Independent Director	-	-

15.06 Capital adequacy Ratio:

Capital adequacy ratio has been calculated as per circular issued by Bangladesh Bank.

Tier-1 (Core Capital)	492,105,389	993,447,286
Paid-up Capital	1,162,202,580	1,162,202,580
Statutory Reserve	369,944,452	369,944,451
General Reserve	-	-
Retained Surplus	(1,040,041,643)	(538,699,745)
Tier-2 (Supplementary Capital):	74,894,434	76,858,531
General Provision maintained against Unclassified Loans	74,894,434	76,858,531
Other Reserves	-	-
Total Capital Held (Tier 1 + Tier 2)	566,999,823	1,070,305,817
Total Risk Weighted Assets (Note 15.06.01)	9,267,515,000	9,411,824,010
Required capital (10% of risk-weighted assets or Tk. 100.00 Crore whichever is higher)	926,751,500	941,182,401
Total Capital Held	566,999,823	1,070,305,817
Capital Adequacy Ratio	6.12	11.37
Core Capital	5.31	10.56
Supplementary Capital	0.81	0.82

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

Gross Risk-Weighted Assets (RWA) of 2020 in the various categories of risk weights are detailed below :

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019

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 2020	
	Principal Amount	Risk Weighted
0%	741,587,789	-
20%	330,700,000	66,140,000
50%	1,997,000,000	998,500,000
75%	157,400,000	118,050,000
100%	3,133,300,000	3,133,300,000
125%	3,105,500,000	3,881,875,000
150%	653,100,000	979,650,000
Total	10,118,587,789	9,177,515,000

(b) Risk Weights for Market Risk 55,300,000

(c) Risk Weights for Operational Risk 34,700,000

Total Risk Weighted Assets (a+b+c) 9,267,515,000

16.00 Statutory reserve

Opening balance	369,944,452	342,960,175
Addition during the year	-	26,984,277
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	(538,699,745)	(646,636,858)
Addition during the year	(501,341,898)	134,921,390
Less: Transfer to statutory reserve	-	(26,984,277)
Less: Issue of bonus shares	-	-
Closing balance	(1,040,041,643)	(538,699,745)

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	-	-

Notes	Particulars	Amount in BDT	
		Dec 31, 2020	Dec 31, 2019
	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	-	-
		<u>-</u>	<u>-</u>
20.00	Profit and Loss Statement		
	Income		
	Interest, discount and similar income	690,033,907	897,753,917
	Dividend income	722,303	217,504
	Fees, commission and brokerage	-	-
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	154,865	(215,739)
	Gains less losses arising from dealings in foreign currencies	-	-
	Income from non-company's assets	-	-
	Other operating income	28,865,450	64,395,778
	Profit less losses on interest rate changes	-	-
		719,776,525	962,151,460
	Expenses		
	Interest, fees and commission	799,829,521	869,096,895
	Losses on loans and advances	-	-
	Administrative expenses	125,496,376	150,376,684
	Other operating expenses	114,449,571	149,033,819
	Depreciation on banking assets	33,018,630	20,333,363
		1,072,794,098	1,188,840,760
	Profit/(loss) Before Provision	(353,017,573)	(226,689,300)
		<u>(353,017,573)</u>	<u>(226,689,300)</u>
		January 01 to December 31	
		2020 (BDT)	2019 (BDT)
21.00	Interest Income		
	Interest on leases, loans and advances:		
	Lease finance	100,401,802	377,773,204
	Term finance	580,258,342	467,656,845
	Home loan/Margin loan	440,700	732,109
		681,100,844	846,162,157
	Interest on:		
	Accounts with foreign banks	-	-
	Balances with other banks and financial institutions	8,933,063	51,591,759
		690,033,907	897,753,917
		<u>690,033,907</u>	<u>897,753,917</u>

