



ফাস্ট ফাইন্যান্স লিমিটেড

**First Finance** Limited

আপনার সকল আর্থিক প্রয়োজনে . . .

**ANNUAL  
REPORT**  
**2018**



**CELEBRATING SUCCESS SINCE 1993**



ফার্স্ট ফাইন্যান্স লিমিটেড  
**First Finance** Limited  
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REPORT**  
**2018**



**CELEBRATING SUCCESS SINCE 1993**

## FINANCE AT YOUR PERCEPTION

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First Finance Limited (FFL) is one of the pioneer financing institutes in Bangladesh. Since its inception FFL has been playing a significant role in financial sector and provides financial support to private and public sectors for acquiring Industrial machineries, Working capital, Housing financing, Work Order financing, SME financing etc. The Management of FFL has emphasised on SME Finance particularly for the Women Entrepreneur to contribute in the development of country economy.

FFL always endeavors to diversify into other financial services, which have long-term prospects. FFL has expanded its range of services by introducing Housing and Short-term financing in the year 2001, which have broadened our customer base. In line with further diversification program FFL has encouraged in transport financing facility, SME finances and Bangladesh Bank Refinancing projects. With its continuous drive in introducing new ,financial products and services tailored to clients need, FFL is on its way to become one of the leading multi-product financial institutions of the country in coming years.

We ensure that all of our valued customers enjoy excellent services and facilities. We are determined to do all we can to build, maintain and enhance as an international standard financial institution and provide various financial services of excellence.

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## LETTER OF TRANSMITTAL

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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, 2018

Dear Sir(s),

We forward herewith copy(s) of Annual Report 2018 of First Finance Limited along with Audited Financial Statements as on the position of December 31, 2018 including Income Statements, Cash Flow Statements along with notes thereon on the financials for your kind perusal and record.

Yours sincerely

Company Secretary (Current Charge)

Dhaka

## NOTICE

### Notice of the 26<sup>th</sup> Annual General Meeting

Notice is hereby given that the pending 26<sup>th</sup> Annual General Meeting (AGM) of First Finance Limited will be held on Sunday, March 21, 2021 at 11.30 a.m. (Bangladesh Standard Time). The AGM will be held virtually by using digital platform through the following link <http://ffl26agm.digitalagmbd.net> to transact the following businesses:

### AGENDA

01. To confirm the proceedings of the 24<sup>th</sup> and 25<sup>th</sup> Annual General Meeting of the Company held on 25 July, 2019.
02. To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statement for the year ended on December 31, 2018.
03. To declare Dividend for the year 2018 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 2019 until conclusion of 27<sup>th</sup> AGM and to fix their remuneration;
07. To appoint the Corporate Governance Compliance Auditor for the year 2019 until conclusion of 27<sup>th</sup> AGM and to fix their remuneration;
08. To transact any other business with the permission of the Chair.

By the order of the Board

Sd/-

Mohammad Ekramur Rahman  
Company Secretary (Current Charge)  
E-mail: [secretary@first-finance.com.bd](mailto:secretary@first-finance.com.bd)

Dated: February 25, 2021

### NOTES:

01. The record date was fixed on **23 July, 2019**. 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, 2018.
03. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/25 dated 08 July, 2020, 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, the Members need to put their 16-digit Beneficial Owner (BO) ID number / Folio number and other credential as proof of their identity by visiting the link
05. The detailed procedures to participate in the virtual meeting and Frequently Asked Questions (FAQs) have been published on the Investor Relations section of the Company's website at: [www.first-finance.com.bd](http://www.first-finance.com.bd)
06. We encourage the Members to log in to the system prior to the meeting start time of 11.30 a.m. (BST) on 21 March, 2021. Please allow ample time to login and establish your connectivity. The webcast will start at 11:30 am (BST). Please contact **01987007880** for any technical difficulties in accessing the virtual meeting.
07. 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](mailto:share@first-finance.com.bd) not later than 72 hours before commencement of the AGM.
08. 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 2018 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 2018 will also be available on the Investor Relations section of the Company's website at [www.first-finance.com.bd](http://www.first-finance.com.bd).



## CORPORATE INFORMATION

Date of Incorporation	: 28 <sup>th</sup> June, 1993
Authorized Capital	: BDT 5,000.00 million
Paid-Up Capital	: BDT 1,162.20 million
Statutory Reserve	: BDT 342.96 million
Registered Head Office	: Jahangir Tower (3rd Floor), 10, Kawran Bazar C/A Dhaka-1215, Bangladesh
Type of Organization	: Financial Institution
Nature of Business	: Lease Finance, Corporate Finance, Term Loan Financing, Real-Estate & Housing Financing, Home Loan, SME Finance, Women Entrepreneur Finance, TDR, MSS, etc.
Number of Directors	: 10 (Ten)
Number of Shareholders	: 7,253
Number of Branches	: 6 (Six)
Number of Employees	: 196
Number of Clients	: 3,682 (Investment), 1,673 (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
URL (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 public 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, 200	: 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<sup>st</sup> December, 2018

### CAPITAL STRUCTURE

Authorized Capital	Tk. 5,000.00 million
Issue Subscribed & Paid-Up Capital	Tk. 1,162.20 million
Statutory Reserve	Tk. 342.97 million

### PERCENTAGE OF SHAREHOLDING

Category of Shareholders	No of Shares	Percentage of total Shares
Sponsor & Director	49,228,268	42.36
General Public Including NRB	45,612,183	39.25
Institutions	21,379,807	18.39
Foreigners	-	-
<b>Total</b>	<b>116,220,258</b>	<b>100.00</b>

## THE PATTERN OF SHAREHOLDING ALONG WITH NAME WISE DETAILS

1) Parent/Subsidiary/Associated Company and other related shareholding: Nil

2) Shareholding of CEO, CFO, Company Secretary & Head of Internal Control & Compliance: Nil

Sl No.	Name of Executives	% of Shares as at 31.12.2017
01	Chief Executive Officer and his spouse and minor children	-
02	Chief Financial Officer and his spouse and minor children	-
03	Company Secretary and his spouse and minor children	-
04	Head of Internal Control & Compliance and his spouse and minor children	-



### 3) Shares held by Directors in 2018

	Name of the directors	Status	Opening position	Closing position	Opening %	Closing %	Change
1	<b>Alphabet Associates Ltd.</b> (Represented by Mr. Miah Nuruddin Ahmad Apu)	Nominated Director & Chairman	5,670,588	5,670,588	4.8792	4.8792	0
2	<b>Oparchor Trade International Ltd.</b> (Represented by Mr. Mohammed Jalal Uddin)	Nominated Director & Vice Chairman	8,321,520	8,321,520	7.1601	7.1601	0
3	<b>Mr. Mujibur Rahman Chowdhury</b>	Independent Director & Vice Chairman	164,287	164,287	0.1414	0.1414	0
4	<b>Qasraj Trading Ltd.</b> (Represented by M. Rashiduzzaman Millat)	Nominated Director	11,621,656	11,621,656	9.9997	9.9997	0
5	<b>Alphabet Systems Ltd.</b> (Represented by Mrs. Qazi Sauda Afrin )	Nominated Director	5,673,868	5,673,868	4.8820	4.8820	0
6	<b>Raqas Trade International Limited</b> (Represented by Mr. Md. Mahin)	Nominated Director	5,794,796	5,794,796	4.9860	4.9860	0
7	<b>Mr. AQM Faisal Ahmed Chowdhury</b>	Sponsor Director	2,721,064	2,721,064	2.3413	2.3413	0
8	<b>Mr. Ataul Haq</b>	Independent Director	0	0	0.0000	0.0000	0
9	<b>Mr. Md. Aminul Islam</b>	Independent Director	0	0	0.0000	0.0000	0
10	<b>Mr. Khan Mohammad Moinul Hasan</b>	Independent Director	0	0	0.0000	0.0000	Appointed as Independent Director since 29-04-2018 in the Composition of the Board of the company
	<b>Total</b>		<b>39,967,779</b>		<b>35.2947</b>	<b>35.2947</b>	<b>0</b>

### 4) Shareholding of Senior Executive (Top five salaried executives other than CEO, CFO, CS, HIA):

Sl No.	Name of Executives	% of Shares as at 31.12.2017
01	Mafizuddin Sarker, Executive Director	-
02	Khandaker Monwar Hossain, SEVP & Head of CRM	-
03	Zahangir Alam Bhuiyan, EVP & Head of Gulshan Branch	-
04	Asif Rahman, EVP & Head of Corporate Branch	-
05	Maksumul Mahmud, EVP, Head of Recovery & Monitoring Dept.	-

### 5) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details) - Nil

## CODE OF CONDUCT

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- ❖ Employees of First Finance shall take reasonable care about organization's confidential information to keep them secure 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 First Finance shall not provide any information to third party without prior approval of competent authority. 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, maintain high professional and ethical standards and in accordance with established guidelines and regulations.
- ❖ Employees should ensure that communications are fair, concise, clear and not misleading so that 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 First Finance 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 authority for disposal.
- ❖ The employees must avoid the 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 LAST 5 YEARS

Sl. No.	Particulars	As of 31 December				
		2014	2015	2016	2017	2018
		Taka	Taka	Taka	Taka	Taka
1	Paid-up capital	1,106,859,600	1,162,202,580	1,162,202,580	1,162,202,580	1,162,202,580
2	Total capital /equity	1,509,316,624	1,518,686,712	1,568,811,321	1,263,905,090	858,525,897
3	Total assets	9,864,571,785	10,774,367,529	10,317,887,152	11,853,236,320	11,144,240,687
4	Total deposit	5,403,051,455	6,606,356,425	5,535,081,811	6,313,974,028	6,867,412,827
5	Total loan, lease and advance	7,978,258,895	8,890,474,710	9,139,174,021	9,554,739,490	8,794,051,760
6	Total capital (eligible)	1,000,000,000	1,000,000,000	1,100,925,366	1,134,264,597	1,028,981,669
7	Surplus/(shortage capital)	106,859,600	162,202,580	61,277,214	27,937,983	113,220,921
8	Total contingent liabilities and commitments	-	-	-	-	-
9	Credit deposit ratio (%)	67.72	74.31	60.56	86.12	109.92
10	Percentage of classification of loan (%)	19.88	42.60	33.37	32.88	48.75
11	Operating profit	147,964,198	188,318,607	133,943,530	(166,597,684)	(394,463,848)
12	Profit after tax and provision	73,279,574	9,370,088	50,124,609	(304,906,230)	(405,379,193)
13	Amount of classified loan/ lease	1,585,728,000	3,592,764,541	3,241,016,803	3,074,364,623	4,186,394,263
14	Provision kept against classified loan/ lease	185,456,546	333,957,000	391,335,175	521,505,685	521,983,382
15	Provision surplus/(deficit)	53,000	(80,000,000)	(67,087,864)	-	(440,000,000)
16	Cost of fund (%)	14.40	12.43	9.28	9.19	9.93
17	Interest earning assets	7,978,258,895	8,890,474,710	9,139,174,021	9,554,739,490	8,794,051,760
18	Non-interest earning assets	1,886,312,890	1,883,892,819	1,178,713,131	2,298,496,829	2,350,188,926
19	Return on investment (ROI) (%)	0.92	0.11	0.55	(3.19)	(4.61)
20	Return on assets (ROA) (%)	0.74	0.09	0.49	(2.57)	(3.64)
21	Income from Investments	2,939,655	(2,011,966)	(131,990)	3,923,506	(904,017)
22	Earnings per share (EPS)	0.66	0.08	0.43	(2.62)	(3.49)
23	Operating profit per share	1.10	0.31	1.15	(1.43)	(3.39)
24	Price earnings ratio (times)	29.45	140.16	23.19	-	-
25	Return on Equity (ROE)	0.05	0.01	0.03	(0.24)	(0.47)

## MARKET PRICE INFORMATION-2018

### FIRST FINANCE LIMITED

Month	Dhaka Stock Exchange Ltd.			Chittagong Stock Exchange Ltd.			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	
Jan-18	12.70	11.10	1,798,244	12.10	11.00	10,168	1,808,412
Feb-18	13.00	11.30	1,027,604	12.30	11.00	3,986	1,031,590
Mar-18	11.90	8.90	278,823	12.00	9.60	18,513	297,336
Apr-18	10.70	8.00	898,211	9.50	8.20	14,992	913,203
May-18	8.50	6.90	1,120,414	8.20	7.10	38,823	1,159,237
Jun-18	7.40	6.70	521,250	7.20	6.00	4,945	526,195
Jul-18	7.70	6.00	1,022,150	7.00	6.30	8,496	1,030,646
Aug-18	7.80	6.20	1,700,064	7.80	6.00	48,655	1,748,719
Sep-18	7.50	6.20	572,750	7.50	6.70	22,538	595,288
Oct-18	7.20	6.00	648,779	7.40	6.00	15,681	664,460
Nov-18	6.60	5.50	439,096	6.00	5.10	5,221	444,317
Dec-18	6.10	5.10	865,109	6.10	5.60	6,708	871,817

Market Value Tk. 10

Year Closing-2018

Share Closing Price Tk. 5.70 (DSE), 6.00 (CSE)

Financial highlights	:	Year 2018	Year 2017
i) Net profit after tax (Taka in Million)	:	(405.38)	(304.91)
ii) Earnings per share (EPS) in Taka	:	(3.49)	(2.62)
iii) Net Asset Value (NAV) per share in Taka	:	7.39	10.88
iv) Net Operating Cash Flow per share (NOCFPS) in Taka	:	8.91	2.60

## BRANCH CONTACT

### Corporate Branch

Jahangir Tower (3<sup>rd</sup> Floor)  
 10, Kawran Bazar C/A, Dhaka-1215.  
 Telephone : (+8802) 9103689-90, 9145780  
 Fax : (+8802) 9142251-2  
 E-mail : corporate@first-finance.com.bd

### Head of Branch

**Mr. Kazi Md. Anamul Haque**  
 Cell: 01987007711

### Gulshan Branch

Gulshan Bhaban, Plot No: 355 (Ground Floor)  
 A.K. Khandakar Sarak, Mohakhali, Dhaka-1212.  
 Telephone : (+8802) 222280124, 02222280125.  
 Fax : (+8802) 9880124  
 E-mail : gulshan@first-finance.com

### Head of Branch

**Mrs. Zannatul Ferdoush**  
 Cell: 01987007758

### Wari Branch

Bakul Tola Complex (2<sup>nd</sup> Floor)  
 6 No. Folder Street, Wari, Dhaka-1203,  
 Telephone : (+8802) 9532301  
 Fax : (+8802) 9532303  
 E-mail : wari@first-finance.com.bd

### Head of Branch

**Mr. Muhammad Ashraful Islam**  
 Cell: 01987007704

### Board Bazar Branch

Member Complex (3<sup>rd</sup> Floor)  
 Board Bazar, Gazipur-1704, Bangladesh  
 Telephone : (+8802) 9293060-61  
 Fax : (+8802) 9293059  
 E-mail : boardbazar@first-finance.com.bd

### Head of Branch

**Mr. Mohammad Golam Mustofa**  
 Cell: 01987007720

### Agrabad Branch

Ayub Trade Center, 5<sup>th</sup> Floor (East Side),  
 1269/B Sk. Mujib Road, Agrabad C/A, Chattogram  
 Telephone : (+880-312) 510961, 510962  
 Fax : (+880-312) 529001  
 E-mail : agrabad@first-finance.com.bd

### Head of Branch

**Mr. Mohammad Shafi Uddin**  
 Cell: 01987007732

### Sylhet Branch

HS Tower (3<sup>rd</sup> Floor), East Dargah Gate,  
 Fayzu Mansion, Sylhet  
 Telephone : (+880821) 716003, 719266  
 Fax : (+880821) 716005  
 E-mail : sylhet@first-finance.com.bd

### Head of Branch

**Mr. Md. Jahid Hasan Sohel**  
 Cell: 01987007852



## DEPOSIT PRODUCTS

<b>Cumulative Term Deposit</b>	Minimum Deposit Amount : Tk. 10,000 Minimum Deposit Term : 3 Months
<b>Monthly Profit Term Deposit</b>	Minimum Deposit Amount : Tk. 50,000 Minimum Deposit Term : 1 year
<b>Quarterly Profit Term Deposit</b>	Minimum Deposit Amount : Tk. 50,000 Minimum Deposit Term : 1 year
<b>Double Money Term Deposit</b>	Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 5 years 03 months
<b>Triple Money Term Deposit</b>	Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 9 years
<b>Earn First Deposit Scheme</b>	Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year
<b>Monthly Savings Scheme</b>	Any Bangladeshi national can open account. In case of minor, legal guardian will operate the account. For corporate entity, account will be operated by authorized representative(s).



