



FFL

ফার্স্ট ফাইন্যান্স লিমিটেড
FIRST FINANCE LIMITED

2019



ANNUAL REPORT



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FINANCE AT YOUR PERCEPTION

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

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, 2019

Dear Sir(s),

We forward herewith copy(s) of Annual Report 2019 of First Finance Limited along with Audited Financial Statements as on the position of December 31, 2019 including Income Statements, Cash Flow Statements along with notes thereon on the financials for your kind perusal and record.

Yours sincerely

Sd-

Mohammad Ekramur Rahman
Company Secretary (Current Charge)

Dhaka
April 15, 2021

NOTICE

Notice of the 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting (AGM) of First Finance Limited will be held on Thursday, May 6, 2021 at 2.00 p.m. (Bangladesh Standard Time). The AGM will be held virtually by using digital platform through the following link <http://ffl27agm.digitalagmbd.net> to transact the following businesses:

AGENDA

01. To confirm the proceedings of the 26th Annual General Meeting of the Company held on 21 March, 2021.
02. To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statement for the year ended on December 31, 2019.
03. To declare Dividend for the year 2019 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 2020 until conclusion of 28th AGM and to fix their remuneration;
07. To appoint the Corporate Governance Compliance Auditor for the year 2020 until conclusion of 28th 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

Dated: April 13, 2021

NOTES:

01. The record date was fixed on **13 April, 2021**. The Shareholders, whose names appeared in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting.
02. The Board of Directors has recommended 2% stock dividend for the year ended on 31 December, 2019.
03. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/25 dated 08 July, 2020, and SEC/SRMIC/94-231/91, dated 31 March, 2021; the AGM will be virtual meeting of the Members, which will be conducted via live webcast by using digital platform.
04. The Members will be able to submit their questions/comments and vote electronically 72 hours before commencement of the AGM and during the AGM. For logging in to the system, please put your **16 digit BO ID number** or **6 digit Folio number** and holding of **Share Quantity** (As on record date 13/04/2021) and other credential as proof of their identity by visiting the link
05. We encourage the Members to log in to the system prior to the meeting start time of 2.00 p.m. (BST) on 6 May, 2021. Please allow ample time to login and establish your connectivity. The webcast will start at 2.00 pm (BST). Please contact 01987007880 for any technical difficulties in accessing the virtual meeting.
06. A shareholder eligible to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped of BDT Tk. 20.00 must be sent through email to First Finance Share Office at share@first-finance.com.bd not later than 72 hours before commencement of the AGM.
07. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated 20 June 2018, the soft copy of the Annual Report 2019 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 2019 will also be available on the Investor Relations section of the Company's website at www.first-finance.com.bd.

CORPORATE INFORMATION

Date of Incorporation	: 28 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	: Non-banking Financial Institution
Nature of Business	: Lease Finance, Term Loan Financing, Real-Estate & Housing Financing, Home Loan, SME Finance, Women Entrepreneur Finance, TDR, MSS, etc.
Number of Directors	: 09 (Nine)
Number of Shareholders	: 6,559
Number of Branches	: 6 (Six)
Number of Employees	: 184
Number of Clients	: 3003 (Investment) 1673 (Deposit)
Business Thrust Sectors	: SME Sector, Corporate Finance, Medium Companies, Housing, Transportation Companies etc.
Business Motto	: Efficient Customer Service & Effective Financial Solutions
Auditor	: Rahman, Mostafa, Alam & 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 31st December, 2019

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	48,012,123	41.32
General Public Including NRB	45,594,741	39.23
Institutions	22,613,394	19.46
Foreigners	-	-
Total	116,220,258	100.00

THE PATTERN OF SHAREHOLDING ALONG WITH NAME WISE DETAILS

As at 31 December 2019

	Name & Description of Shareholders	No. of Shares held as on 31.12.2019	% of Holding
A.	Parent/Subsidiary/Associated Company and other related Parties	Nil	-
B.	Directors and their Spouses and Minor Children		
	Alphabet Associates Ltd. (Represented by Mr. Md. Israfil Alam, MP)	5,670,588	4.8792
	Mr. Khan Mohammad Moinul Hasan, Independent Director & Vice Chairman	0	-
	Mr. AQM Faisal Ahmed Chowdhury, Director	2,721,064	2.3413
	Oparchor Trade International Ltd. (Represented by Mr. Md. Altaf Hossain)	8,321,520	7.1601
	Qasra] Trading Ltd.(Represented by Ms. Amatun Noor)	11,621,656	9.9997
	Alphabet Systems Ltd. (Represented by Mr. Abu Zakir)	5,673,868	4.8820
	Raqas Trade International Limited (Represented by Mr. Abu Bakar Zahan Raminton Raza)	5,794,796	4.9860
	Mr. Ataul Haq, Independent Director	0	-
	Mr. Md. Habibur Rahman, Independent Director	0	-
C.	Executives, their spouses and minor children		
	Managing Director & CEO and his spouse and minor children	Nil	-
	Chief Financial Officer and his spouse and minor children	Nil	-
	Company Secretary and his spouse and minor children	Nil	-
	Head of Internal Control & Compliance and his spouse and minor children	Nil	-
D.	Executive (Top five salaried executives other than CEO, CFO, CS, HICC):		
	Khandaker Monwar Hossain, SEVP & Head of CRM	Nil	-
	Zahangir Alam Bhuiyan, SEVP & Head of Wari Branch	Nil	-
	Maksumul Mahmud, EVP & Head of Recovery & Monitoring	Nil	-
	Md. Shafi Uddin, SVP & Head of Agrabad Branch	Nil	-
	Md. Sabur Khan Dipu, SVP & Head of Treasury	Nil	-
E.	Shareholders holding ten percent (10%) or more voting interest in the company	Nil	-

CODE OF CONDUCT

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

FIVE YEARS' FINANCIAL SUMMARY

Sl. No.	Particulars	As of 31 December				
		2015	2016	2017	2018	2019
		Taka	Taka	Taka	Taka	Taka
1	Paid-up Capital	1,162,202,580	1,162,202,580	1,162,202,580	1,162,202,580	1,162,202,580
2	Total Capital /equity	1,518,686,712	1,568,811,321	1,263,905,090	858,525,897	993,447,286
3	Total Assets	10,774,367,529	10,317,887,152	11,853,236,320	11,144,240,687	9,881,934,571
4	Total Deposit	6,606,356,425	5,535,081,811	6,313,974,028	6,867,412,827	5,883,777,929
5	Total Loan, Lease and Advance	8,890,474,710	9,139,174,021	9,554,739,490	8,794,051,760	8,606,563,501
6	Total Capital (eligible)	1,000,000,000	1,100,925,366	1,134,264,597	983,540,869	941,182,401
7	Surplus/(Shortage Capital)	162,202,580	61,277,214	27,937,983	178,661,711	221,020,179
8	Total Contingent Liabilities and Commitments					-
9	Credit Deposit Ratio (%)	74.31	60.56	86.12	109.92	123.22
10	Percentage of Classification of Loan (%)	42.60	33.37	32.88	48.75	34.79
11	Operating Profit	188,318,607	133,943,530	(166,597,684)	(394,463,848)	(226,689,300)
12	Profit after Tax and Provision	9,370,088	50,124,609	(304,906,230)	(405,379,193)	134,921,390
13	Amount of Classified Loan/ Lease	3,592,764,541	3,241,016,803	3,074,364,623	4,186,394,263	3,147,913,048
14	Provision kept against Classified Loan/ Lease	333,957,000	391,335,175	521,505,685	521,983,382	147,455,981
15	Provision Surplus/(Deficit)	(80,000,000)	(67,087,864)	-	(460,000,000)	(480,000,000)
16	Cost of Fund (%)	12.43	9.28	9.19	9.93	11.06
17	Interest Earning Assets	8,890,474,710	9,139,174,021	9,554,739,490	8,794,051,760	8,931,662,939
18	Non-Interest Earning Assets	1,883,892,819	1,178,713,131	2,298,496,829	2,350,188,926	950,271,632
19	Return on Investment (ROI) (%)	0.11	0.55	(3.19)	(4.61)	1.57
20	Return on Assets (ROA) (%)	0.09	0.49	(2.57)	(3.64)	1.37
21	Income from Investments	(2,011,966)	(131,990)	3,923,506	(904,017)	1,765
22	Earnings per Share (EPS)	0.08	0.43	(2.62)	(3.49)	1.16
23	Operating Profit per Share	0.31	1.15	(1.43)	(3.39)	(1.95)
24	Price Earnings Ratio (times)	140.16	23.19	-	-	3.62
25	Return on Equity (ROE)	0.01	0.03	(0.24)	(0.47)	13.00

BRANCH CONTACT

Corporate Branch

Jahangir Tower (3rd 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.bd

Head of Branch

Mrs. Zannatul Ferdoush
 Cell: 01987007758

Wari Branch

Bakul Tola Complex (2nd 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 (3rd 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, 5th 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 (3rd 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

OUR PRODUCTS & SERVICES

Cumulative Term Deposit	Minimum Deposit Amount : Tk. 10,000 Minimum Deposit Term : 3 Months
Monthly Profit Term Deposit	Minimum Deposit Amount : Tk. 50,000 Minimum Deposit Term : 1 year
Quarterly Profit Term Deposit	Minimum Deposit Amount : Tk. 50,000 Minimum Deposit Term : 1 year
Double Money Term Deposit	Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 5 years 03 months
Triple Money Term Deposit	Minimum Deposit Amount : Tk. 20,000 Minimum Deposit Term : 9 years
Earn First Deposit Scheme	Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year
Monthly Savings Scheme	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 good afternoon to you all.



It is a great pleasure and honor to welcome you all at our 27th Annual General Meeting of First Finance Limited (FFL). With your support and trust, we have passed another successful but challenging year in 2019. On behalf of the Board of Directors and myself, I would like to express sincere thanks and gratitude for your continuous support, co-operation and be with us. This is a great occasion where various aspects of financial matter and other affairs are to be discussed and at the same time you will have the opportunity to offer your valuable comments, opinions and guidelines that would be helpful for us in planning the future activities of the company.

The year 2019 was a momentous one for First Finance Limited. After three years, the company managed and kept consistence to turn around and register a Profit after Taxation of Tk. 134.92 million.

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 Finance, Home Loan, Term Deposit Receipt (TDR), Monthly Savings Scheme (MSS), Real Estate and Housing Finance, Corporate Finance, Working Capital Finance, SME Finance, Women Entrepreneur Loan, Car Loan, Hire Purchase, Bridge Finance, Equity Finance, Structured Finance, Syndicated Finance, Renewable Continuous Loan from our 6 branches in 6 different prime locations of the country with an objective to meet up all types financial needs of the clients. The company has employed over 187 employees and is well diversified into Corporate, SME, Industrial, Retail, Capital Market, Money Market segments.

At the end of 2019, the adjusted equity stands at Tk. 993.45 million as against Tk. 858.53 million in 2018. Capital adequacy has however been maintained at 11.37% of Risk Weighted Asset (RWA). Net interest income is Tk. 28.66 million. Total Operating Income worked out to Tk. 93.05 million after making adjustment of 'Other Operating Income' of Tk. 64.40 million (as against Tk. 67.13 million in 2018) with the interest income. The Earning per Share (EPS) now stands at 1.16 as against (3.49) in 2018.

On the expenditure side total operating expense was Tk. 319.74 million which was Tk. 270.69 million in 2018, showing an increase of Tk. 49.05 million mainly because of Charging GL PI Gap of Tk. 68.60 million and decrease of salary expenses which is decreased by Tk.14.04 million. Profit before provision was negative which is Tk. (226.69) million and Profit after Provision is Tk. 141.13 million.

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

Resources were scarce and despite this, management made optimum utilization of the funds. It was a tight rope walking between resources for business growth and repayment of creditors. Despite all efforts new loans and advances took a severe hit since liquidity was constrained. Despite considering all limitations, the Board of Directors recommended @ 2% Stock Dividend out of Current Year's Net Profit in compliance with Bangladesh Bank and BSEC for the year 2019.

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

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

I would like to express my appreciation to the Governor of the Central Bank of Bangladesh and the officials at the Department of Financial Institutions and Markets, for their consultative approach, cooperation and assistance extended to us throughout the year. I would also like to express my sincere gratitude to officials of the Bangladesh Securities and Exchange Commission and Stock Exchanges for their continued direction and support. I express my sincere thanks to our shareholders, clients and my colleagues on the Board for their unstinted support and cooperation. My gratitude goes to the Management team for their leadership skills and expertise, to our employees for their efforts and dedication and to all our stakeholders for their trust and continued support.

In conclusion, I am confident that your company will perform well and add value to all its stakeholders in the years to come.

Sd/-
Khan Mohammad Moinul Hasan
Chairman

MESSAGE FROM THE MANAGING DIRECTOR & CEO (CC)

Honourable Shareholders,

Members of the Board of Directors and invited guests;

As-Salamu Alaikum and good afternoon



I heartily welcome you all on this occasion of the 27th Annual General Meeting of First Finance Limited. It is great pleasure for me to be in your midst and express my gratitude to all our honorable shareholders for their incessant support to the Company. It is also a huge honor for me to have the privilege to lead First Finance Limited since 2019. This auspicious ceremony provides us an opportunity to share detail information regarding the operational performances of First Finance Limited with different authorities like Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Bangladesh Ltd., our Auditors, and Customers and with you all.

The year 2019 was full of challenges for continuity of business operation like the previous year, when for all practical purposes financial industry as a whole have through turbulence unprecedented during the past years. Moreover, due to sudden decision of Central Bank to close of operation of Peoples Leasing & Financial Services Ltd. had a disastrous effect on the overall confidence level in the NBFIs sector. As a result, this culminated in major withdrawal of deposits from NBFIs leading to an abrupt stop of all investment activities. For NBFIs this was a period of trying to balance the Cash Flow from new deposits and installments from Loans and Advances.

Under the circumstances, majority of NBFIs saw their loans and advances drop due to scarcity of funds. This has affected all layers of borrowers who are finding it difficult to continue their operational activities in a volatile environment. Inadequate inflow of fund throughout the industry resulted the narrow financing.