Notes	Particulars	January 01 to December 31	
		2020 (BDT)	2019 (BDT)
22.00	Interest Paid on Deposits, Borrowings, etc.		
	Interest on deposits:		
	Fixed/term deposits	690,401,324	735,267,055
	Savings deposits	3,584,883	2,017,244
		693,986,207	737,284,299
	Interest on borrowings:		
	Local banks including Bangladesh Bank	104,558,913	131,812,596
	Interest on Lease rent (IFRS 16)	1,284,401	-
	Foreign banks	-	-
		799,829,521	869,096,895
23.00	Investment Income		
	Dividend on shares	722,303	217,504
	Gain on Sale of Marketable Securities	154,865	(215,739)
		877,168	1,765
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	22,934,158	4,852,189
	Delinquent charge	4,557,698	53,149,727
	Documentation and processing fee including stamp charge	757,986	355,530
	Transfer fee	138,750	1,111,711
	Other Operating Income	476,858	4,926,621
		28,865,450	64,395,778
26.00	Salary and Allowances		
	Salary and allowance	99,690,262	104,345,563
	Provident fund contribution	5,371,069	4,943,396
	Festival Bonus	10,370,082	9,597,518
	Overtime	357,436	243,584
	Medical & Welfare Expenses	3,221	400
		115,792,070	119,130,461
27.00	Rent, Taxes, Insurance, Lighting, etc.		
	Rent, rates and taxes (Note 27.01)	266,640	16,100,633
	Utilities	3,296,779	3,564,779
	Insurance	214,986	190,797
		3,778,405	19,856,209

Notes	Particulars	January 01 to December 31	
		2020 (BDT)	2019 (BDT)
27.01	Disclosure related to Rent, rate and taxes:		
	Actual rental Expenses	17,854,920	-
	Less: Reclassification of rent expenses (as per IFRS 16: Leases)	17,588,280	-
	Rent expenses as reported	266,640	-
28.00	Legal Expenses		
	Legal expenses	265,000	279,000
	Consultancy fees	-	580,000
		265,000	859,000
29.00	Postage, Stamps, Telecommunication, etc.		
	Phone, fax and internet	1,520,632	2,026,390
	Court fees and stamps	41,180	131,725
	Postage and courier	72,130	122,713
		1,633,942	2,280,828
30.00	Stationery, Printing, Advertisements, etc		
	Advertisement	800,800	825,151
	Stationery and printing	2,586,160	1,241,809
		3,386,960	2,066,960
31.00	Chief Executive Officer's Salary and Fees		
	Basic salary	-	2,854,839
	Allowances	-	1,998,387
	Festival Bonus	-	500,000
		-	5,353,226
<p>During the year, the Company did not have any person in the role of Managing Director. This role was fulfilled by the Additional Managing Director on an interim basis. During the year, the Additional Managing Director received Basic Salary of 28,80,000, Allowance of 19,20,000 and Festival Bonus of 5,52,000.</p>			
32.00	Directors' Fees		
	Taka 8,000 per Director per meeting	440,000	680,000
		440,000	680,000
<p>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.</p>			
33.00	Auditors' Fees	200,000	150,000

Notes	Particulars	January 01 to December 31	
		2020 (BDT)	2019 (BDT)
34.00	Depreciation and Repairs of Company's Assets		
	Repairs		
	Furniture and fixtures and equipments	671,787	2,408,949
	Vehicles	1,088,276	945,540
	Software development	-	-
		1,760,063	3,354,489
	Depreciation		
	Office equipment	6,223,841	7,232,929
	Motor vehicles	2,673,354	3,049,074
	Furniture and fixtures	4,319,231	4,524,043
	Right of use assets	16,303,879	-
		29,520,305	14,806,046
	Amortization of software	1,738,262	2,172,827
		33,018,630	20,333,363
35.00	Other Expenses		
	Share issue expenses	1,170,882	1,170,882
	AGM expenses	-	1,902,881
	Business development expenses	-	-
	Vehicle expenses	3,999,488	5,085,991
	Entertainment	831,890	956,407
	Meeting expenses	-	-
	Bank charges and excise duty	460,635	500,135
	Travelling expenses	1,100,705	1,811,260
	Office maintenance	775,716	1,991,275
	Books and periodicals	22,445	42,176
	Miscellaneous expenses	871,009	187,253
	Commission on TDR	25,465,446	52,100,198
	VAT paid	3,633,366	7,339,886
	Fees, fine and subscription	5,544,871	3,022,877
	Income tax expense	1,178,253	773,764
	Loss on disposal of fixed asset	-	539,013
	Lunch Subsidy	794,866	3,009,821
	Charge for FICL and GL gap	68,600,000	68,600,000
		114,449,571	149,033,819
36.00	Provision against leases, loans and advances		
	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
	Less: Provision as on 31 December of previous year		
	Provision against unclassified leases, loans and advances	76,858,531	83,895,165
	Provision against classified leases, loans and advances	70,597,450	438,088,218
		147,455,981	521,983,382
	Provision made during the year	150,021,355	(374,527,401)

