



ANNUAL
REPORT

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ফার্স্ট ফাইন্যান্স লিমিটেড
First Finance Limited

আপনার সকল আর্থিক প্রয়োজনে . . .



ANNUAL
REPORT

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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 PLC

ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2022

Dear Sir(s),

We forward herewith copy(s) of Annual Report 2022 of First Finance Limited along with Audited Financial Statements as on the position of December 31, 2022 including Income Statements, Cash Flow Statements along with notes thereon on the financials for your kind perusal and record.

Yours sincerely

Sd/-

(Mohammad Ekramur Rahman)

Company Secretary

Dhaka
07 September, 2023

| NOTICE |

FIRST FINANCE LIMITED

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

Notice of the 30th Annual General Meeting

Notice is hereby given that the 30th Annual General Meeting (AGM) of First Finance Limited will be held on **Saturday, 30 September, 2023 at 3.00 p.m.** (Bangladesh Standard Time). The AGM will be held virtually by using digital platform through the following link: <http://ffl30agm.digitalagmbd.net> to transact the following businesses:

AGENDA

01. To confirm the proceedings of the 29th Annual General Meeting of the Company held on 22 September, 2022.
02. To receive and adopt the Directors' Report, Auditor's Report and Audited Financial Statement for the year ended on December 31, 2022.
03. To declare Dividend for the year 2022 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/re-appointment of Independent Directors as per the Corporate Governance Code of Bangladesh Securities and Exchange Commission.
06. To appoint Statutory Auditors of the Company for the year 2023 until conclusion of the 31st AGM and to fix their remuneration.
07. To appoint the Corporate Governance Compliance Auditor for the year 2023 until conclusion of the 31st AGM and to fix their remuneration.
08. To transact any other business with the permission of the Chair.

By the order of the Board of Directors,

Sd/-

Mohammad Ekramur Rahman

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

Dated: 07 September, 2023

NOTES:

01. The record date was fixed on **07 September, 2023**. The Shareholders, whose names appeared in the Share Register of the Company at the close of business on the record date, will be eligible to attend the meeting.
02. The Board of Directors has recommended '**No Dividend**' for the year ended on 31 December, 2022.
03. Pursuant to Bangladesh Securities and Exchange Commission Order no. SEC/SRMIC/94-231/25, dated 08 July, 2020, and SEC/SRMIC/94-231/91 dated 31 March, 2021; the AGM will be virtual meeting of the Members, which will be conducted via live webcast by using digital platform.
04. We encourage the Members to log in to the system prior to the meeting start time of 3.00 p.m. (BST) on 30 September, 2023. Please allow ample time to login and establish your connectivity. The webcast will start at 3.00 pm (BST). Please contact 01987007880 for any technical difficulties in accessing the virtual meeting.
05. The shareholders 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 07 September, 2023) and other credential as proof of their identity by visiting the link <http://ffl30agm.digitalagmbd.net>
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. 100.00 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 2022 is being sent to the email addresses of the shareholders available in their Beneficial Owner (BO) accounts maintained with the Depository. The Hon'ble shareholders are requested to update their email addresses through their respective Depository Participant (DP). The soft copy of the Annual Report will also be available on the Investor Relations section of the Company's website at www.first-finance.com.bd

| CORPORATE INFORMATION |

Date of Incorporation	: 28th June, 1993
Authorized Capital	: BDT 5,000.00 Million
Paid-Up Capital	: BDT 1,185.24 Million
Statutory Reserve	: BDT 369.94 Million
Registered Head Office	: Jahangir Tower (3rd Floor), 10, Kawran Bazar C/A, Dhaka-1215, Bangladesh
Type of Organization	: Non-banking Financial Institution
Nature of Business	: Lease Finance, Term Financing, Real-Estate & Housing Financing, Home Loan, SME Finance, Women Entrepreneur Finance, TDR, MSS, etc.
Number of Directors	: 10
Number of Shareholder	: 6,289
Number of Branches	: 6 (Six)
Number of Employees	: 150
Number of Clients	: 2,303 (Investment) 2,551 (Deposit)
Business Thrust Sectors	: SME Sector, Corporate Finance, Medium Companies, Housing, Transportation Companies etc.
Business Motto	: Efficient Customer Service & Effective Financial Solutions
Auditor	: G. Kibria & Co., Chartered Accountants
Tax Advisor	: M.J. Abedin & Co., Chartered Accountants
E-Mail	: info@first-finance.com.bd
Website	: www.first-finance.com.bd

| COMPANY CHRONICLES |

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

| CAPITAL & SHAREHOLDING STRUCTURE |

As of 31 December, 2022

CAPITAL STRUCTURE

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

SHARE HOLDING STRUCTURE

Category of Shareholders	No of Shares	Percentage of total Shares
Sponsor & Director	48,972,361	41.31
General Public Including NRB	46,716,960	39.41
Institutions	22,855,342	19.28
Foreigners	-	-
Total	118,544,663	100.00

| THE PATTERN OF SHAREHOLDING ALONG WITH NAME WISE DETAILS |

(as required by the Corporate Governance Code issued by BSEC)

As on 31 December 2022

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

❖ No shareholders holding 10% or more voting interest in the company

| CODE OF CONDUCT |

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

| PERFORMANCE IN THE LAST FIVE YEARS |

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

Sl. No.	Particulars	AS OF 31 DECEMBER				
		2018	2019	2020	2021	2022
		Taka	Taka	Taka	Taka	Taka
1	Paid-up Capital	1,162,202,580	1,162,202,580	1,162,202,580	1,185,446,630	1,185,446,630
2	Total Capital /equity	858,525,897	993,447,286	492,105,389	(1,697,998,099)	(3,418,719,061)
3	Total Assets	11,144,240,687	9,881,934,571	10,147,562,124	10,299,722,860	10,493,938,988
4	Total Deposit	6,867,412,827	5,883,777,929	6,076,329,721	6,291,708,346	6,380,092,145
5	Total Loan, Lease and Advance	8,794,051,760	8,606,563,501	8,862,514,386	8,955,353,569	9,237,109,030
6	Total Capital (eligible)	983,540,869	941,182,401	926,751,500	900,069,206	999,379,656
7	Surplus/(Shortage Capital)	178,661,711	221,020,179	235,451,080	285,377,424	185,446,630
8	Total Contingent Liabilities and Commitments	-	-	-	-	-
9	Credit Deposit Ratio (%)	109.92	123.22	121.67	119.16	122.97
10	Percentage of Classification of Loan (%)	48.75	34.79	35.63	86.79%	85.96%
11	Operating Profit	(394,463,848)	(226,689,300)	(353,017,573)	(1,629,520,915)	(637,632,682)
12	Profit after Tax and Provision	(405,379,193)	134,921,390	(501,341,898)	(2,190,103,487)	(1,720,720,962)
13	Amount of Classified Loan/ Lease	4,186,394,263	3,147,913,048	3,132,929,439	7,772,113,300	7,985,424,369
14	Provision kept against Classified Loan/ Lease	521,983,382	147,455,981	297,477,336	858,641,156	1,906,077,599
15	Provision Surplus/(Deficit)	(460,000,000)	(480,000,000)	780,028,705	(1,470,129,297)	(1,225,107,747)
16	Cost of Fund (%)	9.93	11.06	10.81	10.43	9.77
17	Interest Earning Assets	8,794,051,760	8,931,662,939	9,191,189,904	9,365,385,346	9,604,565,305
18	Non-Interest Earning Assets	2,350,188,926	950,271,632	956,372,220	934,337,515	889,373,683
19	Return on Investment (ROI) (%)	(4.61)	1.57	(5.66)	(24.46)	(18.63)
20	Return on Assets (ROA) (%)	(3.64)	1.37	(4.94)	(21.26)	(16.40)
21	Income from Investments	(904,017)	1,765	877,168	(7,498,150)	392,567
22	Earnings per Share (EPS)	(3.49)	1.16	(4.31)	(18.47)	(14.52)
23	Operating Profit per Share	(3.39)	(1.95)	(3.04)	(13.75)	(5.38)
24	Price Earnings Ratio (times)	-	3.62	(1.51)	(0.35)	(0.45)

| BRANCH CONTACTS |

Corporate Branch	
Jahangir Tower (3 rd Floor) 10, Kawran Bazar C/A, Dhaka-1215. Telephone: 096788888999, 0255014075, 0255014074 Fax: E-mail: corporate@first-finance.com.bd	Mohammad Golam Mustofa Mobile: 01987007720
Gulshan Branch	
Gulshan Bhaban, Plot No: 355 (1 st Floor) A.K. Khandakar Sarak, Mohakhali, Dhaka-1212. Telephone: +8802222280124, 02222280125, 09678888999 Fax: +88029880124 E-mail: gulshan@first-finance.com.bd	Muhammad Ashraful Islam Mobile: 01987007704
Motijheel Branch	
Elite House (2 nd Floor) 54, Motijheel C/A, Dhaka-1000, Telephone: (+880) 9678 888 999 E-mail: motijheel@first-finance.com.bd	Kazi Md. Anamul Hoque Mobile: 01987007711
Board Bazar Branch	
Member Complex (3 rd Floor) Board Bazar, Gazipur-1704, Bangladesh Telephone: +88029293060-61, 09678888999 Fax:+88029293059 E-mail: boardbazar@first-finance.com.bd	Name: Zannatul Ferdoush Mobile: 01987007758
Agrabad Branch	
Ayub Trade Center, 5 th Floor (East Side), 1269/B, Sk. Mujib Road, Agrabad C/A, Chattogram Telephone: 02-333310961 Fax: +88031-2529001 E-mail: agrabad@first-finance.com.bd	Mr. Mohammad Shafi Uddin Mobile: 01987007732
Sylhet Branch	
HS Tower (2 nd Floor), East Dargah Gate Fayzu Mansion, Sylhet Telephone: 09678888999 (821) 71 6003, 71 9266 Fax: (+880 821) 71 6005 E-mail: sylhet@first-finance.com.bd	Md. Mobarak Hossain Khan Mobile: 01987007743

| OUR PRODUCTS |

Deposit Products

Cumulative Term Deposit	Minimum Deposit Amount : Tk. 10,000 Minimum Deposit Term : 3 Months
Monthly Profit Term Deposit	Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year
Quarterly Profit Term Deposit	Minimum Deposit Amount : Tk. 100,000 Minimum Deposit Term : 1 year
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).

Loan Products

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

THE CHAIRMAN'S STATEMENT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Assalamu Alaikum

Dear Shareholders,

On behalf of the Board of Directors of First Finance Limited, I welcome you all at the 30th Annual General Meeting of First Finance Limited (FFL). I am extremely delighted to share with you the Annual Report 2022 along with the Audited Financial Statement for the year ended on 31 December, 2022.



Global Economic Performance

In 2022, the Global Economy experienced a series of shocks, including the ongoing impacts of COVID-19, disruptions caused by international geo-political conflicts and instability in energy and foreign exchange market. These shocks resulted in a decline in global GDP growth rate to 2.9% in 2022 from 5.9% in 2021.

Persistently high global inflation- averaging over 9% in 2022- led to aggressive monetary measures by developed and developing countries, which caused capital outflows and currency depreciation in developing countries and intensified debt sustainability risks. Financing conditions became more challenging, and weaker consumer confidence and investor sentiment further clouded near-term growth prospects.

Despite facing challenges, real GDP growth exceeded expectations in the USA, Euro Area and several emerging market and developing economies in the third quarter of 2022 due to stronger private consumption and investment, greater fiscal support, reduced bottlenecks, and a faster than expected recovery of energy markets.

Bangladeshi Economic Performance

In FY22, Bangladesh economy showed a remarkable recovery with a GDP growth rate of 7.25%, indicating a 0.31% point increase compared to the previous fiscal year. This growth was fuelled by strong growth in consumer market, which rose to 78.44% of GDP, and the industry sector, which saw a 10.44% increase due to higher demand and supportive monetary and fiscal policies.

The Country faced high inflationary pressures, mainly driven by rising food and non-food prices due to higher global commodity prices and supply chain bottlenecks. The situation was exacerbated by significant BDT depreciation against USD. Bangladesh Bank had to put restrictions in LC openings to limit US Dollar payments for imports which adversely impacted businesses engaged in international trade.

In addition, the country's trade deficit increased by 39.83%, as the total amount of imports was significantly higher than exports in FY 22. The remittance inflow could not offset the deficit significantly as it also decreased by 15.12% in FY22 from last year. Although the NBR revenue increased by 2.62%, the government expenditure increased by 10.91% resulting in the budget deficit to 4.3% of GDP from 3.66% last year.

Financial Services Sector

In 2022, the financial system in Bangladesh faced a tight liquidity situation due to various factors such as increased demand, high inflation, and high import costs. This resulted in an uneven movement in lending and deposit rates which resulted in a significant decrease in the interest rate spread for banks and NBFIs.

Domestic credit growth decreased slightly from 16.2% in June'22 to 15.1% in December'22, with both public and private sector credit growth rates declining. The financial sector also faced an increase in non-performing loans, especially from businesses engaged in import as the LC opening was controlled.

To address these issues, Bangladesh Bank has taken a cautious approach by tightening its outlook on interest rates and restricting imports while also pursuing an accommodative policy stance in its monetary and credit programs to support economic growth and contain inflationary and exchange rate pressures.

Company Performance

In view of the above noted conditions of national and international economies and the financial sectors, the year 2022 was very challenging for the Company. The Earnings per Share (EPS) of your Company increased to BDT (14.52) in 2022 from BDT (18.47) in 2021 and Net Asset Value (NAV) per Share decreased from BDT (14.32) in 2021 to BDT (28.84) in 2022.

Business

Deposit Products

The overall deposit portfolio consisting mainly of individuals, corporate entities, and organizations grew by 6380.09 Mn in 2022 which reflects the enviable confidence of the customers on your Company.

The lease, loans and advances portfolio of the Company grew by 3.15% from BDT 89.55 Billion to BDT 92.37 Billion this year. The lending activities of your Company in 2022 were consciously focused on areas less vulnerable to national and international economic shocks, eligible for refinancing, contributing in sustainable development and identified by the Government and Central Bank to be crucial to the economic recovery of the country.

Operational costs decreased by 43.12% due to the overall decrease in business activities and significant inflationary pressures. This was primarily due to a decrease in the fixed costs such as salaries which decreased by 12.75% in 2022 from the previous year. The fixed costs increased due to curtail of manpower and the salary related costs had to be decreased to align with peers' position.

The Company has continued its risk management objective in 2022 to follow a structured and data-driven approach to managing risks and enhancing risk mitigation techniques. Your Company put in place a robust early alert mechanism to identify clients with potential cash flow difficulties for proactive account management.

The Company has strengthened its Risk Management Forum (RMF) to expand its area of supervision to ensure that risks are managed within the Company's risk appetite and to have a holistic view of the organization's risk exposure. Regular stress tests were conducted to assess the Company's resilience to adverse economic scenarios. These stress tests cover various risk areas, including credit, market, liquidity, and operational risks.

We have implemented robust cyber security measures to protect its systems and data from cyber threats. These measures include continuous monitoring, threat intelligence sharing, and incident response planning.

The Company's risk management policies follow all relevant Bangladesh Bank and other regulatory guidelines. These policies are updated to strengthen the risk management process and proactively set appropriate monitoring and controlling benchmarks at various risk levels.

Sustainability Initiatives

The Company remains committed to sustainable business practices protecting and contributing to the community in which it operates. The outcomes have been reflected in the sustainability report, appended to this Annual Report, prepared in line with the global GRI standards.

Outlook

The World Bank predicts that global growth will slow down significantly in 2023, with a growth rate of 1.7 percent, due to synchronized policy tightening to curb high inflation, worsening financial conditions, and ongoing disruptions caused by Russia's invasion of Ukraine. The United States, the euro area, and China are experiencing significant weakness, which is affecting emerging market and developing economies. Heavy indebtedness, slow growth, and tightening financial conditions are expected to dampen investment and lead to corporate defaults. However, the World Bank expects global inflation to decrease from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, although risks remain skewed to the downside.

Bangladesh's economic future is relatively secure but depends heavily on the international conflicts in different regions, and the stability of the foreign exchange market.

Your Company plans to scale up its operations sustainably, focus on sectors insulated from adverse economic shocks, and ramp up collection efforts to tackle the challenges posed by impending economic threats. The purpose is to bring further improvement in Company's profitability, higher growth on EPS and ultimately higher dividend payout.

The challenge for the Company in 2023 will be to achieve reasonable business growth while keeping operating costs under control, ensuring good asset quality and superior customer service. The Board and Management of the Company are making necessary efforts to achieve the goals so that a positive growth can be ensured.

Acknowledgement

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

I would also like to thank my respected colleagues on the Board of Directors of the Company for the support rendered to me during the year in conducting the meetings of the Board of Directors and providing appropriate guidance to the management.

Lastly, I express my sincere appreciation to all employees of the Company for their dedication and professionalism in discharging their responsibilities during a highly challenging year.

Stay safe and stay well.

May the Almighty Allah bless us!

Sd/-

Khan Mohammad Moinul Hasan

Chairman

| MESSAGE FROM THE MANAGING DIRECTOR & CEO |

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

Assalamu Alaikum Warahmatullah

It is a great honor for me to welcome you all to the 30th Annual General Meeting of First Finance Limited (FFL) through digital platform. At the very beginning I wish all of you with good health & happiness. I would like to express my heartfelt gratitude and regards to all of you for continued support & inspiration that help us to continue our business operation despite facing enormous challenges throughout the year 2022.



State of the Economy & Industry

The national economy of Bangladesh has been severely impacted by the overall global economic downturn in 2022. As estimated by the World Bank, The GDP growth rate for the FY2022 declined and stood at 7.2%. A large contributor to this was the reduced inflow of remittances from migrant workers. Additionally, the import volume has raised manifold during this time which has caused the foreign exchange reserve to dwindle to USD 33.74 Bn last year compared to USD 41.82 Bn in year previous to that.

On 1 July, 2022, a cap on lending and deposit rates has been implemented for non-banking financial institutions (NBFI) at 11% and 7% respectively. In 2023, it is expected that the economy will recoil from this less-than-ideal state to its more stable state. We have already seen indications of this in the second half of the year as the inflow of remittance increased to USD 10.5 Bn in July-December compared with that of USD 10.23 Bn in the same period in the past year. To navigate this unfavorable climate the opening of letters of credit are needed to accelerate economic growth. Because if the reserves continue to decline and the price of the dollar keeps increasing, businesses, except for exporters, will fall into trouble.

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

Progress of First Finance

Like previous year, FFL incurred consolidated financial loss of BDT (1702.72) million with negative earnings of BDT (14.52) per share in 2022. The total loan/lease portfolio of the Company stood at BDT 9237.11 million in 2022. As on 31 December 2022, classified loans, advances & leases stood at 85.96 percent against 86.60 percent as on 31 December 2021. With a view to reviving the business sectors, in the year 2022 the central bank also extended their support by initiating one time exit plan for irregular loan clients of Financial Institutions.

Due to recording financial loss for consecutive years, almost all key financial indicators have become negative in 2022.

Looking Forward

Our focus for the future is one where our foothold is sustainably stronger, our efficiencies are better-known and our services better delivered to our client base. For long-term value generation, we intend to:

- Diversify customer base with smaller ticket loans and deposits

- Generating new business verticals to create more revenue streams
- Invest in technological advancements and engage in process re-engineering for heightened productivity and system capacities
- Strict quality management of lending operations.