The competition for deposits has hit the 35 NBFIs, which largely rely on bank for funds. On account of chronic liquidity problem, banks abruptly cancelled, downsized and stopped disbursement of banking facilities to NBFIs resulting in vicious cycle for NBFIs. NBFIs are now focusing more on expanding their deposit portfolio by revamping the Liability Management team and introducing bonds to help them tide over the liquidity crunch.

Present strategy

In view of the scarcity of funds due to contractionary conditions in the money market, we are continuing to mobilize funds from depositors.

Meanwhile, despite severe stagnation in repayment behavior of clients, recovery efforts have been geared up. Intensive efforts have resulted in adjustment of stagnant loans and now we are in the threshold of higher recovery in 2020. We are optimistic that the current drive will yield results. In a situation where legal means are not giving results, efforts are underway to go for negotiated settlements with defaulting clients albeit under the existing parameters of the Central Banks.

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.

Financials

During the year 2019, we have made an outstanding performance in the field of recovery of non-performing loan and recovered an amount of around 100 Crore from non-performing loan. As a result, the amount of Bad debt was reduced to 314.79 Crore from 418.63 Crore of 2019 which represents that the percentage of non-performing loan was reduced to 34.79% from 48.75% of the last year. In turn, the management expenses made by FFL reduced to Tk. 16.71 Crore in 2019 from Tk. 19.09 Crore in 2018, which registering a decrease of 12.45%. As fresh deposit, Tk. 196.79 Crore was received from the clients in 2019; by which we are being able to sustain the inflation of cost of fund by 10.90% in line with last year. Our vigorous effort and visionary leadership approach lead me to propose the Hon'ble Board of Directors for declaration of 2% Stock Dividend for the year 2019 for the second time after 3 years. We hope that 2020 shall be the better outlook for us.

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 2019 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 on behalf of management, I express profound gratitude to the Hon'ble 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.

Sd/-

Md. Tuhin Reza

Managing Director & CEO (CC)

First Finance Limited

PRESENT BOARD MEMBERS

01.	Mr. Khan Mohammad Moinul Hasan	Chairman
02.	Mr. Masud Hossain Khan	Vice-Chairman & Nominated Director
03.	Mr. Abu Zakir	Vice-Chairman & Nominated Director
04.	Mr. A.Q.M. Faisal Ahmed Chowdhury	Director
05.	Ms. Amatun Noor	Nominated Director
06.	Mr. Abu Bakar Zahan Raminton Raza	Nominated Director
07.	Mr. Md. Altaf Hossain	Nominated Director
08.	Mr. Habibur Rahman	Independent Director
09.	Mr. Mohammad Mynul Islam	Nominated Director
10	Mr. Md. Tuhin Reza	Managing Director & CEO (CC); Ex-officio member of the Board

EXECUTIVE COMMITTEE

01.	Mr. Md. Altaf Hossain	Chairman
02.	Mr. Abu Zakir	Member
03.	Mr. Abu Bakar Zahan Raminton Raza	Member

AUDIT COMMITTEE

01.	Mr. Md. Habibur Rahman	Chairman
02.	Mr. A.Q.M. Faisal Ahmed Chowdhury	Member
03.	Ms. Amatun Noor	Member
04.	Mr. Md. Altaf Hossain	Member
05.	Mr. Abu Bakar Zahan Raminton Raza	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. Abu Bakar Zahan Raminton Raza, Nominated Director**

Mr. Abu Bakar Zahan 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 been selected as Chairman of the Audit Committee of FFL.



Mr. Mohammad Mynul Islam, Nominated Director

Mr. Mohammad Mynul Islam has been nominated as another Director from Qasraj Trading Ltd. in the Board of First Finance Limited. Mr. Islam is a member of Board of Directors and the Chief Operating Officer of Energypac Wires and Cables Ltd. He obtained Bachelor of Engineering in Electrical and Electronic Engineering from Bangladesh University of Engineering and Technology (BUET). He is also an Independent Director of Titas Gas Transmission & Distribution Company Limited.



Mr. Md. Tuhin Reza, Managing Director & CEO (CC)

Mr. Md. Tuhin Reza is an experienced and accomplished banking personal with in-depth knowledge and expertise in retail banking, corporate banking, SME banking and alternate channels. Additionally, he has sound expertise in Capital Market. He started his banking career in 2000 at IFIC Bank Ltd. He then served Standard Chartered Bank, ICB Islamic Bank, Alif Assets Management and Bengal Investments before joining First Finance Limited as Additional Managing Director in 2016. For his outstanding performance, he was awarded as 'Most Volume Contributor' in 2006 and 2007 and received 'BFS Champion Award 2003' at by Standard Chartered Bank. He also received Best Coordinator (Training) at IFIC Bank in 2001 and 2002. Mr. Md. Tuhin Reza has a Masters in Social Science and Masters in Business Administration. He participated in numerous television shows as a Capital Market Specialist in several national television channels.



PRESENT MANAGEMENT COMMITTEE (MANCOM)

01.	Mr. Md. Tuhin Reza	Managing Director & CEO (CC)
02.	Mr. Maksumul Mahmud	SEVP & Head of Central Operation
03.	Mr. Mohammad Sabur Khan Dipu	SVP & Head of Treasury
04.	Mr. Mohammad Enamur Rahman	Head of Finance
05.	Mr. Wahid Adnan	VP & Head of Recovery
06.	Ms. Hasina Jannat	VP & Head of Monitoring & Collection
07.	Mr. Abdullah S. M. Asif	SAVP & Head of ICT & Branding
08.	Ms. Habiba Nasrin	SAVP & Head of CRM (CC)
09.	Mr. Sujit Roy	SAVP & Head of CAD
10.	Mr. Md. Anisur Rahman	SAVP & Head of GSD
11.	Mr. Anamul Huq	AVP & Head of Legal
12.	Mr. Md. Jahangir Hossain	AVP & Head of Human Resources

DIRECTORS REPORT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum,

On behalf of the Board of Directors and the Management of First Finance Limited, it is indeed a great privilege for me to welcome you to the 27th Annual General Meeting of the Company. We are pleased to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended on 31 December 2019 for your valued consideration, adoption and approval. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification of 03 June 2018, Dhaka and 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 Analysis

The NBFIs sector in Bangladesh has undergone a significant transformation over the past few years. The performance of the NBFIs has been particularly impressive in areas that have national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion. Small and medium size enterprises (SMEs) are the backbone of Asia's economies and they need better access to finance to grow. Presently 35 NBFIs are operating in Bangladesh under close monitoring of Bangladesh Bank as regulatory authority. NBFIs have an inclusive strategy in which the system can attract the client 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.

NBFIs are increasingly coming forward to provide credit facilities for meeting the diversified demand for investment fund in the country's expanding economy. NBFIs have been playing a vital role by providing additional financial services which cannot be usually provided by the banks. In 2019, NBFIs recorded growth in total assets, borrowings, deposits, and capital. According to Bangladesh Bank, the asset of NBFIs increased by 0.9% to Tk. 851.60 billion in 2018 from Tk. 839.90 billion in 2017. At the end of June 2019, the total assets of NBFIs increased by Tk. 874.30 billion. CMSME loan disbursement by banks and nonbank financial institutions increased by 4.25% to Tk. 1,624.27 billion in 2019 compared with Tk. 1,558.09 billion in 2018. NBFIs' investment at the end of June 2019 was 45.30% in industry, 19.4% in real estate, 2% in margin loan, 14.50% in trade and commerce, 3.40% in merchant banking, 2.50% in agriculture and 12.90% in other sectors. At the end of June 2019, the outstanding of loan/ lease was increased by 5.64% to Tk. 678.10 billion from Tk. 641.90 billion. In addition to increasing loan/lease, the total NPL was also increased by 35.81% to Tk. 80.40 billion in 2019 from Tk. 59.20 billion in 2018 respectively.

Industry Outlook

Like 2018, in 2019 NBFIs had a roller coaster ride with a cautionary monetary policy stance from the Central Bank. 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.

From the beginning of the year 2019, it was clearly evident that severe liquidity crisis would be the primary challenge for the year. This resulted in both banks and NBFIs vying for deposits at an enhanced rate. For banks and NBFIs alike, continuity of the operational activities posed a severe challenge. Funds in the Non-bank Financial Institutions (NBFIs) largely dried up resulting in severe curtailment of investment activities. 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 9.87 percent in December 2019 from 13.30 percent in December 2018 which hit a significant deterioration according to Bangladesh Bank. However the actual growth rate during this period has been decreasing as the outgoing year was the lowest growth rate since 2008 at least. Add to this the astronomical rise in Non Performing Loan (NPL); it is a recipe for concern in the years to come.

The unforeseen shock emanating from the Central Bank's decision to close the operation of Peoples Leasing & Financial Services Ltd. had a disastrous effect on the overall confidence level in the NBFIs sector. This culminated in major withdrawal of deposits from NBFIs leading to an abrupt stop of all investment activities. For NBFIs this was a period of trying to balance the Cash Flow from new deposits and installments from Loans and Advances.

Unlike the banks which have been continuously injected with massive amounts of liquidity through REPO, it is unfortunate that NBFIs are yet to receive any relief from the Central Bank. This is likely to have a major detrimental effect on the CMSME sector in which the Non-Banking industry has made mammoth contributions.

Source of funds has been one of the major concerns of NBFIs. Most of the banks are not willing to provide credit facilities to NBFIs. Again, in an environment where there are 64 Banks and 35 NBFIs, money market is inevitably overheated. The usual rescheduling and restructuring policy for so called good defaulters is likely to further intensify the liquidity situation.

Capital Market Scenario

During 2019 the country's capital market was beset with lack of confidence and poor market capitalization. In the outgoing year, the market was unstable and sluggish which resulted in less IPOs, low trading, low capitalization and migration of local and foreign investors. Capital Market was heading for stagnation ostensibly on account of interest rate hike, severe liquidity problem and stuck up loans in the banking system. Add to this flight of funds into the National Savings Certificates and enforcement of Central Bank's Advance Deposit ratio, withdrawal of funds by foreign investors, the outlook was discouraging. Constant erosion of the market price and intermittent adjustment of the bank's Advance Deposit ratio, the Capital Market entered into a prolonged lackluster scenario. Although there have been sporadic movements, these were short lived. Though price index of Dhaka Stock Exchange (DSE) saw a sharp rise by 18.98 points or 0.42% which slightly increased the turnover to Tk. 319 crore from Tk. 301 crore in the last trading day, the average daily turnover value in DSE fell to Tk. 480 crore in 2019. In 2018, the average daily turnover was Tk. 552.03 crore.

Operating and financial performance of the company

Loans, advances and leases of the company recorded at Tk. 860 Mn on 31 December 2018 registering 2.20 % down against last year. Deposit stood at Tk. 588.37 Mn resulting 14.32% decrease against last year. Equity attributable to shareholders' of the company increased to Tk. 993.44 Mn as compared to Tk. 858.52 Mn of last year.

Gross interest income of the company was Tk. 897.75 Mn which was 30.87% higher than that of 2018. Other income of the company was decreased by Tk. 20 Mn. Operational expenses in 2019 were increased by 16.4% and provision for loans, advances, leases and shares decreased by Tk. 130 Mn.

The financial results of the Company for the year 2019 with a comparison of 2018 are summarized below

Particulars		Year	
		2019	2018
Interest Income	BDT mn	898.75	685.94
Interest Expense	BDT mn	869.09	876.85
Net Interest Income	BDT mn	28.65	(190.90)
Non-Interest Income	BDT mn	64.39	68.03
Operating Expenses	BDT mn	319.74	270.69
Profit before Provision	BDT mn	(226.68)	(394.46)
Profit before Taxes	BDT mn	141.13	(399.80)
Net Profit after Taxes (NPAT)	BDT mn	134.92	(405.38)
Earnings Per Share	BDT	1.16	(3.49)

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. 09 of this annual report.

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of BAS & BFRS. A statement of related party transactions has been presented in note no. 42 on page no. 95 of this Annual Report.

Dividends

The Board of Directors in its meeting held on 22 March, 2021 recommended Stock Dividend @ 2% for the year 2019 for all the shareholders out of current year's net profit in compliance with prior approval of Bangladesh Bank and BSEC press release ref. no. বিএসইসি/মুখপত্র (৩য় খণ্ড)/২০১১/১২৯ তারিখ : ০২ অক্টোবর, ২০১৯ খ্রিষ্টাব্দ. 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 apart from the above declaration.

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/BASIIIFRS/BFRS;
5. the system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

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

Risk and Concerns

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

Management Discussion & Analysis

Pursuant to the BSEC's Notification dated 03 June 2018, the management discussion and analysis report is given on page no. 28 of this Annual Report.

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

In accordance with the BSEC's Notification dated 03 June 2018, the Board of Directors is required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. A statement on the compliance with the BSEC's conditions is given on page no. 43 of this Annual Report.

Pattern of Shareholding

The pattern of Shareholding of the Company as at end of the year 2019 is shown on page no. 07 of this Annual Report.

Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2019, a total of 12 meetings of Board of Directors, 4 meetings of Audit Committee were held. No Executive Committee Meeting was held during the year 2019. The attendance in the Board meetings by each Director is given on page no. 35 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. 94 of this Annual Report.

Directors' Appointment and Re-appointment

As per Article 117 of the Articles of Association of the Company, one-third of the Directors of the Company required to retire by rotation at the 27th Annual General Meeting (AGM) and being eligible, the following members offered themselves for re-election as per the provisions of Article of Association of the Company:

1. M/S Alphabet Systems Ltd. (Represented by Mr. Abu Zakir)
2. M/S Qasraj Trading Ltd. (Represented by Ms. Amatun Noor)

Alphabet Systems Ltd., Alphabet Associates Ltd, Qasraj Trading Ltd. Oparchor Trade International Ltd Raqas Trade International Ltd, Institutional Director of First Finance Limited has shown their intension to change their representatives and nominated Md. Abu Zakir, Mr. Md. Israfil Alam, MP, Ms. Amatun Noor, Mr. Md. Altaf Hossain and Mr. Abu Bakar Zahan Raminton Raza instead on Ms. Kazi Sauda Afirn, Mr. Miah Nuruddin Ahmad Apu, Mr. M. Rashiduzzaman Millat, Mr. Masud Hossain Khan and Mr. Md. Mahin, in 306th, 307th and 312th Board Meetings held on 11th May, 2019, 29th June, 2019 and 13th October, 2019 respectively.