Notes	Particulars	January 01 to December 31	
		2020 (BDT)	2019 (BDT)
37.00	Provision for diminution in value of investments		
	Provision for investment	18,320,913	24,977,091
	Less: Provision as on 31 December of previous year	24,977,091	19,231,251
	Provision made/(adjustment) during the year	(6,656,178)	5,745,840
38.00	Earnings per Share		
	Earnings Attributable to the Ordinary Shareholders (Net profit after tax)	(501,341,898)	134,921,390
	Number of ordinary shares outstanding during the year	116,220,258	116,220,258
	Earnings per share	(4.31)	1.16
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		
39.01	Operating profit before changes in operating assets and liabilities	(326,568,731)	(91,034,555)
	Number of ordinary shares outstanding during the year	116,220,258	116,220,258
	Net operating profit before changes in operating assets and liabilities	(2.81)	(0.78)
39.02	Net cash used in operating activities	(115,081,014)	(988,897,687)
	Number of ordinary shares outstanding during the year	116,220,258	116,220,258
	Net operating cash flow per share	(0.99)	(8.51)
	Net operating cash flow per share (NOCFPS) for the period ended 31 December 2020 is (0.99) whereas the same period of earlier year was (8.51).		
40.00	Reconciliation of cash flows from operating activities		
	Net profit after tax	(501,341,898)	134,921,390
	Add: Income Tax Provision	4,318,659	6,210,365
	Less: Income tax paid	(1,406,059)	(2,950,748)
	Add: Depreciation (excluding IFRS 16)	14,954,688	16,978,874
	Less: Profit on sale of fixed assets	(84,271)	539,013
	Add: Provision for leases, loans & advances	150,021,355	(246,733,449)
	Change in leases, loans & advances	(255,950,885)	187,488,259
	Change in deposit and other accounts	192,551,792	(983,634,898)
	Change in other liabilities (excluding taxes, provisions)	284,519,489	(162,143,403)
	Change in other assets (excluding AIT)	(2,663,884)	60,426,911
	Cash flows from operating activities	(115,081,014)	(988,897,687)
41.00	Net asset value per share		
	Net Assets	492,105,389	993,447,287
	Number of ordinary shares outstanding	116,220,258	116,220,258
	Net asset value per share	4.23	8.55

Notes	Particulars	January 01 to December 31	
		2020 (BDT)	2019 (BDT)

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 31Dec 2020	Receivable at 31Dec 2019
NIL			NIL	NIL
		-	-	-

43.00 Board Meeting

During the year under reporting, Seven (7) board meetings were held.

44.00 Audit Committee

(as on 31.12.2020)

Name of committee member	Status with the Company	Status with the Committee	Educational Qualification
Mr. Md. Habibur Rahman	Independent Director	Chairman	L.L.M, University of Dhaka
Mr. A.Q.M. Faisal Ahmed Chowdhury	Sponsor Director	Member	Graduate, University of Dhaka
Ms. Amatun Noor	Nominated Director	Member	Masters in Sociology
Mr. Abu Bakar Zahan Raminton Raza	Nominated Director	Member	BSS
Mr. Md. Altaf Hossain	Nominated Director	Member	MSS (Economics)

During the year 2020 the audit committee has performed the following activities:

- review of the company's draft financial statements for the year ended 31 December 2019 for their presentation to the board for approval;
- recommendation on the appointment of external auditor 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 Bangladesh Bank Inspection Report along with company's reply for its presentation to the board meeting for approval and onward submission to Bangladesh Bank.
- 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 2019; and

Two (02) meetings of audit committee were held during the year 2020 where CEO, Head of Internal Control & Compliance and HOF were invited to participate.