Acknowledgements

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

Sd/-

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

| BOARD OF DIRECTORS & ITS COMMITTEES |

Present Board Members

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

Executive Committee

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

Audit Committee

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

| DIRECTOR'S PROFILE |

Mr. Khan Mohammad Moinul Hasan, Chairman & Independent Director

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

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

Mr. Masud Hossain Khan, Vice Chairman & Nominated Director

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

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

Mr. Abu Zakir, Vice Chairman & Nominated Director

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

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

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

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

Ms. Amatun Noor, Nominated Director

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

Mr. Raminton Raza, Nominated Director

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

Mr. Md. Altaf Hossain, Nominated Director

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

Mr. Md. Habibur Rahman, Independent Director

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

Mr. Sultan Ahmed Bhuiyan, FCA, Independent Director

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

| MANAGEMENT COMMITTEES (MANCOM) |

Present MANCOM

Sl.	Name	Designation
1	Mr. Gaus-Ul-Wara Md. Mortaza	Managing Director & CEO
2	Mr. Maksumul Mahmud	Deputy Managing Director & Chief Operating Officer
3	Mr. Wahid Adnan	VP & Head of Recovery Division
4	Ms. Hasina Jannat	VP & Head of Treasury Division
5	Ms. Sompá Clara Rozario	VP & Head of Financial Administration Division (CC)
6	Ms. Habiba Nasrin	SAVP & Head of CRM Division
7	Ms. Sujit Roy	SAVP & Head of Credit Division
8	Mr. Ripan Chandra Das	SAVP & Head of ICCD
9	Mr. Md. Jahangir Hossain	SAVP & Head of Human Resources Department
10	Mr. Mohammad Ekramur Rahman	Principal Officer & Company Secretary

| DIRECTORS REPORT TO THE SHAREHOLDERS |

Bismilliahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum,

On behalf of the Board of Directors and the Management of First Finance Limited, I welcome you all in this 30th Annual General Meeting of the Company and pleased to place herewith the Annual Report for the year ended of December 31, 2022. The Report includes Audited Financial Statements for the year ended on December 31, 2022 along with the External auditors Report of the Company for the year ended on December 31, 2022 for consideration and approval of our honorable shareholders. This report has been prepared in compliance with Section 184 of the Companies Act 1994, BSEC's Notification dated June 03, 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the guidelines issued by Bangladesh Bank and other regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors of the Company on 16 August 2023.

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

PRINCIPAL ACTIVITIES OF THE COMPANY

The Principal Activities of First Finance Limited are the following:

- Lease Finance
- Term Finance
- Working Capital Finance
- Syndication Finance
- SME Finance
- Term Deposit

Global Economy

The global economy is experiencing a number of turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. By introducing a flexible monetary policy that delivered unprecedented support during the pandemic is cooling demand as policy makers' aim to lower inflation back to target. But a growing share of economies is in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions.

Global GDP Growth

Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. About a third of the world economy faces two consecutive quarters of negative growth.

Global Inflation

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. In early 2022, the Russian invasion of Ukraine's effect on global oil prices, natural gas, fertilizer, and food prices further exacerbated the situation. The effect of sanctions on the Russian economy caused annual inflation in Russia to rise to 17.89%, its highest since 2002. Higher gasoline prices were a major contributor to inflation as oil producers saw record profits. Debate arose over whether inflationary pressures were transitory or persistent. Central banks responded by aggressively increasing interest rates. The U.S. inflation surge to product shortages resulting from the global supply-chain problems, which itself was largely caused by the COVID-19 pandemic. In November 2021 inflation in the United States was 14.9% for durable goods, compared to 10.7% for consumable goods and 3.8% for services. Similar situations occurred in several other major economies. The supply chain stresses increased prices for commodities and transportation, which are cost inputs for finished goods. Eurozone inflation hit 9.1 % and 10% in August and September, respectively.

According to IMF's World Economic Outlook OCT 2022, Global inflation is forecasted to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.

Global Commodity Market

Throughout 2022, the market was observed as a devastating situation. Russia's attack on Ukraine caused most commodities to peak in the first three months of 2022. However, for much of the rest of the year, synchronized interest rate hikes by central banks to deal with inflation and a slowing Chinese economy caused by the Covid-19 zero policy to combat new cases put downward pressure on commodity prices. Some notable price movement following the war in Ukraine was international benchmark Brent crude oil surge to \$139 per barrel in early March on talks of the US plans to ban imports of Russian oil. Natural gas in Europe rose to a record high of €45 megawatts/hour in March. Wheat reached an all-time high of \$13.6 per bushel as the Russia - Ukraine war disrupted deliveries from the main Black Sea ports. On the precious metals front, the conflict in Ukraine briefly elevated gold's status as a safe haven. The price of gold reached \$2,000 an ounce in March 2022, but fell short of the all-time high of \$2,075 per ounce set in August 2020. Most analysts expect central banks to continue their tightening cycle in the first half of 2023 to combat inflation, before easing the pace of their rate hike or reducing the rate in the second half. On 8 December, Fitch Solutions estimated global gross domestic product (GDP) to slow to 2% in 2023, from 3.1% in 2022. Developed markets will be hit hard, with a painful recession in the Eurozone as well as a light and short recession in the US. Amid such a clouded global backdrop physical as well as speculative demand for commodities will be capped. The World Bank suggested Brent could drop to \$92 in 2023 and \$80 in 2024, from \$100 in 2022. Fitch Solutions' commodity price forecast expected Brent to average \$95/barrel in 2023 and \$88 in 2024, easing from an average of \$101.7 in 2022. It suggested WTI could average \$93/bbl in 2023 and \$87 in 2024, dropping from \$94.33 in 2022. The JP Morgan Chase & Co. has forecasted Brent Crude Oil price to average be around the \$90/Barrel level in 2023.

Global Unemployment

The unemployment rate in the 2022 was stable in September 2022, at 4.9%, slightly above its lowest point since the start of the 2001 (4.8%) recorded in July 2022. This rate was 0.4 percentage point below its pre-pandemic level. The number of unemployed workers in the OECD decreased slightly, to 33 million. The OECD unemployment rate was broadly stable in September for both women and men, at 5.1% and 4.6% respectively, as well as for workers aged 25 and above. However, the unemployment rate for younger workers slightly increased over the last two months, reaching 10.8% in September. In the euro area, the unemployment rate decreased slightly, by 0.1 percentage point, to 6.6% in September reaching its lowest level since the start of the series in 1990. The unemployment rate was stable or decreased in 80% of euro area countries, with the largest declines observed in Austria, France, Greece and Lithuania. Outside Europe, the unemployment rate fell in Canada, Mexico and the United States and was broadly stable in Japan. By contrast, it increased in Israel and Korea. In October 2022, the unemployment rate was stable at 5.2% in Canada while it increased to 3.7% in the United States from 3.5% in September. The total global number of unemployed youths should fall to 73 million in 2022, according to the UN Survey. The reasons behind were many dropped out of the labor force, or failed to enter it altogether, due to the difficulty of finding a job during Covid-19 lockdowns and while businesses were closing due to the pandemic. The global unemployment rate is projected to remain above its 2019 level until at least 2023. Labor market recovery will remain weak through 2023. Employment losses and a drop in labor income characterized 2021 as they had the year before. Low- and lower-middle-income countries have fared the worst. Moreover, people who already faced a disadvantage in the labor market, such as women, youth, and the elderly and migrant workers have experienced higher employment losses than other groups.

World Economic Outlook 2023

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000-19) average of 3.3 percent. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017-19) levels of about 3.5 percent.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation is plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing costs could worsen debt distress. Financial markets could also suddenly re-price in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macro prudential tools and strengthen debt restructuring frameworks. Accelerating COVID-19 vaccinations in China would safeguard the recovery, with positive cross-border spillovers. Fiscal support should be better targeted at those most affected by elevated food and energy prices, and broad-based fiscal relief measures should be withdrawn. Stronger multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

Economy of Bangladesh

While the global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. Sluggish growth rates between advanced economies and emerging and developing economies will be divergent. Growth in advanced economies is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023.

However, Bangladesh's economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.4 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the BBS, the GDP growth stood at 7.2 percent in FY 2021-22, and it is estimated that the GDP will grow at a rate of 6.6% in FY 2022-2023.

Sector Wise Economic Progress

In FY 2021-22, the growth of the agricultural sector has been 8.49 percent, whereas, the industry and service sector appreciated with a growth rate of 14.55% and 11.93% respectively. The contribution of the broad service sector, such as wholesale and retail trade; hotels and restaurants; transport, storage, and communication; financial intermediations; real estate, renting, business activities etc. to the GDP stood at 53.07% in FY 2021- 22. Among service sector, utmost contribution came from wholesale & retail trade sector in FY 2021-22.

Budget at a Glance for FY 2022-23

Bangladesh has presented the largest budget of its history in its 51st year of sustaining as a sovereign nation. The size of the proposed budget for the FY 2022-23 is TK. 6,78,064 crore which is a 12.03% higher from the previous FY. In this period, we are going to have a deficit of Tk. 2,45,064 crore which is 5.50% of the total GDP and the highest deficit budget in the history of Bangladesh.

Remittance

The flow of inward remittances is observed to be dropped by 16.20 percent in September 2022. However, according to the monthly economic trend published by Bangladesh Bank, inward remittance of Bangladesh experienced an upsurge of 10.40 percent in Dec-22, accounting for 1,700 million USD. Although, higher gap between formal banking channel exchange rate of the US dollar against the local currency and Kerb market has encouraged illegal Hundi activities in recent past, the remittance data evident an eradicated effect of such activities.

Foreign Direct Investment

Despite economic growth in Bangladesh over the past decades, Foreign Direct Investment (FDI) has been facing a declining trend in Bangladesh. According to the Bangladesh Bank's statistics, the inflow of FDI stood at USD 3,889 million in the FY- 19, recording the highest amidst the previous 4 years. However, it started to decline in FY-2020 and accounted for 2,179 million USD in the recent FY-22. The government is taking promotional activities like investment summits & road shows to attract foreign investors however foreign investors are expecting to have more ease of doing business & a stable economic climate.

Foreign Exchange Reserve

A solid Foreign Exchange Reserve displays a nation's backup fund which, can be used during a turmoil economic situation. Foreign exchange reserve stood at USD 36,476 million in the Sep-22 quarter, which was USD 41,827 million in Jun-22. Hence, a decline of 12.79% can be observed over the mentioned quarters. The underlying causes behind such decline are pressure from various dimensions like unabated dollar price appreciation & costlier imports.

Inflation

Inflation in Bangladesh has been facing a swelling growth in the first two quarter of FY-22 as price of food & non-food items are showing upward movement. In the June-22 quarter, point to point inflation was 7.56% & in quarter Dec-22 inflation increased to 8.71 %. Both the point to point & 12-month average inflation depicted a significant increase in FY-22 compared to the previous years. In Dec-22 point to point inflation stood at 7.70%, increase 2.16% from the previous quarter.

Export

After dealing with the negative effects of the COVID-19 pandemic, Bangladesh's foreign trade has begun to improve. Total export earnings fell 17.1% to USD 32,832 million in FY 20 compared to the previous fiscal year. However, export earnings started to show an increasing trend from FY 21. In FY 22, export earnings totaled USD 49,245 million, representing a 30% increase over the previous fiscal year. During this time period, commodity-wise growth in export earnings demonstrates that export earnings from practically all items have increased in comparison to the previous fiscal year. The government has taken several steps including providing cash incentives to encourage exporters.

Import

Total import payments for FY-21 were USD 60,681 million, which up-surged to 82,495 million USD in FY-22 with a growth rate of 35.95%. Such an increase in import payment resulted in a negative balance of payments situation for FY-22. In accordance with FY-22, 25.60 percent of the total imported commodities arrived from China, while India was the second largest source of import, grabbing 18.10 percent of our total import.

Capital Market Overview

Turnover of the Dhaka Stock Exchange (DSE) increased almost two-fold in September-2022 compared to the previous quarter. This massive increase of in turnover is caused by enthusiastic investors after a slight decline trend in the market. The principal index (DSEX) of DSE stood at 6,513 points which is an increase of 2.13% from previous Jun-22 quarter. The higher DSE index also indices the growing confidence of investors. DSE30 index also portrayed a positive trend point over the quarters of March, June and September-22.

Market capitalization of the Dhaka Stock Exchange is observed to be increasing gradually since FY2020. As of FY-22, market capitalization of Dhaka Stock Exchange (DSE) stood at BDT 5,177 billion which illustrates a 0.68% increase in comparison with FY 2021.

Economic Outlook of Bangladesh 2023

Bangladesh has a strong track record of economic growth and poverty alleviation. Over the last decade, it has been one of the world's fastest-growing economies, owing to a demographic dividend, robust ready-made garment (RMG) exports, and stable macroeconomic conditions.

Looking ahead, solid economic growth momentum is expected to continue with growing internal and external demand, improving the COVID-19 situation, and rising business confidence. However, headwinds to this growth and inflation outlook could emerge from a number of factors, such as the unfavorable outcomes of the Russia-Ukraine war, the continuation of soaring global commodity and energy prices, and sustained widening current account deficits with the depreciation pressure on exchange rate.

Since Russia and Ukraine are critical suppliers of several commodities, such as wheat, maize, sunflower oil, corn, fertilizers, and rare earth minerals, including oil, gas, and metals, supply disruptions in these commodities may escalate their prices in the global markets. Given the escalated global commodity prices, the government's fuel and fertilizer subsidies will increase substantially, creating pressure on fiscal management. The pass-through of soaring global commodity prices and the exchange rate depreciation could impair domestic price stability through import channels. Apart from containing inflation at tolerable levels, keeping import payments manageable and maintaining stability in the foreign exchange markets would be a critical challenge for the economy.

Given the shallow trade linkage of Bangladesh with Russia and Ukraine, the direct adverse impact of the war is expected to be limited. However, if the war lingers and propagates in neighboring European countries, which happen to be the major destinations of Bangladesh's exports and sources of remittance, the effects of the war could be non-trivial. In addition, the climate and environment-related vulnerabilities, like the recent sudden floods in the North and Northeastern part of the country, could have some headwinds on the country's overall price stability and growth prospect.

Operating and financial performance of the company

Loans, advances and leases of the company recorded at Tk. 9,237 Mn on 31 December 2022 registering 3.15% increase against that of the last year. Deposit stood at Tk. 6,380.1 Mn resulting 1.01% increase against last year Despite COVID-19 pandemic. Equity attributable to shareholders' of the company decreased to Tk. (3,418.71) Mn as compared to Tk. (1,697.99) Mn of last year.

It is to be noted that, in the year 2022, the Company collected Tk. 340.23 Mn as New / Fresh Deposit and Tk. 620.29 Mn as Recovery from Loan, Lease, and Advances. Gross interest income of the company was Tk. 179.54 Mn which was Tk. (656.07) Mn in 2021. Other income of the company was significantly increased/decreased than that of 2021. Operational expenses in 2021 were decreased by 115.14 Mn and provision for loans, advances, leases and shares has been increased/ decreased as to 2021.

The Interest Income increased to BDT 179.54 Million in 2022 from BDT (656.07) Million in 2021. However, interest expenses decreased to the tune of 4.76% due to liquidity crisis, inflationary adjustment and unstable money market. Overall net interest income showed a negative growth of 36.27%. The operating income stood at BDT (485.84) Million in 2022 from BDT (1,362.58) Million in 2021. The net profit after tax increased to BDT (1,720.72) Million in 2022 from BDT (2,190.10) Million in 2021 registering a positive growth due to increase of investment income.

The financial results of the Company for the year 2022 with a comparison of 2021 are summarized below

Particulars		Year	
		2022	2021
Interest Income	BDT mn	179.54	(656.07)
Interest Expense	BDT mn	(674.25)	(707.95)
Net Interest Income	BDT mn	(494.71)	(1,364.02)
Non-Interest Income	BDT mn	8.87	1.43
Operating Expenses	BDT mn	151.79	266.93
Profit before Provision	BDT mn	(637.63)	(1,629.52)
Profit before Taxes	BDT mn	(1,720.43)	(2,190.52)
Net Profit after Taxes (NPAT)	BDT mn	(1,720.72)	(2,190.10)
Earnings Per Share	BDT	(14.52)	(18.47)

Five Years Financial Summary

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

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of BAS & BFRS. A statement of related party transactions has been presented in note no. 42 on page no. 101 of this Annual Report.

Dividends

At the end of 2022, the Company earned negative income of Tk. (172.07) million. Therefore, the Board of Directors has recommended no dividend for the year 2022. The Board also suggested the Management to overcome the loss and earn more profit to declare the dividend on next year based on Net Profit.

Interim Dividend

No bonus share or stock dividend has been or shall be declared as interim dividend.

Risk Management

Risk and uncertainties are essential elements of the financing business. To mitigate and manage these risks, FFL has different committees namely, Management Committee, Credit Committee (CC), Asset Liability Committee (ALCO), Risk Management Forum.

Risk and Concerns

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

Directors' Responsibilities for Financial Statements

The directors are responsible for the governance of the company and as part of preparation and presentation of the financial

statements. We, the directors confirm compliance with the financial reporting framework in line with the Corporate Governance Code issued by Bangladesh Securities & Exchange Commission in the following matters:

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

Going Concern

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

In this connection, it is to be stated that, First Finance Limited has been doing business since long. Recently, our Loan, Lease, and Advances Classification Status (CL Ratio/Rate) has been calculated as 85.96% as on December 31, 2022. So our income reduces and the Company is facing Interest Loss as well as Operating Loss. For the current year, the Company has incurred losses of BDT 1,720.72 Mn and losses for the previous year worth BDT 2,190.10 Mn. The Company has a negative Retained Earnings Balance of BDT 4,974.11 Mn. Despite all these difficulties, First Finance Limited is trying its best to recover from the situation. To reach desired goals, we have planned to procure more New Fresh Deposit, and give emphasis on Recovery from Classified Loan, Lease, and Advances. In this relation, it is to be noted that, in the year 2022, we have collected Tk. 340.23 Mn as New / Fresh Deposit, and Tk. 620.3 Mn as Recovery from Loan, Lease, and Advances.

In addition to these, we are giving all out effort for recovery of Classified Loan, Lease, and Advances and also taking extensive Legal action against the same.

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

Compliance Supervision

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

Management Discussion & Analysis

Pursuant to the BSEC's Notification dated 03 June 2018, the management discussion and analysis report is given on page no. 29 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. 46 of this Annual Report.

Pattern of Shareholding

The pattern of Shareholding of the Company as on 31 December, 2022 is shown on page no. 8 of this Annual Report.

Directors' Meeting, Attendance & Remuneration

During the year ended on 31 December 2022, a total of 15 meetings of Board of Directors were held. The attendance in the Board meetings by each Director is given on page no. 36 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. 99 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 Board of Directors (Excluding Managing Director and Independent Directors) shall retire by rotation at the 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 Alphet Systems Limited (represented by Mr. Abu Zakir)**
2. **M/S Qasraj Trading Ltd. (Represented by Ms. Amatun Noor)**

The first tenure (3 Years) of Mr. Mohammad Habibur Rahman as Independent Director expired on 13 October, 2022. Accordingly, the Board of Directors re-appointed him as Independent Director for a further period of 3 years with effect from 13 October, 2022. His reappointment is placed in the Annual General Meeting for approval of Shareholders.