Biographies of the Directors (including retiring directors) and the names of the Company where they have interest are mentioned in the Page no. 17 of the Annual Report.

Approval for Appointment of Independent Directors

As per Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 the Board has appointed Mr. Md. Habibur Rahman as the Independent Director of the company subject to approval of the shareholders in 27th 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 Rahman Mostafa Alam & Co., Chartered Accountants, Paramount Heights (7th Floor, D2 & C1), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000, served as statutory auditor of FFL for the year 2018. 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 2020. 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 (Tk.)
1.	M/S Rahman Mostafa Alam & Co., Chartered Accountants	29	38	5,00,000+VAT
2.	G. Kibria & Co., Chartered Accountants	10	13	2,00,000+VAT
3.	M J Abedin & Co., Chartered Accountants	20	26	2,50,000+VAT

Among three of applicants, on the basis of the proposal of the Audit Committee and previous work experience, the Board of Directors recommended to appoint M/S G. Kibria & Co., Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha C/A, Dhaka-1000, as the company's Statutory Auditor for the year 2020 at a fee of Tk. 12,00,000.00 (excluding VAT). Now in exercise of the power conferred upon Section 210(10) of the Companies Act, 1994, the shareholders of the company will approve the appointment in 27th AGM.

Appointment of Professionals for Compliance Certificate

M/S Arun & Company, Chartered Accountants, expressed their interest as Professionals for Compliance Certificate of First Finance Limited for the year 2020. The Board members recommended their appointment with annual fee of Tk. 25,000/= and placed the matter to the 27th AGM for shareholders' approval.

Business Outlook

The company will continue to capitalize on its strengths to generate sustainable revenue from SME and Corporate Financing, while expanding opportunities in Consumer Finance, Factoring, Treasury and Deposits. We will continue concentrating more on improving asset quality and strict recovery programs. Competition will remain intense among the NBFIs and Banks both in terms of asset and liability. As a result, interest spreads will continue to be under pressure like the previous year. Besides, we are concentrated on innovation and development to launce new products and services. To keep the pace, we hope to design more new products in the future. Overall, we are confident of recording a better financial performance for the year 2020.

However, "Outlook" section in this document is based on assumptions and the actual outcome is uncertain and the stakeholders will be judicious while reviewing this section.

Acknowledgment

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

For and on behalf of the Board of Directors,

Sd/-

Khan Mohammad Moinul Hasan

Chairman

First Finance Limited

MANAGEMENT DISCUSSION AND ANALYSIS

NBFIs Industry

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

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

Strategic shift

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

Operational activities

Major liquidity crunch slowed down of investment efforts. Early during 2019, contractionary policy of the Central Bank, ostensibly to rein in inflation, had a major detrimental effect in funding in such areas as Loans and Advances, Capital Market operation and virtually stopped our quest to move into semi urban areas. During the year total disbursement of loan was Tk. 950 Million. During this time there was a marked increase in our due diligence process on account of slowdown in the economy. NPL was reduced to 34.79% from 48.75% of the last year. Considering the competitive market edge we were rational in fixing lending rate and continued presence in the SME sector enabled us to get better returns. At the same time rational rate revision was made which resulted in decline in the bottom line of the company.

Financial overview

In 2019, FFL had to make adjustments in almost all spheres of its operational activities. Strategy was to continue business as usual with our existing resources, enhanced cost cutting measures and recovery drives throughout the year. The company has proved significantly to rein in the losses and resulted in marked recovery of outstanding amount from non-performing loan. However, due to severe liquidity crisis, the cost of fund was increased to 11.06% compared to 9.93% of 2018. Consequent upon, facing inadequate fund flow and adverse environment, we hope the 2020 shall be the better outlook for us.

Discussion on changes in financial statements

Accounting policies and estimation for preparation of financial statements have been applied as same as previous year. There was no change in accounting policies and estimates during the year 2019. Comparative analysis of financial performance and financial position as well as cash flows for current financial year with comparative 5 years has been given in 5 years financial summary report of this annual report. As a financial institution, the company has been coming across interest rate risk, liquidity risk, and operational risk. The company has been mitigating those risks through strategic shifting of company's business from corporate financing to SME financing with respectable margin and enhanced recovery of classified loans.

Outlook

The company is passing through a 5 years' action plan comprising short term, mid-term and long term objectives. After implementation of the action plan, investment and revenue are expected to be increased; this will ultimately increase the net profit of the company. Within this context, the company is able to present long-term financial ambitions that reflect its projection for market conditions and the presumed result of its strategy including initiatives that are currently being undertaken.

Sd/-

Md. Tuhin Reza

Managing Director & CEO (CC)

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 Nine Directors including Three Independent Directors.

Policy on appointment of Directors

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

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

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

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

Independent Director

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

1. Mr. Ataul Haq
2. Mr. Khan Mohammad Moinul Hasan
3. Mr. Md. Habibur Rahman

Independent Director's independence

The purpose of true independence, Board decided that its Independent Director do not hold any share of the Company; not associated with the Company's Promoters or Directors or Shareholders who maintains one percent or more of the total paid-up share of the Company; not related with the existing Directors or families; does not have any other relationship, not a member, Director or officer of any Stock exchange and who is not a shareholder, Director or officer of any stock exchange or an intermediary of the capital market. The Independent Director is appointed for a period of three years which may be extended by one term and subsequently rules of Corporate Governance.

Role and Responsibilities of the Board

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

Code of Conduct for the Board of Directors

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

Role and Responsibilities of the Chairman

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

Non-executive Director's independence

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

Training Policy of Board of Directors

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

Appraisal of the Board's performance

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

Role and Responsibilities of the Managing Director & CEO

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

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

Board Meetings

The members of the Board meet as required discussing business strategy, financial performance, matters pertaining to compliance and governance. The Board reviews, amongst others, the financial performance of the company. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. Meeting papers on the proposals and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals. In this regard, Paperless meeting has been introduced. There are 12 (Twelve) Board Meetings were held during the year 2019.

Role of the Company Secretary

- The Company Secretary is responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Bangladesh Bank, as well as best practices of governance.
- He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the company, prohibited to deal in securities and restricted to disclose any price-sensitive information.
- Support the Chairman in the smooth functioning of the Board. Receive agenda items from other Directors/staff and ensure appropriate agenda items are tabled at Board meetings. This is done in consultation with the Chief Executive and the Chair who is responsible for preparing Board meeting agendas.
- Besides the Secretary of the Board, company secretary has to act as the Secretary to the Executive Committee, Audit Committee.
- Make sure that the Directors have information to enable them to comply with the decisions and fulfill their responsibilities. This includes organizing the induction of new Directors also.
- Ensure that Board meetings are held in compliance with sufficient documents and arrangements for the meetings are made.
- Confirms that Annual General Meetings (AGMs) and Extra Ordinary General Meetings (EGMs) are run effectively. This includes confirmation that a quorum is present. Also make sure that agenda and minutes of AGMs and EGMs are circulated timely.
- File the annual list of members and summary of share capital together with the authenticated Balance Sheet and the Profit and Loss account. Issue Dividend Warrants, Bonus Share Certificates and make arrangement for disposal of fractional shares, if any.
- Maintain strict confidentiality of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.
- Maintain and liaise with various corporate bodies.

Audit Committee

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

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

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

Appointment of members and composition of the Audit Committee

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

Qualification of members including the Chairman

Mr. Ataul Haq, one of the Independent Directors, is the Chairman of the Audit Committee, possessing of vast experience. He was the Deputy Governor of Bangladesh Bank as well as Managing Director of IFIC Bank Ltd. Among other members, Mr. Habibur Rahman, Mr. A.Q.M Faisal Ahmed Chowdhury and Mr. Amatum Noor also possess significant experience in finance, accounting and audit. All the members of the Committee are 'financially literate' as defined by the revised corporate governance guidelines.

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

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

Terms of reference of Audit Committee

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

Immediate reporting to the Board of Directors

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

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

No such issues arose at FFL during the year ended 31 December 2019.

Immediate reporting to the Bangladesh Securities and Exchange Commission

No such circumstances arose during the year ended 31 December 2019.

Activities during 2019

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 Code issued by Bangladesh Securities and Exchange Commission;
- Reviewed expression of interest of the Audit Firms and recommended for appointment of M/S Rahman, Mostafa, Alam & Co., Chartered Accountants as statutory auditors for the year 2019;
- Reviewed Audit Plan of Internal Control and Compliance Department for the year 2019;
- Reviewed the internal audit reports issued by the Internal Control and Compliance department during the year 2019;
- 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 2019;

Quorum of the Audit Committee meetings

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

Holding of the Audit Committee meeting during 2019

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 2019, the Committee held 4 (Four) meetings.

The Audit Committee Meeting, Attendance and Remuneration of Committee Members in 2019

Sl. No.	Name of the Directors	Total no of Meeting during his/her period	Present	Absent	Gross Remuneration	AIT	Net Remuneration
1	Mr. Ataul Haq	4	4	-	32,000	3,200	28,800
2	Mr. Mujibur Rahman Chowdhury	4	3	-	24,000	2,400	21,600
3	Mr. A. Q. M. Faisal Ahmed Chowdhury	4	3	1	24,000	2,400	21,600
4	Mr. Abu Zakir	2	2	-	16,000	1,600	14,400
5	Ms. Amatun Noon	2	1	1	8,000	800	7,200
6	Mr. Md. Mahin	2	-	2	-	-	-
Total					104,000	10,400	93,600

Total 4 meeting of the Audit Committee was held in the year 2019.

Executive Committee (EC)

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

Key Terms of Reference

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

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

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

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

Meeting of the Executive Committee

No meetings were of the Executive Committee were held in the year 2019.

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

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

The Board of Directors Meeting, Attendance of Directors and Remuneration of Board Members in 2019

Sl. no	Name of the Directors	Status	Total Meeting Held (during his/her period)	Number of meetings attended	Gross remuneration	TDS	Net Payment	Attendance Percentage
1	Mr. Miah Nuruddin Ahmad	Chairman	2	0	-	-	-	0
2	Mr. Md. Jalal Uddin	Vice Chairman	1	0	-	-	-	0
3	Mr. Md. Mujibur Rahman Chowdhury	Vice Chairman	9	8	64,000	6,400	57,600	100
4	Mr. A.Q.M. Faisal Ahmed Chowdhury	Director	12	10	80,000	8,000	72,000	83
5	Mr. Md. Mahin	Nominated Director	7	0	-	-	-	0
6	Mrs. Qazi Souda Afrin	Nominated Director	1	0	-	-	-	0
7	Mr. M. Rashiduzzaman Millat	Nominated Director	7	0	-	-	-	0
8	Mr. Ataul Haq	Independent Director	12	10	80,000	8,000	72,000	83
9	Mr. Md. Aminul Islam, MP	Independent Director	7	0	-	-	-	0
10	Mr. Khan Mohammad Molnui Hasan	Independent Director	12	10	80,000	8,000	72,000	83
11	Mr. Md. Abu Zakir	Nominated Director	11	10	80,000	8,000	72,000	91
12	Mr. Md. Masud Hossain Khan	Nominated Director	7	1	8,000	800	7,200	14
13	Mr. Md. Israfil Alam, MP	Nominated Director	10	10	80,000	8,000	72,000	100
14	Ms. Amatun Noor	Nominated Director	10	5	40,000	4,000	36,000	50
15	Mr. Raminton Raza	Nominated Director	5	5	40,000	4,000	36,000	100
16	Mr. Md. Altaf Hossain	Nominated Director	5	4	32,000	3,200	28,800	80
17	Mr. Habibur Rahman	Independent Director	5	3	24,000	2,400	21,600	60
					608,000	60,800	547,200	

* Total 12 Board of Directors Meeting was held in the year 2019.

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

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

- Shareholders who are unable to attend the shareholders' meeting, FFL provide proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the standard format, are sent through E-mail to the shareholders and are also available in the company's website.
- The shareholders' meetings proceed according to the order of the agenda, without adding new and unformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making a decision. Moreover, there are no changes to the important information in the shareholders' meeting.
- FFL provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the FI's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of Director.