## THE CHAIRMAN'S STATEMENT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum and a very good morning to you all.

It is a great pleasure and honor to welcome you all at our 26th Annual General Meeting of First Finance Limited (FFL). 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 would 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.

FFL was 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, 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 196 employees and is well diversified into Corporate, SME, Industrial, Retail, Capital Market, Money Market segments.

### Financial Analysis

During the year 2018 under review FFL has ended up with a loss of Tk. 40.54 crore and after adjustment of previous year's retained earnings of Tk. (24.12) crore which at Tk. (64.67) crore as on 31.12.2018. Adjusted equity now stands at Tk. 85.85 crore as against Tk. 126.39 crore in 2017. Capital adequacy has however been maintained at 9.54% of Risk Weighted Asset (RWA) slightly below the required capital adequacy of 10% of RWA. Net interest income is negative at Tk. (19.09) crore. Total Operating Income worked out to Tk. (12.38) crore after making adjustment of 'Other Operating Income' of Tk. 6.80 crore (as against Tk. 8.89 crore in 2017) with the negative interest income. The Earning per Share (EPS) now stands negative at (3.49) as against (2.62) in 2017.

On the expenditure side total operating expense was Tk. 27.06 crore which was Tk. 24.53 crore in 2017, showing an increase of Tk. 2.53 crore mainly because of salary expenses which increased by Tk. 1.84 crore. Profit before provision was negative at Tk. (39.44) crore and after provision profit stands negative at Tk. (39.97) crore. Loan loss provision maintained against classified and unclassified loans to the tune of Tk. 0.05 crore is adequate.

This can be increased by collecting deposits and giving quality loans and through recovery of bad debts, and by diligent financial intermediation together with recovery of classified loans and cautiously addressing the rescheduling proposals.

## Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) Initiatives of the Company

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 were 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 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.

## Public Disclosure

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

## Focus and Strategy

During the year under review, our focus and strategy was concentrated on sustainable long-term growth of business, better deposit mix, improving the quality of assets, rationalizing operating cost, improving operational efficiency and productivity of resources, better and faster customer service. The new Board's motto is that First Finance Limited does not want to be just like any financial institution, but it wants to be the largest and biggest one of FI.

## Note of Appreciation

On behalf of the Board of Directors, I would like to thank the valued shareholders, patrons, borrowers, depositors, electronic and print media, law enforcement agencies, suppliers and all others stakeholders for their trust and confidence on the company. Particularly, I would like to express my utmost and fathomless respect to the Central Bank of Bangladesh and other regulators for their timely intervention through various policy guidelines which has been immensely helpful in formulation of company's own strategies at different critical times of the year.

Finally, I would also like to thank my fellow Board of Directors for their generous dedication and co-operation. I would also take this opportunity to acknowledge the contributions of all our shareholders, management, employees and our respected customers for their continuous support and contributions during the year 2018. As one of the oldest and promising non-banking financial institutions of Bangladesh, our financial strength, risk management protocols, governance framework and performance aspirations are directly attributable to a discipline that regularly brings prosperity to our shareholders and customers and adds solidity to our business model. We remain committed to our customer-centric drive which we will continue to improve further in the years to come.

## Khan Mohammad Moinul Hasan

Chairman

First Finance Limited

## MESSAGE FROM THE MANAGING DIRECTOR & CEO (CC)

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HONOURABLE SHAREHOLDERS, MEMBERS OF THE BOARD OF DIRECTORS AND INVITED GUESTS

As-Salamu Alaikum and a very good morning to you all

It is my great honour and privilege for welcoming you all at to our the pending 26th Annual General Meeting ceremony today, 21 March, 2021 for the year ended on 31st December 2018. This auspicious ceremony provides us an opportunity to share a detail information regarding the operational performances of First Finance Limited with different authorities like Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Bangladesh Ltd., our Auditors, Customers and with your kind selves.

### Progress of First Finance

The company achieved a reasonable progress in 2018 despite challenges and odds in the financial sector continued to experience prolonged slowdown in growth. I am pleased to present a picture of a comparable overcome growth over the last year. 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 2018, 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. Our 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 is making 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 2018 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).

### **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 my heartfelt thanks to all for their kind participation in our mission during the year 2018.

**(Md. Tuhin Reza)**

Managing Director & CEO (CC)  
First Finance Limited

## PRESENT BOARD MEMBERS

01.	<b>Mr. Khan Mohammad Moinul Hasan</b>	Chairman
02.	<b>Mr. Masud Hossain Khan</b>	Vice-Chairman & Nominated Director
03.	<b>Mr. Abu Zakir</b>	Vice-Chairman & Nominated Director
04.	<b>Mr. A.Q.M. Faisal Ahmed Chowdhury</b>	Director
05.	<b>Ms. Amatun Noor</b>	Nominated Director
06.	<b>Mr. Raminton Raza</b>	Nominated Director
07.	<b>Mr. Md. Altaf Hossain</b>	Nominated Director
08.	<b>Mr. Md. Habibur Rahman</b>	Independent Director
09.	<b>Barrister Shameem Haider Patwary, MP</b>	Independent Director

## EXECUTIVE COMMITTEE

01.	<b>Mr. Md. Altaf Hossain</b>	Chairman
02.	<b>Mr. Abu Zakir</b>	Member
03.	<b>Mr. Raminton Raza</b>	Member

## AUDIT COMMITTEE

01.	<b>Mr. Md. Habibur Rahman</b>	Chairman
02.	<b>Mr. A.Q.M. Faisal Ahmed Chowdhury</b>	Member
03.	<b>Mrs. Amatun Noor</b>	Member
04.	<b>Mr. Md. Altaf Hossain</b>	Member
05.	<b>Mr. Raminton Raza</b>	Member

## DIRECTORS PROFILE FOR ANNUAL REPORT

### **Mr. Khan Mohammad Moinul Hasan, Chairman**

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 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.

### **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 is also been selected as the Member of the Executive Committee of FFL.

He has been unanimously elected as the Vice Chairman of the Board of First Finance Limited on November 17, 2020.

### **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 on the Textiles Sector and has been involved in export, indenting & supply of textiles machineries. He has also been selected as the member of the Audit Committee of FFL.



#### **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 nominated 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 selected as Chairman of the Audit Committee of FFL.

#### **Barrister Shameem Haider Patwary, MP, Independent Director**

Barrister Shameem Haider Patwary, MP is a Member of Parliament from Gaibandha – 1 constituency who obtained Bar-at-law degree from Inns of Court School of Law, City University, London, UK. He is a member of Bangladesh Bar Council, Dhaka Bar Association and Bangladesh Supreme Court Bar Association. Presently he is the head of Chamber of Patwary Jurists and Associates and also the Chairman of Board of Trustees of Dhaka International University. He is also engaged with various educational and social organizations. Barrister Patwary, MP joined as an Independent Director of First Finance Limited on March 19, 2020.

## MANAGEMENT COMMITTEE (MANCOM)

01.	<b>Mr. Md. Tuhin Reza</b>	Managing Director & CEO (CC)
02.	<b>Mr. A K M Shameem Chowdhuri</b>	Chief Specialist-Media Communication & Branding
03.	<b>Mr. Khandaker Monwar Hossain</b>	SEVP & Head of CRM
04.	<b>Mr. Maksumul Mahmud</b>	EVP & Head of Central Operation Unit
05.	<b>Mr. Mohammad Sabur Khan Dipu</b>	SVP & Head of Treasury
06.	<b>Mr. Mohammad Enamur Rahman</b>	Head of Finance
07.	<b>Mr. Wahid Adnan Rajib</b>	VP & Head of Recovery
08.	<b>Ms. Hasina Jannat</b>	VP & Head of Monitoring & Collections
09.	<b>Mr. Abdullah S. M. Asif</b>	SAVP & Head of ICT & Branding
10.	<b>Mr. Sujit Roy</b>	SAVP & Head of CAD
11.	<b>Mr. Md. Anisur Rahman</b>	SAVP & Head of GSD
12.	<b>Mr. Anamul Huq</b>	AVP & Head of Legal
13.	<b>Mr. Md. Jahangir Hossain</b>	AVP & Head of Human Resources

## DIRECTORS REPORT TO THE SHAREHOLDERS

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Dear Shareholders,

With immense pleasure, the Board of Directors of First Finance Limited (FFL) take this opportunity of presenting the Annual Report and the Audited Financial Statements for the year ended December 31, 2018 together with the Report of the Auditors to the Shareholders on the occasion of 26th Annual General Meeting (AGM) of the company for your values consideration, adoption and approval.

The Director's report has been prepared in compliance with Section 184 of the Companies Act, 1994, BSEC's Notification of June 03, 2018, The Dhaka & the Chittagong Stock Exchange (Listing) Regulations, 2015; guidelines of Bangladesh Bank and other applicable rules and regulations. 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.

### Industry Outlook and analysis

In terms of financial health, NBFIs' have a large role for promoting economic development of Bangladesh. They are providing the financial support to meet the growing needs of different types of industries such as manufacturing and service industries, agriculture, micro, Small and Medium Enterprises (MSMEs), trade, housing, transport, information technology and capital markets. They have a significant contribution towards the growth of country's GDP. NBFIs are licensed and regulated under the Financial Institution Act 1993 and supervised by Bangladesh Bank following a risk-based supervisory system.

At present, 34 NBFIs are operating in Bangladesh under close monitoring of Bangladesh Bank as their regulatory authority. NBFIs have an inclusive strategy through which the clients are attracted with its innovative and multifaceted 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. So, NBFIs sector has been capable enough to capitalize the demand of existing and potential borrowers. Ease of operation, quick decision making and interaction with the clients differentiates an NBFIs from Banks where the structure has become somewhat unwieldy.

In 2018, NBFIs had a roller coaster ride with a cautionary monetary policy stance. There were signs that the country was heading for surge in the interest rate finally culminating in a tight liquidity situation. Deposit in the banking sector was adversely affected due to high rate of National Saving Certificates. Therefore, funds in the Non-bank Financial Institutions (NBFIs) largely dried up resulting in severe curtailment of credit growth in the industrial sector. For the greater part of the year, NBFIs have been busy paying off the loans and deposits of the public. With no growth in credit, the bottom line had an anemic look for the industry as a whole.

The private sector credit growth in the country decreased to 13.30 percent in December 2018 from 18.10 percent in December 2017 according to Bangladesh Bank. The Central Bank has kept the credit growth in the Private Sector unchanged at 16.80 percent within first half (January-June 2019) of its Monetary Policy. However the actual growth rate during this period has been decreasing. Add to this the astronomical rise in Non Performing Loan (NPL); it is a recipe for concern in the years to come.



Source of funds has been one of the major concerns of NBFIs with most banks not willing to lend to NBFIs. Again, in an environment where there are 63 banks and 34 NBFIs, the money market is inevitably overheated.

### Brief History of First Finance Limited (FFL)

FFL started its journey in 1993, initiated as a Private Limited company which was later on converted into a limited company and the company becomes gradually one of the prominent Financial Institution of Bangladesh. Currently the company has been operating Lease Finance, Term Loan Finance, Home Loan, Real Estate & 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, Term Deposit Receipt (TDR), Monthly Savings Scheme (MSS) from 6 branches in different prime locations of the country with an objective to meet-up all types of financial needs of the clients. The company has employed 196 employees and is well diversified into Corporate, SME, Industrial, Retail, Capital Market, Money Market segments.

### Operating and financial performance of the company

Loans, advances and leases of the company recorded at Tk. 879 Mn on 31 December 2018 registering 8.00% down against last year. Deposit stood at Tk. 686.74 Mn resulting 8.05% increase against last year. Due to current year's loss, equity attributable to shareholders' of the company decreased to Tk. 858.52 Mn as compared to Tk. 1263.90 Mn of last year.

Gross interest income of the company was Tk. 685.94 Mn which was 13.04% lower than that of 2017. Other income of the company was decreased by Tk. 20 Mn. Operational expenses in 2018 were increased by 10% and provision for loans, advances, leases and shares decreased by Tk. 130 Mn.

The financial results of the Company for the year 2018 with a comparison of 2017 are summarized below

## ANALYSIS OF INCOME STATEMENT

BDT in Million

Particulars	2018	2017
Interest Income	685.94	788.83
Interest Expense	(876.85)	(803.01)
Net Interest Income	(190.90)	(14.19)
Non-Interest Income	67.13	92.85
Operating Expenses	270.69	245.27
Profit before Provision	(394.46)	(166.60)
Profit before Taxes	(399.8)0	(297.16)
Net Profit after Taxes (NPAT)	(405.38)	(304.91)
Earnings Per Share	(3.49)	(2.62)

### **Maintaining Proper Books of Account**

The directors' responsibilities also include overseeing whether adequate accounting records are being maintained with vouchers relevant to any entry in proper order. The books of accounts are kept at the registered office of FFL.

### **Appropriate Accounting Policy**

The directors' responsibilities also include supervision for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these Financial Statements those are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Effective Internal Control System**

An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. The Board of Directors has the responsibility for approving the review of overall business strategies and significant policies of the internal control system. Statement of Internal Control described widely in the annual report.

### **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.

### **Dividends**

At the end of 2018, FFL earned negative income of Tk. 405.38 million. Therefore, the Board of Directors in its meeting held on 29 June, 2019 recommended 'No Dividend' for the year 2018. As per Article-89, Schedule-I of the Companies Act, 1994, dividend shall be declared out of profit i.e. from current year's profit and from previous years' retained profit; therefore the company has recommended 'No Dividend' for the year 2018. The Board also states that no bonus shares or stock dividend has been paid during the year or will be paid in future as interim dividend. The Board also suggested the higher management to overcome the loss and earn more profit to declare the dividend in 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/BASIFRS/BFRS;
5. The system of internal control is sound in design and has been effectively implemented and monitored.



### Significant Regulatory Disclosures

The Company is aware of its various risks and concerns of regulatory bodies. Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment are disclosed. Related parties' transactions are discussed in notes to the disclosure. The Company's IPO was made in 2003. No further issue of any instrument was made during the year. All significant deviations from the previous year in operating results of the Company have been highlighted and reasons thereof have been explained. The key operating and financial data for the last five years have been disclosed in the Directors' Report. The Board of Directors Meeting, attendance records of the Directors are shown in this report.

### Directors' Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board and its Committee Meeting. As per DFIM Circular letter No. 13, dated November 30, 2015, directors are eligible for remuneration of BDT 8,000 for attending each meeting but numbers of such Meeting are also prescribed in the said circular determining the numbers with or without remuneration.