45.00 Others

45.01 Contracts and disbursements

Contract/Sanction	93,440,000	244,045,000
Execution/Disbursement	189,040,000	45,045,000

- 45.02 Credit facility not availed**
 There was no such credit facility available to the Company as on 31 December 2020 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 450,508,075 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 2020, 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 November 14, 2021.
 “
- 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 333th Meeting held on November 14, 2021 decided to declared no dividends on the financial statements of 2020. 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 confirm 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/-
Company Secretary (CC)	Head of Finance	Managing Director & CEO	Director	Chairman

First Finance Limited
Schedule of Fixed Assets
As at 31 December 2020

Annexure-A

Particulars	Cost			Rate	Depreciation			Written down value as at 31 Dec 2020
	Balance as at 01 Jan, 2020	Addition during the year	Disposal made during the year		Balance as at 31 Dec, 2020	Charge for the year	Adjustment made during the year	
Office equipment	114,759,684	144,450	-	15%	73,267,432	6,223,841	-	35,412,861
Motor vehicles	37,946,728	-	5,070,000	20%	24,579,959	2,673,354	3,654,171	9,277,586
Furniture and fixtures	86,775,030	13,438	-	10%	43,582,688	4,319,231	-	38,886,549
Sub Total	239,481,442	157,888	5,070,000		141,430,079	13,216,426	3,654,171	83,576,996
Software in Progress	13,580,000	-	-	20%	4,888,690	1,738,262	-	6,953,048
As at December 31, 2020	253,061,442	157,888	5,070,000		146,318,769	14,954,688	3,654,171	90,530,044
As at December 31, 2019	255,912,788	5,733,506	8,584,852		136,469,492	16,978,874	7,129,596	106,742,673

IFRS: 16-Right of use assets

Particulars	Cost			Rate	Depreciation			Written down value as at 31 Dec 2020
	Balance as at Jan 01, 2020	Addition during the year ended	Adjustment during year ended		Balance as at Dec 31, 2020	Charge for the year	Adjustment made during the year	
Right of use assets	Taka	Taka	Taka		Taka	Taka	Taka	Taka
	-	45,278,214	-		-	16,303,879	-	28,974,335
Total Taka: 2020	-	45,278,214	-		-	16,303,879	-	28,974,335
Total Taka: 2019	-	-	-		-	-	-	-
Grand:	253,061,442	45,436,102	5,070,000		146,318,769	31,258,567	3,654,171	119,504,379

First Finance Limited
Schedule of Fixed Assets based on Income Tax Ordinance 1984
As at 31 December 2020

Annexure-B

Particulars	Balance as at 01 Jan, 2020	Addition during the year	Disposal made during the year	Balance as at 31 Dec, 2020	Rate	Depreciation charged for the year	Written down value as at 31 Dec 2020
Office Equipment	54,693,177	144,450	-	54,837,627	10%	5,483,763	49,353,864
Motor Vehicles	12,639,852	-	5,070,000	7,569,852	20%	1,513,970	6,055,882
Furniture and Fixtures	42,623,474	13,438	-	42,636,912	10%	4,263,691	38,373,221
Software	3,395,000	-	-	3,395,000	50%	1,697,500	1,697,500
Total	113,351,503	157,888	5,070,000	108,439,391		12,958,924	95,480,467

Written Down Value at 31 December 2020 as per Accounts (a) 90,530,044

Written Down Value at 31 December 2020 as per Income Tax Ordinance 1984 (b) 95,480,467