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

FFL's Grievance Redressal policy follows the following principles

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

Way to Redress Investor Complaints

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

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

DECLARATION BY CEO AND HEAD OF FINANCE

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

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

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

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

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

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

This rating was prepared by 'WASO Credit Rating Company (BD) Ltd.' based on the Audited Financial Statements up to 31st December 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;
5 April, 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) (xxvii)]

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

Report under Condition No. 9.00

Condition No	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors.-			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓	-	-
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		03 Independent Directors out of 09, all are appointed by the board.
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓	-	Independent Directors does not hold any shares of total paid up capital.
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓	-	-
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓	-	-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated 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;	✓	-	-

Condition No	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓	-	-
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFi);	✓	-	-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓	-	-
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓	-	-
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	N/A	-	No such vacancy
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓	-	-
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓	-	-
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	N/A	-	-
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓	-	-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	✓	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;		-	N/A
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.	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓	-	-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	✓	-	-
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	-	-	-
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓	-	-
1(5)(ii)	The Segment-wise or product-wise performance;	✓	-	-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓	-	-
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;		-	N/A
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	N/A	-	During 2019 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.;	N/A	-	No such instance
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;		-	N/A
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓	-	-
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓	-	-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓	-	-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓	-	-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	-	-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓	-	-
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓	-	-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓	-	-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	N/A	-	-
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓	-	-
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓	-	-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓	-	-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name-wise details);	✓	-	-
1(5)(xxiii)(c)	Executives;	✓	-	-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	✓	-	-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	✓	-	-
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓	-	-
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓	-	Explained in the MD's Message and in the Directors' Report 2019
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	N/A	-	
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓	-	
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓	-	
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓	-	
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓	-	
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓	-	
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	✓	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓	-	-
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓	-	-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		-	Code of Conduct has been laid down by the Board
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company		-	Code of Conduct as laid down by the Board shall be posted on the Website

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
2	Governance of Board of Directors of Subsidiary Company:-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	N/A	-	No subsidiary company
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	N/A	-	No subsidiary company
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A	-	No subsidiary company
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	N/A	-	No subsidiary company
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A	-	No subsidiary company
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS):-			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓	-	-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓	-	-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓	-	-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).		-	N/A
3(2)	Requirement to attend Board of Director's Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓	-	-
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√	-	-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member;	√	-	-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√	-	-
4.	Board of Director's Committee.- For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	√	-	-
4(ii)	Nomination and Remuneration Committee	√	-	Explained under condition no. 6(1)
5.	Audit Committee:			
5(1)	<i>Responsibility to the Board of Directors</i>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√	-	-
5(1)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√	-	-
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√	-	-
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	√	-	-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten)years of such experience;	√	-	-
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√	-	No casual vacancy was created during 2019.
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	-
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	√	-	-
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	N/A	-	-
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√	-	-
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√	-	-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√	-	-
5(5)	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√	-	-
5(5)(b)	Monitor choice of accounting policies and principles;	√	-	-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	√	-	-
5(5)(d)	Oversee hiring and performance of external auditors.	√	-	-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√	-	-
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√	-	-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√	-	-
5(5)(h)	Review the adequacy of internal audit function;	√	-	-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√	-	-
5(5)(j)	Review statement of all related party transactions submitted by the management;	√	-	-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	√	-	-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission;	N/A	-	-
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	N/A	-	No such event occurred.
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;	N/A	-	No such event occurred.
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	N/A	-	No such event occurred.
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	N/A	-	No such event occurred.
5(6)(b)	Reporting to the Authorities:-			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	N/A	-	No such event occurred.
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6) (a) (ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	N/A	-	No such event occurred.
6.	Nomination and remuneration Committee (NRC).			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓	-	Pursuant to Bangladesh Bank circular letter no. 18, dated on 26 October, 2011, no other subcommittee of the Board is permitted except Executive Committee and Audit Committee of a Financial Institution.
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓	-	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	✓	-	
6(2)	Constitution of the NRC	✓	-	

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓	-	
6(2)(b)	All member of the Committee shall be non-executive directors;	✓	-	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓	-	
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓	-	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	N/A	-	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓	-	
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓	-	
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓	-	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓	-	
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓	-	
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	N/A	-	
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	✓	-	
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓	-	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	N/A	-	
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓	-	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓	-	
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓	-	

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;	✓	-	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓	-	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓	-	
7.	External or Statutory Auditors			
7(1)	The issuer shall not engage its external or statutory auditors to perform the following services of the company, namely :-			
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓	-	-
7(1) (ii)	Financial information system design and implementation;	✓	-	-
7(1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓	-	-
7(1) (iv)	Broker –dealer services;	✓	-	-
7(1) (v)	Actuarial services;	✓	-	-
7(1) (vi)	Internal audit services or special audit services;	✓	-	-
7(1) (vii)	Any services that the Audit Committee determines.	✓	-	-
7(1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓	-	-
7(1) (ix)	Any other service that creates conflict of interest	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	✓	-	-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓	-	-
8.	Maintaining a website by the Company.-			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓	-	-
8(2)	The company shall keep the website functional from the date of listing.	✓	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓	-	-
9.	Reporting and Compliance of Corporate Governance.-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	✓	-	The certificate is enclosed in this Annual Report 2019
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

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

Sl. No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
(a)	Work-planning and strategic management:	
	(i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issue relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests development of implementation of the work-plans.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on the future plans and strategies.	Complied
	(iii) The Board will set the Key Performance indicator (KPI) s for the CEO and other senior executives and will evaluate half yearly/yearly basis.	Complied
(b)	Formation of Sub-Committee:	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
(c)	Financial Management:	
	(i) Annual budget and statutory financial statement shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to the recovery of overdue loan/lease.	Complied
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Chief Executive Officer and among other top executives for approval of expenditure within budget to the maximum extend.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
(d)	Management of loan/lease/investments:	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment especially to management preferably on Chief Executive Officer and other top executives.	Complied
	(ii) No Director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any syndicated loan/lease/investment proposal must be approved by the Board.	Complied

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIRST FINANCE LIMITED



Rahman Mostafa Alam & Co.
Chartered Accountants

Independent Auditors' Report

To the Shareholders of

FIRST FINANCE LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **FIRST FINANCE LIMITED** (the "financial institution") which comprise the balance sheets as at December 31, 2019 and the profit and loss accounts, statements of changes in equity, cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the basis for qualified opinion section of our report the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2019, Profit and loss and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), International Standards on Auditing (ISAs) the Companies Act 1994, financial institution act 1993, Rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Qualified Opinion

1. As per FRC Circular no- 146/FRC/2020101 dated 11-02-2020, any amount received as share money deposit must converted to share capital within 6 months from the receiving date. The company receipts amounting Tk. 159,916 but didn't convert to share which is violation the said circular.
2. The entity did not comply IFRS-16 (lease) for office rent expense.
3. As per labor law 2006 (Amendment 2013) Sec-234, a company must maintain WPPF but the company did not comply the said Law.
4. Withholding tax payable is amounting of Tk. 24,167,868 at 31.12.2018. Additional amount is imposed @ 2% amounting of Tk.15,344,767 on the payable amount. So loss comes to amounting of Tk. 15,344,767 understated in accounts.
5. Tax assessment of the company did not finalize yet (From 2006-2019) which indicates additional tax liability may arise and if it is not practicable to quantify the financial effect in this regard.
6. We draw your attention to note 7.08 of the financial statement, which describe the effect of a provision shortfall against leases, loans and advances. The provision recorded by the company as at 31st December 2019 as a shortfall 460,000,000. 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 5 years starting from the 2020.

7. We draw your attention to Note 07 of the financial statements which describe the effect of a difference in the balance of leases, loans, advances between the FICL statement and the company's general ledger. A difference of BDT 205,804,139 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 November 13, 2018 to adjust this difference over three (3) years starting from March 2019. During the year adjusted amount Tk.68,600,000, remaining unadjusted amount Tk.137,204, 139.
8. We draw your attention to Note 10.03 of the financial statements which describe the impact an under-accrual of interest expense on term deposit. The company had under-accrual interest expense worth BOT 24.15 crore as at December 31, 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 balanced sheet which is being amortized since then. The total interest expense yet to be amortized is BDT 82,994,924 of which BOT 80,800,000 has expensed in 2019 and BOT 2,194,924 will be amortized in 2020.

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

Emphasis of Matter

We draw attention to the fact disclosed in note- 2.02.01, 4.01 & 15.06.01.

Key Audit Matters

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



Key audit matter	How our audit addressed the key audit matters
Measurement of provision for leases, loan and advances	
Refer to note no 7 and 14 to the financial statements	
<p>The process for estimating the provision for customer loans and advances associated with credit risk is significant and complex.</p> <p>For the individual analysis these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculation for the provision estimates of complex design and implementation.</p> <p>At year end of 2019 the Financial institution gross Leases, loans and advances of BDT 8,606,563,501 (2018: BDT 8,794,051,760) reported provision for loans and advances of BDT 147,455,981 (2018: BDT 521,983,382).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the credit appraisal, investments disbursement procedures, monitoring and provisioning process; • Reviewed identification of loss events, including early warning and default warning indicators; and • Reviewed quarterly Classification of investments (CL); <p>Our substantive procedure in relation to the provisions for investments portfolio comprised the following:</p> <ul style="list-style-type: none"> • 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 of presentation and disclosures against relevant accounting standards and Bangladesh Bank guidelines and Financial Institution Act 1993.
Measurement of interest on TDS	
<p>In 2019, the company reports interest expense on deposits amounting Tk. 737,284,299 (2018- Tk.697,543,723).</p> <p>Calculation for interest expense on deposits involves voluminous databases assumptions and calculations for the provision estimates of complex, design and implementation. This is</p>	<p>We tested the design and operating effectiveness of key controls focusing on the followings:</p> <p>Our substantive procedures in relation to the provision for accrued interest comprised the followings:</p> <ul style="list-style-type: none"> • Reviewed the interest calculation, rate of interest, maturity date, duties & charges; • Tested the lien pre-mature encashment

<p>also an area where misstatements have occurred in the past leading to involvement and direction from Bangladesh bank (As specified in Note: 10.03 of the financial statements).</p> <p>Specific attention is also required in relation to interest expense as there recognition is impact on forecast of future profitability over a number of years.</p> <p>See Note #22.00 to the financial statements</p>	<p>renewal process withdraw procedure;</p> <ul style="list-style-type: none"> Assessed the methodologies on which the provision for accrued interest amount based, re calculate the interest expense and tested the completeness and accuracy of the underlying information; Finally assessed appropriateness and presentation of disclosers against relevant accounting standards and Bangladesh bank guidelines.
<p>Measurement of deferred tax assets</p>	
<p>Refer to note no 14 to the financial statements</p>	
<p>At year end of 2019 the Financial Institution reported total net deferred tax assets of BDT 2,496,897 (2018: BDT 2,934,353) and deferred tax expense of BDT 437,456 (2018: Expense BDT 1,062,044).</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Bank has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Other Information

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

Responsibilities of Management and Those Charged with Governance for the financial statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note and for such internal control as management determines is necessary to enable



the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditors' 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 the financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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



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

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

Report on other Legal and Regulatory Requirements

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) The consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditures incurred were for the purpose of the Company's business for the year;
- (v) The financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) 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;
- (vii) The records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements.
- (viii) Statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention
- (ix) 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;
- (x) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by



Rahman Mostafa Alam & Co.
Chartered Accountants

Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;

- (xi) 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;
- (xii) 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;
- (xiii) we have reviewed over 70% of the risk weighted assets of the Company and we have spent around 3 persons 200 hours for the audit of the books and accounts of the Company;
- (xiv) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xv) The Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- (xvi) All other issues which in our opinion are important for the stakeholders of the Company.

Firm's Name : Rahman Mostafa Alam & Co. Chartered Accountants.

Signature : Sd/-

Auditors' Name : Mohammad Mofizul Haque Rinku FCA, (Enr No.: 1204)

Date : March 22, 2021.

Place : Dhaka

DVC : 2103231204AS300119

First Finance Limited Balance Sheet

As at December 31, 2019

Particulars	Notes	Amount in BDT	
		December 31, 2019	December 31, 2018
PROPERTY AND ASSETS			
Cash	3.00	71,956,561	85,417,895
In hand (including foreign currencies)		90,891	66,927
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-	-
		71,865,670	85,350,969
Balance with Other Banks and Financial Institutions	4.00	327,901,120	1,328,493,469
Inside Bangladesh	4.01	327,901,120	1,328,493,469
Outside Bangladesh	4.02	-	-
Money at call and on short notice	5.00	-	-
Investments	6.00	47,563,339	46,236,748
Government		-	-
Others		47,563,339	46,236,748
Leases, Loans and Advances		8,606,563,501	8,794,051,760
Loans, Cash Credits, Overdrafts, etc.	7.00	8,606,563,501	8,794,051,760
Bills Purchased and Discounted	8.00	-	-
Fixed assets including premises, furniture and fixtures	9.00	106,742,674	119,443,295
Other assets	10.00	525,252,017	574,871,387
Non-banking assets	11.00	195,955,359	195,726,132
Total Assets		9,881,934,571	11,144,240,687
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	12.00	1,100,942,307	1,133,203,893
Deposits and Other Accounts	13.00	5,883,777,929	6,867,412,827
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed/term deposits		5,853,159,929	6,841,747,827
Monthly Savings Scheme		30,618,000	25,665,000
Bearer certificate of deposit		-	-
Other deposits		-	-
Other Liabilities	14.00	1,903,767,048	2,285,098,069
Total Liabilities		8,888,487,285	10,285,714,789
Capital/ Shareholders' Equity			
Paid-up capital	15.00	1,162,202,580	1,162,202,580
Statutory reserve	16.00	369,944,451	342,960,175
General reserve	17.00	-	-
Retained earnings	18.00	(538,699,745)	(646,636,858)
Total Shareholders' Equity		993,447,286	858,525,897
Total Liabilities and Shareholders' Equity		9,881,934,571	11,144,240,686

Particulars	Notes	Amount in BDT	
		December 31, 2019	December 31, 2018
Off-Balance Sheet Items			
Contingent liabilities	19.00		
Acceptances and endorsements		-	-
Letters of guarantee	19.01	-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
Commitments	19.02		
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total off-Balance Sheet items including contingent liabilities		-	-
Net Asset Value per Share (NAV)		8.55	7.39

The annexed notes 1 to 49 and Annexure- A & B form an integral part of these financial statements.

For First Finance Limited

Sd/-
 Mohammad Ekramur Rahman
 Company Secretary (CC)

Sd/-
 Mohammad Enamur Rahman
 Head of Finance

Sd/-
 Md. Tuhin Reza
 Managing Director & CEO (CC)

Sd/-
 Mr. Abu Zakir
 Vice Chairman & Director

Sd/-
 Mr. Khan Mohammad Moinul Hasan
 Chairman

Signed in terms of our report of even date annexed.

Firm's Name : Rahman Mostafa Alam & Co. Chartered Accountants

Signature : Sd/-

Auditors' Name : Mohammad Mofizul Haque Rinku FCA, (Enr No.: 1204)

Date : March 22, 2021.