### Change of Chairmanship

Mr. A.Q.M Faisal Ahmed Chowdhury resigned from the position of Chairman of the Board and Mr. Miah Nuruddin Ahmad Apu was elected as the Chairman of the Board at the 296th Board Meeting held on February 13, 2018.

### Loans to Directors

No loan excepting our honorable Director A.Q.M Faisal Ahmed Chowdhury, Tk. 50,66,472.00 outstanding as on 31st December 2018 allowed to any other Director of the company in the year 2018.

### Retirement and Re-election of Directors

As per Companies Act, 19945 and the Articles of Association of the Company, one-third of the Directors of the Company required to retire by rotation at the 26th Annual General Meeting (AGM) and being eligible, the following members offered themselves for re-election by shareholders at the Annual General Meeting of the Company:

1. Mr. A.Q.M. Faisal Ahmed Chowdhury
2. Mr. Mohammed Jalal Uddin (Representing Oparchor Trade International Ltd.) .

### Meeting of the Board

During the year 2018, total 10 meetings of Board of Directors, 4 meetings of Audit Committee were held. No Executive Committee Meeting were held during the year 2018. The attendance in the Board meetings by each Director is given on page no. 33 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. 90 of this 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. Mujibur Rahman Chowdhury, Mr. Md. Aminul Islam and Mr. Khan Mohammad Moinul Hasan, as the Independent Directors of the company in different Board Meetings subject to approval of the shareholders in 26th 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 years 2016, 2017 and 2018 respectively. As per DFIM Circular No. 04, dated 30 April, 2015 of Bangladesh Bank, BSEC Order dated 27 July, 2011 and Regulation No. 15(2) of the Dhaka & Chittagong Stock Exchange (listing) Regulations, 2015 a Financial Institution can appoint any audit firm as its statutory auditor for a consecutive period of 3 (three) years. Hence, M/S G. Kibria & Co. will retire in the 26th AGM of the Company.

03 Chartered Accountants (CA) firm have shown their interest to be appointed as Statutory Auditors and submitted their proposals to conduct the statutory audit of First Finance Limited for the year 2019. The names of the Chartered Accountants Firms are as follows:

Sl. No.	Name of the Firm(s)	BSEC Listing No.	Bangladesh Bank Listing No.	Quoted Fee
1.	M/S Rahman Mostafa Alam & Co., Chartered Accountants	32	21	150,000 (including Tax & excluding VAT)
2.	Ahmed Zaker & Co., Chartered Accountants	32	21	175,000 (including Tax & excluding VAT)
3.	Shafiq Basak & Co., Chartered Accountants	36	17	150,000 (including Tax & excluding VAT)

Among three of applicants, the Directors of FFL have recommended to appoint M/S Rahman Mostafa Alam & Co., Chartered Accountants, Paramount Heights (7th Floor, D2 & C1), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000 as the company's Auditor for the year 2019 at a fee of Tk. 1,50,000.00 (including Tax and excluding VAT).

### **Appointment of Professionals for Compliance Certificate**

M/S Arun & Company, Chartered Accountants, House No. 558 (4th Floor), East Kazipara, Kafrul, Mirpur, Dhaka-1216 expressed their interest as Professionals for Compliance Certificate of First Finance Limited for the year 2018. The 306th Board Meeting held on 11th May, 2019 recommended their appointment with annual fee of Tk. 20,000/- and placed the matter to the 26th AGM for shareholders' approval (Ref: No. BSEC/CMRRC/2006-158/207/Admin/80 dated on 03 June 2018 issued by BSEC).

### **Annual General Meeting**

The 26th Annual General Meeting (AGM) of the company will be held on March 21, 2021 at 11.30 am through digital platform. In this connection financial statements were approved/adopted in the 307th Board Meeting held on June 29, 2019.

### **Acknowledgment**

The members of the Board of Directors of First Finance Limited like to express gratitude to all the honorable shareholders, valued clients for their patronage and financial support received from the all Nationalized and Private Commercial Banks and all Financial Institutions. The Directors also express their thanks and profound appreciation for the immense support and co-operation received from Bangladesh Bank especially DFIM, Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE), Central Depository Bangladesh Limited (CDBL), National Board of Revenue (NBR), Bangladesh Leasing and Finance Companies Association (BLFCA) and Bangladesh Association of Publicly Listed Companies (BAPLC). The Board Members are also pleased to put on record their appreciation for the commitment and dedication extended by the Management of the Company.

On behalf of the Board of Directors

Sd/-  
**Chairman**  
**First Finance Limited**

## 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 ten including four 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 and alternate Director, must maintain at least two percent shares of the company. As per the Companies Act, 1994, Directors are subject to retirement and at least one-third of the Directors retire by rotation in every AGM.

The term of an Independent Director is 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.

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.

#### 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. Currently, there are four Independent Directors appointed by the Board subject to the approval of the shareholders in the AGM.

#### 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 Notification No. BSEC/2006-158/207/Admin/80, dated: 3 June 2018, Board of First Finance nominated four Independent Directors so that the Board contains core skills considered appropriate in the frame work of the company. The four independent directors are:

1. Mr. Khan Mohammad Moinal Hassan
2. Mr. 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 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 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 encouraged the training on the Corporate Governance and other Rules, Regulations and Circular of Bangladesh Bank and BSEC. First Finance 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 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 CEO**

In terms of the financial, business and administrative authorities vested upon him by the board, the 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 CEO shall ensure compliance of the FFL Act and other relevant laws and regulations in discharge of routine functions of the company. The CEO shall include information on violation of any law, rules, regulation while presenting memos before the Board or the committee formed by the board. CEO will provide all sorts of information to Bangladesh Bank about the violation of Financial Institutions Act, rules and regulations.

### **Board Meetings**

The Board meets as required to discuss 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. Paperless meeting has been introduced. There are fifteen Board Meetings were held during the year 2017.

### **Role of the Company Secretary**

- 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 confirm 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 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 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 two Independent Director, one 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, possesses vast experience. He is a practicing Advocate of Bangladesh Supreme Court. Among others, four members, Mr. A.Q.M. Faisal Ahmed Chowdhury, Mrs. Amatun Noor, Mr. Md. Altaf Hossain and Mr. 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 Audit and Compliance's access in the Audit Committee**

The Head of Internal Audit 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 2017.

#### **Immediate reporting to the Bangladesh Securities and Exchange Commission**

No such circumstances arose during the year ended 31 December 2018.

#### **Activities during 2018**

- The Committee met four (4) times during the year 2018 and carried out the following tasks:
- Reviewed draft audited financial statements of First Finance Limited for the year ended December 31, 2018 as per clause no. 3.3 (v) of Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission;
- Reviewed expression of interest of the Audit Firms and recommended for appointment of G. Kibria & Co., Chartered Accountants as statutory auditors for the year 2018;
- Reviewed the report of Audit Committee for incorporation in the Annual Report 2018;
- Reviewed the Bangladesh Bank Inspection Report on corporate head office of FFL as of December 31, 2018, and management responses to the report;
- Reviewed Audit Plan of Internal Control and Compliance Department for the year 2018;
- Reviewed the internal audit reports issued by the Internal Control and Compliance department during the year 2018;
- Reviewed the Management Letter issued by external auditors, G. Kibria & Co., Chartered Accountants, on annual audit of financial statements of First Finance Limited for the year ended December 31, 2018;
- Reviewed quarterly and half-yearly unaudited financial statements of First Finance Limited for the year 2018;

#### **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 2018**

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 2018, the Committee held 5 (Five) meetings.



## The Audit Committee Meeting, Attendance and Remuneration of Committee Members

### Attendance of Directors in the Audit Committee Meetings in the year 2018

Name of the Director	Status	Total Meeting held (during his/her period)	Number of meetings attended	Gross Remuneration	Deduct of AIT	Net Payment	Attendance %
Mr. Ataul Haq	Chairman	5	5	40,000.00	4,000.00	36,000.00	100
Mr. Md. Jalal Uddin	Member	5	2	16,000.00	1,600.00	14,400.00	40
Mr. Md. Mujibur Rahman Chowdhury	Member	5	5	40,000.00	4,000.00	36,000.00	100
Mr. A.Q.M. Faisal Ahmed Chowdhury	Member	4	3	24,000.00	2,400.00	21,600.00	75
Mr. Md. Mahin	Member	3	3	24,000.00	2,400.00	21,600.00	100
Ms. Quazi Sauda Afrin	Member	1	1	8,000.00	800.00	7,200.00	100
<b>Total</b>				<b>152,000.00</b>	<b>15,200.00</b>	<b>136,800.00</b>	

Total 5 meeting of the Audit Committee was held in the year 2018

### 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. As of 31 December, 2018, Executive Committee constitute by four members. They Are: (a) Mr. M. Rashiduzzaman Millat; (b) Mr. Md. Mahin; (c) Mr. Md. Aminul Islam; and (d) Mr. Khan Mohammad Moinul Hasan. Mr. M. Rashiduzzaman Millat is the Chairman of Executive Committee.

### Key Terms of Reference

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

- To review and give approval of loan/lease proposal from the CRM 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 First Finance Limited may act as Secretary to the Committee and ensure the followings:

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

### Meeting of the Executive Committee

No meetings of the Executive Committee were held during the year 2018.

### 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**
**Attendance of Directors in the Board Meetings in the year 2018**

Sl. no	Name of the Directors	Status	Total Meeting Held (during his / her period)	Number of meetings attended	Gross remuneration	TDS	Net Payment	Attendance %
1	Mr. Miah Nuruddin Ahmad	Chairman	10	10	80,000.00	8,000.00	72,000.00	100
2	Mr. Md. Jalal Uddin	Vice Chairman	10	4	32,000.00	3,200.00	28,800.00	40
3	Mr. Md. Mujibur Rahman Chowdhury	Vice Chairman	10	10	80,000.00	8,000.00	72,000.00	100
4	Mr. A.Q.M. Faisal Ahmed Chowdhury	Director	10	6	48,000.00	4,800.00	43,200.00	60
5	Mr. Md. Mahin	Nominated Director	10	10	80,000.00	8,000.00	72,000.00	100
6	Mrs. Qazi Sauda Afrin	Nominated Director	10	3	24,000.00	2,400.00	21,600.00	30
7	Mr. M. Rashiduzzaman Millat	Nominated Director	10	7	56,000.00	5,600.00	50,400.00	70
8	Mr. Ataul Haq	Independent Director	10	10	80,000.00	8,000.00	72,000.00	100
9	Mr. Md. Aminul Islam	Independent Director	10	10	80,000.00	8,000.00	72,000.00	100
10	Mr. Khan Mohammad Moinul Hasan	Independent Director	6	6	48,000.00	4,800.00	43,200.00	100
11	Mr. Rafayel Bin Mahamud Bhuiyan	Independent Director	2	1	8,000.00	800.00	7,200.00	50
<b>Total</b>					<b>616,000.00</b>	<b>61,600.00</b>	<b>554,400.00</b>	

\* Total 10 Board of Directors Meeting was held in the year 2018

## 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

FFL sends the AGM notices 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 2018 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](http://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: 0255013842-43



## REDRESSAL OF INVESTORS' COMPLAINT

First Finance Limited 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, the 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 along with the annual report.
- 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.
- The 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 of Redress Investor Complaints**

- Investor can complain through email [share@first-finance.com.bd](mailto:share@first-finance.com.bd) which is the designated investor grievance email ID of FFI;
- An investor can 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

Date: 25 February 2021

The Board of Directors  
First Finance Limited  
Jahangir Tower (3rd Floor),  
10, Kawran Bazar  
Dhaka- 1212

Subject: Declaration on Financial Statements for the year ended on 31 December 2018.

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 2018 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 2018 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/-

**Md. Tuhin Reza**  
Managing Director & CEO (CC)

Sd/-

**Mohammad Enamur Rahman**  
Head of Finance

## CREDIT RATING REPORT

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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.

The credit rating of "First Finance Limited" which was declared as on 14th October, 2018 & valid till 13th October, 2019.

**Long term Rating = "BBB"**  
**Short term Rating = "ST-3"**  
**Outlook = Stable**

This e rating was prepared by "Alpha Credit Rating Limited " based on the Audited Financial Statements up to 31st December 2018.



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

First Finance Limited submitted a renewal copy of membership certificate of 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 2018. 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 or not complied (if not complied, specify non-compliances);
- (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;  
1 March, 2021

Sd/-  
**Arun Kumer Kundu, FCA**  
Managing Partner  
**Arun & Company**  
Chartered Accountants

## REPORT ON COMPLIANCE OF BSEC'S NOTIFICATION ON CORPORATE GOVERNANCE

Annexure-C  
[As per condition No. 1(5) (xxviii)]

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

### Report under Condition No. 9

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors</b>			
<b>1.1</b>	<b>Size of the Board of Directors</b>			
	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).	✓	-	-
<b>1.2</b>	<b>Independent Directors</b>			
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)	For the purpose of this clause "independent director" means a director			
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;	✓	-	03 Independent Directors does not hold any shares of total paid up capital.
1.2 (b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓	-	-
1.2 (b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓	-	-
1.2 (b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓	-	-
1.2 (b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓	-	-
1.2 (b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓	-	-
1.2 (b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓	-	-
1.2 (b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓	-	-
1.2 (b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institutions (NBFI); and	✓	-	-
1.2 (b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓	-	-
1.2 (c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓	-	-



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	Not Applicable	-	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. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]; Provided further that the independent director shall not be subject to retirement by rotation as per the under section no.18 of Companies Act, 1994.	✓	-	-
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓	-	-
1.3 (b)	<b>Independent director shall have following qualifications</b>			
1.3 (b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	Not Applicable	-	-
1.3 (b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓	-	-
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	✓	-	-
1.3 (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	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.	Not Applicable	-	-
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
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;	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	✓	-	-
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
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);	✓	-	-
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 any others instruments;	Not Applicable	-	During 2018 there were no public or right issue of share
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	-	No such instance
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓	-	-
1.5 (x)	A statement of remuneration paid to the directors including independent directors;	✓	-	-
1.5 (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓	-	-
1.5 (xii)	A statement that proper books of account of the issuer company have been maintained;	✓	-	-
1.5 (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓	-	-
1.5 (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓	-	-
1.5 (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	-	-
1.5 (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓	-	-
1.5 (xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓	-	Ability of the company to continue as going concern
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;	Not Applicable	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓	-	-
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director;	✓	-	-
<b>1.5 (xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b>			
1.5 (xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	Not Applicable	-	No Subsidiary Company
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; and	✓	-	-
1.5 (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓	-	-
<b>1.5 (xxiv)</b>	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b>			
1.5(xxiv)(a)	A brief resume of the director;	✓	-	-
1.5 (xxiv)(b)	Nature of his/her expertise in specific functional areas; and	✓	-	-
1.5 (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	✓	-	-
<b>1.5 (xxv)</b>	<b>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 the financial statements, among others, focusing on</b>			
1.5 (xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓	-	-
1.5 (xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	Not Applicable	-	-
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.	✓	-	-
<b>1.6</b>	<b>Meetings of the Board of Directors</b>			