Directors Resume and line of expertise

A brief Resume of Directors (including retiring Directors) are appended in page no 18 to 19 in this Annual Report which includes his/her nature of expertise and qualifications.

Corporate Governance

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

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

Appointment of Auditors

External auditors M/S G. Kibria & Co., Chartered Accountants, Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha C/A, Dhaka-1000, served as statutory auditor of FFL for the year 2020, 2021 and 2022. M/S G. Kibria & Co. will retire in the 30th AGM of the Company.

Meanwhile 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 2023. 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	Shafiq Basak & Co. Chartered Accountants	33	41	2,50,000 (Including Tax Excluding VAT)
2	Kazi Zahir & Co., Chartered Accountants	20	22	3,00,000 Excluding VAT
3	K.M. Hasan & Co. Chartered Accountants	19	21	5,00,000 (Excluding VAT)
4	M.Z. Islam & Co., Chartered Accountants	27	28	2,50,000 (Including Tax & Excluding VAT)

Among three of applicants, the Board of Directors in its 354th meeting held on 16 August, 2023 recommended to appoint M/S Shafiq Basak & Co. Chartered Accountants, address: Shatabdi Center (4th & 6th Floor), 292, Inner Circular Road, Fakirapool, Motijheel, Dhaka as the Company's Statutory Auditor for the year 2023 at a fee of Tk. 2,50,000/- of the Company subject to approval of Bangladesh Bank before holding of 30th Annual General Meeting of the Company.

Appointment of Professionals for Compliance Certificate

M/S Artisan, Chartered Accountants, expressed their interest to continue as Professionals for Compliance Certificate of First Finance Limited. The Board members recommended their appointment with annual fee of Tk. 27,500/= excluding VAT and placed the matter to the 30th AGM for shareholders' approval.

Business Outlook 2023

The year 2023 will be the year of 'recovery from economic recession' for FFL. The high level of non-performing loans in the banking and financial institutions sector in Bangladesh has been an area of concern. With the economic recession, the risk profile of the borrower has deteriorated across the world - and Bangladesh is no exception. With lending cap policy that take away the ability to cover the risk to the full extent created an ill-timed double Whammy. At the same time, high inflation and liquidity crisis will give extra challenges for the business community and the savers people.

Our top most challenges in 2023 shall be to maintain quality asset portfolio, to reduce the amount of classified loans, to increase retail and SME business both in Deposit and Loans & Advances segment, and to avail low-cost refinance scheme so that the cost of fund could be reduced and the desired reduction in lending rate can be achieved. Our strategies next year will include: cross Selling of different products and services including retail to corporate customers will get the top most focus next year. In our loan portfolio, we will remodel the concentration of segment wise loans & focus on good rated business, SME and retail businesses, and increase fee-based income. Special attention will be given to expand SME credit portfolio to achieve relatively higher yields and also to reduce adverse effects of large volume defaults.

Acknowledgment

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

For and on behalf of the Board of Directors,

Sd/-

Khan Mohammad Moinul Hasan
Chairman

| MANAGEMENT DISCUSSION AND ANALYSIS |

Significant Accounting Policies Estimates and Assumptions

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

Risk and Uncertainty for use of estimates

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

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

Disclosure of Deviations from few Requirements of IAS/IFRS due to Mandatory compliance of Bangladesh Bank's requirements: Bangladesh Bank is the Prime Regulatory Body for all Non-Banking Financial Institutions in Bangladesh. Some requirements of Bangladesh Bank contradict with those of IAS/IFRS. As such the Company has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank.

Comparative Analysis of Financial Performance:

The last 5 years financial performance of the Company is stated at page 10 Annual Report. Changes over the last year in the key operating and financial position indicators from the financial statements are discussed below:

(Figures in million BDT)

Particulars	2022	2021	Growth (%)
Profit on Investment	179.54	(656.07)	(127.37)
Profit Paid on Deposits, Borrowings etc.	674.26	707.95	(4.76)
Net Investment Income	(494.71)	(1,364.03)	(63.73)
Income from Investment in Securities (Shares)	.392	(7.50)	(105.20)
Other Operating Income	8.48	8.94	(5.15)
Total Operating Income	(485.84)	(1,362.59)	(64.34)
Total Operating Expense	151.79	266.93	(43.13)
Operating Profit	(637.63)	(1,629.52)	(60.87)
Provision for Investment and Shares	(0.91)	(16.11)	41.18
Profit Before Tax for the Year (PBT)	(1720.01)	(2,190.52)	(21.48)
Profit After Tax	(1720.72)	(2,190.10)	(21.43)
Earnings Per Share (EPS)	(14.52)	(18.47)	(21.39)
Retained Earnings	(4,974.11)	(3,253.39)	52.89

Financial and Economic Overview

Global Economic Condition

In 2022, the global economy was recovering from the impact of COVID-19 and approached the mid-point for achieving the Sustainable Development Goal by 2030. However, the overlapping shocks of the pandemic, the invasion of Ukraine, and the rapid tightening of global monetary policy are expected to hinder the long-term growth. In addition, the war in Ukraine unleashed a new crisis - disrupting food and energy markets and aggravating food insecurity and malnutrition in many developing countries. As a result, the global GDP growth rate is estimated at 2.9% in 2022, down from 5.9% in 2021.

In 2022, global inflation remained high, with an average rate of over 9%; this has prompted rapid and synchronised monetary policy tightening by the world's major central banks. Quick interest rate hikes by the Federal Reserve of the United States have triggered capital outflows and currency depreciations in developing countries, leading to balance-of-payment pressures and intensifying debt sustainability risks. As a result, debt servicing costs have increased, resulting in fiscal space constraints and higher sovereign credit risks.

The rising interest rates, combined with diminishing purchasing power, have resulted in weaker consumer confidence and investor sentiment, which have further clouded the near-term growth prospects of the global economy. At the same time, global trade has slowed down because there was less demand for consumer goods, supply chains were facing difficulties, and the ongoing war in Ukraine was also affecting trade.

Despite facing a variety of challenges, including rising inflation and supply chain disruptions, real GDP growth in the third quarter of 2022 exceeded expectations in many economies, including the United States (1.9%), the euro area (2.3%), and several emerging market and developing economies (4.5%). In part, this was due to stronger-than-anticipated private consumption and investment, as well as greater fiscal support. On the supply side, reduced bottlenecks in logistics and transportation costs eased input prices, leading to a rebound in sectors previously constrained. Additionally, energy market, which was feared to crash due to shocks of Russia-Ukraine war, recovered faster than expected.

Bangladesh Economy

The Bangladesh economy has continued to recover in the fiscal year 2022, with a real GDP growth rate of 7.25%, which is slightly higher (0.31%) than the previous fiscal year. This impressive growth rate was based on strong consumption, which increased to 78.44% of GDP from 74.66% in the last fiscal year (FY 21). The manufacturing sector has seen the most significant growth, with a 10.44% increase due to the improved COVID-19 situation and a sudden surge in demand built-up after the pandemic. In addition, the coordination of expansionary and accommodative monetary and fiscal policies played a positive role. The services sector has also seen growth, with a 6.31% increase.

The average inflation based on the CPI continued to rise during the second half of 2022, reaching 7.70% by December 2022. This increase was mainly due to rising food and non-food prices, which resulted from higher global commodity prices, supply shocks, higher shipping costs, and the devaluation of BDT against US Dollar. To address the inflationary pressures, Bangladesh Bank has implemented tighter policy measures by increasing policy rates and strengthened supply-side interventions by making financing easier for vulnerable sectors.

During second half of 2022, Bangladesh experienced a significant decrease in cumulative import growth, which was negative at 2.20%, while the cumulative export growth stood at 10.58%. Although the import growth was negative in the second half of 2022 compared to the same period last year the total amount of imports (USD 41.2 billion) was much higher than the total amount of exports (USD 27.3 billion) during the same period, resulting in a large trade deficit. Knitwear and woven garments were the key driving factors for the total export growth, having 84.20% share in total exports and 15.56% growth during July-December 2022. Inward remittances helped to offset the trade deficit, which increased by 2.48% to USD 10.5 billion during the second half of 2022. Bangladesh Bank has taken positive measures to uplift the volume of inward remittances.

However, the Russia-Ukraine war had adverse effects on the Bangladesh economy, leading to losses of export demand and higher import costs, which depreciated our currency value and increased domestic inflationary pressure. Despite this, the Bangladesh economy has shown strong resilience against COVID-19 shocks, ranking 6th out of 121 countries in the Nikkei Covid-19 Recovery Index (as of 30 June 2022).

In 2022, the financial system experienced a tight liquidity situation, as evidenced by the decline in excess liquid assets. This was caused by several factors, such as increased demand following the visible improvement in the COVID-19 situation, higher credit flows to the public and private sectors, high import costs due to elevated commodity prices, and significant depreciation of the local currency. As a result, the interbank call money rate increased to 5.81% by the end of December 2022, up from 4.42% in June 2022. These factors also led to an uneven increase in both lending and deposit rates, causing the interest rate spread to shrink to 2.93% for banks and 1.15% for NBFIs by December 2022, down from 3.01% and 3.04%, respectively, in January 2022.

In December 2022, domestic credit growth showed a slight moderation to 15.1%, a decrease from 16.2% in June 2022. The decline in growth is the result of a decrease in both public and private sector credit growth rates. Specifically, the public sector credit growth rate declined from 29.1% in June 2022 to 26.6% in December 2022, while private sector credit growth rate declined from 13.7% in June 2022 to 12.8% in December 2022.

With the end of relaxation of classification rules, the financial sector was seen to be exposed to the non-performing of loans. The NPL ratio of the banking sector reached 9.36% at the end of September 2022 which was 8.12% last year (1.24 percentage point higher). The NPL situation at NBFIs deteriorated even further reaching 24.61% at the end of September 2022 which was 17.62% in the same period last year (6.99 percentage points higher).

To address these issues, Bangladesh Bank has taken a cautious approach. On the one hand, it has tightened its outlook by increasing the repo rate to 6.00% from 5.75%, increasing the reverse repo rate to 4.25% from 4.00%, and raising the rate ceiling for consumer loans. On the other hand, the central bank is pursuing an accommodative policy stance in its monetary and credit programs to support desired economic growth such as ensuring necessary flow of funds to productive and employment-generating activities, and contain inflationary and exchange rate pressures.

Risks and Concerns

As we enter 2023, the world is facing a unique and turbulent decade amid higher inflation, financial assets devaluation, trade wars, social unrest, and geopolitical confrontation. These risks are being amplified by other developments, including lower debt sustainability, low investment growth, de-globalisation, decline in socio-economic development, and the growing pressure of climate change. Governments and central banks could face inflationary pressures over the next two years, exacerbated by a potential prolonged war in Ukraine, continued supply chain bottlenecks, and economic warfare leading to supply chain decoupling.

A miscalibration between monetary and fiscal policies could lead to liquidity shocks, prolonged economic downturns and debt distress globally. If supply-driven inflation persists, it could lead to high inflation with low growth, also known as stagflation, with severe socioeconomic consequences and exacerbating historically high levels of public debt.

The economy and financial sector of Bangladesh are anticipated to encounter several risks in the year 2023 and beyond. In the immediate term, the effects of high inflation, energy and food supply crisis, balance of payment deficit and supply chain disruption induced by the Russia-Ukraine conflict will persist. The foreign exchange reserve may continue to be difficult to manage. The political situation may incline towards a period of uncertainty as the national election draws near.

The financial sector will confront the risks posed by the escalating corporate defaults resulting from the disruptions caused by multifaceted global crises. Particularly, the import dependent businesses may experience significant disruption due to restriction in opening letters of credit. The liquidity situation can be expected to remain tight until the end of the year keeping the cost of capital on the rise. Cost of doing business may also increase. The consumer confidence may decline given high inflation and cost of living which together with rising public debt can lead to low private sector credit growth.

The Way Forward

In accordance with the World Bank's projections, global growth is expected to significantly decelerate in 2023, with a growth rate of 1.7 percent, marking the third weakest rate in nearly three decades. The principal factors behind this trend are synchronised policy tightening aimed at curbing high inflation, deteriorating financial conditions, and ongoing disruptions resulting from Russia's invasion of Ukraine. The United States, the euro area, and China are all experiencing significant weakness, which is exacerbating other challenges faced by emerging market and developing economies (EMDEs).

The World Bank anticipates global inflation to decrease from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. Stronger growth resulting from increasing demand in emerging economies and a faster decrease in inflation are conceivable. However, heavy indebtedness, combined with sluggish growth and tightening financial conditions, is predicted to dampen investment and result in corporate defaults.

The immediate economic future of Bangladesh appears relatively secure, but depends heavily on three external factors: (i) the duration and intensity of the conflict between Russia and Ukraine, (ii) the series of rate hikes by the Federal Reserve, and (iii) the return and severity of the Covid-19 outbreak in China. Progress in these challenges could accelerate the country's future economic advances.

Your Company will continue to adjust to the constantly changing macroeconomic conditions by expanding its business operations in a sustainable manner. The company will intentionally concentrate on sectors that are likely to be sheltered from negative economic shocks. Collection efforts will be increased to address the challenges posed by the impending economic recession.

The challenge for your Company in 2023 will be to achieve reasonable business growth while keeping operating costs in check, ensuring good asset quality and superior customer service

Sd/-

Managing Director & CEO

| STATEMENT ON CORPORATE GOVERNANCE |

First Finance Limited (FFL) believes compliance to be one of its key priorities and is continuously working to strengthen and improvement of its corporate governance with the aim to have sustainable growth, transparency, accountability, development of corporate values and to meet the expectation of shareholders, customers, regulators and other key stakeholders. Hence, the corporate governance of FFL sets top priorities in the fairness, transparency, accountability and responsibility on its topmost priority.

FFL follows the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) and other instructions, circulars, policies and guidelines issued by Bangladesh Bank, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and other regulatory authorities. Our compliance with the corporate governance code has been certified by an external Audit Firm.

The purpose of the Corporate Governance Report is to provide an overview of the various activities relating to Corporate Governance.

Board of Directors

Board's Size

The number of the Board Members of First Finance Limited is 9 (Nine) Directors including Three Independent Directors.

Policy on appointment of Directors

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

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

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

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

Independent Director

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

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

Independent Director's independence

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

Role and Responsibilities of the Board

The Board's responsibilities are to reviewing and approving the strategies and business plans for the various operating divisions against their respective business targets; prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of the FFL's operations; ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented; reviewing the adequacy and integrity of the FI'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 Meetings, Audit Committee Meetings and Executive Committee Meetings to discuss the agenda reserved for the Board and Committees.

Training Policy of Board of Directors

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

Appraisal of the Board's performance

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

Role and Responsibilities of the Managing Director & CEO

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

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

Board Meetings

The members of the Board meet as required discussing business strategy, financial performance, matters pertaining to compliance and governance. The Board reviews, amongst others, the financial performance of the company. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. Meeting agendas, memos and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals. In this regard, Paperless meeting has been introduced. 15 (Fifteen) Board Meetings were held during the year 2021.

Role of the Company Secretary

- The Company Secretary is responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Bangladesh Bank, as well as best practices of governance.
- He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the company, prohibited to deal in securities and restricted to disclose any price-sensitive information.
- Support the Chairman in the smooth functioning of the Board. Receive agenda items from other Directors/officers 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 and the Audit Committee.
- Make sure that the Directors have information to enable them to comply with the decisions and fulfill their responsibilities. This includes organizing the induction of new Directors also.
- Ensure that Board meetings are held in compliance with sufficient documents and arrangements for the meetings are made.
- Confirms that Annual General Meetings (AGMs) and Extra Ordinary General Meetings (EGMs) are run effectively. This includes confirmation that a quorum is present. Also make sure that agenda and minutes of AGMs and EGMs are circulated timely.

- File the annual list of members and summary of share capital together with the authenticated Balance Sheet and the Profit and Loss account. Issue Dividend Warrants, Bonus Share Certificates and make arrangement for disposal of fractional shares, if any.
- Maintain strict confidentiality of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.
- Maintain and liaise with various corporate bodies.

Audit Committee

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

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

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

Appointment of members and composition of the Audit Committee

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

Qualification of members including the Chairman

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

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

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

Role of Head of Internal Control and Compliance

- Ensure proper internal control system
- Prepare annual audit plans based on the result of the risk analysis
- Check compliance to internal and external regulation
- Coordinate analysis of risk in different area of operations
- Prepare annual audit plans based on the result of the risk analysis
- Check compliance to internal and external regulation
- Prepare audit programs and approaches that meet the objectives of audit
- Prepare draft audit report and conduct exit meetings
- Prepare final audit reports and circulate the reports
- Conduct special investigation on the megaton of fraud
- Works on special projects as assigned by CEO or Audit Committee

Terms of reference of Audit Committee

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

Immediate reporting to the Board of Directors

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

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

No such issues arose at FFL during the year ended 31 December 2022.

Immediate reporting to the Bangladesh Securities and Exchange Commission

No such circumstances arose during the year ended 31 December 2022.

Activities during 2022

The Committee met 3 (Three) times during the year 2022 and carried out the following tasks:

- Reviewed Audit Plan of Internal Control and Compliance Department for the year 2022;
- Reviewed the financial statements of First Finance Limited for the year ended December 31, 2021;
- Reviewed the half yearly Anti-Money Laundering (AML) activity report of First Finance Limited for the half year ended December 31, 2021;

Quorum of the Audit Committee meetings

The number of Directors required to constitute a quorum is determined by the Board including one 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 2022

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 2022, the Committee held 3 (Three) meetings.

The Audit Committee Meeting, Attendance and Remuneration of Committee Members in 2022

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

Executive Committee (EC)

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

Key Terms of Reference

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

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

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

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

Meeting of the Executive Committee

No meetings of the Executive Committee were held in the year 2022.

Roles and Responsibilities of the Head of Finance

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

Disclosure of Remuneration of Directors, Chairman, Managing Director & CEO

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

The Board of Directors Meeting, Attendance of Directors and Remuneration of Board Members in 2022

Sl. no	Name of the Directors	Status	Total Meeting Held (during his/her period)	Number of meetings attended	Gross remuneration	TDS	Net Payment	Attendance Percentage
1	Mr. Khan Mohammad Moinul Hasan	Chairman	15	15	120,000	12,000	108,000	100.00
2	Mr. Masud Hossain Khan	Vice - Chairman & Nominated Director	15	10	112,000	11,200	100,800	93.33
3	Mr. Abu Zakir	Vice - Chairman & Nominated Director	15	11	88,000	8,800	79,200	73.33
4	Mr. A.Q.M. Faisal Ahmed Chowdhury	Director	15	12	96,000	89,600	86,400	80.00
5	Ms. Amatun Noor	Nominated Director	15	14	112,000	11,200	100,800	93.33
6	Mr. Raminton Raza	Nominated Director	15	11	88,000	8,800	79,200	73.33
7	Mr. Md. Altaf Hossain	Nominated Director	15	14	112,000	11,200	100,800	93.99
8	Mr. Md. Habibur Rahman	Independent Director	15	12	96,000	9,600	86,400	80.00
9	Mr. Mohammad Mynul Islam	Nominated Director	15	0	-	-	-	-
10	Mr. Sultan Ahmed Bhuiyan, FCA	Independent Director	15	13	104,000	10,400	96,600	86.67
	Total				928,000	92,800	835,200	

Note: Total 15 Board of Directors Meeting was held in the year 2022.