Place : Dhaka

DVC :

First Finance Limited Profit and Loss Account

For the year ended on December 31, 2019

Particulars	Notes	Amount in Tk.	
		January 01, 2019 to December 31, 2019	January 01, 2018 to December 31, 2018
Interest income	21.00	897,753,917	685,949,917
Interest paid on deposits, borrowings, etc.	22.00	(869,096,895)	(876,851,416)
Net interest income		28,657,022	(190,901,499)
Investment income	23.00	1,765	(904,017)
Commission, exchange and brokerage	24.00	-	-
Other operating income	25.00	64,395,778	68,033,712
		64,397,543	67,129,695
Total operating income		93,054,565	(123,771,805)
Salary and allowances	26.00	119,130,461	133,172,883
Rent, taxes, insurance, electricity, etc.	27.00	19,856,209	21,113,094
Legal expenses	28.00	859,000	3,594,689
Postage, stamps, telecommunication, etc.	29.00	2,280,828	4,325,764
Stationery, printing, advertisement, etc.	30.00	2,066,960	6,396,869
Chief Executive Officer's salary and fees	31.00	5,353,226	5,366,935
Directors' fees	32.00	680,000	784,000
Auditors' fee	33.00	150,000	135,000
Charges on loan losses		-	-
Depreciation and repair of company's assets	34.00	20,333,363	27,859,208
Other expenses	35.00	149,033,819	67,943,601
Total operating expenses		319,743,865	270,692,043
Profit before provision		(226,689,300)	(394,463,848)
Provision against leases, loans and advances	36.00	(374,527,401)	477,697
Provision for diminution in value of investments	37.00	5,745,840	4,805,041
Other provision		960,507	52,085
Total provision		(367,821,055)	5,334,823
Profit before taxation		141,131,755	(399,798,671)
Provision for taxation			
Current tax	14.04	5,772,909	4,518,478
Deferred tax	14.05	437,456	1,062,044
		6,210,365	5,580,522
Profit after taxation		134,921,390	(405,379,193)
Retained earnings, brought forward		(646,636,858)	(241,257,665)
Profit available for appropriation		(511,715,468)	(646,636,858)
Appropriations:		26,984,277	-
Statutory reserve		-	-
General reserve		-	-
Bonus shares		-	-
Cash dividend		26,984,277	-
Retained earnings, carried forward		(538,699,745)	(646,636,858)
Earnings Per Share (EPS)		1.16	(3.49)

The annexed notes 1 to 49 and Annexure- A & B form an integral part of these financial statements.

for First Finance Limited

Sd/-
Mohammad Ekramur Rahman
Company Secretary (CC)

Sd/-
Mohammad Enamur Rahman
Head of Finance

Sd/-
Md. Tuhin Reza
Managing Director & CEO (CC)

Sd/-
Mr. Abu Zakir
Vice Chairman & Director

Sd/-
Mr. Khan Mohammad Moinul Hasan
Chairman

Signed in terms of our report of even date annexed.

Firm's Name : Rahman Mostafa Alam & Co. Chartered Accountants

Signature : Sd/-

Auditors' Name : Mohammad Mofizul Haque Rinku FCA, (Enr No.: 1204)

Date : March 22, 2021.

Place : Dhaka

DVC :

First Finance Limited Statement of Cash Flows

For the year ended on December 31, 2019

Particulars	Notes	Amount in BDT	
		January 01, 2019 to December 31, 2019	January 01, 2018 to December 31, 2018
A) Cash Flows from Operating Activities			
Interest received		821,101,470	671,291,863
Interest paid		(774,101,904)	(865,026,420)
Dividend received		217,504	261,946
Paid to employees		(124,483,687)	(138,539,818)
Income taxes paid		(2,950,748)	(18,639,353)
Received from other operating activities		64,397,543	67,129,695
Paid for other operating activities		(75,214,734)	(117,216,050)
Cash generated from operating activities before changes		(91,034,555)	(400,738,138)
Increase/(decrease) in operating assets liabilities			
Leases, loans and advances to customers		187,488,259	760,687,730
Other assets		60,426,911	80,871,239
Deposit from customers		(983,634,898)	553,438,800
Other liabilities		(162,143,403)	41,451,220
		(897,863,131)	1,436,448,989
Net cash from/(used in) operating activities		(988,897,687)	1,035,710,851
B) Cash Flows from Investing Activities			
Purchase of fixed assets		5,733,506	549,413
Proceeds from sale of vehicle		2,927,900	-
Proceeds from other investments		(1,326,591)	(1,032,659)
Proceeds from sale of non financial institutional assets		(229,227)	(65,564,379)
Net cash from/(used in) investing activities		7,105,588	(66,047,625)
C) Cash Flows from Financing Activities			
Dividend paid		-	-
Receipt from borrowing and issuance of debt securities		(32,261,585)	(917,210,210)
Net cash from/(used in) financing activities		(32,261,585)	(917,210,210)
D) Net increase in cash and cash equivalents (A+B+C)		(1,014,053,684)	52,453,017
E) Effect of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		1,413,911,365	1,361,458,348
G) Cash and cash equivalents at end of the year (D+E+F)		399,857,681	1,413,911,365
Cash and cash equivalents at end of the year:			
Cash in hand		90,891	66,927
Balance with Bangladesh Bank and its agents bank(s)		71,865,670	85,350,969
Balance with other banks and financial institutions		327,901,120	1,328,493,469
		399,857,681	1,413,911,365
Net operating cash flow per share	39.02	(8.51)	8.91

The annexed notes 1 to 49 and Annexure- A & B form an integral part of these financial statements.

for First Finance Limited

Sd/-
 Mohammad Ekramur Rahman
 Company Secretary (CC)

Sd/-
 Mohammad Enamur Rahman
 Head of Finance

Sd/-
 Md. Tuhin Reza
 Managing Director & CEO (CC)

Sd/-
 Mr. Abu Zakir
 Vice Chairman & Director

Sd/-
 Mr. Khan Mohammad Moinul Hasan
 Chairman

First Finance Limited
Statement of changes in Shareholders' equity
 For the year ended on December 31, 2019

Particulars	Paid-up Capital	Share Money Deposit	Statutory Reserve	General Reserve	Retained Surplus	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 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	-	-	-	-	-	-
Balance as on 31 December 2018	1,162,202,580	-	342,960,175	-	(646,636,858)	858,525,897
Balance as on 01 January 2019	1,162,202,580	-	342,960,175	-	(646,636,858)	858,525,897
Bonus Share Issued for 2018	-	-	-	-	-	-
Right Shares Issued	-	-	-	-	-	-
Net Profit for the year ended 31 December, 2019	-	-	-	-	134,921,390	134,921,390
Addition made during the year	-	-	26,984,277	-	(26,984,277)	-
Appropriation made during the year	-	-	-	-	-	-
Balance as on 31 December 2019	1,162,202,580	-	369,944,452	-	(538,699,746)	993,447,286

The annexed notes 1 to 49 and Annexure- A & B form an integral part of these financial statements.

for First Finance Limited

Sd/-
 Mohammad Ekramur Rahman
 Company Secretary (CC)

Sd/-
 Mohammad Enamur Rahman
 Head of Finance

Sd/-
 Md. Tuhin Reza
 Managing Director & CEO (CC)

Sd/-
 Mr. Abu Zakir
 Vice Chairman & Director

Sd/-
 Mr. Khan Mohammad Moinul Hasan
 Chairman

First Finance Limited
Statement of Liquidity Analysis
(Assets and Liability maturity Analysis)
As at 31 December 2019

Particulars	Amount in Taka					Total
	Up to 1 month maturity	1 - 3 months maturity	3 - 12 months maturity	1 - 5 years maturity	More than 5 years maturity	
Assets						
Cash	90,891	-	-	-	-	90,891
Balance with Bangladesh Bank and its agent bank(s)	-	-	71,865,670	-	-	71,865,670
Balance with other banks and financial institutions	95,330,708	57,570,412	175,000,000	-	-	327,901,120
Money at call and on short notice	-	-	-	-	-	-
Investments	-	-	47,563,339	-	-	47,563,339
Leases, loans and advances	299,497,274	354,426,181	1,215,491,573	3,582,322,328	3,154,826,145	8,608,563,501
Fixed assets including assets taken on lease	-	-	-	-	106,742,674	106,742,674
Other assets	-	-	-	-	525,252,017	525,252,017
Non-Banking assets	-	-	-	-	195,955,359	195,955,359
Total Assets	394,918,873	411,996,593	1,509,920,582	3,582,322,328	3,982,776,195	9,881,934,571
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	330,700,000	-	596,125,284	174,117,023	-	1,100,942,307
Deposits and other accounts	112,412,900	413,301,680	675,676,396	3,211,355,410	1,471,031,543	5,883,777,929
Provision and other liabilities	-	-	253,308,006	356,248,209	1,294,210,832	1,903,767,048
Total Liabilities	443,112,900	413,301,680	1,525,109,686	3,741,720,642	2,765,242,375	8,888,487,285
Net Liquidity Excess/(Shortage)	(48,194,027)	(1,305,087)	(15,189,104)	(159,398,314)	1,217,533,820	993,447,286

The annexed notes 1 to 49 and Annexure- A & B form an integral part of these financial statements.

for First Finance Limited

Sd/-
Mohammad Ekramur Rahman
Company Secretary (CC)

Sd/-
Mohammad Enamur Rahman
Head of Finance

Sd/-
Md. Tuhin Reza
Managing Director & CEO (CC)

Sd/-
Mr. Abu Zakir
Vice Chairman & Director

Sd/-
Mr. Khan Mohammad Moinul Hasan
Chairman



First Finance Limited

Notes to the Financial Statements

For the year ended on December 31, 2019

1.00 The Company and Its Activities:

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

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

1.01 Objective of the Company:

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

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

2.01 Statement of compliance

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

i) Investment in shares and securities

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

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

ii) Provision on loans and advances/investments

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

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

iii) Recognition of interest in suspense

IFRS: Leases, loans and advances to customers are generally classified as 'loans and

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.

About Net Negative Cash Flow, it can be stated that the negative cash flow position is improving in 2019 in comparison to 2018. In 2019 the Net Operating Negative Cash flow was Tk. (91,034,555) and in 2018 it was Tk. (400,738,138). We have an approved 5 years strategic plan where we have a plan for next 5 year regarding the improvement of cash in flow.

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 January 01, 2019 to December 31, 2019.

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:

<u>Sl</u>	<u>Category of fixed assets</u>	<u>Rate</u>
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:

<u>General Provision on:</u>	<u>Rate</u>
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 2019 has been calculated at BDT 39.86 crore and there against an amount of BDT 30.68 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)

SI	Name of IAS/IFRS	Status
1	IAS 1: Presentation of Financial Statements	Partially Complied
2	IAS 2: Inventories	Not Applicable
3	IAS 7: Statement of Cash Flows	Partially Complied
4	IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Complied
SI	Name of IAS/IFRS	Status
5	IAS 10: Events after the Reporting Period	Complied
6	IAS 11: Construction Contracts	Not Applicable
7	IAS 12: Income Taxes	Partially Complied
8	IAS 16: Property, Plant & Equipment	Complied
9	IAS 17: Leases	Complied
10	IAS 18: Revenue (Replaced by IFRS-15)	Not Applicable
11	IAS 19: Employee Benefits	Complied
12	IAS 20: Accounting of Government Grants and Disclosure of Government Assistance	Not Applicable
13	IAS 21: The Effects of Changes in Foreign Exchange Rates	Not Applicable
14	IAS 23: Borrowing Costs	Complied
15	IAS 24: Related Party Disclosures	Complied
16	IAS 26: Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	IAS 27: Separate Financial Statements	Not Applicable
18	IAS 28: Investments in Associates and Joint Ventures	Not Applicable
19	IAS 29: Financial Reporting in Hyperinflationary Economics	Not Applicable
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 2019.

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-

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, Rahman Mostafa Alam & 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.

Notes	Particulars	Amount in BDT	
		December 31, 2019	December 31, 2018
3.00	Cash		
	Cash in hand (including foreign currencies)		
	In local currency	90,891	66,927
	In foreign currency	-	-
		<u>90,891</u>	<u>66,927</u>
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		
	In local currency	71,865,670	85,350,969
	In foreign currency	-	-
		<u>71,865,670</u>	<u>85,350,969</u>
		<u>71,956,561</u>	<u>85,417,895</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)	64,315,737	78,433,547
	Actual reserve maintained	67,111,273	85,350,969
	Surplus	<u>2,795,535</u>	<u>6,917,422</u>
(b)	Statutory liquidity ratio (SLR)		
	Required reserve (5% of Total Liabilities)	254,678,579	273,286,563
	Actual reserve maintained	399,857,681	1,413,911,365
	Cash in hand	90,891	66,927
	Balance with Bangladesh Bank and its agent bank(s)	71,865,670	85,350,969
	Balance with other banks and financial institutions	<u>327,901,120</u>	<u>1,328,493,469</u>
	Surplus	<u>145,179,102</u>	<u>1,140,624,802</u>
	Total required reserve	318,994,316	351,720,111
	Total actual reserve maintained	399,857,681	1,413,911,365
	Total surplus	<u>80,863,365</u>	<u>1,062,191,254</u>
4.00	Balance with Other Banks and Financial Institutions		
	Inside Bangladesh (note 4.01)	327,901,120	1,328,493,469
	Outside Bangladesh (note 4.02)	-	-
		<u>327,901,120</u>	<u>1,328,493,469</u>
4.01	Inside Bangladesh		
	Current accounts with:		
	National Bank Limited, Kawran Bazar Branch, Dhaka	47,435	48,355
	Bangladesh Development Bank Limited, Principal Branch, Dhaka	5,142	5,832
	South Bangla Agricultural Bank Limited, Principal Branch, Dhaka	40,950	41,870
	One Bank Limited, Kawran Bazar Branch, Dhaka	152,943	1,443
	Social Islami Bank Limited, Mouchak Branch, Dhaka	1,511	700
	Midland Bank Limited, Principal Branch, Dhaka	30,674	30,674
	IFIC Bank Limited, Kawran Bazar Branch, Dhaka	50,621	32,716
	IFIC Bank Limited, Ambarkhana Branch, Sylhet	7,508	17,902
	Prime Bank Limited, Wari Branch, Dhaka	90,401	481,101
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	5,703	645,393
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	2,231,355	10,390,727
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	94,235	137,255
	Southeast Bank Limited, R.K Mission Road, Dhaka	43,205	-
	Sub-total	<u>2,801,683</u>	<u>11,833,967</u>