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	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.	✓	-	-
<b>1.7</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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;	Not Applicable	-	Bangladesh Bank, the primary regulator of bank, vide letter no BRPD (R-1) 717/2019-1972 dated 28/05/2019 has informed that the issue is under their review
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	Not Applicable	-	-
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
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;	Not Applicable	-	-
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;	Not Applicable	-	-
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.	Not Applicable	-	-
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;	Not Applicable	-	-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	-	-
<b>3.</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS)</b>			
<b>3.1</b>	<b>Appointment</b>			
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;	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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).	✓	-	-
<b>3.2</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓	-	-
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)</b>			
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; and	✓	-	-
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 members;	✓	-	-
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓	-	-
<b>4.</b>	<b>Board of Directors' Committee</b>			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
(i)	Audit Committee; and	✓	-	-
(ii)	Nomination and Remuneration Committee.	✓	-	Bangladesh Bank, the primary regulator of bank, vide letter no BRPD (R-1) 717/2019-3972 dated 28/05/2019 has informed that the issue is under their review.
<b>5.</b>	<b>Audit Committee:</b>			
<b>5.1</b>	<b>Responsibility to the Board of Directors</b>			
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 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.	✓	-	-
<b>5.2</b>	<b>Constitution of the Audit Committee</b>			
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;	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;	Not Applicable	-	There was no such vacancy created.
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.	✓	-	-
<b>5.3</b>	<b>Chairperson of the Audit Committee</b>			
5.3 (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓	-	-
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.	Not Applicable	-	-
5.3 (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓	-	-
<b>5.4</b>	<b>Meeting of the Audit Committee</b>			
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.	✓	-	-
<b>5.5</b>	<b>Role of Audit Committee</b>			
	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;	✓	-	-



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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; and	✓	-	-
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. Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results. Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	Not Applicable	-	-
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
<b>5.6 (a)</b>	<b>Reporting to the Board of Directors</b>			
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;	Not Applicable	-	-
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;	Not Applicable	-	-
5.6 (a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	Not Applicable	-	-
5.6 (a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	Not Applicable	-	-
<b>5.6 (b)</b>	<b>Reporting to the Authorities</b>			
	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.	Not Applicable	-	-
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors</b>			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition no. 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.	✓	-	-
<b>6.</b>	<b>Nomination and remuneration Committee (NRC)</b>			
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>			
6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓	-	-
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓	-	-
6.1 (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓	-	-
<b>6.2</b>	<b>Constitution of the NRC</b>			
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	✓	-	-
6.2 (b)	All members of the Committee shall be non-executive directors;	✓	-	-
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	✓	-	-
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓	-	-
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Not Applicable	-	-
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.	✓	-	-
<b>6.3</b>	<b>Chairperson of the NRC</b>			
6.3 (a)	The Board shall select 01(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 Chairpersons shall be duly recorded in the minutes;	Not Applicable	-	-
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders. Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	recorded in the minutes of the AGM.			
<b>6.4</b>	<b>Meeting of the NRC</b>			
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.	✓	-	-
<b>6.5</b>	<b>Role of the NRC</b>			
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓	-	-
6.5 (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓	-	-
6.5(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓	-	-
6.5(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓	-	-
6.5(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓	-	-
6.5 (b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓	-	-
6.5(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓	-	-
6.5(b)(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; and	✓	-	-
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.	✓	-	-
<b>7.</b>	<b>External or Statutory Auditors</b>			
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 statements;	✓	-	-
7.1 (iv)	broker-dealer services;	✓	-	-



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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); and	✓	-	-
7.1 (ix)	any other service that creates conflict of interest.	✓	-	-
7.2	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company. Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓	-	-
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.	✓	-	-
<b>8.</b>	<b>Maintaining a website by the Company</b>			
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).	✓	-	-
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓	-	-
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	✓	-	-
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 THE BANGLADESH BANK

By the DFIM Circular No. 7 dated 25 September 2007, Bangladesh Bank issued a guideline on Good Governance applicable for the financial institutions. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines and implemented the same.

Status Report on compliance with those guidelines is given below:

Sl. No.	Particulars	Compliance Status
<b>1.</b>	<b>Responsibilities and authorities of the Board of Directors:</b>	
<b>(a)</b>	<b>Work-planning and strategic management:</b>	
	(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>(b)</b>	<b>Formation of Sub-Committee:</b>	
	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
<b>(c)</b>	<b>Financial Management:</b>	
	(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
<b>(d)</b>	<b>Management of loan/lease/investments:</b>	
	(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
<b>(e)</b>	<b>Risk Management</b>	
	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
<b>(f)</b>	<b>Internal Control and Compliance Management:</b>	
	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
<b>(g)</b>	<b>Human Resource Management</b>	
	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
<b>(h)</b>	<b>Appointment of Managing Director &amp; CEO</b>	
	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
<b>(i)</b>	<b>Benefits offer to the Chairman</b>	
	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
<b>2.</b>	<b>Responsibilities of the Chairman of the Board of Directors:</b>	
	(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
<b>3.</b>	<b>Responsibilities of Chief Executive Officer:</b>	
	(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



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

### Report on the Audit of the Financial Statements Opinion

#### Opinion

We have audited the financial statements of First Finance Limited ["the Company" or "FFL"], which comprise the balance sheet as at 31 December 2018, and the profit and loss account, statement of changes in shareholders equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of the First Finance Limited as at December 31, 2018 and of its profit and loss account and its statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to the following Notes to the Financial Statements, which describe several matters related to the Company's operations. **Our opinion is not qualified in respect to any of these matters:**

- We draw your attention to Note 7.08 of the Financial Statements, which describe the effect of a provision shortfall against Leases, Loans and Advances. The provision recorded by the Company as at 31<sup>st</sup> December 2018 has a shortfall of BDT 46,00,00,000. The Company has obtained permission from Bangladesh Bank through letter no. DFIM(C)1054/42/2019-1272 dated 23 June 2019 to adjust this shortfall and increase the provision amount within five (5) years starting from the year 2020.
- We draw your attention to Note 7.00 of the Financial Statements which describe the effect of a difference in the balance of Leases, Loans and Advances between the FICL statement and the Company's general ledger. A difference of BDT 20,58,04,139 exists in the Leases, Loans, and Advances balances between the FICL statement and the Company's general ledger. The Company has obtained permission from Bangladesh Bank through letter no. FIID/I-10/2018-1182 dated 13 November 2018 to difference over three (3) years starting from March 2019.
- We draw your attention to Note 10.03 of the Financial Statements which describe the impact an under-accrual of Interest Expense on Term Deposits. The Company had under-accrued Interest

Expense worth BOT 24.15 Crore as at 31<sup>st</sup> December 2016. The Company has obtained permission from Bangladesh Bank through letter no DFIM (C) 1058/42/2017 to adjust this difference over three (3) years starting from 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 yet to be amortized is BDT 8,29,94,924 of which BDT 8,08,00,000 will be expensed in 2019 and BDT 21,94,924 will be amortized in 2020.

- Referring to Note 3.01.01 (a) of Financial Statements, in respect of Cash reserve requirement (CRR), there was shortage in maintenance of CRR for the months of January to June 2018 for which the company has paid a token penalty to Bangladesh Bank amounting to Tk. 20,00,000. Bangladesh Bank has further penalized the Company amounting to Tk. 62,37,646 for the shortfall of CRR for the month of July 2018. The Company has however applied to Bangladesh Bank for condonation and recorded a provision of Tk. 10,00,000 against this penalty based on previous settlement amount with Bangladesh Bank related to similar violations.
- We draw your attention to Note 42.00 of the Financial Statements, which describe the fact that FFL sanctioned a related-party loan to one of its directors amounting to BDT 70 Lac without obtaining approval from the shareholders. Management has stated that this approval will be obtained during the Company's next Annual General Meeting (AGM).

### Risk

Measurement of provision for loans and advances  
 The process for estimating the provision of loans and advances portfolio associated with credit risk is significant and complex.

For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.

For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.

At year end of 2018 the Company reposed total gross loans and advances of BDT 8,794,051.760 (2017: BDT 9,554,739,490) and provision for loans and advances of BDT 521,983,382 (2017: BDT 521,505,685).

We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:

- Completeness and timing of recognition of loss events in accordance with criteria set out in FID circular no 08, dated 03 August 2002, FID circular no. 03, dated 03 May 2006 and FID circular no.03 dated 29 April 2013;

### Our response to the risk

We tested the design and operating effectiveness of key controls focusing on the following:

- Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;
- Identification of loss events, including early warning and default warning indicators;
- Reviewed quarterly classification of loans (CL);

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following

- Reviewed the adequacy of the companies general and specific provisions:
- Assessed the methodologies on which the provision amounts based, recalculated the provisions 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.



- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;
- Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates;

See Note #7.00 to the financial statements

### Measurement of Interest on TDR

In 2018, the Company reports interest expense on deposits amounted to BDT 697,543,723 (2017: BDT 606, 88,448)

Calculation for Interest Expense on Deposits involves voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. This is also an area where misstatements have occurred in the past leading to involvement and directions from Bangladesh Bank (as specified in Note 10.03 of the Financial Statements)

Specific attention is also required in relation to interest expense as their recognition has impact on forecasts of future profitability over a number of years.

See Note #22.00 to the Financial Statements

We tested the design and operating effectiveness of key controls focusing on the following:

Our substantive procedures in relation to the provision for accrued interest comprised the following:

- Reviewed the interest calculation, rate of interest, maturity date, duties & charges;
- Tested the Lien, premature encashment, renewal process, withdrawal procedure;
- Assessed the methodologies on which the provision for accrued interest amounts 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.

### Other Matter

As at 31<sup>st</sup> December, 2018, the Company has not established a Workers Profit Participation Fund (WPPF) to comply with Bangladesh Labour Act 2006 and as amended.

### Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We obtained Director's report and performance analysis with the management committee prior to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.



Our opinion on the financial statements does not cover 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. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### **Responsibilities of management and those charged with governance for the financial statements and internal controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2.00 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instance of fraud and forgeries.

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

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

### **Auditor's responsibilities for the audit of the financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

- estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

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

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

#### **Report on other legal and regulatory requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1967, 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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred and payments made were for the purpose of the Company's business for the year
- v. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets



- which are, in our opinion, doubtful of recovery and Bangladesh 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 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 640 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 the Financial Institutions Act 1993 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, Dhaka: 30 June, 2019

Sd/-  
G. Kibria & Co.  
Chartered Accountants



## First Finance Limited Balance Sheet

As at 31 December 2018

	Notes	<u>As at 31 December</u>	
		2018 <u>Taka</u>	2017 <u>Taka</u>
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3.00	<b>85,417,895</b>	<b>3,915,296</b>
In hand (including foreign currencies)		66,927	55,420
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		85,350,969	3,859,876
<b>Balance with other banks and financial institutions</b>	4.00	<b>1,328,493,469</b>	<b>1,357,543,052</b>
Inside Bangladesh	4.01	1,328,493,469	1,357,543,052
Outside Bangladesh	4.02	-	-
<b>Money at call and on short notice</b>	5.00	<b>-</b>	<b>-</b>
<b>Investments</b>	6.00	<b>46,236,748</b>	<b>45,204,089</b>
Government		-	-
Others		46,236,748	45,204,089
<b>Leases, loans and advances</b>		<b>8,794,051,760</b>	<b>9,554,739,490</b>
Loans, cash credits, overdrafts, etc.	7.00	8,794,051,760	9,554,739,490
Bills purchased and discounted	8.00	-	-
Fixed assets including premises, furniture and fixtures	9.00	119,443,295	139,227,421
Other assets	10.00	574,871,387	622,445,219
Non-banking assets	11.00	195,726,132	130,161,753
<b>Total Assets</b>		<b>11,144,240,687</b>	<b>11,853,236,320</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	12.00	<b>1,133,203,893</b>	<b>2,050,414,103</b>
<b>Deposits and other accounts</b>	13.00	<b>6,867,412,827</b>	<b>6,313,974,028</b>
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed/term deposits		6,841,747,827	6,302,467,028
Monthly Savings Scheme		25,665,000	11,507,000
Bearer certificate of deposit		-	-
Other deposits		-	-
<b>Other liabilities</b>	14.00	<b>2,285,098,069</b>	<b>2,224,943,100</b>
<b>Total Liabilities</b>		<b>10,285,714,790</b>	<b>10,589,331,230</b>
<b>Capital/ Shareholders' Equity</b>			
Paid-up capital	15.00	1,162,202,580	1,162,202,580
Statutory reserve	16.00	342,960,175	342,960,175
General reserve	17.00	-	-
Retained earnings	18.00	(646,636,858)	(241,257,665)
<b>Total Shareholders' Equity</b>		<b>858,525,897</b>	<b>1,263,905,090</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>11,144,240,687</b>	<b>11,853,236,320</b>

		<u>As at 31 December</u>	
		<u>2018</u>	<u>2017</u>
		<u>Taka</u>	<u>Taka</u>
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>	19.00		
Acceptances and endorsements		-	-
Letters of guarantee	19.01	-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
<b>Commitments</b>	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		-	-
		-	-
		-	-
<b>Total off-Balance Sheet Items including contingent liabilities</b>		-	-
<b>Net Asset Value per Share (NAV)</b>		<b>7.39</b>	<b>10.88</b>

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

**for First Finance Limited**

Sd/-	Sd/-	Sd/-	Sd/-
<b>Sarwar Shafiq</b> Company Secretary	<b>Md. Nazrul Hossain</b> Managing Director & CEO	<b>Abu Zakir</b> Director	<b>Md. Israfil Alam, MP</b> Chairman

Signed in terms of our report of even date annexed

Dated, Dhaka  
30 June, 2019

Sd/-

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**G. Kibria & Co.**  
Chartered Accountants

**First Finance Limited**  
**Profit and Loss Account**  
For the year ended 31 December 2018

	<u>Notes</u>	<u>For the year ended 31 December</u>	
		<u>2018</u>	<u>2017</u>
		<u>Taka</u>	<u>Taka</u>
Interest income	21.00	685,949,917	788,826,478
Interest paid on deposits, borrowings, etc.	22.00	(876,851,416)	(803,012,958)
Net interest income		(190,901,499)	(14,186,480)
Investment income	23.00	(904,017)	3,923,506
Commission, exchange and brokerage	24.00	-	-
Other operating income	25.00	68,033,712	88,935,784
		67,129,695	92,859,290
<b>Total operating income (a)</b>		<b>(123,771,805)</b>	<b>78,672,810</b>
Salary and allowances	26.00	133,172,883	114,785,841
Rent, taxes, insurance, electricity, etc.	27.00	21,113,094	21,361,541
Legal expenses	28.00	3,594,689	3,496,366
Postage, stamps, telecommunication, etc.	29.00	4,325,764	5,569,249
Stationery, printing, advertisement, etc.	30.00	6,396,869	8,885,376
Chief Executive Officer's salary and fees	31.00	5,366,935	5,267,742
Directors' fees	32.00	784,000	873,600
Auditors' fee	33.00	135,000	135,000
Charges on loan losses		-	-
Depreciation and repair of company's assets	34.00	27,859,208	30,755,960
Other expenses	35.00	67,943,601	54,139,819
<b>Total operating expenses (b)</b>		<b>270,692,043</b>	<b>245,270,495</b>
<b>Profit before provision (c = a-b)</b>		<b>(394,463,848)</b>	<b>(166,597,684)</b>
Provision against leases, loans and advances	36.00	477,697	130,170,510
Provision for diminution in value of investments	37.00	4,805,041	391,921
Other provision		52,085	-
<b>Total provision (d)</b>		<b>5,334,823</b>	<b>130,562,431</b>
<b>Profit before taxation (e = c-d)</b>		<b>(399,798,671)</b>	<b>(297,160,115)</b>
<b>Provision for taxation (f):</b>			
Current tax	14.04	4,518,478	10,290,115
Deferred tax	14.05	1,062,044	(2,544,000)
		5,580,522	7,746,115
<b>Profit after taxation (g = e - f)</b>		<b>(405,379,193)</b>	<b>(304,906,230)</b>
Retained earnings, brought forward		(241,257,665)	63,648,566
Profit available for appropriation		(646,636,858)	(241,257,665)
<b>Appropriations:</b>			
Statutory reserve		-	-
General reserve		-	-
Bonus shares		-	-
Cash dividend		-	-
		-	-
<b>Retained earnings, carried forward</b>		<b>(646,636,858)</b>	<b>(241,257,665)</b>
<b>Earnings Per Share (EPS)</b>		<b>(3.49)</b>	<b>(2.62)</b>