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

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

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

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

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

On behalf of the Board of Directors

Sd/-

The Chairman

| REPORT OF THE AUDIT COMMITTEE |

Scope of work of Audit Committee

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

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

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

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

Review of financial statements by the Audit Committee

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

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

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

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

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

Statutory External Auditor

G. Kibria & Co., Chartered Accountants, acted as statutory external auditors of the company for 2022.

Independence of External Auditor

As a policy, the Committee prohibits the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The Committee also monitors the balance between audit and non-audit related functions to ensure that auditor independence can be shown to be maintained.

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

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

The Audit Committee appraised the expertise, resources, independence and objectivity of the external auditors and also reviewed

their effectiveness as external auditors before reaching the recommendation to the Board that their re-election should be proposed to shareholders.

Resolutions of the Audit Committee meeting

The Committee met Three (3) times during the year 2022 and carried out the following tasks:

- Conducted discussions, with the statutory auditors and with management, on the financial statements of the company for the year ended December 31, 2021 before concluding that the financial statements provided a true and fair view;
- Reviewed Bangladesh Bank's inspection report on FICL of First Finance Limited based on the Financials as of December 31, 2021;
- Reviewed the financial statements of First Finance Limited for the year ended December 31, 2021;
- Reviewed Internal Audit Function in monitoring the classification and provisioning process;
- Recommended for re-appointment of statutory auditors for the year 2021 and fixation of their remuneration;
- Reviewed the quarterly unaudited financial statements of First Finance Limited for the year ended 31 December 2022;
- Reviewed the half yearly Anti-Money Laundering (AML) activity report of First Finance Limited for the half year ended December 31, 2021;

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

Sd/-

(Sultan Ahmed Bhuiyan, FCA)
Chairman, Audit Committee

| COMMUNICATION TO THE SHAREHOLDERS |

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

- be factual and subject to internal vetting and authorization
- not omit material information
- share information in a timely, clear and objective manner

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

Communication Channels

We believe that the transparency encouraged by active stakeholder engagement builds recognition of our brand and ultimately enhances shareholders value. We facilitate engagement through the following channels:

- Communication through AGM
- Annual and Interim Reports;
- Press releases on business activities.

Communication through AGM

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

Process of communicating the Schedule

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

Communication through website

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

Communication through Quarterly Financial Statements

The quarterly performance of FFL is communicated through the quarterly financial statements and in addition to being issued on the Company website. It is also issued in two widely circulated national dailies, one in English and another in Bangla and also in an online newspaper.

Investors' queries

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

Share Department

First Finance Limited

Jahangir Tower (3rd Floor)

10, Kawran Bazar, Dhaka – 1215

Phone: 028189070-1, 0255013842

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

Fax: +88029142374

| REDRESSAL OF INVESTORS' COMPLAINT |

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

- Shareholders who are unable to attend the shareholders' meeting are entitled to nominate a proxy to vote on his/her behalf. The proxy form, which in accordance with the standard format, is sent through E-mail to the shareholders and are also available in the company website.
- The shareholders' meetings proceeds according to the order of the agenda, without adding new and 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 Company's Annual General Meeting of Shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of Director.

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

FFL's Grievance Redressal policy follows the following principles

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

Way to Redress Investor Complaints

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

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

| DECLARATION BY CEO AND HEAD OF FINANCE |

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

First Finance Limited
Declaration by CEO and Head of FAD

17 August, 2023

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

Subject: Declaration on Financial Statements for the year ended on 31 December 2022.

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 2022 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 2022 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/-
G.W.M. Mortaza
Managing Director & CEO

Sd/-
Sompa Clara Rozario
Head of Financial Administration Division (CC)

| CREDIT RATING REPORT |

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

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

Long term Rating= 'BBB2'

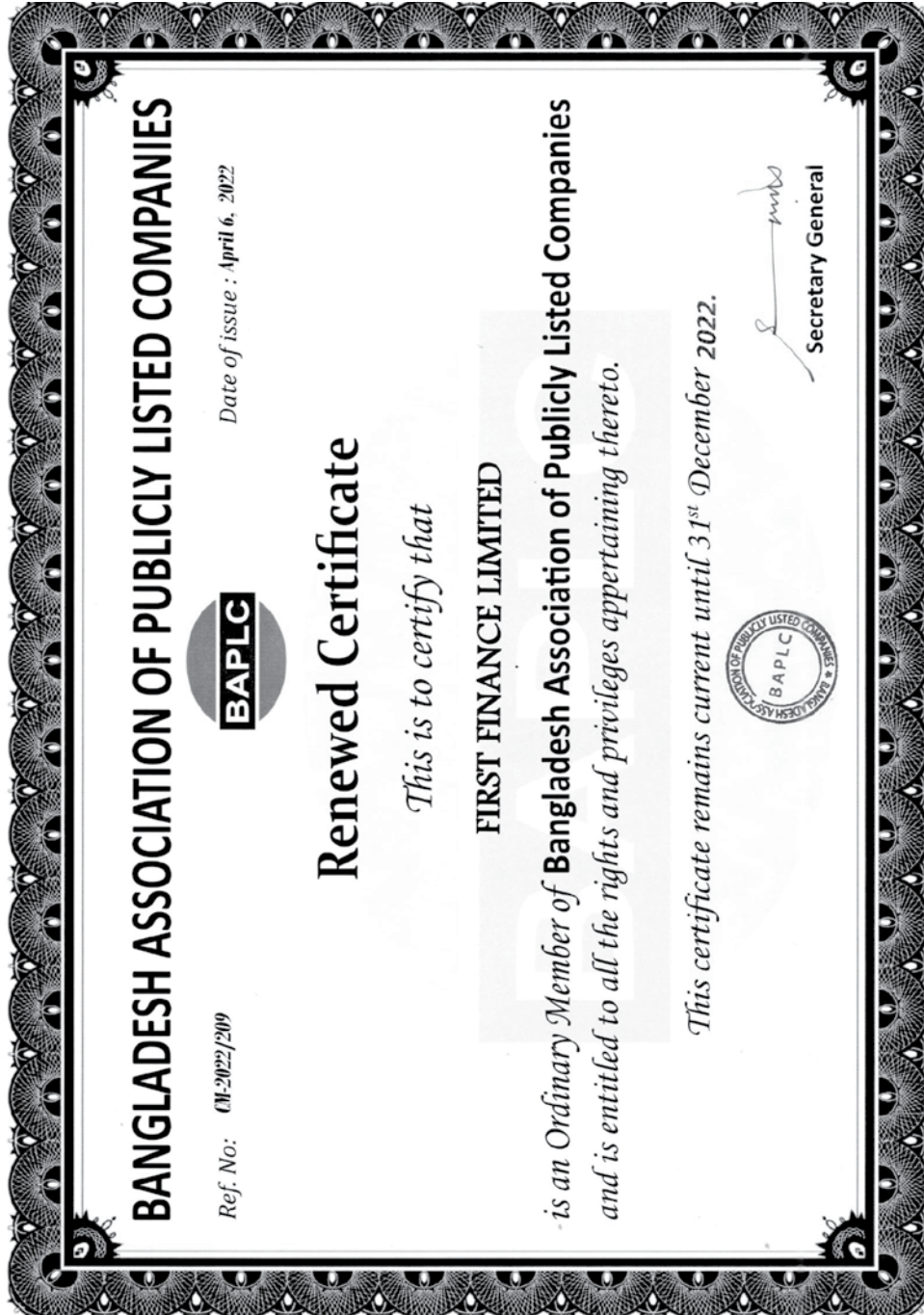
Short term Rating = 'ST-3'

Outlook = Stable

This rating was prepared by 'WASO Credit Rating Company (BD) Ltd.

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

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



CERTIFICATE OF CORPORATE GOVERNANCE



**REPORT TO THE SHAREHOLDERS
OF
FIRST FINANCE LIMITED
ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE**

We have examined the compliance status to the Corporate Governance Code **FIRST FINANCE LIMITED** for the year ended on 31 December 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

Place: Dhaka
Dated: 31 August, 2023


Md. Selim Reza FCA FCS
Partner
ARTISAN-Chartered Accountants

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

COMPLIANCE STATUS ON CORPORATE GOVERNANCE CODE BY BSEC

Annexure-C

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

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

(Report under Condition No.9.00)

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√	-	The number of Board member of the Company is 9 (Nine) including 3 (Three) Independent Directors.
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		03 (Three) Independent Directors out of 9 (Nine) Board members. Refer to FFL's Corporate Governance Report on Page no.30-34 of this Annual Report.
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		Independent Directors does not hold any shares of total paid up capital.
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√	-	None of the Independent Directors have such connections as stated.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√	-	None of the Independent Directors is a former employee of the Company.
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√	-	The Independent Directors have submitted declarations about their compliances
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;;	√	-	
1(2)(b)(vi)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;;	√	-	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√	-	
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	√	-	
1(2)(b)(ix)	Who has not been convicted for a criminal offence involving moral turpitude.	√	-	
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√	-	-

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

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	√	-	
1(5)(ii)	The Segment-wise or product-wise performance;	√	-	
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√	-	
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	-	-	Being a Financial Institution such formation of P&L is not followed by FFL; rather format prescribed by Bangladesh Bank is followed
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	-	-	No such item exists
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√	-	No such issue occurred
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	-	-	No such issue occurred
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc.;	-	-	No such situation occurred in the reporting year
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	-	-	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√	-	Note 32 of the Annual Report
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√	-	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√	-	
1(5)(xiii)	A state ment that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√	-	
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√	-	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√	-	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√	-	explained in the Communication to Shareholders
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√	-	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√	-	
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√	-	Page 10 of the Annual Report
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Complied	-	

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

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√	-	-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	-	-	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.
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company			Moreover, as per DFIM, Bangladesh Bank letter dated 04 November, 2021; the financial institutions are restrained from formulating Nomination and Remuneration Committee.
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	No subsidiary company
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	No subsidiary company
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	-	-	No subsidiary company
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	-	-	No subsidiary company
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	No subsidiary company
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS)			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√	-	Sompa Clara Rozario, Head of FAD (CC) is working as CFO of FFL. For other compliances refer to Corporate Governance Report at page no. 30-34
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√	-	
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√	-	
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√	-	
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	-	-	No such instance occurred
3(2)	Requirement to attend Board of Director's Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	√	-	-

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

Condition No.	Title	Compliance Status		Remarks (IF ANY)
		Complied	Not Complied	
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	-	-	No casual vacancy was created during 2022.
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√	-	Refer to Corporate Governance Report at page no. 30-34
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	√	-	
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	N/A	-	
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	√	-	
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	N/A	-	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√	-	Refer to Corporate Governance Report at page no. 30-34
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√	-	
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√	-	
5(5)	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√	-	Refer to Corporate Governance Report at page no. 30-34-
5(5)(b)	Monitor choice of accounting policies and principles;	√	-	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	√	-	
5(5)(d)	Oversee hiring and performance of external auditors.	√	-	
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√	-	
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√	-	Conducted the Review on 78th Meeting of the Audit Committee held on August 16, 2023
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√	-	Conducted the Review of Q1 & Q2 Quarterly financial statement of 2022 on 76th Meeting of the Audit Committee held on July 27, 2022 and 3rd Quarterly financial statement of 2022 on 77th Meeting of the Audit Committee held on October 26, 2022.

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

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

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

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

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

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

Sl. No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
(a)	Work-planning and strategic management:	
(i)	The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goal and in the issue relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests development of implementation of the work-plans.	Complied
(ii)	The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on the future plans and strategies.	Complied
(iii)	The Board will set the Key Performance indicator (KPI) 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 Core Risk Management Guideline of Bangladesh Bank shall be approved by the Board and reviewed by the Board regularly.	Complied
(f)	Internal Control and Compliance Management:	
	A regular Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank Inspection team.	Complied
(g)	Human Resource Management	
	Board shall approve the policy on Human Resource Management and Service Rule. Chairman and director of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director & Chief Executive Officer/ Additional Managing Director/ Deputy Managing Director/ Sr. Executive Vice President/ Executive Vice President and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
(h)	Appointment of Managing Director & CEO	
	The Board shall appoint a component Managing Director & CEO for the Company with the approval of the Bangladesh Bank and shall approve any increment of his/her salary and allowances.	Complied
(i)	Benefits offer to the Chairman	
	The 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)	The Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
(b)	The minutes of the Board meetings shall be signed by the Chairman;	Complied
(c)	The Chairman shall sign-off the proposal for appointment of Chief Executive Officer and increment of his salaries & allowances;	Complied
3.	Responsibilities of Chief Executive Officer:	
(a)	The Managing Director or Chief Executive Officer shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administrative and financial management;	Complied
(b)	The Managing Director or Chief Executive Officer shall ensure compliance of Financial Institution Act 1993 and other relevant Circulars of Bangladesh Bank and other regulatory authorities;	Complied
(c)	All recruitment/promotion except recruitment/ promotion of Additional Managing Director, Deputy Managing Director, Sr. Executive Vice President & Executive Vice President and other equivalent position shall be vested upon the Chief Executive. He shall act such in accordance with the approved HR Policy of the Company.	Complied
(d)	The Chief Executive Officer may re-schedule job responsibilities of employees;	Complied
(e)	The Chief Executive Officer may take disciplinary actions against the employees except the AMD, DMD, Sr. Executive Vice President & Executive Vice President or equivalent positions;	Complied
(f)	The Chief Executive Officer shall sign all the letters/statements relating to compliance of policies and guidelines. However, Department/Unit heads may join daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so, authorized by the Managing Director and CEO.	Complied

| DIVIDEND DISTRIBUTION POLICY |

A. Introduction:

As per the provisions of the Directive of Bangladesh Securities and Exchange Commission bearing No. BSEC/CMR-RCD/2021-389/03, dated 14 January, 2021; the Dividend Distribution Policy of First Finance Limited is formulated and shall be disclosed in the Annual Report and also in the official website.

B. Approval history:

This Policy has been adopted by the Board of Directors of First Finance Limited (hereinafter referred to as FFL) in its 352nd Meeting held on 20 March, 2023. The policy will be reviewed by the Board of Directors as and when required.

C. Process for Distribution of Dividend:

a. Cash Dividend Distribution Process:

- i. Within 10 (ten) days of declaration of cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of FFL, dedicated for this purpose only;
- ii. FFL shall payoff cash dividend directly to the bank account of the entitled shareholder or unit holder as available in the BO account maintained with the Depository Participant (DP), or the bank account as provided by the shareholder or unit holder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN);
Provided that the FFL may payoff such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to payoff through BEFTN;
- iii. FFL, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall payoff such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or the separate Bank Account of the Merchant Banker or the Portfolio Manager through BEFTN;
Provided that upon receiving the cash dividend, the stock broker or merchant banker or portfolio manager shall immediately account for such dividend in the individual client's portfolio account;
Provided further that the stock broker or merchant banker or portfolio manager shall provide detailed information (e.g. BO Account number, code number, Bank account number, intention, etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) to FFL for such claim.
- iv. FFL, in case of non-availability of bank account information or unable to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder or unit holder;
- v. FFL shall payoff cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investors (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- vi. FFL immediately after disbursement of the cash dividend and issuance of certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder or unit holder;
- vii. FFL will maintain detailed information of unpaid or unclaimed dividend and rationale thereof; as per BO account number-wise or name-wise or folio number-wise of the shareholder or unit holder; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/ Annually) as a separate line item 'Unclaimed Dividend Account';

- viii. Provided that the FFL shall publish the year-wise summary of its unpaid or unclaimed dividend in the websites; Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of Bank Charge, if any) thereon, if remains, shall be transferred to a separate bank account of FFL as maintained for this purpose, within 1 (one) year from the date of declaration or approval or record date, as the case may be.

b. Stock Dividend or Bonus Share Distribution Policy

FFL, shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (Thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);

D. Process for Issuance of Stock Dividend or Bonus Share

FFL, the CDBL and the Exchanges shall follow the provisions of শ্রবিস্থান 46 of the ডিপজিটরি (ব্যবহারিক) শ্রবিস্থানমালা, 2003 for issuance of bonus Shares;

Provided that FFL shall maintain a suspense BO account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- (i) FFL shall send at least 3 (Three) reminders to the entitled shareholder;
- (ii) The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to FFL;
- (iii) Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus share shall be credited to the Suspense BO Account.
- (iv) FFL shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO Account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (Fifteen) days of receiving application with an intimation to the Commission and the Exchange(s);
- (v) Any voting rights on such undistributed or unclaimed stock dividend or Bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

E. Compliance Report regarding Dividend Distribution

FFL shall submit a compliance report to the Commission and the Exchange(s) in a specific format at Annexure-A [sample given by the BSEC] in respect of the Clause (B), (C), (D) and (E) above, within 7 (Seven) working days of completion of dividend distribution;

Provided that FFL shall publish the compliance report in its website.

F. Forfeiture of unclaimed cash or stock dividend

FFL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of the land in force.

G. Transferred to the Fund of the Commission for unpaid or unclaimed or unsettled cash dividend

If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (Three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by FFL to the fund as directed or prescribed by the Commission;

Provided that FFL shall provide detailed information to the manager of the fund during transfer of cash dividend as directed or prescribed by the Commission;

Provided further that if any shareholder or unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (Fifteen) days of receiving such claim, FFL shall, after proper verification of the claim, recommend to the manager of the fund to payoff such dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the commission.

H. Transferred to the Fund of the Commission for unclaimed or unsettled stock dividend or bonus shares

If any stock dividend or bonus shares remain unclaimed or unsettled including corporate benefits in terms of bonus shares thereon for a period of 3 (Three) years from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the fund as mentioned at Clause No. G;

Provided that FFL shall provide detailed information to the manager of the fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission;

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus share to the BO Account of the Fund, within 15 (Fifteen) days of receiving such claim, FFL shall, after proper verification of the claim, recommend to the manager of the fund to payoff such dividend or bonus share to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the commission.

I. Maintaining Detail Information of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend

FFL, by itself or by appointing an Agent, shall maintain detailed information of BO Account, Bank Account, Mobile Phone Number, E-mail address and address of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend;

Provided that FFL or its agent or the CDBL or its DP shall keep confidentiality of information.

Provided further that FFL shall collect such detailed updated information from the CDBL or its DP from time to time as and when required for the purpose of proper distribution of cash dividend or stock dividend and other compliances. In case of holding paper shares, the FFL shall update the information at least once a year.

J. Binding clause

In the event of any confusion or difference of opinion on any matter whatsoever, FFL shall be bound to follow the decision of the Commission and shall consider the decision of the Commission is final on all concerned.

**Auditors Report
&
Financial Statements**

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of First Finance Limited (the “financial institution” or “Company”) which comprise the balance sheets as at 31 December 2022 and the profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information.