Difference (c=a-b) (4,950,423)

Deferred Tax Liability / (Asset) as at 31 December 2020 (1,856,409)

First Finance Limited
Details of Highlights
As at 31 December 2020

Sl.	Particulars	Amount in BDT Annexure-C	
		Dec 31,2020	Dec 31,2019
1	Paid-up capital	1,162,202,580	1,162,202,580
2	Total capital /equity	492,105,389	993,447,286
3	Total assets	10,147,562,124	9,881,934,571
4	Total deposit	6,076,329,721	5,883,777,929
5	Total loan, lease and advance	8,862,514,386	8,606,563,501
6	Total contingent liabilities and commitments	-	-
7	Credit deposit ratio (%)	121.67	123.22
8	Percentage of classified loan (%)	35.63%	34.79%
9	Operating profit	(353,017,573)	(226,689,300)
10	Profit after tax and provision	(501,341,898)	134,921,390
11	Amount of classified loan/ lease	3,132,929,439	3,147,913,048
12	Provision kept against classified loan/ lease	297,477,336	147,455,981
13	Provision surplus/(deficit)	(780,028,705)	(480,000,000)
14	Cost of fund (%)	10.81	11.06
15	Interest earning assets	9,191,189,904	8,931,662,939
16	Non-interest earning assets	956,372,220	950,271,632
17	Return on investment (ROI) (%)	(5.66)	1.57
18	Return on assets (ROA) (%)	(4.94)	1.37
19	Income from Investments	877,168	1,765
20	Earning per share (EPS)	(4.31)	1.16
21	Operating profit per share	(3.04)	(1.95)
22	Price earning ratio (times)	(1.51)	3.62

First Finance Limited
Statement of Year wise details of Corporate Tax Assessment from 2007-2008 to 2021-2022
As at 31 December 2020

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)	Have got the Order from High Court but Tax Department filed Appeal against the Order.
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)	
2009	2009-2010	2010-2011	9,011,752	17,976,882	26,988,634	5,000	(9,006,752)	(26,983,634)	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	12,675,315	47,608,275	58,441,988	23,509,028	10,833,713	34,500,000	23,941,988	Assessment as per Appellate Tribunal
2012	2012-2013	2013-2014	30,707,483	27,599,817	58,307,300	80,327,004	49,619,521	22,019,704	-	80,327,004	Assessment as per Appellate Tribunal
2013	2013-2014	2014-2015	21,326,246	56,496,000	77,822,246	140,818,673	119,492,427	62,996,427	40,000,000	100,818,673	Assessment as per Appellate Tribunal
2014	2014-2015	2015-2016	63,278,620	1,019,750	64,298,370	102,231,155	38,952,535	37,932,785	48,064,000	54,167,155	Assessment as per Appellate Tribunal
2015	2015-2016	2016-2017	40,952,072	9,776,594	50,728,666	108,401,075	67,449,003	57,672,409	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	13,668,829	13,518,829	33,416,406	35,629,921	Assessment as per 1st appeal
2017	2017-2018	2018-2019	6,772,452	1,137,332	7,909,784	38,669,044	31,896,592	30,759,260	10,290,115	28,378,929	Pending with Appellate Tribunal
2018	2018-2019	2019-2020	6,398,848	-	6,398,848	151,668,779	145,269,931	145,269,931	4,518,478	147,150,301	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	-	1,406,021	1,406,021	-	-	(1,406,021)	4,458,422	(4,458,422)	Audit under process
Total			301,522,539	156,997,120	458,519,659	761,752,647	460,230,108	303,232,988	311,244,572	450,508,075	

| 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
28th Annual General Meeting of the Company to be held on **30th December, 2021 at 3.00 p.m.** virtually by using digital platform
through the link: **<http://ffl28agm.digitalagmbd.net>** and at any adjournment thereof.

Signed this day of, 2021

Signature of Shareholder(s)

Signature of Proxy

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

or

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

No. of shares held on Record Date i.e. **06 December, 2021**

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.



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