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

for First Finance Limited

Sd/-	Sd/-	Sd/-	Sd/-
<b>Sarwar Shafiq</b> Company Secretary	<b>Md. Nazrul Hossain</b> Managing Director & CEO	<b>Abu Zakir</b> Director	<b>Md. Israfil Alam, MP</b> Chairman

Signed in terms of our report of even date annexed

Sd/-

Dated, Dhaka  
30 June, 2019

**G. Kibria & Co.**  
Chartered Accountants



**First Finance Limited**  
**Statement of Cash Flows**  
For the year ended 31 December 2018

Particulars	Notes	For the year ended 31 December	
		2018 Taka	2017 Taka
<b>A) Cash Flows from Operating Activities</b>			
Interest received		671,291,863	781,937,025
Interest paid		(865,026,420)	(742,412,958)
Dividend received		261,946	542,260
Paid to employees		(138,539,818)	(120,053,583)
Income taxes paid		(18,639,353)	(50,943,999)
Received from other operating activities		67,129,695	81,346,324
Paid for other operating activities		(117,216,050)	(105,251,928)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>(400,738,138)</b>	<b>(154,836,858)</b>
<b>Increase/(decrease) in operating assets liabilities</b>			
Leases, loans and advances to customers		760,687,730	(415,565,469)
Other assets		80,871,239	(170,665,779)
Deposit from customers		553,438,800	778,892,216
Other liabilities		41,451,220	263,974,771
		<b>1,436,448,989</b>	<b>456,635,739</b>
<b>Net cash from/(used in) operating activities</b>		<b>1,035,710,851</b>	<b>301,798,880</b>
<b>B) Cash Flows from Investing Activities</b>			
Purchase of fixed assets		549,413	(12,032,845)
Proceeds from sale of vehicle		-	-
Proceeds from other investments		(1,032,659)	(2,177,959)
Proceeds from sale of non financial institutional assets		(65,564,379)	3,827,731
<b>Net cash from/(used in) investing activities</b>		<b>(66,047,625)</b>	<b>(10,383,073)</b>
<b>C) Cash Flows from Financing Activities</b>			
Dividend paid		-	-
Receipt from borrowing and issuance of debt securities		(917,210,210)	609,329,325
<b>Net cash from/(used in) financing activities</b>		<b>(917,210,210)</b>	<b>609,329,325</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>		<b>52,453,017</b>	<b>900,745,132</b>
<b>E) Effect of exchange rate changes on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at beginning of the year</b>		<b>1,361,458,348</b>	<b>460,713,216</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>		<b>1,413,911,365</b>	<b>1,361,458,348</b>
Cash and cash equivalents at end of the year:			
Cash in hand		66,927	55,420
Balance with Bangladesh Bank and its agents bank(s)		85,350,969	3,859,876
Balance with other banks and financial institutions		1,328,493,469	1,357,543,052
		<b>1,413,911,365</b>	<b>1,361,458,348</b>
<b>Net operating cash flow per share</b>	39.02	<b>8.91</b>	<b>2.60</b>

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

for First Finance Limited

Sd/-	Sd/-	Sd/-	Sd/-
Sarwar Shafiq Company Secretary	Md. Nazrul Hossain Managing Director & CEO	Abu Zakir Director	Md. Israfil Alam, MP Chairman

Signed in terms of our report of even date annexed

Dated, Dhaka  
30 June, 2019

Sd/-  
**G. Kibria & Co.**  
Chartered Accountants

**First Finance Limited**  
**Statement of changes in shareholders' equity**  
For the year ended 31 December 2018

Particulars	Paid-up Capital		Statutory Reserve		General Reserve		Retained Surplus		Total	
	Taka		Taka		Taka		Taka		Taka	
Balance as on 01 January 2017	1,162,202,580	-	342,960,175	-	-	-	63,648,566	-	1,568,811,321	-
Bonus Share Issued for 2016	-	-	-	-	-	-	-	-	-	-
Right Shares Issued	-	-	-	-	-	-	-	-	-	-
Net Profit for the year ended 31 December, 2017	-	-	-	-	-	-	(304,906,230)	-	(304,906,230)	-
Addition made during the year	-	-	-	-	-	-	-	-	-	-
Appropriation made during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as on 31 December 2017</b>	<b>1,162,202,580</b>	<b>-</b>	<b>342,960,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(241,257,665)</b>	<b>-</b>	<b>1,263,905,090</b>	<b>-</b>
Balance as on 01 January 2018	1,162,202,580	-	342,960,175	-	-	-	(241,257,665)	-	1,263,905,090	-
Bonus Share Issued for 2017	-	-	-	-	-	-	-	-	-	-
Right Shares Issued	-	-	-	-	-	-	-	-	-	-
Net Profit for the year ended 31 December, 2018	-	-	-	-	-	-	(405,379,193)	-	(405,379,193)	-
Addition made during the year	-	-	-	-	-	-	-	-	-	-
Appropriation made during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as on 31 December 2018</b>	<b>1,162,202,580</b>	<b>-</b>	<b>342,960,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(646,636,858)</b>	<b>-</b>	<b>858,525,897</b>	<b>-</b>

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

**for First Finance Limited**

Sd/-

**Sarwar Shafiq**  
Company Secretary

Sd/-

**Md. Nazrul Hossain**  
Managing Director & CEO

Sd/-

**Abu Zakir**  
Director

Sd/-

**Md. Israfil Alam, MP**  
Chairman

Signed in terms of our report of even date annexed

Sd/-

**G. Kibria & Co.**  
Chartered Accountants

Dated, Dhaka  
30 June, 2019

**First Finance Limited**  
**Statement of Liquidity Analysis**  
 (Assets and Liability maturity Analysis)  
 As at 31 December 2018



Amount in Taka

Particulars	Up to 1 month maturity	1 - 3 months maturity	3 - 12 months maturity	1 - 5 years maturity	More than 5 years maturity	Total
<b>Assets</b>						
Cash	66,927	-	-	-	-	66,927
Balance with Bangladesh Bank and its agent bank(s)	85,350,969	-	-	-	-	85,350,969
Balance with other banks and financial institutions	51,576,755	-	1,276,916,714	-	-	1,328,493,469
Money at call and on short notice	-	-	-	-	-	-
Investments	-	-	27,005,497	-	-	27,005,497
Leases, loans and advances	937,723,867	2,067,893,310	3,171,091,680	2,447,041,098	170,301,805	8,794,051,760
Fixed assets including assets taken on lease	-	-	-	-	119,443,295	119,443,295
Other assets	-	-	-	-	574,871,387	574,871,387
Non-Banking assets	-	-	-	-	195,726,132	195,726,132
<b>Total Assets</b>	<b>1,074,718,518</b>	<b>2,067,893,310</b>	<b>4,475,013,891</b>	<b>2,447,041,098</b>	<b>1,060,342,619</b>	<b>11,125,009,436</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	409,000,000	-	536,015,043	188,188,850	-	1,133,203,893
Deposits and other accounts	782,284,026	3,511,214,727	2,224,562,059	260,461,721	88,890,294	6,867,412,827
Provision and other liabilities	-	-	235,606,533	1,998,266,049	31,994,235	2,265,866,818
<b>Total Liabilities</b>	<b>1,191,284,026</b>	<b>3,511,214,727</b>	<b>2,996,183,636</b>	<b>2,446,916,620</b>	<b>120,884,529</b>	<b>10,266,483,538</b>
<b>Net Liquidity Excess(Shortage)</b>	<b>(116,565,508)</b>	<b>(1,443,321,417)</b>	<b>1,478,830,255</b>	<b>124,478</b>	<b>939,458,089</b>	<b>858,525,898</b>

for First Finance Limited

Sd/-

**Sarwar Shafiq**  
Company Secretary

Sd/-

**Md. Nazrul Hossain**  
Managing Director & CEO

Sd/-

**Abu Zakir**  
Director

Sd/-

**Md. Israfil Alam, MP**  
Chairman

Signed in terms of our report of even date annexed

Sd/-

**G. Kibria & Co.**  
Chartered Accountants

Dated, Dhaka  
30 June, 2019



## FIRST FINANCE LIMITED

### Notes to the Financial Statements

For the year ended 31 December 2018

#### 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:

##### d) 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.

### 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, 2018 to 31 December, 2018.



## 2.03 Revenue recognition:

### 2.03.01 Accounting for leases

As per International Accounting Standard No. 17 "Leases" as adopted by the Institute of Chartered Accountants of Bangladesh effective from 01 January, 2004 prescribed and practiced for leasing business, outstanding capital outlays invested in fixed assets leased to customers under finance leases have been reflected in the Balance Sheet as lease investment and rental on that investments receivable beyond Balance Sheet date up to the lease period have been shown as unearned lease rental with corresponding debit in lease investment.

### 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 assets

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:

S.L	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.

b) Total required provision for taxation up to 2018 has been calculated at BDT 39.86 crore and there against an amount of BDT 30.10 crore has been accounted for in the Financial Statements. Full provision was not made due to court cases pending with Appellate Division of Supreme Court for resolution.

### 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)

Sl #	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 Economies	Not Applicable
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**

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 2018.

#### **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 Auditors' working hours

The external auditors, G. Kibria & Co, Chartered Accountants, of the Company worked more than 640 hours covering more than 80% of the Company's risk weighted assets at the reporting date.

## 2.21 Regulatory and legal compliance

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

		<u>As at 31 December</u>	
		2018	2017
		<u>Taka</u>	<u>Taka</u>
<b>3.00</b>	<b>Cash</b>		
	<b>Cash in hand (including foreign currencies)</b>		
	In local currency	66,927	55,420
	In foreign currency	-	-
		<u>66,927</u>	<u>55,420</u>
	<b>Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)</b>		
	In local currency	85,350,969	3,859,876
	In foreign currency	-	-
		<u>85,350,969</u>	<u>3,859,876</u>
		<u><b>85,417,895</b></u>	<u><b>3,915,296</b></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 (2.5% of term and other deposits)	78,433,547	86,647,890
Actual reserve maintained	85,350,969	39,230,003
Surplus	<u>6,917,422</u>	<u>(47,417,887)</u>

**(b) Statutory liquidity ratio (SLR)**

Required reserve (5% of total liabilities)	273,286,563	265,141,523
Actual reserve maintained	1,413,911,365	1,361,458,348
Cash in hand	66,927	55,420
Balance with Bangladesh Bank and its agent bank(s)	85,350,969	3,859,876
Balance with other banks and financial institutions	<u>1,328,493,469</u>	<u>1,357,543,052</u>
Surplus	<u>1,140,624,802</u>	<u>1,096,316,824</u>
Total required reserve	351,720,111	351,789,414
Total actual reserve maintained	1,413,911,365	1,361,458,348
<b>Total surplus</b>	<u><b>1,062,191,254</b></u>	<u><b>1,009,668,934</b></u>

Sl #	Name of Month	Deficits	Penalty Imposed	Penalty Condoned	Date of Payment	Comment
1	Jan-18	7,255,979,413	72,559,794	1,000,000	7/29/2018	
2	Feb-18					
3	Mar-18					
4	Apr-18	2,568,022,182	25,680,222	1,000,000	3/14/2019	
5	May-18	2,523,564,725	25,235,647			
6	Jun-18	1,920,744,154	19,207,442			
7	Jul-18	623,764,595	6,237,646			Applied Bangladesh Bank to waive the full amount of penalty.

There was shortage in maintenance of CRR for the months of January to June 2018 for which the company has been paid a token penalty to Bangladesh Bank amounting to Tk. 20,00,000. Bangladesh Bank has further penalized the Company amounting to Tk. 62,37,646 for the shortfall of CRR for the month of July 2018. The Company has however applied to Bangladesh Bank for condonation and recorded a provision of Tk. 10,00,000 against this penalty based on previous settlement amounts with Bangladesh Bank related to similar violations.

**4.00 Balance with other banks and financial institutions**

Inside Bangladesh (note 4.01)	1,328,493,469	1,357,543,052
Outside Bangladesh (note 4.02)	-	-
	<u><b>1,328,493,469</b></u>	<u><b>1,357,543,052</b></u>



**4.01 Inside Bangladesh**
**Current accounts with:**

IFIC Bank Limited, Agrabad Branch, Chittagong	-	114,981
National Bank Limited, Kawran Bazar Branch, Dhaka	48,355	49,505
Al-Arafah Islami Bank Limited, Progati Sarani Branch, Dhaka	-	792,761
Prime Bank Limited, Ring Road Branch, Dhaka	-	2,115
Bangladesh Development Bank Limited, Principal Branch, Dhaka	5,832	6,522
South Bangla Agricultural Bank Limited, Principal Branch, Dhaka	41,870	43,020
One Bank Limited, Kawran Bazar Branch, Dhaka	1,443	89,843
Social Islami Bank Limited, Mouchak Branch, Dhaka	700	25
Midland Bank Limited, Principal Branch, Dhaka	30,674	31,824
BASIC Bank Limited, Bashundhara Branch	-	895
IFIC Bank Limited, Kawran Bazar Branch, Dhaka	32,716	38,866
IFIC Bank Limited, Ambarkhana Branch, Sylhet	17,902	21,612
Bank Asia Limited, Dhaka	-	104,209
Shahjalal Islami Bank Limited, Sylhet	-	94,997
Prime Bank Limited, Wari Branch, Dhaka	481,101	-
Bank Asia Limited, Kawran Bazar Branch, Dhaka	645,393	-
Bank Asia Limited, Kawran Bazar Branch, Dhaka	10,390,727	-
Bank Asia Limited, Kawran Bazar Branch, Dhaka	137,255	-

**Sub-total**

<b>As at 31 December,</b>	
<b>2018</b>	<b>2017</b>
<b>Taka</b>	<b>Taka</b>
<b>11,833,967</b>	<b>1,391,174</b>

**Short-term deposit accounts with:**

United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	843,661	827,637
IFIC Bank Limited, Dhanmandi Branch, Dhaka	47,604	50,035,154
IFIC Bank Limited, Dhanmandi Branch, Dhaka	2,234,949	2,200,628
ICB Islami Bank Limited, Kawran Bazar Branch, Dhaka	11,015	11,245
Social Islami Bank Limited, Principal Branch, Dhaka	-	336,379
Shajalal Islami Bank Limited, Foreign Exchange Branch, Dhaka	-	18,090
Shajalal Islami Bank Limited, Kawran Bazar Branch, Dhaka	817,590	798,974
Mercantile Bank Limited, Elephant Road Branch, Dhaka	-	6,155
Uttara Bank Limited, Local Office, Dhaka	1,735	2,924
United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	149,565	108,827
Mutual Trust Bank Limited, Principal Branch, Dhaka	-	55,557
IFIC Bank Limited, Sheikh Mujib Road Branch, Chittagong	802,736	12,485,581
Bank Asia Limited, Mohakhali Branch, Dhaka	572,689	1,164,501
Bangladesh Commerce Bank Limited, Bangshal Branch, Dhaka	-	22,981
Bank Asia Limited, Sylhet Main Branch, Sylhet	573,093	1,809,763
IFIC Bank Limited, Gulshan Branch, Dhaka	2,000,763	2,132,097
IFIC Bank Limited, Kawranbazar Branch, Dhaka	20,049,865	1,135,894
NRB Commercial Bank Limited, Principal Branch, Dhaka	4,850	6,000
One Bank Limited, Kawranbazar Branch, Dhaka	1,652	9,035
Mutual Trust Bank Limited, Principal Branch, Dhaka	357,059	350,374
Mutual Trust Bank Limited, Pricipal Branch, Dhaka	64,242	64,313
Premier Bank Limited, Board Bazar Branch	440,457	2,205,750
Brac Bank Limited, Asadgate Branch, Dhaka	442,300	1,657,178
Eastern Bank Limited, Sonargoan Road Branch, Dhaka	10,518	11,040
IFIC Bank Limited, Board Bazar Branch	-	56,935
IFIC Bank Limited, Motijheel Branch, Dhaka	178,610	1,348,105
Bank Asia Limited, Corporate Branch, Dhaka	6,100,455	5,594,411
Modhamoti Bank Limited, Kanchan Branch, Narayangong	-	7,694
Mutual Trust Bank Limited, Panthapath Branch, Dhaka	217,314	563,659
City Bank Limited, Pallabi Branch, Dhaka	736,126	-
Bank Asia Limited, Kawran Bazar Branch, Dhaka	3,073,941	-
Bank Asia Limited, Tongi Branch	10,000	-