In our opinion, except for the effect of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, Profit and loss and its financial performance and its cash flows for the year then ended in accordance with in accordance with International Financial Reporting Standards (IFRSs), International Standards on Auditing (ISAs), the Companies Act 1994, financial institution act 1993, Rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Qualified Opinion

1. As per Labour law 2006 (Amendment 2013) Sec-234, a company must maintain WPPF but the Company did not comply with said law.
2. In accordance with Section 59 of Income Tax Ordinance 1984, all sums collected or deducted as taxes should be remitted to the government within the prescribed time. The Company has recorded BDT holding tax payable worth BDT 258,722,990 as at December 31, 2022. These amounts represent unpaid taxes which have been collected and deducted by the Company. As per Section 57 of Income Tax Ordinance 1984, failure to remit collected or deducted taxes can result in additional penalty of 2% per month. Unpaid taxes collected by the Company will result in additional penalty of BDT 107,071,474 which the Company has not recognized on the Profit & Loss Account for the year ended 31 December 2022.
3. The Company has recognized BDT 195,988,070 worth of Non-Banking Assets on the Balance Sheet as of 31 December 2022. Within this asset class, there are several issues that need to be addressed. The details are provided below:
 - As of 31 December 2022, the Company has a Non-Banking Asset worth BDT 14,908,131, which is currently in the process of being sold for BDT 11,675,000. However, the Company has not recognized the reduction in the recoverable amount as an impairment loss of BDT 3,233,131. As a result, the total asset is overstated, and the expense is understated by the same amount as of 31 December 2022.
 - Out of a total of 10 properties, 07 (seven) properties valued BDT 175,522,541 as of 31 December 2022, have remained unsold for several years. The Company has attempted to sell them through auctions multiple times but has been unsuccessful in finding any buyers or achieving favorable outcomes. This extended period of holding indicates that the fair value of these assets may be lower than their current value presented in the financial statements. The Company has not made any provisions against this potential decrease in value. We have concerns about the accuracy of the value currently reported. Due to lack of available information, we are unable to quantify the amount of impairment that has occurred due to this issue.
4. We draw your attention to Note 07 to the financial statements which describe the effect of a difference BDT 52,715,940 as at 31 December 2022 in the balance of leases, loans and advances between the FICL statement and the amount

reported on the financial statements after adjusting previous difference. The FICL Statement is a mandatory regulatory submission, and this shortfall was also identified by the respective regulatory authority (Bangladesh Bank). Due to the sheer volume of the transactions involved and lack of available information, we were unable to quantify the amount of misstatement that has occurred due to this issue. However, we have concluded, based on our audit procedures that, possible effects on the financial statements of this undetected misstatement could be material. Therefore, in line with Paragraph 7 of ISA 705, we have expressed a qualified opinion.

5. We draw your attention to Note 7.08 to the financial statements which describe the effect of a provision shortfall against Leases, loans and Advances. The provision recorded by the Company as at 31 December 2022 has a shortfall of BDT 1,208,652,424 which the Company has obtained permission from Bangladesh Bank (through letter no DFIM(C) 1054/31/2022-1980 dated 06 July 2022) to adjustment up to 2027. After making the necessary adjustments, the current provision against leases, loans and advances is understated by BDT 1,208,652,424.
6. We draw your attention to Note 14.08 to the financial statements which describe the effect of a provision shortfall against Other Assets. To comply with the DFIM no. 10 dated 03.10.2021, the additional provision required by the Company as at 31 December 2022 is BDT 16,455,322 which the Company has obtained permission from Bangladesh Bank (through letter no DFIM(C) 1054/31/2022-1980 dated 06 July 2022) to adjustment up to 2027. After making the necessary adjustments, the current provision against Other Assets is understated by BDT 16,455,322.
7. The Company has a Capital Adequacy Ratio of (46.30) % which is below the minimum 10% threshold as set by Bangladesh Bank. Details of the calculations are provided in Note 15.06 to the financial statements.
8. We draw your attention to BB circular DFIM no. 08 dated 17.08.2021, which states that the financial institution should collect updated DVS enclosed Statutory Audit report from the clients and preserve in loan file. AS per our audit procedures, we have noted that the Company has not been able to maintain the requirements of this circular.

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

Material Uncertainty related to Going Concern

We draw attention to Note 2.02.01 in the financial statements, which indicates that the Company incurred a net loss of BDT 1,720,720,962 during the year ended 31st December 2022, and, as of that date, the Company's Retained Earnings is a negative BDT 4,974,110,143. Additionally, in the current year, Bangladesh Bank declined to provide further deferral facility for provisions. These events or conditions, along with other matters as set forth in Note 2.02.01, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

1. We draw your attention to Note 4.01 which lists the Company's investment in Fixed Deposits with People's Leasing and Financial Services Limited and International Leasing and Financial Services Limited. The Company has obtained permission from Bangladesh Bank to record no provision against these investments up to the year ended 31 December 2022. Our audit opinion is not qualified on this matter.
2. We draw your attention to Note 2.01 which states the difference between IFRS and accounting guidelines set out by Bangladesh Bank. Our audit opinion is not qualified on this matter.

Key Audit Matters

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

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

Measurement of Interest on TDS	
<p>In 2022, the Company has reported interest expense on deposits amounting Tk. 577,122,877 (594,976,552 in 2021). Calculation of interest expense on deposits involve complex calculations and involvement of IT. This is also an area where misstatements have occurred in the past leading to involvement and direction from Bangladesh Bank. This is also the most significant area of expenses for the Company which has a significant impact on the Company's profitability and liquidity.</p>	<p>We tested the design and operating effectiveness of the key controls focusing calculation of interest by the IT systems and posting of Journal Entries into the system. In addition, we performed the following substantive work:</p> <ul style="list-style-type: none"> ❖ Review interest calculation, rate of interest, maturity dates etc. ❖ Tested the lien and pre-mature encashment and renewal process and withdrawal features. ❖ Assessed the methodologies on which the provision for accrued interest amount is based, recalculated the interest expense and tested the completeness and accuracy of the underlying information. ❖ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh bank guidelines.
Refer to Note 22 to the Financial Statements for more details.	

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred were for the purpose of the Company's business for the year;
- v. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- vi. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- xi. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiv. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 650 person hours for the audit of the books and accounts of the Company;

- xvi. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii. the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- xviii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Date: 16 August, 2023
Dhaka, Bangladesh
DVC: 2308160392AS352740

Sd/-

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

First Finance Limited
Balance Sheet
As at 31 December 2022

Particulars	Notes	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
PROPERTY AND ASSETS			
Cash	3.00	43,532,339	47,811,758
In hand (including foreign currencies)		97,918	74,902
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-	-
		43,434,421	47,736,856
Balance with Other Banks and Financial Institutions	4.00	378,116,781	415,029,084
Inside Bangladesh	4.01	378,116,781	415,029,084
Outside Bangladesh	4.02	-	-
Money at call and on short notice	5.00	-	-
Investments	6.00	10,528,389	16,781,580
Government		-	-
Others		10,528,389	16,781,580
Leases, Loans and Advances		9,237,109,030	8,955,353,569
Loans, Cash Credits, Overdrafts, etc.	7.00	9,237,109,030	8,955,353,569
Bills Purchased and Discounted	8.00	-	-
Fixed assets including premises, furniture and fixtures	9.00	92,156,505	102,191,440
Other assets	10.00	536,507,875	566,567,359
Non-banking assets	11.00	195,988,070	195,988,070
Total Assets		10,493,938,988	10,299,722,860
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	12.00	1,131,528,541	1,223,525,351
Deposits and Other Accounts	13.00	6,380,092,145	6,291,708,346
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed/term deposits		6,346,446,145	6,259,397,346
Monthly Savings Scheme		33,646,000	32,311,000
Bearer certificate of deposit		-	-
Other deposits		-	-
Other Liabilities	14.00	6,401,037,364	4,482,487,262
Total Liabilities		13,912,658,049	11,997,720,959
Capital/ Shareholders' Equity			
Paid-up capital	15.00	1,185,446,630	1,185,446,630
Statutory reserve	16.00	369,944,452	369,944,452
General reserve	17.00	-	-
Retained earnings	18.00	(4,974,110,143)	(3,253,389,181)
Total Shareholders' Equity		(3,418,719,061)	(1,697,998,099)
Total Liabilities and Shareholders' Equity		10,493,938,988	10,299,722,860

Particulars	Notes	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
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)		(28.84)	(14.32)

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Mohammad Ekramur Rahman Company Secretary	Sompa Clara Rozario Head Of FAD (CC)	Gaus UI Wara Md. Mortaza Managing Director & CEO	Masud Hossain Khan Vice Chairman & Director	Khan Mohammad Moinul Hasan Chairman

Signed in terms of our report of even date annexed

Date: 16 August, 2023
Dhaka, Bangladesh
DVC: 2308160392AS352740

Sd/-

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

First Finance Limited
Profit and Loss Accounts
For the Year ended 31 December 2022

Particulars	Notes	January 01 to December 31	
		2022 (BDT)	2021 (BDT)
Interest income	21.00	179,542,416	(656,074,256)
Interest paid on deposits, borrowings, etc.	22.00	(674,256,445)	(707,952,453)
Net interest income		(494,714,030)	(1,364,026,709)
Investment income	23.00	392,567	(7,498,150)
Commission, exchange and brokerage	24.00	-	-
Other operating income	25.00	8,480,210	8,938,069
Total operating income		8,872,777	1,439,919
		(485,841,253)	(1,362,586,790)
Salary and Allowances	26.00	98,507,374	112,919,874
Rent, Taxes, Insurance, Electricity, etc.	27.00	5,734,376	4,322,788
Legal Expenses	28.00	586,175	814,575
Postage, Stamps, Telecommunication, etc.	29.00	1,967,840	2,311,711
Stationery, Printing, Advertisement, etc.	30.00	2,395,272	6,031,946
Chief Executive Officer's Salary and Fees	31.00	6,180,645	3,025,806
Directors' Fees	32.00	1,188,800	952,000
Auditors' Fee	33.00	215,000	200,000
Depreciation and Repair of Company's Assets	34.00	25,428,259	30,872,623
Other Expenses	35.00	9,587,689	105,482,803
Total Operating Expenses		151,791,430	266,934,126
Profit before provision		(637,632,682)	(1,629,520,915)
Provision against leases, loans and advances	36.00	1,047,436,443	573,771,601
Provision for diminution in value of investments	37.00	914,281	(16,113,475)
Other provision		34,029,160	3,343,307
Total provision		1,082,379,884	561,001,433
Profit before taxation		(1,720,012,566)	(2,190,522,348)
Provision for taxation			
Current tax	14.04	1,130,491	53,628
Deferred tax	14.05	(422,095)	(472,489)
		708,397	(418,861)
Profit after taxation		(1,720,720,962)	(2,190,103,487)
Retained earnings, brought forward		(3,253,389,181)	(1,040,041,643)
Profit available for appropriation		(4,974,110,143)	(3,230,145,131)
Appropriations:			
Statutory reserve		-	-
General reserve		-	-
Bonus shares		-	23,244,050
Cash dividend		-	-
		-	-
Retained earnings, carried forward		(4,974,110,143)	(3,253,389,181)
Earnings Per Share (EPS)		(14.52)	(18.47)

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Mohammad Ekramur Rahman Company Secretary	Sompa Clara Rozario Head Of FAD (CC)	Gaus Ul Wara Md. Mortaza Managing Director & CEO	Masud Hossain Khan Vice Chairman & Director	Khan Mohammad Moinul Hasan Chairman

Signed in terms of our report of even date annexed

Date: 16 August, 2023
Dhaka, Bangladesh
DVC: 2308160392AS352740

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

First Finance Limited
Statement of Cash Flows
For the Year ended 31 December 2022

Particulars	Notes	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
A) Cash Flows from Operating Activities			
Interest Received		448,853,718	439,002,623
Interest Paid		(657,084,464)	(655,835,010)
Dividend Received		61,415	344,216
Paid to Employees		(104,688,019)	(115,945,680)
Income taxes paid		(7,261,543)	(7,878,546)
Received from other Operating Activities		8,811,362	1,095,704
Paid for other Operating Activities		(37,390,881)	(140,140,840)
"Cash generated from operating activities before changes in operating assets and liabilities"		(348,698,413)	(479,357,534)
Increase/(decrease) in operating assets liabilities			
Leases, Loans and Advances to Customers		(281,755,461)	(92,839,183)
Other Assets (Excluding AIT)		37,321,028	(29,366,853)
Deposit from Customers		88,383,799	215,378,624
Other Liabilities		551,265,925	413,632,657
		395,215,291	506,805,244
Net cash from/(used in) operating activities		46,516,878	27,447,710
B) Cash Flows from Investing Activities			
Purchase of Fixed Assets		(2,097,551)	(4,057,841)
Proceeds from Sale of Vehicle		132,570	-
Proceeds from Other Investments		6,253,191	50,544,679
Proceeds from Sale of non Financial Institutional Assets		-	(1,000)
Net Cash from/(used in) Investing Activities		4,288,210	46,485,838
C) Cash Flows from Financing Activities			
Dividend Paid		-	-
Receipt from Borrowing and Issuance of Debt Securities		(91,996,811)	15,999,224
Net Cash from/(used in) Financing Activities		(91,996,811)	15,999,224
D) Net increase in cash and cash equivalents (A+B+C)		(41,191,722)	89,932,773
E) Effect of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		462,840,841	372,908,069
G) Cash and cash equivalents at end of the year (D+E+F)		421,649,119	462,840,842
Cash and cash equivalents at end of the year:			
Cash in hand		97,918	74,902
Balance with Bangladesh Bank and its agents bank(s)		43,434,421	47,736,856
Balance with other banks and financial institutions		378,116,781	415,029,084
		421,649,119	462,840,841
Net operating cash flow per share	39.02	0.39	0.23

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Mohammad Ekramur Rahman Company Secretary	Sompa Clara Rozario Head Of FAD (CC)	Gaus Ul Wara Md. Mortaza Managing Director & CEO	Masud Hossain Khan Vice Chairman & Director	Khan Mohammad Moinul Hasan Chairman

Signed in terms of our report of even date annexed

Date: 16 August, 2023
Dhaka, Bangladesh
DVC: 2308160392AS352740

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

First Finance Limited
Statement of changes in shareholders' equity
For the Year ended 31 December 2022

Amount in BDT

Particulars	Paid-up Capital	Share Money Deposit	Statutory Reserve	General Reserve	Retained Surplus	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 31 December 2021	1,162,202,580	-	369,944,453	-	(1,040,041,644)	492,105,389
Net Profit for the year ended 31 December, 2021	-	-	-	-	(2,190,103,487)	(2,190,103,487)
Addition made during the year	-	-	-	-	-	-
Less: Bonus share issued for 2019	23,244,050	-	-	-	(23,244,050)	-
Balance as on 31 December 2021	1,185,446,630	-	369,944,453	-	(3,253,389,181)	(1,697,998,098)
Balance as on 01 January 2022	1,185,446,630	-	369,944,453	-	(3,253,389,181)	(1,697,998,098)
Net Profit for the year ended 31 December, 2022	-	-	-	-	(1,720,720,962)	(1,720,720,963)
Less: Bonus share issued for 2019	-	-	-	-	-	-
Balance as on 31 December 2022	1,185,446,630	-	369,944,453	-	(4,974,110,144)	(3,418,719,061)

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Mohammad Ekramur Rahman Company Secretary	Sompa Clara Rozario Head Of FAD (CC)	Gaus UI Wara Md. Mortaza Managing Director & CEO	Masud Hossain Khan Vice Chairman & Director	Khan Mohammad Moinul Hasan Chairman

Signed in terms of our report of even date annexed

Date: 16 August, 2023
Dhaka, Bangladesh
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Sd/-
A. K. Gulam Kibria, FCA(0392), Partner
G. Kibria & Co.
Chartered Accountants

First Finance Limited
Statement of Liquidity Analysis
For the Year ended 31 December 2022

Amount in BDT

Particulars	Up to 1 month maturity	"1 - 3 months maturity"	"3 - 12 months maturity"	"1 - 5 years maturity"	More than 5 years maturity	Total
Assets						
Cash	97,918	-	-	-	-	97,918
Balance with Bangladesh Bank and its agent bank(s)	-	-	43,434,421	-	-	43,434,421
Balance with other banks and financial institutions	10,660,506	59,863,521	307,592,753	-	-	378,116,781
Money at call and on short notice	-	-	-	-	-	-
Investments	-	-	10,528,389	-	-	10,528,389
Leases, loans and advances	492,232,543	483,642,489	1,309,745,680	3,682,275,322	3,269,212,996	9,237,109,030
Fixed assets including assets taken on lease	-	-	-	-	92,156,505	92,156,505
Other assets	-	-	-	-	536,507,875	536,507,875
Non-Banking assets	-	-	-	-	195,988,070	195,988,070
Total Assets	502,990,967	543,506,010	1,671,301,243	3,682,275,322	4,093,865,446	10,493,938,988
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	339,100,000	-	680,668,124	111,760,417	-	1,131,528,541
Deposits and other accounts	222,231,573	198,014,852	242,018,152	5,553,085,597	164,741,971	6,380,092,145
Provision and other liabilities	-	-	302,143,732	276,888,616	5,822,005,016	6,401,037,364
Total Liabilities	561,331,573	198,014,852	1,224,830,007	5,941,734,630	5,986,746,987	13,912,658,049
Net Liquidity Excess/ (Shortage)	(58,340,606)	345,491,159	446,471,236	(2,259,459,308)	(1,892,881,542)	(3,418,719,061)

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Mohammad Ekramur Rahman Company Secretary	Sompa Clara Rozario Head Of FAD (CC)	Gaus Ul Wara Md. Mortaza Managing Director & CEO	Masud Hossain Khan Vice Chairman & Director	Khan Mohammad Moinul Hasan Chairman

Signed in terms of our report of even date annexed

Date: 16 August, 2023
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A. K. Gulam Kibria, FCA(0392), Partner
G. Kibria & Co.
Chartered Accountants

**Notes to the
Financial Statements**
For the Year ended 31 December 2022

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 & Motijheel Branch.

1.01 Objective of the Company:

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

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

2.01 Statement of compliance

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

i) Investment in shares and securities

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

Bangladesh Bank: As per FID circular 08 dated 03 August, 2002, DFIM Circular No-03 dated 15 February, 2022 and DFIM Circular Letter No-19 dated 14 August, 2022 Investment made as per Bangladesh Bank directives and investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

ii) Provision on loans and advances/investments

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

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

iii) Recognition of interest in suspense

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

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

iv) Other comprehensive income

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

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

v) Financial instruments-presentation and disclosure

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

vi) Cash and cash equivalents

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

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

vii) Statement of cash flows

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

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

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

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

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

2.02 Basis of preparation of the financial statements

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

2.02.01 **Going Concern:**

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

In this connection, it is to be stated that, First Finance Limited has been doing business since long. Recently, our Loan, Lease, and Advances Classification Status (CL Ratio/Rate) has been calculated as 85.96% as on December 31, 2022. So our income reduces and the Company is facing Interest Loss as well as Operating Loss. For the current year, the Company has incurred losses of BDT 172,07,20,962/= and losses for the previous year worth BDT 2,190,103,488/=. The Company has a negative Retained Earnings Balance of BDT 4,974,110,143/=.

Despite all these difficulties, First Finance Limited is trying its best to recover from the situation. To reach desired goals, we have planned to procure more New Fresh Deposit, and give emphasis on Recovery from Classified Loan, Lease, and Advances. In this relation, it is also noted that, in the year 2022, we have collected Tk. 340,234,617/= as New / Fresh Deposit, and Tk. 620,294,718 as Recovery from Loan, Lease, and Advances. It is to be mentioned that we have already strengthen up our recovery team to recover the utmost. In the year of 2023, we have fixed up our recovery target of Tk. 132.80 Crore. To reach the target we are closely working on few large file loan a/c which is probable to settle by 2023. In addition to the above, we want to add that in the consequent half year of 2023, we have collected Tk. 122,703,046/= as New / Fresh Deposit, and Tk. 271,369,013/= as Recovery from Loan, Lease, and Advances. In addition to these, we are giving all out effort for recovery of Classified Loan, Lease, and Advances and also taking extensive Legal action against the same. Three nos of Non-Banking assets are close to sell and amount of Tk 91,69,707/= collected as partial selling amount. The company also disburse an amount of Tk. 16,700,000/= in the year 2022 and Tk 18,035,000/= for Jan to June-2023. The company has regularly paid the interest amount and also small encashment for individual clients instantly after receiving the matured TDR block but incase of institutional deposit paying the interest amount with gentlemen negotiation.