Notes	Particulars	Amount in BDT	
		December 31, 2019	December 31, 2018
	Short-term deposit accounts with:		
	United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	860,257	843,661
	IFIC Bank Limited, Dhanmandi Branch, Dhaka	6,980	47,604
	IFIC Bank Limited, Dhanmandi Branch, Dhaka	2,262,734	2,234,949
	ICB Islami Bank Limited, Kawran Bazar Branch, Dhaka	10,785	11,015
	Shajjalal Islami Bank Limited, Kawran Bazar Branch, Dhaka	135,146	817,590
	Uttara Bank Limited, Local Office, Dhaka	611	1,735
	United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	567,810	149,565
	IFIC Bank Limited, Sheikh Mujib Road Branch, Chittagong	1,874,092	802,736
	Bank Asia Limited, Mohakhali Branch, Dhaka	184,008	572,689
	Bank Asia Limited, Sylhet Main Branch, Sylhet	214,799	573,093
	IFIC Bank Limited, Gulshan Branch, Dhaka	589,774	2,000,763
	IFIC Bank Limited, Kawranbazar Branch, Dhaka	1,181,310	20,049,865
	NRB Commercial Bank Limited, Principal Branch, Dhaka	3,700	4,850
	One Bank Limited, Kawranbazar Branch, Dhaka	2,505	1,652
	Mutual Trust Bank Limited, Principal Branch, Dhaka	363,208	357,059
	Mutual Trust Bank Limited, Principal Branch, Dhaka	64,138	64,242
	Premier Bank Limited, Board Bazar Branch	425,056	440,457
	BRAC Bank Limited, Asadgate Branch, Dhaka	62,322	442,300
	Eastern Bank Limited, Sonargoan Road Branch, Dhaka	2,920,588	10,518
	IFIC Bank Limited, Motijheel Branch, Dhaka	425,075	178,610
	Bank Asia Limited, Corporate Branch, Dhaka	3,793,192	6,100,455
	Mutual Trust Bank Limited, Panthapath Branch, Dhaka	569,259	217,314
	City Bank Limited, Pallabi Branch, Dhaka	224,988	736,126
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	201,414	3,073,941
	Bank Asia Limited, Tongi Branch	8,722	10,000
	Bank Asia Limited, Principal Office, Dhaka	21,323	-
	Bank Asia Limited, Agrabad Branch	2,549,226	-
	Southeast Bank Limited, R.K Mission Road, Dhaka	216,552	-
	Sub-total	19,739,575	39,742,788
	Fixed deposit accounts with:		
	People's Leasing and Financial Services Limited	100,000,000	100,000,000
	International Leasing and Financial Services Limited	86,900,967	70,000,000
	Mutual Trust Bank Limited	113,458,896	106,916,714
	IFIC Bank Limited, Kawranbazar Branch, Dhaka	5,000,000	-
	Union Bank Limited	-	1,000,000,000
	Sub-total	305,359,863	1,276,916,714
	Grand Total	327,901,120	1,328,493,469
	Regarding TDR of Tk. 10.00 Crore with People's Leasing and Financial Services Limited, it may be stated that, we have already communicated with the Organisation. People's Leasing and Financial Services Limited is not liquidated yet. And the company is running its limited operation under new management and they have taken positive steps to repay the TDR's with them gradually. We hope that the TDR will be adjusted gradually in the next year.		
4.02	Outside Bangladesh	-	-
4.03	Maturity grouping of balances with other banks and financial institutions		
	On demand	22,541,257	51,576,755
	Up to 3 months	-	-
	Over 3 months but up to 1 year	305,359,863	1,276,916,714
		327,901,120	1,328,493,469

Notes	Particulars	Amount in BDT	
		December 31, 2019	December 31, 2018
5.00	Money at call and on short notice	-	-
6.00	Investments		
6.01	Government securities		
	Treasury bills	-	-
	National Investment Bond	-	-
	Bangladesh Bank Bill	-	-
	Government notes/bonds	-	-
	Prize bonds	-	-
	Others	-	-
6.02	Other investments (note 6.02.01)	47,563,339	46,236,748
		<u>47,563,339</u>	<u>46,236,748</u>

6.02.01 Other investments - in shares and debentures
Shares:

Sector	Quantity		Cost Price (Taka)	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Bank	353,479	293,879	9,618,260	8,165,819
Cement	35,000	25,000	1,679,343	1,989,561
Chemicals	234,917	240,343	2,417,098	2,503,757
Engineering	129,275	118,079	5,337,222	4,675,005
Financial Institutions	187,447	157,447	11,379,385	10,328,819
Fuel & Power	27,429	59,809	1,592,680	4,037,224
Insurance	84,896	71,866	6,815,161	6,596,722
IT	17,089	158,075	1,210,483	5,083,680
Miscellaneous	37,000	15,800	1,578,878	722,229
Paper & Printing	30,000	12,000	2,312,336	1,173,057
Services and Real Estate	-	10,000	-	548,641
Textile	80,484	5,500	3,622,493	412,233
Total	1,217,016	1,167,798	47,563,339	46,236,748

As at 31 December 2019

6.03 Valuation of investments

Cost Price Market Price

Government securities:

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

Others: Shares (quoted)

Sector

Bank	9,618,260	4,103,614
Cement	1,679,343	1,176,000
Chemicals	2,417,098	728,243
Engineering	5,337,222	3,801,547
Financial Institutions	11,379,385	3,175,499
Fuel & Power	1,592,680	1,007,873
Insurance	6,815,161	3,161,296
IT	1,210,483	642,546
Miscellaneous	1,578,878	1,043,400
Paper & Printing	2,312,336	1,380,000
Textile	3,622,493	2,366,230
Total	47,563,339	22,586,247

Total market value of quoted shares is less than cost price against which provision was made for Taka 2,49,77,091 (note 14.03).

Notes	Particulars	Amount in BDT	
		December 31, 2019	December 31, 2018
7.00	Leases, Loans and Advances		
	Inside Bangladesh		
	Lease Finance	1,443,722,413	1,385,441,446
	Term Finance	7,155,746,513	7,399,783,350
	Home Loan Refinance Scheme	7,094,575	8,826,964
		8,606,563,501	8,794,051,760
	Outside Bangladesh	-	-
		8,606,563,501	8,794,051,760
	In respect of the above balance, there was a difference between the figure presented above with the figure shown in Financial Institution Classified Loan (FICL) of Tk. 205,804,139. The Company has obtained permission from Bangladesh Bank vide letter no. FIID/I-10/2018-1182 dated 13 November 2018 for adjusting the difference amount within next three (03) years from 1st quarter of 2019. The Company started adjusting the difference amount from March'19 quarter for Taka 17,150,000 each quarter. Details are as follows:		
	Opening Balance	205,804,139	-
	Less: Adjustment during the year	68,600,000	-
		137,204,139	-
7.01	Maturity grouping of Leases, Loans and Advances		
	Repayable		
	- on demand	299,497,274	937,723,867
	- over 1 month but not more than 3 months	354,426,181	2,067,893,310
	- over 3 months but not more than 1 year	1,215,491,573	3,171,091,680
	- over 1 year but not more than 5 years	3,582,322,328	2,447,041,098
	- over 5 years	3,154,826,145	170,301,805
		8,606,563,501	8,794,051,760
7.02	Significant concentration of Leases, Loans and Advances		
	Advance to allied Concerns of Directors	-	-
	Advance to the Chief Executive	-	-
	Advance to other Senior Executives	-	-
		-	-
7.03	Sector-wise distribution		
	Chemical and pharmaceuticals	80,260,000	73,731,770
	Textile industry	57,747,000	43,584,650
	Telecommunication and IT industry	177,849,000	139,987,580
	Jute and jute related goods	111,885,000	103,981,000
	Steel	650,723,000	615,464,830
	Paper	104,096,000	102,770,010
	Shipping and ship building industry	131,363,000	117,556,000
	Transport and communication	387,326,129	421,237,000
	Power, gas, water and sanitary	74,690,000	85,478,900
	Agriculture sector	365,694,000	164,000
	Readymade garments	524,113,000	468,242,650
	Plastic industry	-	79,477,920
	Leather and leather goods	-	560,390
	Service sector (hotel, hospital and clinic)	-	207,124,609
	Food and allied	706,036,431	970,130,000
	Electronics	-	5,429,209
	Real estate	-	509,033,585
	Glass and ceramic industry	-	134,846,230
	Housing	2,247,614,000	1,271,470,586
	Trade & commerce	2,330,484,871	2,985,342,124
	Others	685,625,899	458,438,717
	Total	8,635,507,330	8,794,051,760
7.04	Advances to customers for more than 10% of total Capital of the Company		
	Number of clients to whom leases, loans and advances were sanctioned more than 10% of total Capital of the Company during the year:		
	Number of Clients	-	-
	Amount of Outstanding Advances	-	-
	Amount of Classified Advances	-	-
	Amount of Recovery/Rescheduling thereon	-	-

7.05 Geographical location-wise Leases, Loans and Advances

In Bangladesh:		
Dhaka Division	6,043,416,018	6,274,335,716
Chittagong Division	2,382,711,649	2,321,840,683
Sylhet Division	180,435,834	197,875,361
	<u>8,606,563,501</u>	<u>8,794,051,760</u>
Outside Bangladesh		
	-	-
	<u>8,606,563,501</u>	<u>8,794,051,760</u>

7.06 Particulars of Leases, Loans and Advances

(i)	Financing considered good in respect of which the Company is fully secured;	7,565,598,302	7,707,846,536
(ii)	Financing considered good against which the Company holds no security other than the debtors' personal security;	1,040,965,199	1,086,205,224
(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	3,147,913,048	4,186,394,263
(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	70,597,450	165,597,162
(c)	Interest charged to interest suspense account	861,632,587	938,285,033
(xi)	Written off leases, loans and advances	-	-
	During the year	-	-
	Cumulative to-date	-	-
	Amount realized against loans previously written off	-	-
	Total amount of written off leases, loans and advances for which lawsuits filed	-	-

7.07 Classification of Loans and Advances
Unclassified

Standard	4,613,564,071	3,637,704,432
Special mention account	845,086,382	969,953,066
	<u>5,458,650,453</u>	<u>4,607,657,497</u>

Classified

Substandard	149,117,155	304,163,949
Doubtful	272,230,588	244,775,243
Bad/Loss	2,726,565,305	3,637,455,071
	<u>3,147,913,048</u>	<u>4,186,394,263</u>
	8,606,563,501	8,794,051,760

7.08 Particulars of required Provision for Loans and Advances

<u>Status of Classification</u>	<u>Base for Provision</u>	<u>Rate (%)</u>		
Unclassified (General Provision)				
Standard	4,613,564,071	0.25% & 1%	38,213,325	30,742,548
Special Mention Account	772,904,105	5%	38,645,205	53,152,617
			<u>76,858,530</u>	<u>83,895,165</u>
Classified (Specific Provision)				
Sub-Standard	244,219,333	20%	48,843,867	22,861,827
Doubtful	107,313,108	50%	53,656,554	87,719,391
Bad/Loss	428,097,030	100%	428,097,030	767,507,000
			<u>530,597,451</u>	<u>878,088,218</u>
Required provision for Loans and Advances			607,455,981	961,983,382
Total provision maintained (notes 14.01.01 and 14.01.02)			147,455,981	521,983,382
Excess / (Short) Provision			(460,000,000)	(440,000,000)

There is a provision shortfall against leases, loans and advances for Taka 48.00 crore (including Taka 2.00 crore for other assets which is disclosed in note no. 14.08) for the year ended 31 December 2019. 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 05 years starting from the year 2020. So for this year, the charged amount is Tk. (607,455,981.00 - 460,000,000.00) i.e. Tk. 147,455,981.00 only.

8.00 Bills Purchased and Discounted

Inside Bangladesh	-	-
Outside Bangladesh	-	-
	<u>-</u>	<u>-</u>

9.00 Fixed assets including Premises, Furniture and Fixtures (excluding Accumulated Depreciation)

Cost

Office equipment	114,759,684	116,846,252
Motor vehicles	37,946,728	43,543,095
Furniture and fixtures	86,775,030	81,943,441
Software	13,580,000	13,580,000
	<u>253,061,442</u>	<u>255,912,788</u>
Less: Accumulated depreciation	146,318,768	136,469,493
Net book value at the end of the year	106,742,674	119,443,295

Details are shown in **Annexure-A**.

10.00 Other assets

Income generating

Investment in shares of subsidiary companies:

Inside Bangladesh	-	-
Outside Bangladesh	-	-
	<u>-</u>	<u>-</u>

Others

Interest receivable on FDR	29,404,300	21,547,507
	<u>29,404,300</u>	<u>21,547,507</u>

Non-income generating

Advance Office Rent	8,339,157	1,812,737
Advance Parking Rent	75,000	75,000
Security Deposit	800,000	300,000
Others (note 10.01)	486,633,561	551,136,143
	<u>495,847,718</u>	<u>553,323,880</u>
	525,252,017	574,871,387

10.01 Others			
Advance Income Tax	10.02	440,085,607	437,134,859
Receivable Others (Legal expenses for Clients)		15,957,358	15,780,697
Receivable from BLI Securities Limited		99	99
Advance against Expenses		20,129,243	5,803,719
Receivable from Sheltech Brokerage Limited		8,195	1,573,497
Receivable from Employees		7,589,460	7,589,460
Deferred interest Expenses	10.03	2,194,924	82,994,924
Recovery agent Commissions Receivable		668,674	258,888
		486,633,561	551,136,143
10.02 Advance Income Tax			
<i>Accounting Year:</i>			
2006-2009		32,374,484	32,374,484
2010		32,862,206	32,862,206
2011		43,309,552	43,309,552
2012		63,552,300	63,552,300
2013		87,672,246	87,672,246
2014		64,148,371	64,148,371
2015		44,679,572	44,679,572
2016		55,377,498	55,377,498
2017		6,759,784	6,759,784
2018		6,398,847	6,398,847
2019		2,950,748	-
		440,085,607	437,134,859
10.03 Deferred interest expenses		2,194,924	82,994,924
<p>The Company had under-accrued Interest Expense worth BDT 24.15 Crore as at 31st December 2016. The Company has obtained permission from Bangladesh Bank through letter no. DFIM(C) 1058/42/2017 to adjust this difference over Three (03) years starting June 2017. As detailed in Note 10.03, FFL has created a Deferred Interest Expenses Asset in the Balance Sheet which is being amortized since then. The Total Interest Expense yet to be amortized is BDT 8,29,94,924 of which BDT 8,08,00,000 charged as expense in 2019 and BDT 21,94,924 will be amortized in 2020.</p>			
Opening balance		82,994,924	163,794,924
Less: Adjustment during the year		80,800,000	80,800,000
		2,194,924	82,994,924
10.04 Classification			
Classification of other Assets is as follows:			
Standard		463,838,054	550,353,228
Bad/Loss		22,795,507	782,915
		486,633,561	551,136,143
11.00 Non-Banking Assets		195,955,359	195,726,132
<p>This represents Assets Acquired by the Company as per Judgment of Honorable Court against Loan/Lease. The above Assets are Non-Earning Assets.</p>			
12.00 Borrowings from Other Banks, Financial Institutions and Agents			
Inside Bangladesh (note 12.01)		1,100,942,307	1,133,203,893
Outside Bangladesh		-	-
12.01 Inside Bangladesh		1,100,942,307	1,133,203,893
Social Islami Bank Limited		510,835,455	458,728,759
Uttara Bank Limited		42,896,575	55,943,086
Bangladesh Bank Refinance scheme		10,280,719	23,075,833
Mutual Trust Bank Limited		101,680,399	89,692,665
Mercantile Bank Limited		100,764,498	96,763,549
IFIC Bank Limited		3,784,660	-
Sonali Bank Limited		94,700,000	120,000,000
Bangladesh Development Bank Limited		137,000,000	150,000,000
Agrani Bank Limited		60,000,000	60,000,000
Janata Bank Limited		39,000,000	79,000,000
		1,100,942,307	1,133,203,893