**Sub-total**

<b>39,742,788</b>	<b>85,026,878</b>
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	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>Taka</u>	<u>Taka</u>
<b>Fixed deposit accounts with:</b>		
People's Leasing and Financial Services Limited	100,000,000	100,000,000
International Leasing and Financial Services Limited	70,000,000	70,000,000
Mutual Trust Bank Limited	106,916,714	101,125,000
Union Bank Limited	1,000,000,000	1,000,000,000
<b>Sub-total</b>	<b><u>1,276,916,714</u></b>	<b><u>1,271,125,000</u></b>
<b>Grand Total</b>	<b><u>1,328,493,469</u></b>	<b><u>1,357,543,052</u></b>
<b>4.02 Outside Bangladesh</b>	<u>-</u>	<u>-</u>
<b>4.03 Maturity grouping of balances with other banks and financial institutions</b>		
On demand	51,576,755	86,418,052
Upto 3 months	-	-
Over 3 months but upto 1 year	1,276,916,714	1,271,125,000
	<b><u>1,328,493,469</u></b>	<b><u>1,357,543,052</u></b>

	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>Taka</u>	<u>Taka</u>
<b>5.00 Money at call and on short notice</b>	-	-
<b>6.00 Investments</b>		
<b>6.01 Government securities</b>		
Treasury bills	-	-
National Investment Bond	-	-
Bangladesh Bank Bill	-	-
Government notes/bonds	-	-
Prize bonds	-	-
Others	-	-
	-	-
<b>6.02 Other investments (note 6.02.01)</b>	<u>46,236,748</u>	<u>45,204,089</u>
	<b>46,236,748</b>	<b>45,204,089</b>

**6.02.01 Other investments - in shares and debentures**  
**Shares:**

Sector	Quantity		Cost Price (Taka)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Bank	293,879	263,879	8,165,819	7,603,136
Cement	25,000	10,000	1,989,561	1,015,146
Chemicals	240,343	129,561	2,503,757	2,399,957
Ceramics	-	31,748	-	2,076,345
Engineering	118,079	60,500	4,675,005	2,722,577
Financial Institutions	157,447	176,950	10,328,819	11,299,077
Fuel & Power	59,809	79,779	4,037,224	5,326,856
Insurance	71,866	68,444	6,596,722	6,596,722
IT	158,075	16,575	5,083,680	1,845,089
Miscellaneous	15,800	-	722,229	-
Mutual Fund	-	378,270	-	2,669,249
Paper & Printing	12,000	-	1,173,057	-
Services and Real Estate	10,000	-	548,641	-
Textile	5,500	77,000	412,233	1,649,935
<b>Total</b>	<b>1,167,798</b>	<b>1,292,706</b>	<b>46,236,748</b>	<b>45,204,089</b>



**As at 31 December 2018**

**Cost Price      Market Price**  
**Taka            Taka**

**6.03 Valuation of investments**

**Government securities:**

Treasury bills	-	-
Government bonds	-	-
T & T bonds & Prize Bonds	-	-
Debentures - House Building Finance Corporation	-	-

**Others: Shares (quoted)**

Sector	Cost Price	Market Price
Bank	8,165,819	4,123,548
Cement	1,989,561	1,346,500
Chemicals	2,503,757	1,633,470
Engineering	4,675,005	4,015,510
Financial Institutions	10,328,819	3,336,024
Fuel & Power	4,037,224	3,195,014
Insurance	6,596,722	2,005,061
IT	5,083,680	4,794,860
Miscellaneous	722,229	733,560
Paper & Printing	1,173,057	1,005,600
Services and Real Estate	548,641	466,000
Textile	412,233	350,350
<b>Total</b>	<b>46,236,748</b>	<b>27,005,497</b>

Total market value of quoted shares is less than cost price against which provision was made for Taka 1,92,31,251 (note 14.03).

	As at 31 December	
	2018 Taka	2017 Taka
<b>7.00 Leases, loans and advances</b>		
<b>Inside Bangladesh</b>		
Lease finance	1,385,441,446	1,692,056,086
Term finance	7,399,783,350	7,853,153,033
Home loan refinance scheme	8,826,964	9,530,371
	<u>8,794,051,760</u>	<u>9,554,739,490</u>
<b>Outside Bangladesh</b>	-	-
	<u>8,794,051,760</u>	<u>9,554,739,490</u>
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. FID/1-10/2018-1182 dated 13 November 2018 for adjusting the difference amount Taka 205,804,139 within next three (03) years from 1st quarter of 2019.		
<b>7.01 Maturity grouping of leases, loans and advances</b>		
Repayable		
- on demand	937,723,867	2,105,242,596
- over 1 month but not more than 3 months	2,067,893,310	2,816,524,700
- over 3 months but not more than 1 year	3,171,091,680	1,603,803,162
- over 1 year but not more than 5 years	2,447,041,098	2,292,281,701
- over 5 years	170,301,805	736,887,331
	<u>8,794,051,760</u>	<u>9,554,739,490</u>
<b>7.02 Significant concentration of leases, loans and advances</b>		
Advance to allied concerns of Directors	-	-
Advance to the Chief Executive	-	-
Advance to other senior executives	-	-
	<u>-</u>	<u>-</u>
<b>7.03 Sector-wise distribution</b>		
Chemical and pharmaceuticals	73,731,770	87,248,089
Textile industry	43,584,650	52,529,319
Telecommunication and IT industry	139,987,580	183,625,195
Jute and jute related goods	103,981,000	100,000,000
Steel	615,464,830	592,791,160
Paper	102,770,010	97,688,226
Shipping and ship building industry	117,556,000	102,172,000
Transport and communication	421,237,000	300,540,000
Power, gas, water and sanitary	85,478,900	77,925,101
Agriculture sector	164,000	319,908,000
Readymade garments	468,242,650	188,242,009
Plastic industry	79,477,920	5,422,887
Leather and leather goods	560,390	13,363,000
Service sector (hotel, hospital and clinic)	207,124,609	4,426,471,709
Food and allied	970,130,000	484,914,805
Electronics	5,429,209	68,909,122
Real estate	509,033,585	1,858,170,463
Glass and ceramic industry	134,846,230	6,501,378
Housing	1,271,470,586	-
Trade & commerce	2,985,342,124	-
Others	458,438,717	588,317,027
<b>Total</b>	<u>8,794,051,760</u>	<u>9,554,739,490</u>
<b>7.04 Advances to customers for more than 10% of total capital of the company</b>		
Number of clients to whom leases, loans and advances were sanctioned for more than 10% of total capital of the Company during the year:		
Number of clients	-	5
Amount of outstanding advances	-	658,433,172
Amount of classified advances	-	-
Amount of recovery/rescheduling thereon	-	-
<b>7.05 Geographical location-wise leases, loans and advances</b>		
<b>In Bangladesh:</b>		
Dhaka division	6,274,335,716	7,017,787,155
Chittagong division	2,321,840,683	2,261,124,890
Sylhet division	197,875,361	275,827,445
	<u>8,794,051,760</u>	<u>9,554,739,490</u>
<b>Outside Bangladesh</b>	-	-
	<u>8,794,051,760</u>	<u>9,554,739,490</u>

7.06 Particulars of loans and advances	As at 31 December	
	2018	2017
	Taka	Taka
(i) Financing considered good in respect of which the Company is fully secured;	7,707,846,536	8,122,400,000
(ii) Financing considered good against which the Company holds no security other than the debtors' personal security;	1,086,205,224	1,432,339,490
(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	-	-
(x) Amount of classified leases, loans and advances on which interest has not been credited to income	3,637,455,071	3,074,364,623
(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 statement of financial position	165,597,162	303,754,835
(c) Interest charged to interest suspense account	938,285,033	828,350,574
(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	-	-
<b>7.07 Classification of loans and advances</b>		
<b>Unclassified</b>		
Standard	3,637,704,432	5,272,395,313
Special mention account	969,953,066	1,207,979,554
	<u>4,607,657,497</u>	<u>6,480,374,867</u>
<b>Classified</b>		
Substandard	304,163,949	554,930,458
Doubtful	244,775,243	382,577,671
Bad/Loss	3,637,455,071	2,136,856,494
	<u>4,186,394,263</u>	<u>3,074,364,623</u>
	<b><u>8,794,051,760</u></b>	<b><u>9,554,739,490</u></b>



**7.08 Particulars of required provision for loans and advances**

<u>Status of classification</u>	<u>Base for provision</u>	<u>As at 31 December</u>	
		<u>2018</u>	<u>2017</u>
		<u>Taka</u>	<u>Taka</u>
Unclassified (general provision)			
Standard	3,637,704,432	30,742,548	47,032,570
Special mention account	1,063,052,340	53,152,617	54,780,952
		<u>83,895,165</u>	<u>101,813,522</u>
Classified (specific provision)			
Sub-standard	114,309,134	22,861,827	51,574,167
Doubtful	175,438,782	87,719,391	64,363,161
Bad/Loss	685,597,162	767,507,000	303,754,835
		<u>878,088,218</u>	<u>419,692,163</u>
Required provision for loans and advances		961,983,382	521,505,685
Total provision maintained (notes 14.01.01 and 14.01.02)		<u>521,983,382</u>	<u>521,505,685</u>
<b>Excess/(short) provision</b>		<b><u>(440,000,000)</u></b>	<b><u>-</u></b>

There is a provision shortfall against leases, loans and advances for Taka 46.00 crore (including Taka 2.00 crore for other assets which is disclosed in note no. 14.08) for the year ended 31 December 2018. The Company has obtained permission from Bangladesh Bank through letter no. DFIM(C)1054/42/2019-1272 dated 23 June 2019 for adjustment of such shortfall amount within 5 years starting from the year 2020.

**8.00 Bills purchased and discounted**

Inside Bangladesh	-	-
Outside Bangladesh	-	-

**9.00 Fixed assets including premises, furniture and fixtures (excluding accumulated depreciation)**

<b>Cost</b>		
Office equipment	116,846,252	116,703,879
Motor vehicles	43,543,095	43,543,095
Furniture and fixtures	81,943,441	81,896,401
Software	<u>13,580,000</u>	<u>13,330,000</u>
	255,912,788	255,473,375
<b>Less: Accumulated depreciation</b>		
Net book value at the end of the year	<u>136,469,493</u>	<u>116,245,954</u>
	<b><u>119,443,295</u></b>	<b><u>139,227,421</u></b>

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	21,547,507	6,889,453
	<u>21,547,507</u>	<u>6,889,453</u>

**Non-income generating**

Advance office rent	1,812,737	4,718,932
Advance parking rent	75,000	75,000
Security deposit	300,000	300,000
Others (note 10.01)	<u>551,136,143</u>	<u>610,461,834</u>
	<u>553,323,880</u>	<u>615,555,766</u>

**10.01 Others**

Advance Income Tax			
Receivable others (Legal expenses for clients)	10.02	437,134,859	418,495,506
Receivable from BLI Securities Limited		15,780,697	13,559,199
Advance against expenses		99	549
Receivable from Sheltech Brokerage Limited		5,803,719	4,232,569
Receivable from employees		1,573,497	2,789,627
Deferred interest expenses		7,589,460	7,589,460
Recovery agent commissions receivable	10.03	82,994,924	163,794,924
		258,888	-
		<u>551,136,143</u>	<u>610,461,834</u>

	As at 31 December	
	2018	2017
<b>10.02 Advance Income Tax</b>		
Accounting Year:	<b>Taka</b>	<b>Taka</b>
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	59,087,371
2015	44,679,572	40,952,072
2016	55,377,498	55,377,498
2017	6,759,784	3,307,778
2018	6,398,847	-
	<b>437,134,859</b>	<b>418,495,506</b>
<b>10.03 Deferred interest expenses</b>	<b>82,994,924</b>	<b>163,794,924</b>
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 (3) 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 yet to be amortized is BDT 8,29,94,924 of which BDT 8,08,00,000 will be expensed in 2019 and BDT 21,94,924 will be amortized in 2020.		
Opening balance	163,794,924	241,485,713
Less: Adjustment during the year	80,800,000	77,690,789
	<b>82,994,924</b>	<b>163,794,924</b>
<b>10.04 Classification</b>		
Classification of other assets is as follows:		
Standard	550,353,228	609,589,834
Bad/Loss	782,915	872,000
	<b>551,136,143</b>	<b>610,461,834</b>
<b>11.00 Non-Banking assets</b>	<b>195,726,132</b>	<b>130,161,753</b>
This represents assets acquired by the company as per judgment of Honorable court against loan/lease. The above assets are non-earning assets.		
<b>12.00 Borrowings from other banks, financial institutions and agents</b>		
Inside Bangladesh (note 12.01)	1,133,203,893	2,050,414,103
Outside Bangladesh	-	-
	<b>1,133,203,893</b>	<b>2,050,414,103</b>
<b>12.01 Inside Bangladesh</b>		
Social Islami Bank Limited	458,728,759	438,346,634
Uttara Bank Limited	55,943,086	152,448,602
Bangladesh Bank Refinance scheme	23,075,833	72,036,821
Mutual Trust Bank Limited	89,692,665	89,245,725
Mercantile Bank Limited	96,763,549	98,336,321
Midland Bank Limited	-	170,000,000
SBAC Bank Limited	-	100,000,000
Premier Leasing & Finance Limited	-	50,000,000
Union Capital Limited	-	70,000,000
National Finance Limited	-	40,000,000
GSP Finance Company (Bangladesh) Limited	-	100,000,000
NRB Global Bank Limited	-	50,000,000
Sonali Bank Limited	120,000,000	130,000,000
Bangladesh Development Bank Limited	150,000,000	250,000,000
Agrani Bank Limited	60,000,000	60,000,000
Janata Bank Limited	79,000,000	180,000,000
	<b>1,133,203,893</b>	<b>2,050,414,103</b>