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

Finally we would like to point out that Bangladesh Bank is closely monitoring the going concern financial institutions to re-build their financial strength. There continuous support and guideline help us to move forward. Moreover it will create a big land mark, if they will support financially in the form of refinance or any other way.

That being said, as there is a few uncertainty related to the entity's ability to continue as a going Concern and therefore few challenges to be faced for realizing its assets and discharges its liabilities in the normal course of business.

2.02.02 **Functional Currency and Presentation Currency:**

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

2.02.03 **Use of estimates and judgments:**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and contingent liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial

statement in line with the International Accounting Standard (IAS) 37 “Provisions, Contingent Liabilities and Contingent Assets” when-

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

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

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

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

2.02.04 Materiality and Aggression:

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

2.02.05 Foreign Currency Translation:

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

2.02.06 Reporting Period:

The financial statements cover one year from 01 January, 2022 to 31 December, 2022.

2.03 Revenue recognition:

2.03.01 Accounting for leases (IFRS 16)

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

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

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

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

2.03.02 Accounting for term loan

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

2.03.03 Interest on bank deposit

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

2.03.04 Other operational income

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

2.03.05 Accounting for investment in marketable securities

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

2.04 Books of accounts

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

2.05 Property, plant and equipment

Own financed-assets

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

Subsequent expenditure on property, plant and equipment

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

Depreciation on fixed asset

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

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

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

2.06 Provision for bad and doubtful debts/investment

Provisions for leased assets have been made on the basis of Bangladesh Bank FID circular nos. 14, 08 and 01, dated 26 June 2000, 03 August 2002 respectively FID Circular No.11 of 2005, FID Circular No. 03 of 2006, 03 January 2007 and DFIM circular No. 03, dated 29 April 2013, DFIM circular No. 04, dated 26 July 2021 and DFIM circular No. 33, dated 19 December 2021 issued by Bangladesh Bank. The provision made up to Balance Sheet date is considered adequate in the opinion of management to meet any probable losses.

The provision rates are given below:

General Provision on: Rate

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

2.07 Income tax

Current tax

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

Deferred tax

Deferred tax liabilities are the amount of income tax payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in Profit and Loss Account as per IAS-12 "Income Taxes".

2.08 Non-banking assets

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

2.09 Employee benefit obligation

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

2.10 Liabilities and provisions

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

2.11 Interest on bank loan

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

2.12 Statement of Cash Flows

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

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

2.13 Compliance of International Financial Reporting Standards (IFRS)

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

2.14 Consolidation procedure for Branch Accounting.

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

2.15 Statement of liquidity

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of assets and liabilities at 31 December 2022.

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 (1st Floor), A.K. Khandaker Sarak, Mohakhali, Dhaka-1212.

iv. **Sylhet Branch :**

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

v. **Board Bazar Branch**

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

vi. **Motijheel Branch**

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

2.19 **Components of financial statements**

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

2.20 **Regulatory and legal compliance**

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

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
3.00	Cash		
	Cash in hand (including foreign currencies)		
	In local currency	97,918	74,902
	In foreign currency	-	-
		<u>97,918</u>	<u>74,902</u>
	Balance with Bangladesh Bank and its agent bank(s)		
	(including foreign currencies)		
	In local currency	43,434,421	47,736,856
	In foreign currency	-	-
		<u>43,434,421</u>	<u>47,736,856</u>
		<u>43,532,339</u>	<u>47,811,758</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 and DFIM circular no. 03 dated 21 June 2020.		
(a)	Cash reserve requirement (CRR)		
	Required reserve (1.5% of Term and Other Deposits)	38,994,229	40,003,616
	Actual reserve maintained	<u>43,434,421</u>	<u>47,736,856</u>
	Surplus	<u>4,440,192</u>	<u>7,733,241</u>
(b)	Statutory liquidity ratio (SLR)		
	Required reserve (5% of Total Liabilities)	383,514,785	257,143,827
	Actual reserve maintained	421,649,119	462,840,842
	Cash in hand	97,918	74,902
	Balance with Bangladesh Bank and its agent bank(s)	43,434,421	47,736,856
	Balance with other banks and financial institutions	<u>378,116,781</u>	<u>415,029,084</u>
	Surplus	<u>38,134,334</u>	<u>205,697,014</u>
	Total required reserve	422,509,014	297,147,443
	Total actual reserve maintained	<u>421,649,119</u>	<u>462,840,842</u>
	Total surplus	<u>(859,895)</u>	<u>165,693,399</u>

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
4.00	Balance with Other Banks and Financial Institutions		
	Inside Bangladesh (note 4.01)	378,116,781	415,029,084
	Outside Bangladesh (note 4.02)	-	-
		378,116,781	415,029,084
4.01	Inside Bangladesh		
	Current Accounts with:		
	National Bank Limited, Kawran Bazar Branch, Dhaka	45,365	46,055
	Bangladesh Development Bank Limited, Principal Branch, Dhaka	3,762	3,762
	South Bangla Agricultural Bank Limited, Principal Branch, Dhaka	40,260	40,260
	One Bank Limited, Kawran Bazar Branch, Dhaka	68,948	3,22,756
	Social Islami Bank Limited, Mouchak Branch, Dhaka	207	12
	Midland Bank Limited, Principal Branch, Dhaka	28,374	28,374
	IFIC Bank Limited, Kawran Bazar Branch, Dhaka	1,03,6016	900
	IFIC Bank Limited, Ambarkhana Branch, Sylhet	8,845	18,062
	Prime Bank Limited, Wari Branch, Dhaka	8718	59,449
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	19,40,781	2,417,351
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	62,58,973	718,927
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	195,703	829,623
	Southeast Bank Limited, R.K Mission Road, Dhaka	404,085	511,775
	Sub-total	10,660,506	4,997,307
	Short-term deposit accounts with:		
	United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	372,298	884,724
	IFIC Bank Limited, Dhanmandi Branch, Dhaka	2,194	3,870
	IFIC Bank Limited, Dhanmandi Branch, Dhaka	2,424,985	2,393,948
	ICB Islami Bank Limited, Kawran Bazar Branch, Dhaka	-	10,325
	Shajalal Islami Bank Limited, Kawran Bazar Branch, Dhaka	463,939	529,784
	Uttara Bank Limited, Local Office, Dhaka	66	66
	United Commercial Bank Limited, Kawran Bazar Branch, Dhaka	2,912,555	1,359,613
	IFIC Bank Limited, Sheikh Mujib Road Branch, Chittagong	348,686.41	434,899
	Bank Asia Limited, Mohakhali Branch, Dhaka	83,119	296,293
	Bank Asia Limited, Sylhet Main Branch, Sylhet	419,678	3,578,521
	IFIC Bank Limited, Gulshan Branch, Dhaka	2,190,761	1,399,763
	IFIC Bank Limited, Kawranbazar Branch, Dhaka	3,059,040	9,189,705
	NRB Commercial Bank Limited, Principal Branch, Dhaka	1,400	1,400
	One Bank Limited, Kawranbazar Branch, Dhaka	4,331,564	398,124
	Mutual Trust Bank Limited, Principal Branch, Dhaka	280,059	372,250
	Mutual Trust Bank Limited, Principal Branch, Dhaka	63,654	64,164
	Premier Bank Limited, Board Bazar Branch	11,062,913	123,324
	BRAC Bank Limited, Asadgate Branch, Dhaka	61,659	61,659
	Eastern Bank Limited, Sonargoan Road Branch, Dhaka	20,110,929	20,035,326
	IFIC Bank Limited, Motijheel Branch, Dhaka	213,218	209,750
	Bank Asia Limited, Corporate Branch, Dhaka	1,668,718	1,645,860
	Mutual Trust Bank Limited, Panthapath Branch, Dhaka	753,068	1,537,942
	City Bank Limited, Pallabi Branch, Dhaka	287,779	358,893
	Bank Asia Limited, Kawran Bazar Branch, Dhaka	4,657,833	12,049,630
	Bank Asia Limited, Tongi Branch	4,977	6,020
	Bank Asia Limited, Principal Office, Dhaka	38,407	6,057
	Bank Asia Limited, Agrabad Branch	2,117,229	2,598,378
	Southeast Bank Limited, R.K Mission Road, Dhaka	1,932,793	5,406,792
	Sub-total	59,863,521	64,957,078

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
	Fixed deposit accounts with:		
I	People's Leasing and Financial Services Limited	100,000,000	100,000,000
	International Leasing and Financial Services Limited	86,900,967	86,900,967
	Southeast Bank Limited	43,210,625	-
	Mutual Trust Bank Ltd.	-	127,513,917
	NCC Bank Limited	20,000,000	-
	NRB Bank Limited	10,061,250	-
	IFIC Bank Limited	47,419,912	30,659,814
	Sub-total	307,592,753	345,074,699
	Grand Total	378,116,781	415,029,084
4.02	Outside Bangladesh	-	-
4.03	Maturity grouping of balances with other banks and financial institutions		
	On demand	70,524,027	69,954,385
	Up to 3 months	-	-
	Over 3 months but up to 1 year	307,592,753	345,074,699
		378,116,781	415,029,084
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)	10,528,389	16,781,580
		10,528,389	16,781,580
6.02.01	Other Investments - in Shares and Debentures		

Sector	Quantity		Cost Price (Taka)	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Bank	135,500	185,000	2,092,670	3,175,405
Cement	-	10,220	-	719,590
Chemicals	233,071	260,000	6,858,769	7,873,607
Fuel & Power	45,000	-	1,576,950	-
Telecommunication	-	125,000	-	5,012,978
Total	413,571	580,220	10,528,389	16,781,580

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021

6.03 Valuation of investments

Government securities:

Valuation of investments	Quantity		Cost Price (Taka)	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Treasury Bills			-	-
Government bonds			-	-
T & T Bonds & Prize Bonds			-	-
Debentures - House Building			-	-
Finance Corporation			-	-

Others: Shares (quoted)

Sector	31 Dec 2022	
	Cost value	Market value
Bank	2,092,670	1,643,900
Fuel & Power	1,576,950	1,264,500
Chemicals	6,858,769	4,498,270
Total	10,528,389	7,406,670

Total market value of quoted shares is less than cost price against which provision was made for Taka 31,21,719/= (note 14.03).

7.00 Leases, Loans and Advances Inside Bangladesh

Lease Finance	1,396,995,081	1,215,576,709
Term Finance	7,837,028,454	7,735,765,151
Home Loan Refinance Scheme	3,085,495	4,011,709
	9,237,109,030	8,955,353,569
Outside Bangladesh	-	-
	9,237,109,030	8,955,353,569
Opening Balance	-	68,604,139
Less: Adjustment during the year	-	68,604,139
	-	-

The company has full and finally adjusted the difference amount as per Bangladesh Bank Letter no: FIID/I-10/2018-1182 dated 13 November 2018 during the year 2021 and now a new differences arrises for BDT 5,27,15,940/= in 2022. The balances is excess in CL than GL.

7.01 Maturity grouping of Leases, Loans and Advances

Repayable

- on demand	492,232,543	492,232,543
- over 1 month but not more than 3 months	483,642,489	483,642,489
- over 3 months but not more than 1 year	1,309,745,680	1,309,745,680
- over 1 year but not more than 5 years	3,682,275,322	3,682,275,322
- over 5 years	3,269,212,996	2,987,457,535
	9,237,109,030	8,955,353,569

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	-	-
	-	-

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
7.03	Sector-wise distribution		
	Chemical and pharmaceuticals	178,966,651	172,549,568
	Textile industry	24,267,938	26,627,214
	Telecommunication and IT industry	144,660,010	137,486,856
	Jute and jute related goods	146,173,839	141,765,226
	Steel	1,113,437,971	933,229,623
	Paper	119,122,492	119,086,809
	Shipping and ship building industry	170,717,932	160,202,273
	Transport and communication	549,924,589	391,189,773
	Agriculture sector	19,532,610	83,013,329
	Readymade garments	724,018,359	507,469,827
	Food and allied	417,875,456	435,494,043
	Housing	2,224,162,887	1,851,522,616
	Trade & commerce	2,197,889,319	2,180,767,461
	Others	1,259,074,917	1,834,822,913
	Total	9,289,824,970	8,975,227,531
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	17	11
	Amount of Outstanding Advances	2,599,733,786	1,686,740,266
	Amount of Classified Advances	2,599,733,786	1,567,693,214
	Amount of Recovery/Rescheduling thereon	1,359,193,955	1,092,830,645
		6,558,661,544	4,347,264,136
7.05	Geographical location-wise Leases, Loans and Advances		
	In Bangladesh:		
	Dhaka Division	6,019,124,618	6,077,893,839
	Chittagong Division	3,138,053,044	2,749,579,256
	Sylhet Division	132,647,308	147,754,436
		9,289,824,970	8,975,227,531
	Outside Bangladesh	-	-
		9,289,824,970	8,975,227,531

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
7.06	Particulars of Leases, Loans and Advances		
	(i) Financing considered good in respect of which the Company is fully secured;	1,324,552,383	1,126,709,326
	(ii) Financing considered good against which the Company holds no security other than the debtors' personal security;	7,965,272,587	7,818,644,243
	(iii) Financing considered good secured by the personal undertaking of one or more parties in addition to the personal security of the debtors;	-	-
	(iv) Financing adversely classified but provision not maintained there against;	-	-
	(v) Financing due by directors or employees of the Company or any of them either separately or jointly with any other persons;	-	-
	(vi) Financing due from companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members;	-	-
	(vii) Maximum total amount of advances, including temporary advances made any time during the year to directors or employees of the Company or any of them either separately or jointly with any other persons;	-	-
	(viii) Maximum total amount of advances, including temporary advances approved during the year to companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members;	-	-
	(ix) Amount due from banking companies and other financial institutions at the end of the year	-	-
	(x) Amount of classified leases, loans and advances on which interest has not been credited to income	7,985,424,369	7,772,113,300
	(a) Increase/decrease in provision (Specific):		
	Amount of loans written off	-	-
	Amount realized against loans previously written off	-	-
	(b) Provision kept against loans classified as bad/loss on the date of settlement of financial position	1,889,045,332	846,480,862
	(c) Interest charged to interest suspense account	2,199,036,274	1,929,724,972
	(xi) Written off leases, loans and advances	-	-
	During the year	-	-
	Cumulative to-date	-	-
	Amount realized against loans previously written off	-	-
	Total amount of written off leases, loans and advances for which lawsuits filed	-	-

Notes	Particulars	Amount in BDT				
		Dec 31, 2022	Dec 31, 2021			
7.07	Classification of Loans and Advances					
	Unclassified					
	Standard	1,078,860,504	1,145,410,296			
	Special mention account	225,540,097	57,703,935			
		1,304,400,601	1,203,114,231			
	Classified					
	Substandard	102,645,618	301,728,898			
	Doubtful	35,449,430	1,508,726,814			
	Bad/Loss	7,847,329,321	5,961,657,588			
		7,985,424,369	7,772,113,300			
		9,289,824,970	8,975,227,531			
7.08	Particulars of required Provision for Loans and Advances					
	Status of Classification	Base for Provision	Rate	Amount in BDT		
				Dec 31, 2022	Dec 31, 2021	
	Unclassified (General Provision)					
	Standard	761,968,736	0.25% & 1%	7,246,487	9,918,577	
	Special Mention Account	195,715,604	5%	9,785,780	2,241,717	
				17,032,267	12,160,293	
	Classified (Specific Provision)					
	Sub-Standard	17,921,574	20%	3,584,315	33,722,545	
	Doubtful	9,130,534	50%	4,565,267	283,653,807	
	Bad/Loss	3,089,548,174	100%	3,089,548,174	1,979,487,421	
				3,097,697,756	2,296,863,773	
	Required provision for Loans and Advances			3,114,730,023	2,309,024,066	
	Total provision maintained (notes 14.01.01 and 14.01.02)			1,906,077,599	858,641,156	
	Excess / (Short) Provision			(1,208,652,424)	(1,450,382,910)	
	There is a Provision Shortfall for Taka 122.51 Crore (where's for loan lease is 120.32 Crore and 2.19 Crore for other Assets Disclosed in Note no. 14.08) for the year ended 31 December 2022. The Company has obtained permission from Bangladesh Bank through Letter No. DFIM(C)1054/31/2022-1980 dated 06 July 2022 for adjustment of such Shortfall Amount within 07 years starting from the year 2021. So for this year, the charged amount is Taka 1,047,436,443/=.					
8.00	Bills Purchased and Discounted					
	Inside Bangladesh			-	-	
	Outside Bangladesh			-	-	
				-	-	
9.00	Fixed assets including Premises, Furniture and Fixtures (excluding Accumulated Depreciation)					
	Cost					
	Office equipment			116,540,421	116,546,418	
	Motor vehicles			32,876,728	32,876,728	
	Furniture and fixtures			90,299,158	88,903,985	
	Software			14,380,040	13,880,040	
	Right of use assets			52,073,412	52,468,019	
				306,169,759	304,675,190	
	Less: Accumulated depreciation			214,013,254	202,483,750	
	Net book value at the end of the year			92,156,505	102,191,440	
	Details are shown in Annex-A .					