12.02 Analysis by security		
Secured	1,100,942,307	1,133,203,893
Unsecured	-	-
	1,100,942,307	1,133,203,893
12.03 Repayment pattern		
Repayable		
- on demand	193,700,000	259,000,000
- within one month	137,000,000	150,000,000
- more than one month but less than six months	-	-
- more than six months but less than one year	596,125,284	536,015,043
- more than one year but less than five years	174,117,023	188,188,850
- more than five years but less than ten years	-	-
- more than ten years	-	-
	1,100,942,307	1,133,203,893
13.00 Deposit and other accounts		
Term deposit	5,853,159,929	6,841,747,827
Fixed deposit	-	-
Short term deposit	-	-
Staff security deposit	-	-
Deposit pension scheme	-	-
Monthly savings scheme	30,618,000	25,665,000
	5,883,777,929	6,867,412,827
13.01 Maturity Analysis of Deposits		
From banks, financial institutions and other institutions :		
Repayable		
- on demand	-	-
- within one month	1,452,433,553	680,418,555
- more than one month but less than six months	3,195,344,825	4,167,967,277
- more than six months but less than one year	219,369,784	629,867,577
- more than one year but less than five years	33,319,373	125,709,703
- more than five years but less than ten years	-	70,663,244
- unclaimed deposits for ten years or more	-	-
	4,900,467,535	5,674,626,356
Other than banks, financial institutions and other institutions :		
Repayable		
- on demand	-	-
- within one month	155,333,754	101,865,471
- more than one month but less than six months	485,333,754	542,172,369
- more than six months but less than one year	215,356,934	395,769,563
- more than one year but less than five years	107,881,152	134,752,018
- more than five years but less than ten years	19,404,800	18,227,050
- unclaimed deposits for ten years or more	-	-
	5,883,777,929	6,867,412,827

Note	Particulars	Amount in BDT		
		December 31, 2019	December 31, 2018	
14.00	Other Liabilities			
	Provision for Loans and Advances	14.01	147,455,981	521,983,382
	Interest Suspense Account	14.02	861,632,587	938,285,033
	Provision for Investment	14.03	24,977,091	19,231,251
	Provision for Income Tax	14.04	306,786,149	301,013,241
	Provision for Other Assets	14.08	2,795,507	1,835,000
	Deferred Tax Liability/(assets)	14.05	(2,496,897)	(2,934,353)
	Lease Deposit		30,376,605	31,994,235
	Unclaimed Dividend		594,530	594,530
	Share Money Deposit		159,916	159,916
	Interest Payable	14.06	252,278,737	238,083,746
	Sundry Creditors	14.07	279,206,841	234,852,087
			1,903,767,048	2,285,098,069
14.01	Provision for Loans and Advances			
14.01.01	Provision for Unclassified Loans and Advances			
	Opening balance		83,895,165	101,813,522
	Add: Provision for the year		(7,036,634)	(17,918,357)
	Less: Transferred to provision for other assets during the year		-	-
	General provision for the year		-	-
	Closing balance		76,858,531	83,895,165
14.01.02	Provision against Classified Loans and Advances			
	Opening balance		438,088,217	419,692,163
	Less: Interest fully waived during the year		-	-
	Add: Recovery of advances previously written off		-	-
	Add: Specific provision for the year		(367,490,767)	18,396,054
	Closing balance		70,597,450	438,088,217
			147,455,981	521,983,382
14.02	Interest Suspense Account			
	Opening balance		938,285,033	828,350,574
	Addition during the year		(76,652,447)	109,934,459
	Recovered during the year		-	-
	Closing balance		861,632,587	938,285,033
14.03	Provision for Investment			
	Opening balance		19,231,251	14,426,210
	Add: Provision for the year		5,745,840	4,805,041
	Less: Adjustment during the year		-	-
	Closing balance		24,977,091	19,231,251
14.04	Provision for Income Tax			
	Opening balance		301,013,241	296,494,763
	Add: Provision made during the year	14.04.01	5,772,909	4,518,478
			306,786,149	301,013,241
	Less: Settlement during the year		-	-
	Closing balance	14.04.02	306,786,149	301,013,241
14.04.01	Current Tax			

The Company recognizes the Current Tax @ 0.60% of the Gross Receipts in the Financial Statements complying with Section 82C. Minimum Tax; Sub-Section-4 of Income Tax Ordinance 1984.

Gross receipts:

(i) Interest Income	897,753,917	685,949,917
(ii) Investment Income	1,765	(904,017)
(iii) Other Operating Income	64,395,778	68,033,712

Total	962,151,460	753,079,611
Minimum Tax @	0.60%	0.60%
Current tax	5,772,909	4,518,478
Add: Provision made for Previous Year	-	-
	5,772,909	4,518,478

14.04.02 Yearly breakup of Provision for Income Tax
Accounting Year:

2006-2009	114,000,000	114,000,000
2010	(11,000,000)	(11,000,000)
2011	34,500,000	34,500,000
2012	-	-
2013	40,000,000	40,000,000
2014	48,064,000	48,064,000
2015	27,224,242	27,224,242
2016	33,416,406	33,416,406
2017	10,290,115	10,290,115
2018	4,518,478	4,518,478
2019	5,772,909	-

14.05 Deferred Tax Liability/(assets)

Opening balance	(2,934,353)	(3,996,397)
Less: Adjustment during the year	437,456	1,062,044
Closing balance	(2,496,897)	(2,934,353)

14.05.01 Deferred tax

Carrying amount of Fixed Assets	106,693,111	119,443,294
Tax base value of Fixed Assets	113,351,503	127,268,235
Deductible temporary difference	(6,658,392)	(7,824,941)
Tax Rate	37.50%	37.50%
	(2,496,897)	(2,934,353)

14.06 Interest Payable

	252,278,737	238,083,746
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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 2019.

14.07 Sundry Creditors

Income Tax Payable	89,897,091	24,167,868
VAT Payable	440,874	187,737
Salary & Allowance Payable	-	204,612
Office Rent Payable	437,750	362,670
Utility Payable	369,791	328,418
Audit Fee Payable	150,000	135,000
Other Payable	27,653,635	32,172,468
Sundry Accounts (Party)	81,012,539	126,733,946
Sundry Accounts (Others)	25,848,175	3,492,168
Excise Duty Payable	425,750	450,000
Sundry Account (Documents)	1,313,707	1,361,753
Security Money Payable (Vendor/Supplier)	160,830	160,830
Telephone and Internet Bill Payable	241,283	389,129

Delinquent Charge Suspense Account	48,858,335	42,459,304
IDCP Charge Suspense Account	430,735	396,503
Premature Charge Suspense Account	1,368,037	1,016,378
Sundry Accounts (MSS)	325,976	457,679
Employees P.F. Payable A/C	-	11,040
Interest Payable on Bank Borrowing	272,333	364,583
	279,206,841	234,852,087

14.08 Provision for Other Assets

The Company has kept Provision Shortfall against Other Assets 2.00 Crore in the year ended 31 December 2019 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 7.08.

15.00 Share Capital
15.01 Authorized Capital

500,000,000 Shares of Taka 10 each	5,000,000,000	5,000,000,000
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15.02 Issued, Subscribed and Paid-up Capital

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

15.03 Percentage of shareholding

Category	As at 31 December			
	2019		2018	
	No. of shares	%	No. of shares	%
Sponsors	48,012,123	41.31%	48,176,410	41.45%
General Public including NRB	45,594,741	39.23%	46,077,809	39.65%
Financial institutions	22,613,394	19.46%	21,966,039	18.90%
Investment Companies	-	0.00%	-	0.00%
Foreigners	-	0.00%	-	0.00%
Total	116,220,258	100%	116,220,258	100%

15.04 Classification of shareholders by holding

Holding	No. of shareholders		Total holding percentage (%)	
	2019	2018	2019	2018
Less than 5000	5,218	5,639	4.78	5.18
5001 to 50,000	1,160	1,227	14.45	15.27
50,001 to 100000	81	78	4.85	4.71
100001 to 200000	52	46	6.26	5.49
200001 to 300000	10	5	2.09	1.00
300001 to 400000	7	5	2.25	1.62
400001 to 500000	5	7	1.97	2.72
500001 to 1000000	12	12	7.39	7.15
Over 1,000,001	14	15	55.96	56.88
Total	6,559	7,034	100	100

15.05 Name of Directors and their shareholdings

Sl.	Name of Director	Status	2019	2018
1	Mr. Md. Israfil Alam, MP (Representative of Alphabet Associates Limited)	Chairman	5,670,588	5,670,588
2	Mr. Khan Mohammad Moinul Hasan	Vice Chairmen & Independent Director	-	-
3	Mr. A.Q.M. Faisal Ahmed Chowdhury	Sponsor Director	2,721,064	2,721,064
4	Mr. Md. Altaf Hossain (Representative of Oparchor Trade International Limited)	Nominated Director	8,321,520	8,321,520
5	Mrs. Amatun Noor (Representative of Qasraj Trading Limited)	Nominated Director	11,621,656	11,621,656
6	Mr. Abu Bakar Zahan Raminton Raza (Representative of Raqas Trade International Limited)	Nominated Director	5,794,796	5,794,796
7	Mr. Abu Zakir (Representative of Alphabet Systems Limited)	Nominated Director	5,673,868	5,673,868
8	Mr. Ataul Haq	Independent Director	-	-
9	Mr. Md. Habibur Rahman	Independent Director	-	-

Notes	Particulars	Amount in BDT	
		December 31, 2019	December 31, 2018
15.06	Capital adequacy Ratio:		
	Capital adequacy ratio has been calculated as per circular issued by Bangladesh Bank.		
	Tier-1 (Core Capital)	993,447,286	858,525,897
	Paid-up Capital	1,162,202,580	1,162,202,580
	Statutory Reserve	369,944,451	342,960,175
	General Reserve	-	-
	Retained Surplus	(538,699,745)	(646,636,858)
	Tier-2 (Supplementary Capital):	76,858,531	83,895,165
	General Provision maintained against Unclassified Loans	76,858,531	83,895,165
	Other Reserves	-	-
	Total Capital Held (Tier 1 + Tier 2)	1,070,305,817	942,421,062
	Total Risk Weighted Assets (Note 15.06.01)	9,411,824,010	9,835,408,694
	Required capital	941,182,401	983,540,869
	(10% of risk-weighted assets or Tk. 100.00 Crore whichever is higher)		
	Total Capital Held	1,070,305,817	942,421,062
	Capital Adequacy Ratio	11.37	9.59
	Core Capital	10.56	8.73
	Supplementary Capital	0.82	0.86

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

Gross Risk-Weighted Assets (RWA) of 2019 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 2019	
	Principal Amount	Risk Weighted Asset
0%	512,036,366	-
20%	328,004,580	65,600,916
50%	1,772,473,898	886,236,949
75%	102,205,105	76,653,828
100%	3,651,642,734	3,651,642,734
125%	2,620,110,388	3,275,137,985
150%	845,086,068	1,267,629,102
Total	9,831,559,139	9,222,901,515

(b) Risk Weights for Market Risk

45,172,495

(c) Risk Weights for Operational Risk

143,750,000

Total Risk Weighted Assets (a+b+c)

9,411,824,010

As per Bangladesh Bank Letter no. DFIM(C)1054/42/2019-1272 dated June 23, 2019, we got the permission to adjust shortfall in Loan Loss Provision in 5 years starting from 2020. In this connection, the CAR Calculation as per BASELII and as per Accounts varies i.e. CAR as per BASEL II 6.20 and CAR as per Accounts 11.37.