		As at 31 December	
		2018	2017
		Taka	Taka
<b>12.02</b>	<b>Analysis by security</b>		
	Secured	1,133,203,893	2,050,414,103
	Unsecured	-	-
		<u>1,133,203,893</u>	<u>2,050,414,103</u>
<b>12.03</b>	<b>Repayment pattern</b>		
	Repayable		
	- on demand	259,000,000	370,000,000
	- within one month	150,000,000	830,000,000
	- more than one month but less than six months	-	-
	- more than six months but less than one year	536,015,043	536,015,043
	- more than one year but less than five years	188,188,850	314,399,059
	- more than five years but less than ten years	-	-
	- more than ten years	-	-
		<u>1,133,203,893</u>	<u>2,050,414,103</u>
<b>13.00</b>	<b>Deposit and other accounts</b>		
	Term deposit	6,841,747,827	6,302,467,028
	Fixed deposit	-	-
	Short term deposit	-	-
	Staff security deposit	-	-
	Deposit pension scheme	-	-
	Monthly savings scheme	25,665,000	11,507,000
		<u>6,867,412,827</u>	<u>6,313,974,028</u>
<b>13.01</b>	<b>Maturity analysis of deposits</b>		
	From banks, financial institutions and other institutions :		
	Repayable		
	- on demand	-	-
	- within one month	680,418,555	892,094,982
	- more than one month but less than six months	4,167,967,277	3,770,155,096
	- more than six months but less than one year	629,867,577	571,813,305
	- more than one year but less than five years	125,709,703	5,556,898
	- more than five years but less than ten years	70,663,244	10,611,608
	- unclaimed deposits for ten years or more	-	-
		<u>5,674,626,356</u>	<u>5,250,231,889</u>
	Other than banks, financial institutions and other institutions :		
	Repayable		
	- on demand	-	-
	- within one month	101,865,471	71,629,068
	- more than one month but less than six months	542,172,369	418,907,543
	- more than six months but less than one year	395,769,563	414,774,773
	- more than one year but less than five years	134,752,018	144,468,333
	- more than five years but less than ten years	18,227,050	13,962,422
	- unclaimed deposits for ten years or more	-	-
		<u>1,192,786,471</u>	<u>1,063,742,139</u>
		<u>6,867,412,827</u>	<u>6,313,974,028</u>



		<u>As at 31 December</u>	
		<u>2018</u>	<u>2017</u>
		<u>Taka</u>	<u>Taka</u>
<b>14.00</b>	<b>Other liabilities</b>		
	Provision for loans and advances	521,983,382	521,505,685
	Interest suspense account	938,285,033	828,350,574
	Provision for Investment	19,231,251	14,426,210
	Provision for income tax	301,013,241	296,494,763
	Provision for other assets	1,835,000	872,000
	Deferred tax liability/(assets)	(2,934,353)	(3,996,397)
	Lease deposit	31,994,235	33,895,945
	Unclaimed dividend	594,530	594,530
	Share money deposits	159,916	159,916
	Interest payable	238,083,746	226,258,750
	Sundry creditors	234,852,087	306,381,124
		<b>2,285,098,069</b>	<b>2,224,943,100</b>
<b>14.01</b>	<b>Provision for loans and advances</b>		
<b>14.01.01</b>	<b>Provision for unclassified loans and advances</b>		
	Opening balance	101,813,522	71,563,765
	Add: Provision for the year	(17,918,357)	30,249,757
	Less: Transferred to provision for other assets during the year	-	-
	General provision for the year	-	-
	<b>Closing balance</b>	<b>83,895,165</b>	<b>101,813,522</b>
<b>14.01.02</b>	<b>Provision against classified loans and advances</b>		
	Opening balance	419,692,163	319,771,410
	Less: Interest fully waived during the year	-	-
	Add: Recovery of advances previously written off	-	-
	Add: Specific provision for the year	18,396,055	99,920,753
	<b>Closing balance</b>	<b>438,088,218</b>	<b>419,692,163</b>
		<b>521,983,382</b>	<b>521,505,685</b>
<b>14.02</b>	<b>Interest suspense account</b>		
	Opening balance	828,350,574	830,421,026
	Addition during the year	109,934,459	(2,070,452)
	Recovered during the year	-	-
	<b>Closing balance</b>	<b>938,285,033</b>	<b>828,350,574</b>
<b>14.03</b>	<b>Provision for Investment</b>		
	Opening balance	14,426,210	14,034,289
	Add: Provision for the year	4,805,041	391,921
	Less: Adjustment during the year	-	-
	<b>Closing balance</b>	<b>19,231,251</b>	<b>14,426,210</b>
<b>14.04</b>	<b>Provision for income tax</b>		
	Opening balance	296,494,763	286,204,648
	Add: Provision made during the year	4,518,478	10,290,115
		301,013,241	296,494,763
	Less: Settlement during the year	-	-
	<b>Closing balance</b>	<b>301,013,241</b>	<b>296,494,763</b>
<b>14.04.01</b>	<b>Current tax</b>		
	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.		
	<b>Gross receipts:</b>		
	(i) Interest income	685,949,917	788,826,478
	(ii) Investment income	(904,017)	3,923,506
	(iii) Other operating income	68,033,712	88,935,784
	<b>Total</b>	<b>753,079,611</b>	<b>881,685,768</b>
	Minimum tax @	0.60%	0.60%
	<b>Current tax</b>	<b>4,518,478</b>	<b>5,290,115</b>
	Add: Provision made for previous year	-	5,000,000
		<b>4,518,478</b>	<b>10,290,115</b>

		<u>As at 31 December</u>	
		<b>2018</b>	<b>2017</b>
		<b>Taka</b>	<b>Taka</b>
<b>14.04.02</b>	<b>Yearly breakup of provision for income tax</b>		
	<i>Accounting Year:</i>		
	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	-
		<b>301,013,241</b>	<b>296,494,763</b>
<b>14.05</b>	<b>Deferred tax liability/(assets)</b>		
	Opening balance	(3,996,397)	(1,452,398)
	Less: Adjustment during the year	1,062,044	(2,544,000)
	<b>Closing balance</b>	<b>(2,934,353)</b>	<b>(3,996,397)</b>
<b>14.05.01</b>	<b>Deferred tax</b>		
	Carrying amount of Fixed Assets	119,443,294	139,227,422
	Tax base value of Fixed Assets	127,268,235	149,218,416
	Deductible temporary difference	(7,824,941)	(9,990,993)
	Tax Rate	37.50%	40.00%
		<b>(2,934,353)</b>	<b>(3,996,397)</b>
<b>14.06</b>	<b>Interest payable</b>	<b>238,083,746</b>	<b>226,258,750</b>
	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 during the four quarters (Tk. 2.02 crore in each quarter of March, June, September and December) of 2018.		
<b>14.07</b>	<b>Sundry creditors</b>		
	Income tax payable	24,167,868	6,904,051
	VAT payable	187,737	1,212,186
	Salary & allowance payable	204,612	44,445
	Office rent payable	362,670	465,135
	Utility payable	328,418	325,338
	Audit fee payable	135,000	135,000
	Other payable	32,172,468	1,575,549
	Sundry accounts (Party)	126,733,946	277,953,491
	Sundry accounts (Others)	3,492,168	3,753,022
	Excise Duty payable	450,000	565,290
	Sundry account (Documents)	1,361,753	1,331,431
	Security money payable (Vendor/Supplier)	160,830	160,830
	Telephone and internet bill payable	389,129	190,350
	Delinquent charge suspense account	42,459,304	9,831,352
	IDCP charge suspense account	396,503	411,958
	Premature charge suspense account	1,016,378	1,247,016
	Sundry accounts (MSS)	457,679	274,679
	Employees P.F. Payable A/C	11,040	-
	Interest Payable on Bank Borrowing	364,583	-
		<b>234,852,087</b>	<b>306,381,124</b>
<b>14.08</b>	<b>Provision for other assets</b>		
	The Company has kept provision shortfall against other assets 2.00 crore in the year ended 31 December 2018 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 7.08.		
<b>15.00</b>	<b>Share Capital</b>		
<b>15.01</b>	<b>Authorized capital</b>		
	500,000,000 shares of Taka 10 each	<b>5,000,000,000</b>	<b>5,000,000,000</b>



As at 31 December

	2018	2017
	Taka	Taka
<b>15.02 Issued, subscribed and paid-up capital</b>		
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
	<b>1,162,202,580</b>	<b>1,162,202,580</b>

**15.03 Percentage of shareholding**

Category	As at 31 December			
	2018		2017	
	No. of shares	%	No. of shares	%
Sponsors	48,176,410	41.45%	49,283,846	49,283,846
General public including NRB	46,077,809	39.65%	46,479,023	46,479,023
Financial institutions	21,966,039	18.90%	20,457,389	20,457,389
Investment companies	-	0.00%	-	-
Foreigners	-	0.00%	-	-
<b>Total</b>	<b>116,220,258</b>	<b>100%</b>	<b>116,220,258</b>	<b>116,220,258</b>

**15.04 Classification of shareholders by holding**

Holding	No. of shareholders		Total holding percentage (%)	
	2018	2017	2018	2017
Less than 5000	5,639	5,887	5.18	5.37
5001 to 50,000	1,227	1,194	15.27	14.27
50,001 to 100000	78	82	4.71	4.90
100001 to 200000	46	43	5.49	5.18
200001 to 300000	5	10	1.00	1.96
300001 to 400000	5	6	1.62	1.91
400001 to 500000	7	8	2.72	3.08
500001 to 1000000	12	6	7.15	3.59
Over 1,000,001	15	17	56.86	59.74
<b>Total</b>	<b>7,034</b>	<b>7,253</b>	<b>100</b>	<b>100</b>

**15.05 Name of Directors and their shareholdings as on 31 December 2018**

Sl. No.	Name of Director	Status	2018	2017
1	Mr. Miah Nuruddin Ahmed Apu (Representative of Alphabet Associates Limited)	Chairman/Sponsor	5,670,588	5,670,588
2	Mr. Md. Mujibur Rahman Chowdhury	Independent Director & Vice Chairmen	164,287	164,287
3	Mr. Mohammed Jalal Uddin (Representative of Oparchor Trade International Ltd.)	Nominated Director & Vice Chairmen	8,321,520	8,321,520
4	Mr. A.Q.M. Faisal Ahmed Chowdhury	Sponsor Director	2,721,064	2,721,064
5	Mr. M. Rashiduzzaman Millat (Representative of Qasraj Trading Limited)	Nominated Director	11,621,656	11,621,656
6	Mr. Md. Mahim (Representative of Raqas Trade International Limited)	Nominated Director	5,794,796	5,794,796
7	Mrs. Qazi Sauda Afrin (Representative of Alphabet Systems Ltd)	Nominated Director	5,673,868	5,673,868
8	Mr. Ataul Haq	Independent Director	-	-
9	Mr. Md. Aminul Islam	Independent Director	-	-
10	Mr. Khan Mohammad Moinul Hasan	Independent Director	-	-



**15.06 Capital adequacy Ratio:**

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

	As at 31 December	
	2018 Taka	2017 Taka
<b>Tier-1 (Core Capital)</b>	<b>858,525,897</b>	<b>1,263,905,090</b>
Paid-up Capital	1,162,202,580	1,162,202,580
Statutory Reserve	342,960,175	342,960,175
General Reserve	-	-
Retained Surplus	(646,636,858)	(241,257,665)
<b>Tier-2 (Supplementary Capital):</b>	<b>83,895,165</b>	<b>101,813,522</b>
General provision maintained against unclassified loans	83,895,165	101,813,522
Other Reserves	-	-
<b>Total Capital Held (Tier 1 + Tier 2)</b>	<b>942,421,062</b>	<b>1,365,718,612</b>
<b>Total Risk Weighted Assets (Note 15.06.01)</b>	<b>10,289,816,692</b>	<b>11,342,645,966</b>
<b>Required capital</b> (10% of risk-weighted assets or Tk. 100.00 Crore whichever is higher)	<b>1,028,981,669</b>	<b>1,134,264,597</b>
<b>Total Capital Held</b>	<b>942,421,062</b>	<b>1,365,718,612</b>
Capital adequacy ratio	9.16	12.04
Core capital	8.34	11.14
Supplementary capital	0.82	0.90

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

Gross Risk-Weighted Assets (RWA) of 2018 in the various categories of risk weights are detailed below :

**15.06.01 Total Risk Weighted Assets**
**(a) Risk Weights for Credit Risk**

Risk Weights (both B/S & Off-B/S)	As at 31 December 2018	
	Principal Amount	Risk Weighted Asset
0%	522,517,969	-
20%	1,560,793,469	312,158,694
50%	925,300,000	462,650,000
75%	175,600,000	131,700,000
100%	4,719,400,000	4,719,400,000
125%	2,203,600,000	2,754,500,000
150%	970,000,000	1,455,000,000
<b>Total</b>	<b>11,077,211,438</b>	<b>9,835,408,694</b>

**(b) Risk Weights for Market Risk**

54,010,994

**(c) Risk Weights for Operational Risk**

400,397,004

**Total Risk Weighted Assets (a+b+c)**

**10,289,816,692**

	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>Taka</u>	<u>Taka</u>
<b>16.00 Statutory reserve</b>		
Opening balance	342,960,175	342,960,175
Addition during the year	-	-
Closing balance	<u>342,960,175</u>	<u>342,960,175</u>
This was created in terms of clause- 6 of Financial Institution Regulation 1994, as 20% of net profit after tax.		
<b>17.00 General reserve</b>	<u>-</u>	<u>-</u>
<b>18.00 Retained earnings</b>		
Opening balance	(241,257,665)	63,648,566
Addition during the year	(405,379,193)	(304,906,230)
Less: Transfer to statutory reserve	-	-
Less: Issue of bonus shares	-	-
Closing balance	<u>(646,636,858)</u>	<u>(241,257,665)</u>
<b>19.00 Contingent liabilities and commitments</b>		
<b>19.01 Letters of guarantee</b>		
Money for which the Company is contingently liable in respect of guarantee given favoring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	-	-
Letter of credit	-	-
	<u>-</u>	<u>-</u>
<b>19.02 Commitments</b>		
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>
<b>20.00 Profit and Loss Statement</b>		
<b>Income</b>		
Interest, discount and similar income	685,949,917	788,826,478
Dividend income	261,946	542,260
Fees, commission and brokerage	-	-
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	(1,165,963)	3,381,246
Gains less losses arising from dealings in foreign currencies	-	-
Income from non-company's assets	-	-
Other operating income	68,033,712	88,935,784
Profit less losses on interest rate changes	-	-
	<u>753,079,611</u>	<u>881,685,768</u>
<b>Expenses</b>		
Interest, fees and commission	876,851,416	803,012,958
Losses on loans and advances	-	-
Administrative expenses	174,889,234	160,374,716
Other operating expenses	67,943,601	54,139,819
Depreciation on banking assets	27,859,208	30,755,960
	<u>1,147,543,459</u>	<u>1,048,283,452</u>
<b>Profit Before Provision</b>	<u>(394,463,848)</u>	<u>(166,597,684)</u>