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
10.00	Other assets		
	Income generating		
	Investment in shares of subsidiary companies:		
	Inside Bangladesh	-	-
	Outside Bangladesh	-	-
		-	-
	Others		
	Interest receivable on FDR	27,116,755	27,230,259
		27,116,755	27,230,259
	Non-income generating		
	Advance Office Rent	806,577	1,543,417
	Advance Parking Rent	75,000	75,000
	Security Deposit	814,400	800,000
	Others (note 10.01)	507,695,143	536,918,683
		509,391,120	539,337,100
		536,507,875	566,567,359
10.01	Others		
	Advance Income Tax - Note 10.02	456,631,755	449,370,212
	Receivable Others (Legal expenses for Clients)	25,586,464	22,822,315
	Receivable from BLI Securities Limited	5,521,717	43,937,825
	Advance against Expenses	12,086,816	13,050,592
	Receivable from Sheltech Brokerage Limited	37,686.86	38,137
	Receivable for NBA	64,520	11,950
	Receivable from Employees	7,589,460	7,589,460
	Other Assets	176,724	98,193
		507,695,143	536,918,683
	As per Bangladesh Bank, the Company should record a provision worth BDT 5,66,23,296/= against Other Assets. Specifically Bangladesh Bank has noted the Company should have provision against Receivable from Employees, Advance against Expenses and Receivable Other Legal Expense for Clients. The Company currently has a provision shortfall of BDT 2,19,04,075/= as explained in Note 14.08. The Company has obtained permission from Bangladesh Bank to catch up on their provision shortfall by the year 2027 (details in Note 7.08).		
10.02	Advance Income Tax		
	<u>Accounting Year:</u>		
	2006-2009	32,374,484	32,374,484
	2010	32,862,206	32,862,206
	2011	43,309,552	43,309,552
	2012	63,552,300	63,552,300
	2013	87,672,246	87,672,246
	2014	64,148,371	64,148,371
	2015	44,679,572	44,679,572
	2016	55,377,498	55,377,498
	2017	6,759,784	6,759,784
	2018	6,398,847	6,398,847
	2019	2,950,748	2,950,748
	2020	1,406,059	1,406,059
	2021	7,878,546	7,878,546
	2022	7,261,543	-
		456,631,755	449,370,212
10.03	Classification		
	Standard	451,071,846	505,430,615
	Bad/Loss	56,623,296	31,488,068
		507,695,143	536,918,683

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
11.00	Non-Banking Assets	195,988,070	195,988,070
	This represents Assets Acquired by the Company as per Judgment of Honorable Court against Loan/Lease. The above Assets are Non-Earning Assets.		
12.00	Borrowings from Other Banks, Financial Institutions and Agents		
	Inside Bangladesh (note 12.01)	1,131,528,541	1,223,525,351
	Outside Bangladesh	-	-
		1,131,528,541	1,223,525,351
12.01	Inside Bangladesh		
	Social Islami Bank Limited	652,986,395	613,456,341
	Uttara Bank Limited	22,514,923	36,498,690
	Bangladesh Bank Refinance scheme	5,166,805	5,095,230
	Mutual Trust Bank Limited	-	112,511,480
	Mercantile Bank Limited	111,760,417	102,863,611
	Bangladesh Development Bank Limited	143,000,000	149,000,000
	Sonali Bank Limited	73,100,000	79,100,000
	Agrani Bank Limited	90,000,000	90,000,000
	Janata Bank Limited	33,000,000	35,000,000
		1,131,528,541	1,223,525,351
12.02	Analysis by security		
	Secured	1,131,528,541	1,223,525,351
	Unsecured	-	-
		1,131,528,541	1,223,525,351
12.03	Repayment pattern		
	- on demand	196,100,000	204,100,000
	- within one month	143,000,000	149,000,000
	- more than one month but less than six months	-	-
	- more than six months but less than one year	680,668,124	655,050,261
	- more than one year but less than five years	111,760,417	215,375,091
	- more than five years but less than ten years	-	-
	- more than ten years	-	-
		1,131,528,541	1,223,525,351
13.00	Deposit and other accounts		
	Term deposit	6,346,446,145	6,259,397,346
	Fixed deposit	-	-
	Short term deposit	-	-
	Staff security deposit	-	-
	Deposit pension scheme	-	-
	Monthly savings scheme	33,646,000	32,311,000
		6,380,092,145	6,291,708,346
13.01	Maturity Analysis of Deposits		
	From banks, financial institutions and other institutions :		
	- on demand	-	-
	- within one month	182,158,986	122,637,105
	- more than one month but less than six months	425,037,635	286,153,244
	- more than six months but less than one year	4,198,937,502	4,037,581,538
	- more than one year but less than five years	576,313,215	741,830,010
	- more than five years but less than ten years	-	-
	- unclaimed deposits for ten years or more	-	-
		5,382,447,338	5,188,201,897
	Other than banks, financial institutions and other institutions:		
	- on demand	-	-
	- within one month	40,072,587	51,343,037
	- more than one month but less than six months	14,995,369	44,408,087
	- more than six months but less than one year	659,612,113	756,958,441
	- more than one year but less than five years	118,222,767	102,575,923
	- more than five years but less than ten years	164,741,971	148,220,960
	- unclaimed deposits for ten years or more	-	-
		997,644,807	1,103,506,449
		6,380,092,145	6,291,708,346

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
14.00	Other Liabilities		
	Provision for Loans and Advances	1,906,077,599	858,641,156
	Special provision for deferred Loan/Lease	12,607,781	12,607,781
	Interest Suspense Account	2,199,036,274	1,929,724,972
	Provision for Investment	3,121,719	2,207,438
	Provision for Income Tax	312,288,928	311,158,437
	Provision for Other Assets	40,167,974	6,138,814
	Deferred Tax Liability/(assets)	(2,750,992)	(2,328,897)
	Lease Deposit	27,549,050	29,440,751
	Unclaimed Dividend	76,312	594,530
	Share Money Deposit	66,321	159,918
	Interest Payable	358,186,591	342,594,355
	Sundry Creditors	1,544,609,806	991,548,008
		6,401,037,364	4,482,487,262

The company has comply the Directives of BSEC; Directive no- SEC/SRMIC/2021-386/03, dated 14 January, 2021 and Directive No- SEC/SRMIC/165-2020/306 dtd 24 November, 2021; and deposited to the "Capital Market Stabilization Fund" accordingly for undistributed share money deposit and unclaimed/undistributed dividend and for rest amount a committee is engaged for scrutinized and making proper list of share holders.

14.01 Provision for Loans and Advances

14.01.01 Provision for Unclassified Loans and Advances

Opening balance	12,160,293	74,894,434
Add: Provision for the year	4,871,974	(62,734,141)
Less: Transferred to provision for other assets during the year	-	-
General provision for the year	-	-
Closing balance	17,032,267	12,160,293

14.01.02 Provision against Classified Loans and Advances

Opening balance	846,480,862	222,582,902
Less: Interest fully waived during the year	-	-
Add: Recovery of advances previously written off	-	-
Add: Specific provision for the year	1,042,564,470	623,897,960
Closing balance	1,889,045,332	846,480,862
	1,906,077,599	858,641,156

The Company has kept Provision Shortfall against Loan Lease advances 120.32 Crore in the year ended 31 December 2022 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 7.08. The shortfall will be adjusted by 2027.

14.01.03 Provision against Deferred Loans, Lease and Advances

Opening balance	12,607,781	-
Less: Interest fully waived during the year	-	-
Add: Recovery of advances previously written off	-	-
Add: Specific provision for the year	-	12,607,781
Closing Balance	12,607,781	12,607,781

The special provision has been kept as per Bangladesh Bank DFIM circular letter no. 33, dated 19 December 2021, clause-04 against deferred facilitated clients.

14.02 Interest Suspense Account

Opening balance	1,929,724,972	834,648,096
Addition during the year	269,311,302	1,095,076,876
Recovered during the year	-	-
Closing balance	2,199,036,274	1,929,724,972

14.03 Provision for Investment

Opening balance	2,207,438	18,320,913
Add: Provision for the year	914,281	(16,113,475)
Less: Adjustment during the year	-	-
Closing balance	3,121,719	2,207,438

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
14.04	Provision for Income Tax		
	Opening balance	311,158,437	311,104,809
	Add: Provision made during the year	14.04.01 1,130,491	53,628
		312,288,928	311,158,437
	Less: Settlement during the year	-	-
	Closing balance	14.04.02 312,288,928	311,158,437
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	179,542,416	(656,074,256)
	(ii) Investment Income	392,567	(7,498,150)
	(iii) Other Operating Income	8,480,210	8,938,069
	Total	188,415,192	(654,634,336)
	Minimum Tax @	0.60%	0.60%
	Current tax	1,130,491	53,628
	Add: Provision made for Previous Year	-	-
		1,130,491	53,628
14.04.02	Yearly breakup of Provision for Income Tax		
	Accounting Year:		
	2006-2009	114,000,000	114,000,000
	2010	(11,000,000)	(11,000,000)
	2011	34,500,000	34,500,000
	2012	-	-
	2013	40,000,000	40,000,000
	2014	48,064,000	48,064,000
	2015	27,224,242	27,224,242
	2016	33,416,406	33,416,406
	2017	10,290,115	10,290,115
	2018	4,518,478	4,518,478
	2019	5,772,909	5,772,909
	2020	4,318,659	4,318,659
	2021	53,628	53,628
	2022	1,130,491	-
		312,288,928	311,158,437
	Tax status is stated in Table-D.		
14.05	Deferred Tax Liability/(Assets)		
	Opening balance	(2,328,897)	(1,856,409)
	Less: Adjustment during the year	(422,095)	(472,489)
	Closing balance	(2,750,992)	(2,328,897)
14.05.01	Deferred tax		
	Carrying amount of Fixed Assets	72,642,187	81,969,480
	Tax base value of Fixed Assets	79,978,166	88,179,873
	Deductible temporary difference	(7,335,978)	(6,210,393)
	Tax Rate	37.50%	37.50%
		(2,750,992)	(2,328,897)
	Detailed calculation of Deferred Tax Liability is included in Annexure B		
14.06	Interest Payable	358,186,591	342,594,355

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
14.07	Sundry Creditors		
	Income Tax Payable	258,727,459	211,179,757
	VAT Payable	1,816,546	2,104,153
	Salary & Allowance Payable	1,216,018	1,163,988
	Office Rent Payable	548,750	816,800
	Utility Payable	358,863	421,255
	Audit Fee Payable	215,000	380,000
	Other Payable	6,176,061	23,963,083
	Sundry Accounts (Party)	223,026,355	324,216,382
	Sundry Accounts (Others)	3,300,739	8,796,787
	Excise Duty Payable	3,712,520	3,596,070
	Sundry Account (Documents)	1,261,507	1,286,557
	Security Money Payable (Vendor/Supplier)	160,830	364,949
	Telephone and Internet Bill Payable	215,195	286,312
	Delinquent Charge Suspense Account	116,546,993	82,942,878
	IDCP Charge Suspense Account	37,315,285	35,074,840
	Premature Charge Suspense Account	3,029,645	3,029,645
	Additional Interest - Suspense Account	525,517,833	189,861,729
	Sundry Accounts (MSS)	1,026,845	629,579
	Employees P.F. Payable A/C	87,110	65,438
	Interest Payable on Bank Borrowing	319,990	190,147
	Lease Liability: IFRS 16 (Note 14.07.01)	19,514,318	20,221,960
	Earnest Money Agst. Non-Banking Asset (Auction)	2,337,500	2,770,000
	TDR Payable	337,878,445	77,885,699
	Security Money-Rental Advance (Mr. Masbaul Haque-Reverside)	300,000	300,000
		1,544,609,806	991,548,008
	14.07.01 Lease Liability IFRS 16		
	Opening Balance	20,221,960	28,974,335
	Addition during the year	11,934,532	7,189,805
	Accretion Interest	1,579,745	1,770,799
	Less: Liability adjustment during the year	(14,221,920)	(17,712,980)
		19,514,318	20,221,960
14.08	Provision for Other Assets		
	Provision Required	56,623,296	25,885,201
	Provision Kept	40,167,974	6,138,814
	Short fall of Provision	16,455,322	19,746,387
	The Company has kept Provision Shortfall against Other Assets 1.64 Crore in the year ended 31 December 2022 and subsequently obtained approval from Bangladesh Bank as disclosed in note no. 14.08. The shortfall will be adjusted by 2027.		
15.00	Share Capital		
	15.01 Authorized Capital		
	500,000,000 Shares of Taka 10 each	5,000,000,000	5,000,000,000

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
15.02 Issued, Subscribed and Paid-up Capital			
	10,000,000 ordinary shares of Taka 10 each issued for cash	100,000,000	100,000,000
	1,000,000 bonus shares of Taka 10 each issued for 2003	10,000,000	10,000,000
	1,100,000 bonus shares of Taka 10 each issued for 2004	11,000,000	11,000,000
	2,420,000 bonus shares of Taka 10 each issued for 2005	24,200,000	24,200,000
	2,904,000 bonus shares of Taka 10 each issued for 2006	29,040,000	29,040,000
	3,484,800 bonus shares of Taka 10 each for 2007	34,848,000	34,848,000
	2,090,880 bonus shares of Taka 10 each issued for 2008	20,908,800	20,908,800
	17,249,760 bonus shares of Taka 10 each issued for 2009	172,497,600	172,497,600
	10,062,360 bonus shares of Taka 10 each issued for 2010	100,623,600	100,623,600
	10,062,360 bonus shares of Taka 10 each issued for 2011	100,623,600	100,623,600
	15,093,540 bonus shares of Taka 10 each issued for 2012	150,935,400	150,935,400
	25,155,900 Right shares of Taka 10 each issued for 2013	251,559,000	251,559,000
	1,00,62,360 bonus shares of Taka 10 each issued for 2013	100,623,600	100,623,600
	55,34,298 bonus shares of Taka 10 each issued for 2014	55,342,980	55,342,980
	23,24,405 bonus shares of Taka 10 each issued for 2019	23,244,050	23,244,050
		1,185,446,630	1,185,446,630

15.03 Percentage of shareholding

Category	As at 31 December			
	2022		2021	
	No. of shares	%	No. of shares	%
Sponsors	48,972,361	41.31%	48,972,361	41.31%
General Public including NRB	46,550,450	39.41%	46,550,450	39.27%
Financial institutions	23,021,852	19.28%	23,021,852	19.42%
Investment Companies	-	0.00%	-	0.00%
Foreigners	-	0.00%	-	0.00%
Total	118,544,663	100%	118,544,663	100%

15.04 Classification of shareholders by holding

Holding	No. of shareholders		Total holding percentage (%)	
	2022	2021	2022	2021
Less than 5000	4,847	5,069	4.81	4.90
5001 to 50,000	1,252	1,263	15.48	15.43
50,001 to 100000	88	78	5.17	4.64
100001 to 200000	52	51	6.01	5.73
200001 to 300000	16	13	3.07	2.45
300001 to 400000	3	5	0.79	1.39
400001 to 500000	7	7	2.71	2.71
500001 to 1000000	10	11	5.65	6.44
Over 1,000,001	14	14	56.30	56.30
Total	6,289	6,511	100	100

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021

15.05 Name of Directors and their shareholdings

Sl.	Name	Status	2022	2021
1	Mr. Khan Mohammad Moinul Hasan	Independent Director & Chairman	-	-
2	"Mr. Abu Zakir (Represents of Alphabet Systems Ltd)"	Nominated Director & Vice Chairmen	5,787,345	5,787,345
3	"Mr. Mr. Masud Hossain Khan (Represents of Alphabet Associates Limited)"	Nominated Director & Vice Chairman	5,783,999	5,783,999
4	Mr. AQM Faisal Ahmed Chowdhury	Sponsor Director	2,775,485	2,775,485
5	"Mr. Md. Altaf Hossain (Represents of Oparchor Trade International Ltd.)"	Nominated Director	8,487,950	8,487,950
6	"Mrs. Amatun Noor (Represents of Qasraj Trading Ltd.)"	Nominated Director	11,854,089	11,854,089
7	"Mr. Mohammad Mynul Islam (Represents of Qasraj Trading Ltd.)"	Nominated Director		
8	"Mr. Abu Bakar Zahan Raminton Raza (Represents of Raqas Trade International Limited)"	Nominated Director	5,910,691	5,910,691
9	Mr. Md. Habibur Rahman	Independent Director	-	-
10	Mr. Sultan Ahmed Bhuiyan	Independent Director	-	Appointed as Independent Director since 24.06.2021 in the Composition of the Board of the company

15.06 Capital adequacy Ratio:

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

Tier-1 (Core Capital)	(4,643,826,809)	(1,697,998,098)
Paid-up Capital	1,185,446,630	1,185,446,630
Statutory Reserve	369,944,452	369,944,452
General Reserve	-	-
Retained Surplus	(6,199,217,891)	(3,253,389,181)
Tier-2 (Supplementary Capital):	17,032,267	12,160,293
General Provision maintained against Unclassified Loans	17,032,267	12,160,293
Other Reserves	-	-
Total Capital Held (Tier 1 + Tier 2)	(4,626,794,542)	(1,685,837,805)
Total Risk Weighted Assets (Note 15.06.01)	9,993,796,558	9,000,692,061
Required capital	1,000,000,000	1,000,000,000
(10% of risk-weighted assets or Tk. 100.00 Crore whichever is higher)		
Total Capital Held	(4,626,794,542)	(1,685,837,805)
Capital Adequacy Ratio	(46.30)	(18.73)
Core Capital	(46.47)	(18.87)
Supplementary Capital	0.17	0.14

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

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

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
15.06.01	Total Risk Weighted Assets		
	(a) Risk Weights for Credit Risk		
		As at 31 December 2022	
	Risk Weights (both B/S & Off-B/S)	Principal	Risk Weighted
	0%	456,729,673	-
	20%	378,496,330	75,699,266
	50%	246,752,334	123,376,167
	75%	39,772,361	29,829,271
	100%	8,644,424,231	8,644,424,231
	125%	506,396,153	632,995,191
	150%	222,051,497	333,077,245
	Total	10,494,622,578	9,839,401,371
	(b) Risk Weights for Market Risk		14,813,341
	(c) Risk Weights for Operational Risk		139,581,846
	Total Risk Weighted Assets (a+b+c)		9,993,796,558
16.00	Statutory reserve		
	Opening balance	369,944,452	369,944,452
	Addition during the year	-	-
	Closing balance	369,944,452	369,944,452
	This was created in terms of clause- 6 of Financial Institution Regulation 1994, as 20% of net profit after tax.		
17.00	General reserve	-	-
18.00	Retained earnings		
	Opening balance	(3,253,389,181)	(1,040,041,643)
	Addition during the year	(1,720,720,962)	(2,190,103,487)
	Less: Transfer to statutory reserve	-	-
	Less: Issue of bonus shares 2019	-	(23,244,050)
	Closing balance	(4,974,110,143)	(3,253,389,181)
19.00	Contingent liabilities and commitments		
	19.01 Letters of guarantee		
	Money for which the Company is contingently liable in respect of guarantee given favoring:		
	Directors	-	-
	Government	-	-
	Banks and other financial institutions	-	-
	Letter of credit	-	-
		-	-
	19.02 Commitments		
	i Documentary credit and short term business transactions	-	-
	ii Forward assets purchased and forward deposits placed	-	-
	iii Existing facilities, loan facilities and other commitments not accounted for:		
	Less than one year	-	-
	More than one year	-	-
	iv Spot and forward foreign exchange contracts	-	-
	v Other exchange contracts	-	-
		-	-

Notes	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
20.00	Profit and Loss Statement		
	Income		
	Interest, discount and similar income	179,542,416	(656,074,256)
	Dividend income	61,415	344,216
	Fees, commission and brokerage	-	-
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	331,151	(7,842,365)
	Gains less losses arising from dealings in foreign currencies	-	-
	Income from non-company's assets	-	-
	Other operating income	8,480,210	8,938,069
	Profit less losses on interest rate changes	-	-
		188,415,192	(654,634,336)
	Expenses		
	Interest, fees and commission	674,256,445	707,952,453
	Losses on loans and advances	-	-
	Administrative expenses	116,775,482	130,578,700
	Other operating expenses	9,587,689	105,482,803
	Depreciation on banking assets	25,428,259	30,872,623
		826,047,875	974,886,579
	Profit/(loss) Before Provision	(637,632,682)	(1,629,520,915)
	The company is in trend to loss because huge amount of classified loan that is fully non-income generating and required increasing interest suspense and provision. Interest income going down because interest income generating loan lease is 8.28% of portfolio but interest expenses on deposit & borrowing need to paid and provisioning accordingly.		
21.00	Interest Income		
	Interest on leases, loans and advances:		
	Lease finance	50,115,675	(33,518,034)
	Term finance	390,341,911	465,899,260
	Home loan/Margin loan	296,115	366,862
		440,753,701	432,748,088
	Interest suspense on leases, loans and advances:		
	Lease finance	43,020,328	98,008,757
	Term finance	226,378,633	996,980,461
	Home loan/Margin loan	(87,658)	87,658
		269,311,302	1,095,076,876
	Net interest Income after adjusting suspense	171,442,398	(662,328,788)
	Interest on:		
	Accounts with foreign banks	-	-
	Balances with other banks and financial institutions	8,100,017	6,254,532
		179,542,416	(656,074,256)

Total interest income against Loan and advances is BDT 44.08 Crore in the year 2022. But due to transferred to Interest Suspense a/c an amount of BDT 26.93 at the end of December-2022 the interest income stood BDT 17.14 crore.