Notes	Particulars	Amount in BDT	
		December 31, 2019	December 31, 2018
16.00	Statutory reserve		
	Opening balance	342,960,175	342,960,175
	Addition during the year	26,984,277	-
	Closing balance	<u>369,944,452</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.		
17.00	General reserve	-	-
18.00	Retained earnings		
	Opening balance	(646,636,858)	(241,257,665)
	Addition during the year	134,921,390	(405,379,193)
	Less: Transfer to statutory reserve	(26,984,277)	-
	Less: Issue of bonus shares	-	-
	Closing balance	<u>(538,699,745)</u>	<u>(646,636,858)</u>
19.00	Contingent liabilities and commitments		
19.01	Letters of guarantee		
	Money for which the Company is contingently liable in respect of guarantee given favoring:		
	Directors	-	-
	Government	-	-
	Banks and other financial institutions	-	-
	Letter of credit	-	-
		<u>-</u>	<u>-</u>
19.02	Commitments		
	i Documentary credit and short term business transactions	-	-
	ii Forward assets purchased and forward deposits placed	-	-
	iii Existing facilities, loan facilities and other commitments not accounted for:		
	Less than one year	-	-
	More than one year	-	-
	iv Spot and forward foreign exchange contracts	-	-
	v Other exchange contracts	-	-
		<u>-</u>	<u>-</u>
20.00	Profit and Loss Statement		
	Income		
	Interest, discount and similar income	897,753,917	685,949,917
	Dividend income	217,504	261,946
	Fees, commission and brokerage	-	-
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	(215,739)	(1,165,963)
	Gains less losses arising from dealings in foreign currencies	-	-
	Income from non-company's assets	-	-
	Other operating income	64,395,778	68,033,712
	Profit less losses on interest rate changes	-	-
		<u>962,151,460</u>	<u>753,079,611</u>
	Expenses		
	Interest, fees and commission	869,096,895	876,851,416
	Losses on loans and advances	-	-
	Administrative expenses	150,376,684	174,889,234
	Other operating expenses	149,033,819	67,943,601
	Depreciation on banking assets	20,333,363	27,859,208
		<u>1,188,840,760</u>	<u>1,147,543,459</u>
	Profit/(loss) Before Provision	<u>(226,689,300)</u>	<u>(394,463,848)</u>

Notes	Particulars	Amount in Tk.	
		January 01, 2019 to December 31, 2019	January 01, 2018 to December 31, 2018
21.00	Interest Income		
	Interest on leases, loans and advances:		
	Lease finance	377,773,204	184,443,508
	Term finance	467,656,845	430,551,711
	Home loan/Margin loan	732,109	521,574
	Interest on:	846,162,157	615,516,793
	Accounts with foreign banks	-	-
	Balances with other banks and financial institutions	51,591,759	70,433,124
		897,753,917	685,949,917
22.00	Interest Paid on Deposits, Borrowings, etc.		
	Interest on deposits:		
	Fixed/term deposits	735,267,055	697,089,225
	Savings deposits	2,017,244	454,498
	Interest on borrowings:	737,284,299	697,543,723
	Local banks including Bangladesh Bank	131,812,596	179,307,693
	Foreign banks	-	-
		869,096,895	876,851,416
23.00	Investment Income		
	Dividend on shares	217,504	261,946
	Gain on Sale of Marketable Securities	(215,739)	(1,165,963)
		1,765	(904,017)
24.00	Commission, Exchange and Brokerage		
	Commission on trading security	-	-
	Exchange gains/losses arising from dealings in foreign currencies	-	-
		-	-
25.00	Other Income		
	Interest during construction period	4,852,189	25,014,463
	Delinquent charge	53,149,727	38,389,854
	Documentation and processing fee including stamp charge	355,530	304,828
	Transfer fee	1,111,711	519,350
	Other Operating Income	4,926,621	3,805,217
		64,395,778	68,033,712
26.00	Salary and Allowances		
	Salary and allowance	104,345,563	116,060,632
	Provident fund contribution	4,943,396	4,701,375
	Festival Bonus	9,597,518	11,954,899
	Overtime	243,584	455,117
	Medical & Welfare Expenses	400	860
		119,130,461	133,172,883
27.00	Rent, Taxes, Insurance, Lighting, etc.		
	Rent, rates and taxes	16,100,633	16,770,190
	Utilities	3,564,779	4,117,291
	Insurance	190,797	225,613
		19,856,209	21,113,094
28.00	Legal Expenses		
	Legal expenses	279,000	3,030,280
	Consultancy fees	580,000	564,409
		859,000	3,594,689
29.00	Postage, Stamps, Telecommunication, etc.		
	Phone, fax and internet	2,026,390	4,094,187
	Court fees and stamps	131,725	155,993
	Postage and courier	122,713	75,584
		2,280,828	4,325,764
30.00	Stationery, Printing, Advertisements, etc		
	Advertisement	825,151	2,539,138
	Stationery and printing	1,241,809	3,857,731
		2,066,960	6,396,869

31.00 Chief Executive Officer's Salary and Fees		
Basic salary	2,854,839	2,862,903
Allowances	1,998,387	2,004,032
Festival Bonus	500,000	500,000
	5,353,226	5,366,935
32.00 Directors' Fees		
Taka 8,000 per Director per meeting	680,000	784,000
	680,000	784,000
Directors' fees for attending each board meeting during the year was Taka 8,000 for each board member as per Bangladesh Bank DFIM circular no. 13, dated 30 November 2015. No other fees/remuneration were paid to the Directors for any special services rendered.		
33.00 Auditors' Fees	150,000	135,000
34.00 Depreciation and Repairs of Company's Assets		
Repairs		
Furniture and fixtures and equipments	2,408,949	1,286,512
Vehicles	945,540	6,269,586
Software development	-	-
	3,354,489	7,556,098
Depreciation		
Office equipment	7,232,929	8,533,418
Motor vehicles	3,049,074	4,290,288
Furniture and fixtures	4,524,043	4,763,541
	14,806,046	17,587,246
Amortization of software	2,172,827	2,715,864
	20,333,363	27,859,208
35.00 Other Expenses		
Share issue expenses	1,170,882	1,170,882
AGM expenses	1,902,881	23,840
Business development expenses	-	2,286,743
Vehicle expenses	5,085,991	1,678,010
Entertainment	956,407	1,064,307
Meeting expenses	-	40,000
Bank charges and excise duty	500,135	689,044
Travelling expenses	1,811,260	2,322,353
Office maintenance	1,991,275	2,365,082
Books and periodicals	42,176	44,262
Miscellaneous expenses	187,253	13,364,027
Commission on TDR	52,100,198	17,417,307
VAT paid	7,339,886	17,111,102
Fees, fine and subscription	3,022,877	4,823,831
Income tax expense	773,764	447,109
Loss on disposal of fixed asset	539,013	20,429
Lunch Subsidy	3,009,821	3,075,274
Charge for FICL and GL gap	68,600,000	-
	149,033,819	67,943,601
36.00 Provision against leases, loans and advances		
Provision against unclassified leases, loans and advances	76,858,531	83,895,165
Provision against classified leases, loans and advances	70,597,450	438,088,218
Less: Provision as on 31 December of previous year	147,455,981	521,983,382
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
	521,983,382	521,505,685
Provision made during the year	(374,527,401)	477,697
37.00 Provision for diminution in value of investments		
Provision for investment	24,977,091	19,231,251
Less: Provision as on 31 December of previous year	19,231,251	14,426,210
Provision made/(adjustment) during the year	5,745,840	4,805,041

38.00 Earnings per Share

Earnings Attributable to the Ordinary Shareholders (Net profit after tax)	134,921,390	(405,379,193)
Number of ordinary shares outstanding during the year	116,220,258	116,220,258
Earnings per share	1.16	(3.49)

38.01 No diluted earnings per share is required to be calculated for the year as there was no dilution during the year.

39.00 Net operating cash flow per share

39.01 Operating profit before changes in operating assets and liabilities	(91,034,555)	(400,738,138)
Number of ordinary shares outstanding during the year	116,220,258	116,220,258
Net operating profit before changes in operating assets and liabilities	(0.78)	(3.45)
39.02 Net cash used in operating activities	(988,897,687)	1,035,710,851
Number of ordinary shares outstanding during the year	116,220,258	116,220,258
Net operating cash flow per share	(8.51)	8.91

Net operating cash flow per share (NOCFPS) for the period ended 31 December 2019 is (8.51) whereas the same period of earlier year was 8.91. This is because a mentionable amount of TDR was encashed during the year.

40.00 Reconciliation of cash flows from operating activities

Net profit after tax	134,921,390	(405,379,193)
Depreciation	16,978,874	17,201,761
Provision for leases, loans & advances	(374,527,401)	477,697
Provision for taxation	6,210,365	5,580,522
Profit/loss on sale of fixed assets	539,013	20,429
Increase in leases, loans & advances	187,488,259	760,687,730
Income tax paid	(2,950,748)	(18,639,353)
Increase in deposit and other accounts	(983,634,898)	553,438,800
Increase in other liabilities	(162,143,403)	41,451,220
Increase in other assets	60,426,911	80,871,239
Cash flows from operating activities	(988,897,687)	1,035,710,851

41.00 Net asset value per share

Net Assets	993,447,286	858,525,897
Number of ordinary shares outstanding	116,220,258	116,220,258
Net asset value per share	8.55	7.39

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 2019</u>	<u>Receivable at 31 Dec 2018</u>
Mr. A.Q.M. Faisal Ahmed Chowdhury	Director	5,570,835	-	5,066,107
		5,570,835	-	5,066,107

43.00 Board Meeting

During the year under reporting, Eleven (11) board meetings were held.

44.00 Audit Committee

Name of committee member	Status with the Company	Status with Committee	Educational Qualification
Mr. Ataul Haq	Independent Director	Chairman	MA in Philosophy, University of Dhaka
Mr. A.Q.M Faisal Ahmed Chowdhury	Sponsor Director	Member	Graduate, University of Dhaka
Mr. Md. Habibur Rahman	Independent Director	Member	L.L.M. University of Dhaka
Mrs. Amatun Noor	Nominated Director	Member	Masters in Sociology

During the year 2019 the audit committee has performed the following activities:

- review of the company's draft financial statements for the year ended 31 December 2019 for their presentation to the board for approval;
- recommendation on the appointment of external auditors for the year ending 31 December 2019 and their 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 2019; 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.

Four (04) meetings of Audit Committee were held during the year 2019 where CEO, Head of Internal Control & Compliance and CFO were invited to participate.

45.00 Others

45.01 Contracts and disbursements

Contract/Sanction	244,045,000	58,190,000
Execution/Disbursement	45,045,000	99,972,000

45.02 Credit facility not availed

There was no such credit facility available to the Company as on 31 December 2019 except trade credit available in the ordinary course of business.

45.03 Contingent liabilities

There was no such liabilities for which the Company is contingently liable as on 31 December 2019.

45.04 Payment in foreign currency

During the year 2019, no amount was paid for import of capital machinery for lease. No payment has been made in foreign currency on account of royalty, technical know-how and professional advisor fees, interest, dividend, etc.

45.05 Authorization for issue of the financial statements

The Board of Directors of the Company has authorized these financial statements for issue on March 22, 2021.

45.06 Number of employees

During the year 186 employees have been given Taka 6,000 or more (monthly) as salary and allowances.

45.07 Subsequent event

The Board of Directors has recommended 2% Stock Dividend in its 326th Meeting held on March 22, 2021 for the year 2019.

46.00 No dividend was declared on the basis of Financial Statements of 2018 as the Company incurred loss in this year. The 26th Annual General Meeting was held on March 21, 2021 as per approval received from the Honorable High Court.

47.00 Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

48.00 Previous year's figures have been rearranged wherever considered necessary in order to conform to current year's presentation, without creating any impact on the profit/loss) and value of assets and liabilities as reported in the financial statements.

49.00 These notes form an integral part of these financial statements and accordingly are to be read in conjunction therewith.

for First Finance Limited

Company Secretary (CC)

Head of Finance

Managing Director and CEO (CC)

Director

Chairman

First Finance Limited
Schedule of Fixed Assets
 As at December 31, 2019

Annexure-A

Particulars	Cost			Rate	Balance as at 31 Dec, 2019	Depreciation			Written down value as at 31 Dec 2019
	Balance as at 01 Jan, 2019	Addition during the year	Disposal made during the year			Balance as at 01 Jan, 2019	Charge for the year	Adjustment made during the year	
Office equipment	116,846,252	901,917	2,988,485	15%	114,759,684	7,232,929	2,408,272	73,267,428	41,492,256
Motor vehicles	43,543,095	-	5,596,367	20%	37,946,728	3,049,074	4,721,324	24,579,960	13,366,768
Furniture and fixtures	81,943,441	4,831,589	-	10%	86,775,030	4,524,043	-	43,582,690	43,192,340
Sub Total	242,332,788	5,733,506	8,584,852		239,481,442	14,806,046	7,129,596	141,430,078	98,051,364
Software in Progress	13,580,000	-	-	20%	13,580,000	2,715,864	-	4,888,691	8,691,309
As at December 31, 2019	255,912,788	5,733,506	8,584,852		253,061,442	16,978,874	7,129,596	146,318,769	106,742,674
As at December 31, 2018	255,473,375	549,413	110,000		255,912,788	20,303,110	79,571	135,469,492	119,443,295

Schedule of Fixed Assets
 As at December 31, 2018

Particulars	Cost			Rate	Balance as at 31 Dec, 2018	Depreciation			Written down value as at 31 Dec 2018
	Balance as at 01 Jan, 2018	Addition during the year	Disposal made during the year			Balance as at 01 Jan, 2018	Charge for the year	Adjustment made during the year	
Office equipment	116,703,879	252,373	110,000	15%	116,846,252	8,533,418	79,571	68,442,771	48,403,481
Motor vehicles	43,543,095	-	-	20%	43,543,095	4,290,288	-	26,252,210	17,290,885
Furniture and fixtures	81,896,401	47,040	-	10%	81,943,441	4,763,541	-	39,058,647	42,884,794
Sub Total	242,143,375	299,413	110,000		242,332,788	17,587,247	79,571	133,753,628	108,579,159
Software in Progress	13,330,000	250,000	-	20%	13,580,000	2,715,864	-	2,715,864	10,864,135
As at December 31, 2018	255,473,375	549,413	110,000		255,912,788	20,303,111	79,571	135,469,492	119,443,295
As at December 31, 2017	243,440,530	12,202,845	170,000		255,473,375	19,964,984	121,248	116,245,953	139,227,422

First Finance Limited

Details of Highlights

As at December 31, 2019

Annexure-B

Sl.	Particulars	Amount in BDT	
		Dec 31,2019	Dec 31,2018
1	Paid-up capital	1,162,202,580	1,162,202,580
2	Total capital /equity	993,447,286	858,525,897
3	Total assets	9,881,934,571	11,144,240,687
4	Total deposit	5,883,777,929	6,867,412,827
5	Total loan, lease and advance	8,606,563,501	8,794,051,760
6	Total contingent liabilities and commitments	-	-
7	Credit deposit ratio (%)	123.22	109.92
8	Percentage of classified loan (%)	34.79%	48.75%
9	Operating profit	(226,689,300)	(394,463,848)
10	Profit after tax and provision	134,921,390	(405,379,193)
11	Amount of classified loan/ lease	3,147,913,048	4,186,394,263
12	Provision kept against classified loan/ lease	147,455,981	521,983,382
13	Provision surplus/(deficit)	(480,000,000)	(460,000,000)
14	Cost of fund (%)	11.06	9.93
15	Interest earning assets	8,931,662,939	8,794,051,760
16	Non-interest earning assets	950,271,632	2,350,188,926
17	Return on investment (ROI) (%)	1.57	(4.61)
18	Return on assets (ROA) (%)	1.37	(3.64)
19	Income from Investments	1,765	(904,017)
20	Earning per share (EPS)	1.16	(3.49)
21	Operating profit per share	(1.95)	(3.39)
22	Price earning ratio (times)	3.62	-



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