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b>Taka</b>	<b>Taka</b>
<b>21.00 Interest Income</b>		
Interest on leases, loans and advances:		
Lease finance	184,443,508	309,633,512
Term finance	430,551,711	442,858,449
Home loan/Margin loan	521,574	855,554
Interest on:	<u>615,516,793</u>	<u>753,347,515</u>
Accounts with foreign banks	-	-
Balances with other banks and financial institutions	70,433,124	35,478,963
	<b><u>685,949,917</u></b>	<b><u>788,826,478</u></b>
<b>22.00 Interest Paid on Deposits, Borrowings, etc.</b>		
Interest on deposits:		
Fixed/term deposits	697,089,225	605,634,352
Savings deposits	454,498	554,096
Interest on borrowings:	<u>697,543,723</u>	<u>606,188,448</u>
Local banks including Bangladesh Bank	179,307,693	196,824,510
Foreign banks	-	-
	<b><u>876,851,416</u></b>	<b><u>803,012,958</u></b>
<b>23.00 Investment Income</b>		
Dividend on shares	261,946	542,260
Gain on Sale of Marketable Securities	(1,165,963)	3,381,246
	<b><u>(904,017)</u></b>	<b><u>3,923,506</u></b>
<b>24.00 Commission, Exchange and Brokerage</b>		
Commission on trading security	-	-
Exchange gains/losses arising from dealings in foreign currencies	-	-
	<b><u>-</u></b>	<b><u>-</u></b>
<b>25.00 Other Income</b>		
Interest during construction period	25,014,463	31,900,438
Delinquent charge	38,389,854	36,362,353
Documentation and processing fee including stamp charge	304,828	4,643,289
Transfer fee	519,350	1,172,684
Other Operating Income	3,805,217	14,857,020
	<b><u>68,033,712</u></b>	<b><u>88,935,784</u></b>
<b>26.00 Salary and Allowances</b>		
Salary and allowance	116,060,632	100,163,689
Provident fund contribution	4,701,375	3,500,720
Festival Bonus	11,954,899	9,636,587
Overtime	455,117	1,483,147
Medical & Welfare Expenses	860	1,698
	<b><u>133,172,883</u></b>	<b><u>114,785,841</u></b>
<b>27.00 Rent, Taxes, Insurance, Lighting, etc.</b>		
Rent, rates and taxes	16,770,190	17,358,480
Utilities	4,117,291	3,786,524
Insurance	225,613	216,537
	<b><u>21,113,094</u></b>	<b><u>21,361,541</u></b>
<b>28.00 Legal Expenses</b>		
Legal expenses	3,030,280	2,931,957
Consultancy fees	564,409	564,409
	<b><u>3,594,689</u></b>	<b><u>3,496,366</u></b>
<b>29.00 Postage, Stamps, Telecommunication, etc.</b>		
Phone, fax and internet	4,094,187	3,477,751
Court fees and stamps	155,993	1,881,294
Postage and courier	75,584	210,204
	<b><u>4,325,764</u></b>	<b><u>5,569,249</u></b>



**For the year ended 31 December**

	<b>2018</b>	<b>2017</b>
	<b>Taka</b>	<b>Taka</b>
<b>30.00 Stationery, Printing, Advertisements, etc</b>		
Advertisement	2,539,138	3,834,909
Stationery and printing	3,857,731	5,050,467
	<b>6,396,869</b>	<b>8,885,376</b>
<b>31.00 Chief Executive Officer's Salary and Fees</b>		
Basic salary	2,862,903	2,883,065
Allowances	2,004,032	1,834,677
Festival Bonus	500,000	550,000
	<b>5,366,935</b>	<b>5,267,742</b>
<b>32.00 Directors' Fees</b>		
Taka 8,000 per Director per meeting	784,000	873,600
	<b>784,000</b>	<b>873,600</b>
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.		
<b>33.00 Auditors' Fees</b>	<b>135,000</b>	<b>135,000</b>
<b>34.00 Depreciation and Repairs of Company's Assets</b>		
<b>Repairs</b>		
Furniture and fixtures and equipments	1,286,512	3,472,470
Vehicles	6,269,586	7,318,506
Software development	-	-
	<b>7,556,098</b>	<b>10,790,976</b>
<b>Depreciation</b>		
Office equipment	8,533,418	9,902,127
Motor vehicles	4,290,288	4,781,332
Furniture and fixtures	4,763,541	5,281,524
	<b>17,587,246</b>	<b>19,964,984</b>
Amortization of software	2,715,864	-
	<b>27,859,208</b>	<b>30,755,960</b>
<b>35.00 Other Expenses</b>		
Share issue expenses	1,170,882	1,064,882
AGM expenses	23,840	590,256
Business development expenses	2,286,743	28,235,817
Vehicle expenses	1,678,010	1,713,539
Entertainment	1,064,307	1,702,790
Meeting expenses	40,000	64,000
Bank charges and excise duty	689,044	907,918
Travelling expenses	2,322,353	3,359,990
Office maintenance	2,365,082	1,307,081
Books and periodicals	44,262	59,941
Miscellaneous expenses	13,364,027	430,313
Commission on TDR	17,417,307	480,764
VAT paid	17,111,102	6,398,949
Fees, fine and subscription	4,823,831	6,823,932
Corporate social responsibility (CSR)	-	10,000
Annual Business Conference	-	214,321
Income tax expense	447,109	741,074
Loss on disposal of fixed asset	20,429	34,252
Lunch Subsidy	3,075,274	-
	<b>67,943,601</b>	<b>54,139,819</b>

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b>Taka</b>	<b>Taka</b>
<b>36.00 Provision against leases, loans and advances</b>		
Provision against unclassified leases, loans and advances	83,895,165	101,813,522
Provision against classified leases, loans and advances	438,088,218	419,692,163
	<b>521,983,382</b>	<b>521,505,685</b>
Less: Provision as on 31 December of previous year		
Provision against unclassified leases, loans and advances	101,813,522	71,563,765
Provision against classified leases, loans and advances	419,692,163	319,771,410
	<b>521,505,685</b>	<b>391,335,175</b>
Provision made during the year	<b>477,697</b>	<b>130,170,510</b>
<b>37.00 Provision for diminution in value of investments</b>		
Provision for investment	19,231,251	14,426,210
Less: Provision as on 31 December of previous year	14,426,210	14,034,289
Provision made/(adjustment) during the year	<b>4,805,041</b>	<b>391,921</b>
<b>38.00 Earnings per Share</b>		
Earnings Attributable to the Ordinary Shareholders (Net profit after tax)	(405,379,193)	(304,906,230)
Number of ordinary shares outstanding during the year	116,220,258	116,220,258
<b>Earnings per share</b>	<b>(3.49)</b>	<b>(2.62)</b>
<b>38.01</b> No diluted earnings per share is required to be calculated for the year as there was no dilution during the year.		
<b>39.00 Net operating cash flow per share</b>		
<b>39.01</b> Operating profit before changes in operating assets and liabilities	(400,738,138)	(154,836,858)
Number of ordinary shares outstanding during the year	116,220,258	116,220,258
<b>Net operating profit before changes in operating assets and liabilities</b>	<b>(3.45)</b>	<b>(1.33)</b>
<b>39.02</b> Net cash used in operating activities	1,035,710,851	301,798,880
Number of ordinary shares outstanding during the year	116,220,258	116,220,258
<b>Net operating cash flow per share</b>	<b>8.91</b>	<b>2.60</b>
Net operating cash flow per share (NOCFPS) for the period ended 31 December 2018 is 8.91 whereas the same period of earlier year was 2.60. This is because a mentionable amount was received from the loanee of the Company and disbursement was not made in a material size.		
<b>40.00 Reconciliation of cash flows from operating activities</b>		
Net profit after tax	(405,379,193)	(304,906,230)
Depreciation	17,201,761	19,964,984
Provision for leases, loans & advances	477,697	130,170,510
Provision for taxation	5,580,522	7,746,115
Profit/loss on sale of fixed assets	20,429	34,252
Increase in lease, loans & advances	760,687,730	(372,467,959)
Income tax paid	(18,639,353)	(50,943,999)
Increase in deposit and other accounts	553,438,800	778,892,216
Increase in other liabilities	41,451,220	263,974,771
Increase in other assets	80,871,239	(170,665,779)
<b>Cash flows from operating activities</b>	<b>1,035,710,851</b>	<b>301,798,880</b>
<b>41.00 Net asset value per share</b>		
Net Assets	858,525,897	1,263,905,090
Number of ordinary shares outstanding	116,220,258	116,220,258
<b>Net asset value per share</b>	<b>7.39</b>	<b>10.88</b>

**For the year ended 31 December**

**2018**                      **2017**  
**Taka**                      **Taka**

**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:

<u>Name of related parties</u>	<u>Relationship</u>	<u>Value of transactions</u>	<u>Receivable at 31 Dec 2018</u>	<u>Receivable at 31 Dec 2017</u>
A.Q.M. Faisal Ahmed Chowdhury	Director	2,160,140	5,066,107	6,424,472
		<b>2,160,140</b>	<b>5,066,107</b>	<b>6,424,472</b>

The above transaction has started in the financial year 2015. Previously, the effect of this transaction has been properly disclosed in the prior year's financial statements. The borrower- director has mortgaged his own property valuing Tk.8,93,32,112 to the Company as collateral for the loan. The Honorable Shareholders of the Company had been acknowledged of this transaction in the 23rd AGM and as there is no subsequent AGM held by the order of the Honorable High Court, the security given by the director could not be acknowledged by the Honorable Shareholders. All documents have been prepared to present the matter for retrospective approval of the Honorable Shareholders in the next AGM.

**43.00 Board Meeting**

During the year under reporting, ten (10) board meetings were held.

**44.00 Audit Committee**

<u>Name of committee member</u>	<u>Status with the Company</u>	<u>Status with Committee</u>	<u>Educational Qualification</u>
Mr. Ataul Haq	Independent Director	Chairman	MA in Philosophy, University of Dhaka
Mr. Md. Jalal Uddin	Vice Chairman	Member	PhD on Currency Technology, IICT
Mr. Md. Mujibur Rahman Chowdhury	Vice Chairman & Independent Director	Member	Bachelor of Arts
Mr. A.Q.M Faisal Ahmed Chowdhury	Director	Member	Graduate, University of Dhaka
Mr. Md. Mahin	Nominated Director	Member	Graduate, Bachelor of Arts and two years Management Course from Japan.

During the year 2018 the audit committee has performed the following activities:

- review of the company's draft financial statements for the year ended 31 December 2018 for their presentation to the board for approval;
- recommendation on the appointment of external auditors for the year ending 31 December 2018 and their remuneration;
- review of quarterly financial statements for their presentation to the board for approval;
- review of internal auditor report as issued by the internal auditors for its presentation to board meeting;
- review of internal audit plan for the year 2018; and
- review of Bangladesh Bank Inspection Report along with company's reply for its presentation to the board meeting for approval and onward submission to Bangladesh Bank.

Five (05) meetings of audit committee were held during the year 2018 where CEO, Head of Internal Control & Compliance and CFO were invited to participate.



**For the year ended 31 December**

	2018	2017
	<u>Taka</u>	<u>Taka</u>
<b>45.00 Others</b>		
<b>45.01 Contracts and disbursements</b>		
Contracted/Sanction	58,190,000	1,689,307,500
Execution/Disbursement	99,972,000	1,634,457,500
<b>45.02 Credit facility not availed</b>		
There was no such credit facility available to the Company as on 31 December 2018 except trade credit available in the ordinary course of business.		
<b>45.03 Contingent liabilities</b>		
There was no such liabilities for which the Company is contingently liable as on 31 December 2018.		
<b>45.04 Payment in foreign currency</b>		
During the year 2018, 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.		
<b>45.05 Authorization for issue of the financial statements</b>		
The Board of Directors of the Company has authorized these financial statements for issue on June 29, 2019.		
<b>45.06 Number of employees</b>		
During the year 196 employees have been given Taka 6,000 or more (monthly) as salary and allowances.		
<b>45.07 Subsequent event</b>		
There is no material adjusting or non-adjusting events after the balance sheet date.		
<b>46.00</b>	The Board of Directors' in its 283rd Meeting declared stock dividend @ 5% on the basis of financial statements of 2016. This issue has not been approved by the Honorable Shareholders as the 24th Annual General Meeting of the company yet to hold by the order of the Honorable High Court.	
	No dividend was declared on the basis of financial statements of 2017 and 2018 as the Company incurred loss in those years.	
<b>47.00</b>	Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.	
<b>48.00</b>	Previous year's figures have been rearranged wherever considered necessary in order to conform to current year's presentation, without creating any impact on the profit and value of assets and liabilities as reported in the financial statements.	
<b>49.00</b>	These notes form an integral part of these financial statements and accordingly are to be read in conjunction therewith.	

for First Finance Limited

Sd/-  
Sarwar Shafiq  
Company Secretary

Sd/-  
Md. Nazrul Hossain  
Managing Director & CEO

Sd/-  
Abu Zakir  
Director

Sd/-  
Md. Israfil Alam, MP  
Chairman

## First Finance Limited

### Schedule of Fixed Assets

As at 31 December 2018

Annexure-A

Particulars	Cost			Rate	Depreciation			Written down value at 31 Dec 2018
	At 01 Jan 2018	Addition during the year	Disposal made during the year		Total at 31 Dec 2018	At 01 Jan 2018	Charge for the year	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Office equipment	116,703,879	252,373	110,000	116,846,252	59,988,924	8,533,418	79,571	68,442,771
Motor vehicles	43,543,095	-	-	43,543,095	21,961,922	4,290,288	-	26,252,210
Furniture and fixtures	81,896,401	47,040	-	81,943,441	34,295,106	4,763,541	-	39,058,647
<b>Sub Total</b>	<b>242,143,375</b>	<b>299,413</b>	<b>110,000</b>	<b>242,332,788</b>	<b>116,245,953</b>	<b>17,587,246</b>	<b>79,571</b>	<b>133,753,628</b>
Software in Progress	13,330,000	250,000	-	13,580,000	-	2,715,864	-	2,715,864
<b>Total at 31 December 2018</b>	<b>255,473,375</b>	<b>549,413</b>	<b>110,000</b>	<b>255,912,788</b>	<b>116,245,953</b>	<b>20,303,110</b>	<b>79,571</b>	<b>136,469,492</b>
<b>Total at 31 December 2017</b>	<b>243,440,530</b>	<b>12,202,845</b>	<b>170,000</b>	<b>255,473,375</b>	<b>96,402,217</b>	<b>19,964,984</b>	<b>121,248</b>	<b>116,245,953</b>
								<b>139,227,422</b>

## First Finance Limited

### Details of Highlights

As at 31 December 2018

#### Annexure B

Sl. No.	Particulars	As at 31 December	
		2018	2017
		Taka	Taka
1	Paid-up capital	1,162,202,580	1,162,202,580
2	Total capital /equity	858,525,897	1,263,905,090
3	Total assets	11,144,240,687	11,853,236,320
4	Total deposit	6,867,412,827	6,313,974,028
5	Total loan, lease and advance	8,794,051,760	9,554,739,490
6	Total contingent liabilities and commitments	-	-
7	Credit deposit ratio (%)	109.92	86.12
8	Percentage of classification of loan (%)	48.75%	32.88%
9	Operating profit	(394,463,848)	(166,597,684)
10	Profit after tax and provision	(405,379,193)	(304,906,230)
11	Amount of classified loan/ lease	4,186,394,263	3,074,364,623
12	Provision kept against classified loan/ lease	521,983,382	521,505,685
13	Provision surplus/(deficit)	(460,000,000)	-
14	Cost of fund (%)	9.93	9.19
15	Interest earning assets	8,794,051,760	9,554,739,490
16	Non-interest earning assets	2,350,188,926	2,298,496,829
17	Return on investment (ROI) (%)	(4.61)	(3.19)
18	Return on assets (ROA) (%)	(3.64)	(2.57)
19	Income from Investments	(904,017)	3,923,506
20	Earning per share (EPS)	(3.49)	(2.62)
21	Operating profit per share	(3.39)	(1.43)
22	Price earning ratio (times)	-	-



# PROXY FORM



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

I/We..... of  
 .....being 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 pending 26th Annual General Meeting of the Company to be held  
 on 21st March, 2021 at 11.30 a.m. virtually by using digital platform through the link:  
<http://ffl26agm.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. **23 July, 2019** .....

**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](mailto: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 honourable Shareholder(s) should agree with the specimen signature. The honourable Shareholder(s) are advised to contact **01987007880** for any query in this regard.

### **Head Office:**

Jahangir Tower (3rd Floor), 10, Kawran Bazar C/A, Dhaka-1215

Phone : 0967888999, (+880-2) 55013842-43, 8189070-71

Fax : (+880-2) 9142374

E-mail : [info@first-finance.com.bd](mailto:info@first-finance.com.bd)

**[www.first-finance.com.bd](http://www.first-finance.com.bd)**