Notes	Particulars	January 01 to December 31	
		2022 (BDT)	2021 (BDT)
22.00	Interest Paid on Deposits, Borrowings, etc.		
	Interest on deposits:		
	Fixed/term deposits	574,945,002	592,990,485
	Savings deposits	2,177,875	1,986,067
		577,122,877	594,976,552
	Interest on borrowings:		
	Local banks including Bangladesh Bank	95,553,823	111,205,102
	Interest on Lease rent (IFRS 16)	1,579,745	1,770,799
	Foreign banks	-	-
		674,256,445	707,952,453
23.00	Investment Income		
	Dividend on shares	61,415	344,216
	Gain on Sale of Marketable Securities	331,151	(7,842,365)
		392,567	(7,498,150)
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	4,422,154	1,815,987
	Delinquent charge	2,565,317	6,520,946
	Documentation and processing fee including stamp charge	12,550	459,009
	Transfer fee	187,150	800,400
	Other Operating Income	1,293,039	(658,273)
		8,480,210	8,938,069
26.00	Salary and Allowances		
	Salary and allowance	85,373,321	98,813,184
	Provident fund contribution	4,440,330	4,113,931
	Festival Bonus	8,693,723	9,992,759
	Overtime	-	-
	Medical & Welfare Expenses	-	-
		98,507,374	112,919,874
27.00	Rent, Taxes, Insurance, Lighting, etc.		
	Rent, rates and taxes (Note 27.01)	1,875,188	375,315
	Utilities	3,622,713	3,696,271
	Insurance	236,475	251,202
		5,734,376	4,322,788
	27.01 Disclosure related to Rent, rate and taxes:		
	Actual rental Expenses	16,097,108	18,088,295
	Less: Reclassification of rent expenses (as per IFRS 16: Leases)	14,221,920	17,712,980
	Rent expenses as reported	1,875,188	375,315
28.00	Legal Expenses		
	L Legal Expenses	241,175	514,575
	Consultancy Fees	345,000	300,000
		586,175	814,575
29.00	Postage, Stamps, Telecommunication, etc.		
	Phone, Fax and Internet	1,852,848	2,219,766
	Court Fees and Stamps	22,338	20,795
	Postage and Courier	92,654	71,150
		1,967,840	2,311,711

Notes	Particulars	January 01 to December 31	
		2022 (BDT)	2021 (BDT)
30.00	Stationery, Printing, Advertisements, etc		
	Advertisement	733,014	4,104,762
	Stationery and printing	1,662,258	1,927,184
		2,395,272	6,031,946
31.00	Chief Executive Officer's Salary and Fees		
	Basic salary	3,348,387	1,635,484
	Allowances	2,232,258	1,090,322
	Festival Bonus	600,000	300,000
		6,180,645	3,025,806
32.00	Directors' Fees		
	Taka 8,000 per Director per meeting	1,188,800	952,000
		1,188,800	952,000
	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	215,000	200,000
34.00	Depreciation and Repairs of Company's Assets		
	Repairs		
	Furniture and fixtures and equipments	527,474	1,166,880
	Vehicles	966,335	1,145,157
	Software development	-	-
		1,493,809	2,312,037
	Depreciation		
	Office equipment	4,753,287	5,444,257
	Motor vehicles	1,484,414	1,855,517
	Furniture and fixtures	3,833,823	3,906,284
	Right of use assets	12,642,175	15,942,181
		22,713,698	27,148,239
	Amortization of software	1,220,751	1,412,346
		25,428,259	30,872,623
35.00	Other Expenses		
	Share issue expenses	1,180,178	1,302,572
	AGM expenses	534,847	1,300,305
	Vehicle expenses	3,185,991	3,618,378
	Entertainment	1,144,721	984,523
	Bank charges and excise duty	663,216	579,715
	Travelling expenses	1,043,863	748,181
	Office maintenance	779,000	1,000,070
	Books and periodicals	15,027	10,762
	Meeting Expenses	98,800	-
	Miscellaneous expenses	261,860	913,339
	Commission on TDR	120,111	19,743,685
	VAT paid	498,139	4,230,231
	Fees, fine and subscription	61,850	2,386,820
	Income tax expense	-	61,081
	Lunch Subsidy	-	(1,000)
	Charge for FICL and GL gap	86	68,604,140
		9,587,689	105,482,803

Notes	Particulars	January 01 to December 31	
		2022 (BDT)	2021 (BDT)
36.00	Provision against unclassified leases, loans and advances	17,032,267	12,160,293
	Provision against classified leases, loans and advances	1,889,045,332	846,480,862
		1,906,077,599	858,641,156
	Less: Provision as on 31 December of previous year		
	Provision against unclassified leases, loans and advances	12,160,293	74,894,434
	Provision against classified leases, loans and advances	846,480,862	222,582,902
		858,641,156	297,477,336
	Provision made during the year (General)	1,047,436,443	561,163,820
	Special Provision for Deferred Loan/Lease	-	12,607,781
	Total provision for loan/lease for the year	1,047,436,443	573,771,601
37.00	Provision for diminution in value of investments		
	Provision for investment	3,121,719	2,207,438
	Less: Provision as on 31 December of previous year	2,207,438	18,320,913
	Provision made/(adjustment) during the year	914,281	(16,113,475)
38.00	Earnings per Share		
	Earnings Attributable to the Ordinary Shareholders (Net profit after tax)	(1,720,720,962)	(2,190,103,487)
	Number of ordinary shares outstanding during the year	118,544,663	118,544,663
	Earnings per share	(14.52)	(18.47)
	Operating loss has been decreased from (219.01) crore in 2021 to (172.07) crore in 2022 for transferring the interest amount to interest suspense account due to increasing the classified Loan Lease. Therefore the EPS negatively decreased from (18.47) to (14.52).		
38.01	No diluted earnings per share is required to be calculated for the year as there was no dilution during the year.		
39.00	Net Operating Cash Flow per Share (NOCFPS)		
39.01	Operating profit before changes in operating assets and liabilities	(348,698,413)	(479,357,534)
	Number of ordinary shares outstanding during the year	118,544,663	118,544,663
	Net operating profit before changes in operating assets and liabilities	(2.94)	(4.04)
39.02	Net cash used in operating activities	46,516,878	27,447,710
	Number of ordinary shares outstanding during the year	118,544,663	118,544,663
	Net operating cash flow per share	0.39	0.23
	Net operating cash flow per share (NOCFPS) for the period ended 31 December 2022 is 0.39 whereas the same period of earlier year was 0.23. Mainly the reason behind for increase in cash flow is increased of other liability.		
40.00	Reconciliation of cash flows from operating activities		
	Net profit after tax	(1,720,720,962)	(2,190,103,487)
	Add: Income Tax Provision	1,130,491	53,628
	Less: Income tax paid	(7,261,543)	(7,878,546)
	Add: Depreciation (excluding IFRS 16)	11,292,275	12,618,405
	Less: Profit on sale of fixed assets	-	-
	Add: Provision for leases, loans & advances	1,047,436,443	573,771,601
	Change in leases, loans & advances	(281,755,461)	(92,839,183)
	Change in deposit and other accounts	88,383,799	215,378,624
	Change in other liabilities (excluding taxes, provisions)	870,690,809	1,545,813,521
	Change in other assets (excluding AIT)	37,321,028	(29,366,853)
	Cash flows from operating activities	46,516,878	27,447,709

Notes	Particulars	January 01 to December 31	
		2022 (BDT)	2021 (BDT)
41.00	Net asset value per share		
	Net Assets	(3,418,719,061)	(1,697,998,099)
	Number of ordinary shares outstanding	118,544,663	118,544,663
	Net asset value per share	(28.84)	(14.32)

42.00 Related party transactions

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

Name of related parties	Relationship	Value of transactions	"Receivable at 31 Dec 2022"	"Receivable at 31 Dec 2021"
NIL			NIL	NIL
		-	-	-

43.00 Board Meeting

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

44.00 Audit Committee

(as on 31.12.2022)

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

During the year 2022 the audit committee has performed the following activities:

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

Three (03) meetings of audit committee were held during the year 2022 where CEO, Head of Internal Control & Compliance and HOF were invited to participate.

45.00 Others

45.01 Contracts and disbursements

Contract/Sanction	10,940,000	154,804,684
Execution/Disbursement	16,700,000	178,880,553

45.02 Credit facility not availed

There was no such credit facility available to the Company as on 31 December 2022 except trade credit available in the ordinary course of business.

45.03 Contingent liabilities

The National Board of Revenue (NBR) has demanded an additional BDT 449,452,178/= in taxes from the Company for the years 2006-2022. The Company is currently in the process of appealing these rulings and these appeals are currently in various stages of the appeals process. Details of these assessments are provide in **Annexure D**.

Notes	Particulars	January 01 to December 31	
		2022 (BDT)	2021 (BDT)
45.04	Payment in foreign currency During the year 2022, 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 August 16, 2023.		
45.06	Number of employees During the year 148 employees have been given Taka 9,000 or more (monthly) as salary and allowances.		
45.07	Subsequent event There is no material adjusting or non-adjusting events after the balance sheet date.		
46.00	The Board of Directors' in its 354th Meeting held on August 16, 2023 decided to declared no dividends on the financial statements of 2022. This decleratin is subject to approval of the Shareholders.		
47.00	Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.		
48.00	Previous year's figures have been rearranged wherever considered necessary in order to conform to current year's presentation, without creating any impact on the profit/loss) and value of assets and liabilities as reported in the financial statements..		
49.00	These notes form an integral part of these financial statements and accordingly are to be read in conjunction therewith.		

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Mohammad Ekramur Rahman Company Secretary	Sompa Clara Rozario Head Of FAD (CC)	Gaus UI Wara Md. Mortaza Managing Director & CEO	Masud Hossain Khan Vice Chairman & Director	Khan Mohammad Moinul Hasan Chairman

First Finance Limited Schedule of Fixed Assets

As at 31 December 2022

Annexure-A

Particulars	Cost			Rate	Depreciation			Written down value as at 31 Dec 2022	
	Balance as at 01 Jan, 2022	Addition during the year	Disposal made during the year		Balance as at 31 Dec, 2022	Charge for the year	Adjustment made during the year		Balance as at 31 Dec, 2022
Office equipment	116,546,418	162,378	168,375	15%	84,935,530	4,753,287	75,805	89,613,012	26,927,409
Motor vehicles	32,876,728	-	-	20%	25,454,657	1,484,414	-	26,939,072	5,937,656
Furniture and fixtures	88,903,985	1,435,173	40,000	10%	51,808,204	3,833,823	-	55,642,027	34,657,131
Sub Total	238,327,131	1,597,551	208,375		162,198,392	10,071,524	75,805	172,194,111	67,522,196
Software in Progress	13,880,040	500,000	-	20%	8,039,298	1,220,751	-	9,260,049	5,119,991
As at December 31, 2022	252,207,171	2,097,551	208,375		170,237,690	11,292,275	75,805	181,454,160	72,642,187
As at December 31, 2021	248,149,330	4,057,841	-		157,619,286	12,618,405	-	170,237,691	90,530,044

IFRS: 16-Right of use assets

Particulars	Cost			Rate	Depreciation			"Written down value as at 31 Dec 2022"	
	Balance as at 01 Jan, 2022	Addition during the year	Disposal made during the year		Balance as at 31 Dec, 2022	Charge for the year	Adjustment made during the year		Balance as at 31 Dec, 2022
Right of use assets	52,468,019	6,644,937	7,039,545		32,246,060	12,642,175	12,329,140	32,559,094	19,514,318
Total Taka: 2022	52,468,019	6,644,937	7,039,545		32,246,060	12,642,175	12,329,140	32,559,094	19,514,318
Total Taka: 2021	45,278,214	7,189,805	-		16,303,879	15,942,181	-	32,246,060	20,221,960
Grand:	304,675,190	8,742,488	7,247,920	-	202,483,749	23,934,450	12,404,945	214,013,254	92,156,505

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

As at 31 December 2022

Annexure-B

Particulars	Balance as at 01 Jan 2022	Addition during the year	Disposal made during the year	Balance as at 31 Dec, 2022	Rate	Depreciation charged for the year	"Written down value as at 31 Dec 2022"
Office Equipment	45,896,533	162,378	168,375	45,890,536	10%	4,589,054	41,301,482
Motor Vehicles	4,844,706	-	-	4,844,706	20%	968,941	3,875,765
Furniture and Fixtures	36,439,864	1,435,173	40,000	37,835,037	10%	3,783,504	34,051,533
Software	998,770	500,000	-	1,498,770	50%	749,385	749,385
Total	88,179,873	2,097,551	208,375	90,069,049		10,090,884	79,978,166

Written Down Value at 31 December 2022s per Accounts (a)

72,642,187

Written Down Value at 31 December 2022 as per Income Tax Ordinance 1984 (b)

79,978,166

Difference (c=a-b)

(7,335,978)

Deferred Tax Liability / (Asset) as at 31 December 2022

(2,750,992)

First Finance Limited Details of Highlights

As at 31 December 2022

Annexure-C

Sl.	Particulars	Amount in BDT	
		Dec 31, 2022	Dec 31, 2021
1	Paid-up capital	1,185,446,630	1,185,446,630
2	Total capital /equity	(3,418,719,061)	(1,697,998,099)
3	Total assets	10,493,938,988	10,299,722,860
4	Total deposit	6,380,092,145	6,291,708,346
5	Total loan, lease and advance	9,237,109,030	8,955,353,569
6	Total contingent liabilities and commitments	-	-
7	Credit deposit ratio (%)	122.97	119.16
8	Percentage of classified loan (%)	85.96%	86.60%
9	Operating profit	(637,632,682)	(1,629,520,915)
10	Profit after tax and provision	(1,720,720,962)	(2,190,103,487)
11	Amount of classified loan/ lease	7,985,424,369	7,772,113,300
12	Provision kept against classified loan/ lease	1,906,077,599	858,641,156
13	Provision surplus/(deficit)	(1,225,107,747)	(1,470,129,297)
14	Cost of fund (%)	9.77	10.43
15	Interest earning assets	9,604,565,305	9,365,385,346
16	Non-interest earning assets	889,373,683	934,337,515
17	Return on investment (ROI) (%)	(18.63)	(24.46)
18	Return on assets (ROA) (%)	(16.40)	(21.26)
19	Income from Investments	392,567	(7,498,150)
20	Earning per share (EPS)	(14.52)	(18.47)
21	Operating profit per share	(5.38)	(13.75)
22	Price earning ratio (times)	(0.45)	(0.35)

Statement of Year wise details of Corporate Tax Assessment from 2007-2008 to 2023-2024

Annexure-D

Accounting Year	Income Year	Assessment year	Tax Paid as Per IT-30	Tax paid but not Credited by Department	Total Tax Paid	Tax Claim as Per IT-30	Tax Payable / (Refundable) as Per IT-30	Tax Payable / (Refundable) as Per total tax paid	Provision made as per FS	Provision required as per Assessment Order	Remarks
2006	2006-2007	2007-2008	10,665,000	-	10,665,000	1,050,081	(9,614,919)	(9,614,919)	-	1,050,081	
2007	2007-2008	2008-2009	7,428,363	-	7,428,363	-	(7,428,363)	(7,428,363)	9,292,014	(9,292,014)	
2008	2008-2009	2009-2010	4,132,500	197,500	4,330,000	5,000	(4,127,500)	(4,325,000)	30,707,986	(30,702,986)	
2009	2009-2010	2010-2011	9,011,752	15,245,000	24,256,752	5,000	(9,006,752)	(24,251,752)	43,000,000	(42,995,000)	
2010	2010-2011	2011-2012	10,538,745	22,789,000	33,327,745	11,088,521	549,776	(22,239,224)	20,000,000	(8,911,479)	
2011	2011-2012	2012-2013	34,932,960	8,503,866	43,436,826	58,441,988	23,509,028	15,005,162	34,500,000	23,941,988	Assessment as per Appellate Tribunal
2012	2012-2013	2013-2014	30,707,483	17,718,000	48,425,483	80,327,004	49,619,521	31,901,521	-	80,327,004	Assessment as per Appellate Tribunal
2013	2013-2014	2014-2015	21,326,246	66,496,000	87,822,246	140,818,673	119,482,427	52,996,427	40,000,000	100,818,673	Assessment as per Appellate Tribunal
2014	2014-2015	2015-2016	63,278,620	1,019,751	64,298,371	102,231,155	38,952,535	37,932,784	48,064,000	54,167,155	Assessment as per Appellate Tribunal
2015	2015-2016	2016-2017	40,952,072	3,877,500	44,829,572	108,401,075	67,449,003	63,571,503	27,224,242	81,176,833	Assessment as per Appellate Tribunal
2016	2016-2017	2017-2018	55,377,498	150,000	55,527,498	69,046,327	13,668,829	13,518,829	33,416,406	35,629,921	Assessment as per Appellate Tribunal
2017	2017-2018	2018-2019	6,772,452	3,006,000	9,778,452	38,669,044	31,896,592	28,890,592	10,290,115	28,378,930	Assessment as per Appellate Tribunal
2018	2018-2019	2019-2020	6,398,848	3,201,000	9,599,848	151,658,779	145,259,931	142,058,931	4,518,478	147,140,301	1st appeal done & Appeal submitted to Appellate Tribunal
2019	2019-2020	2020-2021	-	5,772,909	5,772,909	-	-	(5,772,909)	5,772,909	(5,772,909)	Return submitted (with all relevant documents) & Assessment under process
2020	2020-2021	2021-2022	-	4,318,659	4,318,659	-	-	(4,318,659)	4,318,659	(4,318,659)	Return submitted (with all relevant documents) & Assessment under process
2021	2021-2022	2022-2023	-	1,150,923	1,150,923	-	-	(1,150,923)	53,628	(53,628)	Audit under process
2022	2022-2023	2023-2024	-	-	1,663,108	-	-	(1,663,108)	1,132,032	(1,132,032)	Audit under process
	Total		301,522,539	153,446,108	456,631,755	761,742,647	460,220,108	305,110,892	312,290,469	449,452,178	

| PROXY FORM |

FIRST FINANCE LIMITED

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

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

I/We.....
ofbeing a
Member of First Finance Limited and entitled to vote, do hereby appoint Mr./Mrs.
..... of
..... as my/our proxy to attend and vote on my/our behalf at the
30th Annual General Meeting of the Company to be held on **30 September, 2023 at 3.00 p.m.** virtually by using digital platform
through the link: <http://ffl30agm.digitalagmbd.net> and at any adjournment thereof.

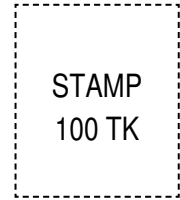
Signed this day of, 2023

Signature of Shareholder(s)

Signature of Proxy

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

or



BO ID No.																				
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No. of shares held on Record Date i.e. **07 September, 2023**

Note:

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

| NOTES |



আপনার সকল আর্থিক প্রয়োজনে . . .

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